



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q2 and 6 months of 2017 (unaudited)

(translation of the Estonian original)*

Beginning of the reporting period	1 January 2017
End of the reporting period	30 June 2017
Business name	AS Silvano Fashion Group
Registration number	10175491
Legal address	Tulika 15/17, 10613 Tallinn
Telephone	+372 684 5000
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E-mail	info@silvanofashion.com
Website	www.silvanofashion.com
Core activities	Design, manufacturing and distribution of women's lingerie
Auditor	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 30 June 2017 the Group employed 2 264 people (as of 31 December 2016: 2 163 people).

The Group comprises the following companies:

	Location	Main activity	Ownership interest 30.06.2017	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 32 810 thousand EUR during 6 months of 2017, representing a 7.2% increase as compared to the same period of previous year. The Group's gross profit during 6 months of 2017 amounted to 16 247 thousand EUR and decreased by 5.7% compared to 6 months of 2016. Gross margin during 6 months of 2017 decreased to 49.5% from 56.3% in the respective to 6 months of 2016.

Consolidated operating profit 6 months of 2017 decreased by 31.1% to 7 122 thousand EUR, compared to 10 340 thousand EUR in 6 months of 2016. Consolidated EBITDA for 6 months of 2017 decreased by 27.8% and was 8 094 thousand EUR, compared to 11 218 thousand EUR in 6 months of 2016.

Reported consolidated net profit for 6 months of 2017 amounted to 5 702 thousand EUR, decreasing by 7.0% compared to prior result of 6 133 thousand EUR. Net profit attributable to equity holders of the Parent company for 6 months of 2017 decreased by 9.2% and amounted to 5 434 thousand EUR.

Group's results for 6 months of 2017 were defined by continued challenges in economies of its major sales markets – Russia and Belarus. Group achieved growth in sales compared to 6 months of 2016, but gross margin and gross profit decreased compared to same period last year. The purchasing power in region's countries remains low; therefore, it is hard to see some kind of relatively fast recovery in growth rates of economies under discussion.

Russian statistics are slightly improving compared to 2016, the inflation rate is falling and currently stands at 2.30% for the 6 months of 2017 (3.30% for 6 months in 2016), the International Monetary Fund (IMF) expects Russia's economic growth in 2017 by 1.4%, but the purchasing power of the population in real terms is still falling.

Group's sales on Russian market totalled 18 318 thousand EUR, increase is 5.9% compared to 6 months of 2016. In local currency sales decreased by 16.6% during 6 months. Group's Russian subsidiary opened 5 stores during 6 months of 2017, total 32 own stores is now opened. 3 more stores were opened in July 2017. The Group will continue opening own stores. In addition to growing sales and better control of the market this allows further developing of retail concept of Group's brands to make it more attractive for us and our franchisee retail partners.

The Belarusian economy at the moment isn't demonstrating any signs of stabilization. Major factors behind this are believed to be unreformed economy (particularly public sector and state-controlled entities), delayed impact of recession in main trading partner –Russia, continued pressure on Belarusian rouble, low demand for consumption, high level of debts in economy. Share of problematic credits in banking sector is continuously growing, according to official statistics. Against this background, analysts predict that GDP will grow by only 0.2-0.4% in 2017. Consumer prices rose by 0.4% in June 2017 compared with the previous month. According to Belstat, the June increase was due to higher prices for services. Inflation since the beginning of the year was 3.4%, and for the 2nd quarter of 2017 1.7%. Analysts believe that inflation will average 10.3% in 2017.

Group's sales in Belarus in 6 months of 2017 were 9 332 thousand EUR and increasing 2.0% compared to 6 months of 2016. Sales in local currency decreased by 7.4% at the same period. In Belarus the Group will focus on improving profitability of its retail business, we will also continue to expand our store chain there depending on availability of reasonably priced sales areas. The Belarusian subsidiary of the Group opened 5 more stores during the 6 months of 2017, 2 more stores were opened in July 2017.

It is expected that the economy of Ukraine will return to positive growth in 2017., supported by improving consumer and investor confidence, gradually rising real incomes and a gradual easing of credit conditions. Analysts note GDP growth this year at 2.4%, and inflation before the end of 2017 - 9.3%.

Group's sales in Ukraine in 6 months of 2017 reached the level of 1 527 thousand EUR, which is 69.1% more than previous year same period. Sales in local currency increased by 72.6% during 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 16.6% in Russia and 7.4% in Belarus. In Ukraine sales in local currency increased 72.6%.

	6m 2017	6m 2016	Change	Change, %
Russia, th RUR	1 130 274	1 355 726	-225 452	-16,6%
Belarus, th BYN	19 131	20 655	-1 524	-7,4%
Ukraine, th UAH	44 239	25 630	18 609	72,6%

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

in thousands of EUR	6m 2017	6m 2016	Change, EUR	Change, %	6m 2017, % of sales	6m 2016, % of sales
Russia	18 318	17 303	1 015	5,9%	55,8%	56,6%
Belarus	9 332	9 145	187	2,0%	28,4%	29,9%
Ukraine	1 527	903	624	69,1%	4,7%	3,0%
Baltics	799	883	-84	-9,5%	2,4%	2,9%
Other markets	2 834	2 361	473	20,0%	8,6%	7,7%
Total	32 810	30 595	2 215	7,2%	100,0%	100,0%

The majority of lingerie sales revenue during 6 months of 2017 in the amount of 18 318 thousand EUR was generated in Russia, accounting for 55.8% of total sales. The second largest market was Belarus, where sales reached 9 332 thousand EUR, contributing 28.4% of lingerie sales (both retail and wholesale). Volumes in Ukraine increased significantly to 1 527 thousand EUR, accounting for 4.7% of total sales

Sales by business segments

in thousands of EUR	6m 2017	6m 2016	Change, EUR	Change, %	6m 2017, % of sales	6m 2016, % of sales
Wholesale	22 519	23 245	-726	-3,1%	68,6%	76,0%
Retail	10 229	7 297	2 932	40,2%	31,2%	23,9%
Other operations	62	53	9	17,0%	0,2%	0,1%
Total	32 810	30 595	2 215	7,2%	100,0%	100,0%

During 6 months of 2017 wholesale revenue amounted to 22 519 thousand EUR, representing 68.6% of the Group's total revenue (6 months of 2016: 76.0%). The main wholesale regions were Russia, Belarus, Kazakhstan and Ukraine.

Our retail revenue increased by 40.2% and amounted to 10 229 thousand EUR, this represents 31.2% of the Group's total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	32	373	405
Ukraine	0	50	50
Belarus	63	7	70
Baltics	7	28	35
Other regions	0	121	121
Total	102	579	681

At the end of the reporting period the Group and its franchising partners operated 630 Milavitsa and 51 Lauma Lingerie branded stores, including 102 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 6 months of 2017 compared to 6 months of 2016 and 30.06.2017 compared to 31.12.2016 were as follows:

in thousands of EUR	6m 2017	6m 2016	Change
Revenue	32 810	30 595	7,2%
EBITDA	8 094	11 218	-27,8%
Net profit for the period	5 702	6 133	-7,0%
Net profit attributable equity holders of the Parent company	5 434	5 986	-9,2%
Earnings per share (EUR)	0,15	0,16	-6,3%
Operating cash flow for the period	4 716	8 708	-45,8%

in thousands of EUR	30.06.2017	31.12.2016	Change
Total assets	56 592	56 145	0,8%
Total current assets	44 358	42 677	3,9%
Total equity attributable to equity holders of the Parent company	37 112	43 402	-14,5%
Cash and cash equivalents	24 933	22 303	11,8%

Margin analysis, %	6m 2017	6m 2016	Change
Gross profit	49,5	56,3	-12,1%
EBITDA	24,7	36,7	-32,7%
Net profit	17,4	20,0	-13,1%
Net profit attributable equity holders of the Parent company	16,6	19,6	-15,5%

Financial ratios, %	30.06.2017	31.12.2016	Change
ROA	9,8	14,7	-33,3%
ROE	13,2	19,6	-32,7%
Price to earnings ratio (P/E)	18,2	13,2	37,9%
Current ratio	2,7	4,9	-44,9%
Quick ratio	1,7	3,0	-43,3%

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 32 810 thousand EUR during 6 months of 2017, representing a 7.2% increase as compared to the same period of previous year. Overall, wholesales decreased by 3.1% and retail sales increased by 40.2%, measured in EUR.

The Group's reported gross profit margin during 6 months of 2017 continued to improve decreasing to 49.5%, reported gross margin was 56.3% in the respective period of previous year. Consolidated operating profit for 6 months of 2017 amounted to 7 122 thousand EUR, compared to 10 340 thousand EUR in 6 months of 2016. The consolidated operating profit margin was 21.7% for 6 months of 2017 (33.8% in 6 months of 2016). Consolidated EBITDA for 6 months of 2017 was 8 094 thousand EUR, which is 24.7% in margin terms (11 218 thousand EUR and 36.7% for 6 months of 2016).

Reported consolidated net profit attributable to equity holders of the Parent company for 6 months of 2017 amounted to 5 434 thousand EUR, compared to net profit of 5 986 thousand EUR in 6 months of 2016, net profit margin attributable to equity holders of the Parent company for 6 months of 2017 was 16.6% against 19.6% in 6 months of 2016.

Financial position

As of 30 June 2017 consolidated assets amounted to 56 592 thousand EUR representing an increase by 0.8% as compared to the position as of 31 December 2016.

Trade and other receivables decreased by 459 thousand EUR as compared to 31 December 2016 and amounted to 3 709 thousand EUR as of 30 June 2017. Inventory balance decreased by 473 thousand EUR and amounted to 15 714 thousand EUR as of 30 June 2017.

Equity attributable to equity holders of the Parent company decreased by 6 290 thousand EUR and amounted to 37 112 thousand EUR as of 30 June 2017. Current liabilities increased by 7 756 thousand EUR during 6 months of 2017.

Investments

During 6 months of 2017 the Group's investments into property, plant and equipment totalled 451 thousand EUR, in previous year same period 207 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 30 June 2017, the Group employed 2 264 employees, including 501 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 6 months of 2017 amounted to 5 720 thousand EUR (5 745 thousand EUR in 6 months of 2016). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 462 thousand EUR.

Decisions made by governing bodies during 6 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 Sãrgava.

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.

Shares of AS Silvano Fashion Group

As of 30 June 2017 registered share capital of AS Silvano Fashion Group amounted to 11 100 thousand EUR divided into 37 000 000 ordinary shares with a nominal value of 0.30 EUR each. The share register is electronic and maintained at the Estonian Central Register of Securities. The Company has been listed on Nasdaq OMX Tallinn Stock Exchange main list (since 21.11.2006) and on Warsaw Stock Exchange (since 23.07.2007).

As of 30 June 2017 AS Silvano Fashion Group had 1 661 shareholders (as of 31 December 2016: 1 711 shareholders).

As of 30 June 2017 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

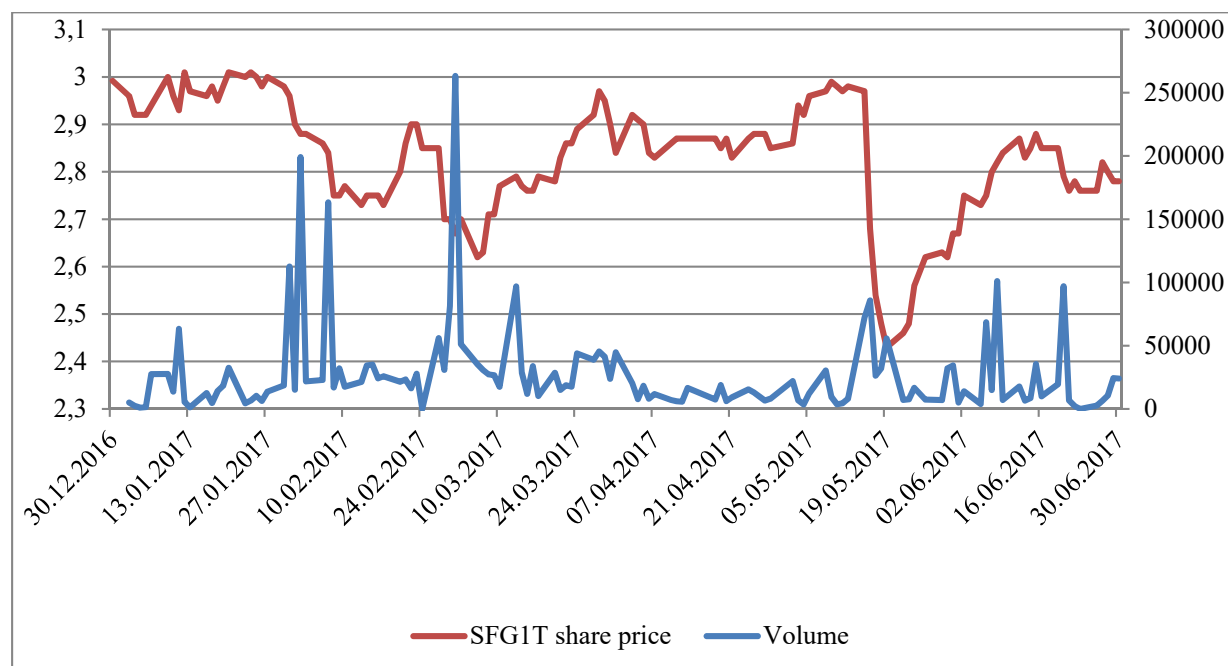
Name	Number of shares	Shareholding
Major shareholders	23 067 096	62.34%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 003 605	24.33%
AS SEB PANK CLIENTS	8 000 000	21.62%
UNICREDIT BANK AUSTRIA AG	3 518 024	9.51%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	2 545 467	6.88%
Other shareholders	13 932 904	37.66%
Total number of shares	37 000 000	100.00%

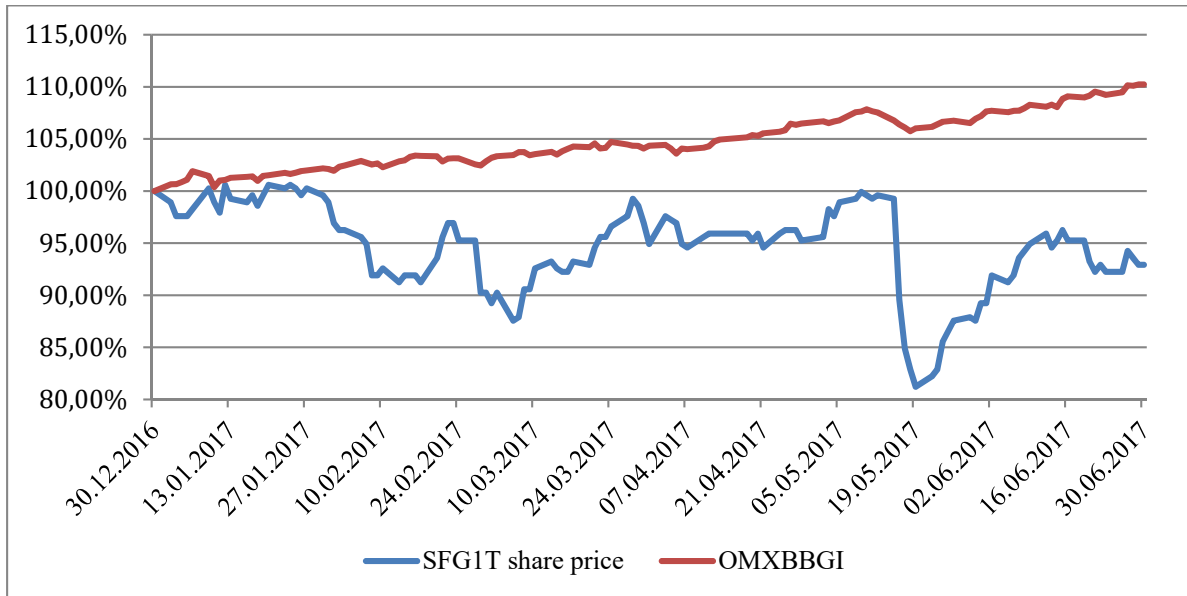
As of 31 December 2016 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

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 6 months of 2017 (EUR)

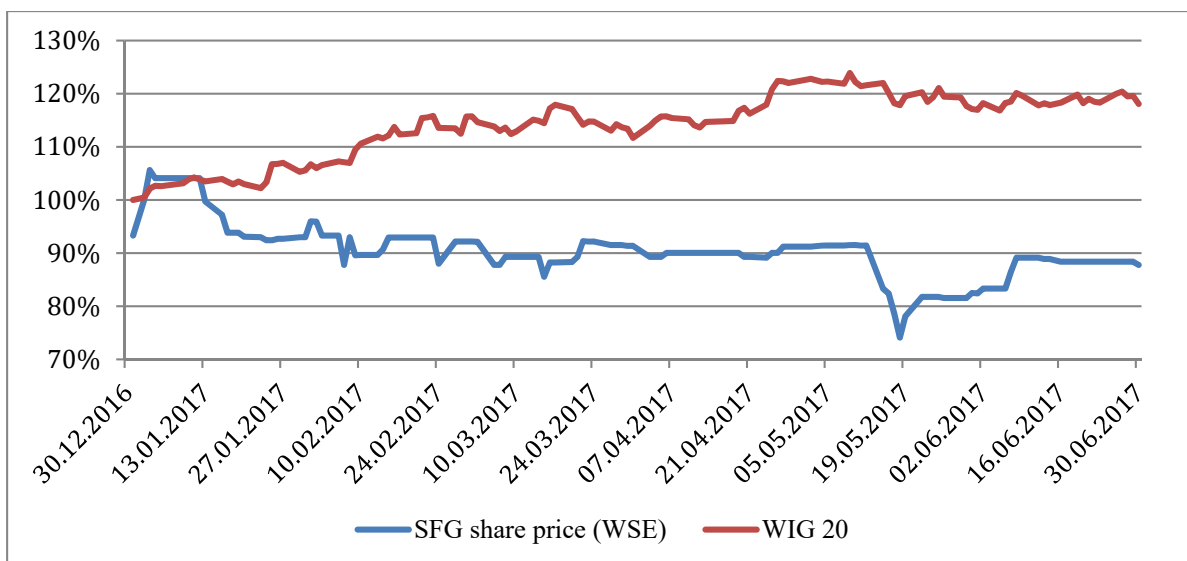
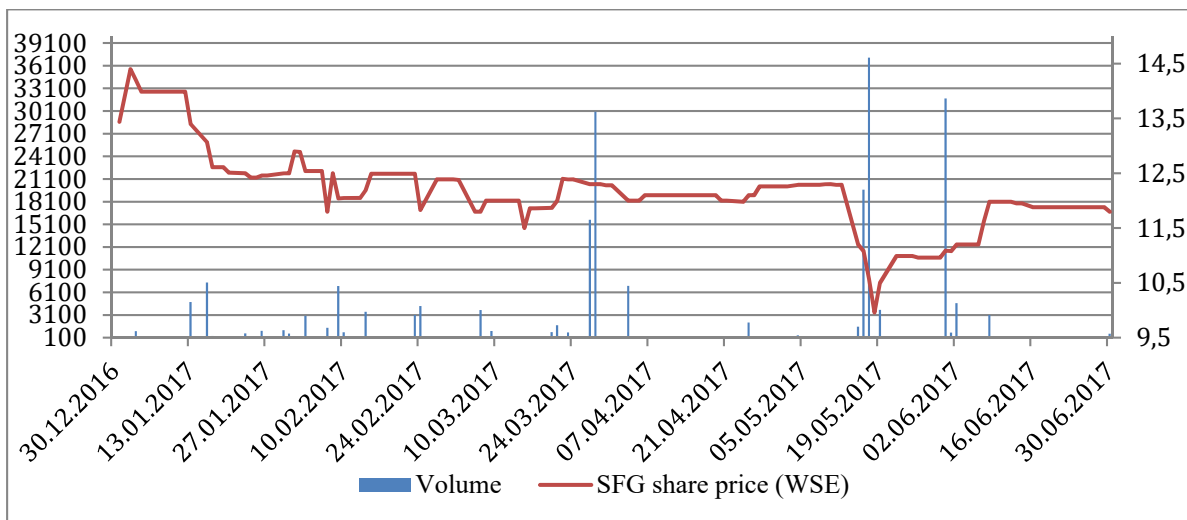
During 6 months of 2017 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 3.02 EUR and 2.39 EUR, respectively.





Share price development on the Warsaw Stock Exchange during 6 months of 2017 (PLN)

During 6 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 Q2 and 6 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 Särgava
Member of the Management Board
August 4, 2017

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.06.2017	31.12.2016
ASSETS			
Current assets			
Cash and cash equivalents		24 933	22 303
Current loans granted		2	19
Trade and other receivables	2	3 709	4 168
Inventories	3	15 714	16 187
Total current assets		44 358	42 677
Non-current assets			
Long-term receivables		250	21
Investments in associates		28	19
Available-for-sale investments		342	369
Deferred tax asset		977	1 012
Intangible assets		212	291
Investment property		996	1 091
Property, plant and equipment	4	9 429	10 665
Total non-current assets		12 234	13 468
TOTAL ASSETS		56 592	56 145
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	5	14 871	6 894
Tax liabilities		1 636	1 857
Total current liabilities		16 507	8 751
Non-current liabilities			
Deferred tax liability		9	37
Total non-current liabilities		9	37
Total liabilities		16 516	8 788
Equity			
Share capital	6	11 100	11 100
Share premium		10 787	10 787
Treasury shares	6	-2 520	-998
Statutory reserve capital		1 306	1 306
Revaluation reserve		710	710
Unrealised exchange rate differences		-13 970	-10 968
Retained earnings		29 699	31 465
Total equity attributable to equity holders of the Parent company		37 112	43 402
Non-controlling interest		2 964	3 955
Total equity		40 076	47 357
TOTAL EQUITY AND LIABILITIES		56 592	56 145

Consolidated Income Statement

in thousands of EUR	Note	2Q 2017	2Q 2016	6m 2017	6m 2016
Revenue	8	18 268	17 237	32 810	30 595
Cost of goods sold		-8 804	-7 694	-16 563	-13 371
Gross Profit		9 464	9 543	16 247	17 224
Distribution expenses		-3 285	-2 215	-6 159	-4 230
Administrative expenses		-1 284	-1 144	-2 559	-2 265
Other operating income		112	86	155	169
Other operating expenses		-292	-306	-562	-558
Operating profit		4 715	5 964	7 122	10 340
Currency exchange income/(expense)		2 073	-975	875	-2 494
Other finance income/(expenses)		39	36	106	101
Net financial income		2 112	-939	981	-2 393
Profit (loss) from associates using equity method		3	0	12	0
Profit before tax and gain/(loss) on net monetary position		6 830	5 025	8 115	7 947
Income tax expense		-1 237	-1 006	-2 413	-1 814
Profit for the period		5 593	4 019	5 702	6 133
Attributable to :					
Equity holders of the Parent company		5 383	3 827	5 434	5 986
Non-controlling interest		210	192	268	147
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,15	0,10	0,15	0,16

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	2Q 2017	2Q 2016	6m 2017	6m 2016
Profit for the period		5 593	4 019	5 702	6 133
Exchange rate differences attributable to foreign operations		-4 807	1 742	-3 315	701
Attributable to :					
Equity holders of the Parent company		-4 428	1 604	-3 002	827
Non-controlling interest		-379	138	-313	-126
Total comprehensive income for the period		786	5 761	2 387	6 834
Attributable to :					
Equity holders of the Parent company		955	5 431	2 432	6 813
Non-controlling interest		-169	330	-45	21

Consolidated Statement of Cash Flows

in thousands of EUR	6m 2017	6m 2016
Cash flow from operating activities		
Profit for the period	5 702	6 133
Adjustments for:		
Depreciation and amortization of non-current assets	972	878
Share of profit of equity accounted investees	-12	0
(Gains)/ losses on the sale of PPE and IA	-10	-11
Net finance income / costs	-981	2 393
Provision for impairment losses on trade receivables	0	-5
Income tax expense	2 413	1 814
Change in inventories	473	1 226
Change in trade and other receivables	-459	-980
Change in trade and other payables	-1 269	-1 475
Income tax paid	-2 113	-1 265
Net cash from operating activities	4 716	8 708
Cash flow from investing activities		
Interest received	81	70
Dividends received	1	1
Proceeds from disposal of property, plant and equipment	40	12
Acquisition of property, plant and equipment	-412	-182
Acquisition of intangible assets	-39	-20
Acquisition of shares of a subsidiary	0	-3
Net cash used in/from investing activities	-329	-122
Cash flow from financing activities		
Dividends paid,declared	-947	-410
Acquisition of own shares	-1 522	-848
Net cash used in/ from financing activities	-2 469	-1 258
Increase in cash and cash equivalents	1 918	7 328
Cash and cash equivalents at the beginning of period	22 303	21 274
Effect of exchange rate fluctuations on cash held	712	-56
Cash and cash equivalents at the end of period	24 933	28 546

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	5 986	5 986	147	6 133
Other comprehensive income for the period	0	0	0	0	0	827	0	827	-126	701
Total comprehensive income for the period	0	0	0	0	0	827	5 986	6 813	21	6 834
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-5 550	-5 550	0	-5 550
Purchase of treasury shares	0	0	-848	0	0	0	0	-848	0	-848
Total transactions with owners, recognised directly in equity	0	0	-848	0	0	0	-5 550	-6 398	0	-6 398
Balance as at 30 June 2016	11 400	11 914	-1 427	1 306	0	-15 411	32 827	40 609	3 803	44 412
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	5 434	5 434	268	5 702
Other comprehensive income for the period	0	0	0	0	0	-3 002	0	-3 002	-313	-3 315
Total comprehensive income for the period	0	0	0	0	0	-3 002	5 434	2 432	-45	2 387
Transactions with owners, recognised directly in equity										
Dividends declared	0	0	0	0	0	0	-7 200	-7 200	-947	-8 147
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	0	0	-1 522	0	0	0	-7 200	-8 722	-947	-9 669
Balance as at 30 June 2017	11 100	10 787	-2 520	1 306	710	-13 970	29 699	37 112	2 964	40 076

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 30 June 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 Q2 and 6 months of 2017 ended on 30 June 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	30.06.17	31.12.16
Trade receivables from third parties	3 544	2 946
Trade receivables from related parties	0	97
Impairment of receivables	-1 032	-1 098
Tax prepayments	613	1 525
Other receivables	584	698
Total	3 709	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	30.06.17	31.12.16
Raw and other materials	3 960	4 358
Work in progress	1 129	1 158
Finished goods	9 741	10 245
Other inventories	884	426
Total	15 714	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 30 June 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 6m 2016					
Additions	0	2	164	41	207
Disposals	0	0	7	0	7
Reclassifications	0	38	7	-45	0
Depreciation	-79	-518	-162	0	-759
Unrealised exchange rate differences	-287	-536	-32	-1	-856
Closing net book amount	3 264	4 704	951	34	8 953
30.06.2016					
Cost	5 565	17 811	4 063	34	27 473
Accumulated depreciation	-2 301	-13 107	-3 112	0	-18 520
Net book amount	3 264	4 704	951	34	8 953
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 6m 2017					
Additions	0	1	224	187	412
Disposals	0	-28	-2	0	-30
Reclassifications	0	4	112	-116	0
Depreciation	-84	-574	-217	0	-875
Unrealised exchange rate differences	-278	-304	-154	-7	-743
Closing net book amount	3 451	4 657	1 223	98	9 429
30.06.2017					
Cost	6 033	18 617	4 544	98	29 292
Accumulated depreciation	-2 582	-13 960	-3 321	0	-19 863
Net book amount	3 451	4 657	1 223	98	9 429

Note 5 Trade and other payables

in thousands of EUR	30.06.17	31.12.16
Trade payables	5 925	5 220
Accrued expenses	757	567
Provisions	46	58
Other payables	8 143	1 049
Total	14 871	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 30 June 2017 registered share capital of AS Silvano Fashion Group amounted to 11 100 thousand EUR divided into 37 000 000 shares with a nominal value of 0.30 EUR each (as of 31 December 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 30 June 2017 AS Silvano Fashion Group had 1 661 shareholders (as of 31 December 2016 – 1 711 shareholders)

Note 7 Earnings per share

The calculation of basic earnings per share for 6 months of 2017 (6 months of 2016) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	6m 2017	6m 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	37 000	38 000
Effect of own shares held at the end of the period	-1 000	-1 000
Weighted average number of ordinary shares for the period	36 270	37 362

in thousands of EUR	6m 2017	6m 2016
Profit for the period attributable to equity holders of the Parent company	5 434	5 986
Basic earnings per share (EUR)	0.15	0.16
Diluted earnings per share (EUR)	0.15	0.16

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	6m 2017	6m 2016
Revenue from wholesale	22 516	23 243
Revenue from retail	10 229	7 297
Subcontracting and services	62	53
Other sales	3	2
Total	32 810	30 595

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	6m 2017	6m 2016
Associates	867	246
Total	867	246

Balances with related parties

in thousands of EUR	30.06.2017	31.12.2016
Trade receivables from associates	0	0
Total	0	0

Benefits to key management of the group

in thousands of EUR	6m 2017	6m 2016
Remunerations and benefits	462	511
Total	462	511

Corporate income tax

in thousands of EUR	30.06.17	31.12.16
Prepayment	-54	-255
Liability	726	629
Net	672	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 6m 2017

in thousands of EUR

	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	10 229	22 519	32 748	62		32 810
Intersegment revenues	0	21 199	21 199	2 544	-23 743	0
EBITDA	2 423	4 975	7 398	696		8 094
Amortization and depreciation	-42	-637	-679	-293	0	-972
Operating income, EBIT	2 381	4 338	6 719	403	0	7 122
Profit from associates using equity method	0	12	12	0	0	12
Net financial income	-13	605	592	389	0	981
Income tax	-279	-1 162	-1 441	-972	0	-2 413
Net profit	2 089	3 793	5 882	-180	0	5 702
Investments in associates	0	28	28	0	0	28
Other operating segments assets	3 125	38 983	42 108	14 456	0	56 564
Reportable segments liabilities	14	8 843	8 857	7 659	0	16 516
Capital expenditures	181	270	451	0	0	451
Number of employees as of reporting date	501	1 584	2 085	179		2 264

Operating segments 6m 2016

in thousands of EUR

	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	7 297	23 245	30 542	53		30 595
Intersegment revenues	0	20 517	20 517	1 913	-22 430	0
EBITDA	2 208	8 624	10 832	386		11 218
Amortization and depreciation	-36	-561	-597	-281	0	-878
Operating income, EBIT	2 172	8 063	10 235	105	0	10 340
Profit from associates using equity method	0	0	0	0	0	0
Net financial income	-39	-301	-340	-2 053	0	-2 393
Income tax	-283	-1 725	-2 008	194	0	-1 814
Net profit	1 850	6 037	7 887	-1 754	0	6 133
Investments in associates	0	0	0	0	0	0
Other operating segments assets	3 029	35 822	38 851	20 365	0	59 216
Reportable segments liabilities	693	8 127	8 820	5 984	0	14 804
Capital expenditures	180	47	227	0	0	227
Number of employees as of reporting date	361	1 443	1 804	185		1 989

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 6m 2017	Sales revenue 6m 2016	Non-current assets 30.06.2017	Non-current assets 31.12.2016
Russia	18 318	17 303	1 321	1 196
Belarus	9 332	9 145	10 625	11 962
Ukraine	1 527	903	1	1
Baltics	799	883	264	285
Other countries	2 834	2 361	24	24
Total	32 810	30 595	12 235	13 468