

APRANGA

GROUP

APRANGA APB

Interim Consolidated Financial Statements

For the Three months period ended 31 March 2012

(UNAUDITED)

4 May 2012
Vilnius

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

INFORMATION ABOUT COMPANY

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

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group has made LTL 108.2 million in 1st quarter 2012 or 25.4% more than in 2011. The highest growth rates were recorded in Latvia (30.1%), the lowest – in Estonia (19.9%).

High level of retail turnover growth results was determined by the optimal stock resources during sell-off period, a successful new 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 increased very significantly from 7% in Lithuania to 13% in Estonia during the 3 months 2012.

The retail turnover of the Group's stores by countries during the 1st quarter 2012 was (LTL thousand, VAT included):

Country	3 months 2012	3 months 2011	Change
Lithuania	70 154	56 235	24,8%
Latvia	25 871	19 881	30,1%
Estonia	12 207	10 181	19,9%
Total:	108 232	86 297	25,4%

The retail turnover of the Group's stores by chains during 3 months 2012 was as follows (LTL thousand, VAT included):

Chain	3 months 2012	3 months 2011	Change
Economy	12 839	9 301	38,0%
Youth	35 654	30 828	15,7%
Business	12 321	7 592	62,3%
Luxury	12 781	10 371	23,2%
Zara	30 176	25 025	20,6%
Outlets	4 461	3 180	40,3%
Total	108 232	86 297	25,4%

In 1st quarter 2012, the business chain turnover increased mostly – by 62.3%. In the equivalent influenced both 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 economy chain and outlets (respectively 38.0% and 40.3%).

During the three months 2012 the Group opened 6, reconstructed 3 and closed 1 store. The capital expenditure of the retail chain expansion amounted to LTL 5.3 million (see Note 4 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 3 ("Segment information"). The Group is not engaged in activities related to research and experimental development, except to the extent of process improvement. Group uses the latest technology and the latest technology processes that meet environmental standards and help reduce the negative impact on the environment.

The number of stores by countries was as follows:

Country	31 03 2012	31 03 2011	Change
Lithuania	83	75	10,7%
Latvia	32	31	3,2%
Estonia	11	10	10,0%
Total:	126	116	8,6%

The number of stores by chains was as follows:

Chain	31 03 2012	31 03 2011	Change
Economy	12	12	0,0%
Youth	65	60	8,3%
Business	15	12	25,0%
Luxury	16	15	6,7%
Zara	10	10	0,0%
Outlets	8	7	14,3%
Total	126	116	8,6%

APB APRANGA, company's code 121933274, Kirtimu 51, Vilnius
REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2012
(all tabular amounts are in LTL thousands unless otherwise stated)

The total sales area operated by the Group has increased by 3.6% or by 2.3 thousand sq. m. during the period from 31 March 2011 till 31 March 2012. The stores gross area has increased proportionally in all countries – from 2.4% in Latvia till 4.1% in Lithuania.

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

Country	31 03 2012	31 03 2011	Change
Lithuania	42,0	40,4	4,1%
Latvia	17,9	17,5	2,4%
Estonia	5,6	5,5	3,2%
Total:	65,6	63,3	3,6%

The Group has earned LTL 5 337 thousand of *profit before income tax* in three months 2012, while profit before taxes was LTL 1 503 thousand during three months of 2011 (the increase 3.6 times).

EBITDA of the Group was LTL 9 674 thousand during three months 2012, and it was LTL 5 967 thousand in corresponding previous year period (the increase by 62.1%). *EBITDA* margin has increased from 8.8% to 11.3% during the year. The other return ratios increased accordingly. The liquidity of the Group also strengthened – the current ratio during last twelve month increased to 2.4.

Main Group Indicators	Q1 2012	Q1 2011	Change
Net sales, LTL thousand	85 835	67 895	26,4%
Net sales in foreign markets, LTL thousand	30 575	24 016	27,3%
Like-to-like sales	19,7%	6,1%	
Gross profit, LTL thousand	37 274	29 032	28,4%
Gross margin	43,4%	42,8%	
EBT, LTL thousand	5 337	1 503	255,1%
EBT margin	6,2%	2,2%	
Net profit (losses), LTL thousand	4 341	1 089	298,6%
Net margin	5,1%	1,6%	
EBITDA, LTL thousand	9 674	5 967	62,1%
EBITDA margin	11,3%	8,8%	
Return on equity (end of the period)	3,4%	1,0%	
Return on assets (end of the period)	2,5%	0,7%	
Net debt to equity*	-4,4%	-0,1%	
Current ratio, times	2,4	2,0	20,9%

* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled LTL 32 193 thousand during 3 months 2012 and increased by 16.4%, comparing to the same period 2011 (while turnovers increased by 25.4% during this period). The *finance costs* of the Group totaled LTL 16 thousand during 3 months 2012 and decreased 3 times, comparing to the same period 2011. The Group had no finance debts at 31 March 2012 (it was LTL 1.9 million at 31 March 2011).

The *level of inventories* comparing to that the year before increased from LTL 62.8 million to LTL 74.7 million, or by 19%. That is, a little bit less than the growth of turnovers.

The *number of employees* during the year till 31 March 2012 in the Group has increased by 138 to 1 375 (11.2%), and increased in Company by 60 to 629 (10.5%).

The *average monthly salary* in the Group in the 1st quarter 2012 was LTL 2 168, and has increased by 14.5% through the 12 months period.

The *price of the Company share* during 3 months 2012 increased by 20% from LTL 5.02 per share to LTL 6.04 per share. The maximum share price during the three months period was LTL 6.21 per share, minimum share price - LTL 5.02 per share. In this way, the market capitalization of the Company increased from LTL 278 million at the beginning of the year to LTL 334 million at the end of March 2012. The average price of share during the reporting period was LTL 5.39 per 1 share. The share price during the last 12 months period decreased from LTL 6.70 to LTL 6.04 per share, or 10%.

Apranga APB share price during 12 months period from 1st April 2011 to 31st March 2012:



Information about members of the Management board on 31 March 2012:

Name, Surname	Position	Number of shares owned and part in the share capital	Election date	End of term
Darius Juozas Mockus	Chairman of the Board	981 958 1.78%	30 04 2010	30 04 2014
Rimantas Perveneckas	Member of the Board, General Director	1 000 000 1.81%	30 04 2010	30 04 2014
Ilona Simkuniene	Member of the Board, Purchasing Director	49 573 0.09%	30 04 2010	30 04 2014
Ramunas Gaidamavicius	Member of the Board, Development Director	5 000 0.01%	30 04 2010	30 04 2014
Vidas Lazickas	Member of the Board	32 065 0.06%	29 04 2011	30 04 2014
Marijus Strončikas	Member of the Board	4 365 0.01%	30 04 2010	30 04 2014

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		3 months 2012	3 months 2011	3 months 2012	3 months 2011
Revenue	3	85 835	67 895	40 298	33 448
Cost of sales		(48 561)	(38 863)	(26 382)	(22 462)
Gross profit		37 274	29 032	13 916	10 986
Operating expenses		(32 193)	(27 653)	(14 776)	(12 871)
Other income		267	192	2 119	1 673
Net foreign exchange gain (loss)		5	(21)	4	8
Operating profit (loss)		5 353	1 550	1 263	(204)
Finance costs	7	(16)	(47)	(93)	(119)
Profit (loss) before income tax		5 337	1 503	1 170	(323)
Income tax expense		(996)	(414)	(260)	14
Profit (loss) for the year	3	4 341	1 089	910	(309)
Other comprehensive income					
Currency translation difference		(63)	42	-	-
TOTAL COMPREHENSIVE INCOME		4 278	1 131	910	(309)
Basic and diluted earnings (losses) per share (in LTL)		0,08	0,02	0,02	(0,01)

BALANCE SHEET

	Note	Group		Company	
		31 03 2012	31 12 2011	31 03 2012	31 12 2011
ASSETS					
Non-current assets					
Property, plant and equipment		72 641	71 555	50 584	49 978
Intangible assets		516	608	371	445
Investments in subsidiaries		-	-	16 101	16 101
Prepayments		956	862	346	326
Trade and other receivables		138	151	138	151
		74 251	73 176	67 540	67 001
Current assets					
Inventories		74 664	64 034	44 099	37 035
Available for sale financial assets		10 600	10 510	10 600	10 510
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		2 161	1 831	1 464	1 349
Trade and other receivables		4 891	2 440	15 675	13 393
Cash and cash equivalents		5 562	8 056	2 294	3 040
		98 996	87 989	75 250	66 445
TOTAL ASSETS	3	173 247	161 165	142 790	133 446
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		55 292	55 292	55 292	55 292
Legal reserve		3 262	3 262	3 262	3 262
Translation difference		(108)	92	-	-
Retained earnings		68 934	64 456	44 402	43 492
		127 380	123 102	102 956	102 046
Non-current liabilities					
Deferred tax liabilities		4 193	3 763	1 570	1 335
Obligations under finance leases		-	-	-	-
Other liabilities		297	392	297	392
		4 490	4 155	1 867	1 727
Current liabilities					
Borrowings	5	-	1 178	19 038	14 053
Obligations under finance leases		-	3	-	-
Current income tax liability		1 465	972	35	79
Trade and other payables		39 912	31 755	18 894	15 541
		41 377	33 908	37 967	29 673
Total liabilities		45 867	38 063	39 834	31 400
TOTAL EQUITY AND LIABILITIES		173 247	161 165	142 790	133 446

STATEMENTS OF CHANGES IN EQUITY

GROUP

Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2011	55 292	2 912	(385)	53 950	111 769
Comprehensive income					
Profit for the 3 months 2011				1 089	1 089
Other comprehensive income					
Currency translation difference	-	-	17	25	42
Total comprehensive income	-	-	17	1 114	1 131
Balance at 31 March 2011	55 292	2 912	(368)	55 064	112 900
Balance at 1 January 2012	55 292	3 262	92	64 456	123 102
Comprehensive income					
Profit for the 3 months 2012	-	-	-	4 341	4 341
Other comprehensive income					
Currency translation difference	-	-	(200)	137	(63)
Total comprehensive income	-	-	(200)	4 478	4 278
Balance at 31 March 2012	55 292	3 262	(108)	68 934	127 380

COMPANY

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2011	55 292	2 912	30 953	89 157
Comprehensive income				
Loss for the 3 months 2011	-	-	(309)	(309)
Balance at 31 March 2011	55 292	2 912	30 644	88 848
Balance at 1 January 2012	55 292	3 262	43 492	102 046
Comprehensive income				
Profit for the 3 months 2012	-	-	910	910
Balance at 31 March 2012	55 292	3 262	44 402	102 956

STATEMENTS OF CASH FLOW

	Note	Group		Company	
		3 months 2012	3 months 2011	3 months 2012	3 months 2011
OPERATING ACTIVITIES					
Profit (loss) before income taxes	3	5 337	1 503	1 170	(322)
Adjustments for:					
Depreciation and amortization		4 321	4 417	2 180	2 177
Change in allowances for slow-moving inventories		(1 234)	(427)	(65)	(96)
Gain on disposal of property, plant and equipment		(4)	(21)	(4)	(21)
Write-off of property, plant and equipment		27	2	27	-
Interest expenses, net of interest income		(135)	37	(61)	92
		8 312	5 511	3 247	1 830
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		(9 396)	(10 425)	(6 999)	(6 043)
Decrease (increase) in receivables		(1 862)	29	(80)	(2 557)
Unrealized foreign exchange loss (gain)		(63)	42	-	(9)
Increase (decrease) in payables		8 062	7 400	3 124	6 676
Cash generated from operations		5 053	2 557	(708)	(103)
Income taxes paid		(73)	(13)	(83)	(11)
Interest paid	5	(16)	(47)	(93)	(119)
Net cash from operating activities		4 964	2 497	(884)	(233)
INVESTING ACTIVITIES					
Interest received		151	10	153	27
Loans granted		(26 000)	(8 000)	(29 746)	(12 026)
Loans repayments received		25 000	8 000	27 422	12 040
Purchases of property, plant and equipment and intangible assets	3, 4	(6 241)	(2 447)	(3 424)	(1 949)
Proceeds on disposal of property, plant and equipment	3, 4	903	53	689	347
Purchases of available-for-sale financial assets		(90)	-	(90)	-
Investment in subsidiaries		-	-	148	-
Net cash used in investing activities		(6 277)	(2 384)	(4 848)	(1 561)
FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	26 601	12 675
Repayments of borrowings		-	(2 271)	(20 438)	(11 590)
Repayments of obligations under finance leases		(3)	(2)	-	-
Net cash from financing activities		(3)	(2 273)	6 163	1 085
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		(1 316)	(2 160)	431	(709)
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		6 878	60	1 863	(2 739)
AT THE END OF THE PERIOD		5 562	(2 100)	2 294	(3 448)

NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

1. General information

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993. The Company's main office is situated in Kirtimu 51, Vilnius, Lithuania. The Company has legal form of public limited liability company under the Law on Companies of Republic of Lithuania. The principal activity of the Company and its subsidiaries (hereinafter "the Group") is retail trade of apparel.

At 31 March 2012 the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga SLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga MLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
SIA Apranga	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga BPB LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga PLV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga SLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
SIA Apranga MLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga ¹	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga Estonia	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga BEE	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga PB Trade	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel
OU Apranga ST Retail	Estonia	Pärnu mnt 10/Väike-Karja 12 Tallinn	Retail trade of apparel

¹ 100 % jointly with OU Apranga Estonia

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

At 20 April 2012 the Company had 3 424 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 677 397	53,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	7 904 001	14,3%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	4 025 719	7,3%
Swedish clients SEB	5020329081SE	Sergels Torg 2, Stockholm, Sweden	2 934 686	5,3%

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

2. Basis of preparation and summary of main accounting policies

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

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

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

Currency	31 03 2012	31 12 2011	31 03 2011
1 EUR =	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL =	4.9297 LTL	4.9421 LTL	4.8679 LTL

3. Segment information

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

All financial information, including the measure of profit and total assets, is analyzed on a country basis.

The segment information provided to the Directors for the reportable segments for the 3 months 2012 is as follows:

3 months 2012	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	61 559	21 234	10 393	93 186	-	
Inter-segment revenue	(6 299)	(581)	(471)	(7 351)	-	
Revenue from external customers	55 260	20 653	9 922	85 835	-	85 835
Gross margin	42,5%	44,0%	47,6%	43,4%		43,4%
Profit (loss) for the year	2 726	995	620	4 341	-	4 341
Total assets	154 900	33 468	16 393	204 761	(31 514)	173 247
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 066	1 276	209	5 551	(213)	5 338

3 months 2011	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	50 341	16 546	8 565	75 452	-	
Inter-segment revenue	(6 462)	(791)	(304)	(7 557)	-	
Revenue from external customers	43 879	15 755	8 261	67 895	-	67 895
Gross margin	41,9%	43,8%	44,6%	42,7%		42,7%
Profit for the year	720	197	172	1 089	-	1 089
Total assets	134 908	31 964	17 498	184 370	(32 870)	151 500
Additions to non-current assets (other than financial instruments and prepayments for leases)	1 850	594	3	2 447		2 447

4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to LTL 5.3 million in 3 months 2012. The Company's investments into retail network have reached LTL 2.7 million, daughter companies - LTL 2.6 million.

5. 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 July 2011, the Company and NORDEA bank have signed the amendment to agreement which modified the previous contract on the guarantees' limit. According to it, the Group was provided a credit line of EUR 5 000 thousand in order to finance the working capital and issuing guarantees. The credit line expires on 30 June 2013. 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.

6. Guarantees and letters of credit

As of 31 March 2012 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled LTL 26 846 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 31 March 2012 amounted to LTL 35 302 thousand (31 December 2011: LTL 32 388 thousand).

As of 31 March 2012 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 1 177 thousand (31 December 2011: LTL 1 278 thousand).

7. Events after the reporting period

The Annual shareholders meeting of APB Apranga held on 27 April 2012 has resolved to pay LTL 20 458 thousand in dividends, and to pay LTL 720 thousand as annual bonuses. The meeting also elected Daiva Paulavičienė as the independent member of the audit committee till the end of term of current audit committee.
