



Consolidated interim report for Q1 2010



■ Silvano Fashion Group ■

COMPANY PROFILE

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

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Management Report

Business results

Sales level in Q1 2010 was slightly above the management's expectations and the overall market situation confirmed the management's forecasts of the business recovery. Q1 2010 sales from continuing operations demonstrated a 20.6% increase as compared to Q4 2009 and 25.8% increase as compared to the respective period in 2009.

The demand in the Russian market is recovering after the recession. The Belarusian market, which was stable during 2009, has not shown signs of weakness in Q1 2010, demonstrating slight growth. Major markets appear to be on their path to recovery. Situation remains difficult in the Baltic states and Ukraine where economies suffered most seriously in 2009. Russian rouble strengthened against EUR and USD in Q1 2010, contributing to the Group's earnings in EUR terms. The management believes that after a significant drop in 2008 the markets have entered into the stabilization phase and that consumers have adjusted their purchasing patterns to new market conditions. Based on Q1 2010 sales results and orders collected for 2010, the management estimates the sales growth of 8-10% in 2010 as compared to 2009.

In Q1 2010 retail operations in Belarus demonstrated an increase of 32% in local currency terms and of 18% in EUR terms as compared to Q1 2009. Lauma Lingerie's sales in the Baltic countries increased by 65% as compared to Q1 2009.

At the end of the reporting period the Group and its franchising partners operated around 330 Milavitsa and other lingerie outlets, including 52 stores operated directly by the Group and the rest by franchising partners. The Group's retail focus has been shifted towards the promotion and support of franchising in cooperation with existing and new partners.

Financial performance

The Group's sales from continuing operations amounted to EEK 313,980 thousand (EUR 20,067 thousand) in Q1 2010, representing a 25.8% increase as compared to the respective period in the previous year. Overall wholesale sales from continuing operations increased by 41.5%, while retail sales from continuing operations presented a decrease of 16.1%. Decrease in retail sales is in line with management expectations and is the result of the restructuring decisions taken in 2009 when loss-making own retail operations in Russia were gradually discontinued. As the results, the proportion of retail sales in total sales decreased by 8.9% and came at 17.9% of total sales in Q1 2010.

The Group's gross margin from continuing operations in the 3 months' period decreased and was 40.9%, as compared to 41.6% in the respective period in the previous year. Slight decrease in gross margin is mainly explained by higher customs duties on materials imported by the Group from the EU after Belarus joining the Customs Union with Russia.

The consolidated operating profit from continuing operations amounted to EEK 44,515 thousand (EUR 2,845 thousand), compared to operating loss of EEK 1,127 thousand (EUR 72 thousand) in Q1 2009. The consolidated operating margin from continuing operations was 14.2% (-0.5% in Q1 2009). The operating profit and the operating margin in 2009 were adversely influenced by one-off expenses.

Consolidated net profit from foreign exchange rate fluctuations amounted to EEK 20,419 thousand (EUR 1,305 thousand) in Q1 2010. SP ZAO Milavitsa accrued a foreign exchange gain in the amount of EEK 6,333 thousand (EUR 405 thousand) that was mainly caused by sales denominated in Russian Rouble which appreciated against Belarusian Rouble in Q1 2010 by 8.1%. The remaining foreign exchange gain mainly related to the intercompany borrowings in EUR and USD.

Corporate income tax from continuing operations amounted to EEK 17,274 thousand (EUR 1,104 thousand) against EEK 20,418 thousand (EUR 1,305 thousand) in Q1 2009 and effective tax rate for the Group improved significantly.

Consolidated net profit from continuing operations attributable to equity holders amounted to EEK 38,679 thousand (EUR 2,472 thousand) in Q1 2010, compared to net loss of EEK 30,354 thousand (EUR 1,940 thousand) in Q1 2009; net margin from continuing operations attributable to equity holders was 12.3% (up from a negative margin of 12.2% in Q1 2009).

In Q1 2010, the Group's return on equity amounted to 7.6% (-6.6% in Q1 2009) and return on assets was 4.4% (-3.4% in Q1 2009).

Financial position

As of 31 March 2010 consolidated assets amounted to EEK 908,239 thousand (EUR 58,047 thousand) representing an increase of 6.8% as compared to the position as of 31 December 2009.

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Property, plant and intangibles balances decreased by EEK 4,788 thousand (EUR 306 thousand) as compared to 31 December 2009 mainly due to depreciation and amortisation charge for the period, while total investments in property, plant, equipment and intangibles amounted to EEK 3,099 thousand (EUR 198 thousand).

Trade receivables increased by EEK 63,041 thousand (EUR 4,029 thousand) as compared to 31 December 2009 and amounted to EEK 194,659 thousand (EUR 12,441 thousand) as of 31 March 2010. Inventory balance increased by EEK 7,699 thousand (EUR 492 thousand) and amounted to EEK 273,988 thousand (EUR 17,511 thousand) as of 31 March 2010. Increase in trade debtors and stock balance was in line with the seasonality trend of the business.

Foreign exchange fluctuations left a negative impact on the Group's equity, in the form of a negative change in currency translation reserve in the amount of EEK 4,490 thousand (EUR 287 thousand) for Q1 2010. On the overall basis, equity attributable to equity holders increased by EEK 34,189 thousand (EUR 2,185 thousand) and amounted to EEK 524,045 thousand (EUR 33,493 thousand) as of 31 March 2010.

Current liabilities increased by EEK 15,507 thousand (EUR 991 thousand) in Q1 2010, in line with management expectations.

The liquidity position of the Group improved in Q1 2010 with respect to the total balance of borrowings and related maturities. Current and non-current loans and borrowings decreased by EEK 5,289 thousand (EUR 338 thousand) to EEK 22,953 thousand (EUR 1,467 thousand) as of 31 March 2010. Loans received and loans repaid in Q1 2010 amounted to EEK 3,239 thousand (EUR 207 thousand) and EEK 8,606 thousand (EUR 550 thousand) respectively, including finance lease liabilities repaid in the amount of EEK 579 thousand (EUR 37 thousand). Subsequent to the end of the quarter the Group settled an overdraft facility of AS Lauma Lingerie that amounted to EEK 14,473 thousand (EUR 925 thousand) as of 31 March 2010.

In 2009 the Group divested its loss making apparel business line through sale of shares in its 100% subsidiary PTA Group. At the date of disposal the Group had outstanding guarantees issued to Danske Bank A/S Estonian securing certain borrowings and guarantee limits of PTA Group. As of 31 March 2010 PTA's balance of borrowings and guarantees from Danske Bank A/S Estonian branch that were secured by a surety provided by SFG amounted respectively to EEK 20,810 thousand (EUR 1,330 thousand) and EEK 4,006 thousand (EUR 256 thousand).

Tax liabilities and other payables, including payables to employees, amounted to EEK 88,458 thousand (EUR 5,653 thousand). Provisions amounted to EEK 4,037 thousand (EUR 258 thousand) as of 31 March 2010 and included provisions for the restructuring of Russian retail operations in the amount of EEK 1,752 thousand (EUR 112 thousand).

Sales

Sales by business segments

	Q1 2010	Q1 2009	Change	Q1 2010	Q1 2009	Change	Q1 2010	Q1 2009
	EEK	EEK	EEK	EUR	EUR	EUR	percentage	percentage
	thousand	thousand	thousand	thousand	thousand	thousand	from sales	from sales
Wholesale	255,744	180,781	74,963	16,345	11,554	4,791	81.5%	72.4%
Retail	56,218	67,014	-10,796	3,593	4,283	-690	17.9%	26.8%
Other operations	2,018	1,878	140	129	120	9	0.6%	0.8%
Total	313,980	249,673	64,307	20,067	15,957	4,110	100.0%	100.0%

Sales by markets

In Q1 2010, the Group focused mainly on the Baltic, Russian, Belarusian and Ukrainian markets.

Total sales by markets

	Q1 2010	Q1 2009	Change	Q1 2010	Q1 2009	Change	Q1 2010	Q1 2009
	EEK	EEK	EEK	EUR	EUR	EUR	percentage	percentage
	thousand	thousand	thousand	thousand	thousand	thousand	from sales	from sales
Russia	188,792	142,102	46,690	12,066	9,082	2,984	60.1%	56.9%
Belarus	76,402	70,723	5,679	4,883	4,520	363	24.3%	28.3%
Baltics	22,625	13,706	8,919	1,446	876	570	7.2%	5.5%
Ukraine	12,971	11,344	1,627	829	725	104	4.1%	4.5%
Other markets	13,190	11,798	1,392	843	754	89	4.3%	4.8%
Total	313,980	249,673	64,307	20,067	15,957	4,110	100.0%	100.0%

The majority of lingerie sales revenue in Q1 2010 in the amount of EEK 188,792 thousand (EUR 12,066 thousand) was generated in the Russian market, accounting for 60.1% of all lingerie sales in Q1 2010 as compared

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to EEK 142,102 thousand (EUR 9,082 thousand) in Q1 2009. Sales in Russia comprise both retail sales and wholesale. The second largest region for lingerie sales was Belarus, where sales reached EEK 76,402 thousand (EUR 4,883 thousand), contributing 24.3% of lingerie sales (both retail and wholesale) as compared to EEK 70,723 thousand (EUR 4,520 thousand) in Q1 2009.

Although still affected by the economic situation and the devaluation of the local currencies, sales in the major markets demonstrated a positive trend in terms of pieces sold in Q1 2010 as compared to the respective period in 2009.

The most considerable sales growth took place on the Russian market, while Belarussian operations were relatively stable showing a slight increase. Overall sales results in Q1 were slightly above management's expectations after a difficult Q4 2009.

Changes in the sales strategy introduced by Milavitsa in late 2009 were implemented in Q1 in Russia and Ukraine. The Group targets to increase control over its distribution and its organizational structure has been adjusted accordingly.

A number of actions have been introduced by Milavitsa to the market including additional marketing activities in Belarus and Russia and supportive measures in the opening of new franchised stores. Joint programs with dealers and distributors were introduced in marketing and franchising.

Lauma Lingerie experienced a sharp recovery in sales in their major markets after being affected by the crisis to a significant extent due to its high pricing positioning and inability of its distribution partners to meet current market conditions. A new sales and marketing manager with considerable experience in the industry has joined the company to meet challenges and opportunities of the market.

In terms of lingerie brands, the sales of "Milavitsa" core brand accounted for 73.8% of total lingerie sales revenue in Q1 2010 (Q1 2009: 77.7%) and amounted to EEK 230,255 thousand (EUR 14,716 thousand). The sales of "Lauma Lingerie" core brand accounted for 9.1% of total lingerie sales (Q1 2009: 5.3%) and amounted to EEK 28,492 thousand (EUR 1,821 thousand). Other brands such as "Alisee", "Aveline", "Hidalgo" and "Laumelle" comprised 17.1% of total lingerie sales in Q1 2010 (Q1 2009: 17.0%), amounting to EEK 53,215 thousand (EUR 3,401 thousand).

Wholesale

In Q1 2010, wholesale revenue amounted to EEK 255,744 thousand (EUR 16,345 thousand), representing 81.5% of the Group's total revenue (Q1 2009: 72.4%). The main wholesale regions were Russia, Belarus, Ukraine and the Baltic States. The second half of 2009 demonstrated an increase in lingerie wholesale revenue of 5.6% as compared to the first half of 2009 as many of the Milavitsa's Russian and Ukrainian wholesale partners had adjusted their working capital levels to the new market and trading circumstances caused by the crisis in 2008-2009. Gradual improvements in sales were observed already in Q1 2010 despite the expectations of the difficult start of the year.

Additional activities were introduced in the non-core markets targeting to diversify sales mainly in the western countries. Some markets will be approached through sales agents, while others will be served by local dealers. The Group will also seek private label production opportunities where practical.

Retail operations

Total lingerie retail sales of the Group in Q1 2010 amounted to EEK 56,218 thousand (EUR 3,593 thousand), representing a 16.1% decrease as compared to Q1 2009.

Retail operations were conducted in Belarus, Russia and Latvia. At the end of Q1 2010 the Group operated 52 own retail outlets with a total area of 4,383 square meters. Additionally, as of 31 March 2010, there were 271 Milavitsa branded shops operated by Milavitsa trading partners in Russia, Belarus, Ukraine, Moldavia, Kazakhstan, Uzbekistan, Kirgizstan, Latvia, Azerbaijan, Armenia, and Cyprus, of which 24 shops were opened in Q1 2010.

In Q1 2010 4 new own lingerie stores were opened, including 1 under Milavitsa name in Belarus and 3 stores under Lauma Lingerie brand name in Latvia. Two underperforming stores were closed in Russia and 14 stores were transferred to Milavitsa's trading partners in the course of the strategy to shift focus from own retail chain towards the development of Milavitsa franchise network, terminating the loss making own retail operations in Russia. The remaining stores will be closed or transferred to Milavitsa's trading partners by the end of H1 2010.

Number of own stores as at:

	31.03.2010	31.12.2009
Latvia	8	5
Belarus	39	38
Russia	5	21
Total stores	52	64

Total sales area, sq m	4,383	5,523
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A number of sales promotions were conducted in the Milavitsa retail chain in Belarus. Own retail operations in Belarus remain one of the key priorities for the Group's further sales development in the country. Sales per square meter in the like-for-like shops have slightly decreased due to a considerable number of Milavitsa shops opened in the same cities. At the same time in Q1 2010 overall retail operations in the country demonstrated a 32% growth in local currency terms and a 18% growth in EUR terms as compared to the same period in 2009.

In the Baltics, retail sales decreased by 67.1% as compared to Q1 2009 and amounted to EEK 2,050 thousand (EUR 131 thousand). Decrease in sales in the Baltics is mainly explained by the divestment of Lithuanian retail operations in November 2009.

In respect of lingerie retail in Russia the strategic decision to shift focus from own retail chain towards the development of Milavitsa franchise network was made in H2 2009 to terminate the loss making own retail operations in Russia. As the result, the Group's own Oblicie stores were rebranded to Milavitsa and a transfer of stores to Milavitsa's trading partners commenced while non-performing stores are being closed. As of 31 March 2010 the restructuring was not yet completed and the Group operated 5 own retail stores in Russia. The management anticipates that the transfer of stores will be completed in Q2 2010. Certain structural and management changes have been made in the Group's Russian operations (including the establishment of a separate franchise department) to implement the selected franchise development strategy.

Own stores by concept

Market	Milavitsa stores	Lauma Lingerie stores	Total	Sales area, sq m
Belarus	39	0	39	3,485
Russia	5	0	5	408
Latvia	0	8	8	490
Total	44	8	52	4,383

Discontinued operations

Discontinued operations' reported results in Q1 2009 include operations of PTA (apparel business line) for Q1 2009. Results of PTA operations are presented in the consolidated income statement as a single line item under 'Loss from discontinued operations'.

Production, sourcing, purchasing and logistics

Due to the increased demand in the market in Q1 2010 the Group's manufacturing companies increased their production and purchasing volumes.

The total volume of production in SP ZAO Milavitsa amounted to 4,250 thousand pieces in Q1 2010, representing a 11% increase as compared to the respective period in the previous year. The total production volume in Lauma Lingerie amounted to 436 thousand pieces in Q1 2010, showing an increase of 77.4% as compared to the respective period in the previous year. The utilization of production capacities in SP ZAO Milavitsa in Q1 2010 increased by 4.9% compared to Q4 2009 in order to prepare for increased production volumes in 2010.

In respect of logistics, the implementation of supply chain management system on IFS software application basis is in process and is planned to be finalised in H1 2010.

Investment

In Q1 2010, the Group's investments totalled EEK 3,099 thousand (EUR 198 thousand) with investments into retail amounting to EEK 1,314 thousand (EUR 84 thousand). Other investments were made in equipment and facilities to maintain effective production.

Personnel

As of 31 March 2010, the Group employed 3,103 employees including 419 in retail and 2,004 in production. The rest were employed in wholesale, administration and support operations. The average number of employees in Q1 2010 was 3,065.

Total salaries and wages in Q1 2010 amounted to EEK 74,932 thousand (EUR 4,789 thousand). The remuneration of the members of the Management Board totalled EEK 2,691 thousand (EUR 172 thousand). The members of the Management Board also serve as executives for the Group's subsidiaries.

Key Events in Q1 2010

Changes in the Supervisory Board structure

The extraordinary general meeting of shareholders of AS Silvano Fashion Group was held on 5 March 2010, in Tallinn. The meeting resolved to recall members of the Supervisory Board of SFG Mr. Indrek Rahumaa and Mr. Priit Põldoja and to elect Mr. Risto Mägi, Mr. Stephan Balkin, Mr. Otto Tamme and Mr. Sven Kuning to the Supervisory Board.

Resignation of a Member of the Supervisory Board

On 24 March 2010 a member of the Supervisory Board Mr. Sven Kuning presented to SFG an application for his resignation from the position of a supervisory board member, and requested that the application would be provided to the next ordinary general meeting of SFG.

Selected financial data

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

Key figures and ratios	31.03.2010	31.03.2009	Change
Net sales from continuing operations (EEK thousand)	313,980	249,673	64,307
Net profit from continuing operations, attributable to owners of the Company (EEK thousand)	38,679	-30,354	69,033
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EEK thousand)	51,508	8,309	43,199
Earnings before interest and taxes (EBIT) from continuing operations (EEK thousand)	44,515	-1,127	45,642
Net sales from continuing operations (EUR thousand)	20,067	15,957	4,110
Net profit from continuing operations, attributable to owners of the Company (EUR thousand)	2,472	-1,940	4,412
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EUR thousand)	3,292	531	2,761
Earnings before interest and taxes (EBIT) from continuing operations (EUR thousand)	2,845	-72	2,917
Operating margin from continuing operations, %	14.2%	-0.5%	-
Net margin from continuing operations attributable to owners of the Company, %	12.3%	-12.2%	-
ROA, %	4.4%	-3.4%	-
ROE, %	7.6%	-6.6%	-
Earnings per share (EPS), in EEK	0.98	-0.98	-
Earnings per share (EPS), in EUR	0.06	-0.06	-
Current ratio	2.9	2.0	-
Quick ratio	1.7	1.0	-

Underlying formulas:

Operating margin from continuing operations = operating profit from continuing operations / sales revenue

Net margin from continuing operations = net profit from continuing operations attributable to owners of the Company / sales revenue

ROA (return on assets) = net profit attributable to owners of the Company/ average total assets

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

EPS (earnings per share) = net profit attributable to owners of the Company/ weighted average number of ordinary shares

Current ratio = current assets / current liabilities

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

General information and approval of the management board for the consolidated interim report for Q1 2010

The Group is an international lingerie distribution group involved in the design, manufacturing and marketing of women's lingerie. In addition, the Group provides a limited volume of sewing services to other manufacturers of lingerie. The Group's continuing operations include the "Milavitsa" and "Lauma" retail chains which distribute the "Milavitsa", "Alisee", "Hidalgo", "Lauma Lingerie", "Laumelle" and certain other brands in Latvia, Russia, Belarus and Ukraine. 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. AS Silvano Fashion Group registered address is Akadeemia tee 33, 12618 Tallinn, Estonia.

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 3,103 people (as of 31 December 2009: 3,164 people).

The Group comprises the following companies:

As of 31 March 2010	Location	Main activity	Ownership interest 31.03.2010	Ownership interest 31.12.2009
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
<u>Subsidiaries of SFG</u>				
AS Lauma Lingerie	Latvia	Manufacturing, wholesale and retail	100%	100%
SP ZAO Milavitsa	Belarus	Manufacturing	78.35%	78.35%
ZAO Linret	Russia	Wholesale and retail	49%	49%
France Style Lingerie s.a.r.l.	France	Holding	100%	100%
OÜ Linret EST	Estonia	No operations	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%

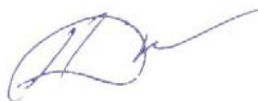
Management declaration regarding the consolidated interim report for Q1 2010

The management board of AS Silvano Fashion Group confirms that the management report correctly and fairly reflects the significant events that occurred during the reporting period as well as their impact on the interim financial statements, contains a description of the main known risks and uncertainties influencing the subsequent reporting periods, and reflects the significant transactions with related parties.

The management board of AS Silvano Fashion Group also confirms that the consolidated interim report for Q1 2010 set out on pages 12-34 is true and complete, and:

1. the accounting policies applied in the preparation of the consolidated interim report comply with the International Financial Reporting Standards, as adopted by the European Union;
2. the consolidated interim report gives a true and fair overview of the assets, obligations, equity, economic results and cash flows of the Group;
3. AS Silvano Fashion Group and its subsidiaries (except those identified in the report as dormant) are going concerns.

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



Dmitry Ditchkovsky
Chairman of the Management Board
17 May 2010



Sergei Kusonski
Member of the Management Board
17 May 2010



Baiba Gegere
Member of the Management Board
17 May 2010



Norberto Rodriguez
Member of the Management Board
17 May 2010

Consolidated statement of financial position

Unaudited

	Notes	31.03.2010 EEK thousand	31.12.2009 EEK thousand	31.03.2009 EEK thousand	31.03.2010 EUR thousand	31.12.2009 EUR thousand	31.03.2009 EUR thousand
ASSETS							
Non-current assets							
Property, plant and equipment	1	163,789	168,248	246,168	10,468	10,753	15,733
Intangible assets	2	8,590	8,919	11,469	549	570	733
Investment property	3	20,388	20,090	21,060	1,303	1,284	1,346
Investments in equity accounted investees		1,001	2,175	720	64	139	46
Available-for-sale financial assets		5,711	5,664	7,182	365	362	459
Deferred tax asset		20,059	18,119	0	1,282	1,158	0
Other receivables	6	9,967	9,920	954	637	634	61
Total non-current assets		229,505	233,135	287,553	14,668	14,900	18,378
Current assets							
Inventories	4	273,988	266,289	393,262	17,511	17,019	25,134
Corporate income tax asset		5,617	7,260	13,972	359	464	893
Other tax receivables		13,174	22,875	29,447	842	1,462	1,882
Trade receivables	5	194,659	131,618	170,579	12,441	8,412	10,902
Other receivables	6	21,593	18,260	58,581	1,380	1,167	3,744
Prepayments	7	10,984	9,529	37,348	702	609	2,387
Cash and cash equivalents	8	157,092	153,931	72,585	10,040	9,838	4,639
Assets classified as held for sale		1,627	7,526	0	104	481	0
Total current assets		678,734	617,288	775,774	43,379	39,452	49,581
TOTAL ASSETS		908,239	850,423	1,063,327	58,047	54,352	67,959
LIABILITIES AND EQUITY							
Equity							
Share capital at per 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	-7,041	-7,041	-450	-450	-450
Statutory capital reserve		1,046	1,046	1,046	67	67	67
Translation reserve		-191,029	-186,539	-138,575	-12,209	-11,922	-8,857
Retained earnings		97,776	59,097	58,753	6,249	3,777	3,755
Total equity attributable to equity holders of the Company	12	524,045	489,856	537,476	33,493	31,308	34,351
Non-controlling interest		145,717	136,141	122,106	9,313	8,701	7,804
Total equity		669,762	625,997	659,582	42,806	40,009	42,155
Non-current liabilities							
Loans and borrowings	9	4,021	4,052	13,081	257	259	836
Deferred tax liabilities		0	0	203	0	0	13
Other liabilities		31	1,455	4,600	2	93	294
Provisions		0	0	125	0	0	8
Total non-current liabilities		4,052	5,507	18,009	259	352	1,151
Current liabilities							
Loans and borrowings	9	18,932	24,190	129,585	1,210	1,546	8,282
Trade payables		123,030	123,999	147,423	7,863	7,925	9,422
Corporate income tax payable		14,911	3,552	7,135	953	227	456
Other tax payable		33,452	24,831	32,373	2,138	1,587	2,069
Other payables	10	15,944	14,270	32,670	1,019	912	2,088
Provisions		4,037	3,395	20,997	258	217	1,342
Accrued expenses		23,611	24,033	15,553	1,509	1,536	994
Deferred income		509	649	0	32	41	0
Total current liabilities		234,426	218,919	385,736	14,982	13,991	24,653
Total liabilities		238,477	224,426	403,745	15,241	14,343	25,804
TOTAL LIABILITIES AND EQUITY		908,239	850,423	1,063,327	58,047	54,352	67,959

Consolidated income statement

Unaudited

		Q1 2010 EEK thousand	Q1 2009 EEK thousand	Q1 2010 EUR thousand	Q1 2009 EUR thousand
Continuing operations					
Revenue					
Sales revenue	13	313,980	249,673	20,067	15,957
Costs of goods sold		-185,678	-145,748	-11,867	-9,315
Gross Profit		128,302	103,925	8,200	6,642
Other operating income		2,597	11,500	166	735
Distribution costs		-37,301	-46,048	-2,384	-2,943
Administrative expenses		-35,549	-43,263	-2,272	-2,765
Other operating expenses		-13,534	-27,241	-865	-1,741
Operating profit / loss		44,515	-1,127	2,845	-72
Finance income and finance costs					
Interest expenses		-657	-2,613	-42	-167
Gains/losses on conversion of foreign currencies		20,419	-829	1,305	-53
Other financial income / expenses		2,863	892	183	57
Net finance income/ (costs)		22,625	-2,550	1,446	-163
Share of profit of equity accounted investees		-1,205	-1,831	-77	-117
Profit before tax		65,935	-5,508	4,214	-352
Income tax expense		-17,274	-20,418	-1,104	-1,305
Profit / (loss) from continuing operations		48,661	-25,926	3,110	-1,657
Discontinued operations					
Loss from discontinued operations (net of income tax)		0	-8,606	0	-550
Profit / (loss) for the period		48,661	-34,532	3,110	-2,207
Attributable to					
Owners of the Company		38,679	-38,960	2,472	-2,490
Non-controlling interest		9,982	4,428	638	283
Earnings per share					
Basic earnings per share (EEK/EUR)	11	0.98	-0.98	0.06	-0.06
Diluted earnings per share (EEK/EUR)	11	0.98	-0.98	0.06	-0.06
Continuing operations					
Basic earnings per share (EEK/EUR)	11	0.98	-0.77	0.06	-0.05
Diluted earnings per share (EEK/EUR)	11	0.98	-0.77	0.06	-0.05

Consolidated statement of comprehensive income

Unaudited

	Q1 2010 EEK thousand	Q1 2009 EEK thousand	Q1 2010 EUR thousand	Q1 2009 EUR thousand
Profit/ (loss) for the period	48,661	-34,532	3,110	-2,207
Other comprehensive income				
Foreign currency translation differences for foreign operations	-2,831	-104,898	-181	-6,704
Other comprehensive income for the period	-2,831	-104,898	-181	-6,704
Total comprehensive income	45,830	-139,430	2,929	-8,911
Total comprehensive income attributable to:				
Owners of the Company	34,189	-119,449	2,185	-7,634
Non-controlling interest	11,641	-19,981	744	-1,277
Total comprehensive income	45,830	-139,430	2,929	-8,911

Consolidated statement of cash flows

Unaudited

	Notes	Q1 2010 thousand EEK	Q1 2009 thousand EEK	Q1 2010 thousand EUR	Q1 2009 thousand EUR
Cash flows from operating activities					
Profit/ (loss) for the period		48,661	-34,532	3,110	-2,207
Adjustments for:					
Depreciation of fixed assets and investment property	1,3	6,477	10,343	414	661
Amortization of intangible assets	2	516	845	33	54
Impairment losses on intangible assets	2	63	3,411	4	218
Impairment losses on other assets		1,987	0	127	0
Net finance (income)/ costs		-22,625	2,550	-1,446	163
Share of profit of equity accounted investees		1,205	1,831	77	117
(Gains)/ losses on the sale of property, plant and equipment		235	4,178	15	267
Income tax expense		17,274	20,418	1,104	1,305
Change in inventories		-2,222	-18,181	-142	-1,162
Change in trade and other receivables		-41,025	-42,089	-2,622	-2,690
Change in trade and other payables		8,715	38,224	557	2,443
Interests paid		-673	-2,269	-43	-145
Income tax paid		-5,789	-11,046	-370	-706
Net cash used in/ from operating activities		12,799	-26,317	818	-1,682
Cash flow from investing activities					
Interest received		3,036	0	194	0
Proceeds from sale of property, plant and equipment		2,019	455	129	29
Disposal of subsidiaries, net of cash disposed of		0	-688	0	-44
Loans granted		-1,158	0	-74	0
Proceeds from repayments of loans granted		516	0	33	0
Proceeds from disposal of investments		109	0	7	0
Acquisition of property, plant and equipment	1	-3,036	-3,130	-194	-200
Acquisition of intangible assets	2	-63	-1,017	-4	-65
Acquisition of other non-current assets	3	0	-2,192	0	-140
Net cash used in/from investing activities		1,423	-6,572	91	-420
Cash flow from financing activities					
Proceeds from borrowings	9	3,239	47,362	207	3,027
Repayment of borrowings	9	-8,027	-29,838	-513	-1,907
Repayment of finance lease	9	-579	-1,706	-37	-109
Dividends paid		-2,065	-1,032	-132	-66
Net cash used in/ from financing activities		-7,432	14,786	-475	945
Increase/ (decrease) in cash and cash equivalents		6,790	-18,103	434	-1,157
Cash and cash equivalents at the beginning of period	8	153,931	82,129	9,838	5,249
Effect of exchange rate fluctuations on cash		-3,629	8,559	-232	547
Cash and cash equivalents at the end of period	8	157,092	72,585	10,040	4,639

Consolidated statement of changes in equity

Unaudited

<i>In thousands of EUR</i>	Note	Equity attributable to equity holders of the Company					Accumulated profit (losses)	Total	Non-controlling interest	Total equity
		Share capital	Share premium	Own shares	Capital reserve	Translation reserve				
Balance as of 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
Other comprehensive income										
Effect on consolidation of foreign subsidiaries		0	0	0	0	-5,144	0	-5,144	-1,560	-6,704
Total other comprehensive income		0	0	0	0	-5,144	0	-5,144	-1,560	-6,704
Total comprehensive income		0	0	0	0	-5,144	-2,490	-7,634	-1,277	-8,911
Disposal of subsidiary (common control transaction)		0	0	0	0	0	1,002	1,002	73	1,075
Transactions with owners, recorded directly in equity										
Dividends paid		0	0	0	0	0	0	0	-66	-66
Total transactions with owners		0	0	0	0	0	0	0	-66	-66
Balance as of 31 March 2009		25,565	14,271	-450	67	-8,857	3,755	34,351	7,804	42,155
Balance as of 31 December 2009		25,565	14,271	-450	67	-11,922	3,777	31,308	8,701	40,009
Profit for the period							2,472	2,472	638	3,110
Other comprehensive income										
Effect on consolidation of foreign subsidiaries						-287		-287	106	-181
Total other comprehensive income						-287		-287	106	-181
Total comprehensive income						-287	2,472	2,185	744	2,929
Transactions with owners, recorded directly in equity										
Dividends paid									-132	-132
Total transactions with owners									-132	-132
Balance as of 31 March 2010		25,565	14,271	-450	67	-12,209	6,249	33,493	9,313	42,806

Consolidated statement of changes in equity

Unaudited

<i>In thousands of EEK</i>	Note	Equity attributable to equity holders of the Company					Accumulated profit (losses)	Total	Non-controlling interest	Total equity
		Share capital	Share premium	Own shares	Capital reserve	Translation reserve				
Balance as of 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
Other comprehensive income										
Effect on consolidation of foreign subsidiaries		0	0	0	0	-80,489	0	-80,489	-24,409	-104,898
Total other comprehensive income		0	0	0	0	-80,489	0	-80,489	-24,409	-104,898
Total comprehensive income		0	0	0	0	-80,489	-38,960	-119,449	-19,981	-139,430
Disposal of subsidiary (common control transaction)		0	0	0	0	0	15,678	15,678	1,142	16,820
Transactions with owners, recorded directly in equity										
Dividends paid		0	0	0	0	0	0	0	-1,032	-1,032
Total transactions with owners		0	0	0	0	0	0	0	-1,032	-1,032
Balance as of 31 March 2009		400,000	223,293	-7,041	1,046	-138,575	58,753	537,476	122,106	659,582
Balance as of 31 December 2009		400,000	223,293	-7,041	1,046	-186,539	59,097	489,856	136,141	625,997
Profit for the period							38,679	38,679	9,982	48,661
Other comprehensive income										
Effect on consolidation of foreign subsidiaries						-4,490		-4,490	1,659	-2,831
Total other comprehensive income						-4,490		-4,490	1,659	-2,831
Total comprehensive income						-4,490	38,679	34,189	11,641	45,830
Transactions with owners, recorded directly in equity										
Dividends paid									-2,065	-2,065
Total transactions with owners									-2,065	-2,065
Balance as of 31 March 2010		400,000	223,293	-7,041	1,046	-191,029	97,776	524,045	145,717	669,762

Accounting methods and valuation principles used for preparing the consolidated interim report

Basis 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 2009.

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 2009.

This Interim Report has not been audited.

Notes to the consolidated interim report

Note 1. Property, plant and equipment

<i>In thousands of EEK</i>	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
Cost as of 31 December 2008	100,652	265,960	130,717	20,703	518,032
Movements in 2009					
Acquisition	0	126	2,456	1,518	4,100
Transfers and reclassifications	0	9,169	12,018	-13,081	8,106
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	80,781	229,471	125,898	6,058	442,208
Cost as of 31 December 2009	73,384	188,009	75,511	5,460	342,364
Movements in 2010					
Acquisition	0	0	642	2,394	3,036
Transfers and reclassifications	125	63	1,799	-1,987	0
Transfer to assets held for sale	0	0	-9,591	0	-9,591
Disposals	0	0	-17,164	0	-17,164
Effect of movements in foreign exchange on cost	13,517	9,905	4,255	110	27,787
Cost as of 31 March 2010	87,026	197,977	55,452	5,977	346,432
Accumulated depreciation as of 31 December 2008	24,125	147,687	52,690	0	224,502
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 as of 31 March 2009	18,352	126,610	51,078	0	196,040
Accumulated depreciation as of 31 December 2009	17,305	107,461	49,350	0	174,116
Movements in 2010					
Depreciation	579	3,708	2,081	0	6,368
Transfer to assets held for sale	0	0	-7,980	0	-7,980
Disposals	0	0	-14,004	0	-14,004
Effect of movements in foreign exchange on accumulated depreciation	12,408	8,308	3,427	0	24,143
Accumulated depreciation as of 31 March 2010	30,292	119,477	32,874	0	182,643
Carrying amounts					
As of 31 December 2008	76,527	118,273	78,027	20,703	293,530
As of 31 March 2009	62,429	102,861	74,820	6,058	246,168
As of 31 December 2009	56,079	80,548	26,161	5,460	168,248
As of 31 March 2010	56,734	78,500	22,578	5,977	163,789

<i>In thousands of EUR</i>	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
Cost as of 31 December 2008	6,433	16,997	8,355	1,323	33,108
Movements in 2009					
Acquisition	0	8	157	97	262
Transfers and reclassifications	0	586	768	-836	518
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 as of 31 March 2009	5,163	14,665	8,047	387	28,262
Cost as of 31 December 2009	4,690	12,016	4,826	349	21,881
Movements in 2010					
Acquisition	0	0	41	153	194
Transfers and reclassifications	8	4	115	-127	0
Transfer to assets held for sale	0	0	-613	0	-613
Disposals	0	0	-1,097	0	-1,097
Effect of movements in foreign exchange on cost	864	633	272	7	1,776
Cost as of 31 March 2010	5,562	12,653	3,544	382	22,141
Accumulated depreciation as of 31 December 2008	1,542	9,438	3,368	0	14,348
Movements in 2009					
Depreciation	38	295	321	0	654
Transfers and reclassification	0	-12	12	0	0
Disposals	0	-182	-60	0	-242
Eliminated on disposal 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 as of 31 March 2009	1,173	8,091	3,265	0	12,529
Accumulated depreciation as of 31 December 2009	1,106	6,868	3,154	0	11,128
Movements in 2010					
Depreciation	37	237	133	0	407
Transfer to assets held for sale	0	0	-510	0	-510
Disposals	0	0	-895	0	-895
Effect of movements in foreign exchange on accumulated depreciation	793	531	219	0	1,543
Accumulated depreciation as of 31 March 2010	1,936	7,636	2,101	0	11,673
Carrying amounts					
As of 31 December 2008	4,891	7,559	4,987	1,323	18,760
As of 31 March 2009	3,990	6,574	4,782	387	15,733
As of 31 December 2009	3,584	5,148	1,672	349	10,753
As of 31 March 2010	3,626	5,017	1,443	382	10,468

Part of the other equipment and fixtures with a carrying amount of EEK 1,611 thousand (EUR 103 thousand) was presented as a disposal group held for sale in line with the Group's plan to dispose these assets. Impairment loss of EEK 1,033 thousand (EUR 66 thousand) from the re-measurement of the disposal group to the lower of carrying value and fair value less costs to sell was recognized in other expenses. As of 31 March 2010 assets classified as held for sale equal EEK 1,627 thousand (EUR 104 thousand).

In Q1 2010, there were no fixed assets acquired under finance lease (Q1 2009: EEK 970 thousand, EUR 62 thousand).

Note 2. Intangible assets

<i>In thousands of EEK</i>	Software	Trademarks	Goodwill	Projects in progress	Total
Cost as of 31 December 2008	16,704	6,941	37,289	2,496	63,430
Movements in 2009					
Acquisition	1,017	0	0	0	1,017
Transfers	0	16	0	-16	0
Effect of movements in foreign exchange on cost	-1,361	-156	0	-329	-1,846
Cost as of 31 March 2009	16,360	6,801	37,289	2,151	62,601
Cost as of 31 December 2009	9,324	1,689	0	5,571	16,584
Movements in 2010					
Acquisition	47	0	0	16	63
Disposals	-16	0	0	0	-16
Effect of movements in foreign exchange on cost	174	142	0	77	393
Cost as of 31 March 2010	9,529	1,831	0	5,664	17,024
Accumulated amortisation as of 31 December 2008	7,744	4,188	35,413	0	47,345
Movements in 2009					
Amortisation	689	156	0	0	845
Impairment loss	1,596	0	0	1,815	3,411
Effect of movements in foreign exchange on amortisation	-438	-31	0	0	-469
Accumulated amortisation as of 31 March 2009	9,591	4,313	35,413	1,815	51,132
Accumulated amortisation as of 31 December 2009	5,444	625	0	1,596	7,665
Movements in 2010					
Amortisation	422	94	0	0	516
Disposal	-16	0	0	0	-16
Impairment loss	0	63	0	0	63
Effect of movements in foreign exchange on amortisation	143	63	0	0	206
Accumulated amortisation as of 31 March 2010	5,993	845	0	1,596	8,434
Carrying amounts					
As of 31 December 2008	8,960	2,753	1,876	2,496	16,085
As of 31 March 2009	6,769	2,488	1,876	336	11,469
As of 31 December 2009	3,880	1,064	0	3,975	8,919
As of 31 March 2010	3,536	986	0	4,068	8,590

Intangible assets

<i>In thousands of EUR</i>	Software	Trademarks	Goodwill	Projects in progress	Total
Cost as of 31 December 2008	1,068	443	2,384	159	4,054
Movements in 2009					
Acquisition	65	0	0	0	65
Transfers	0	1	0	-1	0
Effect of movements in foreign exchange on cost	-87	-10	0	-21	-118
Cost as of 31 March 2009	1,046	434	2,384	137	4,001
Cost as of 31 December 2009	597	108	0	354	1,059
Movements in 2010					
Acquisition	3	0	0	1	4
Disposals	-1	0	0	0	-1
Effect of movements in foreign exchange on cost	10	9	0	7	26
Cost as of 31 March 2010	609	117	0	362	1,088
Accumulated amortisation as of 31 December 2008	495	267	2,264	0	3,026
Movements in 2009					
Amortisation	44	10	0	0	54
Impairment loss	102	0	0	116	218
Effect of movements in foreign exchange on amortisation	-28	-2	0	0	-30
Accumulated amortisation as of 31 March 2009	613	275	2,264	116	3,268
Accumulated amortisation as of 31 December 2009	349	40	0	100	489
Movements in 2010					
Amortisation	27	6	0	0	33
Disposal	-1	0	0	0	-1
Impairment loss	0	4	0	0	4
Effect of movements in foreign exchange on amortisation	8	4	0	2	14
Accumulated amortisation as of 31 March 2010	383	54	0	102	539
Carrying amounts					
As of 31 December 2008	573	176	120	159	1,028
As of 31 March 2009	433	159	120	21	733
As of 31 December 2009	248	68	0	254	570
As of 31 March 2010	226	63	0	260	549

Note 3. Investment property

	Q1 2010 EEK thousand	Q1 2009 EEK thousand	Q1 2010 EUR thousand	Q1 2009 EUR thousand
As of beginning of period	20,090	23,141	1,284	1,479
Acquisitions	0	2,191	0	140
Depreciation	-109	-109	-7	-7
Effect of movements in exchange rates	407	-4,163	26	-266
Total	20,388	21,060	1,303	1,346

As of 31 March 2009 investment property consisted of premises located at Nemiga 8, Minsk (Belarus) (728.3 sq. m.) acquired in 2007 and two other premises in Minsk and Mogilev (Belarus).

According to management estimates, the book value of investment property as at 31 March 2009 is not significantly different from fair value.

Note 4. Inventories

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw and other materials	58,205	61,474	3,720	3,929
Work in progress	24,111	23,141	1,541	1,479
Finished goods	187,274	177,120	11,969	11,320
Goods purchased for resale	0	0	0	0
Other inventories	4,398	4,554	281	291
Total	273,988	266,289	17,511	17,019

Inventories are shown at their carrying values which are determined as the lower of cost and net realizable value. As of 31 March 2010 the write-downs of raw materials to net realizable value amounted to EEK 10,249 thousand (EUR 655 thousand), whereas as of 31 December 2009 those amounted to EEK 8,606 thousand (EUR 550 thousand). As of 31 March 2010 the write-downs of finished goods to net realizable value amounted to EEK 13,879 thousand (EUR 887 thousand), whereas as of 31 December 2009 write-downs amounted to EEK 10,749 thousand (EUR 687 thousand).

Note 5. Trade receivables

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	203,640	141,616	13,015	9,051
Impairment of receivables	-8,981	-9,998	-574	-639
Total	194,659	131,618	12,441	8,412

Note 6. Other receivables**Other short term receivables**

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
VAT on unpaid invoices	12,940	9,826	827	628
Guarantees withheld	4,444	4,084	284	261
Loans to third parties	3,082	1,565	197	100
Prepaid expenses	2,363	2,707	151	173
Employees receivables	626	736	40	47
Due from customers for contract work	344	203	22	13
Miscellaneous receivables	1,627	1,909	104	122
Impairment of other receivables	-3,833	-2,770	-245	-177
Total	21,593	18,260	1,380	1,167

Other long term receivables

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Loan to SIA Alta Capital Partners	20,356	20,356	1,301	1,301
Receivable from PTA Holding OÜ	8,183	8,058	523	515
Receivable from PTA Grupp AS	1,565	1,549	100	99
Other long term receivables	219	313	14	20
Allowance for impaired receivables	-20,356	-20,356	-1,301	-1,301
Total	9,967	9,920	637	634

Note 7. Prepayments

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Prepayments to suppliers	10,984	9,529	702	609
Total	10,984	9,529	702	609

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

Note 8. Cash and cash equivalents

	31.03.2010 EEK thousand	31.12.2009 EEK thousand	31.03.2010 EUR thousand	31.12.2009 EUR thousand
Short-term deposits	118,726	125,032	7,588	7,991
Bank accounts in foreign currencies	25,890	19,119	1,655	1,222
Cash in transit	11,830	8,997	756	575
Cash on hand	579	720	37	46
Bank accounts in kroons	67	63	4	4
Total	157,092	153,931	10,040	9,838

As of 31 March 2010, cash placed in short-term deposits with the maturity from 1 to 5 months amounted to EUR 7,588 thousand. The interest rates were in the range from 6.5% to 10% per annum for deposits denominated in EUR, 15% per annum for demand deposits denominated in Belarusian roubles and 6% for demand deposits denominated in Russian roubles.

Note 9. Loans and borrowings

The Group has the following debts as of 31 March 2010:

In thousands of EEK

	Company	Cur- rency	Nominal interest rate	Year of maturity	31.03. 2010		31.12.2009	
					Short term	Long term	Short term	Long term
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	954	0	1,643	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11%	2010	1,173	0	1,721	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5%	2011	532	0	0	0
Secured bank loan	SP Gimil OOO	BYR	23%	2010	0	0	579	0
Secured bank loan	SP Gimil OOO	EUR	19%	2010	391	0	814	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4%	2013	1,142	3,927	1,393	3,927
Bank overdraft	Lauma Lingerie AS	EUR	3M EURIBOR + 6.25%	2010	14,474	0	17,226	0
Finance lease liabilities	SP Gimil OOO	USD	14.50%	2012	125	94	125	125
Finance lease liabilities	AS SFG	EUR	14.00%	2010	0	0	110	0
Finance lease liabilities	Milavitsa SP ZAO	EUR	13.00%	2010	141	0	579	0
Total interest bearing liabilities					18,932	4,021	24,190	4,052

In thousands of EUR

Bank	Company	Cur- rency	Nominal interest rate	Year of maturity	31.03. 2010		31.12.2009	
					Short term	Long term	Short term	Long term
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	61	0	105	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11%	2010	75	0	110	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5%	2011	34	0	0	0
Secured bank loan	SP Gimil OOO	BYR	23%	2010	0	0	37	0
Secured bank loan	SP Gimil OOO	EUR	19%	2010	25	0	52	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4%	2013	73	251	89	251
Bank overdraft	Lauma Lingerie AS	EUR	3M EURIBOR + 6.25%	2010	925	0	1,101	0
Finance lease liabilities	SP Gimil OOO	USD	14.50%	2012	8	6	8	8
Finance lease liabilities	AS SFG	EUR	14.00%	2010	0	0	7	0
Finance lease liabilities	Milavitsa SP ZAO	EUR	13.00%	2010	9	0	37	0
Total interest bearing liabilities					1,210	257	1,546	259

* BYRIBOR – BYR Interbank Offered Rate

All fixed rate interest bearing liabilities are issued by Belarus financial institutions and interest rates are reviewed annually and adjusted by the State Refinancing Rate.

In Q1 2010 the Group received loans in the amount of EEK 3,239 thousand (EUR 207 thousand), in Q1 2009 in the amount of EEK 47,362 thousand (EUR 3,027 thousand). The Group settled loan liabilities in Q1 2010 in the amount of EEK 8,606 thousand (EUR 550 thousand), in Q1 2009 in the amount of EEK 31,544 thousand (EUR 2,016 thousand).

Loan collateral

The credit line provided to AS Lauma Lingerie by AS Unicredit Bank in Latvia is secured with fixed assets, inventories and trade receivable of AS Lauma Lingerie for the book value of EUR 3,750 thousand and a guarantee from AS Silvano Fashion Group. The loans provided to OAO Junona by OAO Belarusbank are secured by fixed assets of OAO Junona for the book value of EUR 399 thousand. The loans provided to SP Gimil OOO by Minsk Transit Bank are secured by finished goods for the book value of EUR 197 thousand.

Note 10. Other payables

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Payables related to employees	10,029	8,042	641	514
Customer prepayments for goods and services	2,425	2,316	155	148
Other payables	3,490	3,912	223	250
Total	15,944	14,270	1,019	912

Note 11. Earnings per share

The calculation of basic earnings per share at 31 March 2010 (31 March 2009) was based on the profit attributable to owners and a weighted average number of ordinary shares.

<i>In thousands of shares</i>	Q1 2010	Q1 2009
Number of ordinary shares as of January 1, 2010 (Qty)	40,000	40,000
Own shares as of January 1, 2010	-393	-393
Number of ordinary shares as of March 31, 2010 (Qty)	40,000	40,000
Own shares as of March 31, 2010	-393	-393
Weighted average number of ordinary shares	39,607	39,607

	Q1 2010	Q1 2010	Q1 2010	Q1 2009	Q1 2009	Q1 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EEK thousand	38,679	0	38,679	-30,354	-8,606	-38,960
Basic earnings/(loss) per share (EEK)	0.98	0	0.98	-0.77	-0.21	-0.98
Diluted loss per share (EEK)	0.98	0	0.98	-0.77	-0.21	-0.98

	Q1 2010	Q1 2010	Q1 2010	Q1 2009	Q1 2009	Q1 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EUR thousand	2,472	0	2,472	-1,940	-550	-2,490
Basic earnings/(loss) per share (EUR)	0.06	0	0.06	-0.05	-0.01	-0.06
Diluted loss per share (EUR)	0.06	0	0.06	-0.05	-0.01	-0.06

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

Note 12. Owners' equity

Shares

As of 31 March 2010 share capital of AS Silvano Fashion Group amounted to EEK 400,000 thousand (EUR 25,565 thousand) divided into 40,000,000 shares with a nominal value of EEK 10 (EUR 0.64) each. All the shares of AS Silvano Fashion Group are ordinary shares and all are registered. Each ordinary share gives the shareholder one vote at the general meeting. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities. All shares have been paid for.

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. In total 393,000 shares with the average price per share of 1.15 EUR were bought back and total cost of buy-back amounted to EUR 450 thousand.

According to the Articles of Association, the minimum share capital and maximum share capital of AS Silvano Fashion Group amount to EEK 250,000 thousand and EEK 1,000,000 thousand respectively.

As of 31 March 2010 AS Silvano Fashion Group had 1,067 shareholders.

During the first quarter of 2010, the highest and lowest prices of the AS Silvano Fashion Group's share on the Tallinn Stock Exchange were EEK 21.44 (EUR 1.37) and EEK 12.2 (EUR 0.78), respectively.

As of 31 March 2010 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	35,423,973	88.56%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	9,972,887	24.93%
TOOMAS TOOL	9,810,983	24.53%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	7,437,176	18.59%
SKANDINAVISKA ENSKILDA BANKEN AB CLIENTS	5,274,456	13.19%
ALTA CAPITAL PARTNERS S.C.A, SICAR	1,864,286	4.66%
UNICREDIT BANK AUSTRIA AG	1,064,185	2.66%
TRIGON UUS EUROOPA VÄIKEETTEVÕTETE FOND	439,841	1.10%
Other shareholders	4,136,186	10.34%
Total number of shares	40,000,000	100.00%

As of 31 December 2009 AS Silvano Fashion Group had 1,055 shareholders.

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

Name	Number of shares	Shareholding
Major shareholders	36,023,659	90.06%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	19,783,870	49.46%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	7,359,662	18.40%
SKANDINAVISKA ENSKILDA BANKEN AB CLIENTS	4,095,456	10.24%
SIA ALTA CAPITAL PARTNERS	1,300,000	3.25%
ALTA CAPITAL PARTNERS S.C.A, SICAR	1,864,286	4.66%
UNICREDIT BANK AUSTRIA AG	1,064,185	2.66%
TRIGON UUS EUROOPA VÄIKEETTEVÕTETE FOND	556,200	1.39%
Other shareholders	3,976,341	9.94%
Total number of shares	40,000,000	100.00%

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 development and turnover on the Tallinn Stock Exchange in 3 months 2010 (EEK)



As of 23 July 2007 the shares of AS Silvano Fashion Group are listed on the basic list of the Warsaw Stock Exchange.

During the first quarter of 2010, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were PLN 5.86 and PLN 3.74, respectively.

Share price development on the Warsaw Stock Exchange in 3 months 2010 (PLN)



Note 13. Sales revenue

	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Income from wholesale	255,744	180,781	16,345	11,554
Income from retail sale	56,218	67,014	3,593	4,283
Subcontracting and services	1,346	1,346	86	86
Other sales	672	532	43	34
Total sales revenue	313,980	249,673	20,067	15,957

Sales revenue by countries is presented in Note 15.

Note 14. 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. companies and individuals with a shareholding that provides them with the 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.

	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	EEK	EEK	EUR	EUR
Sales of good and services	thousand	thousand	thousand	thousand
Associated companies	23,799	33,812	1,521	2,161
Total sales	23,799	33,812	1,521	2,161

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK	EEK	EUR	EUR
Balances with related parties	thousand	thousand	thousand	thousand
Receivable from associated companies	39,883	40,853	2,549	2,611
Total receivable	39,883	40,853	2,549	2,611

	31.03.2010	31.12.2009	31.03.2010	31.12.2009
	EEK	EEK	EUR	EUR
Balances with related parties	thousand	thousand	thousand	thousand
Trade and other payables to associated companies	172	0	11	0
Total payables	172	0	11	0

	Q1 2010	Q1 2009	Q1 2010	Q1 2009
	EEK	EEK	EUR	EUR
Benefits to members of the management board	thousand	thousand	thousand	thousand
Remuneration and benefits	2,691	2,097	172	134
Total	2,691	2,097	172	134

The members of the supervisory board were not remunerated but they were compensated for the costs incurred in performing their duties.

According to management's assessment, the prices applied in transactions with related parties did not differ significantly from the market terms.

Note 15. Segments

Operating segments Q1 2010, in thousands of EEK

	Lingerie retail	Lingerie wholesale	Apparel (discontinued operation)	Total segments	Unallocated	Less discontinued operation	Eliminations	Continuing operations
Revenue from external customers	56,218	255,744	0	311,962	2,018	0	0	313,980
Intersegment revenues	0	44,436	0	44,436	0	0	-44,436	0
EBITDA	-8,793	64,887	0	56,094	-4,586	0	0	51,508
Amortization and depreciation	-1,283	-5,461	0	-6,744	-249	0	0	-6,993
Operating income/loss, EBIT	-10,076	59,426	0	49,350	-4,835	0	0	44,515
Interest in the profit or loss of equity accounted investees	0	-469	0	-469	-736	0	0	-1,205
Financial items, net	7,761	9,091	0	16,852	5,773	0	0	22,625
Income tax	-391	-16,398	0	-16,789	-485	0	0	-17,274
Net income	-2,706	51,650	0	48,944	-283	0	0	48,661
Investments in associate	0	1,001	0	1,001	0	0	0	1,001
Other operating segment assets	91,689	773,630	0	865,319	41,919	0	0	907,238
Reportable segment liabilities	33,421	177,511	0	210,932	27,545	0	0	238,477
Impairment of assets	1,925	125	0	2,050	0	0	0	2,050
Capital expenditures	1,314	1,785	0	3,099	0	0	0	3,099
Number of employees as of reporting date	419	2,679	0	3,098	5	0	0	3,103

Operating segments Q1 2010, in thousands of EUR

	Lingerie retail	Lingerie wholesale	Apparel (discontinued operation)	Total segments	Unallocated	Less discontinued operation	Eliminations	Continuing operations
Revenue from external customers	3,593	16,345	0	19,938	129	0	0	20,067
Intersegment revenues	0	2,840	0	2,840	0	0	-2,840	0
EBITDA	-562	4,147	0	3,585	-293	0	0	3,292
Amortization and depreciation	-82	-349	0	-431	-16	0	0	-447
Operating income/loss, EBIT	-644	3,798	0	3,154	-309	0	0	2,845
Interest in the profit or loss of equity accounted investees	0	-30	0	-30	-47	0	0	-77
Financial items, net	496	581	0	1,077	369	0	0	1,446
Income tax	-25	-1,048	0	-1,073	-31	0	0	-1,104
Net income	-173	3,301	0	3,128	-18	0	0	3,110
Investments in associate	0	64	0	64	0	0	0	64
Other operating segment assets	5,860	49,444	0	55,304	2,679	0	0	57,983
Reportable segment liabilities	2,136	11,345	0	13,481	1,760	0	0	15,241
Impairment of assets	123	8	0	131	0	0	0	131
Capital expenditures	84	114	0	198	0	0	0	198
Number of employees as of reporting date	419	2,679	0	3,098	5	0	0	3,103

Operating segments Q1 2009, in thousands of EEK

	Lingerie retail	Lingerie wholesale	Apparel (discontinued operation)	Total segments	Unallocated	Less discontinued operation	Eliminations	Continuing operations
Revenue from external customers	67,014	180,781	38,522	286,317	1,878	-38,522	0	249,673
Intersegment revenues	0	36,504	0	36,504	0	0	-36,504	0
EBITDA	-22,082	51,649	-6,118	23,449	-21,258	6,118	0	8,309
Amortization and depreciation	-2,238	-6,929	-1,752	-10,919	-269	1,752	0	-9,436
Operating income/loss, EBIT	-24,320	44,720	-7,870	12,530	-21,527	7,870	0	-1,127
Interest in the profit or loss of equity accounted investees	0	-1,831	0	-1,831	0	0	0	-1,831
Financial items, net	-15,066	12,449	-736	-3,353	67	736	0	-2,550
Income tax	-233	-20,185	0	-20,418	0	0	0	-20,418
Net income	-39,619	35,153	-8,606	-13,072	-21,460	8,606	0	-25,926
Investments in associate	0	720	0	720	0	0	0	720
Other operating segment assets	213,075	712,968	124,250	1,050,293	12,313	-124,250	0	938,356
Reportable segment liabilities	109,636	174,148	88,059	371,843	31,902	-88,059	0	315,686
Impairment of assets	0	3,411	0	3,411	0	0	0	3,411
Capital expenditures	2,284	2,050	767	5,101	16	-767	0	4,350
Number of employees as of reporting date	577	2,711	419	3,707	11	-419	0	3,299

Operating segments Q1 2009, in thousands of EUR

	Lingerie retail	Lingerie wholesale	Apparel (discontinued operation)	Total segments	Unallocated	Less discontinued operation	Eliminations	Continuing operations
Revenue from external customers	4,283	11,554	2,462	18,299	120	-2,462	0	15,957
Intersegment revenues	0	2,333	0	2,333	0	0	-2,333	0
EBITDA	-1,411	3,301	-391	1,499	-1,359	391	0	531
Amortization and depreciation	-143	-443	-112	-698	-17	112	0	-603
Operating income/loss, EBIT	-1,554	2,858	-503	801	-1,376	503	0	-72
Interest in the profit or loss of equity accounted investees	0	-117	0	-117	0	0	0	-117
Financial items, net	-963	796	-47	-214	4	47	0	-163
Income tax	-15	-1,290	0	-1,305	0	0	0	-1,305
Net income	-2,532	2,247	-550	-835	-1,372	550	0	-1,657
Investments in associate	0	46	0	46	0	0	0	46
Other operating segment assets	13,618	45,567	7,941	67,126	787	-7,941	0	59,972
Reportable segment liabilities	7,007	11,130	5,628	23,765	2,039	-5,628	0	20,176
Impairment of assets	0	218	0	218	0	0	0	218
Capital expenditures	146	131	49	326	1	-49	0	278
Number of employees as of reporting date	577	2,711	419	3,707	11	-419	0	3,299

Geographical segments

The Group's manufacturing facilities are based in Belarus and Latvia. Lingerie wholesale and retail operations are analyzed on the basis of geographical segments. Segment revenue is based on the geographical location of customers, segment assets are based on the geographical location of the assets.

	Sales revenue Q1 2010 EEK thousand	Sales revenue Q1 2009 EEK thousand	Non-current assets 31.03.2010 EEK thousand	Non-current assets 31.12.2009 EEK thousand
Russia	188,792	142,102	4,428	43,330
Belarus	76,402	70,723	209,149	212,210
Baltics	22,625	13,706	15,834	31,872
Ukraine	12,971	11,344	0	0
Other countries	13,190	11,798	94	141
Total	313,980	249,673	229,505	287,553

	Sales revenue Q1 2010 EUR thousand	Sales revenue Q1 2009 EUR thousand	Non-current assets 31.03.2010 EUR thousand	Non-current assets 31.12.2009 EUR thousand
Russia	12,066	9,082	283	2,769
Belarus	4,883	4,520	13,367	13,562
Baltics	1,446	876	1,012	2,037
Ukraine	829	725	0	0
Other countries	843	754	6	9
Total	20,067	15,957	14,668	18,378