

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

27 February 2009
Vilnius

INCOME STATEMENTS

LTL thousand	Note	Group		Company	
		2008	2007	2008	2007
Revenue	3	418 622	368 906	219 019	198 656
Cost of sales		(232 419)	(200 958)	(140 068)	(126 198)
GROSS PROFIT		186 203	167 948	78 951	72 458
Operating expenses		(165 984)	(136 538)	(81 310)	(67 643)
Other income		1 036	1 313	17 618	17 068
Net foreign exchange gain (loss)		14	13	(39)	22
OPERATING PROFIT		21 269	32 736	15 220	21 905
Finance costs		(3 846)	(2 694)	(3 811)	(2 579)
PROFIT BEFORE INCOME TAX		17 423	30 042	11 409	19 326
Income tax expense		(3 976)	(5 119)	(1 563)	(1 998)
NET PROFIT		13 447	24 923	9 846	17 328
Basic and diluted earnings per share (in LTL)		0,38	0,71	0,28	0,49

LTL thousand	Note	Group		Company	
		Q4 2008	Q4 2007	Q4 2008	Q4 2007
Revenue	3	109 237	110 145	53 838	55 584
Cost of sales		(57 550)	(56 838)	(29 992)	(30 934)
GROSS PROFIT		51 687	53 307	23 846	24 650
Operating expenses		(46 403)	(42 909)	(23 682)	(21 376)
Other income		348	458	1 631	3 180
Net foreign exchange gain (loss)		51	(183)	(2)	9
OPERATING PROFIT		5 783	10 673	1 793	6 463
Finance costs		(1 048)	(893)	(1 028)	(821)
PROFIT BEFORE INCOME TAX		4 735	9 780	765	5 642
Income tax expense		(1 594)	(1 468)	(1 079)	(826)
NET PROFIT		3 141	8 312	(314)	4 816
Basic and diluted earnings per share (in LTL)		0.09	0.24	-0.01	0.14

BALANCE SHEETS

LTL thousand	Note	Group		Company	
		31 12 2008	31 12 2007	31 12 2008	31 12 2007
ASSETS					
Non-current assets					
Property, plant and equipment	4	110 324	110 439	72 756	69 653
Intangible assets	4	1 592	981	1 158	843
Investments in subsidiaries	5	-	-	9 987	9 377
Prepayments and other receivables		937	857	509	400
		112 853	112 277	84 410	80 273
Current assets					
Inventories		85 525	73 821	57 330	44 958
Non-current assets held for sale		1 118	1 118	1 118	1 118
Trade and other receivables		9 020	8 028	24 993	26 642
Cash and cash equivalents		4 882	7 287	1 797	2 990
		100 545	90 254	85 238	75 708
TOTAL ASSETS	3	213 398	202 531	169 648	155 981
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	1	35 292	35 292	35 292	35 292
Legal reserve		2 416	1 550	2 416	1 550
Translation difference		(405)	(76)	-	-
Retained earnings		57 736	50 852	33 219	29 886
		95 039	87 618	70 927	66 728
Non-current liabilities					
Borrowings	6	49 000	-	49 000	-
Bonds issued	7	-	20 000	-	20 000
Deferred tax liabilities		5 426	3 531	3 363	1 991
Obligations under finance leases		-	16	-	16
Other liabilities		201	-	201	-
		54 627	23 547	52 564	22 007
Current liabilities					
Borrowings	6	7 889	53 574	4 811	47 735
Bonds issued	7	20 656	653	20 656	653
Obligations under finance leases		16	20	16	20
Current income tax liability		659	1 112	30	106
Trade and other payables		34 512	36 007	20 644	18 732
Total liabilities		63 732	91 366	46 157	67 246
		118 351	114 913	98 721	89 253
TOTAL EQUITY AND LIABILITIES		213 398	202 531	169 648	155 981

STATEMENT OF CHANGES IN EQUITY**GROUP**

LTL thousand	Note	Share Capital	Legal Reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2007		35 292	1 081	(178)	30 293	66 488
Currency translation difference – recognised directly in equity		-	-	102	(13)	89
Net profit for the period		-	-	-	24 923	24 923
Total recognised income and expenses for the period		-	-	102	24 910	25 012
Transfers to legal reserve		-	469	-	(469)	-
Dividends paid		-	-	-	(3 882)	(3 882)
Balance at 31 December 2007		35 292	1 550	(76)	50 852	87 618
Balance at 1 January 2008		35 292	1 550	(76)	50 852	87 618
Currency translation difference – recognised directly in equity		-	-	(329)	(50)	(379)
Net profit for the period		-	-	-	13 447	13 447
Total recognised income and expenses for the period		-	-	(329)	13 397	13 068
Transfers to legal reserve		-	866	-	(866)	-
Dividends paid	9	-	-	-	(5 647)	(5 647)
Balance at 31 December 2008		35 292	2 416	(405)	57 736	95 039

COMPANY

LTL thousand	Note	Share Capital	Legal Reserve	Retained earnings	Total
Balance at 1 January 2007		35 292	1 081	16 909	53 282
Net profit for the period		-	-	17 328	17 328
Transfers to legal reserve		-	469	(469)	-
Dividends paid		-	-	(3 882)	(3 882)
Balance at 31 December 2007		35 292	1 550	29 886	66 728
Balance at 1 January 2008		35 292	1 550	29 886	66 728
Net profit for the period		-	-	9 846	9 846
Transfers to legal reserve		-	866	(866)	-
Dividends paid	9	-	-	(5 647)	(5 647)
Balance at 31 December 2008		35 292	2 416	33 219	70 927

STATEMENTS OF CASH FLOW

LTL thousand	Note	Group		Company	
		2008	2007	2008	2007
OPERATING ACTIVITIES					
Profit before income taxes		17 423	30 042	11 409	19 326
Adjustments for:					
Depreciation and amortisation		20 552	15 763	9 706	7 086
Change in allowances for slow-moving inventories		1 189	(59)	1 047	(216)
(Gain) on disposal of property, plant and equipment		192	(338)	207	(338)
Write-off of property, plant and equipment		1 481	192	1 144	192
Dividends received		-	-	(8 516)	(7 273)
Interest expenses		3 837	2 691	3 332	2 078
		44 674	48 291	18 239	20 855
Changes in operating assets and liabilities:					
(Increase) in inventories		(12 893)	(25 136)	(13 419)	(13 563)
(Increase) in receivables		(1 072)	(5 555)	(5 134)	(4 859)
Unrealized foreign exchange (gain) loss		(379)	89	(145)	(22)
Increase in payables		(1 294)	7 993	2 113	1 510
Cash generated by operations		29 036	25 682	1 744	3 921
Income tax paid		(2 534)	(4 235)	(267)	(604)
Interest paid		(4 502)	(2 479)	(4 467)	(2 362)
Net cash from operating activities		22 000	18 968	(2 990)	955
INVESTING ACTIVITIES					
Interest received		9	5	479	501
Dividends received		-	-	8 516	7 273
Loans granted for subsidiaries		-	-	(53 009)	(81 141)
Loans repayments received from subsidiaries		-	-	59 683	78 004
Purchases of property, plant and equipment and intangible assets	4	(23 809)	(51 155)	(13 175)	(23 680)
Proceeds on disposal of property, plant and equipment		1 747	9 437	509	1 068
Investment in subsidiaries	5	-	-	(610)	(924)
Net cash used in investing activities		(22 053)	(41 713)	2 393	(18 899)
FINANCING ACTIVITIES					
Dividends paid	9	(5 647)	(3 882)	(5 647)	(3 882)
Proceeds from borrowings	6	88 063	49 221	164 949	75 887
Repayments of borrowings	6	(78 189)	(26 662)	(155 578)	(58 072)
Repayments of obligations under finance leases		(20)	(19)	(20)	(19)
Net cash from financing activities		4 207	18 658	3 704	13 914
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS		4 154	(4 087)	3 107	(4 030)
CASH AND OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		(7 161)	(3 074)	(5 032)	(1 002)
AT THE END OF THE PERIOD		(3 007)	(7 161)	(1 925)	(5 032)

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 2008 the Group consisted of the Company and the following 100% owned subsidiaries:

Name	Country	Headquarters	Principal activity
UAB Apranga LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga BPB LT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga PLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
UAB Apranga SLT	Lithuania	Kirtimu 51, Vilnius	Retail trade of apparel
SIA Apranga	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga BPB LV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga PLV	Latvia	Elizabetes 51, Riga	Retail trade of apparel
SIA Apranga SLV ²	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 ²	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel
OU Apranga ST Retail ²	Estonia	Ravala 4/Laikmaa 15, Tallinn	Retail trade of apparel

¹ 100 % jointly with OU Apranga Estonia

² Established during the quarter ended 31 December 2008

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 NASDAQ OMX Vilnius Stock Exchange. APB „Apranga“ ordinary shares are included into composition of OMX Baltic 10, OMX Baltic, OMX Baltic Benchmark and OMX Vilnius indexes.

At 31 December 2008 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	18 487 729	52.4%
AS Hansabank clients	10060701	Liivalaia 8 Tallinn, Estonia	3 076 248	8.7%

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 NASDAQ OMX 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	2008	2007	Change
Lithuania	343 282	288 543	19.0%
Latvia	120 134	110 238	9.0%
Estonia	45 789	38 572	18.7%
Total:	509 206	437 353	16.4%

Apranga Group has opened 21 new stores and closed 3 stores in 2008 (see "4. Investments into non-current assets").

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

Country	31 12 2008	31 12 2007	Change
Lithuania	71	55	29.1%
Latvia	23	23	0%
Estonia	7	5	40.0%
Total:	101	83	21.7%

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

Country	31 12 2008	31 12 2007	Change
Lithuania	43.1	36.2	19.1%
Latvia	13.4	13.6	-1.5%
Estonia	4.8	4.2	14.3%
Total:	61.3	54.0	13.5%

Main Indicators of the Group	2008	2007	Change
Net sales, LTL thousand	418 622	368 907	13.5%
Net sales in foreign markets, LTL thousand	139 087	126 621	9.8%
Like-to-like sales	-3.0%	9.4%	
Gross profit, LTL thousand	186 203	167 948	10.9%
Gross margin	44.5%	45.5%	
EBT, LTL thousand	17 423	30 042	-42.0%
EBT margin	4.2%	8.1%	
Net profit, LTL thousand	13 447	24 923	-46.0%
Net margin	3.2%	6.8%	
EBITDA, LTL thousand	41 821	48 499	-13.8%
EBITDA margin	10.0%	13.1%	
Return on equity (end of the period)	14.1%	28.4%	
Return on assets (end of the period)	6.3%	12.3%	
Net debt to equity*	54.7%	84.0%	
Current ratio, times	1.6	1.0	59.7%

*Interest bearing liabilities / Equity

Main Indicators of the Group	Q4 2008	Q4 2007	Change
Net sales, LTL thousand	109 237	110 145	-0.8%
Net sales in foreign markets, LTL thousand	33 647	38 292	-12.1%
Like-to-like sales	-13.7%	4.9%	
Gross profit, LTL thousand	51 687	53 307	-3.0%
Gross margin	47.3%	48.4%	
EBT, LTL thousand	4 735	9 780	-51.6%
EBT margin	4.3%	8.9%	
Net profit, LTL thousand	3 141	8 235	-62.2%
Net margin	2.9%	7.5%	
EBITDA, LTL thousand	11 177	14 865	-24.8%
EBITDA margin	10.2%	13.5%	
Return on equity (end of the period)	3.3%	9.5%	
Return on assets (end of the period)	1.5%	4.1%	
Net debt to equity*	54.7%	84.0%	
Current ratio, times	1.6	1.0	59.7%

*Interest bearing liabilities / Equity

At 31 December 2008 the Group and the Company had 1674 and 853 employees, respectively. Number of employees in the Group and the Company during the last 12 months has increased by 37 and 56, respectively.

In 2008 the average monthly salary in the Group companies was LTL 2433 and has increased by 6.3% during the year. The average monthly salary in the Group companies in the fourth quarter of 2008 was LTL 2099 and has decreased by 24.5% in comparison with the fourth quarter 2007.

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	2008	2007
1 EUR =	3.4528 LTL	3.4528 LTL
1 LVL =	4.8872 LTL	4.9567 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	2008			
	Lithuania	Latvia	Estonia	Total
Total segment revenue	314 273	103 053	39 689	457 015
Intersegment revenue	(34 738)	(2 375)	(1 280)	(38 393)
Revenue	279 535	100 678	38 409	418 622

LTL thousand	2007			
	Lithuania	Latvia	Estonia	Total
Total segment revenue	277 534	95 336	33 169	406 039
Intersegment revenue	(35 248)	(1 391)	(493)	(37 132)
Revenue	242 286	93 945	32 676	368 907

LTL thousand	Assets	
	31 12 2008	31 12 2007
Lithuania	165 369	149 888
Latvia	33 827	37 255
Estonia	14 202	15 388
Total	213 398	202 531

4. Investments into non-current assets

Investments into development of retail network amounted to LTL 18322 thousand in 2008. Acquisitions of other non-current assets (vehicles, warehouse and office equipment, IT) amounted to LTL 3740 thousand in 2008.

5. Investments into subsidiaries

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

In October 2008 the share capital of OU Apranga was increased from EEK 7000 thousand to EEK 13000 thousand. OU Apranga Estonia has paid EEK 13000 thousand for the issued shares in cash.

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 is EEK 40 thousand, which was fully paid in cash. The Company controls 100% of the both subsidiaries' capital and voting rights.

In November 2008 the Company has established a subsidiary SIA Apranga SLV. The share capital of subsidiary is LVL 60 thousand, the Company has made first instalment to share capital in amount of LVL 30 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.

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

7. Bonds

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

8. Guarantees

As of 31 December 2008 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 22184 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 December 2008 amounted to LTL 31155 thousand (31 December 2007: LTL 33729 thousand).

As of 31 December 2008 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL 7820 thousand (31 December 2007: LTL 7931 thousand). As of 31 December 2008 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2431 thousand (31 December 2007: LTL 893 thousand).

9. Dividends

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

10. Post balance sheet events

In February 2009 the Company has increased the capital of OU Apranga PB Trade and OU Apranga ST Retail each of them from EEK 40 thousand to EEK 1500 thousand. The Company has paid full amount for the issued shares in cash. The Company controls 100% of the subsidiaries' capital and voting rights.

In February 2009 the Company has fulfilled the obligations to SIA DnB Nord Banka according to the credit line agreement (see "6. Bonds").
