TALLINNA KAUBAMAJA AS

Consolidated Interim Report
for the fourth quarter and 12 months of 2010
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,180 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 December 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 and rental activities.

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 December 31, 2010:

	Location	Shareholding as of 31.12.2010	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 AS	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 economy continued to improve during the fourth quarter. According to preliminary estimates by Statistics Estonia, the gross domestic product (GDP) of Estonia was up by 6.6% year-on-year in the fourth quarter of 2010 and for the whole year by 3.1% compared to the previous year. The GDP growth in the final quarter was driven mostly by the rapid rise in the processing industry's added value. Although the labour market showed a slight improvement, with the unemployment rate decreasing down to 13.6% in the fourth quarter, the analysts say that unemployment will remain high in years ahead. For the whole year, the consumer price index grew by 3.0% in Estonia, showing a rapid growth in the fourth quarter, and reached 5.2%. Food prices peaked especially strongly, by 10.9%, in the last quarter.

According to Statistics Estonia, the total volume of retail sales in current prices increased by 0.4% in 2010 and by 9.8% in the fourth quarter in Estonia. The year-end largest growth in sales was seen in other specialised stores that predominantly sell computers and accessories, photo goods, books, sports equipment, games, toys etc. While retail sales in current prices in non-specialised stores (predominantly food products) were down by 1.2% in 2010 compared with the preceding year, the figures grew by 6.8% in the last quarter of the year. According to the Estonian Institute of Economic Research, the consumer confidence index dropped in the last months of the year and was believed to have been influenced by euro changeover fears. The confidence of consumers in themselves and in the country's better future significantly grew in January.

Economic results

FINANCIAL RATIOS 2009–2010

In thousands of	EEK		EUR		Change
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**	
Sales revenue	6,302	6,388	402.8	408.3	-1.3%
Operating profit/loss	291.0	-154.4	18.6	-9.9	
Net profit/loss	260.5	-196.7	16.6	-12.6	
Return on equity (ROE)	14.4%	-11.4%	14.4%	-11.4%	
Return on assets (ROA)	6.5%	-4.7%	6.5%	-4.7%	
Net profit margin	4.13%	-3.08%	4.13%	-3.08%	
Gross profit margin	23.79%	22.26%	23.79%	22.26%	
Quick ratio	1.01	0.93	1.01	0.93	
Debt ratio	0.50	0.59	0.50	0.59	
Sales revenue per employee (million)	1.98	1.73	0.13	0.11	
Inventory turnover	10.23	10.36	10.23	10.36	
SHARE					
Average number of shares (1000 pcs)	40,729	40,729	40,729	40,729	
Equity capital per share (EEK,EUR/share)	49.48	39.63	3.16	2.53	
Share's closing price (EEK,EUR/share)	97.165	56.48	6.21	3.61	
Earnings per share (EEK,EUR)	6.4	-4.8	0.4	-0.3	
Average number of employees	3,184	3,695	3,184	3,695	

In thousands of	EEK		EUR		Change
	IV quarter 2010	IV quarter 2009	IV quarter 2010	IV quarter 2009	
Sales revenue	1,718	1,633	109.8	104.4	5.2%
Operating profit/loss	121.7	-160.9	7.8	-10.3	
Net profit/loss	115.7	-173.7	7.4	-11.1	
Return on equity (ROE)	6.4%	-10.1%	6.4%	-10.1%	
Return on assets (ROA)	2.9%	-4.2%	2.9%	-4.2%	
Net profit margin	6.73%	-10.64%	6.73%	-10.64%	
Gross profit margin	24.52%	23.68%	24.52%	23.68%	
Quick ratio	1.01	0.93	1.01	0.93	
Debt ratio	0.50	0.59	0.50	0.59	
Sales revenue per employee (million)	0.55	0.45	0.04	0.03	
Inventory turnover	2.79	2.65	2.79	2.65	
SHARE					
Average number of shares (1000 pcs)	40,729	40,729	40,729	40,729	
Equity capital per share (EEK,EUR/share)	49.48	39.63	3.16	2.53	
Share’s closing price (EEK,EUR/share)	97.165	56.48	6.21	3.61	
Earnings per share (EEK,EUR)	2.8	-4.3	0.2	-0.3	
Average number of employees	3,107	3,652	3,107	3,652	

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)	= Cost of goods sold / 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

The consolidated non-audited sales revenue of the Tallinna Kaubamaja Group was 6.3 billion kroons (402.8 million euros) in 2010. The sales revenue of the Group was 6.4 billion kroons (408.3 million euros) in 2009, which translates into a drop of 1.3% compared to the preceding year. The sales revenue of the fourth quarter was 1.7 billion kroons (109.8 million euros), which makes it higher by 5.2% year-on-year. The profit for the financial year was 260.5 million kroons (16.6 million euros). In the fourth quarter, the profit was 115.7 million kroons (7.4 million euros). The loss of the year 2009 was 196.7 million kroons (12.6 million euros), whereas the loss of the fourth quarter of the previous year was 173.7 million kroons (11.1 million euros).

Although the Group’s sales revenue was down by 1.3%, the continued growth of the market share in Estonia is good news. The Group’s sales revenue in Estonia was up by 1.0% and the retail trade market by 0.4%. The Group sales revenue decreased by 18.4 million kroons (1.2 million euros) due to the sales tax levied in Tallinn since June. In the second half of the year, the purchase prices of goods were under pressure because of the increasing prices of raw materials and labour on the global market that had a negative impact on the Group’s gross margin in the fourth quarter. In the annual outcome, improved inventory management has ensured a higher gross margin compared to 2009. In 2010, the Group’s internal efficiency continued to grow. Rearranging our processes led to saving on labour and operating costs. The depreciation costs have decreased due to the write-down of fixed assets in 2009. The amount of financial expenses has reduced due to lower interest rates. The impairment tests conducted on the Group’s assets at the end of the financial year increased the value of fixed assets in the total amount of 0.8 million kroons (0.1 million euros) as reported in the profit and loss statement.

Preparations for the changeover to the euro were made throughout the year and the related costs reached 2.5 million kroons (0.2 million euros). The Group was successful in starting to use the new currency on January 1st and the period of parallel use of both euros and kroons has also passed by today. From January 1st, the Group introduced a new management accounting system that will cover the accounting of the Group’s 8 companies in Estonia and the main processes of the department stores business segment. In 2010, the work of the chilled goods distribution centre was launched. Rearrangement of logistics will continue in 2011. In March 2010, a Selver store with a sales area of 1.5 thousand square metres was opened in the Rannarootsi Centre in Haapsalu. Several new SHU footwear stores were opened instead of former Suurtüki stores. The fourth store in the chain of I.L.U. stores as well as SHU and ABC King stores opened their doors in the Kristiine Centre extension on September 30th.

As of 31 December 2010, the assets of the Tallinna Kaubamaja Group amounted to 4.1 billion kroons (260.2 million euros), meaning a growth of 90.4 million kroons (5.8 million euros), or 2.4%, compared to the end of 2009. The value of the Group's assets grew due to the partial revaluation of written-down assets in the amount of 169.3 million kroons (10.8 million euros) in 2009, of which, 168.5 million kroons (10.8 million euros) was recovered through the revaluation reserve.

At the end of the financial year, the number of regular customers exceeded 439,400, meaning an annual growth of 11.3%. The percentage of regular customers in the annual sales of the department stores segment was as high as usual – 76%. More than 9.7 thousand Partner credit cards had been issued by the end of the 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 December at 97.165 kroons (6.21 euros), increased by 72% within the 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 01.01.2010 to 31.12.2010.

in Estonian kroons

In euros

Department stores

The sales revenue of the department stores business segment was 1,153.2 million kroons (73.7 million euros) in 2010, down by 3.6% year-on-year. The sales revenue for the fourth quarter was 350.6 million kroons (22.4 million euros), an increase of 2.0% compared to the previous year. The net profit of department stores was 21.2 million kroons (1.4 million euros) in 2010, which is lower by 6.8 million kroons (0.4 million euros) compared to 2009 due to smaller financial income inside the Group. The operating profit of the department stores segment grew from 5.7 million kroons (0.4 million euros) in 2009 to 15.3 million kroons (1.0 million euros) in 2010. Much smaller discounts given compared to 2009 had a positive impact on operating profit, making it possible to earn a much higher gross profit from lower turnover. Improved management of inventory and margins also contributed to the growth of operating profit. Men’s, sports and digital products departments of Tartu Kaubamaja were renovated in the first quarter of 2010, having a negative effect on sales. 2010 was an anniversary year for Kaubamaja with 50 years from the opening of Tallinna Kaubamaja. The marketing campaigns of the anniversary increased marketing costs by 5.7% year-on-year. The year 2010 in Kaubamaja was the year of introducing a new management accounting system, which was taken into use from 1 January 2011. All in all, the total operating expenses of 2010 remained on the level of 2009.

The sales revenue of OÜ TKM Beauty Eesti, which had so far been operating three I.L.U. cosmetics stores, was 34.6 million kroons (2.2 million euros) in 2010 and 12.7 million kroons (0.8 million euros) in the fourth quarter. The respective year-on-year sales revenues were 12.2 and 7.6 million kroons (0.8 and 0.5 million euros) in 2009. The net loss of the fourth quarter of 2010 was 1.2 million kroons (0.1 million euros), which was partly due to the one-time opening costs of the fourth store of the I.L.U. chain. The net loss of the financial year of the I.L.U. chain was 6.9 million kroons (0.4 million euros). In 2011, the focus will be on activities that help to grow the chain’s market share and increase the profitability of the stores.

Selver supermarkets

The consolidated sales revenue of the business segment of supermarkets was 4.7 billion kroons (300.2 million euros) in 2010, a year-on-year fall of 1.4%. The sales revenue for the fourth quarter was 1.2 billion kroons (79.2 million euros), a growth of 2.7% compared to the previous year. The average monthly consolidated sales revenue per a square metre of sales area was 5.7 thousand kroons (361 euros) in 2010, growing by 6.4% compared to 2009. The monthly sales revenue per a square metre of sales area was 6.0 thousand kroons (381 euros) in the fourth quarter, a year-on-year growth of 13.7%.

The consolidated profit before taxes of the supermarket segment was 146.1 million kroons (9.3 million euros) in 2010, showing a growth of 176.7 million kroons (11.3 million euros) compared to 2009. The consolidated pre tax profit of the fourth quarter was 53.0 million kroons (3.4 million euros), a year-on-year growth of 74.9 million kroons (4.8 million euros). The consolidated net profit was 139.0 million kroons (8.9 million euros) in 2010, growing by 174.0 million kroons (11.1 million euros) compared to the previous year.

The sales revenue of the supermarket segment in Estonia was 4.7 billion kroons (300.2 million euros) in 2010, exceeding the sales revenue earned in 2009 by 1.7%. The sales revenue of the fourth quarter was 1.2 billion kroons (79.2 million euros), exceeding the year-on-year sales revenue by 4.6%. The average monthly sales revenue per square metre of sales area was 5.7 thousand kroons (363 euros) in 2010 and 6.0 thousand kroons (387 euros) in the fourth quarter, showing a year-on-year fall of 0.8% and a growth of 2.5%, respectively. In comparable stores, the sales revenue per square metre of sales area was 5.7 thousand kroons (367 euros) in 2010, a decrease of 0.6% compared to the reference basis. In 2010, 33.3 million purchases were made in Selver stores in Estonia, exceeding the number of purchases by 0.8% year-on-year.

The proportion of Selver in the retail sales of the country's non-specialised stores that carry predominantly food products, drinks and tobacco products was 18.3% in 2010, growing by 0.5 percent points compared to the market share in 2009.

The pre tax profit earned in Estonia was 193.1 million kroons (12.3 million euros) in 2010, of which 64.2 million kroons (4.1 million euros) were earned in the fourth quarter. Compared to the previous year, the profits grew by 77.4 million kroons (4.9 million euros) and 12.0 million kroons (0.8 million euros), respectively. The net profit earned in supermarkets in Estonia was 186.0 million kroons (11.9 million euros) in 2010, which gives an annual growth of 67.1%, or 74.7 million kroons (4.8 million euros).

Successful marketing activities that helped to grow the number of customers and the average size of a shopping basket had a positive effect on the annual sales figures. The overall growth in consumer confidence as well as the rise in food prices in Estonia also had their effect. The tightening of competition in some regions, different value added tax rates of the financial and reference years and the sales tax in Tallinn effective from June also had a negative impact on the sales revenue. In 2010, the main focus was on increasing profitability in Selver. While the net profit margin of Selver was 2.4% in 2009, the respective indicator was already 4.0% in 2010, growing by 1.5% points in a year. A remarkable efficiency was achieved in labour costs that have fallen by 7.8% regardless of the higher turnover and larger number of purchases. As for operating expenses, additional agreements were made to reduce fixed costs and the opportunities to save on variable costs were reviewed. The amount of stock carried at stores was optimised and the synergy created by the companies belonging to the Group has been taken advantage of.

In 2010, one new Selver store was opened in Estonia. As of the end of the year, the chain of Selver stores comprised 35 stores and a central kitchen.

Selver did not earn any sales revenue in the fourth quarter in Latvia due to the closing of Latvian stores. The sales revenue in Latvia was 0.2 million kroons (10.0 thousand euros) in 2010 compared to 150.8 million kroons (9.6 million euros) earned on the same period of the previous year. The loss before taxes and net loss of SIA Selver Latvia was 47.0 million kroons (3.0 million euros) in 2010, decreasing by 99.3 million kroons (6.3 million euros) year-on-year. The net loss earned in the fourth quarter was 11.2 million kroons (0.7 million euros), decreasing by 62.9 million kroons (4.0 million euros) year-on-year. All economic activities have been frozen and monthly costs have been reduced to minimum in Latvia.

On December 23rd, A-Selver AS, the parent company, increased the share capital of SIA Selver Latvia with non-cash contributions in the amount of 220.5 million kroons (14.1 million euros), necessary to ensure the continued operations of the company.

Real estate

The non-Group sales revenue of the real estate segment was 38.8 million kroons (2.5 million euros) in 2010, a year-on-year reduction of 9.0% due to the decline in rental activities in Latvia. The non-Group sales revenue of the segment was 9.5 million kroons (0.6 million euros) in the fourth quarter, which is a drop by 7.5% year-on-year. The segment's profit was 104.6 million kroons (6.7 million euros), of which, 27.4 million kroons (1.8 million euros) was earned in the fourth quarter. In 2009, the segment suffered a loss in the amount of 115.6 million kroons (7.4 million euros) due to the large-scale write-down of assets.

Car trade

The sales revenue of 2010 without the intersegment transactions was 202.0 million kroons (12.9 million euros), lower by 2.8% of the year-on-year revenues; whereas the sales revenue of the fourth quarter was 54.2 million kroons (3.5 million euros), which was 86.3% higher compared to the period a year ago. The net profit of the car trade segment was 3.4 million kroons (0.2 million euros) in 2010, including 1.0 million kroons (0.1 million euros) in the fourth quarter. In 2009, the car trade segment suffered a loss of 23.0 million kroons (1.5 million euros), including 4.7 million kroons (0.3 million euros) in the fourth quarter. The market share of KIA vehicles in the Baltic countries was 2.9% in 2010, with an annual growth of 30%. The growth continued in the fourth quarter. In the fourth quarter, 2,704 passenger cars were sold in Estonia, which is 40% more than a year ago. The sales numbers were up by 177% in Latvia, which translates into the sale of 1,572 vehicles. In Lithuania, 2,494 passenger cars were sold, giving a growth of 60%. In the fourth quarter, 173 KIA vehicles were registered in the Baltic countries, which is 108% more than a year ago. The improved market situation, low cost base and better margins explain the better economic results of 2010.

Footwear trade

The consolidated sales revenue of the footwear business segment was 211.0 million kroons (13.5 million euros) in 2010, growing by 17.4% compared to 2009. The sales revenue was 64.0 million kroons (4.1 million euros) in the fourth quarter, growing by 46.9% compared to 2009. The profit of the fourth quarter was 3.8 million kroons (0.2 million euro). The total loss in footwear trade in the fourth quarter of 2009 was 11.5 million kroons (0.7 million euros). The total loss suffered in 2010 was 7.8 million kroons (0.5 million euros), including the loss of Latvian companies in the sum of 1.2 million kroons (0.1 million euros), a drop of 84.8% compared to 2009. The decreased loss is mainly due to the higher sales revenue, better margin and significant reduction in operating costs as well as closing non-profitable stores. The successful sale of winter goods and the rapid expansion of the SHU footwear chain accounted for a significant portion of the growth in turnover.

SHU, an economy footwear chain, which opened its first stores at the end of 2009, currently operates 12 stores in Estonia. At the end of the fourth quarter, Suurtüki stores in the DeLange Centre in Pärnu and in the Jewe Centre in Jõhvi were closed down. As of the end of December, Suurtüki NK OÜ operates 14 stores in Estonia, ABC King AS 11 stores in Estonia and ABC King SIA 3 stores in Latvia.

Personnel

The average number of employees working for the Tallinna Kaubamaja Group was 3,184 in 2010, down by 13.8% compared to 2009, and the figure includes the reduction in the number of employees due to closing the Selver stores in Latvia. The total labour costs (salaries and social tax costs) in 2010 were 406.1 million kroons (26.0 million euros), decreasing by 11.9% year-on-year. The average salary costs per an employee in 2010 grew by 2.2% compared to the average salary in 2009. Labour costs fell by 2.5% in the fourth quarter and were 101.6 million kroons (6.5 million euros). The number of employees was lower by 14.9% in the fourth quarter. The year-on-year average salary in the fourth quarter was higher by 14.6% at the end of the year because of bonuses payments for the improved year-end economic results.

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, 25th February 2011

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) as at and for the period of fourth quarter and twelve months 2010, presented on pages 11 to 38.

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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 25th February 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of

		EEK		EUR	
	Note	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
ASSETS					
Current assets					
Cash and bank	2	246,176	223,691	15,734	14,296
Trade receivables	3	95,168	75,655	6,082	4,835
Other short-term receivables	4	86,825	82,032	5,549	5,242
Prepaid and refundable taxes	5	5,455	8,820	349	564
Other prepayments	5	11,711	12,404	748	793
Inventories	6	616,234	616,554	39,385	39,405
Total current assets		**1,061,569**	**1,019,156**	**67,847**	**65,135**
Fixed assets					
Prepaid expenses	5	19,904	25,499	1,272	1,630
Shares in affiliated companies	8	23,527	20,323	1,504	1,299
Other long-term receivables	9	2,207	3,613	141	231
Investment property	10	55,800	55,800	3,566	3,566
Tangible fixed assets	11	2,748,134	2,689,639	175,638	171,900
Intangible fixed assets	12	55,288	62,018	3,533	3,964
Goodwill	12	104,993	104,993	6,710	6,710
Total fixed assets		**3,009,853**	**2,961,885**	**192,364**	**189,300**
TOTAL ASSETS		**4,071,422**	**3,981,041**	**260,211**	**254,435**
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13,14	275,926	254,524	17,635	16,267
Prepayments received		8,964	2,983	573	190
Trade payables		631,765	713,855	40,377	45,623
Tax liabilities	15	73,174	63,490	4,677	4,058
Other current liabilities	15	63,828	62,720	4,079	4,009
Provisions	15	1,982	445	127	28
Total current liabilities		**1,055,639**	**1,098,017**	**67,468**	**70,175**
Long-term liabilities					
Borrowings	13,14	998,948	1,267,096	63,844	80,982
Provisions	15	1,382	1,736	88	111
Total long-term liabilities		**1,000,330**	**1,268,832**	**63,932**	**81,093**
TOTAL LIABILITIES		**2,055,969**	**2,366,849**	**131,400**	**151,268**
Equity					
Share capital	16	407,292	407,292	26,031	26,031
Statutory reserve capital		40,729	40,729	2,603	2,603
Revaluation reserve		834,085	673,976	53,308	43,075
Retained earnings		743,141	500,730	47,495	32,004
Currency translation differences		-9,794	-8,535	-626	-546
TOTAL EQUITY		**2,015,453**	**1,614,192**	**128,811**	**103,167**
TOTAL LIABILITIES AND EQUITY		**4,071,422**	**3,981,041**	**260,211**	**254,435**

The notes presented on pages 16 to 38 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of

	Note	EEK 12 months 2010	EEK 12 months 2009	EUR 12 months 2010	EUR 12 months 2009
Revenue	17	6,302,023	6,388,127	402,773	408 276
Other operating income	18	205,216	217,898	13,116	13 926
Materials and consumables used	6	-4,802,729	-4,966,417	-306,951	-317 412
Other operating expenses	19	-693,167	-727,064	-44,301	-46 468
Staff costs	20	-543,931	-614,084	-34,764	-39 247
Depreciation and amortisation	11,12	-164,013	-179,055	-10,482	-11 444
Impairment losses	11	778	-239,461	50	-15 304
Other expenses	21	-13,141	-34,339	-840	-2 195
Operating profit		**291,036**	**-154,395**	**18,601**	**-9 868**
Financial income	22	4,669	5,565	298	356
Financial costs	22	-31,417	-46,406	-2,008	-2 966
Financial income on shares of associates	8	3,204	2,818	205	180
Profit/(loss) before income tax		**267,492**	**-192,418**	**17,096**	**-12 298**
Income tax		-7,037	-4,331	-450	-277
Net profit (loss) for the reporting period		**260,455**	**-196,749**	**16,646**	**-12 575**
Other comprehensive income/(loss)					
Exchange differences		-1,259	-8,120	-80	-519
Other comprehensive income for the reporting period		-1,259	-8,120	-80	-519
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD		**259,196**	**-204,869**	**16,566**	**-13,094**
Basic and diluted earnings per share (EEK/EUR)	23	6.39	-4.83	0.41	-0.31

In thousands of

	Note	EEK 4th quarter 2010	EEK 4th quarter 2009	EUR 4th quarter 2010	EUR 4th quarter 2009
Revenue	17	1,717,725	1,633,135	109,783	104,377
Other operating income	18	62,879	77,943	4,019	4,981
Materials and consumables used	6	-1,296,492	-1,246,487	-82,861	-79,666
Other operating expenses	19	-183,488	-186,583	-11,727	-11,924
Staff costs	20	-136,113	-138,997	-8,699	-8,883
Depreciation and amortisation		-38,564	-35,851	-2,465	-2,292
Impairment losses	10,11	778	-239,461	50	-15,304
Other expenses	21	-5,031	-24,602	-322	-1,573
Operating profit		**121,694**	**-160,903**	**7,778**	**-10,284**
Financial income	22	1,227	1,427	78	92
Financial costs	22	-8,164	-14,982	-522	-958
Financial income on shares of associates	8	968	746	62	48
Profit/(loss) before income tax		**115,725**	**-173,712**	**7,396**	**-11,102**
Income tax		0	0	0	0
Net profit (loss) for the reporting period		**115,725**	**-173,712**	**7,396**	**-11,102**
Other comprehensive income/(loss)					
Exchange differences		-330	-8,447	-20	-540
Other comprehensive income for the reporting period		-330	-8,447	-20	-540
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD		**115,395**	**-182,159**	**7,376**	**-11,642**
Basic and diluted earnings per share (EEK/EUR)	23	2.84	-4.27	0.18	-0.27

The notes presented on pages 16 to 38 form an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

In thousands of

		EEK		EUR	
	Note	**12 months 2010**	**12 months 2009**	**12 months 2010**	**12 months 2009**
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit (loss)		260,455	-196,749	16,646	-12,575
Adjustments:					
Income tax on dividends	15	7,037	4,331	450	277
Interest expense	22	31,417	46,406	2,008	2,966
Interest income	22	-4,669	-5,565	-298	-356
Depreciation and amortisation	11,12	164,013	179,055	10,482	11,444
Effect of equity method		-778	244,047	-50	15,597
Change in inventories		0	-20 400	0	-1 304
Profit/loss on sale and write-off of non-current assets	11,18,21	10,882	2,344	695	150
Effect of equity method	8	-3,204	-2,818	-205	-180
Change in inventories		320	164,750	20	10,529
Change in receivables and prepayments related to operating activities		-8 294	47 228	-529	3 019
Change in liabilities and prepayments related to operating activities		-64 008	-117 391	--4 091	-7 503
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**393,171**	**345,238**	**25,128**	**22,064**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of property, plant and equipment (excl. finance lease)	11	-58,898	-188,499	-3,764	-12,049
Proceeds from sale of property, plant and equipment	11	1,411	39,987	90	2,556
Acquisition of intangible fixed assets	12	0	-300	0	-19
Loan to group account	24	-7,402	624	-473	40
Loan repayments received from associates	24	2,078	2,500	133	160
Interest received		5,041	5,388	322	344
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**-57,770**	**-140,300**	**-3,692**	**-8,968**
CASH FLOW FROM FINANCING ACTIVITIES					
Loans received	13	122,447	360,604	7,826	23,047
Repayments of loans received	13	-362,936	-324,575	-23,196	-20,744
Change in overdraft balance	13	0	-42,298	0	-2,703
Dividends paid	16	-26,474	-16,292	-1,692	-1,041
Income tax on dividends paid		-7,037	-4,331	-450	-277
Repayment of financial lease principal	13	-6,257	-5,617	-400	-359
Interest paid		-31,544	-49,161	-2,016	-3,142
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**-311,801**	**-81,670**	**-19,928**	**-5,219**
TOTAL CASH FLOW		**23,600**	**123,268**	**1,508**	**7,877**
Effect of exchange rate changes		-1,115	-930	-70	-59
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	246,176	223,691	15,734	14,296
Net change in cash and cash equivalents		**22,485**	**122,338**	**1,438**	**7,818**

The notes presented on pages 16 to 38 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	260,455	-1,259	259,196
Reclassification of depreciation of revalued land and buildings	0	0	160,109	8,430	0	168,539
Dividends paid	0	0	0	-26,474	0	-26,474
Balance as of 31.12.2010	**407,292**	**40,729**	**834,085**	**743,141**	**-9,794**	**2,015,453**

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	16,646	-80	16,566
Reclassification of depreciation of revalued land and buildings	0	0	10,233	538	0	10,771
Dividends paid	0	0	0	-1,693	0	-1,693
Balance as of 31.12.2010	**26,031**	**2,603**	**53,308**	**47,495**	**-626**	**128,811**

The notes presented on pages 16 to 38 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 Report*ing 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 interim report has been prepared in accordance with the principal accounting policies applied in the preparation of the Group’s consolidated financial statements 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 fourth quarter and twelve 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.

<u>Amendments to presentation and accounting policies/correction of errors</u>

In Note 22 on segment reporting of the interim report for the 4th quarter of 2009, intersegment sales had erroneously been included in the line "Intersegment sales" for the 12 months of 2009 and 4th quarter of 2009. The line "Total sales" erroneously included total segment sales together with internal sales. The line "Segment investment in non-current assets" erroneously included reclassification of unfinished buildings.

All changes are reported retrospectively in the interim report for the 4th quarter of 2010.

Note 2. Cash and Bank

In thousands of

	EEK		EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Cash on hand	3,125	5,987	200	383
Bank accounts	219,052	202,396	14,000	12,935
Cash in transit	23,999	15,308	1,534	978
Total cash and bank	**246,176**	**223,691**	**15,734**	**14,296**

Note 3. Trade Receivables

In thousands of

	EEK		EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Trade receivables	75,871	55,895	4,849	3,572
Card payments	19,297	19,760	1,233	1,263
Total trade receivables	**95,168**	**75,655**	**6,082**	**4,835**

Note 4. Other Short Term Receivables

In thousands of

	EEK		EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Bonuses receivable from suppliers	41,718	41,807	2,666	2,672
Short-term receivables from associate (Note 24)	0	250	0	16
Other short-term receivables from related parties (Note 24)	43,416	38,674	2,775	2,472
Interest receivables from related parties (Note 24)	0	372	0	24
Other short-term receivables	1,691	929	108	58
Total other short-term receivables	**86,825**	**82,032**	**5,549**	**5,242**

Note 5. Prepayments

In thousands of

	EEK		EUR	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Prepayment account of taxable entity	5,455	8,820	349	564
Total tax prepayments and claims	**5,455**	**8,820**	**349**	**564**
Prepaid rental expenses	6,246	6,372	399	407
Other prepaid expenses	5,465	6,032	349	386
Total other short-term prepayments	**11,711**	**12,404**	**748**	**793**
Prepaid rental expenses	19,904	25,499	1,272	1,630
Total long-term prepayments	**19,904**	**25,499**	**1,272**	**1,630**

Note 6. Inventories

In thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Goods purchased for resale	582,846	569,906	37,251	36,424
Passenger cars purchased for resale	17,209	34,313	1,100	2,193
Raw materials and materials	10,395	9,599	664	613
Prepayment for goods	5,784	2,736	370	175
Total inventories	**616,234**	**616,554**	**39,385**	**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	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Write-down and write-off of inventories	55,956	59,806	3,576	3,822
Shortages of inventory stocktaking	25,916	29,259	1,656	1,870
Total materials and consumables used	**81,872**	**89,065**	**5,232**	**5,692**

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 31 December 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

*See note 25.

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	
	31.12.2010	**31.12.2009**	**31.12.2010**	**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	3,204	2,818	205	180
Investment in the associate at end of the year	**23,527**	**20,323**	**1,504**	**1,299**

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

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Assets	58,671	59,174	3,750	3,782
Liabilities	11,649	18,554	745	1,186
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Revenue	7,800	7,900	499	505
Profit	6,408	5,635	410	360
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Revenue	2,228	1,952	142	125
Profit	1,935	1,491	124	95

Note 9. Other Long-term Receivables

In thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Receivables from associate (Note 24)	0	1,828	0	117
Other long term receivables	2,207	1,785	141	114
Total other long term receivables	**2,207**	**3,613**	**141**	**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 31.12.2010	**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	-58,006	-60,023	-54,313	0	0	-172,342
Currency difference	-3,023	0	0	0	-3,522	-6,545
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	2,118	3,214	24,379	25,642	3,545	58,898
Reclassification	1,720	8,344	10,214	-19,767	-511	0
Sales and write downs	-13	-967	-11,313	0	0	-12,293
Impairment profit charged against other reserves in equity	168,539	0	0	0	0	168,539
Impairment profit/loss charged to the income statement	17,300	0	0	0	-16,522	778
Depreciation	-58,150	-48,333	-50,800	0	0	-157,283
Currency difference	-61	3	3	0	-89	-144
31.12.2010						
Cost or revalued amount	2,322,924	339,811	327,907	42,835	744,996	3,778,473
Accumulated depreciation and impairment losses	-324,199	-245,524	-224,791	0	-235,825	-1,030,339
Carrying amount	**1,998,725**	**94,287**	**103,116**	**42,835**	**509,171**	**2,748,134**

In thousands of euros

	Land and buildings	Machinery and equipment	Other equipment, fixtures and fittings	Prepay-ments for prperty, 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 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	135	205	1,558	1,639	227	3,764
Reclassification	111	533	652	-1,263	-33	0
Sales and write downs	-1	-62	-723	0	0	-786
Impairment profit charged against other reserves in equity	10,772	0	0	0	0	10,772
Impairment profit/loss charged to the income statement	1,106	0	0	0	-1,056	50
Depreciation	-3,715	-3,089	-3,247	0	0	-10,051
Currency difference	-5	0	1	0	-6	-10
31.12.2010						
Cost or revalued amount	148,460	21,718	20,959	2,738	47,614	241,489
Accumulated depreciation and impairment losses	-20,719	-15,691	-14,369	0	-15,072	-65,851
Carrying amount	**127,741**	**6,027**	**6,590**	**2,738**	**32,542**	**175,638**

The cost of the investments registered in the reporting period amounted to 58,898 thousand kroons (3,764 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 cost of investments in the business segment of supermarkets was 14,313 thousand kroons (915 thousand euros) in the period of twelve months of 2010. 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. In 2010 the renovation works have been performed in the amount of 1,257 thousand kroons (80 thousand euros). An advanced payment in the amount of 9,951 thousand kroons (636 thousand euros) has been made for equipment of sales rooms. With regard to Selver store closures in Latvia, a parent company A-Selver AS purchased the closed stores assets amounting to 7,156 thousand (457 thousand euros), of which 6,335 thousand (405 thousand euros) was accounted as a low value assets in period costs. In addition, the software has been written off during the reporting period in the amount of 2,303 thousand kroons (147 thousand euros).

In the reporting period, the cost of investments in the business segment of department stores was 31,211 thousand kroons (1,994 thousand euros). The investments in amount of 1,659 thousand kroons (112 thousand euros) was made in Viru Center leased premises. The investments into the department store music store amounted to 1,749 thousand kroons (112 thousand euros), equipment have been purchased in amount of 2,206 thousand of kroons (141 thousand euros), As regards the changeover from kroons to the euro currency the upgrade of the existing software and hardware systems (Oscar, BO, WiFi) was made in the amount of 8,711 thousand kroons (557 thousand euros). The pre-payment for the software development was 10,895 thousand kroons (696 thousand euros). The fourth store of I.L.U. was opened in Kristiine Centre in Tallinn on 30th September of 2010 and the reporting period cost of investments of cosmetics store amounted to 5,991 thousand kroons (382 thousand euros).

Furniture and equipment for new SHU and ABC stores have been purchased during reporting period. The cost of investments in the business segment of footwear trade was 8,636 thousand kroons (552 thousand euros) in the 2010.

The investment cost of the real estate segment was 4,358 thousand kroons (279 thousand euros), including the cost of unfinished capital works in Latvia which of 2,508 thousand kroons (160 thousand euros).

The fair value of "Land and buildings" and the recoverable amounts of "Unfinished buildings" were evaluated as of 31.12.2010. The fair values of "Land and buildings" and the recoverable amounts of "Unfinished buildings" (according to the value in use) were determined by a decision made by the management board, using the assessments of independent certified real estate experts and internally in the company using discount and capitalisation rates received from the experts. The discounted cash flow method, market-based information (comparable transactions, rent profits etc) and the depreciated replacement cost method were used to determine both the fair value and the recoverable amounts.

Discount rates of 9.0%–13% (2009: 9.0%–13.5%) and growth rates of 0.0% to 1.0% (2009: 0.0% to 1.0%) were used in evaluations. As a result of the evaluations, the value of Estonian registered immovables increased through the revaluation reserve by 168,539 thousand kroons (10,771 thousand euros). The total growth of the change of value in the sum of 778 thousand kroons (50 thousand euros) has been recorded through the income statement. The growth related to finished Selver stores in Estonia was 6,408 thousand kroons (410 thousand euros), while the growth related to finished buildings in Latvia was 10,892 thousand kroons (696 thousand euros). The decrease in value related to unfinished buildings in Estonia was 4,331 thousand kroons (277 thousand euros) and 12,191 thousand kroons (779 thousand euros) related to unfinished buildings in Latvia.

The investment into car trade amounted to 380 thousand kroons (24 thousand euros) during the reporting period.

The entities of Tallinna Kaubamaja consolidation group did not have any commitments to purchase items of property, plant and equipment.

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 2010					
Reclassification	0	14	0	-14	0
Depreciation	0	-3,657	-3,073	0	-6,730
31.12.2010					
Cost or revalued amount	114,187	54,901	16,900	286	186,274
Accumulated depreciation and impairment losses	-9,194	-9,117	-7,682	0	-25,993
Carrying amount	**104,993**	**45,784**	**9,218**	**286**	**160,281**

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 2010					
Reclassification	0	1	0	-1	0
Depreciation	0	-234	-197	0	-431
31.12.2010					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-583	-491	0	-1,662
Carrying amount	**6,710**	**2,926**	**589**	**18**	**10,243**

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 31.12.2010 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.

The basis for finding the present value of cash flows related to recoverable amounts is the estimated cash flows of the following 5 years. Pursuant to the decrease in discount rates of 6.7%–8.1% (2009: 9.3%–10.9%) and the prognoses of a more positive economic growth, the values found as a result of tests had increased and the data indicated that goodwill has been recorded correctly in the balance sheet and the discount of goodwill is not necessary.

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

In thousands of	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**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 31.12.2010 is 12.5 years.

Note 13. Interest bearing borrowings

In thousands of

	EEK		EUR	
Group	**31.12.2010**	**31.12.2009**	**31.12.2010**	**31.12.2009**
Long-term loans				
Bank loans	995,288	1,255,630	63,610	80,250
Financial lease liability (Note 14)	2,058	8,362	132	533
Operational lease	1,602	3,104	102	199
	998,948	**1,267,096**	**63,844**	**80,982**
Short-term loans				
Overdraft	2,266	2,266	145	145
Bank loans	262,949	242,463	16,805	15,496
Financial lease liability (Note 14)	6,367	6,114	407	391
Operational lease	4,344	3,681	278	235
	275,926	**254,524**	**17,635**	**16,267**
Total	**1,274,874**	**1,521,620**	**81,479**	**97,249**

Borrowings received

in thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Bank loans	110,265	353,520	7,048	22,594
Finance lease liability	204	0	13	0
Other borrowings	11,978	7,084	765	453
Total borrowings received	**122,447**	**360,604**	**7,826**	**23,047**

Borrowings paid

in thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Overdraft	0	42,298	0	2,703
Bank loans	350,121	312,570	22,377	19,977
Finance lease liability	6,257	5,617	400	359
Other borrowings	12,815	12,005	819	767
Total Borrowings paid	**369,193**	**372,490**	**23,596**	**23,806**

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

As of 31.12.2010, the repayment dates of bank loans are between 7.05.2011 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 2.294% (2009: 3.2%).

Note 14. Financial Lease

Group as the lessee

The Group leases buildings under finance lease terms:
In thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Acquisition cost	45,419	45,510	2,903	2,909
Accumulated depreciation	-38,155	-33,465	-2,439	-2,139
Carrying amount	**7,264**	**12,045**	**464**	**770**
	EEK		**EUR**	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
up to 1 year.	6,742	6,913	431	441
1-5 years	2,091	8,763	134	560
Total	**8,833**	**15,676**	**565**	**1,001**
Future interest expense	-408	-1,200	-26	-77
Present value of lease payments (Note 13)	**8,425**	**14,476**	**539**	**924**

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Present value of lease payments				
up to 1 year.	6,367	6,114	407	391
1-5 years	2,058	8,362	132	533
Total (Note13)	**8,425**	**14,476**	**539**	**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	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Value added tax	40,500	28,311	2,589	1,809
Sales tax	426	0	27	0
Income tax	3	3	0	0
Personal income tax	9,045	10,201	578	652
Social security taxes	20,047	21,945	1,281	1,403
Corporate Income tax on fringe benefits	292	278	19	18
Unemployment insurance	2,342	2,543	150	163
Mandatory funded pension	519	209	33	13
Total tax liabilities	**73,174**	**63,490**	**4,677**	**4,058**
Employee-payables	55,127	53,321	3,524	3,408
Interest payable	600	727	38	46
Other accrued expenses	460	1,188	29	77
Prepayments by tenants	7,641	7,484	488	478
Total other short-term payables	**63,828**	**62,720**	**4,079**	**4,009**
Short-term provisions	1,982	445	127	28
Long-term provisions	1,382	1,736	88	111
Total provisions	**3,364**	**2,181**	**215**	**139**

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

Note 16. Share Capital

As of 31 December, 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 physical location of the assets and the liabilities are allocated based on the operations of the segment.

Business Segment Report

In thousands of kroons

12 months 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**1,153,150**	**4,697,021**	**38,793**	**202,041**	**211,018**	**0**	**6,302,023**
Inter-segment revenue	2,304	7,992	121,644	236	2,175	-134,351	0
Total revenue	1,155,454	4,705,013	160,437	202,277	213,193	-134,351	6,302,023
Operating profit (loss)	**15,272**	**144,810**	**129,249**	**5,969**	**-4,264**	**0**	**291,036**
Financial income (Note 22)	3,885	739	0	34	11	0	4,669
Finance income on shares of associates	3,204	0	0	0	0	0	3,204
Financial expense (Note 22)	-15,039	-727	-12,918	-1,219	-1,514	0	-31,417
Income tax	0	-7,037	0	0	0	0	-7,037
Net profit (loss)	**21,177**	**139,047**	**104,614**	**3,386**	**-7,769**	**0**	**260,455**
incl. in Estonia	21,177	186,036	97,218	7,446	-6,561	0	305,316
incl. in Latvia	0	-46,989	7,396	-2,590	-1,208	0	-43,391
incl. in Lithuania	0	0	0	-1,470	0	0	-1,470
Segment assets	**2,493,064**	**986,181**	**2,577,017**	**136,939**	**192,097**	**-2,313,876**	**4,071,422**
Segment liabilities	**654,187**	**605,600**	**1,373,694**	**158,408**	**206,769**	**-942,689**	**2,055,969**
Segment investment in non-current assets	31,211	14,313	4,358	380	8,636	0	58,898
Depreciation (Note 11, 12)	17,000	84,998	48,477	2,306	11,232	0	164,013
Impairment of non-current assets recognised in income statement (Note 11, 12)	0	0	-778	0	0	0	-778

In thousands of euros

12 months 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**73,700**	**300,194**	**2,479**	**12,913**	**13,487**	**0**	**402,773**
Inter-segment revenue	147	511	7,774	15	139	-8,586	0
Total revenue	73,847	300,705	10,253	12,928	13,626	-8,586	402,773
Operating profit (loss)	**976**	**9,255**	**8,262**	**381**	**-273**	**0**	**18,601**
Financial income (Note 22)	248	47	0	2	1	0	298
Finance income on shares of associates	205	0	0	0	0	0	205
Financial expense (Note 22)	-961	-46	-826	-78	-97	0	-2,008
Income tax	0	-450	0	0	0	0	-450
Net profit (loss)	**1,353**	**8,887**	**6,687**	**216**	**-497**	**0**	**16,646**
incl. in Estonia	1,353	11,890	6,214	477	-420	0	19,514
incl. in Latvia	0	-3,003	473	-166	-77	0	-2,773
incl. in Lithuania	0	0	0	-95	0	0	-95
Segment assets	**159,336**	**63,028**	**164,702**	**8,752**	**12,277**	**-147,884**	**260,211**
Segment liabilities	**41,810**	**38,705**	**87,796**	**10,124**	**13,215**	**-60,250**	**131,400**
Segment investment in non-current assets	1,994	915	279	24	552	0	3,764
Depreciation	1,087	5,432	3,098	147	718	0	10,482
Impairment of non-current assets recognised in income statement (note 11, 12)	0	0	-50	0	0	0	-50

In thousands of kroons

12 months 2009	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**1,196,505**	**4,761,355**	**42,639**	**207,921**	**179,707**	**0**	**6,388,127**
Inter-segment revenue	1,610	7,971	142,837	177	3,636	-156,231	0
Total revenue	1,198,115	4,769,326	185,476	208,098	183,343	-156,231	6,388,127
Operating profit (loss)	**5,707**	**-32,690**	**-67,895**	**-15,793**	**-43,724**	**0**	**-154,395**
Financial income (Note 22)	5,225	296	0	2	1	0	5,524
Finance income on shares of associates	2,818	0	0	0	0	0	2,818
Financial expense (Note 22)	-16,048	-1,084	-23,003	-2,469	-3,251	0	-45,855
Income tax	0	-4,331	0	0	0	0	-4,331
Net profit (loss)	**27,997**	**-34,942**	**-115,619**	**-22,979**	**-51,206**	**0**	**-196,749**
incl. in Estonia	27,997	111,333	67,399	-15,380	-40,308	0	151,041
incl. in Latvia	0	-146,275	-183,018	-4,358	-10,898	0	-344,549
incl. in Lithuania	0	0	0	-3,241	0	0	-3,241
Segment assets	**2,079,055**	**941,877**	**2,405,917**	**143,786**	**197,135**	**-1,786,729**	**3,981,041**
Segment liabilities	**799,322**	**672,777**	**1,475,758**	**168,075**	**232,627**	**-981,710**	**2,366,849**
Gain from change in fair value of investment property (Note 10)	0	0	20,400	0	0	0	20,400
Segment investment in non-current assets	38,864	94,214	47,454	146	7,821	0	188,499
Depreciation	24,279	98,948	42,873	2,540	10,415	0	179,055
Impairment of non-current assets recognised in income statement (note 11, 12, 21)	0	28,794	210,747	0	4,506	0	244,047

In thousands of euros

12 months 2009	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**76,471**	**304,306**	**2,725**	**13,289**	**11,485**	**0**	**408,276**
Inter-segment revenue	103	509	9,129	11	232	-9,984	0
Total revenue	76,574	304,815	11,854	13,300	11,717	-9,984	408,276
Operating profit (loss)	**365**	**-2,089**	**-4,339**	**-1,009**	**-2,796**	**0**	**-9,868**
Financial income (Note 22)	334	19	0	2	1	0	356
Finance income on shares of associates	180	0	0	0	0	0	180
Financial expense (Note 22)	-1,041	-69	-1,470	-178	-208	0	-2,966
Income tax	0	-277	0	0	0	0	-277
Net profit (loss)	**1,789**	**-2,235**	**-7,389**	**-1,469**	**-3,273**	**0**	**-12,577**
incl. in Estonia	1,789	7,115	4,308	-983	-2,576	0	9,653
incl. in Latvia	0	-9,348	-11,697	-279	-697	0	-22,021
incl. in Lithuania	0	0	0	-207	0	0	-207
Segment assets	**132,876**	**60,197**	**153,766**	**9,190**	**12,599**	**-114,193**	**254,435**
Segment liabilities	**51,085**	**42,998**	**94,318**	**10,742**	**14,868**	**-62,743**	**151,268**
Gain from change in fair value of investment property (Note 10)	0	0	1,304	0	0	0	1,304
Segment investment in non-current assets	2,484	6,021	3,035	9	500	0	12,049
Depreciation	1,552	6,324	2,740	162	666	0	11,444
Impairment of non-current assets recognised in income statement (Note 11, 12, 21)	0	1,840	13,469	0	288	0	15,597

In thousands of kroons

4th quarter 2010	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**350,627**	**1,239,280**	**9,543**	**54,241**	**64,034**	**0**	**1,717,725**
Inter-segment revenue	1,154	2,145	30,900	74	662	-34,935	0
Total revenue	351,781	1,241,425	40,443	54,315	64,696	-34,935	1,717,725
Operating profit (loss)	**29,295**	**52,675**	**33,643**	**1,538**	**4,543**	**0**	**121,694**
Financial income (Note 22)	1,015	184	0	29	-1	0	1,227
Finance income on shares of associates	968	0	0	0	0	0	968
Financial expense (Note 22)	-3,752	-147	-3,580	-331	-354	0	-8,164
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**30,626**	**52,950**	**27,414**	**971**	**3,764**	**0**	**115,725**
incl. in Estonia	30,626	64,176	26,246	2,238	3,849	0	127,135
incl. in Latvia	0	-11,226	1,168	-717	-85	0	-10,860
incl. in Lithuania	0	0	0	-550	0	0	-550
Segment assets	**2,493,064**	**986,181**	**2,577,017**	**136,939**	**192,097**	**-2,313,876**	**4,071,422**
Segment liabilities	**654,187**	**605,600**	**1,373,694**	**158,408**	**206,769**	**-942,689**	**2,055,969**
Segment investment in non-current assets	13,406	2,974	1,046	68	2,262	0	19,756
Depreciation	-866	19,368	16,500	555	3,007	0	38,564
Impairment of non-current assets recognised in income statement (Note 11, 12)	0	0	-778	0	0	0	-778

In thousands of euros

4th quarter 2010	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**22,409**	**79,204**	**610**	**3,467**	**4,093**	**0**	**109,783**
Inter-segment revenue	74	137	1,975	5	42	-2,233	0
Total revenue	22,483	79,341	2,585	3,472	4,135	-2,233	109,783
Operating profit (loss)	**1,872**	**3,367**	**2,151**	**98**	**290**	**0**	**7,778**
Financial income (Note 22)	64	12	0	2	0	0	78
Finance income on shares of associates	62	0	0	0	0	0	62
Financial expense (Note 22)	-240	-9	-229	-21	-23	0	-522
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**1,956**	**3,384**	**1,753**	**62**	**241**	**0**	**7,396**
incl. in Estonia	1,956	4,102	1,678	143	246	0	8,125
incl. in Latvia	0	-718	75	-46	-5	0	-694
incl. in Lithuania	0	0	0	-35	0	0	-35
Segment assets	**159,336**	**63,028**	**164,702**	**8,752**	**12,277**	**-147,884**	**260,211**
Segment liabilities	**41,810**	**38,705**	**87,796**	**10,124**	**13,215**	**-60,250**	**131,400**
Segment investment in non-current assets	857	190	67	4	145	0	1,263
Depreciation	-54	1,238	1,054	35	192	0	2,465
Impairment of non-current assets recognised in income statement (Note 11, 12)	0	0	-50	0	0	0	-50

In thousands of kroons

4th quarter 2009	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**343,730**	**1,206,382**	**10,315**	**29,118**	**43,590**	**0**	**1,633,135**
Inter-segment revenue	392	2,142	55,777	36	1,676	-60,023	0
Total revenue	344,122	1,208,524	66,092	29,154	45,266	-60,023	1,633,135
Operating profit (loss)	**23,391**	**-22,780**	**-150,572**	**-3,543**	**-7,399**	**0**	**-160,903**
Financial income (Note 22)	1,105	290	3	29	0	0	1,427
Finance income on shares of associates	746	0	0	0	0	0	746
Financial expense (Note 22)	0	-237	-13,966	-276	-503	0	-14,982
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**34,050**	**-21,976**	**-169,676**	**-4,657**	**-11,453**	**0**	**-173,712**
incl. in Estonia	34,050	52,165	15,760	-1,831	-9,889	0	90,255
incl. in Latvia	0	-74,141	-185,436	-1,535	-1,564	0	-262,676
incl. in Lithuania	0	0	0	-1,291	0	0	-1,291
Segment assets	**2,079,055**	**941,877**	**2,405,917**	**143,786**	**197,135**	**-1,786,729**	**3,981,041**
Segment liabilities	**799,322**	**672,777**	**1,475,758**	**168,075**	**232,627**	**-981,710**	**2,366,849**
Gain from change in fair value of investment property (Note 10)	0	0	20,400	0	0	0	20,400
Segment investment in non-current assets	10,078	16,346	0	120	5,286	0	31,830
Depreciation	5,773	23,848	3,101	586	2,543	0	35,851
Impairment of non-current assets recognised in income statement Note 11, 12, 21)	0	28,794	210,747	0	4,506	0	244,047

In thousands of euros

4th quarter 2009	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**21,969**	**77,102**	**659**	**1,861**	**2,786**	**0**	**104,377**
Inter-segment revenue	25	137	3,565	2	107	-3,836	0
Total revenue	21,994	77,239	4,224	1,863	2,893	-3,836	104,377
Operating profit (loss)	**1,494**	**-1,456**	**-9,623**	**-226**	**-473**	**0**	**-10,284**
Financial income (Note 22)	71	19	0	2	0	0	92
Finance income on shares of associates	48	0	0	0	0	0	48
Financial expense (Note 22)	0	-15	-893	-18	-32	0	-958
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**2,177**	**-1,404**	**-10,845**	**-298**	**-732**	**0**	**-11,102**
incl. in Estonia	2,177	3,334	1,007	-117	-632	0	5,769
incl. in Latvia	0	-4,738	-11,852	-98	-100	0	-16,788
incl. in Lithuania	0	0	0	-83	0	0	-83
Segment assets	**132,876**	**60,197**	**153,766**	**9,190**	**12,599**	**-114,193**	**254,435**
Segment liabilities	**51,085**	**42,998**	**94,318**	**10,742**	**14,868**	**-62,743**	**151,268**
Gain from change in fair value of investment property (Note 10)	0	0	1,304	0	0	0	1,304
Segment investment in non-current assets	644	1,045	0	8	338	0	2,035
Depreciation	369	1,525	198	37	163	0	2,292
Impairment of non-current assets recognised in income statement (note 11, 12, 21)	0	1,840	13,469	0	288	0	15,597

External revenue according to types of goods and services sold

in thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Retail revenue	6,194,135	6,298,903	395,878	402,574
Wholesale revenue *	59,131	37,728	3,779	2,411
Rental income	38,792	42,638	2,479	2,725
Services and catering revenue	9,965	8,858	637	566
Total revenue	**6,302,023**	**6,388,127**	**402,773**	**408,276**

In thousands of

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Retail revenue	1,686,457	1,612,665	107,785	103,069
Wholesale revenue*	19,110	8,089	1,221	517
Rental income	9,542	10,314	610	659
Services and catering revenue	2,616	2,067	167	132
Total revenue	**1,717,725**	**1,633,135**	**109,783**	**104,377**

*In 2010 the wholesale revenue increased due car trade segment sales growth to dealership companies by 18,265 thousand kroons (1,167 thousand euros) compared to 12 months of 2009.

External revenue by client location

in thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Estonia	6,200,561	6,115,004	396,289	390,820
Latvia	48,181	243,611	3,079	15,570
Lithuania	53,281	29,512	3,405	1,886
Total	**6,302,023**	**6,388,127**	**402,773**	**408,276**

in thousands of

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Estonia	1,693,933	1,617,034	108,263	103,348
Latvia	11,506	12,093	735	773
Lithuania	12,286	4,008	785	256
Total	**1,717,725**	**1,633,135**	**109,783**	**104,377**

Distribution of non-current assets* by location of assets

in thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Estonia	2,476,018	2,425,948	158,246	155,046
Latvia	506,344	511,332	32,361	32,680
Lithuania	3,427	3,744	219	239
Total	**2,985,789**	**2,941,024**	**190,826**	**187,965**

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

Note 18. Other operating income

In thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Rental income	51,011	57,115	3,260	3,650
Change in fair value of investment property (Note 10)	0	20,400	0	1,304
Advertising revenue	107,227	94,830	6,853	6,061
Income from foreign currency translation	242	775	15	50
Revenue from non-current assets	543	135	35	8
Income from parking services	878	719	56	46
Empty bottle handling income	4,761	4,598	304	294
Expedition income	12,974	14,984	829	958
Other operating income*	27,580	24,342	1,764	1,555
Total other operating income	**205,216**	**217,898**	**13,116**	**13,926**

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Rental income	12,153	12,343	777	789
Change in fair value of investment property (Note 10)	0	20,400	0	1,304
Advertising revenue	35,539	36,635	2,271	2,341
Income from foreign currency translation	46	400	3	26
Revenue from non-current assets	106	0	7	0
Income from parking services	257	217	16	14
Empty bottle handling income	960	900	61	58
Expedition income	3,737	4,783	239	306
Other operating income*	10,081	2,265	645	143
Total other operating income	**62,879**	**77,943**	**4,019**	**4,981**

*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	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Rental expenses	211,095	217,246	13,491	13,885
Operating cost	95,236	100,305	6,087	6,411
Advertising expenses	75,467	75,654	4,823	4,835
Bank expenses	48,621	47,208	3,107	3,017
Security costs	28,428	33,783	1,817	2,159
Heat and electricity expenses	101,797	100,407	6,506	6,417
Costs of materials	47,676	56,776	3,047	3,629
Computer and postage costs	31,660	34,058	2,023	2,177
Business trip expenses	5,022	5,437	321	347
Training expenses	2,544	2,458	163	157
Insurance expenses	1,270	1,760	81	112
Logistics expenses	10,226	14,022	654	896
Miscellaneous other operating expenses	34,125	37,950	2,181	2,426
Total other operating expenses	**693,167**	**727,064**	**44,301**	**46,468**

In thousands of

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Rental expenses	51,682	55,335	3,303	3,537
Operating cost	24,189	23,759	1,546	1,518
Advertising expenses	23,166	20,619	1,481	1,318
Bank expenses	13,401	12,569	856	803
Security costs	6,418	7,964	410	509
Heat and electricity expenses	27,895	25,154	1,783	1,608
Costs of materials	13,964	12,815	892	819
Computer and postage costs	8,513	8,149	544	521
Business trip expenses	1,185	975	76	62
Training expenses	681	920	44	59
Insurance expenses	321	523	21	33
Logistics expenses	2,629	3,054	168	195
Miscellaneous other operating expenses	9,444	14,747	603	942
Total other operating expenses	**183,488**	**186,583**	**11,727**	**11,924**

Note 20. Staff Costs

In thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Wages and salaries	406,108	461,197	25,956	29,476
Social security tax	137,823	152,887	8,808	9,771
Total staff costs	**543,931**	**614,084**	**34,764**	**39,247**
Average wages per employee per month (kroons/euros)	10,629	10,401	679	665
Average number of employees in the reporting period	3,184	3,695	3,184	3,695

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Wages and salaries	101,552	104,110	6,490	6,654
Social security tax	34,561	34,887	2,209	2,229
Total staff costs	**136,113**	**138,997**	**8,699**	**8,883**
Average wages per employee per month (kroons/euros)	10,894	9,503	696	607
Average number of employees in the reporting period	3,107	3,652	3,107	3,652

Note 21. Other expenses

In thousands of

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Loss from sale and liquidation of property plant and equipment	5,090	2,479	325	158
Foreign exchange losses	485	773	31	49
State fees fines penalties*	546	18,373	35	1,174
Acquisition or revaluated cost	0	4,586	0	293
Costs of entertaining guests	688	384	44	25
Other expenses	6,332	7,744	405	496
Total other expenses	**13,141**	**34,339**	**840**	**2,195**

* Due to the suspension of SIA Selver Latvia activities the contractual penalties amounting to 17,231 thousand kroons (1,101 thousand euros) were recognised in 2009.

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Loss from sale and liquidation of property plant and equipment	2,878	1,254	184	80
Foreign exchange losses	136	0	9	0
State fees fines penalties*	93	15,382	6	983
Acquisition or revaluated cost	0	4,586	0	293
Costs of entertaining guests	70	136	4	9
Other expenses	1,854	3,244	119	208
Total other expenses	**5,031**	**24,602**	**322**	**1,573**

Note 22. Finance income and costs

In thousands of
Finance income

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Interest income on cash and cash equivalents	939	1,187	60	75
Interest income on Partner Card	1,927	2,215	123	142
Interest income on NGI Group's account	1,655	1,810	106	116
Interest income on associate's loan	108	312	7	20
Other finance income	40	41	2	3
Total finance income	**4,669**	**5,565**	**298**	**356**

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Interest income on cash and cash equivalents	214	0	14	0
Interest income on Partner Card	690	659	43	42
Interest income on NGI Group's account	285	688	18	44
Interest income on associate's loan	10	50	1	3
Other finance income	28	30	2	3
Total finance income	**1,227**	**1,427**	**78**	**92**

Finance costs

	EEK		EUR	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Interest expense of bank loans	-29,824	-44,431	-1,906	-2,840
Interest expense of finance lease	-801	-1,236	-51	-79
Interest expense NGI Group's group accounts (Note 24)	0	-189	0	-12
Other finance costs*	-792	-550	-51	-35
Total finance costs	**-31,417**	**-46,406**	**-2,008**	**-2,966**

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Interest expense of bank loans	-7,778	-14,566	-498	-931
Interest expense of finance lease	-162	-293	-10	-19
Interest expense NGI Group's group accounts	0	0	0	0
Other finance costs*	-224	-123	-14	-8
Total finance costs	**-8,164**	**-14,982**	**-522**	**-958**

* 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 twelve 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	
	12 months 2010	**12 months 2009**	**12 months 2010**	**12 months 2009**
Net profit (loss)	260,455	-196,749	16,646	-12,575
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net profit (loss) per share	6.39	-4.83	0.41	-0.31

	EEK		EUR	
	4th quarter 2010	**4th quarter 2009**	**4th quarter 2010**	**4th quarter 2009**
Net profit (loss)	115,725	-173,712	7,396	-11,102
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net profit (loss) per share	2.84	-4.27	0.18	-0.27

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

In thousands of

	EEK		EUR	
	Purchases 12 months of 2010	**Sales 12 months of 2010**	**Purchases 12 months of 2010**	**Sales 12 months of 2010**
Parent	3,406	1,736	218	111
Entities in the Parent's consolidation group	243,050	17,290	15,534	1,105
Associate	0	108	0	7
Total	**246,456**	**19,134**	**15,752**	**1,223**

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

In thousands of

	EEK		EUR	
	Purchases 12 months of 2009	**Sales 12 months of 2009**	**Purchases 12 months of 2009**	**Sales 12 months of 2009**
Parent	376	1,885	24	120
Entities in the Parent's consolidation group	254,133	49,650	16,242	3,173
Associate	0	389	0	25
Total	**254,509**	**51,924**	**16,266**	**3,318**

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.

In 2010, no sales were made to SIA Selver Latvia, while in 2009, the sales were 38,293 thousand kroons (2,447 thousand euros). Purchases from SIA Selver Latvia in the year 2010 reached the amount of 4,400 thousand kroons (281 thousand euros) (2009: 27,349 thousand kroons or 1,748 thousand euros).

Loans granted to associates:

In thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Balance at beginning of the year (Note 9)	**2,078**	**4,578**	**133**	**293**
Repayments of loans received	-2,078	-2,500	-133	-160
Balance at end of period (Note 9)	**0**	**2,078**	**0**	**133**

Balances with related parties:

In thousands of

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Parent's interest payable (Note 4)	0	372	0	24
Parent's group account payable (Note 4)	23,609	16,207	1,509	1,036
Payables of entities in the in the Parent's consolidation group (Note 4)	18,192	20,941	1,163	1,346
Sales bonuses payable of entities in the in the Parent's consolidation group (Note 4)	1,615	1,526	103	90
Short-term loans to associate (Note 4)	0	250	0	16
Total short-term receivables	**43,416**	**39,296**	**2,775**	**2,512**
Long-term				
Long-term loans to associate (Note 9)	0	1,828	0	117
Total receivables from related parties	**43,416**	**41,124**	**2,775**	**2,629**

	EEK		EUR	
	31.12.2010	**31.12.2009**	**31.12.2010**	**31.12.2009**
Parent	27	164	2	10
Entities in the Parent's consolidation group	48,614	45,571	3,107	2,913
Total liabilities to related parties	**48,641**	**45,735**	**3,109**	**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 12 months of 2010 the Tallinna Kaubamaja Group was earning 1,655 thousand kroons (106 thousand euros); (2009: 1,810 thousand kroons 116 thousand euros) of interest revenue from keeping available funds in the group account. As of 31.12.2010 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 12 months of 2010 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 0.58% EEK and 0.18% EUR (2009: 4.48% EEK 0.84 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 believes that prices used in transactions with related parties do not differ significantly from market prices.

Remuneration paid to the members of the management and supervisory boards

The remuneration paid to the members of the management boards of the entities of Tallinna Kaubamaja Group, including social security taxes, totalled 8,389 thousand kroons (536 thousand euros) in twelve months of 2009, 9,457 thousand kroons (604thousand euros) in twelve months of 2010 and the remuneration paid to the members of the supervisory boards totalled 3,403 thousand kroons (217 thousand euros) and in 2009, the remuneration paid the members of the supervisory boards, including social security, taxes totalled 3,671 thousand kroons (235 thousand euros).

Note 25 Events after the balance sheet date

Changeover to the euro

On 1 January 2011, Estonia joined the eurozone and the Estonian kroon (EEK) was replaced by euro (EUR). Pursuant to that, since that date, the Group converted the enterprises registered in the Republic of Estonia in its accounting to euros and the financial statement of 2011 and the financial statements of the following years will be prepared in euros. The reference data will be converted with the official exchange rate of 15.6466 EEK/EUR.

Sub-frontloaded euros

The Group's Estonian enterprises entered into sub-frontloading contracts with Swedbank AS in December 2010. Pursuant to the contract, the Group obtained 3,069 thousand euros. The sub-frontloaded euros represented off-balance-sheet finances (assets deposited into storage with liability), which were not permitted to be put into circulation before 1 January 2011. So as to secure contractual obligations, the bank reserved finances on the client's accounts in the sum of the sub-frontloaded euros. The bank debited the aforementioned sum on 17.01.2011 from the Group's bank accounts.

Change in the business name of an affiliate

In February 2010, the business name of A-Selver AS (the Group's direct holding 100%), an affiliate of Tallinna Kaubamaja AS, was changed. Its new business name is Selver AS. The relevant change was entered into the Commercial Register on 14.02.2011. The name of the affiliate was changed in relation to the wish to make the business name correspond to the brand name used every day. The area of activity of the enterprise was not changed due to the name change. General contact details remained the same as well. The change of the affiliate's business name does not influence the economic activities of the Tallinna Kaubamaja Group or the interests of its shareholders.