

APRANGA

GROUP

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

Name of the company	Apranga APB
Legal form	Public limited liability company
Date of registration	1 st 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	info@apranga.lt
Internet address	http://www.apranga.lt
Main activities	Retail trade of apparel
Auditor	PricewaterhouseCoopers UAB

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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):

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

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

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

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 2nd quarter 2010.

The number of stores by countries was as follows:

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

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):

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

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.

Main Group Indicators	9 months 2010	9 months 2009	Change
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

Main Group Indicators	Q3 2010	Q3 2009	Change
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.

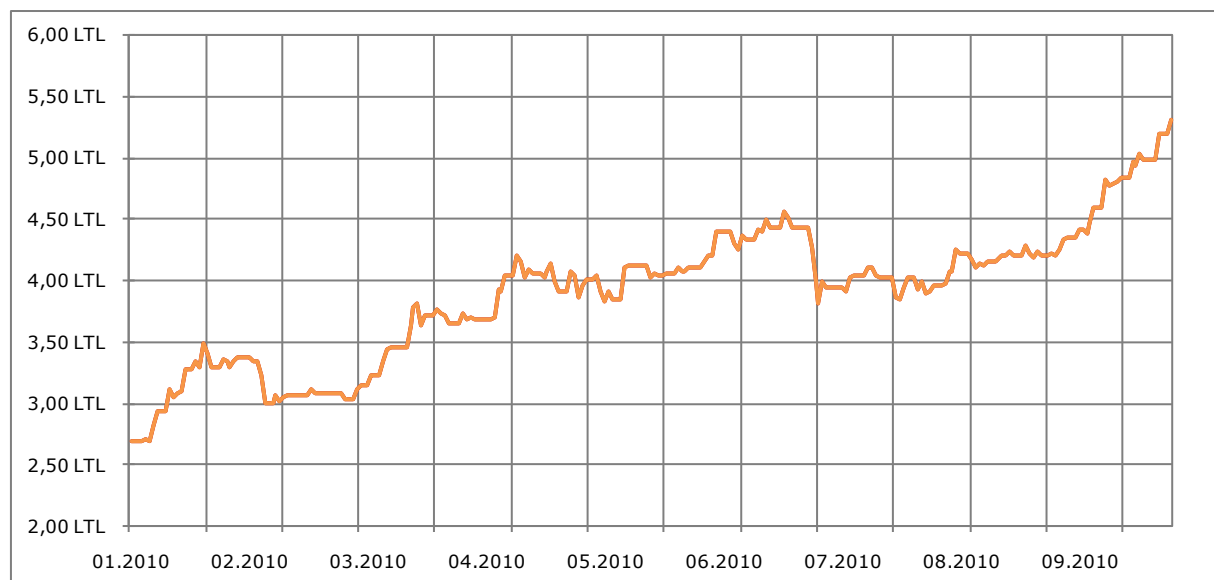
The *finance costs* of the Group totalled LTL 783 thousand during 9 months 2010 and decreased 3.2 times, comparing to the same period 2009. Group finance costs decreased even 7.2 times in third quarter 2010, comparing to third quarter 2009. That was mostly impacted by rapid decrease of finance debts. 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.

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 1.78%	30 04 2010	30 04 2014
Rimantas Perveneckas	Member of the Board, General Director	1 000 000 1.81%	30 04 2010	30 04 2014
Ilona Simkuniene	Member of the Board, Purchasing Director	33 123 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 0.01%	30 04 2010	30 04 2014

STATEMENT OF COMPREHENSIVE INCOME

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

	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)
Gross profit		36 308	34 344	12 178	11 762
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
Operating profit (loss)		6 923	637	1 188	(2 255)
Finance costs	5	(140)	(1 007)	(243)	(1 169)
Profit (loss) before income tax		6 783	(370)	945	(3 424)
Income tax expense		(1 030)	(683)	(129)	39
Profit (loss) for the year		5 753	(1 053)	816	(3 385)
Other comprehensive income					
Currency translation difference		44	-	-	-
TOTAL COMPREHENSIVE INCOME		5 797	(1 053)	816	(3 385)
Basic and diluted earnings (losses) per share (in LTL)		0,10	(0,02)	0,01	(0,06)

BALANCE SHEET

		Group		Company	
	Note	30 09 2010	31 12 2009	30 09 2010	31 12 2009
ASSETS					
Non-current assets					
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
		87 878	100 382	75 498	75 841
Current assets					
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
		80 027	74 133	56 328	73 685
TOTAL ASSETS	3	167 905	174 515	131 826	149 526
EQUITY AND LIABILITIES					
Equity					
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
		104 593	98 380	85 979	82 175
Non-current liabilities					
Borrowings	5	5 000	-	5 000	-
Deferred tax liabilities		2 905	2 228	-	-
Obligations under finance leases		13	-	-	-
Other liabilities		410	187	410	187
		8 328	2 415	5 410	187
Current liabilities					
Borrowings	5	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
		54 984	73 720	40 437	67 164
Total liabilities		63 312	76 135	45 847	67 351
TOTAL EQUITY AND LIABILITIES		167 905	174 515	131 826	149 526

STATEMENTS OF CHANGES IN EQUITY

GROUP

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2009		35 292	2 416	(405)	58 075	95 378
Comprehensive income						
Loss for the 9 months 2009					(14 537)	(14 537)
Other comprehensive income						
Currency translation difference		-	-	24	(30)	(6)
Total comprehensive income		-	-	24	(14 567)	(14 543)
Transactions with owners						
Transfer to legal reserve		-	496	-	(496)	-
Shares issue		20 000	-	-	-	20 000
Balance at 30 September 2009		55 292	2 912	(381)	43 012	100 835
Balance at 1 January 2010		55 292	2 912	(464)	40 640	98 380
Comprehensive income						
Profit for the 9 months 2010		-	-	-	6 026	6 026
Other comprehensive income						
Currency translation difference		-	-	81	106	187
Total comprehensive income		-	-	81	6 132	6 213
Balance at 30 September 2010		55 292	2 912	(383)	46 772	104 593

COMPANY

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2009	35 292	2 416	33 290	70 998
Comprehensive income				
Loss for the 9 months 2009	-	-	(6 234)	(6 234)
Transactions with owners				
Transfer to legal reserve	-	496	(496)	-
Shares issued	20 000	-	-	20 000
Balance at 30 September 2009	55 292	2 912	26 560	84 764
Balance at 1 January 2010	55 292	2 912	23 971	82 175
Comprehensive income				
Profit for the 9 months 2010	-	-	3 804	3 804
Balance at 30 September 2010	55 292	2 912	27 775	85 979

STATEMENTS OF CASH FLOW

		Group		Company	
	Note	9 months 2010	9 months 2009	9 months 2010	9 months 2009
OPERATING ACTIVITIES					
Profit (loss) before income taxes		7 588	(13 619)	3 478	(6 116)
Adjustments for:					
Depreciation and amortization		14 944	17 522	6 767	8 387
Impairment charge		1 278	-	(222)	-
Change in allowances for slow-moving inventories		(844)	1 151	(991)	951
(Gain) / Loss on disposal of property, plant and equipment		(10)	(56)	(5)	(22)
Write-off of property, plant and equipment		40	-	33	-
Dividends income		-	-	(5 474)	(7 446)
Interest expenses		786	2 489	870	2 047
		23 782	7 487	4 456	(2 199)
Changes in operating assets and liabilities:					
Decrease (Increase) in inventories		(6 913)	(5 729)	7 078	1 539
Decrease (Increase) in receivables		485	5 186	12 496	(4 995)
Unrealized foreign exchange loss (gain)		189	(94)	(28)	-
Increase (decrease) in payables		14 373	23 412	5 279	6 958
Cash generated from operations		31 916	30 262	29 281	1 303
Income taxes paid		(193)	(107)	(84)	1
Interest paid	5	(788)	(3 173)	(1 139)	(3 513)
Net cash from operating activities		30 935	26 982	28 058	(2 209)
INVESTING ACTIVITIES					
Interest received		2	28	269	810
Dividends received		-	-	5 474	7 446
Loans granted		-	(17 000)	(17 630)	(63 191)
Loans repayments received		-	17 000	16 084	60 004
Purchases of property, plant and equipment and intangible assets	4	(4 221)	(21 786)	(1 333)	(6 547)
Proceeds on disposal of property, plant and equipment	4	824	6 256	324	297
Investment in subsidiaries		-	-	(4 873)	(644)
Net cash used in investing activities		(3 395)	(15 502)	(1 685)	(1 825)
FINANCING ACTIVITIES					
Proceeds from borrowings		42 343	15 315	101 278	56 496
Repayments of borrowings		(69 345)	(20 315)	(126 045)	(49 099)
Repayments of obligations under finance leases		15	(13)	-	(13)
Repurchase of bonds		-	(20 000)	-	(20 000)
Proceeds from shares issue		-	20 000	-	20 000
Net cash from financing activities		(26 987)	(5 013)	(24 767)	7 384
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFTS					
		553	6 467	1 606	3 350
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		(5 118)	(3 007)	(7 877)	(1 925)
AT THE END OF THE PERIOD		(4 565)	3 460	(6 271)	1 425

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 ¹	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

¹ 100 % 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:

9 months 2010	Lithuania	Latvia	Estonia	Total	Inter-company elimina- tions	Total in consolidated financial statements
Total segment revenue	151 404	53 857	27 251	232 512	-	
Inter-segment revenue	(14 635)	(2 088)	(477)	(17 200)	-	
Revenue from external customers	136 769	51 769	26 774	215 312	-	215 312
Gross margin	41,4%	43,3%	48,1%	42,7%		42,7%
Profit (loss) for the year	1 453	1 017	3 556	6 026	-	6 026
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

9 months 2009	Lithuania	Latvia	Estonia	Total	Inter-company elimina- tions	Total in consolidated financial statements
Total segment revenue	175 228	55 673	26 484	257 385	-	
Inter-segment revenue	(19 574)	(3 018)	(954)	(23 546)	-	
Revenue from external customers	155 654	52 655	25 530	233 839	-	233 839
Gross margin	37,7%	41,8%	46,7%	39,6%		39,6%
Profit for the year	(14 639)	(837)	867	(14 609)	72	(14 537)
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 21st October 2010. Resignation is related to his work start at Civil Service.
