# TALLINNA KAUBAMAJA AS

**Consolidated Interim Report for**
**the fourth quarter and 12 months of 2012**
(unaudited)

## Table of contents

## COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,330 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 December 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 December 31, 2012 (Note 7):

| | Location | Shareholding as of 31.12.2012 | Shareholding as of 31.12.2011 |
|---|---|---|---|
| Selver AS | Estonia | 100% | 100% |
| Kulinaaria OÜ | Estonia | 100% | 0% |
| Kaubamaja AS | Estonia | 100% | 0% |
| Topsec Turvateenused OÜ | Estonia | 100% | 0% |
| 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% |
| TKM Auto 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% |
| Viking Motors AS | Estonia | 100% | 0% |
| OÜ TKM Beauty | Estonia | 100% | 100% |
| OÜ TKM Beauty Eesti | Estonia | 100% | 100% |
| OÜ Suurtüki NK | Estonia | 100% | 100% |
| SIA Suurtuki | Latvia | 100% | 100% |
| AS ABC King | Estonia | 100% | 100% |
| SIA ABC King | Latvia | 100% | 100% |
| Rävala Parkla AS | Estonia | 50% | 50% |

Economic development

The global economic situation has been unsteady in recent years. In the second half of 2012, the weakening of the world's economic cycle caught up with the main trade partners of Estonia, which makes it more difficult to continue boosting Estonian export in the future. Contrary to the surrounding environment, economic growth accelerated in the 4th quarter of 2012, increasing to 3.7% in the yearly comparison. In 2012, Estonian economic growth as a whole slowed down somewhat compared to the previous year, although it was still the fastest in the euro area. Due to the weakened environment around us, a stabilisation in the demand for workforce could be detected at the end of 2012; at the same time, the lack of qualified workforce is steadily becoming a greater problem, resulting in wage pressure in certain sectors. The consumer price index in Estonia grew by 3.9% in 2012, mainly due to the growing prices of food and petroleum in the world market. The prices of food and non-alcoholic beverages went up by 3.8%, while the prices of clothing and footwear increased by 5.2%. Inflation caused by internal economic factors remained modest. According to analysts, once the growth of basic product prices in the world market stops in the second half of 2013, the inflation pressure of external factors should decrease; however, in 2013, the main factors creating inflation pressure in 2013 will be domestic.

According to Statistics Estonia, the total volume of retail turnover in the fourth quarter of 2012 in Estonia grew by 9.5% in current prices. During 2012, the pace of growth in retail became slower and slower from month to month. In 2012 as a whole, the total volume of retail turnover increased by 12.1% in current prices, while retail business, excluding motor vehicles and motorcycles, increased by 11.6%. Fuel sales and retail sales in other specialised stores showed significant growth in the fourth quarter: 16.0% and 17.3%, respectively. In the summary of the year, the greatest leap occurred in the wholesale and retail sale and repairs of motor vehicles and motorcycles (19.9%).

Several plans have been disclosed for 2013 concerning the retail trade real-estate developments, especially in the Tallinn area. If a major part of the development should be realized, the pace of expansion is quicker than the growth of the population's income; this will mean greater competition in the trade sector. Analysts say that the sales volumes of smaller food stores are falling, but growth is still quite considerable in bigger stores, indicating the better competitive strength of larger chains. The consumer barometer results of the Estonian Institute of Economic Research for December 2012 and January 2013 improved.

Economic results

**FINANCIAL RATIOS 2011–2012**

| | **EUR** | | |
|---|---|---|---|
| | **4th quarter 2012** | **4th quarter 2011** | **Change** |
| Sales revenue (in millions) | 127.4 | 119.5 | 6,6% |
| Operating profit/loss (in millions) | 8.5 | 9.2 | -6,7% |
| Net profit/loss (in millions) | 8.2 | 8.7 | -5,7% |
| Return on equity (ROE) | 5.7% | 6.5% | |
| Return on assets (ROA) | 3.0% | 3.3% | |
| Net profit margin | 6.44% | 7.28% | |
| Gross profit margin | 26.97% | 27.22% | |
| Quick ratio | 0.99 | 1.10 | |
| Debt ratio | 0.49 | 0.47 | |
| Sales revenue per employee (in millions) | 0.038 | 0.037 | |
| Inventory turnover | 2.64 | 2.87 | |
| SHARE | | | |
| Average number of shares (1000 pcs) | 40,729 | 40,729 | |
| Equity capital per share (EUR/share) | 3.59 | 3.42 | |
| Share's closing price (EUR/share) | 5.480 | 4.813 | |
| Earnings per share (EUR/share) | 0.20 | 0.21 | |
| Average number of employees | 3,378 | 3,238 | |

| | EUR | | |
|---|---|---|---|
| | 12 months 2012 | 12 months 2011 | Change |
| Sales revenue (in millions) | 467.8 | 436.0 | 7,3% |
| Operating profit/loss (in millions) | 26.0 | 26.1 | -0,2% |
| Net profit/loss (in millions) | 20.9 | 21.5 | -3,1% |
| Return on equity (ROE) | 14.6% | 16.1% | |
| Return on assets (ROA) | 7.6% | 8.2% | |
| Net profit margin | 4.46% | 4.94% | |
| Gross profit margin | 25.80% | 26.26% | |
| Quick ratio | 0.99 | 1.10 | |
| Debt ratio | 0.49 | 0.47 | |
| Sales revenue per employee (in millions) | 0.140 | 0.132 | |
| Inventory turnover | 9.69 | 10.48 | |
| SHARE | | | |
| Average number of shares (1000 pcs) | 40,729 | 40,729 | |
| Equity capital per share (EUR/share) | 3.59 | 3.42 | |
| Share’s closing price (EUR/share) | 5.480 | 4.813 | |
| Earnings per share (EUR/share) | 0.51 | 0.53 | |
| Average number of employees | 3,335 | 3,298 | |

| | |
|---|---|
| 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 unaudited sales revenue of the Tallinna Kaubamaja Group in 2012 was 467.8 million euros, having grown by 7.3% compared to the result of 2011. In the 4th quarter, the group’s sales revenue was 127.4 million euros, which is 6.6% more than the sales revenue earned the year before. The Group’s consolidated unaudited net profit of 2012 was 20.9 million euros, which is 3.1% less than the net profit of the previous year (21.5 million euros). The Group's net profit earned in the 4$^{th}$ quarter was 8.2 million euros, having decreased by 5.7% compared to the result of 2011, which was 8.7 million euros. The pre-tax profit of 2012 was 24.6 million euros, having grown by 0.2% in a year.

The fourth quarter of the Tallinna Kaubamaja Group was characterised by a steady growth in sales revenue and the opening of six new stores. In December, Selver opened two new supermarkets; the KoduSelver, which represents the corner shop concept, entered the market; and a new Selver gourmet store was opened. In November 2012 the footwear chain opened Shu stores in Viljandi and Pärnu, and in December, an ABC King store in Lõunakeskus in Tartu was reopened. In the fourth quarter of 2012 at almost the same gross margin, the profit earned by the group was almost 0.5 million euros smaller compared to the fourth quarter of 2011. The main factors influencing the result were the one-time opening costs of new stores as well as the 14% increase in heating and energy expenditure, which is reflected in various operating costs. Wage costs grew due to the increased number of employees as well as sales result-dependent performance pay. In the 2012 summary, net profit was also influenced by the write-off of software that had lost its usefulness in the sum of 0.9 million euros, recorded in the depreciation of fixed assets.

The keywords characterising the entire year 2012 were the large-scale launch of new concepts and the renovation of sales environments. During the last months of the year, the loyalty programme and bonus system, which was launched in May 2012, gave the group the opportunity to begin group-wide analytical marketing campaigns by using the purchase potential of loyal customers more efficiently and finding synergy between different segments. The group also intends to devote considerable attention to analytical marketing in 2013. In 2013, the group will focus on improving the profitability of segments and increasing their competitive strength, but also on making innovations in trade systems and continuing to improve internal work organisation.

The volume of the assets of the Tallinna Kaubamaja Group as of 31 December 2012 was 287.8 million euros, having grown by 25.4 million euros compared to the end of 2011, i.e. 9.7%.

At the end of the accounting period, the Group had more than 554.7 thousand loyal customers – a figure that had increased by 13.8% in a year. The share of purchases made by loyal customers from the sales revenue of the Group was 80.0%.

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.

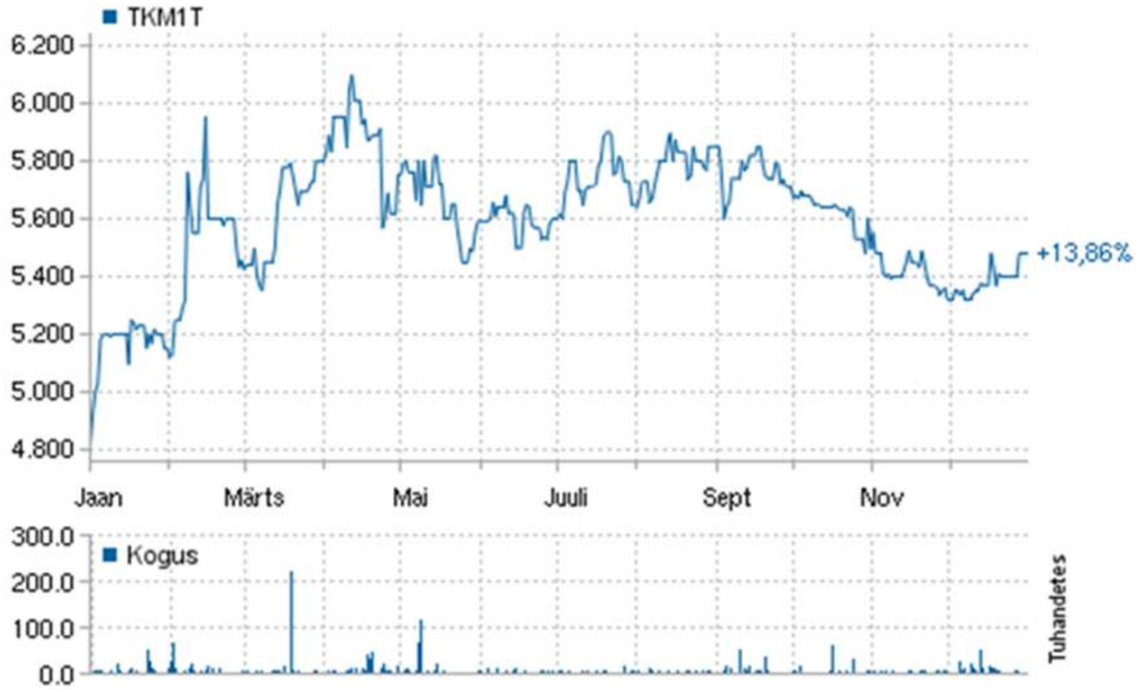
The members of the management board of Tallinna Kaubamaja AS have no right to issue or buy back shares. In addition, there are no commitments between the company and its employees providing for compensation in mergers and acquisitions under article 19' of Stock Market Trade Act.

The share with a price of 4.813 euros at the end of 2011 was closed in late December of 2012 at 5.48 euros, increased by 13.86% within 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 01.01.2012 to 31.12.2012.

In euros



Selver supermarkets

The consolidated sales revenue of the supermarket business segment and the sales revenue earned in Estonia in 2012 was 330.0 million euros, having increased by 3.8% compared to the previous year. Of that, the consolidated sales revenue of the 4th quarter and the sales revenue earned in Estonia was 86.9 million euros, which shows an increase of 4.7% compared to the same period of the previous year. The sales revenue of Selver stores per one square metre of selling space in 2012 was an average of 0.38 thousand euros a month, which is 1.1% more than the previous year. The month's average sales revenue of goods per one square metre of selling space in the 4th quarter was 0.39 thousand euros, showing a decrease of 0.7% compared to the same period of the year earlier. The sales revenue of goods of comparable stores per one square metre of selling space was an average of 0.38 thousand euros in 2012, indicating a growth of 1.5% and 0.40 thousand euros in the 4th quarter, remaining at the same level as 2011. 32.7 million purchases were made from Selver stores in 2012, which is 1.9% lower than the number of purchases made in 2011. Compared to 2011, the Selver chain grew by one supermarket opened in May in Saku and one gourmet store opened in October in Tallinna Kaubamaja. In November, another gourmet store was opened in the Solaris Centre in Tallinn. Furthermore, another three Selver stores were added to the Selver chain in the end of the 4th quarter. December saw the opening of two supermarkets – the Vahi Selver in Tartu and a Selver in Rapla – and one convenient store KoduSelver in Tallinn. Opening new stores in the end of the 4th quarter did not have a significant impact on the sales results of the entire Selver chain as of yet. The larger share of campaigns, incl. campaigns directed at loyal customers, has had a positive effect on the increase of an average purchase. In addition, the turnover seen during the Christmas and end-of-the-year period was greater than the average increase in turnover in 2011. The renewed loyalty programme and the efforts made to improve service quality made further contributions to the increase of the sales revenue. The peculiarities of the renewed loyalty programme will have an impact on sales revenue, since the bonus points awarded to customers decrease the sales revenue in accounting terms. Compared to the previous year, the growth of the sales revenue has been positively influenced by increasing competition in the retail trade market, where competitors opened more new stores in both 2011 and 2012. New stores inevitably bring about the division of customers among stores.

The consolidated pre-tax profit of supermarkets in 2012 was 11.8 million euros, having decreased by 15.8% in relation to the comparable period. The net profit was 9.0 million euros, having decreased by 18.0% in relation to the comparable period. The consolidated pre-tax profit and net profit of the 4th quarter was 3.5 million euros, indicating a 21.4% decrease in both compared to the period of a year before.

The pre-tax profit earned in Estonia in 2012 was 14.2 million euros, 4.1 million euros of which was generated in the 4th quarter. The profit biases compared to the period of a year before were -13.4% and -18.8%, respectively. The net profit earned in Estonia in 2012 was 11.4 million euros, having decreased by 14.8% in relation to the comparable reference period. The net profit of the 4th quarter was 4.1 million euros, which made up 81.2% of the profit earned a year before.

Selver's profit in Estonia has been positively influenced by increased labour efficiency, which was achieved by reviewing the employees' work processes and introducing a multifunctional organisation of work. In addition, the income tax paid on dividends was 7.6% lower this year than the year before. Compared to the year before, this year's profit was influenced by the increase in depreciation costs and operating costs, which were caused by the renovation of four stores carried out during last year; the introduction of the novel SelveEkspress shopping system in four stores in 2011 and in three stores in 2012; the creation of the Selver Bakeries concept, which was completed in the 1st quarter of 2012 and resulted in taking over the baking stalls of stores; the opening of four new Selver stores and two Selver gourmet stores. Pursuant to the above, the amount spent on investments and operating costs in 2011 and 2012 was higher than during previous years. In addition, results were influenced by the launching costs of the loyalty programme, which was renewed in May 2012, and the volume of marketing campaigns, which had increased compared to the previous year. In June 2012 it was decided to replace IT software, which resulted in the write-off of software investments in the sum of 0.9 million euros.

No sales revenue from goods was generated in Latvia in 2012. The pre-tax loss and net loss earned in Latvia in 2012 was 2.3 million euros, 0.6 million euros of which were incurred in the 4th quarter. The loss remained on the level of the year earlier, changing -0.6% and +1.4%, respectively. Business activities in Latvia are frozen.

The plans for 2013 foresee continued active expansion. Lease contracts have been entered into for four new stores, which are to be opened in 2013. It is likely that more new stores will be added.

As of the end of December 2012 the chain of Selver stores included 38 Selver stores and two gourmet stores. The selling space of the stores as of the end of 2012 was 73.1 thousand square meters.

Department stores

The sales revenue of the department store business segment in 2012 was 86.3 million euros, having grown by 7.1% compared to the previous year. The sales revenue earned in the 4th quarter was 26.0 million euros, which was 2.9% higher than the revenue earned in the 4th quarter of 2011. In 2012, the month's average sales revenue of department stores per one square metre of selling space was 0.29 thousand euros, which is 8.9% more than in 2011. The summarised sales revenue of 2012 was negatively impacted by extensive renovation works carried out in the Women's and Children's Departments of Tallinna Kaubamaja since mid-January to March and the renovation works done in the Women's, Beauty and Shoe Departments of Tartu Kaubamaja in the 3rd quarter. On the other hand, the thorough reorganisation of sales spaces has in conclusion increased the sales efficiency of the department stores. The updated selection of brands in the Women's Department as well as ongoing marketing activities have considerably (by 11%) increased the number of young (below 35) loyal customers. The improved inclusion of young customers was also one of the main goals of updating our visual identity during 2012 and the introduction of a new advertising language. The launch of the new internal training system and constant focus on the improvement of service quality during the year have increased the average purchase amount by 7.1%, and also improved service indicators.

The net-profit of department stores in the 2012 was 3.4 million euros, exceeding the result of the year before by 24.1%. The business profit of the department store segment was 3.1 million euros, having grown by 26.7% compared to the previous year. The net-profit of the 4th quarter was 2.4 million euros, which exceeded the profit of 2011 by 5%.

The sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. beauty stores, was 4.1 million euros in 2012, having increased by 28.3% compared to 2011. Of that, the sales revenue earned in the 4th quarter was 1.4 million euros, which was 20.1% more than the result achieved during the same period in 2011. The net loss of the I.L.U. chain in the 2012 was 0.4 million euros, which is 0.1 million euros smaller than the loss of 2011. The net loss in the 4th quarter of 2012 amounted to 0.007 million euro, which is 0.26 million euros smaller compared to the 4th quarter of the previous year.

Car Trade

The sales revenue of the car trade segment earned in the 2012 without inter-segment transactions was 34.2 million euros, thus exceeding the revenue of the same period of the year before by 64.8%. The sales revenue of the fourth quarter in the sum of 9.8 million euros was greater than the revenue of the year before by 48.9%. The reason for the increased turnover is the addition of the new KIA cee'd Sportwagon into the model range. The vehicle has been warmly welcomed by customers. The sales of the crossover SUV KIA Sportage are still active and in the 4th quarter, the model range grew by the new generation of the SUV KIA Sorento. The sales growth of KIA in the Baltic states in 2012 was remarkable. By countries, it was 102% in Estonia, 66% in Latvia and 38% in Lithuania, which makes the average increase in sales 69%. In 2012, a total of 1,898 vehicles were sold in the vehicle segment, i.e. 770 vehicles more than the year before. The sales of the Opel and Cadillac models sold by Viking Motors AS, which were added to the vehicle segment in July 2012 reached 32 in the 4th quarter. The sales revenue of Viking Motors in the 4th quarter of this year was 1.6 million euros. The segment earned a profit 1.8 million euros in 2012, of that, 0.3 million was generated in the 4th quarter. The respective profits of 2011 were 1.3 million euros and 0.3 million euros.

Footwear trade

The turnover of the footwear segment in 2012 was 14.4 million euros, having increased by 3.1% by the end of the year. In the 4th quarter, the turnover was 4.1 million euros, which is 2.6% higher than the result achieved during the same period in 2011. The loss of 2012 was 0.1 million euros, which has decreased by approximately 0.1 million euros compared to the same period of the previous accounting year. In the 4th quarter of year 2012 the Footwear trade segment earned 0.2 million euros profit and it increased by 3.5% compared to the 4th quarter of 2011. Three new stores were opened in the 4th quarter of 2012 – the Viljandi Shu (01.11.2012), the Port Artur Shu in Pärnu (15.11.2012) and the Lõunakeskus ABC King in Tartu (08.12.2012). As of the end of December, Suurtüki NK OÜ owns 16 stores and ABC King AS owns 10 stores. Plans for February 2013 include opening a Shu store in the shopping centre Tsentraal in Jõhvi.

Real Estate

The external sales revenue of the real estate business segment earned in 2012 was 2.9 million euros, having grown by 2.7% compared to the previous year. The external sales revenue of the real estate business segment earned in the 4th quarter of 2012 was 0.7 million euros, which indicates a decrease of 0.9% compared to the same period of the previous year. The increase in revenue that occurred in the beginning of the year was mainly caused by the reorganisation of the tenants and leased spaces of Tartu Kaubamaja Kinnisvara OÜ in the first half of 2012. In the second half of 2012, the group needed to start using some spaces that were previously rented out for its own purposes; this caused a slight decrease in the external sales revenue in the end of the year. The pre-tax profit of the segment of real estate of 2012 was 7.7 million euros and the pre-tax profit of the 4th quarter was 1.9 million euros. This result exceeded the pre-tax profit of 2011 by 1.0 million euros and the pre-tax profit of the 4th quarter by

0.4 million euros, which is based on an increase in sales revenues. The segment's net profit of 2012 was 6.7 million euros, which is 0.1 million euros less than the net profit earned year earlier.

Personnel

The average number of employees in the Tallinna Kaubamaja Group in 2012 increased by 1.1% in relation to the development of the group, reaching 3,335. Labour costs (wage costs and social tax costs) increased by 6.5% and were 36.4 million euros in 2012. In the 4th quarter, labour costs increased by 10.1% compared to the same period of the previous year; at the same time, the average number of employees grew by 4.3%. The average monthly labour costs per employee in 2012 increased by 5.4% compared to the average labour costs of 2011; in the 4th quarter, the increase was 5.7%. Since the beginning of the second half of the year, the amount of average labour costs has, in addition to the implementation of sales result-based performance pay, also been influenced by changes in the wage system, which now also takes into account the employees' competence and the quality of their work.

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, 12 February 2013

## 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 fourth quarter and 12 months 2012 as set out on pages 12 - 32.

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, 12 February 2013*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

| | Note | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| ASSETS | | | |
| **Current assets** | | | |
| Cash and bank | 2 | 13,494 | 11 948 |
| Trade receivables and prepayments | 3 | 18,497 | 20 702 |
| Inventories | 5 | 48,264 | 41 578 |
| **Total current assets** | | **80,255** | **74 228** |
| **Non-current assets** | | | |
| Receivables and prepayments | 8 | 667 | 1,041 |
| Investments in associates | 7 | 1,628 | 1,550 |
| Investment property | 9 | 3,756 | 3,566 |
| Property. plant and equipment | 10 | 190,298 | 172,272 |
| Intangible assets | 11 | 11,236 | 9,809 |
| **Total non-current assets** | | **207,585** | **188,238** |
| **TOTAL ASSETS** | | **287,840** | **262,466** |
| | | | |
| LIABILITIES AND EQUITY | | | |
| **Current liabilities** | | | |
| Borrowings | 12 | 17,210 | 11,261 |
| Trade payables and other liabilities | 13 | 64,151 | 56,081 |
| **Total current liabilities** | | **81,361** | **67,342** |
| **Non-current liabilities** | | | |
| Borrowings | 12 | 59,781 | 55,591 |
| Provisions and prepayments | | 519 | 73 |
| **Total non-current liabilities** | | **60,300** | **55,664** |
| **TOTAL LIABILITIES** | | **141,661** | **123,006** |
| **Equity** | | | |
| Share capital | 15 | 24,438 | 24,438 |
| Statutory reserve capital | | 2,603 | 2,603 |
| Revaluation reserve | | 51,079 | 52,197 |
| Retained earnings | | 68,066 | 60,333 |
| Currency translation differences | | -7 | -111 |
| **TOTAL EQUITY** | | **146,179** | **139,460** |
| **TOTAL LIABILITIES AND EQUITY** | | **287,840** | **262,466** |

The notes presented on pages 17 to 32 form an integral part of these consolidated interim financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

| | Note | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|---|
| Revenue | 16 | 127,436 | 119,510 | 467,800 | 435,977 |
| Other operating income | | 187 | 138 | 820 | 420 |
| Materials, consumables used and services | 5 | -93,061 | -86,977 | -347,119 | -321,503 |
| Other operating expenses | 17 | -12,983 | -11,544 | -47,242 | -44,353 |
| Staff costs | 18 | -10,241 | -9,302 | -36,376 | -34,145 |
| Depreciation, amortisation and impairment losses | 10, 11 | -2,687 | -2,544 | -11,481 | -9,976 |
| Other expenses | | -113 | -127 | -383 | -347 |
| **Operating profit** | | **8,538** | **9,154** | **26,019** | **26,073** |
| Finance income | 19 | 24 | 66 | 133 | 247 |
| Finance costs | 19 | -384 | -531 | -1,647 | -1,897 |
| Finance income on shares of associates | 7 | 26 | 17 | 126 | 150 |
| **Profit before tax** | | **8,204** | **8,706** | **24,631** | **24,573** |
| Income tax | 15 | 2 | -4 | -3,761 | -3,035 |
| **NET PROFIT FOR THE FINANCIAL YEAR** | | **8,206** | **8,702** | **20,870** | **21,538** |
| **Other comprehensive income:** | | | | | |
| Currency translation differences | | -57 | 442 | 104 | 515 |
| **Other comprehensive income for the financial year** | | **-57** | **442** | **104** | **515** |
| **TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | **8,149** | **9,144** | **20,974** | **22,053** |
| Basic and diluted earnings per share (euros) | 20 | 0.20 | 0.21 | 0.51 | 0.53 |

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

The notes presented on pages 17 to 32 form an integral part of these consolidated interim financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

| | Note | 12 months 2012 | 12 months 2011 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit | | 20,870 | 21,538 |
| *Adjustments:* | | | |
| *Income tax on dividends* | *15* | 3,761 | *3,031* |
| Corporate income tax | | 0 | 4 |
| *Interest expense* | *19* | 1,647 | *1,897* |
| *Interest income* | *19* | -133 | *-247* |
| *Depreciation, amortisation* | *10, 11* | 10,525 | 9,976 |
| *Loss on sale and write-off of non-current assets* | | 801 | 84 |
| *Effect of equity method* | *7* | -126 | *-150* |
| Change in inventories | | -6,091 | -2,563 |
| Change in receivables and prepayments related to operating activities | | -1,303 | 261 |
| Change in liabilities and prepayments related to operating activities | | 8,090 | 6,228 |
| **TOTAL CASH FLOWS FROM OPERATING ACTIVITIES** | | **38,041** | **40,059** |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment (excl. finance lease) | 10, 11 | -29,118 | -5,830 |
| Proceeds from sale of property, plant and equipment | | 222 | 42 |
| Purchase of intangible assets | 11 | -370 | 0 |
| Investments in subsidiaries | 6 | -1,320 | 0 |
| Change in balance of parent company's group account | 21 | 4,000 | -7,491 |
| Dividends received | | 48 | 104 |
| Interest received | | 133 | 247 |
| **TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES** | | **-26,405** | **-12,928** |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 12 | 44,243 | 18,206 |
| Repayments of borrowings | 12 | -34,548 | -32,575 |
| Change in overdraft balance | 12 | -1 | 150 |
| Dividends paid | 15 | -14,255 | -11,404 |
| Income tax on dividends | 15 | -3,761 | -3,031 |
| Repayments of finance lease principal | 12 | -128 | -408 |
| Interest paid | | -1,662 | -1,898 |
| **TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES** | | **-10,112** | **-30,960** |
| **TOTAL CASH FLOWS** | | **1,524** | **-3,829** |
| Effect of exchange rate changes | | 22 | 43 |
| | | | |
| 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 | 13,494 | 11,948 |
| **Net change in cash and cash equivalents** | | **1,546** | **-3,786** |

The notes presented on pages 17 to 32 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** |
| 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 | 20,870 | 0 | 20,870 |
| Other comprehensive income for the reporting period | 0 | 0 | 0 | 0 | 104 | 104 |
| **Total comprehensive income for the reporting period** | **0** | **0** | **0** | **20,870** | **104** | **20,974** |
| Reclassification of depreciation of revalued land and buildings | 0 | 0 | -1,118 | 1,118 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | -14,255 | 0 | -14,255 |
| **Balance as of 31.12.2012** | **24,438** | **2,603** | **51,079** | **68,066** | **-7** | **146,179** |

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

The notes presented on pages 17 to 32 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. The majority shareholder of Tallinna Kaubamaja 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 Group.

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 Repor*ting as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 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 fourth quarter and 12 months 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

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Cash on hand | 872 | 1,358 |
| Bank accounts | 11,305 | 8,917 |
| Cash in transit | 1,317 | 1,673 |
| **Total cash and bank** | **13,494** | **11,948** |

**Note 3. Trade Receivables and prepayments**

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Trade receivables (Note 4) | 11,662 | 9,976 |
| Short-term receivables from related parties (Note 21) | 5,096 | 9,277 |
| Other short-term receivables | 41 | 95 |
| **Total financial assets from balance sheet line “Trade receivables and prepayments”** | **16,799** | **19,348** |
| Prepayment for goods | 806 | 395 |
| Other prepaid expenses | 435 | 482 |
| Prepaid rental expenses | 399 | 398 |
| Prepaid taxes (Note 14) | 58 | 79 |
| **Total trade receivables and prepayments** | **18,497** | **20,702** |

**Note 4. Trade receivables**

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Trade receivables | 9,903 | 8,423 |
| Allowance for doubtful receivables | -63 | -35 |
| Receivables from related parties (Note 21) | 254 | 230 |
| Credit card payments | 1,568 | 1,358 |
| **Total trade receivables** | **11,662** | **9,976** |

**Note 5. Inventories**

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Goods purchased for resale | 40,823 | 37,233 |
| Passenger cars purchased for resale | 6,587 | 3,561 |
| Raw materials and materials | 854 | 784 |
| **Total inventories** | **48,264** | **41,578** |

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

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Write-down and write-off of inventories | 1,312 | 2,011 | 4,586 | 4,640 |
| Inventory stocktaking deficit | 674 | 557 | 1,864 | 1,678 |
| **Total materials and consumables used** | **1,986** | **2,568** | **6,450** | **6,318** |

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

### Note 6. Group structure

Tallinna Kaubamaja Group consists of:

| Name | Location | Area of activity | Ownership 31.12.2012 | Ownership 31.12.2011 | Year of acquisition |
|---|---|---|---|---|---|
| Selver AS | Tallinn Pärnu mnt. 238 | Retail trade | 100% | 100% | 1996 |
| AS Tartu Kaubamaja | Tartu Riia 2 | Retail trade | 100% | 100% | 1996 |
| Tallinna Kaubamaja Kinnisvara AS | Tallinn Gonsiori 2 | Real estate management | 100% | 100% | 1999 |
| Tartu Kaubamaja Kinnisvara OÜ | Tartu Riia 1 | Real estate management | 100% | 100% | 2004 |
| SIA TKM Latvia | Riga Ieriku iela 3 | Real estate management | 100% | 100% | 2006 |
| SIA Selver Latvija | Riga Ieriku iela 3 | Retail trade | 100% | 100% | 2006 |
| TKM Auto OÜ | Tallinn Gonsiori 2 | Commercial and finance activities | 100% | 100% | 2007 |
| KIA Auto AS | Tallinn Ülemiste tee 1 | Retail trade | 100% | 100% | 2007 |
| Ülemiste Autokeskus OÜ | Tallinn Ülemiste tee 1 | Retail trade | 100% | 100% | 2007 |
| KIA Automobile SIA | Riga Pulkeveza Brieza 31 | Retail trade | 100% | 100% | 2007 |
| KIA Auto UAB | Vilnius. Perkunkiemio g.2 | Retail trade | 100% | 100% | 2007 |
| TKM Beauty OÜ | Tallinn Gonsiori 2 | Retail trade | 100% | 100% | 2007 |
| TKM Beauty Eesti OÜ | Tallinn Gonsiori 2 | Retail trade | 100% | 100% | 2007 |
| AS ABC King | Tallinn Pärnu mnt. 139E | Retail trade | 100% | 100% | 2008 |
| ABC King SIA | Riga Ieriku iela 3 | Retail trade | 100% | 100% | 2008 |
| OÜ Suurtüki NK | Tallinn Ehitajate tee 110 | Retail trade | 100% | 100% | 2008 |
| SIA Suurtuki | Riga Ieriku iela 3 | Retail trade | 100% | 100% | 2008 |
| Kaubamaja AS | Tallinn Gonsiori 2 | Retail trade | 100% | 0% | 2012 |
| Topsec Turvateenused OÜ | Tallinn Gonsiori 2 | Security activities | 100% | 0% | 2012 |
| Kulinaaria OÜ | Tallinn Taevakivi 7B | Centre kitchen activities | 100% | 0% | 2012 |
| AS Viking Motors | Tallinn Tammsaare tee 51 | Retail trade | 100% | 0% | 2012 |

In 2011 there were no business combinations.

Three new subsidiaries (Kaubamaja AS, Topsec Turvateenused OÜ and Kulinaaria OÜ) have been established in June 2012 for the purpose of improving the structure and making the administration of Tallinna Kaubamaja group more transparent.

Tallinna Kaubamaja AS as the group’s parent company will hereafter concentrate on managing the subsidiaries and investments and on arranging the group’s support services.

Purchases in 2012:

| Name | Location | Area of activity | Acquisition date | Ownership % |
|---|---|---|---|---|
| AS Viking Motors | Estonia | Retail trade | 01.07.2012 | 100% |

The table below provides an overview of acquired identifiable assets and liabilities at the time of acquisition. The balance sheet as of 30.06.2012 has been used as the basis for preparing the purchase analysis.

| in thousands of euros | Fair value | Carrying amount |
|---|---|---|
| Cash and bank | 6 | 6 |
| Other receivables and assets | 714 | 714 |
| Fixed assets | 33 | 33 |
| Trademark (Note 11) | 1,588 | 0 |
| Liabilities | -1,015 | -1,015 |
| **Total identifiable assets** | **1,326** | **-262** |
| Cost of ownership interest | 1,326 | 0 |
| Paid for ownership interest in cash | 1,326 | 0 |
| Cash and cash equivalents in the acquired entity | -6 | 0 |
| **Total cash effect on the Group** | **-1,320** | |

Trademark at value of 1,588 thousand euros was acquired. Trademark will be amortised during 7 years, amortisation started in September 2012 (Note 11).

From acquisition date till 31 December Viking Motors AS earned net loss of 63 thousand euros. If the acquisition of Viking Motors AS by the Group had happened at the beginning of the year then group revenues would have been higher by 2,800 thousand euros and net profit smaller by 419 thousand euros.

**Note 7. 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.

| | 31.12.2012 | 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 | 126 | 150 |
| Dividends received | -48 | -104 |
| **Investment in the associate at the end of the accounting period** | **1,628** | **1,550** |

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

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Assets | 3,678 | 3,706 |
| Liabilities | 423 | 606 |

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Revenue | 75 | 65 | 341 | 425 |
| Profit | 51 | 34 | 251 | 300 |

### Note 8. Long-term prepayments and receivables

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Prepaid rental expenses | 561 | 916 |
| Deferred tax asset | 71 | 69 |
| Other receivables | 35 | 56 |
| **Total long-term prepayments and receivables** | **667** | **1 041** |

### Note 9. Investment property

in thousands of euros

| | EUR |
|---|---|
| **Carrying value as at 31.12.2011** | **3,566** |
| **Changes occurred in 2012** | |
| Reclassification (Note 10) | 190 |
| **Carrying value as at 31.12.2012** | **3,756** |

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 network engineering and road engineering works were made for the properties in the amount of 190 thousand euros.

## Note 10. 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 | 2,091 | 312 | 1,387 | 25,328 | 29,118 |
| Acquired through business combinations (Note 6) | 0 | 20 | 13 | 0 | 33 |
| Reclassification (Note 9) | 20,065 | 2,401 | 4,030 | -26,686 | -190 |
| Disposals | 0 | -12 | -27 | 0 | -39 |
| Write-offs | 0 | -6 | -978 | 0 | -984 |
| Depreciation | -4,356 | -2,677 | -2,961 | 0 | -9,994 |
| Currency translation difference | 37 | 0 | -1 | 46 | 82 |
| **31.12.2012** | | | | | |
| Cost or revalued amount | 158,633 | 23,810 | 25,970 | 48,377 | 256,790 |
| Accumulated depreciation | -15,374 | -18,042 | -17,839 | -15,237 | -66,492 |
| **Carrying value** | **143,259** | **5,768** | **8,131** | **33,140** | **190,298** |

T The cost of investments for the 12 months of 2012 amounted to 29,118 thousand euros.

The size of the investment in the business segment of Department store amounted to 3,037 thousand euros. In the reporting period extensive renovation was performed in Department store showrooms, total investment amounted to 2,264 thousand euros. Department store Women’s department in Tallinn was expanded by 1000 square metres and was reopened as renewed to the clients on 8 March. On 22 March Estonian biggest Children’s department was opened. In the reporting period other investments amounted to 773 thousand euros.

The cost of investments made in 2012 in the supermarket business segment was 4,487 thousand euros. During the period investments in the amount of 1,032 thousand euros was made for the new software. The cost of new stores opened in the reporting period amounted to 2,904 thousand euros. In May new Saku Selver was opened. First store that was named as Selver Gurmee was opened in Tallinn at Kaubamaja first floor in B gallery, in the beginning of September and the second store in Solaris Centre was opened in November. Furthermore, another three Selver stores were added to the Selver chain in the end of the 4th quarter. December saw the opening of two supermarkets – the Vahi Selver in Tartu and a Selver in Rapla – and one convenient store KoduSelver in Tallinn. From 2012 Selver started to cook bake-off products (pre-cooked and deep-frozen products that need after baking) and new SELFSCAN cash register were introduced. For that purposes new machines and computing technology were purchased in the amount of 474 thousand euros. Subsidiary of Selver AS, Kulinaaria OÜ, invested into Selver Kitchen 77 thousand euros.

The cost of the real estate business segment investment was 20,796 thousand euros. On 8 February Männimäe Selver property at Tallinn, Paldiski road 56 was purchased. On 30 May Torupilli Selver properties at Vesivärava street 37, Tallinn was purchased. On 1 July property at Piiri 14, Keila was purchased and on 3 July AS Viking Motors property at Tammsaare road 51. Tallinn was purchased. On 15 November property near Riga at Mārupe, Kārļa Ulmaņa gatve 101 was purchased. During the reporting period was finished Selver in Saku, which was opened on 17 May 2012.

The cost of investments in the accounting period was 276 thousand euros in the vehicle trade business segment. Machinery and equipment in the net amount of 33 thousand euros was acquired through business combinations (acquisition of Viking Motors AS shares) (Note 6).

The cost of investments made in 2012 in the footwear segment was 521 thousand euros. In July 2012 ABS King reopened store in Pärnu Kaubamajakas. In December 2012 new store in Tartu Lõunakeksus was opened. In November 2012 new SHU stores were opened in Viljandi and Pärnu.

**Note 11. Intangible assets**

in thousands of euros

| | Goodwill | Trademark | Beneficial contracts | Development expenditure | 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** | | | | | |
| Purchases and improvements | 0 | 1,588 | 0 | 370 | 1,958 |
| Amortisation | 0 | -310 | -197 | -24 | -531 |
| **31.12.2012** | | | | | |
| Cost | 7,298 | 5,097 | 1,080 | 388 | 13,863 |
| Accumulated amortisation and impairment | -588 | -1,127 | -884 | -28 | -2,627 |
| **Carrying value** | **6,710** | **3,970** | **196** | **360** | **11,236** |

In June 2012 Group capitalised costs of the renewed Partner Card loyalty programme as development expenditure in the amount of 368 thousand euros.

A joint purchase bonus valid in all stores of the Group while using Partner card was added to the discounts valid so far – this will improve cross-group synergy, offering greater and greater discounts to the customers who make all their everyday purchases in the Group's various stores. Within the renewed programme, a joint international credit card was also introduced to the market in cooperation with LHV Bank.

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 31.12.2012 is 10.5 years.

In the reporting period, as a trademark, the Group has additionally recognised the image of Viking Motors AS acquired in acquisition of car trade segment company in the amount of 1,588 thousand euros (Note 6). Trademark contains a combination of the name of Opel models, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 31.12.2012 is 6.65 years.

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

| in thousands of euros | 31.12.2012 | 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 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 12. Interest bearing borrowings

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **Short-term borrowings** | | |
| Overdraft | 294 | 295 |
| Bank loans | 16,310 | 10,378 |
| Finance lease liability | 3 | 128 |
| Other borrowings | 603 | 460 |
| **Total short-term borrowings** | **17,210** | **11,261** |

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| **Long-term borrowings** | | |
| Bank loans | 59,570 | 55,399 |
| Finance lease liability | 0 | 3 |
| Other borrowings | 211 | 189 |
| **Total long-term borrowings** | **59,781** | **55,591** |
| **Total borrowings** | **76,991** | **66,852** |

**Borrowings received**

| in thousands of euros | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Overdraft | 0 | 150 | 0 | 150 |
| Bank loans | 6,927 | 6,530 | 42,581 | 16,555 |
| Other borrowings | 617 | 347 | 1,662 | 1,651 |
| **Total borrowings received** | **7,544** | **7,027** | **44,243** | **18,356** |

**Borrowings paid**

| in thousands of euros | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Overdraft | 6 | 0 | 1 | 0 |
| Bank loans | 9,013 | 9,767 | 32,478 | 31,193 |
| Finance lease liability | 1 | 99 | 128 | 408 |
| Other borrowings | 576 | 285 | 1,497 | 1,382 |
| **Total borrowings paid** | **9,596** | **10,151** | **34,104** | **32,983** |

Bank loans and finance lease liabilities are denominated in euros.

As of 31.12.2012., the repayment dates of bank loans are between 28.01.2013 and 30.08.2018 (2011: between 8.03.2012 and 30.08.2018), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.41% (2011: 2.61%).

**Note 13. Trade payables and other liabilities**

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Trade payables | 49,113 | 43,957 |
| Payables to related parties (Note 21) | 4,965 | 2,462 |
| Other accrued expenses | 268 | 291 |
| Prepayments by tenants | 1,247 | 867 |
| **Total financial liabilities from balance sheet line “Trade payables and other liabilities”** | **55,593** | **47,577** |
| Taxes payable (Note 14) | 4,740 | 5,038 |
| Employee payables | 3,220 | 3,124 |
| Prepayments | 445 | 207 |
| Short-term provisions* | 153 | 135 |
| **Total trade payables and other liabilities** | **64,151** | **56,081** |

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

**Note 14. Taxes**

in thousands of euros

| | 31.12.2012 | | 31.12.2011 | |
|---|---|---|---|---|
| | Prepaid taxes | Taxes payable | Prepaid taxes | Taxes payable |
| Prepaid taxes | 58 | 0 | 79 | 0 |
| Value added tax | 0 | 2,325 | 0 | 2,270 |
| Sales tax | 0 | 0 | 0 | 595 |
| Personal income tax | 0 | 677 | 0 | 609 |
| Social security taxes | 0 | 1,482 | 0 | 1,335 |
| Corporate income tax | 0 | 41 | 0 | 21 |
| Unemployment insurance | 0 | 147 | 0 | 156 |
| Mandatory funded pension | 0 | 68 | 0 | 52 |
| **Total taxes** | **58** | **4,740** | **79** | **5,038** |

**Note 15. Share capital**

As of 31.12.2012, 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 amounted to 3,761 thousand euros (2011: 3,031 thousand euros).

### Note 16. 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 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. 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.

**Sales revenue**
in thousands of euros

| IV quarter 2012 | Super markets | Depart-ment store | Car trade | Footwear trade | Real estate | Inter-segment transact-ions | Total seg-ments |
|---|---|---|---|---|---|---|---|
| **External revenue** | **86,867** | **26,000** | **9,755** | **4,083** | **731** | **0** | **127,436** |
| Inter-segment revenue | 240 | 897 | 7 | 75 | 2,499 | -3,718 | 0 |
| Total revenue | 87,107 | 26,897 | 9,762 | 4,158 | 3,230 | -3,718 | 127,436 |
| **Operating profit/(-loss)** | **3,418** | **2,360** | **295** | **238** | **2,227** | 0 | **8,538** |
| Finance income (Note 19) | 44 | 168 | 1 | 0 | 19 | -208 | 24 |
| Finance income on shares of associates | 0 | 26 | 0 | 0 | 0 | 0 | 26 |
| Finance costs (Note 19) | 0 | -141 | -43 | -60 | -348 | 208 | -384 |
| Income tax | 0 | 0 | 2 | 0 | 0 | 0 | 2 |
| **Net profit/(-loss)** | **3,462** | **2,413** | **255** | **178** | **1,898** | **0** | **8,206** |
| incl. in Estonia | 4,050 | 2,413 | 341 | 178 | 1,754 | 0 | 8,736 |
| incl. in Latvia | -588 | 0 | -46 | 0 | 144 | 0 | -490 |
| incl. in Lithuania | 0 | 0 | -40 | 0 | 0 | 0 | -40 |
| **Segment assets** | **72,452** | **164,853** | **15,726** | **13,802** | **176,836** | -155,829 | **287,840** |
| **Segment liabilities** | **49,968** | **26,566** | **9,773** | **18,035** | **89,069** | -51,750 | **141,661** |
| Segment investment in non-current assets | 2,073 | 281 | 130 | 366 | 2,185 | 0 | 5,035 |
| Segment depreciation and impairment losses | 1,062 | 455 | 102 | 199 | 869 | 0 | 2,687 |

in thousands of euros

| IV quarter 2011 | Super markets | Depart-ment store | Car trade | Footwear trade | Real estate | Inter-segment transact-ions | Total seg-ments |
|---|---|---|---|---|---|---|---|
| **External revenue** | **82,968** | **25,272** | **6,552** | **3,980** | **738** | 0 | **119,510** |
| Inter-segment revenue | 215 | 462 | 6 | 131 | 1,952 | -2,766 | 0 |
| Total revenue | 83,183 | 25,734 | 6,558 | 4,111 | 2,690 | -2,766 | 119,510 |
| **Operating profit/(-loss)** | **4,351** | **2,239** | **359** | **242** | **1,963** | **0** | **9,154** |
| Finance income (Note 19) | 59 | 289 | 0 | 0 | 31 | -313 | 66 |
| Finance income on shares of associates | 0 | 17 | 0 | 0 | 0 | 0 | 17 |
| Finance costs (Note 19) | -4 | -247 | -72 | -70 | -451 | 313 | -531 |
| Income tax | 0 | 0 | -4 | 0 | 0 | 0 | -4 |
| **Net profit/(-loss)** | **4,406** | **2,298** | **283** | **172** | **1,543** | **0** | **8,702** |
| incl. in Estonia | 4,986 | 2,298 | 365 | 179 | 1,508 | 0 | 9,336 |
| incl. in Latvia | -580 | 0 | -43 | -7 | 35 | 0 | -595 |
| incl. in Lithuania | 0 | 0 | -39 | 0 | 0 | 0 | -39 |
| **Segment assets** | **67,488** | **160,219** | **11,127** | **11,907** | **158,892** | -147,167 | **262,466** |
| **Segment liabilities** | **43,530** | **30,790** | **10,527** | **12,485** | **74,849** | -49,175 | **123,006** |
| Segment investment in non-current assets | 1,628 | 212 | 155 | 108 | 289 | 0 | 2,392 |
| Segment depreciation and impairment losses | 1,210 | 361 | 35 | 190 | 748 | 0 | 2,544 |

in thousands of euros

| 12 months 2012 | Super markets | Depart-ment store | Car trade | Footwear trade | Real estate | Inter-segment transact-ions | Total seg-ments |
|---|---|---|---|---|---|---|---|
| **External revenue** | **329,989** | **86,257** | **34,237** | **14,445** | **2,872** | 0 | **467,800** |
| Inter-segment revenue | 906 | 2,281 | 23 | 375 | 9,323 | -12,908 | 0 |
| Total revenue | 330,895 | 88,538 | 34,260 | 14,820 | 12,195 | -12,908 | 467,800 |
| **Operating profit** | **11,625** | **3,121** | **1,999** | **140** | **9,134** | 0 | **26,019** |
| Finance income (Note 19) | 225 | 886 | 1 | 1 | 84 | -1,064 | 133 |
| Finance income on shares of associates | 0 | 126 | 0 | 0 | 0 | | 126 |
| Finance costs (Note 19) | -3 | -710 | -213 | -240 | -1,545 | 1,064 | -1,647 |
| Income tax | -2,801 | 0 | 0 | 0 | -960 | 0 | -3,761 |
| **Net profit/(-loss)** | **9,046** | **3,423** | **1,787** | **-99** | **6,713** | 0 | **20,870** |
| incl. in Estonia | 11,395 | 3,423 | 1,907 | -31 | 6,228 | 0 | 22,922 |
| incl. in Latvia | -2,349 | 0 | -80 | -68 | 485 | 0 | -2,012 |
| incl. in Lithuania | 0 | 0 | -40 | 0 | 0 | 0 | -40 |
| **Segment assets** | **72,452** | **164,853** | **15,726** | **13,802** | **176,836** | -155,829 | **287,840** |
| **Segment liabilities** | **49,968** | **26,566** | **9,773** | **18,035** | **89,069** | -51,750 | **141,661** |
| Segment investment in non-current assets (Note 10, 11) | 4,487 | 3,409 | 1,863 | 521 | 20,796 | 0 | 31,076 |
| Segment depreciation and impairment losses (Note 10, 11) | 5,473 | 1,748 | 235 | 782 | 3,243 | 0 | 11,481 |

in thousands of euros

| 12 months 2011 | Super markets | Depart-ment store | Car trade | Footwear trade | Real estate | Inter-segment transact-ions | Total seg-ments |
|---|---|---|---|---|---|---|---|
| **External revenue** | **317,871** | **80,522** | **20,776** | **14,012** | **2,796** | 0 | **435,977** |
| Inter-segment revenue | 834 | 1,324 | 16 | 468 | 8,086 | -10,728 | 0 |
| Total revenue | 318,705 | 81,846 | 20,792 | 14,480 | 10,882 | -10,728 | 435,977 |
| **Operating profit** | **13,921** | **2,463** | **1,537** | **57** | **8,095** | 0 | **26,073** |
| Finance income (Note 19) | 169 | 1,014 | 0 | 1 | 92 | -1,029 | 247 |
| Finance income on shares of associates | 0 | 150 | 0 | 0 | 0 | 0 | 150 |
| Finance costs (Note 19) | -23 | -869 | -237 | -242 | -1,555 | 1,029 | -1,897 |
| Income tax | -3,031 | 0 | -4 | 0 | 0 | 0 | -3,035 |
| **Net profit** | **11,036** | **2,758** | **1,296** | **-184** | **6,632** | 0 | **21,538** |
| incl. in Estonia | 13,371 | 2,758 | 1,368 | -99 | 6,077 | 0 | 23,475 |
| incl. in Latvia | -2,335 | 0 | -101 | -85 | 555 | 0 | -1,966 |
| incl. in Lithuania | 0 | 0 | 29 | 0 | 0 | 0 | 29 |
| **Segment assets** | **67,488** | **160,219** | **11,127** | **11,907** | **158,892** | -147,167 | **262,466** |
| **Segment liabilities** | **43,530** | **30,790** | **10,527** | **12,485** | **74,849** | -49,175 | **123,006** |
| Segment investment in non-current assets (Note 10, 11) | 4,136 | 823 | 205 | 206 | 460 | 0 | 5,830 |
| Segment depreciation and impairment losses (Note 10, 11) | 4,728 | 1,433 | 146 | 763 | 2,906 | 0 | 9,976 |

**External revenue according to types of goods and services sold**

in thousands of euros

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Retail revenue | 119,191 | 112,865 | 437,331 | 414,200 |
| Wholesale revenue | 4,033 | 3,002 | 15,515 | 8,074 |
| Rental income | 1,550 | 1,505 | 6,053 | 5,751 |
| Services and catering revenue | 2,662 | 2,138 | 8,901 | 7,952 |
| **Total revenue** | **127,436** | **119,510** | **467,800** | **435,977** |

**External revenue by client location**

in thousands of euros

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Estonia | 125,281 | 117,219 | 458,427 | 427,049 |
| Latvia | 1,143 | 992 | 3,886 | 3,883 |
| Lithuania | 1,012 | 1,299 | 5,487 | 5,045 |
| **Total** | **127,436** | **119,510** | **467,800** | **435,977** |

**Distribution of non-current assets* by location of assets**

in thousands of euros

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Estonia | 171,572 | 154,013 |
| Latvia | 34,193 | 32,482 |
| Lithuania | 192 | 193 |
| **Total** | **205,957** | **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 17. Other operating expenses

in thousands of euros

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Rental expenses | 3,422 | 3,403 | 13,403 | 13,618 |
| Heat and electricity expenses | 1,833 | 1,600 | 6,988 | 6,119 |
| Operating costs | 1,720 | 1,703 | 6,765 | 7,249 |
| Cost of sale related services and materials | 1,880 | 1,786 | 6,561 | 6,640 |
| Marketing expenses | 1,909 | 1,390 | 6,340 | 4,686 |
| Miscellaneous other operating expenses | 1,016 | 764 | 3,198 | 2,456 |
| Computer and communication costs | 732 | 528 | 2,398 | 2,166 |
| Personnel expenses | 471 | 370 | 1,589 | 1,419 |
| **Total other operating expenses** | **12,983** | **11,544** | **47,242** | **44,353** |

### Note 18. Staff costs

in thousands of euros

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Wages and salaries | 7,669 | 6,956 | 27,232 | 25,515 |
| Social security taxes | 2,572 | 2,346 | 9,144 | 8,630 |
| **Total staff costs** | **10,241** | **9,302** | **36,376** | **34,145** |
| Average wages per employee per month (euros) | 757 | 716 | 680 | 645 |
| Average number of employees in the reporting period | 3,378 | 3,238 | 3,335 | 3,298 |

**Note 19. Finance income and costs**

in thousands of euros

Finance income

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Interest income on cash and cash equivalents | 0 | 2 | 1 | 11 |
| Interest income on Partner credit card | 18 | 36 | 78 | 114 |
| Interest income from loans to related parties | 1 | 3 | 8 | 30 |
| Interest income on NGI Group's group account (Note 21) | 4 | 25 | 45 | 91 |
| Other finance income | 1 | 0 | 1 | 1 |
| **Total finance income** | **24** | **66** | **133** | **247** |

Finance costs

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Interest expense of bank loans | -363 | -496 | -1,569 | -1,765 |
| Interest expense of finance lease | -1 | -3 | -4 | -24 |
| Other finance costs* | -20 | -32 | -74 | -108 |
| **Total finance costs** | **-384** | **-531** | **-1,647** | **-1,897** |

* 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.

| | IV quarter 2012 | IV quarter 2011 | 12 months 2012 | 12 months 2011 |
|---|---|---|---|---|
| Net profit (in thousands of euros) | 8,206 | 8,702 | 20,870 | 21,538 |
| Weighted average number of shares | 40,729,200 | 40,729,200 | 40,729,200 | 40,729,200 |
| Basic and diluted earnings per share (euros) | 0.20 | 0.21 | 0.51 | 0.53 |

**Note 21. 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 12 months 2012 | Sales 12 months 2012 | Purchases 12 months 2011 | Sales 12 months 2011 |
|---|---|---|---|---|
| Parent | 411 | 82 | 289 | 98 |
| Entities in the Parent’s consolidation group | 21,346 | 1,888 | 19,111 | 1,366 |
| incl. property, plant and equipment | 2,691 | 1 | 1,523 | 2 |
| Members of management and supervisory boards | 0 | 4 | 0 | 2 |
| Other related parties | 744 | 174 | 878 | 4 |
| **Total** | **22,501** | **2,148** | **20,278** | **1,470** |

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:**

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Interest receivable from Parent (Note 4) | 2 | 11 |
| Receivable from Parent (Note 3) | 5,000 | 9,000 |
| Receivables from entities in the in the Parent’s consolidation group (Note 4) | 127 | 93 |
| Loan receivable from entities in the in the Parent’s consolidation group (Note 3) | 96 | 277 |
| Sales bonuses receivable from entities in the in the Parent’s consolidation group (Note 4) | 121 | 124 |
| Members of management and supervisory boards (Note 4) | 4 | 2 |
| **Total receivables from related parties** | **5,350** | **9,507** |

| | 31.12.2012 | 31.12.2011 |
|---|---|---|
| Parent | 21 | 22 |
| Entities in the Parent’s consolidation group | 4,895 | 2,378 |
| Other related parties | 49 | 62 |
| **Total liabilities to related parties (Note 13)** | **4,965** | **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 12 months of 2012 Tallinna Kaubamaja Group earned interest income on its deposits of available funds in the amount of 45 thousand euros (2011: 91 thousand euros). In 2012, Tallinna Kaubamaja Group did not use or pay any interest to the head group. As at 31.12.2012 Group deposited through parent company NG Investeeringud OÜ 5,000 thousand euros (31.12.11: 9,000 thousand euros) with interest rate 0.55% (31.12.11: 1.6%) and with maturity up to 21 January 2013 (31.12.2011: 21 March 2012).

The average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.14% in the euro account (2011: 0.76%). 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 841 thousand euros (12 months 2011: 966 thousand euros). Short term benefits to supervisory boards' members of Tallinna Kaubamaja Group in reporting period including social taxes amounted to 240 thousand euros (12 months 2011: 218 thousand euros).