

AS Silvano Fashion Group



Consolidated Interim Report for Q3 and 9 months of 2007

COMPANY PROFILE

Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tartu mnt 2, 10145 Tallinn
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E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing, distribution and retail of women's apparel and lingerie
Auditor	KPMG Baltics AS

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Management Report for Q3 and the 9 months of 2007

Consolidated Financial Results for Q3 and 9 months of 2007

In the third quarter of 2007, AS Silvano Fashion Group earned a net profit of EEK 16.5 million (EUR 1.1 million), which increased by EEK 11.7 million (EUR 0.8 million) as compared to the third quarter of the previous year. The net margin of the third quarter of this year is 4.2% (Q3 2006: 12.0%). The third quarter sales resulted in EEK 397.9 million (EUR 25.4 million) and the Group's gross margin in Q3 2007 reached 40.2% compared to 41.9 % in the third quarter of 2006. Operating margin reached 13.3% (12.9% in Q3 2006) and operating profit was EEK 53.1 million (EUR 3.4 million) compared to EEK 5.2 million (EUR 0.3 million) in Q3 2006.

Cumulative nine months sales of AS Silvano Fashion Group amounted to EEK 1,177.1 million (EUR 75.2 million), having increased 11.7 times compared to the nine months of 2006. The Group's gross and operating margins in the nine months stood at 42.6% and 23.7% respectively (44.1% and 9.0% in the nine months of 2006). Operating profit in the nine months of 2007 amounted to EEK 279.2 million (EUR 17.8 million) compared to EEK 9.0 million (EUR 0.6 million) in nine months of 2006. Net profit for the nine months of 2007 amounted to EEK 162.8 million (EUR 10.4 million) and net margin reached 13.8% (7.8% in the nine months of 2006).

Sales Revenue

Sales by Products/Services

In the nine months of 2007 sales revenue related to sales of women's apparel increased by EEK 24.2 million (EUR 1.6 million) compared to the nine months of 2006, forming 9.1% of the Group's sales revenue (9 months 2006: 82.5%). Lingerie sales in the nine months of 2007 amounted to EEK 1,044.1 million (EUR 66.7 million) forming 88.7% of total Group's sales revenue. Subcontracting services increased by EEK 7.9 million (EUR 0.5 million) as compared to the same period of 2006. Subcontracting services in the nine months of 2007 amounted to EEK 25.5 million (EUR 1.6 million) forming 2.2% of total sales revenue.

Sales by business segments

	9 months 2007 EEK Million	9 months 2006 EEK million	Change EEK Million	9 months 2007 EUR million	9 months 2006 EUR million	Change EUR million	9 months 2007 percentage from sales	9 months 2006 percentage from sales
Women's apparel	107.5	83.3	24.2	6.9	5.3	1.6	9.1%	82.5%
Lingerie	1,044.1	-	1,044.1	66.7	-	66.7	88.7%	-
Subcontracting services and other sales	25.5	17.6	7.9	1.6	1.1	0.5	2.2%	17.5%
Total	1,177.1	100.9	1,076.2	75.2	6.4	68.8	100.0%	100.00%

Sales by Markets

Women's apparel

Women's apparel sales revenue has increased in all markets. In the nine months of 2007 the sales volume in the Estonian market increased by EEK 8.7 million (EUR 0.6 million) in comparison with the same period of the previous year. The sales volume in Latvia increased by 21.1% in the nine months, amounting to EEK 22.9 million (EUR 1.5 million) and in Finland by 6.8%, amounting to EEK 17.0 million (EUR 1.1 million) primarily due to increase of wholesale in Finland. Sales revenue in Lithuania increased in the nine months period of 2007 by 148%, amounting to EEK 6.6 million (EUR 0.4 million) due to the new PTA retail outlets in Lithuania. During the third quarter of 2007 apparel business expanded to the Ukrainian market.

Lingerie

The majority of lingerie sales revenue in the nine months of 2007 was earned on the Russian markets (amounting to EEK 571.0 million (EUR 36.5 million) giving 54.5% of all lingerie sales volume for the nine months of 2007). Sales in Russia comprise both retail sales and wholesale. The second biggest region of lingerie sales is Belarus, amounting to EEK 217.9 million (EUR 13.9 million) giving 20.8 % of all lingerie sales revenue (also comprising both retail sales and wholesale). As lingerie sales is a new business line for the Group, comparable figures of previous periods are not available.

In terms of lingerie brands, the sales of "Milavitsa" core brand accounted for 76.0% of total lingerie sales revenue in the nine months of 2007 and amounted to EEK 779.9 million (EUR 49.9 million). The sales of "Lauma" core brand accounted for 5.6% of total lingerie sales and amounted to EEK 57.5 million (EUR 3.7 million). Other brands such as "Alisee", "Aveline", "Laumelle", "Lauma Aqua", "Laumelle Aqua" and "Bellita" comprised 18.4% of total lingerie sales in the nine months of 2007 amounting to EEK 188.9 million (EUR 12.0 million).

Total sales by markets

	9 month 2007 EEK million	9 month 2006 EEK million	Change EEK million	9 month 2007 EUR million	9 month 2007 EUR million	Change EUR million	9 month 2007 percentage from sales	9 month 2006 percentage from sales
Estonia	126.8	52.1	74.7	8.1	3.3	4.8	10.8%	51.6%
Finland	39.2	27.0	12.2	2.5	1.8	0.7	3.3%	26.8%
Latvia	37.3	19.1	18.2	2.4	1.2	1.2	3.2%	18.9%
Belarus	217.9	-	217.9	13.9	-	13.9	18.5%	-
Ukraine	72.9	-	72.9	4.7	-	4.7	6.2%	-
Russia	571.0	-	571.0	36.5	-	36.5	48.5%	-
Other markets	112.0	2.7	109.3	7.1	0.1	7.0	9.51%	2.7%
Total	1,177.1	100.9	1076.2	75.2	6.4	68.8	100.0%	100.0 %

Retail Sales

Total retail sales of the Group in the nine months of 2007 amounted to EEK 200.8 million (EUR 12.8 million), increasing 3.6 times compared to the nine months of 2006.

Retail operations were conducted in Estonia, Latvia, Russia, Belarus, Poland, Lithuania and Ukraine. At the end of September 2007 the Group operated 94 retail outlets with a total area of 10,427 square meters.

Women's apparel retail operations were conducted in Estonia, Latvia, Lithuania, Russia and Ukraine. At the end of September 2007 in the Group operated 23 women's apparel stores with a total sales area of 4,690 square meters (30 September 2006: 2,688 square meters).

Lingerie retail operations were conducted in Russia, Belarus, Latvia, Lithuania and Poland.

In September SFG acquired an operator of a chain of 16 lingerie retail outlets in Lithuania with the total area of 877 square meters. Shops were operated primarily under the name of “Amadea Line”.

The newly acquired retail outlets already had strong ties to the Group, with over 40% of revenue generated from sales of “Lauma Lingerie” branded products. Following the acquisition, the newly acquired outlets will also commence sales of “Milavitsa” branded lingerie. Rebranding of the acquired shops will be considered.

At the end of September after the acquisition the Group operated 71 lingerie stores with a total area of 5,737 square meters.

Within the nine months of 2007 23 new stores were opened: ten women’s apparel stores operating under the PTA brand (five in Russia, three in Lithuania, one in Estonia and one in Ukraine), and thirteen lingerie stores under the Oblicie brand (twelve in Russia and one in Poland). 16 lingerie stores were acquired in Lithuania.

Number of stores

	30.09.2007	31.12.2006
Estonia	8	7
Latvia	6	6
Poland	8	7
Belarus	20	20
Russia	32	15
Lithuania	19	-
Ukraine	1	-
Total stores	94	55
Total sales area, m²	10,427	6,997

Women’s apparel sales revenue increased in the nine months period of 2007 by 47.0% compared to 2006, amounting to EEK 82.9 million (EUR 5.1 million). The increase in retail sales was supported by the increase in sales in the like-for-like spaces as well as the considerably greater number of stores. The increase in retail sales of women’s apparel of the like-for-like spaces was 13.1% compared to the 9 months of 2006, whereas in Estonia the increase was 17.0%. The increase of like-for like services in third quarter of 2007 was only 3.1% due to the renovation of 2 stores during the third quarter. Sales efficiency decreased (sales per square meter) in the retail chain of women’s apparel by 1.0% in the nine months of 2007. Slight decrease of sales efficiency is mainly caused by lower sales efficiency of new stores during the launch period. In the nine months of 2007 the main objectives for the women’s apparel segment were expansion of retail chain in Russia and Lithuania and entry into the Ukrainian retail market in the third quarter of 2007.

The like-for-like increase in the Oblicie lingerie retail chain is about 37.9% for stores operating more than one year. Group’s main objectives in lingerie retail operations is opening of new stores in Russia. In addition to the general seasonal marketing campaigns directed to the new markets, marketing operations were focused on campaigns supporting the expansion on the Russian market.

As lingerie is a new business line for the Group, comparable figures of previous years cannot be presented.

Wholesales

In the nine months of 2007 wholesales amounted to EEK 950.8 million (EUR 60.8 million) giving 80.8% of the Group’s total revenue. Main wholesales regions in the lingerie business of the Group were Russia, Ukraine, the Baltic Republics and Belarus, and in the women’s apparel business – Finland and the Baltic States. Sales revenue from wholesales of women’s apparel increased by 13.3% in the nine months period of 2007 compared to the same period of 2006, amounting to EEK 42.0 million (EUR 2.0 million).

Sales of subcontracting and other services

Subcontracting and other services amounted to EEK 25.5 million (EUR 1.6 million). Subcontracting services increased in the women's apparel segment mainly due to the Finnish market. The increase in turnover of 44.9% in comparison with the same period of the previous year was mainly caused by the increase in the price of sewing and full service sold to customers.

Profits

The Group's gross margin in the nine months of 2007 was 42.6% (the nine months of 2006: 44.1%). Gross profit for the nine months of 2007 amounted to EEK 501.8 million (EUR 32.1 million) compared to EEK 44.5 million (EUR 2.8 million) in the nine months of 2006.

The operating profit for the nine months of 2007 amounted to EEK 279.2 million (EUR 17.8 million), resulting in an operating profit margin of 23.7% (the nine months of 2006: 9.0%). Operating profit was affected by expenses incurred due to the listing at the Warsaw Stock Exchange in the amount of EEK 7.0 million (EUR 0.5 million).

The net profit of the Group (after taxes and minority shareholding) for the nine months of 2007 amounted to EEK 162.8 million (EUR 10.4 million). The net profit margin for the nine months of 2007 was 13.8% compared to 7.8% in the same period of the previous year.

Balance sheet

The total assets on the consolidated balance sheet amounted to EEK 1,089 million (EUR 69.6 million) as of 30 September 2007. Compared to the end of the previous year the balance sheet total assets have increased by EEK 276.4 million (EUR 17.7 million). Both assets and liabilities have increased in connection with rapid retail expansion and funds obtained from the issue of additional shares.

As of the end of September the inventories of the Group amounted to EEK 303.2 million (EUR 19.4 million) increasing by EEK 72.9 million (EUR 4.7 million) over the end of the year 2006. The increase in the balance of inventories is related to the expansion of activities in Russia and other retail markets.

Trade receivables have increased by EEK 42.1 million (EUR 2.7 million) amounting to EEK 153.8 million (EUR 9.8 million). Trade receivables balance grew due to the growth of the business and a change in payment terms of agreements with some customers made in order to retain competitiveness, especially in the CIS markets.

Trade payables have increased by EEK 35.1 million (EUR 2.2 million) compared to the end of previous year amounting to EEK 122.7 million (EUR 7.8 million). The volumes of trade payables increased on account of the increase in sales volumes and the stores opening .

At the end of June 2007, the Group's borrowings amounted to EEK 26.4 million (EUR 1.7 million), having decreased by EEK 3.5 million (EUR 0.2 million) since the beginning of the year.

Investments

During the nine months of 2007 the Group's investments totaled EEK 117.8 million (EUR 7.5 million). A total of EEK 29.6 million (EUR 1.9 million) was invested in retail operations, other investments were connected to equipment and facilities to maintain effective production operations.

Personnel

By the end of September of 2007, the Group employed 3,490 employees, including 436 in retail operations and 2,302 in production. The rest of the employees are employed in wholesale, administration and support operations. The average number of employees in the nine months of 2007 was 3,375.

Total salaries and wages for the nine months of 2007 amounted to EEK 182.6 million (EUR 11.6 million). The remuneration paid to the members of the Management Board and Supervisory Board totaled EEK 1.4 million (EUR 0.09 million).

Listing of shares at the Warsaw Stock Exchange

On 11 July 2007, Krajowy Depozyt Papierow Wartosciowych S.A., an operator of the Polish central securities depository, passed resolution on the ongoing registration of up to 37,947,198 shares of the Company in the Polish central securities depository. On 19 July 2007, the Warsaw Stock Exchange resolved to introduce Company's shares to trading on the main market of the Warsaw Stock Exchange. On 23 July 2007, AS Silvano Fashion Group started trading shares on the main market of the Warsaw Stock Exchange.

Merge of PTA Grupp AS and AS Silvano Fashion Group, change of name to AS Silvano Fashion Group

On August 2007 merge of PTA Grupp AS and AS Silvano Fashion Group were registered according to the restructuring plan published before, followed by the name change to AS Silvano Fashion Group.

Registration of division in the Estonian Commercial Register

On 28 August 2007, the Company announced establishing of new subsidiary with a business name PTA Grupp AS. As a result of the division, part of the Company's assets were transferred to its subsidiary PTA Grupp AS pursuant to the division plan approved on 31 May 2007 by the extraordinary general meeting of shareholders. The assets transferred to PTA Grupp AS comprised the enterprise engaged in the development of the "PTA" concept and production of women's apparel.

The division of the Company was part of the restructuring plan of the Company, which has been previously published to the shareholders of the Company. The strategy of the new group entails centralized management of the group's main processes, which will be carried out at the level of the holding company listed on the Tallinn Stock Exchange and the Warsaw Stock Exchange. Grouping the strategic management functions to the level of a listed holding company ensures better transparency and higher effectiveness of the management structure.

Increase of the share capital

On 31 August 2007 increase of the Company's share capital was registered in Estonian Commercial Register. As a result of issuing 2,052,802 new shares of the Company with nominal value on ten (10) Estonian kroons per share, the new registered share capital of the Company is equal to 400,000,000 Estonian kroons. The share capital of the Company was increased and registered in the Commercial Register pursuant to the resolution of the General Meeting of Shareholders of the Company, adopted on 25 June 2007.

Acquisition of 16 retail outlets in Lithuania

On 28 September 2007 the Company acquired 100% of all shares in UAB Linret LT, the operator of a chain of lingerie retail outlets. UAB Linret LT (formerly-PC E.Aluzo) operates 16 lingerie retail outlets in Lithuania (4 in Vilnius, 3 in Klaipeda, 4 in Siauliai, 3 in Kaunas, 1 in Mazeikiai and 1 in Utena) with the total area of 877 square meters. Shops were operated primarily under the name of "Amadea Line". The acquisition significantly boosts the presence of Company in Lithuania, where the Group has so far operated 3 retail outlets.

The acquired business generated revenues of EEK 21.7 million (EUR 1.4 million) in 2006. During the first half of 2007 revenues reached EEK 11.4 million (EUR 0.8 million)

Selected financial data (nine months of 2007)

Key figures and ratios	30.09.2007	30.09.2006	Change
Net sales (EEK million)	1,177.1	100.9	1,076.2
Net income, attributable to shareholders (EEK million)	162.8	7.8	155.0
Earnings before interest, taxes and depreciation (EBITDA) (EEK million)	307.4	13.1	294.3
Earnings before interest and taxes (EBIT) (EEK million)	279.1	9.0	270.1
Net sales (EUR million)	75.2	6.5	68.7
Net income attributable to shareholders (EUR million)	10.4	0.5	9.9
Earnings before interest, taxes and depreciation (EBITDA) (EUR million)	19.6	0.8	18.8
Earnings before interest and taxes (EBIT) (EUR million)	17.8	0.6	17.2
Operating margin, %	23.7%	8.9%	-
Net margin, %	13.8%	7.8%	-
ROA, %	14.9%	13.3%	-
ROE, %	18.5%	40.1%	-
Earnings per share (EPS), in EEK	4.23	4.02	-
Earnings per share (EPS), in EUR	0.27	0.26	-
Current ratio	3.5	1.3	-
Quick ratio	2.1	0.5	-

Underlying formulas:

Operating margin = operating profit / sales revenue

Net margin = net profit attributable to equity holders of the parent / sales revenue

ROA (return on assets) = net profit attributable to equity holders of the parent / average total assets

ROE (return on equity) = net profit attributable to equity holders of the parent / average equity

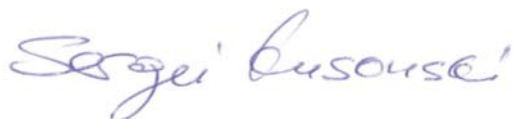
EPS (earnings per share) = net profit attributable to equity holders of the parent / weighted average number of ordinary shares

Current ratio = current assets / current liabilities

Quick ratio = (current assets – inventories) / current liabilities

Sergei Kusonski

CEO, Member of the Management Board



General Information and Approval of the Management Board for the Consolidated Interim Report for the 9 months 2007

AS Silvano Fashion Group (the “Company” or together with its subsidiaries the “Group”) is an international apparel distribution group involved in the design, manufacturing and marketing of women’s apparel and lingerie. In addition, the Group provides a limited volume of sewing services to other manufacturers of women’s apparel. The Group operates the “PTA”, “Oblicie”, “Milavitsa”, “Lauma”, “Amadea Line” and “Splendo Intime” retail chains which distribute the “PTA”, “Mastercoat”, “Milavitsa”, “Alisee”, “Lauma”, “Laumelle” and certain other brands in Estonia, Latvia, Lithuania, Russia, Belarus, Ukraine and Poland. The Group’s products are also distributed through wholesales channels.

The parent company of the Group is AS Silvano Fashion Group, a company domiciled in Estonia and headquartered in Tartu mnt 2, Tallinn.

The shares of AS Silvano Fashion Group are listed at the Tallinn Stock Exchange and at the Warsaw Stock Exchange.

As of 30 September 2007, the Group employed 3,490 people (as of 31 December 2006: 2,796 people).

The Group comprises the following companies:

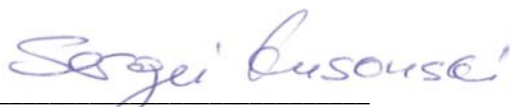
At 30 September 2007	Location	Main activity	Ownership interest 30.09.2007	Ownership interest 31.12.2006
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
<u>Subsidiaries of SFG</u>				
AS Lauma Lingerie	Latvia	Manufacturing	100%	100%
SP ZAO Milavitsa	Belarus	Manufacturing	78.3%	62.53%
ZAO Linret	Russia	Retailing	100%	100%
Splendo Polska Sp. z o.o.	Poland	Retailing	90%	90%
PTA Grupp AS	Estonia	Retailing	100%	-
UAB Linret LT	Lithuania	Retailing	100%	-
<u>Subsidiaries of PTA Grupp AS</u>				
AS Klementi	Estonia	Manufacturing	100%	100%
Klementi Trading OY	Finland	Wholesaling	100%	100%
Klementi Trading AB (in bankruptcy)	Sweden	Retailing and wholesaling	100%	100%
UAB PTA Prekyba	Lithuania	Retailing	100%	100%
SIA Vision	Latvia	Retailing	100%	100%
LLC PTA Ukraine	Ukraine	Retailing	100%	100%
<u>Subsidiaries of SP ZAO Milavitsa</u>				
SOOO Torgovaja Kompanija Milavitsa	Belarus	Retailing	51%	51%
SP Gimil OOO	Belarus	Manufacturing	52%	52%
ZAO Stolichnaja Torgovaja Kompanija Milavitsa	Russia	Wholesaling	100%	100%

The Management Board certifies that the consolidated interim report of AS Silvano Fashion Group for the nine months of 2007 set out on pages 12-32 is true and complete and:

1. the accounting policies applied in the preparation of the consolidated interim report comply with International Financial Reporting Standards as adopted by the European Union;
2. the consolidated interim report gives a true and fair view of the financial position of the Group and the results of its operations and its cash flows;
3. Silvano Fashion Group AS and its subsidiaries are going concerns.

In accordance with the Company's policy and due to the composition of its management board, the interim reports are signed by the CEO of the Company and 2 other members of the management board. The annual reports of the Company are signed by all members of the management board.


This interim report has not been audited or otherwise reviewed by auditors.



Sergei Kusonski
CEO, Member of the Management Board
26 November 2007



Dace Markevica
Member of the Management Board
26 November 2007



Peeter Larin
Member of the Management Board
26 November 2007

Balance Sheet

Consolidated, unaudited

	Notes	30.09.2007 EEK thousand	30.09.2006 EEK thousand	31.12.2006 EEK thousand	30.09.2007 EUR thousand	30.09.2006 EUR thousand	31.12.2006 EUR thousand
ASSETS							
Current assets							
Cash and cash equivalents	1	180,992	3,838	200,460	11,568	245	12,812
Trade receivables	2	153,822	12,485	111,729	9,831	798	7,141
Other receivables and prepayments	3	73,595	2,774	45,094	4,704	177	2,882
Prepaid taxes		22,672	1,174	31,568	1,449	75	2,017
Inventories	4	303,231	29,940	230,255	19,380	1,914	14,716
Total current assets		734,312	50,211	619,106	46,932	3,209	39,568
Non-current assets							
Investments in equity accounted investees		7,651	0	78	489	0	5
Available-for-sale financial assets		1,643	0	1,772	105	0	113
Other receivables		67,171	600	2,349	4,293	39	150
Property, plant and equipment	5	247,905	8,281	172,281	15,844	529	11,011
Intangible assets	6	29,822	6,353	16,551	1,906	406	1,058
Total non-current assets		354,192	15,234	193,031	22,637	974	12,337
TOTAL ASSETS		1,088,504	65,445	812,137	69,569	4,183	51,905
LIABILITIES AND EQUITY							
Current liabilities							
Loans and borrowings	7	26,396	21,065	29,907	1,687	1,346	1,911
Trade payables		122,669	10,069	87,534	7,840	644	5,594
Corporate income tax liability		7,542	0	5,976	482	0	382
Other tax liabilities		17,039	2,152	19,369	1,089	138	1,238
Other payables	8	33,405	4,965	27,815	2,135	317	1,778
Provisions		12	12	12	1	1	1
Total current liabilities		207,063	38,263	170,613	13,234	2,446	10,904
Non-current liabilities							
Loans and borrowings	7	4,976	3,539	9,544	318	226	610
Deferred tax liabilities		201	0	201	13	0	13
Other liabilities		0	119	0	0	8	0
Provisions		140	140	139	9	9	9
Total non-current liabilities		5,317	3,798	9,884	340	243	632
Total liabilities		212,380	42,061	180,497	13,574	2,689	11,536
Equity							
Share capital at par value	10	400,000	19,469	379,472	25,565	1,244	24,252
Share premium	10	229,395	40,994	83,011	14,661	2,620	5,305
Statutory capital reserve	10	1,046	1,046	1,046	67	67	67
Translation reserve	10	-54,967	26	-10,710	-3,513	2	-684
Retained earnings	10	161,833	-38,151	-987	10,343	-2,439	-63
Total equity attributable to equity holders of the parent		737,307	23,384	451,832	47,123	1,494	28,877
Minority interest		138,817	0	179,808	8,872	0	11,492
Total equity		876,124	23,384	631,640	55,995	1,494	40,369
TOTAL LIABILITIES AND EQUITY		1,088,504	65,445	812,137	69,569	4,183	51,905

Income Statement - 9 months 2007

Consolidated, unaudited

	Notes	2007 9 months EEK thousand	2006 9 months EEK thousand	2007 9 months EUR thousand	2006 9 months EUR thousand
Sales revenue	11,13	1,177,125	100,898	75,232	6,449
Costs of goods sold		-675,292	-56,398	-43,159	-3,604
Gross Profit		501,833	44,500	32,073	2,844
Distribution costs		-140,334	-23,493	-8,969	-1,501
Administrative expenses		-125,298	-11,305	-8,008	-723
Other operating income		93,551	284	5,979	18
Other operating expenses		-50,601	-951	-3,234	-61
Operating profit		279,151	9,034	17,841	577
Financial income/expenses					
Interest expenses		-2,018	-894	-129	-57
Gains/losses on conversion of foreign currencies		-3,740	-2	-239	0
Other financial income / expenses		6,212	-48	397	-3
Total financial income / expenses		454	-944	29	-60
Profit before corporate income tax		279,605	8,090	17,870	517
Corporate income tax		-72,381	-264	-4,626	-17
Net profit		207,224	7,826	13,244	500
Net profit attributable to parent company		162,820	7,826	10,406	500
Net profit attributable to minority shareholders		44,404	0	2,838	0
Earnings per share					
Basic earnings per share (EEK/EUR)	9	4.23	4.02	0.27	0.26
Diluted earnings per share (EEK/EUR)	9	4.23	4.02	0.27	0.26

Income Statement - Q3

Consolidated, unaudited

	2007	2006	2007	2006
	Q3	Q3	Q3	Q3
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Sales revenue	397,924	39,810	25,432	2,544
Costs of goods sold	-237,923	-23,114	-15,206	-1,477
Gross Profit	160,001	16,696	10,226	1,067
Distribution costs	-50,366	-7,635	-3,219	-488
Administrative expenses	-47,738	-3,755	-3,051	-240
Other operating income	11,140	65	712	4
Other operating expenses	-19,934	-203	-1,274	-13
Operating profit	53,103	5,165	3,394	330
Financial income/expenses				
Interest expenses	-1,627	-348	-104	-22
Losses on conversion of foreign currencies	-2,473	-2	-158	0
Other financial income / expenses	4,616	-18	295	-1
Total financial income / expenses	516	-368	33	-23
Profit before corporate income tax	53,619	4,797	3,427	307
Corporate income tax	-24,894	0	-1,591	0
Net profit	28,725	4,797	1,836	307
Net profit attributable to parent company	16,523	4,797	1,056	307
Net profit attributable to minority shareholders	12,202	0	780	0
Earnings per share				
Basic earnings per share (EEK/EUR)	0.42	2.46	0.03	0.16
Diluted earnings per share (EEK/EUR)	0.42	2.46	0.03	0.16

Cash flow statement

Consolidated, unaudited

	Notes	2007 9 months thousand EEK	2006 9 months thousand EEK	2007 9 months thousand EUR	2006 9 months thousand EUR
Cash flows from operating activities					
Profit for the period		279,605	7,826	17,870	500
Adjustments for:					
Deprecation and impairment of fixed assets	5,6	28,257	4,049	1,806	259
Losses on the sale of property, plant and equipment		3,577	-79	229	-5
Gain on business combination		-72,234	0	-4,616	0
Change in receivables and prepayments		-76,377	-10,640	-4,881	-680
Change in inventories		-72,984	-4,444	-4,665	-284
Change in payables		38,398	-2,709	2,454	-173
Interests paid		-2,016	-856	-129	-55
Income tax paid		-70,819	0	-4,527	0
Total cash flow from operating activities		55,407	-6,853	3,541	-438
Cash flow from investments					
Acquisition of property, plant and equipment		-117,788	-376	-7,528	-24
Acquisition of intangible assets		-14,887	0	-951	0
Proceeds from sale of property, plant and equipment		11,943	151	763	10
Loans given		-2,940	0	-188	0
Proceeds from settlement of loans given		704	107	45	7
Paid for trademark		0	-4,112	0	-263
Interest received		6,045	23	386	1
Acquisition of other financial investments		-70,027	0	-4,475	0
Acquisition of minority interest		-36,209	0	-2,314	0
Acquisition of subsidiary, net of cash acquired		-12,048	0	-770	0
Total cash flow from investment		-235,207	-4,207	-15,032	-269
Cash flow from financing					
Proceeds from issue of share capital		169,441	0	10,829	0
Repayment of loans		-25,306	-8,000	-1,617	-511
Proceeds from loans received		14,962	21,500	956	1,374
Payment of finance lease liabilities		-4,695	-301	-300	-19
Change in overdraft liability		7,092	411	453	26
Factoring paid		-132	0	-8	0
Payment of other liabilities		0	-743	0	-48
Dividends paid		-987	0	-63	0
Repayment of other loans		0	-800	0	-51
Total cash flow from financing		160,375	12,067	10,250	771
Currency translation difference		-43	0	-3	0
Total cash flow		-19,468	1,007	-1,244	64
Increase/decrease in cash and cash equivalents		-19,468	1,007	-1,244	64
Cash and cash equivalents at the beginning of the period	1	200,460	2,831	12,812	181
Cash and cash equivalents at the end of the period	1	180,992	3,838	11,568	245

Statement of changes in equity

Consolidated, unaudited

<i>In thousands kroons</i>	Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings			
Balance at 31 December 2005		19,469	40,994	1,046	26	-45,977	15,558	0	15,558
Profit for the period		0	0	0	0	7,826	7,826	0	7,826
Foreign exchange translation differences		0	0	0	0	0	0	0	0
Total recognized income and expense for 9 months of 2006		0	0	0	0	7,826	7,826	0	7,826
Balance at 30 September 2006		19,469	40,994	1,046	26	-38,151	23,384	0	23,384
Balance at 31 December 2006		379,472	83,011	1,046	-10,710	-987	451,832	179,808	631,640
Profit for the period		0	0	0	0	162,820	162,820	44,404	207,224
Foreign exchange translation differences		0	0	0	-44,257	0	-44,257	48	-44,209
Total recognized income and expense for 9 months of 2007		0	0	0	-44,257	162,820	118,563	44,452	163,015
Share capital increase		20,528	146,384	0	0	0	166,912	0	166,912
Acquisition of minority interest	10	0	0	0	0	0	0	-84,458	-84,458
Dividends paid		0	0	0	0	0	0	-985	-985
Balance at 30 September 2007		400,000	229,395	1,046	-54,967	161,833	737,307	138,817	876,124

Statement of changes in equity

Consolidated, unaudited

<i>In thousands EUR</i>	Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings			
Balance at 31 December 2005		1,244	2,620	67	2	-2,939	994	0	994
Profit for the period		0	0	0	0	500	500	0	500
Foreign exchange translation differences		0	0	0	0	0	0	0	0
Total recognized income and expense for 9 months of 2006		0	0	0	0	500	500	0	500
Balance at 30 September 2006		1,244	2,620	67	2	-2,439	1,494	0	1,494
Balance at 31 December 2006		24,252	5,305	67	-684	-63	28,877	11,492	40,369
Profit for the period		0	0	0	0	10,406	10,406	2,838	13,244
Foreign exchange translation differences		0	0	0	-2,829	0	-2,829	3	-2,826
Total recognized income and expense for 9 months of 2007		0	0	0	-2,829	10,406	7,577	2,841	10,418
Share capital increase		1,313	9,356	0	0	0	10,669	0	10,669
Acquisition of minority interest	10	0	0	0	0	0	0	-5,398	-5,398
Dividends paid		0	0	0	0	0	0	-63	-63
Balance at 30 September 2007		25,565	14,661	67	-3,513	10,343	47,123	8,872	55,995

Accounting Methods and Valuation Principles Used for Preparing the Consolidated Interim Report

Bases for Preparation

This Interim Report has been made pursuant to the requirements of IAS 34 “Interim Financial Reporting” of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2006.

This Interim Report shows results in thousands of Estonian kroons (EEK) and thousands of euros (EUR). The Estonian kroon is pegged to the euro at the rate of 1 EUR = 15.6466 EEK.

The comparative data presented in the Interim Report are the financial ratios of PTA Grupp AS for 2006. The performance results of the subsidiary AS Silvano Fashion Group acquired in October 2006 have been consolidated as of 1 October 2006.

This Interim Report has not been audited.

Notes on the Consolidated Interim Report

Note 1. Cash and bank

	30.09.2007 EEK thousand	31. 12. 2006 EEK thousand	30.09.2007 EUR thousand	31.12.2006 EUR thousand
Cash and hand	1,342	859	86	55
Bank accounts in kroons	1,026	1,011	66	65
Bank accounts in foreign currencies	62,714	97,039	4,008	6,202
Money in transfer	112,843	12,702	7,212	812
Deposits	3,067	88,849	196	5,678
Total	180,992	200,460	11,568	12,812

Note 2. Trade Receivables

	30.09.2007 EEK thousand	31. 12. 2006 EEK thousand	30.09.2007 EUR thousand	31.12.2006 EUR thousand
Trade receivables	156,184	114,255	9,982	7,302
Allowance for uncollectible accounts	-2,362	-2,526	-151	-161
Total	153,822	111,729	9,831	7,141

The trade receivables are accounted in nominal value on the date of emergence of the claim (transaction date) and later at the adjusted acquisition cost (less the possible write-downs arising from a decrease of the value). If it is likely that the Group cannot collect all the amounts receivable pursuant to the terms of the claims, the claims will be written down. Upon assessment of claims the accrual of each specific claim is treated separately, considering the information available on the solvency of the debtor.

Receivables the accrual of which is unlikely are written down in the Balance Sheet to the collectible amount and written off.

Within the 9 months of 2007 receivables were found to be uncollectible in the amount of EEK 72.0 thousand (EUR 4.6 thousand). Receipt of the receivables or reversal of the impairment losses previously provided for has occurred in the amount of EEK 219.0 thousand (EUR 14.0 thousand) and irrecoverable receivables were taken off the Balance Sheet in the amount of EEK 15.6 thousand (EUR 1.0 thousand).

Note 3. Other receivables and prepaid expenses

	30.09.2007 EEK thousand	31.12.2006 EEK thousand	30.09.2007 EUR thousand	31.12.2006 EUR thousand
Prepayments to suppliers and other prepayments*	26,959	34,414	1,723	2,200
Due from customers for contract work	939	910	60	58
Loans to companies	0	447	0	28
Interest receivable from related parties	0	434	0	28
Loans to employees	579	272	37	17
Receivable for sale of shares	0	200	0	13
Miscellaneous receivables	45,118	8,417	2,884	538
Total	73,595	45,094	4,704	2,882

* Other prepayments include tax prepayments, tax reclaims, VAT on unpaid invoices, prepaid insurance premiums, lease charges, newspaper and magazine subscriptions, IT service charges, prepayments to suppliers, etc.

Note 4. Inventories

	30.09.2007	31.12.2006	30.09.2007	31.12.2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw materials	88,278	84,408	5,642	5,395
Work in progress	42,245	31,450	2,700	2,010
Finished goods	77,185	90,372	4,933	5,776
Goods for resale	91,032	24,022	5,818	1,535
Other inventories	4,491	3	287	0
Total	303,231	230,255	19,380	14,716

Within the 9 months of 2007 the amount of inventories written off totals EEK 986.0 thousands (EUR 63.0 thousand). Within the 9 months of 2006 inventories in the amount of EEK 86.0 thousand (EUR 5.5 thousand) were written off.

Note 5. Tangible Assets

	Land and buildings	Machinery and equipment	Other fixed assets	Construction in progress	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
At 31.12.2005					
Cost	0	1,520	905	11	2,436
Accumulated depreciation	0	-1,173	-590	0	-1,763
Carrying amount	0	347	315	11	673
Movements in 9 months 2006					
Acquisition	0	50	19	4	73
Sales	0	-5	0	0	-5
Depreciation	0	-106	-106	0	-212
Reclasification	0	0	11	-11	0
At 30.09.2006					
Cost	0	1,520	935	4	2,459
Accumulated depreciation	0	-1,234	-696	0	-1,930
Carrying amount	0	286	239	4	529

	Land and buildings	Machinery and equipment	Other fixed assets	Construction in progress	Total
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
At 31.12.2006					
Cost	2,524	7,105	3,269	26	12,924
Accumulated depreciation	34	-1,241	-706	0	-1,913
Carrying amount	2,558	5,864	2,563	26	11,011
Movements in 9 months of 2007					
Acquisition	2,059	2,774	2,149	546	7,528
Sales	0	-2	-27	0	-29
Write-off	0	-4	-5	0	-9
Reclassification	-46	-10	68	-12	0
Depreciation	-95	-974	-673	0	-1,742
Currency translation differences	-293	-483	-110	-29	-915
At 30.09.2007					
Cost	4,133	8,634	5,101	531	18,399
Accumulated depreciation	50	-1,469	-1,136	0	2,555
Carrying amount	4,183	7,165	3,965	531	15,844

	Land and buildings EEK thousand	Machinery and equipment EEK thousand	Other fixed assets EEK thousand	Construction in progress EEK thousand	Total EEK thousand
At 31.12.2005					
Cost	0	23,789	14,157	169	38,115
Accumulated depreciation	0	-18,348	-9,231	0	-27,579
Carrying amount	0	5,441	4,926	169	10,536
Movements in 9 months 2006					
Acquisition	0	772	304	62	1,138
Sales	0	-71	0	0	-71
Depreciation	0	-1,661	-1,661	0	-3,322
Reclasification	0	0	169	-169	0
At 30.09.2006					
Cost	0	23,783	-14,631	62	38,476
Accumulated depreciation	0	-19,302	-10,893	0	-30,195
Carrying amount	0	4,481	3,738	62	8,281
	Land and buildings EEK thousand	Machinery and equipment EEK thousand	Other fixed assets EEK thousand	Construction in progress EEK thousand	Total EEK thousand
At 31.12.2006					
Cost	39,496	111,171	51,129	414	202,210
Accumulated depreciation	527	-19,416	-11,040	0	-29,929
Carrying amount	40,023	91,755	40,089	414	172,281
Movements in 9 months 2007					
Acquisition	32,216	43,404	33,625	8,543	117,788
Sales	0	-31	-422	0	-453
Write-off	0	-63	-78	0	-141
Reclassification	-720	-156	1,064	-188	0
Depreciation	-1,486	-15,240	-10,530	0	-27,256
Currency translation differences	-4,584	-7,559	-1,710	-461	-14,314
At 30.09.2007					
Cost	64,667	135,095	79,813	8,308	287,883
Accumulated depreciation	782	-22,985	-17,775	0	-39,978
Carrying amount	65,449	112,110	62,038	8,308	247,905

Note 6. Intangible Assets

	Software EUR thousand	Trademarks EUR thousand	Goodwill EUR thousand	Projects in progress EUR thousand	Total EUR thousand
At 31.12.2005					
Cost	264	365	120	0	749
Accumulated amortization	-180	-146	0	0	-326
Carrying amount	84	219	120	0	423
Movements in 9 months of 2006					
Acquisition	29	0	0	0	29
Amortization	-21	-25	0	0	-46
At 30.09.2006					
Cost	293	365	120	0	778
Accumulated amortization	-201	-171	0	0	-372
Carrying amount	92	194	120	0	406
At 31.12.2006					
Cost	306	430	235	473	1,444
Accumulated amortization	-204	-182	0	0	-386
Carrying amount	102	248	235	473	1,058
Movements in 9 months of 2007					
Acquisition	106	9	836	0	951
Write-off	0	0	-3	0	-3
Amortization	-33	-31	0	0	-64
Currency translation differences	-1	-1	0	-34	-36
At 30.09.2007					
Cost	411	438	1,068	439	2,356
Accumulated depreciation	-237	-213	0	0	-450
Carrying amount	174	225	1,068	439	1,906

	Software EEK thousand	Trademarks EEK thousand	Goodwill EEK thousand	Projects in progress EEK thousand	Total EEK thousand
At 31.12.2005					
Cost	4,139	5,717	1,876	0	11,732
Accumulated amortization	-2,814	-2,296	0	0	-5,110
Carrying amount	1,325	3,421	1,876	0	6,622
Movements in 9 months of 2006					
Acquisition	458	0	0	0	458
Amortization	-337	-390	0	0	-727
At 30.09.2006					
Cost	4,597	5,717	1,876	0	12,190
Accumulated amortization	-3,151	-2,686	0	0	-5,837
Carrying amount	1,446	3,031	1,876	0	6,353

	Software EEK thousand	Trademarks EEK thousand	Goodwill EEK thousand	Projects in progress EEK thousand	Total EEK thousand
At 31.12.2006					
Cost	4,789	6,721	3,670	7,408	22,588
Accumulated amortization	-3,196	-2,841	0	0	-6,037
Carrying amount	1,593	3,880	3,670	7,408	16,551
Movements in 9 months of 2007					
Acquisition	1,659	141	13,087	0	14,887
Write-off	0	0	-47	0	-47
Amortization	-516	-485	0	0	-1,001
Currency translation differences	-16	-16	0	-536	-568
At 30.09.2007					
Cost	6,431	6,853	16,710	6,872	38,866
Accumulated depreciation	-3,711	-3,333	0	0	-7,044
Carrying amount	2,720	3,520	16,710	6,872	29,822

Note 7. Loans and borrowings

The Group has the following debts as of 30 September 2007:

	Short-term EEK thousand	Long-term EEK thousand	Short-term EUR thousand	Long-term EUR thousand	Interest rate	Due date of repayment
Secured loans and borrowings						
Overdraft from Hansapank	9,513	0	608	0	6.5%	08.04.2008
Loan from Hansapank	5,000	0	320	0	6.5%	08.10.2008
Loan from Hansapank	2,895	0	185	0	Euribor+2.5%	19.10.2008
Loan from Hansabankas	908	0	58		6.6%	02.05.2008
Unsecured loans and borrowings						
Financial lease payables	6,265	4,976	400	318	6.5-12.5%	2007-2011
Other borrowings	1,815	0	116	0	6-19%	31.12.2007
Total	26,396	4,976	1,687	318		

Loan Collateral

The loans and overdraft taken from Hansapank are secured by a commercial pledge of movable property amounting to EEK 29,000 thousand (EUR 1,853 thousand).

The Group has the following debts as of 31 December 2006:

	Short-term EEK thousand	Long-term EEK thousand	Short-term EUR thousand	Long-term EUR thousand	Interest rate	Due date of repayment
Secured loans and borrowings						
Overdraft from Hansapank	2,414	0	154	0	5.5%	19.04.2007
Loan from Hansapank	5,000	0	320	0	5.5%	21.06.2007
Loan from Hansapank	6,629	0	424	0	Euribor+2.5%	19.10.2007
Unsecured loans and borrowings						
Financial lease liabilities	7,392	9,544	472	610	6.5-12.5%	2007-2011
Other liabilities	8,472	0	541	0	5.0-13.0%	31.07.2007
Total	29,907	9,544	1,911	610		

Note 8. Other payables

	30.09.2007	31. 12. 2006	30.09.2007	31.12.2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Customer advances for products and services	1,250	638	80	41
Payables to employees	28,828	26,560	1,842	1,698
Interest and other accruals	3,327	228	213	14
Interest payable to related parties	0	306	0	20
Deferred income	0	83	0	5
Total	33,405	27,815	2,135	1,778

Note 9. Earnings per Share

	2007	2006
	9 months	9 months
Number of ordinary shares as of January 1 (Qty)	37,947,198	1,946,875
Number of ordinary shares as of September 30 (Qty)	40,000,000	1,946,875
Weighted average number of ordinary shares (Qty)	38,466,038	1,946,875
Net profit (loss) for financial year, EEK thousand	162,820	7,826
Net profit (loss) for financial year, EUR thousand	10,406	500
Basic earnings per share (EEK)	4.23	4.02
Basic earnings per share (EUR)	0.27	0.26
Diluted earnings per share (EEK)	4.23	4.02
Diluted earnings per share (EUR)	0.27	0.26

The diluted earnings of the 9 months of 2007 per share do not differ from the basic earnings per share, because Silvano Fashion Group AS does not have the financial instruments to allow for diluting the earnings per share in the future.

Note 10. Owners' Equity

Shares

As of 30 September 2007 share capital of AS Silvano Fashion Group amounted to EEK 400,000 thousand (EUR 25,565 thousand), which is divided into 40,000,000 shares with a nominal value of EEK 10 (EUR 0.64) each. All the shares of AS Silvano Fashion Group are ordinary shares and all are registered. Each ordinary share gives the shareholder one vote at the general meeting. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities.

All shares have been paid for.

As of 30 September 2007 AS Silvano Fashion Group had 1,078 shareholders.

As of 30 September 2007 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	36,144,424	90.4%
ALTA CAPITAL PARTNERS S.C.A, SICAR	16,369,241	40.9%
Krajowy Depozyt Papierow Wartoosciowych S.A.[J]	5,911,518	14.8%
SIA ALTA CAPITAL PARTNERS	5,460,000	13.7%
THE BANK OF NEW YORK/ ING BANK SLASKI	2,059,582	5.1%
SEB Eesti Ühispank As KAUPLEMINE	1,869,797	4.7%
BANK AUSTRIA CREDITANSTALT AG CLIENT'S	1,157,790	2.9%
STATE STREET MUNICH CARE OF SSB BOSTON/ DWS POLSKA FUNDUSZ INWESTYCYJNY OTWARTY TOP 50 MALYCH I SREDNICH SPOLEK PLUS	711,000	1.8%
STATE STREET MUNICH CARE OF SSB BOSTON/ PZU FIO AKCJI MALYCH I SREDNICH SPOLEK	604,538	1.5%
BRYUM ESTONIA AS	599,363	1.5%
Skandinaviska Enskilda Banken Ab Clients	513,767	1.3%
STATE STREET MUNICH CARE OF SSB BOSTON/ PZU FIO AKCJI KRAKOWIAK	487,828	1.2%
STATE STREET LONDON CARE OF SSB BOSTON/ ALLIANZ GLOBAL INVESTORS IRELAND LIMITED	400,000	1.0%
Other shareholders	3,855,576	9.6%
Total number of shares	40,000,000	100.0%

As of 30 September 2006 AS Silvano Fashion Group had 654 shareholders.

As of 30 September 2006 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Interest in share capital
Major shareholders	1 678 786	86.2%
OÜ ALTA INVESTMENTS I	462,731	23.8%
BRYUM ESTONIA AS	342,809	17.6%
ING LUXEMBOURG S.A.	188,805	9.7%
HANSA BALTIC GROWTH FUND	166,758	8.5%
ALTA CAPITAL AS	137,988	7.1%
BANK AUSTRIA CREDITANSTALT AG CLIENT'S	95,735	4.9%
FIREBIRD AVRORA FUND, LTD.	68,611	3.5%
OÜ ALTA HOLDING	67,500	3.4%
PEETER LARIN	50,000	2.6%
Pta Group Oy	50,000	2.6%
Skandinaviska Enskilda Banken Finnish Clients	29,296	1.5%
OÜ MERONA HOLDING	25,000	1.3%
HANSA PENSIONIFOND K3 (KASVUSTRATEEGIA)	22,849	1.1%
Other shareholders	268,089	13.8%
Total number of shares	1,946,875	100.0%

During the 9 months of 2007, the highest and lowest prices of the AS Silvano Fashion Group's share on the Tallinn Stock Exchange were EEK 111.40 (EUR 7.12) and EEK 54.61 (EUR 3.49), respectively.

Legal Reserve

The reserve indicated under the owners' equity is a legal reserve established pursuant to the Commercial Code, which can be used for covering losses or increasing the share capital by way of a bonus issue based on a decision of the shareholders. The minimum legal reserve amount is 1/10 of the share capital.

Information about Shares

As of 21 November 2006 the shares of AS Silvano Fashion Group are listed on the basic list of the Tallinn Stock Exchange.

During the 12 months of 2006 the highest and lowest prices of the AS Silvano Fashion Group share on the Tallinn Stock Exchange were EEK 69.63 (EUR 4.45) and EEK 31.29 (EUR 2.00), respectively.

Share Price in EEK and Trading Statistics on the Tallinn Stock Exchange in the 9 months of 2007



Minority interest

Within the nine months of 2007 SP ZAO Milavitsa, a subsidiary of AS Silvano Fashion Group, completed share repurchase program. According to the decision of the Milavitsa extraordinary general shareholder meeting repurchased shares were cancelled. Total amount of repurchased shares was 2,490 shares. After cancellation minority interest in Milavitsa decreased to EEK 84.5 million (EUR 5.4 million).

Note 11. Sales Revenue

	9 months 2007	9 months 2006	9 months 2007	9 months 2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Sales revenue				
Apparel sales	107,468	83,321	6,868	5,325
Lingerie sales	1,044,113	0	66,731	0
Subcontracting and services	19,708	16,106	1,260	1,030
Other sales	5,836	1,471	373	94
Total sales revenue	1,177,125	100,898	75,232	6,449

Sales revenue by countries is presented in Note 13.

Note 12. Transactions with Related Parties

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's financial and operating policies. Related parties include:

- a. SIA Alta Capital Partners and individuals with a shareholding that provides them with control or significant influence;
- b. members of the governing bodies (management and supervisory boards) of shareholders that have control or significant influence;
- c. members of the Group's management and supervisory boards;
- d. close family members of and companies controlled or significantly influenced by the above;
- e. associated companies.

	9 months 2007 EEK thousand	9 months 2006 EEK thousand	9 months 2007 EUR thousand	9 months 2006 EUR thousand
Sales of goods and services				
Companies related to the members of the Management Board and Supervisory Board	0	3	0	0
Total sales of goods and services	0	3	0	0

Compensation paid to members of the Management Board	9 months 2007 EEK thousand	9 months 2006 EEK thousand	9 months 2007 EUR thousand	9 months 2006 EUR thousand
Pay and compensation	1,352	1,325	86	85
Total	1,352	1,325	86	85

Balances relating to related parties	30.09.2007 EEK thousand	30.09.2006 EEK thousand	30.09.2007 EUR thousand	30.09.2006 EUR thousand
Companies related to the members of the Management Board and Supervisory Board	425	1,128	27	72
Total current liabilities	425	1,128	27	72

Purchase of goods and services	9 months 2007 EEK thousand	9 months 2006 EEK thousand	9 months 2007 EUR thousand	9 months 2006 EUR thousand
Companies related to the members of the Management Board and Supervisory Board	7,935	458	507	29
Total receivables	7,935	458	507	29

Note 13. Segments

a) Primary Segment – Business Segment by Products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	9 months 2007 EEK thousand	9 months 2007 EEK thousand	9 months 2007 EEK thousand	9 months 2007 EEK thousand	9 months 2007 EEK thousand	9 months 2007 EUR thousand	9 months 2007 EUR thousand	9 months 2007 EUR thousand	9 months 2007 EUR thousand	9 months 2007 EUR thousand
Extra-group sales revenue	107,468	1,044,113	25,444	0	1,177,125	6,868	66,731	1,633	0	75,232
Inter-segment sales revenue	0	0	24,002	-24,002	0	0	0	1,534	-1,534	0
Total sales revenue	107,468	1,044,113	49,446	-24,002	1,177,125	6,868	66,731	3,167	-1,534	75,232
Operating profit/loss of segment	17,352	276,241	1,862	0	295,455	1,109	17,655	119	0	18,883
Unallocated operating revenue and operating charges					-16,304					-1,042
Total operating profit / loss					279,151					17,841
Other financial income and expenses					454					29
Corporate income tax					-72,381					-4,626
Net profit / loss					207,224					13,244
Assets and receivables	65,917	1,006,022	11,512	0	1,083,451	4,213	64,297	736	0	69,246
Unallocated assets of group					5,053					323
Total assets					1,088,504					69,569
Liabilities	13,237	174,922	5,727	0	193,886	846	11,180	366		12,392
Unallocated liabilities of group					18,494					1,182
Total liabilities					212,380					13,574
Acquisition of fixed assets	7,573	108,188	16,914	0	132,675	484	6,914	1,081		8,479
Depreciation of fixed assets	1,987	24,283	1,987	0	28,257	127	1,552	127		1,806

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 30 September 2007

Primary Segment – Business Segment by Products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EEK thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand	9 months 2006 EUR thousand
Extra-group sales revenue	83,321	0	17,577	0	100,898	5,325	0	1,124	0	6,449
Inter-segment sales revenue			13,347	-13,347	0			853	-853	0
Total sales revenue	83,321	0	30,924	-13,347	100,898	5,325	0	1,977	-853	6,449
Operating profit/loss of segment	29,885		-11,078		18,807	1,910		-708		1,202
Unallocated operating revenue and operating charges					-9,773					-625
Total operating profit / loss					9,034					577
Other financial income and expenses					-944					-60
Corporate income tax					-264					-17
Net profit / loss					7,826					500
Assets and receivables	44,374		14,520		58,894	2,836		928		3,764
Unallocated assets of group					6,551					419
Total assets					65,445					4,183
Liabilities	10,577		6,885		17,462	676		440		1,116
Unallocated liabilities of group					24,596					1,573
Total liabilities					42,061					2,689
Acquisition of fixed assets	1,111		485		1,596	71		31		102
Depreciation of fixed assets	1,233		2,816		4,049	78		180		258

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 30 September 2006

b) Secondary Segment – Sales Revenue, Total Assets and Investments in Fixed Assets

	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets
	9months 2007	9months 2006	30.09.2007	30.09.2006	9months 2007	9months 2006	9months 2007	9months 2006	30.09 2007	30.09.2006	9 month 2007	9 month 2006
	EEK thousand	EEK thousand	EEK thousand	EEK thousand	EEK thousand	EEK thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
Russia	571,054	0	49,365	0	23,298	0	36,497	0	3,155	0	1,489	0
Belarus	217,942	0	703,361	0	82,192	0	13,929	0	44,953	0	5,253	0
Estonia	126,784	52,055	184,019	60,441	18,479	1,408	8,103	3,327	11,761	3,863	1,181	90
Ukraine	72,898	0	6,290	0	1,220	0	4,659	0	402	0	78	0
Finland	39,195	27,037	2,221	0	0	188	2,505	1,728	142	0	0	12
Latvia	37,301	19,104	117,037	4,364	4,710	0	2,384	1,221	7,480	279	301	0
Lithuania	12,314	2,672	16,366	0	2,354	0	787	171	1,046	0	150	0
Poland	8,527	0	9,782	0	422	0	545	0	626	0	27	0
Other markets	91,110	30	63	640	0	0	5,823	2	4	41	0	0
Total	1,177,125	100,898	1 088,504	65,445	132,675	1,596	75,232	6,449	69,569	4,183	8,479	102

Since Q4 of 2006 the business segment content has been amended. The Group considers the business segment by product types as the primary segment and the geographical segment by the location of consumers as the secondary segment. The comparative data of the year 2005 have been amended and brought into compliance with the new business segment by product types.

The product types of the business segment are as follows:

- a) women's apparel – the goods and services sold in retail and wholesales system of the Group are recorded here;
- b) lingerie – the goods and services sold in retail and wholesales system of the Group are recorded here;
- c) other activities – manufacturing operations, provision of subcontracted service and other activities not listed under the product types of women's apparel and lingerie are recorded here.

The operating charges not directly related to a specific segment have been indicated as the joint operating charges of the Group.

The assets of the segments account all assets directly related to the segments and they do not contain assets that are used for the company in general or for headquarters. The assets of the segment also include the goodwill directly attributable to the segment. The liabilities of the segments indicate all liabilities directly related to the segments. The unallocated expenses of the Group mean the expenses of general management.

Other receivables, loans, interest claims and liabilities have been indicated as the joint assets and liabilities of the Group.

According to the management's estimation, the prices used in inter-segment transactions do not significantly differ from market prices.