

Pursuant to article 480 paragraph 3 from the Law on Trade Companies the Board of directors of OKTA AD – Skopje submit to Annual General Assembly of Shareholders

**REPORT
for the work of the Board of directors of OKTA in 2013**

I.

The Board of directors according to the Law on Trade Companies and Charter of OKTA AD – Skopje has the broadest authorizations in the managing the Company within its scope of operations, and acting, in all circumstances on behalf of the Company.

The Board of directors during 2013 held 11 meetings and adopted 34 decisions and 2 conclusions.

With the Decision on 126th meeting of the Board of Directors held on 06.06.2013 Mr. Viktor Papakonstantinou and Ms. Theodora Papadimitriou were elected as acting members of the Board of Directors upon the resignations of Mr. Konstantinos Karachalios and Mr. Andreas Katsanikos. On the same meeting Mr. Viktor Papakonstantinou was appointed as a Chief Executive Officer and on the 23rd Assembly meeting held on 01st August 2013 shareholders confirmed this appointment.

II.

On the held meetings, the Board of Directors, reviewed and discussed all significant issues that fell part of its authorities.

During 2013 the meetings of the Board of Directors were attended by managers of the functions relevant in order to explain submitted reports, and material given on the meetings. According to the principles of good corporate governance, open discussions were held, related to materials for the meetings and all other significant issues.

All members of the Board participated actively and cooperated positively for the achievement of the Company together for 2013.

On the meeting on 30.01.2014 the Board of Directors reviewed the Business plan of OKTA for 2014-2018 and concluded that it is justified with clearly defined objectives on all management levels ensuring integration of all efforts in achieving common goals of the company.

III.

The Board of Directors according to the article 415-v of the Law on changes and amendments of the Law on trade companies reviewed the semiannual report of the Internal Audit department of the Company.

The Internal Audit Department as an independent organizational unit submitted the Annual report for their work in 2013 on the meeting held on 25.02.2014.

The Board of Directors is of the opinion that the Annual Report of Internal Audit Department is of good quality, comprehensive and objective and provides a comprehensive review and summary of the audits which by size and dynamics is in accordance with approved Annual Working Plan for 2013. On the session held on 25.02.2014 the Board adopted the Decision for approval of the Annual Report of Internal Audit Department.

The Annual Report of Internal Audit for 2013 is included in the file available to the Shareholders in view of the Annual General Meeting, which will be held on 22nd of May 2014.

The Board of Directors according to article 415-b of the Law on changes and amendments of the Law on Trade Companies reviewed the Annual plan of the Internal Audit Department for 2014 and adopted it.

IV.

In accordance to Article 480, paragraph 2 of the Law on Trade Companies, the Board held a meeting on 25.02.2014 on which the Financial Reports for the year ended on 31.12.2013 were reviewed, together with the Reports for executed audit and the Opinions submitted by the independent auditors.

The audit was made in accordance to the International Audit Standards and the Audit Law of Republic of Macedonia.

According to the opinion of the independent auditors, the financial reports of OKTA AD Skopje for the year ended on 31.12.2013 have been prepared in all material aspects in accordance to the accounting regulations of RM.

Together with the Financial Reports, the Board of Directors reviewed also the Annual Account of the Company for 2013, the Annual Report of the Company for the period January-December 2013 and proposal Decision for covering the loss according to the Annual Account of the Company for 2013 and proposes to the Assembly of Shareholders of OKTA, on the Annual General Assembly that will be held on 22nd of May 2014, to bring Decisions according to which they will be approved and adopted.

V.

The work of the Board of Directors during 2013 was within the authorizations determined by the Law on Trade Companies and the Charter of OKTA AD- Skopje.

25.02.2014

BOARD OF DIRECTORS