

Tallinna Kaubamaja AS

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report
for the first quarter of 2006**

Table of Contents

KEY DATA.....	3
MANAGEMENT REPORT.....	4
CONSOLIDATED FINANCIAL STATEMENT.....	8
MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS	8
CONSOLIDATED BALANCE SHEET.....	9
CONSOLIDATED INCOME STATEMENT	10
CONSOLIDATED INCOME STATEMENT	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES FOR CONSOLIDATED INTERIM REPORT	13
Note 1 Accounting methods and principles used in preparing the consolidated interim report.....	13
Note 2 Cash and bank	14
Note 3 Trade receivables	14
Note 4 Other receivables	14
Note 5 Prepaid expenses.....	14
Note 6 Inventories	15
Note 7 Shares of associated companies.....	15
Note 8 Other long-term receivables	15
Note 9 Property, plant and equipment.....	16
Note 10 Debt liabilities	16
Note 11 Finance lease	17
Note 12 Other short-term payables	18
Note 13 Share capital	18
Note 14 Net sales.....	18
Note 15 Other revenue	18
Note 16 Other operating expenses	19
Note 17 Personnel expenses.....	19
Note 18 Interest expenses.....	19
Note 19 Operating profit	20
Note 20 Segment reporting	20
Note 21 Related party transactions.....	21

KEY DATA

The main activities of Tallinna Kaubamaja Group are retail and wholesale. The Group employs more than 2 200 employees.

The shares of AS Tallinna Kaubamaja are quoted on Tallinn Stock Exchange.

Legal address	Gonsiori 2 10143 Tallinn Estonia
Commercial Registry No.:	10223439
Beginning of the financial year:	01.01.2006
End of the financial year:	31.12.2006
Beginning of the interim report	01.01.2006
End of the interim report:	31.03.2006
Phone:	37 26 673 200
Fax:	37 26 673 205
E-mail:	kaubamaja@kaubamaja.ee

MANAGEMENT REPORT

The main activities of the companies in the Tallinna Kaubamaja Group are retail and wholesale trade.

As at 31 March 2006, the Group consisted of the following companies

	Participation 31.03.06	Participation 31.03.05
A-Selver AS	100%	100%
AS Tartu Kaubamaja	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	100%	100%
Tallinna Kaubamaja Kinnisvara OÜ	100%	100%
Rävala Parkla AS	50%	50%

All subsidiaries and associates of the group have been registered in the Republic of Estonia.

Economic development and its impact

In 1st quarter 2006 the prices grew by 4.4% compared to 1st quarter 2005. According to the preliminary data of the Estonian Statistical Offices, retail sales (excluding motor vehicle and fuel) increased 21%., whereas the respective figure was 13% for non-speciality stores (mostly groceries). According to the preliminary data of the Estonian Statistical Office, the share of non-speciality stores was approximately 51% of total retail sales.

The growth of the retail market has been propelled by higher purchasing power of customers, low interest rate, decreasing of unemployment which in turn creates a more favourable environment and good development conditions of retail chains.

Results of operations

The net sales of the Tallinna Kaubamaja Group increased by 61% in 2006 as compared to 2005, to almost 869 million kroons which is 328 million kroons more than the year before.

Net profit was approximately 29.8 million kroons which is 21.2 million kroons more than in 2005. In 1st quarter 2005 the net profit was 8.6 million kroons.

FINANCCIAL DATA 2005-2006

Group's consolidated financial statements

	1st quarter		
	2006	2005	Changes
INCOME STATEMENT (EEK million)			
Net sales	869	541	61%
Operating profit	32	9	22
Net profit	30	9	21
BALANCE SHEET (EEK million)			
Total current assets	387	299	88
Total non-current assets	1307	750	557
Total assets	1693	1049	644
Current liabilities	505	291	214
Non-current liabilities	236	393	-157
Total liabilities	740	683	57
Equity	1019	655	364
Equity ratio (%)	58%	49%	0

PROFITABILITY RATIOS (%)		
Return on equity (ROE)	3%	1%
Return on assets (ROA)	2%	1%
Net profit margin	3%	2%
LIQUIDITY RATIOS		
Quick ratio	0,77	1,03
Debt ratio	0,42	0,51
Net sales per sales space (EEK thousand)	15,1	12,7
Net sales per employee (EEK million)	0,4	0,4
Sales space per employee (m2)	25,4	27,7
Inventory turnover	2,65	2,19
SHARES		
Number of shares (1000 pieces)	6788	6788
Earnings per share (EEK/share)	150,2	96,5
Closing price of share (EEK/share)	297,3	350,5
Net profit of share (EEK/share)	4,4	1,3
P/E ratio	67,8	276,6
Average numbers of employees	2267	1541
Average sales space (m2)	57623	42680
Growth of sales space (%)	35%	
Share of equity	= Equity / Balance sheet total * 100%	
Return on equity (ROE)	= Net profit / Average equity * 100%	
Return on assets (ROA)	= Net profit / Average volume of assets * 100%	
Net sales per sales space	= Net sales / Average sales space	
Net sales per employee	= Net sales / Average number of employees	
Sales space per employee	= Average sales space / Average number of employees	
Inventory turnover (ratio)	= Net sales / inventories	
Net profit margin	= Net profit / Net sales * 100%	
P/E ration	= Closing price of share / earnings per share	
Quick ration	= Current assets / current liabilities	
Debt coefficient	= Total liabilities / Balance sheet total	

As at 31 March 2006, the balance sheet total of the Tallinna Kaubamaja Group was 1759.7 million kroons, increasing by 711.6 million kroons in a year. Assets growth was 61% and equity growth 53%.

Compared to the end of year 2005 (as at 31 December 2005), the balance sheet total of the Tallinna Kaubamaja Group was increased by 60.1 million kroons in a year. Assets growth was 3.5% and equity growth 3%.

The number of loyal customers with Partner cards increased to 215 000 people by the end of 1st quarter 2006, growing by 14% as compared to the end of year 2005.

Securities market

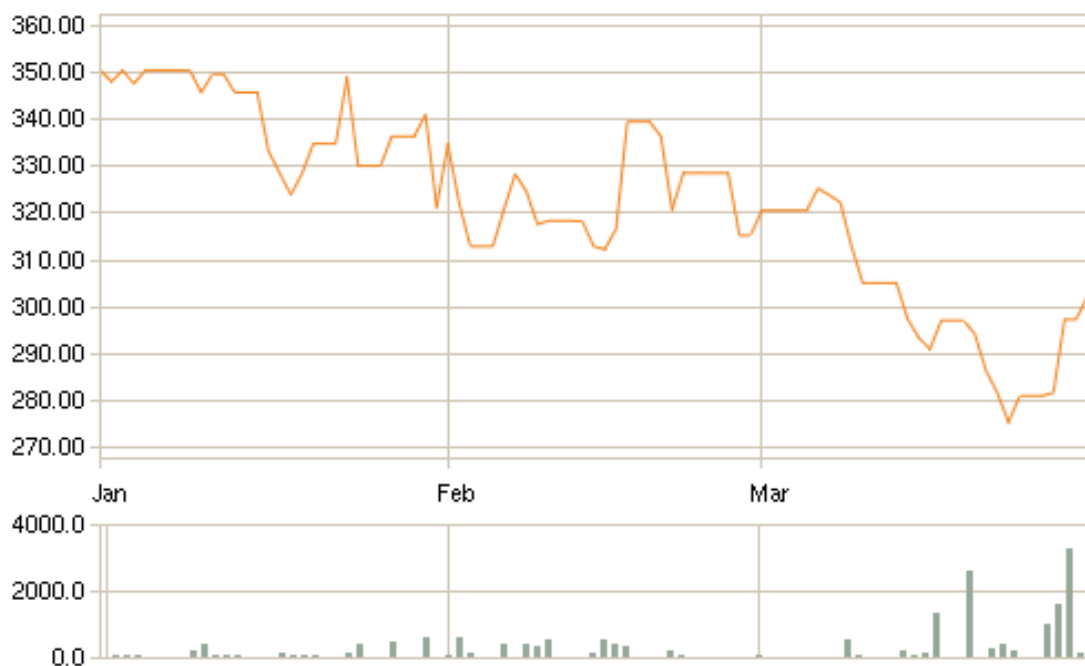
The shares of Tallinna Kaubamaja AS have been listed in the main list of Tallinna Stock Exchange since 19 August 1997. A total of 6788.2 thousand shares have been issued with the nominal value of 10 kroons each.

In 1st quarter 2006, the share price decreased by 15%, from 350.48 kroons to 297.29 kroons.

According to the notice of regular annual general meeting of the shareholders published on 4th May 2006, the Management Board proposed to pay dividends 3.00 kroons per share. The supervisory board approved it.

Additionally, the supervisory board will propose to shareholders to increase the share capital in the account of "retained earnings" line in the balance sheet without making additional cash payments, by issuing five new shares per each existing share.

Share price in Estonian kroons and trading statistic in Tallinn Stock Exchange in 1st quarter 2006



Department store

In 1st quarter 2006, the net sales in supermarket business segment increased by 28% as compared to the year before by 53 million kroons. The net profit increased to 5.8 million kroons.

Supermarkets

In 1st quarter 2006, the net sales in supermarket business segment increased by 76% as compared to the year before by 242 million kroons. The net profit increased by 132% to 8.8 million kroons.

Real estate

In 1st quarter 2006, the net sales in real estate business segment increased by 147% as compared to the year before by 16 million kroons. The net profit increased by 111% to 6.7 million kroons.

Staff

In 1st quarter 2006, the average number of employees at the Tallinna Kaubamaja Group was 2267 people, increasing by 47% in a year. Total staff costs (wages and salaries with social security cost) were 74.7 million kroons, increasing by 65% as compared to the year before.

CONSOLIDATED FINANCIAL STATEMENT

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS's consolidated interim report for the first quarter of 2006 as presented on pages 8-22.

The Management Board confirms that:

- the accounting principles used in preparing the interim report are in compliance with International Financial Reporting Standards as adopted by the European Union;
- the interim report presents a true and fair view of the financial position, the results of the operations and the cash flows of the parent and the group;
- Tallinna Kaubamaja AS and its subsidiaries are going concern.



Raul Puusepp

Chairman of the Management Board

Tallinn, 23 May 2006

CONSOLIDATED BALANCE SHEET

Thousands EEK/EUR

		31.03.2006		31.12. 2005	
		Group		Group	
ASSETS	Note	EEK	EUR*	EEK	EUR*
Current assets					
Cash and bank	2	18 039	1 153	18 290	1 169
Trade receivables	3	16 145	1 032	28 565	1 826
Other receivables	4	13 915	889	18 072	1 155
Prepaid expenses	5	10 878	695	7 520	481
Inventories	6	327 703	20 944	290 390	18 559
Total current assets		386 680	24 713	362 838	23 190
Non-current assets					
Prepaid expenses	5	47 331	3 025	47 331	3 025
Investment in associated companies	7	9 404	601	9 032	577
Other long-term receivables	8	9 828	628	9 828	628
	9	1 306 506	83 501	1 270 549	81 203
Total non-current assets		1 373 069	87 754	1 336 740	85 433
TOTAL ASSETS		1 759 749	112 467	1 699 577	108 623
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Debt liabilities	10	92 837	5 933	83 571	5 341
Customers advances for goods and services		8 093	517	7 592	485
Suppliers payables		339 298	21 685	338 012	21 603
Other payables	12	64 617	4 129	70 262	4 491
Total current liabilities		504 845	32 264	499 437	31 920
Non-current liabilities					
Borrowings	10	235 651	15 061	210 651	13 463
Total non-current liabilities		235 651	15 061	210 651	13 463
TOTAL LIABILITIES		740 496	47 325	710 088	45 383
SHAREHOLDERS' EQUITY					
Share capital	13	67 882	4 338	67 882	4 338
Statutory legal reserve		7 269	465	7 269	465
Revaluation reserve of fixed assets		501 234	32 035	504 307	32 231
Retained earnings		413 104	26 402	318 255	20 340
Net profit for the financial year		29 764	1 902	91 776	5 866
TOTAL SHAREHOLDER' EQUITY		1 019 253	65 142	989 489	63 240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1 759 749	112 467	1 699 577	108 623

* For reader convenience, the financial statements are also presented in thousands of euros (EUR)

CONSOLIDATED INCOME STATEMENT

Thousands EEK/EUR

	Note	1st quarter 2006		1st quarter 2005	
		EEK	EUR*	EEK	EUR*
Operating income					
Net sales	14	868 976	55 538	540 581	34 549
Other operating income	15	15 186	971	12 076	772
		-652	-41		
Cost of goods sold		824	723	-410 606	-26 243
Other operating expenses	16	-98 919	-6 321	-70 356	-4 496
Personnel expenses	17	-74 676	-4 773	-45 368	-2 900
Depreciation	9	-23 297	-1 489	-15 317	-979
Other expenses		-2 600	-166	-1 513	-97
Operating profit		31 845	2 035	9 497	606
Financial cost	18	-2 603	-166	-1 411	-90
Financial income		151	10	166	11
Share of profit of associates	7	372	24	350	22
Total financial income and expenses		-2 080	-132	-895	-56
NET PROFIT		29 764	1 903	8 602	550
Basic earnings per share (EEK/EUR)		4,38	0,28	1,27	0,08
Diluted earnings per share (EEK/EUR)		4,38	0,28	1,27	0,08

* For reader convenience, the financial statements are also presented in thousands of euros (EUR)

CONSOLIDATED INCOME STATEMENT

Thousands EEK/EUR

	Note	1st quarter 2 006		1st quarter 2 005	
		EEK	EUR*	EEK	EUR*
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit		29 764	1 902	8 602	550
Adjustments:					
Interest expenses	18	2 603	166	1 411	90
Interest income		-180	-11	-216	-14
Depreciation	9	23 297	1 489	15 317	979
Profit/loss from sale and liquidation on non-current assets		437	28	4	0
Impact of equity method	7	-372	-24	-350	-22
Change in inventories			-2		
		-37 314	385	-22 674	-1 449
Change in receivables and prepayments related to operating activities		12 221	781	9 882	632
Change in liabilities and prepayments related to operating activities		-3 726	-238	-5 945	-380
NET CASH FLOW FROM OPERATING ACTIVITIES:		26 731	1 707	6 031	385
CASH FLOW FROM INVESTING ACTIVITIES					
			-3		
Purchases of property, plant and equipment	9	-59 844	825	-70 040	-4 476
Proceeds from sales of property, plant and equipment		152	10	89	6
Loan repayments received from associates		1 000	64	0	0
Interest received		180	11	296	19
			-3		
NET CASH FLOW FROM INVESTING ACTIVITIES		-58 512	739	-69 655	-4 451
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans		25 000	1 598	29 920	1 912
Repayments of loans received		-3 012	-192	-18 052	-1 154
Change in overdraft balance		13 247	848	54	3
Finance lease payments		-969	-62	-903	-58
Interest paid		-2 736	-175	-1 412	-90
CASH FLOW FROM FINANCING ACTIVITIES		31 530	2 015	9 607	614
TOTAL CASH FLOW		-251	-16	-54 016	-3 451
Cash and cash equivalents at the beginning of period	2	18 290	1 169	77 967	4 983
Cash and cash equivalents at the end of period	2	18 039	1 153	23 896	1 527
Change in cash and cash equivalents		-251	-16	-54 071	-3 456

* For reader convenience, the financial statements are also presented in thousands of euros (EUR)

STATEMENT OF CHANGES IN EQUITY

	Thousand EEK				
	Share capital	Revaluation reserve	Reserves	Retained earnings	Total
Balance as of 31.12.2004	67 882	260 506	7 269	310 984	646 641
Change in revaluation, land and buildings	0	-1 818	0	1818	0
Profit for the financial period	0	0	0	8 602	8 602
Balance as of 31.03.2005	67 882	258 688	7 269	321 404	655 243
Balance as of 31.12.2005	67 882	504 307	7 269	410 031	989 489
Change in revaluation, land and buildings	0	-3 073	0	3 073	0
Profit for the financial period	0	0	0	29 764	29 764
Balance as of 31.03.2006	67 882	501 234	7 269	442 868	1 019 253

	Thousand EEK				
	Share capital	Revaluation reserve	Reserves	Retained earnings	Total
Balance as of 31.12.2004	4 338	16 649	465	19 876	41 328
Change in revaluation, land and buildings	0	-116	0	116	0
Profit for the financial period	0	0	0	550	550
Balance as of 31.03.2005	4 338	16 533	465	20 541	41 877
Balance as of 31.12.2005	4 338	32 231	465	26 206	63 240
Change in revaluation, land and buildings	0	-196	0	196	0
Profit for the financial period	0	0	0	1 902	1 902
Balance as of 31.03.2006	4 338	32 035	465	28 304	65 142

* For reader convenience, the financial statements are also presented in thousands of euros (EUR)

Detailed information about share capital is presented in note 13

NOTES FOR CONSOLIDATED INTERIM REPORT

Note 1 Accounting methods and principles used in preparing the consolidated interim report

General information

Tallinna Kaubamaja AS (‘the Company’) and its subsidiaries (together ‘the Group’) are active in retail distribution of goods through its chain of retail stores in Estonia. Tallinna Kaubamaja AS in its current form has been registered on 18 October 1994 and the shares of Tallinna Kaubamaja AS are listed on Tallinn Stock Exchange.

Basis for preparation

The consolidated financial statements of AS Tallinna Kaubamaja have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Interim Report has been prepared based on the same accounting principles applied in the Annual Report for the year ended on 31 December 2005

The Estonian kroon is the underlying currency of the consolidated financial statements. For comparison purposes and pursuant to the requirements of the Tallinn Stock Exchange Rules, the financial indicators of this report have also been denominated in euros, translated from the original indicators denominated in Estonian kroons. Because Estonian kroon is pegged with Euro with the fixed exchange rate (1EUR=15.6466 kroons), no translation differences occurs.

In the opinion of the Management Board of AS Tallinna Kaubamaja, the consolidated Interim Report for first quarter of 2006 gives a true and fair view of results of the company’s operations in accordance with the principle of going concern. This Interim Report has not been audited or otherwise checked by auditors.

The Group has expanded and its property investment activities and rental income has become a separate segment. Therefore Tallinna Kaubamaja AS will start segment reporting from 1st quarter 2006.

Note 2 Cash and bank

	31.03.2006	31.12.2005
Cash in hand	2 678	2 773
Bank accounts	8 282	2 080
Cash in transit	7 079	13 437
Total cash and bank	18 039	18 290

Note 3 Trade receivables

	31.03.2006	31.12.2005
Other trade receivables	9 349	10 551
Credit card receivables	6 796	18 014
Total trade receivables	16 145	28 565

Note 4 Other receivables

	31.03.2006	31.12.2005
Bonuses receivable from suppliers	9 926	14 116
Receivables from related parties	1 000	2 429
Other short-term receivables	2 989	1 527
Total other receivables	13 915	18 072

Note 5 Prepaid expenses

	31.03.2006	31.12.2005
Social security tax	0	2
Corporate income tax payable on fringe benefits	0	2
Value added tax	3 420	173
Total prepaid taxes	3 420	177
Prepaid rental expenses	4 202	6 148
Other prepaid expenses	3 256	1 195
Total short-term prepaid expenses	10 878	7 520
Prepaid rent	47 331	47 331
Total long-term prepaid expenses	47 331	47 331

Note 6 Inventories

	31.03.2006	31.12.2005
Goods held for resale	323 044	284 913
Raw materials	4 659	5 477
Total inventories	327 703	290 390

Note 7 Shares of associated companies

Tallinna Kaubamaja AS has an ownership in Rävala Parkla AS, which is rendering parking house services in Tallinn.

	31.03.2006	31.12.2005
Number of shares at the end / (at beginning) of year	501 / (501)	501 / (501)
Ownership % at the end / (at beginning) of year	50 / (50)	50 / (50)
Beginning of the year		
Acquisition cost	6 500	6 500
Participation in associate's equity	9 032	6 769
Profit from the equity method	372	2 263
End of the year		
Acquisition cost	6 500	6 500
Participation in associate's equity	9 404	9 032

Financial information of the associate:

	31.03.2006	31.12.2005
Assets	63 754	65 764
Liabilities	44 948	47 702
Revenues	1 482	7 594
Profit	744	4 525

Note 8 Other long-term receivables

	31.03.2006	31.12.2005
Associated company AS Rävala Parkla	9 828	9 828
Total long-term receivables	9 828	9 828

Note 9 Property, plant and equipment

Thousand EEK

	Land & buildings	Vehicles & machinery	Other equipment	Pre-payments to suppliers	Construction in progress	Total
31.12.2004						
Acquisition cost	518 068	117 591	172 927	242	67 582	876 410
Accumulated depreciation	-18 388	-71 379	-111 400	0	0	-201 167
Residual value	499 680	46 212	61 526	242	67 582	675 242
Additions	288 779	69 252	63 681	-159	-4 270	417 283
Sales and disposals at residual value	0	-2 622	-341	0	0	-2 964
Revaluation surplus	251 073	0	0	0	0	251 073
Accumulated depreciation	-21 894	-24 586	-23 607	0	0	-70 087
31.12.2005						
Acquisition cost	1 017 638	88 255	101 261	83	63 312	1 270 549
Accumulated depreciation	1 047 127	174 780	224 764	83	63 312	1 510 066
Residual value	-29 489	-86 525	-123 504	0	0	-239 518
Additions	220	1 704	1 640	1 481	54 799	59 844
Sales and disposals at residual value	-496	-72	-22	0	0	-589
Revaluation surplus	-8 346	-7 415	-7 536	0	0	-23 297
31.03.2006						
Residual value	1 009 016	82 471	95 343	1 564	118 111	1 306 506
Acquisition cost	1 046 421	176 258	226 228	1 564	118 111	1 568 582
Accumulated depreciation	-37 405	-93 787	-130 885	0	0	-262 076
Residual value 31.12.2005 as eliminated revaluation of fixed assets	513 331	88 255	101 261	83	63 312	766 241
Residual value 31.03.2006 as eliminated revaluation of fixed assets	545 187	176 258	226 228	1 564	118 111	1 568 582

During the report period two real estates in amount of 54 799 thousand kroons has been bought. Repairs and renovations to buildings were made amounting 220 thousand kroons. New equipments and fittings, refrigerators and computers, in amount of 3 344 thousand kroons were bought.

Note 10 Debt liabilities

Current debt liabilities	31.03.2006	31.12.2005
Short-term bonds	34 953	34 668
Overdraft	30 511	17 264
Loans	24 364	27 661
Finance lease (see Note 12)	3 009	3 978
Short-term bonds	92 837	83 571
Long-term debt liabilities	31.03.2006	31.12.2005
Loans	209 292	184 292
Finance lease (see Note 11)	26 359	26 359
Total long-term debt liabilities	235 651	210 651

Liabilities movements:

Opening balance 31.12.2005	294 222
Loans received	25 000
Overdraft	13 247
Total loans received	38 247
Loans paid	
Bank loans	-3 012
Finance lease	-969
Total loans paid	-3 981
Final balance 31.03.2006	328 488

Note 11 Finance lease

The group leases the following assets under the financial lease:

	31.03.2006	31.12.2005
Cost – capitalized finance leases	43 951	43 951
Accumulated depreciation	-17 029	-15 930
Net book amount	26 922	28 021
	31.03.2006	31.12.2005
Minimum lease payments:		
No later than 1 year	4 481	5 976
Later than 1 year and no later than 5 years	23 747	23 747
Later than 5 years	7 911	7 911
Total	36 139	37 634
Future interest expense	-6 771	-7 297
Present value of future minimum lease payments (Note 10)	29 368	30 337
Present value of future minimum lease payments		
No later than 1 year	3 009	3 978
Later than 1 year and no later than 5 years	18 827	18 827
Later than 5 years	7 532	7 532
Total (Note 10)	29 368	30 337
	1st quarter 2006	1st quarter 2005
	969	903
Payments of reporting period		
Interest expenses of reporting period	525	591

Note 12 Other short-term payables

	31.03.2006	31.12.2005
VAT	10 841	13 271
Personal income tax	5 202	5 617
Social tax	11 079	11 512
Fringe benefit tax	117	540
Unemployment insurance	284	398
Funded pensions	453	443
Payables to employees	27 976	31 781
Interest payable	34 153	37 138
Other accrues expenses	20	152
Prepayments received from lessees	66	70
Total	2 402	1 121
Fringe benefit tax	64 617	70 262

Note 13 Share capital

The share capital of 67 882 Th. kroons was divided into 6 788 200 common shares with a nominal value of 10 kroons. According the Articles of Association the maximum number of shares allowed is 271 528 Th. kroons

Note 14 Net sales

	1st quarter 2006	1st quarter 2005
Retail sale	854 569	535 424
Wholesale	689	2 760
Sales of service and catering	13 718	2 397
Total	868 976	540 581

Note 15 Other revenue

	1st quarter 2006	1st quarter 2005
Income from lease	8 822	8 167
Income from sale of fixed assets	3	0
Other revenue	6 351	3 900
Income from currency exchange	10	9
Total	15 186	12 076

Note 16 Other operating expenses

	1st quarter 2006	1st quarter 2005
Lease expenses	32 475	24 960
Maintenance expenses	11 168	7 638
Advertising expenses	12 329	9 857
Bank fees	5 464	3 351
Security expenses	6 082	3 638
Heat and electricity	13 936	6 861
Materials	8 257	6 701
Computers and communications	3 754	2 842
Travelling expenses	1 021	1 210
Training expenses	1 058	642
Insurance expenses	272	202
Other operating expenses	3 103	2 454
Total	98 919	70 356

Note 17 Personnel expenses

	1st quarter 2006	1st quarter 2005
Salary expenses	55 955	33 934
Social tax	18 721	11 434
Total	74 676	45 368

	1st quarter 2006	1st quarter 2005
Average monthly salary expenses per employee (kroons)	8 227	7 340
Average number of employees in the reporting period	2 267	1 541

Note 18 Interest expenses

	1st quarter 2006	1st quarter 2005
Bank loans	-1 794	-644
Finance lease	-525	-591
Bonds	-284	-176
Total interest expenses	-2 603	-1 411

Note 19 Operating profit

Operating profit includes following write-down of inventories:

	1st quarter 2006	1st quarter 2005
Write-down and write-off of inventories	6 584	3 466
Shortage of stock count	2 500	1 445
Total	9 084	4 911

Note 20 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group has expanded and its property investment activities and rental income has become a separate segment.

Business segment

	Thousands EEK				
	Department store	Supermarkets	Real estate	Inter-segment transactions	Total
31 March 2006					
Non-group sales revenue	250 934	604 760	13 282		868 976
Inter-segment sales revenue	2	2 792	14 303	-17 096	0
Total revenue from sales	250 936	607 552	27 585	-17 096	868 976
Operating profit of segment	1 303	16 420	14 122	0	31 845
Financial cost and income of segment	306	-551	-911	0	-1 156
Inter-segment financial cost and income of the Group	0	-336	-588	-924	-924
Total financial cost and income	306	-887	-1 499	924	-2 080
Net profit	1 610	15 533	12 621	0	29 764
Assets	1 259 103	388 232	1 034 576	-922 162	1 759 749
Inter-segment assets of the Group	-884 842	-554	-36 766	922 162	0
Total assets	374 261	387 678	997 810	0	1 759 749
Liabilities	203 505	329 479	344 450	-136 939	740 495
Inter-segment liabilities of the Group	-32 660	-24 598	-79 681	136 939	0
Total liabilities	170 845	304 881	264 769	0	740 495
Fixed assets acquired in reporting period	911	4 134	54 799	0	59 844
Depreciation of fixed assets in reporting period	5 708	11 045	6 544	0	23 297

	Thousand EEK				
31 March 2005	Department store	Supermarkets	Real estate	Inter-segment transactions	Total
Non-group sales revenue	195 154	343 390	2 038	0	540 581
Inter-segment sales revenue	1 522	1 963	9 139	-12 624	0
Total revenue from sales	196 676	345 353	11 177	-12 624	540 581
Operating profit of segment	-4 199	7 435	6 261	0	9 497
Financial cost and income of segment	133	-638	807	0	302
Inter-segment financial cost and income of the Group	0	-98	-1 100	1 741	-1 197
Total financial cost and income	133	-736	-292	-1 741	-895
Net profit	-4 066	6 699	5 969	0	8 602
					1 048
Assets	877 861	239 607	630 080	-699 366	182
Inter-segment assets of the Group	-560 467	-264	-138 635	699 366	0
Total assets	317 394	239 343	491 445	0	1 048
Liabilities	174 759	193 761	221 752	-197 333	392 940
Inter-segment liabilities of the Group	-53 709	-22 201	-121 423	197 333	0
Total liabilities	121 050	171 561	100 329	0	392 940
					0
Fixed assets acquired in reporting period	1 516,968	10 839	57 926	0	70 282
Depreciation of fixed assets in reporting period	4 564	7 938	2 814	0	15 317

Note 21 Related party transactions

In preparing the consolidated financial statements of Tallinna Kaubamaja AS, the following entities have been considered as related parties:

- owners (parent company and parties having control or significant influence over parent company);
- associates;
- other entities in the consolidation group (incl.fellow subsidiaries);
- management and supervisory boards;
- close relatives of the persons mentioned above and the companies over which they have control of significant influence.

In 1st quarter 2006 Tallinna Kaubamaja group purchased and sold goods and rendered services as follows:

	1 st quarter 2006 Purchases	1 st quarter 2006 Sales	1 st quarter 2005 Purchases	1 st quarter 2005 Sales
Parent company	399	38	0	53
Other related parties	20 175	352	13 133	122
Associates	0	110	0	759
Total	20 574	500	13 133	934

Purchases from other related parties constitutes mostly from goods purchased for resale. Purchases from parent company consist mostly from management services provided by parent company. Sale to related parties is mostly services rendered.

Balances with related parties:

	31.03.2006	31.12.2005
Parent company	0	24
Other related parties	125	405
Short-term portion of loans granted to associates	1 000	2 000
Total short-term receivable	1 125	2 429
Long-term receivable		
Loans granted to associates	9 828	9 828
Total receivables from related parties	10 953	12 257
Parent company	191	303
Other related parties	10 752	11 591
Group account payable (overdraft)	30 511	17 264
Total liabilities to related parties	41 454	29 158

AS Tartu Kaubamaja, A-Selver AS and Tallinna Kaubamaja Kinnisvara AS, as well as Tartu Kaubamaja Kinnisvara OÜ have a joint group account with Tallinna Kaubamaja AS. This group as a subgroup has in turn joined the group account of NG Investeeringud AS (hereinafter main group), which also includes Balbiino AS, Liviko AS, Kitman AS, OÜ NG Kapital, Ganiger Invest OÜ and Roseni Majad OÜ. Since autumn 2001, the Tallinna Kaubamaja group free funds at the main group account, earning interest income on the deposits. In 1st quarter 2006 Tallinna Kaubamaja group has not earned interest income (2005: 53 thousand kroons). As of 31 March 2006, Tallinna Kaubamaja group has used 30 511 thousand kroons (2005: 17 264 thousand kroons) of the funds available on the main group account and the interest paid on the use of the funds available on the main group account in 1st quarter 2006 amounted to 399 thousand kroons (2005: 729 thousand kroons). The average annual interest rate on the funds used on the NG Investeeringud OÜ group account was 3.0% (3.0% in 2005). According to the group account contract, the group members are jointly responsible for the unpaid balances to the bank. The management of Tallinna Kaubamaja estimate the prices used in related party transactions do not materially differ from the market prices.