

COMPANIES ACT

PART I COMMON PROVISIONS

Chapter 1

GENERAL

Article 1

(Content of the Act)

This Act defines the basic status corporation rules of the foundation and operations of

companies, sole proprietors, related persons, subsidiaries of foreign companies and their status restructuring.

Article 2

Transposition of directives and implementation of regulations of the European Community

(1) This Act transposes the following directives of the European Community into the

legislation of the Republic of Slovenia: First Council Directive 68/151/EEC of 9 March

1968 on co-ordination of safeguards which, for the protection of the interests of members

and others, are required by Member States of companies within the meaning of the

second paragraph of Article 58 of the Treaty, with a view to making such safeguards

equivalent throughout the Community (OJ L No 65, 14. 3. 1968, p. 8) with amendments

(hereinafter: Directive 68/151/EEC), Second Council Directive 77/91/EEC of 13 December 1976 on coordination of safeguards which, for the protection of the interests of

members and others, are required by Member States of companies within the meaning of

the second paragraph of Article 58 of the Treaty, in respect of the formation of public

limited liability companies and the maintenance and alteration of their capital, with a

view to making such safeguards equivalent (OJ No L 26, 31 January 1977, p. 1) with

amendments (hereinafter: Directive 77/91/EEC), Third Council Directive 78/855/EEC of

9 October 1978 based on Article 54(3) (g) of the Treaty concerning mergers of public

limited liability companies (OJ L 295, 20. 10. 1978, p. 36) with amendments

(hereinafter:

Directive 78/855/EEC), Fourth Council Directive 78/660/EEC of 25 July 1978 based on

Article 54(3) (g) of the Treaty on the annual accounts of certain types of companies (OJ L 222, 14. 8. 1978, p. 11) with amendments (hereinafter: Directive 78/660/EEC), Sixth

Council Directive 82/891/EEC of 17 December 1982 based on Article 54(3) (g) of the

Treaty concerning division of public limited liability companies (OJ L 378, 31. 12. 1982,

p. 47) with amendments (hereinafter: Directive 82/891/EEC), Seventh Council Directive

83/349/EEC of 13 June 1983 based on Article 54(3) (g) of the Treaty on consolidated

accounts (OJ L 193, 18. 7. 1983, p. 1) with amendments (hereinafter: Directive

83/349/EEC), Eighth Council Directive 84/253/EEC of 10 April 1984 based on Article

54(3) (g) of the Treaty on the approval of persons responsible for carrying out the

statutory audits of accounting documents (OJ L 126, 12. 5. 1984, p. 20) with amendments

(hereinafter: Directive 84/253/EEC), Eleventh Council Directive 89/666/EEC of 21

December 1989 concerning disclosure requirements in respect of branches opened in a

Member State by certain types of company governed by the law of another State (OJ L

395, 30. 12. 1989, p. 36) with amendments (hereinafter: Directive 89/666/EEC), and

Twelfth Council Company Law Directive 89/667/EEC of 21 December 1989 on

singlemember private limited-liability companies (OJ L No 395, 30. 12. 1989, p. 40) with

amendments (hereinafter: Directive 89/667/EEC). (2) This Act shall in greater detail determine the implementation of the following

European Community Regulations: Council Regulation (EEC) No 2137/85 of 25 July

1985 on the European Economic Interest Grouping (EEIG) (OJ L 199, 31. 7. 1985, p.

1) (hereinafter: Regulation 2137/85/EEC), Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L No. 243, 11. 9. 2002; p. 1)

(hereinafter:

Regulation 1606/2002/EC), and Commission Regulation (EC) No 1725/2003 of 29

September 2003 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L No.

261, 13. 10. 2003; p. 1) with amendments (hereinafter: Regulation 1725/2003/EC) and

Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Articles of Association

of a European Company (OJ L No. 294, 10. 11. 2001; pp. 1-21) (hereinafter: Regulation

2157/2001/EC).

Article 3

Concepts

(1) A commercial company within the meaning of this Act is a legal person which

independently pursues an activity with a view to profit in the market as its exclusive activity.

(2) An activity with a view to profit within the meaning of this Act is any activity

pursued in the market for the purposes of obtaining a profit.

(3) Commercial companies (hereinafter: company) under the first paragraph of this article

shall be organised in one of the following forms:

– as “personal companies” : an unlimited company, a limited partnership and a dormant partnership;

– as “companies with share capital” : a limited liability company, a public limited company a limited partnership with share capital and a European public limited company.

(4) Companies under the preceding paragraph shall be deemed to be companies also if,

pursuant to the law, they pursue wholly or partly an activity without a view to profit.

(5) A company or an economic interest grouping may be founded by any natural or legal person, unless otherwise provided by law.

(6) An entrepreneur within the meaning of this Act is a natural person which independently pursues an activity with a view to profit in the scope of an organised company.

(7) Pursuant to this Act, the entry in the Register shall only have effect in respect of third parties as of the moment of the publication of individual piece of information

in the
Official Gazette of the Republic of Slovenia.

(8) For the purposes of this Act, other terms shall have the following meanings:

- an “auditor” is an audit company or an independent auditor holding a licence to perform audit services under the law regulating auditing;
- “The Securities Market Agency” (hereinafter: ATVP) is the Securities Market Agency under the act regulating securities market;
- “regulated market” is regulated market in accordance with the act regulating the securities market;
- “the Slovenian Institute of Auditors” is the Slovenian Institute of Auditors under the law regulating auditing;
- “Member State” is a Member State of the European Community or the European Economic Area;
- “registration body” is a body keeping the register in which the data on the company are entered;
- “court is a court with territorial jurisdiction with respect to the registered office of the company concerned.

Article 4

Legal personality

- (1) All companies other than dormant partnerships are legal persons.
- (2) As legal persons companies may own movable and immovable property, may acquire rights and assume obligations and may sue and be sued.

Article 5

Acquiring the character of a legal person

- (1) Companies shall acquire legal personality upon their entry in the register.
- (2) Prior to entry in the register the rules governing a contract of members in civil law shall apply to relations between the members.
- (3) If a person acts in a company’s name prior to the entry of the company in the register, that person shall be personally liable with all his assets; if there are several such persons, they shall be jointly and severally liable.
- (4) If through such actions members acquire rights of any sort, they must transfer them to

the company after its entry in the register, unless the company refuses to accept them.

Article 6

Activity

(1) Companies may pursue as their activity all operations other than those which according to the law may not be pursued as commercial operations.

(2) The law may provide that certain commercial transactions may only be pursued by companies determined by law, or only by certain types of companies or other organisations.

(3) Companies may only pursue commercial transactions within the framework of the activity which is entered in the register.

(4) Notwithstanding the preceding paragraph, a company may also pursue all other transactions which are necessary for its existence and for pursuing its activity but which do not constitute the direct pursuit of the activity.

(5) Legal transactions concluded by a company with third persons which go beyond the activity entered in the register or otherwise permitted transactions shall be valid unless the third person knew or should have known about the transgression. The fact of the activity being stated in the register does not imply that the third person knew or should have known about the transgression.

(6) A company may take up and pursue its activity when it is entered in the register.

(7) If another law lays down special conditions for taking up and pursuing of a particular activity in addition to the condition laid down in the sixth paragraph of this article

(hereinafter referred to as “special conditions”), the company may take up and pursue that activity when it meets the special conditions laid down in that other law. If another law provides that a company may take up and pursue a particular activity when the competent state body or organisation with public powers has issued a decision establishing that the company meets the conditions for taking up and pursuing the activity concerned, the company may take up and pursue that activity when the competent body issues a decision

to that effect.

Article 7

Liability

(1) Entrepreneur and company shall be liable for their liabilities with all their assets.

Entrepreneur and company shall be equally liable in respect of liabilities arising from the operations of a dormant partnership under their control.

(2) The law shall determine when and how the members are liable in addition to the company.

Article 8

Disregard of the legal person

(1) Notwithstanding the preceding article, the members shall also be liable for the liabilities of the company in the following cases:

– if they abused the company as a legal person in order to attain an aim which is forbidden to them as individuals,

– if they abused the company as a legal person thereby causing damage to their creditors,

or

– if in violation of the law they used the assets of the company as a legal person as their own personal assets, or

– if for their own benefit or for the benefit of some other person they reduced the assets of

the company even if they knew or should have known that the company would not be capable of meeting its liabilities to third persons.

(2) The provisions laid down in the preceding paragraph shall also apply mutatis

mutandis to the liability of a dormant partner.

(3) Courts shall decide a dispute as to the liability of members under the first paragraph

of this article as a matter of priority.

Article 9

Validity of the provisions in this part of the Act

(1) The provisions laid down in this part of the present Act shall apply to all companies

save where particular issues are otherwise regulated in some other part of this Act.

(2) This Act shall only apply to persons who, as individuals or jointly, pursue an

agricultural or forestry activity if these persons are entered at their own request in the

Companies Register of the Republic of Slovenia as a company or entrepreneurs.

Article 10

The management

The management means those bodies or persons authorised pursuant to this Act or the

acts of the company to manage its operations. The management of an unlimited company

shall mean the partners and, in the case of the transfer of the entitlement to conduct

business, any third persons; the management of the limited partners shall mean the

general partners and, in the case of the transfer of the entitlement to conduct business,

any third persons; the management of the public limited company shall mean the

management board and the management of the limited liability company shall mean one

or more managers.

Article 11

Disclosure of information and communications of the company, use of language

(1) Where a law lays down an obligation to disclose certain information or communications of the company these shall be published in the Official Gazette of the

Republic of Slovenia, unless otherwise provided by law. If the Articles of Association lay

down the obligation to disclose certain information or communications of the company

these shall be published in the Official Gazette of the Republic of Slovenia or a daily

newspaper, or as otherwise provided by law. Such information or communications of the

company shall be published in the company' s newsletter or, if existing, its electronic

media (hereinafter: the company' s newsletter or electronic media).

(2) The management must ensure that communications with employees within the company in connection with the issuing of work instructions to employees, the conduct of

procedures in which the rights of employees are decided and the participation of

employees in the management of the company are conducted in Slovene, and in areas

inhabited by the Italian and Hungarian ethnic minorities communications may also be

conducted in Italian or Hungarian respectively.

(3) All the acts of the company must be written and published in Slovene:

- if they are stipulated by law or by the articles of association of the company as compulsory, or
- if they are intended for the members or if they are important for the exercise of their rights and duties, or
- if they are intended for people employed by the company, or
- if they are addressed to citizens of the Republic of Slovenia in connection with the company' s affairs.

(4) In areas inhabited by the Italian and Hungarian ethnic minorities, Italian or Hungarian respectively may also be used in the acts referred to in the preceding paragraph.

(5) The provisions laid down in the third and fourth paragraphs of this article shall not prejudice the regulations on the language of official business in the Republic of Slovenia and on the language for operations with consumers in the Republic of Slovenia.

Chapter 2

REGISTERED NAME

Article 12

The concept of a registered name

(1) The registered name is the name under which the company operates.

(2) The registered name must contain an indication of the activity pursued by the company.

Article 13

Additional elements

The registered name may contain additional elements which characterise the company in more detail; however, these elements may not be such as cause misunderstanding or could cause misunderstanding as to the type and scope of operations or could lead to a confusion with the registered name or distinguishing symbol of another person or infringe the rights of other persons.

Article 14

Names of foreign countries

A registered name may not contain the names or symbols of foreign countries or

international organisations.

Article 15 Use of the word Slovenia and the designations of the state or local self-governing communities

(1) The word Slovenia or derivations and abbreviations thereof and the flag and coat of arms of the Republic of Slovenia may only be used in a registered name with the permission of the Government of the Republic of Slovenia (hereinafter: the Government).

(2) Permission from the Government or the competent authority of the local selfgoverning community shall also be required for words to be used in the registered name which designate the state or the local self-governing community (e.g. state, republic or municipal).

Article 16

Name and surname of the person

The name and surname or alias of a historical or other famous person may only be used

in a registered name with the permission of that person; if that person is dead, permission

shall be required from the spouse, persons related by blood in direct line to the third

generation and the parents, if they are still alive, and the permission of the minister

responsible for public administration shall also be required.

Article 17

Elements not permitted

A registered name may not contain words or symbols which:

- contravene the law or morals;
 - contain the known trademarks and service marks of another entitled person;
- or
- contain or imitate official symbols.

Article 18

Deleting an element of a registered name

At the proposal of the bodies or persons referred to in Articles 15 and 16 of this Act, the

registration body shall delete an element of a registered name from the register if the

operations of the company damage the reputation of the state, self-governing local

community or person referred to in Article 16 of this Act.

Article 19

Use of a registered name

(1) In its operations a company must use its registered name in the form in which it is

entered in the register.

(2) A company may also use an abbreviated registered name which contains at least an element distinguishing it from the registered names of other companies and a designation

indicating what type of company it is.

(3) The abbreviated registered name shall be entered in the register.

Article 20

Language of a registered name

(1) A registered name must be Slovene.

(2) A translation of a registered name into a foreign language may only be used together with the registered name in Slovene.

(3) The first paragraph of this article notwithstanding, foreign words may be used in a registered name:

– if they correspond to the registered names or the names and surnames of members

which are an integral part of the registered name, or

– if they correspond to the trademarks or service marks, – if they are invented words not containing foreign characters, or

– if they are from a dead language.

Article 21

Principle of exclusivity

(1) A registered name must be clearly distinct from the registered names of all other companies.

(2) If a member in an unlimited company or a general partner in a limited partnership

whose surname is part of the registered name has the same surname as contained in the

previously registered name of another unlimited company or limited partnership, the

registered name must include an element which clearly distinguishes it from registered names that are already registered.

(3) Affiliated companies may use common elements in their registered names.

Article 22

Intended registered name

(1) Anyone may require the registration body to enter a registered name in the register

without the company being founded at the same time (intended registered name).

(2) An intended registered name must conform to the provisions laid down in this chapter

on registered names.

(3) The registration body shall delete an intended registered name from the register ex officio if the person who registered the intended registered name does not register the

founding of a company with that name within one year of the registration of the intended

registered name.

Article 23

Protection of a registered name

(1) The registration body shall reject a proposal for the entry in the court register of a

registered name which contravenes the provisions laid down in this chapter or is not

clearly distinct from registered names already registered in the Republic of Slovenia.

(2) A company which believes that the registered name of another company is not clearly

distinct from its own previously registered name shall have the right to sue to require that

the name not be used, for it to be deleted from the register and to claim compensation.

The suit must be lodged no later than three years after the registration of the registered

name of the other company or the registration of an intended registered name.

(3) A suit under the preceding paragraph may also be lodged by a company whose

registered name is prejudiced if another company uses its registered name improperly.

(4) The provisions laid down in this article shall not prejudice the provisions contained in

the regulations on protection of competition and other regulations protecting registered

names.

Article 24

Transfer of a registered name

A registered name can only be transferred together with the company.

Article 25

Termination of membership of a company

(1) If a member whose name or surname is contained in the registered name ceases to be

a member of the company, the company may only continue to operate under its

existing

registered name with the explicit consent of that person. (2) If a member dies, his inheritors may require, within three months of the issue of a final decision on inheritance, that his name or surname be removed from the registered name.

(3) In the case under the preceding paragraphs it must be clear from the registered name that the member has ceased to be a member of the company.

Article 26

Deletion of the name or surname of an ex-member

At the proposal of the member or his inheritor under the preceding article the registration

body shall delete his name or surname as an element of the registered name from the

register if the company's operations damage his reputation.

Article 27

Registered name

(1) The registered name of an unlimited company must contain the surname of at least

one of the members and a statement to the effect that there is more than one member, and

the designation d.n.o.

(2) The registered name of a limited partnership must contain the surname of at least one

general partner and the designation k.d. The surnames of limited partners ("commanditaires") may not be included in the registered name.

(3) A dormant partnership shall operate under the registered name of the holder of the

dormant partnership. The registered name of the holder of the dormant partnership may

contain an addition indicating that the company is operating with a dormant partner ("s

t.d.").

(4) The registered name of a limited liability company must include the additional

element under Article 13 of this Act and a designation d.o.o.

(5) The registered name of a public limited company must include the additional element

under Article 13 of this Act and a designation d.d.

(6) The registered name of a limited partnership with share capital must include the

designation k.d.d.

Article 28

Registered name of a company in which another company is a member

If a member in an unlimited company or a general partner in a limited partnership is a company, the registered name of that company shall be included in the registered name under the first and second paragraphs of the preceding article.

Chapter 3

REGISTERED OFFICE

Article 29

Concept

The registered office of a company is the location entered in the register as the registered office of the company.

Article 30

Determining the registered office

The location where a company pursues its activity or the location where it predominantly carries out its operations, or where its management operates, may be determined as its registered office.

Article 31

Branches (1) A company may have branches which are separated from the registered office of the company. Branches shall be entered in the register.

(2) Branches are not legal persons but may carry out all operations which the company may carry out.

Chapter 4

REPRESENTATION

Article 32

Representation of a company

(1) A company shall be represented by persons so determined by law or by the founding act of the company pursuant to law (statutory representative).

(2) A representative may carry out all legal acts falling within the legal capacity of the company. Restrictions in the articles of association or other restrictions shall have no effect in respect of third persons.

Article 33

Procurations

(1) A company may grant procurations to one or more persons in accordance with the procedure laid down in its founding act.

(2) A company may appoint one or more procurators for a branch alone, provided

that such an appointment is explicitly indicated in the register and as an addition to the procurator's signature, otherwise it shall be considered that the procuration applies to the whole company.

Article 34

Joint procuration

(1) Procuracy may be granted to two or more persons jointly so that only all these

persons together may represent the company.

(2) Third persons may also legitimately express their will to one of the joint procurators

alone.

(3) According to the articles of association, a company may be represented by a

procurator together with one or more legal representatives.

Article 35

Scope of procuration

(1) A procuration shall confer authority to carry out all legal actions falling within the

legal capacity of the company other than the disposal and burdening of immovable

property, for which the procurator must be specifically authorised.

(2) Restrictions on procuration shall have no legal effect in respect of third persons.

Article 36

Termination of procuration

A procuration may be revoked at any time.

Article 37

Transfer of procuration

A procurator may not transfer the procuration to another person.

Article 38

Registration of procuration

(1) A company must report the granting and termination of a procuration for entry in the

register. (2) A specimen of the procurator's signature shall be kept with the court. When signing

for the company the procurator shall use that signature with an indication that it is done

on the basis of a procuration.

Chapter 5

BUSINESS SECRETS AND BAN ON COMPETITION

Article 39

The concept of a business secret

(1) A business secret shall be deemed to be data so determined by the company in a written resolution. The members, employees, members of management bodies of a company and other persons obliged to protect business secrets shall be acquainted with this resolution.

(2) Irrespective of whether it is covered in a resolution under the preceding paragraph of this article, any data whose disclosure to an unauthorised person would clearly cause substantial damage shall also be deemed to be a business secret. The members, employees, members of management bodies of the company and other persons shall be liable for any disclosure of a business secret if they knew or should have known that the data was of such nature.

(3) Information defined by law as public or information about violations of the law or fair business practice may not be determined as business secrets.

Article 40

Protection of a business secret

(1) In a written resolution under the first paragraph of the preceding article the company shall determine the method of protecting business secrets and the responsibility of persons obliged to protect business secrets.

(2) Persons outside a company shall also be obliged to protect data constituting a business secret of the company if they knew or, given the nature of the data, should have known that it was a business secret.

(3) Any actions by which persons outside a company attempt in contravention of the law and the will of the company to obtain data constituting a business secret shall be prohibited.

Article 41

Ban on competition

(1) Members in an unlimited company, general partners in a limited partnership, members and managers in a limited liability company, members of the management board and supervisory board of a public limited company and procurators may not

participate in any of these roles or be an employee in any other company, or as a entrepreneur pursue an activity, which is or could present competition to the activity of the first company.

(2) The founding act of a company may provide that the restrictions under the preceding paragraph also apply to limited members in a limited partnership or shareholders in a public limited company and a limited partnership with share capital or to members of an economic interest grouping.

(3) The founding act of a company may set conditions under which the persons referred to in the first paragraph of this article may participate in a competing company.

(4) The founding act of a company may provide that the ban on competition shall continue after a person has lost the property of a person under the first paragraph of this article. The ban may not last more than two years except in the cases under the second paragraph of Article 268 and the third paragraph of Article 515 of this Act, when the ban may not last more than six months.

(5) The provisions laid down hereunder shall not prejudice the prohibition on competition applying to persons in an employment relationship.

Article 42

Violation of the ban on competition

(1) If a person violates the ban on competition the company may claim compensation.

(2) The company may also require the offender to cede to the company any operations concluded for his own account as operations concluded for the account of the company, or require the offender to transfer to it any benefits from operations concluded for his own account, or to cede to the company his right to compensation.

(3) Claims of the company under the preceding paragraphs shall be time-barred three months after the company learns of the violation and of the offender, and within five years at the latest of when the violation was committed.

Chapter 6

THE REGISTER

Article 43

Subject of entry

Data on the company shall be entered in a register as provided hereunder.

Article 44

Register

- (1) The register shall be kept by the court.
- (2) The procedure of registration matters shall be regulated by a special law.

Article 45

Disclosure of data entered in the register

- (1) All communications which a company sends to an addressee must indicate, in addition to the full registered name and registered office, the registration body at which the company is registered, the number of the registration entry; for a limited liability company and a public limited company the amount of subscribed capital and the amount of contributions not yet paid in shall also be stated.
- (2) Order forms shall be deemed to be communications within the meaning of the

preceding paragraph.

Article 46

Persons entitled to submit an application

An application for the entry of a company may be submitted by a person who under the law or in accordance with the company's acts is entitled to represent the company, unless otherwise provided by this Act.

Article 47

Application for first entry in the register

- (1) An application for the first entry of a company in the register must contain the registered name, the activity, the registered office and other data determined by law.
- (2) The original or a certified copy of the founding act and the act appointing the management, where not already determined in the founding act, must be submitted together with the application.
- (3) An application must be submitted within 15 days of the fulfilment of the conditions for entry in the register.

Article 48

Reporting changes for entry in the register

- (1) Any change to the data referred to in the first paragraph of the preceding

article,
together with the acts on which the changes are based, the commencement of liquidation proceedings including the names of the liquidators, and the dissolution of the company must also be reported for entry in the register.

(2) The provision of the third paragraph of the previous article shall apply *mutatis mutandis* to the reporting of changes for entry in the register.

Article 49

Keeping signatures

The certified signatures of representatives of the company and other persons determined by this Act must be deposited with the registration body.

Chapter 7

NON-LITIGIOUS CIVIL PROCEDURE

Article 50

Cases decided by the court in a non-litigious civil procedure

The court shall decide the following matters in a non-litigious civil procedure:

- revocation of the member's entitlement to conduct business or represent (Articles 90 and 99);
- granting permission to a member to take over a company without liquidation (first paragraph of Article 116);
- appointment or recall of liquidators (second paragraph of Articles 119 and 120 and Article 408);
- determination of the member or third person who stores the books of account (second paragraph of Article 132);
- the delivery of a copy of the annual report to a limited or dormant partner (second paragraph of Article 140 and Article 162);
- appointment of a founding auditor, a special auditor, an extraordinary auditor, an acquisition auditor and a division auditor (Article 194, second paragraph of Article 318, first paragraph of Article 322, second paragraph of Articles 360, 386, 583 and 627);
- disagreements between the founders and the founding auditors (second paragraph of Article 196);

- extending the time limit for holding the founding general meeting (third paragraph of Article 214);
 - the publication of an announcement calling upon the share subscribers to collect their payments (third paragraph of Article 215);
 - market value of shares, traded on a regulated market (sixth paragraph of Article 237);
 - permission to annul shares (second paragraph of Article 244);
 - appointment or recall of members of the management or supervisory bodies (Article 256 and second paragraph of Article 276);
 - authorisation to convene the general meeting or to publish the subject which the general meeting should decide (third paragraph of Article 296);
 - the shareholder's, member's or interested party's right to be informed (Articles 396 and 513 and the second paragraph of Article 637);
 - appropriate compensation to minority or withdrawing shareholders (second paragraph of Article 388 and third paragraph of Article 556);
 - the amount of the payment to the liquidator (first paragraph of Article 423);
 - compensation and cash payment for external shareholders (fourth paragraph of Article 552 and fifth paragraph of Article 553);
 - appointment of special or joint representative (second paragraph of Article 595 and first paragraph of Article 608);
 - proposal for a court test of the exchange ratio (first paragraph of Article 605);
 - matters concerning the European public limited company, laid down in Articles 8, 25, 26, 55 and 64 of the Regulation no. 2157/2001/EC, and
 - other matters which in accordance with the provisions of this Act are to be decided by the court in a non-litigious civil procedure.
- Article 51
Jurisdiction of the court
The district court shall have jurisdiction to decide the matters referred to in the previous article.
- Article 52
Special provisions on procedure
- (1) The provisions of the law regulating the non-litigious civil procedure

shall apply for

the purpose of deciding matters referred to in Article 50 of this Act unless provided

otherwise in the second paragraph hereunder.

(2) The court must decide a proposal on matters referred to in points 5, 6, 8, 13, and 14 of

Article 50 of this Act within five days of receipt of the proposal. An appeal shall be

permitted against the court's decision in these cases within three days of the delivery of

the decision. An appeal shall not suspend the execution of the decision.

(3) If a proposal is grounded, the proposer's costs shall be covered by the company,

unless otherwise determined by this Act.

Chapter 8

BOOKS OF ACCOUNT AND ANNUAL REPORT

Section 1

GENERAL PROVISIONS

Article 53

Application of provisions and meaning of terms

(1) The provisions of this chapter shall apply in full to:

1. companies with share capital;

2. personal companies in which there is no natural person liable without limitation for

the company's liabilities;

(2) All provisions of this chapter apart from the provisions of Article 57 of this Act shall

apply to an entrepreneur whose undertaking meets the criteria for classification as a

medium-sized or large company.

(2) For other personal companies that are not personal companies under the first

paragraph of this article, and for entrepreneurs whose undertakings meet the criteria for

classification as small companies, only the provisions of Articles 54, 58 to 60 and 65 to

67 of this Act shall apply. In applying the aforementioned provisions such

companies shall adapt the categorisation and designations of capital items to the company's own

circumstances and may use all the simplifications applicable to small companies.

(4) The terms in this Section shall have the following meaning:

– a member is a member in a personal company or in a limited liability company or a

shareholder;

- a share is a participating share in a limited liability company or a share in a public limited company;
- the articles of association means the contract of members of a personal company or the contract of members of a limited liability company or the founding act of a limited liability company, if founded by a single person, or the articles of association of a public limited company;
- the balance sheet date is the date at which the balance sheet is drawn up; the balance sheet date for the annual balance sheet is the last day of the financial year.
- Slovenian Accounting Standards shall be accounting standards adopted by the Slovenian Institute of Auditors in accordance with this Act and
- International Financial Reporting Standards shall be the standards determined as international accounting standards by the Regulation 1606/2002/EC and Regulation 1725/2003/EC.

Article 54

General accounting rules

- (1) The companies and the sole traders must keep the books of account and make yearend accounts once a year in accordance with the Slovenian Accounting Standards or the International Financial Reporting Standards, unless otherwise stipulated by the law. The financial year may differ from the calendar year. Annual financial statements shall be compiled every financial year on the basis of the closed books of account within three months of the end of the financial year.
- (2) The three-month time limit referred to in the first paragraph of this article shall also apply to the compilation of the annual report referred to in Article 60 of this Act. The consolidated annual report referred to in Article 56 of this Act must be compiled within four months of the end of the financial year.
- (3) Books of account shall be kept in accordance with the double-entry book-keeping system.
- (4) At least once a year the balance of individual assets and liabilities

items in the books

of account shall be checked against their actual balance.

(5) If a liquidation or bankruptcy procedure is initiated against a company or entrepreneur, a balance sheet and profit and loss account shall be drawn up as at the last day prior to the initiation of this procedure.

(6) The books of account, balance sheet, profit and loss account, annual report and business report referred to in Article 56, Article 60 and the first paragraph of Article 70

of this Act shall be stored permanently. Accounting documents may be stored for a specific period only.

(7) More detailed rules on accounting shall be defined by the Slovenian Accounting Standards which are adopted by the Slovenian Institute of Auditing in agreement with the ministers competent for economy and finance. Before granting such approval, the ministers competent for economy and finance shall publicly invite those interested to issue any opinions on such matter. After receiving the approval, the Slovenian Institute of Auditors must publish them in the Official Gazette of the Republic of Slovenia. The Slovenian Accounting Standards shall set out in particular:

1. the contents and breakdown of the cash flow statement and capital flow statement,
2. the rules on the evaluation of accounting items, and
3. the rules relating to the content of individual items in the financial statements and the explanations of these items in a supplement to the financial statements.

(8) The Slovenian Accounting Standards may not be contrary to this Act and other acts regulating the rules on accounting of individual legal entities and the provisions issued on their basis.

(9) Slovenian Accounting Standards shall transpose the content of European Community Directives 76/660/EEC and 83/349/EEC and the amendments and additions thereto.

(10) The companies whose securities are listed on one of the organised securities markets in the European Community Member States and which are subject to consolidation on the

basis of Article 56 hereof must compile consolidated financial statements stipulated by

the seventh paragraph of Article 56 hereof in accordance with the International Financial Reporting Standards (IFRS).

(11) Besides the companies referred to in the previous paragraph, the financial reports stipulated by the first paragraph of Article 60 hereof in accordance with the International Financial Reporting Standards shall also be compiled by:

1. banks,
2. insurance companies and
3. other undertakings if so decided by the assembly of the undertaking, but for the minimum period of five years.

Article 55

Micro, small, medium-sized and large companies

(1) For the purposes of applying the provisions of this chapter, companies shall be

classified as micro, small, medium-sized and large on the basis of the following criteria at

the balancing date of the annual balance sheet:

- average number of employees in a financial year,
- net sales income,
- value of assets.

(2) A micro company shall be a company meeting two of the following criteria:

- average number of employees in a financial year does not exceed 10,
- net sales income does not exceed 2,000,000 euros, and
- value of assets does not exceed 2,000,000 euros.

(3) A small company shall be a company not a micro company under the preceding

paragraph and meeting two of the following criteria:

- average number of employees in a financial year does not exceed 50,
- net sales income does not exceed 7,300,000 euros, and
- value of assets does not exceed 3,650,000 euros.

(4) A medium-sized company is a company which is neither a micro company under the

second paragraph of this article nor a small company under the previous paragraph of this article:

- average number of employees in a financial year does not exceed 250,
- net sales income does not exceed 29,200,000 euros, and
- value of assets does not exceed 14,600,000 euros.

(5) A medium-sized company is a company which is neither a micro company under the second paragraph of this article nor a small company under the third paragraph

of this

article nor a medium-sized company under the previous paragraph.

(6) For the purposes of applying the provisions of the previous chapters, companies shall be classified as micro, small, medium-sized and large on the basis of the data of two consecutive business years at the balancing date of the annual balance sheet.

(7) The provisions of this Act and other regulations referring to small companies shall also apply to micro companies, unless otherwise stipulated in this Act or other regulations.

(8) In any case the following shall be deemed to be large companies for the purposes of this chapter:

- banks,
- insurance companies,
- stock exchange,
- companies obliged to draw up a consolidated annual report in accordance with Article 56 of this Act.

Article 56

Consolidated annual report

(1) A company with its registered office in the Republic of Slovenia which is the parent company of one or more companies having their registered office in or outside the Republic of Slovenia (subsidiary companies) must compile a consolidated annual report if either the parent company or one of the subsidiary companies is organised as a company with share capital, a dual company or an equivalent legal form in accordance with the law of the country in which the company's registered office is located.

(2) A company is the parent company of another company if one of the following conditions is fulfilled:

1. If it has a majority of the voting rights in the other company, or
2. If it has the right to appoint or recall a majority of the members of the management board or the supervisory board and is at the same time a member of the other company;
3. If it has the right to exercise control over the other company on the basis of an

undertaking contract or on another legal basis, or

4. If it is a member in the other company and if, on the basis of an agreement with another member in this company, it controls a majority of the voting rights in this company.

(3) In the application of points 1, 2 and 4 of the previous paragraph of this article the

voting rights or appointment and recall rights held by another company controlled by the

parent company and any such rights of persons acting on behalf of the parent company

shall be added to the voting rights or appointment and recall rights held by the parent

company or its subsidiary. The rights arising from the possession of shares for the

account of a person which is not a parent company or its subsidiary and the rights arising

from shares obtained as guarantee, if exercised in accordance with the received

instructions or obtained through the granting of loans as part of ordinary business activity

shall not be considered the rights under the previous sentence if the voting rights are

exercised in the interest of a person who issued such guarantee. (4) In the application of Points 1 and 4 of the second paragraph hereunder, of the total amount of voting rights in the subsidiary, the voting rights arising from stakes of such

company, its subsidiary or a person acting on its own behalf but for the account of such

companies, shall be deducted.

(5) A parent company which, together with its subsidiaries, does not meet the conditions

to be classified as medium-sized company in accordance with the fourth paragraph of

Article 55 hereof, the criteria of net sales income and the value of assets being increased

by 20%, shall not be obliged to produce a consolidated annual report. This shall not apply

if the securities of the parent company or any of its subsidiaries are traded on the

regulated market.

(6) The consolidated annual report must provide a true and honest presentation of the

financial position, profit and loss account, cash flows and capital flows of all the companies included in the consolidation as a whole. For each company included in the consolidation, the conditions of the second paragraph hereunder, on the basis of which an individual company was included in the consolidation, must be stated in the notes to consolidated statements.

(7) The consolidated annual report shall comprise a consolidated accounting report and a consolidated business report of the group of companies included in the consolidation. The consolidated accounting report shall comprise a consolidated balance sheet, a consolidated profit and loss account, a consolidated capital flow statement, consolidated cash flow statement and notes to the consolidated statements. These constituents of the consolidated accounting report shall constitute the whole. The provisions of this Act on annual report shall apply mutatis mutandis to the form, content and adoption of the consolidated annual report.

(8) A subsidiary company shall not have to be included in the consolidation if its inclusion is not necessary in order to provide a true and fair presentation under the sixth paragraph of this article. In the notes to consolidated statements a company must state those subsidiaries that have not been included in consolidation for the reasons stated under the previous paragraph and explain the reasons for such decision. If more than one company meets the criterion set out in the first sentence they shall be included in the consolidation if all of them taken together are important for providing a true and fair presentation under the sixth paragraph of this article.

(9) Slovenian Accounting Standards shall lay down:

1. detailed criteria for defining subsidiary companies under the second paragraph of this article;
2. cases in which a parent company under the first paragraph of this article which is subsidiary by another parent company having a registered office outside the

Republic of

Slovenia is not obliged to compile a consolidated annual report and business report;

3. other cases in which a parent company under the first paragraph of this article is not obliged to compile a consolidated annual report and business report, or is not obliged to

include individual subsidiary companies in the consolidation;

4. the method and scope of the consolidation and the content of the consolidated annual

report with the exception of the companies referred to under the tenth and the eleventh

paragraph of Article 54 hereof.

Article 57

Auditing (1) The annual reports of large and medium-sized companies and the annual reports of

small companies whose securities are traded on the regulated market must be examined

by an auditor in accordance with the method and under the conditions laid down in the

law regulating auditing. The auditor must also audit the accounting report and examine

the business report to an extent sufficient to verify whether its content is in conformity

with the other elements of the annual report. All these provisions shall apply also to the consolidated reports.

(2) The auditor's report must contain the following:

- introduction providing the audited accounting report as well as the accounting

framework utilised in its drawing up,

- description of purpose and extent of auditing, including the indication of auditing

standards forming the basis of the auditing,

- audit opinion which must clearly indicate whether the accounting report reveals a true

and fair view of financial situation pursuant to an appropriate accounting framework of

reporting and, where necessary, whether the accounting report is in conformity with

regulations; an audit opinion may be an opinion without reservation, an opinion with

reservation or a negative opinion; an auditor may refuse to provide an opinion if he/she

cannot express it,

– explanatory paragraph in which an auditor specially underlines or refers to any case, for

which he/she considers it necessary, without expressing an opinion with reservation,

– opinion on conformity or non-conformity of the business report with the accounting

report of the same financial year,

date and signature of the auditor.

(3) The auditor shall be liable to the company and to its shareholders for damage caused

to them through a violation of the rules on auditing laid down in the law regulating

auditing. The auditor shall be liable for damage referred to in the previous sentence up to

an amount of 150,000 euros. The limit on the liability for damage referred to in the

preceding sentence shall not apply if the damage was caused intentionally or through

gross negligence.

(4) If, in accordance with the law regulating auditing, the auditor declines to issue an

opinion, the obligation under the first paragraph of this article shall not be considered

fulfilled.

(5) The audit of the annual report referred to in the first paragraph of this article shall be

performed within six months of the end of the financial year. The management board

must submit the audited annual report or the audited consolidated annual report to the

body of the company responsible for adopting the report, together with the audit report,

no later than eight days after receipt of the audit report.

Article 58

Publication

(1) Annual reports referred to in the first paragraph of the previous article of this

Act shall be submitted for the purpose of publication, together with the auditor's

opinion, to the Agency of the Republic of Slovenia for Public and Legal Records and

Services (hereinafter: AJPES) within eight months of the end of the financial year.

The companies referred to in the first paragraph of Article 53 hereof must, in

accordance

with the preceding sentence, submit also the proposal of allocation of profits or treatment of loss and the allocation of profits or treatment of loss where this is not indicated in the annual report.

(2) The annual report of small companies whose securities are not traded on the regulated market and the annual report of entrepreneurs shall be submitted for

the purpose of publication to AJPES within three months of the end of the financial year. The companies referred to in the first paragraph of Article 53 hereof

must, in accordance with the preceding sentence, submit also the proposal of allocation of

profits or treatment of loss and the allocation of profits or treatment of loss where this is

not indicated in the annual report. Entrepreneurs subject to tax on the basis of the

established profit with the consideration of normed costs under the provisions on

the tax on income from business activities of the act regulating income tax, shall not be

obliged to submit annual reports for the purpose of publication. The Tax Administration of the Republic of Slovenia shall send the list of

entrepreneurs referred to

in the preceding sentence to AJPES.

(3) AJPES shall publish the annual reports and consolidated annual reports, together with

the auditor's report, submitted in accordance with the first paragraph of this article, or the

annual reports submitted in accordance with the second paragraph of this article by

capturing them in computerised form and publishing them on a website intended for

publication of annual reports. In accordance with the preceding sentence, the proposal of

allocation of profits or treatment of loss and the allocation of profits or treatment of loss

must be simultaneously published for the companies referred to in the first paragraph of

Article 53 where this is not indicated in the annual report. The website referred to in the

preceding sentence hereunder must be designed in such a way that the data published on

it may be accessed by anyone free of charge.

(4) At the same time as it publishes the reports referred to in the previous paragraph of this article AJPES must notify the registration body of the publication. The following details shall be provided in the notification:

1. the uniform identification of the company with which the subject is uniformly defined in the Business Register of Slovenia in accordance with the law regulating the keeping of a business register,
2. the date and method of the publication referred to in the previous paragraph of this article,
3. and also in the case referred to in the first paragraph of this article, whether an auditor' s report was submitted and published.

(5) The registration body shall enter the details referred to in points 2 and 3 of the previous paragraph of this article in the register.

(6) AJPES shall deliver to anyone upon request a copy of an annual report or a consolidated annual report, together with the auditor' s opinion, submitted in accordance with the first paragraph of this article, or a copy of an annual report submitted in accordance with the second paragraph of this article on payment of the fee laid down in the tariff of AJPES. AJPES must deliver copies referred to in the preceding sentence to the extent (in full or in parts) and in the form (electronic or written), as stated in the request. The copy in the written form must be marked as "exact copy" , while that in the electronic form shall be subject to the provisions of the act governing electronic commerce and electronic signature. (7) In every publication of a full annual report or consolidated annual report the report must be published in the form and with the text that served as the basis for the auditing thereof. The full text of the auditor' s opinion, including an explanation of a qualified opinion and a disclaimer of opinion, shall also be published. If the statements or the report have not been examined by an auditor this must be stated in the

publication.

(8) In every publication of a summary of an annual report or consolidated annual report it must be stated that it is a summary. The publication of the summary must state the date on which the annual report or consolidated annual report under the first or second paragraph of this article was submitted and the date and method of publication under the third paragraph of this article. If these reports have not yet been submitted in accordance with the first or second paragraph of this article this must be stated in the publication. The publication of a summary shall not include the full text of the auditor's report but shall disclose only the auditor's opinion and the explanatory paragraph, if any. However, the publication of the summary may include the auditor's report on the summary.

(9) If, in accordance with the law regulating auditing, the auditor has declined to express an opinion, this shall be explicitly stated in the publication referred to in the seventh and eighth paragraph of this article.

(10) For publication under the third paragraph of this article, companies and entrepreneurs shall pay to AJPES the fee laid down in the tariff of AJPES at the same time as submitting the reports referred to in the first or second paragraph of this article.

(11) The tariff setting the fees referred to in the sixth and tenth paragraphs of this article shall be adopted by AJPES with the agreement of the ministers with responsibility for economy and justice. The fees may not be higher than the actual costs related to the capturing of reports in computerised form and the maintenance of a website intended for publication of annual reports, or the costs related to producing copies of the reports.

(12) In accordance with a prior opinion received from AJPES, the ministers with responsibility for economy and justice shall prescribe detailed rules on:

1. the method of submitting reports under the first or second paragraph of this article;
2. the method of publication under the third paragraph of this article and the

design of

the website referred to in the third paragraph of this article;

3. the method of notifying the registration body under the fourth paragraph of this article.

Article 59

Forwarding Data from Annual Reports

(1) Companies and entrepreneurs, save for entrepreneurs subject to tax on the basis of the established profit with the consideration of normed costs under the provisions on the tax on income from business activities of the act regulating income

tax, must, within three months after the end of a calendar year, submit to AJPES

the data from annual reports on their property and financial operation and profit

and loss account for the national statistics and other purposes of recording, analyses, information, research and tax.

(2) The companies and entrepreneurs referred to in the second paragraph of the preceding

article whose financial year corresponds to calendar year, may fulfil the obligation

referred to in the second paragraph of the preceding article by indicating upon submitting

the data in accordance with the preceding paragraph that the data from annual reports

shall be used also for publication. (3) AJPES may use the data from annual reports on property and financial operation and

operating results of companies and entrepreneurs solely for the production of consolidated information on economic trends. The data on individual companies and

entrepreneurs may not be forwarded to other persons or published.

(4) AJPES must automatically submit the data which, according to the act regulating tax

procedure, are part of tax account, to the Tax Administration of the Republic of Slovenia

within the deadline and according to the method prescribed by the minister responsible

for finance. It shall be deemed that the companies and the entrepreneurs submitted part of

the tax account.

(5) Notwithstanding the third paragraph hereunder, AJPES must forward the data from

annual reports on property and financial operation and profit and loss account of

companies and entrepreneurs in an appropriate electronic form to state

agencies and legal persons legally authorised to collect and apply these data for the purpose of recording, analysis and information and research. The mentioned organisation must forward these data to state agencies, the Bank of Slovenia and members of the Economic and social Council free of charge, while it shall forward them to legal persons against the payment of the actual costs of processing or forwarding of the data.

Section 2

GENERAL RULES ON THE ANNUAL REPORT

Article 60

Annual report

(1) The annual report of companies referred to in the first paragraph of Article 57 hereof must contain:

- balance sheet,
- profit and loss statement,
- cash flow statement,
- capital flow statement,
- annexes with notes to financial statements, and
- business report referred to in Article 70 of this Act.

The accounting statements from points one to four hereunder and the annex with notes to accounting statements shall form an accounting report.

(2) The annual report of small companies with share capital whose securities are not traded on the regulated market must comprise at least:

- balance sheet,
- profit and loss statement, and
- annexes with notes to financial statements.

(3) The annual report of companies and entrepreneurs referred to in the third paragraph of Article 53 hereof must contain:

- balance sheet and
- profit and loss statement.

(4) The balance sheet shall set out the balance of assets and liabilities at the end of the financial year.

(5) The profit and loss account shall set out the income, expenses and operating result in the financial year.

(6) The capital flow statement shall set out changes in the individual

elements of capital in the financial year, including the use of net profit and the covering of losses. (7) The cash flow statement shall set out changes in receipts and disbursements, or inflows and outflows, in the financial year and explain changes in the balance of cash.

(8) If existing, the auditor's report, the proposal for distribution of the balance sheet profit and the report on relations with the parent company shall be attached to the annual report but shall not be its constituent parts.

Article 61

General rule

(1) The annual report must be drawn up clearly and transparently. It must provide a true and fair presentation of the assets and liabilities of the company, its financial position and profit and loss account.

(2) If the application of Articles 62 to 70 of this Act and of the Slovenian Accounting Standards is not sufficient to provide a true and fair presentation under the first paragraph of this article, appropriate explanations must be provided in a supplement to the financial statements.

(3) If in exceptional cases owing to the application of a particular provision contained in Articles 62 to 70 of this Act it is not possible to fulfil the obligation under the first paragraph of this article, that provision shall not be applied if a true and fair presentation as referred to in the first paragraph of this article can be achieved without its application.

In this case the reasons for not applying the particular provision shall be explained in the supplement to the financial statements and a description shall be given of what effects the application of that provision would have on the presentation of the assets and liabilities of the company, its financial position and the profit and loss account.

Article 62

General rules on the categorisation of financial statements

(1) In the financial statements individual asset items may not be set off against individual liability items, or individual income items against individual expense items.

(2) The same method of categorisation of items must be used in the balance sheets and profit and loss accounts for consecutive financial years. It may only be changed in exceptional cases. In such case this shall be stated in the supplement containing the notes to the financial statements and the reasons for changing the method of categorising the items shall be explained.

(3) In the balance sheet and the profit and loss account the items referred to in Article 65 and Article 66 of this Act shall be shown separately and in the same order as stated in the aforementioned articles of this Act. A further categorisation of items within the individual items stipulated in Article 65 or Article 66 of this Act shall be permitted. New items may only be added if in terms of their content they do not cover the items referred to in Article 65 or Article 66 of this Act.

(4) The method of categorisation, the nomenclature and the naming of items denoted in Arabic numerals in the balance sheet or the profit and loss account may be adapted to the particular characteristics of the activity of the company. The Slovenian Accounting Standards shall lay down special rules for the adaptation referred to in the preceding sentence for companies carrying out activities in particular economic sectors, and in particular for banks and insurance companies.

(5) Items in the balance sheet or the profit and loss account denoted with Arabic numerals may be combined: 1. if the value of the individual items being combined is not important for providing a true and fair presentation referred to in the first paragraph of the previous article of this Act, or 2. if improved transparency is achieved by combining the items; in this case the combined items must be shown separately in the supplement to the financial statements.

(6) For each item in the balance sheet and profit and loss account the value of that item in

the previous year must also be given. If these values are not comparable the value of the item for the previous year must be adjusted accordingly. The incomparability of the items and their adjustment must be set out in the supplement to the financial statements together with appropriate notes.

(7) Items with a value of zero do not have to be shown in the balance sheet or the profit and loss account except where necessary for reasons of comparison with the value of such items in the previous year.

Section 3

BALANCE SHEET

Article 63

Group and associated companies

(1) Group companies are companies that must be consolidated in the annual report pursuant to Article 56 hereof.

(2) An associated company is a company in the capital of which another company has a considerable influence but it is not its subsidiary.

Article 64

Reserves

(1) The following shall be shown as capital reserves (liabilities item A.II.):

1. amounts which the company obtains from payments exceeding the smallest issue amounts of the shares issued or the founding stakes (paid-up capital surplus),
2. amounts which the company obtains from the issuing of convertible bonds or bonds with a share option above the nominal value of the bonds,
3. amounts additionally paid in by members for the acquisition of additional rights arising from their shares,
4. amounts of other payments by members on the basis of the articles of association (for example, subsequent payments by members),
5. amounts based on a simplified reduction in the subscribed capital or a reduction in the subscribed capital through a withdrawal of shares.
6. amounts arising from general capital revaluation adjustments.

(2) Profit reserves (liabilities item A.III.) may only be created from the net profit for the

financial year and the net profit brought forward from previous years. Profit reserves

shall be divided into:

1. statutory reserves (third paragraph of this article; liabilities item A.III.1.),
2. reserves for own share (fifth paragraph of this article; liabilities item A.III.2.),
3. Own shares (as deductible item A.III.3).
4. reserves under articles of association (seventh paragraph of this article; liabilities item A.III.4.),
5. other profit reserves (ninth paragraph of this article; liabilities item A.III.5.).

(3) Companies must create statutory reserves in an amount such that the sum total of

statutory reserves and capital reserves under points 1 to 3 of the first paragraph of this article equals 10 per cent, or a higher percentage of the subscribed capital determined in the articles of association.

(4) If the statutory and capital reserves under points 1 to 3 of the first paragraph of this article combined do not reach the share of the subscribed capital referred to in the third

paragraph of this article and the company discloses a net profit for the financial year, in the balance sheet for that financial year it must allocate to the statutory reserves 5 per cent of the net profit, reduced by the amount used to cover any loss brought forward, until the statutory and capital reserves under points 1 to 3 of the first paragraph of this article

combined reach the share referred to in the third paragraph of this article.

(5) If the company has acquired own share in the financial year, in the balance sheet for that financial year it must create reserves for own share in the amount of the sums paid

for the acquisition of own share. Notwithstanding the first sentence of the second

paragraph of this article, reserves for own share may also be created:

1. from reserves under the articles of association if the articles of association provide that they may be used for this purpose,
2. from the amount of the other profit reserves exceeding any loss brought forward

which could not be covered from the net profit for the financial year.

(6) Reserves for own share must be released and may only be released if the own share is disposed of or withdrawn.

(7) The articles of association may provide that a company has reserves under the articles of association in addition to statutory reserves. In this case the articles of association must also determine:

1. the amount of the reserves under the articles of association, either in the absolute

amount or as a share of the subscribed capital or the total capital,

2. the share of the net profit, reduced by any amounts used to cover a loss brought

forward, and the creation of statutory reserves and profit reserves allocated in a particular

financial year for the creation of reserves under the articles of association,

3. the purposes for which reserves under the articles of association may be used.

(8) Reserves under the articles of association may be used only for purposes set out in

the articles of association.

(9) Other profit reserves may be used for any purpose other than in the case referred to in

the fifth paragraph of this article or where otherwise provided by the articles of

association.

(10) Capital reserves and statutory reserves (time reserves) may only be used under the

following conditions:

1. if the total amount of these reserves does not reach the percentage of the subscribed

capital determined by law or the articles of association, they may only be used:

to cover a net loss for the financial year if it cannot be covered from a net profit

brought forward or from other profit reserves,

to cover a loss brought forward if it cannot be covered from a net profit for the

financial year or from other profit reserves;

2. if the total amount of these reserves exceeds the percentage of the subscribed capital

determined by law or the articles of association, the surplus amount of these reserves may

be used:

– to increase in the subscribed capital from the company' s assets, to cover a net loss for the financial year if it cannot be covered from a net profit brought forward, provided that profit reserves are not simultaneously used for a payout of profit to the members, and

to cover a net loss brought forward if it cannot be covered from a net profit for the financial year, provided that profit reserves are not simultaneously used for a payout of profit to the members.

(11) The use of the net profit for a particular financial year for the following purposes:

1. to cover a loss brought forward,
2. to create statutory reserves under the fourth paragraph of this article,
3. to create reserves for own share under the fifth paragraph of this article,
4. to create reserves under the articles of association in the case referred to in the seventh paragraph of this article, and
5. to create other profit reserves in the case referred to in the third or fourth paragraph of Article 230 of this Act,

shall be taken into account in the balance sheet for that financial year.

(12) Under the capital reserves item the following shall be shown separately either in the balance sheet or in the supplement to the financial statements:

1. the amount written up in the financial year,
2. the amount written down in the financial year.

(13) Under each of the profit reserves items the following shall be shown separately

either in the balance sheet or in the supplement to the financial statements:

1. amounts allocated to the reserves from the profit for appropriation for the previous financial year in accordance with the general meeting resolution on the use of the profit for appropriation for the previous financial year,
2. amounts allocated to the reserves from the net profit for the financial year,
3. the amount by which the reserves were reduced owing to use in the financial year.

(14) When a company compiles a capital flow statement the details referred to in the twelfth and thirteenth paragraphs of this article shall be shown in the capital flow

statement instead of in the balance sheet or supplement to the financial statements.

Article 65

Balance sheet categorisation

(1) Companies shall categorise their balance sheets as follows:

FUNDS

A. Non-current assets

I. Intangible assets and long-term deferred items

1. Long-term property rights
2. Goodwill
3. Advances for intangible assets
4. Long-term deferred development expenses
5. Other long-term deferred items

II. Tangible fixed assets

1. Land and buildings

- a) Land
 - b) Buildings
- ###### 2. Production machinery
- ###### 3. Other devices and equipment
- ###### 4. Tangible fixed assets under construction or manufacturing
- a) Tangible fixed assets under construction or in production
 - b) Advances for acquisition of tangible fixed assets

III. Investment property

IV. Long-term financial investments

1. Long-term financial investments, except for loans
 - a) Shares and stakes in the group
 - b) Shares and stakes of associated companies
 - c) Other shares and stakes
-) Other long-term investments

2. Long-term loans

- a) Long-term loans to members of the group
- b) Long-term granted loans to others

c) Long-term subscribed equity capital unpaid

V. Long-term operating receivables

1. Long-term operating receivables from members of the group
2. Long-term accounts receivable
3. Other long-term operating receivables

VI. Deferred tax assets

B. Current assets

I. Assets (or disposal groups) classified as held for sale

II. Inventories

1. Material
2. Work in progress
3. Products and merchandise
4. Advances for inventories

III. Short-term financial investments

1. Short-term financial investments, except for loans
 - a) Shares and stakes in the group
 - b) Other shares and stakes
 - c) Other short-term financial investments
2. Short-term loans

- a) Short-term loans to members of the group
- b) Short-term granted loans to others
- c) Short-term subscribed equity capital unpaid

IV. Short-term operating receivables

1. Short-term operating receivables from members of the group
2. Short-term accounts receivable
3. Short-term operating receivables from others

V. Cash

C. Short-term deferred items

TOTAL ASSETS

LIABILITIES

A. Capital

- I. Called-up capital
 1. Subscribed capital
 2. Uncalled capital (deduction item)

II. Capital reserves

III. Profit reserves 1. Statutory reserves

2. Reserves for own shares and stakes
3. Own shares and own stakes (as deductible item).
4. Statutory reserves
5. Other reserves from profit

IV. Revaluation surplus

V. Net profit/loss brought forward

VI. Net profit or loss in the accounting period

B. Provisions and long-term accrued items

1. Provisions for pensions and similar liabilities
2. Other provisions
3. Long-term accrued items

C. Long-term liabilities

I. Long-term financial liabilities

1. Long-term financial liabilities to companies in the group
2. Long-term financial liabilities to banks

3. Long-term liabilities arising from bonds
4. Other long-term financial liabilities
- II. Long-term operating liabilities
1. Long-term operating liabilities from members of the group
2. Long-term operating liabilities to suppliers
3. Long-term liabilities arising from bills of exchange
4. Long-term operating liabilities arising from advances
5. Other long-term operating liabilities
- III. Deferred tax liability
- . Short-term liabilities
- I. Liabilities included in disposal groups
- II. Short-term financial liabilities
1. Short-term financial liabilities to companies in the group
2. Short-term financial liabilities to banks
3. Short-term financial liabilities arising from bonds
4. Other short-term financial liabilities
- III. Short-term operating liabilities
1. Short-term operating liabilities to companies in the group
2. Short-term operating liabilities to suppliers
3. Short-term liabilities arising from bills of exchange
4. Short-term operating liabilities arising from advances
5. Other short-term operating liabilities
- D. Short-term accrued items

TOTAL LIABILITIES

(2) Medium-sized companies must compile a balance sheet in accordance with the previous paragraph. In the published balance sheet it shall be sufficient for the balance sheet to be categorised only into the following items:

ASSETS

- A. Non-current assets
- I. Intangible assets and long-term deferred items
1. Intangible assets
2. Long-term deferred items
- II. Tangible fixed assets
1. Land and buildings
- a) Land
- b) Buildings
2. Production machinery
3. Other devices and equipment
4. Advances for acquisition of tangible fixed assets and tangible fixed assets under construction and in production

- III. Investment property
 - IV. Long-term financial investments
 - 1. Long-term financial investments, except for loans
 - a) Shares and stakes in the group
 - b) Other long-term financial investments
 - 2. Long-term loans
 - a) Long-term loans to members of the group
 - b) Other long-term loans
 - V. Long-term operating receivables
 - 1. Long-term operating receivables from members of the group
 - 2. Other long-term operating receivables
 - VI. Deferred tax assets
 - B. Current assets
 - I. Assets (or disposal groups) classified as held for sale
 - II. Inventories
 - III. Short-term financial investments
 - 1. Short-term financial investments, except for loans
 - a) Shares and stakes in the group
 - b) Other short-term financial investments
 - 2. Short-term loans
 - a) Short-term loans to members of the group
 - b) Other short-term loans
 - V. Short-term operating receivables
 - 1. Short-term operating receivables from members of the group
 - 2. Short-term operating receivables from others
 - V. Cash
 - C. Short-term deferred items
- TOTAL ASSETS
- LIABILITIES
- A. Capital
 - I. Called-up capital
 - 1. Subscribed capital
 - 2. Uncalled capital (deduction item)
 - II. Capital reserves
 - III. Profit reserves
 - 1. Statutory reserves
 - 2. Reserves for own shares and stakes
 - 3. Own shares and own stakes (as deductible item).
 - 4. Statutory reserves
 - 5. Other reserves from profit
 - IV. Revaluation surplus
 - V. Net profit/loss brought forward
 - VI. Net profit or loss in the accounting period

- B. Provisions and long-term accrued items
 - 1. Provisions
 - 2. Long-term accrued items
- C. Long-term liabilities
 - I. Long-term financial liabilities
 - 1. Long-term financial liabilities to companies in the group
 - 2. Long-term financial liabilities to banks
 - 3. Other long-term financial liabilities
 - II. Long-term operating liabilities
 - 1. Long-term operating liabilities from members of the group
 - 2. Long-term operating liabilities to suppliers
 - 3. Other long-term operating liabilities
 - III. Deferred tax liability
 - . Short-term liabilities;
 - I. Liabilities included in disposal groups
 - II. Short-term financial liabilities
 - 1. Short-term financial liabilities to companies in the group
 - 2. Short-term liabilities to banks
 - 3. Other short-term financial liabilities
 - III. Short-term operating liabilities
 - 1. Short-term operating liabilities to companies in the group
 - 2. Short-term operating liabilities to suppliers
 - 3. Other short-term operating liabilities
- D. Short-term accrued items

LIABILITIES

(3) Small companies shall categorise and publish their balance sheets as follows:

ASSETS

- A. Non-current assets
 - I. Intangible assets and long-term deferred items
 - 1. Intangible assets
 - 2. Long-term deferred items
 - II. Tangible fixed assets
 - III. Investment property
 - IV. Long-term financial investments
 - 1. Long-term financial investments, except for loans
 - 2. Long-term loans
 - V. Long-term operating receivables
 - VI. Deferred tax assets
- B. Current assets
 - I. Assets (or disposal groups) classified as held for sale
 - II. Inventories
 - III. Short-term financial investments

1. Short-term financial investments, except for loans
2. Short-term loans
- IV. Short-term operating receivables
- V. Cash
- C. Short-term deferred items

TOTAL ASSETS

LIABILITIES

A. Capital

I. Called-up capital

1. Subscribed capital
2. Uncalled capital (deduction item)

II. Capital reserves

III. Profit reserves

IV. Revaluation surplus

V. Net profit/loss brought forward

VI. Net profit or loss in the accounting period

B. Provisions and long-term accrued items

1. Provisions
2. Long-term accrued items

C. Long-term liabilities

I. Long-term financial liabilities

II. Long-term operating liabilities

III. Deferred tax liability

. Short-term liabilities;

I. Liabilities included in disposal groups

II. Short-term financial liabilities

III. Short-term operating liabilities

D. Short-term accrued items

LIABILITIES

(4) Under the items referring to companies in the group, all relationships with such

companies must be disclosed and under other items all the relationships but those

referring to the companies in the group. (5) Liabilities from sureties and other guarantees not shown as liabilities in the balance

sheet shall be shown as off-balance sheet contingent liabilities. These contingent

liabilities shall be categorised by type of guarantee, with any material guarantees

specifically stated. Liabilities for sureties and other guarantees to companies in the group

shall be shown separately.

(6) If a particular asset or liability falls under more than one item in the categorisation

this must be explained where necessary for purposes of clarity and transparency of the annual report, either in the item under which it is shown or in the supplement to the financial statements. Own shares and shares in companies in the group may only be shown under the items envisaged for their disclosure.

Section 4

PROFIT AND LOSS ACCOUNT

Article 66

Profit and loss account categorisation

(1) Companies may categorise their profit and loss account in accordance with either the second or third paragraph of this article.

(2)

1. Net sales income
2. Changes in inventories of finished goods and work-in-progress
3. Capitalised own goods and own services
4. Other operating revenue (including revaluatory operating income)
5. Costs of Goods, Material and Services
 - a) Cost of goods and materials sold and costs of materials used
 - b) Cost of services
6. Labour costs
 - a) Cost of wages and salaries
 - b) Social insurance cost (separate disclosure of retirement insurance cost)
 - c) Other labour costs
7. Write-downs
 - a) Depreciation
 - b) Revaluatory operating expenses of intangible and tangible fixed assets
 - c) Revaluatory operating expenses associated with operating current assets
8. Other operating expenses
9. Financial income from participations
 - a) Financial income from stakes in the companies of the group
 - b) Financial income from stakes in associated companies
 - c) Financial income from stakes in other companies
-) Financial income from other companies
10. Financial income from granted loans
 - a) Financial income from loans granted to the companies of the group
 - b) Financial income from loans granted to others
11. Financial income from operating receivables
 - a) Financial income from operating receivables from the companies of the group

- b) Financial income from operating receivables from receivables
- 12. Financial expenses for impairments and write-offs of financial investments
- 13. Financial expenses for financial liabilities
 - a) Financial expenses for loans received from the companies of the group
 - a) Financial expenses for loans received from banks
 - c) Financial expenses for issued bonds
 - c) Financial expenses for other financial liabilities
- 14. Financial expenses for operating liabilities
 - a) Financial expenses for operating liabilities to the companies of the group
 - b) Financial expenses for liabilities to suppliers and bill of exchange liabilities
 - c) Financial expenses for other operating liabilities
- 15. Other income
- 16. Other expenses
- 17. Corporate income tax
- 18. Deferred taxes
- 19. Net profit or loss for the accounting period
(1+-2+3+4567-8+9+10+11121314+151617+-18)

(3)

- 1. Net sales income
 - 2. Production costs of goods sold (including depreciation and amortization) and/or cost of goods sold
 - 3. Gross profit or loss from sales (1-2)
 - 4. Selling costs (including depreciation and amortization)
 - 5. General and administrative costs (including depreciation and amortization)
 - a) Costs of general activities
 - b) Operating expenses from revaluation of intangible and tangible fixed assets
 - c) Revaluatory operating expenses associated with operating current assets
 - 6. Other operating income (including revaluatory operating revenues)
- Items 7 to 17 shall be categorised in the same way as items 9 to 19 under the second paragraph of this article.

(4) Medium-sized companies may combine items 1 to 5 under the second paragraph of this article and items 1 to 3 and item 6 under the previous paragraph of this article into the single item "Pre-tax profit/loss" .

(5) In the second paragraph hereunder, the following items shall also be disclosed after Item 19:

20. Profit/loss brought forward
21. Reduced (released) equity reserves
22. Reduced (released) profit reserves by individual types of reserves
23. Increased (additionally established) profit reserves separately by individual types of reserves
24. Profit/loss for appropriation (as the sum of net profit/loss and the corresponding items 20, 22 and 23).

In the third paragraph hereunder, the following items of the previous sentence shall also be disclosed as Items 18 to 22:

(6) The details referred to in the sixth paragraph of this article may be shown in the supplement to the financial statements instead of in the profit and loss account.

(7) When a company compiles a capital flow statement the details referred to in the fifth paragraph of this article shall be shown in the capital flow statement instead of in the balance sheet or supplement to the financial statements. Section 5

VALUATION OF ITEMS IN THE FINANCIAL STATEMENTS

Article 67

General rules of valuation

(1) The following general rules shall apply to the valuation of items in the annual financial statements:

1. the company is presumed to operate as a going concern;
2. the use of valuation methods may not change without good reason from one financial year to the next (consistency of valuation);
3. the principle of caution shall be applied in the manner determined by the Slovenian Accounting Standards or the International Financial Reporting Standards;
4. the principle of fair value shall be applied in the manner determined by the Slovenian Accounting Standards or the International Financial Reporting Standards;
5. expenses and income shall be taken into account irrespective of when they were paid or received;
6. the components of assets and liabilities shall be valued individually;
7. the opening balance sheet for the financial year must correspond with the closing balance sheet for the previous financial year.

(2) The general rules laid down in the first paragraph of this article may only be disregarded in exceptional cases determined in the Slovenian Accounting Standards or

the International Financial Accounting Standards. In such cases the reasons for disregarding the general rules must be explained in the supplement to the financial statements, and the effects this has on the presentation of the company's assets and liabilities, its financial position and operating result must be described.

Section 6

ANNUAL REPORT AND VALUATION RULES IN THE CASE OF MERGERS AND DIVISIONS

Article 68

Concluding report of acquired or transferring companies; valuation after a merger or division

(1) A company being acquired or a transferring company must draw up a concluding report as at the accounting date of the merger or division. The provisions of Articles 53 to 57, 60 to 67 and 69 of this Act shall apply mutatis mutandis to the concluding report. The

accounting date of the merger or division (balance sheet date of the concluding report)

may be a maximum of nine months prior to the submission of the proposal for entry of the merger or division in the register.

(2) Assets and liabilities which transfer to the acquiring company on the basis of the merger or division shall be valued by the acquiring company in accordance with the

Slovenian Accounting Standards or the International Financial Accounting Standards.

Section 7

NOTES ON THE ACCOUNTS

Article 69

Contents of the notes on the accounts

(1) In addition to the data and explanations which must be included in the notes on the accounts under the provisions of the other articles of this chapter and in accordance with the Slovenian Accounting Standards and the International Financial Accounting

Standards, the supplement to the financial statements shall also state:

1. the methods used to value the individual items in the annual financial statements and

the methods used to calculate value adjustments. For items originally expressed in a

foreign currency the exchange rate and the method used to convert them into the

domestic currency shall also be stated;

2. the following details for each of the companies in which the company has a capital

participation of at least 20% either directly or through a person acting on behalf of the

company:

its registered name and registered office,

the share of its capital participation,

the amount of its capital and its operating result in the financial year.

These details

need not be disclosed if they are not important for providing a true and fair presentation

under the first paragraph of Article 61 of this Act. In connection with a company that

does not publish an annual report and in which the company has a direct or indirect

capital participation of less than 50%, the amount of its capital and its operating result

need not be disclosed;

3. If the company is a member in another company and is personally liable without

limitation for the obligations of this company: the registered name, registered office and

organisational form of this other company. These details need not be disclosed if they are

not important for providing a true and fair presentation under the first paragraph of

Article 61 of this Act;

4. If the company has authorised capital or has conditionally increased the subscribed

capital: the amount of the authorised capital and the smallest issue amount of the shares

issued in the financial year for the authorised capital or on the basis of the conditional

increase in the subscribed capital;

5. If the company holds own share or held own share during the year:

the number, amount and value of own share in the subscribed capital of the company

which the company, or a third party on behalf of the company, acquired or disposed of in

the financial year, the date of its acquisition, the reason for the acquisition or disposal of

the own share and the cash value of the corresponding contribution;
the number, amount and value of own share in the subscribed capital of the company
which the company, or a third party on behalf of the company, received in pledge in the financial year;
the total number, amount and value of own share in the subscribed capital of the company held as pledge by the company or a third party on behalf of the company as at the balance sheet date;

6. If the company has issued more than one class of shares: the number shares in each class and their smallest issue amount;

7. If the company has issued dividend bonds, convertible bonds, bonds with a priority right to buy shares or other securities giving the holder the right to participate in the profit of the company or the right to buy or to convert into shares in the company for each of these types of securities: their number and the rights arising from them;

8. A categorisation and explanation of the amounts of the provisions shown under the item Other provisions if the amount of these provisions is significant;

9. The amount of all liabilities maturing in more than five years, separately for each liabilities item under the first, second, third or fifth paragraph of Article 65 of this Act;

10. The amount of all the liabilities backed by a material guarantee (liens and similar rights), with details of the form and method of ensuring the material guarantee, separately for each liabilities item under the first, second, third or fifth paragraph of Article 65 of this Act;

11. The total amount of financial liabilities not disclosed in the balance sheet if this data is important for assessing the financial position of the company. Liabilities from payments of pensions and liabilities to companies in the group must be shown separately;

12. A categorisation of net sales revenues by individual area of the company's operations or by individual geographical market, if, in terms of the organisation of sales of products

characteristic of the continuing operations or the provision of services characteristic of the continuing operations of the company, the individual areas of operation of the company or the individual geographical markets in which the company operates differ significantly from each other. The details referred to in the preceding sentence need not be disclosed if such disclosure could cause significant damage to the company;

nevertheless the supplement to the financial statements must state that the details referred to in the first sentence of this point were not disclosed for the aforementioned reasons;

13. The average number of employees in the financial year, categorised by education;

14. If a categorisation of the profit and loss account under the third paragraph of Article 66 of this Act was used: the amount of the labour costs in the financial year under point 6 of the second paragraph of Article 66 of this Act;

15. Breakdown of capital reserves in accordance with the first paragraph of Article 64 hereof;

16. The total amount of income received for performing tasks in the company in the financial year by members of the management, other employees of the company based on a contract for which the tariff part of the collective agreement does not apply, and the members of the supervisory board, separately for each of these groups of persons.

17. Advances and loans approved by the company or its subsidiary for members of the management, supervisory board, other employees of the company, those working on the basis of a contract for which the tariff part of the collective agreement does not apply, and the guarantees issued by the company for the obligations of such persons, with the

following details shown separately for each of these groups of persons:
the total amount of advances or outstanding loans or guarantees issued,
the interest rate and other important terms and conditions of a loan,
the total amount of loan repayments in the financial year,

18. The registered name and registered offices of a dominant company which compiles a consolidated annual report for the widest circle of companies in the group and in relation to which the company is a dependent company, and the place where the consolidated annual report can be obtained.

19. The registered name and registered offices of a dominant company which compiles a consolidated annual report for the narrowest circle of companies in the group and in relation to which the company is a dependent company, and the place where the consolidated annual report can be obtained.

20. If the company is subject to auditing pursuant to Article 57 of this Act: the entire amount spent for the auditor and separately the amount spent for: – the auditing of the annual report,
– other auditing services,
– tax consultancy services, and
– other services not related to auditing.

(2) A company may choose not to disclose details on an individual company under point 2 or point 3 of the first paragraph of this article if such disclosure could cause appreciable damage to that company. In such cases the supplement to the financial statements must state that such details were not disclosed for the aforementioned reasons.

(3) Small companies need not disclose or explain in the supplement to the financial statements the following:

the details referred to in points 7 to 20 of the first paragraph of this article, and

the details referred to in the second sentence of the fourth paragraph of Article 66 of this Act; however, they must present the details referred to in points 9 and 10 of the first paragraph of this article in total for all liabilities items.

(4) Medium-sized companies need not disclose or explain in the supplement to the financial statements the details referred to in point 12 of the first paragraph of this article.

In the publication of the business report they may also omit the following:

the details referred to in points 7, 9 and 10 of the first paragraph of this article, and

the details referred to in the second sentence of the fourth paragraph of

Article 66 of
this Act; however, they must present the details referred to in points 9 and
10 of the first
paragraph of this article in total for all liabilities items.

Section 8
BUSINESS REPORT

Article 70

Business report

(1) The business report must set out at least a fair presentation of the
development and
results of the company' s operations and its financial position, including the
description of
essential risks and uncertainties the company is exposed to.

(2) A fair presentation must be a balanced and comprehensive analysis of
development
and operating results of the company and its financial position corresponding
to the

extent and the complexity of its operation. To the extent necessary to
understand the
development and operating results of the company and its financial position,
the analysis

must contain the key accounting, financial and, when necessary, other
indicators, ratios

and other factors including also information concerning environmental
protection and
employees. The analysis shall include the appropriate reference to the sums
provided in

financial statements and necessary additional clarifications.

(3) The business report must also set out:

- important business developments since the end of the financial year,
- the expected development of the company,
- the company' s research and development activities,
- the company' s branches,

(4) When necessary for the assessment of the property and liabilities of the
company, its

financial position and operating results, the business report must set out
also the aims and

measures of management of financial risks of the company, including the
measures for

protecting all major types of planned transactions, for which the insurance
transactions are set out separately in terms of accounting, and the exposure
of the company to the

price, credit, liquidity risks and risks related to the cash flow.

(5) The business report shall also contain the statement on the management of

the company together with the statement whether the company uses any codes for its operations and if yes, the indication of such code, its public availability and indication of individual stipulations of such code which the company has not complied with, with appropriate justification.

(6) The business report of companies obliged to apply the act regulating acquisitions must also contain the data on the balance as at the last day of the business year and all the necessary explanations about:

1. The structure of the company' s subscribed capital including all securities, as stipulated by the act regulating acquisitions (hereinafter; securities) of a company which have not been admitted to the regulated market of securities, and especially an indication of:
 - the rights and obligations arising from the shares or the shares of individual classes,
 - and
 - if there are several classes of shares, the share of subscribed capital in individual class;
2. All the restrictions related to the transfer of shares, in particular:
 - the restrictions of securities holdership, and
 - the need to obtain authorisation of the company or any other holders of securities for the transfer of shares;
3. Significant direct and indirect holdership of the company' s securities in the sense of achieving a qualified stake, as stipulated by the act regulating acquisitions, namely:
 - name and surname or company name of the holder,
 - the number of securities and stake represented in the company' s subscribed capital, and
 - the nature of holdership.A person shall be deemed indirect holder of securities if these are held for such person' s behalf by another person or if they can assure that the rights arising from them are exercised in accordance with their will;
4. Each holder of securities that carry special control rights:
 - name and surname or company name of the holder, and
 - the nature of the rights;

5. The employee share scheme, if existing, of shares to which it relates and about the method of exercising control over such scheme, if control is not exercised directly by the employees;
6. All the restrictions related to voting rights, in particular:
- restrictions of voting rights to a certain stake or a certain number of votes,
 - deadlines for exercising the voting rights; and
 - agreements in which, on the basis of the company' s co-operation, the financial rights arising from securities are separated from the rights arising from the holdership of such securities;
7. All agreements among shareholders known to the company that could result in the restriction of the transfer of securities or voting rights;
8. The company' s rules on:
- appointment or replacement of members of the management or supervisory bodies, and
 - changes to the articles of association;
9. authorisations of the members of the management, especially on the basis of authorisations for issuing or purchasing own shares;
10. All important agreements in which the company is a party and which take effect, change or are cancelled on the basis of the change in the control over the company as a result of a bid, as stipulated by the act regulating acquisitions, and the effects of such agreements. This shall not be necessary if the disclosure of such agreement could cause significant damage to the company, unless the company is obliged to disclose such agreements pursuant to other regulations;
11. All agreements between the company and the members of its management or supervision bodies or the employees which foresee compensation should such persons, due to a bid as stipulated by the act regulating acquisitions:
- resign,
 - be fired without cause, or
 - their employment relationship be terminated.

PART II ENTREPRENEURS

Article 71

Application of the provisions of this Act to entrepreneurs

The following provisions of this Act shall apply mutatis mutandis to entrepreneurs:

- on activity (Article 6);
- on registered names (Articles 12 to 23);
- on registered office (Articles 29 and 30);
- on branches (Article 31);
- on procuration (Articles 33 to 37) and
- on business secrets (Articles 39 and 40).

Article 72

Special provisions on entrepreneurs

(1) The registered name of an entrepreneur shall contain the full name of the entrepreneur, the abbreviation "s.p." denoting an entrepreneur, a designation of the activity and any additional elements.

(2) An entrepreneur may also use an abbreviated registered name containing at least his full name and the designation s.p.

(3) If the entrepreneur sells the undertaking or invests it in a company, the buyer or the company may continue to use in the registered name the full name of the entrepreneur only with that person's explicit permission.

(4) If an entrepreneur dies an inheritor of the entrepreneur who continues the legator's undertaking may continue to use the full name of the legator in the registered name. With the continuation of the legator's company, the company and the rights and obligations of the entrepreneur in respect of the company shall be transferred to the entrepreneur's inheritor. The entrepreneur's inheritor shall, as the universal legal successor, enter into all business relationships in connection with the transferred company and shall be entered as entrepreneur in accordance with Article 74 hereunder.

(5) All communications sent by the entrepreneur to individual addressees must contain an indication of the registered name and registered office of the entrepreneur and its company ID number. (6) On communications sent as part of existing business contacts it shall only be necessary to state the registered name and the registered office. Order forms shall be deemed to be communications within the meaning of the preceding paragraph.

(7) A procurator shall not cease upon the death or loss of legal capacity of the entrepreneur.

(8) An entrepreneur may appoint a representative for the event of death who shall be authorised to carry out all legal activities in the scope of the entrepreneur's regular activities as of the moment of the entrepreneur's death. Such authorisation may be revoked at any time by the entrepreneur's inheritor. Issue and revocation of such authorisation must be entered in the Business Register of Slovenia.

Article 73

Keeping the books of account

(1) The method of keeping books of account and compiling financial statements for an entrepreneur whose undertaking meets the criteria for classification as a small company shall be regulated by a special Slovenian Accounting Standard.

(2) The third paragraph of Article 54 of this Act notwithstanding, an entrepreneur may keep books of account according to the single-entry book-keeping system in accordance with the special standard referred to in the first paragraph of this article provided he meets at least two of the following criteria in the last business year:

- the average number of employees does not exceed three,
- annual revenues are less than 42,000 euros,
- the average value of assets calculated as half the sum of the asset value on the first day and last day of the business year does not exceed 25,000 euros.

This also applies to an entrepreneur who starts carrying out an activity and does not employ more than three employees, on average, in the first year.

(3) Pursuant to the criteria of the previous paragraph, the system of keeping the books of account of an entrepreneur shall be determined on the basis of the data from the last annual report.

(4) Notwithstanding the previous paragraphs, an entrepreneur need not keep the books of account or compile an annual report if they meet the following conditions:

- on income from activities,

- on employees, and
- on the method of determining the tax base in the past,
which are stipulated by the act regulating income tax for those taxable persons obliged to pay tax on income from business activities who are entitled to account for normed costs when establishing the tax base. This also applies to an entrepreneur who starts carrying out an activity and does not employ employees in the first year.

(5) The method according to which the entrepreneur referred to in the previous paragraph shall conduct operations shall be stipulated by the act regulating tax procedure.

Article 74

Registration

(1) An entrepreneur may take up and pursue its activity when it is entered in the Business

Register of Slovenia kept by AJPES.

(2) The application for the registration in the Business Register of Slovenia shall contain:

- proposed date of entry which cannot be earlier than the date of filing the application for

registration and not longer than three months from the date of filing, the registered name of the entrepreneur and details of the registered office;

- data on abbreviated firm, if existing,

the full name of the entrepreneur and his address; name and surname, UPIN, address,

tax number,

- the data on the representative: name and surname, UPIN, address, tax number,

a description of the activity which the entrepreneur intends to pursue.

- information on other parts of the entrepreneur as units of business register pursuant to

the act governing the Business Register of Slovenia, and

- the statement of the entrepreneur of no outstanding non-matured liabilities from his/her

previous operations.

(3) AJPES shall have a free direct access to and the possibility of acquisition of data

from the Central Register of Population and other public registers and records for the

needs of keeping data on the entrepreneurs in the Business Register of Slovenia.

(4) The method and the procedure for keeping the records on entrepreneurs in the

Business Register of Slovenia shall be prescribed by the minister with responsibility for economy.

Article 75

Change and winding up

(1) An entrepreneur shall report any change of data referred to in the second paragraph of the previous article of this Act to AJPES within 15 days after the onset of the change. The entrepreneur or the person authorised by the entrepreneur shall report the winding up of operations at least 15 days in advance.

(2) At least three months before reporting the winding up of operations an entrepreneur must announce by suitable method (in letters to creditors, through the media, at the business premises) his/her intention to wind up operations and at the same time state the date on which operations will be wound up.

(3) AJPES shall, ex officio, delete the entrepreneur from the Business Register of Slovenia if the entrepreneur undergoes status changes and becomes a company with share capital, if the entrepreneur, for two consecutive years, fails to submit the annual reports and on the basis of a notification of the competent body that a final decision has been issued:

- establishing the death of the entrepreneur if the legator's undertaking is not continued by the entrepreneur's inheritor in accordance with the fourth paragraph of Article 72 of this Article, of which the inheritor must inform AJPES within three months of the issue of the final decision on inheritance,
- deciding the bankruptcy of the entrepreneur,
- expelling the entrepreneur from the Republic of Slovenia,
- prohibiting the entrepreneur to conduct the activity, as it established that the entrepreneur does not fulfil the conditions to conduct the activity or that he/she does not conduct the activity, or
- establishing that the entrepreneur made a false statement referred to in the eighth item of the second paragraph of the previous article.

(4) The method and the procedure for winding up of operations of an entrepreneur shall

be prescribed by the minister with responsibility for economy.

(5) The provisions concerning winding up of activities shall apply mutatis mutandis

where the entrepreneur intends to sell the undertaking or invest it in a company.

PART III COMPANIES

Chapter 1

UNLIMITED COMPANIES

Section 1

FORMATION

Article 76

Concept

(1) An unlimited company is a company formed by two or more persons who are liable

for the obligations of the company with all their assets.

(2) An unlimited company shall be formed by means of a contract concluded by the

members.

Article 77

Subsidiary application of civil law

Unless otherwise provided in this Act, the rules governing a contract of members in civil

law shall apply mutatis mutandis to an unlimited company.

Article 78

Application for entry in the register

(1) An application for entry in the register must also state the name, surname and address

or the registered name and registered office of each member.

(2) An application must be submitted by all the members.

Section 2

LEGAL RELATIONS BETWEEN THE PARTNERS

Article 79

Contractual freedom

The legal relationship between the members shall be regulated by the contract of

members.

Article 80

Contributions to a company

(1) Unless agreed otherwise, the members shall pay in equal contributions.

(2) A member may contribute money, things, rights or services to a company.

The

members must estimate the monetary value of a non-cash contribution by agreement.

(3) A member shall not be obliged to increase an agreed contribution or supplement a contribution reduced by loss.

Article 81

Duty to act with care

(1) A member shall be obliged to fulfil assumed obligations with the same care with which he would conduct his own affairs.

(2) A member shall be liable for damage which he causes to company either wilfully or through gross negligence.

(3) A member can file a lawsuit on their own behalf or on behalf of the company against another member who failed to meet the member's obligations in the formation or management of the company. In this case, provisions of Article 503 shall apply *mutatis mutandis*.

Article 82

Reimbursement for expenses and compensation (1) A member shall have the right to demand reimbursement from the company for expenses which he incurs in pursuit of the affairs of the company and which are necessary in view of the circumstances, and compensation for damage which he suffers directly as a result of carrying out the operations of the company or because of risks which are inseparably connected with carrying out those operations.

(2) The company must pay interest on the money used for payment under the preceding paragraph from the moment when the member incurred the costs or suffered the damage.

(3) A member may demand payment on account from the company for expenses which are essential in dealing with the company's affairs.

(4) A member must immediately deliver to the company all benefits which he acquires from third persons for managing operations and in the process of managing operations.

Article 83

Duty to pay interest

A member who fails to pay in his monetary contribution on time, or who fails to deliver

to the company on time money received for the company, or who uses the company's money for himself without justification, or who is late in respect of any other of his contributions, shall pay penalty interest.

Article 84

Consequences of a violation of the prohibition on competition

(1) If a member violates the prohibition on competition the other members shall decide

whether to pursue claims under Article 42 of this Act.

(2) The provisions laid down in Article 42 of this Act shall not prejudice the rights of

members to require the dissolution of the company and to pursue other demands in

accordance with this Act.

Article 85

Business conduct

(1) All members shall be entitled and obliged to conduct the business of the company.

(2) If the business conduct is transferred by the contract of members to one or more

members, the other members may not conduct the business.

Article 86

Transfer of the entitlement to conduct business

(1) A member may not transfer the entitlement to conduct business to a third person

where this is not permitted by the contract of members or by the other members.

(2) If the transfer of the entitlement to conduct business is permitted, the member shall

be responsible only for choosing the persons to whom this entitlement is transferred.

(3) A member shall be responsible for the actions of an assistant.

(4) Pursuant to the third paragraph of Article 81 hereof, a member shall be entitled to file

a lawsuit against a person to whom the entitlement to conduct business has been

transferred.

Article 87

Several members conducting business

(1) If all the members or more than one of the members are entitled to conduct business,

each of them shall be entitled to conduct business alone. If another member who is

entitled to conduct business opposes the carrying out of a particular operation, that operation shall not be carried out. (2) If the contract of members provides that the members who are entitled to conduct business may only conduct business jointly, the consent of all of the members shall be required for each operation, unless to delay the carrying out of an operation would present a risk.

Article 88

Failure to follow instructions and the obligation to report

(1) The contract of members may provide that the members who conduct business shall be obliged to take account of the instructions of the other members. If a member believes that in view of the circumstances the instructions are not sensible he must inform the other members of this and wait for their decision. A member may take action irrespective of instructions if to delay would present a risk and if he believes that the members would approve his decision if they were aware of the state of facts.

(2) A member who conducts business shall be obliged to provide the company with the necessary reports, to inform the company on request as to the state of operations and to submit accounts statements to it.

Article 89

Extent of entitlement to conduct business

(1) The entitlement to conduct business shall encompass all actions that are carried out regularly in the pursuit of the company' s activity.

(2) The consent of all the members shall be required for actions which exceed the framework of actions referred to in the preceding paragraph.

(3) The approval of all the members who are entitled to conduct business shall be required for the appointment of a procurator unless to delay would present a risk. A procurator may be revoked by any of the members entitled to grant it or who is entitled to participate in the granting of it.

Article 90

Withdrawal of the entitlement to conduct business

At the proposal of the other members the court may withdraw from a member the

entitlement to conduct business if good reason exists, and especially in the case of a serious breach of obligations or inability to conduct business properly.

Article 91

Relinquishing the business conduct

(1) A member may only relinquish the business conduct if good reason exists. This right cannot be waived.

(2) The business conduct may only be relinquished in such manner that the members are able to do everything necessary for continuing to conduct business unless a good reason exists for relinquishment at an inappropriate time. If no such reason exists and a member relinquishes the business conduct at an inappropriate time he must reimburse the company for any damage which results.

Article 92

Right of inspection

(1) All members, including those not entitled to conduct business, may examine the company' s affairs and shall have the right to inspect the company' s books and documents. (2) If a member believes with good reason that business is being conducted dishonestly, he may exercise the right under the first paragraph of this article even if the contract of members excludes or restricts it.

Article 93

Decision-making by the members

Members who are entitled to conduct business shall take decisions unanimously unless the contract of members determines that a majority is sufficient; in the case of doubt a majority shall be calculated according to the number of members.

Article 94

Annual financial statement

(1) At the end of each financial year the profit or loss shall be established on the basis of the annual financial statements and the share of each member in the profit or loss shall be calculated.

(2) The profit accruing to a member shall be added to his capital share; the calculated

share of a member in any loss and money which he has withdrawn during the course of the financial year shall be deducted from the capital share.

Article 95

Division of profit and loss

(1) Each member shall initially be allocated a share of the profit in the amount of 5 per cent of his capital share. If the profit does not allow for this, the interests shall be reduced accordingly.

(2) In the calculation of the share of profit accruing to a member in accordance with the preceding paragraph, the payments which a member paid in during the financial year as contributions shall be taken into consideration in proportion to the time that has elapsed since the payments were made. If a member has withdrawn money from his capital share during the course of the year the reduced share shall be taken into account in proportion to the time that has elapsed since the withdrawal.

(3) The part of the profit which exceeds the profit shares calculated in accordance with the first and second paragraphs of this article, and any loss in the financial year, shall be allocated equally among the members.

Article 96

Reduction in capital share

(1) Each member may withdraw money from the company, to his own debit, up to an amount of 5 per cent of his capital share established in the previous financial year, and may also require, unless it would clearly damage the company, the payment of his share in the profit in the previous financial year which exceeds the aforementioned amount.

(2) A member may not reduce his capital share without the consent of the other members.

Article 97

Ban on disposing of a share by a member

A member may not dispose of his share without the consent of the other members.

Section 3

LEGAL RELATIONSHIP BETWEEN THE PARTNERS AND THIRD PERSONS

Article 98

Representatives (1) Each of the members shall be entitled to represent the company unless they are barred from representing the company by the contract of members.

(2) The contract of members may provide that all or some of the members are only entitled to represent the company jointly. Members who are entitled to represent the company jointly may choose an individual from among their number and authorise that individual in writing to carry out certain operations or certain types of operations. For an expression of will to be given to the company it shall be sufficient for it to be expressed to one of the individuals entitled to represent the company jointly.

(3) The contract of members may provide that the members may only be entitled to represent the company together with the procurator. In this case the provisions laid down in the preceding paragraph shall apply mutatis mutandis.

(4) The barring of a member from representing the company, a decision to have joint representation or the inclusion of a procurator in accordance with the preceding paragraph as well as any changes in respect of a member's entitlement to represent the company must be reported for entry in the register by all the members.

Article 99

Withdrawal of the right of representation

At the proposal of the other members the court may withdraw the right of representation from a member if good reason exists, and especially in the case of a serious breach of obligations or inability to represent the company properly.

Article 100

Personal liability of the members

(1) All the members shall be subsidiary liable to creditors for the liabilities of the company with all their assets. If the company fails to fulfil a liability to a creditor at his written request, all the members shall be jointly and severally liable.

(2) Any contrary agreement by the members in respect of their liability to third persons shall be without legal effect.

(3) If a member ceases to be a member of the company that member shall be liable for the liabilities of the company that were incurred up to the time of the announcement of the entry in the register of the termination of membership.

Article 101

Objections by an individual member

If a claim is lodged against a member resulting from the liabilities of the company, the member may make personal objections or objections which the company could make.

Article 102

Repayment of loans

In a company in which none of the members is a natural person, the provisions laid down in Articles 498 and 499 of this Act shall apply mutatis mutandis, but not if one of the members is another unlimited company or a limited partnership in which at least one personally liable member is a natural person.

Article 103

Liability of a new member

(1) Anyone who joins an existing company shall be liable in the same way as the other members for the liabilities the company assumed before he joined irrespective of whether or not the registered name was changed. (2) Any contrary agreement by the members in respect of the liability of a new member shall be without legal effect against third persons.

Article 104

Duty to propose procedures in the event of insolvency or overindebtedness

(1) If a company in which none of the members is a natural person becomes insolvent or overindebted the commencement of a bankruptcy procedure or composition procedure shall be proposed; this shall not apply if one of the members is another unlimited company or a limited partnership in which at least one personally liable member is a natural person. The representatives of the company or the liquidators shall be obliged to propose the procedure. The proposal must be made without delay, and no later than three weeks after the occurrence of the fact relating to the insolvency or overindebtedness of

the company which the relevant act determines as a reason for the commencement of bankruptcy proceedings.

(2) After a company has become insolvent or its overindebtedness becomes evident, the authorised representatives of the company or the liquidators may no longer execute any payments for the company other than payments which, even after this time, are in accordance with the careful and fair pursuit of operations.

(3) The members shall be jointly and severally liable for damage in the event of a violation of the provisions laid down in the preceding paragraph unless they demonstrate that they acted honestly and fair. Damage liability may not be limited or excluded in an agreement between the partners. If compensation is required to pay off the creditors of the company the liability for damage shall not cease even by relinquishment or set-off of the company nor if the action is based on a resolution by the members.

Section 4

DISSOLUTION OF A COMPANY AND EXCLUSION OF MEMBERS

Article 105

Reasons for dissolution

An unlimited company shall be dissolved:

- upon the expiry of the period for which it was formed;
- by resolution of the members;
- if the company goes bankrupt;
- upon the death or dissolution of a member, unless otherwise provided in the contract of members;
- by giving notice;
- on the basis of a court ruling;
- if the number of members falls below two, except in the case under Article 115 of this Act;
- in other cases laid down in law.

Article 106

Notice by a member

(1) If a company is founded for an indefinite time a member may give notice to cancel the contract of members at the end of the financial year provided such notice is given in

writing to the other members at least six months prior to this date.

(2) Any agreement excluding the right of a member to give notice or rendering it difficult in any way other than extending the notice period shall be null and void.

Article 107 Dissolution on the basis of a court ruling

(1) If good reason exists, a member may require through legal action that a company be dissolved:

before the expiry of the time determined for its duration, or without a notice period under Article 107 of this Act, if the company was formed for an indefinite period.

(2) Good reason shall be deemed to exist if another member wilfully or through gross negligence violates any substantial obligation under the contract of members or if the fulfilment of such obligation becomes impossible.

(3) Instead of the company being dissolved in accordance with the first paragraph of this article, one or more of the members may require through legal action the exclusion of the member in respect of whom good reason for such action exists.

(4) Any agreement excluding or restricting the right to require the dissolution of the company or the exclusion of a member shall be null and void.

Article 108

Company founded for the lifetime of a member

A company formed for the lifetime of a member or which continues as a dormant partnership following the period determined for its validity shall be deemed to be a company formed for an indefinite period in respect of the provisions on notice by a member or dissolution on the basis of a court ruling.

Article 109

Protection of the good faith of a member

If a company is dissolved in any way other than by notice, a member who is unaware of the dissolution of the company shall conduct the business of the company until he discovers or should have discovered that the company has been dissolved.

Article 110

Death or dissolution of a member

(1) If a company is dissolved on the death of a member, the inheritor of the deceased

member must inform the other members of the death without delay and must continue the operations, if any risk is threatened, until the other members, together with him, make arrangements for the business conduct in accordance with this Act.

(2) In the case under the preceding paragraph the members must continue to carry out the operations entrusted to them.

(3) The provision laid down in the preceding paragraph shall also apply *mutatis mutandis* in other cases of the dissolution of a member.

Article 111

Exclusion of a member

(1) The contract of members may provide that the company will continue to exist with the remaining members if any of the members gives notice to cancel the contract of members, dies or is dissolved.

(2) In the case under the preceding paragraph it shall be deemed that the position of member ends at the moment when the company would be dissolved for any of the reasons referred to in the preceding paragraph.

Article 112

Settlement of assets with an excluded member (1) The stake of an excluded partner shall accrue to the company assets of the remaining partners.

(2) Items given by an excluded member to the company for its use must be returned to the excluded member. The member may not claim compensation for accidental destruction of, damage to or reduction in the value of these items.

(3) An excluded member shall be paid in money that which he would receive in the settlement if the company were dissolved during his exclusion. If necessary, the value of the company's assets shall be established with an appraisal.

(4) An excluded member shall be exempted from payment of the company's debts. If such debt has not yet matured, instead of an exemption the company may offer him insurance.

(5) If the value of the company's assets is insufficient to cover the company's debts and the capital shares of the members, an excluded member must pay part of the shortfall in

proportion to his share in the loss.

(6) The provisions laid down in the first to fifth paragraphs of this article shall also apply mutatis mutandis to the settlement of assets with the excluded member, whereby the balance of assets of the company at the time when the exclusion action was lodged shall be decisive.

Article 113

Participation by an excluded member in unfinished operations

(1) An excluded member shall participate in the profit and loss from operations which were not finished at the time of his exclusion. The company shall have the right to conclude such operations in the manner it believes most appropriate.

(2) At the end of each financial year an excluded member may require a statement of account of the operations concluded, the payment of sums owing to him and a report on the status of unfinished operations.

Article 114

Continuation of a company with inheritors

(1) Following the death of a member the company may continue with the inheritors if so provided for in the contract of members. An inheritor may require that on the basis of the share in the profit so far he be recognised as having the position of a limited partner and that the legator's share accruing to him be recognised as his contribution to the limited partnership.

(2) An inheritor may be excluded from the company without a period of notice if the remaining members do not agree with his proposal under the preceding paragraph.

(3) Inheritors may exercise the rights under the first and second paragraphs of this article within one month of the inheritance resolution becoming final. If an inheritor does not have legal capacity and does not have a legal representative the one-month time limit shall not begin until the appointment of a representative or when the inheritor acquires legal capacity.

(4) If within the time limit under the preceding paragraph an inheritor is

excluded from

the company or the company is dissolved or the inheritor acquires the position of limited

partner, he shall only be liable for the debts of the company existing up to that time in accordance with regulations on the liability of inheritors for a legator's debts.

(5) The contract of members may not exclude the application of the provisions of this

article. If, however, an inheritor acquires the position of limited partner, his share in the profit may be determined by the contract of members in a manner different to that of the

legator.

Article 115

Continuation of a company with one member

(1) If for any reason a company is left with only one member, that member shall be

obliged within one year to take all action necessary to bring the company into line with

the conditions laid down in this Act or continue the activity as an entrepreneur.

(2) If within the time limit under the preceding paragraph the member fails to report the

entry of a change in the register, the company shall be dissolved.

Article 116

Takeover by one member

(1) For a company with only two members, if a reason arises in respect of one of them for

which in a company with a larger number of members it would be permissible to exclude

the member from the company, the court may permit the other member, at his request, to

take over the company with its assets and liabilities without it going into liquidation.

(2) The provisions applying to the exclusion of a member shall apply mutatis mutandis

to the division of the company's assets.

Article 117

Entry in the register

(1) The dissolution of a company must be reported for entry in the register by all the

members unless the company is dissolved as a result of bankruptcy.

(2) The exclusion of a member must be reported for entry in the register by the

remaining members.

(3) The entry in the register is possible without the inheritors participating in the application for entry in the register if such participation is prevented by special constraints and if it can be reasonably presumed that the death of a member was the cause of the dissolution of the company or exclusion of a member.

Section 5

LIQUIDATION OF A COMPANY

Article 118

Necessity of liquidation

(1) Liquidation shall be carried out in all cases under Article 105 of this Act except the case under the third indent.

(2) If there are no special provisions in this section the provisions laid down in this Act on the liquidation of a public limited company shall apply mutatis mutandis to the liquidation of companies.

Article 119

Appointment of liquidators

(1) Liquidation shall be carried out by all the members as liquidators unless it is entrusted by resolution of the members or in the contract of members to particular members or third persons. Where a single member has more than one inheritor they must appoint a joint representative.

(2) At the proposal of a person having a legal interest the court may, with good reason, appoint the liquidators; in this case the court may appoint persons who are not members to be liquidators.

Article 120 Recall of liquidators

(1) Liquidators may be recalled by unanimous resolution of the persons referred to in the first paragraph of the preceding article.

(2) The court may also, with good reason, recall the liquidators at the proposal of a person having a legal interest.

Article 121

Entry in the register

(1) The liquidators must be reported for entry in the register by all the members. The

same applies in respect of all changes of liquidators or their authorisations to represent the company. In the case of the death of a member the entry may be made without the participation of the inheritors in giving notification if such participation is prevented by special constraints and if it can be reasonably presumed that the notification conforms with the state of facts.

(2) The registration of court-appointed liquidators and the registration of a recall by the court of liquidators shall be carried out ex officio.

(3) Liquidators must deposit a specimen of their signature with the registration body.

Article 122

Rights and duties of liquidators

(1) Liquidators must conclude current operations, recover claims, realise the remaining assets and pay off creditors; new operations may be concluded in order to conclude unfinished operations.

(2) The liquidators shall represent the company.

Article 123

Return of items

Items given to the company for its use must be returned to the members.

Members may not claim compensation for accidental destruction of, damage to or reduction in the value of these items.

Article 124

Joint representation and business conduct

(1) Where there is more than one liquidator they may only carry out activities concerning the liquidation jointly, unless it is provided that they may operate individually; such provision must be entered in the register.

(2) Notwithstanding the preceding paragraph the liquidation administrators may authorise one from among themselves to carry out certain operations or certain types of operations. In order for a statement to be made to the company it shall be sufficient that it is made to one of the liquidators.

Article 125

Unlimited authorisation

Limitations on the authorisations of liquidators shall be without legal effect against third persons.

Article 126

Binding instructions for liquidators

In relations with participants the liquidators, even if they have been appointed by the court, must respect the decisions taken unanimously by the participants in respect of the business conduct.

Article 127 Registered name and signing

Liquidators must add the words "in liquidation" to their signature and the registered name.

Article 128

Liquidation account

Liquidators must compile an account at the beginning and at the conclusion of the liquidation (opening and closing liquidation account).

Article 129

Division of assets

(1) After payment of the debts the liquidators shall divide the remaining assets of the company among the members in proportion to their interests in the capital established on the basis of the closing liquidation account.

(2) Money which is not needed during the liquidation shall be temporarily distributed, but a sum needed to cover non-matured and disputed liabilities as well as to insure the sums accruing to the members in the final division, shall be retained. During the liquidation the provisions laid down in the first paragraph of Article 96 of this Act shall not apply.

(3) If a dispute arises among the members as to the division of the assets of the company, the liquidators must delay the division of the assets of the company until a final resolution of the dispute.

Article 130

Settlement among the members

If the assets of the company are insufficient to pay the company's liabilities and the

members' interests in the capital, the members must make up the shortfall in the same proportion in which they must cover losses. If one of the members is unable to obtain the amount which he must pay, the other members must make up the deficit in proportion to their shares in the capital.

Article 131

Internal and external relations

Until the end of the liquidation the provisions laid down in Sections 2 and 3 of this chapter shall apply in respect of the legal relations between the members and in respect of the relationship between the company and third persons, unless this section or the purpose of the liquidation indicate otherwise.

Article 132

Registration of the deletion of a company; books of account

(1) At the conclusion of the liquidation the liquidators must register the deletion of the company from the register.

(2) The books of account and the accounting documents of a company that has been dissolved shall be delivered to one of the members or to a third person for safekeeping. If agreement cannot be reached the court shall nominate a member or a third person.

(3) Members and their inheritors shall have the right to inspect and use the books of account and documents.

Section 6

TIME-BARRING

Article 133

Time-barring of claims on members (1) Claims on members arising from the liabilities of the company shall be time-barred five years after the dissolution of the company or the exclusion of the member, unless a claim against the company is time-barred within a shorter period.

(2) The period of time for the time-barring of claims shall begin no later than on the date the entry in the register of the dissolution of the company or the exclusion of the member is published.

(3) If a creditor's claim on the company does not mature until after the

entry in the register of the dissolution of the company, the period of time for time-barring of the claim shall begin on the day it matures.

Article 134

Interruption of the time-barring period

An interruption of the time-barring period in respect of the company shall also have effect in respect of the members.

Chapter 2

LIMITED PARTNERSHIP

Section 1

FORMATION

Article 135

Concept

(1) A limited partnership is a company formed by two or more persons in which at least one of the partners is liable for the liabilities of the company with all his assets (a general partner) and at least one partner is not liable for the liabilities of the company (a limited partner).

(2) Unless otherwise provided in this chapter, the provisions of this Act applying to an unlimited company shall apply mutatis mutandis to a limited partnership.

Article 136

Application for entry in the register

(1) An application for entry in the register must contain in addition to the data required for an unlimited company also details of the limited partners and the amount of their contributions.

(2) The publication of the entry of the company in the register shall state only the number of limited partners and not also details about them.

Section 2

LEGAL RELATIONS BETWEEN THE PARTNERS

Article 137

Contractual freedom

The legal relations between the partners shall be regulated in the partnership agreement.

Article 138

Managing the company

(1) Limited partners are not entitled to conduct the business of the company.

(2) A limited partner may not oppose the operations of a general partner

provided they

do not exceed the normal scope of activity of the company.

(3) Notwithstanding the provision laid down in Article 138 of this Act, a limited partner

shall be liable in the same manner as a general partner if he acts in violation of the

provision of the first paragraph of this article.

Article 139 Violation of the ban on competition

The provisions laid down in Article 84 of this Act shall not apply to limited partners

unless the partnership agreement provides otherwise.

Article 140

Right to supervise

(1) A limited partner shall have the right to demand a copy of the annual report and to

inspect the business books and accounting documents in order to check their accuracy.

(2) Where good reasons exist the court may order at any time, at the proposal of a

limited partner, that a copy of the annual report be delivered to the limited partner, or that

other explanations be given or that the books of account and accounting documents be

submitted to the limited partner.

Article 141

Profit and loss

(1) The provisions laid down in Article 95 of this Act shall also apply to a limited partner.

The profit of a limited partner shall only accrue to his share in the capital until it reaches

the amount of his set contribution.

(2) A limited partner shall only share in a loss up to the amount of his share in the capital

and the unpaid part of his contribution.

Article 142

Division of profit and loss

(1) If the profit does not exceed 5 per cent of the shares in the capital, the shares of the

partners in the profit shall be determined in accordance with the provisions laid down in

the first and second paragraphs of Article 95 of this Act.

(2) Unless agreed otherwise, for profits exceeding the percentage referred to in the

preceding paragraph and for losses it shall be presumed that the proportions

applied in the
division correspond to the proportions between the shares.

Article 143

Withdrawal of money and payment of profit

(1) The provisions laid down in the first paragraph of Article 96 of this Act shall not apply to a limited partner.

(2) A limited partner may not demand payment of profit until his share in the capital has been reduced as a result of loss to below the amount paid for the set contribution or would be reduced below this amount if the payment were made.

(3) A limited partner shall not be obliged to repay profit received owing to subsequent losses.

Section 3

LEGAL RELATIONSHIP BETWEEN THE PARTNERS AND THIRD PERSONS

Article 144

Representatives

A limited partner shall not be entitled to represent the company but may be granted procuration or proxy.

Article 145

Liability of limited partners to creditors

A limited partner shall be liable to creditors for the liabilities of the company up to the amount of the unpaid sum which he would have to pay in under the partnership agreement. Article 146

Extent of liability

(1) After the entry of a company in the register the limited partner's contribution in respect of relations with the creditors of the company shall be deemed to be that which is entered in the register.

(2) Creditors may not appeal to an increase in the contribution by a limited partner which is not entered in the register unless the company has informed them of such increase in another manner.

(3) An agreement among the partners allowing a limited partner to avoid or defer payment of a contribution shall be without legal effect against creditors.

(4) If a contribution is returned to a limited partner it shall be deemed unpaid in respect of relations with creditors. The same shall apply in the case where a limited

partner

withdraws a share of the profit while his share in the capital is reduced as a result of

losses to below the amount of the contribution paid in, or if by withdrawing a share in the profit the share in the capital is reduced to below the amount of the contribution paid in.

(5) In no case shall a limited partner be obliged to return that which he receives in good

faith as profit based on the annual accounts.

(6) If the general partners are only legal persons who themselves are liable for liabilities,

and a limited partner invests his share in a general partner which is a legal person as his

contribution in the limited partnership, it shall be deemed that the limited partner's share

has not yet been paid into the limited partnership. This shall not apply in the case where

the general partner is a legal person whose partners who are natural persons are also

liable for its liabilities.

Article 147

Repayment of loans

The provisions laid down in Articles 498 and 499 of this Act shall apply mutatis

mutandis to the repayment of loans in a limited partnership under the sixth paragraph of

Article 147.

Article 148

Reduction of a contribution

The reduction in the contribution of a limited partner shall have no legal effect in respect

of creditors until it is entered in the register.

Article 149

Liability of a new partner

Anyone who joins an existing company as a limited partner shall be liable for the

company's liabilities assumed before he joined in accordance with the provisions laid

down in Articles 145 and 146 of this Act.

Article 150

Liability before entry

If a company began operating before its entry in the register, a limited partner who

consented to the commencement of operations shall be liable for the liabilities arising prior to the entry in the same manner as a general partner, unless the creditor knew of his participation as a limited partner.

Article 151

Death of a limited partner

A company shall not be dissolved as a result of the death of a limited partner. Section 4

DUAL COMPANY

Article 152

Concept

A limited partnership in which the sole general partner is a company in which there are no personally liable partners, or where all general partners are such companies, is a dual company.

Article 153

A company as a general partner

A company may be formed for the sole purpose of incorporating it as a general partner into a dual company.

Article 154

Ban on restructuring as a dual company

Public limited companies, limited liability companies and limited partnerships with share capital may not be restructured as dual companies.

Article 155

Ban on forming new dual companies

A dual company may not be a general partner in a limited partnership.

Article 156

Business documents

(1) All business documents must state in addition to the registered name of the dual company also the names and surnames of the members of the management board of the general partner in the dual company.

(2) In matters relating to the business conduct of a dual company the registered name of the general partner must be added when a natural person signs for the company.

Article 157

Unlimited company as a dual company

The provisions laid down in this section shall apply mutatis mutandis to an unlimited

company in which all the partners are companies that do not have personally liable partners.

Chapter 3

DORMANT PARTNERSHIP

Article 158

Concept

(1) A dormant partnership shall be formed by a contract on the basis of which a dormant partner through a contribution of assets in the undertaking of another person (hereinafter:

“holder of the dormant partnership”) obtains the right to participate in its profit.

(2) The holder of a dormant partnership and one or more dormant partners shall freely

agree on the relations between them and must act in the implementation of these relations

with the same care with which they would conduct their own affairs.

(3) The holder of a dormant partnership shall enter into legal transactions and shall be

the exclusive holder of all the rights and obligations deriving from the operations of the dormant partnership.

Article 159

Relations between the holder of a dormant partnership and the dormant partners

The contract shall apply to relations between the holder of a dormant partnership and the

dormant partners, unless this Act provides otherwise.

Article 160

Profit and loss

If the share of a dormant partner in the profit or loss of the partnership is not determined,

the court shall define that share in any dispute as to the assets invested and other

circumstances.

Article 161

Calculation of profit and loss

(1) At the end of every financial year the holder of a dormant partnership must calculate

the profit and loss and pay the profit accruing to each dormant partner based on his contribution.

(2) When there is a loss a dormant partner shall share in that loss up to the amount of his

subscribed contribution, whether or not it has been paid in yet. A dormant partner shall not be obliged to return any profit received owing to subsequent losses. Until his contribution is reduced owing to losses, the annual profit shall be used to cover losses unless agreed otherwise.

(3) Profit which a dormant partner does not take shall not increase his contribution in the partnership.

Article 162

Right to be informed

(1) A dormant partner shall have the right to demand from the holder of the dormant partnership a copy of the annual report and to demand access to the books of account and accounting documents.

(2) If the holder of the dormant partnership fails to approve the demands made by a dormant partner under the preceding paragraph, the court may decide, upon a request from the dormant partner, that a copy of the annual report be delivered to the dormant partner and that the books of account and accounting documents be submitted to him.

(3) The rights of a sleeping partner laid down in paragraphs 1 and 2 of this article may not be excluded or limited by the contract.

Article 163

Accountability

The name or surname of a dormant partner may not be included in the registered name of the holder of the dormant partnership, otherwise a dormant partner who knew or should have known about this shall be jointly and severally liable with all his assets to creditors for the liabilities of the holder of the dormant partnership.

Article 164

Dissolution of a dormant partnership

A dormant partnership shall be dissolved:

- upon the expiry of the period for which it was formed;
- by agreement between the holder and the dormant partner;
- upon the abandonment of the activity of the holder of the dormant partnership;
- upon the death or dissolution of the holder of the dormant partnership,

unless otherwise
provided by the contract;
when a dormant partner gives notice; or
on the basis of a court ruling. Article 165

Settlement

If a dormant partnership is not dissolved as a result of the bankruptcy of the holder of the dormant partnership, the holder of the dormant partnership must carry out a settlement with the dormant partner and pay out his contribution to him in money, unless the two sides agreed otherwise in the contract.

Article 166

Bankruptcy of the holder of a dormant partnership

(1) If bankruptcy proceedings are commenced against the holder of a dormant partnership

the dormant partner must pay in the matured part of his contribution. The dormant partner

may pursue a claim against the holder of the dormant partnership as a bankruptcy creditor

for the amount of the contribution that has already been paid in or the amount of the

contribution that has matured at the time the bankruptcy commences which exceeds the

share of the loss which the dormant partner would have to pay.

(2) The dormant partner shall not have to pay into the bankruptcy estate the part of the

contribution which has not matured by the time of the commencement of the bankruptcy

against the holder of the dormant partnership, irrespective of the share of the loss which

he would have to pay.

Article 167

Contesting the repayment of a contribution

(1) If in the year prior to the commencement of bankruptcy a contribution was repaid by

agreement to a dormant partner in full or in part, or if his share of a loss was waived in

full or in part, the bankruptcy administrator may contest such repayment or waiver

irrespective of whether it occurred together with or without the dissolution of the dormant

partnership.

(2) It shall not be possible to contest the repayment or waiver if the

bankruptcy came

about due to circumstances that arose after the concluding of an agreement referred to in

the preceding paragraph of this article.

Chapter 4

PUBLIC LIMITED COMPANY

Section 1

GENERAL PROVISIONS

Article 168

Concept

(1) A public limited company is a company which has subscribed capital divided into shares.

(2) A public limited company shall be liable to creditors for its obligations with all its assets.

(3) Shareholders shall not be liable to creditors for the obligations of the company.

Article 169

Founders

A public limited company may be formed by one or more natural or legal persons who

shall adopt the company's articles of association.

Article 170

Subscribed capital

Subscribed capital shall be denominated in euros. Article 171

Minimum value of subscribed capital

The minimum amount of the capital stock shall be 25,000 euros.

Article 172

Form and minimum value of shares

(1) Shares can be either nominal or no-par value shares. The company may not have the two forms of shares at the same time.

(2) Shares with nominal amounts shall be denominated to 1 euro or multiples thereof.

The proportion of share with nominal amount in the subscribed capital shall be determined according to the ratio between its nominal amount and the amount of the subscribed capital.

(3) The no-par value shares shall not have a nominal amount. Each no-par value share shall have the same proportion and the related amount in the subscribed capital. The amount in the subscribed capital, related to an individual no-par value share

(hereinafter:

the related amount) shall not be lower than 1 euro. The participation of an individual no-par value share in the subscribed capital shall be determined on the basis of the number of issued no-par value shares.

(4) Shares with different nominal amount than the one determined by the second paragraph hereunder and no-par value shares with lower related amount than the one defined in the previous paragraph shall be null and void. The issuers shall be jointly and severally liable for damage arising from any such issue.

(5) By means of an amendment to the articles of association and subject to unchanged subscribed capital the shares may be split up into nominal amount shares or no-par value shares:

- shares with a lower nominal value or split into several parts, or
- combined into shares with a higher nominal value or fewer parts, subject to the consent of all shareholders.

(6) The provisions laid down in this article shall also apply to the confirmation of participation which is delivered to shareholders before the shares are issued (hereinafter:

“interim certificate”).

Article 173

Issue value of shares

(1) The share may not be issued for an amount (hereinafter: issue value) which is lower than the nominal amount and in the case of no-par value share lower than the related share (hereinafter: lowest issue value).

(2) A share issue for a greater amount shall be permitted.

Section 2

SHARES

Article 174

Shares as securities

(1) Shares are securities.

(2) A share certificate shall be issued for each share or for several shares in the same class together (sum share).

Article 175

Bearer and registered shares

(1) Shares shall be made out to their bearer or to a name. (2) Shares must be

made out to a name if they are issued before the full payment of the issue value. The amount of part payments shall be stated on the share.

(3) Interim certificates shall be made out to a name.

(4) Bearer interim certificates shall be null and void. The issuers shall be jointly and severally liable for damage arising from any such issue.

Article 176

Ordinary and priority shares

(1) In respect of the rights deriving from them, shares shall be classified as ordinary or priority .

(2) Ordinary shares are shares which grant the holder:

the right to participate in the management of the company;

the right to a part of the profit (dividend); and

the right to a corresponding part of the remaining assets after the liquidation or

bankruptcy of the company.

(3) Priority shares are shares which confer upon their holders in addition to the rights set

out in the preceding paragraph also certain priority rights, such as priority in the payment

of predetermined sums or percentages of the nominal value of the shares or of the profit,

priority payment upon the liquidation of the company and other rights set out in the

articles of association of the company.

(4) In accordance with the resolution on the share issue, a cumulative priority share shall

confer upon its holder the priority right to payment of all outstanding dividends before

dividends of any sort are paid to holders of ordinary shares in accordance with the

resolution on the distribution of profit.

(5) A participating priority share shall confer upon its holder in addition to priority

dividends also the right to payment of dividends accruing to holders of ordinary shares in

accordance with the resolution on the use of profit.

(6) Rights deriving from shares are indivisible.

Article 177

Share classes

Shares carrying the same rights shall form a single share class.

Article 178

Voting rights

(1) Each share shall confer one voting right.

(2) Only priority shares may be issued without voting rights, but such shares may not

comprise more than half of a company's subscribed capital.

(3) It shall be forbidden to issue shares which would in the same proportion of subscribed capital, confer a different number of votes.

Article 179

Elements of a share

The share must include:

a designation that it is a share and the share form and class;
the registered name and registered office of the issuer of the share;
the registered name or the name and surname of the buyer of the share (registered shares) or a designation that the share is held by its bearer (bearer shares);

- in shares with nominal amount such nominal amount, and the place and date of issue, the serial number of the share and a facsimile of the signatures of the authorised persons of the share issuer.

Article 180

Parts of a share

(1) A share shall be comprised of three parts.

(2) The first part of the share is the bare shell, on which all the details set out in the preceding article are stated.

(3) The second part of the share is the coupon sheet containing coupons for the payment

of dividends. Each individual dividend payment coupon must contain:

the serial number of the dividend payment coupon;
the number of the share on the basis of which dividends are paid;
the registered name and registered office of the issuer of the share;
the year in which a dividend is paid; and
a facsimile of the signatures of the authorised persons of the share issuer.

(4) The third part is the renewal coupon, with which the shareholder exercises the right

to a new coupon sheet for the payment of dividends.

Article 181

Confirmation of shares issued

(1) The company shall issue the shareholders the confirmations of the number of their

shares. In shares with nominal amount, such confirmation must clearly state the nominal amount of the share.

(2) A confirmation under the preceding paragraph may only be used as an evidentiary

paper for exercising the right to participate in voting at the general meeting of shareholders.

Article 182

Shares in book-entry form

(1) Shares must be issued in book-entry form.

(2) For the shares stated in the preceding paragraph, the provisions of the act regulating book-entry securities shall apply.

Section 3

FORMATION

1. Subsection 3

Common provisions

Article 183

Content of the articles of association

(1) The articles of association, which must be drawn up in the form of a notarial record, must determine:

the name, surname and address or the registered name and registered office of each founder;

the registered name and registered office of the company;

the activity of the company;

the amount of the subscribed capital;

– if the company has shares with nominal amount: the nominal amount of the shares

and the number of shares of each nominal amount, and where there is more than one

share class also the share class and the number of shares issued in each

particular class; – if the company has no-par value shares: the number of shares and where there is more

than one share class also the share class and the number of shares issued in each

particular class;

whether the shares are bearer or registered shares;

– the amount of paid-in capital as at the day of the company's registration and the paid-in

capital at a time;

management system (one- or two-tier);

the number of members of the management and supervisory bodies or the act in which

this number is determined;

– term of office of members of the management or supervisory bodies;

the form and method of announcements of importance for the company or for the

shareholders;

the duration of the company if it is formed for a fixed period;

the method of dissolving the company.

(2) Matters regulated by law may only be regulated differently by the articles of association where explicitly so provided by law. Additional matters may only be

regulated by the articles of association where such matters are not comprehensively regulated by law.

(3) Other issues of importance for the company which are not regulated in the articles of

association may be regulated in the company's other acts in accordance with this Act.

Article 184

Converting the share type

Where so provided in the articles of association, a bearer share may be converted into a

registered share or a registered share into a bearer share upon a request from a

shareholder.

Article 185

Disclosure of information and communications of the company

Information or communications which the management believes are important for the

shareholders shall be published in a publication or electronic media determined by the

articles of association.

Article 186

Special benefits and formation expenses

(1) Special benefits for particular shareholders or third persons, stating the person entitled

to these benefits, may only be determined by the articles of association.

(2) Only the articles of association may determine the costs which the company shall

reimburse to the shareholders or to other persons as an allowance or as a payment for

preparing the formation of the company.

(3) If special benefits or costs within the meaning of the first and second paragraphs of

this article are not provided for in the articles of association, the contracts and legal acts

granting such benefits or providing for the repayment of costs shall have no legal effect

against the company. This may not be remedied by an amendment to the articles of association after the company has been entered in the register.

(4) The provisions on special benefits and costs laid down in the first and second paragraphs of this article may only be amended after five years have elapsed since the entry of the company in the register.

Article 187 Non-cash contribution and non-cash acquisition

(1) If shareholders make contributions other than by paying in the issue value of the shares in money (non-cash contribution), or if the company acquires an existing or future establishment or other items of property (non-cash acquisition), the articles of association must determine: the subject of the non-cash contribution or non-cash acquisition, the person from whom the company acquires it, and the number of shares and, in the case of shares with nominal value also the nominal value provided by the non-cash contribution or non-cash acquisition. It shall also be deemed a non-cash contribution if the company acquires an item of property in respect of which a payment is guaranteed which should be added to the contribution by the shareholder (non-cash acquisition).

(2) Only items of property or rights whose economic value can be established may be considered a non-cash contribution or a non-cash acquisition. The duty to perform a service shall not be considered a non-cash contribution or a non-cash acquisition within the meaning of this article.

(3) If the articles of association do contain provisions as set out in the first paragraph of this article, any contracts on non-cash contributions or a non-cash acquisition as well as the legal actions for their execution shall not be valid against the company. If an agreement in respect of a non-cash contribution or a non-cash acquisition is not valid, the shareholder shall be obliged to pay in the issue value of the shares.

(4) After the entry of a company in the register any defects under the preceding paragraph of this article may not be rectified by means of an amendment to the

articles of
association.

(5) The provisions laid down in this Act on non-cash contributions shall apply mutatis mutandis to a non-cash acquisition.

Subsection 2

Subsequent formation

Article 188

Subsequent formation

(1) A contract concluded by a company within the first two years following the entry of its formation in the register on the basis of which the company acquires things or rights at a price amounting to at least one-tenth of the company's subscribed capital (hereinafter referred to as a "subsequent formation contract") shall enter into force when the general meeting has adopted a resolution giving consent to the concluding of the contract and the contract has been entered in the register. Legal actions taken by the company for the purpose of fulfilment of a subsequent formation contract to which the general meeting has not given consent and which is not entered in the register shall be null and void.

(2) A subsequent formation contract must be concluded in writing, except for particular types of contract which the law provides must be concluded in the form of a notarial record. The company must enable all shareholders to inspect the subsequent formation contract at the company's registered office and issue a copy of the contract to them on request and free of charge by the following working day at the latest.

(3) The management must draw up a written report on the subsequent formation contract. In the report the management must explain in particular the purpose of acquiring the assets as regulated by the subsequent formation contract. (4) A subsequent formation contract must be examined by an auditor. The provisions of Article 195 of this Act shall apply mutatis mutandis to the auditing of a subsequent formation contract.

(5) On the basis of the report of the management and the report on the audit of the

subsequent formation contract the supervisory board must examine the contract and draw up a written report.

(6) The subsequent formation contract and the reports referred to in the third, fourth and fifth paragraphs of this article must be submitted to a session of the general meeting. At the start of the debate in the general meeting the management must give an oral explanation of the content of the subsequent formation contract.

(7) The general meeting resolution giving consent to the concluding of a subsequent formation contract shall be valid if at least three-quarters of the subscribed capital represented in the voting votes in favour of the resolution. If a subsequent formation contract is concluded within the first year following the entry of the company in the register the general meeting resolution giving consent to the concluding of a subsequent formation contract shall be valid if at least three-quarters of the total subscribed capital votes in favour of the resolution. The articles of association may stipulate a larger majority of the capital and may also lay down other requirements.

(8) A subsequent formation contract on which the general meeting has decided shall be included in, or attached to, the minutes of the general meeting.

(9) The management must submit an application for the entry of the subsequent formation contract in the register. The application must be accompanied by: the original or a notarised copy of the subsequent formation contract, the minutes of the general meeting which decided on consent to the concluding of a subsequent formation contract, and the reports referred to in the third, fourth and fifth paragraphs of this article.

(10) The registration body may refuse the application for entry if the auditor establishes or if it is clear that the price for acquiring the assets which are the subject of the subsequent formation contract is inappropriately high.

(11) When it enters the subsequent formation contract in the register the registration body shall enter: the date on which the contract was concluded and the date of the session of

the general meeting which adopted the resolution giving consent to the contract, the assets which are the subject of the contract, and the price.

(12) The provisions of Articles 203 and 204 of this Act shall apply mutatis mutandis in respect of the damage liability of the members of the management or the members of the supervisory board and other persons for damage which is caused to the company as a result of the acquisition of assets in violation of the provisions of the first to eleventh paragraphs of this article.

(13) The provisions of the first to twelfth paragraphs of this article shall not apply in respect of assets which the company acquires in its regular business conduct or which it acquires on the basis of execution or on the regulated market.

Subsection 3

Simultaneous formation

Article 189 Concept

A public limited company may be formed by means of all the founders adopting and signing the articles of association and acquiring all the shares themselves.

Article 190

Formation of a company

A company shall be formed once the founders acquire all the shares.

Article 191

Paying for shares

(1) Shares may be paid for with money or non-cash contributions.

(2) A least one-third of the subscribed capital must comprise shares paid for with money.

(3) Only payments made with legal means of payment to the bank account of a company being formed shall be considered a cash payment. In the case of non-cash contributions, a non-cash acquisition and cash payments the company must be allowed permanently and freely to dispose of them from the time the company is entered in the register. Before the entry of a public limited company in the register, at least 25 per cent of the lowest issue value of each share which is paid for in money must be paid in. For those shares that

were partly covered by non-cash contributions the part which is not covered by payment

with a non-cash contribution must be paid for in money before the company is entered in the register.

(4) If the shares are sold above the lowest issue value the entire additional amount must be paid in before the company is entered in the register.

(5) If a company is formed by one founder that founder must pay for the shares in full before the company is entered in the register or provide appropriate collateral to the company.

Article 192

Appointment of the initial bodies of a company

(1) The founders shall appoint the first supervisory or management board of the company and an auditor for the first full or partial financial year.

(2) The members the supervisory or management board shall be appointed only until the first general meeting.

(3) The supervisory board shall appoint the members of the management board and the management board shall appoint the first executive managers.

Article 193

Formation report

(1) The founders must compile a written report on the forming of the company (hereinafter: "formation report").

(2) The formation report must present the significant circumstances on which the payment for non-cash contributions or a non-cash acquisition depended. In this regard the following in particular shall be stated:

legal transactions by means of which the company acquired non-cash contributions;

if an undertaking is invested in the company, the profit of that enterprise for the previous two years; and

acquisition and production costs in the previous two years.

(3) The following shall also be stated in the formation report:

whether and to what extent shares were acquired for the account of a member of the

management or the supervisory board at the time of formation; whether and in what manner a member of the management or the supervisory board obtained a special benefit or payment for preparing the formation .

Article 194

Formation audit

(1) The members of the management and the supervisory board must examine the process

of the formation of the company.

(2) In addition, one or more forming auditors must review the formation :

if a member of the management or the supervisory board acquired shares;

if shares were acquired at the time of formation for the account of a member of the

management or the supervisory board;

whether a member of the management or the supervisory board obtained a special

benefit or payment for preparing the formation, or

if the formation is carried out with non-cash contributions.

(3) The forming auditors shall be appointed by the court.

Article 195

Scope of the formation audit

(1) The formation audit shall establish in particular:

whether the founders' data concerning the acquisition of shares,

contributions to the

subscribed capital, special benefits and non-cash contributions and non-cash acquisition

are correct and complete;

whether the value of non-cash contributions and non-cash acquisition reach at least the

issue value of the shares or the value of payments which have to be provided for this

purpose.

(2) A written report shall be drawn up on each audit which shall describe the subject of

the non-cash contribution or the non-cash acquisition and state the methods of assessment

used.

(3) The formation auditor shall deliver one copy of the report to the registration body and

one copy to the company' s management. The report shall be available for public

inspection at the registration body.

(4) The law regulating auditing shall apply mutatis mutandis to the formation audit in

respect of the auditing procedure and conditions. The provisions of the third paragraph of

Article 57 of this Act shall apply mutatis mutandis in respect of the damage liability of

formation auditors.

Article 196

Disagreement between the founders and the formation auditors

(1) The formation auditors may demand all necessary explanations and evidence from the founders.

(2) Any disagreement between the founders and the formation auditors as to the scope of explanations and evidence which must be provided by the founders shall be decided by the court.

Article 197

Payment and reimbursement of the costs of the formation auditors

The formation auditors shall have the right to reimbursement of their costs and payment

for their work. The costs and the payment shall be set in accordance with the tariff

adopted by the Slovenian Institute of Auditors on the basis of the law regulating auditing,

and they shall be debited to the company. Article 198

Notification for entry of a company in the register

The members of the management or the supervisory board shall make the notification for

the entry of the company in the register.

Article 199

Content of a notification for entry in the register

(1) A notification for entry in the register shall contain:

the amount for which shares are being issued;

evidence from an authorised bank that the management is free to dispose of the sum

paid in;

an assurance from the founders that they are aware of the duty to provide information

to the registration body and that there are no constraints or circumstances not in

conformity with the provisions laid down in the second paragraph of Article 255 of this

Act;

a statement as to the scope of entitlements enjoyed by the management in representing

the company.

(2) A notification for entry in the register under the preceding paragraph shall be

submitted together with:

the articles of association and the documents which formed the basis on which

the articles of association were prepared, and the documents which formed the basis on which the founders acquired shares;
a statement of account of the formation expenses debited to the company. In this statement of account payments shall be stated by order and amount, and recipients of payments shall be stated individually;

– the documents on the appointment of the of members of the management or supervisory bodies;
the formation report and the audit reports of the members of the management or the supervisory board and of the formation auditors. These reports must be accompanied by the documents on which the significant findings contained in the reports are based.

(3) Members of the management board must deposit a specimen of their signature with the registration body.

(4) The originals or certified copies of the submitted documents shall be kept at the registration body.

Article 200

Refusal of a notification for entry in the register

(1) The registration body must verify that the company has been properly formed and reported. If this is not the case, the registration body shall refuse the notification.

(2) The registration body may also reject an application if the formation auditors establish, or if it is clear, that the formation report or the report by the members of the management or the supervisory board are inaccurate, incomplete or do not conform with the law; the same shall apply if the formation auditors state, or the registration body establishes, that the value of non-cash contributions or a non-cash acquisition is significantly less than the lowest emission value of the shares or the payments which need to be provided for them.

Article 201

Content of an entry in the register The following shall also be entered in the

register:

the amount of subscribed capital and any authorised capital;
the date on which the articles of association were adopted;
the names, surnames and addresses of the members of the management board;
the duration of the company if it is established for a fixed period; and
the entitlements of the members of the management to represent the company.

Article 202

Notification of entry

(1) In addition to the content of an entry in the register under the preceding article, the

following shall also be published:

the details set out in the first paragraph of Article 183 and Articles 184 to 187 of this

Act;

the articles of association or other act on the composition of the management;

the issue value of the shares;

the name, surname and address or the registered name and registered office of the

founders;

the name, surname and address and address of the members of the first supervisory or management board.

(2) At the same time an announcement shall be made that the submitted documents can be inspected at the registration body, in particular the reports by the members of the management or the supervisory board and the formation auditors.

Article 203

Liability of the founders

(1) The founders shall be jointly and severally liable to the company for damage arising from the inaccuracy of information provided in connection with the formation of the company.

(2) If the founders wilfully or through gross negligence cause damage to the company through non-cash contributions or formation expenses, they shall be jointly and severally liable to compensate the company for damage thus incurred. A founder who has acted with a diligence of a good manager shall not be liable for such damage.

Article 204

Liability of other persons

In addition to the founders and persons for whose account the founders

acquired shares,
the following persons shall also be jointly and severally liable to compensate the

company for damage:

a person who, when a payment was received which in contravention of regulations was not included among the formation expenses, knew or should have known that wilful

evasion was being committed or who abetted such evasion;

a person who by means of non-cash contributions wilfully or through gross negligence

damaged the company or made such damage possible;

a person who, prior to the entry of the company in the register or within the first two

years after the entry, publicly announced shares in order to put them into circulation, if

that person knew or with a diligence of a good manager should have known of the

inaccuracy or the incompleteness of the information provided for the formation of the

company, or of damage caused to the company through non-cash contributions.

Article 205 Operating prior to entry in the register

(1) If a company assumes a debt prior to its entry in the register the consent of the

creditor shall not be necessary for the assumption of the debt to be valid, provided the

company approves the assumption of the debt within three months of the entry of the

company in the register and reports this to the creditor and the debtor.

(2) Prior to the entry of a company in the register the right to a share may not be

transferred, and shares or interim certificates may not be issued. Shares or interim

certificates issued before this time shall be null and void. The issuers shall be jointly and

severally liable to the holders for damage arising from any such issue.

Article 206

Company with a single shareholder

If a single shareholder becomes the holder of all the shares, or if the only other

shareholder is the company itself, this must be entered in the register. The full name and

address or registered name and office of the sole shareholder shall also be entered in the

register.

Subsection 4

Successive formation

Article 207

Concept

(1) A company may also be formed through a subscription to shares on the basis of an

announcement containing an invitation to the public to subscribe shares

(hereinafter: a

prospectus), as stipulated by the act regulating securities market, unless otherwise

determined by law. For such formation, the provisions of the previous subsection shall

apply mutatis mutandis unless otherwise stipulated by the provisions of this subsection.

(2) The founders shall adopt articles of association, publish a prospectus and acquire

some of the shares.

Article 208

Subscribing and paying for shares

(1) The shares and the monetary payment for them may only be subscribed at banks.

(2) The articles of association, the reports of the founders and the auditors, and the

prospectus must be made available to subscribers for inspection at the bank handling the

subscription and payment for the shares.

Article 209

Subscription form

(1) Each subscriber must sign three copies of a statement to the effect that he is

subscribing to the shares (subscription form), one for himself and the other two for the

company. If the subscription to shares is carried out by a proxy, the copies of the

subscription form remaining with the company must be accompanied by the authorisation.

(2) The subscription form must contain:

the number and class of shares subscribed to and their issue value at which they are

subscribed to;

– if the company has shares with nominal amount, their nominal amount:

a statement from the subscriber confirming that he will pay for the shares under the

conditions set out in the prospectus;

the amount in money which the subscriber will pay for subscribing to the shares; a statement from the subscriber to the effect that he is acquainted with the articles of association, the prospectus and the reports by the founders and the auditors and that he agrees with the articles of association and the formation of the company; the signature of the subscriber or his proxy and the address or registered name and registered office and signature of the authorised person of the bank at which the subscriptions and payments were carried out and written confirmation from the bank that the payment has been received.

(3) A subscription form not containing the prescribed information or which limits the obligations of the subscriber in contravention of this Act shall be null and void.

Article 210

Unsuccessful subscription

(1) The time limit for subscribing to and paying for shares may not be longer than three months from the day determined as the start of the subscription.

(2) If within the time limit under the preceding paragraph all the shares on offer are not subscribed to and correctly paid for, the founders may themselves, within 15 days of the expiry of this time limit, acquire or subscribe to the shares that have not been subscribed to and paid for.

(3) If even in the manner described in the preceding paragraph all the shares on offer are not acquired or subscribed to and correctly paid for, it shall be deemed that the formation has been unsuccessful and the founders must, within the next 15 days, publish a new announcement calling on the subscribers to collect the sums they have paid in.

(4) Persons who made non-cash contributions or who acquired shares without subscription on the basis of the prospectus shall be called upon separately to collect what they have paid in or contributed to the company whose formation was not successful.

Article 211

Late payment

(1) If any of the subsequent payments falling due prior to the entry of the company in the register are not made on time, the founders shall have the right to declare the acquisition of or the subscription to these shares to be invalid, and the shares may be acquired by the founders themselves or some other person.

(2) Payments made by the original acquirers or subscribers shall accrue to the company.

Article 212

Allocation of subscribed shares

(1) If the share subscription and payment have been successful the founders must allocate the shares among the subscribers within 15 days of the expiry of the time limit set out in the prospectus for the share subscription. Shares may not be allocated to a subscriber if any of the founders knows that that subscriber is insolvent.

(2) In the case under the second paragraph of Article 210 of this Act the shares must be allocated within one month of the expiry of the time limit set out in the prospectus for the share subscription.

(3) Complete lists detailing how many shares of each type or class were subscribed to and allocated to each of the subscribers must be made available for inspection by the subscribers at the bank at which the share subscription was carried out. The list must include an instruction to subscribers who were not allocated any shares, or who were not allocated all the shares they subscribed to, to collect the excess sums they paid in.

Article 213 Disposal of payments

The founders may not dispose of payments made for shares, and the management may only dispose of the payments after the company has been entered in the register. Special allowances, reimbursements and bonuses may not be paid out to the debit of the subscribed capital of the company.

Article 214

Convening the founding general meeting

(1) The founding general meeting must be held no later than two months after the expiry

of the time limit set out in the prospectus for completion of the share subscription. The founders must convene the founding general meeting with an announcement which must be published in the same manner as the prospectus and with an interval of at least 15 days between the date of the last announcement of the prospectus and the date of the founding general meeting.

(2) Within the time limit set out in the preceding paragraph the subscribers who were allocated shares must be allowed to inspect, at the bank at which the share subscription was carried out and at other places at the discretion of the founders, the articles of association, the reports by the founders and the auditors, a list of the subscription forms, the report by the founders on the formation expenses, lists detailing the allocation of shares, and a list of persons who acquired shares without subscription on the basis of the prospectus with a statement as to how many shares of which type and class each of them acquired.

(3) The court may extend the time limit for holding the founding general meeting by one month upon a request from the founders based on good reasons.

(4) The provisions laid down in this Act concerning general meetings shall apply to the founding general meeting in the absence of any special provisions.

Article 215

Consequences of the failure to hold a founding general meeting

(1) If a founding general meeting is not held on time it shall be deemed that the formation of the company was not successful.

(2) Within 15 days of the expiry of the time limit for holding a founding general meeting, the founders must publish an announcement in the same manner as the announcement of the first prospectus calling upon the share subscribers to collect their payments.

(3) If the founders fail to publish this announcement on time the announcement shall be published by the court upon a proposal from one of the subscribers and at the

cost of the
founders.

Article 216

Quorum and reconvening

(1) The founding general meeting must be held at the registered office of the company if no other location was specified in the prospectus.

(2) A majority of all the shares must be represented at the founding general meeting, and if the issuing of shares in various classes is envisaged also a majority of the shares in each class.

(3) The founding general meeting shall be opened by a notary who must be invited by the founders. The notary must compile a list of the share subscribers and acquirers present, or their representatives, and establish whether the conditions laid down in the preceding paragraph are met.

(4) If the general meeting is not conducted in accordance with the provisions laid down in the first to third paragraphs of this article and if the time limit has not been extended in

accordance with the third paragraph of Article 214 of this Act, the founders may

reconvene the founding general meeting no later than within 15 days; at least eight days

and no more than 15 days must pass between the date the new general meeting is convened and the date of the new general meeting.

(5) If the founders do not reconvene the general meeting or if that too is not conducted in

accordance with the first to fourth paragraphs of this article, it shall be deemed that the

formation of the company has not been successful.

Article 217

The progress of a founding general meeting

(1) After it has been opened the general meeting shall elect a chairman and two vote

counters. Thereafter the reports of the founders and the auditors shall be read through,

and also any supplements to these reports but only at the request of shareholders holding

at least 10 per cent of all the votes of the shareholders present or represented.

(2) The minutes of the general meeting shall be kept by the notary, and they

must be

signed by, in addition to the notary, the chairman of the general meeting, the two vote counters and the founders of the company.

Article 218

Powers of the founding general meeting

(1) The founding general meeting shall:

establish whether all shares have been subscribed to or acquired, whether the shares

have been allocated and whether the payments which should have been made by the time

of the founding general meeting have been made in accordance with this Act and the

articles of association;

whether all requirements have been met in respect of non-cash contributions so that the

company will be able to dispose freely of the non-cash contributions as soon as it is

entered in the register;

establish the maximum permitted amount of formation expenses to be debited to the

company;

elect the bodies of a company for which the general meeting is competent pursuant to

the law or the articles of association.

(2) A company shall be formed once the founding general meeting has adopted all the

resolutions under the preceding paragraph.

(3) The resolutions under the first paragraph of this article must be submitted together

with the notification for entry in the register in addition to the supplements under the

second paragraph of Article 199 of this Act.

Article 219

Voting

(1) At the founding general meeting each share shall carry one vote.

(2) Votes must be taken separately for each non-cash contribution on the findings under

the second indent of the first paragraph of the preceding article, and the founders and

subscribers or acquirers of shares on the basis of non-cash contributions shall not have the right to vote. The founders shall not have the right to

vote on matters under the third

indent of the first paragraph of the preceding article.

(3) Decisions shall be taken at the founding general meeting by majority of shares

represented at the general meeting which are not excluded from voting.

(4) An amendment to the articles of association in respect of the provisions laid down in Article 183 of this Act may only be adopted with the consent of all subscribers and

acquirers of shares. A decision to amend to any other provisions in the articles of

association may only be voted on if persons entitled to vote whose votes represent two-thirds of the subscribed capital are present. Any such decision must be unanimous.

Article 220

Re-examination of the founders' report

(1) If the founding general meeting rejects a proposal to re-examine the founders' report,

such re-examination shall nevertheless be carried out if it is requested prior to the election

of the bodies of the company by the subscribers and acquirers of at least one-fifth of all

the shares which were paid for in money.

(2) Subscribers and acquirers who pay for their shares exclusively in money shall elect

three commissioners . One of them may be selected in a separate ballot by the subscribers

and acquirers who demanded a re-examination of the founders' report; these persons shall

also participate in the election of other commissioners .

(3) After the election of the commissioners the founding general meeting shall interrupt

its work for seven days and set a date and time for a new session of the general meeting

shall be without the need for it to be reconvened.

(4) The commissioners shall submit a written report to the founding general meeting. If a

majority of the commissioners estimate the value of non-cash contributions to be less

than two-thirds of the original estimate, the founding general meeting must vote on

whether the company should in fact be formed.

(5) When a vote is taken in accordance with the preceding paragraph the founders,

subscribers and acquirers from whom the company should receive non-cash contributions

may not vote in their own name or as representatives. Exclusion from voting

shall only

apply to those persons who the re-examination of the founders' report concerns.

(6) If a majority is not achieved the formation shall not be successful unless the founders or other persons at the session of the general meeting acquire all the shares of those who voted against the formation and stated that they did not wish to participate in the company as shareholders. At the same time the persons acquiring the shares must pay to the competent notary all due payments and sign or complete the subscription forms.

(7) If a vote on the formation of the company is not necessary according to the report by the commissioners, the costs of the re-examination shall be borne jointly and severally by those who required the re-examination, and in every other case by the founders.

Section 4

LEGAL RELATIONSHIP BETWEEN A COMPANY AND ITS SHAREHOLDERS

Article 221

The principle of equal status of shareholders

The bodies of the company must treat the shareholders equally under equal conditions.

Article 222

Principal obligation of shareholders The shareholders must pay the issue value for the subscribed shares to the account of the company or deliver non-cash contributions to it.

Article 223

Consequences of late payment

(1) Shareholders must pay in their contributions when called upon to do so by the management. The call shall be published.

(2) Shareholders who do not pay their contributions on time shall have to pay penalty interest at a rate determined by law, unless a higher interest rate is determined in the articles of association.

(3) The articles of association may also set a contractual penalty for contributions that are not paid in on time.

Article 224

Exclusion of shareholders for late payment

(1) Shareholders who do not pay in their contribution on time may be given an additional period together with a warning that their shares and any payments made will be taken from them upon the expiry of this period. The extended period must be published and notified to each shareholder by registered post.

(2) Shareholders who do not pay in their contribution in spite of being called upon to do so once again shall have their shares and any payments made withdrawn from them and credited to the company. The data on withdrawal of the shares shall be announced together with a statement as to their characteristics.

(3) In place of the withdrawn share certificate new ones shall be issued, which must state the outstanding amount as well as the partial payments already made.

(4) An excluded shareholder shall be liable to the company for the unpaid contribution if the company does not receive payment of this contribution as set out in Article 225 of this Act.

Article 225

Payment liability of predecessors

(1) Each predecessor of an excluded registered shareholder entered in the share register must pay the contribution to the company if it cannot be demanded from his successors.

When it calls for payment from an excluded shareholder the company shall notify his predecessor.

(2) Each predecessor must pay only the sums, which the company demands within two years of the day when the transfer of a share is reported for entry in the share register. A new certificate shall be delivered after payment of the contribution.

(3) If payment of a contribution cannot be recovered from predecessors, the company must immediately sell the share on the stock exchange or by some other common method.

Article 226

Ban on exempting shareholders from obligations

(1) Shareholders and their predecessors may not be exempted from payment of obligations under Article 222 and 225 of this Act.

(2) Shareholders may only be exempted from the obligation to pay contributions

in the event of a regular reduction in the subscribed capital or a reduction in the subscribed capital through the withdrawal of shares up to the amount by which the subscribed capital is reduced. Article 227

Ban on returning and paying interest on contributions

(1) Contributions may not be returned and may not bear interest.
(2) The following shall not be considered to be repayment of contributions: the payment of a share of the profit for appropriation in accordance with this Act;

payment for the purpose of a permissible acquisition of own shares in accordance with this Act.

(3) It shall in particular be impermissible to make payments for contributions or services of a shareholder or companies affiliated with a shareholder which exceed their real value, irrespective of whether the payment is made to the shareholder or to the company affiliated with the shareholder or to a third party by order of the shareholder (concealed payment of profit).

(4) The provisions of Articles 498 and 499 of this Act shall apply mutatis mutandis to shareholders with more than 25 per cent of the voting shares in respect of loans to the company instead of own capital.

Article 228

Additional obligations of shareholders

(1) The articles of association may determine that in addition to making a contribution to the subscribed capital a shareholder must perform additional services for payment or without payment. This obligation may only be specified if the permission of the company is required for the transfer of shares. The obligations of shareholders and the extent of those obligations shall be stated on the shares or interim certificates.

(2) The articles of association may specify a contractual penalty for failure to fulfil or for incorrectly fulfilling additional obligations.

Article 229

Ban on a company subscribing to its own shares and on acquisition of shares

(1) A company may not subscribe to its own shares.

(2) A dependent company may not acquire the shares of the dominant company, and a majority-owned company may not acquire the shares of the company which has a majority share in it, neither as a founder nor upon an increase in the subscribed capital, and nor in the event of a conditional increase in the subscribed capital. Any acquisition of shares in contravention of this provision shall be null and void.

(3) Anyone who, when a company is formed or when the subscribed capital is increased, acquires shares for the account of a company, a controlled company or a majority-owned company may not appeal to the fact that he did not receive them for his own account.

Until he acquires the shares for his own account he shall not derive any rights from them.

(4) If, when the subscribed capital is increased, shares are subscribed to in contravention of the provisions of the first and second paragraphs of this article, all the members of the management shall be liable for the entire payment unless they prove that they are not culpable for the contravention.

Article 230

Use of net profit and profit for appropriation

(1) If a company discloses a net profit in the financial year it must first use it for the following purposes and in the following order:

1. to cover a loss brought forward;
2. to create statutory reserves under the fourth paragraph of Article 64 of this Act;
3. to create reserves for own shares under the fifth paragraph of Article 64 of this Act;
4. to create reserves under the articles of association under the seventh paragraph of Article 64 of this Act.

(2) The use of the profit for the purposes set out in the first paragraph of this article must be taken into account by the management when it compiles the annual report.

(3) When they adopt the annual report the management or the supervisory board may use the amount of net profit remaining following its use for the purposes set out in the first paragraph of this article to create other profit reserves, but may not use for this purpose

more than half of the amount of net profit remaining following the use of the profit for the purposes set out in the first paragraph of this article. The articles of association may authorise the management or the supervisory board to use for the purpose set out in this paragraph a part which is greater than half of the amount of net profit remaining after the use of the profit for the purposes referred to in the first paragraph of this article. If the shares of a company are not traded on the regulated market the articles of association may also limit the authorisation of the management or the supervisory board referred to in the first sentence of this article in such a way that the management or the supervisory board may only use a part which is less than half of the amount of net profit remaining after the use of the profit for the purposes set out in the first paragraph of this article. If the articles of association authorise the management or the supervisory board to use for the purpose set out in the first sentence a part which is greater than half of the amount of net profit remaining after the use of the profit for the purposes referred to in the first paragraph of this article, this authorisation shall not apply in the case where other profit reserves have already reached half of the subscribed capital or when other profit reserves would exceed half of the subscribed capital if the authorisation under the articles of association to create profit reserves were used.

(4) When the decision on the adoption of the annual report is made in accordance with this Act by the general meeting it may decide, upon adopting it, to create other profit reserves from the amount of net profit remaining after the use of the profit for the purposes referred to in the first paragraph of this article, but for this purpose the general meeting may not use more than half of the net profit remaining after its use for the purposes referred to in the first paragraph of this article.

(5) The use of the profit for appropriation shall be decided by the general meeting.

(6) In its resolution on the use of the profit for appropriation the general meeting may decide that an additional amount shall be transferred to the other profit reserves in addition to any amounts under the third or fourth paragraph of this article. If the articles of association provide that the profit for appropriation may be used for other purposes

(for example, payments to the employees, members of the management board or members of the supervisory board), the general meeting may decide in a resolution on the use of profit for appropriation that the profit for appropriation shall also be used for these other purposes set out in the articles of association.

(7) Shareholders shall have the right to a share in the profit for appropriation unless the general meeting has decided in a resolution on the use of the profit for appropriation in accordance with the law or the articles of association that the profit for appropriation shall be used for the purposes referred to in the sixth paragraph of this article or that the profit for appropriation shall not be distributed to the shareholders (profit brought forward). (8) Prior to the liquidation of a company only the profit for appropriation may be distributed to the shareholders.

Article 231

Distribution of the profit for appropriation to the shareholders

(1) The shareholders' shares in the profit for appropriation shall be determined in proportion to their share in the subscribed capital.

(2) If contributions to the subscribed capital are not paid up in full or are not paid up for all shares in the same proportion, the shareholders' shares in the profit for appropriation shall be determined in proportion to the payments made. Contributions paid in during the financial year shall be taken into account in proportion to the period from when they were paid until the end of the financial year.

(3) A different basis for participation by the shareholders in the profit for appropriation

shall only be permitted where provided by law or in the articles of association in accordance with the law.

Article 232

Interim dividends

(1) In accordance with the articles of association the management may be authorised to pay an interim dividend based on the anticipated profit after the end of the business year.

(2) The management may only pay interim dividend if the previous account for the previous business year shows net profit. (2) A maximum of half the amount remaining from the anticipated net profit after profit reserves have been set aside in accordance with the law or the articles of association may be paid out as an interim dividend. Moreover, the amount of interim dividends shall not exceed half of the balance sheet profit from the previous year.

(3) The payment of interim dividends must be approved by the supervisory board.

Article 233

Return of illegal payments

(1) Shareholders must return to the company any payments which they received from the company in contravention of this Act. If such payments were received in the form of dividends the obligation to return them shall only apply if the shareholders knew or should have known that they were not entitled to receive these payments.

Shareholders

whose combined shares amount to at least one-tenth of the subscribed capital or a whose lowest issue value reaches at least 400,000 euros may pursue such claim of the company, whereby Article 328 of this Act shall apply mutatis mutandis and a prior resolution of the general meeting shall not being required.

(2) Claims of the company under the preceding paragraph may also be pursued by the company's creditors if the company is unable to pay them. If bankruptcy proceedings are commenced the rights of the company's creditors in respect of the

shareholders shall be exercised by the bankruptcy administrator.

(3) Repayment claims shall be time-barred after five years from the date on which the payment was received.

Article 234

Payment for additional services

For additional services which shareholders are obliged to perform in accordance with the articles of association in addition to their contribution to the subscribed capital they may receive a payment which may not exceed the value of the service irrespective of whether a profit is recorded.

Article 235

Entry in the share register

(1) Registered shares shall be entered in the share register together with the holder's

designation or the name, surname and address of the holder.

(2) For registered shares, in relations with the company the shareholder shall be the

person entered in the share register as the shareholder.

(3) If in the opinion of the company a person is wrongly entered in the share register as a

shareholder, the company may delete the entry only if it advises the shareholder in

advance of its intention to delete the entry and gives the shareholder a period within

which to object. If the shareholder lodges an objection in time he may not be deleted

from the share register.

(4) Every shareholder shall be given access to the share register upon request.

(5) The provisions laid down in the preceding paragraphs shall also apply to interim

certificates.

Article 236

Transfer of registered shares

(1) Registered shares shall be transferred by endorsement. The regulations on bills of

exchange shall apply mutatis mutandis to an endorsement. A separate law shall apply to

the transfer of registered shares issued in book-entry form.

(2) The articles of association may limit the transferability of registered shares by

determining, in accordance with this Act, that such transfer requires the

permission of the company (hereinafter referred to as: "permission for the transfer of shares"). A decision on the permission for the transfer of shares shall be made by the company' s management. The articles of association may determine that the decision on the permission for the transfer of shares shall be made by the company' s supervisory board or the general meeting.

(3) If registered shares are transferred to another person the transfer must be notified to the company and the transfer must be proved. The company shall record the transfer in the share register.

(4) The provisions laid down in the preceding paragraphs shall also apply to interim certificates.

Article 237

Permission for the transfer of shares not traded on the regulated market

(1) When registered shares are not traded on the regulated market and the articles of association stipulate that the company' s permission is required in order to transfer these shares the articles of association must lay down the good reasons why the company may decline to give permission to their transfer.

(2) The good reasons under the first paragraph of this article shall be reasons which, taking into account the company' s shareholder structure, justify the refusal to permit the transfer of shares in cases when such transfer could jeopardise the achievement of the company' s goals or its economic independence.

(3) The company may require persons who would acquire shares on the basis of permission for the transfer of shares to state whether they intend to acquire the shares in their own name and for their own account. In such case the company may also refuse to give permission for the transfer of shares if persons who would acquire the shares on the basis of permission for the transfer of shares do not state explicitly that they intend to acquire the shares in their own name and for their own account.

(4) When the legal basis for an acquisition of shares is inheritance, division

of
community property of spouses or a sale carried out in a compulsory execution
procedure

the company may refuse to give permission for a transfer of shares only if it
offers to
acquire the shares from the acquirer against payment of their market value.

(5) If the acquirer does not reject an offer to acquire shares under the
fourth paragraph of
this article within one month of receiving the offer it shall be deemed that
the acquirer
has accepted the offer.

(6) If the acquirer does not agree with the payment offered for acquisition of
shares
under the fourth paragraph of this article the market value shall be
determined upon a
proposal from the acquirer by the competent court.

(7) In respect of the transfer of registered shares not traded on the
regulated market the
articles of association may not lay down stricter conditions than the
conditions laid down
in this article and in Article 238 of this Act.

Article 238

The effect of the permission for the transfer of shares not traded on the
regulated market

(1) Until the company issues permission for the transfer of shares not traded
on the
regulated market the acquirer of these shares shall not have any rights
deriving from these
shares in relations with the company.

(2) Notwithstanding the first paragraph of this article, an acquirer who
acquires shares on
the basis of inheritance, division of community property of spouses or a sale
carried out
in a compulsory execution procedure shall acquire the property rights deriving
from the
shares at the moment they are acquired and the management rights only on the
basis of
the permission from the company for the transfer of the shares.

(3) If the company fails to decide on permission for the transfer of shares
within three
months of receiving a request from the acquirer or if the company refuses to
give
permission for the transfer of shares without justification it shall be deemed
that
permission has been given.

(4) If the company refuses a request from an acquirer in violation of this Act the acquirer shall acquire rights deriving from the shares on the date the court ruling instructing the company to issue permission for the transfer of shares becomes final. In such case the company must also compensate the acquirer for damage incurred as a result of the unjustified refusal to issue permission for the transfer of shares.

Article 239

Permission for the transfer of shares traded on the regulated market

(1) When registered shares are traded on the regulated market and the articles of association stipulate that the company's permission is required in order to transfer these shares the only circumstance which the articles of association may determine as a substantiated reason for refusal to give permission for their transfer is that with the acquisition of these shares together with the shares already held by the acquirer prior to the acquisition the acquirer would exceed a certain proportion of the voting rights or a certain proportion in the capital of the company.

(2) The company may require the acquirer to state whether he intends to acquire the shares in his own name and for his own account. In such case the company may also refuse to give permission for the transfer of shares if the acquirer does not state explicitly that he acquired the shares in his own name and for his own account.

(3) When the legal basis for an acquisition of shares is inheritance, division of community property of spouses or a sale carried out in a compulsory execution procedure the company may not refuse to give permission for the transfer of shares.

(4) In respect of the transfer of registered shares traded on the regulated market the articles of association may not lay down stricter conditions than the conditions laid down in this article and in Article 240 of this Act.

Article 240

The Effect of the permission for the transfer of shares traded on the regulated market

(1) An acquirer of registered shares traded on the regulated securities market

whose transfer is restricted in accordance with the first paragraph of Article 233c of this Act shall acquire property rights deriving from the shares at the moment they are acquired and the management rights only on the basis of the permission from the company for the transfer of the shares.

(2) Until the company issues permission for the transfer of shares the acquirer may not, on the basis of these shares, exercise voting rights nor other rights associated with voting rights but may exercise all other rights deriving from these shares, including the priority right to subscribe to new shares.

(3) Until the company issues permission for the transfer of shares the voting rights deriving from these shares shall be deemed to be unrepresented in the general meeting.

(4) If the company does not refuse a request from the acquirer for permission for the transfer of shares within 20 days of receiving the request it shall be deemed that it has given its permission.

(5) If the company refuses a request from an acquirer in violation of the provisions of this Act the acquirer shall acquire voting rights deriving from the shares on the date the court ruling instructing the company to issue permission for the transfer of shares becomes final. In such case the company must also compensate the acquirer for damage incurred as a result of the unjustified refusal to issue permission for the transfer of shares.

Article 241

Legal community and shares

(1) If a share belongs to several entitled persons the rights deriving from the share shall be exercised by a joint representative.

(2) All entitled persons shall be jointly and severally liable for liabilities arising from the share.

(3) If the company must express its will to a shareholder and if the entitled persons have not appointed a joint representative it shall be sufficient for the company to

express its will to one of the entitled persons.

Article 242

Calculating the ownership time of a share

(1) If the exercise of rights deriving from a share is conditioned on the shareholder having held the share for a certain period of time, the ownership time of the share shall be counted from the time the claim for the transfer of the share which the shareholder has on a financial organisation matures. (2) The ownership time of a legal predecessor shall be attributed to a shareholder if he acquired the share without payment as the universal legal successor or upon the division of common assets.

Article 243

Annulment of shares in accordance with the amortisation procedure

If a share or interim certificate is lost or destroyed the document may be annulled in accordance with the regulations on the amortisation of securities.

Article 244

Annulment of shares

(1) If the content of a share certificate becomes incorrect owing to a change in legal circumstances the company may, with permission from the court, annul those shares which it has not received despite calling for them to be amended or exchanged. If the share documents are incorrect owing to a change in the nominal value of the shares, they shall only be annulled if the nominal value is reduced in order to reduce the subscribed capital. Registered shares may not be annulled because the shareholder's designation has become incorrect.

(2) A call for shares to be delivered must refer to the permission of the court to annul the shares. The annulment may only be carried out if the call was published as laid down in the first paragraph of Article 224 of this Act. The annulment shall become valid upon publication. In the publication the annulled shares shall be designated in such manner that it can be seen unambiguously that the share has been annulled.

(3) In place of annulled shares new shares shall be issued which shall be delivered to the entitled person or stored, and the court which approved the annulment of the shares shall be notified of this.

Article 245

Exchange of a damaged document

If a share or interim certificate is damaged to the extent that it is no longer appropriate for circulation, but the essence of its content is still legible, the entitled person may require the company to issue a new document to him at his expense and he shall deliver the old document to the company.

Article 246

New coupon sheet

A new coupon sheet or new coupons shall only be delivered to the holder if he submits the renewal coupon and the bare shell of the share.

Article 247

Acquisition by a company of its own shares

(1) A company may only acquire its own shares:

if the acquisition is necessary in order to prevent serious and immediate damage being

caused to the company;

if the shares have to be offered for sale to the employees of the company or of an affiliated company;

if it acquires the shares in order to provide compensation for the shareholders in accordance with this Act;

if it acquires the shares without payment;

– if a bank, insurance company and another financial organisation obtains shares with the

purchase committee; on the basis of universal legal succession;

on the basis of a resolution by the general meeting on the withdrawal of shares in

accordance with the provisions on reduction of the subscribed capital;

on the basis of authorisation from the general meeting for the purchase of its own

shares, which shall be valid for 18 months and shall determine the minimum and

maximum purchase price for the acquisition of these shares, as well as the proportion of

the shares, which may not exceed 10 per cent of the subscribed capital. The

company

may not acquire its own shares exclusively for trading purposes. The provisions of Article 221 of this Act shall apply in respect of the acquisition and disposal of a company's shares. It shall be presumed that an acquisition or disposal of a company's own shares is in accordance with Article 221 of this Act if it was carried out on the basis of a transaction concluded on the regulated market. A disposal of a company's own shares in some other manner may only be determined by a general meeting resolution.

The provisions of Article 337 and the first paragraph of Article 344 of this Act shall apply mutatis mutandis in respect of the acquisition and disposal of a company's shares.

The general meeting may also authorise the management to withdraw the company's own shares without a further decision on a reduction in the subscribed capital.

(2) The total proportion of the shares acquired for the purposes set out in the first three

indents and the eighth indent of the preceding paragraph, together with its other own

shares which the company already holds, may not exceed 10 per cent of the subscribed

capital. Such acquisition by a company of its own shares shall only be permitted if the

company acquires the shares by creating reserves for own shares without reducing the

subscribed capital or reserves prescribed by law or the articles of association which may

not be used for payments to shareholders and provided the full issue value has been paid

for the shares. In the cases set out in the first, second, fourth, fifth and eight indents of the

preceding paragraph the acquisition shall only be permitted if the full issue value is paid

up for the shares.

(3) In the case under the first and the eighth indents of the first paragraph of this article

the management must report on the reasons for and the purpose of the acquisition, on the

total number and the lowest issue value of the shares and on the value of the

shares at the next general meeting. In the case under the second indent of the first paragraph of this article the shares shall be offered for sale to the company's employees within one year of their acquisition.

(4) A legal transaction on the acquisition of a company's own shares which is in violation of the first or second paragraph of this article shall be null and void and the acquisition of the shares by the company shall be invalid.

Article 248

Fictitious transactions

(1) A legal transaction by means of which a company secures an advance or a loan for the acquisition of shares shall be null and void.

(2) The provision laid down in the preceding paragraph shall not apply to the current legal transactions of financial organisations nor to transactions by means of which the employees of a company or of an affiliated company acquire shares. Such legal transaction shall be null and void if the company would be unable to form a fund of its own shares without reducing the subscribed capital or a fund prescribed by law or the articles of association which may not be used for payments to shareholders.

(3) A legal transaction between a company and another person in accordance with which the other person would be entitled to acquire shares in the company for the account of the company or a dependent company or a company in which the company has a majority share if the company would acquire the shares in contravention of the provisions laid down in the preceding article shall also be null and void.

Article 249

Rights deriving from a company's own shares

The company shall derive no rights from its own shares.

Article 250

Disposal and withdrawal of a company's own shares

(1) If a company has acquired its own shares in contravention of the provisions of Article 247, paragraphs 1 and 2, of this Act, it must dispose of them within one year of the acquisition.

(2) If the total proportion of shares which a company has acquired in accordance with the provisions of the first and second paragraphs of Article 247 of this Act and are already in company's possession exceeds 10 per cent of the subscribed capital, the company must dispose of the part of the shares exceeding this percentage within three years of the acquisition.

(3) If a company fails to dispose of its own shares within the time limits laid down in the first and second paragraphs of this article, it must withdraw them.

Article 251

Acquiring a company's own shares through third persons

Anyone operating in their own name but for the account of a company may only acquire

or hold shares in the company if this is permitted by the company in accordance with

Article 247, paragraph 1, indents one to six and eight, and paragraph 2 of this Act. The

same shall apply if shares in the company are acquired or held by a dependent company

or a company in which the company has a majority interest, and also if the shares are

acquired or held by a third person operating in his own name but for the account of a

dependent company or a company in which it has a majority interest. After calculation of

the entire proportion of shares in accordance with the second paragraph of Article 247

and Article 250 of this Act, these shares shall be deemed to be shares of the company.

The third person or company must sell the shares to the company at its request.

Article 252

Acquisition of a company's own shares in pledge

(1) A company's own shares within the meaning of Articles 247 and 251 of this Act shall

also include the company's shares which the company receives in pledge. A financial

organisation may, as part of its current operations, receive its own shares in pledge up to

the total proportion laid down in the second paragraph of Article 247 of this Act.

(2) If a company receives its own shares in pledge in contravention of the provisions of the preceding paragraph, such acquisition shall be invalid if the issue value has not yet been fully paid in for them. A transaction under law of obligations on the receipt of a company's own shares in pledge shall be null and void if the shares are acquired in contravention of the preceding paragraph.

Section 5

THE BODIES OF A PUBLIC LIMITED COMPANY

Subsection 1 Common provisions for management and supervisory bodies

Article 253

Selection of management system

(1) The management and supervisory bodies shall be the management board, the board of directors and the supervisory board.

(2) A company may choose a two-tier management system by appointing a management board and a supervisory board or a one-tier management system by appointing a board of directors.

Article 254

Composition and number of members

(1) The composition and the number of members of the management or supervisory bodies shall be determined by law and the articles of association.

(2) The management or supervisory bodies shall be composed of at least three members, unless otherwise provided by law.

(3) If a management or supervisory body has more employees, one of them shall be appointed president.

Article 255

Appointment and term of office of the members

(1) The members of the management and supervisory boards shall be appointed for a period determined in the articles of association which may not be longer than six years, with the possibility of reappointment.

(2) Any natural person with legal capacity may be a member of a management or supervisory body, other than a person:

who is a member of another management or the supervisory body of such company;

– who has not been finally convicted of a criminal offence against the

economy, against labour relations and social security, against legal transactions, against property, against environment, space and natural resources. Such a person cannot be appointed to the Supervisory Board within five years as of the finality of judgement and two years after having served the sentence;

against whom a security measure has been passed prohibiting the pursuit of a profession, for the duration of the prohibition; or

- who, acting as a member of the management board of a company against which bankruptcy proceedings were instituted, has been pronounced liable to repay damage to

the creditors in accordance with the law regulating the financial operations of companies

for the period of two years after the court ruling became final.

(3) New members of the management or supervisory bodies shall together with the

application for registration submit a written statement about the non-existence of

circumstances that would contradict their appointment pursuant to the this act.

Article 256

Appointment by the court

If for any reason one or more of the members of the management or supervisory body are

not appointed, in cases of urgency that member shall be appointed by the court upon a

proposal from interested persons. The position of a court-appointed member of the

management or supervisory body shall cease when a new member is appointed in his

place in accordance with the articles of association. Court-appointed members of the

management or supervisory body shall be entitled to receive payment for their work and reimbursement of costs. If a court-appointed member of the management or supervisory

body and the company cannot agree on the amount of costs and payments, the court shall

decide on those costs and payments.

Article 257

Adoption of decisions

(1) The management or supervisory body must be convened at least once in each quarter

or shorter period, as stipulated by the articles of association.

(2) Each member of the management or supervisory body shall have one vote.

(3) The management or supervisory body shall have a quorum to pass resolutions if at

least half of its members are present when a decision is taken, unless otherwise provided

by the articles of association.

(4) A majority of the votes cast shall be required for a resolution by the management or

supervisory body to be valid, unless otherwise provided by law. In the event of an equal

number of votes the president of the management or supervisory body shall have the

casting vote, unless otherwise provided in the articles of association.

(5) A member of the management or supervisory body may not participate in decisionmaking on matters referring to him.

(6) Members of the management or supervisory body or their authorised persons shall be

entitled to participate in the adoption of decisions by delivering written ballots to another

member of the management or supervisory body.

(7) A management or supervisory body may adopt decisions through a correspondence

session, via telephone, electronic media or otherwise, if this is agreed by all the members

of the management or supervisory body, unless otherwise provided by the articles of

association or the rules of procedure.

Article 258

Rules of procedures

(1) The management or supervisory body shall adopt the rules of procedure with the

majority of votes cast by its members.

(2) Individual issues concerning the work of the management or supervisory body shall

be determined by the articles of association.

Article 259

Participating in sessions

Persons who are not members of the management or supervisory body shall not be

allowed to participate at the sessions of the management or supervisory body, unless

otherwise provided by the articles of association. Experts or rapporteurs may be invited to

participate in the deliberation of particular items.

Article 260

Convening sessions

(1) If requested by any member of the management or supervisory body who must also state the purpose and reasons for the convocation, the president or chairperson shall be obliged to convene the session immediately. A session must be held within two weeks of being convened.

(2) If the president or chairperson does not accept the request stated in the previous paragraph, at least two members of the management or supervisory body may convene a session of the management or supervisory body by themselves and propose the agenda.

Article 261 Approval of a loan

(1) A company may only approve loans to members of the management or supervisory body and the procurators on the basis of a resolution passed by the management or supervisory body. A separate resolution shall be passed for each loan or for each type of loan and must state the manner in which interest is charged and the time limit for repayment of the loan. Other legal acts which correspond in a business sense to a loan shall also be deemed to be loans.

(2) A loan contract based on a resolution referred to in the preceding paragraph must be concluded no later than three months after the adoption of the resolution.

(3) The provisions laid down in the preceding paragraphs shall also apply mutatis mutandis to cases where a loan is approved by a dominant company or a dependent company, whereby the resolution approving the loan is adopted by the management or supervisory body of the dominant company, and in cases where the recipient of the loan is a family member of the member of the management or supervisory body or the procurator.

(4) If a loan is approved in contravention of the provisions laid down in the preceding paragraphs, the sum received must be returned immediately unless the management or

supervisory body subsequently approves the loan.

Article 262

Contract with a member

(1) The rights and obligations of a member of the management or supervisory body not stipulated hereby shall be defined in a contract concluded with the company.

(2) Such contract must be approved by the management or supervisory body; otherwise, the member of the management or supervisory body must return the benefits arising therefrom.

Article 263

Diligence and responsibilities

(1) In performing their tasks on behalf of the company, the members of the management or supervisory body must act with the diligence of a conscientious and fair manager and protect the business secrets of the company.

(2) The members of the management or supervisory body shall be jointly and severally liable to the company for damage arising as a consequence of a violation of their tasks, unless they demonstrate that they fulfilled their duties fairly and conscientiously.

(3) Members of the management or supervisory body shall not have to reimburse the company for damage if the act that caused damage to the company was based on a lawful resolution passed by the general meeting. The damage liability of the members of the management shall not be excluded on the basis that an act was approved by the management or supervisory body. The company may only refuse compensation claims or offset them three years after the claims arose provided the agreement of the general meeting is obtained and provided no written objection is made by a minority holding at least one-tenth of the subscribed capital.

(4) A compensation claim by the company against members of the management or supervisory body may also be pursued by creditors of the company if the company is unable to repay them.

Article 264

Damage liability arising from the influence of third persons (1) Persons who use their influence on a company to induce a member of the

management or supervisory body, the procurator or a proxy to act in a manner which causes damage to the company or its shareholders must reimburse the company for the resulting damage. Shareholders shall be reimbursed for damage if they suffered damage, irrespective of the damage that was caused to them through the damage caused to the company.

(2) In addition to the members of the management or supervisory body anyone who derived benefits from the damaging action, if such action was committed intentionally, shall also be jointly and severally liable. A compensation claim of the company may also be pursued by the company's creditors if the company is unable to repay them.

(3) The provisions laid down in the preceding paragraphs shall not apply if the member of the management or supervisory body, the procurator or the proxy was committed to the damaging action in the exercise of:
- a voting right at the General Meeting,
- an management entitlement based on a controlling contract, or
- a management entitlement a principal company in which the company is incorporated.

Subsection 2

Management board

Article 265

Management of the company

(1) The management board shall manage a company independently and on its own responsibility.

(2) The management board may have one or more members (managers).

(3) If the management board has more than one member the members shall adopt the decisions unanimously, unless otherwise provided in the articles of association.

(4) The articles of association may not provide that in the event of a difference of opinion the vote of a particular member or particular members shall prevail over the majority.

Article 266

Presentation and representation

(1) The management board shall represent the company.

(2) If the management board has more than one member the members shall represent the company jointly, unless otherwise provided in the articles of association.

(3) In the case of joint representation an expression of will given to any of the members of the management board shall take effect against the company as a whole if they are all authorised together.

(4) The articles of association, or the supervisory board where so envisaged by the articles of association, may provide that members of the management board individually, or at least two members of the management board together, or a single member of the management board together with the procurator are authorised to represent the company.

Article 267

Powers and obligations of the management board in respect of the general meeting

The powers and obligations of the management board in respect of the general meeting shall be:

- to prepare measures within the competence of the general meeting at the request of the general meeting;
- to prepare contracts and other acts which require the consent of the general meeting in order to be valid; and
- to carry out resolutions adopted by the general meeting.

Article 268

Appointment and recall of the management board

(1) The members of the management board shall be appointed by the supervisory board.

A reappointment may not be made earlier than one year prior to the expiry of the term of office of the management board.

(2) The supervisory board may recall a particular member of the management board or the president:

- if he is in serious breach of obligations,
- if he is incapable of business conduct,
- if the general meeting passes a vote of no confidence in him, except where the vote of no confidence was passed for clearly unsubstantiated reasons, or for other economic and business reasons (significant changes in the

shareholder
structure, reorganisation, etc.).

Article 269

Participation by members of the management board in the profit

(1) The articles of association may provide that members of the management board share

in the profit in exchange for their work.

(2) As a rule the level of the share in the profit shall be set as a percentage of the annual profit of the company.

Article 270

Income of members of the management board

(1) In determining the total income of a particular member of the management board

(salary, profit share, reimbursement of costs, insurance premiums, commissions, other

additional payments), the supervisory board must ensure that the total income is

proportional to the tasks carried out by members of the management board and the

financial position of the company.

(2) If, after the income has been determined, the operations of the company deteriorate to

an extent that threatens the economic position of the company or could cause damage to

the company, the supervisory board may lower the income. Any such lowering of income

shall not affect the other provisions of the contract; a member of the management board

shall have the right to a termination of contract at the end of the following quarter with

two months notice.

Article 271

Ban on competition

A member of the management board may not pursue an activity with a view to profit in

the area of the company's activity without the consent of the supervisory board, nor

conclude operations for his own account or for the account of another person.

Article 272

Reporting to the supervisory board

(1) The management board shall report to the supervisory board at least once every

quarter on:

planned business policies and other general questions concerning operations; the profitability of the company, and particularly the return on capital; - the progress of operations, and particularly the turnover and the financial position of the company; operations which may have a significant impact on the profitability or solvency of the company.

(2) The supervisory board may also require a report on other issues. The management board shall inform the supervisory board about issues concerning the operations of the company and affiliated companies.

(3) The management board shall submit to the supervisory board the annual report immediately after it has been drafted. If it needs to be audited it shall be submitted together with an audit report. The management board must attach to the annual report the proposal for the use of the profit for appropriation which it will submit to the general meeting.

(4) The supervisory board may at any time require from the management board a report on issues related to the operations of the company which have an important impact or which can be expected to have an important impact on the position of the company.

(5) The reports must conform to the principles of conscientiousness and reliability.

3. Subsection 3

Supervisory board

Article 273

Special conditions for members of a supervisory board

(1) A member of a supervisory board may not be:

a member of the management board or board of directors of a dependent company of the company;

a procurator or authorised person of the same company;

a member of the management board of another company with share capital in which a

member of the management board of this company is on the supervisory board;

- a person who is a member of a supervisory or management board in three other companies, or

- a person not fulfilling the conditions laid down in the articles of association.

(2) For a maximum period of one year the supervisory board may appoint its member to deputise for missing or absent members of the management board. During that time, they may not act as members of the supervisory board. Reappointment or extension of term of office shall be permitted provided the entire term of office is not longer than one year.

Article 274

Electing members of the supervisory board

(1) Members of the supervisory board representing the interests of the shareholders shall be elected by the general meeting.

(2) The articles of association may provide that a maximum of one-third of the members of the supervisory board representing the interests of shareholders shall be appointed by the holders of registered shares whose transfer requires the permission of the company.

Such shares shall not constitute a separate class of shares.

Article 275

Recall of members of the supervisory board

(1) The general meeting may recall the members of the supervisory board that it has elected before the expiry of their term of office. A majority of at least three-quarters of the votes cast shall be required in order to pass a resolution recalling a member of the supervisory board. The articles of association may stipulate a larger majority and lay down other requirements.

(2) A member of the supervisory board who has been appointed to the supervisory board by the qualified shareholders in accordance with the second paragraph of the previous article may be recalled by the shareholders at any time and replaced by another member.

The general meeting may recall such member by ordinary majority of votes if the right to appointment is terminated.

Article 276

Appointment and recall of a member of the supervisory board by the court

(1) The management board must submit a proposal for the appointment of a

member of

the supervisory board to the court immediately after it establishes that the number of

members is insufficient and does not guarantee quorum.

(2) Where good reasons exist the court shall recall a member of the supervisory board at

the proposal of the supervisory board or shareholders whose shares account for at least

10% of the subscribed capital.

Article 277

Announcement of changes in the supervisory board

The management board must immediately announce any change in the membership of the

supervisory board and notify the change for entry in the register.

Article 278

Operations of the supervisory board

(1) The supervisory board must elect a chairman and at least one deputy from among its

members. The management board must notify the name and surname of the chairman and

the deputy for entry in the register. The deputy shall assume the rights and obligations of

the chairman only if the latter is in no capacity to exercise them.

(2) Minutes shall be kept of sessions of the supervisory board and shall be signed by the

chairman or the deputy.

Article 279

Committees

(1) The supervisory board may appoint one or more committees, for example the audit

committee, the appointment committee, the remunerations committee who shall review

the proposed resolutions of the supervisory board and take care of their implementation,

as well as perform other expert tasks.

(2) A committee may not decide on issues which are within the competence of the

supervisory board.

(3) A committee shall be composed of a president and at least two members. The

supervisory board shall appoint a president from among its members.

(4) Only the members of a committee may participate at the sessions, unless otherwise

provided for by the articles of association or the rules of procedure of the supervisory

board. Experts or rapporteurs may be invited to participate in the deliberation of particular items at the session of a committee.

(5) The provisions of Article 257 of this Act shall apply mutatis mutandis to decisionmaking by the committee:

(6) The committee shall report on its work to the supervisory board.

Article 280

Audit committee (1) If the supervisory board appoints an audit committee, at least one member must be appointed from among the independent experts in the field of accounting or finance.

Besides them, only the members of the supervisory board can be appointed members of the audit committee.

(2) The audit committee shall have the following tasks:

- supervision of compliance of the financial information issued by the company;
- supervision of the functioning of the risk management system, internal audit and the system of internal controls;
- estimate of the composition of the annual report, including the formation of the proposal for the supervisory board;
- cooperation in determining the important segments to be audited;
- cooperation in selecting the independent auditor and preparing the agreement between the auditor and the company;
- monitoring the independence, impartiality and effectiveness of the external auditors;
- supervising the nature and scope of non-auditing activities; and
- other tasks defined by the articles of association or a resolution adopted by the management board.

Article 281

(Competences of the Supervisory Board)

(1) The supervisory board shall supervise the company' s business conduct.

(2) The supervisory board may examine and verify the books and documents of the company, its cash box, stored securities, stocks of goods and other things.

(3) The supervisory board may request from the management board any information needed for implementing supervision. Any individual member of the supervisory board may also request to be issued such information and the management board must

submit

the required information to the supervisory board as a body, if so provided by the articles of association.

(4) The supervisory board may convene a general meeting.

(5) Business conduct may not be transferred to the supervisory board. The articles of association or the supervisory board may, however, determine that certain types of operations may only be carried out with its consent. If the supervisory board refuses to give its consent, the management board may require the general meeting to determine whether to give consent. A majority of three-quarters of the votes cast shall be required for a resolution by the general meeting to grant consent.

Article 282

Powers of the supervisory board in connection with the annual report

(1) The supervisory board must examine the annual report and the proposal for the use of the profit for appropriation submitted to it by the management board. Each member of the supervisory board or the audit committee shall have the right to review and verify all the bases used for compiling the annual report, which have to be submitted to him on request unless the supervisory board decides otherwise.

(2) The supervisory board must compile a written report for the general meeting on the findings of the examination referred to in the first paragraph of this article. The report must state the method used and the extent of the examination of the management of the company during the financial year. If an audit report is also attached to the annual report the supervisory board's report must also include an opinion on the audit report. At the end of its report the supervisory board shall state whether following the completion of its examination it has any comments in relation to the annual report and whether it confirms the annual report. If the supervisory board confirms the annual report it is thereby adopted.

(3) The supervisory board must deliver its report to the management board within one

month of the submission of the annual report; otherwise the management board must give the supervisory board an additional period to comply which may not be longer than one month. If the supervisory board still fails to deliver the annual report within this additional period it shall be deemed that the supervisory board has not confirmed it.

Article 283

Representation of the company against members of the management board
The chairman of the supervisory board shall represent the company against members of the management board.

Article 284

Payment to the supervisory board members
Members of the supervisory board may receive payment or participation in the profit, as determined by the articles of association or the general meeting, for their work. Payment must be commensurate with the tasks carried out by the members of the supervisory board and the financial position of the company.

Subsection 4

Board of Directors

Article 285

(competence)

- (1) The board of directors shall manage a company and supervise its operations.
- (2) The provisions under Article 267 and Article 281 of this Act shall apply mutatis mutandis for the competences of the board of directors.
- (3) The board of directors shall compile, verify and approve the annual report by applying mutatis mutandis the provisions of the first and the second paragraph of Article 282 hereof. It can be stipulated by the articles of association that the annual report must be passed by the general meeting.

Article 286

Presentation and representation

- (1) The board of directors shall represent the company.
- (2) If the board of directors appoints executive directors from among themselves, they shall present and represent the company, unless otherwise provided in the

articles of
association.

(3) The provisions laid down in the second to fourth paragraphs of Article 266 of this

Act shall also apply mutatis mutandis to the presentation and representation.
Article 287

Special conditions for members

The fourth and fifth indents of the first paragraph of Article 273 of this Act shall apply

mutatis mutandis to the conditions for the members of the board of directors.
Article 288

Elections and recall

The provisions under Articles 274 to 276 of this Act shall apply mutatis mutandis for the

elections and recall of the members of the board of directors. Article 289

Operations and remuneration of the members of the board of directors

(1) The provisions under Article 278 and Article 279 of this Act shall apply mutatis

mutandis for the operations of the board of directors and its committees.

(2) The president of the board of directors may not be an executive director of the

company.

(3) The board of directors must form an audit committee in a company:

– the securities of which are traded on the regulated market; or

– in which the employees exercise their right to co-operation in the company' s bodies in

accordance with the law.

(4) The provisions of Article 280 hereof shall apply mutatis mutandis for the audit

committee and the members of the audit committee may only be those members of the

board of directors who are not executive directors.

(5) The provisions of Article 284 of this Act shall apply mutatis mutandis to the

remuneration of the members of the board of directors.

Article 290

Executive directors

(1) The board of directors may appoint one or more executive directors. The provision

laid down in the first paragraph of Article 255 of this Act shall apply for the term of

appointment. The members of the board of directors may be appointed executive directors.

(2) The board of directors must apply for the entry in the register of any such

appointment and the scope of the powers of representation of an executive director as

well as any change in such data.

(3) If a person who is not a member of the board of directors is appointed executive director, the provisions of Article 255 hereof shall apply mutatis mutandis for the conditions of appointment.

(4) The board of directors may assign the following tasks to the executive directors:

- management of regular operations,
- applications for registration and submission of documents to the registry;
- taking care of keeping the books of account; and
- compilation of the annual report to which, if subject to auditing, the auditor's report and the proposal for the use of net distributable profit for the general meeting shall be attached and immediately submitted to the board of directors.

(5) In performing the tasks, the executive directors must comply with the instructions and the restrictions imposed by the general meeting, the board of directors, the articles of association and the rules of procedure of executive directors.

(6) If there are several executive directors, they shall conduct business together, unless otherwise provided in the articles of association or the rules of procedure of the board of directors.

(7) If there are several executive directors, they can adopt the rules of procedure for their work unless it is stipulated by the articles of association that such rules of procedure must be adopted by the board of directors or if they have already been adopted.

(8) The board of directors may recall an executive director at any time. The rules regulating obligation relations shall be used to decide claims based on a contract to perform the function of executive director. (9) When signing document for the company, the executive directors shall add the note "Executive Director" to the registered name of the company and their signature.

(10) The provisions of Article 272 hereof shall apply mutatis mutandis for the reporting by the executive directors to the board of directors, unless otherwise

provided by the articles of association or the rules of procedure for the work of executive directors.

(11) The provisions laid down in Articles 261 to 264 and 269 to 271 of this Act shall apply mutatis mutandis in respect of executive directors.

Article 291

Public or small companies

(1) The board of directors of a company the securities of which are traded on the regulated market must appoint from among its members at least one executive director but not more than half members of the board of directors may be appointed executive directors. Unless otherwise provided by the articles of association, executive directors shall perform the tasks laid down in the fourth paragraph of the previous Article.

(2) The provisions laid down in the first paragraph of Article 258 and the second

paragraph of Article 289 of this Act shall not apply to small companies.

Subsection 5

General meeting

Division 1

Powers of the general meeting

Article 292

General

(1) The shareholders shall exercise their rights in respect of matters concerning the

company at a general meeting, unless otherwise determined by this Act.

(2) Members of the management or supervisory body may participate in the general

meeting even if they are not shareholders. The articles of association or the rules of

procedure of the general meeting may define in which cases the members of the management or supervisory body can participate in the general meeting through

image and voice transfer and in which cases the general meeting can be transmitted through

audio and video channels.

Article 293

Powers of the general meeting

(1) The following matters shall be decided by the general meeting:

the adoption of the annual report;

the use of the profit for appropriation;

the appointment and recall of members of the supervisory board and the board of directors;

- issuing of a discharge for the members of the management or supervisory bodies;
- amendments to the articles of association;
- measures to increase and reduce the capital;
- the dissolution of the company and its restructuring;
- the appointment of an auditor; and
- other matters where so provided by the articles of association in accordance with the law or other matters determined by law.

(2) The general meeting shall only have the power to adopt the annual report if the supervisory board or the board of directors has not confirmed the annual report or if the management board or the supervisory body leave the decision on the adoption of the annual report to the general meeting or if so provided by the articles of association of the company that selected one-tier management system; in this case the relevant resolutions of the management or the supervisory body must be stated in the report which the management or the supervisory body submits to the general meeting.

(3) When adopting the annual report the general meeting must take into account this Act and the accounting standards referred to in Article 53 hereof. If the general meeting amends a compiled annual report which under this Act has to be audited, the annual report must be reviewed again by an auditor in accordance with the provisions of Article 57 of this Act within two weeks of its adoption by the general meeting.

(4) The general meeting shall decide on the use of the profit for appropriation upon a proposal from the management or the supervisory body. In its decision on the use of the profit for appropriation it shall not be bound by the proposal of the management or supervisory body but shall be bound by the adopted annual report. The resolution on the use of balance sheet profit must contain data on:

1. amount of profit for appropriation
2. part of profit for appropriation to be distributed among shareholders

3. the part of the profit for appropriation to be transferred to other profit reserves
4. the part of the profit for appropriation the use of which will be decided in subsequent financial years (profit brought forward), and
5. the part of the profit for appropriation to be used for other purposes set out in the articles of association.

(5) The adopted annual report shall not be amended by the resolution on the use of the profit for appropriation.

(6) The general meeting may not decide issues concerning the business conduct where so requested by the management.

Article 294

Discharge

(1) At the same time as deciding on the use of the profit for appropriation the general meeting shall also decide on the discharge of the management board and the supervisory board. The discharge of an individual member shall be voted on separately where so decided by the general meeting or where required by shareholders whose combined interests make up at least one-tenth of the subscribed capital.

(2) By issuing a discharge the general meeting confirms and approves the work of the management or supervisory body in the financial year. Claims based on liability for damage may also be pursued against persons who have been discharged by the general meeting.

(3) The debate on issuing a discharge shall be linked to the debate on the use of the profit for appropriation. The management must submit to the general meeting the annual report and the report of the management or supervisory body referred in Articles 282 and 285 of this Act. From the time when the general meeting is convened the reports must be accessible to shareholders at the company's registered office. It must be stated in the convocation where the reports can be obtained. A copy of the reports must be handed over to a shareholder free of charge on request by the following working day

at the latest.

The session of the general meeting at which the general meeting decides on the use of the profit for appropriation and on the discharge must be held within eight months of the end of the financial year.

(4) If the general meeting does not discharge the management board or an individual member of the management board this shall not mean that it has passed a vote of no confidence.

Division 2

Convening a general meeting

Article 295

General

(1) A general meeting shall be convened in cases determined by law or by the articles of association, and whenever it is in the interest of the company.

(2) The management shall decide by a simple majority on whether to convene the general meeting. The convening of the general meeting shall be announced together with the registered name and registered office of the company, the time and place of the general meeting and the conditions applying to participation at the general meeting and the exercise of voting rights.

(3) Unless otherwise provided by the articles of association, the general meeting shall be held at the registered office of the company. If the company's shares are traded on the stock exchange, the general meeting may also be held at the headquarters of the stock exchange.

Article 296

Convening the general meeting at the request of a minority

(1) The general meeting must be convened if shareholders whose total interest accounts for at least one-twentieth of the subscribed capital make a written request for the convening of the general meeting, stating the purpose and reasons for it. The request shall be sent to the management of the company. The articles of association can also regulate the right to convene the general meeting in another manner, in which case the

total share

of the shareholders requesting the general meeting be convened may not be set at more

than one tenth of the subscribed capital.

(2) In the manner set out in the preceding paragraph, shareholders whose total interest

accounts for at least one-twentieth of the subscribed capital may require that the subject

about which resolutions are to be adopted upon their proposal at the general meeting be

published.

(3) Upon the request under the first paragraph hereunder the general meeting must meet

as soon as possible but no later than within two months, or the court may authorise the

shareholders who requested the convocation, or their authorised persons, to convene the

general meeting or to publish the subject which the general meeting should decide. The

court shall issue the decision without obtaining the consent of the other parties.

Article 297

Period of notice to convene a general meeting

(1) The general meeting shall be convened at least one month before the session of the general meeting.

(2) The articles of association may stipulate as a condition for participating at the general

meeting or exercising a voting right that the shares be stored up to a certain time prior to

the general meeting or that the shareholders notify their participation prior to the general

meeting. (3) If participating at the general meeting or exercising a voting right is conditional, in

accordance with the articles of association, on the shares being stored up to a certain time

prior to the general meeting it shall be sufficient for them to be stored no later than ten

days prior to the general meeting. Shares shall be stored with a notary or in some other

manner set out in the articles of association.

(4) If participating at the general meeting or exercising a voting right is conditional on

the shareholders notification prior to the general meeting it shall be sufficient for them to

notify no later than three days prior to the general meeting.

Article 298

Publication of the agenda

(1) The agenda for a session of the general meeting shall be published at the same time as the notice to convene the general meeting. If after the general meeting has been convened

the shareholders holding at least one twentieth of the subscribed capital request the

publication of a subject which the general meeting is to decide, it shall be sufficient that

the subject be published within ten days of the notice to convene the general meeting.

(2) If the general meeting is to decide on an amendment to the articles of association, the

place where the text of the proposed amendment with justification is available for

inspection shall also be announced. Such text with justification shall be published in the

company's newsletter or its electronic medium.

(3) For each item on the agenda on which the general meeting is to decide, the

management or supervisory body must include proposed resolutions for adoption in the

publication of the agenda, and only the board of directors or supervisory body in the case

of the election of members of the supervisory board, the board of directors and the

auditors, with the exception of the items on the agenda proposed by the shareholders on

the basis of the second paragraph of Article 296 hereof. The grounded proposals for the

adoption of the resolutions must be available as stated in the previous paragraph. The

grounding of the proposal for the election of members of the management or supervisory

body must contain at least the name and surname, education, appropriate experience and

current employment of the proposed member, and for the election of the auditor at least

the registered name, registered office and key recommendations.

Article 299

Notifying shareholders and members of the supervisory board

(1) The management must, within twelve days of the publication of a notice to

convene

the general meeting, notify financial organisations and associations of shareholders who

at the last general meeting exercised a voting right on behalf of shareholders or who

requested a report that a general meeting has been convened and inform them of the

publication of the agenda and the proposals of shareholders including the shareholders'

names, surnames or registered names and the arguments and position of the management.

(2) The management must send the notification under the preceding paragraph to shareholders:

who stored their shares with the company;

who so request after the publication of the notice to convene the general meeting, or

who are entered as shareholders in the company's share register and whose voting

rights were not exercised at the last general meeting by any financial organisation even if

so authorised in accordance with the provisions of Article 309 of this Act.

(3) Any member of the supervisory board may require the management to send him the

notification under the first paragraph of this article.

(4) Any shareholder who stores shares with the company or who is entered as a shareholder in the share register and any member of the supervisory board may require

the management notify him in writing of resolutions adopted at a general meeting.

Article 300

Shareholders' proposals

(1) Proposals from shareholders shall be published and notified in accordance with the

preceding article only if within one week of the publication of the notice to convene the

general meeting the shareholder sends the company a reasonably argued counter proposal, giving notification that he will oppose the proposal by the management or

supervisory body at the general meeting and that he will prevail upon other shareholders

to vote for his counter proposal.

(2) The management shall not have to send a counter proposal and the justification of it

to the shareholders:

if the publication of the counter proposal would constitute a criminal offence or an economic infringement;

if the counter proposal would lead to a resolution by the general meeting that would be in violation of the law or the articles of association;

if the justification of the counter proposal in points of substance contains clearly incorrect or misleading information or insults;

if a shareholder's counter proposal containing the same content has already been reported to the general meeting of the company;

if during the last five years the same shareholder's counter proposal containing essentially the same justification has already been reported to at least two general meetings of the company and less than one-twentieth of the subscribed capital represented at the general meeting voted in favour of it;

if the shareholder makes it known that he will not attend the general meeting and has not made arrangements to be represented, or

if during the last two years the shareholder has not presented a counter proposal to the general meeting which he has reported or has not had it presented.

(3) The justification for a counter proposal need not be reported if it contains more than one 3000 characters.

(4) The management may report in summary the counter proposals and their justification of several shareholders on the same subject.

(5) The proposals of the shareholders that have not been sent to the company within the deadline set in the first paragraph hereunder and have been submitted no later than at the general meeting itself, shall be discussed at the general meeting.

Article 301

Electoral proposals by shareholders

The provisions laid down in the preceding article shall apply mutatis mutandis to a

shareholder's proposal for the election of members of the supervisory board, board of

directors or the auditors. An electoral proposal shall not require justification.

Article 302

Notification via financial and other organisations (1) A financial organisation which stores shares in a company for shareholders must immediately send the notification under the first paragraph of Article 299 of this Act to the shareholders.

(2) If a financial organisation intends to exercise a voting right at the general meeting on behalf of a shareholder it must notify the shareholder of its own proposals for exercising the voting right in respect of particular items on the agenda. It shall call upon the shareholder to give it instructions as to how to exercise the voting right and indicate to the shareholder that if the shareholder does not provide different instructions in time it will exercise the voting right in accordance with its own proposals.

(3) The provisions laid down in the preceding paragraphs shall also apply in respect of the obligations of an association of shareholders.

3. Division 3

Minutes and the right to be informed

Article 303

List of participants

(1) At the general meeting a list shall be compiled of the shareholders present or represented and of the representatives, which shall contain the name, surname and address and for each shareholder the number and class of shares and, in the case of shares with nominal value, also their nominal value.

(2) The list shall be drawn up on the basis of submitted shares or share confirmations or authorisations.

(3) If a financial organisation or an association of shareholders has been authorised to exercise a voting right and the organisation or association exercises it on behalf of the person who holds that right, the amount and the class of the shares and, in the case of shares with nominal value, also their nominal value for which authorisation was obtained shall be entered in the list.

(4) The amount and class of shares and, in the case of shares with nominal value, also their nominal value shall also be entered in the list for the person

authorised by the shareholder to exercise the voting right in his own name on behalf of the shareholder.

(5) The list shall be signed by the chairman and made available for examination by the participants before voting or they shall be allowed to inspect the list available through electronic media.

Article 304

(Minutes)

(1) Each resolution passed by the general meeting shall be confirmed by a notary in a notarial record.

(2) The record shall state the place and date of the session, the name and surname of the Notary Public, the result of the voting and the chairman's summary of the adoption of resolutions.

(3) A list of the participants at the general meeting and evidence of the notice to convene the general meeting shall be attached to the record. It shall not be necessary to attach evidence of the notice to convene the general meeting if the content of such evidence is stated in the record.

(4) Within 24 hours of the conclusion of the general meeting the management must send a copy of the record and the supplements, verified by a notary, to the register.

Article 305 Shareholder's right to be informed

(1) At the general meeting the management must give the shareholders reliable information on matters concerning the company where it is important for an assessment of the agenda. The right to be informed shall also apply in respect of the company's legal and business relations with affiliated companies.

(2) The management shall not be obliged to provide data:
if reasonable business judgement suggests that the provision of information could cause damage to the company or an affiliated company;
on the method of compiling the balance sheet and of making estimates, if stating these methods in a supplement is sufficient for an assessment of the property and the financial

and profit position of the company which conforms with the actual circumstances; or

if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices.

(3) If a shareholder is given information outside a session of the general meeting, that information must be passed on to every other shareholder upon request even if it is not necessary for an assessment of an item on the agenda.

(4) If a shareholder is not given information, he may require that his question and the reason why the information was refused be entered in the record.

Article 306

Court ruling on the right to be informed

At the proposal of a shareholder, the court shall decide whether the management must provide information.

Division 4

Voting rights

Article 307

The simple majority principle

A majority of votes cast by shareholders (simple majority) shall be required in order for

the general meeting to adopt resolutions, unless the law or the articles of association

stipulate a larger majority or lay down other requirements.

Article 308

Voting rights

(1) Shareholders shall exercise their voting right based on the proportion of the shares

they hold in the subscribed capital. Each no-par value share with voting rights shall carry

one vote. The articles of association may provide for restrictions on voting rights such

that the number of votes which an individual has based on the number of shares may not

exceed a certain number or a certain percentage. The articles of association may

determine that shares belonging to another person for the account of the shareholder shall

also count as the shareholder's shares. If the shareholder is a company the articles of

association may determine that shares belonging to a company dependent by it or a

company controlling it or a company affiliated with it in a concern of companies or to a third person for the account of such companies shall also count as its shares. Restrictions on voting rights referred to in the third sentence of this paragraph may not be laid down for individual shareholders. Such restrictions may also not be laid down for voting rights deriving from shares traded on the regulated market.

(2) The voting right shall only be acquired once the entire contribution has been paid in.

The articles of association may determine that the voting right is acquired when the statutory or some higher minimum contribution has been paid for the shares. In this case payment of the minimum contribution shall secure one vote. Where higher contributions are paid in the voting proportions shall be commensurate with the amount of the contribution paid in.

(3) If the articles of association do not provide that the voting right shall be acquired before payment of the entire contribution and if the contribution has not yet been fully paid in for any share, the voting proportion shall be commensurate with the amount of the contributions paid in. In this case the payment of the smallest contribution shall secure one vote. In such cases portions of votes shall be taken into account only if they give full votes to shareholders with the right to vote.

(4) The articles of association may not contain provisions as laid down in the second and third paragraphs of this article for individual shareholders or individual share classes.

(5) A shareholder who has put his share in pledge shall exercise the voting right on the basis of the pledge certificate which the pledge creditor must issue at his request.

(6) Voting rights may be exercised by a proxy. Such authorisation must be given in writing. The authorisation must be submitted to the company and shall be stored by it.

(7) The method of exercising voting rights shall be regulated by the articles of

association. The articles of association shall lay down that a company may or must establish a connection between the authorised person present at the general meeting and the represented shareholder through electronic or other comparable media.

Article 309

Exercising voting rights through financial and other organisations and other persons

(1) A financial organisation may only exercise or verify the exercising of a voting right

for registered shares if it has written authorisation to do so.

(2) Authorisation may be given to an individual financial organisation for a maximum of

15 months and may be revoked at any time.

(3) A financial organisation may only authorise persons not in its employment to carry

out the authorisation if this is explicitly permitted in the authorisation.

(4) If a financial organisation exercises a voting right in the name of a shareholder on the

basis of an authorisation, the authorising certificate shall be submitted to the company

and shall be stored by it.

(5) If the shareholder has not given the financial organisation instructions as to the

exercise of the voting right, the financial organisation must exercise that right in

accordance with its own proposals, of which it must notify the shareholder, unless it can

presume that the shareholder would approve of its decision if the shareholder was aware

of the actual state of affairs.

(6) If the financial organisation exercises the voting right in contradiction of the

shareholder's instructions, or in contradiction of its own proposals as reported to the

shareholder in the case where the shareholder gave no instructions, the financial

organisation must notify the shareholder of this and state its reasons.

(7) The provisions laid down in the preceding paragraphs shall also apply mutatis

mutandis to other persons exercising the voting right in the name of the shareholder on

the basis of an authorisation.

(8) The obligations of financial organisations and of other persons exercising the voting

right in the name of a shareholder by authorisation may not be excluded or limited in advance. (9) Notwithstanding the provisions laid down in the preceding paragraphs, persons related to the shareholder by blood in direct line up to three removes or the shareholder's spouse may exercise the voting right.

Article 310

Organised collection of proxies

(1) Financial organisations, an association of shareholders and other persons planning to implement, at the general meeting, their voting right on the basis of organised collection of proxies, must have a written authorisation (authorised person).
(2) Any collection of proxies intended for more than 50 shareholders of a public limited company who hold shares carrying voting rights shall be deemed organised collection of proxies.

(3) The authorisation referred to in the first paragraph hereunder shall only apply for one general meeting. It shall contain the proposed resolutions, the proposal of an authorized person for the voting on individual proposed resolutions, a call upon the shareholder to give it instructions on how to exercise the voting right and indicate to the shareholder that if the shareholder does not provide different instructions it will exercise the voting right in accordance with its own proposals which must be explained in the proxy, and the indication that a shareholder may revoke such proxy at any time.

(4) The minister competent for economy may prescribe the sample proxy for voting on individual matters at the general meeting.

(5) Proxies not collected in accordance with the provision of the first paragraph hereunder and proxies with content that is not in accordance with the provisions of the third paragraph hereunder shall be null and void.

(6) Other method of organised collection of proxies for a specific purpose may be determined by a specific law.

Article 311

Exclusion of voting right

(1) A shareholder may not participate in a vote on whether he be exempted from certain obligations or on the pursuit of a claim by the company against him. No other person may exercise the voting right in cases in which under the previous sentence the shareholder himself may not exercise that right.

(2) A contract under which a shareholder undertakes to exercise his voting right in accordance with instructions from the company, the management or supervisory body or in accordance with instructions from a dependent company shall be null and void. A contract under which a shareholder undertakes to vote for every proposal by the management or the supervisory board shall also be null and void.

Article 312

Voting on electoral proposals by shareholders

If a shareholder has submitted a proposal for the election of members of the management

or supervisory body or proposes their election at a general meeting, a decision shall be

taken on his proposal before a proposal from the management or supervisory body where

so required by a minority of shareholders whose total interest accounts for at least onetenth of the subscribed capital represented.

Division 5

Extraordinary resolution

Article 313 Separate session and separate voting

(1) Extraordinary resolutions as prescribed in this Act or in the articles of association

shall be adopted by a separate vote at either a joint or a separate session of shareholders.

The provisions applying to a general meeting shall apply mutatis mutandis to the notice

to convene a separate session and to participation at the session as well as the right to be

informed, and the provisions of general meeting resolutions shall apply mutatis mutandis

to extraordinary resolutions.

(2) If shareholders participating in the voting on an extraordinary resolution require a

separate session to be convened or the subject of a separate vote to be published, it shall

be sufficient that their total interests on the basis of which they are able to participate in the voting on the extraordinary resolution account for one-tenth of the interests on the basis of which the right to vote may be exercised in the vote on the extraordinary resolution.

Division 6

Non-voting shares

Article 314

Non-voting priority shares

Voting rights may be excluded from shares which grant a priority right in the distribution of the profit (non-voting priority shares).

Article 315

The rights of priority shareholders

(1) Non-voting priority shares shall carry all rights which a shareholder derives from shares except voting rights.

(2) If the preferential amount is not paid out within one year or is not paid out in full and the outstanding amount is not paid the following year, priority shareholders shall have the right to vote until the outstanding amount is paid. In this case priority shares shall be taken into account when calculating the majority of the capital required by law or the articles of association.

Article 316

Annulment or limitation of priority

(1) The consent of all the priority shareholders shall be required in order for a resolution limiting or annulling the priority to be valid.

(2) Priority shareholders must also give their consent to a resolution on the issuing of priority shares which, in the distribution of the profit or the assets of the company, have priority over non-voting priority shares or which are equated with them. Such consent shall not be necessary if the shares were issued in guaranteeing priority or, if the right to vote was subsequently excluded, in excluding a share, the issue was expressly reserved and if the registered right of priority shareholders is not excluded.

(3) The priority shareholders shall decide whether to grant consent at a separate session by means of an extraordinary resolution. A majority of at least three-quarters of all the shareholders' votes cast shall be required in order for such resolution to be valid. The articles of association may not stipulate a different majority or lay down other requirements.

(4) If the priority is annulled the shares shall carry the right to vote.

Article 317

Non-voting ordinary shares The law may determine that ordinary shares shall be issued without voting rights.

Subsection 6

Audit and pursuit of compensation claims

Division 1

Audit aimed at verifying of the foundation procedures and management of individual operations of a company

Article 318

Appointment of a special auditor

(1) The general meeting may appoint, with simple majority of votes, a special auditor

with the aim of verifying of the foundation procedures and management of individual

operations of a company, including the operations of increasing and decreasing the

subscribed capital in the last five years. The person who audited the company' s annual

report in the last five years cannot be appointed special auditor.

(2) If the general meeting rejects the proposal for the appointment of a special auditor,

such auditor can be appointed by the court on a proposal filed by shareholders whose

holdings total not less than one tenth of the subscribed capital or a nominal amount or the

pertaining amount of the subscribed capital totals at least 400,000 euros, provided that

there exists a reason to believe that serious fraud or violations of the articles of

association or the law have occurred in the conduct of business and procedures.

(3) The proposers from the previous paragraph must deposit the shares with the central

clearing and depository house if they have not been deposited or issued in the

book-entry

form and may not dispose of them until the issue of a decision on the proposal, or it shall

be deemed that the proposal has been withdrawn. Moreover, they must be able to prove

that they were really the holders of the shares at least three months prior to the general

meeting which rejected their proposal.

(4) If the general meeting appointed a special auditor, the court shall appoint, on a

proposal filed by shareholders whose holdings total not less than one tenth of the

subscribed capital or a nominal amount or the pertaining amount of the subscribed capital

totals at least 400,000 euros, another special auditor, provided that there exists a

reasonable doubt regarding the bias of the special auditor appointed by the general

meeting or other grounded reasons.

(5) The proposal referred to in the second or the fourth paragraph can be submitted to the

court 15 days of the general meeting at which the proposal for the appointment of a

special auditor was rejected or a special auditor was appointed against which the specific

reasons for replacement are being put forth.

(6) When issuing a decision on the appointment of a special auditor, the court shall

impose on the company to deposit an advance payment for the costs of such special audit.

If the company fails to deposit such advance payment, the court shall collect it ex officio.

An appeal shall not suspend the execution of the decision.

Article 319

Rights of a special auditor

(1) The management shall be obliged to enable the special auditor to review the books of

account and the company's documents as well as its property items and especially its

cash register, stocks, securities, goods and other property. (2) The special

auditor may request that the members of the management or supervisory bodies provide all the necessary explanations and evidence for conducting a

careful

review of procedures.

(3) The special auditor shall have the rights from the first and the second paragraph

hereunder also in relations with the concern of companies, the dominant company and a subsidiary.

(4) The law regulating auditing shall apply mutatis mutandis to the verification of the foundation procedures and management of individual operations of a company in respect of the auditing procedure and conditions.

Article 320

Special auditor' s report

(1) The special auditor must draw up a written report on the findings of the audit

(hereinafter: special auditor' s report).

(2) Such special auditor' s report shall contain the facts the publication of which could cause serious damage to the company or an affiliate company, provided that these are important for the general meeting to appropriately evaluate the procedures and operations subject to the audit.

(3) The special auditor shall sign the special auditor' s report and immediately submit it to the management and the court.

(4) The management shall submit the special auditor' s report to the supervisory board of the company and put it on the agenda of the next general meeting.

(5) The management shall be obliged to publish the findings of the special auditor pursuant to Article 185 of this Act. All shareholders shall be given a copy of the special auditor' s report free of charge on request by the following working day at the latest.

(6) The provisions of the third paragraph of Article 57 of this Act shall apply mutatis mutandis in respect of the damage liability of the auditor.

Article 321

The auditor' s right to reimbursement of costs

(1) The special auditor shall have the right to reimbursement of costs and to payment for his work. The legal costs related to the appointment of the special auditor and the costs of the work of the special auditor shall be covered by the company.

(2) If the special auditor is appointed by the court than the court shall

decide on the

payment of costs and the fee for the work of such special auditor.

(3) In the case set forth in the preceding paragraph, the costs and the fee for the work of such special auditor shall be covered from the advance payment. If the advance payment

is not sufficient for covering the costs and the fee for the work of such special auditor, the court shall impose the deposit of additional advance payment on the company.

An appeal

shall not suspend the execution of the decision.

(4) The provisions of the previous paragraphs shall not exclude the right of the company

to claim compensation for costs arising from unjustified special audit, according to the general rules on damage liability.

Division 2

Extraordinary audit because of an underestimate of items in the annual report

Article 322

Reasons for extraordinary audit

(1) If there is reason to believe that: 1. individual items of financial statements that are a constituent part of the adopted annual report are considerably underestimated, or

2. the notes to financial statements which are a constituent part of the adopted annual

report do not contain the prescribed notes or that they are incomplete and the

management failed to provide the missing notes to the shareholders at the general

meeting, although they requested such additional notes and also that their questions be

recorded in the minutes,

the court has appointed, on a proposal filed by shareholders whose holdings total not less

than one tenth of the subscribed capital or a nominal amount or the pertaining amount of

the subscribed capital totals at least 400,000 euros, an extraordinary auditor.

(2) It shall be deemed that the assets items are underestimated if they are estimated at a

lower value in the financial statements and that liabilities items are underestimated if they

are disclosed at a value lower than the one according to which they should be evaluated

pursuant to the law, the accounting standards, the general accounting assumptions for compiling financial statements and the general principles for evaluating the items in these statements.

(3) The shareholders from the first paragraph hereunder must deposit the shares with the central clearing and depository house if they have not been deposited or issued in the book-entry form and may not dispose of them until the issue of a decision on the proposal, or it shall be deemed that the proposal has been withdrawn. Moreover, they must be able to prove that they were really the holders of the shares at least three months prior to the general meeting of the public limited company at which the annual report has been contested.

(4) The proposal from the first paragraph hereunder can be submitted by the shareholders to the court within 30 days of the general meeting at which the annual report has been contested or at which the general meeting acknowledged the annual report and the report of the supervisory board which approved the annual report.

(5) The law regulating auditing shall apply mutatis mutandis to the extraordinary audit in respect of the auditing procedure and conditions.

Article 323

Appointment and reimbursement of the costs of the extraordinary auditor

(1) The provisions laid down in the sixth paragraph of Article 318 and Article 321 of this

Act shall apply mutatis mutandis to the appointment of extraordinary auditor and the

legal costs. The person who audited the company's annual report in the last three years

cannot be appointed extraordinary auditor.

(2) In respect to the obligations of the management or supervisory body and companies

in a concern towards the extraordinary auditor, the provisions of Article 319 hereof shall

apply mutatis mutandis. The auditor who audited the company's annual report has the

same obligation towards the external auditor.

Article 324

Extraordinary auditor' s report

(1) The extraordinary auditor must draw up a written report on the findings of the

extraordinary audit (hereinafter: extraordinary auditor' s report).

(2) If the extraordinary auditor finds out, during the auditing, that individual items in the accounting statements have been considerably overestimated or that the provisions on the contents of the annual report have been violated, such extraordinary auditor' s report must contain these findings.

(3) If the extraordinary auditor finds out, during the auditing, that the contested items are considerably underestimated, the following must be explained in the extraordinary auditor' s report:

1. the minimum amount at which individual asset items should be evaluated or the maximum amount at which individual liabilities items should be evaluated;
2. the amount for which the annual profit would be higher or the annual loss lower, considering the findings from the previous item.

(4) If the extraordinary auditor finds out, during the auditing, that the contested items are not, or at least not considerably, underestimated, a statement must be included in the extraordinary auditor' s report that the contested items are not considerably underestimated.

(5) If the extraordinary auditor finds out that the notes to financial statements which are a constituent part of the contested annual report do not contain the prescribed notes or that they are incomplete and the management failed to provide the missing notes to the shareholders at the general meeting, although they requested such additional notes and also that their questions be recorded in the minutes, the extraordinary auditor' s report must contain the missing data. If the notes to the financial statements which are a constituent part of the contested annual report did not contain the data on the methods of evaluation and formation of value adjustments that the company should use in accordance with the law, the accounting standards and its internal accounting guidelines,

the auditor

must state in the explanatory paragraph of the auditor's report the identifiable amount by which the annual profit or loss would have been higher or lower if the appropriate methods had been applied.

(6) If the extraordinary auditor finds out that the notes to financial statements which are a constituent part of the contested annual report contain all the prescribed notes and are not incomplete, the extraordinary auditor's report must contain a statement that the contested annual report contains all the prescribed data.

(7) The extraordinary auditor shall sign the extraordinary auditor's report and immediately submit it to the management and the court.

(8) The management shall submit the extraordinary auditor's report to the supervisory board of the company and put it on the agenda of the next general meeting.

(9) The management shall be obliged to publish the findings of the extraordinary auditor pursuant to Article 185 of this Act. All shareholders shall be given a copy of the extraordinary auditor's report free of charge on request by the following working day at the latest.

(10) The provisions of the third paragraph of Article 57 of this Act shall apply mutatis mutandis in respect of the damage liability of extraordinary auditor.

Article 325

Contesting the findings of the extraordinary audit report

(1) In the cases referred to in the third or the fourth paragraph of the previous article, the company or shareholders whose holdings total not less than one tenth of the subscribed capital or a nominal amount or the pertaining amount of the subscribed capital totals at least 400,000 euros may contest the findings of the extraordinary auditor regarding the amount of the evaluated contested items at the competent court which appointed the extraordinary auditor.

(2) The shareholders from the previous paragraph must deposit the shares with the central clearing and depository house if they have not been deposited or issued in the book-entry

form and may not dispose of them until the issue of a decision on the objection, or it shall

be deemed that the objection has been withdrawn.

(3) The objection must state the amount at which the items were supposed to be evaluated in the extraordinary auditor' s report to which it applies.

(4) The company may also request in the objection that the court establish that the

financial statements which are a constituent part of the contested annual report do not

contain considerably underestimated items.

Article 326

Considering the findings of the extraordinary auditor' s report

If no objection has been filed in accordance with the provisions of the ninth paragraph of

Article 324 hereof against the findings of the extraordinary auditor' s report within 30

days of publication or if such objection has been finally rejected, the management must,

in the first annual report after the compilation of such extraordinary report or the final

decision through which the objection has been rejected, take into consideration the

findings of the extraordinary auditor' s report and evaluate the items with adequate values

or amounts established in the extraordinary auditor' s report.

Division 3

Lawsuit for damage compensation

Article 327

Filing a lawsuit for damage compensation

(1) Within six months of the general meeting, the management of the company must file

a lawsuit for the compensation of damage caused by the founders in relation to the

foundation or the compensation of damage incurred by the company' s individual

operations as a result of the management and supervisory board members violating their

obligations if so decided by the general meeting by simple majority.

(2) If the lawsuit referred to in the previous paragraph must be filed against a person who

still performs the duties of a member of the management or supervisory body during the

adoption of such decision by the general meeting, the general meeting must appoint a

special representative.

(3) Such special representative shall represent the company in the proceedings before the court which shall decide on the justification of the compensation claim and the proceedings concerning the execution of a court ruling by which the justification of such compensation claim was decided.

Article 328

Filing a lawsuit in the name of the company upon the request of the minority

(1) If the proposal for filing a lawsuit referred to in the first paragraph of the previous article has not been adopted by the general meeting or if the general meeting failed to appoint a special representative or if the management or the special representative do not act in accordance with the resolution adopted by the general meeting referred to in the first paragraph of the previous article, such lawsuit can be filed, in their own name and for the account of the company, by shareholders whose holdings total not less than one tenth of the subscribed capital or a nominal amount or the pertaining amount of the subscribed capital totals at least 400,000 euros

(2) The shareholders filing the lawsuit in accordance with the previous paragraph hereunder must deposit the shares with the central clearing and depository house if they have not been deposited or issued in the book-entry form and may not dispose of them until the issue of a final decision on the claim, or it shall be deemed that the lawsuit has been withdrawn. Moreover, they must be able to prove that they were really the holders of the shares at least three months prior to the general meeting which rejected their proposal.

(3) The provisions laid down in the sixth paragraph of Article 318 and Article 321 of this Act shall apply mutatis mutandis to the costs of the special representative and the legal costs.

Section 6

AMENDING THE ARTICLES OF ASSOCIATION AND INCREASING OR

REDUCING THE SUBSCRIBED CAPITAL

Subsection 1

Amending the articles of association

Article 329

General meeting resolution

(1) A resolution passed by the general meeting shall be required for any amendment to the articles of association. The general meeting may transfer authority for an amendment to the articles of association to the supervisory board or the board of directors in matters merely concerning bringing the wording of the articles of association into line with properly adopted decisions.

(2) In order for the general meeting to pass a resolution a majority of at least threequarters of the subscribed capital represented in the voting shall be required. The articles of association may stipulate a different majority of the capital but not less than a majority of the subscribed capital represented in the voting if at least one half of the subscribed capital is represented in the voting. This shall not apply to an amendment of the company' s activity and the cases for which the law stipulates a higher majority of the represented capital. The articles of association may also lay down other requirements.

(3) In order for a general meeting resolution under the preceding paragraph with which the previous ratios between several classes of shares are changed to the detriment of one class of shares to be valid, the consent of the shareholders of that particular class shall be required. The shareholders affected must adopt an extraordinary resolution giving their consent. The provisions laid down in the preceding paragraph shall apply to the adoption of this resolution.

Article 330

Transfer of at least 25% of the company' s assets

(1) For the validity of a contract by means of which a limited liability company undertakes to transfer at least 25% of the company' s assets, provided that no other provisions of this act concerning status changes apply, a resolution must be

passed by the general meeting with a majority determined in the second paragraph of Article 329 hereof. The resolution may not contain a change of the company's activities.

(2) The contract by means of which the company undertakes to transfer at least 25% of the company's assets must be concluded in the form of a notarial record. At least one month prior to a session of the general meeting that is to decide on consent to the transfer of the company's assets the contract shall be made available for inspection by the shareholders at the registered office of the company. All shareholders shall be given a copy of the contract free of charge on request by the following working day at the latest.

(3) The contract by means of which the company undertakes to transfer at least 25% of its assets must be submitted at the general meeting. At the start of the debate in the general meeting the management must give an oral explanation of the contents of the contract. The contract shall be attached to the minutes as a supplement.

(4) If, due to the transfer of at least 25% of the company's assets such company is dissolved, the original contract or a notarised copy must be attached to the proposal for the registration of the dissolution.

Article 331

Shareholders' consent

(1) In order for a resolution placing additional obligations on shareholders in accordance with this Act and the articles of association to be valid, the consent of all the shareholders affected shall be required.

(2) The provision laid down in the preceding paragraph shall also apply to a resolution requiring the consent of the company for the transfer of registered shares or interim certificates.

Article 332

Registering an amendment to the articles of association

(1) The management must notify an amendment to the articles of association for entry in the register. This notification must be accompanied by a fair copy of the

articles of association, to which must be attached a verification from a notary that the amended provisions in the articles of association conform with the resolution on the amendment to the articles of association. If the permission of a state body is required for an amendment to the articles of association, the relevant document from that body shall also accompany the notification.

(2) Where an amendment does not concern the details under Article 201 of this Act, in the entry it shall be sufficient to make reference to documents lodged with the registration body. If an amendment concerns provisions whose content must be published, the content of the amendment shall also be published.

(3) An amendment to the articles of association shall come into force upon its entry in the register.

2. Subsection 3

Measures to increase the subscribed capital

Division 1

Increasing the subscribed capital through contributions

Article 333

(Terms and conditions)

(1) A decision to increase the subscribed capital through contributions shall be taken by a majority of at least three-quarters of the subscribed capital represented in the voting,

unless the articles of association stipulate a different majority of the capital but not less

than a majority of the subscribed capital represented in the voting. For an issue of nonvoting priority shares the articles of association may only stipulate a larger majority of

the capital and lay down additional requirements. (2) The subscribed capital may only be increased by means of an issue of new shares. In companies with no-par value shares, the total number of shares must be increased in the same proportion as the subscribed capital.

(3) Where there is more than one share class the approval of each share class shall be

required in order for a general meeting resolution to be valid. The shareholders in each

share class must adopt an extraordinary resolution to give their approval in

accordance

with the provisions of the first paragraph of this article.

(4) If the issue value of the shares is higher than the lowest issue value, the resolution on the increase in the subscribed capital shall determine the minimum amount which must

be paid when the shares are bought.

(5) The subscribed capital cannot be increased until existing contributions are fully paid

up, unless only an insignificant sum remains unpaid.

Article 334

Increasing the subscribed capital through non-cash contributions

(1) If non-cash contributions are being invested, the resolution on the increase in the

subscribed capital shall determine the object of the contribution, the person from whom

the company acquires that object, and the number of shares and, in the case of shares with

nominal value also the nominal value, which must be provided in exchange for the noncash contribution. A resolution to this effect may only be adopted if the acceptance of the

non-cash contribution and the details referred to in the first sentence of this article were

published in accordance with the first paragraph of Article 298 of this Act.

(2) An increase in the subscribed capital through non-cash contributions must be

examined by one or more auditors, whereby the provisions laid down in Articles 194 to

197 of this Act shall apply mutatis mutandis.

(3) The registration body may refuse to enter in a register an increase in the subscribed

capital if the value of the non-cash contribution is significantly lower than the lowest

issue value of shares which have to be provided in exchange for it.

Article 335

Notifying a resolution for entry in the register

(1) The management and the chairman of the supervisory board must notify a resolution

on an increase in the subscribed capital for entry in the register. This notification shall be

accompanied by a report on the audit of non-cash contributions.

(2) The notification shall state which contributions to the existing subscribed capital

have not yet been paid up and why payment cannot be obtained.

Article 336

Subscription to new shares

(1) New shares shall be subscribed to by means of a written declaration (hereinafter: a subscription confirmation) from which the interest can be clearly identified by the number and, in the case of shares with nominal value also the nominal value, and where several classes are issued, the class of the shares. The subscription confirmation shall be issued in duplicate. It must state:

the date on which the resolution on the increase in the subscribed capital was passed;

the issue value of the shares, the amount of payments and any additional obligations;

the details referred to in the first paragraph of Article 334 of this Act and, where more

than one share class is issued, the pertaining amount of subscribed capital; and the time when the subscription becomes non-binding if by then the execution of the increase in the subscribed capital has not been registered.

(2) Subscription confirmations not stating the full details under the preceding paragraph shall be null and void.

(3) A restriction not stated on the subscription confirmation shall be invalid against the company.

Article 337

Priority right to new shares

(1) Existing shareholders shall have a priority right to subscribe to new shares in proportion to their contribution to the subscribed capital. The time limit for the exercise of this right shall be at least 14 days.

(2) The management must publish the issue value of the new shares and the time limit referred to in the preceding paragraph.

(3) Only the resolution on the increase in the subscribed capital may partly or wholly exclude a priority right. In this case in addition to the statutory requirements and the requirements laid down in the articles of association for an increase in the capital, the resolution shall require a majority of at least three-quarters of the subscribed capital

represented in the voting. The articles of association may stipulate a larger majority of the capital and lay down other requirements.

(4) A resolution fully or partially excluding the priority right may only be adopted if the exclusion was published in accordance with the first paragraph of Article 298 of this Act.

The management must submit a written report to the general meeting on the grounded reasons for the full or partial exclusion of the priority right; the proposed issue value shall be justified in the report.

(5) It shall not be counted as an exclusion of the priority right if in accordance with the resolution the new shares are acquired by a financial organisation with the obligation to offer them to shareholders. The management must publish the share offer by the financial organisation in the company's newsletter or electronic media together with a statement on payment for the shares and the time limit fixed for the acceptance of a bid; the same shall apply if the shares are acquired by some other person with the obligation to offer them to shareholders.

Article 338

Provision of options and other entitlements to subscribe to new shares

(1) The provision of options and other entitlements to subscribe to new shares must take account of the provisions of this Act concerning the priority right of shareholders to new shares.

(2) If options or other entitlements to subscribe to new shares are provided before the adoption of an appropriate resolution on an increase in the subscribed capital the provision of such entitlements shall have no legal effect against the company.

Article 339

Notification and registration of an increase in the subscribed capital

(1) The management and the chairman of the supervisory board must notify a resolution

on an increase in the subscribed capital for entry in the register.

(2) The provisions laid down in the first paragraph of Article 199 of this Act

shall apply

mutatis mutandis to the notification for entry in the register.

(3) The notification shall be accompanied by: duplicates of the subscription confirmations and a list of subscribers, signed by the management, in which the shares of each subscriber and his payment are stated;

in the case of an increase in the capital through non-cash contributions, the contracts

on which the details referred to in Article 334 of this Act are based or which were

concluded for their execution;

a statement of account of the costs which the company will incur with the issue of new

shares;

the approval of the state body where this is necessary for an increase in the subscribed

capital.

(4) The originals or certified copies of the submitted documents shall be kept at the

registration body.

Article 340

Commencement of validity of an increase in the subscribed capital

The increase in the subscribed capital shall take effect on the day it is entered in the

register.

Article 341

(Announcement)

The notification of the entry of an increase in the subscribed capital shall state, in

addition to the content of the increase, also the issue value of the shares, the details

envisaged for an increase in the subscribed capital by means of non-cash contributions

and a report on the audit of the non-cash contributions. For the notification of these

details it shall be sufficient to make reference to documents submitted to the registration

body.

Article 342

Ban on the issue of shares and interim certificates

Rights to the new interests may not be transferred and new shares or interim certificates

may not be issued before the increase in the subscribed capital is entered in the register.

Any shares or interim certificates issued before this shall be null and void.

The issuers

shall be jointly and severally liable to the holders for any damage arising from such issue.

Division 2

Conditional increase in the subscribed capital

Article 343

(Terms and conditions)

(1) The general meeting may only decide to conditionally increase the subscribed capital

for the following reasons:

in order for the holders of convertible bonds to exercise their right to exchange them

for shares, or for the exercise right of pre-emption of new shares;

in order to prepare for the merger of several companies or in order to provide

compensation to shareholders in connection with restructuring of companies when in

accordance with this Act compensation may be provided in shares;

in order for the company's employees to exercise their right to receive new shares in

exchange for the investment of monetary claims accruing to the employees on the basis

of a share in the profit as guaranteed to them by the company and to ensure option

entitlements to purchase shares which the company has provided to members of the

management or supervisory body and employees of the company or an affiliated company. (2) The lowest issue value of the shares issued in the procedure of

conditionally

increased subscribed capital may not exceed half the subscribed capital existing at the

time the decision to conditionally increase the subscribed capital was taken.

(3) A resolution passed by the general meeting in contravention of the preceding

paragraphs of this article shall be null and void.

(4) The provisions laid down in this Act on the right of pre-emption of new shares shall

apply mutatis mutandis to convertible bonds.

Article 344

Validity of a resolution

(1) In order for a resolution on a conditional increase in the subscribed capital to be valid

it shall require a majority of at least three-quarters of the subscribed capital represented in

the voting. The articles of association may also stipulate a larger majority of the capital and lay down other requirements, including approval in accordance with the third paragraph of Article 333 of this Act.

(2) The resolution shall also determine:

the purpose of the conditional increase in the subscribed capital; the persons entitled to participate; and the issue value or the criteria by which this amount is calculated.

Article 345

Conditional increase in the subscribed capital through non-cash contributions

(1) For non-cash contributions the resolution on the conditional increase in the subscribed capital shall determine the object constituting the non-cash contribution, the person from whom the company receives that object, the number of shares and in the case of shares with nominal value also the nominal value of the shares provided in exchange for the non-cash contribution. A resolution to this effect may only be passed if the acquisition of the non-cash contribution was published in accordance with the provision of the first paragraph of Article 298 of this Act.

(2) Monetary claims accruing to the employees of the company on the basis of a share in the profit as guaranteed to them by the company and the delivery of convertible bonds in exchange for shares shall not be counted as non-cash contributions.

(3) Any increase in the subscribed capital by means of non-cash contributions must be examined by one or more auditors. In this case, provisions of Articles 194 to 197 shall apply *mutatis mutandis*.

(4) The registration body may refuse to register an increase in the subscribed capital if the value of the non-cash contribution is significantly lower than the lowest issue value of the shares which have to be provided in exchange for it.

Article 346

Notification of the resolution

(1) The management and the chairman of the supervisory board must notify a resolution on a conditional increase in the subscribed capital for entry in the register.

(2) The notification shall be accompanied by:

contracts concluded for the acquisition of non-cash contributions and the report on the auditing of the non-cash contributions where non-cash contributions are the object of the conditional increase in the capital stock; an account of the costs which the company will incur with the issue of new shares; and the approval of the state body where this is necessary for an increase in the subscribed capital.

(3) The originals or certified copies of the submitted documents shall be kept at the registration body.

Article 347

Notification of entry

The notification of the entry of a resolution on a conditional increase in the subscribed

capital shall state, in addition to the content of the increase, also the details referred to in

the second paragraph of Article 344 of this Act, the details referred to in Article 345 of

this Act where non-cash contributions are acquired and confirmation that the non-cash

contributions have been audited. For the details referred to in Article 345 of this Act it

shall be sufficient to make reference to documents submitted to the registration body.

Article 348

Ban on the issuing of shares

Until the resolution on the conditional increase in the subscribed capital has been entered

in the register, the shares may not be issued and entitled persons may not exercise their

right of pre-emption of new shares. Shares issued before this shall be null and void. The

issuers shall be jointly and severally liable to the holders for any damage arising from

such issue.

Article 349

Declaration on the exercise of a priority right

(1) A priority right shall be exercised by written declaration, which shall be issued in

duplicate. It shall state the number of shares and, in the case of shares with nominal

value, also their nominal value, and where several classes are issued, the class of the shares, the details referred to in the second paragraph of Article 344 of this Act and the details referred to in Article 345 of this Act where non-cash contributions are acquired, as well as the date on which the resolution on the conditional increase in the subscribed capital was adopted.

(2) The declaration under the preceding paragraph shall have the same effect as a subscription declaration. Declarations whose content does not conform with the provision of the preceding paragraph or which contain restrictions on the liabilities of entitled persons shall be null and void.

(3) Any restriction which is not stated in the declaration shall be invalid against the company.

Article 350

Issuing shares

(1) The management may, taking into account the provisions of the second paragraph of Article 333 hereof, issue shares only for the purpose set out in the resolution on the conditional increase in the subscribed capital, and only after the shares have been paid for in full.

(2) The management may issue shares in exchange for convertible bonds only if the difference between the issue value of the bonds intended for conversion and the higher lowest issue value of the shares which need to be provided in exchange for them is covered from other profit reserves which may be used for this purpose or by additional payment effected by the holder of the convertible bond.

Article 351 Commencement of validity of a conditional increase in the subscribed capital

The increase in the subscribed capital shall take effect with the issuing of the shares.

Article 352

Notification of a share issue

(1) Within one month of the end of the financial year the management must notify the

total amount of conditionally increased capital for entry in the register.

(2) The notification shall be accompanied by duplicates of the subscription confirmations

and a list of persons who exercised their priority right or the right to convert bonds. The

list shall be signed by the management and it must state the shares which belong to each

shareholder and the contributions paid for them.

(3) In the notification the management must declare that the shares were only issued for

the purpose set out in the resolution on the conditional increase in the subscribed capital

and not before the shares had been paid for in full.

(4) The originals or certified copies of the submitted documents shall be kept at the

registration body.

3. Division 3

Authorised capital

Article 353

(Terms and conditions)

(1) The articles of association may authorise the management for a maximum of five

years after the entry of the company in the register to increase the subscribed capital up to

a certain value (authorised capital) by means of issuing new shares in exchange for contributions.

(2) Authorisation may also be given by means of an amendment to the articles of

association for a maximum of five years after the entry of the amendment to the articles

of association in the register. In order for the resolution to be valid it shall require a

majority of at least three-quarters of the subscribed capital represented in the voting. The

articles of association may stipulate a larger majority of the capital and lay down other

requirements, including approval in accordance with the provision of the third paragraph

of Article 333 of this Act.

(3) The amount of authorised capital may not exceed half of the subscribed capital

existing at the time the authorisation was given. New shares shall only be issued with the

approval of the supervisory board.

(4) The articles of association may determine that new shares be issued to the employees of the company.

Article 354

Issue of new shares

(1) Unless otherwise provided in this Act, the provisions laid down in the second

paragraph of Article 333 and Articles 336 to 342 of this Act shall apply mutatis mutandis

to an issue of new shares. New shares shall be issued on the basis of authorisation

without an extraordinary resolution by the general meeting.

(2) The authorisation may determine that the management shall decide on the exclusion

of the priority right to new shares. If the authorisation which determines this is granted by

means of an amendment to the articles of association, the provisions laid down in the

fourth paragraph of Article 337 of this Act shall apply mutatis mutandis. (3)

New shares shall not be issued until outstanding contributions to the existing

subscribed capital have been fully paid in. The new shares may nevertheless be issued if

the outstanding contributions are relatively small. The notification of the implementation

of an increase in the subscribed capital shall state which contributions to the existing

subscribed capital have not yet been paid in and why.

(4) The provisions laid down in the preceding paragraphs shall not apply to an issue of

shares to employees of the company.

Article 355

Conditions for an issue of shares

(1) The substance of rights deriving from shares and the conditions for an issue of shares

shall be decided by the management, which must obtain the approval of the supervisory

board for its decision. The approval of the supervisory board shall also be required for a

decision by the management under the second paragraph of Article 329 of this Act on the

exclusion of a priority right to new shares.

(2) If non-voting priority shares exist, priority shares which have priority ahead of them

in the distribution of the profit or assets of the company, or which are equated with them, may only be issued if so provided in the authorisation.

Article 356

Issue of shares for non-cash contributions

(1) Shares shall only be issued in exchange for non-cash contributions where this is provided for in the authorisation and if the management obtains the approval of the supervisory board.

(2) The management shall determine the object constituting the non-cash contribution, the person from whom the company acquires that object, number of shares and, in the case of shares with nominal value, also their nominal value which must be provided for the contribution if this is not already determined in the authorisation. All listed information must also be entered on the subscription confirmations.

(3) An issue of shares in exchange for non-cash contributions must be examined by one or more auditors in accordance with the provisions laid down in Articles 194 to 197 of this Act.

(4) The registration body may refuse to register an increase in the subscribed capital if the value of the non-cash contribution is significantly lower than the lowest issue value of the shares which have to be provided in exchange for it.

(5) The provisions laid down in the second and third paragraphs of this article shall not apply to the investment of monetary claims accruing to the employees of the company on the basis of a share in the profit as guaranteed to them by the company.

Article 357

Contracts on non-cash contributions prior to the registration of the company
If contracts were concluded prior to the entry in the register of the company in accordance with which a non-cash contribution must be paid for authorised capital, the articles of association must contain provisions on the acquisition of non-cash contributions. The provisions laid down in the third and fifth paragraphs of Article 187 and in Articles 193 to 197, 199 and 200 of this Act shall apply mutatis

mutandis to the acquisition.

4. Division 3

Increase in the subscribed capital from the company' s assets Article 358 (Terms and conditions)

(1) The general meeting may decide to increase the subscribed capital by converting

other own capital items into subscribed capital.

(2) The first paragraph of Article 333 and the provisions of the first paragraph of Article

335 of this Act shall apply mutatis mutandis to the resolution and the notification of the

resolution. The companies with no-par value shares may increase the subscribed capital

also without issuing new shares in which case the resolution on the increase must state

the method of increase.

(3) The general meeting may only decide to increase the subscribed capital after the

adoption of the annual report for the last financial year completed prior to the decision to

increase the subscribed capital.

Article 359

Reserves and profit which can be converted into subscribed capital

(1) The following scope of own capital items may be converted into subscribed capital:

1. capital reserves under points 4 and 5 of the first paragraph of Article 64 of this Act;

2. capital reserves under points 1 to 3 of the first paragraph of Article 64 of this Act in

the amount in which these reserves, together with the statutory reserves, exceed the share

of the subscribed capital under the third paragraph of Article 64 of this Act prior to its

increase;

3. reserves under the articles of association where the articles of association permit them

to be used for this purpose;

4. other profit reserves;

5. profit brought forward;

6. a proportionate part of the revaluation adjustment of other elements of capital under

the preceding five points which is converted into subscribed capital.

(2) Own capital items which are converted into subscribed capital must be

shown in the last annual balance sheet or interim balance sheet. An interim balance sheet referred to in the preceding sentence must be compiled in accordance with the provisions of this Act concerning the compilation of an annual balance sheet.

(3) It shall not be permitted to convert other items of capital into subscribed capital if a loss brought forward or a net loss for the financial year is disclosed in the balance sheet which is the basis for the conversion.

Article 360

Balance sheet as a basis

(1) The resolution on an increase in the subscribed capital must be based on the balance sheet under the second paragraph of Article 334 of this Act for which the date is no more than eight months prior to the lodging of the proposal for the entry of the increase in the subscribed capital in the register and once it has been reviewed and given an opinion without reservation by an auditor.

(2) If the general meeting does not appoint another auditor, the audit shall be carried out by the person selected by the general meeting or appointed by the court as the auditor of the last annual financial statements.

Article 361

Notification and entry of the resolution (1) The notification of the resolution for entry in the register shall be accompanied by the balance sheet on the basis of which the subscribed capital was increased, together with the auditor's opinion without reservation, and the last annual report if it has not yet been submitted. The persons submitting the notification must make a declaration to the registration body to the effect that to their knowledge from the day of the balance sheet taken as the basis until the day of the notification no reduction in the assets has taken place which would conflict with the increase in the subscribed capital if a decision were to be taken on the day of the notification.

(2) The registration body shall enter the resolution on an increase in the subscribed

capital in the register provided the conditions under the first paragraph of Article 335 of this Act have been fulfilled.

(3) When the resolution is entered in the register it shall be stated that the increase in the subscribed capital is from the company's assets.

Article 362

Commencement of validity of an increase in the subscribed capital

(1) The increase in the subscribed capital shall take effect when the resolution on the increase in the subscribed capital is registered.

(2) Once the resolution referred to in the preceding paragraph has been entered in the register it shall be deemed that the new shares have been fully paid up.

Article 363

Persons entitled to participate in an increase in the subscribed capital
Shareholders shall receive new shares in proportion to their contributions to the existing subscribed capital of the company. Any resolution by the general meeting providing otherwise shall be null and void.

Article 364

Partial rights

(1) If in an increase in the subscribed capital only part of a new share relates to an interest in the existing subscribed capital, that partial right may be separately transferred and inherited.

(2) Rights deriving from a new share, including the requirement for a share confirmation to be issued, shall only be exercised if the partial rights which together form a full right are held by one shareholder or if several entitled persons whose partial rights together form a whole share combine.

Article 365

Invitation to shareholders

(1) After the entry of a resolution on an increase in the subscribed capital by issuing new shares in the register, the management must immediately publish an invitation to the shareholders to take their new shares. The invitation shall state:
the amount of the increase in the subscribed capital; and
the ratio between new shares and old shares. The invitation must also contain

a

notification that the company shall have the right to sell shares, for the account of the shareholders, which the shareholders have not taken possession of one year after the publication of the invitation after three warnings have been given.

(2) After one year has passed since the publication of the invitation, the company must publicly announce the sale of shares of which possession has not been taken. The announcement shall be published three times with intervals of at least one month. The final announcement must be made within 18 months of the publication of the invitation.

(3) After one year has passed since the publication of the final announcement the company must sell the shares which have not been taken possession of for the account of the shareholders at the official market price with the aid of a broker, or at a public auction if there is not a market price. In this regard the provisions laid down in the fourth paragraph of Article 376 of this Act shall apply mutatis mutandis.

(4) The provisions laid down in the preceding paragraphs shall apply mutatis mutandis to companies which have not issued share documents. The companies must invite the shareholders to take possession of the new shares.

Article 366

Own shares and partly-paid shares

(1) A company's own shares shall be included in an increase in the subscribed capital.

(2) Partly-paid shares participate in the increase of subscribed capital in proportion to their interest in the subscribed capital; however, the increase may not be made by means of issuing new shares.

(3) For partly-paid shares with nominal value an increase in the subscribed capital shall be carried out by means of an increase in the nominal value of the shares.

Where fully paid shares exist in addition to partly-paid shares, for the fully paid shares with nominal amount the increase in the capital may be carried out by means of an increase in the nominal value of the shares or an issue of new shares; the resolution on the

increase in the subscribed capital must determine the method of increase. If the subscribed capital is increased by means of an increase in the nominal value of the shares, the increase shall be carried out such that amounts which cannot be covered by such increase shall not accrue to any shares with nominal amount.

Article 367

Protection of the rights of shareholders and third persons

(1) The ratio of rights deriving from shares shall not change with an increase in the subscribed capital.

(2) If individual rights from partly-paid shares are determined in accordance with the contribution paid for a share, until the payment of the outstanding contributions these rights shall accrue to the shareholders based on the amount of the contribution paid, increased by the percentage increase in the subscribed capital; the rights shall increase correspondingly upon further payments.

Article 368

Commencement of participation in the profit

(1) Unless otherwise provided, new shares shall participate in the profit for the whole financial year in which the resolution on the increase in the subscribed capital was adopted.

(2) The resolution on the increase in the subscribed capital may determine that new shares participate in the profit for the last financial year which ended prior to the decision to increase the capital. In this case the resolution on the increase in the subscribed capital shall be adopted prior to the adoption of the resolution on the use of the profit for the last financial year which ended prior to the decision to increase the subscribed capital. The resolution on the use of the profit shall only take effect once the subscribed capital has been increased. The resolution on the increase in the subscribed capital and the resolution on the use of the profit shall be null and void if the resolution on the increase in the

subscribed capital is not entered in the register within three months of its adoption. The three-month period shall not run while a contestation or nullity suit is in progress or until permission is issued by the state body where this is required for an increase in the subscribed capital.

Article 369

Conditional capital

Conditional capital shall be increased in the same proportion as the subscribed capital. If the resolution on the conditional capital was adopted in order to secure the rights of holders of convertible bonds, other profit reserves must be established in order to cover the difference between the total issue value of the bonds and the higher total value of the shares which need to be provided for them, unless it is agreed that the difference will be paid by the persons entitled to participate in the conversion.

Article 370

Ban on the issue of shares and interim certificates

New shares and interim certificates may not be issued before the resolution on the increase in the subscribed capital is entered in the register.

Division 5

Convertible bonds and dividend bonds

Article 371

Bond types and bond issues

(1) Bonds granting the holder the right to convert them into shares (convertible bonds) or the right of pre-emption of shares, and bonds with which the rights of the bondholders are connected with the dividends of shareholders (dividend bonds) may only be issued on the basis of a resolution passed by the general meeting. In order for the resolution to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The articles of association may stipulate a different majority of the capital and lay down other requirements, including approval in accordance with the provision of the third paragraph of Article 333 of this Act.

(2) Authorisation may be given to the management to issue convertible bonds for a maximum of five years. The management and the chairman of the supervisory board must notify the resolution on the issue of convertible bonds and a statement on their issue for entry in the register. The notification of the resolution and the statement shall be published.

(3) The provisions of the first paragraph of this article shall apply mutatis mutandis to the provision of special rights to participation in the profit.

(4) The company's shareholders shall have the right of pre-emption of bonds referred to in the first paragraph of this article, whereby the provisions laid down in Article 337 of this Act shall apply mutatis mutandis.

Subsection 3

Measures to reduce the subscribed capital

Division 1

Ordinary reduction in the subscribed capital

Article 372

(Terms and conditions) (1) In order for a resolution on a reduction in the subscribed capital to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The articles of association may stipulate a larger majority of the capital and lay down other requirements.

(2) Where there is more than one share class the consent of each share class shall be required in order for a general meeting resolution to be valid. The shareholders in each share class must adopt an extraordinary resolution to give their consent in accordance with the preceding paragraph.

(3) For partly-paid shares with nominal capital a decrease in the subscribed capital shall be carried out by means of a decrease in the nominal value of the shares.

(4) If the lowest issue value of shares after the decrease of the subscribed capital would not reach the amount referred to in the second or the third paragraph of Article 172 hereof, such decrease would be carried out by means of merging shares.

(5) The resolution shall determine the reason and the method by which the subscribed capital is reduced.

Article 373

Notification of the resolution

The management and the chairman of the supervisory board must notify the resolution on the reduction in the subscribed capital for entry in the register.

Article 374

Commencement of validity of a reduction in the capital

The reduction in the subscribed capital shall take effect when the resolution on the reduction in the subscribed capital is entered in the register. The resolution shall be published.

Article 375

Protection of creditors

(1) Creditors whose claims originated prior to the announcement of the entry in the register of the resolution on the reduction in the subscribed capital shall be given insurance, to the extent that they cannot be repaid, if they register their claims within six months of the announcement. In the announcement of the entry in the register the creditors shall be informed of this right.

(2) Payments to shareholders shall be made on the basis of a reduction in the subscribed capital only after six months have passed since the announcement of the entry in the register and after creditors who register in time are guaranteed repayment or insurance.

(3) Creditors may demand insurance even if the shareholders are not paid.

Article 376

Annulment of shares

(1) If the reduction in the subscribed capital is carried out by means of a combining of shares, by conversion, stamping or other similar procedure, the company may annul those shares which it has not received despite calling for the shares to be submitted. The company may also annul submitted shares which do not reach the required number in order to be replaced by new shares and which are not put at the disposal of the company

for it to realise them for the account of participants. A shareholder cannot be excluded from the company by merging shares; a legal community of such shareholders must be formed per share with the specific closest nominal value of share arising from reduced subscribed capital. (2) The call for shares to be submitted must contain a warning that shares which are not submitted to the company will be annulled. The annulment shall only be carried out if the call was published in the manner set out in the first paragraph of Article 224 of this Act concerning an extended period. The annulment shall be carried out with an announcement in the company's newsletter or electronic media. In the announcement the annulled shares shall be identified in such a way that from the announcement it is clear that the shares are annulled.

(3) The company must sell new shares which are issued in place of annulled and not exchanged shares for the account of the shareholders at the official market price with the aid of a broker, or at a public auction if there is no market price.

(4) If it can be reasonably expected that a public auction will not be successful, the shares may be sold at an appropriate location. The time, place and subject of the auction shall be published in the usual local manner. Participants shall be specifically notified unless this is not possible. The publication and the notification must be carried out at least two weeks prior to the auction. The proceeds will be paid to the participants.

Article 377

Registration

(1) The management must notify a reduction in the subscribed capital for entry in the register.

(2) The notification and the entry of the reduction in the subscribed capital may be combined with notification and entry of the resolution on the reduction. If the subscribed capital is reduced by the merger of shares, the registration of decreased subscribed capital

can be filed and entered in the register after the completed programme of share merger in accordance with the provision of the previous paragraph hereof.

Article 378

Reduction below the minimum nominal value

The subscribed capital may be reduced below the minimum amount referred to in Article 171 of this Act if this amount is again reached by means of an increase in the subscribed capital, on which a resolution must be adopted simultaneously with the reduction in the subscribed capital, whereby such increase shall not be possible by means of non-cash contributions.

Division 2

Simplified reduction in the subscribed capital

Article 379

Terms and conditions

(1) A reduction in the subscribed capital which is intended to cover a loss brought forward or a net loss for the financial year or for the transfer of amounts to the capital reserves may be carried out in simplified form. The resolution on the reduction in the subscribed capital must state the purpose of the reduction in the subscribed capital.

(2) Simplified reduction in the subscribed capital shall be allowed if:

- there are no profit reserves or they are released beforehand apart from statutory reserves and capital reserves under points 1 to 3 of the first paragraph of Article 64 the sum of which equals 10%, or a higher percentage of the subscribed capital determined in the articles of association after the reduction in the remaining subscribed capital, and
- net profit for the year and net profit brought forward no longer exists.

(3) The provisions laid down in Articles 372 to 374 and 376 to 378 of this Act shall apply mutatis mutandis to a reduction in the capital stock in accordance with the preceding paragraphs.

Article 380

Restrictions on the use of profit by simplified reduction in the subscribed capital

A simplified reduction in the subscribed capital may not be used to distribute

the profit
for appropriation to shareholders or use it for other purposes set out in the
articles of
association until the total amount of capital reserves under points 1 to 3 of
the first
paragraph of Article 64 of this Act and the statutory reserves reach the share
of the
subscribed capital referred to in the third paragraph of Article 64 of this
Act after its
reduction. Until that time the restriction on the proportion of the net profit
which may be
transferred annually to the statutory reserves under the fourth paragraph of
Article 64 of
this Act shall not apply.

Division 3

Reduction in the subscribed capital by means of a withdrawal of shares
Article 381

Terms and conditions

(1) A company may withdraw shares compulsorily or through acquisition by the
company. A compulsory withdrawal shall be permitted only if it was provided
for or

permitted in the original articles of association or through an amendment to
the articles of
association before the shares were acquired or subscribed to.

(2) The provisions on an ordinary reduction in the subscribed capital shall
apply to a
compulsory withdrawal. The articles of association or a general meeting
resolution shall

determine the conditions for a compulsory withdrawal and set out the details
of how it is
carried out. The provisions laid down in the second paragraph of Article 375
of this Act

shall apply mutatis mutandis to the payment made to shareholders in the event
of a

compulsory withdrawal or acquisition of shares for withdrawal.

(3) The provisions on an ordinary reduction in the subscribed capital shall
not apply if

shares for which the issue value has been fully paid up:

were placed at the company's disposal without charge, or

were withdrawn against the value of the profit for accumulation or the
reserves under

the articles of association or other profit reserves if their use for such
purposes is
permitted.

(4) Any decision to reduce the subscribed capital by means of a withdrawal of shares in cases under the preceding paragraph shall be taken by the general meeting. In order for such resolution to be valid it shall require a simple majority of the votes. The articles of association may stipulate a larger majority and lay down other requirements. The resolution shall state the purpose of reducing the capital. The management and the chairman of the supervisory board must notify the resolution for entry in the register.

(5) In cases under the third paragraph of this article an amount shall be allocated to the capital reserves which is equal to the total lowest issue value of the withdrawn shares.

(6) A resolution by the general meeting shall not be required if a compulsory withdrawal of shares is provided for in the articles of association. In the application of the provisions on an ordinary reduction in the subscribed capital a decision by the management to withdraw shares shall be sufficient instead of a resolution by the general meeting.

Article 382 Commencement of validity of a reduction in the subscribed capital
The subscribed capital shall be reduced by the full lowest issue value of the withdrawn shares as of the day the resolution is entered in the register or as of the day the shares are withdrawn. In the case of a compulsory withdrawal provided for in the articles of association, and if the decision to withdraw the shares is not taken by the general meeting, the subscribed capital shall be reduced once the compulsory withdrawal has been carried out. In order for the shares to be withdrawn the company must take action to annul the rights deriving from the shares.

Article 383

Notification of a reduction

The provisions laid down in Articles 372 to 374 and 376 to 378 of this Act shall apply mutatis mutandis to the notification of a reduction in the subscribed capital for entry in the court register.

Section 7

SPECIAL PROVISIONS ON THE TREATMENT OF MINORITY SHAREHOLDERS

Subsection 1

Exclusion of minority shareholders from the company

Article 384

Transfer of shares against payment of appropriate monetary compensation

(1) On a proposal of a shareholder whose shareholding represents at least 90% of the

company's subscribed capital (hereinafter: the principal shareholder) shall adopt a

resolution on the transfer of shares of shares of the remaining shareholders (hereinafter:

minority shareholder) to the principal shareholder against payment of appropriate

monetary compensation.

(2) The provisions laid down in the second to fourth paragraphs of Article 528 of this

Act shall also apply mutatis mutandis to the establishment of the amount of shares

belonging to the principal shareholder.

Article 385

Monetary compensation

(1) The principal shareholder shall set the amount of monetary compensation by applying

mutatis mutandis the provisions of the fifth and the sixth sentence of the second

paragraph of Article 556 hereof. The management must make available to the principal

shareholder the necessary information and evidence.

(2) Prior to the convocation of the general meeting, the principal shareholder must

submit to the management of the company a statement from the bank in which the bank

confirms its joint and several liability to meet the obligations of the principal shareholder,

namely, to pay monetary compensation to the minority shareholders for the acquired

shares immediately after the registration of the transfer of shares in the appropriate

register.

Article 386

Preparing and holding the general meeting

(1) The publication of the agenda of the general meeting to decide on the transfer of

shares to the principal shareholder must contain:

- name and registered office of the company or name, surname and address of the principal shareholder; and
- the amount of monetary compensation offered by the principal shareholder.

(2) The principal shareholder shall prepare a written report for the general meeting in

which it shall explain the assumptions for the transfer of shares and the appropriate

amount of monetary compensation. The appropriate amount of monetary compensation

offered by the principal shareholder shall be reviewed by one or more auditors appointed

by the court on a proposal by the principal shareholder. The provisions of Article 583 of

this Act shall apply mutatis mutandis to the review of the appropriateness of the amount

of monetary compensation. In their reports, the principal shareholder and the auditors

shall not be required to disclose the information referred to in the first and third indents of

the second paragraph of Article 305 of this Act. An auditor's report shall not be required

if it is waived by all minority shareholders in the form of a statement. Such waiver

statements must be given in the form of a notarial record.

(3) Every shareholder shall be given access to the following, prior to the general

meeting, at the registered office of the company:

proposal on the transfer of shares;

- annual reports for the last three financial years;

- a written statement of the principal shareholder from the second paragraph of this

Article; and

- the auditor's report from the second paragraph of this Article.

(4) All shareholders shall be given on request and free of charge a copy of the documents

referred to in the first, third and fourth indent of the previous paragraph by the following

working day at the latest.

(5) The documents referred to in the third paragraph of this article shall be submitted to

the session of the general meeting. At the beginning of the discussion at the general

meeting, the principal shareholder must orally explain the proposal of the

resolution for the transfer of shares and the method of calculating the amount of monetary compensation. Before a decision is taken on consent to the transfer of shares to the principal shareholder, the principal shareholder must inform the minority shareholders of all significant changes in the assets of the company that occurred between the drawing up of the resolution on the transfer of shares and the session of the general meeting.

Significant changes shall, in particular, be those meaning that a different monetary compensation would be appropriate.

Article 387

Entry of the resolution on the transfer of shares; legal consequences

(1) The management must submit an application for the entry of the resolution on the transfer of shares in the register. A notarised copy of the minutes of the general meeting which decided on the exclusion of minority shareholders and the relevant enclosures shall be attached to the proposal.

(2) For the proposal of the entry of the resolution on the transfer of shares to the principal shareholder, its enclosures and the process of deciding on the proposal, the provisions of Point 1 of the second paragraph and third to fifth paragraph of Article 590 hereof shall apply mutatis mutandis.

(3) With the entry of the resolution on the transfer of shares in the register, all shares held by minority shareholders shall be transferred to the principal shareholder. The shares in book-entry form shall be deposited by the clearing and depository house on a special account so that the minority shareholders shall not be able to dispose of them; if the company issued share certificates, these shall only be used as evidence for exercising the right to monetary compensation until they are delivered to the principal shareholder.

(4) A minority shareholder can keep the legal interest if they filed a lawsuit for which legal interest is requested and which stems from the holdership of the company' s shares

until the date of the general meeting to decide on the transfer of shares to the principal shareholder.

Article 388

Court test of monetary compensation

(1) The resolution of the general meeting on the consent to the transfer of shares to the principal shareholder cannot be contested if the monetary compensation offered by the principal shareholder, referred to in Article 385 of this Act, is inappropriate or if it has not been offered or not been offered correctly.

(2) If the compensation offered is inappropriate, any minority shareholder may propose that appropriate compensation be determined by the court. The same shall apply if the principal shareholder did not offer compensation or did not offer it correctly. The provisions laid down in the second paragraph and Point 1 of the third paragraph of Article 605 and in Articles 606 to 615 of this Act shall apply mutatis mutandis to the procedure for determining appropriate monetary compensation through court.

Subsection 2

The right of minority shareholders to withdraw from the company

Article 389

Request for the purchase of all the remaining shares; appropriate monetary compensation

(1) Upon a request of one or more minority shareholders, the principal shareholder must, within a month of receiving the request, offer such individual or more shareholders appropriate monetary compensation for the purchase of all the remaining shares of each individual minority shareholder.

(2) The provisions of the first paragraph of Article 385 and the second paragraph of Article 388 of this Act shall apply mutatis mutandis to the determination of appropriate amount of monetary compensation.

Section 8

NULLITY AND CONTESTABILITY

Article 390

Reasons for nullity

In addition to the cases set out in the first and second paragraphs in

connection with the
third paragraph of Article 343, in Article 363 and in the second paragraph of
Article 368
of this Act, a general meeting resolution shall also be null and void:
if it was adopted at a general meeting which was not convened in accordance
with the
second paragraph of Article 295 of this Act, unless all the shareholders
participated or
were properly represented in the general meeting;
if it has not been confirmed in accordance with the first and second
paragraphs of
Article 304 of this Act;
if it is not compatible with the essence of the company or if in terms of its
content it is
in violation of the provisions of this Act which are used solely or
predominantly to
protect the creditors of a company or are otherwise in the public interest;
if the content of the resolution is in violation of morals or public order;
a general meeting resolution referred to in Article 378 of this Act shall be
null and void
if within six months of its adoption a resolution on an increase in the
subscribed capital
and the execution of the increase in the subscribed capital have not been
entered in the
register; this period shall not run while a procedure to establish nullity or
contestability is
in progress before the court.

Article 391

Time limits for establishing nullity

- (1) Nullity of a resolution passed by the general meeting may no longer be
established for
the reason set out in the second indent of the first paragraph of Article 359
of this Act
after it has been entered in the register.
- (2) Nullity of a resolution passed by the general meeting may no longer be
established
for the reasons set out in the first, third, fourth or fifth indent of the
first paragraph of
Article 359 of this Act more than three years after it has been entered in the
register
provided no action has been lodged within this period to establish the nullity
of the
resolution.

Article 392

Nullity of elections

In addition to the circumstances described in Article 390 of this Act, the election of members of the supervisory board or the board of directors shall also be null and void:

if the supervisory board or the board of directors is composed in contravention of the law or the articles of association;

if the general meeting elects a person who was not proposed in accordance with the law or the articles of association; or

if more members are elected than provided for by law or the articles of association.

Article 393

Procedure for establishing nullity

The procedure for establishing nullity shall be rapid.

Article 394

Legal consequences of nullity

A resolution established as null and void shall have no legal consequences.

Anyone who

has received anything on the basis of a resolution established as null and void must repay

the entire value together with costs to the company.

Article 395

Reasons for contestability; convalidation of challenged resolutions

(1) A general meeting resolution shall be contestable:

1. if the content of the resolution is in violation of the law or the articles of association,

or

2. if provisions of the law or the articles of association were violated at the adoption of

the resolution and these violations affect the validity of the resolution (for example, an

insufficient majority voted in favour of adopting the resolution).

(2) Notwithstanding point two of the first paragraph of this article a general meeting

resolution shall always be contestable if the shareholders' right to be informed under

Article 305 of this Act was violated in connection with the procedure to adopt the

resolution.

(3) A resolution may also be contested on the basis that a shareholder in exercising his

voting right attempted to secure for himself or for a third party special advantages to the detriment of the company or the other shareholders, if that

purpose can be achieved on the basis of the adopted general meeting resolution. This shall not apply where appropriate compensation for such damage is provided to other shareholders pursuant to the resolution.

(4) A general meeting resolution may not be contested on the basis of a violation of the provisions of Article 302 of this Act.

(5) A contested general meeting resolution may no longer be annulled once the general meeting has confirmed the resolution in a new resolution provided no action has been lodged within the time limit for its annulment or to establish its nullity, or where such action has been withdrawn or where a claim for annulment of the new resolution or for establishing its nullity has been refused as final.

(6) Notwithstanding the fifth paragraph of this article a person referred to in the seventh paragraph of this article who demonstrates a legal interest in having the resolution annulled for the period until the adoption of a new (confirming) resolution, may ask the court to establish that the contested resolution was not valid until the (confirming) resolution.

(7) A general meeting resolution may be contested by:

any shareholder under the conditions laid down in this Act;
– the management,

any member of the management or supervisory body if by implementing the general meeting resolution the members would be committing a criminal offence or acting in contravention of the law.

Article 396

Contesting suit

(1) A contesting suit shall be lodged within one month. The one-month period shall begin to run:

if the plaintiff participated in the general meeting, on the day the general meeting ended;

if the plaintiff did not participate in the general meeting, on the day he

learned of the resolution or should have learned of it.

(2) If the resolution was published, the one-month period shall begin on the day of publication.

Article 397

Notification of intention to contest

(1) A shareholder who was present at the general meeting may only contest a resolution if

at the general meeting he immediately informed the general meeting for the record of his

intention to lodge a contesting suit; and a shareholder who was not present may contest a

resolution only in the case where he was illegally prevented from attending the general

meeting or if he was not correctly invited to the general meeting or if the general meeting

decided an issue which was not on the agenda.

(2) The management must publish notification that a contesting suit has been lodged in

the same manner in which the contested resolution must be published.

Article 398

Effect of an annulled resolution

If the court annuls a resolution passed by the general meeting or declares it to be null, that

ruling shall take effect against all shareholders and members of the management or supervisory body. In the case of a resolution which is entered in the register, the content

of the court ruling shall be entered ex officio. The management must publish the content

of the ruling.

Article 399

Contestability of a resolution on the use of the profit for appropriation

(1) A general meeting resolution on the use of the profit for appropriation may be

contested if it is in contravention of the law or the articles of association or if the general

meeting decided not to distribute profit to the shareholders amounting to at least 4 per

cent of the subscribed capital where in the judgement of a good manager this was not

necessary given the circumstances in which the company is operating.

(2) A contesting suit in respect of a general meeting resolution on the use of the profit for

appropriation may be lodged by shareholders whose combined interest is at

least onetwentieth of the subscribed capital or a lowest issue value of 400,000 euros. If the court finds that there exist circumstances which justify the division of profit for appropriation it shall amend the resolution adopted by the general meeting upon the request of the shareholders.

Article 400

Contesting a resolution on an increase in the subscribed capital

(1) A resolution on an increase in the subscribed capital by contributions may be contested in accordance with the provisions laid down in Article 395 of this Act.

(2) If a priority right of shareholders has been wholly or partly excluded a resolution may also be contested on the basis that the issue value or the minimum amount beneath which new shares may not be issued is set disproportionately low in the resolution on an increase in the subscribed capital. This shall not apply if the new shares are acquired by a third party with the obligation to offer them to shareholders.

Article 401

Nullity of the annual report and contestability of a resolution on the adoption of the annual report

(1) The annual report shall be null and void:

if its content is in contravention of the provisions of this Act which are used exclusively or primarily to protect the creditors of the company or are otherwise in the public interest;

if under this Act it should have been audited but an audit has not been performed or has not been performed in compliance with the method and conditions laid down in the law regulating auditing;

if the provisions of this Act or the articles of association on the creation (increase) or use (reduction) of the capital reserves and profit reserves were violated in the procedure for the adoption of the annual report.

(2) An annual report whose adoption has been decided by the management or supervisory body shall also be null and void if in the adoption of the annual

report the
supervisory board did not act in accordance with the first and second
paragraphs of

Article 282 of this Act.

(3) When, in adopting the annual report, the general meeting has amended a
compiled
annual report in accordance with the second sentence of the third paragraph of
Article

293 the annual report shall also be null and void if within two weeks of its
adoption the

amendments to the annual report have not been reviewed by an auditor or if the
auditor who reviewed the amendments to the annual report has not given a
positive opinion in
respect of these amendments.

(4) An annual report which has been adopted by the general meeting shall also
be null

and void when the general meeting resolution on the adoption of the annual
report is null

and void for the reasons laid down in the first or second indent of Article
390 of this Act.

(5) A general meeting resolution on the adoption of the annual report may be
contested

in accordance with the provisions laid down in Article 395 of this Act but may
not be

contested on the basis that the content of the annual report is not in
conformity with the
law or the articles of association.

Section 9

DISSOLUTION OF A COMPANY

Subsection 1

Ordinary dissolution

Article 402

Reasons for dissolution

(1) A company shall be dissolved:

upon the expiry of the period for which it was formed ;
by resolution of the general meeting, which must be adopted with a majority
of at least

three-quarters of the subscribed capital represented; the articles of
association may

stipulate a larger majority and lay down other requirements;

if the management is inactive for more than 12 months;

if the court establishes that the corporation is null and void;

if the company goes bankruptcy;

on the basis of a court ruling;

when the company is merged with another company; or

if the company's subscribed capital is reduced below the minimum amount stated in Article 171 of this Act, other than in the case under Article 378 of this Act.

(2) The articles of association may determine other reasons for the company to be dissolved.

(3) Shareholders whose combined interest accounts for at least one-twentieth of the subscribed capital and each member of the management or supervisory body may lodge a suit requiring the court to decide on the dissolution of the company if it believes that that the company's goals cannot satisfactorily be achieved, or that other good reasons exist for the dissolution of the company, in particular, defects in the provisions of the articles of association concerning the amount of subscribed capital, the definition of shares or the activity of the company which are not in conformity with this Act. If the defects can be remedied the suit may only be lodged after the person entitled to lodge the suit has called on the company to remedy the defects and the company has not taken action within three months or the defects have not been remedied within one year.

Article 403

Adoption of a resolution on the dissolution of a company and the commencement of liquidation

(1) In the cases under the first and second indents of the first paragraph of the preceding article the resolution on the dissolution of the company and commencement of liquidation

(liquidation resolution) shall be adopted by the general meeting. (2) In the case under the first indent of the first paragraph of the preceding paragraph the general meeting must adopt a liquidation resolution within 30 days of the expiry of the period set out in the articles of association.

(3) In the cases under the third, fourth and sixth indents of the first paragraph of the preceding article the liquidation resolution shall be issued by the court.

Article 404

Commencement of the liquidation procedure

(1) The procedure for the liquidation of a company based on a liquidation resolution for the reasons stated in the first and second indents of the first paragraph of Article 402 of this Act shall be carried out by the company.

(2) In the cases under the third paragraph of the preceding article the liquidation procedure shall be carried out by the court.

(3) In the case under the third indent of the first paragraph of Article 402 of this Act a proposal for the dissolution of the company may be lodged with the court by a creditor or by shareholders accounting for at least one-tenth of the subscribed capital.

(4) In the case under the sixth indent of the first paragraph of Article 402 of this Act a creditor or any shareholder may lodge a proposal for dissolution with the court. The court shall pass a liquidation resolution if the shareholders do not provide subscribed capital in the amount of the statutory minimum within a time limit determined by the court, which may not be shorter than three months.

(5) In the case under the third and eighth indents of the first paragraph of Article 402 of this Act the liquidation procedure shall be carried out by the court ex officio. The costs of liquidation shall be covered from the assets of the company, and if the assets are not sufficient then also from the assets of the founders.

Article 405

Content of a liquidation resolution

(1) A liquidation resolution shall state the following details:

the registered name and registered office of the company;
the body which adopted the resolution;
the reason for the dissolution;
the time limit within which creditors and shareholders holding bearer shares must register their claims; the time limit may not be less than 30 days from the date of publication of the resolution; and
the name, surname and address or the registered name and registered office of the liquidator.

(2) A liquidation resolution may also contain other details connected with the

dissolution

and liquidation of the company.

(3) The body which adopts the liquidation resolution shall send the resolution to the registration body in order for the commencement of liquidation to be entered in the register.

Article 406

Liquidation procedure

(1) The liquidation procedure shall be carried out after the entry of the commencement of liquidation in the register. (2) Where there are no other specific provisions in this section, the provisions laid down in this Act applying to a company before the adoption of a liquidation resolution shall continue to apply to the company until the end of the liquidation.

Article 407

Designation in the registered name

After the entry of the commencement of liquidation in the register the company must use the addition "in liquidation" in its registered name.

Article 408

Bodies in the liquidation procedure

(1) Liquidation shall be carried out by one or more liquidators. (2) The liquidators shall be members of the management unless otherwise provided by the articles of association, the general meeting or the liquidation resolution.

(3) At the proposal of the supervisory board, the board of directors or shareholders accounting for one-twentieth of the subscribed capital, and where good reasons exist, a liquidator shall be appointed by the court.

(4) The provisions laid down in this Act and in the articles of association on decisionmaking by the management shall apply mutatis mutandis to decisionmaking by the liquidators unless otherwise provided in the liquidation resolution.

Article 409

Liquidation company

The liquidator may also be a legal person (liquidation undertaking).

Article 410

Declaration by the liquidator

A liquidator must submit a written declaration to the effect that he will carry out all tasks

connected with the liquidation conscientiously and fairly.

Article 411

Dismissal of a liquidator

The body which appointed the liquidator may dismiss him at any time without explanation.

Article 412

Powers of a liquidator

A liquidator shall:

- represent the company;
- compile an opening liquidation balance sheet;
- conclude unfinished business;
- pay off the claims of creditors;
- publish an invitation to creditors for them to register their claims with him within a time limit which may not be less than 30 days from the day on which the invitation was published;
- recover the claims of the company;
- realise the liquidation estate to the extent necessary in order to pay off creditors;
- prepare a proposed report on the progress of the liquidation procedure and the division of assets;
- propose the deletion of the company from the register; and
- carry out other tasks connected with the liquidation as laid down in law, the articles of association or the resolution on the liquidation of the company.

Article 413

Continuation of activity

The liquidator shall be entitled to continue the company's activity by concluding new operations only with the approval of the body which adopted the liquidation resolution.

Article 414

Stopping the liquidation procedure and continuing with a bankruptcy procedure

If on the basis of the registered claims the liquidator establishes that the assets of the

company are not sufficient to pay off all the claims of creditors in full including statutory interest, the liquidation administrator must stop the liquidation procedure without delay

and submit a proposal for the commencement of a bankruptcy procedure.

Article 415

Report on the progress of the procedure and proposal for the division of assets

After the company's debts have been paid off the liquidator shall prepare a

report on the progress of the liquidation and a proposal for the division of the assets, unless otherwise provided in the liquidation resolution.

Article 416

Adoption of a report on the progress of the procedure and the division of assets

(1) The body which adopted the liquidation resolution shall vote on the proposed report on the progress of the liquidation procedure and the proposal for the division of assets, unless otherwise provided for in the resolution.

(2) If the general meeting is responsible for adopting the report and the resolution on the division of assets and yet in spite of being convened twice it has not met or did not have a quorum, it shall be deemed that the proposal drawn up by the liquidator is adopted by resolution of the general meeting.

Article 417

Period for division of assets

(1) Pursuant to a resolution on the division of assets the liquidator shall divide the assets within 30 days.

(2) If the resolution under the preceding paragraph was adopted by the court the 30-day period shall begin when the resolution becomes final .

Article 418

Division of assets

(1) After repayment of all the company' s liabilities the remaining assets shall be divided among the shareholders in proportion to their contributions. Contributions that have not yet been paid in must be paid in before the division in accordance with the articles of association.

(2) When the division of assets has been completed the liquidator shall deliver to the registration body the report on the progress of the liquidation procedure adopted at the general meeting and the general meeting resolution on the division of assets, shall declare that all the assets have been divided in accordance with the resolution on the division of

assets and propose the deletion of the company from the register.

Article 419

(Damage liability)

(1) After the deletion of the company from the register it shall not be possible to contest the actions of the liquidator but compensation for damage may be claimed from the liquidator . (2) The liquidator shall be liable for damage which he caused to a creditor during the liquidation procedure up to the value of five times the payment which he received for his work. If this amount is insufficient to pay for the damage caused, all the shareholders shall be jointly and severally liable up to the amount of the contributions paid out of the liquidation estate. It shall not be considered damage if a creditor did not receive payment for his claim because he did not register it in time and the liquidator was not and could not have been aware of it.

(3) The provisions laid down in the preceding paragraph shall not apply to damage caused by the liquidator to shareholders. For such damage the liquidator shall be liable in accordance with the general rules on damage liability.

(4) Compensation claim against a liquidator shall be time-barred one year from the day on which the company was deleted from the register.

(5) Where there is more than one liquidator, they shall be jointly and severally liable.

Article 420

Claims of shareholders

In the liquidation procedure the shareholders may pursue their claims arising from legal transactions with the company.

Article 421

Protection of creditors

(1) The assets may not be divided among the shareholders until six months have elapsed since the publication of the final announcement under Article 405 of this Act.

(2) The liquidator shall be obliged to provide appropriate insurance for the repayment of claims which have not yet matured and known claims which a creditor has not registered.

Article 422

Continuation of the company

(1) If the liquidation resolution was adopted for the reasons set out in the first or second indents of the first paragraph of Article 402 of this Act, the general meeting may decide, before the start of the division of assets among the shareholders, by a majority of at least three-quarters of the subscribed capital represented, that the company shall continue to operate.

(2) In this case the liquidator must propose the deletion from the register of the entry of the commencement of liquidation and attach the general meeting resolution to the proposal.

Article 423

Remuneration of the liquidator

(1) The liquidator shall have the right to reimbursement of costs and to payment for his work from the assets of the company. The amount of the payment shall be determined by the general meeting or by the court.

(2) The payment for work and reimbursement of costs shall be made to the liquidator after the payment of liabilities to creditors but before the division of the assets among the shareholders.

Article 424

Storage of books of account

(1) Books of account, accounts documents and the documentation on the liquidation procedure must be stored by one of the shareholders, appointed by the liquidator, or by an organisation determined by law. (2) Creditors and shareholders shall have the right to examine the documents referred to in the preceding paragraph for three years after the conclusion of the liquidation procedure.

(3) An entry must be made in the register stating whom the documents referred to in the first paragraph of this article are stored with.

2. Subsection 3

Dissolution of a company by simplified procedure

Article 425

Terms and conditions

(1) A company may be dissolved by simplified procedure without going into liquidation if all the shareholders propose to the registration body the deletion of the company from the register without liquidation and attach with the proposal a resolution on the dissolution of the company by simplified procedure and a declaration by all the shareholders, verified by a notary, to the effect that all the company's liabilities have been settled, that all relations with employees have been settled and that they are assuming the liability to pay any potential outstanding liabilities of the company.

(2) Creditors may pursue their claims on the shareholders who submitted the declaration under the preceding paragraph within one year of the announcement of the deletion of the company from the register.

(3) The shareholders shall be jointly and severally liable with all their assets for liabilities under the preceding paragraph.

(4) The registration body may require the shareholders to demonstrate the truth of their declaration under the first paragraph of this article. The registration body may also require other forms of insurance for the assumed liability to pay the debts.

Article 426

Content of a resolution on the dissolution of a company by simplified procedure

A resolution on the dissolution of a company by simplified procedure shall state the registered name and registered office, the body which adopted the resolution on the dissolution, an indication that the dissolution is being conducted by simplified procedure, the number of shareholders and their names, surnames and addresses, and a proposal for the division of assets.

Article 427

Publication of a dissolution resolution and the assumption of liabilities by the shareholders

(1) The registration body shall publish the dissolution resolution together with the names, surnames and addresses or registered names or registered offices of all the shareholders who have assumed the liability to pay any potential outstanding liabilities to creditors.

(2) This notification shall also state that an appeal against the dissolution resolution shall be permitted within 15 days and that otherwise the registration body will pass a resolution on the deletion of the company from the register.

Article 428

Appeal against a dissolution resolution

(1) Shareholders, creditors or the competent state bodies may lodge an appeal against a resolution on the dissolution of a company by simplified procedure within 15 days of the

publication of the resolution. (2) The appeal shall be decided upon by the registration body. If the registration body

establishes that the appeal is justified and that creditors or shareholders would suffer

damage, it shall annul the resolution on dissolution by simplified procedure and notify the

bodies of the company, which shall be obliged to continue the liquidation procedure in

accordance with this Act, or given the circumstances adopt a dissolution resolution itself.

(3) Upon the annulment of the resolution on dissolution by simplified procedure the

declarations by the shareholders on the assumption of liability for the liabilities of the

company shall lose their legal effect.

(4) The registration body shall inform the public of the annulment of the resolution on

the dissolution of the company by simplified procedure in the same manner as for the

dissolution resolution.

Article 429

Deletion of a company from the register

(1) If an appeal is not lodged or if an appeal is lodged but is rejected by the registration

body, the registration body shall issue a resolution on the deletion of the company from

the register and shall publish it. An appeal shall be permitted against this

resolution

within 15 days of the date of publication.

(2) The registration of the deletion of the company from the register shall also state the names, surnames and addresses or registered names and registered offices of shareholders who assumed the liability to pay any potential liabilities of the deleted company.

Chapter 5

EUROPEAN PUBLIC LIMITED COMPANY (SE)

Section 1

GENERAL PROVISIONS

Article 430

The purpose of special provisions on SE

For the purpose of implementation of Regulation 2157/2001/EC this chapter defines the

method of foundation, management, transfer of registered office and dissolution of

European public limited company (hereinafter: SE).

Article 431

Entry in the register

(1) SE shall be entered in the register. The provisions laid down in this Act on the entry

of a public limited company in the register shall apply mutatis mutandis to the application

for the entry of a public limited company in the register.

(2) The application for entry of SE in the register must be accompanied by:

– agreement on worker participation in the management of SE according to the method

and under conditions stipulated by law regulating the participation of workers in the

management of SE; or

– resolution on the termination of negotiations for the conclusion of the agreement

referred to in the previous indent in accordance with the law regulating the participation

of workers in the management of SE; or

– the statement of the members of the management that the agreement referred to in the

first indent of this paragraph has not been reached within the appropriate deadline.

Article 432

Publication of notifications by SE in the Official Journal of the European Union The issuer of the Official Gazette of the Republic of Slovenia must inform the body

competent for the publications in the Official Journal of the European Union about the data or notifications published in the Official Journal of the European Union pursuant to Article 14 of the Regulation 2157/2001/EC within one month of the publication in the Official Gazette of the Republic of Slovenia.

Article 433

Registered office of SE

(1) The articles of association shall lay own the registered office of SE in accordance

with Article 30 of this Act.

(2) If the management of SE with registered office in the Republic of Slovenia transfers

its operations to another Member State, the registration body shall ask the company to reestablish its operations in the Republic of Slovenia or transfer its registered office in

accordance with Article 8 of the Regulation 2157/2001/EC within the appropriate

deadline. If the company fails to establish management in the Republic of Slovenia or

transfer the registered office in accordance with Article 8 of the Regulation 2157/2001/EC within the deadline set by the court, the registration body shall issue the

resolution on the dissolution of the company. An appeal may be filed against the

resolution on the dissolution of the company which shall suspend the execution of the resolution.

Section 2

TRANSFER OF SE REGISTERED OFFICE

Article 434

Offer of monetary compensation in the proposal for the transfer of registered office

(1) The proposal for the transfer of SE to another Member State must, besides the data

stated in the second paragraph of Article 8 of the Regulation 2157/2001/EC, also contain

the offer for the acquisition of shares of those shareholders which objected, for the

record, to the resolution on the transfer at the general meeting deciding on the transfer of

the registered office, against the payment of appropriate monetary compensation. This

right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) The obligation to ensure monetary compensation can be assumed by SE or another person.

Article 435

Review of the appropriateness of the amount of monetary compensation

(1) The appropriateness of the amount of monetary compensation offered proposal on the transfer of SE registered office must be verified by an auditor.

(2) The provisions of the second, fourth, sixth, seventh and eighth paragraph of Article

583 of this Act shall apply mutatis mutandis to the review of the appropriateness of the amount of monetary compensation.

(3) The auditor's report on the appropriateness of monetary compensation must contain

an opinion on whether the offered monetary compensation is an appropriate compensation for the acquired shares. The provisions laid down in the fifth paragraph of

Article 583 of this Act shall apply mutatis mutandis for the auditor's report.

Article 436 Review of the transfer of SE registered office by the supervisory board

On the basis of the management report on the transfer of SE registered office and the

report on the audit of the appropriateness of monetary compensation the supervisory

board must examine the intended transfer of SE registered office and draw up a written

report. In the report on the review of the transfer of SE registered office the supervisory

board shall not be required to disclose the information referred to in the first and third

indents of the second paragraph of Article 305 of this Act.

Article 437

Notification of the proposal for the transfer of SE registered office)

(1) At least two months prior to the date of a session of the general meeting which is to

decide on the transfer of SE registered office in another Member State, the

management

must submit to the registration body the proposal of the transfer of SE registered office

which has been reviewed by the supervisory board of this company. The notification on the submission of the proposal for the transfer of SE registered office to the registration

body shall be published by the company. The notification must draw the attention of

shareholders to their rights under the second and third paragraphs of this article and

Article 440 hereof, and the attention of creditors and to their rights under the second and

third paragraphs of this article and Article 442 hereof.

2) At least one month prior to the session of the general meeting that is to decide on the

transfer of SE registered office the following documents shall be made available for

inspection by the shareholders at the registered office of the company, besides the

documents determined in the fourth paragraph of Article 8 of the Regulation 2157/2001/EC:

1. report on the review of the appropriateness of the amount of monetary compensation;

2. the report of the supervisory board on a review of the transfer of registered office; and

3. annual report for the last financial year;

(3) All shareholders and creditors shall be given a copy of these documents free of

charge on request by the following working day at the latest.

(4) The documents referred to in the second paragraph of this article shall be submitted

to the session of the general meeting. At the start of the debate in the general meeting the

management must give an oral explanation of the content of the proposal for the transfer

of SE registered office. Before a decision is taken on consent to the transfer of SE

registered office the management must inform the shareholders about every significant

change in the assets of the company that occurred between the drawing up of the proposal

for the transfer of SE registered office and the session of the general meeting.

Article 438

Special requirements for consent of the general meeting to the transfer of SE registered office

If individual shareholders have special rights in accordance with the articles of

association, the consent of the general meeting referred to in the first paragraph of Article

632 hereof shall be required for the validity of the resolution.

Article 439

Simplified transfer of SE registered office

If there is only one person holding all the shares of SE or if all shareholders waive their

rights to monetary compensation in the form of a notarised statement, the provisions of

this act concerning the offer of monetary compensation need not be complied with in the proposal for the transfer of registered office and the review of appropriateness of the

amount of monetary compensation. The shareholders may also give the waiver statement

orally at the session of the general meeting which decides on consent to the transfer of SE

registered office. In this case the statement shall be entered in the minutes of the general meeting.

Article 440

The right of the shareholders to request the acquisition of shares against the payment of monetary compensation

(1) Each shareholder of the company, who at the general meeting of the company

deciding on the transfer of SE registered office makes an objection for the record against

the resolution giving consent to the transfer of SE registered office may require from the

company or another person obliged to pay monetary compensation under the resolution

of the transfer of SE registered office to acquire its shares against payment of appropriate

monetary compensation. This right shall also be enjoyed by a shareholder who did not

attend the general meeting if he was unlawfully prevented from attending the general

meeting or if the general meeting was not correctly convened or if the subject put to a

decision at the general meeting was not correctly published.

(2) An offer of monetary compensation shall be binding on the acquiring company for one month from the date of entry of the transfer of SE registered office in the register of the new SE registered office. The obligation to pay monetary compensation shall be barred three years after the transfer of SE registered office at the new registered office.

The costs arising from the transfer of shares referred to in the previous paragraph shall be covered by the company or another person obliged to pay monetary compensation under the proposal of the transfer of SE registered office.

(3) Persons entitled to monetary compensation under the first paragraph of this article must be given suitable protection for fulfilment of the obligation to pay monetary compensation.

(4) If the articles of association lay down that the company's authorisation is needed for the transfer of shares, such shares can be transferred without authorisation from the day of the adoption of resolution giving consent to the transfer of SE registered office to the expiry of the deadline for accepting the offered monetary compensation.

Article 441

Exclusion of reasons to contest; court test of the appropriateness of the amount of monetary compensation

(1) The general meeting resolution of a company giving consent to the transfer of SE registered office cannot be contested for the following reasons:

1. because the amount of the monetary compensation is not appropriate or no cash compensation was offered or it was not offered correctly,

2. because the justification or explanation of the appropriateness of monetary compensation in the management report on the transfer of SE registered office, the report

on the review of the appropriateness of the amount of monetary compensation or the supervisory board report on the review of the transfer of SE registered office is not in

accordance with this act.

(2) The shareholders, who made an objection for the record against the

resolution giving consent to the transfer of SE share may require a court test of the appropriateness of the amount of monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published. The provisions of Article 603 of this Act shall apply mutatis mutandis to the court test procedure of the appropriateness of the amount of monetary compensation.

Article 442

Protection of creditors

The creditors of SE shall have the right to demand protection for their non-matured, uncertain or conditional claims provided they demand such protection within one month of the adoption of the resolution giving consent to the transfer of SE registered office.

Creditors may only exercise this right if they demonstrate the probability that the fulfilment of their claims is jeopardised by the transfer of SE registered office by acquisition.

Article 443

Entry of intended transfer of SE registered office in another Member State; issue of certificate

(1) The management must apply for the registration of intended transfer of SE registered office in the register.

(2) The proposal for the entry of intended transfer of SE registered office shall be submitted together with:

1. the statement of the company's management for which the provision of Point 1 of the second paragraph of Article 590 of this Act shall apply mutatis mutandis;
2. proposal for the transfer of SE registered office;
3. the minutes of the general meeting which decided on consent to the transfer of SE registered office;
4. management report on the transfer of SE registered office;

5. annual report for the last financial year;
6. proof that an intended transfer of SE registered office has been published in accordance with the provision of the first paragraph of Article 437 of this Act; and
7. proof on the assurance of all the conditions for exercising the rights of shareholders and creditors.

(3) If the management does not submit the statement referred to in point 1 of the second paragraph of this article because action has been lodged to contest the general meeting resolution giving consent to the transfer of SE registered office or to have it declared null, the provisions of the third, fourth and fifth paragraphs of Article 590 of this Act shall apply mutatis mutandis.

(4) The registration body must test whether all the prescribed legal tasks in respect of the transfer of SE registered office have been carried out and whether all the preconditions for establishing the rights of shareholders to request the acquisition of shares for the payment of monetary compensation have been fulfilled, whether it has been proved that all the shareholders validly waived the right and whether all the preconditions for exercising the creditors' rights of claiming insurance. If the registration body establishes that all the prescribed legal tasks have been carried out and that all the preconditions in respect of the transfer of SE registered office have been fulfilled, it shall enter the intent to transfer the SE registered office and issue the registration from Paragraph 8 of the Regulation 2157/2001/EC. (5) Upon the entry of the intended transfer of SE registered office the new SE registered office and the register in which SE is entered shall be recorded. The entry shall be accompanied by an annotation that the certificate from the eighth paragraph of Article 8 of the Regulation 2157/2001/EC has been issued.

(6) After having received the notification of the entry of the transfer of SE registered office in the register in another Member State, the registration body shall ex

officio enter

the deletion of a company from the register.

Article 444

Registration of the transfer of SE registered office from another Member State to the Republic of Slovenia

(1) The management that wishes to transfer its registered office from another Member

State shall propose the transfer of SE registered office for the entry in a register in the Republic of Slovenia.

(2) Besides the data and documents required for the entry of a public limited company

pursuant to Article 199 of this Act, the following shall also be attached to the proposal for the entry of the transfer of SE registered office:

1. proposal for the transfer of SE registered office;
2. the minutes of the general meeting which decided on consent to the transfer of SE registered office;
3. management report on the transfer of SE registered office;
4. annual report for the last financial year;
5. certificate of a competent body of a Member State in which the SE had its registered office so far;
6. a copy from the register of the previous registered office which may not be issued prior to the issue of the certificate referred to in the previous Point; and
7. certified signatures of all members of the management and other representatives.

(3) The proposal for the entry of SE registered office must be accompanied by a

management's statement that none of the procedures determined in the fifteenth

paragraph of Article 8 of the Regulation 2157/2001/EC have been initiated against the company.

(4) The original and a verified translation of the documents referred to in the second and third paragraph hereunder must be submitted.

(5) After having entered the transfer of SE registered office in the register, the registration body shall ex officio inform the competent body for the entry of companies in

the Member State from which the SE registered office is being transferred.

Section 3

FORMATION OF SE

Subsection 1

Formation of SE by merger

Article 445

Offer of monetary compensation in a merger into SE contract

(1) Besides the data stipulated under the first paragraph of Article 20 of the Regulation

2157/2001/EC the merger into SE contract (hereinafter in this chapter: merger contract)

must, in accordance with Article 17 of the Regulation 2157/2001/EC, also contain the

offer for the acquisition of shares of those shareholders which objected, for the record, at

the general meeting deciding on the consent to the merger, to the transfer of assets, rights and obligations of the company through the merger to SE with the registered office in

another Member State, against the payment of appropriate monetary compensation. This

right shall also be enjoyed by a shareholder who did not attend the general meeting if he

was unlawfully prevented from attending the general meeting or if the general meeting

was not correctly convened or if the subject put to a decision at the general meeting was

not correctly published.

(2) The obligation to ensure monetary compensation can be assumed by SE or another

person.

Article 446

Audit of merger into SE

(1) The merger contract must be audited by one or more auditors for each of the

companies participating in the merger by acquisition. (2) The provisions of the second,

third, first sentence of the fourth, sixth, seventh and first sentence of the eighth paragraph

of Article 583 of this Act shall apply mutatis mutandis to the audit of the merger contract.

(2) The provisions laid down in the fifth paragraph of Article 583 of this Act shall apply

mutatis mutandis for the rafting of the auditor' s report.

Article 447

Publication of merger contract

(1) The merger contract must be submitted to the registration body and a notice thereof must be published in accordance with the provisions of the first and the second sentence of the first paragraph of Article 586 hereof. Such notification must contain the data from

Article 21 of the Regulation 2157/2001/EC.

(2) The notification under the previous paragraph must draw the attention of shareholders to their rights under the Article 449 hereof, and the attention of creditors and to their rights under the third paragraph of this article and Article 451 hereof.

(3) Each creditor and shareholder of the company whose assets, rights and obligations are transferred through merger to SE with registered office in another Member State shall

be given a copy of the documents referred to under the second paragraph of Article 586 hereof free of charge on request by the following working day at the latest. Article 448

Simplified merger into SE

If there is only one person holding all the shares of the company or if all shareholders

waive their rights to monetary compensation in the form of a notarised statement, the provisions of this act concerning the offer of monetary compensation need not be

complied with in the merger contract and the review of appropriateness of the amount of

monetary compensation. The shareholders may also give the waiver statement orally at

the session of the general meeting which decides on consent to the merger. In this case

the statement shall be entered in the minutes of the general meeting.

Article 449

The right of the shareholders to request the acquisition of shares against the payment of monetary compensation

(1) Each shareholder of the company, who at the general meeting of the company

deciding on the consent to the merger makes an objection for the record against the

resolution giving consent to the merger may require from the company or another person

obliged to pay monetary compensation under the merger contract to acquire its shares against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published. The provisions of Articles 440 and 441 of this Act shall apply mutatis mutandis to the right of shareholders to request the acquisition of shares against the payment of monetary compensation.

Article 450

Exclusion of reasons to contest

Court test of monetary compensation

(1) The resolution of the general meeting to decide on the consent to merger cannot be contested for the reasons under Article 604 hereof if the general meetings of all companies with registered offices in other Member States participating in the merger, in which the legislation does not regulate the procedure of court test of exchange ratio, expressly agree in the adoption of the resolution on the consent to merger that:

1. the shareholders of a company with registered office in the Republic of Slovenia may propose a court test of the exchange ratio against SE with the registered office in the Republic of Slovenia; or
2. the shareholders of the acquired company with the registered office in the Republic of Slovenia may propose a court test of the exchange ratio against SE with the registered office in another Member State in accordance with the method and under conditions state in Articles 605 to 615 hereof.

(2) In the case referred to in Point 2 of the previous paragraph the proposal for a court test can only be submitted by those shareholders participating in the general meeting to decide on the consent to merger who announced, for the record, the submission of

proposal for a court test or who announced the submission of such proposal to the company within one month after the adoption of the resolution on the consent to merger.

The certificate referred to in the second paragraph of Article 25 of the Regulation 2157/EC must state whether the shareholders announced the submission of the proposal for a court test of the exchange ratio.

(3) The shareholders of an individual acquired company with the registered office in another Member State may submit a proposal for a court test of the exchange ratio if:

1. it stems from the certificate issue by such company that the shareholders validly waived the right to contest the resolution adopted by the general meeting on the consent to merger for the reasons related to the exchange ratio, and
2. all acquired companies with the registered offices other Member States agree to the submission of a proposal for a court test of the exchange ratio.

Article 451

Protection of creditors and holders of special rights

The provisions of Article 442 hereof shall apply mutatis mutandis to the protection of the creditors of the company which transferred its assets, rights and obligations through merger to a SE with the registered office in another Member State.

Article 452

Application for the entry of the transfer of assets, rights and obligations of a company

with registered office in the Republic of Slovenia through merger to a SE with the

registered office in another Member State; issue of certificate (1) The management of the company which transferred its assets, rights and obligations

through merger to a SE with the registered office in another Member State shall propose

the entry of intended merger in the SE register.

(2) The proposal for the entry of intended merger in SE shall be submitted together with:

1. merger contract,
2. the minutes of the general meeting of the acquired company which decided on consent

to the merger;

3. authorisation of the competent authority, if so require for the merger,

4. management report of the acquire company on the merger,

5. management report on the audit of the merger,

6. the concluding report of the company being acquired,

7. proof that an intended merger was published in accordance with the provision of

Article 447 of this Act;

8. proof of the assurance of conditions for the implementation of the rights of

shareholders and the consent of the companies with the registered office in other Member

States for the beginning of the procedure on a court test of the appropriateness of

monetary compensation;

9. proof on the assurance of all the conditions for exercising the rights of creditors;

10. the statement of the company' s management for which the provision of Point 1 of the

second paragraph of Article 590 of this Act shall apply mutatis mutandis; and

11. statement of the company' s management on the number of shareholders exercising

the right to request the acquisition of shares against the payment of monetary compensation and on the method of exercising this right.

(3) If the management does not submit the statement referred to in point 10 or 11 of the

second paragraph of this article because action has been lodged to contest the general

meeting resolution giving consent to the transfer of SE registered office or to have it

declared null, the provisions of the third, fourth and fifth paragraphs of Article 590 of this

Act shall apply mutatis mutandis.

(4) The registration body must test whether all the prescribed legal tasks in respect of the

merger into SE have been carried out and whether all the preconditions for establishing

the rights of shareholders to request the acquisition of shares for the payment of monetary

compensation have been fulfilled, whether it has been proved that all the shareholders

validly waived the right and whether all the assumptions for exercising the creditors' rights of claiming insurance are met. If the registration body finds out that

the preconditions for the exercising of the rights of shareholders to request the acquisition of shares against the payment of monetary compensation and the rights of the shareholders to request insurance have been met and that the holders of special rights have been granted equal rights, it shall enter the merger into SE and issue the certificate referred to in the second paragraph of Article 25 of the Regulation 2157/2001/EC.

(6) Upon the entry of the intended merger into SE the intended SE registered office and the register in which SE is entered shall be recorded. The entry shall be accompanied by an annotation that the certificate from the second paragraph of Article 25 of the Regulation 2157/2001/EC has been issued.

Subsection 2

Foundation of a SE holding

Article 453 Foundation of a SE holding

(1) The notarial record of the articles of association of a SE can only be drafted once the founders of the SE holding are known after the expiry of the additional application deadline set in the second sentence of the third paragraph of Article 33 of the Regulation 2157/2001/EC.

(2) The additional application deadline set in the second sentence of the third paragraph of Article 33 of the Regulation 2157/2001/EC shall start with the day of publication that all the preconditions for the establishment of a SE holding have been met.

(3) The wording of the notarial record of the articles of association of a SE holding must be the same as the wording of the proposed articles of association stated in the foundation plan.

(4) Besides the details stipulated by the third sentence of the second paragraph of Article 32 of the Regulation 2157/2001/EC, the proposed articles of association must also lay down the amount of the subscribed capital needed for the foundation of a SE holding and the highest amount of the subscribed capital which will be achieved if all

interests of the

companies planning the foundation of the SE holding are delivered to the SE holding.

Article 454

Mutatis mutandis application of the provisions on merger

(1) The provisions laid down in Articles 450, 582 to 587, 604 and 605 of this Act, and the

provisions of Article 32 of the Regulation 2157/2001/EC shall apply mutatis mutandis to

the foundation report, the audit and the publication of the foundation plan, exclusion of

the reasons for contesting and the court test of the exchange ratio.

(2) If a SE is being founded by a company organised as a public limited company, the

provisions of Article 585 hereof shall apply mutatis mutandis to the validity of the

resolution on the consent to the foundation. (2) If a SE holding is being founded by a

company organised as a limited liability company, the provisions of the first paragraph of

Article 620 hereof shall apply mutatis mutandis to the validity of the resolution on the

consent to the foundation.

Article 455

Entry of the fulfilment of preconditions for the intended foundation of a SE holding,

certificate on undertaken legal tasks in the foundation procedure

(1) The managements of the companies planning to found a SE holding shall apply for

the entry of fulfilled preconditions for the intended foundation of a SE holding with the

registration bodies at the location of their registered offices.

(2) Pursuant to Article 32 of the Regulation 2157/2001/EC, the following shall be

attached to the proposal for the entry of fulfilled preconditions for the intended

foundation of a SE holding:

1. year of incorporation;

2. minutes of the general meeting of the company which decided on consent to the

foundation;

3. foundation report;

4. foundation audit report;

5. proof on the publication of the notification on the submission of the foundation plan to

the registration body; such proof shall not be required if the general meeting deciding on

the consent to the foundation was attended by all stake holders or if they were

represented and did not object to the resolution on the consent to the foundation; and 6. the statement of the company' s management for which the provision of Point 1 of the

second paragraph of Article 590 of this Act shall apply mutatis mutandis.

(3) If the management does not submit the statement referred to in the second paragraph

of this article because action has been lodged to contest the general meeting resolution

giving consent to the foundation of SE or to have it declared null, the provisions of the

third, fourth and fifth paragraphs of Article 590 of this Act shall apply mutatis mutandis.

(4) The registration body must test whether and whether all the shareholders of the

companies planning to found a SE holding have delivered to SE their interests in such

companies in the scope defined for each of them in the foundation plan, whether all the

preconditions for the foundation have been met and whether all the prescribed legal tasks

in respect of the merger into SE have been carried out. If the registration body finds out

that these preconditions have been met it shall enter the company and issue the certificate

stating that all the prescribed legal tasks in respect of the foundation of a SE holding have

been carried out in a correct way.

(5) The entry of intended foundation of a SE holding shall contain the registered name

and registered office of the planned SE holding, the register in which the SE holding shall

be entered and the registered names and registered offices of all other companies

planning to found a SE holding. The entry shall be accompanied by an annotation that the

preconditions from the second paragraph of Article 32 of the Regulation 2157/2001/EC

have been met.

(6) After the entry of a SE holding in the register, the managements of the companies

planning the foundation concerned must report to the registers at the locations of their registered offices that the SE holding has been entered. The copy from the register in which the SE holding has been entered shall be attached to the notification.

Article 456
Application for entry of the SE holding in the register

Besides the documents stipulate by Article 199 hereof, the following must be attached to

the application for the entry of the SE holding in the register

1. year of incorporation;
2. minutes of the general meetings of the companies which decided on consent to the foundation;
3. foundation audit report;
4. proof of the publication of the fulfilment of preconditions for the foundation in accordance with the third and the fifth paragraphs of Article 33 of the Regulation

2157/2001/EC:

5. certificate under the fourth paragraph of the previous article that all the prescribed legal tasks in respect of the foundation of a SE holding have been carried out in a correct way, and
6. in respect of the companies planning to found a SE holding which have registered offices in other Member States, the copies from the registers in which these companies are entered.

Subsection 3

Conversion of a public limited company into a SE and a SE into a public limited company

Article 457

Conversion plan (1) The conversion plan of a public limited company into a SE (hereinafter: the conversion plan) must contain the following:

1. previous registered name, registered office and reg. number of the company being converted;
2. proposed SE articles of association;
3. planned time frame of the conversion, and
4. management report on the conversion in accordance with the fourth paragraph of

Article 37 of the Regulation 2157/2001/EC.

Article 458

Conversion audit

(1) The conversion plan must be examined by an auditor.

(2) The auditor must draw up a written report on the audit of the conversion plan.

Pursuant to the sixth paragraph of Article 37 of the Regulation 2157/2001/EC, the auditor

must also examine whether the total asset value of the company reduced by the liabilities

is at least equal to the amount of the subscribed capital increased by the sum of reserves

which the company is obliged to create.

(3) The provisions laid down in this Act on the founding audit shall apply mutatis

mutandis to the conversion audit.

Article 459

Publication of conversion plan

(1) At least one month prior to the date of a session of the general meeting which is to

decide on the conversion, the management of the company must submit to the registration

body the draft conversion plan which has previously been reviewed by the supervisory

board of this company. The notification on the submission of the conversion plan to the

registration body shall be published by the company. The notification shall inform the

shareholders of their rights under the second and third paragraphs of this article.

(2) At least one month prior to a session of the general meeting that is to decide on

conversion, the following shall be made available for inspection by the shareholders at

the registered office of the company:

1. conversion plan,
2. management report on conversion,
3. conversion audit report; and
4. annual report for the last financial year.

(3) All shareholders shall be given a copy of these documents free of charge on request

by the following working day at the latest.

(4) The documents referred to in the second paragraph of this article shall be submitted

to the session of the general meeting. At the beginning of the debate at the general meeting the management must give an oral explanation of the content of the conversion plan. Before a decision is taken on consent for the conversion the management must inform the shareholders about every significant change in the assets of the company that occurred between the drawing up of the conversion plan and the session of the general meeting.

Article 460

Application for entry of conversion in the register

(1) The management must apply for the registration of conversion in the register.

(2) The application for the entry of conversion must be accompanied by 1. conversion plan,

2. minutes of the general meeting which decided on consent to the conversion,
3. management report on conversion,
4. conversion audit report,
5. annual report for the last financial year,
6. proof on that the intended conversion was published in accordance with the provision

of the first paragraph of Article 459 hereof; such proof shall not be required if the general

meeting deciding on the consent to the conversion was attended by all shareholders or if

they were represented and did not object to the resolution on the consent to the

conversion; and

7. authorisation of the competent authority, if so require for the merger,

Article 461

Conversion of SE into a public limited company

The provisions laid down in this Act on the conversion of a public limited company into

SE shall apply mutatis mutandis to the conversion of a SE into a public limited company.

Section 4

MANAGING A SE

Article 462

Application of provisions

Unless otherwise provided by the Regulation 2157/2001/EC, the provisions of this Act

shall apply for the management of SE.

Section 5

DISSOLUTION OF A SE

Article 463

Dissolution of SE in the case of different locations of the registered office and the management

(1) If a SE no longer meets the requirements of Article 7 of the Regulation 2157/2001/EC

it shall be deemed that the provisions of the articles of association in the sense of the third

paragraph of Article 402 hereof are incomplete. The registration body shall invite the SE

to eliminate any inconsistencies within a specified deadline by re-establishing the top

management in the country of its registered office or to transfer its registered office

according to the procedure laid down in Article 8 of the Regulation 2157/2001/EC.

(2) If the company fails to eliminate inconsistencies within the deadline specified by the

registration body, the registration body shall ex officio establish deficiencies in the

articles of association.

Chapter 6

LIMITED PARTNERSHIP WITH SHARE CAPITAL

Article 464

Concept

(1) A limited partnership with share capital is a company in which at least one partner is

liable for the liabilities of the company with all his assets (general partner) while the

limited shareholders who have a share in the subscribed capital are not liable for the

liabilities of the company to creditors.

(2) The provisions laid down in this Act governing limited partnerships shall apply

mutatis mutandis to the legal relations between general partners and their relations with the limited shareholders, particularly in respect of the

general partners' entitlement to

conduct the business and represent the company.

(3) In respect of other matters concerning a limited partnership with share capital the

provisions laid down in this Act on public limited companies shall apply mutatis

mutandis unless otherwise provided in this chapter.

Article 465

Adoption of the articles of association

(1) The articles of association of a limited partnership with share capital must be adopted

by at least five persons. The articles of association shall state the subscribed capital of the company, the number of shares and, in the case of shares with nominal value, also their nominal value and, if there is more than one share class, the class of shares acquired by the limited shareholders.

(2) All the general partners and the limited shareholders who acquire shares when the company is formed must participate in the adoption of the articles of association.

(3) The partners who adopt the articles of association are the founders of the company.

Article 466

Content of the articles of association

(1) In addition to the details referred to in Article 183 of this Act the articles of

association of a limited partnership with share capital must also state the name, surname

and address or registered name and registered office of each general partner.

(2) Cash and non-cash contributions by general partners must be stated in the articles of association by amount and type.

Article 467

General partners and their entry in the register

(1) The provisions laid down in this Act concerning the management board of a public

limited company shall apply mutatis mutandis to general partners.

(2) When the company is entered in the register all the general partners and the extent of

their entitlement to represent the company shall be entered in place of the members of a

management board.

Article 468

Voting at the general meeting

(1) At the general meeting the general partners shall have voting rights in proportion to

their participation in the nominal capital. They may not exercise their voting right either

for themselves or for some other person whenever the general meeting is voting on:

the election or recall of the supervisory board;
the dismissal of general partners and members of the supervisory board;
the appointment of auditors;
the pursuit of compensation claims; or
the renouncement of compensation claims.

(2) Resolutions by the general meeting shall require the consent of the general partners if they refer to things for which the consent of the general partners and the limited shareholders is necessary. The consent of the general partners shall not be required for the exercise of powers which the general meeting or a minority of the limited shareholders enjoys in the appointment of auditors, exclusion of minority shareholders and in the pursuit of claims of the company arising from the formation or the business conduct. (3) General meeting resolutions which require the consent of the general partners shall be submitted for entry in the register only once that consent is given. (4) For resolutions which are entered in the register the consent must be established for the record.

Article 469

Limited shareholders board

(1) Resolutions by the limited shareholders shall be carried out by a limited shareholders board, unless otherwise provided by the articles of association.

(2) In disputes between an association of limited shareholders and the general partners the limited shareholders shall be represented by the board referred to in the preceding paragraph unless the general meeting has elected special representatives. The costs of the dispute charged to the limited shareholders shall be paid by the company but the company may demand reimbursement of a proportionate part of unjustifiable costs.

(3) General partners may not be members of the limited shareholders board.

Article 470

Withdrawals by general partners

(1) If a general partner suffers a loss which exceeds his capital share he may not receive a dividend on his capital contribution until the amount from the balance sheet loss of paid

liabilities, the general partners' shares in the loss and claims arising from loans to the general partners and members of their family exceeds the amount from the transfer of profit, capital and other funds and the capital shares of the general partners.

(2) In the case under the preceding paragraph the company may not approve any loans to the general partner. Any loans approved in contravention of this provision must be repaid immediately.

(3) The provisions laid down in the preceding paragraphs shall not relate to payment for work received by the general partners or to payments which are not dependent on the profit.

Chapter 7

LIMITED LIABILITY COMPANY

Section 1

FORMATION

Article 471

Concept

(1) A limited liability company is a company whose subscribed capital is made of subscribed contributions by members. The value of the contributions may differ.

(2) A member shall obtain his business share on the basis of the subscribed contribution and in proportion to its stake in the subscribed capital, expressed in percentage. Members may at the formation of the company contribute only one subscribed contribution and have only one business share.

(3) It is not possible to issue securities for the stakes referred to in the previous paragraph; nevertheless, the company may issue a member a certificate as a proof of holding a stake.

Article 472

Liability of members

Members shall not be liable for the liabilities of a limited liability company.

Article 473 Founders

(1) A company may be formed by one or more natural or legal persons who shall become

the members upon the formation of the company.

(2) A company may have a maximum of 50 members.

(3) A company may only have more than 50 members with the permission of the minister with responsibility for the economy.

Article 474

Articles of association

(1) A company shall be formed by contract of members, which can be concluded in the form of a notary record or a special form, on paper or in electronic version. The articles of association are made between all the members. The articles of association in paper version shall be signed by the members in the presence of an official of the body performing the tasks of a single entry point stipulated by the law regulating administrative procedure (hereinafter: point VEM) where the company applies for the entry in the register; if they are sent to point VEM via mail, the signatures must be notarised. The form of the articles of association in the electronic version sent to point VEM or to the registration body through electronic channels must be signed by means of a safe electronic signature with qualified certificate. The method and the procedure of entering the company in the register at point VEM shall be prescribed by the minister with responsibility for economy.

(2) If the contract of members is signed on behalf of any of the members by a proxy, the member's authorisation must be submitted. If the articles of association are concluded in the form of a notarial record, the member's authorisation shall be confirmed by a Notary Public and if the articles of association are concluded on a special form, the member's signature on the authorisation must be notarised. Authorisation shall not be necessary if the representative is already entitled under the law to conclude a contract of members in the name of the members.

(3) The contract of members must state:

the name, surname and address or the registered name and registered office of each of

the members;

the registered name, registered office and activity of the company;

the amount of the share capital and of each subscribed contribution separately, and the

members who invested each subscribed contribution and their stake;

the duration of the company if it is formed for a fixed period;

any obligations which the members have towards the company other than payment of

the subscribed contribution and any obligations which the company has towards the

members.

(4) If the subscribed capital or part of the subscribed capital is given in the form of a

non-cash contribution, the contract of members or a supplement forming a constituent

part of the contract of members must state the subject of each non-cash contribution

separately, the amount of the basic contribution for which the non-cash contribution is

given, and the member who invested the non-cash contribution.

(5) The contract of members may also contain other elements in addition to the elements

listed in the third and fourth paragraphs of this article.

(6) The minister responsible for economy shall prescribe the content and form of the

special form. Article 475

Subscribed capital and subscribed contributions

(1) The subscribed capital must amount to at least 7500 euros and each subscribed

contribution must amount to at least 50 euros.

(2) A subscribed contribution must be provided in money or in the form of a non-cash

contribution or non-cash acquisition. The provisions laid down in Article 187 and the first

sentence of the third paragraph of Article 191 of this Act shall apply mutatis mutandis to

subscribed contributions.

(3) A non-cash contribution may be provided in the form of movable or immovable

property, rights, an enterprise or part of an enterprise. Non-cash contributions shall also

include payment for items of property which the company has acquired and which it

treats as a member's contribution.

(4) Before the application for entry in the register each member must pay in

at least onequarter of the amount of his subscribed contribution, and the value of all contributions must amount to at least 7500 euros.

(5) Non-cash contributions must be delivered in full prior to the application for entry in the register. If the value of a non-cash contribution does not amount to the value of the

basic contribution acquired, the member must pay the difference in money.

(6) Subscribed contributions must be delivered to the company in such manner that a

manager of the company shall be freely able to dispose of them.

(7) Contributions paid in money must be paid to a bank account.

Article 476

Report on non-cash contributions

(1) If non-cash contributions are provided for the formation of a company the members

must compile and sign a report on the non-cash contributions before applying for entry in

the register.

(2) The report shall state the objects comprising the non-cash contributions, facts

demonstrating that the value of the non-cash contribution is not less than the amount of

the subscribed contribution acquired, and any burdens on a non-cash contribution.

(3) If an enterprise is invested in a company, the balance sheet and profit and loss

account of the company for the last two financial years must be submitted together with

the report referred to in the first paragraph of this article.

(4) If the total value for which non-cash contributions are given amounts to more than

100,000 euros, the partners who invested the non-cash contributions must ensure, at their

own cost, that the non-cash contributions are assessed by an auditor; the auditor's report

shall be a constituent part of the report referred to in paragraph 1 of this article.

Article 477

Costs of formation

(1) The members shall be obliged to provide funds for the formation of the company in

proportion to the amount of their subscribed contributions.

(2) If the members decide that they shall be reimbursed for the costs of

formation the

company, one or more members may be remunerated for work they carry out in connection with the formation of the company.

(3) Costs and the remuneration referred to in the preceding paragraph of this article may only be paid to members out of the profit of the company; the member may decide that these payments shall have priority ahead of other claims of the members to participate in the profit.

Article 478

Application for entry in the register

(1) The manager shall apply for the entry of the company in the register with the registration body or through point VEM which shall forward the registration to the registration body. The application must be accompanied by:

the original contract of members or a verified copy;

a list of members and the subscribed contributions which they have acquired

in the company;

the report on non-cash contributions;

confirmation from a bank of the deposit of monetary contributions with a statement

from a bank that the company can freely dispose of the assets; the bank shall be liable to

the company for the truth of the statement, and

a report from the official auditor on the value of the non-cash contributions under the

fourth paragraph of Article 476 of this Act.

(2) The manager must inform the registration body or the point VEM within three days if

any of the details contained in the application or the supplements under the preceding

paragraph have changed.

(3) The registration body shall reject an application if the auditor establishes or if it is

clear that the report under the first paragraph of Article 476 of this Act is incorrect,

incomplete or in violation of the law, or if the auditor states or the registration body is of

the opinion that the value of a non-cash contribution is significantly less than the amount

of the subscribed contribution for which the non-cash contribution is given.

Article 479

Liability of the members and the managers in the formation of a company

(1) The members and the managers shall be jointly and severally liable to the company for damage caused wilfully or through gross negligence which arose as a result of the failure to deliver or the incorrect delivery of non-cash contributions, an overestimating of these contributions or as a result of some other detrimental action during the formation of the company.

(2) A company may not waive a claim for damages under the preceding paragraph not may it make a settlement in respect of such claim if the repayment is necessary in order to settle liabilities to third persons.

(3) The period for the time-barring of a claim under the first paragraph of this article shall begin on the day the company is entered in the register.

(4) Persons for whose account the members acquired contributions shall also be liable in the same way as members and managers under the first paragraph of this article. Such persons may not claim ignorance of circumstances which the member acting for their account was aware or, acting as a good manager, should have been aware of.

Section 2

RELATIONS BETWEEN THE COMPANY AND THE MEMBERS

Article 480

Business share and its parts (1) A business share may belong to one or more persons. If a business share belongs to more than one person those persons shall jointly exercise the rights and be jointly liable for the obligations deriving from that business share.

(2) Members who are holders of the same business share may agree that in relations between themselves they participate business share in this equally or differently.

(3) Legal actions by the company against the holders of the same business share shall take effect against all of the holders of that even if the actions are only taken against one of them.

(4) Holders of the same business share may exercise rights and fulfil obligations through a joint representative.

Article 481

Transfer of a business share

- (1) Business share may be disposed of and inherited.
- (2) If a member acquires to his business share one or more business shares, all the business shares shall remain independent.
- (3) The disposal of a business share shall require a contract drawn up in the form of a notary record.
- (4) Unless otherwise provided in the contract of members, the members shall have priority under equal conditions in the purchase of a business share ahead of other persons.
- (5) A member who intends to sell his business share must notify the other members in writing of his intention to sell and of the conditions of the sale, and invite any potential buyers to notify him of their willingness to buy the business share within one month of receipt of the notification.
- (6) If more than one member is prepared to buy the business share they shall all become holders of the business share together.
- (7) The contract of members may determine that the disposal of a business share to persons who are not members shall require the consent of a majority or all of the members and determine the conditions for the issuing of such consent.
- (8) If none of the members are prepared to buy the business share and the members have not given their consent to the sale of the business share to a person who is not a member, the member may withdraw from the company.

Article 482

Position of the transferor and acquirer of business share

- (1) Only the person who reports and demonstrates the acquisition of a business share to the manager shall be considered to be the person who acquires a business share.
- (2) Legal actions taken by the company against the transferor of a business share or taken by transferor of the business share against the company and which concern legal relations within the company shall take effect as actions against the acquirer of a business

share or against acquirer's actions.

(3) The transferor of a business share and the acquirer that business share shall be jointly and severally liable to the company for liabilities towards the company which matured prior to the announcement of the transfer of the business share.

Article 483

Transfer of a part of a business share

(1) A member may transfer a part of a business share so that a new and independent business share is founded. (2) The value of the remaining business share and the value of the new business share may not be less than value laid down in Article 475 of this Act.

(3) The provisions laid down in the third to seventh paragraphs of Article 481 of this Act

shall apply mutatis mutandis to the transfer of part of a business share.

(4) The division of a business share shall not be admissible except in the case of transfer,

division of community property of spouses or inheritance. The contract of members may

prohibit the division of a business share.

Article 484

Manner of payment of subscribed contributions

(1) The method by which the members pay in the cash sums for their subscribed contributions shall be determined by the contract of members. Unless otherwise provided,

they shall all be obliged to pay in a proportionate part of their subscribed contribution in accordance with Article 475 of this Act.

(2) A partner may not be exempted from payment of the basic contribution nor may he

reconcile his claims with the company's requirement for a basic contribution to be paid in.

(3) When the subscribed capital is reduced the members may be exempted from paying in their subscribed contribution, but by no more than an amount proportionate to the reduction in the subscribed capital.

Article 485

Default interest

A member who does not pay the required amount of the subscribed contribution on time

must pay penalty interest.

Article 486

Exclusion of a member in delay

- (1) The company may send a written reminder to a member who is in delay by paying the subscribed contribution or a part of the subscribed contribution for him to pay his obligations within a time limit which may not be less than one month. In that same written remind the member shall be notified that he will be excluded from the company in respect of the business share to which the payment relates.
- (2) If the time limit under the preceding paragraph expires without the member fulfilling his obligation, the member's business share and partial payments already made shall transfer in full to the company and the member shall be notified of this in writing.
- (3) Even after falling in delay the member shall be liable for payment of the unpaid amount. This shall not exclude his liability for damage.

Article 487

Liability of the predecessors for a late payer

- (1) The direct predecessor of an excluded member and all previous predecessors shall be liable for payment of the amount of the subscribed contribution which has not been paid by the excluded member.
- (2) The payment shall first be requested from the member's direct predecessor. If within one month of the request this person fails to pay, payment may be requested from his predecessor.
- (3) The period of time-barring in respect of the predecessors of the late payer shall begin on the day the transfer of the business share was reported to the company in accordance with Article 482 of this Act. (4) Upon payment of the delay amount the predecessor of the late payer shall acquire the business share of the excluded member.

Article 488

Auction of a business share

Where it is not possible to request the payment of a delay amount from the predecessors of the late payer the company may sell the business share of the late payer at a public

auction. It shall only be possible to sell the business share by some other method with the consent of the excluded member.

Article 489

Members' liability for payment

If the basic contribution is not paid by the persons obliged to make the payment nor is it paid by means of selling off a stake, the other partners must pay in the basic contribution in proportion to the size of their stakes. If it is not possible to demand payment from some of the members the obligations of the other members shall increase in equal proportion.

Article 490

Cogency of provisions

A company may not exempt a member, in the contract of members or by resolution, from the liabilities laid down in Articles 486 to 489 of this Act.

Article 491

Subsequent payments

(1) The contract of members may determine that after the formation of the company the members shall be obliged to pay in subsequent payments in addition to the subscribed contributions. Subsequent payments can be in cash or non-cash form. The provisions of the third paragraph of Article 475 of this Act shall apply mutatis mutandis in respect of the subsequent payments in non-cash form. The contract of members may determine that the resolution on subsequent payments be adopted by the members. The members must adopt any such resolution unanimously.

(2) Subsequent payments by the members shall be in proportion to their business shares, and the contract of members may determine their maximum amount.

(3) Subsequent payments shall not increase the subscribed capital, subscribed contributions or business shares.

Article 492

Delay of a subsequent payment

(1) Unless otherwise provided in the contract of members in respect of a member's failure to fulfil an obligation to make a subsequent payment, the provisions laid down in

Articles 485 to 489 of this Act shall apply mutatis mutandis to delay of a subsequent payment.

(2) The contract of members may provide that subsequent payments be demanded before the full payment of the subscribed contributions.

Article 493

Obligations of the company towards the members

(1) The contract of members may provide that the company shall be obliged to give, perform, permit or relinquish something in favour of one or more of the members.

(2) The company's obligation as laid down in the preceding paragraph may not be in conflict with the provisions of Articles 486 to 489 and Article 495 of this Act.

Article 494 Distribution of the profit for appropriation

(1) The members shall have the right to a share in the profit for appropriation as established in the annual balance sheet, unless otherwise provided in the contract of members.

(2) The profit shall be distributed in proportion to the amount of the business share, unless otherwise provided in the contract of members.

Article 495

Preservation of the subscribed capital

(1) Assets which are required in order to preserve the subscribed capital may not be paid out to the members.

(2) Subsequent payments which do not serve to cover the subscribed capital in the event of a loss may be repaid to members. Such repayments may not be made earlier than three

months from the day on which the resolution on the repayment was published in the

prescribed manner. In cases involving subsequent payments made prior to the full

payment of the subscribed contribution pursuant to the second paragraph of Article 492

hereof, the repayment of subsequent payments prior to the full payment of the subscribed

contribution shall be null and void. Repaid subsequent payments shall be considered not

to have been paid in.

Article 496

Repayment of illegal payments

(1) Payments made in contravention of the preceding article must be repaid to the company.

(2) Where the recipient acted in good faith, the repayment may only be demanded if it is needed in order to settle the company's liabilities to creditors.

(3) If it is not possible to demand repayment from the recipient, the other members shall be liable, in proportion to their business share, for the amount which needs to be repaid

and which is required in order to settle the company's liabilities to creditors. Sums which

cannot be demanded from a particular member shall be divided among the other members

in proportion to their business share. If unjustifiable payments were also made by the

managers, the managers shall be liable in the same way as the member holding the largest

business share.

(4) Persons obliged to make a payment under the preceding paragraphs may not be

exempted of their obligation to pay.

(5) The period of time-barring in respect of claims for repayment shall begin on the day

when the unjustified payment was made.

Article 497

Repayment of profit

Under no circumstances shall the members be liable to repay sums which they received in

good faith as a share in the profit other than in the case referred to in the first paragraph

of the preceding article.

Article 498

Loans to the company instead of own capital

(1) A member who, during the period when the members, acting as good managers, should have provided their own capital to the company gave a loan to the company

instead, may not pursue a claim against the company for repayment of the loan in a

bankruptcy procedure or a compulsory settlement. In a bankruptcy procedure or a compulsory settlement such loan shall be considered to form part of the

assets of the
company.

(2) A third person who, during the period when the members, acting as good managers, should have provided their own capital to the company gave a loan to the company instead and were given insurance by a member for repayment of the loan or if a member undertook to stand as a guarantor, may only demand payment in a bankruptcy or compulsory settlement of the difference which that person did not receive or did not receive as a result of the insurance or guarantee.

(3) The provisions laid down in this article shall also apply to other legal actions by a member or third person which correspond in a business sense to the provision of a loan.

(4) It shall not be considered a loan to the company instead of own capital if the third person did not exercise a right to demand insurance or a right to terminate the contract and have the loan repaid.

Article 499

Repayment of a loan prior to the commencement of bankruptcy or compulsory settlement

(1) If in the cases referred to in the preceding article the company repaid a loan in the year prior to the commencement of bankruptcy or compulsory settlement, a member who granted the loan, provided insurance or who stood as a guarantor must compensate the

company for the repaid loan sum. The member shall only be liable up to the amount of the loan or the amount for which the member assumed the guarantee or up to the value of

the insurance at the time of the repayment of the loan. The member shall be free of this

obligation if he makes freely available to the company in exchange for repayment those items which were provided as insurance to a creditor.

(2) The provisions laid down in the preceding paragraph shall also apply to other legal actions which correspond in a business sense to the provision of a loan.

Article 500

Own business shares

(1) A company may not acquire or receive in pledge its own stakes for which

the contributions have not been fully paid in.

(2) A company may acquire own business shares for consideration for which the contributions are fully paid in but it may not make the payments to acquire this own business shares until it has created the reserves for own business shares under the fifth paragraph of Article 64 of this Act. These provisions shall also apply mutatis mutandis in respect of the pledging of own business shares.

(3) The provisions of Article 496 of this Act shall apply mutatis mutandis in respect of payments made in contravention of the second paragraph of this article.

(4) A company may not acquire all the business shares.

Article 501

Exclusion and withdrawal of a member

(1) The contract of members may determine that a member may withdraw from the company or be excluded from the company and set out the conditions, the procedure and the consequences of a withdrawal or exclusion. The provision laid down in the third paragraph of Article 506 of this Act shall not apply if in accordance with the contract of members the decision to exclude a member is made by the general meeting.

(2) Notwithstanding the preceding paragraph a member may request to withdraw from the company in a suit if good reasons exist for doing so, and especially if the other members or a manager are causing damage to the member, if the company or members are obstructing or preventing the exercise of the member's right to withdraw, if he is obstructed in the exercise of the rights he enjoys under the law or under the contract of members, or if the general meeting or the managers impose disproportionate duties upon him.

(3) Notwithstanding the first paragraph of this article, any member may require in a suit that another member be excluded from the company if good reasons exist for doing so, and especially if the other member is causing damage to the company or the members, if he acts in violation of general meeting resolutions, if he fails to cooperate in the

management and thereby hinders the regular functioning of the company or the exercise of the rights of the other members or if he otherwise commits a serious violation of the contract of members.

(4) A member may not renounce in advance the rights laid down in the second and third paragraphs of this article.

Article 502

Termination of a business share due to withdrawal or exclusion of a member

(1) When a member withdraws or is excluded his business share and all the rights and obligations connected with that asset shall terminate.

(2) Within three months of the withdrawal or exclusion of a member the remaining members must:

adopt a resolution on a reduction in the subscribed capital by an amount equal to the nominal value of the subscribed contribution which represents a business share which is

terminating in accordance with the previous paragraph;

or acquire new subscribed contributions or increase their subscribed contributions in

proportion to the size of their existing business shares, so that the amount of subscribed

capital is the same as it was before the termination of the business shares in accordance

with the first paragraph of this article.

(3) The provisions of Article 520 of this Act shall apply mutatis mutandis to a reduction

in the subscribed capital under the first indent of the second paragraph of this article. The

provisions laid down in the third or fourth paragraph of Article 517 of this Act shall apply

mutatis mutandis to the acquisition of subscribed contributions or an increase in

subscribed contributions under the second indent of the second paragraph of this article.

(4) If within three months of the withdrawal or exclusion of a member the remaining

members fail to adopt a resolution under the first or second indent of the second

paragraph of this article it shall be deemed that they have adopted a resolution on a

reduction in the subscribed capital under the first indent of the second paragraph of this article and the manager must act in accordance with Article 520 of this Act.

(5) A member who has withdrawn from the company shall have the right to repayment of the estimated value of his business shares at the time of withdrawal. The company shall pay this value to him within three years of the day of withdrawal at the latest, including interest at the rate at which interest is paid on bank demand deposits. A member who invested a non-cash contribution in the company may demand the return of the things or rights which comprise the contribution instead of such repayment provided the value of these things or rights does not exceed the estimated value of the business shares, but not within three months after the withdrawal. (6) A member who has been excluded from a company shall have the right to repayment of the estimated value of his business shares at the time of the exclusion. The company shall pay this value to him within six years of the day of exclusion at the latest, including interest at the rate at which interest is paid on bank demand deposits. If the company or the remaining members demand compensation from the excluded member the company may withhold the repayment of the estimated value of the business share until a final ruling deciding the compensation claim or until a settlement is reached between the company and the excluded member.

(7) The payment of the estimated value of the business shares under the fifth or sixth paragraph of this article or the return of the subject of a non-cash contribution under the fifth paragraph of this article may only be carried out after the reduction in the subscribed capital has been entered in the register or after the amendment to the provisions of the contract of members concerning a change in the business shares of the members in accordance with the second indent of the second paragraph of this article has been

entered in the register.

Article 503

Lawsuit by a member

(1) A member can file a lawsuit on their own behalf or on behalf of the company against another member who failed to meet the member's obligations in the formation or management of the company.

(2) A member shall only be entitled to file the lawsuit referred to in the previous paragraph provide that they inefficiently requested from another member to meet their obligations or informed the company of the incompliance and if:

- they propose to the general meeting the adoption of the resolution on the filing of such lawsuit but the general meeting rejects it,
- the general meeting adopted such resolution but failed to appoint a special representative for the filing of a lawsuit, if necessary, or
- the general meeting adopted a resolution but the manager or the special representative failed to file a lawsuit.

(3) A member shall also be entitled to lodge a lawsuit referred to in the first paragraph hereunder against a manager who failed to meet the obligations in respect of the management of the company. The provisions of the previous paragraph shall apply mutatis mutandis for the lawsuit filed against a manager.

(4) The costs of the special representative and the legal costs shall be covered by the company. The court shall issue a decision stating that the company must make an advance payment for such costs. If the company fails to deposit such advance payment, the court shall collect it ex officio. If the filing of a lawsuit is unjustified, the company may request compensation of costs from the member who filed the lawsuit from the first paragraph hereunder according to the general rules on damage liability.

Section 3

MANAGING A COMPANY

Article 504

Rights of members

(1) The members' rights in respect of the managing of a company and the manner in

which those rights are exercised shall be set out in the contract of members, unless

otherwise provided by law. (2) If the contract of members does not contain provisions on the managing of a company, the provisions laid down in Articles 505 to 510 of this Act shall apply.

Article 505

Decision-making by the members

The members shall decide on:

- adoption of annual balance sheet and profit and loss account as well as distribution of profit for appropriation;
- a demand for payment of subscribed contributions;
- the repayment of subsequent payments;
- the division and termination of business shares;
- the appointment and recall of managers;
- measures to review and supervise the work of the managers;
- the appointment of a procurator and a proxy;
- the pursuit of the company's claims against the managers or members in connection with reimbursement for damage caused in the formation or managing of the company;
- the representation of the company in judicial process against the managers;
- other matters where so determined by this Act or by the contract of members.

Article 506

Voting rights

(1) Each complete 50 euros of subscribed contribution shall secure the member one vote.

The contract of members may determine that certain members have a higher number of

votes for each complete 50 euros of subscribed contribution or that the voting rights of

certain members are restricted.

(2) A proxy with written authorisation may vote on behalf of a member.

(3) Where a resolution of the general meeting relates to the exemption of a member from

a certain obligation or to legal transactions or the start or end of a dispute with a member,

that member may not vote in that matter nor may he exercise the voting right on behalf of

another person.

(4) The company may not exercise voting rights deriving from its own shares.

Article 507

General meeting of members

- (1) Members shall adopt resolutions at a general meeting.
- (2) The members may decide by means of a written statement not to hold a general meeting. A resolution to this effect must be adopted by all the members. In this case the members shall send their votes to the manager in writing, by telephone, telegram or by using similar technical means.

Article 508

Convening the general meeting of members

The general meeting shall be convened by the manager:

- if the members are to decide matters under Article 505 of this Act;
- if it is necessary for the interests of the company;
- if it is established in the annual balance sheet or an interim balance sheet that half of the subscribed capital has been lost;
- in other cases determined by law or the contract of members.

Article 509

Form of convening the general meeting (1) The general meeting shall be convened by registered letter to all members, which must state the agenda of the general meeting, at least 25 days prior to the day on which the general meeting is held.

(2) If a general meeting is not correctly convened it may only adopt valid decisions if all the members are present.

(3) The provision laid down in the preceding paragraph shall also apply to resolutions on matters which were not announced in the method prescribed for the convening of a general meeting at least three days prior to the session of the general meeting.

Article 510

Quorum and voting at a general meeting of members

(1) The general meeting of members shall adopt valid decisions if sufficient members are present to have a majority of the votes in accordance with the provision of the first paragraph of Article 506 of this Act.

(2) Unless otherwise provided by law or by the contract of members, the members shall take decisions at the general meeting by majority of the votes cast.

(3) The contract of members may determine that in the invitation to the general meeting

another date is also set for the session of the general meeting if it does not have a quorum

at the original time; at that subsequent session the general meeting shall adopt valid

decisions irrespective of the number of members present.

(4) A subsequent day for holding a session of the general meeting may not be sooner

than the following working day after the day originally set.

Article 511

Rights of minority members

(1) Members whose business share account for at least than one-tenth of the subscribed

capital may require a general meeting to be convened; when they do so they must state

the matters which the general meeting should decide and the reasons for the convening of

the general meeting.

(2) Members who fulfil the conditions set out in the preceding paragraph may require a

vote on a particular matter to be included on the agenda of a general meeting that has

already been convened.

(3) Members under the first paragraph of this article may convene the general meeting or

include a matter on the agenda themselves if their request under the preceding paragraphs

was not approved or if persons to whom a request should have been addressed were

absent.

(4) The general provisions laid down in this section shall apply to a general meeting

convened in accordance with the provisions laid down in this article. A general meeting

so convened shall also decide whether the company is to bear the costs of convening the

general meeting or expanding the agenda.

Article 512

A member's right to information and inspection

(1) The manager must inform a member upon request and immediately about the company's affairs and enable a member to inspect the books and documents.

(2) The manager may refuse a request for information or inspection if it is probable that

the member would use the information obtained for a purpose that would be in conflict

with the interests of the company thereby causing significant damage to the company or an affiliated company. A final decision on such refusal shall be taken by the members. Article 513

Court decision on the right to information and inspection

A member who was not given information or who was not allowed to inspect the company's books or documents or whose request was refused by the manager in violation

of the second paragraph of the preceding paragraph may require the court to issue a court

decision permitting him to receive the information or inspect the books and documents.

Article 514

(Supervisory Board)

If the contract of members provides that the company shall have a supervisory board, the

provisions on the supervisory board in a public limited company shall apply mutatis

mutandis to it, unless otherwise provided by the contract of members.

Article 515

Manager

(1) A company shall have one or more managers who shall manage the operations of the

company at their own responsibility and represent the company.

(2) The contract of members may provide that a manager be appointed for a fixed period

which may not be shorter than two years. The same person may be reappointed as a manager.

(3) The general meeting of members may recall a manager at any time irrespective of

whether he was appointed for a fixed period or indefinitely. The contract of members

may determine that a manager shall only be recalled for reasons laid down therein. The

rules regulating obligation relations shall be used to decide claims based on a contract to perform the function of manager.

(4) If the company has a supervisory board the manager shall be appointed and recalled

by that board.

(5) A company may have more than one manager. The contract of members shall determine whether they shall work jointly or as individual managers.

(6) The provisions of the second paragraph of Article 255 and Article 263 hereof shall

apply mutatis mutandis to the manager.

(7) The provisions of Article 264 of this Act shall apply mutatis mutandis to the damage liability due to the influence of third persons.

Section 4

AMENDING THE CONTRACT OF MEMBERS

Article 516

Members' resolution

(1) Members shall decide on an amendment to the contract of members at a general meeting by a three-quarters majority of the votes of all the members. The contract of members may set out other requirements for a valid decision.

(2) A resolution on an amendment to the contract of members, with the exception of the change in the registered office, registered name or activity must be verified by a notary.

(3) If an amendment to the contract of members increases the obligations of the members towards the company, the resolution must be adopted by all the members, other than in the case of an increase in the subscribed capital.

(4) The manager shall notify an amendment to the contract of members for entry in the register. The application for entry shall be accompanied by the consolidated text of the contract of members together with confirmation from a notary that the amended provisions of the contract of members correspond to the resolution on the amendment to the contract of members. If permission from a state body or other body is required for the amendment to the contract of members a document demonstrating that the relevant permission has been obtained shall also be submitted together with the application for entry.

(5) Notwithstanding the previous paragraph, the clean copy of the contract of members on a new form that matches the attached resolution on the amendment to the contract of members must be attached to the application of the amendment to the contract of members conclude on a special form referred to in the first paragraph of Article 474

hereof. If the resolution on the amendment to the contract of members defines the elements of the contract of members not supported by the contents of the form, the clean copy of the contract of members must be concluded in the form of a notarial record.

(6) The amendment to the contract of members shall enter into force upon its entry in the register.

Article 517

Increase in the subscribed capital

(1) The general meeting of members may decide that the subscribed capital shall be increased.

(2) An increase in the subscribed capital may be carried out as an increase in the subscribed capital through contributions or as an increase in the subscribed capital from the assets of the company.

(3) If the pre-emptive right to the acquisition of new stakes is not excluded by the resolution on the increase in the subscribed capital, the existing members shall have the pre-emptive right to the acquisition of new stakes in proportion to their existing stakes in the subscribed capital. The deadline for exercising this right shall be 14 days following the date of the general meeting that adopted the resolution on the increase in the subscribed capital. The provisions laid down in the fourth and the fifth paragraph of Article 337 of this Act shall apply mutatis mutandis to the exclusion of the pre-emptive right.

(4) With the date of the entry of the increase in the subscribed capital in the register the current members shall acquire new and independent business shares. (5) The provisions laid down in Article 475 of this Act shall apply to an increase in the subscribed capital.

(5) In the case of an increase in the subscribed capital from the assets of the company the subscribed contributions of the existing members shall be increased in proportion to their shares in the existing subscribed capital. The provisions of Articles 358 and

359 and the first paragraph of Article 360 of this Act, with the exception of the provisions on the auditing of the balance sheet, shall apply mutatis mutandis in respect of an increase in the subscribed capital from the assets of the company when the company is not obliged to have its annual reports audited.

Article 518

Non-cash contributions

The provisions on non-cash contributions in the formation of a company shall apply mutatis mutandis to an increase in the subscribed capital through the delivery of one or more non-cash contributions.

Article 519

Acquisition of new contributions The contributions constituting the increased subscribed capital may be acquired by any existing member or by a new member, or by all the members together. The acquisition must be drawn up in the form of a notary record.

Article 520

Reducing the subscribed capital

(1) The general meeting of members may decide that the subscribed capital shall be reduced.

(2) A reduction shall only be valid:

provided the manager publishes an announcement of the resolution on the reduction in the subscribed capital at least twice and in the announcement publishes an invitation to

creditors to contact the company and state whether they agree with the reduction in the

subscribed capital; creditors who are known to the company must be invited directly; or

provided the company settles the claims of creditors who did not agree with the reduction in the subscribed capital or provides security.

(3) A reduction in the subscribed capital may only be reported for entry in the register

after one year has passed since the publication of the last announcement under the first

indent of the preceding paragraph and after the manager has submitted evidence that the

company has settled the claims of creditors or provided security for them as per the second indent of the preceding paragraph.

(4) A reduction in the subscribed capital may not be in contravention of the provisions laid down in Article 475 of this Act.

(5) A reduction in the subscribed capital may also be carried out by simplified procedure.

The provisions laid down in the first, second and third paragraphs of Article 379 of this

Act shall apply mutatis mutandis to such reduction in the subscribed capital.

(6) A reduction in the subscribed capital may also be carried out by means of a

withdrawal of business share. (5) The provisions laid down in Articles 381 to 383 of this

Act shall apply mutatis mutandis to such reduction in the subscribed capital.

Section 5

DISSOLUTION OF A COMPANY

Article 521

Reasons for dissolution

(1) A company shall be dissolved:

upon the expiry of the period for which it was formed;
if so decided by the members with a majority of at least three-quarters of the votes of

all the members; the contract of members may determine a larger majority;

if the court establishes that the corporation is null and void;

if the company goes bankruptcy;

by court ruling in accordance with the second paragraph of this article;

when the company is merged with another company; or

if the company's subscribed capital is reduced below the statutory amount.

(2) Any member whose business share amounts to at least one-tenth of the subscribed

capital may, in a suit, request that the court dissolve the company if he believes that it is

not possible to achieve to a satisfactory degree the plans of the company or that some

other good reasons exist for the dissolution of the company.

Section 6

USE OF PROVISIONS ON PUBLIC LIMITED COMPANIES Article 522

Mutatis mutandis application

The provisions laid down in this Act on public limited companies shall apply mutatis

mutandis to the liquidation procedure, dissolution by abridged procedure, and establishing the nullity and contestability of the resolutions of the general meeting.

Section 7

COMPANY WITH A SINGLE MEMBER

Article 523

Foundation

(1) If a company is founded by a single person (hereinafter: the founder), that person shall adopt a contract of members in the form of a notary record. Such contract of members can also be adopted on a special form in writing or in electronic form. The provisions of the first paragraph of Article 474 and the first and the second paragraph of Article 478 of this Act shall apply mutatis mutandis to the signature of this document and its registration application.

(2) The minister responsible for economy shall prescribe the content and form of the special form.

Article 524

Payment of the subscribed contribution

(1) If, before the company is reported for entry in the register, the founder has not fully paid in the cash part of the subscribed contribution, he must provide appropriate security to the company for the unpaid part.

(2) The founder must submit documentary evidence of the security to the court upon application for entry in the register.

(3) If within three years of the entry of a company in the register all the business shares are combined in the hands of a single member, or in addition to him only in the hands of the company, that member must pay up in full all the sums of the subscribed contributions or provide appropriate collateral to the company within three months.

Article 525

Validity of legal transactions

(1) Legal transactions concluded by the sole member in the name of the company with himself as the other contracting party must be drawn up in writing, whereby the company shall not require a conflict representative.

(2) The provision laid down in the preceding paragraph shall not apply to legal

transactions concluded as part of continuing operations.

(3) The provisions laid down in this article shall also apply mutatis mutandis to a public

limited company with a single shareholder.

Article 526

Managing a company

(1) The founder shall independently decide issues under Article 505 of this Act. The

founder must enter all decisions in a resolutions book, which shall be verified by a notary

no later than by the time the company is entered in the register. Resolutions which are not

entered in the book of resolutions shall have no legal effect.

(2) The Chamber of Notaries, with the agreement of the ministers responsible for

economy and justice, shall prescribe in detail the method of keeping the resolutions book.

PART IV AFFILIATED COMPANIES

Chapter 1

GENERAL PROVISIONS

Article 527

Types of affiliated companies

Affiliated companies shall be legally independent companies in a mutual relationship

whereby:

one company has a majority share in the other company (a majority-owned company

and a company with a majority share);

one company is dependent on the other (a dependent and a dominant company);

the companies are part of a concern;

the two companies have mutual capital participation; or

the companies are affiliated by undertaking contracts.

Article 528

Majority-owned companies and companies with a majority interest

(1) If a majority of the shares in a legally independent company are held by another

company or if a majority of the voting rights (majority share) are held by another

company, that company shall be considered a majority-owned company and the other

company shall be the company with a majority share.

(2) The shares held by a company belonging to another company shall be established on

the basis of the ratio between the sum of the nominal values of its shares

with nominal value and the shares of its subscribed contributions and the subscribed capital. In the company with no-par value shares such shares shall be determined according to the ratio between the number of no-par value shares and the number of all issued no-par value shares. Own shares shall be deducted from the subscribed capital. Shares which belong to another person for the account of the company shall be equated with the company's own shares.

(3) The voting rights held by a company shall be established on the basis of the ratio of the number of voting rights which the company may exercise based on its shares and the total amount of all voting rights. The voting rights based on the company's own shares, as well as the shares belonging to another person for the account of the company, shall be deducted from the total number of all voting rights.

(4) Also considered to be shares of a company with a majority share shall be those interests which belong to a dependent company of that company or another person for the account of the company, or for the account of a dominant company of that company if the owner of the company is an entrepreneur, as well as shares constituting the holder's assets.

Article 529

Dependent and dominant company

(1) A dependent company is a legally independent company which is directly or indirectly controlled by another company (the dominant company).

(2) It shall be presumed that a majority-owned company is controlled by the company which holds a majority share in it.

Article 530

Concern of companies

(1) A concern shall comprise: a dominant company and one or more dependent companies connected under the unified management of the dominant company (actual concern); companies connected by a controlling contract (contractual concern); or legally independent companies connected by unified management without the companies being mutually dependent (concern with a relationship of equality).

(2) It shall be presumed that a dependent company and a dominant company

comprise a concern.

(3) Companies included in a concern and with unified management shall be concern of companies.

Article 531

Companies with mutual capital participation

(1) Companies with mutual capital participation are companies with share capital having their registered office in the Republic of Slovenia which are connected such that each company holds more than one-quarter of the shares in the other company. The amount of shares each company holds in the other company shall be established in accordance with the provisions of the second and fourth paragraphs of Article 528 of this Act.

(2) If one of the companies with mutual capital participation has a majority share in the other company, or if it is able to control the other company directly or indirectly, the first company shall be considered the dominant company and the other company a dependent company.

(3) If each of the companies with mutual capital participation has a majority share in the other company, or if each company is able to control the other company directly or indirectly, both companies shall be considered dominant companies and dependent companies.

Article 532

Duty to inform and consequences of failing to inform

(1) As soon as a company acquires more than one-quarter of the shares or stakes in another company with share capital having its registered office in the Republic of

Slovenia, it must report this fact to the company in writing immediately.

(2) As soon as a company acquires a majority share in another company, it must report

this fact to the company in writing immediately.

(3) If a share is no longer of a size that would require the company to be informed, this fact must also be reported to the company immediately.

(4) The company which receives the report must publish it without delay.

(5) A company which has received notification may require the existence of the relevant participation to be proven.

(6) A company, another company controlled by it or some other person acting for the account of the company or the other company controlled by it, may not exercise rights deriving from shares and capital shares in a company which it is obliged to notify until the company has done this.

Article 533

Controlling contract and profit transfer contract

(1) A contract under which a company subordinates the management of the company to another company is a controlling contract.

(2) A contract under which a company undertakes to transfer its entire profit to another company is a profit transfer contract. A contract under which a company assumes an obligation to manage itself for the account of another company (business conduct contract) shall also be deemed a profit transfer contract.

(3) If mutually independent companies conclude a contracting establishing a unified management without one of them becoming controlled by the other company signing the contract, it shall not be considered a controlling contract.

(4) Payment made by a company pursuant to a controlling contract or a profit transfer contract shall not constitute a violation of Articles 227 and 230 of this Act.

Article 534

Other undertaking contracts

(1) Undertaking contracts shall include contracts by which a company: undertakes to combine in full or in part its profit or the profit of its individual establishments with the profit of other companies or the individual establishments of other companies in order to share a joint profit (profit association); undertakes to transfer part of its profit or the profit of its individual establishments, in full or in part, to another person (contract on the partial transfer of profit); and undertakes to lease one of its establishments to another person or to relinquish it in

some other manner (contract on the lease of an establishment, contract on the relinquishing of an establishment).

(2) A contract on participation in profit within the framework of current business contracts or licence contracts shall not be considered contract on the partial transfer of profit.

Article 535

Approval of an undertaking contract by the general meeting

(1) An undertaking contract shall enter into force only once the general meeting has given its approval. A resolution to this effect shall require a majority of at least three-quarters of the capital represented in the voting. The articles of association may stipulate a larger majority and lay down other requirements.

(2) The contract must be presented in writing to the general meeting. Each shareholder shall immediately be provided with a copy upon request. The management must explain the contract at the beginning of the deliberations. The contract shall be attached to the minutes as a supplement.

(3) At a general meeting where a decision is taken on whether to give approval to a controlling contract or a profit transfer contract, explanations shall be provided at the request of any of the shareholders on all matters of importance to the concluding of the contract concerning the company with which the contract is to be concluded.

Article 536

Entry in the register

(1) A representative of the company must report the type of contract and the name and surname or the registered name of the other contracting party for entry in the register, and for contracts on a partial transfer of profit also the agreement on the amount of transferred profit. The notification shall be submitted together with the contract and, if it enters into force only with the approval of the general meeting of the other contracting party, also the minutes demonstrating that resolution and the supplements to it in the

original or a certified copy.

(2) The contract shall only enter into force once it is entered in the register.

Article 537 Amendment to an undertaking contract

(1) An undertaking contract may only be amended with the approval of the general meeting in accordance with the provisions of Articles 535 and 536 of this Act.

(2) Valid approval of the general meeting to an amendment to contractual provisions

which commit the company to pay remuneration to shareholders who are not simultaneously shareholders of the company which becomes a dominant company in

accordance with the contract (external shareholders), or to the acquisition of their shares,

shall require a separate resolution by these shareholders. The provision laid down in the

first paragraph of Article 535 of this Act shall apply for such special resolution. At the

general meeting which decides on the approval each of the external shareholders shall be

provided with explanations on all matters concerning the other contracting party which

are important to the amendment.

Article 538

Breaking off an undertaking contract

(1) An undertaking contract may only be broken off at the end of the financial year or at

the end of some other accounting period determined in the contract. A contract may not

be broken off with retroactive effect.

(2) The contract must be broken off in writing.

(3) A contract which commits the company to pay remuneration to external shareholders

or to acquire their shares shall only be broken off if these shareholders give their approval

by means of an extraordinary resolution. The provision laid down in the first paragraph of

Article 535 of this Act shall apply mutatis mutandis for such extraordinary resolution.

Article 539

Notice to cancel an undertaking contract

(1) An undertaking contract may be cancelled where good reason exists irrespective of

the notice period. Good reason shall exist particularly when it is anticipated

that the other

contractual party will be unable to fulfil the contractual obligations.

(2) The management of a company may cancel a contract which commits the company

to pay remuneration to external shareholders or to acquire their shares without good

reason only if these shareholders give their approval by means of an extraordinary

resolution. The first paragraph of Article 535 of this Act shall apply mutatis mutandis to

the extraordinary resolution.

(3) The cancellation must be done in writing.

Article 540

Notification and registration of the termination of an undertaking contract

A representative of the company must immediately report the termination of an undertaking contract, the reason and the time of the termination for entry in the register.

Chapter 2

MANAGEMENT AND LIABILITY OF A DOMINANT COMPANY

Section 1

MANAGEMENT AND LIABILITY IN RESPECT OF A DOMINANT CONTRACT

Article 541

The right to manage

(1) In a controlling contract the dominant company shall have the right to give

instructions concerning the business conduct to the dependent company. Unless otherwise provided by the contract, instructions may also be given which are detrimental to the company if they benefit the interests of the dominant company or concern of companies.

(2) The management of the dominant company must fulfil the instructions of the

dominant company and may not refuse to carry out instructions even if in its opinion they

do not benefit the interests of the dominant company or companies affiliated with it.

(3) If an instruction is given to the dependent company for it to carry out an operation

which requires the approval of the supervisory board and that approval is not given

within an appropriate period, the management must notify the dominant company of this.

If after receiving this notification the dominant company repeats its instruction, the

approval of the supervisory board shall no longer be required; if the dominant

company

has a supervisory board it may only repeat the instruction with its approval.

Article 542

Liability of a dominant company

(1) The dominant company must settle any annual loss of a dependent company arising

during the period of the contract if it is not settled from other profit reserves to which

profit was transferred during the period of the contract. The same shall apply to a profit

transfer contract.

(2) If a dependent company leased one of its establishments to the dominant company or

relinquished it to the dominant company in some other manner, the dominant company

must settle any annual loss arising during the period of the contract if the agreed funds

are not sufficient to cover it.

Article 543

Responsibility of representatives of a dominant company

(1) The representatives of a dominant company must give instructions correctly and

carefully.

(2) If they are in breach of their obligations they shall be jointly and severally liable to

the company for damage arising. In the event of doubt as to whether they have correctly

and carefully fulfilled their obligations, they shall be required to demonstrate that they

have done so.

(3) A compensation claim by the company may also be pursued by any shareholder or

member of the company, but they may only claim payment for the company.

Compensation claims may also be pursued by creditors of the company if the company is

unable to repay them.

(4) Claims against representatives shall be time-barred after five years.

Article 544

Liability of the management and the supervisory board of a dependent company

(1) Members of the management and the supervisory board of a dependent company shall

also be jointly and severally liable in addition to the liable persons under the preceding

article if they acted in a way that was in breach of their duties. In the

event of doubt as to

whether they have correctly and carefully fulfilled their duties, they shall be required to

demonstrate that they have done so.

(2) Liability for damage shall not be excluded by the fact that the supervisory board

approved the actions concerned.

(3) The members of the management shall not be required to compensate for damage

caused if the harmful action was based on an instruction which it was necessary to fulfil

in accordance with Article 541 of this Act. (4) The provisions of the third and the fourth paragraphs of Article 543 of this Act shall

apply mutatis mutandis in respect of the liability of the bodies of the dependent company.

Section 2

MANAGEMENT AND LIABILITY IN RESPECT OF ACTUAL CONCERNS

Article 545

Extent of influence and management report

(1) For concern of companies where a controlling contract has not been concluded, the

dominant company may not use its influence to induce a dependent company into carrying out harmful transactions for itself, or into doing something or failing to do

something to its own detriment, unless the dominant company compensates the dependent company for the loss.

(2) If the loss is not compensated for during the financial year, it shall be necessary to

determine when and how the loss shall be compensated for at the latest by the end of the

year in which the dependent company suffered the loss. The dependent company shall be

guaranteed a right of priority with respect to compensation.

(3) Within the first three months of the financial year the management of a dependent

company shall compile a report on relations with the dominant company. This report

shall state all the legal transactions which the company concluded in the past financial

year with the dominant company or with companies affiliated with it, or at the initiative

or in the interest of these companies, and all other actions which it carried out or omitted

to carry out at the initiative or in the interest of these companies in the past financial year

resulting in loss for the company. If there were no such transactions, this must be clearly stated in the report. For legal transactions the payments and repayments shall be stated, and for actions the reasons for them and the benefits or the loss accruing to the company.

In compensating for a loss it shall be precisely stated how such compensation actually proceeded during the course of the financial year and whether the company was guaranteed the right to benefits and to what benefits.

(4) The report must conform with the principles of conscientiousness and reliability.

(5) At the end of the report it shall be necessary to explain whether the company, in the circumstances known to it at the time when a legal transaction was carried out or an action was taken or not taken, received suitable payment for each legal transaction and whether, when the action was taken or not taken, it suffered a loss. If it suffered a loss, it must clarify whether that loss was compensated for. The clarification shall be included in the business report.

Article 546

Report on relations with affiliated companies

A report on relations with affiliated companies shall be submitted to the auditor at the same time as the financial statements and the business report are submitted.

Article 547

Liability of a dominant company and of its statutory representatives

(1) If a dominant company induces a dependent company to carry out a legal transaction which is detrimental to it, or to do something or not do something to its own detriment, without actually compensating for the loss by the end of the financial year or without providing the right to benefits determined for compensation, it must reimburse the dependent company for the damage arising. A compensation claim by the company may also be pursued by any shareholder or member of the company, but they may only claim payment for the company. Compensation claims may also be pursued by creditors of the company if the company is unable to repay them. Shareholders or members of the

company may also claim compensation for damage caused to them irrespective of the

damage that was caused to them with the damage to the company.

(2) In addition to the dominant company, those representatives of the dominant company

who induced the dependent company to carry out the legal transaction or measure shall

also be jointly and severally liable in accordance with the mutatis mutandis application of

the provisions of Article 543 of this Act.

Article 548

Liability of the bodies of a dependent company

(1) The members of the management of a dependent company shall be jointly and severally liable if they did not state the harmful legal transaction or the harmful action in

the report on the company's relations with affiliated companies or if they did not state

that the company suffered a loss as a result of a legal transaction or action and that the

loss was not compensated for. In the event of a dispute as to whether they have correctly

and carefully fulfilled their duties, they shall be required to demonstrate that they have

done so.

(2) Members of the supervisory board of a dependent company shall be jointly and

severally liable if in respect of the harmful legal transaction or the harmful action they

breached their duty to examine the report on relations with affiliated companies and to

report to the general meeting on the findings of the examination.

(3) A loss need not be compensated for if the action was based on a lawful resolution

passed by the general meeting.

(4) The provisions of the third and the fourth paragraphs of Article 543 of this Act shall

apply mutatis mutandis in respect of the liability of the bodies of the dependent company.

Chapter 3

PROTECTION OF A COMPANY AND CREDITORS IN CONNECTION WITH UNDERTAKING CONTRACTS

Article 549

Statutory reserves

Sums shall be transferred to the statutory reserves in accordance with this

Act and the
acts of the company.

Article 550

Maximum amount of transferred profit

Notwithstanding an agreement on the amount of profit transferred, a company may transfer as its profit no more than the amount of profit generated in the last financial year.

Article 551

Protection of creditors

(1) If a dominant contract or a profit transfer contract are terminated, the dominant company shall be obliged to provide creditors with protection for claims which originated before the termination of the contract was entered in the register, if they so demand within six months of the announcement of the entry.

(2) Creditors who have the right to priority repayment in the event of bankruptcy shall not have the right to protection.

Chapter 4 PROTECTION OF EXTERNAL SHAREHOLDERS IN CONNECTION WITH CONTROLLING CONTRACTS AND PROFIT TRANSFER CONTRACTS

Article 552

Appropriate compensation

(1) Controlling contracts and profit transfer contracts must contain a provision setting out appropriate compensation for the external shareholders of a company which relinquishes its management or transfers its profit. It shall not be necessary to set appropriate compensation if the company does not have external shareholders at the time the contract is concluded.

(2) Appropriate compensation shall comprise at least an annual payment of the amount which it is envisaged would be distributed as an average dividend per share based on the previous and future position of the company taking into account the relevant circumstances. The amount which is paid as a dividend for the shares of this company, taking into account the ratio according to which each share of the company should be replaced by a share of the other company upon merger shall also be deemed an appropriate compensation.

(3) A contract which does not contain a provision on compensation under the

first paragraph of this article shall be null and void. A resolution with which the general meeting confirms a contract may not be contested for the reason that the compensation is inappropriate.

(4) If the compensation provided for in the contract is inappropriate, any external shareholder may require that appropriate compensation be determined by the court. The provisions of the second Article 603, except Point 2 of the second paragraph of Article 605 hereof shall apply mutatis mutandis to the procedure for determining appropriate compensation.

(5) If the compensation is decided by the court the other contractual party may cancel the contract within three months of the decision becoming legally binding and irrespective of the notice period.

Article 553

Severance pay

(1) In addition to the provisions on compensation a controlling contract and a profit transfer contract shall also contain a provision on the obligation of the dominant company to acquire, at the request of an external shareholder, his shares for the contractually determined compensation.

(2) The contract may envisage as the compensation the provision of shares in the dominant company or in a company which controls the dominant company, or a cash payment.

(3) If shares in another company are provided as the compensation, the compensation shall be appropriate if the shares are provided in the proportion in which it would be necessary for shares in the other company to be provided for each share in the company in the case of a merger, whereby the largest amounts may be settled with cash payments.

A cash payment shall be appropriate if it takes into account the financial and profit

position of the company at the time when the general meeting decided on the contract.

(4) A resolution with which the general meeting confirms a contract may not be contested for the reason that compensation was not offered or was not appropriate. If the contract does not provide for compensation or if it is inappropriate, any external shareholder may require that appropriate compensation be determined by the court. The provisions laid down in the second paragraph and Point 1 of the third paragraph of Article 605 and in Articles 606 to 615 of this Act shall apply mutatis mutandis to the procedure for determining appropriate compensation through court.

(5) The court shall set cash payment if the contract does not envisage the acquisition of shares in the dominant company or a company which controls this company. The decision of the court shall apply to all external shareholders.

(6) The management of the company must publish the legally binding court ruling in the company's official bulletins.

Chapter 5

MUTUALLY AFFILIATED COMPANIES

Article 554

Restriction of rights

(1) Mutually affiliated companies which are not in a dependency relationship may, when they are informed of their mutual participation or when they learn of the existence of

their mutual participation, exercise their rights deriving from shares in the other company

to a maximum of one-quarter of all the shares in the other company. This shall not apply

to the right to buy new shares when the subscribed capital is increased from the funds of the company.

(2) The restriction on the exercise of rights deriving from shares shall not apply to a

company that informed the other company of its participation in accordance with the first

paragraph of Article 532 of this Act before it received such notification from the other

company or before it learned of such mutual participation.

(3) Mutually affiliated companies must immediately notify each other in writing of the

amount of their respective shares and of any change.

Chapter 6

INCORPORATED COMPANIES

Article 555

Incorporation by majority resolution

(1) If 95 per cent of all its shares are held by another company (the principal company), a public limited company may incorporate itself into the principal company by means of a resolution passed by the general meeting.

(2) A resolution on incorporation shall be valid if it is given approval by the general meeting of the principal company, which must be adopted by at least a three-quarters majority of the nominal capital represented in the vote. The articles of association may determine a greater capital majority and lay down additional requirements.

(3) The management of a company which is being incorporated must report the incorporation for entry in the register, stating the registered name of the principal company.

(4) Incorporation into a principal company shall take effect upon entry in the register.

(5) The provisions laid down in this Act on incorporated companies shall also apply mutatis mutandis when the principal company or incorporated company is a limited liability company.

Article 556

Consequences of incorporation by majority resolution (1) All the shares which are not in the hands of the principal company shall transfer to it upon entry of the incorporation in the register.

(2) Withdrawing shareholders shall have the right to appropriate compensation.

Compensation shall be provided in the form of shares in the principal company. If the

principal company is a dependent company the withdrawing shareholders shall be provided, at their choice, with shares in the principal company or an appropriate cash

payment. If compensation is provided in the form of shares in the principal company it shall be considered appropriate if the shares are provided in the proportion in which shares in the principal company would have to be provided for each share in

the company

in the case of a merger, whereby the largest amounts may be settled with cash payments.

Appropriate compensation must take into account the financial and profit position of the company at the time when the general meeting decided on the incorporation.

Interest

shall be added to cash payments at five per cent annually from the announcement of the registration of the incorporation; the pursuit of further compensation shall not be excluded.

(3) If the compensation offered is inappropriate, any withdrawing shareholder may

propose that appropriate compensation be determined by the court. The same shall apply

if the principal company did not offer compensation or did not offer compensation

correctly. The provisions laid down in the second paragraph and Point 1 of the third

paragraph of Article 605 and in Articles 606 to 615 of this Act shall apply mutatis

mutandis to the procedure for determining appropriate compensation through court.

Article 557

Protection of creditors

(1) The principal company must provide protection upon request to the creditors of an

incorporated company whose claims originated before the entry of the incorporation in

the register, provided they make such request within six months of the announcement of

the entry.

(2) Creditors who have the right to priority repayment in the event of bankruptcy shall

not have the right to protection.

Article 558

Liability of the principal company

(1) As from the incorporation, the principal company shall be liable to the creditors for

the liabilities of the incorporated company which originated prior to the incorporation of

that company. The principal company shall be equally liable for liabilities originating

after the incorporation.

(2) The principal company may only lodge objections if the incorporated company is entitled to lodge objections.

(3) Executive title against the incorporated company shall not be grounds for execution against the principal company.

Article 559

Management and obligations of the principal company

(1) The principal company shall have the right to give management instructions to the management of an incorporated company. The provisions laid down in the second and

third paragraphs of Article 541, Article 543 and Article 544 of this Act shall apply

mutatis mutandis in respect of the management and obligations of the principal company,

but the provisions laid down in Articles 545 to 548 of this Act shall not apply. (2) Payments made by the incorporated company to the principal company shall not

constitute a violation of the provisions laid down in Articles 227, 230 and 231 of this Act.

(3) The principal company must settle any balance sheet loss of the incorporated company.

(4) The provisions laid down in this Act on the obligation to create statutory reserves and on their use shall not apply to incorporated companies.

Article 560

Right of shareholders in a principal company to be informed

Explanations on matters involving the incorporated company and on matters involving

the principal company shall be provided to every shareholder in the principal company.

Article 561

Termination of incorporation

(1) The incorporation shall be terminated:

by resolution of the general meeting of the incorporated company;

if the principal company is no longer a public limited company with its registered

office in the Republic of Slovenia;

if all the shares of the incorporated company are no longer in the hands of the principal

company; or

upon the dissolution of the principal company.

(2) If all the shares of the incorporated company are no longer in the hands of the principal company the principal company must immediately notify the incorporated company of this in writing.

(3) The management of the incorporated company must immediately report for entry in the register the termination of the incorporation, the reason and the time when the termination takes effect.

(4) Claims against a former principal company arising from the liabilities of a previously incorporated company shall be time-barred five years after the announcement of the entry unless a shorter time-barring period is provided for claims against the incorporated company. If a creditor's claim matures later, the time-barring period shall begin when the claim matures.

Article 562

Holding company

(1) A company which holds a majority of the shares in a legally independent company and carries out principally the activities of establishing, financing and managing such companies (holding company) is a company with a majority share.

(2) The assumptions under the second paragraph of Article 529 and the second paragraph of Article 530 of this Act shall apply to a holding company.

PART V ECONOMIC INTEREST GROUPING

Article 563

Formation, aims and activity

(1) Economic interest grouping (hereinafter: grouping) can be founded by at least two companies or entrepreneurs.

(2) The aim of a grouping shall be to facilitate and accelerate the activities carried out with a view to profit by its members and to improve and increase the results of these activities, but not to create a profit of its own. (3) The activity of the grouping must be connected with the commercial activities of its members and may only have an auxiliary nature with respect to these activities.

(4) Persons pursuing a profession governed by the relevant regulations may also join the grouping.

Article 564

Capital, the rights of members

(1) A grouping may be formed without subscribed capital.

(2) The rights of the members of a grouping may not be expressed in securities; any provision providing otherwise shall be null and void.

Article 565

Legal personality, assumption of liability

(1) A grouping shall acquire legal personality upon its entry in the register.

(2) In addition to carrying out tasks for its members, a grouping may also carry out all commercial operations for its own account in the usual manner.

Article 566

Liability of members

(1) Members shall be liable for the liabilities of the grouping with all their assets.

Members who join a grouping after it is formed may be exempted from liability for the liabilities which originated before they joined, and that exemption must be published.

Unless otherwise agreed with a third contractual party, the liability of the members shall be joint and several.

(2) The creditors of a grouping may not demand repayment from members until they have tried and failed to obtain payment from the association itself.

Article 567

Bond issuer

A grouping may issue securities under the conditions applying to their issue by companies, but only if all the members of the grouping are companies who under the law have the right to issue securities of this type and fulfil the prescribed conditions.

Article 568

Founding contract

(1) The founding contract shall determine the organisation of the grouping and it must be drawn up in the form of a notarial record and be published.

(2) The contract shall regulate in particular:
the name of the grouping;

the names and surnames or the registered names of the members of the grouping, their legal form, address or registered office and details of the entry in the register;

the period for which the grouping is formed, unless it is formed for an indefinite period;

the aim and activity of the grouping; and

the registered office of the grouping.

(3) Amendments to the founding contract must be made and published in the same form

as the contract. These amendments shall only take effect against third persons as from the day of their publication.

Article 569

Membership in a grouping (1) A grouping may accept new members under the conditions laid down in the founding contract.

(2) Members may withdraw from the grouping under the condition that they have settled

their obligations. The founding contract may also lay down other conditions for withdrawal.

Article 570

General meeting of a grouping

(1) The general meeting of a grouping shall take decisions, including on the early

dissolution or extension of the grouping, in accordance with the founding contract. The

founding contract may determine that all or certain decisions may only be taken with a

specific quorum or with a specific majority; if the founding contract contains no

provisions to this effect, decisions shall require the consent of all the members.

(2) The founding contract may also provide that certain members have a greater number

of votes than others; if the founding contract contains no provisions to this effect, each

member shall have one vote.

(3) The general meeting must be convened if at least one-quarter of the members of the

grouping so demand.

Article 571

Managing a grouping

(1) A grouping shall have a management which shall consist of one or more persons.

(2) A legal person may be a member of the management if that person appoints a permanent representative who is liable in the same way as if he himself were a member of the management in his own name.

(3) Members of the management of the grouping and the permanent representatives of members who are legal persons shall be liable individually or jointly and severally to the grouping and to third persons for violations of the regulations relating to the grouping, for violations of the founding contract, and for mistakes made in operations. If more than one member of the management participated in causing certain consequences, the court shall determine their share of compensation for damage.

(4) The way in which a grouping is managed, the appointment of the members of the management and the determining of their powers, rights and conditions for recall shall be regulated in the founding contract or by resolution of the general meeting.

(5) In relations with third persons the grouping shall be bound by every action taken by an individual member of the management which falls within the framework of the activity of the grouping. Limitations of powers shall have no legal effect against third persons.

Article 572

Supervision of business conduct

(1) Supervision of the business conduct of the grouping, which must be entrusted to an auditor, and supervision of the books of account shall be carried out in the manner determined in the founding contract.

(2) If the grouping issues bonds the supervision must be carried out by one or more auditors appointed by the general meeting, whose powers and term of office are determined in a separate contract. (3) Supervision of the books of account of grouping which have more than one hundred employees must be carried out by auditors in the manner and under the

conditions
applying to companies.

Article 573

Designation of a grouping in relations with third parties

All the acts and documents of an grouping which are intended for third persons,

particularly letters, invoices, advertisements and miscellaneous communications and

publications, must contain a clear designation of the registered name of the grouping

including the words “gospodarsko interesno zdruenje” (“economic interest grouping”)

or the abbreviation “GIZ” (“EIG”).

Article 574

Conversion of legal entities into groupings and vice versa

(1) Any legal person whose activity conforms with the definition of the activity pursued

by a grouping may convert into such grouping without the dissolution of one legal person

and the formation of a new legal person.

(2) A grouping may convert into an unlimited company without the dissolution of one

legal person and the formation of a new legal person.

Article 575

Incapacity of a member

In the case of the commencement of bankruptcy, liquidation or loss of capacity of an

individual member of the grouping, that member' s membership of the grouping shall be

terminated as at the date of commencement of the bankruptcy or liquidation procedure or

the date that the loss of capacity is established. In this case the grouping shall continue to

exist unless the founding contract provides that the grouping shall automatically be

dissolved upon the dissolution of an individual member.

Article 576

Dissolution and liquidation

(1) A grouping shall be dissolved:

upon the expiry of the duration of the company if it is formed for a fixed period;

due to the realisation or the elimination of the goals of the grouping;

– on the basis of a resolution adopted by members; or

on the basis of a court ruling.

(2) If a cause arises for the dissolution of a grouping under the first

paragraph of this

article the liquidation procedure shall be commenced.

(3) For the liquidation procedure the provisions applying to the liquidation of a public limited company shall apply mutatis mutandis.

Article 577

European economic interest grouping

(1) A European economic interest grouping may be founded in the Republic of Slovenia

in accordance with the Regulation 2137/85/EEC (hereinafter referred to as “European grouping”).

(2) In respect of issues not specifically regulated by the Regulation, the provisions of this part of the law applying to a grouping shall also apply to a European grouping.

Article 578

Special provisions for a European grouping (1) A European grouping shall acquire legal personality upon its entry in the register in the Republic of Slovenia.

(2) A member of the management of a European grouping may be a legal person on condition that it appoints as its permanent representative a natural person who shall be bound by the same obligations as if he himself were a member of the management.

(3) A member of a European grouping shall automatically have that membership terminated on the date of commencement of bankruptcy or liquidation.

(4) In all its acts and documents intended for third parties a European grouping must use the name of the European grouping, clearly marked, together with the designation

Evropsko gospodarsko interesno zdruenje (“European economic interest grouping”) or the abbreviation “EGIZ” (“EEIC”).

PART VI. RESTRUCTURING OF COMPANIES

Chapter 1

GENERAL

Article 579

General rule

(1) A company may change its status as follows:
by merger,
by division,

by transfer of assets, or
by changing its organisational form.

(2) An entrepreneur may change its status to a company with share capital.

Chapter 2

MERGER

Section 1

MERGER OF PUBLIC LIMITED COMPANIES

Article 580

Concept

(1) Two or more public limited companies may merge by acquisition or by formation of a new company.

(2) A merger by acquisition shall be carried out by the transfer of all the assets of one or more public limited companies (company being acquired) to another public limited company (acquiring company).

(3) A merger by formation of a new company shall be carried out by the formation of a new public limited company (acquiring company) to which all the assets of the merging companies (companies being acquired) are transferred.

(4) The companies being acquired shall be wound up when they merge without going into liquidation. Shareholders in the companies being acquired shall be provided shares in the acquiring company.

(5) If the ratio at which shares in the company being acquired are exchanged for shares in the acquiring company is not equal to one or more shares in the acquiring company for one share in the company being acquired, the shareholders of the company being acquired who do not have a sufficient number of shares in the company being acquired to receive a whole number of shares in the acquiring company shall receive a cash payment either from the acquiring company or from another person. The sum of cash payments provided by the acquiring company may not exceed one-tenth of the total lowest issue value of the shares which the acquiring company provides to shareholders in the company being acquired for the purpose of carrying out the merger by acquisition.

(6) When the merger is carried out all the assets, rights and obligations of

the company

being acquired shall transfer to the acquiring company. The acquiring company shall

enter into all legal relationships in which the company being acquired was the subject as its universal successor in title.

Article 581

Merger by acquisition contract

(1) The managements of the merging companies must conclude a merger by acquisition contract.

(2) The merger by acquisition contract must contain the following elements:

1. the registered names and the registered offices of each of the companies participating

in the merger by acquisition;

2. the agreement on the transfer of all the assets of each of the companies being acquired

to the acquiring company including the legal consequences set out in the fourth and sixth

paragraphs of Article 511 of this Act;

3. the ratio at which shares in the company being acquired are exchanged for shares in

the acquiring company (exchange ratio);

4. in the case referred to in the fifth paragraph of Article 511 of this Act: the amount of the cash payment, which must be expressed in a monetary amount per

whole share in the company being acquired;

a statement to the effect that the cash payment will be provided by the acquiring

company, or the registered name and registered office of another person who will provide

the cash payment;

5. a precise description of the procedures in connection with the transfer of shares in the

acquiring company and the cash payment; if an acquiring company under Article 589 of

this Act will not provide shares the reason for this must also be stated;

6. the date from which the shares in the acquiring company which the acquiring

company provides for the purpose of acquisition will participate in the profit of the

acquiring company, and all the details pertaining to the exercise of this right;

7. the date from which the actions of the company being acquired shall be treated as

being carried out for the account of the acquiring company (accounting date of the

merger by acquisition);

8. measures taken for the exercise of the rights of holders of special rights under

Article 593 hereof;

9. all the special benefits that will be provided to members of the management or

supervisory bodies of the companies participating in the merger by acquisition or to the

merger by acquisition auditors; and

10. in the case from the second paragraph of Article 600 hereof the amount of monetary

compensation offered and a statement to the effect that the compensation will be

provided by the acquiring company, or the registered name and registered office, or the

full name, of another person who will provide the monetary compensation.

(3) The statement from another person on the provision of a cash payment or monetary

compensation must be drawn up in the form of a notarial record.

Article 582 Merger by acquisition management report

(1) The management of each of the companies participating in the merger by acquisition

must draw up a detailed written report on the merger.

(2) In the report on the merger by acquisition the management must explain and

substantiate in legal and economic terms:

1. the reasons for the merger by acquisition and the envisaged consequences;

2. the content of the merger by acquisition contract, in particular:

- share exchange ratio,

- amount of potential cash payments, and

measures taken for the exercise of the rights of holders of special rights under Article

593 hereof;

(3) The managements of the companies participating in the merger by acquisition may

draw up a joint report on the merger by acquisition.

(4) The report on the merger by acquisition must draw attention to any particular

problems which arose in the appraisal of the value of the companies participating in the

merger by acquisition and to the consequences of these problems as far as determining

the exchange ratio or other rights is concerned.

(5) In the report on the merger by acquisition the management shall not be required to disclose the information for the reasons referred to in the first and fifth indents of the second paragraph of Article 305 of this Act.

Article 583

Audit of a merger by acquisition

(1) The merger by acquisition contract must be audited by one or more auditors (hereinafter: merger by acquisition auditors) for each of the companies participating in the merger by acquisition.

(2) The merger by acquisition auditor for a particular company participating in the merger by acquisition shall be appointed by the supervisory boards of that company.

Where the company does not have a supervisory board, the merger by acquisition auditor shall be proposed by the management.

(3) Notwithstanding the first and second paragraphs of this article, the same merger by acquisition auditor or auditors may carry out the audit of the merger by acquisition for all the companies participating in the merger by acquisition provided the supervisory boards or the boards of directors of all the companies participating in the merger by acquisition agree. In this case the merger by acquisition auditor or auditors shall be appointed by the court upon a joint proposal from the supervisory boards or the boards of directors.

(4) The merger by acquisition auditors must draw up a written report on the audit of merger by acquisition. The report on the audit of the merger by acquisition may also be drawn up jointly for all the companies participating in the merger by acquisition.

(5) The report on the audit of the merger by acquisition must contain an opinion from the auditor or auditors as to whether the provision of shares in the acquiring company at the exchange ratio proposed in the merger by acquisition contract and the amount of any cash payments or compensation offered are suitable recompense for the shares in the

company

being acquired. It shall be necessary to explain in particular:

1. the company appraisal methods used to determine the exchange ratio proposed in the

merger by acquisition contract; 2. the reasons why the use of these methods in this particular case is appropriate for

determining the exchange ratio; and

3. if several methods were used for the determination of the exchange ratio, what value

has been established for the use of each of the methods; at the same time, an opinion has

to be issued on the relative significance attached to such methods in the calculation of

value to be decided on any specific problems in the evaluation of the value of companies

participating in the merger must be described.

(6) The merger by acquisition auditor or auditors must submit an audit report to the

management or supervisory bodies of the company for which they carried out an audit of

the merger by acquisition.

(7) The provisions of the law regulating auditing concerning the auditing of annual

reports shall apply mutatis mutandis in respect of the audit procedure and the conditions

for an audit of a merger by acquisition.

(8) The provision of the third paragraph of Article 57 of this Act shall apply mutatis

mutandis in respect of the damage liability of the merger by acquisition auditor. The

merger by acquisition auditors shall be liable for damage to all the companies

participating in the merger by acquisition and to all the shareholders of these companies.

Article 584

Review of a merger by acquisition by the supervisory board

The supervisory boards of each of the companies participating in the merger by

acquisition must review an intended merger by acquisition on the basis of the report on

the merger by acquisition by the management and the report on the audit of the merger by

acquisition and draw up a written report on its review. In the report on the review of a

merger by acquisition the supervisory board shall not be required to disclose

the information referred to in the first and third indents of the second paragraph of Article 305 of this Act.

Article 585

Consent of the general meeting to a merger by acquisition

(1) The consent of the general meeting of each of the companies participating in the

merger by acquisition shall be required in order for a merger by acquisition contract to be

valid. A general meeting may give its consent either before or after the concluding of the merger by acquisition contract.

(2) A general meeting resolution giving consent to a merger by acquisition shall require

a majority of at least three-quarters of the subscribed capital represented in the voting.

The articles of association may also stipulate a larger majority of the share capital and lay down other requirements.

(3) If more than one share class exists, the consent of the shareholders in each class shall

be required in order for the resolution of the general meeting giving consent to the merger

by acquisition to be valid. In order to give such consent the shareholders in each class

must adopt an extraordinary resolution. The provisions laid down in the preceding

paragraph shall not apply to the adoption of an extraordinary resolution.

(4) The merger by acquisition contract or the proposed merger by acquisition contract on

which the general meeting has decided shall be entered in, or attached to, the minutes of

the general meeting.

Article 586

Preparing and holding the general meeting (1) At least one month prior to the date of a session of the general meeting that is to

decide on consent for an merger by acquisition the management of each of the companies

participating in the merger by acquisition must submit the merger by acquisition contract

to the registration body after it has been reviewed by the supervisory boards of each of

the companies. The notification on the submission of the contract to the registration body

shall be published by the company. The notification shall inform the shareholders of their

rights under the second and third paragraphs of this article.

(2) At least one month prior to a session of the general meeting that is to decide on

consent for a merger by acquisition the following documents shall be made available for

inspection by the shareholders of each of the companies participating in the merger by

acquisition at the registered office of the company concerned:

1. the merger by acquisition contract;

2. the annual reports of all the companies participating in the merger by acquisition for

the past three financial years;

3. if the accounting date of the merger differs from the balance sheet date of the last

annual report of the individual companies being acquired, the final reports of these

companies in accordance with the first paragraph of Article 68 hereof, provided that they

have been audited to that date;

4. if the last annual report of the individual companies participating in the merger by

acquisition refers to a financial year which ended more than six months prior to the

concluding of the merger by acquisition contract or the drawing up of the proposed

merger by acquisition contract, interim balance sheets of these companies, which must be

compiled as at the final day of the last quarter prior to the concluding of the merger by

acquisition contract or the drawing up of the proposed merger by acquisition contract;

5. the report(s) on the merger by acquisition by the managements of the companies

participating in the merger by acquisition;

6. merger by acquisition audit report(s); and

7. the reports on the review of the merger by acquisition by the supervisory boards of the

companies participating in the merger by acquisition;

(3) The provisions of this Act relating to balance sheets shall apply to the compilation of

the interim balance sheet referred to in point 4 of the second paragraph of this article,

with the following exceptions:

1. in compiling the interim balance sheet it shall not be necessary to verify that the balance of individual assets and liabilities items in the books of account corresponds to the actual balance;
2. in the interim balance sheet items may be shown at the values at which they were valued in the last annual balance sheet, taking into account:
write-downs and write-ups for changes in the value of assets, provisions, and significant changes in the actual value of assets which are not evident from the books of account.

(4) All shareholders shall be given on request and free of charge a copy of the documents referred to in the second paragraph of this article by the following working day at the latest.

(5) The documents referred to in the second paragraph of this article shall be submitted to the session of the general meeting. At the start of the debate in the general meeting the management must give an oral explanation of the content of the subsequent merger by acquisition contract. Before a decision is taken on consent for the merger by acquisition the management must inform the shareholders about every significant change in the assets of the company that has occurred in the period between the concluding of the merger by acquisition contract or the compiling of the proposed merger by acquisition contract and the session of the general meeting. Significant changes shall, in particular, be those meaning that a different exchange ratio would be appropriate.

(6) At the session of the general meeting the management shall also provide an oral explanation to all shareholders on request about matters concerning the other companies participating in the merger by acquisition if these matters are important to the merger by acquisition. The provisions of the first and the third indents of the second paragraph of Article 305 of this Act shall apply mutatis mutandis to the obligation of the management

to provide explanations.

Article 587

Form of the merger by acquisition contract

A merger by acquisition contract must be drawn up in writing in the form of a notarial record.

Article 588

Increase in the subscribed capital due to merger by acquisition

(1) If the acquiring company increases the subscribed capital in order to carry out a

merger by acquisition, the provisions of the fifth paragraph of Article 333, the second

paragraph of Article 335 Articles 336 and 337 and the second paragraph an the third

indent of the third paragraph of Article 339 of this Act shall not apply.

(2) If the acquiring company increases the subscribe capital by means of authorised

capital, in addition to the provisions laid down in the first paragraph of this article, the

provision laid down in the third paragraph of Article 354 of this Act shall also not apply.

(3) Any increase in the subscribed capital for the purpose of merger by acquisition must

be examined by one or more auditors.

(4) The provisions laid down in Articles 194 to 197 of this Act shall apply mutatis

mutandis to the audit of an increase in the subscribed capital for the purpose of a merger

by acquisition. The audit may also be performed by a merger by acquisition auditor.

Article 589

Cases in which shares are not provided for the purpose of a merger by acquisition

(1) The acquiring company may not provide shares for carrying out a merger by acquisition for the purpose of exchanging them:

1. for shares in a company being acquired of which it itself is the holder;
2. for the own shares of the company being acquired.

(2) The acquiring company shall not be obliged to provide shares for the purpose of a

merger by acquisition if:

1. if the same persons (shareholders) participate in the same proportion in both the

capital of the acquiring company and the capital of the company being acquired, unless

this would be in conflict with a ban on the repayment of contributions or a ban on exemption from the obligation to pay in contributions; or

2. if the shareholders of the company being acquired waive the right to be provided with shares in the acquiring company by means of a statement drawn up in the form of a notarial record. (3) If the company being acquired holds shares in the acquiring company and these shares are fully paid up, these shares must be used to fulfil the obligation of the acquiring company to provide shares to the shareholders of the company being acquired. It shall not be permitted for the purpose of fulfilling the obligations of the acquiring company to use shares held by the company being acquired which have not been fully paid up. (4) Shares held by another person for the account of the company being acquired or the acquiring company shall be deemed to be held by the company being acquired or the acquiring company.

Article 590

Application for registration of a merger by acquisition

(1) The management of each of the companies participating in the acquisition must submit an application for registration of the merger by acquisition with the registration body covering the area in which the registered office of the acquiring company is located.

The application for registration of the merger by acquisition may also be submitted for a company being acquired by the management of the acquiring company.

(2) For the acquiring company the application for registration of the merger by acquisition shall be submitted together with:

1. a statement from the management of each of the companies participating in the merger by acquisition to the effect that:

within the time limit for contesting the general meeting resolution giving consent to the

merger by acquisition no action has been lodged to contest this resolution or to have it declared null, or

a claim to contest the general meeting resolution giving consent to the merger by

acquisition or to have it declared null has been refused with binding effect or action has

been dismissed or withdrawn, or

all the shareholders have renounced, in the form of a notarial record, their right to

contest the general meeting resolution giving consent to the merger by acquisition or to

have it declared null;

2. if the general meeting of the acquiring company did not decide on the consent to the

merger by acquisition pursuant to the provision of the first paragraph of Article 599

hereof, a statement from the management of the acquiring company to the effect that the

shareholders of the acquiring company have not exercised their right to demand that the

general meeting of the acquiring company take a decision on consent for the merger by

acquisition, or that they have waived that right by means of a statement drawn up in the

form of a notarial record;

3. the merger by acquisition contract;

4. the minutes of the sessions of the general meetings of all of the companies

participating in the merger by acquisition at which a decision was taken on consent for

the merger by acquisition;

5. the report(s) on the merger by acquisition by the managements of the companies

participating in the merger by acquisition;

6. management report on the audit of the merger by acquisition;

7. the reports on the review of the merger by acquisition by the supervisory boards of the

companies participating in the merger by acquisition;

8. the concluding reports of the companies being acquired;

9. approval or consent of the competent state or other body, if required; 10.

proof that an intended merger by acquisition was published in accordance with the

first paragraph of Article 586 of this Act; and

11. the statements from the persons referred to in the third paragraph of Article 581 of

this Act.

(3) If the management does not submit the statement referred to in point 1 of the second

paragraph of this article because action has been lodged in time contesting the general meeting resolution giving consent to the merger by acquisition or to have the resolution declared null and the claim has not yet been decided with binding effect, the registration body shall suspend the procedure for deciding on the registration of the merger by acquisition until a final decision on the claim.

(4) Notwithstanding the previous paragraph the registration body shall not suspend the procedure, or it shall annul the resolution on the suspending of the procedure and register the merger by acquisition before a final decision on the claim is made, if there is a substantial prevailing interest in having a decision on the entry of the merger by acquisition passed quickly and provided all the other conditions for the entry are met.

(5) In its judgement as to whether there is a prevailing interest in having a decision passed quickly the registration body shall give consideration to the importance of the right which it is alleged is violated in the action, the probability of the action being successful and the damage that could be caused to the companies participating in the merger by acquisition as a result of a later registration of the merger by acquisition.

Article 591

Registration and legal consequences of a merger by acquisition

(1) The registration body covering the area in which the registered office of the acquiring company is located shall register the merger by acquisition by the acquiring company of all the companies being acquired simultaneously. If the acquiring company increased the subscribed capital for the purpose of the merger by acquisition, this increase shall be entered in the register at the same time as the merger by acquisition. The entry of the merger by acquisition in the register shall also state the registered names of all the companies being acquired and the application numbers under which they were entered in

the register.

(2) Each of the companies being acquired must appoint a representative to receive the shares of the acquiring company which have to be provided to the shareholders of the company being acquired and any cash payments. The merger by acquisition may only be registered once the representative has notified the registration body covering the area in which the registered office of the acquiring company is located that he has taken possession of the shares or has received the cash payments. The ban on issuing shares and interim certificates according to Articles 342 and 348 hereof shall not apply to the issuing of shares to the representative.

(3) The entry of the merger by acquisition in the register shall have the following legal consequences:

1. The assets of the companies being acquired shall transfer to the acquiring company together with their liabilities. If bilateral contracts exist which, when the merger by acquisition is carried out, neither contracting party has yet implemented in full and which because of the legal consequences of the acquisition on the basis of such contract the following mutual obligations arise: the obligation to receive or deliver or other similar mutual obligations that are mutually incompatible, or whose simultaneous fulfilment would represent an unfair burden for the acquiring company, the scope of these obligations shall be fairly amended taking into account the interests of both contracting parties.

2. The companies being acquired shall be wound up.

3. The shareholders of the companies being acquired shall become shareholders of the acquiring company, except in the cases set out in Article 589 of this Act. At the same time the rights of third persons to the shares of the company being acquired shall transfer to the shares of the acquiring company which are provided for the purpose of carrying out

the merger by acquisition, or to the rights to any cash payments.

(4) The provisions laid down in Article 244 of this Act shall apply mutatis mutandis to

the exchange of shares of the company being acquired, and for the combining of shares

the provisions laid down in Article 376 of this Act; the permission of the court shall not be required.

Article 592

Protection of creditors

(1) Creditors of all the companies participating in the merger by acquisition shall have the right to demand protection of their non-matured, uncertain or conditional claims if they request such protection within six months following the notification of the entry of the merger by acquisition in the register. Creditors may only exercise this right if they demonstrate the probability that the fulfilment of their claims is jeopardised by the merger by acquisition. Creditors must be informed of this right in the notification of the entry of the merger by acquisition in the register.

(2) Creditors who have the right to priority repayment in the event of a potential bankruptcy procedure shall not have the right to demand protection.

Article 593

Protection of holders of special rights

When the company being acquired has issued convertible bonds, bonds conferring a

priority right to purchase shares or dividend bonds, or has in some other way guaranteed

special rights to participate in the profit to particular persons, the holders of these rights

must be granted equivalent rights in the acquiring company. If the acquiring company

does not guarantee equivalent rights, each holder of a special right may demand a cash

payment from the acquiring company. The provisions laid down in the second paragraph

of Article 605 and in Articles 606 to 615 of this Act, with the exception of the provisions

laid down in the second sentence of the fourth paragraph of Article 607 and the second to

sixth paragraphs of Article 612 of this Act, shall apply mutatis mutandis to

the procedure

for determining the cash payments to which holders of special rights are entitled.

Article 594

Damage liability of the management or supervisory bodies of the acquired company

(1) Members of the management or supervisory bodies of the company being acquired

shall be jointly and severally liable for damage which the merger by acquisition causes to

the company being acquired, its shareholders and to the creditors of the company being

acquired under Article 592 of this Act. The second paragraph of Article 263 of this Act

shall apply mutatis mutandis to the responsibility of members of the management or

supervisory bodies referred to in the previous paragraph. (2) For the purpose of pursuing claims for damages under the first paragraph of this

article and any claims for damages as a result of the merger by acquisition in accordance

with the general rules on damage liability it shall be deemed that the company being

acquired is still in existence. Mutual claims and obligations in this respect shall not be set

off against each other as part of the merger.

(3) Claims under the first and second paragraphs of this article shall be time-barred five

years after the notification of the entry of the merger by acquisition in the register.

Article 595

Pursuit of claims for damages

(1) Action to pursue claims for damages under Article 592 of this Act may only be

lodged by a special representative who pursues these claims on behalf of all the

shareholders and on behalf all the creditors who under Article 522 of this Act have the

right to demand protection and for whom the acquiring company has not provided

protection.

(2) The special representative shall be appointed by the court with territorial jurisdiction

for the area in which the registered office of the company being acquired is located. Only

persons who meet the conditions for appointment as a bankruptcy administrator under the law regulating compulsory settlement, bankruptcy and liquidation may be appointed as a special representative.

(3) The court shall appoint a special representative at the proposal of:

1. shareholders who meet the conditions under point 2 of the third paragraph of Article 605 of this Act, or
2. a creditor who under Article 592 of this Act has the right to demand protection and for whom the acquiring company has not provided it.

(4) The proposer must lodge an advance payment for the costs of the publication referred to in the sixth paragraph of this article and for the costs of procedures for pursuing claims for damages.

(5) In the resolution appointing a special representative the court shall also set a time limit within which the shareholders and creditors under Article 592 of this Act must register with the special representative. This time limit may not be less than 30 days from the publication of the notification of the appointment.

(6) The court shall publish the notification of the appointment of a special representative in the Official Gazette of the Republic of Slovenia. The notification shall contain:

1. the full name of the special representative and the address at which shareholders and creditors should register,
2. notice that the special representative has been appointed to pursue claims for damages under Article 525 of this Act,
3. an invitation to the shareholders and creditors under Article 592 of this Act to register with the special representative within the time limit set by the court in the resolution on the appointment of the special representative.

(7) The amounts received by the special representative on the basis of claims pursued for damages shall be used first to pay the expenses and remuneration of the special representative and then to repay the claims of the creditors under Article 592 of this Act

for which the acquiring company has not provided appropriate protection. Any remainder shall be distributed to the shareholders. The provisions of Article 418 of this Act shall apply mutatis mutandis to the distribution to shareholders. (8) The special representative shall have the right to reimbursement of expenses and to remuneration for his work. The regulations applying to the expenses and remuneration of a bankruptcy administrator shall apply mutatis mutandis to the expenses and remuneration of the special representative. The reimbursement of expenses and the remuneration shall be decided by the court which appointed the special representative. The expenses and remuneration of the special representative shall be paid from the amounts obtained by the representative through pursuing claims for damages. Depending on the circumstances of the case the court may decide that the expenses and remuneration of the special representative shall be paid by the shareholders and creditors on whose behalf the representative is pursuing the claims for damages.

Article 596

Time-barring of claims for damages against members of the management or supervisory body of the acquiring company
Claims for damages against members of the management or supervisory body of the acquiring company as a result of the acquisition shall be time-barred five years from the publication of the entry of the acquisition in the register.

Article 597

Nullity and contestability of the resolution by the general meeting of the company being acquired giving consent to the merger by acquisition
After the merger by acquisition has been entered in the register a suit to establish the nullity of or contest the resolution by the general meeting of the company being acquired giving consent to the merger by acquisition shall be lodged against the acquiring company.

Article 598

Convalidation of a resolution on consent to a merger by acquisition

After the merger by acquisition has been entered in the register any defects concerning the merger by acquisition shall not affect the legal consequences of the merger by acquisition under the third paragraph of Article 591 of this Act. A plaintiff who lodged a suit to establish as null or to contest the resolution giving consent to the merger by acquisition prior to the entry of the merger by acquisition in the register may change the suit without the consent of the defendant by demanding compensation for damage incurred as a result of the entry of the merger by acquisition in the register.

Article 599

Simplified merger by acquisition

(1) The consent of the general meeting of the acquiring company for the merger by acquisition shall not be required for the merger by acquisition contract to be valid:

1. when the acquiring company's participation in the capital of the company being acquired is at least nine-tenths; the own shares of the company being acquired and shares

held by another person for the account of the company being acquired shall be subtracted

from the calculation of the acquiring company's participation in the capital of the company being acquired; or

2. when the shares which the acquiring company must provide to shareholders in the company being acquired do not exceed one-tenth of the subscribed capital of the

acquiring company; if the acquiring company has to increase the subscribed capital for

the purpose of the merger by acquisition the basis for the calculation shall be the

increased subscribed capital. (2) If the management of the acquiring company in accordance with the first paragraph

of this article does not demand that the general meeting of the acquiring company decide

on consent for the merger by acquisition, the acquiring company must fulfil the

obligations under the first and second paragraphs of Article 586 of this Act at least one

month prior to the session of the general meeting of the company being acquired which is

to decide on consent for the merger by acquisition.

(3) Notwithstanding the first paragraph of this article, the general meeting of the

acquiring company must decide on consent for the merger by acquisition when shareholders of the acquiring company holding at least one-twentieth of the subscribed

capital of the acquiring company demand within one month of the date of the session of

the general meeting of the company being acquired which adopted the resolution giving

consent to the merger by acquisition the convening of the general meeting of the

acquiring company to decide on consent for the merger by acquisition. The articles of

association of the acquiring company may determine that shareholders having a smaller

participation in the company's subscribed capital have the right to demand the convening

of the general meeting in accordance with the preceding sentence. The notification

referred to in the first paragraph of Article 586 of this Act must draw the shareholders'

attention to this right.

(4) When the acquiring company holds all the shares of a company being acquired and

this is the only company being acquired in the merger by acquisition, it shall not be

necessary to observe the provisions of points 3 and 4 of the second paragraph of Article

581 and the first and second indents of point 2 of the second paragraph of Article 582 and

Article 583 hereof.

(5) The provisions of Articles 582, 583 and the first and second paragraphs of Article

586 need not be observed in a merger by acquisition if all the shareholders of each of the

companies participating in the merger by acquisition make a statement in the form of a

notarial record that they are waiving the application of these rights. The shareholders may

also give the waiver statement orally at the session of the general meeting which decides

on consent for the merger by acquisition. In this case the statement shall be entered in the minutes of the general meeting.

Article 600

Offer of monetary compensation in a merger by acquisition contract

(1) When the shares of the company being acquired are freely transferable and the articles of association of the acquiring company make the transfer of the shares of the acquiring company conditional upon the permission of the company, each shareholder of the company being acquired who at the general meeting of the company being acquired made an objection for the record against the resolution giving consent to the merger by acquisition may require the acquiring company to take over the shares which must be provided to him for the purpose of the merger by acquisition against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder in the company being acquired who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) The acquiring company must offer monetary compensation in the merger by acquisition contract. The notification of the convening of the sessions of the general meeting of the companies participating in the merger by acquisition at which a decision is to be taken on consent for the merger by acquisition must state that the acquiring company has offered monetary compensation.

(3) Costs of the acquisition of shares under the first paragraph of this article shall be covered by the acquiring company.

Article 601

Amount of monetary compensation and review of appropriateness of the amount of monetary compensation

(1) The setting of the amount of the monetary compensation shall take appropriate account of the circumstances existing in the company being acquired at the

time of the
general meeting of the company being acquired which decides on consent for the
merger

by acquisition. The provisions of the first paragraph of Article 612 of this
Act shall apply
mutatis mutandis to the charging of interest on the monetary compensation.

(2) The appropriateness of the amount of monetary compensation which the
acquiring
company offers in the merger by acquisition contract must be verified by a
merger by
acquisition auditor. The provisions of Article 583 of this Act shall apply
mutatis mutandis

to the review of the appropriateness of the amount of monetary compensation.
(3) Persons entitled to monetary compensation may waive the review of the
appropriateness of the amount of monetary compensation or the report on the
review of

the appropriateness of the amount of monetary compensation. Such waiver
statements
must be given in the form of a notarial record.

Article 602

Acceptance of an offer of monetary compensation

An offer of monetary compensation shall be binding on the acquiring company
for two

months from the date of entry of the merger by acquisition in the register. In
the event of

a court test of the monetary compensation the offer of monetary compensation
shall be

binding on the acquiring company for two months from the announcement under
Article

613 in connection with Article 613 of this Act.

Article 603

Court test of the amount of monetary compensation

Shareholders referred to in the first paragraph of Article 600 of this Act may
demand a

court test of the amount of monetary compensation. The provisions laid down in
the

second paragraph and third paragraphs of Article 605 and in Articles 606 to
615 of this

Act, with the exception of the second sentence of the fourth paragraph of
Article 607 and

the second to sixth paragraphs of Article 612 of this Act, shall apply mutatis
mutandis to

a court test of the amount of monetary compensation.

Article 604

Exclusion of reasons to contest

The general meeting resolution of a company participating in the merger by acquisition

giving consent to the merger by acquisition cannot be contested for the following

reasons:

1. because the provision of shares in the acquiring company at the exchange ratio

determined in the merger by acquisition contract or cash payments are not appropriate

recompense for the shares in the company being acquired,

2. because the amount of the monetary compensation is not appropriate or no cash

compensation was offered or it was not offered correctly, 3. because the substantiation or explanation of the exchange ratio and potential cash payments in the reports from Articles 582 to 584 hereof are not in accordance with this

Act.

Article 605

Court test of the exchange ratio; entitled proposers

(1) If the provision of shares in the acquiring company at the exchange ratio determined

in the merger by acquisition contract or cash payments determined in the merger by

acquisition contract are not appropriate recompense for the shares in the company being

acquired, each shareholder of a company which participated in the merger by acquisition

may demand settlement in the form of an additional cash payment from the acquiring

company (hereinafter referred to as "additional cash payment").

(2) A shareholder shall exercise the right referred to in the first paragraph of this article

by lodging a proposal for a court test of the exchange ratio.

(3) A proposal for a court test of the exchange ratio may be lodged by shareholders

meeting the following conditions:

they had shareholder status for the entire period from the date when the general

meeting of the company in which they were shareholders adopted a resolution giving

consent to the merger by acquisition until the date on which the proposal for a court test

of the exchange ratio was lodged, and

have not renounced the right to an additional cash payment in accordance with

Article

606 of this Act; and

– whose total interest in any individual company which participated in the merger by acquisition accounts for at least one-hundredth of the subscribed capital of this company or that the value of their total lowest emission amount reaches at least 25,000 euros or they together hold all the shares meeting the conditions of the first and the second indent of this paragraph.

Article 606

Waiving the right to an additional cash payment

Shareholders may waive their right to an additional cash payment in a statement which must be drawn up in the form of a notarial record. The shareholders may also give the waiver statement orally at the session of the general meeting which decides on consent for the merger by acquisition. In this case the statement shall be entered in the minutes of the general meeting. A waiving of the right to an additional cash payment shall also have effect against subsequent acquirers of shares whose holders have waived the right to an additional cash payment.

Article 607

Procedure for a court test of the exchange ratio

(1) Unless otherwise provided in this Act, the court shall decide a proposal for a court test of the exchange ratio by applying the provisions of the law regulating the non-litigious civil procedure.

(2) In the procedure the court may also establish facts that the participants have not stated and introduce evidence not presented by the participants.

(3) A proposal for a court test of the exchange ratio may be lodged within a time limit of one month. The period for lodging a proposal shall commence on the date of publication of the entry of the merger by acquisition in the register. The court must publish notification of the lodging of a proposal for a court test of the exchange ratio in the Official Gazette of the Republic of Slovenia. Shareholders

fulfilling the conditions laid down in point 1 of the third paragraph of Article 605 of this Act may lodge their proposal for a court test of the exchange ratio within a period of one month from the publication of the notification of the lodging of a proposal. It shall not be permitted to lodge a proposal for a court test of the exchange ratio after the expiry of this period. This provision must be specifically pointed out in the notification.

(4) The opposing party in the procedure for a court test of the exchange ratio shall be the acquiring company. In the procedure at the first instance the acquiring company may propose that the court allow it to provide additional shares instead of additional cash payments.

(5) An appeal against the ruling with which the court decided the proposal for a court test of the exchange ratio may be lodged within one month of a copy of the court ruling being delivered. An appeal may be lodged only by the acquiring company, any of the proposers or any joint representative. If the court has permitted the acquiring company to provide additional shares instead of additional cash payments an appeal against the ruling with which the court decided the proposal for a court test of the exchange ratio may also be lodged by shareholders of the acquiring company whose rights are prejudiced as a result of the provision of additional shares. The time limit for responding to an appeal shall be one month.

(6) A review shall be permitted in the procedure for a court test of the exchange ratio.

Article 608

Joint representative

(1) In order to protect the rights of the shareholders of each of the companies participating in the merger by acquisition who have not lodged a proposal for a court test of the exchange ratio and who have not waived the right to an additional cash payment under Article 606 of this Act, the court shall appoint a joint representative for these

shareholders ex officio.

(2) The joint representative shall have the status of a legal representative. In pursuing the interests of shareholders the joint representative must act with the care of a good manager, in particular when deciding on the concluding of a settlement, on the continuation of the procedure after the withdrawal of all proposals for a court test of the exchange ratio or on the pursuit of legal remedy. If damage is caused to the shareholders as a result of an incorrect decision made by the joint representative, he shall only be obliged to provide reimbursement for that damage if he caused it wilfully or through gross negligence.

(3) Only a lawyer, a notary or an auditor may be appointed as a joint representative. The appointed person may only decline the appointment where good reasons exist.

(4) The following persons may not be appointed as a joint representative:

1. a person who holds shares in the acquiring company that account for at least 5 per cent of its subscribed capital;
2. a member of the management or supervisory body or an employee of the acquiring company; or
3. a member of a management or supervisory body of a company with share capital or a member of a personal company which is a company or an associated company of the

company participating in the merger by acquisition. (5) It shall not be necessary to appoint a joint representative of shareholders of an individual company participating in the merger by acquisition if all the shareholders of this company who meet the conditions laid down in the first indent of point 1 of the third paragraph of Article 605 of this Act have waived the right to a joint representative in a statement for which the provisions of Article 606 hereof apply mutatis mutandis.

(6) The joint representative shall have the right to reimbursement of expenses and to remuneration for his work. The amount of the expenses and remuneration of the joint representative shall be determined by the court. The expenses and remuneration

of the

joint representative shall be treated as a cost of the procedure. At the request of the joint representative the court may order the acquiring company to make an advance payment to cover the expenses and remuneration of the joint representative.

(7) Following the withdrawal of all proposals for a court test of the exchange ratio the joint representative must continue the procedure if in the judgement of a good manager a favourable result can reasonably be expected from the procedure.

Article 609

Expert settlement board for review of the exchange ratio

(1) The court may obtain the opinion of an expert settlement board for review of the exchange ratio (hereinafter referred to as "expert settlement board") and must obtain such opinion if so required by any of the participants in the procedure. The settlement board must provide an expert opinion without unnecessary delay.

(2) The expert settlement board shall have three members, one of whom shall be the president. The members must meet the conditions laid down in the second indent of the second paragraph of Article 615 of this Act. If a company whose shares are traded on the organised market is participating in the merger by acquisition, the expert settlement board must be enlarged by a further two members appointed in accordance with the third paragraph of Article 615 hereof.

(3) The administrative matters for the expert settlement board shall be carried out by the court.

(4) Sessions of the expert settlement board shall be headed by the president. A session must be convened as soon as the court requires an expert opinion to be submitted.

(5) The expert settlement board shall have a quorum if all its members are present. In the case of a foreseen absence of one of the members, the president or his deputy must ensure that a replacement for the absent member is invited to the session. The expert settlement

board shall adopt resolutions by a majority vote of all its members; a member may not abstain from voting.

(6) Before submitting its opinion the expert settlement board may invite external experts and commission the elaboration of expert opinions; the costs associated with this shall be treated as costs of the procedure.

(7) The expert settlement board shall have the right to require explanations from all the companies participating in the merger by acquisition. The managements of these companies must enable the expert settlement board to inspect the books of account and documents of the company. The obligation to provide explanations to the expert settlement board shall also apply in respect of the external experts referred to in the sixth paragraph of this article.

Article 610

Settlement before the expert settlement board (1) The expert settlement board shall inform the participants in the procedure of the possibility of settlement and shall help them to reach a settlement. A settlement agreement reached by the participants before the expert settlement board shall be entered in the record. The settlement shall be concluded when all the members of the expert settlement board and the participants in the procedure or their representatives sign that record.

(2) The record of the concluded settlement shall be sent to the court, which shall confirm the concluded settlement provided the conditions laid down in the second and third sentences of the first paragraph of this article have been met. The confirmed settlement shall have the effect of a settlement in court. Participants in the procedure shall be issued on request an authenticated copy of the record in which the settlement is entered.

Article 611

Effects of final court rulings and settlements

(1) A final ruling with which the court decided a proposal for a court test of the exchange

ratio, a final settlement in court and a finally confirmed settlement before the expert settlement board shall take effect against the acquiring company and all the shareholders of the companies which participated in the merger by acquisition.

(2) For each share the court ruling or settlement referred to in the first paragraph of this article must provide all shareholders with the same additional cash payment or the same number of additional shares. This shall also apply in the case where the shareholders or their joint representative have requested a lower additional cash payment.

(3) The previous paragraph of this article shall not apply to shareholders who in accordance with Article 606 of this Act have waived their right to an additional cash payment.

Article 612

Interest on additional cash payments, issuing of additional shares

(1) Additional cash payments decided in a final court ruling or settlement referred to in the first paragraph of Article 529f of this Act shall bear interest from the day the merger by acquisition is entered in the register at the interest rate which the commercial bank of the acquiring company pays on cash deposits fixed for a period equal to the period from the entry of the merger by acquisition in the register until the issuing of the court ruling or the concluding of the settlement.

(2) If the acquiring company has the right to provide additional shares instead of additional cash payments on the basis of a final court ruling or settlement referred to in the first paragraph of Article 529f of this Act, it may provide additional shares instead of additional cash payments provided the conditions laid down in the third to sixth paragraphs of this article have been met.

(3) The acquiring company must first use its own shares for the purpose of providing additional shares.

(4) If the acquiring company does not have its own shares or if its own shares are not sufficient to meet its obligations to provide additional shares, the acquiring

company may

issue new shares in a procedure to increase the subscribed capital provided these shares are intended exclusively for shareholders who have the right to additional shares.

Contributions for additional shares shall not be paid in. (5) An increase in the subscribed capital of the acquiring company for the purpose of providing additional shares under the fourth paragraph of this article shall be permitted only:

1. if in the last balance sheet or interim balance sheet compiled as at a date no more than eight months prior to the decision on the increase in the subscribed capital the total amount of other profit reserves and profit brought forward is at least equal to the total lowest issue value of the additional shares, or

2. if the total amount of the subscribed capital after the increase and of the reserves

which the company is obliged to create and which may not be used for the purpose of

increasing the subscribed capital is equal to or less than the total value of the company's assets reduced by its liabilities.

(6) The provisions laid down in first and second paragraphs of Article 588 of this Act

shall apply mutatis mutandis to an increase in the subscribed capital for the purpose of issuing additional shares, and in the case referred to in point 2 of the fifth paragraph of

this article the provisions of the third and fourth paragraphs of Article 588 of this Act

shall also apply.

Article 613

Publication of final court rulings and settlements

The management of the acquiring company must publish the operative part of the final

court ruling or settlement referred to in the first paragraph of Article 611 of this Act in

the Official Gazette of the Republic of Slovenia within 30 days of the date on which it is

informed of the finality of the ruling or settlement.

Article 614

Costs of the procedure

(1) The costs of the procedure for a court test of the exchange ratio together with the costs of the joint representatives shall be covered in advance by the acquiring company.

Upon a proposal from the acquiring company the court may order the proposers of the procedure to reimburse the acquiring company for all or part of the costs of the procedure if from the time of the lodging of the proposal or from a later date they should have known that costs were arising that were disproportionate to the rights whose exercise was being pursued in the procedure.

(2) Notwithstanding the first paragraph of this article, all participants in the procedure shall themselves meet the costs of their legal representatives in advance.

(3) The court shall order the acquiring company to reimburse the proposers for the costs of their legal representatives if the procedure for a court test of the exchange ratio finds substantial deviations from the exchange ratio or cash payments determined in the merger by acquisition contract.

(4) If the substantiation or explanation of the exchange ratio and the cash payments in the reports referred to in Articles 582 to 584 hereof was not in conformity with the provisions of this Act, the court shall order the acquiring company to reimburse the proposers for the costs of their legal representatives which arose up until the date before which the proposers could not have known that costs were arising that were disproportionate to the rights whose exercise was being pursued in the procedure.

Article 615

Appointment of members of the expert settlement board; protection of confidential data (1) Only persons who meet the conditions laid down in the second paragraph of Article 255 of this Act may be appointed members of an expert settlement board.

(2) The ministers with responsibility for economy, justice and finance shall appoint:

– a chairman and at least one deputy, and
two members and a sufficient number of deputy members, who may be auditors, tax consultants or experts in the fields of law and finance.

(3) Two members appointed for cases where a company whose shares are traded on the organised securities market is participating in the merger by acquisition shall be appointed by the ministers referred to in the previous paragraph at the proposal of the Securities Market Agency.

(4) Members of the expert settlement board shall be appointed for a term of five years with the possibility of unlimited reappointment.

(5) The ministers referred to in the previous article shall dismiss a member of the expert settlement board if such member no longer meets the conditions laid down hereby and appoint a new member.

(6) The provisions laid down in the law regulating the civil procedure concerning the exclusion of a judge shall apply mutatis mutandis to the exclusion of members of an expert settlement board. The members of an expert settlement board must protect as confidential all information they receive in carrying out their duties as a member of the expert settlement board and may only use such information for the purposes of carrying out their tasks. The members of the expert settlement board shall be independent in carrying out their duties.

(7) The ministers referred to in the second paragraph hereunder shall issue a regulation on the criteria for determining the remuneration of members of an expert settlement board.

Article 616

Merger by the formation of a new company

(1) The provisions laid down in this Act on merger by acquisition shall apply mutatis mutandis to the merger by the formation of a new company of public limited companies.

The newly-formed company shall be considered the acquiring company.

(2) A decision may be taken to merge by the formation of a new company if each of the companies being merged has been entered in the register for at least two years.

(3) The articles of association of the newly-formed company and the appointment of the members of its supervisory board or board of directors must be confirmed by the general meetings of the merging companies.

(4) The provisions laid down in this Act on the formation of a public limited company shall apply mutatis mutandis to the formation of the new company.

(5) The managements of the merging companies must report the newly-formed company for entry in the register. Upon the registration of the newly-formed company, the assets of the merging companies shall transfer to the new company.

(6) The mutual rights and obligations deriving from contracts between the merging companies shall be set out separately.

(7) Upon the registration of the newly-formed company the merged companies shall cease to exist. It shall not be necessary to delete the merged companies from the register separately. Upon registration the shareholders in the merged companies shall become shareholders in the newly-formed company, but the newly-formed company may not become an owner of its own shares in this manner.

(8) The management of the newly-formed company must report the merger by the formation of a new company for entry in the register of all the merging companies. The merger by the formation of a new company may only be entered in the register once the new company has been entered.

Section 2

MERGER OF LIMITED PARTNERSHIPS WITH SHARE CAPITAL AND PUBLIC LIMITED COMPANIES

Article 617

Application of the provisions on the merger of public limited companies

(1) Limited partnerships with share capital may merge. Also, one or more limited

partnerships with share capital may merge with a public limited company and one or

more public limited companies may merge with a limited partnership with share capital.

(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis to such a merger.

Section 3

MERGER OF LIMITED LIABILITY COMPANIES

Article 618

General; content of a merger contract

(1) Limited liability companies may participate in the merger of companies with share capital.

(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis to a merger of companies with share capital involving the participation of limited liability companies unless otherwise provided in this subsection.

(3) If a limited liability company is participating in an merger by acquisition as the acquiring company the merger by acquisition contract must state the amount of subscribe contribution and the business share in the acquiring company received by each individual member or shareholder in the company being acquired in exchange for business shares or shares in the company being acquired.

(4) If a limited liability company as an acquiring company is to provide to the partners or shareholders of companies being acquired in exchange for business shares or shares in the company being acquired business shares conferring different rights or obligations than those deriving from the other business shares in the acquiring company, these different rights or obligations must be stated in the merger by acquisition contract.

(5) If a limited liability company as an acquiring company is to provide its own business shares to individual partners or shareholders of companies being acquired in exchange for business shares or shares in the company being acquired, the merger by acquisition contract must state the partners or shareholders to whom the company will provide its own business shares, and the amount of their subscribed contributions.

(6) When a public limited company is participating in a merger as a company being acquired and the acquiring company is or will be organised as a limited liability

company, each shareholder in the public limited company being acquired who at the general meeting of the public limited company being acquired lodged an objection for the record against the resolution giving consent to the merger by acquisition may require the acquiring company to take over the business shares which the acquiring company is obliged to provide to him for the purpose of carrying out the merger by acquisition against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder in the public limited company being acquired who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published. The provisions laid down in the second and third paragraphs of Articles 600 and in Articles 606 to 608 of this Act shall apply mutatis mutandis to the monetary compensation referred to in this paragraph.

(7) When a limited liability company is participating in a merger as a company being acquired and the acquiring company is or will be organised as a public limited company the provisions laid down in the sixth paragraph of this article shall apply mutatis mutandis in respect of the rights of a member in the limited liability company being acquired.

Article 619

Preparing and holding the general meeting

(1) The provisions of the first, fourth and sixth paragraphs of Article 586 of this Act shall not apply to the preparation of the general meeting of a limited liability company participating in a merger.

(2) At least 14 days prior to the session of the general meeting of a limited liability company which is to decide on consent for the merger, all the documents referred to in the second paragraph of Article 586 of this Act must be sent to each of the members in

this company together with the invitation to the general meeting.

(3) After the convening of the general meeting of a limited liability company the managers of the company must inform each of the members on request about matters concerning the other companies participating in the merger by acquisition if those matters are pertinent to the merger by acquisition. The provisions of the first and the third indents of the second paragraph of Article 305 of this Act shall apply mutatis mutandis to the obligation of the managers to provide explanations. The partners must be notified of this right in the notice to convene the general meeting.

Article 620

Consent of the general meeting to the merger

(1) The resolution of a general meeting of a limited liability company giving consent to a merger shall be valid if voted for by members having at least three-quarters of all the votes. The contract of members may also stipulate a larger majority and lay down other requirements. The resolution must be verified by a notary.

(2) If individual members in a limited liability company being acquired had rights under the contract of members in connection with the business conduct, the appointment of managers or the supervisory board or in connection with the transfer of business shares, and under the merger contract they will not be guaranteed equal rights on the basis of the articles of association or the contract of members of the acquiring company, the consent of these members shall also be required in order for the resolution of the general meeting giving consent to the merger to be valid.

(3) If the contract of members of a limited liability company participating as a company being acquired provides that the disposal of a business shares to persons who are not members requires the consent of a particular member, the consent of that particular member shall also be required in order for the resolution of the general meeting giving consent to the merger to be valid.

(4) If the contract of members of a limited liability company participating as a company being acquired provides that particular resolutions require a majority larger than threequarters of all the votes in order to be valid, such a majority shall also be required in order for a resolution giving consent to the merger to be valid, unless the articles of association or the contract of members of the acquiring company guarantee equal protection of minority rights.

(5) If the basic contributions in an individual company participating in the merger have not been paid up in full, the resolutions of the general meetings of the other limited liability companies participating in the merger giving consent to the merger shall require the consent of all the members in these companies.

(6) A partner in a company being acquired may also give the consent referred to in the second to fifth paragraphs of this article outside the general meeting provided the statement is submitted to this company no later than three months after the adoption of the resolution giving consent to the merger. The statement of consent referred to in the preceding sentence must be made in the form of a notarial record in which the merger contract shall be included.

Article 621

Review by the supervisory board, audit of a merger

(1) The members of a limited liability company participating in a merger may also waive the application of the provisions on a review of the merger by the supervisory board for which the provisions of the fifth paragraph of Article 599 of this Act apply mutatis mutandis.

(2) The provisions of Article 583 of this Act shall only be applied in respect of a limited liability company participating in a merger at the proposal of one of the members of this company.

(3) If the company does not act in accordance with the proposal of a member under the second paragraph of this article, the member must make a statement to this

effect for the record at the session of the general meeting which decides on consent for the merger by acquisition. This statement shall be deemed an objection to the merger.

Article 622

Increase in the subscribed capital

If a limited liability company as an acquiring company increases the subscribed capital

for the purpose of merger by acquisition, the provisions laid down in the third to fifth

paragraphs of Article 517 and in Article 519 of this Act shall not apply to that increase.

Chapter 3

DIVISION

Section 1

GENERAL RULE

Article 623

Concept

(1) A company with share capital may undergo a division either by complete division or

by partial division. (2) A complete division shall be carried out with the simultaneous transfer of all the assets of the transferring company, which is thereby wound up without going into

liquidation, to:

new companies with share capital (hereinafter: new companies) formed as a result of

the absolute division (division by formation of new companies), or

acquiring companies with share capital (hereinafter: the acquiring companies)

(complete division by acquisition).

(3) A partial division shall be carried out with the transfer of individual parts of the

assets of the company, which is not thereby wound up, to:

new companies formed as a result of the partial division (partial division by formation

of new companies), or

acquiring companies (partial division by acquisition).

(4) A division may also be carried out by simultaneous transfer of the parts of the assets

of the transferring company to new companies and to acquiring companies.

(5) On the basis of the division the part of the assets of the transferring company

determined in the draft terms of division and the rights and obligations of

the transferring company in connection with these assets shall transfer to the new company or acquiring company. The new company or acquiring company shall enter into all legal relationships in connection with these assets in which the transferring company was the subject as the universal legal successor.

(6) The members or shareholders of the company being acquired shall be provided with shares or business shares (hereinafter: shares) in the new company or acquiring company.

(7) If the ratio at which shares in the transferring company are exchanged for shares in each new or acquiring company is not equal to one or more shares in each new or acquiring company for one share in the company being acquired, the shareholders or members of the company being acquired who do not have a sufficient number of shares in the company being acquired to receive a whole number of shares in each new or acquiring company shall receive a cash payment either from the acquiring company or from another person. The sum of cash payments provided to them by an individual new company or acquiring company may not exceed one-tenth of the total lowest issue value of the shares or the amount of subscribe contributions which the new company or acquiring company provides to shareholders or members in the transferring company for the purpose of the division.

Section 2

DIVISION BY FORMATION OF NEW COMPANIES

Article 624

Draft terms of division

(1) The management of the transferring company must draw up draft terms of division.

(2) The draft terms of division must contain or state:

1. the registered name and the registered office of the transferring company;
2. the proposed articles of association of the new companies;
3. a statement on the transfer of parts of the assets of the transferring company to new

companies with the legal consequences set out in the second, fifth, sixth and

seventh

paragraphs of Article 533a of this Act;

4. the ratio at which shares in the transferring company are exchanged for shares in an individual new company (exchange ratio); 5. in the case referred to in the seventh paragraph of Article 533a of this Act:

the amount of a cash payment, which must be expressed as a monetary sum per whole

share in the transferring company, and

the registered name of the new company which will provide the cash payment or the

registered name and registered office or full name of another person who will provide the

cash payment;

6. when the transferring company is to reduce the subscribed capital in accordance with

the second paragraph of Article 625 of this Act for the purpose of carrying out a partial

division by formation of new companies, a precise description of the procedures related

to the reduction in the amount of shares or the combining of shares in the transferring

company:

7. a precise description of the procedures related to the provision of shares in new

companies;

8. the date from when shares which will be provided by an individual new company will

ensure the right to a part of the profit;

9. the date from when the actions of the transferring company are deemed to be carried

out for the account of an individual new company (accounting date of the division);

10. measures taken by the new company for the exercise of the rights of holders of

special rights arising from the shares in transferring companies under mutatis mutandis

application of the provisions of Article 593 hereof;

11. all the special advantages which will be provided to members of the managements or

supervisory boards of the transferring company or new companies participating in the

division or to the division auditors;

12. a precise description of the parts of the assets and liabilities being

transferred to an individual new company and their allocation; reference to documents as stipulated under point 14 of this paragraph shall be permitted for this purpose if their content enables the assets being transferred to an individual new company to be determined;

13. a provision on the allocation of those parts of the assets which on the basis of the draft terms of division it would not be possible to allocate to any of the companies

participating in the division;

14. the concluding report of the transferring company and the opening balance sheet of

the new companies, and in the case of a partial division also the opening balance sheet of

the transferring company showing the balance of assets and liabilities after the partial

division;

15. in the case referred to in Article 633 hereof, the amount of monetary compensation

offered by an individual new company or other person, except where all the members or

shareholders of the transferring company have waived their right to monetary compensation.

(3) The statements under points 5 and 15 of the previous paragraph of this article or

monetary compensation must be drawn up in the form of a notarial record.

Article 625

Preservation of capital, application of rules on formation, responsibility of bodies

(1) The sum total of the subscribed capital of the companies participating in the division

must be at least equal after the division to the amount of the subscribed capital of the

transferring company prior to the division. The sum of other capital items shown in the

opening balance sheet of the companies participating in the division must be at least equal to the sum of these items shown in the concluding report of the transferring

company.

(2) In the case of a partial division the transferring company may reduce its subscribed

capital without applying the provisions laid down in this Act relating to a reduction in the

subscribed capital. If, however, for the purpose of a partial division the

transferring

company reduces its subscribed capital in accordance with the provisions laid down in

this Act relating to an ordinary reduction in the subscribed capital then the provision laid

down in the first sentence of the first paragraph of this article shall not apply in respect of

this method of reducing the subscribed capital.

(3) The provisions laid down in this Act on the formation of companies shall apply to the

formation of new companies, with the exception of the provisions laid down in the

second paragraph of Article 191 of this Act, unless otherwise provided in this section.

The transferring company shall be deemed the founder.

(4) The formation of the new companies must be reviewed by one or more founding

auditors. In the case of a partial division a founding auditor must also examine whether

after the partial division the total asset value of the transferring company reduced by the

liabilities is at least equal to the amount of the subscribed capital increased by the sum of

reserves which the company is obliged to create. The provisions laid down in this Act on

the founding audit of a public limited company shall apply mutatis mutandis to this audit,

but a founding report under Article 193 of this Act shall not be required.

(5) The members of the management and the supervisory board of the transferring

company shall be jointly and severally liable for damage caused by the division to the

companies participating in the division and to holders of shares in these companies. The

provisions of the second paragraph of Article 255 of this Act shall apply mutatis

mutandis in respect of the liability of the members of management or supervisory body.

The provisions laid down in the third paragraph of Article 594 and in Article 595 of this

Act shall apply mutatis mutandis to the pursuit of claims for damages.

Article 626

Division management report

(1) The management of the transferring company must draft a detailed written

report on
the division, applying the provisions of Article 582 hereof mutatis mutandis,
and point
out the findings of the report on the audit of the formation under the fourth
paragraph of
the previous article.

(2) The contents of the division plan shall contain the measures taken for the
protection
of the rights of creditors under the fifth paragraph of Article 636 of this
Act.

(3) In the report on a division the management must state the registration
bodies to which
the reports of the founding auditors under the first paragraph of Article 635
of this Act
will be submitted.

(4) In the report on the division the management shall not be required to
disclose the
information for the reasons referred to in the first and fifth indents of the
second
paragraph of Article 305 of this Act.

(5) The exchange ratio need not be explained if the holders of shares in the
transferring
company participate in the new companies with the same capital ratios as in
the
transferring company (division where capital ratios are preserved).

(6) A report on a division shall not be required if all the holders of shares
in the
transferring company submit a statement in the form of a notarial record
declaring that they waive the application of the provisions of this Act
relating to the management' s
report on a division. Shareholders may also make a waiver statement orally at
the session
of the general meeting of the transferring company which decides on the
division. In this
case the statement shall be included in the minutes of the general meeting.
Article 627

Audit of a division

(1) The draft terms of division must be reviewed by an auditor (division
auditor).

(2) The provisions of the second, fourth and sixth to eighth paragraph of
Article 583 of
this Act shall apply mutatis mutandis to the audit of division.

(3) In a division where the capital ratios are not preserved the report on the
audit of the
division must contain an opinion from an auditor as to whether the provision

of shares in the new companies at the exchange ratio proposed in the draft terms of division and any cash payments and compensation offered are appropriate recompense for shares in the new companies, with mutatis mutandis application of Points 1 to 3 of the fifth paragraph of Article 583 hereof.

(4) An audit of a division shall not be required if all the holders of shares in the transferring company submit a statement in the form of a notarial record declaring that they waive the application of the provisions of this Act relating to an audit of a division.

Shareholders may also make a waiver statement orally at the session of the general meeting of the transferring company which decides on the division. In this case the statement shall be included in the minutes of the general meeting.

Article 628

Review of a division by the supervisory board

The supervisory board must review the intended division by applying the provisions of

Article 584 hereof mutatis mutandis.

Article 629

Preparing and holding the general meeting

(1) In preparing and holding the general meeting to decide on the division the provisions of the first to fifth paragraph of article 586 of the present law shall apply, as appropriate.

(2) If the transferring company is organised as a limited liability company the documents listed in the previous paragraph shall be sent to each of the members in this company together with the invitation to the general meeting at least fourteen days prior to the session of the company's general meeting which is to decide on the division.

(3) A copy of the draft terms of division shall be given to each creditor and to the workers' council, where one has been set up, free of charge on request by the following working day at the latest.

Article 630

Consent of the general meeting to a division

(1) Unless otherwise provided in this article, the provisions laid down in Article 585 of this Act shall apply mutatis mutandis to the general meeting's consent to division. The general meeting of a limited liability company as a transferring company must adopt a resolution on the consent to division, which must be certified by a Notary Public, with at least a three-quarter majority.

(2) If the division does not preserve capital ratios, the resolution giving consent to the division shall be valid if nine-tenths of the subscribed capital votes in favour of it. Where this majority has not been achieved at the general meeting the resolution shall only be valid if, within three months of the session of the general meeting, sufficient holders of shares who voted against the resolution or who did not participate in the vote send a declaration of consent to the division in order for that majority to be achieved.

Declarations of consent must be drawn up in the form of a notarial record in which the draft terms of division are included.

Article 631

Exclusion of reasons to contest

(1) The provisions of Article 604 of this Act shall apply mutatis mutandis to the exclusion of the reasons for contesting the resolution by the general meeting of the transferring company on the division.

Article 632

Special requirements for consent of the general meeting to a division

(1) If individual holders of shares in the transferring company have rights under the articles of association or the contract of members in connection with the business conduct, the appointment of the management or the supervisory board or in connection with consent to the transfer of shares, and under the draft terms of division they will not be guaranteed equal rights in the new companies, the consent of these holders of shares shall also be required in order for the resolution of the general meeting giving consent to the division to be valid.

(2) If the articles of association or the contract of members of the transferring company provide that particular resolutions of the general meeting require a majority larger than three-quarters of the subscribed capital represented in the voting or three-quarters of all votes in order to be valid, such a majority shall also be required in order for a general meeting resolution giving consent to the division to be valid, unless the articles of association of the new companies guarantee equal protection of minority rights.

(3) Holders of shares may also give the consent referred to in the first or second paragraph of this article outside the general meeting provided the declaration is submitted to the transferring company no later than three months after the adoption of the resolution giving consent to the division at the general meeting. The declaration of consent referred to in the preceding sentence must be given in the form of a notarial record in which the draft terms of division shall be included.

Article 633

Offer of monetary compensation

(1) In a division where the capital ratios are not preserved each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require the new companies as joint and several debtors to take over the shares which the new companies are obliged to provide to him for the purpose of the division against payment of appropriate monetary compensation. A holder of shares who retains the same shares in the capital of the new companies as he had in the capital of the transferring company prior to the division shall not have the right to monetary compensation referred to in the preceding sentence.

(2) When shares in the transferring company are freely transferable and the articles of

association or the contracts of members of individual new companies or all of the new companies make the transfer of shares conditional upon the permission of the new company or of individual holders of shares in the new company, each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require each of these new companies to take over the shares which it is obliged to provide to him for the purpose of carrying out the division against payment of appropriate monetary compensation.

(3) When an individual new company has a different organisational form to the transferring company, each holder of shares in the transferring company who at the general meeting of the transferring company lodged an objection for the record against the resolution giving consent to the division may require that new company to take over the shares which it is obliged to provide to him for the purpose of the division against payment of appropriate monetary compensation.

(4) The right referred in the first, second or third paragraph of this article shall also be enjoyed by a holder of shares in the transferring company who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(5) Persons entitled to monetary compensation under the first, second or third paragraph of this article must be given suitable protection for fulfilment of the obligation to pay monetary compensation.

(6) The provisions laid down in the second and third paragraphs of Article 600 and in Articles 601 to 603 of this Act shall apply mutatis mutandis to the right to monetary compensation under the first, second or third paragraph of this article.

Article 634

Application for the entry of a division

(1) The management of the transferring company and the managements of the new companies must simultaneously apply for the entry of the division and the entry of the new companies in the register.

(2) For the proposal of the entry of division, the provisions of the second paragraph of the Article 590 with the exception of Points 2 and 8 and third to fifth paragraph of Article 590 shall be applied mutatis mutandis. The application for entry of a division must be accompanied by:

1. the declarations of consent of the individual holders of shares, if required;
2. in the case of new companies the documents which need to be submitted when the formation of the company is entered in the register;
3. proof of the provision of protection under the fifth paragraph of Article 533j of this Act.

Article 635

Entry of a division; legal consequences of a division

(1) The registration body covering the area in which the registered office of the transferring company is located shall simultaneously enter the division and the formation of the new companies. If in the case of a partial division the transferring company

reduced its subscribed capital, this reduction shall be entered in the register at the same time as the division and formation of the new companies are entered. In the case of the

entry of new companies the entry in the register must state that the company was formed

by means of a division and the registered name of the transferring company, and also the

registration number under which the transferring company is entered in the register. And for the transferring company in the case of a complete division the entry in the

register shall state that the company was wound up for the purpose of the division, and in

all cases of division the registered names of the new companies and the registration

numbers under which they were entered in the register.

(2) The entry of a division in the register shall have the following legal consequences:

1. The assets of the transferring company together with the liabilities shall transfer to the new companies in accordance with the draft terms of division.

2. In the case of a complete division the transferring company shall cease to exist. In the case of a partial division the amendments to the articles of association of the transferring company envisaged in the draft terms of division shall enter into force. This must be specifically mentioned in the entry.

3. Holders of shares in the transferring company shall become holders of shares in the new companies in accordance with the draft terms of division. The rights of third persons to shares in the transferring company shall simultaneously transfer to shares in the new companies which are provided for the purpose of carrying out the division and to the rights to any cash payments.

(3) After the division has been entered in the register any defects in the division shall not alter the legal consequences set out in the second paragraph of this article. A plaintiff who lodged a suit to establish as null or to contest the resolution giving consent to the division prior to the entry of the division in the register may change the suit without the consent of the defendant by demanding compensation for damage incurred as a result of the entry of the merger by acquisition in the register.

(4) Until a debtor of the transferring company has been informed as to which of the companies participating in the division the claim on that debtor has been allocated to, the claim may be fulfilled by any of them.

(5) Until a creditor of the transferring company has been informed as to which of the companies participating in the division his claim has been allocated to, he may demand fulfilment from any of them.

(6) The provisions laid down in Article 244 of this Act shall apply mutatis mutandis to the exchange of shares in the transferring company, and for the combining of

shares the provision laid down in Article 376 of this Act; the permission of the court shall not be required.

Article 636

Protection of creditors and holders of special rights

(1) For all the liabilities of the companies arising up until the entry of the division in the register, in addition to the company to which a particular liability was allocated in the draft terms of division all the other companies participating in the division shall also be jointly and severally liable up to the value of the assets allocated to them in the draft terms of division reduced by the liabilities allocated to them in the draft terms of division.

The preceding sentence shall not apply to liabilities for which protection under the second paragraph of this article has been provided.

The provisions of Articles 592 and 593 of this Act shall apply mutatis mutandis for the

protection of creditors and holders of special rights, assuming that the division jeopardises fulfilment of the creditors' claims.

Article 637

Right to be informed (1) Any person whose legal interests are affected by a division may demand from any of the companies which participated in the division an explanation as to the allocation of particular parts of the assets and liabilities.

(2) Decisions on the right set out in the first paragraph of this article shall be made by the court. The proposer must demonstrate the probability of his legal interest. The court may

order the submission of the books of account and other documents and instruct the company to enable the proposer or an expert to inspect the books of account or other documents. The proposer and the expert referred to in the preceding sentence must protect all data concerning the company as confidential.

Section 3

DIVISION BY ACQUISITION

Article 638

Application of provisions

(1) The provisions laid down in Articles 624 to 637 of this Act shall apply mutatis mutandis to a division by acquisition, unless otherwise provided in this article. With respect to the application of the preceding sentence, the following shall apply:

1. The draft terms of division shall be replaced by a contract on division and acquisition, which must be concluded in the form of a notarial record. The contract on division and acquisition shall be concluded by the managements of the transferring company and the acquiring company;
2. The new company shall be replaced by the acquiring transferring company;
3. If the transferring company reduces the subscribed capital in the case of a partial division by acquisition the provision of the first sentence of the second paragraph of Article 625 of this Act shall not apply;
4. The provision of Article 375 of this Act shall apply mutatis mutandis in the case of a complete division by acquisition.

(2) If the acquiring company increases its subscribed capital due to division, the provisions of Article 588 and the second paragraph of Article 591 of this Act shall apply mutatis mutandis. In this case the increase in the subscribed capital must be entered in the register at the same time as the entry of the division.

(3) The provisions laid down in this act on merger by acquisition shall also apply mutatis mutandis to the acquiring and transferring companies participating in a division.

Chapter 4

MERGER AND DIVISION OF PERSONAL COMPANIES

Article 639

Application of provisions to the merger and division of personal companies
The provisions laid down in this Act on mergers and divisions involving limited liability

companies and the provisions relating to the merger or division of limited liability

companies shall apply mutatis mutandis to mergers and divisions involving personal

companies. A resolution on a merger or a division shall require the consent of

the personally liable members in a personal company and the consent of the members in a company with share capital who after the merger or division will be liable for the obligations of the company with all their assets.

Chapter 5

TRANSFER OF ASSETS

Article 640 General

(1) A public limited company, a limited partnership with share capital or a limited liability company may transfer its assets as a whole to the Republic of Slovenia or to a self-governing local authority in the Republic of Slovenia.

(2) The provisions laid down in this Act on a company which is being taken over shall apply mutatis mutandis to a company which transfers its assets as per the preceding paragraph. Upon the entry of the transfer of assets in the register that company shall cease to exist. Its assets shall transfer to the recipient. Compensation for the transferred assets shall be allocated in proportion to the shares or interests.

Article 641

Validity of a contract

(1) A contract under which a company undertakes to transfer its assets in accordance with the preceding article shall be valid only on the basis of the consent of the general meeting of the company. In order for the resolution of the general meeting to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The company's articles of association or the contract of members may stipulate a larger majority.

(2) The provisions laid down in this Act on the merger of public limited companies shall apply mutatis mutandis in respect of notification of shareholders, the progress of the general meeting and the rights of shareholders.

Chapter 6

CHANGE OF ORGANISATIONAL FORM

Section 1

CONVERSION OF A PUBLIC LIMITED COMPANY INTO A LIMITED PARTNERSHIP WITH SHARE CAPITAL

Article 642

Terms and conditions

(1) A public limited company may be converted into a limited partnership with share capital.

(2) The conversion shall require a resolution to be passed by the general meeting and at least one general partner to join. In order for the resolution of the general meeting to be valid it shall require a majority of at least three-quarters of the subscribed capital represented in the voting. The articles of association may stipulate a larger majority and lay down other requirements. The resolution shall state the registered name of the company and set out the changes which are necessary in order for the conversion. The joining of personally liable partners must be verified in the form of a notarial record.

(3) A balance sheet in which the assets items and the liabilities of the company are set out as at the values on the day the account is compiled shall be submitted to the general meeting at which a decision is taken on a reorganisation. The account shall be compiled as at the day on which the general partners begin to participate in the profit or loss of the company. If that day is after the resolution on the conversion the account shall be drawn up as at a day no earlier than six months prior to the resolution on the conversion.

(4) The founders shall be replaced by general partners.

Article 643

Notification of a conversion (1) The personally liable partners shall be reported for entry in the register at the same time as the resolution on the conversion. The original documents or authenticated copies confirming their joining of the partnership shall be submitted together with the registration application.

(2) The provisions laid down in Point 1 of the second and third to fifth paragraph of Article 590 of this Act shall apply mutatis mutandis to the notification for

the entry of the
conversion in the register.

Article 644

Effect of registration

The limited partnership with share capital shall exist as from the entry of
the conversion

in the register. The general partners shall be liable without limitation to
the creditors of

the company also for the liabilities which originated before they joined.

Section 2

CONVERSION OF A LIMITED PARTNERSHIP WITH SHARE CAPITAL INTO A PUBLIC LIMITED COMPANY

Article 645

Terms and conditions

(1) A limited partnership with share capital may be converted into a public
limited

company by resolution of the general meeting and with the consent of all the
general

partners.

(2) The resolution shall state the registered name of the company and the
composition of

the management , and set out any changes which are necessary in order for the
conversion.

(3) The last annual report shall be submitted to the general meeting at which
a decision is

taken on a conversion. The provisions laid down in this Act on the bodies of a
public

limited company shall apply mutatis mutandis to the composition of the bodies
of the

public limited company.

Article 646

Notification of a conversion

The members of the management shall be reported for entry in the register at
the same

time as the resolution on the conversion. The provisions of Article 643 of
this Act shall

apply mutatis mutandis to the notification of a conversion.

Article 647

Effect of registration

The public limited company shall exist as from the entry of the conversion in
the register.

The general partners shall be excluded from the company but they shall
continue to be

liable for the liabilities that originated prior to the entry of the

conversion in the register.

Section 3

CONVERSION OF A PUBLIC LIMITED COMPANY INTO A LIMITED LIABILITY COMPANY

Article 648

Terms and conditions

(1) A public limited company which has fewer than 50 shareholders may be converted

into a limited liability company pursuant to a resolution passed by the general meeting,

provided it fulfils all the conditions for the formation of a limited liability company. (3) The resolution on the conversion must be adopted by a majority of at least nine-tenths of the subscribed capital. When calculating the size of the capital majority, the company's own shares shall be subtracted from the capital. The articles of association of

the public limited company may stipulate a larger majority of the capital and lay down

other requirements.

(3) The announcement of the conversion as an item on the agenda shall only be correct if

it is submitted together with a statement from the company offering for the record to

acquire the business shares formed by the conversion, for appropriate compensation, of

those shareholders who oppose the conversion.

(4) The resolution shall state the registered name of the company and set out the other

characteristics that are necessary in order for the conversion.

(5) The amount of subscribed contributions may be set differently to the lowest issue

value of the shares. If the nominal value of the business shares is different to the lowest

issue value of shares this decision must be confirmed by each shareholder who is unable

to participate with respect to the total lowest issue value of his shares.

That consent must

be confirmed in the form of a notarial record.

Article 649

Notification of a conversion

The managers shall be reported for entry in the register at the same time as the resolution

on the conversion. A list of the members, stating their names, surnames and addresses

and their basic contributions, signed by the person submitting the

notification, shall be submitted together with the notification for entry. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.

Article 650

Effect of registration

The limited liability company shall exist as from the date of entry in the register. Shares shall become business shares. The rights of third persons deriving from shares shall be exercised as rights deriving from a business share.

Article 651

Exclusion of reasons to contest; monetary compensation

(1) Each shareholder who registered an objection at the general meeting against the resolution on a conversion may require the company to take over his business shares against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) A general meeting resolution on a conversion may not be contested because the monetary compensation referred to in the first paragraph of this article which is offered by the company is inappropriate or because no monetary compensation was offered.

(3) The provisions of Article 603 hereunder shall apply as appropriate to the right to monetary compensation. If action has been lodged to contest the resolution on a conversion or to have it declared null the period for lodging an application to have appropriate monetary compensation determined shall begin to run on the day a court ruling refusing the claim becomes final or on the day the action is withdrawn.

Section 4 CONVERSION OF A LIMITED LIABILITY COMPANY INTO A PUBLIC LIMITED COMPANY

Article 652

Terms and conditions

(1) The provisions laid down in this Act on amendments to the contract of members of a limited liability company shall apply to the conversion of a limited liability company into a public limited company. If the withdrawal of business shares is dependent on the permission of the individual members, the resolution on the conversion shall require their consent in order for it to be valid. If in addition to paying their basic contributions the members also have other liabilities towards the company, the resolution on the conversion shall require the consent of these members in order for it to be valid.

(2) The resolution on the conversion shall state the registered name and other amendments to the contract of members which are necessary in order for the conversion.

The members who voted in favour of the conversion shall be stated in the record by name.

Article 653

Founding audit and liability of the members

(1) The provisions laid down in this Act on the founding audit of a public limited company shall apply mutatis mutandis to the conversion. The members who voted in favour of the conversion shall be the founders.

(2) In the report it shall be necessary to describe the conversion procedure and set out the economic position of the limited liability company.

Article 654

Notification of a conversion

The members of the management shall be reported for entry in the register at the same

time as the resolution on the conversion. A list of the names, surnames and addresses of the members of the supervisory board, the audit report of the members of the management and the supervisory board and the auditors' report shall also be submitted

together with the notification. The provisions of Article 643 of this Act shall apply mutatis mutandis to the notification of a conversion.

Article 655

Effect of registration

The public limited company shall exist as from the entry of the conversion in the register.

Business shares shall become shares. The rights of third persons deriving from a business shares shall be exercised as rights deriving from a share.

Article 656

Exclusion of reasons to contest; monetary compensation

(1) Each member who registered an objection at the general meeting against the resolution on a conversion may require the company to take over his shares against payment of appropriate monetary compensation. This right shall also be enjoyed by a shareholder who did not attend the general meeting if he was unlawfully prevented from attending the general meeting or if the general meeting was not correctly convened or if the subject put to a decision at the general meeting was not correctly published.

(2) A general meeting resolution on a conversion may not be contested because the monetary compensation referred to in the first paragraph of this article which is offered by the company is inappropriate or because no monetary compensation was offered. (3) The provisions of Article 603 hereunder shall apply as appropriate to the right to monetary compensation. If action has been lodged to contest the resolution on a conversion or to have it declared null the period for lodging an application to have appropriate monetary compensation determined shall begin to run on the day a court ruling refusing the claim becomes final or on the day the action is withdrawn.

Section 5

CONVERSION OF A LIMITED PARTNERSHIP WITH SHARE CAPITAL INTO A LIMITED LIABILITY COMPANY

Article 657

Terms and conditions

(1) A limited partnership with share capital may be converted by resolution of the general meeting and with the consent of all the general partners into a limited liability company.

(2) The balance sheet shall be submitted to the general meeting which is

deciding on the conversion. If a balance sheet compiled on the day before the resolution on the conversion is required for purposes of settlement with the general partners, then that balance sheet shall be submitted, otherwise a balance sheet compiled as at a day no earlier than six months prior to the resolution on the conversion, and in accordance with principles envisaged for the settlement with the general partners.

(3) The provisions laid down in Articles 649 and 650 of this Act shall apply mutatis mutandis in respect of the notification of the conversion.

Section 6

CONVERSION OF A LIMITED LIABILITY COMPANY INTO LIMITED PARTNERSHIP WITH SHARE CAPITAL

Article 658

Terms and conditions

(1) The conversion of a limited liability company into a limited partnership with share capital shall require a resolution by the general meeting of members and at least one general partner to join. The joining must be confirmed in notarial form.

(2) An account in which the assets items and the liabilities of the company are set out as at the values on the day the account is compiled shall be submitted to the general meeting of members at which a decision is taken on a conversion. The account shall be compiled as at the day on which the general partners begin to participate in the profit or loss of the company. If that day is before the resolution on the conversion the account shall be drawn up as at a day no earlier than six months prior to the resolution on the conversion. The account shall be submitted as a supplement together with the records.

(3) The founders shall be replaced by the partners who voted in favour of the conversion and by the general partners.

Article 659

Notification of a conversion

The general partners shall be reported for entry in the register at the same time as the resolution on the conversion. The provisions of Article 643 of this Act shall apply mutatis

mutandis to the notification of a conversion.

Article 660

Effect of registration

The limited partnership with share capital shall exist as from the entry of the conversion in the register. Business shares shall become shares. The rights of third persons deriving from a business shares shall be exercised as rights deriving from a share. The general partners shall be liable without limitation to the creditors of the company also for the liabilities which originated before they joined.

Article 661

Application of the regulations on a conversion into a public limited company
The provisions of this Act on the conversion of a limited liability company into a public limited company shall apply mutatis mutandis to a conversion into a limited partnership with share capital.

Section 7

OTHER CONVERSIONS

Article 662

Conversion of a cooperative into a company

(1) A cooperative may be converted into a public limited company if each member of the cooperative has a share of at least 1 euro.

(2) A conversion shall require a resolution by the general meeting of the cooperative.

The management board or the director of the cooperative must deliver to all the members of the cooperative a written proposal for the conversion of the cooperative into a public limited company at the time the general meeting of the cooperative is convened.

(3) The provisions laid down in the second and third paragraphs of Article 648 of this

Act shall apply mutatis mutandis with respect to the validity of a resolution by the general meeting of a cooperative on a conversion into a public limited company.

(4) Before the conversion of a cooperative into a public limited company the cooperative must transfer the assets which, in accordance with the act regulating cooperatives may not be distributed among the members of the cooperative, to the cooperative

association

of which they are members.

(5) The provisions laid down in this Act on the conversion of a limited liability company into a public limited company shall apply mutatis mutandis to the notification of a conversion and the effect of registration.

(6) A cooperative may be converted into a company other than public limited company if this is stipulated by a specific law.

Article 663

Contents of a resolution on a conversion of a cooperative into a public limited company

(1) Prior to a decision being taken on a conversion of a cooperative into a public limited company, the auditors' reports, in which an assessment must be made of the consequences of the conversion for the interests of the shareholders and creditors, shall be read at the general meeting of the cooperative at which the decision is being taken.

(2) The resolution on the conversion shall determine:
the registered name and registered office of the company;
- the amount of shares and the beneficiaries, and
- other details necessary for carrying out the conversion.

(3) The rules of the cooperative shall be amended so as to include all the elements prescribed for the articles of association of a public limited company.

Article 664

Conversion of a company into a cooperative

(1) A public limited company can be converted into a cooperative in accordance with mutatis mutandis application of the provisions of this Act on the conversion of a public limited company into other forms of companies, unless otherwise stipulated by a specific law

(2) Other companies may be converted into a cooperative if this is stipulated by a specific law.

Article 665

Conversion of companies with share capital into personal companies and reorganisation

of personal companies into companies with share capital

(1) The provisions laid down in this Act on the conversion of a public limited company into another type of company shall apply to the conversion of companies with

share
capital into personal companies, whereby the resolution on the conversion shall require the consent of the member in the personal company who is liable for the obligations of the company with all his assets.

(2) The preceding paragraph of this article shall apply to the conversion of personal companies into companies with share capital. The personally liable members shall continue to be liable for the obligations of the company incurred prior to the entry of the conversion in the register. Where the company is wound up the provisions laid down in Articles 133 and 134 of this Act shall apply in respect of time-barring.
Article 666

Conversion of institutes into companies

The provisions laid down in this Act on the conversion of a public limited company into

another type of company shall apply to the conversion of institutes into companies,

whereby the resolution on the conversion shall require in addition to a resolution from the

competent body of the institute in accordance with the founding act or the articles of

association also the consent of the founders whose founding shares amount to nine-tenths

and of the members who will be liable for the obligations of the company with all his

assets after the conversion. The provisions laid down in Article 651 of this Act shall

apply mutatis mutandis to founders who did not vote for the resolution on the conversion.

Chapter 7

RESTRUCTURING OF AN ENTREPRENEUR

Section 1

GENERAL

Article 667

FORMS OF RESTRUCTURING OF AN ENTREPRENEUR

(1) An entrepreneur may change its status as follows:

- with the transfer of company to a new company with share capital which is founded for

the purpose of the transfer of the entrepreneur's company, or

with the transfer of company to an acquiring company with share capital.

With the transfer, the company and the rights and obligations of the entrepreneur in respect of the company shall be transferred to the company. The company shall enter into all legal relationships connected with the transferred company of the entrepreneur as its universal successor in title.

Section 2

TRANSFER OF COMPANY TO A NEW COMPANY WITH SHARE CAPITAL

Article 668

Terms and conditions

(1) The entrepreneur must adopt the resolution on the transfer of company in writing. (2) The following must be stated in the resolution on the transfer:

the registered name and registered office of the entrepreneur;
- the statement on the transfer of a company, and
- the value of the company (assets, rights and obligations related to the company) and a precise description of the company. Reference can be made to documents such as annual

balance sheet, interim balance sheet or appropriate accounting statement if their contents

can be used as the basis for determining the value of the company subject to transfer. The

submitted documents as at the day of application of the transfer of the company in the

register may not be older than three months.

(3) The resolution on the transfer must be accompanied by the articles of association of

the company and a statement that the company has been founded by means of a transfer

of an entrepreneur's company.

Article 669

Application of the rules on foundation

(1) The provisions laid down in this Act on the formation of companies shall apply to the

formation of new companies, with the exception of the second paragraph of Article 191

of this Act.

(2) The formation of a company must be examined by a founding auditor. The provisions

laid down in this Act on the founding audit of a public limited company shall apply

mutatis mutandis to this founding audit, but a founding report under Article 193 of this

Act shall not be required. If the value of the transferred company does not

exceed the value determined in the fourth paragraph of Article 476 hereof the founding audit shall not be required for a limited liability company.

Article 670

Application for the entry of a company transfer

(1) An entrepreneur must file an application to enter a company transfer with the registration body.

(2) Before filing an application to enter a company transfer in the register, the entrepreneur must publish the intended transfer. The provisions laid down in the second paragraph of Article 75 of this Act shall apply *mutatis mutandis* for such publication.

(3) The application for the entry of a company transfer must be accompanied by:

- the resolution on the transfer of a company, and
- the documents which need to be submitted when the formation of the company is entered in the register.

Article 671

Effect of the transfer of a company to a new company

(1) A registration body shall simultaneously enter the transfer of a company and the formation of a new company. When entering a new company in the register it must be noted that the company was founded by means of the transfer of an entrepreneur's company.

(2) With the entry of the transfer in the register, the entrepreneur shall stop performing the activity and the entrepreneur's company shall be transferred to the new company in accordance with the resolution on the transfer of the company, while the entrepreneur shall become a holder of shares of such new company. (3) The registration body shall be obliged to inform AJPES of the registration of a company transfer so that AJPES can delete the entrepreneur from the Business Register of Slovenia.

Article 672

The entrepreneur's liability

If the company fails to meet all the obligations incurred by the entrepreneur

in respect of

the company before the entry of the company transfer in the register, the entrepreneur shall be liable for such obligations with all his assets. The provisions of Articles 133 and 134 shall apply mutatis mutandis for time-barring.

Section 3

TRANSFER OF COMPANY TO AN ACQUIRING COMPANY WITH SHARE CAPITAL

Article 673

Application of provisions

(1) The provisions laid down in Articles 668 to 672 of this Act shall apply mutatis

mutandis to the transfer of a company to the acquiring company and:

– the resolution on the transfer of a company shall be replaced with the contract on the transfer of the company made between the entrepreneur and the management of the

acquiring company in the form of a notarial record, and

– the new company shall be replaced by the acquiring company;

(2) If the acquiring company increases its subscribed capital due to the transfer of

company, the provisions of Article 588 of this Act shall apply mutatis mutandis. In this

case the increase in the subscribed capital must be entered in the register at the same time

as the entry of the transfer of company.

(3) The provisions laid down in this Act on merger by acquisition shall apply mutatis

mutandis to the acquiring company.

PART VII FOREIGN UNDERTAKINGS

Chapter 1

GENERAL

Article 674

Concept

(1) Foreign undertakings within the meaning of this Act are natural or legal persons pursuing an activity with a view to profit and having residence or registered office

outside the Republic of Slovenia (hereinafter: foreign undertaking from EC) or in a nonmember state (hereinafter: foreign undertaking from a third country).

(2) The status of a foreign undertaking shall be assessed in accordance with the law of

the country to which the company belongs unless otherwise provided in law.

Article 675

Business conduct in the Republic of Slovenia

With respect to its rights, obligations and responsibilities a foreign undertaking is equated

with domestic undertakings or entrepreneurs with registered office in the Republic of

Slovenia in respect of business conduct in the Republic of Slovenia, unless otherwise

provided by applicable legislation.

Chapter 2

BRANCH Article 676

Right to conduct business

(1) A foreign undertaking may pursue an activity with a view to profit in the Republic of

Slovenia through branches.

(2) The following provisions of this Act shall apply mutatis mutandis to branches:

on activity (Article 6);

on registered names (Articles 12 to 23);

on registered office (Articles 29 and 30);

on procuration (Articles 33 to 37) and

on business secrets (Articles 39 and 40).

Article 677

Entry in the register

(1) An application to enter a branch in the register must contain:

the name and registered office of the branch;

the activity and the business carried out by the branch;

the name of the person who represents the branch and the foreign undertaking.

– other data provided for by law.

(2) The application must be accompanied by:

an extract from the register disclosing the content and date of the registration of the

parent undertaking;

the resolution of the management on the formation of the branch;

a copy of the rules or the articles of association, which must be verified by a notary;

the verified business report from the last year of business conduct of the foreign

undertaking in abbreviated form.

(3) The original and a verified translation of the documents referred to in the preceding

paragraph must be submitted.

(4) Where the data entered in the register and the document placed in the

collected

documents of a branch differ from the data and documents of a foreign undertaking

disclosed in an equal manner in the country of the registered office, the disclosure of the data on a branch shall be of decisive importance for the legal transactions of a branch.

Article 678

Branch of foreign undertaking from third country

A foreign undertaking may form a branch if it has been entered for at least two years in

the register of the country in which its registered office is located.

Article 679

Participation in legal business

A branch shall operate in the name and for the account of the foreign undertaking, and in

so doing it must use the registered name of the parent undertaking, its registered office

and its own name.

(2) All communications, official correspondence, order forms and other documents of

the branch must indicate besides its registered name the register containing the

documents of the branch, including the number of the branch in this register. Where the

legislation of the country applying to a foreign undertaking from a third country requires

the entry of the undertaking in the register, the register in which the undertaking from a

third country is entered must be indicated as well as its registration number in this

register. Article 680

(Commencement of activities)

(1) A foreign undertaking may not take up and pursue activities in the Republic of

Slovenia before the branch is entered in the register.

(2) The provisions laid down in this Act on books of account and annual reports shall

apply mutatis mutandis to branches.

(3) A branch of a foreign undertaking from ES shall submit the annual report of this

undertaking if it has been drawn up, revised and disclosed on the basis of the legislation

of an European Community Member State applying to an undertaking in accordance

with
Directive 78/660/EEC, Directive 83/349/EEC and Directive 84/253/EEC.

(4) A branch of a foreign undertaking from a third country shall submit the annual report of this undertaking if it has been drawn up, revised and disclosed on the basis of the legislation of the country applying to an undertaking from a third country. Where an annual report of a foreign undertaking from a third country has not been drawn up pursuant to Directive 78/660/EEC and Directive 83/349/EEC, or in a corresponding manner, an annual report must be drawn up and disclosed for the activities of the branch.

Article 681

Principal and chosen branch

(1) If a foreign undertaking forms more than one branch in the territory of the Republic of Slovenia simultaneously, it must be stated in the application for entry in the register and also designated in the registered name of the branch which branch is the principal branch in the territory of the Republic of Slovenia.

(2) If a foreign undertaking forms more than one branch in the Republic of Slovenia in succession the sequence of formation must be stated in the application for the registration of each branch.

(3) Where a foreign undertaking forms two or more branches simultaneously or consecutively it may, upon entering the branches in the register, submit the documents referred to in the first, third and fourth indents of the second paragraph of Article 677 of this Act only upon entering one of the branches of its own choice, which does not need to be the principal branch in the event of the simultaneous forming. Upon entering other branches in the register it shall indicate the number of the chosen branch and the register where it is entered.

(4) Where a foreign undertaking has chosen a branch pursuant to the preceding paragraph, the annual report for the disclosure may be submitted only by the chosen branch.

Article 682

Representatives of the foreign undertaking in the branch

For each branch one or more representatives must be appointed to represent the foreign

undertaking. The foreign undertaking may appoint the same representatives for more than

one branch, but the representatives in the principal branch shall by law also be

representatives in other branches, even when other representatives are also appointed to

them.

Article 683

Liability

The foreign undertaking shall be liable with all its assets for the liabilities arising from

the business conduct of its branches.

PART VIII SUPERVISION OF THE IMPLEMENTATION OF THE ACT

Article 684

(1) The implementation of individual provisions of this Act shall be supervised by

AJPES, the Tax Administration of the Republic of Slovenia, the Labour Inspectorate of

the Republic of Slovenia, the Trade Inspectorate of the Republic of Slovenia and the

Ministry of Economy.

(2) AJPES shall be competent to supervise the implementation of the provisions under

the first and second paragraphs of Article 58, first paragraph of Article 59, second and

third paragraphs of Article 680 in conjunction with Article 58, and first and second

paragraphs of Article 75 of this Act.

(3) The Tax Administration of the Republic of Slovenia shall be competent to supervise

the implementation of the provisions of the third paragraph of Article 54 of this Act.

(4) The Labour Inspectorate of the Republic of Slovenia shall be competent to supervise

the implementation of the provisions of the second paragraph of Article 11 of this Act.

(5) The Trade Inspectorate of the Republic of Slovenia shall be competent to supervise

the implementation of the provisions of Article 19, first paragraph of Article 45, Article

156, second paragraph of Article 679, fifth and sixth paragraphs of Article 72 and Article 127 of this Act.

(6) The Ministry of Economy shall be competent to supervise the implementation of other provisions of this Act.

PART IX PENALTY PROVISIONS Article 685

Offences by companies

(1) A fine of between 16,000 and 62,000 euros shall be imposed for an economic offence

on a company:

1. for violating the second or third paragraph of Article 11 of this Act;
2. for failing to use its registered name in its operations in the way it is entered in the register (Article 19);
3. for failing to report for entry in the register the data which should be entered in the register in accordance with the provisions of this Act (Articles 47 and 48);
4. for failing to keep books of account in accordance with the third paragraph of Article 54 of this Act;
5. for selling shares at issue below their lowest issue value (first paragraph of Article 173);
6. for exempting shareholders or their predecessors from payment of obligations (first paragraph of Article 226);
7. for returning contributions or paying interest on them (Article 227);
8. for failing to report the details under Articles 277 and the first paragraph of 278 of this Act for entry in the register;
9. for failing to send a verified copy of the records and supplements within 24 hours of a session of the general meeting (fourth paragraph of Article 304);
10. for not issuing a statement within the meaning of the third paragraph of Article 352 of this Act;
11. for annulling shares contrary to Article 376 hereof.

(2) A fine of between 1000 and 4000 euros shall additionally be imposed on the responsible person in the company which commits an offence under the previous paragraph.

Article 686
Other offences by companies

(1) A fine of between 6000 and 40,000 euros shall be imposed for an economic

offence

on a company:

1. for omitting the details under Article 45, paragraph 1, of this Act from communications sent by the company;
2. for not submitting to AJPES the annual report or the consolidated annual report for publication in the manner and within the deadline set by this Act (the first and the third paragraph of Article 58);
3. for failing to submit the data from annual reports on its property and financial operation and operating results within three months after the end of the calendar year to AJPES (the first paragraph of Article 59);
4. for failing to state the name and surname of the operating officers or the members of the management of a general partner in a dual company on the business documents in addition to the registered name of the dual company (the first paragraph of Article 156);
5. for failing to add the registered name of the general partner to the signature of a natural person in matters concerning the management of the operations of a dual company (the second paragraph of Article 156);
6. if more than half of the shares comprising the subscribed capital do not carry voting rights (second paragraph of Article 178);
7. for failing to withdraw unpaid shares after a second invitation to do so (second paragraph of Article 224);
8. for subscribing to its own shares (first paragraph of Article 229);
9. for acquiring its own shares in contravention of the second paragraph of Article 229 of this Act;
10. for paying an interim dividend in contravention of the second paragraph of Article 232 of this Act;
11. for failing to enter registered shares in the share register (first paragraph of Article 235).
12. for having a management or supervisory body constituted in contravention of Articles 254 and 255 of this Act;
13. for approving a loan in contravention of Article 261 of this Act;

14. for having a supervisory board constituted in contravention of Article 273 of this

Act;

15. for failing to publish the documents or to enable their free copy (second paragraph of Article 188, third paragraph of Article 294, second and third paragraphs of Article 437,

third paragraph of Article 447, fourth paragraph of Article 586, and Article 629).

(2) A fine of between 300 and 4000 euros shall additionally be imposed on the responsible person in the company which commits an offence under the previous paragraph.

Article 687

Offences of a foreign undertaking which founded a branch (1) A fine of between 20,000 and 62,000 euros shall be imposed for an offence on a

foreign undertaking forming a branch when failing to report all data entered in the

register pursuant to this Act (Articles 677 and 681) upon the entry in the register.

(2) A fine of between 6000 and 40,000 euros shall be imposed for an offence on a

foreign undertaking forming a branch where the branch:

1. fails to use the registered name and other data referred to in Article 679 of this Act in

its operation;

2. fails to submit an annual report for publication within eight months after the end of the

business year to AJPES (the second and third paragraphs of Article 680 in conjunction

with Article 58).

Article 688

Offences by entrepreneur

(1) A fine of between 600 and 1600 euros shall be imposed for an economic offence on

an entrepreneur:

1. where the second paragraph of Article 58 of this Act is concerned, for failing, within

three months after the end of the business year, to submit an annual report for publication

to AJPES, save for entrepreneurs subject to tax on the basis of the established profit with

the consideration of normed costs under the provisions on the tax on income from

business activities of the act regulating income tax;

2. where the first paragraph of Article 59 of this Act is concerned, for failing, within three months after the end of calendar year, to submit an annual report on their asset and financial operations and profit and loss account for publication to AJPES, save for entrepreneurs subject to tax on the basis of the established profit with the consideration of normed costs under the provisions on the tax on income from business activities of the act regulating income tax;
3. for using a designation in contravention of the first and the second paragraphs of Article 72 of this Act;
4. for failing to report the change of data or winding up of operations for the entry in the Business Register of Slovenia in accordance with the first paragraph of Article 75 of this Act;
5. for providing incorrect data in the application for the entry in the Business Register of Slovenia (second paragraph of Article 74).

(2) A fine of between 600 and 1200 euros shall additionally be imposed on the responsible person of the entrepreneur who commits an offence under the previous paragraph.

Article 689
Offences of members or founding members

A fine of between 600 and 1200 euros shall be imposed for an economic offence on members or founding members:

1. who fail to report the dissolution of a company for entry in the register (first paragraph of Article 117);
2. if the prospectus does not contain all the required details (first paragraph of Article 207);
3. for disposing of payments made for shares (Article 213).

Article 690

Offences of a liquidator (1) A fine of between 1600 and 3700 euros shall be imposed for an offence on a liquidator legal entity or entrepreneur:

1. for signing contrary to Article 127 hereof;
2. for failing to compile an opening and closing liquidation account (Article 128);

3. for failing to report the entry of the deletion of the company from the register at the end of the liquidation (first paragraph of Article 132).

(2) A fine of between 1000 and 2000 euros shall additionally be imposed on the responsible person of the legal entity or entrepreneur who commits an offence under the previous paragraph.

(3) A fine of between 600 and 1200 euros shall be imposed for an offence on a liquidator

natural person:

1. for signing contrary to Article 127 hereof;
2. for failing to compile an opening and closing liquidation account (Article 128);

3. for failing to report the entry of the deletion of the company from the register at the end of the liquidation (first paragraph of Article 132).

Article 691

Offences of individuals

A fine of 600 to 1200 euros shall be imposed for an offence on a person who is obliged to

submit an application for entry in the register and does not submit the application within

the prescribed time limit (Articles 47 and 48).

PART X TRANSITIONAL AND FINAL PROVISIONS Article 692

Use of amounts

Until the day of the introduction of the euro as stipulated by the act regulating the

introduction of the euro (hereinafter: the day of the introduction of the euro):

- in the second paragraph of Article 55 the amount "480 million tolars" shall be use

instead of "2,000,000 euros" ;

- in the third paragraph of Article 55 the amount "1700 million tolars" shall be use

instead of "7,300,000 euros" and the amount "850 million tolars" shall be use instead of

"3,650,000 euros" ;

- in the fourth paragraph of Article 55 the amount "6800 million tolars" shall be use

instead of "29,200,000 euros" and the amount "3400 million tolars" shall be use instead

of "14,600,000 euros" ;

- in the third paragraph of Article 57 the amount "35 million tolars" shall

be use instead
of “150,000 euros” ;

- in the second paragraph of Article 73 the amount “10,000,000 tolar” shall be used instead of “42,000 euros” and the amount “6,000,000 tolar” shall be used instead of “25,000 euros” ;
- in Article 170 hereof the word “tolars” shall be used instead of the word “euros” ;
- in Article 171 the amount “6 million tolar” shall be used instead of “25,000 euros” ;
- in the second paragraph of Article 172 the amount “1000 tolar” shall be used instead of “1 euro” ;
- in the third paragraph of Article 172 the amount “1000 tolar” shall be used instead of “1 euro” ;
- in the first paragraph of Article 233 and the second paragraph of Article 399 hereof the amount “100 million tolar” shall be used instead of “400,000 euros” ;
- in the second and fourth paragraphs of Article 318, the first paragraph of Article 322, the first paragraph of Article 325 and the first paragraph of Article 328 hereof the amount “100 million tolar” shall be used instead of “400,000 euros” ;
- in the first paragraph of Article 475 the amount “2,100,000 tolar” shall be used instead of “7500 euros” and the amount “14,000 tolar” shall be used instead of “50 euros” ;
- in the fourth paragraph of Article 475 the amount “1,100,000 tolar” shall be used instead of “7500 euros” ;
- in the fourth paragraph of Article 476 the amount “14 million tolar” shall be used instead of “100,000 euros” ;
- in the first paragraph of Article 506 the amount “14,000 tolar” shall be used instead of “50 euros” in both cases;
- in the third paragraph of Article 605 the amount “6 million tolar” shall be used instead of “25,000 euros” ;
- in the first paragraph of Article 662 the amount “1,400 tolar” shall be used instead of “1 euro” ;
- in the first paragraph of Article 685 the amount “4,000,000 tolar” shall be used instead

of “16,000 euros” and the amount “15,000,000 tolar” shall be used instead of “62,000 euros” ;

- in the second paragraph of Article 685 the amount “250,000 tolar” shall be used instead of “1000 euros” and the amount “1,000,000 tolar” shall be used instead of “4000 euros” ;
- in the first paragraph of Article 686 the amounts “1,500,000 tolar” and “10,000,000 tolar” shall be used instead of “6000 euros” and “40,000 euros” , respectively;
- in the second paragraph of Article 686 the amount “75,000 tolar” shall be used instead of “300 euros” and the amount “1,000,000 tolar” shall be used instead of “4,000 euros” ;
- in the first paragraph of Article 687 the amount “5,000,000 tolar” shall be used instead of “20,000 euros” and the amount “15,000,000 tolar” shall be used instead of “62,000 euros” ;
- in the second paragraph of Article 687 the amount “1,500,000 tolar” shall be used instead of “6,000 euros” and the amount “10,000,000 tolar” shall be used instead of “40,000 euros” ;
- in the first paragraph of Article 688 the amount “150,000 tolar” shall be used instead of “600 euros” and the amount “400,000 tolar” shall be used instead of “1600 euros” ;
- in the second paragraph of Article 688 the amount “150,000 tolar” shall be used instead of “600 euros” and the amount “300,000 tolar” shall be used instead of “1200 euros” ;
- in Article 689 the amount “150,000 tolar” shall be used instead of “600 euros” and the amount “300,000 tolar” shall be used instead of “1200 euros” ;
- in the first paragraph of Article 690 the amount “400,000 tolar” shall be used instead of “1600 euros” and the amount “900,000 tolar” shall be used instead of “3700 euros” ;
- in the second paragraph of Article 690 the amount “240,000 tolar” shall be used

instead of “1000 euros” and the amount “480,000 tolar” shall be used instead of “2000 euros”; – in the third paragraph of Article 690 the amount “150,000 tolar” shall be used instead of “600 euros” and the amount “300,000 tolar” shall be used instead of “1200 euros”; – in Article 691 the amount “150,000 tolar” shall be used instead of “600 euros” and the amount “300,000 tolar” shall be used instead of “1200 euros” .

Article 693

Method of converting nominal amounts of shares and subscribed capital of public limited companies

(1) With the day of the introduction of the euro the nominal amounts of shares shall be converted from tolar to euros on the basis of the lowest nominal amount of shares applying the exchange rate stipulate by the provision of the European Community to be adopted by the Council of the European Communities in accordance with the fifth paragraph of Article 123 of the Treaty establishing the European Community (hereinafter: the exchange rate). The amount obtained this way shall, pursuant to the law regulating the introduction of the euro, be rounded to two decimal places. On the basis of the nominal amount of shares calculated pursuant to this method, higher nominal amounts of shares shall be calculated as multipliers of this amount. The subscribed capital is the sum of the nominal amounts of shares calculated pursuant to this method.

Mutual relationships between the rights arising from shares and the relationships between their nominal amounts and the subscribed capital, an the relationships between the voting rights in the public limited company shall not change as a result of this conversion of tolar into euros. Any differences arising from the conversion shall be allocated to capital reserves or shall be covered first from free profit reserves, then from statutory reserves and other earmarked profit reserves and last from capital reserves while any still remaining deficits shall be disclosed as loss brought forward.

(2) As of the day of the introduction of the euro the subscribed capital of a public limited

company with no-par value shares shall be converted at the exchange rate.

Article 694

Conversion of nominal amounts of shares and subscribed capital of public limited

companies

(1) For public limited companies entered in the register or having submitted the proposal

for the entry of their foundation in the register before the date of the introduction of the

euro, the amount of the subscribed capital in force until that date shall apply until the

amounts of shares and the subscribed capital are aligned with the amounts in force as of

the day of the introduction of the euro.

(2) The shares of companies referred to in the previous paragraph that have been issued

before the day of the introduction of the euro may be expressed in tolar amounts also

after the introduction of the euro, as stipulate by Article 692 hereof; however, these

amounts must be use in a uniform way, for all shares of the company.

(3) The general meeting of a public limited company that carried out a transfer of

nominal amounts of shares and the subscribed capital to euro at the exchange rate before

the introduction of the euro must align the euro amounts with this Act. These resolutions

by the general meetings shall only be entered in the register on the day of the introduction

of the euro. The registration body shall reject the entry of a change in the register if the

articles of association are not aligned with this Act.

(4) The general meeting of a public limited company which introduces no-par value

shares before the introduction of the euro or the determination of the exchange rate may authorise the supervisory board or the board of directors to convert the tolar amounts of

the company' s subscribed capital contained in the articles of association into euros on the

day of the introduction of the euro at the exchange rate.

(5) Mutual relationships between the rights arising from shares and the relationships

between their nominal amounts and the subscribed capital shall not change as a result of this conversion of tolaras into euros without the consent of the affected shareholders.

(1) If public limited companies do not carry out the transfer of nominal amounts of their shares and the subscribed capital to euros or do not introduce no-par value shares until the day of the introduction of the euro, they shall only be allowed to enter in the register the changes in their subscribed capital if they simultaneously enter the changes in the articles of association by means of which they carried out the transfer of nominal amounts of their shares or the subscribed capital to euro in accordance with the provisions of this Act.

(7) The public limited companies shall not pay any court fees for entering the data referring to the alignment of the articles of association as a result of the introduction of the euro in the register.

Article 695

The procedure of the transfer to euro by public limited companies

(1) The general meeting shall decide on the transfer of the subscribed capital and the nominal amounts of shares to euro by simple majority in adopting the resolution of the represented subscribed capital, notwithstanding the second paragraph of Article 329

hereof or the articles of association. The provisions of the second and the third sentence of the first paragraph and the second paragraph of Article 332 hereof shall not apply to

the application and registration of the transfer to euro in the register.

(2) The increase in the subscribed capital from the assets of the public limited company or the reduction of the subscribed capital in the amount required for the nominal amounts of shares to be expressed in the nearest higher or lower whole euro shall be decided upon by general meeting with simple majority in adopting the resolution of the represented subscribed capital, notwithstanding the provision of the first and the second paragraphs of

Article 358, the first paragraph of Article 333 and Article 372 hereof or the articles of association, provide that at least one half of the subscribed capital is represented at the adoption of the resolution on reducing the subscribed capital. The same majority applies to resolution on the appropriate adjustment of authorised capital and allocation of shares with unchanged subscribed capital related to the changing of subscribed capital.

(3) The increase in the subscribed capital from the assets of the public limited company or reduction of the subscribed capital can be carried out by means of increasing or reducing the nominal amount of shares or new allocation of the nominal amounts of shares. The shareholders who fully paid the shares and are not allocated a whole number of shares pertaining to their share or are allocated a smaller number of shares than they held before must also agree to the new allocation of nominal amounts of shares. The provisions of Article 606 of this Act shall apply mutatis mutandis to the consent of shareholders.

(4) For the purpose of calculating the amounts of capital increase from the assets of a public limited company and adopting amendments to the articles of association in relation to the transition to the euro, the shares issued from conditional capital on the balance sheet day of the last business year shall count as being issued after their entry in the register. Shares that have been or are to be issued from the conditional capital shall participate in the change of nominal amounts. For the purpose of increasing the subscribed capital from the assets of a public limited company according to the second paragraph of this article, the capital reserves and statutory reserves and their increases can also be converted into subscribed capital even if they do not exceed one tenth or a higher share of the existing subscribed capital, as determined by the articles of association, notwithstanding the provisions of

the third and the tenth paragraph of Article 64 and the first paragraph of Article 359 of this Act. The amounts obtained from a reduction of the subscribed capital according to the second paragraph of this article shall be disclosed under capital reserves.

(6) The provision of the second sentence of the first paragraph of Article 244 hereof shall not apply for the process of transition to euro.

(7) In the process of transition to euro, the shares shall be replaced with the shares issued in book-entry form. The provisions of this act applying to share certificates or shares issued as written documents shall apply until the alignment of shares with the provisions of Article 182 hereof. Notwithstanding the provision of Article 182 hereof, shares can also be expressed in book-entry form until the day of the introduction of the euro.

Notwithstanding the provisions of the law regulating book-entry securities, the government shall determine the tariff of the Clearing and depository house for the companies not subject to issuing book-entry securities under other regulations on the proposal of the minister responsible for economy and the Securities Market Agency.

(8) The provision of the sixth sentence of the third paragraph of Article 294 hereof shall not apply for public limited companies which shall, at the general meetings held in 2006 for the 2005 business year decide on the use of profit for appropriation and the relief as well as on the adaptation of amounts referred to in Article 171 and the second paragraph of Article 172 hereof to euro and their alignment with this Act. The application of the provisions of Article 58 on publication shall also be adjusted mutatis mutandis.

Article 696

Method of converting the subscribed contributions and the subscribed capital of limited liability companies

(1) As of the day of the introduction of the euro the amount of the subscribed capital of a

limited liability company in tolar shall be converted into euros at the exchange rate. The amount obtained this way shall be divided by 100 and, pursuant to the law regulating the introduction of the euro, rounded to two decimal places. The obtained amount shall then be multiplied by each member's business share expressed as percentage, thus obtaining the members' subscribed contributions in euros. The subscribed capital is the sum of such subscribed contributions calculated pursuant to this method.

(2) Mutual relationships between the rights arising from subscribed contributions and the relationships between their nominal amounts and the subscribed capital, and the relationships between the voting rights in the company shall not change as a result of this conversion of tolar into euros.

(3) Any differences arising from the conversion shall be allocated to capital reserves or shall be covered first from free profit reserves, then from statutory reserves and other earmarked profit reserves and last from capital reserves while any still remaining deficits shall be disclosed as loss brought forward.

Article 697 Conversion of the subscribed contributions and the subscribed capital of limited liability companies

(1) For limited liability companies entered in the register or having submitted the proposal for the entry in the register before the date of the introduction of the euro, the amount of the subscribed capital in force until that date shall apply until the amounts of subscribed contributions and the subscribed capital are aligned with the amounts in force as of the day of the introduction of the euro.

(2) The subscribed contributions of companies referred to in the previous paragraph that have been issued before the day of the introduction of the euro may be expressed in tolar amounts also after the introduction of the euro, as stipulate by Article 692 hereof; however, these amounts must be use in a uniform way, for all subscribed

contributions of
the company.

(3) Before the introduction of the euro, the general meeting of a limited liability company may decide to carry out the transfer of subscribed contributions and the subscribed capital to euro in accordance with the method laid down in the previous article and at the same time authorise the manager to replace the amounts in tolaras with the amounts in euros, contained in the contract of members, on the day of the introduction of the euro

(4) Mutual relationships between the rights arising from subscribed contributions and their relationships with the subscribed capital shall not change as a result of this conversion of tolaras into euros without the consent of the affected shareholders. The provisions of Article 606 of this Act shall apply mutatis mutandis to the consent of members.

(1) If limited liability companies do not carry out the transfer of amounts of the subscribed contributions and the subscribed capital until the day of the introduction of the euro, they shall only be allowed to enter in the register the changes in their subscribed capital if they simultaneously enter the changes in the contract of members by means of which they carried out the transfer of nominal amounts of their subscribed contributions or the subscribed capital to euro in accordance with this Act.

(6) Notwithstanding the provision of the first paragraph of Article 516 hereof, the general meeting of members shall decide on the transfer of subscribed contributions and the subscribed capital to euro with simple majority. The provisions of the second and the third sentence of the fourth paragraph of Article 516 hereof shall not apply to the application and registration of the transfer in the register. If any other measures are adopted together with the resolution on the transfer of subscribed contributions and the

subscribed capital to euro, these shall not be subject to the provisions of transition to euro.

(7) Notwithstanding the provisions of the first paragraph of Article 516 hereof or the contract of members, the general meeting may adopt any amendments to the contract of members by means of which the limited liability company carries out the transition to euro which do not change the existing relations with simple majority of the votes cast by all members.

(8) The provision of the eighth paragraph of Article 695 hereof shall apply mutatis mutandis to the adjustment of amounts referred to in the first and the fourth paragraphs of Article 475 hereof. (9) The limited liability companies shall not pay any court fees for entering the data referring to the alignment of the contract of members as a result of the introduction of the euro in the register.

Article 698

Deadline for the implementation of transition to euro

(1) A company must align its articles of association or the contract of members with the transition to euro in accordance with this Act within two years following the day of the introduction of the euro.

(2) A limited liability company which has not paid the subscribed capital in the amount of 7500 euros on the day of the introduction of the euro, as stipulated by Article 475 hereof, must pay the subscribed capital in the stipulated amount no later than within one year of the introduction of the euro; otherwise, its business shares cannot be transferred, with the exception of inheritance, division of community property of spouses or execution process, and it cannot pay profit to its members.

(3) Investment companies whose nominal amount of shares as at the day of enforcement of this Act is less than 1000 toolars may carry out the transition to euro by means of no-par value shares with pertaining share lower than 1 euro. These investment

companies must adapt the pertaining share of a no-par value share in accordance with the third paragraph of Article 172 hereof by no later than the end of the business year starting in 2011.

Article 699

Other alignments

(2) Companies referred to in the tenth paragraph of Article 54 hereof which participate on a regulated market in the European Communities Member States only with debt securities as determined by the law governing the securities market, shall first compile accounting reports pursuant to international standards of accounting reporting at the latest for the business year beginning in 2007.

(2) Companies referred to in the eleventh paragraph of Article 54 hereof shall first compile accounting reports pursuant to international standards of accounting reporting for the financial year beginning in 2006.

(3) Banks shall first compile accounting reports pursuant to international standards of accounting reporting for the financial year beginning in 2006.

(4) Insurance companies shall first compile accounting reports pursuant to international standards of accounting reporting for the financial year beginning in 2007.

(5) Public limited companies without supervisory boards must align their operations with the provisions of this Act on the bodies of a public limited company within 18 months of the enforcement hereof.

(6) The registration body must deliver to AJPES the relevant documentation and transfer the entire database in the business register within three months of the enforcement hereof.

AJPES shall enter these entrepreneurs in the Business Register of Slovenia.

(7) A member of a supervisory board who is already a member of supervisory boards of more than three companies upon the enforcement hereof shall be allowed to hold the position until the expiry of the term of office.

Article 700

Transitional penal provisions

(1) A fine of between 16,000 and 62,000 euros shall be imposed for an economic

offence

on a company which: failed to carry out the necessary alignment related to the transition to euro in the business

year within the deadline stipulated by the first paragraph of Article 698 hereof, or

- fail to align their operations with the provisions hereof on the bodies of a public limited

company within the deadline stipulated by the sixth paragraph of the previous article.

(2) A fine of between 1000 and 4000 euros shall additionally be imposed on the

responsible person in the company who commits an offence under the previous paragraph.

Article 701

Application of other regulations

(1) As regards the questions related to no-par value shares that are not regulated hereby,

the provisions of regulations on nominal shares shall apply mutatis mutandis until such

regulations are not aligned herewith.

(2) As regards the questions related to the board of directors that are not regulated

hereby, the provisions of regulations on the management board, the supervisory board

and their members shall apply mutatis mutandis until such regulations are not aligned

herewith.

(3) As regards the questions related to executive directors who are not members of the

board of directors that are not regulated hereby, the provisions of regulations on the

management board and its members shall apply mutatis mutandis until such regulations

are not aligned herewith.

Article 702

Application of the provisions on the books of account and the annual report for 2006

(1) Notwithstanding the provisions of Article 708 hereof, Article 73 and the provisions of

Chapter eight of Part I hereof shall enter into force and shall be applied for the keeping of

the books of account and compiling the annual report for the financial year beginning in

2006.

(2) An entrepreneur who wants to establish the tax base in respect to the income from business activities on the basis of the established profit with the consideration of normed costs can, irrespective of the provisions regulating tax procedure, submit the request that their tax base be calculated in consideration of normed costs for the business year 2006 to the Tax Administration of the Republic of Slovenia within 30 days of the enforcement hereof. A potential request filed by an entrepreneur in accordance with the law regulating tax procedure prior to the enforcement hereof shall be deemed to have been filed in due time in accordance with this Act.

Article 703

Worker participation in the one-tier management system

(1) Until the enforcement of the act that will regulate worker participation in the management of companies using one-tier management system, the workers shall participate in the bodies of such companies in accordance with the provisions of this Act.

(2) In accordance with the law regulating worker participation in the management of companies the workers shall appoint, if this is not contrary to the law, to the company's supervisory board:

- a representative selected from among every three members of the board of directors,
- and - notwithstanding the provisions of the third paragraph of Article 297 and the first paragraph of Article 280 hereof a representative of the committees of the board of directors.

(3) If, in accordance with the previous paragraph, a worker representative is appointed to the board of directors and if the public limited company has more than 500 employees, the board of directors can appoint such representative executive director on a proposal of the workers' council and he can, in the scope of the general rights and obligations applicable to all executive directors, perform the tasks of representing and presenting the interests of workers in respect of personnel and social issues in accordance

with the law

regulating worker participation in the management of companies.

(4) Worker representative cannot be president of the board of directors:

(5) The provisions of this article shall not apply to small companies.

Article 704

Deadlines for issuing implementing regulations

(1) The ministers responsible for economy and justice must issue the regulation referred

to in the twelfth paragraph of Article 58 within three months from the entry into force of

this Act.

(2) The minister responsible for economy must issue the regulation(s) referred to in the

Articles 74, 75 and 474 within three months from the entry into force of this Act.

(3) The minister responsible for economy must issue the regulation stipulating the forms

referred to in the Articles 474 and 523 hereof within six months from the entry into force

of this Act.

(4) The Chamber of Notaries shall submit to the ministers responsible for economy and

justice for his consent the regulation referred to in the second paragraph of Article 526 of

this Act) within three months of this Act entering into force. The ministers must make a

decision on consent within one month of the submission.

(5) The ministers responsible for economy justice and finance must issue the regulation

referred to in the seventh paragraph of Article 615 within three months from the entry

into force of this Act.

Article 705

Completion of procedures initiate before the enforcement hereof

Issues in relation to which the procedures were ongoing at the time when this Act entered

into effect or, in relation to which a claim or a legal remedy has been filed at the time of

the entry into effect of this Act, shall be terminated according to the provisions of the

Companies Act (Official Gazette of the Republic of Slovenia no. 15/05 official

consolidate text).

Article 706

(Appointment of members of the expert settlement board)

The ministers responsible for economy, justice and finance must appoint the president

and members of the expert settlement board and their deputies within three months from

the entry into force of this Act. The president and the members of the expert settlement

board appointed before the entry into force of this Act shall perform their tasks until the

appointment of a new president and members.

Article 707

Amendments to other regulations (1) In Point 3 of the first paragraph of Article 41a. of the Companies Register Act

(Official Gazette of the Republic of Slovenia no. 114/05 official consolidated text) the

text "or on the prescribed form" shall be entered at the end of the sentence, before the

comma.

(2) In the Takeover Act (Official Gazette of the Republic of Slovenia nos. 47/97 and

56/99) the fourth paragraph of Article 2 and Articles 67 to 79 shall be deleted.

(3) In Article 1 of the Auditing Act (Official Gazette of the Republic of Slovenia no.

11/01) the text "with the Slovenian Accounting Standards" shall be replaced with the text

"with the accounting standards as stipulate by the act regulating companies".

Article 708

Annulment of regulations

On the day of entry into force of this Act, the Companies Act (Official Gazette of the

Republic of Slovenia nos. 30/93, 29/94, 82/94, 20/98, 84/98, 6/99, 54/99 ZFPPod,

31/00 ZP-L, 36/00, - ZPDZC 45/01, 59/01 corr., 93/02 the Constitutional Court

Decision 57/04 and 139/04) shall be revoked.

(2) As of the effective date of this Act, the following implementing regulations shall

cease to have effect:

- Rules on method and procedure of entry and management of data on entrepreneurs in

Business Register of Slovenia (Official Gazette of the Republic of Slovenia no. 62/05),

- Rules on the method of submitting annual reports by companies and self-

employed

persons, on the method of publishing annual reports and the method of notification of registration court on the publishing of annual reports (Official Gazette of the Republic of Slovenia no. 42/05),

- Rules on verification and keeping of the book of orders by a single-person company

with limited liability (Official Gazette of the Republic of Slovenia, no. 96/01); and

- Order on criteria determining remuneration to the members of Mediation Committee of

Experts (Official Gazette of the Republic of Slovenia, no. 10/02).

(3) Until new regulations are issued the implementing regulations referred to in the

previous paragraph shall apply, if not contrary thereto.

Article 709

Entry into force

This Act shall enter into force on the fifteenth day after its publication in the Official

Gazette of the Republic of Slovenia.

No. 001-03/92-1/69

Ljubljana, 4 April 2006

EPA 479-IV

President

of the National Assembly
of the Republic of Slovenia

France Cukjati, MD



全球法律法规
Global Laws & Regulations

Global Laws & Regulations