

AS Silvano Fashion Group



Consolidated interim report for Q4 and 12 months of 2008

COMPANY PROFILE

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

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Management Report

Business results

The economic downturn has swept rapidly through the global economy. Consumer demand has weakened in all Group's markets. The rapidly increasing proportion of retail revenue in the total revenue of the Group is having a negative effect on the profitability and respectively net profit and EBITDA numbers because of increasing fixed costs attributed to retail rental expenses and personnel costs. However, at the same time retail operations in Russia, the major region for the retail expansion of the Group, are demonstrating a more than 50% growth in revenue year-on-year (for the shops with more than 1 year in operations). Apparel retail performance in the Baltic countries is lower compared to the previous year mainly due to the economic situation in the region. The drop in earnings is in line with the management's budget for year 2008, being a temporary and inevitable consequence of the retail expansion.

It is likely that all of Group's market areas will experience an economic downturn during future periods, recording negative growth, therefore Group has launched a series of measures to adjust its business to conditions of lower demand.

A number of anti-crisis steps are being implemented by the management, of which the following are the most important:

- Retail expansion is being reconsidered and a number of shops with weak profitability forecasts have already been closed. 13 stores (primarily "PTA" branded shops) were already closed in Russia and Ukraine after the end of the year, and only a limited number of new stores to be opened in 2009 in all markets. The Group is gradually shifting focus to lingerie business as core competence, which will be reflected in the retail expansion strategy.
- The Group will increasingly focus on the development of its franchising business. The development of franchise will help maintain the growth in overall revenue, while at the same time reducing the rate of necessary capital expenditure.
- Oblicie stores will be rebranded into Milavitsa. The Group will gradually rebrand Oblicie stores to Milavitsa brand, to capitalize on the popularity of the Milavitsa brand in the lower and middle cost segments.
- Termination of own retail operations in Poland. With the sale of Splendo sp. z o.o., the Group's Polish subsidiary operating 6 retail outlets, the Group will continue sales to Poland through wholesale, retail and franchise partners.
- Cost-cutting procedures were implemented in all entities of the Group.
- Construction of a logistics terminal in Belarus was put on hold.
- Payment terms for some customers were extended to support sales, and were accompanied by price decreases on some products.
- A moratorium was agreed on price increases with some suppliers, and the Group is negotiating extended payment terms and lower prices in line with the current market conditions.

PROFITS

AS Silvano Fashion Group ended the fourth quarter of 2008 with consolidated net sales of EEK 292.2 million (EUR 18.7 million), representing a 20.0% decline compared to the fourth quarter of 2007. The Group's gross margin in the fourth quarter of 2008 reached 50.1% compared to 46.5% in the fourth quarter of 2007. In the fourth quarter of 2008, the Group had a normalised² operating loss of EEK 29.3 million (EUR 1.9 million), representing a 157.5% decline compared to Q4 2007. The consolidated operating margin² equalled -10.0% (down from 14.0% in Q4 2007).

Consolidated net result attributable to equity holders² amounted to EEK -74.6 million (EUR -4.9 million), compared to EEK 24.1 million (EUR 1.5 million) in Q4 2007, and the net margin² was -26.2% (down from 6.6% in Q4 2007).

In 2008, consolidated net sales of AS Silvano Fashion Group totalled EEK 1,694.8 million (EUR 108.3 million), showing 9.9% increase compared to 2007. The Group's gross and operating margins² in 2008 stood at 43.9% and 7.6% respectively (43.6% and 15.1% (normalised¹) in 2007). Operating profit² of 2008 amounted to EEK 129.3 million (EUR 8.3 million) compared to normalised EEK 231.6 million (EUR 14.8 million) in 2007¹. The Group

¹ Excluding one-off gain from business combination in 2007 in the amount of EEK 89.4 million (EUR 5.7million).

² Excluding provisions for Polish operations termination, restructuring costs with regard of stores closing program in Russia, write-off's of goodwill in Linret LT and France Style Lingerie.

ended 2008 with a net loss² of EEK 35.9 million (EUR 2.3 million), representing a 136.8% decline compared to 2007¹, and net margin² equalled -2.1% (6.3% in 2007¹).

In 2008, the Group's return on equity² was -5.2% (down from 16.4% (normalised¹) in 2007) and return on assets² was -3.1% (down from 10.3% (normalised¹) in 2007).

BALANCE SHEET

At 31 December 2008, consolidated assets amounted to EEK 1,208.5 million (EUR 77.2 million), up from EEK 1,089.6 million (EUR 69.6 million) at 31 December 2007.

Trade receivables have increased by EEK 9.5 million (EUR 0.6 million).

Inventories increased by EEK 96.9 million (EUR 6.2 million) to reach EEK 434.4 million (EUR 27.8 million) at 31 December 2008. The growth in inventory results primarily from the slowdown in customers consumption, also due to the expansion of the retail network, the Group made rental prepayments and deposits for store premises, which increased other receivables and prepayments.

Property, plant and intangibles increased by EEK 35.1 million (EUR 2.2 million).

Current liabilities increased by EEK 190.7 million (EUR 12.2 million). Tax liabilities, other payables, including payables to employees, and provisions amounted to EEK 119.2 million (EUR 7.6 million), remaining at the expected level.

Current and non-current loans and borrowings increased by EEK 108.9 million (EUR 7.0 million) to EEK 138.1 million (EUR 8.8 million), including finance lease liabilities of EEK 7.1 million (EUR 0.5 million.)

Equity attributable to equity holders decreased by EEK 92.5 million (EUR 5.9 million) to reach EEK 641.2 million (EUR 41.0 million).

SALES

Sales by business segments

	2008	2007	Change	2008	2007	Change	2008	2007
	EEK	EEK	EEK	EUR	EUR	EUR	percentage	percentage
	million	million	million	million	million	million	from sales	from sales
Women's apparel	201.2	155.7	45.5	12.9	10.0	2.9	11.9%	10.1%
Lingerie	1,419.8	1,347.4	72.4	90.7	86.1	4.6	83.8%	87.4%
Subcontracting services and other sales	73.8	39.3	34.5	4.7	2.5	2.2	4.3%	2.5%
Total	1,694.8	1,542.4	152.4	108.3	98.6	9.7	100.0%	100.0%

Sales by markets

In 2008, the Group mainly focused on Russia, Belarus and Ukraine markets.

Total sales by markets

	2008	2007	Change	2008	2007	Change	2008	2007
	EEK	EEK	EEK	EUR	EUR	EUR	percentage	percentage
	million	million	million	million	million	million	from sales	from sales
Estonia	139.2	167.3	-28.1	8.9	10.7	-1.8	8.2%	10.8%
Finland	33.0	39.6	-6.6	2.1	2.5	-0.4	2.0%	2.6%
Latvia	46.1	50.1	-4.0	2.9	3.2	-0.3	2.7%	3.2%
Belarus	268.2	278.9	-10.7	17.1	17.8	-0.7	15.8%	18.1%
Ukraine	137.1	99.5	37.6	8.8	6.4	2.4	8.1%	6.5%
Russia	927.0	766.0	161.0	59.3	49.0	10.3	54.7%	49.7%
Other markets	144.2	141.0	3.2	9.2	9.0	0.2	8.5%	9.1%
Total	1,694.8	1,542.4	152.4	108.3	98.6	9.7	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 2008, retail sales were 90.0% from the total revenue of the women's apparel segment (2007: 76.5%). Retail sales volume in the Baltics increased by 2.5%, amounting to EEK 96.7 million (EUR 6.2 million). Sales revenue in Russia was EEK 63.8 million (EUR 4.1 million) giving 3.8 times growth to 2007 and in Ukraine EEK 22.5 million (EUR 1.4 million).

Lingerie

The majority of lingerie sales revenue in 2008 was earned on the Russian market, amounting to EEK 863.2 million (EUR 55.2 million), accounting for 59.3% of all lingerie sales volume for 2008, compared to 2007: EEK 829.2 million (EUR 53.0 million). Sales in Russia comprise both retail sales and wholesale. The second biggest region of lingerie sales is Belarus, amounting to EEK 267.7 million (EUR 17.1 million), contributing 18.4% of all lingerie sales revenue (also comprising both retail sales and wholesale) compared to 2007: EEK 278.9 million (EUR 17.8 million). Sales in Russia were heavily affected by the financial crisis and devaluation of the Russian rouble. As the result sales in Q4 were lower in comparison to 2008. Economic chaos in Ukraine and devaluation of hryvnia resulted in substantial drop in sales in the country. Sales in Belarus were not affected by the crisis in the neighboring countries in Q4 and reached the planned figures. 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 continues to have an effect on consumer spending.

In terms of lingerie brands, the sales of "Milavitsa" core brand accounted for 76.1% of total lingerie sales revenue in 2008 (2007: 75.7%) and amounted to EEK 1,080.0 million (EUR 69.0 million). The sales of "Lauma" core brand accounted for 5.7% of total lingerie sales (2007: 7.5 %) and amounted to EEK 80.8 million (EUR 5.2 million). Other brands such as "Alisee", "Aveline", "Laumelle", "Lauma Aqua" and "Laumelle Aqua" comprised 18.2% of total lingerie sales in 2008 (2007: 16.8%), amounting to EEK 259.1 million (EUR 16.6 million).

Retail operations

Total retail sales of the Group in 2008 amounted to EEK 476.5 million (EUR 30.5 million), representing a 70.5% increase on 2007.

Retail operations were conducted in Estonia, Latvia, Russia, Belarus, Poland, Lithuania and Ukraine. At the end of 2008, the Group operated 134 retail outlets with a total area of 14,566 square meters.

Women's apparel was retailed in Estonia, Latvia, Lithuania, Russia and Ukraine. At the end of 2008, the Group operated 37 women's apparel stores with a total sales area of 6,833 square meters.

Lingerie was retailed in Russia, Belarus, Latvia, Lithuania, Ukraine, Poland and Estonia. At the end of 2008, the Group operated 97 lingerie stores with a total area of 7,733 square meters.

In 2008, 36 new stores were opened: 13 in the apparel business (operating under PTA brand name), including 4 in Ukraine, 7 in Russia, 1 in Estonia and 1 in Lithuania, and 23 stores in the lingerie business, including 9 under Oblicie name (7 in Russia, 1 in Ukraine and 1 in Estonia), 12 under Milavitsa name (7 in Belarus and 5 in Russia), 1 store under Lauma Lingerie brand name in Latvia and 1 stock outlet in Estonia. Seventeen underperforming stores were closed: 5 PTA stores in Russia, 1 PTA store in Ukraine, 6 Oblicie stores in Russia, 1 Oblicie store in Ukraine, 2 Milavitsa stores in Belarus and 2 Splendo stores in Poland.

Number of stores at 31 December:

	31.12.2008	31.12.2007
Estonia	11	8
Latvia	7	6
Poland	8	10
Belarus	28	23
Russia	52	44
Lithuania	21	20
Ukraine	7	4
Total stores	134	115
Total sales area, sq m	14,566	12,454

In 2008, women's apparel retail revenue compared to 2007 increased by 59.3%, amounting to EEK 188.6 million (EUR 12.0 million). The total like-for-like growth was a negative 3% mainly because of the drop of sales in the Baltics. The like-for-like growth in Russia was +33%, in Estonia -4% and in Latvia -3% in 2008. Results in Baltics are influenced by overall macro economical situation and by the fact that the Baltic stores have already been in operation for long enough to be close to optimal capacity.

The like-for-like increase in the Oblicie lingerie retail chain in Russia is about 49% for stores operating longer than one year, however it is still below breakeven on average. Retail development continues to be the major objective of the Group, however the focus has been shifted towards franchising versus directly operated stores. In Q4 the Group opened 4 Milavitsa monobrand shops in Russia and one Oblicie shop was re-branded to Milavitsa. Intention is to capitalise on the brand awareness in the country. The remaining Oblicie stores will be re-branded to Milavitsa in 2009.

Stores by concept

Market	PTA stores	Oblicie stores	Milavitsa stores	Other stores	Total	Sales area, sq m
Russia	13	34	5	-	52	5,467
Ukraine	6	1	-	-	7	994
Estonia	9	1	-	1	11	2,120
Latvia	4	-	-	3	7	1,196
Lithuania	5	-	-	16	21	1,883
Belarus	-	-	28	-	28	2,554
Poland	-	1	-	7	8	352
Total	37	37	33	27	134	14,566

Wholesale

In 2008, wholesale amounted to EEK 1,144.5 million (EUR 73.2 million), representing 67.5% of the Group's total revenue (2007: 79.3%). 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 2008, revenue from wholesale of women's apparel decreased by 53.0% compared to 2007, amounting to EEK 19.5 million (EUR 1.3 million).

Lingerie wholesale in 2008 decreased by 4.8% compared to 2007, amounting to EEK 1,124.9 million (EUR 71.9 million). Most of the lingerie wholesale partners are located in Russia. There was a slow down in wholesales operations in Russia and Ukraine in Q4 due to the financial crisis.

Investment

In 2008, the Group's investments totalled EEK 93.3 million (EUR 6.0 million). A total of EEK 38.6 million (EUR 2.5 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 December 2008, the Group employed a staff of 3,901 including 851 in retail and 2,319 in production. The rest are employed in wholesale, administration and support operations. The average number of employees in 2008 was 3,953.

The total salaries and wages for 2008 amounted to EEK 355.2 million (EUR 22.7 million). The remuneration paid to members of the Management Board totalled EEK 4.4 million (EUR 0.3 million). Four members of the Management Board also serve as executives for the Group's subsidiaries.

Sale of Splendo Polska Sp. z o.o.

The Group has entered into a share purchase agreement for the sale of all its shares (90% of the share capital) in Splendo Polska Sp. z o.o., a Polish retail subsidiary operating 6 retail outlets. The closing of the transaction is expected to occur within four weeks, subject to the fulfilment of certain conditions precedent. Taking account of the SFG's total investment in Splendo, the transaction is estimated to generate a loss of approximately EEK 18.8 million (EUR 1.2 million).

The sale of Polish retail operations will improve the efficiency of the group, as SFG's business model adjusts to the global economic downturn. The management intends to focus its short- and mid-term efforts on SFG's primary target markets of Russia, Ukraine, Belarus and the Baltics. Further action may be expected in the coming quarters to ensure that SFG remains competitive in the changing market conditions.

Selected financial data

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

Key figures and ratios	31.12.2008	31.12.2007	Change
Net sales (EEK million)	1,694.8	1,542.4	152.4
Net income, attributable to shareholders (EEK million)	-119.0	186.9	-305.9
Earnings before interest, taxes and depreciation (EBITDA) (EEK million)	95.0	360.1	-265.1
Earnings before interest and taxes (EBIT) (EEK million)	46.2	321.5	-275.3
Net sales (EUR million)	108.3	98.6	9.7
Net income attributable to shareholders (EUR million)	-7.6	11.9	-19.5
Earnings before interest, taxes and depreciation (EBITDA) (EUR million)	6.1	23.0	-16.9
Earnings before interest and taxes (EBIT) (EUR million)	3.0	20.6	-17.6
Operating margin, %	2.7%	20.8%	-
Net margin, %	-7.0%	12.1%	-
ROA, %	-10.4%	19.7%	-
ROE, %	-17.3%	31.5%	-
Earnings per share (EPS), in EEK	-2.97	4.81	-
Earnings per share (EPS), in EUR	-0.19	0.31	-
Current ratio	2.1	3.6	-
Quick ratio	1.1	2.1	-

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



Dmitry Ditchkovsky
Chairman of the Management Board

General information and approval of the management board for the consolidated interim report for Q4 2008 and 12 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 31 December 2008, the Group employed 3,901 people (as of 31 December 2007: 3,581 people).

The Group comprises the following companies:

At 31 December 2008	Location	Main activity	Ownership interest 31.12.2008	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%
SOOO Torgovaja Kompanija Milavitsa	Belarus	Retail	49%	0%
ZAO Linret	Russia	Retail	49%	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%
France Style Lingerie S.A.R.L.	France	Holding	100%	0%
OÜ Linret EST	Estonia	Retail	100%	0%
<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%
ZAO Linret	Russia	Retail	51%	0%
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 11-31 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.



Dmitry Ditchkovsky
Chairman of the Management Board
27 February 2009



Sergei Kusonski
Member of the Management Board
27 February 2009



Peeter Larin
Member of the Management Board
27 February 2009

Balance Sheet

Consolidated, unaudited

	Notes	31.12.2008 EEK thousands	31.12.2007 EEK thousands	31.12.2008 EUR thousands	31.12.2007 EUR thousands
ASSETS					
Non-current assets					
Property, plant and equipment	1	293,530	246,541	18,760	15,757
Intangible assets	2	16,085	27,976	1,028	1,788
Investment property		23,141	22,954	1,479	1,467
Investments in equity accounted investees		2,879	876	184	56
Available-for-sale financial assets		8,778	8,480	561	542
Other receivables		1,643	595	105	38
Total non-current assets		346,056	307,422	22,117	19,648
Current assets					
Inventories	3	434,412	337,528	27,764	21,572
Prepaid taxes		62,070	24,471	3,967	1,564
Trade receivables	4	168,013	158,531	10,738	10,132
Other receivables	5	66,623	29,713	4,258	1,899
Prepayments	6	49,209	51,680	3,145	3,303
Cash and cash equivalents	7	82,129	180,233	5,249	11,519
Total current assets		862,456	782,156	55,121	49,989
TOTAL ASSETS		1 208,512	1 089,578	77,238	69,637
LIABILITIES AND EQUITY					
Equity					
Share capital at par value		400,000	400,000	25,565	25,565
Share premium		223,293	223,293	14,271	14,271
Own shares		-7,041	0	-450	0
Statutory capital reserve		1,046	1,046	67	67
Translation reserve		-58,086	-76,512	-3,713	-4,890
Retained earnings		82,035	185,927	5,243	11,883
Total equity attributable to equity holders of the parent		641,247	733,754	40,983	46,896
Minority interest		141,977	136,313	9,074	8,712
Total equity		783,224	870,067	50,057	55,608
Non-current liabilities					
Loans and borrowings	8	18,197	4,068	1,163	260
Deferred tax liabilities		201	201	13	13
Other liabilities		1,314	360	84	23
Provisions		125	139	8	9
Total non-current liabilities		19,837	4,768	1,268	305
Current liabilities					
Loans and borrowings	8	119,946	25,160	7,666	1,608
Trade payables		167,951	122,888	10,734	7,854
Corporate income tax liability		4,006	3,192	256	204
Other tax liabilities		18,150	23,486	1,160	1,501
Other payables	9	23,892	17,430	1,527	1,113
Provisions		70,817	22,462	4,526	1,436
Accrued expenses		689	125	44	8
Total current liabilities		405,451	214,743	25,913	13,724
Total liabilities		425,288	219,511	27,181	14,029
TOTAL LIABILITIES AND EQUITY		1 208,512	1 089,578	77,238	69,637

Income Statement 12 months of 2008

Consolidated, unaudited

	Notes	2008 EEK thousands	2007 EEK thousands	2008 EUR thousands	2007 EUR thousands
Net sales	12	1 694,762	1 542,438	108,315	98,580
Costs of goods sold		-950,969	-870,780	-60,778	-55,653
Gross Profit		743,793	671,658	47,537	42,927
Other operating income		34,579	105,794	2,210	6,761
Distribution costs		-337,607	-213,958	-21,577	-13,674
Administrative expenses		-219,976	-170,552	-14,059	-10,900
Other operating expenses		-174,585	-71,394	-11,158	-4,563
Operating profit		46,204	321,548	2,953	20,551
Interest expenses		-5,070	-2,926	-324	-187
Gains/losses on conversion of foreign currencies		-62,054	4,256	-3,966	272
Other financial income / expenses		6,697	13,087	428	836
Total financial income / expenses		-60,427	14,417	-3,862	921
Share of profit of equity accounted investees		1,752	988	112	63
Profit before corporate income tax		-12,471	336,953	-797	21,535
Corporate income tax		-87,777	-92,943	-5,610	-5,940
Net profit for period		-100,248	244,010	-6,407	15,595
Net profit attributable to parent company		-118,961	186,914	-7,603	11,946
Net profit attributable to minority shareholders		18,713	57,096	1,196	3,649
Earnings per share					
Basic earnings per share (EEK/EUR)	10	-2.97	4.81	-0.19	0.31
Diluted earnings per share (EEK/EUR)	10	-2.97	4.81	-0.19	0.31

Income Statement-Q4

Consolidated, unaudited

		2008 Q4 EEK thousands	2007 Q4 EEK thousands	2008 Q4 EUR thousands	2007 Q4 EUR thousands
Net sales	12	292,169	365,313	18,673	23,348
Costs of goods sold		-145,936	-195,488	-9,327	-12,494
Gross Profit		146,233	169,825	9,346	10,854
Other operating income		20,215	22,304	1,292	1,425
Distribution costs		-97,526	-73,624	-6,233	-4,705
Administrative expenses		-59,786	-45,254	-3,821	-2,892
Other operating expenses		-121,559	-22,295	-7,769	-1,425
Operating profit		-112,423	50,956	-7,185	3,257
Interest expenses		-2,457	-908	-157	-58
Gains/losses on conversion of foreign currencies		-47,080	-563	-3,009	-36
Other financial income / expenses		-2,018	6,875	-129	439
Total financial income / expenses		-51,555	5,404	-3,295	345
Share of profit of equity accounted investees		-626	988	-40	63
Profit before corporate income tax		-164,604	57,348	-10,520	3,665
Corporate income tax		-13,174	-20,562	-842	-1,314
Net profit for period		-177,778	36,786	-11,362	2,351
Net profit attributable to parent company		-159,533	24,094	-10,196	1,540
Net profit attributable to minority shareholders		-18,245	12,692	-1,166	811
Earnings per share					
Basic earnings per share (EEK/EUR)	10	-3.99	0.60	-0.25	0.04
Diluted earnings per share (EEK/EUR)	10	-3.99	0.60	-0.25	0.04

Cash flow statement

Consolidated, unaudited

	Notes	2008 thousands EEK	2007 thousands EEK	2008 thousands EUR	2007 thousands EUR
Cash flows from operating activities					
Profit for the period		-100,248	244,010	-6,407	15,595
Adjustments for:					
Depreciation fixed assets		43,513	29,259	2,781	1,870
Amortization of intangible assets		3,161	2,144	202	137
(Reversal of) impairment losses on property, plant and equipment		8,355	203	534	13
(Reversal of) impairment losses intangible assets		32,232	1,830	2,060	117
Share of profit of equity accounted investees		-1,580	-798	-101	-51
Gains/losses on the sale of property, plant and equipment		-110	-907	-7	-58
Impairment losses on goodwill(+) and negative goodwill gain(-)		-2,237	-87,637	-143	-5,601
Income tax expense		87,777	92,943	5,610	5,940
Acquisition of minority interest		0	3,161	0	202
Change in inventories		-53,715	-156,325	-3,433	-9,991
Change in trade and other receivables		-39,351	-116,389	-2,515	-7,439
Change in trade and other payables		52,839	69,565	3,377	4,446
Interests paid (-)		-4,991	-4,225	-319	-270
Income tax paid (-)		-86,979	-95,648	-5,559	-6,113
Total cash flow from operating activities		-61,334	-18,814	-3,920	-1,203
Cash flow from investing activities					
Interest received		7,307	11,907	467	761
Proceeds from sale of property, plant and equipment		313	1,314	20	84
Loans granted		-44,593	-78,092	-2,850	-4,991
Proceeds from repayments of loans granted		29,259	69,533	1,870	4,444
Acquisition of property, plant and equipment		-84,382	-106,537	-5,393	-6,809
Acquisition of investment property		0	-20,278	0	-1,296
Acquisition of intangible non-current assets		-2,660	-6,180	-170	-395
Acquisition of other non-current assets		-1,017	-3,567	-65	-228
Acquisition of subsidiary net of cash acquired		-30,105	-13,722	-1,924	-877
Dividends received		188	1,643	12	105
Total cash flow from investing activities		-125,690	-143,979	-8,033	-9,202
Cash flow from financing activities					
Proceeds from issue of share capital		0	160,810	0	10,278
Proceeds from borrowings		126,268	20,935	8,070	1,338
Repayment of borrowings		-21,107	-25,332	-1,349	-1,619
Repayment of finance lease		-5,711	-10,874	-365	-695
Dividends paid		-3,489	-2,973	-223	-190
Re-purchase of own shares		-7,041	0	-450	0
Total cash flow from financing activities		88,920	142,566	5,683	9,112
Net increase in cash and cash equivalents		-98,104	-20,227	-6,270	-1,293
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	82,129	180,233	5,249	11,519

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	Own Shares	Capital reserve	Translation reserve				Accumulated profit (losses)
Balance at 31 December 2006		24,252	5,305	0	67	-684	-63	28,877	11,492	40,369
Profit for the period		0	0	0	0	0	11,946	11,946	3,649	15,595
Effect on consolidation of foreign subsidiaries		0	0	0	0	-4,206	0	-4,206	-793	-4,999
Total recognized income and expense for 12 months of 2007		0	0	0	0	-4,206	11,946	7,740	2,856	10,596
Issue of share capital		1,313	8,966	0	0	0	0	10,279	0	10,279
Acquisition of minority interest		0	0	0	0	0	0	0	-5,514	-5,514
Dividends paid		0	0	0	0	0	0	0	-122	-122
Balance at 31 December 2007		25,565	14,271	0	67	-4,890	11,883	46,896	8,712	55,608
Profit for the period		0	0	0	0	0	-7,603	-7,603	1,196	-6,407
Effect on consolidation of foreign subsidiaries		0	0	0	0	1,177	0	1,177	346	1,523
Total recognized income and expense for 12 months of 2008		0	0	0	0	1,177	-7,603	-6,426	1,542	-4,884
Re-purchase of own shares		0	0	-450	0	0	0	-450	0	-450
Disposal of subsidiary		0	0	0	0	0	963	963	-963	0
Acquisition of minority interest		0	0	0	0	0	0	0	-512	-512
Minority interest from business combination		0	0	0	0	0	0	0	518	518
Dividends paid		0	0	0	0	0	0	0	-223	-223
Balance at 31 December 2008		25,565	14,271	-450	67	-3,713	5,243	40,983	9,074	50,057

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	Own Shares	Capital reserve	Translation reserve				Accumulated profit (losses)
Balance at 31 December 2006		379,472	83,011	0	1,046	-10,710	-987	451,832	179,808	631,640
Profit for the period		0	0	0	0	0	186,914	186,914	57,096	244,010
Effect on consolidation of foreign subsidiaries		0	0	0	0	-65,802	0	-65,802	-12,407	-78,209
Total recognized income and expense for 12 months of 2007		0	0	0	0	-65,802	186,914	121,112	44,689	165,801
Issue of share capital		20,528	140,282	0	0	0	0	160,810	0	160,810
Acquisition of minority interest		0	0	0	0	0	0	0	-86,275	-86,275
Dividends paid		0	0	0	0	0	0	0	-1,909	-1,909
Balance at 31 December 2007		400,000	223,293	0	1,046	-76,512	185,927	733,754	136,313	870,067
Profit for the period		0	0	0	0	0	-118,961	-118,961	18,713	-100,248
Effect on consolidation of foreign subsidiaries		0	0	0	0	18,426	0	18,426	5,414	23,840
Total recognized income and expense for 12 months of 2008		0	0	0	0	18,426	-118,961	-100,535	24,127	-76,408
Re-purchase of own shares		0	0	-7,041	0	0	0	-7,041	0	-7,041
Disposal of subsidiary		0	0	0	0	0	15,069	15,069	-15,069	0
Acquisition of minority interest		0	0	0	0	0	0	0	-8,011	-8,011
Minority interest from business combination		0	0	0	0	0	0	0	8,105	8,105
Dividends paid		0	0	0	0	0	0	0	-3,488	-3,488
Balance at 31 December 2008		400,000	223,293	-7,041	1,046	-58,086	82,035	641,247	141,977	783,224

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	293	2,978	5,082	8,353
Acquired through business combination	12	53	9	0	74
Transfers and reclassifications	457	2,945	259	-3,661	0
Disposals	-12	-308	-418	-3	-741
Effect of movements in foreign exchange on cost	-470	-1,485	-332	-91	-2,378
Cost at 31 December 2007	3,962	15,218	7,059	1,353	27,592
Movements in 2008					
Acquisition	198	286	2,247	3,230	5,961
Acquired through business combination	1,390	475	82	31	1,978
Transfers and reclassifications	1,465	1,346	336	-3,147	0
Revaluation	0	228	0	0	228
Disposals	0	-251	-725	-154	-1,130
Effect of movements in foreign exchange on cost	173	290	-569	10	-96
Cost at 31 December 2008	7,188	17,592	8,430	1,323	34,533
Accumulated depreciation at 31 December 2006	1,417	7,856	2,000	0	11,273
Movements in 2007					
Acquired through business combination	0	24	8	0	32
Depreciation	96	1,300	891	0	2,287
Transfers and reclassification	0	-5	5	0	0
Disposals	0	-298	-382	0	-680
Effect of movements in foreign exchange on accumulated depreciation	-164	-769	-144	0	-1,077
Accumulated depreciation at 31 December 2007	1,349	8,108	2,378	0	11,835
Movements in 2008					
Acquired through business combination	755	396	75	0	1,226
Depreciation	137	1,326	1,413	0	2,876
Transfers and reclassification	0	-24	24	0	0
Disposals	0	-236	-321	0	-557
Impairment	0	62	0	0	62
Depreciation of revalued fixed assets	0	199	0	0	199
Effect of movements in foreign exchange on accumulated depreciation	56	202	-126	0	132
Accumulated depreciation at 31 December 2008	2,297	10,033	3,443	0	15,773
Carrying amounts					
At 31 December 2006	2,558	5,864	2,563	26	11,011
At 31 December 2007	2,613	7,110	4,681	1,353	15,757
At 31 December 2008	4,891	7,559	4,987	1,323	18,760

<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	4,584	46,597	79,516	130,697
Acquired through business combination	187	829	141	0	1,157
Transfers and reclassifications	7,150	46,079	4,052	-57,281	0
Disposals	-187	-4,819	-6,540	-47	-11,593
Effect of movements in foreign exchange on cost	-7,354	-23,235	-5,195	-1,432	-37,216
Cost at 31 December 2007	61,989	238,125	110,439	21,170	431,723
Movements in 2008					
Acquisition	3,098	4,475	35,158	50,539	93,270
Acquired through business combination	21,749	7,432	1,283	485	30,949
Transfers and reclassifications	22,922	21,060	5,257	-49,239	0
Revaluation	0	3,567	0	0	3,567
Disposals	0	-3,927	-11,344	-2,410	-17,681
Effect of movements in foreign exchange on cost	2,707	4,538	-8,903	158	-1,500
Cost at 31 December 2008	112,465	275,270	131,890	20,703	540,328
Accumulated depreciation at 31 December 2006	22,170	122,932	31,295	0	176,397
Movements in 2007					
Acquired through business combination	0	375	125	0	500
Depreciation	1,502	20,341	13,941	0	35,784
Transfers and reclassification	0	-78	78	0	0
Disposals	0	-4,663	-5,979	0	-10,642
Effect of movements in foreign exchange on accumulated depreciation	-2,567	-12,029	-2,261	0	-16,857
Accumulated depreciation at 31 December 2007	21,105	126,878	37,199	0	185,182
Movements in 2008					
Acquired through business combination	11,813	6,196	1,173	0	19,182
Depreciation	2,144	20,747	22,109	0	45,000
Transfers and reclassification	0	-376	376	0	0
Disposals	0	-3,693	-5,023	0	-8,716
Impairment	0	970	0	0	970
Depreciation of revalued fixed assets	0	3,114	0	0	3,114
Effect of movements in foreign exchange on accumulated depreciation	876	3,161	-1,971	0	2,066
Accumulated depreciation at 31 December 2008	35,938	156,997	53,863	0	246,798
Carrying amounts					
At 31 December 2006	40,023	91,755	40,089	414	172,281
At 31 December 2007	40,884	111,247	73,240	21,170	246,541
At 31 December 2008	76,527	118,273	78,027	20,703	293,530

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	176	6	0	302	484
Acquired through business combination	0	0	732	0	732
Transfers and reclassification	434	6	0	-440	0
Disposals	-3	0	-115	-143	-261
Effect of movements in foreign exchange on cost	-32	-3	0	-29	-64
Cost at 31 December 2007	882	443	852	163	2,340
Movements in 2008					
Acquisition	144	2	0	31	177
Acquired through business combination	1	0	1,417	0	1,418
Transfers and reclassification	34	4	0	-38	0
Disposals	-4	0	-2,149	-1	-2,154
Effect of movements in foreign exchange on cost	12	-6	0	4	10
Cost at 31 December 2008	1,069	443	120	159	1,791
Accumulated amortization at 31 December 2006	205	186	0	0	391
Movements in 2007					
Amortisation	127	41	0	0	168
Disposals	-2	0	0	0	-2
Effect of movements in foreign exchange on cost	-5	0	0	0	-5
Accumulated amortisation at 31 December 2007	325	227	0	0	552
Movements in 2008					
Amortisation	169	41	0	0	210
Acquired through business combination	1	0	0	0	1
Disposals	-1	0	0	0	-1
Effect of movements in foreign exchange on amortisation	2	-1	0	0	1
Accumulated amortisation at 31 December 2008	496	267	0	0	763
Carrying amounts					
At 31 December 2006	102	248	235	473	1,058
At 31 December 2007	557	216	852	163	1,788
At 31 December 2008	573	176	120	159	1,028

<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	2,754	94	0	4,725	7,573
Acquired through business combination	0	0	11,448	0	11,448
Transfers and reclassification	6,791	94	0	-6,885	0
Disposals	-47	0	-1,794	-2,237	-4,078
Effect of movements in foreign exchange on cost	-500	-47	0	-452	-999
Cost at 31 December 2007	13,799	6,941	13,324	2,559	36,623
Movements in 2008					
Acquisition	2,253	31	0	485	2,769
Acquired through business combination	16	0	22,171	0	22,187
Transfers and reclassification	532	63	0	-595	0
Disposals	-63	0	-33,625	-16	-33,704
Effect of movements in foreign exchange on cost	189	-94	0	63	158
Cost at 31 December 2008	16,726	6,941	1,870	2,496	28,033
Accumulated amortization at 31 December 2006	3,208	2,920	0	0	6,128
Movements in 2007					
Amortisation	1,987	642	0	0	2,629
Disposals	-32	0	0	0	-32
Effect of movements in foreign exchange on amortisation	-78	0	0	0	-78
Accumulated amortisation at 31 December 2007	5,085	3,562	0	0	8,647
Movements in 2008					
Amortisation	2,644	642	0	0	3,286
Acquired through business combination	16	0	0	0	16
Disposals	-16	0	0	0	-16
Effect of movements in foreign exchange on amortisation	31	-16	0	0	15
Accumulated amortisation at 31 December 2008	7,760	4,188	0	0	11,948
Carrying amounts					
At 31 December 2006	1,593	3,880	3,670	7,408	16,551
At 31 December 2007	8,714	3,379	13,324	2,559	27,976
At 31 December 2008	8,966	2,753	1,870	2,496	16,085

Note 3. Inventories

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Raw and other materials	87,480	89,201	5,591	5,701
Work in progress	29,087	38,585	1,859	2,466
Finished goods	270,170	169,249	17,267	10,817
Goods purchased for resale	44,358	34,470	2,835	2,203
Other inventories	3,317	6,023	212	385
Total	434,412	337,528	27,764	21,572

Within the 12 months of 2008 the amount of inventories written off totals EEK 18,319.0 thousands (EUR 1,170.8 thousands). Within the 12 months of 2007 inventories in the amount of EEK 3,855.3 thousands (EUR 246.4 thousands) were written off.

Note 4. Trade receivables

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Trade receivables	172,128	163,465	11,001	10,447
Allowance for uncollectible accounts	-4,115	-4,934	-263	-315
Total	168,013	158,531	10,738	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 12 months of 2008 receivables were found to be uncollectible in the amount of EEK 8,743.3 thousands (EUR 558.8 thousands). Receipt of the receivables or reversal of the impairment losses previously provided for has occurred in the amount of EEK 9,755.7 thousands (EUR 623.5 thousands) and none of irrecoverable receivables were taken off the Balance Sheet.

Irrecoverable receivables in the amount of EEK 227.0 thousands (EUR 14.5 thousands). were written off the Balance Sheet within the 12 months of 2007.

Note 5. Other receivables

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Due from customers for contract work	532	344	34	22
Loans to companies	17,336	5,555	1,108	355
Interest receivable from related parties	438	313	28	20
Employees receivables	2,034	1,705	130	109
Miscellaneous receivables	46,283	21,796	2,958	1,393
Total	66,623	29,713	4,258	1,899

Note 6. Prepayments

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Prepayments to suppliers	49,209	51,680	3,145	3,303
Total	49,209	51,680	3,145	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

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Cash and hand	1,831	1,408	117	90
Bank accounts in kroons	720	31,919	46	33
Bank accounts in foreign currencies	38,584	44,155	2,466	4,829
Money in transfer	8,246	5,022	527	321
Deposits	32,748	97,729	2,093	6,246
Total	82,129	180,233	5,249	11,519

Note 8. Loans and borrowings

The Group has the following debts as of 31 December 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						
AKB Belrosbank	8,136	0	520	0	25%	17.02.2009
AKB Belrosbank	7,635	0	488	0	17-24.56%	16.01.2009
OAQ Priorbank					Libor 6m	
	21,905	0	1400	0	+7,63%	30.09.2009
Milavitsa ZAO MTB	10,170	0	650	0	13%	08.06.2009
Minsk Transit Bank	2,300	0	147	0	17%	19.06.2010
Loan from Hansabankas	908	0	58	0	7.94-8.67%	30.04.2009
Loan from Sampo Pank AS	7,792	11,093	498	709	6 months Euribor+1.1%	02.04.2011
Overdraft from Sampo Pank AS	13,409	0	857	0	6%	01.04.2009
Loan from AS Unicredit bank	36,550	0	2,336	0	3 months Euribor+1.65%	30.04.2009
Unsecured loans and borrowings						
Financial lease payables	4,741	7,104	303	454	6.5-14%	2007-2011
Other borrowings	6,400	0	409	0	6-13%	2009
Total	119,946	18,197	7,666	1,163		

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

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Customer prepayments for goods and services	5,633	2,378	360	152
Payables to employees	15,021	13,472	960	861
Interest and other accruals	203	16	13	1
Other payables	3,035	1,564	194	99
Total	23,892	17,430	1,527	1,113

Note 10. Earnings per share

	2008	2007
Number of ordinary shares as of January 1 (Qty)	40,000,000	37,947,198
Number of ordinary shares as of December 31 (Qty)	40,000,000	40,000,000
Weighted average number of ordinary shares (Qty)	40,000,000	38,852,681
Net profit (loss) for financial year, EEK thousands	-118,961	186,914
Net profit (loss) for financial year, EUR thousands	-7,603	11,946
Basic earnings per share (EEK)	-2.97	4.81
Basic earnings per share (EUR)	-0.19	0.31
Diluted earnings per share (EEK)	-2.97	4.81
Diluted earnings per share (EUR)	-0.19	0.31

The extraordinary general meeting of shareholders of AS Silvano Fashion Group held on 6 October 2008 authorised the buyback of AS Silvano Fashion Group's own shares under the following conditions: SFG is entitled to buy back its own shares within one year as of the resolution of the general meeting of the shareholders, the total nominal value of own shares to be bought back by SFG may not exceed 10% of total share capital of SFG, the maximum price payable by SFG for one share will be EUR 3.50 (three Euros and fifty cents), the maximum amount payable by SFG for its own shares is EUR 3,000,000 (three million Euros), own shares will be paid for with assets exceeding the share capital, compulsory reserves and share premium.

To date, the amount of shares bought back is 393 000, the average price per share is 1.15 EUR, the cost in total is 452,968 EUR.

Note 11. Owners' equity

Shares

As of 31 December 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 31 December 2008 AS Silvano Fashion Group had 1021 shareholders.

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As of 31 December 2008 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	36,053,934	90.1%
NORDEA BANK FINLAND PLC/ NON-RESIDENT LEGAL ENTITIES	14,086,573	35.2%
Krajowy Depozyt Papierow Wartoosciowych S.A.[J]	6,453,884	16.1%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	5,127,682	12.8%
Skandinaviska Enskilda Banken Ab Clients	4,151,726	10.4%
ALTA CAPITAL PARTNERS S.C.A., SICAR	1,864,286	4.7%
SIA ALTA CAPITAL PARTNERS	1,775,000	4.4%
UNICREDIT BANK AUSTRIA AG	1,354,520	3.4%
AS HANSAPANK	784,063	2.0%
TRIGON UUS EUROOPA VÄIKEETTEVÖTETE FOND	456,200	1.1%
Other shareholders	3,946,066	9.9%
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 KAUPLEMINI	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 12 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 6.26(EUR 0.40), respectively. During the 12 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 2008 was 36,45EEK(2.33 EUR), in 2007 was 75,85EEK (4,85 EUR).

On 19 July 2007, the Management Board of the Warsaw Stock Exchange resolved to introduce AS Silvano Fashion Group shares to trading on the main market of the Warsaw Stock Exchange. The first trading date was 23 July 2007.

During the 12 months of 2008, the highest and lowest prices of the AS Silvano Fashion Group share on the Warsaw Stock Exchange were PLN 17.2 and PLN 1.52 respectively. During period from the first trading date to 31 December 2007 the highest and lowest prices of AS Silvano Fashion Group on the Warsaw Stock Exchange were PLN 22.50 and PLN 14.50 respectively.

Share price development and turnover on the Tallinn Stock Exchange in 12 months 2008



Baltic market indexes in 12 months 2008



Chart data

Index/ Equity	01.01.2008	31.12.2008	+/- %
—OMX Tallinn	742.45	274.83	-62.98
—OMX Baltic Benchmark GI	684.91	228.12	-66.69

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

	2008	2007	2008	2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Sales revenue				
Apparel sales	201,184	155,684	12,858	9,950
Lingerie sales	1 419,804	1 347,423	90,742	86,116
Subcontracting and services	40,134	27,898	2,565	1,783
Other sales	33,640	11,433	2,150	731
Total sales revenue	1 694,762	1 542,438	108,315	98,580

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:

- 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.

	2008	2007	2008	2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Purchase of goods and services				
Companies related to members of the management and supervisory boards	189,543	195,567	12,114	12,499
Total purchases	189,543	195,567	12,114	12,499

	2008	2007	2008	2007
	EEK thousands	EEK thousands	EUR thousands	EUR thousands
Loans to shareholders				
Opening balance	626	0	40	0
Given	44,593	45,516	2,850	2,909
Repaid	-29,885	-44,890	-1,910	-2,869
Closing balance	15,334	626	980	40
Accrued interest income	438	313	28	20

	31.12.2008 EEK thousands	31.12.2007 EEK thousands	31.12.2008 EUR thousands	31.12.2007 EUR thousands
Balances with related parties				
Companies related to the members of the Management Board and Supervisory Board	28,602	15,365	1,828	982
Total current liabilities	28,602	15,365	1,828	982
	31.12.2008 EEK thousands	31.12.2007 EEK thousands	31.12.2008 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
	2008 EEK thousands	2007 EEK thousands	2008 EUR thousands	2007 EUR thousands
Benefits to members of the management board				
Remuneration and benefits	5,069	3,583	324	229
Total	5,069	3,583	324	229

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
	2008 EEK thousands	2008 EEK thousands	2008 EEK thousands	2008 EEK thousand	2008 EEK thousands	2008 EUR thousands	2008 EUR thousands	2008 EUR thousands	2008 EUR thousands	2008 EUR thousands
Extra-group sales revenue	201,184	1 419,804	73,774	0	1 694,762	12,858	90,742	4,715	0	108,315
Inter-segment sales revenue	0	0	0	0	0	0	0	0	0	0
Total sales revenue	201,184	1 419,804	73,774	0	1 694,762	12,858	90,742	4,715	0	108,315
Operating profit/loss of segment	-26,192	172,613	-59,316	0	87,105	-1,674	11,032	-3,791	0	5,567
Unallocated operating revenue and operating charges					-40,901					-2,614
Total operating profit / loss					46,204					2,953
Other financial income and expenses					-58,675					-3,750
Corporate income tax					-87,777					-5,610
Net profit / loss					-100,248					-6,407
Assets and receivables	109,292	1 027,716	46,643	0	1 183,651	6,985	65,683	2,981	0	75,649
Unallocated assets of group					24,861					1,589
Total assets					1 208,512					77,238
Liabilities	83,803	247,466	94,019	0	425,288	5,356	15,816	6,009	0	27,181
Unallocated liabilities of group					0					0
Total liabilities					425,288					27,181
Capital expenditure	20,168	74,807	1,064	0	96,039	1,289	4,781	68	0	6,138
Depreciation and amortization expense	9,826	37,474	1,455	0	48,755	628	2,395	93	0	3,116

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

Primary segment – business segment by products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	2007 EEK thousands	2007 EEK thousands	2007 EEK thousands	2007 EEK thousands	2007 EEK thousands	2007 EUR thousands	2007 EUR thousands	2007 EUR thousands	2007 EUR thousands	2007 EUR thousands
Extra-group sales revenue	155,684	1 347,423	39,331	0	1 542,438	9,950	86,116	2,514	0	98,580
Inter-segment sales revenue			1,909	-1,909	0	0	0	122	-122	0
Total sales revenue	155,684	1 347,423	41,240	-1,909	1 542,438	9,950	86,116	2,636	-122	98,580
Operating profit/loss of segment	13,487	268,261	79,516	0	361,264	862	17,145	5,082	0	23,089
Unallocated operating revenue and operating charges					-39,716					-2,538
Total operating profit / loss					321,548					20,551
Other financial income and expenses					15,405					984
Corporate income tax					-92,943					-5,940
Net profit / loss					244,010					15,595
Assets and receivables	104,879	884,674	99,966	0	1 089,519	6,703	56,541	6,389	0	69,633
Unallocated assets of group					59					4
Total assets					1 089,578					69,637
Liabilities	61,147	124,688	15,021	0	200,856	3,908	7,969	960	0	12,837
Unallocated liabilities of group					18,655					1,192
Total liabilities					219,511					14,029
Capital expenditure	22,046	114,095	2,129	0	138,270	1,409	7,292	136	0	8,837
Depreciation and amortization expense	5,633	31,340	1,565	0	38,538	360	2,003	100	0	2,463

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 December 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
	2008	2007	31.12.2008	31.12.2007	2008	2007	2008	2007	31.12.2008	31.12.2007	2008	2007
	EEK	EEK	EEK	EEK	EEK	EEK	EUR	EUR	EUR	EUR	EUR	EUR
	thousands	thousands	thousands	thousands	thousands	thousands	thousands	thousands	thousands	thousands	thousands	thousands
Russia	927,030	766,011	303,388	248,108	21,717	37,802	59,248	48,957	19,390	15,857	1,388	2,416
Belarus	268,214	278,932	669,408	533,017	56,954	81,206	17,142	17,827	42,783	34,066	3,640	5,190
Estonia	139,161	167,278	69,033	112,452	3,630	2,754	8,894	10,691	4,412	7,187	232	176
Ukraine	137,111	99,528	14,833	11,735	9,200	2,597	8,763	6,361	948	750	588	166
Finland	32,983	39,586	47	78	0	0	2,108	2,530	3	5	0	0
Latvia	46,111	50,053	121,903	153,963	1,784	8,230	2,947	3,199	7,791	9,840	114	526
Lithuania	38,960	15,631	19,824	16,851	2,629	4,960	2,490	999	1,267	1,077	168	317
Poland	10,640	10,468	7,964	13,374	94	721	680	669	509	855	6	46
Other markets	94,552	114,951	2,112	0	31	0	6,043	7,347	135	0	2	0
Total	1 694,762	1 542,438	1 208,512	1 089,578	96,039	138,270	108,315	98,580	77,238	69,637	6,138	8,837