

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report
for the third quarter and first nine months of 2009
(unaudited)**

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,700 employees.

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Gonsiori 2, 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2009
End of financial year:	31 December 2009
Beginning of interim report period:	1 January 2009
End of interim report period:	30 September 2009
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
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MANAGEMENT REPORT

The primary areas of activity of the companies of the Tallinna Kaubamaja Group include retail and wholesale trade.

Management

In order to manage the Tallinna Kaubamaja AS the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja AS supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja AS supervisory board are elected for three years. The mandates of current supervisory board members will expire: Andres Järving 20 May 2012, Jüri Kõo 20 May 2012, Enn Kunila 20 May 2012, Meelis Milder 20 May 2012 and Gunnar Kraft 20 May 2012. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 11 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja AS in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja AS has one member. The term of office of the management board member Raul Puusepp was extended on 6 March 2008 and his term of office expires on 6 March 2011.

The law, the articles of association, decisions and goals stated by the shareholders and supervisory board are followed for managing the company. By Commercial Code a resolution on amendment of the articles of association shall be adopted, if at least two-third of the votes represented at a general meeting is in favour. A resolution on amendment of the articles of association shall enter into force as of making of a corresponding entry in the commercial register. The articles of association of the Tallinna Kaubamaja AS prescribe no greater majority requirement and the public limited company does not possess several classes of shares.

Legal structure

As of 30 September 2009, the following companies belonged to the Group:

	Country	Holding as of 30.09.09	Holding as of 31.12.08
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%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
OptiGroup Invest OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Kia Automobiles SIA	Latvia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	100%	100%
SIA Suurtüki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic Development

In the third quarter, the financial recession was inhibited. According to the preliminary estimates of the Estonian Statistical Office, in the third quarter of 2009, Estonia's gross domestic product (GDP) dropped by 15.0% compared to the same quarter of the previous year. The decrease of added value in most areas of activity was slowed, but continually weak domestic demand deepened the decrease of added value in wholesale and retail trade. In the first nine months of 2009, the price rise slowed down and since May the prices have dropped compared to the previous year. The consumer price index peaked in January (4.1%) and was the lowest in September (-1.6%). The companies within the Group have mostly been influenced by the slowdown of the price drop of foodstuffs. According to the data of the Estonian Statistical Office, the total retail volumes in current prices decreased by 15.7% (the sales of motor vehicles and motorcycles not included) during the first nine months of 2009, including the 18.2% decrease in the third quarter. In 2008, the volume grew by 9.1%. According to the latest estimates, the global economy has survived the toughest period albeit the persistently rising unemployment rates in the Baltic states have not supported the sense of security in local consumers.

The retail sales in non-specialised stores (predominantly foodstuffs) decreased by 6.2% compared with the first nine months whereas the decrease in the third quarter was 10.2%. Retail sales in non-specialised stores (predominantly industrial products) decreased by 33.3% in the third quarter, the total decrease during the three quarters in comparison with the 9 months of previous year was 27.4%.

Economic performance**FINANCIAL RATIOS 2008-2009**

In thousand kroons

Group's consolidated interim report	9 months			3 rd quarter		
	2009	2008	Growth %	2009	2008	Growth %
Net sales	4,755	4,716	1%	1,569	1,689	-7%
Operating profit	7	190	-96%	26	64	-59%
Net profit	-23	152	-115%	15	51	-70%
Return on equity (ROE)	-1.3%	7.8%		0.8%	2.6%	
Return on assets (ROA)	-0.5%	3.6%		0.4%	1.3%	
Net profit margin	-0.5%	3.2%		1.0%	3.0%	
Gross profit margin	21.8%	24.5%		22.3%	24.8%	
Quick ratio	1.07	1.02		1.07	1.02	
Debt ratio	0.57	0.54		0.57	0.54	
Sales revenue per employee (EEK million)	1.28	1.46		0.43	0.51	
Inventory turnover	6.55	5.40		2.16	1.93	
SHARE						
Average number of shares (1,000 pcs.)	40,729	40,729		40,729	40,729	
Equity per share (EEK per share)	44.10	48.22		44.10	48.22	
Share closing price (EEK per share)	78.23	77.76		78.23	77.76	
Earnings per share	-0.6	3.7		0.4	1.3	
Average number of employees	3,710	3,228		3,637	3,324	
Return on equity (ROE) = Net profit / Average owners' equity * 100%						
Return on assets (ROA) = Net profit / Average total assets * 100%						
Sales revenue per employee = Sales revenue / Average number of employees						
Inventory turnover (multiplier) = Sales revenue / inventories						
Net profit margin = Net profit / Sales revenue * 100%						
Gross profit margin = (Sales revenue - Cost of goods sold) / Sales revenue						
Quick ratio = Current assets / Current liabilities						
Debt ratio = Total liabilities / Balance sheet total						

In the first nine months of 2009, the consolidated non-audited sales revenue of Tallinna Kaubamaja Group amounted to 4.8 billion kroons (304.0 million euros). The sales revenue of the group in the same period of 2008 was 4.7 billion kroons (301.4 million euros), which amounts to the nine month growth of 1%. The sales revenue of the third quarter was 1.6 billion kroons (100.4 million euros), which is 7% lower than the sales revenue of the third quarter in 2008. In the third quarter, the Group earned a profit of 15.4 million kroons (1.0 million euros), whereas in the nine months' perspective it incurred a loss of 23.0 million kroons (1.5 million euros). Compared to the profit of the respective periods of 2008, the profit was 70% lower in the third quarter and 115% lower during the nine months.

In 2009, Tallinna Kaubamaja Group, like the whole retail sector, has faced the challenge of operating with a substantially reduced turnover and under an enormous price pressure. At the same time, the expenditure of the Group has increased due to the expansion of the operable premises and growth in the number of employees. Compared to the same period of the previous year, the depreciation of the fixed assets, caused by the large investments of 2008 (43.6 million kroons, 2.8 million euros added), and the financial expenses (8.1 million kroons, 0.5 million euros added) have grown. In comparison with the last year's third quarter, the financial expenses have declined by 38% due to the decline of EURIBOR. The Group has negotiated with partners and suppliers for more favourable service prices in order to reduce operating expenses. In larger business segments, the Group managed to agree upon a wage reduction of 10% for the office employees since the beginning of the second quarter. As a result of the dropped sales volumes, the size of the sales personnel has been regulated by way of natural rotation and part-time work. Footwear stores have been closed in unprofitable and unpromising locations. Tallinna Kaubamaja decided in October to halt the operation of Selters in Latvia due to the exceedingly poor economic situation in Latvia. Other business segments of Tallinna Kaubamaja in Latvia are smaller in extent and have accomplished stability during their longer activities. The main task of the Group in 2009 has been the enhancement of efficiency in the existing business segments.

The development of Tallinna Kaubamaja Group has continued in 2009. Kaubamaja opened a new outlet store in Lasnamäe, moved Noortemaailm (Youth Fashion) to a new and more advantageous location, opened the new Naiste Kingamaailm (Women's Shoe Department) and the renovated Ilumaailm (Beauty Department) and Naistemaailm (Women's Fashion). In late March, a beauty store operating under the trademark I.L.U. was opened in Pärnu and two more I.L.U. beauty stores were opened in November, one in Tallinn and another in Tartu. 8 footwear stores have been renovated. In November, a footwear store with a completely new concept, SHU, was opened in Tallinn.

As of 30 September 2009, the balance sheet total of the Tallinna Kaubamaja Group was 4.2 billion kroons (266.2 million euros), which means a decrease by 169 million kroons (10.8 million euros) compared to the end of 2008. Assets decreased by 4%.

As of the end of the reporting period, the number of loyal customers was over 382 thousand, increasing by 11% within the 9 months. The percentage of loyal customers in the turnover of the department stores segment of the Group was continually high 74% in 9 months of 2009. At the end of September, the number of Partner Credit Cards was over 10,000.

Share Market

Since 19 August 1997, the shares of AS Tallinna Kaubamaja have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja AS has issued 40,729.2 thousand registered shares, each with the nominal value of 10 kroons. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

The members of the management board of Tallinna Kaubamaja AS have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The price of the share of Tallinna Kaubamaja has followed the general trends in the Baltic equity market. The share with a price of 32.54 kroons at the end of 2008 was closed in late September at 78.23 kroons, increasing twice during the period of 9 months.

According to the notice of regular annual general meeting of the shareholders published on 28 April 2009, the management board proposed to pay dividends 0.4 kroons per share. The general meeting of shareholders approved it.

Tallinna Kaubamaja AS

Share price in Estonian kroons and trading statistics on the Tallinn Stock Exchange during 01.01.2008-30.09.2009.



Kaubamaja Department stores

In the first nine months of 2009, the sales revenue of the business segment of department stores was 852.8 million kroons (54.5 million euros), i.e. 22% less than in the same period of the previous year. The sales revenue of the third quarter was 266.6 million kroons (17.0 million euros), which is 27% less than the same period of the previous year. According to the data of the Estonian Statistical Office, the turnover of the retail companies comparable with Kaubamaja department stores fell by 33% in the third quarter and by a total of 27% in the first nine months. The loss of department stores in the first nine-months of 2009 totalled to 6.1 million kroons (0.4 million euros), falling short of the respective figure of the previous year by 92.0 million kroons (5.9 million euros). Aside from the renovations performed in the first quarter and discounts that were more substantial than in the previous year, the profit of department stores was adversely affected also by partial renovations in Tallinn's Naistemaailm (Women's Fashion). Since the second quarter, the cost saving measures adopted by the management of the company in the first quarter have contributed to the profit. In the first nine months of 2009, the department stores managed to attain a saving of 14.5% on all personnel related expenses relative to the same period of the previous year. Agreements with partners have enabled to reduce the administrative and logistics expenses as well as other operating expenses.

The first store of the I.L.U. beauty stores chain was opened in the new Pärnu Centre in the second half of March. In the first nine months of 2009, the sales revenue of OÜ TKM Beauty Eesti that operates the I.L.U. stores totalled to 4.4 million kroons (0.3 million euros). The sales revenue of the third quarter was 1.9 million kroons (0.1 euros). In the light of the overall decline of 15.7% in the retail trade in the first three quarters of 2009, the sector of beauty products, toiletries and pharmaceutical products experienced a smaller drop in the sales, decreasing by 4.8%. Due to the launching activities of the chain with a novel concept, the company incurred a loss of 4.2 million kroons (0.3 million euros) in the first three quarters of 2009. On November 6th, the biggest beauty products department store in Southern Estonia was opened at Lõunakeskus in Tartu and on November 12th, the flagship of the chain was opened at Rocca al Mare shopping centre in Tallinn. The total area of Rocca al Mare I.L.U. is 477m². In autumn 2010, a store will be opened in Kristiine Centre in Tallinn. The plan for opening a store in Latvia next year is being revised.

Selver supermarkets

The consolidated sales income of the segment of supermarkets amounted to 3.6 billion kroons (227.2 million euros) in the first nine months of 2009, which is 17% more than in the same period of the previous year. The consolidated sales income of Selver in the third quarter of 2009 was 1.2 billion kroons (77.3 million euros), which is 9% more than in the same period of previous year. The share of Selver's domestic net turnover (in Estonia) in the retail sales of the country's non-specialised food stores was 17.5% in the first nine months of 2009, the respective indicator was 17.9% in the third quarter. In the comparable periods of the previous year, Selver's share in this sector was 15.2% and 15.4%, respectively.

The consolidated pre-tax net loss of the segment of supermarkets amounted to 8.6 million kroons (0.6 million

euros) in the first three quarters of 2009, showing a decrease of 82.4 million kroons (5.3 million euros) compared to the same period of 2008, when the pre-tax net loss amounted to 73.7 million kroons (4.7 million euros). The consolidated pre-tax net loss in the third quarter of 2009 was 17.8 million kroons (1.1 million euros), showing a decrease of 9.4 million kroons (0.6 million euros) compared to the same period of previous year. The results of the first nine months of 2009 were mainly influenced by the overall economic recession in Estonia and Latvia, increase of unemployment and the decrease of consumption caused by decreasing income. An additional factor is the decline in the price of average shopping basket and cheaper substitute products. The pre-opening costs of new stores and the costs related to the launch of the subsidiary in Latvia also had their effect on the aforementioned results. All Latvian stores will be closed and the activities of the Latvian subsidiary will be frozen. The reduction of operating expenses has had a positive effect on profit. New contracts have been made to reduce fixed costs, the basic salaries of employees have been cut and staff has been optimised according to the market situation.

In spring 2010, a new store will be opened Haapsalu at the Rannarootsi Centre currently under construction. The new store will have a selling space of 1,500 m².

Real estate

In the first nine months of 2009, the sales revenue of the real estate segment was 32.3 million kroons (2.1 million euros) that was 7% larger than the sales revenue in the first nine months of 2008. The sales revenue of the third quarter totalled to 10.5 million kroons (0.7 million euros), growing by 7% compared to the same period of the previous year when the sales revenue was 10.0 million kroons (0.6 million euros). The profit of the first nine-months of 2009 amounted to 54.1 million kroons (3.5 million euros) of which 21.2 million kroons (1.4 million euros) was earned in the third quarter. The profit of first nine months grew twice compared to the same period of the previous year, increasing triple in the third quarter. All main cost categories grew in line with the increase of the administered real estate portfolio, yet the retention of the operating costs below the growth of revenue led to a substantial growth of the net profit.

In January, the Group opened Kuldiga Selver and Salaspils Selver in Latvia, developed by Tallinna Kaubamaja's subsidiary SIA TKM Latvija, and in January Kakumäe Selver in a building developed by Tallinna Kaubamaja Kinnisvara AS.

Car trade

The sales revenue of the car trade segment with the exclusion of intersegment transactions for the 9 months of 2009 was 178.8 million kroons (11.4 million euros), which is 59% less than in the respective period of the previous year. Over the nine months, 776 new vehicles were sold. At the same time in 2008, the sales revenue from the sales of 1,719 cars was 437.0 million kroons (27.9 million euros). The sales revenue for the third quarter of 2009 was 31.2 million kroons (2.0 million euros) and altogether 105 new cars were sold. The sales revenue for the same period in 2008 was 121.6 million kroons (7.8 million euros). A continuing steep fall in the car trading market was seen in the third quarter. In Estonia, 1,975 motor-cars were sold in the third quarter, which is 64% less than a year ago. In Latvia, 1,226 new cars were registered in the third quarter which is 76% less than a year ago. In Lithuania, 1,536 cars were sold, which is more than 69% lower of the previous year. In Estonia and Latvia, the market share did not change compared to the second quarter. In Lithuania, the market share increased from 2% to 2.9%. In the Baltic states, the decrease in the car market was 70%. According to the current estimates, the car market has hit the bottom and the downward trend is expected to halt in the upcoming months.

The main keyword of the car trade in the domestic market was realisation of the inventory at abnormally big discounts. In the first 9 months, the loss of the car trade segment amounted to 18.3 million kroons (1.2 million euros), 1.9 million kroons (0.1 million euros) of it were yielded in the third quarter. The loss of the third quarter decreased by 82% in comparison with the loss of the second quarter (loss in the second quarter was 10.3 million kroons, 0.7 million euros). This is mostly the result of aggressive reductions of expenses and normalizing inventories. The inventory of cars has improved in the temporal aspect, which allows selling goods at considerably lower discounts than in the previous period. Three new models will arrive on sale in the fourth quarter. The popular C-segment model KIA cee'd will receive a model upgrade, in addition, the new off-road KIA Sorento and the small station wagon KIA Venga will become available.

Footwear trade

In the first nine months of 2009, the sales revenue of the footwear trade was 136.1 million kroons (8.7 million euros), the third quarter amounted to a turnover of 50.8 million kroons (3.2 million euros), which shows a decrease of 35% in comparison to the respective period of 2008. The loss in the third quarter amounted to 11.0 million kroons (0.7 million euros), the loss of Latvian businesses amounts 2.7 million kroons (0.2 million euros) of it. The net loss of the third quarter of 2008 is 5.3 million kroons (0.3 million euros). The loss for the first three quarters of 2009 was

Tallinna Kaubamaja AS

a total of 39.8 million kroons (2.5 million euros), including the 9.3 million kroon (0.6 million euro) loss of Latvian businesses. The main reasons for the loss are the decreased revenues from sale, the costs relating to the closing of unprofitable stores and vigorous discounts in the summer to sell old inventories.

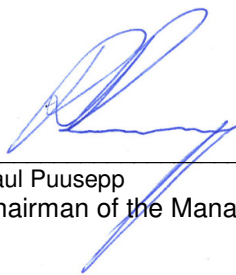
Of the 30 stores of the Group's two footwear store chains, 26 are currently located in Estonia and 4 in Latvia. On November 12th, three new footwear stores were opened at Rocca al Mare shopping centre instead of previous temporary storage space, including a brand new SHU concept store. Another footwear store of the SHU concept will be opened in December at Lõunakeskus in Tartu.

Personnel

In the first nine months of 2009, the average number of employees of the Group of Tallinna Kaubamaja was 3,710, increasing by 15 % compared to the same period of 2008. In the first nine months of 2009 the total labour cost (wages and salaries and social tax cost) amounted to 475.1 million kroons (30.4 million euros), increasing by 0.1 % in comparison with the same period of 2008. In the third quarter of 2009 the total labour cost decreased by 15% and average number of employees increased by 9% in comparison with the same period of 2008. The decrease in the average wage expenditures during nine months was 13% and in the third quarter 23% compared with the same period of 2008.

Management confirmation and signatures

The board confirms that the Management report presents fairly all significant events that occurred during the reporting period as well as their impact on the consolidated interim financial statements; contains a description of the main risks and uncertainties influencing the remainder of the financial year; and provides an overview of all significant transaction with related parties.



Raul Puusepp
Chairman of the Management Board

Tallinn, 26th November 2009

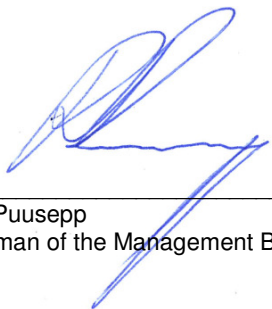
CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) as at and for the period of third quarter and first nine months 2009, presented on pages 10-33.

The Chairman of the Management Board confirms that:

1. the accounting principles used in preparing the financial statements are in compliance with the International Financial Reporting Standards;
2. the financial statements give a true and fair view of the financial position of the parent company and the group, as well as the results of their operations and cash flows;
3. Tallinna Kaubamaja AS and its subsidiaries are able to continue as a going concern.



Raul Puusepp
Chairman of the Management Board

Tallinn, 26th November 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

thousand kroons/euros

		30 September 2009		31 December 2008	
	Note	EEK	EUR*	EEK	EUR*
ASSETS					
Current assets					
Cash at bank and in hand	2	56,355	3,602	101,353	6,478
Trade receivables	3	70,787	4,524	96,538	6,170
Other receivables	4	41,764	2,669	73,019	4,668
Prepaid and refundable taxes	5	20,669	1,321	41,475	2,651
Prepaid expenses	5	6,409	410	12,161	777
Inventories	6	726,458	46,429	781,304	49,933
Total current assets		922,442	58,955	1,105,850	70,677
Fixed assets					
Prepaid expenses	5	31,074	1,985	31,074	1,985
Shares in affiliated companies	8	19,577	1,251	17,505	1,119
Other long-term receivables	9	3,801	243	3,801	243
Tangible fixed assets	10	3,014,792	192,681	2,998,073	191,612
Intangible fixed assets	11	63,697	4,071	68,431	4,374
Goodwill	11	109,499	6,998	109,499	6,998
Total fixed assets		3,242,440	207,229	3,228,383	206,331
TOTAL ASSETS		4,164,882	266,184	4,334,233	277,008
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Interest bearing loans and borrowings	12	55,298	3,534	318,098	20,330
Prepayments received for goods and services		4,407	282	5,237	333
Accounts payable		692,240	44,240	800,467	51,161
Taxes payable	14	41,784	2,670	76,460	4,887
Other short-term liabilities	14	67,991	4,345	78,213	4,997
Provisions	14	2,148	137	3,534	226
Total current liabilities		863,868	55,208	1,282,009	81,934
Long-term liabilities					
Interest bearing loans and borrowings	12	1,503,510	96,092	1,215,409	77,679
Provisions	14	1,153	74	1,462	93
Total long-term liabilities		1,504,663	96,166	1,216,871	77,772
TOTAL LIABILITIES		2,368,531	151,374	2,498,880	159,706
Owners' equity					
Share capital	15	407,292	26,031	407,292	26,031
Mandatory reserve	15	40,729	2,603	40,729	2,603
Revaluation reserve		673,004	43,013	682,028	43,590
Retained earnings		675,414	43,169	705,719	45,105
Foreign currency translation		-88	-6	-415	-27
TOTAL OWNER'S EQUITY		1,796,351	114,810	1,835,353	117,302
TOTAL LIABILITIES AND OWNER'S EQUITY		4,164,882	266,184	4,334,233	277,008

* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand kroons/euros

	Note	9 months 2009		9 months 2008	
		EEK	EUR*	EEK	EUR*
Revenue	16, 22	4,754,992	303,899	4,716,246	301,423
Other income	17	139,955	8,945	117,503	7,509
Materials and consumables used	6	-3,719,930	-237,746	-3,559,099	-227,468
Other operating expenses	18	-540,481	-34,544	-501,878	-32,076
Personnel expenses	19	-475,087	-30,364	-474,232	-30,309
Depreciation, amortisation and impairments		-143,204	-9,152	-99,635	-6,368
Other expenses		-9,737	-622	-8,558	-546
Operating profit		6,508	416	190,347	12,165
Financial expenses	20	4,138	264	4,056	259
Financial income	20	-31,424	-2,008	-23,312	-1,490
Financial income from shares of associated companies		2,072	132	2,268	145
Total net financial items		-25,214	-1,612	-16,988	-1,086
Profit before income tax		-18,706	-1,196	173,359	11,079
Income tax		-4,331	-277	-21,653	-1,384
Other comprehensive income		-23,037	-1,473	151,706	9,695
Exchange differences on translating foreign operations		327	21	-257	-16
TOTAL COMPREHENSIVE INCOME		-22,710	-1,452	151,449	9,679
Basic and diluted earnings per share (EEK/EUR)	21	-0.57	-0.04	3.72	0.24

* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand kroons/euros

	Note	3 rd quarter 2009		3 rd quarter 2008	
		EEK	EUR*	EEK	EUR*
Revenue	16, 22	1,568,994	100,277	1,689,427	107,974
Other income	17	50,702	3,240	45,524	2,909
Materials and consumables used	6	-1 219 218	-77 923	-1,271,057	-81,235
Other operating expenses	18	-169,281	-10,818	-180,898	-11,561
Personnel expenses	19	-151,541	-9,685	-178,133	-11,385
Depreciation, amortisation and impairments		-48,250	-3,084	-39,050	-2,496
Other expenses		-4,915	-314	-1,746	-112
Operating profit		26,491	1,693	64,067	4,095
Financial expenses	20	1,084	69	0	0
Financial income	20	-8,437	-539	-13,467	-861
Financial income from shares of associated companies		555	35	715	46
Total net financial items		-6,798	-435	-12,752	-815
Profit before income tax		19,693	1,258	51,315	3,280
Income tax		-4,331	-277	0	0
Other comprehensive income		15,362	981	51,315	3,280
Exchange differences on translating foreign operations		7	1	-425	-28
TOTAL COMPREHENSIVE INCOME		15,369	982	50,890	3,252
Basic and diluted earnings per share (EEK/EUR)	21	0.38	0.02	1.26	0.08

* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers.

CONSOLIDATED CASH FLOW STATEMENT

thousand kroons/euros

		9 months 2009		9 months 2008	
	Note	EEK	EUR*	EEK	EUR*
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit		-23,037	-1,473	151,706	9,695
Adjustments:					
Dividends disbursed		4,331	277	21,653	1,384
Interest expense	20	31,424	2,008	23,312	1,490
Interest income	20	-4,138	-264	-4,056	-259
Depreciation, amortisations and impairment		143,204	9,152	99,635	6,368
Loss from disposals and write-off of non-current assets		147	9	94	6
Effect of the equity method		-2,072	-132	-2,268	-145
Change in inventories		54,846	3,505	-312,036	-19,943
Change in receivables and prepayments related to operating activities		83,129	5,313	-18,237	-1,166
Change in liabilities and prepayments related to operating activities		-152,277	-9,731	21,811	1,394
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		135,557	8,664	-18,386	-1,176
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant and equipment (except for financial lease)		-156,668	-10,013	-718,530	-45,922
Purchase of property, plant and equipment		1,632	104	1,318	84
Acquisition of intangible fixed assets		-300	-19	0	0
Loan to group account		0	0	-177,987	-11,375
Acquisition of associates		0	0	-53,980	-3,450
Loan repayments received from associates		0	0	2,250	144
Interest received		4,229	270	4,722	302
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		-151,107	-9,658	-942,207	-60,217
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received		329,770	21,076	1,233,741	78,850
Repayments of loans received		-304,376	-19,453	-432,747	-27,658
Change in overdraft balance		3,733	239	49,671	3,175
Dividends paid	15	-16,292	-1,041	-81,458	-5,206
Income tax on dividends		-4,331	-277	-21,653	-1,384
Repayment of financial lease principal		-3,826	-245	-3,366	-215
Interest paid		-34,453	-2,202	-20,772	-1,328
KOKKU RAHAVOOD FINANTSEERIMISTEGEVUSEST		-29 775	-1,903	723,416	46,234
Currency exchange differences		327	21	-257	-16
TOTAL CASH FLOW		-44,998	-2,876	-237,434	-15,175
Cash and cash equivalents at the beginning of the period		101,353	6,478	282,635	18,064
Cash and cash equivalents at the end of the period		56,355	3,602	45,201	2,889
Change in cash and cash equivalents		-44,998	-2,876	-237,434	-15,175

* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

in thousands of kroons, 9 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2007	407,292	40,729	759,721	686,155	10	1,893,907
Revaluation of land and buildings	0	0	-59,800	0	0	-59,800
Depreciation transfer for revaluated land and buildings	0	0	-17,893	17,893	0	0
Change in conversion difference	0	0	0	0	-425	-425
Total income and expenses for the year recognized directly in equity	0	0	-77,693	17,893	-425	-60,225
Total comprehensive income or loss for the year	0	0	0	83,129	0	83,129
Total income and expenses for the year	0	0	-77,693	101,022	-425	22,904
Dividends paid	0	0	0	-81,458	0	-81,458
Balance as of 31.12.2008	407,292	40,729	682,028	705,719	-415	1,835,353
Depreciation transfer for revaluated land and buildings	0	0	-9,024	9,024	0	0
Change in conversion difference	0	0	0	0	327	327
Total income and expenses for the year recognized directly in equity	0	0	-9,024	9,024	327	327
Total comprehensive income or loss for the period	0	0	0	-23,037	0	-23,037
Total income and expenses for the period	0	0	-9,024	-14,013	327	-22,710
Dividends paid (Note 15)	0	0	0	-16,292	0	-16,292
Balance as of 30.09.2009	407,292	40,729	673,004	675,414	-88	1,796,351

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

in thousands of euros, 9 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2007	26,031	2,603	48,556	43,854	0	121,041
Revaluation of land and buildings	0	0	-3,822	0	0	-3,822
Depreciation transfer for revaluated land and buildings	0	0	-1,144	1,144	0	0
Change in conversion difference	0	0	0	0	-27	-27
Total income and expenses for the year recognized directly in equity	0	0	-4,966	1,144	-27	-3,849
Total comprehensive income or loss for the year	0	0	0	5,313	0	5,313
Total income and expenses for the year	0	0	-4,966	6,457	-27	1,464
Dividends paid	0	0	0	-5,206	0	-5,206
Balance as of 31.12.2008	26,031	2,603	43,590	45,105	-27	117,302
Depreciation transfer for revaluated land and buildings	0	0	-577	577	0	0
Change in conversion difference	0	0	0	0	21	21
Total income and expenses for the year recognized directly in equity	0	0	-577	577	21	21
Total comprehensive income or loss for the period	0	0	0	-1,472	0	-1,472
Total income and expenses for the period	0	0	-577	-895	21	-1,451
Dividends paid	0	0	0	-1,041	0	-1,041
Balance as of 30.09.2009	26,031	2,603	43,013	43,169	-6	114,810

* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

Note 1. Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts

General Information

Tallinna Kaubamaja AS ('the Company') and its subsidiaries (jointly 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja AS is a company founded on 18 October 1994 in the Republic of Estonia. The shares of Tallinna Kaubamaja AS are listed on the Tallinn Stock Exchange.

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja AS have been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2008.

The underlying currency of the consolidated Accounts is the Estonian kroon. Interim Accounts are presented in thousand in kroons, if not said differently. In order to help the readers to better understand the financial indicators and to adhere to the requirements of the rules and regulations of the Tallinn Stock Exchange the financial indicators in the Accounts are also given in euros which have been converted based on the original financial indicators given in Estonian kroons. As the exchange rate of the Estonian kroon and the euro has been fixed at 1 euro = 15.6466 kroons no spread is created upon conversion.

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja AS for the third quarter and first nine months of 2009 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

This Interim Report has not been audited or otherwise reviewed by auditors.

New and revised standards effective as at 1 January 2009 and their impact on the Group's financial statements:

- IAS 1 (revised) – Presentation of Financial Statements
The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has decided to present a single statement of comprehensive income that combines the income statement and non-owner changes in equity.
- IFRS 8 – Operating Segments
The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group's management in deciding how to allocate resources and in assessing performance. The application of the Standard has increased the number of reportable segments. In place of the previously reported two segments (Buildings and Infrastructure) the Group now discloses segment information in respect of Buildings (European Union), Buildings (Ukraine), Infrastructure (European Union) and other segments. IFRS 8 is effective for the annual financial statements. In the interim financial statements information on operating segments has been presented in accordance with IAS 34 Interim Financial Reporting.

Reportable operating segments are identified on the basis of how the internally generated financial information is used by the Group's chief operating decision maker. The chief operating decision maker is the group of persons that allocates resources to and assesses the performance of the operating segments. The Group's chief operating decision maker is the board of the parent Tallinna Kaubamaja AS along with the director of the infrastructure department. The new segment reporting approach does not change the principles of allocating goodwill to the Group's cash-generating units.

New and revised standards and interpretations effective as of 1 January 2009 that are not relevant for the Group on the preparation of the interim financial statements:

- IFRS 2 (amended) – Share-based Payment
- IAS 23 (revised) – Borrowing Costs
- IAS 27 (revised) – Consolidated and Separate Financial Statements
- IAS 32 (amended) – Financial Instruments: Presentation
- IAS 39 (amended) – Financial Instruments: Recognition and Measurement
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate

Standards and interpretations issued as at 1 January 2009 but not yet effective:

- IFRS 3 (revised) – Business Combinations (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 15 July 2009)

Note 2. Cash at Bank and in Hand

In thousands of kroons

	30 September 2009	31 December 2008
Cash in hand	5,045	5,825
Cash at bank	44,084	78,201
Cash in transit	7,226	17,327
Total cash at bank and in hand	56,355	101,353

Note 3. Trade Receivables

In thousands of kroons

	30 September 2009	31 December 2008
Trade receivables	61,570	67,155
Card payments	9,217	29,383
Total trade receivables	70,787	96,538

Note 4. Other Short Term Receivables

In thousands of kroons

	30 September 2009	31 December 2008
Bonuses to be received from suppliers	19,857	42,422
Current receivables from affiliates (see Note 9)	750	2,750
Other short term receivables *	21,157	27,847
Total other short term receivables	41,764	73,019

* Other receivables include receivables from related parties, see Note 23 for details

Note 5. Prepaid Expenses

In thousands of kroons

	30 September 2009	31 December 2008
VAT	19,277	41,475
Income tax	547	0
Social tax	844	0
Unemployment insurance	1	0
Total prepaid taxes	20,669	41,475
Lease expenses prepaid	2,175	5,714
Other prepaid expenses	4,234	6,447
Total current prepaid expenses	6,409	12,161
Long term lease expenses prepaid	31,074	31,074
Total long-term prepaid expenses	31,074	31,074

The Group has concluded rent agreements in the same arrangement with acquiring operating rights for stores in Tartu. The fee paid for operating rights is recorded as prepaid rent, because it is considered to be a payment made under a lease contract for acquiring leasehold.

Note 6. Inventories

In thousands of kroons

	30 September 2009	31 December 2008
Goods for resale	695,749	619,576
Cars purchased for resale	19,368	145,341
Raw materials	9,509	10,332
Prepayments for goods	1,832	6,055
Total inventories	726,458	781,304

The write-down and write-off of inventories and the inventory shortages are recorded in the income statement under "Materials and consumables used" as follows:

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Materials and consumables used	3,660,830	3,498,317	1,195,013	1,249,834
Write-down and write-off of inventories	40,653	45,795	15,981	15,654
Inventory shortages	18,447	14,987	8,224	5,569
Total	3,719,930	3,559,099	1,219,218	1,271,057

Aging of inventory and seasonal nature of fashion items is used as basis for write down of inventories.

Note 7. Shares in Subsidiaries

In thousands of kroons

The Tallinna Kaubamaja Group incorporates:

Name of company	Location	Field of activity	Share	Acquisition cost	Year of acquisition
A-Selver AS	Tallinn, Pärnu mnt.238	Retail trade	100%	22,000	1996
<i>A-Selver AS subsidiary:</i>					
SIA Selver Latvia	Riga, Ieriku 3	<i>Retail trade</i>	100%		2006
AS Tartu Kaubamaja	Tartu, Riga 2	<i>Retail trade</i>	100%	15,849	1996
<i>AS Tartu Kaubamaja subsidiaries:</i>					
TKM Beauty OÜ	Tallinn, Gonsiori 2	Retail trade	100%		2007
<i>TKM Beauty OÜ subsidiary:</i>					
TKM Beauty Eesti OÜ	Tallinn, Gonsiori 2	Retail trade	100%		2007
OÜ Suurtüki NK	Tallinn, Ehitajate tee 110	Retail trade	100%	55,017	2008
SIA Suurtüki	Riga, Tomsona 30-86	Retail trade	100%	13,973	2008
AS ABC King	Tallinn, Pärnu rd 139E	Retail trade	100%	170,678	2008
<i>AS ABC King subsidiary:</i>					
ABC King SIA	Riga, Ieriku 3	Retail trade	100%		2008
OptiGroup Invest OÜ	Tallinn, Gonsiori 2	Trade and financing	100%	40	2007
<i>OptiGroup Invest OÜ subsidiary:</i>					
KIA Auto AS	Tallinn, Ülemiste tee 1	Retail trade	100%	79,400	2007
<i>KIA Auto AS subsidiary:</i>					
Ülemiste Autokeskus OÜ	Tallinn, Ülemiste tee 1	Retail trade	100%		2007
KIA Automobiles SIA	Riga, Pulkeveza Brieza 31	Retail trade	100%	90	2007
KIA Auto UAB	Vilnius, Jasinskoe 14	Retail trade	100%		2007
Tallinna Kaubamaja Kinnisvara AS	Tallinn, Gonsiori 2	Real estate management	100%	46,285	1999
<i>Tallinna Kaubamaja Kinnisvara AS subsidiaries:</i>					
Tartu Kaubamaja Kinnisvara OÜ	Tartu, Riga 1	Real estate management	100%		2004
SIA TKM Latvija	Riga, Ieriku 3	Real estate management	100%		2006
Acquisition cost of subsidiaries as of 30.09.2009				403,332	

Note 8. Shares in Affiliates

Tallinna Kaubamaja AS has a holding in Rävala Parkla AS which renders multi-storey car park services in Tallinn.

In thousands of kroons

	30 September 2009	31 December 2008
Number of shares at end of year / (beginning of year)	501/(501)	501/(501)
Shareholding % at end of year / (beginning of year)	50/(50)	50/(50)
At beginning of year		
Acquisition cost	6,500	6,500
Holding in owners' equity of investment object	17,505	14,201
Equity profit for accounting period	2,072	3,304
At end of accounting period		
Acquisition cost	6,500	6,500
Holding in owners' equity of investment object	19,577	17,505

Financial information on the affiliate Rävala Parkla AS (reflecting 100% of the associate):

	30 September 2009	31 December 2008
Assets	59,302	61,422
Liabilities	20,178	24,436
Revenue	5,948	9,390
Profit	4,144	6,608

Note 9. Other Long-term Receivables

In thousands of kroons

	30 September 2009	31 December 2008
Receivables from affiliates (Note 23)	2,578	4,578
<i>To be repaid:</i>		
within 12 months (Note 4)	750	2,750
within 1 to 5 years t	1,828	1,828
Interest rate	6%	6%
Term of payment	2010	2010
Other long term receivables	1,973	1,973
Total other long term receivables	3,801	3,801

The fair value of receivables does not differ significantly from book value.

Note 10. Tangible Fixed Assets

In thousands of kroons

	Land and buildings	Machinery and equipment	Other equipment, fixtures and fittings	Prepay- ments for property, plant and equipment	Cons- truction in progress	Total
Changes in 2007						
Additions from business combinations	26,650	1,356	893	0	0	28,900
Purchases and additions	110,604	49,141	27,490	12,145	224,874	424,254
Disposals	0	-556	-120	0	0	-676
Depreciation	-36,598	-32,193	-33,626	0	0	-102,416
Revaluations of fixed assets	280,000	0	0	0	0	280,000
Revaluations of depreciation	-49,995	0	0	0	0	-49,995
Transfer	240,468	2,271	574	-9,662	-233,650	0
31.12.2007						
Acquisition or revaluated cost	1,656,657	232,359	256,812	12,145	497,410	2,655,383
Accumulated depreciation	-39,874	-141,374	-173,257	0	0	-354,505
Net book value	1,616,783	90,985	83,555	12,145	497,410	2,300,878
Changes in 2008						
Additions from business combinations	714	740	5,652	0	0	7,106
Purchases and additions	205,168	121,413	86,020	33,250	530,484	976,335
Transfer	115,275	-4,149	14,943	-10,861	-115,208	0
Revaluations of fixed assets	-71,600	0	0	0	-75,000	-146,600
Disposals	-290	-445	-988	0	0	-1,723
Depreciation	-50,922	-42,893	-44,108	0	0	-137,923
31.12.2008						
Acquisition or revaluated cost	1,969,527	355,830	362,439	34,534	912,686	3,635,016
Accumulated depreciation	-154,399	-190,179	-217,365	0	-75,000	-636,943
Net book value	1,815,128	165,651	145,074	34,534	837,686	2,998,073
Changes in 9 months of 2009						
Purchases and additions	55,677	53,146	34,128	6,824	6,893	156,668
Transfer	211,349	624	4,566	-6,854	-209,685	0
Disposals	-1,095	-309	-375	0	0	-1,779
Depreciation	-51,253	-44,779	-42,138	0	0	-138,170
30.09.2009						
Acquisition or revaluated cost	2,235,445	405,125	396,205	34,504	709,894	3,781,173
Accumulated depreciation	-205,639	-230,792	-254,950	0	-75,000	-766,381
Net book value	2,029,806	174,333	141,255	34,504	634,894	3,014,792

Two new Selvers in Kakumäe and Narva branched out during the reporting period. Four new Selvers were opened in Latvia. New fashionable footwear and accessories floor has been reconstructed in Kaubamaja and the first I.L.U. store was opened in Pärnu.

Total investment volume during reporting period has been performed in the amount of 359,490 thousands of kroons. The cost of equipment placed to the new areas is 92,464 thousands of kroons.

Note 11. Intangible Fixed Assets

In thousands of kroons

	Goodwill	Trademark	Beneficial contracts	Developing- cost	Total
31.12.2007					
Acquisition cost or revaluated cost	49,388	0	0	0	49,388
Accumulated depreciation and impairment loss	0	0	0	0	0
Net book value	49,388	0	0	0	49,388
Changes in 2008					
Additions from business combinations	72,395	54,887	16,900	0	144,182
Depreciation	0	-1,820	-1,536	0	-3,356
Write down due to impairment	-4,688	0	0	0	-4,688
Other adjustments	-7,596	0	0	0	-7,596
31.12.2008					
Acquisition cost or valuation	114,187	54,887	16,900	0	185,974
Accumulated depreciation and impairment loss	-4,688	-1,820	-1,536	0	-8,044
Net book value	109,499	53,067	15,364	0	177,930
Changes in 9 months of 2009					
Acquisition	0	0	0	300	300
Depreciation	0	-2,730	-2,304	0	-5,034
30.09.2009					
Acquisition cost or revaluated cost	114,187	54,887	16,900	300	186,274
Accumulated amortisation and impairment loss	-4,688	-4,550	-3,840	0	-13,078
Net book value	109,499	50,337	13,060	300	173,196

Under intangible assets is stated the goodwill related to acquisition of OptiGroup Invest OÜ, OÜ Suurtüki NK, SIA Suurtüki, AS ABC King and ABC King SIA in the amount of 109,499 thousand kroons. Goodwill is initially reported at the acquisition cost thereof, which is the positive difference between the acquisition cost of the holding acquired and the fair value of the acquired assets, liabilities and contingent liabilities on the date of acquisition. In further reporting goodwill is measured at the acquisition cost thereof less possible discounts resulting from impairment. With regard to goodwill an impairment test is carried out at least once a year or more frequently if events or changed circumstances show that the book value of goodwill may have decreased.

Note 12. Interest Bearing Loans and Borrowings

In thousands of kroons

2009	Balance 30.09.2009	Repayment			Due date	Interest rate
		Within 12months	Within 1-5 years	After 5 years		
SEB Pank AS	88,501	3,925	70,422	14,154	28.09.2014	6 month EURIBOR+0.4%
SEB Pank AS	125,083	3,085	121,998		19.04.2012	6 month EURIBOR+0.4%
SEB Pank AS	17,724	17,724			30.05.2009	1 month EURIBOR+2.0%
Nordea Bank Finland Plc Eesti Filiaal	265,992		265,992		07.12.2011	6 month EURIBOR+0.36%
Nordea Bank Finland Plc Eesti Filiaal	66,801	1,244	65,557		20.06.2013	6 month EURIBOR+0.98%
Nordea Bank Finland Plc Eesti Filiaal	55,679	433	7,745	47,501	13.06.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	179,591	1,350	24,308	153,933	20.06.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	80,114	602	68,668	10,844	20.06.2018	6 month EURIBOR+0.6%
Nordea Finance Latvia SIA	1,637	1,637			30.11.2009	EONIA+3.1%
Nordea bank Finland Plc Eesti Filiaal	101,807	620	11,158	90,029	15.05.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	174,124	1,368	52,020	120,736	30.08.2018	6 month EURIBOR+1.0%
AS Swedbank	53,730	2,070	51,660		21.04.2013	6 month EURIBOR+0.67%
AS Swedbank	234,699		190,813	43,886	28.01.2014	6 month EURIBOR+2.99%
AS Swedbank	2,266	2,266			15.05.2010	6 month EURIBOR+2.75%
AS Swedbank Liising Eesti	7,767	7,767			16.10.2009	6 month EURIBOR+2.75%
SEB Liising AS	1,565	1,565			07.01.2010	6 month EURIBOR+1.35%
UAB Swedbank Lizingas	131	131			31.10.2009	6 month EURIBOR+2.7%
UAB Swedbank Lizingas	65	49	16		30.01.2010	6 month EURIBOR+3.13%
UAB Swedbank Lizingas	1,801	169	1,632		30.06.2013	6 month EURIBOR+2.72%
AS Swedbank	5,512	5,512			05.10.2009	6 month EURIBOR+3.1%
Nordea Bank Finland Plc Eesti Filiaal	77,952	2,321	75,631		20.06.2013	6 month EURIBOR+0.98%
Loans	1,542,541	53,838	1,007,620	481,083		
Financial lease (Note 13)	16,267	1,460	14,807		07.04.2012	7%
Total interest bearing loans and borrowings	1,558,808	55,298	1,022,427	481,083		

Tallinna Kaubamaja AS

In thousands of kroons

2008	Repayment				Due date	Interest rate
	Balance 31.12.2008	Within 12 months	Within 1- 5 years	After 5 years		
SEB Pank AS	100,702	16,127	70,422	14,153	28.09.2014	6 month EURIBOR +0.4%
SEB Pank AS	137,693	15,695	121,998		19.04.2012	6 month EURIBOR +0.4%
Nordea Bank Finland Plc Eesti Filiaal	265,992		265,992		07.12.2011	6 month EURIBOR+0.36%
Nordea Bank Finland Plc Eesti Filiaal	73,666	8,109	65,557		20.06.2013	6 month EURIBOR+0.98%
Nordea Bank Finland Plc Eesti Filiaal	56,932	1,686	7,745	47,501	13.06.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	183,490	5,249	24,308	153,933	20.06.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	81,853	2,341	68,668	10,844	20.06.2018	6 month EURIBOR+0.6%
Nordea Finance Latvia SIA	2,059	2,059			01.04.2009	6 month EURIBOR+1.60%
Nordea Bank Finland Plc Eesti Filiaal	103,615	2,429	11,157	90,029	15.05.2018	6 month EURIBOR+0.6%
Nordea Bank Finland Plc Eesti Filiaal	123,867	4,106	19,025	100,736	30.08.2018	6 month EURIBOR+1.0%
AS Swedbank	59,763	8,103	51,660		21.04.2013	6 month EURIBOR+0.67%
AS Swedbank	1,580	1,580			15.05.2009	6 month VILIBOR+0.97%
AS Swedbank Liising Eesti	114,071	114,071			07.03.2009	12 month EURIBOR +0.65%
Swedbank Lizings SIA	378	378			01.10.2009	5.60%
SEB Liising AS	5,139	5,139			01.10.2009	6 month EURIBOR+0.8%
UAB Swedbank Lizingas	1,477	1,477			30.05.2009	6 month EURIBOR+1.20%
UAB Swedbank Lizingas	2,445	813	1,632		30.07.2010	6 month EURIBOR+1.10%
UAB Swedbank Lizingas	207	191	16		30.01.2010	6 month EURIBOR+1.30%
AS Swedbank	47,200	47,200			18.06.2009	12 month EURIBOR+0.72%
AS Swedbank Liising Eesti	1,716	1,716			10.04.2009	6month EURIBOR+0.65%
AS Swedbank	20,000	20,000			30.03.2009	6 month EURIBOR+0.75%
Nordea Bank Finland Plc Eesti Filiaal	87,270	11,639	75,631		20.06.2013	6 month EURIBOR+0.98%
SEB Pank AS	42,298	42,298			06.02.2009	7%
Loans	1,513,413	312,406	783,811	417,196		
Financial lease (Note 13)	20,094	5,692	14,402		07.04.2012	7%
Total interest bearing loans and borrowings	1,533,507	318,098	798,213	417,196		

Bank loans are denoted in euros. Bonds issued and finance lease liabilities are denoted in Estonian kroons.

Note 13. Financial Lease**Group as the lessee**

The group leases buildings under finance lease terms:

In thousands of kroons

	30 September 2009	31 December 2008
Acquisition cost	43,951	43,951
Accumulated depreciation	-32,412	-29,116
Net book value	11,539	14,835

In thousands of kroons

Minimum finance lease payments	30 September 2009	31 December 2008
up to 1 year.	2,235	6,786
1-5 years	15,492	15,612
Total	17,727	22,398
Future interest expense	-1,460	-2,304
Net present value of lease payments (Note 12)	16,267	20,094

Net present value of lease payments

up to 1 year	1,460	5,692
1-5 years	14,807	14,402
Total (Note12)	16,267	20,094

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m². The agreement will end in 2012. The agreement can be prematurely terminated by notifying the other party thereof in writing one month in advance. The Group has the right of the renewal of agreement at the end of the term of validity of the agreement.

Note 14. Other Current Payables

In thousands of kroons

	30 September 2009	31 December 2008
Value added tax	8,963	28,049
Personal income tax	8,939	14,509
Social tax	21,429	31,310
Income tax on fringe benefits	68	562
Unemployment insurance	2,385	750
Funded pension	0	1,280
Total taxes payable	41,784	76,460
Employee-related liabilities	59,013	67,358
Interest payable	26	3,482
Other accrued expenses	89	176
Prepayments received from lessees	8,863	7,197
Total other short-term liabilities	67,991	78,213

Short-term provision in the amount of 2,148 thousand kroons (2008: 3,534 kroons) and long term provision in the amount of 1,153 thousand kroons (2008: 1,462 thousand kroons) stand for guarantee provisions related with footwear and vehicle business.

Note 15. Share Capital

As of 30 Sept. 2009 the share capital amounted to 407,292 thousand kroons and was divided into 40,729,200 ordinary shares with a nominal value of 10 kroons. Pursuant to the Articles of Association the maximum allowed number of ordinary shares is 162,916,800. In the 2nd quarter of 2009 the dividends were announced and paid to the shareholders 0.4 kroons per share, in the total amount of 16,292 thousand kroons (2008:81,458 thousand kroons).

Note 16. Sales Revenue

In thousands of kroons, 9 months and 3rd quarter of 2009

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Retail sales revenue	4,686,238	4,402,930	1,547,212	1,622,670
Wholesale revenue	29,639	273,979	9,029	56,092
Income from service and catering	39,115	39,337	12,753	10,665
Total sales revenue	4,754,992	4,716,246	1,568,994	1,689,427

Additional information on revenue has been provided in Note 22.

Note 17. Other Operating Revenue

In thousands of kroons, 9 months and 3rd quarter of 2009

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Rental income	44,772	34,469	14,854	12,407
Selling profit from fixed assets	866	17	13	-3,741
Car park service's income	502	1 026	227	375
Empties handling	3,698	2,637	1,420	1,083
Expedition revenue	11,556	11,016	1,337	3,114
Advertising revenue	58,196	52,214	25,428	24,777
Other operating revenue*	19,990	16,124	7,344	7,509
Income from currency exchange	375	0	79	0
Total other operating revenue	139,955	117,503	50,702	45,524

*Other income consists of income from the sale of lottery and theatre tickets, invoice handling charges, claims and other income related to business activity.

Note 18. Other Operating Expenses

In thousands of kroons, 9 months and 3rd quarter of 2009

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Rental expenses	161,911	135,148	54,771	53,509
Utilities	76,546	66,029	24,280	24,440
Advertising expenses	55,035	72,814	19,657	22,357
Bank charges	34,639	30,495	11,798	10,744
Security expenses	25,819	21,386	7,972	8,097
Heat and electricity	75,253	55,310	20,011	19,432
Materials	43,961	54,871	10,716	18,454
IT and communication expenses	25,909	20,372	8,504	7,449
Business trips	4,462	6,352	1,366	2,165
Training expenses	1,538	3,494	330	927
Insurance	1,237	1,323	243	647
Logistic service	10,968	8,253	3,482	8,253
Other operating expenses	23,203	26,031	6,151	4,424
Total other operating expenses	540,481	501,878	169,281	180,898

Note 19. Staff CostsIn thousands of kroons, 9 months and 3rd quarter of 2009

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Wages and salaries	357,087	356,491	113,414	134,160
Social tax	118,000	117,741	38,127	43,973
Total staff costs	475,087	474,232	151,541	178,133
	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Average monthly wages and salaries per employee (EEK) in accounting period	10,694	12,271	10,394	13,454
Average number of employees in accounting period	3,710	3,228	3,637	3,324

Note 20. Net Financial ItemsIn thousands of kroons, 9 months and 3rd quarter of 2009Financial income

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Interest income from SEB Pank AS	2	613	1	0
Interest income from AS Swedbank	7	302	7	0
Interest income from Nordea Bank Finland Plc Eesti Filiaal	1,413	357	164	0
Interest income from Partner Card	1,556	1,345	587	0
Interest income from NGI Group	887	1,151	244	0
Interest income from associated loan	262	288	80	0
Other interest income	11	0	1	0
Total interest income	4,138	4,056	1,084	0

Financial expenses

	6 months 2009	6 months 2008	3 rd quarter 2009	3 rd quarter 2008
Bank loan interest	-29,865	-19,381	-7,866	-12,077
Financial lease interest	-943	-1,084	-298	-342
NGI Group interest	-189	-1,684	0	0
Other financial expenses*	-427	-1,163	-273	-1,048
Total interest expenses	-31,424	-23,312	-8,437	-13,467

* Other interest expenses comprise fees for concluding and amending loan contracts, lease agreements and factoring contracts

Note 21. Earnings per ShareIn thousands of kroons, 9 months and 3rd quarter of 2009

In order to calculate basic EPS, the net profit distributable to the Parent's shareholders is divided with the weighted average number of common shares in the period. Since the company has no contingently issuable common shares, diluted EPS equals to basic EPS.

	9 months 2009	9 months 2008	3 rd quarter 2009	3 rd quarter 2008
Net profit	-23,037	151,706	15,362	51,315
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Net earnings per share	-0.57	3.72	0.38	1.26

Note 22. Segment Reporting

Information on segments is disclosed according to business and geographical segments. Following the internal management structure the principal format indicates the division of business segments and the additional format the division of geographical segments.

Income, expenses, assets and liabilities are divided between segments according to the connection thereof with the activities of the segment.

Business Segments

The Company's internal management structure has been divided between the following business segments:

- department store
- supermarkets
- real estate
- car trade
- footwear

Geographical Segments

The Company's geographical segments are Estonia, Latvia and Lithuania.

Upon presentation of geographical segments sales revenue is reported according to the location of clients; assets of the segments are reported according to the location of assets.

Business Segment Report

In thousands of kroons

9 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	852,775	3,554,973	32,324	178,803	136,117	0	4,754,992
Sales between segments	10,601	11,682	106,102	126,380	6,725	-261,490	0
Total sales	863,376	3,566,655	138,426	305,183	142,842	-261,490	4,754,992
Intersegment income	0	0	0	0	0	0	139,955
Intersegment operating expenses	0	0	0	0	0	0	-4,888,439
Segment operating profit	-17,684	-9,910	82,677	-12,250	-36,325	0	6,508
Intersegment financial income /expenses	0	0	0	0	0	0	-25,214
Income tax	0	0	0	0	0	0	-4,331
Segment profit	-6,053	-12,967	54,058	-18,322	-39,753	0	-23,037
Segment assets	421,772	893,157	2,548,349	142,781	158,823	0	4,164,882
Segment liabilities	791,110	610,210	820,539	26,004	120,668	0	2,368,531
Additions of non-current assets in the period	28,786	70,945	614,541	26	4,362	0	718,660
Depreciation charge	18,506	75,100	39,772	1,954	7,872	0	143,204

In thousands of kroons

9 months of 2008	Department stores	Super-markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
Sales to third parties	1,098,620	3,046,537	30,327	437,038	103,724	0	4,716,246
Sales between segments	11,080	7,433	59,545	161,221	7,382	-246,661	0
Total sales	1,109,700	3,053,970	89,872	598,259	111,106	-246,661	4,716,246
Intersegment revenue	0	0	0	0	0	0	117,503
Intersegment operating expenses	0	0	0	0	0	0	-4,643,402
Segment operating profit	74,114	65,450	46,118	8,023	-3,358	0	190,347
Intersegment financial income/expenses	0	0	0	0	0	0	-16,988
Income tax	0	0	0	0	0	0	-21,653
Segment profit	85,925	52,055	22,276	-2,357	-6,193	0	151,706
Segment assets	456,377	789,117	2,550,087	245,769	207,998	0	4,249,348
Segment liabilities	678,725	555,272	773,542	140,250	137,662	0	2,285,451
Additions of non-current assets in the period	7,050	150,802	463,845	1,445	1,714	0	624,856
Depreciation charge	21,286	47,069	27,093	1,236	2,951	0	99,635

3rd quarter 2009	Department stores	Super-markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
Sales to third parties	266,592	1,209,898	10,513	31,239	50,752	0	1,568,994
Sales between segments	3,366	3,427	36,866	18,208	3,012	-64,879	0
Total sales	269,958	1,213,325	47,379	49,447	53,764	-64,879	1,568,994
Intersegment revenue	0	0	0	0	0	0	50,702
Intersegment operating expenses	0	0	0	0	0	0	-1,593,205
Segment operating profit	-9,193	17,249	29,436	-917	-10,084	0	26,491
Intersegment financial income/expenses	0	0	0	0	0	0	-6,798
Income tax	0	0	0	0	0	0	-4,331
Segment profit	-6,342	13,495	21,155	-1,926	-11,020	0	15,362
Segment assets	421,772	893,157	2,548,349	142,781	158,823	0	4,164,882
Segment liabilities	791,110	610,210	820,539	26,004	120,668	0	2,368,531
Additions of non-current assets in the period	8,854	1,151	66	26	859	0	10,956
Depreciation charge	5,530	25,863	13,590	680	2,587	0	48,250

Tallinna Kaubamaja AS

In thousands of kroons

3rd quarter 2008	Department stores	Super-markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
Sales to third parties	365,576	1,114,445	9,857	121,596	77,953	0	1,689,427
Sales between segments	3,735	2,261	23,995	49,579	6,526	-86,096	0
Total sales	369,311	1,116,706	33,852	171,175	84,479	-86,096	1,689,427
Intersegment revenue	0	0	0	0	0	0	45,524
Intersegment operating expenses	0	0	0	0	0	0	-1,670,884
Segment operating profit	19,566	25,929	17,349	3,850	-2,627	0	64,067
Intersegment financial income/expenses	0	0	0	0	0	0	-12,752
Income tax	0	0	0	0	0	0	0
Segment profit	23,473	27,248	5,865	15	-5,286	0	51,315
Segment assets	456,377	789,117	2,550,087	245,769	207,998	0	4,249,348
Segment liabilities	678,725	555,272	773,542	140,250	137,662	0	2,285,451
Additions of non-current assets in the period	1,431	63,640	190,570	0	987	0	256,628
Depreciation charge	6,990	19,103	9,846	502	2,609	0	39,050

Geographical Segment

In thousands of kroons

9 months 2009	Estonia	Lithuania	Latvia	Total
Sales outside of segment	4,497,970	25,504	231,518	4,754,992
Assets of segment according to location	6,110,736	8,709	895,084	7,014,529
Additions of non-current assets in the period	127,194	0	591,466	718,660
3rd quarter 2009	Estonia	Lithuania	Latvia	Total
Sales outside of segment	1,395,938	7,534	165,522	1,568,994
Assets of segment according to location	6,110,736	8,709	895,084	7,014,529
Additions of non-current assets in the period	10,165	0	791	10,956
9 months 2008	Estonia	Lithuania	Latvia	Total
Sales outside of segment	4,577,676	71,868	66,702	4,716,246
Assets of segment according to location	6,142,292	17,323	654,510	6,814,125
Additions of non-current assets in the period	407,146	0	217,710	624,856
3rd quarter 2008	Estonia	Lithuania	Latvia	Total
Sales outside of segment	1,636,587	22,927	29,913	1,689,427
Assets of segment according to location	6,142,292	17,323	654,510	6,814,125
Additions of non-current assets in the period	149,668	0	106,960	256,628

Note 23. Transactions with Related Parties

Upon preparation of the Consolidated Interim Report of Tallinna Kaubamaja AS the following have been deemed as related parties:

- a. owners (parent company and parties controlling or having significant influence over the parent company);
- b. affiliates;
- c. other companies belonging to the same consolidation group (incl. other subsidiaries of the parent company);
- d. executive management and senior management;
- e. close family members of the aforementioned persons and the companies being controlled by them or being under the significant influence thereof.

Within first 9 months of 2009 the Group has purchased and sold goods and rendered services as follows:

In thousands of kroons 9 months of 2009

	Purchases 9 months of 2009	Sales 9 months of 2009
Parent company	283	922
Other related companies	176,006	6,523
Affiliates	0	339
Total	176,289	7,784

Within first 9 months of 2008 the Group has purchased and sold goods and rendered services as follows:

In thousands of kroons, 9 months of 2008

	Purchases 9 months of 2008	Sales 9 months of 2008
Parent company	1,752	0
Other related companies	152,980	4,230
Affiliates	0	288
Total	154,732	4,518

Most of the purchases from other related companies consist of goods for resale. Purchases from the parent company mainly include management fees. Sales to related parties mainly include services rendered.

Loans granted to associates:

In thousands of kroons

	30 September 2009	31 December 2008
Balance at the beginning of the period (Note 9)	4,578	7,828
Repayments of loans received	-2,000	-3,250
Balance at the end of the period (Note 9)	2,578	4,578

Tallinna Kaubamaja AS

Balances with related parties:

In thousands of kroons

	30 September 2009	31 December 2008
Parent company	4	194
Other related companies	1,827	1,845
Current receivables from affiliates (Note 9)	750	2,750
Total current receivables	2,581	4,789
Long-term receivables		
Long-term receivables from affiliates (Note 9)	1,828	1,828
Total receivables from related parties	4,409	6,617
Parent company	100	164
Other related companies	35,980	53,301
Total liabilities to related parties	36,080	53,465

AS Tartu Kaubamaja, A-Selver AS, Tallinna Kaubamaja Kinnisvara AS, OÜ Tartu Kaubamaja Kinnisvara, SIA TKM Latvija, KIA Auto AS, TKM Beauty OÜ, OptiGroup Invest OÜ, SIA Selver Latvia, OÜ Suurtüki NK, AS ABC King have joined the Tallinna Kaubamaja AS Group account agreement. The said Group as a subgroup has joined the NG Investeeringud OÜ group (hereinafter 'the Main Group') account agreement which also includes Balbiino AS, Liviko AS, Kitman AS, Ganiger Invest OÜ, OÜ NG Kapital, Roseni Kinnisvara OÜ and Motivo Grupp OÜ. Since the autumn of 2001 the Tallinna Kaubamaja Group has placed their available funds at the disposal of the Main Group earning interest income from the investment. During 9 months of 2009 the Tallinna Kaubamaja Group was earning 887 thousand kroons (2008: 1,151 thousand kroons) of interest revenue from keeping available funds in the group account. As of 30 September 2009 the group has paid interest on the use of the available funds of the Main Group in the amount of 189 thousand kroons (2008: 1,684 thousand kroons). The average 6 months of 2009 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 3.55% EEK and 0.2% EUR (2008: 5.0% EEK). According to the group account agreement the members of the group bear solitarily liability for the amounts payable to the bank.

The management of Tallinna Kaubamaja AS is of the opinion that prices used in transactions with related parties do not differ significantly from market prices.