

TALLINNA KAUBAMAJA AS

Consolidated Interim Report of the First 3 months of 2010

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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 3,300 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 2010
End of financial year:	31 December 2010
Beginning of interim report period:	1 January 2010
End of interim report period:	31 March 2010
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 Kão (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 Kão 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 March 2010, the following companies belonged to the Group:

	Country	Holding as of 31.03.10	Holding as of 31.12.09
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

The latest economic data showed euro zone gross domestic product (GDP) growth up 0.2 per cent in the first three months. According to the preliminary estimates of the Estonian Statistical Office, in the first quarter of 2010, Estonia's GDP dropped by 2.3% compared to the same quarter of the previous year. In certain fields, the gross production even grew, but the added value of wholesale and retail trade still decreased. In 2009, the prices cheapened and this tendency continued in the first months of 2010. In March, the consumer price index already experienced a growth of 1.7%. The companies within the Group have been above-the-average influenced by the price drop of foodstuffs which was 5.7% in January and exhibited a decline also in the other months of the quarter. The prices of clothes raise 2-3.3% in the first quarter. According to the data of the Estonian Statistical Office, in the first three months of 2010, the total retail volumes in current prices decreased by 7.9% (the sales of motor vehicles and motorcycles not included). The development towards the accession of Estonia to the euro zone that is gathering momentum encourages the investors, but the budget crisis of the euro zone countries does not allow predicting any economic growth in Estonia. The continuously high level of unemployment suppresses the growth of domestic consumption.

The retail sales in non-specialised stores (predominantly foodstuffs) decreased in the first quarter by 8.3% compared to the respective period of previous year. In the first quarter, retail sales in non-specialised stores (predominantly industrial products) decreased by 12.6% compared to the first quarter of the previous year.

Economic performance**FINANCIAL RATIOS 2009-2010**

	EEK		EUR		Growth %
	3 months 2010	3 months 2009	3 months 2010	3 months 2009	
Net sales (million)	1,432	1,525	91.5	97.4	-6%
Operating loss (million)	-0.4	-44.0	0.0	-2.8	-99%
Net loss (million)	-5.9	-52.3	-0.4	-3.3	-89%
Return on equity (ROE)	-0.4%	-2.9%	-0.4%	-2.9%	
Return on assets (ROA)	-0.1%	-1.2%	-0.1%	-1.2%	
Net profit margin	-0.41%	-3.43%	-0.41%	-3.43%	
Gross profit margin	22.08%	20.83%	22.08%	20.83%	
Quick ratio	0.94	0.97	0.94	0.97	
Debt ratio	0.59	0.59	0.59	0.59	
Sales revenue per employee (million)	0.43	0.41	0.03	0.03	
Inventory turnover	2.18	1.85	2.18	1.85	
SHARE					
Average number of shares (1,000 pcs.)	40,729	40,729	40,729	40,729	
Equity per share (kroons/euros)	39.48	43.79	2.52	2.80	
Share closing price (kroons/euros)	81.05	29.26	5.18	1.87	
Earnings per share (kroons/euros)	-0.1	-1.3	0.0	-0.1	
Average number of employees	3,308	3,740	3,308	3,740	

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 the first quarter of 2010, the consolidated non-audited sales revenue of Tallinna Kaubamaja Group amounted to 1.4 billion kroons (91.5 million euros). The sales revenue of the group in the same period of 2009 was 1.5 billion kroons (97.4 million euros), which amounts to a decrease of 6% compared to the previous year. The loss of the first quarter amounted to 5.9 million kroons (0.4 million euros). The loss of the first quarter of 2009 was 52.3 million kroons (3.3 million euros).

The continual decrease of the turnover still exerted pressure on the Group's activities in the first quarter. The company is actively trying to increase efficiency and to find synergies within the Group. In the quarter's summation, the company was able to improve profit by 46.4 million kroons (3.0 million euros) mainly due to cutting operating expenses and remunerations. The sales marginal improved a little due to the closure of uneconomic stores and improved inventory management. The volume of financial expenses decreased in the first quarter compared to the same period of the previous year due to the lower level of EURIBOR. The expenses related to the decision to freeze the activities of Selver in Latvia in the autumn 2009, were still incurred in the first quarter of this year. The last Selver store operating in Latvia was closed in March 2010.

The Group continues its investment activities and a new Selver store with a selling space of 1.5 thousand square metres was opened in this March at Rannarootsi Centre in Haapsalu. New SHU stores were opened at Viru Centre, Järve Centre and Lasnamäe Centrum. The Men's Fashion and Technology Department were renovated in Tartu Kaubamaja and a music store was opened in February in an additional space.

As of 31 March 2010, the balance sheet total of the Tallinna Kaubamaja Group was 3.9 billion kroons (249.9 million euros), which means a decrease by 71.6 million kroons (4.6 million euros) compared to the end of 2009. Assets decreased by 2%.

As of the end of the reporting period, the number of loyal customers was over 413 thousand, increasing by 13% within the 12 months. The percentage of loyal customers in the turnover of the department stores segment of the Group was continually high 77%. At the end of March, 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' 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 56.48 kroons (3.61 euros) at the end of 2009 was closed in late March at 81.05 kroons (5.18 euros), increased by 44% within the 3 months.

According to the notice of regular annual general meeting of the shareholders published on 23 April 2010, the management board proposed to pay dividends 0.65 kroons (0.04 euros) per share. The general meeting of shareholders approved it.

Tallinna Kaubamaja AS

Share price and trading statistics on the Tallinn Stock Exchange during 01.01.2009-31.03.2010.

In Estonian kroons



In euros



Department stores

In the first quarter of 2010, the sales revenue of the business segment of department stores was 254.5 million kroons (16.3 million euros), decreasing 8% compared to the previous year. Signs of economic stabilisation could be observed in the second half of the first quarter, when the sales revenue of Kaubamaja department stores was on the same level with the previous year. In the first quarter of 2010, the loss of Kaubamaja department stores was 11.1 million kroons (0.7 million euros) in March, a result that is better than the result of previous year by 0.3 million kroons (0.02 million euros). The result of Kaubamaja department stores was affected by renovation works in the Men's Fashion and Technology departments where a new music store was opened in February in a completely new space. However, the operating expenses of Kaubamaja department stores were 8% less in the first quarter and the operating loss decreased by 3.6 million kroons (0.2 million euros) compared to the same period of the previous year.

Tallinna Kaubamaja AS

The sales revenue of the I.L.U. cosmetics store chain was 6.6 million kroons (0.4 million euros) in the first quarter of 2010. The net loss of the first three months of 2010 was 1.9 million kroons (0.12 million euros) due to the commissioning period of stores last year. In autumn 2010, the next I.L.U. store with an even wider range of goods shall be opened in Kristiine Centre in Tallinn.

Selver supermarkets

In the first quarter of 2010, the consolidated sales revenue of the business segment of supermarkets amounted to 1.1 billion kroons (69.2 million euros), which is 4% less than in the same period of the previous year. In the first quarter of 2010, the consolidated net loss of segment of supermarkets was 9.8 million kroons (0.6 million euros), showing an improvement of 19.4 million kroons (1.2 million euros) compared to the same period of 2009, when the consolidated pre-tax loss and net loss was 29.2 million kroons (1.9 million euros). The quarter's sales revenue of the segment of supermarkets in Estonia was 1.1 billion kroons (69.2 million euros), decreasing by 2% compared to the first three months of the previous year. In the comparable stores, the sales revenue per square metre of the selling space was 5.4 thousand kroons, dropping by 5% compared to the respective benchmark. The retail sales of non-specialised goods (predominantly foodstuffs, beverages and tobacco products) in the Republic decreased 8.3% compared to the same period of the previous year. In the first quarter of 2010, the market share of the Selver chain in Estonia was 18.7%, increasing 1.1 percentage points compared to the first quarter of 2009. In the first three months of 2010, a total of 7.7 million purchases were made in the Selvers located in Estonia. The number of purchases has remained on the same level as in the respective period of the previous year.

The net profit earned in Estonia in the first quarter of 2010 was 9.9 million kroons (0.6 million euros), growing by 18.3 million kroons (1.2 million euros) compared to the same period of the previous year. The economic results of the first quarter have been positively influenced by marketing activities and sales campaigns. In a situation where the profit increase is limited with the reduced purchasing power of the consumers, Selver has continued to work on improving the levels of cost efficiency. Agreements have been concluded to decrease fixed costs, contracts and variable costs have been reviewed for economising. Labour costs have been cut by 14% compared to the same period of the previous year.

As a consequence of the decision adopted in autumn 2009 to freeze the business activities of the subsidiary SIA Selver Latvia in Latvia, all the 6 Selver stores located in Latvia had been closed by the end of the first quarter of this year and monthly costs had been minimised. Therefore, the sales revenue of Selver in Latvia in the first quarter of 2010 was 0.2 million kroons (10 thousand euros) compared to 25.8 million kroons (1.7 million euros) in the same period of the previous year. In the first quarter of 2010, the net loss of SIA Selver Latvia was 19.8 million kroons (1.3 million euros), showing a decrease of 1.2 million kroons (75 thousand euros) compared to the same period of previous year.

In this March, a Selver store was opened in Rannarootsi Centre, Haapsalu. The store has a selling space of 1.5 thousand square metres. The opening of Rannarootsi Selver raised the number of Selvers in Estonia to 35 stores. As of the end of the first quarter, the total selling space of the segment of supermarkets is 69.3 thousand square metres.

Real estate

In the first quarter of 2010, the sales revenue of the business segment of real estate outside the group was 10.0 million kroons (0.6 million euros) and the sales revenue decreased by 11 % compared to the same period of the previous year due to the decrease of rental activities in Latvia. The segment's profit of the first three months amounted to 24.9 million kroons (1.6 million euros). This result is 8.9 million kroons (0.6 million euros) better than the profit of the first quarter of the previous year and it is caused by the reduction of operating expenses in Latvia, reduced financial expenses caused by favourable interest rates and decrease of depreciable costs.

Car trade

The car trade market is still at a low level, altogether 2,090 cars were sold in the first quarter which is 18% less than a year ago. In Latvia, the sales fell 37%, i.e. 825 vehicles were sold. In Lithuania, 1,371 cars were sold and the drop was 27%. The sales revenue of the car trade segment with the exclusion of inter-segmental transactions in the first quarter of 2010 was 45.7 million kroons (2.9 million euros), which is 27% less than the income of the respective period of the previous year. A total of 141 cars were sold in the first three months of the year which is 173 cars less than in the same period of the previous year. The market share of KIA vehicles surpassed the limit of 3%, a year ago this figure was 2.14%.

In the continually low level of the market, the car trade segment is heading towards the goal and has decreased loss by 5.5 million kroons (0.4 million euros) compared to the first three months of the previous year. The segment's loss in the first quarter of 2010 was 0.4 million kroons (0.02 million euros).

Footwear trade

The sales revenue of the footwear trade in the first quarter of 2010 was 38.9 million kroons (2.5 million euros), decreasing by 3% in comparison with the respective period of 2009. The loss in the first quarter amounted to 9.6 million kroons (0.6 million euros), of which the loss of Latvian businesses amounts to 0.6 million kroons (0.04 million euros). The total loss of footwear trade in the first quarter of 2009 amounts to 21.8 million kroons (1.4 million euros) (including the loss of Latvian companies of 4.8 million kroons, 0.3 million euros). The loss mainly stems from the seasonal discount of winter goods.

The rapid development of the footwear chain SHU continued in the first quarter, as a result of this, new stores have been opened in Viru Centre, Järve Centre and Lasnamäe Centrum. The active expansion of the SHU footwear chain shall continue outside Tallinn, stores shall be opened in Saaremaa, Hiiumaa and Rakvere. Currently, out of 31 stores of the Group's two chains, 28 are located in Estonia and 3 in Latvia.

Personnel

In the first three months of 2010, the average number of employees in Tallinna Kaubamaja Group was 3,308, which decreased by 12% compared to the same period of 2009 and it includes the decrease of employees related to the closure of Selver stores in Latvia. The total staff costs (costs of salaries and social tax) in the first quarter of 2010 were 134.9 million kroons (8.6 million euros), decreasing by 18% compared to the same period of the previous year. The average costs of the monthly salary per employee in the first quarter of 2010 decreased by 8% compared to the first quarter of 2009.

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, 27th May 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 first 3 months 2010, presented on pages 11 to 32.

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 (see management report SIA Selver Latvia).



Raul Puusepp
Chairman of the Management Board

Tallinn, 27th May 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of

	Note	EEK		EUR	
		31.03.2010	31.12.2009	31.03.2010	31.12.2009
ASSETS					
Current assets					
Cash and bank	2	182,173	223,691	11,643	14,296
Trade receivables	3	58,916	75,655	3,765	4,835
Other short-term receivables	4	56,929	82,032	3,639	5,242
Prepaid and refundable taxes	5	7,762	8,820	496	564
Other prepayments	5	12,142	12,404	776	793
Inventories	6	656,107	616,554	41,933	39,405
Total current assets		974,029	1,019,156	62,252	65,135
Fixed assets					
Prepaid expenses	5	25,479	25,499	1,629	1,630
Shares in affiliated companies	8	20,989	20,323	1,341	1,299
Other long-term receivables	9	3,965	3,613	253	231
Investment property	10	55,800	55,800	3,566	3,566
Tangible fixed assets	11	2,663,896	2,689,639	170,254	171,900
Intangible fixed assets	12	60,340	62,018	3,857	3,964
Goodwill	12	104,993	104,993	6,710	6,710
Total fixed assets		2,935,462	2,961,885	187,610	189,300
TOTAL ASSETS		3,909,491	3,981,041	249,862	254,435
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	194,050	254,524	12,402	16,267
Prepayments received		5,039	2,983	322	190
Trade payables		715,556	713,855	45,733	45,623
Tax liabilities	15	45,972	63,490	2,938	4,058
Other current liabilities	15	71,473	62,720	4,568	4,009
Provisions	15	521	445	33	28
Total current liabilities		1,032,611	1,098,017	65,996	70,175
Long-term liabilities					
Borrowings	13,14	1,267,152	1,267,096	80,986	80,982
Provisions	15	1,667	1,736	106	111
Total long-term liabilities		1,268,819	1,268,832	81,092	81,093
TOTAL LIABILITIES		2,301,430	2,366,849	147,088	151,268
Equity					
Share capital	16	407,292	407,292	26,031	26,031
Statutory reserve capital	16	40,729	40,729	2,603	2,603
Revaluation reserve		670,602	673,976	42,859	43,075
Retained earnings		498,226	500,730	31,844	32,004
Currency translation differences		-8,788	-8,535	-563	-546
TOTAL EQUITY		1,608,061	1,614,192	102,774	103,167
TOTAL LIABILITIES AND EQUITY		3,909,491	3,981,041	249,862	254,435

The notes presented on pages 15 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of

	Note	EEK		EUR	
		3 months 2010	3 months 2009	3 months 2010	3 months 2009
Revenue	17	1,431,913	1,524,603	91,516	97,440
Other operating income	18	41,884	37,954	2,677	2,425
Materials and consumables used	6	-1,115,689	-1,207,003	-71,306	-77,142
Other operating expenses	19	-177,815	-186,684	-11,364	-11,931
Staff costs	20	-134,889	-164,192	-8,621	-10,494
Depreciation and amortisation	11,12	-42,326	-46,402	-2,705	-2,966
Other expenses	21	-3,470	-2,297	-222	-147
Operating loss		-392	-44,021	-25	-2,815
Financial income	22	1,292	1,080	83	69
Financial costs	22	-7,444	-10,160	-476	-649
Financial income on shares of associates	8	666	825	42	53
Net loss for the reporting period		-5,878	-52,276	-376	-3,342
Other comprehensive income/loss					
Exchange differences on translating foreign operations		-253	323	-17	21
Other comprehensive income/loss for the reporting period		-253	323	-17	21
TOTAL COMPREHENSIVE LOSS FOR THE REPORTING PERIOD		-6,131	-51,953	-393	-3,321
Basic and diluted earnings per share (EEK/EUR)	23	-0.14	-1.28	-0.01	-0.08

The notes presented on pages 15 to 32 form an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

In thousands of

	Note	EEK		EUR	
		3 months 2010	3 months 2009	3 months 2010	3 months 2009
CASH FLOW FROM OPERATING ACTIVITIES					
Net loss		-5,878	-52,276	-376	-3,341
Adjustments:					
Interest expense	22	7,330	9,994	468	639
Interest income	22	-1,292	-1,080	-83	-69
Depreciation and amortisation	11,12	42,326	46,402	2,705	2,966
Profit/loss on sale and write-off of non-current assets	11,18,21	300	127	19	8
Effect of equity method	8	-666	-825	-42	-53
Change in inventories		-39,553	-42,827	-2,528	-2,740
Change in receivables and prepayments related to operating activities		43,439	61,864	2,776	3,954
Change in liabilities and prepayments related to operating activities		-4,303	-54,861	-274	-3,503
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		41,703	-33,482	2,665	-2,139
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant and equipment (excl. finance lease)	11	-14,832	-96,133	-948	-6,145
Proceeds from sale of property, plant and equipment	11	353	260	23	17
Repayments of loans to group account		0	3,514	0	225
Acquisition of associates		0	-53	0	-4
Loan to group account		-845	0	-55	0
Interest received		1,531	1,182	98	76
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		-13,793	-91,230	-882	-5,831
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received	13	12,621	280,192	807	17,908
Repayments of loans received	13	-71,406	-150,967	-4,564	-9,649
Change in overdraft balance	13	0	-21,891	0	-1,399
Repayment of financial lease principal	13	-1,634	-1,387	-104	-89
Interest paid		-8,143	-13,077	-520	-836
KOKKU RAHAVOOD FINANTSEERIMISTEGEVUSEST		-68,562	92,870	-4,381	5,935
TOTAL CASH FLOW		-40,652	-31,842	-2,598	-2,035
Effect of exchange rate changes		-866	323	-55	20
Cash and cash equivalents at the beginning of the period	2	223,691	101,353	14,296	6,478
Cash and cash equivalents at the end of the period	2	182,173	69,834	11,643	4,463
Net change in cash and cash equivalents		-41,518	-31,519	-2,653	-2,015

The notes presented on pages 15 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

in thousands of EEK

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2008	407,292	40,729	682,028	705,719	-415	1,835,353
Total comprehensive loss for the period	0	0	0	-196,749	-8,120	-204,869
Reclassification of depreciation of revalued land and buildings	0	0	-8,052	8,052	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
Balance as of 31.12.2009	407,292	40,729	673,976	500,730	-8,535	1,614,192
Total comprehensive loss for the period	0	0	0	-5,878	-253	-6,131
Reclassification of depreciation of revalued land and buildings	0	0	0	0	0	0
Dividends paid	0	0	-3,374	3,374	0	0
Balance as of 31.03.2010	407,292	40,729	670,602	498,226	-8,788	1,608,061

in thousands of EUR

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2008	26,031	2,603	43,590	45,105	-27	117,302
Total comprehensive loss for the period	0	0	0	-12,575	-519	-13,094
Reclassification of depreciation of revalued land and buildings	0	0	-515	515	0	0
Dividends paid	0	0	0	-1,041	0	-1,041
Balance as of 31.12.2009	26,031	2,603	43,075	32,004	-546	103,167
Total comprehensive loss for the period	0	0	0	-376	-17	-393
Reclassification of depreciation of revalued land and buildings	0	0	0	0	0	0
Dividends paid	0	0	-216	216	0	0
Balance as of 31.03.2010	26,031	2,603	42,859	31,844	-563	102,774

The notes presented on pages 15 to 32 form 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 2009.

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 first 3 months of 2010 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 from 2010 and their impact on the Group's financial statements:

- Amendments to IFRS 2 *Group Cash-settled Share-based Payment Transactions* – effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU. The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The Group estimates that the amendments will not have a significant impact on the financial statements.
- Amendments to IFRS 1 - *Additional Exemptions to First-time Adopters* - effective for annual periods beginning on or after 1 January 2010; not yet adopted by the EU. The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments will not have an impact on the financial statements.
- Amendment to IAS 24 *Related Party Disclosures*, issued in November 2009 - effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU. The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amended standard on the disclosures in the financial statements.
- IFRS 9 *Financial Instruments* part 1: Classification and Measurement, issued in November 2009 - effective for annual periods beginning on or after 1 January 2013; not yet adopted by the EU. IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:
 - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
 - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash

flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* - effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU. This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments as compared to the carrying amount of the debt. The Group is currently assessing the impact of the interpretation on its financial statements.
- Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement* - effective for annual periods beginning on or after 1 January 2011; not yet adopted by the EU. This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The Group is currently assessing the impact of the amended interpretation on its financial statements.
- Amendment to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* - effective for annual periods beginning on or after 1 July 2010; not yet adopted by the EU. Existing IFRS preparers were granted relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. This amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7. The amendment will not have an impact on the Group's financial statements.

Note 2. Cash and Bank

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Cash on hand	5,470	5,987	349	383
Bank accounts	169,106	202,396	10,808	12,935
Cash in transit	7,597	15,308	486	978
Total cash and bank	182,173	223,691	11,643	14,296

Note 3. Trade Receivables

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Trade receivables	48,736	55,895	3,114	3,572
Card payments	10,180	19,760	651	1,263
Total trade receivables	58,916	75,655	3,765	4,835

Note 4. Other Short Term Receivables

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Bonuses receivable from suppliers	17,500	41,807	1,118	2,672
Short-term receivables from associate (Note 24)	250	250	16	16
Other short-term receivables from related parties (Note 24)	36,561	38,674	2,337	2,472
Interest receivables from related parties (Note 24)	133	372	9	24
Other short-term receivables	2,485	929	159	58
Total other short-term receivables	56,929	82,032	3,639	5,242

Note 5. Prepayments

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Prepayment account of taxable entity	7,762	8,820	496	564
Total tax prepayments and claims	7,762	8,820	496	564
Prepaid rental expenses	5,036	6,372	322	407
Other prepaid expenses	7,106	6,032	454	386
Total other short-term prepayments	12,142	12,404	776	793
Prepaid rental expenses	25,479	25,499	1,629	1,630
Total long-term prepayments	25,479	25,499	1,629	1,630

Note 6. Inventories

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Goods purchased for resale	628,564	569,906	40,173	36,424
Passenger cars purchased for resale	15,078	34,313	964	2,193
Raw materials and materials	9,911	9,599	633	613
Prepayment for goods	2,554	2,736	163	175
Total inventories	656,107	616,554	41,933	39,405

The income statement line "Materials and consumables used" includes the write-down and write-off expenses of inventories and shortages of inventory stocktaking as follows:

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Write-down and write-off of inventories	4,507	12,523	288	800
Shortages of inventory stocktaking	2,511	2,480	160	159
Total materials and consumables used	7,018	15,003	448	959

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

Note 7. Group structure

The Tallinna Kaubamaja Group incorporates:

Name of company	Location	Field of activity	Ownership 31 March 2010 and 31.12.2009	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, Perkunkiemi g.2	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

Note 8. Shares of associates

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

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Number of shares at end of year / (beginning)	501/(501)	501/(501)	501/(501)	501/(501)
Shareholding % at end of year / (beginning)	50/(50)	50/(50)	50/(50)	50/(50)
Investment in the associate at beginning of the year	20,323	17,505	1,299	1,119
Profit for the reporting period under equity method	666	2,818	42	180
Investment in the associate at end of the year	20,989	20,323	1,341	1,299

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

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Assets	59,829	59,174	3,824	3,782
Liabilities	17,883	18,554	1,143	1,186
Revenue	1,756	7,900	112	505
Profit	1,333	5,635	85	360

Note 9. Other Long-term Receivables

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Receivables from associate (Note 24)	1,828	1,828	117	117
Other long term receivables	2,137	1,785	136	114
Total other long term receivables	3,965	3,613	253	231

Note 10. Investment property

In thousands of

	EEK	EUR
Changes occurred in 2009		
Reclassification (Note 11)	35,400	2,263
Gain from change in fair value upon reclassification	20,400	1,303
Carrying value as at 31.12.2009	55,800	3,566
Carrying value as at 31.03.2010	55,800	3,566

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
Changes in 2008						
Additions through business combinations	714	740	5,652	0	0	7,106
Purchases and improvements	205,168	121,413	86,020	33,250	530,484	976,335
Reclassification	115,275	-4,149	14,943	-10,861	-115,208	0
Revaluations of depreciation	-71,600	0	0	0	-75,000	-146,600
Sales and write off	-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 and impairment losses	-154,399	-190,179	-217,365	0	-75,000	-636,943
Carrying amount	1,815,128	165,651	145,074	34,534	837,686	2,998,073
Changes occurred in 2009						
Purchases and improvements	22,611	64,872	37,814	24,909	38,293	188,499
Reclassification	158,063	26,600	3,240	-17,897	-205,406	-35,400
Sales and write off	-1,057	-40,866	-1,182	0	0	-43,105
Impairment losses	-66,444	-24,208	0	-4,586	-144,303	-239,541
Depreciation	-58,005	-60,023	-54,313	0	0	-172,341
Currency difference	-3,024	0	0	0	-3,522	-6,546
31.12.2009						
Cost or revalued amount	2,157,776	351,411	391,885	36,960	742,051	3,680,083
Accumulated depreciation and impairment losses	-290,504	-219,385	-261,252	0	-219,303	-990,444
Carrying amount	1,867,272	132,026	130,633	36,960	522,748	2,689,639
Changes occurred in 2010						
Purchases and improvements	570	618	4,018	6,867	2,759	14,832
Reclassification	164	3,603	2,873	-6,640	0	0
Sales and write off	0	-283	-370	0	0	-653
Depreciation	-14,621	-12,594	-13,433	0	0	-40,648
Currency difference	315	1	4	0	406	726
31.03.2010						
Cost or revalued amount	2,158,825	354,343	396,201	37,187	745,216	3,691,772
Accumulated depreciation and impairment losses	-305,125	-230,972	-272,476	0	-219,303	-1,027,876
Carrying amount	1,853,700	123,371	123,725	37,187	525,913	2,663,896

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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
Changes in 2008						
Additions through business combinations	46	47	361	0	0	454
Purchases and improvements	13,113	7,760	5,498	2,125	33,904	62,400
Reclassification	7,367	-265	955	-694	-7,363	0
Revaluations of depreciation	-4,576	0	0	0	-4,793	-9,369
Sales and write off	-19	-28	-63	0	0	-110
Depreciation	-3,255	-2,741	-2,819	0	0	-8,815
31.12.2008						
Acquisition or revaluated cost	125,876	22,742	23,164	2,207	58,331	232,320
Accumulated depreciation and impairment losses	-9,868	-12,155	-13,892	0	-4,793	-40,708
Carrying amount	116,008	10,587	9,272	2,207	53,538	191,612
Changes occurred in 2009						
Purchases and improvements	1,445	4,147	2,418	1,592	2,447	12,049
Reclassification	10,102	1,700	207	-1,144	-13,128	-2,263
Sales and write off	-68	-2,612	-76	0	0	-2,756
Impairment losses	-4,247	-1,547	0	-293	-9,223	-15,310
Depreciation	-3,707	-3,836	-3,472	0	0	-11,015
Currency difference	-193	0	0	0	-224	-417
31.12.2009						
Cost or revalued amount	137,907	22,460	25,048	2,362	47,426	235,203
Accumulated depreciation and impairment losses	-18,567	-14,021	-16,699	0	-14,016	-63,303
Carrying amount	119,340	8,439	8,349	2,362	33,410	171,900
Changes occurred in 2010						
Purchases and improvements	37	39	257	439	176	948
Reclassification	10	230	184	-424	0	0
Sales and write off	0	-18	-24	0	0	-42
Depreciation	-934	-805	-859	0	0	-2,598
Currency difference	20	0	0	0	26	46
31.03.2010						
Cost or revalued amount	137,974	22,647	25,324	2,377	47,628	235,950
Accumulated depreciation and impairment losses	-19,501	-14,762	-17,417	0	-14,016	-65,696
Carrying amount	118,473	7,885	7,907	2,377	33,612	170,254

The cost of the investments registered in the reporting period amounted to 14 832 thousand kroons (948 thousand euros).

During the period in question, the new Rannarootsi Selver was opened. The selling building of Kaubamaja in Tartu was reconstructed with a new and modern music storey and implementation of new software started. In footwear trade, the new concept shoe stores SHU were launched. Capital works were performed on the unfinished buildings in Latvia. The investment cost of Rannarootsi Selver amounted to 6,547 thousand kroons (418 thousand euros), 1,776 thousand kroons (114 thousand euros) of it was invested during the period in question. The investments into the Kaubamaja music store amounted to 1,749 thousand kroons (112 thousand euros) and the pre-payment for the software development was 6,331 thousand kroons (404 thousand euros). Investments in footwear trade furniture cost 2,112 thousand kroons (135 thousand euros). The investment cost of the real estate segment is 2,784 thousand kroons (178 thousand euros), including the cost of unfinished capital works in Latvia which was 2,186 thousand kroons (140 thousand euros). The investment into car trade amounted to 80 thousand kroons (5 thousand euros) during the reporting period.

Note 12. Intangible Fixed Assets

In thousands of kroons

	Goodwill	Trademark	Beneficial contracts	Developing-cost	Total
31.12.2008					
Cost	114,187	54,887	16,900	0	185,974
Accumulated depreciation and impairment losses	-4,688	-1,820	-1,536	0	-8,044
Carrying amount	109,499	53,067	15,364	0	177,930
Changes occurred in 2009					
Purchases and improvements	0	0	0	300	300
Depreciation	0	-3,640	-3,073	0	-6,713
Impairment losses	-4,506	0	0	0	-4,506
31.12.2009					
Cost	114,187	54,887	16,900	300	186,274
Accumulated depreciation and impairment losses	-9,194	-5,460	-4,609	0	-19,263
Carrying amount	104,993	49,427	12,291	300	167,011
Changes occurred in 3 months of 2010					
Purchases and improvements	0	0	0	0	0
Depreciation	0	-910	-768	0	-1,678
31.03.2010					
Cost or revalued amount	114,187	54,887	16,900	300	186,274
Accumulated depreciation and impairment losses	-9,194	-6,370	-5,377	0	-20,941
Carrying amount	104,993	48,517	11,523	300	165,333

In thousands of euros

	Goodwill	Trademark	Beneficial contracts	Developing-cost	Total
31.12.2008					
Cost	7,298	3,508	1,080	0	11,886
Accumulated depreciation and impairment losses	-300	-116	-98	0	-514
Carrying amount	6,998	3,392	982	0	11,372
Changes occurred in 2009					
Purchases and improvements	0	0	0	19	19
Depreciation	0	-233	-196	0	-429
Impairment losses	-288	0	0	0	-288
31.12.2009					
Cost	7,298	3,508	1,080	19	11,905
Accumulated depreciation and impairment losses	-588	-349	-294	0	-1,231
Carrying amount	6,710	3,159	786	19	10,674
Changes occurred in 3 months of 2010					
Purchases and improvements	0	0	0	0	0
Depreciation	0	-58	-49	0	-107
31.03.2010					
Cost or revalued amount	7,298	3,508	1,080	19	11,905
Accumulated depreciation and impairment losses	-588	-407	-343	0	-1,338
Carrying amount	6,710	3,101	737	19	10,567

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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.

Goodwill is allocated to cash generating units of the Group by the following segments:

In thousands of	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Car trade	49,388	49,388	3,156	3,156
Footwear trade	55,605	55,605	3,554	3,554

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 31.03.2010 is 13.2 years.

Note 13. Interest bearing borrowings

In thousands of

Group	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Long-term loans				
Bank loans	1,255,631	1,255,630	80,249	80,250
Financial lease liability (Note 14)	8,272	8,362	528	533
Operational lease	3,249	3,104	209	199
	1,267,152	1,267,096	80,986	80,982
Short-term loans				
Overdraft	2,266	2,266	145	145
Bank loans	183,165	242,463	11,706	15,496
Financial lease liability(Note 14)	4,569	6,114	292	391
Operational lease	4,050	3,681	259	235
	194,050	254,524	12,402	16,267
Total	1,461,202	1,521,620	93,388	97,249

Borrowings received

in thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Bank loans	9,963	279,429	637	17,859
Other borrowings	2,658	763	170	49
Total borrowings received	12,621	280,192	807	17,908

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Borrowings paid

in thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Overdraft	0	21,891	0	1,399
Bank loans	69,614	147,473	4,449	9,426
Finance lease liability	1,634	1,387	104	89
Other borrowings	1,792	3,494	115	223
Total Borrowings paid	73,040	174,245	4,668	11,137

Bank loans are denominated in euros and finance lease liabilities are denominated in Estonian kroons.

As of 31.03.2010, the repayment dates of bank loans are between 16.04.2010 and 20.06.2018 (2009: between 1.03.2010 and 20.06.2018), the interest is linked to EURIBOR of 3 months and 6 months as well as EONIA. The weighted average interest rate was 2.05% (2009: 3.2%)

Note 14. Financial Lease

Group as the lessee

The Group leases buildings under finance lease terms:

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Acquisition cost	45,215	45,510	2,890	2,909
Accumulated depreciation	-34,490	-33,465	-2,204	-2,139
Carrying amount	10,725	12,045	686	770
	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
up to 1 year.	5,124	6,913	327	441
1-5 years	8,671	8,763	554	560
Total	13,795	15,676	881	1,001
Future interest expense	-954	-1,200	-61	-77
Present value of lease payments (Note 13)	12,841	14,476	820	924

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Present value of lease payments				
up to 1 year.	4,569	6,114	292	391
1-5 years	8,272	8,362	528	533
Total (Note13)	12,841	14,476	820	924

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 15. Taxes, other short- and long-term payables, and provisions

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Value added tax	11,500	28,311	734	1,809
Income tax	9	3	1	0
Personal income tax	10,057	10,201	643	652
Social security taxes	21,464	21,945	1,372	1,403
Corporate Income tax on fringe benefits	78	278	5	18
Unemployment insurance	2,446	2,543	156	163
Mandatory funded pension	418	209	27	13
Total tax liabilities	45,972	63,490	2,938	4,058
Employee-payables	49,027	53,321	3,133	3,408
Interest payable	19	727	1	46
Other accrued expenses	14,412	1,188	922	77
Prepayments by tenants	8,015	7,484	512	478
Total other short-term payables	71,473	62,720	4,568	4,009
Short-term provisions	521	445	33	28
Long-term provisions	1,667	1,736	106	111
Total provisions	2,188	2,181	139	139

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 March, 2010 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. The regular stockholders' meeting on 18.05.2010 decided to pay a dividend of 0.65 kroons (0.04 euros) per stock, totalling to 26,474 thousand kroons (1,692 thousand euros) (in 2009, 0.4 kroons (0.03 euros), totalling to 16,292 thousand kroons (1,041 thousand euros)).

Note 17. 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

3 months of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	254,450	1,082,835	10,049	45,667	38,912	0	1,431,913
Inter-segment revenue	354	2,251	30,085	70	267	-33,027	0
Total revenue	257,891	1,085,314	40,134	70,477	41,362	-63,265	1,431,913
Operating profit	-13,394	-10,272	31,407	430	-8,563	0	-392
Interest income (Note 22)	1,093	197	0	2	0	0	1,292
Finance income on shares of associates	666	0	0	0	0	0	666
Interest expense(Note 22)	-3,604	-216	-2,954	-166	-390	0	-7,330
Net profit	-11,116	-9,777	24,948	-363	-9,570	0	-5,878
incl. in Estonia	-11,116	9,883	23,850	464	-8,931	0	14,150
incl. in Latvia	0	-19,660	1,098	-573	-639	0	-19,774
incl. in Lithuania	0	0	0	-254	0	0	-254
Segment assets	417,761	813,508	2,339,079	136,361	202,782	0	3,909,491
Segment liabilities	733,481	639,678	792,609	25,575	110,087	0	2,301,430
Segment investment in non-current assets	8,080	1,776	2,784	80	2,112	0	14,832
Depreciation charge	5,922	22,477	10,658	586	2,683	0	42,326

In thousands of euros

3 months of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	16,262	69,206	642	2,919	2,487	0	91,516
Inter-segment revenue	23	144	1,923	4	17	-2,111	0
Total revenue	16,482	69,364	2,565	4,504	2,644	-4,043	91,516
Operating profit	-855	-657	2,007	27	-547	0	-25
Interest income (Note 22)	70	13	0	0	0	0	83
Finance income on shares of associates	42	0	0	0	0	0	42
Interest expense(Note 22)	-229	-14	-189	-11	-25	0	-468
Net profit	-710	-625	1,594	-23	-612	0	-376
incl. in Estonia	-710	632	1,524	30	-571	0	905
incl. in Latvia	0	-1,257	70	-37	-41	0	-1,265
incl. in Lithuania	0	0	0	-16	0	0	-16
Segment assets	26,700	51,993	149,494	8,715	12,960	0	249,862
Segment liabilities	46,877	40,883	50,657	1,635	7,036	0	147,088
Segment investment in non-current assets	516	114	178	5	135	0	948
Depreciation charge	379	1,437	681	37	171	0	2,705

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In thousands of kroons

3 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	277,124	1,133,087	11,349	62,815	40,228	0	1,524,603
Inter-segment revenue	410	2,387	27,896	89	761	-31,543	0
Total revenue	280,677	1,137,134	39,244	106,197	42,548	-81,197	1,524,603
Operating profit	-16,945	-29,869	26,130	-2,625	-20,712	0	-44,021
Interest income (Note 22)	1,078	0	1	0	0	0	1,079
Finance income on shares of associates	825	0	0	0	0	0	825
Interest expense(Note 22)	-4,399	-306	-2,839	-1,499	-951	0	-9,994
Net profit	-11,396	-29,212	16,014	-5,852	-21,830	0	-52,276
incl. in Estonia	-11,396	-8,396	16,310	-4,377	-17,049	0	-24,908
incl. in Latvia	0	-20,816	-296	-1,093	-4,781	0	-26,986
incl. in Lithuania	0	0	0	-382	0	0	-382
Segment assets	411,396	867,987	2,619,380	214,713	216,810	0	4,330,286
Segment liabilities	790,647	638,533	876,973	98,248	142,485	0	2,546,886
Segment investment in non-current assets	11,281	15,008	69,276	0	621	0	96,186
Depreciation charge	6,970	24,057	12,073	641	2,661	0	46,402

In thousands of euros

3 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	17,712	72,417	725	4,015	2,571	0	97,440
Inter-segment revenue	26	153	1,783	6	49	-2,017	0
Total revenue	17,940	72,676	2,508	6,787	2,719	-5,190	97,440
Operating profit	-1,084	-1,909	1,670	-168	-1,324	0	-2,815
Interest income (Note 22)	69	0	0	0	0	0	69
Finance income on shares of associates	53	0	0	0	0	0	53
Interest expense(Note 22)	-281	-20	-181	-95	-61	0	-638
Net profit	-729	-1,867	1,023	-374	-1,395	0	-3,342
incl. in Estonia	-729	-537	1,042	-280	-1,089	0	-1,593
incl. in Latvia	0	-1,330	-19	-70	-306	0	-1,725
incl. in Lithuania	0	0	0	-24	0	0	-24
Segment assets	26,291	55,474	167,409	13,723	13,857	0	276,754
Segment liabilities	50,531	40,810	56,049	6,279	9,106	0	162,775
Segment investment in non-current assets	721	959	4,429	0	40	0	6,149
Depreciation charge	445	1,538	772	41	170	0	2,966

External revenue according to types of goods and services sold

in thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Retail revenue	1,409,247	1,498,809	90,067	95,792
Wholesale revenue	10,495	12,164	671	777
Rental income	10,049	11,349	642	725
Services and catering revenue	2,122	2,281	136	146
Total revenue	1,431,913	1,524,603	91,516	97,440

External revenue by client location

in thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Estonia	1,399,381	1,494,001	89,437	95,484
Latvia	8,342	22,711	533	1,452
Lithuania	24,190	7,891	1,546	504
Total	1,431,913	1,524,603	91,516	97,440

Distribution of non-current assets* by location of assets

in thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Estonia	2,397,358	2,425,948	153,219	155,046
Latvia	512,692	511,332	32,767	32,680
Lithuania	3,883	3,744	248	239
Total	2,913,933	2,941,024	186,234	187,965

* Non-current assets, other than financial assets and investment in associate.

Note 18. Other operating income

In thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Rental income	11,760	14,515	752	928
Advertising revenue	21,051	12,815	1,345	819
Income from foreign currency translation	10	245	1	16
Revenue from non-current assets	177	0	11	0
Income from parking services	202	221	13	14
Empty bottle handling income	903	1,046	58	67
Expedition income	2,932	3,315	187	212
Other operating income*	4,849	5,797	310	369
Total other operating income	41,884	37,954	2,677	2,425

Other operating income includes income from the sale of lottery and theatre tickets, processing of invoices, receivables and other income related to operating activities.

Note 19. Other operating expenses

In thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Rental expenses	56,605	54,576	3,618	3,488
Operating cost	23,678	22,425	1,513	1,433
Advertising expenses	19,682	18,034	1,258	1,153
Bank expenses	10,987	10,955	702	700
Security costs	7,196	9,125	460	583
Heat and electricity expenses	27,785	31,250	1,776	1,997
Costs of materials	10,098	17,942	645	1,147
Computer and postage costs	7,410	8,924	474	570
Business trip expenses	1,483	2,139	95	137
Training expenses	674	682	43	44
Insurance expenses	339	470	22	30
Logistics expenses	2,791	3,863	178	247
Miscellaneous other operating expenses	9,087	6,299	580	402
Total other operating expenses	177,815	186,684	11,364	11,931

Note 20. Staff Costs

In thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Wages and salaries	100,808	123,760	6,443	7,910
Social security tax	34,081	40,432	2,178	2,584
Total staff costs	134,889	164,192	8,621	10,494
Average wages per employee per month (kroons/euros)	10,158	11,030	649	705
Average number of employees in the reporting period	3,308	3,740	3,308	3,740

Note 21. Other expenses

In thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Loss from sale and liquidation of property, plant and equipment	477	127	30	8
Foreign exchange losses	79	564	5	36
State fees, fines, penalties	592	54	38	3
Costs of entertaining guests	167	88	11	6
Other expenses	2,155	1,464	138	94
Total other expenses	3,470	2,297	222	147

Note 22. Finance income and costs

In thousands of

Finance income

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Interest income on cash and cash equivalents	279	190	18	13
Interest income on Partner Card	241	366	15	23
Interest income on NGI Group's account	731	455	47	29
Interest income on owner's loan	41	68	3	4
Other finance income	0	1	0	0
Total finance income	1,292	1,080	83	69

Finance costs

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Interest expense of bank loans	-7,088	-9,485	-453	-606
Interest expense of finance lease	-242	-335	-15	-21
Interest expense NGI Group's group accounts	0	-174	0	-11
Other finance costs*	-114	-166	-8	-11
Total finance costs	-7,444	-10,160	-476	-649

* Other interest expenses comprise fees for concluding and amending loan contracts, lease agreements and factoring contracts. Other finance costs consist of the fees for conclusion and changing of lease agreements and factoring agreements.

Note 23. Earnings per share

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 of first 3 months. In view of the fact that the Group does not have dilutive adjustments to earnings, diluted earnings per share equal basic earnings per share.

In thousands of

	EEK		EUR	
	3 months 2010	3 months 2009	3 months 2010	3 months 2009
Net loss	-5,878	-52,276	-376	-3,342
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net loss per share	-0.14	-1.28	-0.01	-0.08

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:

- 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 3 months of 2010 the Group has purchased and sold goods and rendered services as follows:

In thousands of

	EEK		EUR	
	Purchases 3 months of 2010	Sales 3 months of 2010	Purchases 3 months of 2010	Sales 3 months of 2010
Parent Entities in the Parent's consolidation group	735	738	47	47
incl. property, plant and equipment	44,419	1,051	2,839	67
Associate	0	41	0	3
Total	45,154	1,830	2,886	117

Within 3 months of 2009 the Group has purchased and sold goods and rendered services as follows:

In thousands of

	EEK		EUR	
	Purchases 3 months of 2009	Sales 3 months of 2009	Purchases 3 months of 2009	Sales 3 months of 2009
Parent Entities in the Parent's consolidation group	405	454	26	29
Associate	55,908	747	3,573	48
	0	145	0	9
Total	56,313	1,346	3,599	86

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

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Balance at the beginning of the period (Note 9)	2,078	4,578	133	293
Repayments of loans received	0	-2,500	0	-160
Balance at the end of the period (Note 9)	2,078	2,078	133	133

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Balances with related parties:

In thousands of

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Parent's interest payable (Note 4)	133	372	9	24
Parent's group account payable (Note 4)	17,052	16,207	1,091	1,036
Payables of entities in the in the Parent's consolidation group (Note 4)	17,983	20,941	1,148	1,338
Sales bonuses payable of entities in the in the Parent's consolidation group (Note 4)	1,526	1,526	98	98
Short-term loans to associate (Note 4)	250	250	16	16
Total short-term receivables	36,944	39,296	2,362	2,512
Long-term				
Long-term loans to associate (Note 9)	1,828	1,828	117	117
Total receivables from related parties	38,773	41,124	2,479	2,629

	EEK		EUR	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Parent	944	164	60	10
Entities in the Parent's consolidation group	36,200	45,571	2,314	2,913
Total liabilities to related parties	37,144	45,735	2,374	2,923

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 3 months of 2010 the Tallinna Kaubamaja Group was earning 731 thousand kroons (47 thousand euros); (2009: 455 thousand kroons, 29 thousand euros) of interest revenue from keeping available funds in the group account. As of 31.03.2010, the Tallinna Kaubamaja Group has not used the main group's financial instruments or has paid an interest for using the spare financial instruments. In the comparable period of 2009, the Tallinna Kaubamaja Group used the main group's spare financial instruments and paid an interest of 174 thousand kroons (11 thousand euros) for using them. The average 3 months of 2010 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 1.2% EEK and 0.25% EUR (2009: 5.2% EEK, 1.69 EUR). 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.