
SHARE SWAP AGREEMENT

by and between

SIA ALTA CAPITAL PARTNERS

and

PTA GRUPP AS

21 August 2006

This Share Swap Agreement is entered into on 21 August 2006 by and between:

SIA ALTA CAPITAL PARTNERTS (hereinafter "*ACP*"), a legal entity registered under the laws of the Republic of Latvia, registration number 40003682396, address Vilandes iela 3, LV-1010, Riga, Latvia, represented under the powers provided by the articles of association by Indrek Rahumaa, a member of the Management Board; and

PTA GRUPP AS (hereinafter "*PTA*"), a legal entity registered under the laws of the Republic of Estonia, registration number 10175491, address Akadeemia tee 33, Tallinn, represented under the powers provided by the articles of association by Peeter Larin, the Chairman of the Management Board.

ACP and PTA are hereinafter together referred to as the "*Parties*" and separately each as a "*Party*".

PREAMBLE

- (a) Whereas, ACP is the owner of 40,000 shares of AS Silvano Fashion Group ("*Silvano*"), a legal entity registered under the laws of the Republic of Estonia, registration number 11127815, address Tartu mnt. 2, Tallinn, Estonia, with the nominal value of 10 EEK each, which represent 100% of the total issued share capital of Silvano at the date hereof;
- (b) Whereas, Silvano in turn holds (i) 700,000 shares of AS Lauma Lingerie ("*Lauma*"), a Latvian limited liability company, register code 42103036127, registered address Ziemeļu iela 19, Liepāja LV-3417, Latvia, with the nominal value of 1 LVL each, which represent 100% of the total issued share capital of Lauma at the date hereof (ii) 7,373 shares of JSC ZAO Milavitsa ("*Milavitsa*"), a Belorussian limited liability company, register code 100055049, registered address Ul. Novovilenskaya 28, 220053 Minsk, the Republic of Belarus, with the nominal value of 1,216,500 BYR each, which represent 39.846% of the total issued share capital of Milavitsa at the date hereof (whereas the registration of the ownership to 20% of all shares of Milavitsa in the name of Silvano is pending) and (iii) 1,000 shares of ZAO Linret ("*Linret*"), a Russian limited liability company, register code 1057747595289, registered address Vjatskaja st. 3, Moscow, 127015 Russia, with the nominal value of 3,000 RUR each, which represent 100% of the total issued share capital of Linret at the date hereof;
- (c) Whereas, ACP is willing to transfer all shares of Silvano to PTA, and PTA is interested in acquiring such shares from ACP.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement the following terms have the meaning given to them in this Section 1.1.

"**Business Day**" shall mean a day when banks and public institutions are open for business in Tallinn, Estonia;

"**Conditions Precedent**" shall mean the conditions precedent described under Section 8 hereof;

"**Deed of Adherence**" shall mean the deed of adherence to be signed by each new Silvano Shareholder joining this Agreement, substantially in the form attached to this Agreement as Schedule 2;

"**Exchange Ratio**" shall mean the ratio representing the number of New PTA Shares that will be issued to Silvano Shareholders per each Silvano Share transferred to PTA pursuant to this Agreement, stipulated in Section 4.1 of this Agreement and equaling 426.1 New PTA Shares for 1 Silvano Share;

"**New PTA Shares**" shall mean the new shares of PTA that shall be issued to Silvano Shareholders in consideration for the transfer of Silvano Shares to PTA;

“**Silvano Shareholders**” shall mean all natural and legal persons that hold legal title to any amount of Silvano Shares at the relevant moment of time;

“**Silvano Shares**” shall mean all issued and registered shares of Silvano including at all times 100% of the total issued share capital of the same;

“**Subscription Application**” shall mean an application to be submitted by a Silvano Shareholder to PTA in accordance with Section 5.2 of this Agreement whereby such Silvano Shareholder subscribes for New PTA Shares and assumes the obligation to pay for such New PTA Shares in accordance with this Agreement, such application to be substantially in the form attached hereto as Schedule 1;

“**Subscription Period**” shall mean the period during which Silvano Shareholders have the right to subscribe to New PTA Shares, as agreed under Section 3.2.7 of this Agreement;

“**Subscription Price**” shall mean the issue price per share of New PTA Shares (including nominal value and premium) which is calculated to take into account the fair market value of New PTA Shares and which is stipulated in Section 4.2 of this Agreement;

“**Subsidiaries**” shall mean Lauma, Milavitsa and Linret together.

- 1.2. The headings used throughout this Agreement are inserted for the reference purposes only and are not to be considered or taken into account in construing the terms and provisions of any Section nor shall they be deemed in any way to qualify, modify or explain the effect of any such provision or terms.

2. PURPOSE OF THIS AGREEMENT

- 2.1. The purpose of this Agreement is to establish the terms and conditions upon which Silvano Shareholders will be entitled to exchange their Silvano Shares for New PTA Shares and to agree on the conditions of transfer of Silvano Shares by Silvano Shareholders to PTA.
- 2.2. To the extent that this Agreement stipulates the obligation of ACP and, as the case may be, other Silvano Shareholders to transfer Silvano Shares to PTA as a non-monetary contribution for New PTA Shares, this Agreement shall constitute an agreement for the transfer of non-monetary contribution by Silvano Shareholders to PTA in accordance with § 250 (1) s. 4 of the Estonian Commercial Code.
- 2.3. ACP acknowledges that pursuant to the provisions of the Estonian Commercial Code and the Rules of the Tallinn Stock Exchange, the performance of this Agreement is only possible in the event that the General Meeting of shareholders of PTA gives its approval to this Agreement and adopts a resolution for the increase of the share capital of PTA in accordance with the same, and that such approval and the adoption of such resolution shall be treated as Conditions Precedent for the fulfillment of this Agreement.

3. INCREASE OF THE SHARE CAPITAL

- 3.1. Within 5 Business Days from the date of this Agreement, PTA shall summon a General Meeting of shareholders of PTA with the date of the General Meeting falling not later than 15 Business Days from the date of the relevant notice.
- 3.2. The agenda for the General Meeting mentioned in Section 3.1 above shall include the approval of this Agreement and the increase of the share capital of PTA on the following conditions:
 - 3.2.1. the Articles of Association of PTA shall be amended to allow for the increase of the share capital by issuing the sufficient amount of New PTA Shares to Silvano Shareholders;
 - 3.2.2. the share capital of PTA shall be increased by means of issuing 36,000,336 New PTA Shares (which is equal to the Exchange Ratio (426.1) multiplied by 84,488);

- 3.2.3. the right to subscribe for New PTA Shares shall be given to Silvano Shareholders and the preferential subscription right of the existing shareholders of PTA shall be excluded in respect of New PTA Shares;
- 3.2.4. the subscription price of each New PTA Share shall be the Subscription Price (39.12 EEK), of which 10 EEK shall be the nominal value of each New PTA Share and the remaining part of the Subscription Price (29.12 EEK) shall be the premium;
- 3.2.5. payment for New PTA Shares shall be by way of a non-monetary contribution, the object of which shall be Silvano Shares;
- 3.2.6. the value of Silvano Shares shall be established in accordance with the Articles of Association of PTA and the valuation of Silvano Shares shall be confirmed by PTA's auditor;
- 3.2.7. Subscription Period for New PTA Shares shall commence on 30 September 2006 and end on 16 October 2006 (the Subscription Period);
- 3.2.8. the deadline for the transfer of non-monetary contributions (Silvano Shares) to PTA shall be 16 October 2006;
- 3.2.9. the Management Board of PTA shall have the right to prolong the Subscription Period and to cancel all New PTA Shares that have not been duly subscribed and paid for. When Subscription Period is prolonged, the deadline for the transfer of the non-monetary contribution shall be prolonged accordingly.

4. EXCHANGE RATIO AND MARKET VALUE

- 4.1. For the purposes of this Agreement, the Exchange Ratio shall be **426.1** New PTA Shares per each Silvano Share. The Parties declare that such Exchange Ratio is based on the fair market value of PTA (with premium) and Silvano and that it accurately reflects the value of both companies. Any fractional entitlements resulting from multiplying the amount of Silvano Shares held by each Silvano Shareholder by the Exchange Ratio shall be ignored and shall not give any rights to New PTA Shares.
- 4.2. The Subscription Price of each New PTA Share, taking into account the weighted average market price of the shares of PTA traded on the Tallinn Stock Exchange on the date of this Agreement, is agreed to equal 2.50 EUR (39.12 EEK) per each New PTA Share.

5. SUBSCRIPTION AND PAYMENT FOR NEW PTA SHARES

- 5.1. Provided that the Conditions Precedent are duly fulfilled and that *inter alia* the resolution of the General Meeting of shareholders of PTA has adopted the resolution in accordance with Section 3 above, each Silvano Shareholder that is a Party to this Agreement shall have the right and the obligation to subscribe for New PTA Shares within the Subscription Period in the maximum possible amount and transfer all Silvano Shares that belong to such Silvano Shareholder to PTA by way of non-monetary contribution for New PTA Shares.
- 5.2. The Parties agree that subscription for New PTA Shares shall be executed by way of submitting to the Management Board of PTA a signed Subscription Application substantially in the form attached hereto as Schedule 1. Such Subscription Application shall be submitted in such a manner as to ensure receipt before 17.00 Estonian time on the last day of the Subscription Period and any applications received after such deadline shall be ignored. A Subscription Application may be submitted by post, courier (at the registered address of PTA) or by fax to +372 67 10 709.
- 5.3. At the end of the Subscription Period, PTA shall (i) compile a subscription list including the details of all Silvano Shareholders who have subscribed for New PTA Shares, (ii) procure that the auditor of PTA confirms that the value of Silvano Shares transferred to PTA corresponds at least to the issue price of New PTA Shares to be issued to Silvano Shareholders and (iii) submit without undue delay an application to the Estonian Commercial Register for the registration of the increase of the share capital of PTA.

- 5.4. Within 15 days from the end of the Subscription Period, the Management Board of PTA shall have the right cancel all New PTA Shares which have been issued pursuant to the resolution of the General Meeting in accordance with Section 3 above, but have not been subscribed for by the end of the Subscription Period.
- 5.5. Silvano Shares shall be transferred to PTA at the latest on the last day of the Subscription Period pursuant to the transfer without payment procedure within the Estonian Central Register of Securities with the value date T+0 and a clear reference to the fact that such shares are transferred as a non-monetary contribution for the increase of the share capital of PTA.

6. TRANSFER OF NEW PTA SHARES

- 6.1. New PTA Shares shall be transferred to the securities accounts of Silvano Shareholders no later than 1 month after the end of the Subscription Period, subject to the fulfillment of all regulatory and stock exchange requirements.
- 6.2. In absence of express written notification by the relevant Silvano Shareholder received by PTA no later than on the last date of the Subscription Period, PTA shall transfer New PTA Shares to such securities account of the relevant Silvano Shareholder which was indicated by the relevant Silvano Shareholder in its Subscription Application.
- 6.3. PTA shall apply for the listing of the New PTA Shares on the Tallinn Stock Exchange so as to request that all New PTA Shares are listed and tradable on the Tallinn Stock Exchange on par with all other ordinary shares of PTA.

7. NEW SILVANO SHAREHOLDERS

- 7.1. The Parties acknowledge that at the date of this Agreement the sole shareholder of Silvano is ACP. As the sole shareholder of Silvano, ACP has adopted a number of resolutions increasing the share capital of Silvano and may amend such resolutions or adopt new resolutions in such a manner that the total number of Silvano Shares shall not exceed 84,488 at any time before or during the Subscription Period.
- 7.2. Before or during the Subscription Period, Silvano may issue new Silvano Shares to third persons or ACP may sell existing Silvano Shares to third persons, in which cases such third persons shall become Silvano Shareholders from the date when the ownership to Silvano Shares is transferred to them.
- 7.3. ACP shall procure that each new Silvano Shareholder shall sign a Deed of Adherence (substantially in the form attached hereto as Schedule 2) accepting the conditions of this Agreement and joining this Agreement on par with ACP. PTA and ACP hereby agree that each person who has signed a Deed of Adherence shall become a Party to this Agreement on par with ACP and shall recognise such persons as Parties to this Agreement.
- 7.4. ACP shall procure that at least such number of Silvano Shareholders which represent 90% of the total issued share capital of Silvano shall subscribe for New PTA Shares and transfer their Silvano Shares to PTA.

8. CONDITIONS PRECEDENT

- 8.1. The obligations of the Parties hereunder shall be subject to the following Conditions Precedent being fulfilled:
 - 8.1.1. The Estonian Competition Board gives its consent to the consolidation of PTA and Silvano (together with the Subsidiaries) either unconditionally or on such conditions which both ACP and PTA (but not any other Silvano Shareholders) mutually deem acceptable;
 - 8.1.2. In accordance with the rules of the Tallinn Stock Exchange, an auditor confirms that the Exchange Ratio is such that it does not damage the interest of any shareholders of PTA that is not related to the transaction;

- 8.1.3. Any outstanding resolutions increasing the share capital of Silvano up to 848,880 EEK are duly registered by the Estonian Commercial Register and the corresponding amount of Silvano Shares is transferred to Silvano Shareholders;
- 8.1.4. The General Meeting of shareholders of PTA adopts a resolution approving this Agreement and issuing New PTA Shares as agreed under Section 3.2 above;
- 8.1.5. By the end of the Subscription Period, Silvano owns at least 59.8% of all shares in Milavitsa.
- 8.2. To the extent permitted under the applicable law, any of the above Conditions Precedent may be jointly waived by the Parties in writing at any time.
- 8.3. If the Conditions Precedent have not been fulfilled or waived by 30 November 2006, any Party shall have the right to withdraw from this Agreement without incurring any sanctions or penalties, by virtue of serving a written withdrawal notice on the other Party.

9. REPRESENTATIONS AND WARRANTIES

9.1. PTA hereby represents and warrants to ACP that:

- 9.1.1. PTA is a company duly established, registered and validly existing under the laws of Estonia. Subject to the approval of the General Meeting of PTA's shareholders and the adoption of the relevant resolution increasing the share capital of PTA, PTA's undertakings under this Agreement create legal and valid obligations of PTA, which are enforceable in accordance with their terms;
- 9.1.2. the execution and performance by PTA of this Agreement will not violate any material agreement or commitment to which PTA is a party, or a court judgment or an order or an arbitral award applicable to PTA, or contravene any law applicable to PTA;
- 9.1.3. the execution of this Agreement has been approved by the Supervisory Board of PTA.

9.2. ACP hereby represents and warrants to the PTA that:

- 9.2.1. Silvano is the legal owner of Lauma, Milavitsa and Linret shares (as described in the Preamble of this Agreement) and such shares are not encumbered and there are no rights of third parties in respect of such shares;
- 9.2.2. All financial and business information presented by ACP to PTA in connection with the condition of Silvano and its Subsidiaries is in all respects true, correct, and contains no omission that is likely to affect its import;
- 9.2.3. From the date as of which the information mentioned under Section 9.2.2 above was expressed to be valid, there has not been any material adverse change in respect of Silvano or its Subsidiaries. For the purposes of this Section, such material adverse change shall be deemed as having occurred when the aggregate value of Silvano and its Subsidiaries falls by more than 5%.
- 9.2.4. ACP is a company duly established, registered and validly existing under the laws of Latvia. ACP's undertakings under this Agreement create legal and valid obligations of ACP, which are enforceable in accordance with their terms;
- 9.2.5. all actions on the part of ACP and its respective officers, directors and shareholders, necessary for the execution of this Agreement and the performance of all obligations of ACP hereunder, have been made and all consents required for the same have been obtained;

- 9.2.6. the execution and performance by ACP of this Agreement will not violate any material agreement or commitment to which ACP is a party, or a court judgment or an order or an arbitral award applicable to ACP, or contravene any law applicable to ACP;
- 9.2.7. at the moment of the transfer of Silvano Shares by ACP to PTA, such Silvano Shares are free from all encumbrances and rights of third parties and ACP is the legal and sole owner of such Silvano Shares.
- 9.3. When new Silvano Shareholders join this Agreement by signing Deeds of Adherence, such Shareholders shall not be deemed to give representations under Section 9.2.1 – 9.2.3 above, which shall remain the representations of ACP alone.

10. SPECIFIC UNDERTAKINGS AND CONFIDENTIALITY

- 10.1. The Parties agree and undertake to furnish to each other such further information, to execute such other documents, and to do such other things after the date of this Agreement, as the other Party may reasonably request for the purposes of carrying out the intent of this Agreement.
- 10.2. The existence, subject matter and contents of this Agreement (as well as all information about negotiations between the Parties), its execution, implementation and other matters regulated herein, including any written, oral or any other information obtained in any way and whatsoever from by any Party, except for the information which is in public domain, is confidential, and each Party is prohibited from disclosing or using to the detriment of the other Party all or any part of such information. The provisions of this Section shall be limited to the extent that disclosure of this Agreement and related information is required under the laws and the stock exchange regulations applicable to ACP and PTA (and in particular the Parties acknowledge that the contents of this Agreement will be made available to shareholders of PTA in order to consider the approval of the Agreement).

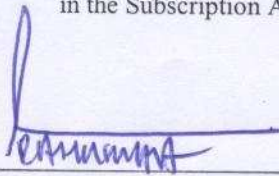
11. GOVERNING LAW AND DISPUTE RESOLUTION

- 11.1. This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of Estonia.
- 11.2. The Parties undertake to use their best efforts to resolve any disagreements or disputes regarding this Agreement between them or any two or more of them through discussion and mutual agreement. Any dispute or difference of any kind whatsoever arising between any of the Parties out of in connection with this Agreement (including, without limitation, any question regarding its existence, validity or termination) which cannot be amicably resolved within 14 days (or such longer period as the Parties may agree in writing) shall be referred on the application of any Party to and finally resolved by arbitration in Tallinn in and pursuant to the rules of the Arbitration Court of the Tallinn Chamber of Commerce and Industry (hereinafter the "Chamber").
- 11.3. The arbitration shall be carried out by three arbitrators. One arbitrator shall be appointed by PTA, one arbitrator shall be appointed by ACP or jointly by such Silvano Shareholders who participate in the dispute, and the third arbitrator shall be appointed by the Chamber in accordance with its rules. The proceedings shall take place in Tallinn and shall be conducted in the English language. The award shall be final and binding.

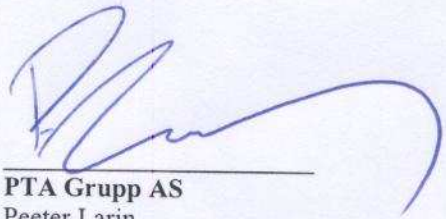
12. MISCELLANEOUS

- 12.1. This Agreement may only be amended in writing, such amendment to be signed by each of the Parties.
- 12.2. If any one or more of the provisions of this Agreement is found to be void, invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the remaining provisions contained herein shall not hereby be affected or impaired.

- 12.3. The Parties declare that they have not concluded and shall not conclude any contracts or agreements which are inconsistent with the provisions of this Agreement.
- 12.4. All documents, certificates, statements, reports, agendas, minutes, and other written material referred to in or related to this Agreement shall be in the English language or be accompanied by an English translation thereof. Unless otherwise required under Estonian law, the English language version of this Agreement and of all such other documents shall prevail.
- 12.5. This Agreement and all of the provisions hereof shall be binding and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party without the prior written consent of the other Party, nor is this Agreement intended to confer upon any other person except the parties hereto any rights or remedies hereunder.
- 12.6. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission, telexed or mailed by registered or certified mail (return receipt requested), postage prepaid, to the Parties at the addresses listed above or indicated by a Silvano Shareholder in the Subscription Application.



SIA Alta Capital Partners
Indrek Rahumaa
Member of the Board



PTA Grupp AS
Peeter Larin
Member of the Board

Schedule 1
Form of the Subscription Application¹

Subscription Application
[•] 2006

To: PTA Grupp AS
Address: Akadeemia tee 33, Tallinn, Estonia
Fax: +372 67 10 709
Attn: Mr. Peeter Larin, member of the Management Board

Re: Subscription Application

Dear Sir,

We, [•], a limited liability company registered under the laws of [•], register code [•], address [•], as of the date hereof own [•] shares of AS Silvano Fashion Group. We hereby subscribe for [•] new shares of PTA Grupp AS ([•]*426.1²) at the price of 39,12 EEK, of which 10 EEK is the nominal value of each share and 29,12 EEK is the premium.

We undertake to pay for the new shares of PTA Grupp AS to which we have subscribed by transferring to PTA Grupp AS the number of shares of AS Silvano Fashion Group indicated above in such a manner that the transfer is settled no later than by 16 October 2006.

The number of our securities account in Estonia to which the new PTA Grupp AS shares should be transferred is [•].

[name]
[position]

¹ All empty fields have to be filled out in order for the application to be valid

² Fractional entitlements are to be ignored

To: PTA Grupp AS
Address: Akadeemia tee 33, Tallinn, Estonia
Fax: +372 67 10 709
Attn: Mr. Peeter Larin, member of the Management Board

Copy: SIA Alta Capital Partners
Address: Tartu mnt. 2, Estonia
Fax: +372 681 8055
Attn: Mr. Indrek Rahumaa, member of the Management Board

Re: Adherence to the Share Swap Agreement

Dear Sirs,

We refer to the Share Swap Agreement concluded between PTA Grupp AS and SIA Alta Capital Partners on 21 August 2006.

We, [•], a limited liability company registered under the laws of [•], register code [•], address [•], have acquired and as of the date hereof own [•] shares of AS Silvano Fashion Group. Having regard to Section 7.3 of the Share Swap Agreement, we hereby declare that as Silvano Shareholders (as defined under the Share Swap Agreement), we accept the terms and conditions of the Share Swap Agreement and agree to become a party to such Share Swap Agreement with all such rights and obligations as are attributed under such agreement to SIA Alta Capital Partners.

We hereby give the warranties and representations given by SIA Alta Capital Partners under Section 9 of the Share Swap Agreement as applied to ourselves.

We further declare that the contents of the Share Swap Agreement are known to ourselves and that such contents are fully accepted without reservation.

[name]
[position]