Tatyana Designs, Inc.
Quarterly Report

September 30, 2014

Tatyana Designs, Inc.
980 American Pacific Drive, Suite #100
Henderson, Nevada 89014
(702) 458-1632

8766U 105
(CUSIP)

TRADING SYMBOL: TATD

QUARTERLY REPORT
For the Second Quarter Ended September 30, 2014

The information set forth below follows the OTC Pink Basic Disclosure Guidelines outlined by OTC Markets Group and generally follows the sequential format set forth in that Rule. THIS REPORT HAS NOT BEEN FILED WITH THE NASD OR ANY OTHER REGULATORY AGENCY.

Forward-Looking Statements

This Quarterly Report contains "forward-looking statements." These forward-looking statements reflect our views as of the date of preparation with respect to future events and financial performance. Specifically, forward-looking statements may include:

- discussion of performance measures;
- statements regarding expansion and growth of operations; and
- statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast,", "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions.

These forward-looking statements express our best judgment based on currently available information and we believe that the expectations reflected in our forward-looking statements are reasonable. We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this exhibit. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The terms "Company", "TDI," "we," "us," and "our" refer to Tatyana Designs, Inc., a Nevada corporation and its wholly-owned subsidiaries.

ITEM 1 - NAME OF THE ISSUER AND ITS PREDECESSOR (IF ANY)

TATYANA DESIGNS, INC. was incorporated in the State of Nevada on February 3, 2000 as AirScooter Corporation and on August 7, 2012 changed its name to Tatyana Designs, Inc. On August 7, 2012, Tatyana Designs, Inc. ("TDI") acquired through merger Design Technology Holding, LLC, ("DTH") a Nevada limited liability company and now the holding company for fifteen wholly owned subsidiary LLCs ("Operating Subsidiaries"). TDI also owns one foreign subsidiary.

TDI through DTH and its Operating Subsidiaries operates a chain of retail boutiques and a wholesale and e-commerce business specializing in retro inspired contemporary designs.

ITEM 2 - ADDRESS OF THE ISSUER'S PRINCIPAL EXECUTIVE OFFICES

The Company's headquarters are located at:

980 American Pacific Drive, Suite #100
Henderson, Nevada 89014
Phone (702) 458-1632
Fax (702) 458-3263
www.tatyanadesigns.com

The IR contact is:

Jan Glaser, Co-CEO and Treasurer
Phone (702) 458-1632, Ext 5

ITEM 3 – SECURITY INFORMATION

Trading Symbol: TATD. Trading of our common shares commenced on June 1, 2005 and OTC Markets, Inc. provides quotes and other information at http://www.otcmarkets.com.

Exact Title and Class of Securities Outstanding: Common Stock, par value $.001 (the "Common Stock" or "Common Shares" or "Shares").

CUSIP Number: The CUSIP Number is "8766U 105".

Par or Stated Value and Authorized and Outstanding Shares: TDI is authorized to issue 30,000,000 shares of capital stock, $0.001 par value per share, of which 25,000,000 are designated Common Stock and 5,000,000 are designated Preferred Stock. As of September 30, 2014 a total of 12,365,050 shares of Common Stock were issued and outstanding and held of record by 35 persons of which 1,487,917 such shares were freely tradable. No shares of Preferred Stock are issued or outstanding.

The holders of Common Stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders. Subject to preferences that may be applicable to any Preferred Stock outstanding at the time, the holders of Common Stock are entitled to receive dividends when and if declared by the Board of Directors out of funds legally available therefore. In the event of liquidation, dissolution or winding up, the holders of Common Stock are entitled to share ratably in all assets remaining available for distribution to them after payment of liabilities and after provision has been made for any class of stock with liquidation preferences. The holders of Common Stock as a class have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to the Common Stock as a class. All of the outstanding shares of Common Stock are fully paid and nonassessable.

The Board of Directors is authorized, subject to any limitations prescribed by law, without further stockholder approval, to issue from time to time shares of Preferred Stock in one or more series. Each such series of Preferred Stock shall have such number of shares, designations, powers, preferences, rights, qualifications, limitations and restrictions as shall be determined by the Board of Directors, which may include, among others, dividend rights, voting rights, conversion rights, redemption and sinking fund provisions and liquidation preferences.

Transfer Agent
Transfer Online, Inc., 512 SE Salmon Street, Portland, Oregon 97214 acts as transfer agent and registrar for the Common Stock of TDI. Their telephone number is (503) 227-2950. Transfer Online, Inc. is registered under the Exchange Act and is an SEC approved transfer agent registered under the Exchange Act.

Other Security Information
There are no other restrictions on the transfer of unrestricted shares of the Company's common stock. There have been no trading suspension orders issued by the SEC in the past 12 months.

ITEM 4 – ISSUANCE HISTORY

The Company's offerings or issuance of securities during the nine months ended September 30, 2014 are reported in the Company's Supplemental Information statements dated August 1, 2014 and May 4, 2014, each incorporated by reference. The information for prior years is incorporated by reference to Item 4 of the Company's Annual Report for the year ended December 31, 2013 filed on March 28, 2014.

ITEM 5 - FINANCIAL STATEMENTS

Unaudited interim consolidated financial statements for the three and nine months ended September 30, 2014 and 2013 (as restated) are attached immediately following the signature page. The accompanying interim consolidated financial statements were prepared by management.

The Company's audited annual financial statements were included in the Annual Report for year ended December 31, 2013 filed on March 28, 2014.

The Company's general policy is to make available to investors quarterly unaudited financial statements within 45 days of each fiscal quarter and audited statements within 90 days of year end.

ITEM 6 – DESCRIPTION OF THE ISSUER'S BUSINESS, PRODUCTS AND SERVICES

The business information for this Item 6 is incorporated by reference to Item 6 of the Company's Annual Report for the year ended December 31, 2013 filed on March 28, 2014.

Management's Discussion And Analysis Or Plan Of Operation

You should read the following discussion and analysis of our financial condition and results of operations together with unaudited consolidated financial statements and related notes and other financial and operating information included in this report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of our Annual Report for the year ended December 31, 2013 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Historical results are not necessarily indicative of the results to be expected for any future period.

Overview

Tatyana Designs, Inc. ("TDI" or the "Company") and its subsidiary Design Technology Holding, LLC, ("DTH") own one foreign subsidiary and fifteen operating subsidiary LLCs (the "Operating Subsidiaries"). We operate a chain of retail boutiques specializing in retro inspired contemporary designs. We offer retro elegance for the modern woman through a diverse mix of high-quality and attractively priced apparel, jewelry, accessories and gifts. At September 30, 2014 we operated sixteen boutiques located in ten states/provinces along with e-commerce and wholesale divisions.

Weak market conditions resulting from the sluggish economy are having a negative effect on the apparel industry in general and our results specifically. Historically our broad customer base across our channels of distribution has allowed us to continue to grow even in periods of weak retail demand. This has not proved true over the past three quarters and we are now experiencing a decline in same store boutique sales and overall. While we believe the cause of our sales decline is due primarily to external economic conditions including a changing and uncertain retail environment, the more than proportional decline in our operating profits stems from the existing level of fixed cost within the organization weighing against reduced sales. Therefore, unless sales improve it is imperative that we continue to adjust our fixed cost structure to give us the ability to operate profitably in the current business conditions. We are evaluating opportunities to reduce our operating costs including continue to close unprofitable boutiques.

We have incurred losses and negative cash flow from operations for the last four fiscal quarters. Due to the factors above we could continue to incur losses in the future until sales increase or we are able to close unprofitable boutiques or otherwise align sales and operating costs. Until we can regain sustained profitability our ability to continue as a going concern is in doubt and may be dependent upon obtaining additional financing in the future. Our consolidated financial statements do not give effect to any adjustments that would be necessary should we be unable to continue as a going concern and therefore be required to realize our assets and discharge our liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Our business is also subject to a number of additional risks and uncertainties many of which are outside of our control and may adversely affect our business, financial condition, results of operations, cash flows and prospects. These uncertainties and risks include, among others, increases in the cost of raw materials and other inputs used in the production of our merchandise, general economic conditions, the

potential further declines or lack of success of the malls and other shopping venues in which our boutiques are located, and increased competition.

Overall Performance and Trends

For the three and nine months ended September 30, 2014 we generated $3.25 million and $9.63 million in revenues respectively, with 8% and 6% respectively from its e-commerce channels. We believe that a higher percentage of overall revenues will be generated online in future quarters as we implement a strategic e-commerce marketing campaign.

During the period, we launched our first Canadian based boutique in the high-profile fashion district of Toronto. The remaining U.S. based boutiques produced mixed results. We continue to analyze each boutiques performance to ensure we are achieving desired results.

The rate of change in the retail industry has been brisk, fueled by the changes in consumer buying behavior moving from traditional bricks & mortar to online and mobile has continued to reshape the retail landscape and especially businesses in the apparel/fashion sector. We believe the shift in consumer buying habits, primarily, the rapid growth in the use of mobile devices for purchases by consumers has affected traditional bricks and mortar retailers disproportionately.

While we believe the primary cause of our sales decline is due to external economic conditions, including a fast changing and uncertain retail bricks & mortar environment, a more than proportional share of the decline in operating profits stemmed from the existing level of fixed costs weighing against reduced sales.

During the most recent quarter, significant steps were taken to address our fixed cost structure. The primary areas of focus were leases and labor costs. We addressed these items during the quarter by implementing cuts in labor costs at all locations in addition to strategic close-outs of underperforming boutique locations. As of the end of the third quarter, three locations were closed and a cost containment strategy was implemented to better align labor costs with sales performance.

During the fourth quarter we plan to close at least 3 additional locations in order to right size our boutique count in our portfolio as we earmark more of our human, financial and technological resources to support our e-commerce initiatives. Some of these e-commerce initiatives include, but are not limited to, multiple online marketplaces, comparison shopping engines and additional niche domains.

The remaining boutiques in our portfolio, in future quarters, will seek to enhance the customer experience via multiple ‘customer-centric’ initiatives such as the deployment of the our first apps for the Apple iOS and Android platforms, integrated shopping (online/offline) from within boutiques and a high-tech interactive kiosk. This kiosk is intended to complement the unique four-wall boutique offerings by expanding the consumer options to include the entire Tatyana product line.

We believe this multi-channel retailing approach along with a more interactive in-store experience will best serve existing customers while expanding our brand penetration to attract new customers and generate revenue growth to support our operations.

Critical Accounting Policies

Management’s discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements which have been prepared by management without audit in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires estimates and judgments that affect the reported amounts of our assets, liabilities, net sales and expenses, and disclosure of contingent assets and liabilities. Management bases estimates on historical experience and other assumptions we believe to be reasonable given the circumstances and we evaluate these estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

We believe that certain of our critical accounting policies involve a higher degree of judgment and complexity. These policies include revenue recognition, deferred income taxes and inventory valuation.

Restatement of Unaudited 2013 Quarterly Results

We identified errors with respect to capitalization of costs required to get inventory ready for sale for the year ended December 31, 2012 and prior periods. We did not capitalize freight required to transport products from its warehouse to boutiques. Also, we incorrectly reflected certain capitalized inventory costs as temporary timing differences for income tax purposes. These items also affected unaudited results previously reported for the first three quarters of 2013 that have been restated consistent with the audited financial results for 2013. The effect on the first nine months ended September 30, 2013 was to change the previously reported net loss of $29,486 to a restated net income of $139,952.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing are net sales, boutique sales, gross profit, selling, general and administrative expenses and operating income.

Non-GAAP Information

This quarterly report includes below non-GAAP EBITDA and Adjusted EBITDA (adjusted for non-cash deferred rent and non-cash stock compensation) each a non-GAAP financial measure. The Company has reconciled these non-GAAP financial measures with the most directly comparable GAAP financial measures below. The Company believes that these non-GAAP financial measures not only provide its management with comparable financial data for internal financial analysis but also provide meaningful supplemental information to investors. Specifically, these non-GAAP financial measures allow investors to better understand the performance of the Company's business as it grows. The Company's presentation of non-GAAP financial measures should not be construed to imply that its future results will be unaffected by any such adjustments. The Company has provided this information as a means to evaluate the results of its ongoing operations. Other companies in the Company's industry may calculate these items differently than it does. Each of these measures is not a measure of performance under GAAP and should not be considered as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results as reported under GAAP.

Tatyana Designs, Inc.
GAAP to Non-GAAP Reconciliations
(000's omitted)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Reconciliation of net income (loss) to EBITDA:				
Net income (loss)	(855)	5	(2,478)	139
Adjustments:				
Interest	191	9	385	65
Depreciation	42	86	144	115
Taxes	-	15	389	107
EBITDA	(622)	115	(1,560)	426
Reconciliation of net income (loss) to Adjusted EBITDA:				
Net income (loss)	(855)	5	(2,478)	139
Adjustments:				
Interest	191	9	385	65
Depreciation	42	86	144	115
Taxes	-	15	389	107
Stock-based compensation	12	19	38	69
Non-cash increase deferred rent	58	89	150	326
Adjusted EBITDA	(552)	223	(1,372)	821

Segment Information

We determine our operating segments on the same basis used internally to evaluate performance. Our sales result from the operation of boutiques and our e-commerce and wholesale divisions, which have been aggregated into one reportable financial segment. We aggregate our operations in one reportable segment because (i) the merchandise offered at boutique locations and through the e-commerce and wholesale divisions is the same and interchanged at one central distribution facility, (ii) management does not track or segregate costs of operations related to each division and (iii) the merchandise margins are generally comparable. All of our identifiable assets are located in the United States.

The following summarizes net sales by each division for the illustrated periods:

	Three Months Ended September 30,		Per Cent	Nine Months Ended September 30,		Per Cent
	2014	2013	Change	2014	2013	Change
Net sales:						
Boutiques	$2,619,537	$3,212,653	(18.5%)	$7,702,867	$8,488,095	(9.3%)
Wholesale	387,706	728,966	(46.8%)	1,311,832	1,705,015	(23.1%)
E-commerce	243,973	313,457	(22.2%)	617,971	951,040	(35.0%)
	$3,251,216	$4,255,076	(23.6%)	$9,632,670	$11,144,150	(13.6%)

At September 30, 2014 we had sixteen boutiques in ten states/provinces compared to fifteen boutiques at September 30, 2013.

Results of Operations

The following table summarizes key components of our results of operations as a percentage of net sales for the three and nine-month periods ended September 30, 2014 and 2013.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	41.1%	37.3%	33.2%	35.4%
Gross profit	58.9%	62.7%	66.8%	64.6%
Selling, general and administrative expenses	79.1%	62.1%	83.9%	61.9%
Income (loss) from operations	(20.2%)	0.6%	(17.1%)	2.7%
Other expense	6.1%	0.2%	4.6%	0.5%
Income (loss) before income tax expense	(26.3%)	0.4%	(21.7%)	2.2%
Income tax expense	0.0%	0.3%	4.0%	1.0%
Net income (loss)	(26.3%)	0.1%	(25.7%)	1.3%

Although we operated sixteen boutiques at the end of September 2014 compared to fifteen at the end of September 2013, our boutique sales declined overall with same boutique sales also declining. The decline was the result of severe weather factors in the first quarter and weak retail conditions described above. We also experienced declines primarily in wholesale and e-commerce revenues due to the evolution to the Tatyana brand.

Our gross profit percentages vary from quarter to quarter due to a number of factors including styles, purchasing economics, overhead and freight allocations and costs, and selling prices. Selling, general and administrative expenses increased with fixed rent costs and labor related to boutiques being significant costs. We also incurred non-recurring expenses of rebranding our boutiques in connection with our licensing dispute in the first three quarters. The more than proportional decline in our operating profits stems from the existing level of fixed cost within our organization weighing against reduced sales. Therefore, unless sales improve rapidly it is imperative that we adjust our fixed cost structure to give us the ability to operate profitably in the current business conditions. We are evaluating opportunities to reduce our operating costs including closing unprofitable boutiques.

While we expected the first quarter decline was due primarily to weather factors, the continued weakness evidences the impact of a number of factors including continuing weak apparel industry market conditions resulting from the sluggish economy and the changing trends discussed above. We expect overall sales decline for the year and as described above uncertainty as to the timing of our return to profitability.

Based on recent quarterly losses, the challenging retail environment and uncertainty regarding future taxable income we determined that it is more likely than not that the tax benefits associated with our deferred tax assets will not be realized and accordingly incurred a deferred tax expense of $389,000 for the nine months ended September 30, 2014 associated with establishing a valuation allowance for all of our net deferred tax assets.

Liquidity and Capital Resources

Overview. At September 30, 2014 we had cash of $339,605 and our current assets exceeded current liabilities by $1,887,612. Our primary sources of liquidity are cash flows from operations that were negative for the first nine months of 2014. Our primary cash needs are for expenditures in connection with funding normal operations and working capital requirements as well as payments of interest and principal under our debt obligations. The most significant components of our working capital are cash, merchandise inventories, accounts payable, debt and accruals. Our working capital position benefits from the fact that we generally collect cash from sales to customers the day of or, in the case of credit or debit card transactions, within several days of the related sales and we typically have up to 30 days to pay some vendors, other than merchandise which is normally paid upon receipt with certain advance payments or deposits.

In April 2014 we obtained $1.5 million in gross proceeds from the sale of secured convertible notes.

With a continued weak apparel sector as the driving force behind our current year sales decline and significant debt service requirements, we may not have sufficient liquidity and capital resources to meet our operating requirements for the next twelve months. Despite our strategy to reduce our bricks and mortar footprint and the effort to better align our operating costs with sales, we may be further required to seek additional debt or equity financing. If we are unable to secure additional financing at favorable terms, or if such financing is unavailable due to credit market conditions, our financial results could be adversely affected.

Cash Flows. Net cash used by operating activities for the nine months ended September 30, 2014 was $1,498,451. An increase of $821,553 in inventory impacted the use of cash for the period and we funded this increase and our quarterly loss primarily through our convertible note financing and financial institution financing.

Contractual Obligations. At September 30, 2014 we were obligated on $778,322 to financial institutions, $1,800,000 on convertible note financings and $286,992 due to our stockholder. We are obligated under operating leases for approximately $21.2 million at September 30, 2014. Many of these leases have the personal guaranty of our majority stockholders, Ms. Khomyakova and Mr. Glaser.

License Agreements and Related Litigation/Disputes

We were a party to a 4% royalty license agreement commencing in 2006, as amended and restated as of June 30, 2012 with Bettie Page LLC for exclusive use of certain Bettie Page property rights in our stores and by a separate 6% license worldwide for wholesale dresses. In late February 2014 we exchanged

communications with the Bettie Page licensor and we disputed licensors attempted control over licensed retail operations and licensor disputed our payment of royalties. On March 3, 2014 two of our subsidiaries were served with a complaint by the licensor in Hamilton Superior Court (Indiana) claiming back royalties, termination of use of the brand and other damages. This case was moved to Federal District court in March 2014. Also in March 2014 we were served with an Arbitration proceeding on the wholesale license demanding certain royalty payments. In May 2014 we were served with additional related litigation now in Federal District court and we have filed for dismissal of this additional litigation. We believe these were unlawful terminations and that licensor claims and litigation are without merit and we intend to defend against them vigorously and consider all appropriate counterclaims. In May 2014 we filed an arbitration response and claim alleging fraud, negligent misrepresentation, deceptive trade and other claims.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial. We cannot assure you, however, that the results of operations and financial condition in future periods will not be materially impacted by inflation.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings or other relationships with unconsolidated entities or other persons.

Risk Factors

OUR SECURITIES INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THOSE RISK FACTORS INHERENT IN AND AFFECTING THE BUSINESS OF THE COMPANY BEFORE MAKING AN INVESTMENT DECISION.

You should review the "Risk Factors" section of our Annual Report for the year ended December 31, 2013 filed on March 28, 2014 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Historical results are not necessarily indicative of the results to be expected for any future period.

The inability to successfully adapt to new industry conditions could adversely affect our financial position and results of operations. In response to our recent financial performance and results of operations, as well as our near-term view of apparel market conditions, we are seeking to reduce our costs, including closing certain boutiques. In addition, we are currently evaluating other strategic initiatives focused on improving net profitability in the face of continued marketplace weakness. The failure or inability to carry out cost reduction initiatives, any unexpected increases in our costs, or the failure to achieve cost savings or other financial or performance benefits could have a material adverse effect on our financial position or results of operations.

We have incurred losses and negative cash flow from operations for the last three fiscal quarters. Due to the factors described herein we could continue to incur losses in the future until sales increase or we are able to close unprofitable boutiques or otherwise align sales and operating costs. Until we can regain sustained profitability our ability to continue as a going concern is in doubt and may be dependent upon obtaining additional financing in the future.

ITEM 7 - DESCRIPTION OF THE ISSUER'S FACILITIES

The information for this Item is incorporated by reference to Item 7 of the Company's Annual Report for the year ended December 31, 2013 filed on March 28, 2014. From time to time we sign leases on new boutique locations or close boutiques in the course of our business operations.

ITEM 8 - OFFICERS, DIRECTORS AND CONTROL PERSONS

The information for this Item is incorporated by reference to Item 8 of the Company's Annual Report for the year ended December 31, 2013 filed on March 28, 2014. On April 2, 2014 the Company increased the size of its Board of Directors from three to five and appointed retail industry veteran Sam Battistone to the Board of Directors with one vacancy. See our quarterly report for March 31, 2014 filed on May 27, 2014.

ITEM 9 – THIRD PARTY PROVIDERS

1. Counsel – Law Offices of Troy C. Sugg
   19100 Von Karman Avenue, Suite 400
   Irvine, California 92612
   949.260.9548
2. Auditor – Eide Bailly LLP
   5 Triad Center, Suite 750
   Salt Lake City, Utah 84180
   801.532.2200
   manderson@hbmcpas.com
3. Investor Relations Consultant – Not applicable
4. Other – Sunrise Capital, Inc., through its principal James A. Barnes, assisted the Company in the preparation of this disclosure statement. Their address is 8617 Canyon View Drive, Las Vegas, NV 89117, (702) 254-5697.

ITEM 10 ISSUER'S CERTIFICATIONS

I, Jan Glaser (Treasurer and Co-CEO), certify that:

1. I have reviewed this quarterly disclosure statement of Tatyana Designs, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 26, 2014
BY: /s/ JAN GLASER
Jan Glaser, Co-CEO and Treasurer
(Principal Financial Officer)

I, Tatyana Khomyakova (Co-CEO), certify that:

1. I have reviewed this quarterly disclosure statement of Tatyana Designs, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 26, 2014
BY: /s/ TATYANA KHOMYAKOVA
Tatyana Khomyakova, Co-CEO and President
(Principal Executive Officer)

TATYANA DESIGNS, INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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TATYANA DESIGNS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash	$339,605	$683,124
Inventories - net	3,146,760	2,575,877
Inventory deposits	184,811	237,468
Accounts receivable	52,748	77,129
Accounts receivable - related party	1,642	-
Prepaid expenses	313,085	23,899
Total current assets	4,038,651	3,597,497
Property and equipment, net	818,314	697,566
Deferred income taxes	-	409,000
Deposits and prepaids	672,423	443,479
	$5,529,388	$5,147,542
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilites		
Accounts payable	$1,031,914	$580,688
Accounts payable - related party	-	38,079
Accrued liabilities	342,981	442,648
Bank debt - current	489,152	201,714
Due to stockholder	286,992	376,103
Total current liabilities	2,151,039	1,639,232
Deferred rents	1,229,162	1,079,636
Bank debt - long term	289,168	472,377
10% Secured convertible note, less $527,395 for debt discount	972,605	
6% Subordinated convertible notes	300,000	300,000
Total liabilities	4,941,974	3,491,245
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, authorized 5,000,000 shares, none issued and outstanding	-	-
Common stock, $0.001 par value, authorized 25,000,000 shares, 12,365,050 and 12,185,050 shares issued and outstanding each period, respectively	12,365	12,185
Additional paid-in capital	3,020,702	1,611,268
Retained earnings	(2,445,653)	32,844
Total stockholders' equity	587,414	1,656,297
	$5,529,388	$5,147,542

See notes to interim consolidated financial statements.

TATYANA DESIGNS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Net sales	$3,251,416	$4,255,076	$9,632,870	$11,144,150
Cost of goods sold	1,335,600	1,586,660	3,197,037	3,946,981
Gross profit	1,915,816	2,668,416	6,435,833	7,197,169
Selling, general and administrative expenses	2,572,048	2,640,400	8,079,809	6,897,209
Income (loss) from operations	(656,232)	28,016	(1,643,976)	299,960
Other (income) expense				
Other expense (income)	8,034	-	60,388	(12,358)
Interest expense - non cash	132,209	-	260,105	
Interest expense	59,021	8,664	125,028	65,366
	199,264	8,664	445,521	53,008
Income (loss) before income tax expense	(855,496)	19,352	(2,089,497)	246,952
Income tax expense	-	14,800	389,000	107,000
Net income (loss)	$ (855,496)	$4,552	$ (2,478,497)	$139,952
Basic earnings per common share	$ (0.07)	$0.00	$ (0.20)	$0.01
Diluted earnings per common share	$ (0.07)	$0.00	$ (0.20)	$0.01
Weighted average shares outstanding:				
Basic shares	12,333,746	11,935,050	12,235,160	11,935,050
Diluted shares	12,333,746	11,935,050	12,235,160	11,935,050

See notes to interim consolidated financial statements.

TATYANA DESIGNS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2014	**2013**
Operating activities		
Net income (loss)	$ (2,478,497)	$139,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	143,903	114,673
Share-based compensation	38,003	69,132
Non-cash interest from debt discount amortization	260,105	-
Non-cash consulting fees	119,595	-
Inventory obsolescence reserve	303,327	-
Loss on disposal of fixed assets	58,035	-
Deferred taxes	409,000	(167,000)
Changes in assets and liabilities:		
(Increase) in inventories and deposits	(821,553)	182,019
(Increase) decrease in accounts receivable	22,739	(80,543)
(Increase) decrease in prepaid expenses	23,899	(145,893)
(Increase) in deposits and prepaids	(40,013)	(63,167)
Increase (decrease) in accounts payable and accruals	313,480	159,827
Increase in deferred rent	149,526	326,214
Net cash provided by (used by) operating activities	(1,498,451)	535,214
Investing activities		
Purchase of property and equipment	(322,686)	(361,291)
Net cash used by investing activities	(322,686)	(361,291)
Financing activities		
Payments on amounts due stockholder	(89,111)	(84,711)
Proceeds from secured convertible notes	1,500,000	-
Financing fees paid on sale of secured convertible notes	(37,500)	-
Proceeds from bank financing	360,984	195,866
Principal payments on bank financing	(256,755)	(68,045)
Net cash provided by financing activities	1,477,618	43,110
Net increase in cash and equivalents	(343,519)	217,033
Cash, beginning of period	683,124	608,107
Cash, end of period	$339,605	$825,140
Supplemental cash flow information		
Cash paid during the period for interest	$49,195	$17,674
Warrants issued for services	$486,611	$ -
Stock issued for services	$135,000	$ -

See notes to interim consolidated financial statements.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of Business

Tatyana Designs, Inc. ("TDI" or the "Company") and its subsidiary Design Technology Holding, LLC, ("DTH") own one Canadian subsidiary and fifteen other operating subsidiary LLCs (the "Operating Subsidiaries"). The Company operates a chain of retail boutiques specializing in retro inspired contemporary designs. The Company offers retro elegance for the modern woman through a diverse mix of high-quality and attractively priced apparel, jewelry, accessories and gifts. At September 30, 2014 the Company operated 16 boutiques located in nine states and one Canadian province along with e-commerce and wholesale divisions.

Principles of Consolidation and Presentation

The interim consolidated financial statements include the accounts of TDI and its wholly-owned subsidiary holding company DTH and its Operating Subsidiaries. All significant intercompany balances and transactions have been eliminated. Certain amounts previously reported have been reclassified to conform to the current presentation. Quarterly results for the prior year have been restated with respect to identified errors with respect to capitalization of costs required to get inventory ready for sale to be consistent with reported results for the year ended December 31, 2013.

Restatement of Unaudited 2013 Quarterly Results

The Company identified errors with respect to capitalization of costs required to get inventory ready for sale for the year ended December 31, 2012 and prior periods. The Company did not capitalize freight required to transport products from its warehouse to boutiques. Also, the Company incorrectly reflected certain capitalized inventory costs as temporary timing differences for income tax purposes. These items also affected unaudited results for the first three quarters of 2013 and have been restated herein consistent with the audited financial results previously reported for 2013. The effect on the first nine months ended September 30, 2013 was to change the previously reported net loss of $29,486 to a restated net income of $139,952.

Use of Estimates

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments necessary for a fair presentation of the results for the reported periods. Operating results for the three and nine month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year.

Going Concern

The Company has incurred losses and negative cash flow from operations for the last four fiscal quarters. The Company operates in a difficult retail environment in a sluggish economy and could continue to incur losses in the future until sales increase or it is able to close unprofitable boutiques or otherwise align sales and operating costs. The Company closed three boutiques in the third quarter of 2014 as part of its plan to align sales and operating costs and does not expect the costs associated with such closings to be material. The Company plans to close at least three additional boutiques during the fourth quarter.

Until the Company can regain sustained profitability its ability to continue as a going concern is in doubt and may be dependent upon obtaining additional financing in the future. These consolidated financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

Beneficial Conversion Features and Offering Costs

From time to time, the Company may issue convertible debt that may have conversion prices that create an embedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible liability is issued when the fair value of the underlying common stock to which the liability is convertible into is in excess of the face value of the liability. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a discount on the liability with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the related debt on a straight line basis which is not materially different from the results obtained using the effective interest method. Costs related to the issuance of debt are capitalized and amortized to interest expense over the life of the related debt on a straight line basis which is not materially different from the results obtained using the effective interest method.

Classification of Warrants

The Company accounts for warrants as either equity or liabilities based upon the characteristics and provisions of each particular instrument. Warrants valued and classified as equity are recorded as additional paid-in capital on the Company's balance sheet and no further adjustment to valuation is made.

Financial Instruments

At September 30, 2014, there was no difference between the carrying values of the Company's cash equivalents and fair market value. For certain financial instruments, including accounts payable and accrued expenses, the carrying amounts approximate fair value due to their relatively short maturities.

The Company does not have any financial assets and liabilities that are measured at fair value on a recurring basis.

Foreign Currency

The functional currency of the Company's new Canadian subsidiary is the local currency. The assets and liabilities of the subsidiary, therefore, are translated into U.S. dollars at exchange rates in effect at each consolidated balance sheet date. Revenues and expense accounts are translated at average monthly exchange rates during the period. Translation adjustments are accumulated as a separate component of accumulated other comprehensive income (loss) within stockholders' equity and were not material at September 30, 2014.

Income Taxes

The Company calculates its interim tax provision in accordance with the guidance for accounting for income taxes in interim periods. The Company recognizes a liability or asset for the deferred tax consequences of temporary differences between the tax basis of assets or liabilities and their reported amounts in the financial statements. These temporary differences may result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. The deferred tax assets are reviewed periodically for recoverability and a valuation allowance is provided whenever it is more likely than not that a deferred tax asset will not be realized.

Based on recent quarterly losses, the challenging retail environment, uncertainty regarding future taxable income and the components of the deferred tax asset in accordance with applicable accounting guidance at June 30, 2014, it was determined that it is more likely than not that the tax benefits associated with the remaining components of the deferred tax assets will not be realized. This determination was made based on the lack of recovery of results in the second quarter and taxable losses in the current year, which cause uncertainty as to whether the Company will generate sufficient taxable income to use the deferred tax assets prior to expiration. Accordingly, a valuation allowance was established to fully offset the value of the deferred tax assets at June 30 and also at September 30, 2014. The Company's ability to realize the tax benefits associated with the deferred tax assets depends primarily upon the timing of future taxable income and the expiration dates of the components of the deferred tax assets. If sufficient future taxable income is generated, the Company may be able to offset a portion of future tax expenses.

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the new guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results." Under current U.S. GAAP, many disposals, some of which may be routine in nature and not a change in an entity's strategy, are reported in discontinued operations. The new standard applies prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. The amendment is effective for annual reporting periods beginning after December 15, 2014 and interim periods within those annual periods and early adoption is permitted for disposals not previously reported in financial statements. The Company does not believe individual boutique closings require discontinued operations disclosure under the standard. The Company continues to review this standard with respect to future operations.

The Company reviews new accounting standards as issued. Although some of these accounting standards issued or effective after the end of the Company's previous year may be applicable to the Company, it has not identified any standards other than above that it believes merit further discussion.

2. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per common share amounts are calculated using the weighted-average number of common shares outstanding for the period. Diluted earnings per common share amounts are calculated using the weighted-average number of common shares outstanding for the period and include the dilutive impact of stock options using the treasury stock method. Due to losses for the most recent period, options, warrants and convertible debt were antidilutive.

3. INVENTORIES AND INVENTORY DEPOSITS

The Company values merchandise inventory at the lower of cost or market on a weighted-average cost basis. The Company reviews its inventory levels to identify slow-moving merchandise and generally uses promotional markdowns to clear slow-moving merchandise. Each period, the Company evaluates recent selling trends and the related promotional events or pricing strategies in place to sell through the current inventory levels. At September 30, 2014 the Company identified inventory aggregating $303,327 as unsellable as obsolete or damaged recorded as an obsolescence reserve.

The Company advances payments for inventory purchases with such amounts reflected as inventory deposits prior to actual receipt of related inventory.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following:

	September 30, 2014	December 31, 2013
Vehicles	$35,000	$35,000
Computers and equipment	176,991	116,036
Furniture and fixtures	221,877	203,353
Leasehold improvements	1,064,725	906,342
	1,498,593	1,260,731
Less accumulated depreciation	680,279	563,165
	$818,314	$697,566

Depreciation expense was $143,903 and $114,673 for the nine months ended September 30, 2014 and 2013, respectively.

5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	September 30, 2014	December 31, 2013
Payroll and related	$171,649	$170,463
Gift cards	96,130	131,963
Interest	9,674	6,526
Royalties	-	48,431
Income taxes	-	20,000
Sales taxes	65,528	65,265
	$342,981	$442,648

6. DEBT

Bank Debt

In January 2014 a bank line of credit of $395,866 was converted to a term loan and bears interest at 4.8% with monthly principal and interest payment of $9,093 through its term of February 1, 2018. The balance at September 30, 2014 was $347,998. Additional bank term debt of $184,371 at September 30, 2014 bears interest at 3.75% with monthly principal and interest payment of $11,175 through its term of January 31, 2016. The bank debt is secured by substantially all assets of the Company and personally guaranteed by the Company's majority stockholders.

At September 30, 2014 the Company was obligated to a financial institution for $245,951 for credit card processing advances bearing interest at 6%.

10% Secured Convertible Note

In April 2014 the Company sold a $1,500,000 pursuant to a 10% convertible secured promissory note due and payable on October 2, 2015 unless earlier prepaid or converted into common stock with interest payable monthly. The principal is convertible at the option at $1.00 per share of common stock with certain piggyback registration rights. The note is secured by all assets of the Company, but subordinate to existing and certain future bank borrowings and indebtedness of the Company up to $2 million. The note is also guaranteed by the Company's principal shareholder.

The Company determined that the notes conversion price created an embedded beneficial conversion feature valued at $750,000 which along with offering costs of $37,500 is treated as a note discount amortizable over the term of the note. The unamortized balance at September 30, 2014 was $527,395.

6% Subordinated Convertible Notes

The 6% Subordinated Convertible Promissory Notes ("Notes") bear interest of 6% payable each calendar quarter and mature on September 30, 2015 payable in cash unless earlier converted. The Notes are convertible by the holder at $2.00 per share of common stock and are callable for automatic conversion at the Company's option should the closing price of the common stock exceed $6.00 per share for any 20-day trading period.

Future Minimum Debt Payments

Future minimum principal payments on the Company's outstanding bank debt and convertible notes are as follows:

Period	Amount
2014 (3 months)	$ 299,928
2015	2,026,460
2016	123,641
2017	105,512
2018	22,779
	$ 2,578,320

7. STOCKHOLDER OBLIGATION

The Company is obligated to its majority stockholder for a withdrawal for prior taxes. The balance owed at September 30, 2014 $286,992 and is reflected as a current liability due to stockholder on the balance sheet.

8. ISSUANCES OF STOCK AND WARRANTS

In April 2014, the Company entered into a Consulting Agreement with a firm for consulting on management related matters, company structure, strategic planning and other assigned projects in an advisory capacity, including the services of Mr. Sam Battistone, who was appointed as a director of the Company. The term of the consulting agreement is through June 30, 2016. The compensation for the consulting services consists of an equity grant of a warrant to purchase 2,500,000 shares of the Company at $1.50 per share until June 30, 2016 (the "Warrant"). The Company recorded $486,611 as the value of the warrant and is expensing the consulting services over the term of the consulting agreement.

Mr. Battistone has an indirect 22.5% ownership in the consulting firm and the Warrant. The holder of the secured convertible note (Note 6) has an indirect 33.3% ownership in the consulting firm and the Warrant.

In July 2014, the Company entered into a Consulting Services Agreement ("Agreement") with DMG Worldwide Consulting, LLC ("Consultant") to provide financial consulting services. The term of the Agreement is through December 31, 2015. The Company is obligated to pay consulting services of $15,250 per month plus a monthly $625 travel allowance. The Company also issued 180,000 restricted shares of common stock to the Consultant valued at $135,000 and being expensed over the term of the agreement.

9. SHARE-BASED COMPENSATION

On July 9, 2012 the Company adopted the 2012 Stock Option Plan (the "2012 Plan") that became effective upon approval of the Company's stockholders on August 7, 2012. The 2012 Plan authorizes the grant of options to purchase up to 1,200,000 shares of the Company's common stock to directors, officers, employees and consultants. At September 30, 2014 the Company had options on 500,000 shares of common stock outstanding under the 2012 Plan.

The Company uses the Black-Scholes option pricing model to determine the estimated fair value of each option as of its grant date or any revaluation date. These inputs are subjective and generally require significant analysis and judgment to develop. No options were granted during the nine months ended September 30, 2014.

The Company recorded share-based compensation in its statements of operations for the nine months ended September 30, 2014 and 2013 of $38,003 and $69,132, respectively.

As of September 30, 2014 total estimated compensation cost relating to stock options granted but not yet vested was approximately $40,792. This cost is expected to be recognized over the weighted average period of 0.85 years.

The following table summarizes stock option activity for the period:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding December 31, 2013	500,000	$1.25	
Granted	-	-	
Canceled/expired	-	-	
Exercised	-	-	
Outstanding September 30, 2014	500,000	$1.25	$ -
Exercisable September 30, 2014	324,998	$1.21	$ -

Aggregate intrinsic value is based on the price of the Company's common stock on September 30, 2014 of $0.40.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases boutique space and office and distribution space under operating leases expiring in various years through 2023. Certain of the leases provide for additional rent payments to be made when sales exceed a base amount. Certain operating leases provide, for renewal options at the market rate at the time of renewal and other provisions common to retail leases that vary from landlord to landlord. Certain of the Company's leases are guaranteed by two of the Company's officers/directors.

Minimum future rental payments under non-cancellable operating leases as of September 30, 2014, are approximately as follows:

Period	Amount
2014 (3 months)	$ 824,871
2015	3,037,971
2016	2,837,372
2017	2,542,810
2018	2,356,939
Therafter	9,455,200

License Agreements and Related Litigation/Disputes

The Company was a party to a 4% royalty license agreement commencing in 2006, as amended and restated as of June 30, 2012 with Bettie Page LLC for exclusive use of certain Bettie Page property rights in its stores and by a separate 6% license worldwide for wholesale dresses. In late February 2014 the Company exchanged communications with the Bettie Page licensor and the Company disputed licensors attempted control over licensed retail operations and licensor disputed the Company's payment of royalties. On March 3, 2014 two of the Company's subsidiaries were served with a complaint by the licensor in Hamilton Superior Court (Indiana) claiming back royalties, termination of use of the brand and other damages. This case was moved to Federal District court in March 2014. Also in March 2014 the Company was served with an Arbitration proceeding on the wholesale license demanding certain royalty payments. In May 2014 the Company was served with additional related litigation now in Federal District court and has filed for dismissal of this additional litigation. The Company believes these were unlawful terminations and that licensor claims and litigation are without merit and intends to defend against them vigorously and consider all appropriate counterclaims. In May 2014 the Company filed an arbitration response and claim

alleging fraud, negligent misrepresentation, deceptive trade and other claims. As of September 30, 2014, the Company is unable to estimate a possible loss or range of possible gains or losses in regards to these matters; therefore, no litigation amounts have been recorded in the consolidated financial statements.

11. MAJOR SUPPLIERS

The Company relies on a limited number of vendors for a majority of its merchandise. Three vendors accounted for approximately 50%, 20% and 11% of merchandise purchases for the nine months ended September 30, 2014. If the Company is required to change suppliers or if merchandise shortages occur, or quality problems arise, then shipping schedules could be significantly delayed, revenues could be reduced and/or costs significantly increased, which could in turn have a material adverse effect on the Company's financial condition, results of operation and cash flows.

12. SEGMENT REPORTING

The Company determines its operating segments on the same basis used internally to evaluate performance. The Company's sales result from the operation of boutiques and the e-commerce and wholesale divisions, which have been aggregated into one reportable financial segment. The Company aggregates its operations in one reportable segment because (i) the merchandise offered at boutique locations and through the e-commerce and wholesale divisions is the same and interchanged at one central distribution facility, (ii) management does not track or segregate costs of operations related to each division and (iii) the merchandise margins are comparable. Substantially all of the Company's identifiable assets are located in the United States and the Company only recently opened its first boutique outside the United States in Canada.

The following summarizes net sales by each division:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	**2013**	**2014**	**2013**
Net sales:				
Boutiques	$2,619,537	$3,212,653	$7,702,867	$8,488,095
Wholesale	387,706	728,966	1,311,832	1,705,015
E-commerce	243,973	313,457	617,971	951,040
	$3,251,216	$4,255,076	$9,632,670	$11,144,150