

## **APB APRANGA**

### **Consolidated and Company's Financial Statements for the quarter ended 31 March 2007**

#### **Not audited**

Company's code 121933274  
Registered address Kirtimu 51, Vilnius, Lithuania

### **CONFIRMATION OF THE MANAGEMENT**

Persons responsible for the information in the financial statements confirm that information contained in these financial statements is true and there are no suppressed facts which could influence investors' decisions on buying or selling the Company's securities, as well as market price of the Company's securities, and their valuation.



Apranga Group General Manager  
Rimantas Perveneckas



Apranga Group Chief Financial Officer  
Vaidas Savukynas

27 June 2007

**INCOME STATEMENTS**

LTL thousand	Group		Company	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Revenue	77,678	49,014	47,144	32,985
Cost of sales	(44,029)	(28,732)	(32,620)	(23,841)
<b>Gross Profit</b>	<b>33,649</b>	<b>20,282</b>	<b>14,524</b>	<b>9,144</b>
Operating expenses	(27,670)	(18,655)	(14,354)	(10,412)
Other income	247	255	1,905	1,057
Net foreign exchange gain (loss)	(31)	-	(13)	(5)
<b>Profit from operations</b>	<b>6,195</b>	<b>1,882</b>	<b>2,062</b>	<b>(216)</b>
Finance costs	(494)	(434)	(497)	(324)
<b>Profit before taxes</b>	<b>5,701</b>	<b>1,448</b>	<b>1,565</b>	<b>(540)</b>
Income tax expense	(1,232)	-	(440)	-
<b>NET PROFIT</b>	<b>4,469</b>	<b>1,448</b>	<b>1,125</b>	<b>(540)</b>
<b>Basic and diluted earnings per share (in LTL)</b>	<b>0.13</b>	<b>0.04</b>	<b>0.03</b>	<b>(0.02)</b>

**BALANCE SHEETS**

LTL thousand

	<b>Group</b>		<b>Company</b>	
	<b>31 03 2007</b>	<b>31 12 2006</b>	<b>31 03 2007</b>	<b>31 12 2006</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	85,707	84,598	56,249	54,315
Intangible assets	785	721	517	509
Investments in subsidiaries	-	-	9,046	8,453
Prepayments and other receivables	599	894	251	551
	<b>87,091</b>	<b>86,213</b>	<b>66,063</b>	<b>63,828</b>
<b>Current assets</b>				
Inventories	65,614	48,626	40,522	31,179
Non-current assets held for sale	1,118	1,118	1,118	1,118
Receivables and prepayments	11,883	2,436	18,893	18,495
Cash and cash equivalents	4,285	4,770	1,811	2,312
	<b>82,900</b>	<b>56,950</b>	<b>62,344</b>	<b>53,104</b>
<b>TOTAL ASSETS</b>	<b>169,991</b>	<b>143,163</b>	<b>128,407</b>	<b>116,932</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Ordinary shares	35,292	35,292	35,292	35,292
Legal reserve	1,081	1,081	1,081	1,081
Translation difference	(447)	(178)	-	-
Retained earnings	34,777	30,293	18,034	16,909
	<b>70,703</b>	<b>66,488</b>	<b>54,407</b>	<b>53,282</b>
<b>Non-current liabilities</b>				
Borrowings	8,394	16,567	8,394	16,567
Bonds issued	-	-	-	-
Deferred tax liabilities	2,438	2,091	680	525
Obligations under finance leases	33	37	33	37
Other liabilities	87	87	86	86
	<b>10,952</b>	<b>18,782</b>	<b>9,193</b>	<b>17,215</b>
<b>Current liabilities</b>				
Borrowings	3,758	7,844	6,481	6,273
Bonds issued	20,633	20,436	20,633	20,436
Obligations under finance leases	18	18	18	18
Current income tax liability	2,511	1,668	462	178
Trade and other payables	61,416	27,927	37,213	19,530
	<b>88,336</b>	<b>57,893</b>	<b>64,807</b>	<b>46,435</b>
<b>Total liabilities</b>	<b>99,288</b>	<b>76,675</b>	<b>74,000</b>	<b>63,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>169,991</b>	<b>143,163</b>	<b>128,407</b>	<b>116,932</b>

**STATEMENTS OF CHANGES IN EQUITY**

<b>GROUP</b> LTL thousand	<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</b>	<b>35,292</b>	<b>882</b>	<b>(167)</b>	<b>15,190</b>	<b>51,197</b>
Currency translation difference	-	-	48	-	48
Net profit for the period	-	-	-	1,448	1,448
<b>Balance at 31 March 2006</b>	<b>35,292</b>	<b>882</b>	<b>(118)</b>	<b>17,610</b>	<b>53,666</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>
Currency translation difference	-	-	(269)	15	(254)
Net profit for the period	-	-	-	4,469	4,469
<b>Balance at 31 March 2007</b>	<b>35,292</b>	<b>1,081</b>	<b>(447)</b>	<b>34,777</b>	<b>70,703</b>

<b>COMPANY</b> LTL thousand	<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</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>
Net profit for the period	-	-	(540)	(540)
<b>Balance at 31 March 2006</b>	<b>35,292</b>	<b>882</b>	<b>9,313</b>	<b>45,487</b>
<b>Balance at 31 December 2006</b>	<b>35,292</b>	<b>1,081</b>	<b>16,909</b>	<b>53,282</b>
Net profit for the period	-	-	1,125	1,125
<b>Balance at 31 March 2007</b>	<b>35,292</b>	<b>1,081</b>	<b>18,034</b>	<b>54,407</b>

**STATEMENTS OF CASH FLOWS**

LTL thousand

	<b>Group</b>		<b>Company</b>	
	<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Q1 2007</b>	<b>Q1 2006</b>
<b>OPERATING ACTIVITIES</b>				
Profit before income taxes	5,701	1,448	1,565	(540)
Adjustments for:				
Depreciation and amortization	3,508	2,626	1,510	1,221
Provisions for slow-moving inventories	(314)	(452)	(314)	(452)
(Gain) on disposal of property, plant and equipment	(7)	61	(7)	61
Interest expenses, net	493	265	416	120
	<b>9,381</b>	<b>3,948</b>	<b>3,170</b>	<b>410</b>
Changes in operating assets and liabilities:				
(Increase) in inventories	(16,674)	(9,106)	(9,029)	(7,221)
Decrease (increase) in receivables	(9,152)	1,789	(98)	(2,205)
Unrealized foreign exchange (gain) / loss	(8)	48	(3)	-
Increase in payables	33,497	15,599	17,686	14,499
<b>Cash generated by operations</b>	<b>17,044</b>	<b>12,278</b>	<b>11,726</b>	<b>5,483</b>
Interest paid	(296)	(265)	(301)	(169)
<b>Net cash from operating activities</b>	<b>16,748</b>	<b>12,013</b>	<b>11,425</b>	<b>5,314</b>
<b>INVESTING ACTIVITIES</b>				
Interest received	1	1	81	49
Purchases of property, plant and equipment and intangible assets	(4,681)	(5,623)	(3,452)	(2,366)
Proceeds on disposal of property, plant and equipment	7	-	7	-
Acquisition of subsidiaries	-	-	(593)	(300)
<b>Net cash used in investing activities</b>	<b>(4,673)</b>	<b>(5,622)</b>	<b>(3,957)</b>	<b>(2,617)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from (repayments of) borrowings, net	(12,259)	(6,832)	(7,965)	(2,215)
Repayments of obligations under finance leases	(4)	(246)	(4)	(891)
<b>Net cash (used in) / from financing activities</b>	<b>(12,263)</b>	<b>(7,078)</b>	<b>(7,969)</b>	<b>(3,106)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(188)</b>	<b>(687)</b>	<b>(501)</b>	<b>(409)</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>4,473</b>	<b>2,516</b>	<b>2,312</b>	<b>1,352</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>4,285</b>	<b>1,829</b>	<b>1,811</b>	<b>943</b>

## NOTES TO FINANCIAL STATEMENTS

### 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 the Company's shareholders were:

	31 03 2007		31 03 2006	
	Number of shares	% of total ownership	Number of shares	% of total ownership
UAB MG Baltic investment	18,512,896	52.5	18,512,896	52.5
Other	16,779,064	47.5	16,779,064	47.5
<b>Total</b>	<b>35,291,960</b>	<b>100.0</b>	<b>35,291,960</b>	<b>100.0</b>

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.

The Company is listed on Vilnius Stock Exchange.

At 31 March 2007 the Group consisted of the Company and the following wholly 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
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 quarter ended 31 March 2007

At 31 March 2006 the Group and the Company employed 1,335 and 659 people respectively.

### Basis of preparation and summary of significant accounting policies

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

The same accounting policies were applied for interim reporting as are applied in the annual financial statements.

Certain reclassifications of previously reported interim data have been made. These include:

- In income statement for the quarter ended 31 March 2006 reversal of inventory write down to net realizable value was included in operating expenses instead of cost of sales;
- Other income was netted off with other expenses in 1st quarter 2006. Other income is presented on a gross basis and other expenses were reclassified to operating expenses.

The applicable rates used for the principal currencies as of 31 March 2007 and 2006 were as follows:

<b>31 03 2007</b>		<b>31 03 2006</b>	
1 EUR	= 3,4528 LTL	1 EUR	= 3,4528 LTL
1 LVL	= 4,8666 LTL	1 LVL	= 4,9603 LTL
10 EEK	= 2,2067 LTL	10 EEK	= 2,2067 LTL

### Key Group indicators

	<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Change</b>
Net sales, LTL thousand	77,678	49,014	58.5%
Net sales in foreign markets, LTL thousand	25,786	16,687	54.5%
Number of shops	69	51	35.3%
Total trading area, thousand sq. m	41.3	31.2	32.4%
Gross profit, LTL thousand	33,649	20,282	65.9%
Gross margin	43.3%	41.4%	
EBT, LTL thousand	5,701	1,448	293.7%
EBT margin	7.3%	3.0%	
Net profit, LTL thousand	4,469	1,448	208.6%
Net margin	5.8%	3.0%	
EBITDA, LTL thousand	9,703	4,508	115.2%
EBITDA margin	12.5%	9.2%	
Return on equity (end of the period)	6.3%	2.2%	
Return on assets (end of the period)	12.2%	7.6%	
Net debt to equity*	45.5%	66.6%	
Current ratio, times	0.9	1.0	-10.1%

\*Interest bearing liabilities / Equity

### Segment information

The following is an analysis of the segment revenue and carrying amount of segment total assets:

#### LTL thousand

#### Q1 2007

	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Group</b>
Total segment revenue	61.975	18.600	7.723	88.298
Intersegment revenue	(10.083)	(245)	(292)	(10.620)
<b>Revenue</b>	<b>51.892</b>	<b>18.355</b>	<b>7.431</b>	<b>77.678</b>

#### Q1 2006

	<b>Lithuania</b>	<b>Latvia</b>	<b>Estonia</b>	<b>Group</b>
Total segment revenue	39.074	12.422	4.461	55.957
Intersegment revenue	(6.747)	(130)	(66)	(6.943)
<b>Revenue</b>	<b>32.327</b>	<b>12.292</b>	<b>4.395</b>	<b>49.014</b>

#### LTL thousand

#### Assets

	<b>31 03 2007</b>	<b>31 03 2006</b>
Lithuania	130.212	102.296
Latvia	28.581	19.660
Estonia	11.198	5.541
<b>Total</b>	<b>169.991</b>	<b>127.497</b>

**Acquisitions of property, plant and equipment**

During the first quarter of 2007 the Group has opened 5 new stores and closed 1. The total investment into expansion of the retail chain amounted LTL 4,681 thousand.

**Investment 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 a 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 as well.

**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 2,000 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.

**Post-balance sheet events**

The Annual Shareholder's Meeting held on 27 April 2007 approved the dividend of 0.11 LTL per share to be paid in 2007. The amount of dividends totals LTL 3,882 and has not been included as a liability in these financial statements.

The Annual Shareholder's Meeting held on 27 April 2007 authorised issue 2 years maturity intangible registered bonds of total nominal value LTL 20,000 thousand. The date of issue is 16 June 2007 and maturity date is 15 June 2009. Yearly coupon will be fixed on the day of the bond issue basing on 2 years IRS + 1,25% margin, 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.