

AS Silvano Fashion Group



Consolidated interim report for Q2 and 6 months of 2008

COMPANY PROFILE

Business name	AS Silvano Fashion Group
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Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's apparel and lingerie
Auditor	KPMG Baltics AS

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Management Report

Business results

AS Silvano Fashion Group and its subsidiaries (the "Group") continued retail expansion in the first 6 months of 2008, opening 19 new shops in different countries. The Group recorded a substantial growth in Russia and Ukraine, at the same time the weakening in consumer confidence in the Baltic countries has had an effect on the Group's results in the region. Economies of the Baltic countries still experience a slowdown, with inflation also gathering pace, mainly in step with the rising prices of energy and food. However, the Management estimates the Baltic slowdown to be counterbalanced by favourable economic situation in the other growing markets, such as Russia, Belarus, Ukraine, and Kazakhstan, and the Group's revenue outlook for the year remain in line with earlier expectations.

The SFG manufacturing and wholesale operations are growing as compare to the previous year with exception of Lauma Lingerie which is downsizing its production in Liepaja and shifting it to China and Belarus. The fact that the share of retail has grown at a high pace is pulling down the profitability and respectively Net Profit and EBITDA numbers. However at the same time retail operations in Russia, the major region for the retail expansion of the Group, are demonstrating more than a 50% growth year-on-year (for the shops with more than 1 year in operations). LFL lingerie retail sales are also growing in Belarus, Lithuania and Poland. Apparel retail performance in the Baltic countries is lower compare to the previous year mainly due to the economic situation in the region. The Management foresaw the drop in earnings when budgeting year 2008 considering this to be a temporary consequence of the retail expansion.

PROFITS

AS Silvano Fashion Group ended the second quarter of 2008 with consolidated net sales of EEK 485.7 million (EUR 31.0 million), representing an 18.3% increase on the second quarter of 2007. The Group's gross margin in the second quarter of 2008 reached 42.7% compared to 46.3% in the second quarter of 2007. Consolidated operating profit amounted to EEK 59.7 million (EUR 3.8 million), representing a 32.5% decline compared to normalised operating profit of Q2 2007¹. The consolidated operating margin reached 12.3% (down from 21.5% in Q2 2007¹).

Consolidated net profit attributable to equity holders amounted to EEK 18.1 million (EUR 1.2 million), compared to EEK 40.6 million (EUR 2.6 million) in Q2 2007¹, and the net margin was 3.7% (down from 9.9% in Q2 2007¹).

Cumulative six months' sales of AS Silvano Fashion Group amounted to EEK 914.5 million (EUR 58.4 million), showing 17.4% increase compared to H1 2007. The Group's gross and operating margins in the first half of the 2008 stood at 43.7% and 12.6% respectively (43.9% and 19.5% (normalised) in H1 2007). Operating profit in the first six months of 2008 amounted to EEK 115.3 million (EUR 7.4 million) compared to normalised EEK 151.6 million (EUR 9.7 million) in H1 2007¹. In the first half of year 2008, the Group earned a net profit of EEK 32.1 million (EUR 2.1 million), representing a 56.6% decline compared to the first six months of 2007¹, and net margin reached 3.5% (9.5% in H1 2007¹).

In first six months of 2008, the Group's return on equity was 4.4% (down from 14.3% (normalised) in first 6 months 2007) and return on assets was 2.9% (down from 8.5% (normalised) in first six month of 2007).

The substantial increase in sales and the decline in profitability compared to first six months of 2007 are a function of the rapid expansion of the Group's retail network (as detailed below), and continues to be in line with the management's expectations.

BALANCE SHEET

At 30 June 2008, consolidated assets amounted to EEK 1,166.3 million (EUR 74.5 million), up from EEK 1,089.6 million (EUR 69.6 million) at 31 December 2007. The increases in both assets and liabilities are related mainly to retail expansion.

Trade receivables have increased by EEK 48.4 million (EUR 3.1 million).

Inventories increased by EEK 31.5 million (EUR 2.0 million) to reach EEK 369.1 million (EUR 23.6 million) at 30 June 2008. The growth in inventory results primarily from the retail expansion. Due to the expansion of the retail network, the Group made rental prepayments and deposits for store premises, which increased other receivables and prepayments.

¹ Excluding one-off gain from business combination in the first half of 2007 in the amount of EEK 72.2 million (EUR 4.6 million).

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Property, plant and intangibles increased by EEK 20.5 million (EUR 1.3 million).

Current liabilities increased by EEK 33.3 million (EUR 2.1 million). Tax liabilities, other payables, including payables to employees, and provisions amounted to EEK 74.2 million (EUR 4.7 million), remaining at the expected level.

Current and non-current loans and borrowings increased by EEK 43.4 million (EUR 2.8 million) to EEK 72.6 million (EUR 4.6 million). This includes finance lease liabilities of EEK 7.0 million (EUR 0.5 million.)

Equity attributable to equity holders increased by EEK 9.5 million (EUR 0.6 million) to reach EEK 743.3 million (EUR 47.5 million).

SALES

Sales by business segments

	6 months 2008 EEK million	6 months 2007 EEK million	Change EEK million	6 months 2008 EUR million	6 months 2007 EUR million	Change EUR million	6 months 2008 percentage from sales	6 months 2007 percentage from sales
Women's apparel	88.7	70.3	18.4	5.6	4.5	1.1	9.7%	9.0%
Lingerie	792.6	690.1	102.5	50.7	44.1	6.6	86.7%	88.6%
Subcontracting services and other sales	33.2	18.8	14.4	2.1	1.2	0.9	3.6%	2.4%
Total	914.5	779.2	135.3	58.4	49.8	8.6	100.0%	100.00%

Sales by markets

In the first six months of 2008, the Group mainly focused on Russia, Belarus and Ukraine markets.

Total sales by markets

	6 months 2008 EEK million	6 months 2007 EEK million	Change EEK million	6 months 2008 EUR million	6 months 2007 EUR million	Change EUR million	6 months 2008 percentage from sales	6 months 2007 percentage from sales
Estonia	76.3	92.4	-16.1	4.9	5.9	-1.0	8.3%	11.9%
Finland	19.0	25.9	-6.9	1.2	1.7	-0.5	2.1%	3.3%
Latvia	22.8	25.2	-2.4	1.4	1.6	-0.2	2.5%	3.2%
Belarus	160.8	139.1	21.7	10.3	8.9	1.4	17.6%	17.9%
Ukraine	74.7	51.0	23.7	4.8	3.3	1.5	8.2%	6.5%
Russia	480.5	366.3	114.2	30.7	23.4	7.3	52.5%	47.0%
Other markets	80.4	79.3	1.1	5.1	5.0	0.1	8.8%	10.2%
Total	914.5	779.2	135.3	58.4	49.8	8.6	100.0%	100.0%

Women's apparel

The main driver of growth for women's apparel sales was the expansion of the PTA retail chain. In the first half of 2008, retail sales were 89.7% from the total revenue of the women's apparel segment (H1 2007: 72.8%). Sales volume in the Baltics decreased by 3.7%, amounting to EEK 44.2 million (EUR 2.8 million). A slowdown in apparel sales in the Baltics became apparent, in line with the general cooling of the Baltic economies. Sales revenue in Russia was EEK 25.8 million (EUR 1.6 million) giving 5 times growth to H1 2007 and in Ukraine EEK 9.5 million (EUR 0.6 million), giving 100% increase to H1 2007.

Lingerie

The majority of lingerie sales revenue in the first half of 2008 was earned on the Russian market, amounting to EEK 454.7 million (EUR 29.1 million), accounting for 57.4% of all lingerie sales volume for first six months of 2008 compare to H1 2007: EEK 361.0 million (EUR 23.0 million). Sales in Russia comprise both retail sales and wholesale. The second biggest region of lingerie sales is Belarus, amounting to EEK 160.8 million (EUR 10.3 million), contributing 20.3% of all lingerie sales revenue (also comprising both retail sales and wholesale) compare to H1 2007: EEK 139.1 million (EUR 8.9 million). Similarly to the women's apparel segment, the Baltic sales of lingerie were affected by the economic slowdown (and significantly higher inflation) in the region, which begins to have an effect on consumer spending.

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In terms of lingerie brands, the sales of “Milavitsa” core brand accounted for 76.8% of total lingerie sales revenue in the first half of 2008 (H1 2007: 75.0%) and amounted to EEK 608.7 million (EUR 38.9 million). The sales of “Lauma” core brand accounted for 5.8% of total lingerie sales (H1 2007 : 7.7 %) and amounted to EEK 46.0 million (EUR 3.0 million). Other brands such as “Alisee”, “Aveline”, “Laumelle”, “Lauma Aqua” and “Laumelle Aqua” comprised 17.4% of total lingerie sales in H1 2008 (H1 2007: 17.3%), amounting to EEK 137.9 million (EUR 8.8 million).

Retail operations

Total retail sales of the Group in the first six months of 2008 amounted to EEK 209.0 million (EUR 13.4 million), representing a 117.0% increase on the first six months of 2007.

Retail operations were conducted in Estonia, Latvia, Russia, Belarus, Poland, Lithuania and Ukraine. At the end of June 2008, the Group operated 133 retail outlets with a total area of 14,549 square meters.

Women’s apparel was retailed in Estonia, Latvia, Lithuania, Russia and Ukraine. At the end of June 2008, the Group operated 37 women’s apparel stores with a total sales area of 6,926 square metres.

Lingerie was retailed in Russia, Belarus, Latvia, Lithuania, Ukraine and Poland. At the end of June 2008, the Group operated 96 lingerie stores with a total area of 7,623 square metres.

Within the first six months of 2008, 19 new stores were opened: 7 in the apparel business (operating under PTA brand name), including 3 in Ukraine and 4 in Russia, and 12 stores in the lingerie business, including 7 under Oblicie name in Russia, 4 under Milavitsa name in Belarus and 1 store under Lauma Lingerie brand name in Latvia. One Milavitsa store was closed.

Number of stores at 30 June:

	30.06.2008	31.12.2007
Estonia	8	8
Latvia	7	6
Poland	10	10
Belarus	26	23
Russia	54	44
Lithuania	20	20
Ukraine	8	4
Total stores	133	115
Total sales area, sq m	14,549	12,454

In the first 6 months 2008, women’s apparel retail revenue compared to the first six months of 2007 increased by 55.4%, amounting to EEK 79.5 million (EUR 5.0 million). The total like-for-like growth was a negative 6% mainly because of the drop of sales in the Baltics. The like-for-like growth in Russia was +64%, in Estonia -7% and in Latvia -15% in H1 2008. Results in Baltics are influenced by overall macro economical situation

The like-for-like increase in the Oblicie lingerie retail chain in Russia is about 52% for stores operating longer than one year, continuing to offer strong evidence to the viability of the continuing expansion of the Group’s operations into the retail sector in its primary target markets. The major objective in the lingerie business continues to be rapid retail expansion, mainly in Russia. By the end of the year the Group also intends to open a few shops under the “Milavitsa” brand in Russia in order to capitalise on the brand awareness in the country.

Stores by concept

Market	PTA stores	Oblicie stores	Milavitsa stores	Other stores	Total	Sales area, sq m
Russia	15	39	-	-	54	5,984
Ukraine	6	2	-	-	8	1,111
Estonia	8	-	-	-	8	1,759
Latvia	4	-	-	3	7	1,196
Lithuania	4	-	-	16	20	1,626
Belarus	-	-	26	-	26	2,385
Poland	-	1	-	9	10	488
Total	37	42	26	28	133	14,549

Wholesale

In the first half of 2008, wholesale amounted to EEK 672.3 million (EUR 43.0 million), representing 73.5% of the Group’s total revenue (H1 2007: 85.1%). The main wholesale regions were Russia, Belarus, Ukraine and the

Baltic States for lingerie, and Finland and the Baltic states for women's apparel. In the first six months of 2008, revenue from wholesale of women's apparel decreased by 40.1% compared to the first six months of 2007, amounting to EEK 9.1 million (EUR 0.6 million).

Lingerie wholesale in the first six months of 2008 increased by 3.5% compared to the first six months of 2007, amounting to EEK 663.2 million (EUR 42.4 million). Most of the lingerie wholesale partners are located in Russia.

Investment

In the first half of 2008, the Group's investments totalled EEK 43.1 million (EUR 2.8 million). A total of EEK 15.6 million (EUR 1.0 million) was invested in retail operations, EEK 12.4 million (EUR 0.8 million) was invested in real estate for retail needs in Belarus, while other investments were made in equipment and facilities to maintain effective production.

Personnel

At the end of June 2008, the Group employed a staff of 4,055 including 823 in retail and 2,488 in production. The rest are employed in wholesale, administration and support operations. The average number of employees in the first six months of 2008 was 4,059.

The total salaries and wages for the first half of 2008 amounted to EEK 185.5 million (EUR 11.9 million). The remuneration paid to members of the Management Board totalled EEK 3.3 million (EUR 0.2 million). Four members of the Management Board also serve as executives for the Group's subsidiaries.

Acquisition of 100% of all shares in France Style Lingerie S.A.R.L.

On 25 July 2008 AS Silvano Fashion Group has entered into a share purchase agreement for the acquisition of 100% of all shares in France Style Lingerie S.A.R.L. ("FSL"), a limited liability company registered in France. FSL is a holding and retail management company with significant retail and brand management expertise in the lingerie business. FSL holds 49% of all shares in SOOO «Torgovaja Kompanija Milavitsa» ("TKM"), a Belarussian company operating the Belarussian retail chain for the products of SP ZAO Milavitsa ("Milavitsa"). Already prior to the acquisition of FSL, 51% of all shares in TKM are owned by Milavitsa. As a result of the acquisition of FSL, the SFG group will own the majority of all shares in TKM. The acquisition of FSL will also secure the ownership of the trademark "Alisee" (a high-level lingerie brand used by Milavitsa), which is being licensed from FSL. The acquisition also gives AS Silvano Fashion Group (through FSL) a 25% stake in ZAO «Stolichnij Torgovij Dom Milavitsa» ("STD"), an independent Russian lingerie wholesaler and retail operator managing 30 lingerie stores in Russia, 27 of them under the trademark of Milavitsa.

The acquisition of FSL is expected to contribute to the distribution and retail sales of the products of the SFG group, in particular the products of Milavitsa. The effect of the acquisition with respect to the profit and revenue of the SFG group is not expected to be significant.

Acquisition of OAO "Shveinaja Firma "Junona""

On 20 May 2008, Milavitsa acquired 58.3% in OAO "Shveinaja Firma "Junona"" ("Junona"), a Belarussian sewing factory and a subcontractor for Milavitsa for a total of EEK 9.2 million (EUR 0.6 million) (39.4% paid in cash and 60.6% by production equipment). The primary business of Junona is the manufacturing of children's clothes and also sewing lingerie for Milavitsa. Following the acquisition, the Group intends to utilize Junona's capacity primarily for sewing lingerie under Milavitsa's brand names. It is estimated that Junona will contribute up to 3% of Milavitsa's total production output in 2008 and up to 7.4% in 2009.

Selected financial data

The Group's operating results are best summarised in the following figures and ratios:

Key figures and ratios	30.06.2008	30.06.2007	Change
Net sales (EEK million)	914.5	779.2	135.3
Net income, attributable to shareholders (EEK million)	32.1	146.3	-114.2
Earnings before interest, taxes and depreciation (EBITDA) (EEK million)	138.2	242.1	-103.9
Earnings before interest and taxes (EBIT) (EEK million)	115.3	223.8	-108.5
Net sales (EUR million)	58.4	49.8	8.6
Net income attributable to shareholders (EUR million)	2.1	9.4	-7.3
Earnings before interest, taxes and depreciation (EBITDA) (EUR million)	8.8	15.5	-6.7
Earnings before interest and taxes (EBIT) (EUR million)	7.4	14.3	-6.9
Operating margin, %	12.6%	28.7%	-
Net margin, %	3.5%	18.8%	-
ROA, %	2.9%	12.9%	-
ROE, %	4.4%	16.8%	-
Earnings per share (EPS), in EEK	0.80	3.86	-
Earnings per share (EPS), in EUR	0.05	0.25	-
Current ratio	3.4	3.2	-
Quick ratio	1.9	1.9	-

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 Q2 2008 and 6 months of 2008

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 wholesale channels.

The parent company of the Group is AS Silvano Fashion Group, a company domiciled in Estonia and headquartered at 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 June 2008, the Group employed 4,055 people (as of 31 December 2007: 3,581 people).

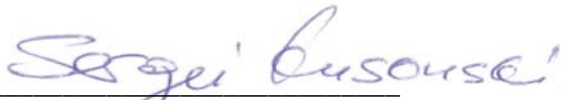
The Group comprises the following companies:

At 30 June 2008	Location	Main activity	Ownership interest 30.06.2008	Ownership interest 31.12.2007
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	78.35%	78.35%
ZAO Linret	Russia	Retail	100%	100%
Splendo Polska Sp. z o.o.	Poland	Retail	90%	90%
PTA Grupp AS	Estonia	Retail	100%	100%
UAB Linret LT	Lithuania	Retail	100%	100%
<u>Subsidiaries of PTA Grupp AS</u>				
AS Klementi	Estonia	Manufacturing	100%	100%
Klementi Trading OY	Finland	Wholesale	100%	100%
UAB PTA Prekyba	Lithuania	Retail	100%	100%
SIA Vision	Latvia	Retail	100%	100%
LLC PTA Ukraine	Ukraine	Retail	100%	100%
<u>Subsidiaries of ZAO SP Milavitsa</u>				
SOOO Torgovaja Kompanija Milavitsa	Belarus	Retail	51%	51%
SP Gimil OOO	Belarus	Manufacturing	52%	52%
ZAO Stolichnaja Torgovaja Kompanija Milavitsa	Russia	Wholesale	100%	100%
OA O Junona	Belarus	Manufacturing	58,33%	0%

The Management Board certifies that the consolidated interim report of AS Silvano Fashion Group for the first half of 2008 set out on pages 11-30 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.

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



Sergei Kusonski
CEO, Member of the Management Board
21 August 2008



Dace Markevica
Member of the Management Board
21 August 2008



Peeter Larin
Member of the Management Board
21 August 2008

Balance Sheet

Consolidated, unaudited

	Notes	30.06.2008 EEK thousands	30.06.2007 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	30.06.2007 EUR thousands	31.12.2007 EUR thousands
ASSETS							
Non-current assets							
Property, plant and equipment	1	268,386	213,917	246,541	17,153	13,671	15,757
Intangible assets	2	26,599	16,801	27,976	1,700	1,074	1,788
Investment property		21,514	0	22,954	1,375	0	1,467
Investments in equity accounted investees		2,144	78	876	137	5	56
Available-for-sale financial assets		8,027	9,310	8,480	513	595	542
Other receivables		814	5,101	595	52	326	38
Total non-current assets		327,484	245,207	307,422	20,930	15,671	19,648
Current assets							
Inventories	3	369,072	281,561	337,528	23,588	17,995	21,572
Prepaid taxes		29,431	22,171	24,471	1,881	1,417	1,564
Trade receivables	4	206,911	173,583	158,531	13,224	11,094	10,132
Other receivables	5	44,484	5,430	29,713	2,843	347	1,899
Prepayments	6	48,645	60,161	51,680	3,109	3,845	3,303
Cash and cash equivalents	7	140,319	139,020	180,233	8,968	8,885	11,519
Total current assets		838,862	681,926	782,156	53,613	43,583	49,989
TOTAL ASSETS		1 166,346	927,133	1 089,578	74,543	59,254	69,637
LIABILITIES AND EQUITY							
Equity							
Share capital at par value		400,000	379,472	400,000	25,565	24,252	25,565
Share premium		223,293	83,011	223,293	14,271	5,305	14,271
Statutory capital reserve		1,046	1,046	1,046	67	67	67
Translation reserve		-99,157	-27,867	-76,512	-6,338	-1,781	-4,890
Retained earnings		218,065	145,310	185,927	13,937	9,287	11,883
Total equity attributable to equity holders of the parent		743,247	580,972	733,754	47,502	37,130	46,896
Minority interest		165,025	127,552	136,313	10,547	8,152	8,712
Total equity		908,272	708,524	870,067	58,049	45,282	55,608
Non-current liabilities							
Loans and borrowings	8	9,529	6,556	4,068	609	419	260
Deferred tax liabilities		203	201	201	13	13	13
Other liabilities		188	0	360	12	0	23
Provisions		125	139	139	8	9	9
Total non-current liabilities		10,045	6,896	4,768	642	441	305
Current liabilities							
Loans and borrowings	8	63,087	24,972	25,160	4,032	1,596	1,608
Trade payables		110,747	121,013	122,888	7,078	7,734	7,854
Corporate income tax liability		8,308	6,916	3,192	531	442	204
Other tax liabilities		15,881	21,968	23,486	1,015	1,404	1,501
Other payables	9	24,111	17,321	17,430	1,541	1,107	1,113
Provisions		25,864	19,523	22,462	1,653	1,248	1,436
Accrued expenses		31	0	125	2	0	8
Total current liabilities		248,029	211,713	214,743	15,852	13,531	13,724
Total liabilities		258,074	218,609	219,511	16,494	13,972	14,029
TOTAL LIABILITIES AND EQUITY		1 166,346	927,133	1 089,578	74,543	59,254	69,637

Income Statement-H1

Consolidated, unaudited

		2008	2007	2008	2007
		H1	H1	H1	H1
		EEK	EEK	EUR	EUR
		thousands	thousands	thousands	thousands
Net sales	12	914,513	779,201	58,448	49,800
Costs of goods sold		-515,086	-437,369	-32,920	-27,953
Gross Profit		399,427	341,832	25,528	21,847
Other operating income		10,155	79,485	649	5,080
Distribution costs		-156,075	-89,968	-9,975	-5,750
Administrative expenses		-104,394	-77,560	-6,672	-4,957
Other operating expenses		-33,828	-29,963	-2,162	-1,915
Operating profit		115,285	223,826	7,368	14,305
Interest expenses		-1,549	-391	-99	-25
Gains/losses on conversion of foreign currencies		-1,502	955	-96	61
Other financial income / expenses		5,242	1,596	335	102
Total financial income / expenses		2,191	2,160	140	138
Share of profit of equity accounted investees		1,314	0	84	0
Profit before corporate income tax		118,790	225,986	7,592	14,443
Corporate income tax		-56,625	-47,487	-3,619	-3,035
Net profit for period		62,165	178,499	3,973	11,408
Net profit attributable to parent company		32,138	146,297	2,054	9,350
Net profit attributable to minority shareholders		30,027	32,202	1,919	2,058
Earnings per share					
Basic earnings per share (EEK/EUR)	10	0.80	3.86	0.05	0.25
Diluted earnings per share (EEK/EUR)	10	0.80	3.86	0.05	0.25

Income Statement-Q2

Consolidated, unaudited

		2008	2007	2008	2007
		Q2	Q2	Q2	Q2
		EEK	EEK	EUR	EUR
		thousands	thousands	thousands	thousands
Net sales	12	485,718	410,675	31,043	26,247
Costs of goods sold		-278,447	-220,585	-17,796	-14,098
Gross Profit		207,271	190,090	13,247	12,149
Other operating income		5,868	76,482	375	4,888
Distribution costs		-87,152	-49,880	-5,570	-3,188
Administrative expenses		-50,038	-33,936	-3,198	-2,169
Other operating expenses		-16,210	-22,045	-1,036	-1,409
Operating profit		59,739	160,711	3,818	10,271
Interest expenses		-892	0	-57	0
Gains/losses on conversion of foreign currencies		1,550	1,086	99	70
Other financial income / expenses		2,519	-1,767	161	-113
Total financial income / expenses		3,177	-681	203	-43
Share of profit of equity accounted investees		1,126	0	72	0
Profit before corporate income tax		64,042	160,030	4,093	10,228
Corporate income tax		-28,508	-23,652	-1,822	-1,512
Net profit for period		35,534	136,378	2,271	8,716
Net profit attributable to parent company		18,103	112,824	1,157	7,211
Net profit attributable to minority shareholders		17,431	23,554	1,114	1,505
Earnings per share					
Basic earnings per share (EEK/EUR)	10	0.45	2.97	0.03	0.19
Diluted earnings per share (EEK/EUR)	10	0.45	2.97	0.03	0.19

Cash flow statement

Consolidated, unaudited

	Notes	2008 H1 thousands EEK	2007 H1 thousands EEK	2008 H1 thousands EUR	2007 H1 thousands EUR
Cash flows from operating activities					
Profit for the period		62,165	178,499	3,973	11,408
Adjustments for:					
Depreciation fixed assets		25,629	16,225	1,638	1,037
Amortization of intangible assets		1,815	579	116	37
(Reversal of) impairment losses on property, plant and equipment		141	63	9	4
Share of profit of equity accounted investees		-1,267	0	-81	0
Gains/losses on the sale of property, plant and equipment		-407	-125	-26	-8
Impairment losses on goodwill(+) and negative goodwill gain(-)		-2,237	-84,429	-143	-5,396
Income tax expense		56,625	47,487	3,619	3,035
Change in inventories		-31,450	-60,521	-2,010	-3,868
Change in trade and other receivables		-75,322	-94,847	-4,814	-6,062
Change in trade and other payables		-15,349	53,198	-981	3,400
Interests paid (-)		-1,565	-579	-100	-37
Income tax paid (-)		-51,509	-46,548	-3,292	-2,975
Total cash flow from operating activities		-32,731	9,002	-2,092	575
Cash flow from investing activities					
Interest received		2,707	4,741	173	303
Proceeds from sale of property, plant and equipment		422	516	27	33
Loans granted		-37,442	-3,880	-2,393	-248
Proceeds from repayments of loans granted		35,017	641	2,238	41
Acquisition of property, plant and equipment		-53,621	-58,393	-3,427	-3,732
Acquisition of intangible non-current assets		-673	-1,017	-43	-65
Acquisition of other non-current assets		-282	-2,535	-18	-162
Acquisition of subsidiary net of cash acquired		1,502	0	96	0
Total cash flow from investing activities		-52,370	-59,927	-3,347	-3,830
Cash flow from financing activities					
Proceeds from borrowings		72,600	7,573	4,640	484
Repayment of borrowings		-20,075	-12,408	-1,283	-793
Repayment of finance lease		-3,833	-4,522	-245	-289
Dividends paid		-3,067	-1,158	-196	-74
Factoring paid		-438	0	-28	0
Repayment of other liabilities		0	0	0	0
Total cash flow from financing activities		45,187	-10,515	2,888	-672
Net increase in cash and cash equivalents		-39,914	-61,440	-2,551	-3,927
Cash and cash equivalents at the beginning of the period	7	180,233	200,460	11,519	12,812
Cash and cash equivalents at the end of the period	7	140,319	139,020	8,968	8,885

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	Accumulated profit (losses)			
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	9,350	9,350	2,058	11,408
Effect on consolidation of foreign subsidiaries		0	0	0	-1,097	0	-1,097	0	-1,097
Total recognized income and expense for 6 months of 2007		0	0	0	-1,097	9,350	8,253	2,058	10,311
Acquisition of minority interest		0	0	0	0	0	0	-5,398	-5,398
Balance at 30 June 2007		24,252	5,305	67	-1,781	9,287	37,130	8,152	45,282
Balance at 31 December 2007		25,565	14,271	67	-4,890	11,883	46,896	8,712	55,608
Profit for the period		0	0	0	0	2,054	2,054	1,919	3,973
Effect on consolidation of foreign subsidiaries		0	0	0	-1,448	0	-1,448	-439	-1,887
Total recognized income and expense for 6 months of 2008		0	0	0	-1,448	2,054	606	1,480	2,086
Minority interest from business combination		0	0	0	0	0	0	518	518
Dividends paid		0	0	0	0	0	0	-163	-163
Balance at 30 June 2008		25,565	14,271	67	-6,338	13,937	47,502	10,547	58,049

Statement of changes in equity

Consolidated, unaudited

<i>In thousands EEK</i>	Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Translation reserve	Accumulated profit (losses)			
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	146,297	146,297	32,202	178,499
Effect on consolidation of foreign subsidiaries		0	0	0	-17,157	0	-17,157	0	-17,157
Total recognized income and expense for 6 months of 2007		0	0	0	-17,157	146,297	129,140	32,202	161,342
Acquisition of minority interest		0	0	0	0	0	0	-84,458	-84,458
Balance at 30 June 2007		379,472	83,011	1,046	-27,867	145,310	580,972	127,552	708,524
Balance at 31 December 2007		400,000	223,293	1,046	-76,512	185,927	733,754	136,313	870,067
Profit for the period		0	0	0	0	32,138	32,138	30,027	62,165
Effect on consolidation of foreign subsidiaries		0	0	0	-22,645	0	-22,645	-6,870	-29,515
Total recognized income and expense for 3 months of 2008		0	0	0	-22,645	32,138	9,493	23,157	32,650
Minority interest from business combination		0	0	0	0	0	0	8,105	8,105
Dividends paid		0	0	0	0	0	0	-2,550	-2,550
Balance at 30 June 2008		400,000	223,293	1,046	-99,157	218,065	743,247	165,025	908,272

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 2007.

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 AS Silvano Fashion Group for 2007.

This Interim Report has not been audited.

Notes on the consolidated interim report

Note 1. Property, plant and equipment

<i>In thousands of EUR</i>	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
Cost at 31 December 2006	3,975	13,720	4,563	26	22,284
Movements in 2007					
Acquisition	0	101	1,414	2,536	4,051
Transfers and reclassifications	60	2,119	155	-2,334	0
Disposals	0	-193	-132	0	-325
Effect of movements in foreign exchange on cost	-95	-303	-54	-3	-455
Cost at 30 June 2007	3,940	15,444	5,946	225	25,555
Cost at 31 December 2007	3,962	15,218	7,059	1,353	27,592
Movements in 2008					
Acquisition	0	162	879	1,680	2,721
Acquired through business combination	1,330	454	72	0	1,856
Transfers and reclassifications	794	836	136	-1,766	0
Revaluation	0	218	0	0	218
Disposals	0	-166	-30	0	-196
Effect of movements in foreign exchange on cost	-254	-738	-162	-49	-1,203
Cost at 30 June 2008	5,832	15,984	7,954	1,218	30,988
Accumulated depreciation at 31 December 2006	1,417	7,856	2,000	0	11,273
Movements in 2007					
Depreciation	41	652	433	0	1,126
Transfers and reclassification	0	-6	6	0	0
Disposals	0	-191	-102	0	-293
Effect of movements in foreign exchange on accumulated depreciation	-34	-158	-30	0	-222
Accumulated depreciation at 30 June 2007	1,424	8,153	2,307	0	11,884
Accumulated depreciation at 31 December 2007	1,349	8,108	2,378	0	11,835
Movements in 2008					
Acquired through business combination	722	379	67	0	1,168
Depreciation	57	641	657	0	1,355
Transfers and reclassification	0	1	-1	0	0
Disposals	0	-160	-28	0	-188
Depreciation of revalued fixed assets	0	190	0	0	190
Effect of movements in foreign exchange on accumulated depreciation	-88	-364	-73	0	-525
Accumulated depreciation at 30 June 2008	2,040	8,795	3,000	0	13,835
Carrying amounts					
At 31 December 2006	2,558	5,864	2,563	26	11,011
At 30 June 2007	2,516	7,291	3,639	225	13,671
At 31 December 2007	2,613	7,110	4,681	1,353	15,757
At 30 June 2008	3,792	7,189	4,954	1,218	17,153

<i>In thousands of EEK</i>	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
Cost at 31 December 2006	62,193	214,687	71,384	414	348,678
Movements in 2007					
Acquisition	0	1,581	22,124	39,680	63,385
Transfers and reclassifications	939	33,155	2,425	-36,519	0
Disposals	0	-3,019	-2,065	0	-5,084
Effect of movements in foreign exchange on cost	-1,486	-4,741	-830	-48	-7,105
Cost at 30 June 2007	61,646	241,663	93,038	3,527	399,874
Cost at 31 December 2007	61,989	238,125	110,439	21,170	431,723
Movements in 2008					
Acquisition	0	2,534	13,753	26,286	42,573
Acquired through business combination	20,805	7,104	1,129	0	29,038
Transfers and reclassifications	12,420	13,081	2,128	-27,629	0
Revaluation	0	3,411	0	0	3,411
Disposals	0	-2,597	-469	0	-3,066
Effect of movements in foreign exchange on cost	-3,963	-11,563	-2,527	-769	-18,822
Cost at 30 June 2008	91,251	250,095	124,453	19,058	484,857
Accumulated depreciation at 31 December 2006	22,170	122,932	31,295	0	176,397
Movements in 2007					
Depreciation	642	10,202	6,775	0	17,619
Transfers and reclassification	0	-94	94	0	0
Disposals	0	-2,989	-1,596	0	-4,585
Effect of movements in foreign exchange on accumulated depreciation	-532	-2,473	-469	0	-3,474
Accumulated depreciation at 30 June 2007	22,280	127,578	36,099	0	185,957
Accumulated depreciation at 31 December 2007	21,105	126,878	37,199	0	185,182
Movements in 2008					
Acquired through business combination	11,298	5,927	1,047	0	18,272
Depreciation	886	10,033	10,278	0	21,197
Transfers and reclassification	0	9	-9	0	0
Disposals	0	-2,502	-432	0	-2,934
Depreciation of revalued fixed assets	0	2,975	0	0	2,975
Effect of movements in foreign exchange on accumulated depreciation	-1,370	-5,708	-1,143	0	-8,221
Accumulated depreciation at 30 June 2008	31,919	137,612	46,940	0	216,471
Carrying amounts					
At 31 December 2006	40,023	91,755	40,089	414	172,281
At 30 June 2007	39,366	114,085	56,939	3,527	213,917
At 31 December 2007	40,884	111,247	73,240	21,170	246,541
At 30 June 2008	59,332	112,483	77,513	19,058	268,386

Note 2. Intangible assets

<i>In thousands of EUR</i>	Software	Trademarks	Goodwill	Projects in progress	Total
Cost at 31 December 2006	307	434	235	473	1,449
Movements in 2007					
Acquisition	57	7	0	6	70
Transfers and reclassification	4	1	0	-5	0
Impairments	0	0	-3	0	-3
Effect of movements in foreign exchange on cost	0	0	0	-11	-11
Cost at 30 June 2007	368	442	232	463	1,505
Cost at 31 December 2007	882	443	852	163	2,340
Movements in 2008					
Acquisition	29	3	0	4	36
Transfers and reclassification	32	0	0	-32	0
Effect of movements in foreign exchange on cost	-21	-3	0	-7	-31
Cost at 30 June 2008	922	443	852	128	2,345
Accumulated amortization at 31 December 2006	205	186	0	0	391
Movements in 2007					
Amortisation	20	20	0	0	40
Accumulated amortisation at 30 June 2007	225	206	0	0	431
Accumulated amortisation at 31 December 2007	325	227	0	0	552
Movements in 2008					
Amortisation	76	21	0	0	97
Effect of movements in foreign exchange on amortisation	-3	-1	0	0	-4
Accumulated amortisation at 30 June 2008	398	247	0	0	645
Carrying amounts					
At 31 December 2006	102	248	235	473	1,058
At 30 June 2007	143	236	232	463	1,074
At 31 December 2007	557	216	852	163	1,788
At 30 June 2008	524	196	852	128	1,700

<i>In thousands of EEK</i>	Software	Trademarks	Goodwill	Projects in progress	Total
Cost at 31 December 2006	4,801	6,800	3,670	7,408	22,679
Movements in 2007					
Acquisition	891	107	0	97	1,095
Transfers and reclassification	63	18	0	-81	0
Impairments	0	0	-47	0	-47
Effect of movements in foreign exchange on cost	0	0	0	-172	-172
Cost at 30 June 2007	5,755	6,925	3,623	7,252	23,555
Cost at 31 December 2007	13,799	6,941	13,324	2,559	36,623
Movements in 2008					
Acquisition	454	47	0	60	561
Transfers and reclassification	501	0	0	-501	0
Effect of movements in foreign exchange on cost	-329	-47	0	-117	-493
Cost at 30 June 2008	14,425	6,941	13,324	2,001	36,691
Accumulated amortization at 31 December 2006	3,208	2,920	0	0	6,128
Movements in 2007					
Amortisation	313	313			626
Accumulated amortisation at 30 June 2007	3,521	3,233	0	0	6,754
Accumulated amortisation at 31 December 2007	5,085	3,562	0	0	8,647
Movements in 2008					
Amortisation	1,187	321	0	0	1,508
Effect of movements in foreign exchange on amortisation	-47	-16	0	0	-63
Accumulated amortisation at 30 June 2008	6,225	3,867	0	0	10,092
Carrying amounts					
At 31 December 2006	1,593	3,880	3,670	7,408	16,551
At 30 June 2007	2,234	3,692	3,623	7,252	16,801
At 31 December 2007	8,714	3,379	13,324	2,559	27,976
At 30 June 2008	8,200	3,074	13,324	2,001	26,599

Note 3. Inventories

	30.06.2008	31.12.2007	30.06.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Raw and other materials	88,482	89,201	5,655	5,701
Work in progress	43,544	38,585	2,783	2,466
Finished goods	204,204	169,249	13,051	10,817
Goods purchased for resale	22,390	34,470	1,431	2,203
Other inventories	10,452	6,023	668	385
Total	369,072	337,528	23,588	21,572

Within the 6 months of 2008 the amount of inventories written off totals EEK 1,004.5 thousands (EUR 64.2 thousands). Within the first 6 months of 2007 inventories in the amount of EEK 234.0 thousands (EUR 15.0 thousands) were written off.

Note 4. Trade receivables

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Trade receivables	209,790	163,465	13,408	10,447
Allowance for uncollectible accounts	-2,879	-4,934	-184	-315
Total	206,911	158,531	13,224	10,132

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 6 months of 2008 receivables were found to be uncollectible in the amount of EEK 1,314.3 thousands (EUR 84.0 thousands). Receipt of the receivables or reversal of the impairment losses previously provided for has occurred in the amount of EEK 3,290.5 thousands (EUR 210.3 thousands) and none of irrecoverable receivables were taken off the Balance Sheet.

Irrecoverable receivables in the amount of EEK 3 thousands (EUR 0.2 thousands) were written off the Balance Sheet within the first 6 months of 2007.

Note 5. Other receivables

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Due from customers for contract work	407	344	26	22
Loans to companies	17,947	5,555	1,147	355
Interest receivable from related parties	438	313	28	20
Employees receivables	2,347	1,705	150	109
Miscellaneous receivables	23,345	21,796	1,492	1,393
Total	44,484	29,713	2,843	1,899

Note 6. Prepayments

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Prepayments to suppliers	48,645	51,680	3,109	3,303
Total	48,645	51,680	3,109	3,303

Prepayments include prepaid insurance premiums, lease charges, newspaper and magazine subscriptions, IT service charges, prepayments to suppliers, etc.

Note 7. Cash and cash equivalents

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Cash and hand	1,533	1,408	98	90
Bank accounts in kroons	485	31,919	31	33
Bank accounts in foreign currencies	61,804	44,155	3,950	4,829
Money in transfer	8,825	5,022	564	321
Deposits	67,672	97,729	4,325	6,246
Total	140,319	180,233	8,968	11,519

Note 8. Loans and borrowings

The Group has the following debts as of 30 June 2008:

	Short-term EEK thousands	Long-term EEK thousands	Short-term EUR thousands	Long-term EUR thousands	Interest rate	Due date of repayment
Secured loans and borrowings						
Loan from Hansapank	986	0	63	0	6 months Euribor+2.5%	19.10.2008
Loan from Hansabankas	908	0	58	0	6.6%	02.05.2008
Loan from Sampo Pank AS	2,848	7,151	182	457	6 months Euribor+1.1%	02.04.2011
Overdraft from Sampo Pank AS	14,911	0	953	0	6%	01.04.2009
Loan from AS Unicredit bank	33,546	0	2,144	0	3 months Euribor+1.65%	30.04.2009
Unsecured loans and borrowings						
Financial lease payables	4,663	2,378	298	152	6.5-14%	2007-2011
Other borrowings	5,225	0	334	0	6-13%	2008
Total	63,087	9,529	4,032	609		

Loan Collateral

The loan taken from Hansapank and the overdraft taken from Unicredit are secured by a commercial pledge of movable property amounting to EEK 29,000 thousands (EUR 1,853 thousands) and EEK58,674 (EUR 3,750 thousands) respectively.

The Group has the following debts as of 31 December 2007:

	Short-term EEK thousands	Long-term EEK thousands	Short-term EUR thousands	Long-term EUR thousands	Interest rate	Due date of repayment
Secured loans and borrowings						
Overdraft from Hansapank	10,327	0	660	0	6.5%	08.04.2008
Loan from Hansapank	5,000	0	320	0	6.5%	21.06.2008
Loan from Hansapank	2,425	0	155	0	6 months Euribor+2.5%	19.10.2008
Loan from Hansabankas	908	0	58	0	6.6%	02.05.2008
Unsecured loans and borrowings						
Financial lease payables	5,398	4,068	345	260	6.5-14%	2007-2011
Other borrowings	1,102	0	70	0	6-13%	2008
Total	25,160	4,068	1,608	260		

Note 9. Other payables

	30.06.2008	31.12.2007	30.06.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Customer prepayments for goods and services	5,414	2,378	346	152
Payables to employees	15,036	13,472	961	861
Interest and other accruals	0	16	0	1
Other payables	3,661	1,564	234	99
Total	24,111	17,430	1,541	1,113

Note 10. Earnings per share

	2008	2007
	H1	H1
Number of ordinary shares as of January 1 (Qty)	40,000,000	37,947,198
Number of ordinary shares as of June 30 (Qty)	40,000,000	37,947,198
Weighted average number of ordinary shares (Qty)	40,000,000	37,947,198
Net profit (loss) for financial year, EEK thousands	32,138	146,297
Net profit (loss) for financial year, EUR thousands	2,054	9,350
Basic earnings per share (EEK)	0.80	3.86
Basic earnings per share (EUR)	0.05	0.25
Diluted earnings per share (EEK)	0.80	3.86
Diluted earnings per share (EUR)	0.05	0.25

The diluted earnings of the first 6 months of 2008 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 11. Owners' equity

Shares

As of 30 June 2008 share capital of AS Silvano Fashion Group amounted to EEK 400,000 thousands (EUR 25,565 thousands), 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.

According to the revised wording of the Articles of Association, the minimum share capital and maximum share capital of AS Silvano Fashion Group amount to 250,000,000 kroons and 1,000,000,000 kroons respectively (the maximum number of shares is 100,000,000). All shares have been paid for.

As of 30 June 2008 AS Silvano Fashion Group had 955 shareholders.

As of 30 June 2008 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	37,181,795	93.0%
ALTA CAPITAL PARTNERS S.C.A, SICAR	15,864,286	39.7%
Krajowy Depozyt Papierow Wartoosciowych S.A.[J]	8,190,014	20.5%
SIA ALTA CAPITAL PARTNERS	4,474,853	11.2%
SEB PANK AS KAUPLEMINE	3,548,136	8.9%
BANK AUSTRIA CREDITANSTALT AG CLIENT`S	1,377,520	3.4%
Skandinaviska Enskilda Banken Ab Clients	720,142	1.8%
AS HANSAPANK	649,238	1.6%
THE BANK OF NEW YORK / ING BANK SLASKI AC LM AKCJI FIO	579,584	1.5%
STATE STREET MUNICH CARE OF SSB BOSTON/ PZU FIO AKCJI KRAKOWIAK	487,828	1.2%
JPMORGAN CHASE BANK, N.A. ON BEHALF OF BELGIAN RESIDENTS	456,496	1.1%
HANSABANKAS CLIENTS	433,698	1.1%
STATE STREET LONDON CARE OF SSB BOSTON/ ALLIANZ		
GLOBAL INVESTORS IRELAND LIMITED	400,000	1.0%
Other shareholders	2,818,205	7.0%
Total number of shares	40 000 000	100.0%

As of 31 December 2007 AS Silvano Fashion Group had 996 shareholders.

As of 31 December 2007 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	35,750,615	89.4%
ALTA CAPITAL PARTNERS S.C.A, SICAR	15,989,241	40.0%
Krajowy Depozyt Papierow Wartoosciowych S.A.[J]	7,877,661	19.7%
ALTA CAPITAL PARTNERS SIA	5,460,000	13.7%
SEB Eesti Ühispank As KAUPLEMINE	1,969,913	4.9%
BANK AUSTRIA CREDITANSTALT AG CLIENTS	1,438,290	3.6%
THE BANK OF NEW YORK/ ING BANK SLASKI AC LM AKCJI FIO	679,584	1.7%
BRYUM ESTONIA AS	542,463	1.4%
STATE STREET MUNICH CARE OF SSB BOSTON/ PZU FIO AKCJI KRAKOWIAK	487,828	1.2%
JPMORGAN CHASE BANK, N.A. ON BEHALF OF BELGIAN RESIDENTS	456,496	1.1%
HANSAPANK AS	449,139	1.1%
STATE STREET LONDON CARE OF SSB BOSTON/ ALLIANZ		
GLOBAL INVESTORS IRELAND LIMITED	400,000	1.0%
Other shareholders	4,249,385	10.6%
Total number of shares	40,000,000	100.0%

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 first 6 months of 2008, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EEK 68.06 (EUR 4.35) and EEK 25.66(EUR 1.64), respectively. During the first 6 months of 2007, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EEK 111.40 (EUR 7.12) and EEK 54.61(EUR 3.49), respectively.

The average price (arithmetic average based on daily closing prices) of AS Silvano Fashion group on the Tallinn Stock Exchange in H1 2008 was 52,85EEK(3.38 EUR), in H1 2007 was 72,23EEK (4,62 EUR)

Share price development and turnover on the Tallinn Stock Exchange in 6 months 2008



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.

Note 12. Sales revenue

	H1 2008	H1 2007	H1 2008	H1 2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Sales revenue				
Apparel sales	88,685	70,331	5,668	4,495
Lingerie sales	792,579	690,031	50,655	44,101
Subcontracting and services	18,995	15,083	1,214	964
Other sales	14,254	3,756	911	240
Total sales revenue	914,513	779,201	58,448	49,800

Sales revenue by countries is presented in Note 14.

Note 13. 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:

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

	H1 2008 EEK thousands	H1 2007 EEK thousands	H1 2008 EUR thousands	H1 2007 EUR thousands
Purchase of goods and services				
Companies related to members of the management and supervisory boards	103,659	100,357	6,625	6,414
Total purchases	103,659	100,357	6,625	6,414

	H1 2008 EEK thousands	H1 2007 EEK thousands	H1 2008 EUR thousands	H1 2007 EUR thousands
Loans to shareholders				
Opening balance	626	0	40	0
Given	44,593	0	2,850	0
Repaid	-29,885	0	-1,910	0
Closing balance	15,334	0	980	0
Accrued interest income	438	0	28	0

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Balances with related parties				
Companies related to the members of the Management Board and Supervisory Board	26,114	15,365	1,669	982
Total current liabilities	26,114	15,365	1,669	982

	30.06.2008 EEK thousands	31.12.2007 EEK thousands	30.06.2008 EUR thousands	31.12.2007 EUR thousands
Balances with related parties				
Interest receivable from related parties	438	313	28	20
Total receivables	438	313	28	20

	H1 2008 EEK thousands	H1 2007 EEK thousands	H1 2008 EUR thousands	H1 2007 EUR thousands
Benefits to members of the management board				
Remuneration and benefits	3,255	767	208	49
Total	3,255	767	208	49

Note 14. Segments

a) Primary Segment – Business Segment by Products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	H1 2008 EEK thousands	H1 2008 EEK thousands	H1 2008 EEK thousands	H1 2008 EEK thousand	H1 2008 EEK thousands	H1 2008 EUR thousands	H1 2008 EUR thousands	H1 2008 EUR thousands	H1 2008 EUR thousands	H1 2008 EUR thousands
Extra-group sales revenue	88,685	792,579	33,249	0	914,513	5,668	50,655	2,125	0	58,448
Inter-segment sales revenue	0	0	0	0	0	0	0	0	0	0
Total sales revenue	88,685	792,579	33,249	0	914,513	5,668	50,655	2,125	0	58,448
Operating profit/loss of segment	-18,338	161,160	-3,708	0	139,114	-1,172	10,300	-237	0	8,891
Unallocated operating revenue and operating charges					-23,829					-1,523
Total operating profit / loss					115,285					7,368
Other financial income and expenses					3,505					224
Corporate income tax					-56,625					-3,619
Net profit / loss					62,165					3,973
Assets and receivables	104,238	979,087	83,021	0	1 166,346	6,662	62,575	5,306	0	74,543
Unallocated assets of group					0					0
Total assets					1 166,346					74,543
Liabilities	100,342	118,867	38,865	0	258,074	6,413	7,597	2,484	0	16,494
Unallocated liabilities of group					0					0
Total liabilities					258,074					16,494
Capital expenditure	10,182	32,357	595	0	43,134	651	2,068	38	0	2,757
Depreciation and amortization expense	4,960	17,336	642	0	22,938	317	1,108	41	0	1,466

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 June 2008.

Primary segment – business segment by products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	H1 2007 EEK thousands	H1 2007 EEK thousands	H1 2007 EEK thousands	H1 2007 EEK thousands	H1 2007 EEK thousands	H1 2007 EUR thousands	H1 2007 EUR thousands	H1 2007 EUR thousands	H1 2007 EUR thousands	H1 2007 EUR thousands
Extra-group sales revenue	70,331	690,031	18,839	0	779,201	4,495	44,101	1,204	0	49,800
Inter-segment sales revenue	0	0	10,389	-10,389	0	0	0	664	-664	0
Total sales revenue	70,331	690,031	29,228	-10,389	779,201	4,495	44,101	1,868	-664	49,800
Operating profit/loss of segment	11,219	219,303	1,768	0	232,290	717	14,016	113	0	14,846
Unallocated operating revenue and operating charges					-8,464					-541
Total operating profit / loss					223,826					14,305
Other financial income and expenses					2,160					138
Corporate income tax					-47,487					-3,035
Net profit / loss					178,499					11,408
Assets and receivables	63,901	840,348	17,924	0	922,173	4,084	53,708	1,145	0	58,937
Unallocated assets of group					4,960					317
Total assets					927,133					59,254
Liabilities	17,728	171,659	10,790	0	200,177	1,133	10,971	690	0	12,794
Unallocated liabilities of group					18,432					1,178
Total liabilities					218,609					13,972
Capital expenditure	3,192	60,365	923	0	64,480	204	3,858	59	0	4,121
Depreciation and amortization expense	1,095	15,662	1,488	0	18,245	70	1,001	95	0	1,166

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

b) Secondary segment – sales revenue, total assets and capital expenditures

	Sales revenue	Sales revenue	Assets	Assets	Capital expenditures	Capital expenditures	Sales revenue	Sales revenue	Assets	Assets	Capital expenditures	Capital expenditures
	H1 2008 EEK thousands	H1 2007 EEK thousands	30.06.2008 EEK thousands	30.06.2007 EEK thousands	H1 2008 EEK thousands	H1 2007 EEK thousands	H1 2008 EUR thousands	H1 2007 EUR thousands	30.06.2008 EUR thousands	30.06.2007 EUR thousands	H1 2008 EUR thousands	H1 2007 EUR thousands
Russia	480,554	366,271	290,620	239,565	14,677	18,009	30,713	23,409	18,574	15,311	938	1,151
Belarus	160,785	139,098	591,676	474,670	20,759	39,946	10,276	8,890	37,815	30,337	1,327	2,553
Estonia	76,324	92,440	89,217	81,284	923	1,423	4,878	5,908	5,702	5,195	59	91
Ukraine	74,650	51,024	16,554	0	5,508	63	4,771	3,261	1,058	0	352	4
Finland	18,995	25,895	63	16	0	0	1,214	1,655	4	1	0	0
Latvia	22,781	25,191	147,939	121,777	1,001	2,440	1,456	1,610	9,455	7,783	64	156
Lithuania	18,620	8,183	17,337	0	250	2,568	1,190	523	1,108	0	16	164
Poland	5,148	5,242	12,940	9,774	16	31	329	335	827	624	1	2
Other markets	56,656	65,857	0	47	0	0	3,621	4,209	0	3	0	0
Total	914,513	779,201	1 166,346	927,133	43,134	64,480	58,448	49,800	74,543	59,254	2,757	4,121