

A photograph of two women modeling dark red lace lingerie. The woman on the left is looking down, while the woman on the right is looking directly at the camera. They are wearing matching lace bras and briefs with small bows. The background is dark, and the lighting highlights the texture of the lace and the contours of their bodies.

CONSOLIDATED INTERIM REPORT FOR Q2
AND 6 MONTHS OF 2013

Silvano Fashion Group

AS Silvano Fashion Group

Consolidated Interim Financial Report for Q2 and 6 months of 2013 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2013
End of the reporting period	30 June 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 30 June 2013, the Group employed 3 212 people (as of 31 December 2012: 3 211 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 30.06.2013	Ownership interest 31.12.2012
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Entities owned by Silvano Fashion Group				
SP ZAO Milavitsa	Belarus	Manufacturing and wholesale	81.12%	81.12%
AS Lauma Lingerie	Latvia	Manufacturing, wholesale and retail	100%	100%
ZAO Linret	Russia	Wholesale	100%	100%
France Style Lingerie S.a.r.l.	France	Holding	100%	100%
OÜ Linret EST	Estonia	Holding	100%	100%
SIA Linret	Latvia	Holding	100%	0%
OOO Torgovaja Kompanija “Milavitsa”	Ukraine	Wholesale	100%	100%
ZAO Stolichnaja Torgovaja Kompanija “Milavitsa”	Russia	Wholesale	50%	50%
SOOO Torgovaja Kompanija “Milavitsa”	Belarus	Retail and wholesale	50%	50%
Milavitsa-logistik OOO	Belarus	Logistics	50%	50%
Entities owned by Milavitsa				
OAO Yunona	Belarus	Manufacturing and wholesale	58.33%	58.33%
ChP Gimil	Belarus	Manufacturing and wholesale	100%	100%
ZAO Stolichnaja Torgovaja Kompanija “Milavitsa”	Russia	Wholesale	50%	50%
SOOO Torgovaja Kompanija “Milavitsa”	Belarus	Retail and wholesale	50%	50%
Milavitsa-logistik OOO	Belarus	Logistics	50%	50%

Selected Financial Indicators

Summarized selected financial indicators of the Group for 6 months 2013 compared to 6 months 2012 and 30.06.2013 compared to 31.12.2012 were as follows:

in thousands of EUR	6m 2013	6m 2012	Change
Revenue	68 947	65 501	5.3%
EBITDA	12 131	15 424	-21.3%
Net profit for the period	8 335	10 974	-24.0%
Net profit attributable equity holders of the Parent company	7 616	9 661	-21.2%
Earnings per share (EUR)	0.19	0,25	-21.2%
Operating cash flow for the period	6 658	2 323	186.7%

in thousands of EUR	30.06.2013	31.12.2012	Change
Total assets	86 686	75 837	14.3%
Total current assets	63 661	55 847	14.0%
Total equity attributable to equity holders of the Parent company	55 723	51 396	8.4%
Loans and borrowings	137	47	191.5%
Cash and cash equivalents	20 408	16 260	25.5%

Margin analysis, %	6m 2013	6m 2012	Change
Gross profit	33.9	38.8	-12.7%
EBITDA	17.6	23.5	-25.3%
Net profit	12.1	16.8	-27.8%
Net profit attributable equity holders of the Parent company	11.0	14.7	-25.1%

Financial ratios, %	30.06.2013	31.12.2012	Change
ROA	15.0	32.2	-53.4%
ROE	22.7	50.9	-55.5%
Price to earnings ratio (P/E)	8.6	5.5	55.6%
Current ratio	3.6	3.6	1.3%
Quick ratio	2.3	2.1	7.9%

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.

As pointed out by several intimate apparel producers, the cold weather impacted the sales in the Q1, but we see that Q2 has somewhat leveled out the weather-related excuses. What we actually saw during Q2 was the reduction of inventories both in-house (Milavitsa and Lauma brands), but also the reduction of the inventories of our franchise partners, that is reflected by the improved receivables of Silvano Fashion Group. Overall, H1 2013 sales measured by quantity was somewhat weaker than planned, but in monetary terms exceeded our expectations.

Looking more specifically at our core markets, Russia's sales have remained stable vis-à-vis H1 2012. Our local competitors are dropping the enthusiasm on extensive growth plans for the current year. For the last 6 months, the Central Bank of Russia's (CBR) refinancing rate has remained high (CBR left the main policy rates unchanged in its June 10 meeting in response to remaining inflationary pressures), referring to high lending cost, hence also lower consumption of the Russians. Further to this, the private deposits in Russia show a tendency of growth that refers to more cautionary spending in light of uncertainties. Nevertheless, our core brands Milavitsa and Lauma are doing relatively well in this environment. When we look more deeply into the changing structure of retailing (opening of new shopping centers, including also in the regions) this explains our continuous expansion of the store count in the country.

Quantitatively, Russia, our core market in terms of total sales and total number of stores (375 stores in total), showed 41 288 thousand EUR in sales for H1 2013 compared to 39 813 thousand in H1 2012. Going forward, tighter access to credit, via higher interest rates and the likelihood of more prudent lending practices by banks, will translate to weaker household consumption.

Belarus rides on the tides of strong local currency and expanding private household consumption. Thanks to the own retail network in the country, we have been able to enjoy better margins from the business in both local currency and in Euro terms. Since it is our second-largest (home) market, its net monetary effect on our Profit and Loss statement is significant. Simply said, we sell more like-for-like basis both in units as well as in monetary terms. In Belarus, the Group operates directly and via franchise a total of 56 stores. Our sales in Belarus totalled 16 558 thousand EUR for H1 2013 compared to 15 516 thousand in H1 2012. The country's GDP growth during H1 2013 compared to H1 2012 stood at 1.4% according to Belstat.

Ukraine, Kazakhstan and Moldova showed good dynamics in H1 2013. We experienced growth in sales, in number of store openings and in sales volumes in all three regions. Given the significance of Kazakhstan and Moldova in the growth formula, the management of the company devotes more time to these regions in the near future. Ukraine with its 92 franchise stores of Milavitsa and Lauma Lingerie generated net sales of 5 159 thousand EUR in H1 2013, compared to 4 015 thousand EUR in H1 2012.

Baltic economies continue performing well. According to Swedbank estimates, the Baltic States shall outperform the rest of the EU, with Estonia, Latvia and Lithuania GDP growth estimates for 2013 of 3.3%, 4.3% and 4.0%, respectively. The Group operates directly and indirectly via franchise 39 stores in the region, whereas our sales there totalled 1 292 thousand EUR in H1 2013.

On the store openings, H1 2013 the net increase (including openings and store closures primarily due to relocations) for Milavitsa stores was 46 units and 6 units under the Lauma Lingerie brand. The Group therefore operated directly and via franchise a total of 636 stores (net increase of 52 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

Positive effect of the devaluation on the cost side has been leveled out by increased expenses for labor, outsourcing, and utilities and to some extent materials sourced from Belarus. Group applies hyperinflationary accounting rules according to IAS 29 on business conducted in Belarus.

The Group's sales amounted to 68 947 thousand EUR during H1 2013, representing a 5.3% increase as compared to the same period of previous year. Overall, wholesales increased by 4.0% and retail sales – by 12.2%.

The Group's reported gross profit margin during Q2 improved (compared to Q1) hence H1 2013 total was 33.9%, reported gross margin was 38.8% in the respective period of previous year. Consolidated operating profit for H1 2013 amounted to 10 870 thousand EUR, compared to 14 243 thousand EUR in H1 2012. The consolidated operating profit margin was 15.8% (21.7% in H1 2012).

Consolidated net profit attributable to equity holders of the Parent company amounted to 7 616 thousand EUR in H1 2013, compared to 9 661 thousand EUR in H1 2012; net profit margin attributable to equity holders of the Parent company was 11% against 14.7% in H1 2012.

Financial position

As of 30 June 2013 consolidated assets amounted to 86 686 thousand EUR representing an increase of 14.3% as compared to the position as of 31 December 2012.

Trade and other receivables increased by 3 999 thousand EUR as compared to 31 December 2012 and amounted to 18 745 thousand EUR as of 30 June 2013. Inventory balance decreased by 520 thousand EUR and amounted to 24 078 thousand EUR as of 30 June 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 4 327 thousand EUR and amounted to 55 723 thousand EUR as of 30 June 2013.

Current liabilities increased by 5 239 thousand EUR during H1 2013. Current and non-current loans and borrowings increased by 90 thousand EUR to 137 thousand EUR as of 30 June 2013.

Sales structure

Sales by markets

in thousands of EUR	6m 2013	6m 2012	Change	6m 2013 % from sales	6m 2012 % from sales
Russia	41 288	39 813	1 475	59.9%	60.8%
Belarus	16 558	15 516	1 042	24.0%	23.7%
Ukraine	5 159	4 015	1 144	7.5%	6.1%
Baltics	1 292	1 825	-533	1.9%	2.8%
Other markets	4 650	4 332	318	6.7%	6.6%
Total	68 947	65 501	3 446	100.0%	100.0%

The majority of lingerie sales revenue during H1 2013 in the amount of 41 288 thousand EUR was generated in Russia, accounting for 59.9% of total sales. The second largest market was Belarus, where sales reached 16 558 thousand EUR, contributing 24.0% of lingerie sales (both retail and wholesale). Out of the 4 650 thousand EUR sales in the other markets major part is attributed to Kazakhstan and Moldova.

Sales by business segments

in thousands of EUR	6m 2013	6m 2012	Change	6m 2013 % from sales	6m 2012 % from sales
Wholesale	57 562	55 332	2 230	83.5%	84.5%
Retail	11 183	9 966	1 217	16.2%	15.2%
Other operations	202	203	-1	0.3%	0.3%
Total	68 947	65 501	3 446	100.0%	100.0%

During H1 2013 wholesale revenue amounted to 57 562 thousand EUR, representing 83.5% of the Group's total revenue (H1 2012: 84.5%). The main wholesale regions were Russia, Ukraine, Belarus, Kazakhstan and Moldova.

Total lingerie retail sales of the Group in H1 2013 amounted to 11 183 thousand EUR, representing a 12.2% increase as compared to the previous year.

As of 30 June 2013 there were altogether 636 Milavitsa and Lauma branded shops. Own retail operations were conducted in Belarus and Latvia. As of the end of H1 2013 the Group operated 60 own retail outlets. As of 30 June 2013, there were 544 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 30 June 2013, there were 32 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners in Lithuania, Latvia, Estonia, Belarus and Albania. For Lauma Lingerie, the Group expects further openings in Russia in the near future.

Investments

During 6 months 2013 the Group's investments into property, plant and equipment totaled 3 085 thousand EUR. Main investments were made into equipment and facilities to improve logistic facilities and maintain effective production for future periods.

Personnel

As of 30 June 2013, the Group employed 3 212 employees including 399 in retail. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes during 6 months 2013 amounted to 12 890 thousand EUR. The remuneration of key management of the Group, including the key executives of the subsidiaries, totaled 391 thousand EUR.

Decisions made by governing bodies during 6 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, to be paid out after the registration of the capital reduction is completed) 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. At the date of the issuance of the report, the company had no commercial activities.

Shares of AS Silvano Fashion Group

As of 30 June 2013 registered share capital of AS Silvano Fashion Group amounted to 15 760 thousand EUR divided into 39 400 000 ordinary shares with a nominal value of 0.40 EUR each. The share register is electronic and maintained at the 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 30 June 2013 AS Silvano Fashion Group had 2 138 shareholders (as of 31 December 2012 – 2 119 shareholders).

As of 30 June 2013 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

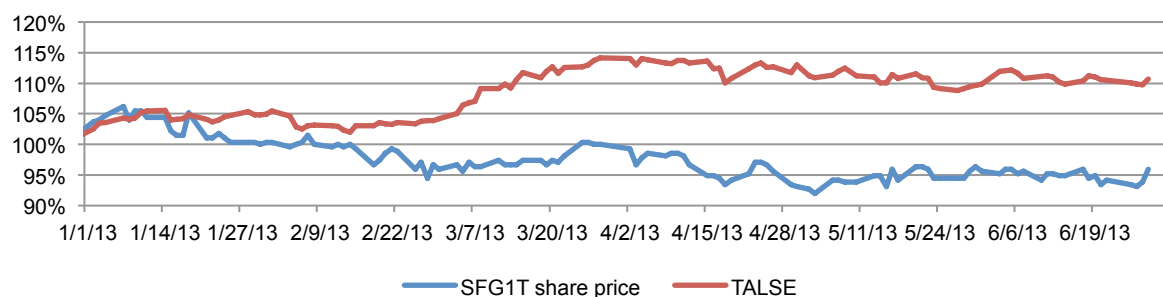
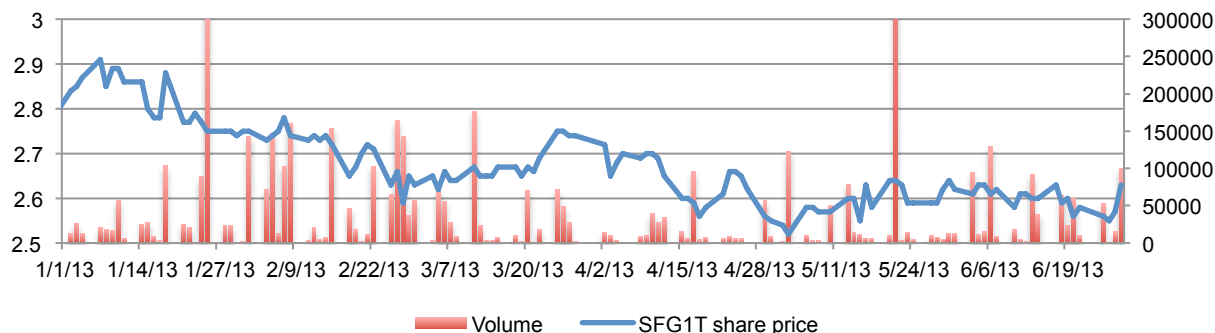
Name	Number of shares	Shareholding
Major shareholders	21 766 921	55.25%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	16 000 000	40.61%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	5 766 921	14.64%
Other shareholders	17 633 079	44.75%
Total number of shares	39 400 000	100.00%

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%

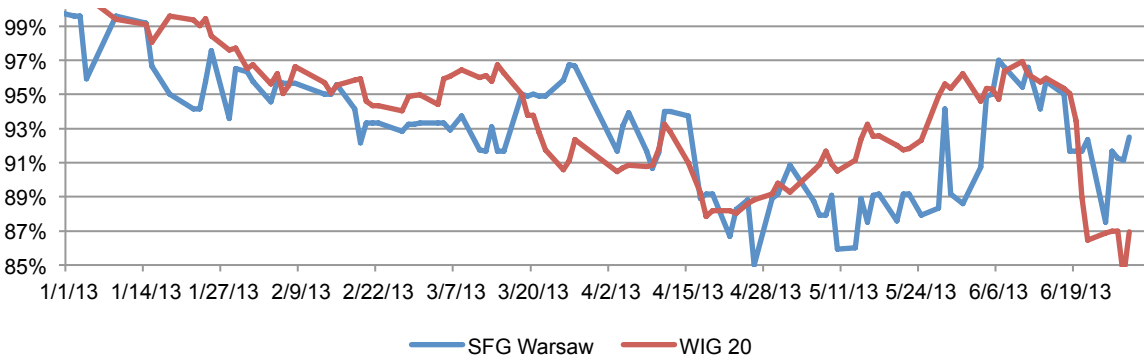
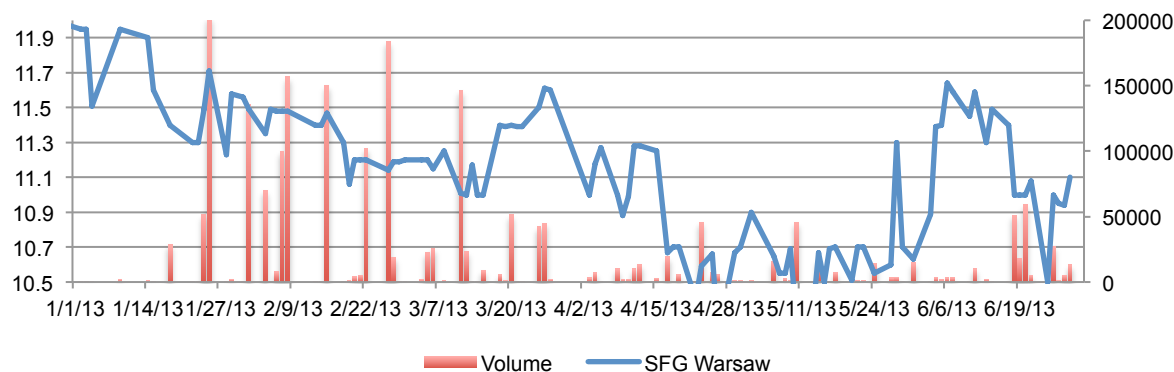
Share price development and turnover on the Tallinn Stock Exchange during H1 2013 (EUR)

During H1 2013 the highest and lowest prices of the AS Silvano Fashion Group' share on the Tallinn Stock Exchange were 2.92 EUR and 2.50 EUR, respectively.



Share price development on the Warsaw Stock Exchange during H1 2013 (PLN)

During H1 2013, the highest and lowest prices of the AS Silvano Fashion Group' share on the Warsaw Stock Exchange were 12.47 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 Q2 and 6 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
13 August 2013



Aleksei Kadõrko
Member of the Management Board
13 August 2013

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.06.2013	31.12.2012
ASSETS			
Current assets			
Cash and cash equivalents		20 408	16 260
Prepayments		430	243
Trade and other receivables	2	18 745	14 746
Inventories	3	24 078	24 598
Total current assets		63 661	55 847
Non-current assets			
Long-term receivables		1	1
Investments in associates		140	164
Available-for-sale investments		520	492
Deferred tax asset		214	231
Intangible assets		602	443
Investment property		1 690	1 618
Property, plant and equipment	4	19 858	17 041
Total non-current assets		23 025	19 990
TOTAL ASSETS		86 686	75 837
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings		137	47
Trade and other payables	5	15 628	11 171
Tax liabilities		1 700	1 008
Total current liabilities		17 465	12 226
Non-current liabilities			
Deferred tax liability		2 268	2 162
Total non-current liabilities		2 268	2 162
Total liabilities		19 733	14 388
Equity			
Share capital	6	15 760	15 760
Share premium		13 822	13 822
Treasury shares	6	-20	-20
Statutory reserve capital		1 306	1 306
Other reserves		0	0
Unrealised exchange rate differences		-586	15
Retained earnings		25 441	20 513
Total equity attributable to equity holders of the Parent company		55 723	51 396
Non-controlling interest in equity		11 230	10 053
Total equity		66 953	61 449
TOTAL EQUITY AND LIABILITIES		86 686	75 837

Consolidated Income Statement

in thousands of EUR	Note	Q2 2013	Q2 2012	6m 2013	6m 2012
Revenue	8	36 888	36 413	68 947	65 501
Cost of goods sold		-23 691	-23 103	-45 564	-40 062
Gross Profit		13 197	13 310	23 383	25 439
Distribution expenses		-4 141	-3 802	-8 385	-6 947
Administrative expenses		-1 746	-2 251	-3 404	-4 020
Other operating income		126	207	434	559
Other operating expenses		-769	-65	-1 158	-788
Operating profit		6 667	7 399	10 870	14 243
Currency exchange income/(expense)		-591	-852	-595	-466
Other finance income/(expenses)		151	126	408	312
Net financial income		-440	-726	-187	-154
Profit (loss) from associates using equity method		16	119	8	122
Profit before tax and gain/(loss) on net monetary position		6 243	6 792	10 691	14 211
Income tax expense		-1 360	-1 843	-2 655	-3 208
Profit before gain/(loss) on net monetary position		4 883	4 949	8 036	11 003
Gain (loss) on net monetary position		-382	-107	299	-29
Profit for the period		4 501	4 842	8 335	10 974
Attributable to :					
Equity holders of the Parent company		4 089	4 328	7 616	9 661
Non-controlling interest		412	514	719	1 313
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,10	0,11	0,19	0,25

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	Q2 2013	Q2 2012	6m 2013	6m 2012
Profit for the period		4 501	4 842	8 335	10 974
Exchange rate differences attributable to foreign operations		-756	11	-713	98
Total comprehensive income for the period		3 745	4 853	7 622	11 072
Attributable to :					
Equity holders of the Parent company		3 453	4 328	7 015	9 661
Non-controlling interest		292	525	607	1 411

Consolidated Statement of Cash Flows

in thousands of EUR	6m 2013	6m 2012
Cash flow from operating activities		
Profit for the period	8 335	10 974
Adjustments for:		
Depreciation and amortization of non-current assets	1 261	1 181
Share of profit of equity accounted investees	-8	-122
(Gains)/ losses on the sale of property, plant and equipment	0	-25
Net finance income / costs	187	154
Gain / loss on net monetary position	-299	29
Income tax expense	2 655	3 208
Change in inventories	520	-1 713
Change in trade and other receivables	-4 106	-7 598
Change in trade and other payables	564	1 449
Interest paid	-13	-7
Income tax paid	-2 439	-5 208
Net cash from operating activities	6 658	2 323
Cash flow from investing activities		
Interest received	318	353
Dividends received	127	0
Proceeds from sale of property, plant and equipment	72	82
Proceeds from repayments of loans granted	104	48
Acquisition of property, plant and equipment	-3 084	-535
Acquisition of intangible assets	-264	-133
Net cash used in/from investing activities	-2 728	-185
Cash flow from financing activities		
Proceeds from borrowings	379	151
Repayment of borrowings	-289	-142
Dividends paid	-589	-850
Net cash used in/ from financing activities	-499	-841
Increase in cash and cash equivalents	3 431	1 297
Cash and cash equivalents at the beginning of period	16 260	17 967
Effect of hyperinflation on cash	101	2 551
Effect of translation to presentation currency	781	
Effect of exchange rate fluctuations on cash held	-165	44
Cash and cash equivalents at the end of period	20 408	21 858

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	4 162	4 162	1 057	5 219
Profit for the period	0	0	0	0	0	0	9 661	9 661	1 313	10 974
Other comprehensive income for the period	0	0	0	0	0	0	0	0	98	98
Total comprehensive income for the period	0	0	0	0	0	0	9 661	9 661	1 411	11 072
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	0	-63	0	-63
Dividends paid	0	0	0	0	0	0	0	0	-850	-850
Dividends declared	0	0	0	0	0	0	-9 875	-9 875	0	-9 875
Total transactions with owners, recognised directly in equity	0	0	0	1 075	-63	0	-10 950	-9 938	-850	-10 788
Balance as at 30 June 2012	15 800	14 070	-308	1 306	0	72	15 409	46 349	11 306	57 655
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	1 251	1 251	1 159	2 410
Profit for the period	0	0	0	0	0	0	7 616	7 616	719	8 335
Other comprehensive income for the period	0	0	0	0	0	-601	0	-601	-112	-713
Total comprehensive income for the period	0	0	0	0	0	-601	7 616	7 015	607	7 622
Transactions with owners, recognised directly in equity										
Dividends paid	0	0	0	0	0	0	0	0	-589	-589
Dividends declared	0	0	0	0	0	0	-3 939	-3 939	0	-3 939
Total transactions with owners, recognised directly in equity	0	0	0	0	0	0	-3 939	-3 939	-589	-4 528
Balance as at 30 June 2013	15 760	13 822	-20	1 306	0	-586	25 441	55 723	11 230	66 953

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 30 June 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 6 months 2013 ended on 30 June 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	30.06.13	31.12.12
Trade receivables from third parties	15 543	12 056
Trade receivables from related parties	777	528
Impairment of receivables	-353	-489
Tax prepayments	2 504	2 441
Other receivables	274	210
Total	18 745	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	30.06.13	31.12.12
Raw and other materials	6 267	6 396
Work in progress	2 571	2 965
Finished goods	14 670	14 751
Other inventories	570	486
Total	24 078	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 6m 2012					
Effect of hyperinflation on opening balances	493	825	156	10	1 483
Additions	0	38	33	464	535
Disposals	0	-2	-45	-4	-51
Reclassifications	32	350	226	-608	0
Depreciation	-103	-753	-243	0	-1 099
Unrealised exchange rate differences	145	240	-1	9	393
Closing net book amount	5 112	8 349	1 830	174	15 465
30.06.2012					
Cost	7 459	20 818	4 826	174	33 277
Accumulated depreciation	-2 347	-12 469	-2 996	0	-17 812
Net book amount	5 112	8 349	1 830	174	15 465
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 6m 2013					
Effect of hyperinflation on opening balances	355	581	118	33	1 087
Additions	0	72	26	2 987	3 085
Disposals	0	0	-3	0	-3
Reclassifications	321	990	411	-1 719	3
Depreciation	-118	-743	-370	0	-1 231
Unrealised exchange rate differences	-54	-28	-27	-15	-124
Closing net book amount	5 637	9 362	2 114	2 745	19 858

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 30 June 2013.

Note 5 Trade and other payables

in thousands of EUR	30.06.13	31.12.12
Trade payables	8 020	7 810
Accrued expenses	2 265	1 580
Provisions	1 019	978
Other payables	4 324	803
Total	15 628	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 30 June 2013 and 31 December 2012 registered share capital of AS Silvano Fashion Group amounted to 15 760 thousand EUR divided into 39 400 000 shares with a nominal value of 0.40 EUR each. 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 30 June 2013 AS Silvano Fashion Group had 2 138 shareholders (as of 31 December 2012 – 2 119 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 6 months 2013 (6 months 2012) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	6m 2013	6m 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	-7	-107
Weighted average number of ordinary shares for the period	39 393	39 393

in thousands of EUR	6m 2013	6m 2012
Profit for the period attributable to equity holders of the Parent company	7 616	9 661
Basic earnings per share (EUR)	0.19	0.25
Diluted earnings per share (EUR)	0.19	0.25

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	6m 2013	6m 2012
Revenue from wholesale	57 562	55 332
Revenue from retail	11 183	9 966
Subcontracting and services	151	150
Other sales	51	53
Total	68 947	65 501

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	6m 2013	6m 2012
Associates	4 942	6 692
Total	4 942	6 692

Balances with related parties

in thousands of EUR	30.06.2013	31.12.2012
Trade receivables from associates	777	528
Total	777	528

Benefits to key management of the group

in thousands of EUR	6m 2013	6m 2012
Remunerations and benefits	391	182
Total	391	182

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 ongoing 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 6m 2013

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	11 183	57 562	68 745	202	0	68 947
Intersegment revenues	0	6 591	6 591	0	-6 591	0
EBITDA	1 558	10 970	12 528	-397	0	12 131
Amortization and depreciation	-171	-1 063	-1 234	-27	0	-1 261
Operating income, EBIT	1 387	9 907	11 294	-424	0	10 870
Profit from associates using equity method	0	8	8	0	0	8
Net financial income	57	-296	-239	52	0	-187
Income tax	-274	-2 371	-2 645	-10	0	-2 655
Gain on net monetary position	76	223	299	0	0	299
Net profit	1 246	7 471	8 717	-382	0	8 335
Investments in associates	0	140	140	0	0	140
Other operating segments assets	5 170	68 469	73 639	12 907	0	86 546
Reportable segments liabilities	735	15 040	15 775	3 958	0	19 733
Capital expenditures	78	3 007	3 085	0	0	3 085

Operating segments 6m 2012

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	9 966	55 332	65 298	203	0	65 501
Intersegment revenues	0	6 976	6 976	598	-7 575	0
EBITDA	1 595	13 939	15 534	-110	0	15 424
Amortization and depreciation	-135	-1 005	-1 140	-41	0	-1 181
Operating income, EBIT	1 459	12 935	14 394	-151	0	14 243
Profit from associates using equity method	0	122	122	0	0	122
Net financial income	-6	-130	-136	-18	0	-154
Income tax	-151	-3 048	-3 199	-9	0	-3 208
Gain on net monetary position	-413	384	-29	0	0	-29
Net profit	889	10 263	11 152	-178	0	10 974
Investments in associates	0	254	254	0	0	254
Other operating segments assets	5 798	44 704	50 502	33 330	0	83 832
Reportable segments liabilities	2 106	12 972	15 078	11 353	0	26 431
Capital expenditures	92	443	535	0	0	535

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 6m 2013	Sales revenue 6m 2012	Non-current assets 30.06.2013	Non-current assets 31.12.2012
Russia	41 288	39 813	100	144
Belarus	16 558	15 516	22 467	19 418
Ukraine	5 159	4 015	6	14
Baltics	1 292	1 825	452	414
Other countries	4 650	4 332	0	0
Total	68 947	65 501	23 025	19 990