

A woman with dark hair styled in a bun is posing in a lace bra and matching underwear. She is standing in a colorful, artistic environment with various painted figures and patterns on the walls. The lighting is dramatic, with a strong light source from the left creating a lens flare effect. The overall mood is artistic and fashion-oriented.

CONSOLIDATED INTERIM REPORT FOR Q4
AND 12 MONTHS OF 2013

Silvano Fashion Group

AS Silvano Fashion Group

Consolidated Interim Financial Report for Q4 and 12 months of 2013 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2013
End of the reporting period	31 December 2013
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	AS PricewaterhouseCoopers

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

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Management Report

General information about AS Silvano Fashion Group

AS Silvano Fashion Group (hereinafter “the Group”) is an international lingerie distribution group involved in the design, manufacturing and marketing of women’s lingerie. The Group’s income is generated by sales of “Milavitsa”, “Alisee”, “Lauma Lingerie”, “Laumelle” and “Hidalgo” 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, other CIS countries and the Baltics.

The parent company of the Group is AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 15/17, 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 December 2013, the Group employed 3 165 people (as of 31 December 2012: 3 211 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.12.2013	Ownership interest 31.12.2012
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
SP ZAO Milavitsa	Belarus	Manufacturing and wholesale	82.47%	81.12%
AS Lauma Lingerie	Latvia	Manufacturing, wholesale and retail	100%	100%
ChP Gimil	Belarus	Manufacturing and wholesale	100%	100%
OAO Yunona	Belarus	Manufacturing and wholesale	58.33%	58.33%
SOOO Torgovaja Kompanija “Milavitsa”	Belarus	Retail and wholesale	100%	100%
ZAO Linret	Russia	Wholesale	100%	100%
ZAO Stolichnaja Torgovaja Kompanija “Milavitsa”	Russia	Wholesale	100%	100%
OOO Torgovaja Kompanija “Milavitsa”	Ukraine	Wholesale	100%	100%
Milavitsa-logistik OOO	Belarus	Logistics	50%	100%
France Style Lingerie S.a.R.L.	France	Holding	100%	100%
OÜ Linret EST	Estonia	Holding	0%	100%
SIA Linret	Latvia	Holding	100%	0%

Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months 2013 compared to 12 months 2012 and 31.12.2013 compared to 31.12.2012 were as follows:

in thousands of EUR	12m 2013	12m 2012	Change
Revenue	121 680	123 519	-1.5%
EBITDA	19 235	22 130	-13.1%
Net profit for the period	11 866	16 093	-26.3%
Net profit attributable equity holders of the Parent company	10 945	14 151	-22.7%
Earnings per share (EUR)	0.28	0.36	-23.1%
Operating cash flow for the period	18 612	4 907	279.3%

in thousands of EUR	31.12.2013	31.12.2012	Change
Total assets	76 629	75 837	1.0%
Total current assets	55 080	55 847	-1.4%
Total equity attributable to equity holders of the Parent company	52 370	51 396	1.9%
Loans and borrowings	79	47	68.1%
Cash and cash equivalents	19 165	16 260	17.9%

Margin analysis, %	12m 2013	12m 2012	Change
Gross profit	35.2	34.2	3.0%
EBITDA	15.8	17.9	-11.7%
Net profit	9.8	13.0	-25.0%
Net profit attributable equity holders of the Parent company	9.0	11.5	-21.8%

Financial ratios, %	31.12.2013	31.12.2012	Change
ROA	13.2	18.3	-27.6%
ROE	19.7	28.8	-31.8%
Price to earnings ratio (P/E)	9.6	7.6	26.4%
Current ratio	4.7	4.6	1.3%
Quick ratio	2.6	2.6	-1.7%

Underlying formulas:

EBITDA = net profit for the period + depreciation and amortisation + net financial income + income tax expense + gain on net monetary position

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

Net profit margin attributable to equity holders of the Parent company = net profit attributable to equity holders of the Parent company / 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 environment

Silvano Fashion Group with its brand portfolio is a recognized market leader in the lingerie segment in Russia, Belarus, Ukraine, has exceptionally strong foothold in other Russian-speaking countries (including Kazakhstan and Moldova) and is a recognized player in the Baltic consumer markets.

The 4th quarter of 2013 is characterized by the drop in sales of Silvano Fashion Group compared to the respective period a year ago. The sales volumes decreased in both wholesale segment as well as in the retail segment in our own stores and partner stores in our main markets. The turnover for Q4 2013 decreased by 2 744 thousand euros (-10.7%) compared to the Q4 in 2012. In addition to this, the currencies of the main markets of the Silvano Fashion Group became weaker, especially the Russia Rouble weakening against the currency basket (-8.3%) and against Euro (-2.5%) in Q4, 2013. From the beginning of 2013, Russia Rouble has depreciated by nearly 11.5% against Euro. At the same time, our production costs in Belarus (labour, rent, utilities, partially materials) have not reduced in Belarus Roubles.

In general, during 2013 the biggest drop in sales affected wholesale segment (100 259 thousand Euros vs. 102 682 thousand Euros in 2012). Sales in the retail segment, including franchise stores, rose to 20 707 thousand Euros compared to 20 167 thousand to the previous year. From the main consumer markets, the main backdrop we experienced in Russia (-3 812 thousand Euros), in Belarus (-700 thousand Euros) and in the Baltic states (-439 thousand Euros). This backdrop was unfortunately not offset by the growth in Ukraine (+2 157 thousand Euros) and in other markets (+955 thousand Euros).

According to the World Bank data, the economic growth (measured in GDP) in 2013 constitutes less than 2%. One of the factors describing the economic situation in Russia is the deterioration in consumer sentiment and business confidence, explained by the gloomy outlook of the global economy. Silvano Fashion Group was directly affected by the reduced purchasing power (weaker Russia's Rouble) and reduced sales. Together with the wholesales segment, Russia generated annual sales of 71 326 thousand EUR, down from 75 138 thousand EUR a year ago. As of end of 2013, there are 383 Milavitsa stores in Russia.

Belarus economic growth is stalling because of cooling economic climate of its main export market – Russia. Primarily due to rapid income growth in the first half of the year, the consumption held firm. Starting from the second half of the year, the overall consumption delayed; for instance, the Group's sales in Belarus in Q4 2013 decreased compared to previous year. Much of the near future of the market has to do with the recovery in the export markets, as well as with the competitiveness of Belarus as a sourcing country for Russian manufacturers. There are a total of 53 stores operated directly by the Group and 5 franchise stores. The Group's sales revenue in Belarus reached 30 794 thousand EUR for 12 months of 2013 compared to 31 494 thousand EUR for the same period a year ago.

Ukraine was our stellar star for the first half of the year. The sales revenue advanced to 8 514 thousand EUR for 12 months of 2013 compared to 6 357 thousand EUR for the same period a year ago. Strength of our local franchise and wholesales partners were the driving factor for our sales. Given the political abrupt and sluggish economy, and probable weakness of Ukrainian Hryvnia (the currency managed to hold stable during 2013, but has de facto devalued by nearly 25% by the issuance of the report), 2014 sales are hard to predict. There are 101 franchise stores in total in the country as of end of 2013.

In the Baltics, the Group primarily operates via own stores and franchise partners. The Group operates 9 own stores, complemented by 34 partner stores in the region. The sales in the Baltic countries aggregated 2 733 thousand EUR for 12 months of 2013, compared to 3 172 EUR for the same period a year ago.

As referred to in our earlier quarterly reports, the other markets, with Kazakhstan in the lead, aggregated 8 313 thousand EUR in sales for 2013, compared to 7 358 thousand EUR a year before. The Group is making efforts to increase sales in other markets in 2014, as well.

On the store openings, Q4 2013 net increase (including openings and store closures primarily due to relocations) for Milavitsa stores were 29 units and 2 units under the Lauma Lingerie brand. The Group therefore operated directly and via franchise a total of 679 stores (net increase of 95 stores compared to end of 2012). Total geography of our franchise partners now covers more than 20 countries, including Milavitsa and Lauma Lingerie branded stores.

Financial performance

The Group's sales amounted to 121 680 thousand EUR during 12 months of 2013, representing a 1.5% decrease as compared to the same period of previous year. Overall, wholesales decreased by 2.5% and retail sales increased – by 2.7%.

The Group's reported gross profit margin during Q4 improved year-on-year basis and stood at 33.61%, reported gross margin was 26.32% in the respective period of previous year. For 12 months of 2013, the gross margin aggregated 35.23%, compared to 34.2% a year ago. Consolidated operating profit for Q4 2013 amounted to 67 thousand EUR, compared to 478 thousand EUR in Q4 2012. For 12 months of 2013 the operating profit stood at 16 716 thousand EUR compared to 19 522 thousand EUR a year ago. The main reason for the drop is related to higher distribution expenses. The consolidated operating profit margin was 13.7% for 12 months of 2013 (15.8% in 12 months of 2012).

Consolidated net profit attributable to equity holders of the Parent company for Q4 2013 amounted to 236 thousand EUR, compared to 1 666 thousand EUR in Q4 2012. The net profit attributable to equity holders of the Parent company for 12 months of 2013 amounted to 10 945 thousand EUR, compared to 14 151 thousand EUR a year ago; net profit margin attributable to equity holders of the Parent company for 12 months of 2013 was 9.0% against 11.5% in 12 months of 2012.

Financial position

As of 31 December 2013 consolidated assets amounted to 76 629 thousand EUR representing an increase by 1.0% as compared to the position as of 31 December 2012.

Trade and other receivables decreased by 3 900 thousand EUR as compared to 31 December 2012 and amounted to 10 846 thousand EUR as of 31 December 2013. Inventory balance increased by 275 thousand EUR and amounted to 24 873 thousand EUR as of 31 December 2013. Changes in trade debtors and stock balance were in line with the seasonality trend of the business.

Equity attributable to equity holders of the Parent company increased by 974 thousand EUR and amounted to 52 370 thousand EUR as of 31 December 2013.

Current liabilities decreased by 405 thousand EUR during 12 months of 2013. Current and non-current loans and borrowings increased by 32 thousand EUR to 79 thousand EUR as of 31 December 2013.

Sales structure

Sales by markets

in thousands of EUR	12m 2013	12m 2012	Change	12m 2013 % from sales	12m 2012 % from sales
Russia	71 326	75 138	-3 812	58.6%	60.8%
Belarus	30 794	31 494	-700	25.3%	25.5%
Ukraine	8 514	6 357	2 157	7.0%	5.1%
Baltics	2 733	3 172	-439	2.2%	2.6%
Other markets	8 313	7 358	955	6.8%	6.0%
Total	121 680	123 519	-1 839	100.0%	100.0%

The majority of lingerie sales revenue during 12 months of 2013 in the amount of 71 326 thousand EUR was generated in Russia, accounting for 58.6% of total sales. The second largest market was Belarus, where sales reached 30 794 thousand EUR, contributing 25.3% of lingerie sales (both retail and wholesale). Ukraine represented a sales of 8 514 thousand EUR, contributing 7.0% of lingerie sales of the Group.

Sales by business segments

in thousands of EUR	12m 2013	12m 2012	Change	12m 2013 % from sales	12m 2012 % from sales
Wholesale	100 259	102 862	-2 603	82.4%	83.3%
Retail	20 707	20 167	540	17.0%	16.3%
Other operations	714	490	224	0.6%	0.4%
Total	121 680	123 519	-1 839	100.0%	100.0%

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During 12 months of 2013 wholesale revenue amounted to 100 259 thousand EUR, representing 82.4% of the Group's total revenue (12 months 2012: 83.3%). The main wholesale regions were Russia, Ukraine, Belarus, Kazakhstan and Moldova.

Total lingerie retail sales of the Group in 12 months of 2013 amounted to 20 707 thousand EUR, representing 17.0% of the Group's total revenue (12 months 2012: 16.3%).

As of 31 December 2013 there were altogether 679 Milavitsa and Lauma branded shops. Own retail operations were conducted in Belarus and Latvia. As of the end of 12 months of 2013 the Group operated 62 own retail outlets. As of 31 December 2013, there were 581 Milavitsa branded shops operated by Milavitsa trading partners in Russia, Ukraine, Moldova, Kazakhstan, Uzbekistan, Kyrgyzstan, Latvia, Azerbaijan, Armenia, Germany, South Africa, Lithuania, Estonia, Georgia, United Arab Emirates, Iran, Slovenia, Belgium and Italy. Additionally, as of 31 December 2013, there were 36 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners in Lithuania, Latvia, Estonia, Belarus and Albania.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	0	384	384
Ukraine	0	101	101
Belarus	53	5	58
Baltics	9	34	43
Kazakhstan	0	29	29
Moldova	0	26	26
Other regions	0	38	38

Investments

During 12 months 2013 the Group's investments into property, plant and equipment totalled 3 664 thousand EUR. Main investments were made into equipment and facilities to improve logistic facilities and maintain effective production for future periods.

Personnel

As of 31 December 2013, the Group employed 3 165 employees including 412 in retail. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes during 12 months 2013 amounted to 24 923 thousand EUR. The remuneration of key management of the Group, including the key executives of the subsidiaries, totalled 647 thousand EUR.

Decisions made by governing bodies during 12 months 2013

On 28 June 2013 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted following decisions.

- The Meeting approved the 2012 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.10 EUR per share (record date 12.07.2013, paid out on 15.07.2013).
- The Meeting decided to reduce the share capital of the Company by reducing the nominal value of the shares by 0.10 EUR per share (record date 12.07.2013, paid out on 10.10.2013) and amend the Articles of Association accordingly.
- The Meeting decided to adopt a share buy-back program in the following: effective period until 30.06.2014; maximum number of shares to be acquired not more than 400,000; maximum share price 2.50 EUR per share.
- The Meeting decided to recall Mr Pavel Daneyko from the Supervisory Board due to the expiration of his term, and appointed Mr Mart Mutso as the new Supervisory Board member.
- The Meeting decided to re-appoint AS PricewaterhouseCoopers as the Group's auditor for financial year 2013.

In June, Silvano Fashion Group established a 100% subsidiary in Latvia (SIA Linret) for holding purposes. In December 2013, the group alienated 100% of the shares of Linret EST (Estonia).

Shares of AS Silvano Fashion Group

As of 31 December 2013 registered share capital of AS Silvano Fashion Group amounted to 11 820 thousand EUR divided into 39 400 000 ordinary shares with a nominal value of 0.30 EUR each (as of 04 October 2013, Harju County Court registered the decrease of the share capital to 11 820 thousand EUR according to the resolution of the Annual General Meeting held on June 28, 2013). The share register is electronic and maintained at the

AS Silvano Fashion Group Consolidated Interim Financial Report for Q4 and 12 months of 2013

Estonian Central Register of Securities. The Company has been listed on Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 31 December 2013 AS Silvano Fashion Group had 1 759 shareholders (as of 31 December 2012 – 2 119 shareholders).

As of 31 December 2013 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

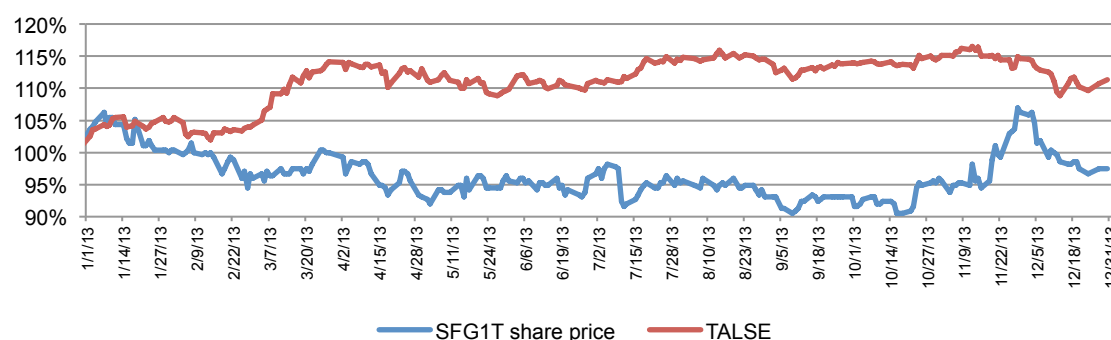
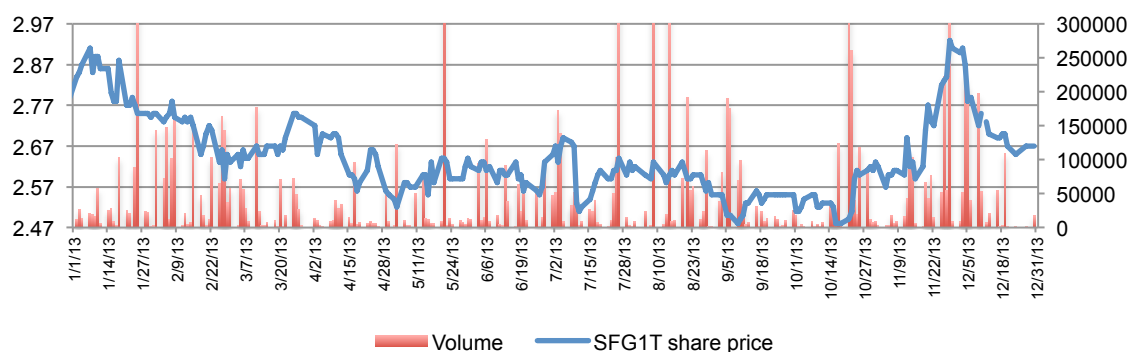
Name	Number of shares	Shareholding
Major shareholders	22 925 509	58.19%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8 000 000	20.30%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	7 639 372	19.39%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	7 286 137	18.49%
Other shareholders	16 474 491	41.81%
Total number of shares	39 400 000	100.00%

As of 31 December 2012 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	22 582 612	57.32%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8 000 000	20.30%
TOOMAS TOOL	8 000 000	20.30%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	6 582 612	16.71%
Other shareholders	16 817 388	42.68%
Total number of shares	39 400 000	100.00%

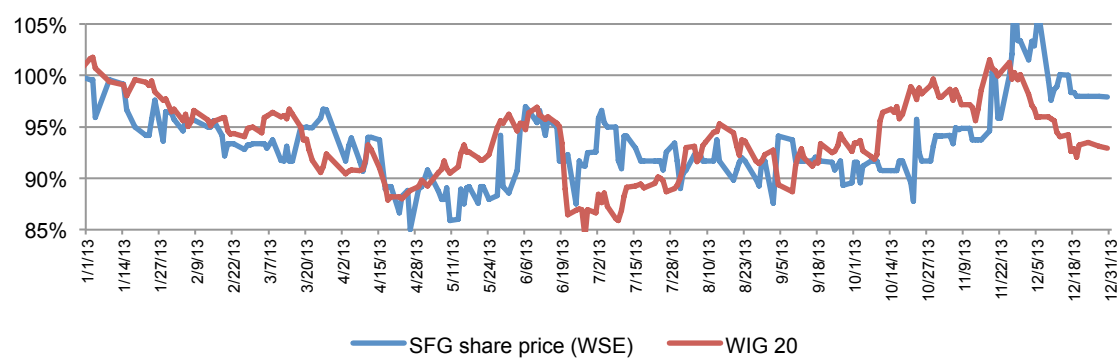
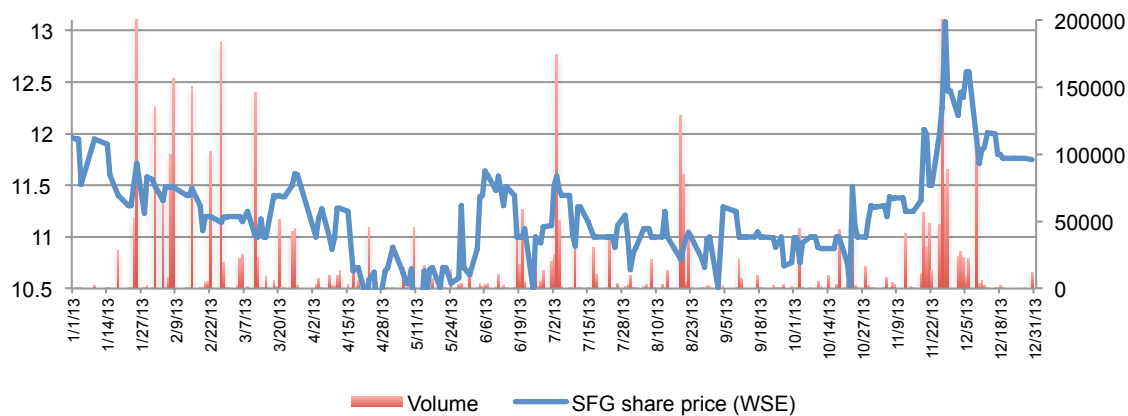
Share price development and turnover on the Tallinn Stock Exchange during 12 months 2013 (EUR)

During 12 months 2013 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.95 EUR and 2.47 EUR, respectively.



Share price development on the Warsaw Stock Exchange during 12 months 2013 (PLN)

During 12 months 2013, the highest and lowest prices of the AS Silvano Fashion Group' share on the Warsaw Stock Exchange were 13.08 PLN and 10.00 PLN respectively.



Declaration of the Management Board

The Management Board of AS Silvano Fashion Group has reviewed and approved Consolidated Interim Financial Report for Q4 and 12 months of 2013 (hereinafter “the Interim Report”).

Members of the Management Board confirm that according to their best knowledge the Interim Report gives a true and fair view of financial position of the Group, its financial performance and its cash flows in accordance with International Financial Reporting Standards, as adopted by EU, and IAS 34 “Interim Financial Reporting”.

Furthermore, Members of the Management Board confirm that in their opinion the Interim Report provides a fair review of significant developments in the Group's activities that occurred during the reporting period and their impact and describes significant risks and uncertainties that may affect the Group during future reporting periods.

The Interim Report has not been audited or otherwise reviewed by the auditors.



Märt Meerits
Member of the Management Board
28 February 2014



Aleksei Kadõrko
Member of the Management Board
28 February 2014

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2013	31.12.2012
ASSETS			
Current assets			
Cash and cash equivalents		19 165	16 260
Prepayments		196	243
Trade and other receivables	2	10 846	14 746
Inventories	3	24 873	24 598
Total current assets		55 080	55 847
Non-current assets			
Long-term receivables		0	1
Investments in associates		124	164
Available-for-sale investments		497	492
Deferred tax asset		460	231
Intangible assets		719	443
Investment property		1 592	1 618
Property, plant and equipment	4	18 157	17 041
Total non-current assets		21 549	19 990
TOTAL ASSETS		76 629	75 837
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings		79	47
Trade and other payables	5	10 837	11 171
Tax liabilities		905	1 008
Total current liabilities		11 821	12 226
Non-current liabilities			
Deferred tax liability		1 953	2 162
Total non-current liabilities		1 953	2 162
Total liabilities		13 774	14 388
Equity			
Share capital	6	11 820	15 760
Share premium		13 822	13 822
Treasury shares	6	-224	-20
Statutory reserve capital		1 306	1 306
Unrealised exchange rate differences		-1 214	15
Retained earnings		26 860	20 513
Total equity attributable to equity holders of the Parent company		52 844	51 396
Non-controlling interest in equity		10 011	10 053
Total equity		62 855	61 449
TOTAL EQUITY AND LIABILITIES		76 629	75 837

Consolidated Income Statement

in thousands of EUR	Note	Q4 2013	Q4 2012	12m 2013	12m 2012
Revenue	8	22 868	25 612	121 680	123 519
Cost of goods sold		-15 183	-18 871	-78 815	-81 280
Gross Profit		7 685	6 741	42 865	42 239
Distribution expenses		-5 076	-4 604	-17 200	-14 533
Administrative expenses		-2 125	-2 144	-7 106	-7 902
Other operating income		-145	1 060	351	1 556
Other operating expenses		-272	-575	-2 194	-1 838
Operating profit		67	478	16 716	19 522
Currency exchange income/(expense)		48	21	-275	475
Other finance income/(expenses)		420	165	1 141	585
Net financial income		468	186	866	1 060
Profit (loss) from associates using equity method		-4	25	5	34
Profit before tax and gain/(loss) on net monetary position		531	689	17 587	20 616
Income tax expense		10	428	-3 894	-5 682
Profit before gain/(loss) on net monetary position		541	1 117	13 693	14 934
Gain on net monetary position		-422	421	-1 827	1 159
Profit for the period		119	1 538	11 866	16 093
Attributable to :					
Equity holders of the Parent company		236	1 666	10 945	14 151
Non-controlling interest		-117	-128	921	1 942
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0.01	0.04	0.28	0.36

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	Q4 2013	Q4 2012	12m 2013	12m 2012
Profit for the period		119	1 538	11 866	16 093
Exchange rate differences attributable to foreign operations		-477	-14	-1 429	-73
Total comprehensive income for the period		-358	1 524	10 437	16 020
Attributable to :					
Equity holders of the Parent company		-192	1 652	9 716	14 093
Non-controlling interest		-166	-83	721	1 972

Consolidated Statement of Cash Flows

in thousands of EUR	12m 2013	12m 2012
Cash flow from operating activities		
Profit for the period	11 866	16 093
Adjustments for:		
Depreciation and amortization of non-current assets	2 588	2 550
Share of profit of equity accounted investees	-5	-34
(Gains)/ losses on the sale of property, plant and equipment	-18	-31
Net finance income / costs	-866	-1 055
Gain / loss on net monetary position	1 827	-2 734
Provision for impairment losses on trade receivables	160	0
Income tax expense	3 894	5 653
Change in inventories	-275	-2 997
Change in trade and other receivables	4 107	-4 124
Change in trade and other payables	-437	801
Interest paid	-30	-21
Income tax paid	-4 199	-9 194
Net cash from operating activities	18 612	4 907
Cash flow from investing activities		
Interest received	1 027	650
Dividends received	126	0
Proceeds from sale of property, plant and equipment	184	100
Loans granted	0	-129
Proceeds from repayments of loans granted	103	58
Acquisition of property, plant and equipment	-3 664	-2 971
Acquisition of intangible assets	-466	-446
Acquisition of shares of a subsidiary	-602	0
Net cash used in/from investing activities	-3 292	-2 738
Cash flow from financing activities		
Proceeds from borrowings	39	319
Repayment of borrowings	0	-282
Dividends paid	-4 518	-12 643
Acquisition of own shares	-204	0
Reduction of share capital	-3 933	0
Net cash used in/ from financing activities	-8 616	-12 606
Increase in cash and cash equivalents	6 704	-10 437
Cash and cash equivalents at the beginning of period	16 260	17 967
Effect of hyperinflation on cash	71	899
Effect of translation to presentation currency	-3 792	7 304
Effect of exchange rate fluctuations on cash held	-78	527
Cash and cash equivalents at the end of period	19 165	16 260

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	Treasury shares	Statutory reserve capital	Other reserves	Unrealised exchange rate differences	Retained earnings	Total equity attributable to equity holders of the Parent company	Non-controlling interest	Total equity
Balance as at 31 December 2011	15 800	14 070	-308	231	63	72	12 536	42 464	9 688	52 152
Effect of hyperinflation on opening balances	0	0	0	0	0	0	4 769	4 769	1 467	6 236
Profit for the period	0	0	0	0	0	0	14 151	14 151	1 942	16 093
Other comprehensive income for the period	0	0	0	0	0	-57	0	-58	-15	-73
Total comprehensive income for the period	0	0	0	0	0	-57	14 151	14 093	1 927	16 020
Transactions with owners, recognised directly in equity										
Increase in statutory reserve capital	0	0	0	1 075	0	0	-1 075	0	0	0
Change in non-controlling interest	0	0	0	0	-63	0	-20	-83	-207	-290
Dividends paid	0	0	0	0	0	0	-9 848	-9 848	-2 822	-12 670
Cancellation of treasury shares	-40	-248	288	0	0	0	0	0	0	0
Total transactions with owners, recognised directly in equity	-40	-248	288	1 075	-63	0	-10 923	-9 911	-3 029	-12 960
Balance as at 31 December 2012	15 760	13 822	-20	1 306	0	15	20 513	51 395	10 053	61 449
Balance as at 31 December 2012	15 760	13 822	-20	1 306	0	15	20 513	51 396	10 053	61 449
Effect of hyperinflation on opening balances	0	0	0	0	0	0	-736	-736	765	29
Profit for the period	0	0	0	0	0	0	10 945	10 945	921	11 866
Other comprehensive income for the period	0	0	0	0	0	-1 229	0	-1 229	-200	-1 429
Total comprehensive income for the period	0	0	0	0	0	-1 229	10 945	9 716	721	10 437
Transactions with owners, recognised directly in equity										
Dividends paid	0	0	0	0	0	0	-3 939	-3 939	-567	-4 506
Reduction of share capital	-3 940	0	0	0	0	0	0	-3 940	0	-3 940
Change in non-controlling interest	0	0	0	0	0	0	77	77	-678	-602
Purchase of treasury shares	0	0	-204	0	0	0	0	-204	0	-204
Total transactions with owners, recognised directly in equity	-3 940	0	-204	0	0	0	-3 862	-8 006	-1 054	-9 060
Balance as at 31 December 2013	11 820	13 822	-224	1 306	0	-1 214	26 860	52 370	10 485	62 855

Notes to the Interim Report

Note 1 Summary of significant accounting policies

AS Silvano Fashion Group is a company registered in Estonia. This Interim Report of the Group is prepared for the reporting period ended 31 December 2013 and comprises parent company and its subsidiaries.

The principal accounting policies applied in the preparation of this Interim Report are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

The Interim Report has not been audited or reviewed by external auditors.

Basis for preparation

This Interim Report of AS Silvano Fashion Group for 12 months 2013 ended on 31 December 2013 has been prepared in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union. The Interim Report should be read in conjunction with the Annual Report for the financial year ended on 31 December 2012, which have been prepared in accordance with IFRS as adopted by the European Union.

Accounting policies applied are consistent with those of the Annual Report for the financial year ended on 31 December 2012, as described in respective Annual Report. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

This Interim Report is comprised in thousands of Euros (EUR).

The Group’s performance is not significantly affected by any seasonal or cyclical factors. Nevertheless revenue during vacation periods and holidays in CIS countries is usually higher compared to other periods.

New standards and interpretations

In additions to disclosures already made in the Annual Report for the financial year ended on 31 December 2012 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2013 and that would be expected to have a material impact on the group.

Note 2 Trade and other receivables

in thousands of EUR	31.12.13	31.12.12
Trade receivables from third parties	8 741	12 056
Trade receivables from related parties	532	528
Impairment of receivables	-640	-489
Tax prepayments	1 949	2 441
Other receivables	264	210
Total	10 846	14 746

The fair values of trade and other receivables are not materially different from the carrying values based on the expected discounted cash flows. All non-current receivables are due within more than one year from reporting date.

Note 3 Inventories

in thousands of EUR	31.12.13	31.12.12
Raw and other materials	6 017	6 396
Work in progress	3 024	2 965
Finished goods	15 570	14 751
Other inventories	262	486
Total	24 873	24 598

Note 4 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.2011					
Cost	6 516	18 207	4 179	302	29 204
Accumulated depreciation	-1 970	-10 556	-2 475	0	-15 001
Net book amount	4 546	7 651	1 704	302	14 203
Movements during 12m 2012					
Effect of hyperinflation on opening balances	946	1 580	299	12	2 837
Additions	0	108	125	2 745	2 978
Disposals	-7	37	-62	0	-32
Reclassifications	77	1 041	584	-1 582	120
Depreciation	-212	-1 557	-620	0	-2 389
Unrealised exchange rate differences	-217	-370	-71	-18	-676
Closing net book amount	5 133	8 490	1 959	1 459	17 041
31.12.2012					
Cost	7 627	21 855	5 386	1 459	36 327
Accumulated depreciation	-2 494	-13 365	-3 427	0	-19 286
Net book amount	5 133	8 490	1 959	1 459	17 041
31.12.2012					
Cost	7 627	21 855	5 386	1 459	36 327
Accumulated depreciation	-2 494	-13 365	-3 427	0	-19 286
Net book amount	5 133	8 490	1 959	1 459	17 041
Movements during 12m 2013					
Effect of hyperinflation on opening balances	734	1 199	243	69	2 245
Additions	114	143	123	3 284	3 664
Disposals	0	-11	-152	0	-163
Reclassifications	273	3 532	618	-4 424	-1
Depreciation	-236	-1 458	-710	0	-2 404
Unrealised exchange rate differences	-683	-1 111	-237	-194	-2 225
Closing net book amount	5 335	10 784	1 844	194	18 157
31.12.2013					
Cost	8 091	25 632	5 490	194	39 407
Accumulated depreciation	-2 756	-14 848	-3 646	0	-21 250
Net book amount	5 335	10 784	1 844	194	18 157

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2013.

Note 5 Trade and other payables

in thousands of EUR	31.12.13	31.12.12
Trade payables	7 707	7 810
Accrued expenses	1 565	1 580
Provisions	846	978
Other payables	719	803
Total	10 837	11 171

Fair values of trade and other payables are not materially different from book values due to short maturities.

Note 6 Equity

Shares

As of 31 December 2013 registered share capital of AS Silvano Fashion Group amounted to 11 820 thousand EUR divided into 39 400 000 shares with a nominal value of 0.30 EUR each (as of 31 December 2012, 15 760 thousand EUR, 39 400 000 shares and 0.40 EUR nominal value, respectively). All shares of AS Silvano Fashion Group are ordinary shares and all are registered. Each ordinary share gives a shareholder one vote in General Meeting of Shareholders. 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.

As of 31 December 2013 AS Silvano Fashion Group had 1 759 shareholders (as of 31 December 2012 – 2 119 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 12 months 2013 (12 months 2012) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2013	12m 2012
Number of ordinary shares at the beginning of the period	39 400	39 500
Effect of own shares held at the beginning of the period	-7	-107
Number of ordinary shares at the end of the period	39 400	39 500
Effect of own shares held at the end of the period	-43	-57
Weighted average number of ordinary shares for the period	39 357	39 443

in thousands of EUR	12m 2013	12m 2012
Profit for the period attributable to equity holders of the Parent company	10 945	14 151
Basic earnings per share (EUR)	0.28	0.36
Diluted earnings per share (EUR)	0.28	0.36

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 8 Revenue

in thousands of EUR	12m 2013	12m 2012
Revenue from wholesale	100 259	102 922
Revenue from retail	20 707	20 167
Subcontracting and services	296	293
Other sales	418	137
Total	121 680	123 519

Note 9 Transactions with related parties

The following parties are considered to be related;

- a) Shareholders owning, directly or indirectly, a voting power in the parent company or its significant subsidiaries that gives them significant influence over the parent company or its significant subsidiaries and companies under their control.
- b) Associates - enterprises in which parent company or its subsidiaries have significant influence;
- c) Members of the Management Board and Supervisory Boards of parent company and its significant subsidiaries and their immediate family members and companies under their control or significant influence.

The Group's owners are legal and physical persons and no sole shareholder has control over the Group's activities. According to management's assessment, the prices applied in transactions with related parties did not differ significantly from the market terms.

Sales of goods and services		
in thousands of EUR	12m 2013	12m 2012
Associates	5 644	12 303
Total	5 644	12 303

Balances with related parties		
in thousands of EUR	31.12.2013	31.12.2012
Trade receivables from associates	532	528
Total	532	528

Benefits to key management of the group		
in thousands of EUR	12m 2013	12m 2012
Remunerations and benefits	647	654
Total	647	654

Note 10 Operating segments

The Group's operating segments have been determined based on regular reports being monitored and analysed by Management and Supervisory Boards of the parent company on an on-going basis.

The Management and Supervisory Board consider the business primarily from the activity perspective, monitoring separately wholesale and retail activities.

- The wholesale segment includes purchasing and production of women's lingerie, and distribution to external wholesale customers and the retail segment. The Group's manufacturing facilities are located in Latvia and Belarus.
- The retail segment purchases women's lingerie from wholesale segment, and subsequently sells the lingerie through own retail network in Latvia and Belarus.

There is a strong integration between wholesale and retail segments mainly through sales of goods from wholesale segment for subsequent resale in own retail network. The accounting policies of reportable segments are the same. Management estimates that intersegment transactions have been done on arm-length basis.

Primary measures monitored by the Supervisory Board are segment revenues, segment EBITDA (which is defined as profit before depreciation, amortisation, net financial income, income tax expense and gain on net monetary position) and segment net profit. These measures are included in the internal management reports that are reviewed by the Management Board and the Supervisory Board. Segment EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within the industry.

Interest income and interest expenses are not core activities of operating segments and are not provided to management and are not evaluated by management as performance assessment criteria of segments' performance. Therefore, interest income and interest expenses are presented on net basis.

Unallocated revenues include revenues from services, commissions and rental income.

Operating segments 12m 2013

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	20 707	100 259	120 966	714		121 680
Intersegment revenues	0	11 613	11 613	0	-11 613	0
EBITDA	2 517	16 436	18 953	282	0	19 235
Amortization and depreciation	-248	-2 223	-2 471	-48	0	-2 519
Operating income, EBIT	2 269	14 213	16 482	234	0	16 716
Profit from associates using equity method	0	5	5	0	0	5
Net financial income	352	428	780	86	0	866
Income tax	-420	-3 457	-3 877	-17	0	-3 894
Gain on net monetary position	-743	-1 084	-1 827	0	0	-1 827
Net profit	1 458	10 105	11 563	303	0	11 866
Investments in associates	0	124	124	0	0	124
Other operating segments assets	6 767	63 822	70 589	5 916	0	76 505
Reportable segments liabilities	1 268	12 478	13 746	28	0	13 774
Capital expenditures	146	3 984	4 130	1	0	4 131
Number of employees as of reporting date	412	2 750	3 162	3		3 165

Operating segments 12m 2012

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	20 167	102 862	123 029	490	0	123 519
Intersegment revenues	0	11 706	11 706	155	-11 862	0
EBITDA	2 323	18 249	20 572	1 558	0	22 130
Amortization and depreciation	-315	-2 222	-2 537	-71	0	-2 608
Operating income, EBIT	2 008	16 027	18 035	1 487	0	19 522
Profit from associates using equity method	0	34	34	0	0	34
Net financial income	33	1 059	1 092	-32	0	1 060
Income tax	-173	-5 488	-5 661	-21	0	-5 682
Gain on net monetary position	-801	1 960	1 159	0	0	1 159
Net profit	1 067	13 592	14 659	1 434	0	16 093
Investments in associates	0	168	168	0	0	168
Other operating segments assets	4 039	58 695	62 734	12 939	0	75 673
Reportable segments liabilities	610	12 740	13 350	1 038	0	14 388
Capital expenditures	298	3 120	3 418	0	0	3 418
Number of employees as of reporting date	392	2 810	3 202	9	0	3 211

Revenue and non-current assets breakdown by geographical areas

Revenues in the table below are based on the geographical location of customers, segment assets are based on the geographical location of the assets.

in thousands of EUR	Sales revenue 12m 2013	Sales revenue 12m 2012	Non-current assets 31.12.2013	Non-current assets 31.12.2012
Russia	71 326	75 138	174	144
Belarus	30 794	31 494	20 821	19 418
Ukraine	8 514	6 357	4	14
Baltics	2 733	3 172	550	414
Other countries	8 313	7 358	0	0
Total	121 680	123 519	21 549	19 990