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PLAVA LAGUNA

STATUTE

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STATUTE

**STATUTE
OF PLAVA LAGUNA, JOINT STOCK COMPANY, POREČ
- The full text -**

PREAMBLE

Article 1

PLAVA LAGUNA joint stock company for hospitality and tourism (hereinafter referred to as: the Company), was established through the transformation of the socially-owned enterprise "Plava laguna – Laguna Poreč" into a joint stock company pursuant to the Decision on Transformation of February 24th 1992 and the Decree of the Croatian Privatization Fund number: 306-02/92-03/196 of September 3rd 1992 by which the proposed manner of transformation was approved. Based on the aforementioned decisions, the Company registered at the Commercial Court in Rijeka, number: FI-1103/92 of January 26th 1993.

GENERAL PROVISIONS

Article 2

This Statute determines the basic rules of the legal status and organisation of the Company as well as the rules on mutual relations between the shareholders and the Company.

Article 3

The purpose of the Company is the conduct of economic activities in order to gain profit.

THE ELEMENTS OF STATUS

1. THE COMPANY NAME

Article 4

The Company name is: PLAVA LAGUNA joint stock Company for hospitality and tourism.

Short version of Company name is: PLAVA LAGUNA d.d.

The Decision on alteration of the Company name shall be rendered by the Company's Management board, with the consent of the Company's Supervisory board.

2. BRANCH OFFICES

Article 5

The Company may establish branch offices beyond its seat with decisions rendered by the Company's Management board with the Company's Supervisory board approval.

3. THE COMPANY'S SEAT

Article 6

The Company's seat is in Poreč.

The Company's business address within its seat shall be determined by the Company's Management board through a special decision.

The decision on the alteration of the Company's seat shall be rendered by the Company's Management board with the consent of the Company's Supervisory board.

4. SEAL

Article 7

For its business conduct the Company uses a seal that contains the name and seat of the Company.

The shape, size and manner of use of the seal are determined by a special decision rendered by the Company's Management board.

5. SCOPE OF ACTIVITIES

Article 8

The Company shall conduct the following activities:

- 45.3 Installation works
- 45.4 Finishing construction works
- 51 Wholesale and agency in trade, except trade of motor vehicles and motorcycles
- 52.1 Retail in unspecialised shops
- 60.21.2 Transport of passengers in urban and suburban traffic

- 60.23 Other road transport of passengers
- 63.30 Travel agencies and tour operator activities
- 64.12 Courier services
- 74.4 Promotion (advertising and propaganda)
 - Hotel and restaurant management: preparation of food and providing nutrition services, preparation and serving of beverages and drinks, and providing accommodation services
 - Organisation of particular games of chance
 - Vessel rental and providing leisure, sports and recreation services on vessels
 - Rental of objects and equipment for sports and recreation
 - Rental of temporary moorings for sports vessels
 - Developing, organising and conducting sports and recreation activities, instructions and competitions at sea, on land and in the air
 - Activities regarding development and organisation of special forms of tourism (health, congress, hunting)
 - Rental and storage of camping trailers, vessel trailers and other sports equipment
 - exchange transactions
 - Engineering, project management and technical activities
 - Geodetic surveying
 - Copying, photocopying, duplicating and similar services
 - Representation of foreign companies

- International freight forwarding
- Sales of foreign and domestic goods from duty free shops
- International transport of goods and passengers
- Construction, planning and construction survey
- 55 Hotels and restaurants
- 61 Waterway transportation
- 70 Real estate transactions
- 92 Recreation, cultural and sports activities
- Purchase and sale of goods and performing commercial agency in domestic and international market
- Road transportation of passengers and cargo for own needs
- accounting activities
- providing services in nautical, rural, health, congress, sports, hunting and other types of tourism, providing other tourist services
- Preparation of food, beverages and drinks for consumption at another place with or without serving (in means of transportation, at events and similar) and supply of such food, beverages and drinks (catering)
- Brokerage in concluding money market deals
- Computer and related activities
- Data processing
- Database creation
- Thermal energy supply

- Production, placement on the market and use of chemicals
- Training in safety at work
- Animal breeding
- breeding of house pets
- Agency activities in road transport
- processing and preserving of meat and meat products
- Washing and dry cleaning of textiles and similar products
- Holding company activities
- Information society services
- Services of providing internet access
- Activity of electronic communication networks and services
- Business and management consultancy
- Performance of investment works abroad
- Firefighting activities
- Motor vehicle rental and leasing activities
- Rental and leasing activities involving items for personal and household use

In addition to the activities listed in paragraph 1 of this article, the Company may also perform other activities that serve the performance of the activities recorded in the court register, if performed to a lesser extent or if usually performed with the recorded activity.

6. THE SHARE CAPITAL

Article 9

The Company's share capital amounts to

1,444,530,057.18 kuna.

Increase of the share capital

Article 10

The share capital may be increased by means of payment of the shares in moneys, assets or rights accompanied by issuance of new shares.

The share capital may be increased from the Company's funds, by means of transformation of the capital gain, retained profit and reserves into the Company's capital.

The decision on increase or decrease of the share capital is rendered by the Company's General Assembly with the shareholders' votes that represent at least $\frac{3}{4}$ of the share capital present at the General Assembly.

Conditional increase of the share capital

Article 11

The Company's General Assembly may decide upon the increase of the share capital of the Company that shall be carried out only to the extent required to effectuate the right to acquire shares as prescribed by the law. This decision may be rendered only by the shareholders' votes that represent $\frac{3}{4}$ of the share capital present at the General Assembly at the time of decision – making as prescribed by the law.

Approved share capital

Article 12

The Company's Management board, with the consent of the Company's Supervisory board, may increase the Company's share capital within 5 years from the day this article is first registered in the court register.

The nominal value of increase of the share capital pursuant to paragraph 1 of this article cannot exceed one half of the nominal value of the Company's share capital recorded in the court's registry at the moment of registration of this article of the Statute in the court register.

With the decision on increase of the share capital, the Management board with the consent of the Supervisory board may exclude the right of priority for inscription of new shares.

In the occasion of increase of the share capital pursuant to this article, the shares may be issued on the grounds of payment of the share, as well as for shares given in assets and rights.

Decrease of the share capital

Article 13

In accordance with the conditions and in the manner prescribed by the law, the General Assembly may decrease the Company's share capital in order to cover losses, transfer funds into the capital reserves or by withdrawal of shares.

Merger, acquisition and division the Company

Article 14

The merger, acquisition and division of the Company are performed in accordance with the Law.

7. SHARES

Article 15

The Company's shares are issued as registered – name shares, in a dematerialised form, and are transferable without restrictions in accordance with the valid laws.

The Company's share capital is divided into ordinary and preferred shares.

Article 16

The Company issues ordinary registered – name shares, which provide their holders equal rights and ensure them equal status.

In addition to ordinary shares, the Company may issue preferred shares.

Holders of the preferred shares have rights in accordance with the law and this Statute, especially:

- the right to a fixed dividend,
- the right of priority in respect to payment of dividend,
- the right of priority of settlement in the process of liquidation or bankruptcy of the Company.

Preferred shares shall not provide their holder the right to vote at the Company's General Assembly.

Ordinary shares

Article 17

The Company issued 2,197,772 ordinary shares which are registered – name shares, without a nominal amount.

Article 18

Ordinary shares provide its holder the following rights:

- the right to vote at the Company's General Assembly,
- the right to receive payment of a part of the Company's profit (dividend)
- the right to receive payment of a part of the Company's liquidation, that is, bankruptcy estate remainder.

One ordinary share gives the right to one vote at the Company's General Assembly.

Preferred shares

Article 19

The Company issues 420,000 preferred shares which are registered – name shares, each of 250.00 kuna of nominal value.

The preferred shares provide its holder the following rights:

- The right to a fixed dividend in the amount of 0.25 kuna per preferred share per year,
- The right to regular payment of dividend in the amount paid per each ordinary share,

- Payment of a part of liquidation or bankruptcy estate of the Company,
- Other rights according to the Statute of the Company and the Law.

The preferred shares do not give its holder the right to vote at the Company's General Assembly.

8. USE AND ALLOCATION OF PROFIT

Article 20

The business year is the calendar year.

The Company's profit is determined for each business year in the manner prescribed by the law.

The Management board is obliged to allocate the net profit gained in the past business year in the following order:

1. Cover of losses transferred from past years,
2. Shift into legal reserves
3. Shift into reserves for own shares
4. Dividend pay-out
5. Pay-out of the portion belonging to the Management board pursuant to their partaking in the profit
6. Other reserves.

Article 21

The shareholders' participation in the profit (the dividend) is determined through the percentage of the paid amount of shares in respect to the share capital.

The General Assembly may determine the shareholders' participation in the Company's profit in

an absolute amount.

The right to the payment of dividend shall belong to shareholders registered as shareholders in the central depository seven (7) days after the decision on the payment of dividend is rendered.

Article 22

Upon the termination of a business year, the Management board may pay the shareholders an advance of the dividend from the foreseeable part of the net profit.

The Management board is entitled to pay the advance only when the provisional profit and loss account made for the preceding year shows gained profit. The advance may amount up to one half of the profit, reduced by the amounts that must be shifted into the Company's reserves pursuant to the law and Statute. Furthermore, the advance payment may not exceed one half of the profit gained in the preceding year.

In order to make the advance payment the Supervisory board's consent must be obtained.

THE BODIES OF THE COMPANY

Article 23

The bodies of the Company are:

- The Management board
- The Supervisory board
- The General Assembly.

1. THE MANAGEMENT BOARD

The composition of the Management board

Article 24

The Management board shall consist of no more than five members (directors). The number of members of the Management board is determined by the decision of appointment rendered by the Supervisory board.

When more members compose the Management board, one among them must be appointed as the Management board President.

A member of the Management board may only be a person of full business capacity and for whom there are no legal impediments to become a management board member.

Management of the Company's business affairs

Article 25

The Management board manages the Company's affairs at its own responsibility, where it is obliged and entitled to undertake all activities and render all decisions that are deemed necessary for the successful conduct of the Company's business affairs.

The management of the Company's business affairs encompasses establishing and conducting the Company's business policy, establishing the Company's organisation, management of the Company's operative businesses, bookkeeping and reporting to other bodies of the Company, as well as rendering required acts within the above said tasks.

When the Management board consists of more persons, the members are entitled to conduct business affairs jointly and render decisions with the majority of votes, except in case a decision of the Supervisory board or the Management board's Rules of Procedures define their right to conduct business affairs of a specific field in a different manner.

In case during decision making the votes are equally divided, the vote of the President of the Management board shall prevail.

Article 26

The Management board is obliged to provide the prior approval of the Supervisory board to render the following decisions and acts of the Company:

- establishing of companies in the country and abroad,
- sale of stocks, that is, shares the Company has in other companies,
- purchase of stocks, that is, business shares in other companies,
- sale of immovable property exceeding 1% of the total value of the share capital,
- purchase and encumbrance of immovable property exceeding 1% of the total value of the share capital,
- taking on a guarantee for the amount exceeding 2% of the total value of the share capital,
- taking a loan and issuing securities exceeding 2% of the total value of the share capital.

Other than the restrictions enumerated in the previous paragraph, the Supervisory board may determine other decisions or acts the Management board is allowed to render only with the consent of the Supervisory board, by means of the Management board Rules of Procedure or a particular decision.

Representation of the Company **Article 27**

The Management board represents the Company by undertaking all legal acts of representation in business affairs, before the court and other authorities.

In case the Management board consists of more members and the President of the Management board, the Management board represents the Company in an unrestricted manner and jointly, namely, the President of the Management board together with one member of the Management board, except if a decision of the Supervisory board or the Management board Rules of Procedure determine a different right to act for and on behalf of and represent the Company.

In case the Management board only consists of one member – director, he represents the Company independently and individually in accordance with the provisions of this Statute, the Management board Rules of Procedure and decisions rendered by the Supervisory board.

When the only member of the Management board is prevented from performance of his/her duties, the

Company shall be represented by the person authorised by him/her with the approval of the Supervisory Board or by the person authorised by the Supervisory board itself.

Power of attorney and procuration **Article 28**

The Management board may provide a person with a written power of attorney to conclude certain types of contracts and undertake other legal acts or to conclude individually defined contracts and to undertake individually defined acts in accordance with the given authorization of representation.

The procuration is given by the Supervisory board upon proposal of the Management board.

Appointment and removal of members of the Management board **Article 29**

The Supervisory board appoints and removes the members and the President of the Management board, and determines the number of its members.

The mandate of the Management board members may last up to five years in accordance with the decision rendered by the Supervisory board, and one can be reappointed.

In case a member or the President of the Management board cease to perform their duties prior to the expiration of their mandate, the Supervisory board

shall appoint a new member of the Management board or the President of the Management board, whose mandate shall last until the expiration of the term of the member or the President of the Management board whose mandate ceased.

Contract on rights and obligations

Article 30

The President of the Supervisory board on behalf of the Company and members of the Management board enter a contract governing their rights and obligations regarding the performance of their function as Management board members.

The contracts referred to in the previous paragraph are concluded for the period that corresponds to the period of appointment as the Management board member.

The resignation of a Management board member

Article 31

The member or President of the Management board may resign in accordance with the law.

2. THE SUPERVISORY BOARD

The composition of the Supervisory board

Article 32

The Company's Supervisory board is composed by no more than seven members, and no less than three. The number of members of the Supervisory board is determined by the General Assembly's decision of

election.

The mandate of the members of the Supervisory board lasts four years and they may be re-elected or reappointed.

A shorter mandate may be determined in the decision of election.

Any natural person of full business capacity, for whom there are no legally prescribed impediments for membership, and whose knowledge, experience, working and moral characteristics guarantee his/her membership duties shall be performed properly, may become a member of the Supervisory board.

The members of the Supervisory board shall elect a President and his/her deputy among themselves.

The deputy substitutes the President in case of absence of the latter, and has the authority of the President only when he is prevented from performing his/her function.

Election, appointment and removal of members of the Supervisory board

Article 33

The members of the Supervisory board are elected by the Company's General Assembly with the majority of the given votes. The members of the Supervisory board are elected based on a list, not individually.

When so prescribed by a particular regulation, the employees have the right to appoint one member of

the Supervisory board among them through the Employees Council.

In the event of an early termination of mandate of an individual member of the Supervisory board, a new member, whose mandate shall last until the expiration of the revoked member's mandate, shall be elected.

The General Assembly may remove a member of the Supervisory board before the termination of the mandate one was elected for.

The competencies of the Supervisory board

Article 34

The Supervisory board shall perform the following tasks:

- supervises the Company's business management
- appoints and removes the members and President of the Management board
- renders the Rules of Procedure of the Management board and the Supervisory board if needed
- presents the General Assembly with a written report on the supervision of the Company's business affairs
- convenes the General Assembly if necessary,
- represents the Company in relations with the Management board
- grants consent to the decisions rendered by the Company's Management board when so prescribed

by law, this Statute or the Management board Rules of Procedure

- acts as the second – instance body when two – staged decision making is required, and the Management board acts as the first – instance body
- carries out other duties in accordance with the law and this Statute.

If deemed proper, the Supervisory board may establish particular expert committees that shall prepare decisions to be rendered by the Supervisory board and control their implementation.

Supervisory board method of work

Article 35

The Supervisory board renders decisions on meetings convened as necessary and in accordance with the law.

In order to hold a meeting the presence of the majority of all members is required.

Each member of the Supervisory board shall have one vote, and decisions are rendered by majority of the given votes.

In case votes are equally distributed, the decision voted by the President of the Supervisory board shall be deemed rendered.

Article 36

If determined by the President of the Supervisory board, the Supervisory board or its member may vote without holding a meeting by e – mail, letter,

telephone, fax or use of other adequate technical possibilities.

In case a member of the Supervisory board is not present at the meeting of the Supervisory board on the day it is held, but participated in the manner defined in the previous paragraph of this article of the Statute, it shall be deemed that such a member was present at the Supervisory board meeting.

If members of the Supervisory board are not able to participate to the meeting in the manner defined by the first paragraph of this article, the absent members may vote in writing or through an appointed attorney.

Article 37

The Supervisory board may render decisions without holding meetings in a circular manner (in writing, by telephone, e – mail or use of other appropriate technical support).

Decisions made in accordance with the previous paragraph are verified on the very next meeting of the Supervisory board.

Remuneration and compensation for the work of the members of the Supervisory board

Article 38

The members of the Supervisory board are entitled to remuneration and compensation for their work in accordance with the decision of the General Assembly, as well as cover of related expenses.

3. GENERAL ASSEMBLY

Article 39

The General Assembly consists of all the Company's shareholders.

The shareholders may attend the General Assembly personally or through an attorney authorised in writing.

The competencies of the General Assembly

Article 40

The General Assembly renders:

- the Statute and its amendments and supplements,
- decisions on alteration of the elements of status of the Company,
- decisions on election and removal of members of the Supervisory board, except if they are appointed into this board,
- decisions on use of profit,
- decisions on ratification of the acts of the members of the Management and Supervisory board
- decisions on appointment of the Company's auditor
- decisions on increase and decrease of the Company's share capital
- decisions on appointment of auditors who shall review the acts carried out during the Company establishment or the acts of business management, as well as the remuneration for the auditors' services

- decisions on listing of the Company's shares on a regulated market for trade, and on withdrawal of shares from the listing,
- decisions on termination of the Company,
- Decisions on the approval of the Remuneration Policy for members of the Management board.

In addition, the General Assembly renders other decisions as entitled by law or this Statute.

Convening of the General Assembly

Article 41

The General Assembly is convened by the Management board, but may also be convened by the Supervisory board in accordance with the conditions set by the law.

General Assembly method of work

Article 42

One ordinary share gives the right to one vote, while the preferred shares do not give their holders the right to vote at the General Assembly.

The right to participate and exercise their right to vote at the General Assembly have the shareholders that submit to the Management board their participation entries no later than six (6) days prior to the General Assembly, and are registered as shareholders at the central depository on the beginning of the twenty - first (21) day prior to the General Assembly.

Article 43

The General Assembly may render decisions if shareholders that represent at least 50% + one share with the right to vote are present at the General Assembly.

As a rule, decisions are rendered with the majority of the given votes, except when for certain decisions a special majority is prescribed by law.

The voting at the General Assembly is not confidential, except if otherwise determined by the General Assembly chairman.

Article 44

The General Assembly is presided over by the person determined for each Assembly by the Company's Supervisory board among its members or other persons.

The General Assembly chairman:

- determines the order and manner of voting on individual proposals, and all other procedural issues that are not regulated by the law, this Statute or the Rules of Procedure of the General Assembly
- communicates and coordinates on behalf of the Assembly with other bodies of the Company and third parties,
- performs all other tasks under his competence pursuant to the law and this Statute.

A minute regarding the work of the General Assembly shall be kept.

Article 45

Their method of work is regulated in detail by the General Assembly in the Rules of Procedure.

Article 46

In the event that proper technical conditions are created, in the calling for the General Assembly, the Management board may anticipate the possibility:

- to exercise all or only particular rights, in full or in part, by means of electronic communication when the shareholders are not able to attend personally nor through an attorney where the place of the assembly is held
- for the shareholders to vote in writing or by means of electronic communication when they do not take part in the General Assembly
- to enable electronic voting at the General Assembly, by means of adequate technology.

PUBLISHING OF THE COMPANY'S COMMUNICATIONS

Article 47

Data and communications that the Company is obliged to publish, the Company shall publish in accordance with the provisions of the Companies Act and other accompanying regulations. The Company may also publish these and other data and announcements on

its own website and in other public media, including electronic information media.

PROFESSIONAL SECRET

Article 48

All documents and data regarding the Company's business affairs or the work of employees, the disclosure of which to unauthorised persons would be against the Company's interests, as well as all other data and documents that have been declared as such by the authorised Company's body, shall be considered a professional secret.

Shareholders, members of the Company's bodies and employees that get knowledge of the content of documents or information that are considered a professional secret of the Company, are obliged to confidentiality. This as well applies to the period after the status, upon which they came to know the trade secret, terminates.

Any violation of the duty to professional secrecy of the Company is a ground for liability for damages incurred by the Company due to disclosure of professional secrets.

Article 49

The Management board may render a special act determining which information are considered a professional secret in particular, the method of protection of a professional secret and other circumstances significant for protection of

professional secrecy in the Company.

DURATION AND TERMINATION OF THE COMPANY

Article 50

The Company is established for an indefinite period of time.

Article 51

The Company may terminate in the manner prescribed by the law.

TRANSITIONAL AND FINAL PROVISIONS

Article 52

This Statute enters into force on the day of its registration recorded in the Court register.

By entering into force of this Statute, the former Statute of the Company rendered at the Company's General Assembly on December 22nd 1995, together with all its amendments and supplements, as well as implementing regulations based on it, is replaced.

PLAVA LAGUNA d.d.

