

ANNUAL REPORT

(translation of the Estonian original)

Beginning of financial year:	01.01.2014
End of financial year:	31.12.2014
Business name:	AS SmartCap
Commercial Registry no.:	12071991
Legal address:	Rõtermanni 8 10111, Tallinn ESTONIA
Phone:	+372 61 611 00
Fax:	+372 61 611 01
E-mail:	info@smartcap.ee
Website:	www.smatcap.ee

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Management report

Business segments

AS SmartCap (hereinafter SmartCap) is a fully owned subsidiary of Estonian Development Fund (hereinafter Development Fund), operating as a fund manager of venture capital funds and is licensed to do so by the Estonian Financial Supervisory Authority. SmartCap manages a closed common investment fund (venture capital fund) called Early Fund II, which is fully owned by the Republic of Estonia. The company also provides advisory services to the Estonian Development Fund in the field of venture capital investment.

Management of Early Fund II

As of 31.12.2014, the Republic of Estonia has subscribed for EUR 25.26 million of shares in Early Fund II. The first contribution of equity in the amount of EUR 12.47 million was made in August 2012, the second contribution in the amount of EUR 6.39 million was made in December 2012 and the third contribution in the amount of EUR 6.39 million was made in December 2013.

In accordance with the conditions of the fund and pursuant to the Estonian Development Fund Act, the assets of Early Fund II will be invested in small and medium-sized companies registered in Estonia, which are aimed at innovation, create or use contemporary technology and develop new products and services. Target companies also have substantial growth and export potential and prospects for achieving a considerable position on an international target market but are unable to meet their needs for capital using other instruments existing in the economy. The objective for investment is to earn a return for investor(s) and simultaneously provoke and support change in the Estonian economy, helping to update the economy, generate export growth and create jobs requiring high qualifications.

During the year 2014, SmartCap invested a total of EUR 3,333 thousand of capital on the account of Early Fund II (during 2013 SmartCap invested a total of EUR 1,726 thousand of capital).

Advisory services

During 2014, SmartCap continued to provide advisory services related to venture capital investment to its parent entity, the Estonian Development Fund, concerning acquisition of securities, issuance of securities and sale of securities. As of 31.12.2014, the portfolio of investments of Estonian Development Fund contained 14 companies.

Personnel

In 2014, SmartCap employed 3 full-time and 3 part-time employees. Compensation of the company's members of the management board totalled EUR 117 thousand (2013: EUR 107 thousand). Compensation of the company's members of the supervisory board totalled EUR 33 thousand (2013: EUR 18 thousand).

Research and development

In the years 2014 and 2013, SmartCap did not carry out any research and development projects requiring substantial capital expenditures.

Risks related to currency exchange rates, interest rates and stock exchange quotations

Fluctuations in interest rates, currency exchange rates and stock exchange quotations do not have a significant impact on SmartCap's business.

Revenue and profit

Revenue of SmartCap in 2014 was EUR 979 thousand (2013: EUR 818 thousand) and net income was EUR 407 thousand (2013: EUR 160 thousand).

Fund management activities during the next reporting period

On 28.08.2014, the supervisory board of Estonian Development Fund approved the new core investment principles of the Development Fund and decided in principle to hand over the management of direct investments to a private fund manager.

On 11.02.2015, the Riigikogu (Parliament of Estonia) enacted the Support of Enterprise and State Loan Guarantees Act and the Amendment Act to the Estonian Development Fund Act, whereby the legal framework was established for KredEx to make investments in funds that would in turn make equity investments in companies. As a result of that, it is probable that at least 4 new funds managed by a private fund manager will enter the market in the near term, making investments in the same phase as the Estonian Development Fund and SmartCap. As the state should not be competing with private market fund managers in making direct investments, the same law also provided for a basis for making changes to the investment activities of the Estonian Development Fund, including the hand-over of the management of direct investments of the Development Fund to professional private fund managers.

As a result of the above, the Estonian Development Fund has initiated the process of reorganising its investment activities. This process may result in significant changes in the operations of SmartCap. As no final decision has yet been made at the date of preparation of this report concerning the future operations of SmartCap, the impact of the process as described above to the business of SmartCap cannot be conclusively evaluated.

The objective of SmartCap is to continue its management of the Early Fund II investment fund in the next financial year in accordance with the conditions of the fund until the potential restructuring activities as described above are performed. SmartCap also aims to provide advisory services to the Estonian Development Fund in accordance with agreements in place.

Financial statements

Balance sheet

(in euros)

	31.12.2014	31.12.2013	Note
Assets			
Current assets			
Cash	1,276,473	1,198,581	
Receivables and prepayments	96,789	83,007	2
Total current assets	1,373,262	1,281,588	
Total assets	1,373,262	1,281,588	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	340,104	442,664	3
Total current liabilities	340,104	442,664	
Non-current liabilities			
Payables and prepayments	0	212,509	3
Total non-current liabilities	0	212,509	
Total liabilities	340,104	655,173	
Equity			
Share capital at nominal value	325,240	325,240	6
Statutory reserve capital	9,026	1,018	
Other reserves	140,000	140,000	6
Retained earnings (losses)	152,149	0	
Profit (loss) for financial year	406,743	160,157	
Total equity	1,033,158	626,415	
Total liabilities and equity	1,373,262	1,281,588	

Income statement

(in euros)

	2014	2013	Note
Revenue	978,977	817,718	7
Operating expenses	-155,822	-241,824	8
Staff costs	-416,292	-416,676	9
Other operating charges	-604	0	
Operating profit (loss)	406,259	159,218	
Other financial income and expenses	484	939	
Profit (loss) before income tax	406,743	160,157	
Net profit (loss) for the financial year	406,743	160,157	

Cash flow statement

(in euros)

	2014	2013	Note
Cash flows from operating activities			
Operating profit (loss)	406,259	159,218	
Adjustments:			
Other adjustments	0	19,199	
Total adjustments	0	19,199	
Change in receivables and prepayments related to operating activities	-13,782	-59,350	2
Change in payables and prepayments related to operating activities	-315,069	-619,957	3
Interest received	484	939	
Total cash flows from operating activities	77,892	-499,951	
Total cash flows	77,892	-499,951	
Cash and cash equivalents at the beginning of the period	1,198,581	1,698,532	
Net decrease/increase in cash and cash equivalents	77,892	-499,951	
Cash and cash equivalents at the end of the period	1,276,473	1,198,581	

Statement of changes in equity

(in euros)

	Share capital at nominal value	Legal reserve	Other reserves	Retained earnings (losses)	Total
31.12.2012	325,240	0	140,000	1,018	466,258
Net profit (loss) for the financial year	0	0	0	160,157	160,157
Changes in reserves	0	1,018	0	-1,018	0
31.12.2013	325,240	1,018	140,000	160,157	626,415
Net profit (loss) for the financial year	0	0	0	406,743	406,743
Changes in reserves	0	8,008	0	-8,008	0
31.12.2014	325,240	9,026	140,000	558,892	1,033,158

Additional information about share capital is set out in Note 6.

Notes to the financial statements

Note 1 Accounting principles

General information

AS SmartCap (hereinafter the Company) is a fully owned subsidiary of Estonian Development Fund (hereinafter Development Fund), operating as a fund manager of venture capital funds and is licensed to do so by the Estonian Financial Supervisory Authority. AS SmartCap manages a closed common investment fund (venture capital fund) called Early Fund II, which is fully owned by the Republic of Estonia. The company also provides advisory services to the Estonian Development Fund in the field of venture capital investment.

The 2014 financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in Estonia. The generally accepted accounting principles are prescribed by the Accounting Act of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting principles below.

The financial statements are presented in euros.

Financial assets

The company has the following financial assets: cash and cash equivalents and other receivables and prepayments. Cash and cash equivalents and other receivables, except for receivables acquired for the purpose of resale are carried at amortized cost. Short-term receivables are normally measured at their nominal value (less repayments and impairment losses), and therefore short-term receivables are recognized in the balance sheet at the collectible amount.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank account balances and term deposits with maturities of 3 months or less.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

All other currencies apart from the functional currency – the euro - are considered as foreign currencies. Foreign currency transactions are recorded based on the foreign currency exchange rates of the European Central Bank prevailing on the date of transaction. All monetary assets and liabilities denominated in a foreign currency have been translated into Euros using the foreign currency exchange rates of the European Central Bank prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation are recorded in the income statement as income or expense of the reporting period.

Receivables and prepayments

Current receivables that have emerged in the course of the ordinary business activities of the company are recorded as customer receivables. Receivables are recorded at amortised cost (which is nominal amount less repayments and allowances made in case of need). Impairment of trade receivables is accounted in case there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Such situations that indicate on possible impairment of trade receivables are the buyers' bankruptcy or significant financial difficulties and inability to fulfil their obligations. Impairment of trade receivables (i.e. the need for allowance) is assessed individually of each specific debtor, on basis of estimated present value of future cash flows. The value of impairment loss of trade receivables is the difference between the carrying value of these receivables and present value of future cash flows, using effective interest rate method.

The carrying value of trade receivables is reduced by the amount of impairment loss of receivables and loss from impairment is charged to the income statement as other operating expenses. If the receivable is assessed to be irrecoverable, it is removed from the balance sheet. The collection of previously recognized impairment loss is reversed by adjusting the allowance account.

Financial liabilities

All financial liabilities (trade payables) are initially recognised at cost including all directly attributable expenditures. Financial liabilities are subsequently measured at amortised cost.

The amortised cost of current liabilities is usually equal to their nominal value, thus they are stated in the balance sheet at their redemption value.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date.

Statutory reserve capital

Statutory reserve capital is formed to comply with the requirements of the Commercial Code. Reserve capital is formed from annual net profit allocations. During each financial year, at least one-twentieth of the net profit shall be entered in reserve capital, until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from reserve capital.

Revenue recognition

Revenue from the rendering of a service is recognized upon the rendering of the service.

The Company gets paid by the Fund for managing it. The management fee consists of a fixed fee and performance fee. The performance fee is agreed upon percentage of the net income, which calculation is basis and principles of the Fund's stipulated conditions. In addition to the management fee the Fund also pays for the expenses directly related to managing the Fund, i.e. all expenses related to investments and established market practice (market prices) related costs, including financial, legal, tax and other audits, management fees and advisors' fees, and all of the Fund's asset purchases, sales and management related costs, including taxes, fees, registration and other expenses needed to make for the purchase, sale or management of asset.

In addition, the Company gets paid for advisory services in the field of venture capital investment from Estonian Development Fund.

Also this fee consists of fixed fee and performance fee.

Taxation

According to the Income Tax Act, the annual profit earned by entities is not taxed in Estonia. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. From 1 January 2015, the tax rate on the net dividends paid out of retained earnings is 20/80 (until 31.12.2014 the tax rate was 21/79). In certain circumstances it is possible to distribute dividends without additional Income tax expense. The corporate income tax arising from the payment of dividends is recognised as a liability and an Income tax expense in the period in which dividends are declared, regardless of the period for which the dividends are paid or the actual payment date. An income tax liability is due at the 10th day of the month following the payment of dividends.

Due to the nature of taxation system, the entities registered in Estonia do not have any differences between the tax bases of assets and their carrying amounts and hence, no deferred income tax assets and liabilities arise. A contingent income tax liability which would arise due the payment of dividends is not recognised in the balance sheet. The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in the in the notes to the financial statements.

Potential liabilities arising from tax inspection.

Tax authorities have the right to inspect the Company's tax records for up to 5 years from tax filing deadline, and may impose additional taxes, interest and penalties.

The Company's management is not aware of any circumstances which may give tax authorities a reason to impose additional taxes, interest and penalties.

Related parties

The following are considered as related parties in annual report of AS SmartCap:

- a. Owners (parent company and persons having control or significant influence over the parent company);
- b. Risk capital fund "Early Fund II" formed by SmartCap AS;
- c. Executive and higher management;
- d. Close family members of the above mentioned persons and companies under their control or under their significant influence.

Note 2 Receivables and prepayments

(in euros)

	31.12.2014	Division by due date		
		within 12 months	1-5 years	after 5 years
Trade receivables	91,660	91,660	0	0
Accounts receivable	110,860	110,860	0	0
Allowance for doubtful receivables	-19,200	-19,200	0	0
Other receivables	509	509	0	0
Accrued revenues	509	509	0	0
Prepayments	4,620	4,620	0	0
Prepaid expenses	4,620	4,620	0	0
Total receivables and prepayments	96,789	96,789	0	0

	31.12.2013	Division by due date		
		within 12 months	1-5 years	after 5 years
Trade receivables	75,962	75,962	0	0
Accounts receivable	95,162	95,162	0	0
Allowance for doubtful receivables	-19,200	-19,200	0	0
Other receivables	3,377	3,377	0	0
Accrued revenues	3,377	3,377	0	0
Prepayments	3,668	3,668	0	0
Prepaid expenses	3,688	3,688	0	0
Total receivables and prepayments	83,007	83,007	0	0

As of 31.12.2014 trade receivables include receivables from related party Early Fund II in the amount of EUR 67,807, including management fee in the amount of EUR 63,154 (31.12.2013: EUR 56,762).

As of 31.12.2014 other receivables do not include receivables from related party Early Fund II (31.12.2013: EUR 3,240).

Note 3 Payables and prepayments

(in euros)

	31.12.2014	Division by due date			Note
		within 12 months	1-5 years	after 5 years	
Trade payables	4,380	4,380	0	0	
Payables to employees	41,136	41,136	0	0	4
Tax liabilities	16,788	16,788	0	0	5
Other liabilities	16,880	16,880	0	0	
Other accruals	16,880	16,880	0	0	
Advances received	260,920	260,920	0	0	
Deferred income	216,111	216,111	0	0	10
Other advances	44,809	44,809	0	0	10
Total payables and prepayments	340,104	340,104	0	0	

	31.12.2013	Division by due date			Note
		within 12 months	1-5 years	after 5 years	
Trade payables	21,994	21,994	0	0	
Payables to employees	44,404	44,404	0	0	4
Tax liabilities	21,539	21,539	0	0	5
Other liabilities	23,431	23,431	0	0	
Other accruals	23,431	23,431	0	0	
Advances received	543,805	331,296	212,509	0	
Deferred income	437,245	224,736	212,509	0	10
Other advances	106,560	106,560	0	0	10
Total payables and prepayments	655,173	442,664	212,509	0	

AS SmartCap is a company used by the Estonian Development Fund since 1.04.2012 to implement its investment objectives arising from the law. Before 1.04.2012, the Estonian Development Fund made such investments directly. As a result of the reorganisation of investment activities in the first quarter of the year 2012, the Estonian Development Fund transferred to AS SmartCap its investment reserve (which constitutes funds to meet obligations to portfolio companies incurred in the past or incurring in the future), the total amount of which on 29.03.2012 stood at EUR 601,997.

In 2014, the aforementioned investment reserve has been used to meet assumed investment commitments to portfolio companies in the amount of EUR 61,750 (2013: EUR 423,953). AS SmartCap directly transferred the relevant funds on behalf of the Estonian Development Fund to the portfolio companies of the Estonian Development Fund within the framework of use of the investment reserve, therefore such payments have not been accounted for as cash flows used in investment activities in the statement of cash flows.

The line item "Other prepayments received" contains an undrawn investment reserve of EUR 44,809 as of 31.12.2014 (31.12.2013: EUR 106,560).

In addition to the above, the Estonian Development Fund as part of the reorganisation of investment activities carried out in the first quarter of the year 2012 transferred to AS SmartCap the available balance of investment capital, which amounted to EUR 860,787 as at 29.03.2012. The aforementioned amount constitutes a prepayment used to cover the contractual management fees pursuant to the service agreement between the Estonian Development Fund and AS SmartCap. The line item "Deferred income" contains an unearned prepayment balance of EUR 216,111 as of 31.12.2014 (31.12.2013: EUR 437,245).

Note 4 Payables to employees

(in euros)

	31.12.2014	31.12.2013	Note
Wages and salaries	19,649	28,469	
Vacation accrual	16,714	14,469	
Other employee-related liabilities	4,773	1,466	
Total employee-related liabilities	41,136	44,404	3

Payables to employees is included in the balance sheet item "Payables and prepayments", see additional information in Note 3.

Note 5 Prepaid taxes and tax liabilities

(in euros)

	31.12.2014	31.12.2013
	Tax liability	Tax liability
VAT	1,551	0
Personal income tax	5,310	7,240
Income tax on fringe benefits	91	536
Social security tax	8,923	12,691
Mandatory funded pension	408	421
Unemployment insurance premiums	505	651
Total tax payables and prepayments	16,788	21,539

Prepaid taxes and tax liabilities are included in the balance sheet item "Payables and prepayments", see additional information in Note 3.

Note 6 Share capital

(in euros)

	31.12.2014	31.12.2013
Share capital	325,240	325,240
Number of shares	327,400	327,400
Shares at nominal value	1	1

The share capital of the company as at 31.12.2014 consists of 325,000 ordinary shares with nominal value of 1 euro, 1,200 Series B preferred shares with nominal value of 0.1 euros and 1,200 Series C preferred shares with nominal value of 0.1 euros. The shares are fully paid up. The share capital of the company as at 31.12.2013 consisted of 325,000 ordinary shares with nominal value of 1 euro, 1,200 Series B preferred shares with nominal value of 0.1 euros and 1,200 Series C preferred shares with nominal value of 0.1 euros.

As at 31.12.2014, a loan had been received from the parent company in the amount of EUR 140,000 (as at 31.12.2013: EUR 140,000). The loan is free of interest, i.e. the borrower is not obligated to pay interest or other fees for the use of the loan. The loan is for unspecified term. The lender has the right to effect a standard termination of the agreement by notifying the borrower at least five (5) years in advance unless the company exercises its right to

convert the loan into equity in specified cases. The borrower has the right to effect a standard termination of the agreement by notifying the lender at least one (1) month in advance. As according to terms of the agreement, the company is, in essence, in control of the timing of repayment or non-repayment of the money, the borrowings are included in the "Other reserves" item in equity.

The retained earnings of the Company (taking into account the legally mandated obligation to allocate 1/20 of the net profit for the financial year into statutory reserve capital) as at 31 December 2014 amounted to EUR 538,555. Upon the payment of dividends to the shareholders, the income tax expense is 20/80 of the amount paid out as net dividends. Therefore, as at the balance sheet date it is possible to pay out dividends to shareholders from retained earnings in the amount of EUR 430,844 and the corresponding income tax would amount to EUR 107,711.

Note 7 Revenue

(in euros)

	2014	2013
Revenue by geographic locations		
Revenue from EU countries		
Estonia	978,977	817,718
Total revenue from EU countries	978,977	817,718
Total revenue	978,977	817,718
Revenue by activities		
Fund management fees	757,842	575,694
Advisory services	221,135	242,024
Total revenue	978,977	817,718

The revenue includes:

- a) The company's risk capital fund Early Fund II's administration fees paid by the Fund; (See additional information in Note 10)
- (b) The fee of providing advisory services to Estonian Development Fund. The company provides advisory services to Estonian Development Fund for acquisition of shareholding, issue of securities and disposals of holdings (See additional information in Note 10).

Note 8 Other operating expenses

(in euros)

	2014	2013
Lease and rental charges	20,549	28,680
Various office expenses	4,216	3,870
Business travel expenses	42,257	34,987
Training expenses	13,482	12,804
State and local taxes	6,726	15,918
The cost of doubtful receivables	0	19,200
Purchased services	22,917	67,951
Procedural and monitoring costs	4,145	3,515
Information and communication technology expenses	6,134	5,089
Other expenses related to premises	5,960	11,074
Information and PR services	6,299	8,628
Other	23,137	30,108
Total administrative expenses	155,822	241,824

In the calculation of minimum requirements of the fund manager's own funds for covering the general expenses, fixed general expenses also include "Personnel expenses" and "Other expenses" that are reported separately in the income statement.

Note 9 Personnel expenses

(in euros)

	2014	2013
Salaries	306,727	297,979
Social security charges	109,565	118,697
Total personnel expenses	416,292	416,676
Average number of employees (full-time equivalent)	5	5

The average number of employees does not include management and supervisory board members. See additional information about remuneration of management and supervisory board in Note 10.

Note 10 Related parties

(in euros)

Name of the reporting entity's parent company	Estonian Development Fund
Country of incorporation of the group's parent company	Estonia

Balances with related parties by groups:

	31.12.2014		31.12.2013	
	Receivables	Liabilities	Receivables	Liabilities
Parent company	0	264,070	0	546,337
The member of management and supervisory board with a significant interest and entities under their control or significant influence	0	0	0	18,321
Early Fund II	67,807	0	60,002	0
Early Fund II's financial investment entities	23,853	0	19,200	0

2014	Purchases	Sales
Parent company	30,279	221,135
The member of management and supervisory board with a significant interest and entities under their control or significant influence	12,366	0

2013	Purchases	Sales
Parent company	86,376	242,024
The member of management and supervisory board with a significant interest and entities under their control or significant influence	35,930	0

The remuneration and other significant benefits paid to the members of the management and supervisory boards:		
	2014	2013
Remuneration	155,141	124,996

During the reporting period no discounts have been made to receivables from related party.

(In 2013 a discount was made to receivables from Early Fund II's investment entities for EUR 19,200. No other discounts were made).

The Company is being paid Fund management fees for managing the Fund (Early Fund II), which consists of fixed fee and performance fee.

During the reporting period the management fee amounted to EUR 757 842 (2013: EUR 575 694).

As of 31.12.2014 the Funds payables to the Company for managing Early Fund II was amounted to EUR 63,154 (31.12.2013: EUR 56,762). Other Early Fund II's payables to the Company were EUR 4,654 (31.12.2013: EUR 3,240) (see additional information in Note 2).

As of 31.12.2014 the loan liabilities to parent company amounted to EUR 140 000 (31.12.2013: EUR 140,000), which has been included in equity's item "Other reserves" (see Note 6).

By terminating prematurely the service agreement of the management board members at the initiative of the Company the Company has to pay severance pay equal to three months of management board member remuneration, unless the termination of the contract will be for a good reason.

Note 11 Shares option plan

The supervisory board of AS SmartCap has approved the terms of the Series B stock option programme ("Early Fund I") and Series C stock option programme ("Early Fund II"). Stock options are distributed to the investment team, expert committee, members of the management and supervisory board of AS SmartCap (Note 6).

In accordance with the option agreements in place, the dividends payable on preferred shares are contingent upon success fees paid to AS SmartCap for the advisory services provided to the Estonian Development Fund and for the management of the venture capital fund "Early Fund II". Guidelines of the Accounting Standards Board of Estonia do not specifically regulate the accounting for stock option programmes. The company does not classify success fees as an asset because according to asset recognition criteria the certainty is inadequate and it cannot be measured reliably, therefore according to the judgment of the management of the company it is also not appropriate to recognise the corresponding potential expense that will be incurred upon payment of dividends to preferred shareholders.

Pursuant to the above, it constitutes an asset and a liability by nature, which depend on the investments of the Estonian Development Fund and the results of exits from Early Fund II investments and according to the judgment of the company's management it is appropriate and fair to recognise the revenue and expense in the same reporting period.

Signatures of the Management Board to the 2014 Annual Report

The 2014 Annual Report of SmartCap AS has approved on 24 March 2015 by:

/signed/

Member of the Management Board
Antti Perli



INDEPENDENT AUDITOR'S REPORT

(Translation of the Estonian original)*

To the Shareholder of AS SmartCap

We have audited the accompanying financial statements of AS SmartCap (the Company), which comprise the balance sheet as of 31 December 2014 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management Board's Responsibility for the Financial Statements

Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Estonia, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Estonia.

AS PricewaterhouseCoopers

/signed/

Tiit Raimla
Auditor's Certificate No. 287

/signed/

Verner Uibo
Auditor's Certificate No. 568

24 March 2015

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*