

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report for
the 1st half year of 2007**

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
CONSOLIDATED CASH FLOW STATEMENT	12
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	13
NOTES TO CONSOLIDATED INTERIM REPORT	14
Note 1 Accounting methods and principles used in preparing the consolidated interim report	14
Note 2 Cash and bank	15
Note 3 Trade receivables	15
Note 4 Other receivables	15
Note 5 Prepaid expenses	15
Note 6 Inventories	15
Note 7 Shares of associated companies	16
Note 8 Other long-term receivables	16
Note 9 Property, plant and equipment	17
Note 10 Intangible assets	17
Note 11 Debt liabilities	18
Note 12 Finance lease	18
Note 13 Other short-term payables	19
Note 14 Share capital	19
Note 15 Sales	19
Note 16 Other income	19
Note 17 Other expenses	20
Note 18 Personnel expenses	20
Note 19 Interest expenses	20
Note 20 Operating profit	21
Note 21 Segment reporting	21
Geographic segment	22
Note 22 Related part transactions	22

KEY DATA

The main activities of Tallinna Kaubamaja Group are retail, wholesale and rent-out-service. The group employs more than 2670 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:	01.01.2007
End of the financial year:	31.12.2007
Beginning of the interim report:	01.01.2007
End of the interim report:	30.06.2007
Phone:	37 26 673 200
Fax:	37 26 673 205
Web:	www.kaubamaja.ee
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 2007, the Group consisted of the following companies:

	Country	Participation 30.06.07	Participation 31.12.06
A-Selver AS	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
TKM Latvija SIA	Latvia	100%	
Selver Latvia SIA	Latvia	100%	
OptiGroup Invest OÜ	Estonia	100%	
KIA Auto AS	Estonia	100%	
Ülemise Autokeskuse OÜ	Estonia	100%	
KIA Auto UAB	Lithuania	100%	
Kia Automobile SIA	Latvia	100%	
Rävala Parkla AS	Estonia	50%	50%

Economic development and its impact

In 1st six month of year 2007 the prices grew 5.4% compared to the same period 2006. According the preliminary data of the Estonian Statistical Offices, retail (excluding motor vehicle and fuel) increased 24.3%. Whereas the respective figure was 18.1% for non-specialty stores (mostly groceries). According to the preliminary data of the Estonian Statistical Office, the share of non-specialty stores was approximately 48% of total retail sales. The comparable figure in 2006 was 50%. The retail sales in non-specialty stores (with industrial goods predominating) were 17.5%. The sales in textiles, clothing, footwear, leather goods and in household goods and appliances, hardware and building material were faster than the average retail sales. The growth in textiles, clothing, footwear and leather goods were 45% and in household goods and appliances, hardware and building material were 34.6%. The sales in second-hand goods in stores and retail sales not in stores were less than year ago.

The growth in retail is caused by rising purchasing power and assuredness, higher salaries and that more people has a job.

Results of operations

The net sales of the Tallinna Kaubamaja Group increased by 48% in six months of year 2007 as compared to the same period in year 2006, to almost 2.8 billion kroons which is 909 million kroons more than the year before. During reporting period net profit increased to 169 million kroons which is 68 million kroons more than year before. In 1st six months of 2006 the net profit was 101 million kroons.

FINANCIAL DATA 2006-2007			
Group's consolidated financial statements		1st six months	
	2007	2006	Change
INCOME STATEMENT (EEK million)			
Net sales	2804	1895	48%
Operating profit	189	112	68%
Net profit	169	101	69%
Return on equity (ROE)	12%	9%	
Return on assets (ROA)	8%	7%	
Net profit margin	6%	5%	
Gross profit margin	24%	25%	
Quick ratio	0.92	0.91	
Debt ratio	0.49	0.40	
Net sales per sales space (EEK thousand)	1.0	0.9	
Inventory turnover	5.76	5.80	
SHARES			
Number of shares (1000 pieces)	40729	40729	
Earnings per share (EEK/share)	33.7	26.3	
Closing price of share (EEK/share)	142.38	58.99	
Net profit of share (EEK/share)	4.16	2.48	
Average number of employees	2733	2137	
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 employee	= Net sales / Average number of employees		
Inventory turnover (ratio)	= Net sales / inventories		
Net profit margin	= Net profit / Net sales * 100%		
Gross profit margin	= (Net sales - Cost of goods sold) / Net sales		
Quick ratio	= Current assets / current liabilities		
Debt coefficient	= Total liabilities / Balance sheet total		

As at 30 June 2007, the balance sheet total of the Tallinna Kaubamaja Group was 2699 million kroons, increasing by 908 million kroons in year. Asset growth was 51% and equity growth 28%.

Compared to the end of year 2006 (as at 31 December 2006), the balance sheet total of the Tallinna Kaubamaja Group was increased by 162 million kroons in a year. Asset growth was 6% and equity growth 10%.

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 40729.2 thousand shares have been issued with the nominal value of 10 kroons each.

In 1st six months of 2007 the share price decreased by 1% from 143.64 kroons at the beginning of year to 142.38 kroons. As at 31 March 2007 the share price was 16% less than at the beginning of year. The main reason for the downfall during 1st quarter was overall downtrend in share market, which was caused by several investors who have decided to take cash from last year win in share markets. At the moment the price has almost stabilised.

According to the notice of regular annual general meeting of the shareholders published on 23rd April 2007, the Management Board proposed to pay dividends 1.00 kroons per share. The supervisory board approved it.

Share price in Estonian kroons and trading statistic in Tallinna Stock Exchange in 1st six months of 2007Department store

In 1st six months of 2007, the net sales in department store business was 693.5 million kroons, increasing by 23.5% as compared to the year before by 131.7 million kroons. The retail sales in non-specialty stores (with industrial goods predominating) were 17.5%. Department store sales belong also to non-specialty store sales. The net profit in reporting period was 63.9 million kroons, increased by 37.5 million kroons. The net profit during comparable period in 2006 was 26.4 million kroons.

At the beginning of March Tallinna Kaubamaja Group published a strategic decision to create a beauty store chain in Baltic States. The main sale articles in stores will be selective and semi-selective cosmetics, fragrances, hair care products and services regarding these products.

Supermarkets

In 1st six months of 2007, the net sales in supermarket business segment was 1723.8 million kroons, increased by 31.9% as compared to the year before by 416.9 million kroons. The overall sales in non-specialty stores (mostly groceries) grew by 18.1%.

The net profit during reporting period was 78.1 million kroons, net profit increased by 32.7 million kroons. The net profit in first six months of 2006 was 45.5 million kroons.

At the beginning of this year A-Selver published its strategic plans to expand to Latvia. The plan is to open at least 15 Selver stores and central kitchen since the end of 2009. The opening of stores will take effect in 2008-2009. To realise the development plans in Latvia, the managing director of Selver Latvia SIA Uldis Priekulis was appointed. A-Selver has also made an overview about home market. Since the end of 2008 33-35 stores will be opened. Additional stores will be in Narva, Põltsamaa, Paide, Põlva, Haapsalu, Keila and Kohtla-Järve. At the beginning of year 2007 building of new central kitchen to Lasnamäe Tehnopark was started. According to plans the kitchen will start production in autumn 2007. In 2008 Järve Selver will have 1840 sq m additional sales area. At March 2007 Merimetsa Selver in Tallinn expanded by 400 sq m and at the beginning of April new store in Tartu Jaamamõisa was opened. This was the fifth store in Tartu and 22 stores in chain. Also there will be additional sales area in Krooni centre in Rakvere.

Real estate

In six months 2007, the net sales in real estate business segment was 46.2 million kroons, compared to six months of year 2006 net sales decreased by 8.2 million kroons. The different in sales is caused by different accounting principles in 2007.

The net profit for the reporting period was 21.1 million kroons, compared to last year same period the net profit decreased by 14.2 million kroons. The decrease is caused by an ad hoc income in 2006 and development costs in Latvia in 2007.

Car selling

The net sales from car selling segment in 1st six months of 2007 were 369.2 million kroons. During six months 1429 new cars were sold, this is 635 new cars more than year ago. The results were mainly influenced by new car sales.

The net profit in six months of 2007 was 6.2 million kroons.

At the beginning of January 2007 the Competition Board issued permission for Tallinna Kaubamaja AS acquiring OptiGroup Invest OÜ (incl. KIA Auto AS and Ülemiste Autokeskuse OÜ). The acquiring price was 79.4 million kroons. On January 15, 2007 the supervisory board of KIA Auto AS has elected a new Chairman of Supervisory Board Jüri Kõo. Also the long term strategic decision has been made, to build new car selling and service centres in Tallinn, Riga and Vilnius. The centres are according modern demands. Systematization of structure of OptiGroup Invest OÜ has been carried out. After the systemization Ülemiste Autokeskuse OÜ, former 100% subsidiary of OptiGroup AS, will be 100% subsidiary of KIA Auto AS.

Staff

In 1st six months of year 2007, the average number of employees reduced to full-time working hours at the Tallinna Kaubamaja Group was 2733 people, increasing by 28% in a year. Total staff costs (wages and salaries with social security cost) were 228 million kroons, increasing by 40.7% 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 1st six months of 2007 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, 14th August 2007

CONSOLIDATED BALANCE SHEET

Thousands EEK/EUR

		30.06.2007		31.12.2006	
ASSETS	Lisa	EEK	EUR*	EEK	EUR*
Current assets					
Cash and bank	2	177315	11335	371 369	23 736
Trade receivables	3	48781	3115	50 646	3 237
Other receivables	4	24785	1586	39 929	2 552
Prepaid expenses	5	33990	2172	29 736	1900
Inventories	6	487191	31138	313 009	20 005
Total Current Assets		772 062	49 346	804 689	51 430
Non-current assets					
Prepaid expenses	5	41732	2667	41 732	2 667
Investment in associated companies	7	12345	789	11 425	730
Other long-term receivables	8	7828	500	7 828	500
Property, plant and equipment	9	1817832	116181	1 670 816	106 785
Intangible assets					
Goodwill	10	47313	3024	0	0
Total intangible assets		47313	3024	0	0
Total non-current assets		1 927 050	123 161	1 731 801	110 682
TOTAL ASSETS		2 699 112	172 507	2 536 490	162 112
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Borrowings	11	148538	9493	239 040	15277
Customer prepayments for goods and services		10892	696	12 992	830
Trade payables		573271	36640	426 360	27 250
Other short-term payables	13	104602	6684	128 785	8 230
Total current liabilities		837 303	53 513	807 177	51 587
Non-current liabilities					
Borrowings	11	489389	31278	485 542	31 032
Total non-current		489 389	31 278	485 542	31 032
TOTAL LIABILITIES		1 326 692	84 791	1 292 719	82 619
Owners' equity					
Share capital	14	407292	26031	407 292	26 031
Statutory legal reserve		7269	465	7 269	465
Revaluation reserve of fixed assets		485867	31053	492 014	31 445
Retained earnings		302633	19343	62 549	3 998
Net profit for the period		169359	10824	274 666	17 554
Converting differences		0	0	-20	-1
TOTAL OWNERS' EQUITY		1 372 420	87 716	1 243 770	79 492
TOTAL LIABILITIES AND OWNERS' EQUITY		2 699 112	172 507	2 536 489	162 111

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

CONSOLIDATED INCOME STATEMENT
Thousands EEK/EUR

	Note	1st half 2007		1st half 2006	
		EEK	EUR*	EEK	EUR*
Operating income					
Net sales	15	2803984	179207	1894783	121099
Other operating income	16	57596	3681	44975	2874
Cost of goods sold		-2126896	-135933	-1413770	-90356
Other operating expenses	17	-258959	-16549	-201356	-12868
Personnel expenses	18	-228062	-14576	-162044	-10357
Depreciation and amortization	9	-49710	-3177	-46722	-2986
Other expenses		-9094	-581	-4205	-269
Operating Profit		188859	12072	111659	7137
Finance cost	19	-18364	-1174	-5541	-384
Financial income		9435	603	278	48
Share of profit of associates	8	916	59	792	51
Total financial income and expenses		-8013	-512	-4471	-285
Total net profit without income tax on dividends		180846	11560	107188	6852
Income Tax		-11487	-736	-6083	-389
NET PROFIT FOR THE PERIOD		169 359	10 824	101 105	6463
Basic earnings per share (EEK/EUR)	14	4,16	0,27	2,48	0,16
Diluted earnings per share (EEK/EUR)	14	4,16	0,27	2,48	0,16

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

CONSOLIDATED INCOME STATEMENT
Thousands EEK/EUR

	Note	2 nd quarter 2007		2 nd quarter 2006	
		EEK	EUR*	EEK	EUR*
Operating income				1 025	
Net sales	15	1 517 087	96 960	807	65 561
Other operating income	16	33 821	2 162	29 789	1 904
		-1 154			
Cost of goods sold		874	-73 812	-760 946	-48 633
Other operating expenses	17	-132 956	-8 496	-102 436	-6 546
Personnel expenses	18	-122 704	-7 842	-87 368	-5 584
Depreciation and amortization	9	-25 145	-1 607	-23 425	-1 497
Other expenses		-6 206	-397	-1 606	-103
Operating Profit		109 023	6 968	79 815	5 102
Finance cost	19	-9 281	-593	-2 938	-218
Financial income		4 872	311	127	38
Share of profit of associates	8	478	31	420	27
Total financial income and expenses		-3 931	-251	-2 391	-152
Total net profit without income tax on dividends		105 092	6 717	77 424	4 950
Income Tax		-11 487	-736	-6 083	-389
NET PROFIT FOR THE PERIOD		93 605	5 981	71 341	4 561
Basic earnings per share (EEK/EUR)	14	2,30	0,15	1,75	0,11
Diluted earnings per share (EEK/EUR)	14	2,30	0,15	1,75	0,11

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

CONSOLIDATED CASH FLOW STATEMENT

EEK/EUR		Thousands			
	Note	1st half of 2007		1st half of 2006	
		EEK	EUR*	EEK	EUR*
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit		169 359	10 824	101 105	6 462
Adjustments for:					
Interest expense	19	18 366	1 174	5 541	354
Interest income		-10 773	-689	-402	-26
Depreciation and amortization	9	49 710	3 177	46 722	2 986
Profit (loss) from disposals of non-current assets		-29	-2	436	29
Impact of equity method	7	-916	-59	-792	-51
Change in inventories		-174 182	-11 132	-36 501	-2 333
Change in receivables and prepayments related to operating activities		12 614	806	11 136	712
Change in liabilities and prepayments related to operating activities		102 897	6 576	24 238	1 549
NET CASH GENERATED FROM OPERATING ACTIVITIES		167 046	10 675	151 483	9 682
CASH FLOWS FROM INVESTING ACTIVITIES					
Fixed assets acquired and renovated (excl finance lease)	9	-168 751	-10 785	-75 100	-4 800
Tangible fixed assets sold		97	6	0	0
Goodwill		-47 313	-3 024	169	11
Loan repayments received from associates	8	1 000	64	1 000	64
Interest received		10 913	698	402	26
NET CASH FLOW FROM INVESTING ACTIVITIES		-204 054	-13 041	-73 529	-4 699
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received		0	0	39 999	2 556
Repayments of loans		-39 354	-2 515	-45 366	-2 899
Change in overdraft balance		0	0	256	16
Redemption of bonds		-49 069	-3 136	0	0
Dividends paid		-40 729	-2 603	-20 365	-1 302
Income tax on dividends		-11 488	-734	-6 083	-389
Finance lease payments		-2 079	-133	-1 954	-125
Interest paid		-17 888	-1 142	-5 673	-363
CASH FLOW FROM FINANCING ACTIVITIES		-160 607	-10 263	-39 186	-2 506
TOTAL CASH FLOW		-197 615	-12 629	38 768	2 477
Cash and cash equivalents at the beginning of period	2	374 930	23 962	18 290	1 169
Cash and cash equivalents at the end of period	2	177 315	11 333	57 057	3 647
Change in cash and cash equivalents		-197 615	-12 629	38 767	2 478

* 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	Converting differences	Total
Balance as of 31.12.2005	67 882	504 307	7 269	410 031	0	989 489
Revaluation, non-current assets	0	-12 293	0	12 293	0	0
Net profit for the period	0	0	0	274 666	-20	274 666
<i>Total income and expense</i>	<i>0</i>	<i>-12 293</i>	<i>0</i>	<i>286 959</i>	<i>-20</i>	<i>274 666</i>
Bonus issue	339 410	0	0	-339 410	0	0
Dividends paid	0	0	0	-20 365	0	-20 365
Balance as of 31.12.2006	407 292	492 014	7 269	337 215	-20	1 243 790
Announcement of dividends	0	0	0	-40 729	0	-40 729
Change in converting differences	0	0	0	0	20	20
Revaluation, non-current assets	0	-6 147	0	6 147	0	0
Net profit for the period	0	0	0	169 359	0	169 359
<i>Total income and expense</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>169 359</i>	<i>0</i>	<i>169 359</i>
Balance as of 30.06.2007	407 292	485 867	7 269	471 992	0	1 372 440

	Thousands EUR					
	Share capital	Revaluation reserve	Statutory legal reserve	Retained earnings	Converting differences	Total
Balance as of 31.12.2005	4 338	32 231	465	26 206	0	63 240
Revaluation, non-current assets	0	-786	0	786	0	0
Net profit for the period	0	0	0	17 554	-1	17 554
<i>Total income and expense</i>	<i>0</i>	<i>-786</i>	<i>0</i>	<i>18 340</i>	<i>-1</i>	<i>17 554</i>
Bonus issue	21 692	0	0	-21 692	0	0
Dividends paid	0	0	0	-1 302	0	-1 302
Balance as of 31.12.2006	26 030	31 445	465	21 552	-1	79 492
Announcement of dividends	0	0	0	-2 602	0	-2 602
Change in converting differences	0	0	0	0	1	1
Revaluation, non-current assets	0	-393	0	393	0	0
Net profit for the period	0	0	0	10 825	0	10 825
<i>Total income and expense</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10 825</i>	<i>0</i>	<i>10 825</i>
Balance as of 30.06.2007	26 030	31 052	465	30 168	0	87 716

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

Additional information about share capital is presented in Note 14.

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 and rent-out service through its chain of retail stores in Estonia, Latvia and Lithuania. 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 2006.

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 the 1st half of 2007 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.

Note 2 Cash and bank

	30 June 2007	31 December 2006
Cash in hand	3 716	3 610
Bank accounts	163 835	352 533
Cash in transit	9 764	15 225
Total cash and bank	177 315	371 368

Note 3 Trade receivables

	30 June 2007	31 December 2006
Trade receivables	29 704	15 045
Credit card receivables	19 077	35 601
Total trade receivables	48 781	50 646

Note 4 Other receivables

	30 June 2007	31 December 2006
Bonuses received from suppliers	16 136	24 647
Receivables from related parties	1000	2 000
Overdraft	0	13000
Other short-term receivables	7 649	282
Total other receivables	24 785	39 929

Note 5 Prepaid expenses

	30 June 2007	31 December 2006
Value added tax	17079	22468
Income tax of special benefits	97	
Total prepaid expenses	17176	22468
Prepaid rental expenses	2 801	5 603
Other prepaid expenses	14 013	1 665
Total short-term prepaid expenses	33 990	29 736
Prepaid rent	41 732	41 732
Total long-term prepaid expenses	41 732	41 732

Note 6 Inventories

	30 June 2007	31 December 2006
Goods hold for resale	479 298	307 234
Raw materials	7 893	5 775
Total inventories	487 191	313 009

Note 7 Shares of associated companies

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

	30 June 2007	31 December 2006
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	6 769	6 769
Profit from the equity method	916	2 397
End of the period		
Acquisition cost	6 500	6 500
Participation in associate's equity	12 345	11 425
Financial information of the associate:		
	30 June 2007	31 December 2006
Assets	63 031	64 322
Liabilities	38 350	41 472
Revenues	3 375	7 717
Profit	1 833	4 794

Note 8 Other long-term receivables

	30 June 2007	31 December 2006
Associated companies receivables	7 828	9 828
Refund:		
up to 12 months	1000	2000
between 1 and 5 years	6828	7828
Interest	4%	4%
Due date	2010	2010

Note 9 Property, plant and equipment

	Thousands EEK					
	Land and building	Vehicles and machinery	Other equipment	Prepayments for suppliers	Construction in progress	Total
31.12.2005						
Acquisition cost	1 047 126	174 782	224 764	83	63 312	1 510 067
Accumulated depreciation	-29 489	-86 525	-123 504	0	0	-239 518
Residual value	1 017 637	88 257	101 259	83	63 312	1 270 549
Additions	12 409	12 441	18 690	9 579	442 873	495 992
Sales	-496	-195	-357	0	0	-1 048
Accumulated depreciation	-33 891	-29 535	-31 251	0	0	-94 678
31.12.2006						
Acquisition cost	1 058 609	184 776	230 657	9 662	506 186	1 989 890
Accumulated depreciation	-62 950	-113 809	-142 315	0	0	-319 074
Residual value	995 659	70 967	88 342	9 662	506 185	1 670 816
Correct:*						
Acquisition cost 2006	30 012	3 160	1 793	0	0	34 965
Accumulated depreciation	-3 362	-3 017	-707	0	0	-7 086
Changes 2007						0
Additions	3 758	14 891	11 857	40 517	97 728	168 751
Sales		85	11	0	0	96
Accumulated depreciation	-17 725	-15 442	-16 543	0	0	-49 710
30.06.2007						0
Acquisition cost	1 089 268	202 287	243 708	50 179	603 914	2 189 356
Accumulated depreciation	-80 926	-131 643	-158 955	0	0	-371 524
Residual value	1 008 342	70 644	84 753	50 179	603 914	1817 832

*Changes in fixed assets come from acquiring a subsidiary Optigrupp Invest OÜ.

During the report period real estates in amount of 97 728 thousand kroons has been bought. Prepayment in amount of 40 517 is for the interior and equipment of Selveri Kõök and Jõgeva Selver. Repairs and renovations to buildings were made amounting 3 758 thousand kroons. New equipment and fittings, refrigerators and computers, in amount of 26 748 thousand kroons were bought.

Note 10 Intangible assets

In January 2007 Tallinna Kaubamaja AS bought the new subsidiary Optigrupp Invest OÜ, which main activity is car retail and wholesale. The price of 100% shares were 79 400 thousand kroons.. During the acquiring the goodwill in amount of 47 313 thousand kroons has arisen.

At first the value will be reflected in its acquisition costs, which is the change between acquired participation acquisition costs and acquired assets, liabilities and true value of acquisition date. In further reflection the value will be measured in its acquisition costs, the write-down regarding value downfalls will be subtracted. The valuation test will be carry out once a year or often then the balance sheet value has fallen.

Note 11 Debt liabilities

Short-term liabilities	30 June 2007	31 December 2006
Short-term bonds	0	49 069
Overdraft	0	0
Loans	146 380	185 734
Finance lease (see Note 12)	2 158	4 237
Total short-term bonds	148 538	239 040
<hr/>		
Long-term debt liabilities	30 June 2007	31 December 2006
Loans	463 420	463 420
Finance lease (see Note 12)	22 122	22 122
Other long-term liabilities	3 847	0
Total long-term liabilities	489 389	485 542

Liabilities movements:

Opening balance 31.12. 2006	724 582
Other long-term liabilities	3 847
Total loans received	3 847
Loans paid	
Bank loans	39 353
Outbuying bonds	49 070
Finance lease	2 079
Total loans paid	90 502
Final balance 30.06.2007	637 927

Note 12 Finance lease

The group leases the following assets under the financial lease:

	30 June 2007	31 December 2006
Cost – capitalized finance leases	43951	43 951
Accumulated depreciation	-22 523	-20 325
Net book amount	21 428	23 626
<hr/>		
	30 June 2007	31 December 2006
Minimum lease payments:		
No later than 1 year	3 868	5 947
Between 1 and 5 years	25 712	25 712
Total	29 580	31 659
Future interest expense	-5 300	-5 300
Present value of future minimum lease payments (see Note 11)	24 280	26 359

Present value of future minimum lease payments		
No later than 1 year	2 158	4 237
Between 1 and 5 years	22 122	22 122
Total (see Note 10)	24 280	26 359

	6 months 2007	12 months 2006
Payments of reporting period	2 079	3 978
Interest expenses of reporting period	894	1 998

Note 13 Other short-term payables

	30 June 2007	31 December 2006
Value added tax	16 944	27 273
Personal income tax	9 092	8 135
Social security tax	18 526	16 374
Corporate income tax payable on fringe benefits	83	617
Unemployment insurance premium	459	411
Mandatory pension funds	749	664
Total indirect tax payables	45 853	53 474
Payables to employees	51 004	70 140
Interest payable	2311	1171
Other accrued expenses	707	100
Prepayments received from lessees	4 727	3 900
Total other short-term payables	104 602	128 785

Note 14 Share capital

The share-capital in amount of 407 292 contains 40 729 200 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 2007 dividends were announced and paid to the shareholders in amount of 40 729 thousand kroons (2006: 20 365 thousand kroons), 1 kroon per share. Income tax on dividends was paid in amount of 11 487 thousand kroons.

Note 15 Sales

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Retail	2 414 036	1 866 834	1 268 382	1 012 266
Wholesale	7 631	958	4 130	269
Services and catering	382 317	26 991	244 575	13 272
Total sales	2 803 984	1 894 783	1 517 087	1 025 807

Note 16 Other income

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Rental income	19 631	18 506	9 050	9 684
Profit from the sale of tangible assets	29	10	0	7
Other income	37 920	26 442	24 765	20 081
Foreign exchange gains	16	17	6	17
Total other income	57 596	44 975	33 821	29 789

Note 17 Other expenses

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Rental expenses	69 177	65 514	35 237	33 039
Utilities	30 984	23 152	16 373	11 983
Advertising costs	45 749	25 068	25 920	12 739
Bank fees	16 667	12 020	8 914	6 556
Security costs	12 612	12 205	6 421	6 123
Heating and electricity costs	29 041	25 576	13 125	11 640
Cost of materials	25 847	19 790	13 880	11 533
Computer and communications expenses	9 360	7 648	4 873	3 894
Business trip expenses	3 289	1 632	1 537	611
Training expenses	1 961	2 217	816	1 159
Insurance costs	767	576	335	304
Other expenses	13 505	5 958	5 525	2 855
Total operating expenses	258 959	201 356	132 956	102 436

Note 18 Personnel expenses

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Wage and salary	171 101	121 438	92 051	65 483
Social security tax	56 961	40 606	30 653	21 885
Total personnel expenses	228 062	162 044	122 704	87 368

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Average monthly wage and salary per employee (kroons)	10 672	9 740	11 227	10 214
Average number of employees during the period	2 672	2 078	2 733	2 137

Note 19 Interest expenses

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Interest on bank loans	-13 259	-4 176	-5 191	-2 382
Interest on finance lease	-894	-1 034	-439	-508
Interest on bonds	-931	-331	-372	-48
Other interests	-3280	0	-3279	0
Total interest expenses	-18 364	-5 541	-9 281	-2 938
Interest income	9435	278	4872	127
Total interest expenses and -income	-8 929	-5 263	-4 409	-2 811

Note 20 Operating profit

Operating profit includes following write-down on inventories:

	1st half 2007	1st half 2006	2nd quarter 2007	2nd quarter 2006
Write-down and write-off of inventories	17 606	13 413	9 572	6 829
Shortage of stock count	7 997	7 581	6 487	5 081
Total	25 603	20 994	16 059	11 910

Lisa 21 Segment reporting

The segmentation is published according business and geographic segmentation. Based on internal management structure the business segment is represented in main format and geographic segment in additional format. The accounting principles in segmentations are same as groups overall accounting principles.

Income, costs, assets and liabilities are divided by segment according their relation to segment activities.

Business segments

The internal management structure of Group has divided in following business segments:

Department store

Supermarkets

Real Estate

Car selling

Geographic segment

Geographical segments of group are Estonia and Lithuania.

In publishing geographical segments, the sales are represented according to customer's location. The assets of segments are represented according to location.

Business segment

Thousands EEK

30 June 2007	Department Store	Super markets	Real Estate	Car selling	Inter- segment transactions	Total
Non-group sales revenue	693 524	1 723 795	17 435	369 231	0	2 803 985
Inter-segment sales revenue	0	5 262	28 773	0	-34 036	0
Total revenue from sales	693 524	1 729 057	46 208	369 231	-34 036	2 803 984
Operating profit of segment	61 119	87 183	28 994	11 562	0	188 858
Financial cost and income segment	-2 298	2 441	-2 928	-5 517	0	-8 302
Inner-segment financial cost and income of the Group	-2 398	-3 404	-5 468	74	11 196	-11 196
Total financial cost and income	-4 696	-963	-8 396	-5 443	11 196	-19 500
Net profit	63 891	78 138	21 137	6 193	0	169 359
Assets	1 802 668	670 979	1 699 677	281 104	-1 755 316	2 699 112
Inter-segment assets of the Group	1 642 709	90 496	1 612	20 499	-1 755 316	0
Total assets	159 959	580 483	1 698 065	260 605	0	2 699 112
Liabilities	414 909	450 314	938 849	242 568	-719 948	1 326 692
Inter-segment liabilities of the Group	8 762	787	677 084	33 315	-719 948	0
Total liabilities	406 147	449 527	261 765	209 253	0	1 326 692
Fixed assets acquired in reporting period	6 195	23 588	0	723	0	30 506
Depreciation of fixed assets in reporting period	13 568	22 579	13 082	482	0	49 710

Thousands EEK

30 June 2007	Department Store	Super markets	Real Estate	Inter-segment transactions	Total
		1 306			
Non-group revenue	561 778	863	26 302	0	1 894 943
Inter-segment revenue	6	5 482	28 513	-34 001	0
		1 312			
Total revenue from sales	561 784	345	54 815	-34 001	1 894 943
Operating profit of segment	25 550	47 013	39 096	0	111 659
Financial cost and income of segment	803	-1 052	-2 622	0	-2 871
Inter-segment financial cost and income of the Group	0	-488	-1 112	-1 600	-1 600
Total financial cost and income	803	-1 540	-3 734	-1 600	-4 471
Income tax					-6 083
Net profit	26 353	45 473	35 362	0	101 105
Assets	1 241 852	509 240	1 032 111	-991 928	1 791 275
Inter-segment liabilities of the group	908 476	39 662	43 789	-991 928	0
Total assets	333 376	469 578	988 322	0	1 791 275
Liabilities	155 786	396 612	336 285	-167 637	721 046
Inter-segment liabilities of the Group	45 270	54 947	67 421	-167 637	0
Total liabilities	110 516	341 665	268 864	0	721 046
Fixed assets acquired in reporting period	2 766	17 466	54 869	0	75 100
Depreciation of fixed assets in reporting period	11 411	22 223	13 088	0	46 722

Geographic segment

30 June 2007	Lithuanian Car selling
Non-segment revenue	8 518
Segment assets according to location	9 051
Segment fixed assets acquired in reporting period	0

Note 22 Related part 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 6 months of 2007 Tallinna Kaubamaja group has purchased and sold goods and rendered services as follows:

	Purchases 6 months 2007	Sales 6 months 2007
Parent company	365	1047
Other related parties	68 814	1 889
Associates	0	223
Total	69 179	3 159

During the 6 months of 2007 Tallinna Kaubamaja group has purchased and sold goods and rendered services as follows:

	Purchases 6 months 2007	Sales 6 months 2007
Parent company	786	38
Other related parties	47 038	1 365
Associates	0	218
Total	47 824	1 621

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 June 2007	31 December 2006
Parent company	251	269
Other related parties	316	871
Short-term portion of loans granted to associates	1 130	2 000
Total short-term receivables	1 697	3 140
Long-term receivables		
Loans granted to associates	7 828	7 828
Total receivables from related parties	9 795	10 968
Parent company	112	0
Other related parties	19 923	16 825
Total liabilities to related parties	20 035	16 825

AS Tartu Kaubamaja, A-Selver and Tallinna Kaubamaja Kinnisvara AS, Tartu Kaubamaja Kinnisvara OÜ, SIA TKM Latvija as well as KIA Auto AS 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, Roseni Kinnisvara OÜ and Motivo Grupp OÜ. Since autumn 2001, the Tallinna Kaubamaja group has hold free funds at the main group account, earning interest income on the deposits. In 6 months of 2007 the main group has not used the funds available of the Tallinna Kaubamaja group. In 6 months of 2007 Tallinna Kaubamaja group has paid the interest for the use of the funds available on the main group account amounted to 0 thousand kroons (2006 : 786 thousand kroons) and earned interest income from main group 1 402 thousand kroons (2006 : 636 thousand kroons). The average annual interest rate on the funds used in the NG Investeeringud OÜ group account 3.0 % (2006: 2,6%). 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.