

**ARTICLES OF ASSOCIATION
DOGI INTERNATIONAL FABRICS, S.A.**

CHAPTER I

Company name, purpose, residence and Company's duration.-

ARTICLE 1- COMPANY NAME. - The name of the company is DOGI INTERNATIONAL FABRICS, SOCIEDAD ANONIMA..

These Articles of Association shall govern the Company, by the (Spanish) Company Law and by other legislation, which may be applicable to all limited companies.

ARTICLE 2. - PURPOSE.- The Company's principal business activity is the manufacture and sale of all kinds of textile materials coming from natural, artificial or synthetic fibre fabrics, as well as the purchase, sale, rent and sub-renting of all types of real estate and apartments for tourism operations.

The Company is able to carry out activities, events and business contracts which is part of its purpose either directly or indirectly, through ownership of shares or participation in the Companies, with the similar or identical purpose.

ARTICLE 3º.- REGISTERED ADDRESS.- The Company's registered business address is in the Villa of El Masnou, Barcelona, Pintor Domenech Farré Street, nº 13-15. The Board of Directors can transfer the residence to another place within the same municipal boundaries and also establish branches, agencies and representations in any part of Spain or abroad.

ARTICULO 4º.- DURATION.- The Company's duration is indefinite as from the date of constitution on 31 December 1971, the date in which it began its operations and consequently, will be considered as in existence as long as non of the causes for dissolution as established by the Law occur.

CHAPTER II.-

Share Capital and shares.-

ARTICLE 5.- The share capital is set at the sum of THIRTY SIX MILLION ONE HUNDRED NINETY SEVEN THOUSAND FIVE HUNDRED TWENTY SEVEN EUROS AND 20 CENTS (€36,197,527.20), represented by 60,329,212 shares, at 0,60 Euros, the nominal value of each share, numbered from 1 to 60,329,212, both inclusive, and represented through Book entries.

The shares are fully subscribed and paid-up, all belonging to the same class and series.

ARTICLE 6.- The shares, being represented by Book Entries will be governed by the rules established in article 24/1.988, dated 28 June of the Stock Market Regulations; of the Royal Decree 116/1.992, approved on 14 February, regarding the representation of stocks through Book entries, compensation and liquidation of stock exchange operations; and also legal arrangements and regulations which may be applicable at any time.

The Company will recognise as a shareholder, the person who appears in the inscription entry of the corresponding Accounting Records, with the rights that are attributed to such condition in the current Articles of Association and in accordance with the regulating regulations that may be applicable.

ARTICLE 7º.- SHAREHOLDERS RIGHTS.- Each fully paid up share confers it as the Company's legitimate holder, the status of partner and rights that the Law grants to the partners, such as the following :

a) Participate in the distribution of Company profit and the equity arising on liquidation

b) Pre-emptive subscription rights on the issuance of new shares or debentures which, may be converted in to shares.

c) Be present and vote at the Shareholders' Meeting and oppose the Company's decisions.

d) Right to be informed.

Each share confers the right to one (1) vote.

ARTICLE 8. - CO-OWNERSHIP, USUFRUCT AND PLEDGE OF SHARES.-

The shares are indivisible.

The joint owners of a share must designate only one person to exercise the partner's rights and they will respond in solidarity before the Company whatever obligations that may arise from the condition of being a shareholder.

The usufruct and pledge of shares will be governed by the provisions of the (Spanish) Law.

CHAPTER III

Company Management and Administration.-

SECTION I.-

Governing bodies.-

ARTICLE 9.- GOVERNING BODIES.- The Company will be governed and administered by :

- a) The General Shareholders' Meeting
- b) The Board of Directors

SECTION II.-

General Shareholders' Meeting.-

ARTICLE 10.- GENERAL SHAREHOLDERS' MEETING.- The shareholders, established in the General shareholders' meeting duly convened , will decide the faculties of the General Shareholders' Meeting.

The decisions reached during the Shareholders' Meeting bind all the shareholders, without exception, including absentees or dissidents, by the terms of the law in force.

The General Shareholders' Meetings shall either be an ordinary or extraordinary nature.

ARTICLE 11.- FACULTIES OF GENERAL SHAREHOLDERS' MEETING .-

The Shareholders' General Meeting is the supreme authority over the following matters:

- a) Object to the Company's management.
- b) Approve the annual accounts of the preceding financial year.
- c) Decide on the distribution of results.
- d) If applicable, approve the consolidated annual accounts and management report.
- e) Decide on the issuance of debentures.
- f) Decide on increases or decreases of the Company's share capital.
- g) Decide on transmission, mergers, spin-off, segregation or dissolution of the Company.
- h) Decide on any modifications to the present Articles of Association.
- i) Appoint and remove members of the Board of Directors.
- j) Appoint the Company's auditors.
- k) Any other matters granted to them by Law, with exclusive character.

ARTICLE 12.- ORDINARY GENERAL MEETING.- The Ordinary general meeting previously convened for such purpose, shall take place within the first six months of each company year, to approve the Company's management, approve the previous year's accounts, decide on the distribution of the results and if required, approve the consolidated annual accounts and management report.

The Ordinary General Meeting will also be responsible for adopting the arrangements of any other matters included in the notice.

ARTICLE 13º.- EXTRAORDINARY GENERAL MEETING.- All the General Shareholder's Meetings unforeseen in the preceding article, will be considered as Extraordinary General Meetings and will be discussed and decided upon any other material faculties, included Agenda, except those which according to the law may correspond exclusively to the Ordinary General Meeting.

ARTICLE 15º.- ORDINARY MEETING ANNOUNCEMENT.- The General Shareholder's Meeting, be it Ordinary or Extraordinary, will be convened by the Board of Directors. The Chairman of the Board of Directors, the Secretary or the person who is expressly authorised by the Board will sign the announcement. The notification will be published in conformity with the Laws in force, for each case.

In the announcement, the place, date and time of the meeting should be stated and should include an Agenda. Likewise, the date and time of the second announcement will be detailed, if necessary. Between the first and second notification there must be a gap of at least 24 hours.

However, it is not necessary to announce the General Shareholders Meeting, if a validly constituted Universal General Meeting takes place in order to resolve any matters vested on the General shareholders' meeting and all the share capital are present and the attendees decide to hold said meeting unanimously.

The Board of Directors must convene the General Meeting when the shareholders representing at least five percent (5%) of the share capital request it. The request will be carried out by a Notary Public addressed to the Chairman of the Board of Directors and will express the matters to be discussed in the Annual Ordinary Meeting. The Meeting must be announced within the following 30 days from the request date. The Board of Directors will establish the Agenda for the Day, necessarily including the matters that may have been the purpose of the request.

ARTICLE 15.- The Shareholders will have the right to attend the General Meeting, whose shares have been inscribed in their name in the Accounting Registers held by any of the authorities adhered to the *Servicio de Compensación y Liquidación de Valores*, at least five (5) days before of the date when the meeting will take place. To exercise attendance rights, the shareholder must carry with him/her the corresponding slip or accredited certificate issued for these purposes by the entities in charge of the Share Accounts register.

The members of the Board of Directors must attend the General Shareholders' meeting.

ARTICLE 16º.- REPRESENTATION RIGHTS.- All shareholders will be able to be represented in the General Shareholders Meeting by any person, be him/her shareholder of the company.

The representation must be submitted in writing and will be exclusive for each Shareholders' meeting. Nevertheless, these requirements will not be necessary when the representative is spouse, ancestor or descendent of the represented person nor person holding general powers construed in a public document with faculties to be able to administer all the patrimony that, the represented person may hold on national territory.

In the event that the representation obtained through a public request, certain established legal requirements will have to be met.

ARTICLE 17º.- AUTHORISATION TO ATTEND THE GENERAL SHAREHOLDERS' MEETING .- Directors, managers, technicians and any other person interested in the efficient running of the Company's affairs may attend the General Shareholder's meeting, only when they are expressly authorised by the Board of Directors.

ARTICLE 18º.- ATTENDENCE QUORUM.- The General Shareholder's meeting will be validly constituted in the first call when the shareholders present or represented hold, at least, twenty five percent (25%) of the share capital subscribed with the right to vote. The second call will be valid, irrespective of the amount of share capital represented.

However, so that the Ordinary or Extraordinary Meeting may be able to validly convened in order to agree on the issuing of debentures, increase or reduction in capital, transformation, merger, split or voluntary dissolution of the Company or any other modifications to these Articles of Association, it will be necessary in the first call, the presence or representation of the shareholders who hold at least, fifty percent (50) of the subscribed shared capital with the right to vote, and in the second call, the attendance of twenty five percent of said capital.

ARTICLE 19º.- MAJORITY.- The decisions of the General Shareholders Meeting will be valid by voting majority of the shareholders present or represented in the Meeting.

However, when shareholders who are present at the Meeting represent less than fifty percent of the subscribed share capital with the right to vote, the agreements which the second paragraph refers to in the previous article, will only be validly adapted with the favourable vote of two thirds of the present or represented capital in the meeting.

ARTICLE 20º.- PLACE OF CELEBRATION, CHAIRMANSHIP AND SECRETARY PROCEDURES.- The General Shareholders Meeting will take place where the Company holds its residence and will be lead by the Chairman of the Board of Directors or a Vice-Chairman (in absence of the Chairman). The Chairman will be assisted by the Secretary of the Board of Directors or a Vice Secretary (in absence of the Secretary). In absence of the Chairman or Secretary, the shareholder will act as Chairman, the shareholder for each case will be chosen by the partners attending the meeting.

Before commencing with the Agenda, a list will be formed of all the attendees, expressing the nature or representation of each one or the number of own or other's shares with which they present. At the end of the list the number of present or represented shareholders will be determined, likewise the amount of capital to which they hold, specifying the amount which corresponds to the shareholders with the right to vote.

ARTICLE 21º.- MINUTES.- From the considerations and decisions adopted by the General Shareholders Meeting, the appropriate minutes which will be set out , will be transcribed into the Company's Minute book.

When the minutes are approved, the person who has chaired them and who acted as Secretary in the corresponding meeting will sign them.

The Chairman and two officers can approve the minutes in the same Meeting after it has taken place, one in representation of the majority and the other of the minority, within 15 days of the meeting.

In the event that the minutes of the adopted decisions are notarised, the Notarial act shall be considered as the minutes of the Meeting.

ARTICLE 22º.- CONTENTS OF THE MINUTES.- The minutes of the General Shareholders' Meeting shall contain the following items:

- a) Date and Place where the Meeting was held.
- b) Date and method of announcement unless it is a Universal General Meeting and the announcement was notified in the Official State Gazette and newspapers.
- c) The full text of the announcement or, if it was a Universal General Meeting, the matters accepted for the session's Agenda.

d) The number of members present with the right to vote, indicating how many will be voting in person and how many attendees there are in representation of shareholders, likewise the percentage of share capital that is represented. If the Meeting was Universal General meeting after the date, place and agenda, the names of the attendees should be stated along with their signature by the side of each name.

e) A summary of the debated subjects and interventions that may have been requested for evidence.

f) The contents of the adopted agreements.

g) The results of the votes obtaining a majority of the agreed matters and where there are dissenting votes, the number of these dissenting votes.

h) The approval of the minutes when they are made on finalising the meeting.

The list of attendees will included at the beginning of each minute or will be attached to it using an annex signed by the Secretary, with the approval of the Chairman. The attendee list can also be carried out in a file or electronic support. For these cases, it will be consigned in the same minutes the method used the adequate identification diligence, and will be laid out on the sealed cover of the file, signed by the Secretary, with the approval of the Chairman.

SECTION III.-

The Board of Directors.-

ARTICLE 23.- BOARD ELECTION.- The Board of Directors will be composed of a minimum of three and a maximum of 10 members, who could be either individuals or legal entities.

The members of the Board of Directors are appointed in the General Shareholders' meeting. The election of the members of the Board of Directors will be carried out in accordance with the Law. It is not necessary to be a Shareholder to become a Member of the Board.

The Board of Directors can appoint an Executive Board, as well as one or more Chief Executive Officers.

The appointment of Directors will take effect from the moment the post is accepted and must be presented for inscription with the Mercantile registry, within 10

days after acceptance, expressly indicating the names, surnames, marital status and age, also indicating date of birth, residence and circumstances of the identification documents of the designated people, likewise any other circumstance the law may request.

ARTICLE 24º.- REMUNERATION OF THE DIRECTORS – The post of Board Member is remunerated.

The General Shareholders' Meeting will establish for each year the amount of remuneration, which consists of the fixed amount and shall not necessarily be the same for all the Board members and under no circumstances will consist of shares in the profits of the Company.

ARTICLE 25º.- CHAIRMANSHIP AND SECRETARY.- Once the Board has been elected and if the General shareholders' Meeting was not carried out at the same time of his/her nomination, his/hers faculties will freely designate a Chairman within the Board and if agreed, one or more Vice-Chairmen. They will also designate a Secretary, and if considered appropriate one or more Vice-Secretaries who, do not have to be members of the Board.

ARTICLE 26º.- DURATION OF POSTION-VACANCY.- The term of the post of Board of Director is for five (5) years. The Directors will be allowed to be re-elected one or more times for periods of the maximum time permitted.

If during the term of the post, a vacancy arises, the Board of Directors will be able to designate amongst the shareholders, the people to occupy the posts until they meet in the next General Shareholders' Meeting. The directors chosen to cover the vacancies will carry out the post for the full time to complete the term, which would have corresponded to the Director who they have substituted.

The General Shareholders Meeting will be able, in any time, remove one or more members of the Board of Directors, or revoke the nomination of the Board of Directors.

ARTICLE 27º.- THE FUNCTIONING OF THE BOARD.- The Board of Directors will met when the Chairman decides or when any one of its Directors may request it and necessarily being within the first three months, in accordance with article 171 of the (Spanish) Company Law and article 35 of the Articles of Association.

A Free Translation of the original in Spanish

The meetings can be held at the Company's residence or in another venue and the Chairman of the Board of Director will be responsible for the announcement.

The Directors can delegate in the Board of Directors meetings their representation to another Director. The representation will be evidenced by means of a letter addressed to the Chairman.

In the event of a tie, the Chairman has a casting vote.

ARTICLE 28º.- CONSTITUTION-DECISION ADOPTIONS.- So that the Board of Directors can be validly constituted, it will be necessary for them to meet in the meeting, being physically present or represented by half plus one of its components.

The Board of Directors will adopt its decisions by an absolute majority of the present or represented Directors in the meeting.

The Directors of the Board can also adopt in writing or without session, the decisions when no Director opposes this procedure and the referred decisions were to obtain a favourable vote with an absolute majority.

The permanent delegation of any faculty of the Board of Directors in a delegated committee or a member of the Board and the designation of the Directors that may have occupied such posts, requires the favourable vote of two thirds of the Board members for it to be valid and will not take effect until its inscription has been made with the Mercantile Registry. Under no circumstances, such the delegation can be made in order to present and approve the accounts in the General Shareholders' meeting nor the faculties that the latter grants to the Board of Directors, unless it is expressly authorised to do so. Once the delegation is presented in the Mercantile Registry, its purpose in relation to the granted actions from the date of nomination, will be taken back to the time it takes place.

ARTICLE 29º.- MINUTES.- The considerations and decisions of the Board of Directors will be laid out in the appropriate minutes, which will be transcribed in the Company's Minutes Book. Once passed, the minutes will be signed whoever chaired them and by whoever acted as Secretary in the corresponding Meeting.

The minutes will be approved in the meeting of the Board of Directors, before the meeting is finalised or in the next Board meeting.

ARTICLE 30º.- CONTENT OF THE MINUTES.- In the minutes of the meetings of the Board of Directors the following circumstances will be expressed:

- a) Date and place where the meeting is celebrated.
- b) Date and method in which the announcement was carried out, unless it is Universal Meeting.
- c) The names of the members present, indicating the ones that personally attend and those who are being represented by other members.
- d) A summary of the debated matters and the interventions if any were requested to be made evident.
- e) The content of the decisions adopted.
- f) The number of Directors who have voted in favour of the decision and when requested those voting against, evidence of the opposition to the decisions adopted.
- g) The approval of the minutes when produced at the end of the meeting.

SECTION IV.-

The functions of the Board of Directors.-

ARTICLE 31º.- FUNCTIONS.- The Board of Directors, with the exception of the powers expressly vested in the General Shareholders Meeting, either by Law or these Bylaws, shall have the following powers:

.- Represent the Company before all types of National Authorities, provincial or municipal; before Tribunals, Courts of Justice and other Authorities of any kind or hierarchy and act as legal representative for the Company; execute the decisions of the General Ordinary Meeting and grant in the name of the Company all kinds of deeds, public and private documents; purchase, sell, rent, encumber, mortgage and in general carry out transaction on tangible and intangible goods; carry out associations, segregation, divisions, new work declarations and all kinds of operations which may require public/official registration; hire intangibles, industries and machinery, hire out those that the Company owns; sell, encumber, dispose of, purchase, acquire in any way and in general, carry out any kind of operation regarding the shares, debentures and other security bonds; carry out acts in subsidiaries related to its constitution, such as capital increase or other security bond emissions; open current and credit accounts and have access to its balances and carry out operations with any bank or

establishment being credit or mercantile and Building Societies; establish mortgages and pledges regarding any type of goods and bonds; free, accept, endorse, negotiate and discount or contest bills of exchange and other draft documents, organise and access the functioning of the Company in all of its activities; admit and dismiss personnel; establish and withdraw deposits and finances, including the General depository Bank; carry out collections and payments, rescues, endorses, negotiations and acceptances of all kinds of operations being draft or credit; collect postal orders and as many quantities that are indebted to the Company for whatsoever concept, including claims and collections from the Treasury; execute and raise the decisions of the General Shareholders' Meeting; the latter not being limitative but explanatory of the executive function. Will be able to grant powers of all types, both judicial and out of court and revoke them as well.

SECTION V.-

Bylaw certifications.-

ARTICLE 32º.- CERTIFICATIONS.- The certificates of the Articles of Association from the General Shareholders Meeting and Board of Directors will be dealt with by the Secretary or in the event the Vice-Secretary of the Board of Directors with the Chairman's approval, or in the event by one Vice-chairman of the Board of Directors.

ARTICLE 32-BIS.- AUDIT COMMITTEE.- a) **Composition** : According to what is set out in the Eighteenth Additional Regulation Law regarding Limited Companies, an Audit Committee will be constituted within the Board of Directors. This Audit Committee will include a minimum of three, up to a maximum of 5 Members nominated by the Board of Directors. The majority of the members of the Audit Committee must be non-executive Directors.

The Board of Directors will elect the Chairman of the Audit Committee, with the majorities stated in these Articles of Association, amongst the non-executive Directors, referred to in the previous paragraph and must be substituted every 4 years, and may be re-elected one year after leaving the post. The Audit Committee will have a Secretary, a post which, is held by the Board of Directors' Secretary.

- b) Duties: The Audit Committees' responsibilities will be, at least:
 - (i) Inform, through the Chairman and/or his/her Secretary, in the General Shareholders Meeting, in which, the shareholders may raise within the scope of their responsibilities.

- (ii) Propose to the Board of Directors, for its submission to the General Shareholders' Meeting, the appointment of the auditor, in accordance with article 204 of the (Spanish) Company Law.
- (iii) Supervise the internal audit services supposing that said department exists within the business organisation of the Company.
- (iv) Have knowledge of financial information and internal control systems.
- (v) Maintain relationships with the External Auditor in order to receive information on those matters that may put at risk the independence of the latter, and any other issues related to the audit of the accounts, such as receiving information and maintaining communications with the external auditor, in accordance with the Audit Law and Audit Technical Standards.

c) Functioning: The Audit Committee will meet as many times as agreed upon by the Board or its Chairman and at least two times per year, being obliged to attend if requested, any director or personnel belonging to the Company, to collaborate and give access to the information they have available. The attendance of the External Auditor could also be requested. One of the meetings will be necessarily destined to evaluate the efficiency and compliance with regulations and procedures regarding the Company governance, prepare information, which the Board has to approve and include in the annual report to be published.

The Audit Committee will remain validly convened with the present or represented attendance, by at least, half of its members and will adapt its decisions through majority, being the Chairman's vote the deciding one in the event of equal votes. The members of the Committee will be able to delegate their representation to another member but none will be allowed to be responsible for more than two representations, along with his/her own vote. The decisions made by the Audit Committee will be registered in a Minutes Book and the Chairman and Secretary will sign each one.

Through the Chairman, the Audit Committee will inform the Board of Directors at least twice a year.

The Audit Committee likewise will be able to obtain external advice.

The Board of Directors is competent to carry out, increase and complete the rules relative to the composition and responsibilities of the Audit Committee, not already specified in the Articles of Association, respecting what is established in the latter and the Law. Likewise, the Board of Directors and when necessary, the Audit Committee itself can develop the manner how the Committee will work.

d) Remuneration: Each one of the members of the Audit Committee will receive for the functions carried out, assistance allowances, such remuneration to be paid will be determined on an annual basis in the General Shareholders' Meeting.

CHAPTER IV.-

Annual accounts and Fiscal Year.-

ARTICLE 33º.- FISCAL YEAR.- The company's fiscal year will start on the 1 January and will close 31 December of each calendar year.

ARTICLE 34º.- PREPARATION OF ANNUAL ACCOUNTS .- The Board of Directors is obliged to submit, within the period of three (3) months, counting from the the company's year end, the Annual Accounts, the Management Report and the proposed distribution of the results of the preceding year, as well as, the Consolidated Accounts and management report, if applicable.

The Annual Accounts and Management Report and in the event, Consolidated Accounts and Report must be signed by all the Members of the Board of Directors. If any one of the signatures is missing, this should be mentioned on each document, expressly indicating the reason.

ARTICLE 35º.- DISTRIBUTION OF RESULTS.- The Ordinary General Shareholders' Meeting will decide upon distribution of the results obtained during the year, in accordance with the legal stipulations.

CHAPTER V-

Dissolution and liquidation

ARTICULO 36º.- DISSOLUTION.- The Company will be dissolved for any cause that the Law reckons.

ARTICULO 37º.- LIQUIDATION.- On taking the decision to dissolve the Company, the General Shareholders' Meeting will regulate with full details of the liquidation, split or payment of company debts, as the Law establishes.

The Liquidation will be carried out by one or more of the liquidators designated by the General Shareholders' Meeting, always an odd number.

The Liquidators will have the faculties determined by the Law and as many other powers needed to complete the liquidation.

The balance of retained earnings account, which may come about due to the liquidation, once the Company debts and debentures are paid, will be applied to the refund of the shares, in accordance with the Law.

ARTICLE 38º.- WAIVER TO THE LAW.- For all aspects unforeseen in these Articles of Association, in a general manner, will be subject to, the established rules of the Royal Decree Legislation 1.564/1.989, dated 22 of December, by which is approved, the Revised Text of the Spanish Company Law.

ADDITIONAL ARTICLE .- 1.- Delegate in favour of the Board of Directors, conforming with the contents of article 319 and related articles of the Mercantile Registry Regulations, the issuing of a series of numbered debentures convertible into shares, as long as the total value of the issues are no higher than 4% of the current paid up share capital. Likewise, and complying with the contents of article 292.3 of mentioned Regulations, the convertible debentures can not be issued at a lower figure than its nominal value.

The Company's Board of Directors must make use of the faculty delegated within the period of five years, counting from the decision date, which was 8 May 2001.

The issuing of convertible debentures can be carried out with or without preference subscription rights, this last case must comply with the contents of article 159.2 of the Spanish Company Law and other related regulations.

2.- Delegate in the Board of Directors of the Company, the faculty to decide upon one or various times the increase of the Company's Capital, without previous consultation in the General Shareholders' Meeting, up to the adequate quantity for the share conversion of the issued debentures pursuant to the foregoing agreement and keeping in line with the contents of the last paragraph of part 3º of article 292 of the Spanish Company Law and apply the established article 152 of the same Law, in the terms and ways that are foreseen in articles 153.1-b) 156.2 of the latter.

The decision for Capital Increase which is the purpose of the delegation, will be carried out through the issuing of the new Shares, with or without share premium, with or without voting rights, as well as with or without pre-emptive rights, complying with this last case, the stipulations of article 159.2 of the Spanish Company Law.

=====