

# APRANGA

GROUP

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APRANGA APB

The Consolidated Interim Report and  
Interim Consolidated Financial Statements

For the Six months period ended 30 June 2015

(UNAUDITED)

31 July 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 VI, 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

**TABLE OF CONTENT**

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	<b>PAGE</b>
<b>INTERIM CONSOLIDATED REPORT</b>	<b>4 – 16</b>
<b>FINANCIAL STATEMENTS:</b>	
STATEMENT OF COMPREHENSIVE INCOME	<b>17</b>
BALANCE SHEET	<b>18</b>
STATEMENTS OF CHANGES IN EQUITY	<b>19</b>
STATEMENTS OF CASH FLOWS	<b>20</b>
<b>EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS</b>	<b>21 – 23</b>

## INTERIM CONSOLIDATED REPORT

### General information

Interim consolidated report is prepared for the period January – June 2015.

Name of the Issuer: APB Apranga  
Legal form: public limited liability company  
Date and place of registration: 1993 03 01 Board of Vilnius City  
Code of Enterprise: 121933274  
Registered office: Kirtimu str. 51, Vilnius, LT-02244, Lithuania  
Telephone number: +370 5 2390808  
Fax number: +370 5 2390800  
E-mail address: [info@apranga.lt](mailto:info@apranga.lt)  
Internet address: <http://apranga.lt>

At 30 June 2015 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
UAB Apranga LT	Private limited liability company	27 04 2004 State enterprise Centre of Registers of the Republic of Lithuania	300021271	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga BPB LT	Private limited liability company	29 11 2005 State enterprise Centre of Registers of the Republic of Lithuania	300509648	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga PLT	Private limited liability company	21 03 2007 State enterprise Centre of Registers of the Republic of Lithuania	300551572	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga SLT	Private limited liability company	14 01 2008 State enterprise Centre of Registers of the Republic of Lithuania	301519684	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga MLT	Private limited liability company	13 05 2011 State enterprise Centre of Registers of the Republic of Lithuania	302627022	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
UAB Apranga HLT	Private limited liability company	14 05 2015 State enterprise Centre of Registers of the Republic of Lithuania	304042131	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga	Private limited liability company	20 11 2002 Enterprise Register of the Republic of Latvia	40003610082	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga LV	Private limited liability company	30 03 2004 Enterprise Register of the Republic of Latvia	40003672631	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga BPB LV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887840	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA Apranga PLV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887747	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA „Apranga SLV	Private limited liability company	2008 11 19 Enterprise Register of the Republic of Latvia	50103201281	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>
SIA „Apranga MLV	Private limited liability company	2011 11 30 Enterprise Register of the Republic of Latvia	40103486301	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 <a href="mailto:info@apranga.lt">info@apranga.lt</a> <a href="http://www.apranga.lt">www.apranga.lt</a>

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**INTERIM CONSOLIDATED REPORT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
OÜ Apranga <sup>1</sup>	Private limited liability company	19 07 2006 Tallinn City Court Register department	11274427	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga Estonia	Private limited liability company	12 04 2004 Tallinn City Court Register department	11026132	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga BEE	Private limited liability company	04 09 2007 Tallinn City Court Register department	11419148	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga PB Trade	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530250	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga ST Retail	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530037	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>
OÜ Apranga MDE	Private limited liability company	2014 02 21 Tallinn City Court Register department	12617929	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 <a href="mailto:info@aprange.lt">info@aprange.lt</a> <a href="http://www.aprange.lt">www.aprange.lt</a>

<sup>1</sup> The Company directly owns 33.33% shares and indirectly through its subsidiary owns the rest 66.67% of shares.

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

### Operating highlights

The retail turnover (including VAT) of Apranga Group reached EUR 88.0 million in 1<sup>st</sup> half 2015 or by 9.0% more than in 1<sup>st</sup> half 2014. The highest growth rates were recorded in Estonia (22.4%), the lowest – in Latvia (3.4%).

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 6 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%. The average annual (i.e. of the last 12 months) retail trade growth rates were very similar to that in the first half of the year, and amounted to 4-5% in Lithuania and Latvia, and 7% in Estonia. European Union (28 countries) retail trade in 1<sup>st</sup> half 2015 increased by 3% (the same rate in last 12 months period).

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

Country	6 months 2015	6 months 2014	Change
Lithuania	53 335	49 177	8,5%
Latvia	21 770	21 045	3,4%
Estonia	12 861	10 509	22,4%
<b>Total:</b>	<b>87 967</b>	<b>80 732</b>	<b>9,0%</b>

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

Country	Q2 2015	Q2 2014	Change
Lithuania	27 627	25 313	9,1%
Latvia	11 234	10 957	2,5%
Estonia	7 001	5 963	17,4%
<b>Total:</b>	<b>45 862</b>	<b>42 233</b>	<b>8,6%</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	6 months 2015	6 months 2014	6 months 2013	2015/2014, %	2015/2013, %
Economy <sup>1</sup>	14 436	14 642	13 509	-1,4%	6,9%
Youth <sup>2</sup>	19 157	18 592	16 623	3,0%	15,2%
Footwear	3 469	2 065	1 528	68,0%	127,1%
Business <sup>3</sup>	14 359	13 107	10 389	9,6%	38,2%
Luxury <sup>4</sup>	11 168	10 371	8 548	7,7%	30,7%
Zara	21 537	18 928	19 527	13,8%	10,3%
Outlets	3 840	3 027	2 899	26,8%	32,5%
<b>Total</b>	<b>87 967</b>	<b>80 732</b>	<b>73 023</b>	<b>9,0%</b>	<b>20,5%</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;

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

In 1<sup>st</sup> half 2015, Footwear chain's turnover increased mostly – by 68.0%. This was largely due to 6 new stores opened during last 12 months. In the two-year period, this chain has grown by 2.3 times. It is also considerably over the past two years have been growing Business and Luxury chains (respectively, 38.2% and 30.7%).

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 six months 2015 the Group opened 9 new stores (Zara in Vilnius, Aldo in Kaunas, Weekend MaxMara, City, Aldo and Outlets A in Riga, Apranga and two Aldo in Tallinn), 5 reconstructed (Apranga, City, s.Oliver and Aprangos galerija in Kaunas, and Zara in Tallinn) and closed 4 stores.

The capital expenditure of the retail chain expansion amounted to EUR 4.3 million (see Note 3 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 2 ("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:

<b>Country</b>	<b>30 06 2015</b>	<b>30 06 2014</b>	<b>Change</b>
Lithuania	98	96	2,1%
Latvia	45	43	4,7%
Estonia	23	18	27,8%
<b>Total:</b>	<b>166</b>	<b>157</b>	<b>5,7%</b>

The number of stores by chains was as follows:

<b>Chain</b>	<b>30 06 2015</b>	<b>30 06 2014</b>	<b>Change</b>
Economy	34	35	-2,9%
Youth	48	48	0,0%
Footwear	15	9	66,7%
Business	26	25	4,0%
Luxury	24	23	4,3%
Zara	11	10	10,0%
Outlets	8	7	14,3%
<b>Total</b>	<b>166</b>	<b>157</b>	<b>5,7%</b>

The total *sales area* operated by the Group has increased by 7.7% or by 5.5 thousand sq. m. during the year period until 30 June 2015.

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

<b>Country</b>	<b>30 06 2015</b>	<b>30 06 2014</b>	<b>Change</b>
Lithuania	46,4	43,7	6,3%
Latvia	20,5	20,3	0,8%
Estonia	10,1	7,5	34,3%
<b>Total:</b>	<b>77,0</b>	<b>71,5</b>	<b>7,7%</b>

The Group has earned EUR 4.0 million of *profit before income tax* in six months 2015, while profit before taxes amounted to EUR 4.9 million during six months of 2014 (the decrease by 18.7%). In second quarter the profit before income tax increased from EUR 2.8 million in 2014 to EUR 3.2 million in 2015 (+12.6%).

*EBITDA* of the Group was EUR 6.9 million during six months 2015, and it was EUR 7.6 million in corresponding previous year period. EBITDA margin has decreased from 11.8% to 9.9% during the year. The current ratio of the Group stood at the level of 1.6 times.

Although the Group in 2<sup>nd</sup> quarter 2015 managed to increase both profit and EBITDA compared to the previous year, but in 1<sup>st</sup> half 2015 profit and EBITDA were slightly lower than in 2014. This is mainly due to the general decline in gross profitability. This decrease was mainly influenced by the unfavorable weather conditions, dropped down customer flows from Belarus and Russia, the US dollar exchange rate growth.

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**INTERIM CONSOLIDATED REPORT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

<b>Main Group Indicators</b>	<b>6 months 2015</b>	<b>6 months 2014</b>	<b>6 months 2013</b>
Net sales, EUR thousand	70 142	64 155	58 480
Net sales in foreign markets, EUR thousand	27 567	24 929	21 439
Like-to-like sales, %	1,1%	3,0%	3,0%
Gross profit, EUR thousand	31 053	29 867	26 965
Gross margin, %	44,3%	46,6%	46,1%
Operating profit, EUR thousand	4 000	4 886	4 655
Operating profit margin, %	5,7%	7,6%	8,0%
EBT, EUR thousand	3 952	4 859	4 643
EBT margin, %	5,6%	7,6%	7,9%
Profit (loss) for the period, EUR thousand	3 232	4 065	3 892
Profit (loss) for the period margin, %	4,6%	6,3%	6,7%
EBITDA, EUR thousand	6 917	7 597	7 278
EBITDA margin, %	9,9%	11,8%	12,4%
Return on equity (end of the period), %	7,7%	10,5%	11,0%
Return on assets (end of the period), %	4,9%	6,6%	7,1%
Net debt to equity*, %	16,5%	16,8%	4,7%
Current ratio, times	1,6	1,6	1,7

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>Q2 2013</b>
Net sales, EUR thousand	36 519	33 548	31 082
Net sales in foreign markets, EUR thousand	14 505	13 367	11 688
Like-to-like sales, %	1,4%	1,0%	4,8%
Gross profit, EUR thousand	17 341	16 358	15 222
Gross margin, %	47,5%	48,8%	49,0%
Operating profit, EUR thousand	3 192	2 830	3 070
Operating profit margin, %	8,7%	8,4%	9,9%
EBT, EUR thousand	3 164	2 809	3 061
EBT margin, %	8,7%	8,4%	9,8%
Profit (loss) for the period, EUR thousand	2 767	2 343	2 577
Profit (loss) for the period margin, %	7,6%	7,0%	8,3%
EBITDA, EUR thousand	4 630	4 203	4 398
EBITDA margin, %	12,7%	12,5%	14,2%
Return on equity (end of the period), %	6,6%	6,1%	7,3%
Return on assets (end of the period), %	4,2%	3,8%	4,7%
Net debt to equity*, %	16,5%	16,8%	4,7%
Current ratio, times	1,6	1,6	1,7

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 27.1 million during 6 months 2015 and increased by 8.3%, comparing to the same period 2014. Due to the strict cost planning policies, the Group has managed to achieve that costs grow in proportion to the turnover growth. The *finance costs* of the Group were EUR 48 thousand in 6 months 2015 (about 0.1% of the total costs of the Group). Total *finance debts* of the Group increased from EUR 7.6 million at 30 June 2014 to EUR 8.1 million at 30 June 2015, or by 6.3%.

<b>Main Group Indicators</b>	<b>6 months 2015</b>	<b>6 months 2014</b>	<b>Change</b>
Net sales, EUR thousand	70 142	64 155	9,3%
Net sales in foreign markets, EUR thousand	27 567	24 929	10,6%
Gross profit, EUR thousand	31 053	29 867	4,0%
Operating expenses	(27 053)	(24 981)	8,3%
Operating profit, EUR thousand	4 000	4 886	-18,1%
EBT, EUR thousand	3 952	4 859	-18,7%
Profit (loss) for the period, EUR thousand	3 232	4 065	-20,5%
EBITDA, EUR thousand	6 917	7 597	-8,9%

The Group's *level of inventories* during the last 12 months grew by 12.1% to EUR 29.5 million. Company's inventories grew by 8.5%. The growth of inventories, which have stabilized, and was only slightly higher than the sales growth (9.3%), was driven by new stores openings.

The number of employees at 30 June 2015 and the average monthly salary by categories in 1<sup>st</sup> half 2015 were as follows:

Employee category	Number of employees		Average monthly salary, EUR	
	Group	Company	Group	Company
Administration	154	102	1 409	1 615
Stores' personnel	1 743	623	487	561
Logistics	55	55	569	569
<b>Total</b>	<b>1 952</b>	<b>780</b>	<b>562</b>	<b>705</b>

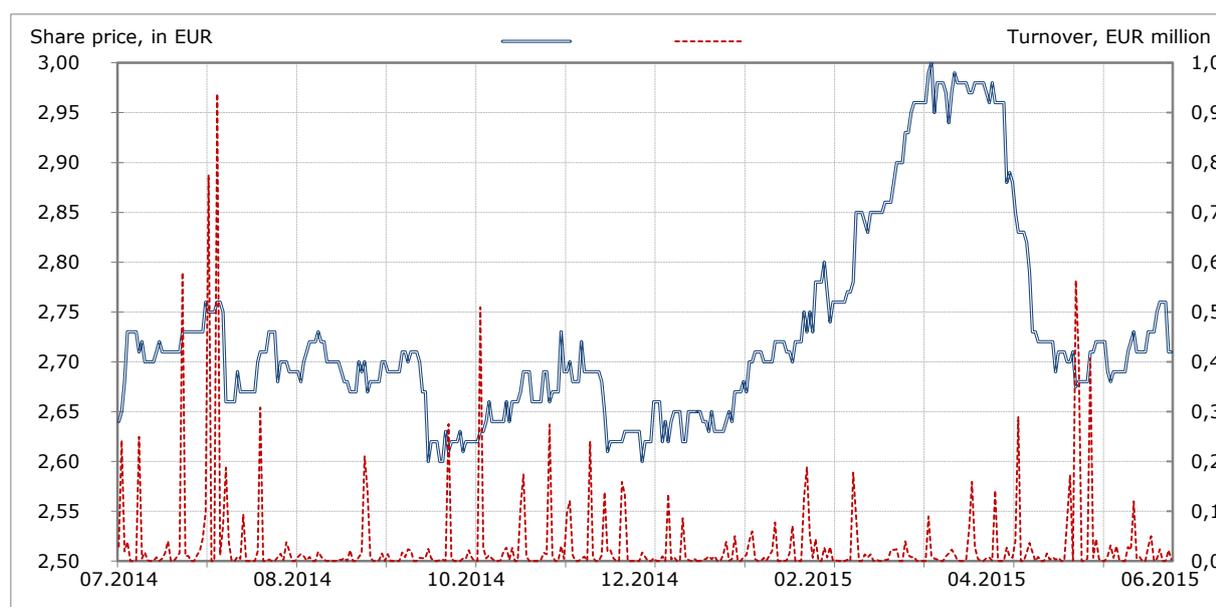
The number of employees during the year till 30 June 2015 in the Group has increased by 102 to 1952 (+5.5%), and has increased in Company by 23 to 780 (+3.0%). During the second quarter 2015 the number of employees increased by 28 (+1.5%) in the Group, and by 7 (+0.9%) in the Company.

Education of employees by categories on 30 June 2015 was as follows:

Education level	Group	Company
High	490	268
Professional	241	118
Secondary	233	83
Basic	30	4
Student	958	307
<b>Total:</b>	<b>1 952</b>	<b>780</b>

The price of the Company share during 6 months 2015 increased from EUR 2.62 per share to EUR 2.71 per share (+3%). The maximum share price during the six months period was EUR 3.00 per share, minimum share price - EUR 2.62 per share. The market capitalization of the Company increased from EUR 145 million at the beginning of the year to EUR 150 million at the end of June 2015. The weighted average price of 1 share during the reporting period was EUR 2.75. Company's share turnover was EUR 4.8 million during 6 months 2015. The share price during the last 12 months increased from EUR 2.64 to EUR 2.71 per share, or by 3%.

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



## **Operational plans**

Apranga Group plans to reach EUR 204 million turnover (including VAT) in 2015, or by 11% more, than actual the year 2014 turnover.

Apranga Group plans to open or reconstruct 16-20 stores during 2015. Investments are planned to amount to about EUR 6-7 million.

## **Risk management**

### Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, bonds and borrowings. The accounting policy with respect to these financial instruments is the same as it was in 2014.

### Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial; therefore risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and the Group has no significant concentration of credit risk.

### Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

### Market risk

#### *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to VILIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, management considers the impact on post-tax profit of a 0.5% shift in interest rates to be not material to the financial statements of the Group and the Company.

#### *Foreign exchange risk*

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. Substantially all the Group's payables and receivables are short-term and in addition revenues and expenses in foreign currencies are insignificant (less than 10%) as compared to those in Euro. At the moment the Company and the Group to some extent uses derivative financial instruments in order to control foreign currencies exchange risk. The use of derivative financial instruments is limited to forward foreign currency (US dollar) purchase transactions with maturities of less than 30 days. Non-balance-sheet commitments under these transactions amounted to EUR 64 thousand at the end of the reporting period.

The Group operates in Lithuania, Latvia and Estonia, and during the reporting period used Euro currency. Since Estonia, Latvia and Lithuania introduced the Euro (respectively, since 1st January 2011, 1st January 2014 and 1st January 2015), so there is no exchange rate fluctuations.

#### *Price risk*

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

#### Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pursuant to the Lithuanian Law on Companies the authorized share capital of a public limited liability company must be not less than EUR 40 thousand and of a private limited liability company must be not less than EUR 2.5 thousand. In addition, for all entities the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 30 June 2015, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than EUR 2.8 thousand. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 30 June 2015, all the Company's Latvian subsidiaries complied with these requirements.

Pursuant to the Estonian Commercial Code the authorized share capital of a private limited liability company must be not less than EUR 2.5 thousand. In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 30 June 2015, all the Company's Estonian subsidiaries complied with these requirements.

In addition, the Group has to comply with the financial covenants imposed in the agreements with SEB bankas AB and Nordea Bank AB. The Group and the Company was in compliance with the covenants as at 30 June 2015.

#### **Securities**

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 on Nasdaq Vilnius Stock Exchange.

All Company's shares give equal rights to shareholders.

Each owner of the ordinary registered share has the following property rights:

- 1) To receive part of the company's profit (dividend);

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**INTERIM CONSOLIDATED REPORT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

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- 2) To receive a part of the assets of the company in liquidation;
- 3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.
- 4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
- 5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
- 6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
- 7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:

- 1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
- 2) To receive information on the company as provided by Law on Companies;
- 3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
- 4) Other non-property rights prescribed by law.

On 30 June 2015 the Company had 2 791 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

<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	29 674 047	53,7%
Swedbank AS (Estonia) clients	10060701	Livalaia 8 Tallinn, Estonia	6 281 523	11,4%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 195 627	9,4%

The Company has concluded the contract with Swedbank AB on securities account management and the contract for the payment of dividends.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

### **Corporate governance**

The management bodies of the Company are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of *General Shareholders' Meeting* is the same as specified by the Law on Companies.

*The Board*, consisting of six members, is elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:

- 1) The activity strategy of the Company;
- 2) The annual report of the Company;
- 3) The management structure of the Company and the positions of the employees;
- 4) The positions to which employees are recruited by competition;
- 5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:

- 1) Resolutions for the Company to become an incorporator or a member of other legal entities;
- 2) Resolutions to establish branches and representative offices of the Company;
- 3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
- 4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
- 5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
- 6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
- 7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- 8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
- 9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:

- 1) The implementation of the activity strategy of the Company;
- 2) The organization of the activities of the Company;
- 3) Financial standing of the Company;
- 4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.

The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by more than 2/3 of the members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

*The Manager of the Company – General Director* - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board.

In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Manager of the Company is responsible for:

- 1) The organization of the Company's activity and implementation of its objectives;
- 2) The drawing up of the annual financial statements and the drafting of the annual report of the Company;
- 3) Concluding an agreement with the firm of auditors;
- 4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
- 5) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
- 6) Submission of documents to the Securities Commission and Lithuanian Central Securities Depository;
- 7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
- 8) Submission of information to shareholders;

- 9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organizes daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.

The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness.

The Manager of the Company issues authorizations and procuration within the scope of its competence.

The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company's activity strategy, the organization of the Company's activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

### **Board of the Company**

On 29 April 2014 the Annual General Meeting of Company shareholders elected Company's members of the Board for new 4-year term. 28<sup>th</sup> April 2018 is the end term of all Company's members of the Board.



**Darius Mockus**  
Chairman of the Board

Darius Mockus (born in 1965) - Chairman of the Board since 2 May 2002 (member of the Board since 23 March 1995). Education: Vilnius University, Faculty of Economics, Industrial Planning. He has no Company shares. With related companies Minvista UAB (Code of Enterprise: 110685692; Registered office: Jasinskio 16, Vilnius), MG Baltic Investment UAB (Code of Enterprise: 123249022; Registered office: Jasinskio 16B, Vilnius) and family members he has 34 875 540 shares, representing 63.08% of the share capital and votes.

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**Rimantas Perveneckas**  
Member of the Board, General Director

Rimantas Perveneckas (born in 1960) - APB Apranga group General Director, Member of Board of APB Apranga since 23 February 1993, in the Company since 1983. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. He has 800 770 shares of the Company, representing 1.45% of the share capital and votes.

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**Ilona Šimkūnienė**  
Member of the Board, Purchasing Director

Ilona Šimkūnienė (born in 1963) - Apranga group Purchasing Director, Member of Board of APB Apranga since 27 March 1998, in the Company since 1985. Education: Vilnius University, Faculty of Trade, specialization in Trade Economics. She has no Company shares.

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**Vidas Lazickas**  
Member of the Board

Vidas Lazickas (born in 1965) - Member of Board of APB Apranga since 29 April 2011. Education: Vilnius University, Faculty of Economics, specialization in Production Management and Organization He has 80 000 shares of the Company, representing 0.14% of the share capital and votes. With related parties he has 84 484 shares of the Company, representing 0.15% of the share capital and votes.

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**Marijus Strončikas**  
Member of the Board

Marijus Strončikas (born in 1974) - Member of Board of APB Apranga since 30 April 2010. Education: Kaunas Technical University, Faculty of Informatics, master of IT Science. He has 4 450 shares of the Company, representing 0.01% of the share capital and votes.

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**Ramūnas Gaidamavičius**  
Member of the Board, Development Director

Ramūnas Gaidamavičius (born in 1968) - APB Apranga group Development Director, Member of Board of APB Apranga since 30 April 2010, in the Company since 2002. Education: Vilnius University of Technology, Faculty of Mechanics, specialization in Machine Building. He has 5 000 shares of the Company, representing 0.01% of the share capital and votes.

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### **Related party transactions**

The Company's transactions with related parties are disclosed in Note 6 to interim consolidated and Company's financial statements.

### **Compliance with the Governance Code**

During six months 2015, there were no essential changes related to APB "Apranga" report for year 2014 concerning the compliance with the Governance Code for the companies listed on the regulated market.

### **Publicly announced information**

During the period from the start of 2015 to 30<sup>th</sup> June 2015 Company publicly announced and broadcasted through Nasdaq Vilnius stock exchange information distribution system Globe Newswire and own webpage the following information:

<b>Title</b>	<b>Category of announcement</b>	<b>Lang- uage</b>	<b>Date</b>
Turnover of Apranga Group in December 2014 and total year 2014	Investor News	En, Lt	2015-01-05
Turnover of Apranga Group in January 2015	Investor News	En, Lt	2015-02-02

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**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**INTERIM CONSOLIDATED REPORT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**  
(all tabular amounts are in EUR thousands unless otherwise stated)

Apranga Group interim information for the twelve months of 2014	Interim information	En, Lt	2015-02-26
Turnover of Apranga Group in February 2015	Investor News	En, Lt	2015-03-02
CORRECTION: Turnover of Apranga Group in February 2015	Investor News	En, Lt	2015-03-02
CORRECTION: Apranga Group investor's calendar for the year 2015	Investor News	En, Lt	2015-03-25
Notice of the Annual General Meeting of APB "APRANGA" shareholders	Notification on material event	En, Lt	2015-03-27
Turnover of Apranga Group in March 2015 and 1st quarter 2015	Investor News	En, Lt	2015-04-01
Draft resolutions of the Annual General Meeting of APB APRANGA shareholders to be held on April 29th, 2015	Notification on material event	En, Lt	2015-04-03
Resolutions of the Annual General Meeting of Apranga APB shareholders	Notification on material event	En, Lt	2015-04-29
Apranga APB annual information 2014	Annual information	En, Lt	2015-04-29
Apranga Group interim report for three months of 2015	Interim information	En, Lt	2015-04-30
Turnover of Apranga Group in April 2015	Investor News	En, Lt	2015-05-04
Establishment of subsidiary of Apranga APB in Lithuania	Notification on material event	En, Lt	2015-05-14
CORRECTION: Apranga Group interim report for three months of 2015	Interim information	En, Lt	2015-05-20
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-05-27
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-05-29
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-05-29
Notification on APB Apranga manager's transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2015-05-29
Turnover of Apranga Group in May 2015	Investor News	En, Lt	2015-06-01
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-03
Apranga Group presentation to investors	Other information	En, Lt	2015-06-04
Notification on Apranga APB manager's related party transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-05
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-15
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-15
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-22
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2015-06-25

Contents of above mentioned announcements can be obtained on Nasdaq Vilnius Stock Exchange webpage <http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news&lang=en> and on Company's webpage <http://apranga.lt/en/investors/news-and-material-events>.

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		6 months 2015	6 months 2014	6 months 2015	6 months 2014
Revenue	2	70 142	64 155	30 831	27 964
Cost of sales		(39 089)	(34 288)	(20 072)	(17 283)
<b>Gross profit</b>		<b>31 053</b>	<b>29 867</b>	<b>10 759</b>	<b>10 681</b>
Operating expenses		(27 496)	(25 273)	(11 285)	(11 097)
Other income		500	282	7 923	8 742
Net foreign exchange gain (loss)		( 57)	10	( 57)	-
<b>Operating profit (loss)</b>		<b>4 000</b>	<b>4 886</b>	<b>7 340</b>	<b>8 326</b>
Finance costs	6	( 48)	( 27)	( 48)	( 37)
<b>Profit (loss) before income tax</b>		<b>3 952</b>	<b>4 859</b>	<b>7 292</b>	<b>8 289</b>
Income tax expense		( 720)	( 794)	( 213)	( 202)
<b>Profit (loss) for the year</b>	2	<b>3 232</b>	<b>4 065</b>	<b>7 079</b>	<b>8 087</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>3 232</b>	<b>4 000</b>	<b>7 079</b>	<b>8 087</b>
<b>Basic and diluted earnings (losses) per share (in EUR)</b>		<b>0,06</b>	<b>0,07</b>	<b>0,13</b>	<b>0,15</b>

	Note	Group		Company	
		Q2 2015	Q2 2014	Q2 2015	Q2 2014
Revenue	2	36 519	33 548	14 217	13 158
Cost of sales		(19 178)	(17 190)	(8 148)	(7 280)
<b>Gross profit</b>		<b>17 341</b>	<b>16 358</b>	<b>6 069</b>	<b>5 878</b>
General and administrative expenses		(14 550)	(13 696)	(6 095)	(6 222)
Other income		402	168	7 058	7 962
Net foreign exchange gain (loss)		( 1)	( 1)	1	( 2)
<b>Operating profit (loss)</b>		<b>3 192</b>	<b>2 829</b>	<b>7 033</b>	<b>7 616</b>
Finance costs	6	( 28)	( 20)	( 28)	( 25)
<b>Profit (loss) before income tax</b>		<b>3 164</b>	<b>2 809</b>	<b>7 005</b>	<b>7 591</b>
Income tax expense		( 397)	( 466)	( 129)	( 127)
<b>Profit (loss) for the year</b>	2	<b>2 767</b>	<b>2 343</b>	<b>6 876</b>	<b>7 464</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>2 767</b>	<b>2 343</b>	<b>6 876</b>	<b>7 464</b>
<b>Basic and diluted earnings (losses) per share (in EUR)</b>		<b>0,05</b>	<b>0,04</b>	<b>0,12</b>	<b>0,13</b>

## BALANCE SHEET

	Note	Group		Company	
		30 06 2015	31 12 2014	30 06 2015	31 12 2014
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	28 189	26 967	16 284	16 055
Intangible assets	3	579	647	329	359
Investments in subsidiaries	4	-	-	4 741	4 666
Prepayments		330	334	81	79
Trade and other receivables		20	20	20	20
		<b>29 118</b>	<b>27 968</b>	<b>21 455</b>	<b>21 179</b>
<b>Current assets</b>					
Inventories		29 515	31 185	17 487	17 233
Available for sale financial assets		2 580	3 763	2 580	3 763
Non-current assets held for sale		324	324	324	324
Prepayments		2 586	1 293	1 891	1 006
Trade and other receivables		1 010	1 101	10 480	10 571
Cash and cash equivalents		1 188	2 184	313	673
		<b>37 203</b>	<b>39 850</b>	<b>33 075</b>	<b>33 570</b>
<b>TOTAL ASSETS</b>	<b>2</b>	<b>66 321</b>	<b>67 818</b>	<b>54 530</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	24 295	28 251	18 690	18 799
		<b>41 878</b>	<b>45 813</b>	<b>36 326</b>	<b>36 414</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		1 051	1 012	398	354
Other liabilities		231	245	231	245
		<b>1 282</b>	<b>1 257</b>	<b>629</b>	<b>599</b>
<b>Current liabilities</b>					
Borrowings	6	8 101	7 272	12 029	12 015
Current income tax liability		684	257	172	17
Trade and other payables		14 376	13 219	5 374	5 704
		23 161	20 748	17 575	17 736
<b>Total liabilities</b>		<b>24 443</b>	<b>22 005</b>	<b>18 204</b>	<b>18 335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66 321</b>	<b>67 818</b>	<b>54 530</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 6 months 2014	<b>2</b>				4 065	4 065
<b>Other comprehensive income</b>						
Currency translation difference				( 20)	-	( 20)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>( 20)</b>	<b>4 065</b>	<b>4 045</b>
<b>Transactions with owners</b>						
Dividends paid					(8 007)	(8 007)
<b>Balance at 30 June 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>( 74)</b>	<b>21 118</b>	<b>38 659</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 6 months 2015	<b>2</b>				3 232	3 232
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3 232</b>	<b>3 232</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 June 2015</b>		<b>16 035</b>	<b>1 601</b>	<b>( 53)</b>	<b>24 295</b>	<b>41 878</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 6 months 2014				8 087	8 087
<b>Transactions with owners</b>					
Dividends paid				(8 007)	(8 007)
<b>Balance at 30 June 2014</b>		<b>16 014</b>	<b>1 601</b>	<b>16 788</b>	<b>34 403</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 6 months 2015				7 079	7 079
<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 June 2015</b>		<b>16 035</b>	<b>1 601</b>	<b>18 690</b>	<b>36 326</b>

## STATEMENTS OF CASH FLOW

	Note	Group		Company	
		6 months 2015	6 months 2014	6 months 2015	6 months 2014
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes	2	3 952	4 859	7 292	8 290
Adjustments for:					
Depreciation and amortization		2 917	2 710	1 278	1 281
Impairment charge		( 210)	( 10)	( 210)	( 10)
Change in allowances for slow-moving inventories		259	245	353	179
(Gain) Loss on disposal of property, plant and equipment		( 19)	( 7)	( 19)	( 7)
Write-off of property, plant and equipment		434	( 5)	436	( 6)
Dividends income		-	-	(5 832)	(7 003)
Interest expenses, net of interest income		( 19)	( 62)	( 40)	( 67)
		<b>7 314</b>	<b>7 730</b>	<b>3 258</b>	<b>2 657</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		1 411	( 886)	( 607)	(2 226)
Decrease (increase) in receivables		(1 178)	(1 356)	1	( 646)
Unrealized foreign exchange loss (gain)		-	( 19)	-	-
Increase (decrease) in payables		1 163	513	( 380)	( 274)
<b>Cash generated from operations</b>		<b>8 710</b>	<b>5 982</b>	<b>2 272</b>	<b>( 489)</b>
Income taxes paid		( 254)	( 857)	( 14)	( 456)
Interest paid	6	( 48)	( 27)	( 48)	( 37)
<b>Net cash from operating activities</b>		<b>8 408</b>	<b>5 098</b>	<b>2 210</b>	<b>( 982)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		67	89	88	103
Dividends received		-	-	5 832	7 003
Loans granted		-	(4 634)	(6 855)	(10 392)
Loans repayments received		-	4 634	6 078	9 593
Purchases of property, plant and equipment and intangible assets	2, 3	(6 489)	(4 895)	(1 978)	(2 287)
Proceeds on disposal of property, plant and equipment	2, 3	2 213	307	294	303
Purchases of available-for-sale financial assets	5	( 249)	( 26)	( 249)	( 26)
Proceeds on disposal of available-for-sale financial assets	5	1 432	-	1 432	-
Investment in subsidiaries	4	-	-	( 19)	( 3)
<b>Net cash used in investing activities</b>		<b>(3 026)</b>	<b>(4 525)</b>	<b>4 623</b>	<b>4 294</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	9	(7 208)	(8 007)	(7 208)	(8 007)
Proceeds from borrowings	6	31 735	19 787	50 351	36 147
Repayments of borrowings	6	(30 396)	(12 836)	(49 827)	(30 818)
<b>Net cash from financing activities</b>		<b>(5 869)</b>	<b>(1 056)</b>	<b>(6 684)</b>	<b>(2 678)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>					
		<b>( 487)</b>	<b>( 483)</b>	<b>149</b>	<b>634</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>1 087</b>	<b>467</b>	<b>212</b>	<b>( 438)</b>

## NOTES

### 1. 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.

### 2. Segment information

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, sales and 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 first half 2015 is as follows:

<b>6 months 2015</b>	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Total</b>	<b>Inter- company elimina- tions</b>	<b>Total in consolidated financial statements</b>
Total segment revenue	48 629	18 039	10 908	77 576	-	
Inter-segment revenue	(6 054)	( 733)	( 647)	(7 434)	-	
<b>Revenue from external customers</b>	<b>42 575</b>	<b>17 306</b>	<b>10 261</b>	<b>70 142</b>	-	<b>70 142</b>
<b>Gross margin</b>	<b>43,0%</b>	<b>45,6%</b>	<b>47,1%</b>	<b>44,3%</b>		<b>44,3%</b>
<b>Profit (loss) for the year</b>	<b>2 659</b>	<b>503</b>	<b>70</b>	<b>3 232</b>	-	<b>3 232</b>
Total assets	58 195	12 631	9 308	80 134	(13 735)	66 399
Additions to non-current assets (other than financial instruments and prepayments for leases)	3 963	748	1 778	6 489	(2 213)	4 276

<b>6 months 2014</b>	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Total</b>	<b>Inter- company elimina- tions</b>	<b>Total in consolidated financial statements</b>
Total segment revenue	43 841	17 295	8 523	69 659		
Inter-segment revenue	(4 615)	( 635)	( 253)	(5 503)		
<b>Revenue from external customers</b>	<b>39 226</b>	<b>16 659</b>	<b>8 270</b>	<b>64 155</b>		<b>64 155</b>
<b>Gross margin</b>	<b>45,1%</b>	<b>49,0%</b>	<b>48,3%</b>	<b>46,6%</b>		<b>46,6%</b>
<b>Profit (loss) for the year</b>	<b>2 395</b>	<b>1 093</b>	<b>577</b>	<b>4 065</b>	-	<b>4 065</b>
Total assets	55 106	11 862	6 606	73 574	(11 890)	61 684
Additions to non-current assets (other than financial instruments and prepayments for leases)	2 740	1 377	777	4 895	( 307)	4 588

### 3. Investments into non-current assets

Net investments of the Group amounted to EUR 4.3 million in first half 2015 (EUR 1.6 million in 2<sup>nd</sup> quarter 2015). The Company totally invested EUR 1.7 million in first half 2015. Daughter companies' investments into development of the retail network amounted to EUR 2.6 million.

### 4. Investments into subsidiaries

In May 2015, the Company established a subsidiary UAB Apranga HLT, which will operate Zara Home stores in Lithuania. The share capital of the subsidiary is EUR 75 000. It is paid by cash EUR 19 thousand of the share capital at 30 June 2015. The Company controls 100% of the subsidiary's capital and voting rights.

### 5. Investments into financial assets

During the 2<sup>nd</sup> 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 June 2015.

### 6. 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 of EUR 20 273 thousand (LTL 70 000 thousand) in order to finance the working capital, issuing guarantees and opening letters of credit, was provided. The credit line now will expire on 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.

### 7. Related party transactions

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 30 June 2015 were as follows:

	<b>Accounts receivable and</b>							
	<b>Accounts payable</b>		<b>loans granted</b>		<b>Income received</b>		<b>Purchases</b>	
	<b>6 months 2015</b>	<b>6 months 2014</b>	<b>6 months 2015</b>	<b>6 months 2014</b>	<b>6 months 2015</b>	<b>6 months 2014</b>	<b>6 months 2015</b>	<b>6 months 2014</b>
<b>Related parties</b>								
UAB Koncernas MG Baltic	15	12	-	-	-	-	77	61
UAB Minvista	-	-	-	-	-	1	-	-
UAB Mineraliniai vandenys	-	1	-	-	-	-	4	6
UAB Mediafon	1	-	-	-	-	-	3	-
UAB MG Baltic Investment	15	14	-	-	-	-	86	86
UAB MG Valda	5	5	-	-	-	-	25	24
UAB Palangos Varūna	-	-	183	177	-	-	-	-
LNK Group	-	-	-	3	4	-	4	-
<b>Total</b>	<b>36</b>	<b>32</b>	<b>183</b>	<b>180</b>	<b>4</b>	<b>1</b>	<b>199</b>	<b>177</b>

Prevailing types of *related party contracts* are rent, management service fee, advertising, centralised services (telecommunications, utilities and etc.).

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(all tabular amounts are in EUR thousands unless otherwise stated)

Prevailing types of *intra-group transactions* are centralised supplies of goods for resale, management service fees, centralised purchasing of services (telecommunications, IT, utilities and etc.), financing, and distribution of earnings. Dividend income in amount of EUR 5 832 thousand received from the subsidiaries in six months 2015 is presented in 'Income received' together with other income (2014: EUR 7 003 thousand).

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2015 were as follows:

Subsidiaries	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
	6 months 2015	6 months 2014	6 months 2015	6 months 2014	6 months 2015	6 months 2014	6 months 2015	6 months 2014
UAB Apranga LT	2 308	1 848	63	-	2 438	2 633	62	64
UAB Apranga BPB LT	-	7	44	305	218	241	24	19
UAB Apranga PLT	-	-	83	393	51	149	15	6
UAB Apranga SLT	160	-	10	173	46	120	17	14
UAB Apranga MLT	-	-	222	143	1 205	1 129	18	3
UAB Apranga HLT	68	-	-	-	-	-	-	-
SIA Apranga	-	-	5 189	4 363	4 055	3 444	24	32
SIA Apranga LV	-	728	3 827	10	2 112	1 429	22	25
SIA Apranga BPB LV	50	-	-	24	24	117	9	-
SIA Apranga PLV	157	75	4	4	87	161	5	2
SIA Apranga SLV	44	6	-	-	8	8	4	3
SIA Apranga MLV	183	-	2	56	188	564	8	15
OU Apranga	709	1	-	2 242	1 368	1 250	32	17
OU Apranga Estonia	-	646	78	4	123	1 105	15	22
OU Apranga BEE	115	202	-	-	126	181	7	8
OU Apranga PB Trade	198	179	2	4	129	121	6	5
OU Apranga ST Retail	3	111	99	2	673	78	15	5
OU Apranga MDE	-	-	105	259	188	12	-	-
<b>Total</b>	<b>3 995</b>	<b>3 803</b>	<b>9 728</b>	<b>7 982</b>	<b>13 039</b>	<b>12 742</b>	<b>283</b>	<b>240</b>

## 8. Guarantees and letters of credit

As of 30 June 2015 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 10 533 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 June 2015 amounted to EUR 12 673 thousand (31 December 2014: EUR 11 994 thousand).

As of 30 June 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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