

■ Silvano Fashion Group ■



Silvano Fashion Group AS

Consolidated Interim Financial Report for Q4 and 12 months of 2016 (unaudited)

Beginning of the reporting period	1 January 2016
End of the reporting period	31 December 2016
Business name	Silvano Fashion Group AS
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
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E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	PricewaterhouseCoopers AS

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Management Report

General information about Silvano Fashion Group AS

Silvano Fashion Group AS (hereinafter “the Group”) is a holding company that controls group of enterprises involved in the design, manufacturing, wholesale, franchise and retail sales of ladies lingerie. The Group’s income is generated by sales of Milavitsa, Alisee, Aveline, Lauma Lingerie, Laumelle and Hidalgo branded products through wholesales channel, franchised sales and own retail operated via Milavitsa and Lauma Lingerie retail stores. Key sales markets for the Group are Russia, Belarus, Ukraine, other CIS countries and the Baltics.

The parent company of the Group is Silvano Fashion Group AS (hereinafter “the Parent company”), which is domiciled in Estonia. Silvano Fashion Group AS registered address is Tulika 15/17, Tallinn, Estonia.

The shares of Silvano Fashion Group AS are listed on the Nasdaq OMX Tallinn Stock Exchange and on the Warsaw Stock Exchange.

As of 31 December 2016 the Group employed 2 163 people (as of 31 December 2015: 2 045 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.12.2016	Ownership interest 31.12.2015
Parent company				
Silvano Fashion Group AS	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
Silvano Fashion ZAO	Russia	Retail and Wholesale	100%	100%
Silvano Fashion OOO	Belarus	Retail and wholesale	100%	100%
Silvano Fashion TOV	Ukraine	Wholesale	100%	100%
Silvano Fashion SIA	Latvia	Retail	100%	100%
Milavitsa SP ZAO	Belarus	Manufacturing and wholesale	84.92%	84.91%
Yunona OAO	Belarus	Manufacturing and wholesale	58.33%	58.33%
Gimil OOO	Belarus	Manufacturing and wholesale	100%	100%
Lauma Lingerie AS	Latvia	Manufacturing and wholesale	100%	100%
France Style Lingerie SARL	France	Holding	0%	100%
Alisee SARL	Monaco	Holding	99%	99%
Stolichnaja Torgovaja Kompanija “Milavitsa” ZAO	Russia	Holding	100%	100%
Baltsped logistik OOO	Belarus	Logistics	50%	50%

Business environment and results

The Group's sales amounted to 57 892 thousand EUR during 12 months of 2016, representing a 11.3% decrease as compared to the same period of previous year. The Group's gross profit during 12 months of 2016 amounted to 31 559 thousand EUR and increased by 3.4% compared to previous year. Gross margin during 12 months of 2016 continued to improve increasing to 54.5% from 46.8% in the respective period of previous year.

Consolidated operating profit for 12 months of 2016 increased by 24.6% to 17 594 thousand EUR, compared to 14 125 thousand EUR in 12 months of 2015. Consolidated EBITDA for 12 months of 2016 increased by 16.9% and was 19 428 thousand EUR, compared to 16 620 thousand EUR in 12 months of 2015.

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2016 decreased by 7.4% and amounted to 8 974 thousand EUR, compared to net profit of 9 689 thousand EUR in 12 months of 2015.

Group's results for 12 months of 2016 were defined by continued challenges in economies of its major sales markets – Russia, Belarus and Ukraine and the Group didn't achieve growth rate of sales compared to 12 months of 2015. Previously undermined by devaluations and high inflation rates purchasing power in region's countries remains low, therefore it is hard to see some kind of relatively fast recovery in growth rates of economies under discussion.

Over the year the Group managed to control cost prices and pricing overall and gross margin in 12 months of 2016 is up to 54.5% from 46.8% in 2015. During the year the Group succeeded to cut its production, commercial and administrative expenses. Compared to 12 months of 2016 commercial expenses increased by 0.3% and administrative expenses diminished by 21.4%. Personnel expenses decreased 17.0%; total number of employees compared to the end of 12 months of 2016 increased by 5.8%.

Russian statistics were somewhat improving compared to 2015. The preliminary full-year estimate is consistent with the idea that the economy emerged from recession in the final quarter of 2016 and suggests that GDP contracted just 0.2% in 2016. Last year's GDP figure benefited from a softer deterioration in domestic demand, prompted by a slower contraction in both private consumption (2016: -5.0%; 2015: -9.8%) and government spending (2016: -0.3%; 2015: -3.1%). In addition, total investment grew 3.3% in 2016, contrasting the massive 13.0% plunge in 2015. The consumer prices (CPI) increased 7.1% in y-o-y basis. Russian economy is starting to adapt to new reality, but purchasing power of population in real terms is still low, real income stayed close to last year level (+0.6%). Retail sales in Russian market decreased in y-o-y basis by 5.2%.

Group's sales on Russian market totalled 31 884 thousand EUR, decline is 7.6% compared to 12 months of 2015. In local currency sales grew by 4.1% during 12 months. Group's Russian subsidiary opened 5 stores in Q4 of 2016, total 21 stores were opened in 2016. The Group will continue opening own stores. In addition to growing sales opportunity and better control of the market this allows further developing of retail concept of Group's brands to make it more attractive for us and our franchise partners.

Belarusian economy at the moment isn't demonstrating signs of stabilisation yet. In 2016, GDP in Belarus decreased 2.6%. The second consecutive annual contraction was thus softer than in 2015, when the economy decreased by 3.9%. The available indicators show a mixed picture of the economy. While industrial production improved from a 6.6% decrease in full year 2015 to a moderate 0.4% decline in 2016, retail sales contracted at a sharper rate in the last quarter of the year compared to the previous quarter and for 2016 as a whole retail sales fell 2.3%, down from a 0.2% expansion in 2015. The month-on-month variation in the core consumer price index increased to 1.1% in December from 0.7% in November. Annual average inflation was 11.8% in December, below November's 12.0% and also a multi-year low.

Group's sales in Belarus in 12 months of 2016 were 17 571 thousand EUR and diminishing by 15.9% compared to 12 months of 2015. Sales in local currency grew by 5.1% at the same period. In Belarus the Group will focus on improving profitability of its retail business, we will also continue to expand our store chain there depending on availability of reasonably priced sales areas.

Ukraine economic recovery is expected to be slow and fragile. Recent economic indicators show that the economy continues to grow on a modest trajectory. Industrial production expanded at the fastest pace in nine months in December, and GDP growth accelerated in Q3. In December, consumer prices in Ukraine rose 0.9% from the previous month, after November's 1.8% increase. December's reading marked a four-month low. Inflation edged up from November's 12.1% to end the year at 12.4%. Although price pressures have picked up recently due to adjustments in gas prices, inflation remains significantly lower than 2015's year-end result of 43.3%. Annual average inflation continued to ease, falling from 17.5% in November to 14.9% in December.

Group's sales in Ukraine in 12 months of 2016 reached the level of 1660 thousand EUR, which is 19.4% less than previous year. Sales in local currency decreased by 3.5% during same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 88.4% of its total sales. Measured in local currencies sales growth was accordingly 4.1% in Russia and 5.1% in Belarus. In Ukraine sales in local currency declined 3.5%.

	12m 2016	12m 2015	Change	Change, %
Russia, th RUB	2 349 449	2 257 664	91 785	4,1%
Belarus, th BYN	38 656	36 775	1 881	5,1%
Ukraine, th UAH	47 370	49 094	-1 724	-3,5%

Group sales results by markets measured in EUR are presented below:

in thousands of EUR	12m 2016	12m 2015	Change, EUR	Change, %	12m 2016, % of sales	12m 2015, % of sales
Russia	31 884	34 507	-2 623	-7,6%	55,1%	52,9%
Belarus	17 571	20 895	-3 324	-15,9%	30,4%	32,0%
Ukraine	1 660	2 060	-400	-19,4%	2,9%	3,2%
Baltics	1 399	1 832	-433	-23,7%	2,4%	2,8%
Other markets	5 378	5 960	-582	-9,8%	9,2%	9,1%
Total	57 892	65 254	-7 362	-11,3%	100,0%	100,0%

The majority of lingerie sales revenue during 12 months of 2016 in the amount of 31 884 thousand EUR was generated in Russia, accounting for 55.1% of total sales. The share of Russian market grew by 2.2 pp. The second largest market was Belarus, where sales reached to 17 571 thousand EUR, contributing 30.4% of lingerie sales (both retail and wholesale).

Sales by business segments

in thousands of EUR	12m 2016	12m 2015	Change, EUR	Change, %	12m 2016, % of sales	12m 2015, % of sales
Wholesale	42 066	49 488	-7 422	-15,0%	72,7%	75,8%
Retail	15 724	15 712	12	0,1%	27,2%	24,1%
Other operations	102	54	48	89,7%	0,1%	0,1%
Total	57 892	65 254	-7 362	-11,3%	100,0%	100,0%

During 12 months of 2016 wholesale revenue decreased by 15.0% and amounted to 42 066 thousand EUR, representing 72.7% of the Group's total revenue (12 months of 2015: 75.8%). The share of wholesale decreased by 3.1 pp during the year 2016. The main wholesale regions were Russia, Belarus and Ukraine.

Group's retail revenue increased by 0.1% and amounted to 15 724 thousand EUR, this represents 27.2% of the Group's total revenue.

Own & franchise store locations by countries

	Own	Franchise	Total
Russia	27	379	406
Ukraine	0	50	50
Belarus	58	9	67
Baltics	8	26	34
Other regions	0	123	123
Total	93	587	680

At the end of the reporting period the Group and its franchising partners operated 631 Milavitsa and 49 Lauma Lingerie branded stores, including 93 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2016 compared to 12 months of 2015 and 31.12.2016 compared to 31.12.2015 were as follows:

in thousands of EUR	12m 2016	12m 2015	Change
Revenue	57 892	65 254	-11,3%
EBITDA	19 428	16 620	16,9%
Net profit for the period	8 947	10 620	-15,8%
Net profit attributable equity holders of the Parent company	8 974	9 689	-7,4%
Earnings per share (EUR)	0,24	0,26	-5,0%
Operating cash flow for the period	13 208	16 409	-19,5%

in thousands of EUR	31.12.2016	31.12.2015	Change
Total assets	56 145	53 635	4,7%
Total current assets	42 670	40 870	4,4%
Total equity attributable to equity holders of the Parent company	43 402	40 194	8,0%
Cash and cash equivalents	22 303	21 274	4,8%

Margin analysis, %	12m 2016	12m 2015	Change
Gross profit	54,5	46,8	16,6%
EBITDA	33,6	25,5	31,8%
Net profit	15,45	16,3	-5,0%
Net profit attributable equity holders of the Parent company	15,5	14,8	4,4%

Financial ratios, %	31.12.2016	31.12.2015	Change
ROA	16,0	17,4	-8,0%
ROE	21,3	23,7	-10,2%
Price to earnings ratio (P/E)	12,2	5,0	143,4%
Current ratio	4,9	4,2	15,1%
Quick ratio	3,0	2,6	14,9%

Underlying formulas:

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

Gross profit margin = gross profit / revenue

EBITDA margin = EBITDA / revenue

Net profit margin = net profit / revenue

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

ROA (return on assets) = net profit attributable to owners of the Company for the last 4 quarters/ average total assets

ROE (return on equity) = net profit attributable to owners of the Company for the last 4 quarters/ average equity attributable to equity holders of the Company

EPS (earnings per share) = net profit attributable to owners of the Company/ weighted average number of ordinary shares

Price to earnings ratio = Share price at the end of reporting period/earnings per share, calculated based on the net profit attributable to owners of the Company for the last 4 quarters

Current ratio = current assets / current liabilities

Quick ratio = (current assets – inventories) / current liabilities

Financial performance

The Group's sales amounted to 57 892 thousand EUR during 12 months of 2016, representing a 11.3% decrease as compared to the same period of previous year. Overall, wholesales decreased by 15.0% and retail sales increased by 0.1%, measured in EUR.

The Group's gross profit during 12 months of 2016 amounted to 31 559 thousand EUR and increased by 3.4% compared to previous year. The gross margin during 12 months of 2016 continued to improve increasing to 54.5%, from 46.8% in the respective period of previous year.

Consolidated operating profit for 12 months of 2016 amounted to 17 594 thousand EUR, compared to 14 125 thousand EUR in 12 months of 2015, increase 24.6%. The consolidated operating profit margin was 30.4% for 12 months of 2016 (21.6% in 12 months of 2015). Consolidated EBITDA for 12 months of 2016 increased by 16.9% and amounted to 19 428 thousand EUR, which is 33.6% in margin terms (16 620 thousand EUR and 25.5% for 12 months of 2015).

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2016 amounted to 8 974 thousand EUR, compared to net profit of 9 689 thousand EUR in 12 months of 2015, net profit margin attributable to equity holders of the Parent company for 12 months of 2016 was 15.5% against 16.3% in 12 months of 2015.

Financial position

As of 31 December 2016 consolidated assets amounted to 56 145 thousand EUR representing an increased by 4.7% as compared to the position as of 31 December 2015.

Trade and other receivables increased by 41 thousand EUR as compared to 31 December 2015 and amounted to 4 161 thousand EUR as of 31 December 2016. Inventory balance increased by 717 thousand EUR and amounted to 16 187 thousand EUR as of 31 December 2016.

Equity attributable to equity holders of the Parent company increased by 3 208 thousand EUR and amounted to 43 102 thousand EUR as of 31 December 2016. Current liabilities decreased by 895 thousand EUR during 12 months of 2016.

Investments

During 12 months of 2016 the Group's investments into property, plant and equipment totalled 888 thousand EUR. Investments were made mainly into opening and renovating own stores, as well into equipment and facilities to maintain effective production for future periods.

Personnel

As of 31 December 2016, the Group employed 2 163 employees, including 480 people in retail operations. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes during 12 months of 2016 amounted to 11 629 thousand EUR (13 944 thousand EUR in 12 months of 2015). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 811 thousand EUR

Decisions made by governing bodies during 12 months 2016

On June 29, 2016 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted following decisions.

- The Meeting approved the 2015 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.15 EUR per share (record date 13.07.2016, payment completed on 15.07.2016).
- The Meeting decided to re-appoint AS PricewaterhouseCoopers as the Group's auditor for financial year 2016.
- The Meeting decided to cancel the 1 000 000 own shares acquired within the own share buy-back programme as approved by the shareholders of AS Silvano Fashion Group on 29th of June 2015;
- The Meeting decided to adopt a share buy-back program in the following: effective period until 30.06.2017; maximum number of shares to be acquired not more than 1 000 000; maximum share price 2.70 EUR per share.

On August 1, 2016 in connection with expiration of the term of the board member agreement, Mr Aleksei Kadõrko left the company and. Silvano Fashion Group AS Supervisory Board named Ms Kati Kusmin the new board member.

On October 31, 2016, the decrease of share capital of Silvano Fashion Group AS was registered in the Commercial Register based on the resolutions adopted by the General Meeting of Shareholders of the Company held on June 29, 2016. The new registered share capital of the Company is 11 100 000 euros, which is divided into 37 000 000 ordinary shares with nominal value of 0.30 euros per share.

On December 15, 2016 Silvano Fashion Group Extraordinary Meeting of Shareholders decided to distribute additional dividends in the amount 0.10 EUR per share (record date 29.12.2016, payment completed on 30.12.2016).

Shares of Silvano Fashion Group AS

As of 31 December 2016 registered share capital of AS Silvano Fashion Group amounted to 11 100 thousand EUR divided into 37 000 000 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 Nasdaq OMX Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 31 December 2016 AS Silvano Fashion Group had 1 711 shareholders (as of 31 December 2015: 1 851 shareholders).

As of 31 December 2016 shareholders, whose interest in Silvano Fashion Group AS exceeded 5% included:

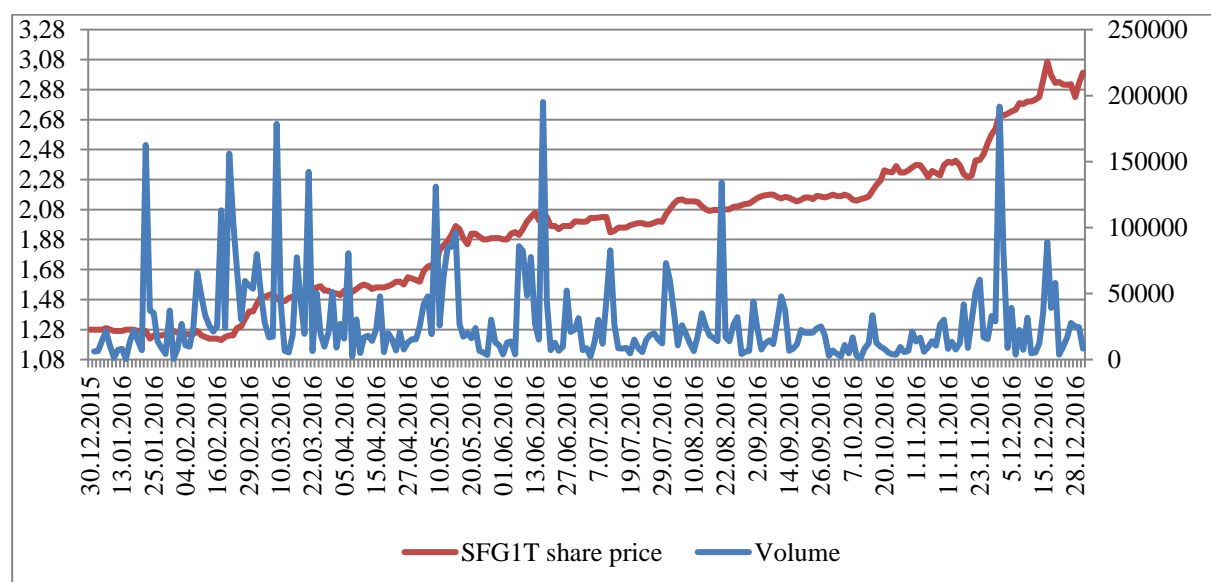
Name	Number of shares	Shareholding
Major shareholders	23 028 325	62.24%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 008 305	24.35%
AS SEB PANK CLIENTS	8 000 000	21.62%
UNICREDIT BANK AUSTRIA AG	3 252 253	8.79%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	2 767 767	7.48%
Other shareholders	13 971 675	37.76%
Total number of shares	37 000 000	100.00%

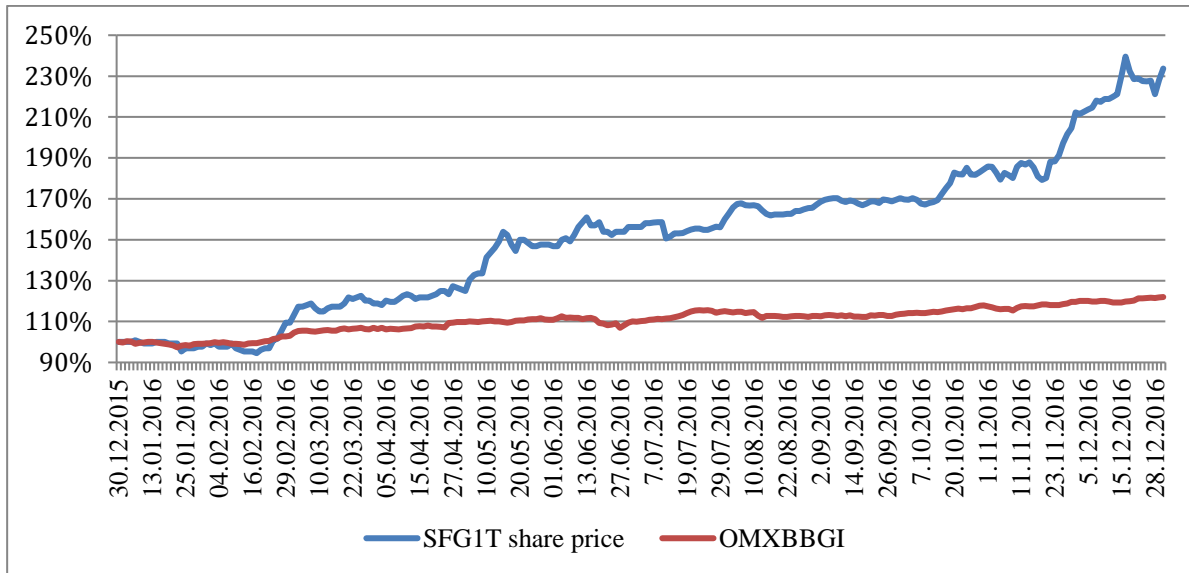
As of 31 December 2015 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	22 311 906	58.72%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	8 003 605	21.06%
AS SEB PANK CLIENTS	8 000 000	21.05%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	3 596 801	9.47%
UNICREDIT BANK AUSTRIA AG	2 711 500	7.14%
Other shareholders	15 688 094	41.28%
Total number of shares	38 000 000	100.00%

Share price development and turnover on the Tallinn Stock Exchange during 12 months of 2016 (EUR)

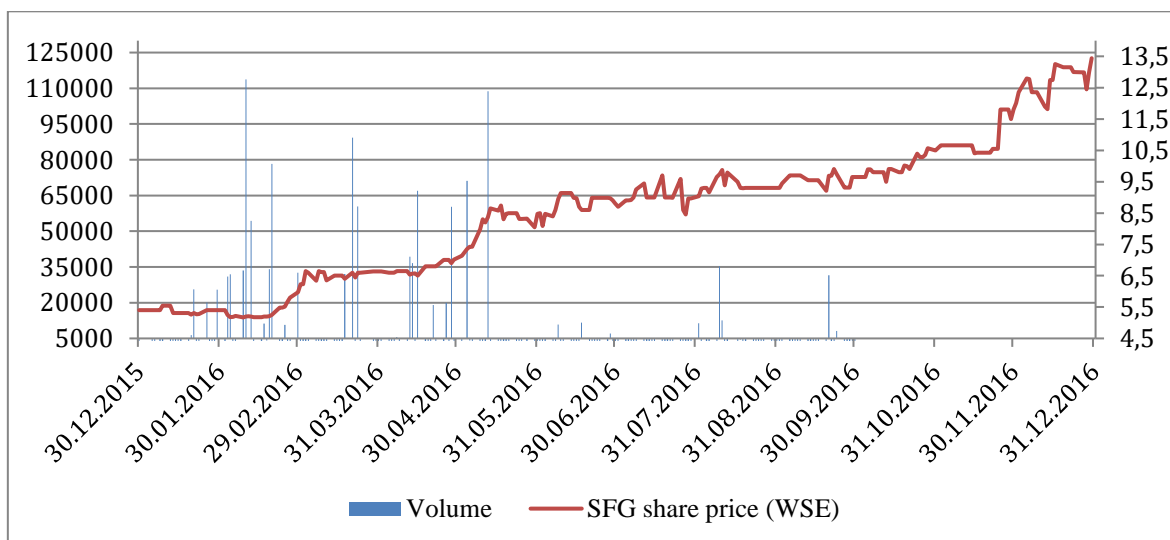
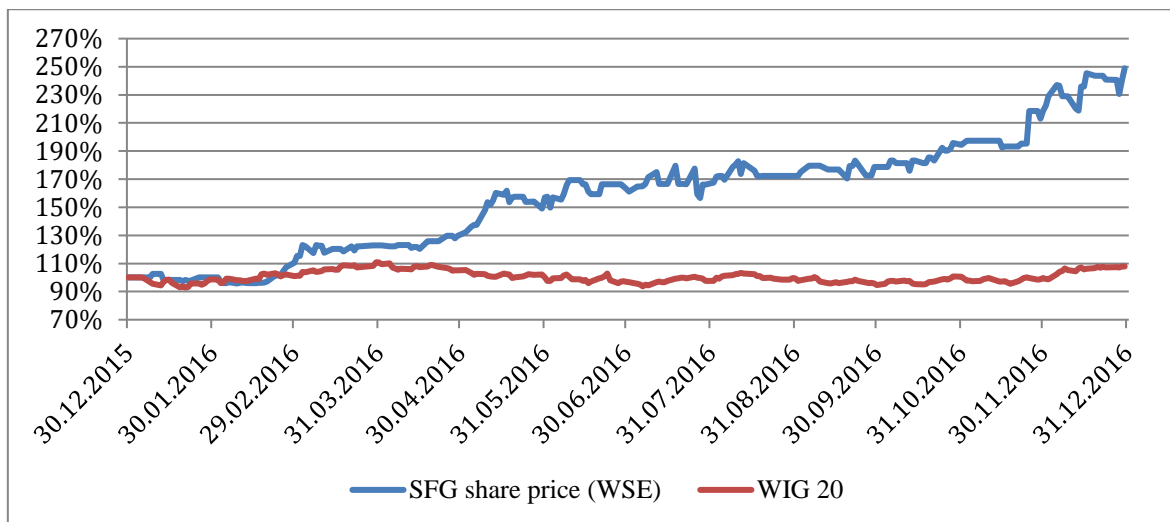
During 12 months of 2016 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 3.12 EUR and 1.21 EUR, respectively.





Share price development on the Warsaw Stock Exchange during 12 months of 2016 (PLN)

During 12 months of 2016, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 13.44 PLN and 5.17 PLN respectively.



Declaration of the Management Board

The Management Board of Silvano Fashion Group AS has reviewed and approved Consolidated Interim Financial Report for Q4 and 12 months of 2016 (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.



Kati Kusmin
Member of the Management Board
February 23, 2017



Jarek Sārgava
Member of the Management Board
February 23, 2017

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2016	31.12.2015
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ASSETS

Current assets

Cash and cash equivalents		22 303	21 274
Current loans granted		19	6
Trade and other receivables	2	4 161	4 120
Inventories	3	16 187	15 470
Total current assets		42 670	40 870

Non-current assets

Investments in associates		19	1
Available-for-sale investments		390	372
Deferred tax asset		1 012	465
Intangible assets		291	443
Investment property		1 091	1 130
Property, plant and equipment	4	10 672	10 354
Total non-current assets		13 475	12 765
TOTAL ASSETS		56 145	53 635

LIABILITIES AND EQUITY

Current liabilities

Trade and other payables	5	6 894	7 985
Tax liabilities		1 857	1 661
Total current liabilities		8 751	9 646

Non-current liabilities

Deferred tax liability		37	13
Total non-current liabilities		37	13
Total liabilities		8 788	9 659

Equity

Share capital	6	11 100	11 400
Share premium		10 787	11 914
Treasury shares	6	-998	-579
Statutory reserve capital		1 306	1 306
Unrealised exchange rate differences		-10 959	-16 238
Retained earnings		32 166	32 391
Total equity attributable to equity holders of the Parent company		43 402	40 194
Non-controlling interest		3 955	3 782
Total equity		47 357	43 976
TOTAL EQUITY AND LIABILITIES		56 145	53 635

Consolidated Income Statement

in thousands of EUR	Note	4Q 2016	4Q 2015	12m 2016	12m 2015
Revenue	8	12 250	13 383	57 892	65 254
Cost of goods sold		-5 987	-6 844	-26 333	-34 737
Gross Profit		6 263	6 539	31 559	30 517
Distribution expenses		-2 743	-2 267	-9 393	-9 362
Administrative expenses		-1 365	-1 354	-4 846	-6 163
Other operating income		1 148	34	1 398	358
Other operating expenses		-335	-371	-1 124	-1 225
Operating profit		2 968	2 581	17 594	14 125
Currency exchange income/(expense)		-2 574	839	-5 094	1 746
Other finance income/(expenses)		5	41	149	374
Net financial income		-2 569	880	-4 945	2 120
Profit (loss) from associates using equity method		22	-80	22	-79
Profit before tax		421	3 381	12 671	16 166
Income tax expense		-855	-1 092	-3 724	-5 546
Profit for the period		-434	2 289	8 947	10 620
Attributable to :					
Equity holders of the Parent company		-143	1 781	8 974	9 689
Non-controlling interest		-291	508	-27	931
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,00	0,05	0,24	0,26

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2016	4Q 2015	12m 2016	12m 2015
Profit for the period		-434	2 289	8 947	10 620
Exchange rate differences attributable to foreign operations		4 698	-6 520	5 499	-11 676
Attributable to :					
Equity holders of the Parent company		4 352	-6 043	5 279	-10 589
Non-controlling interest		346	-477	220	-1 087
Total comprehensive income for the period		4 264	-4 231	14 446	-1 056
Attributable to :					
Equity holders of the Parent company		4 209	-4 262	14 253	-900
Non-controlling interest		55	31	193	-156

Consolidated Statement of Cash Flows

in thousands of EUR	12m 2016	12m 2015
Cash flow from operating activities		
Profit for the period	8 947	10 620
Adjustments for:		
Depreciation and amortization of non-current assets	1 834	2 495
Share of profit of equity accounted investees	-22	79
(Gains)/ losses on the sale of PPE and IA	-32	-1
Net finance income / costs	4 945	-2 120
Provision for impairment losses on trade receivables	4	21
Income tax expense	3 724	5 546
Change in inventories	-1 838	6 509
Change in trade and other receivables	277	2 786
Change in trade and other payables	-1 091	-3 392
Interest paid	-298	0
Income tax paid	-3 242	-6 134
Net cash from operating activities	13 208	16 409
Cash flow from investing activities		
Interest received	123	315
Dividends received	3	2
Proceeds from disposal of property, plant and equipment	36	16
Acquisition of property, plant and equipment	-880	-282
Acquisition of intangible assets	-108	-260
Acquisition of shares of a subsidiary	-3	-282
Net cash used in/from investing activities	-829	-491
Cash flow from financing activities		
Dividends declared	-9 627	-5 970
Acquisition of own shares	-1 846	-1 448
Net cash used in/ from financing activities	-11 473	-7 418
Increase in cash and cash equivalents	906	8 500
Cash and cash equivalents at the beginning of period	21 274	13 308
Effect of exchange rate fluctuations on cash held	123	-534
Cash and cash equivalents at the end of period	22 303	21 274

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 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	-252	-252	-281	-533
Profit for the period	0	0	0	0	0	9 689	9 689	931	10 620
Other comprehensive income for the period	0	0	0	0	-10 589	0	-10 589	-1 087	-11 676
Total comprehensive income for the period	0	0	0	0	-10 589	9 689	-900	-156	-1 056
Transactions with owners, recognised directly in equity									
Dividends paid	0	0	0	0	0	-3 791	-3 791	-2 179	-5 970
Dividends declared and outstanding	0	0	0	0	0	0	0	-535	-535
Change in non-controlling interest	0	0	0	0	0	-170	-170	-330	-500
Cancellation of treasury shares	-300	-1 153	1 453	0	0	0	0	0	0
Purchase of treasury shares	0	0	-1 447	0	0	0	-1 447	0	-1 447
Total transactions with owners, recognised directly in equity	-300	-1 153	6	0	0	-3 961	-5 408	-3 044	-8 452
Balance as at 31 December 2015	11 400	11 914	-579	1 306	-16 238	32 391	40 194	3 782	43 976
Balance as at 31 December 2015	11 400	11 914	-579	1 306	-16 238	32 391	40 194	3 782	43 976
Profit for the period	0	0	0	0	0	8 974	8 974	-27	8 947
Other comprehensive income for the period	0	0	0	0	5 279	0	5 279	220	5 499
Total comprehensive income for the period	0	0	0	0	5 279	8 974	14 253	193	14 446
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	-9 199	-9 199	-21	-9 220
Cancellation of treasury shares	-300	-1 127	1 427	0	0	0	0	0	0
Purchase of treasury shares	0	0	-1 846	0	0	0	-1 846	0	-1 846
Total transactions with owners, recognised directly in equity	-300	-1 127	-419	0	0	-9 199	-11 045	-21	-11 066
Balance as at 31 December 2016	11 100	10 787	-998	1 306	-10 959	32 166	43 402	3 955	47 357

Notes to the Interim Report

Note 1 Summary of significant accounting policies

AS Silvano Fashion Group is a company registered in Estonia. This Interim Report of the Group is prepared for the reporting period ended 31 December 2016 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 Q4 and 12 months of 2016 ended on 31 December 2016 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 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

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 2015 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2016 and that would be expected to have a material impact on the group.

Note 2 Trade and other receivables

in thousands of EUR	31.12.16	31.12.15
Trade receivables from third parties	2 946	3 492
Trade receivables from related parties	97	61
Impairment of receivables	-1 098	-1 052
Tax prepayments	1 525	1 207
Other receivables	691	412
Total	4 161	4 120

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

Note 3 Inventories

in thousands of EUR	31.12.16	31.12.15
Raw and other materials	4 358	3 119
Work in progress	1 158	1 039
Finished goods	10 245	10 743
Other inventories	426	569
Total	16 187	15 470

Note 4 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.2014					
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 12m 2015					
Effect of hyperinflation on opening balances	0	0	-11	0	-11
Additions	0	84	326	164	574
Disposals	0	-1	-13	-1	-15
Reclassifications	3	24	109	-138	-2
Depreciation	-208	-1 489	-454	0	-2 151
Unrealised exchange rate differences	-1 552	-2 652	-337	-10	-4 551
Closing net book amount	3 630	5 718	967	39	10 354
31.12.2015					
Cost	6 060	19 323	4 145	39	29 567
Accumulated depreciation	-2 430	-13 605	-3 178	0	-19 213
Net book amount	3 630	5 718	967	39	10 354
31.12.2015					
Cost	6 060	19 323	4 145	39	29 567
Accumulated depreciation	-2 430	-13 605	-3 178	0	-19 213
Net book amount	3 630	5 718	967	39	10 354
Movements during 12m 2016					
Additions	0	32	427	429	888
Revaluation	442	0	0	0	442
Disposals	0	-1	-3	0	-4
Reclassifications	0	311	124	-435	0
Depreciation	-272	-1 086	-354	0	-1 712
Unrealised exchange rate differences	-13	617	99	1	704
Closing net book amount	3 787	5 591	1 260	34	10 672
31.12.2016					
Cost	6 520	20 187	4 637	34	31 378
Accumulated depreciation	-2 733	-14 596	-3 377	0	-20 706
Net book amount	3 787	5 591	1 260	34	10 672

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2016.

Note 5 Trade and other payables

in thousands of EUR	31.12.16	31.12.15
Trade payables	5 220	6 026
Accrued expenses	567	398
Provisions	58	63
Other payables	1 049	1 498
Total	6 894	7 985

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

Note 6 Equity

Shares

As of 31 December 2016 registered share capital of AS Silvano Fashion Group amounted to 11 100 thousand EUR divided into 37 000 000 shares with a nominal value of 0.30 EUR each (as of 31 December 2015, 11 400 thousand EUR, 38 000 000 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 December 2016 AS Silvano Fashion Group had 1 711 shareholders (as of 31 December 2015 – 1 851 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 12 months of 2016 (12 months of 2015) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2016	12m 2015
Number of ordinary shares at the beginning of the period	38 000	39 000
Effect of own shares held at the beginning of the period	-450	-340
Number of ordinary shares at the end of the period	37 000	38 000
Effect of own shares held at the end of the period	-460	-450
Weighted average number of ordinary shares for the period	36 858	37 810

in thousands of EUR	12m 2016	12m 2015
Profit for the period attributable to equity holders of the Parent company	8 974	9 689
Basic earnings per share (EUR)	0.24	0.26
Diluted earnings per share (EUR)	0.24	0.26

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

Note 8 Revenue

in thousands of EUR	12m 2016	12m 2015
Revenue from wholesale	42 061	49 475
Revenue from retail	15 724	15 712
Subcontracting and services	102	54
Other sales	5	13
Total	57 892	65 254

Note 9 Transactions with related parties

The following parties are considered to be related;

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

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

Sales of goods and services

in thousands of EUR	12m 2016	12m 2015
Associates	915	910
Total	915	910

Balances with related parties

in thousands of EUR	31.12.2016	31.12.2015
Trade receivables from associates	0	61
Total	0	61

Benefits to key management of the group

in thousands of EUR	12m 2016	12m 2015
Remunerations and benefits	811	1 321
Total	811	1 321

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 sells the lingerie through own retail network in Latvia, Belarus and Russia.

There is a strong integration between wholesale and retail segments. 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. Unallocated assets include cash and bank deposits not used in daily operations of either of the segments.

Operating segments 12m 2016

in thousands of EUR

	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	15 724	42 066	57 790	102		57 892
Intersegment revenues	0	37 355	37 355	3 748	-41 103	0
EBITDA	4 672	13 483	18 155	1 273		19 428
Amortization and depreciation	-75	-1 182	-1 257	-577	0	-1 834
Operating income, EBIT	4 597	12 301	16 898	696	0	17 594
Profit from associates using equity method	0	22	22	0	0	22
Net financial income	-88	-2 081	-2 169	-2 776	0	-4 945
Income tax	-566	-2 547	-3 113	-611	0	-3 724
Net profit	3 943	7 695	11 638	-2 691	0	8 947
Investments in associates	0	19	19	0	0	19
Other operating segments assets	3 107	44 010	47 117	9 009	0	56 126
Reportable segments liabilities	355	7 999	8 354	434	0	8 788
Capital expenditures	541	442	983	13	0	996
Number of employees as of reporting date	480	1 679	2 159	4		2 163

Operating segments 12m 2015

in thousands of EUR

	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	15 712	49 488	65 200	54		65 254
Intersegment revenues	0	41 407	41 407	4 879	-46 286	0
EBITDA	2 437	12 997	15 434	1 186		16 620
Amortization and depreciation	-145	-1 500	-1 645	-850	0	-2 495
Operating income, EBIT	2 292	11 497	13 789	336	0	14 125
Profit from associates using equity method	0	-79	-79	0	0	-79
Net financial income	-66	3 255	3 189	-1 069	0	2 120
Income tax	-140	-2 540	-2 680	-2 866	0	-5 546
Net profit	2 086	12 132	14 218	-3 598	0	10 620
Investments in associates	0	1	1	0	0	1
Other operating segments assets	2 638	30 433	33 071	20 563	0	53 634
Reportable segments liabilities	511	8 690	9 201	458	0	9 659
Capital expenditures	32	706	738	90	0	828
Number of employees as of reporting date	361	1 680	2 041	4		2 045

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.

Geographical segments in thousands of EUR	Sales revenue 12m 2016	Sales revenue 12m 2015	Non-current assets 31.12.2016	Non-current assets 31.12.2015
Russia	31 884	34 507	1 196	194
Belarus	17 571	20 895	11 969	12 186
Ukraine	1 660	2 060	1	1
Baltics	1 399	1 832	285	384
Other countries	5 378	5 960	24	0
Total	57 892	65 254	13 475	12 765