



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 2011

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>, 2011 to December 31<sup>st</sup>, 2011. By supervision of the business operations management of Atlantic Grupa d.d., the Supervisory Board concluded that in 2011 Atlantic Grupa d.d. has operated in accordance with the laws, the Company's acts and the decisions of the General Assembly.

In 2011, Supervisory Board functioned in the composition of 7 members:

Zdenko Adrovi (President)  
Lada Tedeschi Fiorio (Vice President)  
Vedrana Jelu-i Ka-i (member)  
Sini-a Petrovi (member)  
Karl Weinfurtner (member)  
fieljko Peri (member)  
Aleksandar Peke (member).

Due to the reasons of moving to the new position within DEG, term of office as the member of the Supervisory Board of Mr. Karl Weinfurtner ended on December 14th, 2011. Following the aforementioned, Mr. Franz Josef Flosbach, Vice President of DEG, was elected as a new member of the Supervisory Board, with the term of office starting after the course of business year this report refers to, i.e. on February 16th, 2012.

In the course of 2011, 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 2011 (integration process of Droga Kolinska into existing Atlantic Grupa business) and discussed in detail the Annual Business Plan for 2012.

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, Karl Weinfurtner was appointed from the ranks of Supervisory Board members, while Marko Lesi was appointed as the external expert. The Committee held two sessions throughout 2011. Term of office of Mr. Karl Weinfurtner ended on December 14th, 2011, which was followed with the election of Mr. Franz Josef Flosbach, Vice President of DEG, as a new member of the Committee with the term of office starting after the course of business year this report refers to, i.e. on February 16th, 2012.

The Corporate Governance Committee is chaired by Siniša Petrović, Vedrana Jelušić was appointed from the ranks of Supervisory Board members, and Hrvoje Markovinović was appointed as the external expert. The Committee held three sessions throughout 2011.

The Nomination and Remuneration Committee is chaired by Feljko Perić, Aleksandar Peke was appointed from the ranks of Supervisory Board members, while Goran Radman was appointed as the external expert. The Committee held two sessions throughout 2011.

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>, 2011 together with the report of an independent auditor PricewaterhouseCoopers d.o.o., Zagreb, Alexander von Humboldt 4, 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 2011 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> 2011 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 2011 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 2011.

The Management Board presented to Supervisory Board a Proposal of the Decision on the use of the Company's profit for the year 2011 and the Supervisory Board agrees with the proposal of the Decision of the Management Board of Atlantic Grupa d.d. on use of profit in the business year 2011 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.

Lada Tedeschi Fiorio  
Vice President of the Supervisory Board