Translated by the Ministry of Economy

REPUBLIC OF LITHUANIA
LAW
ON COMPANIES

13 July 2000 No VIII-1835

(As last amended on 14 October 2014 – No XII-1224)

Vilnius

CHAPTER ONE
GENERAL PROVISIONS

Article 1. Purpose of the Law and Scope of its Application

1. The Law shall regulate the incorporation, management, activities, reorganisation, transformation, spin-off and liquidation of the companies having the legal form of public limited liability company and private limited liability company, the rights and duties of shareholders, as well as the opening of branches of foreign companies and termination of their activities. When the provisions of this Law apply to both a public limited liability company 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 Law on Securities, shall be laid down by the Law on Securities. The provisions of this Law regarding the public limited liability companies whose shares are admitted to trading on the regulated market shall apply to the public limited liability companies whose shares are admitted to trading in the Republic of Lithuania, any other Member State of the European Union or the regulated market functioning in a state of the European Economic Area.

3. This Law shall apply to financial institutions to the extent other laws regulating provision of financial services or activities of financial institutions or stability of financial institutions and the system of financial institutions do not establish otherwise.

4. 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 capital is divided into parts called shares.

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

3. The capital of a public limited liability company must be not less than EUR 40 000. Its shares may be offered and traded in publicly in compliance with the legal acts regulating the securities market.

4. The capital of a private limited liability company must be not less than EUR 2 500. It must have less than 250 shareholders. The shares of the private limited liability company may not be offered and may not be traded in publicly, unless laws provide otherwise. The offer of the shares to shareholders, employees and creditors of the private limited liability company shall not be considered as the public offer of securities.

5. The name of a 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 a private limited liability company must include the words 'uždaroji akcinė bendrovė' (private limited liability company) defining its legal form or the acronym 'UAB'.

6. A 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 website, if the company has one, must contain the information specified in Article 2.44 of the Civil Code.

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

8. In its activities, a 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 a company.

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

Article 4. Articles of Association of a Company

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 indicate:

1) the name of the company;

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

3) *repealed as of 5 January 2010*;

4) the purposes of activities of the company specifying the object of its activities;

5) the amount of the company's 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 bodies of the company, their powers, the procedure for electing or removing members of these bodies;

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

10) the source 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 opening of branches and representative offices of the company, and appointment and removal of managers 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 incorporated as a company of limited duration;

15) the date of signing of the articles of association.

3. The object of a company's activities 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 source, as indicated in a company's articles of association, in which public notices of the company shall be published must be a daily of the Republic of Lithuania or an electronic publication for public notices published by the administrator of the Register of Legal Entities in accordance with the procedure prescribed by the Government. The company's articles of association may stipulate that public notices of the company shall be published in two sources, that is, both in the daily indicated in the articles of association and in the electronic journal for public notices published in accordance with the procedure prescribed by the Government by the administrator of the Register of Legal Entities.

5. The templates of articles of association of a private limited liability company shall be approved by the Government or the institution authorised by it.

6. The articles of association of a company may also contain other provisions which are in conformity with this Law and other laws.

7. The powers of the general meeting of shareholders, the procedure for convening the meeting, the powers of other bodies of the company, the procedure for electing and removing from office members of such bodies and the procedure for amending the articles of association of the company need not be stated in the articles of association if the procedure and powers do not differ from those laid down in this Law and the articles of association expressly state so.

8. The articles of association of a company being incorporated must be signed by all incorporators or persons authorised by them.

9. The articles of association of a company being incorporated shall become invalid if they have not been submitted to the administrator of the Register of Legal Entities within six months from the day of the signing thereof by all the incorporators.

10. Following a decision of the general meeting of shareholders to amend the articles of association of a 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.

11. 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 is a shareholder of that other company and:

1) has the right to elect or remove 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 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 the third company or which may directly or indirectly exercise a dominant influence on the 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 the 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 the third company or those other companies referred to in this point jointly hold a majority of the voting rights in the third company.

CHAPTER II
INCORPORATION OF A 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 a 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 seven days of the registration of the company.

Article 7. Memorandum of Incorporation and Deed of Incorporation of a Company

1. The memorandum of incorporation shall be drawn up when a company is incorporated by two or more incorporators. If the company is incorporated by one person only, a deed of incorporation shall be drawn up.

2. The memorandum of incorporation of a 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, its registration number, registered office, the register in which particulars relating to the person are accumulated and stored and the full name, personal number and place of residence of the representative of the legal person);

2) the name and registered office 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 capital;

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

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

7) the number of shares acquired by each incorporator and the number of shares by 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 for a consideration other than in cash if payment for shares is made partly for a consideration other than in cash;

10) time limits for convening the meeting of incorporation, where the meeting of incorporation is convened;

11) the procedure for submitting the documents of the company being incorporated and information relating to the meeting of incorporation, where the meeting of incorporation is convened;

12) incorporation expenditure subject to reimbursement 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 incorporation.

3. The memorandum of incorporation may also contain other provisions which are not contrary to other laws.

4. A company's memorandum of incorporation shall be signed by all incorporators or persons authorised by them.

5. A company's memorandum of incorporation 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. A company's memorandum of incorporation shall be submitted to the administrator of the Register of Legal Entities together with the other documents prescribed by laws for the registration of the company. If the memorandum of incorporation is amended prior to the registration of the company, the memorandum of incorporation shall be submitted to the administrator of the Register of Legal Entities together with the amendments.

7. The requirements laid down in paragraph 2 of this Article (except for points 10 and 11) as stipulated for a company's memorandum of incorporation shall apply to the contents of the deed of incorporation of the company. Paragraphs 3 to 6 of this Article shall also apply to the deed of incorporation.

8. Templates of the deed of incorporation and memorandum of incorporation 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 a 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 incorporation or the deed of incorporation. The memorandum of incorporation of the company or the deed of incorporation 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 limit set in the memorandum of incorporation or the deed of incorporation, which may not exceed 12 months of the date of signing of any of the above documents.

3. Article 45(1), (2), (3), (7), (10), (11) and (12) 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 limit set in the memorandum of incorporation or the deed of incorporation into the savings account of a 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 must be paid in cash. It must be not less than one quarter of the aggregate amount of the nominal value of all shares subscribed for by the incorporator and the whole amount above thereof.

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

7. After the incorporation of a company, the remaining part of the shares subscribed for by the incorporator may be paid for both in cash or by contributions for a consideration other than in cash.

8. The contributions for a consideration other than in cash which are intended for partial payment for shares must be valued by an independent property valuer prior to the signing of the memorandum of incorporation or deed of incorporation according to the procedure specified in the legal acts which regulate property valuation. The valuation report shall, *inter alia*, indicate the following:

1) the person whose assets have been valued (the full name, personal number and place of residence of the natural person; the name, legal form, registration number and registered office of the legal person);

2) description of every element of the assets which have been valued;

3) description of the valuation approaches used;

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

5) the conclusion whether or not the established value of the contribution for a consideration 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 of shares).

9. A property valuation report referred to in paragraph 8 of this Article shall be submitted to incorporators.

10. A property 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. Incorporation Report of a Company

1. After all initial contributions for the shares have been paid and the contributions for a consideration other than in cash used for partial payment for the shares in a company have been evaluated, the incorporation report of the company must be drawn up not later than ten days before the meeting of incorporation. The report must indicate:

1) incorporation expenditure;

2) the amount of the paid-up capital;

3) the amount paid for shares;

4) the contributions for a consideration other than in cash for the subscribed shares, the value of these contributions and reference to the reports of the property valuers who have performed the valuation of the contributions for a consideration other 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 expenditure subject to reimbursement, remuneration for incorporation.

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

Article 10. Meeting of Incorporation

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

2. At the meeting of incorporation, 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 apply to the meeting of incorporation (repeat meeting of incorporation included).

4. The meeting of incorporation shall approve the incorporation report of a company, elect members of the company's bodies who are elected by the general meeting of shareholders, and may also settle other issues assigned to the powers of the general meeting of shareholders by this Law.

5. It shall be possible not to convene the meeting of incorporation of a private limited liability company where the memorandum of incorporation or the deed of incorporation contains a reference to members of a body of the private limited liability company elected by the general meeting of shareholders according to the articles of association.

CHAPTER THREE
REGISTRATION OF A COMPANY

Article 11. Registration of a Company

1. A company shall be deemed incorporated of its registration in the Register of Legal Entities.

2. A company shall be registered after the valuation of the contributions for a consideration other than in cash as partial payment for shares, after the conclusion of the memorandum of incorporation or the deed of incorporation, 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 meeting of incorporation (except for the case specified in Article 10(5) of this Law) which elected the company's body which, under the articles of

association of the company, is elected by the general meeting of shareholders, after approval of the incorporation report of the public limited liability company, also following the election of the board (where its formation 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 incorporation or the deed of incorporation and following the submission of the documents prescribed by laws to the administrator of the Register of Legal Entities.

Article 12. Particulars of the Register of Legal Entities

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

1) particulars of members of the supervisory board, indicating the chair of the supervisory board, dates of their election and expiration of the term of office;

2) particulars of the chair of the board and the date of election and expiration of the term of office of members of the board 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 on behalf of the company, the scope of their rights, duration of their term of office where such is set;

4) particulars of the company's shareholder and the date of acquisition of all shares (in respect of the incorporation of the company, the date of acquisition of all shares shall be considered the date of registration of the company in the Register of Legal Entities), where the shareholder of the company is a single person;

5) *repealed as of 5 January 2010*;

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

7) 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 website, if the company has one.

2. The particulars of natural persons referred to in paragraph 1 of this Article shall comprise the natural person's full name, personal number and place of residence, with the exception of the case specified in paragraph 3 of this Article, while particulars of legal persons shall be the name of and legal form of the legal person, its registration number and registered office.

3. Where the shareholder who is a natural person indicates to the company a correspondence address, the correspondence address shall be entered as particulars instead of the place of residence in the Register of Legal Entities.

4. If any changes are made to the particulars of the Register of Legal Entities or the articles of association of a 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 administrator of the Register of Legal Entities the document confirming the decision taken by the body of the company, where such a decision is necessary under law, as well as other documents prescribed by legal acts.

5. In its relations with the third parties, the company may rely on the particulars, 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 particulars, information and documents given in the Register of Legal Entities, unless the third parties prove that they could not have any knowledge thereof.

6. Third parties may rely on the company's particulars, information and documents in respect whereof decisions have been made, even though the formalities relating to the submission thereof to the administrator 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.

7. After the administrator of the Register of Legal Entities has published particulars of the persons entitled to act together on behalf 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.

8. If a company's particulars and information published by the administrator 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 published text, except where the company proves that the documents submitted to the Register of Legal Entities have been brought to the third parties' knowledge.

9. The company may voluntarily submit to the administrator 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 particulars of the Register of Legal Entities into one or several official languages of the Member States of the European Union. The submitted translations must be published according to the procedure specified in the regulations of the Register of Legal Entities. If the company's particulars and documents submitted to the administrator 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's particulars 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 capital of the company, must be approved 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 property valuer in accordance with the procedure laid down by the legal acts regulating property valuation. The property valuation report shall be subject to the requirements set in Article 8(8)(1), (2) and (3) of this Law. The property valuation report must contain, *inter alia*, the conclusion as to whether the value of the assets acquired by the public limited liability company corresponds to the amount to be paid for them.

3. The value of the assets specified in paragraph 1 of this Article may be established 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 property valuation report or the certificate indicated in Article 45^1(5) of this Law must be submitted to the public limited liability company and to the administrator of the Register of Legal Entities not later than ten 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 a 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 subject to any restrictions, except in the cases specified by laws.

2. The shareholders shall not have other property obligations to a 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 under the obligation to pay the contributions. The shareholders who did not attend the general meeting of shareholders or voted against such a decision 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 not later than within five days of the conclusion of the transaction. The notice must indicate the number of the shares acquired or disposed of, the nominal value of a share and 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, registration number, and registered office). The notice may additionally indicate a correspondence address.

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 was aware or should have been aware thereof.

7. Each shareholder shall be entitled to authorise a natural or legal person to represent him in 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 portion of the company's profit (dividend);

2) to receive the company's funds when the 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 capital is increased out of the company funds, except in cases specified in Article 42(3) 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 laws; 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 points 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 end of the tenth working day after adopting the relevant decision of the general meeting of shareholders (hereafter: 'at the end of the rights accounting day').

Article 16. Non-Property Rights of Shareholders

1. The shareholders shall have the following non-property rights:

1) to attend general meetings of shareholders;

2) to submit to the company in advance the questions related to 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 Article 18(1) of this Law;

5) to refer to the court with a claim requesting to redress damage incurred on a company resulting from nonfeasance or malfeasance by the manager of the company and members of the board 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.

6) other non-property rights established by this Law and other laws.

2. The articles of association of the company may also establish other non-property rights.

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

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

1. A company must reply to the questions related to 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, a 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 related to the company's commercial/industrial secret or 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 or confidential information. In such a case, 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 incorporation 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 one vote at the general meeting of shareholders. If voting shares are of a different nominal value, one share of the smallest 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. Unless a shareholder has acquired all shares in a company, the shareholder shall not be entitled to vote on a decision on the withdrawal of the right of pre-emption in acquiring the shares or convertible debentures issued by the company if the draft decision on the issue on the agenda of the general meeting of shareholders provides that the right to acquire the shares issued by the company or the convertible debentures 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 laws, 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.

Article 18. Shareholder's Right to Access Information

1. A company must, at a shareholder's written request and not later than within seven 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, sets of annual and interim financial statements, annual and interim reports of the company, the auditor's opinions 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 bodies, unless these documents contain a commercial/industrial secret of the company or confidential information. A shareholder or a group of shareholders who hold or control 1/2 of shares and more 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 the commercial/industrial secret or confidential information. The company may refuse to grant to a shareholder access to and/or 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 access information shall be settled in court.

2. A company's documents, copies thereof or other information must be submitted 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 submission of the documents and other information.

3. The list of shareholders of a public limited liability company as submitted to the shareholders of the public limited liability company must indicate particulars of each shareholder available to the public limited liability company, and where a share belongs to several holders – particulars of each holder and representative thereof (the name, surname, place of residence or correspondence address of a natural person; the name, legal form and registered office of a legal person) and the number of shares belonging to the shareholder by the right of ownership. The shareholders of a private limited liability company shall be provided the list indicated in Article 41^1 of this Law.

CHAPTER FIVE
MANAGEMENT OF A COMPANY

Article 19. Company Bodies

1. A company must have the general meeting of shareholders and a single-person management body – the manager of the company.

2. A collegial supervisory body – the supervisory board and a collegial management body – the board may be formed in a company.

Version of 1 July 2015:

2. A collegial supervisory body – the supervisory board and a collegial management body – the board may be formed in a company. At least one collegial body – the supervisory board or the board – must be formed in a public limited liability company.

3. Where the supervisory board is not formed in a company, the functions stipulated for the supervisory board by this Law shall not be assigned to the powers of other bodies of the company, with the exception of the case specified in Article 34(10) of this Law.

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

5. The general meeting of shareholders may not authorise other bodies of a company to address the issues assigned to its powers.

6. In a 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 a 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 bodies.

8. The management bodies of a company must act in the interest 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 a 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 related to the company and to other legal persons related to the company.

10. In the cases specified in Article 2.82(4) of the Civil Code, an action for declaring the decisions of a company's 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 of 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, except where otherwise stipulated by this Law;

2) change the registered office of the company;

3) 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;

4) 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;

5) elect and remove a certified auditor (hereinafter: an 'auditor') or an audit firm for the carrying out of the audit of a set of annual financial statements, set conditions for payment for audit services;

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

7) take a decision on conversion of the company's shares of one class into shares of another class, approve the share conversion procedure;

8) take a decision on replacement of the private limited liability company's share certificates with shares;

9) approve the set of annual financial statements;

10) take a decision on profit/loss distribution;

11) take a decision on the building, use, reduction and liquidation of reserves;

12) approve the set of interim financial statements drawn up for the purpose of adoption of a decision on the allocation of dividends for a period shorter than the financial year;

13) take a decision on the allocation of dividends for a period shorter than the financial year;

14) take a decision on the issue of convertible debentures;

15) 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;

16) take a decision on increase of the capital;

17) take a decision on reduction of the capital, except where otherwise provided for by this Law;

18) take a decision on the company's acquisition of its own shares;

19) take a decision on the reorganisation or split-off of the company and approve the terms of reorganisation or split-off, except where otherwise provided for by this Law;

20) take a decision on conversion of the company;

21) take a decision on the restructuring of the company in the cases specified by the Law on Restructuring of Enterprises;

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

23) elect and remove 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 to its powers by the articles of association of a company, unless these have been assigned under this Law to the powers of other bodies of the company and provided that, in their essence, these are not the functions of the management bodies.

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 end 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 with other persons on the disposal of the voting right. The shareholder's right to attend the general meeting of shareholders shall also cover the right to speak and to enquire. The accounting day of the meeting of the 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 a company, the inspector of the general meeting of shareholders, the auditor who prepared the auditor's report and a 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 a 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. A company may provide for 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 must 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 chair and secretary of the general meeting of shareholders. Where no secretary of the meeting is elected, the list shall be signed by the chair 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 must produce a document which is a proof of his identity. A person who is not a shareholder must additionally produce a document confirming 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 following 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 a public limited liability company whose shares are admitted to trading on the regulated market must, 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 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.

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 ten 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 not later than within 30 days of 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 powers of 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. Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders

1. An annual general meeting of shareholders must be held every year not later than within four months from the end of the financial year.

2. An extraordinary general meeting of shareholders must be convened if:

1) the company's equity capital falls below ½ of the capital specified in the articles of association and the issue has not been discussed at an 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 auditor or the audit firm terminates a contract with the company or is for any other reasons unable to audit the company's set of 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 an end;

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) an annual general meeting of shareholders has not been convened within four months from the end of the financial year and at least one shareholder of the company has brought the matter to the court;

2) the persons or company bodies 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 if it transpires that the company's equity company has fallen below ½ of the 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 a company's board or, in the cases specified in Article 23(3) of this Law, by the manager of 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 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 a 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 submitted 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 bodies of a 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 issues on the agenda of the meeting, nominate additional candidates to members of the company's bodies, the auditor or 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 ten 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, the auditor or the audit firm, the issues relating respectively to election of new members of these company bodies, a new auditor 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.

***Note:** A notice of the general meeting of shareholders of a bank whose agenda contains the issues related to application of the measures to enhance financial stability shall be published not later than ten days prior to the day of the meeting, and the published draft agenda of the meeting shall not be subject to adjustment. In this case, the provisions of Article 25(3) and (5) and

Article 26(3) of the Law on Companies shall not apply. Moreover, a representative of the Government or an institution authorised by it shall have the right to attend and speak at the general meeting of shareholders of the bank whose agenda contains an issue of the increase of the bank's capital by additional contributions of the State or other issues related to application of the measures to enhance financial stability. This representative shall also have the rights specified in Article 25(4) of the Law on Companies.

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

1. The board of a company, the manager of the company, the persons or authority which adopted a decision on the convening of the general meeting of shareholders shall submit 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 registered office and the registration number of the company;

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

3) the accounting day of the meeting and the explanation that only the persons who are shareholders at the end of the accounting day of the general meeting of shareholders (in the case of 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 rights of shareholders specified in Article 15(1)(1), (2), (3) and (4) of this Law and the explanation that these rights will be held by the persons who, at the end 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 (in the case of 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 capital, where the issue of reduction of the 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;

10) 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 point 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 his signed acknowledgement of receipt or sent by registered post not later than 21 days before the general meeting of shareholders.

5. If a 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 an 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. Such a decision shall be valid not longer than until the day of an 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 five 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 five 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 ten 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 Article 23(3) of this Law, to the manager of the company. If the shareholder requests so in writing, the manager of the company shall, within three 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.

Note. *A notice of the general meeting of shareholders of a bank whose agenda contains the issues relating to application of the measures to enhance financial stability shall be published not later than ten days prior to the day of the meeting, and the published draft agenda of the meeting shall not be subject to adjustment. In this case, the provisions of Article 25(3) and (5) and Article 26(3) of the Law on Companies shall not apply. Moreover, a representative of the Government or an institution authorised by it shall have the right to attend and speak at the general meeting of shareholders of the bank whose agenda contains an issue of the increase of the bank's capital by additional contributions of the State or other issues relating to application of the measures to enhance financial stability. This representative shall also have the rights specified in Article 25(4) of the Law on Companies.*

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 Article 26(2) 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 ask 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 time limits 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. The procedures for exercising the shareholders' rights listed in point 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 Member States of the European Union as well as states 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 the source 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 an 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 an 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 26². Presentation on the Website of the Information and Documents of a Public Limited Liability Company whose Shares are Admitted to Trading 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 point 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 their signed acknowledgement of receipt to the shareholders who so require.

4. When according to Article 26^1(4) of this Law a notice of an extraordinary general meeting of shareholders is published not later than 16 days before the general meeting of shareholders, whereas according to Article 26^1(5) 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 seven days after the general meeting of shareholders, present to shareholders on the website the voting results established on the basis of Article 22(2) and (3) of this Law.

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

1. The 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 shareholders of a certain class is necessary for taking a decision, the decision regarding this consent shall be taken by a meeting of the shareholders of the relevant class. 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, 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 chair 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 three shareholders. The chair 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 acquired 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) amend the articles of association of a company, except where otherwise stipulated by this Law;

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

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

4) replace a private limited liability company's share certificates with shares;

5) distribute profit/loss;

6) build, use, reduce or liquidate reserves;

7) allocate dividends for a period shorter than the financial year;

8) issue convertible debentures;

9) increase the capital;

10) reduce the capital, except where otherwise stipulated by this Law;

11) reorganise or split off the company or approve the terms of reorganisation or split-off of the company;

12) convert the company;

13) restructure the company;

14) liquidate the company and cancel 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 chair 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 chair 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 seven days after the day 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 three days from the moment of access thereto, but not later than within ten days after the day of the general meeting of shareholders.

5. The following documents must 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 in accordance with the procedure laid down in laws.

Article 30. General Ballot Paper

1. Upon a written request of the shareholders holding the voting right, the company must prepare and, at least ten days before the general meeting of shareholders, send the general ballot papers by registered mail or deliver them in person against their signed acknowledgement of receipt to the shareholders who so requested.

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

1) drafts of all 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 bodies elected at the general meeting of shareholders, to the elected auditor or the firms which are candidates to the elected audit firm. 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. A filled-in general ballot paper must contain the full name and personal number of the shareholder who is a natural person, the name and registration number of the shareholder who is a legal person.

4. 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 confirming the right to vote must be attached to the filled-in general ballot paper.

5. A 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. If a 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 a general ballot paper has been filled-in in a manner making it impossible to determine the will of a 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]. Specific Features 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 needs 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]. Submission 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 company whose shares are admitted to trading on the regulated market, acquired in his own name but on behalf of other persons, before voting at the general meeting of shareholders, must disclose to the company whose shares have been 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 agreed participation of customers and their agreed voting at the general meeting of shareholders.

2. The 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 chair.

2. The number of members of the supervisory board shall be laid down in 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 four 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 an annual general meeting of shareholders to be convened 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 chair of the supervisory board from among its members.

6. The following persons may not be a member of the supervisory board:

a) the manager of the company;

2) a member of the company's board;

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

*7. More than a half of members of the supervisory board must have no employment relationships with the company.

8. The supervisory board or its members shall commence their activities after the end of the general meeting of shareholders which elected the supervisory board or its members.

9. 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.

10. 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.

11. 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.

12. 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.

13. The members of the supervisory board may be paid bonuses for their work on the supervisory board according to the procedure laid down in Article 59 of this Law.

***Note:** *Provisions of Article 31(7) of this Law apply to the election in companies of a new board and supervisory board. The board or the supervisory board elected prior to the entry into force of this Law shall perform its functions until the expiry of the term for which it was elected or until the election of the new board or supervisory board.*

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 business strategy, set of annual financial statements, draft of profit/loss distribution and the annual report of the company as well as the activities of the board and the manager of the company;

4) submit to the general meeting of shareholders its comments and proposals regarding a draft decision on the allocation of dividends for a period shorter than the financial year and the set of interim financial statements and the interim report drawn up for the purpose of adoption of the decision;

5) 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;

6) address other issues assigned to the 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 bodies.

2. The supervisory board shall not be entitled to assign or delegate the functions assigned to its powers by this Law and the articles of association of a company to other bodies of the company.

3. The supervisory board shall be entitled to request the board of a 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 or confidential information of a company which they obtained while holding the office of members of the supervisory board.

5. The meetings of the supervisory board shall be convened by the chair 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. A member of the supervisory board shall have the right to issue a proxy in a simple written form to another member of the company's supervisory board to represent the former during voting at a meeting of the company's supervisory board, except where the articles of association stipulate otherwise.

7. 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 chair of the supervisory board shall have the casting vote.

8. A member of the supervisory board may express his will, that is, “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.

9. The supervisory board may take decisions, and its meeting shall be deemed 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 deemed to be present at the meeting. A decision of the supervisory board shall be adopted if more votes for it are received than the votes against it, 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 adopted if at least 2/3 of the supervisory board members present at the meeting vote for it.

10. Minutes must be taken of meetings of the supervisory board.

11. 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 shall be a collegial management body of the company.

2. The number of members of the board shall be laid down in the articles of association of the company. The board must have at least three members.

3. The board shall be elected by the supervisory board for the period laid down in the articles of association of the company, which shall not be longer than four 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 Article 31(3) and (12) 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 chair 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 for longer than an annual general meeting of shareholders to be convened 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 the terms of office of 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.

3) the manager of the company in the cases when the supervisory board is not formed in a company and the articles of association of the company stipulate that the board performs the supervisory functions specified in Article 34(10) of this Law.

*7. Where the articles of association of a company in which the supervisory board is not formed stipulate that the board performs the supervisory functions specified in Article 34(10) of this Law, more than a half of members of the board must have no employment relationships with the company.

8. The board or its members shall commence their activities after the end of the general meeting of shareholders or the meeting of the supervisory board which elected the board or its members.

9. 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.

10. 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.

11. A member of the 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.

12. 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.

***Note:** *Provisions of Article 33(7) of this Law apply to the election in companies of a new board and supervisory board. The board or the supervisory board elected prior to the entry into force of this Law shall perform its functions until the expiry of the term for which it was elected or until the election of the new board or supervisory board.*

Article 34. Powers of the Board

1. The board shall consider and approve:

1) the business strategy of the company;

2) the annual report of the company;

3) the interim report of the company;

4) the management structure of the company and the positions of the employees;

5) the positions to which employees are recruited through competition;

6) 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 persons;

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 capital of the company (calculated individually for every type of transaction), unless the articles of association indicate another value;

4) decisions on the pledge or mortgage of the fixed assets the book value whereof exceeds 1/20 of the capital of the company (calculated for the total amount of transactions), unless the articles of association indicate another value;

5) decisions on offering of suretyship or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the capital of the company, unless the articles of association indicate another amount;

6) decisions on the acquisition of the fixed assets the price whereof exceeds 1/20 of the capital of the company, unless the articles of association indicate another price;

7) *repealed as of 17 June 2014*;

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 points 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 person, the board must notify thereof the creditors wherewith the company failed to make payments within the prescribed time limit, if the aggregate amount of debts to these creditors exceeds 1/20 of the capital of the company.

7. The board shall analyse and assess the information submitted by the manager of the company on:

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

2) the organisation of the activities of the company;

3) the financial status of the company;

4) the results of economic activities, income and expenditure estimates, the stock-taking 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 a draft of profit/loss distribution and shall submit them to the supervisory board and to the general meeting of shareholders together with feedback and related proposals and the annual report of the company.

9. The board shall analyse and assess a draft decision on the allocation of dividends for a period shorter than the financial year and a set of interim financial statements drawn up for the purpose of taking the decision, which it shall submit to the supervisory board and to the general meeting of shareholders together with feedback and related proposals and the company's interim report.

10. The articles of association of the company in which the supervisory board is not formed may provide that the board shall perform all of the following supervisory functions:

1) supervise the activities of the manager of the company, submit to the general meeting of shareholders feedback and proposals concerning the activities of the manager of the company;

2) consider the suitability of the manager of the company for his office if the company operates at a loss;

3) submit proposals to the manager of the company to revoke his 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 or the board;

4) address other issues assigned to the powers of the 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 the manager of the company.

11. A company's board shall perform the functions assigned within the powers of a management body under the Law on Restructuring of Enterprises.

12. The board shall be responsible for the convening and organisation of the general meetings of shareholders in due time.

13. The board must submit to the supervisory board the documents as requested by it and related to the activities of a company.

14. Members of the board may not disclose commercial/industrial secrets of the company or confidential information which they obtained while holding the office of members of the board.

15. 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. A member of the board shall have the right to issue a proxy in a simple written form to another member of the company's board to represent the former during voting at a meeting of the company's board, except where the articles of association stipulate otherwise.

3. During voting, each member shall have one vote. Where equal votes are cast "for" and "against", the chair of the board shall have the casting vote.

4. A member of the board may express his will, that is, "for" or "against" the decision put to vote upon familiarising himself with the draft thereof, by taking a written vote in advance 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.

5. The board may adopt decisions and its meeting shall be deemed to have been held when the meeting is attended by 2/3 or more 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. The decision of the board shall be adopted if more votes for it are received than the votes against it unless the articles of association of the company require a larger majority.

6. 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. In the case indicated in Article 2.87(5) of the Civil Code, the board shall decide on the withdrawal of a member of the board from voting on a specific issue.

7. 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.

8. Minutes must be taken of the meetings of the board.

Article 36. Repealed as of 27 July 2006.

Article 37. Manager of a Company

1. The manager of a company shall be a single-person management body of the company.

2. The manager of a 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 a 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 commence performance of his duties from his election, unless otherwise provided for in the contract concluded with him.

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 chair of the board or by another member authorised by the board (if the board is not formed, by the chair 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 chair 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. The manager of a company shall have the right to resign subject to submitting a written notice of resignation to the company's body which elected him. The board or the supervisory board, which elected the manager of the company, must take a decision on the removal of the manager of the company within 15 days from the day of the receipt of the notice of resignation. The manager of the company elected by the general meeting of shareholders must convene a general meeting of shareholders whose agenda would include the issues of the removal of the manager of the company and election of the new manager of the company. If the company's body which elected the manager does not take the decision on the removal of the manager of the company, an employment contract concluded therewith shall expire:

1) on the 16^{th} day from the day of the receipt of the notice of resignation, where the manager of the company was elected by the board or the supervisory board;

2) on the next day following the general meeting of shareholders, and where the meeting is not held – on the next day following the repeat general meeting of shareholders, where the manager of the company was elected by the general meeting of shareholders.

6. A person authorised by a company's body which elected the manager of the company must, not later than within five days, notify the administrator of the Register of Legal Entities of the election or removal from office of the manager of the company as well as of the expiry of his employment contract on other grounds. Where the company's body which elected the manager of the company does not take a decision on the removal of the manager who has submitted a notice of resignation, a notice of the expiry of his employment contract shall be given to the administrator of the Register of Legal Entities by the resigning manager of the company by presenting documents evidencing the submission of the notice of resignation to the board or the supervisory board, which elected the manager, or, in the cases when the manager was elected by the general meeting of shareholders – the documents evidencing the convening of the general meeting of shareholders, and where such meeting is not convened – evidencing also the convening of the repeat general meeting of shareholders.

7. In his activities, the manager of a 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.

8. The manager of a company shall organise daily activities of the company, hire and dismiss employees, conclude and terminate employment contracts therewith, provide incentives and impose penalties.

9. *Repealed as of 25 November 2008.*

10. The manager of a 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 Article 34(4)(3) to (6) 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 Article 34(1), (3). (4), (5), (6), (8), (9) and (13) of this Law.

11. The manager of a company may not disclose commercial/industrial secrets or confidential information of the company which he obtained while holding this office.

12. The manager of a company shall be responsible for:

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

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

3) drafting of a decision on the allocation of dividends for a period shorter than the financial year and drawing up of a set of interim financial statements and an interim report for the purpose of adoption of the decision on the allocation of dividends for a period shorter than the financial year. The interim report shall be subject *mutatis mutandis* to the provisions of the Law on Financial Statements of Enterprises regulating the drawing up and publication of the annual report;

4) conclusion of a contract with an auditor or an audit firms where the audit is mandatory under laws or the articles of association of the company;

5) 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;

6) submission of documents and particulars of the company to the administrator of the Register of Legal Entities;

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

8) publication of the information referred to in this Law in the sources indicated in the articles of association;

9) submission of information to shareholders;

10) compiling of a list of shareholders of a private limited liability company;

11) 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 job description of the manager of the company.

13. 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 delegated to account managers.

14. Where a single person acquires all shares in a company or the holder of all shares in a company disposes of all or a part of the company's shares to other persons, the manager of the company must notify the administrator of the Register of Legal Entities thereof within five days after the day of receipt of the notice referred to in Article 14(4) of this Law.

15. The manager of a company must ensure that an auditor receives all the documents necessary to carry out the audit as specified in a contract with the auditor or the audit firm.

CHAPTER SIX
CAPITAL OF A COMPANY

Article 38. Structure of the Equity Capital of a Company

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

1) the amount of the paid-up capital;

2) share premium (the amount above the nominal value of shares);

3) the revaluation reserve;

4) the legal reserve;

5) the reserve for the acquisition of its own shares;

6) other reserves;

7) the retained result – profit/loss.

2. The amount of the 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 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 three months from the day on which it found out or should have found out about the existing situation. This general meeting of shareholders must consider the issues regarding the decisions referred to in Article 59(10)(2) and Article 59(11) of this Law. The situation existing in the company must be remedied within six months from the day on which the board found out or should have found out 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 six months from the day on which the board found out or should have found out about the existing situation, the board of the company (if the board is not formed, the manager of the company) must, within two months from the day of general meeting of shareholders held, refer to court for reduction of the company's capital by the amount whereby the equity capital has fallen below the capital. However, if following the reduction the capital was less than the minimum amount of the capital specified in Article 2 of this Law, it may be reduced only to the minimum amount of the capital specified in Article 2 of this Law.

5. After a court's decision on reduction of a company's 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 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 end 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 chair of the board (if the board is not formed, by the manager of the company) must be submitted to the administrator 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 administrator of the Register of Legal Entities together with the documents prescribed by laws.

Article 39. Reserves and Share Premium

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

2. The legal reserve shall be formed from the profit available for distribution. It must be not less than 1/10 of the amount of the capital and may be used solely to cover the losses of the company. The portion of the legal reserve above 1/10 of the capital may be redistributed when distributing the profit of the following financial year. Where the legal reserve is used to cover the losses, the amount thereof shall be restored from the profit available for distribution according to the procedure laid down in Article 59(5) of this Law.

3. The reserve for the acquisition of its own shares whose amount is specified in Article 54(6) of this Law shall be formed from the profit available for distribution.

4. Other reserves shall be formed from the profit available for distribution 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 capital.

5. The reserves referred to in paragraphs 3 and 4 of this Article may be formed only after making a deduction to the legal reserve of the amount prescribed by Article 59(5) 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 distributing profit of the following 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 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 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 rights prescribed by laws.

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 the share under a written proxy executed by all holders and certified by a notary. 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 expressed in euro at the accuracy of euro cents.

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 registration number 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 holder of the share (the name, legal form, registration number 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 the following:

1) the words ‘share certificate’ and the certificate number;

2) the name and registration number 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 preference shares, 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, registration number and registered office of the legal person).

14. A certificated share shall be endorsed by the signature of the chair of the board (if the board is not formed, by the manager of a company).

15. The requirements for the certificated shares laid down in this Law shall apply to the accounting, disposal, 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 debentures.

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 a 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 shareholders of the private limited liability company must be familiarised with this agreement.

4. The account manager which has opened a personal securities account for a shareholder must produce an extract from this account at the request of the shareholder. The extract 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 other 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 particulars thereof.

Article 41[1]. List of Shareholders of a Private Limited Liability Company and Provision of Particulars of the Shareholders to the Administrator of the Information System of the Members of Legal Entities

1. A private liability company must compile a list of shareholders thereof, except for the cases when the shareholder of the private limited liability company is a single person.

2. A list of shareholders of a private limited liability company shall indicate:

1) the name, registration number and registered office of the private limited liability company;

2) particulars of each shareholder (the full name, personal number and place of residence or correspondence address of a natural person; the name, legal form, registration number and registered office of a legal person);

3) where a share belongs to several holders – particulars of each holder (the full name, personal number and place of residence or correspondence address of a natural person; the name, legal form, registration number and registered office of a legal person) and the reference to a holder who is a representative of the holders;

4) the number of shares belonging to a shareholder by the right of ownership, the nominal value of the shares;

5) the date of acquisition of shares indicating the number of the shares by classes of shares;

6) the date of disposal of shares indicating the number of the shares by classes of shares;

7) the date of compiling of the list of shareholders of the private limited liability company.

3. Where the natural persons indicated in points 2 and 3 of paragraph 2 of this Article have indicated to a private limited liability company a correspondence address, only the correspondence address shall be indicated in the list of shareholders of the private limited liability company.

4. Where the legal persons indicated in points 2 and 3 of paragraph 2 of this Article have been incorporated and registered in accordance with the applicable law in foreign states, the register wherein a legal person is registered and the registration number in that register shall be additionally indicated.

5. Where a private limited liability company issues only ordinary registered shares, the requirements to indicate classes of shares in the list of shareholders of a private limited liability company, as stipulated in points 4, 5 and 6 of paragraph 2 of this Article, shall not apply.

6. The list of shareholders of a private limited liability company shall be signed by the manager thereof.

7. The list of shareholders of a private limited liability company shall be compiled on the basis of the memorandum of incorporation not later than within five days after the registration of the private limited liability company in the Register of Legal Entities. In the event of change of the particulars referred to in points 1-6 of paragraph 2 of this Article, a new list of shareholders of the private limited liability company shall be compiled. The new list shall be compiled immediately after the receipt of the documents on the basis whereof entries made in personal securities accounts of the shareholders of the private limited liability company who are holders of uncertificated shares or in the registration journal of holders of certificated shares. Entries in the list of shareholders must correspond to the entries made in personal securities accounts of the shareholders of the private limited liability company who are holders of uncertificated shares or in the registration journal of holders of certificated shares.

8. The particulars referred to in points 2-6 of paragraph 2 of this Article on shareholders of a private limited liability company, unless the shareholder of the private limited company is a single person, shall be provided to the administrator of the Information System of the Members of Legal Entities in accordance with the procedure laid down by the regulations of this information system. Upon registering the private limited liability company in the Register of Legal Entities, particulars of shareholders of the private limited liability company prepared on the basis of the memorandum of incorporation shall be provided to the manager of the Information System of the Members of Legal Entities not later than within five days from the registration of the private limited liability company in the Register of Legal Entities. In the event

of change of shareholders of the private limited liability company or particulars thereof, particulars of the shareholders of the private limited liability company shall be provided to the manager of the Information System of the Members of Legal Entities not later than within five days from the receipt of the documents on the basis whereof entries are made in personal securities accounts of the shareholders of the private limited liability company who are holders of uncertificated shares or in the registration journal of holders of certificated shares.

9. The manager shall be responsible for the compilation of the list of shareholders of a private limited liability company and provision of particulars of the shareholders of the private limited liability company to the manager of the Information System of the Members of Legal Entities.

10. *Repealed as of 1 January 2014.*

11. Disputes over the list of shareholders of a private limited liability company and provision of particulars of the shareholders of the private limited liability company to the manager of the Information System of the Members of Legal Entities shall be settled in court.

12. The information accumulated in the Information System of the Members of Legal Entities shall be provided to the natural and legal persons entitled to receive it for a consideration, except for the cases when it is:

1) provided to shareholders of a private public liability company, where the Information System of the Members of Legal Entities manages particulars thereof, once per calendar year;

2) forwarded to related registers and state information systems;

3) submitted to tax administration and law enforcement institutions and courts for the purpose of exercising the functions specified by legal acts.

13. A fee for the provision of information may not exceed the administration costs of the Information System of the Members of Legal Entities, including reasonable return on investment.

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 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 capital of the company is increased according to the procedure laid down in this Law

from the retained profit of the company or the reserves formed from the distributed profit. If the 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 shareholders of each class 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 debts before the end of the following financial year.

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 distribution 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 following financial year.

10. If a company allocates dividends for a period shorter than the financial year, the amount not paid to holders of preference shares with a cumulative dividend for the previous financial year and for the period of the same financial year which is shorter than the financial year must be paid first from the amount allocated for the payment of the dividends.

11. 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 end 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 a company which has issued these shares, except for the employees who are members of the supervisory board or the board or the manager of the company.

3. A share subscription agreement must set a time limit for the holder of employee shares within which he may dispose the shares only into the ownership of another employee of a company. This restriction may not exceed three years from the day of subscription for shares. After the expiry of the restriction period for the disposal 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 disposal 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 wage 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 the wage 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 disposal 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 submit a certain number of new shares and the other party shall undertake to pay the entire issue price of the shares subscribed for. The procedure of subscription for the shares of public limited liability companies issued in the course of the increase of the capital and placed by technical means of the operator of a regulated market as well as the procedure of pricing and payment shall be established by the Bank of Lithuania.

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

Version as of 1 January 2015:

2. A share subscription agreement shall have a simple written form, except for the cases when the Civil Code prescribed a mandatory notarised form (full or partial payment of the issue price of the shares subscribed for is made by a contribution for a consideration other than in cash, i.e., real estate).

3. A share subscription agreement must state:

1) the name, legal form, registration number and registered office of a company;

2) the registered amount of the capital;

3) the amount of increase in the capital;

4) the date of the general meeting of shareholders which adopted the decision on increase of the 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 allocating shares to the subscribers of shares in the event of oversubscription;

9) the possibility and procedure of increasing the 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, registration number and registered office of a legal person and the full name of its representative;

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

4. A company's manager shall be responsible for drafting a share subscription agreement and the accuracy of the particulars thereof.

5. If a company provides in a 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 capital. The company must return the subscriber's contribution immediately without any deductions.

6. A company may not subscribe for its own shares.

7. A subsidiary company may not subscribe for shares in a parent company.

8. Members of a company's body who have adopted a decision for the company to subscribe for its own shares or for shares in its parent company must pay for these shares themselves. Upon payment for the shares, they shall acquire the right of ownership thereto.

9. When a company's shares are subscribed for by a person acting in his own name, but for the benefit of this company, a share subscription agreement shall be considered to be concluded by the person himself.

10. A company's 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 for a consideration other than in cash owned by the person paying for the shares. In the case specified in Article 52(5) 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 for a consideration 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 for a consideration 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 for a consideration other than in cash

5. If, in the case of increase of a company's capital, shares are fully or partially paid for by a contribution for a consideration 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 property valuation. The requirements applicable to the property valuation report shall be set forth in Article 8(8) of this Law. The property valuation report must be submitted to the company before subscription for the shares. The property valuation report must be submitted to the administrator of the Register of Legal Entities together with other documents prescribed by laws for the registration of the articles of association amended as the result of the increase of the capital.

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

7. The sum of the nominal values of the shares which are paid up for by a contribution for a consideration other than in cash may not exceed the value of a contribution for a consideration other than in cash indicated in the property 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 day of conclusion of the share subscription agreement.

9. If the entire issue price of the shares subscribed for is paid up by contributions for a consideration other than in cash in the case of increase of the capital, the entire contribution for a consideration 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 for a consideration other than in cash referred to in the share subscription agreement (the last portion of the contribution for a consideration 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 case specified in Article 73(12) 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 limit laid down for payment for shares, dispose of the shares to other persons or reduce the capital by cancelling the shares.

Article 45^{1}. Specific Features of Payment for Shares by a Contribution for a Consideration Other than in Cash when Increasing a Company's Capital

1. It shall be possible not to comply with the requirements for assessing the contributions for a consideration other than in cash as established in Article 45(5) of this Law if the shares are fully or partly paid up when increasing a company's 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 Member State of the European Union, 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 six months prior the day of payment by such contributions for a consideration other than in cash;

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

2. A decision on the payment for shares by the contributions for a consideration other than in cash in derogation of the requirements for evaluating a contribution for a consideration other than in cash as prescribed by Article 45(5) 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 board of a company (if the board is not formed, the company manager), a contribution for a consideration other than in cash must be evaluated by the independent property valuer according to the procedure laid down by the legal acts regulating property valuation and the asset valuation report must be prepared according to the requirements prescribed in Article 8(8) of this Law if:

1) the valuation of the transferable securities or money market instruments specified in point 1 of paragraph 1 of this Article has been influenced by exceptional circumstances which, prior to the day of payment by a contribution for a consideration other than in cash and on the day of payment by a contribution for a consideration other than in cash, would substantially alter the value of such a contribution for a consideration other 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 for a consideration other than in cash and on the day of payment by the contribution for a consideration other than in cash, would substantially alter the value of the contribution for a consideration other than in cash established in the manner specified in point 2 of paragraph 1 of this Article.

4. Without performing the valuation of a contribution for a consideration other than in cash in the case specified in point 2 of paragraph 3 of this Article, one or more shareholders who, on the day of a decision on the increase of the capital by the general meeting of shareholders (in a public limited liability company – at the end of the accounting day of the meeting), hold in aggregate at least 5% of the company's shares may demand the contribution for a consideration other than in cash be evaluated by the independent property valuer according to the procedure prescribed by the legal acts regulating property valuation and the asset valuation report be drawn up according to the requirements specified in Article 8(8) of this Law. Such a shareholder or shareholders may lodge a claim prior to the day of payment by the contribution for a consideration other 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 for a consideration other than in cash is made in derogation of the requirements for evaluating a contribution for a consideration other than in case as set forth in Article 45(5) of this Law, a statement must be drawn up within ten days from the day of making payment by the contribution for a consideration other than in cash. The statement shall indicate the following:

1) the number of the shares paid up by a contribution for a consideration other 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 for a consideration other than in cash (the full name, personal number and place of residence of a natural person; the name, legal form, registration number and the registered office of the legal person);

2) the value of the contribution for a consideration other than in cash, the source of establishing the value and, when the shares are paid up in part or fully by a contribution for a consideration other than in cash the value whereof has been established in the manner specified in point 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 for a consideration 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 for a consideration other than in cash.

6. In the cases specified in paragraph 1 of this Article, the contribution for a consideration other 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 point 2 of paragraph 1, paragraphs 3 and 4 of this Article must, together with other documents prescribed by laws for the registration of the company's articles of association amended as the result of the increase of the capital, be submitted to the administrator of the Register of Legal Entities. The statement referred to in paragraph 5 of this Article must be submitted to the administrator of the Register of Legal Entities within one month from the day of making payment by a contribution for a consideration other than in cash.

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

Article 45^2. Restrictions on the Provision of Financial Assistance for the Acquisition of a Company's Shares

1. A company may not, whether directly or indirectly, make prepayment of funds or issue a loan or secure the discharge of obligations of natural and/or legal persons, where such actions are intended to enable these persons to acquire the shares of the company, with the exception of the derogations stipulated in paragraph 2 of this Article and in the Law on Financial Institutions.

2. The restriction specified in paragraph 1 of this Article shall not apply to a company which, whether directly or indirectly, makes prepayment of funds or issues a loan or secures the discharge of obligations of its employees, employees of its parent or subsidiary company, as well as of natural and/or legal persons, where such actions are intended to enable the company's employees or the employees of the company's parent or subsidiary company to acquire the shares of the company, except for the cases when such employees are members of a management body of the company or the parent company.

3. In the case of the derogations stipulated in paragraph 2 of this Article and in the Law on Financial Institutions and based on evaluation of the reduction of the equity capital upon the company's making direct or indirect prepayment of funds, issuing a loan or securing the discharge of obligations of natural and/or legal persons, a company's equity capital may not fall below the aggregate amount of the paid-up capital, the legal reserve and the reserve for acquiring its own shares.

4. 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 particulars of the person whereto the share or share certificate is disposed of (the full name, personal number of a natural person; the name, registered office, legal form, registration number 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, registration number 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 incorporation of a company or the registration in the Register of Legal Entities of the amendments to the articles of association as the result of the increase in the capital may not dispose his shares to other persons.

7. A shareholder may not dispose 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. Specific Features 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.

3. Within five 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 private limited liability company against his signed 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 private limited liability company of his wish to purchase the shares offered for sale. The time limit may not be less than 10 days and more than 21 days after the day of dispatch of the notice or the registered letter of the company.

4. Within 30 days after the day of receipt of a shareholder's notice of his intention to sell the shares, the manager of a private limited liability company must notify the shareholder of the wish of other shareholders to buy all of his shares offered for sale.

5. If one or more shareholders of a private limited liability company within the prescribed time limit 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 two 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 provide adequate security of the payment of the price of shares (bank guarantee, pledge, etc.).

6. If the demand of shares offered for sale exceeds their supply, the shares shall be allocated 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 which are intended 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. A shareholder of a private limited liability company shall have the right to sell shares without complying with the procedure for selling shares as stipulated in this Article if the private limited liability company has two shareholders and one of them sells all or a part of the shares to the other shareholder of the private limited liability company.

9. The articles of association of a private limited liability company may stipulate a procedure for selling shares other than the procedure stipulated in paragraphs 1-8 of this Article.

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

The Article shall be supplemented with paragraph 10; paragraph 10 shall be considered as paragraph 11 as of 1 January 2015:

10. An agreement of purchase and sale of shares of a private limited liability company shall be of a simple written form, unless the Civil Code provides for the mandatory notarial form.

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

Article 48. Invalidity and Replacement of Shares Issued by a 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 particulars of the holder change due to 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 his signed 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 be kept by 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 the source indicated in the articles of association immediately after he finds out or should have found out about it. Such a notice must indicate the name and registration number of the private limited liability company and the number of the certificated share or the share certificate.

Article 49. Increase of the Capital

1. The 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 capital shall be adopted if approved by a separate vote of the shareholders of each class whose rights are affected by the increase in the capital. The approval of holders of non-voting preference shares shall also be necessary for the adoption of the decision to increase the capital by additional contributions by issuing preference shares.

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

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

4. A document confirming the decision to increase the capital must be submitted to the administrator of the Register of Legal Entities within ten 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 end of the day of the general meeting of shareholders which adopted the decision to increase the capital by additional contributions (in respect of a public limited liability company – at the end of the rights accounting day), save for the exceptions laid down in Article 57 of this Law. If the 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 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 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 capital and the number of shares and/or their nominal value and submit the amended articles of association to the administrator of the Register of Legal Entities.

7. The 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 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 administrator of the Register of Legal Entities within six months from the day of the general meeting of shareholders which adopted the decision to increase the 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 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 be kept by 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 Capital by Additional Contributions

1. The capital of a company 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 capital by additional contributions only if the new shares are acquired by its shareholders, employees and creditors.

3. The 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

expressed an intention in writing 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 expressing by the debenture holders an intention in writing 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 capital and the number of shares in the articles of association of the company and submit the amended articles of association to the administrator 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 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 Capital out of the Company's Funds

1. The capital may be increased out of the company's funds, i.e. the retained profit, share premium and reserves (except for the reserve for the acquisition of its own shares and the legal reserve). The 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 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 capital is adopted not later than six months after the end 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 capital is adopted six months after the end of the financial year, the general meeting of shareholders must be submitted the set of interim financial statements drawn up at least three months before the general meeting of shareholders. The set of interim financial statements must be submitted to the administrator of the Register of Legal Entities together with the documents prescribed by legal acts required for the registration of the amended articles of association.

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

4. Where a company increases its capital out of the company's funds by issuing new shares, the shareholders, except for the case laid down in Article 42(3) 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 end of the day of the general meeting of shareholders which adopted the decision to increase the capital (in respect of a public limited liability company – at the end of the rights accounting day).

Article 52. Reduction of the Capital

1. The capital may be reduced by a decision of the general meeting of shareholders or, in the cases laid down in this Law, by a court decision. The decision of the general meeting of shareholders to reduce the capital must indicate the purpose of the reduction of the capital. The general meeting of shareholders of a company which has issued shares of different classes may adopt a decision to reduce the 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 capital may be reduced only for the following purposes:

1) for the sole purpose of eliminating 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 capital.

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

5. If the general meeting of shareholders adopts a decision to reduce the capital for the sole purpose of eliminating the losses recorded in the balance sheet of a company, the decision to increase the capital by additional contributions by issuing new shares may be adopted at the same general meeting of shareholders. If the capital is increased to the amount held before the adoption of the decision to reduce the capital or more, the provisions of Article 53 of this Law shall not apply.

6. A decision to reduce the 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 distribution of the

company's profit available for distribution and solely in the case when all of the following conditions are met:

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

2) there are no retained 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 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 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 end of the day of the general meeting of shareholders which adopted the decision to reduce the capital (in the case of a public limited liability company – at the end 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 vindicate the amounts due to them from the company as its creditors. 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 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 end 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 document confirming the decision to reduce the capital must be submitted to the administrator of the Register of Legal Entities within ten days after the adoption of the decision.

11. The 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 capital shall be deemed invalid if the amended articles of association of the company are not submitted to the administrator of the Register of Legal Entities within six months from the day of the general meeting of shareholders which adopted the decision on reduction of the capital, except in the case specified in Article 53(6) of this Law.

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

1. Each creditor of a company must be notified against his signed acknowledgement of receipt or by registered mail of a decision to reduce the capital of the company. Moreover, the decision to reduce the capital of the company must be published in the source indicated in the articles of association or each shareholder must be notified thereof against his signed acknowledgement of receipt or by registered mail.

2. When reducing its 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 administrator of the Register of Legal Entities of the decision adopted by the general meeting of shareholders or by the court to reduce the capital of the company. The company's creditor may file his claims with the company within two months after the day of notification by the administrator of the Register of Legal Entities of the decision to reduce the 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 of the company after the reduction of the capital. This condition shall not apply if the 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, suretyship or guarantee;

3) the 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 capital shall be settled by court.

6. The articles of association of a company amended due to the reduction of the capital shall be submitted to the administrator 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 two months after the day of notification by the administrator of the Register of Legal Entities of the decision adopted by the general meeting of shareholders or by the court to reduce the capital of the company and not later than within six months after the day of the adoption of the decision to reduce the capital, except for the case specified in paragraph 7 of this Article The articles of association of a company amended due to the reduction of the capital may be submitted to the administrator of the Register of Legal Entities in derogation of the two-month time limit laid down in this paragraph if at least one of the following conditions is met:

1) the company has no liabilities to creditors and has published a notice of the reduction of the capital as laid down in paragraph 1 of this Article;

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

3) the capital is reduced for the purpose of correcting of the mistakes made in the course of formation or increase of the capital.

7. If a dispute regarding the additional safeguards for the discharge of obligations is being heard in court, the articles of association amended due to the reduction of the capital may not be submitted to the administrator of the Register of Legal Entities until the court decision becomes effective.

8. If the amendments to the articles of association of a company effected due to the reduction of the capital are registered in breach of the requirements of this Article for additional safeguards for the discharge of obligations to creditors, the reduction of the capital may be declared invalid by a court decision.

Article 54. Right of the Company to Acquire Its Own Shares

1. A company shall have the right to acquire its own shares according to the procedure laid down in this Article either itself or through a person acting in his own name, but on the company's behalf . When acquiring its own shares, the company must ensure equal opportunities for all shareholders to dispose to the company their shares.

2. A company may acquire its 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 the shares;

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

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

4) the maximum and the minimum share acquisition price;

5) the procedure for selling its 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 its own shares being acquired by a company together with the nominal value of its other own shares already held by the company may not exceed 1/10 of the capital.

4. A company may not acquire its own shares if this would result in the equity capital falling below the aggregate amount of the paid-up capital, legal reserve and reserve for acquisition of its own shares.

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

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

7. Having acquired its 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 its own shares.

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

10. When a company's shares are acquired by a person acting in his own name, but on the company's behalf, the shares shall be deemed to have been acquired by the company whose shares are 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 capital must be reduced accordingly, and 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 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 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 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 administrator 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 debentures becomes the debtor of the debenture holder and assumes obligations towards 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 money made up of the nominal value of the debenture and the annual interest.

3. The debentures of 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 by the board (if the board is not formed – the manager of a company). The decision to issue convertible debentures shall be adopted according to the procedure laid down in Article 56 of this Law.

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

6. Before issuing publicly placed debentures, 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) remove 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 publicly placed debentures 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 pledgee towards all debenture holders. Third parties may offer, either directly to the debenture holder or through the intermediary of public trading in securities, a suretyship 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 three years after the redemption date indicated in the debenture subscription agreement, the debenture holder shall forfeit the right of claim.

10. Debentures shall be uncertificated and shall be recorded as 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 publicly placing debentures.

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 adoption of 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 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 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 end 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 end of the rights accounting day), save for the exceptions laid down in Article 57 of this Law.

7. A document confirming the decision to issue convertible debentures must be submitted to the administrator of the Register of Legal Entities within ten 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 source indicated in the articles of association. The notice must be submitted to the administrator of the Register of Legal Entities not later than on the first day of its publication in the source 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 source indicated in the articles of association or each shareholder must be delivered thereof against his signed acknowledgement of receipt or sent by registered mail. The notice must be submitted to the administrator of the Register of Legal Entities not later than on the first day of publication in the source 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 administrator 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 Bank of Lithuania.

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, registration number and registered office of a legal person) where such persons and particulars must be specified as prescribed by the conditions set in this paragraph;

3) the number of the shares or convertible debentures issued which may be acquired by each of the aforementioned persons (where such particulars 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 shareholders' right of pre-emption. The notice must indicate the following:

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

2) substantiation of the 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, registration number 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 aforementioned persons (where such particulars 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 administrator of the Register of Legal Entities within ten days.

CHAPTER SEVEN
SET OF A COMPANY'S FINANCIAL STATEMENTS AND DISTRIBUTION 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 and 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 set 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 administrator 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 of the company shall apply *mutatis mutandis* to such a set of financial statements and such an annual report.

5. If, in accordance with the procedure specified in Article 60^1(3) of this Law, a company decides on the allocation of dividends for a period shorter than the financial year, the set of the company's interim financial statements, the interim report and, in the cases provided for, the auditor's report must be submitted to the administrator of the Register of Legal Entities within 30 days after the general meeting of shareholders which adopted the decision on the allocation of dividends for a period shorter than the financial year.

Article 59. Distribution of Profit/Loss

1. Upon approval of the set of annual financial statements, the annual general meeting of shareholders must distribute the profit/loss of the company available for distribution.

2. A decision of the general meeting of shareholders on distribution of a company's profit/loss must indicate:

1) the retained profit/loss of the preceding financial year at the end 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 statement;

4) transfers from the reserves;

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

6) the total profit/loss available for distribution;

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

8) the portion of profit allocated to the reserve for acquiring its own shares;

9) the portion of profit allocated to other reserves;

10) the portion of profit allocated for the payment of dividends. The amount of dividends paid to shareholders during the reporting financial year for a period shorter than the financial year, if they have been allocated, shall be indicated separately;

11) the portion of profit allocated for the payment of annual bonuses to members of the board and the supervisory board, payment of incentives to employees and other purposes ;

12) retained profit/loss at the end of the reporting financial year and brought forward to the following financial year.

3. A company's profit/loss available for distribution shall comprise the aggregate amount of the profit/loss of the reporting financial year and the retained profit/loss for the preceding financial year at the end 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 distribute the profit available for distribution according to the procedure laid down in this Article.

5. If the legal reserve is less than 1/10 of the 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 legal reserve reaches the amount laid down in this Law.

6. 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) a company has undischarged obligations which ought to have been discharged prior to the adoption of the decision;

2) the aggregate of profit/loss of the reporting financial year available for distribution 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 capital of the company, the legal reserve, the revaluation reserve and the reserve for acquisition of its own shares.

7. A company may allocate not more than 1/5 of the net profit of the reporting financial year for the purposes referred to in point 11 of paragraph 2 of this Article. The portion of the profit of the reporting financial year allocated for the payment of annual bonuses to members of the board and the supervisory board may not exceed 1/3 of the portion of the profit allocated for the payment of dividends.

8. If a company fails to pay the taxes prescribed by laws within the established time limits, it may not pay the dividend, annual bonuses to members of the 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.

9. If the aggregate amount of the retained profit/loss for the preceding financial year at the end 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 including the amounts transferred to the profit/loss available for distribution in the following sequence:

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

2) the amounts transferred from the legal reserve;

3) the amounts transferred from the share premium.

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

1) the remaining retained loss shall be brought forward to the following financial year if the equity capital of the company is at least 1/2 of the amount of the capital indicated in the articles of association;

2) the shareholders may cover the losses by shareholders' contributions – the equity capital of the company must be restored in such a manner that it would be not less than 1/2 of the amount of the capital indicated in the articles of association.

11. 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 capital indicated in the articles of association, the general meeting of shareholders must decide on:

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

2) the conversion 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 portion of the profit allocated to a shareholder in proportion to the nominal value of the shares owned by him.

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 vindicate the payment of dividend from the company as its creditor. 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 dividend may be allocated for the financial year or for a period shorter than the financial year.

4. 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 of a company may establish that the dividend on fully

paid-up shares shall be reduced if the last payment was made in the financial year or during another period for which the dividend is allocated.

5. A company must pay allocated dividends not later than within one month from the day of the adoption of a decision on the distribution of profit or a decision on the allocation of dividends for a period shorter than the financial year. Payment of dividends in advance shall be prohibited.

6. A company shall pay the dividends in cash.

7. The persons who were the shareholders of a company at the end of the day when the general meeting of shareholders declared the dividends (in the case of a public limited liability company – at the end of the rights accounting day) or were entitled to receive the dividends on other legal ground shall be entitled to the dividend.

Article 60[1]. Allocation of Dividends for a Period Shorter than the Financial Year

1. Dividends shall be allocated for a period shorter than the financial year by a decision of the general meeting of shareholders.

2. The right of initiative in allocating dividends for a period shorter than the financial year shall belong to the shareholders who own shares with not less than 1/3 of all votes attached to them, unless the company's articles of association prescribe a larger majority.

3. If a company receives a written application of the shareholders having the right of initiative in which the allocation of dividends for a period shorter than the financial year is proposed, a set of interim financial statements for the period shorter than the financial year must be drawn up and an interim report and a decision on the allocation of dividends for the period shorter than the financial year must be drafted. The beginning of the period shorter than the financial year shall correspond to the beginning of the company's current financial year. If the audit of a set of the company's annual financial statements is mandatory under laws or provided for in the articles of association of the company, the set of interim financial statements must be audited.

4. The general meeting of shareholders whose agenda provides for the issue of the allocation of dividends for a period shorter than the financial year must be convened within three months after the end of the period for which the allocation of dividends is proposed, but not before the approval of a set of annual financial statements and distribution of a company's profit/loss for the preceding financial years and not later than the end of the financial year.

5. Dividends for a period shorter than the financial year may be allocated provided that all of the following conditions are satisfied:

1) a set of interim financial statements for the period shorter than the financial year has been approved;

2) the aggregate amount of profit/loss for the period shorter than the financial year is positive (no losses have been incurred);

3) the amount allocated for the payment of dividends does not exceed the aggregate amount of profit/loss of a period shorter than the financial year and retained profit/loss of the preceding financial year brought forward to the current financial year upon deduction of a portion of the profit received over the period shorter than the financial year which, pursuant to Article 59(5) of the Law or the company's articles of association, must be allocated to reserves;

4) the company has no undischarged obligations which ought to have been discharged prior to the adoption of the decision, and upon payment of dividends would be capable of discharging its obligations for the current financial year.

6. Upon allocating dividends for a period shorter than the financial year, dividends for another period shorter than the financial year may be allocated not earlier than after the lapse of three months.

CHAPTER EIGHT
REORGANISATION, SPLIT-OFF, CONVERSION AND LIQUIDATION OF A COMPANY

Article 61. Reorganisation of a Company

1. Companies shall be reorganised in accordance with the procedure laid down in the Civil Code.

2. A company may be reorganised or participate in the reorganisation only after its capital has been fully paid-up (at the issue price of the last share issue).

3. Only the companies of the same legal form may undergo reorganisation.

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 each company being reorganised and participating in the reorganisation, except for the derogations stipulated in this Law. 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 after the lapse of 30 days from the day of publication of the received terms of reorganisation by the administrator of

the Register of Legal Entities or of a reference to the company's website on which the terms of reorganisation are published giving access to these terms of reorganisation and the date of publication on the website of the company as stipulated in Article 63(9) and (10) of this Law.

3. A decision on reorganisation must approve the terms of reorganisation and amend the articles of association of the companies resulting from the reorganisation or adopt the articles of association of the new companies resulting from the reorganisation.

4. A document confirming the decision of the general meeting of shareholders to reorganise a company must, within five days, be submitted to the administrator of the Register of Legal Entities.

Article 63. Terms of Reorganisation

1. The boards of the companies being reorganised and the companies participating 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 a company indicating, *inter alia*, the following:

1) the information concerning each company being reorganised and participating in the reorganisation as required under Article 2.44 of the Civil Code as well as the name, legal form and registered office of each 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 which cease to exist after the reorganisation and the companies resulting from the reorganisation;

4) the exchange ratio of shares of the companies which cease to exist after the reorganisation for the shares of the companies resulting from the reorganisation and the substantiation thereof, the number of shares of the companies resulting from 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 resulting from 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 resulting from the reorganisation;

7) the moment from which the shareholders of a company which cease to exist after the reorganisation shall be entitled to profits of the company resulting from the reorganisation and all terms related to the granting of this right;

8) the moment from which the company resulting from the reorganisation becomes a successor to rights and obligations of the company which ceases to exist after the reorganisation;

9) the moment from which the company resulting from the reorganisation becomes a successor to rights and obligations under transactions of the company which ceases to exist after the reorganisation, and the transactions shall be included into the accounting of this company;

10) the rights granted by the company resulting from 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 resulting from the reorganisation;

12) the special rights granted to members of the bodies of the companies being reorganised and participating 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 auditor or the audit firm wherewith each company participating in the reorganisation and being reorganised enters into a contract. If a joint auditor or audit firm is to be contracted, such an auditor or audit firm must be approved by the administrator of the Register of Legal Entities.

3. The auditor or the audit firm must draw up a 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. A report on assessment of the terms of reorganisation must be drawn up and submitted to a company at least 30 days before the general meeting of shareholders which has on its agenda the issue of adoption of a decision on reorganisation of the company.

5. An assessment of the terms of reorganisation shall not be performed and a report on assessment of the terms of reorganisation shall not be drawn if all shareholders of the company being reorganised and participating in the reorganisation have so agreed. The agreement of the company's shareholders shall be expressed 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 resulting from 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 capital.

8. The terms of reorganisation must be submitted to the administrator of the Register of Legal Entities not later than on the first day of publication of the drawing up thereof in source specified in the articles of association. A report on assessment of the terms of reorganisation, if such is drawn up, must be submitted to the administrator of the Register of Legal Entities together with the terms of reorganisation.

9. The manager of the Register of Legal Entities shall publish the received terms of reorganisation.

10. The requirement specified in paragraph 9 of this Article shall not apply where a company, not later than on the first day of publication of the drawing up of the terms of reorganisation in a source specified in the articles of association the company, together with the documents specified in paragraph 8 of this Article, provides the administrator of the Register of Legal Entities with a reference to the website of the company on which the terms of reorganisation are published giving access to these terms of reorganisation and the date of publication thereof on the website of the company. In such a case, the administrator of the Register of Legal Entities shall publish the reference to the website provided by the company.

11. In the case specified in paragraph 10 of this Article, a company must, throughout the period starting not later than on the first day of publication of the drawing up of the terms of reorganisation in a source specified in the articles of association of the company and ending not earlier than on the day of completion of the reorganisation, publish the terms of reorganisation publicly and free of charge on its website and specify the date of publication thereof on this website.

12. The administrator of the Register of Legal Entities shall publish the received terms of reorganisation or a reference to the website provided by the company before completion of the reorganisation. Any person shall have the right to get access to the information or the reference free of charge.

13. From the day of publication of the drawing up of the terms of reorganisation in a source indicated in the articles of association of a company, the company which ceases to exist after the reorganisation shall acquire the status of the company being reorganised, and the company resulting from the reorganisation shall acquire the status of the company participating in the reorganisation.

Article 64. Report on the Intended Reorganisation

1. The board of each public limited liability company being reorganised and participating 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 resulting from the reorganisation. The report must be submitted to the administrator 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 particulars of the administrator of the Register of Legal Entities storing the documentary files of the public limited liability companies being reorganised and participating in the reorganisation.

2. The report specified in paragraph 1 of this Article about the intended reorganisation of a public limited liability company shall not be drawn up if all shareholders of each company being reorganised and participating in the reorganisation agree thereto. The agreement of the shareholders of the public limited liability company shall be expressed in the form specified in Article 63(5) of this Law.

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

Article 65. Notification of the Intended Reorganisation

1. Each company being reorganised and participating in the reorganisation must publish the drawn-up terms of reorganisation in the source indicated in the articles of association of the company three times with at least 30-day intervals or publish them in the source indicated in the articles of association once at least 30 days before the general meeting of shareholders on the reorganisation of the company and notify all creditors of the company in writing. The publication or the notice must include the particulars listed in Article 63(1)(1),(2),(3), (8) and (9) and indicate when and where the documents listed in paragraph 2 of this Article may be accessed.

2. Over the entire period starting from at least 30 days before the general meeting of shareholders the agenda of which provides for the adoption of a decision to reorganise a company and finishing not earlier than on the day of the completion of the reorganisation, every shareholder and creditor of the company must be given access to the following documents at the registered office or on the website of each company being reorganised and participating in the reorganisation:

1) the terms of reorganisation;

2) the amended articles of association of the companies resulting from the reorganisation 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 participating in the reorganisation, as well as sets of interim financial statements, if such are drawn up. The set of interim financial statements must be drawn up if the terms of reorganisation are drawn up after the lapse of six months or more after the end of the financial year of at least one company being reorganised or participating in the reorganisation, but not earlier than three months before the drawing up of the terms of reorganisation. The set of interim financial statements shall be drawn up in compliance with the same rules as applicable to the set of annual financial statements drawn up previously. The set of interim financial statements shall not be drawn up if all shareholders of each company being reorganised and participating in the reorganisation agree thereto, also in the cases when a public limited liability company being reorganised or participating in the reorganisation whose shares are admitted to trading on a regulated market publishes interim financial statements in accordance with the procedure laid down by legal acts regulating the securities market and provides access thereto for all shareholders of the public limited liability company being reorganised and participating in the reorganisation. The agreement of the shareholders of the company shall be expressed in the form specified in Article 63(5) of this Law;

4) the reports on assessment of the terms of reorganisation, if such are drawn up;

5) the reorganisation reports on the intended reorganisation drawn up by the boards (if the board is not formed – the manager) of the companies being reorganised and participating in the reorganisation, provided that such reports are drawn up.

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 submitted to the shareholder free of charge. Subject to the shareholder's consent, the copies of the documents referred to in paragraph 2 of this Article may be submitted by electronic mail indicated by the shareholder. The consent of the shareholder of the company shall be expressed in the form specified in Article 63(5) of this Law;

4. Paragraph 3 of this Article shall not apply to companies whose shareholders may download and print out the documents referred to in paragraph 2 of this Article free of charge throughout the whole period indicated in paragraph 2 of this Article. In this case, the shareholders and creditors of a company must also be granted access to these documents at the registered office of the company.

5. The manager of the company being reorganised and participating 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 material changes in the assets, rights and obligations during the period between the day of drawing up of the terms of reorganisation and the day of the general meeting of shareholders which has on its agenda the issue of adoption of a decision on reorganisation of the company. The manager of each company being reorganised and participating in the reorganisation must notify the managers of other companies being reorganised and participating 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.

6. The manager of the company being reorganised and participating in the reorganisation shall not be required to provide the information specified in paragraph 5 of this Article if all shareholders of each company being reorganised and participating in the reorganisation agree thereto. The agreement of the shareholders of the company shall be expressed in the form specified in Article 63(5) of this Law;

Article 65[1]. Specific Features of Reorganisation by Way of Division by Acquisition

1. The reorganisation by way of division by acquisition shall not require the general meeting of shareholders of the company divided by way of division by acquisition whose rights and obligations are distributed among the companies resulting from the reorganisation to adopt a decision on the reorganisation if all companies resulting from the reorganisation by way of division by acquisition together own all shares of the company being divided by way of division by acquisition and the following conditions are satisfied:

1) a notice of the reorganisation by way of division by acquisition is published as laid down in Article 63(8) to (12) of this Law and Article 65(1) of this Law not later than 30 days prior to the general meetings of shareholders of the companies resulting from the reorganisation which have on their agenda the adoption of decisions on the company's reorganisation by way of parcelling out;

2) not later than 30 days prior to the general meetings of shareholders of the companies resulting from the reorganisation which have on their agenda the adoption of decisions on the company's reorganisation by way of division by acquisition, each shareholder of the company divided by the way of division by acquisition and participating in the division by way of division by acquisition shall be granted access to the documents referred to in Article 65(2) of this Law at

the company's registered office. In such a case, Article 63(2) to (5), Article 64 and Article 65(3) to (6) of this Law shall apply too.

2. In the presence of the conditions indicated in paragraph 1 of this Article, a decision on reorganisation by way of division by acquisition shall be adopted by the general meeting of shareholders of companies resulting from the reorganisation.

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

1. Each company being reorganised and participating 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 participating in the reorganisation as well as the company resulting from the reorganisation which shall take over the liabilities under the terms of the reorganisation, the performance of obligations may be jeopardised due to reorganisation.

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, suretyship 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 resulting from the registration or the articles of association thereof as well as the documents for the removal from the register of the companies which cease to exist after the registration may not be submitted to the administrator 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 participating 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 resulting from the reorganisation (when reorganising newly formed companies and the companies resulting from the reorganisation), except for the case provided for in paragraph 4 of this Article.

2. The shares of the companies resulting from the reorganisation may be allocated to the shareholders of the companies which cease to exist after the reorganisation in proportion to the capital of the companies being reorganised or otherwise.

3. Where in the case of division of a company the shares of the companies resulting from the reorganisation are allocated to shareholders of the company in proportion to their holdings in the capital of the company being divided, Article 63(2) to (5), Article 64, Article 65(2)(3) to (5) and Article 65(5) of this Law shall not apply.

4. Where, in the case of a company's division, the shares in the companies resulting from the reorganisation are allocated to the shareholders of the company being divided otherwise than in proportion to their portion in the capital of that company, the shareholders holding the shares the nominal value whereof is less than 1/10 of the 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 capital of the company being divided, the reorganisation of the company under the approved terms of reorganisation may not be continued.

5. Own shares acquired by a company which cease to exist after the reorganisation or the shares of a company which cease to exist after the reorganisation acquired by a person acting in his own name, but on behalf of the company as well as the shares of a company which cease to exist after the reorganisation acquired by the company resulting from the reorganisation or by a person acting in his own name, but on behalf of this company shall not be exchanged for shares of the company resulting from the reorganisation.

6. Where the shares are exchanged for new shares in the companies resulting from the reorganisation, the difference in the share price may be paid in cash to the shareholders of the companies which cease to exist after the reorganisation. Cash payments may not exceed 10% of

the nominal value of the new shares allocated to the shareholders in the companies resulting from the reorganisation.

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

1. The companies resulting from the reorganisation shall be successors to all assets, rights and obligations of the reorganised companies upon registration of newly formed companies or registration of the amended articles of association of the companies resulting from 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 resulting from the reorganisation, such assets or the funds obtained from the sale thereof shall be succeeded to by all companies resulting from the reorganisation in proportion to the portion 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 resulting from the reorganisation, all companies resulting from 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 a company being divided is assigned under the terms of reorganisation to one of the companies resulting from 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 resulting from 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 rights in the companies resulting from 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 two months from the completion of the reorganisation, but not later than the deadline for redemption set in a decision on issuance of these securities.

Article 69. Completion of Reorganisation

1. Reorganisation shall be deemed completed when all new companies formed after the reorganisation are registered or the amended articles of association of all companies resulting from the reorganisation are registered.

2. Prior to submission of documents of the company resulting from the reorganisation to the administrator of the Register of Legal Entities, the general meeting of shareholders of this company shall be convened in the cases when this Law or the terms of reorganisation so provide. Both the shareholders of the company resulting from the reorganisation and the shareholders of the companies which cease to exist 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 resulting from 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 bodies elected by the general meeting of shareholders under the articles of association and after the board (if the articles of association provide for the formation of the board) and the company manager are elected as well as after the documents prescribed by laws are submitted to the administrator of the Register of Legal Entities.

4. The general meetings 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 bodies of the reorganised company and the company participating 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 auditor or the audit firm must redress the damage they incurred on the shareholders of those companies according to the procedure prescribed by laws.

Article 70. Merger by Acquisition by the Company Holding All Shares in the Company Being Acquired

1. Article 63(1)(4) to (7), Article 63(2) to (5), Article 64, Article 65(2)(4) and (5), Article 67(1) and (2) and Article 69(6) of this Law shall not apply to the merger by acquisition where

the company resulting from the reorganisation is the holder of all shares in the company being acquired.

2. Article 62 of this Law shall not apply to a merger by acquisition where the company resulting from the reorganisation is the holder of all shares in the company being acquired, provided that all of the following conditions are satisfied:

1) a notice of reorganisation by way of merger by acquisition is published in the manner specified in Article 63(8) to (12) of this Law and Article 65(1) of this Law;

2) each shareholder of the company resulting from the reorganisation is given access to the documents referred to in Article 65(2)(1), (2) and (3) of this Law in accordance with the procedure laid down in Article 65(2) of this Law. In such a case, Article 65(3) and (4) of this Law shall apply too.

3) one or more shareholders of the company resulting from the reorganisation who own shares carrying not less than 1/20 of the total number of votes have the right, within 30 days from the day of publication by the administrator of the Register of Legal Entities of the received terms of reorganisation or a reference to the website of the company on which the terms of reorganisation are published giving access to these terms of reorganisation and the date of publication thereof on the website of the company, as laid down in Article 63(9) or (10) of this Law, to require the convening of the general meeting of shareholders of the company resulting from the reorganisation, but the shareholders do not exercise this right.

3. Where the general meeting of shareholders is not convened in the case specified in paragraph 2 of this Article, a decision on reorganisation by way of merger by acquisition shall be adopted upon the expiry of the period specified in point 3 of paragraph 2 of this Article by the board of the company resulting from the reorganisation and if the board is not formed - by the manager of the company. The decision on reorganisation shall approve the terms of reorganisation and the amended articles of association of the company resulting from the reorganisation. A document confirming the decision to reorganise a company must, not later than within five days, be submitted to the administrator of the Register of Legal Entities.

Article 70[1]. Merger by Acquisition by the Company Holding at Least 90% of the Shares in the Company Being Acquired

1. The merger by acquisition, where the company resulting from the reorganisation holds at least 90% of the shares in the company being acquired, shall not be subject to the requirement for the general meeting of shareholders of the company resulting from the reorganisation to adopt a decision on reorganisation by way of merger by acquisition, provided that all of the following conditions are satisfied:

1) a notice of reorganisation by way of merger by acquisition is published in the manner specified in Article 63(8) to (12) of this Law and Article 65(1) of this Law;

2) each shareholder of the company resulting from the reorganisation is given access in accordance with the procedure laid down in Article 65(2) of this Law to the documents referred to therein. In such a case, Article 65(3) to (6) of this Law shall apply too.

3) one or more shareholders of the company resulting from the reorganisation who own shares carrying not less than 1/20 of the total number of votes have the right, within 30 days from the day of publication by the administrator of the Register of Legal Entities of the received terms of reorganisation or a reference to the website of the company on which the terms of reorganisation are published giving access to these terms of reorganisation and the date of publication thereof on the website of the company, as laid down in Article 63(9) or (10) of this Law, to require the convening of the general meeting of shareholders of the company resulting from the reorganisation, but the shareholders do not exercise this right.

2. Article 63(2) to (5), Article 64 and Article 65(2) to (5) of this Law shall not apply to the merger by acquisition where the company resulting from the reorganisation holds at least 90% of the shares in the company being acquired, provided that at the request of other shareholders of the company being acquired the company acquires their shares prior to completion of the reorganisation. The provisions of Article 67(4) of this Law shall apply to the redemption of shares.

3. This Article shall not apply to mergers by acquisition if the company resulting from the reorganisation holds all shares of the company being acquired.

Article 71. Split-off of a Company

1. A part of the company resulting from 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 way of division shall apply *mutatis mutandis* to the split-off referred to in paragraph 1 of this Article.

Article 72. Conversion

1. A public limited liability company may be converted 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;

10) small partnership.

2. A private limited liability company may be converted into a public limited liability company or another legal person of one of the legal forms listed in points 2-10 of paragraph 1 of this Article.

3. A company shall be converted 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 converted.

5. A decision on the conversion of a company shall be taken by the general meeting of shareholders. Where a company has different classes of shares, the decision on conversion of the company shall be adopted if approved by a separate vote of each class of shareholders (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 bodies elected by the meeting of members must be elected/formed by a decision on the conversion 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 activities of the legal person of a new legal form;

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

7. A notification of a decision on conversion of a company must be published in a source indicated in the articles of association three times with at least 30-day intervals or it must be published once in the source indicated in the articles of association and all creditors of the company must be notified 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 converting a public limited liability company into a legal person of another 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 takeover bid to buy up the shares of the public limited liability company must be submitted and realised.

9. The provisions of the Law on Securities regulating mandatory takeover bids shall apply to the takeover bid referred to in of paragraph 8 of this Article, unless this paragraph provides otherwise. The takeover bid shall be submitted by the shareholders who voted for the decision on conversion 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 conversion of the public limited liability company or did not vote at all shall be entitled to sell their shares at the time of the takeover bid.

10. A document confirming a decision on conversion of a company must be submitted to the administrator 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 converted from the day of a decision on conversion of the company.

12. When converting a legal person of another legal form into a company, the assets transferred in exchange for the shares of this company must be valued by an independent property valuer in the manner laid down by the legal acts regulating property valuation. The requirements applicable to the asset valuation report shall be set forth in Article 8(8) of this Law.

13. It shall be possible not to comply with the requirement to perform valuation of certain assets as referred to in Article 12 of this Article if shares are issued:

1) for the assets referred to in 45¹(1)(1) and (2) of this Law, provided that the value thereof is determined in compliance with the requirements and procedures specified in that Article;

2) for assets other than transferable securities or money market instruments the value whereof is determined by the values of units of assets on the basis of the sets of audited annual financial statements for the preceding financial year in compliance with the procedures specified in Article 45¹ of this Law in respect of the assets referred to in point 2 of paragraph 1 of that Article.

14. When converting a legal person of another legal form into a company, a property valuation report or the certificate referred to in Article 45¹(5) of this Law must, not later than ten days before the day of adoption of a decision on conversion, be submitted to the administrator of the Register of Legal Entities.

15. When converting a legal person of another legal form into a company, the capital of the company must be not less than the minimum capital specified in Article 2 of this Law. If the

assets of a legal person of another legal form which is being converted into a company prove insufficient to form the minimum capital prescribed by Article 2 of this Law or the liabilities exceed the value of the assets, the members of the legal person being converted shall be entitled to pay additional contributions.

16. When converting 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 elect the auditor or the audit firm to carry out an audit of the set of annual financial statements.

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

18. A company may be converted into a municipal enterprise where all of its shares are held by a municipality.

19. A company may be transformed into an agricultural company if it has at least two 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.

20. A company may be converted into a co-operative company if it has at least five shareholders.

21. A company may be converted into a general partnership or a limited partnership if it has at least two shareholders.

22. (Repealed as of 1 September 2012).

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

24. A company may be converted into a small partnership if all shares are held by natural persons and there are not more than ten such persons.

25. The incorporation documents of a legal person of a new legal form shall be registered in the Register of Legal Entities, and the particulars of the Register of Legal Entities shall be amended upon election/formation of the management bodies 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 documents prescribed by laws. The amended incorporation documents shall become invalid if they are not submitted to the administrator of the Register of Legal Entities within six months from adoption of a decision on conversion of the company.

26. Conversion 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.

Version as of 1 January 2015:

2. A decision on liquidation of a company shall be adopted by the general meeting of shareholders, the administrator of the Register of Legal Entities or a court in the cases specified by the Civil Code. Where the decision on liquidation of the company is adopted by the administrator of the Register of Legal Entities, the company shall be liquidated under the provisions of the Civil Code regulating the liquidation of a legal person at the initiative of the administrator of the Register of Legal Entities.

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 administrator of the Register of Legal Entities, where a decision on liquidation of the company is adopted by the court on the initiative of the administrator, must elect/appoint the liquidator.

Version as of 1 January 2015:

5. The general meeting of shareholders or a court, having adopted a decision on liquidation of a company, must elect/appoint the liquidator.

6. As of the day of the 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 other persons must, *inter alia,* indicate its legal status 'in liquidation'.

8. The general meeting of shareholders may fix another date (other than the day 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 day of adoption of the decision on liquidation of the company.

9. If a company is liquidated because of the expiry of the duration for which the company was incorporated, the general meeting of shareholders must, at least three months before an expiry of this duration, adopt a decision on liquidation of the company and elect the liquidator or adopt a decision on extension of the duration of activities 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 following day after the expiry of duration of activities laid down in the articles of association. If the general meeting of shareholders fails to elect the liquidator within the prescribed time limit, the shareholders whose shares carry at least 1/10 of all votes as well as the administrator 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 three times with at least 30-day intervals between the publications in the source indicated in the articles of association or publish it once in the source 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 administrator 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 ground for the liquidation of the company is the recognition as invalid 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 cumulative 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 not earlier than two months after the completion of all actions laid down in paragraph 10 of this Article.

15. In the event of legal 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 cancelled if at least one shareholder received a portion of assets of the company in liquidation.

17. The documents confirming a decision on liquidation of a company as well as on cancelling the liquidation must be submitted to the administrator 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 powers 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 transfer 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 act of the company. The liquidation act shall describe the process of liquidation and shall confirm the completion of all actions related thereto;

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

7) to cancel a link to the company's website, if the company has one.

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 end 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 removed according to the procedure laid down in the Civil Code.

CHAPTER NINE
BRANCHES OF FOREIGN COMPANIES

Article 75. Opening, Activities 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 incorporated in the Member States of the European Union;

2) branches of the companies incorporated 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 points 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 opened 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 other persons must contain the information referred to in Article 2.44 of the Civil Code about the foreign company which has opened the branch and indicate the register which accumulates and stores particulars of the branch of the foreign company as well as the registration number 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 accordance with the procedure laid down by the Government in the electronic journal for public notices published by the administrator of the Register of Legal Entities or the notice must be published in this journal once and given to all creditors 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 two 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 safeguard for the discharge of obligations. Disputes over the discharge of obligations or additional safeguard 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 administrator of the Register of Legal Entities if obligations have not been discharged or additional safeguard 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 decision if a dispute over the discharge of the obligations or additional safeguard 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 to enterprises according to the procedure laid down in the Law on Documents and Archives.

The supplementation with paragraph 11 shall enter into force on the day of launching of the system of interconnection of central, commercial and companies registers of the Member States of the European Union:

11. Upon receipt of information transmitted through the system of interconnection of central, commercial and companies registers of the Member States of the European Union about the opening of winding-up proceedings of a limited liability company incorporated in another Member State of the European Union or a state of the European Economic Area, opening or termination of conversion or reorganisation proceedings or proceedings of the transfer of the registered office of a limited liability company incorporated in another Member State of the

European Union or a state of the European Economic Area to another Member State of the European Union or a state of the European Economic Area, the administrator of the Register of Legal Entities shall forthwith, but in no case later than the following working day from the day of receipt of this information inform the branch of this company. As of the day of receipt by the administrator of the Register of Legal Entities of information on the opening of the proceedings referred to in this paragraph, the branch of the company shall acquire the status of respectively the branch of a foreign company in liquidation, the branch of a foreign company being converted, the branch of a foreign company being reorganised or the branch of a foreign company transferring its registered office to another Member State of the European Union or a state of the European Economic Area and shall lose the status on the day of receipt by the administrator of the Register of Legal Entities of information on the termination of those proceedings. In such cases, paragraphs 7, 9 and 10 of this Article shall apply *mutatis mutandis*.

The supplementation with paragraph 12 shall enter into force on the day of launching of the system of interconnection of central, commercial and companies registers of the Member States of the European Union:

12. Upon receipt of information transmitted through the system of interconnection of central, commercial and companies registers of the Member States of the European Union about the opening or termination of insolvency proceedings (bankruptcy, restructuring or other equivalent proceedings applicable to an insolvent company) of a limited liability company incorporated in another Member State of the European Union or a state of the European Economic Area, the administrator of the Register of Legal Entities shall forthwith, but in no case later than the following working day from the day of receipt of this information inform the branch of this company. As of the day of receipt by the administrator of the Register of Legal Entities of information on the opening of the proceedings referred to in this paragraph, the branch of the company shall acquire the status of the branch of an insolvent foreign company and shall lose the status upon the day of receipt by the administrator of the Register of Legal Entities of information on the termination of those proceedings. The manager of the branch of the foreign company must forthwith publish this information in the electronic journal for public notices published by the administrator of the Register of Legal Entities in accordance with the procedure laid down by the Government and not later than on the first day of publication notify all creditors thereof in writing.

The supplementation with paragraph 13 shall enter into force on the day of launching of the system of interconnection of central, commercial and companies registers of the Member States of the European Union:

13. A branch of a foreign company may, at the initiative of the manager of the branch, be removed from the Register of Legal Entities prior to removal from the Register of the foreign company, except for the cases when the foreign company has been removed from the Register upon conversion or reorganisation of the company or transfer of its registered office to another Member State of the European Union or a state of the European Economic Area.

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 extract 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 incorporation 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 incorporated;

Version as of 1 October 2014:

3) the set of annual financial statements of the foreign company and annual report (if prepared) accompanied by the auditor's report (in cases where the audit has been carried out or must be carried out under laws), as well as, if drawn up, the set of annual consolidated financial statements and the consolidated annual report (if prepared) accompanied by the auditor's report (in cases where the audit has been carried out or must be carried out under laws), where these documents have been drawn up/prepared, audited and disclosed according to the law of the state in which the foreign company is incorporated;

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

2. If the set of annual financial statements of the foreign companies referred to in Article 75(1)(3) 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 point 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 points 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 international treaties.

4. The foreign companies referred to in Article 75(1)(1) and (2) 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, registration number and the administrator of the register of the selected branch.

5. In addition to the documents referred to in paragraph 1 of this Article, the foreign companies referred to in Article 75(1)(3) of this Law must at least once a year submit to the Register of Legal Entities a document supporting 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 point 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 activities of the branch;

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

4) particulars of the persons who, as members of the bodies 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;

5) the information whether the persons referred to in point 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 term of office, if such is laid down;

6) 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 Article 75(1)(1) and (2) 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 Article 75(1)(3) 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 Article 22(3) and (4), 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 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 exceeds EUR 100 000 within the period of 12 months, an information document must be prepared 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 Bank of Lithuania shall provide details of the content of the information document and specify the cases when the preparation of the document is not required.

3. Private limited liability companies incorporated before 1 January 2014 which have more than one shareholder and whose shareholders or particulars thereof did not change from 1

January 2014 until 1 July 2014 must submit the particulars of their shareholders as referred to in Article 41^1(2)(2) to (6) of this Law to the administrator of the Information System of the Members of Legal Entities by 10 July 2014.

4. The provisions of this Law on the allocation of dividends for a period shorter than a financial year shall not apply to banks, other credit and financial institutions, the operator of a regulated market as defined in the Law on Markets in Financial Instruments, the Lithuanian Central Securities Depository and insurance and reinsurance enterprises.

5. If a company's memorandum of incorporation or deed of incorporation were drawn up until 31 December 2014, but the documents necessary for the registration of the company in the Register of Legal Entities are planned to be submitted to the administrator of the Register of Legal Entities after this date, the amount of the capital and the nominal value of shares in the company's memorandum of incorporation or the deed of incorporation and the articles of association shall be denominated in euro at the accuracy of euro cents.

6. If a decision of the general meeting of shareholders to amend the articles of association was adopted until 31 December 2014, but the amended articles of association are planned to be submitted to the administrator of the Register of Legal Entities after this date, the amount of the capital and the nominal value of shares in the articles of association shall be denominated in euro at the accuracy of euro cents. The nominal value of shares shall be redenominated to the euro at the accuracy of euro cents in accordance with the procedure laid down by the Law of the Republic of Lithuania on the Euro Adoption in the Republic of Lithuania. The amount of the capital shall be equal to the sum of nominal values of all subscribed shares of a company in euro at the accuracy of euro cents.

7. This Law shall regulate the amendment of the articles of association of the companies incorporated until 31 December 2014, when they amended due to redenomination of the capital and of the nominal value of shares from the litas to the euro and discharge of other obligations arising due to the euro adoption to the extent that the Law of the Republic of Lithuania on Redenomination to the Euro of the Capital and of the Nominal Value of Securities of Public Limited Liability Companies and Private Limited Liability Companies and Amendment of the Articles of Association of These Companies does not stipulate otherwise.

8. As of 1 January 2015, the articles of association of companies as submitted to the Register of Legal Entities must indicate the amount of the capital and the nominal value of shares in euro at the accuracy of euro cents.

Article 79. Entry into Force and Implementation of the Law

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

2. As of the entry into force of this Law, Law of the Republic of Lithuania on Companies (Law No I-528) (Official Gazette., No 55-1046, No 102-2050, 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 the reorganisation and liquidation of companies, where decisions on the reorganisation and liquidation thereof were adopted prior to 30 June 2001.

3. Republic of Lithuania Law No VIII-1835 on Companies (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, 2003) shall apply to the reorganisation and liquidation of the companies decisions on whose reorganisation and liquidation 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 'manager of a company's administration' used in other legal acts shall correspond to the term the 'company's 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 administrator 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. Prior to the commencement of operation of the Register of Legal Entities:

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

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

3) the time limits which must, in the cases specified by this Law, run from the publication by the administrator 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