

29 February 2008  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the twelve months of 2007 prepared in accordance with International Financial Reporting Standards are true and fairly present assets, liabilities, financial position, profit or loss of APB Apranga, as well as of Apranga Group consolidated companies.

Apranga Group General Manager  
Rimantas Perveneckas



Apranga Group Chief Financial Officer  
Vaidas Savukynas



**APRANGA APB**  
**Interim Consolidated Financial Statements**  
**For the Twelve Months of 2007**  
**Unaudited**

**29 February 2008**  
**Vilnius**

**INCOME STATEMENT**

LTL thousand	Note	Group		Company	
		2007	2006	2007	2006
Revenue	3	368,906	253,489	198,656	151,055
Cost of sales		(200,958)	(139,311)	(126,198)	(98,212)
<b>GROSS PROFIT</b>		<b>167,948</b>	<b>114,178</b>	<b>72,458</b>	<b>52,843</b>
Selling costs		(136,567)	(92,777)	(67,528)	(50,992)
Net other income		1,538	1,071	17,068	9,837
Foreign exchange gain (loss), net		13	292	22	(12)
<b>PROFIT FROM OPERATIONS</b>		<b>32,932</b>	<b>22,764</b>	<b>22,020</b>	<b>11,676</b>
Finance costs		(2,891)	(1,714)	(2,694)	(1,544)
<b>PROFIT BEFORE TAXES</b>		<b>30,041</b>	<b>21,050</b>	<b>19,326</b>	<b>10,132</b>
Income tax expense		(5,195)	(3,614)	(2,074)	(759)
<b>NET PROFIT</b>		<b>24,846</b>	<b>17,436</b>	<b>17,252</b>	<b>9,373</b>
<b>Basic and diluted earnings per share (in LTL)</b>		<b>0,70</b>	<b>0,49</b>	<b>0,49</b>	<b>0,27</b>

**BALANCE SHEET**

LTL Thousand

	Note	Group		Company	
		31 12 2007	31 12 2006	31 12 2007	31 12 2006
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	110,426	84,598	69,640	54,315
Intangible assets	4	981	721	843	509
Investments in subsidiaries	5	-	-	9,377	8,453
Prepayments and other receivables		883	894	414	551
		<b>112,290</b>	<b>86,213</b>	<b>80,274</b>	<b>63,828</b>
<b>Current assets</b>					
Inventories		73,821	48,626	44,958	31,179
Non-current assets held for sale		1,118	1,118	1,118	1,118
Receivables and prepayments		8,028	2,436	26,642	18,495
Cash and cash equivalents		7,265	4,770	2,990	2,312
	3	<b>90,232</b>	<b>56,950</b>	<b>75,708</b>	<b>53,104</b>
<b>TOTAL ASSETS</b>		<b>202,522</b>	<b>143,163</b>	<b>155,982</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		(75)	(178)	-	-
Retained earnings		50,776	30,293	29,810	16,909
		<b>87,543</b>	<b>66,488</b>	<b>66,652</b>	<b>53,282</b>
<b>Non-current liabilities</b>					
Borrowings	6	39,126	16,567	39,126	16,567
Bonds issued	7	20,000	-	20,000	-
Deferred tax liabilities		3,619	2,091	2,067	525
Obligations under finance leases		16	37	16	37
Other liabilities		-	87	-	86
		<b>62,761</b>	<b>18,782</b>	<b>61,209</b>	<b>17,215</b>
<b>Current liabilities</b>					
Borrowings	6	14,426	7,844	8,608	6,273
Bonds issued	7	653	20,436	653	20,436
Obligations under finance leases		20	18	20	18
Current income tax liability		1,111	1,668	107	178
Trade and other payables		36,008	27,927	18,731	19,530
		<b>52,218</b>	<b>57,893</b>	<b>28,119</b>	<b>46,435</b>
<b>Total liabilities</b>		<b>114,979</b>	<b>76,675</b>	<b>89,328</b>	<b>63,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>202,522</b>	<b>143,163</b>	<b>155,980</b>	<b>116,932</b>

**STATEMENT OF CHANGES IN EQUITY**

<b>GROUP</b> LTL thousand	<b>Note</b>	<b>Share Capital</b>	<b>Legal Reserve</b>	<b>Transla- tion reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2006</b>		<b>35,292</b>	<b>882</b>	<b>(167)</b>	<b>15,190</b>	<b>51,197</b>
Currency translation differences – recognised directly in equity		-	-	(11)	(16)	(27)
Net profit for the year		-	-	-	17,436	17,436
Total recognised income and expenses for 2006		-	-	(11)	17,420	17,409
Transfer to legal reserve		-	199	-	(199)	-
Dividends paid		-	-	-	(2,118)	(2,118)
<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 differences – recognised directly in equity		-	-	103	(12)	91
Net profit for the year		-	-	-	24,846	24,846
Total recognised income and expenses for 2007		-	-	103	24,834	24,937
Transfer to legal reserve		-	469	-	(469)	-
Dividends paid	<b>9</b>	-	-	-	(3,882)	(3,882)
<b>Balance at 31 December 2007</b>		<b>35,292</b>	<b>1,550</b>	<b>(75)</b>	<b>50,776</b>	<b>87,543</b>
<b>COMPANY</b> LTL thousand	<b>Note</b>	<b>Share Capital</b>	<b>Legal Reserve</b>	<b>Translation reserve</b>		<b>Total</b>
<b>Balance at 1 January 2006</b>		<b>35,292</b>	<b>882</b>	<b>9,853</b>		<b>46,027</b>
Net profit for the year 2006		-	-	9,373		9,373
Transfer to legal reserves		-	199	(199)		-
Dividends paid		-	-	(2,118)		(2,118)
<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 year 2007		-	-	17,252		17,252
Transfer to legal reserves		-	469	(469)		-
Dividends paid	<b>9</b>	-	-	(3,882)		(3,882)
<b>Balance at 31 December 2007</b>		<b>35,292</b>	<b>1,550</b>	<b>29,810</b>		<b>66,652</b>

**STATEMENT OF CASH FLOW**

LTL thousand	Note	Group		Company	
		2007	2006	2007	2006
<b>OPERATING ACTIVITIES</b>					
Profit before income taxes		30,041	21,050	19,326	10,132
Adjustments for:					
Depreciation and amortisation		15,763	11,752	7,086	5,352
Provisions of slow moving inventories		(59)	1,493	(216)	1,493
(Gain) on disposal of property, plant and equipment		(338)	(37)	(338)	(37)
Write-off of property, plant and equipment		192	167	192	131
Dividends received		-	-	(7,273)	(4,031)
Interest expenses, net		2,807	1,711	2,193	1,251
		<b>48,406</b>	<b>36,136</b>	<b>20,970</b>	<b>14,291</b>
Changes in operating assets and liabilities:					
(Increase) in inventories		(25,136)	(11,753)	(13,563)	(7,086)
Decrease / (increase) in receivables		(5,581)	2,122	(9,320)	(1,836)
Unrealized foreign exchange (gain) / loss		90	(28)	(22)	-
Increase / (decrease) in payables		8,212	7,354	(644)	7,997
<b>Cash generated by operations</b>		<b>25,991</b>	<b>33,831</b>	<b>(2,579)</b>	<b>13,366</b>
Income tax paid		(4,224)	(1,226)	(603)	(57)
Interest paid		(2,891)	(1,714)	(2,694)	(1,544)
<b>Net cash from operating activities</b>		<b>18,876</b>	<b>30,891</b>	<b>(5,876)</b>	<b>11,765</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		84	3	501	293
Dividends received		-	-	7,273	1,525
Loans granted for subsidiaries		-	-	-	(3,479)
Loans returned from subsidiaries		-	-	1,310	-
Purchases of property, plant and equipment and intangible assets	4	(42,104)	(32,618)	(22,998)	(13,048)
Proceeds on disposal of property, plant and equipment		399	5,019	399	90
Acquisition of subsidiaries	5	-	-	(924)	(2,517)
<b>Net cash used in investing activities</b>		<b>(41,621)</b>	<b>(27,596)</b>	<b>(14,439)</b>	<b>(17,136)</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid	9	(3,882)	(2,118)	(3,882)	(2,118)
Proceeds from borrowings		49,221	16,977	49,221	46,710
Repayments of borrowings		(26,684)	(10,561)	(29,035)	(34,954)
Repayments of obligations under finance leases		(19)	(871)	(19)	(871)
Repurchase of bonds	7	(20,000)	-	(20,000)	-
Proceeds from issue of bonds	7	20,000	-	20,000	-
<b>Net cash from financing activities</b>		<b>18,636</b>	<b>3,427</b>	<b>16,285</b>	<b>8,767</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>		<b>(4,109)</b>	<b>6,722</b>	<b>(4,030)</b>	<b>3,396</b>
<b>CASH AND OVERDRAFTS AT THE BEGINNING OF THE YEAR</b>		<b>(3,074)</b>	<b>(9,796)</b>	<b>(1,002)</b>	<b>(4,398)</b>
<b>CASH AND OVERDRAFTS AT THE END OF THE PERIOD</b>		<b>(7,183)</b>	<b>(3,074)</b>	<b>(5,032)</b>	<b>(1,002)</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 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 December 2007 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
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
OÜ Apranga BEE*	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel

\* established during 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 31 December 2007 the Company had 2837 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	18.512.896	52.5%
AS Hansabank clients	10060701	Liivalaia 8 Tallinn, Estonia	4.303.103	12.2%
Skandinaviska Enskilda Banken clients	SE502032908101	Sergels Torg 2, 10640 Stockholm, Sweden	1.916.443	5.4%
JP Morgan Bank Luxembourg SA clients	B10958	6, route de Trèves, Senningerberg, Luxembourg	1.895.900	5.4%

An issue of 200000 bonds of nominal value LTL 100 each with the maturity of 2 years (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 in 2007 by countries was as follows (LTL thousand, VAT included):

Country	2007	2006	Change
Lithuania	288,543	198,175	45.6%
Latvia	110,238	70,745	55.8%
Estonia	38,572	30,451	26.7%
<b>Total:</b>	<b>437,353</b>	<b>299,371</b>	<b>46.1%</b>

Apranga Group has opened 25 new stores, reconstructed 6 and closed 7 (see "4. Investments into non-current assets") in 2007.

At 31 December 2007 Group's number of stores by countries was as follows:

<b>Country</b>	<b>2007 9 m</b>	<b>2006 9 m</b>	<b>Change</b>
Lithuania	55	47	17.0%
Latvia	23	15	53.3%
Estonia	5	3	66.7%
<b>Total:</b>	<b>83</b>	<b>65</b>	<b>27.7%</b>

At 31 December 2007 Groups' area of stores by countries was as follows (thousand sq. m.):

<b>Country</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Lithuania	36.2	28.1	28.8%
Latvia	13.6	7.8	74.4%
Estonia	4.2	2.6	61.5%
<b>Total:</b>	<b>54.0</b>	<b>38.5</b>	<b>40.3%</b>

<b>Main Indicators of the Group</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Net sales, LTL thousand	368,906	253,489	45.5%
Net sales in foreign markets, LTL thousand	126,621	85,843	47.5%
Gross profit, LTL thousand	167,948	114,178	47.1%
Gross margin	45.5%	45.0%	
EBT, LTL thousand	30,041	21,050	42.7%
EBT margin	8.1%	8.3%	
Net profit, LTL thousand	24,846	17,436	42.5%
Net margin	6.7%	6.9%	
EBITDA, LTL thousand	48,695	34,516	41.1%
EBITDA margin	13.2%	13.6%	
Return on equity (end of the period)	28.4%	26.2%	
Return on assets (end of the period)	12.3%	12.2%	
Net debt to equity*	84.1%	67.5%	
Current ratio, times	1.7	1.0	75.7%

\*Interest bearing liabilities / Equity

On 31 December 2007 the Group and the Company had 1637 and 797 employees, respectively. Number of employees in the Groups and the Company has increased by 467 and 150, 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 applicable rates used for the balance sheet preparation were as follows:

<b>Currency</b>	<b>31 12 2007</b>	<b>31 12 2006</b>
1 EUR =	3.4528 LTL	3.4528 LTL
1 LVL =	4.9567 LTL	4.9537 LTL
10 EEK =	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			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	277,534	95,336	33,169	406,039
Intersegment revenue	(35,248)	(1,391)	(493)	(37,132)
<b>Revenue</b>	<b>242,286</b>	<b>93,945</b>	<b>32,676</b>	<b>368,907</b>
	2006			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	193,447	60,459	25,899	279,805
Intersegment revenue	(25,801)	(414)	(101)	(26,316)
<b>Revenue</b>	<b>167,646</b>	<b>60,045</b>	<b>25,798</b>	<b>253,489</b>
LTL thousand	Assets			
	31 12 2007	31 12 2006		
Lithuania	149,900	113,961		
Latvia	37,234	20,076		
Estonia	15,388	12,353		
<b>Group</b>	<b>202,522</b>	<b>146,390</b>		

### 4. Investments into non-current assets

Investments into development of retail network amounted to LTL 38,907 thousand in 2007. Acquisitions of other non-current assets (vehicles, warehouse and office equipment, IT) amounted to LTL 3,197 thousand in 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. The Company owns 100% of capital and voting rights of these subsidiaries.

On 4 September 2007 the Company has established subsidiary OU Apranga BEE with the capital of EEK 1,500 thousand. The capital is not divided into shares. On 27 November 2007 the capital of OU Apranga BEE was fully paid in cash. The Company owns 100% of capital and voting rights of this subsidiary.

### 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. The conditions of the agreement were changes on 31 January 2008 (see "10. Post balance sheet events").

### 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 16 June 2007, and maturity date is 15 June 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 redeemed bond was LTL 100. Total quantity of bonds was 200,000

## **8. Guarantees**

As of 31 December 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 (31 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 31 December 2007 amounted to LTL 33,729 thousand (31 December 2006: LTL 28,352 thousand).

As of 31 December 2007 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL 7,931 thousand (31 December 2006: LTL 7,926 thousand). As of 31 December 2007 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 893 thousand (31 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 22 May 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.

On 31 January 2008, 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 2009. Portion of EUR 900 thousand of the credit line was granted in EUR, and the rest portion in LVL. For the drawdown amount of LVL portion of the credit line a floating interest rate calculated as the 3-month RIGIBOR plus margin is being paid, and for the drawdown amount of EUR portion of the credit line a floating interest rate calculated as the 3-month EURIBOR plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.