



AS Silvano Fashion Group

Consolidated Interim Financial Report for Q2 and 6 months of 2019 (unaudited)

(translation of the Estonian original) *

Beginning of the reporting period	1 January 2019
End of the reporting period	30 June 2019
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	Ernst & Young Baltic AS

** 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 AS Silvano Fashion Group

AS Silvano Fashion Group (hereinafter “the Group”) is a holding company that controls group of entities involved in the design, manufacturing, wholesale, franchise and retail sales of ladies lingerie. The Group’s revenue is generated by sales of Milavitsa, Alisee, Aveline, Lauma Lingerie, Laumelle and Hidalgo brand products through wholesale channels, 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 AS Silvano Fashion Group (hereinafter “the Parent company”), which is domiciled in Estonia. AS Silvano Fashion Group registered address is Tulika 15/17, Tallinn, Estonia.

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

As of 30 June 2019 the Group employed 1 988 people (as of 31 December 2018: 2 073 people).

The Group comprises of the following entities:

Parent company	Location	Main activity	Ownership interest 30.06.2019	Ownership interest 31.12.2018
AS Silvano Fashion Group	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	84.96%	84.96%
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 30 264 thousand EUR during the 6 months of 2019, representing a 9.7% decrease as compared to the same period for the previous year. The Group's gross profit during the 6 months of 2019 amounted to 15 493 thousand EUR and decreased by 20.0% compared to 6 months of 2018. The Gross margin during the 6 months of 2019 decreased to 51.2% from 57.8% as compared to 6 months of 2018.

Consolidated operating profit for 6 months of 2019 decreased by 35.9% to 7 061 thousand EUR, compared to 11 020 thousand EUR in 6 months of 2018. Consolidated EBITDA for 6 months of 2019 decreased by 25.6% and was 8 789 thousand EUR, compared to 11 810 thousand EUR in 6 months of 2018.

Reported consolidated net profit for 6 months of 2019 amounted to 7 203 thousand EUR, decreasing by 14.4% as compared to the result of 8 418 thousand EUR in the prior year's same period. Net profit attributable to equity holders of the Parent company for 6 months of 2019 decreased by 9.6% and amounted to 6 922 thousand EUR.

According to the Russian Federal State Statistics Service (Rosstat), inflation fell to 4.7% in June, from 5.1% in May. June's result marked the lowest reading since January as well as the third consecutive month of easing inflation. This signaled that the effects from January's VAT hike that pushed up inflation at the outset of the year continued to fade, partly thanks to soft consumer demand dynamics. Meanwhile, annual average inflation remained on the upward trend, surging to a 21-month high of 4.3% in June, from 4.1% in May. FocusEconomics panelists see inflation ending 2019 at 4.4%, which is unchanged from last month's forecast. For 2020, participants expect inflation to end the year at 3.9%. In June, consumer prices remained flat on a monthly basis, compared to May's 0.3% month-on-month increase. According to Rosstat, the reading reflected lower prices for food products offsetting higher prices for services and non-food items.

Economic growth of Russia will sink this year, reflecting wavering household spending weighed on by the higher VAT rate, and a challenging external backdrop amid restricted oil output and weak gas demand. FocusEconomics panelists see growth at 1.2% in 2019, which is down 0.2 percentage points from last month's forecast. In 2020, GDP is seen increasing 1.8%.

The Group's sales on the Russian market totalled 18 133 thousand EUR, decrease is 11.8% compared to 6 months of 2018. Local currency sales decreased by 9.5% during 6 months of 2019 compared to the same 6 months of 2018. The Group's Russian subsidiary opened 3 new stores in 6 months of 2019, a total of 44 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 consumer prices fell 0.1% in June following a 0.3% upturn in May. The drop was due to a fall in food prices, which more than offset a jump in service costs. Meanwhile, non-food prices remained stable. Inflation dropped to 5.7% in June (May: 6.2%), thus moving closer to the Central Bank's 5.0% target. FocusEconomics Consensus Forecast panelists project inflation will average 5.8% in 2019, which is unchanged from last month's forecast, and 5.7% in 2020. The economy is seen slowing this year. A pick-up in inflation will likely restrain private consumption, while fixed investment is expected to lose ground amid a weak business environment.

FocusEconomics analysts expect growth of 2.2% in 2019, which is down 0.2 percentage points from last month's forecast, and also 2.2% in 2020.

The Group's sales in Belarus in the 6 months of 2019 were 8 008 thousand EUR and decreased by 1.4% compared to the 6 months of 2018. Sales in local currency decreased by 2.0% during the same period. In Belarus the Group will focus on improving profitability of its retail business.

According to the data released by the State Statistics Service of Ukraine inflation fell from May's five-month high 9.6% to 9.0% in June. However, it still lies above the Central Bank's 6.5% plus or minus 2.0 percentage points target range. Meanwhile, annual average inflation inched down to 9.2% from May's 9.3%. FocusEconomics Consensus Forecast panelists expect inflation to end 2019 at 7.6%, which is up 0.1 percentage points from last month's forecast. For 2020, the panel sees year-end inflation easing to 6.6%. FocusEconomics panelists see GDP growth of 2.8% in 2019, which is up 0.1 percentage points from last month's forecast, and 2.9% in 2020.

The Group's sales in Ukraine in the 6 months of 2019 were 960 thousand EUR and decreased by 42.6% compared to the 6 months of 2018. Sales in local currency decreased by 44.2% during the same period.

Sales structure

Sales by markets

Group sales in its 3 major markets – Russia, Belarus and Ukraine – were 89.6% of its total sales. Measured in local currencies sales decrease was accordingly -9.5%, -2.0% and -44.2%

	06m 2019	06m 2018	Change	Change, %
Russia, th RUB	1 326 617	1 465 714	-139 097	-9.5%
Belarus, th BYN	19 173	19 559	-386	-2.0%
Ukraine, th UAH	29 124	52 221	-23 097	-44.2%

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

	06m 2019	06m 2018	Change, EUR	Change, %	06m 2019, % of sales	06m 2018, % of sales
in thousands of EUR						
Russia	18 133	20 560	-2 427	-11.8%	59.9%	61.3%
Belarus	8 008	8 123	-115	-1.4%	26.5%	24.2%
Ukraine	960	1 672	-712	-42.6%	3.2%	5.0%
Baltics	635	734	-99	-13.5%	2.1%	2.2%
Other markets	2 528	2 444	84	3.4%	8.3%	7.3%
Total	30 264	33 533	-3 269	-9.7%	100.0%	100.0%

The majority of lingerie sales revenue during 6 months of 2019 in the amount 18 133 thousand EUR was generated in Russia, accounting for 59.9% of total sales. The second largest market was Belarus, where sales were 8 008 thousand EUR, contributing 26.5% of lingerie sales (both retail and wholesale). Volumes in Ukraine were 960 thousand EUR, accounting for 3.2% of total sales.

Sales by business segments

	06m 2019	06m 2018	Change, EUR	Change, %	06m 2019, % from sales	06m 2018, % from sales
in thousands of EUR						
Wholesale	20 134	23 305	-3 171	-13.6%	66.5%	69.5%
Retail	10 102	10 214	-112	-1.1%	33.4%	30.5%
Other operations	28	14	14	100.0%	0.1%	0.0%
Total	30 264	33 533	-3 269	-9.7%	100.0%	100.0%

During 6 months of 2019 wholesale revenue amounted to 20 134 thousand EUR, representing 66.5% of the Group`s total revenue (6 months of 2018: 69.5%). The main wholesale regions were Russia, Belarus and Ukraine.

Our retail revenue decreased by 1.1% and amounted to 10 102 thousand EUR, this represents 33.4% of the Group`s total revenue.

Own & franchise store locations, geography

	Own	Franchise	Total
Russia	44	365	409
Ukraine	0	76	76
Belarus	61	0	61
Baltics	8	25	33
Other regions	0	122	122
Total	113	588	701

At the end of the reporting period the Group and its franchising partners operated 655 Milavitsa and 46 Lauma Lingerie brand stores, including 113 stores operated directly by the Group.

Selected Financial Indicators

Summarized selected financial indicators of the Group for 6 months of 2019 compared to 6 months of 2018 and 30.06.2019 compared to 31.12.2018 were as follows:

in thousands of EUR	06m 2019	06m 2018	Change
Revenue	30 264	33 533	-9.7%
EBITDA	8 789	11 810	-25.6%
Net profit for the period	7 203	8 418	-14.4%
Net profit attributable equity holders of the Parent company	6 922	7 657	-9.6%
Earnings per share (EUR)	0,19	0,21	-9.5%
Operating cash flow for the period	8 331	7 949	4.8%

in thousands of EUR	30.06.2019	31.12.2018	Change
Total assets	50 240	45 504	10.4%
Total current assets	30 990	34 904	-11.2%
Total equity attributable to equity holders of the Parent company	26 991	27 462	-1.7%
Cash and cash equivalents	8 488	13 603	-37.6%

Margin analysis, %	06m 2019	06m 2018	Change
Gross profit	51.2	57.8	-11.4%
EBITDA	29.0	35.2	-17.6%
Net profit	23.8	25.1	-5.2%
Net profit attributable to equity holders of the Parent company	22.9	22.8	0.4%

Financial ratios, %	30.06.2019	31.12.2018	Change
ROA	21.1	22.9	-7.9%
ROE	34.2	34.7	-1.4%
Price to earnings ratio (P/E)	8.3	7.7	7.8%
Current ratio	2.3	2.4	-4.2%
Quick ratio	0.9	1.2	-25.0%

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 30 264 thousand EUR during 6 months of 2019, representing a 9.7% decrease as compared to the same period of previous year. Overall, wholesales decreased by 13.6%, measured in EUR.

The Group's gross profit during 6 months of 2019 amounted to 15 493 thousand EUR and decrease by 20.0% compared to previous year. The gross margin during 6 months of 2019 decreased to 51.2%, from 57.8% in the respective period of previous year. The cost of sold goods increased by 4.3%.

Consolidated operating profit for 6 months of 2019 amounted to 7 061 thousand EUR, compared to 11 020 thousand EUR in 6 months of 2018, decrease 35.9%. The consolidated operating profit margin was 23.3% for 6 months of 2019 (32.9% in 6 months of 2018). Consolidated EBITDA for 6 months of 2019 decreased by 25.6% and amounted to 8 789 thousand EUR, which is 29.0% in margin terms (11 810 thousand EUR and 35.2% for 6 months of 2018).

Reported consolidated net profit attributable to equity holders of the Parent company for 6 months of 2019 amounted to 6 922 thousand EUR, compared to net profit of 7 657 thousand EUR in 6 months of 2018, net profit margin attributable to equity holders of the Parent company for 6 months of 2019 was 22.9% against 22.8% in 6 months of 2018.

Financial position

As of 30 June 2019 consolidated assets amounted to 50 240 thousand EUR representing an increase by 10.4% as compared to the position as of 31 December 2018.

Trade and other receivables increased by 293 thousand EUR as compared to 31 December 2018 and amounted to 3 941 thousand EUR as of 30 June 2019. Inventory balance increased by 914 thousand EUR and amounted to 18 559 thousand EUR as of 30 June 2019.

Equity attributable to equity holders of the Parent company decreased by 471 thousand EUR and amounted to 26 991 thousand EUR as of 30 June 2019. Current liabilities decreased by 1 498 thousand EUR during 6 months of 2019.

Investments

During 6 months of 2019 the Group's investments into property, plant and equipment totalled 1 096 thousand EUR, in previous year same period 373 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 2019, the Group employed 1 988 employees, including 503 people in retail operations. The rest were employed in production, wholesale, administration and support operations. In 31.12.2018 there were 2 073 employees, including 500 people in retail operations.

Total salaries and related taxes during 6 months of 2019 amounted to 6 702 thousand EUR (6 474 thousand EUR in 6 months of 2018). The remuneration of key management of the Group, including the key executives of all subsidiaries, totalled 423 thousand EUR.

Decisions made by governing bodies after Q2 2019

On May 03, 2019 Silvano Fashion Group held its regular Annual General Meeting of Shareholders. The Meeting adopted the following decisions.

- The Meeting approved the 2018 Annual Report.
- The Meeting decided to distribute dividends in the amount 0.20 EUR per share (record date 16.05.2019). To pay to the entitled shareholders of AS Silvano Fashion Group as dividends EUR 0.20 per share as follows:
 - to pay dividends EUR 0.10 per share by 20 May 2019 latest, (payment completed on 20.05.2019);
 - to pay dividends EUR 0.10 per share by 10 October 2019 latest;
- The Meeting decided to recall Mr. Ants Susi from the Supervisory Board of SFG. The authorities of Mr. Ants Susi as the member of the Supervisory Board of SFG shall be deemed to have expired as of May 3, 2019.
- The Meeting decided to elect Triin Nellis as the new member of the Supervisory Board of SFG, whose term of office shall start on May 3, 2019 and expire on June 30, 2021.
-
- The meeting decided to amend the remuneration policy of the supervisory board members, approved by the shareholders' meeting on June 30, 2012 as follows:

- to assign monthly gross remuneration of 5,000 euros for the chairman of the supervisory board;
- to assign monthly gross remuneration of 2,000 euros for the supervisory board;
- The meeting decided to amend section 2.2. of the Articles of Association and reinstate it in the following wording: “All shares of the Company are registered shares. The nominal value of a registered share is 0,20 (twenty) cents. A share grants 1 (one) vote at the General Meeting. “;
- The meeting decided:
 - The share capital of SFG shall be increased by 3,600,000 EUR from 3,600,000 EUR to 7 200 000 EUR by the increase of the nominal value of existing shares by 0,10 EUR per share, i.e. from 0.10 EUR to 0.20 EUR;
 - The share capital of SFG shall be increased via a bonus issue on the account of the share premium. The bonus issue shall be carried out on the basis of the 2018 annual report, that has been approved by the shareholders together with the decision on the distribution of profit. The bonus issue shall be carried out on the account of the share premium in the amount of 3,600,000 EUR. After the bonus issue, the new size of the share capital shall be 7,200,000 EUR that is divided into 36,000,000 shares with the nominal value of 0,20 EUR each share;
 - The list of shareholders who shall be entitled to participate in the bonus issue shall be fixed as at 17 May 2019 as at the end of the working day of the settlement system. The ex-date is 16 May 2019; as of this date a person who acquired shares is not entitled to participate in the bonus issue. The increase of the nominal value of the shares shall take place immediately after the registration of the share capital increase with the Commercial Register;

On June 19,2019 Silvano Fashion Group held its Extraordinary Meeting of Shareholders . The Meeting adopted the following decisions.

The meeting decided to amend section 2.2. of the Articles of Association and reinstate it in the following wording: “All shares of the Company are registered shares. The nominal value of a registered share is 0.10 (ten) cents. One share gives 1 (one) vote at the General Meeting “.

The meeting decided:

- The share capital of SFG shall be reduced by a reduction of the nominal value of the shares by EUR 0.10 per share;
- To reduce the share capital, make a payment to the shareholders in the amount of EUR 0.10 per share. No payments will be made to the Company for its own shares. The disbursement shall be made to the shareholders not earlier than three months after entry of the reduction of share capital in the commercial register, provided that the claims submitted by the creditors in due time are secured or satisfied;
- The share capital shall be reduced in connection with the adjustment of the Company's capital structure and finally the Company's share capital shall be consistent with the Company's strategic objectives. The amount of the reduced share capital is in accordance with the requirements arising from law and the Articles of Association of the Company. Following the decision, the new share capital will amount to EUR 3,600,000, divided into 36,000,000 shares with a nominal value of EUR 0.10 per share;
- The list of shareholders entitled to the payment of share capital shall be fixed on 04.07.2019. at the end of the working day. Ex-date of the rights attached to the shares is 03.07.2019; as of that date, the acquirer is not entitled to receive any reduction in share capital.

Shares of AS Silvano Fashion Group

As of 30 June 2019 registered share capital of AS Silvano Fashion Group amounted to 7 200 thousand EUR divided into 36 000 000 ordinary shares with a nominal value of 0.20 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 2019 AS Silvano Fashion Group had 2 210 shareholders (as of 31 December 2018: 2 080 shareholders).

As of 30 June 2019 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

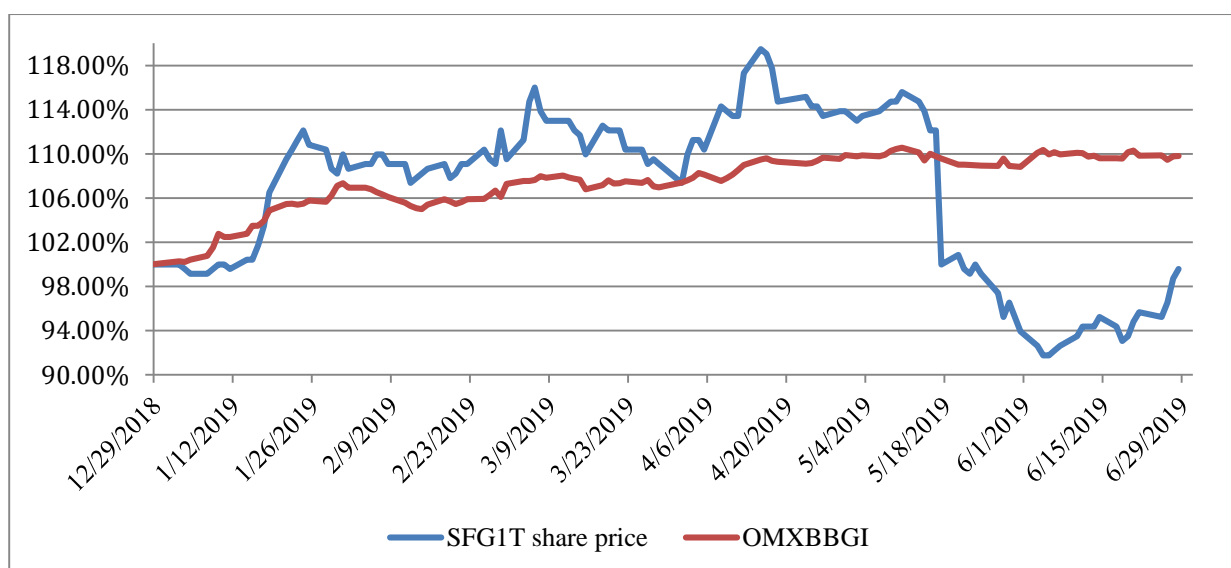
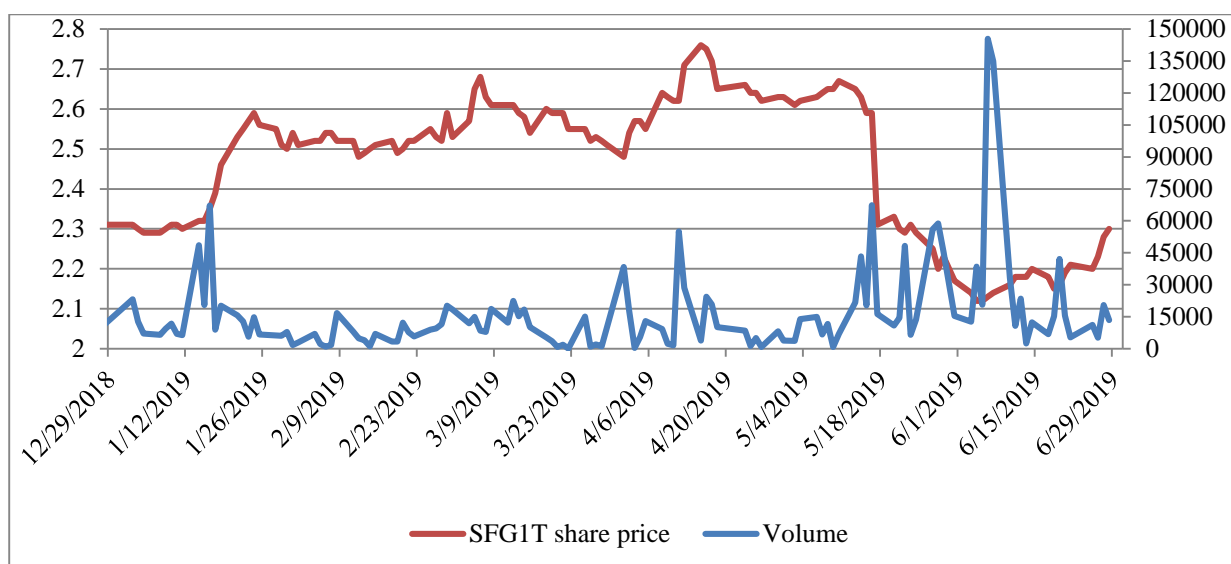
Name	Number of shares	Shareholding
Major shareholders	19 253 643	53.48%
BALTPLAST AS	8 820 000	24.50%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	2 433 643	6.76%
Other shareholders	16 746 357	46.52%
Total number of shares	36 000 000	100.00%

As of 31 December 2018 shareholders, whose interest in AS Silvano Fashion Group exceeded 5% included:

Name	Number of shares	Shareholding
Major shareholders	21 823 624	60.62%
CLEARSTREAM BANKING LUXEMBOURG S.A. CLIENTS	9 011 020	25.03%
AS SEB PANK CLIENTS	8 000 000	22.22%
UNICREDIT BANK AUSTRIA AG	2 858 740	7.94%
KRAJOWY DEPOZYT PAPIEROW WARTOŚCIOWYCH S.A.	1 953 864	5.43%
Other shareholders	14 176 376	39.38%
Total number of shares	36 000 000	100.00%

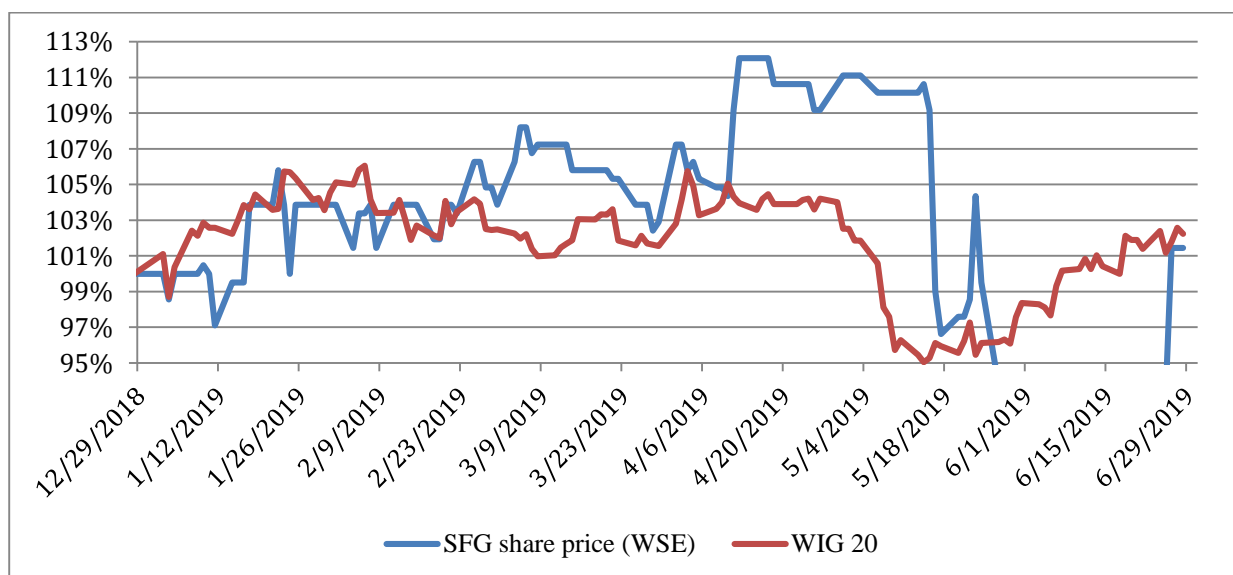
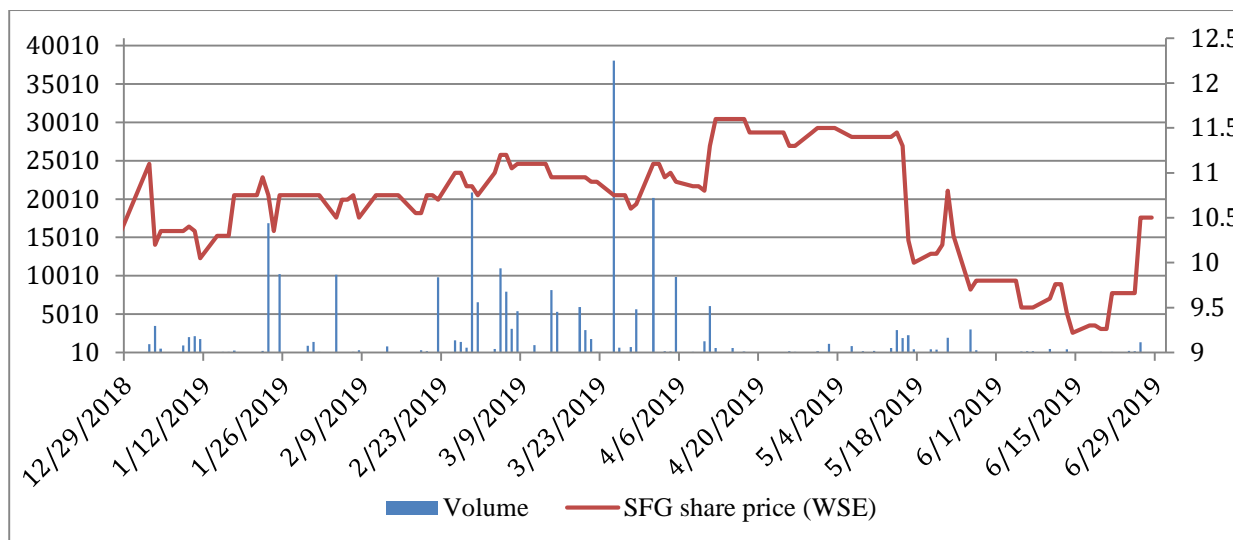
Share price development and turnover on the Tallinn Stock Exchange during 6 months of 2019 (EUR)

During 6 months of 2019 the highest and lowest prices of the AS Silvano Fashion Group` share on the Tallinn Stock Exchange were 2.76 EUR and 2.12 EUR, respectively



Share price development on the Warsaw Stock Exchange during 6 months of 2019 (PLN)

During 6 months of 2019, the highest and lowest prices of the AS Silvano Fashion Group` share on the Warsaw Stock Exchange were 11.60 PLN and 9.22 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 2019 (hereinafter “the Interim Report”).

Member of the Management Board confirms that according to his 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, Member of the Management Board confirms that in his 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 9, 2019

Consolidated Statement of Financial Position

in thousands of EUR	Note	30.06.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalents		8 488	13 603
Current loans granted		2	8
Trade and other receivables	2	3 941	3 648
Inventories	3	18 559	17 645
Total current assets		30 990	34 904
Non-current assets			
Long-term receivables		331	292
Investments in associates		70	64
Available-for-sale investments		325	305
Deferred tax asset		1 499	1 433
Intangible assets		351	261
Investment property		891	851
Property, plant and equipment	4	15 783	7 394
Total non-current assets		19 250	10 600
TOTAL ASSETS		50 240	45 504
LIABILITIES AND EQUITY			
Current liabilities			
Short-term finance lease obligations		997	0
Trade and other payables	5	10 552	14 163
Tax liabilities		1 778	662
Total current liabilities		13 327	14 825
Non-current liabilities			
Deferred tax liability		5	7
Long-term finance lease obligations		6 538	0
Long-term provisions		64	61
Total non-current liabilities		6 607	68
Total liabilities		19 934	14 893
Equity			
Share capital	6	7 200	3 600
Share premium		4 967	8 567
Statutory reserve capital		1 306	1 306
Revaluation reserve		355	355
Unrealised exchange rate differences		-14 889	-14 696
Retained earnings		28 052	28 330
Total equity attributable to equity holders of the Parent company		26 991	27 462
Non-controlling interest		3 315	3 149
Total equity		30 306	30 611
TOTAL EQUITY AND LIABILITIES		50 240	45 504

Consolidated Income Statement

in thousands of EUR	Note	2Q 2019	2Q 2018	06m 2019	06m 2018
Revenue	8	16 444	17 376	30 264	33 533
Cost of goods sold		-7 406	-7 313	-14 771	-14 162
Gross Profit		9 038	10 063	15 493	19 371
Distribution expenses		-2 949	-2 990	-5 854	-5 928
Administrative expenses		-1 195	-1 058	-2 287	-2 123
Other operating income		81	67	147	126
Other operating expenses		-236	-235	-438	-426
Operating profit		4 739	5 847	7 061	11 020
Currency exchange income/(expense)		439	-201	2 470	-241
Other finance income/(expenses)		-110	16	-220	40
Net financial income		329	-185	2 250	-201
Profit (loss) from associates using equity method		-1	4	0	12
Profit before tax and gain/(loss) on net monetary position		5 067	5 666	9 311	10 831
Income tax expense		-944	-1 310	-2 108	-2 413
Profit for the period		4 123	4 356	7 203	8 418
Attributable to :					
Equity holders of the Parent company		3 824	3 962	6 922	7 657
Non-controlling interest		299	394	281	761
Earnings per share from profit attributable to equity holders of the Parent company, both basic and diluted (EUR)	7	0,11	0,11	0,19	0,21

Consolidated Statement of Comprehensive Income

in thousands of EUR	Note	2Q 2019	2Q 2018	06m 2019	06m 2018
Profit for the period		4 123	4 356	7 203	8 418
Exchange rate differences attributable to foreign operations		182	877	11	205
Attributable to :					
Equity holders of the Parent company		90	742	-193	125
Non-controlling interest		92	135	204	80
Total comprehensive income for the period		4 305	5 233	7 214	8 623
Attributable to :					
Equity holders of the Parent company		3 914	4 704	6 729	7 782
Non-controlling interest		391	529	485	841

Consolidated Statement of Cash Flows

in thousands of EUR	06m 2019	06m 2018
Cash flow from operating activities		
Profit for the period	7 203	8 418
Adjustments for:		
Depreciation and amortization of non-current assets	1 728	790
Share of profit of equity accounted investees	0	-12
(Gains)/ losses on the sale of PPE and IA	23	22
Net finance income / costs	-2 250	201
Provision for impairment losses on trade receivables	0	1
Provision for long-term benefits	3	1
Income tax expense	2 108	2 413
Change in inventories	-914	-950
Change in trade and other receivables	-332	-1 078
Change in trade and other payables	1 105	-943
Change in finance lease obligations	997	0
Income tax paid	-1 340	-914
Net cash from operating activities	8 331	7 949
Cash flow from investing activities		
Interest received	4	19
Dividends received	0	1
Proceeds from disposal of property, plant and equipment	59	8
Proceeds from repayments of loans granted	6	0
Acquisition of property, plant and equipment	-1 096	-373
Acquisition of intangible assets	-118	-75
Net cash used in/from investing activities	-1 145	-420
Cash flow from financing activities		
Repayment of finance lease	-1 114	0
Dividends paid	-3 919	-11 185
Reduction of share capital	-7 200	0
Net cash used in/ from financing activities	-12 233	-11 185
Increase in cash and cash equivalents	-5 047	-3 656
Cash and cash equivalents at the beginning of period	13 603	21 230
Effect of exchange rate fluctuations on cash held	-68	11
Cash and cash equivalents at the end of period	8 488	17 585

Consolidated Statement of Changes in Equity

in thousands of EUR	Share Capital	Share Premium	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 2017	10 800	8 567	1 306	710	-15 588	35 179	40 974	2 970	43 944
Profit for the period	0	0	0	0	0	7 657	7 657	761	8 418
Other comprehensive income for the period	0	0	0	0	125	0	125	80	205
Total comprehensive income for the period	0	0	0	0	125	7 657	7 782	841	8 623
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	-18 000	-18 000	-385	-18 385
Total transactions with owners, recognised directly in equity	0	0	0	0	0	-18 000	-18 000	-385	-18 385
Balance as at 30 June 2018	10 800	8 567	1 306	710	-15 463	24 836	30 756	3 426	34 182
Balance as at 31 December 2018	3 600	8 567	1 306	355	-14 696	28 330	27 462	3 149	30 611
Profit for the period	0	0	0	0	0	6 922	6 922	281	7 203
Other comprehensive income for the period	0	0	0	0	-193	0	-193	204	11
Total comprehensive income for the period	0	0	0	0	-193	6 922	6 729	485	7 214
Transactions with owners, recognised directly in equity									
Dividends declared	0	0	0	0	0	-7 200	-7 200	-319	-7 519
Change in share capital and share premium	3 600	-3 600	0	0	0	0	0	0	0
Total transactions with owners, recognised directly in equity	3 600	-3 600	0	0	0	-7 200	-7 200	-319	-7 519
Balance as at 30 June 2019	7 200	4 967	1 306	355	-14 889	28 052	26 991	3 315	30 306

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 2019 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 2019 ended on 30 June 2019 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 2018, 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 2018 there are no new IFRSs or IFRIC interpretations that are effective for the financial year beginning on or after 1 January 2019 and that would be expected to have a material impact on the Group.

Note 2 Trade and other receivables

in thousands of EUR	30.06.19	31.12.18
Trade receivables from third parties	2 622	1 679
Trade receivables from related parties	18	25
Impairment of receivables	-20	-20
Tax prepayments	643	969
Other receivables	678	995
Total	3 941	3 648

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	30.06.19	31.12.18
Raw and other materials	4 349	4 137
Work in progress	1 084	1 464
Finished goods	12 356	11 572
Other inventories	770	472
Total	18 559	17 645

Note 4 Property, plant and equipment

in thousands of EUR

	Land and buildings	Plant and equipment	Other equipment and fixtures	Right- of-use asset	Assets under construction	Total
31.12.2017						
Cost	5 661	17 676	4 552	0	91	27 980
Accumulated depreciation	-2 491	-13 609	-3 375	0	0	-19 475
Net book amount	3 170	4 067	1 177	0	91	8 505
Movements during 06m 2018						
Additions	0	13	193	0	167	373
Disposals	0	0	-30	0	0	-30
Reclassifications	2	48	56	0	-106	0
Depreciation	-60	-431	-249	0	0	-740
Unrealised exchange rate differences	56	44	-22	0	0	78
Closing net book amount	3 168	3 741	1 125	0	152	8 186
30.06.2018						
Cost	5 763	17 890	4 756	0	152	28 561
Accumulated depreciation	-2 595	-14 149	-3 631	0	0	-20 375
Net book amount	3 168	3 741	1 125	0	152	8 186
31.12.2018						
Cost	5 402	16 086	5 376	0	17	26 881
Accumulated depreciation	-2 380	-12 818	-4 289	0	0	-19 487
Net book amount	3 022	3 268	1 087	0	17	7 394
Movements during 06m 2019						
Additions	0	0	246	8 687	850	9 783
Disposals	0	-32	-50	0	0	-82
Reclassifications	0	597	71	0	-668	0
Depreciation	-59	-358	-239	-1 025	0	-1 681
Unrealised exchange rate differences	46	220	17	71	15	369
Closing net book amount	3 009	3 695	1 132	7 733	214	15 783
30.06.2019						
Cost	5 707	18 024	5 279	8 758	214	37 982
Accumulated depreciation	-2 698	-14 329	-4 147	-1 025	0	-22 199
Net book amount	3 009	3 695	1 132	7 733	214	15 783

The Group didn't have any significant binding commitments to purchase property plant and equipment as of 30 June 2019.

Note 5 Trade and other payables

in thousands of EUR	30.06.19	31.12.18
Trade payables	5 004	5 226
Accrued expenses	625	435
Provisions	35	53
Other payables	4 888	8 449
Total	10 552	14 163

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 2019 registered share capital of AS Silvano Fashion Group amounted to 7 200 thousand EUR divided into 36 000 000 shares with a nominal value of 0.20 EUR each (as of 31 December 2018, 3 600 thousand EUR, 36 000 000 shares and 0.10 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 are fully paid shares.

As of 30 June 2019 AS Silvano Fashion Group had 2 210 shareholders (as of 31 December 2018: 2 080 shareholders).

Note 7 Earnings per share

The calculation of basic earnings per share for 6 months of 2019 (6 months of 2018) is based on profit attributable to owners and a weighted average number of ordinary shares.

in thousands of shares	06m 2019	06m 2018
Number of ordinary shares at the beginning of the period	36 000	36 000
Effect of own shares held at the beginning of the period	0	0
Number of ordinary shares at the end of the period	36 000	36 000
Effect of own shares held at the end of the period	0	0
Weighted average number of ordinary shares for the period	36 000	36 000

in thousands of EUR	06m 2019	06m 2018
Profit for the period attributable to equity holders of the Parent company	6 922	7 657
Basic earnings per share (EUR)	0.19	0.21
Diluted earnings per share (EUR)	0.19	0.21

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	06m 2019	06m 2018
Revenue from wholesale	20 134	23 305
Revenue from retail	10 102	10 214
Subcontracting and services	14	8
Other sales	14	6
Total	30 264	33 533

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	06m 2019	06m 2018
Associates	1 261	527
Total	1 261	527

Balances with related parties

in thousands of EUR	30.06.2019	31.12.2018
Trade receivables from associates	18	25
Total	18	25

Benefits to key management of the group

in thousands of EUR	06m 2019	06m 2018
Remunerations and benefits	423	407
Total	423	407

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's 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 <i>in thousands of EUR</i>	06m 2019 and as of 30.06.19					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	10 102	20 134	30 236	28		30 264
Intersegment revenues	0	18 171	18 171	1 870	-20 041	0
EBITDA	3 991	5 100	9 091	-302		8 789
Amortization and depreciation	-981	-419	-1 400	-328	0	-1 728
Operating income, EBIT	3 010	4 681	7 691	-630	0	7 061
Profit from associates using equity method	0	0	0	0	0	0
Net financial income	53	242	295	1 955	0	2 250
Income tax	-396	-1 084	-1 480	-628	0	-2 108
Net profit	2 667	3 839	6 506	697	0	7 203
Investments in associates	0	70	70	0	0	70
Other operating segments assets	4 830	31 480	36 310	13 860	0	50 170
Reportable segments liabilities	1 688	10 771	12 459	7 475	0	19 934
Capital expenditures	174	568	742	472	0	1 214
Number of employees as of reporting date	503	1 334	1 837	151		1 988

Operating segments <i>in thousands of EUR</i>	06m 2018 and as of 30.06.18					
	Lingerie retail	Lingerie wholesale	Total segments	Unallocated	Eliminations	Total
Revenue from external customers	10 214	23 305	33 519	14		33 533
Intersegment revenues	0	21 338	21 338	2 372	-23 710	0
EBITDA	2 994	8 512	11 506	304		11 810
Amortization and depreciation	-168	-385	-553	-237	0	-790
Operating income, EBIT	2 826	8 127	10 953	67	0	11 020
Profit from associates using equity method	0	12	12	0	0	12
Net financial income	-15	595	580	-781	0	-201
Income tax	-325	-1 703	-2 028	-385	0	-2 413
Net profit	2 486	7 031	9 517	-1 099	0	8 418
Investments in associates	0	62	62	0	0	62
Other operating segments assets	3 044	33 387	36 431	14 597	0	51 028
Reportable segments liabilities	115	9 104	9 219	7 689	0	16 908
Capital expenditures	184	262	446	2	0	448
Number of employees as of reporting date	506	1 504	2 010	162		2 172

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	Revenue 06m 2019	Revenue 06m 2018	Non-current assets 30.06.2019	Non-current assets 31.12.2018
Russia	18 133	20 560	3 614	1 688
Belarus	8 008	8 123	14 924	8 665
Ukraine	960	1 672	1	1
Baltics	635	734	687	223
Other countries	2 528	2 444	24	23
Total	30 264	33 533	19 250	10 600