

28 July 2017
Vilnius

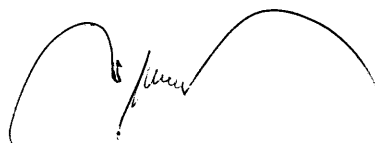
CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Financial Statements for the six months 2017 prepared in accordance with International Financial Reporting Standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flow of APB Apranga, as well as of Apranga Group consolidated companies.

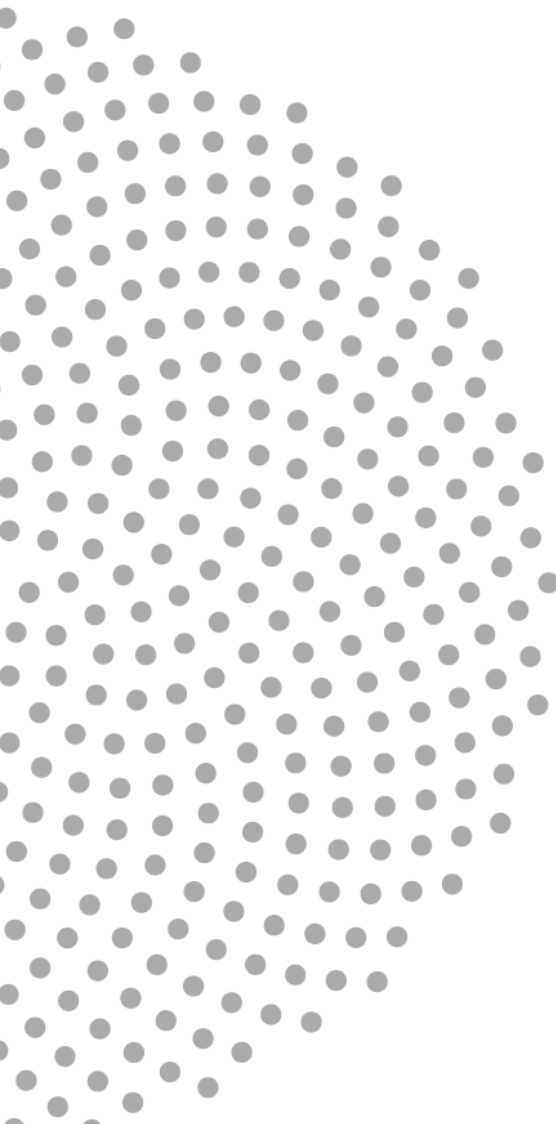
As well we confirm that by our knowledge Consolidated Report for the six months 2017 includes a fair review of the development and performance of the business of APB Apranga and Apranga Group in relation to the description of the main risks and contingencies faced thereby.



Apranga Group General Manager
Rimantas Perveneckas



Apranga Group Chief Financial Officer
Saulius Bačauskas



APRANGA APB

**The Consolidated Interim Report and
Interim Consolidated Financial Statements**

For the Six months period ended 30 June 2017

(UNAUDITED)

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	Ernst &Young Baltic UAB

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

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INTERIM CONSOLIDATED REPORT

General information

Interim consolidated report is prepared for the period January – June 2017.

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@aprangas.lt
Internet address: <http://aprangagroup.lt>

At 30 June 2017 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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
UAB Apranga Ecom LT	Private limited liability company	25 02 2016 State enterprise Centre of Registers of the Republic of Lithuania	304184173	Kirtimu 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
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 info@aprangas.lt http://aprangagroup.lt
SIA Apranga SLV	Private limited liability company	19 11 2008 Enterprise Register of the Republic of Latvia	50103201281	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@aprangas.lt http://aprangagroup.lt

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Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
SIA Apranga MLV	Private limited liability company	30 11 2011 Enterprise Register of the Republic of Latvia	40103486301	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@aprange.lt http://aprangagroup.lt
SIA Apranga Ecom LV	Private limited liability company	29 02 2016 Enterprise Register of the Republic of Latvia	40103972857	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@aprange.lt http://aprangagroup.lt
OÜ Apranga ¹	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 info@aprange.lt http://aprangagroup.lt
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 info@aprange.lt http://aprangagroup.lt
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 info@aprange.lt http://aprangagroup.lt
OÜ Apranga PB Trade	Private limited liability company	21 08 2008 Tallinn City Court Register department	11530250	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 info@aprange.lt http://aprangagroup.lt
OÜ Apranga ST Retail	Private limited liability company	21 08 2008 Tallinn City Court Register department	11530037	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 info@aprange.lt http://aprangagroup.lt
OÜ Apranga MDE	Private limited liability company	21 02 2014 Tallinn City Court Register department	12617929	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 info@aprange.lt http://aprangagroup.lt
OÜ Apranga HEST	Private limited liability company	05 07 2016 Tallinn City Court Register department	14075697	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 info@aprange.lt http://aprangagroup.lt
OÜ Apranga Ecom EE	Private limited liability company	01 03 2016 Tallinn City Court Register department	14004869	Pärnu mnt 10/Väike-Karja 12, Tallinn, Estonia	Tel. 372 6270141 Fax. 372 6270144 info@aprange.lt http://aprangagroup.lt

¹ 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 99.3 million in 1st half 2017 or by 5.2% more than in 1st half 2016. The highest growth rates were recorded in Estonia (10.5%), when growth rates in Lithuania and Latvia were 4.6% and 3.1% accordingly.

According to EUROSTAT data, the retail trade (except of motor vehicles, motorcycles and fuel) in Baltic States during the 6 months 2017 grew the most in Lithuania (+4%). In Latvia and Estonia in the same period, retail trade grew slower than in Lithuania (2% and 3% accordingly). In 2nd quarter 2017, retail trade growth rates by country were practically the same and accounted for 3-4%. European Union (28 countries) retail trade in 1st half 2017 increased by 3% (the same stable growth rate as in the 1st and 2nd half 2016).

The retail turnover of the Group's stores in first half of 2017 by countries was as follows (EUR thousand, VAT included):

Country	6 months 2017	6 months 2016	6 months 2015	2017/2016, %	2017/2015, %
Lithuania	58 393	55 818	53 344	4,6%	9,5%
Latvia	23 533	22 832	21 779	3,1%	8,1%
Estonia	17 347	15 701	12 861	10,5%	34,9%
Total:	99 274	94 352	87 984	5,2%	12,8%

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The retail turnover of the Group's stores by countries during the second quarter of 2017 was (EUR thousand, VAT included):

Country	Q2 2017	Q2 2016	Q2 2015	2017/2016, %
Lithuania	30 170	29 337	27 632	2,8%
Latvia	12 173	11 976	11 241	1,6%
Estonia	9 083	8 918	7 000	1,8%
Total:	51 425	50 231	45 874	2,4%

The retail turnover of the Group's stores by chains in first half of 2017 was as follows (EUR thousand, VAT included):

Chain	6 months 2017	6 months 2016	6 months 2015	2017/2016, %	2017/2015, %
Economy ¹	13 926	13 939	14 438	-0,1%	-3,5%
Youth ²	19 087	19 018	19 159	0,4%	-0,4%
Footwear	2 922	3 234	3 469	-9,6%	-15,8%
Business ³	17 915	16 392	14 365	9,3%	24,7%
Luxury ⁴	10 692	10 922	11 168	-2,1%	-4,3%
Zara	29 769	26 404	21 546	12,7%	38,2%
Outlets	4 963	4 442	3 840	11,7%	29,2%
Total	99 274	94 352	87 984	5,2%	12,8%

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

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 1st half 2017, Zara, Outlets and Business chain's turnover increased mostly (respectively by 12.7%, 11.7% and 9.3%). In the two-year period, highest increase was recorded by Zara chain (+38.2%).

During the six months 2017 the Group opened 3 new stores (two Orsay stores in Kaunas and Panevėžys, and Apranga store in Tartu), 5 extended and renovated (Bershka store in Kaunas, Zara store in Klaipėda, City store in Riga, and Bershka and Stradivarius stores in Tallinn) and closed 4 stores.

The capital expenditure of the retail chain expansion amounted to EUR 4.0 million in first half 2017 (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:

Country	30 06 2017	30 06 2016	30 06 2015	2017/2016, %
Lithuania	105	104	98	1,0%
Latvia	47	46	45	2,2%
Estonia	30	28	23	7,1%
Total:	182	178	166	2,2%

The number of stores by chains was as follows:

Chain	30 06 2017	30 06 2016	Change
Economy	34	33	3,0%
Youth	46	46	0,0%
Footwear	14	15	-6,7%
Business	40	37	8,1%
Luxury	27	27	0,0%
Zara	12	12	0,0%
Outlets	9	8	12,5%
Total	182	178	2,2%

The total sales area operated by the Group has increased by 4.4% or by 3.6 thousand sq. m. during the year period until 30 June 2016.

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

Country	30 06 2017	30 06 2016	30 06 2015	2017/2016, %
Lithuania	49,3	48,0	46,3	2,8%
Latvia	20,8	20,2	20,4	3,4%
Estonia	14,5	13,0	10,1	12,1%
Total:	84,7	81,1	76,9	4,4%

The Group has earned EUR 5.2 million of *profit before income tax* in six months 2017, while profit before taxes amounted to EUR 4.6 million during six months of 2016 (the increase by 12.5%).

In second quarter the profit before income tax decreased from EUR 3.5 million in 2016 to EUR 3.0 million in 2017 (-14.1%). The main reason for the decline in profit was the cold weather in the second quarter, which resulted the lower than expected growth of turnover.

EBITDA of the Group was EUR 8.4 million during six months 2017, and it was EUR 7.7 million in corresponding previous year period. EBITDA margin has increased from 10.2% to 10.4% during the year. The current ratio of the Group was at the level of 2.2 times.

Main Group Indicators	6 months 2017	6 months 2016	6 months 2015
Net sales, EUR thousand	80 757	75 401	70 142
Net sales in foreign markets, EUR thousand	32 875	30 795	27 567
Like-to-like sales, %	1,0%	1,2%	1,1%
Gross profit, EUR thousand	36 668	33 710	31 053
Gross margin, %	45,4%	44,7%	44,3%
Operating profit, EUR thousand	5 189	4 626	4 000
Operating profit margin, %	6,4%	6,1%	5,7%
EBT, EUR thousand	5 179	4 605	3 952
EBT margin, %	6,4%	6,1%	5,6%
Profit for the period, EUR thousand	4 272	3 834	3 232
Profit for the period margin, %	5,3%	5,1%	4,6%
EBITDA, EUR thousand	8 428	7 660	6 917
EBITDA margin, %	10,4%	10,2%	9,9%
Return on equity (end of the period), %	8,7%	8,3%	7,7%
Return on assets (end of the period), %	6,1%	5,8%	4,9%
Net debt to equity*, %	1,8%	1,0%	16,5%
Current ratio, times	2,2	2,4	1,6

* (Interest bearing liabilities less cash) / Equity

Main Group Indicators	Q2 2017	Q2 2016	Q2 2015
Net sales, EUR thousand	41 873	40 209	36 519
Net sales in foreign markets, EUR thousand	17 142	16 761	14 505
Like-to-like sales, %	0,0%	2,5%	1,4%
Gross profit, EUR thousand	19 806	18 949	17 341
Gross margin, %	47,3%	47,1%	47,5%
Operating profit, EUR thousand	2 969	3 463	3 192
Operating profit margin, %	7,1%	8,6%	8,7%
EBT, EUR thousand	2 964	3 451	3 164
EBT margin, %	7,1%	8,6%	8,7%
Profit for the period, EUR thousand	2 499	2 970	2 767
Profit for the period margin, %	6,0%	7,4%	7,6%
EBITDA, EUR thousand	4 594	4 998	4 630
EBITDA margin, %	11,0%	12,4%	12,7%
Return on equity (end of the period), %	5,1%	6,4%	6,6%
Return on assets (end of the period), %	3,6%	4,5%	4,2%
Net debt to equity*, %	1,8%	1,0%	16,5%
Current ratio, times	2,2	2,4	1,6

* (Interest bearing liabilities less cash) / Equity

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The *operating expenses* of the Group totaled EUR 31.5 million during 6 months 2017 and increased by 8.2%, comparing to the same period 2016. Thus, operating expenses grew faster than turnover, which grew by 5.2%.

The *finance costs* of the Group were EUR 10 thousand in 6 months 2017 (6 months 2016: 21 thousand). It has decreased mainly due to averagely lower borrowings from banks. Nevertheless, total *finance debts* of the Group slightly increased to EUR 2.2 million at 30 June 2017 (30 June 2016: EUR 1.8 million).

Main Group Indicators	6 months 2017	6 months 2016	Change
Net sales, EUR thousand	80 757	75 401	7,1%
Net sales in foreign markets, EUR thousand	32 875	30 795	6,8%
Gross profit, EUR thousand	36 668	33 710	8,8%
Operating expenses	(31 479)	(29 084)	8,2%
Operating profit, EUR thousand	5 189	4 626	12,2%
EBT, EUR thousand	5 179	4 605	12,5%
Profit for the period, EUR thousand	4 272	3 834	11,4%
EBITDA, EUR thousand	8 428	7 660	10,0%

The Group's *level of inventories* during the last 12 months grew by 13.0% to EUR 36.3 million. Company's inventories grew by 11.2%. The Group's growth of inventories, which was higher than the sales growth (5.2%), was mainly driven by new stores openings and changes in Zara and Mango goods supply models.

The *number of employees* at 30 June 2017 and the *average monthly salary* by categories in 1st half 2017 were as follows:

Employee category	Number of employees		Average monthly salary, EUR	
	Group	Company	Group	Company
Administration	172	107	1 623	1 951
Stores' personnel	1 892	614	578	623
Logistics	55	55	759	759
Total	2 119	776	665	814

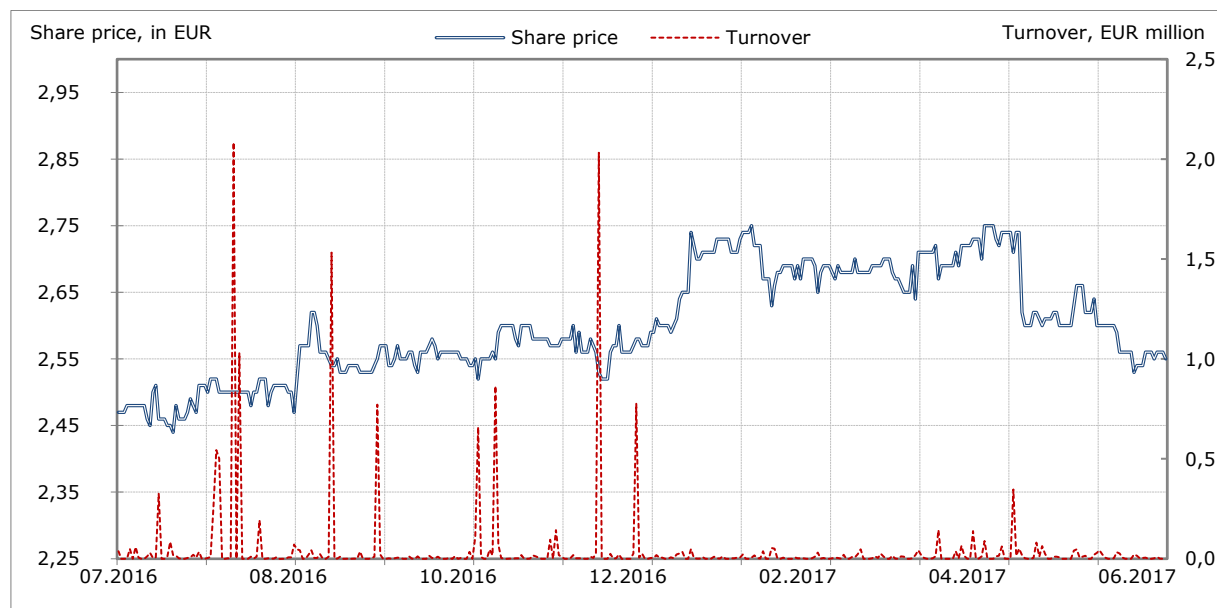
The *number of employees* during the year till 30 June 2017 in the Group has increased by 71 to 2 119 (+3.5%), and has decreased in Company by 13 to 776 (-1.6%). During the second quarter 2017 the number of employees increased by 66 (+3.2%) in the Group, and by 5 (+0.6%) in the Company.

Education of employees by categories on 30 June 2017 was as follows:

Education level	Group	Company
High	508	258
Professional	340	137
Secondary	249	91
Basic	34	6
Student	988	284
Total:	2 119	776

The *price of the Company share* during 6 months 2017 decreased by 1% from EUR 2.57 per share to EUR 2.55 per share. The maximum share price during the six months period was EUR 2.76 per share, minimum share price - EUR 2.53 per share. The market capitalization of the Company decreased from EUR 142 million at the beginning of the year to EUR 141 million at the end of June 2017. The weighted average price of 1 share during the reporting period was EUR 2.68. Company's share turnover was EUR 2.4 million during 6 months 2017. The share price during the last 12 months increased from EUR 2.50 to EUR 2.55 per share, or by 2%.

Apranga APB share price during 12 months period from 1st July 2016 to 30th June 2017:



Operational plans

Apranga Group plans to reach EUR 230 million turnover (including VAT) in 2017, or by 7.4% more, than actual the year 2016 turnover.

Apranga Group plans to open or reconstruct 7-10 stores during 2017. Investments are planned to amount to about EUR 5-6 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 2016.

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 EURIBOR. 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 39 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

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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 2017, the Company and all its Lithuanian subsidiaries, except Apranga Ecom LT UAB, complied with these requirements. Apranga Ecom LT UAB did not comply with these requirements at the beginning of the reporting period, therefore, in June 2017, the Company made decision to increase the authorized capital of Apranga Ecom LT UAB to EUR 10 000 to maintain legal 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 2017, 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 2017, all the Company's Estonian subsidiaries, except Apranga OU and Apranga Ecom EE OU, complied with these requirements. Apranga OU and Apranga Ecom EE OU did not comply with these requirements at the beginning of the reporting period, therefore, in June 2017, the Company made decisions to increase the authorized capitals of Apranga OU and Apranga Ecom EE OU to EUR 2 000 000 and EUR 10 000 respectively to maintain legal requirements.

In addition, the Group should comply with the financial covenants imposed in the agreements with SEB bankas AB and Nordea Bank AB. The Group and the Company followed the covenants as at 30 June 2017.

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);
- 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 2017 the Company had 2 577 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	33 321 529	60,3%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	4 537 194	8,2%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	5 219 621	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 2/3 or more 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. 28th 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 38 547 016 shares, representing 69.72% of the share capital and votes.



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.



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.



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 115 000 shares of the Company, representing 0.21% of the share capital and votes.



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.



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.

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 2017, there were no essential changes related to Apranga APB report for year 2016 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 2017 to 30th June 2017 Company publicly announced and broadcasted through Nasdaq Vilnius stock exchange information distribution system Globe Newswire and own webpage the following information:

Date	Title	Category of announcement
2017-01-02	Turnover of Apranga Group in December 2016 and total year 2016	Investor News
2017-02-01	Turnover of Apranga Group in January 2017	Investor News
2017-02-28	Apranga Group interim information for the twelve months of 2016	Interim information
2017-03-01	Turnover of Apranga Group in February 2017	Investor News
2017-04-03	Turnover of Apranga Group in March 2017 and 1st quarter 2017	Investor News
2017-04-04	Notice of the Annual General Meeting of APB "APRANGA" shareholders	General meeting of shareholders
2017-04-05	Draft resolutions of the Annual General Meeting of APB APRANGA shareholders to be held on April 27th, 2017	General meeting of shareholders
2017-04-27	Resolutions of the Annual General Meeting of Apranga APB shareholders	General meeting of shareholders
2017-04-27	Apranga APB annual information 2016	Annual information
2017-04-28	Apranga Group interim report for three months of 2017	Interim information
2017-05-02	Turnover of Apranga Group in April 2017	Investor News
2017-05-17	Apranga Group introducing the new brand Orsay to Lithuanian market	Press release
2017-06-01	Turnover of Apranga Group in May 2017	Investor News

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://aprangagroup.lt/en/investors/news-and-material-events>.

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		6 months 2017	6 months 2016	6 months 2017	6 months 2016
Revenue	2	80 757	75 401	32 232	30 486
Cost of sales		(44 089)	(41 691)	(21 170)	(19 551)
Gross profit		36 668	33 710	11 062	10 935
Operating expenses		(31 831)	(29 465)	(12 716)	(11 840)
Other income		317	370	10 232	10 423
Net foreign exchange gain (loss)		35	11	36	11
Operating profit (loss)		5 189	4 626	8 614	9 529
Finance costs	4	(10)	(21)	(10)	(21)
Profit (loss) before income tax		5 179	4 605	8 604	9 508
Income tax expense		(907)	(771)	(102)	(130)
Profit (loss) for the year	2	4 272	3 834	8 502	9 378
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		4 272	3 834	8 502	9 378
Basic and diluted earnings per share (in EUR)		0,08	0,07	0,15	0,17

	Note	Group		Company	
		Q2 2017	Q2 2016	Q2 2017	Q2 2016
Revenue	2	41 873	40 209	15 873	13 972
Cost of sales		(22 067)	(21 260)	(9 967)	(7 998)
Gross profit		19 806	18 949	5 906	5 974
General and administrative expenses		(17 037)	(15 633)	(7 091)	(6 424)
Other income		177	150	9 235	9 584
Net foreign exchange gain (loss)		23	(3)	24	(3)
Operating profit (loss)		2 969	3 463	8 074	9 131
Finance costs	4	(5)	(12)	(5)	(12)
Profit (loss) before income tax		2 964	3 451	8 069	9 119
Income tax expense		(465)	(481)	(14)	(59)
Profit (loss) for the year	2	2 499	2 970	8 055	9 060
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		2 499	2 970	8 055	9 060
Basic and diluted earnings per share (in EUR)		0,05	0,05	0,15	0,16

BALANCE SHEET

	Note	Group		Company	
		30 06 2017	31 12 2016	30 06 2017	31 12 2016
ASSETS					
Non-current assets					
Property, plant and equipment	3	26 065	25 197	14 754	15 113
Intangible assets	3	324	386	226	249
Investments in subsidiaries		-	-	4 798	4 798
Prepayments		739	411	68	68
Trade and other receivables		14	18	14	18
		27 142	26 012	19 860	20 246
Current assets					
Inventories		36 320	35 469	20 761	19 429
Available for sale financial assets		1 598	1 602	1 598	1 602
Non-current assets held for sale		324	324	324	324
Prepayments		2 163	833	1 539	781
Trade and other receivables		1 493	2 360	12 942	11 623
Cash and cash equivalents		1 300	4 976	310	3 055
		43 198	45 564	37 474	36 814
TOTAL ASSETS	2	70 340	71 576	57 334	57 060
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		16 035	16 035	16 035	16 035
Legal reserve		1 604	1 604	1 604	1 604
Translation difference		(53)	(53)	-	-
Retained earnings		31 410	35 985	24 728	25 073
		48 996	53 571	42 367	42 712
Non-current liabilities					
Deferred tax liabilities		1 190	1 125	285	361
Other liabilities		419	443	419	443
		1 609	1 568	704	804
Current liabilities					
Borrowings	4	2 185	-	8 154	6 977
Current income tax liability		804	332	182	80
Trade and other payables		16 746	16 105	5 927	6 487
		19 735	16 437	14 263	13 544
Total liabilities		21 344	18 005	14 967	14 348
TOTAL EQUITY AND LIABILITIES		70 340	71 576	57 334	57 060

STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2016		16 035	1 601	(53)	31 463	49 046
Comprehensive income						
Profit for the 6 months 2016	2				3 834	3 834
Total comprehensive income		-	-	-	3 834	3 834
Transactions with owners						
Dividends paid					(6 635)	(6 635)
Balance at 30 June 2016		16 035	1 601	(53)	28 662	46 245
Balance at 1 January 2017		16 035	1 604	(53)	35 985	53 571
Comprehensive income						
Profit for the 6 months 2017	2				4 272	4 272
Total comprehensive income		-	-	-	4 272	4 272
Transactions with owners						
Dividends paid	7				(8 847)	(8 847)
Balance at 30 June 2017		16 035	1 604	(53)	31 410	48 996

COMPANY		Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2016		16 035	1 601	20 269	37 905
Comprehensive income					
Profit for the 6 months 2016				9 378	9 378
Transactions with owners					
Dividends paid				(6 635)	(6 635)
Balance at 30 June 2016		16 035	1 601	23 012	40 648
Balance at 1 January 2017		16 035	1 604	25 073	42 712
Comprehensive income					
Profit for the 6 months 2017				8 502	8 502
Transactions with owners					
Dividends paid	7			(8 847)	(8 847)
Balance at 30 June 2017		16 035	1 604	24 728	42 367

STATEMENTS OF CASH FLOW

	Note	Group		Company	
		6 months 2017	6 months 2016	6 months 2017	6 months 2016
OPERATING ACTIVITIES					
Profit (loss) before income taxes		5 179	4 605	8 604	9 508
Adjustments for:					
Depreciation and amortization		3 239	3 034	1 431	1 380
Impairment charge (reverse)		(19)	-	(19)	-
Change in allowances for slow-moving inventories		298	191	317	318
(Gain) Loss on disposal of property, plant and equipment		(3)	(6)	(3)	(3)
Write-off of property, plant and equipment		20	5	7	5
Dividends income		-	-	(8 050)	(8 616)
Interest income, net of interest expenses		(18)	(15)	(55)	(35)
		8 696	7 814	2 232	2 557
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(1 149)	885	(1 649)	(597)
Decrease (increase) in receivables		(815)	(1 322)	(649)	(1 285)
Increase (decrease) in payables		617	1 337	(584)	(978)
Cash generated from operations		7 349	8 714	(650)	(303)
Income taxes paid		(370)	(135)	(76)	(7)
Interest paid	4	(10)	(21)	(10)	(21)
Net cash from operating activities		6 969	8 558	(736)	(331)
INVESTING ACTIVITIES					
Interest received		28	36	65	56
Dividends received		-	-	8 050	8 616
Loans granted		(13 000)	-	(19 181)	(4 562)
Loans repayments received		13 000	-	17 761	3 740
Purchases of property, plant and equipment and intangible assets	3	(5 117)	(3 728)	(1 037)	(1 419)
Proceeds on disposal of property, plant and equipment	3	1 074	1 831	3	150
Proceeds on disposal of available-for-sale financial assets		-	1 065	-	1 065
Investment in subsidiaries		-	-	-	(7)
Net cash used in investing activities		(4 015)	(796)	5 661	7 639
FINANCING ACTIVITIES					
Dividends paid	7	(8 847)	(6 635)	(8 847)	(6 635)
Proceeds from borrowings	4	3 232	26 098	25 776	51 138
Repayments of borrowings	4	(3 200)	(28 098)	(26 784)	(52 194)
Net cash from financing activities		(8 815)	(8 635)	(9 855)	(7 691)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		(5 861)	(873)	(4 930)	(383)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		4 976	414	3 055	(1 051)
AT THE END OF THE PERIOD		(885)	(459)	(1 875)	(1 434)

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.

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 2017 is as follows:

6 months 2017	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	54 097	19 300	14 559	87 956	-	
Inter-segment revenue	(6 215)	(532)	(452)	(7 199)	-	
Revenue from external customers	47 882	18 768	14 107	80 757	-	80 757
Gross margin	43,6%	47,8%	48,3%	45,4%		45,4%
Profit (loss) for the year	2 702	1 053	517	4 272	-	4 272
Total assets	63 938	12 003	12 711	88 652	(18 312)	70 340
Additions to non-current assets (other than financial instruments and prepayments for leases)	2 915	540	1 662	5 117	-	5 117

6 months 2016	Lithuania	Latvia	Estonia	Total	Inter- company elimina- tions	Total in consolidated financial statements
Total segment revenue	50 161	18 663	12 976	81 800	-	
Inter-segment revenue	(5 555)	(528)	(316)	(6 399)	-	
Revenue from external customers	44 606	18 135	12 660	75 401	-	75 401
Gross margin	43,7%	46,1%	46,4%	44,7%		44,7%
Profit (loss) for the year	2 461	898	475	3 834	-	3 834
Total assets	60 118	12 494	12 237	84 849	(18 876)	65 973
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 289	535	2 008	3 832	(104)	3 728

3. Investments into non-current assets

Net investments of the Group amounted to EUR 4.0 million in first half 2017. The Company totally invested EUR 1.0 million in first half 2017. Daughter companies' investments into development of the retail network amounted to EUR 3.0 million.

4. 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 2017, 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 overdraft amount increased to EUR 10 000 thousand and its limit extended until 30 June 2019. For the drawdown amount of the overdraft 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.

5. Related party transactions

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 30 June 2017 were as follows:

	Accounts receivable and loans granted							
	Accounts payable		Accounts payable		Income received		Purchases	
	6 months 2017	6 months 2016	6 months 2017	6 months 2016	6 months 2017	6 months 2016	6 months 2017	6 months 2016
Related parties								
UAB Koncernas MG Baltic	13	12	-	-	-	-	59	57
UAB Mineraliniai vandenys	1	-	-	-	-	-	5	3
UAB Mediafon	-	5	-	-	-	-	-	14
UAB MG Baltic Investment	29	15	-	-	-	-	86	86
UAB MG Valda	5	5	-	-	-	-	24	24
UAB Palangos Varūna	-	-	211	192	-	-	-	-
LNK Group	-	-	1	4	2	4	6	-
UAB Mediafon Mobi	7	-	-	-	-	-	20	-
UAB MGVT	-	-	-	-	-	-	2	-
Total	55	37	212	196	2	4	202	184

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

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 8 050 thousand received from the subsidiaries in six months 2017 is presented in 'Income received' together with other income (2016: EUR 8 616 thousand).

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 2017
(all tabular amounts are in EUR thousands unless otherwise stated)

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2017 were as follows:

Subsidiaries	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
	6 months 2017	6 months 2016	6 months 2017	6 months 2016	6 months 2017	6 months 2016	6 months 2017	6 months 2016
UAB Apranga LT	2 403	2 813	27	15	3 365	2 829	42	40
UAB Apranga BPB LT	-	7	142	116	575	766	15	20
UAB Apranga PLT	-	-	342	109	54	452	9	5
UAB Apranga SLT	9	-	90	173	191	291	15	16
UAB Apranga MLT	-	-	295	223	908	895	12	9
UAB Apranga HLT	-	-	495	197	28	17	-	1
UAB Apranga Ecom LT	-	-	2	1	-	-	-	-
SIA Apranga	-	-	4 340	4 951	4 292	4 532	69	27
SIA Apranga LV	1 145	1 191	19	10	1 604	1 382	22	24
SIA Apranga BPB LV	31	4	3	-	124	171	2	5
SIA Apranga PLV	82	109	5	3	225	206	-	2
SIA Apranga SLV	66	45	-	-	28	7	2	2
SIA Apranga MLV	-	-	20	93	448	449	4	8
OU Apranga	-	-	4 437	3 571	2 600	1 733	9	14
OU Apranga Estonia	1 431	2 313	818	1 221	995	1 364	22	20
OU Apranga BEE	284	341	80	149	92	164	2	6
OU Apranga PB Trade	447	333	164	108	179	122	5	3
OU Apranga ST Retail	3	259	401	91	91	102	3	4
OU Apranga MDE	53	-	85	348	121	43	3	3
OU Apranga HEST	-	-	453	-	17	-	-	-
OU Apranga Ecom EE	-	-	2	-	-	-	-	-
Total	5 954	7 415	12 220	11 379	15 937	15 525	236	209

6. Guarantees and letters of credit

As of 30 June 2017 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled EUR 14 558 thousand (31 December 2016: EUR 11 173 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 June 2017 amounted to EUR 16 332 thousand (31 December 2016: EUR 13 313 thousand).

As of 30 June 2017 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled EUR 821 thousand (31 December 2016: EUR 840 thousand).

7. Profit distribution

The Annual shareholders meeting of APB Apranga held on 27 April 2017 has resolved to pay EUR 8 847 thousand in dividends and to pay EUR 180 thousand as annual bonuses for the year 2016.