



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q4 and 12 months of 2015 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	01 January 2015
End of the reporting period	31 December 2015
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	AS PricewaterhouseCoopers

** This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

Contents

Management Report.....	3
Declaration of the Management Board.....	10
Consolidated Statement of Financial Position.....	11
Consolidated Income Statement.....	12
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Cash Flows.....	13
Consolidated Statement of Changes in Equity	14
Notes to the Interim Report.....	15
Note 1 Summary of significant accounting policies.....	15
Note 2 Trade and other receivables.....	15
Note 3 Inventories	15
Note 4 Property, plant and equipment.....	16
Note 5 Trade and other payables.....	17
Note 6 Equity	17
Note 7 Earnings per share	17
Note 8 Revenue.....	17
Note 9 Transactions with related parties.....	18
Note 10 Operating segments	18

Management Report

General information about AS Silvano Fashion Group

AS Silvano Fashion Group (hereinafter “the Group”) is a holding company that controls group of enterprises involved in the design, manufacturing and marketing of women’s 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, Kazakhstan, other CIS countries and the Baltics.

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

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

As of 31 December 2015, the Group employed 2 045 people (as of 31 December 2014: 2 749 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.12.2015	Ownership interest 31.12.2014
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
ZAO “Silvano Fashion”	Russia	Retail and wholesale	100%	100%
OOO “Silvano Fashion”	Belarus	Retail and wholesale	100%	100%
TOV “Silvano Fashion”	Ukraine	Wholesale	100%	100%
SIA “Silvano Fashion”	Latvia	Retail	100%	100%
SP ZAO “Milavitsa”	Belarus	Manufacturing and wholesale	84.90%	83.73%
OAD “Yunona”	Belarus	Manufacturing and wholesale	58.33%	58.33%
OOO “Gimil”	Belarus	Manufacturing and wholesale	100%	100%
AS “Lauma Lingerie”	Latvia	Manufacturing and wholesale	100%	100%
SARL “France Style Lingerie”	France	Holding	100%	100%
SARL “Alisee”	Monaco	Holding	99%	99%
ZAO “Stolichnaja Torgovaja Kompanija “Milavitsa”	Russia	Holding	100%	100%
OOO “Baltsped logistik”	Belarus	Logistics	50%	50%

Business environment and results

Group's results for 2015 were affected by the crisis in countries of Eastern Europe. Company's major markets shrunk substantially. Purchasing power in region's countries was negatively affected by devaluation of local currencies, high inflation rates, growing unemployment (including latent unemployment) and negative future expectations of consumers. Compared to Group's functional currency, which is EUR, during 2015 Russian rouble devalued by 17%, Belarusian rouble devalued by 41%, Ukrainian hryvnia devalued by 36% and Kazakh tenge by 68%. As a result, lingerie and apparel markets in core markets of the Group shrunk by 30-40% as estimated by industry analysts.

Over the year the Group managed to cut its production, commercial and administrative expenses. Total number and functions of personnel were also optimised.

Russia demonstrated GDP decline of 3.7% in 2015, yearly inflation rate was 12.9%, retail sales in the country contracted by 10% (including contraction of non-food retail by 18.5%), investments were down by 8.4%, salaries in real terms dropped by 9.5%, unemployment rate is 5.8%. This sad statistics is complemented by disastrous beginning of 2016, major analysts predict further diminishing of GDP up to 2% in 2016, drop in retail sales is believed to be 2%. Despite harsh realities successful Russian businesses managed to keep rouble sales on the same level as in 2014 and increased profitability margins. Our immediate target is to restore our rouble sales in Russia to pre-crisis level and continue to grow them.

Our Russian subsidiary opened Cash & Carry warehouse in Moscow in October 2015 with the aim of increasing availability and offer of Group's brands, which suffered during 2015 as our wholesale partners were reluctant or unable to keep required level and quality of inventory stock.

Rental prices in Russian capital came down to a reasonable level which allows us to operate stores profitably. During Q4 2015 the Group opened 5 own stores in Russia in Moscow, in January 2016 6th store was opened in Moscow region. Depending on opportunities the Group will continue opening own stores. In addition to growing sales 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 franchisee retail partners.

Belarusian GDP decreased by 3.9% in 2015, inflation rate was 12%, investments were down by 15.2%, retail sales measured in BYR stagnated (increase by 0.2%), average salary in December 2015 in USD terms diminished by more than 30% compared to December 2014 and comprised 412 USD. Further diminishing of GDP up to 1% in 2016 is predicted. We will continue growing out retail network in Belarus. Until the end of 2015 landlords (especially in Minsk) refused to acknowledge changes in economy and were reluctant to negotiate over more favourable rental terms. But now we are starting to see changes towards greater flexibility, which should allow us to pursue our development goals there.

Ukraine economic data for 2015 is the worst – GDP declined 13%, inflation rate - 43.3%, nominal growth of retail sales (without adjustment for inflation) is only 9%, this means decline in real terms more than 35%. No surprise that Group sales there dropped there by more than 50%. As business climate remains complicated in Ukraine the Group is working towards establishing more productive relationships with partners there urging them to develop Group brands by offering required support in operational activities.

Kazakhstan data for 2015 is better – near zero GDP growth, inflation rate - 13.6%. During 2015 Kazakhstan was best performing market of the Group as government of the country fought declining oil prices and recession of main trading partners, but since August 2015 Kazakhs let tenge afloat, which is a game changer for this market.

Sales structure

Sales by markets

in thousands of EUR	12m 2015	12m 2014	Change, th. EUR	Change, %	12m 2015, % of sales	12m 2014, % of sales
Russia	34 507	55 266	-20 760	-37.6%	52.9%	54.8%
Belarus	20 896	29 982	-9 085	-30.3%	32.0%	29.7%
Ukraine	1 976	4 352	-2 375	-54.6%	3.0%	4.3%
Baltics	1 832	3 146	-1 314	-41.8%	2.8%	3.1%
Kazakhstan	2 940	3 777	-837	-22.2%	4.5%	3.7%
Other markets	3 109	4 345	-1 236	-28.4%	4.8%	4.3%
Total	65 260	100 868	-35 608	-35.3%	100.0%	100.0%

The majority of lingerie sales revenue during 12 months of 2015 in the amount of 34 507 thousand EUR was generated in Russia, accounting for 52.9% of total sales. The second largest market was Belarus, where sales reached 20 896 thousand EUR, contributing 32.0% of lingerie sales (both retail and wholesale). Volumes in

Ukraine decreased significantly to 1 976 thousand EUR, the drop was also remarkable in Kazakhstan, the Other markets and the Baltics.

Sales by business segments

in thousands of EUR	12m 2015	12m 2014	Change, th. EUR	Change, %	12m 2015, % from sales	12m 2014, % from sales
Wholesale	49 494	79 144	-29 650	-37.5%	75.8%	78.5%
Retail	15 712	21 158	-5 446	-25.7%	24.1%	21.0%
Other operations	54	566	-513	-90.5%	0.1%	0.6%
Total	65 260	100 868	-35 609	-35.3%	100.0%	100.0%

During 12 months of 2015 wholesale revenue amounted to 49 494 thousand EUR, representing 75.8% of the Group's total revenue (12 months of 2014: 78.5%). The main wholesale regions were Russia, Belarus, Kazakhstan and Ukraine.

As in any crisis retail sales were more stable and performed better. Retail revenue during 12 months of 2015 amounted to 15 712 thousand EUR, representing 24.1% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	5	387	392
Ukraine	0	93	93
Belarus	56	6	62
Baltics	10	25	35
Kazakhstan	0	58	58
Moldova	0	26	26
Other regions	0	44	44
Total	71	639	710

At the end of the reporting period the Group and its franchising partners operated 660 Milavitsa and 50 Lauma Lingerie branded stores, including 71 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2015 compared to 12 months of 2014 and 31.12.2015 compared to 31.12.2014 were as follows:

in thousands of EUR	12m 2015	12m 2014	Change
Revenue	65 260	100 868	-35.3%
EBITDA	16 659	15 422	8.0%
Net profit for the period	10 939	10 584	3.4%
Net profit attributable equity holders of the Parent company	10 419	9 097	14.5%
Earnings per share (EUR)	0.28	0.23	18.7%
Operating cash flow for the period	15 708	13 355	17.6%

in thousands of EUR	31.12.2015	31.12.2014	Change
Total assets	53 120	67 339	-21.1%
Total current assets	40 453	47 005	-13.9%
Total equity attributable to equity holders of the Parent company	40 995	46 753	-12.3%
Loans and borrowings	0	0	N/A
Cash and cash equivalents	21 274	13 308	59.9%

Margin analysis, %	12m 2015	12m 2014	Change
Gross profit	46.8	36.3	28.9%
EBITDA	25.5	15.3	67.0%
Net profit	16.8	10.5	59.7%
Net profit attributable equity holders of the Parent company	16.0	9.0	77.0%

Financial ratios, %	31.12.2015	31.12.2014	Change
ROA	18.7	11.9	57.1%
ROE	25.4	17.2	47.6%
Price to earnings ratio (P/E)	4.6	5.0	-7.6%
Current ratio	4.6	3.6	28.5%
Quick ratio	2.9	1.6	81.9%

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 65 260 thousand EUR during 12 months of 2015, representing a 35.3% decrease as compared to the same period of previous year. Overall, wholesales decreased by 37.5% and retail sales decreased by 25.7%, measured in EUR.

The Group's reported gross profit margin during 12 months of 2015 continued to improve, increasing year-to-year to 46.8%, reported gross margin was 36.3% in the respective period of previous year. Consolidated operating profit for 12 months of 2015 amounted to 14 161 thousand EUR, compared to 12 377 thousand EUR in 12 months of 2014 (the contribution of the Q4 2015 was 2 617 thousand EUR compared to 1 718 thousand EUR in Q4 2014). The consolidated operating profit margin was 21.7% for 12 months of 2015 (12.3% in 12 months of 2014). Consolidated EBITDA for 12 months of 2015 was 16 659 thousand EUR, which is 25.5% in margin terms (15 422 thousand EUR and 15.3% for 12 months of 2014).

During 12 months of 2015 the Group executed internal restructuring, which will allow us to streamline internal management and intragroup capital allocation. This brought 2.4 million EUR of additional income tax expense. As a result reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2015 amounted to 10 419 thousand EUR, compared to net profit of 9 097 thousand EUR in 12 months of 2014, net profit margin attributable to equity holders of the Parent company for 12 months of 2015 was 16.0% against 9.0% in 12 months of 2014.

Financial position

As of 31 December 2015 consolidated assets amounted to 53 120 thousand EUR representing decrease by 21.1% as compared to the position as of 31 December 2014.

Trade and other receivables decreased by 3 159 thousand EUR as compared to 31 December 2014 and amounted to 3 747 thousand EUR as of 31 December 2015. Inventory balance decreased by 11 036 thousand EUR and amounted to 15 426 thousand EUR as of 31 December 2015.

Equity attributable to equity holders of the Parent company decreased by 5 758 thousand EUR and amounted to 40 995 thousand EUR as of 31 December 2015. Current liabilities decreased by 4 305 thousand EUR during 12 months of 2015.

Production, sourcing, purchasing and logistics

During 12 months of 2015 the Group's investments into property, plant and equipment totalled 574 thousand EUR. Investments were made into equipment and facilities to maintain effective production for future periods.

Personnel

As of 31 December 2015, the Group employed 2 045 employees including 361 in retail. The rest were employed in production, wholesale, administration and support operations.

Total salaries and related taxes during 12 months of 2015 amounted to 14 899 thousand EUR. The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 1 321 thousand EUR.

Decisions made by governing bodies during 12 months 2015

On June 29, 2015 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted following decisions.

- The Meeting approved the 2014 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.10 EUR per share (record date 13.07.2015, payment completed on 15.07.2015).
- The Meeting decided to re-appoint AS PricewaterhouseCoopers as the Group's auditor for financial year 2015.
- 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 30th of June 2014;
- The Meeting decided to adopt a share buy-back program in the following: effective period until 29.06.2016; maximum number of shares to be acquired not more than 1 000 000; maximum share price 2.00 EUR per share.

In Q4 2015 the Group named Jarek Särgava as a new member of the Management Board, he replaced Märt Meerits at this position.

Shares of AS Silvano Fashion Group

As of 31 December 2015 registered share capital of AS Silvano Fashion Group amounted to 11 400 thousand EUR divided into 38 000 000 ordinary shares with a nominal value of 0.30 EUR each. The share register is electronic and maintained at the Estonian Central Register of Securities. The Company has been listed on Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 31 December 2015 AS Silvano Fashion Group had 1 851 shareholders (as of 31 December 2014 – 1 772 shareholders).

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

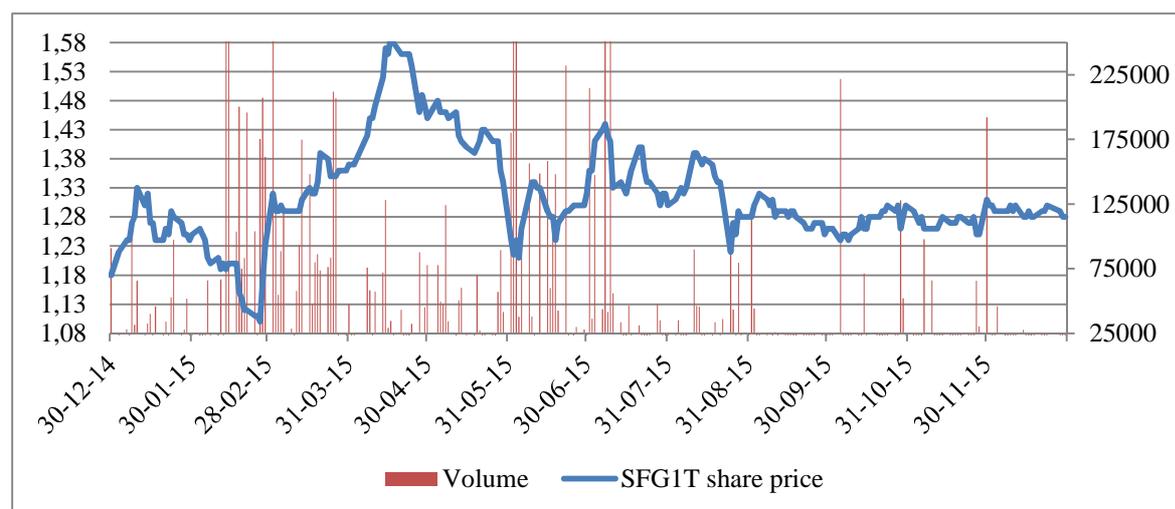
Name	Number of shares	Shareholding
Major shareholders	22 311 906	58.72%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	8 003 605	21.06%
AS SEB PANK CLIENTS	8 000 000	21.05%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	3 596 801	9.47%
UNICREDIT BANK AUSTRIA AG	2 711 500	7.14%
Other shareholders	15 688 094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

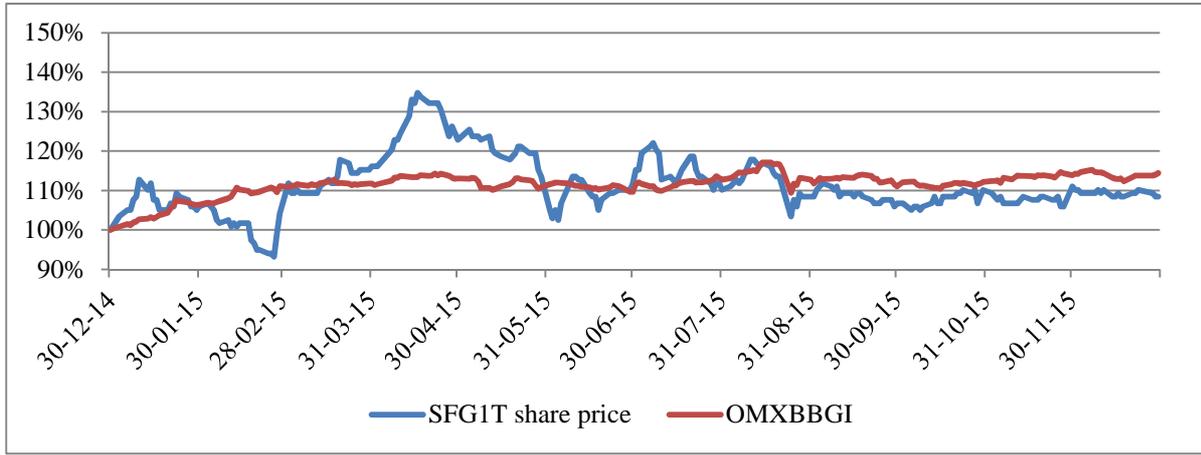
As of 31 December 2014 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

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

Share price development and turnover on the Tallinn Stock Exchange during 12 months 2015 (EUR)

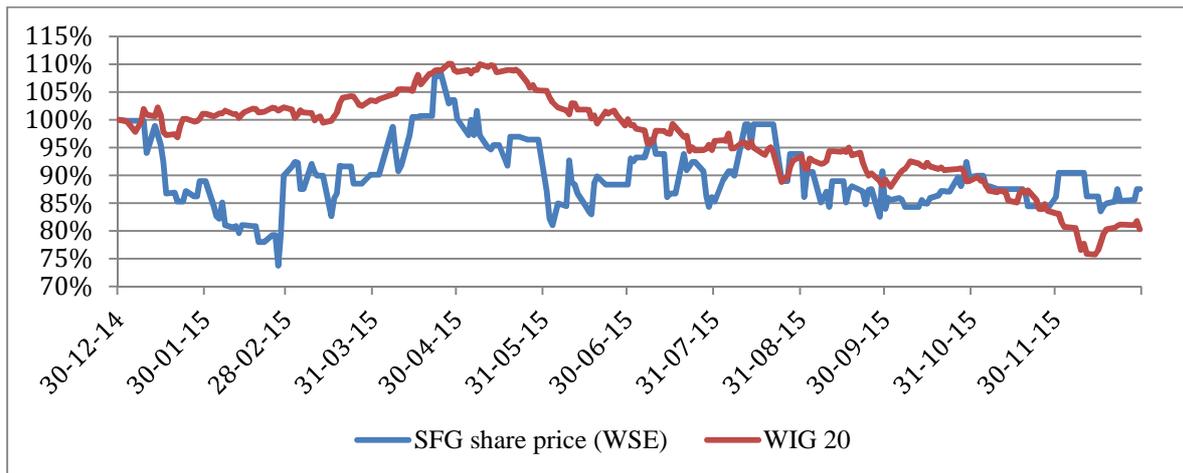
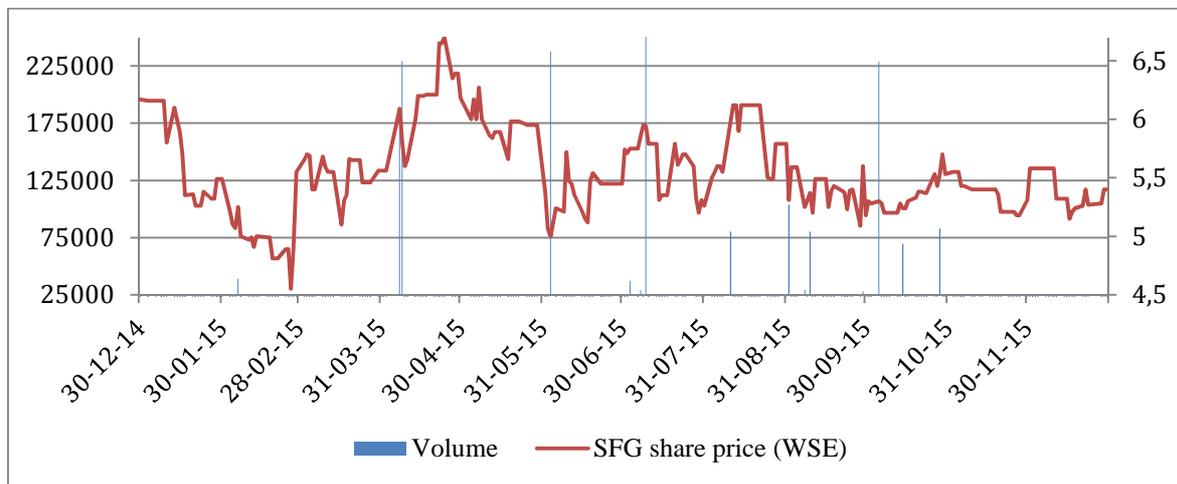
During 12 months of 2015 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 1.61 EUR and 1.10 EUR, respectively.





Share price development on the Warsaw Stock Exchange during 12 months 2015 (PLN)

During 12 months of 2015, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 6.70 PLN and 4.51 PLN respectively.



Declaration of the Management Board

The Management Board of AS Silvano Fashion Group has reviewed and approved Consolidated Interim Financial Report for Q4 and 12 months of 2015 (hereinafter “the Interim Report”).

Members of the Management Board confirm that according to their best knowledge the Interim Report gives a true and fair view of financial position of the Group, its financial performance and its cash flows in accordance with International Financial Reporting Standards, as adopted by EU, and IAS 34 “Interim Financial Reporting”.

Furthermore, Members of the Management Board confirm that in their opinion the Interim Report provides a fair review of significant developments in the Group's activities that occurred during the reporting period and their impact and describes significant risks and uncertainties that may affect the Group during future reporting periods.

The Interim Report has not been audited or otherwise reviewed by the auditors.



Aleksei Kadörko
Member of the Management Board
February 19, 2016



Jarek Särgava
Member of the Management Board
February 19, 2016

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.15	31.12.14
ASSETS			
Current assets			
Cash and cash equivalents		21 274	13 308
Current loans granted		6	329
Trade and other receivables	2	3 747	6 906
Inventories	3	15 426	26 462
Total current assets		40 453	47 005
Non-current assets			
Long-term receivables		0	241
Investments in associates		1	84
Available-for-sale investments		372	525
Deferred tax asset		362	649
Intangible assets		443	687
Investment property		1 130	1 638
Property, plant and equipment	4	10 359	16 510
Total non-current assets		12 667	20 334
TOTAL ASSETS		53 120	67 339
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5	7 607	9 703
Tax liabilities		1 126	3 335
Total current liabilities		8 733	13 038
Non-current liabilities			
Deferred tax liability		13	283
Total non-current liabilities		13	283
Total liabilities		8 746	13 321
Equity			
Share capital	6	11 400	11 700
Share premium		11 914	13 066
Treasury shares	6	-579	-585
Statutory reserve capital		1 306	1 306
Unrealised exchange rate differences		-15 694	-5 649
Retained earnings		32 648	26 915
Total equity attributable to equity holders of the Parent company		40 995	46 753
Non-controlling interest		3 379	7 265
Total equity		44 374	54 018
TOTAL EQUITY AND LIABILITIES		53 120	67 339

Consolidated Income Statement

in thousands of EUR	Note	4Q 2015	4Q 2014	12m 2015	12m 2014
Revenue	8	13 389	13 729	65 260	100 868
Cost of goods sold		-6 833	-6 641	-34 726	-64 246
Gross Profit		6 556	7 088	30 534	36 622
Distribution expenses		-2 249	-2 884	-9 344	-15 661
Administrative expenses		-1 354	-1 751	-6 163	-7 403
Other operating income		42	-142	366	455
Other operating expenses		-378	-593	-1 232	-1 636
Operating profit		2 617	1 718	14 161	12 377
Currency exchange income/(expense)		759	1 203	1 666	703
Other finance income/(expenses)		41	270	374	690
Net financial income		800	1 473	2 040	1 393
Profit (loss) from associates using equity method		-80	5	-79	4
Profit before tax and gain/(loss) on net monetary position		3 337	3 196	16 122	13 774
Income tax expense		-729	-1 323	-5 183	-6 091
Profit before gain/(loss) on net monetary position		2 608	1 873	10 939	7 683
Gain on net monetary position		0	-524	0	2 901
Profit for the period		2 608	1 349	10 939	10 584
Attributable to :					
Equity holders of the Parent company		2 511	666	10 419	9 097
Non-controlling interest		97	683	520	1 487
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0.07	0.02	0.28	0.23

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2015	4Q 2014	12m 2015	12m 2014
Profit for the period		2 608	1 349	10 939	10 584
Exchange rate differences attributable to foreign operations		-5 485	-3 710	-10 641	-5 057
Total comprehensive income for the period		-2 877	-2 361	298	5 527
Attributable to :					
Equity holders of the Parent company		-2 988	-2 529	374	4 663
Non-controlling interest		111	168	-76	864

Consolidated Statement of Cash Flows

in thousands of EUR	12m 2015	12m 2014
Cash flow from operating activities		
Profit for the period	10 939	10 584
Adjustments for:		
Depreciation and amortization of non-current assets	2 498	3 045
Share of profit of equity accounted investees	79	4
(Gains)/ losses on the sale of PPE and IA	-1	26
Net finance income / costs	-2 040	-1 393
Gain / loss on net monetary position	0	-2 900
Provision for impairment losses on trade receivables	12	1 227
Income tax expense	5 183	6 091
Change in inventories	6 279	-1 589
Change in trade and other receivables	3 159	3 068
Change in trade and other payables	-4 305	68
Interest paid	0	-18
Income tax paid	-6 095	-4 858
Net cash from operating activities	15 708	13 355
Cash flow from investing activities		
Interest received	309	696
Dividends received	2	0
Proceeds from disposal of property, plant and equipment	16	256
Loans granted	0	-317
Acquisition of property, plant and equipment	-290	-420
Acquisition of intangible assets	-260	-169
Acquisition of shares of a subsidiary	0	-200
Net cash used in/from investing activities	-222	-154
Cash flow from financing activities		
Repayment of borrowings	0	-72
Dividends paid	-5 966	-14 960
Acquisition of own shares	-1 448	-1 237
Net cash used in/ from financing activities	-7 414	-16 269
Increase in cash and cash equivalents	8 071	-3 068
Cash and cash equivalents at the beginning of period	13 308	19 165
Effect of translation to presentation currency	0	-1 308
Effect of exchange rate fluctuations on cash held	-105	-1 482
Cash and cash equivalents at the end of period	21 274	13 308

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	Treasury shares	Statutory reserve capital	Unrealised exchange rate differences	Retained earnings	Total equity attributable to equity holders of the Parent company	Non-controlling interest	Total equity
Balance as at 31 December 2013	11 820	13 822	-224	1 306	-1 215	26 861	52 370	10 485	62 855
Effect of hyperinflation on opening balances	0	0	0	0	0	2 597	2 597	-548	2 049
Profit for the period	0	0	0	0	0	9 097	9 097	1 487	10 548
Other comprehensive income for the period	0	0	0	0	-4 434	0	-4 434	-623	-5 057
Total comprehensive income for the period	0	0	0	0	-4 434	9 097	4 663	864	5 527
Transactions with owners, recognised directly in equity									
Dividends paid	0	0	0	0	0	-11 640	-11 640	-3 320	-14 960
Cancellation of treasury shares	-120	-756	876	0	0	0	0	0	0
Change in non-controlling interest	0	0	0	0	0	0	0	-217	-217
Purchase of treasury shares	0	0	-1 237	0	0	0	-1 237	0	-1 237
Total transactions with owners, recognised directly in equity	-120	-756	-361	0	0	-11 640	-12 877	-3 537	-16 414
Balance as at 31 December 2014	11 700	13 066	-585	1 306	-5 649	26 915	46 753	7 264	54 018
Balance as at 31 December 2014	11 700	13 066	-585	1 306	-5 649	26 915	46 753	7 265	54 018
Effect of translation on opening balances	0	0	0	0	0	-1 225	-1 225	-709	-1 934
Profit for the period	0	0	0	0	0	10 419	10 419	520	10 939
Other comprehensive income for the period	0	0	0	0	-10 045	0	-10 045	-596	-10 641
Total comprehensive income for the period	0	0	0	0	-10 045	10 419	374	-76	298
Transactions with owners, recognised directly in equity									
Dividends paid	0	0	0	0	0	-3 791	-3 791	-2 175	-5 966
Dividends declared	0	0	0	0	0	0	0	-596	-596
Change in non-controlling interest	0	0	0	0	0	330	330	-330	0
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	5	0	0	-3 461	-4 909	-3 101	-8 009
Balance as at 31 December 2015	11 400	11 914	-579	1 306	-15 694	32 648	40 995	3 379	44 374

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 2015 and comprises parent company and its subsidiaries.

The principal accounting policies applied in the preparation of this Interim Report are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

The Interim Report has not been audited or reviewed by external auditors.

Basis for preparation

This Interim Report of AS Silvano Fashion Group for 12 months of 2015 ended on 31 December 2015 has been prepared in accordance with IAS 34 “Interim financial reporting” as adopted by the European Union. The Interim Report should be read in conjunction with the Annual Report for the financial year ended on 31 December 2014, which have been prepared in accordance with IFRS as adopted by the European Union.

As the Belarus economy has ceased to be hyperinflationary starting from 01.01.2015, the Group has discontinued the preparation and presentation of financial statements by applying IAS 29 “Financial Reporting in Hyperinflationary Economies”. The amounts expressed in the measuring unit current (e.g. inventory, property, plant and equipment) as at 31.12.2014 are the basis for the carrying amounts in its subsequent financial statements. Other accounting policies applied are consistent with those of the Annual Report for the financial year ended on 31 December 2014, as described in respective Annual Report. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

This Interim Report is comprised in thousands of Euros (EUR).

The Group’s performance is not significantly affected by any seasonal or cyclical factors. Nevertheless revenue during vacation periods and holidays in CIS countries is usually higher compared to other periods.

New standards and interpretations

In additions to disclosures already made in the Annual Report for the financial year ended on 31 December 2014 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2015 and that would be expected to have a material impact on the group.

Note 2 Trade and other receivables

in thousands of EUR	31.12.15	31.12.14
Trade receivables from third parties	3 065	5 920
Trade receivables from related parties	61	165
Impairment of receivables	-1 043	-1 182
Tax prepayments	1 243	1 347
Other receivables	421	656
Total	3 747	6 906

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

Note 3 Inventories

in thousands of EUR	31.12.15	31.12.14
Raw and other materials	3 111	4 379
Work in progress	1 039	1 602
Finished goods	10 702	19 474
Other inventories	574	1 007
Total	15 426	26 462

Note 4 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.13					
Cost	8 091	25 633	5 482	194	39 400
Accumulated depreciation	-2 756	-14 847	-3 640	0	-21 243
Net book amount	5 335	10 786	1 842	194	18 157
Movements during 12m 2014					
Effect of hyperinflation on opening balances	786	1 467	235	28	2 516
Additions	0	37	105	278	420
Disposals	0	-29	-118	-135	-282
Reclassifications	4	216	102	-322	0
Depreciation	-256	-1 767	-668	0	-2 691
Unrealised exchange rate differences	-482	-958	-151	-19	-1 610
Closing net book amount	5 387	9 752	1 347	24	16 510
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
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					
Additions	0	84	326	164	574
Disposals	0	-1	-13	-1	-15
Reclassifications	3	24	109	-138	-2
Depreciation	-208	-1 492	-454	0	-2 154
Unrealised exchange rate differences	-1 552	-2 644	-348	-10	-4 554
Closing net book amount	3 630	5 723	967	39	10 359
31.12.2015					
Cost	6 060	19 328	4 148	39	29 575
Accumulated depreciation	-2 430	-13 605	-3 181	0	-19 216
Net book amount	3 630	5 723	967	39	10 359

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

Note 5 Trade and other payables

in thousands of EUR	31.12.15	31.12.14
Trade payables	6 014	5 829
Accrued expenses	398	1 333
Provisions	63	203
Other payables	1 132	2 338
Total	7 607	9 703

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

Note 6 Equity

Shares

As of 31 December 2015 registered share capital of AS Silvano Fashion Group amounted to 11 400 thousand EUR divided into 38 000 000 shares with a nominal value of 0.30 EUR each (as of 31 December 2014, 11 700 thousand EUR, 39 000 000 shares and 0.30 EUR nominal value, respectively). All shares of AS Silvano Fashion Group are ordinary shares and all are registered. Each ordinary share gives a shareholder one vote in General Meeting of Shareholders. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities. All shares have been paid for.

As of 31 December 2015 AS Silvano Fashion Group had 1 851 shareholders (as of 31 December 2014 – 1 772 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 12 months 2015 (12 months 2014) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2015	12m 2014
Number of ordinary shares at the beginning of the period	39 000	39 400
Effect of own shares held at the beginning of the period	-340	-88
Number of ordinary shares at the end of the period	38 000	39 000
Effect of own shares held at the end of the period	-450	-308
Weighted average number of ordinary shares for the period	37 810	38 692

in thousands of EUR	12m 2015	12m 2014
Profit for the period attributable to equity holders of the Parent company	10 419	9 097
Basic earnings per share (EUR)	0.28	0.23
Diluted earnings per share (EUR)	0.28	0.23

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 2015	12m 2014
Revenue from wholesale	49 481	79 144
Revenue from retail	15 712	21 158
Subcontracting and services	54	111
Other sales	13	455
Total	65 260	100 868

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 2015	12m 2014
Associates	910	2 508
Total	910	2 508

Balances with related parties		
in thousands of EUR	31.12.2015	31.12.2014
Trade receivables from associates	61	197
Total	61	197

Benefits to key management of the group (including the key executives of all subsidiaries)		
in thousands of EUR	12m 2015	12m 2014
Remunerations and benefits	1 321	1 305
Total	1 321	1 305

Note 10 Operating segments

The Group's operating segments have been determined based on regular reports being monitored and analysed by Management and Supervisory Boards of the parent company on an on-going basis.

The Management and Supervisory Board consider the business primarily from the activity perspective, monitoring separately wholesale and retail activities.

- The wholesale segment includes purchasing and production of women's lingerie, and distribution to external wholesale customers and the retail segment. The Group's manufacturing facilities are located in Latvia and Belarus.
- The retail segment purchases women's lingerie from wholesale segment, and subsequently sells the lingerie through own retail network in Latvia and Belarus.

There is a strong integration between wholesale and retail segments mainly through sales of goods from wholesale segment for subsequent resale in own retail network. The accounting policies of reportable segments are the same. Management estimates that intersegment transactions have been done on arm-length basis.

Primary measures monitored by the Supervisory Board are segment revenues, segment EBITDA (which is defined as profit before depreciation, amortisation, net financial income, income tax expense and gain on net monetary position) and segment net profit. These measures are included in the internal management reports that are reviewed by the Management Board and the Supervisory Board. Segment EBITDA is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operate within the industry.

Interest income and interest expenses are not core activities of operating segments and are not provided to management and are not evaluated by management as performance assessment criteria of segments' performance. Therefore, interest income and interest expenses are presented on net basis.

Unallocated revenues include revenues from services, commissions and rental income.

Operating segments 12m 2015

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	15 712	49 494	65 206	54		65 260
Intersegment revenues	0	41 395	41 395	4 884	-46 280	0
EBITDA	2 446	13 053	15 499	1 160		16 659
Amortization and depreciation	-145	-1 503	-1 648	-850	0	-2 498
Operating income, EBIT	2 301	11 550	13 851	310	0	14 161
Profit from associates using equity method	0	-79	-79	0	0	-79
Net financial income	-65	111	46	1 994	0	2 040
Income tax	-139	-2 178	-2 317	-2 866	0	-5 183
Gain on net monetary position	0	0	0	0	0	0
Net profit	2 097	9 403	11 500	-561	0	10 939
Investments in associates	0	1	1	0	0	1
Other operating segments assets	2 326	30 217	32 543	20 576	0	53 119
Reportable segments liabilities	204	8 083	8 287	459	0	8 746
Capital expenditures	39	699	738	90	0	828
Number of employees as of reporting date	361	1 680	2 041	4		2 045

Operating segments 12m 2014

in thousands of EUR	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	21 158	79 144	100 302	566		100 868
Intersegment revenues	0	12 756	12 756	0	-12 756	0
EBITDA	3 370	11 495	14 865	557		15 422
Amortization and depreciation	-294	-1 899	-2 193	-852	0	-3 045
Operating income, EBIT	3 076	9 596	12 672	-295	0	12 377
Profit from associates using equity method	0	4	4	0	0	4
Net financial income	297	874	1 171	222	0	1 393
Income tax	-340	-3 847	-4 187	-1 904	0	-6 091
Gain on net monetary position	-431	2 673	2 242	659	0	2 901
Net profit	2 602	9 300	11 902	-1 318	0	10 584
Investments in associates	0	84	84	0	0	84
Other operating segments assets	7 610	46 619	54 229	13 026	0	67 255
Reportable segments liabilities	1 325	8 486	9 811	3 510	0	13 321
Capital expenditures	66	396	462	126	0	588
Number of employees as of reporting date	481	2 264	2 745	4		2 749

Revenue and non-current assets breakdown by geographical areas

Revenues in the table below are based on the geographical location of customers; segment assets are based on the geographical location of the assets.

in thousands of EUR	Sales revenue 12m 2015	Sales revenue 12m 2014	Non-current assets 31.12.2015	Non-current assets 31.12.2014
Russia	34 507	55 266	193	423
Belarus	20 896	29 982	12 091	19 434
Baltics	1 832	3 146	382	475
Ukraine	1 976	4 352	1	2
Kazakhstan	2 940	3 777	0	0
Other countries	3 109	4 345	0	0
Total	65 260	100 868	12 667	20 334