

A woman with long, wavy brown hair is leaning against a weathered wooden shutter. She is wearing a light-colored, lace-trimmed bra and matching underwear. She is looking towards the camera with a slight smile. The background is a blurred outdoor setting with green foliage.

CONSOLIDATED INTERIM REPORT FOR Q1
2013

Silvano Fashion Group

AS Silvano Fashion Group

Consolidated Interim Financial Report for Q1 2013 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2013
End of the reporting period	31 March 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.*

Contents

Management Report	3
Declaration of the Management Board	9
Consolidated Statement of Financial Position	10
Consolidated Income Statement.....	11
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Cash Flows.....	12
Consolidated Statement of Changes in Equity.....	13
Notes to the Interim Report.....	14
Note 1 Summary of significant accounting policies	14
Note 2 Trade and other receivables.....	14
Note 3 Inventories	14
Note 4 Property, plant and equipment.....	15
Note 5 Trade and other payables.....	16
Note 6 Equity	16
Note 7 Earnings per share	16
Note 8 Revenue.....	16
Note 9 Transactions with related parties.....	17
Note 10 Operating segments	17

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 March 2013, the Group employed 3 215 people (as of 31 December 2012: 3 211 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.03.2013	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%
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 Q1 2013 compared to Q1 2012 and 31.03.2013 compared to 31.12.2012 were as follows:

in thousands of EUR	Q1 2013	Q1 2012	Change
Revenue	32 059	29 088	10.2%
EBITDA	4 832	7 425	-34.9%
Net profit for the period	3 834	6 132	-37.5%
Net profit attributable equity holders of the Parent company	3 527	5 333	-33.9%
Earnings per share (EUR)	0.09	0.14	-36.0%

in thousands of EUR	31.03.2013	31.12.2012	Change
Total assets	86 221	75 837	13.7%
Total current assets	64 346	55 847	15.2%
Total equity attributable to equity holders of the Parent company	57 441	51 396	11.8%
Loans and borrowings	55	47	17.0%
Cash and cash equivalents	17 801	16 260	9.5%

Margin analysis, %	Q1 2013	Q1 2012	Change
Gross profit	31.8	41.7	-23.8%
EBITDA	15.1	25.5	-41.0%
Net profit	12.0	21.1	-43.3%
Net profit attributable equity holders of the Parent company	11.0	18.3	-40.0%

Financial ratios, %	31.03.2013	31.12.2012	Change
ROA	15.4	18.3	-15.8%
ROE	24.2	28.8	-15.9%
Price to earnings ratio (P/E)	8.7	7.6	14.4%
Current ratio	4.2	4.6	-8.7%
Quick ratio	2.4	2.6	-7.7%

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. While the private consumption is increasing in Ukraine, the Baltics and other markets of the Group, then more cautionary economic climate can be noticed in Russia and Belarus. In both countries, the central banks seem to advocate for the more conservative monetary policy – in Russia, to balance the capital outflows and manage the deteriorating import and export balance, in Belarus – to tame the inflation and to lower the cost of financing for the individuals and for the businesses. Overall, this signals somewhat cautionary outlook of our customers on the remaining three quarters of the year.

On the store openings, Q1 2013 the net increase (including openings and store closures primarily due to relocation) for Milavitsa stores was 15 units and 1 unit under the Lauma Lingerie brand. The Group therefore operated directly and via franchise a total of 598 stores (net increase of 16 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.

Russia, our core market in terms of total sales and total number of stores (356 stores in total), showed 19 644 thousand EUR in sales for Q1 2013 compared to 18 609 thousand in Q1 2012. By the data of Ministry of Economy the Russia's GDP advanced by 1.1% during the first quarter of 2013. The consensus growth estimate for 2013 GDP is 3.6%. 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.

In Belarus, the Group operates directly and via franchise a total of 54 stores. Our sales in Belarus totalled 7 434 thousand EUR for Q1 2013 compared to 6 594 thousand in Q1 2012. The country's GDP growth for Q1 2013 totalled 3.5%, whereas consumer prices increased by 5.4%.

Ukraine seems to get over the distress, especially in the area of private consumption. With 88 stores, and significant portion of the wholesale activity, the country produced a sales of 2 109 thousand EUR in Q1 2013, compared to 1 574 thousand EUR in Q1 2012. The overall economic growth measured by GDP increased by modest 0.5% during the Q1 2013.

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 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 584 thousand EUR in Q1 2013, compared to 524 thousand EUR in Q1 2012.

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 32 059 thousand EUR during Q1 2013, representing a 10.2% increase as compared to the same period of previous year. Overall, wholesales increased by 8.3% and retail sales – by 22.1%.

The Group's reported gross profit margin during Q1 2013 decreased and was 31.8%, as compared to 41.7% in the respective period of previous year. Consolidated operating profit for Q1 2013 amounted to 4 203 thousand EUR, compared to 6 844 thousand EUR in Q1 2012. The consolidated operating profit margin was 13.1% (23.5% in Q1 2012). Consolidated net financial income amounted to 253 thousand EUR in Q1 2013, respective amount in Q1 2012 was 572 thousand EUR.

Consolidated net profit attributable to equity holders of the Parent company amounted to 3 527 thousand EUR in Q1 2013, compared to 5 333 thousand EUR in Q1 2012; net profit margin attributable to equity holders of the Parent company was 11% against 18.3% in Q1 2012.

Financial position

As of 31 March 2013 consolidated assets amounted to 86 221 thousand EUR representing an increase of 13.7% as compared to the position as of 31 December 2012.

Trade and other receivables increased by 4 851 thousand EUR as compared to 31 December 2012 and amounted to 19 597 thousand EUR as of 31 March 2013. Inventory balance increased by 1 763 EUR thousand and amounted to 26 361 thousand EUR as of 31 March 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 6 045 thousand EUR and amounted to 57 441 thousand EUR as of 31 March 2013.

Current liabilities increased by 3 279 thousand EUR during Q1 2013. Current and non-current loans and borrowings increased by 8 thousand EUR to 55 thousand EUR (attributable only to OAO Yunona) as of 31 March 2013.

Sales structure

Sales by markets

in thousands of EUR	Q1 2013	Q1 2012	Change	Q1 2013 % from sales	Q1 2012 % from sales
Russia	19 644	18 609	1 035	61.3%	64.0%
Belarus	7 434	6 594	840	23.2%	22.7%
Ukraine	2 109	1 574	535	6.6%	5.4%
Baltics	584	524	60	1.8%	1.8%
Other markets	2 288	1 787	501	7.1%	6.1%
Total	32 059	29 088	2 971	100.0%	100.0%

The majority of lingerie sales revenue during Q1 2013 in the amount of 19 644 thousand EUR was generated in Russia, accounting for 61.3% of total sales. The second largest market was Belarus, where sales reached 7 434 thousand EUR, contributing 23.2% of lingerie sales (both retail and wholesale). Out of the 2 288 thousand EUR sales in the other markets major part is attributed to Kazakhstan and Moldova.

Sales by business segments

in thousands of EUR	Q1 2013	Q1 2012	Change	Q1 2013 % from sales	Q1 2012 % from sales
Wholesale	26 937	24 874	2 063	84.0%	85.5%
Retail	5 035	4 123	912	15.7%	14.2%
Other operations	87	91	-4	0.3%	0.3%
Total	32 059	29 088	2 971	100.0%	100.0%

During Q1 2013 wholesale revenue amounted to 26 937 thousand EUR, representing 84% of the Group's total revenue (Q1 2012: 85.5%). The main wholesale regions were Russia, Ukraine, Belarus, Kazakhstan and Moldova.

Total lingerie retail sales of the Group in Q1 2013 amounted to 5 035 thousand EUR, representing a 22.1% increase as compared to the previous year.

As of 31 March 2013 there were altogether 598 Milavitsa and Lauma branded shops. Own retail operations were conducted in Belarus and Latvia. As of the end of Q1 2013 the Group operated 58 own retail outlets. As of 31 March 2013, there were 512 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, resulting in net increase of 16 shops in Q1 2013. Additionally, as of 31 March 2013, there were 33 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 Q1 2013 the Group's investments into property, plant and equipment totaled 1 069 thousand EUR. Main investments were made into equipment and facilities to maintain effective production and to add capacity for production and logistics for future periods.

Personnel

As of 31 March 2013, the Group employed 3 215 employees including 382 in retail. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes in Q1 2013 amounted to 6 506 thousand EUR. The remuneration of key management of the Group, including the key executives of the subsidiaries, totaled 167 thousand EUR.

Shares of AS Silvano Fashion Group

As of 31 March 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 31 March 2013 AS Silvano Fashion Group had 2 110 shareholders (as of 31 December 2012 – 2 119 shareholders).

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

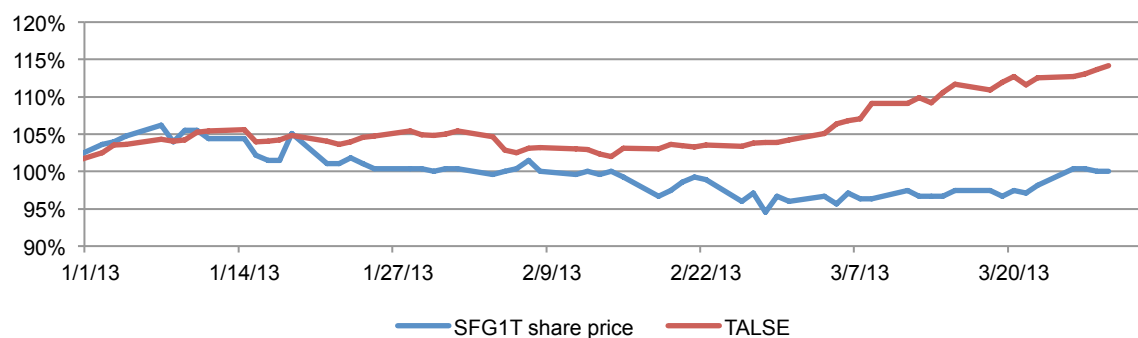
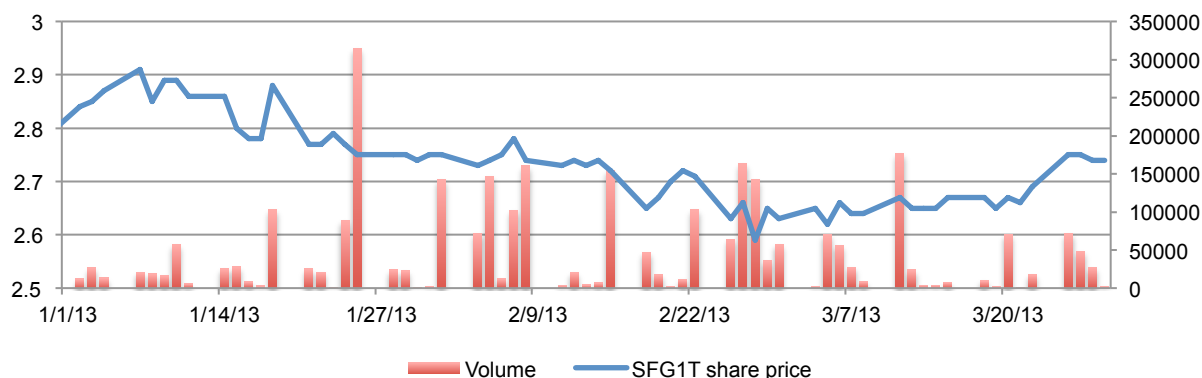
Name	Number of shares	Shareholding
Major shareholders	21 976 374	55.77%
SEB PANK AS_NON-RESIDENT RETAIL CLIENTS	8 000 000	20.30%
TOOMAS TOOL	8 000 000	20.30%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A. [J]	5 976 374	15.17%
Other shareholders	17 423 626	44.23%
Total number of shares	39 400 000	100.00%

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%

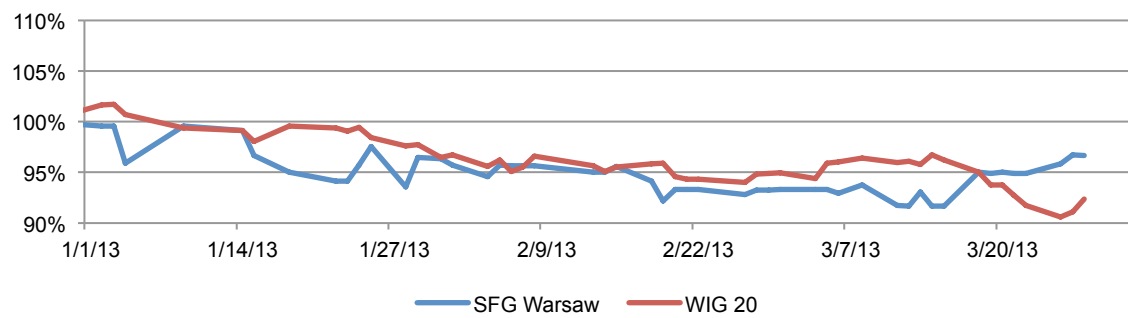
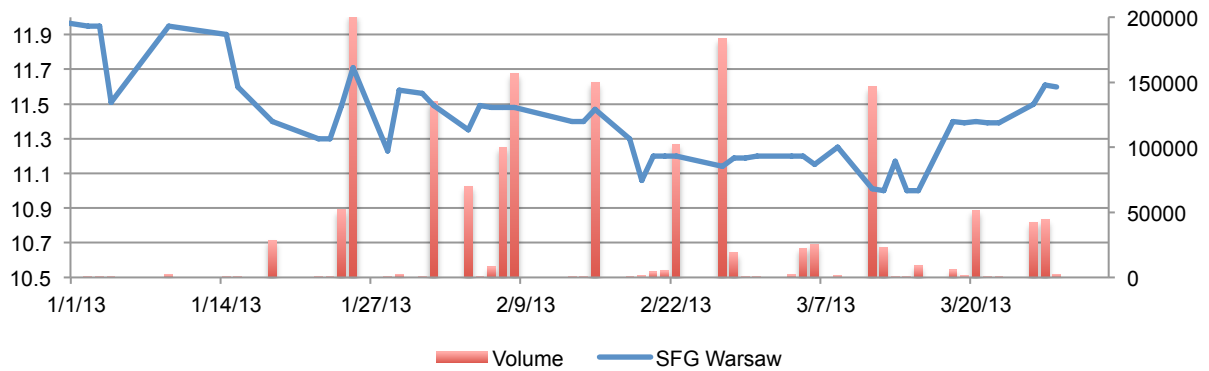
Share price development and turnover on the Tallinn Stock Exchange during Q1 2013 (EUR)

During Q1 2013 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.92 EUR and 2.58 EUR, respectively.



Share price development on the Warsaw Stock Exchange during Q1 2013 (PLN)

During Q1 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 Q1 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
09 May 2013



Aleksei Kadõrko
Member of the Management Board
09 May 2013

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.03.2013	31.12.2012
ASSETS			
Current assets			
Cash and cash equivalents		17 801	16 260
Prepayments		587	243
Trade and other receivables	2	19 597	14 746
Inventories	3	26 361	24 598
Total current assets		64 346	55 847
Non-current assets			
Long-term receivables		1	1
Investments in associates		136	164
Available-for-sale investments		529	492
Deferred tax asset		259	231
Intangible assets		506	443
Investment property		1 729	1 618
Property, plant and equipment	4	18 715	17 041
Total non-current assets		21 875	19 990
TOTAL ASSETS		86 221	75 837
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings		55	47
Trade and other payables	5	12 589	11 171
Tax liabilities		2 861	1 008
Total current liabilities		15 505	12 226
Non-current liabilities			
Deferred tax liability		2 280	2 162
Total non-current liabilities		2 280	2 162
Total liabilities		17 785	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
Unrealised exchange rate differences		50	15
Retained earnings		26 523	20 513
Total equity attributable to equity holders of the Parent company		57 441	51 396
Non-controlling interest in equity		10 995	10 053
Total equity		68 436	61 449
TOTAL EQUITY AND LIABILITIES		86 221	75 837

Consolidated Income Statement

in thousands of EUR	Note	Q1 2013	Q1 2012
Revenue	8	32 059	29 088
Cost of goods sold		-21 873	-16 959
Gross Profit		10 186	12 129
Distribution expenses		-4 244	-3 145
Administrative expenses		-1 658	-1 769
Other operating income		308	352
Other operating expenses		-389	-723
Operating profit		4 203	6 844
Currency exchange income/(expense)		-4	386
Other finance income/(expenses)		257	186
Net financial income		253	572
Profit (loss) from associates using equity method		-8	3
Profit before tax and gain/(loss) on net monetary position		4 448	7 419
Income tax expense		-1 295	-1 365
Profit before gain/(loss) on net monetary position		3 153	6 054
Gain on net monetary position		681	78
Profit for the period		3 834	6 132
Attributable to :			
Equity holders of the Parent company		3 527	5 333
Non-controlling interest		307	799
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0.09	0.14

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	Q1 2013	Q1 2012
Profit for the period		3 834	6 132
Exchange rate differences attributable to foreign operations		43	87
Total comprehensive income for the period		3 877	6 219
Attributable to :			
Equity holders of the Parent company		3 562	5 333
Non-controlling interest		315	886

Consolidated Statement of Cash Flows

in thousands of EUR	Q1 2013	Q1 2012
Cash flow from operating activities		
Profit for the period	3 834	6 132
Adjustments for:		
Depreciation and amortization of non-current assets	629	581
Share of profit of equity accounted investees	8	-3
(Gains)/ losses on the sale of property, plant and equipment	0	8
Net finance income / costs	-257	-572
Gain / loss on net monetary position	-681	-78
Income tax expense	1 295	1 365
Change in inventories	-1 763	-2 506
Change in trade and other receivables	-4 383	-7 508
Change in trade and other payables	2 165	800
Interest paid	-11	-7
Income tax paid	-487	-3 591
Net cash from operating activities	348	-5 379
Cash flow from investing activities		
Interest received	157	237
Proceeds from sale of property, plant and equipment	72	7
Proceeds from repayments of loans granted	104	12
Acquisition of property, plant and equipment	-1 068	-254
Acquisition of intangible assets	-77	-114
Net cash used in/from investing activities	-811	-112
Cash flow from financing activities		
Proceeds from borrowings	63	100
Repayment of borrowings	-56	-26
Net cash used in/ from financing activities	7	74
Increase in cash and cash equivalents	-456	-5 417
Cash and cash equivalents at the beginning of period	16 260	17 967
Effect of hyperinflation on cash	70	1 669
Effect of translation to presentation currency	1 901	
Effect of exchange rate fluctuations on cash held	26	-69
Cash and cash equivalents at the end of period	17 801	14 150

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	1 924	1 924	465	2 389
Profit for the period	0	0	0	0	0	0	5 333	5 333	799	6 132
Other comprehensive income for the period	0	0	0	0	0	0	0	0	87	87
Total comprehensive income for the period	0	0	0	0	0	0	5 333	5 333	886	6 219
Transactions with owners, recognised directly in equity										
Change in non-controlling interest	0	0	0	0	4	0		4	-4	0
Dividends paid	0	0	0	0	0	0	0	0	-850	-850
Total transactions with owners, recognised directly in equity	0	0	0	0	4	0	0	4	-854	-850
Balance as at 31 March 2012	15 800	14 070	-308	231	67	72	19 793	49 725	10 185	59 910
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	2 483	2 483	627	3 110
Profit for the period	0	0	0	0	0	0	3 527	3 527	307	3 834
Other comprehensive income for the period	0	0	0	0	0	35	0	35	8	43
Total comprehensive income for the period	0	0	0	0	0	35	3 527	3 562	315	3 877
Transactions with owners, recognised directly in equity	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2013	15 760	13 822	-20	1 306	0	50	26 523	57 441	10 995	68 436

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 March 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 Q1 2013 ended on 31 March 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	31.03.13	31.12.12
Trade receivables from third parties	16 939	12 056
Trade receivables from related parties	798	528
Impairment of receivables	-490	-489
Tax prepayments	2 096	2 441
Other receivables	254	210
Total	19 597	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	31.03.13	31.12.12
Raw and other materials	6 193	6 396
Work in progress	2 577	2 965
Finished goods	17 221	14 751
Other inventories	370	486
Total	26 361	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 Q1 2012					
Effect of hyperinflation on opening balances	267	450	86	7	810
Additions	0	0	9	245	254
Disposals	0	-2	-9	-4	-15
Reclassifications	10	234	115	-359	0
Depreciation	-48	-350	-143	0	-541
Closing net book amount	4 775	7 983	1 762	191	14 711
31.03.2012					
Cost	6 909	19 442	4 453	191	30 995
Accumulated depreciation	-2 134	-11 459	-2 691	0	-16 284
Net book amount	4 775	7 983	1 762	191	14 711
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 Q1 2013					
Effect of hyperinflation on opening balances	282	397	94	9	782
Additions	0	70	3	996	1 069
Disposals	0	1	-2	0	-1
Reclassifications	73	211	189	-470	3
Depreciation	-60	-340	-186	0	-586
Unrealised exchange rate differences	106	237	30	34	407
Closing net book amount	5 534	9 066	2 087	2 028	18 715
31.03.2013					
Cost	8 278	23 656	5 910	2 028	39 872
Accumulated depreciation	-2 744	-14 590	-3 823	0	-21 157
Net book amount	5 534	9 066	2 087	2 028	18 715

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

Note 5 Trade and other payables

in thousands of EUR	31.03.13	31.12.12
Trade payables	8 566	7 810
Accrued expenses	2 085	1 580
Provisions	945	978
Other payables	993	803
Total	12 589	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 March 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 31 March 2013 AS Silvano Fashion Group had 2 110 shareholders (as of 31 December 2012 – 2 119 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for Q1 2013 (Q1 2012) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	Q1 2013	Q1 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	Q1 2013	Q1 2012
Profit for the period attributable to equity holders of the Parent company	3 527	5 333
Basic earnings per share (EUR)	0.09	0.14
Diluted earnings per share (EUR)	0.09	0.14

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

Note 8 Revenue in thousands of EUR	Q1 2013	Q1 2012
Revenue from wholesale	26 937	24 874
Revenue from retail	5 035	4 123
Subcontracting and services	75	70
Other sales	12	21
Total	32 059	29 088

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	Q1 2013	Q1 2012
Associates	1 497	3 045
Total	1 497	3 045

Balances with related parties

in thousands of EUR	31.03.2013	31.12.2012
Trade receivables from associates	798	528
Total	798	528

Benefits to key management of the group

in thousands of EUR	Q1 2013	Q1 2012
Remunerations and benefits	167	130
Total	167	130

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 (chief operational decision maker) 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 Q1 2013

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	5 035	26 937	31 972	87	0	32 059
Intersegment revenues	0	3 427	3 427	0	-3 427	0
EBITDA	407	4 425	4 832	0	0	4 832
Amortization and depreciation	-87	-529	-616	-13	0	-629
Operating income, EBIT	320	3 896	4 216	-13	0	4 203
Profit from associates using equity method	0	-8	-8	0	0	-8
Net financial income	45	184	229	24	0	253
Income tax	-79	-1 211	-1 290	-5	0	-1 295
Gain on net monetary position	116	565	681	0	0	681
Net profit	402	3 426	3 828	6	0	3 834
Investments in associates	0	136	136	0	0	136
Other operating segments assets	4 631	69 055	73 686	12 399	0	86 085
Reportable segments liabilities	850	16 850	17 700	85	0	17 785
Capital expenditures	26	1 043	1 069	0	0	1 069

Operating segments Q1 2012

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	4 123	24 874	28 997	91	0	29 088
Intersegment revenues	0	3 590	3 590	311	-3 901	0
EBITDA	1 626	5 898	7 524	-99	0	7 425
Amortization and depreciation	-68	-495	-563	-18	0	-581
Operating income, EBIT	1 558	5 403	6 961	-117	0	6 844
Profit from associates using equity method	0	3	3	0	0	3
Net financial income	12	577	589	-17	0	572
Income tax	-171	-1 187	-1 358	-7	0	-1 365
Gain on net monetary position	-52	130	78	0	0	78
Net profit	1 347	4 926	6 273	-141	0	6 132
Investments in associates	0	136	136	0	0	136
Other operating segments assets	3 900	62 542	66 442	9 346	0	75 788
Reportable segments liabilities	328	14 203	14 531	1 483	0	16 014
Impairment of assets	0	0	0	0	0	0
Capital expenditures	54	314	368	0	0	368

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 Q1 2013	Sales revenue Q1 2012	Non-current assets 31.03.2013	Non-current assets 31.12.2012
Russia	19 644	18 609	140	144
Belarus	7 434	6 594	21 251	19 418
Ukraine	2 109	1 574	6	14
Baltics	584	524	478	414
Other countries	2 288	1 787	0	0
Total	32 059	29 088	21 875	19 990