

APRANGA

GROUP

APRANGA APB

Interim Consolidated Financial Statements

For the Three months period ended 31 March 2014

(UNAUDITED)

30 April 2014
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	LTL 55 291 960
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://www.apranga.lt
Main activities	Retail trade of apparel
Auditor	PricewaterhouseCoopers UAB

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

TABLE OF CONTENT

	PAGE
REVIEW OF ACTYVITY OF THE GROUP COMPANIES	4 – 6
FINANCIAL STATEMENTS:	
STATEMENT OF COMPREHENSIVE INCOME	7
BALANCE SHEET	8
STATEMENTS OF CHANGES IN EQUITY	9
STATEMENTS OF CASH FLOWS	10
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	11 – 13

REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group amounted to LTL 132.9 million in 1st quarter 2014 or by 12.3% more than in 2013. The highest growth rates were recorded in Latvia (28.5%), the lowest – in Lithuania (7.3%).

According to EUROSTAT data, the retail trade (except of motor vehicles and motorcycles) in Baltic States during the 3 months 2014 grew the most in Lithuania and Estonia (+5%). Meanwhile, in Latvia during the reporting period, retail sales experienced a growth of about 2%.

The retail turnover of the Group's stores by countries during the 3 months 2014 was (LTL thousand, VAT included):

Country	3 months 2014	3 months 2013	Change
Lithuania	82 382	76 755	7,3%
Latvia	34 829	27 109	28,5%
Estonia	15 695	14 441	8,7%
Total:	132 906	118 305	12,3%

The retail turnover of the Group's stores by chains during 3 months 2014 was as follows (LTL thousand, VAT included):

Chain	3 months 2014	3 months 2013	Change
Economy	12 998	11 275	15,3%
Youth	43 667	38 146	14,5%
Business	21 597	16 877	28,0%
Luxury	18 376	15 793	16,4%
Zara	31 602	31 718	-0,4%
Outlets	4 666	4 496	3,8%
Total	132 906	118 305	12,3%

In 1st quarter 2014, the Business chain turnover increased mostly – by 28.0%. This was largely due to rising consumption in this segment, and new stores opening. Also, high turnover growth rates experienced Luxury, Economy and Youth chains (14-17%). Zara retail turnover remained in about the same level as in earlier reporting period.

During the three months 2014 the Group opened 5 stores (Burberry, Tommy Hilfiger and Desigual in Vilnius, and Weekend MaxMara with Moskito in Riga), 1 reconstructed (Bershka in Klaipeda) and closed 1 store (Mango Touch in Vilnius). The capital expenditure of the retail chain expansion amounted to LTL 8.1 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	31 03 2014	31 03 2013	Change
Lithuania	94	90	4,4%
Latvia	43	36	19,4%
Estonia	15	12	25,0%
Total:	152	138	10,1%

The number of stores by chains was as follows:

Chain	31 03 2014	31 03 2013	Change
Economy	12	12	0,0%
Youth	80	70	14,3%
Business	21	20	5,0%
Luxury	22	19	15,8%
Zara	10	10	0,0%
Outlets	7	7	0,0%
Total	152	138	10,1%

APB APRANGA, company's code 121933274, Kirtimu 51, Vilnius
REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014
(all tabular amounts are in LTL thousands unless otherwise stated)

The total sales area operated by the Group has increased by 4.5% or by 3.0 thousand sq. m. during the period from 31 March 2013 till 31 March 2014. Sales area increased most in Latvia and Estonia (respectively 9.0% and 15.7%).

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

Country	31 03 2014	31 03 2013	Change
Lithuania	43,4	43,0	1,0%
Latvia	20,2	18,5	9,0%
Estonia	6,9	5,9	15,7%
Total:	70,4	67,4	4,5%

The Group has earned LTL 7.1 million of profit before income tax in 3 months 2014, while profit before taxes amounted to LTL 5.5 million during 3 months of 2013 (an increase of 29.6%).

EBITDA of the Group was LTL 11.7 million during 3 months 2014, and it was LTL 9.9 million in corresponding previous year period. EBITDA margin has increased from 10.5% to 11.1% during the year. The current ratio of the Group remained stable at the level of 2.1.

Main Group Indicators	Q1 2014	Q1 2013	Q1 2012
Net sales, LTL thousand	105 680	94 600	85 835
Net sales in foreign markets, LTL thousand	39 920	33 669	30 575
Like-to-like sales, %	5,0%	1,9%	19,7%
Gross profit, LTL thousand	46 644	40 547	37 274
Gross margin, %	44,1%	42,9%	43,4%
Operating profit, LTL thousand	7 102	5 473	5 353
Operating profit margin, %	6,7%	5,8%	6,2%
EBT, LTL thousand	7 078	5 461	5 337
EBT margin, %	6,7%	5,8%	6,2%
Profit (loss) for the period, LTL thousand	5 946	4 543	4 341
Profit (loss) for the period margin, %	5,6%	4,8%	5,1%
EBITDA, LTL thousand	11 718	9 942	9 674
EBITDA margin, %	11,1%	10,5%	11,3%
Return on equity (end of the period), %	3,9%	3,2%	3,4%
Return on assets (end of the period), %	2,7%	2,3%	2,5%
Net debt to equity*, %	5,8%	-4,1%	-4,4%
Current ratio, times	2,1	2,4	2,4

* (Interest bearing liabilities less cash) / Equity

The operating expenses of the Group totaled LTL 40.0 million during 3 months 2014 and increased by 12.9%, comparing to the same period 2013. The finance costs of the Group were LTL 24 thousand in 3 months 2014 (about 0.1% of the total costs of the Group). Total finance debts of the Group totaled LTL 12.0 million at 31 March 2014 (no financial debts at 31 March 2013).

Main Group Indicators	Q1 2014	Q1 2013	Change
Net sales, LTL thousand	105 680	94 600	11,7%
Net sales in foreign markets, LTL thousand	39 920	33 669	18,6%
Gross profit, LTL thousand	46 644	40 547	15,0%
Operating expenses	(39 974)	(35 399)	12,9%
Operating profit, LTL thousand	7 102	5 473	29,8%
EBT, LTL thousand	7 078	5 461	29,6%
Profit (loss) for the period, LTL thousand	5 946	4 543	30,9%
EBITDA, LTL thousand	11 718	9 942	17,9%

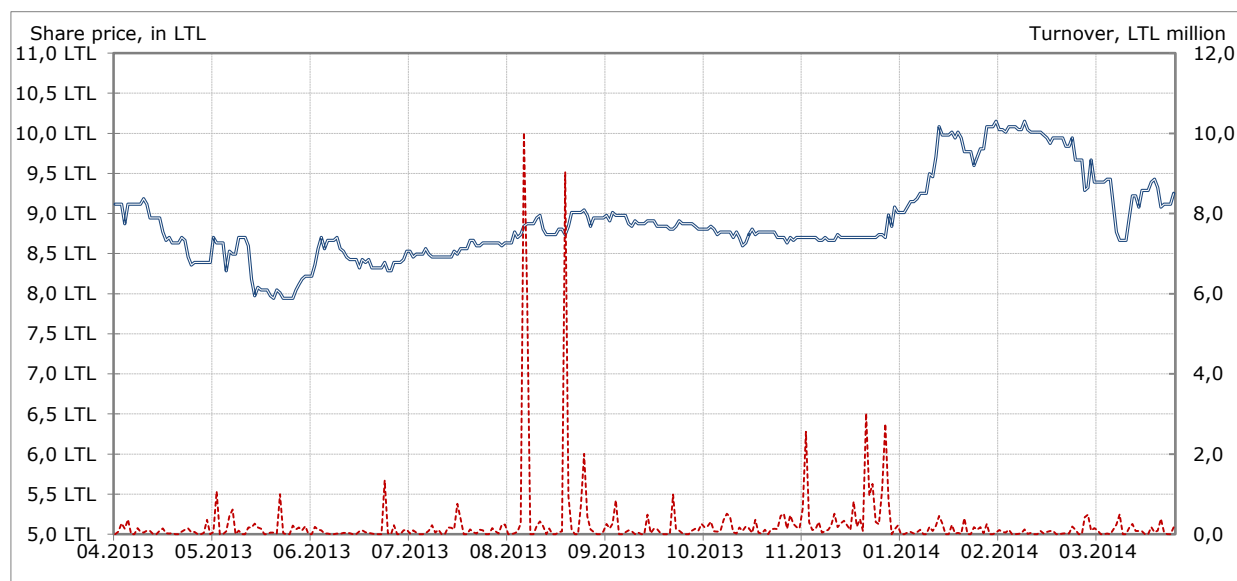
The Group's level of inventories during the year grew by 22.3% (the increase from LTL 85.6 million to LTL 104.7 million). Company's inventories grew by 30.0%. The growth of inventories was driven by new stores opening.

APB APRANGA, company's code 121933274, Kirtimu 51, Vilnius
REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2014
(all tabular amounts are in LTL thousands unless otherwise stated)

The number of employees during the year till 31 March 2014 in the Group has increased by 167 to 1 726 (10.7%), and increased in Company by 50 to 734 (7.3%).

The price of the Company share during 3 months 2014 increased by 3% from LTL 8.98 to LTL 9.25 per share. The maximum share price during the three months period was LTL 10.15 per share, minimum share price - LTL 8.49 per share. In this way, the market capitalization of the Company increased from LTL 496 million at the beginning of the year to LTL 512 million at the end of March 2014. The weighted average price of 1 share during the reporting period was LTL 9.46. Company's share turnover was LTL 8.1 million during 3 months 2014. The share price during the last 12 months period increased from LTL 9.12 to LTL 9.25 per share, or by 1.5%.

Apranga APB share price during 12 months period from 1st April 2013 to 31st March 2014:



Information about members of the Management board on 31 March 2014:

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	-	30 04 2010	30 04 2014
Rimantas Perveneckas	Member of the Board, General Director	800 770 1.45%	30 04 2010	30 04 2014
Ilona Simkuniene	Member of the Board, Purchasing Director	-	30 04 2010	30 04 2014
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	30 04 2010	30 04 2014
Vidas Lazickas	Member of the Board	-	29 04 2011	30 04 2014
Marijus Strončikas	Member of the Board	4 450 0.01%	30 04 2010	30 04 2014

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		3 months 2014	3 months 2013	3 months 2014	3 months 2013
Revenue	3	105 680	94 600	51 122	43 432
Cost of sales		(59 036)	(54 053)	(34 538)	(29 499)
Gross profit		46 644	40 547	16 584	13 933
Operating expenses		(39 974)	(35 399)	(16 833)	(15 179)
Other income		394	382	2 694	2 451
Net foreign exchange gain (loss)		38	(57)	6	(54)
Operating profit (loss)		7 102	5 473	2 451	1 151
Finance costs	6	(24)	(12)	(42)	(40)
Profit (loss) before income tax		7 078	5 461	2 409	1 111
Income tax expense		(1 132)	(918)	(260)	(62)
Profit (loss) for the year	3	5 946	4 543	2 149	1 049
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Currency translation difference		(65)	(157)	-	-
TOTAL COMPREHENSIVE INCOME		5 881	4 386	2 149	1 049
Basic and diluted earnings (losses) per share (in LTL)		0,11	0,08	0,04	0,02

BALANCE SHEET

	Note	Group		Company	
		31 03 2014	31 12 2013	31 03 2014	31 12 2013
ASSETS					
Non-current assets					
Property, plant and equipment	4	84 247	80 852	53 356	51 363
Intangible assets	4	1 640	1 507	386	238
Investments in subsidiaries	5	-	-	16 110	16 101
Prepayments		1 086	1 201	282	296
Trade and other receivables		104	104	104	104
		87 077	83 664	70 238	68 102
Current assets					
Inventories		104 695	88 652	59 506	48 573
Available for sale financial assets		16 271	16 271	16 271	16 271
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		4 533	3 010	3 209	2 665
Trade and other receivables		3 638	2 799	30 581	27 533
Cash and cash equivalents		3 127	8 275	764	1 293
		133 382	120 125	111 449	97 453
TOTAL ASSETS	3	220 459	203 789	181 687	165 555
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		55 292	55 292	55 292	55 292
Legal reserve		5 529	5 529	5 529	5 529
Translation difference		(254)	(188)	-	-
Retained earnings		92 473	86 526	59 837	57 688
		153 040	147 159	120 658	118 509
Non-current liabilities					
Deferred tax liabilities		3 614	3 364	1 131	1 044
Other liabilities		391	503	391	503
		4 005	3 867	1 522	1 547
Current liabilities					
Borrowings	6	11 958	4 994	34 494	23 624
Current income tax liability		3 675	2 830	1 724	1 586
Trade and other payables		47 781	44 939	23 289	20 289
		63 414	52 763	59 507	45 499
Total liabilities		67 419	56 630	61 029	47 046
TOTAL EQUITY AND LIABILITIES		220 459	203 789	181 687	165 555

STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2013		55 292	4 612	(45)	79 748	139 607
Comprehensive income						
Profit for the 3 months 2013	3				4 543	4 543
Other comprehensive income						
Currency translation difference		-	-	(156)	(1)	(157)
Total comprehensive income		-	-	(156)	4 542	4 386
Balance at 31 March 2013		55 292	4 612	(201)	84 290	143 993
Balance at 1 January 2014		55 292	5 529	(188)	86 526	147 159
Comprehensive income						
Profit for the 3 months 2014	3	-	-	-	5 946	5 946
Other comprehensive income						
Currency translation difference		-	-	(66)	1	(65)
Total comprehensive income		-	-	(66)	5 947	5 881
Balance at 31 March 2014		55 292	5 529	(254)	92 473	153 040

COMPANY	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2013	55 292	4 612	51 217	111 121
Comprehensive income				
Profit for the 3 months 2013	-	-	1 049	1 049
Balance at 31 March 2013	55 292	4 612	52 266	112 170
Balance at 1 January 2014	55 292	5 529	57 688	118 509
Comprehensive income				
Profit for the 3 months 2014		-	2 149	2 149
Balance at 31 March 2014	55 292	5 529	59 837	120 658

STATEMENTS OF CASH FLOW

	Note	Group		Company	
		Q1 2014	Q1 2013	Q1 2014	Q1 2013
OPERATING ACTIVITIES					
Profit (loss) before income taxes	3	7 078	5 461	2 409	1 111
Adjustments for:					
Depreciation and amortization		4 616	4 469	2 170	2 068
Impairment charge		(34)	(9)	(34)	(9)
Change in allowances for slow-moving inventories		369	(340)	42	143
Gain on disposal of property, plant and equipment		(21)	2	(21)	2
Write-off of property, plant and equipment		48	55	48	55
Interest expenses, net of interest income		(131)	(176)	(130)	(150)
		11 925	9 462	4 484	3 220
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(16 412)	(9 995)	(10 975)	(5 094)
Decrease (increase) in receivables		(2 247)	(2 103)	(4 604)	(3 450)
Unrealized foreign exchange loss (gain)		(65)	(157)	-	-
Increase (decrease) in payables		2 729	(3 509)	2 901	26
Cash generated from operations		(4 070)	(6 302)	(8 194)	(5 298)
Income taxes paid		(37)	(30)	(49)	(34)
Interest paid	6	(24)	(12)	(42)	(40)
Net cash from operating activities		(4 131)	(6 344)	(8 285)	(5 372)
INVESTING ACTIVITIES					
Interest received		155	154	172	156
Loans granted		-	(25 500)	(21 617)	(30 230)
Loans repayments received		-	33 500	22 644	37 225
Purchases of property, plant and equipment and intangible assets	3, 4	(8 151)	(5 155)	(4 304)	(1 157)
Proceeds on disposal of property, plant and equipment	3, 4	14	432	-	11
Purchases of available-for-sale financial assets		-	(7)	-	(7)
Investment in subsidiaries	5	-	-	(9)	-
Net cash used in investing activities		(7 982)	3 424	(3 114)	5 998
FINANCING ACTIVITIES					
Dividends paid		1	-	1	-
Proceeds from borrowings		17 798	-	46 487	27 271
Repayments of borrowings		(13 798)	-	(38 582)	(27 853)
Net cash from financing activities		4 001	-	7 906	(582)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		(8 112)	(2 920)	(3 493)	44
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD					
		3 281	8 804	(3 701)	1 999

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 31 March 2014 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
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 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

¹ 100 % jointly with OU Apranga Estonia

All 55 291 960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Baltic equity list of NASDAQ OMX Vilnius Stock Exchange.

At 22 April 2014 the Company had 2 986 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	29 677 397	53,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	6 698 052	12,1%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 224 279	9,4%

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.

The applicable rates used for the balance sheet preparation were as follows:

Currency		31 03 2014	31 12 2013	31 03 2013
1 EUR	=	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL	=	-	4.9184 LTL	4.9224 LTL

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 3 months 2014 is as follows:

3 months 2014	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	77 522	28 766	12 813	119 101	-	
Inter-segment revenue	(11 762)	(1 182)	(477)	(13 421)	-	
Revenue from external customers	65 760	27 584	12 336	105 680	-	105 680
Gross margin	42,8%	46,3%	46,5%	44,1%		44,1%
Profit (loss) for the year	4 246	1 258	442	5 946	-	5 946
Total assets	202 006	46 974	22 671	271 651	(51 192)	220 459
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 749	2 277	125	8 151	(14)	8 137

3 months 2013	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	68 976	22 836	12 173	103 985	-	
Inter-segment revenue	(8 045)	(963)	(377)	(9 385)	-	
Revenue from external customers	60 931	21 873	11 796	94 600	-	94 600
Gross margin	41,2%	45,6%	46,2%	42,9%		42,9%
Profit (loss) for the year	3 098	565	880	4 543	-	4 543
Total assets	179 341	45 695	18 441	243 477	(46 855)	196 622
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 952	2 733	48	4 733	(10)	4 723

4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to LTL 8.1 million in 3 months 2014. The Company's investments into retail network have reached LTL 4.3 million, daughter companies - LTL 3.8 million.

5. Investments into subsidiaries

In February 2014, the Company established a subsidiary OU Apranga MDE, which will operate Massimo Dutti stores in Estonia. The share capital of the subsidiary is EUR 2 500 (equivalent to LTL 8.6 thousand). All shares have been fully paid in cash. The Company controls 100% of the subsidiary's capital and voting rights.

6. Borrowings

In November 2013, 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 LTL 60 000 thousand in order to finance the working capital, issuing guarantees and opening letters of credit, was extended. The credit line now will expire on 30 November 2014. The interests are paid for the amount used and the interest rate is calculated as 1-month VILIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In April 2013, 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 increased to EUR 9 000 thousand and extended until 30 June 2015. For the drawdown amount of LTL portion of the credit line a floating interest rate calculated as the 1-week VILIBOR plus margin is being paid, and for the drawdown amount of EUR portion 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. Guarantees and letters of credit

As of 31 March 2014 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled LTL 34 891 thousand (31 December 2013: LTL 34 891 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 31 March 2014 amounted to LTL 42 735 thousand (31 December 2013: LTL 41 281 thousand).

As of 31 March 2014 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 2 429 thousand (31 December 2013: LTL 2 356 thousand).

8. Events after the reporting period

The Annual shareholders meeting of APB Apranga held on 29 April 2014 has resolved to pay LTL 27 646 thousand in dividends and to pay LTL 750 thousand as annual bonuses for the year 2013.
