

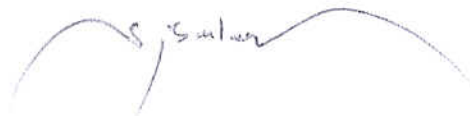
30 November 2010  
Vilnius

## CONFIRMATION OF THE COMPANY'S RESPONSIBLE PERSONS

Hereby we confirm, that by our knowledge Consolidated Interim Financial Statements for the nine months of 2010 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

|  |                          |                                    |                                     |   |  |
|--|--------------------------|------------------------------------|-------------------------------------|---|--|
| KIRTIMIŲ G. 51<br>LT-02244 VILNIUS     | TELEFONAS<br>(5) 2390808 | BENDROVĖS KODAS<br>121933274       | AB „SEB BANKAS“<br>VILNAUS FILIALAS | ATSISKAITOMOJI SĄSKAITA<br>LT04 7044 0600 0090 8217 | LR ĮMONIŲ REJESTRAS<br>VALSTYBĖS ĮMONĖS REĖISTRŲ CENTRAS |
| ELEKTRONINIS PAŠTAS<br>INFO@APRANGA.LT | FAKSAS<br>(5) 2390800    | PVM MOKĖTOJO KODAS<br>LT 219332716 | BANKO KODAS<br>70440                | VALIUTINĖ SĄSKAITA<br>LT50 7044 0600 0090 8282      | VILNAUS FILIALAS<br>ŠVITRIGAILOS G. 7, VILNIUS           |

# APRANGA

GROUP

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APRANGA APB

Interim Consolidated Financial Statements

For the Nine months period ended 30 September 2010

(UNAUDITED)

30 November 2010  
Vilnius

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**INFORMATION ABOUT COMPANY**

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|                                    |   |
|------------------------------------|---|
| Name of the company                | Apranga APB   |
| Legal form                         | Public limited liability company                          |
| Date of registration               | 1 <sup>st</sup> March 1993                                |
| Code of company                    | 121933274   |
| Share capital                      | LTL 55 291 960  |
| Registered office                  | Kirtimu 51, LT-02244 Vilnius, Lithuania                   |
| Name of Register of Legal Entities | Registru centras VĮ, Vilnius branch                       |
| Telephone number                   | +370 5 239 08 08  |
| Fax number                         | +370 5 239 08 00  |
| E-mail                             | <a href="mailto:info@apranga.lt">info@apranga.lt</a>      |
| Internet address                   | <a href="http://www.apranga.lt">http://www.apranga.lt</a> |
| Main activities                    | Retail trade of apparel                                   |
| Auditor                            | PricewaterhouseCoopers UAB                                |

**APB APRANGA**

Company's code 121933274, Kirtimu 51, Vilnius

**TABLE OF CONTENT**

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|  | <b>PAGE</b>    |
|--|----------------|
| <b>REVIEW OF ACTYVITY OF THE GROUP COMPANIES</b>     | <b>4 – 6</b>   |
| <b>FINANCIAL STATEMENTS:</b>                         |                |
| STATEMENT OF COMPREHENSIVE INCOME                    | <b>7</b>       |
| BALANCE SHEET  | <b>8</b>       |
| STATEMENTS OF CHANGES IN EQUITY                      | <b>9</b>       |
| STATEMENTS OF CASH FLOWS                             | <b>10</b>      |
| <b>EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS</b> | <b>11 – 13</b> |

## REVIEW OF ACTIVITY OF THE GROUP COMPANIES

The retail turnover (including VAT) of Apranga Group has made LTL 109.8 million (EUR 31.8 million) in 3rd quarter 2010 or 6.6% more than in 2009. The turnover of stores, comparing to the same quarter 2009, increased in all countries.

The retail turnover (including VAT) of Apranga Group has made LTL 271.3 million (EUR 78.6 million) in January through September 2010 or 6.7% less than in 2009. The drop in sales reflects the general situation in Baltic States, where, according to EUROSTAT, the decrease of retail trade was up 15% during the 9 months 2010. Although, in recent months the growth trend of turnover has already seen in Latvia and Estonia.

The retail turnover of the Group's stores by countries during the third quarter of 2010 was (LTL thousand, VAT included):

| <b>Country</b> | <b>Q3 2010</b> | <b>Q3 2009</b> | <b>Change</b> |
|----------------|----------------|----------------|---------------|
| Lithuania      | 68 463         | 67 337         | 1,7%          |
| Latvia         | 26 641         | 23 081         | 15,4%         |
| Estonia        | 14 699         | 12 626         | 16,4%         |
| <b>Total:</b>  | <b>109 803</b> | <b>103 044</b> | <b>6,6%</b>   |

The retail turnover of the Group's stores during 9 months 2010 by countries was as follows (LTL thousand, VAT included):

| <b>Country</b> | <b>9 months 2010</b> | <b>9 months 2009</b> | <b>Change</b> |
|----------------|----------------------|----------------------|---------------|
| Lithuania      | 174 241              | 195 325              | -10,8%        |
| Latvia         | 64 245               | 64 278               | -0,1%         |
| Estonia        | 32 774               | 31 067               | 5,5%          |
| <b>Total:</b>  | <b>271 260</b>       | <b>290 670</b>       | <b>-6,7%</b>  |

During the 9 months of 2010 the Group opened 11 and closed 4 stores (see Note 4. Investments into non-current assets). There was not newly opened or closed stores during third quarter 2010. The main part of 11 newly opened stores consists of 8 PROMOD chain stores, which Group has taken over from the Latvian company Fashion Retail SIA at the end of 2<sup>nd</sup> quarter 2010.

The number of stores by countries was as follows:

| <b>Country</b> | <b>30 09 2010</b> | <b>30 09 2009</b> | <b>Change</b> |
|----------------|-------------------|-------------------|---------------|
| Lithuania      | 75                | 76                | -1,3%         |
| Latvia         | 31                | 31                | 0,0%          |
| Estonia        | 10                | 8                 | 25,0%         |
| <b>Total:</b>  | <b>116</b>        | <b>115</b>        | <b>0,9%</b>   |

The total sales area operated by the Group has decreased by 1.5% or by 1.0 thousand sq. m. during the period from 30 September 2009 till 30 September 2010.

The total area of stores by countries was as follows (thousand sq. m):

| <b>Country</b> | <b>30 09 2010</b> | <b>30 09 2009</b> | <b>Change</b> |
|----------------|-------------------|-------------------|---------------|
| Lithuania      | 41,8              | 42,1              | -0,8%         |
| Latvia         | 17,5              | 18,3              | -4,4%         |
| Estonia        | 5,5               | 5,3               | 3,2%          |
| <b>Total:</b>  | <b>64,7</b>       | <b>65,7</b>       | <b>-1,5%</b>  |

**APB APRANGA**, company's code 121933274, Kirtimu 51, Vilnius  
**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010**  
(all tabular amounts are in LTL thousands unless otherwise stated)

The Group has earned LTL 7 588 thousand of *profit before income tax* in nine months 2010, while losses before taxes were LTL 13 619 thousand during nine months of 2009. Only during third quarter 2010 the Group has earned LTL 6 783 thousand of profit before income tax, while losses before taxes were LTL 370 thousand during third quarter 2009.

*EBITDA* of the Group was LTL 23 315 thousand during nine months 2010, and it was LTL 6 420 thousand in corresponding previous year period. *EBITDA* margin has increased from 2.7% to 10.8% during the year. Net debt to equity ratio decreased more than 4 times – to 9.2%. The liquidity of the Group also strengthened – the current ratio increased by more than 50% to 1.5.

| <b>Main Group Indicators</b>               | <b>9 months<br/>2010</b> | <b>9 months<br/>2009</b> | <b>Change</b> |
|--|--------------------------|--------------------------|---------------|
| Net sales, LTL thousand                    | 215 312                  | 233 839                  | -7,9%         |
| Net sales in foreign markets, LTL thousand | 78 543                   | 78 185                   | 0,5%          |
| Like-to-like sales                         | -5,0%                    | -32,4%                   |               |
| Gross profit, LTL thousand                 | 91 920                   | 92 672                   | -0,8%         |
| Gross margin                               | 42,7%                    | 39,6%                    |               |
| EBT, LTL thousand                          | 7 588                    | (13 619)                 |               |
| EBT margin                                 | 3,5%                     | -5,8%                    |               |
| Net profit (losses), LTL thousand          | 6 026                    | (14 537)                 |               |
| Net margin                                 | 2,8%                     | -6,2%                    |               |
| EBITDA, LTL thousand                       | 23 315                   | 6 420                    | 263,2%        |
| EBITDA margin                              | 10,8%                    | 2,7%                     |               |
| Return on equity (end of the period)       | 5,8%                     | -14,4%                   |               |
| Return on assets (end of the period)       | 3,6%                     | -6,9%                    |               |
| Net debt to equity*                        | 9,2%                     | 40,2%                    |               |
| Current ratio, times                       | 1,5                      | 1,0                      | 51,9%         |

\* (Interest bearing liabilities less cash) / Equity

| <b>Main Group Indicators</b>               | <b>Q3 2010</b> | <b>Q3 2009</b> | <b>Change</b> |
|--|----------------|----------------|---------------|
| Net sales, LTL thousand                    | 87 376         | 83 096         | 5,2%          |
| Net sales in foreign markets, LTL thousand | 33 553         | 29 570         | 13,5%         |
| Like-to-like sales                         | 6,5%           | -36,0%         |               |
| Gross profit, LTL thousand                 | 36 308         | 34 344         | 5,7%          |
| Gross margin                               | 41,6%          | 41,3%          |               |
| EBT, LTL thousand                          | 6 783          | ( 370)         |               |
| EBT margin                                 | 7,8%           | -0,4%          |               |
| Net profit (losses), LTL thousand          | 5 753          | (1 053)        |               |
| Net margin                                 | 6,6%           | -1,3%          |               |
| EBITDA, LTL thousand                       | 12 026         | 6 598          | 82,3%         |
| EBITDA margin                              | 13,8%          | 7,9%           |               |
| Return on equity (end of the period)       | 5,5%           | -1,0%          |               |
| Return on assets (end of the period)       | 3,4%           | -0,5%          |               |
| Net debt to equity*                        | 9,2%           | 40,2%          |               |
| Current ratio, times                       | 1,5            | 1,0            | 51,9%         |

\* (Interest bearing liabilities less cash) / Equity

The *operating expenses* of the Group totalled LTL 84 114 thousand during 9 months 2010 and decreased by 19.6%, comparing to the same period 2009. Group operating expenses decreased by 12.6% in third quarter 2010, comparing to third quarter 2009.

The *finance costs* of the Group totalled LTL 783 thousand during 9 months 2010 and decreased 3.2 times, comparing to the same period 2009. Group finance costs decreased even 7.2 times in third quarter 2010, comparing to third quarter 2009. That was mostly impacted by rapid decrease of finance debts. Total finance debts of the Group decreased from LTL 41.2 million at 30 September 2009 to LTL 12.2 million at 30 September 2010, that is, about 3.4 times.

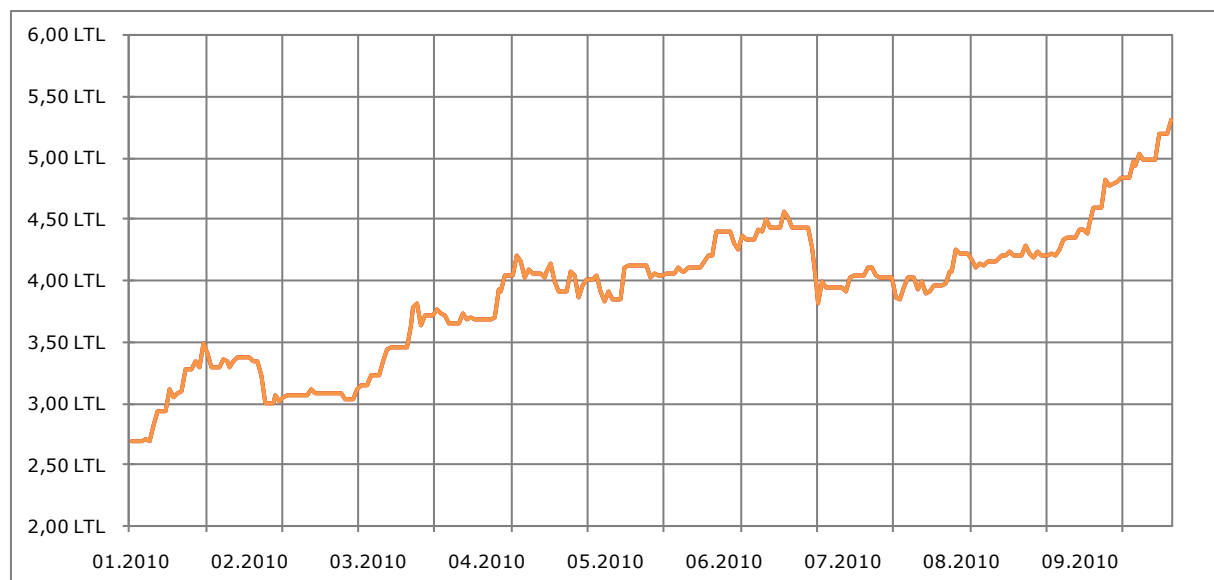
The *number of employees* during the year since 30 September 2009 in the Group has decreased by 101 to 1 290 (-7.3%), and has decreased in Company by 82 to 571 (-12.6%).

The *average monthly salary* in the Group in the third quarter 2010 was LTL 1 495 and has decreased 16.9%, in comparison to the third quarter 2009.

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**REVIEW OF ACTIVITY OF THE GROUP COMPANIES**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010**  
(all tabular amounts are in LTL thousands unless otherwise stated)

The price of the Company share during 9 months 2010 increased almost twice from LTL 2.70 per share (minimum share price during the nine months period) to LTL 5.32 per share (maximum share price during the nine months period). In this way, the market capitalization of the Company increased from almost LTL 150 million at the beginning of the year to LTL 294 million at the end of September 2010. The average price of share was LTL 3.89 per 1 share.

Apranga APB share price during 9 months 2010 period:



Information about members of the Management board on 30 September 2010:

| Name, Surname         | Position                                  | Number of shares owned and part in the share capital | Election date | End of term |
|-----------------------|---|--|---------------|-------------|
| Darius Juozas Mockus  | Chairman of the Board                     | 981 958<br>1.78%                                     | 30 04 2010    | 30 04 2014  |
| Rimantas Perveneckas  | Member of the Board, General Director     | 1 000 000<br>1.81%                                   | 30 04 2010    | 30 04 2014  |
| Ilona Simkuniene      | Member of the Board, Purchasing Director  | 33 123<br>0.06%                                      | 30 04 2010    | 30 04 2014  |
| Ramunas Gaidamavicius | Member of the Board, Development Director | -  | 30 04 2010    | 30 04 2014  |
| Raimondas Paškevičius | Member of the Board                       | -  | 30 04 2010    | 21 10 2010  |
| Marijus Strončikas    | Member of the Board                       | 4 365<br>0.01%                                       | 30 04 2010    | 30 04 2014  |

**STATEMENT OF COMPREHENSIVE INCOME**

|   | Note     | Group            |                  | Company          |                  |
|---|----------|------------------|------------------|------------------|------------------|
|   |          | 9 months<br>2010 | 9 months<br>2009 | 9 months<br>2010 | 9 months<br>2009 |
| Revenue   | <b>3</b> | 215 312          | 233 839          | 99 704           | 118 883          |
| Cost of sales   |          | (123 392)        | (141 167)        | (66 934)         | (84 070)         |
| <b>Gross profit</b>   |          | <b>91 920</b>    | <b>92 672</b>    | <b>32 770</b>    | <b>34 813</b>    |
| Operating expenses  |          | (84 114)         | (104 613)        | (37 613)         | (50 518)         |
| Other income  |          | 534              | 849              | 9 427            | 12 412           |
| Net foreign exchange gain (loss)                              |          | 31               | ( 10)            | 28               | 34               |
| <b>Operating profit (loss)</b>                                |          | <b>8 371</b>     | <b>(11 102)</b>  | <b>4 612</b>     | <b>(3 259)</b>   |
| Finance costs   | <b>5</b> | ( 783)           | (2 517)          | (1 134)          | (2 857)          |
| <b>Profit (loss) before income tax</b>                        |          | <b>7 588</b>     | <b>(13 619)</b>  | <b>3 478</b>     | <b>(6 116)</b>   |
| Income tax expense  |          | (1 562)          | ( 918)           | 326              | ( 118)           |
| <b>Profit (loss) for the year</b>                             | <b>3</b> | <b>6 026</b>     | <b>(14 537)</b>  | <b>3 804</b>     | <b>(6 234)</b>   |
| <b>Other comprehensive income</b>                             |          |                  |                  |                  |                  |
| Currency translation difference                               |          | 187              | -                | -                | -                |
| <b>TOTAL COMPREHENSIVE INCOME</b>                             |          | <b>6 213</b>     | <b>(14 537)</b>  | <b>3 804</b>     | <b>(6 234)</b>   |
| <b>Basic and diluted earnings (losses) per share (in LTL)</b> |          | <b>0,11</b>      | <b>(0,33)</b>    | <b>0,07</b>      | <b>(0,14)</b>    |

|   | Note     | Group         |                | Company       |                |
|---|----------|---------------|----------------|---------------|----------------|
|   |          | Q3 2010       | Q3 2009        | Q3 2010       | Q3 2009        |
| Revenue   |          | 87 376        | 83 096         | 40 921        | 41 606         |
| Cost of sales   |          | (51 068)      | (48 752)       | (28 743)      | (29 844)       |
| <b>Gross profit</b>   |          | <b>36 308</b> | <b>34 344</b>  | <b>12 178</b> | <b>11 762</b>  |
| General and administrative expenses                           |          | (29 596)      | (33 879)       | (12 546)      | (15 734)       |
| Other income  |          | 163           | 163            | 1 505         | 1 704          |
| Net foreign exchange gain (loss)                              |          | 48            | 9              | 51            | 13             |
| <b>Operating profit (loss)</b>                                |          | <b>6 923</b>  | <b>637</b>     | <b>1 188</b>  | <b>(2 255)</b> |
| Finance costs   | <b>5</b> | ( 140)        | (1 007)        | ( 243)        | (1 169)        |
| <b>Profit (loss) before income tax</b>                        |          | <b>6 783</b>  | <b>( 370)</b>  | <b>945</b>    | <b>(3 424)</b> |
| Income tax expense  |          | (1 030)       | ( 683)         | ( 129)        | 39             |
| <b>Profit (loss) for the year</b>                             |          | <b>5 753</b>  | <b>(1 053)</b> | <b>816</b>    | <b>(3 385)</b> |
| <b>Other comprehensive income</b>                             |          |               |                |               |                |
| Currency translation difference                               |          | 44            | -              | -             | -              |
| <b>TOTAL COMPREHENSIVE INCOME</b>                             |          | <b>5 797</b>  | <b>(1 053)</b> | <b>816</b>    | <b>(3 385)</b> |
| <b>Basic and diluted earnings (losses) per share (in LTL)</b> |          | <b>0,10</b>   | <b>(0,02)</b>  | <b>0,01</b>   | <b>(0,06)</b>  |



## BALANCE SHEET

|                                     | Note     | Group          |                | Company        |                |
|-------------------------------------|----------|----------------|----------------|----------------|----------------|
|                                     |          | 30 09<br>2010  | 31 12<br>2009  | 30 09<br>2010  | 31 12<br>2009  |
| <b>ASSETS</b>                       |          |                |                |                |                |
| <b>Non-current assets</b>           |          |                |                |                |                |
| Property, plant and equipment       |          | 85 184         | 97 705         | 58 086         | 63 396         |
| Intangible assets                   |          | 969            | 1 303          | 715            | 969            |
| Investments in subsidiaries         |          | -              | -              | 15 504         | 10 631         |
| Prepayments                         |          | 931            | 924            | 399            | 395            |
| Trade and other receivables         |          | 57             | 66             | 57             | 66             |
| Deferred tax assets                 |          | 737            | 384            | 737            | 384            |
|                                     |          | <b>87 878</b>  | <b>100 382</b> | <b>75 498</b>  | <b>75 841</b>  |
| <b>Current assets</b>               |          |                |                |                |                |
| Inventories                         |          | 72 968         | 65 211         | 36 861         | 42 948         |
| Non-current assets held for sale    |          | 1 118          | 1 118          | 1 118          | 1 118          |
| Prepayments                         |          | 1 814          | 1 013          | 573            | 390            |
| Trade and other receivables         |          | 1 459          | 2 743          | 16 814         | 27 940         |
| Cash and cash equivalents           |          | 2 668          | 4 048          | 962            | 1 289          |
|                                     |          | <b>80 027</b>  | <b>74 133</b>  | <b>56 328</b>  | <b>73 685</b>  |
| <b>TOTAL ASSETS</b>                 | <b>3</b> | <b>167 905</b> | <b>174 515</b> | <b>131 826</b> | <b>149 526</b> |
| <b>EQUITY AND LIABILITIES</b>       |          |                |                |                |                |
| <b>Equity</b>                       |          |                |                |                |                |
| Ordinary shares                     |          | 55 292         | 55 292         | 55 292         | 55 292         |
| Legal reserve                       |          | 2 912          | 2 912          | 2 912          | 2 912          |
| Translation difference              |          | ( 383)         | ( 464)         | -              | -              |
| Retained earnings                   |          | 46 772         | 40 640         | 27 775         | 23 971         |
|                                     |          | <b>104 593</b> | <b>98 380</b>  | <b>85 979</b>  | <b>82 175</b>  |
| <b>Non-current liabilities</b>      |          |                |                |                |                |
| Borrowings                          | <b>5</b> | 5 000          | -              | 5 000          | -              |
| Deferred tax liabilities            |          | 2 905          | 2 228          | -              | -              |
| Obligations under finance leases    |          | 13             | -              | -              | -              |
| Other liabilities                   |          | 410            | 187            | 410            | 187            |
|                                     |          | <b>8 328</b>   | <b>2 415</b>   | <b>5 410</b>   | <b>187</b>     |
| <b>Current liabilities</b>          |          |                |                |                |                |
| Borrowings                          | <b>5</b> | 7 233          | 41 166         | 18 425         | 50 123         |
| Obligations under finance leases    |          | 2              | -              | -              | -              |
| Current income tax liability        |          | 1 257          | 212            | 9              | 66             |
| Trade and other payables            |          | 46 492         | 32 342         | 22 003         | 16 975         |
|                                     |          | <b>54 984</b>  | <b>73 720</b>  | <b>40 437</b>  | <b>67 164</b>  |
| <b>Total liabilities</b>            |          | <b>63 312</b>  | <b>76 135</b>  | <b>45 847</b>  | <b>67 351</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |          | <b>167 905</b> | <b>174 515</b> | <b>131 826</b> | <b>149 526</b> |

## STATEMENTS OF CHANGES IN EQUITY

| <b>GROUP</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 2009</b>    |             | <b>35 292</b>        | <b>2 416</b>         | <b>( 405)</b>              | <b>58 075</b>            | <b>95 378</b>   |
| <b>Comprehensive income</b>         |             |                      |                      |                            |                          |                 |
| Loss for the 9 months 2009          |             |                      |                      |                            | (14 537)                 | (14 537)        |
| <b>Other comprehensive income</b>   |             |                      |                      |                            |                          |                 |
| Currency translation difference     |             | -                    | -                    | 24                         | ( 30)                    | ( 6)            |
| <b>Total comprehensive income</b>   |             | <b>-</b>             | <b>-</b>             | <b>24</b>                  | <b>(14 567)</b>          | <b>(14 543)</b> |
| <b>Transactions with owners</b>     |             |                      |                      |                            |                          |                 |
| Transfer to legal reserve           |             | -                    | 496                  | -                          | ( 496)                   | -               |
| Shares issue                        |             | 20 000               | -                    | -                          | -                        | 20 000          |
| <b>Balance at 30 September 2009</b> |             | <b>55 292</b>        | <b>2 912</b>         | <b>( 381)</b>              | <b>43 012</b>            | <b>100 835</b>  |
| <b>Balance at 1 January 2010</b>    |             | <b>55 292</b>        | <b>2 912</b>         | <b>( 464)</b>              | <b>40 640</b>            | <b>98 380</b>   |
| <b>Comprehensive income</b>         |             |                      |                      |                            |                          |                 |
| Profit for the 9 months 2010        |             | -                    | -                    | -                          | 6 026                    | 6 026           |
| <b>Other comprehensive income</b>   |             |                      |                      |                            |                          |                 |
| Currency translation difference     |             | -                    | -                    | 81                         | 106                      | 187             |
| <b>Total comprehensive income</b>   |             | <b>-</b>             | <b>-</b>             | <b>81</b>                  | <b>6 132</b>             | <b>6 213</b>    |
| <b>Balance at 30 September 2010</b> |             | <b>55 292</b>        | <b>2 912</b>         | <b>( 383)</b>              | <b>46 772</b>            | <b>104 593</b>  |
| <b>COMPANY</b>                      |             | <b>Share capital</b> | <b>Legal reserve</b> | <b>Retained earnings</b>   | <b>Total</b>             |                 |
| <b>Balance at 1 January 2009</b>    |             | <b>35 292</b>        | <b>2 416</b>         | <b>33 290</b>              | <b>70 998</b>            |                 |
| <b>Comprehensive income</b>         |             |                      |                      |                            |                          |                 |
| Loss for the 9 months 2009          |             | -                    | -                    | (6 234)                    | (6 234)                  |                 |
| <b>Transactions with owners</b>     |             |                      |                      |                            |                          |                 |
| Transfer to legal reserve           |             | -                    | 496                  | ( 496)                     | -                        |                 |
| Shares issued                       |             | 20 000               | -                    | -                          | 20 000                   |                 |
| <b>Balance at 30 September 2009</b> |             | <b>55 292</b>        | <b>2 912</b>         | <b>26 560</b>              | <b>84 764</b>            |                 |
| <b>Balance at 1 January 2010</b>    |             | <b>55 292</b>        | <b>2 912</b>         | <b>23 971</b>              | <b>82 175</b>            |                 |
| <b>Comprehensive income</b>         |             |                      |                      |                            |                          |                 |
| Profit for the 9 months 2010        |             | -                    | -                    | 3 804                      | 3 804                    |                 |
| <b>Balance at 30 September 2010</b> |             | <b>55 292</b>        | <b>2 912</b>         | <b>27 775</b>              | <b>85 979</b>            |                 |

## STATEMENTS OF CASH FLOW

| Note   | Group  |                  | Company          |                  |
|--|--|------------------|------------------|------------------|
|  | 9 months<br>2010                             | 9 months<br>2009 | 9 months<br>2010 | 9 months<br>2009 |
| <b>OPERATING ACTIVITIES</b>                                |  |                  |                  |                  |
|  | 7 588  | (13 619)         | 3 478            | (6 116)          |
|  | Adjustments for:                             |                  |                  |                  |
|  | 14 944                                       | 17 522           | 6 767            | 8 387            |
|  | 1 278  | -                | ( 222)           | -                |
|  | ( 844)                                       | 1 151            | ( 991)           | 951              |
|  | ( 10)  | ( 56)            | ( 5)             | ( 22)            |
|  | 40   | -                | 33               | -                |
|  | -  | -                | (5 474)          | (7 446)          |
|  | 786  | 2 489            | 870              | 2 047            |
|  | <b>23 782</b>                                | <b>7 487</b>     | <b>4 456</b>     | <b>(2 199)</b>   |
|  | Changes in operating assets and liabilities: |                  |                  |                  |
|  | (6 913)                                      | (5 729)          | 7 078            | 1 539            |
|  | 485  | 5 186            | 12 496           | (4 995)          |
|  | 189  | ( 94)            | ( 28)            | -                |
|  | 14 373                                       | 23 412           | 5 279            | 6 958            |
|  | <b>31 916</b>                                | <b>30 262</b>    | <b>29 281</b>    | <b>1 303</b>     |
|  | <b>Cash generated from operations</b>        |                  |                  |                  |
|  | ( 193)                                       | ( 107)           | ( 84)            | 1                |
| 5  | ( 788)                                       | (3 173)          | (1 139)          | (3 513)          |
|  | <b>30 935</b>                                | <b>26 982</b>    | <b>28 058</b>    | <b>(2 209)</b>   |
| <b>INVESTING ACTIVITIES</b>                                |  |                  |                  |                  |
|  | 2  | 28               | 269              | 810              |
|  | -  | -                | 5 474            | 7 446            |
|  | -  | (17 000)         | (17 630)         | (63 191)         |
|  | -  | 17 000           | 16 084           | 60 004           |
| 4  | (4 221)                                      | (21 786)         | (1 333)          | (6 547)          |
| 4  | 824  | 6 256            | 324              | 297              |
|  | -  | -                | (4 873)          | ( 644)           |
|  | <b>(3 395)</b>                               | <b>(15 502)</b>  | <b>(1 685)</b>   | <b>(1 825)</b>   |
| <b>FINANCING ACTIVITIES</b>                                |  |                  |                  |                  |
|  | 42 343                                       | 15 315           | 101 278          | 56 496           |
|  | (69 345)                                     | (20 315)         | (126 045)        | (49 099)         |
|  | 15   | ( 13)            | -                | ( 13)            |
|  | -  | (20 000)         | -                | (20 000)         |
|  | -  | 20 000           | -                | 20 000           |
|  | <b>(26 987)</b>                              | <b>(5 013)</b>   | <b>(24 767)</b>  | <b>7 384</b>     |
| <b>NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS</b> |  |                  |                  |                  |
|  | <b>553</b>                                   | <b>6 467</b>     | <b>1 606</b>     | <b>3 350</b>     |
| <b>CASH AND BANK OVERDRAFTS:</b>                           |  |                  |                  |                  |
|  | <b>(5 118)</b>                               | <b>(3 007)</b>   | <b>(7 877)</b>   | <b>(1 925)</b>   |
|  | <b>(4 565)</b>                               | <b>3 460</b>     | <b>(6 271)</b>   | <b>1 425</b>     |

## NOTES TO INTERIM CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS

### 1. General information

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

At 30 September 2010 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   | Pärnu mnt 10/Väike-Karja 12 Tallinn | Retail trade of apparel |
| OU Apranga Estonia      | Estonia   | Pärnu mnt 10/Väike-Karja 12 Tallinn | Retail trade of apparel |
| OU Apranga BEE          | Estonia   | Pärnu mnt 10/Väike-Karja 12 Tallinn | Retail trade of apparel |
| OU Apranga PB Trade     | Estonia   | Pärnu mnt 10/Väike-Karja 12 Tallinn | Retail trade of apparel |
| OU Apranga ST Retail    | Estonia   | Pärnu mnt 10/Väike-Karja 12 Tallinn | Retail trade of apparel |

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

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.

At 30 September 2010 the Company had 3 493 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      | 6 541 094        | 11,8%                |
| UAB Minvista                  | 110685692       | Jasinskio 16, Vilnius, Lithuania  | 3 736 965        | 6,8%                 |
| SEB AB clients                | 502032908101    | Sergels Torg 2, Stockholm, Sweden | 3 437 005        | 6,2%                 |

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.

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

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

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

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

| Currency | 30 09 2010 | 31 12 2009 | 30 09 2009 |
|----------|------------|------------|------------|
| 1 EUR =  | 3,4528 LTL | 3,4528 LTL | 3,4528 LTL |
| 1 LVL =  | 4,8673 LTL | 4,8679 LTL | 4,8823 LTL |
| 10 EEK = | 2,2067 LTL | 2,2067 LTL | 2,2067 LTL |

### 3. 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.

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

The segment information provided to the Directors for the reportable segments for the 9 months 2010 is as follows:

| <b>9 months 2010</b>  | <b>Lithuania</b> | <b>Latvia</b> | <b>Estonia</b> | <b>Total</b>    | <b>Inter-company eliminations</b> | <b>Total in consolidated financial statements</b> |
|---|------------------|---------------|----------------|-----------------|-----------------------------------|---|
| Total segment revenue   | 151 404          | 53 857        | 27 251         | 232 512         | -                                 |   |
| Inter-segment revenue   | (14 635)         | (2 088)       | ( 477)         | (17 200)        | -                                 |   |
| <b>Revenue from external customers</b>  | <b>136 769</b>   | <b>51 769</b> | <b>26 774</b>  | <b>215 312</b>  | -                                 | <b>215 312</b>                                    |
| <b>Gross margin</b>   | <b>41,4%</b>     | <b>43,3%</b>  | <b>48,1%</b>   | <b>42,7%</b>    |                                   | <b>42,7%</b>                                      |
| <b>Profit (loss) for the year</b>   | <b>1 453</b>     | <b>1 017</b>  | <b>3 556</b>   | <b>6 026</b>    | -                                 | <b>6 026</b>                                      |
| Total assets  | 147 650          | 33 232        | 22 600         | 203 482         | (35 577)                          | 167 905   |
| Additions to non-current assets (other than financial instruments and prepayments for leases) | 1 295            | 384           | 1 718          | 3 397           |                                   | 3 397   |
| <b>9 months 2009</b>  | <b>Lithuania</b> | <b>Latvia</b> | <b>Estonia</b> | <b>Total</b>    | <b>Inter-company eliminations</b> | <b>Total in consolidated financial statements</b> |
| Total segment revenue   | 175 228          | 55 673        | 26 484         | 257 385         | -                                 |   |
| Inter-segment revenue   | (19 574)         | (3 018)       | ( 954)         | (23 546)        | -                                 |   |
| <b>Revenue from external customers</b>  | <b>155 654</b>   | <b>52 655</b> | <b>25 530</b>  | <b>233 839</b>  | -                                 | <b>233 839</b>                                    |
| <b>Gross margin</b>   | <b>37,7%</b>     | <b>41,8%</b>  | <b>46,7%</b>   | <b>39,6%</b>    |                                   | <b>39,6%</b>                                      |
| <b>Profit for the year</b>  | <b>(14 639)</b>  | <b>( 837)</b> | <b>867</b>     | <b>(14 609)</b> | <b>72</b>                         | <b>(14 537)</b>                                   |
| Total assets  | 194 442          | 41 475        | 19 640         | 255 557         | (45 989)                          | 209 568   |
| Additions to non-current assets (other than financial instruments and prepayments for leases) | 5 760            | 2 847         | 1 174          | 9 781           |                                   | 9 781   |

### 4. Investments into non-current assets

Investments into development and reconstruction of retail network amounted to LTL 3.4 million during 9 months 2010.

### 5. Borrowings

In May 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 67 000 thousand in order to finance 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 67 000 thousand in 30 September 2010. The maximum limit of credit line will gradually decrease till LTL 61 000 thousand from the end of this year till the repayment deadline. The credit line expires on 30 November 2011, the interests are paid for the amount used and the interest rate is calculated as 1 month VILIBOR plus margin.

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

As of 30 September 2010 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totaled LTL 22 300 thousand (31 December 2009: LTL 22 322 thousand). The letters of credit and guarantees provided to suppliers by the credit institutions on behalf of the Group as of 30 September 2010 amounted to LTL 31 213 thousand (31 December 2009: LTL 29 796 thousand).

As of 30 September 2010 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totaled LTL 2 704 thousand (31 December 2009: LTL 2 534 thousand).

## **7. Post balance sheet events**

In October 2010 Company received Raimondas Paškevičius report on the resignation of the Board member duties. Raimondas Paškevičius resigned before the end of term from 21<sup>st</sup> October 2010. Resignation is related to his work start at Civil Service.

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