

**APRANGA APB**  
**Interim Consolidated Financial Statements**  
**for the Nine Months of 2007**  
**Unaudited**

**16 November 2007**  
**Vilnius**

**INCOME STATEMENT**

LTL thousand	Note	Group		Company	
		2007 9 months	2006 9 months	2007 9 months	2006 9 months
Revenue	3	258,762	172,053	143,072	105,568
Cost of sales	2	(144,121)	(97,009)	(95,264)	(71,096)
<b>GROSS PROFIT</b>		<b>114,641</b>	<b>75,044</b>	<b>47,808</b>	<b>34,472</b>
Selling costs	2	(93,629)	(61,020)	(46,267)	(33,580)
Net other income	2	855	655	13,888	7,705
Foreign exchange gain (loss), net		196	-	13	-
<b>PROFIT FROM OPERATIONS</b>		<b>22,063</b>	<b>14,679</b>	<b>15,442</b>	<b>8,597</b>
Finance costs		(1,801)	(1,296)	(1,758)	(1,036)
<b>PROFIT BEFORE TAXES</b>		<b>20,262</b>	<b>13,383</b>	<b>13,684</b>	<b>7,561</b>
Income tax expense	2	(3,651)	-	(1,172)	-
<b>NET PROFIT</b>	2	<b>16,611</b>	<b>13,383</b>	<b>12,512</b>	<b>7,561</b>
<b>Basic and diluted earnings per share (in LTL)</b>		<b>0.47</b>	<b>0.38</b>	<b>0.35</b>	<b>0.21</b>

**BALANCE SHEET**

LTL Thousand

	Note	Group		Company	
		30 09 2007	31 12 2006	30 09 2007	31 12 2006
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	97,446	84,598	62,404	54,315
Intangible assets	4	820	721	694	509
Investments in subsidiaries	5	-	-	9,046	8,453
Prepayments and other receivables		1,958	894	1,610	551
		<b>100,224</b>	<b>86,213</b>	<b>73,754</b>	<b>63,828</b>
<b>Current assets</b>					
Inventories		91,616	48,626	55,847	31,179
Non-current assets held for sale		1,118	1,118	1,118	1,118
Receivables and prepayments		7,384	2,436	25,969	18,495
Cash and cash equivalents		5,762	4,770	2,384	2,312
		<b>105,880</b>	<b>56,950</b>	<b>85,318</b>	<b>53,104</b>
<b>TOTAL ASSETS</b>		<b>206,104</b>	<b>143,163</b>	<b>159,072</b>	<b>116,932</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares	1	35,292	35,292	35,292	35,292
Legal reserve		1,550	1,081	1,550	1,081
Translation difference		(337)	(178)	-	-
Retained earnings		42,536	30,293	25,070	16,909
		<b>79,041</b>	<b>66,488</b>	<b>61,912</b>	<b>53,282</b>
<b>Non-current liabilities</b>					
Borrowings	6	20,879	19,881	20,879	19,881
Bonds issued	7	20,000	-	20,000	-
Deferred tax liabilities		2,698	2,091	1,297	525
Obligations under finance leases		18	37	18	37
Other liabilities		67	87	66	86
		<b>43,662</b>	<b>22,096</b>	<b>42,260</b>	<b>20,529</b>
<b>Current liabilities</b>					
Borrowings	6	10,065	4,530	10,369	2,959
Bonds issued	7	351	20,436	351	20,436
Obligations under finance leases		23	18	23	18
Current income tax liability		2,794	1,668	332	178
Trade and other payables		70,168	27,927	43,825	19,530
		<b>83,401</b>	<b>54,579</b>	<b>54,900</b>	<b>43,121</b>
<b>Total liabilities</b>		<b>127,063</b>	<b>76,675</b>	<b>97,160</b>	<b>63,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>206,104</b>	<b>143,163</b>	<b>159,072</b>	<b>116,932</b>

**STATEMENT OF CHANGES IN EQUITY**

<b>GROUP</b> <b>LTL thousand</b>	<b>Share Capital</b>	<b>Legal Reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 31 December 2005 (adjusted)</b>	<b>35,292</b>	<b>882</b>	<b>(167)</b>	<b>15,190</b>	<b>51,197</b>
Transfers to legal reserves	-	199	-	(199)	-
Dividends paid	-	-	-	(2,117)	(2,117)
Exchange differences	-	-	13	(16)	(3)
Net profit for the period	-	-	-	13,383	13,383
<b>Balance at 30 September 2006</b>	<b>35,292</b>	<b>1,081</b>	<b>(154)</b>	<b>26,241</b>	<b>62,460</b>
<b>Balance at 31 December 2006</b>	<b>35,292</b>	<b>1,081</b>	<b>(178)</b>	<b>30,293</b>	<b>66,488</b>
Transfers to legal reserves	-	469	-	(469)	-
Dividends paid	-	-	-	(3,882)	(3,882)
Exchange differences	-	-	(159)	(17)	(176)
Net profit for the period	-	-	-	16,611	16,611
<b>Balance at 30 September 2007</b>	<b>35,292</b>	<b>1,550</b>	<b>(337)</b>	<b>42,536</b>	<b>79,041</b>
<b>COMPANY</b> <b>LTL thousand</b>	<b>Share Capital</b>	<b>Legal Reserve</b>	<b>Translation reserve</b>	<b>Total</b>	
<b>Balance at 31 December 2005</b>	<b>35,292</b>	<b>882</b>	<b>9,853</b>	<b>46,027</b>	
Transfers to legal reserves	-	199	(199)	-	
Dividends paid	-	-	(2,117)	(2,117)	
Net profit for the period	-	-	7,561	7,561	
<b>Balance at 30 September 2006</b>	<b>35,292</b>	<b>1,081</b>	<b>15,098</b>	<b>51,471</b>	
<b>Balance at 31 December 2006</b>	<b>35,292</b>	<b>1,081</b>	<b>16,909</b>	<b>53,282</b>	
Transfers to legal reserves	-	469	(469)	-	
Dividends paid	-	-	(3,882)	(3,882)	
Net profit for the period	-	-	12,512	12,512	
<b>Balance at 30 September 2007</b>	<b>35,292</b>	<b>1,550</b>	<b>25,070</b>	<b>61,912</b>	

**STATEMENT OF CASH FLOW**

LTL thousand	Group		Company	
	2007 9 months	2006 9 months	2007 9 months	2006 9 months
<b>OPERATING ACTIVITIES</b>				
Profit before income taxes	20,262	13,383	13,684	7,561
Adjustments for:				
Depreciation and amortisation	11,571	8,405	5,068	3,964
Provisions of slow moving inventories	(391)	(717)	(391)	(717)
(Gain) / loss on disposal of property, plant and equipment	32	-	32	-
Dividends received	-	-	(7,273)	(4,031)
Interest expenses, net	1,798	1,336	1,432	1,033
	<b>33,272</b>	<b>22,407</b>	<b>12,552</b>	<b>7,810</b>
Changes in operating assets and liabilities:				
Increase in inventories	(42,599)	(22,583)	(24,277)	(13,807)
Decrease (increase) in receivables	(6,012)	(3,409)	(7,553)	(7,860)
Unrealized foreign exchange (gain) / loss	(176)	40	(13)	-
Increase in payables	42,136	32,187	24,203	23,315
<b>Cash generated by operations</b>	<b>26,621</b>	<b>28,642</b>	<b>4,912</b>	<b>9,458</b>
Income tax paid	(1,918)	(750)	(246)	-
Interest paid	(1,801)	(1,338)	(1,758)	(1,224)
<b>Net cash from operating activities</b>	<b>22,902</b>	<b>26,554</b>	<b>2,908</b>	<b>8,234</b>
<b>INVESTING ACTIVITIES</b>				
Interest received	3	2	326	190
Dividends received	-	-	7,273	4,031
Loans granted for subsidiaries	-	-	(74,866)	(41,450)
Loans returned from subsidiaries	-	-	73,886	39,019
Purchases of property, plant and equipment and intangible assets	(24,575)	(21,285)	(13,399)	(8,808)
Proceeds on disposal of property, plant and equipment	25	-	25	-
Acquisition of subsidiaries	-	-	(593)	(1,845)
<b>Net cash used in investing activities</b>	<b>(24,547)</b>	<b>(21,283)</b>	<b>(7,348)</b>	<b>(8,863)</b>
<b>FINANCING ACTIVITIES</b>				
Dividends paid	(3,882)	(2,118)	(3,882)	(2,118)
Loans received	6,533	(1,160)	8,408	3,972
Repayments of obligations under finance leases	(14)	(867)	(14)	(867)
Repurchase of bonds	(20,000)	-	(20,000)	-
Revenues from bon issue	20,000	-	20,000	-
<b>Net cash (used in) / from financing activities</b>	<b>2,637</b>	<b>(4,145)</b>	<b>4,512</b>	<b>987</b>
<b>NET INCREASE IN CASH</b>	<b>992</b>	<b>1,126</b>	<b>72</b>	<b>358</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<b>4,770</b>	<b>2,516</b>	<b>2,312</b>	<b>1,352</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>5,762</b>	<b>3,642</b>	<b>2,384</b>	<b>1,710</b>

## 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 Kirtimų 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 2007 the Group consisted of the Company and the following wholly owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimų 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimų 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimų 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
OÜ Apranga*	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel
OÜ Apranga Estonia	Estonia	Viru 4, Tallinn	Retail trade of apparel

\* established during the nine months of 2007 (see "5. Investments into subsidiaries")

All 35291960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of Vilnius Stock Exchange.

At 30 September 2007 the Company had 2310 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise / personal code	Address	Number of shares	% of total ownership
UAB „MG Baltic Investment“	123249022	Jasinskio 16B, Vilnius, Lithuania	18512896	52.5
AS Hansabank clients	10060701	Liivalaia 8 Tallinn, Estonia	4613248	13.1
Skandinaviska Enskilda Banken clients	50203290810	Sergels Torg 2, 10640 Stockholm, Sweden	2153474	6.1

An issue of 200000 bonds of nominal value LTL 100 each (ISIN code LT0000402216) is listed on Bond list of Vilnius Stock Exchange (see "7. Bonds").

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 during nine months of 2007 by countries (LTL thousand, VAT included) was as follows:

Country	2007 9 m	2006 9 m	Change
Lithuania	202,106	133,514	51.4%
Latvia	76,466	49,747	53.7%
Estonia	27,874	19,834	40.5%
<b>Total:</b>	<b>306,446</b>	<b>203,095</b>	<b>50.9%</b>

During the nine months of 2007 Apranga Group has opened or reconstructed 23 new stores, and closed 6 (see "4. Investments into non-current assets").

At 30 September 2007 Group's number of stores by countries was as follows:

Country	2007 9 m	2006 9 m	Change
Lithuania	55	44	25.0%
Latvia	21	15	40.0%
Estonia	3	3	0.0%
<b>Total:</b>	<b>79</b>	<b>62</b>	<b>27.4%</b>

At 30 September 2007 Groups' area of stores by countries was as follows (thousand sq. m.):

<b>Country</b>	<b>2007 9 m</b>	<b>2006 9 m</b>	<b>Change</b>
Lithuania	33.7	28.5	18.2%
Latvia	12.4	7.8	59.0%
Estonia	2.6	2.6	0.0%
<b>Total:</b>	<b>48.7</b>	<b>38.9</b>	<b>25.2%</b>

<b>Main Indicators of the Group</b>	<b>2007 9 m</b>	<b>2006 9 m</b>	<b>Change</b>
Net sales, LTL thousand	258,762	172,053	50.4%
Net sales in foreign markets, LTL thousand	88,329	59,049	49.6%
Gross profit, LTL thousand	114,641	75,044	52.8%
Gross margin	44.3%	43.6%	
EBT, LTL thousand	20,262	13,383	51.4%
EBT margin	7.8%	7.8%	
Net profit, LTL thousand**	16,611	11,081	49.9%
Net margin**	6.4%	6.4%	
EBITDA, LTL thousand	33,634	23,084	45.7%
EBITDA margin	13.0%	13.4%	
Return on equity (end of the period)	21.0%	20.1%	
Return on assets (end of the period)	12.2%	7.6%	
Net debt to equity*	64.5%	66.9%	
Current ratio, times	1.3	1.0	21.7%

\*Interest bearing liabilities / Equity

\*\*2006 Q3 income tax evaluated at effective tax rate for 2006 (see "2. Basis of preparation and summary of main accounting principles")

On 30 September 2007 the Group and the Company had 1500 and 737 employees, respectively. Number of employees in the Groups and the Company has increased by 330 and 90, respectively. The main reason of such increase is new stores opened.

## 2. Basis of preparation and summary of main accounting principles

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

Interim financial statements were based on the same accounting principles as the annual financial statements.

The following comparable figures from previous interim financial statements were modified:

- In income statement for the nine months period ended 30 September 2006 reversal of inventory write-down to net realizable value was reclassified from operating expenses to cost of sales;
- In income statement for the nine months period ended 30 September 2006 other income was netted off with other expenses. Other income is presented on a gross basis and other expenses were reclassified to operating expenses;
- Net profit of the nine months of 2006 is provided in financial statements disregarding the income tax effect. Taking into consideration income tax at effective tax rate of 2006 (Group – 17.2%, Company – 7.5%), comparative net profit for the nine months of 2006 would be as follows: Group's – LTL 11,081 thousand, Company's – LTL 6,994 thousand, net profitability would respectively be 6.4% and 6.6%, and basic and diluted earnings per share LTL 0,31 and LTL 0,20, respectively.

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

<b>Currency</b>	<b>30 09 2007</b>	<b>31 12 2006</b>	<b>30 09 2006</b>
1 EUR =	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL =	4.8903 LTL	4.9537 LTL	4.9612 LTL
10 EEK =	2.2067 LTL	2.2067 LTL	2.2067 LTL

### 3. Segment information

The following is information on revenues and carrying amount of total assets by the segments:

LTL thousand	2007 9 m			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	198,997	65,731	23,936	288,664
Intersegment revenue	(28,564)	(1,038)	(300)	(29,902)
<b>Revenue</b>	<b>170,433</b>	<b>64,693</b>	<b>23,636</b>	<b>258,762</b>

LTL thousand	2006 9 m			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	132,010	42,637	16,908	191,555
Intersegment revenue	(19,006)	(250)	(246)	(19,502)
<b>Revenue</b>	<b>113,004</b>	<b>42,387</b>	<b>16,662</b>	<b>172,053</b>

LTL thousand	Assets	
	2007 09 30	2006 09 30
Lithuania	156,277	127,118
Latvia	38,413	22,722
Estonia	11,414	9,291
<b>Group</b>	<b>206,104</b>	<b>159,131</b>

### 4. Investments into non-current assets

Investments into development of retail network amounted to LTL 23,049 thousand during nine months of 2007. Acquisitions of other non-current assets (vehicles, warehouse and office equipment, IT) amounted to LTL 1,526 thousand during nine months of 2007.

### 5. Investments into subsidiaries

On 10 January 2007 the Company has established 2 subsidiaries: SIA Apranga BPB LV and SIA Apranga PLV. The share capital of each subsidiary is comprised of 600 shares with par value of LVL 100. On 26 February 2007 the shares of SIA Apranga BPB LV were fully paid in cash. On 29 March 2007 the shares of SIA Apranga PLV were fully paid in cash.

### 6. Borrowings

On 31 January 2007, the Group and SIA DnB Nord Banka concluded an agreement for the change of the previously concluded agreement for credit line. According to the agreement the Group was granted credit line amounting LVL 1,600 thousand for financing of working capital and issuance of guarantees and letters of credit. The credit line expires on 31 January 2008. The credit line is bearing a floating interest rate calculated as the 3-month RIGIBOR plus margin, interest being paid for the drawdown amount, and a fixed interest rate for amount used for the issuance of guarantees and letters of credit.

### 7. Bonds

On 27 April 2007 the Annual general meeting of shareholders of APB Apranga has resolved to issue two years maturity intangible registered bonds of total nominal value LTL 20,000 thousand. The date of issue is June 16, 2007, maturity date is June 15, 2009. Yearly coupon is 5.99%, coupon dates are June 16, 2008 and June 15, 2009. Nominal value of one bond is LTL 100. Total quantity of bonds is 200,000.

On June 15, 2007 Company redeemed intangible registered bonds of total nominal value LTL 20,000 thousand, which were issued on 16 June 2005, and paid LTL 800 thousand as last coupon. Nominal value of one bond was LTL 100. Total quantity of bonds was 200,000

### 8. Guarantees

As of 30 September 2007 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 17,868 thousand (30 December 2006: LTL 15,480 thousand). The letters of credit and guarantees provided to suppliers



by the credit institutions on behalf of the Group as of 30 September 2007 amounted to LTL 23,697 thousand (30 December 2006: LTL 28,352 thousand).

As of 30 September 2007 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL 7,824 thousand (30 December 2006: LTL 7,926 thousand). As of 30 September 2007 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 822 thousand (30 December 2006: LTL 529 thousand).

#### **9. Dividends**

On 27 April 2007, the Annual general meeting of shareholders of APB Apranga has resolved to pay LTL 3,882 thousand in dividends, LTL 0.11 per share. Dividends were paid by cash on May 22, 2007.

#### **10. Post balance sheet events**

In October 2007 the Company has established a subsidiary OU Apranga BEE with the minimal share capital of EEK 40 thousand. The Company controls 100% of the subsidiary's capital and voting rights.