

**TALLINNA KAUBAMAJA AS**

**Consolidated Interim Report of the First 3 months of 2009**

Table of contents

MANAGEMENT REPORT .....	4
CONSOLIDATED FINANCIAL STATEMENTS .....	10
MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	10
CONSOLIDATED BALANCE SHEET .....	11
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT .....	12
CONSOLIDATED CASH FLOW STATEMENT .....	13
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY .....	14
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY .....	15
NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS .....	16
<b>Note 1. Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts</b> .....	16
<b>Note 2. Cash at Bank and in Hand</b> .....	18
<b>Note 3. Trade Receivables</b> .....	18
<b>Note 4 Other short term receivables</b> .....	18
<b>Note 5. Prepaid Expenses</b> .....	18
<b>Note 6. Inventories</b> .....	19
<b>Note 7. Shares in subsidiaries</b> .....	19
<b>Note 8. Shares in Affiliates</b> .....	20
<b>Note 9. Other Long-term Receivables</b> .....	20
<b>Note 10. Tangible Fixed Assets</b> .....	21
<b>Note 11. Intangible Fixed Assets</b> .....	22
<b>Note 12 Interest bearing loans and borrowings</b> .....	23
<b>Note 13. Financial Lease</b> .....	25
<b>Note 14. Other Current Payables</b> .....	25
<b>Note 15. Share Capital</b> .....	26
<b>Note 16. Sales Revenue</b> .....	26
<b>Note 17. Other Operating Revenue</b> .....	26
<b>Note 18. Other Operating Expenses</b> .....	26
<b>Note 19. Staff Costs</b> .....	27
<b>Note 20. Net financial items</b> .....	27
<b>Note 21. Segment Reporting</b> .....	27
<b>Note 22. Transactions with Related Parties</b> .....	29

## **COMPANY PROFILE AND CONTACT DETAILS**

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

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Gonsiori 2, 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 Jan. 2009
End of financial year:	31 Dec. 2009
Beginning of interim report period:	1 Jan. 2009
End of interim report period:	31 Mar. 2009
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
Fax:	372 667 3205
E-mail:	kaubamaja@kaubamaja.ee

## MANAGEMENT REPORT

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

### Management

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

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

### Legal structure

As of 31 March 2009, the following companies belonged to the Group:

	Country	Holding as of 31.03.09	Holding as of 31.12.08
A-Selver AS	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
OptiGroup Invest OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Kia Automobiles SIA	Latvia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	100%	100%
SIA Suurtüki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic Development

Statistics Estonia has announced that according to a preliminary assessment, the gross domestic product (GDP) of Estonia decreased by 15.6% in the 1st quarter of 2009, compared to the same quarter of the previous year. In the 1st quarter of 2009, the consumer price index in comparison with that of the same period of 2008 fluctuated between 2 and 4.1 %, reaching the lowest level in March. The deceleration of the price increase has exceeded the average in the area of foodstuffs and clothing. Summarizing the 1st quarter of 2009, data provided by Statistics Estonia show that the decrease in total volumes of retail turnover in current prices (excl. sales of motor vehicles and fuel) was 12.8%. The volume increased by 12.0% in 2008.

Retail sales in non-specialised stores (food products prevailing) decreased by 1.9%, compared to the 1st quarter of the previous year. Retail sales in non-specialised stores (manufactured goods prevailing) decreased by 23.1%, compared to the first three months of the previous year. The most significant decrease in the 1st quarter occurred in the sales of motor vehicles (-34.1%)

Economic performance

**FINANCIAL RATIOS 2008-2009**

In thousand kroons

Group's consolidated interim report	3 months		Growth %
	2009	2008	
Net sales	1,525	1,470	4%
Operating profit	-44	70.4	-162%
Net profit	-52	68	-177%
Return on equity (ROE)	-2.9%	3.4%	
Return on assets (ROA)	-1.2%	2.0%	
Net profit margin	-3.4%	4.6%	
Gross profit margin	20.8%	24.2%	
Quick ratio	0.97	1.00	
Debt ratio	0.59	0.42	
Sales revenue per employee (EEK million)	0.41	0.49	
Inventory turnover	1.85	2.49	
<b>SHARE</b>			
Average number of shares (1,000 pcs.)	40,729	40,729	
Equity per share (EEK per share)	43.79	48.16	
Share closing price (EEK per share)	29.26	105.62	
Earnings per share	-1.3	1.7	
Average number of employees	3,740	2,990	

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

Tallinna Kaubamaja Group's consolidated non-audited sales income of the first three months of 2009 was 1.52 billion kroons (97.4 million euros). The sales income of the Group for the comparable period of 2008 amounted to 1.47 billion kroons (94.0 million euros). The turnover increased by 4%. In the 1st quarter, the Group suffered a loss amounting to 52.3 million kroons (-3.3 million euros), earning 120.0 million kroons (-7.7 million euros) less income than in the same period of the previous year. In the first quarter of 2008, the Group earned a profit of 67.5 million kroons (4.3 million euros).

## Tallinna Kaubamaja AS

During the first quarter of 2009, the Group focussed mainly on adjusting the companies to the abrupt change in the economic environment that began in the fourth quarter of 2008. Compared to the same period of the previous year, the depreciation of fixed assets has increased significantly due to the large volume of investments in 2008 (increase by 17.5 million kroons) and financial costs (increase by 4.6 million kroons). In order to reduce the operating costs, the Group has held negotiations with partners and suppliers about lowering the prices of services. In the larger business segments, an agreement has been reached with the office staff to reduce the salary by 10% starting from the second quarter. As the sales volumes decrease, the number of sales employees has been regulated by way of natural rotation and applying part-time work. Closing of some footwear stores has been discussed.

At the same time, the planned expansion and investments were continued. 3 new Selver stores were opened in the 1st quarter, two in Estonia and one in Latvia; preparations were made for establishing another Selver in Latvia which was opened on May 1, 2009. Kaubamaja opened a new outlet in Lasnamäe, moved the Youth Fashion Department into new premises offering more opportunities, opened a new Women's Shoe Department and renovated the Beauty Department that was opened in full on May 12. A beauty store operating under the trademark of I.L.U. was opened in Pärnu at the end of March. The plans for 2009 include opening another 2 stores operating under the trademark of I.L.U. The main task for the Group in 2009 is to raise the efficiency of the existing business segments.

As of 31 March 2009, the balance sheet total of the Tallinna Kaubamaja Group was 4.3 billion kroons (276.8 million euros), which means a decrease by 4 million kroons (0.3 million euros) compared to the end of 2008. Assets decreased by 0.09%.

As of the end of the first quarter, the number of loyal customers was about 365 thousand, increasing by 7% within the 3 months. The percentage of loyal customers in the turnover of the department stores segment of the Group increased to 76% in 3 months of 2009. At the end of March, the number of Partner Credit Cards was over 10000.

### Share Market

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

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

The price of the share, amounting to 122.04 kroons in the end of 2007, decreased at the end of 2008 to 32.54 kroons, i.e. by nearly 73%. During the overall low point of share markets in the 1st quarter of 2009, the share price balanced on the border of 30 kroons and in the end of March, the closing price of the share amounted to 29.26 kroons.

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

## Tallinna Kaubamaja AS

Share price in Estonian kroons and trading statistics on the Tallinn Stock Exchange during 01.01.2008-31.03.2009.



### Kaubamaja department stores

In the department stores segment, the sales income amounted to 277.1 million kroons (17.7 million euros) in the 1st quarter of 2009, decreasing by 21% compared to the previous year. According to Statistics Estonia, the turnover of retail sale companies comparable to department stores decreased by 23% in the first quarter. The loss of department stores in the first quarter of 2009 amounted to 11.4 million kroons (0.7 million euros), falling below the indicator of the previous year by 35.4 million kroons (2.3 million euros). Kaubamaja's profit in the first quarter was greatly influenced by, on the one hand, renovations in several departments and, on the other hand, the decrease of the sales income in comparison with the same period of the previous year (-21%). The measures taken by the company's management in order to reduce work force costs did not influence the results of the first quarter as yet; these will exert a positive influence on the profit during the following quarters.

In the second half of March, the first store of the beauty store chain I.L.U. was opened in the new Pärnu Centre. The first weeks showed the clients' great interest in the new store, the net turnover of March was 0.5 million kroons (0.03 million euros). The next stores of the I.L.U. store chain will be opened in November, at the Rocca al Mare shopping centre and Lõunakeskus in Tartu. Opening of the store in Kristiine Centre and the first store in Latvia are planned to 2010. Considering the overall decrease of retail trade in the 1st quarter of 2009, the decrease of the sector of beauty and hygiene products and pharmacy products was smaller than that in the other areas of retail trade (-4.9% and -14.2% respectively).

### Selver supermarkets

The consolidated sales income of the segment of supermarkets amounted to 1.1 billion kroons (72.4 million euros) in the first quarter of 2009, which is 16% more than in the same period of the previous year. The sales income of the business segment of supermarkets in the comparable period of the previous year was 973 million kroons (62.2 million euros).

The share of Selver's domestic net turnover (in Estonia) in the retail sales of the country's non-specialised food stores was 17.6% in the first quarter of 2009. In the comparable period of the previous year, Selver's share in this sector was 15.2%.

Selver's average consolidated sales income per month and square meter of sales space was 5.5 thousand kroons per month in the first quarter, decreasing by 26 percent in comparison with the same period of the previous year. In comparable stores, the turnover per square meter of sales space was 5.9 thousand kroons per month, showing a decrease of 20 percent compared to the same period of the previous year. The sales efficiency of the Selver chain was negatively influenced by the overall economic recession and decreased consumption, the lower sales efficiency of new stores during the introduction period and the decrease of sales efficiency in the stores where the sales space was extended approximately twice in 2008. In the first quarter of this year, Selver opened 2 new stores in Estonia (in Narva and in Kakumäe, Tallinn), and 1 new store in Latvia, in the town of Kuldiga. In total, the sales space of the supermarkets segment increased by 4,217 square meters in the first quarter of 2009.

Selver's consolidated pre-tax net loss amounted to 29.2 million kroons (1.9 million euros) in the first quarter of 2009,

## Tallinna Kaubamaja AS

showing a decrease of 67.8 million kroons (4.3 million euros) compared to the same period of 2008, when the pre-tax net profit amounted to 38.6 million kroons (2.5 million euros).

The results of the first quarter of 2009 were mainly influenced by the overall economic recession, decrease of consumption, pre-opening costs of new stores and costs related to initiating the operation of the Latvian subsidiary. In the first quarter, the average gross margin decreased significantly compared to the previous year. The gross margin was also influenced by the increased share of bargain products in the basket of consumer goods and Selver's marketing campaigns, as well as the decreased demand for manufactured goods and products of higher price levels.

The main objective of the Selver chain for the current year is to raise the efficiency of its business processes and optimize both the level of the stock of goods and the operating and labour costs. Until today, the following measures have been taken in order to optimize the labour costs: the salaries of office staff and managing personnel of sales premises were reduced by 10%; the principles of the remuneration system for personnel of sales premises were altered; part-time work was applied for some positions at the production unit Selveri Kõök due to diminished production needs; a restructuring was performed in the central office of the subsidiary Selver Latvia SIA, reducing the number of employees, and the management of business areas was subordinated to the respective areas of the parent company. The objective in the process of reducing operating costs is to reduce the general management and operating costs of sales premises. Negotiations have been initiated with partners concerning reduction of the rent amount and with partners providing management services in order to obtain more advantageous terms and conditions.

### Real estate

The sales revenue of Q1 2009 of the segment of real property was 39.2 million kroons (2.5 million euros), and in comparison with Q1 2008, the sales revenue increased by 45 %. The sales revenue of Q1 2009 of the segment of real property without inter-segmental sales was 11.3 million kroons (0.7 million euros), increasing by 10% in comparison with last year.

The net profit of the first quarter amounted to 16.0 million kroons (1.0 million euros), increasing by 9.9 million kroons or 262% compared to the previous year when the profit amounted to 6.1 million kroons (0.4 million euros). Costs within all main categories increased due to the increase in real estate to be managed, but the large increase in net profit was achieved by keeping the increase of operating costs lower than the increase of income.

Kuldiga Selver in Latvia was opened in January; its developer is SIA TKM Latvija, subsidiary of Tallinna Kaubamaja AS. Kakumäe Selver was opened in March, in a building developed by Tallinna Kaubamaja Kinnisvara AS. Moreover, Salaspils Selver in Latvia was built and opened in May

### Car trade

The sales revenue of the car trade segment of 3 months 2009 was 62.8 million kroons (4.0 million euros). During 3 months of 2009 314 new vehicles were sold, which is 203 vehicles less than a same period year ago. KIA has a 2.2% market share in the Baltic countries (decreased by 21% compared to the same period last year). In the three months of 2009, the Estonian car market diminished by 67%. The sales of KIA decreased by 70%, achieving a market share of 2.9% by the end of the period. The greatest decline within the first three months occurred in the Latvian market – as much as 77%, the sales of KIA vehicles decreased by –91%. The Latvian market share of KIA at the end of the first three months was 1%. In the 1st quarter of 2009, the decrease of the Lithuanian passenger car market was 70%. KIA's market share in the Lithuanian passenger car market was 2.1%.

The best-selling models in the first half-year are still the C-segment models KIA cee'd and cee'd SW, with market shares in their segment (by country) – Estonia 4.5%, Latvia 2% and Lithuania 5.1%.

The loss of the car trade segment was 5.9 million kroons (0.4 million euros) in the first quarter. The main cause of this outcome is the current market situation where the price is the only sales argument; consequently, the sales coverage of car sales has also significantly diminished in comparison with the previous year. Better results can be expected during the following months because as of now, changes have been made in the personnel structure of the companies of the segment, leading to a better adjustment to the current needs and market situation. Other standing costs have also been considerably reduced. A significant saving is also achieved from storage costs and financing of the stock of goods, as the stock value has been reduced by 28% compared to the end of 2008. Further reduction of the stock of goods is planned for the future.



### Footwear trade

The consolidated sales income of the footwear trade segment amounted to 40.2 million kroons (2.6 million euros) in the first quarter of 2009. The net loss was 21.8 million kroons (1.4 million euros) in the first three months of 2009.

The sales results of footwear trade can be considered modest, the reason being the overall decrease of retail sales volumes. Its influence is particularly palpable in Estonia (excluding Tallinn) and Latvia. The loss of the first quarter is related to the significant decrease of sales results in this segment, as well as the seasonal nature of the company's activities, i.e. the discounts of the winter season influencing the footwear trade during the first two months of the year.

The footwear trade company Suurtüki owns currently 17 stores in Estonia and 2 stores in Latvia, no changes have occurred as of the end of last year. The footwear trade company ABC King has 11 stores in Estonia, of which the store in the shopping centre Port Artur2 in Pärnu was temporarily (for 2 months) closed at the end of March, due to the reconstruction of the centre. The company owns 4 stores in Riga; the store in Barona Centre in Riga was closed in the end of March.

In January, the offices and storage spaces were moved to common premises in the new office and storage building in Tallinn which allows improving the management of the companies and provide a synergy in order to increase the efficiency of the footwear trade companies, reduce costs and improve the results of the upcoming seasons.

### Personnel

In Q1 2009, the average number of employees of the Group of Tallinna Kaubamaja was 3,740, increasing by 25 % when compared to same period of 2008. The total labour cost (wages and salaries and social tax cost) amounted to 164.2 million kroons (10.5 million euros), increasing by 21 % in comparison with the same period of 2008. Average monthly expenses on wages and salaries per employee decreased by 3% compared to same period of 2008

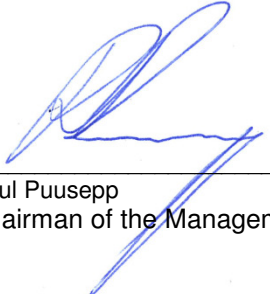
## CONSOLIDATED FINANCIAL STATEMENTS

### 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 financial statements for the period of three months of 2009 as presented on pages 10-30.

The Chairman of the Management Board confirms that:

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



\_\_\_\_\_  
Raul Puusepp  
Chairman of the Management Board

Tallinn, 28<sup>th</sup> May 2009

**CONSOLIDATED BALANCE SHEET**

thousand kroons/euros

	Note	31 March 2009		31 December 2008	
		EEK	EUR*	EEK	EUR*
<b>ASSETS</b>					
Current assets					
Cash at bank and in hand	2	69,834	4,463	101,353	6,478
Trade receivables	3	63,076	4,031	96,538	6,170
Other receivables	4	29,740	1,901	73,019	4,668
Prepaid and refundable taxes	5	47,892	3,061	41,475	2,651
Prepaid expenses	5	17,007	1,087	12,161	777
Inventories	6	824,132	52,669	781,304	49,931
<b>Total current assets</b>		<b>1,051,681</b>	<b>67,212</b>	<b>1,105,850</b>	<b>70,675</b>
Fixed assets					
Prepaid expenses	5	31,074	1,986	31,074	1,985
Shares in affiliated companies	8	18,330	1,172	17,505	1,119
Other long-term receivables	9	3,801	243	3,801	243
Tangible fixed assets	10	3,049,095	194,873	2,998,073	191,612
Intangible fixed assets	11	66,806	4,270	68,431	4374
Goodwill	11	109,499	6,998	109,499	6,998
<b>Total fixed assets</b>		<b>3,278,605</b>	<b>209,542</b>	<b>3,228,383</b>	<b>206,331</b>
<b>TOTAL ASSETS</b>		<b>4,330,286</b>	<b>276,754</b>	<b>4,334,233</b>	<b>277,006</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>					
<b>Current liabilities</b>					
Interest bearing loans and borrowings	12	175,206	11,198	318,098	20,330
Prepayments received for goods and services		7 032	449	5,237	333
Accounts payable		775,334	49,553	800,467	51,161
Taxes payable	14	51,623	3,299	76,460	4,887
Other short-term liabilities	14	70,538	4,508	78,213	4,997
Provisions	14	1,622	104	3,534	226
<b>Total current liabilities</b>		<b>1,081,355</b>	<b>69,111</b>	<b>1,282,009</b>	<b>81,934</b>
<b>Long-term liabilities</b>					
Interest bearing loans and borrowings	12,13	1,464,247	93,582	1,215,409	77,679
Provisions	14	1,284	82	1,462	93
<b>Total long-term liabilities</b>		<b>1,465,531</b>	<b>93,664</b>	<b>1,216,871</b>	<b>77,772</b>
<b>TOTAL LIABILITIES</b>		<b>2,546,886</b>	<b>162,775</b>	<b>2,498,880</b>	<b>159,706</b>
<b>Owners' equity</b>					
Share capital	15	407,292	26,031	407,292	26,031
Mandatory reserve	15	40,729	2,603	40,729	2,603
Revaluation reserve		677,516	43,302	682,028	43,590
Retained earnings		657,955	42,049	705,719	45,103
Foreign currency translation		-92	-6,	-415,	-27
<b>TOTAL OWNER'S EQUITY</b>		<b>1,783,400</b>	<b>113,979</b>	<b>1,835,353</b>	<b>117,300</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<b>4,330,286</b>	<b>276,754</b>	<b>4,334,233</b>	<b>277,006</b>

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

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

thousand kroons/euros

	Note	3 months 2009		3 months 2008	
		EEK	EUR*	EEK	EUR*
Revenue	16	1,524,603	97,440	1,470,276	93,968
Other income	17	37,954	2,425	33,308	2,129
Materials and consumables used	6	-1,207,003	-77,142	-1,114,371	-71,221
Other operating expenses	18	-186,684	-11,931	-150,975	-9,649
Personnel expenses	19	-164,192	-10,494	-135,856	-8,683
Depreciation, amortisation and impairments	10,11	-46,402	-2,966	-28,913	-1,848
Other expenses		-2,297	-147	-3,025	-193
<b>Operating profit</b>		<b>-44,021</b>	<b>-2,815</b>	<b>70,444</b>	<b>4,503</b>
Financial expenses	20	-10,160	-649	-5,607	-358
Financial income	20	1,080	69	1,848	118
Financial income from shares of associated companies	8	825	53	818	52
<b>Total net financial items</b>		<b>-8,255</b>	<b>-527</b>	<b>-2,941</b>	<b>-188</b>
<b>Profit before income tax</b>		<b>-52,276</b>	<b>-3,342</b>	<b>67,503</b>	<b>4,315</b>
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations		323	21	145	9
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-51,953</b>	<b>-3,321</b>	<b>67,648</b>	<b>4,324</b>
Earnings per share (EEK/EUR)		-1.28	-0.08	1.66	0.11
Diluted earnings per share (EEK/EUR)		-1.28	-0.08	1.66	0.11

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

## CONSOLIDATED CASH FLOW STATEMENT

thousand kroons/euros

	Note	3 months 2009		3 months 2008	
		EEK	EUR*	EEK	EUR*
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit		-52,276	-3,341	67,503	4,314
Adjustments:					
Interest expense	20	9,994	639	5,212	333
Interest income	20	-1,080	-69	-1,848	-118
Depreciation, amortisations and impairment	10,11	46,402	2,966	28,913	1,848
Loss from disposals and write-off of non-current assets	10	127	8	47	3
Effect of the equity method	8	-825	-53	-818	-52
Change in inventories		-42,827	-2,740	-70,990	-4,537
Change in receivables and prepayments related to operating activities		61 864	3,954	18,795	1,201
Change in liabilities and prepayments related to operating activities		-54 861	-3,503	-29,285	-1,871
<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>-33,482</b>	<b>-2,139</b>	<b>17,529</b>	<b>1,121</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>					
Purchase of property, plant and equipment (except for financial lease)	10	-96,133	-6,145	-109,257	-6,983
Acquisition of intangible fixed assets	11	-53	-4	0	0
Proceeds from disposal of property, plant and equipment	10	260	17	269	17
Loan to group account		3,514	225	0	0
Loan repayments received from associates		0	0	1,250	80
Interest received		1,182	76	2,513	161
<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>-91,230</b>	<b>-5,831</b>	<b>-105,225</b>	<b>-6,725</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Loans received	12	280,192	17,908	117,766	7,527
Repayments of loans received	12	-150,967	-9,649	-86,413	-5,523
Change in overdraft balance	12	-21,891	-1,399	0	0
Repayment of financial lease principal	12	-1,387	-89	-1,102	-70
Interest paid		-13,077	-836	-5,292	-339
<b>KOKKU RAHAVOOD FINANTSEERIMISTEGEVUSEST</b>		<b>92 870</b>	<b>5,935</b>	<b>24,959</b>	<b>1,595</b>
Currency exchange differences		323	20	0	0
<b>TOTAL CASH FLOW</b>		<b>-31,519</b>	<b>-2,015</b>	<b>-62,737</b>	<b>-4,009</b>
Cash and cash equivalents at the beginning of the period	2	101,353	6,478	282,771	18,072
Cash and cash equivalents at the end of the period	2	69,834	4,463	220,034	14,063
<b>Change in cash and cash equivalents</b>		<b>-31,519</b>	<b>-2,015</b>	<b>-62,737</b>	<b>-4,009</b>

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

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

in thousands of kroons, 3 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
<b>Balance as of 31.12.2007</b>	<b>407,292</b>	<b>40,729</b>	<b>759,721</b>	<b>686,155</b>	<b>10</b>	<b>1,893,907</b>
Revaluation of land and buildings	0	0	-59,800	0	0	-59,800
Depreciation transfer for land and buildings	0	0	-17,893	17,893	0	0
Change in conversion difference	0	0	0	0	-425	-425
Total income and expenses for the year recognized directly in equity						
Profit for the year	0	0	-77,693	17,893	-425	-60,225
Total income and expenses for the year	0	0	0	83,129	0	83,129
Change in the mandatory reserve	0	0	-77,693	101,022	-425	22,904
Dividends paid	0	0	0	-81,458	0	-81,458
<b>Balance as of 31.12.2008</b>	<b>407,292</b>	<b>40,729</b>	<b>682,028</b>	<b>705,719</b>	<b>-415</b>	<b>1,835,353</b>
Revaluation of land and buildings	0	0	-4,512	4,512	0	0
Depreciation transfer for land and buildings	0	0	0	0	323	323
Change in conversion difference						
Total income and expenses for the year recognized directly in equity	0	0	-4,512	4,512	323	323
Profit for the year	0	0	0	-52,276	323	-51,953
Total income and expenses for the year	0	0	-4,512	-47,764	323	-51,953
<b>Balance as of 31.03.2009</b>	<b>407,292</b>	<b>40,729</b>	<b>677,516</b>	<b>657,955</b>	<b>-92</b>	<b>1,783,400</b>

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

in thousands of euros, 3 months of 2009

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
<b>Balance as of 31.12.2007</b>	<b>26,031</b>	<b>2,603</b>	<b>48,555</b>	<b>43,853</b>	<b>1</b>	<b>121,044</b>
Revaluation of land and buildings	0	0	-3,822	0	0	-3,822
Depreciation transfer for land and buildings	0	0	-1,144	1,144	0	0
Change in conversion difference	0	0	0	0	-27	-27
Total income and expenses for the year recognized directly in equity						
Profit for the year	0	0	-4,965	1,144	-27	-3,849
Total income and expenses for the year	0	0	0	5,313	0	5,313
Change in the mandatory reserve	0	0	-4,965	6,456	-27	1,464
Dividends paid	0	0	0	-5,206	0	-5,206
<b>Balance as of 31.12.2008</b>	<b>26,031</b>	<b>2,603</b>	<b>43,590</b>	<b>45,103</b>	<b>-27</b>	<b>117,300</b>
Revaluation of land and buildings	0	0	-288	288	0	0
Depreciation transfer for land and buildings	0	0	0	0	21	21
Change in conversion difference						
Total income and expenses for the year recognized directly in equity	0	0	-288	288	21	21
Profit for the year	0	0	0	-3,342	0	-3,342
Total income and expenses for the year	0	0	-288	-3,054	21	-3,321
<b>Balance as of 31.03.2009</b>	<b>26,031</b>	<b>2,603</b>	<b>43,302</b>	<b>42,049</b>	<b>-6</b>	<b>113,979</b>

\* The accounts are reported in thousands of euros (EUR) in order to give additional information to readers. For more information about owners' equity and changes therein, please refer to Note 15.

## 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 as at and for the three months ended 31 March 2009 have been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2008.

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

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja AS on the 1st quarter 2009 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

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

- IAS 1 (revised) – Presentation of Financial Statements  
The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has decided to present a single statement of comprehensive income that combines the income statement and non-owner changes in equity.
- IFRS 8 – Operating Segments  
The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group's management in deciding how to allocate resources and in assessing performance. The application of the Standard has increased the number of reportable segments. In place of the previously reported two segments (Buildings and Infrastructure) the Group now discloses segment information in respect of Buildings (European Union), Buildings (Ukraine), Infrastructure (European Union) and other segments. IFRS 8 is effective for the annual financial statements. In the interim financial statements information on operating segments has been presented in accordance with IAS 34 Interim Financial Reporting.  
  
Reportable operating segments are identified on the basis of how the internally generated financial information is used by the Group's chief operating decision maker. The chief operating decision maker is the group of persons that allocates resources to and assesses the performance of the operating segments. The Group's chief operating decision maker is the board of the parent Tallinna Kaubamaja AS along with the director of the infrastructure department. The new segment reporting approach does not change the principles of allocating goodwill to the Group's cash-generating units.



## Tallinna Kaubamaja AS

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

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

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

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

**Note 2. Cash at Bank and in Hand**

In thousands of kroons

	31 March 2009	31 December 2008
Cash in hand	1,101	5,825
Cash at bank	61,898	78,201
Cash in transit	6,835	17,327
<b>Total cash at bank and in hand</b>	<b>69,834</b>	<b>101,353</b>

**Note 3. Trade Receivables**

In thousands of kroons

	31 March 2009	31 December 2008
Trade receivables	54,398	67,155
Card payments	8,678	29,383
<b>Total trade receivables</b>	<b>63,076</b>	<b>96,538</b>

**Note 4 Other short term receivables**

In thousands of kroons

	31 March 2009	31 December 2008
Bonuses to be received from suppliers	19,595	42,422
Current receivables from affiliates (see Note 9)	2,750	2,750
Other short term receivables	7,395	27,847
<b>Total other short term receivables</b>	<b>29,740</b>	<b>73,019</b>

**Note 5. Prepaid Expenses**

In thousands of kroons

	31 March 2009	31 December 2008
VAT	47,861	41,475
Income tax	27	0
Customs duty	4	0
<b>Total prepaid taxes</b>	<b>47,892</b>	<b>41,475</b>
Lease expenses prepaid	4,714	5,714
Other prepaid expenses	12,293	6,447
<b>Total current prepaid expenses</b>	<b>17,007</b>	<b>12,161</b>
Long term lease expenses prepaid	31,074	31,074
<b>Total long-term prepaid expenses</b>	<b>31,074</b>	<b>31,074</b>

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

## Tallinna Kaubamaja AS

### Note 6. Inventories

In thousands of kroons

	31. March 2009	31. March 2008
Goods for resale	708,968	619,576
Cars purchased for resale	102,702	145,341
Raw materials	9,050	10,332
Prepayments for goods	3,412	6,055
<b>Total inventories</b>	<b>824,132</b>	<b>781,304</b>

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

In thousands of kroons

	31. March 2009	31. March 2008
Materials and consumables used	1,192,000	1,098,804
Write-down and write-off of inventories	12,523	13,167
Inventory shortages	2,480	2,400
<b>Total</b>	<b>1,207,003</b>	<b>1,114,371</b>

### Note 7. Shares in subsidiaries

In thousands of kroons

The Tallinna Kaubamaja Group incorporates:

Name of company	Location	Field of activity	Share	Acquisition cost	Year of acquisition
A-Selver AS	Tallinn, Pärnu mnt.238	Retail trade	100%	22,000	1996
<i>A-Selver AS subsidiary:</i>					
SIA Selver Latvia	Riga, Ieriku 3	Retail trade	100%		2006
AS Tartu Kaubamaja	Tartu, Riga 2	Retail trade	100%	15,849	1996
<i>AS Tartu Kaubamaja subsidiaries:</i>					
TKM Beauty OÜ	Tallinn, Gonsiori 2	Retail trade	100%		2007
<i>TKM Beauty OÜ subsidiary:</i>					
TKM Beauty Eesti OÜ	Tallinn, Gonsiori 2	Retail trade	100%		2007
OÜ Suurtüki NK	Tallinn, Ehitajate tee 110	Retail trade	100%	55,017	2008
SIA Suurtüki	Riga, Tomsona 30-86	Retail trade	100%	13,973	2008
AS ABC King	Tallinn, Pärnu rd 139E	Retail trade	100%	170,678	2008
<i>AS ABC King subsidiary:</i>					
ABC King SIA	Riga, Ieriku 3	Retail trade	100%		2008
OptiGroup Invest OÜ	Tallinn, Gonsiori 2	Trade and financing	100%	40	2007
<i>OptiGroup Invest OÜ subsidiary:</i>					
KIA Auto AS	Tallinn, Ülemiste tee 1	Retail trade	100%	79,400	2007
<i>KIA Auto AS subsidiary:</i>					
Ülemiste Autokeskus OÜ	Tallinn, Ülemiste tee 1	Retail trade	100%		2007
KIA Automobiles SIA	Riga, Pulkeveza Brieza 31	Retail trade	100%	90	2007
KIA Auto UAB	Vilnius, Jasinskoe 14	Retail trade	100%		2007
Tallinna Kaubamaja Kinnisvara AS	Tallinn, Gonsiori 2	Real estate management	100%	46,285	1999
<i>Tallinna Kaubamaja Kinnisvara AS subsidiaries:</i>					
Tartu Kaubamaja Kinnisvara OÜ	Tartu, Riga 1	Real estate management	100%		2004
SIA TKM Latvija	Riga, Ieriku 3	Real estate	100%		2006
<b>Acquisition cost of subsidiaries as of 31.03.2009</b>				<b>403,332</b>	

**Note 8. Shares in Affiliates**

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

In thousands of kroons

	<b>31. March 2009</b>	<b>31. December 2008</b>
Number of shares at end of year / (beginning of year)	501/(501)	501/(501)
Shareholding % at end of year / (beginning of year)	50/(50)	50/(50)
<b>At beginning of year</b>		
Acquisition cost	6,500	6,500
<b>Holding in owners' equity of investment object</b>	<b>14,201</b>	<b>14,201</b>
Equity profit for accounting period	825	3,304
<b>At end of accounting period</b>		
Acquisition cost	6,500	6,500
<b>Holding in owners' equity of investment object</b>	<b>18,330</b>	<b>17,505</b>

Financial information on the affiliate Rävåla Parkla AS:

	<b>31. March 2009</b>	<b>31. December 2008</b>
Assets	62,296	61,422
Liabilities	25,660	24,436
Revenue	2,184	9,390
Profit	1,650	6,608

**Note 9. Other Long-term Receivables**

In thousands of kroons

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

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

**Note 10. Tangible Fixed Assets**

In thousands of kroons

	Land and buildings	Machinery and equipment	Other equipment, fixtures and fittings	Prepay- ments for property, plant and equipment	Cons- truction in progress	Total
<b>31.12.2007</b>						
Acquisition cost or valuation	1,656,657	232,359	256,812	12,145	497,410	2,655,383
Accumulated depreciation	-39,874	-141,374	-173,257	0	0	-354,505
<b>Net book value</b>	<b>1,616,783</b>	<b>90,985</b>	<b>83,555</b>	<b>12,145</b>	<b>497,410</b>	<b>2,300,878</b>
<b>Changes in 2008</b>						
Additions from business combinations	714	740	5,652	0	0	7,106
Purchases and additions	205,168	121,413	86,020	33,250	530,484	976,335
Reclassification	115,275	-4,149	14,943	-10,861	-115,208	0
Revaluations	-71,600	0	0	0	-75,000	-146,600
Sales	-290	-445	-988	0	0	-1,723
Depreciation	-50,922	-42,893	-44,108	0	0	-137,923
<b>31.12.2008</b>						
Acquisition cost or valuation	1,969,527	355,830	362,439	34,534	912,686	3,635,016
Accumulated depreciation	-154,399	-190,179	-217,365	0	-75,000	-636,943
<b>Net book value</b>	<b>1,815,128</b>	<b>165,651</b>	<b>145,074</b>	<b>34,534</b>	<b>837,686</b>	<b>2,998,073</b>
<b>Changes in 3 months of 2009</b>						
Purchases and additions	8,608	24,638	13,435	20,309	29,143	96,133
Reclassification	64,133	1,182	4,616	-8,790	-61,141	
Sales	0	-315	-72	0	0	-387
Depreciation	-15,864	-14,636	-14,218	0	-6	-44,724
<b>31.03.2009</b>						
Acquisition cost or valuation	2,042,268	381,335	380,418	46,053	880,688	3,730,762
Accumulated depreciation	-170,263	-204,815	-231,583	0	-75,006	-681,667
<b>Net book value</b>	<b>1,872,005</b>	<b>176,520</b>	<b>148,835</b>	<b>46,053</b>	<b>805,682</b>	<b>3,049,095</b>

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

Total investment volume to Kakumäe Selver is 68,600 thousands of kroons, to footwear floor is 4,141 thousands of kroons. The cost of equipment placed to the new areas is 43,871 thousands of kroons. Additional prepayment in the total sum of 49,452 thousands of kroons is required for the new projects.

**Note 11. Intangible Fixed Assets**

In thousands of kroons

	Goodwill	Trademark	Beneficial contracts	Developing-cost	Total
<b>31.12.2007</b>					
Acquisition cost or valuation	49,388	0	0	0	49,388
Accumulated amortisation and impairment loss	0	0	0	0	0
<b>Net book value</b>	<b>49,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,388</b>
<b>Changes in 2008</b>					
Additions from business combinations	72,395	54,887	16,900	0	144,182
Depreciation	0	-1,820	-1,536	0	-3,356
Write down due to impairment	-4,688	0	0	0	-4,688
Other adjustments	-7,596	0	0	0	-7,596
<b>31.12.2008</b>					
Acquisition cost or valuation	114,187	54,887	16,900	0	185,974
Accumulated amortisation and impairment loss	-4,688	-1,820	-1,536	0	-8,044
<b>Net book value</b>	<b>109,499</b>	<b>53,067</b>	<b>15,364</b>		<b>177,930</b>
<b>Changes in 3 months of 2009</b>					
Acquisition	0	0	0	53	53
Depreciation	0	-910	-768	0	-1,678
<b>31.03.2009</b>					
Acquisition cost or valuation	114,187	54,887	16,900	53	186,027
Accumulated amortisation and impairment loss	-4,688	-2,730	-2,304	0	-9,722
<b>Net book value</b>	<b>109,499</b>	<b>52,157</b>	<b>14,596</b>	<b>53</b>	<b>176,305</b>

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

**Note 12 Interest bearing loans and borrowings**

In thousands of kroons

2009	Balance 31.03.2009	Repayment			Due date	Interest rate
		Within 12months	Within 1-5 years	After 5 years		
SEB Pank AS	96,729	12,154	70,422	14,153	28.09.2014	6 month EURIBOR+0,3%
SEB Pank AS	133,829	11,831	121,998		19.04.2012	6 month EURIBOR+0,2%
Nordea Bank Finland Plc Eesti Filiaal	265,992		265,992		07.12.2011	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	70,575	5,018	65,557		20.06.2013	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	56,522	1,276	7,745	47,501	13.06.2018	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	182,215	3,974	24,308	153,933	20.06.2018	6 month EURIBOR+0,38%
Nordea Bank Finland Plc Eesti Filiaal	81,284	1,772	68,668	10,844	20.06.2018	6 month EURIBOR+0,37%
Nordea Finance Latvia SIA	1,308	1,308			07.06.2009	6 month EURIBOR+1,60%
Nordea bank Finland Plc Eesti Filiaal	103,027	1,841	11,157	90,029	15.05.2018	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	175,913	3,157	52,020	120,736	30.08.2018	6 month EURIBOR+0,37%
AS Swedbank	57,768	6,108	51,660		21.04.2013	6 month EURIBOR+0,47%
AS Swedbank	195,843		190,813	5,030	28.01.2014	6 month EURIBOR+0,52%
AB Swedbank	1,863	1,863			15.05.2009	6 month VILIBOR+0,97%
AS Swedbank Liising Eesti	69,960	69,960			16.10.2009	6 month EURIBOR+0,28%
Swedbank Lizings SIA	360	360			01.10.2009	5,60%
SEB Liising AS	3,254	3,254			16.10.2009	6 month EURIBOR+0,8%
UAB Swedbank lizingas	1,636	1,636			16.10.2009	6 month EURIBOR+0,8%
UAB Swedbank lizingas	1,632	0	1,632		30.07.2010	6 month EURIBOR+1,10%
UAB Swedbank lizingas	16	0	16		30.01.2010	6 month EURIBOR+1,30%
SEB Pank AS	20,407	20,407			30.05.2009	1 month EURIBOR+2,0%
AS Swedbank Liising Eesti	2,513	2,513			10.04.2009	6month EURIBOR+0,65%
AS Swedbank	14,492	14,492			05.10.2009	6 month EURIBOR+0,57%
Nordea Bank Finland Plc Eesti Filiaal	83,608	7,977	75,631		30.07.2113	6 month EURIBOR+0,4%
<b>Loans</b>	<b>1,620,746</b>	<b>170,901</b>	<b>1,007,619</b>	<b>442,226</b>		
Financial lease (Note 13)	18,707	4,305	14,402		07.04.2012	7%
<b>Total interest bearing loans and borrowings</b>	<b>1,639,453</b>	<b>175,206</b>	<b>1,022,021</b>	<b>442,226</b>		

## Tallinna Kaubamaja AS

In thousands of kroons

2008	Repayment				Due date	Interest rate
	Balance 31.12.2008	Within 12 months	Within 1- 5 years	After 5 years		
SEB Pank AS	100,702	16,127	70,422	14,153	28.09.2014	6 month EURIBOR +0,6%
SEB Pank AS	137,693	15,695	121,998		19.04.2012	6 month EURIBOR +0,6%
Nordea Bank Finland Plc Eesti Filiaal	265,992		265,992		07.12.2011	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	73,666	8,109	65,557		20.06.2013	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	56,932	1,686	7,745	47,501	13.06.2018	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	183,490	5,249	24,308	153,933	20.06.2018	6 month EURIBOR+0,38%
Nordea Bank Finland Plc Eesti Filiaal	81,853	2,341	68,668	10,844	20.06.2018	6 month EURIBOR+0,37%
Nordea Finance Latvia SIA	2,059	2,059			01.04.2009	6 month EURIBOR+1,60%
Nordea Bank Finland Plc Eesti Filiaal	103,615	2,429	11,157	90,029	15.05.2018	6 month EURIBOR+0,4%
Nordea Bank Finland Plc Eesti Filiaal	123,867	4,106	19,025	100,736	30.08.2018	6 month EURIBOR+0,37%
AS Swedbank	59,763	8,103	51,660		21.04.2013	6 month EURIBOR+0,47%
AB Swedbank	1,580	1,580			15.05.2009	6 month VILIBOR+0,97%
AS Swedbank Liising Eesti	114,071	114,071			07.03.2009	12 month EURIBOR +0,65%
Swedbank Lizings SIA	378	378			01.10.2009	5,60%
SEB Liising AS	5,139	5,139			01.10.2009	6 month EURIBOR+0,8%
UAB Swedbank Lizingas	1,477	1,477			30.05.2009	6 month EURIBOR+1,20%
UAB Swedbank Lizingas	2,445	813	1,632		30.07.2010	6 month EURIBOR+1,10%
UAB Swedbank Lizingas	207	191	16		30.01.2010	6 month EURIBOR+1,30%
AS Swedbank	47,200	47,200			18.06.2009	12 month EURIBOR+0,72%
AS Swedbank Liising Eesti	1,716	1,716			10.04.2009	6month EURIBOR+0,65%
AS Swedbank	20,000	20,000			30.03.2009	6 month EURIBOR+0,75%
Nordea Bank Finland Plc Eesti Filiaal	87,269	11,638	75,631		30.07.2013	6 month EURIBOR+0,98%
SEB Pank AS	42,298	42,298			06.02.2009	7%
<b>Loans</b>	<b>1,513,413</b>	<b>312,406</b>	<b>783,811</b>	<b>417,196</b>		
Financial lease (Note 13)	20,094	5,692	14,402		07.04.2012	7%
<b>Total interest bearing loans and borrowings</b>	<b>1,533,507</b>	<b>318,098</b>	<b>798,213</b>	<b>417,196</b>		

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



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

The group leases buildings under finance lease terms:

In thousands of kroons

	<b>31. March 2009</b>	<b>31. December 2008</b>
Acquisition cost	43,951	43,951
Accumulated depreciation	-30,214	-29,116
<b>Net book value</b>	<b>13,737</b>	<b>14,835</b>

In thousands of kroons

<b>Minimum finance lease payments</b>	<b>31. March 2009</b>	<b>31. December 2008</b>
up to 1 year.	5,063	6,786
1-5 years	15,612	15,612
<b>Total</b>	<b>20,675</b>	<b>22,398</b>
Future interest expense	-1,968	-2,304
<b>Net present value of lease payments (Note 12)</b>	<b>18,707</b>	<b>20,094</b>

**Net present value of lease payments**

up to 1 year	4,305	5,692
1-5 years	14,402	14,402
<b>Total (Note12)</b>	<b>18,707</b>	<b>20,094</b>

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m<sup>2</sup>. The agreement will end in 2012. The agreement can be prematurely terminated by notifying the other party thereof in writing one month in advance. The Group has the right of the renewal of agreement at the end of the term of validity of the agreement.

**Note 14. Other Current Payables**

In thousands of kroons

	<b>31. March 2009</b>	<b>31. December 2008</b>
Value added tax	13,061	28,049
Personal income tax	11,601	14,509
Social tax	25,004	31,310
Income tax on fringe benefits	263	562
Unemployment insurance	625	750
Funded pension	1,069	1,280
<b>Total taxes payable *</b>	<b>51,623</b>	<b>76,460</b>
Employee-related liabilities	60,911	67,358
Interest payable	399	3,482
Other accrued expenses	959	176
Prepayments received from lessees	8,269	7,197
<b>Total other short-term liabilities</b>	<b>70,538</b>	<b>78,213</b>

Short-term provision in the amount of 1,622 thousand kroons (2008: 3,534 kroons) and long term provision in the amount of 1,284 thousand kroons (2008: 1,462 thousand kroons) stand for guarantee provisions related with footwear and vehicle business.

**Note 15. Share Capital**

As of 31 Mar. 2009 the share capital amounted to 407,292 thousand kroons and was divided into 40,729,200 ordinary shares with a nominal value of 10 kroons. Pursuant to the Articles of Association the maximum allowed number of ordinary shares is 162,916,800.

**Note 16. Sales Revenue**

In thousands of kroons, 3 months of 2009

	<b>3 months 2009</b>	<b>3 months 2008</b>
Retail sales revenue	1,498,809	1,455,189
Wholesale revenue	12,164	4,690
Income from service and catering	13,630	10,397
<b>Total sales revenue</b>	<b>1,524,603</b>	<b>1,470,276</b>

**Note 17. Other Operating Revenue**

In thousands of kroons, 3 months of 2009

	<b>3 months 2009</b>	<b>3 months 2008</b>
Rental income	14,515	11,882
Selling profit from fixed assets	0	6
Car park services income	221	314
Empties handling	1,046	772
Expedition revenue	3,315	3,323
Advertising revenue	12,815	11,581
Other operating revenue	5,797	5,388
Income from currency exchange	245	42
<b>Total other operating revenue</b>	<b>37,954</b>	<b>33,308</b>

**Note 18. Other Operating Expenses**

In thousands of kroons, 3 months of 2009

	<b>3 months 2009</b>	<b>3 months 2008</b>
Rental expenses	54,576	37,529
Utilities	22,425	19,341
Advertising expenses	18,034	25,475
Bank charges	10,955	9,551
Security expenses	9,125	6,454
Heat and electricity	31,250	18,957
Materials	17,942	15,599
IT and communication expenses	8,924	6,558
Business trips	2,139	2,408
Training expenses	682	1,378
Insurance	470	454
Logistic service	3,863	1,690
Other operating expenses	6,299	5,581
<b>Total other operating expenses</b>	<b>186,684</b>	<b>150,975</b>

**Note 19. Staff Costs**

In thousands of kroons 3 months of 2009

	<b>3 months 2009</b>	<b>3 months 2008</b>
Wages and salaries	123,760	101,965
Social tax	40,432	33,891
<b>Total staff costs</b>	<b>164,192</b>	<b>135,856</b>
	<b>3 months 2009</b>	<b>3 month 2008</b>
Average monthly wages and salaries per employee (EEK) in accounting period	11,030	11,368
Average number of employees in accounting period	3,740	2,990

**Note 20. Net financial items**

In thousands of kroons, 3 months of 2009

Financial income

	<b>3 months 2009</b>	<b>3 months 2008</b>
Interest income from SEB Pank AS	1	800
Interest income from AS Swedbank	366	310
Interest income from Nordea Bank Finland Plc Eesti Filiaal	189	0
Other interest income	524	738
<b>Total interest income</b>	<b>1,080</b>	<b>1,848</b>

Financial expenses

	<b>3 months 2009</b>	<b>3 months 2008</b>
Bank loan interest	-9,659	-4,831
Financial lease interest	-335	-381
Other financial expenses *	-166	-395
<b>Total interest expenses</b>	<b>-10,160</b>	<b>-5,607</b>

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

**Note 21. Segment Reporting**

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

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

*Business Segments*

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

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

*Geographical Segments*

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

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

## Business Segment Report

In thousands of kroons

31. March 2009	Department stores	Super-markets	Real estate	Car trade	Footwear-retail	Transactions between segments	Total
Sales to third parties	277,124	1,133,087	11,349	62,815	40,228	0	1,524,603
Sales between segments	3,553	4,046	27,896	43,382	2,320	-81,197	0
<b>Total sales</b>	<b>280,677</b>	<b>1,137,134</b>	<b>39,244</b>	<b>106,197</b>	<b>42,548</b>	<b>-81,197</b>	<b>1,524,603</b>
Intersegment other revenue	0	0	0	0	0	0	37,956
Intersegment operating expenses	0	0	0	0	0	0	-1,606,580
<b>Segment operating profit</b>	<b>-16,945</b>	<b>-29,869</b>	<b>26,130</b>	<b>-2,625</b>	<b>-20,712</b>	<b>0</b>	<b>-44,021</b>
Financial income/expenses	0	0	0	0	0	0	-8,255
<b>Segment profit</b>	<b>-11,396</b>	<b>-29,212</b>	<b>16,014</b>	<b>-5,852</b>	<b>-21,830</b>	<b>0</b>	<b>-52,276</b>
<b>Segment assets</b>	<b>411,396</b>	<b>867,987</b>	<b>2,619,380</b>	<b>214,713</b>	<b>216,810</b>	<b>0</b>	<b>4,330,286</b>
<b>Segment liabilities</b>	<b>790,647</b>	<b>638,533</b>	<b>876,973</b>	<b>98,248</b>	<b>142,485</b>	<b>0</b>	<b>2,546,886</b>
Additions of non-current assets in the period	11,281	35,434	69,276	0	621	0	116,612
Depreciation charge	6,970	24,057	12,073	641	2,661	0	46,402

In thousands of kroons

31. March 2008	Department stores	Super-markets	Real estate	Car trade	Transactions between segments	Total
Sales to third parties	351,002	972,805	10,330	136,139	0	1,470,276
Sales between segments	3,520	2,652	16,774	47,957	-70,903	0
<b>Total sales</b>	<b>354,522</b>	<b>975,457</b>	<b>27,104</b>	<b>184,096</b>	<b>-70,903</b>	<b>1,470,276</b>
Intersegment other revenue	0	0	0	0	0	33,308
Intersegment operating expenses	0	0	0	0	0	-1,433,140
<b>Segment operating profit</b>	<b>19,755</b>	<b>34,783</b>	<b>14,208</b>	<b>1,698</b>	<b>0</b>	<b>70,444</b>
Financial income/expenses	0	0	0	0	0	-2,941
<b>Segment profit</b>	<b>24,052</b>	<b>38,599</b>	<b>6,114</b>	<b>-1,262</b>	<b>0</b>	<b>67,503</b>
<b>Segment assets</b>	<b>357,509</b>	<b>560,184</b>	<b>2,234,428</b>	<b>245,110</b>	<b>0</b>	<b>3,397,231</b>
<b>Segment liabilities</b>	<b>492,206</b>	<b>531,683</b>	<b>289,506</b>	<b>122,290</b>	<b>0</b>	<b>1,435,685</b>
Additions of non-current assets in the period	1,233	22,045	85,279	700	0	109,257
Depreciation charge	7,104	13,027	8,393	389	0	28,913

## Geographical Segment

In thousands of kroons

31. March 2009	Estonia	Lithuania	Latvia	Total
Sales outside of segment	1,494,001	7,891	22,711	<b>1,524,603</b>
Assets of segment according to location	3,492,824	11,010	826,452	<b>4,330,286</b>
Acquisition of fixed assets of segment in accounting period	99,913	0	16,699	<b>116,612</b>

## Tallinna Kaubamaja AS

In thousands of kroons

<b>31.Marcgh 2008</b>	<b>Estonia</b>	<b>Lithuania</b>	<b>Latvia</b>	<b>Total</b>
Sales outside of segment	1,435,510	20,650	14,116	<b>1,470,276</b>
Assets of segment according to location	2,808,609	15,309	573,313	<b>3,397,231</b>
Acquisition of fixed assets of segment in accounting period	66,838	33	42,386	<b>109,257</b>

### Note 22. Transactions with Related Parties

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

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

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

In thousands of kroons 3 months of 2009

	<b>Purchases 3 months of 2009</b>	<b>Sales 3 months of 2009</b>
Parent company	405	454
Other related companies	55,908	747
Affiliates	0	145
<b>Total</b>	<b>56,313</b>	<b>1,346</b>

Within first 3 months of 2008 the Group has purchased and sold goods and rendered services as follows:

In thousands of kroons, 3 months of 2008

	<b>Purchases 3 months of 2008</b>	<b>Sales 3 months of 2008</b>
Parent company	0	633
Other related companies	34,059	457
Affiliates	0	111
<b>Total</b>	<b>34,059</b>	<b>1,201</b>

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

## Tallinna Kaubamaja AS

Balances with related parties:

In thousands of kroons

	31. March 2009	31. December 2008
Parent company	3,720	194
Other related companies	112	1,845
Current receivables from affiliates	2,830	1,828
<b>Total current receivables</b>	<b>6,662</b>	<b>3,867</b>
Long-term receivables		
Long-term receivables from affiliates	2,750	2,750
<b>Total receivables from related parties</b>	<b>9,412</b>	<b>6,617</b>
Parent company	0	164
Other related companies	37,453	53,301
<b>Total liabilities to related parties</b>	<b>37,453</b>	<b>53,465</b>

AS Tartu Kaubamaja, A-Selver AS, Tallinna Kaubamaja Kinnisvara AS, OÜ Tartu Kaubamaja Kinnisvara, SIA TKM Latvija, KIA Auto AS, TKM Beauty OÜ, OptiGroup Invest OÜ, SIA Selver Latvia, OÜ Suurtüki NK, AS ABC King have joined the Tallinna Kaubamaja AS Group account agreement. The said Group as a subgroup has joined the NG Investeeringud OÜ group (hereinafter 'the Main Group') account agreement which also includes Balbiino AS, Liviko AS, Kitman AS, Ganiger Invest OÜ, OÜ NG Kapital, Roseni Kinnisvara OÜ and Motivo Grupp OÜ. Since the autumn of 2001 the Tallinna Kaubamaja Group has placed their available funds at the disposal of the Main Group earning interest income from the investment. During 3 month of 2009 the Tallinna Kaubamaja Group was earning 456 thousand kroons (2008: 627 thousand kroons) of interest revenue from keeping available funds in the group account. As of 31 March 2009 the group has paid interest on the use of the available funds of the Main Group in the amount of 174 thousand kroons (2008: 210 thousand kroons). The average annual interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 5.2% EEK and 1.69% EUR (2008: 5.0% EEK). According to the group account agreement the members of the group bear solitarily liability for the amounts payable to the bank.

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