

APRANGA APB
Interim Consolidated Financial Statements
For the Three Months of 2010
Unaudited

19 May 2010
Vilnius

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		Q1 2010	Q1 2009	Q1 2010	Q1 2009
Revenue		62 986	75 463	32 309	43 789
Cost of sales		(37 166)	(48 831)	(22 994)	(33 071)
Gross profit		25 820	26 632	9 315	10 718
Operating expenses		(26 254)	(36 412)	(12 703)	(18 724)
Other income		206	497	1 244	1 720
Net foreign exchange gain (loss)		(19)	(33)	(22)	7
Operating profit (loss)		(247)	(9 316)	(2 166)	(6 279)
Finance costs		(352)	(637)	(504)	(726)
Profit (loss) before income tax		(599)	(9 953)	(2 670)	(7 005)
Income tax expense		(51)	(77)	432	(121)
Profit (loss) for the year		(650)	(10 030)	(2 238)	(7 126)
Other comprehensive income					
Currency translation difference		145	-	-	-
TOTAL COMPREHENSIVE INCOME		(505)	(10 030)	(2 238)	(7 126)
Basic and diluted earnings (losses) per share (in LTL)		(0,01)	(0,28)	(0,04)	(0,20)

APRANGA APB, Interim information for three months of 2010
(all tabular amounts are in LTL thousands unless otherwise stated)

BALANCE SHEET

	Note	Group		Company	
		31 03 2010	31 12 2009	31 03 2010	31 12 2009
ASSETS					
Non-current assets					
Property, plant and equipment		93 309	97 705	60 988	63 396
Intangible assets		1 185	1 303	878	969
Investments in subsidiaries		-	-	10 631	10 631
Prepayments		921	924	391	395
Trade and other receivables		66	66	66	66
Deferred tax assets		816	384	816	384
		96 297	100 382	73 770	75 841
Current assets					
Inventories		69 155	65 211	42 981	42 948
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		1 477	1 013	502	390
Trade and other receivables		2 014	2 743	28 818	27 940
Cash and cash equivalents		2 454	4 048	762	1 289
		76 218	74 133	74 181	73 685
TOTAL ASSETS		172 515	174 515	147 951	149 526
EQUITY AND LIABILITIES					
Equity					
Ordinary shares		55 292	55 292	55 292	55 292
Legal reserve		2 912	2 912	2 912	2 912
Translation difference		(426)	(464)	-	-
Retained earnings		40 097	40 640	21 733	23 971
		97 875	98 380	79 937	82 175
Non-current liabilities					
Deferred tax liabilities		2 346	2 228	-	-
Obligations under finance leases		13	-	-	-
Other liabilities		312	187	312	187
		2 671	2 415	312	187
Current liabilities					
Borrowings		36 002	41 166	50 161	50 123
Obligations under finance leases		7	-	-	-
Current income tax liability		404	212	-	66
Trade and other payables		35 556	32 342	17 541	16 975
		71 969	73 720	67 702	67 164
Total liabilities		74 640	76 135	68 014	67 351
TOTAL EQUITY AND LIABILITIES		172 515	174 515	147 951	149 526

STATEMENTS OF CHANGES IN EQUITY

GROUP	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2009		35 292	2 416	(405)	58 075	95 378
Comprehensive income						
Loss for the 1 quarter 2009					(10 030)	(10 030)
Other comprehensive income						
Currency translation difference		-	-	(84)	-	(84)
Total comprehensive income		-	-	(84)	(10 030)	(10 114)
Balance at 31 March 2009		35 292	2 416	(489)	48 045	85 264
Balance at 1 January 2010		55 292	2 912	(464)	40 640	98 380
Comprehensive income						
Loss for the 1 quarter 2010		-	-	-	(650)	(650)
Other comprehensive income						
Currency translation difference		-	-	38	107	145
Total comprehensive income		-	-	38	(543)	(505)
Balance at 31 March 2010		55 292	2 912	(426)	40 097	97 875
COMPANY		Share capital	Legal reserve	Retained earnings	Total	
Balance at 1 January 2009		35 292	2 416	33 290	70 998	
Comprehensive income						
Loss for the 1 quarter 2009		-	-	(7 126)	(7 126)	
Balance at 31 March 2009		35 292	2 416	26 164	63 872	
Balance at 1 January 2010		55 292	2 912	23 971	82 175	
Comprehensive income						
Loss for the 1 quarter 2010		-	-	(2 238)	(2 238)	
Balance at 31 March 2010		55 292	2 912	21 733	79 937	

STATEMENTS OF CASH FLOW

Note	Group		Company	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009
OPERATING ACTIVITIES				
Profit (loss) before income taxes	(599)	(9 953)	(2 670)	(7 005)
Adjustments for:				
Depreciation and amortization	4 867	5 539	2 253	2 713
Impairment charge	(222)	-	(222)	-
Change in allowances for slow-moving inventories	(3)	463	(103)	396
(Gain) / Loss on disposal of property, plant and equipment	(18)	(44)	(1)	(20)
Write-off of property, plant and equipment	7	-	-	-
Interest expenses	351	635	354	525
	4 383	(3 360)	(389)	(3 391)
Changes in operating assets and liabilities:				
Decrease (Increase) in inventories	(3 941)	(24 296)	70	(15 103)
Decrease (Increase) in receivables	356	(1 349)	(790)	(4 627)
Unrealized foreign exchange loss	57	(36)	22	-
Increase (decrease) in payables	3 339	35 317	669	22 729
Cash generated from operations	4 194	6 276	(418)	(392)
Income taxes paid	(173)	(6)	(66)	(3)
Interest paid	(352)	(341)	(504)	(430)
Net cash from operating activities	3 669	5 929	(988)	(825)
INVESTING ACTIVITIES				
Interest received	1	2	150	201
Loans granted	-	-	(8 272)	(13 157)
Loans repayments received	-	-	8 076	9 993
Purchases of property, plant and equipment and intangible assets	(653)	(7 026)	(64)	(4 958)
Proceeds on disposal of property, plant and equipment	533	820	533	292
Net cash used in investing activities	(119)	(6 204)	423	(7 629)
FINANCING ACTIVITIES				
Proceeds from borrowings	1 000	5 910	15 175	19 908
Repayments of borrowings	-	(8 000)	(8 973)	(16 169)
Repayments of obligations under finance leases	20	(5)	-	(5)
Net cash from financing activities	1 020	(2 095)	6 202	3 734
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS	4 570	(2 370)	5 637	(4 720)
CASH AND BANK OVERDRAFTS:				
AT THE BEGINNING OF THE PERIOD	(5 118)	(3 007)	(7 877)	(1 925)
AT THE END OF THE PERIOD	(548)	(5 377)	(2 240)	(6 645)

NOTES

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 2010 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
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
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 Official list of NASDAQ OMX Vilnius Stock Exchange.

At 23 April 2010 the Company had 3 494 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	5 902 903	10,7%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	3 569 954	6,5%

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.

Retail turnover of Group's stores by countries was as follows (LTL thousand, VAT included):

Country	3 months 2010	3 months 2009	Change
Lithuania	53 693	65 687	-18,3%
Latvia	18 463	19 597	-5,8%
Estonia	7 541	8 617	-12,5%
Total:	79 697	93 901	-15,1%

Group's number of stores by countries was as follows:

Country	31 03 2010	31 03 2009	Change
Lithuania	74	77	-3,9%
Latvia	29	31	-6,5%
Estonia	6	9	-33,3%
Total:	109	117	-6,8%

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Groups' area of stores by countries was as follows (thousand sq. m.):

Country	31 03 2010	31 03 2009	Change
Lithuania	40,7	45,3	-10,2%
Latvia	16,8	18,4	-8,7%
Estonia	4,7	5,5	-14,5%
Total:	62,2	69,2	-10,1%

The Group has opened 1 new store and closed 3 stores in three months 2010 (see Note 4. Investments into non-current assets).

Main Group Indicators	3 months 2010	3 months 2009	Change
Net sales, LTL thousand	62 986	75 463	-16,5%
Net sales in foreign markets, LTL thousand	20 895	23 071	-9,4%
Like-to-like sales	-13,9%	-31,5%	
Gross profit, LTL thousand	25 820	26 632	-3,0%
Gross margin	41,0%	35,3%	
EBT, LTL thousand	(599)	(9 953)	
EBT margin	-1,0%	-13,2%	
Net profit (losses), LTL thousand	(650)	(10 030)	
Net margin	-1,0%	-13,3%	
EBITDA, LTL thousand	4 620	(3 777)	
EBITDA margin	7,3%	-5,0%	
Return on equity (end of the period)	-0,7%	-11,8%	
Return on assets (end of the period)	-0,4%	-4,2%	
Net debt to equity*	34,3%	61,3%	
Current ratio, times	1,1	0,8	25,6%

* (Interest bearing liabilities less cash) / Equity

At 31 March 2010 the Group and the Company had 1 220 and 561 employees, respectively. Number of employees in the Group and the Company during the last 12 months has decreased by 335 (-21.5%) and 201 (-26.4%), respectively.

The average monthly salary in the Group companies in the first quarter of 2010 was LTL 1 553 and has decreased by 22.0% in comparison with the first quarter 2009.

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 2010	31 12 2009	31 03 2009
1 EUR =	3,4528 LTL	3,4528 LTL	3,4528 LTL
1 LVL =	4,8726 LTL	4,8679 LTL	4,8687 LTL
10 EEK =	2,2067 LTL	2,2067 LTL	2,2067 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 analysed on a country basis.

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The segment information provided to the Directors for the reportable segments for the first quarter 2010 is as follows:

Q1 2010	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	47 417	15 692	6 422	69 531	-	
Inter-segment revenue	(5 326)	(910)	(309)	(6 545)	-	
Revenue from external customers	42 091	14 782	6 113	62 986	-	62 986
Gross margin	39,3%	42,2%	49,9%	41,0%		41,0%
Profit (loss) for the year	(907)	(41)	298	(650)	-	(650)
Total assets	163 489	33 943	18 009	215 441	(42 926)	172 515
Additions to non-current assets (other than financial instruments and prepayments for leases)	64	-	296	360		360

Q1 2009	Lithuania	Latvia	Estonia	Total	Inter-company eliminations	Total in consolidated financial statements
Total segment revenue	61 676	16 827	7 661	86 164	-	
Inter-segment revenue	(9 284)	(843)	(574)	(10 701)	-	
Revenue from external customers	52 392	15 984	7 087	75 463	-	75 463
Gross margin	33,7%	36,3%	44,7%	35,3%		35,3%
Profit for the year	(7 489)	(1 829)	(712)	(10 030)	-	(10 030)
Total assets	213 812	40 847	19 103	273 762	(37 477)	236 285
Additions to non-current assets (other than financial instruments and prepayments for leases)	4 846	230	1 174	6 250		6 250

4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to LTL 0.4 million in first quarter 2010.

5. Borrowings

In February 2010, the Group and AB SEB Bankas 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 72 000 thousand in order to finance renovation of the chain and further expansion, also for increasing the working capital, issuing guarantees and opening letters of credit. This contract amendment also includes a credit limit reduction schedule. According to it the maximum amount of credit line given to the Group was LTL 72 000 thousand in February 2010. The maximum limit of credit line gradually decreases till LTL 67 000 thousand by the repayment deadline. The credit line expires on 31 May 2010, the interests are paid for the amount used and the interest rate is calculated as 1 month VILIBOR plus margin.

6. Guarantees and letters of credit

As of 31 March 2010 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 21 925 thousand (31 December 2009: LTL 22 322 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 31 March 2010 amounted to LTL 29 194 thousand (31 December 2009: LTL 29 796 thousand).

As of 31 March 2010 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2 407 thousand (31 December 2009: LTL 2 534 thousand).

7. Post balance sheet events

The Annual shareholders meeting of APB Apranga held on 30 April 2010 has resolved not to pay any dividends for the year 2009. The same meeting also elected Company's members of the Board for new 4-year term and approved the audit committee of 2 members for the new 4-year term.
