



AS SILVANO FASHION GROUP
Tartu mnt 2, 10145 Tallinn, Estonia
Register number 10175491

SHARE BUY-BACK PROGRAMME

Subject to approval by the Extraordinary General Meeting of Shareholders on 6 October 2008

This document outlines the objectives and conditions of the share buy-back programme (the “Programme”) to be implemented by AS Silvano Fashion Group (the “Company”) in accordance with Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments. The buy-back of own shares by the Company in the course of the Programme is subject to the approval of the Extraordinary General Meeting of Shareholders of the Company to be held on 6 October 2008.

I. Information on the Company

The Company is a holding company for a vertically-integrated fashion group (the “Group”) which manages several brands of women’s apparel and lingerie with manufacturing facilities and a developing retail network. The revenue of the Group in the first six months of 2008 was EUR 58.4 million, operating profit was EUR 7.4 million. As of the end of June 2008, the Group employed 4,055 people and operated 133 retail outlets in Estonia, Latvia, Lithuania, Russia, Belarus, Ukraine and Poland.

As of the date hereof, the share capital of the Company is EEK 400,000,000, divided into 40,000,000 ordinary registered shares with the nominal value of EEK 10 each. The shares in the Company are registered in the Estonian Central Register of Securities with the ISIN EE3100001751. The shares in the Company are listed on the Tallinn Stock Exchange and on the Warsaw Stock Exchange.

II. Objectives of the Programme

In view of the significant decline in the market price of the Company’s shares and the liquidity of the Group, the Company believes there to be significant potential for increasing the shareholders’ value of the Company through buying back a proportion of its own shares and cancelling the majority of such shares at the completion of the Programme.

Furthermore, the Company intends to utilise a portion of the shares bought under the Programme for the purposes of forming a reserve for the motivation programme of the management and top employees of the Company, which will be implemented subject to the law and the conditions to be determined by the Supervisory Board of the Company.

It is estimated that approximately 90% of the shares purchased during the course of the Programme will be cancelled, with the remainder being allocated for management compensation purposes.

III. Scope of the Programme

Number of shares. The maximum number of shares in the Company subject to the purchase under the Programme shall be 4,000,000 (four million) shares, corresponding to 10% of the Company’s share

capital. The Company will not purchase more than 25% of the average daily volume of trading in its shares in any one day on the regulated market on which the purchase is carried out, based on the average daily volume traded in the 20 trading days preceding the date of purchase (which may, in case of extreme low liquidity on the relevant market, be raised to 50% in accordance with the applicable law).

Maximum purchase price. The maximum price payable by the Company for one share shall be EUR 3.50 (three Euros fifty cents). The price payable by the Company for its shares in individual transactions shall not exceed the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

Amounts to be invested. The maximum amounts to be invested by the Company in the Programme shall be EUR 3,000,000 (three million Euros).

Duration. The Programme shall be in force for 12 months from the date of its approval, i.e. until 6 October 2009 (assuming the approval of the Programme by the Extraordinary General Meeting of Shareholders of the Company to be held on 6 October 2008).

IV. Manager

The Programme is managed by AS Hansapank, which will make its trading decisions in relation to the Company's shares independently of, and without influence by, the Company with regard to the timing of the purchases.

Sergei Kusonski
Chief Operating Officer