

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

30 May 2008
Vilnius

INCOME STATEMENT

LTL thousand

		Group		Company	
	Note	Q1 2008	Q1 2007	Q1 2008	Q1 2007
Revenue	3	100 479	77 678	58 041	47 144
Cost of sales		(59 723)	(44 029)	(41 511)	(32 620)
GROSS PROFIT		40 756	33 649	16 530	14 524
Operating expenses		(40 537)	(27 670)	(19 879)	(14 354)
Net other income		215	247	2 367	1 905
Net foreign exchange gain (loss)		5	(31)	16	(13)
PROFIT FROM OPERATIONS		439	6 195	(966)	2 062
Finance costs		(967)	(494)	(938)	(497)
PROFIT BEFORE INCOME TAX		(528)	5 701	(1 904)	1 565
Income tax expense		(293)	(1 232)	48	(440)
NET PROFIT		(821)	4 469	(1 856)	1 125
Basic and diluted earnings per share (in LTL)		(0.02)	0.13	(0.05)	0.03

BALANCE SHEET

LTL Thousand

LTL Thousand		Group		Company	
	Note	31 03 2008	31 12 2007	31 03 2008	31 12 2007
ASSETS					
Non-current assets					
Property, plant and equipment	4	107 322	110 439	68 626	69 653
Intangible assets	4	1 245	981	940	843
Investments in subsidiaries	5	-	-	9 677	9 377
Prepayments and other receivables		1 032	857	575	400
		109 599	112 277	79 818	80 273
Current assets					
Inventories		90 613	73 821	56 360	44 958
Non-current assets held for sale		1 118	1 118	1 118	1 118
Receivables and prepayments		5 813	8 028	26 388	26 642
Cash and cash equivalents		3 612	7 287	1 002	2 990
	3	101 156	90 254	84 868	75 708
TOTAL ASSETS		210 755	202 531	164 686	155 981
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	1	35 292	35 292	35 292	35 292
Legal reserve		1 550	1 550	1 550	1 550
Translation difference		(160)	(76)	-	-
Retained earnings		50 031	50 852	28 030	29 886
		86 713	87 618	64 872	66 728
Non-current liabilities					
Bonds issued	7	20 000	20 000	20 000	20 000
Deferred tax liabilities		3 251	3 531	1 942	1 991
Obligations under finance leases		11	16	11	16
Other liabilities		328	-	328	-
		23 590	23 547	22 281	22 007
Current liabilities					
Borrowings	6	40 232	53 574	35 990	47 735
Bonds issued	7	952	653	952	653
Obligations under finance leases		20	20	20	20
Current income tax liability		1 589	1 112	70	106
Trade and other payables		57 659	36 007	40 501	18 732
		100 452	91 366	77 533	67 246
Total liabilities		124 042	114 913	99 814	89 253
TOTAL EQUITY AND LIABILITIES		210 755	202 531	164 686	155 981

STATEMENT OF CHANGES IN EQUITY

GROUP LTL thousand	Share Capital	Legal Reserve	Transla- tion reserve	Retained earnings	Total
Balance at 1 January 2007	35 292	1 081	(178)	30 293	66 488
Currency translation differences – recognised directly in equity	-	-	(269)	15	(254)
Net profit for the period	-	-	-	4 469	4 469
Total recognised income and expenses for the period	-	-	(269)	4 484	4 215
Balance at 31 March 2007	35 292	1 081	(447)	34 777	70 703
Balance at 1 January 2008	35 292	1 550	(76)	50 852	87 618
Currency translation differences – recognised directly in equity	-	-	(84)	-	(84)
Net profit for the period	-	-	-	(821)	(821)
Total recognised income and expenses for the period	-	-	(84)	(821)	(905)
Balance at 31 March 2008	35 292	1 550	(160)	50 031	86 713
COMPANY LTL thousand	Share Capital	Legal Reserve	Translation reserve	Total	
Balance at 1 January 2007	35 292	882	9 853	46 027	
Net profit for the period	-	-	1 125	1 125	
Balance at 31 March 2007	35 292	882	10 978	47 152	
Balance at 1 January 2008	35 292	1 550	29 886	66 728	
Net profit for the period	-	-	(1 856)	(1 856)	
Balance at 31 March 2008	35 292	1 550	28 030	64 872	

STATEMENT OF CASH FLOW

LTL thousand	Note	Group		Company	
		Q1 2008	Q1 2007	Q1 2008	Q1 2007
OPERATING ACTIVITIES					
Profit before income taxes		(528)	5 701	(1 904)	1 565
Adjustments for:					
Depreciation and amortisation		4 908	3 508	2 295	1 510
Change in allowances for slow-moving inventories		271	(314)	178	(314)
(Gain) on disposal of property, plant and equipment		(3)	(7)	(3)	(7)
Interest expenses, net		965	493	793	416
		5 613	9 381	1 359	3 170
Changes in operating assets and liabilities:					
(Increase) in inventories		(17 063)	(16 674)	(11 580)	(9 029)
Decrease (increase) in receivables		2 040	(9 152)	(6 445)	(3 292)
Unrealized foreign exchange (gain) loss		(84)	(8)	(11)	(3)
Increase in payables		21 981	31 418	22 108	17 687
Cash generated by operations		12 487	14 965	5 431	8 533
Income tax paid		(96)	(42)	(37)	(1)
Interest paid		(668)	(296)	(639)	(301)
Net cash from operating activities		11 723	14 627	4 755	8 231
INVESTING ACTIVITIES					
Interest received		2	1	145	81
Loans granted for subsidiaries		-	-	(8 869)	(5 598)
Loans repayments received from subsidiaries		-	-	15 168	8 792
Purchases of property, plant and equipment and intangible assets	4	(2 055)	(4 681)	(1 365)	(3 452)
Proceeds on disposal of property, plant and equipment		3	7	3	7
Investment in subsidiaries	5	-	-	(75)	(593)
Net cash used in investing activities		(2 050)	(4 673)	5 007	(763)
FINANCING ACTIVITIES					
Proceeds from borrowings		6 773	1 825	22 504	9 183
Repayments of borrowings		(17 600)	(13 312)	(32 139)	(18 972)
Repayments of obligations under finance leases		(5)	(4)	(5)	(4)
Net cash from financing activities		(10 832)	(11 491)	(9 640)	(9 793)
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		(1 159)	(1 537)	122	(2 325)
CASH AND OVERDRAFTS: AT THE BEGINNING OF THE PERIOD		(7 161)	(3 074)	(5 032)	(1 002)
AT THE END OF THE PERIOD		(8 320)	(4 611)	(4 910)	(3 327)

NOTES

1. General information

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

At 31 December 2007 the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
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
OÜ Apranga	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel
OÜ Apranga Estonia	Estonia	Viru 4, Tallinn	Retail trade of apparel
OÜ Apranga BEE	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel

* established during Q1 2008 (see "5. Investments into subsidiaries")

All 35291960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of Vilnius Stock Exchange.

At 23 April 2008 the Company had 3371 shareholders. Company's shareholders which owned or had under management more than 5% of share capital were:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lithuania	18 487 729	52.4%
AS Hansabank clients	10060701	Liivalaia 8 Tallinn, Estonia	3 911 538	11.1%
Skandinaviska Enskilda Banken clients	SE502032908101	Sergels Torg 2, 10640 Stockholm, Sweden	1 794 748	5.1%
JP Morgan Bank Luxembourg SA clients	B10958	6, route de Trèves, Senningerberg, Luxembourg	1 857 817	5.3%

An issue of 200000 bonds of nominal value LTL 100 each with the maturity of 2 years (ISIN code LT0000402216) is listed on Bond list of Vilnius Stock Exchange (see "7. Bonds").

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

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

Country	Q1 2008	Q1 2007	Change
Lithuania	81 460	61 355	32.8%
Latvia	29 409	21 627	36.0%
Estonia	10 658	8 776	21.4%
Total:	121 527	91 758	32.4%

Apranga Group has opened 1 new store in Q1 2008 (see "4. Investments into non-current assets").

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

Country	31 03 2008	31 03 2007	Change
Lithuania	55	48	14.6%
Latvia	24	17	41.2%
Estonia	5	3	66.7%
Total:	84	68	23.5%

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

Country	31 03 2008	31 03 2007	Change
Lithuania	36.4	28.8	26.4%
Latvia	13.6	9.9	37.4%
Estonia	4.2	2.6	61.5%
Total:	54.2	41.3	31.2%

Main Indicators of the Group	Q1 2008	Q1 2007	Change
Net sales, LTL thousand	100 479	77 678	29.4%
Net sales in foreign markets, LTL thousand	33 779	25 786	31.0%
Like-to-like sales	15.6%	0.3%	
Gross profit, LTL thousand	40 756	33 649	21.1%
Gross margin	40.6%	43.3%	
EBT, LTL thousand	(528)	5 701	
EBT margin	-0.5%	7.3%	
Net profit, LTL thousand	(821)	4 469	
Net margin	-0.8%	5.8%	
EBITDA, LTL thousand	5 347	9 703	-44.9%
EBITDA margin	5.3%	12.5%	
Return on equity (end of the period)	-0.9%	5.1%	
Return on assets (end of the period)	-0.4%	2.2%	
Net debt to equity*	69.5%	84.8%	
Current ratio, times	1.0	0.9	7.3%

*Interest bearing liabilities / Equity

On 31 March 2008 the Group and the Company had 1660 and 813 employees, respectively. Number of employees in the Groups and the Company has increased by 23 and 16, respectively.

At 31 March 2008 the average monthly salary in the Group companies was LTL 2556 and has decreased by 4% since the beginning of the year due to seasonal factors.

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	31 03 2008	31 12 2007	31 03 2007
1 EUR =	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL =	4.9550 LTL	4.9567 LTL	4.8666 LTL
10 EEK =	2.2067 LTL	2.2067 LTL	2.2067 LTL

3. Segment information

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

LTL thousand	Q1 2008			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	79 394	25 781	9 711	114 886
Intersegment revenue	(12 694)	(1 025)	(688)	(14 407)
Revenue	66 700	24 756	9 023	100 479

LTL thousand	Q1 2007			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	61 975	18 600	7 723	88 298
Intersegment revenue	(10 083)	(245)	(292)	(10 620)
Revenue	51 892	18 355	7 431	77 678

LTL thousand	Assets	
	31 03 2008	31 03 2007
Lithuania	157 920	130 212
Latvia	38 556	28 581
Estonia	14 279	11 198
Group	210 755	169 991

4. Investments into non-current assets

Investments into development of retail network amounted to LTL 300 thousand in the Q1 2008. Acquisitions of other non-current assets (vehicles, warehouse and office equipment, IT) amounted to LTL 1755 thousand in the Q1 2008.

5. Investments into subsidiaries

In January 2008 the Company has established a subsidiary UAB Apranga SLT with share capital of LTL 300 thousand comprised of 300 shares with par value LTL 1 thousand each. The Company has made first instalment to the share capital of LTL 75 thousand in cash. The Company controls 100% of the subsidiary's capital and voting rights.

6. Borrowings

On 31 January 2008, the Group and SIA DnB Nord Banka concluded an agreement for the change of the previously concluded agreement for credit line. According to the agreement the Group was granted credit line amounting LVL 1600 thousand for financing of working capital and issuance of guarantees and letters of credit. The credit line expires on 31 January 2009. Portion of EUR 900 thousand of the credit line was granted in EUR, and the rest portion in LVL. For the drawdown amount of LVL portion of the credit line a floating interest rate calculated as the 3-month RIGIBOR plus margin is being paid, and for the drawdown amount of EUR portion of the credit line a floating interest rate calculated as the 3-month EURIBOR plus margin is being paid. There is fixed interest rate set for amount used for the issuance of guarantees and letters of credit.

7. Bonds

On 27 April 2007 the Annual general meeting of shareholders of APB Apranga has resolved to issue two years maturity intangible registered bonds of total nominal value LTL 20000 thousand. The date of issue is 16 June 2007, and maturity date is 15 June 2009. Yearly coupon is 5.99%, coupon dates are June 16, 2008 and June 15, 2009. Nominal value of one bond is LTL 100. Total quantity of bonds is 200000.

8. Guarantees

As of 31 March 2008 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 18645 thousand (31 December 2007: LTL 17868 thousand). The letters of credit and guarantees provided to suppliers

by the credit institutions on behalf of the Group as of 31 March 2008 amounted to LTL 24931 thousand (31 December 2007: LTL 24905 thousand).

As of 31 March 2008 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL 7928 thousand (31 December 2007: LTL 7931 thousand). As of 31 March 2008 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 870 thousand (31 December 2007: LTL 893 thousand).

9. Post balance sheet events

In April 2008 the shares of UAB Apranga SLT were fully paid in cash.

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