ATLANTIC GRUPA

FINANCIAL RESULTS IN THE FIRST QUARTER OF 2017

(unaudited)

Zagreb, 27 April 2017

CONTENTS

INTRODUCTION

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

Commenting on the financial results and key business developments that marked the first quarter of 2017, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

"In the first quarter of 2017, in the majority of business segments and on the majority of markets, Atlantic Grupa recorded great sales results, with improved profitability and further decrease in debt. The recorded results would have been even better if the controlled decrease in the volume of operations with members of the Agrokor concern, the largest individual customer of Atlantic Grupa, had not occurred, in relation to their problems with liquidity and inability to settle their liabilities. Despite this, and due to good sales results of other retail partners, we managed to fully compensate for this shortage of revenue. Recently initiated restructuring of the Agrokor concern gives hope that already in the coming months our operations with Agrokor will return to the pre-crisis levels, whereby conditions would be met for even better results in the following periods."

RESULTS IN ACCORDANCE WITH EXPECTATIONS, WITH SIGNIFICANT PROFITABILITY GROWTH

- SALES AT HRK 1,121.2 MILLION
  - 2.9% compared to the first quarter of 2016
- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA) AT HRK 108.9 MILLION
  + 4.8% compared to the first quarter of 2016
- EARNINGS BEFORE INTEREST AND TAXES (EBIT) AT HRK 70.3 MILLION
  + 0.6% compared to the first quarter of 2016
- NET PROFIT AFTER MINORITIES AT HRK 52.3 MILLION
  + 15.4% compared to the first quarter of 2016

FINANCIAL SUMMARY OF THE FIRST QUARTER OF 2017

Key figures	Q1 2017	Q1 2016	Q1 2017/ Q1 2016
Sales (in HRK millions)	**1,121.2**	1,155.2	(2.9%)
Turnover (in HRK millions)	**1,128.4**	1,162.4	(2.9%)
EBITDA margin	**9.7%**	9.0%	+72 bp
Net income after minorities (in HRK millions)	**52.3**	45.3	15.4%
Gearing ratio*	**42.1%**	46.9%	- 477 bp

*Gearing ratio = Net debt/(Total equity+Net debt)

1. OWN BRANDS IN THE FIRST QUARTER OF 2017

Slovenian customers declared Argeta Exclusive the Selected Product of 2017 in the pâté category. This is the most significant global award for improved, new, innovative products and customer satisfaction, awarded to products in 38 categories. Readers of the Croatian portal Žena.hr, voting in 27 categories, selected Ajvar by Bakina Tajna the best product in the Healthy Food category, and second place was taken by Apricot extra jam by Bakina Tajna.

In the Strategic Business Unit Coffee, Grand Aroma was rebranded and its new visual solution was presented – "The women's story". Coffee under the Barcaffe brand in the Croatian market recorded the largest market share since the launch and with the value growth of 4.3% and volume growth of 3.7% it recorded market shares of 15.5% (in terms of volume) and 16.1% (in terms of value)*.

The Strategic Business Unit Snacks launched 6 completely new recipes and more than 10 promotional products. Innovation is the extension of the Menaž brand by Menaž icing that is easily and quickly prepared and turned into chocolate icing for cookies and cakes. Within the Najlepše želje brand, new chocolates and individually wrapped wafers have been launched, and the Nela waffles brand got new recipes and premium design. In the salty programme, new HOT Smoki Mega Hrsker flavour has been introduced.

The Strategic Business Unit Pharma and Personal Care launched Kondroin H rapid cream and Veneton Duo Active gel. The Melem family got three new members, Melem with essential oils of lavender, sage and rosemary, while Plidenta launched a special toothpaste, Plidenta Healthcare Fullwhite3 with complete whitening effect.

2. CHALLENGES IN COOPERATION WITH A KEY CUSTOMER

At the end of 2016, the Agrokor concern and regional retail companies owned by Agrokor, which are cumulatively the largest regional retail partner of Atlantic Grupa, experienced difficulties in regular operations, which they tried to mitigate by optimising inventories and slowing down payments to suppliers, which also reflected on the Atlantic Grupa's sales results in 2016. Unfortunately, the situation deteriorated in the first months of 2017 and culminated in March when Atlantic Grupa, for the purpose of limiting credit risk, significantly reduced deliveries to members of the Agrokor concern. Significant deterioration of the situation and estimated systemic importance of these companies for the overall economy of Croatia and countries in the region in which they operate, motivated Croatian government to propose the Act on the Procedure for Extraordinary Administration in Companies of Systemic Importance for the Republic of Croatia and at the beginning of April to appoint the extraordinary commissioner, who began the process of systemically solving the crisis and the first phase of the Agrokor restructuring process. In April, the operations of the above mentioned companies are gradually stabilising.

3. OVERVIEW OF INFORMATION TECHNOLOGIES

The first quarter of 2017 was marked by a new IT services management project at the Group level and the implementation of projects for modernisation and consolidation of infrastructure and business systems initiated at the end of 2016. In the field of information systems, the emphasis was on projects for the digitalisation of business administration, introduction of a group platform for reporting and the consolidation of IT systems at the Group level. In the IT infrastructure field, the focus was on achieving group synergies, process standardisation and improving quality of services to internal users. The implementation of a group

* *AC Nielsen Retail Panel, AC Nielsen Retail Panel, December 2016 – January 2017 (% annual changes)*

solution for managing IT services was initiated, which will ensure the improvement in the level of IT services to internal users and enable standardised structured monitoring of key IT processes.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	Q1 2017	Q1 2016	Q1 2017/ Q1 2016
SBU Coffee	**215.1**	212.1	1.4%
SBU Beverages	**133.8**	133.4	0.3%
SBU (Sweet and Salted) Snacks	**149.5**	146.0	2.4%
SBU Savoury Spreads	**116.6**	106.9	9.0%
SBU Pharma and Personal Care	**137.3**	128.1	7.2%
SBU Sports and Functional Food	**98.9**	152.7	(35.2%)
SDU Serbia	**233.2**	227.7	2.4%
SDU Croatia	**200.4**	196.0	2.3%
DU Slovenia	**158.3**	174.3	(9.2%)
SDR Zone West	**120.4**	134.9	(10.7%)
Other segments*	**180.3**	173.0	4.2%
Reconciliation**	**(622.7)**	(630.0)	n/a
Sales	1,121.2	1,155.2	(2.9%)

In the first quarter of 2017, Atlantic Grupa recorded sales of HRK 1.1 billion, which is a 2.9% decrease compared to the previous year. The decrease is largely a consequence of the decrease in sales of the Strategic Business Unit Sports and Functional Food, caused mainly by the last-year's terminated cooperation with the major buyer of the private label. If the effect of this buyer's sales revenue is excluded, sales are 1.5% higher. An additional negative impact on the result came from the average depreciation of the Serbian dinar of 2.9%, while a positive impact came from the average appreciation of the Russian ruble of 23.0%. If the effects of the changes in exchange rates of these two currencies are excluded, sales grew by 1.2%.

Despite the significant negative impact of the decrease in revenue realised through the major regional retail chain, Atlantic Grupa managed to compensate for the entire lost turnover by higher sales through other buyers and the total revenue in the first quarter of 2017 in Serbia, Croatia and Slovenia is equal to the revenue recorded in the same period of the previous year.

Strategic Business Units Savoury Spreads, Pharma and Personal Care, Snacks, Coffee, Beverages and Strategic Distribution Units and Region Serbia, Croatia and HoReCa had a positive impact on sales results.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit or Business Unit, or through a Strategic Distribution Unit, Strategic Distribution Region or a Distribution Unit), while sales of Strategic Distribution Units, Strategic Distribution Regions and Distribution Units include both sales of external principals' products and sales of own products. Comparative period has been adjusted to reflect current period reporting.

** Other segments include SDR HoReCa, SDU CIS&Baltic, BU Baby Food, DU Macedonia, BU Gourmet and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.*

***Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs, SDRs and DUs through which the products were distributed.*

The STRATEGIC BUSINESS UNIT COFFEE records an increase in sales, primarily due to the sales results in the markets of Serbia, Bosnia and Herzegovina, and Croatia. Analysed by categories, the increase was recorded by Turkish coffee and espresso. The increase in the Serbian market was realised despite the volume and value drops of the Turkish coffee category (-2.9% and -2.3%, respectively*) and the average depreciation of the Serbian dinar (-2.9% compared to the same period of the previous year), while at the same time a market share of 53.3%* was recorded. As already mentioned, coffee under the Barcaffe brand in the Croatian market recorded the largest market share since launching, i.e. 15.5% (in terms of volume) and 16.1% (in terms of value)*. The growth in these markets exceeded the drop in the markets of Macedonia (caused by strong competitors' pressure in terms of prices) and Slovenia (caused by difficulties in cooperation with the largest buyer).

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a slight increase in sales due to the increase in sales in Croatia and Russia, which exceeded the decrease in sales recorded on the markets of Slovenia, Bosnia and Herzegovina and Montenegro. A significant decrease in sales in Slovenia is a consequence of the negative impact of difficulties in cooperation with the biggest key buyer, and relates to all product categories. This negative impact was partly mitigated by great sales results in the HoReCa segment. A positive result in the Croatian market is a consequence of an increase in sales of vitamin instant drinks under the Cedevita brand in all three sales channels (retail, HoReCa and on-the-go channels) and the increase in sales of water under the Kala brand, while the increase in sales in Russia is a result of the double-digit growth in sales of functional water Donat Mg.

The increase in sales of the STRATEGIC BUSINESS UNIT SNACKS is a consequence of the increase in both sweet and salty ranges on the majority of significant markets. The double-digit growth in the market of Croatia, recorded due to a significant growth in sales of biscuits and flips is especially pleasing. In the Serbian market, brands of this business unit are leaders in their market categories – Bananica in the category of individually wrapped wafers (volume market share of 40.6%), Smoki in the Flips category (volume market share of 57.1%), Najlepše želje and Menaž in the chocolate category (volume market share of 26.2%) and Štark wafers in the wafers category (volume market share of 24.4%)**. Measured by categories, the decrease in sales was recorded only by chips under the Chipsos brand.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS continues with record-high results, due to a continuous growth in sales on all markets of the region (led by Croatia, Bosnia and Herzegovina, Serbia, Macedonia and Montenegro with double-digit growth rates), but also due to great sales results in Sweden and the Netherlands. In addition to savoury spreads under the Argeta brand, a double-digit growth was also recorded by sandwiches under the Montana brand.

The STRATEGIC BUSINESS UNIT PHARMA AND PERSONAL CARE records a significant increase in sales due to the increase in sales of the pharmacy chain Farmacia and the increase in sales of products from the Neva and Multivita ranges, where with respect to Neva, an outstanding sales growth was recorded by products under the Melem brand, and as for Multivita, sales of Vitamin C are growing in the Russian market.

** AC Nielsen Retail Panel, AC Nielsen Retail Panel, December 2016 – January 2017 (% annual changes)*

*** AC Nielsen SKU Performance Monitor, December 2016 – January 2017*

The STRATEGIC BUSINESS UNIT SPORTS AND FUNCTIONAL FOOD recorded a decrease in sales primarily due to the terminated cooperation with the major buyer of the private label (the cooperation was terminated at the end of March 2016), but also due to a decrease in sales of own brands Champ, Multaben and Multipower.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT SERBIA is a consequence of great sales results of almost all segments, especially Turkish coffee under the Grand and Bonito brands and espresso coffee. Good sales results were also recorded by Cockta, Cedevita and Donat Mg brands from the beverages segment, Argeta from the savoury spreads segment, Smoki, Bananica, Prima salty sticks, and biscuits and wafers from the snacks segment, as well as the majority of external principals. It is important to note that lower sales of Mercator Serbia were fully compensated by higher revenue from other key buyers and retail stores.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT CROATIA is a result of the increase in sales from the distribution of own brands, primarily Argeta, Cedevita, Barcaffe and products from the Štark and Neva ranges, as well as the increase in sales of principal brands Ferrero, Phillips, Rauch and SABMiller, despite the strong negative impact of difficulties in cooperation with members of the Agrokor concern.

A noticeable decrease in sales of the DISTRIBUTION UNIT SLOVENIA is a consequence of the negative impact of difficulties in cooperation with Mercator, in the light of the Agrokor concern crisis in Croatia. This decrease in sales was largely compensated for by great sales results of other buyers. The decrease in sales was recorded by all product categories other than savoury spreads under the Argeta brand.

The STRATEGIC DISTRIBUTION REGION ZONE WEST records a decrease in sales mainly in the German market, followed by the markets of the United Kingdom and Turkey, as a result of lower sales of products from the Strategic Business Unit Sports and Functional Food. The decrease was partly mitigated by the increase in sales in the markets of Sweden, Australia, the United States of America and Austria. In this, the principal Nocco, savoury spreads under the Argeta brand and products from the Bakina Tajna portfolio have the most prominent growth among segments.

OTHER SEGMENTS recorded an increase in sales primarily due to the increase in sales of the Distribution Regions HoReCa and the CIS and Baltics. The Distribution Unit Macedonia and the Business Unit Baby Food recorded results at the same level as in the same period of the previous year, while the Business Unit Gourmet recorded a slight decrease in sales.

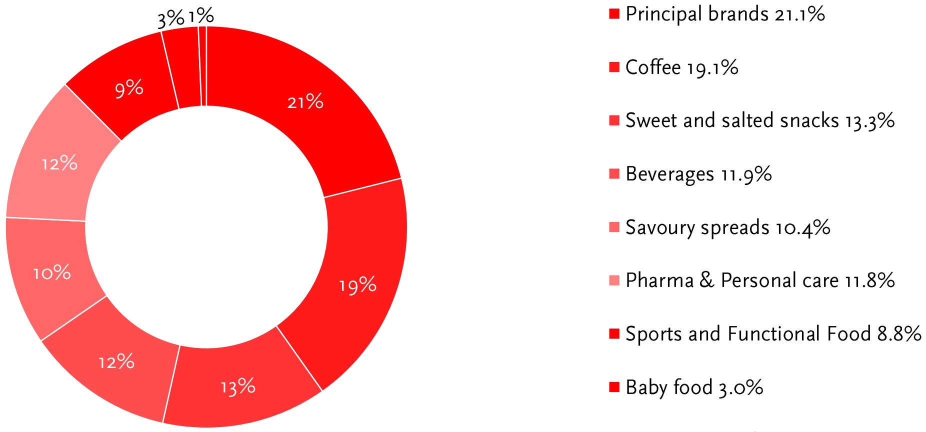
The increase in sales of the STRATEGIC DISTRIBUTION REGION THE CIS AND BALTICS is a result of more favourable commercial terms and improved distribution, accompanied by the positive effect of a mild economic recovery in Russia and stabilisation of the Russian ruble. A significant growth was recorded by sales of Donat Mg from the beverages segment, while sales of baby food under the Bebi brand are at the same level as in the comparative last-year's period.

The DISTRIBUTION UNIT MACEDONIA recorded sales at the same level as in the same period of the previous year based on the increase in sales of the Strategic Business Unit Savoury Spreads and the external principal Ferrero, which fully compensated for lower sales results of the Strategic Business Unit Coffee resulting from higher prices accompanied by aggressive competitors who did not raise their prices.

The STRATEGIC DISTRIBUTION REGION HORECA recorded a noticeable increase in sales, with the growth recorded in all markets (Croatia, Serbia, Slovenia and Macedonia). The most significant growth is recorded by the sales of vitamin instant drinks under the Cedevita brand, sales of espresso coffee under the Barcaffe brand and external principals.

Despite promising sales results at the beginning of the year, the BUSINESS UNIT GOURMET recorded a decrease in sales due to challenges in terms of difficulties in cooperation with the regional key buyer, which was partly compensated for by the increase in sales from other key buyers.

SALES PROFILE BY SEGMENTS



SALES PROFILE BY MARKETS

(in HRK millions)	Q1 2017	% of sales	Q1 2016	% of sales	Q1 2017/ Q1 2016
Croatia	323.2	28.8%	307.4	26.6%	5.2%
Serbia	251.6	22.4%	245.5	21.3%	2.5%
Slovenia	181.8	16.2%	196.2	17.0%	(7.3%)
Bosnia and Herzegovina	91.7	8.2%	86.6	7.5%	5.9%
Other regional markets*	64.7	5.8%	65.5	5.7%	(1.2%)
Key European markets**	131.5	11.7%	137.4	11.9%	(4.3%)
Russia and CIS	51.4	4.6%	48.4	4.2%	6.3%
Other markets	25.3	2.3%	68.3	5.9%	(63.0%)
Total sales	1,121.2	100.0%	1,155.2	100.0%	(2.9%)

*Other regional markets: Macedonia, Montenegro, Kosovo
**Key European markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

The sales growth of 5.2% in the CROATIAN MARKET is the result of: (i) an increase in sales of the pharmacy chain Farmacia, (ii) an increase in sales of own brands, primarily Argeta in the savoury spreads category, Cedevita in the vitamin instant drinks category, water under the Kala brand, and Smoki in the flips segment, and (iii) an increase in sales of the external principals, especially Ferrero, Phillips, Rauch and SABMiller.

The MARKET OF SERBIA recorded an increase in sales due to: (i) the increase in sales of coffee under the Grand kafa and Bonito brands (despite the drop of the Turkish coffee category), and the increase in sales of espresso coffee under the Barcaffe brand, (ii) the increase in sales of Smoki, Bananica, Prima salty sticks brands from the sweets segment, as well as biscuits and wafers, and (iii) the increase in sales of savoury spreads under the Argeta brand. If the effect of the dinar exchange rate is excluded, the revenue in the Serbian market grew by 5.2%.

The SLOVENIAN MARKET recorded a noticeable decrease in sales due to difficulties in cooperation with the major key buyer. The decrease was recorded in all categories of own products and principal brands, except for Argeta in the savoury spreads segment, which recorded a growth despite these problems.

The growth in sales in the MARKET OF BOSNIA AND HERZEGOVINA was recorded due to the increase in sales of: (i) savoury spreads under the Argeta brand, (ii) the Grand Kafa brand in the Turkish coffee category and Barcaffe espresso coffee, and (iii) chocolates under the Najlepše želje and Menaž brands.

The decrease in sales in OTHER REGIONAL MARKETS was caused by the decrease in sales on the market of Montenegro, resulting from the optimisation of inventories of external distributor following the establishment of new commercial terms and conditions. The Macedonian market recorded sales at the same level as in the same last-year's period, while the market of Kosovo recorded a double-digit growth, primarily due to great results of Argeta from the savoury spreads segment.

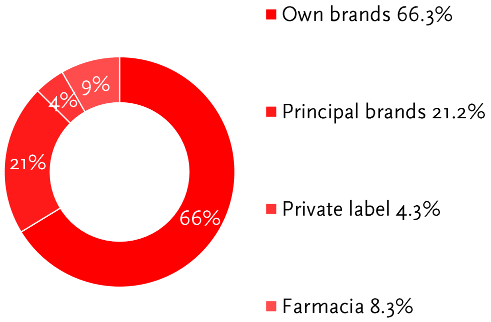
The decrease in sales in the KEY EUROPEAN MARKETS is a consequence of the decrease in sales of products from the sports and functional food portfolio, largely caused by the terminated cooperation with the major buyer of the private label.

Sales in the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES are positively affected by the improved economic situation and appreciation of the Russian ruble. The most prominent growth was recorded by Donat Mg from the beverages segment, Vitamin C from the Multivita range and Argeta from the savoury spreads segment.

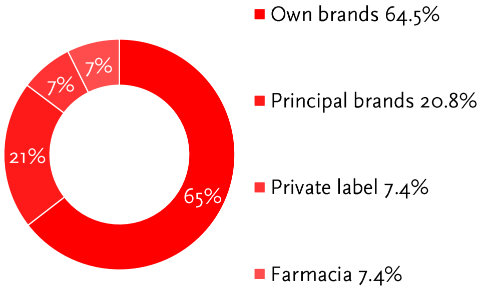
OTHER MARKETS record a significant decrease in sales due to the drop in sales in the sports and functional food segment caused by the decrease in sales of private labels, following the terminated cooperation with the major buyer (the cooperation was terminated at the end of March 2016). If the decrease caused by the mentioned terminated cooperation is excluded, other markets record a 6.8% decrease.

SALES PROFILE BY PRODUCT CATEGORY

Q1 2017



Q1 2016



In the first quarter of 2017, OWN BRANDS recorded sales at the same level as in the same period of the previous year, i.e. HRK 743.1 million. The growth was recorded by: (i) sales of Argeta in the savoury spreads segment, and (ii) sales of Menaž, Bananica, Prima brands and wafers and waffles in the snacks segment. On the other hand, the decrease in sales was recorded by Multipower, Champ and Multaben brands from the sports and functional food segment, products from the Amfissa portfolio in the gourmet segment, and Donat Mg and Cockta from the beverages segment. If the negative impact of the drop in sales of brands from the Sports and functional food segment is excluded, other own brands record a 4.3% growth.

With HRK 237.3 million, PRINCIPAL BRANDS record a decrease in sales of 1.0%, due to difficulties in cooperation with an important key buyer in regional markets. This decrease is partly compensated for by good results of other principals, primarily Ferrero, Rauch, Philips and SABMiller, as well as the beginning of distribution of new principals such as Beam Suntory in the markets of Serbia, Macedonia, Montenegro, Kosovo and Albania, and principal Nocco in the markets of Germany, the United Kingdom and Austria.

Due to the decrease in sales in the sports and functional food segment, PRIVATE LABELS record a 43.9% decrease compared to the first quarter of 2016, with recorded sales of HRK 47.8 million.

The pharmacy chain FARMACIA recorded sales of HRK 93.0 million, which is a 9.3% growth compared to the first quarter of 2016, due to the 9 percent increase in sales of the existing Farmacia locations and newly-opened specialised stores.

PROFITABILITY DYNAMICS

(in HRK millions)	Q1 2017	Q1 2016	Q1 2017/ Q1 2016
Sales	1,121.2	1,155.2	(2.9%)
EBITDA	108.9	103.9	4.8%
EBIT	70.3	69.8	0.6%
Net profit/(loss)	52.4	45.2	15.9%
Profitability margins			
EBITDA margin	9.7%	9.0%	+ 72 bp
EBIT margin	6.3%	6.0%	+ 22 bp
Net profit margin	4.7%	3.9%	+ 76 bp

In the first quarter of 2017, Atlantic Grupa recorded **EBITDA** in the amount of HRK 108.9 million, which is a 4.8% increase compared to the same period of the previous year. The increase in EBITDA is mainly affected by the improved sales mix, since the decrease in sales of private labels and products from the sports and functional food segment was largely compensated by the growth in sales of other own brands. These positive impacts fully annulled the negative impact of cost of production materials, that grew primarily due to significantly higher average prices of raw coffee.

Despite a solid growth in EBITDA, following the 13.5% increase in amortisation and depreciation, the recorded EBIT grew less, and is 0.6% higher. Net profit before minorities recorded an increase of 15.9%, primarily due to lower finance costs and higher foreign exchange gains.

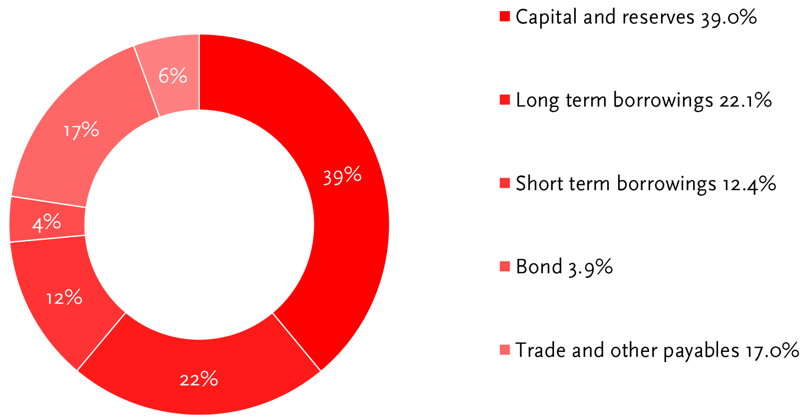
FINANCIAL INDICATORS

(in HRK millions)	Q1 2017	Q1 2016
Net debt	1,467.5	1,502.0
Total assets	5,180.9	5,395.8
Total Equity	2,018.7	2,016.5
Current ratio	1.4	1.4
Gearing ratio	42.1%	42.7%
Net debt/EBITDA	3.1	3.2
	Q1 2017	Q1 2016
Interest coverage ratio	6.1	4.4
Capital expenditure	15.2	15.1
Cash flow from operating activities	33.5	-74.1

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2017, the following should be pointed out:

Due to the decrease in net debt of HRK 34.6 million at the end of the first quarter of 2017, compared to the end of 2016, the gearing ratio decreased by 59 basis points, while compared to the first quarter of 2016, it decreased by as much as 477 basis points. The debt measured as the net debt to EBITDA ratio decreased from 3.2 to 3.1 , compared to the end of 2016. At the same time, the coverage of interest expense by EBITDA increased from 4.4 to 6.1, and cash flow operating activities improved by HRK 107.6 million.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 MARCH 2017



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

The increase in cash flow from operating activities in the first quarter of 2017 compared to the same period of the previous year is the result of the stabilisation of operations of distribution companies in Germany and Austria and the normalisation of collection of receivables, that were present in the first quarter of 2016 due to operational problems related to the implementation of the SAP solution in Croatia, Germany and Austria.

Capital expenditure in the first quarter of 2017 primarily relates to investments in the production equipment of business units for the purpose of increasing the efficiency of production processes, and in the development of IT infrastructure, business systems and applications.

Among significant investments, we should mention:

- SBU SAVOURY SPREADS: investment in a new line for the production of 95-gram pâté, and the cooling system of the production site;
- SBU COFFEE: purchase of espresso and Coffee2GO machines, investment in production equipment for the purpose of improving production efficiency;
- SBU SNACKS: investment in the improved production efficiency;
- IT: implementation of the business applications.

OUTLOOK
FOR 2017

Management has the same expectations for 2017 as announced on 28th February 2017, as follows:

(in HRK millions)	2017 Guidance	2016.	2017/2016
Sales	5,300	5,106	3.8%
EBITDA	475	474	0.1%
EBIT	310	308	0.7%
Interest expense	65	78	(17.0%)

In 2017, we expect capital expenditure in the amount of approximately HRK 150 million.

The expected effective tax rate in 2017 should be at the same level as in the previous year.

CONSOLIDATED FINANCIAL REPORTS

FOR THE FIRSTQUARTER OF 2017

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan -Mar 2017	Jan -Mar 2016	Index
Turnover	**1,128,402**	**1,162,426**	**97.1**
Sales revenues	1,121,187	1,155,242	97.1
Other revenues	7,215	7,184	100.4
Operating expenses	**(1,019,474)**	**(1,058,525)**	**96.3**
Cost of merchandise sold	(261,831)	(302,998)	86.4
Change in inventories	12,368	2,786	443.9
Production material and energy	(391,376)	(378,579)	103.4
Services	(93,091)	(91,408)	101.8
Staff costs	(185,676)	(183,492)	101.2
Marketing and selling expenses	(67,798)	(71,765)	94.5
Other operating expenses	(40,360)	(41,195)	98.0
Other gains - net	8,290	8,126	102.0
EBITDA	**108,928**	**103,901**	**104.8**
Depreciation and impairment	(38,672)	(34,066)	113.5
EBIT	**70,256**	**69,835**	**100.6**
Finance costs - net	(3,891)	(12,884)	30.2
EBT	**66,365**	**56,951**	**116.5**
Income tax	(13,996)	(11,751)	119.1
Profit for the period	**52,369**	**45,200**	**115.9**
Attributable to:			
Non-controlling interest	104	(100)	n/p
Owners of the parent	52,265	45,300	115.4
Earnings per share for profit attributable to the owners of the Company			
- basic	15.68	13.59	
- diluted	15.68	13.59	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2017	Jan - Mar 2016	Index
Profit for the year	**52,369**	**45,200**	**115.9**
Cash flow hedge	(6,740)	(10,221)	65.9
Currency translation differences	(39,333)	(41,110)	95.7
Total comprehensive income/ (loss)	**6,296**	**(6,131)**	**n/p**
Attributable to:			
Non-controlling interest	46	(136)	n/p
Equity holders of the Company	6,250	(5,995)	n/p
Total comprehensive income/ (loss)	6,296	(6,131)	n/p

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2017	31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	1,051,149	1,082,059
Investment property	1,229	1,259
Intangible assets	1,726,931	1,756,217
Deferred tax assets	45,375	47,293
Available-for-sale financial assets	901	915
Trade and other receivables	81,849	59,102
	2,907,434	2,946,845
Current assets		
Inventories	664,389	623,318
Trade and other receivables	1,062,808	1,300,568
Prepaid income tax	17,434	10,326
Derivative financial instruments	10,123	18,139
Deposits given	216	227
Cash and cash equivalents	512,792	490,730
	2,267,762	2,443,308
Non-current assets held for sale	5,683	5,687
Total current assets	2,273,445	2,448,995
TOTAL ASSETS	**5,180,879**	**5,395,840**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,489	881,489
Treasury shares	(4,207)	(88)
Reserves	(190,365)	(80,964)
Retained earnings	1,195,349	1,079,698
	2,015,638	2,013,507
Non-controlling interest	3,027	2,981
Total equity	2,018,665	2,016,488
Non-current liabilities		
Borrowings	1,346,880	1,422,605
Deferred tax liabilities	167,259	171,811
Other non-current liabilities	6,555	6,673
Provisions	57,225	58,036
	1,577,919	1,659,125
Current liabilities		
Trade and other payables	881,266	1,073,996
Borrowings	643,742	588,539
Current income tax liabilities	15,367	9,231
Provisions	43,920	48,461
	1,584,295	1,720,227
Total liabilities	3,162,214	3,379,352
TOTAL EQUTIY AND LIABILITIES	**5,180,879**	**5,395,840**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of Company					
in thousands of HRK, unaudited	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
At 1 January 2016	1,014,689	(26,264)	954,325	1,942,750	2,558	1,945,308
Comprehensive income:						
Net profit for the year	-	-	45,300	45,300	(100)	45,200
Cash flow hedge	-	(10,221)	-	(10,221)	-	(10,221)
Other comprehensive loss	-	(41,074)	-	(41,074)	(36)	(41,110)
Total comprehensive income/ (loss)	-	(51,295)	45,300	(5,995)	(136)	(6,131)
Transactions with owners:						
Transfer	-	(19,071)	19,071	-	-	-
At 31 March 2016	**1,014,689**	**(96,630)**	**1,018,696**	**1,936,755**	**2,422**	**1,939,177**
At 1 January 2017	1,014,773	(80,964)	1,079,698	2,013,507	2,981	2,016,488
Comprehensive income:						
Net profit for the year	-	-	52,265	52,265	104	52,369
Cash flow hedge	-	(6,740)	-	(6,740)	-	(6,740)
Other comprehensive loss	-	(39,275)	-	(39,275)	(58)	(39,333)
Total comprehensive income/ (loss)	-	(46,015)	52,265	6,250	46	6,296
Transactions with owners:						
Purchase of treasury shares	(4.119)	-	-	(4,119)	-	(4,119)
Transfer	-	(63,386)	63,386	-	-	-
At 31 March 2017	**1,010,654**	**(190.365)**	**1.195.349**	**2,015,638**	**3,027**	**2,018,665**

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2017	Jan - Mar 2016
Cash flows from operating activities		
Net profit	**52,369**	**45,200**
Income tax	13,996	11,751
Depreciation, amortization and impairment	38,672	34,066
Gain on sale of property, plant and equipment	(504)	(255)
Provision for current assets	5,224	2,913
Foreign exchange differences - net	(21,467)	(19,185)
Decrease in provisions for risks and charges	(5,352)	(5,783)
Fair value gains on financial assets	(7,562)	(5,212)
Interest income	(982)	(1,078)
Interest expense	17,744	23,442
Other non-cash items, net	-	316
Changes in working capital:		
Increase in inventories	(45,325)	(39,889)
Decrease in current receivables	211,287	12,237
Decrease in current payables	(151,618)	(99,145)
Cash generated from operations	**106,482**	**(40,622)**
Interest paid	(59,234)	(25,904)
Income tax paid	(13,721)	(7,554)
	33,527	**(74,080)**
Cash flow (used in)/ from investing activities		
Purchase of property, plant and equipment and intangible assets	(15,231)	(15,147)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	595	42,421
Proceeds from sale of tea business	18,750	-
Loans granted and deposits placed	(17,214)	(2,610)
Repayments of loan and deposits granted	1,006	1,243
Interest received	982	882
	(11,112)	**26,789**
Cash flow used in financing activities		
Purchase of treasury shares	(4,120)	-
Proceeds from borrowings, net of fees paid	79,092	97,262
Repayment of borrowings	(74,826)	(130,279)
Acquisition of interest in a subsidiary from non-controlling interests	(499)	-
	(353)	**(33,017)**
Net increase/ (decrease) in cash and cash equivalents	**22,062**	**(80,308)**
Cash and cash equivalents at beginning of period	490,730	365,692
Cash and cash equivalents at end of period	512,792	285,384

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

The condensed consolidated financial statements of the Group for the three month period ended 31 March 2017 were approved by the Management Board of the Company in Zagreb on 26 April 2017.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the three month period ended 31 March 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2016.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units which have been joined by business unit Baby food and business unit Gourmet. The distribution business is organized in two main zones: Zone East and Zone West.

SBU – Strategic distribution unit
BU – Business unit
SDU – Strategic distribution unit
DU – Distribution unit
SDR – Strategic distribution region
DR – Distribution region
PDR – Partner distribution region
DACH – Germany, Austria & Switzerland

Strategic Management Council is responsible for strategic and operational issues. For more efficient management of individual strategic business and strategic distribution units, the organization unites similar business activities or products, shared markets or channels, together.

NOTE 3 – SEGMENT INFORMATION (continued)

Due to the fact that SDR HoReCa, SDR CIS & Baltic, BU Baby food, BU Gourmet and DU Macedonia do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within Other segments. The Other segments category comprises also of non-allocable business activities (headquarters and support functions in Serbia, Slovenia and Macedonia) which are excluded from the reportable operating segments.

Strategic Management Council monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual SBUs represent in market sales made to third parties (either directly through SBUs or through SDUs and DUs). SDU and DU sales includes sales of own products also reported as SBU sales. This double counting of own product sales is eliminated in the "Reconciliation" line. For the purpose of segmental profit calculation, sales between operating segments are carried out at arm's length.

Sales revenues[1] *(in thousands of HRK)*	**Jan-Mar 2017**	**Jan-Mar 2016**
SBU Beverages	133,839	133,444
SBU Coffee	215,064	212,129
SBU (Sweet and Salted) Snacks	149,496	145,959
SBU Savoury Spreads	116,586	106,929
SBU Sports and Functional Food	98,923	152,726
SBU Pharma and Personal Care	137,332	128,105
SDU Croatia	200,416	195,974
SDU Zone West	120,449	134,932
SDU Serbia	233,230	227,723
DU Slovenia	158,252	174,275
Other segments	180,320	173,019
Reconciliation	(622,720)	(629,973)
Total	**1,121,187**	**1,155,242**

[1] Comparative period has been adjusted to reflect current period reporting

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	2017	2016
Neto dobit / (gubitak) dioničarima *(u tisućama kuna)*	52,265	45,300
Prosječno ponderirani broj dionica	3,333,631	3,334,073
Osnovna zarada / (gubitak) po dionici *(u kunama)*	15.68	13.59

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no convertible dilutive potential ordinary shares.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the three month period ended 31 March 2017, Group invested HRK 15,231 thousand in purchase of property, plant and equipment and intangible assets (2016: HRK 15,147 thousand).

In the first quarter of 2016 the Group has sold Non-current assets held for sale for the amount of HRK 42,002 thousand.

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2017, the Group wrote down inventories in the amount of HRK 4,253 thousand due to damage and short expiry dates (2016: HRK 1,652 thousand). The amount is recognized in the income statement within 'Other operating expenses'.

NOTE 8 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 31 March 2017 and 31 December 2016 and transactions recognized in the Income statement for the three month period ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2017**	**31 December 2016**
RECEIVABLES		
Loang term loans given		
Shareholders	17,214	-
Current receivables		
Other entities	89,015	98,322
LIABILITIES		
Trade and other payables		
Shareholders	3,724	44,954
Other entities	994	3,906

REVENUES	**Jan – Mar 2017**	**Jan – Mar 2016**
Sales revenues		
Other entities	105,490	103,551
Other revenues		
Other entities	191	209
EXPENSES		
Marketing and promotion expenses		
Other entities	1,703	2,208
Other expenses		
Other entities	502	531
Finance cost - net		
Shareholders	3,724	-

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, April 27th 2017

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) the President of the Management board of Atlantic Grupa d.d., Miramarska 23, Zagreb provide

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated and separate financial statements of Atlantic Grupa d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The consolidated financial statements for the period from 1 January 2017 to 31 March 2017 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 March 2017 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi

Contact:

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ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
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tel: +385 (1) 24 13 900
fax: +385 (1) 24 13 901

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Broj računa: HR4624020061100280870 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 3,334,300 shares, each in the nominal amount of HRK 40.00
Share capital: HRK 133,372,000.00, paid in full.

Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković
President of the Supervisory Board: Z. Adrović

www.atlanticgrupa.com