

Translated from Latvian

**DRAFT**

REGISTERED at the Commercial Register  
of the Republic of Latvia  
case No. 40003031873

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# **CHARTER**

of

**JOINT STOCK COMPANY**

**"LATVIJAS BALZAMS"**

(edition approved by the Meeting of Shareholders on 29 April 2009)

APPROVED by the Meeting of Shareholders  
on 29 April 2009

Riga, 2009

## **A FIRM**

- (1) The firm name of a Joint Stock Company: the Joint Stock Company "Latvijas balzams", the abbreviated firm name - JSC "Latvijas balzams" (hereinafter referred to as the "Company").

## **LEGAL STATUS**

- (2) The Company is the Joint Stock Company, that is, an open [public] company which shares may be an object of public circulation.

The Company was established as a result of privatization of State Joint Stock Company "Latvijas balzams" in accordance with State JSC "Latvijas balzams" Privatization Regulations approved by the decision No. 229/2875, dated 27 November 1997 of the Board of Non-profit State JSC "Privatizācijas aģentūra" ["Privatization Agency"] (hereinafter referred to as "Privatization Regulations").

The Company has been reorganized in accordance with procedure prescribed by Article 35 of the Law "On Business Activities" by incorporating JSC "Rīgas vīni" into it as from the 1<sup>st</sup> January 2000, by the execution of decisions of the extraordinary meeting of JSC "Latvijas balzams" of 10 November 1999.

The Company shall be a legal successor of rights and obligations of the State Joint Stock Company "Latvijas balzams" according to the Privatization Regulations and of Joint Stock Company "Rīgas vīni" according to the Incorporation Agreement.

- (3) The Company shall be a legal person.
- (4) The Company has a seal with its emblem and name.
- (5) The Company is founded for an indefinite period of time.
- (6) General provisions of the status and activity of the Company shall be prescribed in this Charter and shall be applied in connection with the Commercial law, other laws, as well as binding regulations of state authority and management institutions.

## **FORMS OF COMMERCIAL ACTIVITY**

- (7) The Company shall perform the following commercial activity (in accordance with the edition 2 of the NACE Classifier):
  - 11.0. Manufacture of beverages:
  - 11.01. Distillery, rectification and mixing of spirits.
  - 11.02. Manufacture of wines from grapes.

- 11.03. Manufacture of cider and other fruit wines.
- 11.04. Manufacture of other non-distilled beverages from fermented raw materials.
- 11.05. Manufacture of beer.
- 11.07. Manufacture of non-alcoholic drinks; manufacture of mineral waters and other bottled waters.
- 82.92. Packing services.
- 46.3. Wholesale of food, beverages and tobacco:
- 46.34. Wholesale of beverages.
- 46.39. Non - specialized wholesale of food, beverages and tobacco products.
- 47.2. Retail sale of food, beverages and tobacco in specialized stores:
- 47.25. Retail sale of alcoholic and other beverages in specialized stores.

Additional forms of commercial activity of the Company are the following:

- 55.10. Lodgement in hotels and similar staying places.
- 55.20. Lodgement in guest houses and other kinds of temporary staying places.
- 56. Catering services:
- 56.10. Services of restaurants and mobile catering places.
- 56.29. Other kinds of catering services.
- 56.30. Bars activity.
- 49.41. Cargo transport by road.
- 52.10. Storage and warehousing.
- 52.2. Transport auxiliaries:
- 52.24. Loading and unloading of cargos.
- 52.29. Other transport auxiliaries.
- 73.20. Market research and public opinion polling.
- 82.99. Other promotional auxiliaries of commercial activity non-classified elsewhere.

(8) In case some of the forms of commercial activities mentioned above according to the requirements of the Law needs a receipt or registration of a special permission, licence the Company shall be entitled to engage in respective commercial activity only after the receipt or registration of such a special permission, licence.

## **EQUITY CAPITAL**

(9) The equity capital of the Company is 7 496 900 (seven million four hundred ninety six thousand and nine hundred) lats.

## **SHARES**

(10) The equity capital of the Company shall make 7 496 900 (seven million four hundred ninety six thousand and nine hundred) registered shares. All shares have equal rights to the receipt of dividends, liquidation quotas and to voting rights at the shareholders' meeting.

- (11) 1 705 000 shares are registered shares in a form of paper. 5 791 900 shares are dematerialized registered shares in a public circulation and are entered into regulated market.
- (12) Each paid share shall give the right to one voice at the shareholders' meeting.
- (13) Nominal value of each share is 1.00 (one) lat.

## **MANAGEMENT**

- (14) The Meeting of Shareholders, the Council and the Board of Directors are management bodies of the Company.
- (15) The Meeting of Shareholders is the supreme management body of the Company. The Meeting of Shareholders is entitled to make decisions if shareholders, who jointly represent one half of the equity capital with voting rights of the Company, participate in it.
- (16) The Meeting of Shareholders shall make decisions with a majority of the presented shareholders' votes, if greater number of votes was not required by the Commercial law or other regulations.
- (17) In case the Meeting of Shareholders shall not be entitled to decide due to lack of its quorum, the Board of Directors should propose the repeated convocation of the Meeting of Shareholders not later than within one week. The repeated Meeting of Shareholders should be convoked with the initial agenda of the Meeting of Shareholders.
- (18) A notice about convocation of the repeated Meeting of Shareholders should be announced at least 30 (thirty) days before the day of the prescribed repeated Meeting of Shareholders.
- (19) The repeated Meeting of Shareholders shall be entitled to decide irrespective of the represented capital with voting rights. The repeated Meeting may take decisions only on issues of the agenda that were included in the agenda of the initial Meeting of Shareholders.
- (20) The meeting of Shareholders shall elect supervisory body - a Council, which represents interests of the shareholders in the meantime of the Meeting of Shareholders and shall elect the Board of Directors and supervise its activity in accordance with procedure prescribed by the Law and this Charter.
- (21) The Council shall consist of 6 (six) members of the Council and shall be elected for the period of three years. Members of the Council shall elect the chairman of the

Council and one or more deputies of the chairman of the Council from among themselves.

- (22) The member of the Council may leave the post at any time. In that case, he (she) should submit to the Company a corresponding application in written form one calendar month before.
- (23) The Council shall not be entitled to make the decision in fields, which are in the competence of the Board of Directors. Nevertheless, the Board of Directors needs an agreement of the Council for the decision of the following complicated issues listed below:
- 1) to acquire participation in other companies, its reduction or increase;
  - 2) acquisition or alienation of an enterprise;
  - 3) the opening or closing of the branches or subsidiaries;
  - 4) the initiation of new forms of activity or the termination of current forms;
  - 5) the definition of the general principles of activity;
  - 6) the confirmation of the budget for annual accounting year.
- (24) The Board of Directors is an executive body of the Company and consists of 5 (five) members of the Board of Directors.
- (25) The Council shall elect the members of the Board of Directors for the period of three years. The chairman of the Board of Directors shall be elected by the Council from among the members of the Board of Directors.
- (26) All members of the Board of Directors have representation rights. The chairman of the Board of Directors has the right to represent the Company solely, each from the other members of the Board of Directors has the right to represent the Company only together with three other members of the Board of Directors.
- (27) The member of the Board of Directors may leave his post in the Board of Directors at any time. In that case he (she) must submit to the Company an appropriate written notice at least one calendar month before.
- (28) The chairman of the Board of Directors shall manage the activity of the Board of Directors, but in his (her) absence or by request of the chairman the Board of Directors shall be managed by the member of the Board of Directors appointed by the chairman of the Board of Directors.

The Board of Directors of JSC "Lavijas balzams":

\_\_\_\_\_ Kārlis Andersons

\_\_\_\_\_ Ronalds Zharinov

\_\_\_\_\_ Signe Bīdermane

\_\_\_\_\_ Egils Dzerelis

\_\_\_\_\_ Sergey Limarenko

Riga City, 31 Skolas Street, on the \_\_\_\_\_ of March year two thousand and nine (\_\_\_\_.03.2009), I, Sworn Notary of the Riga Regional Court Anita Elksne, at the place of my practice hereby certify that this copy was compared with the document original and complies with it fully.

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*[seal]*

*ANITA ELKSNE*

Translated into English by \_\_\_\_\_

I, \_\_\_\_\_, hereby certify that I was warned about criminal responsibility for deliberately false translation.

\_\_\_\_\_  
[signature]

Riga City, 31 Skolas St., on \_\_ of March 2009 I, Sworn Notary ANITA ELKSNE hereby certify that the signature of the person \_\_\_\_\_, personal code \_\_\_\_\_, personally known to me, is true and she has signed in my presence.

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[signature]

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