



Consolidated interim report for Q2 and 6 months 2010



COMPANY PROFILE

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Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	KPMG Baltics AS

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Management Report

Business results

From the beginning of the year the Group's major markets have continued to recover. Economic situation in Russia, the Group's key market, is improving. The consumers' purchasing power is improving and unemployment rate is decreasing; Russian Rouble strengthened against USD and Euro (weighted average growth of the Russian Rouble was 9.4% against a multi-currency basket since the beginning of the year). Oil and gas prices continue to support the fulfilment of Russian budget. As a result, retail sales in the end customer market have been growing since the end of 2009. The Group's sales in Russia in H1 2010 were 28.7% above respective period in prior year.

In Ukraine, presidential elections in February brought certain stability and alleviated some of the uncertainty that existed in the market. The signs of Ukrainian economy recovery are not as strong as in Russia; however, the recovery currently appears to be gaining momentum..

The Belarusian market has been stable during 2009 and has not weakened in H1 2010. The Belarusian economy's GDP growth is forecast at a 12% rate for 2010. In Q2 2010 retail operations in Belarus demonstrated an increase of 59.6% in local currency terms and 60.1% in EUR terms as compared to Q2 2009.

Despite the difficult situation that remains prevalent in the Baltics, where economy suffered the most in 2009, Lauma Lingerie's Q2 2010 sales in the Baltic countries increased by 59.9 % as compared to Q2 2009.

In general, H1 2010 sales level and market situation confirmed management forecast of business recovery. Q2 2010 sales demonstrated a 30.8% increase as compared to Q2 2009.

The opinion of the management of the Group is that after a significant drop in 2008 the markets have entered into the stabilization phase and that consumers have adjusted their purchasing patterns to the new market conditions. Based on H1 2010 sales and orders collected for H2 2010, the management estimates 2010 sales growth at around 20% on annual basis.

At the end of the reporting period the Group and its franchising partners operated 369 Milavitsa and Lauma lingerie outlets, including 49 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 731,682 thousand (EUR 46,763 thousand) in H1 2010, representing a 28.6% increase as compared to the respective period in the previous year. Overall wholesale sales from continuing operations increased by 42.4%, while retail sales from continuing operations presented a decrease of 11.0%, mainly due to closures of underperforming stores and the restructuring of the Group's distribution model that was carried out by the management in 2009. Decrease in retail sales is thus in line with management expectations and follows the restructuring decisions taken in 2009 when loss-making own retail operations in Russia were gradually discontinued. As the result, the proportion of retail sales in total sales decreased by 7.7% and came at 17.2% of total sales in H1 2010.

The Group's gross margin from continuing operations in the 6 months' period decreased and was 40.6%, as compared to 44.7% in the respective period in the previous year. 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 and by the decline of the proportion of retail sales in total sales.

The consolidated operating profit from continuing operations amounted to EEK 139,725 thousand (EUR 8,930 thousand), compared to EEK 30,775 thousand (EUR 1,967 thousand) in H1 2009. The consolidated operating margin from continuing operations was 19.1% (5.4% in H1 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 13,221 thousand (EUR 845 thousand) in H1 2010 and was mainly accrued in Q1 2010 and related to the intra-croup borrowings in EUR and USD. Consolidated net loss from foreign exchange rate fluctuations amounted to EEK 7,198 thousand (EUR 460 thousand) in Q2 2010 and related to foreign exchange rate fluctuation loss of SP ZAO Milavitsa caused by a temporary appreciation of Belarusian Rouble in Q2 2010 while the asset balances of the company were denominated in foreign currencies.

Effective tax rate in Q2 2010 and H1 2010 amounted to 19.2% and 22.2% respectively and improved significantly as compared to the respective periods in the previous year. While statutory tax rates in Belarus and Russia remained unchanged the improvement of the effective tax rate is caused by the terminated loss making operations, lowering the profitability of the Group's largest subsidiary SP ZAO Milavitsa and use of tax loss of prior years in Russia.

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Consolidated net profit from continuing operations attributable to equity holders amounted to EEK 96,555 thousand (EUR 6,171 thousand) in H1 2010, compared to net loss of EEK 15,772 thousand (EUR 1,008 thousand) in H1 2009; net margin from continuing operations attributable to equity holders was 13.2% (up from a negative margin of 2.8% in H1 2009).

In H1 2010, the Group's return on equity amounted to 17.3% (-9.1% in H1 2009) and return on assets was 10.4% (-5.1% in H1 2009).

Financial position

As of 30 June 2010 consolidated assets amounted to EEK 1,000,241 thousand (EUR 63,927 thousand) representing an increase of 17.6% as compared to the position as of 31 December 2009.

Property, plant and intangibles balances increased by EEK 7,588 thousand (EUR 485 thousand) as compared to 31 December 2009, the key reason being the impact of the foreign exchange rate in the amount of EEK 19,088 thousand (EUR 1,220 thousand) which is explained by BYR asset base value increase in EUR terms as of 30 June 2010 as compared to the beginning of the year. Depreciation and amortisation charge for the period amounted to EEK 13,707 thousand (EUR 876 thousand).

Trade receivables increased by EEK 55,234 thousand (EUR 3,530 thousand) as compared to 31 December 2009 and amounted to EEK 186,852 thousand (EUR 11,942 thousand) as of 30 June 2010. Inventory balance decreased by EEK 4,615 thousand (EUR 295 thousand) and amounted to EEK 261,674 thousand (EUR 16,724 thousand) as of 30 June 2010. Increase in trade debtors and decrease in stock balance was in line with the seasonality trend of the business.

Foreign exchange fluctuations had a positive impact on the Group's equity, in the form of a positive change in the currency translation reserve in the amount of EEK 37,818 thousand (EUR 2,417 thousand) for H1 2010. Equity attributable to equity holders increased by EEK 134,373 thousand (EUR 8,588 thousand) and amounted to EEK 624,229 thousand (EUR 39,896 thousand) as of 30 June 2010.

Current liabilities decreased by EEK 18,289 thousand (EUR 1,169 thousand) in H1 2010, in line with management expectations.

The liquidity position of the Group improved in H1 2010 with respect to the total balance of borrowings and related maturities. Current and non-current loans and borrowings decreased by EEK 20,982 thousand (EUR 1,341 thousand) to EEK 7,260 thousand (EUR 464 thousand) as of 30 June 2010. Loans received and loans repaid in H1 2010 amounted to EEK 8,308 thousand (EUR 531 thousand) and EEK 29,588 thousand (EUR 1,891 thousand) respectively, including finance lease liabilities repaid in the amount of EEK 751 thousand (EUR 48 thousand). In Q2 2010 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 the sale of shares in its former 100% subsidiary PTA Grupp AS. At the date of disposal the Group had outstanding guarantees issued to Danske Bank A/S Estonian branch securing certain borrowings and guarantee limits of PTA Grupp AS. As of 30 June 2010 PTA Grupp AS'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 6,916 thousand (EUR 442 thousand) and EEK 3,567 thousand (EUR 228 thousand).

Tax liabilities and other payables, including payables to employees, amounted to EEK 81,528 thousand (EUR 5,210 thousand). Provisions amounted to EEK 7,604 thousand (EUR 486 thousand) as of 30 June 2010 and included residual provisions for the restructuring of Russian retail operations in the amount of EEK 735 thousand (EUR 47 thousand). Majority of Russian retail restructuring initiatives were finalized in Q2 2010 and the management does not anticipate any further provisions or write-offs related to Russian retail operations.

Sales

Sales by business segments

	6 months 2010 EEK thousand	6 months 2009 EEK thousand	Change EEK thousand	6 months 2010 EUR thousand	6 months 2009 EUR thousand	Change EUR thousand	6 months 2010 percentage from sales	6 months 2009 percentage from sales
Wholesale	602,112	422,958	179,154	38,482	27,032	11,450	82.3%	74.3%
Retail	126,002	141,633	-15,631	8,053	9,052	-999	17.2%	24.9%
Other operations	3,568	4,475	-907	228	286	-58	0.5%	0.8%
Total	731,682	569,066	162,616	46,763	36,370	10,393	100.0%	100.0%

Sales by markets

In H1 2010, the Group focused mainly on the Baltic, Russian, Belarusian and Ukrainian markets.

Total sales by markets

	6 months 2010 EEK thousand	6 months 2009 EEK thousand	Change EEK thousand	6 months 2010 EUR thousand	6 months 2009 EUR thousand	Change EUR thousand	6 months 2010 percentage from sales	6 months 2009 percentage from sales
Russia	429,844	334,118	95,726	27,472	21,354	6,118	58.7%	58.7%
Belarus	188,322	144,715	43,607	12,036	9,249	2,787	25.7%	25.4%
Baltics	41,808	30,589	11,219	2,672	1,955	717	5.7%	5.4%
Ukraine	37,098	29,541	7,557	2,371	1,888	483	5.1%	5.2%
Other markets	34,610	30,103	4,507	2,212	1,924	288	4.8%	5.3%
Total	731,682	569,066	162,616	46,763	36,370	10,393	100.0%	100.0%

The majority of lingerie sales revenue in H1 2010 in the amount of EEK 429,844 thousand (EUR 27,472 thousand) was generated in the Russian market, accounting for 58.7% of all lingerie sales in H1 2010 as compared to EEK 334,118 thousand (EUR 21,354 thousand) in H1 2009. Sales in Russia comprise both retail sales and wholesale. The second largest region for lingerie sales was Belarus, where sales reached EEK 188,322 thousand (EUR 12,036 thousand), contributing 25.7% of lingerie sales (both retail and wholesale) as compared to EEK 144,715 thousand (EUR 9,249 thousand) in H1 2009.

Although still affected by the economic situation, sales in the major markets demonstrated a positive trend in terms of pieces sold in H1 2010 as compared to the respective period in 2009.

The most considerable sales growth took place on the Russian and Ukrainian markets, while Belarussian operations were relatively stable showing a slight increase. Overall sales results in 6 months 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 H1 2010 in Russia and Ukraine. The Group's aims to increase control over its distribution and its organizational structure have been adjusted accordingly.

To support the growth of sales, Milavitsa continued conducting additional marketing activities in Belarus, Ukraine and Russia and implementing supportive measures in the opening of new franchised stores. Joint programs with dealers and distributors were continued in H1 2010 in the fields of marketing and franchising.

Lauma Lingerie experienced a sharp recovery in sales in their major markets after being affected by the crisis. A new sales and marketing manager with considerable experience in the industry has recently joined the company.

In terms of lingerie brands, the sales of "Milavitsa" core brand accounted for 73.3% of total lingerie sales revenue in H1 2010 (H1 2009: 76.2%) and amounted to EEK 533,705 thousand (EUR 34,110 thousand). The sales of "Lauma Lingerie" core brand accounted for 8.1% of total lingerie sales (H1 2009: 5.2%) and amounted to EEK 58,972 thousand (EUR 3,769 thousand). Other brands such as "Alisee", "Aveline", "Hidalgo" and "Laumelle" comprised 18.6% of total lingerie sales in H1 2010 (H1 2009: 18.6%), amounting to EEK 135,437 thousand (EUR 8,656 thousand).

Wholesale

In H1 2010, wholesale revenue amounted to EEK 602,112 thousand (EUR 38,482 thousand), representing 82.3% of the Group's total revenue (H1 2009: 74.3%). The main wholesale regions were Russia, Belarus, Ukraine and the Baltic States. Gradual improvements in sales were observed already in Q1 2010 despite the expectations of the difficult start of the year. Wholesale results in Q2 continued improving compared to the same period of 2009 demonstrating a positive trend.

Additional activities were introduced in the non-core markets targeted at the diversification of the Group's sales towards the western European 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 H1 2010 amounted to EEK 126,002 thousand (EUR 8,053 thousand), representing a 11.0% decrease as compared to H1 2009.

Retail operations were conducted in Belarus, Russia and Latvia. At the end of H1 2010 the Group operated 49 own retail outlets with a total area of 4,126 square meters. As of 30 June 2010, there were 310 Milavitsa branded shops operated by Milavitsa trading partners in Russia, Belarus, Ukraine, Moldavia, Kazakhstan, Uzbekistan, Kirgizstan, Latvia, Azerbaijan, Armenia, and Cyprus, of which 47 shops were opened in H1 2010. Some underperforming

shops were closed or relocated. Additionally, as of 30 June 2010, there were 10 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners in Lithuania, Latvia, Estonia and Russia, of which 6 were opened in H1 2010.

In 6 months 2010 6 new own lingerie stores were opened, including 2 under Milavitsa brand name in Belarus and 4 stores under Lauma Lingerie brand name in Latvia. Three underperforming stores were closed in Russia and 18 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, thus terminating the loss making own retail operations in Russia.

Number of own stores as of:

	30.06.2010	31.12.2009
Latvia	9	5
Belarus	40	38
Russia	0	21
Total stores	49	64
Total sales area, sq m	4,126	5,523

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. Overall retail operations in the country demonstrated a 47.6% growth in local currency terms and a 40.0% growth in EUR terms as compared to the same period in 2009 mainly due to the number of new shops opened in the recent year. Sales per square meter in the like-for-like shops have increased as well due to high sales in May and June.

In the Baltics, retail sales decreased by 52.6% as compared to H1 2009 and amounted to EEK 5,445 thousand (EUR 348 thousand). Decrease in sales in the Baltics is 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, that resulted in the termination of 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 were closed. During H1 2010 all 21 remaining stores were either transferred to trading partners or closed. As of 30 June 2010 the Group didn't operate any own retail stores in Russia. 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	40	0	40	3,566
Latvia	0	9	9	560
Total	40	9	49	4,126

Discontinued operations

Discontinued operations' reported results in H1 2009 include operations of PTA (apparel business line) for H1 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 high demand on the market, similarly to Q1 2010, in Q2 2010 the Group's manufacturing companies increased their production and purchasing volumes.

The total volume of production in SP ZAO Milavitsa amounted to 4,363 thousand pieces in Q2 2010, representing a 49% increase as compared to the respective period in the previous year. The total production volume in Lauma Lingerie amounted to 217.8 thousand pieces in Q2 2010, showing an increase of 160% as compared to the respective period in the previous year. Production capacities in SP ZAO Milavitsa in Q2 2010 increased by 3.7% compared to Q1 2010 in order to prepare for increased production volumes in 2010.

Investment

In H1 2010, the Group's investments totalled EEK 8,700 thousand (EUR 556 thousand) with investments into retail amounting to EEK 3,286 thousand (EUR 210 thousand). Other investments were made in equipment and facilities to maintain effective production.

Personnel

As of 30 June 2010, the Group employed 3,141 employees including 420 in retail and 1,988 in production. The rest were employed in wholesale, administration and support operations.

Total salaries and wages in H1 2010 amounted to EEK 145,310 thousand (EUR 9,287 thousand). The remuneration of the members of the Management Board totalled EEK 3,630 thousand (EUR 233 thousand). The members of the Management Board also serve as executives for the Group's subsidiaries.

Key Events in H1 2010

Changes in the Supervisory Board

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. The shareholders of the Company acknowledged Sven Kuning's resignation from the supervisory board on the Annual General Meeting held on 28 June 2010.

Share buy-back program of the Group's subsidiary SP ZAO Milavitsa

On 21 May 2010 the parent company of the Group approved the share buy-back program of the Group's largest subsidiary SP ZAO Milavitsa. The terms of the program permit a buy-back of up to 1,967 shares of SP ZAO Milavitsa, representing up to 20% of all shares in SP ZAO Milavitsa, in the period between June 2010 and February 2011 with the objective of subsequent cancellation of shares; the offered price per share of SP ZAO Milavitsa is 3,000,000 BYR. As at 2 August 2010, 112 shares have been acquired by SP ZAO Milavitsa constituting 1.14% of all shares in SP ZAO Milavitsa. The management of the Group does not expect that the shareholding of SFG will increase significantly after the completion of the buy-back program. Changes in AS SFG's shareholding as the result of share buy-back will take place in H1 2011, provided the Annual General Meeting of SP ZAO Milavitsa will resolve to cancel the shares that were repurchased by SP ZAO Milavitsa.

Changes in the Management Board

On 5 June 2010 the term of office of Dmitry Ditchkovsky and Sergei Kusonski as Management Board members of SFG expired. Mr. Ditchkovski and Mr. Kusonski will continue to work in the same positions in the management of SFG under employment agreements.

On 5 August 2010 the Supervisory Board of AS Silvano Fashion Group decided to increase the number of the Management Board members to three members and to elect Märt Meerits as the new management board member of SFG.

The resolutions of the Annual General Meeting

The Annual General Meeting was held on 28 June 2010. Apart from other decisions, the resolutions of the general meeting included:

1. Approval of a distribution of EEK 30,985,744 (EUR 1,980,350) as dividends, of which EEK 0.78233 (EUR 0.05) per share will be paid to the shareholders of the Company on 21 September 2010. The list of shareholders entitled to receive dividends (the dividend record date) has been fixed on the basis of the shareholders' register as of 23.59 on 15 July 2010.
2. Election of Ants Susi as the supervisory board member of the Company. Ants Susi has worked as a management board member of Estonian company OÜ Baltsped since 1997. OÜ Baltsped provides international carrier transportation and freight forwarding services. He is a member of the supervisory board of AS Esmar and a member of the management board of OÜ Callada Invest. In addition, he is a member of the management board of a Latvian company Spedline SIA and a Lithuanian company Spedline UAB.
3. Approval of the new Articles of Association of the Company.
4. Decision to reduce the share capital of the Company by EEK 3,930,000 to EEK 396,070,000 by way of cancelling 393,000 own shares owned by the Company. The share capital was reduced for the purpose of increasing the value of all remaining shares of the Company; the registration of the share capital reduction is anticipated in the end of September 2010.

Selected financial data

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

Key figures and ratios	H1 2010	H1 2009	Change
Net sales from continuing operations (EEK thousand)	731,682	569,066	162,616
Net profit from continuing operations, attributable to owners of the Company (EEK thousand)	96,555	-15,772	112,327
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EEK thousand)	153,651	49,286	104,365
Earnings before interest and taxes (EBIT) from continuing operations (EEK thousand)	139,725	30,775	108,950
Net sales from continuing operations (EUR thousand)	46,763	36,370	10,393
Net profit from continuing operations, attributable to owners of the Company (EUR thousand)	6,171	-1,008	7,179
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EUR thousand)	9,820	3,150	6,670
Earnings before interest and taxes (EBIT) from continuing operations (EUR thousand)	8,930	1,967	6,963
Operating margin from continuing operations, %	19.1%	5.4%	-
Net margin from continuing operations attributable to owners of the Company, %	13.2%	-2.8%	-
ROA, %	10.4%	-5.1%	-
ROE, %	17.3%	-9.1%	-
Earnings per share (EPS), in EEK	2.44	-1.31	-
Earnings per share (EPS), in EUR	0.16	-0.08	-
Current ratio	3.8	2.8	-
Quick ratio	2.5	1.5	-

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 H1 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 Tulika 15/17, 10613 Tallinn, Estonia.

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

As of 30 June 2010, the Group employed 3,141 people (as of 31 December 2009: 3,164 people).

The Group comprises the following companies:

As of 30 June 2010	Location	Main activity	Ownership interest 30.06.2010	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 and wholesale	51%	51%
SP Gimil OOO	Belarus	Manufacturing	52%	52%
ZAO Stolichnaja Torgovaja Kompanija Milavitsa	Russia	Wholesale	100%	100%
OA O Junona	Belarus	Manufacturing	58.33%	58.33%
<u>Subsidiary of ZAO Stolichnaja Torgovaja Kompanija Milavitsa</u>				
ZAO Linret	Russia	Retail and wholesale	51%	51%
<u>Associate of France Style Lingerie S.A.R.L.</u>				
SOOO Torgovaja Kompanija Milavitsa	Belarus	Retail and wholesale	49%	49%

Management declaration regarding the consolidated interim report for H1 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 H1 2010 set out on pages 15-37 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.



Baiba Gegere
Member of the Management Board
11 August 2010



Norberto Rodriguez
Member of the Management Board
11 August 2010



Märt Meerits
Member of the Management Board
11 August 2010

Consolidated statement of financial position

Unaudited

	Notes	30.06.2010 EEK thousand	31.12.2009 EEK thousand	30.06.2009 EEK thousand	30.06.2010 EUR thousand	31.12.2009 EUR thousand	30.06.2009 EUR thousand
ASSETS							
Non-current assets							
Property, plant and equipment	1	175,727	168,248	199,541	11,231	10,753	12,753
Intangible assets	2	9,028	8,919	6,149	577	570	393
Investment property	3	22,124	20,090	19,683	1,414	1,284	1,258
Investments in equity accounted investees		1,095	2,175	2,018	70	139	129
Available-for-sale financial assets		6,243	5,664	6,744	399	362	431
Deferred tax asset		20,826	18,119	0	1,331	1,158	0
Other receivables	6	10,233	9,920	29,369	654	634	1,877
Total non-current assets		245,276	233,135	263,504	15,676	14,900	16,841
Current assets							
Inventories	4	261,674	266,289	274,222	16,724	17,019	17,526
Corporate income tax asset		798	7,260	6,572	51	464	420
Other tax receivables		20,904	22,875	10,874	1,336	1,462	695
Trade receivables	5	186,852	131,618	168,498	11,942	8,412	10,769
Other receivables	6	9,607	18,260	31,700	614	1,167	2,026
Prepayments	7	9,419	9,529	13,268	602	609	848
Cash and cash equivalents	8	264,600	153,931	63,776	16,911	9,838	4,076
Assets classified as held for sale		1,111	7,526	0	71	481	0
Total current assets		754,965	617,288	568,910	48,251	39,452	36,360
TOTAL ASSETS		1,000,241	850,423	832,414	63,927	54,352	53,201
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		-148,721	-186,539	-168,827	-9,505	-11,922	-10,790
Retained earnings		155,652	59,097	45,907	9,948	3,777	2,934
Total equity attributable to equity holders of the Company	12	624,229	489,856	494,378	39,896	31,308	31,597
Non-controlling interest		170,438	136,141	127,833	10,893	8,701	8,170
Total equity		794,667	625,997	622,211	50,789	40,009	39,767
Non-current liabilities							
Loans and borrowings	9	4,944	4,052	7,260	316	259	464
Deferred tax liabilities		0	0	266	0	0	17
Other liabilities		0	1,455	0	0	93	0
Provisions		0	0	0	0	0	0
Total non-current liabilities		4,944	5,507	7,526	316	352	481
Current liabilities							
Loans and borrowings	9	2,316	24,190	40,650	148	1,546	2,598
Trade payables		109,182	123,999	96,806	6,978	7,925	6,187
Corporate income tax payable		12,095	3,552	6,446	773	227	412
Other tax payable		23,032	24,831	22,390	1,472	1,587	1,431
Other payables	10	21,295	14,270	16,163	1,361	912	1,033
Provisions		7,604	3,395	19,746	486	217	1,262
Deferred tax liability		0	0	16	0	0	1
Accrued expenses		24,988	24,033	38	1,597	1,536	2
Deferred income		118	649	422	7	41	27
Total current liabilities		200,630	218,919	202,677	12,822	13,991	12,953
Total liabilities		205,574	224,426	210,203	13,138	14,343	13,434
TOTAL LIABILITIES AND EQUITY		1,000,241	850,423	832,414	63,927	54,352	53,201

Consolidated income statement for 6 months 2010

Unaudited

		H1 2010	H1 2009	H1 2010	H1 2009
		EEK	EEK	EUR	EUR
		thousand	thousand	thousand	thousand
Continuing operations					
Revenue					
Sales revenue	13	731,682	569,066	46,763	36,370
Costs of goods sold		-434,678	-314,950	-27,781	-20,129
Gross Profit		297,004	254,116	18,982	16,241
Other operating income		5,821	17,289	372	1,105
Distribution costs		-74,321	-92,722	-4,750	-5,926
Administrative expenses		-66,576	-80,033	-4,255	-5,115
Other operating expenses		-22,203	-67,875	-1,419	-4,338
Operating profit / loss		139,725	30,775	8,930	1,967
Finance income and finance costs					
Interest expenses		-1,001	-6,008	-64	-384
Gains/losses on conversion of foreign currencies		13,221	11,954	845	764
Other financial income / expenses		5,537	6,572	354	420
Net finance income/ (costs)		17,757	12,518	1,135	800
Share of profit of equity accounted investees		-1,220	-422	-78	-27
Profit before tax		156,262	42,871	9,987	2,740
Income tax expense		-34,626	-45,703	-2,213	-2,921
Profit / (loss) from continuing operations		121,636	-2,832	7,774	-181
Discontinued operations					
Loss from discontinued operations (net of income tax)		0	-36,034	0	-2,303
Profit / (loss) for the period		121,636	-38,866	7,774	-2,484
Attributable to					
Owners of the Company		96,555	-51,806	6,171	-3,311
Non-controlling interest		25,081	12,940	1,603	827
Earnings per share					
Basic earnings per share (EEK/EUR)	11	2.44	-1.31	0.16	-0.08
Diluted earnings per share (EEK/EUR)	11	2.44	-1.31	0.16	-0.08
Continuing operations					
Basic earnings per share (EEK/EUR)	11	2.44	-0.40	0.16	-0.03
Diluted earnings per share (EEK/EUR)	11	2.44	-0.40	0.16	-0.03

Consolidated statement of comprehensive income for 6 months 2010

Unaudited

	H1 2010	H1 2009	H1 2010	H1 2009
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Profit/ (loss) for the period	121,636	-38,866	7,774	-2,484
Other comprehensive income				
Foreign currency translation differences for foreign operations	49,099	-137,715	3,138	-8,801
Other comprehensive income for the period	49,099	-137,715	3,138	-8,801
Total comprehensive income	170,735	-176,581	10,912	-11,285
Total comprehensive income attributable to:				
Owners of the Company	134,373	-162,546	8,588	-10,388
Non-controlling interest	36,362	-14,035	2,324	-897

Consolidated income statement for Q2 2010

Unaudited

	Q2 2010	Q2 2009	Q2 2010	Q2 2009	
	EEK	EEK	EUR	EUR	
	thousand	thousand	thousand	thousand	
Continuing operations					
Revenue					
Sales revenue	417,702	319,394	26,696	20,413	
Costs of goods sold	-249,000	-169,202	-15,914	-10,814	
Gross Profit	168,702	150,192	10,782	9,599	
Other operating income	3,224	5,789	206	370	
Distribution costs	-37,020	-46,674	-2,366	-2,983	
Administrative expenses	-31,027	-36,770	-1,983	-2,350	
Other operating expenses	-8,669	-40,634	-554	-2,597	
Operating profit / loss	95,210	31,903	6,085	2,039	
Finance income and finance costs					
Interest expenses	-344	-3,395	-22	-217	
Gains/losses on conversion of foreign currencies	-7,198	12,783	-460	817	
Other financial income / expenses	2,674	5,680	171	363	
Net finance income/ (costs)	-4,868	15,068	-311	963	
Share of profit of equity accounted investees	-15	1,408	-1	90	
Profit before tax	90,327	48,379	5,773	3,092	
Income tax expense	-17,352	-25,285	-1,109	-1,616	
Profit / (loss) from continuing operations	72,975	23,094	4,664	1,476	
Discontinued operations					
Loss from discontinued operations (net of income tax)	0	-27,428	0	-1,753	
Profit / (loss) for the period	72,975	-4,334	4,664	-277	
Attributable to					
Owners of the Company	57,876	-12,846	3,697	-821	
Non-controlling interest	15,099	8,512	967	544	
Earnings per share					
Basic earnings per share (EEK/EUR)	11	1.46	-0.32	0.09	-0.02
Diluted earnings per share (EEK/EUR)	11	1.46	-0.32	0.09	-0.02
Continuing operations					
Basic earnings per share (EEK/EUR)	11	1.46	0.37	0.09	0.02
Diluted earnings per share (EEK/EUR)	11	1.46	0.37	0.09	0.02

Consolidated statement of comprehensive income for Q2 2010

Unaudited

	Q2 2010	Q2 2009	Q2 2010	Q2 2009
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Profit/ (loss) for the period	72,975	-4,334	4,664	-277
Other comprehensive income				
Foreign currency translation differences for foreign operations	49,280	-32,817	3,319	-2,097
Other comprehensive income for the period	49,280	-32,817	3,319	-2,097
Total comprehensive income	122,255	-37,151	7,983	-2,374
Total comprehensive income attributable to:				
Owners of the Company	95,981	-43,098	6,401	-2,754
Non-controlling interest	26,274	5,947	1,582	380

Consolidated statement of cash flows for 6 months 2010

Unaudited

	Notes	H1 2010 thousand EEK	H1 2009 thousand EEK	H1 2010 thousand EUR	H1 2009 thousand EUR
Cash flows from operating activities					
Profit/ (loss) for the period		121,636	-38,866	7,774	-2,484
Adjustments for:					
Depreciation of fixed assets and investment property	1,3	12,877	20,310	823	1,298
Amortization of intangible assets	2	1,049	1,815	67	116
Impairment of property, plant and equipment	1	125	12,423	8	794
Impairment losses on intangible assets	2	63	3,317	4	212
Impairment losses on other assets		2,191	0	140	0
Net finance (income)/ costs		-17,757	-12,518	-1,135	-800
Share of profit of equity accounted investees		1,220	422	78	27
(Gains)/ losses on the sale of property, plant and equipment		688	2,128	44	136
Gain on sale of discontinued operations, net of income tax		0	23,845	0	1,524
Income tax expense		34,626	45,703	2,213	2,921
Change in inventories		30,040	40,681	1,920	2,600
Change in trade and other receivables		-25,786	58,143	-1,648	3,716
Change in trade and other payables		-26,443	-87,229	-1,690	-5,575
Interests paid		-1,001	-6,916	-64	-442
Income tax paid		-20,966	-29,275	-1,340	-1,871
Net cash used in/ from operating activities		112,562	33,983	7,194	2,172
Cash flow from investing activities					
Interest received		6,243	4,850	399	310
Dividends received		63	0	4	0
Proceeds from sale of property, plant and equipment		4,475	7,745	286	495
Disposal of subsidiaries, net of cash disposed of		0	-2,441	0	-156
Loans granted		-1,486	0	-95	0
Proceeds from repayments of loans granted		188	0	12	0
Proceeds from disposal of investments		125	0	8	0
Acquisition of property, plant and equipment	1	-8,105	-11,562	-518	-739
Acquisition of intangible assets	2	-595	-1,940	-38	-124
Acquisition of other non-current assets	3	0	-2,128	0	-136
Net cash used in/from investing activities		908	-5,476	58	-350
Cash flow from financing activities					
Proceeds from borrowings	9	8,308	92,362	531	5,903
Repayment of borrowings	9	-28,837	-150,097	-1,843	-9,593
Repayment of finance lease	9	-751	-3,317	-48	-212
Dividends paid		-2,065	-1,252	-132	-80
Net cash used in/ from financing activities		-23,345	-62,304	-1,492	-3,982
Increase/ (decrease) in cash and cash equivalents		90,125	-33,797	5,760	-2,160
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		20,544	15,444	1,313	987
Cash and cash equivalents at the end of period	8	264,600	63,776	16,911	4,076

Consolidated statement of changes in equity

Unaudited

<i>In thousands of EEK</i>	Equity attributable to equity holders of the Company						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Own shares	Capital reserve	Translation reserve	Accumulated profit (losses)			
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	-51,806	-51,806	12,940	-38,866
Other comprehensive income									
Effect on consolidation of foreign subsidiaries	0	0	0	0	-110,741	0	-110,741	-26,974	-137,715
Total other comprehensive income	0	0	0	0	-110,741	0	-110,741	-26,974	-137,715
Total comprehensive income	0	0	0	0	-110,741	-51,806	-162,547	-14,034	-176,581
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	-1,252	-1,252
Total transactions with owners	0	0	0	0	0	0	0	-1,252	-1,252
Balance as of 30 June 2009	400,000	223,293	-7,041	1,046	-168,827	45,907	494,378	127,833	622,211
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	0	0	0	0	0	96,555	96,555	25,081	121,636
Other comprehensive income									
Effect on consolidation of foreign subsidiaries	0	0	0	0	37,818	0	37,818	11,281	49,099
Total other comprehensive income	0	0	0	0	37,818	0	37,818	11,281	49,099
Total comprehensive income	0	0	0	0	37,818	96,555	134,373	36,362	170,735
Transactions with owners, recorded directly in equity									
Dividends paid	0	0	0	0	0	0	0	-2,065	-2,065
Total transactions with owners	0	0	0	0	0	0	0	-2,065	-2,065
Balance as of 30 June 2010	400,000	223,293	-7,041	1,046	-148,721	155,652	624,229	170,438	794,667

Consolidated statement of changes in equity

Unaudited

<i>In thousands of EUR</i>	Equity attributable to equity holders of the Company						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Own shares	Capital reserve	Translation reserve	Accumulated profit (losses)			
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	-3,311	-3,311	827	-2,484
Other comprehensive income									
Effect on consolidation of foreign subsidiaries	0	0	0	0	-7,077	0	-7,077	-1,724	-8,801
Total other comprehensive income	0	0	0	0	-7,077	0	-7,077	-1,724	-8,801
Total comprehensive income	0	0	0	0	-7,077	-3,311	-10,388	-897	-11,285
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	-80	-80
Total transactions with owners	0	0	0	0	0	0	0	-80	-80
Balance as of 30 June 2009	25,565	14,271	-450	67	-10,790	2,934	31,597	8,170	39,767
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	0	0	0	0	0	6,171	6,171	1,603	7,774
Other comprehensive income									
Effect on consolidation of foreign subsidiaries	0	0	0	0	2,417	0	2,417	721	3,138
Total other comprehensive income	0	0	0	0	2,417	0	2,417	721	3,138
Total comprehensive income	0	0	0	0	2,417	6,171	8,588	2,324	10,912
Transactions with owners, recorded directly in equity									
Dividends paid	0	0	0	0	0	0	0	-132	-132
Total transactions with owners	0	0	0	0	0	0	0	-132	-132
Balance as of 30 June 2010	25,565	14,271	-450	67	-9,505	9,948	39,896	10,893	50,789

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	0	5,726	7,072	12,798
Transfers and reclassifications	0	9,888	13,880	-15,662	8,106
Disposals	0	-4,083	-11,375	0	-15,458
Elimination on disposal of subsidiary	0	-23,235	-32,513	-78	-55,826
Effect of movements in foreign exchange on cost	-25,488	-53,637	-13,031	-3,649	-95,805
Cost as of 30 June 2009	75,164	194,893	93,404	8,386	371,847
Cost as of 31 December 2009	73,384	188,009	75,511	5,460	342,364
Movements in 2010					
Acquisition	0	0	2,488	5,617	8,105
Transfers and reclassifications	845	469	3,943	-5,257	0
Transfer to assets held for sale	0	0	-10,890	0	-10,890
Disposals	0	-344	-25,347	0	-25,691
Effect of movements in foreign exchange on cost	21,467	26,677	8,778	610	57,532
Cost as of 30 June 2010	95,696	214,811	54,483	6,430	371,420
Accumulated depreciation as of 31 December 2008	24,125	147,687	52,690	0	224,502
Movements in 2009					
Depreciation	1,158	8,997	9,936	0	20,091
Transfers and reclassification	0	-188	188	0	0
Impairment loss	0	0	12,423	0	12,423
Disposals	0	-3,348	-2,175	0	-5,523
Elimination on disposal of subsidiary	0	-20,294	-16,194	0	-36,488
Effect of movements in foreign exchange on accumulated depreciation	-8,215	-28,554	-5,930	0	-42,699
Accumulated depreciation as of 30 June 2009	17,068	104,300	50,938	0	172,306
Accumulated depreciation as of 31 December 2009	17,305	107,461	49,350	0	174,116
Movements in 2010					
Depreciation	1,205	7,604	3,849	0	12,658
Transfer to assets held for sale	0	0	-9,091	0	-9,091
Disposals	0	-344	-21,045	0	-21,389
Impairment loss	0	0	0	125	125
Effect of movements in foreign exchange on accumulated depreciation	15,162	18,213	5,899	0	39,274
Accumulated depreciation as of 30 June 2010	33,672	132,934	28,962	125	195,693
Carrying amounts					
As of 31 December 2008	76,527	118,273	78,027	20,703	293,530
As of 30 June 2009	58,096	90,593	42,466	8,386	199,541
As of 31 December 2009	56,079	80,548	26,161	5,460	168,248
As of 30 June 2010	62,024	81,877	25,521	6,305	175,727

<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	0	366	452	818
Transfers and reclassifications	0	632	887	-1,001	518
Disposals	0	-261	-727	0	-988
Eliminated on disposal of subsidiary	0	-1,485	-2,078	-5	-3,568
Effect of movements in foreign exchange on cost	-1,629	-3,428	-833	-233	-6,123
Cost as of 30 June 2009	4,804	12,455	5,970	536	23,765
Cost as of 31 December 2009	4,690	12,016	4,826	349	21,881
Movements in 2010					
Acquisition	0	0	159	359	518
Transfers and reclassifications	54	30	252	-336	0
Transfer to assets held for sale	0	0	-696	0	-696
Disposals	0	-22	-1,620	0	-1,642
Effect of movements in foreign exchange on cost	1,372	1,705	561	39	3,677
Cost as of 30 June 2010	6,116	13,729	3,482	411	23,738
Accumulated depreciation as of 31 December 2008	1,542	9,438	3,368	0	14,348
Movements in 2009					
Depreciation	74	575	635	0	1,284
Transfers and reclassification	0	-12	12	0	0
Impairment loss	0	0	794	0	794
Disposals	0	-214	-139	0	-353
Eliminated on disposal of subsidiary	0	-1,297	-1,035	0	-2,332
Effect of movements in foreign exchange on accumulated depreciation	-525	-1,825	-379	0	-2,729
Accumulated depreciation as of 30 June 2009	1,091	6,665	3,256	0	11,012
Accumulated depreciation as of 31 December 2009	1,106	6,868	3,154	0	11,128
Movements in 2010					
Depreciation	77	486	246	0	809
Transfer to assets held for sale	0	0	-581	0	-581
Impairment loss	0	0	0	8	8
Disposals	0	-22	-1,345	0	-1,367
Effect of movements in foreign exchange on accumulated depreciation	969	1,164	377	0	2,510
Accumulated depreciation as of 30 June 2010	2,152	8,496	1,851	8	12,507
Carrying amounts					
As of 31 December 2008	4,891	7,559	4,987	1,323	18,760
As of 30 June 2009	3,713	5,790	2,714	536	12,753
As of 31 December 2009	3,584	5,148	1,672	349	10,753
As of 30 June 2010	3,964	5,233	1,631	403	11,231

Part of the other equipment and fixtures with a carrying amount of EEK 1,799 thousand (EUR 115 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 1,095 thousand (EUR 70 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 30 June 2010 assets classified as held for sale equal EEK 1,111 thousand (EUR 71 thousand).

In H1 2010, there were no fixed assets acquired under finance lease (H1 2009: EEK 1,236 thousand, EUR 79 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	1,518	219	0	203	1,940
Transfers	0	16	0	-16	0
Eliminated on disposal of subsidiary	-6,463	-5,758	-1,876	-391	-14,488
Effect of movements in foreign exchange on cost	-1,846	-141	0	-509	-2,496
Cost as of 30 June 2009	9,913	1,277	35,413	1,783	48,386
Cost as of 31 December 2009	9,324	1,689	0	5,571	16,584
Movements in 2010					
Acquisition	47	0	0	548	595
Transfers	63	0	0	-63	0
Disposals	-16	-642	0	0	-658
Effect of movements in foreign exchange on cost	799	188	0	657	1,644
Cost as of 30 June 2010	10,217	1,235	0	6,713	18,165
Accumulated amortisation as of 31 December 2008	7,744	4,188	35,413	0	47,345
Movements in 2009					
Amortisation	1,408	407	0	0	1,815
Impairment loss	1,549	0	0	1,768	3,317
Eliminated on disposal of subsidiary	-704	-47	0	-110	-861
Effect of movements in foreign exchange on amortisation	-5,247	-4,132	0	0	-9,379
Accumulated amortisation as of 30 June 2009	4,750	416	35,413	1,658	42,237
Accumulated amortisation as of 31 December 2009	5,444	625	0	1,596	7,665
Movements in 2010					
Amortisation	861	188	0	0	1,049
Disposal	-16	-438	0	0	-454
Impairment loss	0	63	0	0	63
Effect of movements in foreign exchange on amortisation	548	78	0	188	814
Accumulated amortisation as of 30 June 2010	6,837	516	0	1,784	9,137
Carrying amounts					
As of 31 December 2008	8,960	2,753	1,876	2,496	16,085
As of 30 June 2009	5,163	861	0	125	6,149
As of 31 December 2009	3,880	1,064	0	3,975	8,919
As of 30 June 2010	3,380	719	0	4,929	9,028

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	97	14	0	13	124
Transfers	0	1	0	-1	0
Eliminated on disposal of subsidiary	-413	-368	-120	-25	-926
Effect of movements in foreign exchange on cost	-118	-9	0	-32	-159
Cost as of 30 June 2009	634	81	2,264	114	3,093
Cost as of 31 December 2009	597	108	0	354	1,059
Movements in 2010					
Acquisition	3	0	0	35	38
Transfer	4	0	0	-4	0
Disposals	-1	-41	0	0	-42
Effect of movements in foreign exchange on cost	51	12	0	42	105
Cost as of 30 June 2010	654	79	0	427	1,160
Accumulated amortisation as of 31 December 2008	495	267	2,264	0	3,026
Movements in 2009					
Amortisation	90	26	0	0	116
Impairment loss	99	0	0	113	212
Eliminated on disposal of subsidiary	-335	-264	0	0	-599
Effect of movements in foreign exchange on amortisation	-45	-3	0	-7	-55
Accumulated amortisation as of 30 June 2009	304	26	2,264	106	2,700
Accumulated amortisation as of 31 December 2009	349	40	0	100	489
Movements in 2010					
Amortisation	55	12	0	0	67
Disposal	-1	-28	0	0	-29
Impairment loss	0	4	0	0	4
Effect of movements in foreign exchange on amortisation	35	5	0	12	52
Accumulated amortisation as of 30 June 2010	438	33	0	112	583
Carrying amounts					
As of 31 December 2008	573	176	120	159	1,028
As of 30 June 2009	330	55	0	8	393
As of 31 December 2009	248	68	0	254	570
As of 30 June 2010	216	46	0	315	577

Note 3. Investment property

	H1 2010 EEK thousand	H1 2009 EEK thousand	H1 2010 EUR thousand	H1 2009 EUR thousand
As of beginning of period	20,090	23,141	1,284	1,479
Acquisitions	0	2,128	0	136
Depreciation	-219	-219	-14	-14
Effect of movements in exchange rates	2,253	-5,367	144	-343
Total	22,124	19,683	1,414	1,258

As of 30 June 2010 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 30 June 2010 is not significantly different from fair value.

Note 4. Inventories

	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw and other materials	68,986	61,474	4,409	3,929
Work in progress	30,135	23,141	1,926	1,479
Finished goods	158,296	177,120	10,117	11,320
Goods purchased for resale	0	0	0	0
Other inventories	4,257	4,554	272	291
Total	261,674	266,289	16,724	17,019

Inventories are shown at their carrying values which are determined as the lower of cost and net realizable value. As of 30 June 2010 the write-downs of raw materials to net realizable value amounted to EEK 8,559 thousand (EUR 547 thousand), whereas as of 31 December 2009 those amounted to EEK 8,606 thousand (EUR 550 thousand). As of 30 June 2010 the write-downs of finished goods to net realizable value amounted to EEK 8,966 thousand (EUR 573 thousand), whereas as of 31 December 2009 write-downs amounted to EEK 10,749 thousand (EUR 687 thousand).

Note 5. Trade receivables

	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	194,425	141,616	12,426	9,051
Impairment of receivables	-7,573	-9,998	-484	-639
Total	186,852	131,618	11,942	8,412

Note 6. Other receivables

Other short term receivables

	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
VAT on unpaid invoices	2,065	9,826	132	628
Guarantees withheld	3,740	4,084	239	261
Loans to third parties	2,471	1,565	158	100
Prepaid expenses	2,488	2,707	159	173
Employees receivables	469	736	30	47
Due from customers for contract work	313	203	20	13
Miscellaneous receivables	1,769	1,909	113	122
Impairment of other receivables	-3,708	-2,770	-237	-177
Total	9,607	18,260	614	1,167

Other long term receivables

	30.06.2010	31.12.2009	30.06.2010	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	8,293	8,058	530	515
Receivable from PTA Grupp AS	1,596	1,549	102	99
Other long term receivables	344	313	22	20
Allowance for impaired receivables	-20,356	-20,356	-1,301	-1,301
Total	10,233	9,920	654	634

Note 7. Prepayments

	30.06.2010 EEK thousand	31.12.2009 EEK thousand	30.06.2010 EUR thousand	31.12.2009 EUR thousand
Prepayments to suppliers	9,419	9,529	602	609
Total	9,419	9,529	602	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

	30.06.2010 EEK thousand	31.12.2009 EEK thousand	30.06.2010 EUR thousand	31.12.2009 EUR thousand
Short-term deposits	205,377	125,032	13,126	7,991
Bank accounts in foreign currencies	44,665	19,119	2,855	1,222
Cash in transit	14,145	8,997	904	575
Cash on hand	344	720	22	46
Bank accounts in kroons	69	63	4	4
Total	264,600	153,931	16,911	9,838

As of 30 June 2010, cash placed in short-term deposits with the maturity from 1 to 5 months amounted to EUR 13,126 thousand. The interest rates were in the range from 3% to 10% per annum for deposits denominated in EUR, 15% per annum for demand deposits denominated in Belarusian roubles, 1.29% for overnight deposit denominated in Russian roubles and from 7.5% to 9.5% per annum for demand deposits denominated in Russian roubles.

Note 9. Loans and borrowings

The Group has the following debts as of 30 June 2010:

In thousands of EEK

	Company	Cur- rency	Nominal interest rate	Year of maturity	30.06. 2010		31.12.2009	
					Short term	Long term	Short term	Long term
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	0	0	1,643	0
Secured bank loan	SP Gimil OOO	BYR	21.00%	2010	0	939	0	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11%	2010	0	0	1,721	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5%	2011	1,252	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	0	0	814	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4%	2013	923	3,927	1,393	3,927
Bank overdraft	Lauma Lingerie AS	EUR	3M EURIBOR + 6.25%	2010	0	0	17,226	0
Finance lease liabilities	SP Gimil OOO	USD	14.50%	2012	141	78	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	0	0	579	0
Total interest bearing liabilities					2,316	4,944	24,190	4,052

In thousands of EUR

Bank	Company	Cur- rency	Nominal interest rate	Year of maturity	30.06. 2010		31.12.2009	
					Short term	Long term	Short term	Long term
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	0	0	105	0
Secured bank loan	SP Gimil OOO	BYR	21.00%	2010	0	60	0	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11%	2010	0	0	110	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5%	2011	80	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	0	0	52	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4%	2013	59	251	89	251
Bank overdraft	Lauma Lingerie AS	EUR	3M EURIBOR + 6.25%	2010	0	0	1,101	0
Finance lease liabilities	SP Gimil OOO	USD	14.50%	2012	9	5	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	0	0	37	0
Total interest bearing liabilities					148	316	1,546	259

* BYRIBOR – BYR Interbank Offered Rate

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

In H1 2010 the Group received loans in the amount of EEK 8,308 thousand (EUR 531 thousand), in H1 2009 in the amount of EEK 92,362 thousand (EUR 5,903 thousand). The Group settled loan liabilities in H1 2010 in the amount of EEK 29,588 thousand (EUR 1,891 thousand), in H1 2009 in the amount of EEK 153,414 thousand (EUR 9,805 thousand).

Loan collateral

The loans provided to OAO Junona by OAO Belarusbank are secured by fixed assets of OAO Junona for the book value of EEK 4,052 thousand (EUR 259 thousand). The loan provided to SP Gimil OOO by Minsk Transit Bank are secured by real estate for the book value of EEK 5,163 thousand (EUR 330 thousand).

Note 10. Other payables

	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Payables related to employees	10,546	8,042	674	514
Customer prepayments for goods and services	2,175	2,316	139	148
Other payables	8,574	3,912	548	250
Total	21,295	14,270	1,361	912

Note 11. Earnings per share

The calculation of basic earnings per share at 30 June 2010 (30 June 2009) was based on the profit attributable to owners and a weighted average number of ordinary shares.

<i>In thousands of shares</i>	H1 2010	H1 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 June 30, 2010 (Qty)	40,000	40,000
Own shares as of June 30, 2010	-393	-393
Weighted average number of ordinary shares	39,607	39,607

	H1 2010	H1 2010	H1 2010	H1 2009	H1 2009	H1 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EEK thousand	96,555	0	96,555	-15,772	-36,034	-51,806
Basic earnings/(loss) per share (EEK)	2.44	0	2.44	-0.40	-0.91	-1.31
Diluted loss per share (EEK)	2.44	0	2.44	-0.40	-0.91	-1.31

	H1 2010	H1 2010	H1 2010	H1 2009	H1 2009	H1 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EUR thousand	6,171	0	6,171	-1,008	-2,303	-3,311
Basic earnings/(loss) per share (EUR)	0.16	0	0.16	-0.03	-0.05	-0.08
Diluted loss per share (EUR)	0.16	0	0.16	-0.03	-0.05	-0.08

	Q2 2010	Q2 2010	Q2 2010	Q2 2009	Q2 2009	Q2 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EEK thousand	57,876	0	57,876	14,582	-27,428	-12,846
Basic earnings/(loss) per share (EEK)	1.46	0	1.46	0.37	-0.69	-0.32
Diluted loss per share (EEK)	1.46	0	1.46	0.37	-0.69	-0.32

	Q2 2010	Q2 2010	Q2 2010	Q2 2009	Q2 2009	Q2 2009
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
Profit/(Loss) for the period, attributable to owners, EUR thousand	3,697	0	3,697	932	-1,753	-821
Basic earnings/(loss) per share (EUR)	0.09	0	0.09	0.02	-0.04	-0.02
Diluted loss per share (EUR)	0.09	0	0.09	0.02	-0.04	-0.02

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 30 June 2010 registered 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.

On 28 June 2010 the decision was taken by the Annual General Meeting Decision to reduce the share capital of AS Silvano Fashion Group by EEK 3,930 thousand to EEK 396,070 thousand by way of cancelling 393,000 own shares owned by the Company. The registration of the share capital reduction is anticipated in the end of September 2010.

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 30 June 2010 AS Silvano Fashion Group had 1,068 shareholders.

As of 30 June 2010 shareholders whose interest in AS Silvano Fashion Group exceeded 1% included:

Name	Number of shares	Shareholding
Major shareholders	36,129,332	90.33%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8,000,000	20.00%
TOOMAS TOOL	9,810,983	24.53%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	7,459,176	18.65%
SKANDINAVISKA ENSKILDA BANKEN AB CLIENTS	5,274,456	13.19%
UNICREDIT BANK AUSTRIA AG	3,037,072	7.59%
BNYM / ING BANK SLAKSI A/C ING PARASOL	1,397,645	3.49%
NORDEA BANK FINLAND PLC EESTI FILIAAL	1,150,000	2.88%
Other shareholders	3,870,668	9.67%
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 6 months 2010 (EEK)

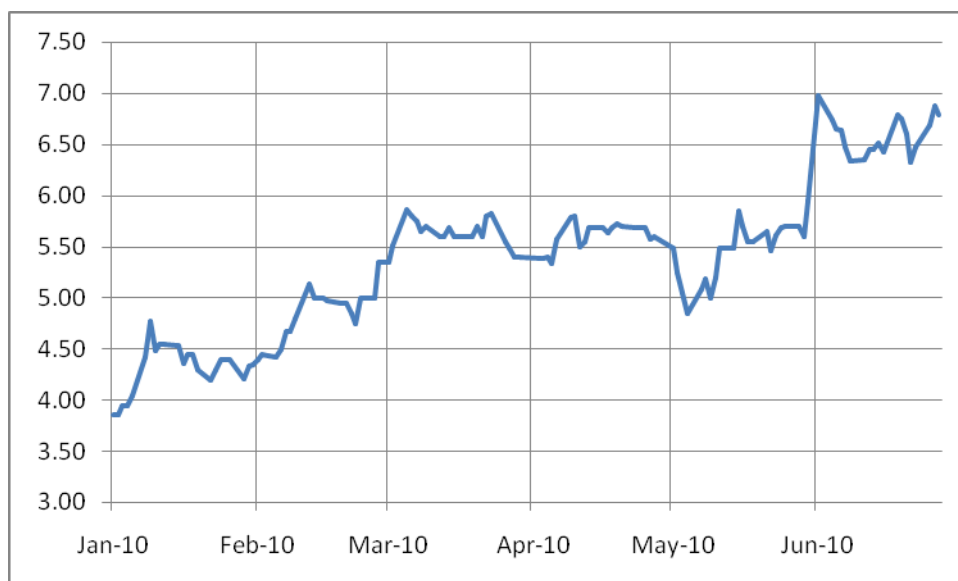
During the 6 months of 2010, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EEK 26.13 (EUR 1.67) and EEK 12.20 (EUR 0.78), respectively.



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

Share price development on the Warsaw Stock Exchange in 6 months 2010 (PLN)

During the six months of 2010, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were PLN 6.97 and PLN 3.85, respectively.



Note 13. Sales revenue

	H1 2010 EEK thousand	H1 2009 EEK thousand	H1 2010 EUR thousand	H1 2009 EUR thousand
Income from wholesale	602,112	422,958	38,482	27,032
Income from retail sale	126,002	141,633	8,053	9,052
Subcontracting and services	2,503	2,879	160	184
Other sales	1,065	1,596	68	102
Total sales revenue	731,682	569,066	46,763	36,370

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.

	H1 2010	H1 2009	H1 2010	H1 2009
	EEK	EEK	EUR	EUR
Sales of goods and services	thousand	thousand	thousand	thousand
Associated companies	72,210	45,851	4,615	2,930
Total sales	72,210	45,851	4,615	2,930

	30.06.2010	31.12.2009	30.06.2010	31.12.2009
	EEK	EEK	EUR	EUR
Balances with related parties	thousand	thousand	thousand	thousand
Receivable from associated companies	30,094	40,853	1,923	2,611
Total receivable	30,094	40,853	1,923	2,611

	H1 2010	H1 2009	H1 2010	H1 2009
	EEK	EEK	EUR	EUR
Benefits to members of the management board	thousand	thousand	thousand	thousand
Remuneration and benefits	3,646	2,097	233	134
Total	3,646	2,097	233	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 H1 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	126,002	602,112	0	728,114	3,568	0	0	731,682
Intersegment revenues	0	77,435	0	77,435	7,855	0	-85,290	0
EBITDA	-376	157,859	0	157,483	-3,832	0	0	153,651
Amortization and depreciation	-2,316	-11,124	0	-13,440	-486	0	0	-13,926
Operating income/loss, EBIT	-2,692	146,735	0	144,043	-4,318	0	0	139,725
Interest in the profit or loss of equity accounted investees	0	-485	0	-485	-735	0	0	-1,220
Financial items, net	3,849	-1,222	0	2,627	15,130	0	0	17,757
Income tax	-1,940	-31,857	0	-33,797	-829	0	0	-34,626
Net income	-783	113,171	0	112,388	9,248	0	0	121,636
Investments in associate	0	1,095	0	1,095	0	0	0	1,095
Other operating segment assets	81,832	864,178	0	946,010	53,136	0	0	999,146
Reportable segment liabilities	30,527	156,255	0	186,782	18,792	0	0	205,574
Impairment of assets	2,129	250	0	2,379	0	0	0	2,379
Capital expenditures	3,286	5,414	0	8,700	0	0	0	8,700
Number of employees as of reporting date	420	2,718	0	3,138	3	0	0	3,141

Operating segments H1 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	8,053	38,482	0	46,535	228	0	0	46,763
Intersegment revenues	0	4,949	0	4,949	502	0	-5,451	0
EBITDA	-24	10,089	0	10,065	-245	0	0	9,820
Amortization and depreciation	-148	-711	0	-859	-31	0	0	-890
Operating income/loss, EBIT	-172	9,378	0	9,206	-276	0	0	8,930
Interest in the profit or loss of equity accounted investees	0	-31	0	-31	-47	0	0	-78
Financial items, net	246	-78	0	168	967	0	0	1,135
Income tax	-124	-2,036	0	-2,160	-53	0	0	-2,213
Net income	-50	7,233	0	7,183	591	0	0	7,774
Investments in associate	0	70	0	70	0	0	0	70
Other operating segment assets	5,230	55,231	0	60,461	3,396	0	0	63,857
Reportable segment liabilities	1,951	9,986	0	11,937	1,201	0	0	13,138
Impairment of assets	136	16	0	152	0	0	0	152
Capital expenditures	210	346	0	556	0	0	0	556
Number of employees as of reporting date	420	2,718	0	3,138	3	0	0	3,141

Operating segments H1 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	141,633	422,958	78,593	643,184	4,475	-78,593	0	569,066
Intersegment revenues	0	82,771	0	82,771	10,026	0	-92,797	0
EBITDA	-46,486	122,685	-7,463	68,736	-26,913	7,463	0	49,286
Amortization and depreciation	-5,961	-12,033	-3,614	-21,608	-517	3,614	0	-18,511
Operating income/loss, EBIT	-52,447	110,652	-11,077	47,128	-27,430	11,077	0	30,775
Interest in the profit or loss of equity accounted investees	0	-688	0	-688	266	0	0	-422
Financial items, net	-13,566	23,753	-1,315	8,872	2,331	1,315	0	12,518
Income tax	-1,721	-43,982	203	-45,500	0	-203	0	-45,703
Loss on sale of discontinued operations	0	0	0	-23,845	0	23,845		0
Net income	-67,734	89,735	-12,189	-14,033	-24,833	36,034	0	-2,832
Investments in associate	0	1,361	0	1,361	657	0	0	2,018
Other operating segment assets	150,630	646,471	101,606	898,707	33,295	-101,606	0	830,396
Reportable segment liabilities	62,665	122,575	69,338	254,578	24,956	-69,338	0	210,196
Impairment of assets	12,611	3,129	0	15,740	0	0	0	15,740
Capital expenditures	8,698	6,024	4,595	19,317	2,144	-4,595	0	16,866
Number of employees as of reporting date	544	2,675	409	3,628	12	0	-409	3, 231

Operating segments H1 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	9,052	27,032	5,023	41,107	286	-5,023	0	36,370
Intersegment revenues	0	5,290	0	5,290	641	0	-5,931	0
EBITDA	-2,971	7,841	-477	4,393	-1,720	477	0	3,150
Amortization and depreciation	-381	-769	-231	-1,381	-33	231	0	-1,183
Operating income/loss, EBIT	-3,352	7,072	-708	3,012	-1,753	708	0	1,967
Interest in the profit or loss of equity accounted investees	0	-44	0	-44	17	0	0	-27
Financial items, net	-867	1,518	-84	567	149	84	0	800
Income tax	-110	-2,811	13	-2,908	0	-13	0	-2,921
Loss on sale of discontinued operations				-1,524		1,524		0
Net income	-4,329	5,735	-779	-897	-1,587	2,303	0	-181
Investments in associate	0	87	0	87	42	0	0	129
Other operating segment assets	9,627	41,317	6,494	57,438	2,128	-6,494	0	53,072
Reportable segment liabilities	4,005	7,834	4,432	16,271	1,595	-4,432	0	13,434
Impairment of assets	806	200	0	1,006	0	0	0	1,006
Capital expenditures	556	385	294	1,235	137	-294	0	1,078
Number of employees as of reporting date	544	2,675	409	3,628	12	0	-409	3,231

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 H1 2010 EEK thousand	Sales revenue H1 2009 EEK thousand	Non-current assets 30.06.2010 EEK thousand	Non-current assets 30.06.2009 EEK thousand
Russia	429,844	334,118	2,300	45,219
Belarus	188,322	144,715	226,485	198,962
Baltics	41,808	30,589	16,460	18,601
Ukraine	37,098	29,541	0	0
Other countries	34,610	30,103	31	722
Total	731,682	569,066	245,276	263,504

	Sales revenue H12010 EUR thousand	Sales revenue H12009 EUR thousand	Non-current assets 30.06.2010 EUR thousand	Non-current assets 30.06.2009 EUR thousand
Russia	27,472	21,354	147	2,890
Belarus	12,036	9,249	14,475	12,716
Baltics	2,672	1,955	1,052	1,188
Ukraine	2,371	1,888	0	0
Other countries	2,212	1,924	2	47
Total	46,763	36,370	15,676	16,841