

# APRANGA

GROUP

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APRANGA APB

The Consolidated Interim Report and  
Interim Consolidated Financial Statements

For the Six months period ended 30 June 2012

(UNAUDITED)

8 August 2012  
Vilnius

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**INFORMATION ABOUT COMPANY**

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Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 <sup>st</sup> March 1993
Code of company	121933274
Share capital	LTL 55 291 960
Registered office	Kirtimu 51, LT-02244 Vilnius, Lithuania
Name of Register of Legal Entities	Registru centras VI, Vilnius branch
Telephone number	+370 5 239 08 08
Fax number	+370 5 239 08 00
E-mail	<a href="mailto:info@apranga.lt">info@apranga.lt</a>
Internet address	<a href="http://www.apranga.lt">http://www.apranga.lt</a>
Main activities	Retail trade of apparel
Auditor	PricewaterhouseCoopers UAB

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

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## INTERIM CONSOLIDATED REPORT

### General information

Interim consolidated report is prepared for the period January – June 2012.

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

At 30 June 2012 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

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

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

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 has made LTL 226.4 million in 1<sup>st</sup> half 2012 or by 25.2% more than in 1<sup>st</sup> half 2011. The highest growth rates were recorded in Latvia (29.5%), the lowest – in Estonia (17.8%).

High level of retail turnover growth results was determined by the optimal stock resources, a successful spring-summer collections sales, good performance of new and reconstructed stores, and faster-than-expected growth in consumption in the Baltic States. According to EUROSTAT data, the retail trade in Baltic States during the 6 months 2012 grew the most in Estonia - 11%, slightly behind Latvia - 10%, while in Lithuania the retail growth rate slowed down (especially in 2<sup>nd</sup> quarter), and accounted for 5%. The average annual (i.e. of the last 12 months) retail trade growth rates in all countries were similar and amounted to about 8%.

The retail turnover of the Group's stores in first half of 2012 by countries was as follows (LTL thousand, VAT included):

Country	6 months 2012	6 months 2011	Change
Lithuania	144 655	115 544	25,2%
Latvia	54 332	41 963	29,5%
Estonia	27 410	23 267	17,8%
<b>Total:</b>	<b>226 397</b>	<b>180 775</b>	<b>25,2%</b>

The retail turnover of the Group's stores by countries during the second quarter of 2012 was (LTL thousand, VAT included):

Country	Q2 2012	Q2 2011	Change
Lithuania	74 501	59 309	25,6%
Latvia	28 461	22 082	28,9%
Estonia	15 203	13 086	16,2%
<b>Total:</b>	<b>118 165</b>	<b>94 478</b>	<b>25,1%</b>

The retail turnover increase rate of 25.1% in the second quarter 2012 was almost the same as in first quarter 2012, when it amounted to 25.4%.

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The retail turnover of the Group's stores by chains in first half of 2012 was as follows (LTL thousand, VAT included):

<b>Chain</b>	<b>6 months 2012</b>	<b>6 months 2011</b>	<b>Change</b>
Economy	24 338	19 794	23,0%
Youth	76 569	66 941	14,4%
Business	25 392	14 342	77,0%
Luxury	24 621	20 992	17,3%
Zara	65 745	51 400	27,9%
Outlets	9 732	7 305	33,2%
<b>Total</b>	<b>226 397</b>	<b>180 775</b>	<b>25,2%</b>

In 1st half 2012, the business chain turnover increased mostly – by 77.0%. It was influenced by consumption growth and the 3-new Massimo Dutti stores opened (the first Massimo Dutti store was opened in August 2011). Also, high turnover growth rates experienced Zara, economy chain and outlets (respectively 27.9%, 23.0% and 33.2%).

During the three months 2012 the Group opened 6, reconstructed 6, and closed 3 stores due to the end of their lease agreements and non-viability. The capital expenditure of the retail chain expansion amounted to LTL 10.4 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:

<b>Country</b>	<b>30 06 2012</b>	<b>30 06 2011</b>	<b>Change</b>
Lithuania	82	75	9,3%
Latvia	31	31	0,0%
Estonia	11	10	10,0%
<b>Total:</b>	<b>124</b>	<b>116</b>	<b>6,9%</b>

The number of stores by chains was as follows:

<b>Chain</b>	<b>30 06 2012</b>	<b>30 06 2011</b>	<b>Change</b>
Economy	12	12	0,0%
Youth	64	60	6,7%
Business	14	12	16,7%
Luxury	16	15	6,7%
Zara	10	10	0,0%
Outlets	8	7	14,3%
<b>Total</b>	<b>124</b>	<b>116</b>	<b>6,9%</b>

The total *sales area* operated by the Group has decreased by 2.6% or by 1.6 thousand sq. m. during the period from 30 June 2011 till 30 June 2012.

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

<b>Country</b>	<b>30 06 2012</b>	<b>30 06 2011</b>	<b>Change</b>
Lithuania	41,8	40,4	3,6%
Latvia	17,5	17,5	0,0%
Estonia	5,6	5,5	3,2%
<b>Total:</b>	<b>64,9</b>	<b>63,3</b>	<b>2,6%</b>

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The Group has earned LTL 14 955 thousand of *profit before income tax* in six months 2012, while profit before taxes amounted to LTL 7 670 thousand during six months of 2011. In second quarter the profit before income tax increased from LTL 6 167 thousand in 2011 to LTL 9 618 thousand in 2012.

*EBITDA* of the Group was LTL 23 521 thousand during six months 2012, and it was LTL 16 665 thousand in corresponding previous year period. EBITDA margin has increased from 11.7% to 13.0% during the year. The current ratio of the Group remained almost the same as the year before - 2.0 times.

Substantial improvement in financial results due to:

- high turnover growth rates of the Group;
- high turnover rates of growth achieved by maintaining a level of profitability;
- slower growth in operating expenses relative to sales or gross profit growth rates.

<b>Main Group Indicators</b>	<b>6 months 2012</b>	<b>6 months 2011</b>	<b>Change</b>
Net sales, LTL thousand	180 264	142 597	26,4%
Net sales in foreign markets, LTL thousand	65 937	52 383	25,9%
Like-to-like sales	18,6%	9,2%	
Gross profit, LTL thousand	83 163	65 894	26,2%
Gross margin	46,1%	46,2%	
EBT, LTL thousand	14 955	7 670	95,0%
EBT margin	8,3%	5,4%	
Net profit (losses), LTL thousand	12 342	6 404	92,7%
Net margin	6,8%	4,5%	
EBITDA, LTL thousand	23 521	16 665	41,1%
EBITDA margin	13,0%	11,7%	
Return on equity (end of the period)	10,7%	6,1%	
Return on assets (end of the period)	7,6%	4,6%	
Net debt to equity*	-2,7%	4,1%	
Current ratio, times	2,0	1,9	4,1%

\* (Interest bearing liabilities less cash) / Equity

<b>Main Group Indicators</b>	<b>Q2 2012</b>	<b>Q2 2011</b>	<b>Change</b>
Net sales, LTL thousand	94 429	74 702	26,4%
Net sales in foreign markets, LTL thousand	35 362	28 367	24,7%
Like-to-like sales	18,0%	12,2%	
Gross profit, LTL thousand	45 889	36 862	24,5%
Gross margin	48,6%	49,3%	
EBT, LTL thousand	9 618	6 167	56,0%
EBT margin	10,2%	8,3%	
Net profit (losses), LTL thousand	8 001	5 315	50,5%
Net margin	8,5%	7,1%	
EBITDA, LTL thousand	13 847	10 698	29,4%
EBITDA margin	14,7%	14,3%	
Return on equity (end of the period)	7,0%	5,1%	
Return on assets (end of the period)	4,9%	3,8%	
Net debt to equity*	-2,7%	4,1%	
Current ratio, times	2,0	1,9	4,1%

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled LTL 68 760 thousand during 6 months 2012 and increased by 17.8%, comparing to the same period 2011 (while sales increased by 26.4% during this period). The *finance costs* of the Group due to continued decline of average level of finance debts was only LTL 35 thousand in 6 months 2012, or less than 0.1% of the total costs of the Group. Total finance debts of the Group decreased from LTL 7.6 million at 30 June 2011 to LTL 2.7 million at 30 June 2012, despite the fact that the Company paid LTL 20 458 thousand dividends in May 2012.

The *level of inventories* during the year grew in proportion to the sales growth and increased from LTL 50.6 million to LTL 64.1 million, or by 26.6%.

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The number of employees at 30 June 2012 and the average monthly salary by categories in 2<sup>nd</sup> quarter 2012 were as follows:

Employee category	Number of employees		Average monthly salary, LTL	
	Group	Company	Group	Company
Administration	121	81	7 035	8 853
Stores' personnel	1 263	518	1 641	1 738
Logistics	52	52	2 376	2 376
<b>Total</b>	<b>1 436</b>	<b>651</b>	<b>2 375</b>	<b>2 672</b>

The number of employees during the year till 30 June 2011 in the Group has increased by 161 to 1436 (+12.6%), and has increased in Company by 69 to 651 (+11.9%). During the second quarter 2012 the number of employees increased by 61 (+4.4%) in the Group, and by 22 (+3.5%) in the Company.

The average monthly salary in the Group and the Company in the second quarter 2012 has increased 9.4% and 14.3%, respectively, in comparison to the second quarter 2011. The average monthly salary in the second quarter this year comparing to first quarter has increased by 9.6% in the Group, and increased by 12.8% in the Company.

Education of employees by categories on 30 June 2012 was as follows:

Education level	Group	Company
High	422	233
Professional	227	126
Secondary	189	78
Basic	14	6
Student	584	208
<b>Total:</b>	<b>1 436</b>	<b>651</b>

The price of the Company share during 6 months 2012 increased from LTL 5.02 per share to LTL 6.32 per share (+26%). The maximum share price during the twelve months period was LTL 6.72 per share, minimum share price - LTL 5.02 per share. The market capitalization of the Company increased from LTL 278 million at the beginning of the year to LTL 349 million at the end of June 2012. The average price of share during the reporting period was LTL 5.78 per 1 share. The share price during the last 12 months increased from LTL 5.58 to LTL 6.32 per share, or by 13%.

Apranga APB share price during 12 months period from 1<sup>st</sup> July 2011 to 30<sup>th</sup> June 2012:



### Operational plans

According to initial plans the Group planned to reach LTL 461.8 million (EUR 133.7 million) retail chain turnover (including VAT) in 2012, or by 7.6% more, than in 2011.



Given the higher than expected turnover results, taking into consideration the number and opening times of newly opened and reconstructed stores, the economic situation in the Baltic countries and the latest trends in Europe, it is expected the revision of 2012 operating plans after the end of the 3rd quarter 2012.

In 2012 the Group plans to open and reconstruct about 25 stores. The investments will amount to LTL 16-18 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 2011.

### Credit risk

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

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

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

### Liquidity risk

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

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

### Market risk

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

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

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

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

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

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a

defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

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

#### *Foreign exchange risk*

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. At the moment the Company and the Group doesn't use any derivative financial instruments in order to control foreign currencies exchange risk.

The Group operates in Lithuania, Latvia and Estonia and accordingly has three functional currencies that all are pegged with EUR (Estonia since 1<sup>st</sup> January 2011 has adopted the euro) and do not fluctuate significantly. Therefore neither the Group, nor the Company is exposed to any significant foreign exchange risk.

#### *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 LTL 150 thousand and of a private limited liability company must be not less than LTL 10 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 2012, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than LVL 2 thousand. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 30 June 2012, 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 2 500 (or EEK 40 thousand if share capital is not re-registered to euro). In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 30 June 2012, all the Company's Estonian subsidiaries complied with these requirements.

In addition, the Group has to comply with the financial covenants imposed in the agreements with AB SEB bankas. The Group and the Company was in compliance with the covenants as at 30 June 2012.

#### **Securities**

All 55 291 960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of NASADQ OMX 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

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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 2012 the Company had 3 458 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

<b>Shareholder</b>	<b>Enterprise code</b>	<b>Address</b>	<b>Number of shares</b>	<b>% of total ownership</b>
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 677 397	53,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	7 577 202	13,7%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	4 033 036	7,3%
Swedish clients SEB	5020329081SE	Sergels Torg 2, Stockholm, Sweden	3 119 686	5,6%

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

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

### **Corporate governance**

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

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

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

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

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

Board of Company considers and approves:

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

The Board adopts the following resolutions:

- 1) Resolutions for the Company to become an incorporator or a member of other legal entities;
- 2) Resolutions to establish branches and representative offices of the Company;
- 3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
- 4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);

- 5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
- 6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
- 7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- 8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
- 9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

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

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

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

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

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

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

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

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

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

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

The Manager of the Company is responsible for:

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

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

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

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

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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 30 April 2010 the Annual General Meeting of Company shareholders elected Company's members of the Board for new 4-year term. On 29<sup>th</sup> April 2011 Vidas Lazickas was elected to Company's Board instead of Raimondas Paškevičius, who resigned on 21<sup>st</sup> October 2010. 30<sup>th</sup> April 2014 is the end term of all Company's members of the Board.



**Darius Mockus**  
Chairman of the Board

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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 981 958 shares of the Company, representing 1.78% of the share capital and votes. With related companies Minvista UAB (Code of Enterprise: 110685692; Registered office: Jasinskio 16, Vilnius), MG Baltic Investment UAB (Code of Enterprise: 123249022; Registered office: Jasinskio 16B, Vilnius) and family members he has 34 693 391 shares, representing 62.75% of the share capital and votes.

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

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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 1 000 000 shares of the Company, representing 1.81% of the share capital and votes.

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

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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 49 573 shares of the Company, representing 0.09% of the share capital and votes, and together with spouse Mindaugas Šimkūnas has 94 910 shares, representing 0.17% of the share capital and votes.

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**Vidas Lazickas**  
Member of the Board

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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 35 615 shares of the Company, representing 0.06% of the share capital and votes.

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**Marijus Strončikas**  
Member of the Board

Marijus Strončikas (born in 1974) - Member of Board of APB Apranga since 30 April 2010. Education: Kaunas Technical University, Faculty of Informatics, master of IT Science. He has 4 365 shares of the Company, representing 0.01% of the share capital and votes.

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

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

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### Related party transactions

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

### Compliance with the Governance Code

During six months 2012, there were no essential changes related to APB "Apranga" report for year 2011 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 2012 to 30<sup>th</sup> June 2012 Company publicly announced and broadcasted through NASDAQ OMX stock exchange information distribution system GlobeNewswire and own webpage the following information:

<b>Title</b>	<b>Category of announcement</b>	<b>Language</b>	<b>Date</b>
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2012-01-02
Notification on APB Apranga manager's transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2012-01-02
Turnover of Apranga Group in December 2011 and total year 2011	Investor News	En, Lt	2012-01-02
The turnover and expansion plans of Apranga Group in 2012	Notification on material event	En, Lt	2012-01-02
Apranga Group investor's calendar for the 1st half of 2012	Investor News	En, Lt	2012-01-03
Turnover of Apranga Group in January 2012	Investor News	En, Lt	2012-02-01
Notification on the disposal of a block of shares	Notification about acquisition (disposal) of a block of shares	En, Lt	2012-02-10
Apranga Group interim report for twelve months of 2011	Interim information	En, Lt	2012-02-15

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<b>Title</b>	<b>Category of announcement</b>			<b>Language</b>	<b>Date</b>
Regarding franchise agreement with Burberry Limited	Notification	on	material event	En, Lt	2012-03-01
Turnover of Apranga Group in February 2012	Notification	on	material event	En, Lt	2012-03-01
Apranga Group opens first ALDO stores and speeds up expansion	Press release			En, Lt	2012-03-15
Notification on the acquisition of voting rights	Notification		about acquisition (disposal) of a block of shares	En, Lt	2012-03-21
CORRECTION: Apranga Group investor's calendar for the 1st half of 2012	Investor News			En, Lt	2012-03-22
Turnover of Apranga Group in March 2012 and 1st quarter 2012	Investor News			En, Lt	2012-04-02
Convocation of the Annual General Meeting of APB Apranga shareholders	Notification	on	material event	En, Lt	2012-04-04
Draft resolutions of the Annual General Meeting of APB Apranga shareholders to be held on 27th April 2012	Notification	on	material event	En, Lt	2012-04-04
Resolutions of the Annual General Meeting of Apranga APB shareholders	Notification	on	material event	En, Lt	2012-04-27
Apranga APB annual information 2011	Annual information			En, Lt	2012-04-27
Turnover of Apranga Group in April 2012	Investor News			En, Lt	2012-05-02
CORRECTION: Apranga Group investor's calendar for the 1st half of 2012	Investor News			En, Lt	2012-05-02
Apranga Group interim report for three months of 2012	Interim information			En, Lt	2012-05-04
Notification on the acquisition of voting rights	Notification		about acquisition (disposal) of a block of shares	En, Lt	2012-05-17
Apranga APB presentation for investors	Other information			En, Lt	2012-05-29
Turnover of Apranga Group in May 2012	Investor News			En, Lt	2012-06-01
Notification on Apranga APB manager's related party transactions	Notifications on transactions concluded by managers of the companies			En, Lt	2012-06-15
Notification on APB Apranga manager's transaction	Notifications on transactions concluded by managers of the companies			En, Lt	2012-06-27

Contents of above mentioned announcements can be obtained on Vilnius Stock Exchange webpage <http://www.baltic.omxgroup.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news> and on Company's webpage <http://www.apranga.lt/investuotojams/index.php?lang=2>.

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		6 months 2012	6 months 2011	6 months 2012	6 months 2011
Revenue	2	180 264	142 597	76 300	63 168
Cost of sales		(97 101)	(76 703)	(44 805)	(37 125)
<b>Gross profit</b>		<b>83 163</b>	<b>65 894</b>	<b>31 495</b>	<b>26 043</b>
Operating expenses		(68 760)	(58 380)	(32 832)	(27 874)
Other income		568	289	24 940	22 724
Net foreign exchange gain (loss)		19	( 32)	14	8
<b>Operating profit (loss)</b>		<b>14 990</b>	<b>7 771</b>	<b>23 617</b>	<b>20 901</b>
Finance costs	4	( 35)	( 101)	( 184)	( 240)
<b>Profit (loss) before income tax</b>		<b>14 955</b>	<b>7 670</b>	<b>23 433</b>	<b>20 661</b>
Income tax expense		(2 613)	(1 266)	( 658)	( 212)
<b>Profit (loss) for the year</b>	2	<b>12 342</b>	<b>6 404</b>	<b>22 775</b>	<b>20 449</b>
<b>Other comprehensive income</b>					
Currency translation difference		46	37	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>12 388</b>	<b>6 441</b>	<b>22 775</b>	<b>20 449</b>
<b>Basic and diluted earnings (losses) per share (in LTL)</b>		<b>0,22</b>	<b>0,12</b>	<b>0,41</b>	<b>0,37</b>

	Note	Group		Company	
		Q2 2012	Q2 2011	Q2 2012	Q2 2011
Revenue	2	94 429	74 702	36 002	29 720
Cost of sales		(48 540)	(37 840)	(18 423)	(14 663)
<b>Gross profit</b>		<b>45 889</b>	<b>36 862</b>	<b>17 579</b>	<b>15 057</b>
General and administrative expenses		(36 567)	(30 727)	(18 056)	(15 003)
Other income		301	97	22 821	21 051
Net foreign exchange gain (loss)		14	( 11)	10	-
<b>Operating profit (loss)</b>		<b>9 637</b>	<b>6 221</b>	<b>22 354</b>	<b>21 105</b>
Finance costs	4	( 19)	( 54)	( 91)	( 121)
<b>Profit (loss) before income tax</b>		<b>9 618</b>	<b>6 167</b>	<b>22 263</b>	<b>20 984</b>
Income tax expense		(1 617)	( 852)	( 398)	( 226)
<b>Profit (loss) for the year</b>	2	<b>8 001</b>	<b>5 315</b>	<b>21 865</b>	<b>20 758</b>
<b>Other comprehensive income</b>					
Currency translation difference		109	( 5)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>8 110</b>	<b>5 310</b>	<b>21 865</b>	<b>20 758</b>
<b>Basic and diluted earnings (losses) per share (in LTL)</b>		<b>0,15</b>	<b>0,10</b>	<b>0,40</b>	<b>0,38</b>



## BALANCE SHEET

	Note	Group		Company	
		30 06 2012	31 12 2011	30 06 2012	31 12 2011
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		73 487	71 555	49 815	49 978
Intangible assets		434	608	311	445
Investments in subsidiaries		-	-	16 101	16 101
Prepayments		948	862	336	326
Trade and other receivables		136	151	136	151
		<b>75 005</b>	<b>73 176</b>	<b>66 699</b>	<b>67 001</b>
<b>Current assets</b>					
Inventories		64 055	64 034	40 042	37 035
Available for sale financial assets		10 458	10 510	10 458	10 510
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		4 648	1 831	3 681	1 349
Trade and other receivables		2 124	2 440	13 793	13 393
Cash and cash equivalents		5 862	8 056	2 077	3 040
		<b>88 265</b>	<b>87 989</b>	<b>71 169</b>	<b>66 445</b>
<b>TOTAL ASSETS</b>	<b>2</b>	<b>163 270</b>	<b>161 165</b>	<b>137 868</b>	<b>133 446</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares		55 292	55 292	55 292	55 292
Legal reserve		4 612	3 262	4 612	3 262
Translation difference		( 66)	92	-	-
Retained earnings		55 194	64 456	44 459	43 492
		<b>115 032</b>	<b>123 102</b>	<b>104 363</b>	<b>102 046</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		2 752	3 763	1 396	1 335
Other liabilities		336	392	336	392
		<b>3 088</b>	<b>4 155</b>	<b>1 732</b>	<b>1 727</b>
<b>Current liabilities</b>					
Borrowings	<b>4</b>	2 736	1 178	15 238	14 053
Obligations under finance leases		-	3	-	-
Current income tax liability		4 255	972	625	79
Trade and other payables		38 159	31 755	15 910	15 541
		<b>45 150</b>	<b>33 908</b>	<b>31 773</b>	<b>29 673</b>
<b>Total liabilities</b>		<b>48 238</b>	<b>38 063</b>	<b>33 505</b>	<b>31 400</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>163 270</b>	<b>161 165</b>	<b>137 868</b>	<b>133 446</b>

## STATEMENTS OF CHANGES IN EQUITY

### GROUP

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
<b>Balance at 1 January 2011</b>		<b>55 292</b>	<b>2 912</b>	<b>( 385)</b>	<b>53 950</b>	<b>111 769</b>
<b>Comprehensive income</b>						
Profit for the 6 months 2011					6 404	6 404
<b>Other comprehensive income</b>						
Currency translation difference		-	-	33	4	37
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>33</b>	<b>6 408</b>	<b>6 441</b>
<b>Transactions with owners</b>						
Transfer to legal reserve		-	350	-	( 350)	-
Dividends paid		-	-	-	(13 823)	(13 823)
<b>Balance at 30 June 2011</b>		<b>55 292</b>	<b>3 262</b>	<b>( 352)</b>	<b>46 185</b>	<b>104 387</b>
<b>Balance at 1 January 2012</b>		<b>55 292</b>	<b>3 262</b>	<b>92</b>	<b>64 456</b>	<b>123 102</b>
<b>Comprehensive income</b>						
Profit for the 6 months 2012		-	-	-	12 342	12 342
<b>Other comprehensive income</b>						
Currency translation difference		-	-	( 158)	204	46
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>( 158)</b>	<b>12 546</b>	<b>12 388</b>
<b>Transactions with owners</b>						
Transfer to legal reserve	7	-	1 350	-	(1 350)	-
Dividends paid	7	-	-	-	(20 458)	(20 458)
<b>Balance at 30 June 2012</b>		<b>55 292</b>	<b>4 612</b>	<b>( 66)</b>	<b>55 194</b>	<b>115 032</b>

### COMPANY

		Share capital	Legal reserve	Retained earnings	Total
<b>Balance at 1 January 2011</b>		<b>55 292</b>	<b>2 912</b>	<b>30 953</b>	<b>89 157</b>
<b>Comprehensive income</b>					
Profit for the 6 months 2011		-	-	20 449	20 449
<b>Transactions with owners</b>					
Transfer to legal reserve		-	350	( 350)	-
Dividends paid		-	-	(13 823)	(13 823)
<b>Balance at 30 June 2011</b>		<b>55 292</b>	<b>3 262</b>	<b>37 229</b>	<b>95 783</b>
<b>Balance at 1 January 2012</b>		<b>55 292</b>	<b>3 262</b>	<b>43 492</b>	<b>102 046</b>
<b>Comprehensive income</b>					
Profit for the 6 months 2012		-	-	22 775	22 775
<b>Transactions with owners</b>					
Transfer to legal reserve	7	-	1 350	(1 350)	-
Dividends paid	7	-	-	(20 458)	(20 458)
<b>Balance at 30 June 2012</b>		<b>55 292</b>	<b>4 612</b>	<b>44 459</b>	<b>104 363</b>

**STATEMENTS OF CASH FLOW**

	Note	Group		Company	
		6 months 2012	6 months 2011	6 months 2012	6 months 2011
<b>OPERATING ACTIVITIES</b>					
Profit (loss) before income taxes	2	14 955	7 670	23 433	20 661
Adjustments for:			-		-
Depreciation and amortization		8 531	8 894	4 397	4 407
Impairment charge		( 54)	-	( 54)	-
Change in allowances for slow-moving inventories		(1 139)	( 557)	119	( 152)
Gain on disposal of property, plant and equipment		( 9)	( 22)	( 9)	( 22)
Write-off of property, plant and equipment		164	9	163	7
Dividends income		-	-	(20 325)	(19 218)
Interest expenses, net of interest income		( 243)	89	( 110)	194
		<b>22 205</b>	<b>16 083</b>	<b>7 614</b>	<b>5 877</b>
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		1 118	1 943	(3 126)	(1 598)
Decrease (increase) in receivables		(2 572)	( 382)	( 444)	(6 212)
Unrealized foreign exchange loss (gain)		46	37	-	( 8)
Increase (decrease) in payables		6 031	(5 142)	10	1 182
<b>Cash generated from operations</b>		<b>26 828</b>	<b>12 539</b>	<b>4 054</b>	<b>( 759)</b>
Income taxes paid		( 341)	( 64)	( 65)	( 12)
Interest paid	4	( 38)	( 101)	( 186)	( 240)
<b>Net cash from operating activities</b>		<b>26 449</b>	<b>12 374</b>	<b>3 803</b>	<b>(1 011)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		281	12	295	46
Dividends received	5	-	-	20 325	19 218
Loans granted		(48 500)	(10 000)	(61 182)	(20 924)
Loans repayments received		48 500	10 000	58 899	19 619
Purchases of property, plant and equipment and intangible assets	2, 3	(11 544)	(2 879)	(5 139)	(2 524)
Proceeds on disposal of property, plant and equipment	2, 3	1 154	29	939	554
Purchases of available-for-sale financial assets		52	-	52	-
Investment in subsidiaries		-	-	-	( 300)
<b>Net cash used in investing activities</b>		<b>(10 057)</b>	<b>(2 838)</b>	<b>14 189</b>	<b>15 689</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	7	(20 141)	(13 823)	(20 141)	(13 823)
Proceeds from borrowings		-	-	(56 189)	29 788
Repayments of borrowings		-	-	55 816	(34 524)
Repayments of obligations under finance leases		( 3)	( 5)	-	-
<b>Net cash from financing activities</b>		<b>(20 144)</b>	<b>(13 828)</b>	<b>(20 514)</b>	<b>(18 559)</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>					
		<b>(3 752)</b>	<b>(4 292)</b>	<b>(2 522)</b>	<b>(3 881)</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
<b>AT THE BEGINNING OF THE PERIOD</b>		<b>6 878</b>	<b>60</b>	<b>1 863</b>	<b>(2 739)</b>
<b>AT THE END OF THE PERIOD</b>		<b>3 126</b>	<b>(4 232)</b>	<b>( 659)</b>	<b>(6 620)</b>

## NOTES

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

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

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

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

Currency		30 06 2012	31 12 2011	30 06 2011
1 EUR	=	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL	=	4.9567 LTL	4.9421 LTL	4.8703 LTL

### 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, 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 2012 is as follows:

6 months 2012	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	122 238	45 005	23 124	190 367	-	
Inter-segment revenue	(7 911)	(1 471)	( 721)	(10 103)	-	
<b>Revenue from external customers</b>	<b>114 327</b>	<b>43 534</b>	<b>22 403</b>	<b>180 264</b>	-	<b>180 264</b>
<b>Gross margin</b>	<b>45,8%</b>	<b>46,2%</b>	<b>47,8%</b>	<b>46,1%</b>		<b>46,1%</b>
<b>Profit (loss) for the year</b>	<b>7 158</b>	<b>3 231</b>	<b>1 953</b>	<b>12 342</b>	-	<b>12 342</b>
Total assets	145 391	29 150	13 590	188 131	(24 861)	163 270
Additions to non-current assets (other than financial instruments and prepayments for leases)	5 844	3 668	1 093	10 605	( 215)	10 390
6 months 2011	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	97 096	35 082	19 462	151 640	-	
Inter-segment revenue	(6 882)	(1 671)	( 490)	(9 043)	-	
<b>Revenue from external customers</b>	<b>90 214</b>	<b>33 411</b>	<b>18 972</b>	<b>142 597</b>	-	<b>142 597</b>
<b>Gross margin</b>	<b>45,6%</b>	<b>47,1%</b>	<b>47,2%</b>	<b>46,2%</b>		<b>46,2%</b>
<b>Profit for the year</b>	<b>2 681</b>	<b>852</b>	<b>2 871</b>	<b>6 404</b>	-	<b>6 404</b>
Total assets	125 696	22 863	17 751	166 310	(26 474)	139 836
Additions to non-current assets (other than financial instruments and prepayments for leases)	2 250	612	17	2 879		2 879

### 3. Investments into non-current assets

Net investments of the Group amounted to LTL 10.4 million in first half 2012 (LTL 5.1 million in 2<sup>nd</sup> quarter 2012). The Company totally invested LTL 2.0 million in first half 2012. Daughter companies' investments into development of the retail network amounted to LTL 6.2 million.

### 4. Borrowings

In November 2011, the Company and SEB bank have signed the amendment to agreement which modified the previous contract on the credit line. According to it, the Group was provided a credit line of LTL 60 000 thousand in order to finance the working capital, issuing guarantees and opening letters of credit. The credit line expires on 30 November 2012, the interests are paid for the amount used and the interest rate is calculated as 1-night VILIBOR plus margin. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

In June 2012, 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 EUR 5 000 thousand credit line extended until 30 June 2014. 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.

### 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 2012 were as follows:

	Accounts payable		Accounts receivable		Income received		Purchases	
	H1 2012	2011	H1 2012	2011	H1 2012	2011	H1 2012	2011
<b>Related parties</b>								
UAB Konzernas MG Baltic	49	47	-	-	-	-	211	415
UAB Minvista	-	-	-	-	32	21	-	-
UAB Mineraliniai vandenys	-	2	-	-	-	1	17	7
UAB MG Baltic Investment	50	50	-	1	-	-	295	593
UAB MG Valda	16	15	-	-	-	-	81	149
UAB Palangos Varūna	-	-	534	517	-	-	-	-
UAB Laisvas Nepriklausomas Kanalas	-	-	12	8	4	40	-	22
VŠĮ Vito Gerulaičio vardo teniso akademija	-	-	-	-	-	-	-	16
UAB UPG Baltic	-	-	-	-	-	-	3	23
UAB Alfa Media	-	-	-	-	-	-	2	-
<b>Total</b>	<b>115</b>	<b>114</b>	<b>546</b>	<b>526</b>	<b>36</b>	<b>62</b>	<b>609</b>	<b>1 225</b>

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 LTL 20 325 thousand received from the subsidiaries in six months 2012 is presented in 'Income received' together with other income (2011: LTL 19 218 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 2012**

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

The Company's transactions with subsidiaries and balances arising from these transactions as of 30 June 2012 were as follows:

Subsidiaries	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
	H1 2012	2011	H1 2012	2011	H1 2012	2011	H1 2012	2011
UAB Apranga LT	7 329	6 349	193	421	5 956	6 586	160	347
UAB Apranga BPB LT	1	415	104	121	1 630	2 276	76	126
UAB Apranga PLT	-	405	192	105	1 190	1 160	35	42
UAB Apranga SLT	-	-	483	264	1 181	368	48	49
UAB Apranga MLT	-	-	729	67	162	105	14	-
SIA Apranga	-	464	7 941	9 027	6 069	18 481	-	3
SIA Apranga LV	2 386	1 419	131	278	5 104	7 138	67	145
SIA Apranga BPB LV	23	-	161	223	593	243	24	24
SIA Apranga PLV	7	471	27	59	1 106	752	9	12
SIA Apranga SLV	9	-	5	88	22	50	-	1
SIA Apranga MLV	-	149	542	2	87	2	-	-
OU Apranga	-	15	1 407	565	1 961	4 056	-	1
OU Apranga Estonia	1 888	3 010	96	187	5 205	6 131	56	144
OU Apranga BEE	284	10	17	32	431	430	12	33
OU Apranga PB Trade	318	376	15	29	469	137	12	31
OU Apranga ST Retail	329	474	12	22	404	109	13	20
<b>Total</b>	<b>12 574</b>	<b>13 557</b>	<b>12 055</b>	<b>11 490</b>	<b>31 570</b>	<b>48 024</b>	<b>526</b>	<b>978</b>

## 6. Guarantees and letters of credit

As of 30 June 2012 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled LTL 29 332 thousand (31 December 2011: LTL 24 774 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 June 2012 amounted to LTL 37 187 thousand (31 December 2011: LTL 32 388 thousand).

As of 30 June 2012 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 1 223 thousand (31 December 2011: LTL 1 278 thousand).

## 7. Profit distribution

On 27 April 2012 the Company's shareholders' meeting decided to pay out LTL 20 458 thousand in dividends, LTL 720 thousand annual bonuses and to allocate LTL 1 350 thousand to the legal reserve.

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