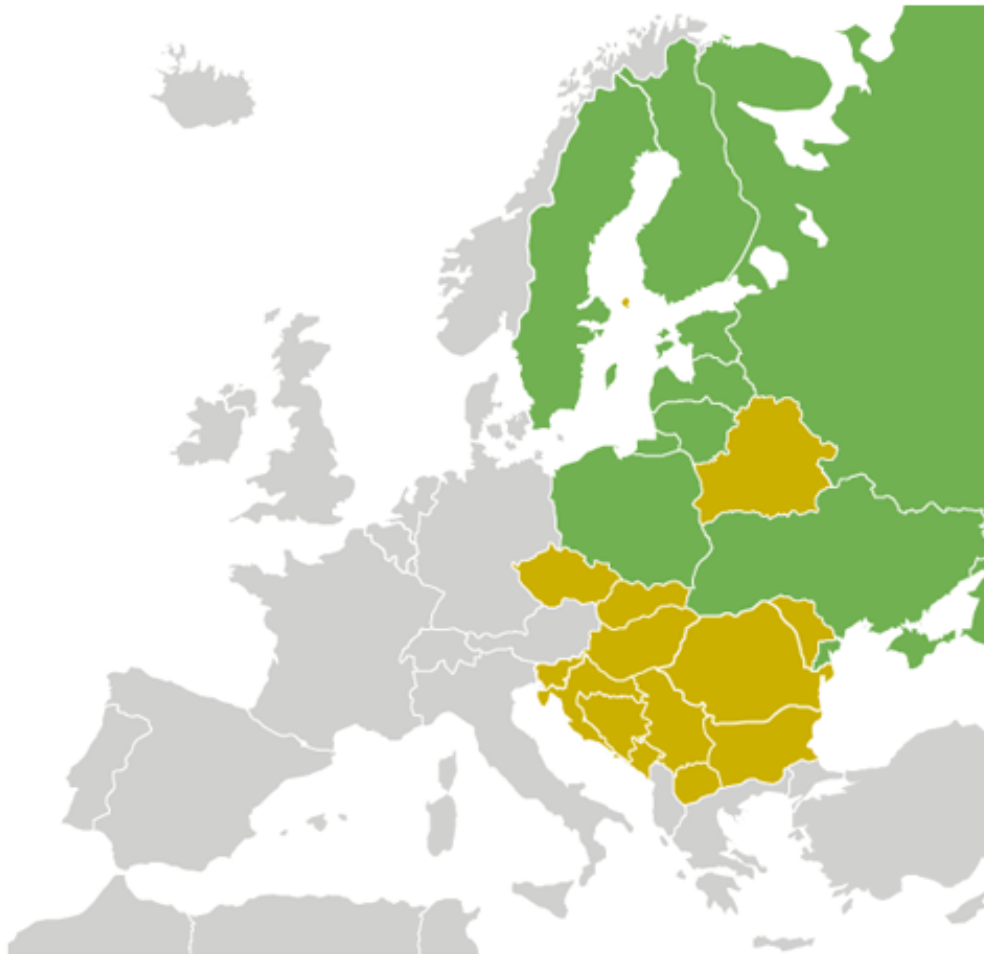


BALTIKA GROUP

6m 2005

Baltika today



- Clothing retailer
 - Four retail concepts
 - Six countries
 - 76 stores
 - 11,340 m² retail space
- Wholesale
- Vertically integrated product development and manufacturing

■ Countries Baltika Group is present (retail and wholesale operations)

■ Central and East European region

Highlights from history

- 1928** “Gentelman” established in Tallinn as producer of raincoats
- 1959** company restructured and renamed as Baltika producing formal menswear
- 1988** production of ladieswear started
- 1991** Baltika privatised, first menswear collection “Baltman” launched, first own store opened
- 1993** first ladieswear collection “CHR” launched, first shop opened in Lithuania
- 1994** first shop opened in Russia, Jekaterinburg
- 1995** “Evermen” collection launched
- 1996** first shop opened in Latvia
- 1997** Baltika listed on the Tallinn Stock Exchange (OMX Exchanges)
- 1999** sales office established in Poland
- 2000** franchising contracts in Latvia and Russia, Baltika Ukraine established and the first store opened in Ukraine
- 2002** “Monton” brand launched in five markets, subsidiary founded in Latvia
- 2004** 50.1% holding acquired in the Russian retail operations
- 2004** spin-off of Baltika’s production unit into a joint venture

Mission statement

Our mission is to offer our customers fashion clothing, which complements their lifestyle. In that way we become the best solution for their self-expression to help them feel good and perform their best. To our employees we want to offer a highly motivated and secure working environment.

Our goal is to be the leading specialist fashion retailer in Central and Eastern Europe.

Through these activities, we ensure constant growth and improved shareholders' value with their investment in Baltika.

Baltika's vision in retrospect

Strategy 2002-2005

**Specialist
fashion retailer**

(vertically integrated business model)
Share of retail sales - 81%

2001

Clothing retailer
with own production

Share of retail sales - 37%

1991

Production
company

1999

Clothing
company

2000

Clothing
company
with own retail

Vertically integrated business model

- Retail
 - Four retail concepts: Monton, Baltman, CHR/Evermen, Baltika Factory Outlet
 - 76 stores and 11,340 m² of retail space
 - Six countries: Estonia, Latvia, Lithuania, Ukraine, Russia, Poland
- Wholesale
 - Wholesale of own products
 - Countries: Estonia, Latvia, Lithuania, Russia, Finland
- Production
 - Three production companies (Elina, Virulane, Baltika Tailor)
 - Specialisation in men's and women's tailored suits, shirts, jackets, coats
 - Worldwide outsourcing

BG retail concepts



MONTON – fast fashion brand for men and women offering customers easily combinable styles of good quality



CHR/EVERMEN – product brands for more price sensitive segments, offering quality clothing for men and women



BALTMAN – prestigious lifestyle brand for men, offering classic clothing and personal service in a comfortable shopping environment



Fast fashion brand launched in 2002.
Present in six countries: Estonia, Latvia,
Lithuania, Ukraine, Russia, Poland.

Competitive edge:

- Fashionable smart casualwear
- Easy to combine to create your individual look
- First choice fashion clothing for target customer

Target group:

- Male and female
- 25-35 years
- Average income
- Fashion minded



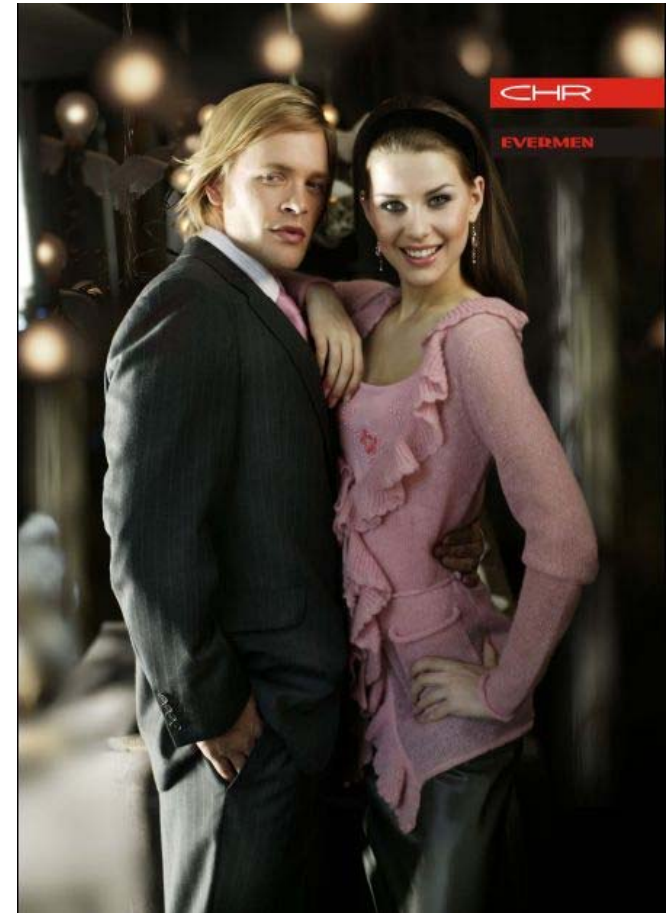
Quality clothing for more price sensitive customer groups. Shops in Estonia, Latvia, Lithuania, Ukraine and Russia.

Competitive edge:

- Good value for money
- Smart contemporary clothing
- Wide appeal

Target group:

- Male and female
- 20-45 years
- Average income



BALTMAN

High quality stylish and classic clothing for men. Shops in Estonia, Latvia, Lithuania and Russia.

Competitive edge:

- Stylish business wear
- Good quality at affordable prices
- Personal and professional service

Target group:

- Male
- 25-55 years
- Average and higher than average income



Awards

- Monton: Choice of the Year 2004 in Womenswear in Ukraine
- Monton: Most Innovative Brand in Latvia 2004
- www.montonfashion.com
 - Cresta Awards 2002 finalist
 - Golden Drum 2002 finalist
 - Golden Egg 2002
 - Bronze Egg 2004
- CHR designer Evelin Lill won Golden Needle Award 2004 (Estonia)

Retail network

	Monton	CHR/ Evermen	Baltman	Factory Outlet	Multi- brand	Total	m ²
Estonia	6	9	4	4		23	2,962
Latvia	4	4	2			10	1,414
Lithuania	7	5	3	1		16	2,610
Ukraine	6	5	1			12	1,808
Russia	1	1	1		4	7	847
Poland	7			1		8	1,699
Total	31	24	11	6	4	76	11,340

Financial highlights – 6m 2005

- Group sales up 15.3% yoy
- Retail sales up 34.0% yoy
- Gross margin expansion to 51.9% (46.2% in 6m 2004)
- Operating profit EEK 26.7mln vs EEK 5.0mln last year
- Operating margin at 8.6% (1.9% in 6m 2004)
- Net profit EEK 28.2mln (EEK 1.7mln in 6m 2004)
- Net margin at 9.1% (0.6% in 6m 2004)
- Cash flow from operating activities at EEK 30.2mln vs EEK 6.4mln in 6m 2004

Quarterly highlights

- Fast growth in retail sales
- Improved sales efficiency and inventory management
- More exact price policy - better mark-ups and margins
- Well managed mid-season sales in April
- Precisely timed launch of summer collection
- Summer collection items popular among high school graduates in the Baltics
- Successful campaigns of special products (linen products, graduates' promotion)
- Higher store traffic compared with previous year

Income statement

EEK '000	2Q 05	2Q 04	+/-	6m 05	6m 04	+/-
Net sales	160,271	138,732	15.5%	310,488	269,350	15.3%
Gross profit	87,780	67,166	30.7%	161,098	124,543	29.4%
<i>Gross margin</i>	<i>54.8%</i>	<i>48.4%</i>		<i>51.9%</i>	<i>46.2%</i>	
Operating profit	18,454	2,472	647%	26,666	5,006	433%
<i>Operating margin</i>	<i>11.5%</i>	<i>1.8%</i>		<i>8.6%</i>	<i>1.9%</i>	
Net financial exp.	-970	-1,638	-40.8%	-1,034	-3,285	-68.5%
Incl. interest exp.	-1,297	-1,678	-22.8%	-2,790	-3,471	-19.6%
Profit before tax	17,484	834	1996%	25,632	1,721	1389%
Net profit	17,777	1,138	1462%	28,160	1,724	1533%
<i>Net margin</i>	<i>11.1%</i>	<i>0.8%</i>		<i>9.1%</i>	<i>0.6%</i>	

Sales by segment

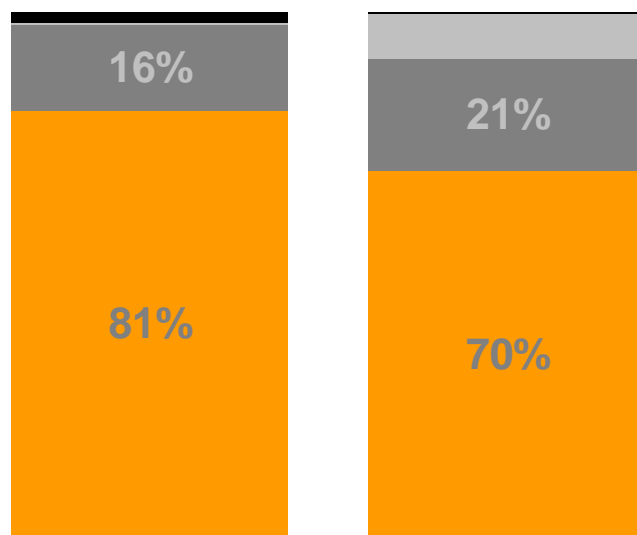
EEK mln	2Q 05	2Q 04	+/-	6m 05	6m 04	+/-
Retail sales	140.6	109.0	29.0%	252.3	188.3	34.0%
Wholesale	16.6	17.7	-6.0%	50.7	57.2	-11.3%
Subcontracting	0	11.7	-100%	0.5	23.2	-97.7%
Other sales	3.0	0.3	879%	6.9	0.6	1029%
Total	160.3	138.7	15.5%	310.5	269.3	15.3%

Due to the establishment of a joint venture, Baltika Tailor OÜ, on the basis of Baltika's production unit in November 2004, the consolidated sales results do not include subcontracting figures starting from December 2004.

Due to the acquisition of a 50.1% holding in the Russian retail partner in April 2004, part of Russian wholesale is recorded as retail sales starting from May 2004.

Sales development

Sales breakdown



6m 2005

6m 2004

■ Retail sales
■ Subcontracting

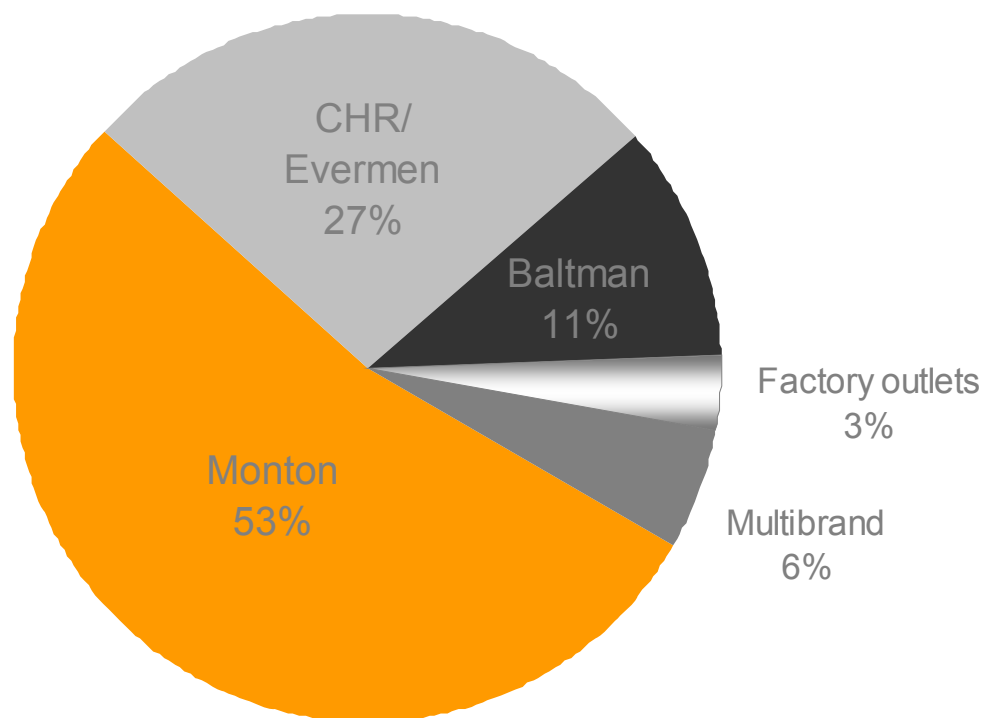
■ Wholesale
■ Other sales

Growth 6m 2005, yoy

Retail system (avg m ²)	11%
Efficiency (sales/m ²)	20%
Retail sales	34%
Like-for-Like sales	19%

Sales by concept

Retail sales breakdown, 6m 2005



Sales by country

EEK mln	6m 05	6m 04	+/-	% sales
Estonia	90.8	68.2	33%	29%
Latvia	37.5	29.3	28%	12%
Lithuania	58.8	48.5	21%	19%
Ukraine	43.2	32.8	31%	14%
Russia	50.4	34.3	47%	16%
Poland	20.1	19.4	4%	7%
Finland	9.6	16.3	-41%	3%
Other	0.1	20.5	-99.7%	0%
Total	310.5	269.3	15%	100%

Sales and gross margin

Quarterly sales and gross margin

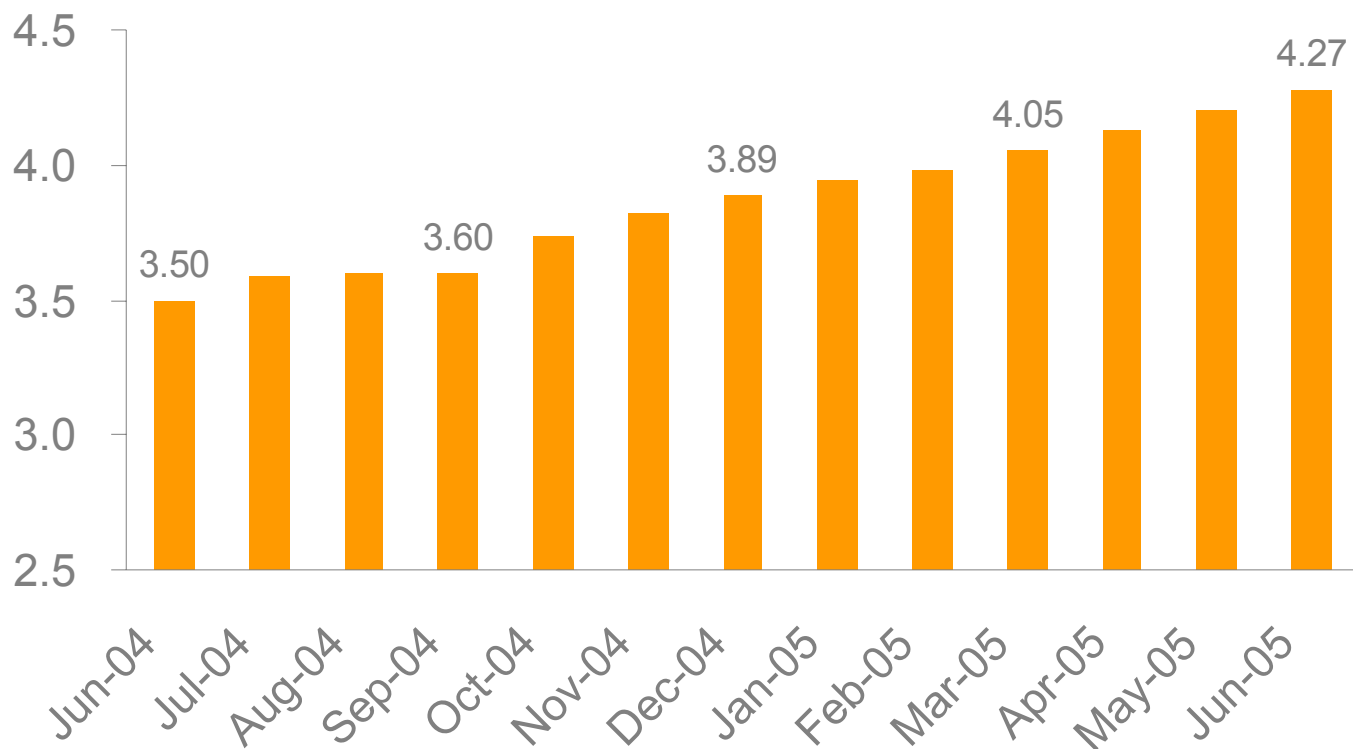


Balance sheet highlights

EEK '000	30.06.05	30.06.04	+/-	31.12.04
Customer receivables	30,545	20,252	50.8%	27,501
Inventories	146,595	164,312	-10.8%	145,460
Tangible fixed assets	72,290	84,341	-14.3%	77,325
Total assets	318,086	327,142	-2.8%	317,180
Accounts payable	31,838	42,882	-25.8%	31,154
Total liabilities	152,243	204,865	-25.7%	175,710
Total equity	165,843	122,277	+35.6%	141,470
Inventory turnover	4.27	3.50	22.0%	3.89
ROE	32.5%	-30.5%		14.6%
ROA	13.5%	-10.9%		5.1%

Inventory management

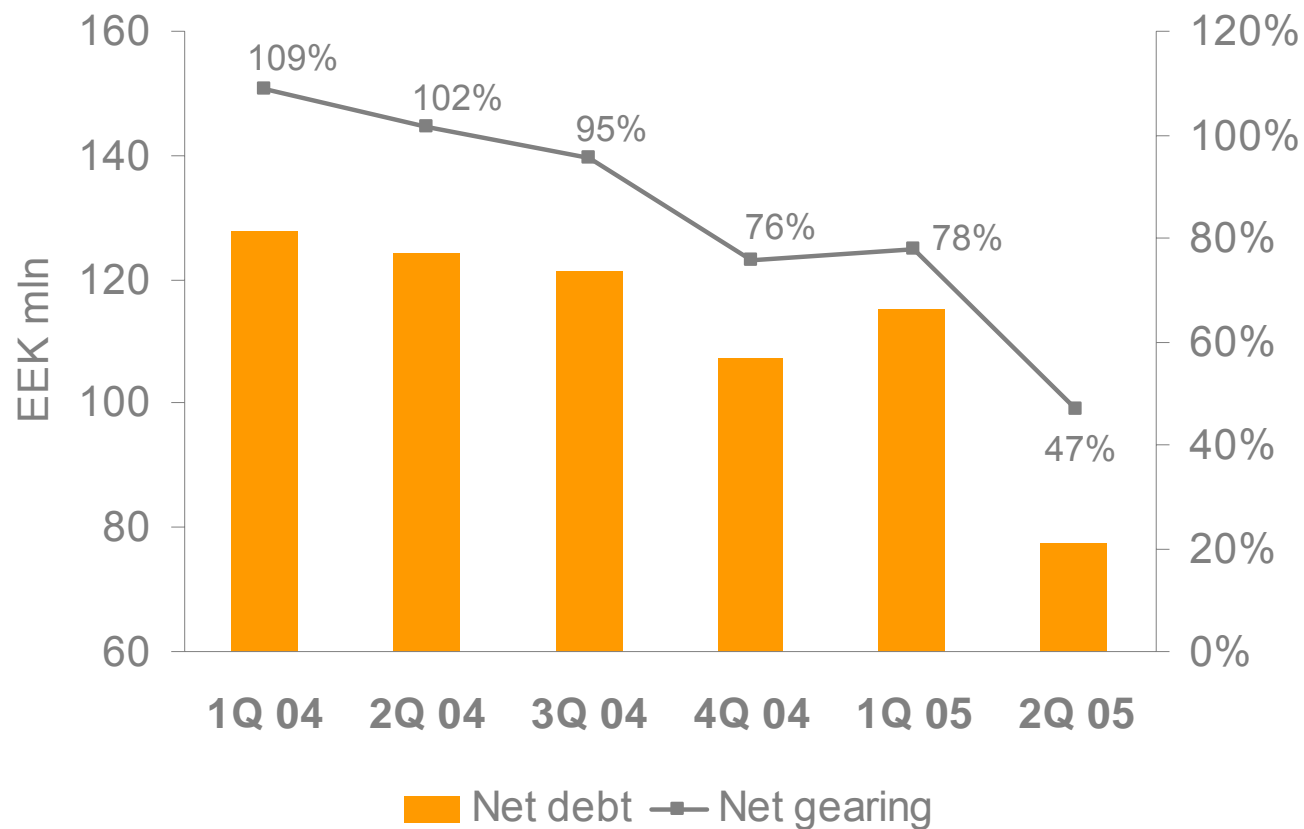
Inventory turnover ratio*



*Net sales/Average inventories (12-month trailing figures)

Financial position

Net debt and gearing ratio



Outlook for 3Q 2005

- Summer clearance sale throughout July
- Gradual inflow of new products in July
- New season launch in August
- 3Q - strongest wholesale quarter
- Strong start of 3Q – July sales up 24% yoy

Outlook and goals for 2005

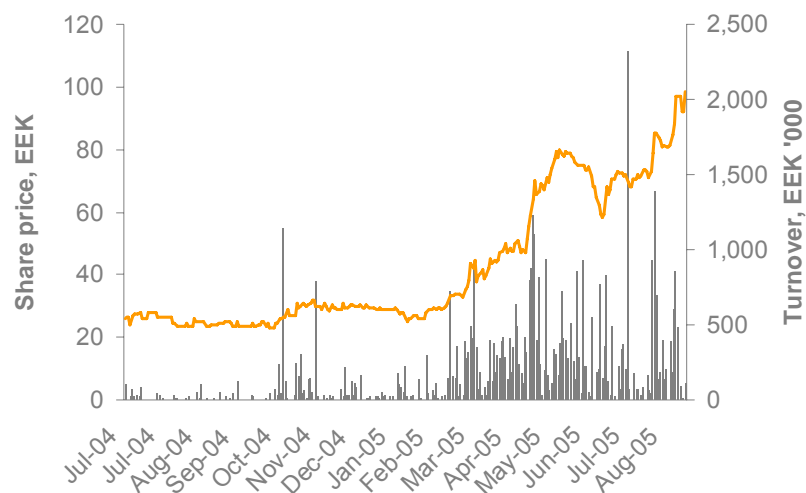
- Net sales of the group min EEK 640mln (EUR 41mln)
- Growth of retail sales min 20%
- Increase of retail efficiency (sales/m²) more than 10%
- Better sourcing: improvement of the first price margin
- Improved stock management: stock turnover ratio over 4 times
- Preparation of the group's strategy for 2006-2008
- Expand the retail area by ca 1,700 m² (10-12 new shops) implying investments into the system of EEK 15mln (EUR 1mln)
- Investments for developing IT-systems and production in the amount of ca EEK 4mln (EUR 0.3mln)

Financial targets 2002-2005

	Target	6m 2005	2005f
Doubling of net sales	EEK 828mln	EEK 310mln	EEK 640mln
Tripling of net profit	EEK 45mln	EEK 28.2mln	
ROE	≥15%	32.5%	

Share data

Share price history



EEK	2001	2002	2003	2004	6m 05
Shares ('000)	4,800	5,444	5,499	5,634	5,823
Share price	31.50	36.77	32.86	29.10	72.44
DPS	0	0	0	0.75	n/a
EPS	3.27	1.36	-12.30	3.01	4.96
BVPS	30.54	32.51	20.94	25.11	28.48
P/E	9.6	27.1	neg	9.7	7.3
P/BV	1.0	1.1	1.6	1.2	2.5

Shareholders' structure

Baltic Republics Fund	34.6%
BMIG OÜ	18.9%
Other	46.5%
Total	100.0%

No of shares outstanding	5,822,950
No of shares fully diluted	6,214,950
Market cap, EEK mln	422
OMX code	BLT1T
Bloomberg code	BLT1T ET
Next interim results	21-Oct-05

Contact

Triin Palge
AS Baltika
Head of Investor Relations

Phone +372 630 2886
Fax +372 630 2814
triin.palge@baltikagroup.com
Veerenni 24, 10135 Tallinn
Estonia

www.baltika.ee