

27th December 2010

ANNOUNCEMENT: SUPERVISORY BOARD SESSION HELD ON 24/12/2010

On the session held on 24th December 2010 Supervisory Board has reviewed offers submitted by investors interested in strategic partnership with Magma d.d. ("Magma"). Upon reviewing the conditional offers received, the Supervisory Board accepted the offer of NCA INVESTMENT GROUP d.o.o., Belgrade to purchase 51% stake in Magma's subsidiary companies: Magma International d.o.o. Belgrade, Magma B d.o.o. Sarajevo, Kozmolina d.o.o. Belgrade, Adria Design d.o.o. Zagreb and the new company "NewCo d.o.o." Zagreb (which will be established no later than 26th February 2011) and the same signed a Memorandum of Understanding. An agreed purchase price for these stakes is 21.6 million Euros (159.56 million kunas). Upon acquiring the aforementioned stakes, Magma and NCA IG will increase the capital of Adria Design d.o.o. by 6 million Euros (44.32 million kunas) proportionally, retaining the same share.

The execution of whole transaction amounting 24.66 million Euros (182.16 million kunas) will be completed within the period from 27th December 2010 to 28th February 2011.

The Supervisory Board also stated that the company NFI EMPiK MEDIA FASHION S.A., Poland („EMF“), which submitted an initial conditional offer on 16th November 2010, submitted new conditional offer that is less acceptable both, in financial and business terms, than the offer submitted by NCA IG from Belgrade.

NCA IG is strategic partner in the children segment, therefore it's expected that the brands which were developed by Magma over the last 20 years and which created Magma's leading position in Croatian, Bosnian and Serbian markets will now get their new momentum.

Upon execution of the aforementioned transaction the process of consolidation of whole Magma group will be finished using also some favourable trends in market for growth and future development in whole major segments of its business.

Martina Bandula
Head of Investor Relations
Magma d.d.