APRANGA GROUP

Annual Report 2006

STRUCTURE OF APRANGA GROUP STORE CHAINS (IN THE BALTIC STATES)

APRANGA GROUP

Family fashion	Young fashion		Franchise stores in the Baltic States	Business fashion		Luxury fashion	
	Monobrand	Multibrand		Multibrand	Monobrand	Monobrand	Multibrand
APRANGA	MANGO	APRANGOS galerija	ZARA	city men&women	Betty Barclay	EMPORIO ARMANI	MADOS LINIJA
	MEXX	moskito				BOSS HUGO BOSS	nude
	Bershka					Ermenegildo Zegna	
	Pull and Bear					GF FERRÉ	
	MISS SIXTY					LA PERLA	
	ENERGIE					MaxMara	
	JACK & JONES						
	ONLY						

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STATEMENT OF GENERAL DIRECTOR

Recent years have been the years of particular success for Apranga Group. In 2006, Apranga Group persistently and purposefully sought to improve performance, striving to sustain and strengthen leader positions in retail clothing business in the Lithuanian market as well as the markets of other Baltic countries, to fulfil and exceed drawn up plans, and to increase the value of shareholders' equity. In 2006, Apranga Group reached the highest growth rates in its history of activities, and the best economic results, thus strengthening even more the competitive advantage of the group in the markets of the Baltic States.

The 2006 performance of Apranga Group was very good, as compared to 2005. Retail turnover, including VAT, reached LTL 299.4 million, and increased by 49.1%. Over recent three years, the turnover growth rates were the highest among retail trade chains of all Baltic states. In 2006, the gross profit of Apranga Group amounted to LTL 114.2 million, and increased by 51.9% over a year. Gross profitability went up from 44.2% in 2005 to 45.0% in 2006.

Over 2006, Apranga Group opened or fully reconstructed 19 stores, the area of stores reached 39,000 square metres, and increased by 28.7% over a year. By the end of the year, Apranga Group operated the chain of 65 stores in the Baltic States.

We are pleased Stock Exchange and financial markets adequately evaluated the development and performance of the group. The shares of Apranga APB became one of the most liquid in the elite Official List of Vilnius Stock Exchange. In 2006, the price of Apranga APB share increased from LTL 10 to LTL 13.20 per share, and the company capitalisation went up from LTL 352.9 million to LTL 465.9 million.

Particularly successful performance of 2006 was determined by consistent following of the strategy - to cooperate with the leading in various European markets clothing manufacturers and brands, as well as considerable effort and competence in all levels of organisation when expanding the chain, equipping the trade premises to the highest standards, optimising the sales and purchase processes, improving customer service, planning marketing activities, and using the competitive advantage in the market to the maximum extent. At the end of 2006, Apranga Group employed the staff of 1,170 persons in its companies. For all of them, the year 2006 was the year of positive, intensive, productive work, active development of the chain, constant improvement of trade technologies, and rapid growth.

Our company forecasts rapid growth rates in its follow-up plans as well. Apranga Group has announced the strategic goal of the company is to reach the turnover of LTL 1 billion in 2010. Favourable situation in the consumption market, systemic fulfilment of turnover of goods and development plans create perfect conditions for Apranga Group to achieve these goals. Moreover, by defining such goals the management of the company plans to consistently revise all needs of the organisation to reach these goals, paying particular attention to human resources, improvement of IT and alternative sources of financing.

Rimantas Perveneckas
General Director of Apranga Group

Emporio Armani,Tallinn, Estonia 20.10.2006

ABOUT APRANGA GROUP

Apranga Group operates the most rapidly developing retail trade chain in the Baltic States in 2004–2006

MAIN FACTS

- The history of the company started in 1945 – at that time it was a clothing and footwear wholesale base.
- In 1993, the first store was opened.
- At the end of 2006, Apranga Group was a leading clothing retailer in the Baltic States with five different types of chains or monobrand stores stores. At the end of financial year, Apranga Group owned the chain of 65 stores in the Baltic States, total area almost 39,000 sq. m.
- The most rapidly growing chain in the Baltic States during 2004–2006. In 2003, it started its activities in the first foreign market in Latvia. In 2004, Apranga group entered second foreign market - Estonia.
- As of the middle of 2004, the group became a partner in the Baltic states of Inditex Group, one of the world leaders in the fashion retail industry.
- At the end of 2005, Apranga APB shares were included into the Official List of Vilnius Stock Exchange.
- At the end of 2006, Apranga Group occupied about 35% of the Lithuanian clothing stores market.
- Apranga Group consists of parent company Apranga APB and 9 subsidiary companies.
- Apranga APB belongs to the investment holding MG Baltic Investment, which is incorporated in the concern MG Baltic.
- At the end of 2006, Apranga Group companies employed the staff of 1170 persons.

Apranga APB – mother company

APRANGA GROUP STRUCTURE

- 100% – Apranga LT UAB – Zara operator in Lithuania
- 100% – Apranga BPB LT UAB – Bershka operator in Lithuania
- 100% – Apranga PLT UAB – Pull and Bear operator in Lithuania
- 100% – Apranga SIA – mother company in Latvia
- 100% – Apranga LV SIA – Zara operator in Latvia
- 100% – Apranga BPB LV SIA – Bershka operator in Latvia
- 100% – Apranga PLV SIA – Pull and Bear operator in Latvia
- 100% – Apranga OÜ – mother company in Estonia
- 100% – Apranga Estonia OÜ – Zara operator in Estonia

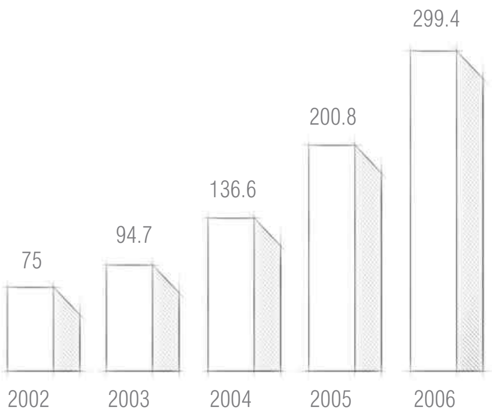
Pull and Bear, Vilnius, Lithuania 11.08.2006

RELEVANT DATA

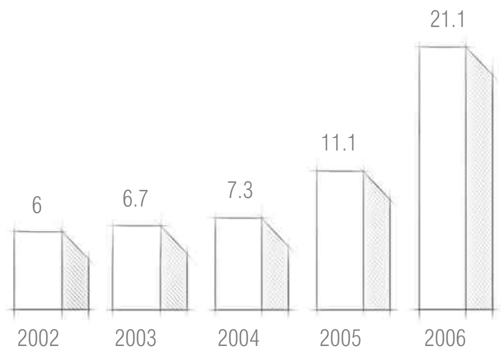
In 2006, the gross profit of Apranga Group made LTL 114.2 million, and increased by 51.9% over a year. The turnover of retail chain operated by Apranga Group amounted to LTL 299.4 million (VAT included) in 2006, and was 49.1% higher than in 2005

RELEVANT DATA OF APRANGA GROUP (DURING 2002-2006)

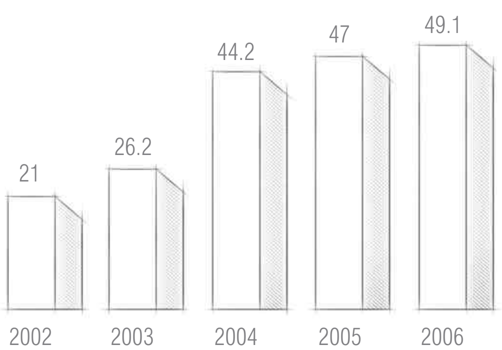
Growth of the turnover (VAT included, LTL, million)



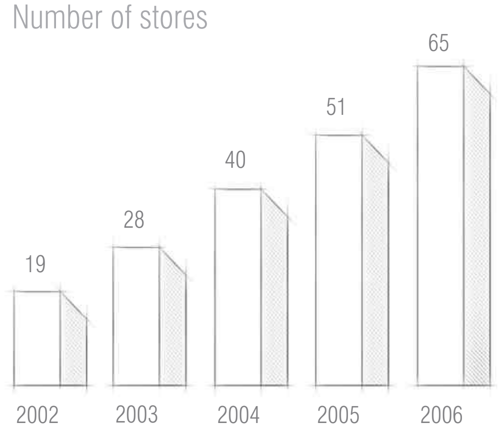
Profit before tax (LTL, million)



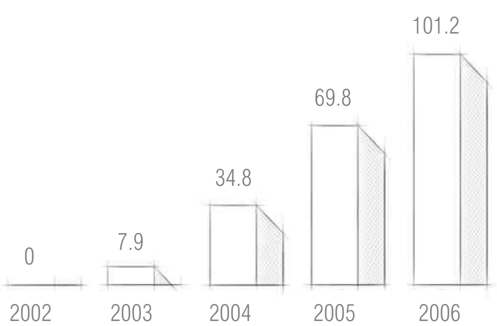
Growth rates of the turnover (%)



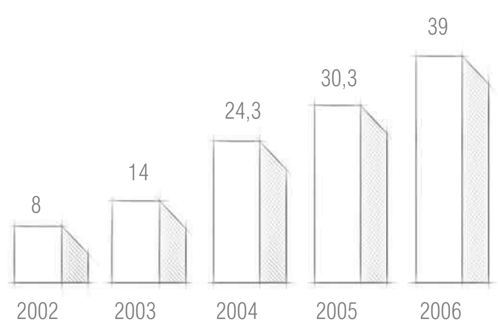
Number of stores



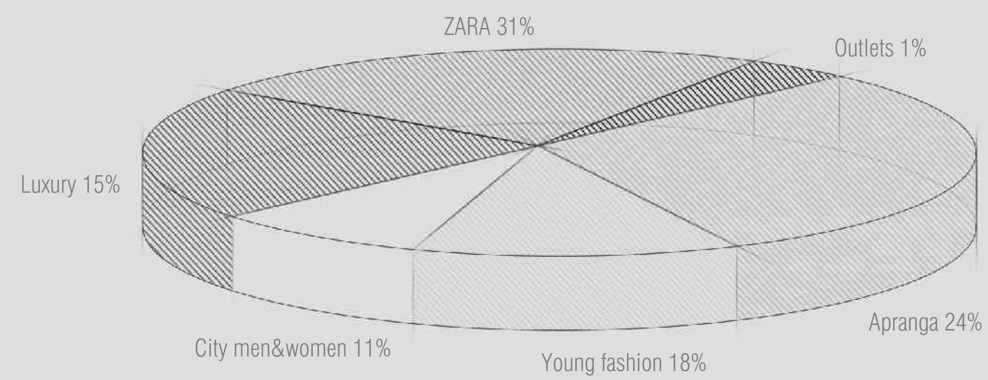
Growth of the turnover in foreign markets (LTL, million)

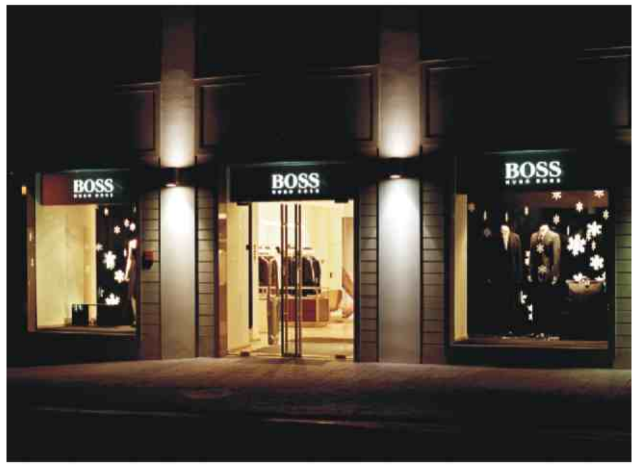


Selling area (thousand, sq. m)



Turnover by chains in 2006





Main indicators 06/05

	2006	2005	Chg % 06/05
Turnover, VAT included, thousand LTL	299,370	200,780	49.1%
Net sales, thousand LTL	253,489	170,058	49.1%
Net sales in foreign markets, thousand LTL	85,843	59,234	44.9%
Number of shops	65	51	27.5%
Total trading area, thousand sq. m	39,0	30,3	28.7%
Gross profit, thousand LTL	114,178	75,175	51.9%
Gross margin	45.0%	44.2%	
EBT, thousand LTL	21,050	11,093	89.8%
EBT margin	8.3%	6.5%	
Net profit, thousand LTL	17,436	8,899	95.9%
Net margin	6.9%	5.2%	
EBITDA, thousand LTL	34,516	22,151	55.8%
EBITDA margin	13.6%	13.0%	
Return on equity (end of the year)	26.2%	17.4%	
Return on assets (end of the year)	12.2%	7.6%	
Net debt to equity*	67.5%	45.9%	

*Interest bearing liabilities / Equity

Note: 1 EUR=3.4528 LTL

Hugo Boss, Vilnius, Lithuania 21.01.2006

APRANGA GROUP IN 2006

In 2006, the gross profit of Apranga Group made LTL 114.2 million, and increased by 51.9% over a year. The turnover of retail chain operated by Apranga Group amounted to LTL 299.4 million (VAT included) in 2006, and was 49.1% higher than in 2005

FINANCIAL INDICATORS

The turnover of retail chain operated by Apranga Group amounted to LTL 299.4 million (VAT included) in 2006, and was 49.1% higher than in 2005.

Apranga Group chain retail turnover by markets in 2005–2006 (LTL, million)

	2006	2005	Growth
Lithuania	198.2	131.0	51.3%
Latvia	70.8	48.3	46.6%
Estonia	30.4	21.5	41.4%
Total:	299.4	200.8	49.1%

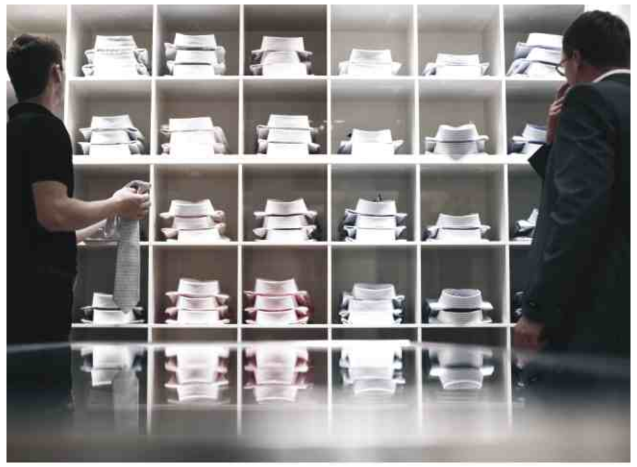
In 2006, the gross profit of Apranga Group made LTL 114.2 million, and increased by 51.9% over a year. Gross profit margin increased from 44.2% in 2005 to 45.0% in 2006.

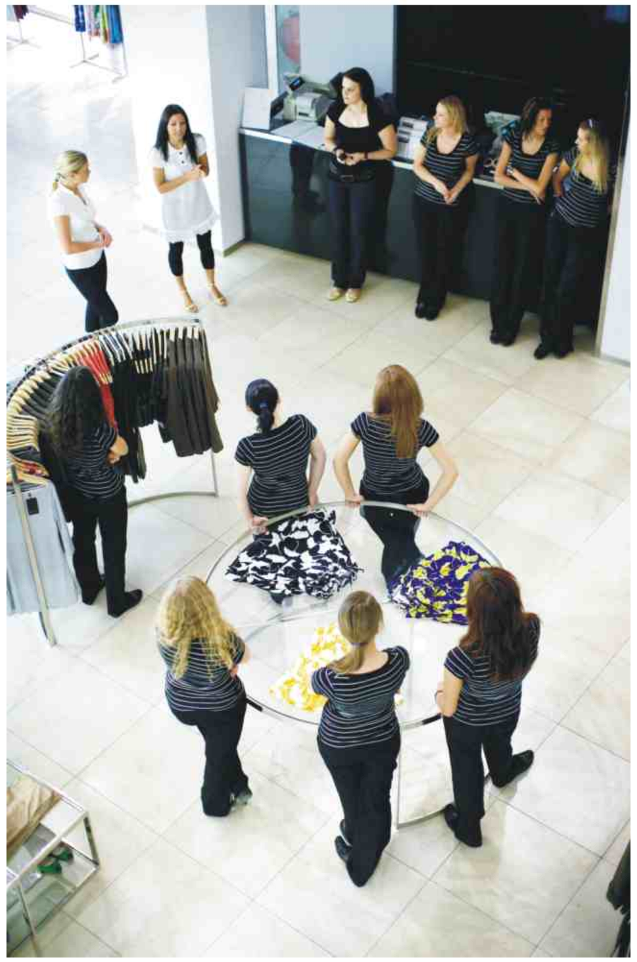
In 2006, the profit before tax of Apranga Group amounted to LTL 21.1 million and grew by 89.8%, as compared to the year 2005. The profit grew most rapidly in Latvia and companies operating the stores of Inditex chain.

The net profit for 2006 of Apranga Group totalled LTL 17.4 million, or 95.9% more than in 2005. Net profitability reached 6.9% in 2006, while it made 5.2% in 2005.

The operating efficiency of Apranga Group improved due to the following key factors:

- 15% higher than planned retail turnover growth rates;
- high growth rates of the most profitable stores;
- increasing efficiency of new brands openings;
- scale growth effect;
- better management of purchasing processes and stock;
- effective use of labour and other resources.





CHAINS AND DEVELOPMENT

Over 2006, Apranga Group opened or reconstructed 19 stores. In 2006, the area of 19 newly opened stores reached almost 10,000 square metres, and revised investment totalled LTL 20 million. Even 14 new stores were opened in Lithuania in pursuance of the main direction of the 2006 development the domestic market. At the end of 2006, the area of operating stores reached 39,000 square metres, and increased by 28.7% over a year. The area of the chain in foreign markets amounted to 10,400 square metres, or 26.8% of the total area owned by Apranga Group.

Selling area of Apranga Group (thousand, sq. m)

Trading area* (thousand, sq. m)	01.01.2006	31.12.2006
Lithuania	21,66	28,53
Latvia	6,91	7,86
Estonia	1,70	2,59
Total:	30,27	38,98

* the area of operating stores (including subsidiary premises), excluding the area of stores closed for reconstruction

As of 31 December 2006, Apranga Group operated a chain of 65 stores in the Baltic States: 47 – in Lithuania, 15 – in Latvia, and 3 – in Estonia.

Apranga, Kaunas, Lithuania

APRANGA

During year 2006 three Apranga stores in Lithuania were opened: in Vilnius, Utena, and Marijampolė. Apranga Group constantly expands the chain Apranga oriented to the economic segment. Development covers both large cities and centres of regions. Expansion of the chain Apranga to the centres of regions is one of the strategic goals of development.

At the end of 2006, the Apranga chain owned 15 stores: 13 – in Lithuania, and 2 – in Latvia.

Clothing stores Apranga are aimed at the whole family. They offer not only clothing of the largest European manufacturers, but also a wide range of Lithuanian products. Particular attention is paid to production and development of own brands. At present, the company Apranga manufactures items of its own brand in Lithuania, Poland, the Far East, and Italy.

In accordance with the poll conducted by EKT (2006), Lithuanian residents aged 16–74, and particularly residents of the five largest Lithuanian cities, named Apranga as their best known clothing store. Almost 31% (in large cities 38.2%) of the respondents indicated having bought clothes in Apranga stores at least once half a year. When choosing clothing stores, the key criteria are attractive prices, clothing quality and a wide range. The Apranga chain can ensure all this, because particular attention is paid to and human resources are provided for the formation of the assortment.

Taking into account notably increased competition in the clothing market, the Apranga chain has retained very strong leader positions in the domestic market. Apranga chain was the second in the size of the turnover of Apranga Group, and made 24% of the entire turnover.

Apranga stores presence in Lithuania and Latvia

Zara, Vilnius, Lithuania 11.08.2006

ZARA

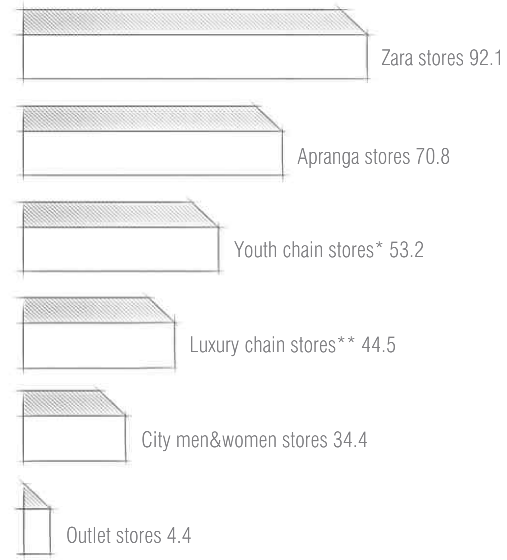
ZARA

At the end of 2006, Apranga Group operated the chain of 5 Zara stores in the Baltic States. Over 2006, one Zara store was opened in the largest in the Baltic States trade and entertainment centre Akropolis, in Vilnius, Lithuania.

Development of Zara chain in the Baltic States is nearly the greatest achievement of Apranga Group over recent years. In May 2004, soon after the franchise contract with Inditex Group was signed, the first Zara stores were opened in Lithuania, Latvia and Estonia.

In 2006, the Zara chain was the largest according to the turnover of Apranga Group, and made about 31% of the turnover of the group.

Turnover of Apranga Group by chains in 2006 (LTL, million)



*chains APRANGOS GALERIJA in Lithuania (brands Miss Sixty, Morgan, Blend of America, Jack&Jones, S.Oliver, Tom Tailor, Naf Naf, Broadway, Blend She) and MOSKITO in Latvia (brands Blend of America, Jack&Jones, Tom Tailor, Naf Naf, Broadway, Ichi, B Young, Blend She), franchise stores Mango, Miss Sixty/Energie, Mexx, Jack&Jones/Only, Bershka, Pull and Bear;

** stores Emporio Armani, GF Ferre, Hugo Boss, MaxMara, La Perla, Ermenegildo Zegna, Mados linija (brands D&G, D&G Jeans, Just Cavalli, Versace Jeans Couture, Roberta Scarpa, Custo, Jean Paul Gaultier Jeans, True Religion, 7 for all mankind, Scervino street, Dirk Bikkembergs, Rock&Republic), and Nude (D&G, Just Cavalli, GF Ferre, La Perla, Versace Jeans, True Religion, 7 for all mankind, Dirk Bikkembergs, Rock&Republic).

Mango, Vilnius, Lithuania 18.08.2006

YOUNG FASHION CHAIN

This is the largest chain of Apranga Group, which reached the number of 18 stores at the end of 2006. During 2006, 8 stores in Lithuania and Latvia were opened or reconstructed: two Bershka stores (in Lithuania), one Pull and Bear store (in Lithuania), one Aprangos galerija store (in Lithuania), three Mexx stores (two in Latvia and one in Lithuania), one Mango store (relocated to new premises in Vilnius, Lithuania).

The youth chain is Apranga Group chain that grew most rapidly in 2006 according to the turnover, and reached the growth of 67.1%, as compared to 2005. The growth of this chain was obviously determined by considerable investment and launching of new brands in the market. Both Bershka and Pull and Bear were new brands in the Baltic States. Both concepts belong to the global fashion retailer Inditex. Active development of these brands in Lithuania and other Baltic countries has been foreseen for the year 2007.

Another significant step of Apranga Group concerning the development of the chain is the acquired Mexx brand business in Latvia. Before 2006, Apranga Group had exclusive rights to Mexx only in Lithuania. The contract was made on the initiative of the Dutch company Mexx in August 2006. A new Mexx store was opened in the trade centre Centrs (Riga, Latvia) within a month. Former Mexx store in the trade centre Mols (Riga, Latvia) was reorganised for the purpose of effectiveness by optimising surplus commodities and presenting the commodities. By taking this step, Apranga Group confirmed its objective to own the launched brands in all three Baltic countries.

Turnover change by chains (LTL, million)

	2006	2005	Growth
Apranga stores	70.8	52.9	33.9%
Zara stores	92.1	56.4	63.1%
Youth chain stores *	53.2	31.8	67.1%
City men&women stores	34.4	25.3	35.8%
Luxury chain stores **	44.5	30.7	45.1%
Outlet stores	4.4	3.7	21.5%
Total:	299.4	200.8	49.1%

*chains APRANGOS GALERIJA in Lithuania (brands Miss Sixty, Morgan, Blend of America, Jack&Jones, S.Oliver, Tom Tailor, Naf Naf, Broadway, Blend She) and MOSKITO in Latvia (brands Blend of America, Jack&Jones, Tom Tailor, Naf Naf, Broadway, Ichi, B Young, Blend She), franchise stores Mango, Miss Sixty/Energie, Mexx, Jack&Jones/Only, Bershka, Pull and Bear;

** stores Emporio Armani, GF Ferre, Hugo Boss, MaxMara, La Perla, Ermenegildo Zegna, Mados linija (brands D&G, D&G Jeans, Just Cavalli, Versace Jeans Couture, Roberta Scarpa, Custo, Jean Paul Gaultier Jeans, True Religion, 7 for all mankind, Scervino street, Dirk Bikkembergs, Rock&Republic), and Nude (D&G, Just Cavalli, GF Ferre, La Perla, Versace Jeans, True Religion, 7 for all mankind, Dirk Bikkembergs, Rock&Republic).

City men&woman, Kaunas, Lithuania

CITY MEN&WOMEN

At the end of 2006, the chain comprised 11 stores: 7 – in Lithuania, and 4 – in Latvia. One more store was opened in the renovated trade centre Centrs in the centre of Riga, Latvia, in 2006. It was the third and largest City men&women store in Latvia with the area of almost 470 square metres aimed at business class customers. In 2006, the turnover of the City men&women chain reached LTL 34.4 million, and grew by 35.8%.

City men&women is the chain of fashion stores aimed at those who spend most of their time in the centre of the city. The main assortment is businesslike clothing for men and women. City men&women offers comfortable and classical clothes of such brands recognized worldwide as Marella, Gerard Darel, Betty Barclay, Bandolera, Tuzzi, Apriori, Mariella Rosati, Joop!, Strellson, Roy Robson, and Marlboro Classic.

Number of stores by chains

	01.01.2006	31.12.2006
Apranga stores	13	15
Zara stores	4	5
Youth chain stores	13	18
City men&women stores	10	11
Luxury chain stores	9	14
Outlet stores	2	2
Total:	51	65

Ermenegildo Zegna, Vilnius, Lithuania 13.04.2006

LUXURY CHAIN

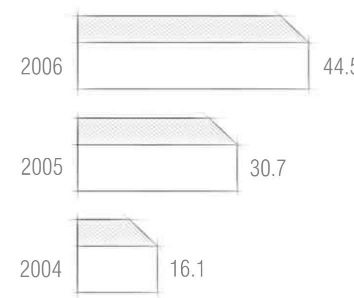
The luxury chain that belongs to Apranga Group owns the following stores in the Baltic States: Emporio Armani, GF Ferre, Hugo Boss, MaxMara, La Perla, Ermenegildo Zegna, Mados linija, and Nude.

In 2006, five luxury stores were opened: 2 Hugo Boss stores (one in Vilnius and one in Kaunas, Lithuania), Ermenegildo Zegna (Vilnius, Lithuania), Emporio Armani (Tallinn, Estonia), and multibrand store Nude (Tallinn, Estonia).

Ermenegildo Zegna is the first monobrand store of this brand in the Baltic countries. The store with the area of 180 square metres has been equipped according to the latest interior and facility concept.

Emporio Armani and Nude in Tallinn were the first projects of Apranga group in luxury segment in Estonia. Giorgio Armani, together with a team of in-house architects, designed the new Emporio Armani store following the image of the recently opened Emporio Armani stores in London, Hong Kong, Tokyo.

Growth of turnover of luxury chain (LTL, million)



Hugo Boss, Vilnius, Lithuania 21.01.2006

EMPLOYEES

Apranga Group employs 1,170 persons who directly influence highest growth rates and impressive results of the Group

EMPLOYEES

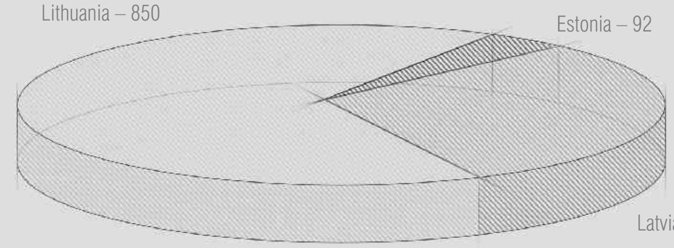
At the end of 2006, the Apranga Group employed the staff of 1,170 persons in its companies in three Baltic states. Over 2006, the number of the staff increased by 34.5%. The Apranga Group is a young, energetic, and dynamic team. Even 65% of employees are under 30 years of age. 45% of the personnel work from 1 to 5 years in Apranga Group companies.

The head office of the Apranga Group employs 75 persons, with the mean age being 34, and the mean length of service in the company being 10 years. In developing the activities of the group in foreign markets, administrative offices were established in each country with a view to helping the parent company to optimise the activities in foreign markets and more accurately evaluate peculiarities of local markets, as well as customers' needs and values.

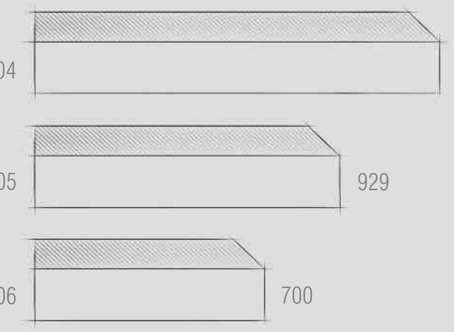
The company constantly focuses on the personnel and a positive atmosphere at work. Effective programmes for the adaptation of new employees, and the formation and development of potential staff determine successful performance of the personnel. Professional abilities of the staff are constantly improved at seminars on customer service and professional development courses. Emphasis is placed on retail trade knowledge, relationship with customers and service skills, customer service standards, and training of future executives.

The rapidly growing company provides its employees with different career alternatives according to their performance. Even 64 employees made a career within the company over a year. This motivates and encourages employees to assume more responsibility, show initiative and realize their potential.

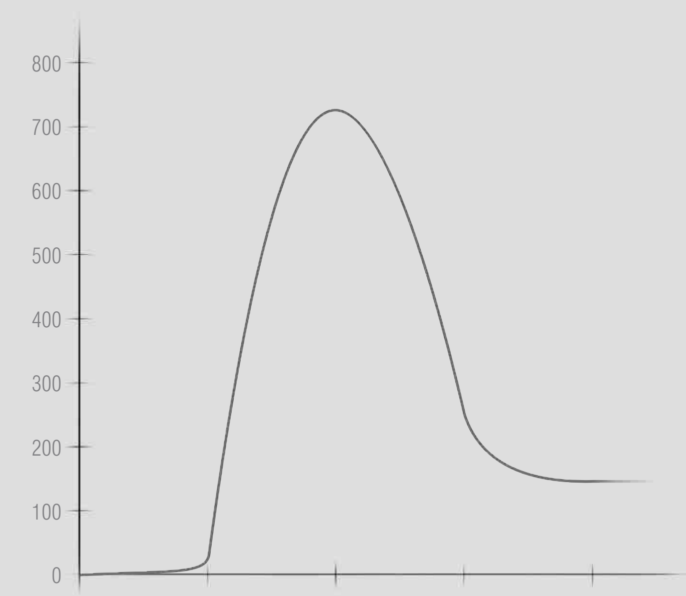
Employees of Apranga Group by countries



Number of employees



Age range of staff



Emporio Armani,Tallinn, Estonia 20.10.2006

AUDITOR'S REPORT AND ANNUAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF APB APRANGA

1. We have audited the consolidated financial statements of APB Apranga and its subsidiaries ("the Group") and the financial statements of APB Apranga ("the Company") for the year ended 31 December 2006 prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union, on the basis of which the accompanying balance sheet, income and cash flow statements ("the abridged financial statements") were prepared. We conducted our audit in accordance with International Standards on Auditing. Our independent auditor's report, dated 18 April 2007, on the financial statements, on the basis of which the accompanying abridged financial statements were prepared, was modified as discussed in paragraph 2.

2. Non-current assets held for sale balance as at 31 December 2006 and 2005 comprise cost of investments in subsidiaries amounting to LTL 1,118 thousand and LTL 9,078 thousand respectively. In our opinion, such presentation of investments in subsidiaries is not in line with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as the criteria to be classified as held for sale were not met and consequently, these investments in subsidiaries should be reclassified from current to non-current assets in the financial statements of the Company as of 31 December 2006 and 2005 and should be consolidated in the financial statements of the Group as of 31 December 2006 and 2005 in accordance with IAS 27 Consolidated and Separate Financial Statements.

3. In our opinion, the accompanying abridged financial statements are in all material respects consistent with the financial statements, on the basis of which abridged financial statements were prepared.

4. For a better understanding of the financial position of the Company and the Group, the results of their operations, management's responsibility for the financial statements, and the scope of our audit, the abridged financial statements are to be read in conjunction with the financial statements, based on which these abridged financial statements were prepared, as well as in conjunction with our independent auditor's report thereon.

On behalf of PricewaterhouseCoopers UAB

Christopher C. Butler
Partner

Rasa Radzevičienė
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania, 14 June 2007

INCOME STATEMENTS

	Group Year ended 31 December		Company Year ended 31 December	
	2006	2005 restated	2006	2005 restated
Revenue	253,489	170,058	151,055	110,255
Cost of sales	(139,311)	(94,883)	(98,212)	(71,544)
Gross profit	114,178	75,175	52,843	38,711
Selling costs	(80,921)	(56,461)	(41,998)	(30,704)
General and administrative expenses	(11,856)	(6,995)	(8,994)	(5,955)
Other income	1,071	1,160	9,837	4,353
Net foreign exchange gain (loss)	292	212	(12)	(27)
Operating profit	22,764	13,091	11,676	6,378
Finance costs	(1,714)	(1,998)	(1,544)	(1,540)
Profit before income tax	21,050	11,093	10,132	4,838
Income tax expense	(3,614)	(2,194)	(759)	(858)
PROFIT FOR THE YEAR	17,436	8,899	9,373	3,980
Basic and diluted earnings per share (in LTL)	0.49	0.25	0.27	0.11

These financial statements were approved by Management Board on 18 April 2007 and signed by:

General Director
Rimantas Perveneckas

Finance director
Vaidas Savukynas

BALANCE SHEETS

	Group As at 31 December		Company As at 31 December	
	2006	2005 restated	2006	2005 restated
ASSETS				
Non-current assets				
Property, plant and equipment	84,598	61,430	54,315	39,231
Intangible assets	721	515	509	425
Investments in subsidiaries	-	-	8,453	6,608
Receivables and prepayments	894	481	551	332
	86,213	62,426	63,828	46,596
Current assets				
Inventories	48,626	38,366	31,179	25,586
Non-current assets held for sale	1,118	9,078	1,118	9,078
Trade and other receivables	2,436	5,379	18,495	13,510
Cash and cash equivalents	4,770	2,516	2,312	1,352
	56,950	55,339	53,104	49,526
TOTAL ASSETS	143,163	117,765	116,932	96,122

Continued on next page

	Group As at 31 December		Company As at 31 December	
	2006	2005 restated	2006	2005 restated
EQUITY AND LIABILITIES				
Equity				
Ordinary shares	35,292	35,292	35,292	35,292
Legal reserve	1,081	882	1,081	882
Translation difference	(178)	(167)	-	-
Retained earnings	30,293	15,190	16,909	9,853
	66,488	51,197	53,282	46,027
Non-current liabilities				
Borrowings	16,567	-	16,567	-
Bonds issued	-	20,000	-	20,000
Deferred tax liabilities	2,091	1,965	525	724
Obligations under finance leases	37	301	37	301
Other liabilities	87	85	86	85
	18,782	22,351	17,215	21,110
Current liabilities				
Borrowings	7,844	22,463	6,273	16,026
Bonds issued	20,436	436	20,436	436
Obligations under finance leases	18	625	18	625
Current income tax liability	1,668	129	178	-
Trade and other payables	27,927	20,564	19,530	11,898
	57,893	44,217	46,435	28,985
Total liabilities	76,675	66,568	63,650	50,095
TOTAL EQUITY AND LIABILITIES	143,163	117,765	116,932	96,122

End

These financial statements were approved by Management Board on 18 April 2007 and signed by:

General Director
Rimantas Perveneckas

Finance director
Vaidas Savukynas

STATEMENTS OF CASH FLOW

	Group Year ended 31 December		Company Year ended 31 December	
	2006	2005	2006	2005
OPERATING ACTIVITIES				
Profit before income taxes	21,050	11,093	10,132	4,838
Adjustments for:				
Depreciation and amortization	11,752	9,060	5,352	4,115
Change in allowances for doubtful receivables	-	17	-	(8)
Change in allowances for slow-moving inventories	1,493	717	1,493	717
Gain on disposal of property, plant and equipment	(37)	(13)	(37)	(13)
Write-off of property, plant and equipment	167	-	131	-
Dividends income	-	-	(4,031)	-
Interest expenses, net	1,711	1,996	1,251	1,135
	36,136	22,870	14,291	10,784
Changes in operating assets and liabilities:				
(Increase) in inventories	(11,753)	(7,883)	(7,086)	(2,700)
Decrease (increase) in receivables	2,122	(1,889)	(1,836)	(1,073)
Unrealized foreign exchange loss	(28)	61	-	-
Increase in payables	7,354	5,932	7,997	3,672
Cash generated from operations	33,831	19,091	13,366	10,683
Income taxes paid	(1,226)	(1,293)	(57)	(868)
Interest paid	(1,714)	(1,718)	(1,544)	(1,260)
Net cash from operating activities	30,891	16,080	11,765	8,555

Continued on next page

	Group Year ended 31 December		Company Year ended 31 December	
	2006	2005	2006	2005
INVESTING ACTIVITIES				
Interest received	3	2	293	405
Dividends received	-	-	1,525	-
Loans granted to subsidiaries	-	-	(3,479)	-
Loans repayments received from subsidiaries	-	-	-	6,805
Purchases of property, plant and equipment and intangible assets	(32,618)	(12,618)	(13,048)	(9,462)
Proceeds on disposal of property, plant and equipment	5,019	467	90	467
Investment in subsidiaries	-	-	(2,517)	(2,125)
Net cash used in investing activities	(27,596)	(12,149)	(17,136)	(3,910)
FINANCING ACTIVITIES				
Dividends paid	(2,118)	(2,029)	(2,118)	(2,029)
Proceeds from borrowings	16,977	7,178	46,710	125
Repayments of borrowings	(10,561)	(19,430)	(34,954)	(12,251)
Repayments of obligations under finance leases	(871)	(601)	(871)	(601)
Bonds redemption	-	(7,000)	-	(7,000)
Proceeds from issue of bonds	-	20,000	-	20,000
Net cash (used in) / generated from financing activities	3,427	(1,882)	8,767	(1,756)
NET INCREASE IN CASH AND BANK OVERDRAFTS	6,722	2,049	3,396	2,889
CASH AND BANK OVERDRAFTS:				
AT THE BEGINNING OF THE YEAR	(9,796)	(11,845)	(4,398)	(7,287)
AT THE END OF THE YEAR	(3,074)	(9,796)	(1,002)	(4,398)

End

These financial statements were approved by Management Board on 18 April 2007 and signed by:

General Director
Rimantas Perveneckas

Finance director
Vaidas Savukynas

June 2007

Photos made by Gediminas Trečiokas, Tomas Kauneckas and Apranga Group archive were used in this report

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DYNAMICS OF APRANGA APB SHARE PRICE IN 2006 (IN LTL)