

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the Third quarter and first 9 months of 2015**
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,000 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 2015
End of financial year:	31 December 2015
Beginning of interim report period:	1 January 2015
End of interim report period:	30 September 2015
Auditor:	PricewaterhouseCoopers AS
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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 Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja Group supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2018. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja Group has one member. The term of office of the management board member Raul Puusepp was extended on 21 February 2014 and his term of office expires on 6 March 2017.

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

Share market

Since 19 August 1997, the shares of Tallinna Kaubamaja Group have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja Group has issued 40.729.2 thousand registered shares, each with the nominal value of 0.40 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

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

The share with a price of 5.10 euros at the end of 2014 was closed in late September of 2015 at 6.06 euros, increased by 18.82% within the six months of the year.

According to the notice of regular annual general meeting of the shareholders published on 2 March 2015, the management board proposed to pay dividends 0.40 euros per share. The general meeting of shareholders approved it.

On 26 March 2015, the annual general meeting of shareholders of Tallinna Kaubamaja Group decided to amend the articles of association and approve Tallinna Kaubamaja Group as the new business name. According to the Commercial Code, respective amendment of the articles of association shall take effect as of respective entry to the Commercial Registry. The abovementioned entry was made on 9 April 2015.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2015 to 30.09.2015.

In euros



Company's structure

The following companies belong to the Group as of September 30, 2015:

	Location	Shareholding as of 30.09.2015	Shareholding as of 31.12.2014
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Viking Security AS	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

The gross domestic product in the 2nd quarter of 2015 grew 2% year-on-year basis. In addition to trade, the growth of GDP in the 2nd quarter of 2015 was also influenced by the increased benefit of the real estate, agriculture, forestry and fishery sectors. The strongest hindrance of Estonian economy in the 2nd quarter was transportation, as well as production and construction industry. The change in stock in the 2nd quarter of 2015 was once again negative after a long time and this in all categories of stock. The final consumption expenditure increased 4.3%, whereas the household final consumption expenditure grew 5.4%. The expenditure on food, leisure and household goods were the ones that increased the most. The labour unit cost increased 4.6% compared to the 2nd quarter of the previous year, which means that the compensations paid per an employee grew faster than productivity (which decreased 0.1%). The Ministry of Finance forecasts the annual economic growth to be 1.7% in 2015. The consumer price index in Estonia for a period of 9 months decreased 0.5%, including food and non-alcoholic beverages, the prices of which decreased by 0.6%, and clothes and footwear, the price of which increased by 1.5%. The prices of alcoholic beverages and tobacco products have seen the largest price growth with a 5.1% rise in the consumer price index, although a large part of this is due to a higher excise duty. According to analysts, the price growth will accelerate in the second half of current year, because foodstuff and energy prices will start growing. The annual inflation will remain at the level of 0.3%.

According to Statistics Estonia, the total value of retail sales in current prices grew 6.3% in the first eight months of 2015 in Estonia. From the beginning of the year, during the period of eight months, retail mail order sales or internet sales have shown a larger growth rate of 41.2%, indicating a change in the consumption behaviour of Estonians. Retail sales in non-specialised stores (dominantly foodstuff) grew in the first eight months of the year by 3.0%. Retail sales in other non-specialised stores grew 6.2%. The retail sales of motor fuels in specialised stores, the sales of which dropped 7.4%, had a negative impact on the retail sales. According to the survey for the first nine months of 2015 by the Estonian Institute of Economic Research, the Estonian economic climate can be deemed satisfactory and has improved by 0.2 points compared to July. Consumer confidence is stronger than the average long-term indicator and compared to the results of the previous quarter it has improved, although, in contrast, insecurity of the business sector has increased during the year.

Economic results**FINANCIAL RATIOS 2014–2015**

	EUR		Change
	3 rd quarter 2015	3 rd quarter 2014	
Sales revenue (in millions)	139.8	133.2	4.9%
Operating profit/loss (in millions)	6.9	6.9	0.0%
Net profit/loss (in millions)	6.7	5.6	19.9%
Return on equity (ROE)	4.0%	4.1%	
Return on assets (ROA)	2.0%	1.9%	
Net profit margin	4.78%	4.18%	
Gross profit margin	24.57%	24.48%	
Quick ratio	1.03	0.95	
Debt ratio	0.48	0.52	
Sales revenue per employee (in millions)	0.035	0.034	
Inventory turnover	1.74	1.91	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.15	3.44	
Share's closing price (EUR/share)	6.060	5.070	
Earnings per share (EUR/share)	0.16	0.14	
Average number of employees	4,032	3,911	

	EUR		Change
	9 month 2015	9 month 2014	
Sales revenue (in millions)	402.6	389.5	3.3%
Operating profit/loss (in millions)	16.0	13.6	17.5%
Net profit/loss (in millions)	11.4	10.3	10.5%
Return on equity (ROE)	6.9%	6.3%	
Return on assets (ROA)	3.5%	3.2%	
Net profit margin	2.84%	2.66%	
Gross profit margin	24.72%	24.05%	
Quick ratio	1.03	1.06	
Debt ratio	0.48	0.50	
Sales revenue per employee (in millions)	0.102	0.102	
Inventory turnover	5.02	5.20	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.15	4.02	
Share's closing price (EUR/share)	6.060	5.070	
Earnings per share (EUR/share)	0.28	0.25	
Average number of employees	3,932	3,825	
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 unaudited consolidated sales revenue of Tallinna Kaubamaja Grupp in the 3rd quarter of 2015 was 139.8 million euros, exceeding the year-on-year sales revenue by 4.9%. The sales revenue in the first nine months was 402.6 million euros, an increase of 3.3% compared to the nine-month results in 2014, when the sales revenue was 389.5 million euros. The unaudited consolidated net profit of the Group for the 3rd quarter of 2015 was 6.7 million euros, which is 19.9% more year-on-year. The profit of the Group for 9 months in 2015 was 11.4 million euros, which was better by 10.5% compared to the results of the same period in the previous year. Pre-tax profit in the first nine months was 15.3 million euros, a growth of 20.7% compared to the results of the previous period. The net profit was influenced by the dividend payment for which income tax of 3.9 million euros was paid during 9 months in 2015, whereas a year before income tax was paid in the amount of 2.4 million euros.

The sales results in the 3rd quarter can be described by uneven consumption by months. Finally, long-awaited summer arrived in Estonia in August, attracting clients to the beach and making buying fashion goods less important. Due to continued warm weather in September, consumers did not start buying autumn season goods in the 3rd quarter. The supermarkets segment showed a more stable and stronger sales growth, which was supported by the opening of a new Selver store in Viimsi in the middle of the quarter. The car trade segment showed a strong sales growth because of several fleet orders and the usual sales had yielded good results as well. The decrease in the sales of footwear trade segment that has lost its market due to tough competition conditions ceased in the 3rd quarter. The gross margin of the Group continued to grow little by little in the 3rd quarter, being a sign of a consistently improving management of goods. A significant cost group is labour costs, which increased by 8.8% in the 3rd quarter. These costs increased because of the added number of employees in the new Selver store. The average salary also grew moderately. Miscellaneous operating costs had a little faster growth in the 3rd quarter compared to previous quarters because they included one-time costs related to the opening of a new store.

On 13 August, the Grupp opened a 15,000-square-metre Viimsi centre along with a new Selver store that has 3,500 square metres of sales space. In September, the Group opened a second Loccitane trademark shop in Estonia next to the I.L.U. store at the Rocca al Mare centre. The most important ongoing development project is the

development of the Group's e-trade platform.

As of 30 September 2015, the amount of assets of Tallinna Kaubamaja Grupp was 327.3 million euros, which is 4.8% lower compared to the end of 2014.

The number of regular customers exceeded 588,000 at the end of the accounting period, showing an annual decrease of 3.0%. The ratio of frequent clients in the turnover of the Group was 80.4% (the indicator was 81.1% in the first nine months of 2014). Over 17,000 Partner bank and credit cards had been issued as of the end of September.

Selver supermarkets

The consolidated sales revenue of the supermarkets business segment in 9 months of 2015 was 279.3 million euros, a year-on-year growth of 3.9%. The consolidated sales revenue in the 3rd quarter was 97.1 million euros, having grown by 4.5% compared to the same period in the previous year. The average sales revenue per a square metre of sales space in 9 months of 2015 was 0.35 thousand euros, exceeding the year-on-year result by 1.8%. In the 3rd quarter, the sales revenue of goods per one square metre of sales space was on an average 0.36 thousand euros in a month, which is higher by 2.4% year-on-year. The sales revenue of goods of comparable stores per square metre of sales space in 9 months was 0.36 thousand euros on an average and 0.37 thousand euros in the 3rd quarter, showing a growth of 2.5% and 2.3%, respectively. Selver's subsidiary Kulinaaria OÜ's turnover earned outside the Group, which does not account for a significant portion of the total turnover of the segment, has increased during 9 months and in the 3rd quarter by 40%. This growth is supported by the fast-growing demand for catering services. SIA Selver's sales revenue remained on the same level as the previous year in the 3rd quarter and during 9 months. 26.8 million purchases were made in Selver stores in 9 months of 2015, which exceeded the year-on-year number of purchases by 0.5%. The consolidated pre-tax profit of the supermarkets segment for 9 months of 2015 was 6.3 million euros, and the net profit was 4.1 million euros, growing year-on-year by 2.7 million and 0.8 million euros, respectively. The pre-tax profit earned in Estonia was 8.2 million euros and the net profit was 6.0 million euros. The pre-tax profit and net profit was 3.3 million euros in the 3rd quarter, showing a growth of 0.2 million euros (+7.4%), whereof the profit earned in Estonia was 3.9 million euros. The difference in the net profit and pre-tax profit is due to the income tax paid on dividends, i.e. the income tax paid on dividends was 0.37 million euros in 2014 and 2.22 million euros in 2015. The pre-tax and net loss earned in Latvia during 9 months was 1.9 million euros, 0.6 million euros of which were earned in the 3rd quarter. The loss remained on the same level as the year before.

The results of the 3rd quarter of 2015 were influenced by the seventh hypermarket, Viimsi Selver, which was opened in August. The additional store increases the competition within the chain in addition to strong competition outside the Group. Regardless, the number of purchases has increased on the year-on-year basis. The average shopping basket has grown according to the results of 9 months as well as the 3rd quarter. Successful marketing campaigns have increased the growth of turnover in the 3rd quarter of 2015 that have primarily had an impact on the faster growth of sales of industrial consumer goods. A greater efficiency in the primary process, i.e. selling of goods, has mostly influenced the profit earned in Estonia. The inventories have been managed better, which has resulted in a reduced need for price reduction and write-off of goods. As regards to operating costs, the previous year's cost-efficiency level has been maintained. This has been achieved in a situation, where the base year costs include the opening costs of one store, whereas this year's operating costs include the opening costs of one store as well as the renovation costs of one store.

The Selver stores chain with 45 Selver stores and café belong to the supermarkets segment with the total sales space of 86.5 thousand square metres. SIA Selver Latvia, where currently no business is conducted, and Kulinaaria OÜ, which has the largest central kitchen in the Baltics, belong in this segment. The largest projects in 2015 have been the opening of a new Selver store in Viimsi centre in August, the renovation of Torupilli Selver in June and a strong expansion of SelveEkspress service to additional five Selver stores. The clients can use SelveEkspress service in already 19 Selver stores. The year of 2015 is also a year of celebration for Selver because the store has been on the market for 20 years.

Department stores

The sales revenue of the department stores business segment was 66.6 million euro in 9 months of 2015, a year-on-year growth of 3.7%. Of this result, the 3rd quarter sales revenue was 21.3 million euros, which was 1.8% higher compared to the revenue earned in the 3rd quarter of 2014. The pre-tax profit of department stores earned in 9 months of 2015 was 1.6 million euros, being lower of the results achieved a year before by 16.7%. The pre-tax profit in the 3rd quarter was 0.6 million euros, which was lower of the profit earned in 2014 by 15.6%. The sales revenue of department stores earned in 9 months of 2015 per a square metre of sales space was 0.28 thousand euros per month, maintaining the same level as during same period of the previous year. At the same time, the sales space of department stores has grown by 1.1% on account of the food department of Tallinn department store. In the 3rd quarter, the sales results of the department stores were influenced by the summer that arrived finally in August and warmer than usual September that primarily held back the outerwear sales. The 3rd quarter

results were influenced negatively also by the repairs of Viru bus station in Tallinn, which lasted for 9 weeks and made it harder for clients to access the department store in Tallinn. Taking into account the attractive position of department stores for tourists in the city centre, the exceptionally low number of tourists had a negative impact on the sales revenue earned in 9 months.

The sales revenue of OÜ TKM Beauty Eesti that operates I.L.U. cosmetics stores was 1.2 million euros the 3rd quarter of 2015, growing 12.9% year-on-year. The loss earned in the 3rd quarter was 0.1 million euros, which was lower by 0.01 million euros compared to the loss earned for the same period in 2014. The sales revenue earned in 9 months of 2015 was 3.4 million euros, showing a growth of 10.4% compared to the same period in 2014. The loss earned in 9 months of 2015 was 0.3 million euros, which was smaller by 0.03 million euros compared to the loss earned in the same period in 2014. The renovation works carried out in September in the largest I.L.U. chain store in Rocca al Mare had a negative effect on the sales revenue. During the renovation, the assortment offered for men was optimised and the area of the store was reduced a little. At the same time, the restructuring works conducted in the store at Ülemiste centre affected the comparison basis for the 3rd quarter sales revenue positively. During that time, the Ülemiste I.L.U. store was partly closed in the previous period.

Car Trade

The sales revenue of car trade earned in 9 months of 2015 was 45.6 million euros. The sales revenue exceeded the revenue earned during the same period of the previous year by 4.2%, including an increase in the sales revenue by 8.3% of KIA cars. The sales revenue of 17.3 million euros earned in the 3rd quarter exceeded the year-on-year results by 13.6%, including the sales revenue from KIA sales by 8.1%. During the first nine months, altogether 2,266 new vehicles were sold, whereof 861 vehicles in the 3rd quarter. The net profit of the segment earned in 9 months of 2015 was 1.3 million euros, a result that exceeded the year-on-year outcome by 17.7%. The pre-tax profit of the segment in 9 months of 2015 was 1.8 million euros, which exceeded the 9-month-profit earned in 2014 by 9.8%. The net profit of the 3rd quarter of 2015 was 0.7 million euros, which was lower by 21.3% on the year-on-year basis. In the 3rd quarter, the sales of new cars grew thanks to several public procurements of KIA and OPEL. The usual sales of OPEL was fostered by supportive marketing campaigns provided by the producer and a better pricing of models. The turnover has been higher also because of better results achieved in the follow-up servicing.

Footwear trade

The sales revenue of the footwear trade in first nine months of 2015 was 8.5 million euros, a drop of 16.4% year-on-year. The sales revenue was 3.2 million euros in the 3rd quarter, showing lower results by 4.6% compared to the same period in 2014. The loss earned in the first nine months was 1.2 million euros. The loss was smaller on the year-on-year basis by 11.3%. The footwear segment had earned a loss of 0.3 million euros by the end of the 3rd quarter, although the loss was 34.9% smaller than the year-on-year loss. Although the decrease in sales revenue ceased in the 3rd quarter, the turnover remained smaller than expected due to an extraordinarily warm August that enabled the consumers to postpone buying of autumn season goods. The consumers are more driven by need in their purchasing decisions, and the purchases are made at the last minute depending on the weather and because the selection of goods is extensive due to steep competition. The last month in the quarter was successful and allows us to presume that strategic changes introduced in the Group's footwear segment will be fruitful, especially the brand portfolio changes.

Real estate

The sales revenue of the real estate business earned outside the Group in the first 9 months of 2015 was 2.6 million euros, which is 3.8% higher than in the same period of the previous year. The sales revenue earned outside the Group in the 3rd quarter was 1.0 million euros, which is 16.7% more than in the same period last year. The pre-tax profit of the real estate segment in 9 months of 2015 was 6.7 million euros, which remained on the same level as the previous financial year. The pre-tax profit earned in the 3rd quarter was 2.3 million euros, which is 1.3% more than in the same period of the previous financial year. On 13 August, Viimsi shopping and recreation centre was opened. The added rental spaces supported the growth of the sales revenue and profit in the 3rd quarter.

Personnel

The average number of employees in the first 9 months of 2015 in Tallinna Kaubamaja Grupp was 3,932, showing a growth of 2.8% year-on-year. The labour costs (salaries and social security cost) in the first nine months of 2015 totalled 36.2 million euros, a growth of 6.9% compared to the same period last year. In the 3rd quarter, the labour cost grew by 8.8% compared to the previous year, whereas the growth of the average number of employees was 3.1%. A monthly average salary cost per an employee increased by 4.2% during the first nine months compared to the average salary of the first nine months in 2014. The growth reached 5.7% in the 3rd quarter. The average number of employees grew due to the opening of a new Selver store in Viimsi. The growth of the average salary was consistent with the growth of the average salary in Estonia and should ensure the image of an attractive employer on the labour market that allows recruiting employees with required qualifications.

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, 14 October 2015

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS consolidated interim financial statements (unaudited) for the period of the third quarter and first 9 months of 2015 as set out on pages 11 - 30.

The Chairman of the Management Board confirms that:

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 14 October 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2015	31.12.2014
ASSETS			
Current assets			
Cash and cash equivalents	2	4,557	24,626
Trade and other receivables	3	12,264	17,938
Inventories	5	60,431	56,876
Total current assets		77,252	99,440
Non-current assets			
Long-term trade and other receivables	8	339	338
Investments in associates	7	1,911	1,778
Investment property	9	12,823	3,035
Property, plant and equipment	10	224,681	227,914
Intangible assets	11	10,332	10,402
Total non-current assets		250,086	243,467
TOTAL ASSETS		327,338	342,907
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	7,260	20,405
Trade and other payables	13	67,545	70,317
Total current liabilities		74,805	90,722
Non-current liabilities			
Borrowings	12	82,872	77,663
Provisions for other liabilities and charges		690	692
Total non-current liabilities		83,562	78,355
TOTAL LIABILITIES		158,367	169,077
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		66,066	67,159
Currency translation differences		-255	-255
Retained earnings		84,265	88,031
TOTAL EQUITY		168,971	173,830
TOTAL LIABILITIES AND EQUITY		327,338	342,907

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Revenue	16	139,759	133,173	402,559	389,533
Other operating income		213	156	604	520
Cost of sales		-105,414	-100,574	-303,062	-295,841
Other operating expenses	17	-12,831	-12,145	-38,777	-37,963
Staff costs	18	-11,768	-10,813	-36,221	-33,894
Depreciation, amortisation and impairment losses	10, 11	-2,919	-2,734	-8,620	-8,126
Other expenses		-127	-150	-457	-587
Operating profit		6,913	6,913	16,026	13,642
Finance income	19	1	8	11	19
Finance costs	19	-283	-392	-864	-1,127
Finance income on shares of associates	7	45	51	133	148
Profit before tax		6,676	6,580	15,306	12,682
Income tax expense	15	0	-1,014	-3,873	-2,338
NET PROFIT FOR THE FINANCIAL YEAR		6,676	5,566	11,433	10,344
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Currency translation differences		0	0	0	2
Other comprehensive income for the financial year		0	0	0	2
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,676	5,566	11,433	10,346
Basic and diluted earnings per share (euros)	20	0.16	0.14	0.28	0.25

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

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	9 months 2015	9 months 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		11,433	10,344
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	3,873	1,324
<i>Interest expense</i>	19	864	1,127
<i>Interest income</i>	19	-11	-19
<i>Depreciation, amortisation</i>	10, 11	8,605	8,089
<i>Loss on sale and write-off of non-current assets</i>	10	15	37
<i>Profit on sale of non-current assets</i>	10	-13	-7
<i>Effect of equity method</i>	7	-133	-148
Change in inventories		-3,548	-4,863
Change in receivables and prepayments related to operating activities		1,672	4,885
Change in liabilities and prepayments related to operating activities		-2,813	-5,796
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		19,944	14,973
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-15,075	-5,539
Proceeds from sale of property, plant and equipment	10	350	61
Purchase of intangible assets	11	-256	-64
Investments in subsidiaries	6	-47	-275
Change in balance of parent company's group account	21	4,000	-9,900
Interest received	19	11	19
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-11,017	-15,698
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	34,367	32,586
Repayments of borrowings	12	-42,775	-33,720
Change in overdraft balance	12	471	1,199
Dividends paid	15	-16,292	-6,109
Income tax on dividends	15	-3,873	-1,324
Interest paid		-894	-1,161
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-28,996	-8,529
TOTAL CASH FLOWS		-20,069	-9,254
Effect of exchange rate changes		0	1
Cash and cash equivalents at the beginning of the period	2	24,626	14,766
Cash and cash equivalents at the end of the period	2	4,557	5,513
Net change in cash and cash equivalents		-20,069	-9,253

The notes presented on pages 16 to 30 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	Revaluati on reserve	Retained earnings	Currency translation differences	Total
Balance as of 31.12.2013	24,438	2,603	68,617	72,387	-257	167,788
Net profit for the reporting period	0	0	0	10,344	0	10,344
Other comprehensive income for the reporting period	0	0	0	0	2	2
Total comprehensive income for the reporting period	0	0	0	10,344	2	10,346
Reclassification of depreciation of revalued land and buildings	0	0	-1,093	1,093	0	0
Reduction of share capital	-8,146	0	0	0	0	-8,146
Dividends paid	0	0	0	-6,109	0	-6,109
Balance as of 30.09.2014	16,292	2,603	67,524	77,715	-255	163,879
Net profit for the reporting period	0	0	0	20,295	0	20,295
Other comprehensive income for the reporting period	0	0	0	0	2	2
Total comprehensive income for the reporting period	0	0	0	20,295	2	20,297
Reclassification of depreciation of revalued land and buildings	0	0	-1,458	1,458	0	0
Reduction of share capital	-8,146	0	0	0	0	-8,146
Dividends paid	0	0	0	-6,109	0	-6,109
Balance as of 31.12.2014	16,292	2,603	67,159	88,031	-255	173,830
Net profit for the reporting period	0	0	0	11,433	0	11,433
Total comprehensive income for the reporting period	0	0	0	11,433	0	11,433
Reclassification of depreciation of revalued land and buildings	0	0	-1,093	1,093	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
Balance as of 30.09.2015	16,292	2,603	66,066	84,265	-255	168,971

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

The notes presented on pages 16 to 30 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 Group AS ('the Company') and its subsidiaries (jointly 'Tallinna Kaubamaja Group' or 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja Group 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 Group are listed on the Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Group 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 Group has been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2014. 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 2014.

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

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

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja Group for the third quarter and first 9 months of 2015 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and cash equivalents

in thousands of euros	30.09.2015	31.12.2014
Cash on hand	620	550
Bank accounts	3,000	22,325
Cash in transit	937	1,751
Total cash and cash equivalents	4,557	24,626

Note 3. Trade and other receivables

in thousands of euros	30.09.2015	31.12.2014
Trade receivables (Note 4)	8,007	10,167
Receivable from Parent (Note 21)	0	4,000
Other short-term receivables	1,859	1,774
Total financial assets from balance sheet line "Trade and other receivables"	9,866	15,941
Prepayment for goods	1,706	1,154
Other prepaid expenses	621	553
Prepaid rental expenses	45	160
Prepaid taxes (Note 14)	26	130
Total trade and other receivables	12,264	17,938

Note 4. Trade receivables

in thousands of euros	30.09.2015	31.12.2014
Trade receivables	6,371	7,554
Allowance for doubtful receivables	-120	-59
Receivables from related parties (Note 21)	666	748
Credit card payments	1,090	1,924
Total trade receivables	8,007	10,167

Note 5. Inventories

in thousands of euros	30.09.2015	31.12.2014
Goods purchased for resale	59,748	56,133
Raw materials and materials	683	743
Total inventories	60,431	56,876

Tallinna Kaubamaja Grupp AS

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

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Write-down and write-off of inventories	2,063	2,161	5,699	6,359
Inventory stocktaking deficit	257	242	1,087	983
Total materials and consumables used	2,320	2,403	6,786	7,342

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.09.2015	Year of acquisition
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvija	Riga Ieriku iela 3	Real estate management	100%	2006
SIA Selver Latvia	Riga Ieriku iela 3	Retail trade	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Forum Auto SIA	Riga Pulkevza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius Perkunkiemo g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
AS Viking Motors	Tallinn Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	A. H. Tammsaare tee 62	Security activities	100%	2014
Digisilm Videovalve OÜ	Tallinn Gonsiori 2	Security activities	100%	2015

Business combinations in 2015:

Name	Location	Area of activity	Acquisition date	Ownership %
Digisilm Videovalve OÜ	Estonia	Security activities	08.07.2015	100%

On 8 July 2015, Viking Security AS, subsidiary of Tallinna Kaubamaja Grupp AS, concluded an agreement, acquiring 100% of shares of Digisilm Videovalve OÜ. Digisilm Videovalve OÜ was established on 6 July 2015 through division of Digisilm Pro OÜ, whereby the video surveillance business was allocated to Digisilm Videovalve OÜ.

Acquisition of the holding of Digisilm Videovalve OÜ enables Tallinna Kaubamaja Grupp AS to strengthen its field of security services further, which has been one of the fastest expanding business ventures of the Group over the last few years. Through this transaction, Viking Security AS will enhance its services related to the design, installation and maintenance of electronic alert, surveillance and monitoring systems. In addition, the service portfolio of Viking Security AS will continue to include manned and video surveillance, and the option of participating in certified security procurements.

The table below provides an overview of acquired identifiable assets and liabilities of Digisilm Videovalve OÜ at the time of acquisition.

in thousands of euros	Fair value
Cash and bank	3
Inventory	5
Fixed assets (Note 10)	7
Total identifiable assets	15
Cost of ownership interest	120
Paid for ownership interest in cash	50
Cash and cash equivalents in the acquired entity	-3
Total cash effect on the Group	-47

Goodwill at value of 104 thousand euros arose from the transaction (Note 11). Group has paid in the reporting period from the cost of ownership interest 50 thousand euros. Remaining amount 70 thousand euros will be paid according to the contract by the end of 2016.

From acquisition date till 30 September Digisilm Videovalve OÜ earned net profit of 16 thousand euros and revenues amounted to 19 thousand euros. If the acquisition of Digisilm Videovalve OÜ by the Group had happened at the beginning of the year then Group revenues and net profit would have not changed as Digisilm Videovalve OÜ was founded in the beginning of July 2015.

Business combinations in 2014:

Name	Location	Area of activity	Acquisition date	Ownership %
Viking Security AS	Estonia	Security activities	02.09.2014	100%

Trademark at value of 175 thousand euros was acquired. Trademark will be amortised during 7 years (Note 11).

In order to increase efficiency, Tallinna Kaubamaja Group merged the activities of subsidiaries in the Group that are involved in security business – Topsec Turvateenused OÜ (company acquired) merged into Viking Security AS (acquiring company). Merger resolutions of the Viking Security AS and Topsec Turvateenused OÜ were adopted on 20th of January 2015 and Commercial Register registered the abovementioned merger on 26th of February 2015. As a result of the merger, Viking Security AS will remain, the sole shareholder of which will become Tallinna Kaubamaja Group. The activities of the company will be continued under the business name of the acquiring company, Viking Security AS.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Group has ownership of 50% (2014: 50%) interest in the entity AS Rävalla Parkla which provides the services of a parking house in Tallinn.

	30.09.2015	31.12.2014
Investment in the associate at the beginning of the year	1,778	1,711
Profit for the reporting period under equity method	133	172
Dividends received	0	-105
Investment in the associate at the end of the accounting period	1,911	1,778

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

	30.09.2015		31.12.2014	
Assets	3,870		3,602	
Liabilities	48		46	
	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Revenue	115	115	345	341
Profit	90	101	266	295

Note 8. Long-term trade and other receivables

in thousands of euros

	30.09.2015	31.12.2014
Prepaid rental expenses	88	87
Deferred tax asset	216	216
Other receivables	35	35
Total long-term trade and other receivables	339	338

Note 9. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2013	3,035
Carrying value as at 31.12.2014	3,035
Reclassification (Note 10)	9,788
Carrying value as at 30.09.2015	12,823

Investment property represents construction in progress and property with commercial building.

In 2014, the opinion of an independent certified real estate expert was used in appraising the fair value of one facility. In 2013, the opinion of an independent certified real estate expert was used in appraising the fair value of 3 facilities. As a result of valuation, the items of investment property were adjusted neither upwards nor downwards in 2014.

In 2015 new completed Viimsi Shopping and Entertainment Centre property with commercial building that is in majority held for long-term rental yields for Group was divided between property, plant and equipment and investment property. Accordingly in 2015 from property, plant and equipment group "Land and buildings" was reclassified 9,788 thousand euros as an investment property.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Machinery and equipment	Other fixtures and fittings	Construction in progress and prepayments	Total
31.12.2013					
Cost or revalued amount	181,231	27,022	28,663	49,678	286,594
Accumulated depreciation	-3,006	-19,558	-18,874	-15,750	-57,188
Carrying value	178,225	7,464	9,789	33,928	229,406
Changes occurred in 2014					
Purchases and improvements	11	385	758	7,828	8,982
Acquired through business combinations (Note 6)	0	33	1	0	34
Reclassification	1,193	1,906	3,777	-6,876	0
Disposals	0	-61	-11	0	-72
Write-offs	-30	-4	-7	0	-41
Depreciation	-5,455	-1,971	-2,969	0	-10,395
31.12.2014					
Cost or revalued amount	181,815	28,728	29,527	50,630	290,700
Accumulated depreciation	-7,871	-20,976	-18,189	-15,750	-62,786
Carrying value	173,944	7,752	11,338	34,880	227,914
Changes occurred in 2015					
Purchases and improvements	13	158	89	14,815	15,075
Acquired through business combinations (Note 6)	0	0	7	0	7
Reclassification (Note 9)	4,372	2,560	2,171	-18,891	-9,788
Disposals	0	-141	-196	0	-337
Write-offs	0	-7	-8	0	-15
Depreciation	-4,055	-1,635	-2,485	0	-8,175
30.09.2015					
Cost or revalued amount	184,694	30,753	31,320	46,554	293,321
Accumulated depreciation	-10,420	-22,066	-20,404	-15,750	-68,640
Carrying value	174,274	8,687	10,916	30,804	224,681

The cost of investments for the nine months of 2015 amounted to 15,331 thousand euros (including purchases of property, plant and equipment in the amount of 15,075 thousand euros and purchases of intangible assets amounted to 256 thousand euros).

The cost of investments made in 9 months of 2015 in the supermarket business segment was 3,691 thousand euros. In the reporting period in Torupilli Selver shopping environment was renewed and Viimsi Selver was opened. Also other store fittings were renewed and purchased computing technology.

The size of the investment in the business segment of Department store amounted to 1,634 thousand euros. In the reporting period Kaubamaja Food Departments switched to modern cash register system.

The cost of investments in the accounting period was 205 thousand euros in the car trade business segment.

The cost of investments made in the reporting period in the footwear segment was 47 thousand euros.

The cost of the real estate business segment investment amounted to 9,498 thousand euros. In August 2015 new Viimsi Shopping and Entertainment Centre was opened. In the reporting period renovation works in Tartu Kaubamaja started during what building's exterior and interior look will be changed.

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

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Development expenditure	Total
31.12.2013					
Cost	7,298	5,097	1,080	496	13,971
Accumulated amortisation and impairment	-588	-1,588	-1,080	-79	-3,335
Carrying value	6,710	3,509	0	417	10,636
Changes occurred in 2014					
Purchases and improvements	0	0	0	125	125
Acquired through business combinations (Note 6)	0	175	0	0	175
Amortisation	0	-469	0	-65	-534
31.12.2014					
Cost	7,298	5,272	1,080	621	14,271
Accumulated amortisation and impairment	-588	-2,057	-1,080	-144	-3,869
Carrying value	6,710	3,215	0	477	10,402
Changes occurred in 2015					
Purchases and improvements	0	0	0	256	256
Acquired through business combinations (Note 6)	104		0	0	104
Amortisation	0	-371	0	-59	-430
30.09.2015					
Cost	6,814	5,272	1,080	877	14,043
Accumulated amortisation and impairment	0	-2,428	-1,080	-203	-3,711
Carrying value	6,814	2,844	0	674	10,332

In the reporting period the Group capitalised costs of web page update and e-shop as development expenditure in the amount of 256 thousand euros.

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

in thousands of euros	30.09.2015	31.12.2014
Car trade	3,156	3,156
Footwear trade	3,554	3,554
Department store	104	0

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

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

Trademark at value of 175 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years (Note 6).

Note 12. Borrowings

in thousands of euros

	30.09.2015	31.12.2014
Short-term borrowings		
Overdraft	2,070	1,599
Bank loans	3,987	15,936
Other borrowings	1,203	2,870
Total short-term borrowings	7,260	20,405

in thousands of euros

	30.09.2015	31.12.2014
Long-term borrowings		
Bank loans	80,486	75,269
Other borrowings	2,386	2,394
Total long-term borrowings	82,872	77,663
Total borrowings	90,132	98,068

Borrowings received

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Overdraft	74	8	471	1,199
Bank loans	9,207	5,548	33,098	29,939
Other borrowings	421	3,489	1,269	2,647
Total borrowings received	9,702	9,045	34,838	33,785

Borrowings paid

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Bank loans	13,247	9,980	40,155	31,464
Other borrowings	848	1,035	2,620	2,256
Total borrowings paid	14,095	11,015	42,775	33,720

Bank loans and other borrowings are denominated in euros.

As of 30.09.2015, the repayment dates of bank loans are between 15.10.2015 and 27.03.2020 (2014: between 30.09.2014 and 07.12.2019), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.27% (2014: 1.3%).

Note 13. Trade and other payables

in thousands of euros

	30.09.2015	31.12.2014
Trade payables	53,389	52,982
Payables to related parties (Note 21)	3,581	4,913
Other accrued expenses	47	60
Prepayments by tenants	1,864	1,613
Total financial liabilities from balance sheet line "Trade and other payables"	58,881	59,568
Taxes payable (Note 14)	4,580	5,797
Employee payables	3,078	3,868
Prepayments	888	953
Short-term provisions*	118	131
Total trade and other payables	67,545	70,317

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

Note 14. Taxes

in thousands of euros

	30.09.2015		31.12.2014	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	26	0	130	0
Value added tax	0	1,651	0	2,719
Personal income tax	0	844	0	881
Social security taxes	0	1,814	0	1,880
Corporate income tax	0	52	0	81
Unemployment insurance	0	123	0	140
Mandatory funded pension	0	96	0	96
Total taxes	26	4,580	130	5,797

Note 15. Share capital

As of 30.09.2015, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share (as of 31.12.2014 the share capital in the amount 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share). All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

In 2015, dividends were paid to the shareholders in the amount of 16,292 thousand euros, or 0.40 euros per share (2014: 6,109 thousand euros, 0.15 euros per share). Related income tax on dividends amounted to 3,873 thousand euros (2014: 1,324 thousand euros).

In July, 2014, the reduction of share capital of Tallinna Kaubamaja Group in the amount of 8,146 thousand euros was registered in the Commercial Register. The new registered share capital of Tallinna Kaubamaja Group is 16,291,680 euros, which is divided into 40,729,200 shares with nominal value of 0.40 euros per share. In October, 2014 payments to the shareholders upon a reduction of share capital were made in the amount of 8,146 thousand euros, 0.20 euros per share. Related income tax expense amounted to 1,012 thousand euros.

Note 16. Segment reporting

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

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

The main area of activity of supermarkets, department stores, footwear trade and car trade is retail trade. Supermarkets focus on the sale of foodstuffs and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts to cars and footwear trade to sales of footwear. In the car trade segment, cars are sold at wholesale prices to authorised car dealers. 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 car trade and real estate development in Latvia; and in car trade in Lithuania.

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

in thousands of euros

III quarter 2015	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	97,050	21,286	17,282	3,177	964	0	139,759
Inter-segment revenue	240	1,335	4	50	3,073	-4,702	0
Total revenue	97,290	22,621	17,286	3,227	4,037	-4,702	139,759
EBITDA	4,257	1,039	890	-72	3,718	0	9,832
Segment depreciation and impairment losses	-1,034	-496	-128	-160	-1,101	0	-2,919
Operating profit/loss	3,223	543	762	-232	2,617	0	6,913
Finance income (Note 19)	79	169	6	1	42	-296	1
Finance income on shares of associates	0	45	0	0	0	0	45
Finance costs (Note 19)	-7	-149	-69	-39	-315	296	-283
Income tax	0	0	0	0	0	0	0
Net profit/loss	3,295	608	699	-270	2,344	0	6,676
incl. in Estonia	3,917	608	680	-270	2,070	0	7,005
incl. in Latvia	-622	0	-5	0	274	0	-353
incl. in Lithuania	0	0	24	0	0	0	24
Segment assets	73,654	50,292	20,941	11,081	223,873	-52,503	327,338
Segment liabilities	51,498	16,890	13,748	11,381	100,257	-35,407	158,367
Segment investment in non-current assets	1,871	583	33	0	3,574	0	6,061

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
III quarter 2014							
External revenue	92,886	20,911	15,219	3,331	826	0	133,173
Inter-segment revenue	217	1,053	3	105	2,970	-4,348	0
Total revenue	93,103	21,964	15,222	3,436	3,796	-4,348	133,173
EBITDA	3,892	1,060	1,091	-172	3,776	0	9,647
Segment depreciation and impairment losses	-894	-442	-123	-175	-1,100	0	-2,734
Operating profit/loss	2,998	618	968	-347	2,676	0	6,913
Finance income (Note 19)	80	188	10	1	14	-285	8
Finance income on shares of associates	0	51	0	0	0	0	51
Finance costs (Note 19)	-11	-137	-88	-69	-372	285	-392
Income tax	0	-1,012	-2	0	0	0	-1,014
Net profit/loss	3,067	-292	888	-415	2,318	0	5,566
incl. in Estonia	3,678	-292	867	-415	2,111	0	5,949
incl. in Latvia	-611	0	14	0	207	0	-390
incl. in Lithuania	0	0	7	0	0	0	7
Segment assets	71,250	64,123	19,634	12,316	206,525	-47,386	326,462
Segment liabilities	48,716	29,359	12,485	13,137	90,825	-31,939	162,583
Segment investment in non-current assets	279	572	177	14	263	0	1,305

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
9 months 2015							
External revenue	279,333	66,558	45,607	8,497	2,564	0	402,559
Inter-segment revenue	749	3,742	17	163	9,074	-13,745	0
Total revenue	280,082	70,300	45,624	8,660	11,638	-13,745	402,559
EBITDA	9,156	2,853	2,340	-558	10,855	0	24,646
Segment depreciation and impairment losses	-2,999	-1,441	-384	-493	-3,303	0	-8,620
Operating profit/loss	6,157	1,412	1,956	-1,051	7,552	0	16,026
Finance income (Note 19)	217	491	26	1	107	-831	11
Finance income on shares of associates	0	133	0	0	0	0	133
Finance costs (Note 19)	-25	-418	-190	-120	-942	831	-864
Income tax	-2,223	-1,150	-500	0	0	0	-3,873
Net profit/loss	4,126	468	1,292	-1,170	6,717	0	11,433
incl. in Estonia	5,979	468	1,308	-1,170	5,978	0	12,563
incl. in Latvia	-1,853	0	-55	0	739	0	-1,169
incl. in Lithuania	0	0	39	0	0	0	39
Segment assets	73,654	50,292	20,941	11,081	223,873	-52,503	327,338
Segment liabilities	51,498	16,890	13,748	11,381	100,257	-35,407	158,367
Segment investment in non-current assets	3,941	1,640	205	47	9,498	0	15,331

in thousands of euros

9 months 2014	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	268,948	64,160	43,785	10,169	2,471	0	389,533
Inter-segment revenue	690	3,192	16	244	8,919	-13,061	0
Total revenue	269,638	67,352	43,801	10,413	11,390	-13,061	389,533
EBITDA	6,121	2,987	2,174	-609	11,095	0	21,768
Segment depreciation and impairment losses	-2,623	-1,370	-338	-509	-3,286	0	-8,126
Operating profit/loss	3,498	1,617	1,836	-1,118	7,809	0	13,642
Finance income (Note 19)	232	591	35	1	39	-879	19
Finance income on shares of associates	0	148	0	0	0	0	148
Finance costs (Note 19)	-34	-413	-239	-202	-1,118	879	-1,127
Income tax	-366	-1,438	-534	0	0	0	-2,338
Net profit/loss	3,330	505	1,098	-1,319	6,730	0	10,344
incl. in Estonia	5,150	505	1,162	-1,319	6,095	0	11,593
incl. in Latvia	-1,820	0	-74	0	635	0	-1,259
incl. in Lithuania	0	0	10	0	0	0	10
Segment assets	71,250	64,123	19,634	12,316	206,525	-47,386	326,462
Segment liabilities	48,716	29,359	12,485	13,137	90,825	-31,939	162,583
Segment investment in non-current assets	2,205	1,398	432	456	1,112	0	5,603

External revenue according to types of goods and services sold

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Retail revenue	127,924	123,259	370,485	362,030
Wholesale revenue	5,972	5,118	15,538	13,716
Rental income	1,978	1,803	5,645	5,408
Revenue for rendering services	3,885	2,993	10,891	8,379
Total revenue	139,759	133,173	402,559	389,533

External revenue by client location

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Estonia	133,729	127,450	386,413	371,129
Latvia	4,322	3,830	11,277	13,428
Lithuania	1,708	1,893	4,869	4,976
Total	139,759	133,173	402,559	389,533

Distribution of non-current assets* by location of assets

in thousands of euros

	30.09.2015	31.12.2014
Estonia	213,413	206,480
Latvia	34,617	35,054
Lithuania	145	155
Total	248,175	241,689

* 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

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Rental expenses	3,838	3,849	11,538	11,315
Heat and electricity expenses	1,933	1,943	6,324	6,334
Operating costs	1,581	1,559	4,846	4,748
Cost of sale related services and materials	1,869	1,750	5,460	5,267
Marketing expenses	1,475	1,337	4,492	4,788
Miscellaneous other operating expenses	793	534	2,207	2,082
Computer and communication costs	824	794	2,471	2,168
Personnel expenses	518	379	1,439	1,261
Total other operating expenses	12,831	12,145	38,777	37,963

Note 18. Staff costs

in thousands of euros

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Wages and salaries	8,848	8,118	27,255	25,443
Social security taxes	2,920	2,695	8,966	8,451
Total staff costs	11,768	10,813	36,221	33,894
Average wages per employee per month (euros)	731	692	770	739
Average number of employees in the reporting period	4,032	3,911	3,932	3,825

Note 19. Finance income and costs

in thousands of euros

Finance income

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Interest income on NGI Group's group account (Note 21)	1	7	4	18
Other finance income	0	1	7	1
Total finance income	1	8	11	19

Finance costs

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Interest expense of bank loans	-238	-319	-747	-931
Interest expense of finance lease	-8	-12	-30	-36
Interest expense on NGI Group's group account	0	0	-2	0
Other finance costs*	-37	-61	-85	-160
Total finance costs	-283	-392	-864	-1,127

* 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.

	III quarter 2015	III quarter 2014	9 months 2015	9 months 2014
Net profit (in thousands of euros)	6,676	5,566	11,433	10,344
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.16	0.14	0.28	0.25

Note 21. Related party transactions

in thousands of euros

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

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

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

	Purchases 9 months 2015	Sales 9 months 2015	Purchases 9 months 2014	Sales 9 months 2014
Parent	228	9	232	22
Entities in the Parent's consolidation group	20,063	5,379	19,204	4,956
Other related parties	799	204	645	135
Total	21,090	5,592	20,081	5,113

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:

	30.09.2015	31.12.2014
Interest receivable from Parent (Note 4)	0	9
Receivable from Parent (Note 3)	0	4,000
Receivables from entities in the in the Parent's consolidation group (Note 4)	659	729
Members of management and supervisory boards (Note 4)	0	10
Other related parties (Note 4)	7	0
Total receivables from related parties	666	4,748

	30.09.2015	31.12.2014
Parent	21	21
Entities in the Parent's consolidation group	3,545	4,724
Other related parties	15	168
Total liabilities to related parties (Note 13)	3,581	4,913

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

For proving funding for its subsidiaries, the Tallinna Kaubamaja Group uses the group account, the members of which are most of the Group entities. In its turn, this Group as a subgroup has joined the contract of the group account of NG Investeeringud OÜ (hereinafter head group). From autumn 2001, Tallinna Kaubamaja Group has been keeping its available funds at the head group, earning interest income on its deposits. During 9 months of 2015 the Group earned interest income on its deposits of available funds in the amount of 4 thousand euros (2014: 18 thousand euros).

As at 30 September 2015 the NG Investeeringud group has not used the Group's available funds and Tallinna Kaubamaja Group has not used NG Investeeringud group account available funds. As at 31.12.2014 the Group deposited through parent company NG Investeeringud OÜ 4,000 thousand euros. Out of that, the deposit in the amount of 2,000 thousand euros with interest rate 0.18% maturity up to 5 January 2015 and deposit in the amount of 2,000 thousand euros with interest rate 0.20% maturity up to 6 January 2015. The average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.04% in the euro account (2014: 0.08%). According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 893 thousand euros (2014: 710 thousand euros (including termination benefits in the amount of 18 thousand euros)). Short term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 233 thousand euros (2014: 233 thousand euros).

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