

PTA Grupp AS



Consolidated Interim Report of Q4 and 12 Months of 2006

COMPANY PROFILE

Business name:	PTA Grupp AS
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E-mail:	pta@pta.ee
WWW:	www.ptafashion.com
Main field of activity:	design, manufacturing and sales of apparel
Form of ownership:	public limited company
Manager:	Peeter Larin
Financial Manager:	Marianne Paas
Auditor:	AS KPMG Baltics

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Management Report Q4, 2006

Important Events in Q4, 2006

Recording Acquisition of Silvano Fashion Group AS in Accounting and Consolidated Reports

PTA Grupp AS (hereinafter referred to as 'PTA') acquired the subsidiary – public limited company Silvano Fashion Group AS (hereinafter referred to as 'SFG') – on 16 October 2006. The performance results of the subsidiary are consolidated as of 1 October 2006. Financial statements of SFG as of 30 September 2006, which were audited by auditors in the course of survey on financial information, served as a basis for recording the business combination. The reports have been prepared on the basis of the principles of the International Financial Reporting Standards – IFRS.

In accounting of PTA the acquisition of the subsidiary SFG has been recorded at the adjusted purchase method, in accordance with which the acquisition cost of the subsidiary is the balance sheet value of its net assets EEK 404,263 thousand (EUR 25,837 thousand). The purchase method under IFRS 3 has not been applied as in accordance with IFRS 3.3 the aforementioned standard is not applicable with regard to business combinations, whose parties are units under joint control.

The comparative data presented in the Interim Report are the financial ratios of PTA for 2005. No comparative data of SFG for 2005 have been presented as the company had no essential operating activities, which could be compared to the period under review.

Consolidated Performance Results of Q4 and 12 months of 2006

The performance results of PTA Grupp were considerably affected by consolidation of the performance results related to acquisition of the subsidiary, SFG, as of Q4, 2006.

In Q3 of 2006 PTA earned net profit in the amount of EEK 35.1 million (EUR 2.2 million), which increased by EEK 30.0 million (EUR 1.9 million) as compared to Q4 of the previous year. The net profit of Q4 of this year increased by approximately 6.9 times as compared to Q4 of the previous year and the achieved profit margin amounted to 10.9%. The sharp increase in profit in Q4 is due to consolidation of the performance results of the subsidiary SFG within the performance results of PTA Grupp.

The sales revenue in Q4 amounted to EEK 322.2 million (EUR 20.6 million), increasing by EEK 297.0 million (EUR 19.0 million) as compared to the same period of the previous year. Addition of the sales turnover of SFG increased the consolidated turnover of PTA Grupp in Q4 by EEK 286.5 million (EUR 18.3 million). Compared to the same period of the previous year, the turnover of PTA related to sales of apparel increased by EEK 10.5 million (EUR 0.7 million), i.e. 41.9%.

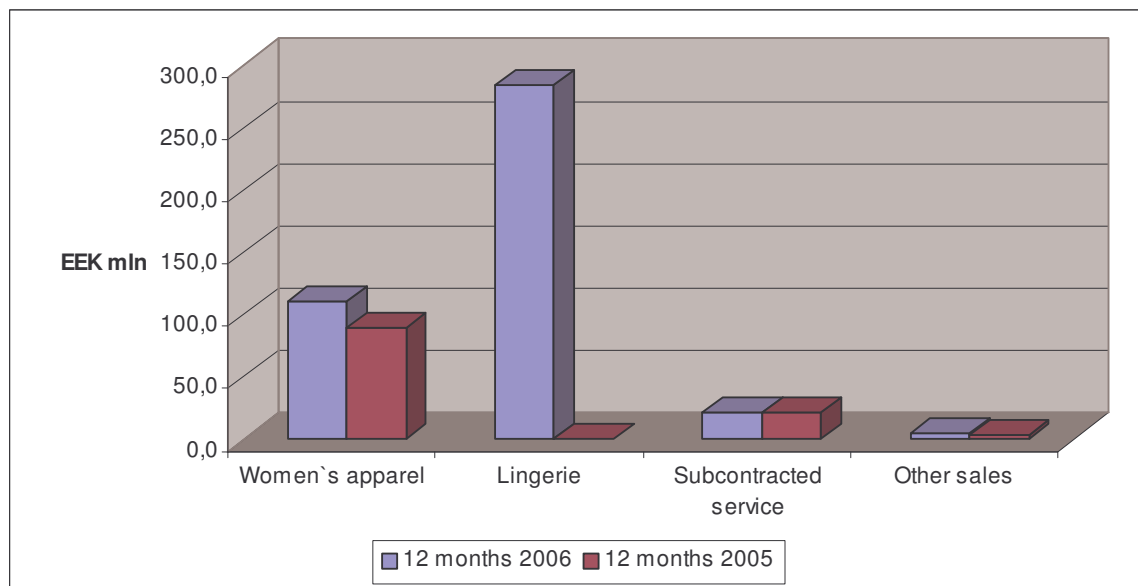
The operating profit of the Group in Q4 increased by EEK 52.2 million (EUR 3.3 million) and the operating profit margin amounted to 18.3% (in Q3 of 2005: 0.3%).

The consolidated sales revenue of PTA Grupp for 12 months of 2006 amounted to EEK 423.0 million (EUR 27.0 million). The sales revenue increased by EEK 308.5 million (EUR 19.7 million), including the sales revenue of PTA increased by EEK 22 million (EUR 1.4 million) as compared to the year 2005. The operating profit of the Group for the 12 months amounted to EEK 67.9 million (EUR 4.3 million). The operating profit margin for the 12 months amounted to 16.0% (12 months of 2005: 2.6%). The net profit for the 12 months amounted to EEK 42.9 million (EUR 2.7 million).

Sales Revenue

Sales by Products/Services

With regard to sales of products an important change took place in Q4 of 2006. In relation to acquisition of the subsidiary, as of Q4 new sales segment – lingerie, which formed 67.3% of the sales revenue of 2006 – was added. Compared to the year 2005, apparel sales revenue increased by EEK 21.8 million (EUR 1.4 million), forming 26.2% of the consolidated sales revenue (12 months of 2005: 77.9%). The sales revenue of the subcontracted service has remained almost at the same level as compared to the previous year. Increasing by EEK 0.6 million (EUR 0.04 million), the sales of the subcontracted service formed 5.2% of the sales revenue (in 2005: 18.7%).

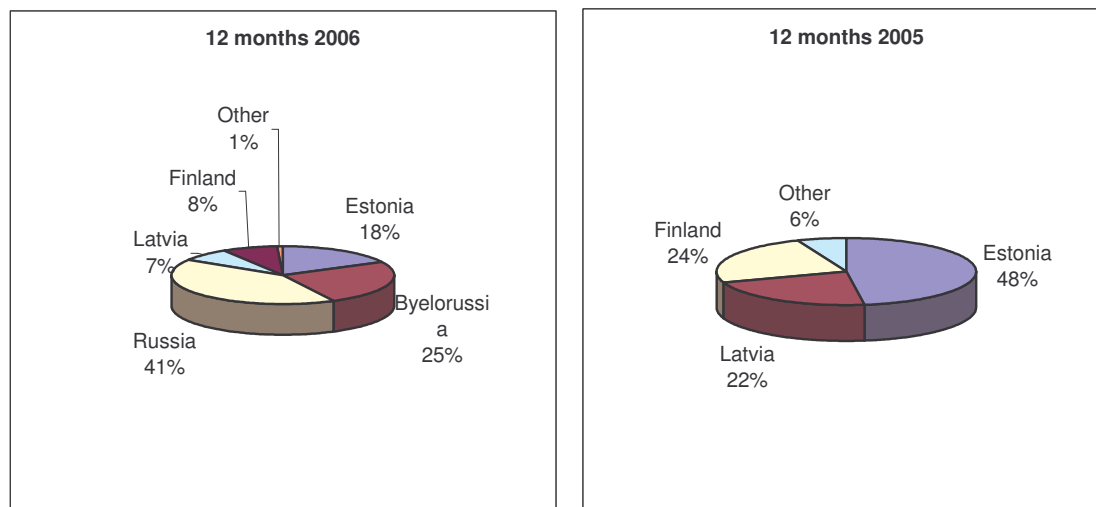


EUR 1 = EEK 15.6466

Sales by Markets

In 2006 the sales volume to the Estonian market increased EEK 19.4 million (EUR 1.2 million) as compared to the previous year, forming 17.5% of the consolidated sales revenue (2005: 47.8%) and increasing 35.4% as compared to the same period of the previous year.

In 2006 the structure and sales volume of export countries changed considerably. While up to now the main export markets of PTA Grupp have been Finland and Latvia, the main export markets of SFG are now Belarus and Russia. Compared to the same period of the previous year, in 2006 the export increased by EEK 289.2 million (EUR 18.5 million). Export made up 82.5% of total sales revenue (2005: 52.2%). The export sales in main export markets of PTA increased 21.2%, incl. to Latvia 22.4% and to Finland 19.9%.



Retail Sale

With regard to acquisition of SFG, in addition to the retail chain of women's apparel as of Q4 of 2006 the Group also operates the following retail chains of lingerie: Oblicie, Splendo, Lauma and Milavitsa. By the end of 2006 the Group had in total 51 stores with a total area of 6,705 square metres. The retail sales areas are located in Estonia, Latvia, Russia, Belarus and Poland. Entry into the Lithuanian and Ukrainian markets with the retail chains of PTA and Oblicie is being prepared. The total retail sales of the Group in 2006 amounted to EEK 82.5 million (EUR 5.3 million), which is formed from the PTA retail sales turnover of the year and the sales turnover of the retail chains of lingerie for Q4.

The PTA retail chain turnover amounted to EEK 78.2 million (EUR 5.0 million) in 2006, increasing 22.4% as compared to the previous year. In total the PTA retail sales chain included 13 stores with a total retail sales area of 3,020 square metres (31 December 2005: 2,646 square metres). At the end of the year 2 first stores selling women's apparel and operating under the PTA trademark were opened in Russia. The increase in the sales of the like-for-like spaces was 28% as compared to the year 2005. The increase in the retail sale was supported by a renewed collection, the successful launch of the regular customer programme and the general growth in consumption. The retail sales results at the end of the year were supported by the successful sales of women's festive apparel collection and the well-timed marketing campaigns.

At the end of the year 2006 the Oblicie retail chain had 13 stores in Russia with the total retail sales area of 1,313 square metres, of which the first store was opened in May 2006. In Q4 of 2006 the retail sales of lingerie in Russia amounted to EEK 4.1 million (EUR 0.3 million). In November 2006 SFG expanded to Poland, acquiring the Splendo lingerie retail sale chain. The Splendo lingerie retail sale chain has 7 stores with 307 square metres.

Wholesale

In 2006 the wholesale amounted to EEK 314.3 million (EUR 20.1 million). The sharp increase in wholesale turnover is due to adding the wholesale turnover of Q4 to the turnover of the Group.

In 2006 the sales turnover of women's apparel increased 34.2% as compared to the same period of the previous year, incl. the wholesale turnover increased almost twice in Q4 as compared to Q4 of the year 2005.

Sales of Subcontracted Service

The sales turnover of subcontracted service is at the same level as compared to the previous year. Small increase in service provision by EEK 0.7 million (EUR 0.04) is due to provision of a new subcontracted service – lingerie manufacturing.

In 2006 the proportion of women's apparel manufactured by outside producers increased. For lingerie manufacturing, subcontracted service is purchased from other Belarusian companies producing lingerie.

Profit

The results of PTA Grupp of Q4 and 12 months of 2006 were affected considerably by consolidation of the performance results related to acquisition of the subsidiary SFG within the Group. The net profit of the Group for the year 2006 amounted to EEK 42.9 million (EUR 2.7 million). The net profit related to sales of lingerie in the amount of EEK 34.7 million (EUR 2.2 million) was added to the result of the Group in Q4. The net profit related to sales of women's apparel in 2006 amounted to EEK 8.3 million (EUR 0.5 million).

The operating profit before depreciation of fixed assets and financial income and expenses formed EEK 79.6 million (EUR 5.1 million), increasing by EEK 69.7 million (EUR 4.4 million) as compared to the same period last year.

The total operating charges amounted to EEK 346.1 million (EUR 22.1 million). The increase in costs is related to consolidation of the performance results of SFG within the performance results of PTA Grupp as of Q4 and thus cannot be compared to the results of the previous year.

The total financial income and expenses of the Group for 2006 amounted to EEK 11.4 million (EUR 0.7). The negative goodwill arisen as a result of acquisition of subsidiaries of SFG in the amount of EEK 9.5 million (EUR 0.6 million) has been recorded under income.

Balance Sheet and Ratios

The consolidated balance sheet total of the Group amounted to EEK 812.5 million (EUR 51.9 million) as of 31 December 2006. As compared to the end of previous year the balance sheet total has increased by EEK 760.6 million. The increase in balance sheet total is related to acquisition of SFG and consolidation of the same within the performance results of PTA Grupp.

The balance of trade receivables in the Group is at the usual level, taking into consideration the fact that the subsidiaries of SFG are mainly engaged in wholesale. The balance of inventories with regard to women's apparel has increased 29% as compared to that at the end of the year 2005 and with regard to lingerie more than 14%. With regard to women's apparel the increase in the balance of inventories is related to expansion of activities into new markets, incl. particularly to the Russian market, and with regard to lingerie the increase is related to better provision of products to customers and completion of new collections at the end of the year. Fixed assets increased mainly with regard to opening new stores in Q4.

Trade creditors of the Group as a whole are at a bit lower level than the usual arrears, incl. trade creditors of PTA have increased by about 18% as compared to the end of the last year. With regard to increase in sales volumes and the needs of the stores to be opened in Q1 of 2007, the volumes of deliveries of PTA have also increased.

As of the end of the accounting period the balance of debts amounts to EEK 29.9 million (EUR 1.9 million) and it has increased by EEK 14.6 million (EUR 0.9 million) since the beginning of the year. The increase in the balance of debts is due to adding the debts of SFG to the debts of the Group.

Employees

As of 31 December 2006 the number of employees of PTA Grupp AS amounted to 2,909 (as of 31 December 2005: 414), including in production 2,569 (as of 31 December 2005: 294) and in retail trade 215 (as of 31 December 2005: 104).

The Main Figures of the Group

The main financial indicators and ratios that characterize the consolidated data of the PTA Grupp AS Group for the 12 months of 2006 are as follows:

Main financial indicators	12 months 2006	12 months 2005	Change
Operating revenue, EEK thousand	425 712	132 473	221%
Operating profit/loss before depreciation of fixed assets and financial income/expenses (EBITDA), EEK thousand	79 617	9 888	69 729
Margin, %	18,7%	7,5%	-
Operating profit/loss (EBIT), EEK thousand	67 872	2 938	64 934
EBIT to net sales, %	16,0%	2,6%	-
Profit/loss of the period, thousand EEK	42 902	-3 215	46 117
Profit margin, %	10,1%	-2,8%	-
ROA, %	9,9%	-4,0%	-
ROE, %	18,4%	-19,3%	-
Earnings per share (EPS), EEK	5,07	-1,66	6,73
Current debt ratio	3,62	0,95	-
Quick ratio	2,28	0,24	-
Inventory turnover ratio	3,31	4,3	-

The ratios were calculated as follows:

Profit margin = Net profit / Sales revenue

Return on assets (ROA) = Net profit (attributable to parent) / Average total assets

Return on Equity (ROE) = Net profit (attributable to parent) / Average owners' equity

Earnings per share (EPS) = Net profit (attributable to parent) / Average number of ordinary shares

Current debt ratio = Current assets / Current liabilities

Quick ratio = (Current assets – Inventories) / Current liabilities

Inventory turnover ratio = Net sales / Average inventory for the period

Peeter Larin

Chairman of the Management Board

General Information and Approval of the Management Board for the Consolidated Interim Report of Q4 2006

PTA Grupp AS is an international apparel trade group, which is engaged in the design, manufacturing and marketing of women's apparel and provision of sewing services as a subcontractor. The number of the employees of the Group as of 31 December 2006 was 2909 (as of 31 December 2005: 414). The parent company is located and registered at Akadeemia tee 33, Tallinn, Estonia.

As of 31 December 2006, the following companies belong to the Group:

	Country of seat	Participating interest as of 31.12.2006	Participating interest as of 31.12.2005
PTA Grupp AS	Estonia		
Klementi Trading OY	Finland	100%	100%
Klementi Trading AB (bankrupt)	Sweden	100%	100%
UAB Klementi Vilnius (liquidated)	Lithuania	-	100%
SIA Vision	Latvia	100%	100%
AS Klementi	Estonia	100%	-
UAB PTA Prekyba	Lithuania	100%	-
LLC PTA Ukraine	Ukraine	100%	-
Silvano Fashion Group AS	Estonia	100%	-

The Management Board certifies that the PTA Grupp AS Consolidated Interim Report of 12 months of 2006 set out on pages 9-31 is true and complete.

The Management Board warrants and represents that:

1. the accounting methods applied upon preparation of the interim report are in compliance with the international financial accounting standards as adopted by the European Union;
2. the Interim Report truly and fairly reflects the financial condition, economic results and cash flow of the Group;
3. any material circumstances which have become evident until the date of completion of the Report have been taken into account and indicated in the Interim Report in compliance with the requirements;
4. PTA Grupp AS is a going concern.

This Interim Report has not been audited or otherwise reviewed by auditors.



Peeter Larin
Chairman of the Management Board
28 February 2007



Marianne Paas
Member of the Management Board
28 February 2007

Balance Sheet

Consolidated, unaudited

	Notes	31.12.2006 EEK thousand	31.12.2005 EEK thousand	31.12.2006 EUR thousand	31.12.2005 EUR thousand
ASSETS					
Current assets					
Cash at bank and in hand	1	200,392	2,831	12,807	181
Trade receivables	2	112,046	3,052	7,161	195
Other short-term receivables and prepaid expenses	3	55,252	2,589	3,531	165
Prepaid taxes		21,186	25	1,354	2
Inventories	4	230,117	25,496	14,708	1,630
Total current assets		618,993	33,993	39,561	2,173
Fixed assets					
Long-term financial investments		3,649	0	233	0
Non-trade receivables	3	550	750	35	48
Tangible assets	5	172,778	10,536	11,043	673
Intangible assets	5	16,551	6,622	1,058	423
Total fixed assets		193,528	17,908	12,369	1,144
Total assets		812,521	51,901	51,930	3,317
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Borrowings	6	29,907	15,294	1,911	977
Trade payables		86,436	12,573	5,524	804
Taxes liabilities		25,825	2,836	1,651	181
Other short-term payables	7	27,553	5,178	1,761	331
Short-term provision		1,192	12	76	1
Total current liabilities		170,913	35,893	10,923	2,294
Long-term liabilities					
Long-term borrowings	6	9,544	134	610	9
Other long-term payables		109	173	7	11
Long-term provisions		139	143	9	9
Total long-term liabilities		9,792	450	626	29
Total liabilities		180,705	36,343	11,549	2,323
Owners' equity					
Share capital (nominal value)	9	379,472	19,469	24,253	1,244
Share premium		85,253	40,994	5,449	2,620
Legal reserve	9	1,046	1,046	67	67
Retained profit		-45,977	-42,762	-2,939	-2,733
Unrealised exchange rate differences		-10,688	26	-683	2
Net profit/loss for financial year		42,902	-3,215	2,742	-206
Total equity attributable to majority shareholder		452,008	15,558	28,889	994
Minority interest		179,808	0	11,492	0
Total equity		631,816	15,558	40,381	994
TOTAL LIABILITIES AND OWNERS' EQUITY		812,521	51,901	51,930	3,317

Income Statement-Q4

Consolidated, unaudited

	2006	2005	2006	2005
	Q4	Q4	Q4	Q4
	EEK	EEK	EUR	EUR
	thousand	thousand	thousand	thousand
Operating revenue				
Sales revenue	322,150	25,102	20,589	1,604
Other operating revenue	2,380	17,487	152	1,117
Total operating revenue	324,530	42,589	20,741	2,721
Change in finished goods and work in progress	6,264	-1,060	400	-68
Goods, raw materials and services	-156,406	-11,405	-9,996	-729
Other operating expenses	-45,063	-7,525	-2,880	-481
Staff costs	-60,474	-11,032	-3,865	-705
Other operating charges	-2,317	-3,236	-148	-206
Total operating charges	-257,996	-34,258	-16,489	-2,189
EBITDA	66,534	8,331	4,252	532
Depreciation	-7,696	-1,680	-492	-107
Operating profit/loss	58,838	-6,651	3,760	425
Financial income/expenses				
Interest expenses	-45	-1,320	-3	-84
Gains / losses on conversion of foreign currencies	1,886	175	121	11
Other financial income / expenses	1,035	-49	66	-3
Written-off negative goodwill	9,468	0	605	0
Total financial income / expenses	12,344	-1,194	789	-76
Profit before corporate income tax	71,182	5,457	4,549	349
Corporate income tax	-18,921	-360	-1,209	-23
Net profit	52,261	5,097	3,340	326
Net profit attributable to minority shareholders	17,186	0	1,098	0
Net profit attributable to parent company	35,075	0	2,242	0
Earnings per share				
Basic earnings per share (EEK/EUR)	1.26	2.62	0.08	0.17
Diluted earnings per share (EEK/EUR)	1.26	2.62	0.08	0.17

Income Statement-12 months

Consolidated, unaudited

	Notes	2006 12 months EEK thousand	2005 12 months EEK thousand	2006 12 months EUR thousand	2005 12 months EUR thousand
Operating revenue					
Sales revenue	10	423,048	114,524	27,038	7,319
Other operating revenue		2,664	17,949	170	1,147
Total operating revenue		425,712	132,473	27,208	8,466
Change in finished goods and work in progress		8,214	-5,849	525	-374
Goods, raw materials and services		-192,451	-41,674	-12,300	-2,663
Other operating expenses		-66,722	-26,629	-4,264	-1,702
Staff costs		-91,867	-44,037	-5,871	-2,815
Other operating charges		-3,269	-4,396	-209	-281
Total operating charges		-346,095	-122,585	-22,119	-7,835
EBITDA		79,617	9,888	5,089	631
Depreciation	5	-11,745	-6,950	-751	-444
Operating profit/loss		67,872	2,938	4,338	187
Financial income/expenses					
Interest expenses		-938	-5,895	-60	-377
Gains / losses on conversion of foreign currencies		1,884	175	120	11
Other financial income / expenses		987	-73	63	-4
Written-off negative goodwill		9,468	0	605	0
Total financial income / expenses		11,401	-5,793	728	-370
Profit before corporate income tax		79,273	-2,855	5,066	-183
Corporate income tax		-19,185	-360	-1,226	-23
Net profit		60,088	-3,215	3,840	-206
Net profit attributable to minority shareholders		17,186	0	1,098	0
Net profit / loss attributable to parent company		42,902	0	2,742	0
Earnings per share					
Basic earnings per share (EEK/EUR)	8	5.07	-1.66	0.32	-0.11
Diluted earnings per share (EEK/EUR)	8	5.07	-1.66	0.32	-0.11

Cash flow statement

Consolidated, unaudited

	Notes	2006 12 months thousand EEK	2005 12 months thousand EEK	2006 12 months thousand EUR	2005 12 months thousand EUR
Cash flow from commercial operations					
Net profit/ loss		60,088	-3,215	3,840	-206
Adjustments:					
Deprecation and impairment of fixed assets	5	11,745	6,950	750	444
Profit /loss from sales of fixed assets		-108	-15,256	-7	-975
Loss from write-off fixed assets		29	385	2	25
Profit from write-off negative goodwill		-9,468	0	-605	0
Change in receivables and prepayments related to commercial operations		-26,668	7,212	-1,704	461
Variation in inventories		-32,487	2,759	-2,076	176
Change in liabilities and prepayments related to commercial operations		-28,816	8,922	-1,842	570
Interests paid		-1,316	-6,299	-84	-402
Total cash flow from commercial operations		-27,001	1,458	-1,726	93
Cash flow from investments					
Acquisition of fixed assets and construction in progress		-28,754	-2,224	-1,838	-142
Sales of tangible assets		188	53,457	12	3,417
Trademark-related payments made	6	-4,112	-1,095	-262	-70
Repayments of loan given		158	323	10	21
Interest received		32	38	2	2
Dividends received		16	0	1	0
Investments to the subsidiaries		-3,442	0	-220	0
Cash from acquisition of subsidiary		263,210	0	16,822	0
Total cash flow from investment		227,296	50,499	14,527	3,228
Cash flow from financing					
Loans repaid	6	-29,411	-64,096	-1,880	-4,096
Loans raised	6	31,958	28,506	2,042	1,822
Financial lease principal repayments	6	-2,444	-3,002	-156	-192
Change in overdraft balance	6	-1,056	-11,947	-67	-764
Repayment of other debt	6	-981	-867	-63	-55
Repayment of other loans	6	-800	-1,120	-51	-72
Total cash flow from financing		-2,734	-52,526	-175	-3,357
Total cash flow		197,561	-569	12,626	-36
Increase/decrease in cash and cash equivalents		197,561	3,400	12,626	217
Cash and cash equivalents at the beginning of the period		2,831	-569	181	-36
Cash and cash equivalents at the end of the period		200,392	2,831	12,807	181

Statement of charge in owners`equity

Consolidated, unaudited

EEK thousand

	Attributable to equity holders of the Company							Total	Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Statutory reserve	Currency translation differences	Retained earnings	Net profit for the period			
Balance as of 31. 12. 2004	18,969	40,294	13,876	1,046	139	-44,737	-11,901	17,686	0	17,686
Net loss for 2004	0	0	0	0	0	-11,901	11,901	0	0	0
Issued share capital	500	700	0	0	0	0	0	1,200	0	1,200
Disposal of revaluated property	0	0	-13,876	0	0	13,876	0	0	0	0
Currency translation differences	0	0	0	0	-113	0	0	-113	0	-113
Net loss for 2005	0	0	0	0	0	0	-3,215	-3,215	0	-3,215
Balance as of 31.12.2005	19,469	40,994	0	1,046	26	- 42,762	-3,215	15,558	0	15,558
Net loss for 2005	0	0	0	0	0	-3,215	3,215	0	0	0
Issued share capital	360,003	44,259	0	0	0	0	0	404,262	0	404,262
Currency translation differences	0	0	0	0	-10,714	0	0	-10,714	0	-10,714
Minority interest arising on business combinations	0	0	0	0	0	0	0	0	162,622	162,622
Net profit for the period	0	0	0	0	0	0	42,902	42,902	17,186	60,088
Balance as of 31.12.2006	379,472	85,253	0	1,046	-10,688	-45,977	42,902	452,008	179,808	631,816

EUR thousand

	Attributable to equity holders of the Company							Minority interest	Total equity	
	Share capital	Share premium	Revaluation reserve	Statutory reserve	Currency translation differences	Retained earnings	Net profit for the period			Total
Balance as of 31. 12. 2004	1,212	2,575	887	67	9	-2,859	-761	1,130	0	1,130
Net loss for 2004	0	0	0	0	0	-761	761	0	0	0
Issued share capital	32	45	0	0	0	0	0	77	0	77
Disposal of revaluated property	0	0	-887	0	0	887	0	0	0	0
Currency translation differences	0	0	0	0	-7	0	0	-7	0	-7
Net loss for 2005	0	0	0	0	0	0	-206	-206	0	-206
Balance as of 31.12.2005	1,244	2,620	0	67	2	-2,733	-206	994	0	994
Net loss for 2005	0	0	0	0	0	-206	206	0	0	0
Issued share capital	23,009	2,829	0	0	0	0	0	25,838	0	25,838
Currency translation differences	0	0	0	0	-685	0	0	-685	0	-685
Minority interest arising on business combinations	0	0	0	0	0	0	0	0	10,394	10,394
Net profit for the period	0	0	0	0	0	0	2,742	2,742	1,098	3,840
Balance as of 31.12.2006	24,253	5,449	0	67	-683	-2,939	2,742	28,889	11,492	40,381

Accounting Methods and Valuation Principles Used for Preparing the Consolidated Interim Report

Bases for Preparation

This Interim Report has been made pursuant to the requirements of IAS 34 “Interim Financial Reporting” of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2005.

This Interim Report shows results in thousands of Estonian kroons (EEK) and thousands of euros (EUR). The Estonian kroon is pegged to the euro at the rate of 1 EUR = 15.6466 EEK.

The comparative data presented in the Interim Report are the financial ratios of PTA Grupp AS for 2005. The performance results of the subsidiary AS Silvano Fashion Group acquired in October have been consolidated as of 1 October 2006.

This Interim Report has not been audited.

Principles of Consolidation, Accounting for Business Combinations and Subsidiaries

Business Combinations between Independent Parties

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries bought within independent parties by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Business Combinations between Parties under Joint Control

A business combination under joint control is a business combination, where all the economic entities or businesses are under the final control of one and the same person or persons both before as well as following the business combination and the control is not temporary. A group of persons controls the activities of an economic entity if, pursuant to agreements based on contracts, they have the collective power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Acquisition of subsidiaries from a party under joint control is recorded at the adjusted purchase method. Upon application of the adjusted purchase method, the acquired shareholding in another company is recorded at the balance sheet value of the acquired net assets (i.e. like the acquired assets and liabilities were recorded in the balance sheet of the acquired company). The difference between the cost of acquisition of the shareholding and the balance sheet value of the net assets acquired is recorded as a decrease or increase in the owners’ equity of the company being acquired. The cost of the acquired net assets is calculated as the difference between the cost of assets and liabilities of the economic entity being acquired and the minority holding of shareholders.

Principles of Consolidation

In the consolidated report, the financial ratios of all the subsidiaries under the control of the parent company have been consolidated on a line-by-line basis. All the intra-group receivables and liabilities, transactions between the companies of the group and the unrealised profits and losses as well as revenue and expenditure arisen as a result of these have been eliminated.

The consolidated financial statement records the consolidated financial ratios of PTA Grupp AS and its subsidiaries AS Klementi, SIA Vision, Klementi Trading OY, UAB PTA Prekyba, LLC PTA Ukraine, Klementi Trading AB and Silvano Fashion Group AS along with its subsidiaries. If necessary, the accounting principles of subsidiaries have been harmonised in order to ensure adherence to uniform accounting principles in the consolidated report of the Group.

Segments

The content of the primary segment – the business segment – has been amended in this Interim Report.

Until the end of Q3 of 2006 the business segment was presented by areas of activity, in accordance with which the segments included retail trade and production activities, wholesale trade and subcontracting. With regard to acquisition of the subsidiary Silvano Fashion Group AS new areas of activity – design, production and sales of lingerie – were added to the list.

As of Q4 of 2006 the business segment is treated by product types; in accordance with that the products include women's apparel, lingerie and other activities. The segment, presented by product types, offers clearer and more suitable overview on the economic activities of the Group.

The comparative data of the year 2005 have been amended and brought into compliance with the business segment by product types.

Notes on the Consolidated Interim Report

Note 1. Cash and bank

	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Cash and hand	859	278	55	18
Banc accounts in kroons	1,011	880	65	56
Banc accounts in foreign currencies	97,039	1,536	6,202	98
Money in transfer	12,634	137	807	9
Deposits	88,849	0	5,678	0
Total	200,392	2,831	12,807	181

Note 2. Trade Receivables

	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	114,572	3,095	7,323	198
Allowance for uncollectible accounts	-2,526	-43	-162	-3
Total	112,046	3,052	7,161	195

The trade receivables are accounted in nominal value on the date of emergence of the claim (transaction date) and later at the adjusted acquisition cost (less the possible write-downs arising from a decrease of the value). If it is likely that the Group cannot collect all the amounts receivable pursuant to the terms of the claims, the claims will be written down. Upon assessment of claims the accrual of each specific claim is treated separately, considering the information available on the solvency of the debtor.

Receivables the accrual of which is unlikely are written down in the Balance Sheet to the collectible amount and written off.

Within the 12 months of 2006 receivables were found to be uncollectible in the amount of EEK 2,685 thousand (EUR 172 thousand) and irrecoverable receivables were taken off the Balance Sheet in the amount of EEK 159 thousand (EUR 10 thousand).

Irrecoverable receivables of EEK 3,117 thousand (EUR 199 thousand) were written off the Balance Sheet within the 12 months of 2005.

Note 3. Other receivables and prepaid expenses

	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Receivable related to sale of shares	200	150	13	10
Loans to employees	272	7	17	0
Loans to companies	447	0	29	0
Receivable from customers on service contracts	910	1,151	58	73
Prepaid expenses	17,243	1,152	1,102	74
Other receivables	36,180	129	2,312	8
Total	55,252	2,589	3,531	165

Note 4. Inventories

	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Raw materials	84,407	7,604	5,395	487
Work in progress	31,451	2,242	2,010	143
Finished goods	89,662	9,280	5,731	593
Goods for resale	24,594	6,264	1,572	400
Prepayments to suppliers	3	106	0	7
Total	230,117	25,496	14,708	1,630

Within the 12 months of 2006 the amount of inventories written off totals EEK 580 thousand (EUR 37 thousand) and that of inventories written down totals EEK 8,216 thousand (EUR 525 thousand). In 2005 inventories in the amount of EEK 207 thousand (EUR 13 thousand) were written off, while no inventories were written down during the period.

Note 5. Tangible and Intangible Assets

	Tangible assets EEK thousand	Intangible assets EEK thousand	Tangible assets EUR thousand	Intangible assets EUR thousand
Acquisition cost as of 31.12.2005	38,115	11,732	2,436	749
Accumulated depreciation as of 31.12.2005	-27,579	-5,110	-1,763	-326
Carrying amount as of 31.12.2005	10,536	6,622	673	423
Acquired during period under review	26,564	3,402	1,698	218
Acquired through business combinations	151,941	6,013	9,711	384
Sales during period under review	-321	0	-21	0
Written off during period under review	-82	0	-5	0
Depreciation	-10,739	-1,006	-686	-64
Currency translation differences	-5,121	-274	-327	-18
Goodwill from acquisition of business combinations	0	1,794	0	115
Acquisition cost as of 31.12.2006	202,794	22,589	12,961	1,444
Accumulated depreciation as of 31.12.2006	-30,016	-6,038	-1,918	-386
Carrying amount as of 31.12.2006	172,778	16,551	11,043	1,058

	Tangible assets EEK thousand	Intangible assets EEK thousand	Tangible assets EUR thousand	Intangible assets EUR thousand
Acquisition cost as of 31.12.2004	79,272	13,877	5,067	885
Accumulated depreciation as of 31.12.2004	-26,376	- 6,303	-1,686	-401
Carrying amount as of 31.12.2004	52,896	7,574	3,381	484
Acquired during period under review	2,224	0	142	0
Sales during period under review	-38,201	0	-2,442	0
Written off during period under review	-385	0	-24	0
Depreciation	-5,998	-952	-383	-61
Acquisition cost as of 31.12.2005	38,115	11,732	2,436	749
Accumulated depreciation as of 31.12.2005	-27,579	-5,110	-1,763	-326
Carrying amount as of 31.12.2005	10,536	6,622	673	423

Note 6. Short-Term and Long-Term Debts

The Group has the following debts as of 31 December 2006:

	Short- term EEK thousand	Long- term EEK thousand	Short- term EUR thousand	Long- term EUR thousand	Interest rate	Due date of repayment
Secured loans						
Overdraft from Hansapank	2,414	0	154	0	5.5%	19.04.2007
Loan from Hansapank	5,000	0	320	0	5.5%	21.06.2007
Loan from Hansapank	6,629	0	424	0	Euribor+2.5%	19.10.2007
Non-secured loans						
Financial lease payables	7,825	9,544	499	610	5.0-13.0%	2007-2011
Other borrowings	8,039	0	514	0	5.0%	31.12.2007
Total	29,907	9,544	1,911	610		

On 19 October 2006 the interest rate of the revolving credit line agreement was amended from 6.0% to 5.5%. The amount of the revolving credit line agreement is EEK 5,000 thousand (EUR 320 thousand) and the repayment date thereof is 21 June 2007.

On 6 December 2006 the short-term loan in the amount of EEK 5,000 thousand (EUR 320 thousand) received in September was repaid. The interest rate of the short-term loan was 5.5%.

On 18 November 2006 a short-term loan agreement was concluded with Hansapank for refinancing two long-term loan agreements. The loan amount is EEK 7,583 thousand (EUR 485 thousand) with an interest rate of EUR 6 months' EURIBOR + 2.5% and a due date of 19 October 2007.

Loan Collateral

The loans and overdraft taken from Hansapank are secured by a commercial pledge of movable property amounting to EEK 29,000 thousand (EUR 1,853 thousand).

The Group has the following debts as of 31 December 2005:

	Short-term EEK thousand	Long-term EEK thousand	Short-term EUR thousand	Long-term EUR thousand	Interest rate	Due date of repayment
Secured loans						
Overdraft from Hansapank	3,470	0	222	0	6%	30.06.2006
Loan from Hansapank	6,000	0	383	0	6%	15.12.2006
Non-secured loans						
Financial lease payables	407	134	26	9	5.5-8.0%	2005-2007
Other debts	505	0	32	0	7%	31.07.2006
Loan from PTA bankruptcy estate	800	0	51	0	5%	31.12.2005
Trademark payables	4,112	0	263	0	8%	15.01.2006
Total	15,294	134	977	9		

Note 7. Other short-term payables

	31 December 2006 EEK thousand	31 December 2005 EEK thousand	31 December 2006 EUR thousand	31 December 2005 EUR thousand
Customer prepayments for goods	522	121	33	8
Payables to employees	24,271	3,458	1,551	221
Interest and other accrued expenses	1,619	329	104	21
Tax liabilities	1,107	1,204	71	77
Prepaid revenues	34	66	2	4
Total	27,553	5,178	1,761	331

Note 8. Earnings per Share

	2006 12 months	2005 12 months
Number of ordinary shares as of January 1 (Qty)	1,946,875	1,896,875
Ordinary shares issued	36,000,323	50,000
Number of ordinary shares as of December 31 (Qty)	37,947,198	1,946,875
Weighted average number of ordinary shares (Qty)	8,456,522	1,935,916
Net profit (loss) for financial year, EEK thousand	42,902	-3,215
Net profit (loss) for financial year, EUR thousand	2,742	-206
Basic earnings per share (EEK)	5.07	-1.66
Basic earnings per share (EUR)	0.32	-0.11
Diluted earnings per share (EEK)	5.07	-1.66
Diluted earnings per share (EUR)	0.32	-0.11

The diluted earnings of the 12 months of 2006 per share do not differ from the basic earnings per share, because PTA Grupp AS does not have the financial instruments to allow for diluting the earnings per share in the future.

Note 9. Owners' Equity

a) Shares

The extraordinary general meeting of shareholders, held on 5 September 2006, decided to increase the share capital of PTA Grupp AS. Following the increase of the share capital the registered share capital

of PTA amounts to EEK 379,471,980, which has been divided into 37,947,198 Class A shares with a nominal value of EEK 10 per share. The increase of the share capital was entered in the Commercial Register on 26 October 2006.

As of 31 December 2006 the share capital of PTA Grupp AS amounted to EEK 379,472 thousand (EUR 24,253 thousand), which is divided into 37,947,198 shares with a nominal value of EEK 10 (EUR 0.63) each. All the shares of PTA Grupp AS are Class A registered shares. A Class A share gives the shareholder one vote at the general meeting. No share certificates are issued for registered shares. The share register is electronic and maintained at the Estonian Central Depository for Securities.

The extraordinary general meeting of shareholders, held on 5 September 2006, decided to amend the Articles of Association of the company with regard to increasing the share capital. In accordance with the amended Articles of Association the minimum amount of the share capital is EEK 250,000 thousand (EUR 15,978 thousand) and the maximum amount of the share capital is EEK 1,000,000 thousand (EUR 63,912 thousand).

As of 31 December 2006 PTA Grupp AS had 899 shareholders.

The shareholders of PTA Grupp AS with a shareholding exceeding 1% as of 31 December 2006 are as follows:

Name	Number of shares	Shareholding
Major shareholders	35,360,283	93.2%
SIA ALTA CAPITAL PARTNERS	28,024,309	73.9%
Skandinaviska Enskilda Banken Ab Clients	2,195,827	5.8%
NORDEA BANK FINLAND PLC/NON-RESIDENT LEGAL ENTITIES	1,058,214	2.8%
BRYUM ESTONIA AS	984,063	2.6%
EVIL BANK PLC/MUTUAL FUND BALTIC EQUITY	656,511	1.7%
JPMORGAN CHASE BANK,NATIONAL ASSOCIATION ON BEHALF OF SWEDISH RESIDENTS	639,150	1.7%
DZ BANK INTERNATIONAL S.A.CLIENTS	561,760	1.5%
THE BANK OF NEW YORK/ING BANK SLASKI	440,000	1.2%
Clearstream Banking Luxembourg S.A. Clients	400,449	1.0%
STATE STREET LONDON CARE OF SSB BOSTON/DIT-GLOBAL STRATEGIES FUND	400,000	1.0%
Minority shareholders	2,586,915	6.8%
Total number of shares	37,947,198	100.0%

As of 31 December 2006 PTA Grupp AS had 500 shareholders.

The shareholders of PTA Grupp AS with a shareholding exceeding 1% as of 31 December 2005 are as follows:

Name	Number of shares	Shareholding
Major shareholders	1,719,621	88.3%
OÜ Alta Investments I	462,731	23.8%
Bryum Estonia AS	381,809	19.6%
Hansa Balti Kasvufond	193,758	9.9%
ING Luxembourg S.A.	188,805	9.7%
Alta Capital AS	146,988	7.5%
Firebird Avrora Fund LTD	68,611	3.5%
OÜ Alta Holding	67,500	3.5%
PTA Group OY	50,000	2.6%
Seesam Elukindlustuse AS	50,000	2.6%
AS Hansa Elukindlustus	37,274	1.9%
Skandinaviska Enskilda Banken Finnish Clients	29,296	1.5%
Hansa Pensionifond K3 (Kasvustrategia)	22,849	1.2%

Peeter Larin	20,000	1.0%
Minority shareholders	227,254	11.7%
Total number of shares	1,946,875	100.0%

b) Legal Reserve

The reserve indicated under the owners' equity is a legal reserve established pursuant to the Commercial Code, which can be used for covering losses or increasing the share capital by way of a bonus issue based on a decision of the shareholders. The minimum legal reserve amount is 1/10 of the share capital.

c) Information about Shares

As of 21 November 2006 the shares of PTA Grupp AS are listed on the basic list of the Tallinn Stock Exchange.

During the 12 months of 2006 the highest and lowest prices of the PTA Grupp AS share on the Tallinn Stock Exchange were EEK 69.63 (EUR 4.45) and EEK 31.29 (EUR 2.00), respectively.

Share Price in EEK and Trading Statistics on the Tallinn Stock Exchange in 2006



EUR 1 = EEK 15.6466

Note 10. Sales Revenue

	2006	2005	2006	2005
	12 months	12 months	12 months	12 months
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Sales revenue				
Apparel sales	110,974	89,202	7,093	5,701
Lingerie sales	284,477	0	18,181	0
Subcontracting and services	22,072	21,389	1,411	1,367
Other sales	5,525	3,933	353	251
Total sales revenue	423,048	114,524	27,038	7,319
Incl. Export				
Apparel sales	47,907	39,947	3,062	2,553
Lingerie sales	284,477	0	18,181	0
Subcontracting and services	13,287	16,578	849	1,060
Other sales	3,280	3,256	210	208
Total export	348,951	59,781	22,302	3,821
<i>Share of export</i>	<i>82,5%</i>	<i>52,2%</i>	<i>82,5%</i>	<i>52,2%</i>

The main export destinations were as follows:

Country	2006	2005	2006	2005
	12 months	12 months	12 months	12 months
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Russia	175,639	0	11,225	0
White Russia	105,545	0	6,746	0
Finland	33,204	27,700	2,122	1,770
Latvia	30,656	25,050	1,959	1,602
Other markets	3,907	7,031	250	449
Total	348,951	59,781	22,302	3,821

Note 11. Transactions with Related Parties

For the purposes of the Consolidated Interim Report of PTA Grupp AS parties are considered related if one party has control over or a significant influence on the financial or management decisions of the other party. In preparing this Interim Report, the following have been deemed as related parties:

- a. owners who have a significant influence or control and usually a shareholding of over 20%;
- b. the management, the members of the Management Board and Supervisory Board;
- c. close relatives of the aforementioned persons and the companies being controlled by them or being under the significant influence of such persons.

	12 months	12 months	12 months	12 months
	2006	2005	2006	2005
	EEK	EEK	EUR	EUR
Purchase of goods and services	thousand	thousand	thousand	thousand
Companies related to the members of the Management Board and Supervisory Board	700	1,306	45	83
Total purchase of goods and services	700	1,306	45	83

	12 months 2006 EEK thousand	12 months 2005 EEK thousand	12 months 2006 EUR thousand	12 months 2005 EUR thousand
Loans from companies related to the members of Management and Supervisory Boards				
Balance at beginning of the period	0	11,653	0	745
Loans received	8,039	0	514	0
Repayments of loans	0	-11,653	0	-745
Balance at end of the period	8,039	0	514	0

	12 months 2006 EEK thousand	12 months 2005 EEK thousand	12 months 2006 EUR thousand	12 months 2005 EUR thousand
Sales of goods and services				
Companies related to the members of the Management Board and Supervisory Board	3	0	0	0
Total sales of goods and services	3	0	0	0

	31.12.2006 EEK thousand	31.12.2005 EEK thousand	31.12.2006 EUR thousand	31.12.2005 EUR thousand
Balances relating to related parties				
Companies related to the members of the Management Board and Supervisory Board	1,108	1,233	71	79
Total current liabilities	1,108	1,233	71	79

	12 months 2006 EEK thousand	12 months 2005 EEK thousand	12 months 2006 EUR thousand	12 months 2005 EUR thousand
Compensation paid to members of the Management Board				
Pay and compensation	1,754	773	112	49
Total	1,754	773	112	49

Note 12. Segments

a) Primary Segment – Business Segment by Products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	12 months 2006 EEK thousand	12 months 2006 EEK thousand	12 months 2006 EEK thousand	12 months 2006 EEK thousand	12 months 2006 EEK thousand	12 months 2006 EUR thousand	12 months 2006 EUR thousand	12 months 2006 EUR thousand	12 months 2006 EUR thousand	12 months 2006 EUR thousand
Extra-group sales revenue	110,790	286,525	25,733	0	423,048	7,081	18,312	1,645	0	27,038
Inter-segment sales revenue	0	0	36,425	-36,425	0	0	0	2,328	-2,328	0
Total sales revenue	110,790	286,525	62,158	-36,425	423,048	7,081	18,312	3,973	-2,328	27,038
Operating profit/loss of segment	18,813	57,969	1,288	0	78,070	1,202	3,705	82	0	4,990
Unallocated operating revenue and operating charges					-10,198					-652
Total operating profit / loss					67,872					4,338
Other financial income and expenses					11,401					728
Corporate income tax					-19,185					-1,226
Net profit / loss					60,088					3,840
Assets and receivables	37,109	621,199	14,744	0	673,052	2,372	39,702	942	0	43,016
Unallocated assets of group					139,469					8,914
Total assets					812,521					51,930
Liabilities	15,991	142,627	6,814	0	165,432	1,022	9,116	435	0	10,573
Unallocated liabilities of group					15,273					976
Total liabilities					180,705					11,549
Acquisition of fixed assets	3,889	26,010	67	0	29,966	249	1,663	4	0	1,916
Depreciation of fixed assets	4,883	6,150	712	0	11,745	312	393	46	0	751

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 December 2006.

PTA Grupp AS Consolidated Interim Report of Q4 and 12 months of 2006

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	12 months 2005 EEK thousand	12 months 2005 EEK thousand	12 months 2005 EEK thousand	12 months 2005 EEK thousand	12 months 2005 EEK thousand	12 months 2005 EUR thousand	12 months 2005 EUR thousand	12 months 2005 EUR thousand	12 months 2005 EUR thousand	12 months 2005 EUR thousand
Extra-group sales revenue	89,202	0	25,322	0	114,524	5,701	0	1,618	0	7,319
Inter-segment sales revenue	0	0	18,575	-18,575	0	0	0	1,187	-1,187	0
Total sales revenue	89,202	0	43,897	-18,575	114,524	5,701	0	2,805	-1,187	7,319
Operating profit/loss of segment	-2,145	0	1,049	0	-1,096	-137	0	67	0	-70
Unallocated operating revenue and operating charges					4,034					257
Total operating profit / loss					2,938					187
Other financial income and expenses					-5,793					-370
Corporate income tax					-360					-23
Net profit / loss					-3,215					-206
Assets and receivables	26,229	0	16,131	0	42,360	1,676	0	1,031	0	2,707
Unallocated assets of group					9,541					610
Total assets					51,901					3,317
Liabilities	11,476	0	9,176	0	20,652	734	0	586	0	1,320
Unallocated liabilities of group					15,691					1,003
Total liabilities					36,343					2,323
Acquisition of fixed assets	1,863	0	361	0	2,224	119	0	23	0	142
Depreciation of fixed assets	4,351	0	2,599	0	6,950	278	0	166	0	444

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 December 2005.

b) Secondary Segment – Sales Revenue, Total Assets and Investments in Fixed Assets

	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets	Sales revenue	Sales revenue	Assets	Assets	Investments in fixed assets	Investments in fixed assets
	12 months 2006	12 months 2005	31 December 2006	31 December 2005	12 months 2006	12 months 2005	12 months 2006	12 months 2005	31 December 2006	31 December 2005	12 months 2006	12 months 2005
	EEK	EEK	EEK	EEK	EEK	EEK	EUR	EUR	EUR	EUR	EUR	EUR
	thousand	thousand	thousand	thousand	thousand	thousand	thousand	thousand	thousand	thousand	thousand	thousand
Russia	175,639	0	57,420	0	10,855	0	11,225	0	3,670	0	694	0
White Russia	105,545	0	542,434	0	13,218	0	6,746	0	34,668	0	846	0
Estonia	74,097	54,743	97,536	45,049	1,774	1,305	4,736	3,499	6,234	2,879	113	83
Others	67,767	59,781	115,131	6,852	4,119	919	4,331	3,820	7,358	438	263	59
Total	423,048	114,524	812,521	51,901	29,966	2,224	27,038	7,319	51,930	3,317	1,916	142

Since Q4 of 2006 the business segment content has been amended. The Group considers the business segment by product types as the primary segment and the geographical segment by the location of consumers as the secondary segment. The comparative data of the year 2005 have been amended and brought into compliance with the new business segment by product types.

The product types of the business segment are as follows:

- a) women's apparel – the goods and services sold in retail and wholesale system of the Group are recorded here;
- b) lingerie – the goods and services sold in retail and wholesale system of the Group are recorded here;
- c) other activities – manufacturing operations, provision of subcontracted service and other activities not listed under the product types of women's apparel and lingerie are recorded here.

The operating charges not directly related to a specific segment have been indicated as the joint operating charges of the Group.

The assets of the segments account all assets directly related to the segments and they do not contain assets that are used for the company in general or for headquarters. The assets of the segment also include the goodwill directly attributable to the segment. The liabilities of the segments indicate all liabilities directly related to the segments. The unallocated expenses of the Group mean the expenses of general management.

Other receivables, loans, interest claims and liabilities have been indicated as the joint assets and liabilities of the Group.

According to the management's estimation, the prices used in inter-segment transactions do not significantly differ from market prices.

Note 13. Pro forma statements of Group 2006 and 2005

The consolidated initial financial information for the years 2006 and 2005 has been prepared on the basis of unaudited initial financial information. Upon preparation of the initial financial information, accounting principles in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union have been applied.

The initial financial information has been presented with regard to the years of 2006 and 2005 proceeding from the hypothetical possible merger of PTA Grupp and Silvano Fashion Grupp.

The initial financial information has not been audited or otherwise reviewed by auditors.

Pro forma Balance Sheet

Consolidated, unaudited

	31.12.2006 EEK thousand	31.12.2005 EEK thousand	31.12.2006 EUR thousand	31.12.2005 EUR thousand
ASSETS				
Current assets				
Cash at bank and in hand	200,392	111,170	12,807	7,105
Trade receivables	112,046	80,251	7,161	5,129
Other short-term receivables and prepaid expenses	55,252	34,846	3,531	2,227
Prepaid taxes	21,186	25	1,354	2
Inventories	230,117	193,889	14,708	12,392
Total current assets	618,993	420,181	39,561	26,854
Fixed assets				
Non-trade receivables	4,199	16,425	268	1,050
Tangible assets	172,778	149,352	11,043	9,545
Intangible assets	16,551	11,618	1,058	743
Total fixed assets	193,528	177,395	12,369	11,338
Total assets	812,521	597,576	51,930	38,192
LIABILITIES AND OWNERS` EQUITY				
Current liabilities				
Short-term borrowings	29,907	19,282	1,911	1,232
Trade creditors	82,285	59,092	5,259	3,777
Other short-term payables	52,678	31,450	3,367	2,010
Short-term provision	1,892	15,547	121	994
Total current liabilities	166,762	125,371	10,658	8,013
Long-term liabilities				
Long-term borrowings	9,544	8,030	610	513
Long-term debts	248	316	16	20
Total long-term liabilities	9,792	8,346	626	533
Total liabilities	176,554	133,717	11,284	8,546
Owners` equity				
Total equity attributable to majority shareholder	456,159	332,553	29,154	21,254
Minority interest	179,808	131,306	11,492	8,392
Total owners` equity	635,967	463,859	40,646	29,646
TOTAL LIABILITIES AND OWNERS` EQUITY	812,521	597,576	51,930	38,192

Pro forma Income Statement-12 months

Consolidated, unaudited

	2006 12 months EEK thousand	2005 12 months EEK thousand	2006 12 months EUR thousand	2005 12 months EUR thousand
Operating revenue				
Sales revenue	1,226,772	1,105,341	78,405	70,644
Other operating revenue	2,378	21,365	152	1,366
Total operating revenue	1,229,150	1,126,706	78,557	72,010
Goods, raw materials and services	-599,937	-593,243	-38,343	-37,914
Other operating expenses	-134,076	-62,552	-8,569	-3,998
Staff costs	-224,372	-233,210	-14,340	-14,905
Other operating charges	-24,268	-39,095	-1,551	-2,499
Total operating charges	-982,653	-928,100	-62,803	-59,316
EBITDA	246,497	198,606	15,754	12,694
Depreciation	-27,084	-36,576	-1,731	-2,338
Operating profit/loss	219,413	162,030	14,023	10,356
Financial income/expenses	16,726	-22,775	1,069	-1,456
Corporate income tax	-77,560	-49,115	-4,957	-3,139
Net profit	158,579	90,140	10,135	5,761
Net profit attributable to minority shareholders	48,504	26,850	3,100	1,716
Net profit / loss attributable to parent company	110,075	63,290	7,035	4,045