

Pursuant to the provisions of Article 277 paragraph 2 of *the Companies Act* and Article 8 of the Statute of the Company MAGMA d.d., Zagreb, Baštijanova 52a (hereinafter: the Company), the Company's Management on 15 July 2010 passed the Decision on convening the General Assembly of the Company, and hereby invites the shareholders to

GENERAL ASSEMBLY

Of the Company **MAGMA d.d., Zagreb**, that will be held on 30 August 2010, at 10:00 hours in the conference hall of the Distribution Centre Magma d.d., Čabdin b.b., Jastrebarsko.

The following is set for the General Assembly of the Company

AGENDA:

1. Opening of the General Assembly, establishing the shareholders present and establishing a quorum,
2. Report of the Company's Management on the annual financial statements and the consolidated annual financial statements of the Company for the year 2009, the Management annual report on the state of the Company and the subsidiary companies in 2009, the Management's report on acquisition of own stocks in the year 2009
3. The Supervisory Board's report on performed supervision of conduct of business of the Company in the year 2009, on the results of revision of Company's annual financial statements and consolidated annual financial statements in 2009, as well as on revision of the Management's report on the state of the Company and the subsidiary companies in the year 2009
4. Giving letter of dismissal to members of the Company's Management for year 2009
5. Giving letter of dismissal to members of the Supervisory Board of the Company for 2009
6. Covering business losses from 2009
7. Acquisition of own shares of the Company on the basis of the General Assembly's authority
8. Appointment of the auditor of the Company for the year 2010
9. Election of the Supervisory Board members for the year 2011
10. Miscellaneous

The Management and the Supervisory Board of the Company propose that the General Assembly should adopt the following decisions pursuant to items 4, 6, i 7 of the agenda, and the Supervisory Board proposes that decisions pursuant to items 5, 8, i 9 of the agenda should be passed, as follows:

Ad 4. Letter of dismissal shall be given to members of the Company's Management for the year 2009.

Ad 5. Letter of dismissal shall be given to members of the Supervisory Board of the Company for the year 2009.

Ad 6. Losses in the fiscal year 2009 shall be settled in the following manner:

- A portion of retained profits from 2008, in amount of HRK 615.065 (six hundred fifteen thousand sixty-five kuna) shall be allocated to reserves for acquisition of own shares.
- The residue of retained profits from year 2008, in amount of 11.661.847 (eleven million six hundred sixty-one thousand eight hundred forty-seven kuna) shall be allocated for covering losses from year 2009.
- The amount of the remaining uncovered losses from year 2009 shall be covered by future periods profits.

Ad 7. Within the meaning of Article 233 paragraph 1 of the Companies Act (Official Gazette 111/93, 34/99, 121/99, 118/03, 107/07, 146/08, and 137/09), the Company's Management shall be granted authority to execute one or more purchases of regular stocks on behalf of the Company (hereinafter: Stocks) on Zagrebačka burza d.d. (*The Zagreb Stock Exchange Inc.*), with the limitation that the highest total number of stocks purchased on the basis of the stated authority, together with the already existent own stocks, may not exceed 10% of the original capital of the

Company, and that the market price on the Zagreb Stock Exchange be paid for the purchase of stocks.

Over the course of the next five years the Company can execute one or more purchase transactions on the Zagreb Stock Exchange in accordance with the stated authority of the General Assembly.

Ad 8. The audit company KPMG Croatia d.o.o., Zagreb, Ivana Lučića 2a/17, Eurotower, shall be appointed auditor of the Company for the fiscal year 2010.

Ad 9. It shall be established that the term of office of a part of the Supervisory Board members, namely Mrs. Biserka Preininger Fižulić, Mr. William Alastaira Haywarda Crewdson and Mr. Roland Žuvanić, expires on 16 February 2011.

As new members of the Supervisory Board, starting from 16 February 2011 for the term of four years, the following three members shall be elected:

- a) Mrs. Biserka Preininger – Fižulić, Zagreb, Jurjevska 54 A
- b) Mr. William Alastaira Haywarda Crewdson, London, 10 Castelnau
- c) Mr. Roland Žuvanić, Zagreb, Gračec 18a

Invitation for Shareholders

All shareholders are hereby invited to participate in the work of the General Assembly.

Materials for the Company's General Assembly serving as a basis for bringing the announced decisions shall be available for the shareholders since the date this notice is published in the Company's facilities, Baštijanova 52a, from 1 p.m. until 4 p.m. on working days.

The right of representation at the General Assembly is with the Company's shareholders which are registered as the Company's shareholders at the SKDD depository by the seventh day prior to the holding of the General Assembly, and whose application for participation arrives at the address of the Company's business headquarters in Zagreb, Baštijanova 52a, six days prior to the holding of the General Assembly at the latest (arrival day not included), i.e. by 22 August 2010.

The shareholders at the General Assembly participate in person or via an attorney, pursuant to a valid special power of attorney issued by the shareholder, i.e. in the name of the shareholder who is a legal person, person authorized for representation. The valid special power of attorney must contain: data on the name or data on the company of the attorney and the represented party as well as a special authorization for voting on behalf of the represented shareholder. The power of attorney form can be located at the Company's web pages: www.investorsmagma.com.

Shareholders jointly representing one-twentieth of the Company original capital may in accordance with the provision of Article 278 Paragraph 2 of the Companies Act (Official Gazette 111/93., 34/99., 121/99. – credible interpretation, 52/00. – Decision USHR, 118/03., 107/07., 146/08. and 137/09, hereinafter: „ZTD“ (*Zakon o trgovačkim društvima – the Companies Act*)) request from the Management Board that a specific item be placed on the agenda of the General Assembly and be disclosed. Each request must be submitted in writing, to be received by the Company no later than 30 days prior to holding the assembly.

In accordance with the provision of Article 282 Paragraph 1 of ZTD, shareholders' proposals shall be made available to persons indicated in Article 281 Paragraph 1 to 3 of ZTD under there stated assumptions, provided that the shareholder submits the counterproposal to the Management and/or Supervisory Board decision relating to certain agenda items not later than 14 days prior to holding the General Assembly. All counterproposals must be accompanied by supporting information. The day on which the Company receives the proposal is not included in the time limit. If the shareholder does not exercise the mentioned right, that shall not result in loss of right to put forward counterproposals at the General Assembly of the Company. Pursuant to Article 283 Paragraph 1 of ZTD, the stated shall accordingly apply to shareholders' proposals relating to appointment of Company auditor, but those proposals do not have to be accompanied by supporting information. At the General Assembly, the Company's Board of Directors, with the exceptions pursuant to Article 287 Paragraph 2 of ZTD, has to provide each shareholder, upon his request, with the notice of Company's affairs and the situation of the group's companies, if the information provided is necessary for creating opinion on questions on the agenda. The obligation of providing information refers to Company's legal and business relationships with the affiliated companies (Article 287 Paragraph 1 of ZTD).

Among others, the following information are available on the Company's web site (www.investorsmagma.com):

1. content of the Invitation to the General Assembly,
2. explanation if the General Assembly should not decide on an agenda item,
3. all documents that have to be presented to the General Assembly,
4. total number of shares and voting right at the time of General Assembly's convening, including separate data on each share class,
5. forms that have to be used in voting via an attorney.

The participants are invited to come to the General Assembly two hours prior to the set commencement for the purpose of timely making of the participants list at the General Assembly.

If the held General Assembly lacks a quorum determined by the Company Statute, the General Assembly shall be held on the next working day at the same time and place, with the same agenda, and valid decisions shall be reached on this Assembly regardless the number of present shareholders.

Magma d.d.