

POSLOVNI SISTEM MERCATOR, d.d.

ARTICLES OF ASSOCIATION

OF

POSLOVNI SISTEM MERCATOR, d.d.

On the basis of the Companies Act (Official Gazette of the RS Nos. 30/93, 29/94 and 82/94) the General Meeting of the company POSLOVNI SISTEM MERCATOR, d.d., on the 30 May 1995 (the thirtieth of May one thousand nine hundred and ninety-five) adopted the Articles of Association of the joint-stock company Poslovni sistem Mercator, d.d., while at the 1st (first) General Meeting of Poslovni sistem Mercator, d.d. upon entry of the company ownership transformation in the Court Register on 23 November 1995 (the twenty-third of November one thousand nine hundred and ninety-five), at the 2nd (second) meeting on 19 December 1996 (the nineteenth of December one thousand nine hundred and ninety-six), at the 3rd (third) meeting on 20 June 1997 (the twentieth of June one thousand nine hundred and ninety-seven), at the 4th (fourth) meeting on 17 November 1998 (the seventeenth of November one thousand nine hundred and ninety-eight), at the 8th (eighth) meeting on 31 May 2002 (the 31st of May two thousand and two), at the 13th (thirteenth) meeting on 27 June 2007 (the twenty-seventh of June two thousand and seven) and at the 16th meeting held on July 13th 2010 (the thirteenth of July two thousand and ten) its amendments and supplements were adopted, and thus the final text is worded as follows:

ARTICLES OF ASSOCIATION
OF THE JOINT-STOCK COMPANY
POSLOVNI SISTEM MERCATOR, D.D.

I. GENERAL PROVISIONS

Article 1 (one)

These Articles of Association define:

- general provisions,
- name and residence resp. name and seat of founders,
- name and seat of the company,
- representation,
- company activity,
- share capital amount, share number,
- company bodies,
- restraint of trade,
- measures for increase and decrease of share capital,
- possible ways of balance profit use
- relations in the group,

- company dissolution,
- business secret,
- rules and other company acts,
- informing of shareholders,
- transitional and final provisions.

Article 2 (two)

Based on the Law on Enterprises (Official Gazette of the SFRY Nos. 77/88, 40/89) the former members of SOZD MERCATOR-KIT, n.sub.o. on managing bodies in the period from 5 (the fifth) and 27 December 1989 (the twenty-seventh of December one thousand nine hundred and eighty-nine) concluded the Contract on foundation of Poslovni sistem Mercator, d.d., Ljubljana as a composite form of enterprise integration.

By the end of 1992 (one thousand nine hundred and ninety-two) the unpayable transfers of the members' social capital to the holding enterprise were registered which thus became a majority owner of members. In this way the actual group has been formed concentrating social capital among its sources of assets.

The Programme of ownership transformation of Poslovni sistem Mercator, d.d., Ljubljana was adopted by the General Meeting of Poslovni sistem Mercator, d.d., Ljubljana on the 19 (nineteenth) May and 9 September 1994 (the ninth of September one thousand nine hundred and ninety-four); according to this Programme 40 (fourty) % of social capital is designated to three funds and 60 (sixty) % to public sale of shares. On the 28 September 1994 (the twenty-eighth of September one thousand nine hundred and ninety-four) it was approved by the Agency of the Republic of Slovenia for Reconstructing and Privatization. The public sale of shares of Poslovni sistem Mercator, d.d., Ljubljana was carried out in the period from 20 (the twentieth) October to 18 November 1994 (the eighteenth of November one thousand nine hundred and ninety-four).

Article 3 (three)

The Companies Act is used directly unless otherwise determined by these Articles of Association.

Article 4 (four)

Poslovni sistem Mercator, d.d. is a business company organized as a joint-stock company performing a gainful activity and appearing on the market with the objective of profit making.

The company is a legal entity registered in the court register and has all authorizations in legal transactions.

The company is responsible for its liabilities with its total property, whereas shareholders bear no responsibility for the liabilities of the company.

The company has been founded for an indefinite period.

Article 5 (five)

Poslovni sistem Mercator is an actual group in which the company Poslovni sistem Mercator d.d. is a controlling company. The companies of the group are those companies in which the controlling company owns directly or indirectly the majority share or the majority of voting rights, and which are under its actual unified management.

The group Poslovni sistem Mercator has been founded with the aim of:

- profit increase in each group company and the group as a whole,
- common balanced development of all companies,
- the best and the greatest possible supply of consumer goods and services in Slovenia,
- greater competitiveness, efficiency and successfulness,
- guidance of goods flows,
- coordinated appearance on home and foreign markets in purchase and sale,
- financing of current operating and development with joint means,
- security, joint liquidity and the best possible yield in money transactions.

Poslovni sistem Mercator, d.d. as a holding company of the group directs and coordinates goods and market flows in the group, consolidates financial resources of members for securing current financial operations and investments and coordinates the development of members, develops mutual business connections and establishes their organizational and technological progress.

When speaking about company or group bodies, the same bodies are meant.

II. NAME AND SEAT OF FOUNDER

Article 6 (six)

In the sense of the company transformation according to the Company Law, the company founders are as follows:

- Development Fund of the Republic of Slovenia, Ljubljana, Kotnikova 28 (twenty-eight),
- Old-Age Pension and Disablement Insurance Capital Fund, Ljubljana, Mala ulica 5 (five),
- Slovenian Compensation Fund, Ljubljana, Dunajska 22 (twenty-two),
- 14 (fourteen) agricultural cooperatives as per the list and the company MERCATOR-ROŽNIK, d.d., Ljubljana,
- natural persons as per the list.

III. NAME AND SEAT OF THE COMPANY

Article 7 (seven)

Name of the company: POSLOVNI SISTEM MERCATOR, d.d. (hereinafter: company).

Shortened name of the company: MERCATOR, d.d.

A constituent part of the company is a collective logo MERCATOR representing a common exterior sign of affiliation to the group.

The collective logo "M" comprises a mark resp. symbol made up of an abstract symbol of stylized letter "M" and a logo Mercator in Folio Extra Bold type font. The obligatory colours in colour execution are: symbol - red (pantone 1935), logo - grey (pantone 425).

The use of the collective logo MERCATOR by members and in legal transactions is determined by rules adopted by the Management Board.

The full or the shortened name and seat of the company is used on company stamps.

Article 8 (eight)

The seat of the company is in Ljubljana.

IV. REPRESENTATION

Article 9 (nine)

The Management Board acts for and represents the company against third persons unlimitedly.

Article 10 (ten)

Upon previous consent of the Supervisory Board, the Management Board can grant a power of attorney to one or more persons.

V. COMPANY ACTIVITY

Article 11 (eleven)

Company activities include the following:

- 01.110 Growing of cereals (except rice), leguminous crops and oil seeds
- 01.120 Growing of rice
- 01.130 Growing of vegetables and melons, roots and tubers
- 01.140 Growing of sugar cane
- 01.150 Growing of tobacco
- 01.160 Growing of fiber crops
- 01.190 Growing of other non-perennial crops
- 01.210 Growing of grapes
- 01.220 Growing of tropical and subtropical fruits
- 01.230 Growing of citrus fruits
- 01.240 Growing of pome fruits and stone fruits
- 01.250 Growing of other tree and bush fruits and nuts
- 01.260 Growing of oleaginous fruits
- 01.270 Growing of beverage crops
- 01.280 Growing of spices, aromatic, drug and pharmaceutical crops
- 01.290 Growing of other perennial crops
- 01.300 Plant propagation
- 01.610 Support activities for crop production

01.620	Support activities for animal production, excluding veterinary
01.630	Post-harvest crop activities
01.640	Seed processing for propagation
02.100	Silviculture and other forestry activities
02.200	Logging
02.300	Gathering of wild growing non-wood products
02.400	Support services to forestry
10.130	Production of meat and poultry meat products
10.310	Processing and preserving of potatoes
10.320	Manufacture of fruit and vegetable juice
10.390	Processing and preserving of fruit and vegetables not elsewhere classified
10.410	Manufacture of oils and fats
10.520	Manufacture of ice cream
10.710	Manufacture of bread; manufacture of fresh pastry goods and cakes
10.720	Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes
10.730	Manufacture of macaroni, noodles, couscous and similar farinaceous products
10.850	Manufacture of prepared meals and dishes
10.890	Manufacture of other food products not elsewhere classified
11.010	Distilling, rectifying and blending of spirits
11.020	Manufacture of wine from grape
13.300	Finishing of textiles
14.130	Manufacture of other outerwear
16.100	Sawmilling and planing of wood
16.220	Manufacture of assembled parquet floors
16.230	Manufacture of other builders' carpentry and joinery
17.230	Manufacture of paper stationery
18.120	Printing not elsewhere classified
18.140	Binding and related services
23.200	Manufacture of refractory products
23.410	Manufacture of ceramic household and ornamental articles
23.420	Manufacture of ceramic sanitary fixtures
23.430	Manufacture of ceramic insulators and insulating fittings
23.440	Manufacture of other technical ceramic products
23.490	Manufacture of other ceramic products not elsewhere classified
25.120	Manufacture of doors and windows of metal
25.620	Machining
25.930	Manufacture of wire products, chain and springs
25.940	Manufacture of fasteners and screw machine products
33.120	Repair of machinery
41.100	Development of building projects
41.200	Construction of residential and non-residential buildings
42.110	Construction of roads and motorways

- 42.120 Construction of railways and underground railways
- 42.130 Construction of bridges and tunnels
- 42.210 Construction of utility projects for fluids
- 42.220 Construction of utility projects for electricity and telecommunications
- 42.910 Construction of water projects
- 42.990 Construction of other civil engineering projects not elsewhere classified
- 43.110 Demolition
- 43.120 Site preparation
- 43.130 Test drilling and boring
- 43.210 Electrical installation
- 43.220 Plumbing, heat and air conditioning installation
- 43.290 Other construction installation
- 43.310 Plastering
- 43.320 Joinery installation
- 43.330 Floor and wall covering
- 43.341 Glazing
- 43.342 Painting
- 43.390 Other building completion and finishing
- 43.910 Roofing activities
- 43.990 Other specialized construction activities not elsewhere classified
- 45.110 Sale of cars and light motor vehicles
- 45.190 Sale of other motor vehicles
- 45.200 Maintenance and repair of motor vehicles
- 45.310 Wholesale trade of motor vehicle parts and accessories
- 45.320 Retail trade of motor vehicle parts and accessories
- 45.400 Sale, maintenance and repair of motorcycles and related parts and accessories
- 46.110 Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods
- 46.120 Agents involved in the sale of fuels, ores, metals and industrial chemicals
- 46.130 Agents involved in the sale of timber and building materials
- 46.140 Agents involved in the sale of machinery, industrial equipment, ships and aircraft
- 46.150 Agents involved in the sale of furniture, household goods, hardware and ironmongery
- 46.160 Agents involved in the sale of textiles, clothing, fur, footwear and leather goods
- 46.170 Agents involved in the sale of food, beverages and tobacco
- 46.180 Agents specialized in the sale of other particular products not elsewhere classified
- 46.190 Agents involved in the sale of a variety of goods
- 46.210 Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
- 46.220 Wholesale of flowers and plants
- 46.230 Wholesale of live animals

46.240	Wholesale of hides, skins and leather
46.310	Wholesale of fruit and vegetables
46.320	Wholesale of meat and meat products
46.330	Wholesale of dairy products, eggs and edible oils and fats
46.340	Wholesale of beverages
46.350	Wholesale of tobacco products
46.360	Wholesale of sugar and chocolate and sugar confectionery
46.370	Wholesale of coffee, tea, cocoa and spices
46.380	Wholesale of other food, including fish, crustaceans and molluscs
46.390	Non-specialized wholesale of food, beverages and tobacco
46.410	Wholesale of textiles
46.420	Wholesale of clothing and footwear
46.430	Wholesale of electrical household appliances
46.440	Wholesale of china and glassware and cleaning materials
46.450	Wholesale of perfume and cosmetics
46.460	Wholesale of pharmaceutical goods
46.470	Wholesale of furniture, carpets and lighting equipment
46.480	Wholesale of watches and jewellery
46.490	Wholesale of other household goods
46.510	Wholesale of computers, computer peripheral equipment and software
46.520	Wholesale of electronic and telecommunications equipment and parts
46.610	Wholesale of agricultural machinery, equipment and supplies
46.620	Wholesale of machine tools
46.630	Wholesale of mining, construction and civil engineering machinery
46.640	Wholesale of machinery for the textile industry and of sewing and knitting machines
46.650	Wholesale of office furniture
46.660	Wholesale of other office machinery and equipment
46.690	Wholesale of other machinery and equipment
46.710	Wholesale of solid, liquid and gaseous fuels and related products
46.720	Wholesale of metals and metal ores
46.730	Wholesale of wood, construction materials and sanitary equipment
46.740	Wholesale of hardware, plumbing and heating equipment and supplies
46.750	Wholesale of chemical products
46.760	Wholesale of other intermediate products not elsewhere classified
46.770	Wholesale of waste and scrap
46.900	Non-specialized wholesale trade
47.110	Retail sale in non-specialized stores with food, beverages or tobacco predominating
47.190	Other retail sale in non-specialized stores
47.210	Retail sale of fruit and vegetables in specialized stores
47.220	Retail sale of meat and meat products in specialized stores
47.230	Retail sale of fish, crustaceans and molluscs in specialized stores

47.240	Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialized stores
47.250	Retail sale of beverages in specialized stores
47.260	Retail sale of tobacco products in specialized stores
47.290	Other retail sale of food in specialized stores
47.301	Retail sale of own motor fuels
47.302	Agents involved in the retail of motor fuels
47.410	Retail sale of computers, peripheral units and software in specialized stores
47.420	Retail sale of telecommunications equipment in specialized stores
47.430	Retail sale of audio and video equipment in specialized stores
47.510	Retail sale of textiles in specialized stores
47.520	Retail sale of hardware, paints and glass in specialized stores
47.530	Retail sale of carpets, rugs, wall, and floor coverings in specialized stores
47.540	Retail sale of electrical household appliances in specialized stores
47.590	Retail sale of furniture, lighting equipment and other household articles not elsewhere classified in specialized stores
47.610	Retail sale of books in specialized stores
47.621	Retail sale of newspapers and magazines in specialized stores
47.622	Retail sale of paper and stationery in specialized stores
47.630	Retail sale of music and video recordings in specialized stores
47.640	Retail sale of sporting equipment in specialized stores
47.650	Retail sale of games and toys in specialized stores
47.710	Retail sale of clothing in specialized stores
47.720	Retail sale of footwear and leather goods in specialized stores
47.730	Dispensing chemist in specialized stores
47.740	Retail sale of medical and orthopaedic goods in specialized stores
47.750	Retail sale of cosmetic and toilet articles in specialized stores
47.761	Retail sale of flowers, plants, seeds, fertilizers, pet animals and pet food in specialized stores
47.762	Retail sale of gardening equipment and pets in specialized stores
47.770	Retail sale of watches and jewellery in specialized stores
47.781	Retail sale of eyeglasses in specialized stores
47.782	Retail sale of artistic products in specialized stores
47.789	Other retail sale of new goods in specialized stores
47.790	Retail sale of second-hand goods in stores
47.810	Retail sale via stalls and markets of food, beverages and tobacco products
47.820	Retail sale via stalls and markets of textiles, clothing and footwear
47.890	Retail sale via stalls and markets of other goods
47.910	Retail sale via mail order houses or via Internet
47.990	Other retail sale not in stores, stalls or markets
49.310	Urban and suburban passenger land transport
49.320	Taxi operation
49.391	Intercity and other road passenger transport
49.392	Cable car operation

49.410	Freight transport by road
49.420	Removal services
52.100	Warehousing and storage
52.210	Service activities incidental to land transportation
52.220	Service activities incidental to water transportation
52.230	Service activities incidental to air transportation
52.240	Cargo handling
52.290	Shipping and Other transportation support activities
53.200	Other postal and courier activities
55.100	Hotels and similar accommodation
55.201	Children and other holiday homes
55.202	Tourist farm houses with lodging
55.203	Letting of private tourist rooms
55.204	Mountain refuges and youth hostels
55.209	Other short-stay accommodation
55.300	Camping grounds, recreational vehicle parks and trailer parks
55.900	Student and other accommodation
56.101	Restaurants and inns
56.102	Snack bars and similar
56.103	Sweetshops and coffee-houses
56.104	Provisory food-serving stands
56.105	Tourist farm houses without lodging
56.210	Event catering activities
56.290	Other food service activities
56.300	Beverage serving activities
58.110	Book publishing
58.120	Publishing of directories and mailing lists
58.130	Publishing of newspapers
58.140	Publishing of journals and periodicals
58.190	Other publishing activities
58.210	Publishing of computer games
58.290	Other software publishing
59.200	Sound recording and music publishing activities
60.100	Radio broadcasting
60.200	Television programming and broadcasting activities
62.010	Computer programming activities
62.020	Computer consultancy activities
62.030	Computer facilities management activities
62.090	Other information technology and computer service activities
63.110	Data processing, hosting and related activities
63.120	Web portals
63.990	Other information service activities not elsewhere classified
64.190	Other monetary intermediation
64.200	Activities of holding companies

64.300	Trusts, funds and similar financial entities
64.910	Financial leasing
64.920	Other credit granting
64.990	Other financial service activities, except insurance and pension funding not elsewhere classified
66.110	Administration of financial markets
66.120	Security and commodity contracts brokerage
66.190	Other activities auxiliary to financial services, except insurance and pension funding
66.300	Fund management activities
68.100	Buying and selling of own real estate
68.200	Renting and operating of own or leased real estate
69.101	Legal representation
69.103	Other legal activities
69.200	Accounting, bookkeeping and auditing activities; tax consultancy
70.100	Activities of head offices
70.210	Public relation and communication activities
70.220	Business and other management consultancy activities
71.111	Architectural planning
71.112	Landscape architecture, urban and other planning
71.121	Geo-engineering and related activities
71.129	Other engineering activities and related technical consultancy
71.200	Technical testing and analysis
72.110	Research and experimental development on biotechnology
72.190	Other research and experimental development on natural sciences and engineering
72.200	Research and experimental development on social sciences and humanities
73.110	Advertising agencies
73.120	Media representation
73.200	Market research and public opinion polling
74.100	Specialized design activities
74.200	Photographic activities
74.300	Translation and interpretation activities
74.900	Other professional, scientific and technical activities not elsewhere classified
77.110	Renting and leasing of cars and light motor vehicles
77.120	Renting and leasing of trucks
77.210	Renting and leasing of recreational and sports goods
77.220	Renting of video tapes and disks
77.290	Renting and leasing of other personal and household goods
77.310	Renting and leasing of agricultural machinery and equipment
77.320	Renting and leasing of construction and civil engineering machinery and equipment

77.330	Renting and leasing of office machinery and equipment (including computers)
77.340	Renting and leasing of water transport equipment
77.350	Renting and leasing of air transport equipment
77.390	Renting and leasing of other machinery, equipment and tangible goods not elsewhere classified
77.400	Leasing of intellectual property and similar products, except copyrighted works
78.100	Activities of employment placement agencies
78.200	Temporary employment agency activities
78.300	Other human resources provision
79.110	Travel agency activities
79.120	Tour operator activities
79.900	Other reservation service and related activities
80.100	Private security activities
80.200	Security systems service activities
80.300	Investigation activities
81.210	General cleaning of buildings
81.220	Other building and industrial cleaning activities
81.290	Other cleaning activities
81.300	Landscape service activities
82.110	Combined office administrative service activities
82.190	Photocopying, document preparation and other specialized office support activities
82.200	Activities of call centers
82.300	Organization of conventions and trade shows
82.910	Activities of collection agencies and credit bureaus
82.920	Packaging activities
82.990	Other business support service activities not elsewhere classified
85.320	Technical and vocational secondary education
85.510	Sports and recreation education
85.520	Cultural education
85.590	Other education not elsewhere classified
85.600	Educational support activities
90.010	Performing arts
90.020	Support activities to performing arts
93.110	Operation of sports facilities
93.120	Activities of sport clubs
93.190	Other sports activities
93.299	Other amusement and recreation activities not elsewhere classified
95.110	Repair of computers and peripheral equipment
95.120	Repair of communication equipment
95.210	Repair of consumer electronics
95.220	Repair of household appliances and home and garden equipment

95.230	Repair of footwear and leather goods
95.250	Repair of watches, clocks and jewelry
95.290	Repair of other personal and household goods
96.010	Washing and (dry-) cleaning of textile and fur products

VI. SHARE CAPITAL

Article 12 (twelve)

The share capital of the company amounts to EUR 157,128,514.53 (one hundred and fifty-seven million one hundred and twenty-eight thousand five hundred and fourteen euros 53/100) and is divided into 3.765.361 (three million seven hundred and sixty-five three hundred and sixty-one) ordinary registered no-par value shares.

According to the regulations the shares are expressed in book-entry form and represent the shares of the same class within the meaning of the Companies Act (ZGD-1). All shares have been fully paid.

Article 13 (thirteen)

As at 1 January 1993 (the first of January one thousand nine hundred and ninety-three) the share capital of the company was divided in shares of the following marks:

1,377,575 (one million three hundred and seventy-seven thousand five hundred and seventy-five) ordinary shares marked A, serial numbers from 0,000,001 (one) to 1,377,575 (one million three hundred and seventy-seven thousand five hundred and seventy-five) of the total nominal value SIT 13,775,750,000 (thirteen billion seven hundred and seventy-five million seven hundred and fifty thousand tolar) representing 39.68 (thirty-nine point sixty-eight)% of the total share capital;

2,094,265 (two million ninety-four thousand two hundred and sixty-five) ordinary shares marked G, serial numbers from 1,377,576 (one million three hundred and seventy-seven thousand five hundred and seventy-six) to 3,471,840 (three million four hundred and seventy-one thousand eight hundred and forty) of the total nominal value SIT 20,942,650,000 (twenty billion nine hundred and forty-two million six hundred and fifty thousand) representing 60.32 (sixty point thirty-two) % of the total share capital.

The shareholder is not allowed to transfer the shares marked A until 5 December 1995 (the fifth of December one thousand nine hundred and ninety-five) to any foreign legal or natural person or domestic legal person predominantly owned by a foreign legal or natural person without the Agency consent.

After this date the share marks A and G will be eliminated.

Article 14 (fourteen)

Ordinary shares:

- grant proportional right to management and dividend,
- are registered,
- are transferable,
- are issued in book-entry form,
- in case of the company bankruptcy or liquidation grant the right to the payment of a proportional share from bankrupt's resp. liquidation assets.

Article 15 (fifteen)

The transfer of registered shares will be performed validly by the transfer entry in shareholder's register based on the document of payment resp. transfer or decree on succession, unless otherwise determined by a legal or executive order.

VII. COMPANY BODIES

a) GENERAL MEETING

Article 16 (sixteen)

The Shareholders Assembly consists of the shareholders who assert their rights in the company affairs at the Assembly.

The Assembly may be attended and voted at only by those shareholders who register their attendance no later than at the end of the fourth day before the Shareholders Assembly, and who are entered as shareholders in the central register of dematerialized securities as at the end of the fourth day before the Assembly.

At the Assembly, the shareholders may also assert their rights arising from their shareholding via proxy. Power of attorney / authorization to the proxy shall be submitted to the company in writing and such documents shall remain in the custody of the company.

The shareholders may also appoint a proxy to represent them at the Assembly by electronic means. An authorization form for asserting the voting right via proxy is available at the company website. The authorization / power of attorney may be submitted to the company by electronic mail to the address specified in the relevant Convocation of the Shareholders Assembly, scanned into an image file and attached to the e-mail message. Such document shall include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the stamp of the person, if applicable. The

company has the right to check the identity of the shareholder or, the proxy conferring the power of attorney by e-mail, as well the authenticity of the signature.

The shareholders may also employ the method described in the previous paragraph to submit to the company any requests for additional items on the agenda and resolution proposals to the items on the agenda, including voting proposals. The company has the right to check the identity of the shareholder or, the proxy conferring the power of attorney by e-mail, as well the authenticity of the signature."

Article 17 (seventeen)

The General Meeting decides on:

1. In relation to the Management Board:
 - it can express a no confidence vote to the president and (or) member(s) of the Management Board;
 - decides on granting discharge to the Management Board or to an individual Member of the Management Board;
 - exceptionally it can decide on business management issues, if required by the Management Board,
2. In relation to the Supervisory Board:
 - it elects and discharges members of the Supervisory Board representing the interests of shareholders;
 - it decides on assigning a discharge paper to the Supervisory Board or to an individual member of the Management Board;
 - decides on the amount of attendance fees or other compensations and rewards for the services of Supervisory Board members;
3. In relation to the annual report and performance:
 - it decides on the adoption of the annual report if the Supervisory Board has not approved the annual report or in case that Management Board and the Supervisory Board have ceded the decision on annual report adoption to the General Meeting.
 - it decides on profit distribution according to the proposal of Management Board and the Supervisory Board;
4. In relation to the Articles of Association:
 - it decides on amendments to the Articles of Association.
5. In relation to the share capital and shares:
 - it decides on measures for capital increase and decrease, which are not within the competence of the Management Board and of the Supervisory Board according to these Articles of Association.

6. In relation to the status changes:
 - it decides on company dissolution and status changes (merger, affiliation, splitting, change of company form).
7. In relation to operations auditing:
 - it decides on auditor appointment.
8. On other matters according to the law and these Articles of Association.

For the adoption of decision the majority of shareholders' votes cast (simple majority) is necessary, with the exception of decisions referring to the change of Articles of Association, share capital, status changes, exclusion of priority right at new share emission, expressing of no confidence vote to the Management Board, discharge and question of business management, and in other matters determined by the law or the Articles of Association when a three-quarter or a larger majority (qualified majority) is necessary for the adoption of a decision.

Article 18 (eighteen)

The Shareholders Assembly shall be convened in all cases provided by law or the Articles of Association, or when such convocation is deemed to benefit the company.

The Shareholders Assembly shall, as a rule, be convened by the Management Board; alternatively, it may be convened by the Supervisory Board.

The Shareholders Assembly shall be convened when this is requested from the Management Board by shareholders whose combined shares amount to one twentieth of the total share capital. In such case, the request for convocation shall be submitted complete with agenda, resolution proposal for each proposed item on the agenda on which the Shareholders Assembly should vote, or an explanation of the agenda item if no resolution is adopted with regard to a particular agenda item; all proposals should be submitted in writing. If the Shareholders Assembly is not convened no later than in two months from the receipt of the request, the shareholders who filed the request may request from the relevant court to authorize them to convene the Shareholders Assembly.

Article 19 (nineteen)

Convocation of the Shareholders Assembly, including the contents stipulated by the relevant regulations and legislation, shall be publicly announced at least 30 days before the day of the Shareholders Assembly in the Delo daily paper, on the company's website, and in other way when required by relevant regulations or legislation."

Article 20 (twenty)

As a rule the General Meeting holds a session in the company seat, but it can also be held at any other place determined by the convener.

The General Meeting is conducted by the president elected by shareholders among them upon the proposal of the convener.

Article 21 (twenty-one)

At the Assembly, a list of all shareholders present or represented, and their representatives, shall be compiled. The list shall include first and last name, residence, and the number of shares for each of the attendants.

The list shall be compiled based on the submitted attendance applications or powers of attorney, and based on the statement of record from the central register of dematerialized securities.

The list, signed by the Management Board President, shall be made available for viewing to the attendants before the vote; or, the attendants shall be allowed to view the list on an electronic medium.

Article 22 (twenty-two)

The General Meeting decisions are effective if shareholders with voting rights representing at least fifteen percent of the represented share capital are present (the first summons).

In the summons it is determined when the repeated meeting will take place if at the first summons the quorum is not reached. At the repeated session the General Meeting decisions are effective notwithstanding the amount of the represented share capital (the second summons).

b) MANAGEMENT

Article 23 (twenty-three)

The company is directed by the Management Board for the benefit of the company, independently and on its own responsibility.

The Management Board is constituted of the president and members. Upon proposal of the president of the Management Board, their number, sphere of work and authorizations are determined by the Supervisory Board of the company with the Management Act.

The Management Board President and each member of the Management Board individually and unlimitedly represent the company.

Article 24 (twenty-four)

A member of the Management Board can be a person who, besides legal conditions, fulfils the conditions determined by the Supervisory Board of the company.

Article 25 (twenty-five)

The Management Board adopts decisions as a rule unanimously, otherwise by ordinary majority of all the members where each member owns one vote. In case of equal vote number, the vote of the president is decisive.

Article 26 (twenty-six)

In capacity of an advisory body the Management Board summons a conference of directors of all group companies with intention to obtain their opinions on all important questions of business, development and current policy it is preparing and to determine the way of decisions realization.

Article 27 (twenty-seven)

The president and the member of the Management Board are nominated by the Supervisory Board, the latter on proposal of the president of the Management Board for the 5-year period with the possibility of unlimited repeated nomination.

The repeated nomination must not be performed earlier than one year prior to the term expiry.

The Supervisory Board may dismiss a particular member or the president of the Management Board in case a major violation of his obligations is established, or that he is not capable of business management, or else, he is dismissed if General Meeting expresses a no confidence vote , except in case when no confidence vote has been expressed without founded reasons, or if other economic and business reasons are involved (major changes in shareholders' structure, reorganization, new product introduction, larger activity change ,etc.).

The President, or a member of the Management Board, is not entitled to any compensation in the first three cases form the above paragraphs of this article, in case of dismissal for economic or business reasons; however, he is entitled to the compensation determined by the Agreement on managing function execution.

Article 28 (twenty-eight)

The Management Board of the company:

1. In the field of management:
 - it determines a three-year development strategy and the annual plan of the company;
 - it manages the company.
2. In acting for and representing:
 - it acts for and represents the company and is responsible for the legality of the work;
3. Competences and responsibilities in relation to the General Meeting:
 - it realizes decisions adopted by the General Meeting and prepares measures on its request;
 - it summons the General Meeting;
 - in agenda announcement, together with the Supervisory Board, it gives proposals of decisions for each agenda point upon which the General Meeting should decide (except in members of the Supervisory Board votes and in appointment of an auditor);
 - at the General Meeting it informs the shareholders on company matters which are the subject of the agenda;
 - it enforces the nullity of a General Meeting decision.
4. Competences and responsibilities in relation to the Supervisory Board:
 - it reports to the Supervisory Board on planned business policy, profitability of the company, operating, turnover, financial situation, on business operations which can significantly influence the profitability and solvency and on all other questions concerning the operations of the company and its associated companies;
 - it presents to the Supervisory Board the annual report drawn up within two months after the end of a business year;
 - it can demand that the president summons the Supervisory Board session.
5. In relation to the performance
 - it prepares the proposal on the balance profit utilization;
 - it can pay out interim dividend which must not exceed a 50 percent amount remaining from the foreseen profit after creation of reserves and not more than 50 percent profit from the previous year; payment must be granted by the Supervisory Board;
6. In relation to the announcement of data and notifications of the company:
 - it decides which data are important for shareholders and must, therefore, be published;
 - it cares for announcement of all the necessary data in the company magazine and of those important for the public.

7. It presents to the court all the necessary data for entry in the court register.
8. In relation to share capital and shares:
 - it can increase the share capital according to these Articles of Association
9. In relation to group companies;
 - it nominates representatives of the Poslovni sistem Mercator, d.d. for the sessions of group companies General Meetings;
 - it gives instructions to representatives of the Poslovni sistem Mercator, d.d. in bodies of group companies;
 - in group companies where Poslovni sistem Mercator d.d. is the only shareholder or partner it performs the founder's function;
 - it defines criteria for concluding contracts, salary levels and other earnings for members of the Boards of Management of group companies.
10. It performs other tasks in accordance with the law and these Articles of Association.

Article 29 (twenty-nine)

The amount of profit belonging to each member of the company's Management Board is determined by the Supervisory Board on the basis of the General Meeting's decision.

Article 30 (thirty)

A member of the Management Board must act in managing business with the concern of a conscientious and honest economist, must protect business secret of the company and Poslovni sistem Mercator, d.d., respect the clause on loyalty and restraint of trade.

c) SUPERVISORY BOARD

Article 31 (thirty- one)

The company has a Supervisory Board consisting of up to 12 (twelve) members. One half of the Members representing shareholders' interests is elected by the General Meeting.

A number of members of the Supervisory Board is determined by the General Meeting by the Supervisory Board Election Act.

A member of the Supervisory Board, who represents workers, acts in the interest of all workers within competences of the Supervisory Board in accordance with the special law and these Articles of Association.

Article 32 (thirty- two)

Members of the Supervisory Board are elected for a four-year period and can be re-elected.

The Management Board must immediately announce each replacement of members of the Supervisory Board and enter the change in the register.

Article 33 (thirty- three)

The president of the Supervisory Board and his deputy are appointed by members of the Supervisory Board among members representing shareholders' interests. The deputy has authorities of the president if the president is restrained.

The president of the Supervisory Board performs primarily the following tasks:

- he conducts and summons sessions of the Supervisory Board,
- he signs minutes of the sessions of the Supervisory Board,
- he represents the company against members of the Management Board meaning he signs contracts with members of the Management Board.

Article 34 (thirty- four)

The Supervisory Board adopts its resolutions in sessions in the form of decisions, but it can also function directly while supervising and controlling documentation.

The Minutes must be kept on work of the Supervisory Board.

The Supervisory Board can nominate one or more commissions with intention to prepare proposals of decisions and to care for their realization. A commission cannot decide on questions which are within the Supervisory Board competence.

The Supervisory Board can authorize experts resp. officers who are also invited to the session for analysing professional questions.

Article 35 (thirty- five)

The General Meeting can discharge members of the Supervisory Board elected by the General Meeting, before the expiry of the term:

- on their own request,
- if they are no more capable of performing their functions,
- if they perform their functions in a careless and harmful way,
- for other reasons which are important for the company business.

For a decision on discharge at least three-quarter majority of cast votes is necessary.

Article 36 (thirty- six)

The Supervisory Board has especially the following competences:

1. In relation to the Management Board:
 - it supervises the company business and adopts reports of the Management Board;
 - it supervises and controls the books and documents of the company
 - it gives consent to decisions of the Management Board when requested by the law and these Articles of Association;
 - it gives consent to the three-year development strategy and to the annual plan of the company;
 - it can at any time request from the Management Board a report on any question connected to the company business which has an important influence on company position;
 - it appoints, discharges resp. dismisses the president and members of the Management Board ;
 - it determines earnings of members of the Management Board of the company;
 - it gives consent to members of the Management Board for performing gainful activity in the field of company operation and grants loans to members of the Management Board and procurators;
2. In relation to the General Meeting:
 - it can summon a General Meeting;
 - it submits to the General Meeting the report on the results of annual report audit and, together with the Management Board, the proposal for balance profit utilization; - it creates opinion to the report of the Management Board on relations with group companies and submits it to the General Meeting;
 - it prepares together with the Management Board (and alone for elections of members of the Supervisory Board and auditor) a proposal for decisions in the agenda announcement for each agenda point, upon which the General Meeting should decide.
3. In connection to the annual report:
 - it approves the annual report and prepares the report on the audit of the annual report.
4. In connection to the relations between the Supervisory Board and the company:
 - it approves contracts between a member of the Supervisory Board and the company
5. In connection with the Articles of Association of the company:
 - it conforms their wording to the valid decisions of the General Meeting.

The Supervisory Board further decides on all other matters according to the law, these Articles of Association and general acts of the company.

Article 37 (thirty- seven)

As a rule, a session of the Supervisory Board is convened by the president of the Supervisory Board at his judgment, but he must convene it immediately on the initiative of a member of the Supervisory Board or the Management Board. A session must take place in two weeks after the summons.

If the president does not accept the initiative, a member or the Management Board themselves can convene the Supervisory Board and propose the agenda.

As a rule, the Supervisory Board must be convened at least once quarterly, while it must be convened obligatorily once in a half- year.

The sessions of the Supervisory Board are attended by the members of the Supervisory Board, the Management Board and the invited experts and referees.

Article 38 (thirty- seven)

The Supervisory Board has a quorum if at least a half of members is present at deciding.

The adoption of decisions of the Supervisory Board in writing, by phone, by cable or by similar technical means is admissible only with agreement of all the members of the Supervisory Board.

For the validity of decision of the Supervisory Board, the majority of cast votes is necessary. In the event of equality of votes, the vote of the president shall be decisive.

A member of the Supervisory Board does not participate in deciding on matters which concern him, but this is not valid for the elections of the president of the Supervisory Board and his deputy.

Article 39 (thirty- nine)

Supervisory Board members may be compensated or rewarded for their services; such compensation and rewards shall be voted on by the Shareholders Assembly. Payment should be appropriate given the tasks and duties of the Supervisory Board Members and given the company's financial position. Members of any Supervisory Board committees shall be compensated with one half of the monthly amount received by the Supervisory Board members, as well as attendance fee and the right to claim remuneration of costs in the same amount that applies for the work of the Supervisory Board."

Article 40 (forty)

Members of the Management Board must act in managing business with concern of conscientious and honest economist and must protect business secret of the company.

The provisions of these Articles of Association on protection of business secret and on restraint of trade for the Management Board are analogously used also for members of the Supervisory Board.

VIII. RESTRAINT OF TRADE

Article 41 (forty-one)

Members of the Management Board and members of the Supervisory Board as well as procurators are not allowed to participate as partners of the unlimited liability company, as general partners in limited partnership, partners and managers of the limited liability company, as members of the Management Board and the Supervisory Board and the procurators, and also not as workers in any other company or as an entrepreneur with the activity which is or could be in competitive relation to the activity of Poslovni sistem Mercator, d.d.

Only the Supervisory Board of Poslovni sistem Mercator, d.d., can define conditions on which the persons from the paragraph one hereof are allowed to participate in a competitive company.

Article 42 (forty-two)

Without the consent of the Supervisory Board, members of the Management Board are not allowed to carry out any gainful activity in the field of the company activity, and are also not allowed to conclude deals for their own or third-party account which would have negative influence on the interests of the company resp. Poslovni sistem Mercator, d.d.

IX. MEASURES FOR INCREASE OF SHARE CAPITAL

a) Increase of share capital by stakes

Article 43 (forty-three)

The increase of share capital by stakes can only be performed by the issue of new shares. The increase of share capital is decided by the General Meeting with three-quarters of votes at decision making of represented share capital.

The share capital cannot be increased as long as the former stakes are not fully paid, unless only an insignificant part remained unpaid. The share capital can be increased also by actual investments.

In case the share subscriber gets in arrears with the payment of money contributions, he is obliged to pay default interest which is 10 percentage points higher than the legal ones.

Article 44 (forty-four)

The former shareholders have, in proportion to their shares in share capital, a preferential right to subscription of new shares. A term for realization of this right is at least 14 days.

The Management Board must announce the issue amount of new shares and the term from the above paragraph.

A preferential right can be fully or partially excluded only by decision on increase of share capital. In this case, besides legal requirements, the three-quarter majority is necessary for decision at decision making of represented share capital.

Article 45 (forty-five)

The Management Board and the president of the Supervisory Board must file the decision on increase of share capital for entry in the register.

The increase of share capital enters into force as of the date of entry in the register.

New shares must not be issued prior to the entry of decision on increase of share capital in the register.

b) Conditional increase of share capital

Article 46 (forty-six)

The General Meeting can adopt the decision on conditional increase of share capital only for:

1. exercising the right of holders of convertible bonds for shares or realization of the preferential right to the purchase of new shares,
2. preparation of merger of several companies, or in order to ensure compensation for dismissal to shareholders in connection with company's status change, when the compensation for dismissal can according to the law stipulations be ensured in shares;
3. exercising the company workers' rights to the receipt of new shares from profit and to ensure the optional entitlement of purchasing the shares provided by the company to the members of Management Board, Supervisory Board and to the employees of the company and of the associated companies.

The nominal amount of conditionally increased share capital must not exceed one half of capital existing at the moment of decision making.

Provisions of these Articles of Association on pre-emptive right to the purchase of new shares shall apply mutatis mutandis also to convertible bonds. A pre-emptive right is exercised by a written statement, issued in duplicate, pursuant to the law.

Article 47 (forty-seven)

For validity of the decision on conditional increase of share capital the majority of at least three quarters of the represented share capital is necessary at decision making.

In the General Meeting decision on conditional increase of capital it must be precisely determined for which intention the share capital is being conditionally increased, who are the beneficiaries of conditional increase of share capital and the issue amount or the scales for calculation of this amount.

Shares can be issued only after the entry of decision on conditional increase of share capital in the court register.

By share issue the share capital is increased.

c) Authorized capital

Article 48 (forty-eight)

In the scope of the amendments and supplements to the Articles of Association of Poslovni sistem Mercator d.d. and upon previous consent of the Supervisory Board, the Management Board is authorised to increase the share capital up to 20% of share capital, subscribed on the date the decision was adopted, within five years after the entry of the amended Articles of Association, adopted at the thirteenth (13th) regular General Meeting, into the register, by issuing new shares; it can also exclude the pre-emptive right to subscribe new shares under the following conditions:

- the newly issued shares are used for acquiring shares or interests in other companies or assets in the framework of strategic alliances;
- the exclusion of the pre-emptive right is approved by the Supervisory Board of the company;
- before issuing new shares, the Management Board informs the shareholders of the reasons for issuing new shares and the reasons for excluding the pre-emptive right, which are published through the stock exchange system;
- in the framework of the implementation of individual strategic alliances, the acquirer of the newly issued shares or the group of acquirers of the newly issued shares does not acquire more than 10 (ten) percent of the company's share capital;

- an independent financial advisor issues a positive opinion on the fairness of the issue of new shares from the point of view of the shareholders and the company, and Management Board informs the shareholders of it by publishing it through the stock exchange system within 30 (thirty) days of concluding a binding agreement on the issue of new shares.

d) Increase of share capital from the company assets

Article 49 (forty-nine)

The General Meeting can decide for the share capital to be increased by transformation of other items of its own capital into the share capital.

The decision from the paragraph one hereof is adopted in the same way as the decision on increase of share capital with investments.

The decision on increase can be passed after approval of the annual report for the last business year.

Article 50 (fifty)

Unless otherwise determined in the decision on increase, new shares participate in profit of complete business year in which the decision on increase of share capital has been passed.

Article 51 (fifty-one)

The items of its own capital which are transformed into share capital must be stated in the last balance sheet or in the interim balance sheet.

The transformation of other own capital items into the share capital is not permitted in case that the balance of sheet representing the basis for transformation states net loss transfer or net loss for a separate year.

Article 52 (fifty-two)

As of the date of registration of the decision on increase of capital from the company assets the new shares are considered to be fully paid and can actually be issued.

After the entry of the decision on increase of share capital in the register, the Management Board is obliged to announce immediately the invitation to shareholders to take over their new shares.

The invitation must contain all the data and the warning as determined by the law.

X. MEASURES FOR DECREASE OF SHARE CAPITAL

Article 53 (fifty-three)

The share capital can be decreased:

- by combining the shares, if the minimum issue amount of the shares after the decrease in share capital fails to reach the lowest corresponding value (market value) allowed.
- by withdrawing the shares.

For validity of the decision on decrease of share capital the majority of at least three quarters of the represented share capital is necessary at decision making.

In the decision it shall be determined why the share capital is decreased and the way of share capital decrease.

With the entry of the decision on share capital decrease in the register, the share capital is decreased. The decision shall be announced.

XI. UTILIZATION OF BALANCE PROFIT

Article 54 (fifty-four)

A business year of the company is a calendar year.

In drawing up the annual report the Management Board should propose the utilization of balance profit. The balance profit can be used for:

- payment to shareholders,
- formation of other reserves from the profit,
- payment to the members of Management Board.

The General Meeting can bring a resolution on balance profit utilization, determining that balance profit will not be distributed to shareholders, but transferred into the next period as the transferred profit, so that the entire or part of the balance profit remains undistributed.

Shareholders' shares in profit are determined in proportion to corresponding amounts of shares.

XII. RELATIONS IN THE GROUP

Article 55 (fifty-five)

Relations in the group mean the actual dependence of group companies on the controlling company. The latter under unified management controls the affiliated companies.

A group company is autonomous in organizing its business and other functions and is independent in entering marketing business relations following its business interests within the obligatory instructions for the unified management.

Article 56 (fifty-six)

Decisions of the General Meeting, the Supervisory Board and the Group Management Board, are considered as obligatory instructions for unified management, unless it is explicitly determined in an individual decision that they are not binding.

Article 57 (fifty-seven)

Group companies are organized and managed on the basis of obligatory instructions determined by the group bodies according to the law.

Article 58 (fifty-eight)

Poslovni sistem Mercator, d.d. as the controlling company of the group must not exercise its influence to induce a group company to carry out a legal business harmful to itself, or to do or to waive something to its disadvantage, unless the controlling company should compensate the damage.

If the company carries out a legal business harmful to itself, or does or waives something to its disadvantage, the Management Board of the group company must evaluate the detrimental effect of its action and the height of the loss at the latest in 30 days from the conclusion of business resp. services or waiver of a legal act according to instruction of the group, and present a report in writing to the Management Board and the Supervisory Board of the group. If within this period the Management Board of the group company evaluates the detrimental effect of its action, but cannot estimate the loss, it is obliged to do it at the latest within one year from the conclusion of business resp. service or waiver of a legal act, otherwise it cannot claim the loss compensation.

The Management Board and the Supervisory Board must state the findings in 3 months, and at the latest in the annual report, and if the loss occurred, how it will be compensated.

Loss compensation must be settled already during the year and at the latest until the end of the business year in which the group company presented in writing to the group the

height of the loss, whereas the group must secure the priority for this compensation and its source.

If the group does not compensate the loss until the end of the business year, a group company holds a compensation claim against the group. Besides the group company also the shareholders and the company creditors hold a compensation claim, regardless of the loss they have suffered through the company detriment.

Article 59 (fifty-nine)

Beside the annual report, the Group Management Board must prepare the report on relations in the group in the sense of this paragraph for the previous business year.

Article 60 (sixty)

All the goods, rights and benefits deriving from their membership in the group are accessible to group companies on equal conditions.

Article 61 (sixty-one)

Group companies, in accordance with the corporate graphic image, design their name by putting the word MERCATOR in the first place followed by the company name. All parts of the company name must be equal as regards the design and size of letters, and there is a - (dash) between the parts.

The Management Board can exceptionally determine that an individual group company does not design its company name as defined in the above paragraph hereof.

XIII. COMPANY DISSOLUTION

Article 62 (sixty-two)

A company is dissolved for reasons and according to procedure determined by the law.

XIV. BUSINESS SECRET

Article 63 (sixty-three)

On proposal of the Management Board the Supervisory Board of the company, with written decision, determines:

- which company data are considered as business secret,
- the circle of persons who must protect the company business secret,
- by whom and how the confidential data are preserved,

- deciding on time and the way how the confidential data are communicated to other persons,
- the responsibility of persons who are obliged to protect the confidential data.

XV. RULES AND OTHER COMPANY ACTS

Article 64 (sixty-four)

Besides the Articles of Association, the company acts are as follows:

- collective contract,
- the rules
- rules of procedure,
- organization guidelines.
- working instructions
- other general acts.

These acts can be company acts or group acts in the sense of Article 56 (fifty-six) of the Articles of Association.

XVI. INFORMING OF SHAREHOLDERS

Article 65

The company informs shareholders on all matters important for realization of their rights and liabilities in the daily newspaper Delo and in electronic form.

XVII. TRANSITIONAL AND FINAL PROVISIONS

Article 66

As of the date of implementation of these Articles of Association the Agreement on foundation of Poslovni sistem Mercator, d.d., Ljubljana as of 27 December 1989 (the twenty-seventh of December one thousand nine hundred and eighty-nine) with amendments and supplements as of 23 May 1990 (the twenty-third of May one thousand nine hundred and ninety), 4 October 1991 (the fourth of October one thousand nine hundred and ninety-one), 28 February 1992 (the twenty-eighth of February one thousand nine hundred and ninety-two) and 25 February 1993 (the twenty-fifth of February one thousand nine hundred and ninety-three), and Articles of Association of Poslovni sistem Mercator, d.d., Ljubljana as of 6 February 1990 (the sixth of February one thousand nine hundred and ninety) with amendments and supplements as of 23 May 1990 (the twenty-

third of May one thousand nine hundred and ninety), 4 October 1991(the fourth of October one thousand nine hundred and ninety-one), 28 February 1992 (the twenty-eighth of February one thousand nine hundred and ninety-two) and 25 February 1993 (the twenty-fifth of February one thousand nine hundred and ninety-three) cease to be valid.

Article 67

As of the date of entry in the court register the company takes over all assets, rights and liabilities of the hitherto company named Poslovni sistem Mercator, d.d., Ljubljana with seat in Ljubljana, Dunajska 107 (one hundred and seven, registered in the court register under the registration entry No. 1/2785/00 (one slash two thousand seven hundred and eighty-five slash zero zero) as of 29 December 1989(the twenty-ninth of December one thousand nine hundred and eighty-nine).