

APRANGA APB
Interim Consolidated Financial Statements
For the Nine Months of 2008
Unaudited

28 November 2008
Vilnius

INCOME STATEMENTS

LTL thousand	Note	Group		Company	
		9 months 2008	9 months 2007	9 months 2008	9 months 2007
Revenue	3	309 385	258 762	165 181	143 072
Cost of sales		(174 869)	(144 121)	(110 076)	(95 264)
GROSS PROFIT		134 516	114 641	55 105	47 808
Operating expenses		(119 681)	(93 629)	(57 628)	(46 267)
Other income		688	855	15 987	13 888
Net foreign exchange gain (loss)		(37)	196	(37)	13
OPERATING PROFIT		15 486	22 063	13 427	15 442
Finance costs		(2 798)	(1 801)	(2 783)	(1 758)
PROFIT BEFORE INCOME TAX		12 688	20 262	10 644	13 684
Income tax expense		(2 382)	(3 651)	(484)	(1 172)
NET PROFIT		10 306	16 611	10 160	12 512
Basic and diluted earnings per share (in LTL)		0.29	0.47	0.29	0.35

LTL thousand	Note	Group		Company	
		Q3 2008	Q3 2007	Q3 2008	Q3 2007
Revenue	3	116 528	103 836	63 917	58 398
Cost of sales		(65 979)	(59 855)	(44 061)	(41 294)
GROSS PROFIT		50 549	43 981	19 856	17 104
Operating expenses		(40 911)	(34 229)	(19 214)	(15 965)
Other income		253	302	2 729	2 550
Net foreign exchange gain (loss)		(60)	221	(59)	19
OPERATING PROFIT		9 831	10 275	3 312	3 708
Finance costs		(857)	(697)	(890)	(667)
PROFIT BEFORE INCOME TAX		8 974	9 578	2 422	3 041
Income tax expense		(1 473)	(1 129)	(371)	(341)
NET PROFIT		7 501	8 449	2 051	2 700
Basic and diluted earnings per share (in LTL)		0.21	0.24	0.06	0.08

BALANCE SHEETS

LTL thousand

	Note	Group		Company	
		30 09 2008	31 12 2007	30 09 2008	31 12 2007
ASSETS					
Non-current assets					
Property, plant and equipment	4	108 375	110 439	71 113	69 653
Intangible assets	4	1 650	981	1 200	843
Investments in subsidiaries	5	-	-	9 677	9 377
Prepayments and other receivables		1 085	857	568	400
		111 110	112 277	82 558	80 273
Current assets					
Inventories		118 849	73 821	76 148	44 958
Non-current assets held for sale		1 118	1 118	1 118	1 118
Trade and other receivables		7 967	8 028	27 186	26 642
Cash and cash equivalents		2 245	7 287	920	2 990
		130 179	90 254	105 372	75 708
TOTAL ASSETS		241 289	202 531	187 930	155 981
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	1	35 292	35 292	35 292	35 292
Legal reserve		2 416	1 550	2 416	1 550
Translation difference		(425)	(76)	-	-
Retained earnings		54 596	50 852	33 533	29 886
		91 879	87 618	71 241	66 728
Non-current liabilities					
Borrowings	6	29 085	-	29 085	-
Bonds issued	7	-	20 000	-	20 000
Deferred tax liabilities		3 765	3 531	2 104	1 991
Obligations under finance leases		4	16	4	16
Other liabilities		310	-	310	-
		33 164	23 547	31 503	22 007
Current liabilities					
Borrowings	6	10 615	53 574	9 350	47 735
Bonds issued	7	20 354	653	20 354	653
Obligations under finance leases		18	20	18	20
Current income tax liability		2 159	1 112	402	106
Trade and other payables		83 100	36 007	55 062	18 732
Total liabilities		116 246	91 366	85 186	67 246
		149 410	114 913	116 689	89 253
TOTAL EQUITY AND LIABILITIES		241 289	202 531	187 930	155 981

STATEMENT OF CHANGES IN EQUITY**GROUP**

LTL thousand	Note	Share Capital	Legal Reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2007		35 292	1 081	(178)	30 293	66 488
Currency translation difference – recognised directly in equity		-	-	(159)	(17)	(176)
Net profit for the period		-	-	-	16 611	16 611
Total recognised income and expenses for the period		-	-	(159)	16 594	16 435
Transfers to legal reserve		-	469	-	(469)	-
Dividends paid		-	-	-	(3 882)	(3 882)
Balance at 30 September 2007		35 292	1 550	(337)	42 536	79 041
Balance at 1 January 2008		35 292	1 550	(76)	50 852	87 618
Currency translation difference – recognised directly in equity		-	-	(349)	(49)	(398)
Net profit for the period		-	-	-	10 306	10 306
Total recognised income and expenses for the period		-	-	(349)	10 257	9 908
Transfers to legal reserve		-	866	-	(866)	-
Dividends paid	9	-	-	-	(5 647)	(5 647)
Balance at 30 September 2008		35 292	2 416	(425)	54 596	91 879

COMPANY

LTL thousand	Note	Share Capital	Legal Reserve	Retained earnings	Total
Balance at 1 January 2007		35 292	1 081	16 909	53 282
Net profit for the period		-	-	9 812	9 812
Transfers to legal reserve		-	469	(469)	-
Dividends paid		-	-	(3 882)	(3 882)
Balance at 30 September 2007		35 292	1 550	22 370	59 212
Balance at 1 January 2008		35 292	1 550	29 886	66 728
Net profit for the period		-	-	10 160	10 160
Transfers to legal reserve		-	866	(866)	-
Dividends paid	9	-	-	(5 647)	(5 647)
Balance at 30 September 2008		35 292	2 416	33 533	71 241

STATEMENTS OF CASH FLOW

LTL thousand	Note	Group		Company	
		9 months 2008	9 months 2007	9 months 2008	9 months 2007
OPERATING ACTIVITIES					
Profit before income taxes		12 688	20 262	10 644	13 684
Adjustments for:					
Depreciation and amortisation		15 158	11 571	7 142	5 068
Change in allowances for slow-moving inventories		678	(391)	568	(391)
Gain on disposal of property, plant and equipment		(20)	32	(6)	32
Write-off of property, plant and equipment		380	-	109	-
Dividends received		-	-	(8 516)	(7 273)
Interest expenses		2 791	1 798	2 420	1 432
		31 675	33 272	12 361	12 552
Changes in operating assets and liabilities:					
(Increase) in inventories		(45 706)	(42 599)	(31 758)	(24 277)
(Increase) in receivables		(167)	(6 012)	(10 457)	(7 553)
Unrealized foreign exchange (gain) loss		(398)	(176)	-	(13)
Increase in payables		47 403	42 136	36 640	24 203
Cash generated by operations		32 807	26 621	6 786	4 912
Income tax paid		(1 101)	(1 918)	(75)	(246)
Interest paid		(3 129)	(1 801)	(3 082)	(1 758)
Net cash from operating activities		28 577	22 902	3 629	2 908
INVESTING ACTIVITIES					
Interest received		7	3	363	326
Dividends received		-	-	8 516	7 273
Loans granted for subsidiaries		-	-	(35 155)	(76 152)
Loans repayments received from subsidiaries		-	-	44 900	73 886
Purchases of property, plant and equipment and intangible assets	4	(14 773)	(24 575)	(9 144)	(13 399)
Proceeds on disposal of property, plant and equipment		650	25	82	25
Investment in subsidiaries	5	-	-	(300)	(593)
Net cash used in investing activities		(14 116)	(24 547)	9 262	(8 634)
FINANCING ACTIVITIES					
Dividends paid	9	(5 647)	(3 882)	(5 647)	(3 882)
Proceeds from borrowings	6	39 338	27 774	98 692	27 774
Repayments of borrowings	6	(49 379)	(23 462)	(105 782)	(23 462)
Repayments of obligations under finance leases		(14)	(14)	(14)	(14)
Net cash from financing activities		(15 702)	416	(12 751)	416
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		(1 241)	(1 229)	140	(5 310)
CASH AND OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		(7 161)	(3 074)	(5 032)	(1 002)
AT THE END OF THE PERIOD		(8 402)	(4 303)	(4 892)	(6 312)

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 30 September 2008 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
OU Apranga	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel
OU Apranga Estonia	Estonia	Viru 4, Tallinn	Retail trade of apparel
OU Apranga BEE	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel

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 2008 the Company had 3367 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	18 487 729	52.4%
AS Hansabank clients	10060701	Liivalaia 8 Tallinn, Estonia	3 911 538	9.1%
JP Morgan Bank Luxembourg SA clients	B10958	6, route de Trèves, Senningerberg, Luxembourg	1 857 817	5.2%

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 by countries was as follows (LTL thousand, VAT included):

Country	9 months 2008	9 months 2007	Change
Lithuania	250 004	202 106	23.7%
Latvia	90 853	76 466	18.8%
Estonia	34 543	27 874	23.9%
Total:	375 400	306 446	22.5%

Apranga Group has opened 7 new stores in nine months 2008 (see 4. „Investments into non-current assets“).

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

Country	30 09 2008	30 09 2007	Change
Lithuania	60	55	9.1%
Latvia	23	21	9.5%
Estonia	7	3	133.3%
Total:	90	79	13.9%

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

Country	30 09 2008	30 09 2007	Change
Lithuania	38.4	33.7	13.9%
Latvia	13.6	12.4	9.7%
Estonia	4.9	2.6	88.5%
Total:	56.9	48.7	16.8%

Main Indicators of the Group	9 months 2008	9 months 2007	Change
Net sales, LTL thousand	309 385	258 762	19.6%
Net sales in foreign markets, LTL thousand	105 440	88 329	19.4%
Like-to-like sales	0.7%	11.1%	
Gross profit, LTL thousand	134 516	114 641	17.3%
Gross margin	43.5%	44.3%	
EBT, LTL thousand	12 688	20 262	-37.4%
EBT margin	4.1%	7.8%	
Net profit, LTL thousand	10 306	16 611	-38.0%
Net margin	3.3%	6.4%	
EBITDA, LTL thousand	30 644	33 634	-8.9%
EBITDA margin	9.9%	13.0%	
Return on equity (end of the period)	11.2%	21.0%	
Return on assets (end of the period)	4.3%	8.1%	
Net debt to equity*	40.8%	57.2%	
Current ratio, times	1.1	1.3	-11.8%

*Interest bearing liabilities / Equity

Main Indicators of the Group	Q3 2008	Q3 2007	Change
Net sales, LTL thousand	116 528	103 836	12.2%
Net sales in foreign markets, LTL thousand	39 703	36 226	9.6%
Like-to-like sales	-1.4%	7.7%	
Gross profit, LTL thousand	50 549	43 981	14.9%
Gross margin	43.4%	42.4%	
EBT, LTL thousand	8 974	9 578	-6.3%
EBT margin	7.7%	9.2%	
Net profit, LTL thousand	7 501	8 449	-11.2%
Net margin	6.4%	8.1%	
EBITDA, LTL thousand	15 037	14 474	3.9%
EBITDA margin	12.9%	13.9%	
Return on equity (end of the period)	8.2%	10.7%	
Return on assets (end of the period)	3.1%	4.1%	
Net debt to equity*	40.8%	57.2%	
Current ratio, times	1.1	1.3	-11.8%

*Interest bearing liabilities / Equity

At 30 September 2008 the Group and the Company had 1620 and 805 employees, respectively. Number of employees in the Group and the Company during the last 12 months has increased by 120 and 68, respectively.

On 30 September 2008 the average monthly salary in the Group companies was LTL 2657 and has increased by 8.4% during the last 12 months.

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	30 09 2008	31 12 2007	30 09 2007
1 EUR =	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL =	4.8742 LTL	4.9567 LTL	4.8903 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	9 months 2008			
	Lithuania	Latvia	Estonia	Total
Total segment revenue	235 453	78 342	30 247	344 042
Intersegment revenue	(31 508)	(2 048)	(1 101)	(34 657)
Revenue	203 945	76 294	29 146	309 385

LTL thousand	9 months 2008			
	Lithuania	Latvia	Estonia	Lithuania
Total segment revenue	198 997	65 731	23 936	288 664
Intersegment revenue	(28 564)	(1 038)	(300)	(29 902)
Revenue	170 433	64 693	23 636	258 762

LTL thousand	Assets	
	30 09 2008	30 09 2008
Lithuania	181 604	156 277
Latvia	39 556	38 413
Estonia	20 129	11 414
Total	241 289	206 104

4. Investments into non-current assets

Investments into development of retail network amounted to LTL 8551 thousand in 9 months of 2008. Acquisitions of other non-current assets (vehicles, warehouse and office equipment, IT) amounted to LTL 5974 thousand in 9 months of 2008.

5. Investments into subsidiaries

In January 2008 the Company has established a subsidiary UAB Apranga SLT with share capital of LTL 300 thousand comprised of 300 shares with par value LTL 1 thousand each. The Company has made the instalment to the share capital in cash. The Company controls 100% of the subsidiary's capital and voting rights.

2 subsidiaries were established by the Company in October 2008 (see "10. Post balance sheet events")

6. Borrowings

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 1600 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.

In June 2008, the Group and SEB Bank concluded an agreement for the change of the previously concluded agreement for credit line. According to it, the Group was granted a credit line of LTL 80000 thousand for financing of future expansion and working capital, also for issuance of guarantees and letters of credit. The credit line expires on 31 May 2010, the interests are paid for the amount used and the interest rate is calculated as the overnight VILIBOR plus margin.

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 20000 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 200000.

8. Guarantees

As of 30 September 2008 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 23548 thousand (31 December 2007: LTL 17868 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 September 2008 amounted to LTL 29292 thousand (31 December 2007: LTL 33729 thousand).

As of 30 September 2008 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL 7799 thousand (31 December 2007: LTL 7931 thousand). As of 30 September 2008 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2431 thousand (31 December 2007: LTL 893 thousand).

9. Dividends

The Annual shareholders meeting of APB Apranga held on 30 April has resolved to pay LTL 5647 thousand in dividends, LTL 0.16 per share. The dividends were paid in cash on 26 May 2008.

10. Post balance sheet events

In October 2008 The Company has established 2 subsidiaries: OU Apranga PB Trade and OU Apranga ST Retail. The minimal share capital of each subsidiary is EEK 40 thousand, which was fully paid in cash. The Company controls 100% of the subsidiaries' capital and voting rights.
