

APRANGA

GROUP

APRANGA APB

Interim Consolidated Financial Statements

For the Nine months period ended 30 September 2012

(UNAUDITED)

6 November 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 |

APB APRANGA

Company's code 121933274, Kirtimu 51, Vilnius

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group amounted to LTL 380.0 million in January through September 2012 or by 25.9% more than in first nine months of 2011. The highest growth rates were recorded in Latvia (30.3%), the lowest – in Estonia (21.3%).

High retail turnover growth performance was due to:

- clothing and footwear consumption grew faster than expected;
- extremely successful performance of newly opened and reconstructed in 2011-2012 stores;
- balanced development of goods assortment and supply, adequately to changes in market conditions.

According to EUROSTAT data, the retail trade in Baltic States during the 9 months 2012 grew the most in Estonia and Latvia. During 3rd this year quarter retail sales growth in Estonia slowed down to 8%, but still maintained a high average of 11% growth in 2012. Latvian retail sales growth in both the last quarter of 2012 and during all 9 months amounted to 9-10%. In Lithuania retail growth rate also remained almost unchanged, compared with the previous quarter and 9 months, and amounted to about 5%.

The retail turnover of the Group's stores by countries during 9 months of 2012 was (LTL thousand, VAT included):

| Country | 9 months 2012 | 9 months 2011 | Change |
|----------------|--------------------------|--------------------------|---------------|
| Lithuania | 239 896 | 191 623 | 25,2% |
| Latvia | 91 646 | 70 357 | 30,3% |
| Estonia | 48 411 | 39 911 | 21,3% |
| Total: | 379 953 | 301 890 | 25,9% |

Since May 2012, Apranga Group monthly sales consistently exceeded the pre-crisis year 2008 sales level. The turnover for the period from January to September 2012 (LTL 379 953 thousand) by 1.2% exceeded the turnover of first 9 months 2008 (LTL 375 399 thousand).

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

| Country | Q3 2012 | Q3 2011 | Change |
|----------------|----------------|----------------|---------------|
| Lithuania | 95 241 | 76 079 | 25,2% |
| Latvia | 37 314 | 28 393 | 31,4% |
| Estonia | 21 001 | 16 643 | 26,2% |
| Total: | 153 556 | 121 116 | 26,8% |

Turnover of the 3rd quarter 2012 - an absolute Apranga Group quarterly turnover record - for the first time it exceeded LTL 150 million limits.

The retail turnover of the Group's stores by chains during 9 months 2012 was as follows (LTL thousand, VAT included):

| Chain | 9 months 2012 | 9 months 2011 | Change |
|--------------|--------------------------|--------------------------|---------------|
| Economy | 39 975 | 32 982 | 21,2% |
| Youth | 129 816 | 110 211 | 17,8% |
| Business | 41 823 | 23 987 | 74,4% |
| Luxury | 40 553 | 35 631 | 13,8% |
| Zara | 112 361 | 87 195 | 28,9% |
| Outlets | 15 425 | 11 884 | 29,8% |
| Total | 379 953 | 301 890 | 25,9% |

APB APRANGA, company's code 121933274, Kirtimu 51, Vilnius
REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012
(all tabular amounts are in LTL thousands unless otherwise stated)

In 1st nine months of 2012, the Business chain turnover increased mostly (+74.4%). This growth was mainly due to the 3 new "Massimo Dutti" and 4 small single-brand stores ("Strellson", "Marella", "Pennyblack", "Coccinelle") opening. Also, high turnover growth rates experienced Zara, Economy chain and Outlets.

During the nine months of 2012 Apranga Group opened 16 stores (including 2 "Burberry", 3 "Massimo Dutti" and 5 "Aldo" stores), reconstructed 8 and closed 4 stores due to the end of their lease agreements and non-viability. The capital expenditure of the retail chain expansion amounted to LTL 21.6 million (see Note 4 "Investments into non-current assets"). Investments (acquisitions) by segments are disclosed in Note 3 ("Segment information"). The Group is not engaged in activities related to research and experimental development, except to the extent of process improvement. Group uses the latest technology and the latest technology processes that meet environmental standards and help reduce the negative impact on the environment.

The number of stores by countries was as follows:

| Country | 30 09 2012 | 30 09 2011 | Change |
|----------------|-------------------|-------------------|---------------|
| Lithuania | 88 | 77 | 14,3% |
| Latvia | 33 | 32 | 3,1% |
| Estonia | 12 | 11 | 9,1% |
| Total: | 133 | 120 | 10,8% |

The number of stores by chains was as follows:

| Chain | 30 09 2012 | 30 09 2011 | Change |
|--------------|-------------------|-------------------|---------------|
| Economy | 12 | 12 | 0,0% |
| Youth | 67 | 61 | 9,8% |
| Business | 18 | 13 | 38,5% |
| Luxury | 18 | 16 | 12,5% |
| Zara | 10 | 10 | 0,0% |
| Outlets | 8 | 8 | 0,0% |
| Total | 133 | 120 | 10,8% |

The total *sales area* operated by the Group has increased by 3.1% or by 2.0 thousand sq. m. during the period from 30 September 2011 till 30 September 2012. The most sales area increased in Estonia – 4.9%.

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

| Country | 30 09 2012 | 30 09 2011 | Change |
|----------------|-------------------|-------------------|---------------|
| Lithuania | 42,3 | 41,0 | 3,2% |
| Latvia | 17,9 | 17,5 | 2,3% |
| Estonia | 5,9 | 5,6 | 4,9% |
| Total: | 66,2 | 64,2 | 3,1% |

The Group has earned LTL 31 474 thousand of *profit before income tax* in nine months 2012, while profit before taxes amounted to LTL 17 766 thousand during nine months of 2011 (an increase of 77.2%). In 3rd quarter the profit before income tax increased from LTL 10 096 thousand in 2011 to LTL 16 519 thousand in 2012 (an increase of 63.6%).

EBITDA of the Group was LTL 44 232 thousand during 9 months 2012, and it was LTL 31 234 thousand in corresponding previous year period. *EBITDA* margin has increased from 13.1% to 14.6% during the year. The current ratio of the Group remained at the same level as the year before - 1.7 times.

Substantial Apranga Group's financial performance improvement due to:

- very high turnover growth rates;
- successful performance of newly opened and reconstructed stores;
- maintained level of gross profitability;
- turnover and gross profit growth rates were by more than one-third higher than the growth of operating expenses.

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012
(all tabular amounts are in LTL thousands unless otherwise stated)

| Main Group Indicators | 9 months 2012 | 9 months 2011 | Change |
|--|--------------------------|--------------------------|---------------|
| Net sales, LTL thousand | 303 280 | 239 332 | 26,7% |
| Net sales in foreign markets, LTL thousand | 113 352 | 88 813 | 27,6% |
| Like-to-like sales | 19,4% | 9,3% | |
| Gross profit, LTL thousand | 139 402 | 109 665 | 27,1% |
| Gross margin | 46,0% | 45,8% | |
| EBT, LTL thousand | 31 474 | 17 766 | 77,2% |
| EBT margin | 10,4% | 7,4% | |
| Net profit (losses), LTL thousand | 26 638 | 14 815 | 79,8% |
| Net margin | 8,8% | 6,2% | |
| EBITDA, LTL thousand | 44 232 | 31 234 | 41,6% |
| EBITDA margin | 14,6% | 13,1% | |
| Return on equity (end of the period) | 20,6% | 13,1% | |
| Return on assets (end of the period) | 13,3% | 8,4% | |
| Net debt to equity* | -2,2% | 7,0% | |
| Current ratio, times | 1,7 | 1,7 | |

* (Interest bearing liabilities less cash) / Equity

| Main Group Indicators | Q3 2012 | Q3 2011 | Change |
|--|----------------|----------------|---------------|
| Net sales, LTL thousand | 123 016 | 96 735 | 27,2% |
| Net sales in foreign markets, LTL thousand | 47 415 | 36 430 | 30,2% |
| Like-to-like sales | 20,3% | 9,4% | |
| Gross profit, LTL thousand | 56 239 | 43 771 | 28,5% |
| Gross margin | 45,7% | 45,2% | |
| EBT, LTL thousand | 16 519 | 10 096 | 63,6% |
| EBT margin | 13,4% | 10,4% | |
| Net profit (losses), LTL thousand | 14 296 | 8 411 | 70,0% |
| Net margin | 11,6% | 8,7% | |
| EBITDA, LTL thousand | 20 711 | 14 569 | 42,2% |
| EBITDA margin | 16,8% | 15,1% | |
| Return on equity (end of the period) | 11,0% | 7,4% | |
| Return on assets (end of the period) | 7,1% | 4,8% | |
| Net debt to equity* | -2,2% | 7,0% | |
| Current ratio, times | 1,7 | 1,7 | |

* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totaled LTL 108 781 thousand during 9 months 2012 and increased by 17.9%, comparing to the same period 2011 (in comparison, sales increased by 26.7% during this period). The *finance costs* of the Group due to continued decline of average level of finance debts was only LTL 48 thousand in 9 months 2012, and decreased by 3 times during the year. Total finance debts of the Group decreased from LTL 11.1 million at 30 September 2011 to LTL 4.7 million at 30 September 2012, despite the fact that the Company paid LTL 20 million in dividends in May 2012.

The Group's *level of inventories* during the year grew slower than the growth of sales and increased from LTL 84.4 million to LTL 91.2 million, or by 8.1% (Company's inventories grew by 5.2%).

The *number of employees* during the year till 30 September 2012 in the Group has increased by 251 to 1573 (+19.0%), and has increased in Company by 97 to 688 (+16.4%). During the 3rd quarter 2012 the number of employees increased by 137 (+9.5%) in the Group, and by 37 (+5.7%) in the Company.

The *average monthly salary* in the Group and the Company in the 3rd quarter 2012 has increased 9.1% and 11.7%, respectively, in comparison to the 3rd quarter 2011. The average monthly salary in the 9 months 2012 comparing to the 9 months 2011 has increased by 10.6% in the Group, and increased by 14.9% in the Company.

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REVIEW OF ACTIVITY OF THE GROUP COMPANIES
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012
(all tabular amounts are in LTL thousands unless otherwise stated)

The price of the Company share during 9 months 2012 increased from LTL 5.02 per share to LTL 6.87 per share (+37%). The maximum share price during the twelve months period was LTL 7.04 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 380 million at the end of September 2012. The average price of share during the reporting period was LTL 5.96 per 1 share. The share price during the last 12 months increased from LTL 4.90 to LTL 6.87 per share, or by 40%.

Apranga APB share price during 12 months period from 1st October 2011 to 30th September 2012:



Information about members of the Management board on 30 September 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 | 35 615 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 | |
|---|------|------------------|------------------|------------------|------------------|
| | | 9 months 2012 | 9 months 2011 | 9 months 2012 | 9 months 2011 |
| Revenue | 3 | 303 280 | 239 332 | 130 158 | 109 949 |
| Cost of sales | | (163 878) | (129 667) | (80 486) | (68 163) |
| Gross profit | | 139 402 | 109 665 | 49 672 | 41 786 |
| Operating expenses | | (108 781) | (92 237) | (51 030) | (43 713) |
| Other income | | 834 | 532 | 28 065 | 25 139 |
| Net foreign exchange gain (loss) | | 67 | (47) | 60 | (6) |
| Operating profit (loss) | | 31 522 | 17 913 | 26 767 | 23 206 |
| Finance costs | 6 | (48) | (147) | (276) | (338) |
| Profit (loss) before income tax | | 31 474 | 17 766 | 26 491 | 22 868 |
| Income tax expense | | (4 836) | (2 951) | (1 174) | (711) |
| Profit (loss) for the year | 3 | 26 638 | 14 815 | 25 317 | 22 157 |
| Other comprehensive income | | | | | |
| Currency translation difference | | 133 | 364 | - | - |
| TOTAL COMPREHENSIVE INCOME | | 26 771 | 15 179 | 25 317 | 22 157 |
| Basic and diluted earnings (losses) per share (in LTL) | | 0,48 | 0,27 | 0,46 | 0,40 |

| | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | Q3 2012 | Q3 2011 | Q3 2012 | Q3 2011 |
| Revenue | 3 | 123 016 | 96 735 | 53 858 | 46 781 |
| Cost of sales | | (66 777) | (52 964) | (35 681) | (31 038) |
| Gross profit | | 56 239 | 43 771 | 18 177 | 15 743 |
| General and administrative expenses | | (40 021) | (33 857) | (18 198) | (15 839) |
| Other income | | 266 | 243 | 3 125 | 2 415 |
| Net foreign exchange gain (loss) | | 48 | (15) | 46 | (14) |
| Operating profit (loss) | | 16 532 | 10 142 | 3 150 | 2 305 |
| Finance costs | 6 | (13) | (46) | (92) | (98) |
| Profit (loss) before income tax | | 16 519 | 10 096 | 3 058 | 2 207 |
| Income tax expense | | (2 223) | (1 685) | (516) | (499) |
| Profit (loss) for the year | 3 | 14 296 | 8 411 | 2 542 | 1 708 |
| Other comprehensive income | | | | | |
| Currency translation difference | | 87 | 327 | - | - |
| TOTAL COMPREHENSIVE INCOME | | 14 383 | 8 738 | 2 542 | 1 708 |
| Basic and diluted earnings (losses) per share (in LTL) | | 0,26 | 0,16 | 0,05 | 0,03 |

BALANCE SHEET

| | Note | Group | | Company | |
|-------------------------------------|----------|----------------|----------------|----------------|----------------|
| | | 30 09 2012 | 31 12 2011 | 30 09 2012 | 31 12 2011 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 80 593 | 71 555 | 51 615 | 49 978 |
| Intangible assets | | 384 | 608 | 280 | 445 |
| Investments in subsidiaries | | - | - | 16 101 | 16 101 |
| Prepayments | | 939 | 862 | 326 | 326 |
| Trade and other receivables | | 136 | 151 | 136 | 151 |
| | | 82 052 | 73 176 | 68 458 | 67 001 |
| Current assets | | | | | |
| Inventories | | 91 163 | 64 034 | 47 825 | 37 035 |
| Available for sale financial assets | 5 | 13 080 | 10 510 | 13 080 | 10 510 |
| Non-current assets held for sale | | 1 118 | 1 118 | 1 118 | 1 118 |
| Prepayments | | 3 566 | 1 831 | 2 020 | 1 349 |
| Trade and other receivables | | 2 356 | 2 440 | 22 192 | 13 393 |
| Cash and cash equivalents | | 7 585 | 8 056 | 2 481 | 3 040 |
| | | 118 868 | 87 989 | 88 716 | 66 445 |
| TOTAL ASSETS | 3 | 200 920 | 161 165 | 157 174 | 133 446 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Ordinary shares | | 55 292 | 55 292 | 55 292 | 55 292 |
| Legal reserve | | 4 612 | 3 262 | 4 612 | 3 262 |
| Translation difference | | 21 | 92 | - | - |
| Retained earnings | | 69 490 | 64 456 | 47 001 | 43 492 |
| | | 129 415 | 123 102 | 106 905 | 102 046 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 3 063 | 3 763 | 1 551 | 1 335 |
| Other liabilities | | 308 | 392 | 308 | 392 |
| | | 3 371 | 4 155 | 1 859 | 1 727 |
| Current liabilities | | | | | |
| Borrowings | 6 | 4 697 | 1 178 | 18 963 | 14 053 |
| Obligations under finance leases | | - | 3 | - | - |
| Current income tax liability | | 4 588 | 972 | 970 | 79 |
| Trade and other payables | | 58 849 | 31 755 | 28 477 | 15 541 |
| | | 68 134 | 33 908 | 48 410 | 29 673 |
| Total liabilities | | 71 505 | 38 063 | 50 269 | 31 400 |
| TOTAL EQUITY AND LIABILITIES | | 200 920 | 161 165 | 157 174 | 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 9 months 2011 | | | | | 14 815 | 14 815 |
| Other comprehensive income | | | | | | |
| Currency translation difference | | - | - | (9) | 373 | 364 |
| Total comprehensive income | | - | - | (9) | 15 188 | 15 179 |
| Transactions with owners | | | | | | |
| Transfer to legal reserve | | - | 350 | - | (350) | - |
| Dividends paid | | - | - | - | (13 823) | (13 823) |
| Balance at 30 September 2011 | | 55 292 | 3 262 | (394) | 54 965 | 113 125 |
| Balance at 1 January 2012 | | 55 292 | 3 262 | 92 | 64 456 | 123 102 |
| Comprehensive income | | | | | | |
| Profit for the 9 months 2012 | | - | - | - | 26 638 | 26 638 |
| Other comprehensive income | | | | | | |
| Currency translation difference | | - | - | (71) | 204 | 133 |
| Total comprehensive income | | - | - | (71) | 26 842 | 26 771 |
| Transactions with owners | | | | | | |
| Transfer to legal reserve | 8 | - | 1 350 | - | (1 350) | - |
| Dividends paid | 8 | - | - | - | (20 458) | (20 458) |
| Balance at 30 September 2012 | | 55 292 | 4 612 | 21 | 69 490 | 129 415 |

COMPANY

| | | Share capital | Legal reserve | Retained earnings | Total |
|-------------------------------------|----------|---------------|---------------|-------------------|----------------|
| Balance at 1 January 2011 | | 55 292 | 2 912 | 30 953 | 89 157 |
| Comprehensive income | | | | | |
| Profit for the 9 months 2011 | | - | - | 22 157 | 22 157 |
| Transactions with owners | | | | | |
| Transfer to legal reserve | | - | 350 | (350) | - |
| Dividends paid | | - | - | (13 823) | (13 823) |
| Balance at 30 September 2011 | | 55 292 | 3 262 | 38 937 | 97 491 |
| Balance at 1 January 2012 | | 55 292 | 3 262 | 43 492 | 102 046 |
| Comprehensive income | | | | | |
| Profit for the 9 months 2012 | | - | - | 25 317 | 25 317 |
| Transactions with owners | | | | | |
| Transfer to legal reserve | 8 | - | 1 350 | (1 350) | - |
| Dividends paid | 8 | - | - | (20 458) | (20 458) |
| Balance at 30 September 2012 | | 55 292 | 4 612 | 47 001 | 106 905 |

STATEMENTS OF CASH FLOW

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 9 months 2012 | 9 months 2011 | 9 months 2012 | 9 months 2011 |
| OPERATING ACTIVITIES | | | | | |
| Profit (loss) before income taxes | 3 | 31 474 | 17 766 | 26 491 | 22 868 |
| Adjustments for: | | | - | | - |
| Depreciation and amortization | | 12 710 | 13 321 | 6 577 | 6 608 |
| Impairment charge | | (54) | - | (54) | - |
| Change in allowances for slow-moving inventories | | (1 467) | (981) | (210) | (637) |
| Gain on disposal of property, plant and equipment | | (10) | (22) | (10) | (22) |
| Write-off of property, plant and equipment | | 164 | 11 | 163 | 9 |
| Dividends income | | - | - | (20 325) | (19 218) |
| Interest expenses, net of interest income | | (371) | 94 | (162) | 244 |
| | | 42 446 | 30 189 | 12 470 | 9 852 |
| Changes in operating assets and liabilities: | | | | | |
| Decrease (increase) in inventories | | (25 662) | (31 394) | (10 580) | (15 873) |
| Decrease (increase) in receivables | | (1 713) | (1 597) | (7 269) | (4 365) |
| Unrealized foreign exchange loss (gain) | | 133 | 364 | - | 6 |
| Increase (decrease) in payables | | 26 837 | 22 468 | 12 693 | 12 970 |
| | | 42 041 | 20 030 | 7 314 | 2 590 |
| Cash generated from operations | | | | | |
| Income taxes paid | | (1 920) | (2 086) | (81) | 2 |
| Interest paid | 6 | (50) | (147) | (279) | (338) |
| Net cash from operating activities | | 40 071 | 17 797 | 6 954 | 2 254 |
| INVESTING ACTIVITIES | | | | | |
| Interest received | | 561 | 53 | 579 | 94 |
| Dividends received | | - | - | 20 325 | 19 218 |
| Loans granted | | (86 500) | (10 000) | (106 049) | (34 966) |
| Loans repayments received | | 86 500 | 10 000 | 103 863 | 36 064 |
| Purchases of property, plant and equipment and intangible assets | 4 | (23 040) | (6 260) | (9 097) | (3 265) |
| Proceeds on disposal of property, plant and equipment | 4 | 1 416 | 380 | 949 | 876 |
| Purchases of available-for-sale financial assets | 5 | (2 710) | (6 153) | (2 710) | (6 153) |
| Investment in subsidiaries | | - | - | - | (300) |
| Net cash used in investing activities | | (23 773) | (11 980) | 7 860 | 11 568 |
| FINANCING ACTIVITIES | | | | | |
| Dividends paid | 8 | (20 285) | (13 823) | (20 285) | (13 823) |
| Proceeds from borrowings | | - | 8 000 | 97 807 | 66 855 |
| Repayments of borrowings | | - | - | (96 415) | (66 224) |
| Repayments of obligations under finance leases | | (3) | (7) | - | - |
| Net cash from financing activities | | (20 288) | (5 830) | (18 893) | (13 192) |
| NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS | | | | | |
| | | (3 990) | (13) | (4 079) | 630 |
| CASH AND BANK OVERDRAFTS: | | | | | |
| AT THE BEGINNING OF THE PERIOD | | 6 878 | 60 | 1 863 | (2 739) |
| AT THE END OF THE PERIOD | | 2 888 | 47 | (2 216) | (2 109) |

NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

1. General information

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

At 30 September 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 30 September 2012 the Company had 3 251 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 | 7 609 080 | 13,8% |
| UAB Minvista | 110685692 | Jasinskio 16, Vilnius, Lithuania | 4 191 380 | 7,6% |
| Swedish clients SEB | 5020329081SE | Sergels Torg 2, Stockholm, Sweden | 3 045 363 | 5,5% |

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 | | 30 09 2012 | 31 12 2011 | 30 09 2011 |
|----------|---|------------|------------|------------|
| 1 EUR | = | 3.4528 LTL | 3.4528 LTL | 3.4528 LTL |
| 1 LVL | = | 4.9597 LTL | 4.9421 LTL | 4.8672 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 9 months 2012 is as follows:

| 9 months 2012 | Lithuania | Latvia | Estonia | Total | Inter-company eliminations | Total in consolidated financial statements |
|---|------------------|---------------|----------------|----------------|-----------------------------------|---|
| Total segment revenue | 210 356 | 76 083 | 40 459 | 326 898 | - | |
| Inter-segment revenue | (20 428) | (2 346) | (844) | (23 618) | - | |
| Revenue from external customers | 189 928 | 73 737 | 39 615 | 303 280 | - | 303 280 |
| Gross margin | 45,5% | 46,2% | 47,5% | 46,0% | | 46,0% |
| Profit (loss) for the year | 14 960 | 6 925 | 4 753 | 26 638 | - | 26 638 |
| Total assets | 175 455 | 43 083 | 17 581 | 236 119 | (35 199) | 200 920 |
| Additions to non-current assets (other than financial instruments and prepayments for leases) | 10 638 | 8 593 | 2 608 | 21 839 | (215) | 21 624 |

| 9 months 2011 | Lithuania | Latvia | Estonia | Total | Inter-company eliminations | Total in consolidated financial statements |
|---|------------------|---------------|----------------|----------------|-----------------------------------|---|
| Total segment revenue | 168 332 | 58 461 | 33 192 | 259 985 | - | |
| Inter-segment revenue | (17 813) | (2 266) | (574) | (20 653) | - | |
| Revenue from external customers | 150 519 | 56 195 | 32 618 | 239 332 | - | 239 332 |
| Gross margin | 45,3% | 46,3% | 47,1% | 45,8% | | 45,8% |
| Profit for the year | 8 328 | 3 529 | 2 958 | 14 815 | - | 14 815 |
| Total assets | 150 299 | 33 432 | 15 689 | 199 420 | (22 497) | 176 923 |
| Additions to non-current assets (other than financial instruments and prepayments for leases) | 3 413 | 2 058 | 409 | 5 880 | | 5 880 |

4. Investments into non-current assets

Net investments of the Group amounted to LTL 21.6 million in first nine months of 2012 (LTL 11.2 million in 3rd quarter 2012). The Company totally invested LTL 8.1 million in first nine months of 2012. Daughter companies' investments into development of the retail network amounted to LTL 13.5 million.

5. Investments into financial assets

In third quarter 2012 the Company has acquired the Lithuanian Government issued the long-term bonds denominated in Litas, which are recorded as Available-for-sale financial assets. Total amount acquired for LTL 2.7 million. Total investments in the Lithuanian Government issued the long-term bonds amounted to LTL 13.1 million on 30 September 2012.

6. 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 bank is obliged to extend the term of the contract for an additional one year period if the Company complies with the obligations imposed). 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.

7. Guarantees and letters of credit

As of 30 September 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 September 2012 amounted to LTL 36 777 thousand (31 December 2011: LTL 32 388 thousand).

As of 30 September 2012 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 1 725 thousand (31 December 2011: LTL 1 278 thousand).

8. 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.

9. Revised operating plans

According to on October 2012 revised operating plans Apranga Group is planning to reach the retail turnover (including VAT) of LTL 520.0 million in the year 2012.
