TALLINNA KAUBAMAJA AS

Consolidated Interim Report
for the second quarter and first six months 2010
(unaudited)

Table of contents

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 3,260 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:	30 June 2010
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 Käo (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 Käo 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.

Company's structure

The following companies belong to the group as of June 30, 2010:

	Location	Shareholding as of 30.06.2010	Shareholding as of 31.12.2009
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 second quarter, the economy of the Euro zone grew by 1% according to the estimations, whereby the strong economic results of Germany emphasized the increasing gap between the Euro zone countries. According to the preliminary estimates of the Estonian Statistical Office, in the second quarter of 2010, Estonia's gross domestic product (GDP) increased by 3.5% compared to the same quarter of the previous year. The gross production grew due to the production of the processing industry and the strong export of electric power, but the added value of retail trade still decreased due to insufficient demand. The recovery of economic growth has not led to an increase in employment rates and holds back the growth of domestic consumption.

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% and the prices rose 3% on the average in the second quarter. Also the prices of foodstuffs started to rise in the second quarter. The prices of clothes rose 2–3.3% in the first half-year.

According to the data of the Estonian Statistical Office, in the half year of 2010, the total retail volumes in current prices decreased by 5.5% (the sales of motor vehicles and motorcycles not included). n the first half year, the retail sales in non-specialised stores (predominantly foodstuffs) decreased by 6.6% with regard to current prices in comparison with the same period of the previous year. The retail sales in non-specialised stores (predominantly industrial products) decreased in the first half year by 5.7% in comparison with the same period of the previous year.

Economic results

FINANCIAL RATIOS 2009–2010

	EEK		EUR		Change
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**	
Sales revenue	3,010	3,186	192.4	203.6	-6%
Operating profit/loss	83.1	-20.0	5.3	-1.3	
Net profit/loss	71.5	-38.4	4.6	-2.5	
Return on equity (ROE)	4.4%	-2.1%	4.4%	-2.1%	
Return on assets (ROA)	1.8%	-0.9%	1.8%	-0.9%	
Net profit margin	2.38%	-1.21%	2.38%	-1.21%	
Gross profit margin	23.10%	21.51%	23.10%	21.51%	
Quick ratio	1.03	1.01	1.03	1.01	
Debt ratio	0.57	0.58	0.57	0.58	
Sales revenue per employee (million)	0.92	0.85	0.06	0.05	
Inventory turnover	4.91	4.46	4.91	4.46	
SHARE					
Average number of shares (1000 pcs)	40,729	40,729	40,729	40,729	
Equity capital per share (EEK/share)	40.72	43.73	2.60	2.79	
Share's closing price (EEK/share)	68.85	38.02	4.40	2.43	
Earnings per share	1.8	-0.9	0.1	-0.1	
Average number of employees	3,267	3,746	3,267	3,746	

	EEK		EUR		Change
	II quarter 2010	**II quarter 2009**	**II quarter 2010**	**II quarter 2009**	
Sales revenue	1,578	1,661	100.9	106.2	-5%
Operating profit/loss	83.5	24.0	5.3	1.5	248%
Net profit/loss	77.4	13.9	4.9	0.9	457%
Return on equity (ROE)	4.7%	0.8%	4.7%	0.8%	
Return on assets (ROA)	2.0%	0.3%	2.0%	0.3%	
Net profit margin	4.90%	0.84%	4.90%	0.84%	
Gross profit margin	24.02%	22.13%	24.02%	22.13%	
Quick ratio	1.03	1.01	1.03	1.01	
Debt ratio	0.57	0.58	0.57	0.58	
Sales revenue per employee (million)	0.49	0.44	0.03	0.03	
Inventory turnover	2.57	2.33	2.57	2.69	
SHARE					
Average number of shares (1000 pcs)	40,729	40,729	40,729	40,729	
Equity capital per share (EEK/share)	40.72	43.73	2.60	2.79	
Share’s closing price (EEK/share)	68.85	38.02	4.40	2.43	
Earnings per share	1.9	0.3	0.1	0.0	
Average number of employees	3,225	3,752	3,225	3,752	

Return on equity (ROE)	= Net profit / Average owners’ equity * 100%
Return on assets (ROA)	= Net profit / Average total assets * 100%
Sales revenue per employee	= Sales revenue / Average number of employees
Inventory turnover (multiplier)	= Sales revenue / inventories
Net profit margin	= Net profit / Sales revenue * 100%
Gross profit margin	= (Sales revenue - Cost of goods sold) / Sales revenue
Quick ratio	= Current assets / Current liabilities
Debt ratio	= Total liabilities / Balance sheet total

In the first half year of 2010, the consolidated unaudited sales revenue of Tallinna Kaubamaja Group amounted to 3.0 billion kroons (192.4 million euros). The sales revenue of the group in the same period of 2009 was 3.2 billion kroons (203.6 million euros), which amounts to a decrease of 6% compared to the previous year. The sales revenue of the second quarter was 1.6 million kroons (100.8 million euros), which amounts to a decrease of 5% compared to the previous year. The group managed to achieve a profit of 71.5 million kroons (4.6 million euros) in the first six months. The profit was earned mostly in the second quarter when it amounted to 77.4 million kroons (4.9 million euros). The loss of the first half year of 2009 was 38.4 million kroons (2.5 million euros), the profit of the second quarter a year ago was 13.9 million kroons (0.9 million euros).

Despite the pressure caused by the continuous decrease in turnover, the group was able to raise the cost-effectiveness of stores. The drastic cut-backs of 2009 have justified themselves and today have created a confident and sustainable base for the company. In the first half-year, the group was able to improve profit by 109.9 million kroons (7.0 million euros) primarily by cutbacks in wages and operational costs. Unprofitable stores have been closed to reduce operational costs; this has, however, contributed to the decrease of turnover. The problem of excess inventory during the previous years has been solved; the level of inventory in the group is optimal and meets today’s demand. Although the start margins have not grown, discounts have been smaller and have enabled to sell the goods with a higher margin. The depreciable costs have decreased due to the deduction of capital stock performed in 2009. Due to the lower level of EURIBOR, the volume of financial costs has decreased in comparison with the same period of the previous year.

During the reporting period, the group has concentrated on internal efficiency, but the development of the company has not halted. The parent company has started updating the ERP software. In this March, a Selver store with a selling space of 1.5 thousand square metres was opened in Haapsalu Rannarootsi centre. Several new SHU footwear stores were opened in the first half year instead of the previous footwear stores Suurtüki. In the department stores, the Men’s Fashion and Technology department in Tartu Kaubamaja were renovated and a new music store was opened on an additional space. The fourth store of the I.L.U. chain is planned to be opened in autumn 2010.

The volume of assets of Tallinna Kaubamaja group on June 30, 2010 was 3.8 billion kroons (244.9 million euros), yielding a decrease of 148.5 million kroons (9.5 million euros) or 4% in comparison with the end of the year 2009.

By the end of the reporting period, there were more than 417 thousand loyal customers, showing an increase of 10%. The share of loyal customers in the business segment of department stores in annual turnover is continuously high – 77%. More than 10,000 Partner Credit Cards had been issued by the end of the half year.

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 share with a price of 56.48 kroons (3.61 euros) at the end of 2009 was closed in late June at 68.85 kroons (4.4 euros), increased by 22% within the half year.

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.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2009 to 30.06.2010.

in Estonian kroons

In euros

Department stores

In the first half year of 2010, the sales revenue of the business segment of department stores was 538.0 million kroons (34.4 million euros), decreasing 8% compared to the same period of the previous year. The sales revenue of the second quarter amounted to 283.6 million kroons (18.1 million euros), which is 8% less in comparison with the second quarter of 2009. In the first half year of 2010, the loss of the department stores was 5.1 million kroons (0.3 million euros), a result that is 5.4 million kroons (0.3 million euros) less than the result of previous year. The results of Kaubamaja department stores was affected by renovation works in the Men's Fashion and Technology departments in Tartu Kaubamaja where a new music store was opened in a completely new space. The comparison basis of the second quarter of the previous year was affected by the discount campaigns that had started already in June in the previous year, but which in this year began in July. The operating expenses of Kaubamaja department stores were 7.2 million kroons (0.5 million kroons) lower in the first half year, which is 4% less when compared to the previous year. At the same time, the marketing expenses were higher this year due to the 50th jubilee celebrations in Tallinna Kaubamaja. The labour costs were 9% lower than the costs of the respective period of the previous year.

The sales revenue of OÜ TKM Beauty Eesti, the operator of three cosmetics stores I.L.U. was 7.4 million kroons (0.5 million euros) in the second quarter of 2010 and the total of the first half year was 14.0 million kroons (0.9 million euros). In the respective periods of 2009, there were sales activities only in Pärnu I.L.U store with the sales revenue of 0.5 and 2.0 million kroons (0.03 and 0.01 million euros), respectively. The net loss of the first half year of 2010 was 3.4 million kroons (0.2 million euros) due to the commissioning period of two stores opened at the end of last year, the net loss of second quarter was 1.9 million kroons (0.12 million euros). The net loss of the first half year of 2009 was 2.7 million kroons (0.2 million euros). The aim of the I.L.U. chain in this year is to increase the market share of the existing stores, to make the business processes of the chain more effective and to optimise costs. The fourth I.L.U. store is planned to be opened in Kristiine Centre in Tallinn in autumn 2010.

Selver supermarkets

In the first half year of 2010, the consolidated sales revenue of the business segment of supermarkets amounted to 2.3 billion kroons (144.7 million euros), the sales revenue of the second quarter amounted to 1.2 billion kroons (75.4 million euros). The sales revenue of both periods decreased by 3% in comparison with the respective periods of the previous year. In the first half year of 2010 the average monthly consolidated sales revenue per square metre of selling space was 5.5 thousand kroons per month, showing an increase of 1% in comparison with the respective period of the previous year. In the second quarter, the sales revenue per square meter of selling space was 5.7 thousand kroons a month, yielding an increase of 6% in comparison with the respective period of the previous year. The pre-tax profit and net profit of the segment of supermarkets in the first half year of 2010 was 33.7 million kroons (2.1 million euros), growing by 60.2 million kroons (3.8 million euros) compared to the same period of the year 2009. The consolidated pre-tax profit and net profit of the second quarter was 43.5 million kroons (2.8 million euros), growing by 40.7 million kroons (2.6 million euros) compared to same period of the year 2009.

In the first half year, the sales revenue of segment of supermarkets in Estonia was 2.3 billion kroons (144.7 million euros) reaching the level of the respective period of 2009. The sales revenue of the second quarter was 1.2 billion kroons (75.4 million euros), surpassing the sales revenue of the respective period of the previous year by 2%. The average monthly sales revenue per square metre was 5.5 thousand kroons in the first half year and 5.7 thousand kroons in the second quarter, showing a decrease of 3% and 1%, respectively, in comparison with the respective periods of the previous year. In comparable stores, the sales revenue per square metre of selling space was 5.6 million kroons in the first half year, showing a decrease of 3% in contrast with the comparison basis. In the first half year of 2010 a total of 16.3 million purchases were made in the Selvers located in Estonia, surpassing the number of purchases made in the previous period of the year by 1%. Selver's share in state's non-specialised stores selling predominantly food products, beverages and tobacco products was 18.5% in the first half year of 2010. The market share of Selver increased by 0.7% during the first six months of the year. The pre-tax profit and net profit earned in Estonia was 54.5 million kroons (3.5 million euros) in first half year of 2010, 44.6 million kroons (2.8 million euros) of it were earned in the second quarter. The increases of profits were 34.3 million kroons (2.2 million euros) and 16 million kroons (1.0 million euros), respectively, in comparison with the previous periods of the year.

The economic results of the first half year were positively affected by marketing activities and sales campaigns which have increased the number of clients despite the increasing competition in some regions. At the same time, the cost-effectiveness is being improved. Additional agreements have been concluded to reduce fixed costs and possibilities of economising have been reviewed in factor costs. The largest saving has been achieved in labour efficiency. In the first half year of 2010, the labour expenses were 11% lower than in the previous period of the year. The profit was affected by the opening costs of a new store – Rannarootsi Selver – and the sales tax in Tallinn which came into force in this year's June.

Due to the decision to freeze the business activity of the affiliated company SIA Selver Latvia in Latvia, all 6 Selvers in Latvia had been closed by the first quarter and monthly costs had been minimised. Therefore, the sales revenue of Selver in Latvia in the first half year of 2010 was 0.2 million kroons (10 thousand euros), contrasted with 77.9 million euros (5.0 million euros) of the respective period in the previous year. There was no sales revenue in the second quarter in Latvia. The pre-tax and net loss of SIA Selver Latvia in the first half year of 2010 was 24.8 million kroons (1.6 million euros), decreasing by 21.7 million kroons (1.4 million euros) in comparison with the respective period of the previous year. The majority of half year's loss constitutes of store's administration costs within the group. The monthly conservation cost was reduced to 3.7 million kroons (0.2 million euros) to the end of the half year, consisted 97% of the costs within the group.

After the opening of Rannarootsi Selver, the Selver chain shall include 35 stores.

Real Estate

In the first half year of 2010, the sales revenue of the business segment of real estate outside the group was 19.8 million kroons (1.3 million euros), decreasing by 9% 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 six months amounted to 51.0 million kroons (3.3 million euros). This result is 18.1 million kroons (1.2 million euros) better than the profit of the first half year 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

In the first half year of 2010, the segment's sales revenue, with the exclusion of inter-segmental transactions, was 96.8 million kroons (6.2 million euros), a result 34% lower than in the same period of the previous year. The sales revenue of the second quarter was 51.1 million kroons (3.3 million euros), which is 40% lower than in the period a year ago. The minimal cost base and low financing and warehouse costs with a better margin achieved by today helped the segment to earn a profit of 0.6 million kroons (0.04 million euros), a year ago the loss of the segment was 16.4 million kroons (1.0 million euros). A profit of1.0 million kroons (0.1 million euros) was earned in the second quarter, the loss of the same period in the previous year was 10.5 million kroons (0.7 million euros).

The decline in the car trade market was inhibited in the second quarter. In Estonia, 2,617 passenger cars were sold during this period, which is 1.2% more than a year ago. In Latvia, the sales increased by 6.7%, which presents the sale of 1,237 vehicles. In Lithuania, 1,846 vehicles were sold, the decline was 6.2%. However, the first half year was still in current loss, 8.2% in Estonia, 16.5% in Latvia and 16.4% in Lithuania respectively. A total of 274 KIA vehicles were registered in the Baltic in the first half year, which is 9.1% higher than a year ago. The market share of KIA vehicles was 2.75% as of the six months (2.17% a year ago), which shows an increase of 25%. The sales of the completely new crossover KIA Sportage with a futuristic design that arrived in July has started surprisingly well.

Footwear trade

The consolidated sales revenue of the footwear trade segment in the second quarter of 2010 was 53.0 million kroons (3.4 million euros) and 91.9 million kroons (5.9 million euros) in the first half year. The sales grew 17% in comparison with the second quarter of 2009 and 8% in comparison with the first half year. The rapid expansion of the footwear store chain SHU has played an important role in the increase of the turnover along with successful marketing and sales campaigns. New SHU footwear stores were opened instead of previous stores Suurtüki in Tallinn, Tartu, Rakvere, Kuressaare and Kärdla in the first half year. The new brands of ABC King and the new concept of the stores have also been accepted well by the consumers. A lot of attention has been paid to the improvement of customer service.

The net profit in the second quarter of 2010 was 1.0 million kroons (0.1 million euros). The net loss of the first half year of 2010 was 8.6 million kroons (0.5 million euros), decreasing by 20.1 million kroons (1.3 million euros) in comparison with the same period of the previous year. A substantial decrease of loss was achieved by closing non-profitable stores, improving the selection of goods, rearrangements within the company and the raising of efficiency. A common logistics centre has been implemented successfully.

A Suurtüki store was closed in Kuressaare Ferrum centre in April. By the end of June, Suurtüki NK OÜ owns 16 stores in Estonia, ABC King AS 11 stores in Estonia and ABC King SIA 3 stores in Latvia.

Personnel

In the first six months of 2010, the average number of employees in Tallinna Kaubamaja Group was 3,267, which decreased by 13% 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 half year of 2010 were 273.7 million kroons (17.5 million euros), decreasing by 15% compared to the same period of the previous year. The average costs of the monthly salary per employee in the first half year of 2010 decreased by 4% compared to the same period of 2009. The staff costs decreased 13% in the second quarter and amounted to 138.8 million kroons (8.9 million euros). The number of employees was 14% lower in the second quarter. The average salary has stabilised and grew very little, i.e. by 0.5%.

Approval of the chairman of the management board and signature to the report

The chairman of the management board confirms that the management report gives a true and fair overview of the most important events during the reporting period and their effects on the accounting report; it includes a description of the main risks and uncertainties during the remaining financial year and expresses the relevant contracts with partners.

____

Raul Puusepp

Chairman of the Management Board

Tallinn, 26th August 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 second quarter and six months 2010, presented on pages 11 to 37.

The Chairman of the Management Board confirms that:

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

____

Raul Puusepp
Chairman of the Management Board

Tallinn, 26th August 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of

		EEK		EUR	
	Note	30.06.2010	31.12.2009	30.06.2010	31.12.2009
ASSETS					
Current assets					
Cash and bank	2	175,866	223,691	11,239	14,296
Trade receivables	3	65,225	75,655	4,169	4,835
Other short-term receivables	4	57,717	82,032	3,689	5,242
Prepaid and refundable taxes	5	8,162	8,820	522	564
Other prepayments	5	11,736	12,404	750	793
Inventories	6	613,351	616,554	39,200	39,405
Total current assets		**932,057**	**1,019,156**	**59,569**	**65,135**
Fixed assets					
Prepaid expenses	5	25,479	25,499	1,628	1,630
Shares in affiliated companies	8	21,845	20,323	1,396	1,299
Other long-term receivables	9	3,715	3,613	238	231
Investment property	10	55,800	55,800	3,566	3,566
Tangible fixed assets	11	2,630,031	2,689,639	168,090	171,900
Intangible fixed assets	12	58,656	62,018	3,749	3,964
Goodwill	12	104,993	104,993	6,710	6,710
Total fixed assets		**2,900,519**	**2,961,885**	**185,377**	**189,300**
TOTAL ASSETS		**3,832,576**	**3,981,041**	**244,946**	**254,435**
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	128,898	254,524	8,238	16,267
Prepayments received		5,566	2,983	356	190
Trade payables		661,672	713,855	42,289	45,623
Tax liabilities	15	52,608	63,490	3,362	4,058
Other current liabilities	15	56,584	62,720	3,616	4,009
Provisions	15	603	445	39	28
Total current liabilities		**905,931**	**1,098,017**	**57,900**	**70,175**
Long-term liabilities					
Borrowings	13,14	1,266,375	1,267,096	80,936	80,982
Provisions	15	1,607	1,736	102	111
Total long-term liabilities		**1,267,982**	**1,268,832**	**81,038**	**81,093**
TOTAL LIABILITIES		**2,173,913**	**2,366,849**	**138,938**	**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		667,228	673,976	42,644	43,075
Retained earnings		552,508	500,730	35,312	32,004
Currency translation differences		-9,094	-8,535	-582	-546
TOTAL EQUITY		**1,658,663**	**1,614,192**	**106,008**	**103,167**
TOTAL LIABILITIES AND EQUITY		**3,832,576**	**3,981,041**	**244,946**	**254,435**

The notes presented on pages 16 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of

	Note	EEK 6 months 2010	EEK 6 months 2009	EUR 6 months 2010	EUR 6 months 2009
Revenue	17	3,009,777	3,185,997	192,360	203,622
Other operating income	18	94,963	89,255	6,069	5,704
Materials and consumables used	6	-2,314,482	-2,500,712	-147,922	-159,825
Other operating expenses	19	-343,384	-371,201	-21,946	-23,724
Staff costs	20	-273,661	-323,547	-17,490	-20,678
Depreciation and amortisation	11,12	-84,397	-94,956	-5,394	-6,069
Other expenses	21	-5,676	-4,822	-363	-308
Operating profit (loss)		**83,140**	**-19,986**	**5,314**	**-1,278**
Financial income	22	2,341	3,054	150	195
Financial costs	22	-15,499	-22,987	-991	-1,469
Financial income on shares of associates	8	1,522	1,517	97	97
Profit/Loss before income tax		**71,504**	**-38,402**	**4,570**	**-2,455**
Net profit (loss) for the reporting period		**71,504**	**-38,402**	**4,570**	**-2,455**
Other comprehensive income/loss					
Exchange differences		-559	320	-36	20
Other comprehensive income for the reporting period		-559	320	-36	20
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE REPORTING PERIOD		**70,945**	**-38,082**	**4,534**	**-2,435**
Basic and diluted earnings per share (EEK/EUR)	23	1.76	-0.94	0.11	-0.06

In thousands of

	Note	EEK 2nd quarter 2010	EEK 2nd quarter 2009	EUR 2nd quarter 2010	EUR 2nd quarter 2009
Revenue	17	1,577,864	1,661,394	100,844	106,182
Other operating income	18	53,079	51,301	3,392	3,279
Materials and consumables used	6	-1,198,793	-1,293,709	-76,617	-82,683
Other operating expenses	19	-165,569	-184,517	-10,582	-11,793
Staff costs	20	-138,772	-159,355	-8,869	-10,185
Depreciation and amortisation	11,12	-42,071	-48,554	-2,689	-3,103
Other expenses	21	-2,206	-2,526	-140	-161
Operating profit (loss)		**83,532**	**24,034**	**5,339**	**1,536**
Financial income	22	1,049	1,974	67	126
Financial costs	22	-8,055	-12,827	-515	-820
Financial income on shares of associates		856	692	55	44
Profit/Loss before income tax		**77,382**	**13,873**	**4,946**	**886**
Net profit (loss) for the reporting period		**77,382**	**13,873**	**4,946**	**886**
Other comprehensive income/loss					
Exchange differences		-306	-3	-20	0
Other comprehensive income for the reporting period		-306	-3	-20	0
TOTAL COMPREHENSIVE INCOME/LOSS FOR THE REPORTING PERIOD		**77,076**	**13,870**	**4,926**	**886**
Basic and diluted earnings per share (EEK/EUR)	23	1.90	0.34	0.12	0.02

The notes presented on pages 16 to 37 form an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

In thousands of

	Note	EEK 6 months 2010	EEK 6 months 2009	EUR 6 months 2010	EUR 6 months 2009
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit		71,504	-38,402	4,570	-2,455
Adjustments:					
Interest expense	22	15,499	22,987	991	1,469
Interest income	22	-2,341	-3,054	-150	-195
Depreciation and amortisation	11,12	84,397	94,956	5,394	6,069
Profit/loss on sale and write-off of non-current assets	11,18,21	6,953	156	444	10
Effect of equity method	8	-1,522	-1,517	-97	-97
Change in inventories		3,203	67,040	205	4,285
Change in receivables and prepayments related to operating activities		37,164	50,717	2,375	3,241
Change in liabilities and prepayments related to operating activities		-65,876	-164,818	-4,210	-10,533
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**148,981**	**28,065**	**9,522**	**1,794**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant and equipment (excl. finance lease)	11	-28,391	-146,511	-1,815	-9,364
Proceeds from sale of property, plant and equipment	11	645	1,295	41	83
Acquisition of intangible fixed assets	12	0	-244	0	-16
Loan to group account	24	-1,961	8,977	-125	574
Loan repayments received from associates	24	500	0	32	0
Interest received		2,630	3,116	168	199
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**-26,577**	**-133,367**	**-1,699**	**-8,524**
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received	13	43,655	322,124	2,790	20,587
Repayments of loans received	13	-166,870	-231,250	-10,664	-14,780
Change in overdraft balance	13	0	3,733	0	239
Dividends paid	16	-26,474	-16,292	-1,693	-1,041
Repayment of financial lease principal	13	-3,133	-3,013	-200	-193
Interest paid		-16,214	-26,018	-1,036	-1,663
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**-169 036**	**49,284**	**-10,803**	**3,149**
TOTAL CASH FLOW		**-46,632**	**-56,018**	**-2,980**	**-3,581**
Effect of exchange rate changes		-1,193	-12	-77	0
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	175,866	45,323	11,239	2,897
Net change in cash and cash equivalents		**-47,825**	**-56,030**	**-3,057**	**-3,581**

The notes presented on pages 16 to 37 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 income or 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 income or loss for the period	0	0	0	71,504	-559	70,945
Reclassification of depreciation of revalued land and buildings	0	0	-6,748	6,748	0	0
Dividends paid	0	0	0	-26,474	0	-26,474
Balance as of 30.06.2010	**407,292**	**40,729**	**667,228**	**552,508**	**-9,094**	**1,658,663**

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 income or 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 income or loss for the period	0	0	0	4,570	-36	4,534
Reclassification of depreciation of revalued land and buildings	0	0	-431	431	0	0
Dividends paid	0	0	0	-1,693	0	-1,693
Balance as of 30.06.2010	**26,031**	**2,603**	**42,644**	**35,312**	**-582**	**106,008**

The notes presented on pages 16 to 37 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 Repor*ting 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 second quarter and the first 6 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. 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 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. 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. 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. 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. 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. 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	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Cash on hand	5,880	5,987	376	383
Bank accounts	161,562	202,396	10,326	12,935
Cash in transit	8,424	15,308	537	978
Total cash and bank	**175,866**	**223,691**	**11,239**	**14,296**

Note 3. Trade Receivables

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Trade receivables	54,914	55,895	3,510	3,572
Card payments	10,311	19,760	659	1,263
Total trade receivables	**65,225**	**75,655**	**4,169**	**4,835**

Note 4. Other Short Term Receivables

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Bonuses receivable from suppliers	19,294	41,807	1,233	2,672
Short-term receivables from associate (Note 24)	0	250	0	16
Other short-term receivables from related parties (Note 24)	36,219	38,674	2,315	2,472
Interest receivables from related parties (Note 24)	83	372	5	24
Other short-term receivables	2,121	929	136	58
Total other short-term receivables	**57,717**	**82,032**	**3,689**	**5,242**

Note 5. Prepayments

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Prepayment account of taxable entity	8,162	8,820	522	564
Total tax prepayments and claims	**8,162**	**8,820**	**522**	**564**
Prepaid rental expenses	3,548	6,372	227	407
Other prepaid expenses	8,188	6,032	523	386
Total other short-term prepayments	**11,736**	**12,404**	**750**	**793**
Prepaid rental expenses	25,479	25,499	1,628	1,630
Total long-term prepayments	**25,479**	**25,499**	**1,628**	**1,630**

Note 6. Inventories

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Goods purchased for resale	588,124	569,906	37,588	36,424
Passenger cars purchased for resale	11,956	34,313	764	2,193
Raw materials and materials	11,576	9,599	740	613
Prepayment for goods	1,695	2,736	108	175
Total inventories	**613,351**	**616,554**	**39,200**	**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	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Write-down and write-off of inventories	24,422	24,672	1,560	1,578
Shortages of inventory stocktaking	10,209	10,223	652	653
Total materials and consumables used	**34,631**	**34,895**	**2,212**	**2,231**

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**	**Ownership 30 June 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	*Retail trade*	100%	*2006*
AS Tartu Kaubamaja	Tartu, Riga 2	*Retail trade*	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 Suurtuki	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, Perkunkiemio 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 in Affiliates

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

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**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	1,522	2,818	97	180
Investment in the associate at end of the year	**21,845**	**20,323**	**1,396**	**1,299**

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

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Assets	59,879	59,174	3,827	3,782
Liabilities	16,221	18,554	1,037	1,186
Revenue	3,831	7,900	245	505
Profit	3,045	5,635	195	360

Note 9. Other Long-term Receivables

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Receivables from associate (Note 24)	1,578	1,828	101	117
Other long term receivables	2,137	1,785	137	114
Total other long term receivables	**3,715**	**3,613**	**238**	**231**

Note 10. Investment property

In thousands of

Changes occurred in 2009	EEK	EUR
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 30.06.2010	**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 downs	-290	-445	-988	0	0	-1,723
Depreciation	-50,922	-42,893	-44,108	0	0	-137,923
31.12.2008						
Acquisition or revaluated cost	1,969,527	355,830	362,439	34,534	912,686	3,635,016
Accumulated depreciation	-154,399	-190,179	-217,365	0	-75,000	-636,943
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 downs	-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	702	1,700	6,597	16,564	2,828	28,391
Reclassification	86	5,238	4,099	-9,423	0	0
Sales and write downs	0	-473	-7,125	0	0	-7,598
Depreciation	-29,115	-25,266	-26,654	0	0	-81,035
Currency difference	276	23	-17	0	352	634
30.06.2010						
Cost or revalued amount	2,158,840	356,629	390,812	44,101	745,231	3,695,613
Accumulated depreciation and impairment losses	-319,619	-243,381	-283,279	0	-219,303	-1,065,582
Carrying amount	**1,839,221**	**113,248**	**107,533**	**44,101**	**525,928**	**2,630,031**

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 progres s	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 downs	-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	-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 downs	-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	45	109	421	1,059	181	1,815
Reclassification	6	335	261	-602	0	0
Sales and write downs	0	-30	-455	0	0	-485
Depreciation	-1,861	-1,615	-1,703	0	0	-5,179
Currency difference	18	1	-1	0	22	40
30.06.2010						
Cost or revalued amount	137,975	22,794	24,978	2,819	47,629	236,195
Accumulated depreciation and impairment losses	-20,428	-15,555	-18,106	0	-14,016	-68,105
Carrying amount	**117,547**	**7,239**	**6,872**	**2,819**	**33,613**	**168,090**

The cost of the investments registered in the reporting period amounted to 28,391 thousand kroons (1,815 thousand euros).

During the reporting period, the new Rannarootsi Selver was opened. In Tartu Kaubamaja the new music store was opened, new equipment for Food and Men Departments was purchased and implementation of new software started. In footwear trade, the new concept footwear 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), 3,105 thousand kroons (198 thousand euros) of it was invested during the reporting period. With regard to Selver store closures in Latvia, a parent company A-Selver AS purchased the closed stores assets amounting to 6 485 thousand (415 thousand euros), of which 5,616 thousand (EUR 359 thousand) was accounted as a low value assets in period costs. In the reporting period, the cost of investments in the business segment of department stores was 13,365 thousand kroons (855 thousand euros). The investments into the department store music store amounted to 1,749 thousand kroons (112 thousand euros), equipment have been purchased in amount of 553 thousand of kroons (35 thousand euros), and the pre-payment for the software development was 10,672 thousand kroons (682 thousand euros. The fourth store of I.L.U. is planned to be opened in Kristiine Centre in Tallinn in autumn 2010 and the reporting period cost of investments of cosmetics store amounted to 391 thousand kroons (25 thousand euros). Investments in footwear trade furniture was 2,502 thousand kroons (160 thousand euros). The investment cost of the real estate segment was 2,854 thousand kroons (182 thousand euros), including the cost of unfinished capital works in Latvia which of 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 6 months of 2010					
Depreciation	0	-1,826	-1,536	0	-3,362
30.06.2010					
Cost or revalued amount	114,187	54,887	16,900	300	186,274
Accumulated depreciation and impairment losses	-9,194	-7,286	-6,145	0	-22,625
Carrying amount	**104,993**	**47,601**	**10,755**	**300**	**163,649**

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 6 months of 2010					
Depreciation	0	-117	-98	0	-215
30.06.2010					
Cost or revalued amount	7,298	3,508	1,080	19	11,905
Accumulated depreciation and impairment losses	-588	-466	-392	0	-1,446
Carrying amount	**6,710**	**3,042**	**688**	**19**	**10,459**

Under intangible assets is stated the goodwill related to acquisition of OptiGroup Invest OÜ, OÜ Suurtüki NK, SIA Suurtuki, AS ABC King and ABC King SIA as on 30.06.2010 in the amount of 104,993 thousand kroons (6,7 million euros) (2009: 104,993 thousand kroons, 6.7 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	
	30.06.2010	**31.12.2009**	**30.06.2010**	**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 30.06.2010 is 12.9 years.

Note 13. Interest bearing borrowings

In thousands of

	EEK		EUR	
Group	**30.06.2010**	**31.12.2009**	**30.06.2010**	**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	2,472	3,104	159	199
	1,266,375	**1,267,096**	**80,936**	**80,982**
Short-term loans				
Overdraft	0	2,266	0	145
Bank loans	122,959	242,463	7,859	15,496
Financial lease liability (Note 14)	3,071	6,114	196	391
Operational lease	2,868	3,681	183	235
	128,898	**254,524**	**8,238**	**16,267**
Total	**1,395,273**	**1,521,620**	**89,174**	**97,249**

Borrowings received

in thousands of

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Overdraft	0	3,733	0	239
Bank loans	39,231	319,962	2,507	20,449
Other borrowings	4,424	2,162	283	138
Total borrowings received	**43,655**	**325,857**	**2,790**	**20,826**

Borrowings paid

in thousands of

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Bank loans	162,919	224,132	10,412	14,325
Finance lease liability	3,133	3,013	200	193
Other borrowings	3,951	7,118	252	455
Total Borrowings paid	**170,003**	**234,263**	**10,864**	**14,973**

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

As of 30.06.2010, the repayment dates of bank loans are between 15.11.2010 and 20.06.2018 (2009: between 5.10.2010 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: 4.3%).

Note 14. Financial Lease

Group as the lessee

The Group leases buildings under finance lease terms:

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Acquisition cost	45,215	45,510	2,890	2,909
Accumulated depreciation	-35,694	-33,465	-2,281	-2,139
Carrying amount	**9,521**	**12,045**	**609**	**770**
	EEK		**EUR**	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
up to 1 year.	3,830	6,913	244	441
1-5 years	8,671	8,763	554	560
Total	**12,501**	**15,676**	**798**	**1,001**
Future interest expense	-1,158	-1,200	-74	-77
Present value of lease payments (Note 13)	**11,343**	**14,476**	**724**	**924**

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Present value of lease payments				
up to 1 year.	3,071	6,114	196	391
1-5 years	8,272	8,362	528	533
Total (Note13)	**11,343**	**14,476**	**724**	**924**

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m^2. 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	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Value added tax	16,310	28,311	1,041	1,809
Sales tax	111	0	7	0
Income tax	0	3	0	0
Personal income tax	10,683	10,201	683	652
Social security taxes	22,432	21,945	1,434	1,403
Corporate Income tax on fringe benefits	83	278	5	18
Unemployment insurance	2,543	2,543	163	163
Mandatory funded pension	446	209	29	13
Total tax liabilities	**52,608**	**63,490**	**3,362**	**4,058**
Employee-payables	47,254	53,321	3,020	3,408
Interest payable	12	727	1	46
Other accrued expenses	873	1,188	55	77
Prepayments by tenants	8,445	7,484	540	478
Total other short-term payables	**56,584**	**62,720**	**3,616**	**4,009**
Short-term provisions	603	445	39	28
Long-term provisions	1,607	1,736	102	111
Total provisions	**2,210**	**2,181**	**141**	**139**

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

Note 16. Share Capital

As of 30 June, 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 16,202 thousand kroons).

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 physical location of the assets and the liabilities are allocated based on the operations of the segment.

Business Segment Report

In thousands of kroons

6 months of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	**538,009**	**2,263,323**	**19,763**	**96,788**	**91,894**	**0**	**3,009,777**
Inter-segment revenue	756	4,217	60,278	132	545	-65,928	0
Total revenue	**538,765**	**2,267,540**	**80,041**	**96,920**	**92,439**	**-65,928**	**3,009,777**
Operating profit	**-8,651**	**32,936**	**63,533**	**1,990**	**-6,668**	0	**83,140**
Financial income (Note 22)	1,956	382	0	3	0	0	2,341
Finance income on shares of associates	1,522	0	0	0	0	0	1,522
Financial expense(Note 22)	-7,595	-409	-6,151	-556	-788	0	-15,499
Net profit	**-5,137**	**33,696**	**50,984**	**556**	**-8,595**	0	**71,504**
incl. in Estonia	-5,137	58,541	47,404	2,382	-7,833	0	95,357
incl. in Latvia	0	-24,845	3,580	-1,153	-762	0	-23,180
incl. in Lithuania	0	0	0	-673	0	0	-673
Segment assets	**420,947**	**791,120**	**2,343,771**	**132,405**	**144,333**	0	**3,832,576**
Segment liabilities	**649,054**	**638,200**	**779,858**	**22,573**	**84,228**	0	**2,173,913**
Segment investment in non-current assets	13,365	9,590	2,854	80	2,502	0	28,391
Depreciation	11,924	44,548	21,318	1,168	5,439	0	84,397

In thousands of euros

6 months of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	**34,385**	**144,653**	**1,263**	**6,186**	**5,873**	**0**	**192,360**
Inter-segment revenue	48	270	3,852	8	35	-4,213	0
Total revenue	**34,433**	**144,923**	**5,115**	**6,194**	**5,908**	**-4,213**	**192,360**
Operating profit	**-552**	**2,105**	**4,060**	**127**	**-426**	0	**5,314**
Financial income (Note 22)	126	24	0	0	0	0	150
Finance income on shares of associates	97	0	0	0	0	0	97
Financial expense(Note 22)	-486	-26	-393	-36	-50	0	-991
Net profit	**-329**	**2,154**	**3,258**	**36**	**-549**	0	**4,570**
incl. in Estonia	-329	3,742	3,031	153	-500	0	6,097
incl. in Latvia	0	-1,588	227	-74	-49	0	-1,484
incl. in Lithuania	0	0	0	-43	0	0	-43
Segment assets	**26,903**	**50,562**	**149,794**	**8,462**	**9,225**	0	**244,946**
Segment liabilities	**41,482**	**40,788**	**49,842**	**1,443**	**5,383**	0	**138,938**
Segment investment in non-current assets	855	613	182	5	160	0	1,815
Depreciation	762	2,847	1,362	75	348	0	5,394

In thousands of kroons

6 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-Retail	Transactions between segments	Total
External revenue	**586,182**	**2,345,075**	**21,811**	**147,564**	**85,365**	**0**	**3,185,997**
Inter-segment revenue	3,184	6,596	69,236	118	1,350	-80,484	0
Total revenue	**589,366**	**2,351,671**	**91,047**	**147,682**	**86,715**	**-80,484**	**3,185,997**
Operating profit	**-8,494**	**-27,159**	**53,241**	**-11,333**	**-26,241**	0	**-19,986**
Financial income (Note 22)	2,078	0	965	1	10	0	3,054
Finance income on shares of associates	1,517	0	0	0	0	0	1,517
Financial expense(Note 22)	-14,019	-587	-4,024	-2,242	-2,115	0	-22,987
Net profit	**286**	**-26,462**	**32,903**	**-16,396**	**-28,733**	0	**-38,402**
incl. in Estonia	286	20,127	32,214	-13,372	-22,109	0	17,146
incl. in Latvia	0	-46,589	689	-1,953	-6,624	0	-54,477
incl. in Lithuania	0	0	0	-1,071	0	0	-1,071
Segment assets	**353,463**	**922,171**	**2,576,341**	**149,975**	**202,731**	0	**4,204,681**
Segment liabilities	**787,569**	**634,669**	**848,159**	**39,112**	**114,193**	0	**2,423,702**
Segment investment in non-current assets	18,591	72,632	53,091	277	1,920	0	146,511
Depreciation	12,976	49,239	26,182	1,274	5,285	0	94,956

In thousands of euros

6 months of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-Retail	Transactions between segments	Total
External revenue	**37,463**	**149,878**	**1,394**	**9,431**	**5,456**	**0**	**203,622**
Inter-segment revenue	203	422	4,425	8	86	-5,144	0
Total revenue	**37,666**	**150,300**	**5,819**	**9,439**	**5,542**	**-5,144**	**203,622**
Operating profit	**-544**	**-1,736**	**3,403**	**-724**	**-1,677**	0	**-1,278**
Financial income (Note 22)	132	0	62	0	1	0	195
Finance income on shares of associates	97	0	0	0	0	0	97
Financial expense(Note 22)	-897	-38	-257	-142	-135	0	-1,469
Net profit	**18**	**-1,692**	**2,103**	**-1,048**	**-1,836**	0	**-2,455**
incl. in Estonia	18	1,286	2,059	-855	-1,413	0	1,095
incl. in Latvia	0	-2,978	44	-125	-423	0	-3,482
incl. in Lithuania	0	0	0	-68	0	0	-68
Segment assets	**22,590**	**58,937**	**164,658**	**9,585**	**12,957**	0	**268,727**
Segment liabilities	**50,334**	**40,563**	**54,207**	**2,500**	**7,298**	0	**154,902**
Segment investment in non-current assets	1,188	4,642	3,394	18	123	0	9,365
Depreciation	829	3,148	1,673	81	338	0	6,069

In thousands of kroons

2nd quarter of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-Retail	Transactions between segments	Total
External revenue	283,559	1,180,488	9,714	51,121	52,982	0	1,577,864
Inter-segment revenue	402	1,966	30,193	62	278	-32,901	0
Total revenue	**283,961**	**1,182,454**	**39,907**	**51,183**	**53,260**	**-32,901**	**1,577,864**
Operating profit	**4,743**	**43,208**	**32,126**	**1,560**	**1,895**	0	**83,532**
Financial income (Note 22)	863	185	0	1	0	0	1,049
Finance income on shares of associates	856	0	0	0	0	0	856
Financial expense(Note 22)	-3,983	-193	-3,197	-284	-398	0	-8,055
Net profit	**5,979**	**43,473**	**26,036**	**919**	**975**	**0**	**77,382**
incl. in Estonia	5,979	48,658	23,554	1,918	1,098	0	81,207
incl. in Latvia	0	-5,185	2,482	-580	-123	0	-3,406
incl. in Lithuania	0	0	0	-419	0	0	-419
Segment assets	**420,947**	**791,120**	**2,343,771**	**132,405**	**144,333**	0	**3,832,576**
Segment liabilities	**649,054**	**638,200**	**779,858**	**22,573**	**84,228**	0	**2,173,913**
Segment investment in non-current assets	5,285	7,814	70	0	390	0	13,559
Depreciation	6,002	22,071	10,660	582	2,756	0	42,071

In thousands of euros

2nd quarter of 2010	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	**18,123**	**75,447**	**621**	**3,267**	**3,386**	**0**	100,844
Inter-segment revenue	25	126	1,930	4	18	-2,103	0
Total revenue	**18,148**	**75,573**	**2,551**	**3,271**	**3,404**	**-2,103**	**100,844**
Operating profit	**304**	**2,761**	**2,053**	**100**	**121**	0	**5,339**
Financial income (Note 22)	55	12	0	0	0	0	67
Finance income on shares of associates	55	0	0	0	0	0	55
Financial expense(Note 22)	-256	-12	-204	-18	-25	0	-515
Net profit	**382**	**2,779**	**1,664**	**59**	**62**	**0**	**4,946**
incl. in Estonia	382	3,109	1,505	123	70	0	5,189
incl. in Latvia	0	-330	159	-37	-8	0	-216
incl. in Lithuania	0	0	0	-27	0	0	-27
Segment assets	**26,903**	**50,562**	**149,794**	**8,462**	**9,225**	**0**	**244,946**
Segment liabilities	**41,482**	**40,788**	**49,842**	**1,443**	**5,383**	0	**138,938**
Segment investment in non-current assets	338	499	4	0	25	0	866
Depreciation	384	1,411	681	37	176	0	2,689

In thousands of kroons

2nd quarter of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-Retail	Transactions between segments	Total
External revenue	309,058	1,211,988	10,462	84,749	45,137	0	1,661,394
Inter-segment revenue	2,774	4,209	41,340	29	589	-48,941	0
Total revenue	**311,832**	**1,216,197**	**51,802**	**84,778**	**45,726**	**-48,941**	**1,661,394**
Operating profit	**8,451**	**2,710**	**27,110**	**-8,708**	**-5,529**	0	**24,034**
Financial income (Note 22)	1,000	0	964	0	10	0	**1,974**
Finance income on shares of associates	692	0	0	0	0	0	**692**
Financial expense(Note 22)	-9,507	-281	-1,185	-690	-1,164	0	**-12,827**
Net profit	**11,682**	**2,750**	**16,889**	**-10,544**	**-6,904**	**0**	**13,873**
incl. in Estonia	11,682	28,523	15,904	-8,995	-5,060	0	42,054
incl. in Latvia	0	-25,773	985	-860	-1,844	0	-27,492
incl. in Lithuania	0	0	0	-689	0	0	-689
Segment assets	**353,463**	**922,171**	**2,576,341**	**149,975**	**202,731**	**0**	**4,204,681**
Segment liabilities	**787,569**	**634,669**	**848,159**	**39,112**	**114,193**	0	**2,423,702**
Segment investment in non-current assets	7,310	37,198	-16,185	277	1,299	0	29,899
Depreciation	6,006	25,181	14,109	634	2,624	0	48,554

In thousands of euros

2nd quarter of 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
External revenue	**19,752**	**77,460**	**669**	**5,416**	**2,885**	**0**	106,182
Inter-segment revenue	177	269	2,642	2	38	-3,128	0
Total revenue	**19,929**	**77,729**	**3,311**	**5,418**	**2,923**	**-3,128**	**106,182**
Operating profit	**540**	**173**	**1,733**	**-557**	**-353**	0	**1,536**
Financial income (Note 22)	63	0	62	0	1	0	**126**
Finance income on shares of associates	44	0	0	0	0	0	**44**
Financial expense(Note 22)	-607	-18	-77	-44	-74	0	**-820**
Net profit	**746**	**176**	**1,079**	**-674**	**-441**	**0**	**886**
incl. in Estonia	746	1,823	1,016	-575	-323	0	2,687
incl. in Latvia	0	-1,647	63	-55	-118	0	-1,757
incl. in Lithuania	0	0	0	-44	0	0	-44
Segment assets	**22,590**	**58,937**	**164,658**	**9,585**	**12,957**	**0**	**268,727**
Segment liabilities	**50,334**	**40,563**	**54,207**	**2,500**	**7,298**	0	**154,902**
Segment investment in non-current assets	467	2,377	-1,034	18	83	0	1,911
Depreciation	383	1,609	902	41	168	0	3,103

External revenue according to types of goods and services sold

in thousands of

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Retail revenue	2,960,870	3,139,025	189,234	200,620
Wholesale revenue	24,484	20,610	1,565	1,317
Rental income	19,763	21,811	1,263	1,394
Services and catering revenue	4,660	4,551	298	291
Total revenue	**3,009,777**	**3,185,997**	**192,360**	**203,622**

In thousands of

	EEK		EUR	
	2nd quarter 2010	**2nd quarter 2009**	**2nd quarter 2010**	**2nd quarter 2009**
Retail revenue	1,551,623	1,640,217	99,167	104,828
Wholesale revenue	13,989	8,445	894	540
Rental income	9,714	10,462	621	669
Services and catering revenue	2,538	2,270	162	145
Total revenue	**1,577,864**	**1,661,394**	**100,844**	**106,182**

External revenue by client location

in thousands of

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Estonia	2,953,798	3,004,792	188,782	192,041
Latvia	23,423	163,235	1,497	10,433
Lithuania	32,556	17,970	2,081	1,148
Total	**3,009,777**	**3,185,997**	**192,360**	**203,622**

in thousands of

	EEK		EUR	
	2nd quarter 2010	**2nd quarter 2009**	**2nd quarter 2010**	**2nd quarter 2009**
Estonia	1,554,417	1,608,030	99,345	102,772
Latvia	15,081	43,285	964	2,766
Lithuania	8,366	10,079	535	644
Total	**1,577,864**	**1,661,394**	**100,844**	**106,182**

Distribution of non-current assets* by location of assets

in thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Estonia	2,363,666	2,425,948	151,066	155,046
Latvia	510,798	511,332	32,646	32,680
Lithuania	3,670	3,744	235	239
Total	**2,878,134**	**2,941,024**	**183,947**	**187,965**

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

Note 18. Other operating income

In thousands of

	EEK		EUR	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Rental income	24,179	29,918	1,545	1,912
Advertising revenue	47,159	32,769	3,014	2,094
Income from foreign currency translation	111	296	7	19
Revenue from non-current assets	431	853	28	55
Income from parking services	409	275	26	18
Empty bottle handling income	2,203	2,278	141	146
Expedition income	6,056	10,218	387	653
Other operating income*	14,415	12,648	921	807
Total other operating income	**94,963**	**89,255**	**6,069**	**5,704**

	EEK		EUR	
	2nd quarter 2010	2nd quarter 2009	2nd quarter 2010	2nd quarter 2009
Rental income	12,419	15,403	794	984
Advertising revenue	26,108	19,954	1,669	1,275
Income from foreign currency translation	101	51	6	3
Revenue from non-current assets	254	853	16	55
Income from parking services	207	54	13	3
Empty bottle handling income	1,300	1,232	83	79
Expedition income	3,124	6,903	200	441
Other operating income*	9,566	6,851	611	439
Total other operating income	**53,079**	**51,301**	**3,392**	**3,279**

*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	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Rental expenses	107,377	107,140	6,863	6,847
Operating cost	47,437	52,266	3,032	3,340
Advertising expenses	36,285	35,378	2,319	2,261
Bank expenses	23,181	22,841	1,482	1,460
Security costs	14,737	17,847	942	1,141
Heat and electricity expenses	50,470	55,242	3,226	3,531
Costs of materials	22,660	33,245	1,448	2,125
Computer and postage costs	15,241	17,405	974	1,112
Business trip expenses	2,467	3,096	158	198
Training expenses	1,414	1,208	90	77
Insurance expenses	661	994	42	64
Logistics expenses	4,960	7,486	317	478
Miscellaneous other operating expenses	16,494	17,053	1,053	1,090
Total other operating expenses	**343,384**	**371,201**	**21,946**	**23,724**

	EEK		EUR	
	2nd quarter 2010	2nd quarter 2009	2nd quarter 2010	2nd quarter 2009
Rental expenses	50,772	52,563	3,245	3,359
Operating cost	23,759	29,841	1,518	1,907
Advertising expenses	16,603	17,344	1,061	1,108
Bank expenses	12,194	11,886	779	760
Security costs	7,541	8,722	482	557
Heat and electricity expenses	22,685	23,993	1,450	1,533
Costs of materials	12,562	15,303	803	978
Computer and postage costs	7,831	8,481	500	542
Business trip expenses	984	958	63	61
Training expenses	740	525	47	34
Insurance expenses	322	524	21	33
Logistics expenses	2,169	3,623	139	232
Miscellaneous other operating expenses	7,407	10,754	474	689
Total other operating expenses	**165,569**	**184,517**	**10,582**	**11,793**

Note 20. Staff Costs

In thousands of

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Wages and salaries	204,411	243,673	13,064	15,573
Social security tax	69 250	79 874	4 426	5 105
Total staff costs	**273 661**	**323 547**	**17 490**	**20 678**
Average wages per employee per month (kroons/euros)	10 428	10 841	666	693
Average number of employees in the reporting period	3 267	3 746	3 267	3 746

	EEK		EUR	
	2nd quarter 2010	2nd quarter 2009	2nd quarter 2010	2nd quarter 2009
Wages and salaries	103 603	119 913	6 621	7 664
Social security tax	35 169	39 442	2 248	2 521
Total staff costs	**138 772**	**159 355**	**8 869**	**10 185**
Average wages per employee per month (kroons/euros)	10 708	10 653	684	681
Average number of employees in the reporting period	3 225	3 752	3 225	3 752

Note 21. Other expenses

In thousands of

	EEK		EUR	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Loss from sale and liquidation of property plant and equipment	1,674	1,089	107	70
Foreign exchange losses	129	687	8	44
State fees fines penalties*	347	107	22	7
Costs of entertaining guests	255	152	16	10
Other expenses	3,271	2,787	210	177
Total other expenses	**5,676**	**4,822**	**363**	**308**

	EEK		EUR	
	2nd quarter 2010	2nd quarter 2009	2nd quarter 2010	2nd quarter 2009
Loss from sale and liquidation of property plant and equipment	1,197	962	77	61
Foreign exchange losses	50	123	3	8
State fees fines penalties*	0	53	0	3
Costs of entertaining guests	88	64	6	4
Other expenses	871	1,324	54	85
Total other expenses	**2,206**	**2,526**	**140**	**161**

Note 22. Finance income and costs

In thousands of

Finance income

	EEK		EUR	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Interest income on cash and cash equivalents	515	1,250	33	79
Interest income on Partner Card	726	969	46	62
Interest income on NGI Group's account (Note 24)	1,025	643	66	41
Interest income on owner's loan	75	182	5	12
Other finance income	0	10	0	1
Total finance income	**2,341**	**3,054**	**150**	**195**

	EEK		EUR	
	2nd quarter 2010	2nd quarter 2009	2nd quarter 2010	2nd quarter 2009
Interest income on cash and cash equivalents	236	1,059	15	67
Interest income on Partner Card	485	603	31	39
Interest income on NGI Group's account	294	188	19	12
Interest income on owner's loan	34	114	2	7
Other finance income	0	10	0	1
Total finance income	**1,049**	**1,974**	**67**	**126**

Finance costs

	EEK		EUR	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Interest expense of bank loans	-14,705	-21,999	-940	-1,406
Interest expense of finance lease	-454	-645	-29	-41
Interest expense NGI Group's group accounts (Note 24)	0	-189	0	-12
Other finance costs*	-340	-154	-22	-10
Total finance costs	**-15,499**	**-22,987**	**-991**	**-1,469**

	EEK		EUR	
	2nd quarter 2010	**2nd quarter 2009**	**2nd quarter 2010**	**2nd quarter 2009**
Interest expense of bank loans	-7,617	-12,340	-487	-789
Interest expense of finance lease	-212	-310	-14	-20
Interest expense NGI Group's group accounts	0	-15	0	-1
Other finance costs*	-226	-162	-14	-10
Total finance costs	**-8,055**	**-12,827**	**-515**	**-820**

* 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 6 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	
	6 months 2010	**6 months 2009**	**6 months 2010**	**6 months 2009**
Net loss	71,504	-38,402	4,570	-2,455
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net loss per share	1.76	-0.94	0.11	-0.06

	EEK		EUR	
	2nd quarter 2010	**2nd quarter 2009**	**2nd quarter 2010**	**2nd quarter 2009**
Net loss	77,382	13,873	4,946	886
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net loss per share	1.90	0.34	0.12	0.02

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 first 6 months of 2010 the Group has purchased and sold goods and rendered services as follows:

In thousands of

	EEK		EUR	
	Purchases 6 months of 2010	**Sales 6 months of 2010**	**Purchases 6 months of 2010**	**Sales 6 months of 2010**
Parent	1,843	1,034	118	66
Entities in the Parent's consolidation group	96,034	4,161	6,138	266
Associate	0	75	0	5
Total	**97,877**	**5,270**	**6,256**	**337**

Within 6 months of 2009 the Group has purchased and sold goods and rendered services as follows:

In thousands of

	EEK		EUR	
	Purchases 6 months of 2009	**Sales 6 months of 2009**	**Purchases 6 months of 2009**	**Sales 6 months of 2009**
Parent	204	652	13	42
Entities in the Parent's consolidation group	119,898	3,318	7,663	212
Associate	0	229	0	15
Total	**120,102**	**4,199**	**7,676**	**269**

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	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Balance at the beginning of the period	**2,078**	**4,578**	**133**	**293**
Repayments of loans received	-500	-2,500	-32	-160
Balance at the end of the period	**1,578**	**2,078**	**101**	**133**

Balances with related parties:

In thousands of

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Parent's interest payable (Note 4)	83	372	5	24
Parent's group account payable (Note 4)	18,168	16,207	1,161	1,036
Parent's other payable (Note 4)	13	0	1	0
Payables of entities in the in the Parent's consolidation group (Note 4)	17,504	20,941	1,119	1,338
Sales bonuses payable of entities in the in the Parent's consolidation group (Note 4)	534	1,526	34	98
Short-term loans to associate (Note 4)	0	250	0	16
Total short-term receivables	**36,302**	**39,296**	**2,320**	**2,512**
Long-term				
Long-term loans to associate (Note 9)	1,578	1,828	101	117
Total receivables from related parties	**37,880**	**41,124**	**2,421**	**2,629**

	EEK		EUR	
	30.06.2010	**31.12.2009**	**30.06.2010**	**31.12.2009**
Parent	640	164	41	10
Entities in the Parent's consolidation group	43,911	45,571	2,806	2,913
Total liabilities to related parties	**44,551**	**45,735**	**2,847**	**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 6 months of 2010 the Tallinna Kaubamaja Group was earning 1,025 thousand kroons (66 thousand euros); (2009: 643 thousand kroons 41 thousand euros) of interest revenue from keeping available funds in the group account. As of 30.06.2010 the Tallinna Kaubamaja Group has not used the main group's financial instruments nor 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 189 thousand kroons (12 thousand euros) for using them. The average 6 months of 2010 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 0.87% EEK and 0.24% EUR (2009: 4.9% EEK 0.71 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.