

DALEKOVOD d.d.
Ulica Marijana Čavića 4, Zagreb

Supervisory Board

Pursuant to the provision of Article 7 of the Rules of Procedure of the Supervisory Board of Dalekovod d.d., having its registered office at Ulica Marijana Čavića 4, Zagreb, PIN 47911242222 (hereinafter referred to as the "**Company**"), the Supervisory Board issued, at its 39th meeting held on 21 March 2014, with 6 votes FOR, 0 votes against and 0 abstentions, the following

RESOLUTION
TO
PREPARE AND SIGN THE CONSOLIDATED TEXT OF THE ARTICLES OF ASSOCIATION
39/04/14

Section 1

The Supervisory Board shall prepare the consolidated text of the Articles of Association on the basis of the basic text of the Articles of Association and the amendments thereto pursuant to Supervisory Board's Resolution 39/03/14.

Section 2

The Chairman of the Supervisory Board is authorized to sign the consolidated text of the Articles of Association.

For the Supervisory Board:

Marijan Pavlović
Chairman of the Supervisory Board

DALEKOVOD d.d.
Ulica Marijana Čavića 4, Zagreb

Supervisory Board

Pursuant to the provision of Article 7 of the Rules of Procedure of the Supervisory Board of Dalekovod d.d., having its registered office at Ulica Marijana Čavića 4, Zagreb, PIN 47911242222 (hereinafter referred to as the "**Company**"), the Supervisory Board issued, at its 39th meeting held on 21 March 2014, with 6 votes FOR, 0 votes against and 0 abstentions, the following

**RESOLUTION
TO
ADJUST THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION
39/03/14**

Section 1

It is hereby established that the Management Board issued, at its 11th meeting held on 20 March 2014, a resolution establishing that:

- fully paid a **cash contribution** of **HRK 150,000,000.00** (one hundred fifty million kunas) for 15,000,000.00 (fifteen million) new shares having a total nominal value of HRK 150,000,000.00;
- as of 20 March 2014, the number of shares subscribed to is **852,168** (eight hundred fifty two thousand one hundred sixty eight), which corresponds to HRK 8,521,680.00 of the share capital against a **contribution in rights** made by converting the claims of the creditors in the pre-bankruptcy settlement against the Company to share capital; and
- following the simplified decrease and increase in share capital by using new shares against contributions in cash and rights, the Company's share capital amounts to *HRK 187,194,330.00 (one hundred eighty million one hundred ninety four thousand three hundred thirty kunas and zero lipas)*.

Section 2

The Supervisory Board shall make amendments to the Articles of Association by adjusting the provisions of Articles 7 and 18c) of the Articles of Association, which shall then read as follows:

Article 7

- (1) The share capital of the Company shall be HRK 187,194,330.00 (one hundred eighty million one hundred ninety four thousand three hundred thirty kunas and zero lipas).*
- (2) The share capital has been fully paid up.*
- (3) The share capital is divided into 18,719,433 (eighteen million seven hundred nineteen thousand four hundred thirty three) ordinary registered shares, each having a nominal value of HRK 10.00 (ten kunas).*

Authorized share capital

Article 18c)

The Management Board is hereby authorized to increase the Company's share capital within 5

years of the registration date of this resolution in the court registry, subject to Supervisory Board's consent, by making contributions in cash, from HRK 187,194,330.00 by up to HRK 60 million, to an amount not to exceed HRK 247,194,133.00 by issuing new shares having a nominal value of HRK 10 each, to the exclusion of the pre-emption right granted to the holders of Company's shares issued against a cash contribution pursuant to the ordinary General Meeting's resolution of 22 July 2013 under item 8 of the Agenda.

If the Management Board fails to exercise its right to increase the share capital of the Company in accordance with this resolution, the Supervisory Board shall be authorized to prepare a consolidated text of the Articles of Association to reflect the changes resulting from the share capital increase and issuance of new shares.

Section 3

The Supervisory Board shall prepare the consolidated text of the Articles of Association on the basis of the basic text of the Articles of Association and the amendments thereto.

Section 4

The Chairman of the Supervisory Board is authorized to sign the consolidated text of the Articles of Association.

For the Supervisory Board:

**Marijan Pavlović
Chairman of the Supervisory Board**

DALEKOVOD d.d.
Ulica Marijana Čavića 4, Zagreb

Management Board

Pursuant to the provision of Article 32 of the Articles of Association of Dalekovod d.d., having its registered office at Ulica Marijana Čavića 4, Zagreb, PIN 47911242222 (hereinafter referred to as the "**Company**"), the Management Board issued, at its 11th meeting held on 21 March 2014, with 4 votes FOR, 0 votes AGAINST and 0 abstentions, the following

RESOLUTION
TO DETERMINE THE SHARES SUBSCRIBED TO AND CASH PAID
IN RELATION TO THE GENERAL MEETING'S RESOLUTION OF 22 July 2013

OULD/01/11

Section 1

It is hereby established that the following resolutions were made, *inter alia*, at the ordinary General Meeting of the Company held on 22 July 2013:

- point 6) to carry out a simplified decrease in share capital of the Company to cover the losses by reducing the nominal value of shares,
- point 8)** to increase the share capital by issuing ordinary shares against contributions in cash and in rights to the exclusion of the pre-emption right granted to the existing shareholders,
- point 10)** to authorize the Management Board to increase the share capital within 5 years of the registration date of this resolution by making contributions in cash by up to HRK 60 million, by issuing new shares having a nominal value of HRK 10 each, to the exclusion of the pre-emption right granted to the holders of Company's shares issued against a cash contribution pursuant to the ordinary General Meeting's resolution of 22 July 2013,
- point 11)** to amend the Articles of Association.

Section 2

It is hereby established that, pursuant to the General Meeting's resolution provided under Section 1, point 8), the share capital shall be increased from HRK 28,672,650.00 by up to HRK 159,216,040.00 to an amount not to exceed HRK 187,888,690.00.

Section 3

It is hereby established that, on 14 March 2014, the investor Konsolidator d.o.o., Nova Ves 11, Zagreb, PIN 73678065415, fully paid a cash contribution of **HRK 150,000,000.00** (one hundred fifty million kunas) for 15,000,000.00 (fifteen million) new shares having a total nominal value of HRK 150,000,000.00 and that the increase in share capital as a result of a cash contribution is consistent with the General Meeting's resolution of 22 July 2013 referred to in point 8).

Section 4

It is hereby established that, as of 21 March 2014, the number of shares subscribed to is 852,168 (eight hundred fifty two thousand one hundred sixty eight), which corresponds to **HRK 8,521,680.00** of the share capital against a **contribution in rights** made by converting the claims of the creditors in the pre-bankruptcy settlement against the Company to share capital, whereas Section 8 of the General Meeting's Resolution of 22 July 2013 referred to in point 8) determines as follows: „The right to subscribe to no more than 921,604 (nine hundred twenty one thousand six hundred four) shares accounting for up to HRK 9,216,040.00 (nine million two hundred sixteen thousand forty kunas) of the share capital against a contribution in rights is hereby granted to the

pre-bankruptcy settlement creditors in accordance with the financial restructuring plan accepted by a qualified majority of the creditor at the hearing before Financijska agencija according to the table.“

Section 5

It is hereby established that the Company's share capital amounts to HRK 187,194,330.00 (one hundred eighty million one hundred ninety four thousand three hundred thirty kunas and zero lipas).

The share capital has been fully paid up.

The share capital is divided into 18,719,433 (eighteen million seven hundred nineteen thousand four hundred thirty three) ordinary registered shares, each having a nominal value of HRK 10.00 (ten kunas).

Section 6

Consequently, the Supervisory Board is to make amendments to Articles 7 and 18c) of the Articles of Association and prepare a consolidated text of the Articles of Association including the appropriate changes (adjustments) to the actual number of share subscribed to and the number of shares resulting from the resolution of the General Meeting held on 22 July 2013 referred to in point 8 and, accordingly, the amount of the Company's share capital.

Section 7

The Management Board makes this resolution on the basis of:

- notarized Agreements to Invest Rights in Share Capital;
- the list of registries; and
- the receipt of payment of HRK 150,000,000.00 in share capital by the investor Konsolidator d.o.o., Nova Ves 11, Zagreb, on 14 March 2014.

Chairman of the Management Board
Goran Brajdić

Management Board Member
Marko Jurković

Management Board Member
Krešimir Anušić

Management Board Member
Željko Lekšić



Ulica Marijana Čavića 4
10000 Zagreb - CROATIA

Consolidated Text of the

**ARTICLES OF ASSOCIATION OF
"DALEKOVOD" d. d. ZAGREB**

Zagreb, March 2014

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Pursuant to the basic text of the Articles of Association of "Dalekovod" d.d. za inženjering, proizvodnju i izgradnju, Zagreb, adopted at the extraordinary General Meeting of the Company held on 9 December 2000 and the Resolutions to Amend the Articles of Association adopted at the General Meetings held on 30 June 2001, 3 July 2004, 2 July 2005, 1 July 2006, 30 June 2007, 5 July 2008, 4 July 2009, 12 June 2010, and 30 August 2012, and further pursuant to the Resolution to Supplement the Activities adopted at the 23rd Meeting of the Supervisory Board held on 24 September 2012, the Resolution of the General Meeting held on 22 July 2013, the Supervisory Board issued, in accordance with Article 42, point 14 of the Articles of Association and the Supervisory Board's Resolutions to Adjust the Amendments to the Articles of Association and Define the Consolidated Text of the Articles of Association of 21 March 2014, at its 39th Meeting held on 21 March 2014, these

ARTICLES OF ASSOCIATION OF DALEKOVOD d.d. ZAGREB

I. GENERAL

Article 1

These Articles of Association prescribe and define: the corporate name, mark, registered office, scope of business (activities), duration of the Company, share capital, shares: nominal value and number of shares, types of shares, classes of shares, share transfer conditions, Share Registry, increase and decrease in share capital, Company organs and their functioning, representation of the Company, Company reserves, distribution of profits and dividend, confidentiality, publication of Company's announcements, resolution of disputes, procedure to amend the Articles of Association, and miscellaneous.

II. CORPORATE NAME


Article 2

(1) The Company shall operate under the name of:

DALEKOVOD, dioničko društvo za inženjering, proizvodnju i izgradnju.

(2) The short corporate name shall be: DALEKOVOD d.d.

(3) When conducting its business internationally, the Company may, in addition to its corporate name or short corporate name, use its corporate name translated into English (DALEKOVOD jsc.) and/or its corporate name translated into German (DALEKOVOD AG).

(4) The corporate mark shall contain a graphic symbol designed as follows:  provided that the left side shall be green, the right side shall be red, and the base shall be blue.

5) The Company shall have its stamp indicating its corporate name. The shape and size of the stamp shall be determined by the Management Board and prescribed by a special Resolution.

The stamp shall be used in legal transactions in accordance with the law.

III. REGISTERED OFFICE

Article 3

(1) The Company shall have its registered office in Zagreb.

(2) The Management Board shall determine and change the exact business address of the Company.

IV. ORGANIZATION AND METHOD OF OPERATION

Article 4

The internal organization of the Company shall be defined by Management Board's resolution.

V. SCOPE OF BUSINESS/ACTIVITIES

Article 5

(1) The Company shall undertake the following activities:

- 20.40 Manufacture of wooden packaging
- 22.22 Printing, n.e.s.
- 27.53 Casting light (nonferrous) metals
- 28.11 Manufacture of metal structures and their parts
- 28.40 Forging, pressing, stamping and rolling metals, powder metallurgy
- 28.51 Treatment and coating of metals
- 28.62 Manufacture of tools
- 29.21 Manufacture of industrial furnaces and burners
- 29.56 Manufacture of other special-purpose machines
- 31.20 Manufacture of electricity distribution and control equipment
- 31.62 Manufacture of other electrical equipment, n.e.s.
- 45.1 Preparatory construction site work
- 45.2 Construction of completely new buildings or their parts
- 45.3 Installation work
- 51.19 Intermediation in trade with various products
- 51.52 Retail of metals and metal ores
- 51.54 Wholesale of ironware and plumbing and heating installation materials
- 51.70 Other wholesale
- 55.30 Restaurants
- 60.23 Other road transport of passengers
- 60.24 Road transport of goods (cargo)
- 63.12 Storage of goods
- 72.10 Hardware consultancy
- 72.20 Software consultancy and supply
- 72.30 Data processing
- 72.40 Making databases
- 72.60 Other related computing activities
- 73.10.2 Research and experimental development in technical and technological sciences
- 74.14 Consultancy in connection with business and management
- 74.15 Management of holding companies
- 74.30 Technical testing and analysis
- 74.40 Promotion (advertising and publicity)
- 74.84 Other business activities, n.e.s.
- * Architectural and engineering activities and technical consultancy

- * Professional physical planning activities in connection with the preparation of technical bases for location permits
- * Construction and assembly of facilities (plants and lines) for the generation, control, transmission and distribution of electricity
- * Production of transmission lines of all voltages including all construction, installation and electrical work
- * Carrying out investment works abroad
- * Forging and pressing steel forgings and nonferrous metal forgings
- * International road transport of cargo and passengers
- * International forwarding
- * Metal treatment and coating by galvanization
- * Laying of underwater and underground cables of all types and voltages
- * Repair and maintenance of motor/pneumatic hammer drills
- * Translation services
- * Preparation of food and provision of food services
- * Preparation and serving of drinks and beverages
- * Testing and certifying high-risk machines for internal purposes
- * Manufacturing tools for forging (die) and casting (mold)
- * Manufacture of transmission line posts, lampposts, aerial posts, signaling posts, transformation plants and roadside barriers
- * Manufacture and servicing of induction furnaces
- * Manufacture of equipment for self-supporting cable harnesses
- * Manufacture of suspension and joining equipment for transmission lines of all voltages, transformer stations and switchyards
- * Providing ISO 9000 services and consultancy
- * Providing transformer stations and switchyards of all voltages
- * Goods quality and quantity control
- * Representation of foreign companies and intermediation in foreign trade
- * Performing electrical installation work on road lighting, industrial and spor facilities
- * Performing all construction, installation and electrical works on electricity-distributing, energy, industrial and traffic facilities, including in particular complex and specific facilities
- * Manufacture of equipment for contact grids for the electrification of railway lines and urban roads
- * Electrification of railway lines including the associated facilities and plants, and public cable railways
- * Designing distribution and transmission lines of all voltages, transformer stations of all voltages and lighting
- * Designing steel structures and foundations for transmission lines, transformer stations, switchyards, lighting, aerials and contact grids
- * Testing protection against indirect contact, non-interruption of the protective conductor and equalizing conductor, lighting-protection installations, low-voltage electrical installations, and commissioning, testing and adjusting of relay protection for transformer stations and switchyards of all voltages, functional testing of operation, control, signaling, alarms and registration for transformer stations and switchyards of all voltages, and commissioning, testing and measuring on optical cables
- * Testing Aeolic vibrations of conductors;
- * Measuring current, voltage, voltage drops, resistance, frequency, power, energy and power factor, specific soil resistance, grounding resistance, contact and step voltage, loop resistance, resistance of conductor insulation and cables of all types and voltages, lighting engineering measurements
- * Geodetic surveying and recording transmission lines and data on technical characteristics of transmission lines
- * Making a cadaster of lines and real property

- * National surveying and real property cadaster services
- * Special-purpose geodetic work
- * Geological engineering exploratory work
- * Hydro-geological exploratory work
- * Geo-mechanical exploratory work (probing)
- * Geo-mechanical supervision
- * Training the public in implementing preventive measures for fire protection, firefighting and rescuing people and property endangered by fire
- * Authorized for recognition for the construction area of designing (for buildings, engineering buildings, plumbing and sewerage for buildings and outdoor plumbing and sewerage, water facilities, foundations and other construction projects)
- * Authorized for recognition for the electrical engineering area of designing (for electrical installations in buildings, electricity distribution buildings and ICT projects)
- * Inspection and testing of fire extinguishers
- * Quality control and issuance of quality documents (certificates) according to the following standards: HRN.EN.ISO 1461, B.S.EN ISO 2178, B.S.EN.ISO 1460, HRN C.A6.020, HRN C.A6.021, IEC 61284, B.S. 3288 Part 1, HRN.N.F2 010
- * Removing trees and other vegetation for the construction of road, electricity and other infrastructural facilities
- * Accounting and bookkeeping services
- * Providing HR (human resources) services and maintaining HR documents
- * Measuring and estimating high-frequency electromagnetic fields between 100 kHz and 3 GHz;
- * Measuring and estimating low-frequency electromagnetic fields of 50 Hz
- * Noise measurements and estimations
- * Preparing technical environmental protection bases and studies
- * Technical preparation and development of environmental impact studies
- * Lighting estimation and measurement
- * Designing metal and other structures and foundations for energy distribution, signaling, operation and protection of roads and motorways
- * Electricity generation
- * Electricity distribution and trade
- * Hazard assessments
- * Training employees for safe work
- * Testing in a working environment
 - testing physical factors
 - testing chemical factors
- * Infrastructural works
- * Removing protection, tunnel equipping
- * Provisional construction works requiring special methods and equipment
- * Supervision of plants, equipment, installations and devices in area endangered by explosive atmospheres
- * Performing works in areas endangered by explosive atmospheres
- * Technical testing, calibration, attestation, analysis, repair and gauging of energy measuring instruments including issuing the required certificates
- * Construction of plants for electricity generation from renewable energy sources and cogeneration plants
- * Using plants for electricity generation from renewable energy sources and cogeneration plants
- * Nonhazardous waste management
- * iron casting, class
- * casting light metals
- * casting other nonferrous metals
- * Manufacture of finished metal products

- * creating permanent geodetic point surveys for basic geodetic work
- * creating national border surveying, marking and maintenance studies
- * creating studies for the basic map of Croatia
- * creating studies for digital orthophotoimages
- * creating studies for detailed topographic maps
- * creating studies for reviewing topographic maps
- * creating cadastral surveying studies
- * creating technical reambulation studies
- * creating studies for translating the cadastral plan into digital format
- * creating studies for translating the digital cadastral plan into the defined structure
- * creating cadastral plan homogenization studies
- * creating allotment and other geodetic land cadaster studies
- * creating allotment and other geodetic real property cadaster studies
- * creating allotment and other geodetic studies for individual translation of land cadaster cadastral plots into real property cadaster cadastral plots
- * creating transmission line cadaster studies and performing technical geodetic activities for the purposes of providing geodetic services
- * technical maintenance of the transmission line cadaster
- * creating special geodetic bases for drafting physical planning documents and deeds
- * creating special geodetic bases for designing purposes
- * creating geodetic studies on the conditions of buildings prior to reconstruction,
- * creating geodetic designs
- * staking and creating staking studies
- * creating geodetic status drawings of constructed buildings
- * geodetic monitoring of buildings under construction and creating geodetic monitoring studies
- * monitoring shifts of buildings during maintenance and creating geodetic monitoring studies
- * geodetic activities performed as part of urban consolidation
- * preparing agricultural land consolidation projects and performing geodetic activities performed as part of agricultural land consolidation
- * creating special geodetic bases for protected and secured areas
- * technical supervision of works: creating transmission line cadaster studies and performing technical geodetic activities for the purposes of providing geodetic services, technical maintenance of the transmission line cadaster, creating special geodetic bases for drafting physical planning documents and deeds, creating special geodetic bases for designing purposes, creating geodetic studies on the conditions of buildings prior to reconstruction, creating geodetic designs, staking and creating staking studies, geodetic monitoring of buildings under construction and creating geodetic monitoring studies, monitoring shifts of buildings during maintenance and creating geodetic monitoring studies, creating special geodetic bases for protected and secured areas
- * constructing buildings for public water supply – reservoirs, water intake structures, water conditioning devices, water tanks, pumping stations, main supplying pipelines and water supply network; public sewerage buildings – channels for collecting and draining wastewater, combined channels for drainage of wastewater and precipitation water, collectors, pump stations, wastewater treatment plants, sludge treatment plants
- * constructing buildings for basic and detailed soil-improvement drainage

(2) For the purpose of pursuing the scope of business defined in this Article, the Company may undertake all legal actions and enter into all types of legal transactions and may in particular establish companies, branch offices and offices locally and internationally, may hold shares in other companies, enter into entrepreneurial contracts, and be associated in a concern.

VI. DURATION OF THE COMPANY

Article 6

(1) The Company is established for an unlimited period of time and may only be dissolved in the cases and as defined by the law or these Articles of Association.

(2) The General Meeting shall resolve to dissolve the Company by votes representing at least three quarters of the share capital represented at the General Meeting where such resolution is being made.

VII. SHARE CAPITAL

Article 7

(1) The share capital of the Company shall be HRK 187,194,330.00 (one hundred eighty million one hundred ninety four thousand three hundred thirty kunas and zero lipas).

(2) The share capital has been fully paid up.

(3) The share capital is divided into 18,719,433 (eighteen million seven hundred nineteen thousand four hundred thirty three) ordinary registered shares, each having a nominal value of HRK 10.00 (ten kunas).

VIII. SHARES

Article 8

The Company shall issue ordinary registered shares, which provide their holders with equal rights and position in the Company.

Article 9

(1) In addition to ordinary shares, the Company may issue preferred shares, which shall always be resolved by the General Meeting.

(2) In case the Company issues preferred shares, the General Meeting may make a special resolution to provide their holders with the rights in compliance with the law and the provisions of these Articles of Association, including in particular the first option to fixed dividend, the right to receive dividend, and the settlement right in case the Company is liquidated or bankrupt.

(3) The rights set forth in the preceding paragraph may be limited or extended in accordance with the regulations applicable on the date the General Meeting makes its resolution to issue preferred shares.

(4) Pursuant to such General Meeting's resolution, the rights of preferred shareholders shall be determined pro rata to their increased contribution to the Company, through benefits or performance.

Article 9a)

The Company may issue shares without a nominal value.

Article 10

A share may not be divided. If several persons acquire one share, the rights under such shares shall be exercised by them with respect to such indivisible right through a joint holder of a power of attorney. Such power of attorney must be written and notarized.

Quotation

Article 11

By Management Board's resolution, Company's shares may be quoted in a stock exchange.

Article 11a)

(1) If shares are quoted in a stock exchange, the Management Board and the Supervisory Board shall make a statement every year of having acted in accordance with the recommendations published in the Code of Corporate Governance and of continuing to act in accordance with them, and state which one they failed to will fail to comply with. Such statement shall be permanently available to Company's shareholders.

(2) The provision of the preceding paragraph shall apply after such Code is issued.

Share documents

Article 12

(1) The Management Board shall define the issuance, appearance and substance of share documents, share certificates and interim certificates in accordance with the law, regulations, corporate documents, and rules and instructions in compliance with the law and contracts between the Company and third party legal entities or individuals.

(2) The Management Board may engage a third party legal entity or individual to perform the activities referred to in paragraph 1 of this Article.

Signing share documents

Article 13

(1) The Chairman of the Management Board and the Chairman of the Supervisory Board shall sign share documents or affix facsimiles of their respective signature thereon.

(2) A share certificate shall be signed by the person authorized to maintain the share registry and the Chairman of the Management Board shall affix a facsimile of his/her signature on the certificate.

(3) The Management Board may engage a duly authorized third party legal entity or individual to perform the activities referred to in paragraphs 1 and 2 of this Article.

Transfer of shares

Article 14

(1) Shares may be transferred and inherited.

(2) Shares may be transferred by endorsement, assignment or qualified assignment.

(3) Shareholders may freely transfer their shares between them, unless the law provides for special requirements and limitations with respect to such share transfers.

(4) A share transfer made in violation of these Articles of Association shall not be legally effective and shall be null and void.

Using shares as payment security

Article 15

(1) Using shares as payment security shall only be valid if such disposal is authorized by Management Board's resolution after being registered in the Share Registry.

(2) The provision of paragraph 1 of this Article shall not affect any rights acquired on the basis of using shares as payment security registered in the Share Registry before the issue date of these Articles of Association.

(3) A person provided with shares as payment security shall not be granted any controlling rights, unless otherwise determined by a special resolution of the Management Board.

(4) The Management Board shall make the resolution referred to in paragraph 1 of this Article within 15 (fifteen) days of receiving the relevant request. In case the Management Board should fail to make its resolution within such period of time, the disposal shall be deemed authorized.

Own shares

Article 16

(1) Subject to Supervisory Board's consent, the Management Board shall make a resolution to acquire own shares in accordance with the reasons and limitations provided for by the law. The Company shall have no rights under or in its own shares.

(2) The General Meeting may make a resolution to authorize the Management Board to acquire own shares for the reasons and subject to the conditions provided in Article 233 of the Companies Act.

(3) The General Meeting may authorize the Management Board to withdraw own shares without requiring its special resolution.

Share Registry

Article 17

(1) The Management Board shall maintain the Share Registry in accordance with the applicable regulations, rules, instructions and documents of the Company.

(2) The Management Board may make a special resolution to authorize a third party legal entity or individual to maintain the Share Registry.

Increase in share capital

Article 18

(1) The share capital of the Company may be increased by making a payment in cash, in kind or in rights.

(2) The share capital of the Company may also be increased by converting capital gain, reserve and retained earnings.

(3) The General Meeting shall resolve to increase the share capital by votes representing at least three quarters of the share capital represented at the General Meeting where such resolution is being made.

(4) In case several classes of shares are issued, the holders of each class of shares shall give their consent to a share capital increase by the majority defined in paragraph 3 of this Article. Where a resolution is made to issue preferred shares, the resolution to give consent thereto shall be made by the majority required under the Companies Act.

Conditional increase in share capital

Article 18a)

(1) The General Meeting may make its resolution to increase the share capital to convert convertible bonds to shares or to exercise the first option to subscribe to new shares to be granted by the Company (conditional increase in share capital).

(2) A resolution to conditionally increase the share capital may only be made for the purpose of:

1. exercise of a Company creditor's right to convert convertible bonds to shares and the first option to subscribe to new shares of the Company;
2. preparing for the merger of several companies;
3. exercising stock options by employees and members of the Management Board of the Company or its affiliate pursuant to General Meeting's resolution;
4. providing parent Company's shares to shareholders or member of a subsidiary according to Article 492, paragraphs 2 and 3 of the Companies Act if an agreement is made to transfer parent's profits or shares to shareholders or members of the merged company in accordance with Article 504a, paragraph 2 of the Companies Act.

(3) The nominal value of the capital may not exceed fifty percent or, in the case referred to in paragraph 2, subparagraph 3 of this Article, one tenth of the Company's share capital existing at the time the resolution to conditionally increase the share capital is made.

Article 18b)

(1) A resolution to conditionally increase the share capital by a contribution in kind or in rights shall specify the nature of the contribution made, the person from whom the Company

acquires such contribution (in kind or in rights) and its nominal value and, in case of shares without a nominal value, the number of shares acquired as a result of such contribution.

(2) Such resolution may only be made if the contribution in rights and in kind was specifically and properly published in accordance with the provisions of the Companies Act and these Articles of Association concerning the disclosure of General Meeting's agenda and the resolutions proposed to be made.

Authorized share capital

Article 18c)

The Management Board is hereby authorized to increase the Company's share capital within 5 years of the registration date of this resolution in the court registry, subject to Supervisory Board's consent, by making contributions in cash, from HRK 187,194,330.00 by up to HRK 60 million, to an amount not to exceed HRK 247,194,133.00 by issuing new shares having a nominal value of HRK 10 each, to the exclusion of the pre-emption right granted to the holders of Company's shares issued against a cash contribution pursuant to the ordinary General Meeting's resolution of 22 July 2013 under item 8 of the Agenda.

If the Management Board fails to exercise its right to increase the share capital of the Company in accordance with this resolution, the Supervisory Board shall be authorized to prepare a consolidated text of the Articles of Association to reflect the changes resulting from the share capital increase and issuance of new shares.

Decrease in share capital

Article 19

The share capital of the Company may be decreased by a resolution of the General Meeting on ordinary decrease, simplified decrease, decrease by withdrawal of shares, or pursuant to any other resolution in compliance with the law.

Article 20

(1) After receiving such proposal from the Management Board, the General Meeting may resolve to enforce the withdrawal of shares.

(2) The General Meeting shall especially resolve to enforce the withdrawal of shares where such withdrawal of shares is necessary to avoid serious, impending damage to the Company. Such shares shall be withdrawn against compensation at the market value or at the nominal value of the shares, whichever is lower.

(3) Withdrawal of shares shall be enforced in case own shares are not disposed of as and within such time limits as required under the law.

(4) A resolution to enforce the withdrawal of shares shall be made by votes representing at least three quarters of the share capital represented at the General Meeting where such resolution is being made.

First option to subscribe to new shares

Article 21

(1) In case the share capital is increased by issuing new shares, each shareholder shall have the right to subscribe to the number of such new shares corresponding to their share in the Company's share capital.

(2) The first option to subscribe may be exercised within no less than 30 days and no more than 60 days.

(3) The General Meeting may resolve to limit or exclude the first option to subscribe to shares by votes representing at least three quarters of the share capital represented at the General Meeting where such resolution is being made.

Convertible bonds and floaters

Article 22

(1) The Company may issue convertible bonds and floaters.

(2) The bonds referred to in paragraph 1 of this Article may only be issued on the basis of a General Meeting's resolution.

(3) The resolution referred to in paragraph 2 of this Article may only be made by votes representing at least three quarters of the share capital represented at the General Meeting where such resolution is being made.

(4) The ensuing rights and obligations of the holders of such convertible bonds and floaters shall be defined in greater detail by the resolution referred to in paragraph 2 of this Article, in accordance with the law and the Articles of Association.

(5) Shareholders shall have the first option to acquire convertible bonds and floaters. The provisions of Article 21 of these Articles of Association shall appropriately apply to such first option.

IX. COMPANY ORGANS

Article 23

The Company organs are:

1. Management Board
2. Supervisory Board
3. General Meeting

1. MANAGEMENT BOARD

Composition

Article 24

The Management Board shall have up to 5 (five) members.

Appointment and removal

Article 25

(1) The Supervisory Board shall make a resolution defining the number of Management Board members and a special resolution to appoint the members and Chairman of the Management Board.

(2) Prior to being appointed, a Management Board member candidate shall make a statement of being willing to perform the duties of a Management Board member nonexistence of any legal obstacles.

(3) The Supervisory Board may make a resolution to remove a Management Board member or the Chairman of the Management Board subject to an important reason. This shall not affect the rights of the Management Board member or the Chairman of the Management Board arising from the contract entered into with the Company, unless otherwise determined in such contract.

Resignation

Article 25a)

(1) A resignation of the Chairman or a member of the Management Board shall be given in writing to the Supervisory Board, which shall notify the other members of the Management Board thereof and shall take steps to ensure that the change in the Management Board is registered in the court registry when required by law.

(2) The application for such registration shall be submitted by the Management Board and the Chairman of the Supervisory Board.

(3) No resolution shall be made with respect to a resignation.

(4) A resignation shall be legally effective as of the date it is given or the date indicated therein as its effective date.

Benefits

Article 26

(1) Management Board members are entitled to participate in profits.

(2) The Supervisory Board shall enter into individual Management Board employment contracts with the Management Board members, detailing all their rights and obligations pursuant thereto. The terms of such contracts (salary, participation in profits, reimbursement of expenses, insurance premium, conditions precedent to termination, notice period, etc.) shall be determined by the Supervisory Board.

(3) Such contract shall be signed by the Chairman of the Supervisory Board on behalf of the Supervisory Board, on the basis of a relevant resolution.

Conditions precedent to appointment

Article 27

Only a person who, in addition to meeting the legal requirements, holds a university degree, speaks one foreign language, has at least five years of relevant working experience, and is able to present relevant references may be appointed a Management Board member. The Supervisory Board may resolve to set additional conditions precedent to appointment by its resolution.

Managing business

Article 28

(1) The Management Board shall be exclusively responsible for managing Company's business.

(2) Management Board members may manage business jointly or severally, in accordance with the Management Board Rules of Procedure.

(3) Within the meaning of paragraph 1 of this Article, managing business shall include any actual and legal activities undertaken for the Company, in particular taking actions for the purpose of creating and implementing Company's business policies and maintaining the Company permanently profitable, unless such actions are assigned to other Company organs under the law or these Articles of Association.

(4) A Management Board member to whom a third party expresses an intention with respect to the Company shall immediately notify the Chairman and the rest of the Management Board members thereof.

Several management of business

Article 29

(1) Management Board members shall manage Company's business severally, subject to the restrictions imposed by the law, the Articles of Association and the Management Board Rules of Procedure, unless it is defined by these Articles of Association and the law that the Management Board members shall manage Company's business jointly.

(2) The scope of business severally managed by the members and Chairman of the Management Board and the restrictions in the several management of business are prescribed and defined by the Management Board Rules of Procedure and the Management Board employment contract.

Joint management of business

Article 30

(1) The Management Board shall in particular perform the following activities:

1. prepare annual financial statements;
2. prepare Company status reports;
3. provide annual financial statements to the Company's Auditor to be examined;
4. provide to the Supervisory Board such documents as referred to in points 1, 2 and 3 of this paragraph to be reviewed and to receive its consent;
5. normally establish annual financial statements with the Supervisory Board;
6. allocate profits together with the Supervisory Board in accordance with Articles 64 and 64a), paragraph (1) of the Articles of Association and provide a proposal for the allocation of any remaining profits to the General Meeting;

7. inform the General Meeting of the status of the Company and its annual financial statements;

8. subject to Supervisory Board's consent, make a resolution to assign the establishment of annual financial statements to the General Meeting;

(2) Where the Management Board assigns the establishment of annual financial statements to the General Meeting subject to Supervisory Board's consent, the provision of point 6 of the preceding paragraph of this Article shall apply appropriately.

(3) In addition to the activities listed in paragraphs (1) and (2) of this Article, the Management Board shall jointly perform the following activities:

1. propose the Management Board Rules of Procedure;
2. convene the General Meeting;
3. determine, plan and coordinate production and sales;
4. perform other activities determined by these Articles of Association and the Management Board Rules of Procedure; and
5. jointly perform any other activities not listed in the above paragraphs, which cannot be performed on a work distribution basis, and where a business decision requires Supervisory Board's consent.

Article 31

(1) The business resolutions made by the Management Board, which require Supervisory Board's consent, are defined in Article 43 of these Articles of Association.

(2) In case the Supervisory Board refuses to give consent to a Management Board's resolution, the Management Board may request that the General Meeting resolve the issue.

Making resolutions

Article 32

(1) Management Board's resolutions are made by a majority of votes cast by all Management Board members.

(2) The Chairman of the Management Board shall have the right of veto. Any use of veto by the Chairman of the Management Board shall be promptly reported to the Supervisory Board.

(3) The Management Board shall maintain records of its resolutions. The substances and method of maintaining such records shall be defined in detail by the Management Board Rules of Procedure.

Representation

Article 33

(1) The Chairman of the Management Board shall represent the Company severally and autonomously and a Management Board member shall represent the Company jointly with another Management Board member.

(2) The Supervisory Board may determine at any time that each Management Board member is only authorized to represent the Company jointly with the Chairman of the Management

Board or that a member(s) is/are authorized to represent the Company severally and autonomously.

(3) The Chairman of the Management Board is authorized to give another person power to represent the Company, while those Management Board members who represent the Company jointly may only empower another person jointly.

Procuration

Article 34

The Company shall be represented by its procurator within the limits defined by the law. Procuration shall be given by Management Board's resolution and may be revoked at any time.

Term

Article 35

Management Board members shall be appointed for a term of five (5) years.

Rules of Procedure

Article 36

Detailed rules for the organization and operating method of the Management Board, maintenance of records of resolutions made and authorities for several and joint management of business shall be prescribed and determined by the Management Board Rules of Procedure to be issued by the Supervisory Board following a proposal from the Management Board.

2. SUPERVISORY BOARD

Composition and election

Article 37

(1) The Company shall have a Supervisory Board comprising seven (7) member, six (6) of whom shall be elected by the General Meeting and one (1) member shall be appointed by the Works Council as a representative of employees on the Supervisory Board. In case no Works Council is constituted, such representative shall be appointed by another competent body authorized by law.

(2) The General Meeting shall elect Supervisory Board members on the basis of a proposal made by shares that severally or jointly represent at least one twentieth of the share capital existing at the time of the election.

(3) In case the number of candidates exceeds the number of members to be elected, the elected candidates shall be those who receive the most votes. If two or more candidates receive an equal number of votes, the voting shall be repeated for those candidates only; in case of another tie, the election shall be made in the alphabetical order of such candidates' surnames.

(4) Persons who are first nominated for the Supervisory Board and the person who is first appointed the employees' representative on the Supervisory Board shall provide a written statement to the General Meeting of being prepared to perform the duties of a Supervisory Board member and of nonexistence of any legal constraints.

(5) The employees' representative appointed to the Supervisory Board as a member shall have the same rights and obligations as any other elected member of the Supervisory Board.

Constitution

Article 38

(1) A newly elected Supervisory Board shall be constituted within eight (8) days following the election date. Until such time the Chairman of the Supervisory Board is elected, the constituting meeting shall be convened and chaired by the Chairman of the General Meeting.

(2) At such constituting meeting, the Supervisory Board members shall elect their Chairman and Deputy Chairman.

Term

Article 39

Supervisory Board members are elected for a term of four years, provided that their terms shall expire on the closure of the General Meeting determining whether or not the Supervisory Board members shall receive approval for the last year of their term.

Removal

Article 40

(1) The General Meeting may remove a Supervisory Board member prior to the expiry of his/her term, in particular if:

1. he/she fails to participate in Supervisory Board's proceedings or otherwise fails to perform his/her obligations;
2. a reason why he/she could not be elected a Supervisory Board member arises;
3. his/her actions adversely affect Company's interests;
4. he/she is found to have personal or business interests contrary to those of the Company;
5. there is a change in the shareholding structure.

(2) In any of the cases referred to in the above paragraphs, the General Meeting shall elect a new Supervisory Board member following a proposal submitted by a person authorized to do so.

(3) Shareholders holding shares accounting for at least one tenth of the share capital may request of a court to remove a Supervisory Board member subject to a relevant reason.

(4) The Works Council or another authorized body may remove its representative appointed to the Supervisory Board before his/her term expires.

Resignation

Article 40a)

(1) A resignation of the Chairman or a member of the Supervisory Board shall be given in writing to the Management Board, which shall promptly notify the other members of the Supervisory Board thereof and shall promptly take steps to ensure that the change in the Supervisory Board is registered in the court registry when required by law.

(2) The application for such registration shall be submitted by the Management Board and the Chairman of the Supervisory Board.

(3) No resolution shall be made with respect to a resignation.

(4) A resignation shall be legally effective as of the date it is given or the date indicated therein as its effective date.

Management, resolution-making and consideration

Article 41

(1) The Chairman of the Supervisory Board shall manage the proceeding of the Supervisory Board in accordance with the Supervisory Board Rules of Procedure.

(2) The basic duties of the Chairman of the General Meeting are to: convene meetings, chair meetings, sign minutes and resolutions of the Supervisory Board, and execute Management Board employment contracts with Management Board members.

(3) Each Supervisory Board member shall be entitled to one (1) vote.

(4) The Supervisory Board shall make its resolutions by a simple majority. In case of a tie, the resolution for which the Chairman of the Supervisory Board voted shall be deemed made. Such tie-breaking vote is not transferrable to the Vice Chairman of the Supervisory Board.

(5) The Supervisory Board shall normally make its resolutions at Supervisory Board meetings. The Supervisory Board may only made its resolutions if over fifty percent of its members are present at the meeting.

(6) The Supervisory Board may also make its resolutions without holding a meeting on a circular basis if no member of the Supervisory Board requires that a meeting be held.

(7) Each Supervisory Board member shall be entitled to a net monthly consideration of HRK 2,500.00 (two thousand five hundred kunas).

(8) The net monthly consideration payable to the Chairman of the Supervisory Board shall be HRK 3,500.00 (three thousand five hundred kunas).

Responsibility

Article 42

(1) The Supervisory Board shall in particular perform the following activities:

1. supervise the management of Company's business;
2. make a resolution to define the number of Management Board members and their substitutes in accordance with Article 24 and a special resolution to appoint Management Board members, their substitutes and the Chairman of the Management Board;
3. convene the General Meeting as necessary, but especially where this is required by law or these Articles of Association;
4. examine annual financial statements, Company status reports, and profit allocation proposals;
5. assume a position with regard to Auditor's reports;
6. normally establish annual financial statements together with the Management Board (give consent to annual financial statements);
7. allocate profits together with the Management Board in accordance with Articles 64 and 64a), paragraph (1) of the Articles of Association and provide a proposal for the allocation of any remaining profits to the General Meeting;

8. submit to the General Meeting a written report in connection with its examination of annual financial statements, Company status report, the proposal for profit allocation, completed supervision, and the position assumed with regard to Auditor's report;
9. give consent to the Management Board to assign the establishment of annual financial statements to the General Meeting;
10. in case of any discrepancy in annual financial statements, refuse to give its consent to the annual financial statements established by the Management Board;
11. represent the Company before the Management Board;
12. give other consents to Management Board's resolutions if required by the law or these Articles of Association;
13. adjust a General Meeting's resolution to supplement the activities according to commercial court's comments;
14. establish the consolidated text of the Articles of Association;
15. issue its Rules of Procedure;
16. issue the Management Board Rules of Procedure; and
17. perform other activities defined by the law, these Articles of Association and general corporate documents of the Company.

(2) In case the Supervisory Board gives its consent to the Management Board to assign the establishment of annual financial statements to the General Meeting, the provision of point 7 of the preceding paragraph of this Article shall apply appropriately.

(3) For the purpose of performing any of the activities listed in paragraph (1) of this Article, the Supervisory Board may review and examine Company's accounts and documentation, its treasury, securities and other things, and may request of the Management Board to be notified of any issues relevant to the business and position of the Company.

(4) The Supervisory Board may establish its committees. Such committees should facilitate the exercise of the Supervisory Board's authorities granted by the law and these Articles of Association. The members of such committees shall be Supervisory Board members and experts in the areas for which the respective committee is responsible. Depending on the degree of their involvement, the Company may enter into service agreements with committee members. Supervisory Board members shall be entitled to be compensated for their work in accordance with Article 41, paragraphs 7 to 10, and Article 64, paragraph 3 of the Articles of Association, irrespective of the consideration received by them for their work in Supervisory Board's committees pursuant to service agreements. Pursuant to Article 300c of the Companies Act, the Supervisory Board shall notify the General Meeting of its committees and of the number of meetings held by each committee. The General Meeting shall be responsible for the work done of such committees.

Article 43

The Supervisory Board shall give its consent to the following Management Board's business decisions to:

1. establish new companies, entities or capital and/or acquire new shares in companies in excess of 25 percent of such companies' share capital;
2. enter into joint venture agreements that may be of a contractual or investing nature, where the value of the transactions for which such agreement is entered into exceed fifty percent (50%) of the Company's share capital;
3. purchase or dispose of real property, the value of which exceeds fifty percent (50%) of the Company's share capital;
4. obtain a loan, the value of which exceeds fifty percent (50%) of the Company's share capital;
5. create a pledge or equitable mortgage over personal and real property or other security instruments such as promissory notes, debentures, etc. if the amount payable to

- which the pledged or transferred right or any other security instrument exceeds fifty percent (50%) of the Company's share capital;
6. provide guarantees, act as a co-debtor, etc. for other legal entities if the amount of such guarantee or co-debtor liability or any other security instruments exceeds fifty percent (50%) of the Company's share capital; and
 7. in any other case where this is required by the law or these Articles of Association.

Rules of Procedure

Article 44

The Supervisory Board shall issue its Rules of Procedure detailing and establishing its method of operation, in particular: the venue, convening, determining the agenda, course and substance of the minutes of each Supervisory Board meeting.

3. GENERAL MEETING

Composition

Article 45

(1) The General Meeting shall comprise all shareholders with the right to vote.

(2) Management Board and Supervisory Board members shall participate in the proceedings of the General Meeting.

Responsibility

Article 46

The General Meeting shall resolve issues specifically defined by the law and these Articles of Association, in particular:

1. amendments to the Articles of Association;
2. annual financial statements if they are assigned to it by the Management Board and Supervisory Board or if the Supervisory Board withholds its consent to the annual financial statements submitted to it by the Management Board;
3. allocation of net income to the extent permitted and as required by, and subject to the conditions of the law and these Articles of Association;
4. increase and decrease in share capital of the Company;
5. electing and removing Supervisory Board members;
6. giving approval for work to Management Board and Supervisory Board members;
7. appointing the Company's Auditor;
8. appointing members of other organs established by it;
9. status changes in the Company;
10. quoting Company's shares in an organized market for trading and withdrawing them;
11. dissolution of the Company; and
12. other issues defined by the law and these Articles of Association.

Venue

Article 47

The General Meeting shall normally be held at the Company's registered office.

Shareholders' participation

Article 48

Shareholders that cumulatively meet the following requirements may participate in the General Meeting:

1. Holders of registered shares, registered in the Share Registry prior to the closure of the Share Registry, who have notified their intention of participating in the General Meeting in writing no later than seven days prior to the General Meeting date.

Article 49

(1) A shareholder may participate in the General Meeting personally or be represented by a proxy.

(2) A shareholder shall present a certificate issued by the Company to identify himself/herself as a person authorized to participate in the General Meeting. Such certificate shall be provided to the Chairman of the General Meeting or a person designated by him/her prior to the beginning of the General Meeting.

(3) Corporate shareholders shall be represented at the General Meeting by their legal representatives.

(4) Shareholders may also be represented by proxies pursuant to a written power of attorney issued by the shareholder or issued for it by its legal representative within the meaning of paragraph 3 above. Such power of attorney shall be provided to the authorized person in the Company appointed by Management Board's resolution. The power of attorney shall be provided together with the notification of participation in the General Meeting no later than seven days prior to the General Meeting date. The power of attorney may also be provided at the General Meeting before its beginning subject to a good cause.

(5) A power of attorney issued by a shareholder as an individual shall be certified by a Company officer appointed by the Management Board. A power of attorney issued by an authorized representative of a corporate shareholder shall be personally signed and the stamp of the legal entity shall be affixed on it. In case of any doubt, the Management Board may request that the power of attorney be notarized.

(6) A shareholder may exercise his/her right to vote at the General Meeting through a proxy. If a shareholder empowers more than one person, the Company may refuse to accept any of the powers of attorney so given. A power of attorney shall be given, revoked and proven to have been given in relation to the Company in writing, unless a different form is envisaged by the Articles of Association.

Electronic communication is allowed for transferring of evidence of giving a power of attorney in case of companies that have their shares quoted in an organized market. Such power of attorney should be provided to the Company and it shall retain it for at least three years.

Convening

Article 50

(1) The General Meeting shall be convened by the Management Board.

(2) A resolution to convene the General Meeting shall contain: the corporate name and registered office of the Company, the time and venue of the General Meeting, the identity of the person convening it, and the agenda of the General Meeting.

(3) A notice of General Meeting shall include the substance of the resolution to convene the General Meeting, the requirements to be met to participate in the General Meeting and to

exercise the right to vote, the date by which the Company must receive the evidence referred to in Article 279, paragraph 3 of the Companies Act, the procedure for voting per proxy, and the shareholders' rights under Article 278, paragraph 2, Article 282, paragraph 1, Article 283, and Article 287, paragraph 1 of the Companies Act, provided that the information may be limited to the time limits for exercising rights if reference is made to further explanations available on the Company's website with respect to other issues and to the Company's website providing the information referred to in Article 280a of the Companies Act.

(4) The convention of the General Meeting shall be announced at least one month prior to its date of holding, provided that this period is exclusive of the date the notice is announced.

(5) The convention of the General Meeting shall be published in the Company's journal.

(6) If all shareholders of the Company are known, the General Meeting may be convened by registered mail without publishing the notice, the agenda and proposed resolutions in Official Gazette.

(7) The periods set forth in this Article and Article 48 shall count in arrears from the General Meeting date and are exclusive of the date the General Meeting is to be held. Where a period expires on a nonworking day, it shall be deemed to have expired on the immediately preceding working day.

Article 51

(1) The General Meeting shall be convened at least once a year, provided that it is held within the first eight months of each fiscal year.

(2) The General Meeting shall also be unconditionally convened if this is required by Company's interests or if the Company is found to have lost half of its share capital.

(3) The Supervisory Board may also convene the General Meeting if it finds it in Company's best interest while performing duties within its scope of responsibility.

(4) The Management Board may also convene the General Meeting if shareholders holding in aggregate shares accounting for one twentieth of the shareholder capital request so in writing, indicating the purpose and reason of convening the General Meeting.

(5) The shareholders referred to in paragraph 4 above may also request that the issues to be resolved at the General Meeting be disclosed.

Chairman and Deputy Chairman

Article 52

(1) The Chairman and Deputy Chairman of the General Meeting shall be elected by the General Meeting for a term of four (4) years on the basis of a proposal made by shareholders holding shares, the nominal value of which exceeds one fifth of the share capital.

(2) Only a person who is a shareholder in the Company and is not a member of the Management Board or the Supervisory Board may be elected Chairman or Deputy Chairman of the General Meeting.

(3) The Chairman and Deputy Chairman of the General Meeting may be removed before their term expires, subject to the same rules applicable to their appointment.

(4) The Deputy Chairman of the General Meeting shall substitute the Chairman of the General Meeting in case he/she is unable to attend.

(5) The net consideration payable to the Chairman of the General Meeting for each meeting held shall be HRK 10,000.00 /ten thousand kunas/. In the case referred to in paragraph 4 above, the consideration shall be paid to the Deputy Chairman of the General Meeting.

Article 53

(1) The Chairman of the General Meeting shall participate in the preparations of and shall chair General Meetings in accordance with the law and these Articles of Association.

(2) The Chairman of the General Meeting shall appoint a committee to verify registrations and representation of the share capital at the General Meeting and to count votes. Such committee shall comprise three members and three substitutes appointed by the Chairman of the General Meeting from among the shareholders.

(3) Unless otherwise defined by the law or the Articles of Association, the Chairman of the General Meeting shall:

1. determine the order of the items on the agenda to be discussed or voted on, without being required to adhere to the order of a published or supplemented notice;
2. determine at his/her sole discretion whether the items on the agenda shall be discussed one by one or several items shall be discussed or all items on the agenda shall be discussed at once, whether each item of each resolution shall be voted on after discussing them or on several items on the agenda at once, or at the end after the entire agenda has been discussed;
 - The Chairman of the General Meeting shall only be required to follow the order if he/she is required to do so by the law, for example, in case of a discussion of giving approval for work that must be conducted simultaneously with the discussion of profit allocation;
3. determine the schedule of voting according to the substance of each resolution, taking into account its being conditional upon or related to another resolution;
4. decide to put proposals to vote at his/her sole discretion, complying with any legal constraints and ensuring that procedural issues are resolved before proprietary ones and determining when a proposal should be voted on before another proposal due to its nature;
5. be authorized to deny votes on proposals that are clearly illegal, non-purposeful or abusive of any rights at the General Meeting;
6. determine at his/her sole discretion, in case where participants in a discussion present their proposals and ask the Management Board questions, whether the Management Board shall answer the questions one by one as they are asked or he/she shall invite the Management Board to answer all questions at once after the discussion is closed.
7. be authorized to limit the shareholders' right to ask questions and discuss to a time-appropriate level;
8. determine the time allowed to present questions with explanations or arguments with explanations at the beginning of the General Meeting;
9. resolve any procedural issue that is not by operation of law or by these Articles of Association specifically designated as a responsibility of the General Meeting;
10. determine the wording of each resolution made;
11. sign General Meeting's resolutions; and
12. communicate with other Company organs and third parties on behalf of the General Meeting.

Quorum and voting

Article 54

(1) The General Meeting may only make valid resolutions if shareholders, their proxies or legal representatives holding in aggregate shares, the total nominal value of which exceeds 35% of the Company's share capital, are represented, unless otherwise defined by these Articles of Association for specific cases.

(2) If the General Meeting referred to in paragraph 1 above does not have the required quorum, the next General Meeting shall be held one hour after the time set for the beginning of the General Meeting referred to in paragraph 1 above, and such General Meeting may make valid resolutions if shareholders, their proxies or legal representatives holding in aggregate shares, the total nominal value of which exceeds 10% of the Company's share capital, are represented.

Article 55

(1) The voting right shall be awarded according to the nominal values of shares, provided that each ordinary share of the same nominal value entitles the shareholder to one (1) vote.

(2) The voting right awarded in preferred shares shall be established by General Meeting's resolution.

(3) Voting shall be public at the General Meeting, unless the General Meeting decides it shall be secret.

Article 56

(1) The General Meeting shall make its resolutions by a simple majority or by a qualified majority if so required by the law and these Articles of Association.

(2) A qualified majority, which is three quarters of the votes in the share capital represented at the General Meeting, shall in particular be required to make resolutions to:

1. amend the Articles of Association;
2. increase the share capital;
3. conditionally increase the share capital;
4. decrease the share capital;
5. provide convertible bonds and floaters;
6. enter into, amend or terminate affiliation agreements;
7. merge a company;
8. transfer assets;
9. have the Company merged; or
10. revoke Supervisory Board members.

(3) The qualified majority referred to in the preceding paragraph shall also be required at the General Meeting to make other resolution that are only deemed valid under the law or these Articles of Association if made by a qualified majority.

Proceeding

Article 57

(1) The Chairman shall open the General Meeting and establish whether or not all conditions precedent to validly holding the Supervisory Board and legally making resolutions have been fulfilled.

(2) The General Meeting shall proceed according to the announced agenda, unless otherwise determined by the Chairman of the General Meeting pursuant to his/her authorities granted by these Articles of Association, which are not in violation of the law.

(3) The Chairman of the General Meeting shall open the discussion of each item on the agenda, allow participants to speak, close the discussion, and put resolution proposals to vote.

(4) If so required by the law, a list of participants in the General Meeting shall be made available to the shareholders before the first voting. Before the list of participants is prepared and provided to the shareholders, the General Meeting may proceed, but may not make legally valid resolutions.

(5) After the voting, the Chairman shall establish and disclose the results of the voting on the basis of the number of votes "FOR" or "AGAINST" the proposed resolution. Invalid and sustained votes shall not be taken into consideration when establishing the voting results.

Minutes

Article 58

- (1) A notary public shall take minutes of the General Meeting in accordance with the law.
- (2) Such minutes shall be accompanied by such documents as identified and described in the law.

Insurance for Management Board and Supervisory Board members

Article 58a)

- (1) The Company shall insure its Management Board and Supervisory Board members against any liability arising from their rights and obligations as Management Board or Supervisory Board members.
- (2) The Management Board is authorized to determine the insured sum according to the Company's scope of business and terms offered by insurers.

X ANNUAL STATUS REPORTS AND ANNUAL FINANCIAL STATEMENTS

Annual status reports

Article 58b

An annual status reports shall include all relevant transactions and events that occurred after the end of a fiscal year, expected future development of the Company, Company's activities in the area of research and development, information about acquiring own shares and existence of Company's branch offices, information about using financial instruments, and any other information relevant to assessing the status of Company's assets, its liabilities, its financial position, profit and loss, the objectives of financial risk management and policies including its hedging policy for certain important types of foreseen transactions that are recognized separately for accounting purposes, as well as Company's exposure to price risk,, credit risk, liquidity risk and cash flow risk. A statement of applicability of the code of corporate governance referred to in Article 272p of the Companies Act must be publicly available.

Annual financial statements

Article 59

- (1) A fiscal year shall equal a calendar year.
- (2) Financial statements shall be prepared by the Management Board in accordance with accounting laws, the Companies Act, IAS and IFRS.
- (3) When preparing annual financial statements, the Management Board shall comply with the provisions of these Articles of Association pertaining to determining and allocating profits.
- (4) Company's annual financial statements shall normally be established by the Management Board and the Supervisory Board of the Company or, as an exception, by the General Meeting.

Establishing annual financial statements

Article 59a)

- (1) The Management Board shall submit the annual financial statements and the status report to the Supervisory Board as soon as it prepares them and shall at the same time provide a proposal for a resolution to allocate profits intended to be submitted to the General Meeting.
- (2) The Supervisory Board shall examine the annual financial statements, the status report and the proposed resolution to allocate profits.
- (3) If the annual financial statements are examined by an auditor, such auditor shall participate in the proceeding of the Supervisory Board and its committee when they are examined and shall notify its report and provide any requested explanation.

Article 59b

- (1) Annual financial statements shall be established by the Management Board and the Supervisory Board, provided the Supervisory Board gives its consent thereto.

Article 59c

- (1) The General Meeting shall establish the annual financial statements if it is assigned to do so by the Management Board and the Supervisory Board or if the Management Board withholds its consent to the annual financial statements submitted to it by the Management Board.
- (2) When establishing financial statements, the General Meeting may only allocate to reserve such amounts that may be allocated thereto according to the law and these Articles of Association.
- (3) If the General Meeting modifies an annual financial statement examined by an auditor, its resolution to establish such statement and its profit allocation resolution shall only be legally effective after an auditor reexamines them and provides a unambiguous report thereon.
- (4) The resolutions referred to in the preceding paragraph shall be invalid if the auditor fails to submit his/her unambiguous report within two weeks of the date they are made.

Article 59d

(1) The annual financial statements, the status report, the auditor's report, the profit allocation resolution proposal and the Supervisory Board's supervision report shall be made available to the shareholders at the Company's premises no later than the date the General Meeting is announced.

(2) Based on such Supervisory Board's report and other reports referred to in this Article, the General Meeting shall within eight months of the end of the preceding fiscal year make its resolutions to:

1. establish the annual financial statements in case they are not established by the Management Board and the Supervisory Board or assign the General Meeting to do it;
2. allocate any profits; and
3. give approval to the Management Board and the Supervisory Board for their work.

XI. RESERVES

Article 60

The Supervisory Board shall create statutory reserve, capital reserve, reserve required under the Articles of Association and other reserve.

Article 61

The Company shall create statutory reserve and capital reserve in accordance with the Companies Act.

Article 61a

Only amounts resulting from net income for a year or income carried forward from a year or income from earlier years may be included in reserve.

Article 62

(1) The Company shall create reserve under the Articles of Association for:

1. market research;
2. Company's development programs;
3. purchasing shares or companies, establishing companies and joint companies;
4. intervening in connection with the disbursement of salaries;
5. all payments made to members of Supervisory Board's committees under service agreements that they entered into with the Company in accordance with Article 42, paragraph 4 of the Articles of Association. 5% of net income for each year shall be allocated to reserve under the Articles of Association referred to in the preceding sentence of this paragraph;
6. acquiring own shares; and
7. increasing the share capital.

(2) In case of a lack of other funds, the reserve under the Articles of Association defined in paragraph 1 of this Article may be used for purposes for which statutory reserve and capital reserve are normally used.

Article 63

The Company shall create other reserve for the following purposes:

1. to finance its needs in case the Company is in direct economic difficulties or is seeking to be modernized or reorganized;
2. to pay for any damage resulting from natural disasters that is not payable on the basis of insurance;
3. to pay the expenses associated with retraining of employees.

Statutory reserve and capital reserve

Article 63a

(1) The Company is required to allocate to statutory reserve one twentieth of each year's net income minus loss for the preceding year until such time this reserve combined with capital reserve (tied-up reserve) reach five percent (5%) of the Company's share capital or such greater percentage of the share capital as may be defined by the Articles of Association.

(2) The Company shall allocate the following to capital reserve:

1. the part of the amount paid against issued shares that exceeds the nominal value of the shares; in case shares without a nominal value are issued, the amount exceeding the book value of the share capital pertaining to such shares;
2. the part of the amount paid to the Company against convertible bonds or bonds with a stock option that exceeds the nominal value of the bonds issued;
3. the amount by which the share capital was reduced in a simplified manner to allocate funds to capital reserve; and
4. the amount of any other payments to Company's own capital made by shareholders.

(3) Statutory reserve and capital reserve not exceeding the amounts referred to in the preceding paragraph of this Article may be used:

1. to cover the loss for the year, unless it is covered by preceding year's income or by using other reserves; and
2. to cover preceding year's loss, unless it is covered by income for the year or by using other reserves.

(4) The part of statutory reserve and capital reserve exceeding the amount referred to in paragraph 1 of this Article may be used:

1. to cover the loss for the year, unless it may be covered by preceding year's income;
2. to cover preceding year's loss, unless it may be covered by income for the year; and
3. to increase the share capital by using Company's funds.

(5) Statutory reserve and capital reserve may not be used for the purposes referred to in points 1 and 2 of this paragraph if Company's reserve is at the same time used to distribute dividend.

Reserve under the Articles of Association, reserve for own shares and other reserve

Article 63b

(1) Reserve under the Articles of Association shall equal 20% of the Company's share capital.

(2) The part of the net income, less the amount used to cover the loss carried forward, the amount allocated to statutory reserve and the amount allocated to reserve for own shares, if any, intended to be used to create reserve under the Articles of Association in a fiscal year shall equal 20% of net income.

Article 63c

If the Company acquires its own shares in a fiscal year, it shall allocate to reserve for such shares in that year such amounts that correspond to the amounts paid to acquire own shares. Reserve for own shares shall indicate an amount corresponding to the amount stated for such shares under assets in the statement of financial position. Amounts may also be allocated to such reserve from reserve under the Articles of Association if it is defined by the Articles of Association that it may be used for such purpose, as well as amount from other reserves created from profit that do not exceed the amounts of loss carried forward that could not be covered by net income for the year. Reserve for own shares may only be discontinued if such shares are disposed of or it may be reduced by the amount by which they exceed the below stated value of own shares under assets in the statement of financial position.

Article 63d

Other reserve may be used for any purpose, but particularly for the purposes for which statutory reserve and capital reserve are used, to settle any difference between the nominal value of a share and the nominal value of a convertible bond, for withdrawal, and for any other purposes not defined in these Articles of Association and not requiring a General Meeting's resolution, as well as any other intentions established by General Meeting's special resolution.

XII. INCOME AND DIVIDEND

Article 64

(1) The Company shall primarily use any net income obtained for a year for the following purposes:

1. to cover losses carried forward from earlier years;
2. to allocate it to statutory reserve;
3. to allocate it to capital reserve;
4. to allocate it to reserve for own shares;
5. to allocate it to reserve under the Articles of Association;
6. to allocate it to other reserve; and
7. to distribute it to the shareholders (dividend).

(2) The corresponding remaining part of net income may be allocated to other purposes (for example, to make payments to employees, Management Board members, Supervisory Board members, etc.).

Article 64a

(1) In case the annual financial statements are established by the Management Board and the Supervisory Board, they may use the amount of net income remaining after its allocation to the purposes listed in Article 64, paragraph (1) of these Articles of Association to allocate it to other reserve, but not more than fifty percent of such remaining part of net income.

(2) The preceding paragraph shall appropriately apply if the annual financial statements are established by the General Meeting.

Article 64b

The General Meeting may make a resolution to allocate a relevant portion of income for other purposes specified in Article 64, paragraph (2), Such resolution shall include particulars for and titles of the persons to whom it applies, the amount to be paid to them and the reasons why such resolution was made.

Article 64c

- (1) Shareholders' shares in profit (dividend) are determined according to the share capital their shares account for.
- (2) On expiry of a fiscal year, the Management Board may advance dividend to shareholders from the foreseeable portion of net income.
- (3) The General Meeting may make a resolution to pay profits to shareholders in kind and in rights.

Article 64d

In its Profit Allocation Resolution, the General Meeting shall set the date as of which the shareholders shall claim dividend and its relevant due date.

The date dividend becomes due and payable shall occur within 30 days of the Profit Allocation Resolution date.

The Profit Allocation Resolution shall also specify the due date for the payment referred to in the preceding paragraph, which shall not occur later than 30 days following the date the claim is incurred.

XIII. GENERAL AND SPECIAL CORPORATE DOCUMENTS

Article 65

- (1) The Management Board shall issue all general corporate documents not required under the law or these Articles of Association to be issued by another Company organ.

XIV. CONFIDENTIALITY

Article 66

- (1) As regards the Company, confidential information shall include all documents and data relating to Company's business or its employees' work, the disclosure of which to unauthorized persons would be contrary to Company's interests.
- (2) Shareholders, members of Company organs and its employees who receive any confidential information shall keep it in confidence. Any violation of this duty shall result in employee's liability for any damage suffered by the Company as a result of disclosing such confidential information.
- (3) The confidentiality obligation shall continue to apply even after such persons lose their status based on which they were responsible for protecting Company's confidential information.

(4) Information classified as confidential, its treatment, protection, and other circumstances relevant to the protection of Company's confidential information shall be defined in greater detail by a special corporate document. Such document shall also define the persons authorized to disclose Company's confidential information or any information classified as such to third parties.

(5) The corporate document referred to in the preceding paragraph shall be issued by the Management Board.

XV. PUBLICATION OF INFORMATION AND ANNOUNCEMENTS

Article 67

(1) The Company journal shall mean "Narodne novine Republike Hrvatske" and the Company website.

(2) The Company may publish its own journal where other information and announcement shall be disclosed, provided that such information and announcements are relevant to the Company and its shareholders and are not required to be publicly disclosed.

(3) The Management Board shall make the resolution to publish a journal referred to in the preceding paragraph.

(4) Such resolution to publish shall specify the information and announcements to be disclosed in the journal, the circulation, period of publishing, distribution method and other circumstances relevant to the publishing of the journal.

Article 68

(1) The Management Board may resolve that important information and announcements be published on Company's notice boards and in public media.

(2) The resolution referred to in the preceding paragraph shall specify and designate the Company's notice boards on which its information and announcements shall be published.

XVI. RESOLUTION OF DISPUTES

Article 69

The court referred to in Article 40 of the Companies Act shall have the subject-matter and local jurisdiction over any disputes arisen between shareholders and between shareholders and the Company as regards such shareholders' position in the Company, management of the Company and managing its affairs, as well as shareholders' rights and obligations arising from their position (status) in the Company.

XVII. AMENDMENTS

Article 70

These Articles of Association may be amended by a General Meeting's resolution in accordance with the law and in the same manner as they are issued.

Article 71

(1) A proposal for an amendment to the Articles of Association may be made by:

1. the Supervisory Board;

2. the Management Board; or
3. shareholders holding at least 10 percent of the entire voting stock at the time the proposal is made.

(2) Such proposal should be submitted to the Supervisory Board, which shall decide whether or not to accept such proposal for an amendment to the Articles of Association. If it accepts it, the Supervisory Board shall define the wording of the proposal for an amendment to the Articles of Association and submit it to the General Meeting to be resolved.

(3) If the Supervisory Board does not accept such proposal for an amendment to the Articles of Association, it shall notify the General Meeting of the proposal and its reasons for not accepting it.

XVIII. MISCELLANEOUS

Article 72

(1) These Articles of Association shall come into effect as of the date they are registered in the court registry.

(2) As of the effective date of these Articles of Association, the Company's Articles of Association adopted at the General Meeting held on 28 March 1998, as amended at the General Meeting held on 17 June 2000, shall cease to apply.

(3) The amendments to the Articles of Association made at the General Meeting of 30 June 2001 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(4) The amendments to the Articles of Association made at the General Meeting of 3 July 2004 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(5) The amendments to the Articles of Association made at the General Meeting of 2 July 2005 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(6) The amendments to the Articles of Association made at the General Meeting of 1 July 2006 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(7) The amendments to the Articles of Association made at the General Meeting of 30 June 2007 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(8) The amendments to the Articles of Association made at the General Meeting of 5 July 2008 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(9) The amendments to the Articles of Association made at the General Meeting of 4 July 2009 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(10) The amendments to the Articles of Association made at the General Meeting of 12 June 2010 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(11) The amendments to the Articles of Association made at the General Meeting of 11 June 2011 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(12) The amendments to the Articles of Association made at the General Meeting of 30 August 2012 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

(13) The amendments to the Articles of Association made at the General Meeting of 22 July 2013 and the 39th Supervisory Board meeting held on 21 March 2014 shall come into effect as of the date they are registered in the court registry of the Commercial Court in Zagreb.

Article 73

(1) In case of any discrepancy between the provisions of these Articles of Association and those of any laws or regulations, the provisions of such laws and regulations shall prevail.

(2) Any legal transactions entered into before these Articles of Association were adopted, in accordance with the provisions of the former Articles of Association and the then applicable regulations defining share transfers, reporting of share acquisitions to competent authorities and trading of shares on a stock exchange, shall remain in effect.

Article 74

To the extent they are not in violation of the provisions of these Articles of Association or any laws or regulations, the provisions of the Management Board Rules of Procedure and the Supervisory Board Rules of Procedure shall apply up to the date new Rules of Procedure are issued, which shall occur no later than 60 (sixty) days following the effective date of these Articles of Association.

Article 75

In case such additional activities as referred to in Article 5 of these Articles of Association cannot be registered in the court registry of the Commercial Court in Zagreb, the Supervisory Board shall be authorized to revise the text of such activities with respect to their descriptions and definitions to make them eligible for registration in the court registry of the Commercial Court in Zagreb.

Chairman of the Supervisory Board
Marijan Pavlović

Chairman of the General Meeting
Miroslav Nikolić