

# **PTA Grupp AS**



**Consolidated Interim Report of Q1 of 2007**

## **COMPANY PROFILE**

Business name	PTA Grupp AS
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Website	<u><a href="http://www.ptafashion.com">www.ptafashion.com</a></u>
Core activities	Design, manufacturing and retail and wholesale distribution of women's apparel and lingerie
Auditor	KPMG Baltics AS

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## Management Report Q1, 2007

### Important Events in Q1, 2007

#### *Repurchase of shares by Milavitsa*

In March 2007 SFG's subsidiary Milavitsa ZAO completed its share repurchase programme in the course of which it repurchased 2,353 shares (roughly 19.1% of the share capital) at a price of approximately 439 euro (6,868.90 kroons) per share. The extraordinary general meeting of Milavitsa convened on 23 March 2007 decided to cancel the repurchased shares. After the cancellation, SFG's ownership interest in Milavitsa will increase from 62.5% to approximately 78.3 %.

### Consolidated Performance Results of Q1, 2007

In the quarter 1 of 2007, PTA Grupp earned a net profit of EEK 33.5 million (EUR 2,1 million), which increased by EEK 33.0 million (EUR 2.1 million) as compared to Q1 of the previous year. The net profit of quarter 1 of this year increased by 71.9 times compare to quarter 1 of the previous year and the achieved profit margin amounted to 9.0 % (Q1 2006: 1.5 %)

The sales revenue in Q1 amounted to EEK 368.5 million (EUR 23.5 million) increasing by EEK 337.4 million (EUR 21.6 million) as compared to the same period previous year.

The operating profit of the PTA Grupp in Q1 amounted to EEK 63.1 million (EUR 4.0 million). Compared to the same period of the previous year, the operating profit of PTA Grupp in Q1 increased by EEK 62.3 million (EUR 3.9 million) and the operating profit margin amounted to 16.9 % (Q1 2006: 2.5 %).

Acquisition of Silvano Fashion Group in 2006 shows remarkable growth in company's results and profits and directly effected earnings per share. By Q1 2006 earnings per share was EEK 0.24 (EUR 0.02), by Q1 2007 earnings per share comprise EEK 0.88 (EUR 0.06) which is 3.6 times more compare to the previous year.

### Sales Revenue

#### Sales by Products/Services

In Q1 2007 the sales revenue related to sales of women's apparel increased by EEK 12.9 million (EUR 0.8 million) as compared to Q1 2006, forming 9.7 % of the PTA Grupp sales revenue (Q1 2006: 76.5 %). Lingerie sales in Q1 2007 amounted to EEK 320.2 million (EUR 20.7 million) forming 87.3 % of total Group sales revenue. The sales of subcontracting increased by EEK 1.0 million (EUR 0.1 million) as compared to Q1 2006. The subcontracted service sale in Q1 2007 amounted to EEK 7.6 million (EUR 0.5 million) forming 2.5 % of total sales revenue.

	Q1, 2007 EEK million	Q1, 2006 EEK million	Change EEK million	Q1, 2007 EUR million	Q1, 2006 EUR million	Change EUR million	Q1, 2007 percentage from sales	Q1, 2006 percentage from sales
Women's apparel	36.8	23.8	13.0	2.3	1.5	0.8	9.7%	76.5%
Lingerie	320.2	0	320.2	20.6	0	20.6	87.3%	-
Subcontracting services and other sales	11.5	7.3	4.2	0.7	0.5	0.2	3.0%	23.5%
<b>Total</b>	<b>368.5</b>	<b>31.1</b>	<b>337.4</b>	<b>23.6</b>	<b>2.0</b>	<b>21.6</b>	<b>100.0%</b>	<b>100.00</b>

## Sales by Markets

### Women's apparel

Women's apparel sales revenue has increased in all markets, and the largest growth as reached attained in Baltic States. In Q1 2007 the sales volume to the Estonian market increased EEK 4,6 million (EUR 0,3 million) as compared to the same period of the previous year, increasing by 29.9% as compared to Q1 of 2006. Compared to the same period of the previous year, in the first quarter of 2007 the sales volume of women's apparel in foreign markets increased by EEK 9.8 million (EUR 0.6 million). Sales to foreign markets made up 56.1% of total apparels sales revenue (Q1 2006: 50.6%). Sales in main foreign markets increased 30.0%, including to Latvia 55.6% and Finland 14.9%.

### Lingerie

Most of lingerie sales revenue relates to Russian markets amounting in EEK 178.0 million (EUR 11.3 million) giving 48.3% of all lingerie sales volume for Q1 2007. Sales in Russia comprise both – retail sales and wholesales. Second biggest region of lingerie sales is Belarus, amounting to EEK 53.0 million (EUR 3.4 million) giving 14.4 % of all lingerie sales revenue. As lingerie sales as new business line for company, comparable figures of previous periods are not presented.

In terms of lingerie brands, the sales of Milavitsa accounted for 75% of total lingerie sales revenue in the Q1 2007 and amounted to EEK 241.8 million (EUR 15.5 million). The sales of Lauma accounted for 12.6% and amounted to EEK 40.4 million (EUR 2.6 million). Other brands, such as Alisee, Aveline, Laumelle, Lauma Aqua and Bellita comprise 12.4 % of total lingerie sales for Q1 2007 amounting to EEK 38.0 million (EUR 2.5 million).

	Q1, 2007 EEK million	Q1, 2006 EEK million	Change EEK million	Q1, 2007 EUR million	Q1, 2006 EUR million	Change EUR million	Q1, 2007 percentage from sales	Q1, 2006 percentage from sales
Estonia	49.0	15.4	33.6	3.1	1.0	2.1	13.3%	49.5%
Finland	16.3	9.4	6.9	1.0	0.6	0.4	4.4%	30.2%
Latvia	11.9	5.4	6.5	0.7	0.4	0.3	3.3%	17.4%
Belarus	53.0	0	53.0	3.4	0	3.4	14.4%	-
Ukraine	26.3	0	26.3	1.6	0	1.6	7.1%	-
Russia	178.0	0	178.0	11.3	0	11.3	48.3%	-
Other markets	34.0	0.9	33.1	2.5	0	2.5	9.2%	2.9%
<b>Total</b>	<b>368.5</b>	<b>31.1</b>	<b>337.4</b>	<b>23.6</b>	<b>2.0</b>	<b>21.6</b>	<b>100.0%</b>	<b>100.0 %</b>

### Retail Sale

Total retail sales of PTA Grupp in Q1 2007 amounted to EEK 32.3 million (EUR 2.0 million) in Q1 2007, increasing 100% as compared to the Q1 2006 due to lingerie business acquisition.

Retail sales areas are located in Estonia, Latvia, Russia, Belarus, Poland, Lithuania and Ukraine. By end of March, Group operated 57 retail outlets with a total area of 7,665 square meters. Women's apparel retail sales areas are located in Estonia, Latvia, Lithuania and Russia. By end of Q1 2007 women 's apparel was sold in 18 stores with total sales area of 3,903 square meters (31.03.2006: 2,588 square meters). Lingerie sales areas are located in Russia, Belarus, Latvia and Poland. By end of Q1 2007 there were 39 stores with total area of 3,762 square meters for lingerie sales.

Within Q1 2007 6 new stores were opened: 5 for women's apparel sales, operating under PTA trademark, including 3 in Russia, 1 in Estonia and there was opened first store selling women's apparel in Lithuania, and 1 store for lingerie sales under Oblicie trademark in Russia.

## Number of stores

	31.03.2007	31.03.2006
Estonia	8	6
Latvia	6	5
Poland	7	-
Belarus	16	-
Russia	19	-
Lithuania	1	-
<b>Total stores</b>	<b>57</b>	<b>11</b>
<b>Total sales area, m<sup>2</sup></b>	<b>7,665</b>	<b>2,588</b>

The increase in retail sales of women's apparel of the like-for-like spaces was 35% compared to Q1 2006, whereas in Estonia the increase was 40%.

In addition to the general seasonal marketing campaigns directed to the new markets, marketing operations emphasized on campaigns concerning expansion of the Russian markets.

## Wholesale

In the Q1 2007 the wholesales comprises most of Group sales revenue, giving 91% of total sales. Main wholesales regions for lingerie sale are Russia and Belarus, for women's apparel – Finland and Baltic States. Sales revenue from women's apparel wholesales increased by 21.2 % as compared to the Q1, 2006.

## Sales of subcontracting

As compared to Q1 2006 the sales of subcontracted services increased by EEK 4.2 million (EUR 0.2 million). The increase in sales of subcontracted service is caused by new available production capacity, resulted from increased volume of goods purchased from Far East by the parent company.

## Profit

The net profit of the PTA group (after taxes and minority shareholding) for the Q1 2007 amounted to EEK 33.4 million (EUR 2.1 million). Net profit margin for Q1 2007 was 9.1 % compare to 1.5% in the same period of previous year.

The operating profit before depreciation of fixed assets and financial income and expenses formed EEK 73.0 million (EUR 4.6 million), increasing by EEK 70.8 million (EUR 4.5 million) compare to the same period of the previous year. Operating profit margin for Q1 2007 was 19.6 % compare to 6.8 % in Q1 2006.

## Balance sheet

The consolidated balance sheet total assets amounted to EEK 853.9 million (EUR 54.6 million). Compare to the end of previous year the balance sheet total assets has increased by EEK 41.7 million (EUR 2.7 million). The balance of inventories stayed at same level as of end of year 2006. Trade receivables have increased by EEK 121.1 million (EUR 7.7 million) amounting to EEK 232.9 million (EUR 14.9 million). Trade receivables balance is higher due to wholesale seasonality and reviewed agreements with customers to keep competitiveness, specially in CIS markets.

Trade payables have increased by EEK 16.0 million (EUR 1.0 million) compare to end of previous year amounting to EEK 103.6 million (EUR 6.6 million). With regard to increase in sales volumes and stores opening plan, volumes of trade payables increased.

At the end of Q1 2007, Group's borrowings amounted to EEK 33.8 million (EUR 2.2 million) and it has decreased by EEK 5.7 million (EUR 0.4 million) since the beginning of year. In Q1 2007 overdraft limit was increased by EEK 6.0 million (EUR 0.4 million) amounting in total to EEK 11.0 million (EUR 0.7 million).

## Investments

During first three months of 2007 Group investments totalled to EEK 25.1 million (EUR 1.6 million). A total of EEK 10.5 million (EUR 0,7 million) was invested to retail operations, other investments went to ensure production operations.

## Personnel

By end of Q1 2007, Group employed 2,929 employees, including 194 in retail operations, 2,236 in production. Rest of employees are employed for wholesale, administration and support operations. By acquisition of SFG by 2006, number of employees outside Estonia comprises 87.6 % amounting to 2,526 employees. Average number of employees in Q1 2007 was 2,769.

Total salaries and wages for Q1 2007 amounted to EEK 52.2 million (EUR 3.3 million). The remuneration paid to members of the Management Board and Supervisory Board totalled EEK 0.4 million (EUR 0.03 million).

## Selected financial data

Key figures and ratios	Q1, 2007	Q1, 2006	Change
Sales revenue, in thousand of kroons	368,526	31,102	337,424
Revenue, in thousand of kroons	371,535	31,194	340,341
EBITDA, in thousand of kroons	72,972	2,134	70,838
EBIT, in thousand of kroons	63,115	787	62,328
Operating margin, %	17.1%	2.5%	-
Profit/loss for the period attributable to equity holders, in thousand of kroons	33,473	465	33,008
Net margin, %	9.1%	1.5%	-
ROA, %	4.0%	0.9%	-
ROE, %	7.1%	2.9%	-
Earnings per share (EPS), in kroons	0.88	0.24	0.64
Current ratio	3.5	1.2	-
Quick ratio	2.2	0.4	-
Inventory turnover ratio	1.6	1.2	-

## Underlying formulas:

Operating margin = operating profit / sales revenue

Net margin = net profit attributable to equity holders of the parent / sales revenue

ROA (return on assets) = net profit attributable to equity holders of the parent / average total assets

ROE (return on equity) = net profit attributable to equity holders of the parent / average equity

EPS (earnings per share) = net profit attributable to equity holders of the parent / weighted average number of ordinary shares

Current ratio = current assets / current liabilities

Quick ratio = (current assets – inventories) / current liabilities

Inventory turnover ratio = sales revenue / period's average inventories

Peeter Larin  
Chairman of the Management Board

## General Information and Approval of the Management Board for the Consolidated Interim Report of Q1 2007

PTA Grupp (the “Group” or “PTA Group”) is an international apparel distribution group involved in the design, manufacturing and marketing of women’s apparel and lingerie. In addition, the Group provides sewing services to other manufacturers of women’s apparel. The Group operates the PTA, Oblicie and Splendo retail chains which distribute the PTA, Mastercoat, Milavitsa, Aveline, Alisee, Lauma and Laumelle brands in Estonia, Latvia, Lithuania, Russia and Belarus. Products are distributed through wholesale channels as well.

The parent of the Group is PTA Grupp AS, a company domiciled in Estonia and headquartered at Akadeemia tee 33, Tallinn.

The shares of PTA Grupp AS are listed on Tallinn Stock Exchange.

As of 31 March 2007, the Group employed 2,929 people (as of 31 December 2006: 2,796 people).

The Group comprises the following companies:

<b>At 31 March 2007</b>	<b>Location</b>	<b>Main activity</b>	<b>Ownership interest 31.03.2007</b>	<b>Ownership interest 31.12.2006</b>
<b>Parent company</b>				
PTA Grupp AS (PTA)	Estonia	Retailing		
<b><u>Subsidiaries of PTA</u></b>				
Silvano Fashion Group AS (SFG)	Estonia	Holding	100%	-
AS Klementi	Estonia	Manufacturing	100%	-
Klementi Trading OY	Finland	Wholesaling	100%	100%
Klementi Trading AB (bankrupt)	Sweden	Retailing and wholesaling	100%	100%
UAB PTA Prekyba	Lithuania	Retailing	100%	-
SIA Vision	Latvia	Retailing	100%	100%
LLC PTA Ukraine	Ukraine	Retailing	100%	-
<b><u>Subsidiaries of SFG</u></b>				
Lauma Lingerie AS	Latvia	Manufacturing	100%	-
Milavitsa ZAO	Belarus	Manufacturing	78.3%	-
Linret ZAO	Russia	Retailing	100%	-
Splendo Polska Sp. z.o.o.	Poland	Retailing	90%	-
<b><u>Subsidiaries of Milavitsa ZAO</u></b>				
SOOO Torgovaja Kompanija Milavitsa	Belarus	Retailing	51%	-
SP Gimil OOO	Belarus	Manufacturing	52%	-
ZAO Stolichnaja Torgovaja Kompanija Milavitsa	Russia	Wholesaling	100%	-



The Management Board certifies that the PTA Grupp AS Consolidated Interim Report of I Q of 2007 set out on pages 10-28 is true and complete:

1. the accounting policies applied on the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union;
2. the consolidated financial statements give a true and fair view of the financial position of the Group and the results of its operations and its cash flows;
3. PTA Grupp AS and its subsidiaries are going concerns.

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



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Peeter Larin  
Chairman of the Management Board  
31 May 2007



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Marianne Paas  
Member of the Management Board  
31 May 2007

**Balance Sheet**

Consolidated, unaudited

	Notes	31.03.2007 EEK thousand	31.03.2006 EEK thousand	31.12.2006 EEK thousand	31.03.2007 EUR thousand	31.03.2006 EUR thousand	31.12.2006 EUR thousand
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	1	109,182	3,348	200,460	6,978	214	12,812
Trade receivables	2	232,868	6,775	111,729	14,883	433	7,141
Other receivables and prepayments	3	58,237	2,754	45,094	3,722	176	2,882
Prepaid taxes		6,399	97	31,568	409	6	2,017
Inventories	4	229,114	24,565	230,255	14,643	1,570	14,716
<b>Total current assets</b>		<b>635,800</b>	<b>37,539</b>	<b>619,106</b>	<b>40,635</b>	<b>2,399</b>	<b>39,568</b>
<b>Non-current assets</b>							
Investments in equity accounted investees		78	0	78	5	0	5
Available-for-sale financial assets		1,768	0	1,772	113	0	113
Other receivables		4,617	700	2,349	295	45	150
Property, plant and equipment	5	195,097	9,426	172,281	12,469	602	11,011
Intangible assets	5	16,538	6,430	16,551	1,057	411	1,058
<b>Total non-current assets</b>		<b>218,098</b>	<b>16,556</b>	<b>193,031</b>	<b>13,939</b>	<b>1,058</b>	<b>12,337</b>
<b>TOTAL ASSETS</b>		<b>853,898</b>	<b>54,095</b>	<b>812,137</b>	<b>54,574</b>	<b>3,457</b>	<b>51,905</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Current liabilities</b>							
Loans and borrowings	6	25,692	14,882	29,907	1,642	951	1,911
Trade payables		103,580	7,774	87,534	6,620	497	5,594
Corporate income tax liability		6,665	0	5,976	426	0	382
Other tax liabilities		21,013	3,866	19,369	1,343	247	1,238
Other payables	7	27,120	5,745	27,815	1,733	367	1,778
Provisions		12	12	12	1	1	1
<b>Total current liabilities</b>		<b>184,082</b>	<b>32,279</b>	<b>170,613</b>	<b>11,765</b>	<b>2,063</b>	<b>10,904</b>
<b>Non-current liabilities</b>							
Loans and borrowings	6	8,058	5,509	9,544	515	352	610
Deferred tax liabilities		203	0	201	13	0	13
Other liabilities		0	137	0	0	9	0
Provisions		141	143	139	9	9	9
<b>Total non-current liabilities</b>		<b>8,402</b>	<b>5,789</b>	<b>9,884</b>	<b>537</b>	<b>370</b>	<b>632</b>
<b>Total liabilities</b>		<b>192,484</b>	<b>38,068</b>	<b>180,497</b>	<b>12,302</b>	<b>2,433</b>	<b>11,536</b>
<b>Equity</b>							
Share capital at par value	9	379,472	19,469	379,472	24,252	1,244	24,252
Share premium	9	83,011	40,994	83,011	5,305	2,620	5,305
Statutory capital reserve	9	1,046	1,046	1,046	67	67	67
Translation reserve	9	-23,057	30	-10,710	-1,473	2	-684
Retained earnings	9	50,457	-45,512	-987	3,225	-2,909	-63
<b>Total equity attributable to equity holders of the parent</b>		<b>490,929</b>	<b>16,027</b>	<b>451,832</b>	<b>31,376</b>	<b>1,024</b>	<b>28,877</b>
Minority interest	10	170,485	0	179,808	10,896	0	11,492
<b>Total equity</b>		<b>661,414</b>	<b>16,027</b>	<b>631,640</b>	<b>42,272</b>	<b>1,024</b>	<b>40,369</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>853,898</b>	<b>54,095</b>	<b>812,137</b>	<b>54,574</b>	<b>3,457</b>	<b>51,905</b>

**Income Statement-Q1**

Consolidated, unaudited

	Notes	2007 Q1 EEK thousand	2006 Q1 EEK thousand	2007 Q1 EUR thousand	2006 Q1 EUR thousand
<b>Operating revenue</b>					
Sales revenue	11	368,526	31,102	23,553	1,988
Other operating revenue		3,009	92	192	6
<b>Total operating revenue</b>		<b>371,535</b>	<b>31,194</b>	<b>23,745</b>	<b>1,994</b>
Changes in inventories of finished goods and work in progress					
		3,901	1,180	249	75
Materials, consumables and services used		-150,386	-11,686	-9,611	-747
Other operating expenses		-99,267	-6,694	-6,344	-427
Personnel expenses		-52,277	-11,608	-3,341	-742
Other operating charges		-534	-252	-34	-16
<b>Total operating charges</b>		<b>-298,563</b>	<b>-29,060</b>	<b>-19,081</b>	<b>-1,857</b>
<b>EBITDA</b>					
Depreciation and amortization expense	5	-9,857	-1,347	-630	-86
<b>Operating profit/loss</b>		<b>63,115</b>	<b>787</b>	<b>4,034</b>	<b>51</b>
<b>Financial income/expenses</b>					
Interest expenses		-788	-243	-50	-16
Losses on conversion of foreign currencies		-131	-76	-9	-5
Other financial income / expenses		3,760	-3	240	0
<b>Total financial income / expenses</b>		<b>2,841</b>	<b>-322</b>	<b>181</b>	<b>-21</b>
<b>Profit before corporate income tax</b>					
		<b>65,956</b>	<b>465</b>	<b>4,215</b>	<b>30</b>
Corporate income tax		-23,835	0	-1,523	0
<b>Net profit</b>		<b>42,121</b>	<b>465</b>	<b>2,692</b>	<b>30</b>
Net profit attributable to minority shareholders		8,648	0	553	0
<b>Net profit attributable to parent company</b>		<b>33,473</b>	<b>465</b>	<b>2,139</b>	<b>30</b>
<b>Earnings per share</b>					
Basic earnings per share (EEK/EUR)	8	0.88	0.24	0.06	0.02
Diluted earnings per share (EEK/EUR)	8	0.88	0.24	0.06	0.02

**Cash flow statement**

Consolidated, unaudited

	Notes	2007 Q1 thousand EEK	2006 Q1 thousand EEK	2007 Q1 thousand EUR	2006 Q1 thousand EUR
<b>Cash flows from operating activities</b>					
Profit for the period		65,956	465	4,215	30
Adjustments for:					
Depreciation and impairment of fixed assets	5	9,857	1,347	630	86
Gains on the sale of property, plant and equipment		-28	-45	-2	-3
Change in receivables and prepayments		-115,393	-3,906	-7,376	-250
Change in inventories		1,142	931	73	60
Change in payables		16,995	-3,012	1,086	-193
Interests paid		-788	-239	-50	-15
Income tax paid		-23,146	0	-1,479	0
<b>Total cash flow from operating activities</b>		<b>-45,405</b>	<b>-4,459</b>	<b>-2,903</b>	<b>-285</b>
<b>Cash flow from investments</b>					
Acquisition of property, plant and equipment and intangible assets	5	-35,096	-97	-2,243	-6
Proceeds from sale of property, plant and equipment		49	97	3	6
Paid for trademark	6	0	-4,112	0	-263
Repayments of loan given		0	5	0	0
Interest received		2,132	8	136	1
<b>Total cash flow from investment</b>		<b>-32,915</b>	<b>-4,099</b>	<b>-2,104</b>	<b>-262</b>
<b>Cash flow from financing</b>					
Repayment of loans	6	-10,765	-2,500	-687	-160
Proceeds from loans received	6	0	11,500	0	735
Payment of finance lease liabilities	6	-1,964	-148	-126	-10
Change in overdraft liability	6	6,550	1,239	418	79
Payment of other liabilities	6	-6,910	-216	-440	-13
Repayment of other loans	6	0	-800	0	-51
<b>Total cash flow from financing</b>		<b>-13,089</b>	<b>9,075</b>	<b>-835</b>	<b>580</b>
Currency translation difference		131	0	8	0
<b>Total cash flow</b>		<b>-91,278</b>	<b>517</b>	<b>-5,834</b>	<b>33</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>-91,278</b>	<b>517</b>	<b>-5,834</b>	<b>33</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>200,460</b>	<b>2,831</b>	<b>12,812</b>	<b>181</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>109,182</b>	<b>3,348</b>	<b>6,978</b>	<b>214</b>

## Statement of changes in equity

Consolidated, unaudited

<i>In thousands of kroons</i>	Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings			
<b>Balance at 31 December 2005</b>		<b>19,469</b>	<b>40,994</b>	<b>1,046</b>	<b>26</b>	<b>-45,977</b>	<b>15,558</b>	<b>0</b>	<b>15,558</b>
Profit for the period		0	0	0	0	465	465	0	465
Foreign exchange translation differences		0	0	0	4	0	4	0	4
<b>Total recognized income and expense for Q1 2006</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>465</b>	<b>469</b>	<b>0</b>	<b>469</b>
<b>Balance at 31 March 2006</b>		<b>19,469</b>	<b>40,994</b>	<b>1,046</b>	<b>30</b>	<b>-45,512</b>	<b>16,027</b>	<b>0</b>	<b>16,027</b>
<b>Balance at 31 December 2006</b>		<b>379,472</b>	<b>83,011</b>	<b>1,046</b>	<b>-10,710</b>	<b>-987</b>	<b>451,832</b>	<b>179,808</b>	<b>631,640</b>
Profit for the period		0	0	0	0	33,473	33,473	8,648	42,121
Foreign exchange translation differences		0	0	0	-12,347	0	-12,347	0	-12,347
<b>Total recognized income and expense for Q1 2007</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,347</b>	<b>33,473</b>	<b>21,126</b>	<b>8,648</b>	<b>29,774</b>
Acquisition of minority interest	10	0	0	0	0	17,971	17,971	-17,971	0
<b>Balance at 31 March 2007</b>		<b>379,472</b>	<b>83,011</b>	<b>1,046</b>	<b>-23,057</b>	<b>50,457</b>	<b>490,929</b>	<b>170,485</b>	<b>661,414</b>

<i>In thousands of euros</i>	Note	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
		Share capital	Share premium	Capital reserve	Translation reserve	Retained earnings			
<b>Balance at 31 December 2005</b>		<b>1,244</b>	<b>2,620</b>	<b>67</b>	<b>2</b>	<b>-2,939</b>	<b>994</b>	<b>0</b>	<b>994</b>
Profit for the period		0	0	0	0	30	30	0	30
Foreign exchange translation differences		0	0	0	0	0	0	0	0
<b>Total recognised income and expense for Q1 2006</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>30</b>	<b>0</b>	<b>30</b>
<b>Balance at 31 March 2006</b>		<b>1,244</b>	<b>2,620</b>	<b>67</b>	<b>2</b>	<b>-2,909</b>	<b>1,024</b>	<b>0</b>	<b>1,024</b>
<b>Balance at 31 December 2006</b>		<b>24,252</b>	<b>5,305</b>	<b>67</b>	<b>-684</b>	<b>-63</b>	<b>28,877</b>	<b>11,492</b>	<b>40,369</b>
Profit for the period		0	0	0	0	2,139	2,139	553	2,692
Foreign exchange translation differences		0	0	0	-789	0	-789	0	-789
<b>Total recognised income and expense for Q1 2007</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-789</b>	<b>2,139</b>	<b>1,350</b>	<b>553</b>	<b>1,903</b>
Acquisition of minority interest	10	0	0	0	0	1,149	1,149	-1,149	0
<b>Balance at 31 March 2007</b>		<b>24,252</b>	<b>5,305</b>	<b>67</b>	<b>-1,473</b>	<b>3,225</b>	<b>31,376</b>	<b>10,896</b>	<b>42,272</b>

## 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 ended on 31 December 2006.

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 2006.

This Interim Report has not been audited.

## Notes on the Consolidated Interim Report

### Note 1. Cash and bank

	31.03.2007	31. 12. 2006	31.03.2007	31.12.2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Cash and hand	876	859	56	55
Bank accounts in kroons	548	1,011	35	65
Bank accounts in foreign currencies	54,028	97,039	3,453	6,202
Money in transfer	3,880	12,702	248	812
Deposits	49,850	88,849	3,186	5,678
<b>Total</b>	<b>109,182</b>	<b>200,460</b>	<b>6,978</b>	<b>12,812</b>

### Note 2. Trade Receivables

	31.03.2007	31. 12. 2006	31.03.2007	31.12.2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Trade receivables	235,278	114,255	15,037	7,302
Allowance for uncollectible accounts	-2,410	-2,526	-154	-161
<b>Total</b>	<b>232,868</b>	<b>111,729</b>	<b>14,883</b>	<b>7,141</b>

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 3 months of 2007 receivables were found to be uncollectible in the amount of EEK 72 thousand (EUR 4,6 thousand), discounted receivables were abrogated in the sum of EEK 185 thousand (EUR 11,9 thousand) and and irrecoverable receivables were taken off the Balance Sheet in the amount of EEK 3 thousand (EUR 0,2 thousand).

In the first quarter of 2006, no receivables were assessed as uncollectible and no bad debts were written off the Balance Sheet.

### Note 3. Other receivables and prepaid expenses

	31.03.2007 EEK thousand	31. 12. 2006 EEK thousand	31.03.2007 EUR thousand	31.12.2006 EUR thousand
Prepayments to suppliers and other prepayments*	37,649	34,414	2,406	2,200
Due from customers for contract work	1,033	910	66	58
Loans to companies	4,412	447	282	28
Interest receivable from related parties	0	434	0	28
Loans to employees	203	272	13	17
Receivable for sale of shares**	200	200	13	13
Miscellaneous receivables	14,740	8,417	942	538
<b>Total</b>	<b>58,237</b>	<b>45,094</b>	<b>3,722</b>	<b>2,882</b>

\* Other prepayments include prepaid insurance premiums, lease charges, newspaper and magazine subscriptions, IT service charges, prepayments to suppliers, etc. Other prepayments have grown considerably in connection with advance lease payments made by acquired subsidiaries in the ordinary course of their business.

\*\* The receivable for the sale of shares is related to the divestment of the wholly-owned subsidiary AS Proflin in year 2000. The current portion of the receivable is recognised in other current receivables and the non-current portion of 500,000 kroons (31 December 2006: 550,000 kroons) in other non-current receivables. The receivable is to be fully settled by 5 July 2010. Its interest rate is 6 months' EURIBOR + 1%.

### Note 4. Inventories

	31.03.2007 EEK thousand	31. 12. 2006 EEK thousand	31.03.2007 EUR thousand	31.12.2006 EUR thousand
Raw materials	68,094	84,408	4,352	5,395
Work in progress	37,755	31,450	2,413	2,010
Finished goods	90,453	90,372	5,781	5,776
Goods for resale	26,756	24,022	1,710	1,535
Other inventories	6,056	3	387	0
<b>Total</b>	<b>229,114</b>	<b>230,255</b>	<b>14,643</b>	<b>14,716</b>

Within the 3 months of 2007 the amount of inventories written off total EEK 54 thousand (EUR 3,5 thousand). In 2006 inventories in the amount of EEK 10 thousand (EUR 0,6 thousand) were written off.



## Note 5. Tangible and Intangible Assets

	Tangible assets EEK thousand	Intangible assets EEK thousand	Tangible assets EUR thousand	Intangible assets EUR thousand
<b>At 31.12.2006</b>				
<b>Cost</b>	<b>202,210</b>	<b>22,588</b>	<b>12,924</b>	<b>1,444</b>
Accumulated depreciation	-29,929	-6,037	-1,913	-386
<b>Carrying amount</b>	<b>172,281</b>	<b>16,551</b>	<b>11,011</b>	<b>1,058</b>
<b>Movements in Q1 2007</b>				
Acquisition	34,688	408	2,217	26
Acquired through business combinations	0	32	0	2
Effect of movements in foreign exchange on cost	866	-93	55	-6
Sales	-2,567	0	-164	0
Depreciation	-9,575	-282	-612	-18
Effect of movements in foreign exchange on accumulated depreciation	-596	-78	-38	-5
<b>At 31.03.2007</b>				
<b>Cost</b>	<b>235,108</b>	<b>22,935</b>	<b>15,026</b>	<b>1,466</b>
Accumulated depreciation	-40,011	-6,397	-2,557	-409
<b>Carrying amount</b>	<b>195,097</b>	<b>16,538</b>	<b>12,469</b>	<b>1,057</b>

	Tangible assets EEK thousand	Intangible assets EEK thousand	Tangible assets EUR thousand	Intangible assets EUR thousand
<b>At 31.12.2005</b>				
<b>Cost</b>	<b>38,115</b>	<b>11,732</b>	<b>2,436</b>	<b>749</b>
Accumulated depreciation	-27,579	-5,110	-1,763	-326
<b>Carrying amount</b>	<b>10,536</b>	<b>6,622</b>	<b>673</b>	<b>423</b>
<b>Movements in Q1 2006</b>				
Acquisition	59	38	4	2
Sales	-52	0	-3	0
Depreciation	-1,117	-230	-71	-15
<b>At 31.03.2006</b>				
<b>Cost</b>	<b>37,871</b>	<b>11,760</b>	<b>2,420</b>	<b>752</b>
Accumulated depreciation	-28,445	-5,330	-1,818	-341
<b>Carrying amount</b>	<b>9,426</b>	<b>6,430</b>	<b>602</b>	<b>411</b>

**Note 6. Loans and borrowings**

The Group has the following debts as of 31 March 2007:

	<b>Short-term EEK thousand</b>	<b>Long-term EEK thousand</b>	<b>Short-term EUR thousand</b>	<b>Long-term EUR thousand</b>	<b>Interest rate</b>	<b>Due date of repayment</b>
<b>Secured loans and borrowings</b>						
Overdraft from Hansapank	8,966	0	574	0	5.75%	19.09.2007
Loan from Hansapank	4,000	0	256	0	5.5%	21.06.2007
Loan from Hansapank	5,388	0	344	0	Euribor+2.5%	19.10.2007
<b>Unsecured loans and borrowings</b>						
Financial lease payables	6,916	8,058	442	515	6.5-12.5%	2007-2011
Other borrowings	422	0	27	0	5.0%	31.12.2007
<b>Total</b>	<b>25,692</b>	<b>8,058</b>	<b>1,642</b>	<b>515</b>		

On 23-rd of March, 2007 the contract was signed with Hansapank AS in order to increase overdraft limit. The overdraft limit was increased by EEK 6,0 million (EUR 0,4 million) amounting in total EEK 11,0 million (EUR 0,7 million). The interest rate elevated from 5.5% to 5.75%.

**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 2006:

	<b>Short-term EEK thousand</b>	<b>Long-term EEK thousand</b>	<b>Short-term EUR thousand</b>	<b>Long-term EUR thousand</b>	<b>Interest rate</b>	<b>Due date of repayment</b>
<b>Secured loans and borrowings</b>						
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
<b>Unsecured loans and borrowings</b>						
Financial lease liabilities	7,392	9,544	472	610	6.5-12.5%	2007-2011
Other liabilities	8,472	0	541	0	5.0-13.0%	31.07.2007
<b>Total</b>	<b>29,907</b>	<b>9,544</b>	<b>1,911</b>	<b>610</b>		

## Note 7. Other payables

	31.03.2007	31. 12. 2006	31.03.2007	31.12.2006
	EEK thousand	EEK thousand	EUR thousand	EUR thousand
Customer advances for products and services	376	638	24	41
Payables to employees*	24,319	26,560	1,554	1,698
Interest and other accruals	2,159	228	138	14
Interest payable to related parties	266	306	17	20
Deferred income	0	83	0	5
<b>Total</b>	<b>27,120</b>	<b>27,815</b>	<b>1,733</b>	<b>1,778</b>

## Note 8. Earnings per Share

	2006	2005
	Q 1	Q 1
Number of ordinary shares as of January 1 (Qty)	37,947,198	1,946,875
Number of ordinary shares as of March 31 (Qty)	37,947,198	1,946,875
Weighted average number of ordinary shares (Qty)	37,947,198	1,946,875
Net profit (loss) for financial year, EEK thousand	33,473	465
Net profit (loss) for financial year, EUR thousand	2,139	30
<b>Basic earnings per share (EEK)</b>	0.88	0.24
<b>Basic earnings per share (EUR)</b>	0.06	0.02
<b>Diluted earnings per share (EEK)</b>	0.88	0.24
<b>Diluted earnings per share (EUR)</b>	0.06	0.02

The diluted earnings of the 3 months of 2007 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

### Shares

As of 31 March 2007 share capital of PTA Grupp AS amounted to EEK 379,472 thousand (EUR 24,253 thousand), which is dividend into 37,947,198 shares with a nominal value of EEK 10 (EUR 0.64) each. All the shares of PTA Grupp AS are ordinary shares and all are registered. Each ordinary 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 Register of Securities.

According to the revised wording of the Articles of Association, the minimum share capital and maximum share capital of PTA Grupp AS amount to 250,000,000 kroons and 1,000,000,000 kroons respectively (the maximum number of shares is 100,000,000). All shares have been paid for.

As of 31 March 2007 PTA Grupp AS had 998 shareholders.

At 31 March 2007 shareholders whose interest in PTA Grupp AS exceeded 1% included:

<b>Name</b>	<b>Number of shares</b>	<b>Shareholding</b>
<b>Major shareholders</b>	<b>34,987 185</b>	<b>93.2%</b>
SIA ALTA CAPITAL PARTNERS	26,274,309	69.2%
Skandinaviska Enskilda Banken Ab Clients	1,975,884	5.2%
SEB Eesti Ühispank AS KAUPLEMINE	1,756,486	4.6%
BRYUM ESTONIA AS	984,063	2.6%
THE BANK OF NEW YORK/ING BANK SLASKI	757,732	2.0%
STATE STREET MUNICH CARE OF SSB BOSTON/ DWS POLSKA		
FUNDUSZ INWESTYCYJNY OTWARTY TOP 50 MALYCH I		
SREDNICH SPOLEK PLUS	671,000	1.8%
BANK AUSTRIA CREDITANSTALT AG CLIENT'S	572,690	1.5%
DZ BANK INTERNATIONAL S.A.CLIENTS	561,760	1.5%
Clearstream Banking Luxembourg S.A. Clients	531,399	1.4%
NORDEA BANK FINLAND PLC/NON-RESIDENT LEGAL ENTITIES	472,712	1.2%
JPMORGAN CHASE BANK,NATIONAL ASSOCIATION ON		
BEHALF OF SWEDISH RESIDENTS	429,150	1.1%
STATE STREET LONDON CARE OF SSB BOSTON/DIT-GLOBAL		
STRATEGIES FUND	400,000	1.1%
<b>Other shareholders</b>	<b>2,560,013</b>	<b>6.8%</b>
<b>Total number of shares</b>	<b>37,947,198</b>	<b>100.0%</b>

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

At 31 December 2006 shareholders whose interest in PTA Grupp AS exceeded 1% included:

<b>Name</b>	<b>Number of shares</b>	<b>Interest in share capital</b>
<b>Major shareholders</b>	<b>35,360,283</b>	<b>93.2%</b>
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%
EVLI 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%
<b>Other shareholders</b>	<b>2,586,915</b>	<b>6.8%</b>
<b>Total number of shares</b>	<b>37,947,198</b>	<b>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.

### **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 first quarter of 2007, the highest and lowest prices of the PTA Grupp AS's share on the Tallinn Stock Exchange were EEK 80.74 (EUR 5.16) and EEK 54.61 (EUR 3.49), respectively.

**Share Price in EEK and Trading Statistics on the Tallinn Stock Exchange in Q1 2007**



**Note 10. Subsidiaries**

***Increase in ownership interest***

In March 2007 SFG's subsidiary Milavitsa ZAO completed share repurchase program. In total were repurchased 2,353 shares. All repurchased shares were cancelled according to decision of Milavitsa extraordinary general meeting. SFG paid for shares EEK 16,162 thousand (EUR 1,033 thousand). After cancellation, minority interest in Milavitsa decreased EEK 17,971 thousand (EUR 1,149 thousand). After the cancellation of repurchased shares SFG's ownership interest in Milavitsa increased from 62.5% to 78.3%.

***Increase of share capital of subsidiary***

By general meeting of Splendo Sp. z.o.o. was decided to increase share capital. Share capital increase amounted total to PLN 950,000, approximately EEK 3,841 thousand (EUR 245 thousand), for amount of 19,000 shares with par value of PLN 50.00 each, approximately EEK 202 (EUR 12,92) per share. At 31.03.2007 total amount of shares is 20,000 giving total amount of share capital of PLN 1,0 million, approximately EEK 4,043 thousand (EUR 258 thousand). On January 11 2007 SFG paid in additional share capital for Splendo Sp. z.o.o. in amount of PLN 855,000, approximately EEK 3,457 thousand (EUR 221 thousand), according decision on share capital increase. After share capital increase historical shareholding of SFG 90 % is retained.

## Note 11. Sales Revenue

	Q1 2007 EEK thousand	Q1 2006 EEK thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand
<b>Sales revenue</b>				
Apparel sales	37,098	23,784	2,371	1,520
Lingerie sales	320,209	0	20,465	0
Subcontracting and services	9,717	6,645	621	425
Other sales	1,502	673	96	43
<b>Total sales revenue</b>	<b>368,526</b>	<b>31,102</b>	<b>23,553</b>	<b>1,988</b>

Sales revenue by countries is presented in Note 13.

## Note 12. Transactions with Related Parties

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's financial and operating policies. Related parties include:

- SIA Alta Capital Partners and individuals with a shareholding that provides them with control or significant influence;
- members of the governing bodies (management and supervisory boards) of shareholders that have control or significant influence;
- members of the Group's management and supervisory boards;
- close family members of and companies controlled or significantly influenced by the above;
- associated companies.

	Q1 2007 EEK thousand	Q1 2006 EEK thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand
<b>Loans from companies related to the members of Management and Supervisory Boards</b>				
Balance at beginning of the period	0	0	0	0
Loans received	10,525	0	672	0
Repayments of loans	-1,226	0	-78	0
<b>Balance at end of the period</b>	<b>9,299</b>	<b>0</b>	<b>594</b>	<b>0</b>
<b>Interests on loans received</b>	<b>40</b>	<b>0</b>	<b>3</b>	<b>0</b>

	Q1 2007 EEK thousand	Q1 2006 EEK thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand
<b>Sales of goods and services</b>				
Companies related to the members of the Management Board and Supervisory Board	179	201	11	13
<b>Total sales of goods and services</b>	<b>179</b>	<b>201</b>	<b>11</b>	<b>13</b>

	Q1 2007 EEK thousand	Q1 2006 EEK thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand
<b>Compensation paid to members of the Management Board</b>				
Pay and compensation	393	672	25	43
<b>Total</b>	<b>393</b>	<b>672</b>	<b>25</b>	<b>43</b>

	31.03.2007 EEK thousand	31.12.2006 EEK thousand	31.03.2007 EUR thousand	31.12.2006 EUR thousand
<b>Balances relating to related parties</b>				
Companies related to the members of the Management Board and Supervisory Board	109	1,414	7	90
<b>Total current liabilities</b>	<b>109</b>	<b>1,414</b>	<b>7</b>	<b>90</b>

	31.03.2007 EEK thousand	31.12.2006 EEK thousand	31.03.2007 EUR thousand	31.12.2006 EUR thousand
<b>Balances with related parties</b>				
Interest receivable from related parties	39	434	2	28
<b>Total receivables</b>	<b>39</b>	<b>434</b>	<b>2</b>	<b>28</b>

### Note 13. Segments

#### a) Primary Segment – Business Segment by Products

	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	Q1 2007 EEK thousand	Q1 2007 EEK thousand	Q1 2007 EEK thousand	Q1 2007 EEK thousand	Q1 2007 EEK thousand	Q1 2007 EUR thousand	Q1 2007 EUR thousand	Q1 2007 EUR thousand	Q1 2007 EUR thousand	Q1 2007 EUR thousand
Extra-group sales revenue	37,098	320,209	11,219	0	368,526	2,371	20,465	717	0	23,553
Inter-segment sales revenue	0	0	6,354	-6,354	0	0	0	406	-406	0
<b>Total sales revenue</b>	<b>37,098</b>	<b>320,209</b>	<b>17,573</b>	<b>-6,354</b>	<b>368,526</b>	<b>2,371</b>	<b>20,465</b>	<b>1,123</b>	<b>-406</b>	<b>23,553</b>
<b>Operating profit/loss of segment</b>	<b>6,269</b>	<b>59,705</b>	<b>497</b>	<b>0</b>	<b>66,471</b>	<b>401</b>	<b>3,815</b>	<b>32</b>	<b>0</b>	<b>4,248</b>
Unallocated operating revenue and operating charges					-3,356					-214
<b>Total operating profit / loss</b>					<b>63,115</b>					<b>4,034</b>
Other financial income and expenses					2,841					181
Corporate income tax					-23,835					-1,523
<b>Net profit / loss</b>					<b>42,121</b>					<b>2,692</b>
Assets and receivables	59,842	772,353	12,599	0	844,794	3,825	49,362	805	0	53,992
Unallocated assets of group					9,104					582
<b>Total assets</b>					<b>853,898</b>					<b>54,574</b>
Liabilities	15,826	150,935	6,353	0	173,114	1,011	9,647	406	0	11,064
Unallocated liabilities of group					19,370					1,238
<b>Total liabilities</b>					<b>192,484</b>					<b>12,302</b>
Acquisition of fixed assets	1,175	23,845	10,073	0	35,096	75	1,524	644	0	2,243
Depreciation of fixed assets	445	8,580	832	0	9,857	28	549	53	0	630

The assets and liabilities set out in the Note are disclosed as of the Balance Sheet date, i.e. 31 March 2007.



	Apparel	Lingerie	Other activities	Inter-segment transactions	Total	Apparel	Lingerie	Other activities	Inter-segment transactions	Total
	Q1 2006 EEK thousand	Q1 2006 EEK thousand	Q1 2006 EEK thousand	Q1 2006 EEK thousand	Q1 2006 EEK thousand	Q1 2006 EUR thousand	Q1 2006 EUR thousand	Q1 2006 EUR thousand	Q1 2006 EUR thousand	Q1 2006 EUR thousand
Extra-group sales revenue	23,784	0	7,318	0	31,102	1,520	0	468	0	1,988
Inter-segment sales revenue	0	0	13,786	-13,786	0	0	0	881	-881	0
<b>Total sales revenue</b>	<b>23,784</b>	<b>0</b>	<b>21,104</b>	<b>-13,786</b>	<b>31,102</b>	<b>1,520</b>	<b>0</b>	<b>1,349</b>	<b>-881</b>	<b>1,988</b>
<b>Operating profit/loss of segment</b>	<b>2,966</b>	<b>0</b>	<b>538</b>	<b>0</b>	<b>3,504</b>	<b>190</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>224</b>
Unallocated operating revenue and operating charges					-2,717					-173
<b>Total operating profit / loss</b>					<b>787</b>					<b>51</b>
Other financial income and expenses					-322					-21
Corporate income tax					0					0
<b>Net profit / loss</b>					<b>465</b>					<b>30</b>
Assets and receivables	21,394	0	23,597	0	44,991	1,367	0	1,508	0	2,875
Unallocated assets of group					9,104					582
<b>Total assets</b>					<b>54,095</b>					<b>3,457</b>
Liabilities	1,684	0	15,839	0	17,523	108	0	1,012	0	1,120
Unallocated liabilities of group					20,545					1,313
<b>Total liabilities</b>					<b>38,068</b>					<b>2,433</b>
Acquisition of fixed assets	38	0	59	0	97	2	0	4	0	6
Depreciation of fixed assets	795	0	552	0	1,347	51	0	35	0	86

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

**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
	Q1 2007 EEK thousand	Q1 2006 EEK thousand	31.03 2007 EEK thousand	31.03.2006 EEK thousand	Q1 2007 EEK thousand	Q1 2006 EEK thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand	31.03 2007 EUR thousand	31.03.2006 EUR thousand	Q1 2007 EUR thousand	Q1 2006 EUR thousand
Russia	178,026	0	45,024	0	9,341	0	11,378	0	2,878	0	597	0
White Russia	53,773	0	438,550	0	22,985	0	3,437	0	28,028	0	1,469	0
Estonia	49,025	15,365	71,027	47,169	952	97	3,133	982	4,539	3 015	61	6
Ukraine	26,356	0	0	0	0	0	1,684	0	0	0	0	0
Finland	16,368	9,415	50	36	0	0	1,046	602	3	2	0	0
Latvia	11,762	5,432	296,780	6,852	1,187	0	752	347	18,968	438	76	0
Other markets	33,216	890	2,467	38	631	0	2,123	57	158	2	40	0
<b>Total</b>	<b>368,526</b>	<b>31,102</b>	<b>853,898</b>	<b>54,095</b>	<b>35,096</b>	<b>97</b>	<b>23,553</b>	<b>1 988</b>	<b>54,574</b>	<b>3,457</b>	<b>2,243</b>	<b>6</b>

The Group's primary segment reporting format is business segments based on product type. The secondary reporting format is geographical segments based on the location of consumers. Comparative data on 2005 has been adjusted to the new business segments which are based on product type. Expenses not directly attributable to any segment are presented as unallocated expenses.

Segment assets include all assets directly attributable to a segment excluding items which are in common use or used by the head office. Segment assets include directly attributable goodwill. Segment liabilities include all liabilities that can be allocated to the segment on a reasonable basis. Unallocated expenses include general management expenses.

Other receivables, loans, and interest receivables and payables are reported as unallocated items.

According to management's assessment the prices applied in inter-segment transactions do not differ significantly from the market.

### **Business segments**

The Group comprises the following business segments:

- a) Women's apparel – entails the design, manufacture and retail and wholesale distribution of women's apparel products as well as services related to this area.
- b) Lingerie – entails the design, manufacture and retail and wholesale distribution of lingerie products as well as services related to this area.
- c) Other operations – entails manufacturing and subcontracting services and other activities not listed under Women's apparel and Lingerie.

### **Geographical segments**

The Group's business segments operate in the following geographical areas: Russia, Estonia, Belarus, Finland, Latvia, Ukraine and other markets. The revenues of geographical segments are determined based on the location of consumers.

Segment assets include inventories of goods which are located in the geographical area (market), other current assets (e.g. cash and trade receivables) and items of property, plant and equipment used in manufacturing and sales operations.

## **Note 14. Subsequent events**

### ***Restructuring of the Group***

In 2006 PTA Grupp AS acquired SFG through a share swap in which the shares in SFG were paid for with shares in PTA Grupp AS. For this, PTA Grupp AS issued 36,000,323 new shares which were subscribed by the shareholders of SFG who consequently acquired an approximately 94.9% stake in PTA Grupp AS.

As a result of the transaction an essentially new group emerged which is engaged in the manufacturing and distribution of women's apparel and lingerie in the Baltic countries and elsewhere in Eastern Europe.

According to the Listing and Trading Prospectus of PTA Grupp AS (see the Prospectus p 66 *Combined Management*) the Group will be managed by an international team whose members will be part of the management board of the listed holding company. To execute the plan, the Group's structure will be changed.

The restructuring will involve the following steps:

- AS Silvano Fashion Group is going to merge with PTA Grupp AS.
- After the merger AS Silvano Fashion Group as a legal person will be dissolved and PTA Grupp AS will be renamed AS Silvano Fashion Group.
- A new subsidiary will separate from PTA Grupp AS (which according to plan will be renamed AS Silvano Fashion Group). The new subsidiary will be named PTA Grupp AS.

The new subsidiary will be transferred the development of the PTA concept and the shares in AS Klementi and shares other subsidiaries acquired before the acquisition of SFG. The membership of the management board of PTA Grupp AS (which according to plan will be renamed AS Silvano Fashion Group) will change as outlined in the Listing and Trading Prospectus of PTA Grupp AS.

The changes in the Group's structure will have no impact on the Group's operating activity or the interests of its investors (excluding positive impacts resulting from greater transparency). According to plan, the restructuring will take place in the second quarter of 2007.

On 13 April 2007 PTA Grupp AS and SFG concluded a notarised merger agreement under which SFG will be combined with PTA Grupp AS and will be deleted from the Commercial Register. On the same date, the division plan of PTA Grupp AS (which according to plan will be renamed AS Silvano Fashion Group) was approved. In conformity with the division plan, all business operations related to PTA brand will be transferred to the new subsidiary which will be named PTA Grupp AS. The division plan has to be approved by an extraordinary general meeting of the shareholders of PTA Grupp AS.

#### ***Extraordinary general meeting***

The management board of PTA Grupp AS has called an extraordinary general meeting of the shareholders for 31 May 2007. The agenda of the extraordinary general meeting:

- Approval of the merger agreement between PTA Grupp AS and its subsidiary SFG by the general meeting and adoption of a merger decision
- Amendment of the Articles of Association of PTA Grupp AS and approval of the new wording of the Articles of Association
- Change of business name
- Approval of a division plan and the Articles of Association of the new company
- Removal of members of the supervisory board and election of new members of the supervisory board.