

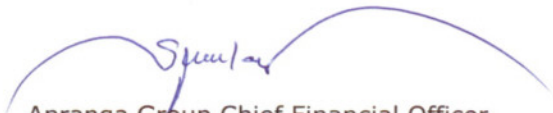
26 February 2010  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the twelve months of 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.



Apranga Group General Manager  
Rimantas Perveneckas



Apranga Group Chief Financial Officer  
Saulius Bačauskas

KIRTIMŲ G. 51 LT-02244 VILNIUS	TELEFONAS (5) 2390808	BENDROVĖS KODAS 121933274	AB „SEB BANKAS“ VILNIAUS FILIALAS	ATSISKAITOMOJI SĄSKAITA LT04 7044 0600 0090 8237	LR ĮMONIŲ REJESTRAS VALSTYBĖS ĮMONĖS REGISTRŲ CENTRAS
ELEKTRONINIS PAŠTAS INFO@APRANGA.LT	FAKSAS (5) 2390800	PVM MOKĖTOJO KODAS LT 219332716	BANKO KODAS 70440	VALIUTINĖ SĄSKAITA LT50 7044 0600 0090 8282	VILNIAUS FILIALAS ŠVITRIGAILOS G. 7, VILNIUS

**APRANGA APB**  
**Interim Consolidated Financial Statements**  
**For the Twelve Months of 2009**  
**Unaudited**

**26 February 2010**  
**Vilnius**

**INCOME STATEMENTS**

LTL thousand	Note	Group		Company	
		2009	2008	2009	2008
Revenue	<b>3</b>	314 912	418 622	152 912	219 019
Cost of sales		(184 768)	(232 419)	(102 595)	(140 068)
<b>GROSS PROFIT</b>		<b>130 144</b>	<b>186 203</b>	<b>50 317</b>	<b>78 951</b>
Operating costs	<b>10</b>	(147 863)	(165 943)	(73 385)	(81 274)
Other income		1 088	1 036	14 010	17 618
Net foreign exchange gain (loss)		( 12)	14	32	( 39)
<b>OPERATING PROFIT (LOSS)</b>		<b>(16 643)</b>	<b>21 310</b>	<b>(9 026)</b>	<b>15 256</b>
Finance costs	<b>7, 8</b>	(3 127)	(3 844)	(3 626)	(3 811)
<b>PROFIT BEFORE ICOME TAX</b>		<b>(19 770)</b>	<b>17 466</b>	<b>(12 652)</b>	<b>11 445</b>
Income tax expense		288	(3 682)	1 340	(1 528)
<b>NET PROFIT (LOSS)</b>		<b>(19 482)</b>	<b>13 784</b>	<b>(11 312)</b>	<b>9 917</b>
<b>Basic and diluted earnings per share (in LTL)</b>	<b>6</b>	<b>-0,42</b>	<b>0,39</b>	<b>-0,24</b>	<b>0,28</b>

LTL thousand	Note	Group		Company	
		2009 Q4	2008 Q4	2009 Q4	2008 Q4
Revenue		81 073	109 237	34 029	53 838
Cost of sales		(43 601)	(57 550)	(18 525)	(29 992)
<b>GROSS PROFIT</b>		<b>37 472</b>	<b>51 687</b>	<b>15 504</b>	<b>23 846</b>
Operating costs	<b>10</b>	(43 250)	(46 262)	(22 867)	(23 646)
Other income		239	348	1 598	1 631
Net foreign exchange gain (loss)		( 2)	51	( 2)	( 2)
<b>OPERATING PROFIT (LOSS)</b>		<b>(5 541)</b>	<b>5 824</b>	<b>(5 767)</b>	<b>1 829</b>
Finance costs	<b>7, 8</b>	( 610)	(1 046)	( 769)	(1 028)
<b>PROFIT BEFORE ICOME TAX</b>		<b>(6 151)</b>	<b>4 778</b>	<b>(6 536)</b>	<b>801</b>
Income tax expense		1 206	(1 300)	1 458	(1 044)
<b>NET PROFIT (LOSS)</b>		<b>(4 945)</b>	<b>3 478</b>	<b>(5 078)</b>	<b>( 243)</b>
<b>Basic and diluted earnings per share (in LTL)</b>	<b>6</b>	<b>-0,09</b>	<b>0,10</b>	<b>-0,09</b>	<b>-0,01</b>

**BALANCE SHEETS**

LTL thousand

	Note	Group		Company	
		31 12	31 12	31 12	31 12
		2009	2008	2009	2008
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	98 531	110 363	64 097	72 796
Intangible assets	4	1 303	1 592	969	1 158
Investments in subsidiaries	5	-	-	10 631	9 987
Prepayments		990	853	460	425
Trade and other receivables		-	84	-	84
		<b>100 824</b>	<b>112 892</b>	<b>76 157</b>	<b>84 450</b>
<b>Current assets</b>					
Inventories		64 380	85 525	41 949	57 330
Non-current assets held for sale		1 118	1 118	1 118	1 118
Prepayments		640	5 451	390	1 466
Trade and other receivables		2 732	3 578	27 940	23 400
Cash and cash equivalents		4 048	4 882	1 289	1 797
		<b>72 918</b>	<b>100 554</b>	<b>72 686</b>	<b>85 111</b>
<b>TOTAL ASSETS</b>	<b>3</b>	<b>173 742</b>	<b>213 446</b>	<b>148 843</b>	<b>169 561</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Ordinary shares	6	55 292	35 292	55 292	35 292
Legal reserve		2 912	2 416	2 912	2 416
Translation difference		( 546)	( 405)	-	-
Retained earnings		38 149	58 075	21 482	33 290
		<b>95 807</b>	<b>95 378</b>	<b>79 686</b>	<b>70 998</b>
<b>Non-current liabilities</b>					
Borrowings		-	-	-	-
Bonds issued		-	-	-	-
Deferred tax liabilities		4 003	5 312	1 863	3 199
Obligations under finance leases		-	-	-	-
Other liabilities		187	201	187	201
		<b>4 190</b>	<b>5 513</b>	<b>2 050</b>	<b>3 400</b>
<b>Current liabilities</b>					
Borrowings	7	41 166	56 889	50 123	53 811
Bonds issued	8	-	20 656	-	20 656
Obligations under finance leases		-	16	-	16
Current income tax liability		217	432	64	30
Trade and other payables		32 362	34 562	16 920	20 650
		<b>73 745</b>	<b>112 555</b>	<b>67 107</b>	<b>95 163</b>
<b>Total liabilities</b>		<b>77 935</b>	<b>118 068</b>	<b>69 157</b>	<b>98 563</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>173 742</b>	<b>213 446</b>	<b>148 843</b>	<b>169 561</b>

**STATEMENTS OF CHANGES IN EQUITY**

<b>GROUP</b>							
<b>LTL thousand</b>		<b>Note</b>	<b>Share capital</b>	<b>Legal reserve</b>	<b>Translation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 1 January 2008</b>			<b>35 292</b>	<b>1 550</b>	<b>( 76)</b>	<b>50 852</b>	<b>87 618</b>
Currency translation difference - recognised directly in equity			-	-	( 329)	( 48)	( 377)
Net profit for the year						13 784	13 784
Total recognised income and expenses for 2008			-	-	( 329)	13 736	13 407
Transfer to legal reserve			-	866	-	( 866)	-
Dividends paid			-	-	-	(5 647)	(5 647)
<b>Balance at 31 December 2008</b>			<b>35 292</b>	<b>2 416</b>	<b>( 405)</b>	<b>58 075</b>	<b>95 378</b>
Currency translation difference - recognised directly in equity			-	-	( 141)	52	( 89)
Net profit for the year			-	-	-	(19 482)	(19 482)
Total recognised income and expenses for 2009			-	-	( 141)	(19 430)	(19 571)
Transfer to legal reserve			-	496	-	( 496)	-
Shares issue		<b>6</b>	20 000	-	-	-	20 000
<b>Balance at 31 December 2009</b>			<b>55 292</b>	<b>2 912</b>	<b>( 546)</b>	<b>38 149</b>	<b>95 807</b>
<b>COMPANY</b>			<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>	
<b>LTL thousand</b>							
<b>Balance at 1 January 2008</b>			<b>35 292</b>	<b>1 550</b>	<b>29 886</b>	<b>66 728</b>	
Net profit for the 2008			-	-	9 917	9 917	
Transfer to legal reserve			-	866	( 866)	-	
Dividends paid			-	-	(5 647)	(5 647)	
<b>Balance at 31 December 2008</b>			<b>35 292</b>	<b>2 416</b>	<b>33 290</b>	<b>70 998</b>	
Net profit for the 2009			-	-	(11 312)	(11 312)	
Transfer to legal reserve			-	496	( 496)	-	
Shares issue		<b>6</b>	20 000	-	-	20 000	
<b>Balance at 31 December 2009</b>			<b>55 292</b>	<b>2 912</b>	<b>21 482</b>	<b>79 686</b>	

**STATEMENTS OF CASH FLOW**

LTL thousand

	Note	Group		Company	
		2009	2008	2009	2008
<b>OPERATING ACTIVITIES</b>					
Profit before income taxes		(19 770)	17 466	(12 652)	11 445
Adjustments for:					
Depreciation and amortization		22 764	20 512	10 734	9 666
Change in allowances for slow-moving inventories		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	10	5 797	284	4 528	284
Dividends income		-	-	(7 446)	(8 516)
Interest expenses	7, 8	3 098	3 837	2 563	3 332
		<b>13 298</b>	<b>43 480</b>	<b>(1 096)</b>	<b>17 465</b>
Changes in operating assets and liabilities:					
Decrease (Increase) in inventories		19 669	(12 893)	14 170	(13 419)
Decrease (Increase) in receivables		5 604	(1 081)	(6 857)	(5 007)
Unrealized foreign exchange loss		( 89)	( 144)	( 32)	39
Increase (decrease) in payables		(2 214)	(1 498)	(3 712)	1 825
<b>Cash generated from operations</b>		<b>36 268</b>	<b>27 864</b>	<b>2 473</b>	<b>903</b>
Income taxes paid		(1 236)	(2 581)	38	( 396)
Interest paid	7, 8	(3 784)	(3 735)	(4 283)	(3 700)
<b>Net cash from operating activities</b>		<b>31 248</b>	<b>21 548</b>	<b>(1 772)</b>	<b>(3 193)</b>
<b>INVESTING ACTIVITIES</b>					
Interest received		30	-	1 064	479
Dividends received		-	-	7 446	8 516
Loans granted		(17 000)	-	(74 894)	(53 009)
Loans repayments received		17 000	-	78 336	59 683
Purchases of property, plant and equipment and intangible assets	4	(22 462)	(23 662)	(6 656)	(13 716)
Proceeds on disposal of property, plant and equipment	4	6 089	2 061	316	101
Investment in subsidiaries	5	-	-	( 644)	( 464)
<b>Net cash used in investing activities</b>		<b>(16 343)</b>	<b>(21 601)</b>	<b>4 968</b>	<b>1 590</b>
<b>FINANCING ACTIVITIES</b>					
Dividends paid		-	(5 647)	-	(5 647)
Proceeds from borrowings	7	15 315	88 063	72 167	165 452
Repayments of borrowings	7	(23 149)	(78 189)	(72 133)	(155 075)
Repayments of obligations under finance leases		( 16)	( 20)	( 16)	( 20)
Repurchase of bonds	8	(20 000)	(20 000)	(20 000)	(20 000)
Revenues from shares issue	6	20 000	20 000	20 000	20 000
<b>Net cash from financing activities</b>		<b>(7 850)</b>	<b>4 207</b>	<b>18</b>	<b>4 710</b>
<b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b>					
		<b>7 055</b>	<b>4 154</b>	<b>3 214</b>	<b>3 107</b>
<b>CASH AND BANK OVERDRAFTS:</b>					
<b>AT THE BEGINNING OF THE PERIOD</b>		<b>(3 007)</b>	<b>(7 161)</b>	<b>(1 925)</b>	<b>(5 032)</b>
<b>AT THE END OF THE PERIOD</b>		<b>4 048</b>	<b>(3 007)</b>	<b>1 289</b>	<b>(1 925)</b>

## NOTES

### 1. General information

APB Apranga, (hereinafter "the Company"), was incorporated and commenced its operations in March 1993. The Company's main office is situated in Kirtimu 51, Vilnius, Lithuania. The Company has legal form of public limited liability company under the Law on Companies of Republic of Lithuania. The principal activity of the Company and its subsidiaries (hereinafter "the Group") is retail trade of apparel.

At 31 December 2009 the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga SLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
SIA Apranga	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga BPB LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga PLV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga SLV	Latvia	Terbatas 30, Riga	Retail trade of apparel
OU Apranga <sup>1</sup>	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

<sup>1</sup> 100 % jointly with OU Apranga Estonia

All 55291960 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.

At 31 December 2009 the Company had 3508 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	29 677 397	53,7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estonia	5 456 737	9,9%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lithuania	3 569 954	6,5%

An issue of 200 000 Company's registered bonds of nominal value LTL 100 each and maturity of 2 years (ISIN code LT0000402216) was listed on Bond list of NASDAQ OMX Vilnius Stock Exchange (see Note 8. Bonds). Bonds were redeemed on 15 June 2009.

The ultimate parent company whose financial statements are available for public use is UAB Koncernas MG Baltic. The ultimate controlling individual of the Group is Mr. D. J. Mockus.

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

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

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

Country	2009	2008	Change
Lithuania	74	71	4,2%
Latvia	29	23	26,1%
Estonia	6	7	-14,3%
<b>Total:</b>	<b>109</b>	<b>101</b>	<b>7,9%</b>

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

Country	2009	2008	Change
Lithuania	41,7	43,1	-3,3%
Latvia	17,3	13,4	28,7%
Estonia	4,4	4,8	-8,9%
<b>Total:</b>	<b>63,4</b>	<b>61,4</b>	<b>3,3%</b>

The Group has opened 21 new stores, 6 stores reorganized to new concept and closed 13 stores in twelve months 2009 (see Note 4. Investments into non-current assets).

Main Indicators of the Group	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	130 144	186 203	-30,1%
Gross margin	41,3%	44,5%	
EBT, LTL thousand (including LTL 10.8 mln single losses of stores closure (see Note 10))	(19 770)	17 466	
EBT margin	-6,3%	4,2%	
Net profit (losses), LTL thousand (including LTL 10.8 mln single losses of stores closure (see Note 10))	(19 482)	13 784	
Net margin	-6,2%	3,3%	
EBITDA, LTL thousand*	6 121	41 822	-85,4%
EBITDA margin	1,9%	10,0%	
Return on equity (end of the period)	-20,3%	14,5%	
Return on assets (end of the period)	-11,2%	6,5%	
Net debt to equity**	38,7%	75,5%	
Current ratio, times	1,0	0,9	9,9%

Main Indicators of the Group	Q4 2009	Q4 2008	Change
Net sales, LTL thousand	81 073	109 237	-25,8%
Net sales in foreign markets, LTL thousand	28 779	33 647	-14,5%
Like-to-like sales	-26,9%	-13,7%	
Gross profit, LTL thousand	37 472	51 687	-27,5%
Gross margin	46,2%	47,3%	
EBT, LTL thousand (including LTL 10.1 mln single losses of stores closure (see Note 10))	(6 151)	4 735	
EBT margin	-7,6%	4,3%	
Net profit (losses), LTL thousand (including LTL 10.1 mln single losses of stores closure (see Note 10))	(4 945)	3 141	
Net margin	-6,1%	2,9%	
EBITDA, LTL thousand*	( 299)	11 177	
EBITDA margin	-0,4%	10,2%	
Return on equity (end of the period)	-5,2%	3,3%	
Return on assets (end of the period)	-2,8%	1,5%	
Net debt to equity**	38,7%	54,7%	
Current ratio, times	1,0	1,6	-37,3%

\* single losses of stores closure are not eliminated (see Note 10)

\*\* (Interest bearing liabilities less cash) / Equity

At 31 December 2009 the Group and the Company had 1286 and 580 employees, respectively. Number of employees in the Group and the Company during the last 12 months has decreased by 251 and 189, respectively.

In 2009 the average monthly salary in the Group companies was LTL 1776 and has decreased by 21.4% during the year. The average monthly salary in the Group companies in the fourth quarter of 2009 was LTL 1611 and has decreased by 29.9% in comparison with the fourth quarter 2008.



## 2. Basis of preparation and summary of main accounting policies

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

The principle accounting policies applied in the preparation of Interim financial statements are the same to those applied in preparation of the Annual financial statements.

The applicable rates used for the balance sheet preparation were as follows:

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

## 3. Segment information

The following is information on revenues and carrying amount of total assets by the segments (LTL thousand):

	2009			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	228 927	75 589	36 044	340 560
Intersegment revenue	(20 979)	(3 562)	(1 107)	(25 648)
<b>Revenue</b>	<b>207 948</b>	<b>72 027</b>	<b>34 937</b>	<b>314 912</b>

	2008			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	314 273	103 053	39 689	457 015
Intersegment revenue	(34 738)	(2 375)	(1 280)	(38 393)
<b>Revenue</b>	<b>279 535</b>	<b>100 678</b>	<b>38 409</b>	<b>418 622</b>

	Assets	
	2009	2008
Lithuania	129 152	162 493
Latvia	32 874	33 827
Estonia	11 716	17 126
<b>Total</b>	<b>173 742</b>	<b>213 446</b>

## 4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to LTL 16373 thousand in 12 months of 2009.

## 5. Investments into subsidiaries

In February 2009 the Company has increased the share capitals of OU „Apranga PB Trade“ and OU „Apranga ST Retail“ from EEK 40 thousand (LTL 9 thousand) to EEK 1500 thousand (LTL 331 thousand). The Company has made the payment to the share capital in cash.

## 6. Share capital

The general shareholders' meeting convened on 30 April 2009 has resolved to increase Company's share capital by additional contributions of shareholders by issuing 20000000 ordinary registered shares of nominal value LTL 1 each with the subscription price LTL 1 each. All newly issued shares were paid in cash, and the amendments to the Articles of Association regarding increase of the share capital were registered at Company's Register of Republic of Lithuania on 5 June 2009. The weighted average of shares outstanding of corresponding period was used in calculation of basic and diluted earnings per share.

## **7. Borrowings**

In June 2009, the Group and 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 80000 thousand in order to finance further expansion, also for increasing the working capital, issuing guarantees and opening letters of credit. The next contract amendments include a credit limit reduction schedule. According to it the Group given the maximum amount of credit line was LTL 72000 thousand on 1 January 2010. The maximum amount of credit line gradually decreases till LTL 67000 thousand till 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 the 1 month VILIBOR plus margin.

In February 2009, the Group has settled accounts with SIA DnB Nord Banka according to the credit line agreement.

## **8. Bonds**

On 15 June 2009 the Company has repurchased the issue of 200000 bonds of LTL 100 nominal value each for LTL 20000 thousand and paid the coupon of LTL 1198 thousand.

## **9. Guarantees and letters of credit**

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 22322 thousand (31 December 2008: LTL 22184 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 29796 thousand (31 December 2008: LTL 31155 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 7820 thousand). As of 31 December 2009 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2534 thousand (31 December 2008: LTL 2431 thousand).

## **10. Chain optimization problems, and single losses of stores closure**

In order to mitigate the consequences of the economic crisis the Group realized the chain restructuring and optimization program in 2009. In 2009 the Group has closed 13 stores, covering an area of 8.1 thousand. square. m, and 6 stores reorganized into the new concept stores with a total area of 2.2 thousand. square. m

All premises rental contracts have been terminated signing agreements between the parties without judicial or arbitration of disputes.

Due to restructuring and closing stores areas in the second half of 2009 were reduced by almost 10% from 70.0 thousand. square. m to 63.4 thousand. square. m.

Due to stores closure the Group has experienced LTL 10.1 million of single losses (write-offs of long-term assets, compensation, fines, provisions, etc.) during fourth quarter of 2009. Total single losses of stores closure were LTL 10.8 million during the year 2009.

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