



Consolidated interim report for Q3 and 9 months 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 OÜ

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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, was steadily improving until September with first signs of slow-down of growth appearing in the fall. The consumers' purchasing power has increased and unemployment rate has lowered; Russian Ruble strengthened against multi-currency basket in 1H 2010 by 3.3 %, but, starting from July has began to weaken against the major currencies. However, oil and gas prices continue to support Russian economy. As a result, retail sales in the end customer market have been growing since the end of 2009 with minor slow down of growth in the fall. The Group's sales in Russia in 9 months 2010 were 24.0% above respective period in 2009.

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.

The Belarusian market has been stable during 2009 and has not weakened in 9 months 2010. The Belarusian economy's GDP growth is forecast at a 11-12% rate for 2010. In Q3 2010 retail operations in Belarus demonstrated an increase of 38.0% in local currency terms and 43.7% in EUR terms as compared to Q3 2009.

Despite the difficult situation that remains in the Baltics, where economy suffered the most in 2009, Lauma Lingerie's Q3 2010 sales in the Baltic countries increased by 82.5% as compared to Q3 2009.

In general, 9 months 2010 sales level and market situation confirmed management forecast of business recovery. Q3 sales demonstrated an increase of 22.1% as compared to Q3 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.

On overall apparel and lingerie markets are currently undersupplied, especially in Russia, because of limited orders placed for finished garments by major retailers in 2009 while the demand has grown significantly. The situation is favourable for the companies operating their own production units and those capable of fast restock of their retail outlets due to effective sourcing and logistics solutions. At the same time this has brought severe rivalry for local production capacities and the price per labour minute in the market has on average increased by 30-50%. Currently there is a shortage of production capacities for the major producers and there is a clear trend of raising prices of the labour as a result of it.

At the end of the reporting period the Group and its franchising partners operated 385 Milavitsa and Lauma lingerie outlets, including 48 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.

Based on 9 months 2010 sales and orders collected for Q4 2010, the management estimates 2010 sales growth at around 20-22% on annual basis.

Financial performance

The Group's sales from continuing operations amounted to EEK 1,133,361 thousand (EUR 72,435 thousand) in 9 months 2010, representing a 26.2% increase as compared to the respective period in the previous year. Overall wholesale sales from continuing operations increased by 37.8%, while retail sales from continuing operations presented a decrease of 8.1%, 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 6.7% and came at 18.0% of total sales in 9 months 2010.

The Group's gross margin from continuing operations in the 9 months' period decreased and was 40.2%, as compared to 43.1% in the respective period in the previous year. Q3 2010 gross margin decreased as well as compared to Q3 2009 and amounted to 39.4%. 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 227,047 thousand (EUR 14,511 thousand), compared to EEK 63,181 thousand (EUR 4,038 thousand) in 9 months 2009. The consolidated operating margin from continuing operations was 20.0% (7.0% in 9 months 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 9,435 thousand (EUR 603 thousand) in 9 months 2010 and was mainly accrued in Q1 2010 and mainly related to the intra-croup borrowings in EUR and USD. Foreign exchange loss in Q3 2010 amounted to EEK 3,786 thousand (EUR 242 thousand). SP ZAO Milavitsa incurred a foreign currency gain as a result of BYR depreciation in Q3 2010.

In line with management expectations, the effective tax rate in Q3 increased compared to the previous quarter and amounted to 24.4%. This is mainly explained by foreign currency gain in largest subsidiary SP ZAO Milavitsa as the result of Belorussian Ruble depreciation against Russian Ruble and Euro. Effective tax rate for 9 months 2010 amounted to 23.0% and was still lower than expected due to relatively low rate in Q2 2010 (19.2%). Nevertheless, effective tax rates in Q3 and 9 months 2010 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 profitability of the Group's largest subsidiary SP ZAO Milavitsa and use of tax loss of prior years in Russia.

Consolidated net profit from continuing operations attributable to equity holders amounted to EEK 150,505 thousand (EUR 9,619 thousand) in 9 months 2010, compared to net loss of EEK 7,683 thousand (EUR 491 thousand) in 9 months 2009; net margin from continuing operations attributable to equity holders was 13.3% (up from a negative margin of 0.9% in 9 months 2009).

In 9 months 2010, the Group's return on equity amounted to 27.6% (-7.7% in 9 months 2009) and return on assets was 16.9% (-4.3% in 9 months 2009).

Financial position

As of 30 September 2010 consolidated assets amounted to EEK 933,320 thousand (EUR 59,650 thousand) representing an increase of 9.7% as compared to the position as of 31 December 2009.

Property, plant and intangibles balances decreased by EEK 3,004 thousand (EUR 192 thousand) as compared to 31 December 2009, the key reason being disposals along with transfers to assets held for sale for the net book value of EEK 6,211 thousand (EUR 397 thousand). Depreciation and amortisation charge for the period amounted to EEK 20,388 thousand (EUR 1,303 thousand).

After high season summer months the finished goods balance decreased significantly in production and retail entities of the Group. As the result, inventory balance amounted to EEK 193,736 thousand (EUR 12,382 thousand) compared to EEK 266,289 thousand (EUR 17,019 thousand) as of 31 December 2009. The company expects that the inventory balance will increase in Q4 in line with the seasonality trends of the business.

Trade receivables increased by EEK 7,950 thousand (EUR 508 thousand) as compared to 31 December 2009 and amounted to EEK 139,568 thousand (EUR 8,920 thousand) as of 30 September 2010. However, as compared to the balance of EEK 186,852 thousand (EUR 11,942 thousand) as of 30 June 2010 trade receivables decreased by EEK 47,284 thousand (EUR 3,022 thousand) in line with the seasonality trends bringing in cash proceeds from high sales in summer months.

Foreign exchange fluctuations had a negative impact on the Group's equity, in the form of a negative change in the currency translation reserve in the amount of EEK 12,846 thousand (EUR 821 thousand) for 9 months 2010. On 21 September 2010 the Group paid out a dividend in the amount of EEK 30,980 thousand (EUR 1,980 thousand). Equity attributable to equity holders increased by EEK 112,140 thousand (EUR 7,167 thousand) and amounted to EEK 601,996 thousand (EUR 38,475 thousand) as of 30 September 2010.

Current liabilities decreased by EEK 56,188 thousand (EUR 3,591 thousand) in 9 months 2010, in line with management expectations.

The liquidity position of the Group improved in 9 months 2010 with respect to the total balance of borrowings and related maturities. Current and non-current loans and borrowings decreased by EEK 22,734 thousand (EUR 1,453 thousand) to EEK 5,508 thousand (EUR 352 thousand) as of 30 September 2010. Loans received and loans repaid in 9 months 2010 amounted to EEK 10,452 thousand (EUR 668 thousand) and EEK 33,312 thousand (EUR 2,129 thousand) respectively, including finance lease liabilities repaid in the amount of EEK 798 thousand (EUR 51 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 September 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 4,850 thousand (EUR 310 thousand) and EEK 3,567 thousand (EUR 228 thousand).

Tax liabilities and other payables, including payables to employees, amounted to EEK 59,698 thousand (EUR 3,815 thousand). Provisions amounted to EEK 2,832 thousand (EUR 181 thousand) as of 30 September 2010 and included residual provisions for the restructuring of Russian retail operations in the amount of EEK 376 thousand (EUR 24 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*

	2010	2009	Change	2010	2009	Change	2010	2009
	9 months	9 months	EEK	9 months	9 months	EUR	9 months	9 months
	EEK	EEK	thousand	EUR	EUR	thousand	percentage	percentage
	thousand	thousand		thousand	thousand		from sales	from sales
Wholesale	924,682	671,161	253,521	59,098	42,895	16,203	81.6%	74.7%
Retail	203,500	221,415	-17,915	13,006	14,151	-1,145	18.0%	24.7%
Other operations	5,179	5,523	-344	331	353	-22	0.4%	0.6%
Total	1,133,361	898,099	235,262	72,435	57,399	15,036	100.0%	100.0%

Sales by markets

In 9 months 2010, the Group focused mainly on the Baltic, Russian, Belarusian and Ukrainian markets.

Total sales by markets

	2010	2009	Change	2010	2009	Change	2010	2009
	9 months	9 months	EEK	9 months	9 months	EUR	9 months	9 months
	EEK	EEK	thousand	EUR	EUR	thousand	percentage	percentage
	thousand	thousand		thousand	thousand		from sales	from sales
Russia	644,421	519,639	124,782	41,186	33,211	7,975	56.9%	57.9%
Belarus	313,229	240,066	73,163	20,019	15,343	4,676	27.6%	26.7%
Baltics	66,764	45,062	21,702	4,267	2,880	1,387	5.9%	5.0%
Ukraine	59,551	47,847	11,704	3,806	3,058	748	5.2%	5.3%
Other markets	49,396	45,485	3,911	3,157	2,907	250	4.4%	5.1%
Total	1,133,361	898,099	235,262	72,435	57,399	15,036	100.0%	100.0%

The majority of lingerie sales revenue in 9 months 2010 in the amount of EEK 644,421 thousand (EUR 41,186 thousand) was generated in the Russian market, accounting for 56.9% of all lingerie sales in 9 months 2010 as compared to EEK 519,639 thousand (EUR 33,211 thousand) in 9 months 2009. Sales in Russia comprise both retail sales and wholesale. The second largest region for lingerie sales was Belarus, where sales reached EEK 313,229 thousand (EUR 20,019 thousand), contributing 27.6% of lingerie sales (both retail and wholesale) as compared to EEK 240,066 thousand (EUR 15,343 thousand) in 9 months 2009.

Although still affected by the economic situation, sales in the major markets demonstrated a positive trend in terms of pieces sold in 9 months 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 9 months were slightly above management expectations after a difficult Q4 2009.

Changes in the sales strategy introduced by Milavitsa in late 2009 and early 2010 were implemented in 9 months 2010 in Russia and Ukraine. The Group aims to increase control over its distribution and its organizational structure has 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 9 months 2010 in the fields of marketing and franchising.

Intima, the largest and the most respected European lingerie magazine, produced a substantial report on Milavitsa in its September issue which is available at www.intima.fr.

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 72.6% of total lingerie sales revenue in 9 months 2010 (9 months 2009: 74.8%) and amounted to EEK 819,067 thousand (EUR 52,348 thousand). The sales of "Lauma Lingerie" core brand accounted for 8.0% of total lingerie sales (9 months 2009: 5.5%) and amounted to EEK 90,250 thousand (EUR 5,768 thousand). Other brands such as "Alisee", "Aveline", "Hidalgo" and "Laumelle" comprised 19.4% of total lingerie sales in 9 months 2010 (9 months 2009: 19.7%), amounting to EEK 218,865 thousand (EUR 13,988 thousand).

Wholesale

In 9 months 2010, wholesale revenue amounted to EEK 924,682 thousand (EUR 59,098 thousand), representing 81.6% of the Group's total revenue (9 months 2009: 74.7%). The main wholesale regions were Russia, Belarus, Ukraine and the Baltic States. Gradual improvements in sales were observed already in Q1 and Q2 2010 despite the expectations of the difficult start of the year. Wholesale results in Q3 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.

Wholesales in September were negatively affected by extremely low level of stocks available and limited production output.

Retail operations

Total lingerie retail sales of the Group in 9 months 2010 amounted to EEK 203,500 thousand (EUR 13,006 thousand), representing a 8.1% decrease as compared to the respective period in previous year.

Retail operations were conducted in Belarus, Russia and Latvia. At the end of 9 months 2010 the Group operated 48 own retail outlets with a total area of 4,099 square meters. As of 30 September 2010, there were 325 Milavitsa branded shops operated by Milavitsa trading partners in Russia, Belarus, Ukraine, Moldavia, Kazakhstan, Uzbekistan, Kyrgyzstan, Latvia, Azerbaijan, Armenia, Cyprus, Germany, Georgia and Slovenia, of which 17 shops were opened in Q3 2010. Some underperforming shops were closed or relocated. Additionally, as of 30 September 2010, there were 12 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners in Lithuania, Latvia, Estonia and Russia, of which 3 were opened in Q3 2010. International retail expansion of Milavitsa resulted in opening of Milavitsa branded stores in Germany, Georgia and Slovenia. The 200th Milavitsa store was opened in Russia. Also a Milavitsa store was opened in Tverskaja street, the major shopping street in Moscow.

In 9 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. One underperforming store was closed in Belarus and 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:

	30.09.2010	31.12.2009
Latvia	9	5
Belarus	39	38
Russia	0	21
Total stores	48	64
Total sales area, sq m	4,099	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 48.3% growth in local currency terms and a 45.2% 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 season sales in May-August.

In the Baltics, retail sales decreased by 44.3% as compared to the respective period of prior year and amounted to EEK 9,529 thousand (EUR 609 thousand). Decrease in own retail 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 did not have any own retail store 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	39	0	39	3,539
Latvia	0	9	9	560
Total	39	9	48	4,099

Discontinued operations

Discontinued operations' reported results in 9 months 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 H1 2010, in Q3 2010 the Group's manufacturing companies increased their production and purchasing volumes.

The total volume of production in SP ZAO Milavitsa amounted to 3,918 thousand pieces in Q3 2010, representing a 3.9% increase as compared to the respective period in the previous year. The total production volume in Lauma Lingerie amounted to 386.7 thousand pieces in Q3 2010, showing an increase of 106% as compared to the respective period in the previous year. Production capacities in SP ZAO Milavitsa in Q3 2010 increased by 4.17% compared to Q2 2010 in order to prepare for increased production volumes in 2010-2011.

Investment

In 9 months 2010, the Group's investments totalled EEK 23,438 thousand (EUR 1,498 thousand) with investments into retail amounting to EEK 4,068 thousand (EUR 260 thousand). Other investments were made in equipment and facilities to maintain effective production.

Personnel

As of 30 September 2010, the Group employed 3,155 employees including 360 in retail and 2,001 in production. The rest were employed in wholesale, administration and support operations.

Total salaries and wages in 9 months 2010 amounted to EEK 213,122 thousand (EUR 13,621 thousand). The remuneration of the members of the Management Board totalled EEK 4,350 thousand (EUR 278 thousand). The members of the Management Board also serve as executives for the Group's subsidiaries.

Key Events in 9 months 2010

Resolutions of the Extraordinary General Meeting

On 9 November 2010 the Extraordinary General Meeting approved the Supervisory Council's proposal to start a share buyback program under the following conditions:

- SFG is entitled to buy back its own shares from the date of the approval of the buyback until 30 June 2011;
- The total nominal value of own shares to be bought back by SFG may not exceed 3,960,700 shares, i.e 10% of total share capital of SFG;
- The maximum price payable by SFG for one share to be 4.00 EUR;
- The maximum amount payable by SFG for its own shares to be 15,842,800 EUR;
- Own shares to be paid for with assets exceeding the share capital, compulsory reserves and share premium.

The Management Board of SFG has the right to appoint an investment firm or a credit institution as the lead manager of the buyback program no later than 2 weeks (two weeks) from the approval of the buy-back program by the Extraordinary General Meeting.

Election of the Chairman of the Board

On 8 November 2010 the Supervisory Board of AS Silvano Fashion Group appointed Mr. Märt Meerits as the Chairman of the Management Board. Mr. Norberto Rodriguez was appointed as the Vice Chairman of the Management Board

Silvano Fashion Group established an Audit Committee

On November 8, the Supervisory Board of Silvano Fashion Group approved the formation of the Audit Committee on grounds of the Authorised Public Accountants Act. The committee has three members: Ms. Jekaterina Stuge (Chairperson), Ms. Maivi Ots and Mr. Otto Tamme.

Registration of share capital reduction

The decrease of the share capital of Aktsiaselts Silvano Fashion Group was registered in Estonian commercial register on 15 October 2010.

The reduction of the share capital was decided by the Annual General Meeting of SFG on 28 June 2010, by which the share capital of SFG was decreased from EEK 400,000,000 (EUR 25,564,659) to EEK 396,070,000 (EUR 25,313,487) by cancelling of 393,000 A-shares owned by SFG.

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 of 3 November 2010, 165 shares have been acquired by SP ZAO Milavitsa constituting 1.69% 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

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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 have been paid to the shareholders of the Company on 21 September 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 means 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; share capital reduction was registered on 15 October 2010.

Selected financial data

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

Key figures and ratios	9 months 2010	9 months 2009	Change
Net sales from continuing operations (EEK thousand)	1,133,361	898,099	235,262
Net profit from continuing operations, attributable to owners of the Company (EEK thousand)	150,505	-7,683	142,822
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EEK thousand)	247,779	89,874	157,905
Earnings before interest and taxes (EBIT) from continuing operations (EEK thousand)	227,047	63,181	163,866
Net sales from continuing operations (EUR thousand)	72,435	57,399	15,036
Net profit from continuing operations, attributable to owners of the Company (EUR thousand)	9,619	-491	10,110
Earnings before interest, taxes and depreciation (EBITDA) from continuing operations (EUR thousand)	15,836	5,744	10,092
Earnings before interest and taxes (EBIT) from continuing operations (EUR thousand)	14,511	4,038	10,473
Operating margin from continuing operations, %	20.0%	7.0%	-
Net margin from continuing operations attributable to owners of the Company, %	13.3%	-0.9%	-
ROA, %	16.9%	-4.3%	-
ROE, %	27.6%	-7.7%	-
Earnings per share (EPS), in EEK	3.80	-1.10	-
Earnings per share (EPS), in EUR	0.24	-0.07	-
Current ratio	4.3	3.0	-
Quick ratio	3.1	1.8	-

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 9 months 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 September 2010, the Group employed 3,155 people (as of 31 December 2009: 3,164 people).

The Group comprises the following companies:

As of 30 September 2010	Location	Main activity	Ownership interest 30.09.2010	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%
OAQ 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 9 months 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 9 months 2010 set out on pages 14-38 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.



Märt Meerits
Chairman of the Management Board
10 November 2010



Norberto Rodriguez
Vice Chairman of the Management Board
10 November 2010



Baiba Gegere
Member of the Management Board
10 November 2010

Consolidated statement of financial position

Unaudited

	Notes	30.09.2010 EEK thousand	31.12.2009 EEK thousand	30.09.2009 EEK thousand	30.09.2010 EUR thousand	31.12.2009 EUR thousand	30.09.2009 EUR thousand
ASSETS							
Non-current assets							
Property, plant and equipment	1	166,136	168,248	182,205	10,618	10,753	11,645
Intangible assets	2	8,027	8,919	8,981	513	570	574
Investment property	3	19,793	20,090	19,809	1,265	1,284	1,266
Investments in equity accounted investees		2,018	2,175	2,206	129	139	141
Available-for-sale financial assets		5,617	5,664	6,681	359	362	427
Deferred tax asset		18,964	18,119	0	1,212	1,158	0
Other receivables	6	10,342	9,920	29,588	661	634	1,891
Total non-current assets		230,897	233,135	249,470	14,757	14,900	15,944
Current assets							
Inventories	4	193,736	266,289	236,107	12,382	17,019	15,090
Corporate income tax asset		1,612	7,260	5,914	103	464	378
Other tax receivables		17,070	22,875	16,429	1,091	1,462	1,050
Trade receivables	5	139,568	131,618	130,399	8,920	8,412	8,334
Other receivables	6	6,353	18,260	21,890	406	1,167	1,399
Prepayments	7	11,156	9,529	9,591	713	609	613
Cash and cash equivalents	8	332,224	153,931	166,495	21,233	9,838	10,641
Assets classified as held for sale		704	7,526	7,197	45	481	460
Total current assets		702,423	617,288	594,022	44,893	39,452	37,965
TOTAL ASSETS		933,320	850,423	843,492	59,650	54,352	53,909
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
Other reserves		5,461	0	0	349	0	0
Translation reserve		-199,385	-186,539	-172,848	-12,743	-11,922	-11,047
Retained earnings		178,622	59,097	53,996	11,416	3,777	3,451
Total equity attributable to equity holders of the Company	12	601,996	489,856	498,446	38,475	31,308	31,857
Non-controlling interest		164,118	136,141	132,166	10,489	8,701	8,447
Total equity		766,114	625,997	630,612	48,964	40,009	40,304
Non-current liabilities							
Loans and borrowings	9	4,475	4,052	11,047	286	259	706
Deferred tax liabilities		0	0	266	0	0	17
Other liabilities		0	1,455	485	0	93	31
Provisions		0	0	0	0	0	0
Total non-current liabilities		4,475	5,507	11,798	286	352	754
Current liabilities							
Loans and borrowings	9	1,033	24,190	31,340	66	1,546	2,003
Trade payables		99,168	123,999	111,733	6,338	7,925	7,141
Corporate income tax payable		13,785	3,552	3,380	881	227	216
Other tax payable		9,889	24,831	18,526	632	1,587	1,184
Other payables	10	16,758	14,270	0	1,071	912	0
Provisions		2,832	3,395	15,866	181	217	1,014
Deferred tax liability		0	0	19,684	0	0	1,258
Accrued expenses		19,245	24,033	240	1,230	1,536	15
Deferred income		21	649	313	1	41	20
Total current liabilities		162,731	218,919	201,082	10,400	13,991	12,851
Total liabilities		167,206	224,426	212,880	10,686	14,343	13,605
TOTAL LIABILITIES AND EQUITY		933,320	850,423	843,492	59,650	54,352	53,909

Consolidated income statement for 9 months 2010

Unaudited

		2010	2009	2010	2009
		9 months	9 months	9 months	9 months
		EEK	EEK	EUR	EUR
		thousand	thousand	thousand	thousand
Continuing operations					
Revenue					
Sales revenue	13	1,133,361	898,099	72,435	57,399
Costs of goods sold		-678,124	-511,253	-43,340	-32,675
Gross Profit		455,237	386,846	29,095	24,724
Other operating income		7,088	19,543	453	1,249
Distribution costs		-113,250	-133,137	-7,238	-8,509
Administrative expenses		-97,791	-118,789	-6,250	-7,592
Other operating expenses		-24,237	-91,282	-1,549	-5,834
Operating profit / loss		227,047	63,181	14,511	4,038
Finance income and finance costs					
Interest expenses		-1,127	-7,338	-72	-469
Gains/losses on conversion of foreign currencies		9,435	9,576	603	612
Other financial income / expenses		10,874	7,291	695	466
Net finance income/ (costs)		19,182	9,529	1,226	609
Share of profit of equity accounted investees		-141	-298	-9	-19
Profit before tax		246,088	72,412	15,728	4,628
Income tax expense		-56,516	-61,695	-3,612	-3,943
Profit / (loss) from continuing operations		189,572	10,717	12,116	685
Discontinued operations					
Loss from discontinued operations (net of income tax)		0	-36,034	0	-2,303
Profit / (loss) for the period		189,572	-25,317	12,116	-1,618
Attributable to					
Owners of the Company		150,505	-43,717	9,619	-2,794
Non-controlling interest		39,067	18,400	2,497	1,176
Earnings per share					
Basic earnings per share (EEK/EUR)	11	3.80	-1.10	0.24	-0.07
Diluted earnings per share (EEK/EUR)	11	3.80	-1.10	0.24	-0.07
Continuing operations					
Basic earnings per share (EEK/EUR)	11	3.80	-0.19	0.24	-0.01
Diluted earnings per share (EEK/EUR)	11	3.80	-0.19	0.24	-0.01

Consolidated statement of comprehensive income for 9 months 2010

Unaudited

	2010	2009	2010	2009
	9 months	9 months	9 months	9 months
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Profit/ (loss) for the period	189,572	-25,317	12,116	-1,618
Other comprehensive income				
Foreign currency translation differences for foreign operations	-14,533	-142,863	-929	-9,130
Other comprehensive income for the period	-14,533	-142,863	-929	-9,130
Total comprehensive income	175,039	-168,180	11,187	-10,748
Total comprehensive income attributable to:				
Owners of the Company	137,659	-158,479	8,798	-10,128
Non-controlling interest	37,380	-9,701	2,389	-620

Consolidated income statement for Q3 2010

Unaudited

	Q3 2010	Q3 2009	Q3 2010	Q3 2009
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Continuing operations				
Revenue				
Sales revenue	401,680	329,032	25,672	21,029
Costs of goods sold	-243,445	-196,302	-15,559	-12,546
Gross Profit	158,235	132,730	10,113	8,483
Other operating income	1,267	2,253	81	144
Distribution costs	-38,929	-40,415	-2,488	-2,583
Administrative expenses	-31,215	-38,757	-1,995	-2,477
Other operating expenses	-2,034	-23,407	-130	-1,496
Operating profit / loss	87,324	32,404	5,581	2,071
Finance income and finance costs				
Interest expenses	-125	-1,330	-8	-85
Gains/losses on conversion of foreign currencies	-3,786	-2,378	-242	-152
Other financial income / expenses	5,335	719	341	46
Net finance income/ (costs)	1,424	-2,989	91	-191
Share of profit of equity accounted investees	1,080	125	69	8
Profit before tax	89,828	29,540	5,741	1,888
Income tax expense	-21,890	-15,991	-1,399	-1,022
Profit / (loss) from continuing operations	67,938	13,549	4,342	866
Discontinued operations				
Loss from discontinued operations (net of income tax)	0	0	0	0
Profit / (loss) for the period	67,938	13,549	4,342	866
Attributable to				
Owners of the Company	53,949	8,089	3,448	517
Non-controlling interest	13,989	5,460	894	349
Earnings per share				
Basic earnings per share (EEK/EUR)	11	1.36	0.20	0.09
Diluted earnings per share (EEK/EUR)	11	1.36	0.20	0.09
Continuing operations				
Basic earnings per share (EEK/EUR)	11	1.36	0.20	0.09
Diluted earnings per share (EEK/EUR)	11	1.36	0.20	0.09

Consolidated statement of comprehensive income for Q3 2010

Unaudited

	Q3 2010 EEK thousand	Q3 2009 EEK thousand	Q3 2010 EUR thousand	Q3 2009 EUR thousand
Profit/ (loss) for the period	67,938	13,549	4,342	866
Other comprehensive income				
Foreign currency translation differences for foreign operations	-63,635	-5,148	-4,067	-329
Other comprehensive income for the period	-63,635	-5,148	-4,067	-329
Total comprehensive income	4,303	8,401	275	537
Total comprehensive income attributable to:				
Owners of the Company	3,286	4,068	210	260
Non-controlling interest	1,017	4,333	65	277

Consolidated statement of cash flows for 9 months 2010

Unaudited

	Notes	2010 9 months thousand EEK	2009 9 months thousand EEK	2010 9 months thousand EUR	2009 9 months thousand EUR
Cash flows from operating activities					
Profit/ (loss) for the period		189,572	-25,317	12,116	-1,618
Adjustments for:					
Depreciation of fixed assets and investment property	1,3	19,230	27,867	1,229	1,781
Amortization of intangible assets	2	1,502	2,441	96	156
Impairment of property, plant and equipment	1	125	15,052	8	962
Impairment losses on intangible assets	2	454	3,239	29	207
Impairment losses on other assets		2,316	0	148	0
Net finance (income)/ costs		-19,182	-9,529	-1,226	-609
Share of profit of equity accounted investees		141	298	9	19
(Gains)/ losses on the sale of property, plant and equipment		-376	-250	-24	-16
Gain on sale of discontinued operations, net of income tax		0	23,845	0	1,524
Income tax expense		56,516	61,695	3,612	3,943
Change in inventories		76,715	76,324	4,903	4,878
Change in trade and other receivables		15,115	89,623	966	5,728
Change in trade and other payables		-48,114	-7,417	-3,075	-474
Interests paid		-1,158	-7,291	-74	-466
Income tax paid		-40,775	-48,739	-2,606	-3,115
Net cash used in/ from operating activities		252,081	201,841	16,111	12,900
Cash flow from investing activities					
Interest received		11,281	500	721	32
Dividends received		78	0	5	0
Proceeds from sale of property, plant and equipment		4,225	2,661	270	170
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		297	0	19	0
Proceeds from disposal of investments		125	0	8	0
Acquisition of property, plant and equipment	1	-22,202	-23,752	-1,419	-1,518
Acquisition of intangible assets	2	-1,236	-5,617	-79	-359
Acquisition of other non-current assets	3	0	-2,066	0	-132
Net cash used in/from investing activities		-8,918	-30,715	-570	-1,963
Cash flow from financing activities					
Proceeds from borrowings	9	10,452	88,497	668	5,656
Repayment of borrowings	9	-32,514	-148,846	-2,078	-9,513
Repayment of finance lease	9	-798	-5,319	-51	-340
Dividends paid		-33,045	-1,252	-2,112	-80
Acquisition of shares by subsidiary		-1,877	0	-120	0
Net cash used in/ from financing activities		-57,782	-66,920	-3,693	-4,277
Increase/ (decrease) in cash and cash equivalents		185,381	104,206	11,848	6,660
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		-7,088	-19,840	-453	-1,268
Cash and cash equivalents at the end of period	8	332,224	166,495	21,233	10,641

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	Other reserves	Accumulated profit (losses)			
Balance as of 31 December 2008	400,000	223,293	-7,041	1,046	-58,086	0	82,035	641,247	141,977	783,224
Profit for the period	0	0	0	0	0	0	-43,717	-43,717	18,400	-25,317
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-114,762	0	0	-114,762	-28,101	-142,863
Total other comprehensive income	0	0	0	0	-114,762	0	0	-114,762	-28,101	-142,863
Total comprehensive income	0	0	0	0	-114,762	0	-43,717	-158,479	-9,701	-168,180
Disposal of subsidiary (common control transaction)	0	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	0	-1,252	-1,252
Total transactions with owners	0	0	0	0	0	0	0	0	-1,252	-1,252
Balance as of 30 September 2009	400,000	223,293	-7,041	1,046	-172,848	0	53,996	498,446	132,166	630,612
Balance as of 31 December 2009	400,000	223,293	-7,041	1,046	-186,539	0	59,097	489,856	136,141	625,997
Profit for the period	0	0	0	0	0	0	150,505	150,505	39,067	189,572
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-12,846	0	0	-12,846	-1,687	-14,533
Total other comprehensive income	0	0	0	0	-12,846	0	0	-12,846	-1,687	-14,533
Total comprehensive income	0	0	0	0	-12,846	0	150,505	137,659	37,380	175,039
Transactions with owners, recorded directly in equity										
Re-purchase of own shares by subsidiary	0	0	0	0	0	5,461	0	5,461	-7,338	-1,877
Dividends paid	0	0	0	0	0	0	-30,980	-30,980	-2,065	-33,045
Total transactions with owners	0	0	0	0	0	5,461	-30,980	-25,519	-9,403	-34,922
Balance as of 30 September 2010	400,000	223,293	-7,041	1,046	-199,385	5,461	178,622	601,996	164,118	766,114

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	Other reserves	Accumulated profit (losses)			
Balance as of 31 December 2008	25,565	14,271	-450	67	-3,713	0	5,243	40,983	9,074	50,057
Profit for the period	0	0	0	0	0	0	-2,794	-2,794	1,176	-1,618
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-7,334	0	0	-7,334	-1,796	-9,130
Total other comprehensive income	0	0	0	0	-7,334	0	0	-7,334	-1,796	-9,130
Total comprehensive income	0	0	0	0	-7,334	0	-2,794	-10,128	-620	-10,748
Disposal of subsidiary (common control transaction)	0	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	0	-80	-80
Total transactions with owners	0	0	0	0	0	0	0	0	-80	-80
Balance as of 30 September 2009	25,565	14,271	-450	67	-11,047	0	3,451	31,857	8,447	40,304
Balance as of 31 December 2009	25,565	14,271	-450	67	-11,922	0	3,777	31,308	8,701	40,009
Profit for the period	0	0	0	0	0	0	9,619	9,619	2,497	12,116
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-821	0	0	-821	-108	-929
Total other comprehensive income	0	0	0	0	-821	0	0	-821	-108	-929
Total comprehensive income	0	0	0	0	-821	0	9,619	8,798	2,389	11,187
Transactions with owners, recorded directly in equity										
Re-purchase of own shares by subsidiary	0	0	0	0	0	349	0	349	-469	-120
Dividends paid	0	0	0	0	0	0	-1,980	-1,980	-132	-2,112
Total transactions with owners	0	0	0	0	0	349	-1,980	-1,631	-601	-2,232
Balance as of 30 September 2010	25,565	14,271	-450	67	-12,743	349	11,416	38,475	10,489	48,964

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	14,004	10,718	24,722
Transfers and reclassifications	1,502	9,810	-4,021	-19,370	-12,079
Disposals	0	-4,741	-15,881	-1,142	-21,764
Elimination on disposal of subsidiary	0	-23,235	-32,514	-78	-55,827
Effect of movements in foreign exchange on cost	-26,787	-56,062	-13,456	-3,943	-100,248
Cost as of 30 September 2009	75,367	191,732	78,849	6,888	352,836
Cost as of 31 December 2009	73,384	188,009	75,511	5,460	342,364
Movements in 2010					
Acquisition	0	0	2,691	19,511	22,202
Transfers and reclassifications	4,334	2,378	5,117	-11,829	0
Transfer to assets held for sale	0	0	-10,921	0	-10,921
Disposals	0	-782	-25,676	-125	-26,583
Effect of movements in foreign exchange on cost	-78	203	3,146	-376	2,895
Cost as of 30 September 2010	77,640	189,808	49,868	12,641	329,957
Accumulated depreciation as of 31 December 2008	24,125	147,687	52,690	0	224,502
Movements in 2009					
Depreciation	1,737	12,940	12,877	0	27,554
Transfers and reclassification	0	-188	-3,802	0	-3,990
Impairment loss	0	0	15,052	0	15,052
Disposals	0	-4,006	-7,291	0	-11,297
Elimination on disposal of subsidiary	0	-20,294	-16,163	0	-36,457
Effect of movements in foreign exchange on accumulated depreciation	-8,621	-29,979	-6,133	0	-44,733
Accumulated depreciation as of 30 September 2009	17,241	106,160	47,230	0	170,631
Accumulated depreciation as of 31 December 2009	17,305	107,461	49,350	0	174,116
Movements in 2010					
Depreciation	1,831	11,422	5,633	0	18,886
Transfer to assets held for sale	0	0	-9,138	0	-9,138
Disposals	0	-767	-21,451	-125	-22,343
Impairment loss	0	0	0	125	125
Effect of movements in foreign exchange on accumulated depreciation	-47	-297	2,519	0	2,175
Accumulated depreciation as of 30 September 2010	19,089	117,819	26,913	0	163,821
Carrying amounts					
As of 31 December 2008	76,527	118,273	78,027	20,703	293,530
As of 30 September 2009	58,126	85,572	31,619	6,888	182,205
As of 31 December 2009	56,079	80,548	26,161	5,460	168,248
As of 30 September 2010	58,551	71,989	22,955	12,641	166,136

<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	895	685	1,580
Transfers and reclassifications	96	627	-257	-1,238	-772
Disposals	0	-303	-1,015	-73	-1,391
Eliminated on disposal of subsidiary	0	-1,485	-2,078	-5	-3,568
Effect of movements in foreign exchange on cost	-1,712	-3,583	-860	-252	-6,407
Cost as of 30 September 2009	4,817	12,253	5,040	440	22,550
Cost as of 31 December 2009	4,690	12,016	4,826	349	21,881
Movements in 2010					
Acquisition	0	0	172	1,247	1,419
Transfers and reclassifications	277	152	327	-756	0
Transfer to assets held for sale	0	0	-698	0	-698
Disposals	0	-50	-1,641	-8	-1,699
Effect of movements in foreign exchange on cost	-5	13	201	-24	185
Cost as of 30 September 2010	4,962	12,131	3,187	808	21,088
Accumulated depreciation as of 31 December 2008	1,542	9,438	3,368	0	14,348
Movements in 2009					
Depreciation	111	827	823	0	1,761
Transfers and reclassification	0	-12	-243	0	-255
Impairment loss	0	0	962	0	962
Disposals	0	-256	-466	0	-722
Eliminated on disposal of subsidiary	0	-1,297	-1,033	0	-2,330
Effect of movements in foreign exchange on accumulated depreciation	-551	-1,916	-392	0	-2,859
Accumulated depreciation as of 30 September 2009	1,102	6,784	3,019	0	10,905
Accumulated depreciation as of 31 December 2009	1,106	6,868	3,154	0	11,128
Movements in 2010					
Depreciation	117	730	360	-	1,207
Transfer to assets held for sale	0	0	-584	0	-584
Impairment loss	0	0	0	8	8
Disposals	0	-49	-1,371	-8	-1,428
Effect of movements in foreign exchange on accumulated depreciation	-3	-19	161	0	139
Accumulated depreciation as of 30 September 2010	1,220	7,530	1,720	0	10,470
Carrying amounts					
As of 31 December 2008	4,891	7,559	4,987	1,323	18,760
As of 30 September 2009	3,715	5,469	2,021	440	11,645
As of 31 December 2009	3,584	5,148	1,672	349	10,753
As of 30 September 2010	3,742	4,601	1,467	808	10,618

Part of the other equipment and fixtures with a carrying amount of EEK 1,783 thousand (EUR 114 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 September 2010 assets classified as held for sale equal EEK 704 thousand (EUR 45 thousand).

In 9 months 2010, there were no fixed assets acquired under finance lease (9 months 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	1,001	720	0	3,896	5,617
Transfers	0	78	0	-78	0
Eliminated on disposal of subsidiary	-6,462	-5,758	-37,289	-391	-49,900
Effect of movements in foreign exchange on cost	-1,909	-156	0	-722	-2,787
Cost as of 30 September 2009	9,334	1,825	0	5,201	16,360
Cost as of 31 December 2009	9,324	1,689	0	5,571	16,584
Movements in 2010					
Acquisition	63	0	0	1,173	1,236
Transfers	63	47	0	-110	0
Disposals	-16	-1,330	0	0	-1,346
Effect of movements in foreign exchange on cost	16	79	0	-63	32
Cost as of 30 September 2010	9,450	485	0	6,571	16,506
Accumulated amortisation as of 31 December 2008	7,744	4,188	35,413	0	47,345
Movements in 2009					
Amortisation	1,799	642	0	0	2,441
Impairment loss	1,518	0	0	1,721	3,239
Eliminated on disposal of subsidiary	-5,242	-4,131	-35,413	0	-44,786
Effect of movements in foreign exchange on amortisation	-720	-46	0	-94	-860
Accumulated amortisation as of 30 September 2009	5,099	653	0	1,627	7,379
Accumulated amortisation as of 31 December 2009	5,444	625	0	1,596	7,665
Movements in 2010					
Amortisation	1,283	219	0	0	1,502
Disposal	-16	-1,142	0	0	-1,158
Impairment loss	0	454	0	0	454
Effect of movements in foreign exchange on amortisation	-31	47	0	0	16
Accumulated amortisation as of 30 September 2010	6,680	203	0	1,596	8,479
Carrying amounts					
As of 31 December 2008	8,960	2,753	1,876	2,496	16,085
As of 30 September 2009	4,235	1,172	0	3,574	8,981
As of 31 December 2009	3,880	1,064	0	3,975	8,919
As of 30 September 2010	2,770	282	0	4,975	8,027

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	64	46	0	249	359
Transfers	0	5	0	-5	0
Eliminated on disposal of subsidiary	-413	-368	-2,384	-25	-3,190
Effect of movements in foreign exchange on cost	-122	-10	0	-46	-178
Cost as of 30 September 2009	597	116	0	332	1,045
Cost as of 31 December 2009	597	108	0	354	1,059
Movements in 2010					
Acquisition	4	0	0	75	79
Transfer	4	3	0	-7	0
Disposals	-1	-85	0	0	-86
Effect of movements in foreign exchange on cost	1	5	0	-4	2
Cost as of 30 September 2010	605	31	0	418	1,054
Accumulated amortisation as of 31 December 2008	495	267	2,264	0	3,026
Movements in 2009					
Amortisation	115	41	0	0	156
Impairment loss	97	0	0	110	207
Eliminated on disposal of subsidiary	-335	-264	-2,264	0	-2,863
Effect of movements in foreign exchange on amortisation	-46	-3	0	-6	-55
Accumulated amortisation as of 30 September 2009	326	41	0	104	471
Accumulated amortisation as of 31 December 2009	349	40	0	100	489
Movements in 2010					
Amortisation	82	14	0	0	96
Disposal	-1	-73	0	0	-74
Impairment loss	0	29	0	0	29
Effect of movements in foreign exchange on amortisation	-2	3	0	0	1
Accumulated amortisation as of 30 September 2010	428	13	0	100	541
Carrying amounts					
As of 31 December 2008	573	176	120	159	1,028
As of 30 September 2009	271	75	0	228	574
As of 31 December 2009	248	68	0	254	570
As of 30 September 2010	177	18	0	318	513

Note 3. Investment property

	2010 9 months EEK thousand	2009 9 months EEK thousand	2010 9 months EUR thousand	2009 9 months EUR thousand
As of beginning of period	20,090	23,141	1,284	1,479
Acquisitions	0	2,066	0	132
Depreciation	-344	-313	-22	-20
Transfer from fixed assets	0	532	0	34
Effect of movements in exchange rates	47	-5,617	3	-359
Total	19,793	19,809	1,265	1,266

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

Note 4. Inventories

	30.09.2010	31.12.2009	30.09.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw and other materials	65,121	61,474	4,162	3,929
Work in progress	26,943	23,141	1,722	1,479
Finished goods	97,509	177,120	6,232	11,320
Other inventories	4,163	4,554	266	291
Total	193,736	266,289	12,382	17,019

Inventories are shown at their carrying values which are determined as the lower of cost and net realizable value. As of 30 September 2010 the write-downs of raw materials to net realizable value amounted to EEK 8,355 thousand (EUR 534 thousand), whereas as of 31 December 2009 those amounted to EEK 8,606 thousand (EUR 550 thousand). As of 30 September 2010 the write-downs of finished goods to net realizable value amounted to EEK 7,104 thousand (EUR 454 thousand), whereas as of 31 December 2009 write-downs amounted to EEK 10,749 thousand (EUR 687 thousand).

Note 5. Trade receivables

	30.09.2010	31.12.2009	30.09.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	147,000	141,616	9,395	9,051
Impairment of receivables	-7,432	-9,998	-475	-639
Total	139,568	131,618	8,920	8,412

Note 6. Other receivables

Other short term receivables

	30.09.2010	31.12.2009	30.09.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
VAT on unpaid invoices	1,721	9,826	110	628
Guarantees withheld	1,565	4,084	100	261
Loans to third parties	1,940	1,565	124	100
Prepaid expenses	1,894	2,707	121	173
Employees receivables	391	736	25	47
Due from customers for contract work	297	203	19	13
Miscellaneous receivables	861	1,909	55	122
Impairment of other receivables	-2,316	-2,770	-148	-177
Total	6,353	18,260	406	1,167

Other long term receivables

	30.09.2010	31.12.2009	30.09.2010	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	8,418	8,058	538	515
Receivable from PTA Grupp AS	1,612	1,549	103	99
Other long term receivables	312	313	20	20
Allowance for impaired receivables	-20,356	-20,356	-1,301	-1,301
Total	10,342	9,920	661	634

Note 7. Prepayments

	30.09.2010 EEK thousand	31.12.2009 EEK thousand	30.09.2010 EUR thousand	31.12.2009 EUR thousand
Prepayments to suppliers	11,156	9,529	713	609
Total	11,156	9,529	713	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

	30.09.2010 EEK thousand	31.12.2009 EEK thousand	30.09.2010 EUR thousand	31.12.2009 EUR thousand
Short-term deposits	306,282	125,032	19,575	7,991
Bank accounts in foreign currencies	15,787	19,119	1,009	1,222
Cash in transit	7,776	8,997	497	575
Cash on hand	2,316	720	148	46
Bank accounts in kroons	63	63	4	4
Total	332,224	153,931	21,233	9,838

As of 30 September 2010, cash placed in short-term deposits with the maturity from 1 to 5 months amounted to EEK 272,360 thousand (EUR 17,407 thousand). The interest rates were in the range from 0.119% to 10% per annum for deposits denominated in EUR, from 13% to 14% per annum for demand deposits denominated in Belarusian rubles, 0.37% per annum for demand deposits denominated in USD, and from 1.2% to 9.5% per annum for demand deposits denominated in Russian rubles.

Note 9. Loans and borrowings

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

In thousands of EEK

	Company	Cur- rency	Nominal interest rate	Year of maturity	30.09.2010		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		517	0	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11.00%	2010	0	0	1,721	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5.00%	2011	532	0	0	0
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	0	0	579	0
Secured bank loan	SP Gimil OOO	EUR	19.00%	2010	0	0	814	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4.00%	2013	376	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	125	31	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					1,033	4,475	24,190	4,052

In thousands of EUR

Bank	Company	Cur- rency	Nominal interest rate	Year of maturity	30.09.2010		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	33	0	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 11.00%	2010	0	0	110	0
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5.00%	2011	34	0	0	0
Secured bank loan	SP Gimil OOO	BYR	23.00%	2010	0	0	37	0
Secured bank loan	SP Gimil OOO	EUR	19.00%	2010	0	0	52	0
Secured bank loan	AS SFG	EUR	3M EURIBOR + 4.00%	2013	24	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	8	2	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					66	286	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 9 months 2010 the Group received loans in the amount of EEK 10,452 thousand (EUR 668 thousand), in 9 months 2009 in the amount of EEK 88,497 thousand (EUR 5,656 thousand). The Group settled loan and finance lease liabilities in 9 months 2010 in the amount of EEK 33,312 thousand (EUR 2,129 thousand), in 9 months 2009 in the amount of EEK 154,165 thousand (EUR 9,853 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 3,646 thousand (EUR 233 thousand). The loan provided to SP Gimil OOO by Minsk Transit Bank are secured by real estate for the book value of EEK 4,929 thousand (EUR 315 thousand).

Note 10. Other payables

	30.09.2010	31.12.2009	30.09.2010	31.12.2009
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Payables related to employees	13,096	8,042	837	514
Customer prepayments for goods and services	1,001	2,316	64	148
Other payables	2,661	3,912	170	250
Total	16,758	14,270	1,071	912

Note 11. Earnings per share

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

<i>In thousands of shares</i>	2010 9 months	2009 months
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 September 30, 2010 (Qty)	40,000	40,000
Own shares as of September 30, 2010	-393	-393
Weighted average number of ordinary shares	39,607	39,607

	2010 9 months Continuing operations	2010 9 months Discontinued operations	2010 9 months Total	2009 9 months Continuing operations	2009 9 months Discontinued operations	2009 9 months Total
Profit/(Loss) for the period, attributable to owners, EEK thousand	150,505	0	150,505	-7,683	-36,034	-43,717
Basic earnings/(loss) per share (EEK)	3.80	0	3.80	-0.19	-0.91	-1.10
Diluted loss per share (EEK)	3.80	0	3.80	-0.19	-0.91	-1.10

	2010 9 months Continuing operations	2010 9 months Discontinued operations	2010 9 months Total	2009 9 months Continuing operations	2009 9 months Discontinued operations	2009 9 months Total
Profit/(Loss) for the period, attributable to owners, EUR thousand	9,619	0	9,619	-491	-2,303	-2,794
Basic earnings/(loss) per share (EUR)	0.24	0	0.24	-0.01	-0.06	-0.07
Diluted loss per share (EUR)	0.24	0	0.24	-0.01	-0.06	-0.07

	Q3 2010 Continuing operations	Q3 2010 Discontinued operations	Q3 2010 Total	Q3 2009 Continuing operations	Q3 2009 Discontinued operations	Q3 2009 Total
Profit/(Loss) for the period, attributable to owners, EEK thousand	53,949	0	53,949	8,089	0	8,089
Basic earnings/(loss) per share (EEK)	1.36	0	1.36	0.20	0	0.20
Diluted loss per share (EEK)	1.36	0	1.36	0.20	0	0.20

	Q3 2010 Continuing operations	Q3 2010 Discontinued operations	Q3 2010 Total	Q3 2009 Continuing operations	Q3 2009 Discontinued operations	Q3 2009 Total
Profit/(Loss) for the period, attributable to owners, EUR thousand	3,448	0	3,448	517	0	517
Basic earnings/(loss) per share (EUR)	0.09	0	0.09	0.01	0	0.01
Diluted loss per share (EUR)	0.09	0	0.09	0.01	0	0.01

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 September 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 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 share capital reduction was registered in Estonian commercial registry on 15 October 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 September 2010 AS Silvano Fashion Group had 1,108 shareholders.

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

Name	Number of shares	Shareholding
Major shareholders	35,596,368	89.00%
TOOMAS TOOL	9,810,983	24.53%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	9,348,483	23.37%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8,000,000	20.00%
BANK AUSTRIA CREDITANSTALT AG	3,037,072	7.59%
SKANDINAVISKA ENSKILDA BANKEN AB CLIENTS	2,838,930	7.10%
THE BANK OF NEW YORK MELLON SA/NV	1,590,900	3.98%
NORDEA BANK FINLAND PLC EESTI FILIAAL	970,000	2.43%
Other shareholders	4,403,632	11.00%
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 main list of the Tallinn Stock Exchange.

Share price development and turnover on the Tallinn Stock Exchange in 9 months 2010 (EEK)

During 9 months of 2010, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EEK 43.81 (EUR 2.80) 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 9 months 2010 (PLN)

During 9 months of 2010, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were PLN 10.75 and PLN 3.85, respectively.



Note 13. Sales revenue

	2010	2009	2010	2009
	9 months	9 months	9 months	9 months
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Income from wholesale	924,682	671,161	59,098	42,895
Income from retail sale	203,500	221,415	13,006	14,151
Subcontracting and services	4,021	4,522	257	289
Other sales	1,158	1,001	74	64
Total sales revenue	1,133,361	898,099	72,435	57,399

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.

	2010	2009	2010	2009
	9 months	9 months	9 months	9 months
	EEK	EEK	EUR	EUR
Sales of goods and services	thousand	thousand	thousand	thousand
Associated companies	106,288	129,757	6,793	8,293
Total sales	106,288	129,757	6,793	8,293

	30.09.2010	31.12.2009	30.09.2010	31.12.2009
	EEK	EEK	EUR	EUR
Balances with related parties	thousand	thousand	thousand	thousand
Receivable from associated companies	22,688	40,853	1,450	2,611
Total receivable	22,688	40,853	1,450	2,611

	2010	2009	2010	2009
	9 months	9 months	9 months	9 months
	EEK	EEK	EUR	EUR
Benefits to members of the management and supervisory board	thousand	thousand	thousand	thousand
Remuneration and benefits	4,663	6,384	298	408
Total	4,663	6,384	298	408

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 9 months 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	203,500	924,682	0	1,128,182	5,179	0	0	1,133,361
Intersegment revenues	0	128,646	0	128,646	13,347	0	-141,993	0
EBITDA	10,342	236,889	0	247,231	548	0	0	247,779
Amortization and depreciation	-3,161	-16,820	0	-19,981	-751	0	0	-20,732
Operating income/loss, EBIT	7,181	220,069	0	227,250	-203	0	0	227,047
Interest in the profit or loss of equity accounted investees	0	595	0	595	-736	0	0	-141
Financial items, net	2,879	13,033	0	15,912	3,270	0	0	19,182
Income tax	-4,350	-50,867	0	-55,217	-1,299	0	0	-56,516
Net income	5,710	182,830	0	188,540	1,032	0	0	189,572
Investments in associate	0	2,018	0	2,018	0	0	0	2,018
Other operating segment assets	52,870	810,917	0	863,787	67,515	0	0	931,302
Reportable segment liabilities	5,273	136,429	0	141,702	25,504	0	0	167,206
Impairment of assets	2,128	767	0	2,895	0	0	0	2,895
Capital expenditures	4,068	19,354	0	23,422	16	0	0	23,438
Number of employees as of reporting date	449	2,696	0	3,145	10	0	0	3,155

Operating segments 9 months 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	13,006	59,098	0	72,104	331	0	0	72,435
Intersegment revenues	0	8,222	0	8,222	853	0	-9,075	0
EBITDA	661	15,140	0	15,801	35	0	0	15,836
Amortization and depreciation	-202	-1,075	0	-1,277	-48	0	0	-1,325
Operating income/loss, EBIT	459	14,065	0	14,524	-13	0	0	14,511
Interest in the profit or loss of equity accounted investees	0	38	0	38	-47	0	0	-9
Financial items, net	184	833	0	1,017	209	0	0	1,226
Income tax	-278	-3,251	0	-3,529	-83	0	0	-3,612
Net income	365	11,685	0	12,050	66	0	0	12,116
Investments in associate	0	129	0	129	0	0	0	129
Other operating segment assets	3,379	51,827	0	55,206	4,315	0	0	59,521
Reportable segment liabilities	337	8,719	0	9,056	1,630	0	0	10,686
Impairment of assets	136	49	0	185	0	0	0	185
Capital expenditures	260	1,237	0	1,497	1	0	0	1,498
Number of employees as of reporting date	449	2,696	0	3,145	10	0	0	3,155

Operating segments 9 months 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	221,415	671,161	78,593	971,169	5,523	-78,593	0	898,099
Intersegment revenues	0	167,247	0	167,247	7,964	0	-175,211	0
EBITDA	-51,744	170,596	-7,464	111,388	-28,977	7,464	0	89,873
Amortization and depreciation	-8,261	-17,681	-3,614	-29,556	-752	3,614	0	-26,694
Operating income/loss, EBIT	-60,005	152,915	-11,078	81,832	-29,729	11,078	0	63,181
Interest in the profit or loss of equity accounted investees	0	-626	0	-626	328	0	0	-298
Financial items, net	-21,420	30,135	-1,314	7,401	814	1,314	0	9,529
Income tax	-2,942	-56,609	203	-59,348	-2,144	-203	0	-61,695
Loss on sale of discontinued operations	0	0	0	-23,845	0	23,845		0
Net income	-84,367	125,815	-12,189	5,414	-30,731	36,034	0	10,717
Investments in associate	0	1,471	0	1,471	735	0	0	2,206
Other operating segment assets	123,608	683,224	0	806,832	34,454	0	0	841,286
Reportable segment liabilities	48,679	138,241	0	186,920	25,960	0	0	212,880
Impairment of assets	14,410	3,239	642	18,291	0	-642	0	17,649
Capital expenditures	14,192	11,516	4,600	30,308	2,097	-4,600	0	27,805
Number of employees as of reporting date	522	2,664	0	3,186	11	0	0	3,197

Operating segments 9 months 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	14,151	42,895	5,023	62,069	353	-5,023	0	57,399
Intersegment revenues	0	10,689	0	10,689	509	0	-11,198	0
EBITDA	-3,307	10,903	-477	7,119	-1,852	477	0	5,744
Amortization and depreciation	-528	-1,130	-231	-1,889	-48	231	0	-1,706
Operating income/loss, EBIT	-3,835	9,773	-708	5,230	-1,900	708	0	4,038
Interest in the profit or loss of equity accounted investees	0	-40	0	-40	21	0	0	-19
Financial items, net	-1,369	1,926	-84	473	52	84	0	609
Income tax	-188	-3,618	13	-3,793	-137	-13	0	-3,943
Loss on sale of discontinued operations	0	0	0	-1,524	0	1,524		0
Net income	-5,392	8,041	-779	346	-1,964	2,303	0	685
Investments in associate	0	94	0	94	47	0	0	141
Other operating segment assets	7,900	43,666	0	51,566	2,202	0	0	53,768
Reportable segment liabilities	3,111	8,835	0	11,946	1,659	0	0	13,605
Impairment of assets	921	207	41	1,169	0	-41	0	1,128
Capital expenditures	907	736	294	1,937	134	-294	0	1,777
Number of employees as of reporting date	522	2,664	0	3,186	11	0	0	3,197

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 2010 9 months EEK thousand	Sales revenue 2009 9 months EEK thousand	Non-current assets 30.09.2010 EEK thousand	Non-current assets 30.09.2009 EEK thousand
Russia	644,421	519,639	1,533	32,905
Belarus	313,229	240,066	213,561	197,961
Baltics	66,764	45,062	15,803	11,954
Ukraine	59,551	47,847	0	0
Other countries	49,396	45,485	0	6,650
Total	1,133,361	898,099	230,897	249,470

	Sales revenue 2010 9 months EUR thousand	Sales revenue 2009 9 months EUR thousand	Non-current assets 30.09.2010 EUR thousand	Non-current assets 30.09.2009 EUR thousand
Russia	41,186	33,211	98	2,103
Belarus	20,019	15,343	13,649	12,652
Baltics	4,267	2,880	1,010	764
Ukraine	3,806	3,058	0	0
Other countries	3,157	2,907	0	425
Total	72,435	57,399	14,757	15,944