



Pursuant to Article 12 para 4, 5 and 6 of the Law on companies ("Official Gazette of RS", no. 36/2011), Articles 20 and 21 of the Articles of Association of "GALENIKA-FITOFARMACIJA" a.d. and Decision on amendments and modifications of the Rules of Procedure of Shareholders Assembly, the Shareholders Assembly of "GALENIKA - FITOFARMACIJA" a.d. adopted on its session held on 26/06/2014, the General Manager of "GALENIKA - FITOFARMACIJA" a.d, sets forth the following

**THE RULES OF PROCEDURE
OF SHAREHOLDERS ASSEMBLY
OF "GALENIKA-FITOFARMACIJA" a.d.**

I GENERAL PROVISIONS

Article 1

These Rules of procedure more closely determine the manner of work and decision-making of the Company's Shareholders' General Meeting (hereinafter referred to as: the General Meeting) in accordance with the Company's Articles of Association and the Law.

Article 2

These Rules of procedure apply to the Company's shareholders and their proxies who participate in the work of the General Meeting, as well as to all other persons attending the session.

Article 3

The General Meeting performs the duties from its competence on its sessions, scheduled and held by it in accordance with the provisions of these Rules of procedure, the Company's Articles of Association and the Law.

The General Meeting sessions may be ordinary or extraordinary.

Article 4

The participants in the General Meeting are the Company's shareholders, owners of voting shares entitled to participate in the General Meeting's work, or their proxies in accordance with the provisions of the Company's Articles of Association and these Rules of procedure.

The members of the Board of Directors and the Company Secretary have a right and duty to participate in the General Meeting's work.

Other persons may also attend the General Meeting if invited by the Board of Directors.

II CONVOCAATION OF THE SESSION

Convoker of the General Meeting

Article 5



The General Meeting is convoked by the Board of Directors, with its own resolution.

The resolution on convocation of the General Meeting session determines venue and time of holding the session, shareholders' day, agenda, and appoints the members of the Voting Committee.

The General Meeting may also be convoked by the Company's shareholders, in accordance with the Law.

The General Meeting may decide on and discuss only the points of the agenda.

Right to Propose the Amendment to the Agenda

Article 6

One or more shareholders who/which possess at least 5% of voting shares may propose to the Board of Directors additional points for the session's agenda, on which they propose a discussion, as well as additional points on which they propose the resolution to be passed by the General Meeting, on the condition that they explain such proposal, or submit the text of the resolution proposed by them.

The proposal from the paragraph 1 of this Article is given in writing, stating the data on the submitters of the request, and it may be sent to the Company 20 days prior to the date of holding an ordinary session of the General Meeting, or 10 days prior to the date of holding of the General Meeting's extraordinary session, at the latest.

The Company shall post the proposal from the paragraph 2 of this Article on its web page within the following working day from the day of receiving the proposal at the latest.

If the Board of Directors accepts the proposal from the paragraph 1 of this Article, the Company shall post the new agenda on its web page without delay.

Invitation and Materials for the General Meeting

Article 7

The invitation to the shareholders for the General Meeting session is sent 30 days prior to the day of holding of the ordinary annual session of the General Meeting, and 21 day prior to the day of holding of an extraordinary session, at the latest.

The invitation for the session contains especially:

1. date of sending the invitation;
2. time and venue of holding the session;
3. proposal of the session's agenda, with clear indication of the points of agenda for which it is proposed to the General Meeting to pass the resolution on, and indication of class and total number of shares voting on that resolution, and majority necessary for passing such resolution;
4. notification of the shareholders' day and explanation that only the shareholders who /which are the Company's shareholders on that day are entitled to participate in the General Meeting's work;



5. instruction on the shareholders' rights related to their participation in the General Meeting's work and clear and precise notification of the rules for their exercising, in accordance with the Articles of Association and these Internal Rules.

The Company posts on its internet page detailed information regarding the manner of use of the shareholders' rights, regarding the shareholders' rights to propose the agenda and the rights to ask questions, with the indication of the terms within which these rights can be used, description of the procedure for voting by proxy, description of the procedure for voting in absence, including the forms for such voting.

Article 8

The invitation for the session is sent by its posting on the Company's web page, on the web page of the registry of commercial entities and on the web page of the regulated market.

The invitation remains posted until the day of holding of the session at least.

Along with the invitation for the session, the Company posts on its web page a total number of shares and voting rights on the day of posting the invitation, including the number of shares of each class with the right to vote on the points of the session's agenda.

The materials for the General Meeting session are posted simultaneously with posting the invitation on the Company's web page, so that the shareholders can download them in whole.

III CHAIRING THE SESSION AND CONSIDERING THE GENERAL MEETING'S AGENDA

President of the General Meeting

Article 9

The General Meeting session is chaired by the President of the General Meeting, elected by the General Meeting at the proposal of the Board of Directors or of the convoker of the General Meeting, with plain majority of votes of the attending shareholders with voting right.

The President of the General Meeting opens the General Meeting session and manages its work, in accordance with these Rules of procedure and the Company's Articles of Association.

Minute Keeper

Article 10

The Company Secretary performs the duty of minute keeper for the session.

In case of absence of the secretary from the General Meeting session, the President of the General Meeting appoints a minute keeper among the present persons.

Voting Committee

Article 11

The composition and appointment of the Voting Committee is determined by the resolution on the convocation of the General Meeting session, among the Company employees.

Voting Committee:



- 1) in the period until the day of holding the General Meeting session:
 1. establishes a list of the shareholders with a right to participate in work of the session, based on the excerpt from the Central Registry on the shareholders' day;
 2. gathers and determines validity of timely submitted: applications for participation, authorizations and instructions on voting, filled-in forms for voting in absence;
 3. determines a number of arrived votes in absence, by every point of the agenda;
 4. establishes a list of the shareholders with excluded voting right by some points of the agenda;

 5. establishes a list of the persons who will participate in work of the session.
- 2) on the day of holding the session, prior to its beginning:
 1. confirms the identity of the shareholders, their proxies and persons invited to attend the session;
 2. ensures that the session is attended only by the participants who applied in timely manner or by the invited persons;
 3. determines the number of votes of each present shareholder and proxy;
 4. determines a total number of votes for each point of the agenda;
 5. determines a total number of votes, as well as existence of the quorum for the General Meeting's work;
- 3) during the General Meeting session:
 1. counts the votes;
 2. determines and announces the results of voting;
 3. registers the changes in attendance to the session which are significant for voting, of which it informs the President of the General Meeting.
- 4) after the General Meeting session:
 1. submits the ballot papers, if the voting at the session took place through them, to the Company archives for safekeeping, and
 2. composes a written report on its work signed by all the members of the Committee;
 3. performs all other actions related to the procedure of voting of the shareholders at the General Meeting in accordance with the Articles of Association and these Internal Rules.

The Voting Committee must act impartially and conscientiously towards all the shareholders and proxies and submit the signed written report on its work.

List of Shareholders and Determining Their Identities

Article 12

The list of the shareholders entitled to participate in work of the session is established by the Company based on the excerpt from the unified records of shareholders of the Central Registry.

The identity of a shareholder is determined by the Voting Committee by taking insight in the shareholder's or the legal representative's identity document with photo (identity card or passport).

The identity of a shareholder's proxy is determined by the Committee by taking insight in the original authorization to the name of that person, signed by a shareholder or by a legal representative and in the identity document with the photo of the proxy.



Quorum

Article 13

The quorum for the General Meeting session is made of plain majority of total number of votes of the voting share class by the subject matter.

Based on the Committee Report, the President of the General Meeting determines the quorum for the General Meeting session prior to the beginning of work of the General Meeting, and then he/she opens the session.

Majority for Decision-Making

Article 14

The General Meeting passes resolutions by plain majority of votes of the attending shareholders with voting rights on certain matter, except for the matters for which a different majority of votes is determined by the Articles of Association.

At determining the number of votes of the attending shareholders for the needs of determining the majority for decision-making, the votes of the shareholders who/which have voted in writing are also taken into consideration.

Article 15

The President of the General Meeting is authorized to determine only the existence of the necessary majority for passing certain resolution if none of the attending shareholders opposes to that.

Even if as many as one shareholder opposes to the manner of determining the necessary majority from the paragraph 1 of this Article, the President of the General Meeting must determine a total number of shares of the shareholders who/which have participated in voting, the percentage of basic capital represented by these shares, a total number of "Yes" and "No" votes on this resolution as well as the number of votes of the shareholders who abstained from voting, for each resolution put on voting by the shareholders.

COURSE OF THE SESSION

Article 16

At the beginning of the session, the president of the Board of Directors proposes a president of the General Meeting, among the attending shareholders and proxies.

The President of the General Meeting is elected by plain majority of the present votes.

The procedure of election of the President of the General Meeting is conducted by the Voting Committee.

Article 17

Prior to passing to the work of the General Meeting, the President of the General Meeting invites the Voting Committee to submit to the General Meeting the report on the activities



performed prior to the session, in order for the existence of the quorum for holding the session to be determined.

After determining the existence of the conditions for holding the session, the President of the General Meeting opens the session and announces the agenda based on the established agenda from the invitation for the General Meeting session.

The agenda cannot be changed in the course of duration of the session.

Discussion on the Points in the Session's Agenda

Article 18

The procedure on each point of the agenda consists of considering the matters in the agenda and deciding on these matters.

The President of the General Meeting will first request from the proposer of a point of the agenda to answer the questions regarding the subject-matter point of the agenda, asked in writing by the shareholders.

The proposer of the point of the agenda has a right and duty to submit a brief report on or an explanation of his/her proposal.

Upon the proposer's setting out, the President of the General Meeting opens the discussion.

The discussion on certain point of the agenda lasts until the list of the participants who applied for discussion is exhausted.

Article 19

The attending persons cannot participate in the discussion until they are given floor to by the President of the General Meeting. The floor is given to by order of applying.

Outside the order of applying, the President may give floor to the person who is among the proposers of the resolution for giving additional explanations related to the matter discussed.

The participant in the General Meeting who is given floor to must abide by the subject-matter of discussion and may speak only on the matter in the agenda of the General Meeting session.

The setting out of the participant in the General Meeting should be short and clear and should contain the proposals for solving the matter discussed, unless his/her setting out is of informational nature.

By rule, the setting out may last 10 minutes at the longest.

If the participant in the General Meeting digresses from the matter in the session's agenda, or his/her setting out is too prolix, the President shall remind him/her to abide by the determined agenda, or to keep its setting out shorter.

Article 20

The President of the General Meeting must ensure that the participant in the General Meeting does not get disturbed by anyone in his/her setting out.



Article 21

If the participant in the General Meeting underestimates or insults the other participants through his/her setting out, and undermines the normal work of the General Meeting, the President shall admonish him/her.

If the admonished participant continues to undermine the General Meeting's work by his/her setting out, the President shall take the floor from him/her, or pronounce him/her a measure of leaving the General Meeting session.

Article 22

At the proposal of the President of the General Meeting or of another participant, the General Meeting may decide on interrupting the discussion on certain matter, to return the proposal to the proposer for its re-examination or submission of additional data or facts to the General Meeting.

The matter from the paragraph 1 of this Article is considered, by rule, at the next session of the General Meeting which comes first.

Article 23

If the documents or data considered the Company's trade secret are discussed, or the information regarding the Company's operations, whose giving or passing to third party would cause a significant damage to the Company, are given at the General Meeting session, the President of the General Meeting shall warn the attending persons to keep the facts discovered in relation to it as a secret.

The participants in the General Meeting are obligated to act by the warning from the paragraph 1 of this Article.

Article 24

The considering and discussing of an individual point of the General Meeting session's agenda lasts until all the participants in the session who applied for it finish their setting out.

The General Meeting, at the proposal of the President or of another participant in the session, may decide to conclude the considering of certain point of the agenda even before all the participants who applied for it finish their setting out.

The considering of an individual point of the agenda from the paragraph 1 of this Article shall be concluded when the matter discussed becomes sufficiently clarified, so that an adequate resolution can be made on it.

When he/she determines that there are no participants left who applied for discussion by certain point of the agenda of the General Meeting session, the President concludes the discussion on that point and puts the proposal to voting.

A Right to Ask Questions and Receive Answers

Article 25

The shareholder with the right of participation in work of the General Meeting is entitled to ask the directors the questions regarding the points of the session's agenda, as well as other



questions related to the Company, only to the extent to which the answers to these questions are necessary for proper estimate of the matters related to the points of the session's agenda.

The director must provide the shareholder with the answer to the asked question from the paragraph 1 of this Article during the session.

With the exception from the paragraph 2 of this Article, the President of the General Meeting may withhold the response if:

1. it could be reasonably concluded that the response could inflict the damage to the Company or to the associated person;
2. it is about a business secret and protection of the Company's business interests;
3. the response would represent a criminal offence;
4. the corresponding information is available on the Company's web page in form of question and answer within seven days prior to the day of holding the session at the latest.

The director may give one answer to several questions with the same content.

In case that the director withholds the answer to the shareholder, that fact and the reason for withholding the answer shall be entered into the minutes from the session.

VOTING AT THE GENERAL MEETING SESSION

Article 26

Upon the finished considering and discussing of each individual point of the session's agenda, the General Meeting proceeds to voting for making a decision.

At the General Meeting session, the shareholder may vote personally or by a proxy, in the manner determined by these Rules of procedure.

Voting in Absence

Article 27

The shareholders natural persons may vote in writing without attending the session, with personal signature on the voting form, with submission of the copy of their identity card.

The shareholders legal persons may vote in writing without attending the session, with personal signature of the legal representative on the voting form, with submission of the copy of their legal representative's identity card.

The prescribed form for voting in writing is posted by the Company on its web page.

The shareholders must submit the filled-in voting form with the corresponding enclosure to the Company within three working days prior to the day of holding the session at the latest.

If the shareholder fails to submit a filled-in voting form along with the enclosure within the term from the paragraph 4 of this Article, it shall be deemed that he/she does not participate in work of the General Meeting.

The shareholder who has voted in absence is deemed present at the session at deciding on the points of the agenda on which he/she has voted.



Voting by a Proxy

Article 28

The shareholder may vote at the General Meeting by a proxy.

The authorization for voting is given in writing and contains especially:

1. name, or commercial name of the shareholder, with all the data in accordance with the Law;
2. name of the proxy, with all the data in accordance with the Law;
3. number, type and class of shares for which the authorization is issued

If the natural person gives an authorization for voting, it should be authenticated in accordance with the Law regulating the signature authentication.

If the proxy is a legal person, it exercises the voting right through its legal representative or another person authorized for it, who can solely be a member of that legal person's organs or its employee.

If proxy is issued electronically, it must be signed by a qualified electronic signature in accordance with the law governing electronic signatures.

The authorization for voting is not transferrable.

Article 29

The prescribed Company's form for giving the authorization, is available on the Company's web page. Use of the written form is mandatory.

A notice of a General Meeting session sent to shareholders, contains detail instructions for the way of delivering a voting proxy.

The shareholder or proxy is obligated to submit the copy of the authorization to the Company within three working days prior to the day of holding the session at the latest.

If the shareholder or proxy fails to submit the copy of the authorization for voting within the term from the paragraph 3 of this Article, it shall be deemed that they do not participate in work of the General Meeting.

Voting at the General Meeting

Article 30

Prior to voting by each point of the agenda, the President of the General Meeting formulates the proposal of the resolution which is put to voting.

If there are more proposals for solving an individual matter which is in the General Meeting session's agenda, the proposals given in the materials for the General Meeting session are put to voting first, followed by the proposals given at the very General Meeting session, by the order of their giving.



When certain proposal receives the necessary majority of votes determined by the Company's Articles of Association, other proposals are not put to voting.

All the resolutions passed at the General Meeting should be clearly formulated so that they do not leave any doubt regarding what has been decided at the General Meeting and the content of the resolutions.

Article 31

Voting at the General Meeting session is by rule public, unless determined otherwise by the resolution on convocation, and is done by raising hands.

The President of the General Meeting invites the shareholders to declare themselves regarding the proposal put on voting by the following order: "YES", "NO", "ABSTAINED".

The Voting Committee determines and announces the results of voting.

At determining the results of voting, the Voting Committee takes into account the votes received in writing as well.

Article 32

It can be decided at the General Meeting session to have a secret voting on an individual matter from the agenda, or to vote through an individual roll-call of the shareholders.

The President of the General Meeting adjourns the session in order to conduct the preparations for secret voting and schedules its continuation.

The Voting Committee prepares the ballot papers.

Article 33

The secret voting is done by ballot papers.

The ballot paper may contain one or more matters put to secret voting.

The ballot paper contains:

1. commercial name of the Company, date and time of holding the General Meeting session;
2. matters put to voting by the order from the agenda;
3. provision on voting "yes", "no" or "abstained" on each matter;

In case of voting by ballot papers, the vote counts only if the shareholder checks one of three possible options from the point 3 of the previous paragraph.

If the ballot paper contains several matters put to secret voting, invalidity of voting on one matter does not affect the validity of voting on other matters.

Secret voting and determining of the number of votes on individual matters put to secret voting are conducted by the Voting Committee.

Exclusion of the Voting Right

Article 34



The shareholder may not vote at the General Meeting on certain matters when that right is excluded by the Law.

The General Meeting shall separately determine every case when certain shareholder cannot vote on certain matter from the session's agenda, by the previous report of the Voting Committee.

The votes of the shareholders whose right to vote on certain matter from the General Meeting session's agenda is excluded are not taken into consideration at determining the quorum for decision-making on that matter.

The exclusion of the shareholder's right to vote at the General Meeting is related only to the matter due to which the exclusion of his/her right to vote at the session occurred in the first place.

POSTPONING, ADJOURNMENT AND CONCLUSION OF THE GENERAL MEETING SESSION

Postponing of the Session

Article 35

The General Meeting session is postponed when there are reasons that render impossible its holding at the scheduled time.

The General Meeting session is also postponed when the President, prior to its opening, establishes that the number of the shareholders with sufficient number of votes (quorum) is not present, or represented, at the session.

The General Meeting session is postponed by the President of the General Meeting.

Repeated Session

Article 36

If the General Meeting session is postponed due to the lack of quorum, it can be re-convoked and held in the manner and within the terms determined by the Law (repeated General Meeting session).

The quorum for the repeated session is made of one third of total number of votes of the shares with a right to vote on the subject matter.

The plain majority for decision-making at the repeated General Meeting session is made of one quarter plus one vote of total number of votes of the shares with a right to vote on the subject matter.

The qualified majority for decision-making at the repeated General Meeting session is made of one half plus one vote of total number of the shareholders with voting right.

Adjournment of the Session

Article 37

The General Meeting session is adjourned in the following cases:

1. when, in the course of duration of the General Meeting session, the number of the



- attendees decreases so that there is no quorum of votes required for holding the General Meeting;
2. when the General Meeting session cannot end on the day of its holding due to its long duration;
 3. when there is a serious violation of order at the General Meeting session, and the President is not capable of restoring it through regular measures.

The General Meeting session may be adjourned for preparation of the ballot papers for secret voting or for determining the results of the secret voting by the Voting Committee, as well as for taking a rest.

The General Meeting session is adjourned and its continuation is scheduled by the President of the General Meeting.

Article 38

Concluding of the General Meeting session is performed upon the finished discussion and deciding on all the matters from the session's agenda.

MINUTES FROM THE GENERAL MEETING SESSION

Article 39

The minutes contain:

- 1) venue and date of holding of the session, time of its beginning;
- 2) name and surname of the President of the General Meeting;
- 3) quorum for holding the General Meeting session;
- 4) established agenda of the General Meeting session;
- 5) summarized presentation of the discussion on every point of the agenda;
- 6) manner and result of the voting on every point of the agenda on which the General Meeting decided with the overview of the resolutions passed; number of the votes given, number of valid votes and number of "yes", "no" and "abstained" votes;
- 7) questions asked by the shareholders and answers provided in accordance with the Law and objections of the shareholders disagreeing;
- 8) resolutions passed on individual matters and proposals within the established agenda;
- 9) conclusions, guidelines and initiatives on certain matters;
- 10) name of the minute keeper;
- 11) names of the members of the Voting Committee.

Every resolution of the General Meeting is entered into the minutes.

The list of the persons who have participated in work of the General Meeting session, as well as the evidence of proper convocation of the session, make an integral part of the minutes.

Article 40

The minutes are drafted within eight days as of the day of holding the General Meeting at the latest and are signed by: President of the General Meeting, minute keeper and members of the Voting Committee.



The Company Secretary, or the President of the General Meeting if another person has been appointed minute keeper, is responsible for proper drafting of the minutes.

The Company shall post the signed minutes on its web page within three days as of the day of its drafting.

VII POSTING AND SUBMISSION OF THE GENERAL MEETING'S RESOLUTIONS

Article 41

Within three days as of the day of the held General Meeting session, the Company shall post on its web page the resolutions passed and the results of the voting on all the points of the agenda which have been put to voting at the General Meeting session.

The resolutions and other acts of the General Meeting are submitted to the President of the General Meeting, Board of Directors, Company Secretary, Company archives and to other persons if it is mentioned so in the General Meeting's resolution or act.

VIII FINAL PROVISIONS

Article 42

The President of the General Meeting ensures the proper application of these Internal Rules.

Article 43

These Internal Rules of procedure of the General Meeting shall come into force within 8 days from the date of the publishment in the website of the Company.

Article 44

On the date these Internal Rules of procedure of the General Meeting start to apply, provisions from the Internal Rules of procedure of the General Meeting No.78 from 19 January 2012 shall cease to be valid.

For THE "GALENIKA-FITOFARMACIJA"

General Manager
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