

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the First quarter of 2016**
(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 2016
End of financial year:	31 December 2016
Beginning of interim report period:	1 January 2016
End of interim report period:	31 March 2016
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
Fax:	372 667 3205
E-mail:	kaubamaja@kaubamaja.ee

MANAGEMENT REPORT

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

Management

In order to manage the Tallinna Kaubamaja Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja Group supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2018. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja Group has one member. The term of office of the management board member Raul Puusepp was extended on 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 19⁹ of Stock Market Trade Act.

The share with a price of 6.74 euros at the end of 2015 was closed in late March of 2016 at 7.22 euros, increased by 7.1% within the three months of the year.

According to the notice of regular annual general meeting of the shareholders published on 1 March 2016, the management board proposed to pay dividends 0.52 euros per share. The general meeting of shareholders approved it.

Tallinna Kaubamaja Grupp AS

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2015 to 31.03.2016.

In euros



Company's structure

The following companies belong to the Group as of March 31, 2016:

	Location	Shareholding as of 31.03.2016	Shareholding as of 31.12.2015
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 economic growth of Estonia decelerated significantly in 2015 and remained at 1.1%, which is considerably less than expected. The GDP growth was mainly halted due to weak foreign demand, which in turn held companies back from making investments. Cheap oil decreased the added value of the chemical industry. The volume of state investments did not grow and hence weakened primarily the growth of the construction sector. In 2016, it is hoped to revive the construction market through better use of finances from the Structural Funds. As an inevitable trend, the labour costs in Estonia are on the rise and the working age population and labour productivity are decreasing, forcing companies to redefine their business models. According to various analysts, the gross domestic product growth will reach up to 2.6% in 2016 thanks to the growth of foreign demand. Prices were dropping in Estonia in the first three months of 2016, decreasing by 0.4%, with food and alcoholic beverages becoming 0.2% cheaper, but clothing and footwear 3.8% more expensive. The price increase was the highest in the group of alcoholic beverages and tobacco products, in which the prices increased by 4.6%. According to analysts, prices will cease to drop in Estonia in 2016 and an overall up to 2% increase in prices is expected in the year.

As of 2016, Statistics Estonia has fully transferred to using the Tax and Customs Board value added tax return data upon publishing monthly retailing statistics, and started to report the overall sales revenue of retail companies instead of the retail sale figures of retail companies published before. According to Statistics Estonia, the sales revenue of trade companies in current prices increased by 8.0% in Estonia within the first two months of 2016. The increase in sales revenue was highest in the motor vehicle maintenance and repair sector (+32.2%), as the sales revenues from the sales of pharmaceutical goods and medicinal products, cosmetics and toiletry also strongly increased (+15.6%). The sales revenue of unspecialised stores (with food products dominating) increased by 6.8% in the first two months of the year. According to the statistics of AMTEL, car sales increased by 13.3% in the 1st quarter of 2016 in Estonia, while, due to the low reference base, the increase was the highest in February (+32.6%). According to analysts, the growth of retailing is very likely to slow down a little this year. The economic security of households has decreased in the beginning of the year, mostly due to the impact of global political events.

Economic results

FINANCIAL RATIOS 2015–2016

	EUR		Change
	1 st quarter 2016	1 st quarter 2015	
Sales revenue (in millions)	136.9	123.5	10.8%
Operating profit (in millions)	5.3	2.9	80.0%
Net loss (in millions)	-0.1	-1.2	-91.9%
Return on equity (ROE)	-0.1%	-0.7%	
Return on assets (ROA)	0.0%	-0.3%	
Net profit margin	-0.07%	-0.94%	
Gross profit margin	24.93%	24.35%	
Quick ratio	0.86	0.97	
Debt ratio	0.48	0.54	
Sales revenue per employee (in millions)	0.034	0.032	
Inventory turnover	1.57	1.50	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.40	3.84	
Share's closing price (EUR/share)	7.220	6.200	
Earnings per share (EUR/share)	0.00	-0.03	
Average number of employees	4,011	3,823	

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 total consolidated unaudited sales revenue of Tallinna Kaubamaja Group of the 1st quarter of 2016 amounted to 136.9 million euros. Compared to the 1st quarter of 2015, when the sales revenue was 123.5 million euros, the growth was 10.8%. The sales revenue increased in all segments of the Group. The net loss of the accounting period was 0.2 million euros due to income tax calculated from dividends in the amount of 5.2 million euros. The loss of the 1st quarter of 2015 was 1.2 million euros, including income tax in the amount of 3.9 million euros. The profit before tax was almost twice as high compared to the previous year, amounting to 5.0 million euros.

The 1st quarter results of this accounting year are successful in every aspect. Sales revenue grew across all segments, as did the EBITDA. The success was a result of carefully considered marketing campaigns, well-planned stock management and improving of the service quality. Sales was also supported by the economic environment with its favourable consumption dynamics and the specifics of the 2016 calendar – the leap year and the early Easter holidays. Viimsi Selver and e-Selver that were successfully launched in 2015 had a significant positive impact on sales revenue. Positive sales results in the footwear trade segment and reduced losses confirm right choices in footwear brand selection combined with changes in the type of service. The growth of profit before tax was supported by improved margin as a result of the optimisation of trade processes and the administrative expenses. The winter, which arrived at the beginning of the year, benefitted the sale of fashion goods by reducing the depth of the end of season discount campaign for fashion goods. Labour costs were increased by the extended stores network and implementing a remuneration system, based on good sales' results.

In the end of the 1st quarter of 2016, a new permanent e-store of Kaubamaja was opened. Kaubamaja had been experimenting with campaign-based e-stores before. A new Selver store was opened in Lasnamäe in Tallinn on April 7.

The volume of the assets of the Tallinna Kaubamaja Group as of 31 March 2016 was 345.1 million euros, it decreased by 2.9 million euros compared to the end of 2015, i.e. 0.8%.

There were more than 574 thousand loyal customers at the end of the reporting period; the number of loyal customers decreased by 7.1% in a year. The proportion of loyal customers in the Group's turnover was 80.5% (80.7% in the first quarter of 2015). By the end of 1st quarter, over 20.9 thousand Partner Bank and Credit Cards had been issued.

Selver supermarkets

The consolidated sales revenue of the supermarket segment in the 1st quarter of 2016 and the sales revenue in Estonia were 92.8 million euros, increasing by 7.6% compared to the previous year. The monthly average revenue from the sales of goods per one square metre of sales area was 0.35 thousand euros in the 1st quarter of 2016, exceeding the figure of the year before by 5.4%. The revenue from the sales of goods per one square metre of sales area of comparable stores also amounted to 0.35 thousand euros per month, increasing by 5.1%. The sales revenue of a subsidiary of Selver, Kulinaaria OÜ, increased in the 1st quarter of 2016 by 10.6% compared to the previous year. 8.2 million purchases were made from Selvers in the 1st quarter of 2016, remaining at the level of the previous year.

The consolidated profit before tax of the supermarket segment was 2.5 million euros in the 1st quarter of, of which the profit earned in Estonia formed 3.0 million euros, increasing by 1.3 million euros compared to the previous year. The consolidated net loss of the supermarket segment was 0.1 million euros, the loss was 1.0 million euros smaller than the results of the previous year. The net profit earned in Estonia amounted to 0.4 million euros in the 1st quarter of 2016, exceeding the results of the previous year by 0.9 million euros. The difference between net profit and profit before tax arises from income tax paid from dividends – in 2016, the income tax from dividends was 0.4 million euros higher than in the previous year. The profit before tax and net profit earned in Latvia were 0.5 million euros in 2016. The loss decreased by 16.4% compared to the previous year. The business in Latvia has been frozen.

The increase in the revenue from the sales of goods in the 1st quarter of 2016 has been supported by successful campaigns and holiday season sales. Improvement of the economic security of the consumers, an increase in the real income of the people and the activities undertaken to improve the selection offered to the customers have increased the value of the average shopping cart. The reference base of the 1st quarter of 2016 does not include Viimsi Selver (Viimsi Selver, the seventh hypermarket of the chain, was opened in August 2015) or the e-Selver opened in the end of the year. Compared to the base year, the 1st quarter of 2016 included one additional day due to the leap year and was affected by Easter holidays shifting from April to March. The number of purchases from the perspective of comparable Selvers has also increased, primarily led by the Selver stores opened in the last five years, which still remain in the above-the-average growth phase and gain new customers in the conditions of tight competition. The profit earned in Estonia was primarily affected by an increase in the gross profit from the sales of goods, which was above all achieved through changes in the operating principles of the sales of goods and by optimising the process of purchasing of goods. With respect to operational expenditure, the level of cost-efficiency has been improved compared to the previous year. The loss from Latvia decreased due to expiry of the lease contract for one of the stores.

A new Selver store was opened in Lasnamäe in Tallinn on 7 April. There are plans to open up to three more stores this year and renovate two existing stores. We will continue to expand the SelverEkspress service and develop the e-Selver service and expand the area where the service is available.

The supermarket segment includes the Selver store chain with 45 Selver stores, e-Selver and a café with the total

sales area of 86,300 m². The segment also includes SIA Selver Latvia, currently not in business, and Kulinaaria OÜ, which includes the largest central kitchen in the Baltic countries.

Department stores

The sales revenue of Kaubamaja department stores' business segment in the first 3 months of 2016 was 22.2 million euros, representing an increase of 1.6% compared to the same period of the previous year. The sales revenue of the department stores per one square metre of sales area per month was 0.85 thousand euros in the first 3 months, which is 1.7% more than in the same period of the previous year. The loss before tax of the department stores in the 1st quarter of 2016 was 0.2 million euros, which is 22.3% better compared to the results of the year before. The sales revenue of the department stores was affected by renovation works in the Ilu- ja Naistemaailm (Beauty and Women) department in Tartu, which interfered with business on the first floor of the building in Tartu. The results of the department stores were positively influenced by well-led discount campaigns and the winter which had helped to increase the sale of winter goods. In the beginning of March, a Kaubamaja e-store was opened, with the number of products in the selection already amounting to 20,000 at the time of opening. The products sold at the e-store are photographed by using modern photo robots. The works on the renovated Ilu- ja Naistemaailm (Beauty and Women) department in the department store of Tartu were completed. Both the sales areas and the brand selection have been renewed. In addition to top brands, the selection was complemented with Estonian design from Tiina Talumees and August.

The sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. beauty stores, amount to 1.6 million euros in the 1st quarter of 2016, increasing by 3.1% compared to the same period of the previous year. The loss of the first quarter was 0.1 million euros, which is 3.9% lower than the loss of the comparable period of 2015. The result of the 1st quarter was positively impacted by successful sales campaigns and changes in the selections of the stores located outside of Tallinn.

Car Trade

The sales revenue of car trade segment of the 1st quarter of 2016 was 18.2 million euros. The sales revenue increased by 47.9% compared to the previous year, with the sales revenue of KIAs increasing by 39.4%. A total of 886 new vehicles were sold in the first three months of the year. The profit before tax of the segment of the 1st quarter of 2016 was 0.5 million euros, remaining at the same level with the profit of the comparable period of the previous year.

In the 1st quarter, KIA's popular core models KIA Optima and crossover SUV KIA Sportage were launched and the entire Baltic dealership network was supplied with demo and salon cars. A significant contribution in the growth of the sales revenue of the vehicle segment, although with a thinner margin than provided by regular sales, was gained from the increased sales of Forum Auto SIA as a result of winning a high-volume public procurement; wholesale selling to enterprises also grew in Latvia.

Footwear trade

The footwear trade segment sales revenue of the 1st quarter of 2016 was 2.4 million euros, increasing by 8.8% compared to the same period of the previous year. Sales revenue growth was achieved, regardless of the late spring, thanks to a better commodity composition, where the assortment of goods and the portfolio of brand products were moved closer to the expectations of the target customer. The company's level of stocks and their age structure have been optimised. The positive change is also reflected in the financial results of the segment. The net loss of the quarter was 0.5 million euros, which is a better result than planned and 26.7% lower compared to the 1st quarter of 2015.

Real Estate


The external sales revenue of the real estate segment in the 1st quarter of 2016 was 1.2 million euros. The sales revenue increased by 48.2% compared to the previous year. The profit before tax of the real estate segment in the 1st quarter of 2016 was 2.8 million euros, which is 29.6% better compared to the results of the year before. The increase in the sales revenue was supported by the 14,000-square metre Viimsi Center opened in August 2015 and by renting the building in Rezekne Latvia to an external party. Viimsi Center has become the most popular shopping and leisure centre in the area. In the end of March 2016, the renovation works in the department store of Tartu were completed. In the course of an exhaustive renovation project, the floors, ceilings and lights in the centre were replaced, and the shopping environment was completely modernised. In addition to interior works, the exterior appearance of the building was also renewed; the look of the building entrances were changed and canopies were added to the street level. The exterior renovation works on the building are scheduled to be completed in the summer.

Personnel

In the first quarter of 2016, the average number of employees in Tallinna Kaubamaja Group was 4,011 people, a growth of 4.9% compared to the same period in 2015. Total labour costs (wages and social insurance contributions) in the first three months of 2016 were 13.3 million euros, a year-over-year growth of 13.5%. The number of employees mainly grew in supermarkets and security enterprise as a result of expansion. A moderate rise in salaries for the maintenance of the employer's competitiveness, and because of the wider implementation of a result-based remuneration system have led to an 8.1% increase in the average salary costs per employee in comparison with the average salary of the first quarter of 2015.

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 April 2016

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS consolidated interim financial statements (unaudited) for the period of first quarter of 2016 as set out on pages 10-28.

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 April 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.03.2016	31.12.2015
ASSETS			
Current assets			
Cash and cash equivalents	2	14,087	13,911
Trade and other receivables	3	12,801	20,191
Inventories	5	65,491	61,110
Total current assets		92,379	95,212
Non-current assets			
Long-term trade and other receivables	8	293	293
Investments in associates	7	1,824	1,778
Investment property	9	44,981	44,963
Property, plant and equipment	10	196,749	196,691
Intangible assets	11	8,894	9,043
Total non-current assets		252,741	252,768
TOTAL ASSETS		345,120	347,980
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	34,366	33,377
Trade and other payables	13	73,438	77,066
Total current liabilities		107,804	110,443
Non-current liabilities			
Borrowings	12	57,419	57,426
Provisions for other liabilities and charges		502	502
Total non-current liabilities		57,921	57,928
TOTAL LIABILITIES		165,725	168,371
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		65,337	65,701
Currency translation differences		-255	-255
Retained earnings		95,418	95,268
TOTAL EQUITY		179,395	179,609
TOTAL LIABILITIES AND EQUITY		345,120	347,980

The notes presented on pages 15 to 28 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	3 months 2016	3 months 2015
Revenue	16	136,850	123,458
Other operating income		267	231
Cost of sales	5	-102,848	-93,401
Other operating expenses	17	-12,759	-12,558
Staff costs	18	-13,298	-11,716
Depreciation, amortisation and impairment losses	10, 11	-2,806	-2,849
Other expenses		-241	-229
Operating profit		5,165	2,936
Finance income	19	2	8
Finance costs	19	-208	-283
Finance income on shares of associates	7	46	47
Profit before tax		5,005	2,708
Income tax expense	15	-5,219	-3,873
NET LOSS FOR THE FINANCIAL YEAR		-214	-1,165
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		0	0
Other comprehensive income for the financial year		0	0
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		-214	-1,165
Basic and diluted earnings per share (euros)	20	-0,01	-0,03

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

The notes presented on pages 15 to 28 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	3 months 2016	3 months 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		-214	-1,165
<i>Adjustments:</i>			
<i>Interest expense</i>	19	208	283
<i>Interest income</i>	19	-2	-8
<i>Depreciation, amortisation</i>	10, 11	2,799	2,848
<i>Loss on sale and write-off of non-current assets</i>	10	7	1
<i>Profit on sale of non-current assets</i>		0	-3
<i>Effect of equity method</i>	7	-46	-47
Change in inventories		-4,380	-5,414
Change in receivables and prepayments related to operating activities		2,390	2,750
Change in liabilities and prepayments related to operating activities		-3,606	-1,933
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		-2,844	-2,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-2,751	-2,938
Proceeds from sale of property, plant and equipment	10	39	225
Purchase of intangible assets	11	-21	-18
Change in balance of parent company's group account	21	5,000	4,000
Interest received	19	2	8
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		2,269	1,277
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	12,314	15,474
Repayments of borrowings	12	-11,344	-15,881
Change in overdraft balance	12	12	385
Interest paid		-231	-313
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		751	-335
TOTAL CASH FLOWS		176	-1,746
Cash and cash equivalents at the beginning of the period	2	13,911	24,626
Cash and cash equivalents at the end of the period	2	14,087	22,880
Net change in cash and cash equivalents		176	-1,746

The notes presented on pages 15 to 28 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 31.12.2014	16,292	2,603	67,159	88,031	-255	173,830
Net loss for the reporting period	0	0	0	-1,165	0	-1,165
Total comprehensive loss for the reporting period	0	0	0	-1,165	0	-1,165
Reclassification of depreciation of revalued land and buildings	0	0	-364	364	0	0
Dividends paid	0	0	0	-16,291	0	-16,291
Balance as of 31.03.2015	16,292	2,603	66,795	70,939	-255	156,374
Net profit for the reporting period	0	0	0	22,071	0	22,071
Total comprehensive income for the reporting period	0	0	0	22,071	0	22,071
Reclassification of depreciation of revalued land and buildings	0	0	-1,458	1,458	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
Balance as of 31.12.2015	16,292	2,603	65,701	95,268	-255	179,609
Net loss for the reporting period	0	0	0	-214	0	-214
Total comprehensive loss for the reporting period	0	0	0	-214	0	-214
Reclassification of depreciation of revalued land and buildings	0	0	-364	364	0	0
Balance as of 31.03.2016	16,292	2,603	65,337	95,418	-255	179,395

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

The notes presented on pages 15 to 28 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

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

General Information

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

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja Group has been prepared in accordance with the International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2015. 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 2015.

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

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

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja Group for the first quarter of 2016 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and cash equivalents

in thousands of euros	31.03.2016	31.12.2015
Cash on hand	527	582
Bank accounts	12,633	11,488
Cash in transit	927	1,841
Total cash and cash equivalents	14,087	13,911

Note 3. Trade and other receivables

in thousands of euros	31.03.2016	31.12.2015
Trade receivables (Note 4)	7,894	10,284
Receivable from Parent (Note 21)	0	5,000
Other short-term receivables	2,678	2,490
Total financial assets from balance sheet line "Trade and other receivables"	10,572	17,774
Prepayment for goods	923	1,741
Other prepaid expenses	1,228	590
Prepaid rental expenses	66	77
Prepaid taxes (Note 14)	12	9
Total trade and other receivables	12,801	20,191

Note 4. Trade receivables

in thousands of euros	31.03.2016	31.12.2015
Trade receivables	5,868	7,211
Allowance for doubtful receivables	-25	-37
Receivables from related parties (Note 21)	1,126	1,027
Credit card payments	925	2,083
Total trade receivables	7,894	10,284

Note 5. Inventories

in thousands of euros	31.03.2016	31.12.2015
Goods purchased for resale	64,809	60,358
Raw materials and materials	682	752
Total inventories	65,491	61,110

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

in thousands of euros

	3 months 2016	3 months 2015
Write-down and write-off of inventories	2,111	1,811
Inventory stocktaking deficit	139	196
Total materials and consumables used	2,250	2,007

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 31.03.2016	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 Perkunkiemies g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
AS Viking Motors	Tallinn Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	Tallinn Mustamäe tee 4	Security activities	100%	2014

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 2015 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.

Merger resolutions of Viking Security AS and Digisilm Videovalve OÜ were adopted on 17th of November 2015 and Commercial Register registered the abovementioned merger on 23rd of December 2015. According to the merger agreement signed on 16th of November 2015 the legal successor of Digisilm Videovalve OÜ is Viking Security AS. By registration of the merger, all assets of Digisilm Videovalve OÜ were given over to Viking Security AS. In connection to the registration of the merger, Digisilm Videovalve OÜ was deleted from the Commercial Register. The share capital of the acquiring company did not change.

In 2016 there were no business combinations.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Grupp AS has ownership of 50% (2015: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

	31.03.2016	31.12.2015
Investment in the associate at the beginning of the year	1,778	1,778
Profit for the reporting period under equity method	46	142
Dividends received	0	-142
Investment in the associate at the end of the accounting period	1,824	1,778

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

	31.03.2016	31.12.2015
Assets	3,697	3,605
Liabilities	48	48
	3 months 2016	3 months 2015
Revenue	115	115
Profit	91	94

Note 8. Long-term trade and other receivables

in thousands of euros

	31.03.2016	31.12.2015
Prepaid rental expenses	48	48
Deferred tax asset	210	210
Other receivables	35	35
Total long-term trade and other receivables	293	293

Note 9. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2014	3,035
Reclassification (Note 10)	37,614
Net gain from fair value adjustment	4,314
Carrying value as at 31.12.2015	44,963
Reclassification (Note 10)	18
Carrying value as at 31.03.2016	44,981

Investment properties comprise constructions in progress and immovables improved with commercial buildings.

In 2015, immovables improved with commercial buildings (Viimsi shopping centre and Tartu Kaubamaja in Estonia and Rēzekne in Latvia), which the Group maintains predominantly for earning rental income, were classified as investment properties and property, plant and equipment. In Latvia, Rezekne commercial building with the property was reclassified as investment property from property, plant and equipment. Also property in Rae municipal Peetri was reclassified as investment property from property, plant and equipment. Therefore in 2015, reclassification from the property, plant and equipment group "Land and buildings" to investment properties was made in the amount of 37,614 thousand euros. At the moment of reclassification there were no differences between the carrying value and fair value of the properties.

The cost of investments made in the reporting period in Viimsi shopping centre was 18 thousand euros.

No changes were recognised in fair value of investment property in 2016.

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
31.12.2014					
Cost or revalued amount	181,815	28,728	29,527	50,630	290,700
Accumulated depreciation and impairment	-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	20	187	132	19,643	19,982
Acquired through business combinations (Note 6)	0	0	7	0	7
Reclassification	4,650	3,047	3,076	-10,773	0
Reclassification to investment property (Note 9)	-26,294	0	0	-11,320	-37,614
Disposals	0	-174	-197	0	-371
Write-offs	0	-9	-17	0	-26
Decrease in value	-239	0	0	-2,035	-2,274
Depreciation	-5,326	-2,256	-3,345	0	-10,927
31.12.2015					
Cost or revalued amount	156,799	30,688	30,577	48,180	266,244
Accumulated depreciation and impairment	-10,044	-22,141	-19,583	-17,785	-69,553
Carrying value	146,755	8,547	10,994	30,395	196,691
Changes occurred in 2016					
Purchases and improvements	0	136	10	2,605	2,751
Reclassification (Note 9)	397	447	1,050	-1,912	-18
Disposals	0	-37	-1	-1	-39
Write-offs	-6	-1	0	0	-7
Depreciation	-1,129	-615	-885	0	-2,629
31.03.2016					
Cost or revalued amount	157,164	30,833	31,484	48,872	268,353
Accumulated depreciation and impairment	-11,147	-22,356	-20,316	-17,785	-71,604
Carrying value	146,017	8,477	11,168	31,087	196,749

The cost of investments for the 3 months of 2016 amounted to 2,772 thousand euros (including purchases of property, plant and equipment in the amount of 2,751 thousand euros and purchases of intangible assets amounted to 21 thousand euros)

The cost of investments made in 3 months of 2016 in the supermarket business segment was 558 thousand euros. In the reporting period new Selver in Lasnamäe Kärberi shopping centre was opened. Additionally were renewed store fittings and purchased computing technology.

The size of the investment in the business segment of Department store amounted to 1,296 thousand euros. In the reporting period was renewed beauty and women's department in Tartu and Kaubamaja e-shop was launched.

The cost of investments in the accounting period was 140 thousand euros in the car trade business segment.

The cost of investments made in the reporting period in the footwear segment was 8 thousand euros.

The cost of the real estate business segment investment amounted to 749 thousand euros. In the reporting period renovation of Tartu Kaubamaja centre took place.

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

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Development expenditure	Total
31.12.2014					
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	5	0	539	544
Acquired through business combinations (Note 6)	104	0	0	0	104
Amortisation	0	-486	0	-80	-566
Impairment	-1,441	0	0	0	-1,441
31.12.2015					
Cost	6,814	5,277	1,080	1,160	14,331
Accumulated amortisation and impairment	-1,441	-2,543	-1,080	-224	-5,288
Carrying value	5,373	2,734	0	936	9,043
Changes occurred in 2016					
Purchases and improvements	0	0	0	21	21
Amortisation	0	-122	0	-48	-170
31.03.2016					
Cost	6,814	5,277	1,080	1,181	14,352
Accumulated amortisation and impairment	-1,441	-2,665	-1,080	-272	-5,458
Carrying value	5,373	2,612	0	909	8,894

In the reporting period the Group capitalised costs a web page update as development expenditure in the amount of 21 thousand euros.

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

in thousands of euros	31.03.2016	31.12.2015
Car trade	3,156	3,156
Footwear trade	2,113	2,113
Department store	104	104
Total	5,373	5,373

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

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

Trademark at value of 180 thousand euros was acquired in 2014 through purchase of Viking Security AS shares. Trademark will be amortised during 7 years (Note 6).

Note 12. Borrowings

in thousands of euros	31.03.2016	31.12.2015
Short-term borrowings		
Overdraft	2,554	2,542
Bank loans	28,968	28,007
Other borrowings	2,844	2,828
Total short-term borrowings	34,366	33,377

in thousands of euros	31.03.2016	31.12.2015
Long-term borrowings		
Bank loans	56,858	56,858
Other borrowings	561	568
Total long-term borrowings	57,419	57,426
Total borrowings	91,785	90,803

Borrowings received

in thousands of euros	3 months 2016	3 months 2015
Overdraft	12	385
Bank loans	11,246	14,917
Other borrowings	1,068	557
Total borrowings received	12,326	15,859

Borrowings paid

in thousands of euros	3 months 2016	3 months 2015
Bank loans	10,285	14,932
Other borrowings	1,059	949
Total borrowings paid	11,344	15,881

Bank loans and other borrowings are denominated in euros.

As of 31.03.2016, the repayment dates of bank loans are between 10.04.2016 and 27.03.2020 (2015: between 28.01.2016 and 27.03.2020), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.06% (2015: 1.14%).

Note 13. Trade and other payables

in thousands of euros

	31.03.2016	31.12.2015
Trade payables	52,098	57,901
Payables to related parties (Note 21)	2,861	4,579
Other accrued expenses	49	79
Prepayments by tenants	2,016	1,944
Total financial liabilities from balance sheet line "Trade and other payables"	57,024	64,503
Taxes payable (Note 14)	5,432	6,284
Income tax liability on dividends (Note 15)	5,259	0
Employee payables	4,467	4,944
Prepayments	1,133	1,215
Short-term provisions*	123	120
Total trade and other payables	73,438	77,066

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

Note 14. Taxes

in thousands of euros

	31.03.2016		31.12.2015	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	12	0	9	0
Value added tax	0	1,936	0	3,014
Personal income tax	0	1,043	0	943
Social security taxes	0	2,187	0	2,017
Corporate income tax	0	8	0	67
Unemployment insurance	0	141	0	137
Mandatory funded pension	0	117	0	106
Total taxes	12	5,432	9	6,284

Note 15. Share capital

As of 31.03.2016, 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 31.12.2015 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 2016, Group subsidiaries paid dividends to Tallinna Kaubamaja Grupp AS the amount of 21 177 thousand euros. In 2015, dividends were declared and paid to the shareholders in the amount of 16,292 thousand euros, or 0.40 euros per share. Related income tax expense on dividends amounted to 5,219 thousand euros (2015: 3,873 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), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

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

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwea r trade	Real estate	Inter- segment transact- ions	Total seg- ments
3 months 2015							
External revenue	86,264	21,804	12,321	2,237	832	0	123,458
Inter-segment revenue	248	1,173	5	67	2,997	-4,490	0
Total revenue	86,512	22,977	12,326	2,304	3,829	-4,490	123,458
EBITDA	1,965	199	629	-524	3,516	0	5,785
Segment depreciation and impairment losses	-979	-471	-129	-168	-1,102	0	-2,849
Operating profit/loss	986	-272	500	-692	2,414	0	2,936
Finance income (Note 19)	64	155	15	0	24	-250	8
Finance income on shares of associates	0	47	0	0	0	0	47
Finance costs (Note 19)	-9	-123	-57	-39	-305	250	-283
Income tax	-2,223	-1,150	-500	0	0	0	-3,873
Net profit/loss	-1,182	-1,343	-42	-731	2,133	0	-1,165
incl. in Estonia	-573	-1,343	-14	-731	1,917	0	-744
incl. in Latvia	-609	0	-27	0	216	0	-420
incl. in Lithuania	0	0	-1	0	0	0	-1
Segment assets	79,498	55,191	24,127	11,880	218,280	-49,219	339,757
Segment liabilities	53,760	35,190	16,468	13,391	98,345	-33,771	183,383
Segment investment in non-current assets	479	474	48	31	1,924	0	2,956

External revenue according to types of goods and services sold

in thousands of euros

	3 months 2016	3 months 2015
Retail revenue	125,426	114,963
Wholesale revenue	5,855	3,626
Rental income	2,156	1,834
Revenue for rendering services	3,413	3,035
Total revenue	136,850	123,458

External revenue by client location

in thousands of euros

	3 months 2016	3 months 2015
Estonia	129,053	118,732
Latvia	5,761	3,293
Lithuania	2,036	1,433
Total	136,850	123,458

Distribution of non-current assets* by location of assets

in thousands of euros

	31.03.2016	31.12.2015
Estonia	216,509	216,439
Latvia	34,271	34,410
Lithuania	137	141
Total	250,917	250,990

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

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

Note 17. Other operating expenses

in thousands of euros

	3 months 2016	3 months 2015
Rental expenses	3,827	3,891
Heat and electricity expenses	2,272	2,323
Operating costs	1,458	1,570
Cost of sale related services and materials	1,242	1,318
Marketing expenses	1,679	1,520
Miscellaneous other operating expenses	779	795
Computer and communication costs	811	709
Personnel expenses	691	432
Total other operating expenses	12,759	12,558

Note 18. Staff costs

in thousands of euros

	3 months 2016	3 months 2015
Wages and salaries	10,015	8,828
Social security taxes	3,283	2,888
Total staff costs	13,298	11,716
Average wages per employee per month (euros)	832	770
Average number of employees in the reporting period	4,011	3,823

Note 19. Finance income and costs

in thousands of euros

Finance income

	3 months 2016	3 months 2015
Other finance income	0	6
Interest income on NGI Group's group account (Note 21)	2	2
Total finance income	2	8

Finance costs

	3 months 2016	3 months 2015
Interest expense of bank loans	-188	-250
Interest expense of finance lease	-5	-12
Other finance costs*	-15	-21
Total finance costs	-208	-283

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

Note 20. Earnings per share

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

	3 months 2016	3 months 2015
Net profit/loss (in thousands of euros)	-214	-1,165
Weighted average number of shares	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	-0,01	-0,03

Note 21. Related party transactions

in thousands of euros

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

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

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

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

	Purchases 3 months 2016	Sales 3 months 2016	Purchases 3 months 2015	Sales 3 months 2015
Parent	58	2	70	2
Entities in the Parent's consolidation group	6,904	1,989	5,364	1,606
Members of management and supervisory boards	267	0	0	0
Other related parties	0	1	270	70
Total	7,229	1,992	5,704	1,678

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

Balances with related parties:

	31.03.2016	31.12.2015
Interest receivable from Parent (Note 4)	0	1
Receivable from Parent (Note 3)	0	5,000
Receivables from entities in the in the Parent's consolidation group (Note 4)	1,126	1,016
Other related parties	0	10
Total receivables from related parties	1,126	6,027

	31.03.2016	31.12.2015
Parent	18	0
Entities in the Parent's consolidation group	2,679	4,463
Other related parties	164	116
Total liabilities to related parties (Note 13)	2,861	4,579

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

For proving funding for its subsidiaries, the Tallinna Kaubamaja Group uses the group account, the members of which are most of the Group entities. In its turn, this Group as a subgroup has joined the contract of the group account of NG Investeeringud OÜ (hereinafter head group). From autumn 2001, Tallinna Kaubamaja Group has been keeping its available funds at the head group, earning interest income on its deposits. During 3 months of 2016 the Group earned interest income on its deposits of available funds in the amount of 2 thousand euros (2015: 2 thousand euros).

As at 31 March 2016 the NG Investeeringud group has not used the Group's available funds and Tallinna Kaubamaja Group has not used NG Investeeringud group account available funds. As at 31 December 2015 Tallinna Kaubamaja Grupp AS deposited through parent company NG Investeeringud OÜ 5,000 thousand euros. Deposit matures on 26.01.2016 with interest rate of 0.4%.

In 2016 and 2015 the group has not deposited neither used available funds of NG Investeeringud OÜ nor paid any interest for using available funds of NG Investeeringud OÜ. According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 642 thousand euros (2015: 348 thousand euros). Short term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 144 thousand euros (2015: 78 thousand euros).

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

Note 22. Events after the balance sheet date

In April 2016, dividends were declared to the shareholders in the amount of 21,179 thousand euros, or 0.52 euros per share.