

**ARTICLES OF ASSOCIATIONS OF THE JOINT STOCK COMPANY
BGS Energy Plus a.s.**

Part I.

Foundation of the joint stock company and general provisions

Sec.1

Foundation and formation of the joint stock company

1. The Joint stock company BGS Energy Plus a.s. (hereinafter referred to only as „company“) was founded simultaneously under the initial corporate name MARGERY a.s. upon a Letter of Incorporation (within the provisions of sec.172, par.2, sec.171 par.1 and sec.162 par.2 of Act no.513/1991 Coll. as amended), in the form of a notarial deed.-----

2. The company is founded for the indefinite period.-----

Sec.2

Corporate name

1. Corporate name: BGS Energy Plus a.s.-----

Sec.3

Registered Office of the company

1. Registered office of the company: Světlá nad Sázavou -----

Sec.4

Subject of business

The subject of business is:-----

- lease of property, flats and non-residential premises where only the basic services ensuring the proper operation of property, flats and non-residential premises are provided -----
- production, trade and services not included in appendices 1 and 3 of Trade Act-----

Sec.5

Acting and signing on behalf of the company

1. Each member of the board of directors acts independently on behalf of the company towards the third persons and before the court and other administrative bodies.-----

2. Signing for the company is made when the member attaches his/her signature to the marked corporate name of the company.-----

Part II.

Registered Capital of the company and the change of the amount thereof

Sec.6

Registered Capital

1. The Registered Capital of the company is 15.209.000,-CZK (fifteen million and two hundred and nine thousand Czech crowns)-----

2. The Registered Capital is divided into 15.209.000,-CZK (fifteen million and two hundred and nine thousand Czech crowns) of ordinary shares of nominal value of 1,- CZK (one Czech crown), issued as certificated shares for the bearer. -----
3. The company can acquire or take as security its own shares only under conditions specified by law. -----
4. The Registered Capital has been paid up to 100%.-----
5. 10 (ten) votes are attached to each share of the nominal value of 1,- CZK (in words: one Czech crown). -----

Sec.7

The conditions and procedure when the Registered Capital is to be increased

1. The increase or decrease of the Registered Capital is to be decided on by the General Meeting, or the Board of Directors should it comply with the legislation-----
2. It is possible to increase the Registered Capital by subscription of new shares, by increase from company's own sources and by a combined increase of the Registered Capital. When increasing the Registered Capital, the company shall observe the provisions of sec.202 -210 of Commercial Code, and follows the hereinbelow described rules:-----
 - a) the decision of the general meeting to increase the Registered Capital shall be approved by at least two-third majority of present shareholders, unless the law requires greater majority;-----
 - b) the invitation or announcement on the general meeting taking place shall, apart from the elements included in provision of sec.23 par.3 herein, contain also the elements described in sec.202 par.2 to 4 of Commercial Code.-----
 - c) the issuing price of subscribed shares can be paid by a monetary contribution; the share can be subscribed by a non-monetary contribution only in a significant interest of the company;-----
 - d) it is prohibited to commence the subscription of shares prior to the resolution of the general meeting being recorded in the Commercial Register, unless the application for entering this resolution into the Commercial Register was filed and the subscription of shares is bound to the condition subsequent, which is the legal force of a judgement on rejection of the application for entering the respective resolution into the Commercial Register;-----
 - e) the priority right of shareholders for the subscription of new shares can be excluded or limited in the resolution of the general meeting only in a significant interest of the company;-----
 - f) within 30 days as from the general meeting resolution on the registered capital increase, the Board of Directors shall file an application for entering the resolution into the Commercial Register;-----
 - g) the resolution of the general meeting to increase the Registered Capital shall be executed by the Board of Directors themselves or, on contractual basis, through another person;-----
 - h) as soon as the conditions provided by the Commercial Code, these bylaws, and/or resolution of the general meeting, the Board of Directors shall propose recording of the new amount of the Registered

Capital into the Commercial Register. The Registered Capital increase shall become effective as from the day of the record being entered. -----

Under the conditions provided by the Commercial Code and upon the general meeting resolution, the Board of Directors may decide on the increase of the Registered Capital by subscription of shares or contribution from company's own sources with the exception of undivided profit, however, the contribution to increase the Registered Capital may not exceed one third of the Registered Capital amount current in the time, when the general meeting charged the Board of Directors with the increase of the Registered Capital. -----

Sec. 8

The method of payment for shares and the consequences of default with payment for shares

1. Upon the resolution of the general meeting, the issuing price can be paid not only by monetary, but also non-monetary contributions.-----

2. The subscriber shall have the duty to pay the whole issuing price of shares subscribed by him/her, which are paid by monetary contribution, within one month as from the record on the increase of the Registered Capital being entered in the Commercial Register, unless the general meeting provides otherwise. It is necessary that the non-monetary contributions be paid before filing the application to increase the Registered Capital into the Commercial Register.-----

3. If the non-monetary contribution is:-----
a) movable property, the subscriber has the duty to hand over the subject of contribution to the company and arrange the transfer of proprietary rights to the paid up subject of contribution before filing the application to increase the Registered Capital into the Commercial Register;-

b) immovable property, the subscriber has the duty to, prior filing the application to increase the Registered Capital into the Commercial Register, hand over the subject of contribution together with a written declaration with his/her signature, verified by authorities, and arrange the transfer of the proprietary right to the subject of contribution to the company, and the application to enter the record into the Land Registry shall be filed within 15 days after the record on increase of the Registered Capital have been entered in the Commercial Register;-----

4. With other non-monetary contributions, the contribution shall be paid up by conclusion of a written contract on the contribution. Should the non-monetary contribution be the know-how, it is considered to be paid up after the transfer of all documentation relating to the respective know-how. Should the non-monetary contribution or its part be represented by a business, it is considered to be paid up upon the transfer of the business or its part. The transfer of know-how documentation as well as a transfer of a business, or the part thereof, shall be recorded by the company and the contributor.-----

5. Should the proprietary right to the non-monetary contribution fail to be transferred to the company, even though the non-monetary contribution is considered to be paid up, the person -----

who promised to provide this contribution shall have the duty to pay the value of this non-monetary contribution in monetary means and the company is obliged to return the non-monetary contribution accepted, unless the company is obliged to hand the non-monetary contribution to a beneficiary. Should the shareholder transfer the shares or temporary certificates to another person then the assignee of the shares or temporary certificates is liable for the obligation to pay the value of non-monetary contribution, unless the acquisition was made in the public market.-----

6. Should the subscriber breach the duty to pay the issuing price of subscribed shares or the payable part thereof, he / she shall pay the interest on late payment at the amount of 20% p.a.-----

7. Should the subscriber fail to pay the due part of the issuing price of subscribed shares, the Board of Directors shall call on the subscriber to pay it within 60 days as from the day on which the notice is being received by him/her. After a neglect of hereinabove stated time, the Board of Directors shall

exclude the subscriber from the company and call on the subscriber to return the temporary certificate within a reasonable time determined by the Board of Directors. The procedure, when declaring the temporary certificate, which fails to be returned by an excluded subscriber, invalid and issuance of a new temporary certificate, is described in sec. 177 par.5 – 7 of Commercial Code. Instead of following the aforementioned procedure, the Board of Directors may either submit an application to settle the issuing price of shares or the due part thereof against the subscriber who is in default with settlement thereof, or the general meeting may decide on the reduction of the Registered Capital by refraining from issuance of shares within the extent that equals to the nominal value of shares in default by subscribers; such procedure has no effect on the provision of sec.182 par.1 letter d) of Commercial Code.-----

8. The amount paid for the issuing price of shares or the value of paid up non-monetary contribution is to be first used to balance the share premium. Should this amount or value fail to satisfy the payable part of all subscribed shares nominal value, then it is set off gradually to pay the payable part of individual shares nominal values.-----

Sec.9

Conditional increase of the Registered Capital

The general meeting may decide, under the conditions described in sec.160 of the Commercial Code, on the issuance of bonds which is connected with the right to demand issuance of company shares corresponding with the nominal value thereof and within the period stated in the bonds. At the same time, the general meeting shall authorize the Board of Directors to decide on the increase of the Registered Capital of the company within the rights arising from bonds, applied within the determined period and in compliance with the provisions of sec.207 of Commercial Code.-----

Sec.10

Conditions and procedure when reducing the Registered Capital

1. The general meeting shall decide on the reduction of the Registered Capital. The effects of the Registered Capital reduction as well as the alteration of bylaws due to the decision on the Registered Capital reduction come into existence on the day of the record on the reduction of the Registered Capital being entered in the Commercial Register.-----

2. The invitation or announcement to the general meeting which is to decide on the reduction of the Registered Capital must contain not only the elements described in Art.14 sec.6 herein, but also the elements described in sec.211 par.1 of Commercial Code. -----

3. The Registered Capital may not be reduced below 2.000.000,-CZK. The recoverability of creditor's claims must not be effected by the reduction of the Registered Capital. The rights of creditors, when the registered capital is reduced, are described in Sec.215,216 and 216a par.4 of Commercial Code.----

4. Within 30 days as from the resolution of the general meeting on the reduction of the Registered Capital, the Board of Directors has the duty to apply for recording the resolution thereof into the Commercial Register.-----

5. The procedure and method of Registered Capital reduction shall be decided on by the general meeting in compliance with sec. 213 and following Commercial Code.-----

6. The lottery of shares in order to reduce the Registered Capital is inadmissible.-----

Part III
Shares and transfer of shares, collective warrant

Sec.11
Corporate shares

The elements of shares are subject to sec.155, sec.156 par.1 of Commercial Code.-----

Sec.12
Temporary certificates

In case of issuance of new shares and increase of the Registered Capital, the Board of Directors issues a temporary certificate to the subscriber, which replaces his /her subscribed and not fully paid up shares. The temporary certificate shall be exchanged for shares by the Board of Directors after the whole nominal value thereof has been fully paid up. -----

Sec.13

The corporate shares for the bearer can be transferred without limitation.-----

All shares of the company shall be certificated shares, deposited in the collective custody of securities with a stock broker determined by the Board of Directors and immobilized (dematerialized) at the National Depository of Securities in Poland (Krajowy Depozyt Papierów Wartościowych S.A) in compliance with Polish legislation. -----

Sec. 14

The company is entitled, upon the decision of the Board of Directors or an application of a shareholder, to issue a collective warrant or collective warrants replacing shares in compliance with provisions of sec. 5 par.3 of Act no. 591/1992 Coll. about the securities as amended. The shareholder is entitled to be exchanged the collective warrant for another collective warrants or individual shares. The company shall execute the exchange by issuing the shareholder, who applies thereof, the new warrants or individual shares against his/her submission of the collective warrant being replaced within 3 days as from delivery of the written application of the shareholder to the corporate Registered Office. The exchange shall take place in the corporate Registered Office, unless the shareholder and the company agree otherwise.-----

All shares of the company are listed at the non-regulated market „NewConnect“ organized by the Warsaw Stock Exchange S.A. in Warsaw. -----

Part IV.
Rights and duties of shareholders

Sec.15
The right to a share of company profits

1. The shareholder has the right to a share of company profit (dividend) which the general meeting allocated to be distributed according to the economic results of the company. This share shall be determined by the ratio between the nominal value of shareholder's stock and the nominal value of shares of all shareholders. -----

2. The shareholder has no duty to return the dividend accepted in good faith.-----

3. For the purposes of dividend payment the immobilized shares are considered to be booked securities. Dividends shall be paid through National Depository of Securities in Poland, which shall pay them to its members who shall consequently pay the dividends to the company shareholders. -----

Sec.16

The right to a share of the remaining estate after the dissolution of the company with liquidation

After the dissolution of the company with liquidation, the shareholder has the right to be paid a share; this share shall be determined by the ratio between the nominal value of shareholder's stock and the nominal value of shares of all shareholders.-----

sec.17

Participation at the general meeting

1. Each shareholder is entitled to participate at the general meeting, vote there, require explanations and put forward proposals.-----

2. One share of the nominal value of 1,- CZK (one Czech crown) represents ten votes.-----

Sec.18

Further rights and duties of shareholders

1. The discharge to a shareholder in the form of a dividend to the detriment of Registered Capital, corporate reserves or funds, which are to be used to supply the reserves, is inadmissible.-----

2. Neither for the company's existence nor in case of dissolution of the company, the shareholder is not entitled to require the return of his/her property contributions.-----

3. Within three months as from the adoption of a resolution of the general meeting, the shareholder is entitled to apply with a court to make a judgement declaring thereof invalid should it be violation of legislation, Letter of Incorporation or these bylaws. -----

4. The shareholder has further rights and duties specified by law and these bylaws.-----

Part V.

Organization of the company

Sec.19

Corporate bodies

The company has the following corporate bodies:-----

General meeting-----

Board of Directors-----
Board of Supervisors-----

a) General Meeting

Sec.20

General provisions

General Meeting is the ultimate body of the company; all shareholders are entitled to participate in the meetings thereof.-----

Sec.21

Competences of the General Meeting

1. The competences of the general meeting involve:

- a) deciding on alteration of bylaws, unless the alteration is made due to increase of the Registered Capital by the Board of Directors, according to sec. 210 of Commercial Code, or alteration due to other legal facts,-----
- b) deciding on increase of the Registered Capital or authorization of the Board of Directors according to sec. 210 of Commercial Code or the possibility to set off the pecuniary claim towards the company against the issuing price payment claim.-----
- c) deciding on reduction of the Registered Capital and issuing bonds according to sec. 160 of Commercial Code.-----
- d) elections and removal of the Board of Directors-----
- e) elections and removal of the Board of Supervisors-----
- f) approval of regular or extraordinary financial statement and consolidated financial statement, and in cases provided for by law also interlocutory financial statement, proposal for distribution of profits or payment of loss and determination of royalties.-----
- g) deciding on remuneration of the members of the Board of Directors and the Board of Supervisors-----
- h) deciding on quotation of subscriber's securities of the company according to the special legal regulation, their withdrawal from trading on official market, introducing the subscriber's securities to the non-regulated market, or on their withdrawal from non-regulated market,-----
- i) deciding on the alteration of the design and form of shares or immobilization thereof (dematerialization)-----
- j) deciding on dissolution of company with liquidation, appointment and removal of the liquidator, including determination of his/her remuneration, approval of the proposal on the distribution of the remaining estate after liquidation.-----
- k) deciding on merger, transfer of the capital to a single shareholder, or division or alteration of the legal form.-----
- l) approval of the dispositions described in sec.67a of the Commercial Code or pledging the business;-----
- m) approval of controlling contract, contract on the transfer of the profit or dormant partnership agreement and alterations thereof.-----
- n) deciding on other issues that the law or these bylaws confide into the responsibilities of the general meeting.-----

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2. The general meeting is not entitled to reserve the right to decide on issues which are not confided into their responsibilities by law or corporate bylaws.-----

Sec.22

Participation at the general meeting

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1. The shareholder is entitled to participate at the general meeting and vote there. In compliance with the law, the shareholder is also entitled to require and obtain explanation of issues concerning the company or legal persons controlled by the company, should such explanation be necessary to assess the subject of the general meeting, unless the law describes other procedure. The shareholder is also entitled to present proposals and counterproposals at the general meeting under the conditions specified by law and these bylaws.-----

In cases specified in sec.180 par.5 of Commercial Code, the shareholder has the duty to deliver his/her proposal or counterproposal at least 5 working days before the general meeting is being held to the Registered Office of the company. -----

2. The shareholder is entitled to perform rights according to the provisions of sec.22 par.1 herein in person, through his authorized representative or through his /her representative authorized upon the power of attorney to represent the principal at the general meeting. The authorized representative of the shareholder, legal person, proves his/her authorization by a valid copy of an entry in the Commercial Register or a similar evidence made not later than 1 month before the general meeting or officially verified copies of such documents. Each shareholder, natural person, including their representatives, is obliged to prove their identity by the personal identification card or a passport.-----

3. Each shareholder is entitled to ask the Board of Directors to be issued a copy of the minutes of the general meeting or the part thereof, an annual report, or contract on merger, project of division, or contract on division, or resolution on alteration of the legal form of the company, all such documents for the whole period of the company's existence. The costs related to the creation of copies of the documents shall be paid by the shareholder that asked for them.-----

4. The general meeting is to be attended by the members of the Board of Directors and the Board of Supervisors. Also other persons invited by the Board of Directors can attend the general meeting, however, they are bound by the duty not to disclose the confidential information and facts, the disclosure of which to third parties may cause a damage to the company.-----

5. Due to the fact that the corporate shares are immobilized, the day to determine the right of presence at the general meeting is being a shareholder as on the deciding day, which is the 7th calendar day prior to the general meeting being held.-----

6. At the general meeting, the shareholder has the duty to prove to have been a shareholder of the company on the deciding day determined by the certificate (świadectwo depozytowe) issued by a member of the National Depository of Securities in Poland, which keeps for him/her, as the owner of securities, the holder's account. These certificates are issued in compliance with Polish legislation. -----

Sec.23

Convening the general meeting

1. The regular general meeting shall be held at least once a year, however, not later than within six months of the last day of a fiscal year, i.e. not later than by the end of June each year. General meeting shall be usually held at the corporate Registered Office.-----

2. The general meeting shall usually be convened by the Board of Directors, unless the law specifies otherwise. The Board of Directors shall publish the announcement on the General Meeting being convened at least thirty (30) days before the general meeting takes place in the Commercial Journal as well as in the national newspaper idenik.cz, which is published at the web sites www.idenik.cz and recorded with the ministry of Culture of CR under a registration number MK ČR E 15111. The

Extraordinary general meeting is convened by the same method, however, the period to publish the announcement is 15 days. -----

3. The announcement of the general meeting being held must contain the name of the company, the Registered Office thereof, date, hour and place of the general meeting, indication whether regular or extraordinary or substitute general meeting shall be held, agenda thereof and other elements prescribed by law. -----

Sec.24

General meeting decision making and the method of voting

1. General meeting shall have a quorum should the shareholders present have shares the nominal value of which exceeds 30% of the Registered Capital of the company. This provision does not effect the provision of sec.186c, par.1 of Commercial Code. -----

2. Should the general meeting fail to have a quorum even after a lapse of one hour as from the time it was convened, then the person in charge of chairing the general meeting shall announce this fact to the shareholders present. The person who convened the general meeting which had no quorum shall convene a substitute general meeting so that it takes place no later than 6 weeks from the day on which the initial general meeting was convened. The announcement on substitute general meeting shall be published within 15 days as from the day on which the initial general meeting was to be held and the period specified in sec.23 par.2 herein is to be only 15 days. This substitute general meeting must have unaltered agenda and shall have a quorum irrespective of the provisions of sec.24 par.1 herein.-----

3. 10 (ten) votes attached to each share of the nominal value of 1,- CZK (in words: one Czech crown). -----

4. General meeting shall decide by an absolute majority of affirmative votes of present shareholders, unless the law or these bylaws require different majority of votes.-----

5. Voting at the general meeting is made by acclamation, unless the rules of general meeting procedure shall specify otherwise. Should the notarial deed on the resolution of the general meeting be required where the names of voting shareholders must be stated, then the chairman of the general meeting shall have the duty to manage the voting in such a way that the notarial deed on this voting in compliance with law can be made. In case of general meeting deciding on issues according to provisions of sec.186 par.2,3,4,5 of Commercial Code, the Board of Directors shall arrange that the notarial deed is made. -----

6. First, the proposal of the person summoning the general meeting shall be voted on, unless the law specifies otherwise. In case that the proposal of the person summoning the general meeting shall fail to be accepted, then general meeting shall vote on possible proposals and counterproposals of shareholders, in the same order as they have been submitted. -----

7. Unless the law defines it otherwise, the general meeting can proceed with the meeting, should the majority of votes necessary for the decision has been reached, or should it be obvious that such majority may not be reached. The total result of voting shall be stated in the minutes of the general meeting. -----

Sec.25

Chairing the general meeting

1. The general meeting shall approve of the rules of procedure and elect the chairman thereof, reporter, two persons to verify the minutes and persons in charge to count the number of votes. The chairman, if possible at least one of the persons verifying the minutes, must be the shareholder of the company. The rules of procedure and the election according to aforementioned clause herein can be approved by a majority of votes of the shareholders present, voting by acclamation, unless the rules of procedure of the general meeting specify otherwise.-----
2. Should the chairman due to serious reasons be unable to continue in chairing the meeting, it shall be chaired by a person who chaired the meeting until the chairman was elected; this person shall chair the meeting until the new chairman of the general meeting is elected.-----
3. The chairman of the general meeting, or the person in charge of chairing the general meeting until the election of the chairman, have the duty to make sure that all shareholders present at the general meeting are acquainted with all proposals and counterproposals submitted by shareholders. Further, they have the duty to make sure that all explanations to which the shareholders are entitled to are provided at the general meeting.-----
4. The minutes of the general meeting shall be arranged by the Board of Directors; the minutes shall be signed by the reporter, chairman of the general meeting and two persons to verify the minutes. -----
5. The minutes on the general meeting as well as the announcement on the general meeting and the list of shareholders present shall be kept in the archives of the company for the period of its existence. In case of the liquidation of the company, the above shall be kept for 10 years after the cessation of the company.-----

b) Board of Directors

Sec.26

Position, composition and office of the Board of Directors

1. The Board of Directors is an authorized representative body in charge of the corporate activity management and acts on behalf of the company.-----
2. The Board of Directors has three members, which shall fail to apply in case of corporation with a sole shareholder. The members of the Board of Directors are elected and removed by general meeting of the company. The Board of Directors shall elect their President and Vice-President.-----
3. The period of office of each member of the Board of Directors shall be five years. Repeated election of members of the Board of Directors is possible.-----
4. The member of the Board of Directors can resign from the office during his/her period of office. He/She has the duty to announce this intention to the Board of Directors. The performance of office of this member shall terminate on the day the resignation is discussed or should have been discussed by the Board of Directors; the Board of Directors is obliged to discuss the resignation at the nearest meeting after learning about the resignation. In case the member of the Board of Directors shall announce his/her resignation at the meeting of the Board of Directors, his/her performance of office shall terminate after two months, unless another moment of the office termination is approved of upon the application of the member.-----
5. The Board of Directors, whose number of members remains equal or more than half, can appoint a substitute member of the Board of Directors until the next general meeting; otherwise a new member

of the Board of Directors must be elected by the general meeting within three months as from the moment the resigning member of the Board of Directors terminated his / her office.-----

Sec.27

The Responsibilities of the Board of Directors

1. The responsibilities of the Board of Directors shall involve all company issues unless assigned to the general meeting or the Board of Supervisors by law or these bylaws.-----

The Board of Directors primarily:-----

- a) performs the resolutions of the general meeting should they comply with the legislation and these bylaws-----
- b) organizes elaboration of financial statement and annual report, convenes general meeting and submits general meeting the reports and other documents in compliance with law and these bylaws. ---
- c) produces, within thirty day as from the termination of the general meeting, the minutes on the general meeting-----
- d) determines and approves of the concepts of material interest of the corporate employees, determines on the principles of remuneration of members of the Board of Directors and the Board of Supervisors--
- e) approves of the rules of organization of the company-----
- f) decides on the usage of the reserves except for cases such decision is assigned by law to the general meeting.-----
- g) submits for review to the Board of Supervisors the financial statement, the proposal for the distribution of profits or payment of loss and determination of royalties, for opinion the report on business activity of the company, the amount of the corporate property and the annual report.-----
- h) on behalf of the company, performs the employer's rights and duties arising from the employment legislation.-----
- i) performs other responsibilities assigned to the Board of Directors by the Commercial Code-----

2. The Board of Directors provides the Board of Supervisors with all required information-----

3. The Board of Directors observes the principles and instructions approved of by the general meeting should they comply with the legislation and these bylaws. The breach of these instructions or principles has no effect on acting of the members of the Board of Directors towards the third persons.-

Sec.28

Summoning the meeting of the Board of Directors

1. The Board of Directors meets whenever necessary.-----

2. The meeting of the Board of Directors is summoned by the President or a member authorized by the President to summon the meeting.-----

Sec.29

Meeting of the Board of Directors

1. The course of the meeting of the Board of Directors and the resolutions thereof are recorded and the minutes are signed by the President of the Board of Directors and the reporter. The minutes of the Board of Director's meeting must contain the names of the members of the Board of Directors who voted against individual resolutions of the Board of Directors or abstained from voting, including their possible opinion. The chairman shall arrange sending the copies of minutes to all the members of the Board of Directors and Board of Supervisors without undue delay after elaboration of the records.-----

2. The costs related to the meeting as well as other activities of the Board of Directors shall be born by the company.-----

Sec.30

Board of Director's decision making

1. The Board of Directors shall have a quorum only when the majority of members thereof is present. The Board of Directors shall resolve on issues by a simple majority of votes of its present members. In equality of votes, the President of the Board of Directors shall have a decisive vote. Unless the bylaws provide otherwise, members vote by rising their hand.-----

2. In necessary cases, which cannot be delayed, the President of the Board of Directors may induce resolution per rollam under the condition that all members of the Board of Directors agree, which shall be performed by a written (fax or electronic mail is sufficient) or other question to all the members of the Board of Directors. Such resolutions per rollam are valid only if the voting of members was confirmed in writing by a registered mail, fax or electronic mail.-----

3. Should any of the members of the Board of Directors fail to express his/ her opinion within the period determined by the person that induced the resolution per rollam, it is assumed that the person disagree. At the nearest meeting of the Board of Directors, the resolution per rollam must be recorded in the minutes of the meeting. Per rollam resolution may not apply in case of the election and removal of the President of the Board of Directors. -----

4. The meeting of the Board of Directors may be attended by the President of the Board of Supervisors if he/ she requires so.-----

Sec.31

Duties of Directors, prohibition of competition

1. The members of the Board of Directors have the duty to discharge their functions fully and dully and to refrain from any disclosure of confidential information and facts the disclosure of which to third persons may cause damage to the company.-----

2. The members of the Board of Directors are obliged to observe the prohibited competition rule within the range specified in sec. 196 of the Commercial Code-----

Sec.32

Remuneration of the Directors

1. The members of the Board of Directors deserve a remuneration. General meeting decides on the remuneration of the Directors.-----

2. Based upon the economic results of the company, the Directors may be paid the royalties. The amount of royalties shall be decided on by the general meeting.-----

3. The payment of royalties shall be discharged at the nearest salary term of the company following the approval of their amount by the general meeting. -----

c) Board of Supervisors

Sec.33

Position, composition and office of the Board of Supervisors

1. The Board of Supervisors of the company, in particular, supervise over the performance of members of the Board of Directors and company business. The Board of Supervisors shall have 3 members who

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are elected and removed by the general meeting. The member of the Board of Supervisors must not also be the member of the Board of Directors, proctor or a person authorized to act on behalf of the company according to the record in the Commercial Register.-----

2. The term of office of the members of the Board of Supervisors is five years. The first period of office of the members of the Board of Supervisors is one year as from the foundation of the company. The office of the member of the Board of Supervisors terminates upon the election of a new member, however, after three months after termination of his/her period of office at the latest. The member of the Board of Supervisors may be elected repeatedly.-----

3. The member of the Board of Supervisors can resign from the office during his/her period of office; he/she has the duty to announce this intention to the Board of Supervisors in writing. The performance of office of this member shall terminate on the day the resignation is discussed or should have been discussed by the Board of Supervisors. The Board of Supervisors is obliged to discuss the resignation at the nearest meeting after learning about the resignation. In case the member of the Board of Supervisors shall announce his/her resignation at the meeting of the Board of Supervisors, his/her performance of office shall terminate after two months after such an announcement, unless another moment of the office termination is approved of upon the application of the member. Should the member of the Board of Supervisors resign from the office, or should the office of a member terminate

otherwise, the new member of the Board of Supervisors shall be elected by the general meeting within three months as from the day such fact has come into existence.-----

4. The Board of Supervisors, whose number of members remains equal or more than half, can appoint substitute members of the Board of Supervisors until the next general meeting-----

Sec. 34
The Competences of the Board of Supervisors

1. The competences of the Board of Supervisors, mainly the members thereof, regulated by the law and these bylaws shall involve primarily to:

- a) inspect all the documents related to the corporate activity-----
 - b) inspect that all the accounting records are kept duly and in compliance with the real situation-----
 - c) inspect that the business activity of the company is performed in compliance with legislation, these bylaws and instructions of the general meeting-----
 - d) review the financial statement and the proposal for the distribution of the profits prepared by the Board of Directors and submit their opinion to the general meeting.-----
 - e) participate at the general meeting and present at the general meeting the results of their supervisory activity-----
 - f) convene the general meeting if required by the interests of the company and, at such meeting, propose apart from other activities, adoption of respective measures-----
 - g) express opinions on the report concerning the business activity of the company and on the amount of the corporate property and review the annual report for the passed fiscal year, which the Board of Directors submits to the general meeting -----
 - h) submit to the general meeting and the Board of Directors their opinions, recommendations and proposals should they be required by law or these bylaws.-----
- Represent the company towards the members of the Board of Directors in the proceedings in front of the court or other authorities. -----

Sec.35
Summoning the meeting, the meeting itself , decision making of the Board of Supervisors

The provisions of sec.28, sec.29 and sec.30 herein apply reasonably and similarly in order to summon the meeting of the Board of Supervisors, during the course and decision making thereof. -----

Sec.36
Duties of the members of the Board of Supervisors, prohibition of competition and remuneration of Supervisors

The members of the Board of Supervisors have the duty to discharge their functions fully and dully and to refrain from any disclosure of confidential information and facts the disclosure of which to third persons may cause damage to the company. The conditions of the obligation to observe the prohibited competition rule apply similarly as the conditions for the members of the Board of Directors which are defined in sec. 31 par.2 herein. The remuneration payment to the members of the Board of Supervisors complies in the reasonable extent with provisions of sec.32 herein.-----

Part VI.
Economic results of the company

Sec.37
Distribution of the profits of the company

1. The distribution of the profits of the company shall be decided on by the general meeting which shall be proposed by the Board of Directors and reviewed by the Board of Supervisors. -----
2. The net profit of the company after deduction of the amount for the reserves shall be attributed to:---
 - a) cover the losses from past years-----
 - b) dividends and royalties-----
 - c) attributions to other reserves of the company, if applicable-----
 - d) increase of the Registered Capital of the company-----
 - e) creation of authorised share capital for own shares of the company or stocks or business share in the parent company.-----
3. The method of the profit distribution decided on may also transfer the whole profit or the part thereof in favour of the controlling person, if the company concludes a contract on profit transfer.-----
4. The general meeting may also decide that the whole net profit or the undistributed part thereof shall be transferred to the undistributed profit from past years account. This undistributed profit from past years can be used the same way as the net profit. -----
5. The resolution of the general meeting to pay the share of profit (dividends) gives rise to the claim of shareholder to be paid the share on the determined day. The date decisive for the dividend payment shall be the date on which the general meeting that decided on the payment of dividends is held. -----
6. The dividend shall be payable one months as from the day of adoption of the general meeting resolution on profit distribution. The method of dividend payment shall be proposed by the Board of Directors and decided on by the general meeting. -----

Sec.38
Payment of corporate losses

1. The payment method of contingent loss of the company arising in the past accounting period shall be decided on by the general meeting.-----
2. Contingent losses arising from the economic activity of the company can be paid or covered primarily from the reserves of the company if not prohibited by law. The general meeting may also decide on the method of loss payment -----

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- a) using the undistributed profit from past years-----
 - b) using other provisions of the company including capital and share premiums or-----
 - c) reducing the Registered Capital of the company-----
- The order of the methods to cover the losses is not obligatory for the general meeting.-----

3. The general meeting may also decide that the loss shall remain unpaid and shall be transferred to the account of unpaid losses from past years.-----

**Sec.39
Reserves**

1. The company created reserves. The annual portion attributable to the reserves shall be 5% of the net profit until the amount thereof reaches 20% of the Registered Capital.-----

2. The reserves created within the provisions of sec.39 par.1 herein shall be used only to cover the losses of the company.-----

3. The company shall have the duty to create reserves also in cases specified in sec. 120 par.3, sec.161d par.2 and sec.161f of Commercial Code, always during preparation of the financial statement, from own sources from undistributed profit. -----

While creating reserves, the company follows the procedure described in sec.161d par.2 – 4 of Commercial Code.-----

4. The reserves may further be created:-----

- a) by the decision of the general meeting when the Registered Capital of the company is being increased in connection with the resolution on increasing the Registered Capital by subscription of new shares, by:-----
 - extra payment over the issuing price of new shares, or-----
 - using the difference (or the part thereof) between the non-monetary contribution and the nominal value of shares which are to be issued to the subscriber as consideration.-----

b) decision of the general meeting on further voluntary creation of reserves from profits, while the reserves created by this method can reach the amount twice as high as the Registered Capital. -----

c) decision of the Board of Directors on the transfer of means from other provisions of the company, unless purpose bound, while the reserves created by this method can reach the amount twice as high as the Registered Capital.-----

d) decision of the general meeting on reduction of the Registered Capital for the purpose of transferring to the future loss reserves under conditions specified in sec.216a of Commercial Code, while the amount transferred to the reserves must not exceed ten per cent (10%) of the Registered Capital of the company; such part of reserves may only be used in compliance with sec. 216a Commercial Code. -----

**Sec.40
Provisions**

1. The company may create provisions.-----

2. Board of Directors decides on using the provisions except for cases when legislation confides such decision to the competence of the general meeting. -----

3. The provisions shall be created in compliance with the respective provisions of the Commercial Code.-----

**Part VII.
Special provisions**

**Sec. 41
Supplements and alterations of bylaws**

1. General meeting decides on supplementing and alterations of these bylaws.-----
2. The proposals for supplementing and alterations of these bylaws are proceeded with consideration of mandatory provisions of legislation; they can be submitted not only by shareholders, but also by the members of the Board of Directors or Board of Supervisors.-----
3. Should the agenda of the general meeting involve the alteration of these corporate bylaws, the announcement on the general meeting must at least briefly describe the main ideas of proposed alterations and the proposal of alterations of these bylaws must be at the shareholders' disposal for examination at the Registered Office 30 days before the respective general meeting takes place. The shareholder is entitled to require a copy of the bylaws draft to be sent to him at his own cost and risk. The shareholders shall be notified of these rights in the invitation to the general meeting or announcement thereof. -----
4. Should a shareholder, at the general meeting, intend to apply counterproposals to the proposed alterations of these bylaws the content of which is stated in the announcement on the general meeting, he/she has the duty to deliver the written version of his/her proposal to the company at least five working days prior to the respective general meeting. The Board of Directors shall have the duty to publicize his/her counterproposal with their opinion, if possible, at least three days before the announced date of the general meeting. -----
5. Having the alteration of these bylaws been approved of by the general meeting, the Board of Directors shall arrange production of new complete version of the bylaws of the company and submit them to the competent Commercial Court. The alteration of these bylaws within sec.173 par.2 of Commercial Code become effective on the day of being recorded in the Commercial Register. Other alterations of these bylaws become effective as soon as the general meeting decides on their adoption, unless the alteration becomes effective later upon the decision of the general meeting on the alteration of these bylaws or the legislation.-----

**Sec.42
Announcing**

1. The facts defined by law, these bylaws or resolution of the general meeting to be announced, shall be announced by the company in an announcement in the Commercial Journal, on the internet at idenik.cz, which can be found at www.idenik.cz and a notice board of the company. -----
2. The documents to other persons shall be delivered to their address announced to the company or address recorded in the Commercial Register or other database.-----

**Part VIII.
Final provisions**

Sec.43

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Should the company decide on the increase or reduction of the Registered Capital, division of shares, alteration of form and kind of shares or limitation of transferability of registered shares or the alteration thereof, the alteration of bylaws shall become effective on the day of these facts being recorded in the Commercial Register. Other alterations shall become effective as soon as the general meeting decides on their adoption, unless the alteration becomes effective later as to the decision of the general meeting on the alteration of these bylaws or the legislation.-----