FINANCIAL RESULTS IN THE FIRST 9 MONTHS OF 2017
(unaudited)

Zagreb, October 31st 2017

INTRODUCTION

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

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

“In the first nine months of this year, Atlantic Grupa continues to achieve exceptional business results in terms of revenue and profitability growth, where the growth was recorded in almost all business segments and in all major markets. The strategic partnership with the Belgian company Aminolabs enabled us to additionally focus on own brands and to continue the restructuring of the Strategic Business Unit Sports and Functional Food, and numerous activities on a more profitable and focused approach to Western European markets have also been initiated. The profitability growth, excellent liquidity management and continuous decrease in debt provide us with an excellent basis for an even faster and stronger growth.”

ATLANTIC GRUPA

CONTINUED REVENUE AND PROFITABILITY GROWTH IN LINE WITH EXPECTATIONS

- SALES AT HRK 3,950.2 MILLION
  + 4.4% compared to the first nine months of 2016

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA) AT HRK 440.7 MILLION
  + 5.1% compared to the first nine months of 2016

- EARNINGS BEFORE INTEREST AND TAXES (EBIT) AT HRK 324.1 MILLION
  + 2.3% compared to the first nine months of 2016

- NET PROFIT AFTER MINORITIES AT HRK 237.5 MILLION
  + 2.8% compared to the first nine months of 2016

FINANCIAL SUMMARY OF THE FIRST NINE MONTHS OF 2017

Key figures	**9M 2017**	9M 2016	9M 2017/ 9M 2016
Sales (in HRK millions)	**3,950.2**	3,782.2	4.4%
Turnover (in HRK millions)	**3,979.7**	3,823.6	4.1%
EBITDA margin	**11.2%**	11.1%	+6 bp
Net income after minorities (in HRK millions)	**237.5**	231.0	2.8%
Gearing ratio*	**39.1%**	44.7%	- 562 bp

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

ATLANTIC GRUPA

1. ATLANTIC GRUPA AND BELGIAN AMINOLABS ENTERED INTO STRATEGIC PARTNERSHIP

As announced earlier, for the purpose of further restructuring and simplification of operations in the sports and functional food segment, and focus on own brands, Atlantic Grupa decided to sell factories in Germany (Bleckede) and Croatia (Nova Gradiška) and the associated service production for third parties (private label) to the Belgian company Aminolabs Group, and the value of the transaction is up to HRK 200 million. The transaction and the payoff of HRK 150 million were realised on October 31st 2017, with the expected gain on sale of the factories of approximately HRK 65 million.

2. LIMITATIONS IN COOPERATION WITH KEY CUSTOMER

During the third quarter, Atlantic Grupa's operations with retail chains within Agrokor have been almost fully normalised, following the stabilisation of their operations.
It should be mentioned that delays in operations at the beginning of the year resulted in the loss of a portion of market share of Agrokor's retail companies and the Atlantic Grupa's turnover through these chains continues to be lower than in the same period of the previous year, but this decrease is more than compensated for by the increase in sales to other customers.
The total exposure to all Agrokor's retail companies at the end of the third quarter amounted to HRK313 million. The collection of receivables in Serbia, Slovenia and Croatia is regular, save the part of so called "borderline" debt, which is included in the Act on the Procedure for Extraordinary Administration in Companies of Systemic Importance for the Republic of Croatia. The part of the borderline debt is already collected, and we expect to collect the remaining amount completely, in line with the objective of extraordinary commissioner.

3. ANNOUNCED REORGANISATION OF ATLANTIC GRUPA'S DISTRIBUTION ACTIVITIES

In an effort to create a simple and effective approach to markets, the overall distribution business will be reorganised into one unit, thus eliminating the need for two distribution zones. As of the beginning of 2018, the markets within the distribution units where we provide the full distribution service, from physical distribution of goods to negotiations with customers and providing marketing assistance and where we are present with our sales team, will be composed of SDU Croatia, SDU Serbia, SDU Slovenia, DU Macedonia, SDR HoReCa and DU Austria.

On the other hand, the markets which we predominantly manage through our distribution partners will be grouped into one distribution unit, the Global Distribution Account Management, that will be responsible for managing a network of distribution partners on the global level and will be divided into four main regions: Distribution Unit Commonwealth of Independent States (DU CIS) and three units of Distributor Account Management (DAM) for Germany, Switzerland & Benelux, European and Overseas markets and for Eastern Europe.

The German market remains in the centre of our internationalisation efforts, and it is planned to organise the distribution of the remaining brands, which are not in the SBU Sports and Functional Food scope, in cooperation with distribution partners with the aim to increase the efficiency of the overall operations in this market. We must also mention that, following the logic of brand portfolios, BU Baby Food will become a part of the SBU Pharma and Personal Care as an additional programme.

4. DIVIDEND DISTRIBUTION APPROVED

Following the decision of the General Assembly held on 29 June 2017, the dividend distribution is approved in the amount of HRK 13.50 per share, i.e. a total of HRK 45 million, which was distributed in July 2017.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	1.-9. 2017	1.-9. 2016	1.-9. 2017/ 1.-9. 2016
SBU Coffee	**792.1**	765.2	3.5%
SBU Beverages	**542.8**	502.0	8.1%
SBU (Sweet and Salted) Snacks	**479.3**	453.6	5.7%
SBU Savoury Spreads	**452.8**	419.8	7.9%
SBU Pharma and Personal Care	**430.4**	403.1	6.8%
SBU Sports and Functional Food	**313.7**	360.9	(13.1%)
SDU Serbia	**816.4**	787.5	3.7%
SDU Croatia	**778.7**	726.7	7.2%
DU Slovenia	**543.6**	536.4	1.3%
SDR Zone West	**334.6**	392.9	(14.9%)
Other segments*	**650.0**	559.4	16.2%
Reconciliation**	**(2,184.1)**	(2,125.3)	n/a
Sales	**3,950.2**	**3,782.2**	**4.4%**

In the first nine months of 2017, Atlantic Grupa recorded sales of HRK 4.0 billion, which is a 4.4% increase compared to the previous year. The growth in revenues was recorded due to the increase in almost all own brands and the increase in revenue from principal brands distribution, despite the decrease in sales in the Strategic Business Unit Sports and Functional Food.

Despite the significant negative impact of loss of a portion of revenues realised through the major regional retail chain, Atlantic Grupa managed to compensate for the lost revenue and exceed the revenue recorded in the first nine months of the previous year by higher sales through other buyers. Thus, in the first nine months of 2017, a 5.3% growth was recorded in the markets of Serbia, Croatia and Slovenia, compared to the same period of the previous year.

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, SDR 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, Bosnia and Herzegovina 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 Bosnia and Herzegovina, Serbia, Slovenia and Croatia. The growth in these markets was recorded despite difficulties in cooperation with retail chains of the Agrokor concern. Analyzed by categories, an increase was recorded by Turkish coffee, and a double-digit growth was recorded by espresso and instant Turkish coffee (Black'n'Easy) categories. The growth in these markets multiply exceeded the drop in the market of Macedonia, which is under the strong competitors' pressure in terms of prices. SBU Coffee launched Barcaffe D.O.T. capsules for coffee machines, and now is possible to enjoy top quality espresso at home. It should be noted that in July in Serbia Grand kafa and Bonito achieved a value market share of as much as 53.4%.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant increase in sales in all categories, primarily due to excellent sales results in Croatia, Slovenia, Russia and Bosnia and Herzegovina. In Croatia, the most significant contribution was made by vitamin instant drinks under the Cedevita brand, which recorded growth in all segments (retail, HoReCa, on-the-go) and excellent results of waters under Kala and Kalnička brands. In the Russian market, Donat Mg recorded a double-digit growth, and Donat Mg also recorded excellent sales results in other markets. Among significant markets, a slight decrease in sales was recorded only in the Serbian market, as a result of difficulties in cooperation with Mercator.

A substantial increase in sales of the STRATEGIC BUSINESS UNIT SNACKS was recorded primarily due to great sales results in the markets of Serbia, Bosnia and Herzegovina, and a double-digit growth in the markets of Croatia and Montenegro, thereby significantly exceeding the mild decrease in the markets of Macedonia and Slovenia. Great results were recorded by both segments (sweet and salty snacks), and the growth was recorded primarily by flips under the Smoki brand, biscuits, wafers and waffles, chocolates under the Menaž and Najlepše želje brands, salty sticks under the Prima brand, and chocolates under the Bananica brand. The growth was recorded due to great sales results of the existing, but also of numerous new products.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a double-digit revenue growth in the majority of markets, led by the markets of Croatia, Serbia, Macedonia, Montenegro and Sweden, while good results were also recorded by the markets of Bosnia and Herzegovina, Slovenia, Austria and Switzerland. It should be noted that Argeta, in addition to being the leader in the markets of Bosnia and Herzegovina, Slovenia, Macedonia and Austria, also became the market leader in Switzerland. The record-high results in the above mentioned markets multiply exceeded lower sales in the markets of Germany and Russia. The increase was recorded by both meat and fish segments, while sandwiches under the Montana brand recorded a double-digit growth in the Croatian market.

The STRATEGIC BUSINESS UNIT PHARMA AND PERSONAL CARE records a significant increase in sales primarily due to the increase in sales of the pharmacy chain Farmacia and the increase in sales of Neva, Dietpharm and Multivita products. Farmacia records growth due to the increase in sales of the existing locations, but also due to opening new specialised stores.

The STRATEGIC BUSINESS UNIT SPORTS AND FUNCTIONAL FOOD recorded an observable decrease in sales following the lower sales results of own brands Multipower, Multaben and Champ, as a consequence of the portfolio restructuring and also due to the terminated cooperation with the major buyer of the private label at the end of the first quarter of 2016. The most significant drop was recorded in the German market, which generates a half of the sales of this business unit.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT SERBIA is a consequence of great sales results of almost all product categories, with the sales growth of both own and principal brands. Among own brands, the best results were recorded by Menaž, Keksići, Napolitanke, Smoki, Bananica and Prima salty sticks from the snacks segment, Turkish coffee under the Bonito brand, Argeta from the savoury spreads segment and Granny's Secret from the gourmet segment, and good sales results were also recorded by brands from the beverages segment, Donat Mg and Cedevita in the on-the-go segment. As for principal brands, the most significant growth was recorded by Rauch, Beam Suntory and Alkaloid. Difficulties in cooperation and lower sales of Mercator Serbia were exceeded by significantly higher sales of other key customers and other smaller points of sale.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT CROATIA is a result of the increase in revenues from distribution and own and principal brands. Own brands recorded an increase in all product categories, led by Kala and Kalnička in the waters segment, Cedevita from the vitamin instant drinks segment, Argeta from the savoury spreads segment, Barcaffe from the coffee segment and Montana sandwiches. Among principal brands, the biggest growth was recorded by Ferrero, SABMiller, Philips and Vitamin Well. Great results are achieved despite the strong negative impact of the less active cooperation with members of the Agrokor concern.

The DISTRIBUTION UNIT SLOVENIA recorded an increase in sales due to great results of own brands in the third quarter, with the most prominent growth recorded by coffee under the Barcaffe brand, savoury spreads under the Argeta brand and functional drinks under the Donat Mg brand. Among principal brands, Ferrero continues to record excellent results. The decrease in sales to the major customer, Mercator, was compensated by higher sales to other customers.

The STRATEGIC DISTRIBUTION REGION ZONE WEST records a decrease in sales mainly in the German market, but also in the United Kingdom, Spain, Turkey and Italy. The decrease was partly mitigated by the increase in sales in the markets of Sweden, the United States of America, Switzerland and Austria. In this, the largest portion of the decrease was recorded in the sports and functional food segment, while an increase in sales was recorded by savoury spreads under the Argeta brand, Granny's Secret from the gourmet segment, Grand kafa from the coffee segment, products from the Štark range and principals Nocco and Davina.

Other segments recorded a double-digit increase in sales primarily due to the increase in sales of the Strategic Distribution Regions HoReCa, the CIS and Baltic, Business Units Baby Food and Gourmet and a mild increase in sales of the Distribution Unit Macedonia.

The STRATEGIC DISTRIBUTION REGION THE CIS AND BALTIC recorded a significant recovery of sales, as a result of more favourable commercial terms and improved distribution, accompanied by an additional positive effect of the economic recovery in Russia and stabilisation of the Russian ruble. A double-digit growth was recorded by sales of functional drinks under the Donat Mg brand and sales of baby food under the Bebi brand, primarily of baby cereals.

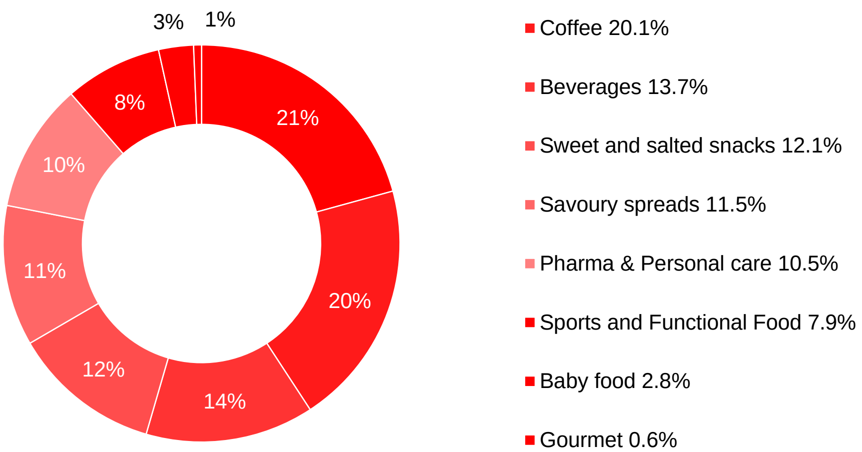
The DISTRIBUTION UNIT MACEDONIA recorded an increase in sales due to the increase in sales of the principal brand Ferrero and own brand Argeta from the savoury spreads segment, while lower sales were recorded in the coffee segment, due to aggressive competitors in terms of prices.

The double-digit sales growth of the STRATEGIC DISTRIBUTION REGION HORECA is primarily a result of the increase in sales of own brands. The double-digit growth was recorded in coffee (espresso coffee under the Barcaffe brand) and beverages (vitamin instant drinks under the Cedevita brand, water under Kala and Kalnička brands and functional drinks under the Donat Mg brand).

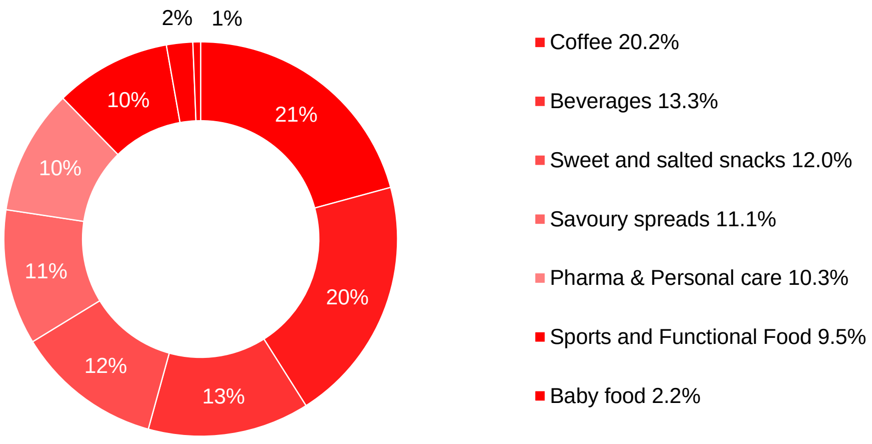
The BUSINESS UNIT GOURMET recorded an increase in sales primarily due to the increase in the markets of Serbia, Croatia and Germany, which significantly exceeded the decrease in sales in the markets of Bosnia and Herzegovina, Russia and Slovenia.

SALES PROFILE BY SEGMENTS

1.-9.2017



1.-9.2016



ATLANTIC GRUPA

SALES PROFILE BY MARKETS

(in HRK millions)	1.-9. 2017	% of sales	1.-9. 2016	% of sales	1.-9.2017/ 1.-9.2016
Croatia	**1,193.9**	30.2%	1,106.9	29.3%	7.9%
Serbia	**881.7**	22.3%	847.7	22.4%	4.0%
Slovenia	**630.5**	16.0%	614.3	16.2%	2.6%
Bosnia and Herzegovina	**317.6**	8.0%	301.2	8.0%	5.4%
Other regional markets*	**260.4**	6.6%	256.6	6.8%	1.5%
Key European markets**	**409.1**	10.4%	402.2	10.6%	1.7%
Russia and CIS	**163.8**	4.1%	127.7	3.4%	28.3%
Other markets	**93.3**	2.4%	125.5	3.3%	(25.7%)
Total sales	**3,950.2**	100.0%	3,782.2	100.0%	4.4%

*Other regional markets: Macedonia, Montenegro, Kosovo

**Key European markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain

Comparative period has been adjusted to reflect current period reporting.

The sales growth of as much as 7.9% in the CROATIAN MARKET is the result of the increase in sales of all product categories, especially: (i) the pharmacy chain Farmacia, (ii) own brands, primarily Cedevita in the vitamin instant drinks category, waters under Kala and Kalnička brands, Argeta in the savoury spreads category, and coffee under the Barcaffe brand, and (iii) external principals, especially Ferrero, SABMiller, Philips and Vitamin Well.

The MARKET OF SERBIA recorded a solid increase in sales due to the increase in sales of own brands, led by: (i) Smoki, Bananica, Prima salty sticks and chocolates, biscuits and wafers from the snacks segment, (ii) coffee under the Bonito brand, espresso coffee under the Barcaffe brand, and instant Turkish coffee under the Black'n'Easy brand, (iii) savoury spreads under the Argeta brand, and (iv) products from the gourmet segment under the Granny's Secret brand. Among principal brands, the most significant sales growth was recorded by Rauch, Alkaloid and Beam Suntory. If the effect of the dinar exchange rate is excluded, the revenue in the Serbian market grew by 4.6%.

The increase in sales in the SLOVENIAN MARKET was recorded following: (i) the increase in sales of coffee under the Barcaffe brand, (ii) the increase in sales of Donat Mg and Cedevita in the beverages category, and (iii) the increase in sales of Argeta in the savoury spreads category.

The satisfactory growth in sales in the MARKET OF BOSNIA AND HERZEGOVINA was recorded due to the increase in sales of: (i) the Grand Kafa brand in the Turkish coffee category and Barcaffe espresso coffee, (ii) savoury spreads under the Argeta brand, (iii) vitamin instant drinks under the Cedevita brand and functional drinks under the Donat Mg brand, and (iv) chocolates under the Najlepše želje and Menaž brands, and biscuits and wafers.

A mild increase in OTHER REGIONAL MARKETS was recorded due to the increase in sales in the markets of Macedonia and Montenegro, while a decrease was recorded in the market of Kosovo.

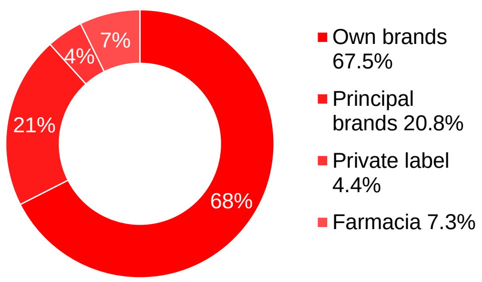
A mild increase in sales in the KEY EUROPEAN MARKETS is a consequence of the increase in sales in the markets of Sweden, Switzerland and Austria, which fully compensated for the decrease in sales in other markets.

The notable sales growth in the MARKET OF RUSSIA AND THE CIS was recorded as a result of more favourable commercial terms and improved distribution, as well as recovery of the economic situation in Russia and surrounding countries and appreciation of the Russian ruble. The most prominent growth was recorded by baby cereals Bebi, functional drinks Donat Mg and Multivita's Vitamin C.

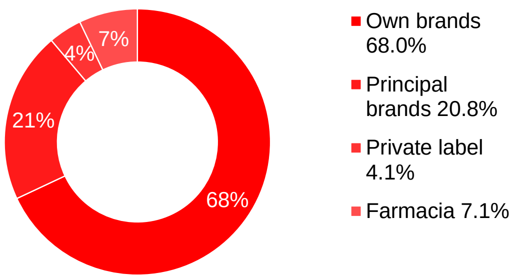
OTHER MARKETS record a significant decrease in sales due to the drop in sales in the sports and functional food segment caused by the decrease in sales of private labels, following the terminated cooperation with the major buyer (the cooperation was terminated at the end of March 2016). If the decrease caused by the mentioned terminated cooperation is excluded, other markets record a 22.1% growth, with notable doubled sales in the United States market.

SALES PROFILE BY PRODUCT CATEGORY

1.-9. 2017



1.-9. 2016



In the first nine months of 2017, OWN BRANDS recorded 3.7% higher sales than in the same period of the previous year, i.e. HRK 2,668.8 million. The growth was recorded by almost all operating segments, and the most prominent growth was recorded by: (i) sales of Donat Mg, Cedevita, Kala and Kalnička brands in the beverages segment, (ii) sales of Argeta in the savoury spreads segment, (iii) sales of Menaž, Bananica, Smoki, Prima brands and wafers and waffles in the snacks segment, and (iv) Bonito and Barcaffe in the coffee segment. On the other hand, the decrease in sales was recorded by Multipower, Multaben and Champ brands from the sports and functional food 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 7.4% growth.

With HRK 820.3 million, PRINCIPAL BRANDS recorded an increase in sales of 4.4%. The growth is based on the increase in sales of principals Ferrero, SABMiller, Nocco, Philips, Beam Suntory and Vitamin Well.

With sales of HRK 173.3 million, PRIVATE LABELS recorded a 12.9% increase, mainly due to new customers in the sports and functional food segment.

The pharmacy chain FARMACIA recorded sales of HRK 287.9 million, which is a 7.0% growth compared to the first nine months of 2016, due to the increase in sales of the existing Farmacia locations and newly-opened specialised stores. In the first nine months of 2017, three new locations were opened and now Farmacia has 85 pharmacies and specialised stores.

PROFITABILITY DYNAMICS

(in HRK millions)	9M 2017	9M 2016	9M 2017/ 9M 2016
Sales	**3,950.2**	3,782.2	4.4%
EBITDA	**440.7**	419.5	5.1%
EBIT	**324.1**	316.9	2.3%
Net profit/(loss)	**238.2**	231.5	2.9%
Profitability margins			
EBITDA margin	**11.2%**	11.1%	+ 6 bp
EBIT margin	**8.2%**	8.4%	- 18 bp
Net profit margin	**6.0%**	6.1%	- 9 bp

In the first nine months of 2017, Atlantic Grupa recorded **EBITDA** in the amount of HRK 440.7 million, which is a 5.1% increase compared to the same period of the previous year. The increase in EBITDA is mainly affected by the higher sales coupled with the strict control of expenses and risks, which eliminated the negative impact of cost of production materials, that grew primarily due to significantly higher average prices of raw coffee.

Due to the increase in amortisation and depreciation costs of 13.7%, EBIT grew somewhat slower, i.e. by 2.3%. Net profit before minorities recorded an increase of 2.9%, primarily due to lower finance costs and higher foreign exchange gains.

The 0.7% increase in cost of goods sold is a consequence of higher sales, although the share of cost of goods sold in sales revenue was reduced.
Costs of production materials are 7.2% higher, mainly as a result of higher sales of own brands, as well as higher prices of raw materials, primarily raw coffee and sugar.
Costs of services are 0.9% higher, primarily due to higher logistics costs as a result of higher sales, despite savings resulting from restructuring in the sports and functional food segment.
Staff costs increased due to a higher number of employees and higher variable payments and bonuses provided for, following better business results. As at 30 September 2017, Atlantic Grupa had 5,543 employees, 192 more compared to the end of the same period of the previous year.
Marketing expenses are at same level as in the last-year’s period.
Other (gains)/losses – net: Gains were primarily realised on financial (forward) instruments in the coffee segment.

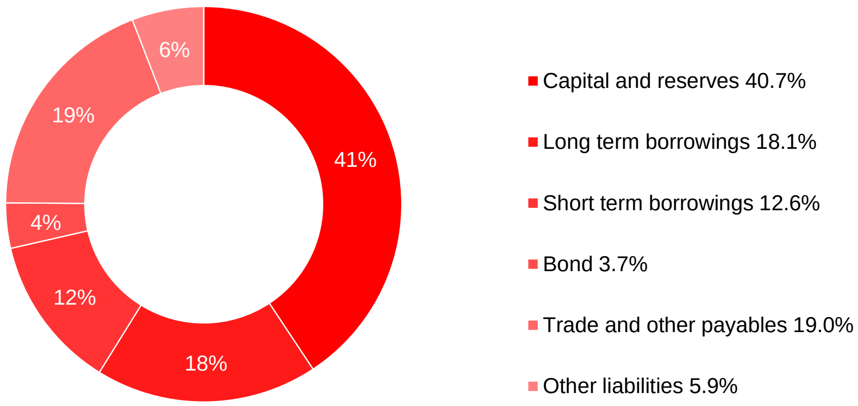
FINANCIAL INDICATORS

(in HRK millions)	9M 2017	2016
Net debt	**1,408.8**	1,502.1
Total assets	**5,394.4**	5,395.8
Total Equity	**2,195.3**	2,016.5
Current ratio	**1.38**	1.41
Gearing ratio	**39.1%**	42.7%
Net debt/EBITDA	**2.84**	3.17
	9M 2017	9M 2016
Interest coverage ratio	**8.60**	7.00
Capital expenditure	**86.8**	73.6
Cash flow from operating activities	**242.2**	49.5

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

Due to the decrease in net debt of HRK 93.3 million at the end of the third quarter of 2017, compared to the end of 2016, the gearing ratio decreased by 360 basis points. The debt measured as the net debt to EBITDA ratio compared to the end of 2016 decreased from 3.17 to 2.84 at the end of the third quarter of 2017. At the same time, the coverage of interest expense by EBITDA increased from 7.00 to 8.60, and cash flow operating activities increased to HRK 242.2 million.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 30 SEPTEMBER 2017



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

The increase in cash flow from operating activities in the first nine months of 2017 compared to the same period of the previous year is the result of improved profitability and better working capital management, but also to normalisation of negative effects on level of inventories and collection of receivables caused last year by the launch of distribution operations in Germany and Austria and the implementation of the SAP solution, in these two countries as well as in Croatia.

Capital expenditure in the first nine months 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 Beverages: investment in the new line for rigid packaging of Cedevita;
- SBU SAVOURY SPREADS: investment in a new line for the production of 95-gram pâté, and the cooling system of the production site;
- SBU SNACKS: investment in the new line for the production of Bananica and Sweet chocolates, and the improved production efficiency;
- SBU COFFEE: purchase of espresso and Coffee2GO machines, investment in production equipment for the purpose of improving production efficiency;
- BU Gourmet: investment in production equipment for the purpose of improving production efficiency;
- SBU Pharma and Personal Care: investment in new pharmacy locations;
- IT: implementation of business applications.

Following the decision of the General Assembly held on 29 June 2017, the dividend distribution is approved in the amount of HRK 13.50 per share, i.e. a total of HRK 45 million, which was distributed in July 2017.

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.

These expectations do not include one-off profit that will be realised from the execution of the agreement with Aminolabs, which should amount to approximately HRK 65 million.

CONSOLIDATED FINANCIAL REPORTS
FOR THE FIRST HALF OF 2017

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Sep 2017	Jan - Sep 2016	Index	Jul - Sep 2017	Jul - Sep 2016	Index
Turnover	**3,979,668**	**3,823,558**	**104.1**	**1,454,559**	**1,336,672**	**108.8**
Sales revenues	3,950,235	3,782,171	104.4	1,444,960	1,325,590	109.0
Other revenues	29,433	41,387	71.1	9,599	11,082	86.6
Operating expenses	**(3,539,001)**	**(3,404,084)**	**104.0**	**(1,295,424)**	**(1,176,950)**	**110.1**
Cost of merchandise sold	(939,943)	(933,435)	100.7	(348,745)	(329,511)	105.8
Change in inventories	6,957	11,773	59.1	(13,328)	(10,345)	128.8
Production material and energy	(1,310,674)	(1,225,633)	106.9	(457,289)	(400,359)	114.2
Services	(303,696)	(301,097)	100.9	(107,065)	(102,587)	104.4
Staff costs	(613,241)	(577,471)	106.2	(228,155)	(199,532)	114.3
Marketing and selling expenses	(249,482)	(250,374)	99.6	(85,860)	(81,157)	105.8
Other operating expenses	(137,933)	(138,712)	99.4	(49,906)	(56,055)	89.0
Other gains/ (losses) - net	9,011	10,865	82.9	(5,076)	2,596	n/a
EBITDA	**440,667**	**419,474**	**105.1**	**159,135**	**159,722**	**99.6**
Depreciation and impairment	(116,591)	(102,544)	113.7	(39,172)	(35,023)	111.8
EBIT	**324,076**	**316,930**	**102.3**	**119,963**	**124,699**	**96.2**
Finance costs - net	(28,137)	(43,129)	65.2	(18,761)	(15,772)	119.0
Profit before tax	**295,939**	**273,801**	**108.1**	**101,202**	**108,927**	**92.9**
Income tax	(57,782)	(42,327)	136.5	(17,439)	(11,160)	156.3
Profit for the period	**238,157**	**231,474**	**102.9**	**83,763**	**97,767**	**85.7**
Attributable to:						
Non-controlling interest	625	456	137.1	309	242	127.7
Owners of the parent	237,532	231,018	102.8	83,454	97,525	85.6
Earnings per share for profit attributable to the owners of the Company						
- basic	71.28	69.29		25.04	29.25	
- diluted	71.28	69.29		25.04	29.25	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Sep 2017	Jan - Sep 2016	Index	Jul - Sep 2017	Jul - Sep 2016	Index
Profit for the year	**238,157**	**231,474**	**102.9**	**83,763**	**97,767**	**85.7**
Cash flow hedge	(19,247)	(3,760)	511.9	1,219	332	367.2
Currency translation differences	10,088	(52,878)	n/a	37,010	(2,517)	n/a
Total comprehensive income	**228,998**	**174,836**	**131.0**	**121,992**	**95,582**	**127.6**
Attributable to:						
Non-controlling interest	609	425	143.3	364	250	145.6
Equity holders of the Company	228,389	174,411	130.9	121,628	95,332	127.6
Total comprehensive income	228,998	174,836	131.0	121,992	95,582	127.6

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 September 2017	31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	1,053,248	1,082,059
Investment property	1,217	1,259
Intangible assets	1,762,754	1,756,217
Deferred tax assets	45,449	47,293
Available-for-sale financial assets	1,025	915
Trade and other receivables	58,830	59,102
	2,922,523	2,946,845
Current assets		
Inventories	655,555	623,318
Trade and other receivables	1,331,241	1,300,568
Prepaid income tax	25,879	10,326
Derivative financial instruments	-	18,139
Deposits given	253	227
Cash and cash equivalents	452,833	490,730
	2,465,761	2,443,308
Non-current assets held for sale	6,124	5,687
Total current assets	2,471,885	2,448,995
TOTAL ASSETS	**5,394,408**	**5,395,840**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,052	881,489
Treasury shares	(1,863)	(88)
Reserves	(141,711)	(80,964)
Retained earnings	1,320,849	1,079,698
	2,191,699	2,013,507
Non-controlling interest	3,590	2,981
Total equity	2,195,289	2,016,488
Non-current liabilities		
Borrowings	1,177,922	1,422,605
Deferred tax liabilities	164,956	171,811
Other non-current liabilities	4,274	6,673
Provisions	57,959	58,036
	1,405,111	1,659,125
Current liabilities		
Trade and other payables	1,026,097	1,073,996
Borrowings	678,726	588,539
Derivative financial instruments	5,211	-
Current income tax liabilities	42,759	9,231
Provisions	41,215	48,461
	1,794,008	1,720,227
Total liabilities	3,199,119	3,379,352
TOTAL EQUTIY AND LIABILITIES	**5,394,408**	**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	-	-	231,018	231,018	456	231,474
Cash flow hedge	-	(3,760)	-	(3,760)	-	(3,760)
Other comprehensive income	-	(52,847)	-	(52,847)	(31)	(52,878)
Total comprehensive income	-	(56,607)	231,018	174,411	425	174,836
Transactions with owners:						
Purchase of treasury shares	(1,076)	-	-	(1,076)	-	(1,076)
Share based payment	1,160	-	-	1,160	-	1,160
Transfer	-	18,861	(18,861)	-	-	-
Dividends relating to 2015	-	-	(47,661)	(47,661)	-	(47,661)
At 30 Sep 2016	1,014,773	(64,010)	1,118,821	2,069,584	2,983	2,072,567
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	-	-	237,532	237,532	625	238,157
Cash flow hedge	-	(19,247)	-	(19,247)	-	(19,247)
Other comprehensive income	-	10,104	-	10,104	(16)	10,088
Total comprehensive income	-	(9,143)	237,532	228,389	609	228,998
Transactions with owners:						
Acquisition of non-controlling interest	-	-	(1,097)	(1,097)	-	(1,097)
Purchase of treasury shares	(7,431)	-	-	(7,431)	-	(7,431)
Share based payment	5,219	-	-	5,219	-	5,219
Transfer	-	(51,604)	51,604	-	-	-
Dividends relating to 2016	-	-	(46,888)	(46,888)	-	(46,888)
At 30 Sep 2017	1,012,561	(141,711)	1,320,849	2,191,699	3,590	2,195,289

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**Jan - Sep 2017**	**Jan – Sep 2016**
Cash flows from operating activities		
Net profit	**238,157**	**231,474**
Income tax	57,782	42,327
Depreciation, amortization and impairment	116,591	102,544
Gain on sale of property, plant and equipment	(2,211)	489
Provision for current assets	24,256	19,840
Foreign exchange differences - net	(15,129)	(26,002)
Decrease in provisions for risks and charges	(7,323)	(26,743)
Fair value gains on financial assets	(3,767)	(6,752)
Share based payment	5,218	1,160
Interest income	(3,366)	(2,815)
Interest expense	51,216	59,930
Other non-cash items, net	(8)	(245)
Changes in working capital:		
Increase in inventories	(48,783)	(94,762)
Increase in current receivables	(54,220)	(116,776)
Increase / (decrease) in current payables	10,505	(28,635)
Cash generated from operations	**368,918**	**155,034**
Interest paid	(85,981)	(66,563)
Income tax paid	(40,754)	(39,008)
	242,183	**49,463**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(86,832)	(73,545)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	8,500	44,380
Proceeds from sale assets	18,750	-
Acquisition of subsidiary – net of cash acquired	(2,207)	(1,122)
Loans granted and deposits placed	(20,980)	(2,906)
Repayments of loan and deposits granted	1,297	1,942
Interest received	3,167	2,220
	(78,305)	**(29,031)**
Cash flow used in financing activities		
Purchase of treasury shares	(7,431)	(1,076)
Proceeds from borrowings, net of fees paid	120,377	223,819
Repayment of borrowings	(265,976)	(298,230)
Bonds issued	-	200,000
Redemption of bonds	-	(115,000)
Witholding tax paid on dividend	(1,904)	(2,646)
Dividend paid to Company shareholders	(44,984)	(45,012)
Acquisition of interest in a subsidiary from non-controlling interests	(1,857)	-
	(201,775)	**(38,145)**
Net decrease in cash and cash equivalents	**(37,897)**	**(17,713)**
Cash and cash equivalents at beginning of period	490,730	365,692
Cash and cash equivalents at end of period	452,833	347,979

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 nine month period ended 30 September 2017 were approved by the Management Board of the Company in Zagreb on 30 October 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 nine month period ended 30 September 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, Bosnia and Herzegovina 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-Sep 2017**	**Jan-Sep 2016**
SBU Beverages	542,779	501,993
SBU Coffee	792,114	765,186
SBU (Sweet and Salted) Snacks	479,322	453,629
SBU Savoury Spreads	452,778	419,774
SBU Sports and Functional Food	313,687	360,868
SBU Pharma and Personal Care	430,393	403,063
SDU Croatia	778,713	726,683
SDU Zone West	334,564	392,924
SDU Serbia	816,431	787,493
DU Slovenia	543,599	536,432
Other segments	650,002	559,378
Reconciliation	(2,184,147)	(2,125,252)
Total	**3,950,235**	**3,782,171**

[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
Net profit attributable to equity holders *(in thousands of HRK)*	237,532	231,018
Weighted average number of shares	3,332,256	3,334,074
Basic earnings per share *(in HRK)*	71.28	69.29

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 nine month period ended 30 September 2017, Group invested HRK 86,832 thousand in purchase of property, plant and equipment and intangible assets (2016: HRK 73,545 thousand).

Also, in the first nine months 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 nine month period ended 30 September 2017, the Group wrote down inventories in the amount of HRK 16,546 thousand due to damage and short expiry dates (2016: HRK 15,398 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 29 June 2017, distribution of dividend in the amount of HRK 13.50 per share, or HRK 44,984 thousand in total was approved (2016: HRK 13.50 per share, or HRK 45,012 thousand in total). Dividend was paid out in July 2017.

NOTE 8 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 30 September 2017 and 31 December 2016 and transactions recognized in the Income statement for the nine month period ended 30 September are as follows:

(all amounts expressed in thousands of HRK)	**30 September 2017**	**31 December 2016**
RECEIVABLES		
Current receivables		
Other entities	116,937	98,322
LIABILITIES		
Trade and other payables		
Shareholders	10,291	44,954
Other entities	1,897	3,906
	12,188	48,860

	Jan – Sep 2017	**Jan – Sep 2016**
REVENUES		
Sales revenues		
Other entities	381,402	361,548
Other revenues		
Other entities	1,050	696
EXPENSES		
Marketing and promotion expenses		
Other entities	8,202	8,930
Other expenses		
Other entities	1,592	1,521
Finance cost - net		
Shareholders	10,175	-

NOTE 9 – EVENTS AFTER BALANCE SHEET DATE

In an effort to restructure and simplify its Sports and Functional Food business and focus on its core brands, Atlantic Grupa has decided to sell its production facilities in Germany (Bleckede) and Croatia (Nova Gradiška) as well as private label business to a Belgium based company Aminolabs Group, while the strategic brands Multipower, Champ and Multaben will be spun off in a special business unit that will remain in full ownership of Atlantic. Transaction is valued at around HRK 200 million. The transaction and the payoff of HRK 150 million were realized on October 31st 2017, while the rest will be paid in full in the next two years.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, October 31st 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 30 September 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 30 September 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:

Atlantic Grupa d.d.
Miramarska 23
10 000 Zagreb
Hrvatska

Tel: +385 1 2413 145
E-mail: ir@atlanticgrupa.com

ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
Miramarska 23, 10000 Zagreb, Hrvatska
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