AS Silvano Fashion Group

Consolidated Annual Report 2015

(translation of the Estonian original)*

Beginning of the reporting period	1 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, Estonia
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and di 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

Consolidated Financial Statements

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2015	31.12.2014
ASSETS			
Current assets			
Cash and cash equivalents	5,7	21 274	13 308
Trade and other receivables	5,8	4 126	7 235
Inventories	9	15 470	26 462
Total current assets		**40 870**	**47 005**
Non-current assets			
Long-term receivables		0	241
Investments in associates		1	84
Available-for-sale investments	10	372	525
Deferred tax asset	14	465	649
Intangible assets	11	443	687
Investment property	12	1 130	1 638
Property, plant and equipment	13	10 354	16 510
Total non-current assets		**12 765**	**20 334**
TOTAL ASSETS		**53 635**	**67 339**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5,8	7 985	9 703
Tax liabilities	14	1 661	3 335
Total current liabilities		**9 646**	**13 038**
Non-current liabilities			
Deferred tax liability	14	13	283
Total non-current liabilities		**13**	**283**
Total liabilities		**9 659**	**13 321**
Equity			
Share capital	15	11 400	11 700
Share premium		11 914	13 066
Treasury shares	15	-579	-585
Statutory reserve capital		1 306	1 306
Unrealised exchange rate differences		-16 238	-5 649
Retained earnings		32 391	26 915
Total equity attributable to equity holders of the Parent company		**40 194**	**46 753**
Non-controlling interest		3 782	7 265
Total equity		**43 976**	**54 018**
TOTAL EQUITY AND LIABILITIES		**53 635**	**67 339**

Notes on pages 21 to 51 are integral part of these Consolidated Financial Statements.

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Consolidated Income Statement

in thousands of EUR	Note	2015	2014
Revenue	17	65 254	100 868
Cost of goods sold	18	-34 737	-64 246
Gross Profit		**30 517**	**36 622**
Distribution expenses	19	-9 362	-15 661
Administrative expenses	20	-6 163	-7 403
Other operating income		358	455
Other operating expenses	21	-1 225	-1 636
Operating profit		**14 125**	**12 377**
Currency exchange income/(expense)	22	1 746	703
Other finance income/(expenses)	22	374	690
Net financial income		**2 120**	**1 393**
Profit from associates using equity method		-79	4
Profit before income tax and gain (loss) on net monetary position		**16 166**	**13 774**
Income tax expense	14	-5 546	-6 091
Profit before gain/(loss) on net monetary position		**10 620**	**7 683**
Gain (loss) on net monetary position		0	2 901
Profit for the period		**10 620**	**10 584**
Attributable to :			
Equity holders of the Parent company		9 689	9 097
Non-controlling interest		931	1 487
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	16	0.26	0.23

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	2015	2014
Profit for the period		**10 620**	**10 584**
Items that may be subsequently reclassified to profit or loss			
Exchange rate differences attributable to foreign operations		-11 676	-5 057
Total comprehensive income for the period		**-1 056**	**5 527**
Attributable to :			
Equity holders of the Parent company		-1 152	4 663
Non-controlling interest		413	864

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Consolidated Statement of Cash Flows

in thousands of EUR	2015	2014
Cash flow from operating activities		
Profit for the period	**10 620**	**10 584**
Adjustments for:		
Depreciation and amortization of non-current assets	2 495	3 045
Share of profit of equity accounted investees	79	4
(Gains)/ losses on the sale of property, plant and equipment	-1	26
Net finance income / costs	-2 120	-1 393
Gain / loss on net monetary position	0	-2 900
Provision for impairment losses on trade receivables	21	1 227
Income tax expense	5 546	6 091
Change in inventories	6 509	-1 589
Change in trade and other receivables	2 786	3 068
Change in trade and other payables	-3 392	68
Interest paid	0	-18
Income tax paid	-6 134	-4 858
Net cash from operating activities	**16 409**	**13 355**
Cash flow from investing activities		
Interest received	315	696
Dividends received	2	0
Proceeds from sale of property, plant and equipment	16	256
Loans granted	0	-317
Acquisition of property, plant and equipment	-282	-420
Acquisition of intangible assets	-260	-169
Acquisition of shares of a subsidiary	-282	-200
Net cash used in/from investing activities	**-491**	**-154**
Cash flow from financing activities		
Repayment of borrowings	0	-72
Dividends paid	-5 970	-14 960
Acquisition of own shares	-1 448	-1 237
Net cash used in/ from financing activities	**-7 418**	**-16 269**
Increase in cash and cash equivalents	**8 500**	**-3 086**
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	-534	-1 482
Cash and cash equivalents at the end of period	**21 274**	**13 308**

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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	**10 584**
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**
Reduction of share capital	-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**
Effect of hyperinflation 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**	**9 437**	**-1 152**	**-437**	**-1 589**
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	-1 152	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**	**-1 152**	**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**	**3 783**	**43 976**

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Notes to the Consolidated Financial Statements

Note 1 General information

AS Silvano Fashion Group (the ñParent companyò or the ñCompanyò) and its ...
distribution group involved in the design, manufac...
Groupôs income is generated by sales of ñMilavitsa...
branded products through wholesales channel, franchised...
ñLauma Lingerieò retail chains. Key sales markets f...
CIS countries, the Baltics and other markets.

The Parent company is a public limited company, which is listed on NASDAQ OMX Tallinn Stock Exchange and on Warsaw Stock Exchange. The Parent company is incorporated and domiciled in Estonia. The address of its registered office is Tulika 15/17, 10613 Tallinn, registration number is 10175491. There is no controlling shareholder. These financial statements were authorised for issue by the Management Board of AS Silvano Fashion Group on 22 April 2015.

The consolidated financial statements are part of the annual report that has to be approved by the shareholders, and they serve as a basis for adopting a resolution for distributing the profit. Shareholders may decide not to approve the annual report, which has been prepared by the management board and approved by the supervisory board, and may demand that a new annual report be prepared.

Note 2 Summary of significant accounting policies

Principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of AS Silvano Fashion Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (ñIFRSò)

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 ñFinancial Re...
Hyperinflationary Economiesò. The amounts expressed ...
plant and equipment) as at 31.12.2014 are the basis for the carrying amounts in its subsequent financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group`s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policy and disclosures

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Group have not early adopted.

IFRS 15, Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial.

Disclosure Initiative ï Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2016). The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial statements.

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after 1 July 2014). IFRS 8 ñOperating segmentsò was amended to ... management ... (1)

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aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets t
reported. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial statements.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after 1 January 2016). IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial statements.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (effective for annual periods beginning on or after 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial statements.

IFRS 16, Leases (effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group and the Parent are currently assessing the impact of the new standard on the consolidated and separate financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's financial statements.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate s
recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting po

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions ï that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recogn
the date of acquisition.

The Groupôs share of its associatesô post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of
associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adja
profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Groupôs financial statements only
Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Supervisory Board of the Parent company.

2.4 Foreign currency transactions

a) Functional and presentation currency

Items included in the financial statements of each
primary economic environment in which the entity op
statements are presented in euro, which is the gro

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ñcurrency exchange income /(expense)ò. All other foreign exchange gains in the income statement within ñother operating incomeò or ñother operating profit).

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

¶ assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

¶ income and expenses for each income statement are translated at average monthly, quarterly or yearly exchange rates, depending on which average rate is a more reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates. If none of the given approximations reasonably reflect the cumulative effect of the rates prevailing on the transaction dates, then income and expenses are translated at the rate on the dates of the transactions); and

¶ all resulting exchange differences are recognised in other comprehensive income.

d) Hyperinflation in Belarus

As the Belarus economy has ceased to be hyperinflationary starting from 01.01.2015, the Group has discontinued the preparation and presentation of financial sta Hyperinflationary Economiesò. The amounts expressed plant and equipment) as at 31.12.2014 are the basis for the carrying amounts in its subsequent financial statements.

2.5 Property, plant and equipment

Property, plant and equipment are tangible items that:
(a) are held for use in the production or supply of goods or services, or for administrative purposes; and
(b) are expected to be used during more than one period.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assetô carryi e, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings:	
Production buildings	30-75 years
Other buildings	20-50 years
Plant and equipment:	
Sewing equipment	7-10 years
Vehicles	5-7 years
Other equipment	5-10 years
Other equipment and fixtures:	
Computers, tools and other items of equipment	3-5 years
Store furnishings	3-5 years

The assetsô residual values and useful lives are re period.

An assetôs carrying amount is written down immediately ... iôs t is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses ô Other income statement.

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2.6 Intangible assets

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 to 10 years.

2.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the investment property. The estimated useful lives used are 50 years.

Investment property is derecognized when either it has been disposed of or when an investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

2.8 Impairment of non-financial assets

Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying … verable amount is the … exceeds … higher of an asset's fair value less costs to sell … are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories, loans and receivables, and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's lo… 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 Impairment of financial assets

a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial reecvoegmnti ŏt)i oann do f t ht ahte laossse te v(ean tñ l (oos
estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of
carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assetôs
is reduced and the amount of the loss is recognised in the consolidated income statement. As a practical expedient, the Group may measure impairment on the basis of an

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was reco
the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories, whose net realisable value are lower than cost is considered as obsolete. Obsolete inventories include: raw materials not intended for further use, standard finished goods not intended for further sale, finished goods that will be definitely included in seasonal sales and promo-events (30% average discount), non-standard finished goods (rejects, defected finished goods) percentage (85% of closing balance in average).

2.12 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or.

2.14 Share capital

Ordinary shares are classified as equity. Where any group comp
(treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes)
is deducted from equity attributable to the companyôs equity holders until the
Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable
incremental transaction costs and the related income tax effects, is included in equity attribut
equity holders.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Parent company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

In accordance with effective legislation, in Estonia corporate income tax is not levied on profits earned. Therefore, deferred tax assets and liabilities do not arise. Instead of profit earned, income tax is levied on dividends and other distributions. From 1 January 2008 until 31 December 2014 the tax rate was 21/79 of the amount distributed as the net dividend. Starting from 1 January 2015 the tax rate is 20/80. The income tax payable on dividends is recognized in the income statement of the period in which the dividends are declared, irrespective of the period for which the dividends are declared or in which they are paid.

The Groupôs foreign entities pay tax on corporate p
the tax rate is 15%, in France - 33.33%, in Russia - 20%, in Belarus - 18% and in Ukraine ï 18%. There have been one change in tax rates in the countries where the Group operates: the tax rate in Ukraine has changed from 19% to 18%.

2.17 Provisions

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Groupôs activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Rental income from investment property is recognized in profit or loss on straight line basis over the term of the lease.

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Lease income from operating leases is recognized in the consolidated income statement on a straight-line basis over the lease term as other income.

Note 3 Critical accounting estimates, judgments and uncertainties

The preparation of consolidated financial statements in accordance with IFRS as adopted in the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of the assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available in the period when deductible temporary differences realize against which those differences can be utilized. The amount of deferred taxassets of the Group equals to EUR 465 thousand as of 31 December 2015 (EUR 649 thousand as of 31 December 2014). The management believes that full amount of deferred tax assets will be utilized.

Allowance for doubtful accounts receivable

For accounts receivable, which are not overdue or past due for less than 30 days, no allowance is recognized. For accounts receivable past due for more than 30 days analysis on item by item basis is used, including involvement of legal department specialists for the purpose of assessment the likelihood of collectability.

Amount of inventory write-off to net realizable value

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. However actual selling price at the time of transaction may differ from the estimates. The need for and extent of writing down inventories is determined as follows: in case of finished goods on the basis of their sales potential, date of model origination and net realizable value; in case of raw and other materials on the basis of their usability in the production of finished goods and generation of revenue; and in case of work in progress on the basis of their stage of completion which can be measured reliably.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The amounts of write-downs are disclosed in note 9.

Uncertainties in operating environment

The Republic of Belarus displays characteristics of an emerging market, which is a subject to economic, political, social, legal and legislative risks, these are different from the risks of more developed markets. Laws and regulations affecting businesses in Belarus continue to change rapidly. Tax, currency and customs legislation is subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Belarus. The future economic direction of the country is largely dependent upon the effectiveness of economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

The global financial system continues to face serious problems. In many countries the rates of economic growth have reduced. Moreover, the uncertainty has increased regarding the creditworthiness of several Eurozone countries and financial institutions which carry significant risks for the sovereign debt of these countries. These problems can result in slower global growth rate and the growth rate of the Belarusian economy, adversely affect the availability and cost of capital for the Group and the Parent, as well as the business of the Group and the Parent in general, results of its operations, financial position and prospects of development.

Devaluation of Belarusian ruble ï in the year 2011 the National Bank performed phased devaluation of Belarusian ruble (in May and in October 2011), which as of 31 December 2011 resulted in 172% decrease of exchange rates to the currency basket compared to the 31 December 2010. In 2015 Belarusian ruble devalued significantly by 36% to the currency basket.

During the year 2011 the National Bank of the Republic of Belarus gradually increased the refinancing rate, which was 45% as of 31 December 2011. In 2012 they started to decrease the refinancing rate and it was 23.5% and 20% as of 31 December 2013 and 31 December 2014 respectively. In September 2011 the Sta
Services downgraded long-term credit rating of the Republic of Belarus for national and foreign currency liabilities from B to B-. However the rating became stable since mid of 2012.

Inflation ï starting from 1 January 2011 the economy of Republic of Belarus was recognized hyperinflationary for the purpose of IFRS reporting. Belarus economy has ceased to be hyperinflationary starting from 01.01.2015.

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According to statistical data, consumer price index for the year ended 31 December 2015 amounted to 12% (16.2% for the year ended 31 December 2014).

The Russian Federation also displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2015 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2015 the Central Bank of the Russian Federation exchange rate fluctuated between RR 52 and RR 81 per EUR. Through 2015 the CBRF key interest rate gradually decreased to 11% on 03.08.2015 and remains stable to date. Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poorôs cut it to BB+ and downgraded it to Ba1, putting it below investment grade for the first time in a decade. Fitch Ratings still have Russia as investment grade.

The Ukrainian economy is considered to be developing and characterised by relatively high economic and political risks. The future stability of the Ukrainian economy is largely dependent upon reforms and the effectiveness of economic, financial and monetary measures undertaken by government, together with tax, legal, regulatory, and political developments. As a developing economy, it is vulnerable to market downturns and economic slowdowns elsewhere in the world. Due to political instability in Ukraine and downturn of its economy Groupôs ope Ukraine continued to drop substantially by 52.7% from EUR 4 352 thousand of net revenue in 2014 to EUR 2 060 thousand in 2015.

In 2015 Ukraine's GDP decreased by 12% year on year (2014: decreased by 8.2). The Government of Ukraine introduced a number of restrictions in relation to foreign exchange aiming to support the national currency, the Ukrainian Hryvnia. Inflation during the year was 40%. The national foreign exchange reserves reduced to the level of 3 month imports at year end due to reduced inflows from sale of commodities and agro produce, the need to settle scheduled payments, primarily with the International Monetary Fund, and to pay the current and past purchase of natural gas.

The final resolution and the effects of the political and economic crisis are difficult to predict but they may have significant effects on the Ukrainian economy and t

The financial results of the Group have been impacted by both the changes in the currency exchange rates and the overall negative changes in the economy.

Note 4 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values as at 31 December 2015 and 31 December 2014. The fair values of trade receivables and payables are determined at third level. The fair value of financial liabilities, which comprise only trade payables and assumed to be close to the balances since their payments are anticipated within the next 12 months.

Note 5 Financial risk management

The Groupôs activities expose it to a variety of fi currency risk and fair value interest rate risk). The Groupôs overall risk manag unpredictability of financial markets and seeks to performance.

The Management Board has an overall responsibility for establishment and oversigh management framework. The achievement of risk management goals in the Group is organized in such a way that risk management is part of normal business operations and management. Risk management is a process of identifying, assessing and managing business risks that can prevent or jeopardize the achievement of business goals.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mostl

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a quality rating are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of each local entity. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The definition of financial assets is contained in note 3. The carrying amount of financial assets (except for available-for-sale financial assets) represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

in thousands of EUR	**31.12.15**	**31.12.14**
Cash and cash equivalents	21 274	13 308
Trade receivables from third parties	2 440	4 706
Trade receivables from related parties	88	197
Other receivables	102	627
Total	**23 898**	**18 838**

Maximum exposure to credit risk for cash and cash equivalents was as follows:

in thousands of EUR	**31.12.2015**	**31.12.2014**
Fitch rating A-AAA	706	445
Fitch rating B-BBB	9 437	9 542
Fitch rating C-CCC	0	2 717
Not rated	11 131	485
of those not rated, within EU	10 745	82
Total cash equivalents	**21 274**	**13 308**

The ageing of trade and other receivables was:

in thousands of EUR	**Gross 2015**	**Impairment 2015**	**Gross 2014**	**Impairment 2014**
Not past due	2 437	0	4 208	0
Overdue 1-30 days	127	0	1 210	0
Overdue 31-90 days	2	0	132	-21
Overdue 91-180 days	0	0	27	-27
More than 180 days	1 111	-1 052	1 134	-1 134
Total	3 676	-1 052	6 711	-1 182

Not past due trade receivables are towards wholesale customers. There is no substantial risk concentration in trade receivables. These receivables have been settled by the date of this report.

Trade receivables that have been considered impaired because debtors are experiencing significant financial difficulties and the probability of payments is low. Movements in the allowance for the impairment in respect of trade receivables and other receivables during the year were as follows:

in thousands of EUR	**2015**	**2014**
Balance at the beginning of period	**-1 182**	**-640**
Impairment losses for the period	-22	-1 227
Effect of movements in exchange rates	152	685
Balance at the end of period	**-1 052**	**-1 182**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Group finance monitors rolling forecasts of the Groupôs liquidity needs. Such forecasting takes into consideration the Groupôs f sheet ratio targets and, if applicable external regulatory or legal requirements ï for example, currency restrictions.

As of 31 December 2015 and 31 December 2014, the Groupôs current assets exce

The table below analyses Groupôs liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

in thousands of EUR **As of 31 December 2015**	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**
Non-derivative financial liabilities						
Trade payables	6 026	6 026	6 026	0	0	0
Other payables	85	85	85	0	0	0
Total	**6 111**	**6 111**	**6 111**	**0**	**0**	**0**

in thousands of EUR **As of 31 December 2014**	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**
Non-derivative financial liabilities						
Trade payables	5 829	5 829	5 829	0	0	0
Other payables	1 739	1 739	1 739	0	0	0
Total	**7 566**	**7 566**	**7 566**	**0**	**0**	**0**

Market risks

Market risks are risks that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Groupôs income or the market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and cash that are denominated in a currency other than respective functional currencies of the Group entities. In the Groupôs markets, the following currencies: EUR (Euro), RUB (Russian rubles), BYR (Belarusian rubles), UAH (Ukrainian hryvnia). Other purchase and sales transactions are mainly in Euro and in US dollars. Intra-group transactions are primarily in Euros, Russian rubles and Belarusian rubles.

Most materials required for the manufacturing of those wo purchases are mainly in Euros.

Most of the sales Sales to third parties are in RUB. The Groupôs retail sales currency of the retail market. Fluctuations in the revenue and expenses. Rapid price environment and increases or decreases in the marketôs value of its currency may have a significant impact power.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept on an acceptable level (a reasonable level in prevailing circumstances) by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is the most exposed to currency risks arising from fluctuations in the exchange rates of BYR, RUB and UAH. The Group has addressed this risk by keeping money in more stable currencies such as EUR. Currency risk management includes maintaining an appropriate balance in BYR, RUB or UAH which corresponds to the amount required to fulfill liabilities to respective suppliers. The Group does not use hedging to reduce currency risks.

During the reporting year, the exchange rates of cu changed as follows against EUR (based on closing figures): Ukrainian hryvnia 36.2% (2014: +69.4%), US dollar -9.9% (2014: -11.8%), Belarusian rouble 41.2% (2014: +9.9%) and Russian rouble 18.6% (2014: +48.6%).

The Group's exposure to foreign currency risk was as follows based on notional amounts:

in thousands of EUR

as at 31 December 2015	Total	EUR	BYR	RUB	USD	Other
Cash and cash equivalents	**21 274**	20 604	541	26	0	103
Trade receivables, net	**2 501**	408	801	1 292	0	0
Financial assets available-for-sale	**372**	0	372	0	0	0
Other current receivables	**123**	81	-51	93	0	0
Trade payables	**-6 026**	-3 618	-1 883	-151	-375	0
Other payables	**-85**	0	-85	0	0	0
Gross statement of financial position exposure	**18 159**	**17 476**	**-306**	**1 260**	**-375**	**103**

in thousands of EUR

as at 31 December 2014	Total	EUR	BYR	RUB	USD	Other
Cash and cash equivalents	**13 308**	10 226	2 934	109	0	39
Trade receivables, net	**4 903**	1 102	1 198	2 285	0	318
Financial assets available-for-sale	**525**	0	525	0	0	0
Other current receivables	**626**	3	584	39	0	0
Trade payables	**-5 829**	-3 984	-1 596	-13	0	-236
Other payables	**-1 738**	0	-1 737	0	0	0
Gross statement of financial position exposure	**11 796**	**7 347**	**1 908**	**2 419**	**0**	**122**

A 20 percent weakening of BYR against EUR as of 31 December 2015 would affect profit or loss by the amounts presented below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

Effect on profit before tax
in thousands of EUR

	2015	2014
EUR	-61	382
Total	**-61**	**382**

Effect on equity
in thousands of EUR

	2015	2014
EUR	-50	313
Total	**-50**	**313**

A 20 percent strengthening of BYR against EUR would have had the equal but the opposite effect on the above currency to the amounts shown above on the basis that all other variables remain constant.

A 20 percent weakening of RUB against EUR as of 31 December 2015 would affect profit or loss by the amounts presented below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

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Effect on profit before tax
in thousands of EUR

	2015	2014
EUR	252	484
Total	**252**	**484**

Effect on equity
in thousands of EUR

	2015	2014
EUR	202	387
Total	**202**	**387**

A 20 percent strengthening of RUB against EUR would have had the equal but the opposite effect on the above currency to the amounts shown above on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Exposure to the interest rate risk arises from deposits with fixed interest rates. Management estimates that interest rate risk is not significant as Group does not have any long-term deposits or borrowings.

Capital management

The Groupôs objectives when managing capital are to
in order to provide returns for shareholders and benefits for other stakeholders. The Group manages total equity including non-controlling interest as capital. The amount of capital managed by the Group was equal to 43 976 thousand EUR as of 31 December 2015 and 54 018 as of 31 December 2014. The externally imposed capital requirements arise from Estonian Commercial code, requiring a certain minimum level of owner's equity to be maintained. Those requirements are incorporated into the management of capital and have been met for all reporting periods. There were no changes or in external requirements imposed on the Groupôs approa groupôs capital and capital management during the year. There are no plans to engage significant external capital.

Note 6 Group entities and business combinations

	Location	Main activity	Effective ownership interest 31.12.2015	Effective ownership interest 31.12.2014
Parent company				
AS Silvano Fashion Group	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
SP ZAO ñMilavitsa	Belarus	Manufacturing and wholesale	84.91%	83.19%
AS ñLauma Lingerie	Latvia	Manufacturing, wholesale and retail	100%	100%
OOO ñGimilò	Belarus	Manufacturing and wholesale	100%	83.39%
OAO ñYunonaò	Belarus	Manufacturing and wholesale	58.33%	58.33%
SOOO Silvano Fashion	Belarus	Retail and wholesale	99%	91.60%
ZAO Silvano Fashion	Russia	Retail and wholesale	100%	100%
ZAO Stolichnaja Torgovaja Kompanija ñMilavitsaò	Russia	Holding	92.45%	91.60%
TOV ñSilvano Fashi	Ukraine	Wholesale	100%	100%
OOO Baltsped logisticò	Belarus	Logistics	50%	41.60%
SARL ñFrance Style	France	Holding	100%	100%
SARL ñAlseeò	Monaco	Holding	99%	99%
SIA ñSilvano Fashi	Latvia	Retail	100%	100%

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Transactions during 2015

There were no transactions that have significant effect on the financial statements of the Group.

Transactions during 2014

In December 2014, AS Silvano Fashion Group founded a subsidiary
15 000 EUR.

During 2014, AS Silvano Fashion Group acquired 120 shares of SP ZAO Milavitsa from other shareholders increasing Groupôs participation from 82.47% to 83.

Neither of the transactions have significant effect on the financial statements of the Group.

a) Summary related to the entities associated with material NCI:

The total non-controlling interest for the period is EUR 3 782 thousand, of which EUR 2 340 thousand is for SP ZAO ñMilavitsaò, EUR 963 thousand is for ZAO ñStolichnaja Torgo EUR 104 thousand is for OOO Baltsped-logistik and EUR 372 thousand is attributed to O The non-controlling interest in respect of SOOO ñSilvano Fashionò Belarus is not material.

b) Basis for control over OOO Baltsped logisticò

The Group has control over Baltsped logistik due to the ability to direct relevant activities of Baltsped logistik through a combination of voting rights arising from the shareholding, and the existence of operational agreements whereby a significant portion of Baltsped logistik's activities involve the Group.

Note 7 Cash and cash equivalents

in thousands of EUR

As of 31 December	2015	2014
Short-term deposits in all currencies	3 657	8 730
Current bank accounts in other currencies than EUR	260	3 519
Cash in transit	183	200
Current bank accounts in EUR	17 106	836
Short-term guarantee deposits	37	0
Cash on hand	31	23
Total	**21 274**	**13 308**

Note 8 Financial assets and financial liabilities

in thousands of EUR

As of 31 December

Assets	2015	2014
Available-for-sale financial assets	372	525
Trade receivables, net	2 528	4 903
Other receivables	102	459
Cash and cash equivalents	21 274	13 308
Total	**24 270**	**19 195**

in thousands of EUR

Liabilities	2015	2014
Trade payables	6 026	5 829
Other payables	85	1 737
Total	**6 111**	**7 566**

Other payables do not include Customer advances for products and services in the amount of EUR 442 thousand (EUR 543 thousand in 2014), short-term provisions in the amount of EUR 63 thousand (EUR 85 thousand in 2014), accrued expenses in the amount of EUR 1 365 thousand (EUR 1 504 thousand in 2014) and deferred income in the amount of EUR 4 thousand (EUR 5 thousand in 2014) as these liabilities do not represent financial instruments. Other receivables do not include deferred expenses in the amount of EUR 77 thousand (EUR 77 thousand in 2014), prepayments in the amount of EUR 218 thousand (EUR 447 thousand in 2014), prepaid taxes in the amount of EUR 1 207 thousand (EUR 1 256 thousand in 2014) as these assets are not financial instruments. In 2015 there were no short-term loans provided to 3rd parties. In 2014 the balance was EUR 329 thousand, which was included in other receivables.

Note 9 Inventories

in thousands of EUR	31.12.15	31.12.14
Raw and other materials	3 119	4 379
Work in progress	1 039	1 602
Finished goods	10 743	19 474
Other inventories	569	1 007
Total	**15 470**	**26 462**

The Group writes-down 100% of all obsolete inventories. As of 31 December 2015 the Group's write-downs of raw materials to net realizable value amounted to zero (2014: EUR 26 thousand). As of 31 December 2015 the Group's write-downs of finished goods to net realizable value amounted to zero (2014: EUR 102 thousand). The write-downs are included in cost of goods sold.

Note 10 Available for sale investments

Details of the Group's available-for-sale financial assets

			Ownership as of		Carrying value	
in thousands of EUR	Domicile	Core activity	2015	2014	31.12.15	31.12.14
OJSC Svitanok	Belarus	Manufacturing	11,3726%	11.3726%	351	496
CJSC Minsk Transit Bank	Belarus	Financing	0,0600%	0.0600%	11	15
OJSC Belvnesheconombank	Belarus	Financing	0,4700%	0.0047%	10	14
National Pension Fund of Belarus	Belarus	Financing	0,0500%	0.0005%	0	0
OJSC Belinvestbank	Belarus	Financing	0,0001%	0.0001%	0	0
Total					**372**	**525**

Available for sale investments are stated at cost, because the shares are not traded in an active market and their fair value cannot be measured reliably. OAO Belvnesheconombank, ZAO Minsk Transit Bank and OAO Svitanok are profitable companies and value of these investments has no signs of impairment.

Note 11 Intangible assets

in thousands of EUR	Software	Trademarks	Prepayments	Total
As of 31 December 2013				
Cost	1 634	40	379	**2 053**
Accumulated amortization	-953	-19	-362	**-1 334**
Net book amount	**681**	**21**	**17**	**719**
Movements during 2014				
Effect of hyperinflation on opening balances	98	2	3	**103**
Acquisition	87	0	82	**169**
Transfers and reclassifications	116	0	-50	**66**
Disposals	-1	0	0	**-1**
Amortization	-297	-6	0	**-303**
Unrealised exchange rate differences	-61	-2	-3	**-66**
Closing net book amount	**624**	**14**	**49**	**687**
As of 31 December 2014				
Cost	1 896	37	432	**2 365**
Accumulated amortization	-1 272	-23	-383	**-1678**
Net book amount	**624**	**14**	**49**	**687**
Movements during 2015				
Acquisition	35	17	208	**260**
Transfers and reclassifications	223	0	-223	**0**
Disposals	0	2	0	**2**
Amortization	-303	-5	0	**-308**
Unrealised exchange rate differences	-179	-7	-12	**-198**
Closing net book amount	**400**	**21**	**22**	**443**
As of 31 December 2015				
Cost	1 608	41	293	1 942
Accumulated amortization	-1 208	-20	-271	-1 499
Net book amount	**400**	**21**	**22**	**443**

As of 31 December 2015 the cost of fully amortized items of intangible assets still in use amounted to EUR 926 thousand (2014: 1 303).

Note 12 Investment property

in thousands of EUR	2015	2014
31.12.2014		
Cost	1 927	1 835
Accumulated depreciation	-289	-243
Net book amount	**1 638**	**1 592**
Effect of hyperinflation on opening balances and change in exchange rates of presentation currency	-472	90
Depreciation	-36	-44
Closing net book amount	**1 130**	**1 638**
31.12.2015		
Cost	1 455	1 927
Accumulated depreciation	-325	-289
Net book amount	**1 130**	**1 638**

As of 31 December 2015 and 31 December 2014 investment property of the Group consisted of premises located at Nemiga 8, Minsk (Belarus) (728.3 sq. m.) acquired in 2007 and two more properties in Minsk and Mogilev (Belarus) that were transferred from property, plant and equipment in 2009, because the buildings were no longer used by the Group and were leased to a third party. The fair value of investment property was determined at third level.

The investment property is recognized at cost less accumulated depreciation and any impairment losses. Rental income generated by the investment property and recognized in consolidated income statement amounted to EUR 239 thousand (2014: EUR 293 thousand). According to management estimates, the carrying value of investment property as of 31 December 2015 and 31 December 2014 is not significantly different from the fair value. The fair values estimated by the management for information purposes only are based on prices that would be received to sell similar assets in similar conditions in an orderly transaction between market participants at the measurement date. The available market data used for fair values measurement included recent selling transactions of property with similar area, location, technical characteristics, accumulated depreciation rates, remaining useful lives. The Group did not involve external expert in the assessment of the fair value of investment property.

The assumptions used in the assessment of the fair value of the investment property meet the definition of Level 3 according to the classification in IFRS 13.

Note 13 Property, plant and equipment

in thousands of EUR	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction and prepayments	Total
31.12.2013					
Cost	8 091	25 633	5 482	194	**39 400**
Accumulated depreciation	-2 756	-14 847	-3 640	0	**-21 243**
Net book amount	**5 335**	**10 784**	**1 844**	**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**
Movements during 12m 2015					
Additions	0	84	326	164	574
Disposals	0	-1	-13	-1	-15
Reclassifications	3	24	111	-138	0
Depreciation	-208	-1 489	-454	0	-2 151
Unrealised exchange rate differences	-1 552	-2 652	-346	-10	-4 560
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**

As of 31 December 2015 the cost of fully depreciated items of property, plant and equipment still in use amounted to EUR 7 470 thousand (2014: EUR 9 229 thousand).

Note 14 Taxes

Income tax expense comprises the following:

in thousands of EUR	2015	2014
Current income tax	5 617	7 949
Deferred tax	-71	-1 858
Income tax expense	**5 546**	**6 091**

As of 31 December 2015 the majority of tax liabilities on the balance sheet comprise of corporate income tax in the amount of 883 EUR thousand (31.12.2014: 2 720 EUR thousand) and VAT in the amount of 524 EUR thousand (31.12.2014: 263 EUR thousand).

Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the majority of the Group's 2015 income is 20% (2014 – 20%). The income tax rate applicable to the income of subsidiaries ranges from 15% to 20% (2014: from 15% to 20%). Reconciliation between the expected and the actual taxation charge is provided below.

in thousands of EUR	2015	2014
Profit before tax	**16 166**	**16 678**
Theoretical income tax at the statutory tax rate*	3 639	3 203
Non-deductible expenses	445	397
Reversal of statutory revaluation	-122	-194
Forex gain recognition	0	0
IAS 29 – loss on tax base of assets and liabilities	0	734
IAS 29 – restatement of current income tax	0	128
IAS 29 – restatement of dividends	0	-119
IAS 29 – restatement of inventories	0	22
Effect of other permanent differences	-26	-282
Withholding tax on intra-group dividends	1 531	1 744
Other adjustments	79	458
Income tax expense for the year	**5 546**	**6 091**

** The theoretical income tax rate for the Group in 2015 was 19.0% based on weighted average of income tax rates and revenue of the Group by geographical areas (see note 24), in 2014 - 19.2%.*

Deferred tax arises from temporary differences between the carrying amount of an asset or a liability in the statement of financial position and its tax base. The Group's deferred tax asset and liability are attributable to the following assets and liabilities:

in thousands of EUR	1 January 2014	Effect of hyperinflation on opening balances and change in exchange rates	Charged to profit or loss	31 December 2014
Effect from deductible temporary differences:				
Property, plant and equipment	-11	0	2 082	2 071
Inventories	258	-3	974	1 229
Trade and other accounts receivable	97	0	116	213
Other temporary differences	103	0	78	181
Deferred tax asset	**446**	**-3**	**3 250**	**3 694**
Effect from taxable temporary differences:				
Property, plant and equipment	-1	-1	-2 525	-2 527
Inventories	103	0	-392	-289
Trade and other accounts receivable	-53	0	53	0
Accrued expenses	-1 933	-282	2 159	-56
Other temporary differences	-55	0	-401	-456
Deferred tax liability	**-1 939**	**-283**	**-1 106**	**-3 328**
Net deferred tax position	**-1 493**	**-286**	**2 144**	**366**

in thousands of EUR	1 January 2015	Effect of hyperinflation on opening balances and change in exchange rates	Charged to profit or loss	31 December 2015
Effect from deductible temporary differences:				
Property, plant and equipment	2 071	0	-221	1 850
Inventories	1 229	0	-920	309
Trade and other accounts receivable	213	0	-19	194
Other temporary differences	181	0	-127	54
Deferred tax asset	**3 694**	**0**	**-1 287**	**2 407**
Set-off of deferred tax	**0**	**0**	**0**	**-1 942**
Net deferred tax assets	**3 694**	**0**	**-1 287**	**465**
Effect from taxable temporary differences:				
Property, plant and equipment	-2 527	0	872	-1 655
Inventories	-289	0	202	-87
Trade and other accounts receivable	0	0	-184	-184
Accrued expenses	-56	0	47	-9
Other temporary differences	-456	0	436	-20
Deferred tax liability	**-3 328**	**0**	**1 373**	**-1 955**
Set-off of deferred tax	**0**	**0**	**0**	**1 942**
Net deferred tax liability	**-3 328**	**0**	**1 373**	**13**
Net deferred tax position	**366**	**0**	**71**	**452**

Note 15 Equity

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). Compared to 31 December 2014 share capital was reduced by EUR 300 thousand due to cancellation of the 1 000 000 own shares acquired within the own share buy-back programme. In 2015 the Company paid out dividends in amount of EUR 0.1 per share.

The minimum share capital and maximum share capital in accordance with articles of association of AS Silvano Fashion Group amount to EUR 4 500 thousand and EUR 18 000 thousand respectively. All issued shares have been fully paid for.

As of 31 December	**2015**	**2014**
Share capital, in thousands of EUR	11 400	11 700
Number of shares	38 000 000	39 000 000
Par value of a share, in EUR	0.3	0.3

All shares issued by AS Silvano Fashion Group are registered ordinary shares. Each ordinary share grants the holder one vote at the general meeting of shareholders. The Company does not issue share certificates to shareholders. The register is electronic and maintained at the Estonian Central Register of Securities.

Each ordinary share grants the holder the right to participate in profit distributions in proportion to the number of shares held. General Meeting decides the amount that will be distributed as dividends on the basis of the Parent company's approved annual report.

Cancelation of shares in 2015

On 29 June 2015 AS Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting decided to cancel 1 000 000 own shares held by the Parent company, effectively reducing the total number of shares to 38.0 million, all necessary registration proceedings were completed by the end of 2015.

Own Shares

The reserve for the Group's own shares comprises [illegible] December 2015 AS Silvano Fashion Group held 450 089 own shares (2014: 339 951) acquired under share buy-back program. The buyback took place under the following conditions:

AS Silvano Fashion Group is entitled to buy back its own shares from the date of the approval of the buyback until 29.06.2016:

- The total number of own shares to be bought back by SFG may not exceed 1 000 000;
- The maximum price payable by SFG for one share to be EUR 2.00.

The buyback period started on 01.07.2015. During the period from 01.07.2015 to 31.12.2015 number of shares bought back amounted to 450 089, average price per share amounted to 1.3203 EUR resulting in total cost of EUR 594 thousand.

As of 31 December 2015 AS Silvano Fashion Group had 1 851 shareholders (31.12.2014: 1 772 shareholders).

Note 16 Earnings per share

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

in thousands of shares	2015	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	2015	2014
Profit for the period attributable to equity holders of the Parent company	9 689	9 097
Basic earnings per share (EUR)	0.26	0.23
Diluted earnings per share (EUR)	0.26	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 17 Revenue

in thousands of EUR	2015	2014
Revenue from wholesale	49 475	79 144
Revenue from retail sale	15 711	21 158
Subcontracting and services	54	111
Other sales	13	455
Total	**65 254**	**100 868**