AS BALTIKA

Consolidated interim report for the fourth quarter of 2005

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Core business	Clothing retail and wholesale
Auditor	AS PricewaterhouseCoopers
Accounting year	01.01.2005 - 31.12.2005

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MANAGEMENT DECLARATION

The Management Board has prepared the management report and interim accounts of AS Baltika for the fourth quarter of 2005.

The Management Board confirms that:

1. this consolidated interim report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU;

2. the report presents a true and fair view of the company's financial position, economic results and cash flows;

3. AS Baltika is operating on a going concern basis.

Meelis Milder Chairman of the Management Board	*Ülle Järv* Member of the Management Board
Boriss Loifenfeld Member of the Management Board	*Maire Milder* Member of the Management Board

Tallinn, 28 February 2006

MANAGEMENT REPORT

Unaudited consolidated financial results, 4Q and 2005

Baltika Group's net profit in 2005 amounted to EEK 72.7 million (EUR 4.6mln) and net margin rose to 10.7% (2.9% in 2004). Baltika's 2005 net sales increased 17.0% to EEK 680.9 million (EUR 43.5mln) while retail sales posted a growth of 30.1% and wholesale increased 4.4% compared with last year. The Group's gross margin stood at 51.6% compared with 47.8% in 2004. Operating margin reached 11.0% (3.2% in 2004) taking operating profit to EEK 74.9 million (EUR 4.8mln).

Baltika's 4Q 2005 sales totalled EEK 190.3 million (EUR 12.2mln), up 24.4% yoy. Retail sales grew 33.3% and wholesale posted a healthy growth of 26.8%. The Group's gross profit amounted to 101.3 million (EUR 6.5mln) taking the 4Q gross margin to 53.2%. Fourth quarter operating profit reached EEK 29.0 million/EUR 1.9 million (operating margin at 15.2%) and net profit was EEK 26.3 million/EUR 1.7 million (net margin at 13.8%).

SALES
Sales breakdown by segment

EEK million	4Q 2005	4Q 2004	Change	2005	2004	Change
Retail sales	166.2	124.6	33.3%	546.8	420.3	30.1%
Wholesale	21.3	16.8	26.8%	120.8	115.7	4.4%
Subcontracting	0.00	9.5	-100.0%	0.6	42.7	-98.7%
Other sales	2.9	2.1	39.1%	12.7	3.1	308.3%
Total	**190.3**	**153.0**	**24.4%**	**680.9**	**581.9**	**17.0%**

1 EUR = 15.6466 EEK

Due to the establishment of a joint venture on the basis of Baltika's production unit Baltika Tailor OÜ in November 2004, the consolidated sales results do not include subcontracting figures starting from December 2004. Thus, in comparable terms, if we consider only the revenues from retail and wholesale, net sales in 2005 grew by 24.5% yoy. Comparable net sales of 4Q 2005 expanded by 32.5% yoy.

RETAIL SALES
In 2005, retail sales of Baltika rose 30.1% and reached EEK 546.8 million (EUR 34.9mln). The share of retail sales in the Group's total sales rose to 80% compared with a 72% share in 2004.

The average retail space of Baltika Group grew 8% last year and sales efficiency (sales/m^2) increased 21% yoy. Like-for-like sales (sales on comparable areas) posted a growth of 23% in 2005. In the fourth quarter, like-for-like sales growth was 33% yoy.

In 2005, all the retail markets of Baltika benefited from improving macroeconomic conditions. The Baltic countries were especially successful. The economic growth in the region is accelerating and living standards are growing which triggers higher expenditure on clothing. In Russia and Ukraine we can see shopping centre development gathering speed. As a result, the importance of open market retail is decreasing in that region and customer habits are changing.

Baltika's sales in 2005 were positively impacted by higher store traffic in our stores. A total of 10.5 million people visited our stores in six markets last year. We notice strengthening brand awareness in our markets and growing number of loyal customers.

In 2005, all our brand collections were very well received. Last year's 21% improvement in sales efficiency is a proof of that. Among others, sales efficiency growth was driven by gradually improving inventory management: precisely timed season beginnings, well managed discount periods, special offers and promotions – this was all supported by centrally executed stock management. In addition, our store layout and windows became much more attractive.

During the year 2005, the management of retail activities has become more centrally coordinated and more efficient. The centralised management is supported by the expertise of retail organisations in our markets. We have unified store concepts, marketing, inventory management, human resources development etc. Choosing the right personnel and continuous training of store personnel helps to improve service standards in our stores consequently increasing customer satisfaction and brand recognition.

In the fourth quarter of 2005, retail sales rose 33.3% yoy and amounted to EEK 166.2 million (EUR 10.6mln). 4Q retail sales were supported by good collections including the party collection for the end of the year, well managed mid-season sales in November and successful product promotions. Special success was achieved in promotions for men including Baltman's travel suit campaign and Monton men promotion.

Brands

In terms of brands or store concepts, the sales of fast fashion brand Monton accounted for the largest 54% share of the total retail sales of the Group in 2005. The sales of CHR/Evermen accounted for 28% and Baltman for 11% of total retail sales. The rest of sales came from factory outlet stores and multibrand stores that sell several brands.

The sales of Monton amounted to EEK 293.3 million (EUR 18.7mln) in 2005 growing by 26% yoy. Major development took place in Monton men's collection – sales per square meter increased, margins improved and mark-down percentage decreased. The collection has improved in style and fit and has become more attractive and fresh, which has been received very well by the target customer. Monton ladies' collection has also found the right touch that distinguishes Monton among other fast fashion brands and makes it more attractive to customers. Significant increase in the collection sell-through at the first price is a proof of that. Overall, Monton collections did a good job in catching the trends and meeting its customers' expectations. In 2005, five new Monton stores were opened: three in Lithuania and one both in Estonia and Russia.

The sales of CHR/Evermen have posted solid growth starting from 2003. In 2005, the retail sales of CHR/Evermen rose 54% reaching EEK 153.0 million (EUR 9.8mln). The growth came from higher same store sales as well as from opening of new stores. A total of seven new CHR/Evermen stores were opened last year: five in Lithuania, one in Ukraine and one in Russia. In addition, in the second half of last year, three Monton stores in Poland were converted into CHR/Evermen stores.

2005 was the last year for the CHR/Evermen concept as starting from 14 February 2006 the name CHR/Evermen was changed to Mosaic (see the section "Baltika changes CHR/Evermen to Mosaic"). The main difference between CHR/Evermen and Mosaic collections is that in Mosaic we add more casual wear to our strong business wear range making the collection more balanced and fresh. This was the main aim already in 2005 when creating the new collections and thus, in 2006 spring-summer season we have improved the collections, especially the men's one.

The retail sales of Baltman totalled EEK 59.0 million (EUR 3.8mln) in 2005, growing by 28% yoy. The sales growth shows that we are in the right path in developing the collection – we offer our clients products that are essential for Baltman, however, we have continuously added details, different finishes and new product categories to achieve a more personalised collection. In terms of new product categories, Baltman introduced travel wear last year - Baltman travel suit campaign was very well received in all our markets. Also, wider selection of accessories triggered significant growth in Baltman accessories sales in 2005. A total of four new Baltman stores were opened last year.

Markets

All the retail markets of Baltika posted solid sales growth in 2005 except for the smallest market Poland (representing 7% of retail sales) that experienced a decline in sales of 3%. In terms of sales revenues, Estonia was Baltika's largest retail market last year accounting for 28% of the Group's retail sales. Retail sales in Estonia totalled EEK 153.0 million (EUR 9.8mln), posting a growth of 31% versus the previous year. The sales were mainly driven by a high rise in sales efficiency (sales/m^2) in existing stores. 2005 like-for-like sales growth in Estonia was higher than the Group's average.

Estonia was followed by Lithuania that accounted for 24% of the Group's retail sales. Lithuanian retail sales totalled EEK 130.5 million (EUR 8.3mln) in 2005 expanding by 22%. Sales growth was also supported by opening of new stores – a total of eight stores were opened in Lithuania last year, however, five of them just in the last month of the year.

The third Baltic state, Latvia, posted very fast sales growth last year – the sales grew 42% to EEK 74.3 million (EUR 4.7mln). Latvian sales represented 14% of the Group's retail sales. There were no store openings in Latvia last year.

In Ukraine, Baltika's retail sales amounted to EEK 98.6 million (EUR 6.3mln) in 2005, up 39% versus 2004. Ukraine experienced very high like-for-like sales growth – almost double of the Group's average figure last year. Two new stores were opened in the first half of 2005. The market comprises 18% of the Group's retail sales.

Russia generated retail sales of EEK 51.2 million (EUR 3.3mln) in 2005 and accounted for 9% of the Group's retail sales. Sales growth reached 65%, however, as the retail sales started in May 2004, Russia's annual sales figures are not comparable. Fourth quarter sales that are fully comparable posted a growth of 16% yoy. In 2005, three new stores were opened in Russia, including two in November.

Poland is currently the smallest among Baltika's markets with sales comprising 7% of the Group's retail sales and the only market where sales declined (-3%) in 2005. Sales in Poland totalled EEK 39.1 million (EUR 2.5mln) last year. There were no store openings and one store was closed. Baltika continues to improve its operations in that key East European market. The goal is to achieve average efficiency ratios for every brand.

SHOPS AND SALES AREA

As of the end of 2005, Baltika Group operated 86 shops in six countries, with total sales area of 12,736 m^2. A year ago, Baltika's retail system comprised of 78 shops with total sales area of 11,668 m^2. The stores are divided between the concepts as follows: 32 CHR/Evermen, 31 Monton, 13 Baltman and 6 factory outlet stores. In addition, Baltika owns four multibrand stores that sell several brands together and were acquired with the purchase of the 50.1% holding in the Russian partner. Most of those stores will be converted into full concept stores during 2006.

Number of shops by country

	31.12.2005	31.12.2004
Estonia	24	23
Latvia	10	10
Lithuania	23	16
Ukraine	12	12
Russia	9	8
Poland	8	9
Total shops	**86**	**78**
Total m^2	**12,736**	**11,668**

In 2005, Baltika opened altogether 16 stores, including nine of them in the fourth quarter. Eight stores were closed and a few were refurbished or relocated to better premises.

In terms of countries, the largest retail chain expansion took place in Lithuania last year – a total of eight stores were opened. Lithuania was followed by Estonia and Russia with both three stores and Ukraine with two stores. With one exception all the stores were opened in shopping centres. In terms of brands, CHR/Evermen had seven new stores, Monton five and Baltman four.

In the fourth quarter Baltika opened nine new stores and closed one. Five stores were opened in Lithuania – two stores of both Monton and CHR/Evermen and one Baltman store. In Russia, Monton and CHR/Evermen stores were opened in Mega centre in Kazan. In Estonia, one Monton and one Baltman store was opened in Tartu Kaubamaja shopping centre. The new Tartu Kaubamaja shopping centre is a prime shopping centre in Tartu and Baltika's stores there were very well received.

WHOLESALE

In 2005, the wholesale sales of own products totalled EEK 120.8 million (EUR 7.7mln), up 4.4% compared with last year. Baltika's wholesale partners are mainly department stores and destination countries are the Baltics, Finland and Russia. Two brands – Baltman and Mosaic – are mostly distributed via wholesale. Monton is sold via wholesale only to Baltika's Russian partner.

The share of wholesale sales in Baltika's net sales decreased to 18% in 2005 compared with 20% in 2004. In the future, the share will most likely decrease further as retail sales are expected to grow at a faster rate as a result of the aggressive development of the retail system.

The fourth quarter of the year is traditionally a low one for wholesale. Baltika's 4Q wholesale sales accounted for 11% of the Group's total sales. However, wholesale sales posted a solid growth of 26.8% yoy in 4Q reaching EEK 21.3 million (EUR 1.4mln).

BALTIKA CHANGES CHR/EVERMEN TO MOSAIC

In February 2006, Baltika announced that it was changing the name of one of its concepts, CHR/Evermen, into Mosaic. The name change was carried out in order to simplify the brand's name without changing the brand's essence and thus enhance the concept's international competitiveness.

In the last two years, CHR/Evermen has been Baltika's most rapidly growing chain of shops, the single disadvantage of which has been its relatively long and graceless name. The name change and further development of the shop concept is carried out before major expansion. The company expects to benefit from the name change and the new international concept, above all, in large markets where the brand awareness is currently limited due to the small number of stores. Considering the active development of the Russian and Ukrainian markets, it is prudent and also cheaper to conduct the name change today and not after having opened dozens of stores in these countries.

At the time of the name change Baltika was operating 35 CHR/Evermen shops in six countries which will become Mosaic during the first half of 2006. The estimated cost of the name change amount to EEK 4.5 million (EUR 288 thousand), of which EEK 0.5 million (EUR 32 thousand) was included in the 4Q 2005 expenses. The name change expenses include development of the new name, change of store logos and introduction of the new name in stores as well as advertising campaign in six countries. The company is trying to manage all the risks in a way that the planned sales growth is achieved regardless of the name change.

In 2005, retail and wholesale sales of CHR/Evermen totalled EEK 237 million (EUR 15.2mln), posting an increase of 29% in comparison with the previous year. CHR/Evermen sales accounted for approximately 35% of total sales revenues of Baltika Group in 2005.

EARNINGS AND MARGINS

In 2005, Baltika completed the four-year strategic turnaround into a retail enterprise. The year was successful – the Group achieved solid profitability improvements across the board. In the coming years, the Group's goal is to keep the achieved profitability level or even increase it. In 2005, the Group's gross profit margin expanded to 51.6% from last year's corresponding figure of 47.8% and gross profit increased by 26.1% to EEK 351.1 million (EUR 22.4mln).

In the fourth quarter, Baltika's gross margin stood at 53.2% which is a bit lower than in the corresponding quarter of last year (55.7%). The gross margin was impacted mainly by changes in taxation in Baltika's Russian subsidiary. Starting from 4Q 2005, Baltika's Russian subsidiary started to pay value added tax as a result of increased sales volume. In addition, as a result of excluding the production unit from AS Baltika, some adjustments were made into the calculation of production costs and inventories, which had an effect on cost of goods sold and the Group's gross margin.

Overall, 2005 results were driven by strong growth of retail sales (+30%) and improved sales efficiency (+21%). More exact price policy, higher first price margins and improved inventory management contributed to the gross profitability. The Group has reached on a new level in terms of managing the discount periods' sales. In comparison with previous year, higher profitability was achieved during mid-season and end-of-season clearance sales. Sell-through of collections has increased significantly and old inventory is at minimum level at the end of seasons. As mentioned earlier, improvement in inventory management was the key priority in 2005. Success in that area is demonstrated by good sales results as well as the increase in inventory turnover ratio from 3.89 to 4.92 over the last year.

The Group's operating profit in 2005 totalled EEK 74.9 million (EUR 4.8mln). In the same period of previous year, operating profit amounted to EEK 18.8 million (EUR 1.2mln). Operating margin rose to 11.0% in 2005 from 3.2% in 2004.

Baltika's 2005 operating profit includes some one-off expenses and revenues, net effect of which is EEK 8.64 million (EUR 552 thousand). One-off revenues came from revaluation of the Group's real estate investments in the amount of EEK 13.74 million (EUR 878 thousand), which includes revaluation of the production building at Veerenni Street 24 in Tallinn (EEK 11.69mln/EUR 747 thousand) and the building lease on the plot in Lasnamäe Industrial Park in Tallinn which is allocated for production purposes (EEK 2.05mln/EUR 131 thousand). The revenues from revaluation of real estate investments are recorded under "Other operating income" in the income statement and under "Investment property" in the balance sheet.

One-off expenses amounted to EEK 5.10 million (EUR 326 thousand) including: a reserve for store closing expenses (the store was closed in January 2006) in Poland (EEK 1.22mln/EUR 78 thousand) – recorded under "Other operating expenses"; expenses from recording the management's share options as salary expenses according to IFRS 2 (EEK 629 thousand/EUR 40 thousand) - recorded under "Administrative expenses"; expenses from adjustments made into the calculation of production costs and inventories (EEK 2.75mln/EUR 176 thousand) – recorded under "Cost of goods sold"; and expenses related to CHR/Evermen name change (EEK 500 thousand/EUR 32 thousand) - recorded under "Administrative expenses".

Thus, the consolidated operating profit of Baltika Group before the one-off expenses and revenues amounted to EEK 66.3 million (EUR 4.2mln) and the corresponding operating margin was 9.7%.

The Group's net financial expenses totalled EEK -3.9 million (EUR -252 thousand) including interest expenses of EEK 5.4 million (EUR 346 thousand). Interest expenses declined by 19.0% over the year due to the decrease in total debt obligations, the reduced cost of borrowing and lower usage of the bank's overdraft.

Baltika Group's net profit after taxes and minority shareholding amounted to EEK 72.7 million (EUR 4.6mln) in 2005 compared with EEK 16.7 million (EUR 1.1mln) in 2004. Net margin in 2005 reached 10.7% (2.9% in 2004). Net profit before the one-off expenses and revenues totalled EEK 64.0 million (EUR 4.1mln) and the corresponding net margin was 9.4%.

In the fourth quarter of 2005, Baltika's net profit amounted to EEK 26.3 million (EUR 1.7mln) and net profit margin enhanced to 13.8% from 7.4% a year ago.

BALANCE SHEET

On 31 December 2005, the total assets of Baltika Group amounted to EEK 377.1 million (EUR 24.1mln), up 18.9% in comparison with the end of last year.

As of the end of the year, the Group's total inventories stood at EEK 144.5 million (EUR 9.2mln), declining by EEK 1.0 million (EUR 64 thousand) over the year. Lower level of inventories in combination with growth in sales shows more efficient inventory management. Correspondingly, the Group's inventory turnover ratio (net sales/average inventories) enhanced from 3.89 to 4.92 over the last year.

Stemming from the credit terms of wholesale sales, accounts receivables increased by EEK 12.1 million (EUR 0.8mln) since the end of 2004, reaching EEK 39.6 million (EUR 2.5mln). Mostly because of growing purchasing volumes, accounts payables increased by EEK 13.6 million (EUR 0.9mln) to EEK 44.8 million (EUR 2.9mln) by the end of 2005.

At the end of the year, the Group's total interest bearing debt amounted to EEK 92.8 million (EUR 5.9mln), including bank loans of EEK 63.3 million (EUR 4.0mln). Over the year, the Group's borrowings from banks have decreased by EEK 37.5 million (EUR 2.4mln), which includes repayment of loans (EEK 17.2mln/EUR 1.1mln) and reduction in the usage of the bank's overdraft (EEK 20.3mln/EUR 1.3mln). As of 31.12.2005, the bank's overdraft was not used. The rest of debt comprises of convertible bonds and commercial papers (EEK 18.6mln/EUR 1.2mln) and lease liabilities (EEK 10.9mln/EUR 0.7mln).

As of the end of 2005, the Group's total net debt amounted to EEK 65.1 million (EUR 4.2mln) and the net debt to equity ratio stood at 31.3%. This represents a significant reduction from the 2004 year end level of 75.9%.

INVESTMENTS

The Group's investments in 2005 totalled EEK 36.3 million (EUR 2.3mln). Investments into retail system in all our markets amounted to EEK 13.8 million (EUR 0.9mln). In August, Baltika acquired building leases on two plots in Lasnamäe Industrial Park in Tallinn for EEK 13.9 million (EUR 0.9mln). On one of these plots, Baltika will build a new logistics centre in 2006. EEK 3.8 million (EUR 0.2mln) was invested into the construction of the logistics centre last year. The rest of investments were made into IT (EEK 2.0mln/EUR 0.1mln), production equipment (EEK 1.5mln/EUR 0.1mln) and other fixed assets (EEK 1.3mln/EUR 0.1mln).

PERSONNEL

As of the end of 2005, Baltika Group employed 1,678 people (1,704 as of the end of 2004), including 896 (988) in production, 630 (572) in retail and 152 (144) in head office. The number of people who worked outside Estonia was 483 (433). The average number of personnel stood at 1,651 in 2005 (1,709 in 2004). In 2005, Baltika Group's wages and salaries amounted to EEK 109.36 million (EUR 6.99mln). The remuneration to the members of the Management Board and Supervisory Board totalled EEK 5.05 million (EUR 323 thousand).

OUTLOOK AND GOALS FOR 2006

In 2006, Baltika Group will continue developing its position as one of the leading specialist fashion retailers in Central and Eastern Europe. Baltika's plans and goals in 2006 are as follows:

- increase in the Group's retail sales at least 25%;
- number of shops anticipated to be opened is 23-30, which will expand the Group's retail system to 105-115 shops with total sales area of 17,000-18,000 m^2 by the end of the year;
- by country, the largest increase of the retail chain is planned in Ukraine, Russia and Lithuania and by concept, in Monton and Mosaic;
- name change of CHR/Evermen to Mosaic and further development of the Mosaic shop concept;
- increase in the Group's net sales at least 20%;
- maintaining the gross profitability at least at the 2005 level (51.6%);
- continued improvement in inventory management (completion of the new logistics centre and start of introduction of the new IT system).

CHANGE IN INCOME STATEMENT FORMAT

From the beginning of 2005, Baltika uses a new income statement format. The need to change the format arose from the Group's strategy to transform from a production company to a retail enterprise. The new format of income statement allows for a better presentation of the financial position of Baltika as a retail group. The income statements of the previous financial year are restated to make them comparable with the new format. The new income statement format is in accordance with the IAS 1 requirements pertaining to mandatory entries and the presentation of financial statements.

REPORTING CALENDAR IN 2006

In 2006, the consolidated financial results of AS Baltika will be published on the following dates:

2005 audited annual report	March 24
2006 1Q financial results	April 25
2006 2Q financial results	July 25
2006 3Q financial results	October 24

In addition, monthly sales results will be published in the beginning of every month.

KEY FIGURES OF THE GROUP (2005)

	31.12.2005	31.12.2004	Change, %
Net sales (EEK mln)	680.9	581.9	17.0%
Retail sales (EEK mln)	546.8	420.3	30.1%
Share of retail sales in net sales	80%	72%	
Number of directly managed stores	86	78	10.3%
Retail space (m^2)	12,736	11,668	9.2%
Number of employees (end of period)	1,678	1,704	-1.5%
Gross margin, %	51.6%	47.8%	
Operating margin, %	11.0%	3.2%	
Net margin, %	10.7%	2.9%	
Inventory turnover	4.92	3.89	26.5%
Return on equity	44.1%	14.6%	
Return on assets	22.2%	5.1%	

Formulas for key ratios

Gross margin = (Net sales-COGS)/Net sales
Operating margin = Operating profit/Net sales
Net margin = Net profit (attributable to parent)/Net sales
Inventory turnover = Net sales/Average inventories*
ROE (Return on equity) = Net profit (attributable to parent)/Average equity*
ROA (Return on assets) = Net profit (attributable to parent)/Average total assets*
*Based on 12-month average

1 EUR = 15.6466 EEK

Ülle Järv
Member of the Management Board

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CONSOLIDATED BALANCE SHEET
(unaudited, in EEK thousand)

	Note	31.12.2005	31.12.2004
ASSETS			
Current assets			
Cash and cash equivalents		25,961	12,515
Held for trading investments	1	1,808	603
Customer receivables	2	39,566	27,501
Other receivables and prepaid expenses		14,669	9,963
Prepaid income tax		323	49
Inventories	3	144,459	145,460
Total current assets		**226,786**	**196,091**
Non-current assets			
Investments in joint ventures		234	1,095
Investment property	4	27,193	7,500
Deferred income tax		3,598	4,349
Other non-current assets		4,708	2,837
Tangible fixed assets	5	88,089	77,325
Intangible assets	5	26,491	27,983
Total non-current assets		**150,313**	**121,089**
TOTAL ASSETS		**377,099**	**317,180**
EQUITY AND LIABILITIES			
Current liabilities			
Debt obligations	6,7	30,278	74,504
Accounts payable		44,782	31,154
Income tax liability		932	193
Tax liabilities		16,632	12,476
Accrued expenses		13,505	10,515
Other current liabilities		466	924
Total current liabilities		**106,595**	**129,766**
Non-current liabilities			
Long-term debt		62,553	45,944
Total non-current liabilities		**62,553**	**45,944**
TOTAL LIABILITIES		**169,148**	**175,710**
SHAREHOLDERS' EQUITY	8		
Share capital (par value)		58,230	56,340
Share premium		49,690	44,508
Mandatory legal reserve		5,634	4,800
Other reserves		3,898	21,983
Retained earnings		13,076	-16,508
Net profit for the period		72,664	16,701
Exchange rate differences		4,131	6,622
Minority interest		628	7,024
TOTAL EQUITY		**207,951**	**141,470**
TOTAL LIABILITIES AND EQUITY		**377,099**	**317,180**

CONSOLIDATED BALANCE SHEET
(unaudited, in EUR thousand)

	Note	31.12.2005	31.12.2004
ASSETS			
Current assets			
Cash and cash equivalents		1,659	800
Held for trading investments	1	116	39
Customer receivables	2	2,529	1,758
Other receivables and prepaid expenses		938	637
Prepaid income tax		21	3
Inventories	3	9,233	9,297
Total current assets		**14,494**	**12,532**
Non-current assets			
Investments in joint ventures		15	70
Investment property	4	1,738	479
Deferred income tax		230	278
Other non-current assets		301	181
Tangible fixed assets	5	5,630	4,942
Intangible assets	5	1,693	1,788
Total non-current assets		**9,607**	**7,739**
TOTAL ASSETS		**24,101**	**20,271**
EQUITY AND LIABILITIES			
Current liabilities			
Debt obligations	6,7	1,935	4,762
Accounts payable		2,862	1,991
Income tax liability		60	12
Tax liabilities		1,063	797
Accrued expenses		863	672
Other current liabilities		30	59
Total current liabilities		**6,813**	**8,294**
Non-current liabilities			
Long-term debt		3,998	2,936
Total non-current liabilities		**3,998**	**2,936**
TOTAL LIABILITIES		**10,811**	**11,230**
SHAREHOLDERS' EQUITY	8		
Share capital (par value)		3,722	3,601
Share premium		3,176	2,845
Mandatory legal reserve		360	307
Other reserves		249	1,405
Retained earnings		836	-1,055
Net profit for the period		4,644	1,067
Exchange rate differences		264	423
Minority interest		40	449
TOTAL EQUITY		**13,290**	**9,042**
TOTAL LIABILITIES AND EQUITY		**24,101**	**20,271**

CONSOLIDATED INCOME STATEMENT
(unaudited, in EEK thousand)

	Note	4Q 2005	4Q 2004	2005	2004
Net sales	9	190,335	152,997	680,906	581,878
Cost of goods sold		89,068	67,762	329,827	303,474
Gross profit		**101,267**	**85,235**	**351,079**	**278,404**
Selling and marketing expenses		-59,873	-50,865	-207,704	-185,139
Administrative expenses		-24,058	-22,246	-85,232	-71,098
Other operating income		11,640	-1,184	19,817	1,692
Other operating expenses		37	-3,439	-3,053	-5,073
Operating profit		**29,013**	**7,501**	**74,907**	**18,786**
Financial income (expenses)		**-2,248**	**604**	**-3,947**	**-4,771**
Financial income from investments in JV		-1,273	-714	-861	-714
Financial income from other investments		-210	3,153	1,205	3,309
Interest expenses		-1,376	-1,596	-5,415	-6,683
Foreign exchange gain (loss)		514	-1,159	645	-1,501
Other financial income (expenses)		97	920	479	818
Profit before income tax		**26,765**	**8,105**	**70,960**	**14,015**
Income tax		-3,029	1,148	-4,280	947
Net profit		**23,736**	**9,253**	**66,680**	**14,962**
Net profit attributable to minority interest		-2,598	-2,089	-5,984	-1,739
Net profit attributable to parent		**26,334**	**11,342**	**72,664**	**16,701**
Basic earnings per share, EEK	10	4.52	2.03	12.62	3.01
Diluted earnings per share, EEK	10	4.30	1.88	12.11	3.01

CONSOLIDATED INCOME STATEMENT
(unaudited, in EUR thousand)

	Note	4Q 2005	4Q 2004	2005	2004
Net sales	9	12,165	9,778	43,518	37,189
Cost of goods sold		5,692	4,331	21,080	19,396
Gross profit		**6,472**	**5,448**	**22,438**	**17,793**
Selling and marketing expenses		-3,827	-3,251	-13,275	-11,833
Administrative expenses		-1,538	-1,422	-5,447	-4,544
Other operating income		744	-76	1,267	108
Other operating expenses		2	-220	-195	-324
Operating profit		**1,854**	**479**	**4,787**	**1,201**
Financial income (expenses)		**-144**	**39**	**-252**	**-305**
Financial income from investments in JV		-81	-46	-55	-46
Financial income from other investments		-13	202	77	211
Interest expenses		-88	-102	-346	-427
Foreign exchange gain (loss)		33	-74	41	-96
Other financial income (expenses)		6	59	31	52
Profit before income tax		**1,711**	**518**	**4,535**	**896**
Income tax		-194	73	-274	61
Net profit		**1,517**	**591**	**4,262**	**956**
Net profit attributable to minority interest		-166	-134	-382	-111
Net profit attributable to parent		**1,683**	**725**	**4,644**	**1,067**
Basic earnings per share, EUR	10	0.29	0.13	0.81	0.19
Diluted earnings per share, EUR	10	0.27	0.12	0.77	0.19

CONSOLIDATED CASH FLOW STATEMENT
(unaudited, in EEK thousand)

	Note	2005	2004
Operating activities			
Operating profit		74,907	18,787
Depreciation	5	20,713	21,848
Profit (loss) from sale of fixed assets		1,350	-258
Revaluation of investment property		-13,738	0
Other non-monetary expenses		629	0
Change in receivables		-22,956	9,359
Change in inventories	3	1,001	4,964
Change in payables		20,098	-20,007
Interest paid		-4,338	-5,237
Income tax paid		-3,043	-727
Cash flow from operating activities		**74,623**	**28,729**
Investing activities			
Acquisition of tangible and intangible assets	4,5	-36,164	-15,589
including capital lease		10,954	118
Sale of fixed assets		406	1,640
Acquisition of joint venture		0	-1,020
Acquisition of subsidiaries		0	392
Interest received		167	68
Sale of subsidiaries		0	3,912
Loans granted		-1,505	-652
Repayment of loans granted		305	141
Cash flow from investing activities		**-25,837**	**-10,990**
Financing activities			
Repayment of loans	6	-37,456	-18,271
Payments of finance lease and instalments		-654	-1,524
Dividends paid	8	-4,475	0
Receipts from contributions into share capital	8	6,254	3,229
Proceeds from sale of convertible bonds		352	70
Repurchase of convertible bonds	7	-6	-63
Cash flow from financing activities		**-35,985**	**-16,560**
Effect of foreign exchange rate changes		645	-1,500
Total cash flows		**13,446**	**-321**
Cash and cash equivalents at the beginning of the period		**12,515**	**12,836**
Cash and cash equivalents at the end of the period		**25,961**	**12,515**

CONSOLIDATED CASH FLOW STATEMENT
(unaudited, in EUR thousand)

	Note	2005	2004
Operating activities			
Operating profit		4,787	1,201
Depreciation	5	1,324	1,396
Profit (loss) from sale of fixed assets		86	-16
Revaluation of investment property		-878	0
Other non-monetary expenses		40	0
Change in receivables		-1,467	598
Change in inventories	3	64	317
Change in payables		1,284	-1,279
Interest paid		-277	-335
Income tax paid		-194	-46
Cash flow from operating activities		**4,769**	**1,836**
Investing activities			
Acquisition of tangible and intangible assets	4,5	-2,311	-996
including capital lease		700	8
Sale of fixed assets		26	105
Acquisition of joint venture		0	-65
Acquisition of subsidiaries		0	25
Interest received		11	4
Sale of subsidiaries		0	250
Loans granted		-96	-42
Repayment of loans granted		19	9
Cash flow from investing activities		**-1,651**	**-702**
Financing activities			
Repayment of loans	6	-2,394	-1,168
Payments of finance lease and instalments		-42	-97
Dividends paid	8	-286	0
Receipts from contributions into share capital	8	400	206
Proceeds from sale of convertible bonds		22	4
Repurchase of convertible bonds	7	0	-4
Cash flow from financing activities		**-2,300**	**-1,058**
Effect of foreign exchange rate changes		41	-96
Total cash flows		**859**	**-21**
Cash and cash equivalents at the beginning of the period		**800**	**820**
Cash and cash equivalents at the end of the period		**1,659**	**800**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in EEK thousand)

	Share capital	Share premium	Reserves	Retained earnings	Unrealised foreign exchange rate differences	Minority interest	Total
Balance as of 31.12.2003	**54,994**	**42,490**	**22,885**	**-16,508**	**4,185**	**7,119**	**115,165**
Contribution to share capital	1,346	2,018	0	0	0	0	**3,364**
Investment property revaluation reserve	0	0	3,898	0	0	0	**3,898**
Minority interest in subsidiaries	0	0	0	0	0	1,002	**1,002**
Net profit for the accounting period	0	0	0	16,701	0	-1,738	**14,963**
Unrealised foreign exchange rate differences	0	0	0	0	2,437	641	**3,078**
Balance as of 31.12.2004	**56,340**	**44,508**	**26,783**	**193**	**6,622**	**7,024**	**141,470**
Dividends paid	0	0	0	-4,367	0	0	**-4,367**
Appropriations to mandatory legal reserve	0	0	834	-834	0	0	**0**
Contribution to share capital	1,890	4,553	0	0	0	0	**6,443**
Appropriations to retained earnings	0	0	-18,085	18,085	0	0	**0**
Share-based payments	0	629	0	0	0	0	**629**
Net profit for the accounting period	0	0	0	72,664	0	-5,983	**66,680**
Unrealised foreign exchange rate differences	0	0	0	0	-2,491	-413	**-2,904**
Balance as of 31.12.2005	**58,230**	**49,690**	**9,532**	**85,740**	**4,131**	**628**	**207,951**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited, in EUR thousand)

	Share capital	Share premium	Reserves	Retained earnings	Unrealised foreign exchange rate differences	Minority interest	Total
Balance as of 31.12.2003	**3,515**	**2,716**	**1,463**	**-1,055**	**267**	**455**	**7,360**
Contribution to share capital	86	129	0	0	0	0	**215**
Investment property revaluation reserve	0	0	249	0	0	0	**249**
Minority interest in subsidiaries	0	0	0	0	0	64	**64**
Net profit for the accounting period	0	0	0	1,067	0	-111	**956**
Unrealised foreign exchange rate differences	0	0	0	0	156	41	**197**
Balance as of 31.12.2004	**3,601**	**2,845**	**1,712**	**12**	**423**	**449**	**9,042**
Dividends paid	0	0	0	-279	0	0	**-279**
Appropriations to mandatory legal reserve	0	0	53	-53	0	0	**0**
Contribution to share capital	121	291	0	0	0	0	**412**
Appropriations to retained earnings	0	0	-1,156	1,156	0	0	**0**
Share-based payments	0	40	0	0	0	0	**40**
Net profit for the accounting period	0	0	0	4,644	0	-382	**4,262**
Unrealised foreign exchange rate differences	0	0	0	0	-159	-26	**-186**
Balance as of 31.12.2005	**3,722**	**3,176**	**609**	**5,480**	**264**	**40**	**13,290**

Overview of Baltika Group

Baltika Group (BG) is an international clothing retailer with AS Baltika as a parent company. The group is operating the retail chains of Monton, Baltman, CHR/Evermen and Baltika Factory Outlet and is present in six countries – Estonia, Latvia, Lithuania, Poland, Ukraine and Russia. BG`s brands are marketed via its own retail chains and wholesalers, the main brands being Baltman, Evermen and Herold (overcoats) for men, and CHR and Mascara (overcoats) for women. Monton, the brand for both men and women, is marketed through BG`s own retail chain Monton. Factory outlets are used to sell the previous periods' stocks of all the brands.

AS Baltika is listed on the Tallinn Stock Exchange, which is part of OMX Exchanges.

As of 31.12.2005, the group had 1,678 employees.

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

The Group comprises of the following companies:

	Country	Participation 31.12.2005	Participation 31.12.2004
Parent company			
AS Baltika	Estonia		
Subsidiaries			
OÜ Baltman	Eesti	100%	100%
UAB Baltika Lietuva	Leedu	100%	100%
SIA Baltika Latvija	Läti	75%	75%
Baltika Sweden AB	Rootsi	100%	100%
Baltika Ukraina Ltd	Ukraina	99%	99%
Baltika Poland Sp.z.o.o.	Poola	100%	100%
OY Baltinia AB	Soome	100%	100%
AS Elina STC	Eesti	50.10%	50.10%
AS Virulane	Eesti	79.23%	79.23%
OOO Kompania „Baltman Rus"	Venemaa	50.10%	50.10%
OÜ Baltika TP	Eesti	100%	-
Joint venture			
OÜ Baltika Tailor	Estonia	50%	50%

In 2005, AS Baltika established a subsidiary OÜ Baltika TP. The core business of OÜ Baltika TP is property development and management.

Accounting principles and basis of preparation of the consolidated interim report

This consolidated interim report has been prepared in accordance with the international accounting standard IAS 34 "Interim Financial Reporting" regarding condensed interim financial statements and in compliance with International Financial Reporting Standards as adopted by the EU. The same accounting principles are used as in the annual report for the year ended on 31.12.2004.

From the beginning of 2005, Baltika introduced a new income statement format - income statement scheme no. 2. The income statements of the previous financial year are restated to make them comparable with the new format.

This interim report has been prepared in thousands of Estonian kroons and thousands of euros unless another currency is specified. The Estonian kroon is pegged to the euro at the rate of 1 EUR = 15.6466 EEK.

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

NOTES TO CONSOLIDATED INTERIM REPORT

NOTE 1 Short-term shares and securities

	EEK '000		EUR '000	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Shares of AS Tallinna Kaubamaja	1,808	603	116	39

Short-term investments are recorded at their fair value.

NOTE 2 Accounts receivable

	EEK '000		EUR '000	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Accounts receivable	39,579	27,576	2,530	1,762
Allowance for doubtful receivables	-13	-75	-1	-5
Total	**39,566**	**27,501**	**2,529**	**1,758**

Trade receivables are recorded at original invoice amount on the date when the receivables arise (transaction date) and in amortised cost thereafter. If it is likely that the Group will be unable to collect all the amounts due according to the original terms of receivables, an allowance is provided for the impairment of these receivables.

Accounts receivable includes a receivable of the parent company to the joint venture OÜ Baltika Tailor in the amount of EEK 1,627 thousand (EUR 104 thousand).

The expenses of doubtful and uncollectible accounts are recorded in the income statement under “Other operating expenses”; receivables that were expensed in previous periods but were recovered are recorded under “Other operating income”.

NOTE 3 Inventories of finished goods and materials

	EEK '000		EUR '000	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Raw materials and materials	65,630	53,401	4,195	3,413
Write-down of inventories of materials	-2,534	-1,435	-162	-92
Work-in-progress	1,600	1,193	102	76
Finished goods	77,816	92,493	4,973	5,911
Write-down of inventories of finished goods	-1,556	-2,402	-99	-154
Prepayments to suppliers	3,503	2,210	224	141
Total	**144,459**	**145,460**	**9,233**	**9,297**

In conjunction with the parent company’s AS Baltika transfer into a wholesale and holding company at the end of 2004, the materials of the parent company, which are in the process of manufacturing at subcontractors, are shown in the balance sheet as inventories of raw materials. Work-in-progress is shown in the balance sheets of the Group’s manufacturing companies AS Virulane and AS Elina STC.

In the reporting period, the write-down of materials in the Group amounted to EEK 1,105 thousand (EUR 70.6 thousand). Write-down of materials in 2004 totalled EEK 688 thousand (EUR 44.0 thousand). Write-down of inventories of finished goods decreased during the accounting period by EEK 846 thousand (EUR 54.0 thousand), in 2004 by EEK 14.6 million (EUR 0.9mln).

As of 31.12.2005, the inventories of the parent company with the book value of EEK 8.7 million/EUR 0.6mln (EEK 10.1 million/EUR 0.6mln as of 31.12.2004) were in the custody of third parties, including EEK 4.9 million/EUR 0.3mln (EEK 803 thousand/EUR 51 thousand as of 31.12.2004) at non-group companies.

NOTE 4 Investment properties

Investment properties include real estate property that is not used in the company's core business and is owned with the purpose to earn rental income. Changes in investment properties in 2005 were as follows:

	EEK '000	EUR '000
Balance as of 31.12.2004	**7,500**	**479**
Acquired during the period	5,956	381
Revaluation	13,737	878
Balance as of 31.12.2005	**27,193**	**1,738**

In August 2005, OÜ Baltika TP, subsidiary of AS Baltika, acquired building leases on two plots of land (altogether 25,061 m^2) in Lasnamäe Industrial Park. Baltika intends to build a new logistics centre on one of the plots and relocate production premises, that are located in the central district of Tallinn and are used by Baltika's joint venture OÜ Baltika Tailor, to another plot.

The cost of the building lease for the first three years of EEK 3.7 million (EUR 0.2mln) was paid in 2005. After three years, the owner of the building lease will have an option to purchase the land for EEK 11.3 million (EUR 0.7mln).

The property to be used for leased out production facility is recorded in the balance sheet under "Investment property" with a fair value of EEK 8.0 million (EUR 0.5mln). The investment made into the property, that will be used for the new logistics centre, is made for the company's own purposes and is therefore recorded under fixed assets in the group called "Land" at a fair value of EEK 7,969 thousand/EUR 509 thousand (see Note 5). As it is favourable to use the pre-emptive right for purchasing the land, the agreement qualifies as a leasing transaction. As of 31.12.2005, the discounted value of the purchasing price of the building leases is recorded under lease liabilities in the balance sheet at EEK 10.1 million (EUR 0.6mln).

In addition to the above mentioned plots in Lasnamäe Industrial Park, the Group's investment properties include the production premises at Veerenni 24, Tallinn, rented to the joint venture OÜ Baltika Tailor. The production premises are recorded at the fair value of EEK 19.2 million (EUR 1.2mln).

NOTE 5 Tangible and intangible assets

The Group's investments into tangible assets in 2005 amounted to EEK 29.1 million (EUR 1.9mln). A building lease on a plot where a new logistics centre will be built was acquired for EEK 8.0 million/EUR 0.5mln (see Note 4). Additionally, EEK 3.8 million (EUR 0.2mln) was invested into the construction of the logistics centre in 2005. Investments into retail system in all our markets amounted to EEK 13.8 million (EUR 0.9mln). The rest of investments were made into machinery (EEK 1.5mln/EUR 0.1mln), information technology (EEK 0.8mln/EUR 0.05mln) and other tangible assets (EEK 1.2mln/EUR 0.1mln).

Tangible assets under the finance lease terms were acquired in the amount of EEK 6.7 million (EUR 0.4mln), including the building lease on the above mentioned plot in the amount of EEK 5.7 million (EUR 0.4mln).

The Group sold fixed assets in 2005 at the acquisition cost of EEK 2.2 million (EUR 0.1mln).

Fixed assets were written off at the acquisition cost of EEK 7.0 million (EUR 0.4mln) in 2005. Due to the closing of some stores, the stores' inventory and reconstruction works were written off at the acquisition cost of EEK 4.1 million (EUR 0.3mln). As of 31.12.2005, fully depreciated machinery was written off at the acquisition cost of EEK 0.6 million (EUR 0.04mln).

Changes in fixed assets in 2005

EEK '000	Land	Buildings, structures	Machinery, equipment	Other fixtures	Constr. in progress	Pre-payments	Total
Acquisition cost 31.12.03	**3,004**	**72,107**	**70,444**	**41,954**	**0**	**224**	**187,733**
Accumulated depreciation 31.12.03	0	-22,164	-57,680	-20,872	0	0	-100,716
Residual value 31.12.03	**3,004**	**49,943**	**12,764**	**21,082**	**0**	**224**	**87,017**
Additions	0	4,834	1,629	5,968	68	0	12,499
Investment made in subsidiary	0	0	333	657	0	0	990
Disposals	0	-498	-242	-628	0	0	-1,368
Write-offs	0	-79	-54	-270	0	0	-403
Reclassification to investment property	0	-3,602	0	0	0	0	-3,602
Reclassification due to change in accounting policy	0	843	0	0	0	0	843
Taken into use	0	224	0	0	0	-224	0
Depreciation 2004	0	-5,153	-6,042	-8,198	0	0	-19,393
Foreign exchange rate differences	0	662	-35	115	0	0	742
Acquisition cost 31.12.04	**3,004**	**69,628**	**70,706**	**47,902**	**68**	**0**	**191,308**
Accumulated depreciation 31.12.04	0	-22,454	-62,353	-29,176	0	0	-113,983
Residual value 31.12.04	**3,004**	**47,174**	**8,353**	**18,726**	**68**	**0**	**77,325**
Additions	7,969	5,960	3,364	6,554	1,960	3,295	29,102
Disposals	0	0	-118	-72	0	0	-190
Write-offs	0	-181	-2	-163	0	0	-346
Taken into use	0	0	0	0	-68	0	-68
Reclassification	0	0	218	-218	0	0	0
Reserve for write-offs	0	-1,243	0	0	0	0	-1,243
Depreciation 2005	0	-5,773	-4,877	-7,175	0	0	-17,825
Foreign exchange rate differences	0	552	84	639	49	10	1,334
Acquisition cost 31.12.05	**10,973**	**74,005**	**71,321**	**51,440**	**2,009**	**3,305**	**213,053**
Accumulated depreciation 31.12.05	0	-27,516	-64,299	-33,149	0	0	-124,964
Residual value 31.12.05	**10,973**	**46,489**	**7,022**	**18,291**	**2,009**	**3,305**	**88,089**

EUR '000	Land	Buildings, structures	Machinery, equipment	Other fixtures	Constr. in progress	Pre-payments	Total
Acquisition cost 31.12.03	**192**	**4,608**	**4,502**	**2,681**	**0**	**14**	**11,998**
Accumulated depreciation 31.12.03	0	-1,417	-3,686	-1,334	0	0	-6,437
Residual value 31.12.03	**192**	**3,192**	**816**	**1,347**	**0**	**14**	**5,561**
Additions	0	309	104	381	4	0	799
Investment made in subsidiary	0	0	21	42	0	0	63
Disposals	0	-32	-15	-40	0	0	-87
Write-offs	0	-5	-3	-17	0	0	-26
Reclassification to investment property	0	-230	0	0	0	0	-230
Reclassification due to change in accounting policy	0	54	0	0	0	0	54
Taken into use	0	14	0	0	0	-14	0
Depreciation 2004	0	-329	-386	-524	0	0	-1,239
Foreign exchange rate differences	0	42	-2	7	0	0	47

Acquisition cost 31.12.04	**192**	**4,450**	**4,519**	**3,061**	**4**	**0**	**12,227**
Accumulated depreciation 31.12.04	0	-1,435	-3,985	-1,865	0	0	-7,285
Residual value 31.12.04	**192**	**3,015**	**534**	**1,197**	**4**	**0**	**4,942**
Additions	509	381	215	419	125	211	1,860
Disposals	0	0	-8	-5	0	0	-12
Write-offs	0	-12	0	-10	0	0	-22
Taken into use	0	0	0	0	-4	0	-4
Reclassification	0	0	14	-14	0	0	0
Reserve for write-offs	0	-79	0	0	0	0	-79
Depreciation 2005	0	-369	-312	-459	0	0	-1,139
Foreign exchange rate differences	0	35	5	41	3	1	85
Acquisition cost 31.12.05	**701**	**4,730**	**4,558**	**3,288**	**128**	**211**	**13,617**
Accumulated depreciation 31.12.05	0	-1,759	-4,109	-2,119	0	0	-7,987
Residual value 31.12.05	**701**	**2,971**	**449**	**1,169**	**128**	**211**	**5,630**

See Note 6 concerning pledged assets.

Changes in intangible assets in 2005

In 2005, investments into new software were made in the parent company and in the Latvian, Lithuanian and Ukrainian subsidiaries. Total amount of software written off in 2005 was EEK 0.2 million (EUR 0.01mln).

EEK '000	Licences and software	Positive goodwill	Negative goodwill	Total
Acquisition cost 31.12.03	**17,999**	**1,742**	**-919**	**18,822**
Accumulated depreciation 31.12.03	-4,576	-1,386	919	-5,043
Residual value 31.12.03	**13,423**	**356**	**0**	**13,779**
Acquired during period	3,090	0	0	3,090
Investment made into subsidiary	0	13,877	0	13,877
Written off during period	-10	-356	0	-366
Amortisation in 2004	-2,455	0	0	-2,455
Foreign exchange rate differences	11	47	0	58
Acquisition cost 31.12.04	**20,070**	**13,924**	**0**	**33,994**
Accumulated depreciation 31.12.04	-6,011	0	0	-6,011
Residual value 31.12.04	**14,059**	**13,924**	**0**	**27,983**
Acquired during period	1,106	0	0	1,106
Taken into use	78	0	0	78
Amortisation in 2005	-2,894	0	0	-2,894
Foreign exchange rate differences	13	205	0	218
Acquisition cost 31.12.05	**21,125**	**14,129**	**0**	**35,254**
Accumulated depreciation 31.12.05	-8,763	0	0	-8,763
Residual value 31.12.05	**12,362**	**14,129**	**0**	**26,491**

EUR '000	Licences and software	Positive goodwill	Negative goodwill	Total
Acquisition cost 31.12.03	**1,150**	**111**	**-59**	**1,203**
Accumulated depreciation 31.12.03	-292	-89	59	-322
Residual value 31.12.03	**858**	**23**	**0**	**881**
Acquired during period	197	0	0	197
Investment made into subsidiary	0	887	0	887
Written off during period	-1	-23	0	-23
Amortisation in 2004	-157	0	0	-157
Foreign exchange rate differences	1	3	0	4
Acquisition cost 31.12.04	**1,283**	**890**	**0**	**2,173**
Accumulated depreciation 31.12.04	-384	0	0	-384
Residual value 31.12.04	**899**	**890**	**0**	**1,788**
Acquired during period	71	0	0	71
Taken into use	5	0	0	5
Amortisation in 2005	-185	0	0	-185
Foreign exchange rate differences	1	13	0	14
Acquisition cost 31.12.05	**1,350**	**903**	**0**	**2,253**
Accumulated depreciation 31.12.05	-560	0	0	-560
Residual value 31.12.05	**790**	**903**	**0**	**1,693**

NOTE 6 Debt obligations

	EEK '000		EUR '000	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Short-term debt				
Current portion of long-term bank loans	2,143	23,637	137	1,511
Short-term bank loans	9,300	31,200	594	1,994
Short-term lease liabilities	194	440	12	28
Convertible bonds	212	380	14	24
Commercial papers	18,429	18,847	1,178	1,205
Total	**30,278**	**74,504**	**1,935**	**4,762**
Long-term debt				
Long-term bank loans	51,841	45,903	3,313	2,934
Long-term lease liabilities	10,712	20	685	1
Other long-term liabilities	0	21	0	1
Total	**62,553**	**45,944**	**3,998**	**2,936**

Bank loans

EEK '000	Debt as of 31.12.2005	Current portion up to 1 year	Long-term portion 1-5 years	Interest rate
Nordea Pank	5,614	936	4,678	6m Euribor+2.5%
Nordea Pank	2,917	833	2,084	3m Euribor+2.5%
Hansapank	48,324	7,531	40,793	6m Euribor+1.5%
Hansapank	6,429	2,143	4,286	6m Euribor+2.35%
Total	**63,284**	**11,443**	**51,841**	

EUR '000	Debt as of 31.12.2005	Current portion up to 1 year	Long-term portion 1-5 years	Interest rate
Nordea Pank	359	60	299	6m Euribor+2.5%
Nordea Pank	186	53	133	3m Euribor+2.5%
Hansapank	3,088	481	2,607	6m Euribor+1.5%
Hansapank	411	137	274	6m Euribor+2.35%
Total	**4,045**	**731**	**3,313**	

In 2005, AS Baltika refinanced a short-term loan taken from Hansabank in 2003. The term of the loan was prolonged until 2012 and the interest rate was reduced.

In the third quarter of 2005, Nordea Bank extended the term of a short-term loan by three years and thus, the short-term loan in the amount of EEK 833 thousand (EUR 53 thousand) was classified as long-term.

In the reporting period, AS Baltika has made loan repayments of EEK 4.9 million (EUR 0.3mln) to Nordea Bank and EEK 10.2 million (EUR 0.7mln) to Hansabank. In 2004, loan repayments amounted to EEK 12.7 million (EUR 0.8mln). AS Virulane made loan repayments to Hansabank both in 2005 and 2004 in the amount of EEK 2.1 million (EUR 0.1mln).

The loans and overdraft facility of AS Baltika are secured by a commercial pledge of EEK 69.7 million (EUR 4.45mln) and a mortgage on the registered real estate at Veerenni 24, Tallinn, in the amount of EEK 40 million (EUR 2.6mln). The loan of AS Virulane is secured by mortgages on the registered real estate at Kalda 10A in Rakvere in the amount of EEK 7.4 million (EUR 0.5mln) and at Õpetajate 5 in Ahtme in the amount of EEK 12 million (EUR 0.8mln), a commercial pledge of EEK 14.2 million (EUR 0.9mln) plus the surety of AS Baltika.

AS Baltika has opened a group account in Hansabank with an overdraft limit of EEK 32 million (EUR 2.0mln). As of 31.12.2005, the overdraft facility was not used. As of 31.12.2004, the overdraft facility had been used in the extent of EEK 21.8 million (EUR 1.4mln). The group account agreement includes the companies AS Virulane, AS Elina STC, OÜ Baltman and OÜ Baltika Tailor. The users of the overdraft limit have joint responsibility regarding complying with the terms of the group account.

The Group’s interest expenses in 2005 amounted to EEK 5.4 million (EUR 0.3mln); the respective amount in 2004 was EEK 6.7 million (EUR 0.4mln). Interest expenses are recorded under “Financial expenses” in the income statement.

NOTE 7 Debt instruments

Convertible bonds

The Annual General Meeting of Shareholders of 6 April 2001 decided to issue 576,000 convertible bonds in the period of 2001 to 2003 (192,000 bonds a year) with a nominal value of EEK 1.00 (EUR 0.06) per share. Three types of convertible bonds were issued:

A-bonds were converted into ordinary shares for additional cash payment of EEK 24.00 (EUR 1.53) per share;
B-bonds were converted into ordinary shares for additional cash payment of EEK 33.09 (EUR 2.11) per share;
C-bonds are convertible into ordinary shares for additional cash payment of EEK 36.57 (EUR 2.34) per share.

If the bonds are neither converted into ordinary shares nor redeemed during the conversion period, they are exchanged into interest bearing loans according to the agreement by both parties. Until that date, no interest is paid on the bonds. In exchange for 5,500 bonds not converted into shares EEK 5.5 thousand (EUR 0.35 thousand) has been returned to former employees.

EEK '000	Issue date	Total issue value	Bond conversion period	Bonds converted into shares	Redeemed bonds	Convertible bonds 30.09.2005
A-Bond	01.05.2001	192	01.05.2002-01.05.2004	189.5	2.5	0
B-Bond	01.05.2002	192	01.05.2003-01.05.2005	189.0	3.0	0
C-Bond	01.05.2003	192	01.05.2004-01.05.2006	0	0	192
Total		**576**		**378.5**	**5.5**	**192**

EUR '000	Issue date	Total issue value	Bond conversion period	Bonds converted into shares	Redeemed bonds	Convertible bonds 30.09.2005
A-Bond	01.05.2001	12.3	01.05.2002-01.05.2004	12.1	0.2	0
B-Bond	01.05.2002	12.3	01.05.2003-01.05.2005	12.1	0.2	0
C-Bond	01.05.2003	12.3	01.05.2004-01.05.2006	0	0	12.3
Total		**36.8**		**24.2**	**0.4**	**12.3**

In 2005, the owners of 189,000 B-bonds decided to convert bonds into shares. Accordingly, the Management Board of AS Baltika made a decision to increase the share capital of the company by EEK 1,890,000 (EUR 120,793). After the increase, the share capital of AS Baltika totals EEK 58,229,500 (EUR 3,721,543), consisting of 5,822,950 shares with the nominal value of EEK 10 (EUR 0.64) per share. The share premium in the transaction was EEK 4,553,010 (EUR 290,990). Costs related to the issue of shares in the amount of EEK 51.3 thousand (EUR 3.3 thousand) are recorded under the “Administrative expenses” in the income statement.

In accordance with the terms of the bonds, an employee who has left the company during the year has the obligation to sell the bonds back to the company. In 2005, no bonds were repurchased.

At the Extraordinary Meeting of Shareholders held on 7 December 2004, it was decided to issue 200,000 D-type convertible bonds with a nominal value of EEK 0.10 (EUR 0.006) per share to the executives of the company.

The bonds are convertible into shares at the price of EEK 28.95 (EUR 1.85) per share equalling the weighted average price of AS Baltika share on the Tallinn Stock Exchange on the trading date preceding the adoption of the resolution. The condition for the conversion of bonds into shares is that the market price of the shares of AS Baltika equals at least EEK 45.00 (EUR 2.88) per share.

The convertible bonds have been recorded as a financial liability as the equity component is immaterial.

EEK '000	Issue date	Total issue value	Bond conversion period	Bonds converted into shares	Convertible bonds 31.12.2005
D-Bond	21.12.2004	20	01.07.2006-30.12.2006	0	20

EUR '000	Issue date	Total issue value	Bond conversion period	Bonds converted into shares	Convertible bonds 31.12.2005
D-Bond	21.12.2004	1.3	01.07.2006-30.12.2006	0	1.3

Closed issue of bonds
On 26 September 2003, AS Baltika issued bonds in the amount of EEK 17.5 million (EUR 1.1mln). The company received EEK 17.1 million (EUR 1.1mln) from the issue. The maturity date of bonds is 17 March 2006. The coupon rate of bonds is 7.0% and the effective interest rate on the bonds is approximately 7.7%. The borrowings are not secured.

On 17 March 2005, coupon payments were made to the bond owners in the amount of EEK 1.8 million (EUR 0.1mln). The next coupon payments will be made on the maturity date of the bonds on 17 March 2006.

	Quantity	Nominal (EEK)	Issue price (EEK)	Balance 31.12.2005 (EEK '000)	Coupon interest rate	Maturity date
Bonds	1,750	10,000	9,874	18,429	7.0%	17.03.2006

	Quantity	Nominal (EUR)	Issue price (EUR)	Balance 31.12.2005 (EUR '000)	Coupon interest rate	Maturity date
Bonds	1,750	639	631	1,178	7.0%	17.03.2006

NOTE 8 Shareholders' equity

Share capital

EEK '000	31.12.2005	31.12.2004
Share capital	58,230	56,340
Number of shares	5,822,950	5,633,950
Nominal value of a share (EEK)	10.00	10.00
Statutory reserve capital	5,634	4,800
Revaluation reserve of investment property	3,898	3,898
Other voluntary reserves	0	18,085

EUR '000	31.12.2005	31.12.2004
Share capital	3,722	3,601
Number of shares	5,822,950	5,633,950
Nominal value of a share (EUR)	0.64	0.64
Statutory reserve capital	360	307
Revaluation reserve of investment property	249	249
Other voluntary reserves	0	1,156

Chare capital movements

	Issue type	No. of shares
Number of shares on 31.12.2002		**5,444,450**
Issued on 20.01.2003	Conversion of A-bonds into ordinary shares	15,500
Issued on 16.05.2003	Conversion of A-bonds into ordinary shares	39,500
Number of shares on 31.12.2003		**5,499,450**
Issued on 30.04.2004	Conversion of A-bonds into ordinary shares	88,000
Issued on 12.11.2004	Conversion of A-bonds into ordinary shares	46,500
Number of shares on 31.12.2004		**5,633,950**
Issued on 30.04.2005	Conversion of B-bonds into ordinary shares	189,000
Number of shares on 31.12.2005		**5,822,950**

Under the articles of association, the minimum number of shares of AS Baltika is 4,000,000 and the maximum number is 16,000,000. As of 31.12.2005, the share capital of AS Baltika totalled EEK 58,229,500 (EUR

3,721,543), consisting of 5,822,950 shares with the nominal value of EEK 10 (EUR 0.64) per share. All the issued shares have been paid for.

In 2005, the number of shares of AS Baltika increased by 189,000 as a result of conversion of B-bonds into ordinary shares (see Note 7). The issued shares are entitled to dividends starting from 2005.

In 2005, AS Baltika paid dividends in the amount of EEK 4.4 million (EUR 0.28mln) or EEK 0.75 (EUR 0.05) per share. No dividends were paid in 2004. The company did not pay tax on dividends in 2005 as the dividends were paid out from the retained profits of 1994-1999 from which the company had already paid corporate income tax.

The retained earnings of the company as of 31.12.2005 amounted to EEK 85,740 thousand (EUR 5,480 thousand), as of 31.12.2004 EEK 193 thousand (EUR 12 thousand).

During the reporting period, the mandatory legal reserve of AS Baltika increased by EEK 834 thousand (EUR 53 thousand) as a result of deductions from net profit. Other reserves decreased when EEK 18,085 thousand (EUR 1,156 thousand) was transferred to retained earnings. In 2004, other reserves increased by EEK 3,898 thousand (EUR 249 thousand) as a result of the increase in investment property revaluation reserve.

Shareholders' structure as of 31.12.2005

	Number of shares	Ownership, %
1. BMIG OÜ	1,284,980	22.07
2. Skandinaviska Enskilda Banken Ab clients	451,295	7.75
3. AS LHV Arbitrage	336,000	5.77
4. Members of the Management Board		
Meelis Milder	151,617	2.60
Maire Milder	62,161	1.07
Boriss Loifenfeld	12,482	0.21
Ülle Järv	8,158	0.14
5. Other shareholders	3,516,257	60.39
Kokku	**5,822,950**	**100.00**

The holding company OÜ BMIG is owned by the Members of the Management Board.

NOTE 9 Segments

Business segment report by field of operation for 2005 – primary segment

EEK '000	Retail	Wholesale and other	Production	Inter-segment transactions	TOTAL
Sales	546,760	133,590	556	0	680,906
Inter-segment sales	0	303,696	58,864	-362,560	0
Total sales	546,760	437,286	59,420	-362,560	680,906
Segment operating profit	75,100	47,300	0	0	122,400
Unallocated operating expenses					-47,493
Total operating profit					74,907
					0
Other financial income (expenses)					-3,947
Corporate income tax					-4,280
Profit before minority interest					66,680
Minority interest					-5,984
Net profit					72,664
Assets	136,795	163,974	74,686	-12,703	362,752
Unallocated assets of the Group					14,347
Total assets					377,099

Liabilities	107,154	56,004	9,188	-86,875	85,471
Unallocated liabilities of the Group					83,677
Total liabilities					169,148
Acquisition of fixed assets	15,859	12,850	1,577	0	30,286
Depreciation	11,597	6,297	2,819	0	20,713
Other significant non-monetary expenses	-84	-1,201	-38	0	-1,323

EUR '000	**Retail**	**Wholesale and other**	**Production**	**Inter-segment transactions**	**TOTAL**
Sales	34,944	8,538	36	0	43,518
Inter-segment sales	0	19,410	3,762	-23,172	0
Total sales	34,944	27,948	3,798	-23,172	43,518
Segment operating profit	4,800	3,023	0	0	7,823
Unallocated operating expenses					-3,035
Total operating profit					4,787
					0
Other financial income (expenses)					-252
Corporate income tax					-274
Profit before minority interest					4,262
Minority interest					-382
Net profit					4,644
Assets	8,743	10,480	4,773	-812	23,184
Unallocated assets of the Group					917
Total assets					24,101
Liabilities	6,848	3,579	587	-5,552	5,463
Unallocated liabilities of the Group					5,348
Total liabilities					10,811
Acquisition of fixed assets	1,014	821	101	0	1,936
Depreciation	741	402	180	0	1,324
Other significant non-monetary expenses	-5	-77	-2	0	-85

Business segment report by field of operation for 2004 – primary segment

EEK '000	**Retail**	**Wholesale and other**	**Production**	**Inter-segment transactions**	**TOTAL**
Sales	420,300	118,852	42,726	0	581,878
Inter-segment sales	0	252,135	50,648	-302,783	0
Total sales	420,300	370,987	93,374	-302,783	581,878
Segment operating profit	25,900	34,887	-6,500	0	54,287
Unallocated operating expenses					-35,500
Total operating profit					18,787
Other financial income (expenses)					-4,771
Corporate income tax					947
Profit before minority interest					14,963

Minority interest					-1,738
Net profit					16,701
Assets	131,820	119,157	65,107	-7,536	308,548
Unallocated assets of the Group					8,632
Total assets					317,180
Liabilities	138,385	30,768	9,499	-123,599	55,053
Unallocated liabilities of the Group					120,657
Total liabilities					175,710
Acquisition of fixed assets	13,848	1,012	953	0	15,813
Depreciation	9,575	9,221	3,052	0	21,848
Other significant non-monetary expenses	-14,630	-1,021	0	0	-15,651

EUR '000	**Retail**	**Wholesale and other**	**Production**	**Inter-segment transactions**	**TOTAL**
Sales	26,862	7,596	2,731	0	37,189
Inter-segment sales	0	16,114	3,237	-19,351	0
Total sales	26,862	23,710	5,968	-19,351	37,189
Segment operating profit	1,655	2,230	-415	0	3,470
Unallocated operating expenses					-2,269
Total operating profit					1,201
Other financial income (expenses)					-305
Corporate income tax					61
Profit before minority interest					956
Minority interest					-111
Net profit					1,067
Assets	8,425	7,616	4,161	-482	19,720
Unallocated assets of the Group					552
Total assets					20,271
Liabilities	8,844	1,966	607	-7,899	3,519
Unallocated liabilities of the Group					7,711
Total liabilities					11,230
Acquisition of fixed assets	885	65	61	0	1,011
Depreciation	-612	-589	-195	0	-1,396
Other significant non-monetary expenses	-935	-65	0	0	-1,000

The "Retail" segment includes the subsidiaries related to retail trade and factory shops belonging to AS Baltika and AS Virulane. The "Wholesale and other" segment includes the assets, liabilities, revenues and expenses deriving from wholesale trade and other activities of AS Baltika. The "Production" segment includes the assets, liabilities, revenues and expenses of the manufacturing companies AS Virulane and AS Elina STC.

The assets and liabilities of the segments do not include financial assets and liabilities, and the revenues and expenses of the segment do not include the revenues and expenses associated with these assets and liabilities.

Unallocated assets of the Group include the administrative building, financial assets and corporate income tax receivables. Unallocated liabilities include long-term loans, and dividend and interest liabilities. Unallocated operating costs are administrative costs of the head office and the development and distribution expenses of both the retail and wholesale segment.

Allowances for inventories and doubtful receivables are recorded under “Other significant non-monetary expenses”.

Sales and assets by geographical segment (location of clients) – secondary segment

EEK '000	Net sales		Fixed assets		Capital expenditure	
	2005	2004	31.12.2005	31.12.2004	2005	2004
Estonia	195,359	147,856	86,140	80,942	16,417	3,802
Latvia	82,333	65,809	2,665	3,703	342	1,868
Lithuania	132,431	108,913	11,623	7,724	6,941	2,631
Russia	111,480	76,838	5,533	918	4,959	2,599
Ukraine	98,599	70,957	3,539	3,645	967	3,361
Finland	20,505	32,902	0	0	0	0
Sweden	13	19,036	0	0	0	0
UK	0	15,440	0	0	0	0
Poland	39,150	40,251	5,080	8,376	660	1,552
Other	1,036	3,876	0	0	0	0
Total	**680,906**	**581,878**	**114,580**	**105,308**	**30,286**	**15,813**

EUR '000	Net sales		Fixed assets		Capital expenditure	
	2005	2004	31.12.2005	31.12.2004	2005	2004
Estonia	12,486	9,450	5,505	5,173	1,049	243
Latvia	5,262	4,206	170	237	22	119
Lithuania	8,464	6,961	743	494	444	168
Russia	7,125	4,911	354	59	317	166
Ukraine	6,302	4,535	226	233	62	215
Finland	1,311	2,103	0	0	0	0
Sweden	1	1,217	0	0	0	0
UK	0	987	0	0	0	0
Poland	2,502	2,573	325	535	42	99
Other	66	248	0	0	0	0
Total	**43,518**	**37,189**	**7,323**	**6,730**	**1,936**	**1,011**

Fixed assets include both tangible and intangible assets.

NOTE 10 Earnings per share

Basic earnings per share		**2005**	**2004**
Weighted average number of shares	pc	5,759,950	5,541,721
Net profit	EEK '000	72,664	16,701
	EUR '000	4,644	1,067
Basic earnings per share	**EEK**	**12.62**	**3.01**
	EUR	**0.81**	**0.19**

Diluted earnings per share		**2005**	**2004**
Weighted average number of shares	pc	6,001,814	5,541,721
Net profit	EEK '000	72,664	16,701
	EUR '000	4,644	1,067
Diluted earnings per share	**EEK**	**12.11**	**3.01**
	EUR	**0.77**	**0.19**

The calculation of diluted earnings per share takes into account the convertible bonds that give the owners the right to convert the bonds into an equal number of Baltika's shares, issued to the management within the framework of the convertible bond program for executives, but not yet converted into shares.

The average market price of Baltika's shares in 2005 was EEK 86.07 (EUR 5.50) per share. The price of the convertible bonds was established at EEK 34.09 (EUR 2.18) in 2002, at EEK 37.57 (EUR 2.40) in 2003 and at EEK 28.95 (EUR 1.85) in 2004.

As the average market price of Baltika's shares in 2004 of EEK 24.18 (EUR 1.55) per share was lower than the price at which the holders of the convertible bonds could have converted the bonds into shares, the convertible bonds did not impact the calculation of diluted earnings per share in that period.

NOTE 11 Related parties

For the purpose of this interim report related parties include:
a) owners;
b) members of the management, the management board and the supervisory board;
c) close relatives of the persons mentioned above;
d) entities under the control of the members of the management board and the supervisory board;
e) subsidiaries;
f) joint ventures.

During the reporting period, the parent company AS Baltika has purchased sewing services and materials and has sold its goods and rendered services (management services, other services) to the following related parties:

EEK '000	**2005**		**2004**	
	Purchases	**Sales**	**Purchases**	**Sales**
Purchases and sales of goods				
Subsidiaries	31,134	301,847	13,882	245,717
Joint venture	76	4,267	0	379
Companies related to the members of the management and supervisory board	0	0	2,417	0
Total purchases and sales of goods	**31,210**	**306,114**	**16,299**	**246,096**
Purchases and sales of services				
Subsidiaries	28,011	1,568	41,355	4,756
Joint venture	25,976	7,033	951	1,129
Companies related to the members of the management and supervisory board	0	0	593	13,120
Total purchases and sales of services	**53,987**	**8,601**	**42,899**	**19,005**

EUR '000	**2005**		**2004**	
	Purchases	**Sales**	**Purchases**	**Sales**
Purchases and sales of goods				
Subsidiaries	1,990	19,292	887	15,704
Joint venture	5	273	0	24
Companies related to the members of the management and supervisory board	0	0	154	0
Total purchases and sales of goods	**1,995**	**19,564**	**1,042**	**15,728**
Purchases and sales of services				
Subsidiaries	1,790	100	2,643	304
Joint venture	1,660	449	61	72
Companies related to the members of the management and supervisory board	0	0	38	839
Total purchases and sales of services	**3,450**	**550**	**2,742**	**1,215**

In addition to the transactions with the parent company, transactions were also concluded within the Group - sewing services were sold and purchased in the amount of EEK 509 thousand (EUR 33 thousand), products in the amount of EEK 28 thousand (EUR 2 thousand) and raw materials in the amount of EEK 9 thousand (EUR 0.6 thousand).

Convertible bonds

As of 31.12.2005, the Management Board had been issued and subscribed for 227,953 C and D convertible bonds, in the amount of EEK 137,953 (EUR 8,817). As of 31.12.2004, accordingly 329,953 B, C and D convertible bonds, in the amount of EEK 239,953 (EUR 15,336).

Loans

	EEK '000		EUR '000	
	2005	**2004**	**2005**	**2004**
Loans to the members of management				
Balance at the beginning of period	574	136	37	9
Loans granted	0	652	0	42
Repayment of loans granted	-289	-136	-18	-9
Foreign exchange rate differences	67	-78	4	-5
Balance at the end of period	**352**	**574**	**22**	**37**

In 2004, a loan was granted to the head of Baltika's Ukrainian subsidiary. The maturity date of the loan is 31.12.2006 and no interest is computed during the validity of the employment contract. In 2004, the head of Baltika's subsidiary Baltika Lietuva repaid the loan granted.

Balances with related parties

	EEK '000		EUR '000	
	31.12.2005	**31.12.2004**	**31.12.2005**	**31.12.2004**
Subsidiaries	75,046	94,539	4,796	6,042
Joint venture	1,724	2,495	110	159
Companies related to the members of the management and supervisory board	0	1,288	0	82
Total current receivables	**76,770**	**98,322**	**4,906**	**6,284**
Subsidiaries	12,703	7,536	812	482
Joint venture	0	714	0	46
Companies related to the members of the management and supervisory board	0	0	0	0
Total current liabilities	**12,703**	**8,250**	**812**	**527**

NOTE 12 Events after the balance sheet date

In February 2006, AS Baltika acquired an additional stake of 12.4% of the share capital of its subsidiary AS Elina STC. As a result, Baltika's ownership in AS Elina STC increased to 62.5%.