

Approved at the general meeting of shareholders of
Aktsiaselts Silvano Fashion Group
on June 28, 2013

AKTSIASELTS SILVANO FASHION GROUP
ARTICLES OF ASSOCIATION

1. BUSINESS NAME AND SEAT OF COMPANY

- 1.1. The business name of the company is **Aktsiaselts Silvano Fashion Group**, abbreviated as AS Silvano Fashion Group (hereinafter: **the Company**).
- 1.2. The seat of the Company is Tallinn, the Republic of Estonia.

2. SHARE CAPITAL, SHARES AND LEGAL RESERVE

- 2.1. The minimum capital of the Company is 4,500,000 (four million five hundred thousand) euros and the maximum capital is 18,000,000 (eighteen million) euros.
- 2.2. All shares of the company are registered shares. The nominal value of a registered share is 30 (thirty) cents. 1 (one) share grants 1 (one) vote at the General Meeting.
- 2.3. The registrar of the Estonian Central Register of Securities shall maintain the share register of the Company. The management board shall ensure timely delivery of correct data provided by law to the registrar of the share register.
- 2.4. The registered shares of the Company are freely transferable. Upon transfer of registered shares of the Company to third parties, the other shareholders of the Company shall not have any right of pre-emption.
- 2.5. A registered share of the Company may be pledged. A share shall be deemed as pledged if its pledge has been entered in the share register of the Company.
- 2.6. Upon death of a shareholder, the share shall transfer to his or her successor.
- 2.7. The Company shall have the right to increase or reduce the share capital of the Company under the terms and conditions and in accordance with the procedure provided for in law.
- 2.8. Shares shall be paid for by monetary or non-monetary contributions.
- 2.9. Monetary contributions shall be paid to the bank account of the Company.
- 2.10. Non-monetary contributions shall be paid and evaluated according to the following rules:
 - 1) a non-monetary contribution is a thing that is monetarily appraisable and transferable or a proprietary right that may be the object of a claim;
 - 2) a non-monetary contribution may not be a service being provided or work being performed for the Company;

- 3) a person making a non-monetary contribution must notify the Company of any third party rights to the non-monetary contribution;
 - 4) to evaluate a non-monetary contribution, the Management Board shall elect at least 1 (one) independent and recognised expert who evaluates the non-monetary contribution and draws up a written valuation report about that;
 - 5) an auditor audits the result of evaluation of a non-monetary contribution and delivers his/her written opinion on whether the contribution meets the requirements set out in law;
 - 6) the Management Board shall determine the value of a non-monetary contribution in money, relying on the evaluation report and the auditor's opinion;
 - 7) an object of a non-monetary contribution shall be delivered to the Company according to a relevant written contract;
 - 8) the Company is not obliged to return the assets as objects delivered to the Company as a non-monetary contribution.
- 2.11. By the decision of the General Meeting, the Company may issue convertible debentures to the extent, on the terms and in accordance with the procedure established by the General Meeting.
- 2.12. The Company is permitted to acquire its own shares and take them as a security within the extent and in accordance with the procedure set forth in law.
- 2.13. To cover losses and increase the share capital of the Company, the Company shall form legal reserve whose amount shall be 1/10 of the share capital. At least 1/20 of net profit shall be entered in the legal reserve each year until the said amount is reached.

3. RIGHTS, OBLIGATIONS AND LIABILITY OF SHAREHOLDERS

- 3.1. A shareholder of the Company is a person who has paid in full the amount payable for a share and who has been entered in the share register of the Company. The person who has acquired shares of the Company shall have the rights of a shareholder as of the date of entry of the person in the share register.
- 3.2. The shareholders shall exercise their rights at the General Meeting in accordance with law and the Articles of Association of the Company.
- 3.3. Shareholders shall have the right to:
 - 1) attend the General Meeting either personally or through their authorised representatives;
 - 2) elect and be elected to the management bodies of the Company;
 - 3) receive information about the activities of the Company from the Management Board at the General Meeting. The Management Board may refuse to provide information only if this may cause significant damage to economic interests of the Company or disclose business secrets of the Company;
 - 4) receive a copy of the minutes of the General Meeting or a part thereof from the Management Board;
 - 5) examine the share register of the Company and receive a copy of the share register or a part thereof;

- 6) receive a share of profit of the Company in proportion to its shares that is subject to division between the shareholders (dividend) upon proposal of the Management Board and on the basis of a decision of the General Meeting and require the disbursement of a dividend set out by a decision of the General Meeting;
 - 7) subscribe for new shares in accordance with law and the Articles of Association of the Company;
 - 8) transfer and pledge their own shares;
 - 9) upon liquidation of the Company, obtain a share of the equity of the Company according to the approved balance sheet prepared upon liquidation in proportion to the amount of their share in the share capital.
- 3.4. The shareholders who together represent at least 1/20 of the share capital of the Company are entitled to demand:
- 1) from the Management Board to convene the General Meeting if they submit this request in writing, formulate in their request the reason for convening the General Meeting, make a proposal in respect of the agenda of the General Meeting and also submit a draft decision about each item on the agenda of the General Meeting;
 - 2) entry of additional questions on the agenda of the General Meeting if the request has been submitted 15 (fifteen) days before the General Meeting and a draft decision about an additional question is also submitted with the request;
 - 3) submit a draft decision about each item on the agenda of the General Meeting if the relevant draft decision has been submitted three days before the General Meeting.
- 3.5. The shareholders who together represent at least 1/10 of the share capital of the Company are entitled to demand:
- 1) with good reason, recalling of a member of the Supervisory Board by court;
 - 2) convention of a meeting of the Supervisory Board;
 - 3) deciding on organising a special audit in issues relating to management or financial situation of the Company and appointing the person carrying out a special audit.
- 3.6. A shareholder who does not pay for his or her share in a timely manner is obliged to pay late payment interest at the rate of 0.1% of the overdue amount for each day of delay.
- 3.7. The shareholders are obliged to comply with the Articles of Association and with the decisions of the General Meeting concerning shareholders of the Company.
- 3.8. A shareholder of the Company shall be liable for any damage wrongfully caused to the Company, other shareholders or third parties.

4. GENERAL MEETING OF SHAREHOLDERS

- 4.1. The highest management body of the Company is the General Meeting of shareholders.
- 4.2. The General Meeting shall be competent to:
- 1) amend the Articles of Association of the Company;
 - 2) increase and reduce the share capital of the Company;
 - 3) issue convertible debentures of the Company;

- 4) elect and remove members of the Supervisory Board and decide on rewarding them;
- 5) elect and remove (an) Auditor(s) and decide on rewarding them;
- 6) elect and remove (a) liquidator(s) and decide on rewarding them;
- 7) decide on a special audit, appoint a person carrying out a special audit and decide on rewarding such person;
- 8) approve annual reports of the Company and decide on distribution of profit;
- 9) decide on dissolution, merger, division or transformation of the Company;
- 10) the termination of listing of shares of the Company on the Tallinn Stock Exchange;
- 11) decide on the conclusion and terms and conditions of transactions with members of the Supervisory Board, decide on the conduct of legal disputes, and appoint a representative of the Company in such transactions or disputes;
- 12) decide on the conduct of legal disputes with shareholders of the Company and appoint a representative of the Company in such disputes;
- 13) decide on the acquisition and taking as security of treasury shares by the Company, unless taking such a decision is within the competence of the Supervisory Board pursuant to law;
- 14) decide on other issues placed within the competence of the General Meeting by law or by the Management Board or Supervisory Board.

The General Meeting may take decisions on other issues related to the activities of the Company on the proposal of the Management Board or Supervisory Board.

- 4.3. The Management Board shall convene the General Meeting.
- 4.4. General Meetings shall be annual or extraordinary.
- 4.5. An annual General Meeting of the Company shall be held 1 (one) time a year no later than within 6 (six) months after the end of a financial year of the Company.
- 4.6. An extraordinary General Meeting shall be convened if:
 - 1) the net assets of the Company are less than one-half of the share capital of the Company or less than the minimum amount of share capital provided by law;
 - 2) this is required by the Auditor;
 - 3) this is required by the Supervisory Board;
 - 4) this is required by a shareholder whose shares represent at least 1/20 of the share capital or shareholders whose shares represent jointly at least 1/20 of the share capital;
 - 5) this is clearly in the interests of the Company.
- 4.7. A request for convening an extraordinary General Meeting shall be submitted to the Management Board in writing and it must set out the reason for convening the General Meeting, a proposal in respect of the agenda of the meeting and also submit a draft decision about each item on the agenda.
- 4.8. The Management Board shall send a notice of convening the General Meeting to shareholders who hold registered shares. A notice of the General Meeting shall be sent to the address entered in the share register of the Company. If the Company has more

than 50 (fifty) shareholders, no notices of convening a General Meeting shall be sent to Shareholders if the notice of convening the General Meeting is published in at least one national daily newspaper.

- 4.9. If the Management Board does not convene an extraordinary General Meeting at the latest within 1 (one) month of receiving a relevant request from the Auditor, the Supervisory Board or a shareholder, or does not convene it with the requested agenda, the Auditor, the Supervisory Board or the shareholder shall have the right to convene an extraordinary General Meeting itself.
- 4.10. An extraordinary General Meeting shall not be convened if the time between becoming aware of the decrease of assets or submission of the request and the annual General Meeting is less than 2 (two) months.
- 4.11. A General Meeting shall be held at the seat of the Company or in another place specified by the Management Board in the notice of convening the General Meeting.
- 4.12. An annual General Meeting shall be announced at least 3 (three) weeks before the General Meeting and an extraordinary General Meeting shall be announced at least 1 (one) week before the meeting.
- 4.13. A notice of convening a General Meeting shall set out:
 - 1) the business name and seat of the Company;
 - 2) the time and place of the General Meeting;
 - 3) a notation with regard to whether the General Meeting is annual or extraordinary;
 - 4) the agenda of the General Meeting;
 - 5) an explanation as of which day the set of shareholders entitled to participate in the General Meeting will be determined;
 - 6) information about how and during which terms the shareholder's right to information, the shareholder's right to apply for entry of certain issues in the agenda of the General Meeting and the shareholder's right to submit draft decisions about items on the agenda of the General Meeting are to be exercised;
 - 7) if the agenda of the General Meeting includes approval of an annual report of the Company, amendment of the Articles of Association or agreeing with a contract, the place where the annual report of the Company, auditor's report, profit distribution proposal, draft Articles of Association or the contract or its draft can be examined and procedure for examining the documents;
 - 8) the place where the draft decisions submitted by the Management Board, the Supervisory Board, shareholders and the Auditor and their justifications about items on the agenda of the General Meeting can be examined and procedure for examining the documents;
 - 9) website address of the Company where information about the General Meeting, as prescribed in law, is published;
 - 10) information about the procedure for participating in the General Meeting through a representative and information about the procedure for notifying the Company of appointing a representative and withdrawing authorisations;
 - 11) other circumstances arising from law and of importance in connection with the General Meeting.

- 4.14. If the Management Board or the Supervisory Board convenes the General Meeting, the Supervisory Board shall determine the agenda of the General Meeting. If shareholders or the Auditor convenes the General Meeting, they shall determine the agenda of the General Meeting.
- 4.15. The Management Board or the shareholders whose shares represent at least 1/20 of the share capital may require the inclusion of a certain issue on the agenda if the request for supplementing the agenda has been submitted 15 (fifteen) days before the General Meeting.
- 4.16. The General Meeting is competent to take decisions if over one-half of the votes represented by shares are represented at the General Meeting. Votes shall be counted on the basis of the list of shareholders set out in clause 4.20 of the Articles of Association of the Company.
- 4.17. A decision of the General Meeting shall be taken if over one-half of the votes represented at the General Meeting are in favour, unless otherwise provided for by law or the Articles of Association of the Company.
- 4.18. When electing a person, the candidate who receives more votes than the others shall be deemed elected at the General Meeting. In the case of an equal division of votes, lots shall be drawn.
- 4.19. If the votes set out in clause 4.16 of the Articles of Association of the Company are not represented at the General Meeting, the Management Board shall convene a new General Meeting with the same agenda within 3 (three) weeks, but no earlier than in 7 (seven) days. The new General Meeting shall be competent to take decisions regardless of the votes represented at the General Meeting.
- 4.20. The set of shareholders entitled to participate in the General Meeting shall be determined as of 7 (seven) days before the General Meeting. At the General Meeting a list of shareholders participating therein shall be prepared, wherein the names of the shareholders participating in the General Meeting and the number of votes deriving from their shares as well as the manner of participating in the meeting and the name of the representative of the shareholder shall be set out. The chairperson and the recording secretary of the General Meeting shall sign the list.
- 4.21. The General Meeting shall be opened by the chairperson of the Management Board or, upon his/her absence, by a person appointed by the Management Board. After opening the General Meeting the shareholders shall elect a chairperson of the General Meeting.
- 4.22. General Meeting shall be held, as a rule, in the participation of shareholders or representatives authorised by them, i.e. General Meetings are closed. The right of unauthorised persons to participate in the General Meeting shall be decided by shareholders upon opening of the General Meeting.
- 4.23. Decisions of the General Meeting shall be binding on all the shareholders, the Supervisory Board and the Management Board of the Company.
- 4.24. The procedure of the General Meeting and decisions taken at the General Meeting are reflected in the minutes of the General Meeting. The minutes shall be drawn up by a person elected for the purpose (i.e. the recording secretary). The minutes shall be signed by the chairperson of the General Meeting and by the recording secretary. Any dissenting opinions shall be signed by their submitters.

- 4.25. Written proposals and applications submitted at the General Meeting and a list of the shareholders participating in the General Meeting shall be appended to the minutes of the General Meeting.

5. MANAGEMENT BOARD

- 5.1. The Management Board is a managing body of the Company that shall represent and direct the Company and organise accounting thereof. The Management Board has the rights and obligations laid down in law, unless otherwise set out in the Articles of Association of the Company.
- 5.2. The Management Board shall consist of 1 (one) to 3 (three) members.
- 5.3. Members of the Management Board shall be elected and removed by the Supervisory Board of the Company. The Supervisory Board may remove a member of the Management Board regardless of the reason.
- 5.4. A member of the Management Board shall be elected for 3 (three) years.
- 5.5. The Supervisory Board shall conclude contracts with members of the Management Board which shall set out more detailed rights and obligations of members of the Management Board, remuneration of members of the Supervisory Board and procedure for payment thereof. A member of the Management Board may be paid remuneration only in accordance with his or her tasks and the financial situation of the Company; the amount and procedure for payment of the remuneration shall be determined by a decision of the Supervisory Board.
- 5.6. The chairperson and, where necessary, deputy chairperson of the Management Board shall be appointed by the Supervisory Board.
- 5.7. The Company may be represented in all legal acts exclusively by two Management Board members jointly. The right of a member of the Management Board to represent the Company may be restricted by the decision of the Supervisory Board.
- 5.8. The Management Board shall act in a manner that is the most expedient for the Company, in accordance with the Articles of Association of the Company, the budget of the Company, decisions of the General Meeting and the Supervisory Board and legislation applicable in the Republic of Estonia. The Management Board shall, in directing the Company, adhere to the lawful orders of the Supervisory Board. Transactions, which are beyond the scope of everyday economic activities of the Company, may only be concluded by the Management Board with the prior written consent of the Supervisory Board. It is presumed, inter alia, that transactions beyond the scope of everyday economic activities are the transactions set out in clause 6.7 of the Articles of Association of the Company.
- 5.9. The Management Board shall submit to the Supervisory Board at least once in 3 (three) months a written overview of the economic activities and financial situation of the Company and activities of the Management Board in directing the Company. The Management Board shall, as soon as possible, but no later than within 2 (two) working days of becoming aware thereof, notify the Supervisory Board in writing of any material deterioration of the economic situation of the Company and other material circumstances related to the activities, assets or equity of the Company as well as material circumstances concerning companies related to the Company.

- 5.10. A member of the Management Board shall reply in writing to any written inquiry made by a member of the Supervisory Board within 2 (two) working days. A member of the Management Board who received an inquiry may, with good reason, request in writing from the member of the Supervisory Board who made the inquiry an extension of the term by a reasonable period of time, by also indicating in the relevant request the term during which the member of the Management Board considers it possible to reply to the inquiry. A member of the Management Board shall reply to an oral inquiry made by a member of the Supervisory Board immediately and orally.
- 5.11. The Management Board shall appoint and release from office directors of the Company and persons responsible for accounting (executive management) and also determine terms and conditions of employment contracts to be concluded with the aforesaid persons, adhering thereby to the guidelines of the Supervisory Board if the Supervisory Board has provided such guidelines to the Management Board. Members of the Management Board may work as directors of the Company if a relevant employment contract is concluded between the Company and a member of the Management Board.
- 5.12. Making decisions that have not been placed within the competence of the Supervisory Board or the General Meeting, but which are of significant importance from the point of view of the Company shall be taken by the Management Board at a meeting. Such decisions shall include first and foremost (but not only) decisions on the conclusion of the following transactions and performance of the following acts:
- 1) raising loans and assumption of debt obligations;
 - 2) the grant of loans and the guarantee of debt obligations;
 - 3) waiving the submission of a claim against a third party;
 - 4) opening bank accounts and depositing money for longer time period than six (6 months);
 - 5) the acquisition, transfer, encumbrance or grant of use of immovables, a right of superficies or registered movables.
- 5.13. A meeting of the Management Board shall be convened by the chairperson of the Management Board by notifying all members of the Management Board of the meeting and its agenda at least 3 (three) days before the meeting. Each member of the Management Board shall have the right to require entry of additional issues on the agenda of a meeting of the Management Board.
- 5.14. A meeting shall be chaired by the chairperson of the Management Board.
- 5.15. A meeting of the Management Board shall have a quorum if more than one-half of members of the Management Board participate in the meeting.
- 5.16. Each member of the Management Board shall have 1 (one) vote. A decision of the Management Board shall be taken if more than one-half of the members of the Management Board who participated in the meeting voted for it. In case of a tie, the chairperson of the Management Board shall have the decisive vote.
- 5.17. Minutes shall be taken of meetings of the Management Board. The minutes shall be signed by all members of the Management Board who participate in the meeting and by the recording secretary of the meeting. The dissenting opinion of a member of the Management Board shall also be entered in the minutes, which shall be confirmed by his or her signature.

- 5.18. The Management Board shall have the right to take all decisions of importance from the point of view of the Company without convening a meeting if all members of the Management Board agree to that. In such case the chairperson of the Management Board shall send a draft decision in writing by e-mail, post or fax to all members of the Management Board, indicating in the covering letter the term during which the member of the Management Board shall submit his or her written position on the draft decision. If the member of the Management Board does not notify within the aforementioned term whether he or she is for or against the draft decision, it shall be deemed that he or she voted against the draft decision. The chairperson of the Management Board shall draw up a record of vote about the voting results, which shall be formalised as a decision of the Management Board and to which written positions presented by members of the Management Board shall be appended. The chairperson of the Management Board shall send the record and any annexes thereto immediately to members of the Management Board by e-mail, post or fax.
- 5.19. If all members of the Management Board agree to and sign the decision, the Management Board may also take decisions without holding a meeting by formalising a decision in writing. The aforesaid possibility may not be used in the case set out in clause 5.12 of the Articles of Association of the Company.
- 5.20. The chairperson of the Management Board shall send all written decisions of the Management Board immediately, but no later than within 3 (three) days, to the Supervisory Board.
- 5.21. The Supervisory Board shall establish more detailed rules of procedure of the Management Board, where necessary.

6. SUPERVISORY BOARD

- 6.1. The Supervisory Board is a directing body of the Company that shall plan the activities of the Company, organise management of the Company and exercise supervision over the activities of the Management Board. The Supervisory Board shall notify the General Meeting of the results of a review.
- 6.2. The Supervisory Board shall consist of 3 (three) to 5 (five) members.
- 6.3. Members of the Supervisory Board shall be elected and removed by the General Meeting.
- 6.4. The member of the Supervisory Board shall be elected for 5 (five) years.
- 6.5. Upon a decision of the General Meeting, a member of the Supervisory Board may be removed irrespective of the reason. To take such a decision, at least 2/3 of the votes represented at the General Meeting shall be required.
- 6.6. Members of the Supervisory Board shall elect a chairperson of the Supervisory Board from among themselves, who shall organise the activities of the Supervisory Board and appoint, where necessary, the deputy chairperson of the Supervisory Board who shall substitute the chairperson in his or her absence.
- 6.7. All transactions that are of significant importance from the point of view of interests of the Company or the shareholders and that are beyond the everyday economic activities of the Company shall be concluded in the name of the Company only upon the prior consent of the Supervisory Board that has been expressed in a written decision of the Supervisory Board. A written consent of the Supervisory Board is required first and

foremost, but not only, for conclusion of transactions and performance of acts that bring about:

- 1) the acquisition or termination of holdings in other companies;
- 2) the foundation and dissolution of subsidiaries;
- 3) the acquisition or transfer of an enterprise, or the termination of its activities;
- 4) the foundation and closure of foreign branches;
- 5) the conclusion of transactions with subsidiaries if the value thereof exceeds 10,000 (ten thousand) euros;
- 6) the acquisition, transfer or encumbrance of immovables, a right of superficies or registered immovables or other assets through one or several mutually related transactions if the value of the assets exceeds 10,000 (ten thousand) euros;
- 7) changing the intended purpose or use of the immovables and the right of superficies;
- 8) the grant or taking into use of assets whose value exceeds 10,000 (ten thousand) euros;
- 9) making investments that exceed 10,000 (ten thousand) euros or the amount of costs prescribed to the Company for the financial year;
- 10) the assumption of loans and debt obligations exceeding 10,000 (ten thousand) euros or the amount of costs prescribed to the Company for the financial year;
- 11) the grant of loans and the guarantee of debt obligations in an amount exceeding 10,000 (ten thousand) euros or the amount of costs prescribed to the Company for the financial year;
- 12) waiving the submission of a claim if the amount of the claim exceeds 10,000 (ten thousand) euros;
- 13) the conclusion, termination or amendment of contracts if this brings along an obligation for the Company to pay a third party for the objects or rights acquired or services ordered from it more than the usual market price or gives a third party the right to pay for the objects or rights acquired or services ordered from the Company less than the usual market price and if any conclusion, termination or amendment of the contract is carried out otherwise than under usual market conditions;
- 14) the commencement or termination of civil court actions;
- 15) the commencement or termination of administrative and judicial proceedings;
- 16) making decisions on criminal or misdemeanour matters relating to the Company;
- 17) deciding the terms and conditions for acquisition and taking as security of treasury shares by the Company, if this is required for the prevention of damage.

The Supervisory Board may also decide on the entry into the transactions set out in clause 6.7 of the Articles of Association without a prior request of the Management Board. If the Supervisory Board considers it reasonable to enter into a transaction, the Supervisory Board shall take a relevant decision.

6.8. The competence of the Supervisory Board shall also include the following:

- 1) the election and removal of members and chairperson of the Management Board;

- 2) deciding on conclusion and terms and conditions of transactions with members of the Management Board and of the conduct of legal disputes with members of the Management Board, as well as of appointment of a representative of the Company for the conclusion of the transactions and conduct of legal disputes;
 - 3) the approval of the rules of procedure of the Management Board and if the Management Board consists of more than 1 (one) member the approval of the field of work of each member of the Management Board;
 - 4) the limitation of authorities of a member of the Management Board;
 - 5) the appointment of a procurator and the designation and termination of his or her authorities;
 - 6) the appointment and removal of members of the Audit Committee according to § 97 of the Republic of Estonia Authorised Public Accountants Act and the approval of principles of establishment, remuneration and rules of procedure of the Audit Committee;
 - 7) the approval of annual reports of the Company and the amendment of profit distribution proposals submitted by the Management Board;
 - 8) the approval and amendment of the annual budget of the Company for financial year, action plan and investment plan;
 - 9) the approval of the action plan and investment plan of the Company for a longer period;
 - 10) the approval of the procedure for using assets of the Company;
 - 11) the approval of the number of employees and structure of the Company;
 - 12) the approval of the bases for payment of remuneration and additional remuneration to employees of the Company;
 - 13) the approval of the basic terms and conditions of employment contracts to be concluded by the Company;
 - 14) the approval of representatives of the Company in management bodies (incl. in the management board and the supervisory board) of the subsidiary of the Company or criteria for the election thereof;
 - 15) the determination of main courses of action of the Company and the changing of the areas of activity;
 - 16) the delegation of the taking of decisions on issues within the competence of the Supervisory Board to the General Meeting according to Section 298(2) of the Commercial Code of the Republic of Estonia;
 - 17) other issues within the competence of the Supervisory Board according to law and the Articles of Association of the Company.
- 6.9. A decision of the Supervisory Board taken on the basis of clauses 6.7 and 6.8 of the Articles of Association of the Company shall be regarded as the consent and order given to the Management Board by the Supervisory Board to conclude a relevant transaction or perform a relevant act under the terms and conditions approved by the Supervisory Board. An order of the Supervisory Board shall be binding on the Management Board provided that the adherence to the order does not bring along violation of law by the Company or the Management Board or its members and does not cause violation of

binding contracts by the Company. The Management Board shall immediately make every effort to execute an order given by the Supervisory Board and refrain from any acts that may aggravate the execution thereof.

- 6.10. Decisions of the Supervisory Board shall be taken at a meeting of the Supervisory Board. Meetings of the Supervisory Board shall be held when necessary but no less often than one (1) time every three (3) months.
- 6.11. A meeting of the Supervisory Board shall be convened if this is required by a member of the Supervisory Board, the Management Board, an Auditor or shareholders whose shares represent at least 1/10 of the share capital.
- 6.12. A meeting of the Supervisory Board shall be convened by the chairperson of the Supervisory Board or a member of the Supervisory Board substituting for the latter who shall notify members of the Supervisory Board in writing of convening a meeting and its agenda at least 7 (seven) days before the meeting of the Supervisory Board is held. Each member of the Supervisory Board shall have the right to require entry of additional issues on the agenda of a meeting.
- 6.13. A meeting of the Supervisory Board shall have a quorum if over one-half of the members of the Supervisory Board participate therein.
- 6.14. Each member of the Supervisory Board shall have 1 (one) vote. A decision of the Supervisory Board shall be taken if over one-half of the members of the Supervisory Board who participated in the meeting voted in favour of the decision. Upon an equal division of votes, the chairperson of the Supervisory Board shall have the deciding vote.
- 6.15. Minutes are taken of a meeting of the Supervisory Board. The minutes shall be signed by members of the Supervisory Board who participated in the meeting and by the recording secretary of the meeting. The dissenting opinion of a member of the Supervisory Board shall also be entered in the minutes, which is confirmed by his or her signature.
- 6.16. The Supervisory Board shall have the right to take decisions without convening a meeting if all members of the Supervisory Board agree to this. In such case the chairperson of the Supervisory Board shall send a draft decision in writing by e-mail, post or fax to all members of the Supervisory Board, indicating in the covering letter the term during which the member of the Supervisory Board shall submit his or her written position on the draft decision. If a member of the Supervisory Board does not notify within the aforementioned term whether he or she is for or against the draft decision, it shall be deemed that he or she voted against the draft decision. The chairperson of the Supervisory Board shall draw up a record of vote about the voting results, which shall be formalised as a decision of the Supervisory Board and to which written positions presented by members of the Supervisory Board shall be appended. The chairperson of the Supervisory Board shall send the record and any annexes thereto immediately to members of the Supervisory Board by e-mail, post or fax.
- 6.17. If all members of the Supervisory Board agree to and sign the decision, the Supervisory Board may also make decisions without holding a meeting by formalising a decision in writing.
- 6.18. The Supervisory Board shall review the results of the financial year as submitted by the Management Board and prepare a written report concerning the results, which is presented to the General Meeting. The report shall set out whether or not the Supervisory Board approves the annual report prepared by the Management Board. In

its report the Supervisory Board shall indicate how the Supervisory Board has organised and directed the activities of the Company.

- 6.19.** A member of the Management Board and executive management may not participate in a meeting of the Supervisory Board if the Supervisory Board decides on the conclusion of a transaction between the member of the Management Board or executive management and the Company or the conduct of a legal dispute between the member of the Management Board or executive management and the Company or if the Supervisory Board decides on the conclusion of a transaction or the conduct of a legal dispute between the Company and a legal person in which the member of the Management Board or executive management or a person connected with him or her has a qualifying holding.
- 6.20.** A member of the Supervisory Board may not take part in a meeting of the Supervisory Board if the Supervisory Board decides on the conclusion of a transaction or the conduct of a legal dispute between the Company and a legal person in which the member of the Supervisory Board or a person connected with him or her has a qualifying holding.
- 6.21.** Persons connected with members of the Supervisory Board, the Management Board and executive management for the purposes of clauses 6.19 and 6.20 of the Articles of Association of the Company are deemed to be a spouse and relatives of members of the Supervisory Board, the Management Board and executive management who have the right to act as first or second order successors on the basis of the right of succession as well as companies controlled by the aforesaid persons.
- 6.22.** Qualifying holding for the purposes of clauses 6.19 and 6.20 of the Articles of Association of the Company is deemed to be the holding of a person in a company in which he or she holds at least 10% of the share capital.

7. AUDIT

- 7.1.** Auditor(s) shall be appointed and their number shall be determined by the General Meeting. Auditor(s) shall be appointed for conducting a single audit or for 1 (one) or several years.
- 7.2.** The Management Board shall submit the list of Auditors of the Company to the Commercial Register.
- 7.3.** In order to counsel the accounting, audit, risk management, internal control, internal audit, exercise of supervision and establishment of budget, an audit committee shall be established who shall counsel the Supervisory Board in respect of these activities. Members of the audit committee shall be elected and removed by the Supervisory Board who shall also determine the principles of establishment, remuneration and rules of procedure of the audit committee. The audit committee shall consist of at least 2 (two) members who have been elected according to the article 97 of the Republic of Estonia Authorised Public Accountants Act.

8. REPORTING

- 8.1.** The financial year of the Company shall commence on 1 January and end on 31 December.

- 8.2. The Management Board shall, after the end of the financial year, draw up an annual report according to the procedure laid down in the Accounting Act and immediately submit it to the Auditor for preparation of the auditor's report.
- 8.3. The Management Board shall immediately submit the annual report, Auditor's report and profit distribution proposal to the Supervisory Board in order for the Supervisory Board to be able to prepare a written report on the annual report which shall set out, inter alia, whether the Supervisory Board approves the annual report submitted by the Management Board and in order for the Supervisory Board to be able to make amendments, where necessary, to the profit distribution proposal submitted by the Management Board.
- 8.4. After getting approval from the Supervisory Board the Management Board shall submit the annual report, the Auditor's report and profit distribution proposal to the General Meeting for approval so that the approved annual report, profit distribution proposal or proposal for covering loss, division of sales revenue and auditor's report could be submitted to the Commercial Register no later than within 6 (six) months of the end of the financial year of the Company.
- 8.5. The Management Board shall submit the approved annual report, profit distribution proposal or proposal for covering loss, division of sales revenue and auditor's report to the Commercial Register no later than within 6 (six) months of the end of the financial year. Along with the aforementioned documents the Management Board shall submit to the Commercial Register a list of holders of registered shares holding votes determined by more than 10 (ten) % of the shares of the Company as of the date of the General Meeting which approved the annual report.

9. PROFIT DISTRIBUTION

- 9.1. Profit distribution shall be decided each time separately according to the procedure laid down in the Articles of Association of the Company and in law. The General Meeting shall take a decision on profit distribution on the basis of an approved annual report of the Company.
- 9.2. Dividends are disbursed to shareholders in money or, upon the written consent of a shareholder in other assets. The procedure for and term of disbursement of dividends shall be set out by a decision of the General Meeting.
- 9.3. Dividends that have not been taken out within 3 (three) years shall transfer to the ownership of the Company. The Company shall not pay any interest on the amount of dividends not taken out in a timely manner.

10. TRANSFORMATION, MERGER, DIVISION, AND DISSOLUTION

- 10.1. The dissolution, merger, division, and transformation of the Company shall take place in accordance with the procedure laid down in law.
- 10.2. Liquidators of the Company shall be elected by the General Meeting.

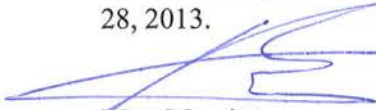
11. FINAL PROVISIONS

- 11.1. The General Meeting shall decide on amendment of the Articles of Association of the Company according to the procedure laid down in law and an amendment to the

Articles of Association shall take effect upon making a relevant entry in the Commercial Register.

11.2. If any clause of the Articles of Association is or becomes invalid, the remaining clauses of the Articles of Association shall remain in force. In such case the invalid clause of the Articles of Association of the Company shall be reformulated or supplemented by a decision of the General Meeting so it is possible to understand the aim desired by the invalid provision pursuant to the best interests of the Company. The same also applies if any gap in need of supplementation becomes evident upon implementation of the Articles of Association of the Company.

These Articles of Association were approved at the general meeting of shareholders on June 28, 2013.



Märt Meerits
Member of the Management Board



Aleksei Kadõrko
Member of the Management Board