



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q4 and 12 months of 2017 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2017
End of the reporting period	31 December 2017
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
Fax	+372 684 5300
E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	AS PricewaterhouseCoopers

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

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Management Report

General information about Silvano Fashion Group AS

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

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

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

As of 31 December 2017 the Group employed 2 279 people (as of 31 December 2016: 2 163 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 31.12.2017	Ownership interest 31.12.2016
Parent company				
Silvano Fashion Group AS	Estonia	Holding		
Entities belonging to the Silvano Fashion Group				
Silvano Fashion ZAO	Russia	Retail and Wholesale	100%	100%
Silvano Fashion OOO	Belarus	Retail and wholesale	100%	100%
Silvano Fashion TOV	Ukraine	Wholesale	100%	100%
Silvano Fashion SIA	Latvia	Retail	100%	100%
Milavitsa SP ZAO	Belarus	Manufacturing and wholesale	84.92%	84.92%
Yunona OAO	Belarus	Manufacturing and wholesale	58.33%	58.33%
Gimil OOO	Belarus	Manufacturing and wholesale	100%	100%
Lauma Lingerie AS	Latvia	Manufacturing and wholesale	100%	100%
Alisee SARL	Monaco	Holding	99%	99%
Stolichnaja Torgovaja Kompanija “Milavitsa” ZAO	Russia	Holding	100%	100%
Baltsped logistik OOO	Belarus	Logistics	50%	50%

Business environment and results

The Group's sales amounted to 62 348 thousand EUR during the 12 months of 2017, representing a 7.7% increase as compared to the same period for the previous year. The Group's gross profit during the 12 months of 2017 amounted to 31 913 thousand EUR and increased by 1.1% compared to the 12 months of 2016. The Gross margin during the 12 months of 2017 decreased to 51.2% from 54.5% as compared to the 12 months of 2016.

Consolidated operating profit for the 12 months of 2017 decreased by 15.7% to 13 948 thousand EUR, compared to 16 543 thousand EUR in the 12 months of 2016. Consolidated EBITDA for the 12 months of 2017 decreased by 14.6% and was 15 735 thousand EUR, compared to 18 430 thousand EUR in the 12 months of 2016.

Reported consolidated net profit for the 12 months of 2017 amounted to 11 393 thousand EUR, increasing by 44.3% as compared to the result of 7 896 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for the 12 months of 2017 increased by 31.9% and amounted to 10 914 thousand EUR.

The Group's results for the 12 months of 2017 were defined by continued challenges in the economies of its major sales markets – Russia and Belarus. The growth in sales achieved by the Group amounted to 7.7% as compared to the 12 months of 2016, but the gross margin decreased compared to the same period of last year. The purchasing power in the region's countries remains low, therefore, it is hard to foresee a relatively fast recovery occurring in the growth rates of the economies under discussion.

According to the Russian Federal State Statistics Service (Rosstat), the monthly inflation rate in Russia was 0.42% in December 2017, which is 0.20 percentage points higher than in November 2017 and 0.02 percentage points higher than in December 2016. At the same time, the 2017 year-to-date inflation rate was 2.52%. Higher commodity prices, lower interest rates and low inflation are expected to contribute to moderate growth in 2018. FocusEconomics Consensus Forecast panellists see GDP expanding at a rate of 1.9% in 2018, which is unchanged from last month's forecast and slightly above 1.8% expansion projected for 2017. In 2019, growth is seen to remain broadly stable at 1.8%.

The Group's sales on the Russian market totalled 34 838 thousand EUR, an increase of 9.3% compared to the 12 months of 2016. Local currency sales decreased by 3.0% in the 12 months of 2017 compared to the same 12 months of 2016. The Group's Russian subsidiary opened 9 new stores during the 12 months of 2017, a total of 36 own stores are now operating. The Group will continue opening its own stores. In addition to growing sales and better control of the market this allows further developing of the retail concept of the Group's brands to make it more attractive for us and our franchise retail partners.

According to Belstat in Belarus, consumer prices increased by 0.2% in December 2017 compared to the previous month, a smaller rise than the 0.5% month-on-month rise in November 2017. Inflation continued on a downward trend, edging down to an all-time low of 4.6% in December 2017 from 4.9% in November 2017, and core inflation fell to 2.5% down from 2.9%. Meanwhile, annual average inflation dropped to 6.0% in December 2017 from 7.0% in November 2017. FocusEconomics Consensus Forecast participants see inflation averaging 7.9% in 2018, which is up 0.7 percentage points from last month's forecast. For 2019, panellists expect inflation to average at 7.3%. Annual average growth in industrial production inched up to 6.3% in December 2017, up from 6.2% in November 2017. FocusEconomics Consensus Forecast panellists project that industrial production will expand at a rate of 3.5% in 2018, which is up 0.3 percentage points from last month's forecast. For 2019, panellists expect industrial production to rise 3.1%.

The Group's sales in Belarus in the 12 months of 2017 were 18 024 thousand EUR and increased by 2.6% compared to the 12 months of 2016. Sales in local currency increased by 1.6% during the same period. In Belarus the Group will focus on improving profitability of its retail business, we will also continue to expand our store chain there depending on the availability of reasonably priced sales areas. The Group's Belarusian subsidiary opened 6 more stores during the 12 months of 2017.

According to the data released by the State Statistics Service of Ukraine, yearly inflation inched up from November's 2017 13.6% to end the year at 13.7% in December 2017. The result was above 2016's year-end reading of 12.4%. Inflation rose notably in the second half of 2017 due to strong consumer spending, rising prices for commodities and a weakening in the hryvna. FocusEconomics Consensus Forecast panellists expect inflation to end 2018 at 8.0%, which is up 0.1 percentage points from last month's forecast. For 2019, the panel sees inflation easing to 6.8%. Growth should gain speed this year due to impact of the 2017 trade blockade fades. However, downside risks to Ukraine's outlook are mounting. FocusEconomics panellists see GDP rising 2.9% in 2018, which is unchanged from last month's forecast. In 2019, growth is expected to pick up to 3.2%.

The Group's sales in Ukraine in the 12 months of 2017 increased by 871 thousand EUR, which is 52.5% more than in the previous year's same period. Sales in local currency increased by 58.8% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 88.9% of its total sales. Measured in local currencies sales decrease was 3.0% in Russia. In Belarus and Ukraine sales in local currency increased 1.6% and 58.8%.

	12m 2017	12m 2016	Change	Change, %
Russia, th RUR	2 278 709	2 349 449	-70 740	-3.0%
Belarus, th BYN	39 262	38 656	606	1.6%
Ukraine, th UAH	75 201	47 370	27 831	58.8%

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

in thousands of EUR	12m 2017	12m 2016	Change, EUR	Change, %	12m 2017, % of sales	12m 2016, % of sales
Russia	34 838	31 884	2 954	9.3%	55.9%	55.1%
Belarus	18 024	17 571	453	2.6%	28.9%	30.4%
Ukraine	2 531	1 660	871	52.5%	4.1%	2.9%
Baltics	1 685	1 399	286	20.4%	2.7%	2.4%
Other markets	5 270	5 378	-108	-2.0%	8.4%	9.2%
Total	62 348	57 892	4 456	7.7%	100.0%	100.0%

The majority of lingerie sales revenue during 12 months of 2017 in the amount of 34 838 thousand EUR was generated in Russia, accounting for 55.9% of total sales. The second largest market was Belarus, where sales reached 18 024 thousand EUR, contributing 28.9% of lingerie sales (both retail and wholesale). Volumes in Ukraine increased significantly to 2 531 thousand EUR, accounting for 4.1% of total sales

Sales by business segments

in thousands of EUR	12m 2017	12m 2016	Change, EUR	Change, %	12m 2017, % from sales	12m 2016, % from sales
Wholesale	41 984	42 066	-82	-0.2%	67.3%	72.7%
Retail	20 268	15 724	4 544	28.9%	32.5%	27.2%
Other operations	96	102	-6	-5.9%	0.2%	0.1%
Total	62 348	57 892	4 456	7.7%	100.0%	100.0%

During 12 months of 2017 wholesale revenue amounted to 41 984 thousand EUR, representing 67.3% of the Group`s total revenue (12 months of 2016: 72.7%). The main wholesale regions were Russia, Belarus, Kazakhstan and Ukraine.

Our retail revenue increased by 28.9% and amounted to 20 268 thousand EUR, this represents 32.5% of the Group`s total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	36	376	412
Ukraine	0	50	50
Belarus	68	2	70
Baltics	8	27	35
Other regions	0	117	117
Total	112	572	684

At the end of the reporting period the Group and its franchising partners operated 637 Milavitsa and 47 Lauma Lingerie branded stores, including 112 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 12 months of 2017 compared to 12 months of 2016 and 31.12.2017 compared to 31.12.2016 were as follows:

in thousands of EUR	12m 2017	12m 2016	Change
Revenue	62 348	57 892	7.7%
EBITDA	15 735	18 430	-14.6%
Net profit for the period	11 393	7 896	44.3%
Net profit attributable equity holders of the Parent company	10 914	8 273	31.9%
Earnings per share (EUR)	0.30	0.22	36.4%
Operating cash flow for the period	9 178	12 807	-28.3%

in thousands of EUR	31.12.2017	31.12.2016	Change
Total assets	52 880	56 145	-5.8%
Total current assets	41 708	42 677	-2.3%
Total equity attributable to equity holders of the Parent company	40 974	43 402	-5.6%
Cash and cash equivalents	21 230	22 303	-4.8%

Margin analysis, %	12m 2017	12m 2016	Change
Gross profit	51.2	54.5	-6.1%
EBITDA	25.2	31.8	-20.8%
Net profit	18.3	13.6	34.6%
Net profit attributable to equity holders of the Parent company	17.5	14.3	22.4%

Financial ratios, %	31.12.2017	31.12.2016	Change
ROA	19.9	14.7	35.4%
ROE	27.1	19.6	38.3%
Price to earnings ratio (P/E)	9.5	13.2	-28.0%
Current ratio	4.7	4.9	-4.1%
Quick ratio	2.7	3.0	-10.0%

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 62 348 thousand EUR during 12 months of 2017, representing a 7.7% increase as compared to the same period of previous year. Overall, wholesales decreased by 0.2% and retail sales increased by 28.9%, measured in EUR.

The Group's reported gross profit margin during 12 months of 2017 continued to improve decreasing to 51.2%, reported gross margin was 54.5% in the respective period of previous year. Consolidated operating profit for 12 months of 2017 amounted to 13 948 thousand EUR, compared to 16 543 thousand EUR in 12 months of 2016. The consolidated operating profit margin was 22.4% for 12 months of 2017 (28.6% in 12 months of 2016). Consolidated EBITDA for 12 months of 2017 was 15 735 thousand EUR, which is 25.2% in margin terms (18 430 thousand EUR and 31.8% for 12 months of 2016).

Reported consolidated net profit attributable to equity holders of the Parent company for 12 months of 2017 amounted to 10 914 thousand EUR, compared to net profit of 8 273 thousand EUR in 12 months of 2016, net profit margin attributable to equity holders of the Parent company for 12 months of 2017 was 17.5% against 14.3% in 12 months of 2016.

Financial position

As of 31 December 2017 consolidated assets amounted to 52 880 thousand EUR representing an decrease by 5.8% as compared to the position as of 31 December 2016.

Trade and other receivables decreased by 1 452 thousand EUR as compared to 31 December 2016 and amounted to 2 716 thousand EUR as of 31 December 2017. Inventory balance increased by 1 573 thousand EUR and amounted to 17 760 thousand EUR as of 31 December 2017.

Equity attributable to equity holders of the Parent company decreased by 2 428 thousand EUR and amounted to 40 974 thousand EUR as of 31 December 2017. Current liabilities increased by 123 thousand EUR during 12 months of 2017.

Investments

During 12 months of 2017 the Group's investments into property, plant and equipment totalled 1 226 thousand EUR, in previous year same period 888 thousand EUR. Investments were made mainly into opening and renovating own stores, as well into equipment and facilities to maintain effective production for future periods.

Personnel

As of 31 December 2017, the Group employed 2 279 employees, including 506 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2016 there were 2 163 employees, including 480 people in retail operations.

Total salaries and related taxes during 12 months of 2017 amounted to 13 994 thousand EUR (11 630 thousand EUR in 12 months of 2016). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 891 thousand EUR.

Decisions made by governing bodies during 12 months 2017

On February 2, 2017 Silvano Fashion Group Extraordinary Meeting of Shareholders decided to change Silvano Fashion Group AS shareholders General Meeting decision from June 29, 2016 of its share buyback program terms and set the new maximum price at which Silvano Fashion Group AS may buy back its own shares within the own share buy-back programme is EUR 3.30 per share.

In connection with expiration of the term of the board member agreement, Kati Kusmin left the company from May 16, 2017. AS Silvano Fashion Group the Management Board continues with one member: Jarek Sārgava.

On June 29, 2017 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted following decisions.

- The Meeting approved the 2016 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.20 EUR per share (record date 13.07.2017, payment completed on 19.07.2017).
- The Meeting decided to re-appoint AS PricewaterhouseCoopers as the Group's auditor for financial year 2017.
- The Meeting decided to cancel the 1 000 000 own shares acquired within the own share buy-back programme as approved by the shareholders of AS Silvano Fashion Group on 29th of June 2016;
- The Meeting decided to extend authority of the supervisory board member Mr. Toomas Tool for the next term of authority starting from 1 July 2017 till 30 June 2022.

- The Meeting decided to continue with the remuneration plan of the supervisory board members as approved by the annual general meeting held on 30 June 2012.
- On October 31, 2017, the decrease of share capital of Silvano Fashion Group AS was registered in the Commercial Register based on the resolutions adopted by the General Meeting of Shareholders of the Company held on June 29, 2017. The new registered share capital of the Company is 10 800 000 euros, which is divided into 36 000 000 ordinary shares with nominal value of 0.30 euros per share.

Shares of AS Silvano Fashion Group

As of 31 December 2017 registered share capital of AS Silvano Fashion Group amounted to 10 800 thousand EUR divided into 36 000 000 ordinary shares with a nominal value of 0.30 EUR each. The share register is electronic and maintained at the Estonian Central Register of Securities. The Company has been listed on Nasdaq OMX Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 31 December 2017 AS Silvano Fashion Group had 1 719 shareholders (as of 31 December 2016: 1 711 shareholders).

As of 31 December 2017 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

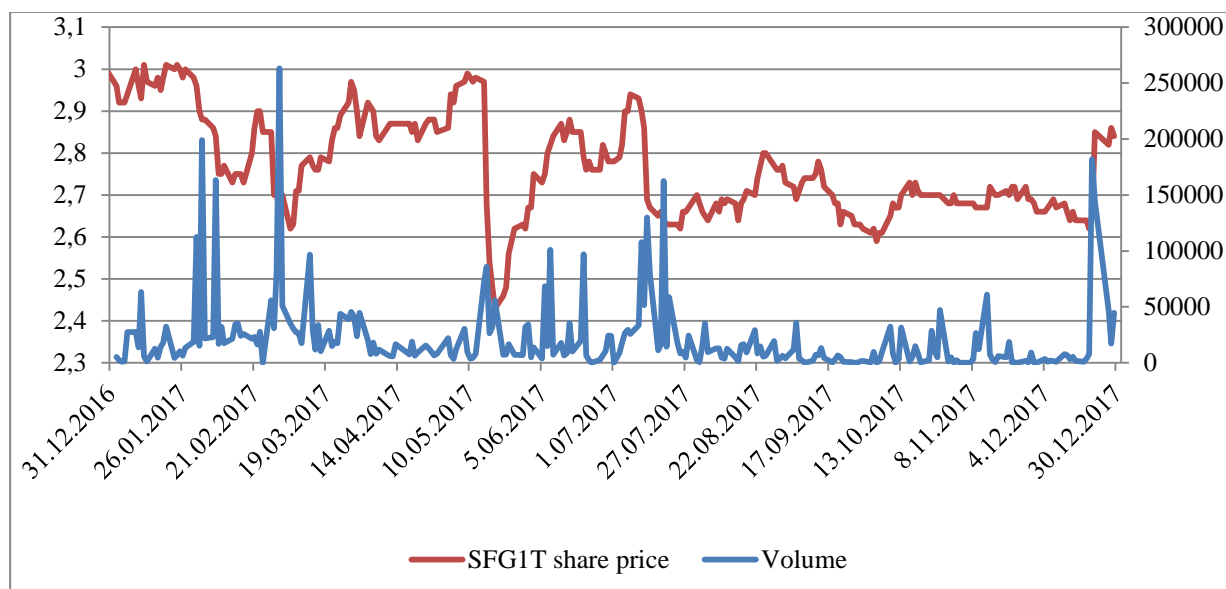
Name	Number of shares	Shareholding
Major shareholders	23 014 883	63.93%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 003 605	25.01%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	3 490 924	9.70%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	2 520 354	7.00%
Other shareholders	12 985 117	36.07%
Total number of shares	36 000 000	100.00%

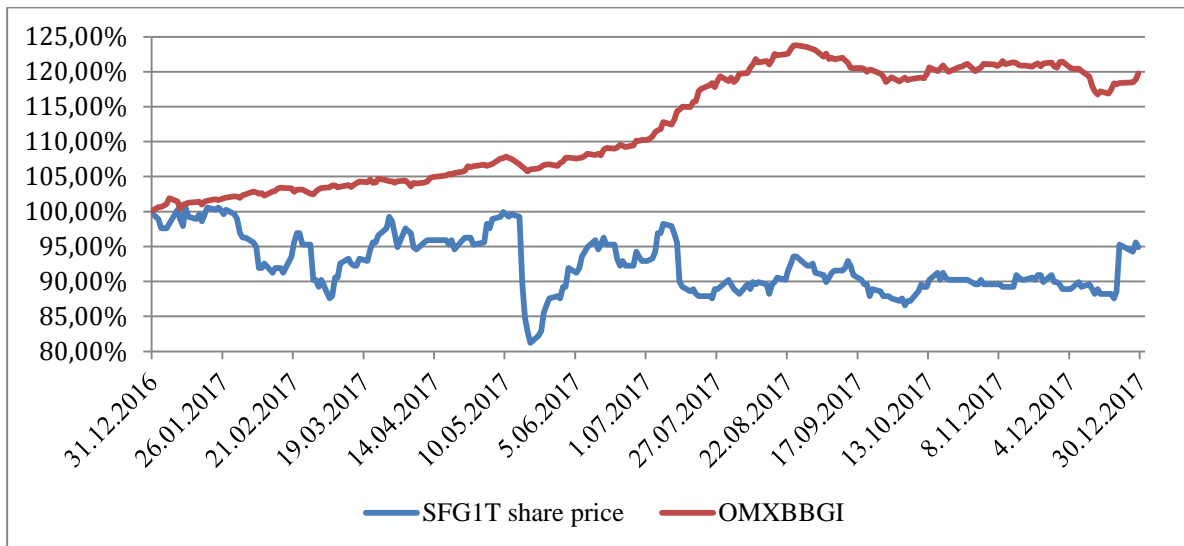
As of 31 December 2016 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

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

Share price development and turnover on the Tallinn Stock Exchange during 12 months of 2017 (EUR)

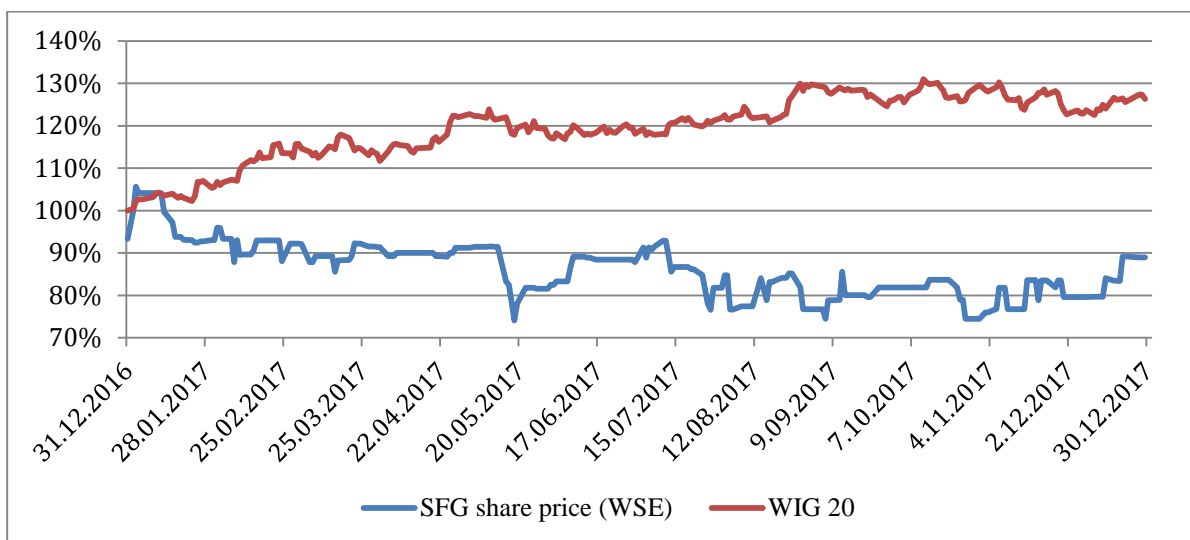
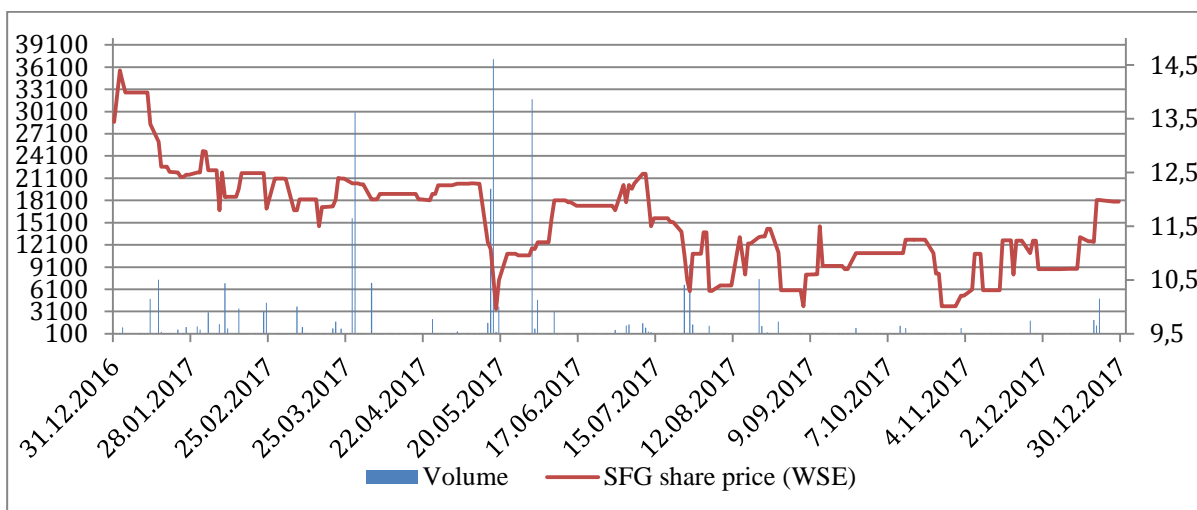
During 12 months of 2017 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 3.02 EUR and 2.39 EUR, respectively.





Share price development on the Warsaw Stock Exchange during 12 months of 2017 (PLN)

During 12 months of 2017, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 14.40 PLN and 9.96 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 2017 (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.



Jarek Sārgava
Member of the Management Board
February 23, 2018

Consolidated Statement of Financial Position

in thousands of EUR	Note	31.12.2017	31.12.2016
ASSETS			
Current assets			
Cash and cash equivalents		21 230	22 303
Current loans granted		2	19
Trade and other receivables	2	2 716	4 168
Inventories	3	17 760	16 187
Total current assets		41 708	42 677
Non-current assets			
Long-term receivables		255	21
Investments in associates		55	19
Available-for-sale investments		320	369
Deferred tax asset		900	1 012
Intangible assets		217	291
Investment property		920	1 091
Property, plant and equipment	4	8 505	10 665
Total non-current assets		11 172	13 468
TOTAL ASSETS		52 880	56 145
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5	8 025	6 894
Tax liabilities		849	1 857
Total current liabilities		8 874	8 751
Non-current liabilities			
Deferred tax liability		10	37
Long-term provisions		52	0
Total non-current liabilities		62	37
Total liabilities		8 936	8 788
Equity			
Share capital	6	10 800	11 100
Share premium		8 567	10 787
Treasury shares	6	0	-998
Statutory reserve capital		1 306	1 306
Revaluation reserve		710	710
Unrealised exchange rate differences		-15 588	-10 968
Retained earnings		35 179	31 465
Total equity attributable to equity holders of the Parent company		40 974	43 402
Non-controlling interest		2 970	3 955
Total equity		43 944	47 357
TOTAL EQUITY AND LIABILITIES		52 880	56 145

Consolidated Income Statement

in thousands of EUR	Note	4Q 2017	4Q 2016	12m 2017	12m 2016
Revenue	8	12 283	12 250	62 348	57 892
Cost of goods sold		-5 589	-5 987	-30 435	-26 333
Gross Profit		6 694	6 263	31 913	31 559
Distribution expenses		-2 947	-2 743	-12 081	-9 393
Administrative expenses		-1 197	-1 365	-4 937	-4 846
Other operating income		93	97	323	347
Other operating expenses		-458	-335	-1 270	-1 124
Operating profit		2 185	1 917	13 948	16 543
Currency exchange income/(expense)		89	-2 574	1 221	-5 094
Other finance income/(expenses)		29	5	176	149
Net financial income		118	-2 569	1 397	-4 945
Profit (loss) from associates using equity method		10	22	39	22
Profit before tax		2 313	-630	15 384	11 620
Income tax expense		-646	-855	-3 991	-3 724
Profit for the period		1 667	-1 485	11 393	7 896
Attributable to :					
Equity holders of the Parent company		1 605	-844	10 914	8 273
Non-controlling interest		62	-641	479	-377
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,04	-0,02	0,30	0,22

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	4Q 2017	4Q 2016	12m 2017	12m 2016
Profit for the period		1 667	-1 485	11 393	7 896
<i>Other comprehensive income for the period</i>					
Exchange rate differences attributable to foreign operations		43	4 685	-5 183	5 486
Revaluation of PPE at FV		0	1 065	0	1 065
Total other comprehensive income for the period		43	5 750	-5 183	6 551
Attributable to :					
Equity holders of the Parent company		112	5 053	-4 620	5 981
Non-controlling interest		-69	697	-563	571
Total comprehensive income for the period		1 710	4 265	6 210	14 447
Attributable to :					
Equity holders of the Parent company		1 717	4 209	6 294	14 253
Non-controlling interest		-7	56	-84	194

Consolidated Statement of Cash Flows

in thousands of EUR	12m 2017	12m 2016
Cash flow from operating activities		
Profit for the period	11 393	7 896
Adjustments for:		
Depreciation and amortization of non-current assets	1 787	1 887
Share of profit of equity accounted investees	-39	-22
(Gains)/ losses on the sale of PPE and IA	7	-32
Net finance income / costs	-1 397	4 945
Provision for impairment losses on trade receivables	-19	4
Provision for long-term benefits	52	0
Income tax expense	3 991	3 724
Change in inventories	-1 573	-717
Change in trade and other receivables	1 081	43
Change in trade and other payables	-1 709	-641
Income tax paid	-4 396	-4 280
Net cash from operating activities	9 178	12 807
Cash flow from investing activities		
Interest received	127	123
Dividends received	1	3
Proceeds from disposal of property, plant and equipment	463	36
Proceeds from repayments of loans granted	-17	0
Acquisition of property, plant and equipment	-1 226	-888
Acquisition of intangible assets	-118	-106
Acquisition of shares of a subsidiary	0	-3
Net cash used in/from investing activities	-770	-835
Cash flow from financing activities		
Dividends paid	-8 101	-9 220
Acquisition of own shares	-1 522	-1 846
Net cash used in/ from financing activities	-9 623	-11 066
Increase in cash and cash equivalents	-1 215	906
Cash and cash equivalents at the beginning of period	22 303	21 274
Effect of exchange rate fluctuations on cash held	142	123
Cash and cash equivalents at the end of period	21 230	22 303

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	Treasury shares	Statutory reserve capital	Revaluation reserve	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 2015	11 400	11 914	-579	1 306	0	-16 238	32 391	40 194	3 782	43 976
Profit for the period	0	0	0	0	0	0	8 273	8 273	-377	7 896
Other comprehensive income for the period	0	0	0	0	710	5 270	0	5 980	571	6 551
Total comprehensive income for the period	0	0	0	0	710	5 270	8 273	14 253	194	14 447
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-9 199	-9 199	-21	-9 220
Cancellation of treasury shares	-300	-1 127	1 427	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	-1 846	0	0	0	0	-1 846	0	-1 846
Total transactions with owners, recognised directly in equity	-300	-1 127	-419	0	0	0	-9 199	-11 045	-21	-11 066
Balance as at 31 December 2016	11 100	10 787	-998	1 306	710	-10 968	31 465	43 402	3 955	47 357
Balance as at 31 December 2016	11 100	10 787	-998	1 306	710	-10 968	31 465	43 402	3 955	47 357
Profit for the period	0	0	0	0	0	0	10 914	10 914	479	11 393
Other comprehensive income for the period	0	0	0	0	0	-4 620	0	-4 620	-563	-5 183
Total comprehensive income for the period	0	0	0	0	0	-4 620	10 914	6 294	-84	6 210
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-7 200	-7 200	-901	-8 101
Cancellation of treasury shares	-300	-2 220	2 520	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	-1 522	0	0	0	0	-1 522	0	-1 522
Total transactions with owners, recognised directly in equity	-300	-2 220	998	0	0	0	-7 200	-8 722	-901	-9 623
Balance as at 31 December 2017	10 800	8 567	0	1 306	710	-15 588	35 179	40 974	2 970	43 944

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 2017 and comprises parent company and its subsidiaries.

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

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

Basis for preparation

This Interim Report of AS Silvano Fashion Group for Q4 and 12 months of 2017 ended on 31 December 2017 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 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

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

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

New standards and interpretations

In additions to disclosures already made in the Annual Report for the financial year ended on 31 December 2016 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2017 and that would be expected to have a material impact on the group.

Note 2 Trade and other receivables

in thousands of EUR	31.12.17	31.12.16
Trade receivables from third parties	1 463	2 912
Trade receivables from related parties	0	131
Impairment of receivables	-128	-1 098
Tax prepayments	813	1 525
Other receivables	568	698
Total	2 716	4 168

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	31.12.17	31.12.16
Raw and other materials	5 370	4 358
Work in progress	1 068	1 158
Finished goods	10 834	10 245
Other inventories	488	426
Total	17 760	16 187

Note 4 Property, plant and equipment

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 31 December 2017.

in thousands of EUR					
	Land and buildings	Plant and equipment	Other equipment and fixtures	Assets under construction	Total
31.12.2015					
Cost	6 060	19 323	4 145	39	29 567
Accumulated depreciation	-2 430	-13 605	-3 178	0	-19 213
Net book amount	3 630	5 718	967	39	10 354
Movements during 12m 2016					
Revaluation	356	710	0	0	1 066
Additions	0	32	427	429	888
Disposals	0	-1	-3	0	-4
Reclassifications	0	311	124	-435	0
Depreciation	-161	-1 086	-354	0	-1 601
Transfers to assets held for sale	0	-7	0	0	-7
Unrealised exchange rate differences	-12	-119	99	1	-31
Closing net book amount	3 813	5 558	1 260	34	10 665
31.12.2016					
Cost	6 520	20 013	4 637	34	31 204
Accumulated depreciation	-2 707	-14 455	-3 377	0	-20 539
Net book amount	3 813	5 558	1 260	34	10 665
31.12.2016					
Cost	6 520	20 013	4 637	34	31 204
Accumulated depreciation	-2 707	-14 455	-3 377	0	-20 539
Net book amount	3 813	5 558	1 260	34	10 665
Movements during 12m 2017					
Additions	5	13	853	355	1 226
Revaluation	0	0	0	0	0
Disposals	0	-26	-444	0	-470
Transfers to assets held for sale	0	0	0	0	0
Reclassifications	0	84	208	-292	0
Depreciation	-155	-1 006	-466	0	-1 627
Unrealised exchange rate differences	-493	-556	-234	-6	-1 289
Closing net book amount	3 170	4 067	1 177	91	8 505
31.12.2017					
Cost	5 661	17 676	4 552	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	-19 475
Net book amount	3 170	4 067	1 177	91	8 505

Note 5 Trade and other payables

in thousands of EUR	31.12.17	31.12.16
Trade payables	6 563	5 220
Accrued expenses	416	567
Provisions	42	58
Other payables	1 004	1 049
Total	8 025	6 894

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 2017 registered share capital of AS Silvano Fashion Group amounted to 10 800 thousand EUR divided into 36 000 000 shares with a nominal value of 0.30 EUR each (as of 31 December 2016, 11 100 thousand EUR, 37 000 000 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 2017 AS Silvano Fashion Group had 1 719 shareholders (as of 31 December 2016 – 1 711 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 12 months of 2017 (12 months of 2016) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	12m 2017	12m 2016
Number of ordinary shares at the beginning of the period	37 000	38 000
Effect of own shares held at the beginning of the period	-460	-450
Number of ordinary shares at the end of the period	36 000	37 000
Effect of own shares held at the end of the period	0	-460
Weighted average number of ordinary shares for the period	36 049	36 863

in thousands of EUR	12m 2017	12m 2016
Profit for the period attributable to equity holders of the Parent company	10 914	8 273
Basic earnings per share (EUR)	0.30	0.22
Diluted earnings per share (EUR)	0.30	0.22

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 2017	12m 2016
Revenue from wholesale	41 972	42 061
Revenue from retail	20 268	15 724
Subcontracting and services	96	102
Other sales	12	5
Total	62 348	57 892

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 2017	12m 2016
Associates	1 372	915
Total	1 372	915

Balances with related parties

in thousands of EUR	31.12.2017	31.12.2016
Trade receivables from associates	0	131
Total	0	131

Benefits to key management of the group

in thousands of EUR	12m 2017	12m 2016
Remunerations and benefits	891	811
Total	891	811

Corporate income tax

in thousands of EUR	31.12.17	31.12.2016
Prepayment	101	255
Liability	-70	-629
Net	31	-374

Note 10 Operating segments

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

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

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

There is a strong integration between wholesale and retail segments. The accounting policies of reportable segments are the same. Management estimates that intersegment transactions have been done on arm-length basis.

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

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

Unallocated revenues include revenues from services, commissions and rental income. Unallocated assets include cash and bank deposits not used in daily operations of either of the segments.

Operating segments		12m 2017					
in thousands of EUR		Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers		20 268	41 984	62 252	96		62 348
Intersegment revenues		0	36 669	36 669	4 715	-41 384	0
EBITDA		4 622	10 372	14 994	741		15 735
Amortization and depreciation		-91	-1 168	-1 259	-528	0	-1 787
Operating income, EBIT		4 531	9 204	13 735	213	0	13 948
Profit from associates using equity method		0	39	39	0	0	39
Net financial income		772	272	1 044	353	0	1 397
Income tax		-540	-2 270	-2 810	-1 181	0	-3 991
Net profit		4 763	7 245	12 008	-615	0	11 393
Investments in associates		0	55	55	0	0	55
Other operating segments assets		2 403	39 682	42 085	10 740	0	52 825
Reportable segments liabilities		383	7 973	8 356	580	0	8 936
Capital expenditures		258	1 086	1 344	0	0	1 344
Number of employees as of reporting date		506	1 608	2 114	165		2 279
Operating segments		12m 2016					
in thousands of EUR		Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers		15 724	42 066	57 790	102		57 892
Intersegment revenues		0	37 355	37 355	3 748	-41 103	0
EBITDA		4 672	13 204	17 876	554		18 430
Amortization and depreciation		-75	-1 235	-1 310	-577	0	-1 887
Operating income, EBIT		4 597	11 969	16 566	-23	0	16 543
Profit from associates using equity method		0	22	22	0	0	22
Net financial income		-88	-2 081	-2 169	-2 776	0	-4 945
Income tax		-566	-2 547	-3 113	-611	0	-3 724
Net profit		3 943	7 363	11 306	-3 410	0	7 896
Investments in associates		0	19	19	0	0	19
Other operating segments assets		3 107	44 010	47 117	9 009	0	56 126
Reportable segments liabilities		355	7 999	8 354	434	0	8 788
Capital expenditures		541	442	983	13	0	996
Number of employees as of reporting date		480	1 644	2 124	39		2 163

Revenue and non-current assets breakdown by geographical areas

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

Geographical segments

in thousands of EUR

	Sales revenue 12m 2017	Sales revenue 12m 2016	Non-current assets 31.12.2017	Non-current assets 31.12.2016
Russia	34 838	31 884	1 308	1 196
Belarus	18 024	17 571	9 581	11 962
Ukraine	2 531	1 660	1	1
Baltics	1 685	1 399	258	285
Other countries	5 270	5 378	24	24
Total	62 348	57 892	11 172	13 468