



Atlantic Grupa announces share capital increase

In accordance with Article 323 of the Companies Act and the Article 6 of Articles of Association of the Company with the prior approval of the Supervisory Board, the Management Board of Atlantic Grupa rendered on July 6th, 2010 the Decision on Capital Increase by issuance of new shares by payments in cash with exclusion of the Priority rights. According to the Decision, subscribed share capital of the Company increases from the amount of HRK 98.799,800,00 for the amount of HRK 34.572.200,00 to the amount of HRK 133.372.000,00, by an invitation for inscription of 864.305 newly issued ordinary shares issued in name, in non-material state, with abbreviated symbol of the Issuer ATGR-R-A, each in the nominal value of HRK 40,00.

Subscribed share capital of Atlantic Grupa increases by an invitation for subscription of 864.305 Newly issued shares with abbreviated symbol of the Issuer, type of share and serial: ATGR-R-A, with the criterion of successfulness of 100% (one hundred percent). Newly issued shares are issued for the amount of HRK 700,00 per share.

The right of subscription of shares have the persons defined by the Decision as Investors and Qualified Investors.

The subscription of Newly issued shares shall be carried out in two rounds. In the first round, Atlantic Grupa shall invite each Investor, in proportion to the size of his shares to subscribe the number of shares he is entitled to in accordance with the Right to proportionate subscription. In the first round, Newly issued shares shall be inscribed by signing the Statement on the subscription of shares from July 7th, 2010 until 24:00 hours of July 12th, 2010 (hereinafter referred to as subscription period), and the deadline for the payment for the subscribed shares is 3 (three) days after the expiration of the subscription period, i.e. 24:00 hours of July 15th, 2010. Upon the expiration of the subscription and payment periods in the first round, the Management Board of Atlantic Grupa shall establish how many shares have remained for subscription and in the second round it shall on July 17th, 2010 invite Qualified Investors to subscribe such remaining shares. The Qualified Investors are obliged to pay the subscribed shares in full amount. The deadline for the payment for the subscribed shares is 3 days after the expiration of the subscription period of July 17th, 2010.

The decision on capital increase of the Company was rendered because of the need to collect the required level of the Company's own capital in a shorter time period, necessary for financing the purchase of the company Droga Kolinska d.d., maintaining further unhindered growth and development of the Company's current businesses.

Attached please find a Decision on capital increase by issuance of new shares together with the Management Board's Report on the reasons for excluding pre-emptive rights upon subscription of new shares.



Pursuant to the provisions of Article 323 of the *Company Law* (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09), Article 6 of *Articles of Association of Atlantic Grupa d.d.* (hereinafter referred to as „The Company“), in line with the prior approval provided by the Company's Supervisory Board, the Management Board of the Company on its Session held on July 6th, 2010 adopted the following:

DECISION

ON CAPITAL INCREASE BY ISSUANCE OF NEW SHARES

1. Subscribed and fully paid share capital of the Company amounts to HRK 98.799.800,00 (ninety eight million seven hundred ninety nine thousand eight hundred) and it is divided in 2.469.995 (two million four hundred sixty nine thousand nine hundred ninety five) ordinary shares of which 51.250 (fifty one thousand two hundred fifty) shares issued in name, serial „A“, 4.600 (four thousand six hundred) shares issued in name, serial „B“, 2.031.175 (two million thirty one thousand one hundred seventy five) shares issued in name, serial „C“ and 382.970 (three hundred eighty two thousand nine hundred seventy) shares issued in name, serial „D“, registered in the Central Clearing Depository Company Inc. under the symbol ATGR-R-A. Nominal value of one share is HRK 40,00 (forty).
2. According to the need to collect funds of the Company that would be designated to finance the acquisition of the company of Droga Kolinska d.d., Slovenia, Management Board adopted the decision on capital increase (authorised share capital) by the public offering of 864.305 newly issued ordinary shares in name, with abbreviated symbol of the Issuer, type of share and serial: ATGR-R-A, in non-material state, each in the nominal value of HRK 40,00, the total nominal value of HRK 34.572.200,00, on the Zagreb Stock Exchange.
3. Subscribed share capital of the Company increases by an invitation for inscription of 864.305 newly issued ordinary shares, with abbreviated symbol of the Issuer, type of share and serial: ATGR-R-A, in non-material state, each in the nominal value of HRK 40,00, which amounts to total nominal value of HRK 34.572.200,00.
4. Subscribed share capital of the Company increases from the amount of HRK 98.799.800,00, for the amount of HRK 34.572.200,00 to the amount of HRK 133.372.000,00. With the issuance of new shares, the Company shall have, together with earlier issued 2.469.995 shares, total of 3.334.300 ordinary shares issued in name, each in nominal value of HRK 40,00, which amounts to total in nominal value of HRK 133.372.000,00 .

5. The price of the newly issued shares is set to HRK 700,00 each .
6. Pursuant to Article 324 paragraph 2, and Article 308, paragraph 4 of the *Company Law* and the Article 6 of *Articles of Association of Atlantic Grupa d.d.*, shareholders of the Company are excluded from the right of pre-emption in the subscription of new shares issued under this Decision.
7. The right of subscription of shares have the persons that were, on June 30th, 2010, registered in the depository of the Central Clearing and Depository Company Inc. (hereinafter: CCDC) as shareholders in the Company (directly or via a custodian bank), as follows:
 1. Emil Tedeschi, account number at CCDC 3430456
 2. Hypo Alpe-Adria-Bank d.d./Raiffeisen mirovinsko društvo za upravljanje Obveznim mirovinskim fondom d.d., account number at CCDC 8979537
 3. Lada Tedeschi Fiorio, account number at CCDC 5430771
 4. DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, account number at CCDC 371360
 5. Societe Generale - Splitska Banka d.d./Allianz ZB d.o.o. za AZ OMF, account number at CCDC 4666461
 6. Hypo Alpe-Adria-Bank d.d./Raiffeisen Dobrovoljni mirovinski fond, account number at CCDC 8979375
 7. Societe Generale Splitska Banka d.d./Zbirni račun Skandinaviska Enskilda Banken, Švedski rezidenti, account number at CCDC 4906969
 8. Hypo-Alpe-Adria Bank/PBZ Croatia Osiguranje Obvezni mirovinski fond, account number at CCDC 3806944
 9. Societe Generale - Splitska Banka d.d./Erste Plavi Obvezni mirovinski fond, account number at CCDC 5023718
 10. Zagrebačka Banka d.d./Zbirni skrbnički račun za Unicredit Bank Austria AG, account number at CCDC 5343984
 11. Neven Vranković, account number at CCDC 4546547
 12. Raiffeisen Bank d.d., account number at CCDC 23663
 13. Mladen Veber, account number at CCDC 5095328
 14. PBZ d.d./CN LTD, account number at CCDC 2088878
 15. CROATIA OSIGURANJE d.d., account number at CCDC 138223

All the above named persons hereinafter in the text of the Decision will be referred to as the “Investors”. In case that, according to the stated records in the CCDC, Company shares are held by a custodian bank on behalf of some shareholder, such shareholders shall be obliged to enclose the relevant proof to the submitted Statement on the subscription of shares (registration), as a proof that they are real shareholders with the right of subscription of new shares under this Decision (hereinafter: The proof of custodian bank). The said proof should be in a form of the certificate/statement from the custodian bank, which is entered as the custodian of shares in the CCDC depository on June 30th, 2010 and which is entitled for the subscription of the new Company shares, according to the abovementioned list of persons who are invited for the subscription of new shares. Otherwise, those persons will not have the right to participate in subscribing shares.

8. According to the Article 351, paragraph 1 of the *Capital Market Act*, the Company shall not publish a prospectus for the public offer which shall be executed under the provisions of this Decision.

9. The Investors are hereby invited to the subscription and payment of shares.

To each Investor, the participation of this increase in the original capital is guaranteed in the proportion corresponding, in maximum, to the proportion of shares of the Company which each Investor holds as on June 30th, 2010 and the total number of shares of the Company as on June 30th, 2010 (hereinafter: „The right to proportionate subscription”).

The subscription of shares shall be effected by signing the Statement on the subscription of shares (hereinafter: The Statement on the subscription), according to the instructions from the Invitation on subscription of the new shares that shall be provided to each Investor immediately after passing this Decision. Signed Statement on the subscription, along with the Proof from custodian bank, if needed, must be submitted directly to the Company at its seat in Zagreb, Miramarska 23, or sent to the Company by registered mail to its seat address. The Statement on the subscription (with the Proof from custodian bank, if needed) shall be considered timely submitted if it is directly submitted or received by mail to the Company by 24:00 hours on July 12th, 2010 at the latest (hereinafter: Expiration of the subscription period). The investors are obliged to pay the subscribed shares in full amount. The deadline for the payment for the subscribed shares is 3 (three) days after the Expiration of the subscription period, as stated in the provided Invitation.

10. All shares that remain unsubscribed and unpaid by the Investors shall be offered to the following qualified investors: **Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)**, Cologne, Germany and **European Bank for Reconstruction and Development (EBRD)**, London, Great Britain (hereinafter: „Qualified Investors“) by the Invitation on subscription of the new shares that shall be provided to each of the aforementioned Qualified Investor, immediately after the expiration of the subscription and payment period executed according to the previous Article. Allocation of the shares subscribed by Qualified Investors shall be executed by the Decision of the Company, on the „pro rata“ basis, i.e. in the proportion of the expressed demand for subscription of each Qualified Investor, in the second subscription and payment round. The Qualified Investors are obliged to pay the subscribed and allocated shares in full amount. The deadline for the payment for the subscribed shares is 3 (three) days upon receiving the Invitation on subscription, as shall be stated in the provided Invitation.

11. The subscription and payment of shares shall be carried out in two rounds, in the following manner:

1) In the first round, The Company shall invite each Investor, in proportion to the size of his shares to subscribe the number of stocks he is entitled to, in accordance with the right to proportionate subscription.

2) Upon the expiration of the subscription and payment periods in the first round, the Management Board shall establish the number of unsubscribed and unpaid shares and, in the second round, the Company shall invite Qualified Investors to subscribe the remaining shares.

It shall be considered that the issuance of the new shares was successful if 100 % of offered shares are subscribed and paid in provided deadlines.

In case that any of the Investors and/or Qualified Investor does not duly pay the amount pertaining to the previous paragraph, such Investor and/or Qualified Investor shall not exercise the right to register any stocks and all registration forms belonging to them shall be deemed invalid.

Payment of the stocks shall be made against the Company's account which will be opened for this purpose at Raiffeisenbank Austria d.d. and Zagrebačka banka d.d.

In order for payment to become valid, the paid amount has to be deposited to the stated account at Raiffeisenbank Austria d.d. and Zagrebačka banka d.d. latest by the last day of the each payment period. Each of the Investors/Qualified Investors solely bears the risk of the successful completion of the payment order placed to their business bank.

12. The issuance of new shares shall be regarded as successfully accomplished if, in the given periods of inscription and payment, 100 % of newly issued shares will be inscribed and paid for. The success of subscription and payment shall be defined by the Management Board of the Company, together with the statement of amount by which the share capital was increased. In case that increase of the share capital is successful, the Management Board shall reach the Decision on the amount of the capital increase and report and propose to the Supervisory Board of the Company the adjustment of the Articles of Association, in line with alterations arising from the said share capital increase and the issuance of the new shares. Upon the registration of the capital increase at the court register, the Company shall provide the inscription of shares on investors' accounts in the CCDC.
13. In case that the subscription and payment of the newly issued shares are not successful, the Company shall, in the period of 7 days after the expiration of the subscription and the latest payment deadline as stated in Article 10 of this Decision, return to the investors their paid assets.
14. This decision is effective from the date of its adoption, while the capital of the Company is increased from the day of inscription of the increase of the capital in the court register of the Commercial Court in Zagreb.

Emil Tedeschi
President of the Management Board



Pursuant to Article 324 and 308 of the *Companies Act*, Article 6 of the *Articles of Association of Atlantic Grupa d.d.* (Atlantic Grupa d.d. hereinafter referred to as: the Company), and the adopted Management Board's Decision to increase the authorised capital of the Company by issuing new shares dated 06 July 2010, Management Board of Atlantic Grupa d.d. hereby gives

REPORT ON THE REASONS FOR EXCLUSION OF PRE-EMPTIVE RIGHTS UPON THE SUBSCRIPTION OF NEW SHARES

In accordance with the adopted business decision of the Company's Management Board, on the date of 01 July 2010 the Contract on the purchase of the company Droga Kolinska d.d., Slovenia, between the company Istrabenz d.d., Slovenia as the seller and Atlantic Grupa d.d. as the buyer. The Management Board of Atlantic Grupa made the decision on taking over the company Droga Kolinska for the purpose of strategic integration and continuing the development of these two companies as one.

Due to the reasons of the Company's current indebtedness level in view of the executed acquisition, the Management Board on 06 July 2010 adopted the Decision on recapitalisation of the Company because of the need to collect a sufficient level of the Company's own capital within a shorter time period required for financing the acquisition of Droga Kolinska and maintaining further unhindered growth and development of the Company's existing business activities. The concerned increase of the authorised capital would be carried out by issuing 865.305 new shares of the Company at the price of HRK 700.00 per share, which, in the case of successful implementation of the subscription and payment of all newly issued shares, would result in raising the capital in the amount of HRK 605 million.

Pursuant to Article 351, paragraph 1 of the *Capital Market Act*, public offer of securities is allowed without previous publication of a prospectus if the offer is sent to less than a hundred natural or legal persons. Since the preparation and implementation of the public offer, in the case of providing the pre-emptive rights to subscribe shares to all existing shareholders, is a process necessarily linked with exceedingly high costs of implementation and duration of the inflow of new capital due to the periods prescribed by law that must be complied with, and the distinct need to maximise the process of collecting the required own capital of the Company, the Company's Management Board adopted the decision on exercising the right to the listed exception on the requirement to carry out drafting of the prospectus by excluding pre-emptive rights to the subscription and payment of the Company's shareholders. Accordingly, the Company's Management Board adopted the decision to send an invitation for the subscription and payment of the Company's new shares to those legal and natural persons from whom it can be reasonably expected to have a more pronounced interest, or assume a more expressed financial capacity and thus a prompt response to participation in the said recapitalisation of the Company. The Company's Management Board designated such persons in its Decision – legal and natural persons who on the day of 30 June 2010 had more than 6,500 shares of the Company, because for them it can be justifiably assumed that they have a more expressed interest and financial capacity to collect the required funds for the Company in a short time period of the invitation to

subscribe and pay for new shares – as well as renowned European development banks, which in their recent business activities showed interest and a desire to invest in the Company's business activities.

Date of 30 June 2010 – as the day of establishing the list of persons who were shareholders of the Company as at that date

- it was determined as relevant to establish the list of persons to whom the invitation to subscribe and pay for new shares will be sent, because that day signifies the day when the completion of the Contract on acquiring the company Droga Kolinska d.d., Slovenia, occurred or the publication of the listed fact in the public and the adoption of the Management Board's Decision on recapitalisation, and all for the purpose of preventing the possibility of any manipulation with the Company's shares and the share Company's share price on the stock exchange.

For all the above listed reasons, the Company's Management Board adopted the Decision on the exclusion of shareholders' pre-emptive rights to the subscription and payment of new shares.

Emil Tedeschi
President of the Management Board