

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the First quarter of 2017**
(unaudited)

Table of contents

MANAGEMENT REPORT	4
CONSOLIDATED FINANCIAL STATEMENTS	10
MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS	10
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12
CONSOLIDATED CASH FLOW STATEMENT	13
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY	14
NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS	15
Note 1. Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts	15
Note 2. Cash and cash equivalents	16
Note 3. Trade and other receivables	16
Note 4. Trade receivables	16
Note 5. Inventories	16
Note 6. Subsidiaries	17
Note 7. Investments in associates	17
Note 8. Long-term receivables and prepayments	18
Note 9. Investment property	18
Note 10. Property, plant and equipment	19
Note 11. Intangible assets	20
Note 12. Borrowings	21
Note 13. Trade and other payables	22
Note 14. Taxes	22
Note 15. Share capital	22
Note 16. Segment reporting	23
Note 17. Other operating expenses	25
Note 18. Staff costs	25
Note 19. Finance income and costs	25
Note 20. Earnings per share	26
Note 21. Related party transactions	26

COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,100 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 2017
End of financial year:	31 December 2017
Beginning of interim report period:	1 January 2017
End of interim report period:	31 March 2017
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 Group 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 Group supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2018. 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 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group 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 Group has one member. The term of office of the management board member Raul Puusepp was extended on 17 February 2017 and his term of office expires on 6 March 2020.

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 Group prescribe no greater majority requirement and the public limited company does not possess several classes of shares.

Share market

Since 19 August 1997, the shares of Tallinna Kaubamaja Group have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja Group has issued 40.729.2 thousand registered shares, each with the nominal value of 0.40 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 Group 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 8.23 euros at the end of 2016 was closed in late March of 2017 at 9.57 euros, increased by 16.28% within the three months of the year.

According to the notice of regular annual general meeting of the shareholders published on 27 February 2017, the management board proposed to pay dividends 0.63 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2017 to 31.03.2017.

In euros



Company's structure

The following companies belong to the Group as of March 31, 2017:

	Location	Shareholding as of 31.03.2017	Shareholding as of 31.12.2016
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Viking Security AS	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
TKM Lietuva UAB	Lithuania	100%	0%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic environment

In 2016, Estonian economic growth was slow, but stable. At the year-end, the economic growth accelerated noticeably; accordingly, the overall annual growth was better than expected by the analysts. The economic growth in different quarters of 2016 was driven by trade, information and communication, as well as the transport sector. Major contribution to the GDP growth originated from the received net taxes on products, supported by notable growth in excise taxes. At the same time, investments in buildings and civil engineering works, as well as investments of general government in machines and fixtures decreased. According to different analysts, the growth of gross domestic product supported by foreign demand will rise to 2.5% in 2017. Also, the investment activity is expected to pick up in 2017. Shortage in labour force has become an increasingly serious problem for Estonian enterprises, reducing the profit of enterprises due to faster growth in wages than in productivity. In the first three months of 2017, the prices increased by 3.0% in Estonia, therein the prices of food and non-alcoholic beverages appreciated by 3.9% and clothing and footwear by 1.9%. The biggest increase in prices was seen in alcoholic beverages, where the upsurge of prices amounted to 6.4%. According to analysts, the growth of the consumer price index in Estonia will grow by up to 3.2% in 2017.

According to Statistics Estonia, the total sales revenue of trading companies in current prices in Estonia grew by 9.2% in the first two months of 2017. The highest growth in sales revenue was shown by retail sale via post and online (+47.3%). The largest volume-wise contribution to the growth of sales revenue in retail trade came from the retail sale of motor fuel in specialised stores, which is beyond the scope of the Group's activities. Sales revenue in non-specialised stores (selling predominantly grocery products) went up by 2.7% in the first two months of the year, retail sale in other non-specialised stores declined in the given period by 0.3% and wholesale and retail sale, as well as the repair of motor vehicles and motorcycles increased by 16.0%. According to AMTEL statistics, the car sale in Estonia increased by 8.1% in the first quarter. However, Estonia was outpaced here by Latvia and Lithuania. According to analysts, the growth rate of retail trade will most likely decelerate this year. Consumer confidence has improved even more at the beginning of the year, being most likely driven by the confidence of enterprises and salary growth expectations.

Economic results

FINANCIAL RATIOS 2016–2017

	EUR		Change
	1 st quarter 2017	1 st quarter 2016	
Sales revenue (in millions)	150.7	136.9	10.1%
Operating profit (in millions)	6.2	5.2	20.9%
Net loss (in millions)	-0.3	-0.2	20.6%
Return on equity (ROE)	-0.1%	-0.1%	
Return on assets (ROA)	-0.1%	-0.1%	
Net profit margin	-0.17%	-0.16%	
Gross profit margin	24.57%	24.85%	
Quick ratio	0.86	0.86	
Debt ratio	0.53	0.48	
Sales revenue per employee (in millions)	0.037	0.034	
Inventory turnover	1.62	1.57	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.37	4.40	
Share's closing price (EUR/share)	9.570	7.220	
Earnings per share (EUR/share)	-0.01	-0.01	
Average number of employees	4,107	4,011	

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
Quick ratio	= Current assets / Current liabilities
Debt ratio	= Total liabilities / Balance sheet total

The total consolidated unaudited sales revenue of Tallinna Kaubamaja Group of the 1st quarter of 2017 was 150.7 million euros. Compared to the 1st quarter of 2016, when the sales revenue amounted to 136.9 million euros, the growth was 10.1%. Sales revenue increased in all retail segments of the Group. Net loss for the reporting period was 0.3 million euros due to income tax of 6.4 million euros, calculated on dividends. Loss for the 1st quarter of 2016 was 0.2 million euros, including income tax of 5.2 million. Pre-tax profit was almost one-fifth higher (6.1 million euros) in a year-on-year comparison.

The beginning of the year showed an improvement in the Group results both in terms of sales revenue, as well as pre-tax profit. Sales revenue increased in all retail segments of the Group despite the fact that the reference period, i.e. the 1st quarter of 2016, was longer by one trading day due to the leap year. Profit improved in the more important areas of the Group. Carefully planned marketing campaigns, sophisticated assortment of goods and supplementation of trade processes continued to lead to success. The growth of the Group's major e-stores met the expectations. Margin of the 1st quarter suffered slightly compared to the year prior due to the rise in raw material prices of the central kitchen and extensive seasonal discounts in the footwear segment. In terms of costs, the Group managed to keep control over miscellaneous operating costs, contributing more to data communication and IT expenses, which play an increasingly important role in the company's development activities. Labour costs increased by 6.4%, which together with the growing number of employees is a good result and shows the success of the HR policy, contributing also to other values besides salary.

No sales areas were expanded in the 1st quarter of 2017. Compared to the 1st quarter of 2016, the sales area has grown by three Selver stores and decreased by three smaller footwear stores. The ABC King store in the Kuressaare Auriga Centre was closed temporarily in March 2017 for the renovation period of the Auriga Centre.

The volume of the assets of the Tallinna Kaubamaja Group as of 31 March 2017 was 381.6 million euros, it decreased by 7.1 million euros compared to the end of 2016, i.e. 1.8%.

There were more than 610 thousand loyal customers at the end of the reporting period; the number of loyal customers increased by 6.1% in a year. The proportion of loyal customers in the Group's turnover was 83.1% (80.5% in the 1st quarter of 2016). By the end of the 1st quarter, over 26.6 thousand Partner Bank and Credit Cards had been issued.

Selver supermarkets

The consolidated sales revenue of the 1st quarter of 2017 in the business segment of supermarkets and the sales revenue in Estonia was 99.6 million euros, indicating a 7.3% growth in a year-on-year comparison. 8.8 million purchases were made in Selters in the 1st quarter of 2017, surpassing the figure of the previous year by 4.4%. The consolidated pre-tax profit of the business segment of supermarkets made 2.8 million euros in the 1st quarter of 2017, from which 3.3 million was the profit earned in Estonia, having grown by 0.3 million euros compared to the year prior. The consolidated net loss of the supermarket segment was 0.8 million euros, exceeding the last year's result by 0.7 million euros. The net loss earned in Estonia was 0.3 million euros in the 1st quarter of 2017. The difference between net profit and profit before income tax arises from the income tax paid on dividends – in 2017, the income tax on dividends surpassed the figure of the previous year by 1.0 million euros. Pre-tax loss and net loss earned in Latvia amounted to 0.5 million euros in the 1st quarter of 2017. Loss remained on the same level with the previous year. The business operations in Latvia have been frozen.

Growth in the sales revenue continued to be positively influenced by consumer confidence and increasing real income. In the 1st quarter, the turnover of Selver stores outpaced the average growth of the turnover of the market segment. Increase in the number of purchases and the average shopping basket (also by comparable stores) in the 1st quarter were supported by the newly opened stores, ongoing work with the assortment and successful campaigns. The results of e-Selver were really successful, with sales of the 1st quarter increasing by more than 1.6 times.

The formation of the profit earned in Estonia has been particularly affected by an increase in the gross profit earned from the sale of goods, which has been accomplished primarily with successful sales and optimising the trade processes. With regard to operating expenses, the Group has managed to improve the level of cost efficiency of the previous year. As expected, a positive effect has come from investments, enabling to save on administrative costs and under the strong salary pressure, maintain the labour efficiency on the level of the previous year.

The 2017 reference base does not include the three new supermarkets opened in Tallinn and Maardu in the previous year. The reference base is higher by the additional day due to the leap year, Easter moving into April and one closed store in Narva.

As at the end of March, the supermarkets' segment comprises the Selver store chain with 47 Selver stores, e-Selver and a café with a total sales space of 89.6 thousand m². The segment also includes SIA Selver Latvia, where the entire commercial activity has stopped for now, and Kulinaaria OÜ.

Department stores

The sales revenue of the first three months of 2017 in the business segment of department stores was 23.0 million euros, having increased by 4.0% in a year-over-year comparison. The department stores' monthly sales revenue per sales area square metre was 0.88 thousand euros in the first three months, being 3.5% higher in a year-on-year comparison. The pre-tax profit of the department stores was 0.1 million euros in the 1st quarter of 2017, which is 0.2 million euros better than the result of the year prior. The sales revenue of the department stores in the 1st quarter was influenced by successful sales campaigns. The seasonal discount campaign in January and the campaign "Ilusat isu" ("Beautiful Appetite") in the gourmet and home department held for the first time in February instead of May were successful. The customers have warmly welcomed the exclusive cosmetics brands sold only in department stores and this had a positive impact on the beauty campaign sales in March. The sales via the successfully launched e-store are included in the reference base starting from last March, which also has a positive impact on the result of the 1st quarter.

The sales revenue in the 1st quarter of 2017 of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetics stores, was 1.0 million euros, having decreased by 10.3% compared to the same period in 2016. The loss of the 1st quarter was 0.1 million euros, exceeding the loss of the comparable period of 2016 by 6.5%. The result of the 1st quarter was notably influenced by the weak performance of Tartu stores, caused by reconstruction works at Lõunakeskus and the slow start-up of the store in the Kvartal centre.

Car Trade

The sales revenue of the 1st quarter of 2017 of the car trade segment was 24.2 million euros. The sales revenue increased by 32.9% in a year-on-year comparison, whereas the sales revenue of KIAs grew by 56.7%. In the first three months of the year, a total of 1,116 new vehicles were sold. The pre-tax profit of the segment in the 1st quarter of 2017 was 1.2 million euros, surpassing the profit of the same period in 2016 by 0.8 million euros.

The sales growth of new cars was driven by winning a couple of bigger procurements and delivering the cars in Latvia and Lithuania. In Lithuania, the sale of new KIAs increased also due to a change in the mindset of Lithuanian car buyers towards buying a larger number of new cars. Lithuania is known as the largest market in the Baltic region for second-hand vehicles. The sale of KIAs to private persons has increased, this above all in Latvia. The SUV Sportage is still the biggest hit model of KIA, with growing popularity. The sales growth of KIA has been boosted by active marketing and effectively targeted media campaigns organised by the importer of KIA. In addition, the sale of new Opels has started well in the 1st quarter of this year and the sale of Cadillac passenger cars has improved.

Footwear trade

The sales revenue of the 1st quarter of 2017 in the segment of footwear trade was 2.6 million euros, having increased by 7.9% year-on-year. Loss was 0.8 million euros in the 1st quarter, indicating a 0.3 million euros weaker performance than in the year prior. The weather that briefly promised winter last autumn remained mild and there was no real winter. This increased the discounts made on winter goods in the first months of this year, boosting the sales, but decreasing the margins. Profit was diminished also by the pre-closing clearance sale of two shoe stores. In March, the ABC King stores in the centre Kaubamajakas in Pärnu and in the Kuressaare Auriga Centre were closed. The ABC King store in the Kuressaare Auriga Centre was closed temporarily for the renovation of the Auriga Centre.

Real Estate

The external sales revenue of the real estate segment was 1.2 million euros in the 1st quarter of 2017, remaining on the same level as the year prior. The segment's rental income of the reporting period increased, but other income received from tenants in the reference period was smaller due to one-off marketing revenue in the 1st quarter of 2016. Pre-tax profit of the 1st quarter in the segment was 2.9 million euros, which is 4.4%, or 0.1 million euros more in a year-on-year comparison. Profit growth was supported by the successful leasing of commercial premises and optimising operating expenses. In the course of renovating the Tartu Kaubamaja Centre, the lighting management programme was modernised, LED technology implemented and automation of heating systems improved. Heating costs decreased also due to a warmer than usual winter.

Personnel

In the 1st quarter of 2017, the average number of employees in Tallinna Kaubamaja Group was 4,107 people, a growth of 2.4% compared to the same period in 2016. Total labour costs (wages and social insurance contributions) in the first three months of 2017 were 14.2 million euros, a year-over-year growth of 6.4%. The number of employees mainly grew in supermarkets as a result of expansion. The monthly average salary costs per employee increased 4.2% in comparison with the average salary of the 1st quarter of 2016.

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, 13 April 2017

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 Grupp AS consolidated interim financial statements (unaudited) for the period of first quarter of 2017 as set out on pages 10-27.

The Chairman of the Management Board confirms that:

1. the accounting policies used in preparing the interim financial statements are in compliance with International Financial Reporting Standard as adopted in the European Union;
2. the interim financial statements give a true and fair view of the financial position, the results of the operations and the cash flows of the Parent and the Group;
3. Tallinna Kaubamaja Grupp AS and its subsidiaries are going concerns.



Raul Puusepp
Chairman of the Management Board

Tallinn, 13 April 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2017	31.12.2016
ASSETS			
Current assets			
Cash and cash equivalents	2	27,810	32,375
Trade and other receivables	3	13,637	15,396
Inventories	5	70,201	70,186
Total current assets		111,648	117,957
Non-current assets			
Long-term receivables and prepayments	8	264	264
Investments in associates	7	1,813	1,762
Investment property	9	48,726	48,684
Property, plant and equipment	10	210,781	211,511
Intangible assets	11	8,340	8,505
Total non-current assets		269,924	270,726
TOTAL ASSETS		381,572	388,683
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	24,309	26,852
Trade and other payables	13	105,170	83,812
Total current liabilities		129,479	110,664
Non-current liabilities			
Borrowings	12	73,763	73,772
Provisions for other liabilities and charges		403	403
Total non-current liabilities		74,166	74,175
TOTAL LIABILITIES		203,645	184,839
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		83,480	83,932
Currency translation differences		-255	-255
Retained earnings		75,807	101,272
TOTAL EQUITY		177,927	203,844
TOTAL LIABILITIES AND EQUITY		381,572	388,683

The notes presented on pages 15 to 27 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	3 months 2017	3 months 2016
Revenue	16	150,688	136,850
Other operating income		482	267
Cost of sales	5	-113,666	-102,848
Other operating expenses	17	-13,494	-12,759
Staff costs	18	-14,155	-13,298
Depreciation, amortisation and impairment losses	10, 11	-3,281	-2,806
Other expenses		-329	-241
Operating profit		6,245	5,165
Finance income	19	0	2
Finance costs	19	-183	-208
Finance income on shares of associates	7	51	46
Profit before tax		6,113	5,005
Income tax expense	15	-6,371	-5,219
NET LOSS FOR THE FINANCIAL YEAR		-258	-214
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		0	0
Other comprehensive income for the financial year		0	0
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		-258	-214
Basic and diluted earnings per share (euros)	20	-0.01	-0.01

Net profit and total comprehensive income are attributable to the owners of the parent.

The notes presented on pages 15 to 27 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2017	3 months 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		-258	-214
<i>Adjustments:</i>			
<i>Interest expense</i>	19	183	208
<i>Interest income</i>	19	0	-2
<i>Depreciation, amortisation</i>	10, 11	3,281	2,799
<i>Loss on sale and write-off of non-current assets</i>	10	0	7
<i>Profit on sale of non-current assets</i>	9,10	-193	0
<i>Effect of equity method</i>	7	-51	-46
Change in inventories		-16	-4,380
Change in receivables and prepayments related to operating activities		1,759	2,390
Change in liabilities and prepayments related to operating activities		-4,279	-3,606
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		426	-2,844
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-3,332	-2,751
Proceeds from sale of property, plant and equipment	10	1,110	39
Purchase of intangible assets	11	-13	-21
Change in balance of parent company's group account		0	5,000
Interest received	19	0	2
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-2,235	2,269
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	12,790	12,314
Repayments of borrowings	12	-15,600	-11,344
Change in overdraft balance	12	258	12
Interest paid		-204	-231
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-2,756	751
TOTAL CASH FLOWS		-4,565	176
Cash and cash equivalents at the beginning of the period	2	32,375	13,911
Cash and cash equivalents at the end of the period	2	27,810	14,087
Net change in cash and cash equivalents		-4,565	176

The notes presented on pages 15 to 27 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Retained earnings	Currency translation differences	Total
Balance as of 31.12.2015	16,292	2,603	65,701	95,268	-255	179,609
Net loss for the reporting period	0	0	0	-214	0	-214
Total comprehensive loss for the reporting period	0	0	0	-214	0	-214
Reclassification of depreciation of revalued land and buildings	0	0	-364	364	0	0
Balance as of 31.03.2016	16,292	2,603	65,337	95,418	-255	179,395
Net profit for the reporting period	0	0	0	25,725	0	25,725
Revaluation of land and buildings	0	0	19,689	0	0	19,689
Total comprehensive income for the reporting period	0	0	19,689	25,725	0	45,414
Reclassification of depreciation of revalued land and buildings	0	0	-1,458	1,458	0	0
Dividends paid	0	0	0	-21,179	0	-21,179
Balance as of 31.12.2016	16,292	2,603	83,932	101,272	-255	203,844
Net loss for the reporting period	0	0	0	-258	0	-258
Total comprehensive loss for the reporting period	0	0	0	-258	0	-258
Reclassification of depreciation of revalued land and buildings	0	0	-452	452	0	0
Dividends declared	0	0	0	-25,659	0	-25,659
Balance as of 31.03.2017	16,292	2,603	83,480	75,807	-255	177,927

Additional information on share capital and changes in equity is provided in Note 15.

The notes presented on pages 15 to 27 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

Note 1. Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts

General Information

Tallinna Kaubamaja Grupp AS ('the Company') and its subsidiaries (jointly 'Tallinna Kaubamaja Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja Grupp AS is a company registered on 18 October 1994 in the Republic of Estonia with the legal address of Gonsiori 2, Tallinn. The shares of Tallinna Kaubamaja Grupp AS are listed on the NASDAQ OMX Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud, the majority owner of which is NG Kapital OÜ. NG Kapital OÜ is an entity with ultimate control over Tallinna Kaubamaja Grupp AS.

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja Group has 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 2016. 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 2016.

The accounting policies and presentation used in preparing these financial statements are the same as those used in preparing the last year's financial statements.

The functional and presentation currency of Tallinna Kaubamaja Group is euro. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja Group for the first quarter of 2017 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.

Note 2. Cash and cash equivalents

in thousands of euros

	31.03.2017	31.12.2016
Cash on hand	821	590
Bank accounts	26,191	29,178
Cash in transit	798	2,607
Total cash and cash equivalents	27,810	32,375

Note 3. Trade and other receivables

in thousands of euros

	31.03.2017	31.12.2016
Trade receivables (Note 4)	8,745	10,927
Other short-term receivables	408	365
Total financial assets from balance sheet line "Trade and other receivables"	9,153	11,292
Prepayment for goods	3,276	3,461
Other prepaid expenses	762	585
Prepaid rental expenses	32	35
Prepaid taxes (Note 14)	414	23
Total trade and other receivables	13,637	15,396

Note 4. Trade receivables

in thousands of euros

	31.03.2017	31.12.2016
Trade receivables	6,668	8,036
Allowance for doubtful receivables	-6	-6
Receivables from related parties (Note 21)	758	918
Credit card payments	1,325	1,979
Total trade receivables	8,745	10,927

Note 5. Inventories

in thousands of euros

	31.03.2017	31.12.2016
Goods purchased for resale	69,449	69,434
Raw materials and materials	752	752
Total inventories	70,201	70,186

Tallinna Kaubamaja Grupp AS

The income statement line "Cost of sales" includes the allowances and write-off expenses of inventories and inventory stocktaking deficit as follows:

in thousands of euros

	3 months 2017	3 months 2016
Write-down and write-off of inventories	2,221	2,111
Inventory stocktaking deficit	246	139
Total materials and consumables used	2,467	2,250

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.03.2017	Year of acquisition
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvija	Riga Ieriku iela 3	Real estate management	100%	2006
SIA Selver Latvia	Riga Ieriku iela 3	Retail trade	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Forum Auto SIA	Riga Pulkevza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius Perkunkiemi g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
AS Viking Motors	Tallinn Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	Tallinn A.H. Tammsaare tee 62	Security activities	100%	2014
UAB TKM Lietuva	Vilnius Lvovo G.25	Real estate management	100%	2017

In 2017 and 2016, there were no business combinations.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Grupp AS has ownership of 50% (2016: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

	31.03.2017	31.12.2016
Investment in the associate at the beginning of the year	1,762	1,778
Profit for the reporting period under equity method	51	159
Dividends received	0	-175
Investment in the associate at the end of the accounting period	1,813	1,762

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

	31.03.2017	31.12.2016
Current assets	178	66
Non-current assets	3,500	3,509
Current liabilities	51	51
	3 months 2017	3 months 2016
Revenue	125	115
Net profit	102	91

Note 8. Long-term receivables and prepayments

in thousands of euros

	31.03.2017	31.12.2016
Prepaid rental expenses	50	50
Deferred tax asset	179	179
Other receivables	35	35
Total long-term trade and other receivables	264	264

Note 9. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2015	44,963
Reclassification (Note 10)	2,171
Disposal	-35
Net gain from fair value adjustment	1,585
Carrying value as at 31.12.2016	48,684
Reclassification (Note 10)	44
Disposal	-2
Carrying value as at 31.03.2017	48,726

Investment properties comprise constructions in progress and immovables improved with commercial buildings, which the Group maintains predominantly for earning rental income.

In the reporting period Tartu Kaubamaja Shopping Centre renovation amounted to 44 thousand euros.

As a result of the valuation in 2016, the net fair value adjustment of investment property was recorded in the amount of 1,585 thousand euros. In 2017, there has not been changes in fair value of investment property.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Machinery and equipment	Other fixtures and fittings	Construction in progress and prepayments	Total
31.12.2015					
Cost or revalued amount	156,799	30,688	30,577	48,180	266,244
Accumulated depreciation and impairment	-10,044	-22,141	-19,583	-17,785	-69,553
Carrying value	146,755	8,547	10,994	30,395	196,691
Changes occurred in 2016					
Purchases and improvements	17	442	147	12,385	12,991
Reclassification	5,453	4,862	5,375	-15,690	0
Reclassification to investment property (Note 9)	-2,171	0	0	0	-2,171
Disposals	-645	-133	-16	0	-794
Write-offs	-21	-9	-68	0	-98
Decrease/increase in value through profit or loss	0	0	0	-3,744	-3,744
Increase in value through revaluation reserve	19,689	0	0	0	19,689
Depreciation	-4,621	-2,658	-3,774	0	-11,053
31.12.2016					
Cost or revalued amount	164,456	33,797	34,978	44,315	277,546
Accumulated depreciation and impairment	0	-22,746	-22,320	-20,969	-66,035
Carrying value	164,456	11,051	12,658	23,346	211,511
Changes occurred in 2017					
Purchases and improvements	1,890	56	28	1,358	3,332
Reclassification (Note 9)	39	332	130	-545	-44
Disposals	-1	-108	-10	-796	-915
Write-offs	0	0	0	0	0
Depreciation	-1,273	-757	-1,073	0	-3,103
31.03.2017					
Cost or revalued amount	166,347	33,831	35,100	43,513	278,791
Accumulated depreciation and impairment	-1,236	-23,257	-23,367	-20,150	-68,010
Carrying value	165,111	10,574	11,733	23,363	210,781

The cost of investments for the 3 months of 2017 amounted to 3,345 thousand euros (including purchases of property, plant and equipment in the amount of 3,332 thousand euros and purchases of intangible assets amounted to 13 thousand euros).

The cost of investments made in 3 months of 2017 in the supermarket business segment was 1,055 thousand euros. In the reporting period, investments were made in new supermarkets that will be opened in the first half of 2017. Additionally were renewed store fittings and purchased computing technology.

The size of the investment in the business segment of Department store amounted to 178 thousand euros.

The cost of investments in the accounting period was 91 thousand euros in the car trade business segment.

The cost of investments made in the reporting period in the footwear segment was 23 thousand euros.

The cost of the real estate business segment investment amounted to 1,985 thousand euros. With aim to develop car trade business in Lietuva Group purchased an immovable in Vilnius, Lietuva. In the reporting period, renovation of Tartu Kaubamaja centre took place.

The companies in the consolidated Tallinna Kaubamaja Group did not have any binding obligations for the purchase of tangible assets.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Development expenditure	Total
31.12.2015					
Cost	6,814	5,277	1,080	1,160	14,331
Accumulated amortisation and impairment	-1,441	-2,543	-1,080	-224	-5,288
Carrying value	5,373	2,734	0	936	9,043
Changes occurred in 2016					
Purchases and improvements	0	0	0	157	157
Amortisation	0	-487	0	-208	-695
31.12.2016					
Cost	6,814	5,277	1,080	1,317	14,488
Accumulated amortisation and impairment	-1,441	-3,030	-1,080	-432	-5,983
Carrying value	5,373	2,247	0	885	8,505
Changes occurred in 2017					
Purchases and improvements	0	0	0	13	13
Amortisation	0	-121	0	-57	-178
31.03.2017					
Cost	6,814	5,277	1,080	1,330	14,501
Accumulated amortisation and impairment	-1,441	-3,151	-1,080	-489	-6,161
Carrying value	5,373	2,126	0	841	8,340

In the reporting period, the Group capitalised costs a web page update as development expenditure in the amount of 13 thousand euros.

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

in thousands of euros	31.03.2017	31.12.2016
Car trade	3,156	3,156
Footwear trade	2,113	2,113
Department store	104	104
Total	5,373	5,373

The recoverable amount (based on value in use) was determined on the basis of future cash flows for the next five years. In all units, it was evident that the present value of cash flows covers the value of goodwill and trademark as well as beneficial lease agreements and other assets related to the unit.

As a trademark, the Group has recognised the image of ABC King in the amount of 3,509 thousand euros; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. Trademark will be amortised during 15 years. Trademark at value of 1,588 thousand euros was acquired in 2012 through purchase of AS Viking Motors shares. Trademark will be amortised during 7 years.

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years.

Note 12. Borrowings

in thousands of euros	31.03.2017	31.12.2016
Short-term borrowings		
Overdraft	3,275	3,017
Bank loans	19,099	21,716
Other borrowings	1,935	2,119
Total short-term borrowings	24,309	26,852

in thousands of euros	31.03.2017	31.12.2016
Long-term borrowings		
Bank loans	73,596	73,596
Other borrowings	167	176
Total long-term borrowings	73,763	73,772
Total borrowings	98,072	100,624

Borrowings received

in thousands of euros	3 months 2017	3 months 2016
Overdraft	258	12
Bank loans	11,916	11,246
Other borrowings	874	1,068
Total borrowings received	13,048	12,326

Borrowings paid

in thousands of euros	3 months 2017	3 months 2016
Bank loans	14,533	10,285
Other borrowings	1,067	1,059
Total borrowings paid	15,600	11,344

Bank loans and other borrowings are denominated in euros.

As of 31.03.2017, the repayment dates of bank loans are between 30.05.2017 and 15.12.2021 (2016: between 15.02.2017 and 27.03.2020), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 0.99% (2016: 0.96%).

Note 13. Trade and other payables

in thousands of euros

	31.03.2017	31.12.2016
Trade payables	56,063	63,170
Payables to related parties (Note 21)	2,883	4,409
Other accrued expenses	82	102
Prepayments by tenants	2,003	2,110
Total financial liabilities from balance sheet line "Trade and other payables"	61,031	69,791
Taxes payable (Note 14)	6,071	6,847
Dividends declared (Note 15)	25,659	0
Income tax liability on dividends (Note 15)	6,371	0
Employee payables	4,725	5,689
Prepayments	1,202	1,372
Short-term provisions*	111	113
Total trade and other payables	105,170	83,812

*Short-term provisions represent warranty provisions related to footwear trade.

Note 14. Taxes

in thousands of euros

	31.03.2017		31.12.2016	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	414	0	23	0
Value added tax	0	2,284	0	3,324
Personal income tax	0	1,136	0	1,026
Social security taxes	0	2,360	0	2,204
Corporate income tax	0	12	0	31
Unemployment insurance	0	153	0	147
Mandatory funded pension	0	126	0	115
Total taxes	414	6,071	23	6,847

Note 15. Share capital

As of 31.03.2017, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share (as of 31.12.2016 the share capital in the amount 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share). All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

In 2017, dividends were declared to the shareholders in the amount of 25,659 thousand euros, or 0.63 euros per share. Related income tax expense on dividends amounted to 6,371 thousand euros. In 2016, dividends were paid to the shareholders in the amount of 21,179 thousand euros, or 0.52 euros per share. Related income tax expense amounted to 5,219 thousand euros.

Note 16. Segment reporting

The Tallinna Kaubamaja Group has defined the business segments based on the reports used regularly by the supervisory board to make strategic decisions.

The chief operating decision maker monitors the operating activities by activities. With regard to areas of activity, the operating activities are monitored in the supermarket, department store, car trade, footwear trade, real estate, beauty products (I.L.U.) and security segments. The measures of I.L.U. and security segment are below the quantitative criteria of the reporting segment specified in IFRS 8; these segments have been aggregated with the department store segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

The main area of activity of supermarkets, department stores, footwear trade and car trade is retail trade. Supermarkets focus on the sale of foodstuffs and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts to cars and footwear trade to sales of footwear. In the car trade segment, cars are sold at wholesale prices to authorised car dealers. The share of wholesale trade in other segments is insignificant. The real estate segment deals with the management and maintenance of real estate owned by the Group, and with the rental of commercial premises.

The activities of the Group are carried out in Estonia, Latvia and Lithuania. The Group operates in all the five operating segments in Estonia. The Company is engaged in car trade and real estate development in Latvia; and in car trade in Lithuania.

The disclosures of financial information correspond to the information that is periodically reported to the Supervisory Board. Measures of income statement, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements. Main measures that Supervisory Board monitors are segment revenue (external segment and inter-segment revenue), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
3 months 2017							
External revenue	99,585	23,043	24,208	2,624	1,228	0	150,688
Inter-segment revenue	267	1,440	24	46	3,185	-4,962	0
Total revenue	99,852	24,483	24,232	2,670	4,413	-4,962	150,688
EBITDA	4,015	672	1,438	-702	4,103	0	9,526
Segment depreciation and impairment losses	-1,292	-688	-132	-121	-1,048	0	-3,281
Operating profit/loss	2,723	-16	1,306	-823	3,055	0	6,245
Finance income (Note 19)	55	126	2	0	45	-228	0
Finance income on shares of associates	0	51	0	0	0	0	51
Finance costs (Note 19)	-1	-109	-64	-22	-215	228	-183
Income tax	-3,608	-887	-473	0	-1,403	0	-6,371
Net profit/loss	-831	-835	771	-845	1,482	0	-258
incl. in Estonia	-310	-835	557	-845	1,254	0	-179
incl. in Latvia	-521	0	103	0	232	0	-186
incl. in Lithuania	0	0	111	0	-4	0	107
Segment assets	84,006	50,614	30,757	9,076	255,852	-48,733	381,572
Segment liabilities	56,645	42,578	21,364	10,737	102,156	-29,835	203,645
Segment investment in non-current assets	1,056	190	91	23	1,985	0	3,345

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
3 months 2016							
External revenue	92,804	22,158	18,222	2,433	1,233	0	136,850
Inter-segment revenue	267	1,340	6	45	3,169	-4,827	0
Total revenue	93,071	23,498	18,228	2,478	4,402	-4,827	136,850
EBITDA	3,486	299	634	-367	3,919	0	7,971
Segment depreciation and impairment losses	-1,082	-531	-126	-143	-924	0	-2,806
Operating profit/loss	2,404	-232	508	-510	2,995	0	5,165
Finance income (Note 19)	73	156	3	0	31	-261	2
Finance income on shares of associates	0	46	0	0	0	0	46
Finance costs (Note 19)	-5	-120	-55	-26	-263	261	-208
Income tax	-2,615	-1,175	-448	0	-981	0	-5,219
Net profit/loss	-143	-1,325	8	-536	1,782	0	-214
incl. in Estonia	366	-1,325	-52	-536	1,593	0	46
incl. in Latvia	-509	0	30	0	189	0	-290
incl. in Lithuania	0	0	30	0	0	0	30
Segment assets	80,405	53,038	26,957	9,585	225,439	-50,304	345,120
Segment liabilities	53,978	18,151	19,556	10,088	95,359	-31,407	165,725
Segment investment in non-current assets	567	1,308	140	8	749	0	2,772

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2017	3 months 2016
Retail revenue	137,153	125,426
Wholesale revenue	7,325	5,855
Rental income	2,247	2,156
Revenue for rendering services	3,963	3,413
Total revenue	150,688	136,850

External revenue by client location

in thousands of euros

	3 months 2017	3 months 2016
Estonia	140,131	129,053
Latvia	7,217	5,761
Lithuania	3,340	2,036
Total	150,688	136,850

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2017	31.12.2016
Estonia	235,633	238,189
Latvia	30,507	30,662
Lithuania	1,971	113
Total	268,111	268,964

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

In the reporting period and comparable period, the Group did not have any clients whose revenue would exceed 10% of the Group's revenue.

Note 17. Other operating expenses

in thousands of euros

	3 months 2017	3 months 2016
Rental expenses	3,974	3,827
Heat and electricity expenses	2,155	2,272
Operating costs	1,550	1,458
Cost of sale related services and materials	1,364	1,242
Marketing expenses	1,842	1,679
Miscellaneous other operating expenses	869	779
Computer and communication costs	992	811
Personnel expenses	748	691
Total other operating expenses	13,494	12,759

Note 18. Staff costs

in thousands of euros

	3 months 2017	3 months 2016
Wages and salaries	10,684	10,015
Social security taxes	3,471	3,283
Total staff costs	14,155	13,298
Average wages per employee per month (euros)	867	832
Average number of employees in the reporting period	4,107	4,011

Note 19. Finance income and costs

in thousands of euros

Finance income

	3 months 2017	3 months 2016
Interest income on NGI Group's group account (Note 21)	0	2
Total finance income	0	2

Finance costs

	3 months 2017	3 months 2016
Interest expense of bank loans	-160	-188
Interest expense of finance lease	-3	-5
Other finance costs*	-20	-15
Total finance costs	-183	-208

* Other finance costs consist of the fees for conclusion and changing of lease agreements and factoring agreements.

Note 20. Earnings per share

For calculating the basic earnings per share, the net profit to be distributed to the Parent's shareholders is divided by the weighted average number of ordinary shares in circulation. As the Company does not have potential ordinary shares, the diluted earnings per share equal basic earnings per share.

	3 months 2017	3 months 2016
Net profit/loss (in thousands of euros)	-258	-214
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	-0.01	-0.01

Note 21. Related party transactions

in thousands of euros

In preparing the consolidated interim report of Tallinna Kaubamaja Grupp AS, the following parties have been considered as related parties:

- owners (Parent and the persons controlling or having significant influence over the Parent);
- associates;
- other entities in the Parent's consolidation group.
- management and supervisory boards of the Group companies;
- close relatives of the persons described above and the entities under their control or significant influence.

Majority shareholder of Tallinna Kaubamaja Grupp AS is OÜ NG Investeeringud. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ. NG Kapital OÜ is the ultimate controlling party of Tallinna Kaubamaja Grupp AS.

The Tallinna Kaubamaja Group has purchased and sold goods, services and non-current assets as follows:

	Purchases 3 months 2017	Sales 3 months 2017	Purchases 3 months 2016	Sales 3 months 2016
Parent	73	28	58	2
Entities in the Parent's consolidation group	6,264	1,305	6,904	1,989
Members of management and supervisory boards	0	17	267	0
Other related parties	263	45	0	1
Total	6,600	1,395	7,229	1,992

A major part of the purchases from the entities in the Parent's consolidation group is made up of goods purchased for sale. Purchases from the Parent are mostly made up of management fees. Sales to related parties are mostly made up of services provided.

Balances with related parties:

	31.03.2017	31.12.2016
Receivables from entities in the in the Parent's consolidation group (Note 4)	758	918
Total receivables from related parties	758	918

	31.03.2017	31.12.2016
Parent	19	17
Entities in the Parent's consolidation group	2,694	4,243
Other related parties	170	149
Total liabilities to related parties (Note 13)	2,883	4,409

Receivables from and liabilities to related parties are unsecured and carry no interest because they have regular payment terms except receivable from the group account receivable.

For proving funding for its subsidiaries, the Tallinna Kaubamaja Group uses the group account, the members of which are most of the Group entities. In its turn, this Group as a subgroup has joined the contract of the group account of NG Investeeringud OÜ (hereinafter head group). From autumn 2001, Tallinna Kaubamaja Group has been keeping its available funds at the head group, earning interest income on its deposits. During 3 months of 2017, the Group has not earned interest income on its deposits of available funds (2016: 2 thousand euros).

As at 31 March 2017, the NG Investeeringud group has not used the Group's available funds and Tallinna Kaubamaja Group has not used NG Investeeringud group account available funds. As at 31 March 2016, the NG Investeeringud group has not used the Group's available funds and Tallinna Kaubamaja Group has not used NG Investeeringud group account available funds. In 2017 and 2016, the group has not neither deposited used available funds of NG Investeeringud OÜ nor paid any interest for using available funds of NG Investeeringud OÜ. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 808 thousand euros (2016: 642 thousand euros). Short-term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 146 thousand euros (2016: 144 thousand euros).

The termination benefits for the members of the Management Board are limited to 3 month's salary expense.