

-----ARTICLES OF ASSOCIATION-----  
---Articles of Association of the Foundation for--  
Small Enterprise Economic Development (SEED) dated  
--10th January 1990 in Uniform Structure with 14th  
-----May 1998 Amendments-----  
Undersigned-----  
Ministry of Finance-----  
Ministry of Industry, Trade and Tourism as the----  
successor of the Ministry of Industry-----  
Hungarian Technical Development Board-----  
Hungarian Association of Industrial Bodies as the-  
successor of the Hungarian Small Handicrafts-----  
Business Organization-----  
Ministry of Agriculture as the successor of the---  
Ministry of Agriculture and Food-----  
Hungarian Industrial Association as the successor-  
of the National Council of Industrial Cooperatives  
Hungarian Employer's Association as the successor-  
of the Hungarian Chamber of Economy-----  
Hungarian Interest Representation Association of--  
Trade and Catering Businesses as the successor of-  
the Hungarian Organization of Retailers-----  
Hungarian Insurance Supervision-----  
Merkantil Bank Rt. -----  
Budapest University of Economics as the successor-

of Marx Károly University of Economics-----  
Hungarian Entrepreneurs Association-----  
International Manager Center (hereafter referred--  
to as: the Founders) jointly decide to establish a  
**public-service Foundation** for long-term public----  
interest and accomplishment of public-service-----  
activities specified under Point No. 3. -----

**1. Name of the Foundation:** -----  
Kisvállalkozásfejlesztési Alapítvány (SEED) -----  
(Foundation for Small Enterprise Economic-----  
Development) -----

**2. Headquarters of the Foundation:** -----  
1024 Budapest, Rómer F. u. 22-24. -----

**3. Objective of the Foundation:** -----  
The objective of the Foundation is to promote the-  
establishment of new ventures in Hungary under----  
wide-ranging Hungarian and international-----  
cooperation, and their successful, market-----  
orientated, high technical standard operation both  
in Hungary and abroad. The Foundation is engaged--  
in activities promoting the modernization of the--  
Hungarian economy and society, and this-----  
contributes to finding a solution for employment--  
problems in Hungary. -----  
In respect of the above-mentioned objective the---

Foundation performs its activities for-----  
accomplishing public-service goals as follows: ---  
a.) Engages in scientific activities and performs-  
research with special emphasis on the launch of---  
new ventures, elimination of operating problems, -  
and development of successful business activities.  
b.) Performs education and training, skill and----  
ability development, and spreading of knowledge---  
among civilians, especially among social groups in  
backward position to promote social equality. ----  
c.) Supply Hungarian small ventures with wide-----  
ranging information on a regular basis. -----  
d.) Assist groups in backward position in the-----  
labor market with training, employment advice and-  
related services. -----  
e.) As regards the EU integration process promote-  
the wide availability of knowledge and information  
relevant to the integration. -----

**4. In order to accomplish goals mentioned in the--  
above the Foundation shall: -----**

- establish and nurse international liaisons -----  
in part with enterprise development institutions--  
operating in EU member states - in order to-----  
strengthen mutual and business and cultural ties,  
- cooperate with enterprise development-----

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organizations and foundations of neighboring-----  
countries to promote the strengthening of foreign-  
business culture by supplying experience from-----  
Hungary, -----  
- participate in the establishment and operation--  
of enterprise supporting organization, engage in--  
general and special consulting for entrepreneurs,  
- engage in information and contact mediation, ---  
- issue information materials, -----  
- organize and hold training courses, -----  
presentations, and conferences, -----  
- offer assistance for analyzing business risks, -  
- cooperate in the appropriate use of foreign-----  
and Hungarian funds serving the purpose of-----  
innovation and the stimulation of enterprising, --  
- engage in miscellaneous enterprise supporting---  
activities, -----  
- engage in business activities. -----

**5. Equity of the Foundation: -----**  
20,900,000 HUF in words twenty million nine-----  
hundred thousand Hungarian forints, paid by the---  
Founders to the account of the Foundation in-----  
accordance with the Articles of Association dated-  
10th January 1990. -----  
The Foundation's equity shall comprise support and

funding by parties joining the Foundation, -----  
revenues from public-service and other activities,  
revenues from investments, as well as the profit--  
of the Foundation's business activities. -----  
The collection of funds on behalf or to the-----  
benefit of the Foundation shall not coincide with--  
the harassment of parties supplying funds or other  
parties, and the violation of personal rights and--  
human dignity. -----  
Funds shall be collected on behalf or to the-----  
benefit of the Foundation exclusively in-----  
possession of the written authorization of parties  
empowered to represent the Foundation. -----  
The Foundation shall also accept payments in-----  
foreign currency. The Foundation shall be entitled  
to use payments made in foreign currency and-----  
interests of the same in foreign currency. -----

**6. The Foundation's Legal Status**-----

The Foundation is a legal entity. -----  
The Foundation is open. The Foundation can be-----  
joined by foreign and domestic natural entities --  
or any form of their association - as well as-----  
legal entities by making financial contributions--  
and agreeing with and supporting the-----  
accomplishment of the Foundation's objectives. ---

The Foundation shall function as an open-----  
Foundation free from ideological and political----  
commitment, its public services available to any--  
party. -----

**7. The Foundation's Business Activities and Way of  
Utilizing its Equity:** -----

The Foundation shall engage in business activities  
exclusively with secondary nature, in order to----  
accomplish its public-service objectives and not--  
threatening the same. -----

The Foundation shall establish and operate-----  
institutions for supporting enterprises-----  
independently or jointly with other organizations.  
The Foundation shall use profits on its business--  
activities exclusively for the accomplishment of--  
its public service objectives set forth in the---  
Articles of Association, not threatening the same.  
The Foundation shall not allocate profits on-----  
business activities, but utilize that for-----  
activities specified in the Articles of-----  
Association. -----

The Foundation shall not issue any bill of-----  
exchange or securities embodying any other loan---  
partnership, shall not take any loans threatening-  
its public-service activities, or use funding-----

received from sub-systems of the state budget for-  
the coverage or repayment of loans. -----  
If the Foundation engages in investment activities  
it shall develop its Investment Regulation prior--  
to commencing such activities. -----  
The Foundation shall receive funding from the sub-  
systems of the state budget on the basis of-----  
written contracts - with the exception of-----  
normative support. Such contracts shall specify--  
the conditions and way of accounting such funding.  
The Foundation shall use its equity primarily for-  
the development of enterprising culture. -----  
The Foundation shall prepare and sell professional  
materials for accomplishing its objectives, and---  
engage in consulting activities as a business to--  
produce sales revenues. -----  
The Foundation's equity shall be allocatable for--  
scholarships and funding in recognition and-----  
promotion of activities performed targeting the---  
accomplishment of the Foundation's objectives. ---  
The Foundation shall not provide any remuneration-  
for its senior executive and parties having any---  
substantial legal scope, as well as parties-----  
funding the Foundation and relatives of the same -  
with the exception of services available to any---

party without restriction. -----  
The beneficiaries of services granted by the-----  
Foundation shall include future entrepreneurs, ---  
micro-, small-, and medium-size ventures, and-----  
enterprise supporting institutions. -----  
Base level advising shall be charge-free. -----  
The Foundation shall advertise its activities and-  
open tender opportunities on an on-going basis, --  
and report on the judgment of the same. -----

**8. The Organization and Operation of the-----  
Foundation-----**

**8.1 The Curatorium-----**

The Foundation will be under the management of a--  
7-member Curatorium. Curatorium members will be---  
nominated for a term of five (5) years. -----  
It will be prohibited to nominate or establish a--  
Curatorium, whereby the Founders - either directly  
or indirectly - can have decisive influence on the  
allocation of the Foundation's equity. -----  
The Curatorium's decision-making process shall not  
involve persons, who or whose close relative-----  
/point b) Section 685 of Ptk/, spouse (hereafter--  
jointly referred to as: relative) are, in-----  
accordance with the resolution-----  
a.) exempted from liability or obligations, or----



b.) to receive any other benefits or have-----  
interests in respect of the legal transaction to--  
be concluded. Benefits shall not include non-cash-  
services available to any party without-----  
restriction within the framework of the targeted--  
funding of the public-service organization. -----  
For a period of 2 years from the abolishment of---  
the Foundation no senior executive position shall-  
be taken in any other public-service organization-  
by persons, who were in senior executive position-  
- for at least a duration of 1 years in the two---  
years prior to abolishment - in public-service----  
organization, which failed to settle public debts-  
in accordance with the Act on Taxation. -----  
Curatorium members and persons nominated to member  
of the Curatorium shall inform all public-service-  
organizations concerned in advance on being in----  
such position simultaneously at another public----  
service organization. -----  
a./ Members of the Curatorium: -----  
The members of the Curatorium will be assigned----  
(nominated) by the unanimous decision of the-----  
Founders from among specialists. -----  
The Chairman of the Curatorium - at the same time-  
representative of the Foundation - shall be-----

nominated by the Founders. The Founders shall be--  
entitled to nominate new members to any Curatorium  
membership places becoming vacant. -----

b./ Curatorium membership shall be abolished: ----

- upon the end of the Curatorium membership term,
- by stepping down, -----
- recalling by the Founder, -----
- decease of member. -----

Members of the Curatorium can be re-elected and---  
their mandate prolonged by a decision of the-----  
Founders. -----

c./ Curatorium members shall not receive any-----  
remuneration for their work, but the Foundation---  
will compensate any confirmed costs related to----  
their work as members. -----

d./ Parties identified in the Codes of-----  
Organization and Operation shall have right of----  
disposal over the Foundation's bank account by---  
placing their signatures jointly. -----

**e./ Operation of the Curatorium:** -----

The primary task of the Curatorium is to increase--  
the Foundation's assets and efficiently manage the  
same in order for the Foundation's objectives to--  
be accomplished as fully as possible. -----

The Curatorium shall be quorate if at least 5 of--

its members are present at meetings. -----  
Each member shall have one vote at meetings of the  
Curatorium. -----

The members of the Supervisory Board shall-----  
participate at meetings of the Curatorium with----  
right of discussion. -----

The Curatorium shall make decision in resolutions-  
by open vote - and with the exception of the-----  
following - with a simple majority of votes. The--  
precondition of a valid decision is the majority--  
of votes of uninterested Curatorium members. -----

Unanimous votes for by at least five Curatorium---  
members shall be required for the following to----  
become effective: -----

- acceptance and modification of the Codes of-----  
Organization and Operation, -----
- preliminary approval of primary capital use-----  
not planned in the accepted budget, -----
- acceptance of the annual report and public-----  
service report. -----

The Curatorium shall hold its meetings as-----  
required, but a meeting shall be held at least----  
every three months. The meetings of the Curatorium  
are public. -----

The meetings of the Curatorium are summoned by the

Curatorium Chairman or on his assignment the-----  
Managing Director in writing, at least one week in  
advance, by specifying the date, place and agenda-  
of the Curatorium meeting. Invitations shall-----  
include documents to be discussed in accordance---  
with agenda points. -----  
Minutes shall be kept at meetings of the-----  
Curatorium, where the content of decisions, their-  
date and effectiveness, and the ratio of parties--  
for and against the resolution (if possible the---  
person) is to be recorded. -----  
The meeting of the Curatorium shall be summoned---  
within 30 days upon the written initiative of-----  
three Curatorium members. -----  
If the above deadline is defaulted the Supervisory  
Organ shall have the right to summon the meeting--  
of the Curatorium. -----  
The exclusive scope of authority of the Curatorium  
shall include the following: -----  
- acceptance of the annual report and the-----  
public-service report-----  
- acceptance and modification of the Codes of-----  
Organization and Operation-----  
- acceptance of the Foundation's own order of-----  
operation-----

- acceptance of the Investment Regulation-----
- decision on necessary organizational changes----
- acceptance of the Foundation's annual budget----
- nomination of the Managing Director-----
- annual reporting of the Managing Director-----
- practicing employer's rights over the Managing--  
Director-----
- decision on investment above 5,000,000 HUF in--  
value-----
- decision on the preliminary approval of-----  
primary capital use not planned in the accepted--  
budget.-----

Decisions made by the Curatorium shall be recorded in the Book of Resolutions, where the content, --- date and effectiveness of decisions made by the--- Curatorium, and the person of members backing or-- opposing the decision can be identified. ----- Resolutions shall be sent to parties concerned by- the Chairman of the Curatorium in writing within 8 working days from making such decisions. Upon----- request the Chairman or by his assignment the----- Managing Director shall supply information on the- contents of the Book of Resolutions and documents- prepared in connection to the operation of the---- Foundation to any party. -----

The Foundation shall inform the public on its-----  
operation and the way of using its services in its  
annual publication. The annual report and the-----  
public-service report shall be made public through  
national printed media. -----  
Parallel to the approval of the annual report the  
Foundation shall develop a public-service report.  
The public-service report shall contain the-----  
following: -----  
a.) report on accounting-----  
b.) use of budget funding-----  
c.) report on the utilization of assets-----  
d.) account on targeted funding-----  
e.) volumes of funding received from central-----  
budget organs from separate state funds, -----  
municipalities, minority municipalities, -----  
municipality associations, social insurance-----  
municipalities, and various organs of the same----  
f.) value and sum of allowances to senior-----  
executives of the Foundation-----  
g.) brief report on the essence of public-service-  
activities. -----  
Any party shall have the right to examine the-----  
public-service report and make copies of the same-  
on his own cost, The public-service report shall--

also be sent to Founders. -----

### **8.2 The Foundation's Office and Managing Director-----**

The Foundation shall establish an office to ensure continuous operation and management of activities. The Foundation shall nominate a managing director to head this office. -----

Employment rights shall be practiced over the managing director by the Curatorium. -----

The managing director: -----

- prepare the Operation Regulation and order of proceeding of the Foundation and its organization, and submit the same to the Curatorium, -----

- prepare the annual budget, the draft annual report and public-service report, and submit the same to the Curatorium, -----

- manage the Foundation in accordance with the Foundation's objectives and the plan approved by the Curatorium, -----

- submit to the Curatorium any issues going beyond his scope of authority determined in the employment contract concluded with the Curatorium.

### **8.3 The Supervisory Board-----**

Members of the 3-member Supervisory Board shall be nominated by the Founders for a term of 3 years. - The members of the Supervisory Board shall elect a

chairman from among themselves. The Supervisory Board shall prepare its own order of proceeding. - The meetings of the Supervisory Board are summoned by the chairman of the Supervisory Board in writing. The Supervisory Board shall be quorate, - if at least two of its members are present. The Supervisory Board makes its decisions by open vote, requiring a unanimous decision by at least 2 members. -----  
The Supervisory Board controls the Foundation's operation and business activities. In the course of its activities the Supervisory Board shall have the right to request reports from senior executives and information from the Foundation's employees, as well as having the right to inspect and revise the Foundation's books and files. -----  
The members of the Supervisory Board shall have the right to participate at the meetings of the Foundation's Curatorium with right of discussion. - The Supervisory Board shall be obliged to inform and initiate the summoning of the Curatorium, ---- authorized to take measures, upon obtaining information on the following: -----  
a.) the operation of the Foundation violated legal regulations or any event (default) occurred-----



seriously breaching the interest of the-----  
Foundation, whose elimination, remedying or easing  
of its consequences requires a decision by the----  
Curatorium, authorized to take measures, -----  
b.) any event concerning the liability of senior--  
executives. -----  
Upon the initiative of the Supervisory Board the--  
supreme organization, authorized to take measures,  
shall be summoned within 30 days from being-----  
informed on the same. Upon the default of such---  
deadline the Supervisory Board shall be entitled--  
to summon the supreme organization. -----  
If the authorized organ fails to take measures----  
necessary for restoring legal operation the-----  
Supervisory Board shall be obliged to immediately-  
notify the legal supervision organization. -----  
The members of the Supervisory Board shall be----  
entitled to receive remuneration. -----  
The following persons shall not be eligible for a-  
position as chairman or member of the Supervisory-  
Board, and auditor-----  
a.) chairman or member of the Curatorium-----  
b.) apart from his assignment is engaged in-----  
employment partnership or other legal partnership-  
with the Foundation for performing work, if legal-

regulations do not stipulate otherwise, -----  
c.) receiving targeted funds of the Foundation ---  
with the exception of non-cash services available-  
freely to any party-----  
d.) relatives of persons identified under points--  
a.) to c.) -----

**9. The Foundation's Representative: -----**

Dr. Teréz Laky, residing at 1025 Budapest, -----  
Pusztaszeri út 72., chairman of the Curatorium. --  
The representative is authorized to represent the-  
Foundation in one person. -----

10. The Foundation shall not engage in direct-----  
political activities or support the same, it is---  
independent from political parties and thus shall-  
neither grant nor accept funding from political---  
parties, and shall not nominate candidates for MP,  
county, Budapest, or municipal elections or-----  
support the same. -----

11. The Founders shall have the right to modify---  
the Articles of Association in accordance with---  
legal regulations. -----

12. The Foundation is established for an-----  
indefinite duration. Upon its abolishment, assets-  
remaining following the settlement of creditors---  
shall neither return to the Founders nor-----

associated parties, but fund a similar enterprise-  
development foundation in accordance with the-----  
objectives of the Founders. -----

13. The Foundation shall be abolished: -----

a.) if its objectives have been accomplished-----

b.) upon any other cases put forth in legal-----  
regulations. -----

Upon the abolishment of its public-service legal--  
status the Foundation shall be obliged to settle--  
any public debts due, and fulfill its obligations--  
originating in contracts on supplying public-----  
services in proportion to time. -----

14. Issues not regulated in this document shall be  
subject to the regulations of the Hungarian Civil-  
Code, Act CLVI of 1997 on public-service-----  
organizations, and related legal regulations on---  
foundations. -----

15. The Foundation established by this Articles of  
Association shall be registered at the Budapest---  
Municipal Court as a public-service organization.-  
Budapest, 14th May 1998. -----

Ministry of Finance-----

..... -----

Official stamp of the Ministry of Finance-----

Enterprise Development and Regulation Department--

Ministry of Industry, Trade and Tourism-----  
..... -----  
(Successor of the Ministry of Industry) -----  
Official stamp of the Ministry of Industry, Trade-  
and Tourism Enterprise Development Department-----  
Hungarian Technical Development Board-----  
..... -----  
Official stamp of the Hungarian Technical-----  
Development Board Budapest-----  
Hungarian Association of Industrial Bodies-----  
..... -----  
(Successor of the Hungarian Small Handicrafts-----  
Business Organization) -----  
Official stamp of Hungarian Association of-----  
Industrial Bodies IPOSZ-----  
Ministry of Agriculture-----  
..... -----  
(Successor of the Ministry of Agriculture and-----  
Food) -----  
Official stamp of the Ministry of Agriculture-----  
Hungarian Industrial Association-----  
..... -----  
(Successor of the National Council of Industrial--  
Cooperatives) -----  
Official stamp of the Hungarian Industrial-----

Association-----  
Hungarian Employers Association-----  
.....  
(Successor of the Hungarian Chamber of Economy) --  
Official stamp of the Hungarian Employers-----  
Association-----  
Hungarian Interest Representation Association of--  
Trade and Catering Businesses-----  
.....  
(Successor of the Hungarian Organization of-----  
Retailers) -----  
Official stamp of the Hungarian Interest-----  
Representation Association of Trade and Catering--  
Businesses-----  
Hungarian Insurance Supervision-----  
.....  
Official stamp of the Hungarian Insurance-----  
Supervision-----  
Merkantil Bank Rt. -----  
.....  
Official stamp of Merkantil Bank Rt. -----  
Budapest University of Economics-----  
.....  
(Successor of Marx Károly University of Economics)  
Official stamp of the Budapest University of-----

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Economics-----  
Hungarian Entrepreneurs Association-----  
..... -----  
Official stamp of the Hungarian Entrepreneurs-----  
Association Budapest-----  
International Manager Center-----  
..... -----  
Official stamp of International Manager Center-----  
Foundation 1221 Bpest, Anna u. 1-3. -----  
Prepared and countersigned by: -----  
unreadable signature-----  
Official stamp: -----  
Dr. Erika Forczek-----  
lawyer-----  
1054 Bp., Podmaniczky F. tér 4. -----  
Tel./Fax: 311/6766-----  
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**Dr. Fiedler Ernő**  
**Budapesti közjegyző - Notary Public**  
**1156 Budapest, Páskomliget u. 53. VI/24.**  
**Tel/fax : 417-52-59, 418-61-76**

**Case number: 1959/1998**

**Certified translation**

**English language licence number: 56.112/1993/3**

I, undersigned Notary Public in and for the City of Budapest, do hereby certify, that this is a **true and complete English translation** of the annexed Hungarian document.

Dated at Budapest, this October 16, 1998.



Dr. Fiedler Ernő  
közjegyző - Notary Public

