Appendix 3

Target carve-out financial statements from AS Lauma 2004 – Profit and Loss

Profit and loss statement 2004

LVL'000	AS Lauma	AS Lauma and SIA Lauma Fabrics	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie	Lingerie LoB as % of total
Net sales	20,110	14,045	6,065	-	6,065	30%
Cost of goods sold	(14,211)	(10,436)	(3,775)	(273)	(4,048)	27%
Gross profit	5,899	3,609	2,290	(273)	2,017	39%
Gross margin	*29.3%*	*25.7%*	*37.8%*	-	*33.3%*	*129%*
Selling expenses	(1,500)	(835)	(665)	-	(665)	44%
Administrative expenses	(1,147)	(699)	(448)	-	(448)	39%
Other operating income	542	517	25	-	25	5%
Other operating expenses	(700)	(647)	(53)	-	(53)	8%
Net interest and similar income	62	43	19	-	19	31%
Write-off financial investments and securities	-	-	-	-	-	0%
Profit before taxes	3,156	1,988	1,168	(273)	895	37%
Profits tax	(439)	(269)	(170)	41	(129)	39%
Other taxes	(61)	(61)	-	-	-	0%
Profit of the reporting year	**2,656**	**1,658**	**998**	**(232)**	**766**	**38%**

Source: Audited financial statements of AS Lauma, unaudited proforma financial statements of the Target, Target's calculations

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Appendix 3

Target carve-out financial statements from AS Lauma 2004 - Balance sheet

Balance sheet 2004 - Assets						
LVL'000	AS Lauma	AS Lauma and SIA Lauma Fabrics	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie	Lingerie LoB as % of AS Lauma
Fixed assets						
Intangible assets	62	62	-	-	-	0%
Land and buildings	3,876	3876	-	-	-	0%
Equipment and machinery	3,793	3,485	308	-	308	8%
Other fixed assets	1,250	1,196	54	-	54	4%
Construction in progress	65	65	-	-	-	0%
Prepayments for fixed assets	138	138	-	-	-	0%
	9,184	8,822	362	-	362	4%
Long term financial investments						
Investments in subsidiaries	25	25	-	-	-	0%
Other securities and investments	10	10	-	-	-	0%
	35	35	-	-	-	0%
Inventory						
Raw materials	2,323	1,904	419	51	470	18%
Work in progress	235	117	118	14	132	50%
Finished goods and goods for sale	3,579	2,380	1,199	76	1,275	34%
Prepayments for goods	15	15	-	-	-	0%
	6,152	4,416	1,736	141	1,877	28%
Receivables and other assets						
Trade receivables	2,104	1,463	641	-	641	30%
Other receivables	468	358	110	-	110	24%
Loans to related parties	151	151	-	-	-	0%
Prepaid expenses	29	26	3	-	3	10%
Cash	2,955	2,437	518	(373)	145	18%
	5,707	4,435	1,272	(373)	899	22%
Total assets	**21,078**	**17,708**	**3,370**	**(232)**	**3,138**	**16%**

Source: Audited financial statements of AS Lauma, unaudited proforma financial statements of the Target, Target's calculations

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Appendix 3

Target carve-out financial statements from AS Lauma 2004 - Balance sheet - continued

Balance sheet 2004 - equity and liabilities						
LVL'000	AS Lauma	AS Lauma and SIA Lauma Fabrics	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie	Lingerie LoB as % of total
Equity						
Share capital	5,985	5,285	700	-	700	12%
Retained earning and reserves	10,890	9,391	1,499	-	1,499	14%
Profit for the year	2,656	1,658	998	(232)	766	29%
	19,531	16,334	3,197	(232)	2,965	15%
Provisions						
Provision for taxes	351	351	-	-	-	0%
Other provisions	248	205	43	-	43	17%
	599	556	43	-	43	7%
Long term liabilities						
Loans from credit institutions	-	-	-	-	-	0%
Payables		-				
Advances received	49	49	-	-	-	0%
Trade payables	585	585	-	-	-	0%
Taxes	205	166	39	-	39	19%
Other liabilities	107	43	64	-	64	60%
Dividends payable	2	(25)	27	-	27	1350%
	948	818	130	-	130	14%
Total equity and liabilities	**21,078**	**17,708**	**3,370**	**(232)**	**3,138**	**15%**

Source: Audited financial statements of AS Lauma, unaudited proforma financial statements of the Target, Target's calculations

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Appendix 3

Target carve-out financial statements from AS Lauma 2005 – Profit and Loss

Profit and loss statement 2005						
LVL'000	AS Lauma	AS Lauma Lingerie actual	AS Lauma and SIA Lauma Fabrics	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie
Net sales	23,815	37	16,958	6,894	-	6,894
Cost of goods sold	(17,628)	(43)	(13,141)	(4,530)	(258)	(4,788)
Gross profit	6,187	(6)	3,817	2,364	(258)	2,106
Gross margin	*26.0%*	*(16.2)%*	*22.5%*	*34.3%*	-	*30.5%*
Selling expenses	(1,673)	(23)	(1,097)	(599)	-	(599)
Administrative expenses	(1,867)	-	(1,520)	(347)	-	(347)
Other operating income	1,409	-	1,398	11	-	11
Other operating expenses	(1,006)	-	(976)	(30)	-	(30)
Net interest and similar income	221	-	209	12	-	12
Write-off financial investments and securities	-	-	-	-	-	-
Profit before taxes	3,271	(29)	1,831	1,411	(258)	1,153
Profits tax	(422)	(6)	(213)	(215)	39	(176)
Other taxes	(61)	-	(61)	-	-	-
Profit of the reporting year	**2,788**	**(35)**	**1,557**	**1,196**	**(219)**	**977**

Source: Unaudited financial statements of AS Lauma, unaudited proforma financial statements of the Target, unaudited financial statements of Target, Target's calculations

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Appendix 3

Target carve-out financial statements from AS Lauma 2005 - Balance sheet

Balance sheet 2005 - Assets					
LVL'000	AS Lauma	AS Lauma Lingerie actual	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie
Fixed assets					
Intangible assets	52	-	-	-	-
Land and buildings	3,653	-	-	-	-
Equipment and machinery	3,771	327	327	-	327
Other fixed assets	1,126	76	76	-	76
Construction in progress	62	-	-	-	-
Prepayments for fixed assets	383	-	-	-	-
	9,047	403	403	-	403
Long term financial investments					
Investments in subsidiaries	702	-	-	-	-
Other securities and investments	10	-	-	-	-
	712	-	-	-	-
Inventory					
Raw materials	1,287	466	482	38	520
Work in progress	289	108	152	11	163
Finished goods and goods for sale	2,071	596	915	46	961
Prepayments for goods	3	-	-	-	-
	3,650	1,170	1,549	95	1,644
Receivables and other assets					
Trade receivables	4,332	25	640	-	640
Other receivables	249	544	72	-	72
Loans to related parties	5,095	-	-	-	-
Prepaid expenses	40	-	1	-	1
Cash	1,429	592	1,181	(314)	867
	11,145	1,161	1,894	(314)	1,580
Total assets	**24,554**	**2,734**	**3,846**	**(219)**	**3,627**

Source. Unaudited financial statements of AS Lauma, unaudited proforma financial statements of the Target, unaudited financial statements of Target, Target's calculations

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Appendix 3

Target carve-out financial statements from AS Lauma 2005 - Balance sheet - continued

Balance sheet 2005 - Equity and liabilities					
LVL'000	AS Lauma	AS Lauma Lingerie actual	Carved-out lingerie LoB	Proforma adjustments	Proforma statements AS Lauma Lingerie
Equity					
Share capital	5,985	700	700	-	700
Retained earning and reserves	13,546	-	1,499	-	1,499
Profit for the year	2,788	(35)	1,196	(219)	977
	22,319	665	3,395	(219)	3,176
Provisions					
Provision for taxes	318	-	-	-	-
Other provisions	253	63	63	-	63
	571	63	63	-	63
Long term liabilities					
Loans from credit institutions	-	-	-	-	-
Payables					
Advances received	4	-	-	-	-
Trade payables	879	1,952	105	-	105
Taxes	436	31	179	-	179
Other liabilities	94	23	104	-	104
Dividends payable	1	-	-	-	-
Accrued liabilities	250	-	-	-	-
	1,664	2,006	388	-	388
Total equity and liabilities	**24,554**	**2,734**	**3,846**	**(219)**	**3,627**

Source: Unaudited financial statements of AS Lauma, unaudited proforma financial statements of the Target, unaudited financial statements of Target, Target's calculations

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