

*JSC "Olainfarm" Terms of share capital increase
(hereinafter - "the Terms")*

1. PURPOSE OF THE SHARE CAPITAL INCREASE

1.1. The purpose of the increase of share capital of Joint Stock Company "Olainfarm" (hereinafter - "**the Company**") is attraction of additional funds in order to enhance development of the Company.

2. EXISTING SHARE CAPITAL, SHARE CATEGORIES, TYPES, NUMBER AND NOMINAL VALUE

2.1. On the moment of approval of the present Terms registered and paid up share capital of the Company is LVL 10 252 365 (ten millions two hundred fifty two thousands three hundred and sixty five lats).

2.2. The share capital of the Company consists of 10 252 365 (ten millions two hundred fifty two thousands three hundred and sixty five) shares. Nominal value of each share is LVL 1.00 (one lat). There is a following distribution of shares: 2 994 900 of share of the Company are bearer shares, which are in the public circulation, 7 257 465 – are registered shares. All shares are of single category without preferences, and having unrestricted voting rights.

2.3. Existing share capital of the Company has been fully paid up.

3. INCREASE OF SHARE CAPITAL

3.1. The share capital is increased by issuance of one category 3 000 000 (three millions) registered shares with nominal value of LVL 1.00 (one lat) per each share.

3.2. All shares are dematerialized with equal voting rights, rights to receive dividends or liquidation quota. The acquirer of newly issued shares has the right to participate in receipt of dividends from the moment when the shares are paid up.

3.3. The new shares of the Company are not envisaged to be listed at the regulated securities market.

3.4. The share capital of the Company is increased up to LVL 13 252 365 (thirty millions two hundred fifty two thousands three hundred and sixty five lats) (declared share capital).

3.5. At the date of approval of the present Terms (hereinafter - "**Date of reference**") JSC "Latvia Central Depository" gather information on the holders of the bearer shares in public circulation and prepare a list of such which should be submitted to the Management board of the Company. By the Date of reference the Management board of the Company prepares the list of the holders of the registered shares on the basis of the data of the shareholders register.

3.6. Those shareholders who will be included in at least one of the lists as described in Article 3.5. shall have the rights to acquire newly issued shares.

3.7. The existing shareholders of the Company shall have priority on the purchase the newly issued shares in proportion to their total nominal value of shareholding as on the Date of reference.

4. NOMINAL VALUE OF NEW SHARES AND PURCHASE PRICE

4.1. The nominal value of each newly issued share is LVL 1.00 (one lat).

4.2. The purchase price of the shares shall consist of the nominal value and the share premium.

4.3. The share premium is determined to be in the range of LVL 0.05 to LVL 0.50. The Management board of the Company may set the amount of share premium only in the range set by the present Terms.

4.4. The purchase price of shares shall be determined by the Management board of the Company during the Third phase in accordance with Article 4.5 of these Terms.

4.5. The purchase price of the shares shall be calculated and approved by the Management board of the Company in accordance with the result of demand among existing shareholders of the Company within the Third Phase of subscription by using the book-building method. During the First phase of subscription the investors shall submit the subscription form to the Management board of the Company in the order set by the present Terms. The price of shares shall be determined based on the submitted applications, taking into account the information gathered in the subscription register concerning:

- (a) order of submission of applications;
- (b) the total amount of demand;
- (c) the total demand price flexibility.

The share premium shall be so determined in order to secure, in a range of reasonable possibility, a sign-up to all of the shares issued by the Company.

5. SUBSCRIPTION TO SHARES

5.1. Subscription to the shares of new issue shall be organized in three phases as set by the present Terms:

5.1.1. During the First phase the existing shareholders of the Company determined on the Date of reference shall pursuant to the priority right set in Article 251 of the Commercial Law have the right to subscribe to all shares of the new issue pro rata to their total par value of shareholding on the Date of reference.

5.1.2. During the Second phase the existing shareholders of the Company which have used their priority right and subscribed for the newly issued shares of the Company shall have the right in proportion to division of shares among the subscribed shareholders on the Date of reference, to subscribe for the remaining shares not subscribed for by the other shareholders of the Company. The shareholders of the Company shall submit the application expressing willingness to subscribe for the additional newly issued shares simultaneously with the subscription form for the First Phase with indication of the maximum purchase price by which the existing shareholders would like to purchase the newly issued shares.

5.1.3. Should it happen that after completion of First and Second phases and proportional distribution not all of the newly issued shares are distributed between the existing shareholders of the Company which are identified on the Date of reference, such shares are distributed among those

existing shareholders of the Company who have subscribed to the purchase of the additional shares in the order of submission of applications.

5.2. The applications of the existing shareholders of the Company for the subscription to newly issued shares are submitted in accordance with the form as laid out in the Appendix No.1 to the present Terms.

5.3. The subscription for the shares of the Company shall be effectuated by submission of written application to the Management board of the Company in terms set out by the present Terms by post sending to the address: Rūpnīcu 5, Olaine, LV-2114, or personally submitting the application to the Legal department of the Company at the mentioned address. Should the application be sent by post the date of its receipt at the Company is considered to be the date of its submission. The Management board of the Company reserves the right to annul any application in case it is not correspondent to the subscription rules or is not submitted within the terms set out by the present Terms.

5.4. The Management board of the Company secures immediate registration of applications submitted by the existing shareholders in order they are received.

6. TERM FOR THE SUBSCRIPTION

The subscription to the newly issued shares of the Company should be effectuated in the following terms:

6.1. First phase:

6.1.1. The First phase subscription is open on a day when the notification to the shareholders of the Company on use of priority rights is published in the official newspaper "Latvijas Vēstnesis".

6.1.2. The term for the First phase subscription is set 1 (one) month. In case the last day of the subscription term is an official holiday or week-end the subscription is closed on the next working day.

6.2. Second phase:

6.2.1. The Second phase subscription based on the applications submitted by existing shareholders in accordance with Article 5.1.2. of the Terms is open on the next working day after the day when the First phase subscription is closed. The term of the Second phase subscription is set 1 (one) working day.

6.2.2. In order to effectuate the Second phase subscription existing shareholders of the Company should not submit any additional applications after the First phase subscription is closed. Within the framework of the First phase existing shareholders of the Company who would like to acquire additional shares should submit a priority right application for purchase of total number of shares that exceeds the number of shares which would have been due to such shareholder in proportion to its total nominal value of shareholding on the Date of reference.

6.2.3. In case an application on subscription for additional shares is not submitted during the First phase in accordance with Article 5.1.2. of the Terms, then existing shareholders of the Company are losing their rights to subscribe for shares on Second and Third phases.

6.3. Third phase:

6.3.1. The Third phase subscription based on the applications submitted by existing shareholders is effectuated on the next working day after the day the Second phase subscription is closed and its term is 1 (one) working day.

6.3.2. During the Third phase the shares of the Company which have not been distributed within the First and the Second phases are distributed among those existing shareholders of the Company who have within the framework of the First phase submitted an application for purchase of additional shares, in order such applications have been submitted.

6.4. Within 3 (three) working days after the Third phase is closed, the Management board of the Company is summarizing the applications of the shareholders and decides on the purchase price and distribution of the shares. The Management board notifies the shareholders on the results of subscription personally by registered mail (with notification of receipt) confirming the number subscribed to by the shareholder and their total price.

6.5. The subscription for the newly issued shares of the Company is considered to be over on the fifth working day after all the shareholders who have subscribed for the shares have received the notifications as stated in Article 6.4.

6.6. In case after the expiration of term set in Article 6.5. not all of the newly issued shares are signed for, the emission is considered valid and the share capital is increased by the amount of signed shares.

6.7. In case during subscription time the request for the shares of the Company is exceeding the offer, the shares are distributed in accordance with order described by the present Terms and no additional emission of the shares of the Company is exercised.

6.8. In case the emission of the shares is valid only in the amount of signed shares, the Management board is obliged to call a shareholders meeting which shall decide on the corresponding amendments in the statutes.

7. PROCEDURE AND TERMS OF PAYMENT FOR SHARES

7.1. All newly issued shares of the Company should be paid for in cash.

7.2. Until the end of subscription, but not later then within 1 (one) working day from receipt of the notification described in Article 6.4., 25% from the nominal value of the shares and a total share premium must be paid up. The payment for the remaining part of the nominal value of the shares must be effectuated within a year from the day the decision on increase of the share capital has been made.

7.3. In case the total purchase price of the signed shares is not paid up, the shareholder acquires only such amount of shares which is proportional to the sum it has paid, on which the accounts are settled..

7.4. In case not all signed shares are fully paid up within the terms set by the present Terms, the Management Board should call a shareholders meeting which shall decide on the corresponding amendments in the statutes.

8. THE ORDER OF RECEIPT OF INFORMATION

8.1. The Management board publishes a notification on increase of capital in the newspaper „Latvijas Vēstnesis”. All the rest public notifications of the Company concerning emission of shares in accordance with present Terms and effectuation of subscribing will be published with mediation of the JSC "Riga Stock exchange" information system.

8.2. An additional information on application of the present Terms may be acquired every working day from 9:00 to 16:00 at: JSC „Olainfarm”, Rūpnīcu str. 5, Olaine, office 219 or by phones: 7013706, 7013871.

8.4. Should any of the articles of the present Terms become infeasible or in conflict with normative acts in force, the Management board of the Company has the right to adjust the Terms in order to keep them in force.

JSC "Olainfarm"
Chairman of the Management board

V.Maligins

JSC "Olainfarm"
Registration No. 40003007246
address: Rūpnīcu street 5,
Olaine, LV-2114

**Application of the shareholder for use of priority rights
And purchase of shares**

Legal person/ Physical person

Name/ Name, surname: _____

Registration No./ Personal code: _____

Correspondence address: _____

With this I confirm my subscription to JSC „Olainfarm” shares in accordance with terms of share capital increase approved by JSC „Olainfarm” annual shareholders meeting held on July 29th, 2005.

Exploiting my shareholder’s priority rights I would like to purchase (check the necessary):

_____ shares

maximum possible number of shares.

I would like to participate in the second and/or the third phase and purchase (check the necessary):

_____ shares

maximum possible number of shares.

The maximum price which I am ready to pay for one share is LVL_____

(share price in numbers)

(_____).

(share price in words)

(date)

(signature and transcript)