

AS Silvano Fashion Group



Consolidated interim report for Q1 2009

COMPANY PROFILE

| | |
|---------------------|--|
| Business name | AS Silvano Fashion Group |
| Registration number | 10175491 |
| Legal address | Tartu mnt 2, 10145 Tallinn |
| Telephone | +372 6 710 700 |
| Fax | +372 6 710 709 |
| E-mail | info@silvanofashion.com |
| Website | www.silvanofashion.com |
| Core activities | Design, manufacturing and distribution of women's apparel and lingerie |
| Auditor | KPMG Baltics AS |

Contents

| | |
|--|----|
| Management Report..... | 4 |
| General information and approval of the management board for the consolidated interim report for Q1 2009 | 11 |
| Balance Sheet..... | 13 |
| Income statement Q1 | 14 |
| Statement of comprehensive income Q1..... | 15 |
| Cash flow statement..... | 16 |
| Statement of changes in equity | 17 |
| Accounting methods and valuation principles used for preparing the consolidated interim report | 19 |
| Notes on the consolidated interim report | 20 |
| Note 1. Property, plant and equipment..... | 20 |
| Note 2. Intangible assets | 22 |
| Note 3. Inventories..... | 23 |
| Note 4. Trade receivables..... | 24 |
| Note 5. Other receivables..... | 24 |
| Note 6. Prepayments | 24 |
| Note 7. Cash and cash equivalents | 24 |
| Note 8. Loans and borrowings | 25 |
| Note 9. Other payables..... | 26 |
| Note 10. Earnings per share | 26 |
| Note 11. Owners' equity | 27 |
| Note 12. Sales revenue..... | 29 |
| Note 13. Transactions with related parties | 29 |
| Note 14. Segments | 31 |

Management Report

Business results

In Q1 2009, consumer demand continued to weaken in all of Silvano Fashion Group's ("SFG" or the "Company", and together with its subsidiaries the "Group") markets. Management estimates that the apparel market demand has decreased by approximately 30% and lingerie market by 25% as compared to the respective period in 2008. Accordingly, the growing proportion of retail operations in the Group's business has a negative effect on profitability due to lower consumer demand and growing distribution expenses.

Retail operations in Russia, the major region for the retail expansion of the Group, demonstrated a minor increase in sales in Russian Rouble terms. Apparel retail performance in the Baltic countries is at the level of Q1 2008. In 2008, the management of the Group decided to close PTA apparel stores in Russia and to focus on the development of lingerie retail chain mainly through franchising. In Q1 2009, 11 PTA shops were closed in Russia. The remaining 2 shops will be closed in Q2 2009. PTA will continue its retail operations in Estonia, Latvia, Lithuania and Ukraine. The Ukrainian subsidiary of PTA has been restructured in Q1 2009 and the operational costs have significantly decreased. For the observable future, it is planned to continue Ukrainian apparel operations with existing 6 stores.

Due to the continuing economic downturn and based on the stores' performance up to date, the management decided that selected Oblicie stores will be closed in the first half of 2009. 2 lingerie shops were closed and 8 more shops will be closed or passed over to trading partners in Q2 - Q3 2009. The remaining stores are currently being rebranded into "Milavitsa" concept stores and the rebranding will be finalized in the second half of 2009. The management believes that the rebranding will increase the contribution of "Milavitsa" brand name towards the overall performance of Russian lingerie retail and wholesale operations and will develop and promote the Milavitsa brand in Russia.

Financial performance

The Group's sales amounted to EEK 288,179 thousand (EUR 18,418 thousand) in the 3 months' period ended 31 March 2009, representing a 32.8% decline as compared to the respective period in the previous year. Overall wholesale and other sales decreased by 42.7%, while retail operations presented a growth of 3.8%. The proportion of retail sales in total sales increased by 12.1% and reached 33.4% of total sales in Q1 2009.

The Group's gross margin in the 3 months' period deteriorated and was 41.4%, as compared to 44.8% in the respective period in the previous year, mainly due to the decrease in retail gross margin profitability. The decrease is explained firstly by promotion campaigns offering discounts that were aimed towards improving demand and decreasing working capital levels in retail operations, and secondly by the Group's inability to increase prices immediately after the devaluation of national currencies in Belarus and Russia.

The consolidated reported operating loss amounted to EEK 8,997 thousand (EUR 575 thousand), representing a 116.2% decline compared to Q1 2008. The consolidated reported operating margin was -3.1% (13.0% in Q1 2008).

In Q1 2009 the Group continued with the restructuring of Russian retail operations. One-off expenses related to Russian operations in Q1 2009 amounted to EEK 13,863 thousand (EUR 886 thousand) and partially related to initiatives started in prior periods. As at 31 March 2009 provision to cover future losses related to the retail chain restructuring amounted to EEK 20,059 thousand (EUR 1,282 thousand). In addition, the loan receivable in the amount of EEK 15,772 thousand (EUR 1,008 thousand) was fully provisioned based on the management's assessment of the recoverability of the loan. The expenses related to the provision have been recognized in other operating expenses in Q1 2009. The management will continue the actions to recover the loan balance.

Considering restructuring expenses and loan write-off expenses, consolidated normalised operating profit amounted to EEK 20,638 thousand (EUR 1,319 thousand), representing a 62.8% decline compared to Q1 2008. The consolidated normalised operating margin reached 7.2% (13.0% in Q1 2008).

Consolidated net loss from foreign exchange rate fluctuations amounted to EEK 892 thousand (EUR 57 thousand) in the 3 months' period ended 31 March 2009. Milavitsa accrued a foreign exchange gain in the amount of EEK 24,471 thousand (EUR 1,564 thousand) that was mainly caused by intercompany trading in EUR terms, while Russian operations suffered a loss from foreign exchange rate fluctuations. Starting from April 2009, all trading to Russia is Russian Rouble denominated to minimise unrealized foreign exchange gains and losses within the Group.

Corporate income tax amounted to EEK 20,418 thousand (EUR 1,305 thousand) and effective tax rate for the Group increased. High effective tax rate is the result of Milavitsa's taxable profits being increased by foreign exchange gains, and increased non-tax deductible expenses (mainly employee remuneration).

Consolidated reported net loss attributable to equity holders amounted to EEK 38,960 thousand (EUR 2,490 thousand), compared to net profit of EEK 14,035 thousand (EUR 897 thousand) in Q1 2008; reported net margin was -13.5% (down from a positive margin of 3.3% in Q1 2008). Consolidated normalised net loss attributable to equity holders amounted to EEK 11,547 thousand (EUR 738 thousand), compared to net profit of EEK 14,035 thousand (EUR 897 thousand) in Q1 2008; normalised net margin was -4.0% (down from a positive margin of 3.3% in Q1 2008).

In Q1 2009 the Group's return on equity was negative and amounted to -6.6% (1.9% in Q1 2008) and return on assets was -3.4% (1.3% in Q1 2008).

Financial position

As of 31 March 2009 consolidated assets amounted to EEK 1,063,327 thousand (EUR 67,959 thousand) representing a decrease of 12.0% as compared to the position as of 31 December 2008. The value of total asset base in EUR terms was significantly impacted by the devaluation of the Belorussian Rouble which depreciated against the Euro by 21.5% in Q1 2009, decreasing the value of assets based in Belarus in EUR terms.

Property, plant and intangibles balances decreased by EEK 51,978 thousand (EUR 3,322 thousand) as compared to 31 December 2008, the key reason being the impact of the foreign exchange rate in the amount of EEK 44,844 thousand (EUR 2,866 thousand).

Trade receivables have increased by EEK 2,566 thousand (EUR 164 thousand) in Q1 2009. Payment discipline of key customers in Russia improved during Q1 2009. Inventory balance decreased by EEK 41,150 thousand (EUR 2,630 thousand) and amounted to EEK 393,262 thousand (EUR 25,134 thousand) as at 31 March 2009. However, in local currency terms, the inventory balance remained at the level of 31 December 2008 and is assessed to be above the level required for the Group's trading. The management anticipates that the level of inventories will gradually decrease in Q2 2009, and is taking appropriate measures.

Foreign exchange fluctuations also left a negative impact on the Group's equity, in the form of a negative change in currency translation difference in the amount of EEK 80,489 thousand (EUR 5,144 thousand). As the result of Splendo Polska Sp. z o.o. disposal, post acquisition retained loss was eliminated from the Group's consolidated equity, resulting in a positive contribution to equity in the amount of EEK 15,678 thousand (EUR 1,002 thousand). On the overall basis, equity attributable to equity holders decreased by EEK 103,771 thousand (EUR 6,632 thousand) and amounted to EEK 537,476 thousand (EUR 34,351 thousand) as of 31 March 2009.

Current liabilities decreased by EEK 19,715 thousand (EUR 1,260 thousand) in the 3 months' period, remaining at the expected level.

Current and non-current loans and borrowings increased by EEK 8,215 thousand (EUR 525 thousand) to EEK 142,666 thousand (EUR 9,118 thousand). Loans received and loans repaid during the 3 months' period amounted to EEK 47,362 thousand (EUR 3,027 thousand) and EEK 31,543 thousand (EUR 2,016 thousand) respectively, including finance lease liabilities of EEK 1,705 thousand (EUR 109 thousand). In March 2009 an overdraft facility of PTA Grupp AS with Sampo Pank in the amount of EEK 5,007 thousand (EUR 320 thousand) was prolonged to April 2010 and loan facility in the amount of EEK 9,998 thousand (EUR 639 thousand) was prolonged until March 2010. Furthermore, in April 2009 a credit line facility of Lauma Lingerie AS was prolonged until July 2009 with Unicredit Bank in Latvia, decreasing the available facility's limit with the bank from EEK 39,117 thousand (EUR 2,500 thousand) to EEK 31,293 thousand (EUR 2,000 thousand). Information on maturity of current borrowings is presented in Note 8 to the summarized financial statements.

Certain operational units of the Group require additional financing that was previously provided by the Parent company, AS Silvano Fashion Group. In Q1 2009 financing by the Parent company towards subsidiaries was limited and cash flow management between companies within the Group increased in its importance. Despite strong overall financial position of the Group certain challenges exist in the Group's operational units financing considering the capital repatriation limitations of the Republic of Belarus limiting the maximum period of lending and trade financing to 180 days.

Tax liabilities, other payables, including payables to employees, amounted to EEK 77,513 thousand (EUR 4,954 thousand). Provisions amounted to EEK 36,143 thousand (EUR 2,310 thousand) as of 31 March 2009 and included provisions for the restructuring of Russian retail operations in the amount of EEK 20,059 thousand (EUR 1,282 thousand).

Sales*Sales by business segments*

| | 3 months 2009 EEK thousand | 3 months 2008 EEK thousand | Change EEK thousand | 3 months 2009 EUR thousand | 3 months 2008 EUR thousand | Change EUR thousand | 3 months 2009 percentage from sales | 3 months 2008 percentage from sales |
|---|---|---|------------------------------------|---|---|------------------------------------|--|--|
| Women's apparel | 36,926 | 43,435 | -6,509 | 2,360 | 2,776 | -416 | 12.8% | 10.1% |
| Lingerie | 240,958 | 367,194 | -126,236 | 15,400 | 23,468 | -8,068 | 83.6% | 85.6% |
| Subcontracting services and other sales | 10,295 | 18,166 | -7,871 | 658 | 1,161 | -503 | 3.6% | 4.3% |
| Total | 288,179 | 428,795 | -140,616 | 18,418 | 27,405 | -8,987 | 100.0% | 100.0% |

Sales by markets

In Q1 2009, the Group mainly focused on the Baltic, Russian, Belorussian and Ukrainian markets.

Total sales by markets

| | 3 months 2009 EEK thousand | 3 months 2008 EEK thousand | Change EEK thousand | 3 months 2009 EUR thousand | 3 months 2008 EUR thousand | Change EUR thousand | 3 months 2009 percentage from sales | 3 months 2008 percentage from sales |
|---------------|---|---|------------------------------------|---|---|------------------------------------|--|--|
| Estonia | 25,473 | 37,114 | -11,641 | 1,628 | 2,372 | -744 | 8.8% | 8.7% |
| Finland | 6,118 | 14,943 | -8,825 | 391 | 955 | -564 | 2.1% | 3.5% |
| Latvia | 6,525 | 10,812 | -4,287 | 417 | 691 | -274 | 2.3% | 2.5% |
| Belarus | 70,723 | 70,175 | 548 | 4,520 | 4,485 | 35 | 24.5% | 16.4% |
| Ukraine | 15,819 | 35,080 | -19,261 | 1,011 | 2,242 | -1,231 | 5.5% | 8.2% |
| Russia | 142,102 | 223,449 | -81,347 | 9,082 | 14,281 | -5,199 | 49.3% | 52.1% |
| Other markets | 21,419 | 37,222 | -15,803 | 1,369 | 2,379 | -1,010 | 7.5% | 8.6% |
| Total | 288,179 | 428,795 | -140,616 | 18,418 | 27,405 | -8,987 | 100.0% | 100.0% |

Women's apparel

In Q1 2009, women's apparel revenue decreased by 15.0% compared to Q1 2008, amounting to EEK 36,926 thousand (EUR 2,360 thousand). In the Baltics, revenue decreased by 1.2%, amounting to EEK 25,598 thousand (EUR 1,636 thousand). Revenue in Ukraine increased by 25.8% due to retail expansion, amounting to EEK 4,428 thousand (EUR 283 thousand). Revenue in Russia decreased by 34.8% amounting to EEK 7,088 thousand (EUR 453 thousand) entirely due to closing of PTA Russian stores during Q1 2009. Sales to Finland decreased by 63.6% due to a decrease in wholesale sales amounting EEK 1,612 thousand (EUR 103 thousand).

Lingerie

The majority of lingerie sales revenue in Q1 2009 in the amount of EEK 135,014 thousand (EUR 8,629 thousand) was generated in the Russian market, accounting for 56.0% of all lingerie sales in Q1 2009 as compared to EEK 212,575 thousand (EUR 13,586 thousand) in the respective period in 2008. Sales in Russia comprise both retail sales and wholesale. The second largest region for lingerie sales was Belarus where sales reached EEK 70,723 thousand (EUR 4,520 thousand), contributing 29.4% of lingerie sales (both retail and wholesale) as compared to EEK 70,175 thousand (EUR 4,485 thousand) in Q1 2008.

Sales in the major markets, including Russia, Belarus, and Ukraine, were heavily affected by the economic situation and devaluation of the local currencies. As the result, sales in Q1 2009 were lower as compared to Q1 2008. Wholesale operations decreased to a larger extent as compared to the decrease in the retail operations. This was partially caused by the fact that many of the Milavitsa's Russian and Ukrainian wholesale partners were overstocked in Q4 of 2008 due to a sharp decrease in demand caused by the overall economic crisis and had to realize their excess stocks in Q1 2009.

The Group has conducted several meetings with its trading partners in Russia and Ukraine in order to address the slowdown in sales. A number of actions have been introduced to the market including additional marketing activity in Belarus, favorable pricing in Russia, support in opening franchising stores, new wholesales structure in Ukraine and other.

AS Silvano Fashion Group Consolidated Interim Report for Q1 of 2009

In terms of lingerie brands, the sales of “Milavitsa” core brand accounted for 72.9% of total lingerie sales revenue in Q1 2009 (Q1 2008: 78.6%) and amounted to EEK 175,758 thousand (EUR 11,233 thousand). The sales of “Lauma” core brand accounted for 4.5% of total lingerie sales (Q1 2008: 6.0%) and amounted to EEK 10,796 thousand (EUR 690 thousand). Other brands such as “Alisee”, “Aveline”, “Laumelle”, “Lauma Aqua” and “Laumelle Aqua” comprised 22.6% of total lingerie sales in Q1 2009 (Q1 2008: 15.4%), amounting to EEK 54,404 thousand (EUR 3,477 thousand).

Retail operations

Total retail sales of the Group in Q1 2009 amounted to EEK 94,866 thousand (EUR 6,063 thousand), representing a 3.8% increase as compared to the respective period in 2008.

Retail operations were conducted in Estonia, Latvia, Russia, Belarus, Lithuania and Ukraine. At the end of Q1 2009 the Group operated 119 retail outlets with a total area of 12,545 square meters.

In Q1 2009 7 new stores in the lingerie business were opened, including 3 under Milavitsa name in Belarus, 1 under Yamamay and 2 under Jockey brand names in Lithuania and 1 store under Lauma Lingerie brand name in Latvia. 15 underperforming stores were closed: 11 PTA stores in Russia, 1 Oblicie store in Russia and 1 Oblicie store in Poland, 1 Milavitsa store in Russia and 1 Milavitsa store in Belarus.

Number of stores as at:

| | 31.03.2009 | 31.12.2008 |
|-------------------------------|-------------------|-------------------|
| Estonia | 11 | 11 |
| Latvia | 8 | 7 |
| Poland | 0 | 8 |
| Belarus | 30 | 28 |
| Russia | 39 | 52 |
| Lithuania | 24 | 21 |
| Ukraine | 7 | 7 |
| Total stores | 119 | 134 |
| Total sales area, sq m | 12,545 | 14,566 |

Women’s apparel retail operations were conducted in Estonia, Latvia, Lithuania, Russia and Ukraine. At the end of Q1 2009 the Group operated 26 women’s apparel stores with a total sales area of 5,051 square meters. In Q1 2009 women’s apparel retail revenue decreased by 5.2% compared to Q1 2008 amounting to EEK 34,955 thousand (EUR 2,234 thousand). Retail sales increased in the Baltics and Ukraine and decreased in Russia. Retail sales in the Baltics increased by 7.8% and amounted to EEK 24,972 thousand (EUR 1,596 thousand). Retail sales in Ukraine increased by 25.8% and amounted to EEK 4,428 thousand (EUR 283 thousand). Growth of retail sales in the Baltics and Ukraine was driven by the retail expansion. At the end of Q1 2009 PTA operated 24 stores in the Baltics and Ukraine as compared to 20 stores at the end of Q1 2008. Overall like-for-like apparel retail growth was a negative 4.0% due to the influence of economic crisis.

The Group’s lingerie sales operations were performed in Russia, Belarus, Latvia, Lithuania, Ukraine, and Estonia. At the end of Q1 2009, the Group operated 93 lingerie stores with a total area of 7,494 square meters.

In respect to lingerie retail in Russia, in Q1 2009 the Group’s main focus was on closing poor-performing stores, renegotiation of lease agreements with lessors and the improvement of sales performance. As a result, 2 lingerie stores were closed. As most of the rental contracts were denominated in EUR or USD terms, the devaluation of the Russian Rouble did not increase the rent charges in Russian Ruble terms significantly. All of the lessors were approached for rent reduction or fixing of EUR or USD exchange rate. The overall consumer market demand continued to deteriorate which affected practically all retail segments. Some of the retail companies have initiated store closings. The like-for-like traffic in the shopping centers where the Group’s stores are operating decreased by 15% as compared to the respective period in the previous year. However, due to a number of marketing and sales actions performed by the Group, the like-for-like increase in sales was 23% in Russian Rouble terms and 17% in pieces, as compared to the respective period in 2008. The number of checks remained stable and the average check went up in Russian Rouble terms and in pieces. The sales increase was only partially affected by the price increase caused by the currency devaluation. The Group will continue closing inefficient stores or relocating them to better locations. Most of the stores will be rebranded into “Milavitsa” stores in Q2 – Q3 2009.

In Belarus, one ineffective store was closed and 3 new “Milavitsa” stores were opened, adding to the growth of the retail sales in the country.

In the Baltics, lingerie retail sales were stable as compared to Q1 2008. The first franchised Yamamay shop was opened in Lithuania in cooperation with the Italian partner. Altogether, 4 new lingerie shops were opened in the Baltics (3 in Lithuania, and 1 in Latvia).

Stores by concept

| Market | PTA stores | Oblicie stores | Milavitsa stores | Other stores | Total | Sales area, sq m |
|---------------|-------------------|-----------------------|-------------------------|---------------------|--------------|-------------------------|
| Russia | 2 | 33 | 4 | - | 39 | 3,445 |
| Ukraine | 6 | 1 | - | - | 7 | 994 |
| Estonia | 9 | 1 | - | 1 | 11 | 2,120 |
| Latvia | 4 | - | - | 4 | 8 | 1,123 |
| Lithuania | 5 | - | - | 19 | 24 | 2,033 |
| Belarus | - | - | 30 | - | 30 | 2,830 |
| Total | 26 | 35 | 34 | 24 | 119 | 12,545 |

Wholesale

In Q1 2009, wholesale amounted to EEK 183,018 thousand (EUR 11,697 thousand), representing 63.5% of the Group's total revenue (Q1 2008: 74.5%). 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 Q1 2009, wholesale of women's apparel decreased by 69.5% amounting to EEK 2,237 thousand (EUR 143 thousand). Decrease in the Baltics wholesales operations was in line with the planned, as PTA retail chain was expanding.

Lingerie wholesale in Q1 2009 decreased by 42.2% compared to Q1 2008, amounting to EEK 180,781 thousand (EUR 11,554 thousand). Most of the lingerie wholesale partners are located in Russia. Wholesale operations decreased in Russia, Ukraine, Belarus and some other countries due to the crisis in the economy. The decrease in the wholesales operations was also partially caused by the fact that many of the Milavitsa Russian and Ukrainian wholesales partners were overstocked in Q4 of 2008 due to the sharp decrease in demand caused by the crisis and had to realize their excess stocks in Q1 2009.

Milavitsa franchised stores which are being serviced through wholesale partners were affected by the crisis to a much lesser degree, as compared to purely wholesales deliveries ending in the uncontrolled retail (open markets, kiosks, department stores, other).

Production, sourcing, purchasing and logistics

Due to increased uncertainty in the marketplace and falling demand the Group's manufacturing companies reduced their production and purchasing volumes in Q1 2009. In addition, adjustments in the production planning process were made to adjust for changing circumstances, e.g. change of quarterly production planning to monthly planning in largest production subsidiary SP ZAO Milavitsa was introduced.

In respect to sourcing number of cooperation partners decreased by 30.8% in SP ZAO Milavitsa and by 25.0% in Lauma Lingerie in Q1 2009. Total volume of production in SP ZAO Milavitsa amounted to 3,829 thousand pieces in Q1 2009 representing a 21.4% decrease as compared to the respective period in prior year. In broad terms available own production capacities in SP ZAO Milavitsa remained at the level of 2008 while outsourced production capacities with cooperation partners being the major source for the production output decrease.

In respect to logistics a new warehouse complex Machuliszhi in Belarus with total storage capacity of 1,032 thousand pieces of garments started its operations in Q1 2009.

Investment

In Q1 2009 the Group's investments totalled EEK 13,223 thousand (EUR 845 thousand) with investments into retail amounting to EEK 11,844 thousand (EUR 757 thousand) while other investments were made in equipment and facilities to maintain effective production.

Personnel

At the end of March 2009, the Group employed a staff of 3,718 including 654 in retail and 2,288 in production. The rest were employed in wholesale, administration and support operations. The average number of employees in Q1 2009 was 3,680.

The total salaries and wages for Q1 2009 amounted to EEK 92,894 thousand (EUR 5,937 thousand). The remuneration paid to members of the Management Board totalled EEK 2,097 thousand (EUR 134 thousand). Four members of the Management Board also serve as executives for the Group's subsidiaries.

Key Events in Q1 2009

Organizational structure and the Group's management

In February 2009, the Company's Management Board approved changes to the management structure of the Group. The changes were aimed at the optimization of the management structure addressing integration, coordination, and communications issues that were identified within the existing governance structure. In March 2009, the new Supervisory board was formed in Milavitsa with 3 supervisory board members (7 members previously).

Furthermore, a crisis management committee (CMC) was established in March 2009 with the participation of the Group's supervisory board members, management board members and selected members of the management boards of the largest subsidiaries. Meetings are held weekly with the objective to timely address the challenges arising from the new economic and demand realities. All of the Group's primary activities are reviewed in the CMC, including Russian retail operations, Lauma Lingerie integration, apparel operations, the Group's financial situation, cash management and other issues.

Splendo Polska Sp. z o.o. disposal transaction

On 12 February 2009 the Company entered into agreement for the sale of all of its shares (90% of the share capital) in Splendo Polska Sp. z o.o., a Polish retail subsidiary operating 6 retail outlets. The closing has not taken place at the date of this report and discussions are continuing between the parties to finalise the closing formalities. Provided that such formalities are resolved, the Management anticipates that the closing of transaction will be completed in Q2 2009.

The investment into Splendo Polska Sp. z o.o. is accounted for as the investment held for sale (fully provisioned) as of 31 March 2009 and a loss related to the transaction was fully provided as of 31 December 2008. Considering the signed agreement for the sale of Splendo Polska Sp. z o.o. shares the operating results of Splendo Polska Sp. z o.o. were not consolidated in the Group's financial results and financial position as of 31 March 2009. Net loss of Splendo Polska Sp. z o.o. operations in Q1 2009 amounted to EEK 1,174 thousand (EUR 75 thousand) and total assets amounted to EEK 7,620 thousand (EUR 487 thousand) as of 31 March 2009.

Selected financial data

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

| Key figures and ratios | 31.03.2009 | 31.03.2008 | Change |
|---|-------------------|-------------------|---------------|
| Net sales (EEK thousand) | 288,179 | 428,795 | -140,616 |
| Net income, attributable to shareholders (EEK thousand) | -38,960 | 14,035 | -52,995 |
| Earnings before interest, taxes and depreciation (EBITDA) (EEK thousand) | 2,172 | 67,171 | -64,999 |
| Earnings before interest and taxes (EBIT) (EEK thousand) | -8,997 | 55,546 | -64,543 |
| Net sales (EUR thousand) | 18,418 | 27,405 | -8,987 |
| Net income attributable to shareholders (EUR thousand) | -2,490 | 897 | -3,387 |
| Earnings before interest, taxes and depreciation (EBITDA) (EUR thousand) | 139 | 4,293 | -4,154 |
| Earnings before interest and taxes (EBIT) (EUR thousand) | -575 | 3,550 | -4,125 |
| Operating margin, % | -3.1% | 13.0% | - |
| Net margin, % | -13.5% | 3.3% | - |
| ROA, % | -3.4% | 1.3% | - |
| ROE, % | -6.6% | 1.9% | - |
| Earnings per share (EPS), in EEK | -0.98 | 0.35 | - |
| Earnings per share (EPS), in EUR | -0.06 | 0.02 | - |
| Current ratio | 2.0 | 3.2 | - |
| Quick ratio | 1.0 | 1.8 | - |

Underlying formulas:

Operating margin = operating profit / sales revenue

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

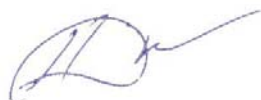
ROA (return on assets) = net profit attributable to equity holders of the parent / average total assets

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 Q1 2009

AS Silvano Fashion Group (“SFG” or the “Company”, and together with its subsidiaries the “Group”) is an international apparel distribution group involved in 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” and, ”Amadea line” retail chains which distribute the “PTA”, “Milavitsa”, “Alisee”, “Hidalgo”, “Lauma” and “Laumelle” brands in Estonia, Latvia, Lithuania, Russia, Belarus, and Ukraine. The Group’s products are also distributed through wholesale and franchise channels. The Group also acts as a franchisee in respect of several “Yamamay” and “Jockey” stores in Lithuania.

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 on the Tallinn Stock Exchange and on the Warsaw Stock Exchange.

As of 31 March 2009, the Group employed 3,718 people (as of 31 March 2008: 3,616 people).

The Group comprises the following companies:

| At 31 March 2009 | Location | Main activity | Ownership interest 31.03.2009 | Ownership Interest 31.12.2008 |
|---|-----------|-----------------------------|----------------------------------|----------------------------------|
| Parent company | | | | |
| AS Silvano Fashion Group | Estonia | Holding | | |
| <u>Direct subsidiaries of SFG</u> | | | | |
| AS Lauma Lingerie | Latvia | Manufacturing and wholesale | 100% | 100% |
| SP ZAO Milavitsa | Belarus | Manufacturing and wholesale | 78.35% | 78.35% |
| ZAO Linret | Russia | Retail | 49% | 49% |
| Splendo Polska Sp. z o.o. ¹ | Poland | Retail | 0% | 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% | 100% |
| OÜ Linret EST | Estonia | 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% |
| TOV PTA Ukraine | Ukraine | Retail | 100% | 100% |
| <u>Subsidiaries of SP ZAO 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% |
| OAo Junona | Belarus | Manufacturing | 58.33% | 58.33% |
| <u>Subsidiary of ZAO Stolichnaja Torgovaja Kompanija Milavitsa</u> | | | | |
| ZAO Linret | Russia | Retail | 51% | 51% |
| <u>Associate of France Style Lingerie S.A.R.L.</u> | | | | |
| SOOO Torgovaja Kompanija Milavitsa | Belarus | Retail | 49% | 49% |

¹ Share purchase agreement for disposal of subsidiary signed, closing pending

The Management Board certifies that the consolidated interim report of AS Silvano Fashion Group for the first quarter of 2009 set out on pages 13-33 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
25 May 2009



Sergei Kusonski
Member of the Management Board
25 May 2009



Peeter Larin
Member of the Management Board
25 May 2009



Baiba Gegere
Member of the Management Board
25 May 2009

Balance Sheet

Consolidated, unaudited

| | Notes | 31.03.2009 EEK thousands | 31.03.2008 EEK thousands | 31.12.2008 EEK thousands | 31.03.2009 EUR thousands | 31.03.2008 EUR thousands | 31.12.2008 EUR thousands |
|--|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 1 | 246,168 | 251,848 | 293,530 | 15,733 | 16,096 | 18,760 |
| Intangible assets | 2 | 11,469 | 26,959 | 16,085 | 733 | 1,723 | 1,028 |
| Investment property | | 21,060 | 21,389 | 23,141 | 1,346 | 1,367 | 1,479 |
| Investments in equity accounted investees | | 720 | 1,017 | 2,879 | 46 | 65 | 184 |
| Available-for-sale financial assets | | 7,182 | 7,933 | 8,716 | 459 | 507 | 557 |
| Other receivables | | 954 | 4,788 | 17,477 | 61 | 306 | 1,117 |
| Total non-current assets | | 287,553 | 313,934 | 361,828 | 18,378 | 20,064 | 23,125 |
| Current assets | | | | | | | |
| Inventories | 3 | 393,262 | 357,321 | 434,412 | 25,134 | 22,837 | 27,764 |
| Prepaid taxes | | 43,419 | 26,834 | 62,070 | 2,775 | 1,715 | 3,967 |
| Trade receivables | 4 | 170,579 | 202,952 | 168,013 | 10,902 | 12,971 | 10,738 |
| Other receivables | 5 | 58,581 | 45,938 | 50,851 | 3,744 | 2,936 | 3,250 |
| Prepayments | 6 | 37,348 | 60,005 | 49,209 | 2,387 | 3,835 | 3,145 |
| Cash and cash equivalents | 7 | 72,585 | 109,620 | 82,129 | 4,639 | 7,006 | 5,249 |
| Total current assets | | 775,774 | 802,670 | 846,684 | 49,581 | 51,300 | 54,113 |
| TOTAL ASSETS | | 1 063,327 | 1 116,604 | 1 208,512 | 67,959 | 71,364 | 77,238 |
| LIABILITIES AND EQUITY | | | | | | | |
| Equity | | | | | | | |
| Share capital at par value | | 400,000 | 400,000 | 400,000 | 25,565 | 25,565 | 25,565 |
| Share premium | | 223,293 | 223,293 | 223,293 | 14,271 | 14,271 | 14,271 |
| Own shares | | -7,041 | 0 | -7,041 | -450 | 0 | -450 |
| Statutory capital reserve | | 1,046 | 1,046 | 1,046 | 67 | 67 | 67 |
| Translation reserve | | -138,575 | -102,501 | -58,086 | -8,857 | -6,551 | -3,713 |
| Retained earnings | | 58,753 | 199,962 | 82,035 | 3,755 | 12,780 | 5,243 |
| Total equity attributable to equity holders of the parent | | 537,476 | 721,800 | 641,247 | 34,351 | 46,132 | 40,983 |
| Minority interest | | 122,106 | 140,225 | 141,977 | 7,804 | 8,962 | 9,074 |
| Total equity | | 659,582 | 862,025 | 783,224 | 42,155 | 55,094 | 50,057 |
| Non-current liabilities | | | | | | | |
| Loans and borrowings | 8 | 13,081 | 3,035 | 18,197 | 836 | 194 | 1,163 |
| Deferred tax liabilities | | 203 | 201 | 201 | 13 | 13 | 13 |
| Other liabilities | | 4,600 | 360 | 1,314 | 294 | 23 | 84 |
| Provisions | | 125 | 133 | 125 | 8 | 8 | 8 |
| Total non-current liabilities | | 18,009 | 3,729 | 19,837 | 1,151 | 238 | 1,268 |
| Current liabilities | | | | | | | |
| Loans and borrowings | 8 | 129,585 | 20,403 | 116,254 | 8,282 | 1,304 | 7,430 |
| Trade payables | | 147,423 | 143,716 | 167,951 | 9,422 | 9,185 | 10,734 |
| Corporate income tax liability | | 7,135 | 8,621 | 4,006 | 456 | 551 | 256 |
| Other tax liabilities | | 32,373 | 28,917 | 18,150 | 2,069 | 1,848 | 1,160 |
| Other payables | 9 | 32,670 | 27,397 | 27,584 | 2,088 | 1,751 | 1,763 |
| Provisions | | 36,018 | 21,671 | 70,817 | 2,302 | 1,385 | 4,526 |
| Accrued expenses | | 532 | 125 | 689 | 34 | 8 | 44 |
| Total current liabilities | | 385,736 | 250,850 | 405,451 | 24,653 | 16,032 | 25,913 |
| Total liabilities | | 403,745 | 254,579 | 425,288 | 25,804 | 16,270 | 27,181 |
| TOTAL LIABILITIES AND EQUITY | | 1 063,327 | 1 116,604 | 1 208,512 | 67,959 | 71,364 | 77,238 |

Income statement Q1

Consolidated, unaudited

| | | 2009 | 2008 | 2009 | 2008 |
|--|----|------------------|------------------|------------------|------------------|
| | | Q1 | Q1 | Q1 | Q1 |
| | | EEK | EEK | EUR | EUR |
| | | thousands | thousands | thousands | thousands |
| Net sales | 12 | 288,179 | 428,795 | 18,418 | 27,405 |
| Costs of goods sold | | -168,936 | -236,639 | -10,797 | -15,124 |
| Gross Profit | | 119,243 | 192,156 | 7,621 | 12,281 |
| Other operating income | | 11,516 | 4,287 | 736 | 274 |
| Distribution costs | | -63,353 | -68,923 | -4,049 | -4,405 |
| Administrative expenses | | -48,270 | -54,356 | -3,085 | -3,474 |
| Other operating expenses | | -28,133 | -17,618 | -1,798 | -1,126 |
| Operating profit | | -8,997 | 55,546 | -575 | 3,550 |
| Interest expenses | | -3,442 | -657 | -220 | -42 |
| Gains/losses on conversion of foreign currencies | | -892 | -3,052 | -57 | -195 |
| Other financial income / expenses | | 1,048 | 2,723 | 67 | 174 |
| Total financial income / expenses | | -3,286 | -986 | -210 | -63 |
| Share of profit of equity accounted investees | | -1,831 | 188 | -117 | 12 |
| Profit before corporate income tax | | -14,114 | 54,748 | -902 | 3,499 |
| Corporate income tax | | -20,418 | -28,117 | -1,305 | -1,797 |
| Net profit / loss for period | | -34,532 | 26,631 | -2,207 | 1,702 |
| Net profit attributable to parent company | | -38,960 | 14,035 | -2,490 | 897 |
| Net profit attributable to minority shareholders | | 4,428 | 12,596 | 283 | 805 |
| Earnings per share | | | | | |
| Basic earnings per share (EEK/EUR) | 10 | -0.98 | 0.35 | -0.06 | 0.02 |
| Diluted earnings per share (EEK/EUR) | 10 | -0.98 | 0.35 | -0.06 | 0.02 |

Statement of comprehensive income Q1

Consolidated, unaudited

| | 2009 Q1 EEK thousands | 2008 Q1 EEK thousands | 2009 Q1 EUR thousands | 2008 Q1 EUR thousands |
|---|--|--|--|--|
| Profit for the period | -34,532 | 26,631 | -2,207 | 1,702 |
| Other comprehensive income | | | | |
| Foreign currency translation differences for foreign operations | -104,898 | -34,063 | -6,704 | -2,177 |
| Disposal of subsidiary | 16,820 | 0 | 1,075 | 0 |
| Other comprehensive income for the period | -88,078 | -34,063 | -5,629 | -2,177 |
| Total comprehensive income | -122,610 | -7,432 | -7,836 | -475 |
| Comprehensive income attributable to parent company | -103,771 | -11,954 | -6,632 | -764 |
| Comprehensive income attributable to minority shareholders | -18,839 | 4,522 | -1,204 | 289 |

Cash flow statement

Consolidated, unaudited

| | Notes | 2009 Q1 thousands EEK | 2008 Q1 thousands EEK | 2009 Q1 thousands EUR | 2008 Q1 thousands EUR |
|--|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | | | |
| Profit for the period | | -34,532 | 26,631 | -2,207 | 1,702 |
| Adjustments for: | | | | | |
| Depreciation fixed assets | | 10,327 | 13,347 | 660 | 853 |
| Amortization of intangible assets | | 845 | 923 | 54 | 59 |
| (Reversal of) impairment losses on property, plant and equipment and intangible assets | | 3,411 | 47 | 218 | 3 |
| Share of profit of equity accounted investees | | 1,831 | -141 | 117 | -9 |
| Gains on the sale of property, plant and equipment (-) | | 4,178 | -266 | 267 | -17 |
| Income tax expense | | 20,418 | 28,117 | 1,305 | 1,797 |
| Change in inventories | | -18,181 | -24,284 | -1,162 | -1,552 |
| Change in trade and other receivables | | -31,418 | -89,043 | -2,008 | -5,691 |
| Change in trade and other payables | | 38,224 | 43,012 | 2,443 | 2,749 |
| Interests paid (-) | | -2,269 | -391 | -145 | -25 |
| Income tax paid (-) | | -11,046 | -22,688 | -706 | -1,450 |
| Total cash flow from operating activities | | -18,212 | -24,736 | -1,164 | -1,581 |
| Cash flow from investing activities | | | | | |
| Interest received | | 0 | 1,909 | 0 | 122 |
| Proceeds from sale of property, plant and equipment | | 329 | 282 | 21 | 18 |
| Proceeds from sale of subsidiary | | -688 | 0 | -44 | 0 |
| Acquisition of property, plant and equipment | | -11,109 | -35,878 | -710 | -2,293 |
| Acquisition of intangible non-current assets | | -1,017 | -282 | -65 | -18 |
| Acquisition of other non-current assets | | -2,192 | -4,475 | -140 | -286 |
| Total cash flow from investing activities | | -14,677 | -38,444 | -938 | -2,457 |
| Cash flow from financing activities | | | | | |
| Proceeds from borrowings | | 47,362 | 1,361 | 3,027 | 87 |
| Repayment of borrowings | | -29,838 | -5,993 | -1,907 | -383 |
| Repayment of finance lease | | -1,705 | -2,050 | -109 | -131 |
| Dividends paid | | -1,033 | -751 | -66 | -48 |
| Total cash flow from financing activities | | 14,786 | -7,433 | 945 | -475 |
| Net increase in cash and cash equivalents | | -18,103 | -70,613 | -1,157 | -4,513 |
| Cash and cash equivalents at the beginning of the period | 7 | 82,129 | 180,233 | 5,249 | 11,519 |
| Effect of exchange rate fluctuations on cash held | | 8,559 | 0 | 547 | 0 |
| Cash and cash equivalents at the end of the period | 7 | 72,585 | 109,620 | 4,639 | 7,006 |

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 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 | 897 | 897 | 805 | 1,702 |
| Effect on consolidation of foreign subsidiaries | | 0 | 0 | 0 | 0 | -1,661 | 0 | -1,661 | -516 | -2,177 |
| Total recognized income and expense for 3 months of 2008 | | 0 | 0 | 0 | 0 | -1,661 | 897 | -764 | 289 | -475 |
| Dividends paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -39 | -39 |
| Balance at 31 March 2008 | | 25,565 | 14,271 | 0 | 67 | -6,551 | 12,780 | 46,132 | 8,962 | 55,094 |
| Balance at 31 December 2008 | | 25,565 | 14,271 | -450 | 67 | -3,713 | 5,243 | 40,983 | 9,074 | 50,057 |
| Profit for the period | | 0 | 0 | 0 | 0 | 0 | -2,490 | -2,490 | 283 | -2,207 |
| Effect on consolidation of foreign subsidiaries | | 0 | 0 | 0 | 0 | -5,144 | 0 | -5,144 | -1,560 | -6,704 |
| Total recognized income and expense for 3 months of 2009 | | 0 | 0 | 0 | 0 | -5,144 | -2,490 | -7,634 | -1,277 | -8,911 |
| Disposal of subsidiary | | 0 | 0 | 0 | 0 | 0 | 1,002 | 1,002 | 73 | 1,075 |
| Dividends paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -66 | -66 |
| Balance at 31 March 2009 | | 25,565 | 14,271 | -450 | 67 | -8,857 | 3,755 | 34,351 | 7,804 | 42,155 |

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 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 | 14,035 | 14,035 | 12,596 | 26,631 |
| Effect on consolidation of foreign subsidiaries | | 0 | 0 | 0 | 0 | -25,989 | 0 | -25,989 | -8,074 | -34,063 |
| Total recognized income and expense for 3 months of 2008 | | 0 | 0 | 0 | 0 | -25,989 | 14,035 | -11,954 | 4,522 | -7,432 |
| Dividends paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -610 | -610 |
| Balance at 31 March 2008 | | 400,000 | 223,293 | 0 | 1,046 | -102,501 | 199,962 | 721,800 | 140,225 | 862,025 |
| Balance at 31 December 2008 | | 400,000 | 223,293 | -7,041 | 1,046 | -58,086 | 82,035 | 641,247 | 141,977 | 783,224 |
| Profit for the period | | 0 | 0 | 0 | 0 | 0 | -38,960 | -38,960 | 4,428 | -34,532 |
| Effect on consolidation of foreign subsidiaries | | 0 | 0 | 0 | 0 | -80,489 | 0 | -80,489 | -24,409 | -104,898 |
| Total recognized income and expense for 3 months of 2009 | | 0 | 0 | 0 | 0 | -80,489 | -38,960 | -119,449 | -19,981 | -139,430 |
| Disposal of subsidiary | | 0 | 0 | 0 | 0 | 0 | 15,678 | 15,678 | 1,142 | 16,820 |
| Dividends paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1,032 | -1,032 |
| Balance at 31 March 2009 | | 400,000 | 223,293 | -7,041 | 1,046 | -138,575 | 58,753 | 537,476 | 122,106 | 659,582 |

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 2008.

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 2008.

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 2007 | 3,962 | 15,218 | 7,059 | 1,353 | 27,592 |
| Movements in 2008 | | | | | |
| Acquisition | 0 | 59 | 414 | 1,395 | 1,868 |
| Transfers and reclassifications | 775 | 567 | 160 | -1,502 | 0 |
| Disposals | 0 | -57 | -12 | 0 | -69 |
| Effect of movements in foreign exchange on cost | -289 | -852 | -245 | -49 | -1,435 |
| Cost at 31 March 2008 | 4,448 | 14,935 | 7,376 | 1,197 | 27,956 |
| Cost at 31 December 2008 | 7,188 | 17,592 | 8,430 | 1,323 | 34,533 |
| Movements in 2009 | | | | | |
| Acquisition | 0 | 8 | 675 | 97 | 780 |
| Transfers and reclassifications | 0 | 586 | 250 | -836 | 0 |
| Disposals | 0 | -228 | -312 | -3 | -543 |
| Eliminated on disposal of subsidiary | 0 | 0 | -103 | 0 | -103 |
| Effect of movements in foreign exchange on cost | -1,270 | -2,698 | -818 | -194 | -4,980 |
| Cost at 31 March 2009 | 5,918 | 15,260 | 8,122 | 387 | 29,687 |
| Accumulated depreciation at 31 December 2007 | 1,349 | 8,108 | 2,378 | 0 | 11,835 |
| Movements in 2008 | | | | | |
| Depreciation | 25 | 328 | 334 | 0 | 687 |
| Transfers and reclassification | 0 | -24 | 24 | 0 | 0 |
| Disposals | 0 | -57 | -9 | 0 | -66 |
| Effect of movements in foreign exchange on accumulated depreciation | -86 | -421 | -89 | 0 | -596 |
| Accumulated depreciation at 31 March 2008 | 1,288 | 7,934 | 2,638 | 0 | 11,860 |
| Accumulated depreciation at 31 December 2008 | 2,297 | 10,033 | 3,443 | 0 | 15,773 |
| Movements in 2009 | | | | | |
| Depreciation | 38 | 295 | 321 | 0 | 654 |
| Transfers and reclassification | 0 | -12 | 12 | 0 | 0 |
| Disposals | 0 | -182 | -60 | 0 | -242 |
| of subsidiary | 0 | 0 | -29 | 0 | -29 |
| Effect of movements in foreign exchange on accumulated depreciation | -407 | -1,448 | -347 | 0 | -2,202 |
| Accumulated depreciation at 31 March 2009 | 1,928 | 8,686 | 3,340 | 0 | 13,954 |
| Carrying amounts | | | | | |
| At 31 December 2007 | 2,613 | 7,110 | 4,681 | 1,353 | 15,757 |
| At 31 March 2008 | 3,160 | 7,001 | 4,738 | 1,197 | 16,096 |
| At 31 December 2008 | 4,891 | 7,559 | 4,987 | 1,323 | 18,760 |
| At 31 March 2009 | 3,990 | 6,574 | 4,782 | 387 | 15,733 |

| <i>In thousands of EEK</i> | Land and buildings | Plant and equipment | Other equipment and fixtures | Assets under construction | Total |
|---|-------------------------------|--------------------------------|---|--------------------------------------|----------------|
| Cost at 31 December 2007 | 61,989 | 238,125 | 110,439 | 21,170 | 431,723 |
| Movements in 2008 | | | | | |
| Acquisition | 0 | 923 | 6,478 | 21,827 | 29,228 |
| Transfers and reclassifications | 12,126 | 8,872 | 2,503 | -23,501 | 0 |
| Disposals | 0 | -891 | -188 | 0 | -1,079 |
| Effect of movements in foreign exchange on cost | -4,522 | -13,331 | -3,833 | -765 | -22,451 |
| Cost at 31 March 2008 | 69,593 | 233,698 | 115,399 | 18,731 | 437,421 |
| Cost at 31 December 2008 | 112,465 | 275,270 | 131,890 | 20,703 | 540,328 |
| Movements in 2009 | | | | | |
| Acquisition | 0 | 126 | 10,562 | 1,518 | 12,206 |
| Transfers and reclassifications | 0 | 9,169 | 3,912 | -13,081 | 0 |
| Disposals | 0 | -3,569 | -4,882 | -47 | -8,498 |
| Elimination on disposal of subsidiary | 0 | 0 | -1,612 | 0 | -1,612 |
| Effect of movements in foreign exchange on cost | -19,871 | -42,215 | -12,799 | -3,035 | -77,920 |
| Cost at 31 March 2009 | 92,594 | 238,781 | 127,071 | 6,058 | 464,504 |
| Accumulated depreciation at 31 December 2007 | 21,105 | 126,878 | 37,199 | 0 | 185,182 |
| Movements in 2008 | | | | | |
| Depreciation | 391 | 5,132 | 5,226 | 0 | 10,749 |
| Transfers and reclassification | 0 | -375 | 375 | 0 | 0 |
| Disposals | 0 | -891 | -141 | 0 | -1,032 |
| Effect of movements in foreign exchange on accumulated depreciation | -1,346 | -6,587 | -1,393 | 0 | -9,326 |
| Accumulated depreciation at 31 March 2008 | 20,150 | 124,157 | 41,266 | 0 | 185,573 |
| Accumulated depreciation at 31 December 2008 | 35,938 | 156,997 | 53,863 | 0 | 246,798 |
| Movements in 2009 | | | | | |
| Depreciation | 595 | 4,616 | 5,023 | 0 | 10,234 |
| Transfers and reclassification | 0 | -188 | 188 | 0 | 0 |
| Disposals | 0 | -2,849 | -940 | 0 | -3,789 |
| Elimination on disposal of subsidiary | 0 | 0 | -454 | 0 | -454 |
| Effect of movements in foreign exchange on accumulated depreciation | -6,368 | -22,656 | -5,429 | 0 | -34,453 |
| Accumulated depreciation at 31 March 2009 | 30,165 | 135,920 | 52,251 | 0 | 218,336 |
| Carrying amounts | | | | | |
| At 31 December 2007 | 40,884 | 111,247 | 73,240 | 21,170 | 246,541 |
| At 31 March 2008 | 49,443 | 109,541 | 74,133 | 18,731 | 251,848 |
| At 31 December 2008 | 76,527 | 118,273 | 78,027 | 20,703 | 293,530 |
| At 31 March 2009 | 62,429 | 102,861 | 74,820 | 6,058 | 246,168 |

Note 2. Intangible assets

| <i>In thousands of EUR</i> | Software | Trademarks | Goodwill | Projects in progress | Total |
|---|-----------------|-------------------|-----------------|-----------------------------|--------------|
| Cost at 31 December 2007 | 882 | 443 | 852 | 163 | 2,340 |
| Movements in 2008 | | | | | |
| Acquisition | 10 | 3 | 0 | 2 | 15 |
| Effect of movements in foreign exchange on cost | -26 | -3 | 0 | -8 | -37 |
| Cost at 31 March 2008 | 866 | 443 | 852 | 157 | 2,318 |
| Cost at 31 December 2008 | 1,062 | 444 | 120 | 159 | 1,785 |
| Movements in 2009 | | | | | |
| Acquisition | 65 | 0 | 0 | 0 | 65 |
| Transfers | 0 | 1 | 0 | -1 | 0 |
| Disposals | -102 | 0 | 0 | -116 | -218 |
| Effect of movements in foreign exchange on cost | -87 | -10 | 0 | -21 | -118 |
| Cost at 31 March 2009 | 938 | 435 | 120 | 21 | 1,514 |
| Accumulated amortisation at 31 December 2007 | 325 | 227 | 0 | 0 | 552 |
| Movements in 2008 | | | | | |
| Amortisation | 38 | 11 | 0 | 0 | 49 |
| Effect of movements in foreign exchange on amortisation | -5 | -1 | 0 | 0 | -6 |
| Accumulated amortisation at 31 March 2008 | 358 | 237 | 0 | 0 | 595 |
| Accumulated amortisation at 31 December 2008 | 489 | 268 | 0 | 0 | 757 |
| Movements in 2009 | | | | | |
| Amortisation | 44 | 10 | 0 | 0 | 54 |
| Effect of movements in foreign exchange on amortisation | -28 | -2 | 0 | 0 | -30 |
| Accumulated amortisation at 31 March 2009 | 505 | 276 | 0 | 0 | 781 |
| Carrying amounts | | | | | |
| At 31 December 2007 | 557 | 216 | 852 | 163 | 1,788 |
| At 31 March 2008 | 508 | 206 | 852 | 157 | 1,723 |
| At 31 December 2008 | 573 | 176 | 120 | 159 | 1,028 |
| At 31 March 2009 | 433 | 159 | 120 | 21 | 733 |

| <i>In thousands of EEK</i> | Software | Trademarks | Goodwill | Projects in progress | Total |
|---|-----------------|-------------------|-----------------|-----------------------------|---------------|
| Cost at 31 December 2007 | 13,799 | 6,941 | 13,324 | 2,559 | 36,623 |
| Movements in 2008 | | | | | |
| Acquisition | 156 | 47 | 0 | 31 | 234 |
| Effect of movements in foreign exchange on cost | -407 | -47 | 0 | -124 | -578 |
| Cost at 31 March 2008 | 13,548 | 6,941 | 13,324 | 2,466 | 36,279 |
| Cost at 31 December 2008 | 16,726 | 6,941 | 1,870 | 2,496 | 28,033 |
| Movements in 2009 | | | | | |
| Acquisition | 1,017 | 0 | 0 | 0 | 1,017 |
| Transfers | 0 | 16 | 0 | -16 | 0 |
| Disposals | -1,596 | 0 | 0 | -1,815 | -3,411 |
| Effect of movements in foreign exchange on cost | -1,361 | -156 | 0 | -329 | -1,846 |
| Cost at 31 March 2009 | 14,786 | 6,801 | 1,870 | 336 | 23,793 |
| Accumulated amortisation at 31 December 2007 | 5,085 | 3,562 | 0 | 0 | 8,647 |
| Movements in 2008 | | | | | |
| Amortisation | 595 | 172 | 0 | 0 | 767 |
| Effect of movements in foreign exchange on amortisation | -78 | -16 | 0 | 0 | -94 |
| Accumulated amortisation at 31 March 2008 | 5,602 | 3,718 | 0 | 0 | 9,320 |
| Accumulated amortisation at 31 December 2008 | 7,760 | 4,188 | 0 | 0 | 11,948 |
| Movements in 2009 | | | | | |
| Amortisation | 689 | 156 | 0 | 0 | 845 |
| Effect of movements in foreign exchange on amortisation | -438 | -31 | 0 | 0 | -469 |
| Accumulated amortisation at 31 March 2009 | 8,011 | 4,313 | 0 | 0 | 12,324 |
| Carrying amounts | | | | | |
| At 31 December 2007 | 8,714 | 3,379 | 13,324 | 2,559 | 27,976 |
| At 31 March 2008 | 7,946 | 3,223 | 13,324 | 2,466 | 26,959 |
| At 31 December 2008 | 8,966 | 2,753 | 1,870 | 2,496 | 16,085 |
| At 31 March 2009 | 6,775 | 2,488 | 1,870 | 336 | 11,469 |

Note 3. Inventories

| | 31.03.2009 | 31.12.2008 | 31.03.2009 | 31.12.2008 |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Raw and other materials | 66,122 | 87,480 | 4,226 | 5,591 |
| Work in progress | 23,016 | 29,087 | 1,471 | 1,859 |
| Finished goods | 242,711 | 270,170 | 15,512 | 17,267 |
| Goods purchased for resale | 60,005 | 44,358 | 3,835 | 2,835 |
| Other inventories | 1,408 | 3,317 | 90 | 212 |
| Total | 393,262 | 434,412 | 25,134 | 27,764 |

Within the 3 months of 2009 the amount of inventories written off was EEK 286.3 thousands (EUR 18.3 thousands). Within the first 3 months of 2008 inventories in the amount of EEK 455.3 thousands (EUR 29.1 thousands) were written off.

Note 4. Trade receivables

| | 31.03.2009 | 31.12.2008 | 31.03.2009 | 31.12.2008 |
|--------------------------------------|----------------|----------------|---------------|---------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Trade receivables | 175,241 | 172,128 | 11,200 | 11,001 |
| Allowance for uncollectible accounts | -4,662 | -4,115 | -298 | -263 |
| Total | 170,579 | 168,013 | 10,902 | 10,738 |

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 3 months of 2009 receivables were found to be uncollectible in the amount of EEK 789.2 thousands (EUR 50.4 thousands). There were no receipts of the receivables or reversal of the impairment losses previously provided for and none of irrecoverable receivables were taken off the Balance Sheet.

None of irrecoverable receivables were written off the Balance Sheet within the first 3 months of 2009.

Note 5. Other receivables

| | 31.03.2009 | 31.12.2008 | 31.03.2009 | 31.12.2008 |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Due from customers for contract work | 610 | 532 | 39 | 34 |
| Loans to companies | 2,582 | 2,002 | 165 | 128 |
| Employees receivables | 1,111 | 2,034 | 71 | 130 |
| Miscellaneous receivables | 54,278 | 46,283 | 3,469 | 2,958 |
| Total | 58,581 | 50,851 | 3,744 | 3,250 |

Note 6. Prepayments

| | 31.03.2009 | 31.12.2008 | 31.03.2009 | 31.12.2008 |
|--------------------------|---------------|---------------|---------------|---------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Prepayments to suppliers | 37,348 | 49,209 | 2,387 | 3,145 |
| Total | 37,348 | 49,209 | 2,387 | 3,145 |

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

Note 7. Cash and cash equivalents

| | 31.03.2009 | 31.12.2008 | 31.03.2009 | 31.12.2008 |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Cash on hand | 1,424 | 1,831 | 91 | 117 |
| Bank accounts in kroons | 845 | 720 | 54 | 46 |
| Bank accounts in foreign currencies | 35,393 | 38,584 | 2,262 | 2,466 |
| Money in transfer | 5,805 | 8,246 | 371 | 527 |
| Deposits | 29,118 | 32,748 | 1,861 | 2,093 |
| Total | 72,585 | 82,129 | 4,639 | 5,249 |

Note 8. Loans and borrowings

The Group has the following debts as of 31 March 2009:

| | Short-term EEK thousand | Long-term EEK thousands | Short-term EUR thousands | Long-term EUR thousands | Interest rate | Due date of repayment |
|---------------------------------------|--|--|---|--|----------------------|----------------------------------|
| Secured loans and borrowings | | | | | | |
| AKB Belrosbank | 6,274 | 0 | 401 | 0 | 25% | 19/04/2009 |
| AKB Belrosbank | 5,007 | 0 | 320 | 0 | 14% | 15/06/2009 |
| OAD Belarusbank | 2,112 | 0 | 135 | 0 | 21% | 28/12/2009 |
| OAD Priorbank | 21,906 | 0 | 1,400 | 0 | Libor 6m + 7.63% | 30/09/2009 |
| OAD Priorbank | 18,885 | 0 | 1,207 | 0 | Libor 6m + 13.81% | 01/06/2009 |
| Minsk Transit Bank | 8,370 | 0 | 535 | 0 | 17% | 08/06/2010 |
| Minsk Transit Bank | 2,097 | 0 | 134 | 0 | 17% | 19/09/2010 |
| Sampo Pank AS | 22,093 | 9,060 | 1,412 | 579 | Euribor 6m + 1.1% | 2011 |
| Hansabank LT | 908 | 0 | 58 | 0 | 7.94-8.67% | 30/04/2009 |
| Loan Nordea bank | 5,320 | 0 | 340 | 0 | Euribor 3m +3% | 30/07/2009 |
| AS UniCredit bank | 32,717 | 0 | 2,091 | 0 | Euribor 3m +1,65% | 30/07/2009 |
| Unsecured loans and borrowings | | | | | | |
| Financial lease payables | 3,896 | 4,021 | 249 | 257 | 6.5-14% | 2009-2011 |
| Total | 129,585 | 13,081 | 8,282 | 836 | | |

Loan Collateral

The loans and overdraft taken from Hansapank are secured by a commercial pledge of movable property amounting to EEK 29,000 thousands (EUR 1,853 thousands). The loans and overdraft received from Danske Bank's Estonian branch are guaranteed by AS Silvano Fashion Group, a shareholder of PTA Grupp AS, under a suretyship agreement. Creditline provided by AS Unicredit Bank in Latvia is secured with movable assets of EUR 3,750,000 and AS Silvano Fashion Group guarantee. As at 31 March 2009 fixed assets in the amount of EUR 723 thousands and finished goods in the amount of EUR 5,106 thousands were pledged to secure loans from OAD Priorbank and AKB Belrosbank.

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 |
| | | | | | Libor 6m | |
| OAQ Priorbank | 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% | 02.04.2001 |
| 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 | 2,708 | 0 | 173 | 0 | 6-13% | 2009 |
| Total | 116,254 | 18,197 | 7,430 | 1,163 | | |

Note 9. Other payables

| | 31.03.2009 EEK thousands | 31.12.2008 EEK thousands | 31.03.2009 EUR thousands | 31.12.2008 EUR thousands |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Customer prepayments for goods and services | 5,632 | 5,633 | 360 | 360 |
| Payables to employees | 21,561 | 15,021 | 1,378 | 960 |
| Interest and other accruals | 0 | 203 | 0 | 13 |
| Other payables | 5,477 | 6,727 | 350 | 430 |
| Total | 32,670 | 27,584 | 2,088 | 1,763 |

Note 10. Earnings per share

| | 2009 Q1 | 2008 Q1 |
|---|--------------|-------------|
| Number of ordinary shares as of January 1 (Qty) | 40,000,000 | 40,000,000 |
| Own shares as of January 1 | 393,000 | 0 |
| Number of ordinary shares as of March 31 (Qty) | 40,000,000 | 40,000,000 |
| Own shares as of March 31 | 393,000 | 0 |
| Weighted average number of ordinary shares (Qty) | 39,607,000 | 40,000,000 |
| Net profit (loss) for financial year, EEK thousands | -38,960 | 14,035 |
| Net profit (loss) for financial year, EUR thousands | -2,490 | 897 |
| Basic earnings per share (EEK) | -0.98 | 0.35 |
| Basic earnings per share (EUR) | -0.06 | 0.02 |
| Diluted earnings per share (EEK) | -0.98 | 0.35 |
| Diluted earnings per share (EUR) | -0.06 | 0.02 |

The diluted earnings of the first 3 months of 2009 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 31 March 2009 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.

The extraordinary general meeting of shareholders of Silvano Fashion Group held on 6 October 2008 authorized the buyback of 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 3,500 (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 the date, the amount of shares bought back is 393,000 the average price per share is 1.15 EUR, the cost in total is 450,106 EUR.

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 March 2009 AS Silvano Fashion Group had 1,026 shareholders.

As of 31 March 2009 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

| Name | Number of shares | Shareholding |
|--|---------------------|---------------|
| Major shareholders | 35,608,439 | 89.0% |
| NORDEA BANK FINALAND PLC / NON RESIDENT LEGAL ENTITIES | 14,086,573 | 35.2% |
| Krajowy Depozyt Papierow Wartoosciowych S.A.[J] | 6,652,908 | 16.6% |
| SEB PANK AS NON-RESIDENT RETAIL CLIENTS | 5,342,226 | 13.4% |
| Skandinaviska Enskilda Banken Ab Clients | 4,551,726 | 11.4% |
| ALTA CAPITAL PARTNERS S.C.A, SICAR | 1,864,286 | 4.7% |
| UNICREDIT BANK AUSTRIA AG | 1,354,520 | 3.4% |
| SIA ALTA CAPITAL PARTNERS | 1,300,000 | 3.2% |
| TRIGON UUS EUROOPA VÄIKEETTEVÖTETE FOND | 456,200 | 1.1% |
| Other shareholders | 4,391,561 | 11.0% |
| Total number of shares | 40,000,000 | 100.0% |

As of 31 December 2008 AS Silvano Fashion Group had 1,021 shareholders.

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 FINALAND 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% |

Under § 185 of the Estonian Securities Market Act (SMA), any person acquiring, directly or indirectly, alone or together with other persons acting in concert, acquires or increases participation in a share issuer to 5, 10, 15, 20, 25 or 50 per cent, or 1/3 or 2/3 of all votes represented by shares, he must notify the issuer of the number of votes belonging to it immediately, but not later than within four trading days. The same applies to the reduction of participation below the aforementioned thresholds. Under § 186 of the SMA, the issuer must publish the above information immediately, but not later than within three trading days of receipt.

Because under the SMA, the allocation of voting rights does not necessarily coincide with legal ownership, the shareholders' register of the Company may not include all persons who hold over 5% of voting rights represented by its shares. In particular:

- Pioneer Pekao Investment Management SA notified the Company that it controls 5.215% of votes represented by its shares and no notification is received from Pioneer Pekao Investment Management SA on the reduction of its participation in the votes represented by the Company's shares;
- No notification is received from SIA Alta Capital Partners on the reduction of its participation in the votes represented by the Company's shares.

Based on the above, the Company deems Pioneer Pekao Investment Management SA to hold over 5% of the Company's shares, and SIA Alta Capital Partners to hold (directly and indirectly) over 50% of the Company's shares.

During the first quarter of 2009, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EEK 9.08 (EUR 0.58) and EEK 3.13 (EUR 0.2), respectively.

Legal Reserve

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

Information about Shares

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

Share price in EEK development and turnover on the Tallinn Stock Exchange in 3 months 2009.



Note 12. Sales revenue

| | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| | EEK thousands | EEK thousands | EUR thousands | EUR thousands |
| Sales revenue | | | | |
| Apparel sales | 36,926 | 43,435 | 2,360 | 2,776 |
| Lingerie sales | 240,958 | 367,194 | 15,400 | 23,468 |
| Subcontracting and services | 8,011 | 12,204 | 512 | 780 |
| Other sales | 2,284 | 5,962 | 146 | 381 |
| Total sales revenue | 288,179 | 428,795 | 18,418 | 27,405 |

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.

| | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 |
|---|------------------|------------------|------------------|------------------|
| | EEK | EEK | EUR | EUR |
| Purchases of good and services | thousands | Thousands | thousands | thousands |
| Companies related to members of the management and supervisory boards | 31,606 | 49,506 | 2,020 | 3,164 |
| Total purchases | 31,606 | 49,506 | 2,020 | 3,164 |

| | Q1 2009 | Q1 2008 | Q1 2009 | Q1 2008 |
|--------------------------------|------------------|------------------|------------------|------------------|
| | EEK | EEK | EUR | EUR |
| Loans to shareholders | thousands | Thousands | thousands | thousands |
| Opening balance | 15,334 | 626 | 980 | 40 |
| Given | 0 | 15,647 | 0 | 1,000 |
| Repaid | 0 | -626 | 0 | -40 |
| Provision | -15,334 | 0 | -980 | 0 |
| Closing balance | 0 | 15,647 | 0 | 1,000 |
| Accrued interest income | 0 | 344 | 0 | 22 |

In the period January – April 2008 the Group issued a loan in the amount of EEK 44,593 thousand (EUR 2,850 thousand) to investment fund Alta Capital Partners. As of the date of this report, a part of the loan in the amount of EEK 15,334 thousand (EUR 980 thousand) is overdue and the parties are discussing restructuring options. Based on the management's view of the likelihood of the recovery of the loan balance a provision for principal balance and accrued interest was created as at 31 March 2009 in the amount of EEK 15,772 thousand (EUR 1,008 thousand). The expenses related to the provision have been recognized in other operating expenses in Q1 2009.

| | 31.03.2009 EEK thousands | 31.12.2008 EEK thousands | 31.03.2009 EUR thousands | 31.12.2008 EUR thousands |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Balances with related parties | | | | |
| Companies related to the members of the Management Board and Supervisory Board | 26,787 | -28,602 | -1,712 | -1,828 |
| Total current liabilities | 26,787 | -28,602 | -1,712 | -1,828 |

| | 31.03.2009 EEK thousands | 31.12.2008 EEK thousands | 31.03.2009 EUR thousands | 31.12.2008 EUR thousands |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Balances with related parties | | | | |
| Interest receivable from related parties | 0 | 438 | 0 | 28 |
| Total receivables | 0 | 438 | 0 | 28 |

| | Q1 2009 EEK thousands | Q1 2008 EEK thousands | Q1 2009 EUR thousands | Q1 2008 EUR thousands |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Benefits to members of the management board | | | | |
| Remuneration and benefits | 2,097 | 954 | 134 | 61 |
| Total | 2,097 | 954 | 134 | 61 |

Note 14. Segments

Business Segment by Products lines

| | Apparel | Lingerie | Other activities | Inter-segment transactions | Total | Apparel | Lingerie | Other activities | Inter-segment transactions | Total |
|---|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Q1 2009 EEK thousands | Q1 2009 EEK thousands | Q1 2009 EEK thousands | Q1 2009 EEK thousand | Q1 2009 EEK thousands | Q1 2009 EUR thousands | Q1 2009 EUR thousands | Q1 2009 EUR thousands | Q1 2009 EUR thousands | Q1 2009 EUR thousands |
| Extra-group sales revenue | 36,926 | 240,958 | 10,295 | 0 | 288,179 | 2,360 | 15,400 | 658 | 0 | 18,418 |
| Total sales revenue | 36,926 | 240,958 | 10,295 | 0 | 288,179 | 2,360 | 15,400 | 658 | 0 | 18,418 |
| Operating profit/loss of segment | -15,553 | 28,352 | -18,072 | 0 | -5,273 | -994 | 1,812 | -1,155 | 0 | -337 |
| Unallocated operating revenue and operating charges | | | | | -3,724 | | | | | -238 |
| Total operating profit / loss | | | | | -8,997 | | | | | -575 |
| Other financial income and expenses | | | | | -5,117 | | | | | -327 |
| Corporate income tax | | | | | -20,418 | | | | | -1,305 |
| Net profit / loss | | | | | -34,532 | | | | | -2,207 |
| Assets and receivables | 82,896 | 925,011 | 30,542 | 0 | 1 038,449 | 5,298 | 59,119 | 1,952 | 0 | 66,369 |
| Unallocated assets of group | | | | | 24,878 | | | | | 1,590 |
| Total assets | | | | | 1 063,327 | | | | | 67,959 |
| Liabilities | 34,203 | 284,033 | 82,864 | 0 | 401,100 | 2,186 | 18,153 | 5,296 | 0 | 25,635 |
| Unallocated liabilities of group | | | | | 2,645 | | | | | 169 |
| Total liabilities | | | | | 403,745 | | | | | 25,804 |
| Capital expenditure | 782 | 12,425 | 16 | 0 | 13,223 | 50 | 794 | 1 | 0 | 845 |
| Depreciation and amortization expense | 1,924 | 8,823 | 422 | 0 | 11,169 | 123 | 564 | 27 | 0 | 714 |

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 March 2009.

Business segment by products lines

| | Apparel | Lingerie | Other activities | Inter-segment transactions | Total | Apparel | Lingerie | Other activities | Inter-segment transactions | Total |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Q1 2008 EEK thousands | Q1 2008 EEK thousands | Q1 2008 EEK thousands | Q1 2008 EEK thousands | Q1 2008 EEK thousands | Q1 2008 EUR thousands | Q1 2008 EUR thousands | Q1 2008 EUR thousands | Q1 2008 EUR thousands | Q1 2008 EUR thousands |
| Extra-group sales revenue | 43,435 | 367,194 | 18,166 | 0 | 428,795 | 2,776 | 23,468 | 1,161 | 0 | 27,405 |
| Total sales revenue | 43,435 | 367,194 | 18,166 | 0 | 428,795 | 2,776 | 23,468 | 1,161 | 0 | 27,405 |
| Operating profit/loss of segment | -7,150 | 82,145 | -6,791 | 0 | 68,204 | -457 | 5,250 | -434 | 0 | 4,359 |
| Unallocated operating revenue and operating charges | | | | | -12,658 | | | | | -809 |
| Total operating profit / loss | | | | | 55,546 | | | | | 3,550 |
| Other financial income and expenses | | | | | -798 | | | | | -51 |
| Corporate income tax | | | | | -28,117 | | | | | -1,797 |
| Net profit / loss | | | | | 26,631 | | | | | 1,702 |
| Assets and receivables | 120,369 | 929,518 | 66,717 | 0 | 1 116,604 | 7,693 | 59,407 | 4,264 | 0 | 71,364 |
| Unallocated assets of group | | | | | 0 | | | | | 0 |
| Total assets | | | | | 1 116,604 | | | | | 71,364 |
| Liabilities | 102,691 | 109,810 | 42,078 | 0 | 254,579 | 6,563 | 7,018 | 2,689 | 0 | 16,270 |
| Unallocated liabilities of group | | | | | 0 | | | | | 0 |
| Total liabilities | | | | | 254,579 | | | | | 16,270 |
| Capital expenditure | 7,072 | 22,124 | 266 | 0 | 29,462 | 452 | 1,414 | 17 | 0 | 1,883 |
| Depreciation and amortization expense | 2,519 | 8,793 | 313 | 0 | 11,625 | 161 | 562 | 20 | 0 | 743 |

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

Sales revenue, total assets and capital expenditures by countries

| | Sales revenue | Sales revenue | Assets | Assets | Capital expenditures | Capital expenditures | Sales revenue | Sales revenue | Assets | Assets | Capital expenditures | Capital expenditures |
|------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
| | Q1 2009 EEK thousands | Q1 2008 EEK thousands | 31.03.2009 EEK thousands | 31.03.2008 EEK thousands | Q1 2009 EEK thousands | Q1 2008 EEK thousands | Q1 2009 EUR thousands | Q1 2008 EUR thousands | 31.03.2009 EUR thousands | 31.03.2008 EUR thousands | Q1 2009 EUR thousands | Q1 2008 EUR thousands |
| Russia | 142,102 | 223,449 | 287,960 | 407,297 | 8,044 | 11,484 | 9,082 | 14,281 | 18,404 | 26,031 | 514 | 734 |
| Belarus | 70,723 | 70,175 | 576,702 | 436,102 | 2,503 | 12,987 | 4,520 | 4,485 | 36,858 | 27,872 | 160 | 830 |
| Estonia | 25,473 | 37,114 | 48,223 | 82,364 | 0 | 125 | 1,628 | 2,372 | 3,082 | 5,264 | 0 | 8 |
| Ukraine | 15,819 | 35,080 | 12,330 | 14,504 | 47 | 4,037 | 1,011 | 2,242 | 788 | 927 | 3 | 258 |
| Finland | 6,118 | 14,943 | 31 | 78 | 0 | 0 | 391 | 955 | 2 | 5 | 0 | 0 |
| Latvia | 6,525 | 10,812 | 122,716 | 146,828 | 1,142 | 688 | 417 | 691 | 7,843 | 9,384 | 73 | 44 |
| Lithuania | 9,654 | 8,684 | 13,738 | 17,352 | 1,487 | 141 | 617 | 555 | 878 | 1,109 | 95 | 9 |
| Poland | 0 | 1,643 | 0 | 12,079 | 0 | 0 | 0 | 105 | 0 | 772 | 0 | 0 |
| Other markets | 11,765 | 26,895 | 1,627 | 0 | 0 | 0 | 752 | 1,719 | 104 | 0 | 0 | 0 |
| Total | 288,179 | 428,795 | 1 063,327 | 1 116,604 | 13,223 | 29,462 | 18,418 | 27,405 | 67,959 | 71,364 | 845 | 1,883 |