CONSOLIDATED INTERIM REPORT FOR Q1 2011

SILVANO FASHION GROUP

COMPANY PROFILE

Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
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Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	KPMG Baltics OÜ

Contents

Management Report

Selected Financial Indicators

In summary, the selected financial indicators of AS Silvano Fashion Group for Q1 2011 and Q1 2010 were as follows:

Statement of comprehensive income *In thousands of EUR*	**Q1 2011**	**Q1 2010**	**Change, %**
Sales revenue	25,455	20,067	26.9%
Earnings before interest, taxes and depreciation (EBITDA)	6,060	3,292	84.1%
Net profit for the period	6,291	3,110	102.3%
Net profit attributable to owners of the Company	5,089	2,472	105.9%
Earnings per share (EUR)	0.13	0.06	116.7%
Operating cash flow for the period	1,410	818	72.4%

Statement of financial position *In thousands of EUR*	**31.03.2011**	**31.12.2010**	**Change, %**
Total assets	68,691	65,085	5.5%
Total current assets	54,164	49,974	8.4%
Total equity attributable to equity holders of the Company	44,423	42,042	5.7%
Loans and borrowings	220	36	511.1%
Cash and cash equivalents	21,479	21,468	0.1%

Margin analysis *In %*	**Q1 2011**	**Q1 2010**	**Change, %**
Gross profit	41.4	40.9	1.2%
EBITDA	23.8	16.4	45.1%
Net profit	24.7	15.5	59.4%
Net profit attributable to owners of the Company	20.0	12.3	62.6%

Financial ratios	**31.03.2011**	**31.12.2010**	**Change, %**
ROA	23.4%	20.5%	14.1%
ROE	38.1%	33.4%	14.1%
Price to earnings ratio (P/E)	8.7	8.8	-1.1%
Current ratio	4.1	4.1	0.0%
Quick ratio	2.8	2.8	0.0%

Underlying formulas:

Gross margin = gross profit / sales revenue
EBITDA margin = EBITDA / sales revenue
Net profit margin = net profit / sales revenue
Net profit margin attributable to owners of the Company = net profit attributable to owners of the Company / sales revenue
ROA (return on assets) = net profit attributable to owners of the Company for the last 4 quarters/ average total assets
ROE (return on equity) = net profit attributable to owners of the Company for the last 4 quarters/ 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
Price to earnings ratio = Share price at the end of reporting period/earnings per share, calculated based on the net profit attributable to owners of the Company for the last 4 quarters
Current ratio = current assets / current liabilities
Quick ratio = (current assets – inventories) / current liabilities

Business Results

SFG business results in Q1 for recent years proved to demonstrate highest margins because of swimwear and fashion collections predominantly being sold. The sales level is usually lower than in high season of Q2 and Q3, however margin rise in Q1 2011 was very strong. The Q1 results were slightly higher than budgeted, which was supported by steady market growth in Russia, more obvious recovery in Ukraine, strong sales in Belarus and recovering Baltics' markets. Q1 total sales amounted to EUR 25,455 thousand, EBITDA — to EUR 6,060 thousand, and net profit — to EUR 6,291 thousand.

Russian economy, the Group's major market, is doing very well. Russian international monetary reserves in Q1 went up by 4.8% and reached USD 502.46 billion. Russian Ruble strengthened by 10.5% against USD and by 5.3% against Euro in Q1 2011. Oil and gas prices continue to support Russian economy. As a result, sales in the end customer market have been growing during Q1 2011. The Group's sales in Russia in Q1 2011 were 24.7% above the sales level of Q1 2010.

The Belarusian market was very strong in Q1 2011, supported by salaries/wages increase in Q4 2010 in the country in general. According to the preliminary information the estimated Belarusian economy's GDP growth was 10.9% in Q1 2011. In Q1 retail operations in Belarus demonstrated an increase of 53.0% in BYR terms and 49.6% in EUR terms as compared to Q1 2010. However, in March the Belarusian economy faced severe impact of current account deficit. Moody's Investors Service has downgraded the government of Belarus' foreign and local currency bond ratings from B1 to B2 and has assigned a negative outlook to the ratings due to the country's significant near term external financing gaps, and the medium term difficulties of reorienting the current external debt funded, domestic demand-led growth model. Moody's immediate concern is the external financing requirements of Belarus' large current account deficit, which was about 16% of GDP in 2010. As a result starting from March, 16th there were difficulties related to forex market in Belarus. The situation is expected to stabilise during Q2 2011.

Ukraine is behind Russia in economic recovery and development, however, it is gaining momentum and SFG Ukrainian sales in Q1 were up by 89.0% compared to Q1 2010.

Economic situation in the Baltics is improving. Q1 sales in the region increased by 5.5% as compared to Q1 2010.

Overall, Q1 sales demonstrated an increase of 26.9% as compared to Q1 2010.

At the end of the reporting period the Group and its franchising partners operated 424 Milavitsa and Lauma Lingerie stores, including 52 stores operated directly by the Group and the rest by franchising partners. The Group's retail focus remains similar to previous year by promoting and supporting franchising partners mixed with own retail development in home markets (Belarus and Baltics).

Financial performance

The Group sales amounted to EUR 25,455 thousand in Q1 2011, representing a 26.9% increase as compared to the previous year. Overall wholesale increased by 31.4% and retail sales – by 7.7%. Q1 2010 retail sales include retail sales generated in Russia in the amount of EUR 978 thousand. However own retail operations in Russia were fully discontinued by the Group in H1 2010 following the restructuring decisions taken in 2009. Thus like for like increase in retail sales amounted to 48.0%.

The Group's gross margin from continuing operations in Q1 2011 increased and was 41.4%, as compared to 40.9% in the respective period of previous year. Increase in gross margin is mainly explained by the increase of average sales price as the result of change in the structure of sales with increased level of more expensive brands.

The consolidated operating profit in Q1 2011 amounted to EUR 5,619 thousand, compared to EUR 2,845 thousand in Q1 2010. The consolidated operating margin from continuing operations was 22.1% (14.2% in Q1 2010). Despite the cost of inflation affected all the areas of the expenses, the costs overall did not exceed the Group's revenue growth and the Group's ability to increase the earnings. The operating profit and the operating margin in Q1 2010 were adversely influenced by loss-making own retail operations in Russia, which were fully discontinued in H1 2010.

Consolidated net profit from foreign exchange rate fluctuations amounted to EUR 1,630 thousand in Q1 2011. SP ZAO Milavitsa accrued a foreign exchange gain in the amount of EUR 1,539 thousand that was mainly caused by sales denominated in Russian Ruble which appreciated against Belarusian Ruble in Q1 2011 by 8.8% and by short-term deposits denominated in Euro, which appreciated against Belarusian Ruble in Q1 2011 by 6.4%.

Effective tax rate for Q1 2011 amounted to 16.2% (26.2% in Q1 2010) and was lower than expected due to the decrease of statutory tax rate in Belarus from 26.28% to 24%. The improvement of the effective tax rate is as well caused by use of tax loss of prior years in Russia.

Consolidated net profit attributable to equity holders amounted to EUR 5,089 thousand in Q1 2011, compared to EUR 2,472 thousand in Q1 2010; net profit margin attributable to equity holders was 20.0% against 12.3% in Q1 2010.

In Q1 2011, the Group's return on equity amounted to 38.1% (12.5% in Q1 2010) and return on assets was 23.4% (6.7% in Q1 2010).

Financial position

As of 31 March 2011 consolidated assets amounted to EUR 68,691 thousand representing an increase of 5.5% as compared to the position as of 31 December 2010.

Property, plant and intangibles balances decreased by EUR 877 thousand as compared to 31 December 2010 the key reason being the impact of the foreign exchange rate in the amount of EUR 844 thousand.

Trade receivables increased by EUR 2,929 thousand as compared to 31 December 2010 and amounted to EUR 12,571 thousand as of 31 March 2011. Inventory balance increased by EUR 1,508 thousand and amounted to EUR 17,300 thousand as of 31 March 2011. Increase in trade debtors and stock balance was in line with the seasonality trend of the business.

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 EUR 3,121 thousand for Q1 2011. On the overall basis, equity attributable to equity holders increased by EUR 2,381 thousand and amounted to EUR 44,423 thousand as of 31 March 2011.

Current liabilities increased by EUR 1,297 thousand in Q1 2011, in line with management expectations.

Current and non-current loans and borrowings increased by EUR 184 thousand to EUR 220 thousand as of 31 March 2011. Loans received and loans repaid in Q1 2011 amounted to EUR 265 thousand and EUR 69 thousand respectively, including finance lease liabilities repaid in the amount of EUR 2 thousand.

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 31 March 2011 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 EUR 45 thousand and EUR 203 thousand. However as of 25 April 2011 all amounts subject to guarantees have been fully paid down.

Tax liabilities and other payables, including payables to employees, amounted to EUR 4,841 thousand. Provisions amounted to EUR 390 thousand as of 31 March 2011.

Sales

Sales by business segments

	Q1 2011 EUR thousand	Q1 2010 EUR thousand	Change EUR thousand	Q1 2011 percentage from sales	Q1 2010 percentage from sales
Wholesale	21,472	16,345	5,127	84.4%	81.5%
Retail	3,869	3,593	276	15.2%	17.9%
Other operations	114	129	-15	0.4%	0.6%
Total	**25,455**	**20,067**	**5,388**	**100.0%**	**100.0%**

Sales by markets

In Q1 2011, the Group focused mainly on the Baltics, Russian, Belarusian and Ukrainian markets.

Total sales by markets

	Q1 2011 EUR thousand	Q1 2010 EUR thousand	Change EUR thousand	Q1 2011 percentage from sales	Q1 2010 percentage from sales
Russia	15,049	12,066	2,983	59.1%	60.2%
Belarus	6,165	4,883	1,282	24.2%	24.3%
Baltics	1,525	1,446	79	6.0%	7.2%
Ukraine	1,567	829	738	6.2%	4.1%
Other markets	1,149	843	306	4.5%	4.2%
Total	**25,455**	**20,067**	**5,388**	**100.0%**	**100.0%**

The majority of lingerie sales revenue in Q1 2011 in the amount of EUR 15,049 thousand was generated in the Russian market, accounting for 59.1% of all sales in Q1 2011 as compared to EUR 12,066 thousand in Q1 2010. Sales in Russia for Q1 2011, comprises wholesale only and both retail sales and wholesale in Q1 2010. The second largest region was Belarus, where sales reached EUR 6,165 thousand, contributing 24.2% of lingerie sales (both retail and wholesale) as compared to EUR 4,883 thousand in Q1 2010.

Sales in the major markets demonstrated a positive trend in terms of pieces sold in Q1 2011 as compared to the respective period in 2010.

The most considerable sales growth took place on the Belarusian, Russian and Ukrainian markets.

Changes in the sales strategy and organizational structure introduced by Milavitsa in late 2009 and early 2010 were implemented in 2010 in Russia and Ukraine. As a result the Group increased control over its distribution channels.

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 Q1 2011 in the fields of marketing and franchising.

Lauma Lingerie demonstrated a slight increase in sales in the first quarter mainly due to their performance in Ukraine, Baltics, Belarus and Kazakhstan. Sales in Russia decreased as compared to Q1 2010.

In terms of lingerie brands, “Milavitsa” core brand accounted for 74.7% of total lingerie sales revenue in Q1 2011 (Q1 2010: 73.8%) and amounted to EUR 18,930 thousand. “Lauma Lingerie” core brand accounted for 8.4% of total lingerie sales (Q1 2010: 9.1%) and amounted to EUR 2,129 thousand. Other brands such as “Alisee”, “Aveline”, “Hidalgo” and “Laumelle” comprised 16.9% of total lingerie sales in Q1 2011 (Q1 2010: 17.1%), amounting to EUR 4,282 thousand.

Wholesale

In Q1 2011, wholesale revenue amounted to EUR 21,472 thousand, representing 84.4% of the Group’s total revenue (Q1 2010: 81.5%). The main wholesale regions were Russia, Belarus, Ukraine and the Baltic States. Substantial growth has been achieved in Russia, Ukraine and Kazakhstan mainly due to the success of the Milavitsa wholesale partners.

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.

Retail operations

Total lingerie retail sales of the Group in Q1 2011 amounted to EUR 3,869 thousand, representing a 7.7% increase as compared to the previous year.

Retail operations were conducted in Belarus and Latvia. At the end of Q1 2011 the Group operated 52 own retail outlets with a total area of 4,414 square meters. As of 31 March 2011, there were 356 Milavitsa branded shops operated by Milavitsa trading partners in Russia, Belarus, Ukraine, Moldavia, Kazakhstan, Uzbekistan, Kyrgyzstan, Latvia, Azerbaijan, Armenia, Cyprus, Germany, Georgia and Slovenia, resulting in net increase of 8 shops during Q1 2011. Additionally, as of 31 March 2011, there were 16 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners in Lithuania, Latvia, Estonia and Albania, of which 3 were opened and 1 was closed in Q1 2011. The 400th Milavitsa store was opened in Belarus on 1 April 2011. In February a Milavitsa store was opened in Kreschatik street, the major shopping street in Kiev (Ukraine).

In Q1 2011 2 new own lingerie stores were opened, including 1 store under Milavitsa brand name in Belarus and 1 store under Lauma Lingerie brand name in Latvia.

Number of own stores as of:

	31.03.2011	**31.12.2010**
Latvia	9	8
Belarus	43	42
Total stores	**52**	**50**
Total sales area, sq m	**4,414**	**4,253**

A number of sales promotions were conducted in the Milavitsa retail chain in Belarus including a co-branding campaign with Oriflame. 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 53.0% growth in local currency terms and a 49.6% growth in EUR terms as compared to Q1 2010 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.

In the Baltics, retail sales increased by 16.6% as compared to the previous year and amounted to EUR 153 thousand, which is mainly explained by the increased retail expertise and improvements introduced in the stores.

Own retail operations in Russia were fully terminated in H1 2010. As a result Q1 2010 retail sales include retail sales generated in Russia in the amount of EUR 978 thousand, while Q1 2011 retail sales were generated in Belarus and Latvia only. The strategic decision was made in 2009 to shift focus from own retail chain towards the development of Milavitsa franchise network 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	43	0	43	3,937
Latvia	0	9	9	477
Total	**43**	**9**	**52**	**4,414**

Production, sourcing, purchasing and logistics

The total volume of production in SP ZAO Milavitsa amounted to 4,927 thousand pieces in Q1 2011, representing a 16.0% increase as compared to the respective period in the previous year. The total production volume in Lauma Lingerie amounted to 378 thousand pieces in Q1 2011, showing a decrease of 12.0% as compared to the respective period in the previous year.

Investment

In Q1 2011, the Group's investments totalled EUR 403 thousand with investments into retail amounting to EUR 32 thousand. Other investments were made in equipment and facilities to maintain effective production and to add capacity for 2011.

Personnel

As of 31 March 2011, the Group employed 3,202 employees including 420 in retail and 2,037 in production. The rest were employed in wholesale, administration and support operations.

Total salaries and wages in Q1 2011 amounted to EUR 5,007 thousand. The remuneration of the members of the Management Board and Supervisory Board totalled EUR 38 thousand.

Key Events in Q1 2011

Share buy-back program

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 number 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 buyback period started on 15 November 2010. During the period from 15 November 2010 to 6 May 2011 number of shares bought back amounted to 184,614, average price per share amounted to 2.8685 EUR resulting in total cost of 529,565 EUR.

After the transactions listed above, AS Silvano Fashion Group owns 184,614 of its own shares, which constitute 0.47% of the share capital. Under the buyback program, shares up to the value of 15,104,344 Euros remain to be bought back. The maximum amount of shares that remains to be bought back is 3,776,086.

Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting was held on 17 March 2011 and decided upon the following:

1. Amending the Articles of Association
    - To amend the article 2.1 in the Articles as follows: "2.1 The minimum share capital of the Company is 15,000,000 (fifteen million) euros and the maximum share capital is 60,000,000 (sixty million) euros."
    - To amend the second sentence in the article 2.2 as follows: "The nominal value of a registered A-share is 50 (fifty) cents."
2. Conversion of the share capital into Euros and decrease of the share capital by 5,495,101.17 Euros to the amount of 19,750,000 Euros as follows:
    1. To cancel 107,000 Company´s own A-shares that have been bought back by the Company under the buy-back program and to reduce the share capital by 1,070,000 kroons to 395,000,000 kroons.
    2. After the cancellation of the own shares and the reduction of the share capital related thereto, the total number of shares shall be 39,500,000.
    3. The shares held by the shareholders are not subject to cancellation.
    4. The Company shall make no payments to the shareholders in connection with the cancellation of the Company´s own shares.
    5. To convert the share capital reduced by the cancellation of the own shares and the nominal value of the shares into Euros as follows:
        - The amount of the share capital as being converted into euros is 25,245,101.17 euros and the nominal value of each share is 64 cents.
        - To reduce the share capital by 5,495,101.17 euros to 19,750,000 euros in order to meet the requirements set forth in § 223(1) and § 223(2) of the Commercial Code.
        - The share capital shall be reduced by means of decreasing the nominal value of each share by 14 cents to 50 cents.
        - The conversion of the nominal value of shares into euros shall not affect the rights attached to shares nor the relation of the nominal value of shares to the share capital. The rounding of the results of the conversion of shares' nominal value has no legal effect.
        - After the conversion and the reduction of the share capital the new amount of share capital shall be 19,750,000 euros, which is divided into 39,500,000 A-shares with nominal value of 50 cents each share.
        - To pay to the shareholders 14 cents per each share for the decrease of the nominal value of share. This amount shall be paid to the shareholders within three months after entry of the decrease of

share capital in the Commercial Register provided that the claims of creditors submitted during the term are secured or satisfied.

– The list of shareholders entitled to receive the payment related to reduction of the nominal value of shares shall be fixed at 23:59 on 31 March 2011 (Estonian time).

Changes in the management board

On 15 March 2011, Silvano Fashion Group supervisory board decided to call back Baiba Gegere and Norberto Rodriguez Lopez from the management board of the Company.

Cancellation of own shares and decrease of share capital of SP ZAO Milavitsa.

On 28 March 2011 Annual General Meeting of SP ZAO Milavitsa decided to cancel the 256 shares bought back, which constitutes 2.6% of all shares in SP ZAO Milavitsa and to decrease share capital of SP ZAO Milavitsa respectively. As the result stake of AS Silvano Fashion Group in SP ZAO Milavitsa increased from 78.35% to 80.44% as at 31 March 2011.

General information and approval of the management board for the consolidated interim report for Q1 2011

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 income is generated by sales of "Milavitsa", "Alisee", "Hidalgo", "Lauma Lingerie" and "Laumelle" branded products through wholesales channel, franchised sales and own retail operated under the "Milavitsa" and "Lauma Lingerie" retail chains. Key sales markets for the Group are Russia, Belarus, Ukraine, Baltics and other markets.

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 31 March 2011, the Group employed 3,202 people (as of 31 December 2010: 3,193 people).

The Group comprises the following companies:

	Location	**Main activity**	**Ownership interest 31.03.2011**	**Ownership interest 31.12.2010**
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Subsidiaries of AS Silvano Fashion Group				
SP ZAO Milavitsa	Belarus	Manufacturing	80.44%	78.35%
AS Lauma Lingerie	Latvia	Manufacturing, wholesale and retail	100%	100%
France Style Lingerie s.a.r.l.	France	Holding	100%	100%
Milavitsa Logistic OOO	Belarus	Logistics	49%	49%
Subsidiaries of SP ZAO Milavitsa				
ZAO Stolichnaja Torgovaja Kompanija Milavitsa	Russia	Wholesale	100%	100%
OAO Junona	Belarus	Manufacturing and wholesale	58.33%	58.33%
SP Gimil OOO	Belarus	Manufacturing and wholesale	52%	52%
SOOO Torgovaja Kompanija Milavitsa	Belarus	Wholesale and retail	51%	51%
Milavitsa Logistic OOO	Belarus	Logistics	51%	51%
Subsidiary of SOOO Torgovaja Kompanija Milavitsa				
OÜ Linret EST	Estonia	Holding	100%	100%
Subsidiary of OÜ Linret EST				
ZAO Linret	Russia	Wholesale and retail	100%	100%
Associate of France Style Lingerie S.A.R.L.				
SOOO Torgovaja Kompanija Milavitsa	Belarus	Wholesale and retail	49%	49%

Management declaration regarding the consolidated interim report for Q1 2011

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

The management board of AS Silvano Fashion Group also confirms that the consolidated interim report for Q1 2011 set out on pages 12-26 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
Member of the Management Board
10 May 2011

Consolidated statement of financial position

Unaudited

In thousands of EUR		**31.03.2011**	**31.12.2010**	**31.03.2010**
ASSETS				
Non-current assets				
Property, plant and equipment	1	10,584	11,446	10,468
Intangible assets	2	519	534	549
Investment property	3	1,197	1,299	1,303
Investments in equity accounted investees		115	106	64
Available-for-sale financial assets		343	370	365
Deferred tax asset		1,735	1,324	1,282
Other receivables		34	32	637
Total non-current assets		**14,527**	**15,111**	**14,668**
Current assets				
Inventories	4	17,300	15,792	17,511
Corporate income tax asset		55	59	359
Other tax receivables		1,040	1,517	842
Trade receivables	5	12,571	9,642	12,441
Other receivables	6	1,254	1,188	1,380
Prepayments	7	447	288	702
Cash and cash equivalents	8	21,479	21,468	10,040
Assets classified as held for sale		18	20	104
Total current assets		**54,164**	**49,974**	**43,379**
TOTAL ASSETS		**68,691**	**65,085**	**58,047**
LIABILITIES AND EQUITY				
Equity				
Share capital at per value		25,313	25,313	25,565
Share premium		14,130	14,130	14,271
Own shares		-371	-311	-450
Statutory capital reserve		67	67	67
Other reserves		0	453	0
Translation reserve		-14,708	-11,587	-12,209
Retained earnings		19,992	13,977	6,249
Total equity attributable to equity holders of the Company	12	**44,423**	**42,042**	**33,493**
Non-controlling interest		10,902	10,974	9,313
Total equity		**55,325**	**53,016**	**42,806**
Non-current liabilities				
Loans and borrowings	9	0	0	257
Other liabilities		0	0	2
Total non-current liabilities		**0**	**0**	**259**
Current liabilities				
Loans and borrowings	9	220	36	1,210
Trade payables		7,915	7,681	7,863
Corporate income tax payable		736	608	953
Other tax payable		699	712	2,138
Other payables	10	1,286	1,131	1,019
Provisions		390	136	258
Accrued expenses		2,112	1,757	1,509
Deferred income		8	8	32
Total current liabilities		**13,366**	**12,069**	**14,982**
Total liabilities		**13,366**	**12,069**	**15,241**
TOTAL LIABILITIES AND EQUITY		**68,691**	**65,085**	**58,047**

Consolidated income statement

Unaudited

In thousands of EUR		**Q1 2011**	**Q1 2010**
Revenue			
Sales revenue		25,455	20,067
Costs of goods sold		-14,908	-11,867
Gross Profit		**10,547**	**8,200**
Other operating income		313	166
Distribution costs		-2,840	-2,384
Administrative expenses		-1,688	-2,272
Other operating expenses		-713	-865
Operating profit		**5,619**	**2,845**
Finance income and finance costs			
Interest expenses		-4	-42
Gains on conversion of foreign currencies		1,630	1,305
Other financial income		251	183
Net finance income		**1,877**	**1,446**
Share of profit/(loss) of equity accounted investees		17	-77
Profit before tax		**7,513**	**4,214**
Income tax expense		-1,222	-1,104
Profit for the period		**6,291**	**3,110**
Attributable to			
Owners of the Company		5,089	2,472
Non-controlling interest		1,202	638
Earnings per share			
Basic earnings per share (EUR)	11	0.13	0.06
Diluted earnings per share (EUR)	11	0.13	0.06

Consolidated statement of comprehensive income

Unaudited

In thousands of EUR	**Q1 2011**	**Q1 2010**
Profit for the period	**6,291**	**3,110**
Other comprehensive income		
Foreign currency translation differences for foreign operations	-3,760	-181
Other comprehensive income for the period	**-3,760**	**-181**
Total comprehensive income	**2,531**	**2,929**
Total comprehensive income attributable to:		
Owners of the Company	1,968	2,185
Non-controlling interest	563	744

Consolidated statement of cash flows

Unaudited

In thousands of EUR	Notes	Q1 2011	Q1 2010
Cash flows from operating activities			
Profit for the period		**6,291**	**3,110**
Adjustments for:			
Depreciation of fixed assets and investment property	1,3	412	414
Amortization of intangible assets	2	29	33
Impairment losses on intangible assets	2	0	4
Impairment losses on other assets		0	127
Net finance (income)/ costs		-1,877	-1,446
Share of profit of equity accounted investees		-17	77
(Gains)/ losses on the sale of property, plant and equipment		-2	15
Income tax expense		1,222	1,104
Change in inventories		-2,655	-142
Change in trade and other receivables		-3,111	-2,622
Change in trade and other payables		2,670	557
Interests paid		-4	-43
Income tax paid		-1,548	-370
Net cash from operating activities		**1,410**	**818**
Cash flow from investing activities			
Interest received		348	194
Proceeds from sale of property, plant and equipment		4	129
Loans granted		-66	-74
Proceeds from repayments of loans granted		66	33
Proceeds from disposal of investments		0	7
Acquisition of property, plant and equipment	1	-354	-194
Acquisition of intangible assets	2	-49	-4
Acquisition of shares by subsidiary		-54	0
Net cash used in/from investing activities		**-105**	**91**
Cash flow from financing activities			
Proceeds from borrowings	9	265	207
Repayment of borrowings	9	-67	-513
Repayment of finance lease	9	-2	-37
Dividends paid		-108	-132
Acquisition of own shares		-60	0
Net cash used in/ from financing activities		**28**	**-475**
Increase in cash and cash equivalents		**1,333**	**434**
Cash and cash equivalents at the beginning of period	8	**21,468**	**9,838**
Effect of exchange rate fluctuations on cash		-1,322	-232
Cash and cash equivalents at the end of period	8	**21,479**	**10,040**

Consolidated statement of changes in equity

Unaudited

In thousands of EUR	Share capital	Share premium	Own shares	Capital reserve	Translation reserve	Other reserves	Accumulated profit (losses)	Total	Non-controlling interest	Total equity
	Equity attributable to equity holders of the Company									
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	2,472	**2,472**	638	**3,110**
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-287	0	0	**-287**	106	**-181**
Total other comprehensive income	**0**	**0**	**0**	**0**	**-287**	**0**	**0**	**-287**	**106**	**-181**
Total comprehensive income	**0**	**0**	**0**	**0**	**-287**	**0**	**2,472**	**2,185**	**744**	**2,929**
Transactions with owners, recorded directly in equity										
Dividends paid	0	0	0	0	0	0	0	**0**	-132	**-132**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-132**	**-132**
Balance as of 31 March 2010	**25,565**	**14,271**	**-450**	**67**	**-12,209**	**0**	**6,249**	**33,493**	**9,313**	**42,806**
Balance as of 31 December 2010	**25,313**	**14,130**	**-311**	**67**	**-11,587**	**453**	**13,977**	**42,042**	**10,974**	**53,016**
Profit for the period	0	0	0	0	0	0	5,089	**5,089**	1,202	**6,291**
Other comprehensive income										
Effect on consolidation of foreign subsidiaries	0	0	0	0	-3,121	0	0	**-3,121**	-639	**-3,760**
Total other comprehensive income	**0**	**0**	**0**	**0**	**-3,121**	**0**	**0**	**-3,121**	**-639**	**-3,760**
Total comprehensive income	**0**	**0**	**0**	**0**	**-3,121**	**0**	**5,089**	**1,968**	**563**	**2,531**
Transactions with owners, recorded directly in equity										
Re-purhase of own shares	0	0	-60	0	0	0	0	**-60**	0	**-60**
Dividends paid	0	0	0	0	0	0	0	**0**	-108	**-108**
Re-purhase of own shares by subsidiary	0	0	0	0	0	197	0	**197**	-251	**-54**
Change in non-controlling interest without a change in control	0	0	0	0	0	-650	926	**276**	-276	**0**
Total transactions with owners	**0**	**0**	**-60**	**0**	**0**	**-453**	**926**	**413**	**-635**	**-222**
Balance as of 31 March 2011	**25,313**	**14,130**	**-371**	**67**	**-14,708**	**0**	**19,992**	**44,423**	**10,902**	**55,325**

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 2010.

This Interim Report shows results in thousands of Euros (EUR).

The comparative data presented in the Interim Report are the financial ratios of AS Silvano Fashion Group for Q1 2010.

The Group’s performance is not significantly affected by any seasonal or cyclical factors. Nevertheless revenue during vacation period and holidays are usually higher.

This Interim Report has not been audited.

Notes to the consolidated interim report

Note 1. Property, plant and equipment

In thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
Cost as of 31 December 2009	**4,690**	**12,016**	**4,826**	**349**	**21,881**
Movements in Q1 2010					
Acquisition	0	0	41	153	**194**
Transfers and reclassifications	8	4	115	-127	**0**
Transfers to assets held for sale	0	0	-613	0	**-613**
Disposals	0	0	-1,097	0	**-1,097**
Effect of movements in foreign exchange on cost	864	633	272	7	**1,776**
Cost as of 31 March 2010	**5,562**	**12,653**	**3,544**	**382**	**22,141**
Cost as of 31 December 2010	**5,288**	**13,467**	**3,516**	**309**	**22,580**
Movements in Q1 2011					
Acquisition	0	1	12	341	**354**
Transfers and reclassifications	0	97	154	-251	**0**
Disposals	-1	-94	-49	0	**-144**
Effect of movements in foreign exchange on cost	-444	-958	-217	-26	**-1,645**
Cost as of 31 March 2011	**4,843**	**12,513**	**3,416**	**373**	**21,145**
Accumulated depreciation as of 31 December 2009	**1,106**	**6,868**	**3,154**	**0**	**11,128**
Movements in Q1 2010					
Depreciation	37	237	133	0	**407**
Transfers to assets held for sale	0	0	-510	0	**-510**
Disposals	0	0	-895	0	**-895**
Effect of movements in foreign exchange on accumulated depreciation	793	531	219	0	**1,543**
Accumulated depreciation as of 31 March 2010	**1,936**	**7,636**	**2,101**	**0**	**11,673**
Accumulated depreciation as of 31 December 2010	**1,323**	**7,944**	**1,867**	**0**	**11,134**
Movements in Q1 2011					
Depreciation	39	246	120	0	**405**
Disposals	0	-94	-48	0	**-142**
Effect of movements in foreign exchange on accumulated depreciation	-154	-566	-116	0	**-836**
Accumulated depreciation as of 31 March 2011	**1,208**	**7,530**	**1,823**	**0**	**10,561**
Carrying amounts					
As of 31 March 2010	**3,626**	**5,017**	**1,443**	**382**	**10,468**
As of 31 December 2010	**3,965**	**5,523**	**1,649**	**309**	**11,446**
As of 31 March 2011	**3,635**	**4,983**	**1,593**	**373**	**10,584**

The Group didn’t have any binding commitments to purchase property plant and equipment as of 31 March 2011.

Note 2. Intangible assets

Intangible assets

In thousands of EUR	Software	Trademarks	Goodwill	Projects in progress	Total
Cost as of 31 December 2009	**597**	**108**	**0**	**354**	**1,059**
Movements in Q1 2010					
Acquisition	3	0	0	1	**4**
Disposals	-1	0	0	0	**-1**
Effect of movements in foreign exchange on cost	10	9	0	7	**26**
Cost as of 31 March 2010	**609**	**117**	**0**	**362**	**1,088**
Cost as of 31 December 2010	**630**	**34**	**0**	**458**	**1,122**
Movements in Q1 2011					
Acquisition	0	0	0	49	**49**
Transfer	36	1	0	-37	**0**
Disposals	0	0	0	0	**0**
Effect of movements in foreign exchange on cost	-34	-3	0	-34	**-71**
Cost as of 31 March 2011	**632**	**32**	**0**	**436**	**1,100**
Accumulated amortisation as of 31 December 2009	**349**	**40**	**0**	**100**	**489**
Movements in Q1 2010					
Amortisation	27	6	0	0	**33**
Disposals	-1	0	0	0	**-1**
Impairment loss	0	4	0	0	**4**
Effect of movements in foreign exchange on amortisation	8	4	0	2	**14**
Accumulated amortisation as of 31 March 2010	**383**	**54**	**0**	**102**	**539**
Accumulated amortisation as of 31 December 2010	**467**	**15**	**0**	**106**	**588**
Movements in Q1 2011					
Amortisation	28	1	0	0	**29**
Disposal	0	0	0	0	**0**
Effect of movements in foreign exchange on amortisation	-27	-1	0	-8	**-36**
Accumulated amortisation as of 31 March 2011	**468**	**15**	**0**	**98**	**581**
Carrying amounts					
As of 31 March 2010	**226**	**63**	**0**	**260**	**549**
As of 31 December 2010	**163**	**19**	**0**	**352**	**534**
As of 31 March 2011	**164**	**17**	**0**	**338**	**519**

The Group didn’t have any binding commitments to purchase intangible assets as of 31 March 2011.

Note 3. Investment property

In thousands of EUR	Q1 2011	Q1 2010
As of beginning of period	1,299	1,284
Acquisitions	0	0
Depreciation	-7	-7
Effect of movements in exchange rates	-95	26
Total	**1,197**	**1,303**

As of 31 March 2011 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 of 31 March 2011 is not significantly different from fair value.

Note 4. Inventories

In thousands of EUR	**31.03.2011**	**31.12.2010**
Raw and other materials	4,954	4,816
Work in progress	1,951	1,972
Finished goods	10,188	8,744
Other inventories	207	260
Total	**17,300**	**15,792**

Inventories are shown at their carrying values which are determined as the lower of cost and net realizable value. As of 31 March 2011 the write-downs of raw materials to net realizable value amounted to EUR 592 thousand, whereas as of 31 December 2010 those amounted to EUR 552 thousand. As of 31 March 2011 the write-downs of finished goods to net realizable value amounted to EUR 277 thousand, whereas as of 31 December 2010 write-downs amounted to EUR 354 thousand.

Note 5. Trade receivables

In thousands of EUR	**31.03.2011**	**31.12.2010**
Trade receivables	13,118	10,190
Impairment of receivables	-547	-548
Total	**12,571**	**9,642**

Note 6. Other receivables

Other short term receivables

In thousands of EUR	**31.03.2011**	**31.12.2010**
VAT on unpaid invoices	251	99
Guarantees withheld	37	42
Loans to third parties	760	757
Prepaid expenses	99	140
Employees receivables	24	12
Due from customers for contract work	8	23
Miscellaneous receivables	112	185
Impairment of other receivables	-37	-70
Total	**1,254**	**1,188**

Note 7. Prepayments

In thousands of EUR	**31.03.2011**	**31.12.2010**
Prepayments for advertising and marketing expenses	226	167
Prepayments for rent	15	28
Prepayments to customs	41	21
Prepayments to other suppliers	165	72
Total	**447**	**288**

Note 8. Cash and cash equivalents

In thousands of EUR	**31.03.2011**	**31.12.2010**
Short-term deposits	19,812	16,438
Bank accounts in foreign currencies	782	1,391
Bank accounts in EUR	520	3,232
Cash in transit	346	385
Cash on hand	19	22
Total	**21,479**	**21,468**

As of 31 March 2011, cash placed in short-term deposits with the maturity from 1 to 3 months amounted to EUR 19,812 thousand. The interest rates were in the range from 0.5% to 6.5% per annum for deposits denominated in EUR, 15% per annum for deposits denominated in Belarusian rubles and from 7.15% to 8 % per annum for deposits denominated in Russian rubles.

Note 9. Loans and borrowings

The Group has the following debts as of 31 March 2011:

In thousands of EUR					**31.03.2011**		**31.12.2010**	
Bank	**Company**	**Cur-rency**	**Nominal interest rate**	**Year of maturity**	**Short term**	**Long term**	**Short term**	**Long term**
Secured bank loan	Junona OAO	BYR	BYRIBOR*+ 5.00%	2011	74	0	27	0
Secured bank loan	SP Gimil OOO	EUR	18.00%	2011	140	0	0	0
Finance lease liabilities	SP Gimil OOO	USD	14.50%	2012	6	0	9	0
Total interest bearing liabilities					**220**	**0**	**36**	**0**

* 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 Q1 2011 the Group received loans in the amount of EUR 265 thousand, in Q1 2010 in the amount of EUR 207 thousand. The Group settled loans and finance lease liabilities in Q1 2011 in the amount of EUR 69 thousand, in Q1 2010 in the amount of EUR 550 thousand.

Loan collateral

The loan provided to OAO Junona by OAO Belarusbank is secured by fixed assets of OAO Junona for the book value of EUR 53 thousand. The loan provided to SP Gimil OOO by Minsk Transit Bank are secured by real estate for the book value of EUR 34 thousand.

Note 10. Other payables

In thousands of EUR	**31.03.2011**	**31.12.2010**
Payables related to employees	738	600
Customer prepayments for goods and services	208	277
Other payables	340	254
Total	**1,286**	**1,131**

Note 11. Earnings per share

The calculation of basic earnings per share at 31 March 2011 (31 March 2010) was based on the profit attributable to owners and a weighted average number of ordinary shares.

In thousands of shares	Q1 2011	Q1 2010
Number of ordinary shares at the beginning of the period	39,607	40,000
Effect of own shares held	-134	-393
Weighted average number of ordinary shares	**39,473**	**39,607**

	Q1 2011	Q1 2010
Profit for the period, attributable to owners, EUR thousand	5,089	2,472
Basic earnings per share (EUR)	0.13	0.06
Diluted loss per share (EUR)	0.13	0.06

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

Note 12. Owners' equity

Shares

As of 31 March 2011 registered share capital of AS Silvano Fashion Group amounted to EUR 25,313 thousand divided into 39,607,000 shares with a nominal value of 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 Depositary for Securities. All shares have been paid for.

The extraordinary general meeting of shareholders of Silvano Fashion Group held on 9 November 2010 authorized the buyback of Silvano Fashion Group's own shares under the following conditions: SFG is entitled to buy back its own shares until 30 June 2011, the total nominal value of own shares to be bought back by SFG may not exceed 10% of total share capital of SFG, the maximum price payable by SFG for one share will be 4.00 EUR, the maximum amount payable by SFG for its own shares to be EUR 15,843 thousand, own shares will be paid for with assets exceeding the share capital, compulsory reserves and share premium.

As of 31 March 2011 the amount of shares bought back is 133,629 the average price per share was 2.7757 EUR, the cost in total was 370,911 EUR.

According to the Articles of Association, the minimum share capital and maximum share capital of AS Silvano Fashion Group amount to EUR 15,978 thousand and EUR 63,912 thousand respectively.

As of 31 March 2011 AS Silvano Fashion Group had 1,874 shareholders.

As of 31 March 2011 shareholders whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	**27,231,411**	**68.75%**
KRAJOWY DEPOZYT PAPIEROW WARTOŠCIOWYCH S.A. [J]	10,131,411	25.58%
TOOMAS TOOL	9,000,000	22.72%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8,100,000	20.45%
Other shareholders	**12,375,589**	**31.25%**
Total number of shares	**39,607,000**	**100.00%**

As of 31 December 2010 AS Silvano Fashion Group had 1,473 shareholders.

As of 31 December 2010 shareholders whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	**29,963,543**	**75.66%**
KRAJOWY DEPOZYT PAPIEROW WARTOŠCIOWYCH S.A. [J]	9,647,397	24.36%
TOOMAS TOOL	9,600,000	24.24%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8,100,000	20.45%
SKANDINAVISKA ENSKILDA BANKEN AB CLIENTS	2,616,146	6.61%
Other shareholders	**9,643,457**	**24.34%**
Total number of shares	**39,607,000**	**100.00%**

Legal Reserve

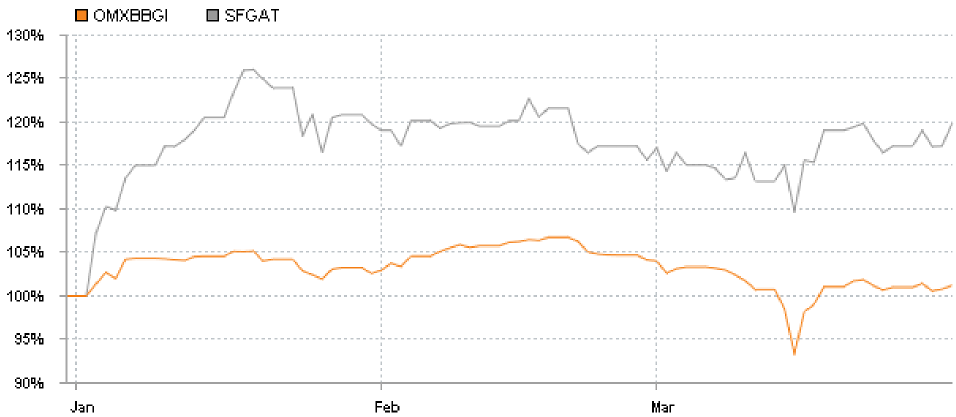
The reserve indicated under the owners' equity is a legal reserve established pursuant to the Commercial Code, which can be used for covering losses or increasing the share capital by way of a bonus issue based on a decision of the shareholders. The minimum legal reserve amount is 1/10 of the share capital.

Information about Shares

From 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 Q1 2011 (EUR)

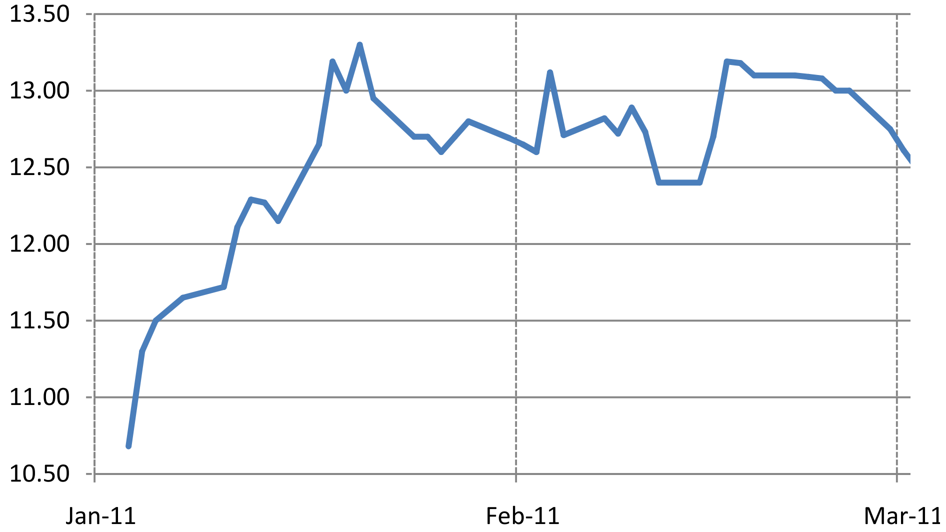
During Q1 2011, the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were EUR 3.55 and EUR 2.79, respectively.



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 Q1 2011 (PLN)

During Q1 2011, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were PLN 13.3 and PLN 10.68 respectively.



Note 13. Sales revenue

In thousands of EUR	**Q1 2011**	**Q1 2010**
Income from wholesale	21,472	16,345
Income from retail sale	3,869	3,593
Subcontracting and services	72	86
Other sales	42	43
Total sales revenue	**25,455**	**20,067**

Sales revenue by countries is presented in Note 15.

Note 14. Transactions with related parties

Related parties, as defined by IAS 24 Related Party Disclosures, are those counter parties that represent:

(a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Parent or its subsidiaries. This includes holding companies, subsidiaries and fellow subsidiaries;

(b) Associates - enterprises in which the Parent or its subsidiaries have significant influence and which are neither subsidiaries nor joint ventures of the investor;

(c) Individuals owning, directly or indirectly, an interest in the voting power of the Parent or its subsidiaries that gives them significant influence over the Parent or its subsidiaries;

(d) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Parent or its subsidiaries, including directors and officers of the Parent or its subsidiaries and close members of the families of such individuals; and

(e) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Parent or its subsidiaries and enterprises that have a member of key management in common with the Parent or its subsidiaries.

Sales of goods and services *In thousands of EUR*	Q1 2011	Q1 2010
Associated companies	2,907	1,521
Total sales	**2,907**	**1,521**

Balances with related parties *In thousands of EUR*	31.03.2011	31.03.2010
Receivable from associated companies	2,320	2,549
Total receivable	**2,320**	**2,549**

Benefits to members of the management and supervisory board *In thousands of EUR*	Q1 2011	Q1 2010
Remuneration and benefits	38	172
Total	**38**	**172**

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

Note 15. Operating segments

Starting from 1 January 2010 we have amended presentation of information in Note 15 Operating segments: operating profit from retail operations is calculated based on the cost of production of lingerie in production companies of the Group, whereas in prior years it was calculated based on the cost of acquisition of lingerie from production companies of the Group. Comparative information for Q1 2010 was amended respectively.

Operating segments Q1 2011

In thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	**3,869**	**21,472**	**25,341**	**114**	**0**	**25,455**
Intersegment revenues	0	2,800	2,800	350	-3 150	0
EBITDA	**829**	**5,049**	**5,878**	**182**	**0**	**6,060**
Amortization and depreciation	-54	-372	-426	-15	0	-441
Operating income/loss, EBIT	**775**	**4,677**	**5,452**	**167**	**0**	**5,619**
Interest in the profit or loss of equity accounted investees	0	17	17	0	0	17
Financial items, net	-3	1,734	1,731	146	0	1,877
Income tax	-38	-1,118	-1,156	-66	0	-1,222
Net income	**734**	**5,310**	**6,044**	**247**	**0**	**6,291**
Investments in associate	0	115	115	0	0	115
Other operating segment assets	3,598	31,424	35,022	33,554	0	68,576
Reportable segment liabilities	1,555	10,072	11,627	1,739	0	13,366
Impairment of assets	0	0	0	0	0	0
Capital expenditures	32	370	402	1	0	403
Number of employees as of reporting date	519	2,675	3,194	8	0	3,202

Operating segments Q1 2010

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	**3,593**	**16,345**	**19,938**	**129**	**0**	**20,067**
Intersegment revenues	0	2,840	2,840	0	-2,840	0
EBITDA	**-156**	**3,741**	**3,585**	**-293**	**0**	**3,292**
Amortization and depreciation	-82	-349	-431	-16	0	-447
Operating income/loss, EBIT	**-238**	**3,392**	**3,154**	**-309**	**0**	**2,845**
Interest in the profit or loss of equity accounted investees	0	-30	-30	-47	0	-77
Financial items, net	496	581	1,077	369	0	1,446
Income tax	-25	-1,048	-1,073	-31	0	-1,104
Net income	**233**	**2,895**	**3,128**	**-18**	**0**	**3,110**
Investments in associate	0	64	64	0	0	64
Other operating segment assets	5,860	49,444	55,304	2,679	0	57,983
Reportable segment liabilities	2,136	11,345	13,481	1,760	0	15,241
Impairment of assets	123	8	131	0	0	131
Capital expenditures	84	114	198	0	0	198
Number of employees as of reporting date	509	2,589	3,098	5	0	3,103

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.

in thousands of EUR	Sales revenue Q1 2011	Sales revenue Q1 2010	Non-current assets 31.03.2011	Non-current assets 31.12.2010
Russia	15,049	12,066	142	99
Belarus	6,165	4,883	13,863	14,448
Baltics	1,525	1,446	520	564
Ukraine	1,567	829	0	0
Other countries	1,149	843	2	0
Total	**25,455**	**20,067**	**14,527**	**15,111**