TALLINNA KAUBAMAJA AS

Consolidated Interim Report for the First 3 months of 2012 (unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,220 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 2012
End of financial year:	31 December 2012
Beginning of interim report period:	1 January 2012
End of interim report period:	31 March 2012
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
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MANAGEMENT REPORT

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

Management

In order to manage the Tallinna Kaubamaja AS the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja AS supervisory board are Jüri Käo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja AS supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Käo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2015. 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 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 23 February 2011 and his term of office expires on 6 March 2014.

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

Company's structure

The following companies belong to the group as of March 31, 2012:

	Location	Shareholding as of 31.03.2012	Shareholding as of 31.12.2011
Selver AS	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
OptiGroup Invest OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
KIA Automobiles SIA	Latvia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	100%	100%
SIA Suurtuki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

Estonia's fast economic growth began to slow down in the last quarter of 2011 and analysts believe that the economic growth will remain weak until exports improve, which is likely to happen in the second half of this year. The growth of added value in the commercial and building sectors shows the continued strengthening of domestic economy. In the first half of the year the economic growth will remain dependent on domestic consumption, which should continue to grow although at a slower pace than during the previous year. In Estonia, the consumer price index increased by 4.4% in the first three months; in case of food and non-alcoholic beverages by 3.3%, in case of clothes and footwear by 4.7%. The housing costs experienced the steepest price increase – 10.8%. According to analysts, the high inflation prognosis for the entire year of 2012 is mostly caused by high energy prices.

According to the data of Statistics Estonia, the total amount of retail sales in current prices was 19.7% in the first two months of 2012 in Estonia, reflecting a strong growth in retail sales in the first quarter. The maintenance and repair of motor vehicles showed the largest growth in sales − 50%. The most impressive growth in retail sales was seen in retail sales via mail or Internet (34.1%) and in the sales of second hand goods (28.8%). According to analysts, consumers exploited the sales campaigns in the beginning of the year and this is why the retail sales of textile products, clothes, footwear and leather products grew by 31.5% in the first two months of 2012. The retail sales in unspecialised stores (mostly foodstuffs) increased by 14.8% in the first two months of the year. The consumer barometer survey of March conducted by the Estonian Institute of Economic Research revealed that consumer confidence has slightly improved and is nearing its long-term average. The indicator mainly improved due to the expectations regarding the labour market. Regardless of the weak consumer confidence, analysts believe that the amount of purchases should not decrease.

Economic results

FINANCIAL RATIOS 2011–2012

	EUR		
	3 months 2012	**3 months 2011**	**Change**
Sales revenue (in millions)	106.0	96.1	*10.3%*
Operating profit/loss (in millions)	3.5	1.9	*90.0%*
Net profit/loss (in millions)	3.2	1.6	*102.6%*
Return on equity (ROE)	2.3%	1.2%	
Return on assets (ROA)	1.2%	0.6%	
Net profit margin	3.04%	1.66%	
Gross profit margin	24.65%	24.54%	
Quick ratio	1.05	1.06	
Debt ratio	0.46	0.50	
Sales revenue per employee (in millions)	0.03	0.03	
Inventory turnover	2.23	2.34	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.50	3.20	
Share's closing price (EUR/share)	5.799	6.63	
Earnings per share (EUR/share)	0.08	0.04	
Average number of employees	3,229	3,247	

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

The consolidated non-audited sales revenue of the Tallinna Kaubamaja Group for the first quarter of 2012 was 106.0 million euros, having grown by 10.3% compared to the results of the first quarter of 2011, when the sales revenue was 96.1 million euros. The sales revenue increased in all the segments of the Group, while the vehicle trade segment and the footwear segment indicated the greatest growth among the retail business segments. The profit of the reporting period was 3.2 million euros, which has doubled compared to the previous period. The profit in the first quarter of 2011 was 1.6 million euros.

The strong sales results were positively reflected in the Group's profit earned in the first quarter. On the one hand, this was supported by the growth of domestic consumption in Estonia; on the other hand, the efforts of the Group in the previous years to improve the assortment of goods and keep fixed costs under control. In the first quarter, the greatest changes were made in the business segment of department stores – almost one third of the sales floor area in the Tallinn department store was partly or completely closed for renovation during almost two months. The women's department of Tallinna Kaubamaja with its renewed brand portfolio and sales floor solution offering an integral and convenient purchasing environment was opened on 8 March. An intriguing and playful children's department was opened on a sales space double its former size at the end of March. The modernised environment has an important role to play in increasing the competitiveness of the business segment of department stores.

Important development activities in the first three months of 2012 were the further improvement of the Group's client loyalty programme and planning the extensions in the supermarket segment. Agreements have been concluded to open four new Selver stores, but it is planned to open more new Selver stores in 2012. In the first quarter of 2012, the Group, based on economic considerations, decided to temporarily suspend the operations of the footwear segment in Latvia, which is why all 3 stores were closed in Riga. It is planned to open the sixth I.L.U. store in the shopping centre Tasku in Tartu at the third quarter.

The volume of the assets of the Tallinna Kaubamaja Group as of 31 March 2012 was 265.4 million euros, having grown by 3.0 million euros compared to the end of first quarter of 2011, i.e. 1.1%.

At the end of the accounting period, the Group had more than 503.0 thousand loyal customers – a figure that had increased by 15.7% in a year. The share of purchases made by loyal customers from the sales revenue of the Group was continuously high - 78%. More than 7.4 thousand Partner Credit Cards had been issued by the end of the first quarter of 2012.

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 0.60 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

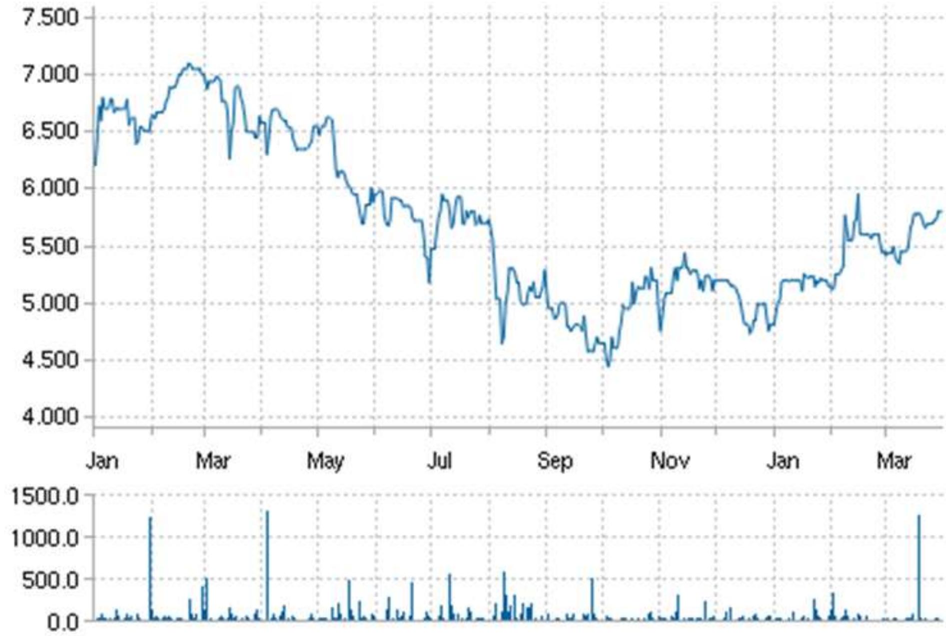
The members of the management board of Tallinna Kaubamaja AS have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 4.813 euros at the end of 2011 was closed in late March of 2012 at 5.799 euros, increased by 20.5% within the three months of the year.

According to the notice of regular annual general meeting of the shareholders published on 16 March 2012, the management board proposed to pay dividends 0.35 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2011 to 31.03.2012.

In euros



Department stores

The sales revenue of the department store business segment in the first three months of 2012 was 19.0 million euros, thus having increased by 12.6% compared to the same period of the previous year. The sales revenue of department stores per one square metre of selling space in the first three months was 0.77 thousand euros per month, which is 14.7% more than during the same period of the previous year. The sales revenues were positively influenced by a successful end-of-the-season final campaign of winter goods, which was organised in January. The loss earned by the department stores in the first quarter of 2012 was 0.3 million euros, which is an improved result compared to the year-on-year 0.4 million euros. At the same time it should be kept in mind that the renovation works were carried out in the women's department in Tallinna Kaubamaja from the middle of January until March, temporarily influencing the sales activities on 3,500 square meters. As a result the renovation works, the women's department expanded by 1,000 square meters and was opened for the customers in its entirely renovated form on 8 March. Due to reconstruction works, 12.6% of the total sales floor area or 2,100 square meters was completely closed for two months; instead of the former sports and digital products department, the largest children's department in Estonia was opened on that area on 22 March.

In the first quarter of 2012, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. beauty stores, was 0.8 million euros, having grown by 51.8% compared to the same period of the previous year. The net loss earned by the I.L.U. chain in the first quarter was 0.2 million euros, which is 0.03 million euros lower than in the same period of the previous year. Compared to the first quarter of last year, in April 2011 the I.L.U. chain also opened a fifth store in the Ülemiste Centre in Tallinn.

Selver supermarkets

The consolidated sales revenue of the business segment of supermarkets in the 1st quarter of 2012 and the sales revenue in Estonia were 77.3 million euros, having increased by 7.1% compared to the period of a year earlier. The consolidated pre-tax profit and net profit of the supermarket segment was 1.9 million euros in the first quarter of 2012, showing a growth of 0.8 million euros or 77.7% compared to the same period of 2011. The pre-tax profit and net profit earned in Estonia was 2.4 million euros in the first quarter of 2012, up 0.8 million euros or 49.6% compared to the same period of the previous year.

The average monthly sales revenue of goods per a square metre of selling space in the 1st quarter of 2012 was 0.36 thousand euros, having increased by 6.3% compared to the year 2011. The sales revenue of comparable goods per a square metre of selling space in the 1st quarter was an average of 0.37 thousand euros per month, thus showing a growth of 7.7%. In the first three months of 2012, 7.7 million purchases were made from the Selver stores located in Estonia, exceeding the number of purchases made in the 1st quarter of the previous year by 0.5%.

The increase in the sales revenue of the Selver stores in the 1st quarter has been promoted by successful sales campaigns and the fact that sales during the holiday season of the 1st quarter grew more than on average. In addition, the impact of the leap year was significant, as it added an extra selling day to the period under observation. Compared to the low reference base of the previous year, the sales revenue of industrial and convenience goods showed an improvement in the 1st quarter. The impact that the rise in prices had on the growth of the sales revenue of food products has started to reduce and the decrease of sales volumes has slowed down. Selver stores continue to focus on adapting the selection of goods to the changes in demand and on ensuring the availability of goods – the results are also becoming apparent in the improving sales results. Compared to the same period of the previous year, the increase in the sales revenue has been greatly affected by the tougher competition in the retail business market as well as the higher reference base on the account of the Soldino Selver, which was closed last year. The growth of profit in Estonia is primarily caused by the increased sales numbers and continued work with the assortment of goods and sales profitability. Thanks to that, the enterprise's gross profit margin has increased by 0.3 percentage points. In Selver stores, the focus is still on operational cost-efficiency and labour force efficiency. The creation of the bakers' concept completed on 27 March and taking over the bakery stalls in the stores has temporarily increased the operating costs of 2012.

Selver stores in Latvia have been closed down and no sales revenue of goods was earned in the 1st quarter of 2012 in Latvia. Similarly to last year, the sales revenue of the Latvian enterprise in the 1st quarter was 0.004 million euros. The pre-tax loss and net loss earned in Latvia was 0.6 million euros in the first quarter, decreasing by 0.9% compared to the first quarter of 2011. Economic activities in Latvia have been suspended.

The active expansion of Selver is planned to take place in 2012. Lease agreements for opening 4 new stores had been concluded by the end of the first quarter. New stores are planned to be opened in Saku, Rapla, in the Vahi quarter in Tartu and in Pääsküla in Tallinn. Selver is searching for opportunities to open even more new stores in 2012 in addition to the four stores mentioned. A new activity in the form of Gurmee Catering was added to the making and selling of bakery and culinary preparations in the Selver kitchen. As of the end of the first quarter of 2012, the Selver chain includes 34 stores with a sales floor area of 69,100 square meters, and a central kitchen.

Real Estate

The external sales revenue of the real estate business segment in the first quarter of 2012 increased by 6.1% compared to the same period of the previous year and totalled 0.7 million euros. The profit of the first quarter was 1.8 million euros. The profit increased by 8.3% compared to the first quarter of 2011, mainly due to the increased sales income.

Car Trade

The sales revenue of the vehicle segment in the 1st quarter of 2012 without inter-segment transactions was 6.1 million euros, thus exceeding the revenue of the same period of the previous year by 59.9%. The profit of the first three months doubled (0.4 million euros) compared to the first quarter of the previous year. The growth of profit was supported by the maintenance of cost-efficiency at good sales results.

In the first three months of the year, a total of 349 cars were sold – 147 cars more than during the same period a year before. KIA's market share in the 1st quarter of 2012 in the Baltic states was 3.7%, at the same period of the previous year the market share was 2.6%.

Footwear trade

The sales revenue of the footwear segment in the 1st quarter of 2012 was 2.9 million euros, indicating a growth of 13.9% compared to the same period of 2011. The considerable increase in sales was caused by the low reference base, favourable weather conditions (the sales of the 2010/2011 winter season remained in November-December of 2010, while in the 2011/2012 season, the majority of winter goods were sold in January and February), and the general boost in consumption, especially in the clothing and footwear sector. The loss earned in the first quarter was 0.5 million euros. The loss had decreased by 19.7% compared to the loss of the first quarter of 2011, which was 0.6 million euros. The main cause for the loss was the discounts at the end of the winter season, common in fashion trade.

In the first quarter of 2012, two ABC King stores and one Nero store were closed in Riga due to their long-term losses. Thus, the activities of the footwear segment in Latvia have been temporarily suspended. In the second quarter, preparation works will continue to open one ABC King store (Pärnu) and one Shu store (Viljandi). The Pärnu store is planned to be opened in the beginning of July and the Viljandi store in the end of the 4th quarter. The two footwear store chains of the Group currently include 23 stores.

Personnel

The average number of employees at the Tallinna Kaubamaja Group was 3,229 in the first quarter of 2012, showing a 0.6% decrease year-on-year. The total labour costs (wages and social tax costs) were 8.6 million euros in the first three months of 2012, increasing by 5.4% compared to the same period of the previous year. In the first quarter, the average wages per employee increased by 6.4% compared to the average wages in the first quarter of 2011. The growth in wages was mostly caused by the payment of performance pay for good sales results but to some extent also by the fact that positions with lower labour value were replaced by positions with higher labour value.

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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 25 April 2012

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) for the period of first quarter 2012 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 AS and its subsidiaries are going concerns.

Raul Puusepp
Chairman of the Management Board

Tallinn, 25 April 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2012	31.12.2011
ASSETS			
Current assets			
Cash and bank	2	12,881	11,948
Trade receivables	3	7,623	9,976
Other short-term receivables	4	355	9,372
Prepaid taxes and other prepayments	5	1,269	959
Inventories	6	47,578	41,973
Total current assets		**69,706**	**74,228**
Non-current assets			
Prepayments	5	982	985
Investments in associates	8	1,589	1,550
Other long-term receivables	9	56	56
Investment property	10	3,566	3,566
Property, plant and equipment	11	179,817	172,272
Intangible assets	12	9,700	9,809
Total non-current assets		**195,710**	**188,238**
TOTAL ASSETS		**265,416**	**262,466**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	13	9,600	11,261
Trade payables	14	48,978	46,419
Tax liabilities	15	3,627	5,038
Other current liabilities	16	4,207	4,489
Provisions	17	115	135
Total current liabilities		**66,527**	**67,342**
Non-current liabilities			
Borrowings	13	55,617	55,591
Provisions and prepayments	17	619	73
Total non-current liabilities		**56,236**	**55,664**
TOTAL LIABILITIES		**122,763**	**123,006**
Equity			
Share capital	18	24 438	24,438
Statutory reserve capital		2 603	2,603
Revaluation reserve		51 917	52,197
Retained earnings		63 837	60,333
Currency translation differences		-142	-111
TOTAL EQUITY		**142,653**	**139,460**
TOTAL LIABILITIES AND EQUITY		**265,416**	**262,466**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	3 months 2012	3 months 2011
Revenue	19	106,034	96,099
Other operating income		148	83
Materials, consumables used and services	6	-79,893	-72,518
Other operating expenses	20	-11,506	-11,143
Staff costs	21	-8,562	-8,120
Depreciation and amortisation	11, 12	-2,538	-2,432
Other expenses		-140	-103
Operating profit		**3,543**	**1,866**
Finance income	22	55	76
Finance costs	22	-409	-406
Finance income on shares of associates	8	39	55
Profit before tax		**3,228**	**1,591**
Income tax		-4	0
NET PROFIT FOR THE FINANCIAL YEAR		**3,224**	**1,591**
Other comprehensive income:			
Currency translation differences		-31	71
Other comprehensive income for the financial year		-31	71
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**3,193**	**1,662**
Basic and diluted earnings per share (euros)	23	0.08	0.04

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 2012	3 months 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		3,224	1,591
Adjustments:			
Interest expense	*22*	409	406
Interest income	*22*	-55	-76
Depreciation, amortisation and impairment losses	*11, 12*	2,538	2,432
Loss on sale and write-off of non-current assets		34	31
Effect of equity method	*8*	-39	-55
Change in inventories		-5,605	-1,620
Change in receivables and prepayments related to operating activities		2,063	2,647
Change in liabilities and prepayments related to operating activities		1,425	2,354
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**3,994**	**7,710**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	11	-10,055	-916
Proceeds from sale of property, plant and equipment	11	7	23
Change in balance of parent company’s group account	24	9,000	289
Interest received		55	76
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		**-993**	**-528**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	13	5,310	2,755
Repayments of borrowings	13	-6,857	-7,135
Change in overdraft balance	13	5	0
Repayments of finance lease principal	13	-93	-102
Interest paid		-442	-444
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		**-2,077**	**-4,926**
TOTAL CASH FLOWS		**924**	**2,256**
Effect of exchange rate changes		9	71
Cash and cash equivalents at the beginning of the period	2	11,948	15,734
Cash and cash equivalents at the end of the period	2	12,881	18,061
Net change in cash and cash equivalents		**933**	**2,327**

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 31.12.2010	**26,031**	**2,603**	**53,308**	**47,495**	**-626**	**128,811**
Total comprehensive income for the period	0	0	0	1,591	71	1,662
Reclassification of depreciation of revalued land and buildings	0	0	-278	278	0	0
Balance as of 31.03.2011	**26,031**	**2,603**	**53,030**	**49,364**	**-555**	**130,473**
Net profit for the reporting period	0	0	0	21,538	0	21,538
Other comprehensive income for the reporting period	0	0	0	0	515	515
Total comprehensive income for the reporting period	**0**	**0**	**0**	**21,538**	**515**	**22,053**
Reclassification of depreciation of revalued land and buildings	0	0	-1,111	1,111	0	0
Dividends paid	0	0	0	-11,404	0	-11,404
Decrease in share capital	-1,593	0	0	1,593	0	0
Balance as of 31.12.2011	**24,438**	**2,603**	**52,197**	**60,333**	**-111**	**139,460**
Net profit for the reporting period	0	0	0	3,224	0	3,224
Other comprehensive income for the reporting period	0	0	0	0	-31	-31
Total comprehensive income for the reporting period	**0**	**0**	**0**	**3,224**	**-31**	**3,193**
Reclassification of depreciation of revalued land and buildings	0	0	-280	280	0	0
Balance as of 31.03.2012	**24,438**	**2,603**	**51,917**	**63,837**	**-142**	**142,653**

Additional information on share capital and changes in equity is provided in Note 18.

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 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 registered on 18 October 1994 in the Republic of Estonia with the legal address of Gonsiori 2, Tallinn. The shares of Tallinna Kaubamaja AS are listed on the Tallinn Stock Exchange.

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja AS has been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Report*ing as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2011. 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 2011.

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 AS Tallinna Kaubamaja 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 AS for the first quarter of 2012 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.

Changes in presentation

Starting from 1 January 2012 Selver AS changed presentation principles of the average number of employees. Consequently average number of employees is presented as reduced to full-time equivalent. Previously Selver AS presented as a number of employees estimated number of employees (working hours/ monthly standard hours). The comparative data of 2011 is adjusted in compliance with the changed presentation. Other Group companies have not changed presentation and are showing average number of employees as reduced to full-time equivalent.

Note 2. Cash and Bank

in thousands of euros

	31.03.2012	31.12.2011
Cash on hand	550	1,358
Bank accounts	10,965	8,917
Cash in transit	1,366	1,673
Total cash and bank	**12,881**	**11,948**

Note 3. Trade Receivables

in thousands of euros

	31.03.2012	31.12.2011
Trade receivables	6,642	8,423
Allowance for doubtful receivables	-72	-35
Receivables from related parties (Note 24)	64	230
Credit card payments	989	1,358
Total trade receivables	**7,623**	**9,976**

Note 4. Other Short Term Receivables

in thousands of euros

	31.03.2012	31.12.2011
Short-term receivables from related parties (Note 24)	277	9,277
Other short-term receivables	78	95
Total other short-term receivables	**355**	**9,372**

Note 5. Prepayments

in thousands of euros

	31.03.2012	31.12.2011
Prepaid taxes	45	79
Total prepaid taxes	**45**	**79**
Prepaid rental expenses	309	398
Other prepaid expenses	915	482
Total other short-term prepayments	**1,224**	**880**
Prepaid rental expenses	916	916
Deferred tax asset	66	69
Total long-term prepayments	**982**	**985**

Note 6. Inventories

in thousands of euros

	31.03.2012	31.12.2011
Goods purchased for resale	41,727	37,233
Passenger cars purchased for resale	5,000	3,561
Raw materials and materials	751	784
Prepayment for goods	100	395
Total inventories	**47,578**	**41,973**

The income statement line "Materials, consumables used and services" includes the allowances and write-off expenses of inventories and inventory stocktaking deficit as follows:

in thousands of euros

	3 months 2012	3 months 2011
Write-down and write-off of inventories	875	558
Inventory stocktaking deficit	270	239
Total materials and consumables used	**1,145**	**797**

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

Note 7. Group structure

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.03.2012 and 31.12.2011	Year of acquisition
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
AS Tartu Kaubamaja	Tartu Riia 2	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
OptiGroup Invest OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Ülemiste Autokeskus OÜ	Tallinn Ülemiste tee 1	Retail trade	100%	2007
KIA Automobile SIA	Riga Pulkeveza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius, Perkunkiemio 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
AS ABC King	Tallinn Pärnu mnt. 139E	Retail trade	100%	2008
ABC King SIA	Riga Ieriku iela 3	Retail trade	100%	2008
OÜ Suurtüki NK	Tallinn Ehitajate tee 110	Retail trade	100%	2008
SIA Suurtuki	Riga Ieriku iela 3	Retail trade	100%	2008
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvia	Riga Ieriku iela 3	Real estate management	100%	2006
SIA Selver Latvija	Riga Ieriku iela 3	Retail trade	100%	2006

In 2011 and 2012, there were no business combinations.

Note 8. Investments in associates

in thousands of euros

Tallinna Kaubamaja AS has ownership of 50% (2011: 50%) interest in the entity AS Rävala Parkla which provides the services of a parking house in Tallinn.

	31.03.2012	31.12.2011
Investment in the associate at the beginning of the year	**1,550**	**1,504**
Profit for the reporting period under equity method	39	150
Dividends received	0	-104
Investment in the associate at the end of the year	**1,589**	**1,550**

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

	31.03.2012	31.12.2011
Assets	3,725	3,706
Liabilities	547	606
	3 months 2012	**3 months 2011**
Revenue	96	126
Profit	78	109

Note 9. Other long-term receivables

in thousands of euros

	31.03.2012	31.12.2011
Other long-term receivables	56	56
Total other long-term receivables	**56**	**56**

Note 10. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2011	**3,566**
Carrying value as at 31.03.2012	**3,566**

Investment property represents construction in progress. Determination of fair value is based on the expert opinion of a real estate expert, using a comparative method. Expert opinion has been adjusted by -10% which management believes is a fairer reflection of the fact that the detailed plan has not been approved yet.

In 2012 and 2011, the value of investment properties did not change.

Note 11. Property, plant and equipment

in thousands of euros

	Land and buildings	Machinery and equipment	Other fixtures and fittings	Construc-tion in progress	Total
31.12.2010					
Cost or revalued amount	138,031	21,718	20,959	50,352	231,060
Accumulated depreciation	-10,290	-15,691	-14,369	-15,072	-55,422
Carrying value	**127,741**	**6,027**	**6,590**	**35,280**	**175,638**
Changes occurred in 2011					
Purchases and improvements	88	460	586	4,696	5,830
Reclassification	1,430	1,957	2,398	-5,785	0
Disposals	0	-38	-4	0	-42
Write-offs	0	-10	-74	0	-84
Depreciation	-4,048	-2,666	-2,828	0	-9,542
Currency translation difference	211	0	0	261	472
31.12.2011					
Cost or revalued amount	139,635	22,250	23,282	49,656	234,823
Accumulated depreciation	-14,213	-16,520	-16,614	-15,204	-62,551
Carrying value	**125,422**	**5,730**	**6,668**	**34,452**	**172,272**
Changes occurred in 2012					
Purchases and improvements	27	87	216	9,725	10,055
Reclassification	6,932	75	82	-7,089	0
Disposals	0	-1	-3	0	-4
Write-offs	-21	-1	-15	0	-37
Depreciation	-1,048	-684	-697	0	-2,429
Currency translation difference	-16	0	0	-24	-40
31.03.2012					
Cost or revalued amount	146,239	21,546	22,558	52,254	242,597
Accumulated depreciation	-14,943	-16,340	-16,307	-15,190	-62,780
Carrying value	**131,296**	**5,206**	**6,251**	**37,064**	**179,817**

The cost of investments for the first quarter of 2012 amounted to 10,055 thousand euros.

The size of the investment in the business segment of Kaubamaja amounted to 1,936 thousand euros. In the reporting period extensive renovation was performed in Kaubamaja showrooms. Tallinna Kaubamaja Women's Fashion Department was expanded by 1000 square metres and was reopened as renewed to the clients on 8 March. The cost of the investment amounted to 1,066 thousand euros. On 22 March Estonian biggest Kidswear and Toys Department was opened, total investment amounted to 735 thousand euros. Advance payments in the amount of 135 thousand euros were made for renewed commercial spaces.

The cost of investments made in first quarter of 2012 in the supermarket business segment was 435 thousand euros. From 2012 Selver started to cook bake-off products (pre-cooked and deep-frozen products that need after baking). For that purposes new bakery machines were purchased in the amount of 147 thousand euros. New equipment and fittings were purchased for Selver stores in the amount of 109 thousand euros; machinery was purchased for 152 thousand euros. Expansion works for Männimäe Selver amounted to 27 thousand euros.

The cost of the real estate business segment investment was 7,634 thousand euros. On 8 February property at Tallinn, Paldiski road 56 was purchased. In the reporting period construction works at Saku Selver, at Gonsiori 2 building and other objects were carried out.

The cost of investments in the accounting period was 44 thousand euros in the vehicle trade business segment and 6 thousand euros in the footwear segment.

Note 12. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Develop-ment expendi-ture	Total
31.12.2010					
Cost	7,298	3,509	1,080	18	11,905
Accumulated amortisation and impairment	-588	-583	-491	0	-1,662
Carrying value	**6,710**	**2,926**	**589**	**18**	**10,243**
Changes occurred in 2011					
Amortisation	0	-234	-196	-4	-434
31.12.2011					
Cost	7,298	3,509	1,080	18	11,905
Accumulated amortisation and impairment	-588	-817	-687	-4	-2,096
Carrying value	**6,710**	**2,692**	**393**	**14**	**9,809**
Changes occurred in 2012					
Amortisation	0	-59	-49	-1	-109
31.03.2012					
Cost	7,298	3,509	1,080	18	11,905
Accumulated amortisation and impairment	-588	-876	-736	-5	-2,205
Carrying value	**6,710**	**2,633**	**344**	**13**	**9,700**

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 31.03.2012 is 11.25 years.

Impairment tests of goodwill and other intangible assets were carried out as of 31 December 2011.

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

in thousands of euros	31.03.2012	31.12.2011
Car trade	3,156	3,156
Footwear trade	3,554	3,554

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, except for Suurtüki SIA in footwear trade segment, 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.

Note 13. Interest bearing borrowings

in thousands of euros

	31.03.2012	31.12.2011
Long-term borrowings		
Bank loans	55,399	55,399
Finance lease liability	3	3
Other borrowings	215	189
Total long-term borrowings	**55,617**	**55,591**

in thousands of euros	31.03.2012	31.12.2011
Short-term borrowings		
Overdraft	300	295
Bank loans	8,736	10,378
Finance lease liability	35	128
Other borrowings	529	460
Total short-term borrowings	**9,600**	**11,261**
Total borrowings	**65,217**	**66,852**

Borrowings received

in thousands of euros	3 months 2012	3 months 2011
Overdraft	5	0
Bank loans	4,801	2,361
Other borrowings	509	394
Total borrowings received	**5,315**	**2,755**

Borrowings paid

in thousands of euros	3 months 2012	3 months 2011
Bank loans	6,443	6,853
Finance lease liability	93	102
Other borrowings	414	282
Total borrowings paid	**6,950**	**7,237**

Bank loans and finance lease liabilities are denominated in euros.

As of 31.03.2012, the repayment dates of bank loans are between 16.04.2012 and 30.08.2018 (2011: between 7.05.2011 and 30.08.2018), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 2.43% (2011: 2.38%).

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m^2. The agreement will end in May 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. Trade payables

in thousands of euros

	31.03.2012	31.12.2011
Trade payables	46,544	43,957
Payables to related parties (Note 24)	2,434	2,462
Total trade payables	**48,978**	**46,419**

Note 15. Taxes payable

in thousands of euros

	31.03.2012	31.12.2011
Value added tax	1,402	2,270
Sales tax	0	595
Personal income tax	643	609
Social security taxes	1,359	1,335
Corporate income tax	7	21
Unemployment insurance	154	156
Mandatory funded pension	62	52
Total tax liabilities	**3,627**	**5,038**

Note 16. Other short-term payables

in thousands of euros

	31.03.2012	31.12.2011
Employee payables	2,734	3,124
Interest payable	5	37
Other accrued expenses	235	254
Prepayments	133	207
Prepayments by tenants	1,100	867
Total other short-term payables	**4,207**	**4,489**

Note 17. Provisions and prepayments

in thousands of euros

	31.03.2012	31.12.2011
Short-term provisions	115	135
Long-term provisions	63	73
Long-term prepaid income	556	0
Total provisions and prepayments	**734**	**208**

Short-term and long-term provisions represent warranty provisions related to footwear and vehicle trade.

Note 18. Share capital

As of 31.03.2012, the share capital in the amount of 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 euros per share (as of 31.12.2011, the share capital in the amount to 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 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. The general meeting of shareholders that took place on 12 April 2012 decided to pay dividends to the shareholders 0.35 euros per share in total amount of 14,255 thousand euros (2011: 11,404 thousand euros, 0.28 euros per share. Related income tax on dividends will amount to 3,789 thousand euros (2011: 3,031 thousand euros).

Note 19. Segment reporting

The 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 department store, supermarket, real estate, car trade, footwear trade, 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 department stores, supermarkets, 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. In the car trade segment, cars are sold at wholesale prices to authorised car dealers. In the footwear trade segment, footwear is sold at wholesale prices to family markets. 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 footwear trade, car trade and retail trade in supermarkets 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.

in thousands of euros

3 months 2012	Depart-ment store	Super markets	Real estate	Car trade	Footwear trade	Inter-segment transact-ions	Total seg-ments
External revenue	**18,990**	**77,277**	**723**	**6,121**	**2,923**	**0**	**106,034**
Inter-segment revenue	450	222	2,104	6	110	-2,892	0
Total revenue	19,440	77,499	2,827	6,127	3,033	-2,892	106,034
Operating profit	**-398**	**1,785**	**2,156**	**441**	**-441**	0	**3,543**
Finance income (Note 22)	308	83	34	0	0	-370	55
Finance income on shares of associates	39	0	0	0	0	0	39
Finance costs (Note 22)	-230	-2	-412	-65	-70	370	-409
Income tax	0	0	0	-4	0	0	-4
Net profit	**-281**	**1,866**	**1,778**	**372**	**-511**	0	**3,224**
incl. in Estonia	-281	2,447	1,719	418	-453	0	3,850
incl. in Latvia	0	-581	59	-35	-58	0	-615
incl. in Lithuania	0	0	0	-11	0	0	-11
Segment assets	**163,430**	**67,961**	**165,323**	**12,737**	**12,725**	-156,760	**265,416**
Segment liabilities	**30,898**	**42,128**	**79,546**	**11,767**	**13,809**	-55,385	**122,763**
Segment investment in non-current assets (Note 11, 12)	1,936	435	7,634	44	6	0	10,055
Segment depreciation (Note 11, 12)	358	1,203	750	34	193	0	2,538

in thousands of euros

3 months 2011	Depart-ment store	Super markets	Real estate	Vehicle trade	Footwear trade	Inter-segment transact-ions	Total seg-ments
External revenue	**16,862**	**72,162**	**682**	**3,827**	**2,566**	0	**96,099**
Inter-segment revenue	259	217	2,010	3	112	-2,601	0
Total revenue	17,121	72,379	2,692	3,830	2,678	-2,601	96,099
Operating profit	**-781**	**1,026**	**1,974**	**231**	**-584**	**0**	**1,866**
Finance income (Note 22)	256	37	14	0	0	-231	76
Finance income on shares of associates	55	0	0	0	0	0	55
Finance costs (Note 22)	-186	-13	-347	-39	-52	231	-406
Net profit	**-656**	**1,050**	**1,641**	**192**	**-636**	0	**1,591**
incl. in Estonia	-656	1,636	1,430	248	-590	0	2,068
incl. in Latvia	0	-586	211	-33	-46	0	-454
incl. in Lithuania	0	0	0	-23	0	0	-23
Segment assets	**160,402**	**63,491**	**161,586**	**8,653**	**13,193**	**-147,618**	**259,707**
Segment liabilities	**39,209**	**38,120**	**83,016**	**9,779**	**14,770**	**-55,660**	**129,234**
Segment investment in non-current assets	227	576	56	30	28	0	917
Segment depreciation	332	1,153	717	38	192	0	2,432

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2012	3 months 2011
Retail revenue	99,912	91,913
Wholesale revenue	2,881	1,161
Rental income	1,456	1,396
Services and catering revenue	1,785	1,629
Total revenue	**106,034**	**96,099**

External revenue by client location

in thousands of euros

	3 months 2012	3 months 2011
Estonia	103,641	94,237
Latvia	727	724
Lithuania	1,666	1,138
Total	**106,034**	**96,099**

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2012	31.12.2011
Estonia	161,596	154,013
Latvia	32,344	32,482
Lithuania	181	193
Total	**194,121**	**186,688**

* 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 20. Other operating expenses

in thousands of euros

	3 months 2012	3 months 2011
Rental expenses	3,375	3,448
Operating costs	1,512	1,522
Advertising expenses	1,427	1,165
Bank expenses	576	747
Security costs	240	403
Heat and electricity expenses	1,935	1,692
Cost of sales materials	806	702
Computer and communication costs	558	596
Business trip expenses	127	96
Training expenses	50	40
Insurance expenses	26	13
Logistics expenses	221	191
Miscellaneous other operating expenses	653	528
Total other operating expenses	**11,506**	**11,143**

Note 21. Staff costs

in thousands of euros

	3 months 2012	3 months 2011
Wages and salaries	6,411	6,063
Social security taxes	2,151	2,057
Total staff costs	**8,562**	**8,120**
Average wages per employee per month (euros)	662	622
Average number of employees in the reporting period	3,229	3,247

Note 22. Finance income and costs

in thousands of euros

Finance income

	3 months 2012	3 months 2011
Interest income on cash and cash equivalents	3	13
Interest income on Partner credit card	16	30
Interest income on NGI Group's group account (Note 24)	36	32
Other finance income	0	1
Total finance income	**55**	**76**

Finance costs

	3 months 2012	3 months 2011
Interest expense of bank loans	-390	-381
Interest expense of finance lease	-2	-9
Other finance costs*	-17	-16
Total finance costs	**-409**	**-406**

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

Note 23. 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 2012	3 months 2011
Net profit (in thousands of euros)	3,224	1,591
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.08	0.04

Note 24. Related party transactions

in thousands of euros

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

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

Majority shareholder of Tallinna Kaubamaja 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 Group.

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

	Purchases 3 months 2012	Sales 3 months 2012	Purchases 3 months 2011	Sales 3 months 2011
Parent	74	36	68	32
Entities in the Parent's consolidation group	3,775	194	3,943	230
Members of management and supervisory boards	0	1	0	0
Other related parties	233	1	258	0
Total	**4,082**	**232**	**4,269**	**262**

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:

	31.03.2012	31.12.2011
Interest receivable from Parent (Note 3)	11	11
Receivable from Parent (Note 4)	0	9,000
Receivables from entities in the in the Parent's consolidation group (Note 3)	49	93
Loan receivable from entities in the in the Parent's consolidation group (Note 4)	277	277
Sales bonuses receivable from entities in the in the Parent's consolidation group (Note 3)	4	124
Members of management and supervisory boards (Note 3)	0	2
Total receivables from related parties	**341**	**9,507**

	31.03.2012	31.12.2011
Parent	21	22
Entities in the Parent's consolidation group	2,261	2,378
Other related parties	152	62
Total liabilities to related parties (Note 14)	**2,434**	**2,462**

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.

Group account

For proving funding for its subsidiaries, the 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 2012, Tallinna Kaubamaja Group earned interest income on its deposits of available funds in the amount of 36 thousand euros (2011: 32 thousand euros). In 2012, Tallinna Kaubamaja Group did not use or pay any interest to the head group. As at 31.12.2011 Group deposited through parent company NG Investeeringud OÜ 9,000 thousand euros with interest rate 1.6% and with maturity up to 21 March 2012.

The average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.18% in the euro account (2011: 0.3%). 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 Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 147 thousand euros (3 months 2011: 122 thousand euros). Short term benefits to supervisory boards' members of Tallinna Kaubamaja Group in reporting period including social taxes amounted to 54 thousand euros (3 months 2011: 54 thousand euros).