



Annual Shareholders' Meeting 2016

Dear All,

Please find below the information on the preparation for the annual General Shareholders' Meeting and decisions which are required or recommended to be adopted during the meeting.

Convening the General Shareholders' Meeting

The Annual General Shareholders' Meeting (hereinafter – the "Shareholders' Meeting") must be held each year within at least 4 months after the end of the financial year of public or private limited liability company (hereinafter – the "Company"). Thus, if the financial year of the Company coincides with the calendar year, the Shareholders' Meeting, where the annual financial statements for FY 2015 shall be approved, has to take place by **30 April 2016**.

Decisions of the Shareholders' Meeting

The Shareholders' Meeting has to approve the annual financial statements of the Company and to distribute the profit (loss), as well as to get acquainted with the annual report prepared by the Managing Director, except for the cases when the Company is exempted from this obligation. If an audit of annual financial statements is mandatory under the laws or Articles of Association of the Company, the Shareholders' Meeting may approve only the audited financial statements.

Shareholders' Meeting may adopt other decisions as well, such as decision on approval of a new wording of Articles of Association, election of the members to the Board/Supervisory Board, increase/reduction of the share capital, election of audit company for the following year, etc.

Amendments to Articles of Association in relation to Euro introduction

Having introduced the Euro in Lithuania, a statutory duty to amend the Articles of Association (by specifying the share capital and nominal share value in Euros) has been established. Amended Articles of Association have to be submitted to the Commercial Register of Lithuania by **31 December 2016**. Therefore, we recommend considering the approval of respective amendments to the Articles of Association at the upcoming Shareholders' Meeting, if they are not amended yet.

The Company's share capital value in Euros should be calculated by exchanging the nominal value of one Company's share into Euros (under the official exchange rate EUR 1 = LTL 3.4528, rounded according to mathematical rules) and by multiplying the nominal value

of one share in Euros by a number of all Company's shares. In order to calculate the share capital in Euros and nominal value of a share, we recommend using a specific calculator provided by the Commercial Register at <http://www.registrucentras.lt/jar/euras/skaiciuokle.php>

If the share capital value changes due to the rounding of shares' nominal value in Euros, it shall not be considered as the increase or reduction of the share capital. In such cases, a change shall be registered in the accounting as a revenue (when a change is negative) or as expenditure (when a change is positive) of the Companies' appropriate fiscal year.

Members of the Board/Supervisory Board

The Board/Supervisory Board performs its functions for the period established by the Articles of Association of the Company or until the new Board/Supervisory Board is elected and start to act, however, no longer than until the Shareholders' Meeting takes place in the last year of the tenure of the Board/Supervisory Board. We recommend verifying, whether authorizations of the members of the Board/Supervisory Board of your Company are not expiring this year, and adopting appropriate decisions, if necessary.

Annual Financial Statements

Managing Director is responsible for preparation of the Annual Financial Statements of the Company. If the Board is formed in the Company, it analyses and evaluates the Annual Financial Statements, as well as the draft proposal on profit (loss) distribution and submits these documents for approval to the Shareholders' Meeting (prior to the Supervisory Board, if it is formed).

In case the audit of the Annual Financial Statements is not required by the Articles of Association of the Company, the statutory audit has to be performed if at least two indicators exceed the following limits on the last day of the financial year:

- net turnover during the reported financial year exceeds **EUR 3,500,000**;
- the value of the assets reported in the balance sheet is above **EUR 1,800,000**;
- the average number of the employees during the reported financial year exceeds **50 persons**.

The audit of the Annual Financial Statements is also compulsory for private limited liability companies, whose shareholder is the state and/or municipality, and for all public limited liability companies.

Changes on Financial Accountability

On 1 July 2015 a new wording of the Law on Financial Statements of Companies entered into force. As a result of this, Annual Financial Statements and Annual Report for the financial year starting from 1 January 2016 should be prepared according to the new provisions. The law introduces four categories of companies, which determine the rule on composition of Financial Statements, necessity to prepare Annual Report and its content.

Note: This summary is compiled for informational purposes only and cannot be treated as binding advice. Should you require more information, please contact:

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