

Tallinna Kaubamaja AS

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report for
nine months of 2006**

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KEY DATA

The main activities of Tallinna Kaubamaja Group are retail and wholesale. The group employs more than 2300 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:	30.09.2006
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MANAGEMENT REPORT

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

As at 30 September 2006, the Group consisted of the following companies:

	Participation 30.09.06	Participation 30.09.05
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 9 months of 2006 the prices grew 4,4% compared to the 9 months of 2005. According the preliminary data of the Estonian Statistical Offices, retail (excluding motor vehicle and fuel) increased 23%. Whereas the respective figure was 14% for non-specialty stores (mostly groceries). According to the preliminary data of the Estonian Statistical Office, the share of non-specialty stores was approximately 50%. The growth of the retail market has been propelled by higher purchasing power of customer, low interest rate, decreasing of unemployment which in turn creates a more favorable environment and good development conditions of retail chains.

Results of operations

The net sales of the Tallinna Kaubamaja Group increased by 55% in 2006 as compared to 2005, to almost 2960.8 million kroons which is 1049 million kroons more than the year before.

Net profit increased to 174.8 million kroons which is 131.8 million kroons more than year before. In 9 months of 2005 the net profit was 43 million kroons.

FINANCIAL DATA 2005-2006			
Group's consolidated financial statements	9 month		
	2006	2005	changes
INCOME STATEMENT (EEK million)			
Net sales	2961	1911	55%
Operating profit	187	47	298%
Net profit	175	43	307%
BALANCE SHEET (EEK million)			
Total current assets	487	367	121
Total non-current assets	1370	974	396
Total assets	1857	1341	516
Current liabilities	713	651	62
Equity	1144	690	454
Equity ratio (%)	62%	51%	0
RATES OF GROWTH (%)			
Net sales growth	55%		
Assets growth	39%		
Equity growth	66%		
PROFITABILITY RATIOS (%)			
Return on equity (ROE)	15%	6%	
Return on assets (ROA)	11%	5%	
Net profit margin	6%	2%	
LIQUIDITY RATIOS			
Quick ratio	1,05	0,90	
Debt ratio	0,38	0,49	
Net sales per sales space (EEK thousand)	49,3	42,0	
Net sales per employee (EEK million)	1,3	1,1	
Sales space per employee (m ²)	25,4	25,8	
Inventory turnover	8,46	6,24	
SHARES			
Number of shares (1000 pieces)	40729	6788	
Earnings per share (EEK/share)	28,1	101,6	
Closing price of share (EEK/share)	79,8	391,1	
Net profit of share (EEK/share)	4,3	6,3	
P/E ratio	18,6	61,8	
Average number of employees	2364	1766	
Average sales space (m ²)	60114	45491	
Growth of sales space (%)	32%		
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 pace 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 ratio	= Closing price of share / earning per share		
Quick ratio	= Current assets / current liabilities		
Debt coefficient	= Total liabilities / Balance sheet total		

As at 30 September 2006, the balance sheet total of the Tallinna Kaubamaja Group was 1857.1 million kroons, increasing by 516.5 million kroons in year. Asset growth was 38% and equity growth 66%.

Compared to the end of year 2005 (as at 31 December 2005), the balance sheet total of the Tallinna Kaubamaja Group was increased by 157.5 million kroons in a year. Asset growth was 9.3% and equity growth 15.6%.

The number of loyal customers with Partner cards increased to 244 000 people by the end of 9 months 2006, growing by 39% 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.

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 has proposed 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.

The shareholders registered in the share register of Tallinna Kaubamaja AS on 13th June 2006 at 8 a.m. had entitled to dividend and bonus issue. The dividends had been transferred to the bank accounts of the shareholders and the bonus issue took place on same day.

During the bonus issue the share capital was increased by 339 410 000 kroons from 67 882 000 kroons to 407 292 000 kroons, by issuing five new shares per each existing share, totaling 33 941 000 new shares

On 27th of May 2006, came into force transaction made in Commercial registration to increase the share capital on Tallinna Kaubamaja AS.

Share price in Estonian kroons and trading statistic in Tallinna Stock Exchange in 9 months of 2006



Department store

In nine months 2006, the net sales in department store business increased by 30% as compared to the year before by 198 million kroons. The net profit increased more than five times to 46,2 million kroons.

At the end of August the newly renovated men's department in Tallinna department store was opened. The renovation started on second week of July. At same time the enlarged technical department was opened and in young department became new trendy fashion brands and the variety of jeans was increased.

In November Tallinna Kaubamaja AS will bring to market Partner Credit Card, the card was made in cooperation with Hansapank. The Partner Credit Card can be used in Tallinna and Tartu department stores and in Selver chain supermarkets. The minimum limit of card is 5000 kroons.

Supermarkets

In 9 months 2006, the net sales in supermarket business segment increased by 64% as compared to the year before by 813 million kroons. The net profit increased more than four times to 88,1 million kroons.

At 04 May 2006 the 21st Selver in A-Selver chain in Jõhvi was opened.

At 09 May 2006 the lease agreement for opening fifth Selver store in Tartu was concluded, the opening will be on December 2006 and the sales area will be 1400 sq m.

At 09 May 2006 the lease agreement for opening a Selver store in Jõhvi was concluded, the opening will be on February 2007 and the sales area will be 800 sq m.

At 09 May 2006 the lease agreement for a new production unit Selver Kitchen was concluded. The existing production units that are located in Tallinn and in Tartu will be moved together to the new building. The establishment of new central kitchen gives the opportunity to increase the capacity of production and to change the process of production more effective.

At 25 October 2006 A-Selver founded in Latvia a full subsidiary Selver Latvia SIA for the purpose to develop and operate the supermarkets of Selver chain in Latvia retail market.

Real estate

In 9 months 2006, the net sales in real estate business segment increased by 144% as compared to the year before by 49 million kroons. The net profit increased more than three times to 46.6 million kroons.

Tartu Kaubamaja shopping center was opened in October 2005 and it has started successfully. In October year 2006 a full subsidiary called TKM Latvija SIA of Tallinna Kaubamaja Kinnisvara AS was founded. The purpose of the founded company is finding and developing suitable properties in Latvia for A-Selver AS.

At 26 October 2006 Tallinna Kaubamaja Kinnisvara AS and Lidl Latvija SIA signed a declaration of intent for buying twenty-two properties in Latvia. During three months the parties intend to conclude the deal.

Staff

In 9 months 2006, the average number of employees at the Tallinna Kaubamaja Group was 2354 people, increasing by 34% in a year. Total staff costs (wages and salaries with social security cost) were 251.7 million kroons, increasing by 51% 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 nine months of 2006 as presented on pages 4-23.

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, November 6th 2006

CONSOLIDATED BALANCE SHEET

Thousands EEK/EUR

		30.09 2006		31.12 2005	
ASSETS	Lisa	EEK	EUR*	EEK	EUR*
Current assets					
Cash and bank	2	49 213	3 145	18 290	1 169
Trade receivables	3	40 073	2 561	28 565	1 826
Other receivables	4	44 726	2 859	18 072	1 155
Prepaid expenses	5	3 079	197	7 520	481
Inventories	6	350 117	22 377	290 390	18 559
Total Current Assets		487 208	31 138	362 838	23 190
Non-current assets					
Prepaid expenses	5	47 331	3 025	47 331	3 025
Investment in associated companies	7	10 212	653	9 032	577
Other long-term receivables	8	9 828	628	9 828	628
Property, plant and equipment	9	1 302 560	83 249	1 270 549	81 203
Total non-current assets		1 369 931	87 554	1 336 740	85 433
TOTAL ASSETS		1 857 139	118 692	1 699 577	108 623
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Borrowings	10	10 637	680	83 571	5 341
Customer prepayments for goods and services		8 297	8 332	533	485
Trade payables		376 147	24 040	338 012	21 603
Other short-term payables	12	67 445	4 310	70 262	4 491
Total current liabilities		462 560	29 562	499 437	31 920
Non-current liabilities					
Borrowings	10	250 650	16 019	210 651	13 463
Total non-current		250 650	16 019	210 651	13 463
TOTAL LIABILITIES		713 211	45 581	710 088	45 383
Owners' equity					
Share capital	13	407 292	26 031	67 882	4 338
Statutory legal reserve		7 269	465	7 269	465
Revaluation reserve of fixed assets		495 088	31 642	504 307	32 231
Retained earnings		59 476	3 801	318 255	20 340
Net profit for the period		174 804	11 172	91 776	5 866
TOTAL OWNERS' EQUITY		1 143 928	73 110	989 489	63 240
TOTAL LIABILITIES AND OWNERS' EQUITY		1 857 139	118 692	1 699 577	108 623

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

CONSOLIDATED INCOME STATEMENT

Thousands EEK/EUR

	Note	9 months 2006		9 months 2005	
		EEK	EUR*	EEK	EUR*
Operating income					
Net sales	14	2 960 762	189 227	1 911 485	122 166
Other operating income	15	64 291	4 109	39 501	2 525
				-1 450	
Cost of goods sold		-2 205 890	-140 982	975	-92 734
Other operating expenses	16	-303 008	-19 365	-229 717	-14 682
Personnel expenses	17	-251 650	-16 083	-166 267	-10 626
Depreciation and amortization	9	-70 497	-4 506	-51 193	-3 272
Other expenses		-6 809	-435	-5 843	-373
Operating Profit		187 199	11 965	46 992	3 001
Finance cost	18	-8 173	-522	-5 848	-374
Financial income		681	44	773	49
Share of profit of associates	7	1 180	75	1 072	69
Total financial income and expenses		-6 312	-402	-4 003	-255
Total net profit without income tax on dividends		180 887	11 562	42 989	2 747
Income tax on dividends		-6 083	-389	0	0
NET PROFIT FOR THE PERIOD		174 804	11 173	42 989	2 747
Basic earnings per share (EEK/EUR)		4,29	0,27	1,06	0,07
Diluted earnings per share (EEK/EUR)		4,29	0,27	1,06	0,07

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

CONSOLIDATED INCOME STATEMENT

Thousands EEK/EUR

	Note	3rd quarter 2006		3rd quarter 2005	
		EEK	EUR*	EEK	EUR*
Revenue					
Sales	14	1 065 979	68 128	700 553	44 774
Other income	15	19 316	1 235	14 498	927
Cost of goods sold		-792 119	-50 626	-536 571	-34 293
Operating expenses	16	-101 652	-6 496	-82 420	-5 268
Personnel expenses	17	-89 606	-5 727	-63 483	-4 057
Depreciation		-23 774	-1 519	-18 293	-1 169
Other expenses		-2 605	-166	-1 690	-108
Operating profit		75 539	4 829	12 594	805
Finance cost	18	-2 632	-168	-2 301	-147
Financial income		402	26	345	22
Share of profit of associates		389	25	357	23
Total financial income and expenses		-1 841	-118	-1 599	-101
Net profit without income tax on dividends		73 698	4 711	10 995	704
Income tax on dividends		0	0	0	0
NET PROFIT FOR THE PERIOD		73 698	4 711	10 995	704
Basic earnings per share (EEK/EUR)		1,81	0,12	0,27	0,02
Diluted earnings per share (EEK/EUR)		1,81	0,12	0,27	0,02

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

CONSOLIDATED CASH FLOW STATEMENT

		Thousands EEK/EUR			
	Note	9 months 2006		9 months 2005	
		EEK	EUR*	EEK	EUR*
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit		174 804	11 172	42 989	2 748
Adjustments for:					
Interest expense	18	8 173	522	5 726	366
Interest income		-824	-53	-773	-49
Depreciation and amortization	9	70 497	4 506	51 193	3 272
Profit (loss) from disposals of non-current assets		436	522	33	50
Impact of equity method	7	-1 180	-75	-1 072	-69
Change in inventories		-59 727	-3 817	-82 182	-5 252
Change in receivables and prepayments related to operating activities		-35 520	-2 270	-9 877	-631
Change in liabilities and prepayments related to operating activities		36 190	2 313	116 002	7 414
NET CASH GENERATED FROM OPERATING ACTIVITIES		192 934	12 330	122 055	7 801
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed assets acquired and renovated (excl finance lease)	9	-103 258	-6 599	-280 813	-17 947
Intangible assets acquired		0	0	-50 000	-3 196
Tangible fixed assets sold		228	15	338	22
Loan repayments received from associates		1 800	115	500	0
Interest received		824	53	714	46
NET CASH FLOW FROM INVESTING ACTIVITIES		-100 406	-6 416	-329 262	-21 075
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received		39 999	2 556	174 385	11 145
Repayments of loans		-52 713	-3 369	-24 566	-1 570
Redemption of bonds		-20 365	0	0	0
Change in overdraft balance		-17 264	-1 102	0	0
Finance lease payments		-2 957	-189	-2 758	-176
Interest paid		-8 305	-531	-5 668	-362
CASH FLOW FROM FINANCING ACTIVITIES		-61 605	-2 636	141 393	9 037
TOTAL CASH FLOW		30 923	3 278	-65 813	-4 237
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	49 213	3 145	12 154	777
Change in cash and cash equivalents		30 923	1 976	-65 813	-4 206

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Thousands EEK				
	Share capital	Revaluation reserve	Statutory legal reserve	Retained earnings	Total
Balance as of 31.12.2004	67 882	260 506	7 269	310 984	646 641
Revaluation, land and building	0	-1 818	0	1 818	0
Net profit for the period	0	0	0	31 994	31 994
Balance as of 30.09.2005	67 882	258 688	7 269	344 796	678 635
Balance as of 31.12.2005	67 882	504 307	7 269	410 031	989 489
Revaluation, land and building	0	-9 219	0	9 219	0
Bonus issue	339 410	0	0	-339 410	0
Dividends paid	0	0	0	-20 365	-20 365
Net profit for the period	0	0	0	174 804	174 804
Balance as of 30.09.2006	407 292	495 088	7 269	234 280	1 143 928

	Thousands EUR				
	Share capital	Revaluation reserve	Statutory legal reserve	Retained earnings	Total
Balance as of 31.12.2004	4 338	16 649	465	19 876	41 328
Changes in revaluation reserve of fixed assets	0	-116	0	116	0
Net profit for the period	0	0	0	2 045	2 045
Balance as of 30.09.2005	4 338	16 533	465	22 036	43 372
Balance as of 31.12.2005	4 338	32 231	465	26 206	63 240
Changes in revaluation reserve of fixed assets	0	-589	0	589	0
Bonus issue	21 692	0	0	-21 692	0
Dividends paid	0	0	0	-1 302	-1302
Net profit for the period	0	0	0	11 172	11 172
Balance as of 30.09.2006	26 031	31 642	465	14 973	73 110

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

Additional information about share capital is presented in Note 13.

NOTES TO 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 of 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 nine months 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 has started segment reporting from 1st quarter 2006.

Note 2 Cash and bank

	30 September 2006	31 December 2005
Cash in hand	30 795	2 773
Bank accounts	5 537	2 080
Cash in transit	12 881	13 437
Total cash and bank	49 213	18 290

Note 3 Trade receivables

	30 September 2006	31 December 2005
Trade receivables	17 092	10 551
Credit card receivables	22 981	18 014
Total trade receivables	40 073	28 565

Note 4 Other receivables

	30 September 2006	31 December 2005
Bonuses received from suppliers	12 949	14 116
Receivables from related parties	200	2 429
Overdraft	28 390	0
Other short-term receivables	3 187	1 527
Total other receivables	44 726	18 072

Note 5 Prepaid expenses

	30 September 2006	31 December 2005
Social security tax	0	2
Corporate income tax payable on fringe benefits	0	2
Value added tax	0	173
Total prepaid expenses	0	177
Prepaid rental expenses	1 401	6 148
Other prepaid expenses	1 678	1 195
Total short-term prepaid expenses	3 079	7 520
Prepaid rent	47 331	47 331
Total long-term prepaid expenses	47 331	47 331

Note 6 Inventories

	30 September 2006	31 December 2005
Goods hold for resale	344 459	284 913
Raw materials	5 658	5 477
Total inventories	350 117	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.

	30 September 2006	31 December 2005
Number of shares at the end / (at the beginning) of year	501 / (501)	501 / (501)
Ownership % at the end / (at the 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	1 180	2 263
End of the period		
Acquisition cost	6 500	6 500
Participation in associate's equity	10 212	9 032

Financial information of the associate:

	30 September 2006	31 December 2005
Assets	62 784	65 764
Liabilities	42 368	47 702
Revenues	4 497	7 594
Profit	2 360	4 525

Note 8 Other long-term receivables

	30 September 2006	31 December 2005
Associated company AS Rävala Parkla	9 828	9 828
Total other long-term receivables	9 828	9 828

Note 9 Property, plant and equipment

	Thousands EEK					
	Land and building	Vehicles and machinery	Other equipment	Prepayments for 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	7 912	10 628	15 107	2 487	67 124	103 258
Sales and disposals at residual value	-496	129	-383	0	0	-750
Revaluation surplus	-25 235	-22 135	-23 128	0	0	-70 497
30.09.2006						
Residual value	999 819	76 877	92 856	2 571	130 436	1 302 560
Acquisition cost	1 054 113	184 390	233 929	2 571	130 436	1 605 438
Accumulated depreciation	-54 294	-107 513	-141 072	0	0	-302 878
Residual value 31.12.2005 as Eliminated revaluation of fixed assets	513 331	88 255	101 261	83	63 312	766 241
Residual value 30.09.2006 as eliminated revaluation of fixed assets	559 025	184 390	233 929	2 571	130 436	1 605 438

During the report period real estates in amount of 67 124 thousand kroons has been bought. Repairs and renovations to buildings were made amounting 7 912 thousand kroons. New equipment and fittings, refrigerators and computers, in amount of 25 735 thousand kroons were bought.

Note 10 Debt liabilities

Short-term liabilities	30 September 2006	31 December 2005
Short-term bonds	0	34 668
Overdraft	0	17 264
Loans	9 617	27 661
Finance lease (see Note 12)	1 020	3 978
Total short-term bonds	10 637	83 571

	30 September 2006	31 December 2005
Long-term debt liabilities		
Loans	224 291	184 292
Finance lease (see Note 11)	26 359	26 359
Total long-term liabilities	250 650	210 651

Liabilities movements:

Opening balance 31.12. 2005	294 222
Loans received	39 999
Overdraft	0
Total loans received	39 999
Loans paid	
Bank loans	-52 713
Overdraft	-17 264
Finance lease	-2 957
Total loans paid	-72 934
Final balance 30.09. 2006	261 287

Note 11 Finance lease

The group leases the following assets under the financial lease:

	30 September 2006	31 December 2005
Cost – capitalized finance leases	43 951	43 951
Accumulated depreciation	-19 232	-15 930
Net book amount	24 749	28 021

	30 September 2006	31 December 2005
Minimum lease payments:		
No later than 1 year	1 493	5 976
Between 1 and 5 years	23 747	23 747
Later than 5 years	7 911	7 911
Total	33 152	37 634
Future interest expense	-5 772	-7 297
Present value of future minimum lease payments (see Note 10)	27 379	30 337

Present value of future minimum lease payments

No later than 1 year	1 020	3 978
Between 1 and 5 years	18 827	18 827
Later than 5 years	7 532	7 532
Total (see Note 10)	27 379	30 337

	9 months 2006	9 months 2005
Payments of reporting period	2 957	1 822
Interest expenses of reporting period	1 524	1 165

Note 12 Other short-term payables

	30 September 2006	31 December 2005
Value added tax	11 870	13 271
Personal income tax	5 615	5 617
Social security tax	11 938	11 512
Corporate income tax payable on fringe benefits	115	540
Unemployment insurance premium	307	398
Mandatory pension funds	483	443
Total indirect tax payables	30 328	31 781
Payables to employees	32 295	37 138
Interest payable	20	152
Other accrued expenses	99	70
Prepayments received from lessees	4 713	1 121
Total other short-term payables	67 455	70 262

Note 13 Share capital

In 9 months of 2006 the increase of the share capital of the company in the account of „retained earnings” line in the balance sheet without making additional cash payments by the bonus issue took place.

Equity capital was enlarged by 339 410 thousand kroons, from 67 882 thousand kroons to 407 292 thousand kroons. For every existing share 5 new shares were issued, which makes 33 941 000 new shares in total with a nominal value of 10 kroons. According to the articles of association the maximum number of shares allowed is 1 629 168 thousand kroons.

In 2006 dividends were announced and paid to the shareholders in the amount of 20 365 thousand kroons (2005: 0 kroons). The process included paying income tax on dividends in the amount of 6 083 thousand kroons (2005: 0 kroons).

Note 14 Sales

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Retail	2 917 981	1 894 869	1 051 146	696 432
Wholesale	2 233	8 823	1 275	1 271
Services and catering	40 548	7 793	13 558	2 850
Total sales	2 960 762	1 911 485	1 065 979	700 553

Note 15 Other income

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Rental income	27 815	24 495	9 309	8 343
Profit from the sale of tangible assets	21	11	11	-12
Other income	36 421	14 928	9 979	6 157
Foreign exchange gains	34	67	17	10
Total other income	64 291	39 501	19 316	14 498

Note 16 Other expenses

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Rental expenses	98 993	82 519	33 479	30 569
Utilities	36 426	24 625	13 274	9 901
Advertising costs	37 374	28 273	12 306	10 106
Bank fees	18 583	11 573	6 564	4 143
Security costs	18 129	12 505	5 924	4 427
Heating and electricity costs	37 235	20 405	11 659	6 943
Cost of materials	28 888	27 531	9 098	11 094
Computer and communications expenses	11 513	9 353	3 865	3 435
Business trip expenses	2 463	2 688	831	937
Training expenses	3 167	3 407	950	205
Insurance costs	822	638	246	221
Other expenses	9 415	6 200	3 456	439
Total operating expenses	303 008	229 717	101 652	82 420

Note 17 Personnel expenses

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Wage and salary	188 535	124 350	67 097	47 453
Social security tax	63 115	41 917	22 509	16 030
Total personnel expenses	251 650	166 267	89 606	63 483

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Average monthly wage and salary per employee (kroons)	8 861	7 824	8 320	8 013
Average number of employees during the period	2 364	1 766	2 688	1 974

Note 18 Interest expenses

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Interest on bank loans	-6 317	-3 076	-2 141	-1 406
Interest on finance lease	-1 524	-1 724	-491	-559
Interest on bonds	-332	-663	0	-100
Other interest expenses	0	-138	0	-109
Interest on overdraft	0	-124	0	-124
Total interest expenses	-8 173	-5 725	-2 632	-2 298

Note 19 Operating profit

Operating profit includes following write-down on inventories:

	9 months 2006	9 months 2005	3rd quarter 2006	3rd quarter 2005
Write-down and write-off of inventories	21 129	20 681	7 716	13 337
Shortage of stock count	11 389	9 055	3 808	3 998
Total	32 518	29 736	11 524	17 335

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 return 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

30 September 2006	Thousands EEK				Total
	Department Store	Supermarkets	Real Estate	Inter- segment transactions	
Non-group sales revenue	856 127	2 065 370	39 265		2 960 762
Inter-segment sales revenue	6	7 708	43 048	-50 762	
Total revenue from sales	856 133	2 073 078	82 313	-50 762	2 960 762
Operating profit of segment	44 598	89 976	52 625	0	187 199
Financial cost and income segment	1 571	-1 361	-4 496	0	-4 287
Inner-segment financial cost and income of the Group		-487	-1 538	-2 025	-2 025
Total financial cost and income	1 571	-1 848	-6 034	-2 025	-6 312
Income tax on dividends		0	0	0	-6 083
Net profit	46 169	88 127	46 591	0	174 804
Assets	1 397 548	537 785	1 033 839	-1 112 033	1 857 139
Inter-segment assets of the Group	1 085 093	477	26 464	-1 112 033	0
Total assets	312 455	537 308	1 007 375	0	1 857 139
Liabilities	237 942	382 503	309 263	-216 497	713 211
Inter-segment liabilities of the Group	90 500	62 014	63 983	-216 497	0
Total liabilities	147 442	320 489	245 280	0	713 211
Fixed assets acquired in reporting period	17 637	18 496	67 124	0	103 258
Depreciation of fixed assets in reporting period	17 514	33 351	19 633	0	70 497

Thousands EEK

30 September 2005	Department Store	Supermarkets	Real estate	Inter- segment transactions	Total
Non-group revenue	649 759	1 255 225	6 501	0	1 911 485
Inter-segment revenue	8 239	5 251	27 230	-40 720	0
Total revenue from sales	657 998	1 260 476	33 730	-40 720	1 911 485
Operating profit of segment	7 879	23 233	15 880	0	46 992
Financial cost and income of segment	919	-1 785	-1 424	0	-2 291
Inter-segment financial cost and income of the Group	-849	-864	0	1 713	-1 713
Total financial cost and income	70	-2 649	-1 424	1 713	-4 003
Net profit	7 949	20 584	14 456	0	42 989
Assets	960 267	380 508	500 607	-500 710	1 340 673
Inter-segment liabilities of the group	348 077	279	152 353	-500 710	0
Total assets	612 190	380 229	348 254	0	1 340 673
Liabilities	226 591	320 777	326 441	-222 767	651 042
Inter-segment liabilities of the Group	69 939	85 565	67 263	-222 767	0
Total liabilities	156 652	235 212	259 178	0	651 042
Fixed assets acquired in reporting period	2 199	66 270	13 284	0	81 753
Depreciation of fixed assets in reporting period	13 353	28 782	9 058	0	51 193

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 (including fellow subsidiaries);
- management and supervisory boards;
- close relatives of the persons mentioned above and the companies over which they have control of significant influence.

During the 9 months of 2006 Tallinna Kaubamaja group has purchased and sold goods and rendered services as follows:

	9 months 2006 Purchases	9 months 2006 Sales	9 months 2005 Purchases	9 months 2005 Sales
Parent company	693	126	254	156
Other related parties	85 617	34 612	36 129	874
Associates	0	319	0	1 001
Total	86 310	35 057	36 383	2 031

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 service rendered.

Balances with related parties:

	30 September 2006	31 December 2005
Parent company	30	24
Other related parties	160	405
Short-term portion of loans granted to associates	319	2 000
Total short-term receivables	23 390	2 429
Long-term receivables	23 899	
Loans granted to associates		9 828
Total receivables from related parties	9 828	12 257
	33 727	
Parent company	0	303
Other related parties	19 735	11 591
Group account payable (overdraft)	0	17 264
Total liabilities to related parties	19 735	29 158

AS Tartu Kaubamaja, A-Selver 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 (hereafter 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 9 months of 2006 main group has used 23 390 thousand kroons of the funds available on the Tallinna Kaubamaja group. As of 30 September 2006 Tallinna Kaubamaja group has used 17 520 thousand kroons (2005: 0 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 amounted to 786 thousand kroons (2005 : 0 kroons) and earned interest income from main group 66 thousand kroons (2005 : 121 thousand kroons). The average annual interest rate on the funds used in the NG Investeeringud OÜ group account 3,0 % (2005: 3,0%). According to the group account contact, 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.