



Pursuant to Article 263 and Article 300c of the *Company Law*, and the *Articles of Association of the Atlantic Grupa d.d.* (hereinafter referred to as: the Company), the Supervisory Board submits to the General Assembly the following

## **REPORT**

### **ON THE PERFORMED SUPERVISION OF THE COMPANY'S BUSINESS OPERATIONS MANAGEMENT IN THE YEAR 2013**

The Supervisory Board of Atlantic Grupa d.d. (hereinafter referred to as: the Supervisory Board), pursuant to the powers conferred by the provisions of the *Company Act*, the *Articles of Association of the Atlantic Grupa d.d.* and the *Supervisory Board's Rules of Procedure*, continually performed supervision of business operations of Atlantic Grupa d.d. in the period from January 1<sup>st</sup>, 2013 to December 31<sup>st</sup>, 2013. By supervision of the business operations management of Atlantic Grupa d.d., the Supervisory Board concluded that in 2013 Atlantic Grupa d.d. has operated in accordance with the laws, the Company's acts and the decisions of the General Assembly.

In 2013, Supervisory Board functioned in the composition of 7 members:

Zdenko Adrović (President)  
Lada Tedeschi Fiorio (Vice President)  
Vedrana Jelušić Kašić (member)  
Siniša Petrović (member)  
Franz Josef Flosbach (member)  
Željko Perić (member)  
Aleksandar Pekeč (member).

In the course of 2013, the Supervisory Board held four sessions in which it discussed issues and reached decisions and conclusions on matters pertaining to the functioning and business operations of the Company and its affiliates. The Supervisory Board was duly informed by the Management Board of any business events of greater importance, the course of business operations, revenues and expenditures, as well as the general status of the Company. The Management Board regularly submitted to the Supervisory Board quarterly, semi-annual and annual written reports on business operations to which the Supervisory Board had no objections and which were unanimously adopted. The Supervisory Board has performed supervision of the Company's activities in line with the decisions adopted by the Company's General Assembly and concluded that the Company acted entirely in conformity with decisions of the General Assembly. The Supervisory Board used its counsel and

recommendations to influence the Company's activities which marked the business year of 2013 (implementation of new commercial terms and conditions in the Croatian market, taking over the distribution of *Unilever* for Croatia and Slovenia, preparation for the new energy bar factory in Nova Gradiška) and discussed in details the Annual Business Plan for 2014.

Three Committees were established which activities assist the operation and functioning of the Company's Supervisory Board, namely: the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee. Each Committee has three members of which two are appointed from the ranks of Supervisory Board members while one member is appointed from the ranks of top external experts in the subject area.

The Audit Committee is chaired by Lada Tedeschi Fiorio, Franz Josef Flosbach was appointed from the ranks of Supervisory Board members, while Marko Lesić was appointed as the external expert. The Committee held two sessions throughout 2013.

The Corporate Governance Committee is chaired by Siniša Petrović, Vedrana Jelušić Kašić was appointed from the ranks of Supervisory Board members, and Hrvoje Markovinović was appointed as the external expert. The Committee held two sessions throughout 2013.

The Nomination and Remuneration Committee is chaired by Željko Perić, Aleksandar Pekeč was appointed from the ranks of Supervisory Board members, while Zoran Sušanj was appointed as the external expert. The Committee held one session throughout 2013. Mr. Zoran Sušanj was elected as a new member of the Committee, with the term of office starting on December 9th, 2013, following the end of the term of office of the previous member of the Committee Mr. Goran Radman as of June 3rd, 2013.

Within the legal timeframe, prescribed in Article 300c of the *Company Act*, the Supervisory Board reviewed the annual financial statements of Atlantic Grupa d.d. and its affiliates for the year ended on December 31<sup>st</sup>, 2013 together with the report of an independent auditor PricewaterhouseCoopers d.o.o., Zagreb, Ulica kneza Ljudevita Posavskog 31/VI, submitted by the Management Board. Supervisory Board has determined that they were drafted in accordance with the situation established in the financial records of Atlantic Grupa d.d. and its affiliates and that they realistically and objectively present the financial status and the results of business operations of Atlantic Grupa d.d. In accordance with such findings, the Supervisory Board agrees with the annual financial statement for 2013 and the independent auditor's report and thereby, pursuant to Article 300d of the *Company Act*, the Management and Supervisory Board have affirmed the annual financial statements of the Company. The integral parts of the annual financial statement of Atlantic Grupa d.d. for the year ended on December 31<sup>st</sup> 2013 are:

- Income statement of Atlantic Grupa d.d.
- Balance sheet of Atlantic Grupa d.d.
- Cash flow statement of Atlantic Grupa d.d.
- Statement of changes in equity of Atlantic Grupa d.d.
- Notes to the financial statements of Atlantic Grupa d.d.
- Income statement of Atlantic Grupa d.d. and its affiliates

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- Notes to the financial statements of Atlantic Grupa d.d. and its affiliates
- Auditor's report on the performed audit of the audit company PricewaterhouseCoopers d.o.o.

The Supervisory Board also reviewed the annual report of the Management Board on the status of the Company for 2013 and determined that it accurately and objectively presents the current business situation and status of the Company. In accordance with such findings, the Supervisory Board has accepted the Management Board's report on the status of the Company for 2013.

The Management Board presented to Supervisory Board a Proposal of the Decision on use of retained earnings of the Company realized in previous business years and the Supervisory Board agrees with the proposal of the Decision of the Management Board of Atlantic Grupa d.d. and, therefore, such proposal of the decision will be submitted to the General Assembly of Atlantic Grupa d.d. for adoption.

Pursuant to all of above, the Supervisory Board submits this report to the General Assembly with a motion that the General Assembly makes other decisions under its competence in conformity with the proposals of the Management and Supervisory Board.

Zdenko Adrović  
President of the Supervisory Board