

**APPROVED BY
THE SUPERVISORY BOARD OF
JSC JV UZBAT A.O.
MINUTES No: 6-SB/2014
DATED 20 NOVEMBER 2014**

**GENERAL DIRECTOR OF
JSC JV UZBAT A.O.**

[signature, stamp]

MARK FILIMONTSEV

**REGULATIONS
ON THE URGUT BRANCH OF
JSC JV UZBAT A.O.
("Regulations")**

TASHKENT, 2014

**REGULATIONS
ON THE URGUT BRANCH
OF JSC JV UZBAT A.O. (the “COMPANY”)**

1. GENERAL PROVISIONS

- 1.1 This Regulations on the Urgut Branch of the Company (hereinafter – the “Branch”) is developed on the basis of Article 7 of the Law “On Joint-Stock Companies and Protection of Rights of Shareholders” dated 26 April 1996 (as restated), Article 7 of the Civil Code of the Republic of Uzbekistan, and Articles 7 and 25 of the Charter of the Company (as restated), registered by the Ministry of Justice of the Republic of Uzbekistan on August 26, 2014, Registration No 1246.
- 1.2 This Regulations supersedes the Regulations on the Urgut Branch of the Company, approved by the General Meeting of Shareholders of the Company, dated 21 May 2005.
- 1.3 The name of the Branch:
- In the Russian language: Ургутский Филиал АО СП «УЗБАТ А.О.»;
 - In the Uzbek language: AJ “UZBAT A.O.” QK Urgutdagi Bulimi;
 - In the English language: The Urgut Branch of JSC JV «UZBAT A.O.».
- 1.4 The registered address of the Branch is:
- 10 Navoi Shoh Street, Urgut, the Republic of Uzbekistan.

2. LEGAL STATUS

- 2.1 The Branch is a separate subdivision of the Company, located outside the Company. The Branch exercises the functions of the Company in accordance with this Regulations.
- 2.2 The Branch is not a legal entity and conducts its activity on the basis of this Regulations and in accordance with the provisions of the Company’s Charter, the orders of the General Director of the Company, decisions of the Supervisory Board of the Company, and the applicable laws of the Republic of Uzbekistan.
- 2.3 The Branch has assets assigned to it in the form of fixed assets and working capital, which are provided to it by the Company and recorded on the Company’s balance sheet.
- 2.4 The Branch is directly subordinated to the Company and is its producing department.
- 2.5 The Head of the Branch shall be appointed by the Order of the General Director of the Company and act under a Power of Attorney, issued by the Company.
- 2.6 The Branch has demand deposit accounts in the Uzbek sums and foreign currency, a round seal and a stamp with its name and has an unclosed independent balance.

- 2.7 The Company is liable for the Branch's activities.
- 2.8 The Branch shall acquire the rights and obligations, as stated in this Regulations and the applicable laws of the Republic of Uzbekistan from the date of sending a notification of its establishment to the authorized bodies of the Republic of Uzbekistan.
- 2.9 The Company may delegate its powers to the Branch to enter into transactions on behalf of the Company, responsibility for execution of which shall be taken by the Company, provided the delegation is not contradict with the applicable laws and this Regulations. With this, such delegation must be carried out in written.

3. THE SUBJECT AND OBJECTIVES OF THE BRANCH

- 3.1 The main objectives of the Branch include production, marketing and sale of cigarettes, tobacco and other tobacco products in any form in the Republic of Uzbekistan and outside its territory. The Branch also carries out any other activities that can contribute to achieving the main objectives, if it is not prohibited by the applicable laws.
- 3.2 To achieve the objectives specified in Clause 3.1, the Branch shall:
- enter into any kinds of transactions that facilitate the sale of tobacco products of the Company and/or B.A.T. Company provided it is not prohibited by the applicable laws and is found to conform this Regulations as agreed and in the manner, determined by the Company;
 - produce cigarette products, tobacco and other tobacco products;
 - carry out cash and non-cash settlements with suppliers and customers in accordance with the current legislation of the Republic of Uzbekistan;
 - in the manner, determined by the Company, establish contractual prices, tariffs and rates, as well as develop terms of contracts for sale, purchase, import, export and barter of cigarette products, tobacco and other tobacco products;
 - independently perform all kinds of work on current and major repairs of its premises and equipment used, as well, upon consultation with the Company - capital construction;
 - provide paid services (consulting, marketing, brokerage, etc.), not prohibited by the applicable laws, to legal entities and individuals;
 - organize marketing and take part in exhibitions and auctions and other similar activities in Uzbekistan and outside its territory;
 - upon consultation with the Company, perform any other economic activities, which may contribute to achievement of main objectives and goals of the Company, provided it is not prohibited by the applicable laws and this Regulations.

4. THE BRANCH'S ASSETS

4.1 The Branch's assets are owned by the Company and consist of the fixed assets and the current assets and other property necessary for the business activities of the Branch.

4.2 The sources of formation of the Branch's assets are:

- tangible and intangible assets of the Company;
- raw materials and products made;
- current assets and assets transferred by the Company;
- other sources provided by the Company and which are not prohibited by applicable laws.

4.3 The Branch shall have the right to buy, sell, trade, lend or rent, to provide free temporary use or otherwise dispose the fixed assets and current assets and other financial, tangible and intangible assets provided by the Company, as well as write them off only in the manner approved by and upon consultation with the Company.

4.4 The Company reserves the right to dispose of fixed assets, current assets and other assets of the Branch.

5. ACCOUNTING AND REPORTING OF THE BRANCH

5.1 The Accounting and Reporting of the Branch shall be in accordance with the applicable laws, applicable regulations of relevant government financial authorities of the Republic of Uzbekistan, orders of the General Director of the Company and the Director of the Branch (hereinafter – the “Director of the Branch”). The accounting of the Branch's business operations shall be carried out on a centralized basis by the finance department of the Company's Tashkent office.

5.2 All federal state taxes and other obligatory payments and fees payable by the Branch, as well as local taxes, fees and other mandatory payments are to be paid by the Company and/or the Branch in accordance with the applicable legislation of the Republic of Uzbekistan

5.3 The Director of the Branch shall have the authority and bear responsibility for compliance with the settlement and financial discipline in accordance with this Regulations, the Orders of General Director, the Power of Attorney issued by the Company in his name, Job descriptions and applicable legislation.

5.4 The Branch has the right to make the following payments from its demand deposit account in Uzbek sums and foreign currency:

- payment of wages;
- payment of travel expenses;
- payment of the costs of economic needs;

- payments to suppliers for raw materials and supplies;
 - payments for work and services required for the Branch's business activities.
- 5.5 Control over the financial and business activities of the Branch shall be carried out by the Internal Audit Service and the Auditor of the Company. Based on the decision of the General Director, the audit of the activities of the Branch can be carried out by an independent audit company.
- 5.6 The audit of the financial and business activities of the Branch is also carried out in accordance with the schedule of the Audit and inventory check of the Company.
- 5.7 The Branch creates funds necessary for its business activities in the amount approved by the General Director of the Company. Expenditure of the aforesaid funds is performed by the Director of the Branch independently.

6. THE MANAGEMENT OF THE BRANCH

- 6.1 The supreme governing body of the Branch is the Company, represented by the General Director of the Company.
- 6.2 In accordance with the Company's Charter, the General Director of the Company has the power to take decisions on all matters of the Branch's activities. In cases stipulated by the current legislation and the Company's Charter, decisions on the issues of the Branch activities/liquidation shall be considered at the meetings of the Supervisory Board of the Company. The General Director of the Company shall supervise the activities of the Branch and shall establish an appropriate procedure for such control.
- 6.3 The General Director of the Company has also got the authority to:
- submit his recommendations to the Supervisory Board of the Company to introduce amendments and addenda to this Regulations.
 - make a decision on any management and financial issues related to the Branch's activities.
- 6.4 The direct management of the Branch shall be carried out by the Director of the Branch of the Company. The appointment and dismissal of the Director of the Branch shall be performed by the General Director of the Company or a person authorized by the Order of the General Director of the Company.
- 6.5 The Director of the Branch shall act under the Power of Attorney issued by the Company. Powers of the Director of the Branch shall be established by such Power of Attorney, as well as by this Regulations.
- 6.6 Employment and dismissal of the other employees of the Branch shall be carried out in the manner established by the Company.
- 6.7 The Director of the Branch shall:
- have overall charge and be responsible for the Branch's business activities;
 - deal with current production, management, financial, and commercial issues of the Branch's activities;

- be accountable to the General Director of the Company and responsible for the activities of the Branch in accordance with the terms hereof, the Orders of the General Director of the Company, and the applicable laws of the Republic of Uzbekistan;
- sign powers of attorney, payment and other financial documents within the powers granted to him/her by the General Director of the Company and this Regulations;
- represent the Branch in the communications with the legal entities and individuals, as well as with state authorities on all matters relating to the Branch's activities;
- implement the Orders of the General Director of the Company;
- manage the Branch's assets within the powers granted to him/her by the General Director of the Company;
- bear responsibility for health and safety and fire prevention regime compliance, as well as for safekeeping of the Branch's assets;
- issue orders and instructions relating to the Branch's activities, the implementation of which is mandatory for the employees of the Branch.
- bear responsibility and perform other duties granted to him by the current legislation, the Job descriptions and the orders of the General Director of the Company.

7. REORGANIZATION AND LIQUIDATION OF THE BRANCH

- 7.1 Reorganization and liquidation of the Branch shall be carried out in accordance with the Company's Charter and applicable laws.
- 7.2 Upon liquidation of the Branch, all its existing assets shall be transferred to the Company.
- 7.3 The Branch can be reorganized or liquidated:
- in the event of liquidation of the Company;
 - upon merger of the Branch with other structural subdivisions of the Company;
 - according to a decision of the Supervisory Board of the Company;
 - according to a decision of the Commercial Court;
 - in other cases stipulated by the current legislation of the Republic of Uzbekistan.
- 7.4 The Branch has the right to reorganize and liquidate its internal structural divisions in coordination with the General Director of the Company.