

# Institut IGH d.d.

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IGH-R-A Regular Share, ISIN HRIGH0RA0006  
Offered at the official market of the Zagreb Stock Exchange  
Notice issued in accordance with Article 459 of the Capital Market Act

SPLIT 21 000  
Matice hrvatske 15  
Tel: 021/558-666  
Fax: 021/465-335

Zagreb, 19 March 2014

RIJEKA 51 000  
Slavka Tomašića 5  
Tel: 051/206-100  
Fax: 051/206-106

**HANFA**  
Miramarska 24b  
10000 Zagreb

**ZAGREB STOCK EXCHANGE**  
Ivana Lučića 2a  
10000 Zagreb  
Odjel uvrštenja

OSIJEK 31 000  
Drinska 18  
Tel: 031/253-101  
Fax: 031/253-104

VARAŽDIN 42 000  
Hallerova aleja 7  
Tel: 042/210-970,  
042/210-722  
Fax: 042/211-285

Pursuant to provisions contained in the Capital Market Act, and according to the Zagreb Stock Exchange rules, the company INSTITUT IGH, d.d. with the registered seat in Zagreb, Janka Rakuše 1, MBS:080000959, OIB: 79766124714 (hereinafter referred to as: the Issuer) announces the following:

DUBROVNIK 20 000  
Vukovarska 8  
Tel: 020/412-489,  
020/411-628  
Fax: 020/412-489

## DECISIONS FROM THE 38<sup>TH</sup> SUPERVISORY BOARD SESSION

The Issuer's 38th Supervisory Board session was held on 19 March 2014. The results of the Expressions of Interest made following the "*Invitation for the expressions of interest to participate in the increase of the Issuer's share capital*", published on 5 March 2014, were considered during the said session. The Management Board's Invitation to the Company's General Assembly Meeting, which is to be held on 7 May 2014 at 10.00 a.m. at the company's premises in Zagreb, Janka Rakuše 1, was also approved at this session. This Invitation, containing decisions proposed by the Management Board and the Supervisory Board, is enclosed herewith.

PULA 52 100  
Divkovičeva 2/C  
Tel: 052/508-220  
Fax: 052/508-221

ZADAR 23 000  
Dobriše Cesarića 1  
Tel: 023/220-910,  
023/323-299  
Fax: 023/323-225

INSTITUT IGH, d.d.

Investor Relations Office

Mjerodavni sud:  
Trgovački sud u Zagrebu,  
registarski uložak  
s matičnim brojem (MBS)  
080000959

Temeljni kapital:  
105.668.000,00 kn  
uplaćen u cijelosti  
Broj izdanih dionica:  
264.170, nominalna  
Vrijednost dionice 400 kn

MB: 3750272  
OIB: 79766124714  
Poslovna banka:  
Zagrebačka banka d.d.  
žiro-račun  
2360000-1101243767  
Devizni račun kod  
Zagrebačke banke d.d. Zagreb  
SWIFT kod: ZABHR2X  
IBAN: HR723600001101243767

Uprava:  
prof.dr.sc. Jure Radić, predsjednik Uprave  
doc. dr. sc. Jelena Bleiziffer, član Uprave  
Željko Grzunov, dipl.oec., član Uprave

Nadzorni odbor:  
dr. sc. Franjo Gregurić, predsjednik



Pursuant to Article 277, Paragraph 2, of the Companies Act (Official Gazette No: 111/93, 34/99, 121/99, 52/00, 118/03, 197/07, 146/08, 137/09, 125/11, 152/11, 111/12 and 68/13), and according to the decision made on 18 March 2014 by the Management Board and on 19 March 2014 by the Supervisory Board of the company INSTITUT IGH d.d. with the registered seat in Zagreb, Janka Rakuše 1, MBS: 080000959, OIB: 79766124714, (hereinafter referred to as: the Company), the Management Board extends its invitation to the

## **GENERAL ASSEMBLY MEETING**

of the Company, which will be held on 7 May 2014 at 10:00 a.m. at the Company's premises at Janka Rakuše 1, Zagreb.

The following

### **AGENDA**

has been set for the Company's General Assembly meeting:

1. Opening of the General Assembly meeting and establishment of the number of the Company's shareholders present or represented at this meeting
2. Management Board's report on reasons for the reduction of share capital
3. Decision on regular reduction in the Company's share capital by reduction of the nominal value of a share from HRK 400.00 by HRK 210.00 to HRK 190.00
4. Company Management Board's report on the exclusion of pre-emption right of the Company's existing shareholders with regard to subscription of new shares
5. Decision on the exclusion of pre-emption rights of the Company's existing shareholders with regard to subscription of and payment for the Company's new shares
6. Decision on the increase of share capital and on the issuance of ordinary shares, and payments in money, with the exclusion of pre-emption right of the existing shareholders during subscription of new shares in accordance with Article 308, Paragraph 4, of the Companies Act, and according to the exception with regard to previous publication of the prospectus of securities as formulated in Article 351, Paragraph 1, Subparagraph 2, of the Capital Market Act
7. Decision on approval of purchase of Company's shares without the need to make public takeover bid, in accordance with Article 14, Paragraph 1, Section 3, of the Joint Stock Company Acquisition Act
8. Decision on revisions and additions to introductory provisions 7, 8, 9, 18, 19, 21, 25, 26, 27, 29, 30 and 49 of the Company's Articles of Association.
9. Decision on recall of the Company's Supervisory Board members
10. Decision on the change in the number of Supervisory Board members
11. Decision on appointment of Supervisory Board members

### **DECISION PROPOSALS:**

#### **Ad 2 Management Board's report on reasons for the reduction of share capital**

In the business year of 2012 the Company registered loss amounting to HRK 524,420,945.30. According to the Company's provisional financial results for the business year of 2013, the Company's loss amounted to 41,026,147.90 in that year. The above losses are mostly due to

harmonization of value between long-term assets and financial assets. In both 2012 and 2013 the Company succeeded in accomplishing positive business-operation results. However, long-lasting recession movements have resulted in an extremely difficult situation with regard to solvency. This is why the company made use of the legal instrument of pre-bankruptcy settlement to reach an agreement with its creditors about the actual debt levels and debt repayment modalities and, in this respect, the company concluded on 5 December 2013 the pre-bankruptcy settlement arrangement. Referring to the audited company report for the business year of 2012 and provisional financial reports for the business year of 2013, the company's accumulated losses amount to HRK 200,184,624.15 and, consequently, the net capital amounts to HRK 69,072,024.73. These figures may be subject to corrections because of the fact that financial reports for the business year of 2013 are still provisional and unaudited. Based on its pre-bankruptcy settlement arrangement (72 Stpn-305/13 of 5 December 2013), the Company has demonstrated that its intentions are to attract new investors by increasing its share capital and, consequently, by completing the restructuring process and finalizing the period of reduced solvency.

On 5 March 2014, the Company issued its "Invitation for Expression of Interest for participation in the procedure aimed at increasing the Company's share capital". Through this Invitation, the Company invited all physical and legal persons to express their interest for participation in the said increase in the Company's share capital at the price of HRK 190.00 per share. This price takes into account the weighted three-monthly trading price on the organized capital market, and is rounded to the highest multiple of 10. Therefore, the price was set to the level of HRK 190.00 per share.

As the nominal price of the Company's share amounted to HRK 400.00 per share at the time this Invitation was issued, and as the share capital amounts to 105,668,000 as divided into 264,170 shares, the Company's Management Board decided to propose reduction of share capital. This will enable covering of losses generated in previous periods and, at the same time, it will enable harmonisation of the nominal price of share with the price expressed in the Invitation for Expression of Interest, which was open to all existing shareholders, as well as to all other physical and legal person who estimated that they may find their interest in participation in the said procedure.

The Management Board emphasizes that the primary goal of the Company's reduction of share capital is to cover the Company's losses generated in preceding years, and that the share capital will be reduced by lowering the nominal value of the Company's share from HRK 400.00 for HRK 210.00 to HRK 190.00.

In the light of the above, the Management Board and Supervisory Board propose that the decision be made at the General Assembly meeting whereby the Company's share capital will be reduced from HRK 105,668,000.00 for HRK 55,475,700.00 to HRK 50,192,300.00 by reducing the nominal value of the Company's share from HRK 400.00 for HRK 210.00 to HRK 190.00.

**Ad 3 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**decision on regular reduction of the Company's share capital**

I

The Company's share capital amounts to HRK 105,668,000.00 and is divided into 264,170 ordinary registered shares, marked IGH-R-A, and the nominal value of each share is HRK 400.00.

II

The Company's share capital is reduced from HRK 105,668,000.00 for 55,475,700.00 to HRK 50,192,300.00.

### III

The Company's share capital is reduced in accordance with Article 342, Paragraph 4, of the Companies Act in a regular way in order to cover loss incurred in previous periods.

The reduction of the Company's share capital will be operated by reduction of the nominal value of the Company's share from HRK 400.00 for HRK 210.00 to HRK 190.00.

### IV

The funds to be obtained through reduction of the Company's share capital, amounting to HRK 55,475,700.00, will be used to cover loss incurred in previous periods.

### V

The Company's Management Board and president of the Company's Management Board shall be obliged, immediately after approval of this decision, to conduct all necessary actions, and to submit application for the insertion of the decision on the reduction of the Company's share capital into the register of the Commercial Court.

Immediately upon registration of this decision with the court register, the Management Board shall be required to conduct all activities that are needed to include this corporate action into the system of the Central Depository & Clearing Company in accordance with relevant regulations and rules and instructions of the Central Depository & Clearing Company, and to act in accordance with provisions contained in Article 345 of the Companies Act.

### VI

According to Article 344 of the Companies Act, the corporate action involving reduction of the share capital shall be considered realized on the day this decision is registered with the register of the Commercial Court of Zagreb.

### VII

All costs arising from the conduct of the corporate action involving reduction of the share capital shall be borne by the Company.

#### **Ad 4 Company Management Board's Report on reasons for exclusion of pre-emption right during subscription of new shares, as submitted by the Management Board to the Company's General Assembly**

On 5 March 2014, the Company's Management Board and Supervisory Board decided to publish the Invitation for Expression of Interest for participation in the procedure aimed at increasing the Company's share capital. The following stakeholders were invited (this invitation is hereinafter referred to as: the Invitation) to express interest for participation in the procedure aimed at increasing the Company's share capital, and this through purchase of the Company's new shares:

- Institutional investors (banks, insurance companies, investment funds),
- strategic investors whose line of business is similar, related to or compatible with that of the Company, and

- all other physical or legal persons.

The said Invitation for the Expression of Interest was publicly announced and all interested investors, including the Company's existing shareholders, had the opportunity to express their intention to participate in the increase of the Company's share capital.

Until 13 March 2014, and until the moment of publication of this Invitation to the General Assembly meeting, the interest was expressed by the definite potential investor named in Section II of the Decision on the increase of share capital and, for that reason, and based on the previously expressed interest, the concrete proposal was made for the increase of capital solely to the benefit of the previously identified investor, whose interest is estimated to be real and serious.

In fact, based on results of the Invitation for the Expression of Interest, the Company's Management Board estimates that at this moment it would not be possible to successfully realize on the capital market a public offering of shares with preservation of pre-emption rights of all existing shareholders. At the same time, we have an interested investor who expressed his interest, based on the Invitation dated 5 March 2014, to invest his funds in the Company, all this aimed at realizing necessary preconditions for normal operation of the Company, for fulfilment of pre-bankruptcy settlement obligations toward creditors, and for continuation of all projects initiated in the scope of core business, which are of crucial significance for the Company.

The Management Board considers that current basic financial reports on the Company's operations, relevant project references, and the Company's repute on the national and international levels, undoubtedly point to the strong development potential of the Company. However, taking into account the current economic crisis and its consequences that inevitably have an effect on the Company's operations, the Management Board also considers that a comprehensive restructuring process must be finalized in order to reduce the level of indebtedness, and to ensure a stable and continuously positive cash flow.

In the light of the above, and taking into account provisions and underlying spirit of the pre-bankruptcy settlement arrangement, the Company's Management Board initiated, with the approval of the Supervisory Board, the procedure aimed at increasing the Company's share capital. By successful completion of the procedure for increasing the share capital, preconditions would undoubtedly be created for organic growth of the Company and for gaining a competitive edge on new markets. Financing through further incurrence of debts would unfavourably be reflected on the Company's stability and its competitiveness on domestic and international markets, and consequently on creation of added value for the shareholders. In addition, the possibility of incurring further debts is questionable due to the fact that the company has concluded the pre-bankruptcy settlement arrangement. Therefore, the successful increase of the Company's share capital, in the way as proposed to the General Assembly, would significantly improve all vital balance sheet indices and would furthermore create positive effects that are necessary for continued business activity and development of the Company.

This is why the Management Board issued, with the approval of the Supervisory Board, the invitation for participation in the increase of the share capital. In this Invitation the Management Board specifically stated that, in the scope of procedure for increasing the share capital, it would take into account only the interest expressed based of the Invitation for the Expression of Interest. Considering that the company has received only one offer for participation in the procedure aimed at increasing the share capital, the Management Board considers that, at this moment, an optimum model for gathering capital through increase of the Company's share capital would be via Invitation for the expression of interest for participation in the procedure aimed at increasing the Company's share capital, and this with the exclusion of pre-emption right of the existing shareholders. The

proposed use of the right to exclude pre-emption right of existing shareholders with regard to subscription of new shares is explained and justified by the fact that this would involve a more demanding, long-lasting and more expensive public bidding procedure, which would prevent the Company from acquiring on time the necessary financing as a result of the increase of share capital and issuance of new shares. Here, the Company was guided by the fact that it enabled all interested parties to express their interest, and that the interest expressed by any party would duly be considered and included in the procedure for increasing the share capital. On the other hand, the conduct of public bidding without the use of the exception right as provided for in the Capital Market Act, which would consequently lead to exclusion of the pre-emption right, would only extend the capital raising time, while all interested stakeholders were able to express their interest through the Invitation for the Expression of Interest as issued on 5 March 2014.

Consequently, the Company's Management Board convened the General Assembly meeting for 7 May 2014 on which it proposed that the decision be made on the increase of share capital and on the issuance of ordinary shares by private offer, contribution in money, with exclusion of pre-emption right for subscription of new shares, along with the decision by which the acquirer would be allowed to obtain the company's voting shares without being obliged to make public takeover bid, if the acquirer of voting shares would be requested to make public the takeover bid, in accordance with Article 14, Paragraph 1, Subparagraph 3 of the Joint Stock Company Takeover Act.

Taking into account the above arguments, the Company's Management Board and Supervisory Board consider that it would be convenient and in the Company's best interest, and also in the best interest of the existing shareholders, to proceed to the increase of share capital through purchase in money with exclusion of pre-emption rights of the existing shareholders.

The Management Board and Supervisory Board proposed to the Company's General Assembly that the decision be made to reduce the Company's share capital from HRK 105,668,000.00 for HRK 55,475,700.00 to HRK 50,192,300.00.

The share capital would be reduced in a regular way, according to Article 342 of the Companies Act, in order to cover loss from previous years.

Furthermore, after the reduction of the share capital, this capital would be increased at the Company's General Assembly meeting, following the corresponding proposal by the Company's Management Board and Supervisory Board, from HRK 50,192,300.00 (in words: fifty million one hundred and ninety-two thousand and three hundred Croatian kunas) for the amount of 57,950,000 (in words: fifty-seven million nine hundred and fifty thousand Croatian kunas) to HRK 108,142,300 (in words: one hundred and eight million one hundred and forty-two thousand and three hundred Croatian kunas) with the total exclusion of pre-emption right of other shareholders with regard to subscription of new shares.

Considering the interest expressed by investors following the issuance of Invitation, from which it can be seen that investors can directly provide funding in order to increase the share capital, and that the funding needed for capitalisation (increase in capital) can not be obtained by subscription and payment by shareholders in accordance with the existing distribution of stakes in share capital, the proposal is hereby given to increase the share capital by payment in money in the amount of HRK 57,950,000.00 (in words: fifty-seven million nine hundred and fifty thousand Croatian kunas) to be effected by the investor who expressed interest following the Invitation, and this as indicated in section II of the Decision on the increase of share capital, through issuance of the Company's 305,000 (three hundred and five thousand) new ordinary registered shares, each with the nominal value of HRK 190.00.

Pursuant to provisions contained in the Capital Market Act, each offering of shares to the existing shareholders is considered to be a public offering for which an appropriate procedure specified in the said Act and subordinate acts passed by the Croatian Financial Services Supervisory Agency must be respected. In the light of the above, the Company's Management Board decided to make use of the exception to these provisions in order to accelerate procedure for the increase in share capital, and to enable payment of necessary funds in the shortest possible period, and at the lowest possible cost.

According to Article 351, Paragraph 1, Subparagraph 2, of the Capital Market Act, it is possible to conduct a public offering of shares without previous publication of prospectus, because the offering of securities and invitation for the subscription of shares has been sent to less than 150 physical or legal persons that are not qualified investors, per member country.

The application and use of the said exception to the preparation, approval and publication of prospectus would not be possible if the pre-emption right of shareholders for the subscription of new shares were not excluded. Thus, in case the pre-emption right of shareholders is not excluded, then the capitalisation rate, and hence also the rate at which new capital would be acquired, would be slowed down considerably considering the legal procedures and deadlines that have to be respected with regard to pre-emption rights, while on the other hand this would also be quite costly for the Company.

Considering the current situation on the financial market, and the impossibility to find other investors that would be ready to invest at a higher subscription price, as confirmed by applications based on the Invitation for the Expression of Interest, the Management Board considers that the price at which the investor enters into the arrangement is acceptable.

**Ad 5 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**Decision on the exclusion of pre-emption rights of the Company's existing shareholders with regard to subscription of and payment for the Company's new shares**

**I**

To enable implementation of the Decision on the Increase of the Company's share capital, and pursuant to Article 308, Paragraph 4, of the Companies Act, the pre-emption right of all existing shareholders is herewith excluded with regard to subscription of and payment for the new shares that will be issued in the scope of corporate action aimed at increasing the Company's share capital.

**II**

This decision comes into force on the day of its adoption.

**Ad 6 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**Decision on the increase of share capital and on the issuance of ordinary shares, through payments in money, with the exclusion of pre-emption right of the existing shareholders during subscription of new shares in accordance with Article 308, Paragraph 4, of the Companies Act, and according to the exception with regard to previous publication of the prospectus of securities according to Article 351, Paragraph 1, Subparagraph 2, of the Capital Market Act**

## I

After reduction, the Company's share capital amounts to HRK 50,192,300.00 and is divided into 264,170 ordinary registered shares, each with nominal value of HRK 190.00. The Company's share capital has been fully paid in money.

## II

The share capital is increased:

through payment in money amounting to HRK 57,950,000.00 (in words: fifty-seven million nine hundred and fifty thousand Croatian kunas), based on the Invitation for Expression of Interest for participation in the procedure aimed at increasing the Company's share capital. This payment is made by:

SERGEJ GLJADELKIN, Bednjanska 10, 10000 Zagreb, OIB: 53315489840 (hereinafter referred to as: the Investor) who is investing the amount of HRK 57,950,000.00 for which he will acquire 305,000 ordinary shares, all in accordance with the Companies Act;

## III

The Company's share capital is increased from HRK 50,192,300.00 (in words: fifty million one hundred and ninety-two thousand and three hundred Croatian kunas) for the amount of 57,950,000 (in words: fifty-seven million nine hundred and fifty thousand Croatian kunas) to HRK 108,142,300 (in words: one hundred and eight million one hundred and forty-two thousand and three hundred Croatian kunas).

The increase of the Company's share capital specified in Paragraph 1 of this Article shall be operated by payment in money, and by issuance of 305,000 (three hundred and five thousand) new ordinary registered shares, each with the nominal value of HRK 190.00.

## IV

Based on this General Assembly's decision about an increase in the share capital of the Company (target company), and according to the General Assembly's decision approving purchase of the Company's shares without the need to announce the takeover bid, in compliance with Article 14, Paragraph 1, Subparagraph 3, of the Joint Stock Company Takeover Act, the investor is herewith authorized to purchase the Company's registered shares without the need to announce the takeover bid, all in accordance with provisions contained in Article 14, Paragraph 1, Subparagraph 3 of the Joint Stock Company Takeover Act.

## V

New shares shall be issued in an intangible form, i.e. in form of an electronic record made in the computer system operated by the Central Depository & Clearing Company JSC (hereinafter referred to as: the CDCC), and the latter will assign an appropriate mark to such shares.

One share shall give right to one vote at the Company's General Assembly meeting. Shares are registered and their holders shall have all the rights as specified by law and in the Company's Articles of Association as from the day the increase in share capital is registered with the court register.

## VI



The price of new shares is set to HRK 190.00 per share.

## VII

New shares shall be inscribed and paid for by the investor specified in Section II of this Decision based on a written statement (hereinafter referred to as: the Subscription Form) the content of which is specified in Article 307 of the Companies Act, and this within 5 (in words: five) days as from the day of adoption of this Decision.

New shares to be issued based on Sections II, III, and IV of this Decision shall be obtained by payment of the corresponding amount to the account that will be specified by the Company.

The success of subscription and payment of shares, and the amount of increase of share capital, shall be determined according to the subscription and payment situation at the expiry of the final deadline for the subscription and payment of shares, and this within 3 (three) days after expiry of the final deadline for the subscription and payment of shares. The issuance of shares shall be deemed successfully completed if one hundred percent of the total tranche of shares, i.e. 305,000 shares at the price of HRK 190.00 per share, are inscribed and paid for within the deadline to be specified in advance. Thus determined total amount of the successful issuance of shares will at the same time constitute the amount of increase in the Company's stock capital through issuance of new shares. The Company's Management Board will determine, with the approval of the Supervisory Board, the level of success of this issuance of shares, the amount of increase in share capital, and the number of new ordinary shares.

If shares from Section III of this Decision are not inscribed and paid for within the specified time, this decision of the General Assembly will not have any legal effect, nor will it create any obligation for the Company in the sense of undertaking further action or making registration with the court register.

If the subscription of the newly issued shares is not successful, the Company will return to the investor the money paid, if the sum paid amounts to less than HRK 57,950,000.00. In this case, the money will be returned within 7 (in words: seven) days following expiry of the last day for the subscription and payment of shares, in accordance with Section VII of this Decision.

## VIII

After the full payment of each share, and after registration with the court register, an appropriate quantity of ordinary registered shares, with the mark as attributed by CDCC, will be issued, in an intangible form, each with the nominal value of HRK 190.00.

The investor shall become the holder of the Company's newly issued shares after registration with the CDCC depository, and this registration will be conducted in accordance with the CDCC rules as soon as the increase in share capital is registered with the court register.

Newly issued shares shall be listed at the regulated market of the Zagreb Stock Exchange d.d. in compliance with relevant regulations no later than within 12 (twelve) months after the increase in share capital is registered with the court register.

The Company's newly issued shares, issued in accordance with this Decision, can be offered for trade on the regulated market as soon as the shares are listed at the regulated market.

## IX

If the increase in share capital is not registered with the court register within 3 (in words: three) months following the date on which this Decision is made, the statement on subscription of shares (subscription form) will no longer be binding on the subscriber, and the payment will be returned to the investor without delay.

#### X

According to Article 308, Paragraph 4, of the Companies Act, the pre-emption right with regard to subscription of new shares is fully excluded for all other existing shareholders, as explained in the report submitted to the Company's General Assembly by the Company's Management Board.

#### XI

According to Article 351, Paragraph 1, Subparagraph 2, of the Capital Market Act, the prospectus does not need to be made public because the offering of securities and invitation for the subscription of shares has been sent to less than 150 physical or legal persons that are not qualified investors, per member country.

#### XII

This decision comes into force on the day of its registration with the court register.

The Company's Management Board and Supervisory Board are authorised to conduct all legal actions aimed at registering this decision, and the related increase in share capital, with the court register of the Commercial Court of Zagreb.

**Ad 7 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**Decision on approval of purchase of the Company's shares without the need to make public the takeover bid, in accordance with Article 14, Paragraph 1, Section 3, of the Joint Stock Company Acquisition Act**

#### I

The Investor specified and named in Section II of the *Decision on the increase of share capital and on the issuance of ordinary shares, through payments in money* (cf. Ad.6 of this invitation) is hereby authorized to purchase registered shares, without the need to make public the takeover bid, all in accordance with Article 14, Paragraph 1, Subparagraph 3, of the Joint Stock Company Acquisition Act.

#### II

This decision comes into force on the day of its adoption.

**Ad 8 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**Decision on revisions and additions to introductory provisions 7, 8, 9, 18, 19, 21, 25, 26, 27, 29, 30 and 49 of the Company's Articles of Association**

#### I

Introductory provisions of the Company's Articles of Association have been modified and it now reads as follows:

"Pursuant to Articles 275 and 301 of the Companies Act (Official Gazette – No. 111/93, 34/99, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12 and 68/13), and Article 26 of the Scientific Activity and Higher Education Act (Official Gazette No. 123/03), the Institut IGH d.d. Supervisory Board approved this consolidated text of the Articles of Association of the Institut IGH d.d."

## II

Article 7 of the Company's Articles of Association has been modified, and it now reads as follows:

"The Company shall publish its Invitation to the Company's General Assembly meeting in the Official Gazette of the Republic of Croatia, and shall make all other public announcements in accordance with statutory regulations and decisions of the Company's Management Board."

## III

Article 8 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "The share capital of the Company amounts to HRK **108,142,300.00** (one hundred and eight million one hundred and forty-two thousand and three hundred Croatian kunas).
2. The Company's share capital has been paid in full."

## IV

Article 9 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "The Company's share capital is divided into **569,170** (five hundred and sixty-nine thousand and one hundred and seventy) intangible ordinary registered shares, each having the nominal value of HRK 190.00 (in words: one hundred and ninety Croatian kunas).
2. The Company may issue shares in accordance with the Law and in keeping with provisions contained in these Articles of Association."

## V

Article 18 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "The General Assembly meeting of the Company shall be held at least once a year.
2. The General Assembly meeting shall be convened after expiry of the financial year, taking into consideration deadlines for submittal of annual accounts as foreseen in relevant regulations applicable in the Republic of Croatia.
3. The General Assembly meeting shall be held whenever such meeting is considered beneficial to Company interests. This meeting may also be convened by shareholders, provided that relevant legal preconditions have been met."

## VI

Article 19 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "Shareholders meeting the following cumulative requirements may attend the Company's General Assembly meeting:
  - a) they are duly registered with the Shares Register,
  - b) that have announced to the Company their intention to participate in the General Assembly meeting at least six (6) days before the General Assembly meeting."

## **VII**

Article 21 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "All voting conducted at the General Assembly meeting shall be public, unless decided otherwise by the General Assembly in specific cases. "

## **VIII**

Article 25 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "The Company's Supervisory Board members shall be elected at the General Assembly meeting."

## **IX**

Article 26 of the Company's Articles of Association has been modified, and it now reads as follows:

1. The term of office of Supervisory Board members shall last four (4) years as from the date of their appointment to Supervisory Board. This provision shall also apply to Supervisory Board members who were elected prior to the entry into force of this provision and are still Supervisory Board members.
2. Supervisory Board members may be re-elected. Supervisory Board members may be revoked exclusively by the General Assembly's decision based on affirmative vote of the holders of two thirds of the Company's total share capital. When a Supervisory Board member is revoked based on the resignation or death, then this can be done by simple majority of shareholders present and represented at the General Assembly meeting."

## **X**

Article 27, Paragraph 1, of the Company's Articles of Association has been modified, and it now reads as follows:

1. "The Supervisory Board elected at the General Assembly meeting, must be constituted no later than 8 (eight) days following the election date. The Supervisory Board shall be presided over by the oldest member of the Supervisory Board in the period until appointment of the Supervisory Board president."

## **XI**

Article 29 of the Company's Articles of Association has been modified, and it now reads as follows:

1. "Every Supervisory Board member has one (1) vote.

2. The Supervisory Board may make decisions if more than one half of its members are present at the meeting. Decisions are made by majority vote of the total number of Supervisory Board members (no less than three votes).
3. The Supervisory Board may make its decisions even without holding a meeting, through consultations between its members, but only if no member of the Supervisory Board has asked that the actual meeting be convened. Such decisions must be confirmed at the very next Supervisory Board meeting.”

## XII

Article 30 of the Company’s Articles of Association has been modified, and it now reads as follows:

1. The Supervisory Board members have the right to receive compensation for their work in the Supervisory Board. The President of the Supervisory Boars is entitled to a fixed monthly net compensation amounting to HRK 12,000.00 (twelve thousand Croatian kunas). Members of the Supervisory Board are entitled to a monthly net compensation equal to 80% of the compensation received by the President of the Management Board. In case kunas are replaced by an another currency, compensations due to Supervisory Board members shall be calculated by applying the exchange rate at which kunas are replaced with the new currency that is valid on the day on which the new currency is introduced in the Republic of Croatia.”

## XIII

Article 30 of the Company’s Articles of Association has been modified by adding a new section 3 after the existing sections 1 and 2. The new section reads as follows:

“These Articles of Association may be changed only and exclusively by the General Assembly’s decision based on affirmative vote of the holders of two thirds of the Company’s total share capital.”

## XIV

Other provisions of the Company’s Articles of Association shall remain unchanged. The Supervisory Board of the Company is herewith authorized to define the consolidated text of the Company’s Articles of Association.

## XV

These changes to the Articles of Association shall come into force on the day they are registered with the court register of the Commercial Court of Zagreb.

**Ad 9 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company’s Management Board and Supervisory Board propose that the following decision be made at the Company’s General Assembly meeting:**

**The following Supervisory Board members are herewith revoked:**

1. Franjo Gregurić Ph.D., born on 12 October 1939, Zagreb, Zelenjak 66, OIB: 68362879915.
2. Prof. Vlatka Rajčić Ph.D., OIB: 91668818594, Zagreb, Dr. Ante Šercera 3.
3. Academician Branko Kincl, OIB: 75793751608, Zagreb, Vinogradska cesta 69.
4. Ante Stojan, OIB: 63040184375, Mokošica, Gradićevo 1.
5. Ryvkin Grigory Evseevich, OIB: 04543597421, born on 7 April 1968, with the place of residence in Russian Federation, 197000 Sankt-Peterburg, Kolomazskiy prospekt 26, apart. 293.

**Ad 10 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Management Board and Supervisory Board propose that the following decision be made at the Company's General Assembly meeting:**

**The Company's Supervisory Board has 5 (five) members. This decision comes into force on the day of its adoption**

**Ad 11 Pursuant to Article 280, Paragraph 3, of the Companies Act, the Company's Supervisory Board proposes that the following decision be made at the Company's General Assembly meeting:**

**The following persons are appointed as Supervisory Board members:**

1. Professor Jure Radić, Ph.D., OIB: 26241209982, born on 15 September 1953, Zagreb, Kozjak 50.
2. Veniamin Mezhibovskiy, MBA, OIB: 81886733078, born on 26 July 1965, Zagreb, Tuškanac 91.
3. Tomislav Alpeza, LL.M., OIB 64618675832, born on 15 July 1973, Zagreb, Remetski kamenjak 2E.

## II

The term of office of Supervisory Board members listed in Section I of this Decision shall start after the end of this General Assembly meeting and the members will remain in office until the end of the General Assembly meeting during which notes of release are given for the third (3<sup>rd</sup>) business year after appointment to Supervisory Board and, at that, the business year in which the members are appointed is not taken into account.

## III

Data on the membership of Supervisory Board members in supervisory boards or management boards of other companies, and in other supervisory bodies, both in the country and abroad, are given below in compliance with Article 281, Paragraph 1, of the Companies Act:

- At the time of publication of this invitation, Professor Jure Radić, Ph.D. CE, assumes the following functions: President of the Management Board of the INSTITUT IGH d.d., Zagreb, Janka Rakuše 1; President of the Supervisory Board of the company Centar Bundek d.o.o., Zagreb, Ulica Ede Murtića 11; President of the Supervisory Board of the company Centar gradski podrum d.o.o., Zagreb, Augusta Cesarca 2; President of the Supervisory Board of the company IGH Projektiranje d.o.o., Zagreb, Janka Rakuše 1.
- At the time of publication of this invitation, Veniamin Mezhibovskiy, MBA, assumes the following functions: President of the Supervisory Board of the company IGH LIX ENERGIJA d.o.o. with the registered seat in Zagreb, Branimirova 71.
- At the time of publication of this invitation, Tomislav Alpeza, LL.M., assumes the following functions: General Manager of the company Fragment d.o.o., Zagreb, Vinogradska cesta 94/c.

## IV

This decision comes into force on the day of its adoption.

### **Invitation to shareholders**

Shareholders are invited to take part in the General Assembly meeting.

Every shareholder of the Company has the right to take part in the work of the General Assembly, and this either in person or through its representative or proxy. Shareholders are required to announce their intention to participate in the General Assembly meeting by contacting the Company's Investor Relations Office by letter that has to be sent no later than 6 days prior to the General Assembly meeting to the following address: Janka Rakuše 1, 10000 Zagreb, Investor Relations Office, Floor II, contact persons: Mr. Zoran Emeršić or Ms. Marijana Horvat. Such letter must be received by the Company on 30 April 2014 at the latest.

The Company shareholder is every shareholder whose shares are situated on his/her intangible securities account held with the Central Depository and Clearing Company on 30 April 2014.

Each shareholder is also entitled to use his/her voting rights at the General Assembly meeting by electing a proxy. If a shareholder elects more than one proxy to act on his/her behalf, then the Company has the right to refuse one or several proxies nominated in this way, except when shares are kept at several intangible securities accounts of the same shareholder, or if several powers of attorney have been given for shares kept on a trustee account, and powers of attorney given are not related to the realization of voting rights for more shares than indicated on the trustee account.

The power of attorney must be prepared in written form and must contain information about the proxy, shareholder who delivers the power of attorney, total nominal value of shares, number of votes the shareholder has, authorization to act on behalf of the shareholder at the General Assembly meeting, date on which the power of attorney is issued, and the shareholder's signature. This power of attorney can also be submitted to the Company in electronic form, in PDF format, via e-mail ([IR@igh.hr](mailto:IR@igh.hr)). The above mentioned time limit does not restrict in any way the shareholder or his proxy with respect to the time of submittal of the power of attorney. In fact, the latter may be submitted even immediately before the start of the General Assembly meeting.

The following forms will be available at the Company's web site as of the day the invitation to the general Assembly Meeting is made public: invitation to the General Assembly meeting, application for participation at the General Assembly meeting, recommended power of attorney form, recommended form for revocation of the existing power of attorney, and all other information as required according to Article 280.a of the Companies Act. Shareholders may consult all available materials on every working day from 8:30 to 15:30 hours at the Investor Relations Office, in the period starting on the day the invitation to the General Assembly meeting is published, and ending one day before the date on which the General Assembly meeting is held.

Each shareholder shall bear the costs incurred by him/her because of participation in the General Assembly meeting. The Company shall bear the costs relating to the organization and holding of the General Assembly meeting.

Shareholders who together hold shares amounting to one twentieth of the Company's equity capital may request that an additional issue/topic be included in the agenda of the General Assembly meeting, and that such information be made public. However, a justification of the issue/topic and the relevant decision proposal shall be given for every new issue to be included in the agenda. The request for adding a new issue/topic to the agenda must be received by the Company no less than 30 days before the date on which the General Assembly meeting is to be held. This time period does not include the day on which the request has been received by the Company.

Shareholders wishing to give counterproposals to the decision proposals given by the Management Board and Supervisory Board must do so no less than 14 days before the General Assembly meeting

and this by submitting their justified counterproposals to the Company's address: INSTITUT IGH, d.d., Janka Rakuše 1, 10000 Zagreb. The day on which the proposal has been received by the Company is not included in this time period.

In case this General Assembly meeting is not held because it is cancelled by the Company's Management Board, the next General Assembly meeting of the Company is convened for 29 May 2014 at 10:00 at the same location.

INSTITUT IGH, d.d.  
Prof. Jure Radić, Ph.D. CE  
President of the Management Board