FINANCIAL RESULTS

IN THE FIRST HALF OF 2019

(unaudited)

Zagreb, 30th July 2019

Commenting on the financial results in the first half of 2019, Emil Tedeschi, CEO of Atlantic Grupa, pointed out:

"Atlantic Grupa continues to achieve great business results, where the profitability growth again exceeded the solid revenue growth which was generated by majority of own and principal brands. After the record-high 2018, in the first half of 2019 we recorded the new historically highest share price, and the company's General Assembly voted for the historically highest dividend.

After excellent results achieved by expanding the distribution portfolio last year, new distribution agreements signed at the beginning of the year in Macedonia prove our continuous focus on the development of the company's distribution segment. At the same time, the Strategic Business Unit Sports and Functional Food has been fully disinvested, continuing the implementation of our strategic programme of disinvesting non-strategic operations.

Revenue growth and profitability growth are accompanied by further deleveraging, which leads us to lower finance costs and ensures preconditions for future growth."

ATLANTIC GRUPA

CONTINUED REVENUE AND PROFITABILITY GROWTH IN THE FIRST HALF

- **SALES** AT HRK 2,574.1 MILLION
  + 3.5% compared to the first half of 2018

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA**) AT HRK 398.0 MILLION, W/O IFRS 16 LEASES HRK 354.5 MILLION
  + 19.6% compared to the first half of 2018 W/O IFRS 16 Leases (+ 11.2% if one-off items excluded*)

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT**) AT HRK 275.8 MILLION, W/O IFRS 16 LEASES HRK 272.9 MILLION
  + 22.4% compared to the first half of 2018 W/O IFRS 16 Leases (+ 11.3% if one-off items excluded*)

- **NET PROFIT** AFTER MINORITIES AT HRK 213.5 MILLION, W/O IFRS 16 LEASES HRK 215.7 MILLION
  + 28.7% compared to the first half of 2018 W/O IFRS 16 Leases (+ 13.9% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST HALF OF 2019

Key figures	H1 2019	H1 2019 w/o IFRS 16	H1 2018	H1 2019 w/o IFRS 16/ H1 2018
Sales (in HRK million)	**2.574,1**	**2.574,1**	2.487,9	3,5%
Turnover (in HRK million)	**2.610,0**	**2.610,0**	2.519,0	3,6%
Normalized EBITDA margin*	**14,5%**	**12,8%**	11,9%	+90bp
Normalised net income after minorities (in HRK million)	**188,7**	**190,9**	167,6	13,9%
Gearing ratio**	**30,5%**	**21,9%**	32,9%	-1106bp

The comparative period has been adjusted to the reporting for 2019 except in the part which refers to the implementation of IFRS 16 – Leases.

* Net positive impact of one-off items in the first half of 2019 amounts to HRK 24.8 million on the results, and is reported in the Other gains – net, and includes profit from additional collection related to the sale of factories in the sports and functional food segment

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

***The condensed consolidated financial statements are prepared on the basis of the same accounting policies, presentations and calculation methods as used in the preparation of the Atlantic Grupa's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standard IFRS 16 – Leases effective as of 1 January 2019.

1. DIVESTING THE LAST PORTION OF SPORTS AND FUNCTIONAL FOOD

At the beginning of April, Atlantic Grupa and its long-standing partner in the distribution of sports and functional food, German Genuport Trade GmbH, Hamburg, Germany, concluded the agreement on the sale of Tripoint company that includes the Multipower, Champ and Multaben brands. In 2018, the Strategic Business Unit Sports and Functional Food recorded revenue of HRK 133.7 million, i.e. 2.5 percent of Atlantic Grupa's total sales, and HRK 64.3 million of loss before interest, tax, depreciation and amortization. Atlantic Grupa continues to distribute the portfolio on the markets of Croatia, Austria, Italy and Serbia. This transaction had no material impact on the consolidated results.

This is a continuation of the corporate strategy to divest non-strategic business operations as part of which the production plants of sports and functional food were already divested to the Belgian Aminolabs at the end of 2017. On the basis of this transaction, in the first half of 2019 additional HRK 24.8 million were collected, presented as one-off item in this report.

The German company Genuport, as the distributor of the Multipower, Champ and Multaben brands in Germany, with excellent knowledge of the market, was a logical choice of partner in this process. Genuport is one of the leading German distribution companies with a long reference list of partner companies such as Wander, Mondelez, Snyder's Lance, Weetabix and many others.

2. NEW LOGISTICS AND DISTRIBUTION CENTRE IN CROATIA

At the end of March, Atlantic Grupa officially opened a new, modern equipped logistics and distribution centre near Velika Gorica, which will ensure the adequate logistics support to the long-term development of the distribution business.

The newly constructed building unifies the total warehousing capacities of Atlantic Grupa in the Zagreb area and it is a central logistics centre for the Croatian market. The investment in the construction and equipment of approximately EUR 20 million was realised in cooperation with the strategic partner, the company Kamgrad, in only seven months. What makes the project especially interesting are its ambitions in the field of digitalisation of warehouse operations, so the new logistics and distribution centre is the site for new technologies that have already been implemented or are being implemented, such as autonomous logistics robots.

In the first phase, the warehouse capacity of 30,000 pallet spaces is ensured, and the modern high-rack facility offers a possibility of additional modular extension in line with business requirements, ensuring the long-term sustainability and support to further development of the distribution activities.

3. IMPLEMENTATION OF SAP IN OPERATIONS OF THE SDU SERBIA

At the beginning of 2019, the operation of the SAP system in the Strategic Distribution Unit Serbia successfully began, that was being implemented during the most part of 2018. The SAP Implementation Project, including the application for mobile sales, application for marketing expenses management, Cognos BI solution, with integration with the existing solutions for warehouse management, routing, invoice management and human resources management system brings to the Serbian market many innovative business processes and improvements.

Within this project, the emphasis is on the unification of business processes, so the implementation performed on the Croatian market was used as a reference model.

4. NEW DISTRIBUTION CONTRACT

In mid March, Atlantic Grupa agreed on distribution cooperation in Macedonia with Beiersdorf, the global cosmetics manufacturer of personal care brands. The portfolio of products that are included in the distribution range of the Distribution Unit Macedonia holds leading positions in personal care categories – face care, body care, lip care, universal skin creams and cosmetic products for men. Thus, the Atlantic Grupa's distribution portfolio on the market of Macedonia will be expanded to include globally famous brands Nivea, Labello and Atrix. The total value of the expected annual sales exceeds EUR 4 million. Also, at the beginning of March we began cooperation with Ficosota, the leading Bulgarian manufacturer in the segment of home and personal care products. The total value of the expected annual sales is over EUR 4 million.

Distribution operations are strong platform of the development of Atlantic Grupa's overall operations and the company's strategy, as confirmed by the latest distribution cooperations with Beiersdorf and Ficosota. After excellent results achieved by expanding the portfolio in cooperation with Red Bull in Serbia, Mars group in Croatia, Hipp in Macedonia last year, the new distribution contract at the beginning of 2019 proves the strategy of the company's development.

With Nivea in the distribution portfolio, Atlantic Grupa has 6 of top 10 regional brands according to the Valicon research.

5. ATLANTIC GRUPA NO.1 EMPLOYER PARTNER

Selectio, a company specialized in human resources consulting and personnel search services, in June this year awarded certificates for TOP employers who reached the highest human resources management standards.

Although always near the top, this year Atlantic Grupa for the first time took the first place with a total of 99% points in five areas of human resources management: Strategy, Recruitment and Selection, Performance Management, Training and Development and Employee Relations.

Since this year, Atlantic has certified the high standard of HR practices on all markets where it operates and thereby confirmed the consistency of good HR practices at the level of the Group as a whole.

6. RECORD-HIGH DIVIDEND

Following the decision of the Company's General Assembly held on 27 June 2019, the dividend distribution was approved in the amount of HRK 32 per share, i.e. a total of HRK 106,599 thousand, representing the historically highest dividend amount.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	H1 2019	H1 2018	H1 2019/ H1 2018
SBU Coffee	**532.7**	531.2	0.3%
SBU Beverages	**377.3**	364.4	3.5%
SBU Savoury Spreads	**348.5**	317.8	9.7%
SBU (Sweet and Salted) Snacks	**319.0**	327.8	(2.7%)
SBU Pharma and Personal Care	**312.4**	312.9	(0.2%)
SBU Sports and Functional Food	**27.8**	65.2	(57.3%)
SDU Croatia	**632.2**	565.6	11.8%
SDU Serbia	**588.8**	587.4	0.2%
SDU Slovenia	**444.9**	424.4	4.8%
Global distribution network management	**183.5**	192.4	(4.6%)
Other segments*	**165.7**	141.1	17.4%
Reconciliation**	**-1,358.8**	-1,342.4	n/a
Sales	**2,574.1**	**2,487.9**	**3.5%**

The comparative period has been adjusted to the reporting for 2019.

In the first half of 2019, Atlantic Grupa recorded sales of HRK 2.6 billion, which is a 3.5% growth compared to the first half of 2018. The revenue growth follows excellent sales results of the Strategic Business Unit Savoury Spreads and the Strategic Business Unit Beverages, and almost all distribution units. If we exclude the effect of revenues of the Strategic Business Unit Sports and Functional Food, the segment that was fully disinvested at the beginning of April this year, the revenue growth would be 5.1%.

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 (SBU) or Business Unit (BU), or through a Strategic Distribution Unit (SDU), Distribution Unit (DU) or Global Distribution Account Management (GDAM)), 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 DU Austria, DU Macedonia 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, DUs and GDAM through which the products were distributed.

The STRATEGIC BUSINESS UNIT COFFEE is almost at the same levels of sales revenue as in the last year. The markets of Serbia and Macedonia record a decrease in revenue that is fully compensated for by the increase in sales in the markets of Croatia, Slovenia, Bosnia and Herzegovina, Montenegro and Kosovo. Analyzed by categories, the growth was recorded by roast and ground coffee as the most significant category and espresso coffee that records a double-digit growth. Also, a double-digit growth continues to be recorded by instant Turkish coffee Black'n'Easy.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a revenue growth primarily in the regional markets of Croatia, Slovenia and Serbia. The revenue growth was recorded by the visually refreshed Cockta with a new recipe, vitamin instant drink Cedevita and waters under the Kala and Kalnička brands. The double-digit growth was recorded in Western European markets of Germany and Austria with Cedevita, Cockta and Donat Mg brands. The Cedevita brand celebrates its 50th anniversary this year and to mark this jubilee a new campaign was presented as part of the new creative platform “Flavour of Generation CE”, launched in mid March. At the beginning of March, Cockta launched a new product, Cockta Free, led by the increasing trend of sugar-free soft drinks consumption and the increasing healthy lifestyle trend.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a significant revenue growth due to excellent business results recorded in all regional markets (Bosnia and Herzegovina, Slovenia, Croatia, Serbia, Macedonia, Kosovo and Montenegro) and due to the increase in sales in Germany and Austria. Growth was recorded by both meat and fish savoury spreads segments and vegetable spreads. Since as of the beginning of 2019 the Gourmet segment was merged with this unit, it should be noted that *ajvar* and jams categories under the Granny’s Secret brand record a sales growth.

The STRATEGIC BUSINESS UNIT SNACKS recorded a decrease in sales primarily in the markets of Kosovo, Serbia and Croatia. The decrease was partly compensated by the growth in the market of Bosnia and Herzegovina and the market of Slovenia. Analyzed by categories, in the salty segment the most significant sales growth of 6.4% was recorded in the flips category under the Smoki brand, while in the sweet segment, the Najlepše želje brand in the chocolate category records a 3.0% growth. The decrease in sales of this unit is primarily caused by abandoning the chips category and the absence of sales in the market of Kosovo, caused by increased customs duties on imports of goods from Serbia. Without these effects, the sales of this unit would record a mild growth compared to the last year.

THE STRATEGIC BUSINESS UNIT PHARMA AND PERSONAL CARE recorded a mild decrease in sales primarily in the Russian market, as a consequence of the decrease in sales of the Multivita brand and baby food under the Bebi brand. The decrease was partly compensated by the increase in sales in the most significant market – Croatian, due to the significant growth in sales of the pharmacy chain Farmacia, and growth in sales of food supplements under the Dietpharm brand. If the effect of the decrease in sales of baby food is excluded, and the effect of the absence of sales of Neva range in part in which the distribution was discontinued, the sales of this unit grew 5.3%.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a double-digit sales growth following the growth of both own and principal brands. Own brands recorded growth in most categories, led by Argeta in the savoury spreads segment and Cedevita and Cockta in the beverages segment. Among principal brands, the biggest growth was recorded by the new principal Mars and the long-established principal Ferrero. A sales growth was also recorded by the HoReCa channel, due to redesigned Cockta, but also due to the increase in sales of other own and principal brands.

The STRATEGIC DISTRIBUTION UNIT SERBIA recorded a mild sales growth based on the increase in sales of Cockta from the beverages segment, Argeta from the savoury spreads segment, and Smoki and Najlepše želje from the snacks segment. Among principal brands, the biggest growth was recorded by the new principal Red Bull. The HoReCa channel recorded a significant sales growth due to the increase in sales of Barcaffe espresso, Cedevita and principals Rauch and Red Bull.

The sales growth in the STRATEGIC DISTRIBUTION UNIT SLOVENIA is based on the increase in sales of all product categories, led by, among own brands, savoury spreads under the Argeta brand, vitamin instant drink under the Cedevita brand, redesigned Cockta, and roast and ground coffee under the Barcaffe brand. Among principal brands, Ferrrero, Rauch and Hipp stand out. The HoReCa segment continues to grow primarily due to the success of the redesigned Cockta, Cedevita and espresso coffee under the Barcaffè brand.

GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT recorded a decrease in sales primarily in the Russian market caused by the decrease in sales of baby food under the Bebi brand and the decrease in sales in the market of Kosovo, caused by increased customs duties on imports of goods from Serbia. The revenue decrease was partly compensated by the increase in sales in the markets of Germany, Australia and France.

OTHER SEGMENTS record an increase in sales in both segments; in the distribution unit Macedonia and in the distribution unit Austria.

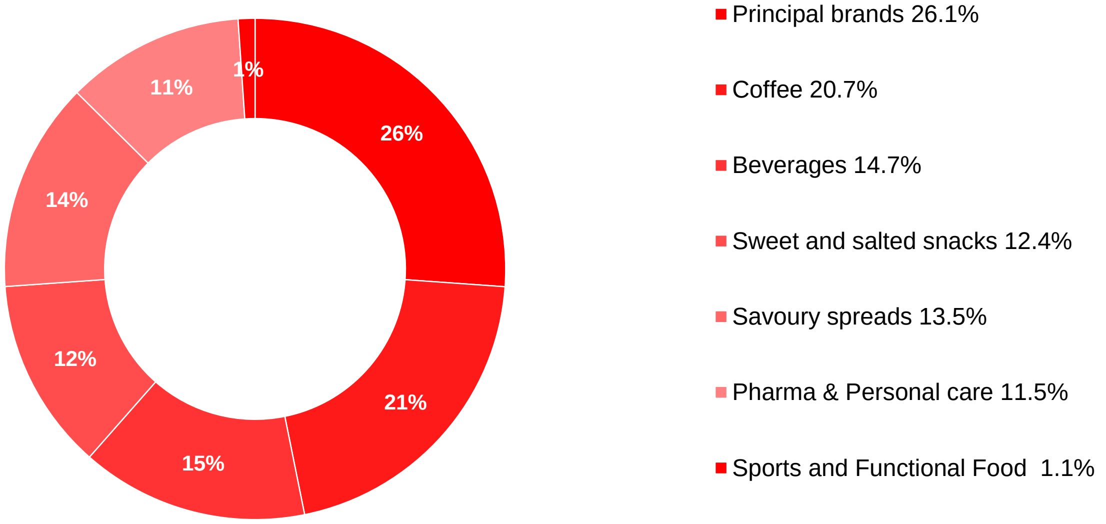
The double-digit sales growth in the DISTRIBUTION UNIT MACEDONIA is based on the increase in sales of new principal brands, especially Hipp and Beiersdorf, and the growth in own brands led by Cedevita in the beverages segment, Argeta in the savoury spreads category and Smoki in the flips category. The HoReCa channel recorded a sales growth due to the increase in sales of Barcaffe espresso coffee, Cedevita, and principal Ferrero.

The DISTRIBUTION UNIT AUSTRIA recorded a sales growth, mainly due to the growth of own brands, primarily Cedevita, Donat Mg and Cockta in the beverages segment, and Argeta in the savoury spreads segment.

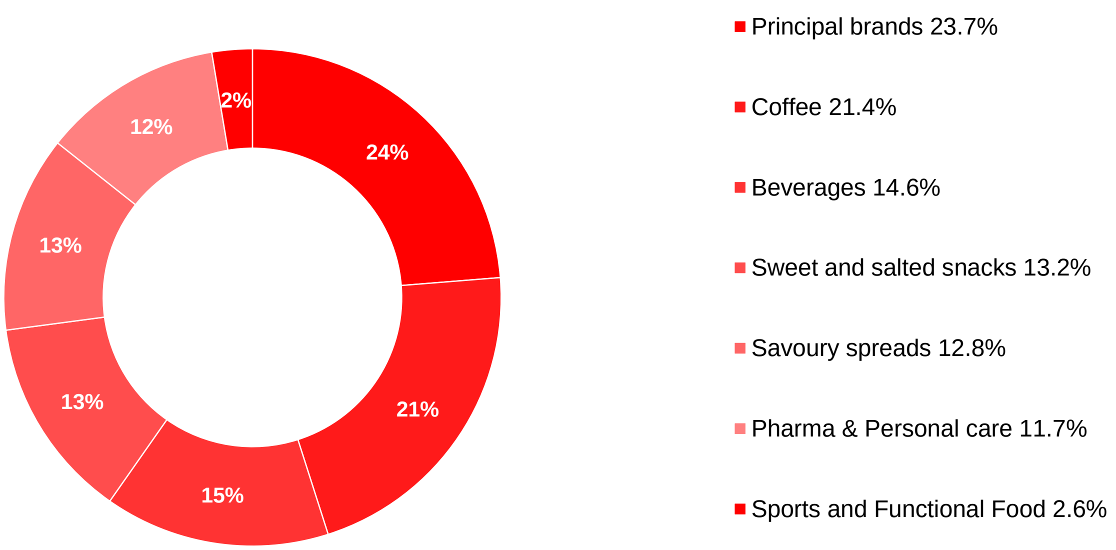
SALES DYNAMICS
IN THE FIRST HALF OF 2019

SALES PROFILE BY SEGMENTS

H1 2019



H1 2018



ATLANTIC GRUPA

SALES PROFILE BY MARKETS

(in HRK millions)	H1 2019	% of sales	H1 2018	% of sales	H1 2019/ H1 2018
Croatia	**883.4**	34.3%	796.7	32.0%	10.9%
Serbia	**600.8**	23.3%	597.4	24.0%	0.6%
Slovenia	**445.6**	17.3%	424.8	17.1%	4.9%
Bosnia and Herzegovina	**214.4**	8.3%	209.0	8.4%	2.6%
Other regional markets*	**190.1**	7.4%	170.2	6.8%	11.7%
Key European markets**	**125.8**	4.9%	148.2	6.0%	(15.1%)
Russia and CIS	**68.2**	2.6%	83.4	3.4%	(18.3%)
Other markets	**45.9**	1.8%	58.2	2.3%	(21.2%)
Total sales	**2,574.1**	100.0%	2,487.9	100.0%	3.5%

*Other regional markets: Macedonia, Montenegro, Kosovo

**Key European markets: Germany, Switzerland, Austria, Sweden

The comparative period has been adjusted to the reporting for 2019.

The sales growth of as much as 10.9% in the MARKET OF CROATIA is the result of the increase in sales of: (i) own brands, with the biggest growth recorded by Cockta and Cedevita brands in the beverages segment, Argeta in the savoury spreads segment and Dietpharm in the pharma and personal segment, (ii) the pharmacy chain Farmacia, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Asahi, Philips and the new principal Mars.

The MARKET OF SERBIA recorded a mild sales growth primarily due to the growth of own brands: (i) Cockta in the beverages segment, (ii) Argeta in the savoury spreads segment, (iii) Najlepše želje and Smoki in the snacks segment, compensating for the mild decrease in sales of roast and ground coffee under the Grand kafa and Bonito brands. Among principal brands, growth comes from the new principal Red Bull.

The increase in sales of 4.9% in the MARKET OF SLOVENIA was recorded following the increase in sales of: (i) roast and ground coffee under the Barcaffe brand, (ii) Cedevita and Cockta in the beverages category, (iii) Argeta in the savoury spreads category, (iv) Smoki in the snacks category, and (v) principal brands Ferrero and Rauch.

The 2.6% sales growth in the MARKET OF BOSNIA AND HERZEGOVINA was recorded due to the increase in sales of: (i) savoury spreads under the Argeta brand, (ii) chocolate under the Najlepše želje brand and flips under the Smoki brand from the snacks product range, (iii) roast and ground coffee under the Grand kafa brand, and (iv) the Dietpharm brand in the pharma and personal care segment.

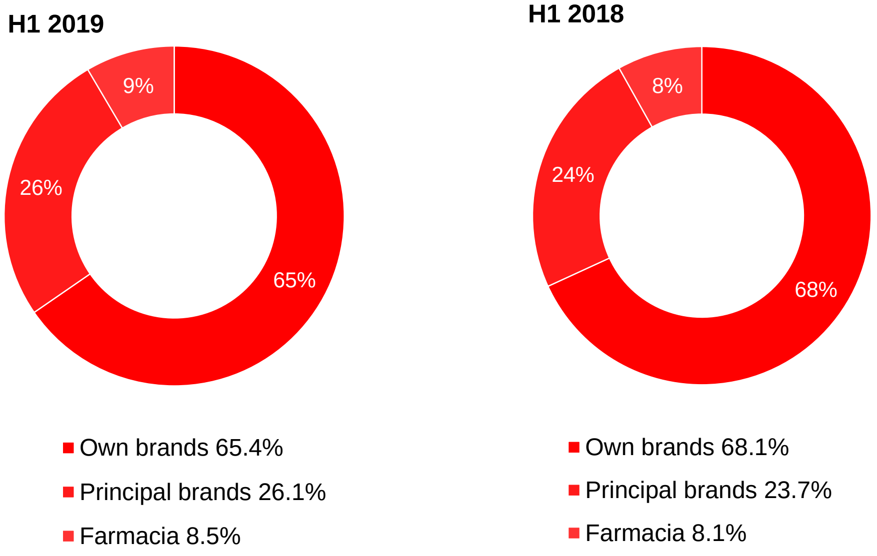
The increase in sales of 11.7% in OTHER REGIONAL MARKETS was recorded due to the increase in sales in the market of Macedonia, which compensated for the decrease in the market of Kosovo, primarily caused by the significant increase in customs duties on imports of goods from Serbia and Bosnia and Herzegovina to Kosovo. If the effect of sales of products from the snacks segment in the market of Kosovo is excluded, Other regional markets would record a 14.5% growth.

The decline in sales on the KEY EUROPEAN MARKET comes primarily due to the decrease in sales in the German market as a result of the disinvestment of the Strategic Business Unit Sports and Functional Food. If we exclude the sale of brands from the Strategic Business Unit Sports and Functional Food and the sale of principal brands to the German market, the key European markets would have a growth of 6.5%. Market of Austria recorded growth primarily due to sales growth in the savory spread segment under the Argeta brand and Cockta in the beverages segment.

The decrease in sales in the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES was primarily caused by the decrease in sales of the Multivita brand and baby food under the Bebi brand, which was partly compensated for by the increase in sales of savoury spreads under the Argeta brand.

OTHER MARKETS record a decrease in sales due to the drop in sales in the sports and functional food segment as a consequence of disinvesting this segment. Savoury spreads under the Argeta brand recorded growth in most Other markets.

SALES PROFILE BY PRODUCT CATEGORY



In the first half of 2019, OWN BRANDS recorded a mild decrease in sales primarily as a consequence of disinvesting the Sports and Functional Food segment. If we exclude sales of brands from the Sports and Functional Food segment, own brands would record an increase in sales of 1.5%. The greatest contribution to the growth was made by: (i) Argeta in the savoury spreads segment, (ii) Cockta and Cedevita in the beverages segment, (iii) Barcaffe and Grand kafa in the coffee segment, (iv) Smoki and Najlepše želje in the snacks segment and (v) Dietpharm in the pharma and personal segment.

With HRK 672.6 million, PRINCIPAL BRANDS recorded a significant increase in sales of 13.9%. The growth is mainly based on the increase in sales of principals Ferrero, Hipp, Asahi and Rauch, and new principals including Mars in Croatia, Red Bull in Serbia and Hipp and Beiersdorf in Macedonia.

The pharmacy chain FARMACIA recorded sales of HRK 218.3 million, which is a 7.9% growth due to the increase in sales of the existing Farmacia locations. In the first half of 2019, two new retail locations were opened and now Farmacia consists of 87 pharmacies and specialised stores.

PROFITABILITY DYNAMICS

(in HRK millions)	H1 2019	H1 2019 without IFRS 16	H1 2018	H1 2019 without IFRS 16/Q1 2018
Sales	**2,574.1**	2,574.1	2,487.9	3.5%
EBITDA	**398.0**	354.5	296.4	19.6%
Normalised EBITDA*	**373.2**	329.7	296.4	11.2%
EBIT	**275.8**	272.9	222.9	22.4%
Normalised EBIT*	**251.0**	248.1	222.9	11.3%
Net profit after minorities	**213.5**	215.7	167.6	28.7%
Normalised Net profit after minorities*	**188.7**	190.9	167.6	13.9%
Profitability margins				
EBITDA margin	**15.5%**	13.8%	11.9%	+186bp
Normalised EBITDA margin*	**14.5%**	12.8%	11.9%	+90bp
EBIT margin	**10.7%**	10.6%	9.0%	+164bp
Normalised EBIT margin*	**9.8%**	9.6%	9.0%	+68bp
Net profit margin	**8.3%**	8.4%	6.7%	+164bp
Normalised Net profit margin*	**7.3%**	7.4%	6.7%	+68bp

In the first half of 2019, Atlantic Grupa recorded **EBITDA** in the amount of HRK 398.0 million, or HRK 354.5 million without the effect of the new standard – IFRS 16 Leases, which is a comparable 19.6% increase compared to the same period of the previous year. EBITDA without the effect of the new standard – IFRS 16 Leases and normalised for one-off items amounts to HRK 329.7 million, which is an 11.2% growth. The biggest impact on the increase in normalised EBITDA had the disinvestment of the non-profitable segment Sports and Functional Food and the increase in sales in the strategic business units Beverages and Savoury Spreads, and the majority of distribution units, despite the increase in cost of trade goods and production materials, services and staff costs. Atlantic Grupa records an increase in normalised net profit of 13.9% as a result of lower interest expense, following the continuous deleveraging of the company.

The condensed consolidated financial statements are prepared on the basis of the same accounting policies, presentations and calculation methods as used in the preparation of the Atlantic Grupa's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standard IFRS 16 – Leases effective as of 1 January 2019.

The Group applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases are measured on transition as if the new rules had always been applied. All other right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

* Net positive impact of one-off items in the first half of 2019 amounts to HRK 24.8 million on the results, and is reported in the Other gains – net, and includes profit from additional collection related to the sale of factories in the sports and functional food segment

OPERATING EXPENSES STRUCTURE

(in HRK millions)	H1 2019	H1 2019 without IFRS 16	% of sales	H1 2018	% of sales	H1 2019 without IFRS 16/Q1 2018
Cost of goods sold	**694.5**	**694.5**	27.0%	**653.2**	26.3%	6.3%
Change in inventory	**(35.5)**	**(35.5)**	(1.4%)	**(2.5)**	(0.1%)	n/a
Production materials	**717.2**	**717.2**	27.9%	**688.6**	27.7%	4.1%
Energy	**31.8**	**31.8**	1.2%	**28.3**	1.1%	12.2%
Services	**157.6**	**201.1**	6.1%	**192.1**	7.7%	4.7%
Staff costs	**422.4**	**422.4**	16.4%	**406.7**	16.3%	3.9%
Marketing and selling expenses	**167.5**	**167.5**	6.5%	**165.8**	6.7%	1.0%
Other operating expenses	**89.6**	**89.6**	3.5%	**89.9**	3.6%	(0.3%)
Other (gains)/losses, net	**(33.1)**	**(33.1)**	(1.3%)	**0.5**	0.0%	(7319.9%)
Depreciation and amortisation	**122.1**	**81.6**	4.7%	**73.4**	3.0%	11.1%
Total operating expenses	**2,334.1**	**2,337.1**	**90.7%**	**2,296.0**	**92.3%**	**1.7%**

The 6.3% increase in cost of goods sold is a consequence of higher sales of principal brands.

Costs of production materials decreased considered together with the change in inventories due to the disinvestment of non-strategic business units (Neva and the Strategic Business Unit Sports and Functional Food) and lower average price of production materials, primarily coffee.
Energy costs increased due to higher sales of own brands.

Costs of services without the effect of IFRS 16 are higher due to higher transportation and logistics costs, as a consequence of higher sales and higher IT equipment and systems maintenance costs following higher investments in the IT infrastructure and digital technologies.

Staff costs increased due to a higher number of employees as a result of a larger volume of operations after taking over new principals, and higher variable payments following the sales growth. As at 30 June 2019, Atlantic Grupa has 5,644 employees, 29 employees more than at the end of the same period of the previous year.

Marketing expenses are a bit higher primarily due to higher investments in marketing in the beverages, coffee, savoury spreads and snacks segments.

Other operating expenses record a mild decrease primarily due to lower impairments of trade receivables and inventories.

Other (gains)/losses – net: mainly relate to the described one-off item and foreign exchange gains.

ATLANTIC GRUPA

OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	H1 2019	H1 2019 without IFRS 16	H1 2018	H1 2019 without IFRS 16/Q1 2018
SBU Coffee	**126.6**	**125.7**	114.3	10.0%
SBU Beverages	**99.8**	**98.8**	91.5	7.9%
SBU (Sweet and Salted) Snacks	**61.5**	**60.6**	70.3	(13.7%)
SBU Pharma and Personal Care	**26.0**	**17.0**	15.4	10.5%
SBU Savoury Spreads	**81.4**	**80.8**	72.6	11.4%
SBU Sports and Functional Food	**(7.8)**	**(7.8)**	(23.9)	67.4%
SDU Serbia	**16.9**	**8.8**	11.6	(23.7%)
SDU Croatia	**34.1**	**22.1**	18.2	21.0%
DU Slovenia	**26.7**	**23.2**	20.3	14.1%
Global Distribution Network Management	**6.9**	**6.8**	10.3	(33.9%)
Other segments*	**(74.0)**	**(81.6)**	(104.2)	21.7%
Group EBITDA	**398.0**	**354.5**	**296.4**	**19.6%**

STRATEGIC BUSINESS UNITS: The Strategic Business Unit Coffee recorded better profitability due to lower prices of production materials, i.e. lower prices of raw coffee and a more favourable effect of the US dollar exchange rate despite higher investments in marketing activities. The Strategic Business Unit Beverages realises an increase in profit based on the revenue growth and a more favourable gross profit margin. The Strategic Business Unit Snacks recorded a decrease in profitability following lower sales and higher investments in marketing and higher staff costs as a result of the increase in legally prescribed minimum wage in Serbia. The Strategic Business Unit Pharma and Personal Care records an increase in profitability following higher sales of the pharmacy chain Farmacia and higher sales of Dietpharm. The Strategic Business Unit Savoury Spreads recorded a significant profitability growth due to the increase in revenue and a more favourable gross margin, despite higher marketing expenses and staff costs.

STRATEGIC DISTRIBUTION UNITS AND DISTRIBUTION UNITS: The decrease in profitability of the SDU Serbia is a result of higher staff costs (increased legally prescribed minimum wage and new employees as a result of the distribution portfolio extension) and higher transportation costs. The SDU Croatia and SDU Slovenia record a profitability growth following higher sales and a more favourable gross profit margin despite higher staff costs. Global Distribution Account Management records a decrease in profitability following lower sales and profitability of baby food under the Bebi brand in the Russian market.

OTHER SEGMENTS: The DU Macedonia recorded lower profitability due to higher staff costs and costs of services as a result of the distribution portfolio extension, while the DU Austria recorded higher profitability due to lower transportation costs and a more favourable gross profit margin, and central functions record a positive result primarily due to the previously explained one-off items.

The comparative period has been adjusted to the reporting for 2019·

* Other segments include DU Macedonia, DU Austria, 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.

FINANCIAL INDICATORS

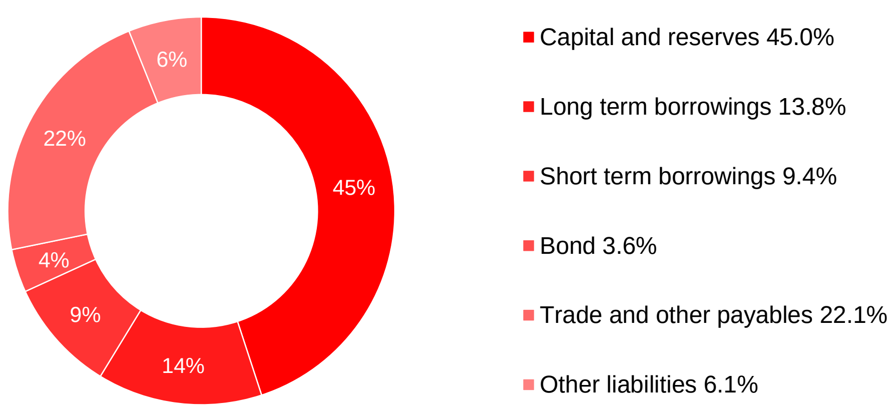
(in HRK millions)	30.6.2019	31.12.2018
Net debt	**699.4**	862.9
Total assets	**5,148.6**	4,935.3
Total Equity	**2,497.2**	2,398.4
Current ratio	**1.36**	1.44
Gearing ratio	**21.9%**	26.5%
Net debt/EBITDA TTM	**1.2**	1.5
(in HRK millions)	**H1 2019**	H1 2018
Interest coverage ratio	**27.3**	10.8
Capital expenditure	**110.8**	99.7
Cash flow from operating activities	**212.7**	124.6

LTM: Last 12 months
* Balance sheet items and financial indicators were for practicality and comparability reasons calculated without the application of IFRS 16 Leases. The impact of IFRS 16 Leases on financial indicators will be presented at the end of 2019.

Among key determinants of the Atlantic Grupa's financial position in the first half of 2019, the following should be pointed out:

- Due to the decrease in net debt of HRK 163.5 million compared to the end of 2018, the gearing ratio decreased by as much as 458 basis points.
- The debt measured as the net debt to normalised EBITDA ratio dropped from 1.5 at the end of 2018 to 1.2 at the end of the first half of 2019.
- At the same time, the coverage of interest expense by normalised EBITDA in the comparative period increased from 10.8 times in 2018 to 27.2 times.
- In addition to the continuous improvement of the Group's financial position, the stability of operations is best reflected in the increase in cash flow from operating activities of HRK 88.1 million to HRK 212.7 million in the first half of 2019.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 30 JUNE 2019 (INCLUDING IFRS 16 LEASES)



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

The increase in cash flow from operating activities in the first half of 2019 compared to the same period of the previous year is the result of improved profitability and lower finance costs.

Capital expenditure in the first half of 2019 primarily relates to investments in the production equipment of business units for the purpose of increasing the efficiency of production processes, in the development of new products and the development of IT infrastructure, business systems and applications.

Among significant investments, we should mention:

- SBU SNACKS: investment in the Smoki packaging line and investment in the Bananica production line;
- SBU COFFEE: investment in production equipment for the purpose of improving production efficiency (stone mills, replacement of roasting machines);
- SBU BEVERAGES: investment in production equipment for the purpose of improving efficiency (repair of Rogaška bottle blowing machines) and investment in the new line for HoReCa packaging of Cedevita (increasing capacities)
- SDU CROATIA: investment in the new logistics and distribution centre;
- IT: investment in infrastructure, digital technologies and implementation of business applications and the replacement of equipment.

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2019

In 2019, management will focus on (i) strengthening the position of prominent regional brands, (ii) internationalisation of certain brands, (iii) development of distribution operations by strengthening the existing and acquiring new principals, and (iv) further divestment of non-core business operations that do not have a significant growth potential.

In 2019, Atlantic Grupa's management expects lower average prices of raw coffee on global commodity markets, which will be partly negatively affected by the EUR/USD exchange rate, as a consequence of buying mentioned raw material in dollar currency.

In 2019, we expect payments related to capital expenditure in the amount of approximately HRK 230 million.

The effects of divestments of non-core business operations and potential acquisitions are not included in the stated expectations, except for those already realised since the beginning of 2019.

Accordingly, management's expectations for 2019 have been adjusted for the impact of the divested Strategic Business Unit Sports and Functional Food:

(in HRK millions)	**2019 Guidance**	2018*	2019/2018
Sales	**5.300**	5.256	0,8%
EBITDA	**630**	566	11,3%
EBIT	**445**	386	15,3%
Interest expense	**30**	38	(21,1%)

Normalised in FY 2018.
The plan for 2019 is comparable to data for 2018 and does not include the implementation of new IFRS 16 Leases, nor one-off items realised in the first half.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Jun 2019	Jan - Jun 2018	Index	Apr - Jun 2019	Apr - Jun 2018	Index
Turnover	**2,609,961**	**2,518,963**	**103.6**	**1,396,929**	**1,364,686**	**102.4**
Sales revenues	2,574,075	2,487,930	103.5	1,373,191	1,345,194	102.1
Other revenues	35,886	31,033	115.6	23,738	19,492	121.8
Operating expenses	**(2,211,981)**	**(2,222,584)**	**99.5**	**(1,160,720)**	**(1,189,578)**	**97.6**
Cost of merchandise sold	(694,542)	(653,175)	106.3	(356,734)	(345,455)	103.3
Change in inventories	35,521	2,481	1.431.7	(879)	(1,267)	69.4
Production material and energy	(748,998)	(716,986)	104.5	(386,303)	(386,884)	99.8
Services	(157,633)	(192,085)	82.1	(85,249)	(100,077)	85.2
Staff costs	(422,362)	(406,663)	103.9	(214,130)	(208,543)	102.7
Marketing and selling expenses	(167,489)	(165,809)	101.0	(94,323)	(104,750)	90.0
Other operating expenses	(89,605)	(89,888)	99.7	(51,287)	(42,906)	119.5
Other gains / (losses), net	33,127	(459)	n/a	28,185	304	9.271.4
EBITDA	**397,980**	**296,379**	**134.3**	**236,209**	**175,108**	**134.9**
Depreciation and impairment	(122,148)	(73,441)	166.3	(65,513)	(36,742)	178.3
EBIT	**275,832**	**222,938**	**123.7**	**170,696**	**138,366**	**123.4**
Finance costs - net	(15,937)	(17,064)	93.4	(6,986)	(8,891)	78.6
Profit before tax	**259,895**	**205,874**	**126.2**	**163,710**	**129,475**	**126.4**
Income tax	(46,483)	(38,105)	122.0	(31,018)	(23,363)	132.8
Profit for the period	**213,412**	**167,769**	**127.2**	**132,692**	**106,112**	**125.0**
Attributable to:						
Non-controlling interest	(129)	179	n/a	14	79	17.7
Owners of the parent	213,541	167,590	127.4	132,678	106,033	125.1
Earnings per share for profit attributable to the owners of the Company						
- basic	64.07	50.29		39.82	31.82	
- diluted	64.07	50.29		39.82	31.82	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Jun 2019	Jan - Jun 2018	Index	Apr - Jun 2019	Apr - Jun 2018	Index
Profit for the year	**213,412**	**167,769**	**127.2**	**132,692**	**106,112**	**125.0**
Cash flow hedge	(1,896)	8,572	n/a	(5,485)	8,284	n/a
Currency translation differences	(4,715)	(35,959)	13.1	(3,933)	(12,830)	30.7
Total comprehensive income	**206,801**	**140,382**	**147.3**	**123,274**	**101,566**	**121.4**
Attributable to:						
Non-controlling interest	(146)	113	n/a	(2)	54	n/a
Equity holders of the Company	206,947	140,269	147.5	123,276	101,512	121.4
Total comprehensive income	206,801	140,382	147.3	123,274	101,566	121.4

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2019	31 December 2018
ASSETS		
Non-current assets		
Property, plant and equipment	948,898	966,860
Right-of-use assets	379,269	-
Investment property	305	1,152
Intangible assets	1,695,053	1,706,820
Deferred tax assets	35,176	31,943
Financial assets through other comprehensive income	1,025	1,027
Trade and other receivables	51,934	52,168
	3,111,660	2,759,970
Current assets		
Inventories	631,658	493,910
Trade and other receivables	1,349,502	1,247,478
Prepaid income tax	35,869	13,052
Derivative financial instruments	-	1,689
Cash and cash equivalents	393,558	413,663
	2,410,587	2,169,792
Non-current assets held for sale	5,583	5,583
Total current assets	2,416,170	2,175,375
TOTAL ASSETS	**5,527,830**	**4,935,345**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,275	881,275
Treasury shares	(3,695)	(92)
Reserves	(95,284)	(81,628)
Retained earnings	1,565,725	1,461,644
	2,481,393	2,394,571
Non-controlling interest	3,723	3,869
Total equity	2,485,116	2,398,440
Non-current liabilities		
Borrowings	651,195	805,882
Lease liabilities	310,287	-
Deferred tax liabilities	158,703	160,437
Other non-current liabilities	2,396	2,656
Provisions	62,903	58,761
	1,185,484	1,027,736
Current liabilities		
Trade and other payables	1,221,970	926,188
Borrowings	442,024	472,386
Lease liabilities	80,099	
Derivative financial instruments	678	-
Current income tax liabilities	31,725	10,174
Provisions	80,734	100,421
	1,857,230	1,509,169
Total liabilities	3,042,714	2,536,905
TOTAL EQUTIY AND LIABILITIES	**5,527,830**	**4,935,345**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Attributable to equity holders of Company Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total
At 1 January 2018	1.012.947	(52.428)	1.285.668	2.246.187	3.663	2.249.850
Comprehensive income:						
Net profit for the year	-	-	167.590	167.590	179	167.769
Cash flow hedge	-	8.572	-	8.572	-	8.572
Other comprehensive loss	-	(35.893)		(35.893)	(66)	(35.959)
Total comprehensive income		(27.321)	167.590	140.269	113	140.382
Transactions with owners:						
Purchase of treasury shares	(1.936)	-	-	(1.936)	-	(1.936)
Share based payment	2.957	-	-	2.957	-	2.957
Dividend relating to 2017	-	-	(66.674)	(66.674)	-	(66.674)
At 30 June 2018	1.013.968	(79.749)	1.386.584	2.320.803	3.776	2.324.579
At 31 December 2018	1.014.555	(81.628)	1.461.644	2.394.571	3.869	2.398.440
Initial adoption of IFRS 16	-	(9,923)	-	(9,923)	-	(9,923)
At 1 January 2019	1,014,555	(91,551)	1,461,644	2,384,648	3,869	2,388,517
Comprehensive income:						
Net profit for the year	-	-	213,541	213,541	(129)	213,412
Cash flow hedge	-	(1,896)	-	(1,896)	-	(1,896)
Other comprehensive loss	-	(4,698)	-	(4,698)	(17)	(4,715)
Total comprehensive income	-	(6,594)	213,541	206,947	(146)	206,801
Transactions with owners:						
Purchase of treasury shares	(10,800)	-	-	(10,800)	-	(10,800)
Share based payment	7,197	-	-	7,197	-	7,197
Dividend relating to 2018	-	-	(106,599)	(106,599)	-	(106,599)
Transfer	-	2,861	(2,861)	-	-	-
At 30 June 2019	1,010,952	(95,284)	1,565,725	2,481,393	3,723	2,485,116

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	January - June 2019	January - June 2018
Cash flows from operating activities		
Net profit	**213,412**	**167,769**
Income tax	46,483	38,105
Depreciation, amortization and impairment	122,148	73,441
Loss / (Gain) from sale of subsidiaries	120	(1,647)
Gain on sale of property, plant and equipment	(1,320)	(372)
Provision for current assets	9,678	15,236
Foreign exchange differences, net	(1,208)	(24,492)
Decrease in provisions for risks and charges	(13,381)	(17,985)
Fair value gains on financial assets	(2,657)	(307)
Share based payment	7,197	2,957
Interest income	(423)	(990)
Interest expense	17,144	27,447
Other non-cash items, net	(1,621)	(215)
Changes in working capital:		
Increase in inventories	(156,549)	(63,186)
Increase in current receivables	(183,682)	(37,185)
Increase in current payables	264,101	28,370
Cash generated from operations	**319,442**	**206,946**
Interest paid	(17,298)	(34,730)
Income tax paid	(51,295)	(47,643)
	250,849	**124,573**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(110,839)	(99,744)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	2,319	704
Proceeds from sale of subsidiaries	64,499	9,027
Loans granted and deposits placed	(1,147)	(18,352)
Repayments of loan and deposits granted	5,072	2,528
Interest received	423	990
	(39,673)	**(104,847)**
Cash flow used in financing activities		
Purchase of treasury shares	(10,800)	(1,936)
Proceeds from borrowings, net of fees paid	3,095	-
Repayment of borrowings	(185,456)	(125,619)
Lease payments	(38,120)	-
	(231,281)	**(127,555)**
Net decrease in cash and cash equivalents	**(20,105)**	**(107,829)**
Cash and cash equivalents at beginning of period	413,663	497,079
Cash and cash equivalents at end of period	393,558	389,250

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 six-month period ended 30 June 2019 were approved by the Management Board of the Company in Zagreb on 29 July 2019.

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 six-month period ended 30 June 2019 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 2018.

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 2018, except for the adoption of new standard IFRS 16 – *Leases* effective as of 1 January 2019.

The Group applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases are measured on transition as if the new rules had always been applied. All other right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group uses the exemption proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effects of adoption IFRS 16 for the six-month period ended 30 June 2019 are as follows:

(in thousands of HRK)	**Jan - Jun 2019**
Increase of depreciation	(40,559)
Decrease of rental costs	43,486
Operating profit	2,927
Increase in finance cost	(5,049)
Profit for the period	(2,122)
Right-of-use assets	379,269
Equity and reserves	11,117
Lease liabilities	(390,386)

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units. Since 1st January 2019 business unit Gourmet is merged with strategic business unit Savoury spreads. The distribution business is organized to cover five largest markets – Croatia, Serbia, Slovenia, Macedonia and Austria and additionally, the Department of Global Distribution Account Management was established, covering the markets dominantly managed by distribution partners.

SBU – Strategic distribution unit
SDU – Strategic distribution unit
DU – Distribution unit

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

NOTE 3 – SEGMENT INFORMATION (continued)

Since DU Macedonia and DU Austria 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 making decisions about resource allocation and performance assessment. Segment performance is evaluated based on sales revenues and operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual business units represent in market sales made to third parties (either directly through business units or through distribution units). Distribution units sales includes sales of own products also reported as business units 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* *(in thousands of HRK)*	**Jan - Jun 2019**	**Jan - Jun 2018**
SBU Coffee	532,739	531,200
SBU Beverages	377,284	364,365
SBU Savoury Spreads	348,510	317,780
SBU Snacks	319,003	327,750
SBU Pharma and Personal Care	312,416	312,927
SBU Sports and Functional Food	27,840	65,229
SDU Croatia	632,186	565,646
SDU Serbia	588,811	587,406
SDU Slovenia	444,903	424,416
Global Distribution Network Management	183,496	192,439
Other segments	165,717	141,142
Reconciliation	(1,358,830)	(1,342,370)
Total	**2,574,075**	**2,487,930**

* Comparative period has been adjusted to reflect current period reporting

NOTE 3 – SEGMENT INFORMATION (continued)

Business results	**EBITDA***	
(in thousands of HRK)	**Jan - Jun 2019**	**Jan - Jun 2018**
SBU Coffee	126,593	114,305
SBU Beverages	99,792	91,530
SBU Savoury Spreads	81,410	72,557
SBU Snacks	61,550	70,255
SBU Pharma and Personal Care	25,962	15,401
SBU Sports and Functional Food	(7,790)	(23,890)
SDU Croatia	34,061	18,244
SDU Slovenia	26,709	20,347
SDU Serbia	16,881	11,605
Global Distribution Network Management	6,860	10,265
Other segments	(74,048)	(104,240)
Total	**397,980**	**296,379**

Business results without IFRS 16 impact	**EBITDA**	
(in thousands of HRK)	**Jan - Jun 2019**	**Jan-Jun 2018**
SBU Coffee	125,694	114,305
SBU Beverages	98,752	91,530
SBU Savoury Spreads	80,835	72,557
SBU Snacks	60,616	70,255
SBU Pharma and Personal Care	17,025	15,401
SBU Sports and Functional Food	(7,790)	(23,890)
SDU Croatia	22,080	18,244
SDU Slovenia	23,216	20,347
SDU Serbia	8,849	11,605
Global Distribution Network Management	6,788	10,265
Other segments	(81,572)	(104,240)
Total	**354,494**	**296,379**

* Comparative period has been adjusted to reflect current period reporting

NOTE 4 – EARNINGS PER SHARE

Basic earnings per share

	2019	2018
Net profit attributable to equity holders *(in thousands of HRK)*	213,541	167,590
Weighted average number of shares	3,332,752	3,332,591
Basic earnings per share *(in HRK)*	64.07	50.29

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.

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 six-month period ended 30 June 2019, Group acquired property, plant and equipment and intangible assets in the amount of HRK 57,066 thousand (2018: HRK 51,552 thousand).

NOTE 6 - INVENTORIES

During the six-month period ended 30 June 2019, the Group wrote down inventories in the amount of HRK 7,570 thousand due to damage and short expiry dates (2018: HRK 9,029 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 27 June 2019, distribution of dividend in the amount of HRK 32 per share, or HRK 106,599 thousand in total was approved. Dividend was paid out in July 2019 and at the 30 June 2019 dividend payable was stated in the balance sheet under “Trade and other payables” position.

NOTE 8 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 30 June 2019 and 31 December 2018 and transactions recognized in the Income statement for the six-month period ended 30 June are as follows:

(all amounts expressed in thousands of HRK)	**30 June 2019**	**31 December 2018**
RECEIVABLES		
Current receivables		
Other entities	116,748	83,033
LIABILITIES		
Trade and other payables		
Other entities	1,857	1,833

	Jan – Jun 2019	**Jan – Jun 2018**
REVENUES		
Sales revenues		
Other entities	258,001	254,351
Other revenues		
Other entities	580	562
EXPENSES		
Marketing and promotion expenses		
Other entities	2,035	1,174
Other expenses		
Other entities	1,062	1,403
Finance cost, net		
Shareholders	-	7,219

NOTE 9 – DIVESTMENT OF SUBSIDIARIES

At the beginning of April 2019, Atlantic Grupa and the German Genuport, a long-time partner in the distribution of sports and functional food, concluded an agreement on sales of the Sports and Functional Food Business Unit, which includes brands *Multipower*, *Champ* and *Multaben*. This represents the continuation of the corporate strategy of divesting the non-core business operations, within which the sports and functional food's production plants had already been previously divested to the Belgian Aminolabs. The payoff of the sales price was fully realised till the end of June 2019. The Group has realized net loss from sale of subsidiary in the amount of HRK 120 thousand.

Cash received from sale of subsidiary *(in thousands of HRK)*	
Cash	**12,608**
Current value of net asset disposed	(8,524)
Transaction expenses	(4,204)
Loss from sale of subsidiary	**(120)**

Current net asset value of subsidiary disposed as at 1 April 2019 *(in thousands of HRK)*	
Property, plant and equipment	867
Intangible assets	426
Inventories	11,230
Trade and other receivables	15,457
Cash and cash equivalents	4,103
Provisions	(2,164)
Trade and other payables	(21,395)
	8,524

Cash flow from sale of subsidiary *(in thousands of HRK)*	
Cash received	12,608
Cash in subsidiary sold	(4,103)
Proceeds from sale of subsidiaries, net	**8,505**

During 2019, the Group also collected HRK 55,994 thousand of receivables from the sale of the production plants in 2017. Of this amount, HRK 31,195 thousand as at 31 December 2018 was recorded as a receivable while the remaining HRK 24,799 thousand was recognized as the profit for the current period.

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, July 29th 2019

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 2019 to 30 June 2019 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 June 2019 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
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, Neven Vranković, Zoran Stanković
President of the Supervisory Board: Zdenko Adrović