APRANGA GROUP

6 April 2010
Vilnius

CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Financial Statements for the year 2009 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.

As well we confirm that by our knowledge Consolidated Report for the year 2009 gives correct overview of business development and activities of Apranga Group.

Apranga Group General Manager
Rimantas Perveneckas

Apranga Group Chief Financial Officer
Saulius Bačauskas

APB APRANGA

Consolidated and Company’s Financial Statements,
Consolidated Annual Report and
Independent Auditor’s Report

for the year ended 31 December 2009

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Translation note:

This version of the accompanying documents is a translation from the original, which was prepared in Lithuanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the accompanying documents takes precedence over this translation.

PRICEWATERHOUSECOOPERS

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Translation note

Our report has been prepared in Lithuanian language and in English language. In all matters of interpretation of information, views or opinions, the Lithuanian language version of our report takes precedence over the English language version.

Independent auditor's report

To the Shareholders of APB Apranga

Report on the Financial Statements

We have audited the accompanying stand alone and consolidated financial statements (the 'Financial Statements') of APB Apranga (the 'Company') and its subsidiaries (together the 'Group') set out on pages 5 – 37 which comprise the stand alone and consolidated balance sheet as at 31 December 2009 and the stand alone and consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company and the Group as of 31 December 2009 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

Furthermore, we have read the Consolidated Annual Report for the year ended 31 December 2009 set out on pages 38 – 69 and have not noted any material inconsistencies between the financial information included in it and the audited Financial Statements for the year ended 31 December 2009.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
6 April 2010

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
		Year ended 31 December		Year ended 31 December	
	Note	**2009**	**2008**	**2009**	**2008**
Revenue	**4**	314 912	418 622	152 912	219 019
Cost of sales	**5**	(185 406)	(232 419)	(103 227)	(140 068)
Gross profit		**129 506**	**186 203**	**49 685**	**78 951**
Selling costs	**5**	(118 185)	(141 820)	(51 880)	(63 472)
General and administrative expenses	**5**	(29 004)	(24 123)	(20 631)	(17 802)
Other income	**6**	1 088	1 036	14 010	17 618
Net foreign exchange gain (loss)		(12)	14	32	(39)
Operating profit (loss)		**(16 607)**	**21 310**	**(8 784)**	**15 256**
Finance costs	**7**	(3 127)	(3 844)	(3 626)	(3 811)
Profit (loss) before income tax		**(19 734)**	**17 466**	**(12 410)**	**11 445**
Income tax expense	**8**	2 829	(3 682)	3 587	(1 528)
Profit (loss) for the year	**11**	**(16 905)**	**13 784**	**(8 823)**	**9 917**
Other comprehensive income					
Currency translation difference		(93)	(377)	-	-
TOTAL COMPREHENSIVE INCOME		**(16 998)**	**13 407**	**(8 823)**	**9 917**
Basic and diluted earnings (losses) per share (in LTL)	**11**	**(0,36)**	**0,39**	**(0,19)**	**0,28**

The notes on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved by Management Board on 6 April 2010 and signed by:

Rimantas Perveneckas
General Director

Saulius Bačauskas
Chief Financial Officer

BALANCE SHEET

		Group		Company	
		As at 31 December		As at 31 December	
	Note	2009	2008	2009	2008
ASSETS					
Non-current assets					
Property, plant and equipment	12	97 705	110 363	63 396	72 796
Intangible assets	13	1 303	1 592	969	1 158
Investments in subsidiaries	14	-	-	10 631	9 987
Prepayments	17	924	853	395	425
Trade and other receivables	20	66	84	66	84
Deferred tax assets	9	384	-	384	-
		100 382	**112 892**	**75 841**	**84 450**
Current assets					
Inventories	15	65 211	85 525	42 948	57 330
Non-current assets held for sale	16	1 118	1 118	1 118	1 118
Prepayments	17	1 013	5 451	390	1 466
Trade and other receivables	20	2 743	3 578	27 940	23 400
Cash and cash equivalents	21	4 048	4 882	1 289	1 797
		74 133	**100 554**	**73 685**	**85 111**
TOTAL ASSETS		**174 515**	**213 446**	**149 526**	**169 561**
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	22	55 292	35 292	55 292	35 292
Legal reserve	23	2 912	2 416	2 912	2 416
Translation difference		(464)	(405)	-	-
Retained earnings		40 640	58 075	23 971	33 290
		98 380	**95 378**	**82 175**	**70 998**
Non-current liabilities					
Deferred tax liabilities	9	2 228	5 312	-	3 199
Other liabilities		187	201	187	201
		2 415	**5 513**	**187**	**3 400**
Current liabilities					
Borrowings	24	41 166	56 889	50 123	53 811
Bonds issued	25	-	20 656	-	20 656
Obligations under finance leases		-	16	-	16
Current income tax liability		212	432	66	30
Trade and other payables	26	32 342	34 562	16 975	20 650
		73 720	**112 555**	**67 164**	**95 163**
Total liabilities		**76 135**	**118 068**	**67 351**	**98 563**
TOTAL EQUITY AND LIABILITIES		**174 515**	**213 446**	**149 526**	**169 561**

The notes on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved by Management Board on 6 April 2010 and signed by:

Rimantas Perveneckas
General Director

Saulius Bačauskas
Chief Financial Officer

STATEMENTS OF CHANGES IN EQUITY

GROUP

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2008		**35 292**	**1 550**	**(76)**	**50 852**	**87 618**
Comprehensive income						
Profit for the year 2008					13 784	13 784
Other comprehensive income						
Currency translation difference		-	-	(329)	(48)	(377)
Total comprehensive income		**-**	**-**	**(329)**	**13 736**	**13 407**
Transactions with owners						
Transfer to legal reserve	**23**	-	866	-	(866)	-
Dividends paid	**10**	-	-	-	(5 647)	(5 647)
Balance at 31 December 2008		**35 292**	**2 416**	**(405)**	**58 075**	**95 378**
Comprehensive income						
Loss for the year 2009		-	-	-	(16 905)	(16 905)
Other comprehensive income						
Currency translation difference		-	-	(59)	(34)	(93)
Total comprehensive income		**-**	**-**	**(59)**	**(16 939)**	**(16 998)**
Transactions with owners						
Transfer to legal reserve	**23**	-	496	-	(496)	-
Shares issue	**10**	20 000	-	-		20 000
Balance at 31 December 2009		**55 292**	**2 912**	**(464)**	**40 640**	**98 380**

COMPANY

	Note	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2008		**35 292**	**1 550**	**29 886**	**66 728**
Comprehensive income					
Profit for the year 2008		-	-	9 917	9 917
Transactions with owners					
Transfer to legal reserve	**23**	-	866	(866)	-
Dividends paid	**10**	-	-	(5 647)	(5 647)
Balance at 31 December 2008		**35 292**	**2 416**	**33 290**	**70 998**
Comprehensive income					
Loss for the year 2009		-	-	(8 823)	(8 823)
Transactions with owners					
Transfer to legal reserve	**23**	-	496	(496)	-
Shares issued	**10**	20 000	-		20 000
Balance at 31 December 2009		**55 292**	**2 912**	**23 971**	**82 175**

The notes on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved by Management Board on 6 April 2010 and signed by:

Rimantas Perveneckas General Director	Saulius Bačauskas Chief Financial Officer

STATEMENTS OF CASH FLOW

		Group		Company	
		Year ended 31 December		Year ended 31 December	
	Note	2009	2008	2009	2008
OPERATING ACTIVITIES					
Profit (loss) before income taxes		(19 734)	17 466	(12 410)	11 445
Adjustments for:					
Depreciation and amortization	5	22 765	20 512	10 734	9 666
Impairment charge	12	815	-	701	-
Change in allowances for slow-moving inventories	5	1 476	1 189	1 211	1 047
(Gain) / Loss on disposal of property, plant and equipment		(67)	192	(34)	207
Write-off of property, plant and equipment	5	5 807	284	4 528	284
Dividends income	6	-	-	(7 446)	(8 516)
Interest expenses	7	3 098	3 837	2 563	3 332
		14 160	**43 480**	**(153)**	**17 465**
Changes in operating assets and liabilities:					
Decrease (Increase) in inventories		18 838	(12 893)	13 171	(13 419)
Decrease (Increase) in receivables		5 220	(1 081)	26	(5 007)
Unrealized foreign exchange loss		(93)	(144)	(32)	39
Increase (decrease) in payables		(2 234)	(1 498)	(3 657)	1 825
Cash generated from operations		**35 891**	**27 864**	**9 355**	**903**
Income taxes paid		(859)	(2 581)	40	(396)
Interest paid		(3 784)	(3 735)	(4 283)	(3 700)
Net cash from operating activities		**31 248**	**21 548**	**5 112**	**(3 193)**
INVESTING ACTIVITIES					
Interest received		30	-	1 064	479
Dividends received	6	-	-	7 446	8 516
Loans granted	27	(17 000)	-	(78 336)	(53 009)
Loans repayments received	27	17 000	-	74 894	59 683
Purchases of property, plant and equipment and intangible assets		(21 707)	(23 662)	(6 656)	(13 716)
Proceeds on disposal of property, plant and equipment		5 334	2 061	316	101
Investment in subsidiaries	14	-	-	(644)	(464)
Net cash used in investing activities		**(16 343)**	**(21 601)**	**(1 916)**	**1 590**
FINANCING ACTIVITIES					
Dividends paid	10, 23	-	(5 647)	-	(5 647)
Proceeds from borrowings	24	6 149	88 063	63 001	165 452
Repayments of borrowings	24	(23 149)	(78 189)	(72 133)	(155 075)
Repayments of obligations under finance leases		(16)	(20)	(16)	(20)
Repurchase of bonds	22	(20 000)	-	(20 000)	-
Proceeds from shares issue	22	20 000	-	20 000	-
Net cash from financing activities		**(17 016)**	**4 207**	**(9 148)**	**4 710**
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		**(2 111)**	**4 154**	**(5 952)**	**3 107**
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD	21	**(3 007)**	**(7 161)**	**(1 925)**	**(5 032)**
AT THE END OF THE PERIOD	21	**(5 118)**	**(3 007)**	**(7 877)**	**(1 925)**

The notes on pages 9 to 37 are an integral part of these financial statements.

These financial statements were approved by Management Board on 6 April 2010 and signed by:

Rimantas Perveneckas
General Director

Saulius Bačauskas
Chief Financial Officer

1. GENERAL INFORMATION

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993 in Lithuania The Company's main office is situated in Kirtimų str. 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 the Company's shareholders were:

	2009		2008	
	Number of shares	**% of total ownership**	**Number of shares**	**% of total ownership**
UAB MG Baltic investment	29 677 397	53,67	18 487 729	52,39
Swedbank AS (Estonia) clients	5 456 737	9,87	3 076 248	8,72
UAB Minvista	3 569 954	6,46	1 260 980	3,57
Other	16 587 872	30,0	12 467 003	35,32
Total	**55 291 960**	**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's shareholders' meeting has the power to amend the financial statements between their issue and the approval at Annual General Meeting of Shareholders.

The Company is listed on NASDAQ OMX Vilnius Stock Exchange.

At 31 December 2009 the Group consisted of the Company and the following its 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
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
SIA Apranga SLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga[1]	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
OU Apranga PB Trade	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel
OU Apranga ST Retail	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel

[1] The Company directly owns 53.85% shares and indirectly through its subsidiary owns the rest 46.15% of shares (Note 14)

At 31 December the Group's number of shops was:

Country	Total number of shops		Shops, where premises are owned by Group	
	2009	**2008**	**2009**	**2008**
Lithuania	74	71	7	7
Latvia	29	23	-	-
Estonia	6	7	-	-
Total	**109**	**101**	**7**	**7**

At 31 December 2009 the Group and the Company employed 1 286 and 580 people respectively (2008: 1 537 and 769 people respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

These financial statements have been prepared under the historical cost convention.

2.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

International Financial Reporting Standards require that in preparing the financial statements, management of the Company and the Group make estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, except for the following:

(a) Income taxes

Tax authorities have right to examine accounting records of the Company and its Lithuanian subsidiaries at anytime during the 5 year period after the current tax year (the Latvian and Estonian subsidiaries - 3 and 7 year period after the current year respectively) and account for additional taxes and fines. In the opinion of the Company's management, currently there are no circumstances which would raise substantial liability in this respect to the Company and to the Group.

(b) Related party transactions

In the normal course of business the Company and the Group enters into transactions with its related parties. These transactions, except for the Company's transactions with its subsidiaries, are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties.

The Company's transactions with its subsidiaries are priced predominantly at cost. Annual management fees are charged to the subsidiaries for an estimated amount which adjusts pricing of all transactions carried out with subsidiaries during the year to the market rates.

(c) Revenue recognition

Management judgment is needed to determine whether revenue for certain sales transactions should be recorded on a gross basis or on a net basis. Revenue is recognised on a gross basis where the role is that of principal in a transaction. The gross basis represents the sales price after discounts, with any related costs charged to expenses. Where the Company or the Group would act on a consignment basis in a transaction, revenue would be recognised on the net basis and inventory held on consignment is not recognised in the balance sheet.

(d) Estimates concerning useful lives of property, plant and equipment

The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life.

(e) Impairment of property, plant and equipment

Each shop is considered to represent a separate cash generating unit for impairment test. The Group has tested its leasehold improvements and other fixed assets whether those have suffered any impairment, in accordance with the accounting policies stated in note 2.9. The Group has used "value in use" calculations to test for impairment as information on fair value less costs to sell was not available. These calculations require the use of estimates (note 12).

2.3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company and the Group has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on 1 January 2009.

(a) The following new standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009:

- IAS 1 (Revised), Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group and the Company applies IAS 1 (Revised) from 1 January 2009.

- Improving Disclosures about Financial Instruments - Amendment to IFRS 7 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. The Group and the Company will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk.

- IFRS 8, 'Operating segments' (effective for annual periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The standard is applicable to the Group and the Company and is applied from 1 January 2009. Information on operating segments is provided in Note 4.

- IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 was issued in March 2007. The main change to IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize such borrowing costs as part of the cost of the asset. The revised standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. The policy of the Company and the Group is to capitalize borrowing costs that relate to assets that take more than 1 year to get ready for use. The policy is applied from 1 January 2009 prospectively.

(b) The following new standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 but they are not relevant to the Group's operations:

- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. These amendments do not have any impact on the Group's financial statements.

- IFRS 1 (Amendment) 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements'(effective from 1 January 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment does not have any impact on the Group's financial statements.

- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment does not have an impact on the Group's financial statements.

- IFRIC 11, "IFRS 2 – Group and treasury share transactions". Interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

- IFRIC 12, Service Concession Arrangements (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, early adoption permitted). The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements. Application of IFRIC did not have any impact on the Group's financial statements.

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Group's operations, because it does not operate any loyalty programmes.

- IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction", provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements, as the Group does not have any defined benefit plans.

(c) The following new standards, amendments to existing standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

- IFRS 3 'Business Combinations' (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The standard should not have any impact on the Group's financial statements.

- IFRIC 15 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions. IFRIC 15 should not have any impact on the Group's financial statements.

- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, with early adoption permitted). IFRIC 16 should not have any impact on the Group's financial statements.

- IAS 27 'Consolidated and Separate Financial Statements' (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. These amendments should not have any impact on the Group's financial statements.

- Eligible Hedged Items—Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. These amendments should not have any impact on the Group's financial statements.

- IFRIC 17 'Distribution of Non-Cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 should not have any impact on the Group's financial statements.

- IFRS 1 'First-time Adoption of International Financial Reporting Standards' (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The standard should not have any impact on the Group's financial statements.

- IFRIC 18 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. IFRIC 18 should not have any impact on the Group's financial statements.

- Embedded Derivatives - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June 2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. These amendments should not have any impact on the Group's financial statements.

- Classification of Rights Issues – Amendment to IAS 32 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. This amendment should not have any impact on the Group's financial statements.

- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2 'Share-based Payment' (effective for annual periods beginning on or after 1 January 2010, not yet adopted by the EU). These amendments should not have any impact on the Group's financial statements.

- Additional Exemptions for First-time Adopters - Amendments to IFRS 1 'First-time Adoption of IFRS' (effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU). These amendments should not have any impact on the Group's financial statements.

- IAS 24 'Related Party Disclosures' (amended November 2009, effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities. These amendments should not have an impact on the Group's financial statements.

- IFRS 9 'Financial Instruments' (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted; not yet adopted by the EU). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. The management is currently assessing an impact on the Group's financial statements.

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. These amendments should not have an impact on the Group's financial statements.

- Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. These amendments should not have an impact on the Group's financial statements.

- Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (and consequential amendments to IFRS 1) (effective for annual periods beginning on or after 1 July 2009). This amendment to IFRS 5 is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that an entity committed to a sale plan involving loss of control of a subsidiary would classify the subsidiary's assets and liabilities as held for sale. The revised guidance should be applied prospectively from the date at which the entity first applied IFRS 5. These amendments should not have an impact on the Group's financial statements.

- Improvements to International Financial Reporting Standards, issued in April 2009 (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010; the improvements have not yet been adopted by the EU). These amendments should not have an impact on the Group's financial statements.

IFRIC 19, IFRS 9, amended IFRIC 14, IFRS 1, 2, 5 as well as revised IAS 24 have not been yet adopted by the EU. Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

2.4 CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal or other date on which the control over subsidiary is ceased, as appropriate.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as General Director and other 6 Directors who make strategic decisions.

2.6 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Lithuanian Litas, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

(b) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlements of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(c) Group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Lithuanian Litas using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

The applicable rates used for the principal currencies as of 31 December 2009 and 2008 were as follows:

		2009			**2008**
1 EUR	=	3.4528 LTL	1 EUR	=	3.4528 LTL
1 LVL	=	4.8679 LTL	1 LVL	=	4.8872 LTL
10 EEK	=	2.2067 LTL	10 EEK	=	2.2067 LTL

2.7 INTANGIBLE ASSETS

Intangible assets expected to provide economic benefit to the Company and the Group in future periods are valued at acquisition cost less subsequent accumulated amortisation.

Amortisation is calculated on a straight-line basis to write off the cost of each asset over the estimated useful life as follows:

Software	3-5 years
Licences and rights acquired	5-9 years

Amortisation is accounted for as selling expense.

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is charged so as to write-off the cost of fixed assets to their residual value over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	15-50 years
Plant and equipment	5-20 years
Leasehold improvements	4-10 years
Other fixed assets	3-6 years

Property, plant and equipment acquired under finance leases are depreciated over the shorter of lease term or their expected useful lives on the same basis as own assets.

All depreciation of property, plant and equipment is recognised in the statement of comprehensive income and accounted for as selling expenses.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 2.9). Impairment of property, plant and equipment as well as reversals of impairment during the year are included into selling costs caption in the statement of comprehensive income.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income within operating profit.

The Group and the Company capitalise borrowing costs that relate to assets that take more than 12 months to get ready for use. Otherwise borrowing costs are recognised as expenses of the current reporting period. The policy is applied from 1 January 2009 prospectively.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each balance sheet date, the Company and the Group reviews the carrying amounts of its tangible and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

2.10 INVESTMENTS IN SUBSIDIARIES

In the separate Company's financial statements investments in subsidiaries are carried at cost. The carrying value of investments is reduced to recognize an impairment loss of the value of the investments, such reduction being determined and made for each investment individually. Dividends received are credited to the parent's statement of comprehensive income.

2.11 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered through a disposal rather than through continuing use. This condition is regarded as met only when the disposal is highly probable and the asset is available for immediate disposal sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' acquisition cost and fair value less costs to sell.

2.12 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs to be incurred in selling.

2.13 FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognized on the Company's and Group's balance sheet when the Company or the Group becomes a party to the contractual provisions of the instrument.

The Group and the Company classifies all its financial assets into the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'general and administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the statement of comprehensive income.

(b) Cash and cash equivalents

Cash and cash equivalents are carried at nominal value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included in borrowings in current liabilities on the balance sheet.

(c) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value. Bank borrowings are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of comprehensive income.

Borrowings are classified as current liabilities unless the Company or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(d) Issued bonds

Issued bonds are classified as financial liabilities, which are repurchased in one amount or in instalments under a certain repayment schedule. Issued bonds are recognized initially at fair value, being their issue proceeds net of transaction cost incurred. They are measured at amortized cost using the effective interest rate approach.

(e) Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.14 SHARE CAPITAL

(a) Ordinary shares

Ordinary shares are stated at their par value. Consideration received for the shares sold in excess over their par value is shown as share premium. Incremental external costs directly attributable to the issue of new shares are accounted for as a deduction from share premium.

2.15 RESERVE

(a) Translation reserve

The translation reserve is used for translation differences arising on consolidation of financial statements of foreign subsidiaries. Exchange differences are classified as equity in the consolidated financial statements until disposal of the investment. Upon disposal of the corresponding assets, the cumulative revaluation of translation reserves is recognised as income or expenses in the same period when the gain or loss on disposal is recognised.

(b) Other reserves

Other reserves are established upon the decision of annual general meeting of shareholders on profit appropriation. These reserves can be used only for the purposes approved by annual general meeting of shareholders.

Legal reserve is included into other reserves. Legal reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5 per cent of net result are required until the reserve reaches 10 per cent of share capital. The legal reserve cannot be used for payment of dividends and it is established to cover future losses only.

2.16 INCOME TAX

(a) Current income tax

The Group companies are taxed individually irrespective of the overall results of the Group.

The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the respective country in which group entity operates.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

The income tax rate applied for the Company and subsidiaries operating in Lithuania was 15% in 2008. Income tax rate applied for the Company and subsidiaries operating in Lithuania on current year taxable profits is 20%, and 15% will be applied in the year 2010 and after. Income tax rate on current year taxable profits in Latvia is 15% and in Estonia nil. However, in Estonia profit tax is payable in the year of distribution of earnings at a rate of 21% in 2008, 2009 and after.

(b) Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.17 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) the Company or the Group as lessor

Payments received under operating leases (net of any incentives given to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease (Note 12).

(b) the Company or the Group as lessee

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables except for instalments due within 12 months which are included in current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

If sale and leaseback transaction results in a finance lease, any excess or shortfall of sales proceeds over the carrying amount is not recognised immediately and is deferred and amortised over the lease term.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction was established at fair value, any profit or loss is recognised immediately, except that if loss is compensated for by future lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

2.18 EMPLOYEE BENEFITS

(a) Social security contributions

The Company and the Group pays social security contributions to the state Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Group pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period. Social security contributions are recognised as expenses on an accrual basis and included in payroll expenses.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company and the Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(c) Bonus plans

The Company and the Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 PROVISIONS

Provisions for restructuring costs and legal claims are recognised when: the Company or the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 REVENUE RECOGNITION AND RELATED EXPENSES

Revenues are recognized as income on an accrual basis when earned. Expenses are charged to operations as incurred.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received of receivable for goods and services provided net of value-added tax, rebates and discounts.
Revenue is recognized as follows:

(a) Sales of goods – retail

Sales of goods are recognized when the Company or another Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in operating expenses. Revenue received under consignment where the Group is a consignee is recognised on a net basis.

(b) Sales of services

Revenue from services is recognised on performance of the services.

(c) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Rental income

Payments received under operating leases (net of any incentives given to the lessee) are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's and Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributed to the shareholders of the Company from average weighted number of ordinary registered shares in issue, excluding ordinary registered shares purchased by the Group and held as treasury shares, if any.

2.23 RELATED PARTIES

Parties are considered to be related if:

(a) directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the entity that gives it significant influence over the entity; or

(iii) has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venturer;

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

3. FINANCIAL RISK MANAGEMENT

The ongoing global financial and economic crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2008 (often referred to as the "Credit Crunch") has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing global financial and economic crisis is proving to be difficult to anticipate or completely guard against.

Management is unable to reliably determine the effects on the Group's future financial position of any further deterioration in the Group's operating environment as a result of the ongoing crisis. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

(a) Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policy with respect to these financial instruments is described in previous section

Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial, therefore risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and Group have no significant concentration of credit risk.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve (comprises undrawn borrowing facility (Note 24) and cash and cash equivalents (Note 21) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the group in accordance with practice set by the group. In addition, the group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Trade and other payables due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Group		**Company**	
As at 31 December 2009	**Less than 1 year**	**Between 1 and 2 years**	**Less than 1 year**	**Between 1 and 2 years**
Borrowings	41 771	-	51 393	-
Bonds	-	-	-	-
Obligations under finance leases	-	-	-	-
Trade and other payables	23 787	-	12 745	-
Total	**65 558**	**-**	**64 138**	**-**

	Group		**Company**	
As at 31 December 2008	**Less than 1 year**	**Between 1 and 2 years**	**Less than 1 year**	**Between 1 and 2 years**
Borrowings	59 848	-	56 852	-
Bonds	21 198	-	21 198	-
Obligations under finance leases	16	-	16	-
Trade and other payables	22 060	-	13 330	-
Total	**103 122**	**-**	**91 396**	**-**

Market risk

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings (Note 24). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to VILIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for receivables and liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on post tax profit of a 1% shift in interest rates would be a maximum increase or decrease of LTL 146 thousand (2008: LTL 600 thousand) for the Group and LTL 133 thousand (2008: LTL 549 thousand) for the Company.

Foreign exchange risk

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. At the moment the Company and the Group doesn't use any derivative financial instruments in order to control foreign currencies exchange risk.

The Group operates in Lithuania, Latvia and Estonia and accordingly has three functional currencies that all are pegged with EUR and do not fluctuate significantly.

Price risk

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

(b) Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a public limited liability company must be not less than LTL 150 thousand and of a private limited liability company must be not less than LTL 10 thousand. In addition, for all entities the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2009 and 31 December 2008, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorised share capital of a private limited liability company must be not less than LVL 25 thousand. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 31 December 2008, all of the Company's Latvian subsidiaries complied with these requirements. As at 31 December 2009 SIA Apranga had not complied with the requirements. The Group management decided to increase the share capital of SIA Apranga in order to comply with the statutory requirements. The additional share capital injection needed will be exactly calculated after General shareholders' meeting of the subsidiary.

Pursuant to the Estonian Commercial Code the authorised share capital of a private limited liability company must be not less than EEK 40 thousand. In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 31 December 2008, all of the Company's Estonian subsidiaries complied with these requirements. At 31 December 2009 OU Apranga not complied with the requirements. The Group management decided to increase the share capital of OU Apranga in order to comply with the statutory requirements. The additional share capital injection needed will be exactly calculated after General shareholders' meeting of the subsidiary.

In addition, the Group has to comply with the financial covenants imposed in the agreement with SEB Bank.
The Group was in compliance with the covenants as at 31 December 2009.

(c) Fair value estimation

Fair value represents the amount at which an asset could be exchanged or liability settled on an arm's length basis. Where, in the opinion of the management, the fair value of financial assets and liabilities differs materially from their book value, such fair values are separately disclosed in the notes to the financial statements.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the General Director and other 6 Directors (responsible for managing, marketing, human resources, purchases, development and finance) that are used to make strategic decisions.

The Directors consider the business from both a geographic and product perspective to certain extent. From product perspective Directors review only sales volume and gross margin by brand name. Gross margins of different brands are not significantly different, therefore can be aggregated into one reportable segment. Geographically, Directors separately consider operations in Lithuania, Latvia and Estonia depending on where the stores are located. Different legislation, consumer habits and economic situation substantially affect the average sales and expenses in each country, therefore Directors believe that each country represents a separate reportable segment.

All financial information, including the measure of profit and total assets, is analysed on a country basis.

The segment information provided to the Directors for the reportable segments for the year ended 31 December 2009 is as follows:

31 December 2009	**Lithuania**	**Latvia**	**Estonia**	**Total**	**Inter-company elimina-tions**	**Total in consolidated financial statements**
Total segment revenue	228 927	75 589	36 044	340 560	-	
Inter-segment revenue	(20 979)	(3 562)	(1 107)	(25 648)	-	
Revenue from external customers	**207 948**	**72 027**	**34 937**	**314 912**	**-**	**314 912**
Gross margin	**40,2%**	**40,7%**	**47,2%**	**41,1%**		**41,1%**
Other income and expenses:						
Rent and utilities	29 215	9 351	4 266	42 832	(308)	42 524
Renumeration and social security contributions	30 643	8 666	3 801	43 110		43 110
Depreciation and amortisation	15 164	4 970	2 631	22 765		22 765
Costs incurred in association with closing shops	7 272	1 100	1 567	9 939		9 939
PPE impairment charges	701	114	-	815		815
Other income and expenses	14 657	9 353	2 671	26 681	308	26 989
Finance income	1 260	17	314	1 591	(1 561)	30
Finance costs	(3 954)	(596)	(138)	(4 688)	1 561	(3 127)
Income tax expense	(3 054)	(144)	369	(2 829)		(2 829)
Profit (loss) for the year	**(13 602)**	**(4 679)**	**1 376**	**(16 905)**	**-**	**(16 905)**
Total assets	161 558	33 280	15 019	209 857	(35 726)	174 131
Additions to non-current assets (other than financial instruments and prepayments for leases)	7 408	8 070	895	16 373		16 373

31 December 2008	**Lithuania**	**Latvia**	**Estonia**	**Total**	**Inter-company elimina-tions**	**Total in consolidated financial statements**
Total segment revenue	314 273	103 053	39 689	457 015	-	
Inter-segment revenue	(34 738)	(2 375)	(1 280)	(38 393)	-	
Revenue from external customers	**279 535**	**100 678**	**38 409**	**418 622**	**-**	**418 622**
Gross margin	**43,8%**	**45,4%**	**47,1%**	**44,5%**		**44,5%**
Other income and expenses:						
Rent and utilities	34 371	12 557	4 110	51 038	(543)	50 495
Renumeration and social security contributions	42 142	12 342	4 339	58 823		58 823
Depreciation and amortisation	13 613	4 347	2 552	20 512		20 512
Costs incurred in association with closing shops	314	-	-	314		314
PPE impairment charges	-	-	-	-		-
Other income and expenses	16 638	12 531	5 047	34 216	543	34 759
Finance income	608	33	168	809	(799)	10
Finance costs	(3 923)	(539)	(181)	(4 643)	799	(3 844)
Income tax expense	2 973	503	206	3 682		3 682
Profit for the year	**9 042**	**2 921**	**1 821**	**13 784**	**-**	**13 784**
Total assets	187 070	33 855	15 266	236 191	(22 745)	213 446
Additions to non-current assets (other than financial instruments and prepayments for leases)	17 753	1 628	2 260	21 641		21 641

In 2009 the economic situation was better in Estonia as compared to Lithuania and Latvia. This is reflected by smaller decrease in sales volumes and higher gross margins year – to - year. The gross profitability also fell in Lithuania and Latvia together with increase in number of outlets stores and volumes of sales in these countries. There are no outlet stores in Estonia.

The total non-current assets other than financial instruments and deferred tax assets located in Lithuania is LTL 77 348 thousand (2008: LTL 90 851 thousand), and the total of these non-current assets located in other countries is LTL 22 584 thousand (2008: LTL 21 957 thousand).

5. EXPENSES BY NATURE

For the year ended 31 December cost of sales consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Cost of goods sold	183 930	231 230	102 016	139 021
Write-down of inventories to net realisable value	4 816	3 340	4 252	3 041
Reversal of prior year write-down of inventories to net realisable value	(3 340)	(2 151)	(3 041)	(1 994)
Total cost of sales	**185 406**	**232 419**	**103 227**	**140 068**

For the year ended 31 December selling costs consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Rent and utilities	42 524	50 495	19 993	23 728
Remuneration	27 224	37 423	11 324	16 742
Social security contributions	8 139	11 096	3 662	5 330
Depreciation and amortization	22 765	20 512	10 734	9 666
Impairment charge	815	-	701	-
Advertising and marketing	3 704	5 931	2 125	3 617
Franchise expenses	6 379	8 631	403	555
Bank commissions	3 604	4 061	1 287	1 655
Labelling, packing and repairing	1 708	1 999	733	987
Logistics and distribution	520	474	287	269
Business trips	803	1 198	631	923
Total selling costs	**118 185**	**141 820**	**51 880**	**63 472**

For the year ended 31 December general and administrative expenses consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Remuneration	6 053	8 059	6 053	8 059
Social security contributions	1 694	2 245	1 694	2 245
IT and communications	1 385	1 551	612	777
Repair and maintenance	4 623	6 171	2 219	3 134
Taxes (excluding income tax)	483	381	454	332
Consulting and audit expense	1 567	905	1 284	680
Costs incurred in association with closing shops (including PPE write-off)	9 939	-	6 894	-
Other expenses	3 260	4 811	1 421	2 575
Total general and administrative expenses	**29 004**	**24 123**	**20 631**	**17 802**

6. OTHER INCOME

For the year ended 31 December other income consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Rent income	584	699	918	1 264
Management fees	-	-	4 142	7 134
Gain from disposal of fixed assets, net	67	25	34	10
Interest income	30	9	1 064	479
Dividends	-	-	7 446	8 516
Other income	407	303	406	215
Total other income	**1 088**	**1 036**	**14 010**	**17 618**

7. FINANCE COSTS

For the year ended 31 December finance costs consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Interest on bank borrowings	2 585	2 641	2 558	2 280
Interest on bonds	542	1 201	542	1 201
Interest on obligations under finance leases	-	2	-	2
Interest on borrowings from subsidiaries	-	-	526	328
Total finance costs	**3 127**	**3 844**	**3 626**	**3 811**

8. INCOME TAX EXPENSE

Domestic income tax is calculated at 20 per cent (2008: 15 per cent) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total income tax charge can be reconciled to the accounting profit before tax as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Profit (loss) before tax	(19 734)	17 466	(12 410)	11 445
Tax at the domestic income tax rate	(3 947)	2 620	(2 482)	1 717
Tax effect of income not subject to tax	(40)	-	(1 529)	(1 277)
Tax effect of expenses that are not deductible in determining taxable profit	770	118	296	90
Unrecognised deferred tax asset from taxable losses	518	291	-	-
Utilisation of previously unrecognised deferred tax asset	(59)	-	-	-
Tax effect of consolidation adjustments	-	(360)	-	-
Effect of tax rate change	68	869	128	998
Effect of different tax rates of foreign subsidiaries	(139)	144	-	-
Tax expense	**(2 829)**	**3 682**	**(3 587)**	**1 528**
Effective income tax rate	14.3%	21.1%	28.9%	13.4%

For the year ended 31 December income tax expense consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Current income tax expense	642	2 094	-	315
Deferred tax	(3 469)	1 781	(3 583)	1 208
Income tax of prior periods	(2)	(193)	(4)	5
Total income tax expense	**(2 829)**	**3 682**	**(3 587)**	**1 528**

9. DEFERRED TAX

The movement in deferred income tax account was as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
At beginning of year	(5 312)	(3 531)	(3 199)	(1 991)
Income statement (charge) credit	3 468	(1 781)	3 583	(1 208)
At end of year	**(1 844)**	**(5 312)**	**384**	**(3 199)**

In 2009 deferred income tax asset and liability related to the entities operating in Lithuania were calculated at 15% rate (2008: 20% rate), deferred income tax asset and liability related to the entities operating in Latvia and Estonia – at 15% and 21% (2008: 15% and 21%) rates respectively.

Deferred tax assets and liabilities recognised as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Deferred tax assets:				
Inventories	638	653	638	608
Accruals	102	226	76	149
Tax losses	2 350	39	2 247	-
Total deferred tax assets	**3 090**	**918**	**2 961**	**757**
Deferred tax liability:				
Undistributed profits of subsidiaries	(1 530)	(1 161)	-	-
Property, plant and equipment	(3 404)	(5 069)	(2 577)	(3 956)
Total deferred tax liabilities	**(4 934)**	**(6 230)**	**(2 577)**	**(3 956)**
Total deferred tax liabilities (assets), net	**(1 844)**	**(5 312)**	**384**	**(3 199)**

Deferred income tax assets are recognised only to the extent that realization of the related tax benefit is probable in the foreseeable future.

	Group		Company	
	2009	**2008**	**2009**	**2008**
Deferred tax assets:				
Deferred tax asset to be recovered after more than 12 months	28	40	28	40
Deferred tax asset to be recovered within 12 months	3 062	878	2 933	717
	3 090	**918**	**2 961**	**757**
Deferred tax liabilities:				
Deferred tax liability to be recovered after more than 12 months	(2 687)	(3 742)	(414)	(1 744)
Deferred tax liability to be recovered within 12 months	(2 247)	(2 488)	(2 163)	(2 212)
	(4 934)	**(6 230)**	**(2 577)**	**(3 956)**
Deferred tax liabilities (assets), net	**(1 844)**	**(5 312)**	**384**	**(3 199)**

Group's tax losses for which no deferred income tax was recognised amount to LTL 2 590 thousand (2008: LTL 1 940 thousand) and expire no earlier than in 2013.

10. DIVIDENDS PER SHARE

	2009	**2008***
Approved dividends	-	5 647
Weighted average number of ordinary shares in thousand (Note 22)	46 799	35 292
Approved dividends per share, LTL	**0.00**	**0.16**

*The year when the dividends are approved.

No dividends were paid to shareholders in 2009.

In respect of the current year, Board of directors propose that no dividend to be paid to shareholders in 2010 (Note 23). This proposal is subject to approval by the shareholders at the Annual Shareholder's Meeting.

11. EARNINGS PER SHARE

	Group		Company	
	2009	**2008**	**2009**	**2008**
Profit (loss) for the year	(16 905)	13 784	(8 823)	9 917
Weighted average number of ordinary shares in thousand (Note 22)	46 799	35 292	46 799	35 292
Basic and diluted earnings (losses) per share, LTL	**(0.36)**	**0.39**	**(0.19)**	**0.28**

Company has no dilutive potential ordinary shares, therefore, the diluted earnings per share are the same as basic earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

At 31 December property, plant and equipment consisted of the following:

GROUP	**Buildings**	**Plant and equipment**	**Leasehold improve-ments**	**Other fixed assets**	**Construc-tion in progress**	**Total**
Cost						
At 31 December 2007	**37 215**	**1 421**	**39 381**	**78 057**	**1 048**	**157 122**
Additions	170	28	3 445	12 924	6 282	22 849
Exchange differences	-	-	(121)	(414)	-	(535)
Disposals and write-offs	(1)	(6)	(2 689)	(1 506)	-	(4 202)
Transfers	2 174	125	4 375	224	(6 898)	-
At 31 December 2008	**39 558**	**1 568**	**44 391**	**89 285**	**432**	**175 234**
Additions	45	-	6 570	10 585	3 510	20 710
Exchange differences	-	-	(47)	(103)	-	(150)
Disposals and write-offs	-	(112)	(14 035)	(3 752)	(600)	(18 499)
Transfers	76	-	2 946	320	(3 342)	-
At 31 December 2009	**39 679**	**1 456**	**39 825**	**96 335**	**-**	**177 295**
Accumulated depreciation						
At 31 December 2007	**4 921**	**1 257**	**11 161**	**29 344**	**-**	**46 683**
Charge for period	948	53	6 365	12 798	-	20 164
Disposals and write-offs	(1)	(6)	(443)	(1 216)	-	(1 666)
Exchange differences	-	-	(49)	(261)	-	(310)
At 31 December 2008	**5 868**	**1 304**	**17 034**	**40 665**	**-**	**64 871**
Charge for period	1 029	72	6 854	14 307	-	22 262
Disposals and write-offs	-	(112)	(4 588)	(3 540)	-	(8 240)
Exchange differences	-	-	(36)	(82)	-	(118)
At 31 December 2009	**6 897**	**1 264**	**19 264**	**51 350**	**-**	**78 775**
Impairment charge						
At 31 December 2007	**-**	**-**	**-**	**-**	**-**	**-**
Charge for period	-	-	-	-	-	-
At 31 December 2008	**-**	**-**	**-**	**-**	**-**	**-**
Charge for period			222	593		815
At 31 December 2009	**-**	**-**	**222**	**593**	**-**	**815**
Carrying amount						
At 31 December 2007	**32 294**	**164**	**28 220**	**48 713**	**1 048**	**110 439**
At 31 December 2008	**33 690**	**264**	**27 357**	**48 620**	**432**	**110 363**
At 31 December 2009	**32 782**	**192**	**20 339**	**44 392**	**-**	**97 705**

COMPANY	Buildings	Plant and equipment	Leasehold improve-ments	Other fixed assets	Construc-tion in progress	Total
Cost						
At 31 December 2007	**37 215**	**1 421**	**20 671**	**34 133**	**956**	**94 396**
Additions	170	28	-	6 708	6 206	13 112
Disposals and write-offs	(1)	(6)	(571)	(1 283)	-	(1 861)
Transfers	2 174	125	4 213	223	(6 735)	-
At 31 December 2008	**39 558**	**1 568**	**24 313**	**39 781**	**427**	**105 647**
Additions	45	77	-	3 218	3 110	6 450
Disposals and write-offs	-	(112)	(7 035)	(2 360)	(200)	(9 707)
Transfers	76	-	2 941	320	(3 337)	-
At 31 December 2009	**39 679**	**1 533**	**20 219**	**40 959**	**-**	**102 390**
Accumulated depreciation						
At 31 December 2007	**4 921**	**1 257**	**3 866**	**14 699**	**-**	**24 743**
Charge for period	948	53	3 310	5 066	-	9 377
Disposals and write-offs	(1)	(6)	(264)	(998)	-	(1 269)
At 31 December 2008	**5 868**	**1 304**	**6 912**	**18 767**	**-**	**32 851**
Charge for period	1 029	72	3 774	5 464	-	10 339
Disposals and write-offs	-	(112)	(2 510)	(2 275)	-	(4 897)
Impairment charge	-	-	222	479	-	701
At 31 December 2009	**6 897**	**1 264**	**8 398**	**22 435**	**-**	**38 994**
Carrying amount						
At 31 December 2007	**32 294**	**164**	**16 805**	**19 434**	**956**	**69 653**
At 31 December 2008	**33 690**	**264**	**17 401**	**21 014**	**427**	**72 796**
At 31 December 2009	**32 782**	**269**	**11 821**	**18 524**	**-**	**63 396**

At 31 December 2009 the Group's and the Company's buildings with the carrying amount of LTL 29 660 thousand (2008: LTL 29 542 thousand) have been pledged as security for outstanding loans from financial institutions (Note 24).

An excess of the Company's buildings with the total carrying amount of LTL 1 409 thousand as of 31 December 2009 (2008: LTL 1 626 thousand) was leased to third parties.

At 31 December the acquisition cost of the fully depreciated property, plant and equipment still in use was as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Plant and equipment	1 020	1 073	1 020	1 073
Leasehold improvements	3 274	1 980	402	402
Other fixed assets	12 542	8 067	7 999	7 242
Total	**16 836**	**11 120**	**9 421**	**8 717**

At 31 December 2009 the carrying amount of the property, plant and equipment acquired under finance lease contracts was LTL 9 thousand (2008: LTL 29 thousand).

The Group has tested its leasehold improvements and other fixed assets for impairment in accordance with the accounting policies stated in note 2.9.

Estimation of the value in use was based on the discounted pre-tax cash flows (DCF) of the latest available business plan. DCF was estimated over remaining useful life of leasehold improvements (vast majority of premises are leased). WACC of 12% (2008: 15%) was used for value in use estimation.

Based on the calculations performed the Management concluded that impairment charges of LTL 815 thousand for the Group and LTL 701 thousand for the Company should be recorded against the leasehold improvements and other fixed assets.

If the estimated pre-tax discount rate applied to the discounted cash flows for cash generating units had been 1% higher than management estimates (for example 13% instead of 12%), the Group would not have recognised higher impairment loss against leasehold improvements and other fixed assets.

13. INTANGIBLE ASSETS

At 31 December intangible assets consisted of the following:

	Group			**Company**		
	Licenses and rights acquired	**Software**	**Total**	**Licenses and rights acquired**	**Software**	**Total**
Cost						
At 31 December 2007	**1 137**	**1 389**	**2 526**	**1 137**	**1 138**	**2 275**
Additions	551	408	959	224	381	605
Write-offs	-	(1)	(1)	-	-	-
At 31 December 2008	**1 688**	**1 796**	**3 484**	**1 361**	**1 519**	**2 880**
Additions	-	213	213	-	206	206
Write-offs	(32)	(81)	(113)	(32)	(81)	(113)
At 31 December 2009	**1 656**	**1 928**	**3 584**	**1 329**	**1 644**	**2 973**
Accumulated amortisation						
At 31 December 2007	**849**	**696**	**1 545**	**849**	**583**	**1 432**
Charge for period	104	243	347	93	197	290
Write-offs	-	-	-	-	-	-
At 31 December 2008	**953**	**939**	**1 892**	**942**	**780**	**1 722**
Charge for period	181	321	502	123	272	395
Write-offs	(32)	(81)	(113)	(32)	(81)	(113)
At 31 December 2009	**1 102**	**1 179**	**2 281**	**1 033**	**971**	**2 004**
Carrying amount						
At 31 December 2007	**288**	**693**	**981**	**288**	**555**	**843**
At 31 December 2008	**735**	**857**	**1 592**	**419**	**739**	**1 158**
At 31 December 2009	**554**	**749**	**1 303**	**296**	**673**	**969**

At 31 December the acquisition cost of fully amortized intangible assets still in use was as follows:

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
Licenses	745	621	745	621
Software	470	436	413	436
Total	**1 215**	**1 057**	**1 158**	**1 057**

14. INVESTMENTS IN SUBSIDIARIES

The Company's investments in subsidiaries at 31 December are as follows:

Name	Country of incorporation	Ownership %	Cost 2009	Cost 2008
UAB Apranga LT	Lithuania	100	2 500	2 500
UAB Apranga BPB LT	Lithuania	100	500	500
UAB Apranga PLT	Lithuania	100	300	300
UAB Apranga SLT	Lithuania	100	300	300
SIA Apranga	Latvia	100	2 638	2 638
SIA Apranga LV	Latvia	100	529	529
SIA Apranga BPB LV	Latvia	100	297	297
SIA Apranga PLV	Latvia	100	297	297
SIA Apranga SLV	Latvia	100	292	292
OU Apranga	Estonia	100	1 545	1 545
OU Apranga Estonia	Estonia	100	441	441
OU Apranga BEE	Estonia	100	330	330
OU Apranga PB Trade	Estonia	100	331	9
OU Apranga ST Retail	Estonia	100	331	9
Total investments			**10 631**	**9 987**

[1] The Company directly owns 53.85% shares and indirectly through its subsidiary owns the rest 46.15% of shares.

The changes in investments are as follows:

	2009	2008
Beginning of the year	9 987	9 377
Establishment of UAB Apranga SLT	-	300
Establishment of SIA Apranga SLV	-	292
Establishment and increase in share capital of OU Apranga PB Trade	322	9
Establishment and increase in share capital of OU Apranga ST Retail	322	9
At end of the year	**10 631**	**9 987**

Establishment of UAB Apranga SLT

In January 2008, the Company established a subsidiary UAB Apranga SLT. The share capital of the subsidiary comprises of 300 shares with a par value of LTL 1 000 each. All shares have been fully paid in cash.

Establishment of SIA Apranga SLV

In November 2008 the Company has established a subsidiary SIA Apranga SLV. The share capital of subsidiary is LVL 60 thousand (equivalent to LTL 292 thousand). All shares have been fully paid in cash.

Establishment of OU Apranga PB Trade and OU Apranga ST Retail

2 subsidiaries were established by the Company in October 2008: OU Apranga PB Trade and OU Apranga ST Retail. The minimal share capital of each subsidiary was EEK 40 thousand (equivalent of LTL 9 thousand) at the end of 2008, and was fully paid in cash.

In April 2009 the Company has increased the share capital of both OU Apranga PB Trade and OU Apranga ST Retail up to EEK 1 500 thousand (equivalent of LTL 322 thousand) and fully paid it in cash.

15. INVENTORIES

	Group		Company	
	2009	**2008**	**2009**	**2008**
Goods for resale	69 284	86 267	46 465	57 781
Write-down of goods for resale to net realisable value	(4 811)	(3 336)	(4 252)	(3 040)
Goods in transit	298	1 870	298	1 870
Materials and spare parts	440	724	437	719
Total	**65 211**	**85 525**	**42 948**	**57 330**

During the year ended 31 December 2009 the Group and the Company recognised as cost of sales write-down of book value of the goods for resale to their net realizable value of LTL 4 811 thousand and LTL 4 252 thousand respectively (31 December 2008 - LTL 3 336 thousand and LTL 3 040 thousand respectively). The reversal of write-down of book value of the goods for resale to net realizable value of LTL 3 336 thousand and LTL 3 040 thousand made during the year ended 31 December 2008 was credited to cost of sales of the Group and the Company in 2009 (2 151 thousand and LTL 1 994 thousand in 2008) .

At 31 December 2009 inventories of the Group and the Company have been pledged as security for outstanding loans from financial institutions (Note 24). The total carrying amount of pledged inventories as at 31 December 2009 was LTL 18 000 thousand and LTL 18 000 thousand respectively (2008: LTL 29 772 thousand and LTL 18 000 thousand, respectively).

16. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2009 and 2008 non-current assets held for sale consisted of the 91% ownership in UAB Palangos Varuna. Purchase of shares in the entity was not considered to be a business combination as the entity did not constitute a business. In substance it was the purchase of the long term assets. There were no impairment charge on non-current assets held for sale in 2009 and 2008, as the cost of investments did not exceed their fair value as of 31 December 2009 and 2008.

17. PREPAYMENTS

At 31 December prepayments consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Prepayments	1 937	6 304	785	1 891
Less non-current portion of prepayments	(924)	(853)	(395)	(425)
Current portion of prepayments	**1 013**	**5 451**	**390**	**1 466**

18. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Group		Company	
	Category - Loans and receivables		Category - Loans and receivables	
Assets as per balance sheet:	**2009**	**2008**	**2009**	**2008**
Trade and other receivables	2 809	3 662	28 006	23 484
Cash and cash equivalents	4 048	4 882	1 289	1 797
Total	**6 857**	**8 544**	**29 295**	**25 281**

	Group		Company	
	Category - Financial liabilities measured at amortised cost		Category - Financial liabilities measured at amortised cost	
Liabilities as per balance sheet:	**2009**	**2008**	**2009**	**2008**
Borrowings	41 166	56 889	50 123	53 811
Bonds	-	20 656	-	20 656
Obligations under finance lease	-	16	-	16
Trade and other payables	23 787	22 060	12 745	13 330
Total	**64 953**	**99 621**	**62 868**	**87 813**

19. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Trade and other receivables with no history of counterparty defaults	2 809	3 662	28 006	23 484
Cash at bank that have high credit ratings (cash on hand is excluded)	765	822	15	8
Total	**3 574**	**4 484**	**28 021**	**23 492**

20. TRADE AND OTHER RECEIVABLES

At 31 December trade and other receivables consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Trade receivables from subsidiaries	-	-	15 253	14 118
Loans to subsidiaries	-	-	10 657	7 215
Receivables from related parties	438	408	438	408
Trade receivables from unrelated parties	596	2 827	196	1 501
Other receivables	1 802	454	1 462	242
Less: allowance for impairment of receivables	(27)	(27)	-	-
Total	**2 809**	**3 662**	**28 006**	**23 484**
Less non-current portion of other receivables	(66)	(84)	(66)	(84)
Current portion	**2 743**	**3 578**	**27 940**	**23 400**

Trade receivables that are less than three months past due are not considered impaired. There were no receivables past due but not impaired as at 31 December 2009 and 2008.

As of 31 December 2009 and 2008, trade receivables of LTL 27 thousand were impaired and provided for by the Group. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

The carrying amounts of the Company's loans to subsidiaries are denominated in the following currencies:

	2009	**2008**
LTL	2 565	2 920
EUR	8 092	4 295
Total	**10 657**	**7 215**

The interest rate at 31 December 2009 is 5.0 per cent (2008: 9.7 per cent), maturity date – 31 December 2010 (2008: 31 December 2009).

In the opinion of management, the carrying amount of the receivables approximates their fair value.

21. CASH AND CASH EQUIVALENTS

At 31 December cash and cash equivalents consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Cash at bank	765	822	15	8
Cash on hand	550	605	220	290
Cash in transit	2 733	3 455	1 054	1 499
Total	**4 048**	**4 882**	**1 289**	**1 797**

Cash in certain bank accounts and future cash inflows into these accounts were pledged to banks as security for credit facilities granted. At 31 December 2009, the cash balances of the Group and the Company in the pledged accounts amounted to LTL 15 thousand and LTL 15 thousand (2008: LTL 51 thousand and LTL 8 thousand) (Note 24).

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents	4 048	4 882	1 289	1 797
Bank overdrafts	(9 166)	(7 889)	(9 166)	(3 722)
Total	**(5 118)**	**(3 007)**	**(7 877)**	**(1 925)**

22. SHARE CAPITAL

At 31 December 2009 issued share capital of the Company consisted of 55 291 960 (2008: 35 291 960) ordinary shares at par value of LTL 1 each. All issued shares are fully paid.

The Company issued 20 000 000 shares on 5 June 2009. The ordinary shares issued have the same rights as the other shares in issue. The shares were issued and paid at the nominal value of LTL 20,000 thousand.

Subsidiaries did not hold any shares of the Company as of 31 December 2009 and 2008. The Company did not hold its own shares as of 31 December 2009 and 2008.

23. PROFIT DISTRIBUTION

Under Lithuanian Law on Companies the Company has to allocate 1/20 of its net profit to the legal reserve until it reaches 1/10 of the Company's authorised capital (up to LTL 5 529 thousand as at 31 December 2009).

On 30 April 2009 the Company's shareholders' meeting decided not to pay dividends and allocate LTL 496 thousand to legal reserve. (On 30 April 2008 the Company's shareholders' meeting decided to pay out LTL 5 647 thousand in dividends and allocate LTL 866 thousand to legal reserve.)

In respect of the current year, the Board of directors propose that no dividend to be paid to shareholders and not to allocate any amount to the Company's legal reserve in 2010. This dividend and legal reserve allocation are subject to approval by shareholders at the Annual Shareholder's Meeting.

24. BORROWINGS

At 31 December the carrying amounts of the borrowings consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Bank credit lines and loans	32 000	49 000	32 000	49 000
Bank overdrafts	9 166	7 889	9 166	3 722
Borrowings from subsidiaries	-	-	8 957	1 089
Total	**41 166**	**56 889**	**50 123**	**53 811**

The bank credit lines are secured by cash in certain of bank accounts (Note 21), buildings and equipment (Note 12) and inventories (Note 15).

At 31 December the carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
LTL	41 166	52 722	44 391	53 017
EUR	-	4 167	5 732	794
Total	**41 166**	**56 889**	**50 123**	**53 811**

The weighted average interest rates at the balance sheet date were as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Bank credit lines and loans	3.5%	3.9%	3.5%	3.9%
Bank overdraft	3.5%	5.4%	3.5%	3.9%
Borrowings from subsidiaries	-	-	5.0%	9.7%

Exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates fall into period of 6 month or less.

Interest rate of majority of the borrowings is based on market interest rate, therefore, in the opinion of the management, carrying amount of borrowings approximates to their fair value.

Group's borrowing facilities contracted but undrawn as at the date of the balance sheet were LTL 18 009 thousand (2008: LTL 15 365 thousand), Company's - LTL 18 009 thousand (2008: LTL 11 712 thousand).

25. BONDS ISSUED

At 31 December issued bonds consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Bonds redeemable after one year	-	-	-	-
Bonds redeemable within one year	-	20 000	-	20 000
Accrued interest	-	656	-	656
Total	**-**	**20 656**	**-**	**20 656**

Bonds were issued by the Company on 16 June 2007 and were redeemed on 15 June 2009.

The annual interest rate for bonds comprised 5.99 per cent and the interest was paid on 16 June 2008 and 15 June 2009.

Bonds were listed on MASDAQ OMX Vilnius Stock Exchange. At 31 December 2008 the fair value of bonds was LTL 19 661 thousand.

26. TRADE AND OTHER PAYABLES

At 31 December trade and other payables consisted of the following:

	Group		Company	
	2009	**2008**	**2009**	**2008**
Payables to subsidiaries	-	-	596	313
Payables to other related parties	577	240	577	235
Trade payables	12 464	13 828	5 430	7 799
Employee benefits and related payables	4 174	7 117	2 392	4 443
Advances received	244	493	154	317
Taxes payable	4 137	4 892	1 684	2 560
Accrued expenses and other payables	10 746	7 992	6 142	4 983
Total	**32 342**	**34 562**	**16 975**	**20 650**

27. RELATED PARTY TRANSACTIONS

The Company's and the Group's transactions with related parties and balances arising from these transactions as of 31 December were as follows:

	Accounts payable		Accounts receivable		Income received		Purchases	
Related parties	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
UAB Koncernas MG Baltic	72	-	-	-	-	-	126	-
UAB Minvista	-	-	-	-	8	-	12	-
UAB Mineraliniai vandenys	-	-	-	-	3	3	3	13
UAB Troja	132	149	-	-	-	-	1 314	1 468
UAB MG Baltic Investment	360	45	-	-	12	-	944	476
UAB MG Valda	15	25	-	-	-	-	194	245
UAB Palangos Varūna	-	-	438	408	-	-	-	-
UAB Laisvas Nepriklausomas Kanalas	-	21	-	-	15	49	21	246
UAB Neopress	-	-	-	-	-	-	4	68
UAB UPG Baltic	-	-	-	-	-	-	56	-
UAB Alfa Media	-	-	-	-	-	-	5	-
Total	**579**	**240**	**438**	**408**	**38**	**52**	**2 679**	**2 516**

Prevailing types of related party contracts are rent, management service fee, advertising, centralised services (telecommunications, utilities etc.). In June 2009 loans for the amount of LTL 17 000 thousand were granted to related parties. Loans repayments were received in the same month. This was done for the best use of available funds during the period between proceeds received from shares issue and repurchase of bonds.

The Company's transactions with subsidiaries and balances arising from these transactions as of 31 December were as follows:

	Borrowings and accounts payable		Loans and accounts receivable		Income received		Purchases	
Subsidiaries	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
UAB Apranga LT	3 225	295	161	122	5 261	5 200	565	605
UAB Apranga BPB LT	74	-	295	748	2 459	1 122	156	163
UAB Apranga PLT	-	-	759	85	353	221	49	76
UAB Apranga SLT	-	-	1 611	2 287	445	172	69	5
SIA Apranga	-	-	17 458	10 203	18 549	31 864	73	43
SIA Apranga LV	-	-	537	1 730	2 905	5 792	45	106
SIA Apranga BPB LV	-	-	1 020	1 183	274	257	8	0
SIA Apranga PLV	-	-	507	202	212	272	15	4
SIA Apranga SLV	-	147	313	-	44	-	3	-
OU Apranga	-	-	1 867	3 337	1 498	4 463	95	0
OU Apranga Estonia	6 240	960	75	87	692	1 118	344	194
OU Apranga BEE	-	-	465	1 341	111	104	6	0
OU Apranga PB Trade	-	-	581	4	47	4	1	-
OU Apranga ST Retail	13	-	260	4	34	4	15	-
Total	**9 552**	**1 402**	**25 909**	**21 333**	**32 884**	**50 593**	**1 444**	**1 196**

Prevailing types of intra-group transactions are centralised supplies of goods for resale, management service fees, centralised purchasing of services (telecommunications, IT, utilities etc.), financing, distribution of earnings.

Guarantees provided on behalf of related parties

Guarantees provided on behalf of related parties are disclosed in Note 28.

Compensation of key management personnel

The General Director and other Directors of the Company are considered to be the key management of the Group. There were 7 members of the key management as at 31 December 2009 (8 members of the key management as at 31 December 2008). 3 of them also belong to the Management Board, which consists of 6 members.

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
Short-term employee benefits	1 532	2 729	1 405	2 582
Social security	426	769	392	724
Average number of key managers	7	8	7	8

28. COMMITMENTS AND CONTINGENCIES

Legal proceedings

As of 31 December 2009 and 2008 the Company and the Group were not involved in any legal proceedings, which in the opinion of management, would have a material impact on the financial statements.

Guarantees

As of 31 December 2009 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 22 322 thousand (31 December 2008: LTL 22 184 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 31 December 2009 amounted to LTL 29 796 thousand (31 December 2008: LTL 31 155 thousand).

As of 31 December 2009 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL nil (31 December 2008: LTL 7 820 thousand). As of 31 December 2009 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2 534 thousand (31 December 2008: LTL 2431 thousand).

Lease commitments

The Company and the Group has entered into 58 and 102 rental agreements of stores respectively (2008: 50 and 91). The agreements' termination period differs from 1 to 6 months.

At 31 December the future aggregate minimum lease payments under operating leases in connection with the rent of premises where the Group and the Company is a lessee were as follows:

	Group		**Company**	
	2010	**2009**	**2010**	**2009**
Lease payable within:				
One year	33 904	32 514	15 926	15 119
From second to fifth year	130 846	144 675	53 044	63 287
Thereafter	124 413	164 968	26 622	46 772
Total	**289 163**	**342 157**	**95 592**	**125 178**

Minimum lease payments may be dependent on the turnover of goods in leased premises, or indexed at appropriate inflation rate.

Options granted

Options for assets of subsidiaries

The Group issued irrevocable call options to INDITEX Group granting the right to purchase assets (leasehold improvements and PPE located in the premises of shops and inventory) of subsidiaries UAB Apranga LT, UAB Apranga BPB LT, UAB Apranga PLT, UAB Apranga SLT, SIA Apranga LV, SIA Apranga BPB LV, SIA Apranga PLV, SIA Apranga SLV, OU Apranga Estonia, OU Apranga BEE, OU Apranga PB Trade and OU Apranga ST Retail operating brands of INDITEX Group (ZARA, BERSHKA, PULL AND BEAR and STRADIVARIUS). The options are exercisable in 2012 and are firmly and irrevocably granted so that the Group waived the right that it might have to revoke them. These options have substituted the options issued by the Company to purchase shares of subsidiaries issued to INDITEX Group.

Options for lease rights

Subsidiaries UAB Apranga LT, UAB Apranga BPB LT, UAB Apranga PLT, UAB Apranga SLT, SIA Apranga LV, SIA Apranga BPB LV, SIA Apranga PLV, SIA Apranga SLV, OU Apranga Estonia, OU Apranga BEE, OU Apranga PB Trade and OU Apranga ST Retail operating brands of INDITEX Group (ZARA, BERSHKA, PULL AND BEAR and STRADIVARIUS) granted irrevocable options exercisable in 2012 by virtue of which INDITEX Group might acquire the lease rights and might become lessee in all or part of the lease agreements for the premises where ZARA, BERSHKA, PULL AND BEAR and STRADIVARIUS stores are located.

At 31 December, the future aggregate minimum lease payments under operating leases in connection with the rent of premises where the Group issued options to purchase lease rights were as follows:

	Group	
	2010	**2009**
Lease payable within:		
One year	15 479	13 432
From second to fifth year	64 857	64 667
Thereafter	71 672	87 339
Total	**152 008**	**165 438**

It is not anticipated that any material liabilities will arise from the contingent liabilities.

29. POST BALANCE SHEET EVENTS

In February 2010, the Group and AB SEB Bankas have signed the amendment to agreement which modified the previous contract on the credit line. According to it, the Group was provided a credit line of LTL 72 000 thousand in order to finance renovation of the chain and further expansion, also for increasing the working capital, issuing guarantees and opening letters of credit. This contract amendment also includes a credit limit reduction schedule. According to it the maximum amount of credit line given to the Group was LTL 72000 thousand in February 2010. The maximum limit of credit line gradually decreases till LTL 67 000 thousand by the repayment deadline. The credit line expires on 31 May 2010, the interests are paid for the amount used and the interest rate is calculated as 1 month VILIBOR plus margin.

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APB APRANGA

Consolidated Annual Report

for the year ended 31 December 2009

1. GENERAL INFORMATION

Consolidated annual report is prepared for the year ended 31 December 2009.

Name of the Issuer:	trade company "Apranga"
Legal form:	public limited liability company
Date and place of registration:	1993 03 01 Board of Vilnius City
Code of Enterprise:	121933274
Registered office:	Kirtimu str. 51, Vilnius, LT-02244, Lithuania
Telephone number:	+370 5 2390808
Fax number:	+370 5 2390800
E-mail address:	info@apranga.lt
Internet address:	www.apranga.lt

At 31 December 2009 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its 100% owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

Title	Legal form	Date and place of registration	Enterprise code	Register-ed office	Telephone, fax, e-mail, www
UAB Apranga LT	Private limited liability company	27 04 2004 State enterprise Centre of Registers of the Republic of Lithuania	300021271	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390808 info@apranga.lt www.apranga.lt
UAB Apranga BPB LT	Private limited liability company	29 11 2006 State enterprise Centre of Registers of the Republic of Lithuania	300509648	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390808 info@apranga.lt www.apranga.lt
UAB Apranga PLT	Private limited liability company	21 03 2007 State enterprise Centre of Registers of the Republic of Lithuania	300551572	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390808 info@apranga.lt www.apranga.lt
UAB Apranga SLT	Private limited liability company	15 01 2008 State enterprise Centre of Registers of the Republic of Lithuania	301519684	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390808 info@apranga.lt www.apranga.lt
SIA Apranga	Private limited liability company	20 11 2002 Enterprise Register of the Republic of Latvia	40003610082	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga LV	Private limited liability company	30 03 2004 Enterprise Register of the Republic of Latvia	40003672631	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga BPB LV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887840	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga PLV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887747	Elizabetes 51, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga SLV	Private limited liability company	19 11 2008 Enterprise Register of the Republic of Latvia	50103201281	Terbatas 30, Riga, Latvia	Tel. 371 6 7240020 Fax. 371 6 7240019 info@apranga.lt www.apranga.lt
OU Apranga	Private limited liability company	19 07 2007 Tallinn City Court Register department	11274427	Ravala 4, Tallinn, Estonia	Tel. 372 6663444 Fax. 372 6663445 info@apranga.lt www.apranga.lt
OU Apranga Estonia	Private limited liability company	12 04 2004 Tallinn City Court Register department	11026132	Viru 4, Tallinn, Estonia	Tel. 372 6663444 Fax. 372 6663445 info@apranga.lt www.apranga.lt
OU Apranga BEE	Private limited liability company	04 09 2008 Tallinn City Court Register department	11419148	Ravala 4, Tallinn, Estonia	Tel. 372 6663444 Fax. 372 6663445 info@apranga.lt www.apranga.lt

Title	Legal form	Date and place of registration	Enterprise code	Register-ed office	Telephone, fax, e-mail, www
OU Apranga PB Trade	Private limited liability company	21 08 2008 Tallinn City Court Register department	11530250	Ravala 4, Tallinn, Estonia	Tel. 372 6663444 Fax. 372 6663445 info@apranga.lt www.apranga.lt
OU Apranga ST Retail	Private limited liability company	21 08 2008 Tallinn City Court Register department	11530037	Ravala 4, Tallinn, Estonia	Tel. 372 6663444 Fax. 372 6663445 info@apranga.lt www.apranga.lt

For more information on subsidiaries refer to Note 14 to Consolidated financial statements.

2. OPERATING HIGHLIGHTS

Due to rapidly worsening economic situation and sharp decrease in consumption Apranga Group focused on stores chain restructuring, optimization and expenses reduction in Lithuania and Baltic States in 2009. These actions had to mitigate the influence of world economic crisis for the company's performance and create preconditions for the successful operations in 2010 and in economic recovery period.

2.1 RETAIL MARKET OVERVIEW

The turnover of the retail chain operated by Apranga Group has made LTL 392.6 million (incl. VAT), and was 22.9% less than in 2008.

The retail turnover of the Apranga Group in 2009 decreased by 22.7% in the first quarter, 16.4% in the second quarter, 27.3% in the third quarter and 23.8% in the fourth quarter. A smaller decrease in retail turnover in first half 2009 was due to new stores opening in February – April.

The turnover of the retail chain operated by Apranga Group has made LTL 262.0 million in the main domestic market of Lithuania, or 23.7% less than in 2008. The share of Lithuanian chain turnover comprised 66.7%, or by 0.7 point more than in 2008.

The retail turnover of the Apranga Group chain in foreign markets (Latvia and Estonia) has made LTL 130.6 million in 2009, or 21.2% less, than in 2008. The foreign turnover share in total Group's turnover has increased from 32.6% to 33.3% during the year.

The retail turnover of the Apranga Group chain in Latvia has made LTL 88.1 million and has decreased 26.6% during the year.

The retail turnover of the Apranga Group chain in Estonia has made LTL 42.5 million and has decreased 7.1% in comparison to 2008.

The retail turnover decrease rate of the Apranga Group was lower than statistical non-food goods retail turnover index decrease in Lithuania, Latvia and Estonia.

Retail turnover of Group�much stores by countries (LTL thousand, VAT included) was as follows:

Country	2009	2008	Change
Lithuania	261 951	343 281	-23,7%
Latvia	88 147	120 134	-26,6%
Estonia	42 531	45 789	-7,1%
Total:	**392 629**	**509 205**	**-22,9%**

In 2009 the Group consistently developed 5 different store chains:

- Economy – clothes to whole family (Apranga)
- Business wear (City)
- Youth clothes
- Prestige – luxury fashion
- Zara franchise stores

Group also runs 10 outlets.

Retail turnover of Group's stores by chains (LTL thousand, VAT included) was as follows:

Chain	2009	2008	Pokytis
Economy	53 637	87 080	-38,4%
Youth	128 300	141 778	-9,5%
Business	42 569	62 276	-31,6%
Luxury	39 965	54 336	-26,4%
Zara	108 187	147 736	-26,8%
Outlets	19 971	15 999	24,8%
Total	**392 629**	**509 205**	**-22,9%**

The retail turnover of Youths chain decreased the least – only 9.5% in 2009. The high turnover growth rate had only Outlets.

In 2008 the worsening of economic situation in the Baltic States, as well as in the world, mostly influenced sales of luxury and prestige goods. But in 2009 most rapid decrease experienced economy chain.

2.2 DEVELOPMENT, RESTRUCTURING AND OPTIMIZATION OF THE RETAIL CHAIN

In 2009 the development of retail chain was characterized by 2 completely different stages. In the beginning of the year (February to April) the Group has opened 21 new stores. And seeking for operational efficiency 13 stores have been closed and 6 stores have been reorganized to new concept in the second half 2009.

In 2009 the dynamics of the number of stores and sales area was as follows:

	2009 01 01	2009 04 01	2009 07 01	2009 10 01	2010 01 01
The number of stores	101	117	118	115	109
Stores area (thousand sq. m.)	61,4	69,2	70,0	65,7	63,4

In the beginning of the year 2009 the development of retail chain and stores opening was impact by rise of new objects in the market. In February 2009 the Group has opened first "Stradivarius" and "Pull&Bear" franchise stores in Estonian market in Tallinn (The Rotermann Quarters).

In March 2009 were opened 4 stores ("Apranga", "Aprangos galerija", "City", "Mango") in the new shopping and entertainment centre Akropolis in Šiauliai.

Also in March 2009 at once 10 stores were opened in the new Riga supermarket "Riga Plaza" with the total area of the stores of 5.6 thousand sq. m. The Group opened the stores of all its developed concepts.

During March-April 2009 the Group has opened 5 new stores in Klaipeda (3 from them in shopping centre Akropolis).

Total investments into opening, development and reconstruction of stores amounted to LTL 16.4 million in 2009.

Due to rapidly worsening economic situation in Baltic States and sharp drop in consumption the Group started restructuring and optimization program in retail chain starting with spring 2009. During the year 2009 the leader of retail apparel market in Lithuania and the Baltic States the Group has closed 13 stores covering an area of 8.1 thousand sq. m., and 6 stores were reorganized into new concept with a total area of 2.2 thousand sq. m.
All premises rental contracts have been terminated signing agreements between the parties without judicial or arbitration of dispute.

Within restructuring made the stores area decreased almost 10% from 70.0 thousand sq. m. to 63.4 thousand sq. m. in the second half 2009.

Due to store closure the Group has experienced LTL 10.8 million of single losses (write-offs of long-term assets, compensation, fines, impairment losses, etc.) during the year 2009. The 85% of one-off losses incurred on the closure of 3 big stores – "City" in Vilnius (covering an area of 3.06 thousand sq. m.), "Emporio Armani" and "Nude" in Tallinn (covering an area of 0.95 thousand sq. m.) and "Moskito" and "Miss Sixty" (covering an area of 1.07 thousand sq. m.).

At 31 December the number of stores by chains was as follows:

Chain	2009	2008
Economy	13	14
Youth	49	47
Business	14	10
Luxury	13	15
Zara	10	9
Outlets	10	6
Total	**109**	**101**

2.3 MAIN INDICATORS

Main Group Indicators	2009	2008	Change
Net sales, LTL thousand	314 912	418 622	-24,8%
Net sales in foreign markets, LTL thousand	106 964	139 087	-23,1%
Like-to-like sales	-30,3%	-3,0%	
Gross profit, LTL thousand	129 506	186 203	-30,4%
Gross margin	41,1%	44,5%	
EBT, LTL thousand (including LTL 10.8 mln single losses of stores closure)	(19 734)	17 466	
EBT margin	-6,3%	4,2%	
Net profit (losses), LTL thousand (including LTL 10.8 mln single losses of stores closure)	(16 905)	13 784	
Net margin	-5,4%	3,3%	
EBITDA, LTL thousand*	6 158	41 822	-85,3%
EBITDA margin	2,0%	10,0%	
Return on equity (end of the period)	-17,2%	14,5%	
Return on assets (end of the period)	-9,7%	6,5%	
Net debt to equity**	37,7%	75,5%	
Current ratio, times	1,0	0,9	11,7%

* single losses of stores closure are not eliminated
** (Interest bearing liabilities less cash) / Equity

In order to mitigate the influence of world economic crisis the Group consistently executed the cost reduction program in 2009. Despite of increased retail chain (which began to decrease in second half 2009) the Group reached the following during the year 2009:
- The number of employee decreased by 16.3%, from 1537 to 1286,
- The remuneration of employee (including social security contributions) decreased by 26.7%, from LTL 58.8 million to LTL 43.1 million,
- The rent costs decreased by 18.6%, from LTL 45.1 million to LTL 36.7 million. The decrease of rent prices from initial obligations was more than 1/3,
- The advertising and marketing expenses decreased by 37.5%,
- The repair and maintenance expenses decreased by 25.0%.

The decrease of gross profit (from 44.5% to 41.1%) in 2009 was influenced by:
- The increased share of discounted sales in a total sales due to decrease of consumption,
- The increase of Outlets turnover and its share in total turnover,
- The increasing need of promotional actions,
- The stock balancing problems due to unexpectedly rapid consumption decrease.

The decrease of net profit in 2009 was influenced by:
- Not reached planned turnovers due to significant consumption decrease,
- LTL 10.8 million costs incurred in association with closing shops,
- High losses in the first half 2009 (especially first quarter). It is needed more time to considerably decrease the expenses,
- The problematic market entry of new shopping centre (including their stores) in crisis period.

2.4 PERSONNEL

Average number of employees and average salary by categories in 2009 were as follows:

	Number of employees		Average monthly salary, LTL	
Employee category	**Group**	**Company**	**Group**	**Company**
Administration	105	70	5 209	5 622
Stores' personnel	1 127	456	1 481	1 687
Logistics	54	54	1 926	1 926
Total	**1 286**	**580**	**1 776**	**2 161**

The average monthly salary in the Group has decreased by 21.4% during the year.

During the 2009 the number of employees in the Group and the Company has decreased by 251 and 189 people, respectively. The main reason of such increase was optimization of operating costs and stores closure.

Average number of employees by education level in 2009 was as follows:

Education level	Group	Company
High	330	170
Professional	265	151
Secondary	151	79
Basic	2	1
Student	538	179
Total:	**1 286**	**580**

3. OPERATING PLANS

The Apranga Group restrains from the announcement of turnover and profit for 2010 due to hardly predictable economic situation in Baltic States, and hence tendencies on the retail market.

The Apranga group plans to open 3 new shops in 2010, to close 3 inefficient stores and to expand 1 and totaly reconstruct it. Investment into chain expansion is estimated to be LTL 2-3 million.

During the coming years the Apranga Group will concentrate its efforts in increasing of stores efficiency, execution of cost-saving measures in the presence of global financial and economic crisis, improvement of customer service standards.

The useful implementation of set measures will allow Apranga Group to successfully end 2010, and will create perfect preconditions for more efficient operations during the period of recovery of the economy.

4. RISKS

The types of risks that Group faces and risk management are described in Note 3 to the Consolidated financial statements.

5. CONSOLIDATION

In order to ensure the fairness of preparation consolidated financial statements and to reduce associated risks, the unified centralised accounting and business information management system has been implemented in all Group companies. All Group companies use the standard chart of accounts and applies unified accounting principles.

More information on the principles of preparation of the consolidated financial statements is presented in Note 2.4 to the Consolidated financial statements.

6. SECURITIES

All 55 291 960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of NASDAQ OMX Vilnius Stock Exchange. Ordinary shares are included into composition of OMX Baltic 10, OMX Baltic, OMX Baltic Benchmark and OMX Vilnius indexes. For more information on the share capital of the Company refer to Note 22 to Consolidated financial statements.

Neither Company, nor its subsidiaries directly or indirectly acquired own shares.

By the knowledge of the Company's management, there are no restrictions imposed on transfer of Company's shares.

All Company's shares give equal rights to shareholders and there are no shareholders with special control rights.

By the knowledge of the Company's management, there are no restrictions imposed on voting rights.

By the knowledge of the Company's management, there are no agreements among shareholders which may limit transfer of shares, or their voting rights.

Each owner of the ordinary registered share has the following property rights:

1) To receive part of the company's profit (dividend);
2) To receive a part of the assets of the company in liquidation;
3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.

4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:

1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
2) To receive information on the company as provided by Law on Companies;
3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
4) Other non-property rights prescribed by law.

At 31 December 2009 the Company had 3 508 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were as follows:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 677 397	53,67%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	5 456 737	9,87%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	3 569 954	6,46%

There are no material agreements where the Company is a counterparty and which may come into force, or may change, or may end with the change of control over the Company. Information about related party transactions is provided in the Note 27 to the Consolidated financial statements.

The Company has concluded an agreement with FMI Finasta on supervision of securities accounts and an agreement on dividend payment.

7. CORPORATE GOVERNANCE

The management bodies of the Company specified in the Articles of Association are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of General Shareholders' Meeting is the same as specified by the Law on Companies. The General Meeting shall have the exclusive right to:

1) Amend the Articles of Association of the Company;
2) Elect the members of the Board;
3) Remove the Board or its members;
4) Select and remove the firm of auditors, set the conditions for auditor remuneration;
5) To determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
6) Take a decision regarding conversion of shares of one class into shares of another class, approve share conversion procedure;
7) Approve the annual accounts;
8) Take a decision on profit/loss appropriation;
9) Take a decision on the formation, use, reduction and liquidation of reserves;
10) Take a decision to issue convertible debentures;
11) Take a decision to withdraw for all the shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the Company;
12) Take a decision to increase the authorised capital;
13) Take a decision to reduce the authorised capital;
14) Take a decision for the Company to purchase own shares;
15) Take a decision on the reorganisation or division of the Company and approve the terms of reorganisation or division;

16) Take a decision to transform the Company;
17) Take a decision to restructure the Company;
18) Take a decision to liquidate the Company, cancel the liquidation of the Company, except where otherwise provided by the Law on Companies;
19) Elect and remove the liquidator of the Company, except where otherwise provided by the Law on Companies.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

The Board, consisting of six members, is elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:

1) The activity strategy of the Company;
2) The annual report of the Company;
3) The management structure of the Company and the positions of the employees;
4) The positions to which employees are recruited by competition;
5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:

1) Resolutions for the Company to become an incorporator or a member of other legal entities;
2) Resolutions to establish branches and representative offices of the Company;
3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:

1) The implementation of the activity strategy of the Company;
2) The organisation of the activities of the Company;
3) Financial standing of the Company;
4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.

The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by more than 2/3 of the members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

The Manager of the Company – General Director - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board.

In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Manager of the Company is responsible for:

1) The organization of the Company's activity and implementation of its objectives;
2) The drawing up of the annual financial statements and the drafting of the annual report of the Company;
3) Concluding an agreement with the firm of auditors;
4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
5) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
6) Submission of documents to the Securities Commission and Lithuanian Central Securities Depository;
7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
8) Submission of information to shareholders;
9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organises daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.

The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness.

The Manager of the Company issues authorizations and procurations within the scope of its competence.

The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company's activity strategy, the organization of the Company's activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

Information about members of the management bodies on 31 December 2009 was as follows:

Name, Surname	Position	Number of shares owned and part in the share capital	Election date	End of term	Amounts received from the Company in 2009, LTL
Darius Juozas Mockus	Chairman of the Board	981 958 1.78%	27 04 2007	27 04 2010	Receives no remuneration
Rimantas Perveneckas	Member of the Board, General Director	1 000 000 1.81%	27 04 2007	27 04 2010	-
Ilona Simkuniene	Member of the Board, Purchasing Director	33 123 0.06%	27 04 2007	27 04 2010	-
Ramunas Gaidamavicius	Member of the Board, Development Director	-	27 04 2007	27 04 2010	-
Raimondas Kurlianskis	Member of the Board	294 788 0.53%	27 04 2007	27 04 2010	Receives no remuneration
Algimantas Variakojis	Member of the Board	2 112 0.004%	27 04 2007	27 04 2010	Receives no remuneration
Saulius Bačauskas	Chief Financial Officer	11 304 0.02%	-	-	-
Dividends to members of the board and management, in total (5)					**-**
Dividends to members of the board and management, on average (5)					**-**
Remuneration to members of the board and management, in total (4)					**1 063 085**
Remuneration to members of the board and management, on average (4)					**265 771**

There are no agreements between the Company, members of its management bodies, or its employees regarding special compensations in case of their resignation, or dismiss without legitimate reason, or the end of their duties connected with the change of the Control over the Company.

8. COMPLIANCE WITH THE GOVERNANCE CODE

During 2009 there were no essential changes related with APB Apranga report for year 2008 concerning the compliance with the Governance Code for the companies listed on the regulated market.

For the full text of Compliance Report with the Governance Code for the companies listed on the NASDAQ OMX Vilnius stock exchange refer to Annex 1.

9. PUBLICLY ANNOUNCED INFORMATION

The Company publicly announced and broadcasted through NASDAQ OMX Vilnius Globe Newswire and own webpage the following information:

Title	Category of announcement	Lang-uage	Date
On turnover of Apranga Group in December 2008	Notification on material event	En, Lt	2009-01-05
On investor's calendar for the 1st half of 2009	Other information	En, Lt	2009-01-05
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-01-06
On plans of Apranga Group for 2009	Notification on material event	En, Lt	2009-01-28
On turnover of Apranga Group in January 2009	Notification on material event	En, Lt	2009-02-02
Apranga Group opens first Pull and Bear and Stradivarius stores in Estonia	Investor News	En, Lt	2009-02-20
On Apranga Group interim report for twelve months of 2008	Interim information	En, Lt	2009-02-27
On turnover of Apranga Group in February 2009	Notification on material event	En, Lt	2009-03-02
CORRECTION: On turnover of Apranga Group in February 2009	Notification on material event	En, Lt	2009-03-02
CORRECTION: On Apranga Group interim report for twelve months of 2008	Interim information	En, Lt	2009-03-03
Apranga Group launching 4 new stores in Siauliai	Investor News	En, Lt	2009-03-06
Notification on APB Apranga manager's transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-03-09
Apranga Group optimizes the chain in Klaipeda	Investor News	En, Lt	2009-03-11

Title	Category of announcement	Lang-uage	Date
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-03-20
Notice of the General Meeting of APB Apranga	Notification on material event	En, Lt	2009-03-27
Apranga Group expands business in Latvia	Investor News	En, Lt	2009-03-31
On turnover of Apranga Group in March 2009	Notification on material event	En, Lt	2009-04-01
Apranga Group opens Pull and Bear store in Klaipeda	Investor News	En, Lt	2009-04-10
On proposals of resolutions of general meeting of APB Apranga	Notification on material event	En, Lt	2009-04-20
On Apranga Group annual information for 2008	Annual information	En, Lt	2009-04-20
On resolutions of general shareholders meeting of APB Apranga	Notification on material event	En, Lt	2009-04-30
On turnover of Apranga Group in April 2009	Notification on material event	En, Lt	2009-05-04
Notification on APB Apranga manager's transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-05-04
On the subscription order for shares issue of APB Apranga	Notification on material event	En, Lt	2009-05-05
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-05-13
On approval of the prospectus of the issue of LTL 20 million shares of APB Apranga	Notification on material event	En, Lt	2009-05-14
On the prospectus of the issue of LTL 20 million shares of APB Apranga	Prospectus/Announcement of Prospectus	En, Lt	2009-05-18
On the offer to subscribe shares of APB Apranga executing the pre-emption rights	Notification on material event	En, Lt	2009-05-18
On the prospectus summary in English of the issue of LTL 20 million shares of APB Apranga	Prospectus/Announcement of Prospectus	En, Lt	2009-05-19
On Apranga Group interim report for 3 months of 2009	Interim information	En, Lt	2009-05-29
On turnover of Apranga Group in May 2009	Notification on material event	En, Lt	2009-06-01
On the results of subscription of the LTL 20,000,000 shares issue of APB Apranga	Notification on material event	En, Lt	2009-06-03
On amendments of articles of association of APB Apranga	Notification on material event	En, Lt	2009-06-05
On increase of the share capital of APB Apranga	Additional information	En, Lt	2009-06-05
On assimilation of the 20,000,000 shares issue of APB Apranga	Additional information	En, Lt	2009-06-10
On APB APRANGA bonds redemption	Additional information	En, Lt	2009-06-15
On Apranga Group investor's calendar for the rest of 2009	Investor News	En, Lt	2009-06-15
Notification on APB Apranga managers' transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-06-15
Notification on APB Apranga manager's transaction	Notifications on transactions concluded by managers of the companies	En, Lt	2009-06-16
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-06-16
Notification on the acquisition of voting rights by group of shareholders of APB Apranga	Notification about acquisition (disposal) of a block of shares	En, Lt	2009-06-16
On turnover of Apranga Group in June 2009	Notification on material event	En, Lt	2009-07-01
On turnover of Apranga Group in July 2009	Notification on material event	En, Lt	2009-08-03
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-08-24
On Apranga Group interim information for six months of 2009	Interim information	En, Lt	2009-08-31
On turnover of Apranga Group in August 2009	Notification on material event	En, Lt	2009-09-01
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	2009-09-03
Apranga Group optimises retail chain	Investor News	En, Lt	2009-09-21
On turnover of Apranga Group in September 2009	Notification on material event	En, Lt	2009-10-01
On turnover of Apranga Group in October 2009	Notification on material event	En, Lt	2009-11-02
On Apranga Group CFO change	Investor News	En, Lt	2009-11-02
On Apranga Group interim information for nine months of 2009	Interim information	En, Lt	2009-11-30
On turnover of Apranga Group in November 2009	Notification on material event	En, Lt	2009-12-01

Contents of above mentioned announcements can be obtained on NASDAQ OMX Vilnius Stock Exchange webpage http://www.nasdaqomxbaltic.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news&lang=en and on Company's webpage http://www.apranga.lt/investuotojams/index.php/site_structure/news/95.

Rimantas Perveneckas
General Director

6 April 2010

APB APRANGA report concerning the compliance with the Governance Code for the companies listed on the regulated market

The public trade company APRANGA (hereinafter Company), following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the AB NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by the NASDAQ OMX Vilnius Stock Exchange for the companies listed on the regulated market, and its specific provisions:

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Affirmed Company's development strategy and objectives are published in Company's annual report and interim report, in Company's website especially intended for the investors www.apranga.lt/investuotojams, in NASDAQ OMX Vilnius Stock Exchange information disclosure system (GlobeNewswire), in Central Storage Facility, and in chief executive officer and senior management presentations to investors.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Company implements this recommendation insofar as it is concerned with the close cooperation of Company's management board and chief executive officer and senior management.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	The bodies of the Company are general shareholders' meeting, management board and chief executive officer. Supervisory board is not constituted in the Company. The accountability and control of the single management body - the chief executive officer – is ensured by Company's management board.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	Company's collegial management body – management board – is responsible for strategic management of the Company and performs other key functions of corporate governance. The management board is responsible for the effective supervision of the Company's management bodies insofar as it is concerned with the supervision of the activity of chief executive officer.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	No	The Company has one collegial body and that is management board.
2.4. The collegial supervisory body to be elected by	Yes/No	See commentaries of III and IV principles'

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.		recommendations.
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.	Yes	Company's management board consists of 6 (six) members, 3 (three) of whom are representatives of shareholders and the other 3 (three) are chief executive officer and senior managers. In Company's opinion, the number of the management board members is sufficient considering Company's activity extent and number of shareholders.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	No	Supervisory board is not constituted in the Company. See commentaries of 2.1. recommendation.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The chairman of the management board and chief executive officer of the Company are different persons. The chairman of the management board has never been appointed as chief executive officer of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The mechanism of the formation of Company's management board ensures objective and fair supervision of the Company's single management body, chief executive officer, and senior management as well as representation of minority shareholder's interests.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its	No	The information about management board members and their potential conflicts of interest are disclosed in Company's annual and interim reports, however the information about candidates was not submitted to general shareholder's meeting before their election. There was no necessity in the Company to disclose factors affecting candidate's independence.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
members and disclose this in the company's annual report.		
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	No	See commentary of 3.2 recommendation
3.4 In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy.	Yes/No	See commentary of 4.7. recommendation.
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	No	There was no such event in Company's practice that new management board member was not familiar with the Company's organization and activities, therefore no individual program was necessary. Annual review of management board members' knowledge is not conducted whereas the management board members, i.e. chief executive officer and senior managers, are professionals and improve their skills and knowledge by conducting their duties in the Company. The skills and knowledge of management board members representing shareholders is reviewed by shareholders themselves before proposing candidates to Company's board.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.	No	The issue of election of independent management board members never been topical in the Company and the "sufficient" number of independent management board members was never assessed either. Though the assessment practice of the independence of management board members was not applicable in Company, however, in Company's opinion, there is 1 (one) member in the management board who may be treated as independent pursuant to the criteria established in 3.7 recommendation.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst	Not applicable	See commentary of 3.6 recommendation

PRINCIPLES/ RECOMMENDATIONS	**YES/NO /NOT APPLI-CABLE**	**COMMENTARY**
companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counselling and consulting services), major client or organization receiving significant payments from the company or its group; 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8) He/she has not been in the position of a member of the collegial body for over than 12 years; 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.		
3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.	Not applicable	See commentary of 3.6. recommendation. Moreover, thus far the assessment and disclosure of the independence of management board members, in accordance with the criteria established by this Code, was not applicable in Company.
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	Not applicable	See commentary of 3.6. recommendation
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	See commentary of 3.6. recommendation. Management board members are not remunerated from the Company's funds for their work and participation in the meetings of the management board.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.	Yes	This recommendation is implemented by Company's management board insofar as the management board issues recommendations to chief executive officer and to senior management and monitors and controls their activity.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent	Yes	According to the Company's available data, management board members act in good will in respect of Company, in the interests of the Company and its shareholders, thus maintaining independence of their decision making.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).		
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes/No	According to the Company's data, all management board members attended board meetings and devoted sufficient time to perform their duties as members of the board. The Company does not notify its shareholders about management board members attendance of the management board meetings.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.	Yes	Company's shareholders are properly informed about the Company's affairs, strategies, risk management and resolution of conflicts of interest. See commentaries of X principle's recommendations.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes/No	The transactions are concluded in standard terms in pursuance of regular Company's activities.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of	Yes/No	Nomination and Remuneration committees indicated in 4.12-4.13 recommendations are not established in the Company, whereas, in Company's opinion, the management board by

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.		performing its functions partially performs functions of Nomination and Remuneration committees. Company's management board selects a candidate for chief executive officer position and appoints chief executive officer, provides recommendations to chief executive officer regarding appointment of senior managers and their remuneration policy. Company's management board affirms Company's strategic plans and objectives and controls their implementation. Moreover, Company's management board affirms Company's budget plans and analyse and assess chief executive officer's and senior management's reports on budget plans' implementation and fund utilization. In pursuance of requirements of Law on Audit (Official Gazette, 2008, No. 82-53233) the Audit committee composed of two members has been established in Company in previous financial year.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes/No	See commentary of 4.7. recommendation. The recommendation is implemented insofar as it is related with Audit committee activity in Company.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.	Yes/No	See commentary of 4.7. recommendation. Audit committee is exceptionally composed of two members.
4.10. Authority of each of the committees should be	No	See commentary of 4.7. recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.		Audit committee‘s authority, rights and obligations are stipulated in Internal rules of Audit committed pursuant to applicable legal acts and Audit committee‘s authority, rights and obligations are approved by general shareholders‘ meeting. Audit committee‘s authority, rights and obligations stipulated in Internal rules of Audit committee do not differ from those stipulated in legal acts.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes/No	See commentary of 4.7. recommendation. It is stipulated in Internal rules of Audit committed that Company‘s board members, chief executive officer, chief financial officer, employees of the Company, auditors may be invited to meetings of committee.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: • Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; • Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; • Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; • Properly consider issues related to succession planning; • Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	No	Nomination Committee is not established in Company. (See commentary of 4.7. recommendation).
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following:	No	Remuneration Committee is not established in Company. (See commentary of 4.7. recommendation).

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
• Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; • Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; • Ensure that remuneration of individual executive directors or members of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; • Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; • Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; • Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); • Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: • Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; • Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; • Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the		

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies. 4.13.4. The remuneration committee should report on the exercise of its functions to the shareholders and be present at the annual general meeting for this purpose.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: 1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); 2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; 3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; 4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; 5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; 6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be	Yes/No	Audit committee's rights and obligations stipulated in Internal rules of Audit committee do not differ from those stipulated in legal acts (Law on Audit, Official Gazette, 2008, No. 82-53233).

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	There is no practice in Company on internal assessments of management board activities and notification on it.

PRINCIPLES/ RECOMMENDATIONS	**YES/NO /NOT APPLI-CABLE**	**COMMENTARY**
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	Company's management board is conducted by chairman of the management board.
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.	Yes/No	Company's management board meetings are convened depending on the necessity.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	No	The Company does not implement this recommendation whereas only management board is constituted in the Company.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The Company's capital consists of ordinary registered shares which grant equal rights to their owners.
6.2. It is recommended that investors should have access to the information concerning the rights	Yes	The Company informs about the rights attached to the shares of the new issue or

PRINCIPLES/ RECOMMENDATIONS	**YES/NO /NOT APPLI-CABLE**	**COMMENTARY**
attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.		those issued earlier in propects of the shares of new issue, in annual and interim reports and in Company's website. See commentaries of X principle's recommendations.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting. All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	The management board of the Company adopts resolutions for transactions regarding transferring, investment, pledge or other type of the encumbrance of the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders.	Yes	
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	Company's general shareholders' meeting draft resolutions are published in pursuance of applicable legal acts, i.e. not later than 21 (twenty one) days before shareholders' meeting. General shareholders' meeting draft resolutions and its adopted resolutions are published throughout NASDAQ OMX Vilnius Stock Exchange information disclosure system (GlobeNewswire) and are placed on publicly accessible Company's website, in Lithuanian and English. General shareholders' meeting draft resolutions are also placed in Central Storage Facility.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The Company's shareholders are furnished with the opportunity to vote in general shareholders' meeting both personally and throughout duly authorized representatives. On demand of shareholders, the Company may furnish the opportunity to vote in general shareholders' meeting in writing in advance, pursuant to the Article 30 of the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	In Company's opinion, thus far there was no necessity to use modern technologies in general shareholders' meeting participation and voting process via electronic means of communication.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The Company does not prepare and publish remuneration statement. In Company's opinion, such information commercially is not published. Pursuant to law requirements, the Company publishes in Company's annual and interim reports information regarding total sums counted to management board members, chief executive officer and chief financial officer during reporting period.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See commentary of 8.1. recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
8.3. Remuneration statement should leastwise include the following information: • Explanation of the relative importance of the variable and non-variable components of directors' remuneration; • Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; • An explanation how the choice of performance criteria contributes to the long-term interests of the company; • An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; • Sufficient information on deferment periods with regard to variable components of remuneration; • Sufficient information on the linkage between the remuneration and performance; • The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; • Sufficient information on the policy regarding termination payments; • Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; • Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; • Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned; • A description of the main characteristics of supplementary pension or early retirement schemes for directors; • Remuneration statement should not include commercially sensitive information.	No	See commentary of 8.1. recommendation.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	No	See commentary of 8.1. recommendation.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: • The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; • The remuneration and advantages received from any undertaking belonging to the same group;	No	See commentary of 8.1. recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
• The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; • If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; • Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; • Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points. 8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: • The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; • The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year; • The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; • All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: • When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; • When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Not applicable	See commentary of 8.1. recommendation.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Not applicable	See commentary of 8.1. recommendation.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared	Not applicable	See commentary of 8.1. recommendation.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
to the non-variable component of remuneration.		
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.		
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.		
8.11. Termination payments should not be paid if the termination is due to inadequate performance.		
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.		
8.13. Shares should not vest for at least three years after their award.	Not applicable	See commentary of 8.1. recommendation. Company's directors are not remunerated in shares.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	See commentary of 8.1. recommendation. Company's directors are not remunerated in shares, share options or any other right to purchase Company's shares.
8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	See commentaries of 8.1. and 8.14 recommendations.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	See commentaries of 8.1. and 8.14 recommendations.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	See commentary of 8.1. recommendation.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	Not applicable	See commentary of 8.1. recommendation.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the	Not applicable	See commentaries of 8.1. and 8.14 recommendations.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.		
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: • Grant of share-based schemes, including share options, to directors; • Determination of maximum number of shares and main conditions of share granting; • The term within which options can be exercised; • The conditions for any subsequent change in the exercise of the options, if permissible by law; • All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	Not applicable	
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	Not applicable	
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	Not applicable	
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be	Not applicable	

PRINCIPLES/ RECOMMENDATIONS	**YES/NO /NOT APPLI-CABLE**	**COMMENTARY**
clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The information mentioned in this recommendation is disclosed in announcements on material events published throughout NASDAQ OMX Vilnius Stock Exchange information disclosure system (GlobeNewswire), in Company's website, and in Company's documents of annual and interim information in such scope as it is required by law.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation	Yes/No	See commentary of 3.2 recommendation of III principle. The Company does not prepare and publish remuneration statement, See commentary of 8.1. recommendation of VIII principle.

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.		
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	No	
10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The information is disclosed pursuant to the requirements of the laws of the Republic of Lithuania. The information is disclosed throughout NASDAQ OMX Vilnius Stock Exchange information disclosure system (GlobeNewswire), thus ensuring simultaneous disclosure of information to investors. The information is straight away placed in Central Storage Facility. The information is disclosed in Lithuanian and English, before or after a trading session on the NASDAQ OMX Vilnius Stock Exchange.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	See commentary of 10.5 recommendation. All the information disclosed throughout NASDAQ OMX Vilnius Stock Exchange information disclosure system (GlobeNewswire) and posted in Central Storage Facility is placed on Company's website especially intended for the investors www.apranga.lt/investuotojams, in Lithuanian and English.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	See commentary of 10.5 recommendation.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	On the day of the election of audit company for performance of audit for the financial year ending on December 31st 2009, there were no rendered non-audit services to Company by audit company and audit company has not received remuneration for it from the Company. After election in previous financial year audit company has rendered to Company

PRINCIPLES/ RECOMMENDATIONS	YES/NO /NOT APPLI-CABLE	COMMENTARY
		non-audit services and information about rendered non-audit services to Company by audit company will be disclosed to shareholders during general shareholders' meeting if for the performance of audit for the financial year starting from January 1st 2010 the same audit company will be proposed for election.

Rimantas Perveneckas
General Director

6 April 2010