

ARTICLES OF ASSOCIATION OF AB "ŽEMAITIJOS PIENAS"

1. GENERAL PART

1.1. Akcinė bendrovė "Žemaitijos pienas" (public limited liability company), hereinafter referred to as the COMPANY, established on 2 June 1993 on the basis of the resolution of the constituent assembly of the shareholders of Telšiai State Cheese Factory (Minutes No. 1) and reorganised by way of division in accordance with the decision of the General Meeting of Shareholders dated 1 May 2004 (Minutes No. 2), by unbundling part of the assets, rights and obligations and establishing AB "Žemaitijos pieno investicija". After the reorganisation, AB "Žemaitijos pienas" continues its activity; the authorised capital, the value and number of the shares HAS NOT CHANGED. AB "Žemaitijos pienas" is a private legal entity operating for profit, which has economic, financial, organisational and legal independence and in its activities follows the laws of the Republic of Lithuania, resolution of the Government of the Republic of Lithuania, other regulatory legislation in force in the Republic of Lithuania, and these Articles of Association (hereinafter, the ARTICLES OF ASSOCIATION).

1.2. Natural and legal entities of the Republic of Lithuania and foreign states, the State or a municipality, which have acquired at least 1 share in the company under the procedure prescribed by law may be the COMPANY'S shareholders (members).

1.3. The COMPANY is a legal entity of limited civil liability. The COMPANY is liable for its obligations to the extent of the assets owned by the COMPANY. The shareholders do not have any other property obligations to the COMPANY save for the obligation to pay for, in the established manner, all shares subscribed by them at their issue price.

1.4. The COMPANY possesses its separate assets, has and may acquire or assign property and non-property rights on its own behalf, may be a claimant or respondent before courts, arbitral tribunals.

1.5. The COMPANY has an account in a bank registered in the Republic of Lithuania, stamps of an established model, a trade mark and other symbols, a seal containing the following records: Republic of Lithuania, Telšiai, Akcinė bendrovė "Žemaitijos pienas".

1.6. The COMPANY has the following branches, which do not have legal personality:

- 1) AB "Žemaitijos pienas" Vilnius branch, office address: Algirdo g. 40 / Kauno g. 13, Vilnius;
- 2) AB "Žemaitijos pienas" Kaunas branch, office address: Taikos pr. 96, Kaunas;
- 3) AB "Žemaitijos pienas" Klaipėda branch, office address: Šilutės pl.33 / Vilniaus p l.1, Klaipėda;
- 4) AB "Žemaitijos pienas" Panevėžys branch, office address: Elektros g. 11, Panevėžys.

1.7. The financial year of the COMPANY is a calendar year.

1.8. The COMPANY is established for a term of unlimited duration.

2. COMMERCIAL – ECONOMIC ACTIVITY OF THE COMPANY

2.1. In seeking benefit and profits for its own sake and that of its shareholders, the COMPANY is engaged in commercial – economic activities (production, trade, services, etc.):

2.2. The purpose of activities of the COMPANY is organising and performing the activities provide for by the ARTICLES OF ASSOCIATION in order to generate income and profits and to satisfy the shareholders' property interests and the employees' interests. Without prejudice to law, the COMPANY may also engage in any other activities, which are not contrary to legal acts of the Republic of Lithuania to achieve its purposes as defined above. In cases set forth by law, the COMPANY may engage in licensed activities only upon receipt of relevant licences (permits) issued under the established procedure.

3. RIGHTS OF THE COMPANY

3.1. To have accounts with banking institutions registered in the Republic of Lithuania and abroad and use credits granted by them, one or more trade marks, its stamp, change it or use it at its own discretion;

3.2. To purchase or otherwise acquire and sell, let out, pledge (mortgage) or otherwise dispose of assets;

3.3. To enter into contracts, assume obligations and have other rights and duties, provided they do not contradict the laws of the Republic of Lithuania and these ARTICLES of ASSOCIATION;

3.4. To lend and borrow money. The amount of funds lent by the COMPANY to natural and legal persons may not exceed its equity capital;

3.5. To borrow from its shareholders, both natural and legal persons, in the ways prescribed by laws. When borrowing from its shareholders, the COMPANY may not offer its assets to the shareholders as collateral. When the COMPANY borrows from its shareholders, 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 the shareholders shall be prohibited from negotiating a higher interest rate;

3.6. The COMPANY may not make advance payments, either directly or indirectly, grant loans or guarantee discharge of obligations where the purpose of the above actions is to undermine the COMPANY or provide conditions for other persons to acquire shares in the COMPANY not to the interest of the COMPANY;

3.7. If the COMPANY has not settled accounts with the creditors within the fixed time limits and the total debt to the creditors amounts to over 1/20 of the COMPANY'S authorised capital, it must notify such creditors before investing funds or other assets into a legal entity;

3.8. To allocate funds to third persons (for charity, sponsorship, etc.);

3.9. To set prices, rates, different discounts (rebates) and tariffs of its products, services and other resources, allocate and pay different extras (bonuses, premiums), including to all its employees, unless this would be contrary to legal acts of the Republic of Lithuania;

3.10. By agreement of the parties, to hire and dismiss employees for performing different jobs during an agreed term, establish their rights and obligations, set their remuneration, prepare and implement the systems of payment of allowances, bonuses and of privileges and social guarantees. Prior to employment, if the employee expresses his/her wish in writing, the COMPANY may allow him/her to get to know the nature and conditions of the work without payment, by participating in the work process, the duration of which may not exceed 7 (seven) working days;

3.11. To adopt and amend, supplement and cancel its regulations, job descriptions and payment rules, as well as internal rules, the ARTICLES OF ASSOCIATION, etc.;

3.12. To incorporate other company, be a member (holder of member shares) or manager of other company or agricultural company, agricultural cooperative, join associations, concerns, consortiums and other units in accordance with the agreement with other companies;

3.13. To engage in the activities referred to in Clause 2 of these ARTICLES OF ASSOCIATION and other economic activities that are not prohibited by the laws of the Republic of Lithuania in the Republic of Lithuania and abroad;

3.14. To establish its branches and representative offices, have its representatives and/or agents (distributors) in the Republic of Lithuania and abroad, participate in different organisations, societies, unless their activities are in conflict with the COMPANY'S operational activities and/or interests. The assets of the COMPANY'S branches are recorded within the COMPANY'S balance sheet and, if necessary, in the separate balance sheets of the branches. The COMPANY may keep accounts for its assets by itself or authorise other company to do that (purchase services) in accordance with the procedure established by the laws of the Republic of Lithuania;

3.15. The COMPANY may also have other useful or necessary rights and duties, which are not provided for in these ARTICLES OF ASSOCIATION are not in conflict with the laws of the Republic of Lithuania.

4. RIGHTS AND DUTIES OF THE SHAREHOLDERS OF THE COMPANY

4.1. The shareholders have the following property rights granted by the shares of the COMPANY:

- 1) to receive a part of the COMPANY'S profit (dividend);
- 2) to receive a part of assets of the COMPANY in liquidation;
- 3) to receive shares without payment if the authorised capital is increased out of the COMPANY'S funds (except in cases specified in Article 42(3) of the Law on Companies);
- 4) to have the pre-emptive 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-emptive right for all the shareholders according to the procedure specified by the Law on Companies. The pre-emptive right in acquiring the shares or convertible debentures issued by the COMPANY allows a shareholder to subscribe the shares or convertible debentures in proportion to the nominal value of the shares owned by him at the close of the shareholders' registration day of the General Meeting of Shareholders, which adopted the resolution to increase the authorised capital by additional contributions. The shareholder may assign this right to other persons according to the procedure laid down by applicable legislation;
- 5) to bequeath all or part of the shares to one or several persons;
- 6) to transfer all or part of the shares into the ownership of other persons according to the procedure laid down in Article 46 of the Law on Companies;
- 7) the shareholders may have other property rights which comply with the laws of the Republic of Lithuania.

4.2. The COMPANY'S shareholders have the following non-property rights:

- 1) to attend the general meetings of shareholders with a decisive vote, unless the Law of the Republic of Lithuania on Companies provides otherwise. One registered share carries one vote;
- 2) to receive non-confidential information on the business activities of the company;
- 3) to elect and be elected to the management and control bodies of the COMPANY, to assume any position in the COMPANY, unless the Law of the Republic of Lithuania on Companies and these ARTICLES OF ASSOCIATION provide otherwise;
- 4) to submit specific proposals for improving the COMPANY'S financial, economic, organisational and other activity, to appeal to the court against the resolutions or actions of the General Meetings of Shareholders, the Supervisory Board, the Board and head of the COMPANY, which infringe the laws of the Republic of Lithuania, the COMPANY'S ARTICLES OF ASSOCIATION, shareholders' property and non-property rights. One or several shareholders may claim, without a specific authorisation, compensation for damage caused to the shareholders;
- 6) may have other non-property rights prescribed by laws or these Articles of Association.

4.3. Each shareholder has such rights which are incidental to the shares owned by him. All shareholders who are in the same position have equal rights and duties.

4.4. A shareholder has the right to authorise other person to vote for him as his proxy at the General Meeting of Shareholders or perform other legal acts specified in the proxy. The proxy issued must indicate the term of validity of the proxy (last day of validity). The proxy of the shareholder who is a natural person must be notarised, whereas the proxy of the shareholder who is a legal person must be attested by its manager's signature and the seal.

4.5. In order to implement their property and non-property rights, two or more shareholders of the COMPANY may conclude the shareholders' agreement.

4.6. Any shareholder of the COMPANY may transfer his fully paid-up shares into the ownership of other persons in accordance with the procedure provided for in Article 46 of the Law on Companies. Circulation of the shares which have not been paid up in full is prohibited.

4.7. At the transfer of a share to other person, respective entries in the shareholders' personal securities accounts and other shares accounting documents of the COMPANY are made.

4.8. The COMPANY'S shareholders must:

- 1) pay the issue price of all the shares subscribed for in accordance with the procedure laid down in the share subscription agreement;
- 2) comply with the COMPANY'S ARTICLES OF ASSOCIATION, decisions of the management bodies, contractual obligations, keep commercial secrets and be held liable for that.

5. CAPITAL OF THE COMPANY

5.1. The authorized capital of the COMPANY is equal to EUR 14,028,750 (fourteen million twenty-eight thousand seven hundred fifty euros). The authorized capital is divided into 14,028,750 (fourteen million twenty-eight thousand seven hundred fifty) units of ordinary registered shares. The nominal value of one share is EUR 1 (one euro).

5.2. The COMPANY'S capital is divided into equity capital and borrowed capital. The equity capital is formed out of the share issue price and the profit of the COMPANY. The borrowed capital is formed by issuing debentures, taking loans and by borrowing funds in any other way.

The COMPANY'S equity capital consists of:

- 1) the paid-up authorised capital;
- 2) the share premium (the amount above nominal value);
- 3) the revaluation reserve;
- 4) the legal reserve;
- 5) reserves for purchasing own shares;
- 6) other reserves;
- 7) profit (losses) brought forward.

5.3. The amount of the authorised capital is equal to the sum of the nominal values of all subscribed shares in the COMPANY.

5.4. If the COMPANY'S equity capital becomes less than 1/2 of the authorised capital specified in the ARTICLES OF ASSOCIATION, no later than within 3 (three) months from the day when the Board becomes aware or should have become aware of this situation, the Board must convene a General Meeting of Shareholders at which issues regarding the decisions referred to in Article 59(10)(2) and 59(11) of the Law on Companies. The situation in the COMPANY must be remedied no later than within 6 (six) months from the day when the Board becomes aware or should have become aware of the situation.

5.5. If, in the case referred to in Clause 5.4 of the ARTICLES OF ASSOCIATION, the General Meeting of Shareholders failed to adopt the decision regarding remedy of the situation in the COMPANY or the situation was not remedied within 6 (six) months from the day when the Board becomes aware or should have become aware of the situation, the COMPANY'S Board no later than within 2 (two) months after the date of the General Meeting of Shareholders must apply to the court regarding the reduction of the authorized capital of the COMPANY by the amount that the equity capital became smaller than the

authorized capital, but if after such a reduction the authorized capital were smaller than the minimal amount of the authorized capital provided for in Article 2 of the Law on Companies, then the reduction must be made only to the minimal amount of the authorized capital established Article 2 of the Law on Companies.

Reserves

5.6. The revaluation reserve is the amount whereby the value of long-term tangible and financial assets increased upon the asset revaluation. The revaluation reserve is reduced when the revalued assets are written off, subjected to wear, depreciated or transferred into the ownership of other persons. The revaluation reserve may not be used to reduce losses. The revaluation reserve may be applied to increase the authorised capital.

5.7. The legal reserve is formed from the distributable profits and is used to cover losses. In case of reduction of the authorised capital, the legal reserve may be reduced. If the sum total of the legal reserve and share premiums is less than 1/10 of the authorised capital, deductions to the legal reserve are mandatory and may not be less than 1/20 of distributable profits or in the amount which would allow the legal reserve to reach the amount of 1/10 of the authorised capital. When reducing the authorised capital, the difference in the amount of the legal reserve is attributed to the distributable profit or loss of the accounting period.

5.8. The reserve for purchasing own shares is formed in order to cover the acquisition value of the own shares of the COMPANY. The amount of the reserve may not be less than the sum total of the values of own shares acquired by the public limited liability company.

5.9. Other reserves are formed from the distributable profits and are used by the decision of the Board for implementing the specific purposes of the company.

Increase, reduction of the authorised capital

5.10. The authorised capital of the COMPANY may be increased or reduced if the General Meeting of Shareholders resolves to do so and amended the ARTICLES OF ASSOCIATION respectively. The authorised capital is considered to have been increase or reduced only after registering the relevant amendments to the COMPANY'S ARTICLES OF ASSOCIATION. The authorised capital of the COMPANY may be increased or reduced in accordance with the procedure provided for in Articles 49 to 53 of the Law of the Republic of Lithuania on Companies.

6. SHARES

6.1. Shares are securities signifying the equity interests of owners in the authorised capital of the COMPANY and granting and imposing on them the rights and duties established in Part 4 of the ARTICLES OF ASSOCIATION. The COMPANY'S shares are book-entry (uncertificated) shares. The securities manager with whom an agreement on managing the COMPANY'S shares has been concluded, keeps the accounts of the COMPANY'S shares.

The accounts administrator which has opened the shareholder's securities account must issue, upon the shareholder's request, a statement of account indicating the number of shares and other information relative to the shares entered in the account, which is prescribed by law.

6.2. The shares are subscribed for when the COMPANY and a natural or legal person conclude a written share subscription agreement, except in the case of the incorporation of the COMPANY. By share subscription agreement one party commits itself to allot a certain number of new shares and the other party binds itself to pay the full issue price of the shares subscribed for. The share subscription agreement must include information and data laid down in Article 44 of the Law on Companies.

6.3. Partly paid shares are noted by an entry in the securities accounts of shareholders that subscribed for them, indicating the amount paid for the shares, the balance required in order to have the shares fully paid up and the deadline for payments. This data is also specified in the statement of securities account of a shareholder issued to the shareholder.

6.4. The share issue price may be paid in cash or may be covered by non-cash contributions of the persons who subscribed for the shares in accordance with the procedure laid down by the Law on Companies. The

initial contribution in cash of each person who subscribed for the shares may not be less than a sum equal to one quarter of the nominal value of the shares subscribed for by him plus the whole of the premium on the issue price. If in the course of an increase in the authorised capital the initial contributions are paid otherwise than in cash, the non-cash contributions for the total price of the shares must be transferred in full within the time limit set for the payment of the initial contributions. The shares must be paid up in full within the time limit set in the share subscription agreement, which may not be longer than twelve (12) months from the date of execution of the agreement.

6.5. A contribution made otherwise than in cash must be valued by the assets valuer in accordance with the procedure prescribed by the laws and regulations of the Republic of Lithuania regulating assets valuation, prior to the General Meeting of Shareholders at which an increase in the authorised capital is planned by issuing shares for the above contribution.

6.6. If a person who subscribed for the shares fails to pay for the subscribed shares within the time limit set in the share subscription agreement, it is considered that the company has acquired the shares itself and the share subscription agreement with the person is deemed invalid, and the contributions for the subscribed shares are non-recoverable. The company must transfer the shares into the ownership of other persons or reduce the authorised capital by cancelling the shares no later than within twelve (12) months after the expiry of the deadline for subscribing for the shares.

7. GOVERNANCE OF THE COMPANY

7.1. The bodies of the COMPANY are as follows:

- 1) the general meeting of shareholders;
- 2) the Supervisory Board;
- 3) the Board;
- 4) the head of the COMPANY (General Director).

7.2. The management bodies of the COMPANY must act only for the benefit of the COMPANY and its shareholders. The management bodies of the COMPANY are not entitled to make decisions or perform other actions which violate the COMPANY'S ARTICLES OF ASSOCIATION or are against the objectives of activities of the COMPANY specified in the ARTICLES OF ASSOCIATION, manifestly go beyond normal production-business risks, are undoubtedly unprofitable or are unmistakably ineffective from the economic point of view.

7.3. Every candidate to the members of the COMPANY'S Supervisory Board, Board or to the position of the General Director must notify the COMPANY'S body which is electing or has elected him if he owns shares accounting for 1/4 or more of the authorised capital of an enterprise or company engaged in similar activities or an enterprise or company which continues the COMPANY'S production or services process and sale of products.

7.4. Every candidate to the members of the COMPANY'S Supervisory Board, Board or to the position of the General Director must inform the management body which is electing him where and what office he holds, how his other activities are connected with the COMPANY.

General Meeting of Shareholders

7.5. The supreme body of the COMPANY is the General Meeting of Shareholders, which may be attended by all the shareholders of the COMPANY. Members of the Supervisory Board and of the Board and the General Director, even if they are not shareholders of the Company, may attend and speak at the General Meeting of Shareholders. Every General Meeting of Shareholders must elect a chairperson and a secretary of the meeting.

7.6. Only the General Meeting of Shareholders may:

- 1) amend and supplement the COMPANY'S ARTICLES OF ASSOCIATION (except in the cases provided for in the Law on Companies);
- 2) elect and dismiss the firm of auditors, members of the Supervisory Board;

- 3) set the conditions of payment for auditing services, the annual payments (bonuses) from the net profit to the members of the Supervisory Board and the Board subject to the provisions of the Law on Companies;
 - 4) approve the annual financial statements;
 - 5) adopt a decision on increasing the authorised capital;
 - 6) adopt a decision on withdrawing for all the shareholders the pre-emptive right to acquire the shares or convertible debentures of the specific issue of shares or convertible debentures issued by the COMPANY;
 - 7) determine the type, class, and set the minimum issue price of the shares issued by the COMPANY;
 - 8) adopt a decision on reducing the authorised capital (except in the cases provided for in the Law on Companies);
 - 9) take a decision on issue convertible debentures;
 - 10) take a decision on converting the COMPANY'S shares of one class into shares of another class, approve the share conversion procedure;
 - 11) take a decision for the COMPANY to purchase its own shares;
 - 12) take a decision on the transformation of the COMPANY, the liquidation of the COMPANY or on cancelling the liquidation of the COMPANY (except in the cases provided for in the Law on Companies);
 - 13) elect and remove the liquidator of the COMPANY (except in the cases provided for in the Law on Companies);
 - 14) take a decision on the reorganisation of the COMPANY and on approving the draft plan (terms) of reorganisation, except in the case provided for in Article 70 of the Law on Companies. In cases provided for by laws, the Board of the COMPANY may take a decision on the reorganisation of the COMPANY by way of merger;
 - 15) take a decision on the distribution of profits (except in the cases provided for in the Law on Companies);
 - 16) take a decision on the formation of reserves, except for the revaluation reserve;
- The General Meeting of Shareholders may also adopt other decisions which require the approval of the General Meeting of Shareholders according to the Law on Companies.

Procedure for convening and voting at the General Meeting of Shareholders, decision-making

7.7. The right of initiative to convene the General Meeting of Shareholders is vested in the Supervisory Board, the Board and the shareholders who have at least 1/10 of all the votes.

7.8. The General Meeting of Shareholders is convened on the decision of the Board. If the number of the Board members is not more than one half of their number specified in the ARTICLES OF ASSOCIATION, the General Meeting of Shareholders is convened on the decision of the General Director. The General Meeting of Shareholders must be convened on the decision of the General Director if the Board fails to convene the meeting in the instances and within the time limits provided for in the Law on Companies. The General Meeting of Shareholders may be convened on the decision of the shareholders with more than 1/2 of all votes if the persons who attempted to initiate the convening of the meeting did not receive a favourable decision of the COMPANY'S Board or General Director as regards the convening of the General Meeting of Shareholders.

7.9. The General Meeting of Shareholders may be called upon the court order if:

- 1) an annual general meeting of shareholders has not been called within 4 months of the end of the financial year and at least one shareholder of the company has brought the matter before the court;
- 2) the persons having the right to initiate the convocation of the General Meeting of Shareholders or the management bodies of the company applied to the court with a complaint about the failure by the Board or the head of the company to convene the General Meeting of Shareholders in cases provided for by the Law on Companies;
- 3) the initiators of the General Meeting of Shareholders applied to the court with a complaint about the failure by the Board or the head of the company to convene the General Meeting of Shareholders upon request, as required by the provisions of the Law on Companies;

4) at least one of the creditors of the company applied to the court complaining about the failure to convene the General Meeting of Shareholders after it became clear that the company's equity capital fell below 1/2 of the authorised capital specified in the Articles of Association.

7.10. The Board must convene the Annual General Meeting of Shareholders each year within 4 months of the end of the financial year.

7.11. The persons who initiated the convening of the General Meeting of Shareholders must file an application with the Board (or to the head of the company in case provided for in Article 23(3) of the Law on Companies), indicating the reasons and objectives of convening the Meeting, providing proposals regarding the agenda, date and place of the Meeting, the draft decisions proposed. The General Meeting of Shareholders must be held within 30 days of the receipt of the application. No General Meeting of Shareholders has to be convened if the application does not satisfy all the requirements referred to in this clause and if necessary documents were not submitted or the proposed agenda issues do not fall within the competence of the General Meeting of Shareholders.

7.12. An extraordinary General Meeting of Shareholders must be convened if:

1) the company's equity capital falls below 1/2 of the authorised capital specified in the Articles of Association and the issue has not been discussed at the annual general meeting of shareholders;

2) the number of the Board members elected by the Supervisory Board has declined to 2/3 of their number specified in the Articles of Association or less than their minimum number prescribed by the Law on Companies;

3) the firm of auditors terminates the contract with the company or is for any other reasons unable to audit the company's annual statements if the audit is compulsory under the Law on Companies or the ARTICLES OF ASSOCIATION;

4) it is requested by the shareholders with the right to initiate the convocation of the General Meeting of Shareholders, the Supervisory Board or the Board, or the head of the company, unless the Board is formed;

5) it is required under the Law on Companies and other laws or the COMPANY'S ARTICLES OF ASSOCIATION.

7.13. The agenda of the General Meeting of Shareholders is drawn up by the COMPANY'S Board or, in cases provided for in Article 23(3) of the Law on Companies, the head of the company. Issues proposed by the initiators of the Meeting must be included in the agenda of the Meeting.

7.14. The agenda of the General Meeting of Shareholders may be supplemented upon the proposal to include new issues, put forward by the Supervisory Board, the Board or shareholders with not less than 1/20 of all votes. The proposal to supplement the agenda may be submitted not later than 14 days before the General Meeting of Shareholders. The COMPANY'S bodies and persons specified in this paragraph must submit draft decisions on the issues proposed together with the proposal and may also propose additional candidates to the COMPANY'S management bodies, the firm of auditors.

7.15. Having passed a decision on convening the General Meeting of Shareholders, the Board presents to the General Director information and documents required for giving a notice of the General Meeting of Shareholders. The General Director must notify the shareholders of the convocation of the General Meeting of Shareholders in accordance of the procedure specified in Clause 9.8 of these ARTICLES OF ASSOCIATION.

7.16. If removal from office of the members of the COMPANY'S Supervisory Board or other management bodies or dismissal of the firm of auditors is on the agenda of the General Meeting of Shareholders, the issues relating to the election of new members to the relevant bodies or a new firm of auditors must be included in the agenda accordingly.

7.17. The General Meeting of Shareholders is not entitled to adopt decisions on issues not included in the agenda, unless all the voting shareholders of the COMPANY attend it.

7.18. Only the agenda of the General Meeting of Shareholders that was not held is valid at a repeat meeting.

7.19. A General Meeting of Shareholders may take decisions provided that it is attended by the holders of shares which carry over 1/2 of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the meeting. If a quorum is not present, a repeat meeting must be convened, which is authorised to take decisions only on the issues on the agenda of the general meeting of shareholders that was not held and which is not subject to the quorum requirement.

7.20. If a shareholder exercises his right to take a written vote, after getting familiar with the agenda and draft decisions of the General Meeting of Shareholders, he fills in and submits to the COMPANY a general ballot paper notifying the General Meeting of Shareholders whether he votes "in favour of" or "against" each individual decision. The shareholders who take a written vote in advance are counted as present at the General Meeting of Shareholders and must be included for counting the quorum of the meeting and voting results. The general ballot papers of the meeting that has not taken place are valid at a repeat General Meeting of Shareholders.

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

7.22. The shareholders (their proxies) attending the General Meeting of Shareholders are recorded in the list of registration of the shareholders. The list must specify the number of votes held by each shareholder, the list must be signed by the chairperson and the secretary of the meeting. The list of registration must also specify the shareholders who have already voted by a general ballot paper.

7.23. Each General Meeting of Shareholders elects the chairperson and the secretary of the meeting, unless it is attended by less than three shareholders. In such event (where less than three shareholders attend the meeting), the shareholder registration list and the minutes of the General Meeting of Shareholders are signed by each shareholder attending the General Meeting of Shareholders.

7.24. Minutes are taken of all General Meetings of Shareholders in accordance with the procedure prescribed by law. The minutes must be signed by the chairperson and the secretary of the General Meeting of Shareholders and may also be signed by the person(s) authorised by the General Meeting of Shareholders not later than within 7 (seven) days. 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 that the shareholders have been notified of the General Meeting of Shareholders; comments on the minutes and the conclusion on the comments given by the signatories to the minutes.

7.25. The General Meeting of Shareholders adopts its decisions by a simple majority vote of the shareholders present, with the exception of the following cases:

- 1) to amend the articles of association of the company, unless otherwise provided for by the Law on Companies;
- 2) to determine the class, number, nominal value, and minimum issue price of shares issued by the company;
- 3) to convert the company's shares of one class into shares of another class and approve the share conversion procedure;
- 4) on the appropriation of profit/loss;
- 5) on building up, drawing on, reducing, or liquidating reserves;
- 6) to issue convertible debentures;
- 7) to increase the authorized capital;
- 8) to reduce the authorized capital, unless otherwise provided for by the Law on Companies;
- 9) on the reorganization or division of the company and approving the terms of reorganization or division;
- 10) on the transformation of the company;
- 11) on the restructuring of the company;

12) on the liquidation of the company or cancellation of the company's liquidation, unless otherwise provided for by the Law on Companies;

13) when electing the Supervisory Board in accordance with the rules laid down in paragraph 1 of Clause 7.28 of these ARTICLES OF ASSOCIATION;

These decisions must be taken by a qualified majority vote that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the meeting.

7.26. The minutes of the General Meeting of Shareholders that took decisions changing the registered information about the COMPANY (a certified copy thereof) with annexes must be submitted for registration under the procedure prescribed by law.

7.27. On the application of the interested persons, any decisions of the General Meeting of Shareholders may be declared invalid in accordance with the judicial procedure in the cases and under the procedure prescribed by laws.

7.28. Supervisory Board:

1) The COMPANY'S Supervisory Board is a collegial body supervising the activities of the COMPANY. It consists of 3 (three) members elected for a term of 4 (four) years by the General Meeting of Shareholders. There is no limitation on the number of terms of office a member of the Supervisory Board may serve. During the election of the Supervisory Board members, each shareholder has the number of votes which is equal to the number of votes carried by the shares held by him multiplied by the number of members of the Supervisory Board being elected. The shareholder distributes the votes at his discretion, giving them for one or several candidates. Candidates who receive the greatest number of votes are elected. If the number of candidates who received an equal number of votes is larger than the number of vacancies on the Supervisory Board, a repeat voting is held in which each shareholder may vote only for one of the candidates who received an equal number of votes. The chairperson elected by the newly elected Supervisory Board from among its members directs the activity of the Supervisory Board. The procedure of work of the Supervisory Board is laid down in the Rules of Procedure of the Supervisory Board adopted by it.

2) Only a legally capable natural person may serve as a member of the Supervisory Board. Each candidate to the member of the Supervisory Board must inform the shareholders where and what office he holds. The following persons are prohibited from serving on the Supervisory Board:

- the head of the COMPANY, its subsidiary and the parent company thereof;
- a Board member of the COMPANY, its subsidiary and the parent company thereof;
- a person who, pursuant to the laws of the Republic of Lithuania, has no right to assume the

post.

3) The General Meeting of Shareholders may remove from office the entire Supervisory Board *in corpore* or its individual members before the expiry of their term of office.

4) A member of the Supervisory Board may resign from office prior to the expiry of his term upon giving a written notice thereof to the Supervisory Board at least 14 calendar days in advance.

5) If a member of the Supervisory Board is removed from office, resigns or for any other reason stops performing his duties and the shareholders who hold at least 1/10 of all votes in the company object to the election of individual members of the Supervisory Board, the operating Supervisory Board must be dismissed and a new Supervisory Board *in corpore* must be elected. Should individual members of the Supervisory Board be elected, they are elected only until the expiry of the term of office of the operating Supervisory Board.

7.29. Powers and Responsibility of the Supervisory Board.

The Supervisory Board:

1) elects members of the Board and removes them from office. If the COMPANY is operating at a loss, the Supervisory Board must consider the suitability of the Board members for their office;

2) supervises the work of the Board and the head of the COMPANY;

3) makes proposals and comments to the General Meeting of Shareholders on the COMPANY'S operating strategy, annual financial statements, the draft of the profit distribution and the report on the COMPANY'S activities as well as the activities of the Board and the head of the COMPANY;

4) sets (coordinates) monthly/quarterly limits of products that is given, free of charge, to the purchasers for tasting, submitted by the Board for research and/or development of a target market and approves such limits upon the expiry of a quarter;

5) submits proposals to the Board and the head of the COMPANY to revoke their decisions which are not in conformity with the laws and regulations of the Republic of Lithuania, the COMPANY'S Articles of Association or the decisions of the General Meeting of Shareholders;

6) considers other issues of supervising the activities of the COMPANY and its management bodies, assigned to the competence of the Supervisory Board in the COMPANY'S Articles of Association or in the decisions adopted by the General Meeting of Shareholders;

7) represents the COMPANY in judicial proceedings between the COMPANY and its Board member or the head of the COMPANY or his deputy;

8) fixes the remuneration of the head of the COMPANY if he is a Board member;

9) at the request of the Board, considers an issue on terminating the employment agreement with a Supervisory Board member working with COMPANY.

7.30. The Supervisory Board has no right to assign or delegate its functions to the Board or the head of the company.

7.31. The Supervisory Board is entitled to appoint a firm of auditors to audit and assess the accounting documents and financial statements of the COMPANY. The General Meeting of Shareholders may fix the maximum amount of funds that may be allotted for paying for the services of the firm of auditors.

7.32. At the request of the Supervisory Board, the COMPANY'S head and the Board must present documents relating to the activities of the COMPANY to the Supervisory Board and allow it to inspect the COMPANY'S assets. The members of the Supervisory Board must keep the commercial secrets divulged to them as the members of the Supervisory Board confidential.

7.33. The Supervisory Board commences its activities upon the closure of the General Meeting of Shareholders which elected it, except when the General Meeting of Shareholders adopts amendments to the ARTICLES OF ASSOCIATION in connection with the number of Supervisory Board members; new member of this body may commence their activities not earlier than after the registration of the amendments to the ARTICLES OF ASSOCIATION in accordance with the procedure prescribed by laws.

7.34. The procedure of work of the Supervisory Board is laid down in the Rules of Procedure of the Supervisory Board adopted by it.

7.35. The Supervisory Board must meet at least once quarterly. Its regular meetings shall be called according to the schedule by the chairperson of the Supervisory Board or, in his absence, by the vice-chairperson under the procedure prescribed by the ARTICLES OF ASSOCIATION. Extraordinary meetings must be called at the request of no less than 1/3 of the members of the Supervisory Board. The procedure for announcing meetings is laid down in the Rules of Procedure of the Supervisory Board.

7.36. The members of the Supervisory Board have equal rights. During voting, each member has one vote. If votes are tied, the chairperson has a casting vote.

7.37. A member of the Supervisory Board may present his will by voting in writing whether he votes "in favour of" or "against" the decision, provided that he is aware of the draft thereof. Voting by telecommunications terminal equipment is equivalent to voting in writing if security of the text is ensured and it is possible to identify the signature.

7.38. The Supervisory Board may adopt decisions and its meeting is deemed to have taken place if more than half of the members of the Supervisory Board attend its meeting. The members of the Supervisory Board who voted in advance are also deemed to have participated at the meeting. A decision of the Supervisory Board is considered to be adopted if there are more votes "in favour of" the decision than "against" it, unless the Articles of Association of the company provide for a larger majority. A decision on removing a member of the Board from office may be adopted by a 2/3 vote of the Supervisory Board members present at the meeting.

7.39. The members of the Supervisory Board are liable in the manner established by law for concealing violations of the COMPANY'S economic activities, inadequate control of economic activities, if that provided conditions for the Board or the head of the company to ignore the laws of the Republic of Lithuania or the COMPANY'S ARTICLES OF ASSOCIATION.

7.40. The Board of the COMPANY:

1) The Board of the COMPANY is a collegial management body of the Company, representing the COMPANY'S shareholders during the period between their meetings and taking decisions on the most important issues relating to the COMPANY'S economic activities. The procedure for the work of the Board is set in the Rules of Procedure of the Board adopted by the Board. The Board consists of 7 (seven) members. The Board members are elected for a term of 4 (four) years by the Supervisory Board. There is no limitation on the number of terms of office a member of the Board may serve. The chairperson elected by the Board from among its members directs the activity of the Board.

2) Only a legally capable natural person (not necessary a COMPANY'S shareholder) may be elected as (appointed) a member of the Supervisory Board of the COMPANY. The following persons may not be a member of the Board:

- a member of the supervisory board of the COMPANY, its subsidiary and the parent company thereof;

- a person who, pursuant to the laws of the Republic of Lithuania, has no right to assume the post.

3) A member of the Board may resign from his post before the expiry of his term of office, notifying the Board in writing at least 14 calendar days in advance.

4) The Supervisory Board may remove the Board *in corpore* or its individual members from office before the expiry of their term.

7.41. The Board considers and approves:

1) the operating strategy of the COMPANY;

2) the management structure of the Company and the positions of employees;

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

4) upon approval of the Supervisory Board, the range and quantity of manufactured products for each month, that is given, free of charge, to the purchasers for tasting for research and/or development of the market;

5) regulations of branches and representative offices of the COMPANY;

6) job descriptions and remunerations of the General Director and his deputies.

7.42. The Board elects the head of the COMPANY and removes him from office. The Board approves the candidates proposed by the head of the COMPANY to take the position of his deputies, and the candidates to positions to which employees are recruited by holding competitions.

7.42.1. The Board elects for the term of validity of its powers and authorisations (its term of office) the Director for Production, Sales Manager, Chief Financial Officer, Director for Logistics, HR Director and Legal Service Director of the company.

7.43. The Board analyses and assesses the material submitted by the General Director on:

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

2) the organisation of activities of the COMPANY;

3) the financial situation of the COMPANY;

4) results of economic activities, income and expenditure estimates, stock-taking data and other records of valuables;

5) the sources of accumulation of financial resources and ways of their use;

6) transactions of the COMPANY.

7.44. The Board analyses, assesses the COMPANY'S draft annual financial statements and draft profit/loss appropriation account submitted by the General Director and, having approved of the above drafts, submits them to the Supervisory Board and the General Meeting of Shareholders. The Board determines the methods of calculation of depreciation of tangible assets and amortisation of intangible assets and depreciation rates applicable in the COMPANY.

7.45. The Board must hold the General Meetings of Shareholders in due time, ensure the compiling of the list of holders of registered shares, draw up the agendas of the General Meetings of Shareholders, present to the shareholders the COMPANY'S annual financial statements, the draft profit/loss appropriation account, the report on the COMPANY'S activities and other required information for considering the items on the agenda.

7.46. The Board takes the following decisions without the approval of the General Meeting of Shareholders:

- 1) decisions for the COMPANY to become an incorporator or a member of other legal entities;
- 2) decisions to open branches and representative offices of the COMPANY;
- 3) decisions to invest, dispose of, or lease long-term assets that have a book value exceeding 1/20 of the authorized capital of the COMPANY (calculated individually for every type of transaction);
- 4) decisions to pledge or mortgage long-term assets that have a book value exceeding 1/20 of the authorized capital of the COMPANY (calculated for the total amount of the transactions);
- 5) decisions to offer surety or guarantee for obligations of third parties for an amount exceeding 1/20 of the authorized capital of the COMPANY;
- 6) decisions to acquire long-term assets that cost more than 1/20 of the authorized capital of the COMPANY;
- 7) decision to approve the terms and/or plans of restructuring and reorganisation, to reorganise of the COMPANY;
- 8) decisions for the COMPANY to join and withdraw from associations, concerns and/or consortiums;
- 9) decisions to allocate funds for charity, health care, culture, science, physical education and sports, also for eliminating the consequences of natural disasters and emergencies;
- 10) decisions on fixing the amount of the funds available for use by the head of the COMPANY;
- 11) other decisions within the powers of the Board as prescribed by the COMPANY'S ARTICLES OF ASSOCIATION or the decisions of the General Meeting of Shareholders.

7.47. The Board determines information which will be considered the company's commercial secret. Its members as well as all the shareholders of the company must protect commercial secrets of the COMPANY. The Board members shall be held liable for the disclose (divulgement) of the COMPANY'S commercial secret in accordance with the procedure provided for by the laws of the Republic of Lithuania.

7.47.1. A company's commercial secret is all information on the company's activities which must not be disclosed or made public under laws. The following information is also considered as confidential: materials, formulas, recipes, technologies used in manufacture, plans of development of new products, planning of the sales prices of the assortment of the products, pricing, technological-production equipment, the company's management structure, accounting system, finance management, marketing and sales strategy, all types of local acts, payment incentive system, all contracts and agreements with undertakings and employees, employees' remuneration, their addresses and telephone numbers, payment system for raw milk, knowledge of the use of the company's resources, company's investments into other companies' activities, and other information of a commercial nature.

7.48. The Board is entitled to supplement, determine and amend the scope of the list of the COMPANY'S commercial secrets, and independently regulate it for the sake and in the interests of the company by including new information, as well as to provide for basic criteria of amending and supplementing the list, as well as the form of a written declaration not to disclose confidential information and legally binding liability:

to set the procedure of storage, use, provision to other persons of confidential information (commercial secret), in so far it is not provided for by the Law on Companies of the Republic of Lithuania, the procedure of destruction of accounting and documents copies thereof and to take other measures necessary for protecting such information.

7.49. Every member of the Board has the right to initiate the convocation of a Board meeting. During voting, each member has one vote. A member of the Board may not vote when the meeting of the Board discusses the issue related to his work on the Board or the issue of his responsibility.

7.50. Unless head of the COMPANY is a member of the Board, the Board must invite him to every meeting and give him access to information on the issues on the agenda.

7.51. The Board is prohibited from restricting the auditor's powers or interfering with his work in any other way.

7.52. Head of the COMPANY and the administration:

1) The head of the COMPANY is the General Director who is guided by the COMPANY'S ARTICLES OF ASSOCIATION, decisions of the General Meeting of Shareholders, decisions of the Board and the Rules of Procedure of the Administration;

2) the General Director may have deputies (with the number of such deputies not being limited) and advisors (depending on the need directly linked to the volumes of economic-commercial activities);

2.1) his deputies and advisors must protect all commercial secrets of the company;

3) the Board of the COMPANY elects the General Director and removes him from office. A competition may be held to choose the General Director. The Board of the COMPANY must notify the administrator of the Register of Legal Entities in writing of the election or removal from office of the General Director no later than within 5 days;

4) the General Director must be a legally capable natural person, with whom an employment contract is concluded. A person not entitled under the laws of the Republic of Lithuania to occupy the post may not be appointed the General Director; he may not be the head of other company or an inspector;

5) the chairperson of the Board signs the employment contract with the General Director. A Board member authorised by the Board signs the employment contract with the General Director who is the chairperson of the COMPANY'S Board;

6) the General Director attends the meeting of the COMPANY'S board in an advisory capacity, unless he is a Board member.

7. 53. The head of the COMPANY (General Director):

1) directs the COMPANY'S administration;

2) concludes transactions within the limits of his competence on behalf of the COMPANY;

3) represents the COMPANY in the relations with third parties and before the court and arbitral tribunal. The General Director acquired the right to represent the COMPANY from the date fixed in the employment contract;

4) opens and closed the COMPANY'S accounts with banking institutions;

5) prepares the COMPANY'S management structure, list of positions, remuneration and incentive systems and submits them to the Board for approval;

6) prepares a draft share subscription agreement;

7) hires and dismisses employees, concludes and terminates employment contracts with them, assesses the results of their work, imposes penalties on and provides incentives to employees, including of a material nature;

8) established the internal rules of procedure, approves the regulations of the COMPANY'S branches, the rules of procedure of the administration;

9) issues powers of attorney for performance of those functions, the performance of which is within his competence, and also issues a procuracy;

10) convenes, organises the General Meeting of Shareholders in the cases laid down by the Law on Companies, prepares draft documents necessary for the General Meeting of Shareholders;

11) ensures the protection of the COMPANY'S assets, commercial secrets;

12) performs other functions provided for by law and these Articles of Association;

13) disposes of the COMPANY'S assets, including cash.

7.54. The General Director uses in the interests of the COMPANY the fund of the head of the COMPANY without reporting on the use of the funds.

7.55. The General Director must take legal and organisational measures for protecting the COMPANY'S commercial secret and confidential information. He may require additional documents and/or evidence from persons who wish to have access to the COMPANY'S confidential information (commercial secret) if there are any doubts that such a person is employed with or otherwise related to any companies engaged in a similar activity.

7.56. The head of the COMPANY is responsible for:

- 1) the organisation of activities and the implementation of objectives of the COMPANY;
- 2) drawing up of the annual financial statements;
- 3) conclusion of the contract with the firm of auditors where the audit is mandatory under the laws or the COMPANY'S Articles of Association;
- 4) submission of information and documents to the General Meeting of Shareholders, the Supervisory Board and the Board, in cases provided for by the Law on Companies or subject to their request;
- 5) submission of documents and particulars of the COMPANY to the administrator of the Register of Legal Entities;
- 6) submission of the documents of a public limited liability company to the Bank of Lithuania and the Central Securities Depository of Lithuania;
- 7) public disclosure of the information specified in the Law on Companies in the daily indicated in the Articles of Association;
- 8) provision of information to the shareholders;
- 9) fulfilment of other duties laid down in laws and regulations as well as in the COMPANY'S ARTICLES OF ASSOCIATION and the job description of the head of the COMPANY.

7.57. The General Director of the COMPANY is accountable and reports to the Board on a regular basis.

8. AUDIT OF THE COMPANY

8.1. Upon the expiration of the financial year and prior to an annual General Meeting of Shareholders, the firm of auditors must inspect the financial statements of the COMPANY and submit the auditor's report to the Company's Board. The audit must be carried out by the firm of auditors with which the COMPANY has signed an audit services agreement. The Company's Board must submit its financial statements, report of activities and auditor's report to the administrator of the Register of Legal Entities no later than within 30 days after the annual General Meeting of Shareholders.

8.2. The General Meeting of Shareholders elects the firm of auditors and sets the terms of payment for audit services. A (closed or open) procurement procedure may be organised to choose the firm of auditors.

8.3. The audit is carried out in accordance with the laws governing the audit and auditors' work in the Republic of Lithuania. A confidentiality agreement must be executed with the auditor.

8.4. The auditor must protect all the secrets of the COMPANY, which came to his knowledge in performing his contractual obligations in the course of investigation of the COMPANY'S financial activity. The COMPANY'S auditor is liable for the disclosure (divulgement) of the COMPANY'S commercial secret in accordance with the procedure provided for by the laws.

8.5. The Board of the COMPANY and the head of the COMPANY must ensure that the auditor receives all the documents of the COMPANY necessary to carry out the audit.

9. PROCEDURE OF PROVIDING DOCUMENTS OF THE COMPANY TO THE SHAREHOLDERS AND DISCLOSING INFORMATION

9.1. All notifications of the COMPANY are published within the time limits set by the laws of the Republic of Lithuania. The General Director of the COMPANY is responsible for publishing notifications. The court resolves any disputes in connection with the shareholders' right to information.

9.2. The commercial secret of the COMPANY is information (save for public information provided for by the laws of the Republic of Lithuania), to which this status is conferred by these Articles of Association and the COMPANY'S Board by its decision. The data (indicators) of the financial statements, which must be made public, do not constitute a commercial secret. Information considered to be a commercial secret of the COMPANY is provided only in accordance with the procedure prescribed by laws, these ARTICLES OF ASSOCIATION and the Board.

9.3. Unlawful disclosure, loss, destruction of information, which is a commercial secret of the COMPANY, gives rise to statutory liability on the part of the person entrusted with such information under the procedure prescribed by laws or the COMPANY'S internal documents.

9.4. At a written request of a shareholder, no later than within 7 days after the date of receipt of the request, the COMPANY must grant to the shareholder access to and/or submit to him copies of the following documents:

the COMPANY'S ARTICLES OF ASSOCIATION, sets of annual and interim financial accounts, annual and interim statements of the COMPANY, auditor's opinions and audit reports, minutes of the General Meetings of Shareholders or other documents executing decisions of the General Meetings of Shareholders, recommendations or responses of the Supervisory Board to the General Meetings of Shareholders, 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 bodies of the COMPANY, unless these documents contain a commercial (industrial) secret.

9.4.1. A shareholder or a group of shareholders who hold or control ½ or more of shares have the right to access all documents of the COMPANY subject to presenting to the COMPANY a written pledge in the form prescribed by the COMPANY not to disclose a commercial (industrial) secret.

9.4.2. The scope of the list of confidential information (commercial secret), basic criteria of the list, the procedure of use, provision of such information to other persons is established by these ARTICLES OF ASSOCIATION and the COMPANY'S Board.

9.5. Documents of the COMPANY or other information (upon a written application) must be provided to the shareholders within 30 calendar days for a consideration: at least EUR 3 per page and at least EUR 500 per list.

9.6. The list of shareholders presented to the shareholders, upon written consent of the shareholders, must contain the names, surnames of the shareholders, the names of legal entities and, without the shareholders' written consent, the number of registered shares of the COMPANY owned by the shareholders, the shareholders' addresses for correspondence according to the most recent data available to the COMPANY.

9.6.1. Shareholders' addresses for correspondence: Sedos g. 35, LT-87101 Telšiai, Republic of Lithuania.

9.6.2. Shareholders' addresses (for reasons of security) may be provided to other shareholders only upon an individual written consent of each shareholder (on application).

9.7. At least 10 days before the General Meeting of Shareholders, the shareholders must be granted access to the documents of the company relating to the agenda of the Meeting, including draft decisions, as well as the request by the initiators of convening the General Meeting of Shareholders filed to the Board. At a written request of a shareholder, no later than within 3 days after the date of receipt of the written request, the General Director delivers all draft decisions of the Meeting to the shareholder against signature or sends them by registered mail. The draft decisions must indicate on who initiative they were submitted. If the author of a draft decision presented any explanations of the draft decision, such explanations must be annexed to the draft decision.

9.8. The COMPANY'S General Director must publish a notification of the General Meeting of Shareholders in accordance with the procedure and under the conditions provided for by laws.

9.9. An offer to acquire the COMPANY'S shares by exercising the pre-emptive right or the decision of the General Meeting of Shareholders to withdraw for all the shareholders such a right shall be published in the daily *Valstiečių Laikraštis*.

9.10. The creditors and shareholders are informed about the COMPANY'S reorganisation or division as follows:

1) each creditor of the COMPANY is notified in writing about the terms of reorganisation of the COMPANY and they are made public under the procedure prescribed by laws. Each shareholder must be granted access to the draft plan and terms of reorganisation, documents of incorporation of the companies continuing their activities after the reorganisation or newly formed in the course of reorganisation, reports of the management bodies of all the companies participating in the reorganisation, financial accounts for the

previous three years, the COMPANY'S assets valuation and reorganisation plan valuation reports, the Board's report. At the shareholder's request, the COMPANY submits copies of such documents to him.

9.11. Each creditor of the COMPANY is notified in writing about the liquidation or transformation of the COMPANY and it is published in the daily *Valstiečių Laikraštis*.

9.12. Other decisions of the COMPANY'S Board and events of the COMPANY, which the shareholders and creditors need to know, are published by the Vilnius Stock Exchange and/or in other manners and sources provided for by laws.

10. PROCEDURE OF TAKING DECISION ON ESTABLISHMENT AND LIQUIDATION OF BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY

Establishment of a branch and representatives office

10.1. The COMPANY, has the right to establish its branches and representative offices in the Republic of Lithuanian and abroad by a decision of the Board.

10.2. The COMPANY'S Board approves the regulations of a branch or representative office.

10.3. The regulations of branches and representative offices must indicate the following information:

- 1) the name of the branch or representative office;
- 2) the registered office of the branch or representative office;
- 3) the purposes of activities of the branch or representative office;
- 4) the management body of the branch or representative office and the competence thereof;
- 5) the period of operation of the branch or representative office (if it is limited);
- 6) other provisions and information established by laws or the COMPANY.

10.4. A branch is a structural unit of the COMPANY with its registered office, which may engage in economic-commercial activities, conclude transactions and undertake obligations only within the powers granted by the COMPANY.

10.5. A representative office is a structural unit of the COMPANY with its registered office, which may not engage in economic-commercial activities, but may conclude transactions on behalf of the COMPANY within the powers granted by the COMPANY, as well as carry out export and import operations in cases and under the procedure provided for by laws.

10.6. The COMPANY is liable for the obligations of the branch or representative office with all its assets.

10.7. Branches and representative offices are not legal entities.

10.8. Activities of a branch or representative office is organised by its head to be appointed by the COMPANY'S Board.

10.9. Branches and representative offices are registered under the procedure prescribed by laws and are deemed to have been established from the date of registration thereof.

Termination of activities of a branch or representative office

10.10. Activities may be terminated upon:

- 1) expiry of the term of operation of the branch indicated in the regulations thereof;
- 2) the company's decision on terminating the activities of a branch or representative office;
- 3) liquidation of the COMPANY itself.

10.11. The COMPANY'S Board, having taken a decision on terminating the activities of a branch or representative office, appoints a person responsible for carrying out the termination procedure.

The Articles of Association were amended/supplemented at the General Meeting of Shareholders on 30 April 2003 (Minutes No. 2) and registered on 20 June 2003 with amendments registered with the state enterprise Centre of Registers (legal entity code 8024075) on 30 December 2003, and approved (adopted) at the general meeting of shareholders of AB "Žemaitijos pienas" in accordance with the Law of the Republic of Lithuania on Companies (version of 11 December 2003, No. IX-1889) on 1 May 2004 (Minutes No. 2);

The Articles of Association were amended and supplemented at the general meeting of shareholders of AB "Žemaitijos pienas" on 22 June 2005 (Minutes No. 2);

The Articles of Association were amended and supplemented at the general meeting of shareholders of AB "Žemaitijos pienas" on 8 February 2008 (Minutes No. 1);

The Articles of Association were amended and supplemented at the general meeting of shareholders of AB "Žemaitijos pienas" on 8 April 2011 (Minutes No. 1);

The Articles of Association were amended at the general meeting of shareholders of AB "Žemaitijos pienas" on 24 April 2015 (Minutes No. 1) upon coming into force of the requirements of the Law of the Republic of Lithuania on the Introduction of the Euro;

The Articles of Association were amended at the general meeting of shareholders of AB "Žemaitijos pienas" on 28 October 2016 (Minutes No. [REDACTED]) by increasing the nominal value of shares and the number of the Board members, adjusting the Articles of Association according to the changed requirements of the Law of the Republic of Lithuania on Companies.

Robertas Pažemeckas, General Director of AB "Žemaitijos pienas" and a person authorised by the meeting of shareholders of AB "Žemaitijos pienas" to sign the Articles of Association _____

(signature)

28 October 2016