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Law on Companies of the Republic of Lithuania

REPUBLIC OF LITHUANIA

LAW

ON COMPANIES

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CHAPTER ONE

GENERAL PROVISIONS

Article 1. Purpose of the Law

1. The Law shall regulate the incorporation, management, activities, reorganisation, transformation, split-off and liquidation of the 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 peculiarities of regulation of public limited liability companies not established by this Law, where the companies are considered as issuers of securities under the Securities Law, shall be laid down by the Law on Securities. The provisions of this Law regarding the companies whose shares are admitted to trading on the regulated market shall apply to the companies whose shares are admitted to trading in the Republic of Lithuania, any other EU member state or the regulated market functioning in the state belonging to the European Economic Area.

3. The provisions of this Law have been brought into line with the legal acts of the European Union listed 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 must be not less than LTL 150 000. Its shares may be offered for sale and traded in publicly in compliance with the legal acts regulating the 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 private 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 include the words "*uždaroji akcinė bendrovė*" (private limited liability company) defining its legal form or the acronym "UAB".

6. The company's written documents used in its relations with other persons, also the documents signed according to the procedure established by the Law on Electronic Signature and transmitted by means of electronic communications 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 Law and other laws and legal acts.

Article 3. Shareholders

1. Shareholders shall be 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 a Company

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

2. The Articles of Association of a company must state:

1) the name of the company;

2) the 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 class, their nominal value and the rights they carry;

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

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's 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 appointment and removal from office of the heads of the company's branches and representative offices;

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

14) the company's 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 and commercial activities of the company.

4. The sample Articles of Association of a private limited liability company shall be approved by the Government or the institution authorised by it.

5. The Articles of Association of a company may also contain other provisions which are in conformity with this Law and other laws.

6. The powers of the General Meeting of Shareholders, 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 state so.

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

8. 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.

9. Following the decision by the General Meeting of Shareholders 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 of Shareholders.

10. 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 of Shareholders.

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. A company shall be deemed to 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 from office the manager, the majority of members of the Board or the 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 and make decisions on his behalf 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 on 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 of a Company and the 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 must indicate:

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

12) compensation of incorporation costs and remuneration for incorporation;

13) the procedure for concluding contracts in the name of the company being incorporated and for approving them;

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

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

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

4. The company's 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 Article shall grant the right to open a savings 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) as stipulated for the company's Memorandum of Association shall be applied to the contents of the act of establishment of the company. Paragraphs 3 to 6 of this Article shall also be applied to the act of establishment.

8. Sample forms of the act of establishment and Memorandum of Association of a private limited liability company shall be approved by the Government or the institution authorised by it.

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 the act of establishment. The Memorandum of Association of the company or the act of establishment shall also be treated as the 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 the 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 the act of establishment into the savings account of the company being incorporated. The funds in the savings 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 must 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 the 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, *inter alia*, indicate the following:

1) the person valuation of the assets whereof has been made (the 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 otherwise than for cash, the nominal value of a 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 in 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 administrator 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 in 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 the paid-up authorised capital;

3) the amount paid for shares;

4) the contributions other than in cash for the subscribed shares, the value of the contributions and reference to the reports of the valuers of assets who have performed the valuation of the contributions 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 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 as stipulated by this Law 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's management bodies who are elected by the General Meeting of Shareholders, and may also settle other issues within the powers of the General Meeting of Shareholders as provided for in this Law.

CHAPTER THREE

REGISTRATION OF THE COMPANY

Article 11. Registration of the Company

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 conclusion of the Memorandum of Association or the act of establishment, after the signing of the Articles of Association of the company being incorporated, after payment of all initial contributions for the subscribed shares, after the holding of the statutory meeting which approved the statutory report of the company and elected members of the company's management organs which, under the Articles of Association of the company, are elected by the General Meeting of Shareholders, also following the election of the Board (where its election is provided for in the Articles of Association) and the company's manager and following the fulfilment of other obligations established by other laws and the Memorandum of Association or the act of establishment or following the filing of the documents prescribed by law with the manager of the Register of Legal Entities.

Article 12. 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 of the Board chairman and the date of election and expiration of the term of office of the Board members and manager of the company;

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 rule of quantitative representation to act jointly 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 a single person;

5) the date of the opening and close 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 expiration of his 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 as 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 be 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 must, within the time limit set by laws, present to the manager of the Register of Legal Entities 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 parties, 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 parties 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 parties prove that they could not have any knowledge thereof.

5. Third parties 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 upon by the third parties 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 parties, 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 parties had knowledge thereof.

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

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 of 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's data and documents submitted to the manager of the Register of Legal Entities do not correspond to their translations, the company may not, in its relations with the third parties, rely on these translations, 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 parties, have been brought to the third parties' 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's incorporator, where the sum of the transaction or the aggregate sum of such transactions 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 of Shareholders by the qualified majority vote, which must 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 of Shareholders by an independent asset valuer in the manner prescribed by the legal acts regulating asset valuation. The asset valuation report shall be subject to the requirements set in subparagraphs 1, 2 and 3 of paragraph 8 of Article 8 of this Law. In addition to other information, the assets valuation report must contain the conclusion as to whether the value of the assets acquired by the public limited liability company corresponds to the amount paid for them.

3. The valuation of the assets specified in paragraph 1 of this Article may be set without applying the requirements set in paragraph 2 of this Article. In this case, Article 45^1 of this Law shall apply *mutatis mutandis*.

4. The asset valuation report or the certificate indicated in paragraph 5 of Article 45^1 of this Law must be submitted to the public limited liability company and the manager of the Register of Legal Entities not later than within 10 days before the General Meeting of Shareholders.

5. 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 the securities transactions concluded in the regulated market, with the exception of negotiated transactions.

CHAPTER FOUR

RIGHTS AND DUTIES OF 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 and other laws may not be subjected to any restrictions, except in the cases specified by laws.

2. The shareholders shall not have other 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 of Shareholders 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 of Shareholders 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 must indicate the number of the shares acquired or disposed of, 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 place of residence; the legal person’s name, legal form it has taken, registration number, and registered office).

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

6. The shareholder must repay the Company the dividend as well as any other payment related to the exercise of the shareholder’s property rights if they were paid out in violation of the mandatory norms of this Law and if the Company proves that the shareholder aware or should have been aware thereof.

*7. Each shareholder shall be entitled to authorise a natural or legal person to represent him when maintaining contacts with the Company and other persons.

Article 15. Property Rights of Shareholders

1. The shareholders 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 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 the shares or convertible debentures issued by the company, except in the case when the General Meeting of Shareholders decides to withdraw the pre-emption right for all the shareholders according to the procedure specified by this Law;

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 Law and other laws.

2. The rights specified in subparagraphs 1, 2, 3 and 4 of paragraph 1 of this Article shall be held in public limited liability companies by persons who were shareholders at the close of the tenth working day after adopting the appropriate decision of the General Meeting of Shareholders (hereafter – at the close of the rights accounting day).

Article 16. Non-Property Rights of Shareholders

1. The shareholders shall have these non-property rights:

1) to attend General Meetings of Shareholders;

2) to submit to the Company in advance the questions connected with the issues on the agenda of the General Meeting of Shareholders;

3) to vote at General Meetings of Shareholders according to voting rights carried by their shares;

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

5) to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the manager of the company and Board members of their duties 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.

Article 16[1]. Shareholder's Right to Submit in Advance Questions to a Company

1. A company must reply to the questions connected with the issues on the agenda of the General Meeting of Shareholders and submitted by a shareholder to the company in advance before the General Meeting of Shareholders, where the questions were received by the company not later than three working days before the General Meeting of Shareholders.

2. If several questions of the same content have been submitted, the company may provide one overall answer thereto.

3. A company shall not present an answer to the question submitted by a shareholder personally to him when the relevant information is available in the question and answer format on the company's website, if the company has one.

4. A company may refuse to present answers to the questions submitted by a shareholder if they are linked to the company's commercial (industrial) secret, confidential information subject to informing the shareholder thereof, except for the cases when the shareholder who has submitted the question cannot be identified.

5. Paragraph 4 of this Article shall not apply when a shareholder or a group of shareholders holding or controlling more than ½ of shares present to the company a written pledge in the form prescribed by the company not to disclose a commercial (industrial) secret, confidential information. In such a case, shall be submitted responses to questions of shareholders shall be submitted to each shareholder in person.

Article 17. Shareholder's Right to Vote

1. The right to vote at the General Meetings of Shareholders 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 which have been subscribed for and for which initial contributions have been paid. The right to vote at other General Meetings of Shareholders shall be granted only by fully paid up shares.

2. If all voting shares of a company are of equal nominal value, each share shall give its holder one vote at the General Meeting of Shareholders. If voting shares are of a 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 a company may lay down that preference shares of certain classes shall not carry voting rights. The holders of the preference shares which do not carry the voting rights shall be given the right to vote in the cases specified in this Law.

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

Article 18. Shareholder's Right to Information

1. A company shall, at a shareholder's written request and within 7 days from the receipt of the request, grant to the shareholder access to and/or submit to him copies of the following documents: the Articles of Association of the company, set of annual financial statements, annual reports of the company, the auditor's opinion and audit reports, minutes of the General Meetings of Shareholders or other documents executing decisions of the General Meetings of Shareholders, the recommendations and responses of Supervisory Board to the General Meetings of Shareholders, the lists of shareholders, the lists of members of the Supervisory Board and the Board, also other documents of the company that must be publicly accessible under laws as well as minutes of the meetings of the Supervisory Board and the Board or other documents executing decisions of the above-mentioned company organs, unless these documents contain a commercial (industrial) secret of the company, confidential information. A shareholder or a group of shareholders who hold or control more than 1/2 of shares shall have the right to access all documents of the company subject to presenting to the company a written pledge in the form prescribed by the company not to disclose a commercial (industrial) secret, confidential information. A company may refuse to grant to a shareholder access to and/submit copies of documents, if it is not possible to identify the shareholder who requested the documents. A refusal to grant to the shareholder access to and/or submit copies of documents shall be executed by the company in writing if the shareholder so requests. Disputes relating to the shareholder's right to information shall be settled in court.

2. A company's documents, copies thereof or another information must 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 another information.

3. The list of shareholders of a company presented to the shareholders must contain 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 A COMPANY

Article 19. Company's Organs

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

2. A collegial supervisory body – 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 to the scope of powers of other management organs.

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

5. The General Meeting of Shareholders may not charge other management organs to address the issues assigned to its sphere of competence.

6. In the company's relations with other persons, the manager of the company 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 act on behalf of the company together with the members of the management organs.

8. The management organs of the company must act 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 the manager of the company, to the position of the Board or Supervisory Board member must inform the electing body 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 bodies invalid may be brought by the shareholders, creditors, the manager of the company, 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 of Shareholders

1. The General Meeting of Shareholders 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 of Shareholders and the manager of the company;

4) select and remove the firm of auditors for the carrying out of the audit of annual financial statements, set the conditions for auditor remuneration;

5) 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 the company’s shares of one class into shares of another class, approve the share conversion procedure;

7) take a decision to replace the private limited liability company’s share certificates with shares;

8) approve the set of annual financial statements;

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 on the issue of convertible debentures;

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

13) take a decision on increase of the authorised capital;

14) take a decision on reduction of 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 split-off of the company and approve the terms of reorganisation or split-off;

17) take a decision on transformation of the company;

18) take a decision on restructuring of the company;

19) take a decision on liquidation of the company, cancellation of the liquidation of the company, except where otherwise provided for by this Law;

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

2. The General Meeting of Shareholders 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, in their essence, these are not the functions of the management organs.

Article 21. Right to Attend the General Meeting of Shareholders

1. The persons who are shareholders of the company on the day of the General Meeting of Shareholders or, in case of a public limited liability company, who were shareholders at the close of the accounting day of the meeting shall have the right to attend and vote at the General Meeting of Shareholders or repeat General Meeting of Shareholders in person, unless otherwise provided for by laws, or may authorise other persons to vote for them as proxies or may conclude an agreement on the disposal of the voting right with third parties. The shareholder's right to attend the General Meeting of Shareholders shall also cover the right to speak and to enquire. The record date of the meeting of a public limited liability company shall be the fifth working day before the General Meeting of Shareholders or the fifth working day before the repeat General Meeting of Shareholders.

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

3. A shareholder may vote in writing by filling in a general ballot paper. The filled-in general ballot paper may be transferred to the company by means of electronic communications, on the condition that the security of the information thus transmitted is ensured and it is possible to establish the shareholder's identity.

4. The company may provide a possibility for shareholders to attend the General Meeting of Shareholders and to vote by means of electronic communications.

5. For the shareholders to be able to attend and vote at the General Meeting of Shareholders by means of electronic communications, only the requirements and restrictions which are necessary for establishing the shareholders' identity and for ensuring the security of the transmitted information may be applied to the use of the means of electronic communications and only in the case when they are proportionate to achieving these goals.

6. The shareholders attending the General Meeting of Shareholders shall be registered in the shareholder registration list. This list shall indicate the number of votes granted to each shareholder by the shares held by him.

7. The shareholder registration list shall be signed by the chairman and secretary of the General Meeting of Shareholders. 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.

8. A person attending the General Meeting of Shareholders and entitled to vote shall produce a document which is a proof of his identity. A person who is not a shareholder shall additionally produce a document attesting to his right to vote at the General Meeting of Shareholders. The requirement to present the document confirming a person's identity shall not apply if votes are cast in writing by filling in a general voting ballot and by means of electronic communications.

Article 22. Inspector of the General Meeting of Shareholders

1. The General Meeting of Shareholders shall elect the inspector of the General Meeting of Shareholders 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 of Shareholders shall determine:

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

2) the number of valid and invalid general ballot papers filled-in and submitted in advance;

3) the number of valid and invalid proxies submitted;

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

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

6) whether the Meeting has a quorum;

7) the results of voting at the General Meeting of Shareholders.

*3. The inspector of the General Meeting of Shareholders of the public limited liability company whose shares are admitted to trading on the regulated market shall, in addition to the actions established in paragraph 2 of this Article, establish the following in respect of each decision of the General Meeting of Shareholders:

1) the portion of the authorised capital which shall be represented by voting;

2) the number of shares of the shareholders attending the General Meeting of Shareholders whereby it was voted;

3) the total number of votes of shareholders who voted, from among them – the number of votes for and against each decision;

*4. If not a single shareholder requires at the General Meeting of Shareholders a detailed voting report before the beginning of voting, paragraph 3 of this Article shall not apply.

5. 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 of Shareholders shall elect the person responsible for the actions provided for in paragraphs 2 and 3 of this Article.

Note: The Article shall be supplemented with paragraphs 3 and 4 on 1 August 2009, paragraph 3 of Article 22 shall be renumerated as paragraph 5.

Article 23. Convening of the General Meeting of Shareholders

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

2. The General Meeting of Shareholders shall be convened by a 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.

3. The General Meeting of Shareholders shall be convened by a decision of the manager of the company if:

1) no Board has been formed in the company, or

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

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

4. 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 on convening within 10 days from the receipt of the request indicated in paragraph 5 of this Article, the General Meeting of Shareholders may be convened by a decision of the shareholders whose shares carry more than ½ of all the votes.

5. The initiators of convening of the General Meeting of Shareholders shall submit a request to the Board (or, in the cases specified in paragraph 3 of this Article, to the manager of the company) which must state the reasons for convening the Meeting and its purposes, present the proposals regarding the agenda, date and venue of the Meeting, drafts of the proposed decisions. The General Meeting of Shareholders must be held within 30 days after the date of receipt of the request . It shall not be mandatory to convene the General Meeting of Shareholders 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 of Shareholders.

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

Article 24. Convening the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders

1. An Annual General Meeting of Shareholders must be held every year at least within four months from the close of the financial year.

2. The Extraordinary General Meeting of Shareholders 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 of Shareholders;

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

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

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

5) the convening of the General Meeting of Shareholders is requested by the shareholders having the right of initiative to convene the General Meeting of Shareholders, the Supervisory Board, the Board or, if 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.

3. The General Meeting of Shareholders shall be convened by a court's order if:

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

2) the persons or company organs having the right of initiative to convene the General Meeting of Shareholders referred to the court regarding the failure of the Board or the manager of the company to convene the General Meeting of Shareholders as required under this Law;

3) the initiators of the convening of the General Meeting of Shareholders referred to the court regarding a failure of the Board or the manager of the company to convene the General Meeting of Shareholders upon the submission of the request as required under Article 23 of this Law;

4) at least one of the company's creditors referred to the court regarding the failure to convene the General Meeting of Shareholders upon transpiration that the company's equity company has fallen below ½ of the authorised capital specified in the Articles of Association.

Article 25. Agenda of the General Meeting of Shareholders

1. The agenda of the General Meeting of Shareholders shall be drawn up by the company's 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 of Shareholders is convened by a court's order, the agenda shall be drawn up and submitted to the court together with other prescribed documents by the person or persons who referred to the court requesting to convene the General Meeting of Shareholders.

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

3. The agenda of the General Meeting of Shareholders may be supplemented by the Supervisory Board, the Board (if the Board is not formed – by the manager of the company) or by the shareholders who hold shares carrying at least 1/20 of all the votes, unless the Articles of Association provide for a smaller proportion. The proposal to supplement the agenda shall be submitted in writing or by means of electronic communications. Draft decisions on the proposed

issues or, when it is not mandatory to adopt decisions, explanatory notes on each proposed issue of the agenda of the General Meeting of Shareholders shall be presented alongside with the proposal. The agenda shall be supplemented where the proposal is received not later than 14 days before the General Meeting of Shareholders.

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

5. If the agenda of the General Meeting of Shareholders indicated in a notice of the Meeting to be convened is supplemented, the shareholders must be notified of the changes in the same manner in which they were given notice of convening of the General Meeting of Shareholders not later than 10 days before the General Meeting of Shareholders.

6. If the agenda of the General Meeting of Shareholders provides for a removal from office of members of the company bodies or the audit firm, the issues relating respectively to election of new members of these company bodies or a new audit firm must be put on the agenda.

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

Article 26. Notification of the General Meeting of Shareholders to be Convened

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

2. A notice of convening of the General Meeting of Shareholders must indicate:

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;

the record date of the Meeting and the explanation that only the persons who are shareholders at the close of the accounting day of the General Meeting of Shareholders (for a public limited liability company) shall be entitled to attend and vote at the General Meeting of Shareholders;

4) the rights accounting day if the decisions adopted at the General Meeting of Shareholders are related to the property right of shareholders specified in subparagraphs 1, 2, 3 and 4 of paragraph 1 of Article 15 of this Law and the explanation that these rights will be held by the persons who, at the close of the tenth working day after the General Meeting of Shareholders which adopted the appropriate decision, will be the shareholders of a public limited liability company (for a public limited liability company);

5) the agenda of the Meeting;

6) the persons who initiated the convening of the General Meeting of Shareholders;

7) the body of the company, the persons or the authority who adopted the decision on the convening of the General Meeting of Shareholders;

8) the purpose and intended method of reduction of the authorised capital, where the issue of reduction of the authorised capital is on the agenda of the Meeting;

9) the procedure of participation and voting at the General Meeting of Shareholders by means of electronic communications, if the Company provides such a possibility;

where and how to receive draft decisions on each issue on the agenda of the General Meeting of Shareholders or, when the decisions need not be adopted, the explanations of the Supervisory Board, the Board (if the Board is not formed – the manager of the company) and the shareholders as well as other documents which must be submitted to the General Meeting of Shareholders and the information related to the exercise of the shareholders' rights.

3. A notice of convening of the General Meeting of Shareholders needs not to contain a reference to the procedure indicated in subparagraph 9 of paragraph 2 of this Article if this notice specifies that the procedure can be accessed on the company's website and provides the address of this website.

4. A notice of the convening of the General Meeting of Shareholders must be published in the daily indicated in the Articles of Association or delivered to each shareholder against acknowledgement of receipt or sent by registered post not later than 21 days before the General Meeting of Shareholders.

5. If the company creates for its shareholders a possibility to attend and vote at the General Meeting of Shareholders by means of electronic communications accessible to all shareholders, the General Meeting of Shareholders may decide, by not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting, that the company should notify the shareholders of the Extraordinary General Meeting of Shareholders in the manner specified in paragraph 4 of this Article at least 16 days before the day of the Extraordinary General Meeting of Shareholders. The decision shall be valid not longer than until the day of the Annual General Meeting of Shareholders.

6. If the General Meeting of Shareholders is not held, the repeat General Meeting of Shareholders shall be convened after the lapse of at least 5 days and not later than after the lapse of 21 days following the day of the General Meeting of Shareholders which was not held. The shareholders must be notified of the repeat General Meeting of Shareholders in the manner specified in paragraph 4 of this Article not later than 5 days before the repeat General Meeting of Shareholders.

7. The General Meeting of Shareholders may be convened in derogation of the time limits set in paragraphs 4, 5 and 6 of this Article subject to a written consent of all the shareholders who hold the shares conferring voting rights.

8. A notice of the convening of the General Meeting of Shareholders shall be published, delivered or sent to the shareholders free of charge in any manner set in this Law.

9. The documents confirming that the shareholders have been given notice of the convening of the General Meeting of Shareholders must be announced at the opening of the Meeting.

10. At least 10 days before the General Meeting of Shareholders, the shareholders must be granted access to the documents held by the company relating to the agenda of the Meeting, including draft decisions or, when the decisions need not be adopted, the explanations of the Supervisory Board, the Board (where the Board is not formed – the manager of the company) and the shareholders on the issue of the agenda of the General Meeting of Shareholders proposed by them as well as the request by the initiators of convening the General Meeting of Shareholders filed to the Board or, in the cases specified in paragraph 3 of Article 23

of this Law, to the manager of the company. 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 the shareholder against his signed acknowledgement of receipt or send by registered mail all draft decisions of the Meeting or, when the decisions need not be adopted, the explanations of the Supervisory Board, the Board (where the Board is not formed – the manager of the company) and the shareholders on the issue of the agenda of the General Meeting of Shareholders proposed by them. The draft decisions must indicate the initiator thereof. Where the initiator of a draft decision submits a substantiation of the draft decision, it must be attached to the draft decision.

11. Paragraphs 3, 4, 5, 6, 7 and 10 of this Article shall not apply to the public limited liability companies whose shares have been admitted to trading on the regulated market.

Article 26^1. Specifics of Notification of the Convening of the General Meeting of Shareholders of the Public Limited Liability Company whose Shares have been Admitted to Trading on the Regulated Market

1. A notice of the convening of the General Meeting of Shareholders of the public limited liability company whose shares have been admitted to trading on the regulated market must, in addition to the information indicated in paragraph 2 of Article 26 of this Law, contain the following information:

1) the shareholders' right to propose supplements to the agenda of the General Meeting of Shareholders by submitting with every proposed additional issue a draft decision of the General Meeting of Shareholders or, when a decision needs not to be adopted, the shareholder's explanation, the procedures for exercising this right which the shareholders must observe and the term by which the shareholders shall be entitled to submit proposals to supplement the agenda of the General Meeting of Shareholders;

2) the shareholders' right to propose draft decisions on the issues which have been included or will be included in the agenda of the General Meeting of Shareholders, the procedures for exercising this right which the shareholders must observe and the term by which the shareholders shall be entitled to submit draft proposals;

3) the shareholders' right to submit to the company in advance the questions relating to the issues on the agenda of the General Meeting of Shareholders, the procedures for exercising this right which the shareholders must observe and the term by which the shareholders shall be entitled to pose in advance the questions relating to the agenda of the General Meeting of Shareholders;

4) the procedure of proxy voting at the General Meeting of Shareholders, the form of representing the shareholder at the General Meeting of Shareholders, if it is established, and the procedure and dates for giving authorization by electronic communication facilities;

5) the procedure for voting in writing when a general ballot paper is filled-in;

6) the address of the website where the information indicated in Article 26^2 of this Law will be presented.

2. 2. The procedures for exercising the shareholders' rights listed in subparagraphs 1, 2 and 3 of paragraph 1 of this Article which must be observed by shareholders need not be referred to in a notice of the convening the General Meeting of Shareholders if the notice specifies that those procedures are presented on the website of the public limited liability company whose shares are admitted to trading on the regulated market.

3. A notice of the convening of the General Meeting of Shareholders of the public limited liability company whose shares are admitted to trading on the regulated market must be published in the Republic of Lithuania and all other EU member states as well as countries of the European Economic Area not later than 21 days before the General Meeting of Shareholders according to the procedure laid down in the Law on Securities. The notice of the convening of the General Meeting of Shareholders may be additionally published in a daily referred to in the Articles of Association of the public limited liability company whose shares are admitted to trading on the regulated market if such an additional manner of publication is specified in the Articles of Association.

4. If a public limited liability company whose shares have been admitted to trading at the regulated market creates for its shareholders a possibility to attend and vote at the General Meeting of Shareholders by means of electronic communications accessible to all shareholders, the General Meeting of Shareholders may decide by not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting that the company should notify the shareholders of the Extraordinary General Meeting of Shareholders in the manner specified in paragraph 3 of this Article at least 16 days before the day of the Extraordinary General Meeting of Shareholders. Such a decision shall be valid not longer than until the day of the Annual General Meeting of Shareholders.

5. If the General Meeting of Shareholders is not held, the repeat General Meeting of Shareholders shall be convened after the lapse of at least 14 days and not later than after the lapse of 21 days following the day of the General Meeting of Shareholders which was not held. The shareholders must be notified of the repeat General Meeting of Shareholders in the manner specified in paragraph 3 of this Article not later than 14 days before the repeat General Meeting of Shareholders.

Article 26^2. Presentation on the Website of the Information and Documents of a Public Limited Liability Company whose Shares are Admitted to be Traded on the Regulated Market

1. A public limited liability company whose shares are admitted to trading on the regulated market must provide on the website to the shareholders during the entire period beginning not later than before 21 days until the General Meeting of Shareholders the following information and documents:

1) a notice of the convening of the General Meeting of Shareholders

2) the total number of shares and the shares carrying the voting rights on the day of convening of the General Meeting of Shareholders (including the number of shares according to classes, if there are shares of different classes);

3) draft decisions on every issue on the agenda of the General Meeting of Shareholders or, when decisions need not be adopted, the explanations of the Supervisory Board, the Board (if the Board is not formed – the manager of the company) and the shareholders, as well as other documents which must be presented to the General Meeting of Shareholders;

4) a general ballot paper and the form of a proxy to represent a shareholder at the General Meeting of Shareholders, if it is established, which must be used in proxy voting, except in the cases when the general ballot paper and the form of the proxy to represent the shareholder at the General Meeting of Shareholders are sent directly to each shareholder.

2. The supplemented agenda, also the draft decisions proposed and, when decisions need not be adopted, the explanations of the Supervisory Board, the Board (if the Board is not formed – the manager of the company) and the shareholders shall be forthwith presented on the website on the public limited liability company whose shares are admitted to trading on the regulated market.

3. When owing to technical reasons a general ballot paper indicated in subparagraph 4 of paragraph 1 of this Article and the form of a proxy to represent a shareholder at the General Meeting of Shareholders, if it is established, may not be presented on the website of the public limited liability company whose shares are admitted to trading on the regulated market, it shall be specified how the documents may be received in the printed form. . If the shareholders so require, the public limited liability company whose shares are admitted to trading on the regulated market must send by registered mail free of charge the general ballot paper and the form of the proxy to represent the shareholder at the General Meeting of Shareholders, if it is established, or deliver them in person against signed acknowledgement of receipt to the shareholders who so require.

4. When according to paragraph 4 of Article 26^1 of this Law a notice of the Extraordinary General Meeting of Shareholders is published not later than 16 days before the General Meeting of Shareholders, whereas according to paragraph 5 of Article 26^1 of this Law a notice of the repeat General Meeting of Shareholders is given not later than 14 days before the repeat General Meeting of Shareholders, the time limit specified in paragraph 1 of this Article shall be accordingly reduced.

5. A public limited liability company whose shares are admitted to trading on the regulated market shall, not later than within 7 days after the General Meeting of Shareholders, present to shareholders on the website the voting results established on the basis of paragraphs 2 and 3 of Article 22 of this Law.

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

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

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

3. Every General Meeting of Shareholders must elect the chairman and the secretary of the Meeting. It shall be possible not to elect the secretary if the General Meeting of Shareholders is attended by less than 3 shareholders. The chairman and the secretary shall not be elected if all the shareholders attending the Meeting voted in writing.

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

1) the own shares purchased by the company;

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

5. If a shareholder exercises his right to vote in writing, he shall, upon familiarising with the agenda of the General Meeting of Shareholders and draft decisions, fill in and submit to the company a general ballot paper notifying the General Meeting of Shareholders of whether he is “for” or “against” each decision. The shareholders who have voted in writing in advance shall be considered as being present at the General Meeting of Shareholders and their votes shall be included in the quorum of the meeting and the results of voting. The general ballots papers of the meeting which was not held shall be valid at the repeat General Meeting of Shareholders. A shareholder shall not be entitled to vote at the General Meeting of Shareholders when considering a decision in respect of which he expressed his will in advance in writing.

6. 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 the shareholders present at the Meeting and entitled to vote on a specific issue.

7. Voting at the General Meeting of Shareholders shall be open. Secret voting shall be mandatory for all shareholders on the issues on which at least one shareholder requests a secret vote be taken, provided that he is supported by the shareholders whose shares carry at least 1/10 of the votes at this General Meeting of Shareholders.

8. A decision of the General Meeting of Shareholders 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.

9. The General Meeting of Shareholders shall not be entitled to take decisions on the issues that are not on the agenda, except when the meeting is attended by all the shareholders whose shares carry voting rights and no shareholder has voted in writing.

Article 28. Decisions Taken by a Qualified Majority Vote.

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

1) amending of the Articles of Association of the company, except where otherwise stipulated by this Law;

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

3) conversion of the company’s shares of one class into shares of another class, approval of the share conversion procedure;

4) replacement of a private limited liability company’s share certificates with shares;

5) appropriation of profit (loss);

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

7) issuance of convertible debentures;

8) increase of the authorised capital;

9) reduction of the authorised capital, except where otherwise stipulated by this Law;

10) reorganisation or split-off of the company or approval of the terms of reorganisation or split-off of the company;

11) transformation of the company;

12) restructuring of the company;

13) liquidation of the company and cancellation of the company's liquidation, except where otherwise stipulated 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 must be not less than 3/4 of all the votes carried by the shares of the shareholders present at the General Meeting of Shareholders and entitled to vote when deciding 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 3/4 of the votes required to take the decision referred to in paragraph 2 of this Article.

Article 29. Minutes of the General Meeting of Shareholders

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

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

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

4. The persons who attended the General Meeting of Shareholders 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 of the minutes within 3 days from the moment of access thereto, but not later than within 10 days after the General Meeting of Shareholders.

5. The following documents shall be attached to the minutes: the list of registration of the shareholders who attended the General Meeting of Shareholders; 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 of notification of the shareholders as regards the convening of the General Meeting of Shareholders; comments on the minutes and a conclusion on these comments given by the persons who signed the minutes.

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

7. The minutes or other documents whereby the decisions of the General Meeting of Shareholders 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 a written request of the shareholders holding the voting right, the company must prepare and, at least 10 days before the General Meeting of Shareholders, send the general ballot papers by registered mail or deliver them against acknowledgement of receipt to the shareholders who so requested.

2. The following must be indicated in the general ballot paper:

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

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

3. The filled-in general ballot paper must contain the full name and personal number of the shareholder who is a natural person, the name and code of the shareholder who is a legal person.

4. The filled-in general ballot papers shall be signed by a shareholder or another person entitled to vote by the shares held by this shareholder. If the filled-in general ballot paper is signed by the person who is not a shareholder, the document attesting the right to vote must be attached to the filled-in general ballot paper 5. The general ballot paper shall be deemed to be valid and may not be recalled if it meets the requirements laid down in paragraphs 3 and 4 of this Article and is received by the company before the General Meeting of Shareholders.

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

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

Article 30[1]. Proxy Voting

1. At the General Meeting of Shareholders, a proxy holder shall have the same rights as would be held by the shareholder represented by him.

2. At the General Meeting of Shareholders, a proxy holder may be authorised by more than one shareholder.

3. A proxy holder must vote at the General Meeting of Shareholders keeping to the instructions given by a shareholder. If the proxy holder is authorised to vote at the same General Meeting of Shareholders by more than one shareholder, he may vote differently according to the instructions given by each shareholder.

Article 30^2. Specifics of a Proxy Given by Means of Electronic Communications and Notice Thereof to the Public Limited Liability Company whose Shares are Admitted to Trading on the Regulated Market

1. A shareholder of the public limited liability company whose shares are admitted to trading on the regulated market may, by means of electronic communications, authorise a natural or legal person to participate and vote in his name at the General Meeting of Shareholders. Such a proxy of the shareholder need not be certified by a notary.

2. A shareholder must notify the public limited liability company whose shares are admitted to trading on the regulated market of a proxy given by means of electronic communications.

3. The proxy referred to in paragraph 1 of this Article and the notice of the given proxy specified in paragraph 2 of this Article must be executed in writing. They shall be submitted to the public limited liability company whose shares are admitted to trading on the regulated market by means of electronic communications.

4. The public limited liability company whose shares are admitted to trading on the regulated market must provide conditions for shareholders to submit the proxies specified in paragraph 1 of this Article and the notices of the given proxies indicated in paragraph 2 of this Article by means of electronic communications provided the security of the information transmitted is ensured and the identity of the shareholder may be established.

5. Only the requirements which are necessary for establishing the identity of the shareholder and proxy holder and for checking the content of voting instructions and only where these are proportionate to attaining the said goals may apply to the proxy referred to in paragraph 1 of this Article, the notice of the given proxy indicated in paragraph 2 of this Article and the voting instructions given to the proxy holder.

6. Paragraphs 1–5 of this Article shall *mutatis mutandis* apply to the withdrawal of a proxy.

7. If the shareholder’s shares of the public limited liability company whose shares are admitted to trading on the regulated market are kept in several securities accounts, the shareholder may authorise a separate proxy holder to attend and vote at the General Meeting of Shareholders in accordance with the rights carried by the shares kept in every securities account. In such a case, the authorisations given by the shareholder shall be valid for one General Meeting of Shareholders.

Article 30^3. Communication of Information to the Public Limited Liability Companies whose Shares are Admitted to Trading on the Regulated Market

1. The shareholder holding shares in the public limited liability company whose shares are admitted to trading on the regulated market, where the shares have been acquired in his own name, but for the benefit of other persons, must disclose before voting at the General Meeting of Shareholders to the company whose shares are admitted to trading on the regulated market the identity of the final customer, the number of shares that are put to the vote and the content of the

voting instructions submitted to him or any other explanation regarding the participation agreed upon with the customer and voting at the General Meeting of Shareholders**.**

2. A shareholder indicated in paragraph 1 of this Article may put a part of the votes carried by shares to a different vote than when voting other shares.

Article 31. Formation of the Supervisory Board

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

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

3. The Supervisory Board shall be elected by the General Meeting of Shareholders. When electing 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 own discretion, giving them to one or several candidates. The candidates who receive the largest number of votes shall be elected. If the number of candidates who received the equal number of votes exceeds 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 the equal number of votes.

4. The Supervisory Board shall be elected for the period laid down in the Articles of Association of the company, which shall not be longer than 4 years. The Supervisory Board shall perform its functions 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 of Shareholders to be held during the final year of its term of office. The number of the terms of office of a member of the Supervisory Board shall not be limited.

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

6. The following persons shall be prohibited from serving on the Supervisory Board:

a) the manager of the company;

2) member of the company’s Board;

3) a person who may not hold this office under legal acts.

7. The Supervisory Board or its members shall commence their activities after the close of the General Meeting of Shareholders which elected the Supervisory Board or its members.

8. Where the Articles of Association of the company are amended due to the formation of the Supervisory Board or increase in the number of its members, newly elected members of the Supervisory Board may commence their activities solely from the date of registration of the amended Articles of Association. In

this case, a decision regarding the amendment of the Articles of Association may be adopted and election of the new members of the Supervisory Board may take place at the same General Meeting of Shareholders provided that this is included in the agenda of the Meeting.

9. The General Meeting of Shareholders 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 discontinues the performance of his duties for other reasons and the shareholders whose shares carry at least 1/10 of all votes 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, they shall be elected only until the expiry of the term of office of the current Supervisory Board.

12. The members of the Supervisory Board may be paid bonuses 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, if 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 (if the Board is not formed, the manager of the company) 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 of Shareholders on the company’s operating strategy, set of annual financial statements, draft of profit/loss appropriation and the annual report of the company as well as the activities of the Board and the manager of the company;

4) submit proposals to the Board and the manager of the company to revoke their decisions which are in conflict with laws and other legal acts, the Articles of Association of the company or the decisions of the General Meeting of Shareholders;

5) address other issues assigned to the scope of powers of the Supervisory Board by the Articles of Association of the company as well as by the decisions of the General Meeting of Shareholders regarding the supervision of the activities of the company and its management organs.

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

3. The Supervisory Board shall be entitled to ask the Board of the company 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 and confidential information of the company which they obtained while holding the office of members of the Supervisory Board.

5. 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. Where equal votes are cast “for” and “against”, the chairman of the Supervisory Board shall have the casting vote.

7. A member of the Supervisory Board may express his will “for” or “against” the decision put to vote upon familiarising himself with the draft thereof by taking a written vote or by voting by means of electronic communications, on the condition that the security of the information transmitted is ensured and it is possible to establish the identity of the person who has voted.

8. The Supervisory Board may 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 have voted in advance shall also be considered to have attended the meeting. A decision of the Supervisory Board shall be taken if the number of votes cast for it exceeds the number of votes cast against, unless the Articles of Association of the company require a larger majority. A 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 must be taken of meetings of the Supervisory Board.

10. The working procedure 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 of Shareholders 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 serve only until the expiry of the term of office of the current Board.

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

5. The Board shall perform its functions for the period laid down in the Articles of Association or until a new Board is elected and commences its activities, but not longer than until the Annual General Meeting of Shareholders to be held during the final year of its term of office.

6. Only a natural person may be elected a member of the Board. The number of terms of office a member of the Board shall not be limited. The following persons may not be a member of the Board:

1) a member of the Supervisory Board of the company;

2) a person who may not hold this office under legal acts.

7. The Board or its members shall commence their activities after the close of the General Meeting of Shareholders 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 increase in the number of its members, newly elected members of the Board may commence their activities solely from the date of registration of the amended Articles of Association. In this case, a decision regarding the amendment of the Articles of Association may be adopted and election of the new members of the Board may take place at the same General Meeting of Shareholders provided this is included in the agenda of the Meeting.

9. The Supervisory Board (if the Supervisory Board is not formed, the General Meeting of Shareholders) 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 upon giving a written notice thereof to the company at least 14 days in advance.

11. Members of the Board may be paid bonuses 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 through competition;

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 and impose penalties against him.

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

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 on the opening of branches and representative offices of the company;

3) decisions on the investment, disposal or lease of the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated individually for every type of transaction);

4) decisions on the pledge or mortgage of the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the company (calculated for the total amount of transactions);

5) decisions on offering of surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the authorised capital of the company;

6) decisions on the acquisition of the fixed assets the price whereof exceeds 1/20 of the authorised capital of the company;

7) decisions on restructuring of the company in the cases laid down by the Law on Restructuring of Enterprises;

8) other decisions assigned to the scope of powers of the Board by this Law, the Articles of Association of the company or the decisions of the General Meeting of Shareholders.

5. The Articles of Association may provide that the Board must obtain the approval of the General Meeting of Shareholders 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 of Shareholders shall not release the Board from responsibility for the decisions adopted.

6. Before adopting a decision on investment of funds or other assets in another legal entity, the Board must notify thereof the creditors wherewith the company failed to settle within the prescribed time limit, if the aggregate amount of arrears to these creditors exceeds 1/20 of the authorised capital of the company.

7. The Board shall analyse and evaluate the information 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 and other accounting data of changes in the assets.

8. The Board shall analyse and assess a set of the company's annual financial statements and draft of profit/loss appropriation and shall submit them to the Supervisory Board and to the General Meeting of Shareholders together with the annual report of the company.

9. The Board shall be responsible for the convening and organisation of the General Meetings of Shareholders in due time.

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

11. Members of the Board must keep commercial (industrial) secrets of the company and confidential information which they obtained while holding the office of members of the Board.

12. The working procedure of the Board shall be laid down in the rules of procedure of the Board adopted by it.

Article 35. Adoption of Decisions of the Board

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

2. During voting, each member shall have one vote. Where equal votes are cast "for" and "against", the chairman of the Board shall have the casting vote.

3. A member of the Board may express his will "for" or "against" the decision put to vote in advance by taking a written vote or by means of electronic communications, on the condition that the security of the information transmitted is ensured and it is possible to establish the identity of the person who has voted.

4. The Board may adopt decisions and its meeting shall be deemed to have been held when the meeting is attended by more than 2/3 of the members of the Board, unless the Articles of Association of the company require a larger number of the members attending the meeting. The members of the Board who have voted in advance shall also be deemed to be present at the meeting. A decision of the Board shall be adopted if more than a half of the elected Board members vote for it, unless the Articles of Association of the company provide otherwise.

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 of the Board and shall give him access to information on the issues on the agenda.

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

Article 36. Repealed on 27 of July 2006.

Article 37. Manager of the Company

1. The manager of the company shall be a single-person management body 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 he may not hold this office under legal acts.

3. The manager of the company shall be elected and removed from office by the Board (if the Board is not formed, by the Supervisory Board or, if the Supervisory Board is not formed either, by the General Meeting of Shareholders), which shall also fix his salary, approve his job description, provide incentives and impose penalties. The manager of the company shall assume office after the election, unless otherwise provided for in the contract concluded with him. A person authorised by the company's body 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. An employment contract shall be concluded with the manager of the company. The contract with the manager of the company shall be signed on behalf of the company by the chairman of the Board or by another member authorised by the Board (if the Board is not formed, by the chairman of the Supervisory Board or another member authorised by the Supervisory Board or, if the Supervisory Board is not formed either, by a person authorised by the General Meeting of Shareholders). 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. A contract on full material liability may be concluded with the manager of the company. If the body which elected the manager of the company adopts a decision on his removal from office, the employment contract concluded therewith 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 guided by laws and other legal acts, the Articles of Association of the company, decisions of the General Meeting of Shareholders, 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 therewith, provide incentives and impose penalties.

7. Repealed on 25 November 2008.

8. The manager of the company shall act on behalf of the company and shall be entitled to enter into transactions at his own discretion, except where the Articles of Association of the company provide for a quantitative representation of the company. The manager of the company may conclude the transactions referred to in subparagraphs 3, 4, 5 and 6 of paragraph 4 of Article 34 of this Law, provided there is a decision of the Board of the company (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 commercial (industrial) secrets and confidential information of the company which he learned while holding this office.

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

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

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

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

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

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

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

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

8) submission of information to shareholders;

9) performance 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 management of personal securities accounts of holders of the shareholders' uncertificated shares and registration of holders of certificated shares in the company, except when the accounting of the uncertificated shares is outsourced to account managers.

12. Where a single person acquires all shares in a company or the holder of all shares in a company divests of all or a part of the company's 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 the 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.

CHAPTER SIX

CAPITAL OF THE COMPANY

Article 38. Structure of the Equity Capital of the Company

1. The equity capital of a company shall consist of:

1) the amount of the paid-up authorised capital;

2) the amount of share premium;

3) the revaluation reserve;

4) the mandatory reserve;

5) the reserve for the acquisition of own shares;

6) other reserves;

7) the unappropriated result – 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 a company falls below 1/2 of the amount of the authorised capital as referred to in the Articles of Association, the Board (if the Board is not formed, the manager of the company) must convene the General Meeting of Shareholders within 3 months from the day on which it learned or ought to have learnt about the existing situation. This General Meeting of Shareholders 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 from the day on which the Board learnt or ought to have learnt about the existing situation.

4. If, in the case referred to in paragraph 3 of this Article, the General Meeting of Shareholders fails to adopt a decision on remedying the situation existing in the company or such a situation is not remedied within 6 months from the day on which the Board learnt or ought to have learnt about the existing situation, the Board of the company (if the Board is not formed, the manager of the company) must, within 2 months from the General Meeting of Shareholders held, refer to court for reduction of the company’s authorised capital by the amount whereby the equity capital has fallen below the authorised capital. However, if following the reduction the authorised capital was 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 specified in Article 2 of this Law.

5. After a court’s decision on reduction of the company’s authorised capital becomes effective, the Board of the company (if the Board is not formed, the manager of the company) must make relevant amendments to the Articles of Association of the company changing the amount of the authorised capital and the number of shares or/and their nominal value, also cancel shares. First of all, the own shares acquired 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 close of the day of registration of the amended Articles of Association of the company in the Register of Legal Entities. The amended Articles of Association of the company signed by the chairman of the Board (if the Board is not formed, by the manager of the company) must be submitted to the manager of the Register of Legal Entities within 30 days after the coming into effect of the court’s decision. If shares are cancelled, a documentary proof of the cancellation thereof must be submitted to the manager of the Register of Legal Entities together with the documents prescribed by laws.

Article 39. Reserves and Share Premium

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

2. The mandatory reserve shall be formed from the profit available for appropriation. It must be not less than 1/10 of the amount of the authorised capital and may be used solely to cover the losses of the company. The portion of the mandatory reserve above 1/10 of the authorised capital may be reappropriated when appropriating the profit of the next financial year. Where the mandatory reserve is 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 the acquisition of own shares whose amount 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 implementation of the specific purposes of a company. They may be used to cover the company's losses and increase the authorised capital.

5. The reserves referred to in paragraphs 3 and 4 of this Article may be formed only after making a deduction to the mandatory reserve of the amount prescribed by paragraph 5 of Article 59 of this Law.

6. 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 appropriating profit of the next financial year.

7. The revaluation reserve shall be the amount of increase in the value of tangible fixed assets and financial assets resulting after the revaluation of assets. The revaluation reserve or a portion thereof may be used to increase the authorised capital. The revaluation reserve may not be used to reduce losses.

8. Share premium (the amount above nominal value) shall be 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 losses of the company.

Article 40. Shares

1. Shares shall be the securities confirming the right of their holder (shareholder) to participate in the management of the company, unless otherwise stipulated by laws, the right to receive dividend, the right to a portion of company's assets remaining after the liquidation thereof and other statutory rights.

2. All shares in companies shall be registered.

3. 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 holders, all holders thereof shall be considered to be one shareholder. In this case, the shareholder shall be represented by one of the holders of te share under a written proxy executed by all owners and notarised. The holders 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 uncertificated shares.

8. Shares in private limited liability companies can be both uncertificated shares and certificated shares.

9. The holder of an uncertificated share (shareholder) shall be a person in whose name a personal securities account has been opened, save for the exceptions laid down by laws.

10. The holder of a certificated share (shareholder) shall be a person indicated in the share.

11. A certificated share must indicate the following:

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) the full name and personal number of the share holder (the 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 must indicate:

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) the full name and personal number of the share certificate holder (the 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 (if the Board is not formed, by the manager of the company).

15. The requirements for the certificated shares laid down in this Law shall apply to the accounting, transfer, exchange and declaration of the nullity 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 the shares which could be exchanged for bonds.

Article 41. Management of Personal Securities Accounts of Shareholders

1. Uncertificated 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 managed 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 management of personal securities accounts of the shareholders of private limited liability companies who hold uncertificated shares and registration of holders of certificated shares with private limited liability companies. Personal securities accounts of shareholders of private limited liability companies who hold uncertificated shares shall be managed by the private limited liability company which has issued these shares. An agreement may be concluded by the private limited liability company for the transfer of management of personal securities accounts of shareholders to an account manager. The private limited liability company must grant its shareholders access to this agreement.

4. The account manager which has opened a personal securities account for a shareholder must produce an excerpt from this account at the request of the shareholder. The excerpt must state the number of shares and another information about the shares recorded in the account 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 the shares as well as another information about the recorded shares as prescribed by the legal acts.

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

Article 42. Ordinary and Preference Shares

1. Ordinary shares shall constitute the majority of shares in a company. Preference shares may constitute not more than 1/3 of the authorised capital. The nominal values of all ordinary shares must be equal.

2. All ordinary shares shall carry a voting right. The right of holders of ordinary shares to the dividend shall be exercised only upon the exercise of relevant property rights of the holders of preference shares.

3. Only the holders of ordinary shares shall have the right to receive newly issued shares when the authorised capital of the company is increased according to the procedure laid down in this Law from the unappropriated profit of the company or the reserves formed from the appropriated profit. If the authorised capital is increased from the share premium or the revaluation reserve, the holders of both preference and ordinary shares shall have equal rights to receive the newly issued shares.

4. Ordinary shares of a company may not be converted into 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 a decision of the General Meeting of Shareholders if the Articles of Association of the company provide for a possibility of conversion and where 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 ordinary shares, the company must make a full settlement with the holders of the preference shares or undertake to cover the arrears before the close of the next financial year.v

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

7. Preference shares may have a cumulative or non-cumulative dividend and carry a voting right or not carry it. This shall be established in the Articles of Association by indicating the classes of shares.

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

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

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

Article 43. Employee Shares

1. A company may, if the Articles of Association of the company so prescribe, issue 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 has issued these shares, except for the employees who serve on the Supervisory Board or the Board or hold the office of the company manager.

3. The share subscription agreement must set a time limit for the holder of employee shares within which he may divest of the shares only to another employee of the company. This restriction may not exceed three years 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 subscribed shares by making initial contributions in cash within a time limit laid down in the share subscription agreement. The remaining payments may be made through deductions from the earnings if desired so by 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 payment of the shares which have not been 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, with the exception of incorporation of the company. 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 distributed by technical means of the operator of a regulated market 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 a 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 registered amount of the authorised capital;

3) the amount of increase in the authorised capital;

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

5) the date and number of a certificate of approval of a public limited liability company’s shares prospectus if the prospectus must be approved in accordance with the procedure laid down by the legal acts regulating the securities market;

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

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

8) the procedure for allotting shares 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) the 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 company manager shall be responsible for drafting the share subscription agreement and the accuracy of the particulars.

5. If a company provides in the share subscription agreement incorrect or incomplete particulars referred to in paragraph 3 of this Article, 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 may not 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 have adopted a decision for the company to subscribe for own shares or for shares in its parent company must pay for these shares themselves. Upon payment for the shares, they shall become the owners thereof.

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

10. The company manager 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 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 newly issued 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. The 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 each subscriber for shares must be at least 1/4 of the aggregate amount of the nominal value of all the shares subscribed for 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 case of increase of a company's authorised capital, shares are fully or partially paid for by a contribution other than in cash, the contribution must be evaluated by an independent property valuer according to the procedure laid down by the legal acts regulating asset valuation. The requirements applicable to the asset valuation report shall be set forth in paragraph 8 of Article 8 of this Law. The asset valuation report must be submitted to the company before subscription for the 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 of the authorised capital.

6. A decision of the General Meeting of Shareholders on the increase of the authorised capital must indicate, *inter alia*, every person who pays for the shares by a contribution other than in cash (the full name, personal number and place of residence of a natural person; the 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 the shares which are paid up for by a contribution other than in cash may not exceed the value of a contribution other than in cash indicated in the asset valuation report.

8. The shares issued by a 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 from the conclusion of the share subscription agreement.

9. If the entire share subscription price is paid up by contributions other than in cash in the case of 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 the entire contribution other than in cash referred to in the share subscription agreement (the last portion of the contribution other than in cash) into the ownership of the company.

11. A company may not release a subscriber from 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 laid down for share subscription, divest of the shares to other persons or reduce the authorised capital by cancelling the shares.

Article 45[1]. Specifics of Payment for Shares Otherwise than in Cash when Increasing the Company's Authorised Capital

1. It shall be possible not to comply with the requirements for assessing the contributions paid otherwise than in cash as established in paragraph 5 of Article 45 of this Law if the shares are fully or partly paid up when increasing a company's authorised capital:

1) by transferable securities or by money market instruments, where such transferable securities or money market instruments are traded on one or several markets considered as regulated under the Law on Markets in Financial Instruments and operate in the Republic of Lithuania or another European Union

Member State, also in a state of the European Economic Area. The value of such transferable securities or money market instruments shall be their average weighted market price within 6 months prior the day of payment by such contributions made otherwise than in cash;

2) by a contribution made otherwise than in cash, except for the transferable securities or money market instruments, the value whereof has already been established by the independent asset valuer and if the evaluation of the contribution made otherwise than in cash has been performed according to the procedure laid down by the legal acts regulating asset valuation and the value of the contribution made otherwise than in cash has been established not earlier than 6 months prior to the day of payment by the contribution other than in cash.

2. A decision on the payment for shares by the contributions made otherwise than in cash in derogation of the requirements for evaluating a contribution made otherwise than in cash as prescribed by paragraph 5 of Article 45 of this Law shall be adopted by the Board of the Company (if the Board is not formed, by the company manager).

3. On the initiative of the Company Board (if the Board is not formed, the company manager), a contribution made otherwise than in cash must be evaluated by the independent asset valuer according to the procedure laid down by the legal acts regulating asset valuation and the asset valuation report must be prepared according to the requirements prescribed in paragraph 8 of Article 8 of this Law if:

1) the valuation of the transferable securities or money market instruments specified in subparagraph 1 of paragraph 1 of this Article has been influenced by exceptional circumstances which, prior to the day of payment by the contributions made otherwise than in cash and on the day of payment by the contributions made otherwise than in cash, would substantially alter the value of such a contribution made otherwise than in cash, including the cases when the transferable securities or money market instruments became illiquid;

2) new important circumstances have emerged, which, prior to the day of payment by a contribution made otherwise than in cash and on the day of payment by the contribution made otherwise than in cash, would substantially alter the value of the contribution made otherwise than in cash established in the manner specified in subparagraph 2 of paragraph 1 of this Article.

4. Without performing the valuation of a contribution made otherwise than in cash in the case specified in subparagraph 2 of paragraph 3 of this Article, one or more shareholders who, on the day of a decision on the increase of the authorised capital by the General Meeting of Shareholders (in a public limited liability company – at the close of the accounting day of the Meeting), hold at least 5% of the company‘s shares may demand the contribution made otherwise than in cash be evaluated by the independent asset valuer according to the procedure prescribed by the legal acts regulating asset valuation and the asset valuation report be drawn up according to the requirements specified in paragraph 8 of Article 8 of this Law. Such a shareholder or shareholders may lodge a claim prior to the day of payment by the contribution made otherwise than in cash if on the day of lodging the claim such a shareholder or shareholders still holds at least 5% of the company’s shares.

5. If payment by a contribution made otherwise than in cash is effected in derogation of the requirements for evaluating a contribution made otherwise than in case as set forth in paragraph 5 of Article 45 of this Law, a statement must be drawn up within 10 days from effecting payment by the contribution made otherwise than in cash. The statement shall indicate the following:

1) the number of the shares paid up by a contribution made otherwise than in cash, their nominal value, the description of each element of the assessed asset and the person who pays for the shares by the contribution made otherwise than in cash (the full name, personal number and place of residence of a natural person; the name, legal form, code number and the registered office of the legal person);

2) the value of the contribution made otherwise than in cash, the source of establishing the value and, when the shares are paid up in part or fully by a contribution made otherwise than in cash the value whereof has been established in the manner specified in subparagraph 2 of paragraph 1 of this Article, the method of establishment of the value;

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

4) the conclusion that there have not arisen any exceptional circumstances or new important circumstances relating to the primary establishment of the value of the contribution made otherwise than in cash.

6. In the cases specified in paragraph 1 of this Article, the contribution made otherwise than in cash must be transferred to the company within the time limit for payment of initial contributions.

7. The asset valuation report specified in subparagraph 2 of paragraph 1, paragraphs 3 and 4 of this Article must, together with other statutory documents for the registration of the company's Articles of Association amended as the result of the increase of the authorised capital, be submitted to the manager of the Register of Legal Entities. The statement referred to in paragraph 5 of this Article must be submitted to the manager of the Register of Legal Entities within one month from the effecting of payment by a contribution made otherwise than in cash.

8. The company manager shall be responsible for compliance with the provisions of this Article.

Article 46. Disposal of Shares

1. Certificated shares or share certificates shall be disposed of by transfer into the ownership of other persons 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 (the full name, personal number of a natural person; the name, registered office, legal form, code of a legal person) as well as the date of such an entry. The endorsement shall be signed by the persons disposing of and acquiring the share or of the share certificate.

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

3. Having entered into a transaction on the disposal of uncertificated shares, the parties to the transaction 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 the shares disposed of according to their classes and their nominal value;

3) in respect of shares of a public limited liability company, the share issue code assigned by the Central Securities Depository of Lithuania (if the public 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. The requirements laid down in paragraphs 3 and 4 of this Article shall not apply to the share disposal agreements concluded on a regulated market.

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

7. A shareholder may not transfer his partly paid up shares to other persons.

8. A public limited liability company may not restrict the shareholders' right to dispose of fully paid-up 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 sale price.

2. The right of pre-emption to acquire all the 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 by 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 each shareholder of the company against a written 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 company manager 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 of the private limited liability company offered for sale by the shareholder, the shareholder must sell these shares to the shareholders (one or more) who have expressed the wish, while the shareholders who have expressed the 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 upon with the shareholder selling the shares. The seller of the shares shall be entitled to require the buyer to furnish adequate security of the payment of 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 inform, 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 paragraph 4 of Article 2 of this Law.

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

1. The shares shall be invalid and shall not grant any property and non-property rights to their holders in the case of offering for secondary trading and acquisition of partly paid up shares of a company.

2. In the event of a change in the particulars indicated on a certificated share or a share certificate, 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 change because of the disposal of the certificated share or the share certificate and are entered in the endorsement. A private limited liability company must immediately notify the shareholder of the replacement of certificated shares or share certificates against a written 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 for 3 months from the day of receipt of the notice. The 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. The certificated shares or share certificates which have been lost, destroyed or are otherwise missing shall be replaced by a private limited liability company with other certificated shares or share certificates.

5. A notice of the certificated shares or share certificates which have not been returned to a private limited liability company within a prescribed time limit or of the certificated shares or share certificates which have been lost, destroyed or are otherwise missing must be published by the company manager in a daily indicated in the Articles of Association immediately after he learns or ought to have learnt 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 the Authorised Capital

1. The authorised capital shall be increased by a decision of the General Meeting of Shareholders. Where a company has issued shares of different classes, the decision to increase the authorised capital shall be adopted if approved by a separate vote of the 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 by additional contributions by issuing preference shares.

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

3. A 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 from 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 the shares owned by them at the close of the day of the General Meeting of Shareholders which adopted the decision to increase the authorised capital by 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 the shares subscribed for if the decision of the General Meeting of Shareholders which adopted the decision to increase the authorised capital provides for such an option. On the basis of this decision, the Board of the company (if the Board is not formed, the company manager) must make relevant amendments to the Articles of Association of the company 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 of a company are registered in the Register of Legal Entities. A decision of the General Meeting of Shareholders to increase the authorised capital, except for the decision to issue convertible debentures, shall be deemed to be void in the event of a failure to submit the amended Articles of Association of the company to the manager of the Register of Legal Entities within 6 months from the day of the General Meeting of Shareholders which adopted the decision to increase the authorised capital. If this time limit is not met, the contributions for the shares subscribed for must be immediately returned without any deductions at the written request of the subscriber.

8. Upon registration in the Register of Legal Entities of the Articles of Association amended as the result of the increase of the authorised capital, the manager of a private limited liability company must, according to the procedure laid down in the Articles of Association, notify all the shareholders of the procedure for collecting new certificated shares or share certificates. The shares shall remain in the custody of the company until they are collected. If the shares are uncertificated 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 has issued convertible debentures shall be increased by issuing new shares of the class and nominal value referred to in the decision to issue the convertible debentures to be exchanged for the convertible debentures if the holder thereof filed a written application to exchange the debentures for shares within the time limit laid down in the decision to issue the convertible debentures. Shares shall be granted in exchange for convertible debentures upon the expiry of the time limit laid down in the decision of the General Meeting of Shareholders to issue convertible debentures. Upon the expiry of the time limit laid down in the decision of the General Meeting of Shareholders to issue convertible debentures and upon filing by the debenture holders of written applications to exchange these debentures for shares, the Board of the company (if the Board is not formed, the company manager) must make relevant amendments to the amount of the authorised capital and the number of shares in the Articles of Association of the company and submit the amended Articles of

Association to the manager of the Register of Legal Entities. In this case, the payment for the 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 as the result of the increase of the authorised capital by additional contributions shall be registered in the Register of Legal Entities following subscription for shares and payment of initial contributions.

Article 51. Increase of the Authorised Capital out of the Company's Funds

1. The authorised capital may be increased out of the company's funds, i.e. the unappropriated profit, share premium or reserves (except for the reserve for own shares and the mandatory reserve). The authorised capital shall be increased out of the company's funds by issuing new shares, which shall be transferred to the shareholders for no consideration or by increasing the nominal value of the previously issued shares.

2. The General Meeting of Shareholders shall adopt a decision to increase the authorised capital out of the company's funds on the basis of the set of financial statements of the company. If the decision of the General Meeting of Shareholders to increase the authorised capital is adopted not later than 6 months after the close of the financial year, the decision may be adopted on the basis of the set of annual financial statements. If the decision to increase the authorised capital is adopted 6 months after the close of the financial year, the General Meeting of Shareholders must be submitted the set of interim financial reports drawn up at least 3 months before the General Meeting of Shareholders. The set of interim financial reports must be submitted to the manager of the Register of Legal Entities together with the statutory documents required for the registration of the amended Articles of Association.

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

4. Where a company increases its authorised capital out of the company's funds 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 for no consideration, with the number of the shares to be in proportion to the nominal value of the shares owned by them at the close of the day of the General Meeting of Shareholders which adopted the decision to increase the authorised capital (in respect of a public limited liability company – at the close of the rights accounting day).

Article 52. Reduction of the Authorised Capital

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

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

1) for the sole purpose of cancelling the losses recorded in the balance sheet of the company;

2) for the purpose of cancelling the shares acquired by the company;

3) for the purpose of payment of the company's funds to the shareholders;

4) for the purpose of correcting the mistakes made in the course of formation or increase of the authorised capital.

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 of a company may not be less than the minimum amount of the authorised capital set in Article 2 of this Law.

5. Should the General Meeting of Shareholders adopt a decision to reduce the authorised capital for the sole purpose of cancelling the losses recorded in the balance sheet of a company, the decision to increase the authorised capital by additional contributions by issuing new shares may be adopted at the same General Meeting of Shareholders. 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 apply.

6. A decision to reduce the authorised capital for the purpose of payment of the company's funds to the shareholders may be adopted only at the Annual General Meeting of Shareholders. The decision shall be adopted upon approval of the set of annual financial statements and appropriation of the company's profit available for appropriation and solely in the case when all of the following conditions are met:

1) the amount of the company's mandatory 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 set of annual financial statements. The requirement regarding long-term liabilities shall not apply in the presence of a written consent of all the creditors in respect whereof the company has the long-term liabilities.

7. A decision to reduce the authorised capital for the purpose of payment of the company's 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 the funds to the shareholders.

8. Upon reduction of the authorised capital for the purpose of payment of the company's funds to the shareholders, the shareholders shall be paid only in cash. Cash may be paid to the shareholders not earlier than after the registration of the amended Articles of Association of the company in the Register of Legal Entities and must be paid out within one month from the day of registration of the amended Articles of Association of the company. The right to receive the payments shall be vested in the persons who, at the close of the day of the General Meeting of Shareholders which adopted the decision to reduce the authorised capital (in the case of a public limited liability company – at the close of the rights accounting day), were shareholders of the company or have such a right on another lawful ground, and the amounts of the payments must be proportionate to the sum of nominal values of the shares held by them. The persons who did not receive the payments within the one-month period set in this paragraph shall have the right to enforce from the Company as its creditors the payment of the amounts due to them. A company may recover the payment made to a shareholder if the shareholder was aware or ought to have been aware that the payment had been allocated and/or made unlawfully.

9. When reducing the authorised capital, a company must first cancel the shares which the company has issued and which have been acquired by the company itself or by its subsidiaries. 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 close of the day of registration of the amended Articles of Association of the company in the Register of Legal Entities. After the registration of the amended Articles of Association of the company in the Register of Legal Entities, a public limited liability company must, within one working day, submit to the Central Securities Depository of Lithuania the documents required by the Depository for amending the entries in securities accounts.

10. A documentary proof of 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 upon registration of the amended Articles of Association in the Register of Legal Entities. A decision of the General Meeting of Shareholders to reduce the authorised capital shall be deemed invalid if the amended Articles of Association of the company are not presented to the manager of the Register of Legal Entities within 6 months from the day of the General Meeting of Shareholders 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. Each creditor of a company must be notified against a written acknowledgement of receipt or by registered mail of a decision to reduce the authorised capital of the company. Moreover, the decision to reduce the authorised capital of the company must be published in the daily indicated in the Articles of Association or each shareholder must be notified thereof against a written acknowledgement of receipt or by registered mail.

2. When reducing its authorised capital, a 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 requested 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 of Shareholders or by the court to reduce the authorised capital of the company. The company’s 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 reduced for the purpose of payment of the company’s funds to the shareholders;

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. Disputes regarding the additional safeguards for the discharge of obligations in the event of reduction of a company's authorised capital shall be settled by court.

6. The Articles of Association of a company amended as the result 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 notification by the manager of the Register of Legal Entities of the decision adopted by the General Meeting of Shareholders or by the court to reduce the authorised capital of the company and not later than within 6 months after the adoption of the decision to reduce the authorised capital, except for the case specified in paragraph 7 of this Article The Articles of Association of the company amended as the result 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 where:

1) the company has no liabilities to creditors and has published a notice of 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 for the purpose of correcting of the mistakes made in the course of formation or increase of the authorised capital.

7. If a dispute regarding the additional safeguards for the discharge of obligations is being heard in court, the Articles of Association amended as the result of 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.

8. If the amendments to the Articles of Association of a company as the result of the reduction of the authorised capital are registered in breach of the requirements of this Article as to 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 Acquire Own Shares

1. A company shall have the right to acquire own shares according to the procedure laid down in this Article by acting on its own or through a person acting on his own behalf, but for the benefit of this company and for the account of the company. When acquiring own shares, the company must ensure equal opportunities for all shareholders to transfer to the company their shares.

2. A company may acquire own shares by a decision of the General Meeting of Shareholders. The decision of the General Meeting of Shareholders must, *inter alia*, specify the following:

1) the purpose of the acquisition of shares;

2) the maximum number of the shares permitted for acquisition;

3) the time limit within which the company may acquire 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 for selling the shares must ensure equal opportunities for all shareholders to acquire the shares of 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 falling below the aggregate amount of the paid-up authorised capital, mandatory reserve and reserve for own shares.

5. A company shall be prohibited from acquiring partly paid up own shares, except for the case specified in paragraph 12 of Article 45 of this Law.

6. A company may acquire own shares if the reserve for own shares is formed in the company and the amount thereof is not less than the aggregate amount of the acquisition values of the own shares being acquired.

7. Having acquired own shares, a company may not exercise 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 discharge of an obligation shall be equivalent to the acquisition of own shares.

9. Where the shares of a company are subscribed for or acquired by its subsidiary company, the shares shall be deemed to have been subscribed for or acquired by the company whose shares are subscribed for or acquired.

10. Where the shares of a company are subscribed for or acquired by a person acting on his own behalf, but for the benefit of this company and for the account of the company, the shares shall be deemed to have been subscribed for or acquired by the company whose shares are subscribed for or acquired.

11. The shares of a company acquired in violation of the conditions referred to in paragraphs 2, 3, 4 and 6 of this Article must be disposed of into ownership of other persons within 12 months from the acquisition thereof. 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 a 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 a court’s decision. The right to refer to court shall be vested in the company manager, the Board, a shareholder and a creditor.

13. If a court passes a decision on the reduction of the authorised capital of a company, the Board of the company (if the Board is not formed, the company manager) must make relevant amendments to the Articles of Association of the company changing the amount of the authorised capital and the number of shares and accordingly cancelling the company’s own shares. The amended Articles of Association of the company must be submitted to the manager of the Register of Legal Entities within 30 days after the court’s decision becomes effective.

14. The company manager 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 shall be a fixed-term non equity 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. A decision of the General Meeting of Shareholders to issue debentures and the debenture subscription agreement must indicate the nominal value of the debenture, the rate of annual interest, the fixed date of debenture redemption from which the debenture holder shall acquire the right to receive from the company the amount of funds made up of 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. A decision to issue debentures shall be taken by the General Meeting of Shareholders by a simple majority of votes. The Articles of Association may provide that the decision to issue debentures shall be adopted the Board (if the Board is not formed, the company manager). 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. 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 the public limited liability company and the public limited liability company shall undertake to pay remuneration thereto. The intermediary of public trading in securities must safeguard the rights and legitimate interests of the debenture holders in the same way as he would safeguard 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 court for the safeguarding of the rights of debenture holders.

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

1) dismiss the intermediary of public trading in securities safeguarding 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 safeguarding 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 safeguard their interests (this 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 pledge of assets or mortgage, the intermediary of public trading in securities shall exercise the rights of the holder of security for the benefit of all debenture holders. Third parties may offer, either directly to the debenture holder or through the intermediary of public trading in securities, a surety or guarantee for the discharge of obligations of a public limited liability company arising out of the issue of debentures. In the event of a failure to discharge all or a part of these obligations, the intermediary of public trading in securities must transfer the funds received from the third parties 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. The requirements laid down for uncertificated 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. A decision to issue convertible debentures shall be adopted by the General Meeting of Shareholders. 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 of the shareholders of each class. If the decision to issue convertible debentures indicates that the convertible debentures issued may be converted into preference shares, the decision shall also be subject to approval of the holders of non-voting preference shares adopted by a separate vote of the holders of these shares.

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

4. A decision to issue convertible debentures and the debenture subscription agreement must, *inter alia*, indicate 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 ratio at which convertible debentures shall be exchanged for shares. This ratio must be such that the issue price of the 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 shareholders of a company shall have the right of pre-emption to acquire the convertible debentures issued by the company in proportion to the nominal value of the shares owned by them at the close of the day of the General Meeting of Shareholders which adopted the decision to issue the convertible debentures

(in respect of a public limited liability company – at the close of the rights accounting day), save for the exceptions laid down 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 from the adoption thereof.

Article 57. Acquisition by the Right of Pre-emption of the 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. A 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 each shareholder must be notified thereof against a written 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 the notice or dispatch of the registered letter.

3. The time limit set by the General Meeting of Shareholders for a shareholder to acquire shares or convertible debentures by the right of pre-emption may not be less than 14 days from the day of the publication by the manager of the Register of Legal Entities or from the day of the delivery of the notice or the dispatch of the registered letter to the shareholder of a 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. The shareholders' right of pre-emption to acquire the shares or convertible debentures issued by a company may be withdrawn by a decision of the General Meeting of Shareholders. The General Meeting of Shareholders may adopt such a decision only if the person or persons (including the shareholders) who are entitled to acquire the shares or convertible debentures of the company are known to the General Meeting of Shareholders, except for the cases when the right of pre-emption to acquire shares or convertible debentures in the company is withdrawn as the result of the intention to publicly offer the shares or convertible debentures according to the procedure established in the Law on Securities. The decision of the General Meeting of Shareholders to withdraw the right of pre-emption must, *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 (the full name, personal number and place of residence of a natural person; the name, legal form, code and registered office of a legal person);

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

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

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

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

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

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

8. A 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. Set of the Company's Financial Statements

1. The drawing up of the set of a 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 set of annual financial statements of a company shall be approved by the Annual General Meeting of Shareholders. 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 set of annual financial statements shall be approved.

3. The set of annual financial statements of a 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 of Shareholders.

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

Article 59. Appropriation of Profit (Loss)

1. Upon approval of the set of annual financial statements, the Annual General Meeting of Shareholders must appropriate the profit (loss) of the company available for appropriation.

2. A decision of the General Meeting of Shareholders on appropriation of profit (loss) must indicate:

1) the unappropriated profit (loss) of the preceding financial year at the close of the reporting financial year;

2) the net profit (loss) of the reporting financial year;

3) the profit (loss) of the reporting financial year not recognised in the profit (loss) account;

4) transfers from the reserves;

5) the shareholders' contributions to cover the losses of the company (if the shareholders resolve to cover all or a part of the losses);

6) the total profit (loss) available for appropriation;

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

8) the share of profit 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 members of the Board and the Supervisory Board, payment of incentives to employees and other allocations;

12) unappropriated profit (loss) at the close of the reporting financial year and brought forward to the next financial year.

3. A company's profit (loss) available for appropriation shall comprise the aggregate amount of the profit (loss) of the reporting financial year and the unappropriated profit (loss) for the previous financial year at the close of the reporting 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 of Shareholders must appropriate the profit available for appropriation according to the procedure laid down in this Article.

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

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

7. If a company fails to pay the statutory taxes within the established time limits, it may not pay the dividend, annual bonuses to members of he Board and the Supervisory Board and incentives to its employees. It shall be prohibited to pay the bonuses to the members of the Supervisory Board and the Board in advance.

8. If the aggregate amount of the unappropriated profit (loss) for the previous financial year at the close of the reporting financial year and the profit (loss) of the reporting financial year is negative, i.e. losses are incurred, the General Meeting of Shareholders must adopt a decision to cover these losses by crediting the amounts transferred to the profit (loss) available for appropriation in the following sequence:

1) the amounts transferred from the reserves unused during the reporting financial year;

2) the amounts transferred from the mandatory reserve;

3) the amounts transferred 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 loss 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 that it would be not less than 1/2 of the authorised capital indicated in the Articles of Association.

10. Where the General Meeting of Shareholders fails to adopt a decision to cover the losses by shareholders' contributions or where such a 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 of Shareholders 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 shall be a share of profit allocated to a shareholder in proportion to the nominal value of the shares owned by him. If a share is not fully paid-up and the time limit for the payment has not expired yet, the dividend of the shareholder shall be reduced in proportion to the amount of the unpaid 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 allocated.

2. Dividends allocated by a decision of the General Meeting of Shareholders shall be the liability of the company to its shareholders. A 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 was aware or ought to have been aware that the dividend was allocated and/or paid unlawfully.

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

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

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

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

4. A company must pay the allocated dividends within one month from the day of adoption of a decision on profit appropriation. Payment of dividends in advance shall be prohibited.

5. A company shall pay the dividends in cash.

6. The persons who were the shareholders of a company at the close of the day when the General Meeting of Shareholders declared the dividends or were entitled to receive the dividends on other legal grounds shall be entitled to the dividend.

CHAPTER EIGHT

REORGANIZATION, SPLIT-OFF, 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 share issue).

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

1. A decision on reorganisation shall be adopted by the General Meeting of Shareholders 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 of each class of shareholders (as well as the holders of non-voting shares).

2. A decision on reorganisation may be adopted not earlier than 30 days after the publication of the prepared terms of reorganisation in the daily indicated in the Articles of Association.

3. A decision on 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 new companies to be formed after the reorganisation.

4. A documentary proof of the decision of the General Meeting of Shareholders to reorganise a company must, within five days, be 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 reorganisation (if the Boards are not formed, the company managers) must, subject to obtaining of the approval of the General Meeting of Shareholders, draw up the terms of reorganisation of the company indicating, *inter alia*, the following:

1) the information concerning every company being reorganised and involved in the reorganisation as required under Article 2.44 of the Civil Code 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 wound up after the reorganisation and the companies continuing after the reorganisation;

4) the exchange ratio of shares of the companies wound up after the reorganisation for the shares of the 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 for and time limits of the issue of shares to the shareholders of the companies continuing after the reorganisation;

6) the price difference, paid out in cash, between the shares held by the shareholders and the shares to be received in the companies continuing after the reorganisation;

7) the moment from which the shareholders of a 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) the special rights granted to members of the bodies of the companies being reorganised and involved in the reorganisation and to the experts carrying out the evaluation of the terms of reorganisation.

2. The terms of reorganisation must be assessed by the firm of auditors wherewith every company involved in the reorganisation and being reorganised enters into a contract. If a single firm of auditors is to be contracted, such a firm of auditors must be approved by the manager of the Register of Legal Entities.

3. The firm of auditors must draw up the report on assessment of the terms of reorganisation indicating, *inter alia*, the following:

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

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

3) a description of the difficulties encountered during the assessment.

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

5. Assessment of the terms of reorganisation shall not be performed and the report on assessment of the terms of reorganisation shall not be drawn if all the shareholders of the company being reorganised and involved in the reorganisation have so agreed. The agreement of the company's shareholders shall be executed in any form in which the shareholders' right to vote at the General Meeting of Shareholders is exercised.

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

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

8. 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. In addition to the terms of reorganisation, the manager of the Register of Legal Entities must also be provided with the report on assessment of the terms of reorganisation, except for the case specified in paragraph 5 of this Article.

9. 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 (if the Board is not formed, the manager) 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, the 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 the companies continuing after the reorganisation. The report must be submitted to the manager of the Register of Legal Entities at least 30 days before the General Meeting of Shareholders which has on its agenda the issue of adoption of the decision on reorganisation of the company. The report must contain information on the drawing up of the report on assessment of the terms of reorganisation and the particulars of the manager of the Register of Legal Entities storing the documentary files of the public limited liability companies being reorganised and involved in the reorganisation.

2. In case of division of a public limited liability company, the report specified in paragraph 1 of this Article about the intended reorganisation shall not be drawn up if all the shareholders of every company being reorganised by division and involved in the reorganisation agree thereto. The agreement of the shareholders of the public limited liability company shall be executed in the form specified in paragraph 5 of Article 63 of this Law.

3. 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 the votes.

Article 65. Notification of the Intended Reorganisation

1. Every company being reorganised and involved in the reorganisation must publish the drawn-up 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 of Shareholders 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 the place and time at which the documents listed in paragraph 2 of this Article may be accessed.

2. At least 30 days before the General Meeting of Shareholders the agenda of which provides for the adoption of the decision on reorganisation of the company, each shareholder and creditor of the company must be given access to the following documents at the registered office of each 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 sets of annual financial statements for the last three years and annual reports of the companies being reorganised and involved in the reorganisation. If the terms of reorganisation were drawn up 6 months after the close of the financial year of at least one company involved in the reorganisation, the set of interim financial reports must be drawn up according to the same rules as those used for the drawing up of the previous set of annual financial statements and must be submitted to the shareholders. The set of interim financial reports shall not be drawn up earlier than 3 months before the drawing up of the terms of reorganisation. In the event of division, the set of interim financial reports shall not be drawn if all the shareholders of every company being reorganised and involved in the reorganisation agree thereto. The agreement of the shareholders of the company shall be executed in the form specified in paragraph 5 of Article 63 of this Law;

4) the reports on assessment of the terms of reorganisation, except for the case specified in paragraph 5 of Article 63 of this Law;

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

3. At the request of a shareholder and a creditor, a 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 oral announcement at the General Meeting of Shareholders) 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 of Shareholders the agenda of which contains the issue of adoption of a decision on reorganisation of the company. The manager of each 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 of the company so that they could give a notice thereof to the shareholders of those companies.

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

1. Each company being reorganised and involved in the reorganisation must provide additional safeguards for the discharge of obligations to each creditor who so requests, where his rights arose and did not expire before the publication of the drawn-up terms of reorganisation and there is a ground for believing that, taking into consideration the financial status of the company being reorganised or involved in the reorganisation as well as the company continuing after the reorganisation which shall take over the liabilities under the terms of the reorganisation, the reorganisation will hinder the discharge of an obligation.

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

3. A company may refrain from providing additional safeguards for the discharge of obligations if the discharge of its liabilities to the creditor is adequately secured by pledge, mortgage, surety or guarantee. Disputes over 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 have been provided to the creditor who so requested as laid down in paragraphs 1 and 2 of this Article as well as before a court’s decision becomes effective if the dispute over additional safeguards for the discharge of obligations is being heard 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 the holders of the debentures.

Article 67. Exchange of Shares in the Course of Reorganisation of Companies

1. The shares of the companies being reorganised must be exchanged for the shares of the companies continuing after the reorganisation (when reorganising the newly formed companies and the companies continuing after the reorganisation), except for 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 the companies being wound up after the reorganisation in proportion to the authorised capital of the companies being reorganised or otherwise.

3. Where, in the event of a company's division, 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 a decision on reorganisation of the company by the General Meeting of Shareholders, that their shares 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 the 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 these shares over the period of six months immediately preceding the adoption of a decision on reorganisation of the company by the General Meeting of Shareholders. Disputes over 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 a company being wound up after the reorganisation or the shares of a 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 a company being wound up after the reorganisation acquired by the company continuing after the reorganisation or by a person acting in his own name, but for the benefit of this company and for the account of this 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 the new shares allocated to the shareholders in the companies continuing after the reorganisation.

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

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

2. Where any assets of a 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 the equity capital assigned to each of those companies under the terms of reorganisation.

3. Where any obligation of a 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, that company shall be liable for this obligation. If the company fails to discharge of the obligation or any part thereof and no additional safeguards have been 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 a 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 where 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 from the completion of the reorganisation, but not later than their maturity date set in a decision on issuance of these securities.

Article 69. Completion of Reorganisation

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

2. Prior to submission of documents of the company continuing after the reorganisation to the manager of the Register of Legal Entities, the General Meeting of Shareholders 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 shareholders of the companies being wound up after the reorganisation shall be entitled to attend this General Meeting of Shareholders and vote if they have been 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 Shareholders of this company is held and elects the company’s organs elected by the General Meeting of Shareholders under the Articles of Association and after the Board (if the Articles of Association provide for the election of the Board) and the company manager are elected as well as after the statutory documents are submitted to the manager of the Register of Legal Entities.

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

5. The reorganised company shall be wound up upon 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 exercised 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 the damage they inflicted on the shareholders of those companies according to the procedure prescribed by laws.

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

1. Subparagraphs 4, 5, 6 and 7 of paragraph 1, paragraphs 2, 3, 4 and 5 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 holder of all shares in the company being acquired.

2. Paragraphs 2, 3, 4 and 5 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 holds at least 90% of the shares in the company being acquired. In this case, the company, if requested so by other 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. Split-off of a Company

1. A part of the company continuing after the reorganisation may be split 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.

2. The provisions of the Civil Code and this Law regulating reorganisation by division shall apply *mutatis mutandis* to the split-off 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 establishment.

2. A private limited liability company may be transformed into a public limited liability company or another 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. A decision on transformation of a Company shall be taken by the General Meeting of Shareholders. Where a company has shares of different classes, the decision on transformation of the company shall be adopted subject to a separate vote by the holders of each class of shares (as well as the holders of non-voting shares).

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

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

2) the purposes 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 notification of a decision on transformation of 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 notification 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. While transforming a public limited liability company into a legal person of a different legal form, a general securities account for the public limited liability company in the Central Securities Depository of Lithuania must be closed, *inter alia*, before the registration of the documents of incorporation of the legal person of a new legal form. In the case of a public limited liability company considered to be an issuer of securities under the Law on Securities, *inter alia*, a tender offer to buy up the shares of the public limited liability company must be submitted and realised.

9. The provisions of the Law on Securities shall apply to the tender offer referred to in 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 on transformation of a 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 on transformation of the public limited liability company or did not vote at all shall be entitled to sell their shares at the time of the tender offer.

10. A documentary proof of a decision on transformation of a 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 a decision on transformation of the company.

12. When transforming a legal person of another legal form 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 by the legal acts regulating asset valuation. Asset valuation reports shall be subject to paragraph 8 of

Article 8 of this Law. The asset valuation report for the 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 a decision on transformation.

13. When transforming a legal person of another legal form into a company, the authorised capital of the Company must be not less that 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 this legal person's minimum authorised capital prescribed by Article 2 of this Law or the liabilities exceed the value of the assets, the members of the legal person being transformed shall be entitled to pay additional contributions.

14. When transforming a private limited liability company as well as a legal person of another legal form provided for by laws 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 approve the shares prospectus in the cases and in accordance with the procedure laid down by the legal acts regulating the securities market;

2) to select the firm of auditors.

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

16. A company may be transformed into a municipal enterprise where all of its shares are held by a 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 the services provided for agriculture over the last financial year constitute over 50% of all the sales revenue.

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

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

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

21. A company may be transformed into an individual enterprise if all shares in the company are held by a single natural person.

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

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

Article 73. Liquidation of a Company

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

2. A decision on liquidation of a company shall be adopted by the General Meeting of Shareholders or a court in the cases specified by the Civil Code.

3. The General Meeting of Shareholders may not adopt a decision on liquidation of an insolvent company.

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

5. The General Meeting of Shareholders or a court, having adopted a decision on liquidation of a company, or the manager of the Register of Legal Entities, where a decision on liquidation of the company is adopted by the court on the initiative of the manager, must elect (appoint) the liquidator.

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

7. The documents of a company in liquidation used by it in dealings with third parties must, *inter alia*, indicate its legal status “in liquidation”.

8. The General Meeting of Shareholders may fix another date (other than the date of adoption of a decision) as of which a decision on liquidation of a company shall become effective, though this date may not precede the date of adoption of the decision on liquidation of the company.

9. If a company is liquidated because of the expiry of the duration of the company, the General Meeting of Shareholders must, at least three months before such an expiry, adopt a decision on liquidation of the company and elect the liquidator or adopt a decision on extension of the period of duration and amend the Articles of Association of the company. In this case, upon adoption of the decision on liquidation of the company, the company shall acquire the status of a company in liquidation on the next day after the expiry of the period of duration laid down in the Articles of Association. If the General Meeting of Shareholders 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 refer to court for the appointment of the liquidator.

10. The liquidator shall publish a notification of the liquidation of a company 3 times with at least 30-day intervals between the 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 notification of the liquidation of a company, the liquidator must submit the documents confirming a decision on liquidation of 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 have subscribed, but have not paid for the shares must make payments for the shares according to the procedure laid down in the share subscription agreement. The subscribers may be released from their duty to pay the outstanding contributions by the amount of the 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’s incorporation pursuant to Article 2.114 of the Civil Code and the company is capable of satisfying its liabilities to the creditors.

13. A company in liquidation must first make settlement with its creditors according to the sequence of satisfaction of creditors' claims laid down in the Civil Code. Upon 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 held by them. Any subsequently discovered assets of the company shall be allocated in the same manner. If different rights are attached to the shares of the company, this must be taken into account when allocating the assets.

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

15. In the event of judicial disputes over the payment of a 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. A decision on cancelling the liquidation of a company may be adopted by the General Meeting of Shareholders which adopted a decision on the liquidation of the company or by a court. The decision on liquidation of the company may not be revoked if at least one shareholder received a share of assets of the company in liquidation.

17. The documentary proof of a decision on liquidation of a company as well as on cancelling 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 company manager. Only a natural person may be the liquidator and he shall be subject to the same requirements as those applicable to the company manager.

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

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

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

3) in the event of liquidation of a public limited liability company, to close a general securities account for the public limited liability company in the Central Securities Depository of Lithuania;

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

5) to draw up a 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 company's liquidation lasts for a period exceeding 12 months, the liquidator shall, not later than within three months, draw up the set of annual financial statements and the liquidation report after the close of every financial year. The set of annual financial statements and the liquidation report shall be approved by the General Meeting of Shareholders. 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. A decision on temporary substitution of the liquidator during his vacation or temporary incapacity for work shall be adopted by the General Meeting of Shareholders, a 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 as branches of foreign companies:

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

2) branches of the 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 the legal persons established in the states not referred to in subparagraphs 1 and 2 of this Article, where the legal forms thereof are similar to those of companies.

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

3. Only the documents referred to in Article 76 of this 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 the documents and particulars to the Register of Legal Entities.

4. The documents of branches of foreign companies used in dealings with third parties must contain the information referred to in Article 2.44 of the Civil Code about the foreign company which has established the branch and indicate the register which accumulates and stores the data on the branch of the foreign company as well as the code of the branch of the foreign company. 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. A notice of termination of activities of the branch of a foreign company must 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 notice must contain the particulars referred to in paragraph 4 of this Article and indicate a time limit for the filing of creditors' claims, which may not be less than 2 months from the date of publication.

8. Upon publication of a notice of termination of activities of the branch of a foreign company, 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 over the discharge of obligations or additional safeguards shall be settled in court.

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

10. Until the removal from the Register, the documents of the branch of a foreign company which has terminated its activities shall be transferred for storage according to the procedure laid down for enterprises in the Law on Documents and 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 to these documents;

3) the set of annual financial statements of the foreign company which has been drawn up, audited and disclosed according to the law of the state in which the foreign company is established;

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

2. If the set of annual financial statements of the foreign companies referred to in subparagraph 3 of paragraph 1 of Article 75 of this Law is drawn up according to the requirements other than those applied in the European Union, the set of annual financial statements of the branch of the foreign company must be drawn up and submitted to the Register of Legal Entities instead of the set of annual financial statements of the foreign company referred to in subparagraph 3 of paragraph 1 of this Article. The set of annual financial statements 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 drawing up of financial statements.

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 for the cases laid down in treaties.

4. The foreign companies referred to in subparagraphs 1 and 2 of paragraph 1 of Article 75 of this Law, where they have 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 a case, the files of other branches must indicate the name, code and register manager 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 to the Register of Legal Entities a document evidencing the amount of the subscribed capital of the foreign company 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 a 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 operation 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 the persons who, as members of the organs of the foreign company, act on behalf of the foreign company in dealings with third parties and in judicial proceedings, the dates of their appointment and expiry of their term of office as well as the sample signatures of these persons;

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

6) the particulars of the manager of the branch, the dates of his appointment and expiry of the term of office as well as the sample signature;

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

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

9) the date of termination 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, in respect of the branches of the foreign companies referred to in subparagraphs 1 and 2 of paragraph 1 of Article 75 of this Law, the register where the file of a foreign company is stored and the company’s number in that register.

3. In addition to the particulars laid down in paragraph 1 of this Article, the following particulars of branches of the 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 the foreign company if this amount is not indicated in the documents of incorporation of the foreign company.

CHAPTER TEN

FINAL PROVISIONS AND ENTRY INTO FORCE OF THE LAW

Article 78. Final Provisions

1. Provisions of paragraphs 3 and 4 of Article 22, Articles 26^1, 26^2, 30^2 and 30^3 of this Law shall not apply to the collective investment undertakings specified in the Law on the Collective Investment Undertakings, except for collective investment undertakings of the closed-ended type.

2. If the public distribution of the transferrable securities issued by a public limited liability company falls outside the scope of legal acts regulating the securities market and the total sales value of these securities amounts to LTL 350 000 within the period of 12 months, an information document must be drawn up before their public distribution indicating the information about the public limited liability company and the offered transferrable securities and granting access to it to the persons intending to acquire the securities. The Securities Commission shall provide details of the content of the information document and specify the cases when the drawing up of the document is not required.

Article 79. Entry into Force and Implementation of the Law

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

2. From the entry into force of this Law, the Law of the Republic of Lithuania on Companies No I-528 (Official Gazette No 55-1046, No102-2050, 1994; No 21-492, No 41-993, No 107-2393, 1995; No 1-4, No 100-2257, No 126-2947, 1996; No 69-1739, 1997; No 36-961, No 115-3246, 1998; No 86-2562, 1999; No 15-380, No 28-760, 2000; No 34-1125, 2001) shall apply 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 (Official Gazette No 64-1914, No 113-3614, 2000; No 112-4081, 2001; No 43-1607, No 72-3013, No 101-4495, No 124-5628, 2002) shall apply to reorganisation and liquidation of the companies decisions on the reorganisation and liquidation whereof were taken from 1 July 2001 until the entry into force of this Law.

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

5. The provisions laid down in this Law for the registration of companies in the Register of Legal Entities and the duty of the manager of the Register of Legal Entities to publish the facts which are to be made public under this Law shall enter into force from the commencement of operation of the Register of Legal Entities.

6. Until the commencement of operation of the Legal Entities Register:

1) the companies, their branches and representative offices as well as their documents and particulars shall be registered in and accumulated in 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 must, in the cases specified by this Law, run from the publication by the manager of the Register of Legal Entities of the facts referred to in this Law shall run from the receipt of relevant documents in the Register of Enterprises.

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

1) the documents and particulars stored in the Register of Enterprises shall be considered as the 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 Republic of Lithuania

Law on Companies

EU LEGAL ACTS IMPLEMENTED BY THIS LAW

1. First Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the property rights 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. Second Council Directive 7791/EEC of 13 December 1976 on co-ordination of safeguards which, for the protection of the property rights 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. Third Council Directive 78/855/EEC 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. Sixth Council Directive 82/891/EEC 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. Eleventh Council Directive 89/666/EEC 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. Twelfth Council Company Law Directive 89/667/EEC of 21 December 1989 on single-member private limited-liability companies (OJ 2004, special edition, Chapter 17, Volume 1, p. 104).

7. Council Directive 92/101/EEC 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).

9. Directive 2006/68/EC of the European Parliament and of the Council of 6 September 2006 amending Council Directive 77/91/EEC as regards the formation of public limited liability companies and the maintenance and alteration of their capital (OJ 2006 L 264 p**.** 32).

10. Directive 2007/63/EC of the European Parliament and of the Council of 13 November 2007 amending Council Directives 78/855/EEC and 82/891/EEC as regards the requirement of an independent expert’s report on the occasion of merger or division of public limited liability companies(OJ 2007 L 3000, p. 47).

11. Directive 2007/63/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies (OJ 2007 L 184, p. 17).

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