



**CONSOLIDATED INTERIM REPORT FOR Q1
2015**

Silvano Fashion Group

AS Silvano Fashion Group

Consolidated Interim Financial Report for Q1 of 2015 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2015
End of the reporting period	31 March 2015
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 March 2015, the Group employed 2 346 people (as of 31 December 2014: 2 749 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.03.2015	Ownership interest 31.12.2014
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
ZAO “Silvano Fashion”	Russia	Wholesale	100%	100%
TOV “Silvano Fashion”	Ukraine	Wholesale	100%	100%
OOO “Silvano Fashion”	Belarus	Retail and wholesale	100%	100%
SIA “Silvano Fashion”	Latvia	Retail	100%	100%
SP ZAO “Milavitsa”	Belarus	Manufacturing and wholesale	84.90%	83.73%
OAD “Yunona”	Belarus	Manufacturing and wholesale	58.33%	58.33%
OOO “Gimil”	Belarus	Manufacturing and wholesale	100%	100%
AS “Lauma Lingerie”	Latvia	Manufacturing and wholesale	100%	100%
SARL “France Style Lingerie”	France	Holding	100%	100%
SARL “Alisee”	Monaco	Holding	99%	99%
ZAO “Stolichnaja Torgovaja Kompanija “Milavitsa”	Russia	Holding	100%	100%
OOO “Baltsped logistik”	Belarus	Logistics	50%	50%

Selected Financial Indicators

Summarized selected financial indicators of the Group for Q1 2015 compared to Q1 2014 and 31.03.2015 compared to 31.12.2014 were as follows:

in thousands of EUR	Q1 2015	Q1 2014	Change
Revenue	13 073	27 095	-51.8%
EBITDA	2 351	4 547	-48.3%
Net profit for the period	-349	2 191	-115.9%
Net profit attributable equity holders of the Parent company	-521	1 890	-127.6%
Earnings per share (EUR)	-0.01	0.05	-127.7%
Operating cash flow for the period	678	753	-9.9%

in thousands of EUR	31.03.2015	31.12.2014	Change
Total assets	59 771	67 339	-11.2%
Total current assets	42 050	47 005	-10.5%
Total equity attributable to equity holders of the Parent company	42 454	46 753	-9.2%
Loans and borrowings	0	0	NA
Cash and cash equivalents	12 248	13 308	-8.0%

Margin analysis, %	Q1 2015	Q1 2014	Change
Gross profit	44.8	34.7	29.0%
EBITDA	18.0	16.8	7.2%
Net profit	-2.7	8.1	-133.0%
Net profit attributable equity holders of the Parent company	-4.0	7.0	-157.1%

Financial ratios, %	31.03.2015	31.12.2014	Change
ROA	9.4	11.9	-21.5%
ROE	13.4	17.2	-22.3%
Price to earnings ratio (P/E)	7.9	5.0	56.6%
Current ratio	3.2	3.6	-12.6%
Quick ratio	1.3	1.6	-14.6%

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

Before touching upon the topic of macro environment, we need to underpin the extreme weakness (and seasonally weak) quarter for apparel business on all our core markets. It is well known that retailers try to off-load as much of the unsold seasonal collections in the beginning of the first quarter, throwing in all means of sales incentives etc. To a great extent, such behaviour started already last fall, keeping the consumers stocked up and withholding their purchases for the future. As put by one of the analysts: “there are perfect storms and perfect stills, and this is a perfect still for the apparel retail” when it comes to Russia. There is no good news for the consumers to incentivize them to buy.

For Russia, our core market, in the average price segment, i.e. non-expensive brands, the market contracted by as much as by 60% y-o-y (our quarterly drop in Russia against Q1 2014 stood at -62%). The market contracted also on our other main markets, including Belarus and the Baltics where we operate also our own stores. Some retailers believe that the situation is not going to improve too soon, which leads to squeeze-out of those players whose economics would not support maintaining the market share. Silvano has played its hand relatively well as we started downsizing early and sustained our margins as much as it was feasible. Russia’s Rouble that has outperformed foreign currencies has had almost no effect on our sales and our franchise partners are reporting dropping traffics at both shopping centres and street retail.

In Belarus, our *like-for-like* sales in Q1 in the retail showed also slowdown in business: -4% in local currency, but -24% in Euros. Adding wholesale segment to this, the drop is somewhat bigger. The consumption in Belarus has clearly been affected by the buying spree at the end of the year drop in the export business (that has affected many local production companies, hence also the income of the workforce) and tight monetary policy conducted by the central bank. From the macroeconomic perspective, the GDP of the country contracted by 2% during the first quarter of 2015 compared to the same period last year.

In Ukraine, taking into account that the troubles started in the middle of first quarter of 2014, the drop in our sales turnover quarter-on-quarter constitutes 84%. In light of the 5th consecutive negative quarter for the national economy, reportedly -17.6% for Q1 2015, together with nearly 60% inflation, the number reflects harsh reality for the retail trade there.

In the first quarter we did not do well in the Baltic market (-48%) and the other markets (-34%), either.

Nevertheless, some optimism can be built onto stronger sales currencies (appreciation of the Russia’s Rouble, stabilisation of the exchange rate of Ukrainian Hryvnia) and the start of the busy season for the lingerie retail business. Also when it comes to our business margins, then our gross margin in the first quarter (44.8% vs. 34.7%) improved, partly due to the abolition of the hyperinflation accounting, but also due to reduction in operational business costs. Smaller business volumes affect the operating profit margin, and we are working further on the fixed cost base. For the bottom line, internal dividend transfers, and financial operations lead to higher income tax expense, which should level out during the next quarters.

The Group’s sales in Q1 2015 retreated from the benchmark in Q1 2014, the net sales reached 13 073 thousand EUR, compared to 27 095 thousand EUR a year ago. The wholesale segment contributed 9 208 thousand EUR in Q1 2015 (21 929 thousand EUR in Q1 2014). The retail segment contributed 3 857 thousand EUR for Q1 2015 (4 905 thousand EUR a year ago).

The net loss to shareholders of the Parent company stood at -521 thousand Euros in Q1 2015 compared to net profit of 1 890 thousand EUR in Q1, 2014. The Group’s EBITDA reached 2 351 thousand EUR in Q1 2015 compared to 4 547 thousand EUR in the corresponding period of 2014.

At the end of Q1 2015, the Group and its franchise partners operated 684 stores altogether, of which 66 stores were managed by the Group. Total geography of our franchise partners covers more than 20 countries, including Milavitsa and Lauma Lingerie branded stores.

Financial performance

The Group's sales amounted to 13 073 thousand EUR during Q1, 2015, representing a 52% decrease as compared to the same period of previous year. Overall, wholesales decreased by 58.0% and retail sales decreased by 21.4%.

The Group's reported gross profit margin during Q1 2015 increased year-to-year to 44.8%, reported gross margin was 34.71% in the respective period of previous year. Consolidated operating profit for Q1 2015 amounted to 1 695 thousand EUR, compared to 3 848 thousand EUR in Q1 2014. The consolidated operating profit margin was 13.0% for Q1 2015 (14.2% in Q1 2014). Consolidated EBITDA for Q1 2015 was 2 351 thousand EUR, which is 18.0% in margin terms (4 547 thousand EUR and 16.8% for Q1 2014).

During Q1 2015 the Group continued with internal restructuring, which will allow us to streamline internal management and intragroup capital allocation. This brought 1.9 million EUR of additional income tax expense. As a result reported consolidated net loss attributable to equity holders of the Parent company for Q1 2015 amounted to -521 thousand EUR, compared to net profit of 1 890 thousand EUR in Q1 2014, net profit margin attributable to equity holders of the Parent company for Q1 2015 was -4.0% against 7.0% in Q1 2014.

Financial position

As of 31 March 2015 consolidated assets amounted to 59 771 thousand EUR representing decrease by 11.2% as compared to the position as of 31 December 2014.

Trade and other receivables decreased by 1 226 thousand EUR as compared to 31 December 2014 and amounted to 5 680 thousand EUR as of 31 March 2015. Inventory balance decreased by 2 364 thousand EUR and amounted to 24 098 thousand EUR as of 31 March 2015.

Equity attributable to equity holders of the Parent company decreased by 4 299 thousand EUR and amounted to 42 454 thousand EUR as of 31 March 2015. Current liabilities increased by 307 thousand EUR during Q1 2015.

Sales structure

Sales by markets

in thousands of EUR	Q1 2015	Q1 2014	Change	Q1 2015 % from sales	Q1 2014 % from sales
Russia	6 077	16 015	-62.1%	46.5%	59.1%
Belarus	5 076	6 926	-26.7%	38.8%	25.6%
Ukraine	220	1 393	-84.2%	1.7%	5.1%
Kazakhstan	639	977	-34.6%	4.9%	3.6%
Baltics	409	794	-48.5%	3.1%	2.9%
Moldova	219	384	-43.0%	1.7%	1.4%
Other markets	434	606	-28.4%	3.3%	2.2%
Total	13 073	27 095	-51.8%	100.0%	100.0%

The majority of lingerie sales revenue during Q1 2015 in the amount of 6 077 thousand EUR was generated in Russia, accounting for 46.5% of total sales. The second largest market was Belarus, where sales reached 5 076 thousand EUR, contributing 38.8% of lingerie sales (both retail and wholesale). Volumes in Ukraine decreased significantly to 220 thousand EUR, and none of the regions remained untouched from the drop in sales.

Sales by business segments

in thousands of EUR	Q1 2015	Q1 2014	Change, %	Q1 2015, % from sales	Q1 2014, % from sales
Wholesale	9 208	21 929	-58.0%	70.4%	80.9%
Retail	3 857	4 905	-21.4%	29.5%	18.1%
Other operations	8	261	-97.0%	0.1%	1.0%
Total	13 073	27 095	-51.8%	100.0%	100.0%

During Q1 2015 wholesale revenue amounted to 9 208 thousand EUR, representing 70.4% of the Group's total revenue (Q1 2014: 80.9%). The main wholesale regions were Russia, Ukraine, Belarus, Kazakhstan and Moldova.

Total lingerie retail sales of the Group in Q1 2015 amounted to 3 857 thousand EUR, representing 29.5% of the Group's total revenue.

As of 31 March 2015 there were altogether 684 Milavitsa and Lauma branded shops. Own retail operations were conducted in Belarus and Latvia. As of the end of Q1 2015 the Group operated 66 own retail outlets. As of 31

March 2015, there were 577 Milavitsa branded shops operated by Milavitsa trading partners. Additionally, as of 31 March 2015, there were 41 Lauma Lingerie retail outlets operated by Lauma Lingerie trading partners.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	0	367	367
Ukraine	0	92	92
Belarus	56	8	64
Baltics	10	32	42
Kazakhstan	0	46	46
Moldova	0	26	26
Other regions	0	47	47

Investments

During Q1 2015 the Group's investments into property, plant and equipment totalled 291 thousand EUR. Investments were made into equipment and facilities to maintain effective production for future periods.

Personnel

As of 31 March 2015, the Group employed 2 346 employees including 429 in retail. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes during Q1 2015 amounted to 4 241 thousand EUR. The remuneration of key management of the Group, including the key executives of the subsidiaries, totalled 350 thousand EUR.

Shares of AS Silvano Fashion Group

As of 31 March 2015 registered share capital of AS Silvano Fashion Group amounted to 11 700 thousand EUR divided into 39 000 000 ordinary shares with a nominal value of 0.30 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 2015 AS Silvano Fashion Group had 1 976 shareholders (as of 31 December 2014 – 1 772 shareholders).

As of 31 March 2015 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

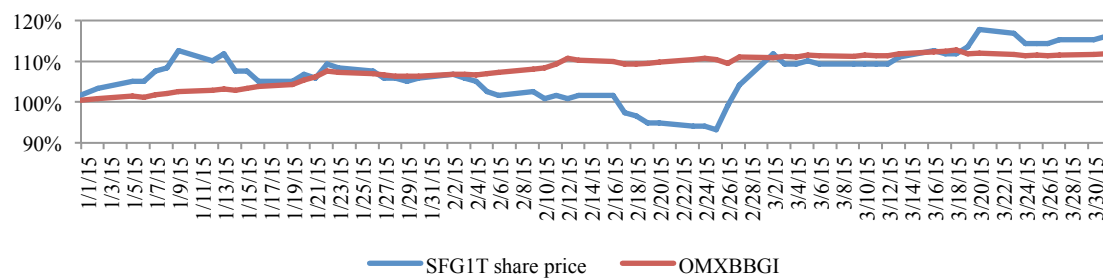
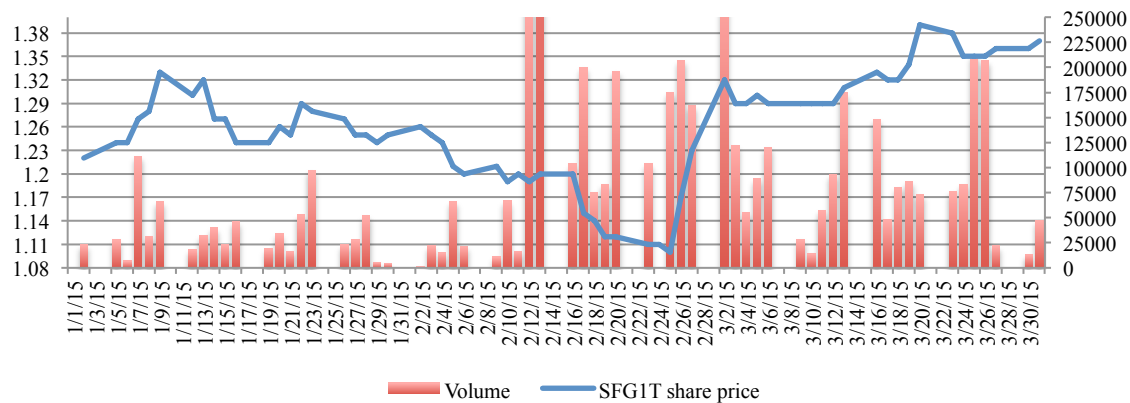
Name	Number of shares	Shareholding
Major shareholders	21 022 633	53.90%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	8 004 565	20.52%
AS SEB PANK CLIENTS	8 000 000	20.51%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	5 018 068	12.87%
Other shareholders	17 977 367	46.10%
Total number of shares	39 000 000	100.00%

As of 31 December 2014 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	21 436 264	54.96%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	8 004 565	20.52%
AS SEB PANK CLIENTS	8 000 000	20.51%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	5 431 699	13.93%
Other shareholders	17 563 736	45.04%
Total number of shares	39 000 000	100.00%

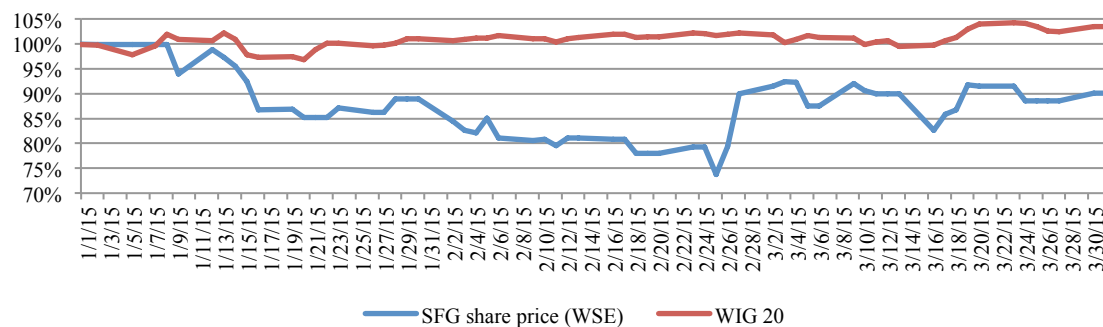
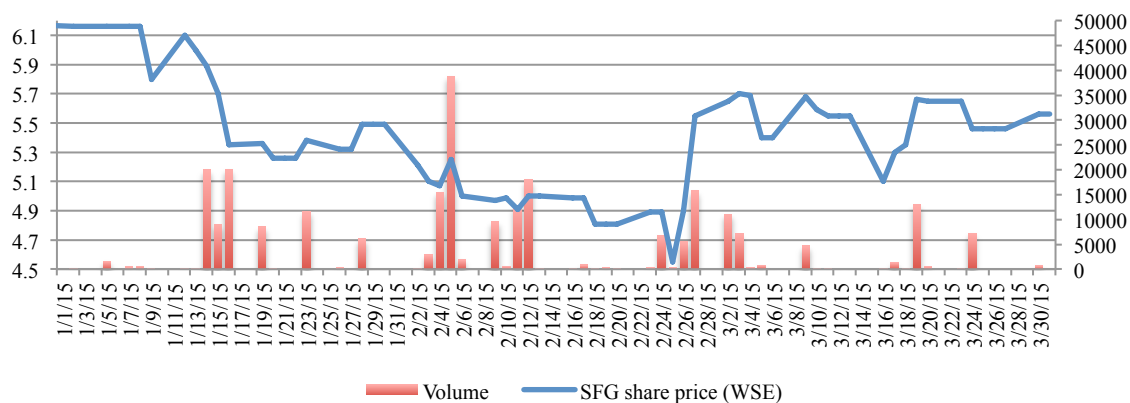
Share price development and turnover on the Tallinn Stock Exchange during Q1 2015 (EUR)

During Q1 2015 the highest and lowest prices of the AS Silvano Fashion Group' share on the Tallinn Stock Exchange were 1.39 EUR and 1.10 EUR, respectively.



Share price development on the Warsaw Stock Exchange during Q1 2015 (PLN)

During Q1 2015, the highest and lowest prices of the AS Silvano Fashion Group' share on the Warsaw Stock Exchange were 6.20 PLN and 4.51 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 2015 (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
29 May 2015



Aleksei Kadõrko
Member of the Management Board
29 May 2015

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.03.2015	31.12.2014
ASSETS			
Current assets			
Cash and cash equivalents		12 248	13 308
Current loans granted		24	329
Trade and other receivables	2	5 680	6 906
Inventories	3	24 098	26 462
Total current assets		42 050	47 005
Non-current assets			
Long-term receivables		0	241
Investments in associates		84	84
Available-for-sale investments		473	525
Deferred tax asset		478	649
Intangible assets		624	687
Investment property		1 465	1 638
Property, plant and equipment	4	14 597	16 510
Total non-current assets		17 721	20 334
TOTAL ASSETS		59 771	67 339
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5	9 865	9 703
Tax liabilities		3 480	3 335
Total current liabilities		13 345	13 038
Non-current liabilities			
Deferred tax liability		0	283
Total non-current liabilities		0	283
Total liabilities		13 345	13 321
Equity			
Share capital	6	11 700	11 700
Share premium		13 066	13 066
Treasury shares	6	-1 205	-585
Statutory reserve capital		1 306	1 306
Unrealised exchange rate differences		-7 252	-5 649
Retained earnings		24 839	26 915
Total equity attributable to equity holders of the Parent company		42 454	46 753
Non-controlling interest		3 972	7 265
Total equity		46 426	54 018
TOTAL EQUITY AND LIABILITIES		59 771	67 339

Consolidated Income Statement

in thousands of EUR	Note	Q1 2015	Q1 2014
Revenue	8	13 073	27 095
Cost of goods sold		-7 217	-17 689
Gross Profit		5 856	9 406
Distribution expenses		-2 323	-3 946
Administrative expenses		-1 709	-1 624
Other operating income		123	321
Other operating expenses		-252	-309
Operating profit		1 695	3 848
Currency exchange income/(expense)		-89	-278
Other finance income/(expenses)		173	200
Net financial income		84	-78
Profit (loss) from associates using equity method		-2	9
Profit before tax and gain/(loss) on net monetary position		1 777	3 779
Income tax expense		-2 126	-1 614
Profit before gain/(loss) on net monetary position		-349	2 165
Gain on net monetary position		0	26
Profit for the period		-349	2 191
Attributable to :			
Equity holders of the Parent company		-521	1 890
Non-controlling interest		172	301
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	-0.01	0.05

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	Q1 2015	Q1 2014
Profit for the period		-349	2 191
Exchange rate differences attributable to foreign operations		-1 605	-1 199
Total comprehensive income for the period		-1 954	992
Attributable to :			
Equity holders of the Parent company		-2 124	846
Non-controlling interest		170	146

Consolidated Statement of Cash Flows

in thousands of EUR	Q1 2015	Q1 2014
Cash flow from operating activities		
Profit for the period	-349	2 191
Adjustments for:		
Depreciation and amortization of non-current assets	656	699
Share of profit of equity accounted investees	-2	9
(Gains)/ losses on the sale of property, plant and equipment	1	2
Net finance income / costs	-84	78
Gain / loss on net monetary position	0	-26
Provision for impairment losses on trade receivables	-1	0
Income tax expense	2 126	1 614
Change in inventories	-527	-1 671
Change in trade and other receivables	1 543	-4 213
Change in trade and other payables	-8	2 508
Income tax paid	-2 677	-438
Net cash from operating activities	678	753
 Cash flow from investing activities		
Interest received	189	207
Proceeds from sale of property, plant and equipment	8	2
Proceeds from repayments of loans granted	305	0
Acquisition of property, plant and equipment	-51	-39
Acquisition of intangible assets	-77	-65
Net cash used in/from investing activities	374	105
 Cash flow from financing activities		
Dividends paid	-1 390	-820
Acquisition of own shares	-620	-525
Net cash used in/ from financing activities	-2 010	-1 345
 Increase in cash and cash equivalents	-958	-487
Cash and cash equivalents at the beginning of period	13 308	19 165
Effect of translation to presentation currency		-3 172
Effect of exchange rate fluctuations on cash held	-102	413
Cash and cash equivalents at the end of period	12 248	15 919

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	Treasury shares	Statutory reserve capital	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 2013	11 820	13 822	-224	1 306	-1 215	26 861	52 370	10 485	62 855
Effect of hyperinflation on opening balances	0	0	0	0	0	814	814	-764	50
Profit for the period	0	0	0	0	0	1 890	1 890	301	2 191
Other comprehensive income for the period	0	0	0	0	-1 062	0	-1 062	-155	-1 217
Total comprehensive income for the period	0	0	0	0	-1 062	1 890	828	146	974
Transactions with owners, recognised directly in equity									
Dividends paid	0	0	0	0	0	0	0	-820	-820
Purchase of treasury shares	0	0	-525	0	0	0	-525	0	-525
Total transactions with owners, recognised directly in equity	0	0	-525	0	0	0	-525	-820	-1 345
Balance as at 31 March 2014	11 820	13 822	-749	1 306	-2 277	29 565	53 487	9 048	62 535
Balance as at 31 December 2014									
Balance as at 31 December 2014	11 700	13 066	-585	1 306	-5 649	26 915	46 753	7 265	54 018
Effect of translation on opening balances	0	0	0	0	0	-1 555	-1 555	-1 579	-3 134
Profit for the period	0	0	0	0	0	-521	-521	172	-349
Other comprehensive income for the period	0	0	0	0	-1 603	0	-1 603	-2	-1 605
Total comprehensive income for the period	0	0	0	0	-1 603	-521	-2 124	170	-1 954
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	0	0	-1 884	-1 884
Change in non-controlling interest	0	0	0	0	0	545	545	-545	0
Purchase of treasury shares	0	0	-620	0	0	0	-620	0	-620
Total transactions with owners, recognised directly in equity	0	0	-620	0	0	545	-75	-2 429	-2 504
Balance as at 31 March 2015	11 700	13 066	-1 205	1 306	-7 252	24 839	42 454	3 972	46 426

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 2015 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 3 months of 2015 ended on 31 March 2015 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 2014, which have been prepared in accordance with IFRS as adopted by the European Union.

As the Belarus economy has ceased to be hyperinflationary starting from 01.01.2015, the Group has discontinued the preparation and presentation of financial statements by applying IAS 29 “Financial Reporting in Hyperinflationary Economies”. The amounts expressed in the measuring unit current (e.g. inventory, property, plant and equipment) as at 31.12.2014 are the basis for the carrying amounts in its subsequent financial statements. Other accounting policies applied are consistent with those of the Annual Report for the financial year ended on 31 December 2014, 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 2014 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2015 and that would be expected to have a material impact on the group.

Note 2 Trade and other receivables

in thousands of EUR	31.03.2015	31.12.2014
Trade receivables from third parties	5 037	5 920
Trade receivables from related parties	0	165
Impairment of receivables	-1 243	-1 182
Tax prepayments	1 423	1 347
Other receivables	463	656
Total	5 680	6 906

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	31.03.2015	31.12.2014
Raw and other materials	3 317	4 379
Work in progress	1 132	1 602
Finished goods	18 687	19 474
Other inventories	962	1 007
Total	24 098	26 462

Note 4 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.2013					
Cost	8 091	25 633	5 482	194	39 400
Accumulated depreciation	-2 756	-14 847	-3 640	0	-21 243
Net book amount	5 335	10 786	1 842	194	18 157
Movements during Q1 2014					
Effect of hyperinflation on opening balances	252	498	76	9	835
Additions	0	0	4	35	39
Disposals	0	-4	0	0	-4
Reclassifications	1	6	19	-34	-8
Depreciation	-61	-450	-170	0	-681
Unrealised exchange rate differences	-192	-382	-60	-8	-642
Closing net book amount	5 335	10 454	1 711	196	17 696
31.03.2014					
Cost	8 182	25 706	5 472	196	39 556
Accumulated depreciation	-2 848	-15 252	-3 760	0	-21 860
Net book amount	5 334	10 454	1 712	196	17 696
31.12.2014					
Cost	8 556	26 737	5 424	24	40 741
Accumulated depreciation	-3 169	-16 985	-4 077	0	-24 231
Net book amount	5 387	9 752	1 347	24	16 510
Movements during Q1 2015					
Additions	0	1	210	80	291
Disposals	0	0	-8	-1	-9
Reclassifications	0	58	42	-97	3
Depreciation	-55	-393	-128	0	-576
Unrealised exchange rate differences	-512	-1 014	-91	-6	-1 623
Closing net book amount	4 820	8 404	1 372	0	14 596
31.03.2015					
Cost	7 737	24 224	4 980	1	36 942
Accumulated depreciation	-2 917	-15 820	-3 608	0	-22 345
Net book amount	4 820	8 404	1 372	1	14 597

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 March 2015.

Note 5 Trade and other payables

in thousands of EUR	31.03.2015	31.12.2014
Trade payables	5 679	5 829
Accrued expenses	832	1 333
Provisions	33	203
Other payables	3 321	2 338
Total	9 865	9 703

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 2015 registered share capital of AS Silvano Fashion Group amounted to 11 700 thousand EUR divided into 39 000 000 shares with a nominal value of 0.30 EUR each (as of 31 December 2014, 11 700 thousand EUR, 39 000 000 shares and 0.30 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 March 2015 AS Silvano Fashion Group had 1 976 shareholders (as of 31 December 2014 – 1 772 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for Q1 2015 (Q1 2014) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	Q1 2015	Q1 2014
Number of ordinary shares at the beginning of the period	39 000	39 400
Effect of own shares held at the beginning of the period	-340	-89
Number of ordinary shares at the end of the period	39 000	39 400
Effect of own shares held at the end of the period	-835	-400
Weighted average number of ordinary shares for the period	38 412	39 357

in thousands of EUR	Q1 2015	Q1 2014
Profit for the period attributable to equity holders of the Parent company	-521	1 890
Basic earnings per share (EUR)	-0.01	0.05
Diluted earnings per share (EUR)	-0.01	0.05

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	Q1 2015	Q1 2014
Revenue from wholesale	9 199	21 929
Revenue from retail	3 857	4 905
Subcontracting and services	8	85
Other sales	9	176
Total	13 073	27 095

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 2015	Q1 2014
Associates	120	898
Total	120	898

Balances with related parties		
in thousands of EUR	Q1 2015	Q1 2014
Trade receivables from associates	0	227
Total	0	227

Benefits to key management of the group		
in thousands of EUR	Q1 2015	Q1 2014
Remunerations and benefits	350	209
Total	350	209

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 Q1 2015

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	3 857	9 208	13 065	8		13 073
Intersegment revenues	0	7 636	7 636	1 140	-8 776	0
EBITDA	652	1 395	2 047	304		2 351
Amortization and depreciation	-48	-386	-434	-222	0	-656
Operating income, EBIT	604	1 009	1 613	15	0	1 695
Profit from associates using equity method	0	-2	-2	0	0	-2
Net financial income	286	282	568	-484	0	84
Income tax	-59	-470	-529	-1 597	0	-2 126
Gain on net monetary position	0	0	0	0	0	0
Net profit	831	819	1 650	-2 066	0	-349
Investments in associates	0	84	84	0	0	84
Other operating segments assets	8 269	32 088	40 357	19 330	0	59 687
Reportable segments liabilities	6 290	2 922	9 212	4 133	0	13 345
Capital expenditures	6	306	312	56	0	368
Number of employees as of reporting date	429	1 913	2 342	4		2 346

Operating segments Q1 2014

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	4 905	21 929	26 834	261		27 095
Intersegment revenues	0	4 038	4 038	0	-4 038	0
EBITDA	281	4 048	4 329	218	0	4 547
Amortization and depreciation	-77	-451	-528	-171	0	-699
Operating income, EBIT	204	3 597	3 801	47	0	3 848
Profit from associates using equity method	0	9	9	0	0	9
Net financial income	81	-174	-93	15	0	-78
Income tax	-54	-1 549	-1 603	-13	0	-1 616
Gain on net monetary position	103	-271	-168	194	0	26
Net profit	334	1 612	1 946	243	0	2 189
Investments in associates	0	115	115	0	0	115
Other operating segments assets	7 457	57 214	64 671	13 795	0	78 466
Reportable segments liabilities	1 695	10 172	11 867	4 177	0	16 044
Capital expenditures	6	42	48	56	0	104
Number of employees as of reporting date	490	2 643	3 133	3		3 136

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 2015	Sales revenue Q1 2014	Non-current assets 31.03.2015	Non-current assets 31.12.2014
Russia	6 077	16 015	234	423
Belarus	5 076	6 926	17 042	19 434
Ukraine	220	1 393	1	2
Kazakhstan	639	977	0	0
Baltics	409	794	444	475
Moldova	219	384	0	0
Other countries	434	606	0	0
Total	13 073	27 095	20 548	20 334