

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

15 May 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)
Gross Profit	33,649	20,282	14,524	9,144
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)
Profit from operations	6,195	1,882	2,062	(216)
Finance costs	(494)	(434)	(497)	(324)
Profit before taxes	5,701	1,448	1,565	(540)
Income tax expense	(1,232)	-	(440)	-
NET PROFIT	4,469	1,448	1,125	(540)
Basic and diluted earnings per share (in LTL)	0.13	0.04	0.03	(0.02)

BALANCE SHEETS

LTL thousand

	Group		Company	
	31 03 2007	31 12 2006	31 03 2007	31 12 2006
ASSETS				
Non-current assets				
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
	87,091	86,213	66,063	63,828
Current assets				
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
	82,900	56,950	62,344	53,104
TOTAL ASSETS	169,991	143,163	128,407	116,932
EQUITY AND LIABILITIES				
Equity				
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
	70,703	66,488	54,407	53,282
Non-current liabilities				
Borrowings	8,394	19,881	8,394	19,881
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
	10,952	22,096	9,193	20,529
Current liabilities				
Borrowings	3,758	4,530	6,481	2,959
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
	88,336	54,579	64,807	43,121
Total liabilities	99,288	76,675	74,000	63,650
TOTAL EQUITY AND LIABILITIES	169,991	143,163	128,407	116,932

STATEMENTS OF CHANGES IN EQUITY

GROUP LTL thousand	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 31 December 2005	35,292	882	(166)	16,162	52,170
Currency translation difference	-	-	48	-	48
Net profit for the period	-	-	-	1,448	1,448
Balance at 31 March 2006	35,292	882	(118)	17,610	53,666
Balance at 31 December 2006	35,292	1,081	(178)	30,293	66,488
Currency translation difference	-	-	(269)	15	(254)
Net profit for the period	-	-	-	4,469	4,469
Balance at 31 March 2007	35,292	1,081	(447)	34,777	70,703

COMPANY LTL thousand	Share capital	Legal reserve	Retained earnings	Total
Balance at 31 December 2005	35,292	882	9,853	46,027
Net profit for the period	-	-	(540)	(540)
Balance at 31 March 2006	35,292	882	9,313	45,487
Balance at 31 December 2006	35,292	1,081	16,909	53,282
Net profit for the period	-	-	1,125	1,125
Balance at 31 March 2007	35,292	1,081	18,034	54,407

STATEMENTS OF CASH FLOWS

LTL thousand

	Group		Company	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
OPERATING ACTIVITIES				
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
	9,381	3,948	3,170	410
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
Cash generated by operations	17,044	12,278	11,726	5,483
Interest paid	(296)	(265)	(301)	(169)
Net cash from operating activities	16,748	12,013	11,425	5,314
INVESTING ACTIVITIES				
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)
Net cash used in investing activities	(4,673)	(5,622)	(3,957)	(2,617)
FINANCING ACTIVITIES				
Proceeds from (repayments of) borrowings, net	(12,259)	(6,832)	(7,965)	(2,215)
Repayments of obligations under finance leases	(4)	(246)	(4)	(891)
Net cash (used in) / from financing activities	(12,263)	(7,078)	(7,969)	(3,106)
NET INCREASE (DECREASE) IN CASH	(188)	(687)	(501)	(409)
CASH AT THE BEGINNING OF THE PERIOD	4,473	2,516	2,312	1,352
CASH AT THE END OF THE PERIOD	4,285	1,829	1,811	943

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
Total	35,291,960	100.0	35,291,960	100.0

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:

31 03 2007		31 03 2006	
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

	Q1 2007	Q1 2006	Change
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

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

Q1 2006

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

LTL thousand

Assets

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

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.