

Pursuant the Trading Company Act, Article 277, Para 2 and 3 and the Statutes of KONČAR – ELECTRICAL INDUSTRY Inc., Zagreb, Fallerovo šetalište 22, Article 33, and on the basis of the Managing Board Decision of 31<sup>st</sup> March, 2016 on the convening of the AGM, we hereby announce convening of and invitation to the

## **ANNUAL GENERAL MEETING OF KONČAR – ELECTRICAL INDUSTRY Inc.**

To be held at the premises of KONČAR – ELECTRICAL INDUSTRY Inc., Fallerovo šetalište 22, Zagreb, Room 407-8, on the day of 31<sup>st</sup> May, 2016, beginning at 12:00 p.m. with the following

Agenda:

1. Opening of the Annual General Meeting and verification of present shareholders
2. Managing Board 2015 Annual Report on the position of the Company and dependent Companies
3. 2015 Financial Reports and 2015 KONČAR – ELECTRICAL INDUSTRY Inc. Consolidated Financial Report including the Auditor Report as determined by the Managing and the Supervisory Boards of the Company
4. Supervisory Board Report on supervision of management of business operations of the Company in 2015
5. Decision on payment of dividends
6. Decision on relieve of Managing and Supervisory Board members from duty
  - a) Decision on relive of Managing Board members from duty for the year 2015
  - b) Decision on relive of Supervisory Board members from duty for the year 2015
7. Decision on the remuneration for activities performed in the Supervisory Board
8. Decision on appointment of the Auditor for the year of 2016
9. Decision on amendments of the Statutes
10. Decision on a donation for the renewal of the water tower in the town of Vukovar

### **General Annual Meeting Draft Decisions:**

The Managing and the Supervisory Boards commonly propose to the Annual General Meeting to pass the decisions expressed under items 5, 6, 7 and 9, while the Supervisory Board proposes passing of the decisions expressed under item 8.

The Annual General Meeting does not pass the decisions expressed under Items 2, 3 and 4, but it takes the notice of them.

#### **Ad.2.**

The AGM takes the notice of the Managing Board 2015 Annual Report on the position of the Company and the dependent Companies.

#### **Ad.3.**

The AGM takes the notice of the information on 2015 KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and 2015 KONČAR GROUP Consolidated Financial Reports as determined by the Managing and the Supervisory Boards including Auditor Reports on the performed audit of financial reports.

In 2015 the Company generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total revenues	- in the amount of:	193.271
- Total expenditures	- in the amount of:	130.837
- Profit before taxation	- in the amount of:	62.434
- Income tax	- in the amount of:	0
- Net profits	- in the amount of:	62.434
- Total assets of the Company:		1.626.367
- Capital, reserves and unallocated profits:		1.572.405

In 2015 the Končar Group generated the following amounts expressed in thousands of Croatian kunas (HRK):

- Total consolidated revenues	- in the amount:	3.296.461
- Total consolidated expenditures	- in the amount:	3.126.906
- Profit before taxation	- in the amount:	169.555
- Income tax	- in the amount:	18.234
- Profits after taxation	- in the amount:	151.321
- Total assets:		3.650.038
- Capital, reserves and unallocated profits:		2.321.496

#### **Ad.4.**

The AGM takes the notice of the Supervisory Board Report on supervision of management of business operations of the Company in 2015.

#### **Ad. 5.**

Decision on payment of dividends

1. Available / retained profits generated in the business year of 2015 in the amount of HRK 30.795.096,00 are allocated for payment of dividends amounting to HRK 12,00 per share

2.

Dividends shall be paid to every shareholder that is registered in the Depository of the Central Clearing Depository Association (SKDD) as a holder of rights arising from the share on the date that falls 15 (fifteen) days after holding of the AGM. That is the date of acquisition of the right to payment of dividends.

3.

The payment of any dividend shall be executed not later than 15 (fifteen) days from the date of acquisition of the claim to pay the dividend.

Explanation:

KONČAR – ELECTRICAL INDUSTRY Inc. Managing and Supervisory Boards determined the Company 2015 Financial Reports on 31<sup>st</sup> March, 2016.

Net profits of the Company KONČAR – ELECTRICAL INDUSTRY Inc. generated in the business year of 2015 amounts to HRK 62.434.471,15. Profits in the amount of HRK 62.434.471,15 are allocated to:

- Legal reserves (5%)	- in the amount of	HRK 3.121.723,56
- other reserves	- in the amount of	HRK 28.517.651,59
Total		HRK 31.639.375,15

The Managing and Supervisory Boards propose to KONČAR – ELECTRICAL INDUSTRY Inc. Annual General Meeting to pay the dividend from the retained profits generated during the business year of 2015 in the amount of HRK 30.795.096,00 to the Company shareholders for dividend. The stated amount represents a dividend of HRK 12,00 per share

(the total number of shares 2.572.119 decreased by own shares 5.861 pieces = 2.566.258 shares; 30.795.096,00 ,00 HRK: 2.566.258 shares= 12,00 HRK per share)

**Ad.6.**

a)

The Company Managing Board members are relieved of duty to manage business operations of the Company in 2015.

b)

The Company Supervisory Board members are relieved of duty to supervise managing of business operations of the Company in 2015.

**Ad.7.**

The Company Supervisory Board members shall receive one-off remuneration for the achieved 2015 business result in the amount of 1/10 of the amount of remuneration of each Company Managing Board member, while the Supervisory Board Chairman and Deputy Chairman shall receive one-off remuneration in the amount of 1/10 of the remuneration of the Managing Board Chairman. The paid amounts shall be net amounts and the Company shall pay associated taxes, local taxes and contributions.

**Ad.8.**

Companies PricewaterhouseCoopers Ltd. from Zagreb, Kneza Ljudevita Posavskog Street No 31/VI and Reconsult Ltd. from Zagreb, Hrvatskih Velikana Square No 4/1 are commonly appointed auditors for KONČAR – ELECTRICAL INDUSTRY Inc. Financial Reports and the KONČAR Group Consolidated Financial Reports for the year of 2016

**Ad.9.**

Decision on Amendments of the Statutes

Article 1

Para 1 of Article 34 is amended and it now reads as follows:

“The official organ of the Company is the Commercial Court web site comprising the Court Register of Companies”;

And Para 2 of the same Article that now reads:

A new Para 2 is added and it now reads as follows:

“The Annual General Meeting is convened with an invitation is published at the web site comprising the Court Register of Companies”.

The existing Para 2,3,4,5,6 become Para 3,4,5,6,7.

Article 2

All the other Articles of the Statutes remain unchanged.

Article 3

Amendments of the Statutes come into force on the date of their registration into the Court Register of the Commercial Court of Zagreb.

Article 4

The Managing Board of the Company is in charge to apply for registration of the amendments to the Commercial Court of Zagreb.

**Ad.10.**

Decision on a donation for the renewal of the water tower in the town of Vukovar

## Article 1

On the basis of the proposal of the Managing and Supervisory Board, KONČAR - ELECTRICAL INDUSTRY Inc. shall donate a lump sum amount of HRK 1.500.000,00.

## Article 2

The town of Vukovar has initialled the project "Vukovar water tower – a symbol of Croatian unity" under the sponsorship of the President of the Republic of Croatia.

## Article 3

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

**Conditions for participation in the Annual General Meeting and usage of the right to vote:**

Every shareholder registered in the Depository of the Central Clearing Depository Association (Središnje klirinško depozitarno društvo - SKDD) shall have right to participate at the Annual General Meeting and use his/her right to vote personally or to be represented by his/her legal representative or proxy, if the shareholder announce his/her intent to participate at the AGM to the Company in written form to the address of the Company with the note "Announcement of participation at the AGM" not later than six (6) days prior to holding of the AGM (24/05/2016). Shareholders or their proxies who do not announce participation shall not have an opportunity to participate in the Annual General Meeting

Every shareholder can be represented by a proxy, a natural or a legal person, on the basis of a validly written power of attorney. Each power of attorney shall comprise the personal data of the shareholder who gives the power of attorney, the number of shares or votes he/she possesses, the power of attorney to the proxy to participate in the Annual General Meeting and to vote and the date of the power of attorney and the time of its validity. Every power of attorney given by a natural person shall be signed in front of a public notary or in the Company premises in front of the person authorised by the Company Managing Board.

Every power of attorney can be submitted by post or personally in the headquarters of the Company, Shareholders Office every working day by the beginning of the Annual General Meeting or immediately during identification at the AGM. A power of attorney sample is available at the Company web site [www.koncar.hr](http://www.koncar.hr).

Shareholders in the possession of shares in the amount of 5 % of the share capital can send their proposals of any subject to be listed in the Annual General Meeting Agenda to the Managing Board for publication. Any application for listing of a subject on the AGM Agenda shall be received at least 30 days prior to holding of the Annual General Meeting and shareholders shall give an explanation and a draft decision.

Shareholders and their proxies can have an insight into materials representing basic documents for passing of decisions whose drafts are published, in the headquarters of the Company, in the Shareholders Office every working day, except Saturdays, from 10:00 a.m. to 14:00 p.m. from the date of publishing of this Invitation in the Official Journal and at the Company web site.

All data bound to holding of the Annual General Meeting are published at the Company web site.

In case the Annual General Meeting cannot be held on the day of 31<sup>st</sup> May, 2016 due to the lack of quorum defined by the Statutes, the Annual General Meeting will be held at the same place, on the day of 1<sup>st</sup> June, 2016 beginning at 12:00

Managing Board  
KONČAR – ELECTRICAL INDUSTRY Inc.