AS BALTIKA

Consolidated interim report for the first quarter of 2009

Commercial name	AS Baltika
Commercial registry number	10144415
Legal address	Veerenni 24,Tallinn 10135, Estonia
Phone	+372 630 2731
Fax	+372 630 2814
E-mail	baltika@baltikagroup.com
Web page	www.baltikagroup.com
Main activities	Retail and wholesale of clothes
Auditor	AS PricewaterhouseCoopers
Beginning and end of financial year	01.01.2009- 31.12.2009

CONTENTS

BRIEF DESCRIPTION OF BALTIKA GROUP

The Baltika Group, with the parent company AS Baltika, is an international fashion retailer operating in the Baltic States, Central and Eastern Europe. The Baltika Group operates four retail concepts: Monton, Mosaic, Baltman and Ivo Nikkolo. The Group employs a vertically integrated business model which means that it controls all stages of the fashion process: design, manufacturing, supply chain management, distribution/logistics and retail sales. The Group also sells its collections wholesale.

The shares of AS Baltika are listed on the Tallinn Stock Exchange which belongs to the NASDAQ OMX Group.

At 31 March 2009, the Group employed 1,902 people (31 December 2008: 1,988).

The parent company is located and has been registered at 24 Veerenni in Tallinn, Estonia.

The Group consists of the following companies:

	Location	Activity	Holding at 31.03.2009	Holding at 31.12.2008
Parent company				
AS Baltika	Estonia			
Subsidiaries				
OÜ Baltman	Estonia	Retail	100%	100%
SIA Baltika Latvija	Latvia	Retail	75%	75%
UAB Baltika Lietuva	Lithuania	Retail	100%	100%
Baltika Ukraina Ltd	Ukraine	Retail	99%	99%
OOO Kompania “Baltman Rus”	Russia	Retail	100%	100%
Baltika Poland Sp.z.o.o.	Poland	Retail	100%	100%
Baltika Retail Czech Republic s.r.o.	Czech Republic	Retail	100%	100%
OY Baltinia AB	Finland	Distribution	100%	100%
Baltika Sweden AB	Sweden	Distribution	100%	100%
OÜ Baltika Tailor	Estonia	Production	100%	100%
AS Virulane	Estonia	Production	93.33%	93.33%
OÜ Baltika TP	Estonia	Real estate management	100%	100%

MANAGEMENT REPORT

Consolidated financial results, I quarter 2009

In the first quarter of 2009, the Group's revenues totalled 221.0 million kroons (14.1 million euros), a 16.9% decrease compared with a year ago. First quarter retail revenue declined by 14.2%. At constant exchange rates, retail revenue contracted by 5.5%. The period's gross margin was 42.9%. In Q1 2009, Baltika Group earned operating loss of 55.1 million kroons (3.5 million euros) and net loss of 62.6 million kroons (4.0 million euros). The Group opened five stores, increasing its sales area by 13% yoy.

REVENUE

Revenue by business segment

EEK million	Q1 2009	Q1 2008	+/-
Retail	193.5	225.5	-14.2%
Wholesale	27.3	40.1	-32.0%
Other	0.2	0.5	-52.2%
Total	**221.0**	**266.1**	**-16.9%**

EUR 1 = EEK 15.6466

RETAIL

Owing to the overall economic downturn and a decline in consumer spending, Baltika's first quarter retail revenue decreased by 14.2% to 193.5 million kroons (12.4 million euros) compared with a year ago. Sales were further undermined by the weakening of the Ukrainian, Russian, Polish and Czech currencies against the Estonian kroon. At constant exchange rates, retail revenue contracted by 5.5%. Comparable store revenue shrank by 18% compared with a year ago.

The Baltic and Eastern and Central European markets followed opposite trends. Leaving aside the opening of new stores, comparable store revenues in all the Baltic countries slumped equally. Baltika's Eastern and Central European markets, on the other hand, posted growth figures – in local currencies the Ukrainian, Russian and Polish revenues for the first quarter grew by 20%, 9% and 16% respectively.

Retail sales by market

EEK million	Q1 2009	Q1 2008	+/-	Percentage, Q1 2009
Lithuania	46.6	52.3	-11%	24%
Estonia	41.5	51.8	-20%	21%
Russia	36.7	40.9	-10%	19%
Ukraine	32.2	37.5	-14%	17%
Latvia	25.7	33.2	-23%	13%
Poland	7.1	7.7	-8%	4%
Czech Republic	3.7	2.1	76%	2%
Total	**193.5**	**225.5**	**-14%**	**100%**

EUR 1 = EEK 15.6466

In terms of brands, the largest contributor is Monton that accounted for 54% of the Group's retail sales for the first quarter of 2009. The sales of Monton amounted to 105 million kroons (6.7 million euros), 16% down on the prior year. Retail sales of Mosaic decreased by 11% yoy to 67 million kroons (4.3 million euros) contributing 35% to the Group's retail revenue. Retail sales of Baltman declined by 31% yoy to 13 million kroons (0.8 million euros). Only the sales of the Ivo Nikkolo brand expanded (+31% yoy) in the first quarter and totalled 9 million kroons (0.6 million euros).

STORES AND SALES AREA

At the end of March 2009 the Group had 133 stores with a total sales area of 27,042 square metres. Compared with March 2008, the net growth of the retail system was nine stores and ca 3,000 square metres as a result of which the sales area operated by the Group increased by 13% yoy.

Stores by market

	31.03.2009	31.03.2008
Lithuania	33	29
Estonia	31	29
Russia	23	21
Ukraine	22	22
Latvia	16	16
Poland	6	5
Czech Republic	2	2
Total stores	**133**	**124**
Total sales area, sqm	**27,042**	**23,964**

In the first quarter, Baltika opened five stores – three in Lithuania and two in Estonia - and closed six – three in Lithuania, two in Ukraine and one in Estonia. The main reason for the closures was the transfer of the store to a new location in the same city. According to plan, in the second quarter ten stores will be launched, most of them in Tallinn, Estonia, because Baltika will open all four of its brand stores both in the Rocca al Mare shopping centre and the office and business centre in the Baltika Quarter, which will soon be completed.

According to an agreement, in the second quarter Baltika will take over the operation of seven stores belonging to its Russian wholesale partner in the Ural region. The stores are located in Ekaterinburg, Ufa, Perm and Tjumen in Russia. The takeover is aligned with the Group's strategic decisions to mitigate the risks arising from reliance on a wholesale partner and to expand retail operations to the Siberia-Ural region in Russia.

By the end of the first half-year, the retail area operated by Baltika Group will grow to approximately 30,000 square metres.

WHOLESALE

First quarter wholesale revenues totalled 27.3 million kroons (1.7 million euros), a 32.0% decrease compared with a year ago. However, the cooperation contract signed in 2008 with one of the leading European department store chains Peek&Cloppenburg has got off to a good start. The Mosaic collection has been well received by the customers - new orders have been placed for the autumn-winter season and the number of department stores offering the Mosaic collection will be increased from 13 to 17.

In connection with the takeover of stores from the Russian wholesale partner and the reclassification of the business involved from wholesaling to retailing, the wholesale revenue forecast for 2009 has been lowered to 70-80 million kroons (4.5-5.1 million euros). The initial forecast was 90-100 million kroons (5.8-6.4 million euros).

EARNINGS AND MARGINS

The Group's performance in 2009 has been strongly influenced by the economic recession and the devaluation of currencies. The first quarter is typically characterized by the seasonal discounts offered in January and February. Due to a deep sales slump and higher than anticipated inventory levels, the discounts provided in the first quarter of 2009 were larger than usual and extended over a longer period. This had a marked impact on profitability – the gross margin for the first quarter dropped to 42.9% (Q1 2008: 52.0%) and gross profit for the period decreased by 31.4% to 94.9 million kroons (6.1 million euros) compared with a year ago.

Another reason for more aggressive discounting was the need to generate liquidity for financing purchases for the new season. In addition, margins were adversely impacted by the devaluation of currencies that began in November 2008. According to the exchange rates quoted by the Bank of Estonia, compared with a year ago the average exchange rates for the first quarter weakened as follows: the Ukrainian hryvnia 28.7%, the Polish zloty 20.2%, the Russian rouble 18.0% and the Czech koruna 7.4%.

In the first half-year, Baltika will focus on reducing inventories and adjusting operating expenses to the lower revenue levels. The Group has launched a programme for cutting operating and management expenses and streamlining all processes. The savings and rightsizing measures described below should yield benefits in the second half of the year.

In order to reduce personnel expenses, the Group has laid off 25 people from the head office and 40 retail staff across the markets. Effective from 1 April, the salaries of all managers and office personnel were reduced by 10%. The logistics centre has been transferred to shorter work time.

At production units, work will be reorganised, production lines will be readjusted and the basis for remuneration will be changed. The number of staff will be reduced in line with shrinkage in production volumes. By the end of the first quarter, the Group had laid off approximately 100 production staff. According to plan, by the end of the year one factory will be closed and all production operations in Tallinn, Estonia, will be transferred to a single factory. The target is to reduce labour costs in manufacturing by 20%.

In cutting the costs of the retail system, it is essential to reduce store operating expenses including rental costs. In this area, some success has already been achieved – in the first quarter the average store operating expenses per square metre decreased by 15% compared with a year ago. This was achieved by changing the basis of employee remuneration and improving work efficiency. The Group is continuing negotiations with shopping centres regarding its leases; the target is to reduce rental costs by up to 20%. Additionally, some inefficient stores in the retail system will be closed.

Thanks to decisive cost-cutting, administrative and general expenses for the first quarter decreased by 11.9% compared with a year ago and distribution costs declined 4.3% despite growth in the sales area.

Baltika ended the first quarter of 2009 with an operating loss of 55.1 million kroons (3.5 million euros). For comparison, operating loss for the first quarter of 2008 amounted to 7.3 million kroons (0.5 million euros). In the first quarter of 2008, the Group also benefited from gain on the revaluation of investment property of 11.25 million kroons (0.7 million euros), which was recognised in other operating income. In 2009, there has been no similar income.

Financial expenses for the first quarter grew by 93.0% to 7.3 million kroons (0.5 million euros), mainly on account of an increase in foreign exchange losses. The growth in borrowings expanded interest expenses by 26.2% compared with a year ago.

The consolidated net loss for the first three months of 2009 (after tax and minority interest) amounted to 62.6 million kroons (4.0 million euros). The loss for the first quarter of 2008 amounted to 11.0 million kroons (0.7 million euros).

FINANCIAL POSITION

At 31 March 2009, Baltika's consolidated assets amounted to 784 million kroons (50.1 million euros), remaining at the same level as at the end of 2008.

Trade and other receivables decreased by 5 million kroons (0.3 million euros) compared with the end of 2008, amounting to 93 million kroons (6.0 million euros) at 31 March. Trade and other payables grew within the same period by 22 million kroons (1.4 million euros) to 230 million kroons (14.7 million euros). At the end of March, inventories totalled 277 million kroons (17.7 million euros), 4% down from the end of 2008.

At the end of the first quarter, the Group's borrowings totalled 322 million kroons (20.6 million euros), comprising bank loans of 313 million kroons (20.0 million euros) and finance lease liabilities of 9 million kroons (0.6 million euros). Compared with the end of the previous financial year, the debt burden has grown by 49 million kroons (3.2 million euros). The rise is largely attributable to the construction of a new office building, which is being financed solely with a bank loan. At the end of March, borrowings related to the construction of the office building amounted to 94 million kroons (6.0 million euros). The new office building will be completed on schedule by the end of May 2009.

The construction loan has increased the Group's net debt (interest-bearing liabilities less cash and bank balances) to equity ratio to 137.8%. At the end of 2008 the corresponding figure was 88.2%.

INVESTMENT

The Group's investments for the first quarter of 2009 totalled 37.0 million kroons/2.4 million euros (Q1 2008: 22.3 million kroons/1.4 million euros). Investments in real estate development (phase I of the Baltika Quarter) amounted to 31.3 million kroons (2.0 million euros), in the retail business 4.2 million kroons (0.3 million euros) and in other activities 1.5 million kroons (0.1 million euros).

PEOPLE

At the end of March 2009, Baltika Group employed 1,902 (31 March 2008: 1,951) people including 939 (967) in the retail business, 758 (763) in production operations and 205 (221) in the head office. The number of people employed outside Estonia was 756 (781), i.e., 40% of all employees. The three months' average number of employees was 1,938 (Q1 2008: 1,956).

The Group's employee remuneration expenses for the first quarter of 2009 totalled 53.4 million kroons/3.4 million euros (Q1 2008: 56.1 million kroons/3.6 million euros). Payments made to members of the supervisory council and management board totalled 1.05 million kroons/67 thousand euros (Q1 2008: 1.16 million kroons/74 thousand euros).

KEY FIGURES OF THE GROUP (Q1 2009)

	31.03.2009	**31.03.2008**	**+/-**
Revenue (EEK million)	221.0	266.1	-16.9%
Retail sales (EEK million)	193.5	225.5	-14.2%
Share of retail sales in revenue	88%	85%	
Number of stores	133	124	7.3%
Sales area (sqm)	27,042	23,964	12.8%
Number of employees (end of period)	1,902	1,951	-2.5%
Gross margin	42.9%	52.0%	
Operating margin	-24.9%	-2.7%	
EBT margin	-28.2%	-4.2%	
Net margin	-28.3%	-4.1%	
Current ratio	1.1	1.7	-35.3%
Inventory turnover	4.48	5.18	-13.5%
Debt to equity ratio	140.4%	60.9%	
Return on equity	-28.1%	1.8%	
Return on assets	-11.7%	0.9%	

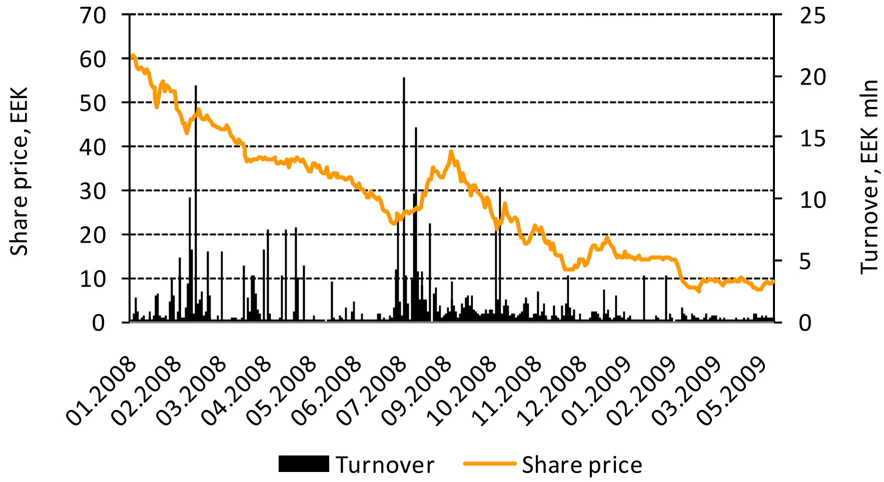
EUR 1 = EEK 15.6466

Definitions of key ratios

Gross margin = (Revenue-Cost of goods sold)/Revenue
Operating margin = Operating profit/Revenue
EBT margin = Profit before income tax/Revenue
Net margin = Net profit (attributable to parent)/Revenue
Current ratio = Current assets/Current liabilities
Inventory turnover = Revenue/Average inventories*
Debt to equity ratio = Interest-bearing liabilities/Equity
Return on equity (ROE) = Net profit (attributable to parent)/Average equity*
Return on assets (ROA) = Net profit (attributable to parent)/Average total assets*

*Based on 12-month average

SHARE PRICE AND TURNOVER



Ülle Järv
CFO, Member of the Management Board
+372 630 2741

FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION OF THE FINANCIAL STATEMENTS

The management board confirms the correctness and completeness of AS Baltika's consolidated interim report for the first quarter of 2009 as presented on pages 10-32.

The management board confirms that:

1. the accounting policies and presentation of information is in compliance with International Financial Reporting Standards as adopted by the European Union;

2. the financial statements present a true and fair view of the financial position, the results of the operations and the cash flows of the Group;

3. all group companies are going concerns.

Meelis Milder
Chairman of the management board
28 May 2009

Ülle Järv
Member of the management board
28 May 2009

Boriss Loffenfeld
Member of the management board
28 May 2009

Maire Milder
Member of the management board
28 May 2009

Andrew Paterson
Member of the management board
28 May 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in EEK thousand)

	Note	31.03.2009	31.12.2008
ASSETS			
Current assets			
Cash and bank	3	5,910	8,671
Trade and other receivables	4	93,266	98,369
Inventories	5	277,002	288,431
Total current assets		**376,178**	**395,471**
Non-current assets			
Deferred income tax assets		5,547	5,547
Other non-current asset	6	8,460	6,103
Investment property	7	165,353	134,098
Property, plant and equipment	8	169,636	180,580
Intangible assets	9	58,586	59,604
Total non-current assets		**407,582**	**385,932**
TOTAL ASSETS		**783,760**	**781,403**
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	10	119,761	103,967
Trade and other payables	12	230,625	207,946
Total current liabilities		**350,386**	**311,913**
Non-current liabilities			
Borrowings	10	201,959	168,388
Deferred income tax liability		2,196	2,196
Total non-current liabilities		**204,155**	**170,584**
TOTAL LIABILITIES		**554,541**	**482,497**
EQUITY			
Share capital at par value		186,449	186,449
Reserves		26,133	26,133
Retained earnings		89,775	108,722
Net profit (loss) for the period		-62,563	-18,947
Currency translation reserve		-13,099	-7,165
Total equity attributable to equity holders of the parent		**226,695**	**295,192**
Minority interest		2,524	3,714
TOTAL EQUITY	13	**229,219**	**298,906**
TOTAL LIABILITIES AND EQUITY		**783,760**	**781,403**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited, in EUR thousand)

	Note	31.03.2009	31.12.2008
ASSETS			
Current assets			
Cash and bank	3	378	554
Trade and other receivables	4	5,961	6,287
Inventories	5	17,704	18,434
Total current assets		**24,042**	**25,275**
Non-current assets			
Deferred income tax assets		355	355
Other non-current asset	6	541	390
Investment property	7	10,568	8,570
Property, plant and equipment	8	10,842	11,541
Intangible assets	9	3,744	3,809
Total non-current assets		**26,049**	**24,666**
TOTAL ASSETS		**50,091**	**49,941**
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	10	7,654	6,645
Trade and other payables	12	14,740	13,290
Total current liabilities		**22,394**	**19,935**
Non-current liabilities			
Borrowings	10	12,908	10,762
Deferred income tax liability		140	140
Total non-current liabilities		**13,048**	**10,902**
TOTAL LIABILITIES		**35,442**	**30,837**
EQUITY			
Share capital at par value		11,916	11,916
Reserves		1,670	1,670
Retained earnings		5,738	6,949
Net profit (loss) for the period		-3,999	-1,211
Currency translation reserve		-837	-458
Total equity attributable to equity holders of the parent		**14,488**	**18,866**
Minority interest		161	237
TOTAL EQUITY	13	**14,650**	**19,104**
TOTAL LIABILITIES AND EQUITY		**50,091**	**49,941**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in EEK thousand)

	Note	Q1 2009	Q1 2008
Revenue	14,15	221,017	266,056
Cost of goods sold	16	-126,091	-127,630
Gross profit		**94,926**	**138,426**
Distribution costs	17	-131,382	-137,315
Administrative and general expenses	18	-11,334	-12,862
Other operating income	19	11	12,032
Other operating expenses	20	-7,319	-7,554
Operating loss		**-55,098**	**-7,273**
Financial income (expenses)		**-7,293**	**-3,778**
Interest expenses, net		-3,122	-2,474
Foreign exchange losses, net		-4,166	-1,593
Other financial income (expenses), net		-5	289
Profit (loss) before income tax		**-62,391**	**-11,051**
Income tax		-151	-443
Net loss		**-62,542**	**-11,494**
Loss attributable to:			
Equity holders of the parent company		-62,563	-11,023
Minority shareholders		21	-471
Other comprehensive income			
Currency translation differences		-7,145	2,616
Total comprehensive income		**-69,687**	**-8,878**
Comprehensive income attributable to:			
Equity holders of the parent company		-68,497	-8,104
Minority shareholders		-1,190	-774
Basic earnings per share, EEK		-3.36	-0.59
Diluted earnings per share, EEK		-3.36	-0.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited, in EUR thousand)

	Note	Q1 2009	Q1 2008
Revenue	14,15	14,126	17,004
Cost of goods sold	16	-8,059	-8,157
Gross profit		**6,067**	**8,847**
Distribution costs	17	-8,397	-8,776
Administrative and general expenses	18	-724	-822
Other operating income	19	1	769
Other operating expenses	20	-468	-483
Operating loss		**-3,521**	**-465**
Financial income (expenses)		**-466**	**-241**
Interest expenses, net		-200	-158
Foreign exchange losses, net		-266	-102
Other financial income (expenses), net		0	18
Profit (loss) before income tax		**-3,988**	**-706**
Income tax		-10	-28
Net loss		**-3,997**	**-735**
Loss attributable to:			
Equity holders of the parent company		-3,999	-704
Minority shareholders		1	-30
Other comprehensive income			
Currency translation differences		-457	167
Total comprehensive income		**-4,454**	**-567**
Comprehensive income attributable to:			
Equity holders of the parent company		-4,378	-518
Minority shareholders		-76	-49
Basic earnings per share, EUR	21	-0.21	-0.04
Diluted earnings per share, EUR	21	-0.21	-0.04

CONSOLIDATED CASH FLOW STATEMENT
(unaudited, in EEK thousand)

	Note	Q1 2009	Q1 2008
Operating activities			
Operating profit		-55,098	-7,273
Adjustments:			
Depreciation, amortisation and impairment of PPE and intangibles	8,9	11,914	10,684
Loss (gain) from disposal of PPE and investment property		536	142
Loss (gain) from revaluation of investment property	7	0	-11,250
Other non-monetary expenses		-1,967	5,545
Changes in working capital:			
Change in trade and other receivables	4	1,140	-193
Change in inventories	5	11,429	-8,697
Change in trade and other payables	12	22,684	12,829
Interest paid		-3,179	-2,540
Income tax paid		1,501	-3,556
Net cash generated from operating activities		**-11,040**	**-4,309**
Investing activities			
Acquisition of property, plant and equipment, intangibles, thereof	8,9	-37,017	-22,336
Under the finance lease terms		0	3,162
Proceeds from disposal of property, plant and equipment		90	175
Investments in subsidiaries		0	-3,328
Interest received		6	29
Net cash used in investing activities		**-36,921**	**-22,298**
Financing activities			
Received borrowings	10	58,252	41,462
Repayments of borrowings	10	-11,073	-4,678
Change in bank overdraft	10	3,038	4,345
Repayments of finance lease and other liabilities		-851	-1,136
Redemption of bonds	11	0	-30,000
Net cash generated from financing activities		**49,366**	**9,993**
Effect of exchange gains (losses) on cash and cash equivalents		-4,166	-1,593
Total cash flows		**-2,761**	**-18,207**
Cash and cash equivalents at the beginning of the period	3	**8,671**	**31,494**
Cash and cash equivalents at the end of the period	3	**5,910**	**13,287**
Change in cash and cash equivalents		**-2,761**	**-18,207**

CONSOLIDATED CASH FLOW STATEMENT

(unaudited, in EUR thousand)

	Note	Q1 2009	Q1 2008
Operating activities			
Operating profit		-3,521	-465
Adjustments:			
Depreciation, amortisation and impairment of PPE and intangibles	8,9	761	683
Loss (gain) from disposal of PPE and investment property		34	9
Loss (gain) from revaluation of investment property	7	0	-719
Other non-monetary expenses		-126	354
Changes in working capital:			
Change in trade and other receivables	4	73	-12
Change in inventories	5	730	-556
Change in trade and other payables	12	1,450	820
Interest paid		-203	-162
Income tax paid		96	-227
Net cash generated from operating activities		**-706**	**-275**
Investing activities			
Acquisition of property, plant and equipment, intangibles, thereof	8,9	-2,366	-1,428
Under the finance lease terms		0	202
Proceeds from disposal of property, plant and equipment		6	11
Investments in subsidiaries		0	-213
Interest received		0	2
Net cash used in investing activities		**-2,360**	**-1,424**
Financing activities			
Received borrowings	10	3,723	2,650
Repayments of borrowings	10	-708	-299
Change in bank overdraft	10	194	278
Repayments of finance lease and other liabilities		-54	-73
Redemption of bonds	11	0	-1,917
Net cash generated from financing activities		**3,155**	**639**
Effect of exchange gains (losses) on cash and cash equivalents		-266	-102
Total cash flows		**-176**	**-1,164**
Cash and cash equivalents at the beginning of the period	3	**554**	**2,013**
Cash and cash equivalents at the end of the period	3	**378**	**849**
Change in cash and cash equivalents		**-176**	**-1,164**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in EEK thousand)

	Share capital	Reserves	Retained earnings	Currency translation reserve	Total attributable to parent	Minority interest	Total
Balance at 31.12.2007	**186,449**	**26,133**	**108,722**	**8,131**	**329,435**	**9,911**	**339,346**
Comprehensive income	0	0	-11,023	2919	-8,104	-774	-8,878
Change in minority interest	0	0	0	0	0	-3,328	-3,328
Balance at 31.03.2008	**186,449**	**26,133**	**97,699**	**11,050**	**321,331**	**5,809**	**327,140**
Balance at 31.12.2008	**186,449**	**26,133**	**89,775**	**-7,165**	**295,192**	**3,714**	**298,906**
Comprehensive income	0	0	-62,563	-5934	-68,497	-1,190	-69,687
Balance at 31.03.2009	**186,449**	**26,133**	**27,212**	**-13,099**	**226,695**	**2,524**	**229,219**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited, in EUR thousand)

	Share capital	Reserves	Retained earnings	Currency translation reserve	Total attributable to parent	Minority interest	Total
Balance at 31.12.2007	**11,916**	**1,670**	**6,949**	**520**	**21,055**	**633**	**21,688**
Comprehensive income	0	0	-704	187	-518	-49	-567
Change in minority interest	0	0	0	0	0	-213	-213
Balance at 31.03.2008	**11,916**	**1,670**	**6,244**	**706**	**20,537**	**371**	**20,908**
Balance at 31.12.2008	**11,916**	**1,670**	**5,738**	**-458**	**18,866**	**237**	**19,104**
Comprehensive income	0	0	-3,999	-379	-4,378	-76	-4,454
Balance at 31.03.2009	**11,916**	**1,670**	**1,739**	**-837**	**14,488**	**161**	**14,650**

NOTES TO CONSOLIDATED INTERIM REPORT

NOTE 1 Accounting policies and accounting methods used in the preparation of the interim report

The Group's consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The interim report has been prepared in accordance with the principal accounting policies applied in the preparation of the consolidated financial statements of 2008. The financial statements have been prepared under the historical cost convention, as modified by the revaluations of investment property, which are presented at fair value as disclosed in the accounting policies presented in the 2008 annual report.

All information in the financial statements is presented in thousands of Estonian kroons and thousands of euros, unless otherwise stated. The Estonian kroon is pegged to the euro at the rate of EUR 1 = EEK 15.6466.

This interim report has not been audited or otherwise reviewed by auditors.

Comparability

The financial statements have been prepared in accordance with the consistency and comparability principles, the nature of the changes in methods and their effect is explained in the respective notes. When the presentation of items in the financial statements or their classification method has been changed, then also the comparative information of previous periods has been restated.

NOTE 2 Financial risks

In its daily activities, the Group is exposed to different types of risk management, which is an important and integral part of the business activities of the company. The company's ability to identify, measure and control different risks is a key variable for the Group's profitability. The Group's management defines risk as a potential negative deviation from the expected financial results. The main risk factors are market (including currency risk, interest rate risk and price risk), credit, liquidity and operational risks.

The basis for risk management at the Group are the requirements set by the Tallinn Stock Exchange, the Financial Supervision Authority and other regulatory bodies, adherence to generally accepted accounting principles, as well as the company's internal regulations and risk policies. Overall risk management includes identification, measurement and control of risks. The management of the Parent company plays a major role in managing risks and approving risk procedures. The supervisory council of the Group's Parent company supervises the management's risk management activities.

The management of the Group's Parent company considers market risk, including foreign exchange risk as the most significant risk for the Group.

Market risk

Foreign exchange risk

Sales in foreign currencies constitute 76% of the revenues of the Group and are denominated in LTL (Lithuanian lit), LVL (Latvian lat), UAH (Ukrainian hryvnia), PLN (Polish zloty), RUR (Russian rouble), CZK (Czech koruna) for the foreign subsidiaries of the Group and in EUR (euro) for the Parent company and the subsidiaries located in Estonia. The majority of raw materials used in production is acquired from countries located outside of European Union. The major currencies for purchases are EUR (euro) and USD (US dollar).

Trading with the counterparties in countries belonging to the European Monetary Union is handled only in euros. Estonian kroon is pegged to the euro thus no foreign exchange gains (losses) arise on the transactions in euro. As the Group's main revenues arise from retail sales, the prices of goods in the markets are fixed in a local currency and consequently, changes in foreign currency exchange rates directly affect the Group's revenue through the pricing of goods at the stores in those markets. In addition, a change in the economic environment and relative appreciation/depreciation of a local currency may greatly affect the purchasing power of customers in the market of the respective segment.

The weakening of the US dollar against the euro poses liquidity risk, which affects the Group's collectible amounts from the countries most affected by the changes in the dollar's exchange rate (Ukraine, Russia and Poland). On the other hand, the weakening of the dollar has a positive impact on importing from the countries (China, Japan and Korea) with which accounts are settled in dollars.

The Group's results are open to fluctuations in foreign currency rates against Estonian kroon in those countries where AS Baltika has subsidiaries. The changes in average foreign currency rates against Estonian kroon in the reporting period were the following: Latvian lat -1.23% (2008: +0.70%), Russian rouble -17.98% (2008: -5.05%), Ukrainian hryvnia -28.72% (2008: -12.40%), Polish zloty -20.23% (2008: +8.67%) and Czech koruna -7.35% (2008: +6.69%). The Lithuanian lit and Estonian kroon are pegged to the euro. The change in average rate of US dollar in the reporting period was +14.84% (2008: -12.46%). The Group's foreign exchange risk has increased significantly as a result of the devaluation of the Ukrainian hryvnia and the Russian rouble in the fourth quarter of 2008 when they weakened against the Estonian kroon by 34% and 12% respectively but in the first quarter of 2009 these currency rates did not show significant decrease.

Foreign exchange risk arises from cash and bank (Note 3), trade receivables (Note 4) and trade payables (Note 12).

The Group's non-current borrowings carrying floating interest rate were denominated in euros, therefore no currency risk is assumed.

No instruments were used to hedge foreign currency risks in 2009 and 2008. Based on the management's assessment, the effect of losses resulting from changes in foreign currencies does not exceed the risk tolerance determined by the Group. If feasible, foreign currencies collected are used for the settling of liabilities measured in the same currency.

Interest rate risk

As the Group's cash and cash equivalents carry fixed interest rate, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises mainly from non-current borrowings issued at floating interest rate and thus exposing the Group to cash flow interest rate risk. The exposure to the fair value interest rate risk of the Group's borrowings is insignificant according to the management's estimate as the borrowings with fixed interest rate have short maturities, expiring within a year, or have no term (overdraft). Interest rate risk is primarily caused by the potential fluctuations of Euribor and the changing of the average interest rates of banks.

All non-current borrowings at 31 March 2009 and 31 December 2008 were subject to a floating interest rate based on Euribor, which is fixed every three or six months. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

The Group uses no hedging instruments to manage the risks arising from fluctuations in interest rates.

Price risk

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

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Cash and cash equivalents

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted for operations in the Baltic and Central European region as long-term counterparties. For Eastern Europe the "B" rating is considered acceptable. The Group has chosen banks with "A" rating to be the main partners for managing the cash and cash equivalents and financing the Group's operations in Estonia and overseas.

Trade receivables

The most significant credit risk concentration to the Group arises from the wholesale activities in Eastern Europe. For the wholesale customers, their financial position, past experience and other factors are taken into consideration as the basis for credit control. According to the Group's credit policy, no collaterals to secure the trade receivables are required from counterparties but instead, deliveries, outstanding credit amount and adherence to agreed dates are monitored continuously.

At 31 March 2009 the maximum exposure to credit risk from trade receivables (Note 4) amounted to 51,177 thousand kroons/3,271 thousand euros (31 December 2008: 48,949 thousand kroons/3,128 thousand euros) on a net basis after the allowances. The trade receivables from Eastern European clients amounted to 38,376 thousand kroons/2,453 thousand euros, including balances with the Eastern European wholesale partners of 36,879 thousand kroons/2,357 thousand euros (31 December 2008: 38,083 thousand kroons/2,434 thousand euros) and balances with retail customers for bank card payments of 1,497 thousand kroons/96 thousand euros (31 December 2008: 2,490 thousand kroons/159 thousand euros).

Trade receivables past due six months and more were partially impaired thus the difference between the carrying value and recoverable amount was recognised as an impairment loss (Note 4).

Sales to retail customers are settled in cash or using major credit cards, thus no credit risk is involved except the risk arising from financial institutions selected as approved counterparties. Credit risks arising from the Group's seasonal production and sales cycle are temporary.

Liquidity risk

Liquidity risk is the potential loss that would occur from the limited or insufficient financial (cash) resources to meet the obligations arising from the Group's activities. Management monitors the sufficiency of cash and cash equivalents to settle the liabilities and finance the Group's strategic goals on a regular basis using rolling cash forecasts.

To manage liquidity risks, the Group uses different financing instruments such as bank loans, overdrafts, commercial bond issues, monitoring of receivables and purchase contracts. A Group current account/overdraft facility is in use for more flexible management of liquid assets, enabling Group companies to use the Group's resources up to the limit established by the Parent company.

Financial liabilities by maturity at 31 March 2009

EEK '000	**Carrying amount**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Bank borrowings (Note 10)	312,432	108,123	141,100	97,382	346,605
Finance lease liabilities (Note 10)	9,288	2,640	7,512	0	10,152
Trade payables (Note 12)	179,359	179,359	0	0	179,359
Other payables (Note 12)	50,959	50,959	0	0	50,959
Total	**552,038**	**341,081**	**148,612**	**97,382**	**587,075**

EUR '000	**Carrying amount**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Bank borrowings (Note 10)	19,968	6,910	9,018	6,224	22,152
Finance lease liabilities (Note 10)	594	169	480	0	649
Trade payables (Note 12)	11,463	11,463	0	0	11,463
Other payables (Note 12)	3,257	3,257	0	0	3,257
Total	**35,282**	**21,799**	**9,498**	**6,224**	**37,521**

Financial liabilities by maturity at 31 December 2008

EEK '000	**Carrying amount**	**1-12 months**	**1-5 years**	**Over 5 years**	**Total**
Bank borrowings (Note 10)	262,215	112,904	125,071	89,167	327,142
Finance lease liabilities (Note 10)	10,140	3,446	7,212	0	10,658
Trade payables (Note 12)	151,938	151,938	0	0	151,938
Other payables (Note 12)	55,638	55,638	0	0	55,638
Total	**479,931**	**323,926**	**132,283**	**89,167**	**545,376**

EUR '000	Carrying amount	1-12 months	1-5 years	Over 5 years	Total
Bank borrowings (Note 10)	16,759	7,216	7,993	5,699	20,908
Finance lease liabilities (Note 10)	648	220	461	0	681
Trade payables (Note 12)	9,711	9,711	0	0	9,711
Other payables (Note 12)	3,556	3,556	0	0	3,556
Total	**30,673**	**20,703**	**8,454**	**5,699**	**34,856**

Overdraft facilities are shown under bank borrowings payable within 1-3 months in the amount of maximum exposure available for the Group. For interest bearing borrowings carrying floating interest rate based on Euribor, the spot rate has been used.

Operational risk

The Group's operations are mostly affected by the cyclical nature of economies in target markets and changes in competitive positions, as well as risks related to specific markets (especially non-European Union markets – Russia and Ukraine).

To manage the risks, the Group attempts to increase the flexibility of its operations: the sales volumes and the activities of competitors are also being monitored and if necessary, the Group makes adjustments in price levels, marketing activities and collections offered. In addition to central gathering and assessment of information, an important role in analysing and planning actions is played by a market organisation in each target market enabling the Group to obtain fast and direct feedback on market developments on the one hand and adequately consider local conditions on the other.

As improvement of flexibility plays an important role in increasing the Group's competitiveness, continuous efforts are being made to shorten the cycles of business processes and minimise potential deviations. This also helps to improve the relative level and structure of inventories and the fashion collections' meeting consumer expectations.

The most important operating risk arises from the Group's inability to produce collections which would meet customer expectations and the goods that cannot be sold when expected and as budgeted. Another important risk is that the Group's information technology system is unable to ensure sufficiently fast and accurate transmission of information for decision-making purposes.

To ensure good collections, the Group employs a strong team of designers who monitor and are aware of fashion trends by using internationally acclaimed channels. Such a structure, procedures and information systems have been set up at the Group which help daily monitoring of sales and balance of inventories and using the information in subsequent activities. In order to avoid supply problems, cooperation with the world's leading procurement intermediaries as well as fabric manufacturers has been expanded.

The unavoidable risk factor in selling clothes is the weather. Collections are created and sales volumes as well as timing of sales is planned under the assumption that regular weather conditions prevail in the target markets – in case weather conditions differ significantly from normal conditions, the actual sales results may significantly differ from the budget.

Capital risk management

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 industry practice, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. 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 the sum of equity as shown in the consolidated balance sheet and net debt. At 31 March 2009 the gearing ratio increasid to 58%. The Groups's net debt increased due to the loan taken to finance construction of a new office building; postive cash flow from rental income is generated starting from the second half of 2009.

Gearing ratios of the Group

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Total borrowings (Note 10)	321,720	272,355	20,562	17,407
Cash and bank (Note 3)	-5,910	-8,671	-378	-554
Net debt	315,810	263,684	20,184	16,852
Total equity	229,220	298,906	14,650	19,104
Total capital	545,030	562,590	34,834	35,956
Gearing ratio	**58%**	**47%**	**58%**	**47%**

Fair value

The Group estimates that the fair values of the assets and liabilities denominated in the balance sheet at amortised cost do not differ significantly from their carrying amounts presented in the Group's consolidated balance sheet at 31 March 2009 and 31 December 2008. As the Group's long-term borrowings have a floating interest rate that changes along with the changes in market interest rates, the discount rates used in the discounted cash flow model are applied to calculate the fair value of borrowings. Therefore, management estimates that the fair value of long-term borrowings does not significantly differ from their carrying amounts. The carrying amount less an impairment provision of trade receivables and payables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTE 3 Cash and bank

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Cash in hand	1,994	2,241	127	143
Cash at bank	3,915	5,547	250	355
Short-term deposits	1	883	0	56
Total	**5,910**	**8,671**	**378**	**554**

Cash and bank by currency

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
UAH (Ukrainian hryvnia)	1,422	1,401	91	90
EEK (Estonian kroon)	1,210	1,096	77	70
CZK (Czech koruna)	1,031	2,415	66	154
LTL (Lithuanian lit)	739	926	47	59
PLN (Polish zloty)	622	300	40	19
RUB (Russian rouble)	491	1,089	31	70
LVL (Latvian lat)	192	1,375	12	88
EUR (euro)	176	43	11	3
USD (US dollar)	27	26	2	2
Total	**5,910**	**8,671**	**378**	**554**

NOTE 4 Trade and other receivables

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Trade receivables, net	51,177	48,949	3,271	3,128
Other prepaid expenses	21,115	24,406	1,349	1,560
Tax prepayments and tax reclaims, thereof	19,159	20,840	1,224	1,332
Value added tax	18,192	18,319	1,163	1,171
Prepaid income tax	318	136	20	9
Other taxes	649	2,385	41	152
Other current receivables	1,815	4,174	116	267
Total	**93,266**	**98,369**	**5,961**	**6,287**

Trade receivables

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Trade receivables, gross	51,386	56,760	3,284	3,628
Allowance for impairment of trade receivables	-209	-7,811	-13	-499
Trade receivables, net	**51,177**	**48,949**	**3,271**	**3,128**

Trade receivables (net) by due date

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Not due	28,145	39,383	1,799	2,517
Up to 1 month past due	3,895	7,882	249	504
1-3 months past due	19,137	1,679	1,223	107
3-6 months past due	0	5	0	0
Total	**51,177**	**48,949**	**3,271**	**3,128**

Trade receivables (net) by denominating currency

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
EUR (euro)	41,943	39,700	2,681	2,537
EEK (Estonian kroon)	6,164	4,670	394	298
RUB (Russian rouble)	1,098	1,061	70	68
LVL (Latvian lat)	799	1,154	51	74
LTL (Lithuanian lit)	539	929	34	59
UAH (Ukrainian hryvnia)	398	1,249	25	80
CZK (Czech koruna)	130	67	8	4
PLN (Polish zloty)	106	119	7	8
Total	**51,177**	**48,949**	**3,271**	**3,128**

NOTE 5 Inventories

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Fabrics and accessories	36,705	48,384	2,346	3,091
Allowance for impairment of fabrics and accessories	-200	-200	-13	-13
Work-in-progress	2,634	4,758	168	304
Finished goods and goods purchased for resale	234,420	236,051	14,982	15,085
Allowance for impairment of finished goods and goods purchased for resale	-1,300	-6,600	-83	-422
Prepayments to suppliers	4,743	6,038	303	386
Total	**277,002**	**288,431**	**17,704**	**18,434**

NOTE 6 Other non-current assets

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Non-current lease prepayments	8,460	6,103	541	390

NOTE 7 Investment property

	EEK '000	EUR '000
Balance at 31 December 2008	**134,098**	**8,570**
Additions	31,255	1,998
Balance at 31 March 2009	**165,353**	**10,568**

Investment property consists of 4,500 square metres of land and building under construction located at 24 Veerenni in Tallinn, Estonia.

NOTE 8 Property, plant and equipment

EEK '000	Land and construc-tion rights	Buildings and structures	Machinery and equipment	Other fixtures	Construc-tion in progress	Pre-pay-ments	Total
At 31 December 2007							
Acquisition cost	**2,113**	**113,430**	**98,437**	**116,685**	**26,879**	**1,362**	**358,906**
Accumulated depreciation	0	-37,740	-70,339	-47,729	0	0	-155,808
Net book amount	**2,113**	**75,690**	**28,098**	**68,956**	**26,879**	**1,362**	**203,098**
Additions	0	2,526	1,631	4,454	6,430	4,928	19,969
Disposals	0	0	0	-228	-89	0	-317
Reclassification	0	-92	0	103	0	-11	0
Depreciation	0	-3,361	-1,714	-4,569	0	0	-9,644
Currency translation differences	0	-526	-181	-1,153	-12	-114	-1,986
At 31 March 2008							
Acquisition cost	**2,113**	**114,860**	**98,265**	**116,588**	**33,208**	**6,165**	**371,199**
Accumulated depreciation	0	-40,623	-70,431	-49,025	0	0	-160,079
Net book amount	**2,113**	**74,237**	**27,834**	**67,563**	**33,208**	**6,165**	**211,120**
At 31 December 2008							
Acquisition cost	**2,113**	**123,096**	**106,998**	**117,239**	**2,361**	**174**	**351,981**
Accumulated depreciation	0	-41,897	-73,922	-55,582	0	0	-171,401
Net book amount	**2,113**	**81,199**	**33,076**	**61,657**	**2,361**	**174**	**180,580**
Additions	0	15	190	2,313	1,813	0	4,331
Disposals	0	-508	-28	-90	0	0	-626
Reclassification	0	0	6,046	-4,505	-1,541	0	0
Reclassification to intangible assets	0	0	0	0	-466	0	-466
Depreciation	0	-4,168	-2,229	-4,228	0	0	-10,625
Currency translation differences	0	-992	-873	-1,553	-147	7	-3,558
At 31 March 2009							
Acquisition cost	**2,113**	**119,931**	**108,331**	**114,430**	**2,020**	**181**	**347,006**
Accumulated depreciation	0	-44,385	-72,149	-60,836	0	0	-177,370
Net book amount	**2,113**	**75,546**	**36,182**	**53,594**	**2,020**	**181**	**169,636**

EUR '000	Land and construc-tion rights	Buildings and structures	Machinery and equipment	Other fixtures	Construc-tion in progress	Pre-pay-ments	Total
At 31 December 2007							
Acquisition cost	**135**	**7,249**	**6,292**	**7,458**	**1,718**	**87**	**22,938**
Accumulated depreciation	0	-2,412	-4,495	-3,050	0	0	-9,958
Net book amount	**135**	**4,837**	**1,797**	**4,407**	**1,718**	**87**	**12,980**
Additions	0	161	104	285	411	315	1,276
Disposals	0	0	0	-15	-6	0	-20
Reclassification	0	-6	0	7	0	-1	0
Depreciation	0	-215	-110	-292	0	0	-616
Currency translation differences	0	-34	-12	-74	-1	-7	-127
At 31 March 2008							
Acquisition cost	**135**	**7,341**	**6,280**	**7,451**	**2,122**	**394**	**23,724**
Accumulated depreciation	0	-2,596	-4,501	-3,133	0	0	-10,231
Net book amount	**135**	**4,745**	**1,779**	**4,318**	**2,122**	**394**	**13,493**
At 31 December 2008							
Acquisition cost	**135**	**7,867**	**6,838**	**7,493**	**151**	**11**	**22,496**
Accumulated depreciation	0	-2,678	-4,724	-3,552	0	0	-10,955
Net book amount	**135**	**5,190**	**2,114**	**3,941**	**151**	**11**	**11,541**
Additions	0	1	12	148	116	0	277
Disposals	0	-32	-2	-6	0	0	-40
Reclassification	0	0	386	-288	-98	0	0
Reclassification to intangible assets	0	0	0	0	-30	0	-30
Depreciation	0	-266	-142	-270	0	0	-679
Currency translation differences	0	-63	-56	-99	-9	0	-227
At 31 March 2009							
Acquisition cost	**135**	**7,665**	**6,924**	**7,313**	**129**	**12**	**22,178**
Accumulated depreciation	0	-2,837	-4,611	-3,888	0	0	-11,336
Net book amount	**135**	**4,828**	**2,312**	**3,425**	**129**	**12**	**10,842**

NOTE 9 Intangible assets

EEK '000	Licenses, software and other	Trade-marks	Advances	Goodwill	Total
At 31 December 2007					
Acquisition cost	**32,549**	**10,060**	**1,341**	**25,234**	**69,184**
Accumulated amortisation	-10,104	-671	0	0	-10,775
Net book amount	**22,445**	**9,389**	**1,341**	**25,234**	**58,409**
Additions	2,191	0	136	0	2,327
Amortisation	-915	-125	0	0	-1,040
Currency translation differences	16	0	-45	-611	-640
At 31 March 2008					
Acquisition cost	**34,827**	**10,060**	**1,432**	**24,623**	**70,942**
Accumulated amortisation	-11,090	-796	0	0	-11,886
Net book amount	**23,737**	**9,264**	**1,432**	**24,623**	**59,056**
At 31 December 2008					
Acquisition cost	**40,245**	**10,060**	**2,145**	**22,665**	**75,115**
Accumulated amortisation	-14,337	-1,174	0	0	-15,511
Net book amount	**25,908**	**8,886**	**2,145**	**22,665**	**59,604**
Additions	1,405	0	26	0	1,431
Reclassification	466	0	0	0	466
Amortisation	-1,163	-126	0	0	-1,289
Currency translation differences	-87	0	-195	-1,344	-1,626
At 31 March 2009					
Acquisition cost	**41,955**	**10,060**	**1,976**	**21,321**	**75,312**
Accumulated amortisation	-15,426	-1,300	0	0	-16,726
Net book amount	**26,529**	**8,760**	**1,976**	**21,321**	**58,586**

EUR '000	Licenses, software and other	Trade-marks	Advances	Goodwill	Total
At 31 December 2007					
Acquisition cost	**2,080**	**643**	**86**	**1,613**	**4,422**
Accumulated amortisation	-646	-43	0	0	-689
Net book amount	**1,434**	**600**	**86**	**1,613**	**3,733**
Additions	140	0	9	0	149
Amortisation	-58	-8	0	0	-66
Currency translation differences	1	0	-3	-39	-41
At 31 March 2008					
Acquisition cost	**2,226**	**643**	**92**	**1,574**	**4,534**
Accumulated amortisation	-709	-51	0	0	-760
Net book amount	**1,517**	**592**	**92**	**1,574**	**3,774**

At 31 December 2008					
Acquisition cost	**2,572**	**643**	**137**	**1,449**	**4,801**
Accumulated amortisation	-916	-75	0	0	-991
Net book amount	**1,656**	**568**	**137**	**1,449**	**3,809**
Additions	90	0	2	0	91
Reclassification	30	0	0	0	30
Amortisation	-74	-8	0	0	-82
Currency translation differences	-6	0	-12	-86	-104
At 31 March 2009					
Acquisition cost	**2,681**	**643**	**126**	**1,363**	**4,813**
Accumulated amortisation	-986	-83	0	0	-1,069
Net book amount	**1,696**	**560**	**126**	**1,363**	**3,744**

NOTE 10 Borrowings

	EEK '000		**EUR '000**	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Current borrowings				
Current portion of non-current bank loans	20,631	20,840	1,319	1,332
Current bank loans	96,620	80,052	6,175	5,116
Current finance lease liabilities	2,510	3,075	160	197
Total	**119,761**	**103,967**	**7,654**	**6,645**
Non-current borrowings				
Non-current bank loans	195,181	161,323	12,474	10,310
Non-current finance lease liabilities	6,778	7,065	433	452
Total	**201,959**	**168,388**	**12,908**	**10,762**

During the reporting period, the Group made loan repayments in the amount of 11,073 thousand kroons/708 thousand euros (2008: 25,283 thousand kroons/1,616 thousand euros). Interest expense for the reporting period amounted to 3,179 thousand kroons/203 thousand euros (2008: 11,715 thousand kroons/749 thousand euros). Interest expenses have been recognised net with the corresponding income under interest expenses in the income statement.

Bank loans of the Group at 31 March 2009

	Carrying amount		**Average risk**
	EEK '000	**EUR '000**	**premium**
Borrowings at floating interest rate (based on 1-month Euribor)	7,823	500	1.50%
Borrowings at floating interest rate (based on 3-month Euribor)	5,840	373	1.25%
Borrowings at floating interest rate (based on 6-month Euribor)	219,972	14,059	2.38%
Borrowings at floating interest rate (based on 1-month Libor)	4,181	267	1.60%
Borrowings at fixed interest rate (incl. overdraft)	74,616	4,769	6.20%
Total	**312,432**	**19,968**	

Bank loans of the Group at 31 December 2008

	Carrying amount		**Average risk**
	EEK '000	**EUR '000**	**premium**
Borrowings at floating interest rate (based on 1-month Euribor)	7,823	500	1.50%
Borrowings at floating interest rate (based on 3-month Euribor)	6,676	427	1.25%
Borrowings at floating interest rate (based on 6-month Euribor)	175,487	11,216	1.58%
Borrowings at floating interest rate (based on 1-month Libor)	400	26	1.60%
Borrowings at fixed interest rate (incl. overdraft)	71,829	4,591	6.20%
Total	**262,215**	**16,759**	

NOTE 11 Bonds

Convertible bonds

The annual general meeting of Baltika's shareholders which convened on 18 June 2008 decided to change the resolution under the item number 6 on the agenda of the annual general meeting held on 21 May 2007 so that 62,000 Series F bonds will be issued on the terms and conditions added to the resolution.

F bonds were subscribed for during the period of 02.06.-13.06.2008 and the share subscription period for F bonds will be during the period of 01.06.-31.12.2009. Each bond entitles the holder to subscribe for three shares in the company. According to the convertible bonds conditions the share subscription price is the weighted average price of the traded shares of AS Baltika on the Tallinn Stock Exchange on the first day of the bond subscription period. The subscription price of Series F bonds was determined based on the share price of 2 June 2008 which was 33.16 kroons (2.12 euros).

NOTE 12 Trade and other payables

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
Trade payables	179,359	151,938	11,463	9,711
Tax liabilities, thereof	25,281	31,422	1,616	2,008
Personal income tax	4,951	5,997	316	383
Social security tax and unemployment insurance premium	11,596	12,295	741	786
Value added tax	8,000	11,722	511	749
Corporate income tax liability	146	0	9	0
Other taxes	588	1,408	38	90
Payables to employees and other accrued expenses	25,678	24,216	1,641	1,548
Customer prepayments	212	312	14	20
Other current payables (convertible bonds)	95	58	6	4
Total	**230,625**	**207,946**	**14,740**	**13,290**

Trade payables by denominating currency

	EEK '000		EUR '000	
	31.03.2009	**31.12.2008**	**31.03.2009**	**31.12.2008**
EUR (euro)	55,233	44,820	3,530	2,864
USD (US dollar)	54,975	42,790	3,514	2,735
EEK (Estonian kroon)	54,081	51,793	3,456	3,310
RUB (Russian rouble)	5,512	4,832	352	309
LTL (Lithuanian lit)	5,109	2,544	327	163
CZK (Czech koruna)	2,019	2,164	129	138
LVL (Latvian lat)	1,143	840	73	54
PLN (Polish zloty)	653	1,581	42	101
Other currencies	634	574	41	37
Total	**179,359**	**151,938**	**11,463**	**9,711**

NOTE 13 Equity

Share capital

EEK '000	**31.03.2009**	**31.12.2008**
Share capital	186,449	186,449
Number of shares	18,644,850	18,644,850
Nominal value of shares (EEK)	10.00	10.00
Statutory reserve	18,645	18,645
Revaluation surplus	7,488	7,488

EUR '000	31.03.2009	31.12.2008
Share capital	11,916	11,916
Number of shares	18,644,850	18,644,850
Nominal value of shares (EUR)	0.64	0.64
Statutory reserve	1,192	1,192
Revaluation surplus	478	478

Under the Articles of Association, the company's minimum share capital is 100,000 thousand kroons/6,391 thousand euros and the maximum share capital is 400,000 thousand kroons/25,565 thousand euros. All shares have been paid for.

Number of shares

	Number of shares
Number of shares at 31.12.2007	18,644,850
Number of shares at 31.12.2008	18,644,850
Number of shares at 31.03.2009	**18,644,850**

Shareholders at 31 March 2009

	Number of shares	Holding
BMIG OÜ	4,750,033	25.48%
Svenska Handelsbanken Clients	1,912,000	10.25%
Central Securities Depository of Lithuania	1,538,974	8.25%
Members of management and supervisory boards and persons related to them		
Meelis Milder	730,336	3.92%
Maire Milder	316,083	1.70%
Boriss Loifenfeld	200,366	1.07%
Andres Erm	108,000	0.58%
Ülle Järv	55,370	0.30%
Andrew Paterson	11,000	0.06%
Other shareholders	9,022,688	48.39%
Total	**18,644,850**	**100.00%**

Shareholders at 31 December 2008

	Number of shares	Holding
BMIG OÜ	4,750,033	25.48%
Svenska Handelsbanken Clients	1,912,000	10.25%
Central Securities Depository of Lithuania	1,538,974	8.25%
Members of management and supervisory boards and persons related to them		
Meelis Milder	730,336	3.92%
Maire Milder	316,083	1.70%
Boriss Loifenfeld	200,366	1.07%
Andres Erm	108,000	0.58%
Ülle Järv	55,370	0.30%
Andrew Paterson	11,000	0.06%
Other shareholders	9,022,688	48.39%
Total	**18,644,850**	**100.00%**

The shares of the Parent company are listed on the Tallinn Stock Exchange. The Parent company does not have a controlling shareholder or any shareholders jointly controlling the entity. The investment company OÜ BMIG is under the control of the management board members of the Parent company.

NOTE 14 Segments

The Group’s chief operating decision maker is the management board of the Parent company AS Baltika. The Parent company’s management board reviews the Group’s internal reporting in order to assess performance and allocate resources. Management board has determined the operating segments based on these reports.

Parent company’s management board assesses the performance from operations area perspective i.e. the performance of retail, wholesale and real estate management is assessed. Retail is further evaluated on a geographic basis. The retail segments are countries which belong to the same region and correspond to the same criteria:
- Baltic region consists of operations in Estonia, Latvia and Lithuania;
- Eastern European region consists of operations in Russia and Ukraine;
- Central European region consists of operations in Poland and the Czech Republic.

The Parent company’s management board assesses the performance of the operating segments based on a measure of external revenue and profit. The profit of an operating segment is its gross profit less market operating costs. Other operating income and expenses are not included in the internally generated financial reports to assess the performance of the segment. The segment inventories include those operating inventories directly attributable to the segment or those that can be allocated to the particular segment. The inventories of the Parent company and the production companies are disclosed as unallocated inventories.

EEK '000	Retail Baltic region	Retail Eastern Europe	Retail Central Europe	Whole-sale	Real estate manage-ment	Total
3 months and at 31 March 2009						
Revenue (from external customers)	113,804	68,850	10,893	27,316	154	221,017
Segment profit (loss)	-5,628	-14,696	-7,485	8,830	106	-18,873
Inventories of segments	71,871	45,587	6,142	6,362	0	129,962
Other inventories						147,040
Total inventories						277,002
3 months and at 31 March 2008						
Revenue (from external customers)	137,342	78,384	9,813	40,375	142	266,056
Segment profit (loss)	23,534	-9,515	-3,108	12,022	33	22,966
Inventories of segments	118,023	31,592	6,473	6,847	0	162,935
Other inventories						125,496
Total inventories						288,431

EUR '000	Retail Baltic region	Retail Eastern Europe	Retail Central Europe	Whole-sale	Real estate manage-ment	Total
3 months and at 31 March 2009						
Revenue (from external customers)	7,273	4,400	696	1,746	10	14,126
Segment profit (loss)	-360	-939	-478	564	7	-1,206
Inventories of segments	4,593	2,914	393	407	0	8,306
Other inventories						9,398
Total inventories						17,704
3 months and at 31 March 2008						
Revenue (from external customers)	8,778	5,010	627	2,580	9	17,004
Segment profit (loss)	1,504	-608	-199	768	2	1,468
Inventories of segments	7,543	2,019	414	438	0	10,413
Other inventories						8,021
Total inventories						18,434

Reconciliation of segment profit to consolidated operating profit

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Total profit for reportable segments	-18,873	22,966	-1,206	1,468
Unallocated expenses:				
Distribution costs	-17,583	-21,855	-1,124	-1,397
Administrative and general expenses	-11,334	-12,862	-724	-822
Other operating income (expenses), net	-7,308	4,478	-467	286
Operating profit (loss)	**-55,098**	**-7,273**	**-3,521**	**-465**

NOTE 15 Revenue

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Sale of goods	220,800	265,600	14,112	16,975
Lease revenue	154	142	10	9
Other	63	314	4	20
Total	**221,017**	**266,056**	**14,126**	**17,004**

NOTE 16 Cost of goods sold

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Materials and supplies	98,989	96,317	6,327	6,156
Payroll costs in production	21,279	23,665	1,360	1,512
Operating lease expenses	2,461	574	157	37
Other production costs	2,427	2,872	155	184
Depreciation of assets used in production	1,137	1,100	73	70
Change in inventories	5,098	3,102	326	198
Change in allowance for inventories	-5,300	0	-339	0
Total	**126,091**	**127,630**	**8,059**	**8,157**

NOTE 17 Distribution costs

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Operating lease expenses	51,110	54,853	3,267	3,506
Payroll costs	45,235	46,884	2,891	2,996
Depreciation and amortisation	10,123	9,217	647	589
Advertising expenses	6,622	7,626	423	487
Fuel, heating and electricity costs	2,758	2,267	176	145
Municipal services and security expenses	2,217	2,049	142	131
Fees for card payments	1,391	1,717	89	110
Auditing and accounting expenses	1,124	209	72	13
Information technology expenses	1,026	813	66	52
Communication expenses	858	917	55	59
Travel expenses	695	1,401	44	90
Freight costs	672	1,566	43	100
Bank fees	593	519	38	33
Packaging costs	374	299	24	19
Renovation expenses of retail outlets	248	441	16	28
Training expenses	194	229	12	15
Expenses for uniforms	133	251	9	16
Other sales expenses	6,009	6,057	384	387
Total	**131,382**	**137,315**	**8,397**	**8,776**

NOTE 18 Administrative and general expenses

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Payroll costs	6,276	6,019	401	385
Information technology expenses	1,350	1,364	86	87
Depreciation and amortisation	634	408	41	26
Operating lease expenses	616	1,100	39	70
Bank fees	497	305	32	19
Fuel, heating and electricity expenses	437	577	28	37
Communication expenses	194	216	12	14
Municipal services and security expenses	148	130	9	8
Training expenses	59	88	4	6
Sponsorship	20	351	1	22
Travel expenses	16	31	1	2
Other administrative expenses	1,087	2,273	69	145
Total	**11,334**	**12,862**	**724**	**822**

NOTE 19 Other operating income

	EEK '000		EUR '000	
	3m 2009	3m 2008	3m 2009	3m 2008
Gain from revaluations of investment property	0	42	0	3
Gain from sale of non-current assets	0	11,250	0	719
Other operating income	11	740	1	47
Total	**11**	**12,032**	**1**	**769**

NOTE 20 Other operating expenses

	EEK '000		EUR '000	
	3m 2009	**3m 2008**	**3m 2009**	**3m 2008**
Foreign exchange losses	6,167	6,807	394	435
Fines, penalties and tax interest	210	171	13	11
Representation costs	22	74	1	5
Loss from sale of non-current assets	2	0	0	0
Other operating expenses	918	502	59	32
Total	**7,319**	**7,554**	**468**	**483**

NOTE 21 Earnings per share

Basic earnings per share

		3m 2009	**3m 2008**
Weighted average number of shares	pcs	18,644,850	18,644,850
Net profit attributable to equity holders of the parent	EEK '000	-62,563	-11,023
	EUR '000	-3,999	-704
Basic earnings per share	**EEK**	**-3.36**	**-0.59**
	EUR	**-0.21**	**-0.04**

Diluted earnings per share

		3m 2009	**3m 2008**
Weighted average number of shares	pcs	18,644,850	18,644,850
Net profit attributable to equity holders of the parent	EEK '000	-62,563	-11,023
	EUR '000	-3,999	-704
Diluted earnings per share	**EEK**	**-3.36**	**-0.59**
	EUR	**-0.21**	**-0.04**

The average price (arithmetic average based on daily closing prices) of AS Baltika share on the Tallinn Stock Exchange in Q1 2009 was 12.75 kroons/0.82 euros (2008: 48.44 kroons/3.10 euros).