

Resolution of the Cabinet of Ministers of Ukraine
On Adopting Articles of Association
of the State Joint-Stock Company “Khib Ukrainy”

No.1375

November 12, 1996

Cabinet of Ministers RESOLVES:

To adopt enclosed Articles of Association of the state joint-stock company “Khib Ukrainy”

Adopted by the Resolution of the Cabinet of Ministers of Ukraine of November 12, 1996 No.1375

Articles of Association of the state joint-stock company “Khib Ukrainy”

I. General Provisions

1. State joint-stock company “Khib Ukrainy” (hereinafter referred to as Company) was established according to the Resolution of the Cabinet of Ministers of Ukraine of August 22, 1996 No.1000 “On Establishing State Joint-Stock Company “Khib Ukrainy”.

2. Name of the Company:

Full:

In Ukrainian – Derzhavna aktsionerna kompaniya “Khib Ukrainy”;

In English – The state joint-stock company “Khib Ukrainy”;

Abbreviated:

In Ukrainian – DAK “Khib Ukrainy”;

In English – SJSC “Khib Ukrainy”;

3. Location of the Company:

Ukraine, 252033, city of Kyiv, 1, Saksaganskogo Str.

I. Legal Status of the Company

1. Company is a legal entity starting from the day of its state registration.

Company has a seal with its name, trade mark adopted by the Management Board of the Company and registered according to the current legislation, independent balance, settlement and other accounts with banking institutions.

2. Company has a right to open accounts (in the currency of Ukraine and foreign currency) to deposit funds and to perform all types of the settlement, credit, cash operations in any banking institution both at the place of the Company’s registration and at the place of location of its branches and representative offices according to the current legislation of Ukraine.

3. Company shall carry out its activity according to the legislation of Ukraine and these Articles of Association.
4. Company is a legal successor of the rights and obligations of the Main Department on Bread-Stuffs and Main Department of the Mixed Feed Industry of the Minsil' gospprod and is included into the agroindustrial complex of Ukraine.
5. Property of the Company includes capital assets and working capital and also valuables which value shall be reflected in the Company's balance.

Property of the Company is owned by the state and belongs to the Company on the full economic control basis.

6. Company owns the following:

property, turned over by the establisher;

stocks of the open joint-stock partners.

to perform another activity that does not contradict with current legislation.

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determination and studying of the main methods for improving technologies of transportation, processing and storage of grain, grain grinding and cereals, mixed feed and macaroni products;

investing into the scientific, research and production activity from the sectoral non-budget special purpose fund;

fulfillment of the functions of the authorized entity in utilizing rights for the participation in management of the joint-stock ventures, performed by shares owned by the state;

conduction of the unified scientific, research and investment policy in the area of grain products;

performance of the foreign economic activity according to the current legislation of Ukraine based on the principles of currency self-accounting and self-financing;

issuance of securities, their sale and purchase at the domestic and foreign markets;

rendering of the informational, methodological, marketing and consulting services;

rendering services in organization of the supply of raw materials, equipment, spare parts, package materials;

ensuring execution of the state orders in the area of the civil defense and mobilization training;

methodological assistance in labor protection, fire and explosive safety;

performance of other types of activity that do not contradict with current legislation in accordance with the objectives of the Company, determined by these Articles of Association;

IV. Shareholders of the Company

3. Legal and natural entities of Ukraine, foreign states and persons without citizenship may become shareholders of the Company.

4. Shareholder of the Company has following rights:

to participate in the general meetings of the shareholders;

to be elected to the Supervising Council, Revision Commission and other bodiation;

to receive information about the Company's activity. Company is obliged to submit shareholders by their request with annual balances, protocols of the general meetings;

to receive part of the value of the Company's property proportional to the value of his shares in case of the Company's liquidation;

to transfer his shares according to the procedure determined by the current legislation and these Articles of Association and to bequeath them;

for the preferable right to purchase additionally issued shares of the Company.

Shareholders may also have other rights provided by the current legislation.

5. Shareholder of the Company has following obligations:

to observe requirements of the statute documents of the Company, fulfill decisions of the general meetings and other bodies of the Company's management;

not to disclose commercial secrecy and undisclosed information about Company's activity;

to fulfill other obligations provided by the current legislation of Ukraine.

6. Shareholders shall meet liabilities of the Company within the limits of the their stocks.

V. Authorized fund of the Company

7. Authorized fund of the Company equals to 366 million hrivnas.

8. Authorized fund of the Company is subdivided into 1465300 common registered stocks with the face value of 250 hrivnas each. 100 per cent of the Company's shares are owned by the government until the special decision of the Cabinet of Ministers of Ukraine about privatization of the Company's property.

9. Procedure of the operations with stocks (registering of the shareholders, placing of stocks, their purchase and sale, etc.) shall be determined by the Supervising Council of the Company in accordance with the current legislation.

10. Company has the right to change (increase or decrease) amount of the authorized fund;

11. Amount of the authorized fund may be increased by the following ways:

issuing and selling new stocks in accordance with the procedure provided by the current legislation;

increasing face value of the issued stocks;

converting Company's bonds into stocks.

12. Amount of the authorized fund may be decreased by the following ways:

decreasing nominal(face) value of the issued stocks;

annulment of stocks purchased by the Company from shareholders.

13. Decision about changing (increasing or decreasing) amount of the authorized fund shall be made by the highest body of the Company.

Changes in the Articles of Association connected with increasing or decreasing Authorized fund shall come into force from the moment when they are made in the national register.

VI. Stocks of the Company

14. Company shall issue common registered shares in the amount of its authorized fund and register them according to the procedure provided by the current legislation.

15. Until the special decision of the Cabinet of Ministers of Ukraine about privatization of the Company's property State Property Fund cannot alienate stocks of the Company owned by the government.

16. After the special decision of the Cabinet of Ministers of Ukraine shareholders of the Company may dispose of the Company's stocks at their own discretion without restrictions, namely, sell or otherwise alienate in favor of the legal and natural entities unless otherwise is provided by the legislation.

VII. Profit of the Company and its distribution procedure

33. Profit of the Company is received from incomes from economic and commercial activity after covering material and other expenses for the remuneration of labor, allocations to the budget and other obligatory payments determined by the legislation. Net profit received after above-mentioned settlements shall remain at full disposal of the Company.

34. Loss compensation procedure from the net profit shall be determined by the highest body of the Company according to these Articles of Association and current legislation of Ukraine.

Company shall establish:

Reserve (Insurance) Fund;

Accumulation Fund;

Material Incentive Fund and other funds.

Reserve (Insurance) Fund of the Company shall be established by annual payments in the amount equal to 5 per cent of the net profit of the Company and shall be utilized to cover expenses connected with compensation of losses and additional expenses.

Assets of the Reserve (Insurance) Fund shall be transferred to the special account in the banking institutions. The highest body of the Company shall make decision on utilization of fund's assets.

Accumulation Fund shall be established from the net profit of the Company by annual payments amounting to not less than 30 per cent of the net profit and utilized for the strengthening of the material and technical base of the Company. Fund's limits, procedure and direction of the fund's utilization shall be adopted by the Management Board of the Company.

Material Incentive Fund shall be established from the net profit of the Company by annual payments amounting to not less than 20 per cent of the net profit and utilized for the social security and material incentive of the Company's employees.

Other funds can be also established by the decision of the highest body of the Company. The highest body of the Company shall adopt their utilization procedure by the request of the management Board.

VIII. Managerial bodies of the Company

35. There are following bodies managing and controlling activity of the Company:

general meetings of the shareholders of the Company;

Supervising Council;

Management Board of the Company;

Revision Commission.

36. The highest body of the Company is general meeting of the shareholders.

Before the first general meeting of the shareholders functions of the highest body of the Company shall be performed by the Supervising Council (except powers regarding reorganization, liquidation of the Company and changes of the amount of the authorized fund).

Powers of the general meeting and their decisions, procedure and terms of their convocation shall be determined according to the current legislation of Ukraine and these Articles of Association.

37. Highest body of the Company has the following competence:

to determine main directions of the Company's activity;

to determine organizational structure of the Company;

to adopt Articles of Association of the Company and to amend them.

to elect and recall members of the Supervising Council of the Company (except period before the first general meeting of the Company's shareholders when members of the Supervising Council of the Company shall be adopted by the Cabinet of Ministers of Ukraine);

to elect and recall members of the Management Board and Revision Commission (except period before the first general meeting of the Company's shareholders when Head of the Management Board and his deputies shall be adopted by the Cabinet of Ministers of Ukraine);

to confirm annual results of the Company's activity, reports and summaries of the

Supervising Council has the right to receive information about Company's activity, consider reports of the Management Board and officials of the Company regarding certain issues of their activity. It also has the right to terminate authorities of the members of the Management Board, adopted by the Supervis

decision of the highest body of the Company shall be considered exclusively by another body of the Company, namely:

organization of the economic, commercial and foreign economic activity, financing, accounting and reporting, operations with securities, participation of the Company in other associations, purchase of stocks of other joint-stock ventures;

issues connected with control over branches, representative offices and affiliates, established by the Company, ensuring execution of their duties;

determining authorities of the representatives of the Company for the participation in the general meetings of the shareholders of enterprises which stocks (shares) are owned by the Company;

preliminary discussion of the issues subject to the consideration at the meetings of the Supervising Council, preparation of the respective documents, ensuring execution of the decisions of the Supervising Council;

ensuring observance by the Company, its branches, representative offices and affiliates of the current legislation of Ukraine;

selection of personnel;

adoption of instructions and other normative documents of the Company within its competence;

consideration of the revision and examination documents and also reports of the heads of branches, representative offices and affiliates established by the Company, making decisions regarding respective issues;

development of the annual reports and balances of the Company;

other issues of the Company's activity. The highest body of the Company can make decisions regarding partial transfer of its duties to the Management Board.

Management Board shall independently resolve issues regarding management of the Company's property except those that according to the current legislation and these Articles of Association or decision of the highest body of the Company are related to the competence of the other bodies of the Company's management.

Management Board shall be elected for 5 years and accountable to the highest body and Supervising Council of the Company. Management Board shall organize execution of the made decisions.

40. Head of the Management Board performs current management of the Company's activity and bears responsibility for the fulfillment of the tasks and functions of the Company.

Head of the Management Board shall act in accordance with current legislation and these Articles of Association.

Head of the Management Board has the following rights:

to represent without instructions interests of the Company and to act on its behalf;

to manage property and assets of the Company within limits determined by the Articles of Association of the Company and decisions of the Supervising Council;

to open accounts in the banking institutions of Ukraine and abroad to deposit assets and to perform all types of settlements, credit and cash operations of the Company;

to issue instructions;

to determine labor remuneration procedure for the officials of the Company, its affiliates, branches and representative offices;

to adopt staff, appoint and discharge employees of the Company;

to encourage employees and place disciplinary penalties;

Head of the Management Board based on the decisions made by the Management Board:

issues orders regarding Company's activity;

confirms provisions regarding structural subdivisions of the Company;

with the purpose of protecting interests of the Company determines contest and scope of the information classified as commercial secrecy of the Company and its protecting procedure;

participates in the meetings of the Supervising Council with the right of deliberative voice;

performs other functions in accordance with the current legislation of Ukraine and these Articles of Association.

41. Revision Commission consisting of three people performs control over financial and economic activity of the Company.

The highest body of the Company shall elect members of the Revision Commission for the period of two years.

Revision Commission shall be accountable only to the highest body of the Company.

Revision Commission shall perform its activity based on the Provisions on Revision Commission adopted by the Supervising Council.

Revision Commission has the right to invite for its purposes experts and representatives of the audit organizations.

Members of the Revision Commission have the right to participate in the meetings of the Management Board of the Company with the right of the deliberative voice.

Revision Commission shall develop summaries based on the annual reports and balances. Supervising Council has no right to adopt annual balance without summaries of the Revision Commission.

Members of the Revision Commission receive award and compensation from the funds of the Company for performing their duties.

42. Employees of the Company shall perform control over financial and economic activity of the branches, representative offices and affiliates of the Company.

IX. Accounting of the Company

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53. Company may be liquidated in the following cases:

by the decision of the Cabinet of Ministers of Ukraine - before the decision of the Cabinet of Ministers of Ukraine about privatization of the Company' property;

by the decision of the highest body of the Company - after the decision of the Cabinet of Ministers of Ukraine about privatization of the Company' property;

based on the decision of the court or arbitration court.

54. Liquidation of the Company shall be performed by the Liquidation Commission appointed by the body that made a decision on liquidation.

55. Starting from the date of appointment of the Liquidation Commission it shall receive authorities to manage Company's activity. Liquidation Commission shall inform through one of the official mass media authorities about beginning of the Company's liquidation and terms for submitting claims.

56. Liquidation Commission shall evaluate available property of the Company, determine its creditors and debtors, settle them up, take measures to pay debts of the Company to the third persons, execute liquidation balance and submit it to the highest body of the Company or to the body appointing Liquidation Commission.

57. Available funds of the Company including assets received after the sale of its property shall be directed to the labor remuneration of the employees of the Company and also to the settlements with budget, banks and other creditors.

58. If assets of the Company do not cover all liabilities to creditors they shall be subdivided between creditors proportionally to the amounts of claims of creditors in order of priority according to the current legislation.

59. Company shall be considered liquidated from the moment when respective entry is made in the State Register.