LITHUANIA

LAW ON COMPANIES

REPUBLIC OF LITHUANIA

LAW ON COMPANIES

13 July 2000 No VIII-1835

Vilnius

(New version of the Law as of 11 December 2003 No. IX-1889
as last amended of 12 January 2007 m. No. X-1015)

CHAPTER ONE
GENERAL PROVISIONS

Article 1. Purpose of the Law

1. The Law shall regulate the incorporation, management, activities, reorganisation, transformation, division and liquidation of companies having the legal form of public and private limited liability company, the rights and duties of the shareholders, as well as establishment of branches of foreign companies and termination of their activities. When the provisions of this Law apply both to a public and a private limited liability company, the term "company" shall be used.

2. The specifics of regulation of companies treated under the Law on Securities Market as accountable issuers shall be established by the Law on Securities Market.

3. The provisions of the Law have been harmonised with the EU legal acts presented in the Annex to this Law.

Article 2. Public Limited Liability Company and Private Limited Liability Company

1. The company shall be an enterprise whose authorised capital is divided into parts called shares.

2. The company shall be a private legal person with limited civil liability.

3. The amount of the authorised capital of the public limited liability company shall not be less than LTL 150,000. Its shares may be offered for sale and traded in publicly in compliance with the legal acts regulating securities market.

4. The authorised capital of the private limited liability company must be not less than LTL 10,000. It must have at least 250 shareholders. The shares of the public limited liability company may not be offered for sale and may not be traded in publicly unless the laws provide otherwise.

5. The name of the public limited liability company must include the words "*akcinė bendrovė*" (public limited liability company) defining its legal form or the acronym "AB". The name of the private limited liability company must have the words defining its legal form "*uždaroji akcinė bendrovė*" (private limited liability company) or the acronym "UAB".

6. The company's written documents used in its relations with other persons as well as documents, signed according to the procedure established by the Law on Electronic Signature and transmitted by electronic communications facilities, and the company's Internet website, if the company has one, must contain the information specified in Article 2.44 of the Civil Code.

7. The registered office of the company must be situated in the Republic of Lithuania.

8. In its activities the company shall be guided by the Articles of Association, the Civil Code, this and other laws and legal acts.

Article 3. Shareholders

1. Shareholders are natural and legal persons who have acquired shares in the company.

2. Each shareholder shall have such rights in the company as are incidental to the shares in the company owned by him. Under identical circumstances all holders of shares of the same class shall have equal rights and duties.

Article 4. Articles of Association of the Company

1 The Articles of Association of the company constitute the legal document governing the conduct of the company's business.

The Articles of Association must state:

1) the name of the company;

2) legal form of the company (public limited liability company or private limited liability company);

3) the registered office of the company;

4) the purposes of the company, specifying its object of activity;

5) the amount of the company's authorised capital;

6) the number of shares and their number according to type and class, their nominal value and the rights they carry;

7) the powers of the General Meeting, the procedure for convening the Meetings;

8) other organs of the company, their powers, the procedure for electing or removing from office their members;

9) the procedure for publishing the notices of the company;

10) the daily of the Republic of Lithuania in which public notices shall be published;

11) the procedure for presenting the company documents and other information to the shareholders;

12) the decision-making procedure as regards the establishment of branches and representative offices of the company, and for appointing and removing from office the heads of the company branches and representative offices;

13) the procedure for amending the Articles of Association of the company;

14) the company duration period if the company is established as a company of limited duration;

15) the date of signing of the Articles of Association.

3. The objects of the company activity shall be specified in the Articles of Association with a brief description of the character of the economic-commercial activities of the company.

4. The Articles of Association of the company may also contain other provisions which are in conformity with this and other laws.

5. The powers of the General Meeting, the procedure for convening a Meeting, the powers of other organs of the company and the procedure for electing and removing from office their members need not be stated in the Articles of Association, unless the procedure and powers differ from those laid down in this Law and the Articles of Association expressly say so.

6. The Articles of Association of the company being incorporated must be signed by all the incorporators or their representatives before the statutory meeting.

7. The Articles of Association of the company being incorporated shall become invalid if they are not submitted to the Manager of the Register of Legal Entities within 6 months from the day of the signing thereof by all the incorporators.

8. Following the decision by the General Meeting to amend the Articles of Association of the company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting.

9. The signature of the persons who signed the Articles of Association need not be notarised.

Article 5. Parent Company and Subsidiary

1. A company shall be considered a parent company if it directly and/or indirectly holds a majority of the voting rights in another company which is its subsidiary or if it may directly or indirectly exercise a dominant influence on another company.

2. A company shall be deemed to directly hold a majority of the voting rights in another company if it has acquired shares in the other company granting it over 50% of voting rights at the General Meeting.

3. A company shall be deemed to indirectly hold a majority of the voting rights in a third company when it directly holds a majority of the voting rights in the company which directly or indirectly holds a majority of voting rights in the third company.

4. For the purposes of this Law, a company shall be in the position to directly exercise a dominant influence on another company if it holds shares in that other company and:

1) has the right to elect or remove the manager, the majority of members of the Board or Supervisory Board of that other company , or

2) holds a majority of voting rights in that other company under the agreements concluded with other shareholders. The proxy giving power to the company to represent another shareholder and to vote for him and make decisions shall be a sufficient proof of such an agreement.

5. It shall be deemed that a company is in the position to indirectly exercise a dominant influence on a third company only provided that the company satisfies at least one of the following conditions:

1) the company is in the position to directly exercise a dominant influence on another company which directly or indirectly holds a majority of the voting rights in a third company or which may directly or indirectly exercise a dominant influence on a third company;

2) the company directly or indirectly holds a majority of the voting rights in another company which is in the position to directly or indirectly exercise a dominant influence on a third company;

3) together with the other companies in which the company concerned directly or indirectly holds a majority of voting rights or upon which it may directly or indirectly exercise a dominant influence, the company holds a majority of voting rights in a third company or those other companies referred to in this subparagraph jointly hold a majority of the voting rights in a third company.

CHAPTER TWO
INCORPORATION OF THE COMPANY

Article 6. Incorporators

1. A company may be incorporated both by natural and by legal persons.

2. Every incorporator of a company must acquire shares in the company and become its shareholder.

3. The documents drawn up in the name of the company being incorporated and the documents connected with the incorporation of the company must be delivered by a transfer deed to the company manager within 7 days from the registration of the company.

Article 7. Memorandum of Association and Act of Establishment

1. The Memorandum of Association shall be drawn up when the company is established by two or more incorporators. If the company is formed by one person only, the act of establishment shall be drawn up.

2. The Memorandum of Association of the company shall indicate:

1) the incorporators (full name, personal number and address of the natural person; name of the legal person, legal form taken, its registration number, registered office, register in which data relating to the person is accumulated and kept and full name, personal number and place of residence of the representative of the legal person);

2) the name of the company being incorporated;

3) the persons who have the right to represent the company being incorporated and their rights and duties;

4) the amount of the company's authorised capital;

5) nominal value of shares, the share issue price;

6) the number of shares according to classes, the rights attached to the shares;

7) the number of shares acquired by each incorporator and the number of shares according to classes;

8) the procedure and time limits for the payment for the shares acquired by each incorporator, including the procedure and time limits for the payment of initial contributions;

9) each shareholder's contribution made otherwise than in cash and its value if payment for shares is made partly otherwise than in cash;

10) the time limits for convening the statutory meeting;

11) the procedure for submitting the documents of the company being incorporated and of information relating to the statutory meeting to the incorporators;

12) compensation of incorporation costs and remuneration for incorporation;

13) the procedure for concluding contracts in the name of the company and for the approval thereof;

14) the initial contribution repayment procedure should the company be refused registration;

15) the date of signing of the Memorandum of Association.

3. The Memorandum of Association may also contain other provisions which are not contrary to other laws of the Republic of Lithuania.

4. The Memorandum of Association shall be signed by all incorporators or persons authorised by them.

5. The Memorandum of Association of the company, drawn up and signed in the manner laid down in this Law, shall grant the right to open an accumulative deposit account of the company being incorporated with a bank.

6. The Memorandum of Association of the company shall be submitted to the manager of the Register of Legal Entities together with the other documents prescribed by laws for the registration of the company. If the Memorandum of Association is amended prior to the registration of the company, the Memorandum of Association shall be submitted to the manager of the Register of Legal Entities together with the amendments.

7. The requirements laid down in paragraph 2 of this Article (subparagraphs 10 and 11 excluded) shall be applied to the contents of the Memorandum of Association of the company. Paragraphs 3 to 6 shall also be applied to the act of establishment .

Article 8. Subscription and Payment for Shares of the Company being Incorporated

1. The incorporators shall not conclude a separate share subscription agreement, the terms of the share subscription agreement shall be set out in the Memorandum of Association or act of establishment. The Memorandum of Association of the company or act of establishment shall also be treated as share subscription agreement.

2. The shares of a company being incorporated must be fully paid up within the time period set in the Memorandum of Association or act of establishment, which may not exceed 12 months from the date of signing of any of the above documents.

3. Paragraphs 1, 2, 3, 7, 10, 11 and 12 of Article 45 of this Law shall apply to the payment for shares of a company being incorporated.

4. The initial contributions for the shares subscribed for shall be paid within the time period set in the Memorandum of Association or act of establishment to the accumulative account of the company being incorporated. The funds in the account may be used only after the registration of the company.

5. The initial contribution of each incorporator shall be paid in money's worth only. It shall be not less than one quarter of the nominal value of the shares subscribed for by the incorporator plus the whole of any premium.

6. The total amount of initial contributions paid must be not less than the minimum authorised capital of the company prescribed by Article 2 of this Law.

7. After the incorporation of the company the remaining part of the shares subscribed for by the incorporator may be paid for both in money's worth or by contributions made otherwise than in cash.

8. The contributions other than in cash which are intended for paying up for a part of shares must be valued by an independent asset valuer prior to the signing of the Memorandum of Association or act of establishment according to the procedure specified in the legal acts which regulate asset valuation. The valuation report shall indicate, *inter alia*, the following:

1) the person valuation of whose assets has been made (full name, personal number and place of residence of the natural person; the name, legal form taken, code and registered office of the legal person);

2) description of every element of the assets the valuation whereof has been made;

3) description of the valuation methods used;

4) the number of shares to be acquired other than for cash, the nominal value of share and the share premium (the amount above the nominal value);

5) the conclusion whether or not the established value of the assets other than cash corresponds to the number of shares to be issued for the contribution according to the sum of their nominal value and share premium (the amount above the nominal value).

9. The asset valuation report referred to in paragraph 8 of this Article shall be submitted to the incorporators.

10. The asset valuation report indicated in paragraph 8 of this Article must be submitted to the administrators of the Register of Legal Entities together with other documents required under law for the registration of the company.

Article 9. Statutory Report

1. After all initial contributions for the shares have been paid and the contributions other than cash in which the shares in the company are partly paid have been evaluated, the statutory report of the company must be drawn up not later than 10 days before the statutory meeting. The statutory report shall indicate:

1) incorporation expenses;

2) the amount of paid-up authorised capital;

3) the amount paid for shares;

4) the contribution other than in cash for the subscribed for shares, the value of the contributions and reference to the reports of the valuers of assets who made the valuation of assets comprising the contribution made otherwise than in cash;

5) the number of shares subscribed for by each incorporator, for which he has paid the initial contribution, also the number of the shares by classes;

6) incorporation expenses subject to reimbursement, remuneration for company incorporation.

2. The statutory report shall be submitted to the manager of the Register of Legal Entities together with all other documents prescribed by law for the registration of a public limited liability company.

Article 10. Statutory Meeting

1. The statutory meeting must be convened before the registration of the company.

2. At the statutory meeting each incorporator shall have the number of voting rights that are granted to him by the shares subscribed for by him.

3. The provisions on representation, establishment of the quorum, decision making and drawing up of the minutes shall be applied to the statutory meeting (repeat statutory meeting included).

4. The statutory meeting shall approve the statutory report of the company, elect members of the company management organ who are elected by the General Meeting, and may also settle other issues within the powers of the General Meeting as provided for in this Law.

CHAPTER THREE
REGISTRATION OF THE COMPANY

Article 11. Company Registration

1. The company shall be deemed incorporated from the date of its registration in the Register of Legal Entities.

2. The company shall be registered after the valuation of the contributions made otherwise than in cash as partial payment for shares, after the signing of the Memorandum of Association or the act of establishment and of the Articles of Association of the limited liability company being incorporated, after the holding of the statutory meeting which approved the statutory report of the company and elected members of company management organs which, under the Articles of Association of the company, are elected by the General Meeting, also following the election of the Board (where its election is provided for in the Articles of Association) and the company manager and following the fulfilment of other obligations established by other laws and the Memorandum of Association or following the filing of the documents prescribed by law with the manager of the Register of Legal Entities.

Article 12. The Particulars Given in the Register of Legal Entities

1. In addition to the data listed in Article 2.66 of the Civil Code, the following particulars shall be given in the Register of Legal Entities:

1) particulars of the Supervisory Board members, indicating the Supervisory Board chairman, dates of their election and expiration of the term of office;

2) the particulars about the Board chairman and the date of election and expiration of the term of office of the Board members and company manager;

3) the rule of quantitative representation, if quantitative representation is prescribed by the Articles of Association of the company, and particulars of the persons entitled under the above rule of quantitative representation to act together in the name of the company, the scope of their rights, duration of their term of office where such is set, as well as specimens of signature of the representative and other member of the organ who are acting according to the rule of quantitative representation;

4) particulars of the shareholder of the company where the shareholder of the company is one person;

5) the date of beginning and end of the financial year of the company;

6) the period of duration of the company where the company is of limited duration;

7) the particulars of the liquidator, the date of his appointment and expiry of the term of office, the powers of the liquidator, except for those provided for by laws and the Articles of Association of the company;

8) the company's Internet website, if the company has one.

2. The particulars of the natural persons, referred to in paragraph 1 of this Article, shall comprise the natural person's full name, personal number and place of residence, while the particulars relating to legal persons shall include the name of and legal form taken by the legal person, its code and registered office.

3. If any changes are made to the data of the Register of Legal Entities or the Articles of Association of the company or if other documents provided for by law must be submitted, the manager of the company shall present to the manager of the Register of Legal Entities within the time limit set by laws the document confirming the decision taken by the organ of the company, where such a decision is necessary under law, as well as other documents prescribed by legal acts.

4. In its relations with the third persons the company may rely on the data, information and documents of the Register of Legal Entities only after the publication thereof according to the procedure laid down in the Regulations of the Register of Legal Entities, unless the company proves that the third persons had knowledge thereof. However, when conducting the transactions concluded before the sixteenth day after the publication, the company may not rely on the data, information and documents given in the Register of Legal Entities, unless the third persons prove that they could not have any knowledge thereof.

5. Third persons may rely on the company's data, information and documents, in respect whereof decisions have been made, even though the formalities relating to the presentation thereof to the manager of the Register of Legal Entities or to the registration thereof in the Register of Legal Entities have not yet been completed. However, the amended Articles of Association may be relied on by the third persons only after the registration thereof in the Register of Legal Entities.

6. After the manager of the Register of Legal Entities has published the particulars of the persons entitled to act together in the name of the company, the company, in its relations with the third persons, may not invoke the violation of the procedures of election of the persons entitled to act on behalf of the company, unless the company proves that the third persons had knowledge thereof.

7. If the company's particulars and information disclosed by the manager of the Register of Legal Entities as well as the company documents or references to documents are not in conformity with the documents submitted to the Register of Legal Entities, the company, in its relations with the third persons, may not rely on the published text, except where the company proves that the third persons have been granted access to the documents submitted to the Register of Legal Entities.

8. The company may voluntarily submit to the Manager of the Register of Legal Entities translations of the Company's Articles of Association and other documents provided for by laws as well as data of the Register of Legal Persons into one or several official languages of the EU Member States. The submitted translations must be published according to the procedure specified in the Register of Legal Entities. If the Company data and documents submitted to the Manager of the Register of Legal Entities do not correspond to their translations, the company may not rely on

these translations in its relations with the third persons, however the third persons may rely on them, except in cases where the company proves that the company data and documents submitted to the Register of Legal Entities, the translations whereof are relied on by the third persons, have been brought to the third persons' knowledge.

Article 13. Acquisition of Assets from the Incorporator of a Public Limited Liability Company

1. For two years after the registration of a public limited liability company every transaction of the company for the acquisition of assets from the company incorporator, where the sum of the transaction or the aggregate sum of such transaction during the financial year is not less than 1/10 of the authorised capital of the company, shall be subject to approval at the General Meeting by the qualified majority vote which shall be not less than 2/3 of the voting rights carried by the shares of the shareholders present at the Meeting.

2. The assets indicated in paragraph 1 of this Article shall be subject to valuation, prior to the General Meeting, by an independent asset valuer in the manner prescribed by legal acts regulating asset valuation. The requirements set in subparagraphs 1, 2 and 3 of paragraph 8 of Article 8 of this Law shall be applicable to the asset valuation report. In addition to other information, the assets valuation report shall contain the conclusion as to whether the value of the assets acquired by the limited liability company corresponds to the amount paid for them.

3. The asset valuation report must be submitted to the public limited liability company and the manager of the Register of Legal Entities at least 10 days before the General Meeting.

4. The requirements of this Article shall not be applied where the assets are acquired in the course of regular business activities of the public limited liability company, also in respect of transactions concluded in the **C**entral Market of the Stock Exchange.

CHAPTER THREE
RIGHTS AND DUTIES OF THE COMPANY AND SHAREHOLDERS

Article 14. Rights and Duties of Shareholders

1. The rights and duties of shareholders shall be established by this Law and other laws of the Republic of Lithuania as well as the Articles of Association of the company. The property and non-property rights of shareholders established by this Law may not be subjected to any restrictions, except in cases specified by laws.

2. The shareholders shall have no property obligations to the company save for the obligation to pay up, in the established manner, all the shares subscribed for at their issue price.

3. If the General Meeting takes a decision to cover the losses of the company from additional contributions made by the shareholders, the shareholders who voted "for" shall be obligated to pay the contributions. The shareholders who did not attend the General Meeting or voted against such a resolution shall have the right to refrain from paying additional contributions.

4. The person who acquired all shares in the company or the holder of all shares in the company who disposed of a part of his shares to another person must notify the company of the acquisition or disposal of shares within 5 days from the conclusion of the transaction. The notice shall indicate the number of acquired or disposed of shares, the nominal share price and the particulars of the person who acquired or disposed of the shares (the natural person's full name, personal number and address; the name, legal form it has taken, the registration number, address of the registered office of the legal person.)

5. Contracts between the company and holder of all its share shall be executed in a simple written form, unless the Civil Code prescribes the mandatory notarised form.

6. A shareholder shall repay the company any dividend paid out in violation of the mandatory norms of this Law if the company proves that the shareholder knew or should have known thereof.

7. Repealed as of 14.07.06.

Article 15. Property Rights of the Shareholders

1. The shareholder shall have the following property rights:

1) to receive a part of the company's profit (dividend);

2) to receive the company's funds when the authorised capital of the company is being reduced with a view to paying out the company's funds to the shareholders;

3) to receive shares without payment if the authorised capital is increased out of the company funds, except in cases specified in paragraph 3 of Article 42 of this Law;

4) to have the pre-emption right in acquiring shares or convertible debentures issued by the company, except in cases when the General Meeting decides to withdraw the pre-emption right in acquiring the company's newly issued shares or convertible debentures for all the shareholders;

5) to lend to the company in the manner prescribed by law; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders shall be prohibited from negotiating a higher interest rate;

6) to receive a part of assets of the company in liquidation;

7) other property rights established by this and other laws.

Article 16. Non-property Rights of Shareholders

1. Shareholders shall have the following non-property rights:

1) to attend the General Meetings;

2) to vote at General Meetings according to voting rights carried by their shares;

3) to receive information on the company specified in paragraph 1 of Article 18 of this Law;

4) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the company manager and Board members of their obligations prescribed by this Law and other laws and the Articles of Association of the company as well as in other cases laid down by laws.

2. The Articles of Association of the company may also establish other non-property rights.

3. The right to vote at the General Meeting may be withdrawn or restricted in the cases established by this and other laws, also in case share ownership is contested.

Article 17. Shareholder's Right to Vote

1. The right to vote at the General Meeting convened prior to the expiry of the time limit for the payment for the first share issue indicated in the Memorandum of Association shall be granted by the shares for which initial contributions have been paid. The right to vote at other General Meetings shall be granted only by fully paid shares.

2. If all voting shares of the company are of equal nominal value, each share shall give its holder one vote at the General Meeting. If voting shares are of different nominal value, one share of the lowest nominal value shall give its holder one vote and the number of votes carried by other shares shall be equal to their nominal value divided by the smallest nominal value of a share.

3. The Articles of Association of the company may lay down that preference shares of certain classes shall not carry voting rights. The holders of preference non-voting shares shall be given the right to vote in the cases specified in this Law.

4. A shareholder shall not be entitled to vote on the decision to withdraw the right of pre-emption in acquiring the shares or convertible debentures issued by a company if according to the agenda of the General Meeting it is intended to grant the right to acquire the above securities to the shareholder, the shareholder's close relatives, the shareholder's spouse or cohabitee, where the shareholder's and the cohabitee's partnership has been registered in accordance with the procedure established by law, and a close relative of the spouse, if the shareholder is a natural person, also to the shareholder's parent company or subsidiary, if the shareholder is a legal person, unless the shareholder has acquired all the shares in the company.

Article 18. The Shareholder's Right to Information

1. At the shareholder's written request the company shall within 7 days from the receipt of the request grant him access to information and/or submit to him copies of the following documents: the Articles of Association of the company, annual accounts, annual reports of the

company, auditor's opinion and audit reports, minutes of the General Meetings and other documents whereby the decisions of the General Meeting, the Supervisory Board's recommendations and responses to the General Meeting have been executed, the register of shareholders, the lists of Supervisory Board and Board members, also other company documents that must be publicly accessible under law as well as minutes of the Supervisory Board and Board meetings or other documents whereby the decisions of the above-mentioned company organs have been executed, unless the said documents contain a commercial/industrial secret. A shareholder or a group of shareholders who hold or control more than 1/2 of shares shall have the right of access to all company documents upon giving the company a written pledge in the form prescribed by the company not to disclose the commercial/industrial secret. At the shareholders' request the company must execute in writing its refusal to submit the documents. Disputes relating to the shareholder's right to information shall be settled in court.

2. Company documents, their copies or other information shall be furnished to the shareholders free of charge, unless the Articles of Association of the company provide otherwise. The charge fixed in the Articles of Association shall not exceed the costs of furnishing of the documents and other information.

3. The list of shareholders presented to the shareholders shall give the full names of the shareholders, the names of legal persons, the number of registered shares owned by the shareholders, the shareholders' addresses for correspondence according to the most recent data available to the company.

CHAPTER FIVE
MANAGEMENT OF THE COMPANY

Article 19. Company Organs

1. A company shall have the General Meeting and a single-person management organ - the manager.

2. A collegial supervisory organ - the Supervisory Board and a collegial management organ - the Board may be formed in the company.

3. If the Supervisory Board is not formed in the company, its functions shall not be assigned within the scope of powers of other management organs.

4. Where the Board is not formed in the company, the functions assigned to the competence of the Board shall be fulfilled by the company manager, except where this Law provides otherwise.

5. The General Meeting may not charge other management organs to address the issues assigned within the scope of its powers.

6. In the company's relations with other persons the manager shall act at his own discretion on behalf of the company.

7. Where quantitative representation is provided for in the Articles of Association of the company, the Articles of Association must set a specific rule of such representation whereunder the manager of the company must in all cases acts on behalf of the company together with the members of the management organs**.**

8. The management organs of the company shall act only for the benefit of the company and its shareholders, comply with laws and other legal acts and be governed by the Articles of Association of the company.

9. Every candidate for the office of company manager, to the position of the Board or Supervisory Board member shall inform the electing organ where and what position he holds, how his other activities are connected to the company and to other legal persons related to the company.

10. In the cases specified in paragraph 4 of Article 2.82 of the Civil Code, an action for declaring the decisions of the company organs invalid may be brought by the shareholders, creditors, the manager, members of the Board and Supervisory Board or other persons provided for by law within 30 days from the day when the plaintiff found out or should have found out about the contested decision.

Article 20. Powers of the General Meeting

1. The General Meeting shall have the exclusive right to:

1) amend the Articles of Association of the company, unless otherwise provided for by this Law;

2) elect the members of the Supervisory Board; if the Supervisory Board is not formed, elect members of the Board, if neither the Supervisory Board nor the Board is formed, elect the manager of the company;

3) remove the Supervisory Board or its members, also the Board or its members elected by the General Meeting and the manager of the company;

4) select and remove the firm of auditors, set the conditions for auditor remuneration;

5) to determine the class, number, nominal value and the minimum issue price of the shares issued by the company;

6) take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;

7) take a decision to replace private limited liability company share certificates by shares;

8) approve the annual accounts;

9) take a decision on profit/loss appropriation;

10) take a decision on the formation, use, reduction and liquidation of reserves;

11) take a decision to issue convertible debentures;

12) take a decision to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the company;

13) take a decision to increase the authorised capital;

14) take a decision to reduce the authorised capital, except where otherwise provided for by this Law;

15) take a decision for the company to purchase own shares;

16) take a decision on the reorganisation or division of the company and approve the terms of reorganisation or division;

17) take a decision to transform the company;

18) take a decision to restructure the company;

19) take a decision to liquidate the company, cancel the liquidation of the company, except where otherwise provided by this Law;

20) elect and remove the liquidator of the company, except where otherwise provided by this Law.

2. The General Meeting may also decide on other matters assigned within the scope of its powers by the Articles of Association of the company, unless these have been assigned under this Law within the scope of powers of other organs of the company and provided that according to their essence these are not the functions of the management organs.

Article 21. The Right to Attend the General Meeting

1.Persons who are shareholders of the company on the day of the General Meeting or, in case of a public limited-liability company, who were shareholders at the end of the record date shall have the right to attend and vote at the General Meeting or repeat General Meeting themselves, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may dispose of their right to vote to other persons with whom an agreement on the disposal of the voting right has been concluded. The record date of the public limited-liability company shall be the fifth working day before the General Meeting or the fifth working day before the repeat General Meeting .

2. Shareholders may vote in writing by filling in the ballot papers. Voting by telecommunication terminal equipment shall be equivalent to voting in writing provided that confidentiality of communications is guaranteed and there are means for verifying the signature.

3. Members of the Supervisory Board, members of the Board, the manager of the company, the inspector of the General Meeting, the auditor who prepared the auditor's opinion and audit report may also attend and speak at the General Meeting.

4. The shareholders present at the General Meeting shall be registered in the shareholder registration list. The shareholder registration list shall indicate the number of votes granted to each shareholder by the shares held by him.

5. The shareholder registration list shall be signed by the chairman and secretary of the General Meeting. Where no secretary of the Meeting is elected, the list shall be signed by the chairman of the Meeting. Where all shareholders present at the Meeting voted in writing, the list shall be signed by the manager of the company.

6. A person attending the General Meeting and entitled to vote shall produce a document which is a proof of his personal identity. A person who is not a shareholder shall in addition produce a document certifying his right to vote at the General Meeting. The current provision shall apply if the voting is held in writing.

Article 22. Inspector of the General Meeting

1. The General Meeting any shall elect the inspector of the General Meeting for the next Meeting, where the election of the inspector is provided for in the Articles of Association of the company.

2.The inspector of the General Meeting shall determine:

1) the total number of votes carried by the shares issued by the company on the day of the General Meeting;

2) the number of valid and invalid general ballots filled in and submitted in advance;

3) the number of valid and invalid proxies submitted;

4) the number of presented agreements on the disposal of voting rights;

5) the number of voting shares represented at the Meeting (by a person himself, through proxies, through persons according to the agreements on the disposal of the right to vote, through the general ballot-papers filled in advance, through other documents entitling to vote);

6) whether the Meeting has a quorum;

7) the results of voting at the General Meeting.

3. Where election of the inspector is not provided for in the Articles of Association of the company or the elected inspector is not able to fulfil his duties, the General Meeting shall elect the person responsible for the actions provided for in paragraph 2 of this Article.

Article 23. Convening the General Meeting

The right of initiative to convene the General Meeting shall be vested in the Supervisory Board, the Board (the manager of the company, where the Board is not formed) and the shareholders who have at least 1/10 of all votes, unless the Articles of Association provide for a smaller number of votes.

The General Meeting shall be convened on the decision of the Board or, in the cases specified in paragraph 3 of this Article, of the manager of the company, unless this Law establishes otherwise.

The General Meeting shall be convened on the decision of the manager of the company if:

1) no Board has been formed in the company;

2) the number of the company's Board members is not more than half of their number specified in the Articles of Association;

3) the Board fails to convene the General Meeting in the cases and within the time limits laid down in this Law.

If the Board of the company or, in the cases referred to in paragraph 3 of this Article, the manager of the company fails to take the decision to convene the General Meeting within 10 days from the receipt of the request indicated in paragraph 5 of this Article, the General Meeting may be convened on the decision of the shareholders whose shares carry more than ½ of the votes.

The initiators of the General Meeting shall submit a request to the Board (or, in the cases specified in paragraph 3 of this Article, the manager) where they must state the reasons for convening the General Meeting and its purposes, submit proposals regarding the agenda, date and venue of the Meeting, drafts of the proposed decisions. The General Meeting shall be held within 40 days after the date of receipt of the request . It shall not be mandatory to convene the General Meeting if the request does not comply with all the requirements set forth in this paragraph and the required documents have not been submitted or the issues proposed for the agenda are not within the scope of powers the General Meeting.

If the General Meeting is not held, a repeat General Meeting must be convened.

Article 24. The Convening of Annual General Meetings and Extraordinary General Meetings

An Annual General Meeting must be held every calendar year at least within four months from the end of the financial year.

The Extraordinary General Meeting must be convened if:

1) the company's equity capital falls below ½ of the authorised capital specified in the Articles of Association and the issue has not been discussed at the Annual General Meeting;

2) the number of the Supervisory Board or Board members has declined to 2/3 of their number indicated in the company Articles of Association or less than their minimum number prescribed by this Law;

3) the manager of the company elected by the General Meeting resigns or is unable to continue performing his duties;

4) the audit firm terminates the contract with the company or is for any other reasons unable to audit the company's annual statements where audit is mandatory under this Law or Articles of Association;

5) the convening of the EGM is requested by the shareholders having the right of initiative to convene a General Meeting, the Supervisory Board, the Board or, where the Board is not formed, by the manager of the company;

6) the duration of the company specified in the Articles of Association is drawing to a close;

7) it is required under this Law and other laws or the company's Articles of Association.

The General Meeting may be convened by order of the court if:

1) the Annual General Meeting has not been convened within 4 months of the end of the financial year and at least one shareholder has brought the matter to the court;

2) the persons or company organs having the right of initiative to convene the General Meeting applied to the court with a complaint about the failure by the Board or the manager of the company to convene the General Meeting as required under Article 23 of this Law;

3) the persons who initiated of the convening of the General Meeting applied to the court complaining that the Board or the manager have not convened the General Meeting upon the submission of the request as required under Article 23 of this Law;

4) at least one of the company creditors applied to the court with a complaint about the failure to convene the General Meeting when it was discovered that the company's equity fell below ½ of the authorised capital specified in the Articles of Association.

Article 25. Agenda of the General Meeting

1. The agenda of the General Meeting shall be drawn up by the company Board or, in the cases specified in paragraph 3 of Article 23 of this Law, by the manager if the company. Where the General Meeting is convened by order of the court, the agenda shall be drawn up and submitted to the court together with other prescribed documents by the person or persons who applied to the court requesting to convene the General Meeting.

2. The items proposed by the initiators of the General Meeting must be put on the agenda of the Meeting provided that these issues are within the powers of the General Meeting.

3. The agenda of the General Meeting may be supplemented by the Supervisory Board, the Board (if the Board is not formed – by the manager) or shareholders who hold shares with not less than 1/10 of all votes attaching to them, unless the Articles of Association provide for a smaller proportion. The proposal to supplement the agenda may be submitted not later than 15 days before the General Meeting. Draft decisions on the proposed issues shall also be submitted together with the proposal.

4. The organs of the company and persons referred to in paragraph 3 of this Article may at any time before the General Meeting or during the Meeting propose new draft decisions on the items put on the agenda, nominate additional candidates to members of the company organs, the audit firm.

5. The shareholders must be notified of the changes in the agenda of the General Meeting in the same manner in which they were given notice of the General Meeting not later than 10 days before the General Meeting.

6. If removal of members of the company organs or the audit company is on the agenda of the General Meeting, the issues relating to election accordingly of new members of the company organs or new audit firm must be put on the agenda of the Meeting.

7. Only the agenda of the General Meeting which was not held shall be valid at the repeat General Meeting.

Article 26. Notice of the General Meeting

1. The Board of the company, the manager, the persons or authority which adopted the decision to convene the General Meeting shall present to the company information and documents required for drawing up a notice of the General Meeting.

2. Notices of the General Meeting shall include the following:

1) the name, the address of the registered office and the code of the company;

2) the date, time and venue (address) of the Meeting;

3) the record date of the General Meeting (for a public limited-liability company);

4) the agenda of the Meeting;

5) the persons on whose initiative the General Meeting is convened;

6) the organ of the company, persons or the authority who adopted the decision to convene the General Meeting;

7) the purpose and intended method of the reduction of capital where the issue of reduction of the authorised capital is on the agenda of the General Meeting.

3. A notice of the General Meeting must be published in the daily indicated in the Articles of Association or delivered against acknowledgement of receipt sent by registered post to each shareholder not later than 30 days before the General Meeting.

4. If the General Meeting is not held, the shareholders must be notified of the repeat General Meeting in the manner specified in paragraph 3 of this Article at least 5 days before the day of this General Meeting. The repeat General Meeting shall be convened at least 5 days and within 30 days after the day of the General Meeting which was not held.

5. The General Meeting may be convened in derogation of the time limits set in paragraphs 3 and 4 of this Article upon written consent of all the shareholders who hold shares conferring voting rights.

6. The documents confirming that the shareholders have been given notice of the General Meeting shall be announced when opening the Meeting.

7. At least 10 days before the General Meeting the shareholders shall be granted access to the documents available to the company relating to the agenda of the Meeting, including draft decisions and the request filed with the Board or, in the cases specified in paragraph 3 of Article 23 of this Law, to the manager of the company by the persons who initiated the convening of the General Meeting. If the shareholder requests so in writing, the manager of the company shall within 3 days from the receipt of the written request deliver to him against his signed acknowledgement of receipt all draft decisions of the Meeting or shall send him the above drafts by a registered letter. A notice must be given with the draft decisions indicating on whose initiative they have been submitted. Where the person who initiated the draft decision submitted its explanations, these must be attached to the draft decisions.

Article 27. Quorum of the General Meeting and Decision-making

1. A General Meeting may take decisions and shall be held valid if attended by shareholders who hold shares carrying not less than ½ of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the Meeting. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

2. If consent of the holders of a certain class of shares is necessary for taking a decision, the decision regarding the consent shall be taken by a meeting of the holders of the relevant class of shares. The meeting may take decisions and shall be held valid if attended by shareholders who own over ½ of all shares of that class. The provisions laid down by this Law for convening the Meeting, representation by proxy, establishment of the quorum, decision taking and drawing up of the minutes shall be applicable to convening the meeting (repeat meeting including).

3. Every General Meeting shall elect the chairman and the secretary of the Meeting. The election of the secretary may be dispensed with if the General Meeting is attended by less than 3 shareholders. The chairman and the secretary shall not be elected if all the shareholders attending the Meeting took a written vote.

4. For the purpose of establishing the total number of votes carried by the shares of the company and the quorum of the General Meeting, the following shares shall be considered to be non-voting shares:

1) own shares purchased by the company;

2) non-voting preference shares of the class specified in the Articles of Association.

4. If the shareholder exercises his right to take a written vote, upon being presented for scrutiny the agenda of the General Meeting and draft decisions, he shall fill in and submit to the company a general ballot paper notifying the General Meeting whether he is "for" or "against" each decision. The shareholders who took a written vote in advance shall be considered as being present at the General Meeting and their votes shall be included in the quorum of the meeting and the results of voting. The general ballots papers of the meetings which have not taken place shall be valid at repeat meetings. A shareholder shall not be entitled to vote at the General Meeting for the decision in respect of which he has expressed his will in advance in writing.

5. If in the cases specified by this Law a shareholder is not entitled to vote when taking decisions on separate issues, the results of the voting on these separate issues shall be determined according to the number of votes of shareholders present at the Meeting who are entitled to vote on deciding the issue.

6. Voting at the General Meeting shall be decided on a show of hands. Secret voting shall be mandatory to all shareholders on the issues on which at least one shareholder requests a secret vote be taken, provided that he is supported by shareholders whose shares carry at least 1/10 of the votes at the General Meeting,.

7. A decision of the General Meeting shall be considered taken if more votes of the shareholders have been cast for it than against it, unless this Law or the Articles of Association of the company prescribe a larger majority.

8. The General Meeting shall not be entitled to take decisions on the issues that are not on the agenda except when the meeting is attended by all shareholders who own shares conferring voting rights and no shareholder voted in writing.

Article 28. Decisions Taken by a Qualified Majority Vote

1. The General Meeting shall take the following decisions by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting:

1) to amend the Articles of Association of the company, unless otherwise provided for by this Law;

2) to determine the class, number, nominal value and the minimum issue price of the shares issued by the company;

3) to convert the company's shares of one class into shares of another class, approve the share conversion procedure;

4) to replace private limited-liability company share certificates by shares;

5) on the appropriation of profit/loss;

6) on building up, drawing on, reduction or liquidation of the reserves;

7) to issue convertible debentures;

8) to increase the authorised capital;

9) to reduce the authorised capital except where this Law provides otherwise;

10) on approving the conditions of reorganisation or division and reorganisation, or division of the company;

11) on the transformation of the company;

12) on the restructuring of the company;

13) on the liquidation of the company and cancellation of company liquidation except where otherwise provided by this Law.

2. The decision to withdraw for all shareholders the pre-emption right in acquiring the company's newly issued shares or convertible debentures of a specific issue shall require a

qualified majority vote that shall be not less than ¾ of all votes conferred by the shares of the shareholders present at the General Meeting and entitled to decide on the issue.

3. The Articles of Association of the company may provide for a larger qualified majority than 2/3 of the votes required to take the decisions specified in paragraph 1 of this Article and a larger qualified majority than ¾ of the votes required for taking the decision referred to in paragraph 2 of this Article.

Article 29. Minutes of the General Meeting

1. Minutes shall be taken of all General Meetings. The minutes need not be taken where the decisions taken are signed by all shareholders of the company as well as in cases when the company has only one shareholder.

2. The minutes shall be signed by the chairman and secretary of the General Meeting and may also be signed by the persons authorised by the General Meeting. Where the secretary of the Meeting is not elected, the minutes shall be signed by the chairman of the General Meeting. In case all shareholders attending the Meeting voted in writing, the manager of the company shall draw up and sign the minutes recording the votes cast.

3. The minutes shall be drawn up and signed not later than within 7 days after the date of the General Meeting.

4. Persons who attended the General Meeting shall be entitled to have access to the minutes and submit their comments or opinion in writing on the facts presented in the minutes and the drawing up thereof within 3 days from the moment of access but not later than within 10 days thereafter.

5. The following documents shall be attached to the minutes: the list of registration of the shareholders who attended the meeting; the proxies and other documents certifying the persons' voting right; the general ballot papers of the shareholders who voted in advance in writing; documentary proof that the shareholders having been notified of the General Meeting; comments on the minutes and conclusion on the comments given by the persons who signed the minutes.

6. Where all shares in the company are held by one person, his written decisions shall be equivalent to the decisions of the General Meeting.

7. The minutes or other documents whereby the decisions of the General Meeting are executed shall be official documents. They shall be stored and processed according to the procedure laid down in the Law on Archives. Forgery of these documents shall be punishable under law.

Article 30. General Ballot Paper

1. Upon the written request of the shareholders having the right to vote the company shall prepare and at least 10 days before the General Meeting send the general ballot papers by registered post or deliver them against acknowledgement of receipt to the shareholders who so requested.

2. The following shall be indicated in the ballot paper:

1) drafts of the decisions proposed before the day of dispatch of the general ballot papers. The wording of the draft decisions must allow the shareholder to vote either for or against the decision;

2) candidates to the members of the company's organs elected at the General Meeting, the firm which is a candidate to the firm of auditors. The candidates must be presented in the manner which would allow the shareholder to mark the candidate he votes for or the number of votes he gives to each candidate.

3. The general ballot paper shall contain the full name and personal number of the shareholder who is a natural person and the name and code of the shareholder who is a legal person.

4. The filled-in general ballot papers shall be signed by the shareholder or any other person entitled to vote by the shares owned by that shareholder.

5. The general ballot paper shall be deemed valid and may not be recalled if it meets the requirements laid down in paragraphs 3 and 4 of this Article and was received by the company before the General Meeting.

6. If the general ballot paper does not meet the requirements laid down in paragraphs 3 and 4 of this Article, the shareholder shall be considered not to have voted in advance.

7. If due to the manner in which the general ballot paper has been filled in it is impossible to determine the will of the shareholder on a separate issue, the shareholder shall be considered not to have voted in advance.

Article 31. Formation of the Supervisory Board

1. The Supervisory Board is a collegial body supervising the activities of the company. The Supervisory Board is managed by its chairman.

2. The number of members of the Supervisory Board shall be set by the Articles of Association. The Supervisory Board shall have at least 3 and not more than 15 members.

3. The Supervisory Board shall be elected by the General Meeting. During the election of the Supervisory Board members, each shareholder shall have the number of votes equal to the number of votes carried by the shares he owns multiplied by the number of members of the Supervisory Board being elected. The shareholder shall distribute the votes at his discretion, giving them for one or several candidates. The candidates who receive the greatest number of votes shall be elected. If the number of candidates who received an equal number of votes is greater than the number of vacancies on the Supervisory Board, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.

4. The Supervisory Board shall be elected for the period laid down in the Articles of Association which, however, shall not be longer than 4 years. The Supervisory Board shall continue in office for the period laid down in the Articles of Association or until a new Supervisory Board is elected but not for longer than the date of the Annual General Meeting to be held during the final year of its term of office. The number of the terms of office a member may serve on the Supervisory Board shall not be limited.

5. The Supervisory Board shall elect the chairman of the Supervisory Board from among its members.

6. Prohibited from serving on the Supervisory Board shall be:

1) the manager of the company, subsidiary company and parent company of this company;

2) a member of the Board of the company, subsidiary company and parent company of this company;

3) a person who under the legal acts may not serve in this office.

7. The Supervisory Board or its members shall commence in office upon the completion of the General Meeting which elected the Supervisory Board or its members.

8. Where the Articles of Association of the company are being amended due to the formation of the Supervisory Board or the increase in the number of its members, newly elected members of the Supervisory Board may only start in office from the date of registration of the amended Articles of Association. In this case, the decision regarding the amendment of the Articles of Association may be adopted and the election of new members of the Supervisory Board may take place during the same General Meeting provided that such issues are on the agenda of the Meeting.

9. The General Meeting may remove from office the entire Supervisory Board or its individual members before the expiry of the term of office of the Supervisory Board.

10. A member of the Supervisory Board may resign from office before the expiry of his term of office by giving a written notice thereof to the company at least 14 days in advance.

11. If a member of the Supervisory Board is removed from office, resigns or stops performing his duties for any other reason and the shareholders who hold at least 1/10 of all votes in the company object to the election of individual members of the Supervisory Board, the Supervisory Board shall lose its powers and the entire Supervisory Board shall be subject to election. Where individual members of the Supervisory Board are elected, the term of office for which they are elected shall be only until the expiry of the term of office of the current Supervisory Board.

12. The General Meeting may pay bonuses to members of the Supervisory Board for their work on the Board according to the procedure laid down in Article 59 of this Law.

Article 32. Powers of the Supervisory Board and Decision-making

1. The Supervisory Board shall:

1) elect the members of the Board (the manager of the company where the Board is not formed) and remove them from office. If the company is operating at a loss, the Supervisory Board must consider the suitability of the Board members (the manager of the company if the Board is not formed) for their office;

2) supervise the activities of the Board and the manager of the company;

3) submit its comments and proposals to the General Meeting on the operating strategy, annual accounts, draft of profit appropriation and the annual report of the company as well as the activities of the Board and the manager of the company;

4) submit its proposals to the Board and the manager of the company to revoke their decisions which are not in conformity with the laws and other legal acts, Articles of Association of the company or the decisions of the General Meeting;

5) address other issues assigned within its powers by the Articles of Association of the company as well as by the decisions of the General Meeting regarding the supervision of the activities of the company and its managing organs.

2. The Supervisory Board shall not be entitled to assign or delegate its functions prescribed by this Law and the Articles of Association to other organs of the company.

3. The Supervisory Board shall be entitled to ask the Board and the manager of the company to submit the documents related to the activities of the company.

4. Members of the Supervisory Board must keep the commercial (industrial) secrets which they learned serving on the Supervisory Board confidential.

5. The meetings of the Supervisory Board shall be convened by the chairman of the Supervisory Board. The meetings of the Supervisory Board may also be convened by the decision taken by at least of 1/3 of the Supervisory Board members.

6. Members of the Supervisory Board shall have equal rights. During voting each member shall have one vote. In the event of a tie, the chairman of the Supervisory Board shall have the casting vote.

7. A member of the Supervisory Board may express his will by taking a written vote "for" or "against" the decision put for vote, provided that he has familiarised himself with the draft decision. Voting by telecommunication terminal equipment shall be equivalent to voting in writing provided that confidentiality of communications is guaranteed and there are means for verifying the signature.

8. The Supervisory Board shall be entitled to take decisions and its meeting shall be considered to have been held if attended by more than a half of the members of the Supervisory Board. The members of the Supervisory Board who voted in advance shall also be considered to have attended the meeting. The decision of the Supervisory Board shall be taken if the number of votes cast for it is greater that the number of votes cast against, unless the Articles of Association require a larger majority. The decision to remove a member of the Board from office may be taken if at least 2/3 of the Supervisory Board members present at the meeting vote for it.

9. Minutes shall be kept of all meetings of the Supervisory Board.

10. The procedure of work of the Supervisory Board shall be laid down in the rules of procedure of the Supervisory Board adopted by it.

Article 33. Formation of the Board

1. The Board is a collegial management organ of the company.

2. The number of the Board members shall be laid down in the Articles of Association of the company. The Board must have at least 3 members.

3. The Board shall be elected by the Supervisory Board for a term specified in the Articles of Association of the company which may not exceed 4 years. If the Supervisory Board is not formed, the Board shall be elected by the General Meeting according to the procedure laid down in paragraph 3 of Article 31 of this Law for the election of the Supervisory Board. If individual members of the Board are elected, they shall only serve until the expiry of the term of office of the current Board.

4. The Board shall elect its chairman from among its members.

5. The Board shall continue in office for the period laid down in the Articles of Association or until a new Board is elected and assumes the office but for not longer than the Annual General Meeting during the final year of its term of office.

6. Only a natural person may be elected to serve on the Board. There is no limitation on the number of terms of offices a member of the Board may serve. The following persons may not serve as members of the Board:

1) a member of the Supervisory Board of the company, subsidiary company or the parent company of the company;

2) a person who under the legal acts may not serve in this office.

7. The Board or its members shall start their work after the completion of the General Meeting or the meeting of the Supervisory Board which elected the Board or its members.

8. Where the Articles of Association of the company are amended due to the formation of the Board or the increase in the number of its members, newly elected members of the Board may commence in office only from the date of registration of the amended Articles of Association. In this case the decision to amend the Articles of Association may be taken and the election of new members of the Board may take place during the same General Meeting provided that this has been put on the agenda of the Meeting.

9. The Supervisory Board (or the General Meeting if the Supervisory Board is not formed) may remove from office the entire Board or its individual members before the expiry of their term of office.

10. A member of the Board may resign from office prior to the expiry of his term of office by giving a written notice thereof to the company at least 14 days in advance.

11. Bonuses may be paid to members of the Board for their work on the Board according to the procedure laid down in Article 59 of this Law.

Article 34. Powers of the Board

1. The Board shall consider and approve:

1) the operating strategy of the company;

2) the annual report of the company;

3) the management structure of the company and the positions of the employees

4) the positions to which employees are recruited by holding competitions;

5) regulations of branches and representative offices of the company.

2. The Board shall elect and remove from office the manager of the company, fix his salary and set other terms of the employment contract, approve his job description, provide incentives for him and impose penalties.

3. The Board shall determine which information shall be considered to be the company's commercial (industrial) secret. Any information which must be publicly available under this Law and other laws may not be considered to be the commercial (industrial) secret.

4. The Board shall take the following decisions:

1) decisions for the company to become an incorporator or a member of other legal entities;

2) decisions to open branches and representative offices of the company;

3) decisions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated individually for every tape of transaction);

4) decisions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated for the total amount of transactions);

5) decisions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the company;

6) decisions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the company;

7) decisions to restructure the company in the cases laid down in the Law on Restructuring of Enterprises;

8) other decisions within the powers of the Board as prescribed by the Articles of Association or the decisions of the General Meeting.

5. The Articles of Association may provide that the Board must receive the approval of the General Meeting before adopting the decisions referred to in subparagraphs 3, 4, 5 and 6 of

paragraph 4 of this Article. The approval given by the General Meeting shall not relieve the Board of its responsibility for the decisions adopted.

6. Before adopting the decision to invest funds or other assets into another legal entity, the Board must notify thereof the creditors with which the company failed to settle within the prescribed time limit, if the aggregate debt to these creditors exceeds 1/20 of the authorised capital of the company.

7. The Board shall analyse and evaluate the documents submitted by the manager of the company on:

1) the implementation of the operating strategy of the company;

2) the organisation of the activities of the company;

3) the financial status of the company;

4) the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

8. 8. The Board shall analyse and assess the company's draft annual statements and draft of profit/loss appropriation and shall submit them to the Supervisory Board and the General Meeting together with the annual report of the company. The Board shall determine the methods used by the company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

9. It shall be the duty of the Board to convene and organise General Meetings in due time.

10. The Board must submit to the Supervisory Board the documents related to the activities of the company requested by it.

11. Members of the Board shall be under duty not to divulge any commercial (industrial) secrets of the company which they learned serving on the Board.

12. The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

Article 35. Adoption of Decisions of the Board

1. Every member of the Board shall have the right of initiative to convene a Board meeting.

2. During voting each member shall have one vote. In the event of a tie, the chairman of the Board shall have the casting vote.

3. A member of the Board may express his will in advance by taking a written vote "for" or "against" the decision put for vote, provided that he has familiarised himself with the draft decision. Voting by telecommunication terminal equipment shall be equivalent to voting in writing provided that confidentiality of communications is guaranteed and there are means for verifying the signature.

4. The Board may adopt decisions and its meeting shall be deemed to have taken place when the meeting is attended by more than 2/3 of the members of the Board if the Articles of Association of the company do not require a larger number of the members present at the meeting. The members of the Board who voted in advance shall also be deemed to be present at the meeting. The decision of the Board shall be adopted if more votes for it are received than the votes against it.

5. A member of the Board shall not be entitled to vote when the meeting of the Board discusses the issue related to his work on the Board or the issue of his responsibility.

6. Unless the manager of the company is a member of the Board, the Board shall invite him to every meeting and give him access to information on the issues on the agenda.

7. Minutes shall be taken of the meetings of the Board.

Article 36. Repealed as of 27.07.06.

Article 37. The Manager of the Company

1. The manager of the company is a single-person management organ of the company.

2. The manager of the company must be a natural person. A person may not be the manager of the company if under the legal acts he is not entitled to hold the position.

3. The manager of the company shall be elected and removed from office by the Board (the Supervisory Board if the Board is not formed or the General Meeting if the Supervisory Board is not formed either) which shall also fix his salary, approve his job description, provide incentives and impose penalties. The manager of the company shall commence in his office after the election, unless otherwise provided for in the contract concluded with him. A person authorised by the organ

of the company which elected the manager of the company or removed him from office must within 5 days notify the manager of the Register of Legal Entities of the election or removal from office of the manager of the company as well as the expiry of his contract for other reasons.

4. The employment contract shall be concluded with the manager of the company. The contract with the manager shall be signed on behalf of the company by the chairman of the Board or by another member authorised by the Board (the chairman of the Supervisory Board or another member authorised by the Supervisory Board if the Board is not formed or by a person authorised by the General Meeting if the Supervisory Board is not formed either). If the manager of the company is the chairman of the Board, the employment contract with him shall be signed by the member of the Board authorised by the Board. The contract on full material liability may be concluded with the manager of the company. If the organ which elected the manager of the company adopts the decision to remove him from office, his employment contract shall be terminated. Labour disputes between the manager of the company and the company shall be settled by court.

5. In his activities, the manager of the company shall be comply with laws and other legal acts, the Articles of Association of the company, decisions of the General Meeting, decisions of the Supervisory Board and the Board, and his job description.

6. The manager of the company shall organise daily activities of the company, hire and dismiss employees, conclude and terminate employment contracts with them, provide incentives and impose penalties.

7. The manager of the company shall set the rates used for calculating asset depreciation in the company.

8. The manager of the company shall act on behalf of the company and shall be entitled to enter into the transactions at his own discretion, save in cases where the Articles of Association of the company provide for quantitative representation of the company. The manager of the company may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6, paragraph 4, Article 34 of this Law, provided that there is a decision of the Board (if the Board is formed in the company) to enter into these transactions. If the Board is not formed in the company, the manager of the company shall adopt the decisions and carry out the actions specified in paragraphs 1, 3, 4, 5 , 6, 8, 9 and 10 of Article 34 of this Law.

9. The manager of the company must keep confidential the commercial (industrial) secrets of the company which he learned serving in this office.

10. The manager of the company shall be responsible for:

1) the organisation of activities and the implementation of objects of the company;

2) the drawing up of the annual statements and the drafting of the annual report of the company;

3) the conclusion of the contract with the firm of auditors where the audit is mandatory or required under the Articles of Association of the company;

4) the submission of information and documents to the General Meeting, the Supervisory Board and the Board in cases laid down in this Law or at their request;

5) the submission of documents and particulars of the company to the manager of the Register of Legal Entities;

6) the submission of the documents of a public limited liability company to the Securities Commission and the Central Securities Depository of Lithuania;

7) the publication of information referred to in this Law in the daily indicated in the Articles of Association;

8) the submission of information to shareholders;

9) the fulfilment of other duties laid down in this Law and other laws and legal acts as well as in the Articles of Association and the staff regulations of the manager of the company.

11. The manager of a private limited liability company shall be responsible for the management of personal securities accounts of holders of book-entry shares and the registration of holders of certificated shares in the company, except for cases when the accounting of shares is outsourced to the account managers.

12. Where one person acquires all shares in a company or the holder of all shares in a company divests of all or a part of shares to other persons, the manager of the company must

notify the manager of the Register of Legal Entities thereof within 5 days after the day of receipt of notice referred to in paragraph 4 of Article 14 of this Law.

13. The manager of the company must ensure that the auditor receives all the documents necessary to carry out the audit specified in the contract with the firm of auditors.

CHAPER SIX
CAPITAL OF THE COMPANY

Article 38. Structure of Equity Capital

1. The equity capital of the company shall consist of:
1) the amount of paid-up authorised capital;
2) the share premium account;
3) the revaluation reserve;
4) the legal reserve;
5) the reserve for own shares;
6) other reserves;
7) the unappropriated result - the profit/loss.

2. The amount of the authorised capital shall be equal to the aggregate amount of the nominal values of all shares subscribed for in the company.

3. If the equity capital of the company falls to less than 1/2 of the amount of the authorised capital referred to in the Articles of Association, the Board (the manager of the company if the Board is not formed) shall convene the General Meeting within 3 months after the day on which it learned or should have learned about the existing situation. This General Meeting must consider the issues regarding the decisions referred to in subparagraph 2 of paragraph 9 and paragraph 10 of Article 59 of this Law. The situation existing in the company must be remedied within 6 months after the day on which the Board learned or should have learned about the existing situation.

4. If, in the case referred to in paragraph 3 of this Article, the General Meeting fails to adopt the decision to remedy the situation existing in the company or such situation is not remedied within 6 months after the day on which the Board learned or should have learned about the existing situation, the Board of the company (the manager of the company if the Board is not formed) must, within 2 months after the date of the General Meeting, apply to the court for the reduction of the authorised capital by the amount whereby the equity capital has fallen below the authorised capital. However, if after the reduction the authorised capital would be less than the minimum amount of the authorised capital specified in Article 2 of this Law, it may be reduced only to the minimum amount of the authorised capital indicated in Article 2 of this Law.

5. After the court decision to reduce the company's authorised capital becomes effective, the Board of the company (the manager of the company if the Board is not formed) must make relevant amendments to Articles of Association of the company changing the amount of the authorised capital and the number of shares or/and their nominal value or/and cancel a portion of the shares. First of all, own shares purchased by the company shall be cancelled. Should this prove insufficient, the nominal values of the remaining shares shall be reduced or/and a portion of shares shall be cancelled. The number of shares shall be reduced for all the shareholders in proportion to the number of shares in the company owned by them at the end of the day of registration of the amended Articles of Association in the Register of Legal Entities. The amended Articles of Association signed by the chairman of the Board (the manager of the company if the Board is not formed) must be submitted to the manager of the Register of Legal Entities within 30 days after the coming into effect of the court decision. If shares are cancelled, the documentary proof of the cancellation thereof must be submitted to the manager of the Register of Legal Entities together with the documents prescribed by law.

Article 39. Reserves and Share Premium

1. The company shall have the reserves formed from the distributable profit available for appropriation as well as the revaluation reserve.

2. The legal reserve shall be formed from the profit available for appropriation. It must be at least equal to 1/10 of the amount of the authorised capital and may only be used to cover the

losses of the company. The portion of the legal reserve above the 1/10 of the authorised capital may be redistributed when the profit of the next financial year is appropriated. After the legal reserve was used to cover the losses, the amount thereof shall be restored from the profit available for appropriation according to the procedure laid down in paragraph 5 of Article 59 of this Law.

3. The reserve for own shares the amount whereof is specified in paragraph 6 of Article 54 of this Law shall be formed from the profit available for appropriation.

4. Other reserves shall be formed from the profit available for appropriation and shall be used for the implementation of the specific objects of the company.

5. The reserves referred to in paragraphs 3 and 4 of this Article may be formed only after the deduction to the legal reserve of the amount prescribed by paragraph 5 of Article 59 of this Law. The said reserves may be used to cover the losses of the company and to increase the authorised capital.

If the reserves referred to in paragraphs 3 and 4 of this Article have not been and are not intended to be used, they may be redistributed when the profit of the next financial year is appropriated.

7. The revaluation reserve is the amount of the increase in the value of tangible long-term assets and financial assets resulting after the revaluation of assets. The revaluation reserve shall be reduced when the revalued assets are written down, written off, depreciated or divested of to third persons. The authorised capital may be increased by the portion of the revaluation reserve formed after the revaluation of tangible assets. The revaluation reserve may not be used to reduce losses. When the financial assets are revalued, the revaluation amount transferred to the revaluation reserve may not be used for the increase of the authorised capital.

8. Share premium (the amount above nominal value) is a part of the equity capital of the company equal to the difference between the issue price and the nominal value of shares. Share premium may be used to increase the authorised capital and to cover the losses of the company.

Article 40. Shares

1. Shares are securities confirming the right of their owner (shareholder) to share in the management of the company, unless otherwise provided by law, the right to receive divided, the right to a portion of company's assets remaining after the liquidation and other statutory rights.

2. All shares in companies shall be registered.

3. The shares shall be divided into classes according to the rights they grant to their holders.

4. The rights granted by shares of different classes must be indicated in the Articles of Association of the company. The nominal values and rights granted by all shares of the same class must be equal.

5. A share shall not be divided into parts. If one share belongs to several owners, all owners of the share shall be considered to be one shareholder. In this case, the shareholder shall be represented by one of the owners under a written proxy executed by all owners and notarised. The owners of the share shall be jointly and severally liable for the shareholder's obligations.

6. The nominal value of a share must be quoted in *litas* without *centas*.

7. Shares in public limited liability companies may only be book-entry shares.

8. Shares in private limited liability companies can be both book-entry shares and certificated shares.

9. The owner of a book-entry share (shareholder) is a person on whose behalf a personal securities account has been opened, save for the exceptions laid down in the laws.

10. The owner of a certificated share (shareholder) is a person indicated in the share.

11. A certificated share must state:

1) the word "Share", the class and number of the share;

2) the name and code of a private limited liability company;

3) the nominal value of the share;

4) the amount of dividend on the preference share, its voting and other rights;

5) the date of issue of the share;

6) full name and personal number of the share holder (name, legal form, code and registered office of the legal person).

12. The Articles of Association of a private limited liability company may provide that the shareholders shall be issued share certificates instead of certificated shares.

13. A share certificate shall state:

1) the words “Share Certificate” and the certificate number;

2) the name and code of a private limited liability company;

3) the number of shares represented by the certificate;

4) the nominal value of the share;

5) the class of shares;

6) the amount of dividend on the preference share, its voting and other rights;

7) the date of issue;

8) full name and personal number of the share certificate holder (name, legal form, code and registered office of the legal person).

14. A certificated share shall be endorsed by the signature of the chairman of the Board (the manager of the company if the Board is not formed).

15. The requirements for the certificated shares laid down in this Law shall apply to the accounting, divesting, exchange and recognition of invalidity of share certificates.

16. Shares may be offered for secondary trading only after they have been fully paid up at their issue price.

17. A company shall be prohibited from issuing shares other than those provided for in this Law as well as shares which could be exchanged for bonds.

Article 41. Management of Personal Securities Accounts of Shareholders

1. Book-entry shares of a company shall be recorded as entries in personal securities accounts of shareholders.

2. Personal securities accounts of shareholders of a public limited liability company shall be operated according to the procedure laid down in the legal acts regulating the securities market.

3. The Government of the Republic of Lithuania or its authorised institution shall lay down the rules of operation of personal securities accounts of the shareholders of private limited liability companies who hold book-entry shares and registration of holders of certificated shares in private limited liability companies. Personal securities accounts of shareholders of private limited liability companies who hold book-entry shares shall be operated by the private limited liability company which issued these shares. An agreement may be entered into by the private limited liability company for the transfer of the operation of personal securities accounts of shareholders to an account manager. The private limited liability company must make this agreement available to its shareholders.

4. The account manager which opened a personal securities account for the shareholder must produce an excerpt from this account at the request of the shareholder. The excerpt must state the number of shares and other information about the shares recorded in the accounts as prescribed by legal acts. At the shareholder’s request, a private limited liability company must produce an extract from the documents of registration of the holders of certificated shares and the extract must state the number of shares as well as other information about the recorded shares as prescribed by the legal acts.

A public limited liability company shall be entitled to receive, according to the procedure laid down in the legal acts regulating the securities market, information from the account managers about the shares of that company recorded in shareholders’ personal securities accounts managed by the managers, the lists of shareholders and their particulars.

Article 42. Ordinary and Preference Shares

1. The majority of shares in a company shall be ordinary shares. Preference shares may constitute less than 1/3 of the authorised capital. The nominal values of all ordinary shares must be equal.

2. All ordinary shares shall carry the right to vote. The right of owners of ordinary shares to the dividend shall be realised only after the realisation of the property rights of the holders of preference shares.

3. Only the holders of ordinary shares shall have the right to receive new shares issued when the authorised capital of the company is being increased according to the procedure laid

down in this Law from the unappropriated profit or the reserves formed from the appropriated profit. If the authorised capital is being increased from the share premium or the revaluation reserve, the holders of both preference and ordinary shares shall have equal rights to receive new shares.

4. Ordinary shares of the company may not be converted into the preference shares. The amount of the dividend for holders of ordinary shares may not be fixed by the company in the Articles of Association or share subscription agreement.

5. Preference shares of the company may be converted into the ordinary shares by the decision of the General Meeting if the possibility of conversion has been laid down in the Articles of Association of the company and provided that such a decision is approved by a qualified majority vote of the holders of each class of shares taking a separate vote. When converting the preference shares with cumulative dividend into the ordinary shares, the company must make a full settlement with the holders of preference shares or undertake to settle the debt before the end of the next financial year.

6. The Articles of Association of the company issuing preference shares must prescribe a specific (fixed) amount (in percentage) of dividend on preference shares calculated on the basis of the nominal value of share.

7. Preference shares may have a cumulative or non-cumulative dividend, carry the right to vote or not. This shall be established in the Articles of Association when the classes of shares are indicated.

8. The holder of preference shares with cumulative dividend shall be guaranteed the right to the dividend indicated in these shares.

9. If the share of profit available for appropriation and intended for dividend is not sufficient for the payment of the whole dividend established for the holders of preference shares, they shall receive a proportionately reduced amount. The amount which was not paid to the holders of preference shares with a cumulative dividend shall be brought forward to the next financial year. The amount which was not paid to the holders of preference shares with a non-cumulative dividend shall not be brought forward to the next financial year.

10. If during 2 consecutive financial years the company fails to allocate the full amount of dividend to the holders of non-voting preference shares with a cumulative dividend, such shares shall acquire the voting right until the end of the financial year during which the full settlement with the holders of these shares is made.

Article 43. Employee shares

1. A company, if the Articles of Association so prescribe, may have an issue of ordinary shares having the status of employee shares. This issue may not be made before the expiry of the deadline of payment for the shares subscribed for at the time of incorporation of the company.

2. The right to acquire employee shares shall be vested in the employees of the company which issued these shares, except for the employees who serve on the Supervisory Board or the Board or are the manager of this company.

3. The share subscription agreement must set the deadline for the holder of employee shares before which he may only divest of the shares to another employee of the company. The period of restriction may not be longer than three years after the day of the issue of shares starting from the day of subscription for shares. After the expiry of the restriction period for the transfer of shares, employee shares shall become ordinary shares. If the employee shares are inherited, the status of these shares shall not change until the expiry of the restriction period for the transfer of shares.

4. An employee must pay for the subscribed shares by making initial contributions in cash before the deadline set in the share subscription agreement. The remaining payments may be made by deductions from the earnings if desired so be the employee. It shall be prohibited to exert any pressure on the employee to purchase the shares of the company as well as to make deductions from earnings for the payment for shares which were not subscribed for by him.

5. An employee must pay for the subscribed employee shares before the expiry of the restriction period for the transfer of shares.

Article 44. Subscription for Shares

1. Shares shall be subscribed for when a company and a natural or legal person conclude a share subscription agreement, except when the company is being incorporated. Under the share subscription agreement, one party shall undertake to offer a certain number of new shares and the other party shall undertake to pay the entire subscription price. The procedure of subscription for the shares of public limited liability companies issued in the course of the increase of the authorised capital and offered for trading on the securities exchange registered in the Republic of Lithuania as well as the procedures of pricing and payment shall be established by the Securities Commission.

2. A share subscription agreement shall also have a simple written form in cases when the full or partial payment of the subscription price is made by contribution other than in cash, i.e. the real estate.

3. A share subscription agreement must state:

1) the name, legal form, code and registered office of the company;

2) the amount of registered authorised capital;

3) the amount of increase in the authorised capital;

4) the date of the General Meeting which adopted the decision to increase the authorised capital;

5) the date and number of listing of shares of a public limited liability company if the shares are listed by the Securities Commission;

6) the nominal value and issue price of a share, the number of shares of every class issued and the rights they carry;

7) the procedure and time limits of payment for shares;

8) the procedure of share allotment to the subscribers of shares in the event of oversubscription;

9) the possibility and procedure of increasing the authorised capital of the company in the event of undersubscription;

10) full name, personal number and place of residence of a subscriber who is a natural person or the name, legal form, code and registered office of a legal person and the name and surname of its representative;

11) the number of subscribed shares according to their classes.

4. The manager of the company shall be responsible for drafting the share subscription agreement and the accuracy of the particulars.

5. If a company provided incorrect or incomplete particulars referred to in paragraph 3 of this Article in the share subscription agreement, the subscriber of a share shall be entitled to file a written request to return his contribution for the subscribed shares before the registration of the Articles of Association of the company amended as the result of the increase in the authorised capital. The company must return the subscriber's contribution immediately without any deductions.

6. A company may not subscribe for own shares.

7. A subsidiary company shall not be allowed to subscribe for and acquire shares in a parent company. If the shares of a company are subscribed for by its subsidiary company, the shares shall be considered to have been subscribed by the company itself.

8. Members of the company's organ who took the decision for the company to subscribe for own shares or the shares in its parent company, must pay for these shares themselves. After the payment for shares they shall become the owners thereof.

9. A company may not make advance payments, give loans or offer safeguards for the discharge of obligations to third persons if such actions are aimed at enabling other persons to acquire shares in that company.

10. The manager of the company shall be responsible for compliance with the terms referred to in paragraphs 8 and 9 of this Article.

Article 45. Payment for Shares

1. Payment for shares shall mean the payment of the share issue price. Payment for shares may be made in cash and/or contributions other than in cash owned by the person paying for the shares. In the case specified in paragraph 5 of Article 52 of this Law the issued new shares must be paid for in cash.

2. The issue price of a share may not be less than its nominal value.

3. Contributions other than in cash may be assets, including property rights. Assets withdrawn from civil circulation as well as works and services may not be used as contributions other than in cash.

4. The initial contribution in cash of every subscriber must be at least 1/4 of the aggregate amount of the nominal value of all subscribed shares and the share premium thereof. The remaining amount for the subscribed shares may be paid both in cash and by contributions other than in cash

5. If, in the course of the increase in the authorised capital of the company, the shares are fully or partially paid for by contribution other than in cash, the contribution must be evaluated by an independent property valuer according to the procedure laid down in the legal acts regulating asset valuation. The requirements applicable to the asset valuation report are laid down in paragraph 8 of Article 8 of this Law. The asset valuation report must be submitted to the company before the subscription for shares. The asset valuation report must be submitted to the manager of the Register of Legal Entities together with other statutory documents for the registration of the Articles of Association amended as the result of the increase in the authorised capital.

6. 6. The decision of the General Meeting on the increase in the authorised capital must indicate, *inter alia*, every person who pays for the shares by contribution other than in cash (full name, personal number and place of residence of a natural person; name, legal form, code and registered office of a legal person), the nominal value and issue price of the shares which are paid for by a contribution other than in cash .

7. The sum of the nominal values of shares which are being paid up for by the contribution other than in cash may not exceed the value of contribution other than in cash indicated in the asset valuation report.

8. Shares issued by the company must be fully paid up within the time limit laid down in the share subscription agreement. This time limit may not exceed 12 months after the date of conclusion of the share subscription agreement.

9. If the entire subscription price is being paid up by contributions other than in cash in the course of the increase of the authorised capital, the entire contribution other than in cash must be transferred to the company within the time limit set for payment of initial contributions.

10. Shares shall be deemed to have been paid up when a subscriber pays the last contribution in cash or transfers all contributions other than in cash referred to in the share subscription agreement (the last portion of contribution other than in cash) into the ownership of the company.

11. A company may not relieve a subscriber of his obligations to the company to pay for the shares subscribed for, except in the cases specified in paragraph 12 of Article 73 of this Law.

12. If a subscriber fails to pay for the shares within the time limit set in the share subscription agreement, it shall be deemed that the company itself acquired the shares and that the share subscription agreement entered into with that person is void; the contributions for the shares subscribed for shall not be returned. The company must, within 12 months after the expiry of the time period set for share subscription, divest of the shares to other persons or reduce the authorised capital by cancelling the shares.

Article 46. Disposing of Shares

1. Certificated shares or share certificates shall be disposed of to other persons by making a relevant entry on the share or on the share certificate, i.e. the endorsement. The endorsement shall contain the particulars of the person to whom the share or share certificate is disposed of (full name, personal number of a natural person; name, registered office, legal form, code of a legal person), as well as the date of such entry. The endorsement shall be signed by the person disposing of the share or the share certificate and the person to whom the share or share certificate is disposed of.

2. The disposal of uncertificated shares shall be recorded by entries in personal securities accounts of the person who disposes of shares and person whom the shares are disposed to.

3. Having concluded a transaction on the disposal of book-entry hares, the parties to the agreement must provide their account managers with a written agreement indicating, *inter alia*, the following:

1) the name, legal form, code and registered office of the company the shares whereof are disposed of;

2) the number of shares disposed of according to their classes and their nominal value;

3) in case of shares of a public limited liability company, the share issue code assigned by the Central Securities Depository of Lithuania (if the limited liability company whose shares are disposed of has issued shares of different issue);

4) the amount of dividend on preference shares, voting and other rights.

4. Any agreement which does not contain any of the particulars referred to in paragraph 3 of this Article shall be void from its conclusion and the account managers shall not be entitled to make any entries thereunder.

5. Requirements laid down in paragraphs 3 and 4 of this Article shall not apply to share disposal agreements concluded on the securities exchange.

6. A person who subscribed for the shares before the registration of the incorporation of a company or before the registration in the Register of Legal Entities of the amendments to the Articles of Association as the result of the increase in the authorised capital shall not be entitled to transfer his shares to other persons.

7. A shareholder shall not be entitled to transfer his partly-paid shares to other persons.

8. A public limited liability company shall be prohibited from introducing any restrictions of the shareholders right to dispose of fully paid shares to another person according to the procedure laid down in this Law or other legal acts, except where the restriction period for the disposal of employee shares has not yet expired.*)*

Article 47. Specifics of Disposal of Shares in Private Limited Liability Companies

1. A shareholder must give a written notice to a private limited liability company of his intention to sell all or a part of the shares in a private limited liability company and indicate the number of shares being disposed of according to their classes and selling price.

2. The right of pre-emption to acquire all shares offered for sale in a private limited liability company shall be vested in the shareholders who, on the day of receipt of the shareholder's notice of his intention to sell shares in a private limited liability company, held shares in the company, unless the Articles of Association provide otherwise.

3. Within 5 days after the day of receipt of the shareholder's notice of his intention to sell the shares, the manager of a private limited liability company must inform every shareholder against acknowledgement of receipt or by a notice sent by registered mail, indicating the number of shares offered for sale according to their classes, the proposed sale price and the time limit for the shareholder to notify the company of his wish to purchase the shares offered for sale. The time limit may not be less than 14 days and more than 30 days after the day of dispatch of the notice or the letter of the company.

4. Within 45 days after the day of receipt of the shareholder's notice of his intention to sell the shares, the manager of the company must notify the shareholder of the wish of other shareholders to buy all of his shares offered for sale.

5. If one or more shareholders of a private limited liability company expressed their wish to purchase all shares offered for sale by the shareholder in the private limited liability company, the shareholder must sell these shares to the shareholders (one or more) who expressed their wish, while the shareholders who expressed their wish must purchase all these shares at the price not lower than that indicated in the notice, effecting the payment within 3 months from the day of receipt by the company of the notice of the intention to sell the shares, unless otherwise agreed with the shareholder who is selling the shares. The seller of the shares shall be entitled to require the buyer to furnish a security of the payment equivalent to the price of shares (bank guarantee, collateral, etc.).

6. If the demand of shares offered for sale exceeds their supply, the shares shall be allotted to the shareholders wishing to acquire new shares in proportion to the number of shares held by them.

7. If, within the time limits laid down in this Article, the manager of a private limited liability company informs the shareholder that other shareholders do not wish to acquire all the shares offered for sale or fails to submit the notice, the shareholder shall be entitled to sell the shares at his own discretion at the price not lower than that indicated in his notice of the intention to sell the shares.

8. If shares in a private limited liability company are disposed of in any other statutory manner (other than by selling) or under the court decision, this Article shall not apply; however, in any case of share transfer, the number of shareholders in a private limited liability company may not exceed the number laid down in Article 2(4) of this Law.

Article 48. Invalidity and Replacement of Shares Issued by the Company

1. The shares shall be invalid and shall grant no property or non-property rights to their holders in the following cases:

2. If the particulars indicated on a certificated share or a share certificate change, a private limited liability company must replace the certificated shares or the share certificates held by the shareholders, except where the particulars of the holder changed because of the disposal of the certificated share or the share certificate and were entered in the endorsement. A private limited liability company must immediately notify the shareholder of the replacement of certificated shares or share certificates against acknowledgement of receipt or by registered mail. A replaced share or share certificate shall be valid until new shares or share certificates are issued to shareholders but not longer than 3 months after the day of receipt of the notice. New shares and share certificates shall remain in the custody of the private limited liability company until they are collected.

3. At the request of a shareholder, a private limited liability company must replace a damaged certificated share or a share certificate which is not suitable for trading, if the share or share certificate is identifiable.

4. Lost, destroyed or otherwise missing certificated shares or share certificates shall be replaced by a private limited liability company by other certificated shares or share certificates.

5. A notice on certificated shares or share certificates which were not returned to a private limited liability company within a prescribed time limit or on certificated shares or share certificates which were lost, destroyed or otherwise missing must be published by the manager of the company in a daily indicated in the Articles of Association immediately after he learned or should have learned about it. Such a notice must indicate the name and code of the private limited liability company and the number of the certificated share or the share certificate.

Article 49. Increase of Authorised Capital

1. The authorised capital shall be increased by the decision of the General Meeting. Where shares of different classes have been issued in the company, the decision to increase the authorised capital shall be adopted if approved by a separate vote by holders of each class of shares whose rights are affected by the increase in the authorised capital. The approval of holders of non-voting preference shares shall also be necessary for the adoption of the decision to increase the authorised capital through additional contributions by issuing preference shares.

2. The authorised capital shall be increased by issuing new shares or increasing the nominal value of the issued shares.

3. The company may increase the authorised capital only after its authorised capital has been fully paid up (at the price of the last share issue).

4. A documentary proof of the decision to increase the authorised capital must be submitted to the manager of the Register of Legal Entities within 10 days after the adoption of the decision.

5. The shareholders of the company shall have the right of pre-emption to acquire the shares issued by the company in proportion to the nominal value of shares owned by them on the day of the General Meeting which adopted the decision to increase the authorised capital through additional contributions, save for the exceptions laid down in Article 57 of this Law. If the authorised capital of a company which has different classes of shares is increased by issuing the shares of one class, the holders of shares of another class shall acquire the right of pre-emption to acquire the shares issued by the company after this right has been exercised by the shareholders who hold the shares of the same class as the newly issued shares.

6. When not all the shares are subscribed for within the period intended for share subscription, the authorised capital may be increased by the amount of nominal values of subscribed shares, if the decision of the General Meeting which adopted the decision to increase the authorised capital provided for such an option. On the basis of this decision, the Board of the company (the manager of the company if the Board is not formed) must make relevant

amendments to the Articles of Association relating to the amount of the authorised capital and the number of shares and/or their nominal value and submit the amended Articles of Association to the manager of the Register of Legal Entities.

7. The authorised capital shall be deemed to have been increased only after the amended Articles of Association are registered in the Register of Legal Entities. The decision of the General Meeting to increase the authorised capital, except for the decision to issue convertible debentures, shall be deemed to be void in case of failure to submit the amended Articles of Association to the manager of the Register of Legal Entities within 6 months after the day of the General Meeting which adopted the decision to increase the authorised capital. If this deadline is not met, the contributions for the subscribed shares must be immediately returned without any deductions at the written request of the subscriber.

8. After the registration in the Register of Legal Entities of the Articles of Association amended because of the increase of the authorised capital the manager of a private limited liability company must notify all the shareholders according to the procedure laid down in the Articles of Association of the procedure of collection of new certificated shares or share certificates. The shares shall remain in the custody of the company until they are collected. If the shares are book-entry shares, new shares shall be recorded as entries in personal securities accounts of shareholders.

Article 50. Increase of the Authorised Capital by Additional Contributions

1. The authorised capital shall be increased by additional contributions of shareholders and other persons only by issuing new shares.

2. An insolvent public limited liability company may increase its authorised capital by additional contributions only if the new shares are acquired by its shareholders, employees and creditors.

3. The authorised capital of a company which issued convertible debentures shall be increased by issuing new shares to be exchanged for the convertible debentures of the class and nominal value referred to in the decision to issue the convertible debentures, if the holder filed a written application to exchange the debentures for shares within the time limit set in the decision to issue convertible debentures. Shares shall be granted in exchange for convertible debentures after the expiry of the time limit set in the decision of the General Meeting to issue convertible debentures. After the expiry of the time limit set in the decision of the General Meeting for issuing convertible debentures and after the filing by the debenture holders of written applications to exchange these debentures for shares, the Board of the company (the manager of the company if the Board is not formed) must make relevant amendments to the amount of the authorised capital and the number of shares in the Articles of Association and submit the amended Articles of Association to the manager of the Register of Legal Entities. In this case the payment for convertible debentures shall be considered to be the payment for the shares for which the debentures have been exchanged..

4. The Articles of Association of the company amended because of the increase of the authorised capital through additional contributions shall be registered in the Register of Legal Entities after the subscription for shares and payment of initial contributions.

Article 51. Increasing the Authorised Capital out of the Company Funds

1. The authorised capital may be increased out of the company funds, i.e. the unappropriated profit, share premium or reserves (except for the reserve for own shares and the legal reserve). The authorised capital shall be increased out of the company funds by issuing new shares which are transferred to the shareholders without payment or by increasing the nominal value of the previously issued shares.

2. The General Meeting shall adopt the decision to increase the authorised capital out of the company funds on the basis of the accounts of the company. If the decision of the General Meeting to increase the authorised capital is adopted within 6 months after the end of the financial year, the decision may be adopted on the basis of the annual accounts. If the decision to increase the authorised capital is adopted 6 months after the end of the financial year, the General Meeting must be submitted the interim financial statements drawn up at least 3 months before the General Meeting. The interim financial statements must be submitted to the manager of the Register of

Legal Entities together with the documents required under the legal acts for the registration of the amended Articles of Association.

3. If the balance sheet of the company shows losses, the authorised capital may only be increased from the revaluation reserve.

4. Where a company is increasing its authorised capital out of the funds of the company by issuing new shares, the shareholders, except for the case laid down in paragraph 3 of Article 42 of this Law, shall be entitled to receive new ordinary shares without payment, the number whereof would be in proportion to the nominal value of the shares owned by them on the day of the General Meeting which adopted the decision to increase the authorised capital.

Article 52. Reduction of the Authorised Capital

1. The authorised capital may be reduced by the decision of the General Meeting or, in cases laid down in this Law, by the court decision. The purpose of the authorised capital reduction must be indicated in the decision of the General Meeting. The General Meeting of a company which has issued shares of different classes may adopt a decision to reduce the authorised capital if the decision is approved of in a separate vote by the holders of the classes of shareholders whose rights are affected by such reduction.

2. The authorised capital may be reduced only for the following purposes:

1) the authorised capital is reduced for the sole purpose of cancelling the losses recorded in the balance sheet of the company;

2) seeking to cancel the shares acquired by the company;

3) seeking to pay out the company funds to the shareholders;

4) in order to correct the mistakes made during the authorised capital formation or increase.

3. The authorised capital may be reduced only in the following ways:

1) by reducing the nominal value of shares;

2) by cancelling the shares.

4. The reduced authorised capital may not be less than the minimum amount of the authorised capital set in Article 2 of this Law.

5. Should the General Meeting adopt the decision to reduce the authorised capital for the sole purpose of cancelling the losses shown in the balance sheet of the company, the decision to increase the authorised capital through additional contributions by issuing new shares may be adopted at the same General Meeting. If the authorised capital is increased to the amount held before the adoption of the decision to reduce the authorised capital or more, the provisions of Article 53 of this Law shall not be applied.

6. The decision to reduce the authorised capital in order to pay out some funds of the company to the shareholders may be adopted only at the Annual General Meeting. The decision shall be adopted after the annual financial statements have been approved and the total profit for appropriation has been appropriated and only in case all the following conditions are met:

1) the amount of the company's legal reserve after the reduction of the authorised capital is not less than 1/10 of the authorised capital;

2) there are no unappropriated losses and long-term liabilities in the company's annual financial statements.

7. The decision to reduce the authorised capital with a view to paying out company funds to the shareholders may not be adopted if on the day of adoption of the decision the company is insolvent or if it would become insolvent upon paying out the funds to the shareholders.

8. Upon the reduction of the authorised capital with a view to paying out company funds the shareholders shall be paid only in cash. Cash may be paid out to the shareholders not earlier than after the registration of the amended Articles of Association in the Register of Legal Entities and shall be paid out within one month from the day of registration of the amended Articles of Association. The right to receive the amounts of money to be paid out shall be vested in the persons who by the end of the day of the General Meeting which adopted the decision to reduce the authorised capital were shareholders of the company or have such right on some other lawful ground and the amounts of money paid out must be proportionate to the sum of nominal values of the shares held by them. The persons who have not received within a month period set in this paragraph the amounts of money to be paid out shall have the right to enforce from the Company as its creditors payment of the amounts due to them.

9. When reducing the authorised capital, the company must first of all cancel the shares acquired by the company itself or by its subsidiary companies. The nominal value of the remaining shares or the number of shares shall be reduced for all the shareholders in proportion to the nominal value of shares owned by them at the end of the day of registration of the amended Articles of Association in the Register of Legal Entities. After the registration of the amended Articles of Association in the Register of Legal Entities the public limited liability company must within one working day submit to the Central Securities Depository of Lithuania the documents required by the Depository for changing the entries in the securities accounts.

10. A document confirming the decision to reduce the authorised capital must be submitted to the manager of the Register of Legal Entities within 10 days after the adoption of the decision.

11. The authorised capital shall be deemed to have been reduced only after the registration of the amended Articles of Association in the Register of Legal Entities. The decision of the General Meeting to reduce the authorised capital shall be deemed invalid if the amended Articles of Association of the company had not been presented to the manager of the Register of Legal Entities within 6 months from the day of the General Meeting which adopted the decision to reduce the authorised capital, except in the case specified in paragraph 6 of Article 53 of this law.

Article 53. Notifying of the Reduction of the Authorised Capital and Provision of Safeguards for the Discharge of Obligations

1. Every creditor of the company must be notified against acknowledgement of receipt or by registered mail of the decision to reduce the authorised capital of the company. Moreover, the decision to reduce the authorised capital must be published in the daily indicated in the Articles of Association or every shareholder must be notified thereof against acknowledgement of receipt or by registered mail.

2. While reducing its authorised capital, the company must provide additional safeguards for the discharge of its obligations to each creditor who so requested, except for the cases laid down in paragraph 4 of this Article.

3. Additional safeguards for the discharge of obligations may be demanded by the creditor whose rights arose prior to and did not expire before the day of notification by the manager of the Register of Legal Entities of the decision adopted by the General Meeting or by the court to reduce the authorised capital of the company. The creditor may file his claims with the company within 2 months after the day of notification by the manager of the Register of Legal Entities of the decision to reduce the authorised capital of the company.

4. A company may refrain from providing additional safeguards for the discharge of obligations to its creditors if at least one of the following conditions is met:

1) the total amount of the creditors claims does not exceed 1/2 of the amount of the equity capital after the reduction of the authorised capital; This condition shall not apply if the authorised capital is being reduced with the aim of paying out to the shareholders a certain amount of the company funds.

2) the creditor's claims are adequately secured by pledge, mortgage, surety or guarantee;

3) the authorised capital is reduced for the sole purpose of cancelling the losses recorded in the balance sheet of the company.

5. Amendments to the Articles of Association made by reason of the reduction of the authorised capital shall be submitted to the manager of the Register of Legal Entities after all the actions referred to in paragraphs 1 and 2 of this Article have been carried out but not earlier than 3 months after the day of notification by the manager of the Register of Legal Entities of the decision adopted by the General Meeting or by the court to reduce the authorised capital of the company and not later than within 6 months after the day of adoption of the decision to reduce the authorised capital, except in the case specified in paragraph 6 of this Article The amended Articles of Association of the company amended by reason of the reduction of the authorised capital may be submitted to the manager of the Register of Legal Entities in derogation of the 3-month time limit laid down in this paragraph, if:

1) the company has no accounts payable and has publicised the reduction of the authorised capital as laid down in paragraph 1 of this Article;

2) the authorised capital is reduced for the sole purpose of cancelling the losses recorded in the balance sheet of the company;

3) the authorised capital is reduced in order to correct the mistakes made during the authorised capital formation or the increase.

6. If a dispute regarding the additional safeguards for the discharge of obligations is being settled in court, the Articles of Association amended due to the reduction of the authorised capital may not be submitted to the manager of the Register of Legal Entities until the court decision becomes effective.

7. If the amendments to the Articles of Association of the company regarding the reduction of the authorised capital have been registered in breach of the requirements of this Article regarding the additional safeguards for the discharge of obligations to the creditors, the reduction of the authorised capital may be declared invalid by the court decision.

Article 54. Right of the Company to Purchase Own Shares

1. A company shall have the right to purchase own shares according to the procedure laid down in this Article. In order to purchase own shares, a public limited liability company must submit a voluntary official offer according to the procedure laid down in the legal acts regulating the securities market.

2. Own shares may be acquired by a company by the decision of the General Meeting. The decision of the General Meeting must, *inter alia*, indicate the following:

1) the purpose of the acquisition of shares;

2) the maximum number of shares permitted for acquisition;

3) the time limit within which the company may purchase own shares. The time limit may not exceed 18 months;

4) the maximum and the minimum share acquisition price;

5) the procedure for selling own shares and the minimum sale price. The procedure of sale must ensure equal opportunities for all shareholders to acquire shares in the company.

3. The total nominal value of own shares being acquired by a company together with the nominal value of other own shares already held by the company may not exceed 1/10 of the authorised capital.

4. A company may not purchase own shares if this would result in the equity capital being less than the aggregate amount of the authorised capital, legal reserve and reserve for own shares.

5. A company shall be prohibited from purchasing partly-paid own shares, except in the case laid down in paragraph 12 of Article 45 of this Law.

6. A company may purchase own shares if the reserve for own shares is formed in the company and the amount thereof is not less than the sum total of the acquisition values of own shares.

7. Having purchased own shares, a company shall not be entitled to use the property and non-property rights attached to the shares as laid down in this Law.

8. The acceptance of shares as a safeguard for the discharge of obligation shall be equivalent to the acquisition of own shares.

9. Where the shares of the company are subscribed for or acquired by its subsidiary company, the shares shall be treated as having been subscribed for or acquired by the company whose shares are subscribed for or acquired.

10. Where the shares of the company are subscribed for or acquired by a person acting on his own behalf but for the benefit of this company and using its funds, the shares shall be treated as having been subscribed for or acquired by the company whose shares are subscribed for or acquired.

11. The shares of the company acquired in violation of the conditions referred to in paragraphs 2, 3, 4 and 6 of this Article must be disposed of to other persons within 12 months after the acquisition. If the shares are not disposed of within this time limit, the authorised capital must be reduced accordingly, the shares must be cancelled and declared invalid.

12. If the company fails to declare the shares invalid and fails to cancel them as referred to in paragraph 11 of this Article, the shares shall be recognised as invalid and the authorised capital shall be reduced accordingly by the court decision. The right to apply to the court shall be vested in the manager of the company, the Board, a shareholder and a creditor.

13. If the court passes a decision to reduce the authorised capital of the company, the Board of the company (the manager of the company if the Board is not formed) must make relevant

amendments to the Articles of Association changing the amount of the authorised capital and the number of shares and cancelling the company's own shares accordingly. The amended Articles of Association must be submitted to the manager of the Register of Legal Entities within 30 days after the court decision becomes effective.

14. The manager of the company shall be responsible for compliance with the conditions referred to in paragraphs 3, 4, 5, 6, 7 and 11 of this Article.

Article 55. Debentures

1. A debenture of a company is a fixed-term debt security under which the company which is the issuer of the debenture becomes the debtor of the debenture holder and assumes obligations for the benefit of the debenture holder. These obligations must be indicated in the decision to issue debentures and in the debenture subscription agreement.

2. The decision of the General Meeting to issue debentures and the debenture subscription agreement must indicate the nominal value of the debenture, the amount of annual interest, the fixed date of debenture redemption from which date the debenture holder shall acquire the right to receive from the company an amount in cash equal to the nominal value of the debenture and the annual interest.

3. The debentures of one and the same issue shall grant their holders equal rights.

4. The decision to issue debentures shall be taken by the General Meeting by a simple majority of the votes. The Articles of Association may provide that the decision to issue debentures shall be adopted the Board (the manager of the company if the Board is not formed). The decision to issue convertible debentures shall be adopted according to the procedure laid down in Article 56 of this Law.

5. The debenture holder shall have the same rights as other creditors of the company.

6. Before issuing debentures offered for public trading, a public limited liability company must conclude an agreement with an intermediary of public trading in securities (entering a notice to that effect in the prospectus of the debentures). Under the agreement, the intermediary of public trading in securities shall undertake to safeguard the interests of the holders of a certain debenture issue in their relations with a public limited liability company and the public limited liability company shall undertake to pay remuneration to him. The intermediary of public trading in securities must protect the rights and legitimate interests of the debenture holders in the same way he would protect his own rights and legitimate interests if he were the holder of all issued debentures. The intermediary of public trading in securities shall have the right to apply to the court for the protection of the rights of debenture holders.

7. Holders of over 1/2 of the debentures of one specific issue shall have the right to:

1) dismiss the intermediary of public trading in securities protecting their interests and demand that the public limited liability company conclude an agreement with the intermediary of public trading in securities of their choice;

2) bring to the notice of the intermediary of public trading in securities who are protecting their interests that the violation committed by the public limited liability company in relation to the specific issue of debentures offered for public trading is not material and therefore certain actions are not needed to protect their interests (the provision shall not apply to the violations committed by the public limited liability company in relation to the debenture redemption and the payment of interest).

8. Where the debentures issued by a public limited liability company are secured by pledged assets or mortgage, the intermediary of public trading in securities shall exercise the rights of the security holder for the benefit of all debenture holders. Third persons may offer directly to the debenture holder or through the intermediary of public trading in securities surety or guarantee for the discharge of obligations of the private limited liability company arising because of the issue of debentures. In case of failure to discharge all or some of these obligations, the intermediary of public trading in securities must transfer the funds received from the third persons to the debenture holders.

9. If the debenture holder or the intermediary of public trading in securities managing his securities accounts does not claim the redemption of the debenture within 3 years after the redemption date indicated in the debenture subscription agreement, the debenture holder shall forfeit the right of claim.

10. Debentures shall be book-entry and shall be represented by entries in personal securities accounts of their holders. Requirements laid down for book-entry shares shall apply to the accounting of debentures and trading in debentures.

11. Private limited liability companies shall be prohibited from offering debentures for public trading.

Article 56. Convertible Debentures

1. A company may issue convertible debentures which, after the expiry of their redemption period, may be exchanged for the shares of the company.

2. The decision to issue convertible debentures shall be adopted by the General Meeting. Where there are several classes of shares in a company, the decision to issue convertible debentures shall be adopted if approved by a separate vote by the shareholders of each class. If the decision to issue convertible debentures includes a notice to the effect that the convertible debentures which are being issued may be converted into preference shares, the decision shall also be subject to the approval of the holders of non-voting preference shares adopted by a separate vote.

3. The decision of the General Meeting to issue convertible debentures shall at the same time be the decision to increase the authorised capital of the company by the amount equal to the sum total of the nominal values of shares which may be exchanged for the convertible debentures.

4. The decision to issue convertible debentures and the debenture subscription agreement shall, *inter alia*, contain the following:

1) the nominal value of convertible debentures and the rights attached thereto;

2) the class, number and the nominal value of shares for which the convertible debentures shall be exchanged as well as the rights attached thereto;

3) the rate at which convertible debentures shall be exchanged for shares. This rate must be such that the issue price of convertible debentures would be not less than the nominal value of shares for which they are exchanged;

4) the period during which the convertible debentures shall be exchanged for shares;

5) the interest and the procedure of payment thereof;

6) the date of redemption of the debentures.

5. A company with partly paid-up authorised capital shall not have the right to issue convertible debentures.

6. The right of pre-emption to acquire the convertible debentures issued by the company shall be vested in the shareholders of the company in proportion to the nominal value of shares owned by them on the day of the General Meeting which adopted the decision to issue the convertible debentures, except where otherwise provided for in Article 57 of this Law.

7. A documentary proof of the decision to issue convertible debentures must be submitted to the manager of the Register of Legal Entities within 10 days after the adoption thereof.

Article 57. Acquisition by the Right of Pre-emption of Shares or Convertible Debentures Issued by a Company

1. A notice of the offer to acquire by the right of pre-emption the shares or convertible debentures of a public limited liability company and the time limit for exercising the right of pre-emption must be published in the daily indicated in the Articles of Association. The notice must be submitted to the manager of the Register of Legal Entities not later than on the first day of its publication in the daily referred to in the Articles of Association.

2. Notice of the offer to acquire by the right of pre-emption the shares or convertible debentures of a private limited liability company and the time limit for exercising the right of pre-emption must be published in the daily indicated in the Articles of Association or every shareholder must be notified thereof against acknowledgement of receipt or by registered mail. The notice must be submitted to the manager of the Register of Legal Entities not later than on the first day of publication in the daily referred to in the Articles of Association or delivery of notice or dispatch of the registered letter.

3. The time limit set by the General Meeting for a shareholder to acquire the shares or convertible debentures by the right of pre-emption may not be less than 14 days after the day of the publication by the manager of the Register of Legal Entities or after the day of the delivery of

notice or the dispatch of the registered letter to the shareholders of the private limited liability company.

4. Shareholders of a public limited liability company shall be entitled to dispose of their right of pre-emption to acquire the shares or convertible debentures issued by the public limited liability company to other persons according to the procedure laid down by the Securities Commission.

5. 5. The shareholders' right of pre-emption to acquire the shares or convertible debentures issued by the company may be withdrawn by the decision of the General Meeting. The General Meeting may adopt this decision only if the person or persons (including the shareholders) who are granted the right to acquire the shares or convertible debentures of the company are known to the General Meeting, except in cases when the right of pre-emption to acquire shares in the company or convertible debentures issued by the company is withdrawn according to the procedure established in the Law on Securities Market. The decision of the General Meeting to withdraw the right of pre-emption shall, *inter alia*, indicate the following:

1) the reasons for withdrawing the right of pre-emption;

2) the person or persons who are granted the right to acquire the shares or convertible debentures (full name, personal number and place of residence of a natural person; name, legal form, code and registered office of a legal person);

3) the number of shares or convertible debentures being issued which may be acquired by each of the above persons (where such data must be specified as prescribed under the conditions set in this paragraph).

6. The Board of the company (the manager, if the Board is not formed) shall submit a written report to the General Meeting which is supposed to discuss the withdrawal of the right of pre-emption. The report shall indicate the following:

1) the reasons for withdrawing the right of pre-emption;

2) substantiation of the proposed issue price of shares or convertible debentures;

3) the person or persons to whom it is proposed to grant the right of pre-emption to acquire the shares or convertible debentures (full name, personal number and place of residence of a natural person; name, legal form, code and registered office of a legal person and full name, personal number and place of residence of its representative) and the number of shares or convertible debentures being issued which may be acquired by each of the above persons (where such data must be specified as prescribed under the conditions set in paragraph 5 of this Article.).

7. The right of pre-emption to acquire the shares or convertible debentures being issued by the company may only be withdrawn for all shareholders of the company.

8. The decision to withdraw the right of pre-emption must be submitted to the manager of the Register of Legal Entities within 10 days.

CHAPTER SEVEN
THE COMPANY'S FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

Article 58. Financial Statements of the Company

1. 1. The drawing up of the company's financial statements and the drafting of the annual report of the company shall be established by laws ad other legal acts.

*2. **The annual financial statements of the company shall be approved by the regular Annual General Meeting. If the audit of the company's annual financial statements is mandatory under laws or provided for in the Articles of Association, only the audited financial statements shall be approved. Only the audited annual financial statements of the company whose shareholder is the state and/or municipality shall be approved.**

***Note. The provision of this paragraph that only the audited annual financial statements of the company whose shareholder is the state and/or municipality shall be approved shall come into force on 1 January 2008.**

3. The annual financial statements of the company together with the annual report of the company and the auditor's report (where the audit is mandatory under laws or provided for in the Articles of Association) must be submitted to the manager of the Register of Legal Entities within 30 days after the Annual General Meeting.

4. 4. If, according to laws, the company must draw up consolidated annual financial statements and the consolidated annual report, the provisions of this Law concerning the annual financial statements and annual report of the company shall apply *mutatis mutandis* to such financial statements and such annual report.

Article 59. Appropriation of Profit (Loss)

1. After the approval of the annual accounts, the Annual General Meeting must appropriate the profit/loss of the company available for appropriation.

2. The decision of the General Meeting to appropriate the profit/loss must indicate:

1) the unappropriated profit/loss of the preceding year at the end of the accounting financial year;

2) the net profit/loss of the financial year;

3) the profit/loss of the accounting financial year not recognised in the profit/loss account ;

4) the transfers from the reserves;

5) the shareholders contributions to cover the losses of the company (if shareholders decided to cover all or some part of losses);

6) total profit/loss available for appropriation;

7) the share of profit allocated to the legal reserve;

8) the share of profit of a public limited liability company allocated to the reserve for acquiring own shares;

9) the share of profit allocated to other reserves;

10) the share of profit for the payment of dividends;

11) the share of profit for the payment of annual bonuses to Board and Supervisory Board members, payment of incentives to workers and other allocations;

12) the unappropriated profit/loss at the end of the financial year.

3. The profit/loss available for appropriation shall comprise the aggregate amount of the net profit/loss of the accounting financial year and the unappropriated profit/loss at the end of the previous financial year, transfers from reserves and the shareholders contributions to cover the losses.

4. If the aggregate of the amounts referred to in paragraph 3 of this Article is positive, the General Meeting must appropriate the profit available for appropriation according to the procedure laid down in this Article.

5. If the legal reserve is less than 1/10 of the authorised capital, the deductions to this reserve shall be compulsory and may not be less than 1/20 of the net profit until the amount of the legal reserve reaches the amount laid down in this Law.

6. The company may allocate not more than 1/5 of the net profit of the accounting financial year for the purposes referred to in subparagraph 11 of paragraph 2 of this Article.

7. If the company fails to pay the statutory taxes before the required deadline, it may not pay the dividend, annual bonuses to the Board and the Supervisory Board members and incentives to its employees. It shall be prohibited to pay the bonuses to the Supervisory Board and the Board members in advance.

8. If the aggregate of the unappropriated profit/loss at the beginning of the accounting financial year and the net profit/loss of the accounting financial year is negative, i.e. losses are incurred, the General Meeting must adopt the decision to cover these losses by transferring the amounts to the result available for appropriation in the following sequence:

1) transfers from the reserves unused during the financial year;

2) transfers from the legal reserve;

3) transfers from the share premium.

9. Should the transferred amounts laid down in paragraph 8 of this Article be insufficient to cover the losses:

1) the remaining unappropriated losses shall be brought forward to the next financial year if the equity capital of the company is at least 1/2 of the amount of the authorised capital indicated in the Articles of Association;

2) the shareholders may cover the losses by shareholders contributions and the equity capital of the company must be restored in such a manner so that it would not be less than 1/2 of the authorised capital indicated in the Articles of Association.

10. Where the General Meeting fails to adopt the decision to cover the losses by shareholders contributions or where such decision is adopted but the equity capital is not restored to the amount equal to 1/2 of the authorised capital indicated in the Articles of Association, the General Meeting must decide on:

1) the reduction of the authorised capital; however, the reduced authorised capital may not be less than the minimum amount of the authorised capital laid down in Article 2 of this Law, or

2) the transformation into a legal person provided for in Article 72 of this Law, or

3) the liquidation of the company.

Article 60. Dividends

1. The dividend is a share of profit allocated to the shareholder in proportion to the nominal value of shares owned by him. If a share is not fully paid-up and the time limit for the payment has not yet expired, the dividend of the shareholder shall be reduced in proportion to the unpaid amount of the share price. If the share is not fully paid-up and the time limit for the payment has expired, no dividend shall be paid. The Articles of Association may establish that the dividend on fully paid-up shares shall be reduced if the last payment was made in the financial year for which the dividend is being allocated.

2. Dividends allocated by the decision of the General Meeting shall be the liability of the company to its shareholders. The shareholder shall have the right to claim the payment of dividend as the creditor of the company. The company shall have the right to recover the dividend paid out to the shareholder if the shareholder knew or should have known that the dividend was allocated and/or paid unlawfully.

3. The General Meeting may not adopt the decision to declare and pay dividends if at least one of the following conditions is met:

1) the company is insolvent or would become insolvent after the payment of dividends;

2) the aggregate of profit/loss of the accounting financial year available for appropriation is negative (losses have been incurred);

3) the equity capital of the company is lower or after the payment of dividends would become lower than the aggregate amount of the authorised capital of the company, the legal reserve, the revaluation reserve and the reserve for own shares of a company.

4. The company must pay the allocated dividends within 1 month after the day of adoption of the decision on profit appropriation. Payment of dividends in advance shall be prohibited.

5. The company shall pay the dividends in cash.

6. Persons who were shareholders of the company at the end of the day when the General Meeting declared the dividends or were entitled to receive dividends on other legal grounds shall be entitled to the dividend.

CHAPTER EIGHT
REORGANISATION, DIVISION, TRANSFORMATION, AND LIQUIDATION OF THE COMPANY

Article 61. Reorganisation of the Company

1. Companies shall be reorganised in the manner laid down in the Civil Code.

2. A company may be reorganised or take part in the reorganisation only after its authorised capital has been fully paid up (at the price of the last shares issue).

Article 62. Adoption of the Decision on the Reorganisation of the Company

1. The decision on the reorganisation shall be adopted by the General Meeting of every company being reorganised and the company involved in the reorganisation. Where the company has different classes of shares, the decision shall be adopted if approved by a separate vote by each class of shareholders (as well as the holders of non-voting shares).

2. The decision on the reorganisation may be adopted at least 30 days after the publication of the prepared terms of reorganisation in the daily indicated in the Articles of Association.

3. The decision on the reorganisation must approve the terms of reorganisation and amend the Articles of Association of the continuing companies or adopt the Articles of Association of the companies which shall be newly formed after the reorganisation.

4. A documentary proof of the decision of the General Meeting to reorganise the company must be within 5 days submitted to the manager of the Register of Legal Entities.

Article 63. Terms of Reorganisation

1. The Boards of the companies being reorganised and the companies involved in the reorganisation (the managers of companies, if the Boards are not formed), subject to the approval of the General Meeting, must draw up the terms of reorganisation of the companies indicating, *inter alia*, the following:

1) the information required under Article 2.44 of the Civil Code about every company being reorganised and involved in the reorganisation as well as the name, legal form and registered office of every new company formed after the reorganisation;

2) the mode of reorganisation (merger by acquisition, merger by the formation of a new company, division by acquisition, division by the formation of a new company);

3) the companies that are wound up after the reorganisation and the companies continuing after the reorganisation;

4) the exchange ratio of shares of companies wound up after the reorganisation for the shares of companies continuing after the reorganisation and the substantiation thereof, the number of shares of the companies continuing after the reorganisation according to their classes and their nominal value as well as the rules of share allocation to the shareholders;

5) the procedure and time limits of the issue of shares to the shareholders of the companies continuing the activities after the reorganisation;

6) the price difference, paid out in cash, of the shares held by the shareholders and the shares receivable in companies continuing after the reorganisation;

7) the moment from which the shareholders of the company being wound up after the reorganisation shall be entitled to participate in the profits of the company continuing after the reorganisation and all terms related to the granting of this right;

8) the moment from which the rights and obligations of the company being wound up after the reorganisation shall be assumed by the company continuing after the reorganisation;

9) the moment from which the contractual rights and obligations of the company being wound up after the reorganisation shall be assumed by the company continuing the activities after the reorganisation and the transactions shall be included into the accounting of this company;

10) the rights granted by the company continuing after the reorganisation to the holders of shares of different classes, debentures and other securities;

11) in case of division of the company, the exact description of the assets, rights and obligations of the company being divided and the allocation thereof to the companies continuing after the reorganisation;

12) special rights granted to the members of organs of the companies being reorganised and involved in the reorganisation and the experts who carry out the evaluation of the terms of reorganisation.

2. The terms of reorganisation must be evaluated by the firm of auditors entered into contract with by every company involved in the reorganisation and being reorganised. If only one firm of auditors is to be contracted, such firm of auditors must be approved by the manager of the Register of Legal Entities.

3. The firm of auditors shall draw up the report evaluating the terms of reorganisation which shall indicate, *inter alia*, the following:

1) the conclusions whether the share exchange ratio is fair and reasonable;

2) the methods used to determine the share exchange ratio and conclusions on the appropriateness of these methods and their impact on the determination of the value of shares;

3) the description of difficulties encountered during the evaluation.

4. The valuation report of the terms of reorganisation must de drawn up and submitted to the company at least 30 days before the General Meeting which has on its agenda the issue of adoption of the decision to reorganise the company.

5. In addition to the terms of reorganisation, the amended Articles of Association of companies continuing after the reorganisation or the Articles of Association of companies newly formed after the reorganisation must be drawn up.

6. Proposals regarding the terms of reorganisation may be submitted by the Supervisory Board, the Board, the manager of the company and the shareholders holding the shares in the company the nominal value whereof is at least 1/3 of the authorised capital.

7. The terms of reorganisation must be submitted to the manager of the Register of Legal Entities not later than on the first day of publication of the drawing up thereof in the daily specified in the Articles of Association. The valuation report of the terms of reorganisation must be submitted to the manager of the Register of Legal Entities together with the terms of reorganisation.

8. From the day of publication of the drawing up of the terms of reorganisation, the company being wound up after the reorganisation shall acquire the status of the company being reorganised and the company continuing after the reorganisation shall acquire the status of the company involved in the reorganisation.

Article 64. Report on the Intended Reorganisation

1. The Board of every public limited liability company being reorganised and involved in the reorganisation (the manager, if the Board is not formed) must draw up a detailed written report. The report must indicate the purposes of reorganisation, explain the terms of reorganisation, the continuity of activities and indicate the time limits of reorganisation, legal and economic grounds of the terms of reorganisation, in particular the share exchange ratio and the rules determining the allocation of shares to the shareholders of companies continuing after the reorganisation. 4. The report must be submitted to the manager of the Register of Legal Entities at least 30 days before the General Meeting which has on its agenda the issue of adoption of the decision to reorganise the company. The information on the drawing up of the report on the valuation of the terms of reorganisation and the particulars of the manager of the Register of Legal Entities where the documentary files of the public limited liability companies being reorganised and involved in the reorganisation are stored shall be presented in the report.

2. Paragraph 1 of this Article shall apply to private limited liability companies only if so requested by the shareholders who hold at least 1/10 of all votes.

Article 65. Notification of the Intended Reorganisation

1. Every company being reorganised and involved in the reorganisation must publish the terms of reorganisation three times with at least 30-day intervals between publications in the daily indicated in the Articles of Association or publish them once at least 30 days before the General Meeting on the reorganisation of the company in the daily indicated in the Articles of Association and notify all creditors of the company in writing. The publication or the notice must include the particulars listed in subparagraphs 1, 2, 3, 8 and 9 of paragraph 1 of Article 63 and indicate where and when the documents listed in paragraph 2 of this Article will be available for scrutiny.

2. At least 30 days before the General Meeting the agenda of which provides for the adoption of the decision to reorganise the company, every shareholder and creditor of the company must be given access to the following documents at the registered office of every company being reorganised and involved in the reorganisation:

1) the terms of reorganisation;

2) the amended Articles of Association of the continuing companies or the Articles of Association of new companies formed after the reorganisation;

3) the annual accounts for the last 3 years of the companies being reorganised and involved in the reorganisation. If the terms of reorganisation were drawn up 6 months after the end of the financial year of at least one company involved in the reorganisation, the interim accounts must be drawn up according to the same rules as those used for the previous annual accounts and they must submitted to the shareholders. The interim accounts shall be drawn up at least 3 months before the drawing up of the terms of reorganisation;

4) the valuation reports of the terms of reorganisation;

5) the reorganisation reports on the intended reorganisation drawn up by the Boards (the manager of the company, if the Board is not formed) of the companies being reorganised and involved in the reorganisation.

3. At the request of a shareholder and a creditor, the company must submit copies of the documents referred to in paragraph 2 of this Article. The copies of documents shall be made available to the shareholder free of charge.

4. The manager of the company being reorganised and involved in the reorganisation must notify the shareholders of the company (by attaching a written notice to the documents referred to in paragraph 2 of this Article and making an announcement at the General Meeting) of the material changes in the assets, rights and obligations during the period between the drawing up of the terms of reorganisation and the General Meeting the agenda of which contains the issue of adoption of the decision to reorganise the company. The manager of every company being reorganised and involved in the reorganisation must notify the managers of other companies involved in the reorganisation of the material changes in the assets, rights and obligations in the company so that they could notify the shareholders of these companies thereof.

Article 66. Additional Safeguards for the Discharge of Obligations to the Creditors of Companies Being Reorganised and Involved in the Reorganisation

1. Every company being reorganised and involved in reorganisation must provide additional safeguards for the discharge of obligations to every creditor who so requests provided that his rights arose and did not expire before the publication of the terms of reorganisation if there is reason to believe that the reorganisation will hamper the discharge of obligation because of the financial status of the company being reorganised or involved in the reorganisation as well as the company continuing after the reorganisation which is a successor to the liabilities after the reorganisation.

2. The creditors of the company may submit their claims from the first day of publication of the terms of reorganisation until the General Meeting the agenda whereof provides for the adoption of the decision to reorganise the company.

3. The company may refrain from providing additional safeguards for the discharge of obligations if the creditors claims are adequately secured by pledge, mortgage, surety or guarantee. Disputes regarding the additional safeguards for the discharge of obligations shall be settled by court.

4. The documents for the registration of the companies continuing after the registration or the Articles of Association thereof as well as the documents for the removal from the register of the companies being wound up after the registration may not be submitted to the manager of the Register of Legal Entities if no additional safeguards for the discharge of obligations were provided for the creditor who so requested as laid down in paragraphs 1 and 2 of this Article as well as before the court decision becomes effective if the dispute regarding additional safeguards for the discharge of obligations is being settled in court.

5. Holders of debentures of the company being reorganised or involved in the reorganisation shall have the rights of creditors referred to in paragraphs 1 and 2 of this Article and the company shall have the rights and obligations referred to in paragraphs 1, 3 and 4 of this Article in respect of holders of debentures.

Article 67. Exchange of Shares in the Course of Reorganisation

1. The shares of the companies being reorganised must be exchanged for the shares of the companies continuing after the reorganisation (newly formed in the course of reorganisation and continuing after the reorganisation), except in the case provided for in paragraph 3 of this Article.

2. The shares of the companies continuing after the reorganisation may be allocated to the shareholders of companies being wound up after the reorganisation in proportion to the authorised capital of the companies being reorganised or otherwise.

3. Where the shares in the companies continuing after the reorganisation are allocated to the shareholders of the company being divided otherwise than in proportion to their participation in the authorised capital of that company, the shareholders holding the shares the nominal value whereof is less than 1/10 of the authorised capital of the company being divided shall have the right to require, within 45 days after the adoption of the decision to reorganise the company by the General Meeting, their shares to be redeemed by the company being divided before the completion of the reorganisation. The provisions of Article 54 of this Law shall not apply to such redemption of shares. Paragraph 4 of this Article shall apply to the redeemed shares. The price paid for the

shares being redeemed shall be determined taking into account the average market price of the shares for the period of 6 months immediately preceding the decision to reorganise the company adopted by the General Meeting. Disputes concerning the amount of the consideration for shares shall be settled in court. If the nominal value of the shares required to be redeemed exceeds 1/10 of the authorised capital of the company being divided, the reorganisation of the company under the approved terms of reorganisation may not be continued.

4. Own shares acquired by the company being wound up after the reorganisation or the shares of the company being wound up after the reorganisation acquired by a person acting in his own name but for the benefit of the company and for the account thereof as well as the shares of the company being wound up after the reorganisation acquired by the company continuing after the reorganisation or a person acting in his own name but for the benefit of such company and for the account of the company shall not be exchanged for shares of the company continuing after the reorganisation.

5. Where the shares are exchanged for new shares in the companies continuing after the reorganisation, the difference in the share price may be paid in cash to the shareholders of the companies being wound up after the reorganisation. Cash payments may not exceed 10% of the nominal value of new shares allocated to the shareholders in the companies continuing after the reorganisation.

Article 68. Succession to the Assets, Rights and Obligations of Companies Being Reorganised

1. The companies continuing after the reorganisation shall be the successors to all assets, rights and obligations of the reorganised companies after the registration of newly formed companies or the registration in the Register of Legal Entities of the amended Articles of Association of the companies continuing after the reorganisation, unless otherwise provided by the terms of reorganisation. The assets, rights and obligations shall be assigned to the companies according to the terms of reorganisation.

2. Where any assets of the company being divided are not assigned under the terms of reorganisation to any of the companies continuing after the reorganisation, such assets or the proceeds from the sale thereof shall be succeeded to by all companies continuing after the reorganisation in proportion to the share of equity capital assigned to each of those companies under the terms of reorganisation.

3. Where any obligation of the company being divided is not assigned under the terms of reorganisation to any of the companies continuing after the reorganisation, all companies continuing after the reorganisation shall be jointly and severally liable for it. The liability of each of these companies for the obligation shall be limited to the amount of the equity capital assigned to each of them under the terms of reorganisation.

4. Where any obligation of the company being divided is assigned under the terms of reorganisation to one of the companies continuing after the reorganisation, the company shall be liable for that obligation. If the company fails to discharge of the obligation or any part thereof and no additional safeguards were provided according to the procedure set forth by in this Law to the creditors who so requested, all other companies continuing after the reorganisation shall be jointly and severally liable for the failure to discharge the obligation (or any part thereof). The liability of each of these companies shall be limited to the amount of the equity capital assigned to each of them under the terms of reorganisation.

5. Where the company being reorganised has issued securities other than shares, the holders of these securities shall be granted the participation in the companies continuing after the reorganisation at least equivalent to the rights they had in the reorganised company.

6. Paragraph 5 of this Article shall not apply if the holder of securities other than shares agrees to the change of his rights as well as where the holder of redeemable securities other than shares is entitled to require redemption of these securities under the terms of reorganisation. The redeemable securities other than shares must be redeemed within 2 months after the completion of the reorganisation but before their maturity date set in the decision to issue these securities.

Article 69. Completion of Reorganisation

1. The reorganisation shall be deemed completed when all new companies formed after the reorganisation are registered or the amended Articles of Association of all continuing companies are registered.

2. Before the documents of the company continuing after the reorganisation are submitted to the manager of the Register of Legal Entities, the General Meeting of this company shall be convened if the terms of reorganisation so provide. Both the shareholders of the company continuing after the reorganisation and the companies being wound up after the reorganisation shall be entitled to attend this General Meeting and vote if they were allocated the shares of the company continuing after the reorganisation under the terms of reorganisation.

3. A new company formed after the reorganisation shall be registered after the General Meeting of this company takes place and elects the organs of the company elected by the General Meeting under the Articles of Association, the election of the Board (if the Articles of Association provide for the election of the Board) and the manager of the company as well as after the statutory documents are submitted to the manager of the Register of Legal Entities.

4. General Meetings referred to in paragraphs 2 and 3 of this Article may decide all issues within the powers of the General Meeting.

5. The reorganised company shall be wound up after its removal from the Register of Legal Entities.

6. Members of the management organs of the reorganised company and the company involved in the reorganisation who drew up and implemented the terms of reorganisation as well as the experts who evaluated the terms of reorganisation under the agreement between the company and the firm of auditors must reimburse according to the procedure prescribed by laws the damage they inflicted on the shareholders of these companies.

Article 70. Merger by Acquisition by the Company Owning at Least 90% of Shares in the Company Being Acquired

1. Subparagraphs 4, 5, 6 and 7 of paragraph 1 of Article 63, paragraphs 2 and 3 of Article 63, Article 64, subparagraphs 4 and 5 of paragraph 2 of Article 65 and paragraphs 1, 2, 3 and 5 of Article 67 of this Law shall not apply to the merger by acquisition where the company continuing after the reorganisation is the owner of all shares in the company that is acquired.

2. Paragraphs 2 and 3 of Article 63, Article 64 and subparagraphs 4 and 5 of paragraph 2 of Article 65 of this Law shall not apply to the merger by acquisition where the company continuing after the reorganisation owns at least 90% of the shares in the company that is acquired. In this case the company, if requested by all the shareholders of the company being acquired, must redeem their shares before the completion of the reorganisation. The provisions of paragraph 3 of Article 67 of this Law shall apply to the redemption of shares.

Article 71. Division of the Company

1. A part of the continuing company may be divided off and one or more new companies of the same legal form may be formed on the basis of the assets, rights and obligations assigned to this part of the company.

2. The provisions of the Civil Code and this Law regulating reorganisation by division shall apply *mutatis mutan*dis to the division referred to in paragraph 1 of this Article.

Article 72. Transformation

1. A public limited liability company may be transformed into a legal person of the following legal forms:

1) private limited liability company;
2) state enterprise;
3) municipal enterprise;
4) agricultural company;
5) co-operative company;
6) general partnership;
7) limited partnership;
8) individual enterprise;
9) public institution.

2. A private limited liability company may be transformed into a public limited liability company or any other legal person of one of the legal forms listed in subparagraphs 2–9 of paragraph 1 of this Article.

3. A company shall be transformed pursuant to the Civil Code, this Law and the law regulating the legal persons of a new legal form.

4. An insolvent company may not be transformed.

5. The decision to transform a company shall be taken by the General Meeting. Where a company has shares of different classes, the decision to transform the company shall be adopted subject to a separate vote by the holders of each class of shares (as well as holders of non-voting shares).

6. The documents of establishment of the legal person of a new legal form shall be approved and the organs elected by the meeting of members shall be elected (formed) by the decision on the transformation of a company adopted by the General Meeting. The decision of the General Meeting shall, *inter alia*, indicate:

1) the name, legal form and registered office of the legal person of a new legal form;

2) the objects of the legal person of a new legal form;

3) the procedure, terms and time limits for a shareholder of the company being transformed to become a member of the legal person of a new legal form.

7. A notice of the decision to transform a company must be published in the daily indicated in the Articles of Association three times with at least 30-day intervals between the publications or it must be published once in the daily indicated in the Articles of Association, notifying every creditor of the company thereof in writing. The notice must contain the particulars of the company specified in Article 2.44 of the Civil Code as well as the name, legal form and registered office of the legal person of a new legal form.

8. Where a public limited liability company is being transformed into a legal person of a different legal form, the following actions must be performed, *inter alia*, before the registration of the establishment documents of the legal person of a new legal form:

1) a tender offer to buy up the shares of the public limited liability company must be submitted and realised;

2) the listing of shares by the Securities Commission must be cancelled according to the procedure laid down in the legal acts regulating the securities market.

9. The provisions of the legal acts regulating mandatory tender offers shall apply to the tender offer referred to in subparagraph 1 of paragraph 8 of this Article, unless this paragraph provides otherwise. The tender offer shall be submitted by the shareholders who voted for the decision to transform the public limited liability company. One or more shareholders shall be entitled to fulfil this obligation for other shareholders. The shareholders who voted against the decision to transform the public limited liability company or did not vote at all when the decision to transform the public limited liability company was put to the vote shall be entitled to sell their shares at the time of the tender offer. The price quoted in of the tender offer may not be lower than the highest price of the securities acquired by the shareholders, who must make the official proposal, during the period of 12 months before the adoption of the decision to transform the company. In other cases, the price of shares purchased through the official proposal shall be determined by an independent property valuer. An independent property valuer selected by the offeror shall be approved by the Securities Commission. The Securities Commission shall be entitled not to approve the property valuer if he is related to the offeror or other persons having a property interest in the shares of the company being transformed.

10. A documentary proof of the decision to transform the company must be submitted to the manager of the Register of Legal Entities not later than on the first day of publication.

11. A company shall acquire the legal status of a company being transformed from the day of the decision to transform the company.

12. When a legal person of another legal form is being transformed into a company, the assets transferred for the shares of this company must be evaluated by an independent property valuer in the manner laid down in the legal acts regulating asset valuation. Paragraph 8 of Article 8 of this Law shall apply to the asset valuation reports. The asset valuation report for assets transferred for the shares of the company must be submitted to the manager of the Register of Legal Entities at least 10 days before the adoption of the decision on transformation.

13. When a legal person of another legal form is being transformed into a company, the authorised capital of the company must be at least equivalent to the minimum capital specified in Article 2 of this Law. If the assets of a legal person of another legal form which is being transformed into a company prove insufficient to form the minimum authorised capital prescribed by Article 2 of this Law or the liabilities exceed the value of assets, the members of the legal person being transformed shall be entitled to pay additional contributions.

14. When a private limited liability company as well as a legal person of another legal form provided for by law is being transformed into a public limited liability company, in addition to other actions laid down in this Law and other laws, it shall be necessary:

1) to register the shares with the Securities Commission according to the procedure laid down in the legal acts regulating the securities market;

2) to approve the firm of auditors.

15. A company may be transformed into a state enterprise where all of its shares are owned by the state.

16. A company may be transformed into a municipal enterprise where all of its shares are owned by the municipality.

17. A company may be transformed into an agricultural company if it has at least 2 shareholders and its income from agricultural products and services provided for agriculture during the last financial year constituted more than 50% of all sales revenue.

18. A company which has at least 5 shareholders may be transformed into a co-operative company.

19. A company which has at least 2 but not more than 20 shareholders may be transformed into a general partnership.

20. A company which has at least 3 but not more than 20 shareholders may be transformed into a limited partnership.

21. If all shares in a company are held by one natural person, such company may be transformed into an individual enterprise.

22. The establishment documents of a legal person of a new legal form shall be registered in the Register of Legal Entities and the data in the Register of Legal Entities shall be amended after the election (formation) of the management organs of the legal person of a new legal form, the provision of additional safeguards for the discharge of obligations to the creditors who so requested and the emergence of the circumstances provided for in the laws as well as the submission of the statutory documents. The amended establishment documents shall become invalid if they were not submitted to the manager of the Register of Legal Entities within 6 months after the adoption of the decision to transform the company.

23. The transformation shall be deemed completed on the day of registration of the amended establishment documents of the legal person of a new legal form in the Register of Legal Entities.

Article 73. Liquidation of Companies

1. A company may be liquidated on the grounds laid down in the Civil Code for the liquidation of legal persons.

2. The decision to liquidate a company shall be adopted by the General Meeting or the court in the cases specified in the Civil Code.

3. The General Meeting may not adopt the decision to liquidate an insolvent company.

4. A bankrupt company shall be liquidated according to the procedure laid down in the Enterprise Bankruptcy Law.

5. Having adopted a decision to liquidate the company, the General Meeting or the court or the manager of the Register of Legal Entities, where the decision to liquidate the company is adopted by the court on the initiative of the administrator, must elect (appoint) the liquidator.

6. From the day of adoption by the General Meeting of the decision to liquidate the company the company shall acquire the status of the company in liquidation. Upon his election (appointment) the liquidator shall assume the rights and duties of the manager and the Board of the company. The manager and the Board of the company shall lose their powers after the appointment of the liquidator. The General Meeting may be convened according to the procedure laid down in this Law.

7. The documents of the company in liquidation which are used in dealings with third persons must, *inter alia*, indicate its legal status "in liquidation".

8. The General Meeting may fix another date (other than the date of the decision) as of which the decision to liquidate the company shall become effective. This date, however, may not precede the date on which the decision to liquidate the company was adopted.

9. If a company is liquidated because of the expiry of the duration of the company, the General Meeting, at least 3 months before such expiry, must adopt the decision to liquidate the company and elect the liquidator or adopt the decision to extend the duration and amend the Articles of Association of the company. In this case, if the decision to liquidate the company is adopted, the company shall acquire the status of a company in liquidation on the next day after the expiry of its duration laid down in the Articles of Association. If the General Meeting fails to elect the liquidator within the prescribed time limits, the shareholders whose holdings in the company entitle them to at least 1/10 of all votes as well as the manager of the Register of Legal Entities shall be entitled to apply to the court for the appointment of the liquidator.

10. The liquidator shall publish a notice of the liquidation of a company 3 times with at least 30-day intervals between publications in the daily indicated in the Articles of Association or publish it once in the daily indicated in the Articles of Association and notify all the creditors of the company thereof in writing. The publication or notice must include all the particulars of the company referred to in Article 2.44 of the Civil Code.

11. Not later than on the first day of publication of the notice of the liquidation of a company, the liquidator must submit the documents confirming the decision to liquidate the company and the particulars of the liquidator to the manager of the Register of Legal Entities.

12. When a company is being liquidated, the persons who subscribed but did not pay for the shares must make payments for the shares according to the procedure laid down in the share subscription agreement. The subscribers may be relieved of their duty to pay the outstanding contributions by the amount of assets of the company in liquidation which would be allocated to them only where the grounds for the liquidation of the company is the invalidation of the company incorporation pursuant to Article 2.114 of the Civil Code and the company is able to satisfy its liabilities to the creditors.

13. A company in liquidation must first of all make settlement with its creditors according to the sequence of satisfaction of creditors claims laid down in the Civil Code. After the settlement with the creditors of the company in liquidation, the accrued dividend shall be paid to the holders of preference shares with a cumulative dividend. The remaining assets of the company in liquidation shall be allocated to the shareholders in proportion to the nominal value of the shares they own. Any subsequently discovered assets of the company shall be distributed in the same manner. If different rights are attached to the shares of the company, this must be taken into account in the distribution of assets.

14. The assets of the company may be distributed to the shareholders at least 2 months after the completion of all actions laid down in paragraph 10 of this Article.

15. In case of judicial disputes regarding the payment of company's debts, the assets of the company may not be allocated to the shareholders until the disputes are settled by court and settlement with the creditors is effected.

16. The decision to cancel the liquidation of a company may be adopted by the General Meeting which adopted the decision to liquidate the company or by court. The decision to liquidate the company may not be revoked if at least one shareholder received a share of assets of the company in liquidation.

17. Documents confirming the decision to liquidate the company as well as to cancel the liquidation must be submitted to the manager of the Register of Legal Entities.

Article 74. Powers of the Liquidator

1. The liquidator shall have the rights and duties of the Board and the manager of the company. Only a natural person may be the liquidator and he shall be subject to the same requirements as those applicable to the manager of the company.

2. In addition to other duties laid down in this Law and the Civil Code, the following functions shall be assigned within the competence of the liquidator:

1) to draw up the opening balance sheet at the start of liquidation;

2) to distribute the assets of the company remaining after the shareholders settlement with the creditors of the company and to draw up the documents of transfer thereof;

3) in case of liquidation of a public limited liability company which has listed shares, to apply to the Securities Commission for the delisting of shares;

4) to hand over the documents of the liquidated company for keeping according to the procedure laid down in the Law on Archives;

5) to draw up the liquidation statement of the company. The liquidation statement shall describe the process of liquidation and shall confirm the completion of all actions related thereto;

6) to submit the liquidation statement of the company and other documents necessary for the removal of the liquidated company from the Register to the manager of the Register of Legal Entities.

3. If the liquidation proceedings last longer than 12 months, the liquidator shall draw up the annual accounts and the liquidation report after the close of every financial year. The annual accounts and the liquidation report shall be approved by the General Meeting. Access to these documents must be granted to all shareholders and creditors.

4. The liquidator may be dismissed according to the procedure laid down in the Civil Code.

5. The decision regarding temporary substitution of the liquidator during his vacation or temporary incapacity for work shall be adopted by the General Meeting, the court or the manager of the Register of Legal Entities which have elected (appointed) the liquidator according to the procedure laid down in this Law. A person substituting for the liquidator shall be subject to the same requirements as those applicable to the liquidator.

CHAPTER NINE
BRANCHES OF FOREIGN COMPANIES

Article 75. Establishment, Operation and Termination of Activities of Branches of Foreign Companies

1. The following shall be considered to be branches of foreign companies:

1) branches of companies established in the Member States of the European Union;

2) branches of companies established in the states referred to in Article 77 and Section 8 of Annex XXII to the Agreement on the European Economic Area;

3) branches of legal persons set up in legal forms similar to those of companies established in the states other than those referred to in subparagraphs 1 and 2 of this Article.

2. A branch of a foreign company shall be deemed established after the registration thereof in the Register of Legal Entities.

3. Only the documents referred to in Article 76 of the Law and the particulars referred to in Article 77 shall be submitted to the Register of Legal Entities. The manager of the branch of a foreign company shall be responsible for the submission of documents and particulars to the Register of Legal Entities.

4. The documents of branches of foreign companies used in dealings with third persons shall contain the information referred to in Article 2.44 of the Civil Code about the foreign company which established the branch and indicate the register which collects and stores the data of the branch of the foreign company as well as the code of the branch. The register where the foreign company is registered shall not be indicated if the law applicable to the foreign company does not require such registration.

5. The information referred to in paragraph 4 of this Article must also be available on the website of the branch of the foreign company if there is one.

6. The activities of the branch of the foreign company shall be governed by the Civil Code, this Law and other laws and legal acts of the Republic of Lithuania.

7. Notice of cessation of activities of the branch of the foreign company shall be published by the branch manager three times with at least 30-day intervals in at least one of the main dailies of the Republic of Lithuania or the notice must be published in the daily once and all creditors must be notified thereof in writing. The publication or notification must include the particulars referred to in paragraph 4 of this Article and indicate the time limit for the filing of creditors claims which may not be less than 2 months after the date of publication.

8. After cessation of activities of the branch of the foreign company has been publicised, the creditors of the branch of the foreign company shall be entitled to demand the discharge of an obligation or require that the foreign company which owns the branch provide additional safeguards for the discharge of obligations. Disputes regarding the discharge of obligations or additional safeguards shall be settled in court.

9. The documents relating to the removal of the branch of the foreign company from the Register may not be submitted to the manager of the Register of Legal Entities if the obligations have not been discharged or additional safeguards for the discharge of obligations have not been provided to the creditors who so requested; neither may the above documents be submitted before the effective date of the court decision if the dispute regarding the discharge of obligations or additional safeguards is being settled in court.

10. Until the removal from the Register of a branch, the documents of a branch of a foreign company the activities of which have been ceased shall be delivered for storage according to the procedure laid down for enterprises in the Law on Archives.

Article 76. Documents of a Foreign Company and its Branch to be Submitted to the Register of Legal Entities

1. The following documents of a foreign company and its branch shall be submitted to the Register of Legal Entities:

1) an excerpt from the register where the file of the foreign company is stored confirming that the foreign company is registered in the register;

2) the documents of incorporation of the foreign company, the Memorandum of Association and the Articles of Association, if these are separate documents, as well as all amendments of those documents;

3) the annual accounts of the foreign company which are drawn up, audited and disclosed according to the law of the state in which the foreign company is established;

4) the documents attesting the procedures applied to an insolvent company.

2. If the annual accounts of foreign companies referred to in subparagraph 3 of paragraph 1 of Article 75 of this Law are drawn up according to requirements other than those applied in the European Union, the annual accounts of the branch of the foreign company must be drawn up and submitted to the Register of Legal Entities instead of the annual accounts of the foreign company referred to in subparagraph 3 of paragraph 1 of this Article. The annual accounts of the branch of the foreign company shall be drawn up according to the procedure laid down in the legal acts of the Republic of Lithuania regulating the accounting and accounts.

3. The documents referred to in subparagraphs 1 and 2 of paragraph 1 of this Article must be legalised according to the procedure laid down in the legal acts, save in cases laid down in international treaties.

4. Foreign companies referred to in subparagraphs 1 and 2 of paragraph 1 of Article 75 of this Law which established more than one branch may select the branch the file whereof will be used to store the documents referred to in paragraph 1 of this Article. In such case, the files of other branches must indicate the name, code and register administrator of this selected branch.

5. In addition to the documents referred to in paragraph 1 of this Article, the foreign companies referred to in subparagraph 3 of paragraph 1 of Article 75 of this Law must at least once a year submit the document confirming the amount of the subscribed capital of the foreign company to the Register of Legal Entities if the amount of the subscribed capital is not specified in the documents referred to in subparagraph 2 of paragraph 1 of this Article.

Article 77. Particulars of Foreign Company and its Branch in the Register of Legal Entities

1. The following particulars of a foreign company and its branch shall be entered in the Register of Legal Entities:

1) the address of the branch;

2) the activities of the branch;

3) the name and legal form of the foreign company as well as the name of the branch if different from the name of the foreign company;

4) the particulars of persons who, as members of the organs of a foreign company, act on behalf of the foreign company in dealings with third persons and in judicial proceedings, the dates of their appointment and expiry of their powers, the sample signatures of these persons;

5) information whether the persons referred to in subparagraph 4 hereof acting on behalf of the foreign company may act at his own discretion or must act jointly, the extent of their rights, the expiry of powers, if any such is laid down;

6) the particulars of the manager of the branch, the dates of his appointment and expiry of powers, the sample signature;

7) the date of appointment of liquidators of a foreign company if the company is in liquidation, the particulars of liquidators, the extent of their rights and sample signatures;

8) the date of winding up of the foreign company;

9) the date of cessation of activities of the branch.

2. In addition to the particulars laid down in paragraph 1 of this Article, the Register of Legal Entities shall also indicate the register where the file of a foreign company referred to in subparagraphs 1 and 2 of paragraph 1 of Article 75 of this Law is stored and the company number in that register.

3. In addition to the particulars laid down in paragraph 1 of this Article, the following particulars of the branches of foreign companies referred to in subparagraph 3 of paragraph 1 of Article 75 of this Law shall be entered in the Register of Legal Entities:

1) the law applicable to the foreign company;

2) the legal form, registered office and field of activities of the foreign company;

3) if registration is required under the law applicable to the foreign company, the register in which the foreign company is registered and its registration number in that register;

4) the amount of the subscribed capital of a foreign company if this amount is not indicated in the instruments of incorporation of the foreign company.

CHAPTER TEN
FINAL PROVISIONS AND ENTRY INTO FORCE

Article 78. Final Provisions

1. Became invalid as of 30 January 2007.

2. The reserves formed in the company from the profit available for appropriation which do not correspond to the reserves to be formed from the profit available for appropriation as laid down in this Law must be liquidated by the Annual General Meeting convened after the entry into force of this Law by transferring them to the profit available for appropriation.

Article 79. Entry into Force and Implementation of the Law

1. This Law shall enter into force on 1 January 2004.

2. From the entrance into force of this Law the Law on Companies of the Republic of Lithuania No I-528 of the Republic of Lithuania shall be applied with respect to reorganisation and liquidation of the companies decisions on the reorganisation and liquidation whereof were taken prior to 30 June 2001.

3. The Law of the Republic of Lithuania on Companies No. VIII-1835 shall be applied with respect to reorganisation and liquidation of the companies decisions on the reorganisation and liquidation whereof were taken prior to 30 June 2001.

4. After the entry into force of this Law, the term “the head of the administration" used in other legal acts shall correspond to the term “the manager of the company”.

5. The provisions laid down in this Law regarding the registration of companies in the Register of Legal Entities and the duty of the manager of the Register of Legal Entities to publicise the facts which have to be publicised under this Law shall enter into force after the start of operation of the Register of Legal Entities.

6. Before the start of operation of the Register of Legal Entities:

1) the companies, their branches and representative offices as well as their documents and particulars shall be registered in and stored with the Register of Enterprises of the Republic of Lithuania;

2) the documents which must be submitted to the manager of the Register of Legal Entities according to the procedure laid down in this Law shall be submitted to the manager of the Register of Enterprises;

3) the time limits which in cases laid down in this Law must run from the disclosure by the manager of the Register of Legal Entities of facts referred to in this Law shall run from the receipt of relevant documents in the Register of Enterprises.

7. From the start of operation of the Register of Legal Entities:

1) the documents and particulars stored in the Register of Enterprises shall be treated as documents and particulars of the Register of Legal Entities;

2) the companies, their branches and representative offices registered in the Register of Enterprises shall be considered to have been registered in the Register of Legal Entities.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

PRESIDENT OF THE REPUBLIC VALDAS ADAMKUS

Annex to the Law of the Republic of Lithuania No VIII-1835 of 13 July 2000

IMPLEMENTED EU LEGAL ACTS

1. 68/151/EEC: first Council Directive of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of second paragraph of article 58 of the treaty, with a view to making such safeguards equivalent throughout the community (OJ 2004, special edition, Chapter 17, Volume 1, p.3).

2. 7791/EEC: second Council Directive of 13 December 1976 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by member states of companies within the meaning of second paragraph of article 58 of the treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent throughout the community (OJ 2004, special edition, Chapter 17, Volume 1, p.3).

3. 78/855/EEC: third Council Directive of 9 October 1978 based on article 54 (3) (g) of the treaty concerning mergers of public limited liability companies (OJ 2004, special edition, Chapter 17, Volume 1, p. 42).

4. 82/891/EEC: 82/891/EEC: sixth Council Directive of 17 December 1982 based on article 54 (3) (g) of the treaty, concerning the division of public limited liability companies (OJ 2004, special edition, Chapter 17, Volume 1, p. 50).

5. 89/666: eleventh Council Directive of 21 December 1989 concerning disclosure requirements in respect of branches opened in a member state by certain types of company governed by the law of another state (OJ 2004, special edition, Chapter 17, Volume 1, p. 100).

6. 89/667/EEC: twelfth Council company law directive of 21 December 1989 on single-member private limited-liability companies (OJ 2004, special edition, Chhapter 17, Volume 1, p. 104).

7. 92/101/EEC: Council Directive of 23 November 1992 amending Directive 77/91/EEC on the formation of public limited- liability companies and the maintenance and alteration of their capital (OJ 2004, special edition, Chapter 17, Volume 1, p. 126).

8. Directive 2003/58/EC of the European Parliament and of the Council of 15 July 2003 amending Council Directive 68/151/EEC, as regards disclosure requirements in respect of certain types of companies (OJ 2004, special edition, Chapter 17, Volume 1, p. 304).