APRANGA GROUP

2009 m. rugpjūčio 31 d.
Vilnius

BENDROVĖS ATSAKINGŲ ASMENŲ PATVIRTINIMAS

Šiuo patvirtiname, kad, mūsų žiniomis, 2009 m. šešių mėnesių konsoliduota finansinė atskaitomybė, sudaryta pagal Tarptautinius finansinės atskaitomybės standartus, atitinka tikrovę ir teisingai parodo APB „Apranga" ir bendrą konsoliduotų „Aprangos" grupės įmonių turtą, įsipareigojimus, finansinę būklę, pelną arba nuostolius.

Taip pat patvirtiname, kad, mūsų žiniomis, 2009 m. šešių mėnesių konsoliduotame pranešime yra teisingai nurodyta „Aprangos" grupės verslo plėtros ir veiklos apžvalga.

„Aprangos" grupės generalinis direktorius
Rimantas Perveneckas

„Aprangos" grupės finansų ir ekonomikos
direktorius Vaidas Savukynas

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AB „SEB BANKAS"
VILNIAUS FILIALAS
BANKO KODAS
70440

ATSISKAITOMOJI SĄSKAITA
LT04 7044 0600 0090 8237
VALIUTINĖ SĄSKAITA
LT50 7044 0600 0090 8282

LR ĮMONIŲ REJESTRAS
VALSTYBĖS ĮMONĖS REGISTRŲ CENTRAS
VILNIAUS FILIALAS
ŠVITRIGAILOS G. 7, VILNIUS

APB APRANGA

The Consolidated Interim Report and

Interim Consolidated Financial Statements

for the Six Months of 2009

Unaudited

31 August 2009
Vilnius

INTERIM CONSOLIDATED REPORT

General information

Interim consolidated report is prepared for the period January – June 2009.

Name of the Issuer:	APB Apranga
Legal form:	public limited liability company
Date and place of registration:	1993 03 01 Board of Vilnius City
Code of Enterprise:	121933274
Registered office:	Kirtimų str. 51, Vilnius, LT-02244, Lithuania
Telephone number:	+370 5 2390808
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Internet address:	www.apranga.lt

At 30 June 2009 Apranga Group (hereinafter the Group) consisted of the parent company APB Apranga (hereinafter the Company) and its wholly owned subsidiaries listed below. The principal activity of the Company and its subsidiaries is retail trade of apparel.

Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
UAB Apranga LT	Private limited liability company	27 04 2004 State enterprise Centre of Registers of the Republic of Lithuania	300021271	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 info@apranga.lt www.apranga.lt
UAB Apranga BPB LT	Private limited liability company	29 11 2005 State enterprise Centre of Registers of the Republic of Lithuania	300509648	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 info@apranga.lt www.apranga.lt
UAB Apranga PLT	Private limited liability company	21 03 2007 State enterprise Centre of Registers of the Republic of Lithuania	300551572	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 info@apranga.lt www.apranga.lt
UAB Apranga SLT	Private limited liability company	14 01 2008 State enterprise Centre of Registers of the Republic of Lithuania	301519684	Kirtimų 51, Vilnius, Lithuania	Tel. 370 5 2390808 Fax. 370 5 2390800 info@apranga.lt www.apranga.lt
SIA Apranga	Private limited liability company	20 11 2002 Enterprise Register of the Republic of Latvia	40003610082	Elizabetes 51, Riga, Latvia	Tel. 371 6 72400120 Faks. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga LV	Private limited liability company	30 03 2004 Enterprise Register of the Republic of Latvia	40003672631	Elizabetes 51, Riga, Latvia	Tel. 371 6 72400120 Faks. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga BPB LV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887840	Elizabetes 51, Riga, Latvia	Tel. 371 6 72400120 Faks. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA Apranga PLV	Private limited liability company	10 01 2008 Enterprise Register of the Republic of Latvia	40003887747	Elizabetes 51, Riga, Latvia	Tel. 371 6 72400120 Faks. 371 6 7240019 info@apranga.lt www.apranga.lt
SIA „Apranga SLV	Private limited liability company	2008 11 19 Enterprise Register of the Republic of Latvia	50103201281	Elizabetes 51, Riga, Latvija	Tel. 371 6 72400120 Faks. 371 6 7240019 info@apranga.lt www.apranga.lt
OÜ Apranga	Private limited liability company	19 07 2007 Tallinn City Court Register department	11274427	Rävala 4 / Laikmaa 15, Tallinn, Estonia	Tel. 372 6663446 Faks. 372 6663444 info@apranga.lt www.apranga.lt
OÜ Apranga Estonia	Private limited liability company	12 04 2004 Tallinn City Court Register department	11026132	Rävala 4 / Laikmaa 15, Tallinn, Estonia	Tel. 372 6663446 Faks. 372 6663444 info@apranga.lt www.apranga.lt

Title	Legal form	Date and place of registration	Code of Enterprise	Registered office	Telephone, fax, e-mail, www
OÜ Apranga BEE	Private limited liability company	04 09 2007 Tallinn City Court Register department	11026132	Rävala 4 / Laikmaa 15, Tallinn, Estonia	Tel. 372 6663446 Faks. 372 6663444 info@apranga.lt www.apranga.lt
OÜ Apranga PB Trade	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530250	Rävala 4 / Laikmaa 15, Tallinn, Estonia	Tel. 372 6663446 Faks. 372 6663444 info@apranga.lt www.apranga.lt
OÜ Apranga ST Retail	Private limited liability company	2008 08 21 Tallinn City Court Register department	11530037	Rävala 4 / Laikmaa 15, Tallinn, Estonia	Tel. 372 6663446 Faks. 372 6663444 info@apranga.lt www.apranga.lt

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.

Operations

Main Indicators of the Group 1st Half	H1 2009	H1 2008	Change
Net sales, LTL thousand	150 743	192 857	-21.8%
Net sales in foreign markets, LTL thousand	48 615	65 737	-26.0%
Like-for-like sales	-30.6%	1.9%	
Gross profit, LTL thousand	58 328	83 967	-30.5%
Gross margin	38.7%	43.5%	
EBT, LTL thousand	(13 249)	3 714	-4. 6 t.
EBT margin	-8.8%	1.9%	
Net profit, LTL thousand	(13 484)	2 805	-5.8 t.
Net margin	-8.9%	1.5%	
EBITDA, LTL thousand	(178)	15 607	-101.1%
EBITDA margin	-0.1%	8.1%	
Return on equity (end of the period)	-13.2%	2.9%	
Return on assets (end of the period)	-6.6%	1.3%	
Net debt to equity*	56.1%	54.5%	
Current ratio, times	0.9	0.9	1.9%

Main Indicators of the Group 2nd Quarter	Q2 2009	Q2 2008	Change
Net sales, LTL thousand	75 280	92 378	-18.5%
Net sales in foreign markets, LTL thousand	25 544	31 958	-20.1%
Like-for-Like	-29.7%	3.8%	
Gross profit, LTL thousand	31 696	43 211	-26.6%
Gross margin	42.1%	46.8%	
EBT, LTL thousand	(3 296)	4 242	-1.8 t.
EBT margin	-4.4%	4.6%	
Net profit, LTL thousand	(3 454)	3 626	-2.0 t.
Net margin	-4.6%	3.9%	
EBITDA, LTL thousand	3 599	10 260	-64.9%
EBITDA margin	4.8%	11.1%	
Return on equity (end of the period)	-3.4%	3.8%	
Return on assets (end of the period)	-1.7%	1.7%	
Net debt to equity*	56.1%	54.5%	
Current ratio, times	0.9	0.9	1.9%

*(Interest bearing liabilities - cash) / Equity

The Group is developing 5 different store chains:
- Family fashion (Apranga);
- Business fashion (City);
- Youth fashion;
- Luxury fashion;
- Zara franchise stores.

Unsold seasonal goods are sold through the chain of 8 outlets.

The retail turnover of the Group‘s stores in first half of 2009 by countries was as follows (LTL thousand, VAT included):

Country	H1 2009	H1 2009	Change
Lithuania	127 988	155 556	-17.7%
Latvia	41 197	57 219	-28.0%
Estonia	18 441	20 854	-11.6%
Total:	**187 626**	**233 629**	**-19.7%**

The retail turnover (including VAT) of the Group’s chain was LTL 187.6 million in the six months of 2009, and has decreased by 19.7% comparing to corresponding period of 2008. The drop in sales reflects the general situation in Baltic States, where, according to EUROSTAT, the decrease of retail trade was the biggest among all EU countries.

The Group’s revenue has decreased more than gross retail turnover because of increase of VAT in Latvia and Lithuania since the beginning of 2009, and which was not in full passed onto shoulders of consumers due to complicated retail market situation, also because of increased influence of the differences of revenue recognition in shops operating under consignment agreements.

The retail turnover of the Group‘s stores by countries during the second quarter of 2009 was (LTL thousand, VAT included):

Country	Q2 2009	Q2 2008	Change
Lithuania	62 301	74 097	-15.9%
Latvia	21 600	27 810	-22.3%
Estonia	9 824	10 196	-3.6%
Total:	**93 725**	**112 103**	**-16.4%**

The retail turnover decrease rate has decelerated from 22.7% in first quarter 2009 to 16.4% in the second quarter.

The retail turnover of the Group‘s stores by chains in first half of 2009 was as follows (LTL thousand, VAT included):

Country	H1 2009	H1 2008	Change
Family fashion	27 132	42 709	-36.5%
Youth fashion	60 408	59 882	0.9%
Business	23 283	28 632	-18.7%
Luxury	19 498	25 729	-24.2%
Zara	49 043	70 055	-30.0%
Outlets	8 262	6 622	24.8%
Total:	**187 626**	**233 629**	**-19.7%**

During the first half of 2009, only Outlets and Youth chain have avoided decrease, because the number of outlets and youths stores in comparable periods has increased the most (by 60%).

During the six months of 2009 the Group opened 21 and closed 4 stores, the total sales area operated by the Group has increased by 8.7 thousand sq. m. The capital expenditure of the retail chain expansion amounted to almost LTL 15 million.

In first half of 2009 the Group has implemented the programme of intensive expansion and has fulfilled all commitments regarding new stores openings.

The number of stores by countries was as follows:

Country	H1 2009	H1 2009	Change
Lithuania	78	59	32.2%
Latvia	31	24	29.2%
Estonia	9	5	80.0%
Total:	**118**	**88**	**34.1%**

The number of stores by chains was as follows:

Chain	30 06 2009	30 06 2008	Change
Family fashion	16	14	14.3%
Youth fashion	56	35	60.0%
Business	13	10	30.0%
Luxury	15	15	-
Zara	10	9	11.1%
Outlets	8	5	60.0%
Iš viso:	**118**	**88**	**34.1%**

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

Country	30 06 2009	30 06 2008	Change
Lithuania	46.1	38.0	21.3%
Latvia	18.3	13.7	33.6%
Estonia	5.6	4.3	30.2%
Total:	**70.0**	**56.0**	**25.0%**

Group's stores are further strongly pressed by the market situation to sell garments with bigger discounts than usual, what resulted in first half gross profitability shrank from 43.5% in 2008 to 38,7% in 2009. The objective to optimize seasonal inventory balances also contributed to bigger discounts.

The management of the group further puts all efforts seeking to reduce operating expenses to match decreased revenues. By means of negotiations the management has achieved 25% to 50% commitments reductions on most of rent agreements. The total amount of rent expenses reductions in first half 2009 was around LTL 5.2 million in comparison to initial commitments, and is expected to exceed LTL 10 million in the whole year.

Average number of employees and average monthly salary by categories in six months 2009 were as follows:

	Average number of employees		**Average monthly salary, LTL**	
Employee category	**Group**	**Company**	**Group**	**Company**
Administration	120	86	5 163	5 333
Store's personnel	1 462	667	1 572	1 751
Logistics	68	68	2 015	2 015
Total:	**1 650**	**821**	**1 849**	**2 169**

In spite of by 25% increased total sales area, the number of employees during the year since 30 June 2008 in the Group has increased only by 41 to 1624 (by 2.6%), and has decreased by 4 to 804 (0.5%). More conservative policy of hiring new staff with the aim to achieve higher stores' efficiency has determined the decrease of number of employees by 82 (4.8%) in the Group, and by 44 (5.2%) in the Company.

The average monthly salary in the Group and the Company in the second quarter 2009 has decreased 17.3% and 18.4%, respectively, in comparison to the second quarter 2008. The average monthly salary in the second quarter this year comparing to first quarter has decreased by 5.9% in the Group, and by 12.8% in the Company. The payroll of comparable stores operated in the first half 2009 and 2008 has decreased more than 30%.

Education of employees by categories on 30 June 2009 was as follows:

Education	Group	Company
High	351	186
Higher	188	132
Secondary - Professional	164	88
Secondary	260	156
Primary	4	3
Student	657	239
Total:	**1 624**	**804**

The Group has suffered LTL 13.2 million loss before tax in six months of 2009, LTL 3.3 million of which in the second quarter.

By the judgement of the management, the Group has stabilised the decrease of gross profitability and increase of operating expenses during the second quarter of 2009, what allowed to cut loss before taxes 3 times comparing to first quarter 2009.

Operational plans

By the estimation of Group’s management, the retail chain gross turnover may be 15% to 20% less in 2009, than it was in 2008. The management of the group anticipates the like-to-like sales will stop falling in the second half of 2009, and the positive contribution to overall turnover of newly opened stores in 2009 will be more substantial in comparison to first half of 2009.

Currently the management of the Group considers plans to close or redesign up to 8% of the total stores space what will increase the efficiency of the rest stores. On-time cost of the stores’ closings and redesigns may amount LTL 6 to 12 million. Redesigns and closings will be primarily performed with the shops which turned inefficient under the changed market conditions and have no perspective to turn profitable again within period of 2 – 3 years, or with those where rent conditions failed to be adapted adequately to the market.

The management of the Group will further put most of its efforts to optimise labour cost and rent expenses with the aim to restore operational profitability of stores, as well as the whole Group in the second half of 2009, and to ensure optimal EBITDA level necessary for normal operations of the Group under the conditions of the economic crisis.

Risk management

The ongoing global financial and economic crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2008 (often referred to as the “Credit Crunch”) has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing global financial and economic crisis is proving to be difficult to anticipate or completely guard against.

Management is unable to reliably determine the effects on the Group's future financial position of any further deterioration in the Group’s operating environment as a result of the ongoing crisis. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group’s business in the current circumstances.

<u>Financial risk factors</u>

The risk management function within the Group is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, bonds and borrowings. The accounting policy with respect to these financial instruments is the same as it was in 2008.

Credit risk

Credit risk is managed on Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Sales to wholesale customers are rare and immaterial; therefore risk control only assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to retail customers are settled in cash or using major credit cards.

Company's credit risk arising from trade receivables from subsidiaries and loans to subsidiaries is managed by controlling financial performance of subsidiaries on a monthly basis.

The Company and the Group has no significant concentration of credit risk.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these; and maintaining debt financing plans.

Market risk

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Company has loans to subsidiaries with floating interest rates, but the cash flow risk is mitigated by applying the same variable element of interest rate on those loans as the banks are charging the Company.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk, but this is not included in sensitivity analysis as the change in interest rates has no impact on profit or equity of the Group.

The Company's and Group's borrowings consist of loans with floating interest rate, which is related to VILIBOR. The Company and the Group did not use any derivative financial instruments in order to control the risk of interest rate changes.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's management. It analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, management considers the impact on post tax profit of a 0.5% shift in interest rates to be not material to the financial statements of the Group and the Company.

Foreign exchange risk

The Company and the Group has a policy to synchronize the cash flows from expected sales in the future with the expected purchases and other expenses in each foreign currency. At the moment the Company and the Group doesn't use any derivative financial instruments in order to control foreign currencies exchange risk.

The Group operates in Lithuania, Latvia and Estonia and accordingly has three functional currencies that all are pegged with EUR and do not fluctuate significantly. Therefore neither the Group, nor the Company is exposed to any significant foreign exchange risk.

Price risk

The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

<u>Capital risk management</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

Pursuant to the Lithuanian Law on Companies the authorized share capital of a public limited liability company must be not less than LTL 150 thousand and of a private limited liability company must be not less than LTL 10 thousand. In addition, for all entities the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 30 June 2008, the Company and all its Lithuanian subsidiaries complied with these requirements.

Pursuant to the Latvian Commercial Law the authorized share capital of a private limited liability company must be not less than LVL 25 thousand. In addition, the losses of the company should not exceed 50 per cent of the company's share capital. As at 30 June 2007, all of the Company's Latvian subsidiaries complied with these requirements.

Pursuant to the Estonian Commercial Code the authorized share capital of a private limited liability company must be not less than EEK 40 thousand. In addition, the shareholders' equity should not be lower than 50 per cent of the company's share capital. As at 30 June 2008, all of the Company's Estonian subsidiaries complied with these requirements.

In addition, the Group has to comply with the financial covenants imposed in the agreements with AB SEB bankas. The Group and the Company was in compliance with the covenants as at 30 June 2008.

Securities

The general shareholders' meeting convened on 30 April 2009 has resolved to increase Company's share capital by additional contributions of shareholders by issuing 20000000 ordinary registered shares of nominal value LTL 1 each with the subscription price LTL 1 each. All newly issued shares were paid in cash, and the amendments to the Articles of Association regarding increase of the share capital were registered at Company's Register of Republic of Lithuania on 5 June 2009.

All 55291960 ordinary shares of nominal value LTL 1 each (ISIN code LT0000102337) that comprise Company's share capital are listed on Official list of NASADQ OMX Vilnius Stock Exchange.

All Company's shares give equal rights to shareholders.

Each owner of the ordinary registered share has the following property rights:
1) To receive part of the company's profit (dividend);

2) To receive a part of the assets of the company in liquidation;
3) To receive shares without payment if the share capital is increased out of the company's funds, except the cases specified in the Law on Companies.
4) To have the pre-emption right to acquire the shares or convertible debenture issued by the company, except in cases when General Shareholder's Meeting pursuant to Law on Companies decides to withdraw the pre-emption right in acquiring the company's issued shares for all shareholders;
5) As provided by laws to lend to the company, however the company borrowing from its shareholders has no right to mortgage or pledge its assets to shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his/her place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the company and shareholders are prohibited from negotiating a higher interest rate;
6) To receive Company's funds in event the share capital is decreased on purpose to pay Company's funds to shareholders;
7) Shareholders have other property rights provided by laws of the Republic of Lithuania.

Each owner of the ordinary registered share has the following non-property rights:
1) To attend and vote in General Shareholder's Meetings. One ordinary registered share grants to its owner one vote at the General Shareholders' Meeting. The right to vote at the General Shareholder's Meeting may be withdrawn or restricted in cases established by laws of the Republic of Lithuania, also in cases when share ownership is contested;
2) To receive information on the company as provided by Law on Companies;
3) To file a claim to the court requesting compensation of damage to company resulting from non-performance or improper performance of the duties of the Manager of the Company or members of the Board of the company which duties have been prescribed by law and these Articles of Association of the company as well as in other cases as may be prescribed by law;
4) Other non-property rights prescribed by law.

On 30 June 2009 the Company had 3598 shareholders. Company's shareholders that control over 5% votes in General Shareholder Meeting were as follows:

Shareholder	Enterprise code	Address	Number of shares	% of total ownership
UAB MG Baltic Investment	123249022	Jasinskio 16B, Vilnius, Lietuva	29677397	53.7%
Swedbank AS (Estonia) clients	10060701	Liivalaia 8 Tallinn, Estija	5371287	9.7%
UAB Minvista	110685692	Jasinskio 16, Vilnius, Lietuva	3397435	6.1%

An issue of 200000 Company's bonds of nominal value LTL 100 each (ISIN code LT0000402216) was listed on Bond list of NASDAQ OMX Vilnius Stock Exchange (see 6. Bonds). Bonds were redeemed on 15 June 2009.

The Company has concluded an agreement with FMI Finasta on supervision of securities accounts and an agreement on dividend payment, there was also concluded the agreement on consulting and practical assistance on shares issue, which ended after the shares issue.

The Company has concluded an agreement with AB SEB Bankas on underwriting of bonds (issue settlement), which ended after the bonds redemption.

General Shareholders' Meeting has a right to amend the Articles of Association under the qualified majority of votes, which may not be less than 2/3 of all votes the shareholders attending at the Meeting, except for the exceptions specified by Law on Companies.

Corporate governance

The management bodies of the Company are as follows: General Shareholders' Meeting, a collegial management body – Board, and a single-person management body – Manager of the Company.

Competence of General Shareholders' Meeting is the same as specified by the Law on Companies.

The Board, consisting of six members, is elected by General Shareholders' Meeting for a 4 year term. Company's Board members election and revocation procedure is the same as specified by Law on Companies.

Company's Board activity is conducted by chairman of the Board. The Board elects its chairman from among its members.

The Board continues in office for the period established in the Articles of Association or until a new Board is elected and assumes the office but not longer than until the annual General Shareholders' Meeting during the final year of its term of office.

Board of Company considers and approves:
1) The activity strategy of the Company;
2) The annual report of the Company;
3) The management structure of the Company and the positions of the employees;
4) The positions to which employees are recruited by competition;
5) Regulations of branches and representative offices of the Company.

The Board adopts the following resolutions:
1) Resolutions for the Company to become an incorporator or a member of other legal entities;
2) Resolutions to establish branches and representative offices of the Company;
3) Resolutions to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction);
4) Resolutions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions);
5) Resolutions to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company;
6) Resolutions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company;
7) Resolutions to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
8) Resolutions regarding issuance of debenture of the Company (except issuance of convertible debenture);
9) Other resolutions within the competence of the Board as prescribed by the Articles of Association or the resolutions of the General Shareholders' Meeting.

The Board analyses and assesses the documents submitted by the Manager of the Company on:
1) The implementation of the activity strategy of the Company;
2) The organization of the activities of the Company;
3) Financial standing of the Company;
4) The results of economic activities, income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

The Board elects and removes from office the Manager of the Company, fixes his/her remuneration and sets other terms of the employment agreement, approves his/her job description, provides incentives and imposes penalties.

The Board analyses and assesses the Company's draft annual financial statement and draft of profit/loss distribution and submits them to the General Shareholders' Meeting together with the annual report of the Company.

The Board is responsible for convening and arrangement of the General Shareholders' Meeting in due time.

Each member of the Board is entitled to initiate convening of the Board meeting. The Board may adopt resolutions and its meeting shall be deemed to have taken place when the meeting is attended by more than 2/3 of the members of the Board. The resolution of the Board is adopted if more votes for it are received than the votes against it. In the event of a tie, the Chairman of the Board shall have the casting vote. The member of the Board is not entitled to vote when the meeting of the Board discusses the issue related to his/her activities on the Board or the issue of his/her responsibility.

The Manager of the Company – General Director - is a single-person management body of the Company. The Manager of the Company acts at his/her own discretion in relation of the Company with other persons.

The Manager of the Company is elected and removed from office by the Board which also fixes his/her salary, approves his/her job description, provides incentives and imposes penalties. The employment agreement is concluded with the Manager of the Company and is signed on behalf of the Company by the Chairman of the Board or other person authorized by the Board.

In his/her activities the Manager of the Company complies with laws and other legal acts, Articles of Association, General Shareholders' Meeting resolutions, Board resolutions, his/her job descriptions.

The Manager of the Company acts on behalf of the Company and is entitled to enter into the transactions at his/her own discretion. The Manager of the Company may conclude the following transactions provided that there is a decision of the Board to enter into these transactions: to invest, dispose of or lease the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated individually for every type of transaction); to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the share capital of the Company (calculated for the total amount of transactions); to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the share capital of the Company; to acquire the tangible long-term assets the price whereof exceeds 1/20 of the share capital of the Company.

The Manager of the Company is responsible for:
1) The organization of the Company‘s activity and implementation of its objectives;
2) The drawing up of the annual financial statements and the drafting of the annual report of the Company;
3) Concluding an agreement with the firm of auditors;
4) Submission of information and documents to the General Shareholders' Meeting and the Board in cases prescribed by Law on Companies or at their request;
5) Submission of the documents and data of the Company to manager of the Register of Legal Entities;
6) Submission of documents to the Securities Commission and Lithuanian Central Securities Depository;
7) Public announcement of information prescribed by Law on Companies in a daily newspaper indicated in Articles of Association;
8) Submission of information to shareholders;
9) The performance of other duties prescribed by laws as well as in the Articles of Association and the job descriptions of the Manager of the Company.

The Manager of the Company organizes daily activities of the Company, hires and dismisses employees, concludes and terminates employment contracts with them, provides incentives and imposes penalties.
The Manager of the Company is responsible for preparation of the draft share subscription agreement and its data correctness.
The Manager of the Company issues authorizations and procurations within the scope of its competence.
The Manager of the Company is accountable and regularly reports to the Board on the implementation of Company‘s activity strategy, the organization of the Company‘s activity, the financial standing of the Company, the results of economic activity, the income and cost estimates, the stocktaking data and other accounting data of changes in the assets.

Information about members of the management bodies on 30 June 2009:

Name, Surname	Position	Number of shares owned and part in the share capital %	Election date	End of term	Amounts received from the Company, LTL in first half 2009
Darius Juozas Mockus	Chairman of the Board	981958 1.78%	27 04 2006	27 04 2010	No remuneration
Rimantas Perveneckas	Member of the Board, General Director	1000000 1.81%	27 04 2006	27 04 2010	-
Ilona Šimkūnienė	Member of the Board, Purchasing Director	20860 0.06%	27 04 2006	27 04 2010	-
Ramūnas Gaidamavičius	Member of the Board, Development Director	-	27 04 2006	27 04 2010	-
Raimondas Kurlianskis	Member of the Board	294788 0.53%	27 04 2006	27 04 2010	No remuneration
Algimantas Variakojis	Member of the Board	2112 0.004%	27 04 2006	27 04 2010	No remuneration
Vaidas Savukynas	Chief Financial Officer	-	-	-	-
Members of the board and managers (4) in total:					**399107**
Members of the board and managers (4) on average:					**99777**

Compliance with the Governance Code

During six months 2009, there were no essential changes related to APB "Apranga" report for year 2008 concerning the compliance with the Governance Code for the companies listed on the regulated market.

Publicly announced information

Company publicly announced and broadcasted through NASDAQ OMX stock exchange information distribution system GlobeNewswire and own webpage the following information:

Title	Category of announcement	Language	Date
On turnover of Apranga Group in December 2008	Notification on material event	En, Lt	05.01.2009
On investor's calendar for the 1st half of 2009	Other information	En, Lt	05.01.2009
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	06.01.2009
On plans of Apranga Group for 2009	Notification on material event	En, Lt	28.01.2009
On turnover of Apranga Group in January 2009	Notification on material event	En, Lt	02.02.2009
Apranga Group opens first Pull and Bear and Stradivarius stores in Estonia	Investor News	En, Lt	20.02.2009
On Apranga Group interim report for twelve months of 2008	Interim information	En, Lt	27.02.2009
On turnover of Apranga Group in February 2009	Notification on material event	En, Lt	02.03.2009
CORRECTION: On turnover of Apranga Group in February 2009	Notification on material event	En, Lt	02.03.2009
CORRECTION: On Apranga Group interim report for twelve months of 2008	Interim information	En, Lt	03.03.2009
Apranga Group launching 4 new stores in Siauliai	Investor News	En, Lt	06.03.2009
Notification on APB Apranga manager's transactions	Notifications on transactions concluded by managers of the companies	En, Lt	09.03.2009
Apranga Group optimizes the chain in Klaipeda	Investor News	En, Lt	11.03.2009
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	20.03.2009
Notice of the General Meeting of APB Apranga	Notification on material event	En, Lt	27.03.2009
Apranga Group expands business in Latvia	Investor News	En, Lt	31.03.2009
On turnover of Apranga Group in March 2009	Notification on material event	En, Lt	01.04.2009

Title	Category of announcement	Language	Date
Apranga Group opens Pull and Bear store in Klaipeda	Investor News	En, Lt	10.04.2009
On proposals of resolutions of general meeting of APB Apranga	Notification on material event	En, Lt	20.04.2009
On Apranga Group annual information for 2008	Annual information	En, Lt	20.04.2009
On resolutions of general shareholders meeting of APB Apranga	Notification on material event	En, Lt	30.04.2009
On turnover of Apranga Group in April 2009	Notification on material event	En, Lt	04.05.2009
Notification on APB Apranga manager's transactions	Notifications on transactions concluded by managers of the companies	En, Lt	04.05.2009
On the subscription order for shares issue of APB Apranga	Notification on material event	En, Lt	05.05.2009
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	13.05.2009
On approval of the prospectus of the issue of LTL 20 million shares of APB Apranga	Notification on material event	En, Lt	14.05.2009
On the prospectus of the issue of LTL 20 million shares of APB Apranga	Prospectus/Announcement of Prospectus	En, Lt	18.05.2009
On the offer to subscribe shares of APB Apranga executing the pre-emption rights	Notification on material event	En, Lt	18.05.2009
On the prospectus summary in English of the issue of LTL 20 million shares of APB Apranga	Prospectus/Announcement of Prospectus	En, Lt	19.05.2009
On Apranga Group interim report for 3 months of 2009	Interim information	En, Lt	29.05.2009
On turnover of Apranga Group in May 2009	Notification on material event	En, Lt	01.06.2009
On the results of subscription of the LTL 20,000,000 shares issue of APB Apranga	Notification on material event	En, Lt	03.06.2009
On amendments of articles of association of APB Apranga	Notification on material event	En, Lt	05.06.2009
On increase of the share capital of APB Apranga	Additional information	En, Lt	05.06.2009
On assimilation of the 20,000,000 shares issue of APB Apranga	Additional information	En, Lt	10.06.2009
On APB APRANGA bonds redemption	Additional information	En, Lt	15.06.2009
On Apranga Group investor's calendar for the rest of 2009	Investor News	En, Lt	15.06.2009
Notification on APB Apranga managers' transactions	Notifications on transactions concluded by managers of the companies	En, Lt	15.06.2009
Notification on APB Apranga manager's transaction	Notifications on transactions concluded by managers of the companies	En, Lt	16.06.2009
Notification on APB Apranga manager's related party transactions	Notifications on transactions concluded by managers of the companies	En, Lt	16.06.2009
Notification on the acquisition of voting rights by group of shareholders of APB Apranga	Notification about acquisition (disposal) of a block of shares	En, Lt	16.06.2009

Contents of above mentioned announcements can be obtained on Vilnius Stock Exchange webpage http://www.baltic.omxgroup.com/market/?pg=details&instrument=LT0000102337&list=2&tab=news and on Company's webpage http://www.apranga.lt/investuotojams/index.php?lang=2.

INCOME STATEMENTS

LTL thousand	Note	Group		Company	
		H1 2009	H1 2008	H1 2009	H1 2008
Revenue	2	150 743	192 857	77 277	101 264
Cost of sales		(92 415)	(108 890)	(54 226)	(66 015)
GROSS PROFIT		**58 328**	**83 967**	**23 051**	**35 249**
Operating costs		(70 734)	(78 770)	(34 784)	(38 414)
Other income		686	435	10 708	13 258
Net foreign exchange gain (loss)		(19)	23	21	22
OPERATING PROFIT (LOSS)		**(11 739)**	**5 655**	**(1 004)**	**10 115**
Finance costs	**5, 6**	(1 510)	(1 941)	(1 688)	(1 893)
PROFIT BEFORE ICOME TAX		**(13 249)**	**3 714**	**(2 692)**	**8 222**
Income tax expense		(235)	(909)	(157)	(113)
NET PROFIT (LOSS)		**(13 484)**	**2 805**	**(2 849)**	**8 109**
Basic and diluted earnings per share (in LTL)	**4**	**-0.35**	**0.08**	**-0.07**	**0.23**

LTL thousand	Note	Group		Company	
		Q2 2009	Q2 2008	Q2 2009	Q2 2008
Revenue	2	75 280	92 378	33 488	43 223
Cost of sales		(43 584)	(49 167)	(21 155)	(24 504)
GROSS PROFIT		**31 696**	**43 211**	**12 333**	**18 719**
Operating costs		(34 322)	(38 233)	(16 060)	(18 535)
Other income		189	220	8 988	10 891
Net foreign exchange gain (loss)		14	18	14	6
OPERATING PROFIT (LOSS)		**(2 423)**	**5 216**	**5 275**	**11 081**
Finance costs	**5, 6**	(873)	(974)	(962)	(955)
PROFIT BEFORE ICOME TAX		**(3 296)**	**4 242**	**4 313**	**10 126**
Income tax expense		(158)	(616)	(36)	(161)
NET PROFIT (LOSS)		**(3 454)**	**3 626**	**4 277**	**9 965**
Basic and diluted earnings per share (in LTL)	**4**	**-0.08**	**0.10**	**0.10**	**0.28**

BALANCE SHEETS

LTL Thousand		Group		Company	
	Note	30 06 2009	31 12 2008	30 06 2009	31 12 2008
ASSETS					
Non-current assets					
Property, plant and equipment		113 962	110 363	72 720	72 796
Intangible assets		1 476	1 592	1 083	1 158
Investments in subsidiaries	**3**	-	-	10 631	9 987
Receivables and prepayments		970	937	462	509
		116 408	**112 892**	**84 896**	**84 450**
Current assets					
Inventories		78 160	85 525	51 663	57 330
Non-current assets held for sale		1 118	1 118	1 118	1 118
Receivables and prepayments		5 397	9 029	36 589	24 866
Cash and cash equivalents		2 584	4 882	900	1 797
		87 259	**100 554**	**90 270**	**85 111**
TOTAL ASSETS	**2**	**203 667**	**213 446**	**175 166**	**169 561**
EQUITY AND LIABILITIES					
Equity					
Ordinary shares	**4**	55 292	35 292	55 292	35 292
Legal reserve		2 912	2 416	2 912	2 416
Translation difference		(78)	(405)	-	-
Retained earnings		44 065	58 075	29 945	33 290
		102 191	**95 378**	**88 149**	**70 998**
Non-current liabilities					
Deferred tax liabilities		5 464	5 312	3 356	3 199
Other liabilities		129	201	129	201
		5 593	**5 513**	**3 485**	**3 400**
Current liabilities					
Borrowings	**5**	59 895	56 889	63 296	53 811
Bonds issued	**6**	-	20 656	-	20 656
Obligations under finance leases		7	16	7	16
Current income tax liability		440	432	27	30
Trade and other payables		35 541	34 562	20 202	20 650
		95 883	**112 555**	**83 532**	**95 163**
Total liabilities		**101 476**	**118 068**	**87 017**	**98 563**
TOTAL EQUITY AND LIABILITIES		**203 667**	**213 446**	**175 166**	**169 561**

STATEMENTS OF CHANGES IN EQUITY

Group

	Note	Share capital	Legal reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2008		**35 292**	**1 550**	**(76)**	**50 852**	**87 618**
Currency translation difference - recognised directly in equity		-	-	(182)	(49)	(231)
Net profit for the period		-	-	-	2 805	2 805
Total recognised income and expenses for the period		-	-	(182)	2 756	2 574
Transfer to legal reserve		-	866	-	(866)	-
Dividends paid		-	-	-	(5 647)	(5 647)
Balance at 30 June 2008		**35 292**	**2 416**	**(258)**	**47 095**	**84 545**
Balance at 1 January 2009		**35 292**	**2 416**	**(405)**	**58 075**	**95 378**
Currency translation difference - recognised directly in equity		-	-	327	(30)	297
Net loss for the period		-	-	-	(13 484)	(13 484)
Total recognised income and expenses for the period		-	-	327	(13 514)	(13 187)
Transfer to legal reserve		-	496	-	(496)	-
Shares issue	**4**	20 000	-	-	-	20 000
Balance at 30 June 2009		**55 292**	**2 912**	**(78)**	**44 065**	**102 191**

Company

	Note	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2008		**35 292**	**1 550**	**29 886**	**66 728**
Net profit for the period		-	-	8 109	8 109
Transfer to legal reserve		-	866	(866)	-
Dividends paid		-	-	(5 647)	(5 647)
Balance at 30 June 2008		**35 292**	**2 416**	**31 482**	**69 190**
Balance at 1 January 2009		**35 292**	**2 416**	**33 290**	**70 998**
Net loss for the period		-	-	(2 849)	(2 849)
Transfer to legal reserve		-	496	(496)	-
Shares issue	**4**	20 000	-	-	20 000
Balance at 30 June 2009		**55 292**	**2 912**	**29 945**	**88 149**

STATEMENTS OF CASH FLOW

LTL thousand		Group		Company	
	Note	**H1 2009**	**H1 2008**	**H1 2009**	**H1 2008**
OPERATING ACTIVITIES					
Profit before income taxes		(13 249)	3 714	(2 692)	8 222
Adjustments for:					
Depreciation and amortization		11 561	9 952	5 571	4 665
Change in allowances for slow moving inventories		1 322	531	1 207	469
(Gain) / loss on disposal of property, plant and equipment		(53)	16	(21)	16
Dividends received		-	-	(7 446)	(8 516)
Interest expenses		1 484	1 936	1 177	1 586
		1 065	**16 149**	**(2 204)**	**6 442**
Changes in operating assets and liabilities:					
Decrease (increase) in inventories		6 043	4.909	4 460	(446)
Decrease (increase) in receivables		3 599	877	(2 929)	(2 934)
Unrealized foreign exchange (gain) / loss		(90)	(231)	2	-
Increase (decrease) in payables		251	(8 837)	(520)	(3 169)
Cash generated from operations		**10 868**	**12 867**	**(1 191)**	**(107)**
Income tax paid	**5, 6**	(75)	(105)	(3)	(12)
Interest paid		(2 166)	(2 541)	(2 344)	(2 440)
Net cash from operating activities		**8 627**	**10 221**	**(3 538)**	**(2 559)**
INVESTING ACTIVITIES					
Interest received		26	5	511	254
Dividends received		-	-	7 446	8 516
Loans granted for subsidiaries		-	-	(51 150)	(23 096)
Loans returned from subsidiaries		-	-	42 403	24 166
Purchases of property, plant and equipment and intangible assets		(14 921)	(8 395)	(5 697)	(6 187)
Proceeds on disposal of property, plant and equipment		5 140	4	296	4
Acquisition of subsidiaries		-	-	(644)	(300)
Net cash used in investing activities		**(9 755)**	**(8 386)**	**(6 835)**	**3 357**
FINANCING ACTIVITIES					
Dividends paid		-	(5 647)	-	(5 647)
Proceeds from borrowings	**5**	14 315	27 578	38 766	61 482
Repayments of borrowings	**5**	(12 712)	(19 704)	(30 684)	(51 467)
Repayments of obligations under finance leases		(9)	(10)	(9)	(10)
Repurchase of bonds	**6**	(20 000)	-	(20 000)	-
Revenues from shares issue	**4**	20 000	-	20 000	-
Net cash from financing activities		**1 594**	**2 217**	**8 073**	**4 358**
NET INCREASE (DECREASE) IN CASH AND BANK OVERDRAFT		**466**	**4 052**	**(2 300)**	**5 156**
CASH AND BANK OVERDRAFTS:					
AT THE BEGINNING OF THE PERIOD		**(3 007)**	**(7 161)**	**(1 925)**	**(5 032)**
AT THE END OF THE PERIOD		**(2 541)**	**(3 109)**	**(4 225)**	**124**

NOTES

1. Basis of preparation and summary of main accounting principles

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

Interim financial statements were based on the same accounting principles as the annual financial statements.

The applicable rates used for the principal currencies as of years 2009 and 2008 were as follows:

Currency		30 06 2009	31 12 2008	30 06 2008
1 EUR	=	3.4528 LTL	3.4528 LTL	3.4528 LTL
1 LVL	=	4.9381 LTL	4.8872 LTL	4.9083 LTL
10 EEK	=	2.2067 LTL	2.2067 LTL	2.2067 LTL

2. Segment information

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

LTL thousand	H1 2009			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	112 551	35 488	15 905	163 944
Intersegment revenue	(10 423)	(2 114)	(664)	(13 201)
Revenue	**102 128**	**33 374**	**15 241**	**150 743**

	H1 2008			
	Lithuania	Latvia	Estonia	Group
Total segment revenue	143 122	49 376	18 563	211 061
Intersegment revenue	(16 002)	(1 338)	(864)	(18 204)
Revenue	**127 120**	**48 038**	**17 699**	**192 857**

LTL thousand	Assets	
	30 06 2009	30 06 2008
Lithuania	155 213	146 014
Latvia	35 615	31 661
Estonia	12 839	12 425
Group	**203 667**	**190 100**

3. Investments into subsidiaries

In February 2009 the Company has increased the share capitals of OÜ „Apranga PB Trade" and OÜ „Apranga ST Retail" from EEK 40 thousand (LTL 9 thousand) to EEK 1500 thousand (LTL 331 thousand). The Company has made the payment to the share capital in cash.

4. Share capital

In second quarter 2009 he Company has increased its share capital from LTL 35291960 to LTL 55291960 (see INTERIM CONSOLIDATED REPORT - Securities). In calculation of Basic and diluted earnings per share the weighted average of shares outstanding of corresponding period was used.

5. Borrowings

In June 2009, the Group and 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 80000 thousand in order to finance further expansion, also for increasing the working capital, issuing guarantees and opening 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 1 month VILIBOR plus margin.

In February 2009, the Group has settled accounts with SIA DnB Nord Banka according to the credit line agreement.

6. Bonds

On 15 June 2009 the Company has repurchased the issue of 200000 bonds of LTL 100 nominal value each for LTL 20000 thousand and paid the coupon of LTL 1198.

7. Guarantees

As of 30 June 2009 guarantees issued by the credit institutions on behalf of the Company to secure the obligations of its subsidiaries to their suppliers totalled LTL 23134 thousand (31 December 2008: LTL 22184 thousand). The letters of credit and guarantees provided to suppliers by the credit institution on behalf of the Group as of 30 June 2009 amounted to LTL 32679 thousand (31 December 2008: LTL 31155 thousand).

As of 30 June 2009 the Company's guarantees to the credit institutions issued to secure the obligations of subsidiaries totalled LTL nil (31 December 2008: LTL 7820 thousand). As of 30 June 2009 the Company's guarantees issued to secure the obligations of its subsidiaries to their suppliers totalled LTL 2431 thousand (31 December 2008: LTL 2431 thousand).

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