

**TALLINNA KAUBAMAJA AS**

**Consolidated Interim Report  
for the fourth quarter and 12 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 3,690 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:	31 December 2009
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
Fax:	372 667 3205
E-mail:	kaubamaja@kaubamaja.ee

## 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 31 December 2009, the following companies belonged to the Group:

	Country	Holding as of 31.12.09	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 Suurtuki	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 fourth quarter, the financial recession continued to slow down. According to the preliminary estimates of the Estonian Statistical Office, in the fourth quarter of 2009, Estonia's gross domestic product (GDP) dropped by 9.4% compared to the same quarter of the previous year. Economic developments improved almost in all areas of activities, except in trade, where the very low consumer demand contributed to the decrease. In 2009, the price rise slowed down as well, 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 November (-2.1%). All in all, the prices dropped by 0.1% during the year. The companies within the Group have been influenced by the above-the-average slowdown of the price drop of foodstuffs. In the fourth quarter, the food products were nearly 7% cheaper compared to the last quarter of 2008; however, the clothes were up to 1% more expensive. According to the data of the Estonian Statistical Office, the total retail volumes in current prices decreased by 16.0% (the sales of motor vehicles and motorcycles not included) in 2009, whereby the decrease in the fourth quarter was 16.7%. In 2008, the volume grew by 5.8%. According to the latest estimates by analysts, developments in the global economy have improved and the forecast is somewhat more optimistic albeit the persistently rising unemployment rates are not likely to boost the sense of security in local consumers or lead to an increase in trade volumes in the short term.

The retail sales in non-specialised stores (predominantly foodstuffs) decreased by 8% compared to the previous year, whereas the decrease in the fourth quarter was 12.8%. Retail sales in non-specialised stores (predominantly industrial products) decreased by 30.6% in the fourth quarter, the total decrease during the year in comparison with the previous year was 28.3%. In the fourth 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	12 months			4 <sup>th</sup> quarter		
	2009	2008	Growth %	2009	2008	Growth %
Net sales	6,388	6,531	-2%	1,633	1,815	-10%
Operating profit	-154	135	-214%	-161	-55	192%
Net profit	-197	83	-337%	-174	-69	153%
Return on equity (ROE)	-11.4%	4.5%		-10.1%	-3.7%	
Return on assets (ROA)	-4.7%	2.2%		-4.2%	-1.8%	
Net profit margin	-3.1%	1.3%		-10.6%	-3.8%	
Gross profit margin	22.3%	24.4%		23.7%	24.0%	
Quick ratio	0.93	0.86		0.93	0.86	
Debt ratio	0.59	0.58		0.59	0.58	
Sales revenue per employee (EEK million)	1.73	1.76		0.45	0.47	
Inventory turnover	10.36	8.36		2.65	2.32	
<b>SHARE</b>						
Average number of shares (1,000 pcs.)	40,729	40,729		40,729	40,729	
Equity per share (EEK per share)	39.63	45.06		39.63	45.06	
Share closing price (EEK per share)	56.48	32.54		56.48	32.54	
Earnings per share	-4.8	2.0		-4.3	-1.7	
Average number of employees	3,695	3,703		3,652	3,900	
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					

## Tallinna Kaubamaja AS

In 2009, the consolidated non-audited sales revenue of Tallinna Kaubamaja Group amounted to 6.4 billion kroons (408.3 million euros). The sales revenue of the group in the same period of 2008 was 6.5 billion kroons (417.4 million euros), which amounts to decrease of 2% compared to the previous year. The sales revenue of the fourth quarter was 1.6 billion kroons (104.4 million euros), which is 10% lower than the sales revenue of the same quarter in 2008. The year ended with a loss of 196.7 million kroons (12.6 million euros) due to the discounts of the fixed assets realised at the end of the year. The loss in the fourth quarter was 173.7 million kroons (11.1 million euros) and it includes the revaluation of the land and buildings in Latvia in the amount of 175.0 million kroons (11.2 million euros). The net profit of 2008 was 83.1 million kroons (5.3 million euros), year ago in the fourth quarter the loss was 68.6 million kroons (4.4 million euros), which included a discount of fixed assets of 86.8 million kroons (5.5 million euros).

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 (52.6 million kroons, 3.4 million euros added), and the financial expenses (7.6 million kroons, 0.5 million euros added) have grown. In comparison with the last year's third and fourth quarters, the financial expenses have declined 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 Selvers 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 and another in December in Tartu Lõunakeskus.

As of 31 December 2009, the balance sheet total of the Tallinna Kaubamaja Group was 4.0 billion kroons (254.4 million euros), which means a decrease by 353.2 million kroons (22.6 million euros) compared to the end of 2008. Assets decreased by 8%.

As of the end of the reporting period, the number of loyal customers was over 394 thousand, increasing by 14% within the 12 months. The percentage of loyal customers in the turnover of the department stores segment of the Group was continually high 74% in 12 months of 2009. At the end of December, 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 (0.64 euros). 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<sup>1</sup> 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 (2.08 euros) at the end of 2008 was closed in late December at 56.48 kroons (3.61 euros), increased by 74% compared to the previous year.

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 (0.03 euros) per share. The general meeting of shareholders approved it.

## Tallinna Kaubamaja AS

Share price and trading statistics on the Tallinn Stock Exchange during 01.01.2009-31.12.2009.

In Estonian kroons



In euros.



### Department stores

In 2009, the sales revenue of the business segment of department stores was 1,196.5 million kroons (76.5 million euros), i.e. 22% less than in the same period of the previous year. The sales revenue of the fourth quarter was 336.0 million kroons (21.5 million euros), which is 23% less than in 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 30.6% in the fourth quarter and by a total of 28.3% in the twelve months. For department stores, the twelve months of 2009 finally yielded a profit of 28.0 million kroons (1.8 million euros), falling short of the result of the previous year by 95.9 million kroons (6.1 million euros). In addition to the continuing economic recess, the profit of 2009 was adversely affected also by the substantial renovations performed in the first and third quarter in beauty, footwear, children's and women's department. In the second quarter, the negative effect stemmed from the discounts that were more vigorous and extensive in 2009 than in the same period of the previous year. At the same time, the purchase rally and Christmas campaigns in the fourth quarter were successful and had a positive effect on the profit. From the second quarter on, the cost saving measures, adopted by the management of the

## Tallinna Kaubamaja AS

company in the first quarter, have contributed to the profit. In the twelve months of 2009, the department stores managed to attain a saving of 16.5% 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 2009, the sales revenue of OÜ TKM Beauty Eesti that operates the I.L.U. stores totalled to 12.2 million kroons (0.8 million euros). The sales revenue of the fourth quarter was 7.7 million kroons (0.5 euros). In the light of the overall decline of 16.0% in the retail trade in the 2009, the sector of beauty products, toiletries and pharmaceutical products experienced a smaller drop in the sales, decreasing by 4.0%. Due to the launching activities of the chain with a novel concept, the company incurred a loss of 6.6 million kroons (0.4 million euros) in the first 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 477m<sup>2</sup>. The cosmetics line of our own trademark "I.L.U." was launched. The total volume of investments in 2009 was 15.4 million kroons (1.0 million euros). In 2010, the goal is to secure the market share of I.L.U. cosmetics chain and to open a store in Kristiine Centre in Tallinn.

### Selver supermarkets

The consolidated sales revenue of the business segment of supermarkets amounted to 4.8 billion kroons (304.3 million euros) in 2009, which is 11% more than in the same period of the previous year. In 2009, the consolidated pre-tax loss of Selver was 30.6 million kroons (2.0 million euros). The consolidated net loss in 2009 was 34.9 million kroons (2.2 million euros), showing a decrease of 98.7 million kroons (6.3 million euros) compared to the same period of 2008, when the consolidated net profit was 63.7 million kroons (4.1 million euros).

In 2009, the sales revenue in Estonia was 4.6 billion kroons (294.7 million euros), increasing by 8% compared to 2008. In comparable stores, the turnover per square metre of the sales area was 6.2 thousand kroons a month, showing a decrease of 10%. The pre-tax profit earned in Estonia in 2009 was 115.7 million kroons (7.4 million euros) and the net profit 111.3 million kroons (7.1 million euros), growing by 12% and 36%, respectively, compared to the same period of the previous year. The economic results of 2009 in Estonia were influenced by the overall economic recession, changes of competition situation in the retail market, overall decrease of sales prices and changes in the structure of the shopping basket of customers. The costs related to the launch of new stores and lower sales efficiency in the launching period also had their effect. The reduction of operating expenses had a positive effect on profit. New contracts have been concluded to reduce fixed costs, the basic salaries of employees have been cut and the staff has been optimised according to the economic situation. In 2009, Selver opened 2 new stores in Estonia.

The sales revenue in Latvia in 2009 was 0.2 billion kroons (9.6 million euros). Pre-tax and net loss amounted to 146.3 million kroons (9.3 million euros). Selver opened 4 new stores in Latvia during the first half of 2009. Due to the drastic deterioration of the economic environment in Latvia, in autumn the decision was made to freeze the business activities of the subsidiary SIA Selver Latvia and make the employees redundant. As of the end of 2009, 5 out of 6 Selver stores in Latvia were closed. In relation to the freeze of the business activities in Latvia, extraordinary expenditures were made in the amount of 51.7 million kroons (3.3 million euros). Single extraordinary expenses were related mainly to premature termination of contracts, provision of redundancy payments of employees and the sale of the assets of the stores.

In 2009, a total of 34.8 million purchases were made in Selver chain, which is 21% more than in 2008. The total sales area of the business segment of supermarkets increased by 2.4 thousand square metres. The annual increment of the sales area in Estonia and Latvia together was 4%. The proportion of the domestic (in Estonia) sales revenue in the retail sales of the country's non-specialised food stores was 17.8% in the fiscal year, increasing by 2.6 percentage points during the year. In 2010, Selver plans to open a new store in Rannarootsi Centre, Haapsalu.

### Real estate

In 2009, the sales revenue of the business segment of real estate was 42.6 million kroons (2.7 million euros) and the sales revenue increased by 4% compared to 2008. In the fourth quarter, the sales revenue was 10.3 million kroons (0.7 million euros), decreasing by 4% compared to the same period in 2008 when the sales revenue amounted to 10.8 million kroons (0.7 million euros). The annual loss amounted to 115.6 million kroons (7.4 million euros), of which a loss of 169.7 million kroons (10.8 million euros) realised in the fourth quarter. The loss was incurred from the revaluation of the land and buildings in Latvia in the amount of 175.0 million kroons (11.2 million euros) and discount of construction in work in Estonia in the amount of 36.0 million kroons (2.3 million euros).

Kuldiga Selver was opened in January and Salaspils Selver in May in Latvia; the developer was SIA TKM Latvija the subsidiary of Tallinna Kaubamaja AS and Kakumäe Selver in March in the building developed by Tallinna



## Tallinna Kaubamaja AS

Kaubamaja Kinnisvara AS.

### Car trade

The sales revenue of the car trade segment with the exclusion of intersegment transactions for the 2009 was 207.9 million kroons (13.3 million euros), which is 58% less than in the previous year. 853 new vehicles were sold in 2009. At the same time in 2008, the sales revenue from the sales of 2,056 cars was 494.9 million kroons (31.6 million euros). The sales revenue for the fourth quarter of 2009 was 29.1 million kroons (1.9 million euros) and altogether 79 new cars were sold. The sales revenue for the same period in 2008 was 57.8 million kroons (3.7 million euros). A continuing steep fall in the car trading market was seen in the fourth quarter. In Estonia, 1,938 motor-cars were sold in the fourth quarter, which is 44% less than a year ago. In Latvia, 566 new cars were registered in the fourth quarter which is 82% less than a year ago. In Lithuania, 1,560 cars were sold, which is 55% lower of the previous year. In Estonia and Latvia, the market shares increased compared to the third quarter. The market share increased from 2.1% to 2.2% in Estonia and from 3.6% to 3.8% in Latvia. In Lithuania, the market share dropped from 2.8% to 1.5%. The fall of the car market in 2009 in the Baltic States was 70%. i.e. 19,731 cars were sold. A total of 64,600 passenger cars were registered a year ago.

Due to the overall economic recession and a drastic decrease in consumption (especially in the car trade), the loss of the 12 month in the car trade amounted to 23.0 million kroons. The keywords of 2009 were aggressive reductions of inventories and cut of expenses. The inventories decreased by 85% during the year. Bringing the inventory into accordance with the market situation had also a negative effect on the care sales margins. In 2010, the goal is to earn a profit in the care trade. This belief is based on cut expenses, optimal inventories and the launch of various strategic new models in 2009.

### Footwear trade

In 2009, the sales revenue of the footwear trade was 179.9 million kroons (11.5 million euros), the fourth quarter amounted to a turnover of 43.6 million kroons (2.8 million euros), decreasing by 29.5% in comparison with the respective period of 2008. The loss in the fourth quarter amounted to 11.5 million kroons (0.7 million euros), of which the loss of Latvian businesses amounts to 1.7 million kroons (0.1 million euros) and the discount of the claims of SIA Suurtüki 5.1 million kroons (0.3 million euros). The total loss of the footwear trade of the fourth quarter of 2008 was 16.6 million kroons (1.1 million euros). The loss of 2009 was a total of 51.2 million kroons (3.3 million euros), including the 11.5 million kroons (0.7 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 to sell old inventories, also the discounts of claims of the Latvian businesses.

In the fourth quarter, three new footwear stores were opened at Rocca al Mare shopping centre instead of the previous temporary selling space, including a brand new SHU concept store. Another footwear store of the successfully launched SHU concept was opened in December at Lõunakeskus in Tartu. The footwear store Stepper in Domina centre in Riga was closed. In the first quarter of 2010, a SHU concept store will be opened in Viru centre, Tallinn. Of the 31 stores of the Group's two footwear store chains, 28 are currently located in Estonia and 3 in Latvia.

### Personnel

In 2009, the average number of employees in Tallinna Kaubamaja Group was 3,695, which remained at the same level compared to 2008. The total staff costs (costs of salaries and social tax) in 2009 were 614.1 million kroons (39.2 million euros), decreasing by 8% compared to the previous year. In the fourth quarter, the staff costs decreased by 29%, whereby there were 6% less employees than in the same time of 2008. The average costs of the monthly salary per employee of the fiscal year decreased by 8% compared to 2008. The drop of the average salary in the fourth quarter was 24% compared to the same period of 2008.

### Events after the balance date

The Tallinna Kaubamaja Group seeks continuously intergroup synergies and chances for savings. Therefore the Group will enter into a purchase contract of management and support services with the core shareholder OÜ NG Investeeringud. Under the contract, the employees of OÜ NG Investeeringud will provide the services of financial consulting, real estate consulting and procurement to the Group, granting Tallinna Kaubamaja Group cost effectiveness and procurements with more favourable conditions and better conditions and access to specialists who are expensive for the Group to hire. The estimated volume of the contract is 2.9 million kroons (0.2 million euros) per year. The price calculation of the services is cost-oriented, Ernst & Young consultants were used to develop the pricing method, and the contract will be concluded on the market conditions.

## Tallinna Kaubamaja AS

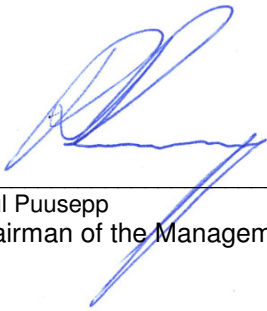
### Goals for 2010

The most important targets of the Tallinna Kaubamaja Group in 2010, by using the synergy between the different parts of the Group, are:

- To continuously develop and improve the effectiveness of the Selver chain. To put the competitive advantage of the Selver Kitchen to a better use and to increase the percentage of private label products.
- To merge and strengthen the footwear business, to achieve profitability.
- To consolidate the market position of the beauty store chain I.L.U. and to open a new store.
- To improve the effectiveness of Kaubamaja's activities, to continue the optimisation of operating costs, to achieve better supply conditions and to minimise logistics costs.
- To adjust the car trade segment to the low sale volumes, to raise the quality and sale of follow-up services. To continue negotiations about adding new promising car brands to our sales portfolio.

### 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, 26<sup>th</sup> February 2010

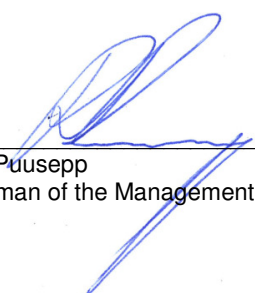
## CONSOLIDATED FINANCIAL STATEMENTS

### 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 fourth quarter and 12 months 2009, presented on pages 11 to 36.

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 Põusepp  
Chairman of the Management Board

Tallinn, 26<sup>th</sup> February 2010

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

thousand kroons/euros

	Note	31 December 2009		31 December 2008	
		EEK	EUR*	EEK	EUR*
<b>ASSETS</b>					
Current assets					
Cash at bank and in hand	2	158,702	10,143	101,353	6,478
Trade receivables	3	75,655	4,835	96,538	6,170
Other receivables	4	147,021	9,396	73,019	4,668
Prepaid and refundable taxes	5	8,820	564	41,475	2,651
Prepaid expenses	5	12,404	793	12,161	777
Inventories	6	616,554	39,405	781,304	49,933
<b>Total current assets</b>		<b>1,019,156</b>	<b>65,136</b>	<b>1,105,850</b>	<b>70,677</b>
Fixed assets					
Prepaid expenses	5	25,499	1,630	31,074	1,985
Shares in affiliated companies	8	20,323	1,299	17,505	1,119
Other long-term receivables	9	3,613	231	3,801	243
Investment property	10	55,800	3,566	0	0
Tangible fixed assets	11	2,689,639	171,899	2,998,073	191,612
Intangible fixed assets	12	62,018	3,964	68,431	4,374
Goodwill	12	104,993	6,710	109,499	6,998
<b>Total fixed assets</b>		<b>2,961,885</b>	<b>189,299</b>	<b>3,228,383</b>	<b>206,331</b>
<b>TOTAL ASSETS</b>		<b>3,981,041</b>	<b>254,435</b>	<b>4,334,233</b>	<b>277,008</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>					
<b>Current liabilities</b>					
Interest bearing loans and borrowings	13	249,969	15,976	318,098	20,330
Prepayments received for goods and services		4,407	2,983	190	5,237
Accounts payable		713,855	45,623	800,467	51,161
Taxes payable	15	63,490	4,058	76,460	4,887
Other short-term liabilities	15	62,720	4,009	78,213	4,997
Provisions	15	445	28	3,534	226
<b>Total current liabilities</b>		<b>1,093,462</b>	<b>69,884</b>	<b>1,282,009</b>	<b>81,934</b>
<b>Long-term liabilities</b>					
Interest bearing loans and borrowings	13,14	1,271,651	81,273	1,215,409	77,679
Provisions	15	1,736	111	1,462	93
<b>Total long-term liabilities</b>		<b>1,273,387</b>	<b>81,384</b>	<b>1,216,871</b>	<b>77,772</b>
<b>TOTAL LIABILITIES</b>		<b>2,366,849</b>	<b>151,269</b>	<b>2,498,880</b>	<b>159,706</b>
<b>Owners' equity</b>					
Share capital	16	407,292	26,031	407,292	26,031
Mandatory reserve	16	40,729	2,603	40,729	2,603
Revaluation reserve		664,332	42,459	682,028	43,590
Retained earnings		510,374	32,619	705,719	45,105
Foreign currency translation		-8,535	-545	-415	-27
<b>TOTAL OWNER'S EQUITY</b>		<b>1,614,192</b>	<b>103,167</b>	<b>1,835,353</b>	<b>117,302</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>3,981,041</b>	<b>254,435</b>	<b>4,334,233</b>	<b>277,008</b>

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. The Notes on pages 17 to 38 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand kroons/euros

	Note	2009		2008	
		EEK	EUR*	EEK	EUR*
Revenue	17	6,388,127	408,276	6,531,420	417,434
Other income	18	217,898	13,926	166,164	10,619
Materials and consumables used	6	-4,966,417	-317,412	-4,937,923	-315,592
Other operating expenses	19	-727,064	-46,468	-706,908	-45,180
Personnel expenses	20	-614,084	-39,247	-669,319	-42,777
Depreciation and amortisation	11,12	-193,835	-12,388	-141,278	-9,028
Impairment loss of fixed assets	11,12	-224,681	-14,360	-91,488	-5,848
Other expenses		-34,339	-2,195	-15,429	-983
<b>Operating profit</b>		<b>-154,395</b>	<b>-9,868</b>	<b>135,239</b>	<b>8,645</b>
Financial expenses	21	5,565	356	8,825	564
Financial income	21	-46,406	-2,966	-42,586	-2,722
Financial income from shares of associated companies		2,818	180	3,304	211
<b>Total net financial items</b>		<b>-38,023</b>	<b>-2,430</b>	<b>-30,457</b>	<b>-1,947</b>
<b>Profit before income tax</b>		<b>-192,418</b>	<b>-12,298</b>	<b>104,782</b>	<b>6,698</b>
Income tax		-4,331	-277	-21,653	-1,385
<b>Net profit/loss for the period</b>		<b>-196,749</b>	<b>-12,575</b>	<b>83,129</b>	<b>5,313</b>
<b>Other comprehensive income</b>					
Revaluation of land and buildings (note 10)		0	0	-59,800	-3,822
Exchange differences on translating foreign operations		-8,120	-519	-425	-27
Other comprehensive income for the reporting period		-8,120	-519	-60,225	-3,849
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-204,869</b>	<b>-13,094</b>	<b>22,904</b>	<b>1,464</b>
Basic and diluted earnings per share (EEK/EUR)	22	-4.83	-0.31	2.04	0.13

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. The Notes on pages 17 to 38 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

thousand kroons/euros

	Note	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
		EEK	EUR*	EEK	EUR*
Revenue	17	1,633,135	104,376	1,815,174	116,011
Other income	18	77,943	4,981	48,661	3,110
Materials and consumables used	6	-1,246,487	-79,665	-1,378,824	-88,123
Other operating expenses	19	-186,583	-11,925	-205,030	-13,104
Personnel expenses	20	-138,997	-8,884	-195,087	-12,468
Depreciation and amortisation		-50,631	-3,236	-41,643	-2,661
Impairment loss of fixed assets		-224,681	-14,360	-91,488	-5,848
Other expenses		-24,602	-1,572	-6,871	-439
<b>Operating profit</b>		<b>-160,903</b>	<b>-10,285</b>	<b>-55,108</b>	<b>-3,522</b>
Financial expenses	21	1,427	91	4,769	305
Financial income	21	-14,982	-958	-19,274	-1,232
Financial income from shares of associated companies	8	746	48	1,036	66
<b>Total net financial items</b>		<b>-12,809</b>	<b>-819</b>	<b>-13,469</b>	<b>-861</b>
<b>Profit before income tax</b>		<b>-173,712</b>	<b>-11,104</b>	<b>-68,577</b>	<b>-4,383</b>
Income tax		0	0	0	0
<b>Net profit/loss for the period</b>		<b>-173,712</b>	<b>-11,104</b>	<b>-68,577</b>	<b>-4,383</b>
<b>Other comprehensive income</b>					
Revaluation of land and buildings (note 10)		0	0	-59,800	-3,822
Exchange differences on translating foreign operations		-8,208	-525	-168	-11
Other comprehensive income for the reporting period		-8,208	-525	-59,968	-3,833
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-181,920</b>	<b>-11,629</b>	<b>-128,545</b>	<b>-8,216</b>
Basic and diluted earnings per share (EEK/EUR)	22	-4,27	-0,27	-1,68	-0,11

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. The Notes on pages 17 to 38 are an integral part of these consolidated financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**

thousand kroons/euros

	Note	12 months 2009		12 months 2008	
		EEK	EUR*	EEK	EUR*
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit		-196,749	-12,575	83,129	5,313
Adjustments:					
Dividends disbursed	16	4,331	277	21,653	1,384
Interest expense	21	46,406	2,966	39,851	2,547
Interest income	21	-5,565	-356	-8,825	-564
Depreciation and amortisation	11,12	193,835	12,388	141,278	9,029
Impairment loss of fixed assets	11,12	224,681	14,360	91,488	5,847
Investment property revaluation	10,18	-20,400	-1,304	0	0
Profit/Loss from disposals and write-off of non-current assets	11	25,117	1,605	1,079	69
Effect of the equity method	8	-2,818	-180	-3,304	-211
Change in inventories		164,750	10,529	-141,264	-9,028
Change in receivables and prepayments related to operating activities		66 948	60,421	3,862	-62,755
Change in liabilities and prepayments related to operating activities		-117 392	-117,392	-7,503	133,409
<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>376,617</b>	<b>24,069</b>	<b>295,739</b>	<b>18,901</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Acquisition of property, plant and equipment (except for financial lease)	11	-193,609	-12,374	-976,335	-62,399
Acquisition of property, plant and equipment		,0	,0	2,354	150
Sale of fixed assets	11	40,754	2,605	644	41
Acquisition of intangible fixed assets		-300	-19	0	0
Acquisition of associates		0	0	-231,895	-14,821
Loan to group account		-84,118	-5,376	-16,831	-1,076
Loan repayments received from associates		2,500	160	3,250	209
Interest received		5,295	338	9,297	594
<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>-229,478</b>	<b>-14,666</b>	<b>-1,209,516</b>	<b>-77,302</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Loans received	13	360,604	23,047	1,344,388	85,922
Repayments of loans received	13	-324,575	-20,744	-508,475	-32,497
Change in overdraft balance	13	-42,298	-2,703	42,298	2,703
Dividends paid	16	-16,292	-1,041	-81,458	-5,206
Income tax on dividends		-4,331	-277	-21,653	-1,384
Repayment of financial lease principal		-5,617	-359	-4,671	-299
Interest paid		-49,161	-3,142	-37,509	-2,397
<b>KOKKU RAHAVOOD FINANTSEERIMISTEGEVUSEST</b>		<b>-29 775</b>	<b>-81,670</b>	<b>-5,219</b>	<b>732,920</b>
Currency exchange differences		327	-8,120	-519	-425
<b>TOTAL CASH FLOW</b>		<b>57,349</b>	<b>3,665</b>	<b>-181,282</b>	<b>-11,586</b>
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		158,702	10,143	101,353	6,478
<b>Change in cash and cash equivalents</b>		<b>57,349</b>	<b>3,665</b>	<b>-181,282</b>	<b>-11,586</b>

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. The Notes on pages 17 to 38 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

in thousands of kroons, 12 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
<b>Balance as of 31.12.2007</b>	<b>407,292</b>	<b>40,729</b>	<b>759,721</b>	<b>686,155</b>	<b>10</b>	<b>1,893,907</b>
Total comprehensive income or loss for the period	0	0	-59,800	83,129	-425	22,904
Depreciation transfer for revaluated land and buildings	0	0	-17,893	17,893	0	0
Dividends paid	0	0	0	-81,458	0	-81,458
<b>Balance as of 31.12.2008</b>	<b>407,292</b>	<b>40,729</b>	<b>682,028</b>	<b>705,719</b>	<b>-415</b>	<b>1,835,353</b>
Total comprehensive income or loss for the period	0	0	0	-196,749	-8,120	-204,869
Depreciation transfer for revaluated land and buildings	0	0	-17,696	-17,696	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
<b>Balance as of 31.12.2009</b>	<b>407,292</b>	<b>40,729</b>	<b>664,332</b>	<b>510,374</b>	<b>-8,535</b>	<b>1,614,192</b>

in thousands of euros, 12 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
<b>Balance as of 31.12.2007</b>	<b>26,031</b>	<b>2,603</b>	<b>48,556</b>	<b>43,854</b>	<b>0</b>	<b>121,044</b>
Total comprehensive income or loss for the period	0	0	-3,822	5,313	-27	1,464
Depreciation transfer for revaluated land and buildings	0	0	-1,144	1,144	0	0
Dividends paid	0	0	0	-5,206	0	-5,206
<b>Balance as of 31.12.2008</b>	<b>26,031</b>	<b>2,603</b>	<b>43,590</b>	<b>45,105</b>	<b>-27</b>	<b>117,302</b>
Total comprehensive income or loss for the period	0	0	0	-12,575	-519	-13,094
Depreciation transfer for revaluated land and buildings	0	0	-1,131	1,131	0	0
Dividends paid	0	0	0	-1,041	0	-1,041
<b>Balance as of 31.12.2009</b>	<b>26,031</b>	<b>2,603</b>	<b>42,459</b>	<b>32,619</b>	<b>-545</b>	<b>103,167</b>

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. The Notes on pages 17 to 38 are an integral part of these consolidated financial statements.



## 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 fourth quarter and 12 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.
- IAS 40, Investment Property (and consequential amendments to IAS 16). Property that is under construction or development for future use as investment property is brought within the scope of the revised IAS 40. Where the

## Tallinna Kaubamaja AS

fair value model is applied, such property is measured at fair value. Where the fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which the fair value becomes reliably measurable. The Group has amended its accounting policies accordingly and has applied the amendment prospectively from 1 January 2009. As a result, the Group has reclassified properties under construction in the amount of 35,400 thousand kroons (2.3 million euros) from property, plant and equipment to investment property as of 1 January 2009, see notes 10 and 11. Fair value gain upon reclassification amounted to 20,400 thousand kroons (1.3 million euros).

- 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/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Cash in hand	5,826	373	5,825	373
Cash at bank	137,568	8,792	78,201	4,998
Cash in transit	15,308	978	17,327	1,107
<b>Total cash at bank and in hand</b>	<b>158,702</b>	<b>10,143</b>	<b>101,353</b>	<b>6,478</b>

**Note 3. Trade Receivables**

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Trade receivables	55,895	3,572	67,155	4,292
Card payments	19,760	1,263	29,383	1,878
<b>Total trade receivables</b>	<b>75,655</b>	<b>4,835</b>	<b>96,538</b>	<b>6,170</b>

**Note 4. Other Short Term Receivables**

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Bonuses to be received from suppliers	41,807	2,672	42,422	2,711
Current receivables from affiliates (Note 9)	250	16	2,750	176
Other short term receivables from affiliates	103,663	6,625	4,597	1,369
Interest receivables from affiliates	372	24	192	12
Other short term receivables *	929	59	23,058	400
<b>Total other short term receivables</b>	<b>147,021</b>	<b>9,396</b>	<b>73,019</b>	<b>4,668</b>

**Note 5. Prepaid Expenses**

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Prepayment account of taxable entity	8,820	564	41,475	2,651
<b>Total tax prepayments and claims</b>	<b>8,820</b>	<b>564</b>	<b>41,475</b>	<b>2,651</b>
Lease expenses prepaid	6,372	407	5,714	365
Other prepaid expenses	6,032	386	6,447	412
<b>Total current prepaid expenses</b>	<b>12,404</b>	<b>793</b>	<b>12,161</b>	<b>777</b>
Long term lease expenses prepaid	25,499	1,630	31,074	1,985
<b>Total long-term prepaid expenses</b>	<b>25,499</b>	<b>1,630</b>	<b>31,074</b>	<b>1,985</b>

**Note 6. Inventories**

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Goods for resale	569,906	36,424	619,576	39,597
Cars purchased for resale	34,313	2,193	145,341	9,289
Raw materials	9,599	613	10,332	660
Prepayments for goods	2,736	175	6,055	387
<b>Total inventories</b>	<b>616,554</b>	<b>39,405</b>	<b>781,304</b>	<b>49,933</b>

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:

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Materials and consumables used	4,877,352	311,720	4,827,745	308,550
Write-down and write-off of inventories	59,806	3,822	82,472	5,271
Inventory shortages	29,259	1,870	27,706	1,771
<b>Total</b>	<b>4,966,417</b>	<b>317,412</b>	<b>4,937,923</b>	<b>315,592</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Materials and consumables used	1,216,522	77,750	1,329,428	84,966
Write-down and write-off of inventories	19,153	1,224	36,677	2,344
Inventory shortages	10,812	691	12,719	813
<b>Total</b>	<b>1,246,487</b>	<b>79,665</b>	<b>1,378,824</b>	<b>88,123</b>

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

**Note 7. Shares in Subsidiaries**

The Tallinna Kaubamaja Group incorporates:

Name of company	Location	Field of activity	Share 31 December 2009 and 31.12.2008	Year of acquisition
A-Selver AS	Tallinn, Pärnu mnt.238	Retail trade	100%	1996
SIA Selver Latvia	Riga, Ieriku 3	<i>Retail trade</i>	100%	2006
AS Tartu Kaubamaja	Tartu, Riga 2	<i>Retail trade</i>	100%	1996
TKM Beauty OÜ	Tallinn, Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn, Gonsiori 2	Retail trade	100%	2007
OÜ Suurtüki NK	Tallinn, Ehitajate tee 110	Retail trade	100%	2008
SIA Suurtüki	Riga, Tomsona 30-86	Retail trade	100%	2008
AS ABC King	Tallinn, Pärnu rd 139E	Retail trade	100%	2008
ABC King SIA	Riga, Ieriku 3	Retail trade	100%	2008
OptiGroup Invest OÜ	Tallinn, Gonsiori 2	Trade and financing	100%	2007
KIA Auto AS	Tallinn, Ülemiste tee 1	Retail trade	100%	2007
Ülemiste Autokeskus OÜ	Tallinn, Ülemiste tee 1	Retail trade	100%	2007
KIA Automobiles SIA	Riga, Pulkeveza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius, Jasinskoe 14	Retail trade	100%	2007
Tallinna Kaubamaja Kinnisvara AS	Tallinn, Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu, Riga 1	Real estate management	100%	2004
SIA TKM Latvija	Riga, Ieriku 3	Real estate management	100%	2006

## Tallinna Kaubamaja AS

### Note 8. Shares in Affiliates

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

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Number of shares at end of year / (beginning of year)	501/(501)	501/(501)	501/(501)	501/(501)
Shareholding % at end of year / (beginning of year)	50/(50)	50/(50)	50/(50)	50/(50)
<b>Investments at beginning of year</b>	<b>17,505</b>	<b>1,119</b>	<b>14,201</b>	<b>908</b>
Equity profit for accounting period	2,818	180	3,304	211
<b>Investments at end of accounting period</b>	<b>20,323</b>	<b>1,299</b>	<b>17,505</b>	<b>1,119</b>

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

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Assets	59,174	3,782	61,422	3,926
Liabilities	18,554	1,186	24,436	1,562
Revenue	7,900	505	9,390	600
Profit	5,635	360	6,608	422

### Note 9. Other Long-term Receivables

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Receivables from affiliates (Note 23)	1,828	117	1,828	117
Other long term receivables	1,785	114	1,973	126
<b>Total other long term receivables</b>	<b>3,613</b>	<b>231</b>	<b>3,801</b>	<b>243</b>

### Note 10. Investment property

In thousands of kroons/euros

Changes in 2009	EEK	EUR
Reclassification	35,400	2,262
Impairment surplus (note 18)	20,400	1,304
<b>31.12.2009</b>		
<b>Remeasured fair value</b>	<b>55,800</b>	<b>3,566</b>

**Note 11. 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
<b>Changes in 2007</b>						
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
<b>31.12.2007</b>						
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
<b>Net book value</b>	<b>1,616,783</b>	<b>90,985</b>	<b>83,555</b>	<b>12,145</b>	<b>497,410</b>	<b>2,300,878</b>
<b>Changes in 2008</b>						
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
<b>31.12.2008</b>						
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
<b>Net book value</b>	<b>1,815,128</b>	<b>165,651</b>	<b>145,074</b>	<b>34,534</b>	<b>837,686</b>	<b>2,998,073</b>
<b>Changes in 12 months of 2009</b>						
Adjustments	0	0	0	0	-3,512	-3,512
Purchases and additions	35,456	64,872	37,814	24,909	30,558	193,609
Transfer	594,416	11,037	7,067	-17,897	-630,023	-35,400
Disposals	-1,057	-65,074	260	0	0	-65,871
Transfer of depreciation	-73,129	0	-1,871	0	75,000	0
Revaluations of depreciation	198,798	0	0	0	0	198,798
Revaluations of fixed assets	-184,175	0	0	0	-36,000	-220,175
Revaluations of fixed assets	0	0	0	-4,586	0	-4,586
Depreciation	-48,792	-84,232	-54,098	0	0	-187,122
<b>31.12.2009</b>						
Acquisition or revaluated cost	2,414,087	351,411	391,885	36,960	273,709	3,468,052
Accumulated depreciation	-261,617	-259,157	-257,639	0	0	-778,413
<b>Net book value</b>	<b>2,152,470</b>	<b>92,254</b>	<b>134,246</b>	<b>36,960</b>	<b>273,709</b>	<b>2,689,639</b>

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In thousands of euros

	Land and buildings	Machinery and equipment	Other equipment, fixtures and fittings	Prepay- ments for property, plant and equipment	Cons- truction in progress	Total
<b>Changes in 2007</b>						
Additions from business combinations	1,703	87	57	0	0	1,847
Purchases and additions	7,069	3,141	1,757	776	14,372	27,115
Disposals	0	-36	-8	0	0	-44
Depreciation	-2,339	-2,058	-2,149	0	0	-6,546
Revaluations of fixed assets	17,895	0	0	0	0	17,895
Revaluations of depreciation	-3,195	0	0	0	0	-3,195
Transfer	15,369	145	37	-618	-14,933	0
<b>31.12.2007</b>						
Acquisition or revaluated cost	105,880	14,850	16,413	776	31,790	169,709
Accumulated depreciation	-2,548	-9,035	-11,073	0	0	-22,656
<b>Net book value</b>	<b>103,332</b>	<b>5,815</b>	<b>5,340</b>	<b>776</b>	<b>31,790</b>	<b>147,053</b>
<b>Changes in 2008</b>						
Additions from business combinations	46	47	361	0	0	454
Purchases and additions	13,113	7,760	5,498	2,125	33,904	62,400
Transfer	7,367	-265	955	-694	-7,363	0
Revaluations of fixed assets	-4,576	0	0	0	-4,793	-9,369
Disposals	-19	-28	-63	0	0	-110
Depreciation	-3,255	-2,741	-2,819	0	0	-8,815
<b>31.12.2008</b>						
Acquisition or revaluated cost	125,876	22,742	23,164	2,207	58,331	232,320
Accumulated depreciation	-9,868	-12,155	-13,892	0	-4,793	-40,708
<b>Net book value</b>	<b>116,008</b>	<b>10,587</b>	<b>9,272</b>	<b>2,207</b>	<b>53,538</b>	<b>191,612</b>
<b>Changes in 12 months of 2009</b>						
Adjustments	0	0	0	0	-224	-224
Purchases and additions	2,266	4,146	2,417	1,592	1,953	12,374
Transfer	37,990	705	452	-1,144	-40,266	-2,263
Disposals	-68	-4,159	17	0	0	-4,210
Transfer of depreciation	-4,674	0	-119	0	4,793	0
Revaluations of depreciation	12,705	0	0	0	0	12,705
Revaluations of fixed assets	-11,771	0	0	0	-2,301	-14,072
Revaluations of fixed assets	0	0	0	-293	0	-293
Depreciation	-3,118	-5,383	-3,457	0	0	-11,958
<b>31.12.2009</b>						
Acquisition or revaluated cost	154,288	22,459	25,047	2,362	17,493	221,649
Accumulated depreciation	-16,721	-16,563	-16,466	0	0	-49,750
<b>Net book value</b>	<b>137,567</b>	<b>5,896</b>	<b>8,581</b>	<b>2,362</b>	<b>17,493</b>	<b>171,899</b>

The cost of the investments registered in the reporting period amounted to 193 609 thousand kroons (12.4 million euros).

In 2009, Selver opened 6 new stores, 2 of them in Estonia and 4 in Latvia. In the financial year, a total amount of investments for 94 214 thousand kroons (6.0 million euros) was acquired in the supermarkets segment, including equipment for 59 745 thousand kroons (3.8 million euros). A-Selver AS closed five stores of its subsidiary Selver Latvia SIA in Latvia, concurrently Selver Latvia SIA sold 64 610 thousand kroons (4.1 million euros) worth of equipment. The software G.O.L.D was discounted by 4 586 thousand kroons (0.3 million euros).

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In the reporting period, the cost of investments in the business segment of department stores was 38 864 thousand kroons (2.5 million euros). At Kaubamaja, the new and modern floor of footwear and accessories was reconstructed, and new I.L.U. stores were launched in Pärnu, Tartu and Tallinn.

In 2009, the cost of investments registered in the footwear trade amounted to 7 821 thousand kroons (0.5 million euros). New footwear stores were opened in Rocca al Mare and Tartu.

The cost of the acquired investment in the business segment of real estate was 52 564 thousand kroons (3.4 million euros), the investment was associated to the opening of new Selvers. Considering the steep decline of the economic environment in 2009, the fair value of "Land and buildings" and the recoverable amounts of "Construction in progress" were estimated as at 31.12.2009. The fair values of "Land and buildings" and the recoverable amounts of unfinished construction (based on the value in use) were determined on the decision of the management using the estimates of independent real estate experts. The method of discounted cash flow and market based data (comparable transactions, income from rent etc) were used to determine the recoverable amounts. Discount rates 9.0%-13.5% and growth rates 0%-1.0% were used in the estimation.

As the result of the estimations, the write-down of the real estate objects in Latvia was reported in the amount of 184 175 thousand kroons (11.8 million euros) and the write-up 9 429 thousand kroons (0.6 million euros), which is reported under "Write-downs of fixed assets" in the income statement. The capitalization of loan expenses was suspended in the financial year, because the active development of real properties was halted. Loan expenses were capitalized in the amount of 8 138 thousand kroons (0.5 million euros) in the financial year of 2008: 12 829 thousand kroons (0.8 million euros) with the capitalisation rate of 24.3% (2008: 63%).

### Note 12. Intangible Fixed Assets

In thousands of kroons

	Goodwill	Trademark	Beneficial contracts	Developing-cost	Total
<b>31.12.2007</b>					
Acquisition cost or revaluated cost	49,388	0	0	0	49,388
Accumulated depreciation and impairment loss	0	0	0	0	0
<b>Net book value</b>	<b>49,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,388</b>
<b>Changes in 2008</b>					
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
<b>31.12.2008</b>					
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
<b>Net book value</b>	<b>109,499</b>	<b>53,067</b>	<b>15,364</b>	<b>0</b>	<b>177,930</b>
<b>Changes in 12 months of 2009</b>					
Acquisition	0	0	0	300	300
Depreciation	0	-3,640	-3,073	0	-6,713
Impairment loss	-4,506	0	0	0	-4,506
<b>31.12.2009</b>					
Acquisition cost or revaluated cost	114,187	54,887	16,900	300	186,274
Accumulated amortisation and impairment loss	-9,194	-5,460	-4,609	0	-19,263
<b>Net book value</b>	<b>104,993</b>	<b>49,427</b>	<b>12,291</b>	<b>300</b>	<b>167,011</b>



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In thousands of euros

	Goodwill	Trademark	Beneficial contracts	Developing-cost	Total
<b>31.12.2007</b>					
Acquisition cost or revaluated cost	3,156	0	0	0	3,156
Accumulated depreciation and impairment loss	0	0	0	0	0
<b>Net book value</b>	<b>3,156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,156</b>
<b>Changes in 2008</b>					
Additions from business combinations	4,627	3,508	1,080	0	9,215
Depreciation	0	-116	-98	0	-214
Write down due to impairment	-300	0	0	0	-300
Other adjustments	-485	0	0	0	-485
<b>31.12.2008</b>					
Acquisition cost or valuation	7,298	3,508	1,080	0	11,886
Accumulated depreciation and impairment loss	-300	-116	-98	0	-514
<b>Net book value</b>	<b>6,998</b>	<b>3,392</b>	<b>982</b>	<b>0</b>	<b>11,372</b>
<b>Changes in 12 months of 2009</b>					
Acquisition	0	0	0	19	19
Depreciation	0	-233	-196	0	-429
Impairment loss	-288	0	0	0	-288
<b>31.12.2009</b>					
Acquisition cost or revaluated cost	7,298	3,508	1,080	19	11,905
Accumulated amortisation and impairment loss	-588	-349	-294	0	-1,231
<b>Net book value</b>	<b>6,710</b>	<b>3,159</b>	<b>786</b>	<b>19</b>	<b>10,674</b>

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 (7,0 million euros). 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 13. Interest Bearing Loans and Borrowings

In thousands of kroons/euros

Group	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
<b>Long-term loans</b>				
Bank loans	1,260,185	80,541	1,199,359	76,653
Financial lease (Note 14)	8,363	534	14,402	920
Operational lease	3,103	198	1,648	106
	<b>1,271,651</b>	<b>81,273</b>	<b>1,215,409</b>	<b>77,679</b>
<b>Short-term loans</b>				
Overdraft	2,266	145	43,878	2,804
Bank loans	237,908	15,205	10,057	643
Financial lease (Note 14)	6,114	391	5,692	364
Operational lease	3,681	235	258,471	16,519
	<b>249,969</b>	<b>15,976</b>	<b>318,098</b>	<b>20,330</b>
<b>Total</b>	<b>1,521,620</b>	<b>97,249</b>	<b>1,533,507</b>	<b>98,009</b>

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

The maturity dates of the bank loans are between 1.03.2010 and 20.06.2018, the interest is connected to the EURIBOR of 1 month, 3 months and 6 months EURIBOR as well as EONIA. The bank margins are in the range of 0.4 to 3.8%.

### Note 14. Financial Lease

#### Group as the lessee

The group leases buildings under finance lease terms:

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Acquisition cost	45,510	2,909	46,585	2,977
Accumulated depreciation	-33,465	-2,139	-32,473	-2,075
<b>Net book value</b>	<b>12,045</b>	<b>770</b>	<b>14,112</b>	<b>902</b>
	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
up to 1 year.	6,914	442	6,786	434
1-5 years	8,763	560	15,612	998
<b>Total</b>	<b>15,677</b>	<b>1,002</b>	<b>22,398</b>	<b>1,432</b>
Future interest expense	-1,200	-77	-2,304	-147
<b>Net present value of lease payments (Note 12)</b>	<b>14,477</b>	<b>925</b>	<b>20,094</b>	<b>1,285</b>
	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
<b>Net present value of lease payments</b>				
up to 1 year.	6,115	392	5,692	365
1-5 years	8,362	533	14,402	920
<b>Total (Note13)</b>	<b>14,477</b>	<b>925</b>	<b>20,094</b>	<b>1,285</b>

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m<sup>2</sup>. 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 15. Other Current Payables

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Value added tax	28,311	1,809	28,049	1,793
Income tax	3	0	0	0
Personal income tax	10,201	652	14,509	927
Social tax	21,945	1,403	31,310	2,001
Income tax on fringe benefits	278	18	562	36
Unemployment insurance	2,543	163	750	48
Funded pension	209	13	1,280	82
<b>Total taxes payable</b>	<b>63,490</b>	<b>4,058</b>	<b>76,460</b>	<b>4,887</b>

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	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Employee-related liabilities	53,321	3,408	67,358	4,305
Interest payable	727	46	3,482	223
Other accrued expenses	1,188	77	176	9
Prepayments received from lessees	7,484	478	7,197	460
<b>Total other short-term liabilities</b>	<b>62,720</b>	<b>4,009</b>	<b>78,213</b>	<b>4,997</b>
Short-term provision	445	28	3,534	226
Long-term provision	1,736	111	1,462	93
<b>Total provisions</b>	<b>2,181</b>	<b>139</b>	<b>4,996</b>	<b>319</b>

Short-term provision and long term provision are stand for guarantee provisions related with footwear and vehicle business.

### Note 16. Share Capital

As of 31 Dec. 2009 the share capital amounted to 407,292 thousand kroons (26 million euros) and was divided into 40,729,200 ordinary shares with a nominal value of 10.0 kroons (0.64 euros). Pursuant to the Articles of Association the maximum allowed number of ordinary shares is 162,916,800. In the 2<sup>nd</sup> quarter of 2009 the dividends were announced and paid to the shareholders 0.4 kroons (0,03 euros) per share, in the total amount of 16,292 thousand kroons (1,0 million euros); 2008:81,458 thousand kroons (5,2 million euros).

### Note 17. Sales Revenue

In thousands of kroons/euros, 12 months and 4<sup>th</sup> quarter of 2009

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Retail sales revenue	6,298,903	402,574	6,229,207	398,119
Wholesale revenue	37,728	2,411	248,578	15,887
Rental revenue	42,638	2,725	41,077	2,625
Income from service and catering	8,858	566	12,558	803
<b>Total sales revenue</b>	<b>6,388,127</b>	<b>408,276</b>	<b>6,531,420</b>	<b>417,434</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Retail sales revenue	1,612,665	103,068	1,778,553	113,670
Wholesale revenue	8,089	517	22,323	1,427
Rental revenue	10,314	659	10,750	687
Income from service and catering	2,067	132	3,548	227
<b>Total sales revenue</b>	<b>1,633,135</b>	<b>104,376</b>	<b>1,815,174</b>	<b>116,011</b>

Additional information on revenue has been provided in Note 23.

### Note 18. Other Operating Revenue

In thousands of kroons/euros, 12 months and 4<sup>th</sup> quarter of 2009

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Rental income	57,115	3,650	47,352	3,026
Investment property revaluation (note 10)	20,400	1,304	0	0
Advertising revenue	94,830	6,061	76,024	4,859

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Income from currency exchange	775	50	735	47
Selling profit from fixed assets	251	16	82	5
Car park service's income	719	46	1,389	89
Empties handling	4,598	294	3,892	249
Expedition revenue	14,984	958	15,757	1,007
Other operating revenue*	24,226	1,547	20,933	1,337
<b>Total other operating revenue</b>	<b>217,898</b>	<b>13,926</b>	<b>166,164</b>	<b>10,619</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Rental income	12,343	789	12,883	823
Investment property revaluation (note 10)	20,400	1,304	0	0
Advertising revenue	33,187	2,121	23,810	1,522
Income from currency exchange	400	26	735	47
Selling profit from fixed assets	988	63	65	4
Car park service's income	217	14	363	23
Empties handling	900	58	1,255	80
Expedition revenue	3,428	219	4,741	303
Other operating revenue*	6,080	388	4,809	308
<b>Total other operating revenue</b>	<b>77,943</b>	<b>4,981</b>	<b>48,661</b>	<b>3,110</b>

\*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 19. Other Operating Expenses

In thousands of kroons/euros, 12 months and 4<sup>th</sup> quarter of 2009

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Rental expenses	217,246	13,885	187,592	11,989
Utilities	100,305	6,411	90,464	5,782
Advertising expenses	75,654	4,835	100,156	6,401
Bank charges	47,208	3,017	43,334	2,770
Security expenses	33,783	2,159	30,057	1,921
Heat and electricity	100,407	6,417	79,454	5,078
Materials	56,776	3,629	76,174	4,868
IT and communication expenses	34,058	2,177	29,744	1,901
Business trips	5,437	347	7,986	510
Training expenses	2,458	157	5,191	332
Insurance	1,760	112	1,959	125
Logistic service	14,022	896	13,511	864
Other operating expenses	37,950	2,426	41,286	2,639
<b>Total other operating expenses</b>	<b>727,064</b>	<b>46,468</b>	<b>706,908</b>	<b>45,180</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Rental expenses	55,335	3,537	52,444	3,352
Utilities	23,759	1,518	24,435	1,562
Advertising expenses	20,619	1,318	27,342	1,747
Bank charges	12,569	803	12,839	821
Security expenses	7,964	509	8,671	554
Heat and electricity	25,154	1,608	24,144	1,543
Materials	12,815	819	21,303	1,362

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IT and communication expenses	8,149	521	9,372	599
Business trips	975	62	1,634	104
Training expenses	920	59	1,697	108
Insurance	523	33	636	41
Logistic service	3,054	195	5,258	336
Other operating expenses	14,747	943	15,255	975
<b>Total other operating expenses</b>	<b>186,583</b>	<b>11,925</b>	<b>205,030</b>	<b>13,104</b>

### Note 20. Staff Costs

In thousands of kroons/euros, 12 months and 4<sup>th</sup> quarter of 2009

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Wages and salaries	461,197	29,476	502,998	32,147
Social tax	152,887	9,771	166,321	10,630
<b>Total staff costs</b>	<b>614,084</b>	<b>39,247</b>	<b>669,319</b>	<b>42,777</b>
Average monthly wages and salaries per employee (EEK/EUR) in accounting period	10,401	665	11,320	723
Average number of employees in accounting period	3,695	3,695	3,703	3,703

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Wages and salaries	104,110	6,654	146,507	9,363
Social tax	34,887	2,230	48,580	3,105
<b>Total staff costs</b>	<b>138,997</b>	<b>8,884</b>	<b>195,087</b>	<b>12,468</b>
Average monthly wages and salaries per employee (EEK/EUR) in accounting period	9,503	607	12,522	800
Average number of employees in accounting period	3,652	3,652	3,900	3,900

### Note 21. Net Financial Items

In thousands of kroons/euros, 12 months and 4<sup>th</sup> quarter of 2009

#### Financial income

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Interest income from cash equivalents	1,187	75	1,665	106
Interest income from Partner Card	2,215	142	2,092	134
Interest income from NGI Group	1,810	116	1,605	103
Interest income from associated loan	312	20	365	23
Other interest income	41	3	3,098	198
<b>Total interest income</b>	<b>5,565</b>	<b>356</b>	<b>8,825</b>	<b>564</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Interest income from cash equivalents	0	0	393	25
Interest income from Partner Card	659	42	747	48
Interest income from NGI Group	688	44	454	29
Interest income from associated loan	50	3	77	5
Other interest income	30	2	3,098	198
<b>Total interest income</b>	<b>1,427</b>	<b>91</b>	<b>4,769</b>	<b>305</b>

Financial expenses

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Bank loan interest	-44,431	-2,840	-38,440	-2,457
Financial lease interest	-1,236	-79	-1,411	-90
NGI Group interest	-189	-12	-1,692	-108
Other financial expenses*	-550	-35	-1,043	-67
<b>Total interest expenses</b>	<b>-46,406</b>	<b>-2,966</b>	<b>-42,586</b>	<b>-2,722</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Bank loan interest	-14,566	-931	-18,939	-1,210
Financial lease interest	-293	-19	-327	-21
NGI Group interest	0	0	-8	-1
Other financial expenses*	-123	-8	0	0
<b>Total interest expenses</b>	<b>-14,982</b>	<b>-958</b>	<b>-19,274</b>	<b>-1,232</b>

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

**Note 22. Earnings per Share**

In thousands of kroons/euros, 12 months and 4<sup>th</sup> 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.

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Net profit/loss	-196,749	-12,575	83,129	5,313
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Net earnings per share	-4.83	-0.31	2.04	0.13

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Net profit/loss	-173,712	-11,103	-68,577	-4,383
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Net earnings per share	-4.27	-0.27	-1.68	-0.11

**Note 23. 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

12 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	1,196,505	4,761,355	42,639	207,921	179,707	0	6,388,127
Sales between segments	14,239	13,998	142,837	147,865	6,660	-325,599	0
<b>Total sales</b>	<b>1,210,744</b>	<b>4,775,353</b>	<b>185,476</b>	<b>355,786</b>	<b>186,367</b>	<b>-325,599</b>	<b>6,388,127</b>
<b>Segment operating profit</b>	<b>5,707</b>	<b>-32,690</b>	<b>-67,895</b>	<b>-15,793</b>	<b>-43,724</b>	0	<b>-154,395</b>
Interest income	5,224	296	0	2	1	0	5,523
Intersegment financial income	2,818	0	0	0	0	0	2,818
Interest expenses	-16,048	-1,084	-23,003	-2,469	-3,251	0	-45,856
Income tax	0	-4,331	0	0	0	0	-4,331
<b>Segment profit</b>	<b>27,997</b>	<b>-34,942</b>	<b>-115,619</b>	<b>-22,979</b>	<b>-51,206</b>	0	<b>-196,749</b>
<b>Segment assets</b>	<b>391,230</b>	<b>828,629</b>	<b>2,357,441</b>	<b>152,226</b>	<b>251,515</b>	0	<b>3,981,041</b>
<b>Segment liabilities</b>	<b>763,910</b>	<b>669,284</b>	<b>803,060</b>	<b>37,513</b>	<b>93,082</b>	0	<b>2,366,849</b>
Additions of non-current assets in the period	38,864	94,214	52,564	146	7,821	0	193,609
Depreciation charge	24,279	123,156	253,620	2,540	14,921	0	418,516
<i>Incl discount of fixed assets</i>	0	0	220,175	0	4,506	0	224,681
<i>Incl discount of fixed assets (in operating profit)</i>	0	4,586	0	0	0	0	4,586

In thousands of euros

12 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	76,471	304,306	2,725	13,289	11,485	0	408,276
Sales between segments	910	895	9,129	9,450	426	-20,810	0
<b>Total sales</b>	<b>77,381</b>	<b>305,201</b>	<b>11,854</b>	<b>22,739</b>	<b>11,911</b>	<b>-20,810</b>	<b>408,276</b>
<b>Segment operating profit</b>	<b>365</b>	<b>-2,089</b>	<b>-4,339</b>	<b>-1,009</b>	<b>-2,796</b>	0	<b>-9,868</b>
Interest income	334	19	0	0	0	0	353
Intersegment financial income	180	0	0	0	0	0	180
Interest expenses	-1,026	-69	-1,470	-158	-208	0	-2,931
Income tax	0	-277	0	0	0	0	-277
<b>Segment profit</b>	<b>1,789</b>	<b>-2,233</b>	<b>-7,389</b>	<b>-1,469</b>	<b>-3,273</b>	0	<b>-12,575</b>
<b>Segment assets</b>	<b>25,004</b>	<b>52,959</b>	<b>150,668</b>	<b>9,729</b>	<b>16,075</b>	0	<b>254,435</b>
<b>Segment liabilities</b>	<b>48,821</b>	<b>42,775</b>	<b>51,325</b>	<b>2,398</b>	<b>5,949</b>	0	<b>151,268</b>
Additions of non-current assets in the period	2,484	6,021	3,359	9	500	0	12,373
Depreciation charge	1,552	7,871	16,209	162	954	0	26,748
<i>Incl discount of fixed assets</i>	0	0	14,072	0	288	0	14,360
<i>Incl discount of fixed assets (in operating profit)</i>	0	293	0	0	0	0	293

**Tallinna Kaubamaja AS**

In thousands of kroons

<b>12 months of 2008</b>	<b>Department stores</b>	<b>Super-markets</b>	<b>Real estate</b>	<b>Car trade</b>	<b>Footwear-retail</b>	<b>Transactions between segments</b>	<b>Total</b>
Sales to third parties	1,534,725	4,295,176	41,077	494,884	165,558	0	6,531,420
Sales between segments	14,941	9,848	85,972	225,571	11,954	-348,286	0
<b>Total sales</b>	<b>1,549,666</b>	<b>4,305,024</b>	<b>127,049</b>	<b>720,455</b>	<b>177,512</b>	<b>-348,286</b>	<b>6,531,420</b>
<b>Segment operating profit</b>	<b>107,741</b>	<b>75,797</b>	<b>-21,841</b>	<b>-9,461</b>	<b>-16,997</b>	0	<b>135,239</b>
Interest income	4,595	0	710	0	422	0	5,727
Intersegment financial income	3,304	0	0	0	0	0	3,304
Interest expenses	-1,692	-1,406	-28,408	-6,549	-3,488	0	-41,543
Income tax	0	-21,653	0	0	0	0	-21,653
<b>Segment profit</b>	<b>123,917</b>	<b>63,747</b>	<b>-58,408</b>	<b>-23,374</b>	<b>-22,753</b>	0	<b>83,129</b>
<b>Segment assets</b>	<b>283,728</b>	<b>909,689</b>	<b>2,567,163</b>	<b>255,431</b>	<b>318,222</b>	0	<b>4,334,233</b>
<b>Segment liabilities</b>	<b>661,840</b>	<b>700,374</b>	<b>862,485</b>	<b>148,925</b>	<b>125,256</b>	0	<b>2,498,880</b>
Additions of non-current assets in the period	8,493	222,848	734,507	5,556	4,931	0	976,335
Depreciation charge	23,514	68,211	123,928	2,063	15,050	0	232,766
<i>Incl discount of fixed assets</i>	0	0	86,800	0	4,688	0	91,488

In thousands of euros

<b>12 months of 2008</b>	<b>Department stores</b>	<b>Super-markets</b>	<b>Real estate</b>	<b>Car trade</b>	<b>Footwear-retail</b>	<b>Transactions between segments</b>	<b>Total</b>
Sales to third parties	98,088	274,512	2,625	31,628	10,581	0	417,434
Sales between segments	955	629	5,495	14,417	764	-22,260	0
<b>Total sales</b>	<b>99,043</b>	<b>275,141</b>	<b>8,120</b>	<b>46,045</b>	<b>11,345</b>	<b>-22,260</b>	<b>417,434</b>
<b>Segment operating profit</b>	<b>6,886</b>	<b>4,846</b>	<b>-1,396</b>	<b>-605</b>	<b>-1,086</b>	0	<b>8,645</b>
Interest income	294	0	45	0	27	0	366
Intersegment financial income	211	0	0	0	0	0	211
Interest expenses	-108	-90	-1,816	-418	-223	0	-2,655
Income tax	0	-1,385	0	0	0	0	-1,385
<b>Segment profit</b>	<b>7,920</b>	<b>4,074</b>	<b>-3,733</b>	<b>-1,494</b>	<b>-1,454</b>	0	<b>5,313</b>
<b>Segment assets</b>	<b>18,133</b>	<b>58,140</b>	<b>164,072</b>	<b>16,325</b>	<b>20,338</b>	0	<b>277,008</b>
<b>Segment liabilities</b>	<b>42,298</b>	<b>44,762</b>	<b>55,123</b>	<b>9,518</b>	<b>8,005</b>	0	<b>159,706</b>
Additions of non-current assets in the period	543	14,243	46,944	355	315	0	62,400
Depreciation charge	1,503	4,359	7,920	132	962	0	14,876
<i>Incl discount of fixed assets</i>	0	0	5,548	0	300	0	5,848



## Tallinna Kaubamaja AS

In thousands of kroons

4 <sup>th</sup> quarter 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	343,730	1,206,382	10,315	29,118	43,590	0	1,633,135
Sales between segments	3,638	2,316	36,735	21,485	-65	-64,109	0
<b>Total sales</b>	<b>347,368</b>	<b>1,208,698</b>	<b>47,050</b>	<b>50,603</b>	<b>43,525</b>	<b>-64,109</b>	<b>1,633,135</b>
<b>Segment operating profit</b>	<b>23,391</b>	<b>-22,780</b>	<b>-150,572</b>	<b>-3,543</b>	<b>-7,399</b>	<b>0</b>	<b>-160,903</b>
Interest income	1,839	291	-734	1	0	0	1,397
Intersegment financial income	746	0	0	0	0	0	746
Interest expenses	0	-238	-13,953	-164	-503	0	-14,859
Income tax	0	0	0	0	0	0	0
<b>Segment profit</b>	<b>34,050</b>	<b>-21,975</b>	<b>-169,677</b>	<b>-4,657</b>	<b>-11,453</b>	<b>0</b>	<b>-173,712</b>
<b>Segment assets</b>	<b>391,230</b>	<b>828,629</b>	<b>2,357,441</b>	<b>152,226</b>	<b>251,515</b>	<b>0</b>	<b>3,981,041</b>
<b>Segment liabilities</b>	<b>763,910</b>	<b>669,284</b>	<b>803,060</b>	<b>37,513</b>	<b>93,082</b>	<b>0</b>	<b>2,366,849</b>
Additions of non-current assets in the period	10,078	23,269	0	120	3,459	0	36,925
Depreciation charge	5,773	48,056	213,848	586	7,049	0	275,312
<i>Incl discount of fixed assets</i>	0	0	220,175	0	4,506	0	224,681
<i>Incl discount of fixed assets (in operating profit)</i>	0	4,586	0	0	0	0	4,586

In thousands of euros

4 <sup>th</sup> quarter 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	21,968	77,102	659	1,861	2,786	0	104,376
Sales between segments	233	148	2,348	1,373	-4	-64,109	-60,011
<b>Total sales</b>	<b>22,201</b>	<b>77,250</b>	<b>3,007</b>	<b>3,234</b>	<b>2,782</b>	<b>-64,109</b>	<b>44,365</b>
<b>Segment operating profit</b>	<b>1,495</b>	<b>-1,456</b>	<b>-9,625</b>	<b>-226</b>	<b>-473</b>	<b>0</b>	<b>-10,285</b>
Interest income	117	19	-47	0	0	0	89
Intersegment financial income	48	0	0	0	0	0	48
Interest expenses	0	-15	-893	-10	-32	0	-950
Income tax	0	0	0	0	0	0	0
<b>Segment profit</b>	<b>2,176</b>	<b>-1,404</b>	<b>-10,846</b>	<b>-298</b>	<b>-732</b>	<b>0</b>	<b>-11,104</b>
<b>Segment assets</b>	<b>25,004</b>	<b>52,959</b>	<b>150,668</b>	<b>9,729</b>	<b>16,075</b>	<b>0</b>	<b>254,435</b>
<b>Segment liabilities</b>	<b>48,821</b>	<b>42,775</b>	<b>51,325</b>	<b>2,398</b>	<b>5,949</b>	<b>0</b>	<b>151,268</b>
Additions of non-current assets in the period	644	1,487	0	8	221	0	2,360
Depreciation charge	369	3,071	13,668	37	451	0	17,596
<i>Incl discount of fixed assets</i>	0	0	14,072	0	288	0	14,360
<i>Incl discount of fixed assets (in operating profit)</i>	0	293	0	0	0	0	293

## Tallinna Kaubamaja AS

In thousands of kroons

4 <sup>th</sup> quarter 2008	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	436,105	1,248,639	10,750	57,847	61,833	0	1,815,174
Sales between segments	3,861	2,415	26,427	64,350	4,572	-101,625	0
<b>Total sales</b>	<b>439,966</b>	<b>1,251,054</b>	<b>37,177</b>	<b>122,197</b>	<b>66,405</b>	<b>-101,625</b>	<b>1,815,174</b>
<b>Segment operating profit</b>	<b>33,626</b>	<b>10,347</b>	<b>-67,959</b>	<b>-17,484</b>	<b>-13,638</b>	0	<b>-55,108</b>
Interest income	843	-2	710	0	120	0	1,671
Intersegment financial income	1,036	0	0	0	0	0	1,036
Interest expenses	-326	-322	-15,260	-1,732	-1,634	0	-19,274
Income tax	0	0	0	0	0	0	0
<b>Segment profit</b>	<b>37,992</b>	<b>11,692</b>	<b>-80,683</b>	<b>-21,017</b>	<b>-16,561</b>	0	<b>-68,577</b>
<b>Segment assets</b>	<b>283,728</b>	<b>909,689</b>	<b>2,567,163</b>	<b>255,431</b>	<b>318,222</b>	0	<b>4,334,233</b>
<b>Segment liabilities</b>	<b>661,840</b>	<b>700,374</b>	<b>862,485</b>	<b>148,925</b>	<b>125,256</b>	0	<b>2,498,880</b>
Additions of non-current assets in the period	1,443	72,046	270,662	4,111	3,217	0	351,479
Depreciation charge	2,228	21,142	96,835	827	12,099	0	133,131
<i>Incl discount of fixed assets</i>	0	0	86,800	0	4,688	0	91,488

In thousands of euros

4 <sup>th</sup> quarter 2008	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	27,872	79,803	687	3,697	3,952	0	116,011
Sales between segments	247	154	1,689	4,113	292	-101,625	-95,130
<b>Total sales</b>	<b>28,119</b>	<b>79,957</b>	<b>2,376</b>	<b>7,810</b>	<b>4,244</b>	<b>-101,625</b>	<b>20,881</b>
<b>Segment operating profit</b>	<b>2,149</b>	<b>661</b>	<b>-4,343</b>	<b>-1,117</b>	<b>-872</b>	0	<b>-3,522</b>
Interest income	54	0	45	0	8	0	107
Intersegment financial income	66	0	0	0	0	0	66
Interest expenses	-21	-21	-975	-111	-104	0	-1,232
Income tax	0	0	0	0	0	0	0
<b>Segment profit</b>	<b>2,428</b>	<b>747</b>	<b>-5,157</b>	<b>-1,343</b>	<b>-1,058</b>	0	<b>-4,383</b>
<b>Segment assets</b>	<b>18,133</b>	<b>58,140</b>	<b>164,072</b>	<b>16,325</b>	<b>20,338</b>	0	<b>277,008</b>
<b>Segment liabilities</b>	<b>42,298</b>	<b>44,762</b>	<b>55,123</b>	<b>9,518</b>	<b>8,005</b>	0	<b>159,706</b>
Additions of non-current assets in the period	92	4,605	17,298	263	206	0	22,464
Depreciation charge	142	1,351	6,189	53	774	0	8,509
<i>Incl discount of fixed assets</i>	0	0	5,548	0	300	0	5,848

## Geographical Segment

In thousands of kroons/euros

	12 months 2009		12 months 2008	
	EEK	EUR	EEK	EUR
Estonia	6,115,004	390,820	6,367,780	406,975
Latvia	243,611	15,570	70,855	4,529
Lithuania	29,512	1,886	92,785	5,930
<b>Total</b>	<b>6,388,127</b>	<b>408,276</b>	<b>6,531,420</b>	<b>417,434</b>

	4 <sup>th</sup> quarter 2009		4 <sup>th</sup> quarter 2008	
	EEK	EUR	EEK	EUR
Estonia	1,617,034	103,347	1,790,104	114,409
Latvia	12,093	773	4,153	265
Lithuania	4,008	256	20,917	1,337
<b>Total</b>	<b>1,633,135</b>	<b>104,376</b>	<b>1,815,174</b>	<b>116,011</b>

## Fixed assets by locatin

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Estonia	2,425,948	155,046	2,510,661	160,460
Latvia	511,332	32,680	695,420	44,445
Lithuania	3,744	239	4,261	272
<b>Total</b>	<b>2,941,024</b>	<b>187,965</b>	<b>3,210,342</b>	<b>205,177</b>

\*Fixed assets, financial assets and investments in affiliates not included.

## Note 24. Transactions with Related Parties

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

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

Within 12 months of 2009 the Group has purchased and sold goods and rendered services as follows:

In thousands of kroons/euros 12 months of 2009

	Purchases 12 months 2009		Sales 12 months 2009	
	EEK	EUR	EEK	EUR
Parent company	376	24	1,885	120
Other related companies	254,133	16,242	49,650	3,173
Affiliates	0	0	389	25
<b>Total</b>	<b>254,509</b>	<b>16,266</b>	<b>51,924</b>	<b>3,318</b>

## Tallinna Kaubamaja AS

Within 12 months of 2008 the Group has purchased and sold goods and rendered services as follows:

In thousands of kroons/euros, 12 months of 2008

	Purchases 12 months 2008		Sales 12 months 2008	
	EEK	EUR	EEK	EUR
Parent company	1,752	112	1,749	112
Other related companies	241,278	15,420	8,250	527
Affiliates	0	0	288	18
<b>Total</b>	<b>243,030</b>	<b>15,532</b>	<b>10,287</b>	<b>657</b>

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/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
<b>Balance at the beginning of the period (Note 9)</b>	<b>4,578</b>	<b>293</b>	<b>7,828</b>	<b>500</b>
Repayments of loans received	-2,500	-160	-3,250	-208
<b>Balance at the end of the period (Note 9)</b>	<b>2,078</b>	<b>133</b>	<b>4,578</b>	<b>292</b>

Balances with related parties:

In thousands of kroons/euros

	31 December 2009		31 December 2008	
	EEK	EUR	EEK	EUR
Interest receivable from the parent (note 4)	253	16	194	12
Group account of the parent (note 4)	81,196	5,189	16,831	1,076
Receivables of the consolidation group of parent company (note 4)	21,060	1,346	517	33
Sales bonuses of the consolidation group of parent company	1,526	98	1,328	85
Short term borrowing to the affiliates (note 4)	250	16	2,750	176
<b>Total current receivables</b>	<b>104,285</b>	<b>6,665</b>	<b>21,620</b>	<b>1,382</b>
Long-term receivables	,	,	,	,
Long-term receivables from affiliates (Note 9)	1,828	117	1,828	117
<b>Total receivables from related parties</b>	<b>106,113</b>	<b>6,782</b>	<b>23,448</b>	<b>1,499</b>
Parent company	164	10	164	10
Other related companies	45,571	2,913	53,301	3,407
<b>Total liabilities to related parties</b>	<b>45,735</b>	<b>2,923</b>	<b>53,465</b>	<b>3,417</b>

A Group account agreement is in use, enabling Group companies to use the Group's resources up to the limit established by the Parent company. The said Group as a subgroup has joined the NG Investeeringud OÜ group (hereinafter 'the Main Group') account agreement. 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.