

Atlantic Grupa d.d.

Non-consolidated financial results for the period ended 30 June 2018 (unaudited)

Content:

- I. Report on business results for the period ended 30 June 2018**
- II. Unaudited non-consolidated financial reports for the period ended 30 June 2018**
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General information:

Atlantic Grupa d.d. was incorporated in Republic of Croatia in 2002. Atlantic Grupa d.d. is domiciled in Zagreb, Miramarska 23, Croatia.

Atlantic Grupa d.d. performs corporate activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining strategy and development of business activities of Atlantic Grupa.

On June 30th 2018 Atlantic Grupa employed 144 employees.

Management Board members:

- ❖ Emil Tedeschi, President of the Management Board
- ❖ Mladen Veber, Senior Group Vice President for Business Operations
- ❖ Neven Vranković, Group Vice President for Corporate Affairs
- ❖ Zoran Stanković, Group Vice President for Finance

Supervisory Board members:

- ❖ Zdenko Adrović, President
- ❖ Lada Tedeschi Fiorio, Vice President
- ❖ Siniša Petrović, member
- ❖ Peter Elam Håkansson, member
- ❖ Franz Josef Flosbach, member
- ❖ Aleksandar Pekeč, member
- ❖ Jean Louis Yvon Gourbin, member

On June 30th 2018 share capital of Atlantic Grupa d.d. totalled HRK 133,372,000.00 divided into 3,334,300 ordinary shares in the nominal amount of HRK 40.00.

Financial results for the period ended 30 June 2018:

For the period ended 30 June 2018 Atlantic Grupa d.d. reported HRK 82,985,960 of operating income, attributed in total to other operating income.

In the same period, Atlantic Grupa d.d. reported HRK 83,630,356 of operating costs. The most significant part of operating costs relate to employee expenses in the amount of HRK 42,953,274 which include net salaries, taxes and contributions from salary expenses and contributions on salary, and to other expenses in the amount of HRK 25,413,175. Other costs relate to maintenance, rent and other services.

For the period ended 30 June 2018 financial income amounted HRK 184,560,926, primarily realised through the distribution of profit of subsidiaries. Financial expenses in the same period amounted to HRK 6,648,249.

Atlantic Grupa d.d. reported HRK 175,837,682 of net profit for the period ended 30 June 2018.

ATLANTIC GRUPA d.d.

**CONDENSED NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

Annex 1.

Reporting period

1.1.2018

to

30.6.2018

Quarterly financial report TFI-POD

Tax number (MB): 01671910

Company registration number (MBS): 080245039

Personal identification number (OIB): 71149912416

Issuing company: ATLANTIC GRUPA d.d.

Postal code and place: 10000

Zagreb

Street and house number: MIRAMARSKA 23

E-mail address: atlantic@atlantic.hr

Internet address: www.atlantic.hr

Municipality/city code and name

County code and name

Number of employees: 144

(period end)

Consolidated report: NO

NKD code: 7010

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Ilinčić Tatjana

(only surname and name)

Telephone: 012413927

Telefaks: 012413002

E-mail address: tatjana.ilincic@atlanticgrupa.com

Family name and name: Stanković Zoran

(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

BALANCE SHEET

AS AT 30 JUNE 2018

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.554.818.037	1.561.953.283
I. INTANGIBLE ASSETS (004 do 009)	003	26.193.949	26.977.100
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	21.077.728	23.186.179
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	5.116.221	3.790.921
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	17.134.888	13.772.432
1. Land	011		
2. Buildings	012	8.495.989	7.661.464
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	5.827.607	4.916.499
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	1.616.823	0
8. Other tangible assets	018	1.194.469	1.194.469
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1.508.300.228	1.519.445.378
1. Share in related parties	021	1.507.182.368	1.518.327.458
2. Loans to related parties	022	0	
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	370	20.370
6. Loans, deposits, etc.	026	1.117.490	1.097.550
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	3.188.972	1.758.373
C) CURRENT ASSETS (035+043+050+058)	034	80.322.730	207.785.220
I. INVENTORIES (036 do 042)	035	0	0
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	52.794.019	171.260.105
1. Receivables from related parties	044	45.579.203	21.212.568
2. Receivables from end-customers	045	4.295.336	4.233.590
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	205.816	699.045
5. Receivables from government and other institutions	048	2.117.260	1.137.402
6. Other receivables	049	596.404	143.977.500
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	20.242.250	7.618.376
1. Share in related parties	051		
2. Loans to related parties	052	20.000.000	0
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	242.250	7.618.376
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	7.286.461	28.906.739
D) PREPAYMENTS AND ACCRUED INCOME	059	1.082.752	1.912.800
E) TOTAL ASSETS (001+002+034+059)	060	1.636.223.519	1.771.651.303
F) OFF BALANCE SHEET ITEMS	061		

BALANCE SHEET

AS AT 30 JUNE 2018

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.116.085.318	1.226.270.894
I. SUBSCRIBED SHARE CAPITAL	063	133.372.000	133.372.000
II. CAPITAL RESERVES	064	881.088.632	881.166.081
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-1.513.588	-569.522
1. Legal reserves	066		
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068	1.513.588	569.522
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	98.855.379	36.464.653
1. Retained earnings	073	98.855.379	36.464.653
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	4.282.895	175.837.682
1. Net profit for the period	076	4.282.895	175.837.682
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	17.985.918	10.098.986
1. Provisions for pensions, severance pay and similar liabilities	080	17.985.918	10.098.986
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	199.710.248	199.778.354
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089	199.710.248	199.778.354
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	299.591.452	330.106.573
1. Liabilities to related parties	094	105.478.164	83.607.187
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	166.185.259	164.403.358
4. Liabilities for advances	097		
5. Trade payables	098	22.970.152	9.582.962
6. Commitments on securities	099	123.649	183.581
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.457.096	2.739.731
9. Taxes, contributions and similar liabilities	102	2.145.871	2.869.277
10. Liabilities arising from share in the result	103	227.187	66.701.693
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	4.074	18.784
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	2.850.583	5.396.496
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.636.223.519	1.771.651.303
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2018

Position	AOP	Previous period	Previous period	Current period	Current period
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	68.107.904	33.995.382	82.985.960	40.098.355
1. Rendering of services	112				
2. Other operating income	113	68.107.904	33.995.382	82.985.960	40.098.355
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	63.333.726	31.929.703	83.630.356	44.095.172
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	41.439	1.249	165.479	78.921
a) Costs of raw materials	117	41.439	1.249	165.479	78.921
b) Cost of goods sold	118				
c) Other material expenses	119				
3. Employee benefits expenses (121 do 123)	120	32.000.198	19.736.117	42.953.274	25.457.070
a) Net salaries	121	16.215.263	9.819.317	21.355.516	12.444.766
b) Tax and contributions from salary expenses	122	11.170.345	7.067.522	15.323.109	9.275.825
c) Contributions on salary	123	4.614.590	2.849.278	6.274.649	3.736.479
4. Depreciation and amortisation	124	4.796.069	2.420.986	6.350.237	3.233.233
5. Other expenses	125	18.826.433	6.510.845	25.413.175	10.848.589
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130	7.669.587	3.260.506	8.748.191	4.477.357
III. FINANCIAL INCOME (132 do 136)	131	132.592.546	128.935.123	184.560.926	182.148.065
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	128.000.000	128.000.000	180.587.116	180.587.116
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	4.592.546	935.123	3.973.810	1.560.949
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	8.284.926	4.108.460	6.648.249	3.070.649
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	2.089.787	1.152.288	643.013	316.918
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	6.195.139	2.956.172	6.005.236	2.753.731
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	200.700.450	162.930.505	267.546.886	222.246.420
X. TOTAL EXPENSES (114+137+143+145)	147	71.618.652	36.038.163	90.278.605	47.165.821
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	129.081.798	126.892.342	177.268.281	175.080.599
1. Profit before taxes (146-147)	149	129.081.798	126.892.342	177.268.281	175.080.599
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151	1.591.455	1.807.229	1.430.599	1.367.509
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	127.490.343	125.085.113	175.837.682	173.713.090
1. Profit for the period (149-151)	153	127.490.343	125.085.113	175.837.682	173.713.090
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	127.490.343	125.085.113	175.837.682	173.713.090
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	127.490.343	125.085.113	175.837.682	173.713.090
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2018

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	129.081.798	177.268.281
2. Depreciation and amortisation	002	4.796.069	6.350.237
3. Decrease of current liabilities	003		
4. Decrease of current receivables	004		9.246.522
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	133.877.867	192.865.040
1. Decrease of current liabilities	008	10.616.293	3.568.272
2. Increase of current receivables	009	17.974.997	
3. Increase of inventories	010	13.940	0
4. Other cash flow decreases	011	134.105.729	189.120.489
II. Total decrease of cash flow from operating activities	012	162.710.959	192.688.761
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	176.279
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	28.833.092	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	66.965	194.934
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	42.309	538.991
4. Dividend received	018	3.000.000	38.940.788
5. Other proceeds from investing activities	019	58.882	20.000.000
III. Total cash inflows from investing activities	020	3.168.156	59.674.713
1. Purchase of non-current assets	021	4.130.703	3.958.171
2. Purchase of non-current financial assets	022		11.164.720
3. Other cash outflows from investing activities	023	18.213.991	7.376.126
IV. Total cash outflows from investing activities	024	22.344.694	22.499.017
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	37.175.696
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	19.176.538	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	96.800.000	5.000.000
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	96.800.000	5.000.000
1. Repayment of loans and bonds	031	12.000.000	18.796.957
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	7.430.934	1.934.740
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	19.430.934	20.731.697
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	77.369.066	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	15.731.697
Total increases of cash flows	039	29.359.436	21.620.278
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	7.179.570	7.286.461
Increase of cash and cash equivalents	042	29.359.436	21.620.278
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	36.539.006	28.906.739

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2018

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	133.372.000	133.372.000
2. Capital reserves	002	881.051.900	881.166.081
3. Reserves from profit	003	-1.863.210	-569.522
4. Retained earnings or loss carried forward	004	98.878.436	36.464.653
5. Net profit or loss for the period	005	127.490.343	175.837.682
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	1.238.929.469	1.226.270.894
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	80.293.294	110.185.576
17. Total increase or decrease of equity (AOP 011 to 016)	017	80.293.294	110.185.576
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 25th June 2018

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15 and 110/15) the President of the Management Board of Atlantic Grupa d.d., Miramarska 23, Zagreb provides

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 non-consolidated financial statements for the period from 1 January 2018 till 30 June 2018 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the period ended 30 June 2018 presents true and fair presentation of development and results of the Company's operations with description of significant risks and uncertainties for the Company.

President of the Management Board



Emil Tedeschi

ATLANTIC GRUPA joint stock company for internal and external trade,

Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.

The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.
Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kn, paid in cash completely.

The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.

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



Contact:

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

Tel. +385 1 2413 908
E-mail: ir@atlanticgrupa.com

ATLANTIC GRUPA joint stock company for internal and external trade,
Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.
The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.
Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kn, paid in cash completely.
The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.
The Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković; The President of Supervisory Board: Z. Adrović.