

30 October 2015  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the nine months of 2015 prepared in accordance with International Financial Reporting Standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flow of APB Apranga, as well as of Apranga Group consolidated companies.

Acting General Manager  
Apranga Group Chief Financial Officer

Saulius Bačasuskas

# APRANGA

GROUP

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APRANGA APB

Interim Consolidated Financial Statements

For the Nine months period ended 30 September 2015

(UNAUDITED)

30 October 2015  
Vilnius

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**INFORMATION ABOUT COMPANY**

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Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 <sup>st</sup> March 1993
Code of company	121933274
Share capital	EUR 16 034 668.40
Registered office	Kirtimu 51, LT-02244 Vilnius, Lithuania
Name of Register of Legal Entities	Registru centras VĮ, Vilnius branch
Telephone number	+370 5 239 08 08
Fax number	+370 5 239 08 00
E-mail	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
Internet address	<a href="http://apranga.lt">http://apranga.lt</a>
Main activities	Retail trade of apparel
Auditor	PricewaterhouseCoopers UAB

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

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## REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group amounted to EUR 141.9 million in January through September 2015 or by 7.5% more than in first nine months of 2014. The highest growth rates were recorded in Estonia (17.4%), the lowest – in Latvia (1.5%).

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 9 months 2015 grew the most in Estonia (+7%). In Latvia and Lithuania in the same period, retail trade growth was slower than in Estonia, but still quite fast and was about 4-5%. Both the average annual (i.e. of the last 12 months) and third quarter retail trade growth rates were very similar to that in 9 months 2015, and amounted to 4-5% in Lithuania and Latvia, and 7% in Estonia. European Union (28 countries) retail trade in 9 months 2015 increased by 3% (the same rate in last 12 months period).

The retail turnover of the Group's stores by countries during 9 months of 2015 was (EUR thousand, VAT included):

Country	9 months 2015	9 months 2014	Change
Lithuania	85 469	79 324	7,7%
Latvia	34 964	34 431	1,5%
Estonia	21 489	18 302	17,4%
<b>Total:</b>	<b>141 922</b>	<b>132 057</b>	<b>7,5%</b>

The retail turnover of the Group's stores during the third quarter 2015 by countries was as follows (EUR thousand, VAT included):

Country	Q3 2015	Q3 2014	Change
Lithuania	32 134	30 146	6,6%
Latvia	13 194	13 386	-1,4%
Estonia	8 628	7 793	10,7%
<b>Total:</b>	<b>53 956</b>	<b>51 325</b>	<b>5,1%</b>

Since 1<sup>st</sup> January 2015, the Group has changed the breakdown of chains. It was made in order to reflect objectively the positioning of developed chains, consumer target groups and the recent changes in the market. Accordingly, the historical data are converted and presented for comparison.

Key changes:

- Footwear chain is separated. Over the past three years, the Group has expanded Footwear chain to 15 stores and up to almost 4% of the total turnover;
- Tom Tailor, s.Oliver, Promod and Mexx stores are assigned to Economy chain (respectively removed from the Youth chain);
- Tommy Hilfiger is assigned to Business chain (removed from Luxury chain).

The retail turnover of the Group's stores by chains in first half of 2015 was as follows (EUR thousand, VAT included):

Chain	9 months 2015	9 months 2014	9 months 2013	2015/2014, %	2015/2013, %
Economy <sup>1</sup>	22 375	22 962	21 801	-2,6%	2,6%
Youth <sup>2</sup>	31 517	30 941	28 180	1,9%	11,8%
Footwear	5 436	3 525	2 487	54,2%	118,6%
Business <sup>3</sup>	22 808	21 511	17 647	6,0%	29,2%
Luxury <sup>4</sup>	17 560	16 882	14 224	4,0%	23,5%
Zara	36 225	31 379	32 788	15,4%	10,5%
Outlets	6 001	4 857	4 492	23,5%	33,6%
<b>Total</b>	<b>141 922</b>	<b>132 057</b>	<b>121 620</b>	<b>7,5%</b>	<b>16,7%</b>

<sup>1</sup> Apranga, Promod, s.Oliver, Tom Tailor, Mexx;

<sup>2</sup> Aprangos galerija, Moskito, Mango, Bershka, Pull & Bear, Stradivarius, Desigual;

<sup>3</sup> City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home;

<sup>4</sup> Burberry, Emporio Armani, Hugo Boss, Ermenegildo Zegna, MaxMara, Weekend MaxMara, Armani Jeans, Marina Rinaldi, Mados linija, Nude.

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

In January-September 2015, Footwear chain's turnover increased mostly – by 54.2%. This was largely due to 6 new stores opened during last 12 months. In the two-year period, this chain has grown by 2.2 times. It is also considerably over the past two years have been growing Business and Luxury chains (respectively, 29.2% and 23.5%). The decrease in turnover in 2015 of the Economy chain (at the same time, the decrease in number of chain stores) mainly was influenced by the closure of 6 Mexx stores.

For analytical purposes, below are presented not reporting periods turnover, converted retroactively under the new breakdown of chains (EUR thousand, VAT included):

Chain	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1-Q4 2014
Economy	7 009	7 633	8 320	9 296	32 258
Youth	8 518	10 074	12 349	11 532	42 473
Footwear	884	1 181	1 460	1 373	4 899
Business	6 405	6 701	8 404	9 029	30 540
Luxury	5 176	5 195	6 510	6 448	23 329
Zara	9 154	9 774	12 451	11 881	43 260
Outlets	1 353	1 674	1 830	1 862	6 719
<b>Total</b>	<b>38 500</b>	<b>42 233</b>	<b>51 324</b>	<b>51 421</b>	<b>183 478</b>

During the nine months of 2015 the Group opened 15 new stores, 9 reconstructed and closed 8 stores (including 6 Mexx stores due to international bankruptcy). The capital expenditure of the retail chain expansion amounted to EUR 5.7 million (see Note 4 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 3 ("Segment information"). The Group is not engaged in activities related to research and experimental development, except to the extent of process improvement. Group uses the latest technology and the latest technology processes that meet environmental standards and help reduce the negative impact on the environment.

The number of stores by countries was as follows:

Country	30 09 2015	30 09 2014	Change
Lithuania	100	96	4,2%
Latvia	45	44	2,3%
Estonia	23	18	27,8%
<b>Total:</b>	<b>168</b>	<b>158</b>	<b>6,3%</b>

The number of stores by chains was as follows:

Chain	30 09 2015	30 09 2014	Change
Economy	33	35	-5,7%
Youth	48	48	0,0%
Footwear	15	9	66,7%
Business	28	25	12,0%
Luxury	25	24	4,2%
Zara	11	10	10,0%
Outlets	8	7	14,3%
<b>Total</b>	<b>168</b>	<b>158</b>	<b>6,3%</b>

The total *sales area* operated by the Group has increased by 8.9% or by 6.4 thousand sq. m. during the period until 30 September 2015. Sales area increased most in Lithuania and Estonia (respectively 8.7% and 34.3%).

The total area of stores by countries was as follows (thousand sq. m):

Country	30 09 2015	30 09 2014	Change
Lithuania	47,5	43,7	8,7%
Latvia	20,5	20,5	0,0%
Estonia	10,1	7,5	34,3%
<b>Total:</b>	<b>78,1</b>	<b>71,7</b>	<b>8,9%</b>

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**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

The Group has earned EUR 8.3 million of *profit before income tax* in nine months 2015, while profit before taxes amounted to EUR 9.8 million during nine months of 2014 (the decrease of 14.9%). In 3<sup>rd</sup> quarter the profit before income tax decreased by 11.2% from EUR 4.9 million in 2014 to EUR 4.4 million in 2015.

*EBITDA* of the Group was EUR 12.8 million during 9 months 2015, and it was EUR 13.9 million in corresponding previous year period. EBITDA margin has decreased from 13.3% to 11.3% during the year. The current ratio of the Group increased slightly during the year and was 1.6 times.

Very unfavorable weather in August had a negative impact on the Group's Q3 2015 turnover and in smaller extent – on gross profitability. And although the Group earned a gross profit of 4.5% more than last year, but it was not enough to offset rising costs. Both in Q3 2015 as well as in all 9 months of the reporting period, the decrease in profitability indicators were influenced not only by the unfavorable weather conditions, but also by dropped down customer flows from Belarus and Russia, the US dollar exchange rate growth.

<b>Main Group Indicators</b>	<b>9 months 2015</b>	<b>9 months 2014</b>	<b>9 months 2013</b>
Net sales, EUR thousand	113 278	105 103	97 466
Net sales in foreign markets, EUR thousand	44 962	41 772	36 764
Like-to-like sales, %	0,4%	1,3%	1,7%
Gross profit, EUR thousand	50 562	48 527	44 782
Gross margin, %	44,6%	46,2%	45,9%
Operating profit, EUR thousand	8 383	9 822	9 605
Operating profit margin, %	7,4%	9,3%	9,9%
EBT, EUR thousand	8 316	9 773	9 586
EBT margin, %	7,3%	9,3%	9,8%
Profit (loss) for the period, EUR thousand	6 898	8 208	8 060
Profit (loss) for the period margin, %	6,1%	7,8%	8,3%
EBITDA, EUR thousand	12 757	13 932	13 570
EBITDA margin, %	11,3%	13,3%	13,9%
Return on equity (end of the period), %	15,1%	19,2%	20,3%
Return on assets (end of the period), %	8,9%	10,8%	12,6%
Net debt to equity*, %	21,1%	21,4%	6,4%
Current ratio, times	1,6	1,5	1,7

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Q3 2013</b>
Net sales, EUR thousand	43 136	40 948	38 986
Net sales in foreign markets, EUR thousand	17 395	16 843	15 325
Like-to-like sales, %	-1,6%	-2,0%	0,2%
Gross profit, EUR thousand	19 509	18 660	17 817
Gross margin, %	45,2%	45,6%	45,7%
Operating profit, EUR thousand	4 383	4 936	4 950
Operating profit margin, %	10,2%	12,1%	12,7%
EBT, EUR thousand	4 364	4 914	4 943
EBT margin, %	10,1%	12,0%	12,7%
Profit (loss) for the period, EUR thousand	3 666	4 143	4 168
Profit (loss) for the period margin, %	8,5%	10,1%	10,7%
EBITDA, EUR thousand	5 840	6 335	6 293
EBITDA margin, %	13,5%	15,5%	16,1%
Return on equity (end of the period), %	8,0%	9,7%	10,5%
Return on assets (end of the period), %	4,7%	5,5%	6,5%
Net debt to equity*, %	21,1%	21,4%	6,4%
Current ratio, times	1,6	1,5	1,7

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 42.2 million during 9 months 2015 and increased by 9.0%, comparing to the same period 2014. The finance costs of the Group were EUR 0.67 million in 9 months 2015 (about 0.2% of the total operating costs of the Group). Total finance debts of the Group increased from EUR 10.0 million to EUR 10.6 million during last 12 months (+6.1%), mainly due to the need to finance an increased working capital.

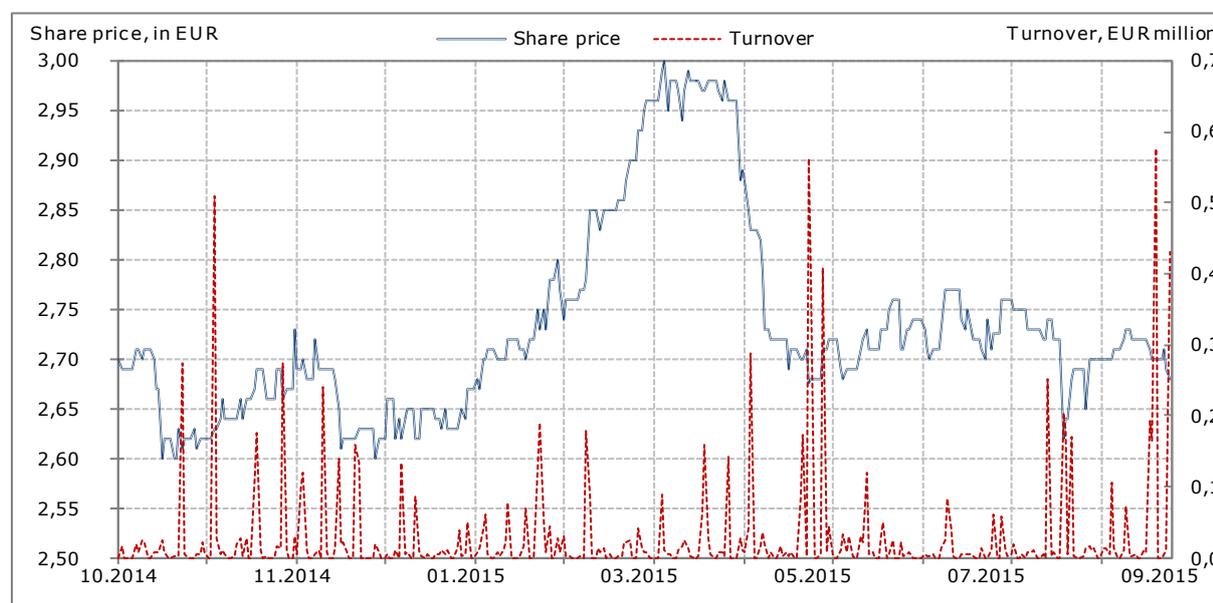
<b>Main Group Indicators</b>	<b>9 months 2015</b>	<b>9 months 2014</b>	<b>Change</b>
Net sales, EUR thousand	113 278	105 103	7,8%
Net sales in foreign markets, EUR thousand	44 962	41 772	7,6%
Gross profit, EUR thousand	50 562	48 527	4,2%
Operating expenses	(42 179)	(38 705)	9,0%
Operating profit, EUR thousand	8 383	9 822	-14,7%
EBT, EUR thousand	8 316	9 773	-14,9%
Profit (loss) for the period, EUR thousand	6 898	8 208	-16,0%
EBITDA, EUR thousand	12 757	13 932	-8,4%

The Group's level of inventories during the year grew by 5.5% (the increase from EUR 38.8 million to EUR 41.0 million). Company's inventories grew by 2.7%.

The number of employees during the year till 30 September 2015 in the Group has increased by 27 to 1885 (+1.5%), and has decreased in Company by 10 to 746 (-1.3%). During the 3<sup>rd</sup> quarter 2015 the number of employees decreased by 67 (-3.4%) in the Group, and decreased by 34 (-4.4%) in the Company.

The price of the Company share during 9 months 2015 increased from EUR 2.62 per share to EUR 2.68 per share (+2%). The maximum share price during the six months period was EUR 3.00 per share, minimum share price - EUR 2.61 per share. The market capitalization of the Company increased from EUR 145 million at the beginning of the year to EUR 148 million at the end of September 2015. The weighted average price of 1 share during the reporting period was EUR 2.73. Company's share turnover was EUR 7.8 million during 9 months 2015. The share price during the last 12 months decreased from EUR 2.70 to EUR 2.68 per share, or by 1%.

Apranga APB share price during 12 months period from 1<sup>st</sup> October 2014 to 30<sup>th</sup> September 2015:



Information about members of the Management board on 30 September 2015:

<b>Name, Surname</b>	<b>Position</b>	<b>Number of shares owned and part in the share capital</b>	<b>Election date</b>	<b>End of term</b>
Darius Juozas Mockus	Chairman of the Board	- -	29 04 2015	28 04 2018
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	29 04 2015	28 04 2018
Ilona Simkuniene	Member of the Board, Purchasing Director	- -	29 04 2015	28 04 2018
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	29 04 2015	28 04 2018
Vidas Lazickas	Member of the Board	84 484 0.15%	29 04 2015	28 04 2018
Marijus Strončikas	Member of the Board	4 450 0.01%	29 04 2015	28 04 2018

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		9 months 2015	9 months 2014	9 months 2015	9 months 2014
Revenue	3	113 278	105 103	50 764	47 735
Cost of sales		(62 716)	(56 576)	(33 784)	(31 182)
<b>Gross profit</b>		<b>50 562</b>	<b>48 527</b>	<b>16 980</b>	<b>16 553</b>
Operating expenses		(42 738)	(39 090)	(17 591)	(16 880)
Other income		607	397	8 849	9 837
Net foreign exchange gain (loss)		( 48)	( 12)	( 48)	( 23)
<b>Operating profit (loss)</b>		<b>8 383</b>	<b>9 822</b>	<b>8 190</b>	<b>9 487</b>
Finance costs	7	( 67)	( 49)	( 67)	( 62)
<b>Profit (loss) before income tax</b>		<b>8 316</b>	<b>9 773</b>	<b>8 123</b>	<b>9 425</b>
Income tax expense		(1 418)	(1 565)	( 367)	( 368)
<b>Profit (loss) for the year</b>	3	<b>6 898</b>	<b>8 208</b>	<b>7 756</b>	<b>9 057</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Currency translation difference		-	( 65)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>6 898</b>	<b>8 143</b>	<b>7 756</b>	<b>9 057</b>
<b>Basic and diluted earnings (losses) per share (in EUR)</b>		<b>0,12</b>	<b>0,15</b>	<b>0,14</b>	<b>0,16</b>

	Note	Group		Company	
		Q3 2015	Q3 2014	Q3 2015	Q3 2014
Revenue	3	43 136	40 948	19 933	19 771
Cost of sales		(23 627)	(22 288)	(13 712)	(13 899)
<b>Gross profit</b>		<b>19 509</b>	<b>18 660</b>	<b>6 221</b>	<b>5 872</b>
General and administrative expenses		(15 242)	(13 817)	(6 306)	(5 783)
Other income		107	115	926	1 095
Net foreign exchange gain (loss)		9	( 22)	9	( 23)
<b>Operating profit (loss)</b>		<b>4 383</b>	<b>4 936</b>	<b>850</b>	<b>1 161</b>
Finance costs	7	( 19)	( 22)	( 19)	( 25)
<b>Profit (loss) before income tax</b>		<b>4 364</b>	<b>4 914</b>	<b>831</b>	<b>1 136</b>
Income tax expense		( 698)	( 771)	( 154)	( 166)
<b>Profit (loss) for the year</b>	3	<b>3 666</b>	<b>4 143</b>	<b>677</b>	<b>970</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Currency translation difference		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3 666</b>	<b>4 143</b>	<b>677</b>	<b>970</b>
<b>Basic and diluted earnings (losses) per share (in EUR)</b>		<b>0,07</b>	<b>0,07</b>	<b>0,01</b>	<b>0,02</b>

## BALANCE SHEET

	Note	Group		Company	
		30 09 2015	31 12 2014	30 09 2015	31 12 2014
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	28 399	26 967	16 584	16 055
Intangible assets	4	546	647	316	359
Investments in subsidiaries	5	-	-	4 741	4 666
Prepayments		341	334	92	79
Trade and other receivables		20	20	20	20
		<b>29 306</b>	<b>27 968</b>	<b>21 753</b>	<b>21 179</b>
<b>Current assets</b>					
Inventories		40 964	31 185	21 331	17 233
Available for sale financial assets		2 606	3 763	2 606	3 763
Non-current assets held for sale		324	324	324	324
Prepayments		2 308	1 293	1 379	1 006
Trade and other receivables		987	1 101	12 153	10 571
Cash and cash equivalents		1 049	2 184	331	673
		<b>48 238</b>	<b>39 850</b>	<b>38 124</b>	<b>33 570</b>
<b>TOTAL ASSETS</b>	<b>3</b>	<b>77 544</b>	<b>67 818</b>	<b>59 877</b>	<b>54 749</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares		16 035	16 014	16 035	16 014
Legal reserve		1 601	1 601	1 601	1 601
Translation difference		( 53)	( 53)	-	-
Retained earnings	9	27 961	28 251	19 367	18 799
		<b>45 544</b>	<b>45 813</b>	<b>37 003</b>	<b>36 414</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		1 233	1 012	447	354
Other liabilities		269	245	269	245
		<b>1 502</b>	<b>1 257</b>	<b>716</b>	<b>599</b>
<b>Current liabilities</b>					
Borrowings	7	10 650	7 272	14 124	12 015
Current income tax liability		1 058	257	264	17
Trade and other payables		18 790	13 219	7 770	5 704
		<b>30 498</b>	<b>20 748</b>	<b>22 158</b>	<b>17 736</b>
<b>Total liabilities</b>		<b>32 000</b>	<b>22 005</b>	<b>22 874</b>	<b>18 335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77 544</b>	<b>67 818</b>	<b>59 877</b>	<b>54 749</b>

## STATEMENTS OF CHANGES IN EQUITY

<b>GROUP</b>	<b>Note</b>	<b>Share capital</b>	<b>Legal reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>( 54)</b>	<b>25 060</b>	<b>42 621</b>
<b>Comprehensive income</b>						
Profit for the 9 months 2014	<b>3</b>				8 208	8 208
<b>Other comprehensive income</b>						
Currency translation difference				( 20)	-	( 20)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>( 20)</b>	<b>8 208</b>	<b>8 188</b>
<b>Transactions with owners</b>						
Dividends paid					(8 007)	(8 007)
<b>Balance at 30 September 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>( 74)</b>	<b>25 261</b>	<b>42 802</b>
<b>Balance at 1 January 2015</b>		<b>16 014</b>	<b>1 601</b>	<b>( 53)</b>	<b>28 251</b>	<b>45 813</b>
<b>Comprehensive income</b>						
Profit for the 9 months 2015	<b>3</b>				6 898	6 898
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>6 898</b>	<b>6 898</b>
<b>Transactions with owners</b>						
The difference arising from the conversion of share capital into euros		21				21
Dividends paid	<b>9</b>				(7 188)	(7 188)
<b>Balance at 30 September 2015</b>		<b>16 035</b>	<b>1 601</b>	<b>( 53)</b>	<b>27 961</b>	<b>45 544</b>

<b>COMPANY</b>		<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>16 708</b>	<b>34 323</b>
<b>Comprehensive income</b>					
Profit for the 9 months 2014				9 057	9 057
<b>Transactions with owners</b>					
Dividends paid				(8 007)	(8 007)
<b>Balance at 30 September 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>17 758</b>	<b>35 373</b>
<b>Balance at 1 January 2015</b>		<b>16 014</b>	<b>1 601</b>	<b>18 799</b>	<b>36 414</b>
<b>Comprehensive income</b>					
Profit for the 9 months 2015				7 756	7 756
<b>Transactions with owners</b>					
Difference arising from the conversion of share capital into euros		21			21
Dividends paid	<b>9</b>			(7 188)	(7 188)
<b>Balance at 30 September 2015</b>		<b>16 035</b>	<b>1 601</b>	<b>19 367</b>	<b>37 003</b>

## STATEMENTS OF CASH FLOW

	Note	Group		Company	
		9 months 2015	9 months 2014	9 months 2015	9 months 2014
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes	3	8 316	9 773	8 123	9 426
Adjustments for:					
Depreciation and amortization		4 374	4 109	1 917	1 928
Impairment charge		( 210)	( 14)	( 210)	( 10)
Change in allowances for slow-moving inventories		194	164	255	97
(Gain) Loss on disposal of property, plant and equipment		( 16)	( 12)	( 16)	( 12)
Write-off of property, plant and equipment		267	( 1)	229	( 2)
Dividends income		-	-	(5 832)	(7 003)
Interest expenses, net of interest income		( 25)	( 88)	( 56)	( 97)
		<b>12 900</b>	<b>13 931</b>	<b>4 410</b>	<b>4 327</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(9 973)	(13 315)	(4 353)	(6 797)
Decrease (increase) in receivables		( 914)	(1 323)	(1 450)	(2 769)
Unrealized foreign exchange loss (gain)		-	( 20)	-	-
Increase (decrease) in payables		5 615	7 653	2 110	3 572
<b>Cash generated from operations</b>		<b>7 628</b>	<b>6 926</b>	<b>717</b>	<b>(1 667)</b>
Income taxes paid		( 396)	(1 197)	( 27)	( 458)
Interest paid	7	( 67)	( 49)	( 67)	( 62)
<b>Net cash from operating activities</b>		<b>7 165</b>	<b>5 680</b>	<b>623</b>	<b>(2 187)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		92	137	123	159
Dividends received		-	-	5 832	7 003
Loans granted		-	(4 634)	(11 224)	(13 992)
Loans repayments received		-	4 634	10 701	13 678
Purchases of property, plant and equipment and intangible assets	3, 4	(8 338)	(8 309)	(2 796)	(3 815)
Proceeds on disposal of property, plant and equipment	3, 4	2 592	347	390	343
Purchases of available-for-sale financial assets	6	( 249)	( 712)	( 249)	( 712)
Proceeds on disposal of available-for-sale financial assets	6	1 432	739	1 432	739
Investment in subsidiaries	5	-	-	( 75)	( 3)
<b>Net cash used in investing activities</b>		<b>(4 471)</b>	<b>(7 798)</b>	<b>4 134</b>	<b>3 400</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	9	(7 208)	(7 990)	(7 208)	(7 990)
Proceeds from borrowings	7	44 967	31 973	76 356	59 567
Repayments of borrowings	7	(43 128)	(23 285)	(75 787)	(52 847)
<b>Net cash from financing activities</b>		<b>(5 369)</b>	<b>698</b>	<b>(6 639)</b>	<b>(1 270)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>		<b>(2 675)</b>	<b>(1 420)</b>	<b>(1 882)</b>	<b>( 57)</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
<b>AT THE BEGINNING OF THE PERIOD</b>		<b>1 574</b>	<b>950</b>	<b>63</b>	<b>(1 072)</b>
<b>AT THE END OF THE PERIOD</b>		<b>(1 101)</b>	<b>( 470)</b>	<b>(1 819)</b>	<b>(1 129)</b>

## NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

### 1. General information

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993. The Company's main office is situated in Kirtimu 51, Vilnius, Lithuania. The Company has legal form of public limited liability company under the Law on Companies of Republic of Lithuania. The principal activity of the Company and its subsidiaries (hereinafter "the Group") is retail trade of apparel.

At 30 September 2015 the Group consisted of the Company and the following 100% owned subsidiaries:

<b>Name</b>	<b>Country</b>	<b>Headquarters</b>	<b>Principal activity</b>
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga SLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga MLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga HLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
SIA Apranga	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga BPB LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga PLV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga SLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
SIA Apranga MLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga <sup>1</sup>	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga Estonia	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga BEE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga PB Trade	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga ST Retail	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga MDE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel

<sup>1</sup> 100 % jointly with OU Apranga Estonia

All 55 291 960 ordinary shares of nominal value EUR 0.29 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Baltic equity list of Nasdaq Vilnius Stock Exchange.

At 30 September 2015 the Company had 2 766 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

<b>Shareholder</b>	<b>Enterprise code</b>	<b>Address</b>	<b>Number of shares</b>	<b>% of total ownership</b>
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 920 176	54,1%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	6 254 851	11,3%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 477 029	9,9%

The ultimate parent company whose financial statements are available for public use is UAB Koncernas MG Baltic. The ultimate controlling individual of the Group is Mr. D. J. Mockus.

### 2. Basis of preparation and summary of main accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The principle accounting policies applied in the preparation of Interim financial statements are the same to those applied in preparation of the Annual financial statements.

In the financial statements all figures are presented in thousands of euro, unless indicated otherwise. The previous year comparison information recalculated using the official litas to euro conversion ratio: 1 euro = 3.45280 litas.

### 3. Segment information

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

All financial information, including the measure of profit and total assets, is analyzed on a country basis.

The segment information provided to the Directors for the reportable segments for the 9 months 2015 is as follows:

9 months 2015	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	80 338	28 824	17 928	127 090	-	
Inter-segment revenue	(12 022)	(1 029)	( 761)	(13 812)	-	
<b>Revenue from external customers</b>	<b>68 316</b>	<b>27 795</b>	<b>17 167</b>	<b>113 278</b>	-	<b>113 278</b>
<b>Gross margin</b>	<b>43,7%</b>	<b>45,6%</b>	<b>46,7%</b>	<b>44,6%</b>		<b>44,6%</b>
<b>Profit (loss) for the year</b>	<b>4 872</b>	<b>1 464</b>	<b>562</b>	<b>6 898</b>	-	<b>6 898</b>
Total assets	66 765	15 366	10 602	92 733	(15 189)	77 544
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 683	761	1 894	8 338	(2 592)	5 746

9 months 2014	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	74 155	28 351	14 858	117 364		
Inter-segment revenue	(10 824)	(1 028)	( 409)	(12 261)		
<b>Revenue from external customers</b>	<b>63 331</b>	<b>27 323</b>	<b>14 449</b>	<b>105 103</b>		<b>105 103</b>
<b>Gross margin</b>	<b>44,8%</b>	<b>48,4%</b>	<b>47,9%</b>	<b>46,2%</b>		<b>46,2%</b>
<b>Profit (loss) for the year</b>	<b>4 879</b>	<b>2 135</b>	<b>1 194</b>	<b>8 208</b>	-	<b>8 208</b>
Total assets	65 098	15 294	8 954	89 347	(13 510)	75 837
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 397	1 872	2 040	8 309	( 347)	7 962

### 4. Investments into non-current assets

Net investments of the Group amounted to EUR 5.7 million in first nine months of 2015 (EUR 1.4 million in 3<sup>rd</sup> quarter 2015). The Company totally invested EUR 2.4 million in first nine months of 2015. Daughter companies' investments into development of the retail network amounted to EUR 3.3 million.

### 5. Investments into subsidiaries

In May 2015, the Company established a subsidiary UAB Apranga HLT, which operates Zara Home stores in Lithuania. The share capital of the subsidiary is EUR 75 000. All shares have been fully paid in cash. The Company controls 100% of the subsidiary's capital and voting rights.

## **6. Investments into financial assets**

During the 2nd quarter 2015 the Company for EUR 1.4 million sold the part of Lithuanian Government issued long-term bonds, which in balance sheet are recorded as Available for sale financial assets. Total investments in the Lithuanian Government issued the long-term bonds amounted to EUR 2.6 million on 30 September 2015.

## **7. Borrowings**

In November 2014, the Company and SEB bank have signed the amendment to agreement which modified the previous contract on the credit line. According to it, the credit line in order to finance the working capital, issuing guarantees and opening letters of credit extended until 30 November 2015. The interests are paid for the amount used and the interest rate is calculated as 1-month EURIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In June 2015, the Company and NORDEA bank have signed the amendment to the overdraft facility and general agreement on bank's guarantees. Under this amendment, the Group granted credit line extended until 30 June 2017. For the drawdown amount of the credit line a floating interest rate calculated as the EONIA plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees.

## **8. Guarantees and letters of credit**

As of 30 September 2015 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 10 730 thousand (31 December 2014: EUR 10 256 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 September 2015 amounted to EUR 12 700 thousand (31 December 2014: EUR 11 994 thousand).

As of 30 September 2015 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 844 thousand (31 December 2014: EUR 765 thousand).

## **9. Profit distribution**

The Annual shareholders meeting of APB Apranga held on 29 April 2015 has resolved to pay EUR 7 188 thousand in dividends and to pay EUR 210 thousand as annual bonuses for the year 2014.

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