

APRANGA APB

Interim Consolidated Financial Statements

For the Nine months period ended 30 September 2016

(UNAUDITED)

31 October 2016
Vilnius

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

INFORMATION ABOUT COMPANY

Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 st 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	info@apranga.lt
Internet address	http://aprangagroup.lt
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 153.8 million in January through September 2016 or by 8.4% more than in first nine months of 2015. The highest growth rates were recorded in Estonia (23.6%), when growth rates in Lithuania and Latvia were 5.2% and 6.8% accordingly.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 9 months 2016 grew the most in Estonia (+5%) and Lithuania (+4%). In Latvia in the same period, retail trade growth was much slower than in Estonia and Lithuania, and was about 2%. And while the average annual (i.e. of the last 12 months) retail trade growth rates in Baltic States were very similar to that in 9 months 2016, but in the third quarter, retail trade growth was significantly slower than the average annual (and ranged from 1% to 4%). European Union (28 countries) retail trade in 9 months 2016 in all quarters has been growing very steadily for about 2-3%.

The retail turnover of the Group's stores by countries during 9 months of 2016 was (EUR thousand, VAT included):

Country	9 months 2016	9 months 2015	9 months 2014	2016/2015, %	2016/2014, %
Lithuania	89 910	85 469	79 324	5,2%	13,3%
Latvia	37 330	34 964	34 431	6,8%	8,4%
Estonia	26 559	21 489	18 302	23,6%	45,1%
Total:	153 799	141 922	132 057	8,4%	16,5%

The retail turnover of the Group's stores during the third quarter 2016 by countries was as follows (EUR thousand, VAT included):

Country	Q3 2016	Q3 2015	Q3 2014	2016/2015, %
Lithuania	34 092	32 125	30 146	6,1%
Latvia	14 497	13 185	13 386	10,0%
Estonia	10 858	8 628	7 793	25,8%
Total:	59 447	53 938	51 325	10,2%

At the beginning of April 2016, the Group started online sales in Lithuania, Latvia and Estonia. There were opened Zara, Massimo Dutti, Bershka, Pull&Bear, Stradivarius, Zara Home, Uterqüe and Oysho online stores. In this way, the online sales in Lithuania, Latvia and Estonia has brought two more new Inditex brands - Oysho and Uterqüe, which are not traded in physical stores.

The retail turnover of the Group's stores by chains in first half of 2016 was as follows (EUR thousand, VAT included):

Chain	9 months 2016	9 months 2015	9 months 2014	2016/2015, %	2016/2014, %
Economy ¹	22 000	22 375	22 962	-1,7%	-4,2%
Youth ²	31 442	31 517	30 941	-0,2%	1,6%
Footwear	4 917	5 436	3 525	-9,5%	39,5%
Business ³	26 183	22 808	21 511	14,8%	21,7%
Luxury ⁴	17 622	17 560	16 882	0,4%	4,4%
Zara	44 689	36 225	31 379	23,4%	42,4%
Outlets	6 946	6 001	4 857	15,8%	43,0%
Total	153 799	141 922	132 057	8,4%	16,5%

¹ Apranga, Promod, s.Oliver, Tom Tailor, Mexx;

² Aprangos galerija, Moskito, Mango, Bershka, Pull & Bear, Stradivarius, Desigual;

³ City, Massimo Dutti, Strellson, Marella, Pennyblack, Coccinelle, Tommy Hilfiger, Zara Home;

⁴ Burberry, Emporio Armani, Hugo Boss, Ermenegildo Zegna, MaxMara, Weekend MaxMara, Armani Jeans, Marina Rinaldi, Mados linija, Nude, Sandro, Maje.

In January-September 2016, Zara, Outlets and Business chain's turnover increased mostly (respectively by 23.4%, 15.8% and 14.8%). In the two-year period, highest increases were recorded by Zara and Outlets chains (respectively by 42.4% and 43.0%). The decrease in turnover in 2016 of the Economy chain mainly was influenced by the closure of 6 Mexx stores in 2015. Youth chain's turnover in 2016 decreased due to the closure of few this chain's stores during the year.

During the nine months of 2016 the Group opened 13 (6 Karen Millen stores in Vilnius, Kaunas, Riga and Tallinn, Sandro, Maje and Mango in Riga, City in Panevėžys, Pennyblack and Zara Home in Tallinn and Zara in Tartu), 3 reconstructed (Apranga and Pull & Bear in Kaunas, and Aprangos galerija in Panevėžys) and closed 3 stores. Sandro and Maje are the first in the Baltic countries, the so-called affordable luxury brand stores.

The capital expenditure of the retail chain expansion amounted to EUR 2.9 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 2016	30 09 2015	30 09 2014	2016/2015, %
Lithuania	103	100	96	3,0%
Latvia	47	45	44	4,4%
Estonia	29	23	18	26,1%
Total:	179	168	158	6,5%

The number of stores by chains was as follows:

Chain	30 09 2016	30 09 2015	Change
Economy	33	33	0,0%
Youth	46	48	-4,2%
Footwear	15	15	0,0%
Business	38	28	35,7%
Luxury	27	25	8,0%
Zara	12	11	9,1%
Outlets	8	8	0,0%
Total	179	168	6,5%

The total *sales area* operated by the Group has increased by 5.1% or by 4.0 thousand sq. m. during the period until 30 September 2016. Sales area increased the most in Estonia (+32.9%).

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

Country	30 09 2016	30 09 2015	30 09 2014	2016/2015, %
Lithuania	48,0	47,5	43,7	0,9%
Latvia	20,7	20,5	20,5	0,9%
Estonia	13,5	10,1	7,5	32,9%
Total:	82,1	78,1	71,7	5,1%

The Group has earned EUR 9.5 million of *profit before income tax* in nine months 2016, while profit before taxes amounted to EUR 8.3 million during nine months of 2015 (the increase of 14.4%). In 3rd quarter the profit before income tax increased by 12.4% from EUR 4.4 million in 2015 to EUR 4.9 million in 2016.

EBITDA of the Group was EUR 14.1 million during 9 months 2016, and it was EUR 12.8 million in corresponding previous year period (+10.6%). *EBITDA* margin has increased from 11.3% to 11.4% during the year. The current ratio of the Group increased to 2.4 times during the year (mainly due to the substantial fall in short-term debts (borrowings)).

Main Group Indicators	9 months 2016	9 months 2015	9 months 2014
Net sales, EUR thousand	123 502	113 278	105 103
Net sales in foreign markets, EUR thousand	51 162	44 962	41 772
Like-to-like sales, %	2,3%	0,4%	1,3%
Gross profit, EUR thousand	54 990	50 562	48 527
Gross margin, %	44,5%	44,6%	46,2%
Operating profit, EUR thousand	9 537	8 383	9 822
Operating profit margin, %	7,7%	7,4%	9,3%
EBT, EUR thousand	9 512	8 316	9 773
EBT margin, %	7,7%	7,3%	9,3%
Profit for the period, EUR thousand	7 918	6 898	8 208
Profit for the period margin, %	6,4%	6,1%	7,8%
EBITDA, EUR thousand	14 113	12 757	13 932
EBITDA margin, %	11,4%	11,3%	13,3%
Return on equity (end of the period), %	15,7%	15,1%	19,2%
Return on assets (end of the period), %	10,3%	8,9%	10,8%
Net debt to equity*, %	5,4%	21,1%	21,4%
Current ratio, times	2,4	1,6	1,5

* (Interest bearing liabilities less cash) / Equity

Main Group Indicators	Q3 2016	Q3 2015	Q3 2014
Net sales, EUR thousand	48 101	43 136	40 948
Net sales in foreign markets, EUR thousand	20 367	17 395	16 843
Like-to-like sales, %	4,5%	-1,6%	-2,0%
Gross profit, EUR thousand	21 280	19 509	18 660
Gross margin, %	44,2%	45,2%	45,6%
Operating profit, EUR thousand	4 911	4 383	4 936
Operating profit margin, %	10,2%	10,2%	12,1%
EBT, EUR thousand	4 907	4 364	4 914
EBT margin, %	10,2%	10,1%	12,0%
Profit for the period, EUR thousand	4 084	3 666	4 143
Profit for the period margin, %	8,5%	8,5%	10,1%
EBITDA, EUR thousand	6 453	5 840	6 335
EBITDA margin, %	13,4%	13,5%	15,5%
Return on equity (end of the period), %	8,1%	8,0%	9,7%
Return on assets (end of the period), %	5,3%	4,7%	5,5%
Net debt to equity*, %	5,4%	21,1%	21,4%
Current ratio, times	2,4	1,6	1,5

* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled EUR 45.5 million during 9 months 2016 and increased by 7.8%, comparing to the same period 2015 (while the turnover increased by 8.4%). The *finance costs* of the Group were EUR 0.25 million in 9 months 2016 (9 months 2015: 0.67 million). It has decreased mainly due to lower borrowings from banks. Total *finance debts* of the Group decreased from EUR 10.6 million to EUR 3.9 million (by 2.7 times) during last 12 months.

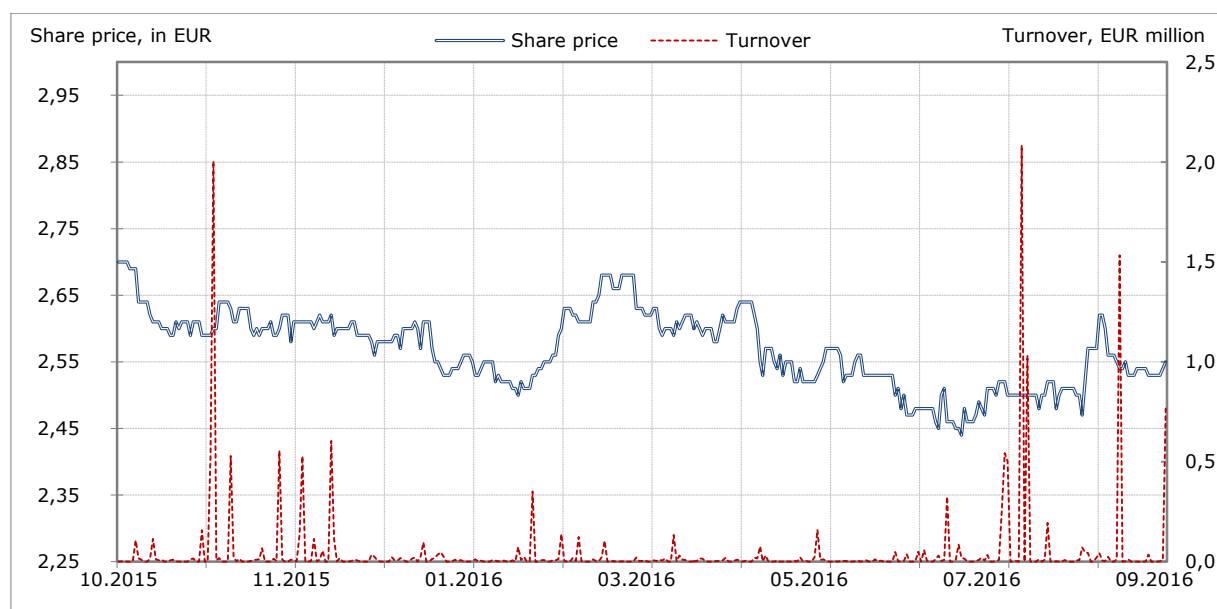
Main Group Indicators	9 months 2016	9 months 2015	Change
Net sales, EUR thousand	123 502	113 278	9,0%
Net sales in foreign markets, EUR thousand	51 162	44 962	13,8%
Gross profit, EUR thousand	54 990	50 562	8,8%
Operating expenses	(45 453)	(42 179)	7,8%
Operating profit, EUR thousand	9 537	8 383	13,8%
EBT, EUR thousand	9 512	8 316	14,4%
Profit for the period, EUR thousand	7 918	6 898	14,8%
EBITDA, EUR thousand	14 113	12 757	10,6%

The Group's level of inventories during the year grew by 6.4% (the increase from EUR 41.0 million to EUR 43.6 million). Due to a more efficient inventory control its growth was slower than the growth in turnover (+8.4%). Company's inventories grew by 5.5%.

The number of employees during the year till 30 September 2016 in the Group has increased by 135 to 2 020 (+7.2%), and has increased in Company by 10 to 756 (+1.3%). During the 3rd quarter 2016 the number of employees decreased by 28 (-1.4%) in the Group, and decreased by 33 (-4.2%) in the Company.

The price of the Company share during 9 months 2016 decreased from EUR 2.58 per share to EUR 2.57 per share, or by 0.4%. The maximum share price during the six months period was EUR 2.68 per share, minimum share price - EUR 2.43 per share. The market capitalization of the Company decreased from EUR 143 million at the beginning of the year to EUR 142 million at the end of September 2016. The weighted average price of 1 share during the reporting period was EUR 2.54. Company's share turnover was EUR 10.3 million during 9 months 2016. The share price during the last 12 months decreased from EUR 2.68 to EUR 2.57 per share, or by 4%.

Apranga APB share price during 12 months period from 1st October 2015 to 30th September 2016:



Information about members of the Management board on 30 September 2016:

Name, Surname	Position	Number of shares owned and part in the share capital	Election date	End of term
Darius Juozas Mockus	Chairman of the Board	-	29 04 2014	28 04 2018
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	29 04 2014	28 04 2018
Ilona Simkuniene	Member of the Board, Purchasing Director	-	29 04 2014	28 04 2018
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	29 04 2014	28 04 2018
Vidas Lazickas	Member of the Board	115 000 0.21%	29 04 2014	28 04 2018
Marijus Strončikas	Member of the Board	4 450 0.01%	29 04 2014	28 04 2018

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		9 months 2016	9 months 2015	9 months 2016	9 months 2015
Revenue	3	123 502	113 278	50 995	50 764
Cost of sales		(68 512)	(62 716)	(33 784)	(33 784)
Gross profit		54 990	50 562	17 211	16 980
Operating expenses		(45 939)	(42 738)	(18 425)	(17 591)
Other income		477	607	11 499	8 849
Net foreign exchange gain (loss)		9	(48)	9	(48)
Operating profit (loss)		9 537	8 383	10 294	8 190
Finance costs	7	(25)	(67)	(25)	(67)
Profit (loss) before income tax		9 512	8 316	10 269	8 123
Income tax expense		(1 594)	(1 418)	(272)	(367)
Profit (loss) for the year	3	7 918	6 898	9 997	7 756
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Currency translation difference		-	-	-	-
TOTAL COMPREHENSIVE INCOME		7 918	6 898	9 997	7 756
Basic and diluted earnings (losses) per share (in EUR)		0,14	0,12	0,18	0,14

	Note	Group		Company	
		Q3 2016	Q3 2015	Q3 2016	Q3 2015
Revenue	3	48 101	43 136	20 509	19 933
Cost of sales		(26 821)	(23 627)	(14 233)	(13 712)
Gross profit		21 280	19 509	6 276	6 221
General and administrative expenses		(16 474)	(15 242)	(6 585)	(6 306)
Other income		107	107	1 076	926
Net foreign exchange gain (loss)		(2)	9	(2)	9
Operating profit (loss)		4 911	4 383	765	850
Finance costs	7	(4)	(19)	(4)	(19)
Profit (loss) before income tax		4 907	4 364	761	831
Income tax expense		(823)	(698)	(142)	(154)
Profit (loss) for the year	3	4 084	3 666	619	677
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Currency translation difference		-	-	-	-
TOTAL COMPREHENSIVE INCOME		4 084	3 666	619	677
Basic and diluted earnings (losses) per share (in EUR)		0,07	0,07	0,01	0,01

BALANCE SHEET

		Group		Company	
	Note	30 09 2016	31 12 2015	30 09 2016	31 12 2015
ASSETS					
Non-current assets					
Property, plant and equipment	4	25 831	27 477	15 506	16 194
Intangible assets	4	459	514	250	302
Investments in subsidiaries	5	-	-	4 798	4 741
Prepayments		347	326	83	82
Trade and other receivables		12	20	12	20
		26 649	28 337	20 649	21 339
Current assets					
Inventories		43 579	33 230	22 505	18 387
Available for sale financial assets	6	1 614	2 598	1 614	2 598
Non-current assets held for sale		324	324	324	324
Prepayments		1 905	1 176	1 102	1 019
Trade and other receivables		1 979	961	12 176	10 583
Cash and cash equivalents		1 175	1 913	334	448
		50 576	40 202	38 055	33 359
TOTAL ASSETS	3	77 225	68 539	58 704	54 698
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		16 035	16 035	16 035	16 035
Legal reserve		1 601	1 601	1 601	1 601
Translation difference		(53)	(53)	-	-
Retained earnings		32 746	31 463	23 631	20 269
		50 329	49 046	41 267	37 905
Non-current liabilities					
Borrowings	7	3 912	3 499	3 912	3 499
Deferred tax liabilities		1 143	1 228	411	410
Other liabilities		370	309	370	309
		5 425	5 036	4 693	4 218
Current liabilities					
Borrowings	7	-	-	4 742	6 463
Current income tax liability		1 256	142	271	17
Trade and other payables		20 215	14 315	7 731	6 095
		21 471	14 457	12 744	12 575
Total liabilities		26 896	19 493	17 437	16 793
TOTAL EQUITY AND LIABILITIES		77 225	68 539	58 704	54 698

STATEMENTS OF CHANGES IN EQUITY

GROUP

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2015		16 014	1 601	(53)	28 252	45 814
Comprehensive income						
Profit for the 9 months 2015	3				6 898	6 898
Total comprehensive income		-	-	-	6 898	6 898
Transactions with owners						
The difference arising from the conversion of share capital into euros		21				21
Dividends paid					(7 188)	(7 188)
Balance at 30 September 2015		16 035	1 601	(53)	27 962	45 545
Balance at 1 January 2016		16 035	1 601	(53)	31 463	49 046
Comprehensive income						
Profit for the 9 months 2016	3				7 918	7 918
Total comprehensive income		-	-	-	7 918	7 918
Transactions with owners						
Dividends paid	9				(6 635)	(6 635)
Balance at 30 September 2016		16 035	1 601	(53)	32 746	50 329

COMPANY

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2015	16 014	1 601	18 798	36 413
Comprehensive income				
Profit for the 9 months 2015			7 756	7 756
Transactions with owners				
Difference arising from the conversion of share capital into euros	21			21
Dividends paid			(7 188)	(7 188)
Balance at 30 September 2015	16 035	1 601	19 366	37 002
Balance at 1 January 2016	16 035	1 601	20 269	37 905
Comprehensive income				
Profit for the 9 months 2016			9 997	9 997
Transactions with owners				
Dividends paid	9		(6 635)	(6 635)
Balance at 30 September 2016	16 035	1 601	23 631	41 267

STATEMENTS OF CASH FLOW

		Group		Company	
	Note	9 months 2016	9 months 2015	9 months 2016	9 months 2015
OPERATING ACTIVITIES					
Profit (loss) before income taxes	3	9 512	8 316	10 269	8 123
Adjustments for:					
Depreciation and amortization		4 576	4 374	2 097	1 917
Impairment charge		-	(210)	-	(210)
Change in allowances for slow-moving inventories		26	194	91	255
(Gain) Loss on disposal of property, plant and equipment		(6)	(16)	(3)	(16)
Write-off of property, plant and equipment		14	267	12	229
Dividends income		-	-	(8 616)	(5 832)
Interest income, net of interest expenses		(26)	(25)	(57)	(56)
		14 096	12 900	3 793	4 410
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(10 375)	(9 973)	(4 209)	(4 353)
Decrease (increase) in receivables		(1 841)	(914)	(262)	(1 450)
Increase (decrease) in payables		5 976	5 615	1 712	2 110
Cash generated from operations		7 856	7 628	1 034	717
Income taxes paid		(565)	(396)	(17)	(27)
Interest paid	7	(25)	(67)	(25)	(67)
Net cash from operating activities		7 266	7 165	992	623
INVESTING ACTIVITIES					
Interest received		51	92	82	123
Dividends received		-	-	8 616	5 832
Loans granted		(13 700)	-	(21 493)	(11 224)
Loans repayments received		13 700	-	20 005	10 701
Purchases of property, plant and equipment and intangible assets	3, 4	(4 714)	(8 338)	(1 516)	(2 796)
Proceeds on disposal of property, plant and equipment	3, 4	1 831	2 592	150	390
Purchases of available-for-sale financial assets		-	(249)	-	(249)
Proceeds on disposal of available-for-sale financial assets	6	1 065	1 432	1 065	1 432
Investment in subsidiaries	5	-	-	(57)	(75)
Net cash used in investing activities		(1 767)	(4 471)	6 852	4 134
FINANCING ACTIVITIES					
Dividends paid	9	(6 650)	(7 208)	(6 650)	(7 208)
Proceeds from borrowings	7	36 262	44 967	77 046	76 356
Repayments of borrowings	7	(36 262)	(43 128)	(78 767)	(75 787)
Net cash from financing activities		(6 650)	(5 369)	(8 371)	(6 639)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		(1 151)	(2 675)	(527)	(1 882)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		414	1 574	(1 051)	63
AT THE END OF THE PERIOD		(737)	(1 101)	(1 578)	(1 819)

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 2016 the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
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
UAB Apranga Ecom LT	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
SIA Apranga Ecom LV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga ¹	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
OU Apranga HEST	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga Ecom EE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel

¹ 100 % 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 2016 the Company had 2 588 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	31 949 186	57,8%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	5 638 304	10,2%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 528 621	10,0%

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 2016 is as follows:

9 months 2016	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	83 762	30 406	21 855	136 023	-	
Inter-segment revenue	(11 422)	(707)	(392)	(12 521)	-	
Revenue from external customers	72 340	29 699	21 463	123 502	-	123 502
Gross margin	43,7%	45,4%	46,1%	44,5%		44,5%
Profit (loss) for the year	4 808	1 899	1 211	7 918	-	7 918
Total assets	66 387	15 707	11 535	93 629	(16 404)	77 225
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 922	568	2 328	4 818	(104)	4 714

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)	-	
Revenue from external customers	68 316	27 795	17 167	113 278	-	113 278
Gross margin	43,7%	45,6%	46,7%	44,6%		44,6%
Profit (loss) for the year	4 872	1 464	562	6 898	-	6 898
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

4. Investments into non-current assets

Net investments of the Group amounted to EUR 2.9 million in first nine months of 2016 (EUR 1.0 million in 3rd quarter 2016). The Company totally invested EUR 1.4 million in first nine months of 2016. Daughter companies' investments into development of the retail network amounted to EUR 1.5 million.

5. Investments into subsidiaries

In February-March 2016, the Company established subsidiaries UAB Apranga Ecom LT (share capital - EUR 2 500), SIA APRANGA ECOM LV (share capital - EUR 2 800) and OU APRANGA ECOM EE (share capital - EUR 2 500), which carry out e-commerce activities in Lithuania, Latvia and Estonia respectively. All shares of established subsidiaries have been fully paid in cash. The Company controls 100% of each of these subsidiaries' capital and voting rights.

In July 2016, the Company established a subsidiary OU Apranga HEST, which operates Zara Home stores in Estonia. The share capital of the subsidiary is EUR 50 thousand. 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 March 2016 the Company for EUR 1.1 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 1.6 million on 30 September 2016.

7. Borrowings

In November 2015, 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 20 500 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 2017. 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 2016, 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 2018. 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 2016 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 11 173 thousand (31 December 2015: EUR 10 743 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 September 2016 amounted to EUR 13 345 thousand (31 December 2015: EUR 12 709 thousand).

As of 30 September 2016 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 875 thousand (31 December 2015: EUR 856 thousand).

9. Profit distribution

The Annual shareholders meeting of APB Apranga held on 28 April 2016 has resolved to pay EUR 6 635 thousand in dividends and to pay EUR 210 thousand as annual bonuses for the year 2015.
