

# B Y – L A W S OF JOINT-STOCK COMPANY "DVARČIONIŲ KERAMIKA"

## I article. Common part.

1.1. **Joint-Stock company "DVARČIONIŲ KERAMIKA"** (hereinafter referred to as "Company") is a company that Authorized capital is divided into parts called shares. The Company was established on establishing contract basis signed by founders for an indefinite period in accordance with the Law of Joint-Stock Companies, other Laws of the Republic of Lithuania, and the Civil Code of the Republic of Lithuania.

1.2. The Company's Legal form: joint-stock company.

Company is a limited civil liability private legal person having own stamp where is written "Republic of Lithuania, Vilnius, Joint-stock company "Dvarčionių keramika", account in a bank registered in the Republic of Lithuania, following in its activities By-laws of the Company, the Civil code of Lithuania other Laws and Law acts of the Republic of Lithuania.

1.3. The assets of the Company separate from assets of the Shareholders. In accordance with its obligations Company is responsible with its owned assets. The Shareholders with their obligations are responsible with a value that must pay for the Shares of the Company and in following Laws and Law acts of the Republic of Lithuania. The Company is not liable under the obligations of shareholders, and the latter is not liable under the company's obligations, other than the law or the company's foundation documents provided in.

1.4. The business year of the Company shall be a calendar year.

1.5. The Company's headquarters address: Keramikų str. 2, LT-10233 Vilnius, Republic of Lithuania.

## 2 article. Targets and object of the company's activity.

2.1. The Company's activity targets and object – to satisfy interests, earn profit from production of ceramic wall and floor tiles and other ware, services, wholesale and retail trade. The company will carry out the economic commercial activities:

- 14.22 Mining of clay and kaolin
- 22.22 Other, not posted, printing.
- 22.25 Supporting, printing related activity.
- 24.12 Production of dyes and pigments.
- 24.13 Production of other basic inorganic chemicals.
- 24.30 Production of paints, varnishes and similar coatings, printing inks and mastics.
- 24.62 Manufacture of glues and gelatin production.
- 24.66 Production of other not posted chemicals.
- 26.25 Production of other ceramic products.
- 26.40 Production of encaustic clay bricks, tiles, and construction products.
- 26.82 Production of other, not posted non metallic mineral products.
- 40.11 Production of electricity.
- 40.12 Transmission of electricity.
- 40.13 Distribution of electricity and sale.
- 40.21 Manufacture of gas.
- 40.22 Piping and sale of gaseous fuels.
- 40.30 Steam and hot water supply.
- 41.00.20 The supply of water to enterprise.
- 41.00.30 The supply of water to private sector.
- 45.21 General construction of buildings and civil engineering works.
- 45.43 Floor and wall covering.
- 45.44 Painting and glazing.
- 51.53 Wood, construction materials and sanitary equipment wholesale.
- 51.54 Hardware, plumbing, heating equipment and implement wholesale.
- 51.55 Wholesale of chemical products.

- 51.90 Other wholesale.
- 52.12 Other retail sale in non-specialized stores.
- 52.25 Hard and other drinks retail sale.
- 52.26 Retail sale of tobacco products.
- 52.46 Retail sale of hardware, paint and glass.
- 52.48 Other retail, etc. specialized, retail in specialized stores.
- 52.63 Other retail sale not in stores.
- 60.24 Freight transport by road, etc. special transport.
- 63.11 Cargo handling.
- 63.12 Storage and warehousing.
- 63.40 Activity of other transport agencies.
- 70.20 Leasing of real estate owned property or other right.
- 72.10 Hardware consultancy.
- 72.22 Other software consultancy and supply.
- 72.50 Accounting and computer equipment maintenance and repair of institution.
- 72.60 Other computer related activities.
- 74.14 Business and management consultancy activities.
- 74.20 Architectural and engineering activities and related technical consulting.
- 74.30 Technical testing and analysis, etc. materials testing, certification.
- 74.40 Advertising.
- 74.82 Packaging activities.
- 74.87 Other not classified business activities, etc. fairs, exhibitions organizers activities.
- 93.04 Physical well-being activities.
- 93.05 Other not classified service activities.

2.2. Licensed activity is carried out only with all the necessary licenses (permits) under the laws of the Republic of Lithuania in accordance, which is provided as required by law of business.

2.3. The company has the right to:

- 1) Purchase or otherwise acquire assets, as well as sale, lease, mortgage or otherwise dispose in accordance with the laws of Republic of Lithuania manner prescribed;
- 2) Enter into contracts, commitments and have other rights and obligations if they comply with the laws of the Republic of Lithuania;
- 3) To lend and borrow money in accordance with the law of the Republic of Lithuania. Borrowing from its shareholders, the company has no right to pledge its assets to shareholders. When the Company is borrowing from a shareholder, interest shall not exceed the lender's residence or place of business commercial banks average interest rate in force at the time of the loan contract. In this case is forbidden for the Company and its shareholders not to agree on a higher interest rate;
- 4) To identify prices, rates and tariffs for their products, services and other resource, except cases provided by the laws of the Republic of Lithuania;
- 5) To establish their branches or representative offices, be as founder or sharer of establishing of other legal bodies;
- 6) To hire and dismiss its personnel, to determine their rights and responsibilities, salaries, in accordance with Lithuanian laws and legislation;
- 7) To join into associations, concerns and consortiums if it if comply with the law of Competition;

2.4. The company has no right directly or indirectly to pay in advance, to give a loan or to ensure the fulfillment of the obligations, if the acts are intended to allow other persons to purchase shares of the Company.

2.5. If the company has not paid to creditors within the prescribed period and the total arrears to these creditors is more than 1 / 20 of the company's share capital it before deciding to invest funds or other assets to another legal body shall notify the creditors.

**3 article. The value of Authorized capital of the Company, the exchange procedure. Number of shares in accordance with the types and classes, nominal value.**

3.1. The Authorized capital of the Company consists of contributions of shareholders and is **19 810 920** (nineteen million eight hundred ten thousand nine hundred twenty) litas. It is divided into **9 905 460** (nine million nine hundred five thousand four hundred sixty) ordinary registered shares with nominal value 2 (two) litas.

3.2. The Company's ordinary registered shares are not material and preferred nominal with cumulative dividend without voting rights, not material. The nominal value of preferred shares can't be more than 1/3 of Authorized capital. Not

material shares of the Company are recorded in private shareholders stock-accounts. Private stock-accounts of shareholders of the Company are administrated regarding stock market legislation procedures. Personal stock-accounts are opened for the Company's shareholders without the contracts between the company and the shareholder. A shareholder has the right to choose where to have a stock-account – in the company or Brokerage Company. Partly-paid not material shares are marked to stock-account of the body that has signed for these shares with the entry – paid amount for those shares, missing amount until the full payment and maturity. These data also are indicated in the issue that is given to shareholder from its stock-account statement.

3.3. Preferred registered shares with a cumulative dividend rate set at 5 per cent of the nominal value of the shares. The owning of preference shares with cumulative dividend guarantees the holder the right to the amount of dividend that is indicated. If is not enough of the distributable profits for the whole dividend is set for preferred share holders to pay, they paid in proportion to the reduced amount. Outstanding amount carried forward to subsequent financial years.

3.4. The Company's Authorized capital is increased by the general meeting a decision taken at least 2/3 of all meeting of shareholders participating in the majority of the shares granted. The issue of new shares or increase the nominal value of shares the Company can only be when is fully paid up its Authorized capital (the last release issued share price). The document confirming the decision to increase the share capital, within 10 days of the decision must be submitted to the Registrar of legal bodies.

3.5. The increase Company's Authorized capital with additional shareholders or other bodies' contributions can only be issuing of new shares. Increase Company's Authorized capital from Company funds - retained earnings, share premium and reserves (excluding acquisition of own shares and compulsory reserve) can increase nominal value of previously issued shares, or by issuing new shares which are issued for free to shareholders regarding the Company Law procedures. Increasing the share capital in this way is guided by the general meeting of shareholders of the company's financial statements or interim financial statements, consisting of no more than 3 months before the general meeting of shareholders, the Company Law procedures. If the company recorded losses in the balance sheet, with the share capital may be increased only by the revaluation reserve.

3.6. If the body that signed shares shall not pay in the contract of subscription prescribed period for the shares, it is considered that the shares acquired by the Company and the share subscription contract with that body is not valid, the contribution money are not returnable. Not later than 12 months after the subscription deadline The Company must dispose to the property of other bodies or reduce the share capital of repealing the shares.

3.7. If the company subjected incorrect or not incomplete data required by the Company Law in shares signing contract, the body who signed up the share is entitled to make a written request for the return of his contribution for signed shares till replaced the Company's Authorized share capital increase in the By-laws of the Company. The Company shall promptly return the contribution without any deductions.

3.8. The Authorized capital of the Company may be decreased according to resolution of the General meeting of Shareholders, according to the Company Law cases - the court decision. The resolution of General meeting of Shareholders shall be deemed adopted if the resolution is supported by at least 2/3 of all participants of meeting of shareholders in the majority of the shares votes granted to shareholders. The share capital may be decreased only in the following ways:

- 1) decreasing the nominal value;
- 2) the withdrawal of shares.

The decreased Authorized capital shall not be less than defined minimum Authorized capital of the Company by Company Law.

3.9. The Company, before decreasing Authorized capital must firstly withdraw its shares which are acquired by the Company or its subsidiaries, and the remaining nominal value of shares or number of shares to all shareholders must be decreased in proportion to their reduced-owned shares, that they have in changed by-laws of the Company of legal bodies register at the closing the day, of the nominal value according the Company law.

3.10. Changed by-law of the Company with decreasing Authorized capital must be delivered to the Register of Legal Bodies, after performed all steps, settled by the Company Law, but not earlier than 3 months after the day of Register of Legal Bodies publication about the decision of the general meeting of shareholders or the court's decision to decrease the Company's Authorized capital, except cases, provided by the Company law. After registering changed by-laws in the Register of Legal Bodies, the Company within one working day must submit to Lithuanian Central Securities Depository required documents for changing records of stock accounts accordingly.

3.11. The decision to decrease the Company's Authorized capital must be reported for each creditor of the Company

undersign or by registered mail. In addition, the decision to decrease Authorized capital must be published in the daily newspaper "Respublika" or it must be notified to each shareholder of the Company undersign by registered mail.

3.12. Company's ordinary registered shares may be converted into preference shares. Company's preference shares may be converted into ordinary shares on the decision of General Meeting of Shareholders if not less than 2/3 majority on that decision by voting separately supports shareholders of each class of shares. Converting preference shares with cumulative dividend into ordinary shares, the company must fully pay to the holders of preferred shares or commitment to pay the arrears not later than ends following financial year.

3.13. The Company has the right and may acquire its own shares in accordance with the Company Law and decision of General Meeting of Shareholders, if there is made reserve for acquiring own shares, an amount is not less than the purchasing value of own shares. There is forbidden for the Company to acquire not fully paid its own shares, except case, defined by Company Law.

#### **4 article. The rights of shareholders. The course of transferring of ordinary registered shares to the other bodies, providing the documents and other information of the Company to the shareholders.**

4.1. Shareholders have the following property rights:

- 1) to receive a certain portion of the Company's profit (dividend);
- 2) to receive a portion of the property of the Company in liquidation;
- 3) to receive shares free of payment if the authorized capital of the Company is increased from the Company's means, except for cases foreseen in the Company Law;
- 4) to receive funds of the Company in cases when the Authorized capital of the Company is decreased for the purpose of disbursement of funds of the Company to the shareholders.
- 5) to have a priority right in acquiring the newly issued shares of the Company or convertible bonds unless the General Meeting of Shareholders adopts a decision to recall this priority right in regard with all shareholders and according to the appropriate order established in the Company Law;
- 6) to lend the Company according to set law manners, but the Company, borrowing from its shareholders has no right to mortgage its property to shareholders. The interest shall not exceed the average interest rate of commercial bank in the lender's place of residence or business in force at the time of the loan contract when the Company is borrowing from the shareholder. In this case it is prohibited to the Company and its shareholders to agree on a higher interest rate;
- 7) other property rights specified by the Republic of Lithuania Company Law and other laws.

4.2. The right of shareholders of ordinary registered shares to dividends is implemented only after the implementation of the preferred registered shares with a cumulative dividends shareholders property rights. Only shareholders of ordinary registered shares are entitled to new shares, which are released when the Company's retained earnings or profits distributed up of reserves according to the appropriate order established in the Company Law when increases Authorized capital. If Authorized capital increase from share premium and revaluation reserve, preference registered and ordinary registered shareholders have equal rights to new shares.

4.3. Shareholders have the following non-property rights:

- 1) to participate in the General Meetings of Shareholders;
- 2) to submit the questions related to the agenda of General Meeting of Shareholders to the Company in advance;
- 3) according to the rights provided by shares to vote at the General Meetings of Shareholders;
- 4) to receive information on the Company's activity specified in the Company's Law;
- 5) according to established order to apply to court with a claim asking to cover the Company's losses caused by non-fulfillment or improper fulfillment of the Company's head's or the Company's Board's members' functions foreseen by the Company Law, the By-laws of the Company as well as in other cases foreseen by laws.

4.4. Each fully paid (except for cases specified in the Company Law) ordinary registered share of the company provides its owner with one vote at the General meeting of shareholders. Preference registered shares with cumulative dividend have no voting rights.

4.5. Shareholder, unless he has acquired all the shares are not eligible to vote in the decision on pre-emption right to purchase the Company's issued shares or convertible bonds for cancellation, if the general meeting agenda provides for the right to acquire the securities given to him, his nearest relative, shareholder's spouse or cohabiting partner, when there is registered partnership by the procedure prescribed by law and a nearest relative of shareholders spouse, shareholder is a natural person, as well as shareholder or shareholders of the parent company subsidiary, when the shareholder is legal body.

4.6. Shareholders have no other property obligations to the Company, except obligation to pay all shares in issue price

according to the appropriate order. The initial contribution in cash of each body that has signed the shares shall be not less than 1/4 of nominal value of subscribed shares and the total subscription of shares in the nominal value of the excess amount. The rest of subscription of shares may be paid both in cash and non-cash contributions.

4.7. Joint-stock company has no right to derogate the right of shareholders in accordance with the Company Law or other legislative procedures to transfer fully paid shares in the ownership of other bodies, except case provided by the Company Law.

4.8. A shareholder has no right to transfer to other bodies not fully paid shares. When the Authorized capital is increased, undersigned body may transfer their signed and fully paid shares to other bodies only after the by-law of the Company after amendments to the increase of Authorized capital registered in the Register of Legal Entities.

4.9. The transfer of not material shares if fixed by records into supplier's and purchaser's personal stock accounts. After their deal regarding transfer of not material shares, counterparties must submit a written agreement which, among other terms of the contract must indicate the list of data dedicated in the Company Law.

4.10. If the General Meeting of Shareholders decides to cover the losses of the Company with additional contributions of shareholders, the shareholders that voted "placet" must pay. Shareholders who did not attend the General Meeting of Shareholders or voted against such decision shall have the right not to pay additional contributions.

4.11. Shareholder has the right to authorize another person to manage his shares, to vote for him at the General Meeting of Shareholders, to sell or buy shares, carry out any other legal action, after the approval of its authorization (natural person) notary or (legal entity) the head's signature and stamp.

4.12. Upon a shareholder's written demand, the Company not later than 7 days from the date of receipt of written demand concerned, has to create conditions for the appropriate shareholder to inspect and (or) to get copies of the following documents: the Company's by-laws, sets on annual financial accounts, annual reports, auditor's conclusions and reports, the Minutes of the General Meetings of Shareholders or other documents the Meeting resolutions have been documented upon, the lists of shareholders, the lists of the Board members and other documents to be documented upon the Company's bodies' decision provided these documents do not disclose Company's confidential information and do not contain commercial (industrial) secrets. A shareholder or a group of shareholders owning or managing more than 1/2 shares after having provided the Company with written and prepared upon established form obligation not to disclose the Company's confidential information, commercial (industrial) secrets, should have the right to inspect all the Company's documents. Refusal to provide the documents of the Company may be documented in writing upon a shareholder's demand. Disputes regarding the shareholder's right to information shall be settled in court.

4.13. Company's documents, their copies or other information should be provided to shareholders when fee equal to costs to prepare such information is paid, which calculates the accountancy of the Company.

#### **5 article. Company's management. Company governing bodies.**

5.1. The Company has a General Meeting of Shareholders, the collegial governing body – Board and governing body – the sole Company's head.

5.2. The company's governing bodies must act in behalf of the Company and its shareholders, to comply with laws and other legislations and guide on By-law of the Company. The plaintiff in the cases of nullity the decisions of the corporate bodies can bring shareholders, creditors, Company's head, board members or other bodies intended statutory entities not later than 30 days from the date the claimant knew or should have known of the contentious decision.

#### **General Meeting of Shareholders**

5.3. In General Meeting of Shareholders or in Repeated General Meeting of Shareholders shall be entitled to attend and vote bodies, that at the end of the record date of General Meeting of Shareholders (the record date is the fifth business day before the General Meeting of Shareholders or the fifth business day before the Repeated General Meeting of Shareholders) were the Company's shareholders, personally, with the exception of the laws, or their authorized bodies, personally, or bodies for which was made the transfer of voting rights. In addition, to attend to participate in the meeting and right to talk have board members, Company's head, an auditor which prepared opinion and report.

5.4. The General Meeting of Shareholders has exclusive right to:

- 1) change the company's by-laws, except the cases provided by Company Law;
- 2) recall the Board or its members elected by the General Meeting of Shareholders;
- 3) select and recall the audit firm, to determine the payment terms for audit services;
- 4) determine class, number, nominal value and the minimum price of the Company's issued shares;
- 5) make a decision to convert one class shares of the Company of another, to approve the order of conversion of shares;
- 6) approve the set of annual reports;
- 7) make a decision on the profit (loss) distribution;
- 8) make a decision on creation of a reserve, usage, decrease or destruction of it;
- 9) make a decision to issue convertible bonds;
- 10) make a decision to cancel all the shareholders preferential right to acquire the shares of the specific issue or convertible bonds;
- 11) make a decision to increase the Authorized capital;
- 12) make a decision to decrease the Authorized capital except the cases provided by Company Law;
- 13) decide the company to acquire its own shares;
- 14) decide on the company's reorganization or separation and to approve the conditions of reorganization or separation;
- 15) make a decision to reorganize the company;
- 16) make a decision to restructure the company;
- 17) make a decision to liquidate the company, revoke the company's liquidation, except the cases provided by Company Law;
- 18) select and cancel the company's liquidator, except the Company Law exceptions;

5.5. The General Meeting of Shareholders may also gather other issues assigned to its jurisdiction by the Company's By-laws, if it's not assign by the Companies Law under the jurisdiction of other governing bodies, and if it is not in accordance with the essence of the governing bodies function.

5.6. The participants of General Meeting of Shareholders registries in the registration list of shareholders, indicating the number of votes that each shareholder shall confer on its shares. This list is signed by the chairman of the meeting and the secretary (except cases provided by the Company Law).

5.7. General meetings of shareholders must protocol (except cases provided by the Company Law). Protocol must be drawn up and signed not later than 7 days after the General Meeting of Shareholders. It must be signed by the Chairman and the Secretary may jointly sign and persons, authorized by General Meeting of Shareholders. The participants of the General Meeting of Shareholders shall have access to the protocol, and within 3 days from the access moment, but not later than 10 days after the day of General Meeting of Shareholders to submit written comments or views on the facts contained in the protocol and on the chronicle of the protocol. To the protocol must be attached: registration list of shareholders that participated in the General Meeting of Shareholders, authorizations and other documents certifying the right to vote, the voting slips of shareholders that voted in advance in writing, documents proving the votes got by electronic communication, documentation proving that shareholders were informed about the General Meeting of Shareholders; comments on the protocol and the conclusion from comments of protocol of signed bodies.

5.8. The General Meeting of Shareholders can accept decisions and is considered as passed when participating shareholders owned shares have more than 1/2 of the total votes. If there is no quorum, the repeated General Meeting of Shareholders can be convened not earlier than 14 days and not later than 21 days after non-passed General Meeting of Shareholders, which must make decisions only by default agenda of non-passed meeting and which do not require a quorum. Meeting of the Decision shall be deemed accepted when it received more placet votes than the shareholders' non placet votes if the Company Law or the Company's By-laws do not intend a larger majority. The General Meeting of Shareholders with a qualified majority, which may contain not less than 2/3 of participant's of the meeting votes, can decide:

- 1) change the company's by-laws, except the cases provided by Company Law;
- 2) determine class, number, nominal value and the minimum price of the Company's issued shares;
- 3) convert one class shares of the Company of another, to approve the order of conversion of shares;
- 4) on the profit (loss) distribution
- 5) on creation of a reserve, usage, decrease or destruction of it;
- 6) to issue convertible bonds s;
- 7) to increase the Authorized capital;
- 8) to decrease the Authorized capital except the cases provided by Company Law;
- 9) on the Company's reorganization or separation and to approve the conditions of reorganization or separation;
- 10) on the Company's reorganization;
- 11) on the Company's shake-up;
- 12) to liquidate the company, revoke the company's liquidation, except the cases provided by Company Law.

- 5.9. On a qualified majority of votes, which cannot be less than 3/4 of participant's of the meeting votes, can be accepted the decision to cancel the priority right for all shareholders to acquire the Company's issued a specific issue of shares or the Company issued a specific issue of convertible bonds
- 5.10. The right of initiative to convene a General Meeting of Shareholders has the board and the shareholders whose owned shares carry not less than 1/10 of total votes. The General Meeting of Shareholders shall be convened by the Board (or the Company's head – if there is not more than a half of number of the Board members, indicated in the By-laws of the Company, or when in the cases and limits indicated by the Company Law Company's board do not convene a General Meeting of Shareholders) decision. The General Meeting of Shareholders may be convened by shareholders who owned shares have more than 1/2 of all the votes, the Company's board and the Company's head (above mentioned cases) did not reached a decision to convene a general meeting within 10 days of the initiators of meeting indent is receipt.
- 5.11. The Company's Board, head, other bodies or institution, that decided to convene a General Meeting of Shareholders supply information and documents required for the notification of the convening of General Meeting of Shareholders to prepare. The Company's head publishes notification on the meeting date, time, place, agenda and other data required by Company Law, publishes openly in the Republic of Lithuania and all other European Union Countries, as well as the European Economic Area countries in accordance to the Securities Law procedures but not later than 21 days before the General Meeting of Shareholders. If the General Meeting of Shareholders did not pass, about repeated General Meeting of Shareholders must be notified in the way described in this article and not later than 14 days before repeated General Meeting of Shareholders. Repeated General Meeting of Shareholders must convened not earlier than 14 days and not later than 21 days after not passed General meeting of Shareholders. About the documents, proving that the shareholders were informed on convening the General Meeting of Shareholders must be informed at the beginning of the meeting.
- 5.12. The General Meeting of Shareholders must take place annually, not later than 4 months after the end of the financial year.
- 5.13. The Agenda of General Meeting of Shareholders is preparing the Company's board or in the cases referred in Article 5.13 - head. It may be supplemented by shareholders who owned shares carry no less than 1/10 of total votes according to Company Law procedures and deadlines.
- 5.14. If there is in the agenda of General Meeting of Shareholders provided any cancelation of members of the corporate bodies or the audit firm, the agenda should include the election of new members to the Company's bodies or a question with selection of a new audit firm.
- 5.15. Not later than 10 days before the General Meeting of Shareholders must be given the possibility to access documents of the Company relating to the meeting Agenda, including the draft decisions and a the indent of convention initiators of General Meeting of Shareholders proposed to the Board or head of the Company in cases under Article 5.13. If a shareholder wishes in writing, Company's head, must provide all the draft decisions not later than 3 days after receiving the written request by the shareholder undersign or send by registered mail.
- 5.16. An extraordinary General Meeting of Shareholders must be convened in case:
- 1) the Company's Owners Funds became less than 1/2 of Authorized capital provided in the By-laws of the Company and this subject was not discussed during General Meeting of Shareholders;
  - 2) it is remained less than 2/3 of elected board members then the minimum number indicated by Company Law;
  - 3) resigns or cannot continue its function the head of the Company that was elected by the General Meeting of Shareholders;
  - 4) the audit company brakes the contract with the Company or for other reasons is unable to verify the company's annual financial statements, if audit is required under the Company Law or By-laws of the Company;
  - 5) it is required by shareholders that have right of initiative to convene the General Meeting of Shareholders, board;
  - 6) it is required under the Company Law and other law of republic of Lithuania or Company's By-law.
- 5.17. The General Meeting of Shareholders may be convened on decision of court in cases provided by the Company Law of Republic of Lithuania.

#### **Board.**

- 5.18. The Board is a collegial governing body of the Company. Board contains from 5 members, elected for four years by the General Meeting of Shareholders. If members of the board are elected separately, they are elected only till the end of term of acting Board. The Board elects the chairman from its members. Work of the Board is determined by the

rules of procedure adopted by the Board. For the activities for its members may be paid Bonuses according the Company Law.

5.19. To the member of the board can be elected only a natural person. The number of terms of board member is not limited. Member of the board cannot be: a person who by law may not perform those duties. Board member may resign from the board member before the end of term, on at least before 14 days in written noticing of the company. The General Meeting of Shareholders may withdraw the entire board or its separate members before the end of their term.

5.20. The Board shall consider and approve:

- 1) the Company's business strategy;
- 2) the Company's annual report;
- 3) the Company's governance structure and staff posts;
- 4) staff posts, to which employees must contest;
- 5) the regulations of Company's branches and representative offices.

5.21. The Board elects and recalls the Company's head, determines his wage and other terms and conditions of labor contract, official regulations, promotes and penalties. The Board shall determine the information is considered the company's commercial (industrial) secret.

5.22. The Board adopts:

- 1) the Company's decisions, to become a founder, member of foundation of other legal bodies;
- 2) the Company's decision to set up branches and representative offices;
- 3) the decisions on long-term assets investment, transfer, lease with a net book value is more than 1/20 the Company's Authorized capital (calculated separately for each transaction type);
- 4) the decisions on long-term assets pledges and mortgages with a net book value is more than 1/20 the Company's Authorized capital (calculated on the total amount of transactions);
- 5) the decisions on obligations of other body for an amount greater than 1/20 the Company's Authorized capital, to performance guarantee or securities;
- 6) the decisions to acquire fixed assets at a price of more than 1/20 the Company's Authorized capital;
- 7) the decisions for credit and loans;
- 8) the decisions concerning the obligations to which the carrying value is more than 1/20 the Company's Authorized capital;
- 9) in the cases provided by The Company Restructuring Law - the decision to restructure the company;
- 10) other decisions assigned by the Company's By-laws or the decisions by General Meeting the Shareholders to its competence. The Board, before deciding to invest funds or other assets to another legal body, must inform the creditors to whom the company has not paid within the prescribed period if the total amount of indebtedness to these creditors is more than 1/20 the Company's Authorized capital.

5.23. The Board analyzes and evaluates the submitted information by head of the Company about:

- 1) the Company's business strategy;
- 2) the organization of Company's activity;
- 3) the Company's financial condition;
- 4) economic performance, income and expenditure, inventory and other changes of assets in accounting data;
- 5) the set of Company's annual financial reports, a profit (loss) distribution project and in a conjunction with the company's annual report provides to the General Meeting of Shareholders.

5.24. The expenses of the members of the board, related to activities beneficial to the company and work related activities, that is participation in seminars, exhibitions, forums, attracting investors, events, client seeking, in Lithuania and abroad, shall be covered by the company.

5.25. The Board is responsible for the convening of General Meetings of Shareholders and preparation in time.

5.26. The imitative right to convene the Board Meeting has each member of the board. The Board can accept decisions and the meeting passes when there participate 2/3 and more members of the board. Each Board Member has one vote. Board's decision is hold us adopted, when it receives more votes placet votes than non placet. If the number of votes "placet" and "non placet" is equal, the Chairman of the Board has determined vote. The Company's head must be invited into each Board Meeting if he is not a member of Board. Board meetings must protocol.



### **Company's head, his competence, election and cancellation procedures.**

5.27. The Company's head is the sole governing body of the Company.

5.28. The Company's head during acting is guiding by laws, other legislations, the Company's By-Law, and decisions of General Meeting of Shareholders and Board Meeting, Staff Regulations.

5.29. The Company's head is General Director.

5.30. The Company's General Director is elected and cancelled, his wage is fixed, determined his Staff Regulations, is promoted and penalties by Company's Board. A Labor Contract with the Company's head is signed by the Board Chairman or other Board authorized person. On the Company's head election or cancelation and termination of the contract with him on other grounds, Chairman of the Board or the Board authorized person must not later than 5 days notice to Register of Legal Bodies. Labor disputes between the company and head of the Company are judged in court.

5.31. General Director of the Company:

- 1) organize the daily activities of the Company, hires and dismisses employees, establish and terminate employment contracts with them, encourage them and impose penalties;
- 2) sets asset of Company depreciation guidelines;
- 3) makes statements and all the transactions on behalf of the Company's shall be signed individually. The transactions made according to these By-law's articles 5.22 subsections 3, 4, 5, 6, 7 and 8 the company's head can sign only the Company's board decided to conclude such transactions.
- 4) must keep the Company's commercial (industrial) secret, which got know in performing these duties.
- 5) opening and closing bank accounts;
- 6) put matters to discuss to the Company board and General Meeting of Shareholders;
- 7) represent the company in court, in relation to other legal and natural persons;
- 8) manner prescribed by law is responsible for damage caused to the Company.
- 9) deputies to perform those functions that are within its competence;

5.32. Company's General Director is responsible for:

- 1) organization of Company's activities and realization of its goals;
- 2) set up a set of annual statements and the company's annual report preparation;
- 3) contracting with an auditing firm, when the audit required by law or By-laws of the Company;
- 4) providing information and documentation to the General Meeting of Shareholders and the Board in cases determined of the Company Law or at their request;
- 5) providing the Company's documents and data to the Register of Legal Bodies;
- 6) providing the Company's documents to the Securities Commission and the Lithuanian Central Securities Depository;
- 7) announcing publically the determined information by Company Law;
- 8) providing information to shareholders;
- 9) providing documents referred in agreement with the audit firm necessary for inspection;
- 10) performing any other duties determined by the Company Law and other laws and legislation, as well as by the Company's By-laws and the company's chief staff regulation.

### **6 article. Procedure of announcement of the Company's notifications.**

6.1. Notification on the proposal the priority right to buy Company shares or convertible bonds and the term within which this right may be exercised, should be published in the daily newspaper "Respublika" Notification not later than the first public announcement in the daily newspaper "Republic" must be provided to the Register of Legal Bodies.

6.2. The decision to decrease the Company's Authorized capital must be reported to each creditor of the Company undersigning or by registered letter. In addition, the decision to decrease the Company's Authorized capital must be published in the daily newspaper "Respublika" or notified to each shareholder of the Company undersigning or by registered letter.

6.3. Draft conditions of each reorganized and participating in reorganization company must be published in the daily newspaper "Respublika" three times in not less than a 30-day intervals, or not later than 30 days before the day of General Meeting of Shareholders because of the Company's reorganization to publish in the daily newspaper "Respublika" once and report to all Company's creditors in writing.

6.4. The decision to restructure Company must be published in the daily newspaper "Respublika" 3 times in not less

than a 30-day intervals, or published one in the daily newspaper "Respublika" and report to all Company's creditors in writing. There must be specified data determined by the Civil Code, Article 2.44 on the company and the legal entity in a new legal form and location in the notification.

6.5. The decision on liquidation of Company must be published by liquidator in the daily newspaper "Respublika" 3 times in not less than a 30-day intervals, or published one in the daily newspaper "Respublika" and report to all Company's creditors in writing. There must be specified data determined by the Civil Code, Article 2.44 on the company and the legal entity in a new legal form and location in the notification.

6.6. All other notifications determined by the company Law of Republic of Lithuania and other laws of the Republic of Lithuania and legislations, must be published in the daily newspaper "Respublika" or (and) provided to shareholders and creditors in order and terms, settled of these laws and legislation.

#### **7 article. Company's financial statements and arrangements of distribution of profit. Dividends.**

7.1. The set up of Company's financial statements and preparation the Company's annual report is determined by the Republic of Lithuania laws and other legislation.

7.2. The set of Company's annual financial statements submits Ordinary General Meeting of Shareholders.

7.3. After Company's financial year end, until the Ordinary General Meeting takes part an auditing firm, elected by the General Meeting of Shareholders must verify the annual financial statements and provide the auditor's opinion and in defined cases by the laws - the audit report to the Company's board. Audit firm that verifies the company's annual financial statements must verify whether the company's annual report is consistent with the set of annual financial statements, and this must be stated in the auditor's opinion.

Company's annual financial statements together with the Company's activity report and the auditor's opinion must be provided not later than 30 days after the Ordinary General Meeting of Shareholders to the Registrar of Legal Bodies

7.4. The Ordinary General Meeting of Shareholders after approving the annual financial statements, must distribute the Company's distributable profits (losses) according the Company Law.

7.5. The slice of profit allocated to the annual pay (bonuses) for board member, employee bonuses and other purposes cannot be greater than 1/5 of the annual operating net profit.

7.6. Dividend is designated part of profit allocated for shareholder, a proportional-owned shares at par value. If share is not fully paid and the payment period is not expired, the shareholder dividend is reduced in proportion to the price of the outstanding shares. If the share is not fully paid and the payment period has expired, dividend is not payable. If the share closed to pay during the financial year for which the dividend is paid, it will be reduced to the actual time of payment of shares.

7.7. The General Meeting of Shareholders cannot accept a decision allocate and pay dividends, if one of the following conditions does not satisfy: the company is insolvent or would become insolvent after paying dividends; distributional financial year result is negative (obtained losses); the Company's Owners Funds is less than, or after payment of dividends would stay less than sum of Authorized Capital of the Company, statutory reserve and the revaluation reserve.

7.8. The Company pays dividends in cash.

7.9. The Company must pay designated dividends not later than 1 month of the date of distribution of profits. To pay dividends in advance is prohibited. Dividends shall be entitled to those persons who at the end of the day of the General Meeting of Shareholders when dividends were accepted were the company's shareholders or in any other legitimate grounds had the right to dividends.

#### **8. Company's branches and representative offices.**

8.1. The company has the right to establish branches and representative offices in Lithuania and foreign countries.

8.2. Company's branches and representative offices shall be created and shall be dissolved in the Company's board decision. Number of branches of the company shall not be limited.

8.3. The Company's board shall approve the regulations, appoint and recall the heads of the Company branches and representative offices.

8.4. Company's branch is a structural division of the Company with its residence of placement and carries out all or part of the Company functions. Company's branch is not a legal body. The company is liable for the obligations of branches and the branches are liable to Company's obligations.

8.5. Company's representative office is a division of the Company with its residence of placement is entitled to represent the Company's interests and defend them, to make transactions and perform other actions on behalf of the Company, to prosecute export and import operations, but only between foreign legal bodies or other organizations, that settled up the agency, or with related enterprises, institutions or organizations and representative offices. Company's representative office is not a legal body.

#### 9. The procedure of amendment and signing the company's by-laws.

9.1. The Company's By-laws can be amended upon the appropriate decision of the General Meeting of Shareholders adopted by a qualified vote majority being not less than 2/3 of the total amount of votes provided by shares owned by shareholders attended the meeting concerned, except for cases specified in the Company Law.

9.2. The establishing Company's By-laws till the constituent assembly must be signed by all founders or their authorized persons. Statutes of the establishing company cease to be effective if they have not been provided to the Register of Legal Bodies within 6 months from the date on which they are signed by all founders.

9.3. If the General Meeting of Shareholders adopts the decision to amend the Company's By-laws the whole text of the amended By-laws shall be written and signed by the person authorized by the General Meeting of Shareholders.

9.4. The notary identity of signatures of signatories shall not be confirmed.

The Company's General director



Liudmila Suboč

07<sup>th</sup> January, 2014

