

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report
for the second quarter and first six months 2011
(unaudited)**

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,300 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 2011
End of financial year:	31 December 2011
Beginning of interim report period:	1 January 2011
End of interim report period:	30 June 2011
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
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MANAGEMENT REPORT

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

Management

In order to manage the Tallinna Kaubamaja AS the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja AS supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja AS supervisory board are elected for three years. The mandates of current supervisory board members will expire: Andres Järving 20 May 2012, Jüri Kõo 20 May 2012, Enn Kunila 20 May 2012, Meelis Milder 20 May 2012 and Gunnar Kraft 20 May 2012. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja AS in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja AS has one member. The term of office of the management board member Raul Puusepp was extended on 23 February 2011 and his term of office expires on 6 March 2014.

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

Company's structure

The following companies belong to the group as of June 30, 2011 (Note 7):

	Location	Shareholding as of 30.06.2011	Shareholding as of 31.12.2010
Selver AS	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
OptiGroup Invest OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
KIA Automobiles SIA	Latvia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	100%	100%
SIA Suurtüki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

Despite the difficult financial situation of some counties in the euro zone, the first half-year of 2011 has been steady for Estonia. The Estonian consumer price index of the first six months increased by 5.3% compared to the six months of the previous year. Food prices have grown significantly in the whole world, incl. Estonia, where the greatest increase could be seen in food prices in both the first and the second quarter – on average, the increase in six months comparison was 12%. Nearly half of the consumer basket is made up of mandatory expenditures, which also continue to grow. According to analysts' estimates, the continued positive developments on the labour market and in the economy in general give reason to believe that in the near future, household income will increase thanks to both employment and rising wages.

According to Statistics Estonia, the total volume of the retail trade turnover in the first half year of 2011 grew in Estonia by 10.5% at current prices; the growth was faster in the second quarter, when growth was 11.1%. The greatest increase in turnover was seen in the sales of used goods, but vehicle sales also grew by nearly a third. The retail sales in non-specialised stores (predominantly foodstuffs) increased by 7.8% in the first six months and 10.1% in second quarter. According to the Estonian Institute of Economic Research, the Consumer Confidence Index did not grow in the first half-year of 2011 due to the pressures of price increase, and the confidence has been relatively stable in the 2nd quarter. The sales forecast for durable goods still remains modest.

Economic results**FINANCIAL RATIOS 2010–2011**

	EUR		Change
	6 months 2011	6 months 2010	
Sales revenue (in millions)	206.2	197.2	4.6%
Operating profit (in millions)	8.8	5.3	66.0%
Net profit (in millions)	5.1	4.6	10.9%
Return on equity (ROE)	4.1%	4.4%	
Return on assets (ROA)	2.0%	1.8%	
Net profit margin	2.50%	2.32%	
Gross profit margin	25.59%	25.26%	
Quick ratio	0.94	1.03	
Debt ratio	0.51	0.57	
Sales revenue per employee (in millions)	0.06	0.06	
Inventory turnover	4.77	5.03	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.01	2.60	
Share's closing price (EUR/share)	5.39	4.40	
Earnings per share (EUR/share)	0.13	0.11	
Average number of employees	3,307	3,267	

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

	EUR		Change
	II quarter 2011	II quarter 2010	
Sales revenue (in millions)	110.1	103.3	6.6%
Operating profit (in millions)	6.9	5.3	30.2%
Net profit (in millions)	3.6	4.9	-26.5%
Return on equity (ROE)	2.8%	4.7%	
Return on assets (ROA)	1.4%	2.0%	
Net profit margin	3.23%	4.79%	
Gross profit margin	26.46%	26.34%	
Quick ratio	0.94	1.03	
Debt ratio	0.51	0.57	
Sales revenue per employee (in millions)	0.03	0.03	
Inventory turnover	2.55	2.64	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.01	2.60	
Share's closing price (EUR/share)	5.39	4.40	
Earnings per share (EUR/share)	0.09	0.12	
Average number of employees	3,363	3,225	
Return on equity (ROE)	= Net profit / Average owners' equity * 100%		
Return on assets (ROA)	= Net profit / Average total assets * 100%		
Sales revenue per employee	= Sales revenue / Average number of employees		
Inventory turnover (multiplier)	= Cost of goods sold / inventories		
Net profit margin	= Net profit / Sales revenue * 100%		
Gross profit margin	= (Sales revenue - Cost of goods sold) / Sales revenue		
Quick ratio	= Current assets / Current liabilities		
Debt ratio	= Total liabilities / Balance sheet total		

The consolidated non-audited sales revenue of the Tallinna Kaubamaja Group for the 1st half-year of 2011 was 206.2 million euros, having grown by 4.6% compared to the results of the 1st half-year of 2010, when the sales revenue was 197.2 million euros. In the 2nd quarter, the Group's sales revenue was 110.1 million euros, thus exceeding the sales revenues of the same period last year by 6.6%. The reference base was influenced by the sales tax, levied in Tallinn since June 2010, which decreased the Group's sales revenue for the 1st half-year of 2011 by 1.0 million euros (by 0.2 million euros during the 1st half-year of 2010). As of 01.01.2011, the principles for calculating the sales revenue of the Group changed and the reference data of 2010 have been adapted to the new principles. As a result, an additional 4.8 million euros have been recorded in the sales revenue of the 1st half-year.

The consolidated unaudited net profit of the Group, generated in the first six months of 2011, was 5.1 million euros – 12.7% higher than the revenue of the same period of the previous year, which was 4.6 million euros. The Group's net profit, generated in the second quarter, was 3.6 million euros, which makes up 71.9% of the comparable period of the previous year, when the relevant indicator was 4.9 million euros. The net profit of the half-year and especially the second quarter was greatly influenced by the June payment of the income tax on dividends that amounted to 3.0 million euros. The pre-tax profit in the 1st half-year was 8.2 million euros, while it was 4.6 million euros in 2010. In the 2nd quarter, the pre-tax profit grew by 33.2% compared to the same period of the previous year, amounting to 6.6 million euros.

The first half-year was profitable for the Group. Sales revenue and economic results have showed a constant improvement in all of the Group's business segments. The customers' consumption habits have changed drastically over the past years – they are selective and price-sensitive, which is why improving the selection of goods is of vital importance for the Group. Great importance has also been paid within the Group to the better management of inventory, which is made apparent by the increase in the gross profit margin. Operating costs is still under focus.

Centralized of Group IT management and joining security activities into one single centre help the Group to better manage the related costs and support activities. The restructuring of work processes that was carried out in the second half of 2010 has enabled to save 2.9% on labour costs, compared to a year before.

In April, the repaired and expanded Kadaka Selver was reopened. In addition, the sales area of the Hiiumaa Selver and the Keila Selver were expanded – in April and June, respectively. The Stepper store in the Foorum centre was closed, as was the last Suurtüki store in the Ülemiste centre. Instead, already the 12th SHU store in Estonia was opened in April. In addition, the 5th store of the I.L.U. chain was opened in Tallinn in the Ülemiste centre.

The volume of assets of the Tallinna Kaubamaja Group on 30 June 2011 was 250.2 million euros, having decreased by 10.0 million euros or 3.9% compared to the end of 2010.

At the end of the accounting period, there were over 442,000 loyal customers – a growth of 5.9% had taken place in a year. The percentage of purchases made by loyal customers in the Group's sales revenue for the half-year was 76. More than 8.6 thousand Partner credit cards had been issued by the end of the June.

Share market

Since 19 August 1997, the shares of AS Tallinna Kaubamaja have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja AS has issued 40,729.2 thousand registered shares, each with the nominal value of 0.60 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

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

The share with a price of 6.21 euros at the end of 2010 was closed in late June at 5.39 euros.

According to the notice of regular annual general meeting of the shareholders published on 5 April 2011, the management board proposed to pay dividends 0.28 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2010 to 30.06.2011.

In euros



Department stores

The sales revenue of the department store business segment in the first half-year was 36.3 million euros, an increase of 4.2% compared to the same period of the previous year. Of that, the sales revenue of the second quarter was 19.5 million euros, which was by 6.2% higher than the income of the 2nd quarter of 2010. In the first half-year, the sales revenue of department stores per one square metre of selling space was 0.24 million euros per month, which is 3.4% higher compared to the same period of the previous year. The sales revenue was positively influenced by a successful selection of seasonal goods and various campaigns. During the annual sales event Osturalli in April, the sales revenue of the previous year was exceeded by 10%. In addition, during Ostuöö event in May, the level of the previous year was exceeded by 17%. The loss sustained by department stores in the first half-year of 2011 was 0.007 million euros, having improved by 0.3 million euros compared to the result of a year before. Of that, the profit in the second quarter was 0.6 million euros, higher than the profit of 2010 by 70.3% or 0.3 million euros. In addition to successful wholesale purchases, the profit was positively influenced by a better management of the margin during the whole season – this was also helped along by the new ERP system introduced at the beginning of the year.

In the first half-year of 2011, the separately highlighted sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetic stores and is recorded in the composition of the department store segment, was 1.2 million euros – an increase of 33.3% compared to the same period of the previous year. Of that, the sales revenue earned in the 2nd quarter was 0.7 million euros, which was by 39.8% higher than the corresponding period of 2010. The net loss of the I.L.U. chain in the first half-year was 0.4 million euros; compared to the same period a year ago, 0.1 million euros higher due to the expenses incurred in connection with the launch of a new store. In the 2nd quarter, the loss was 0.2 million euros, also having increased by 0.1 million euros. Compared to the second quarter of last year, the I.L.U. chain has opened a fourth store, located in the Kristiine centre in Tallinn and operating since September 2010, and a fifth store in the Ülemiste centre in Tallinn, operating since April.

Selver supermarkets

The consolidated sales revenue of the business segment of supermarkets in the 1st half-year of 2011 was 153.3 million euros, having grown by 2.9% compared to the same period of the previous year. The consolidated sales revenue of the 2nd quarter was 81.2 million euros, having grown by 4.4% compared to the same period of the previous year. The reference base was influenced by the sales tax, levied in Tallinn since June 2010, which decreased the Group's sales revenue for the 1st half-year of 2011 by 0.7 million euros and by 0.1 million euros during the 1st half-year of 2010. The month's average sales revenue of goods per one square metre of selling space in the 1st half-year of 2011 was 0.36 thousand euros, having grown compared to 2010 by 3.3% in the consolidated view and 2.5 % in the view of the Estonian market. In the 2nd quarter, the sales revenue per one square metre of selling space was 0.38 thousand euros, thus showing an increase of 4.9% in both consolidated data and the Estonian market. The sales revenue of goods per one square metre of selling space in the comparable stores was an average of 0.37 thousand euros in the 1st half-year of 2011 and 0.39 thousand euros in the 2nd quarter, thus displaying an increase of 3.2% and 5.4%, respectively. In the Selver stores located in Estonia, 16.3 million purchases were made in the 1st half-year of 2011, which remained stable compared to last year. Selver did not generate any sales revenue from the sale of goods in Latvia due to the closing of stores in Latvia, sales revenue from other activities was 0.8 thousand euros.

The consolidated pre-tax net profit of the supermarket business segment generated in the 1st half-year was 4.6 million euros and 3.5 million euros in the 2nd quarter. The profit of the half-year exceeded the profit of the same period of the previous year by more than two times, and the profit of the 2nd quarter grew by 26.3%. The consolidated profit of the 1st half-year was 1.5 million euros, having decreased by 0.6 million euros compared to the result of a year before. The consolidated net profit of the 2nd quarter was 0.5 million euros. The pre-tax profit earned in Estonia in the 1st half-year of 2011 was 5.7 million euros, an increase of 53.3% compared to the period of a year before. In the 2nd quarter, the pre-tax profit earned by Selver was 4.1 million euros. The half-year's net profit in Estonia was 2.7 million euros and 1.1 million euros in the 2nd quarter, which is lower than the result of the previous year by 1.0 million euros for the 1st half-year and by 2.0 million euros for the 2nd quarter. The difference in the pre-tax profit and net profit arises from the dividends paid out in May 2011, whose income tax of 3.0 million euros has been recorded in the results for the 2nd quarter. The income tax on the dividends paid out in 2010 was 0.5 million euros, but this has been recorded in the 2nd half-year of 2010 according to the time when the dividends were paid out. The loss sustained in Latvia in the 1st half-year was 1.2 million euros and 0.6 million euros in the 2nd quarter. Compared to last year, the half-year's loss decreased by 0.4 million euros, but grew by 0.3 million euros in the 2nd quarter. Economic activities in Latvia have been frozen.

The profit growth in Estonia has mainly been a result of introducing a more effective organisation of work – thanks to that, labour costs in the 1st half-year decreased by a total of 9%. In relation to a slowing down of investment activities, depreciation costs have also decreased.

In April, Kadaka Selver in Tallinn was reopened. The store had undergone a concept renewal and major repairs. The post-renovation sales area is a total of 4,592m². The new supermarket concept is more focused on fresh food

and convenient and innovative solutions that save the customers' time. As the first in the Baltic region, Selver introduced a self-scanning technology as a new solution, enabling the customers to register the goods themselves and pay without a regular paying procedure at a manned cash register. In April, the area of Hiiumaa Selver's sales hall was also expanded by 220m². In June, the Keila Selver was expanded, resulting in a sales area that was 624m² bigger than before. The selection of goods on offer was improved thanks to the expansions – both in terms of food and manufactured goods. Footwear was added to the selection of Hiiumaa Selver as a new product group. In July, the Soldino Selver in Narva was closed due to the constant operating loss caused by the unfavourable location of the store. At the moment, Selver has one store left in Narva but is seeking for opportunities to expand the chain at the more favourable location. The chain of Selver stores comprises 34 stores and a central kitchen.

Real Estate

The external sales revenue of the real estate business segment for the 1st half-year of 2011 was 1.4 million euros, having increased by 5.2% compared to the same period of the previous year. The sales revenue of the second quarter of the accounting year was 0.7 million euros, which is 10.4% more than the result of the 2nd quarter of 2010. Increase in revenues is mainly due to increased rental rates.

The segment's profit for the first six months was 3.4 million euros, while the profit of the 2nd quarter was 1.7 million euros. This result was 0.1 million euros better than both the first half-year and the 2nd quarter of the previous year and was mainly a result of a decrease in interest costs.

Car Trade

The sales revenue of the vehicle trade segment in the 1st half-year of 2011 without the intra-segment transactions was 9.0 million euros, exceeding the revenue generated in the same period of the previous year by 44.9%. The sales revenue of 5.1 million euros generated in the second quarter exceeded the sales revenue of the year before by 56.9%. The segment earned a profit of 0.6 million euros during the half-year. 0.4 million euros of it was earned in the second quarter. The respective profit indicators of 2010 were 0.0 million euros and 0.1 million euros.

In the 1st half-year, altogether 459 vehicles were sold. 257 of them were sold in the second quarter. The annual increase was 35% and 30%, respectively. The steady growth in profit has been ensured by the continued beneficial market in the segment. In the 1st half-year, the sales of new vehicles in the whole Baltic region increased by 90%. Profitability has also been improved by keeping the segment's operating costs in check. There are hopes for a similar growth in the second half of the year, as the selection will be supplemented by new models: Picanto, Rio and Optima.

Footwear trade

The turnover of the footwear trade segment in the 1st half-year of 2011 was 6.2 million euros, having grown by 6.0% in a year. In the 2nd quarter, the turnover was 3.7 million euros, having increased by 8.1% compared to the same period of 2010. The loss of the first half-year was 0.4 million euros, which means a decrease of nearly 0.2 million euros compared to the same period of the previous accounting year. The 2nd quarter was profitable for the footwear trade segment – the profit of the segment was 0.3 million euros, exceeding the profit generated in the 2nd quarter of 2010 by 0.2 million euros.

In the second quarter, liquidating the stores operating under the brand Suurtüki/Stepper came to an end – in April, the last Suurtüki store was closed. At the moment, the Group's footwear store chain includes 9 ABC King stores in Estonia and 2 in Latvia, 2 Nero stores in Estonia and 1 in Latvia and 13 SHU stores in Estonia. In 2011, the focus will be on improving the effectiveness indicators of the footwear segment. There are no plans to open new stores in the 3rd quarter, but preparations are underway for a project realised in Estonia during the 4th quarter. The project foresees renovating an ABC King store and opening a new SHU store.

Personnel

The average number of employees working for the Tallinna Kaubamaja Group in the 1st half-year of 2011 was 3,307, having grown by 1.2% compared to the same period of 2010. The total labour costs (cost of wages and social security taxes) in the first six months of 2011 were 17.0 million euros – a decrease of 2.9% compared to the same period of the previous year. In the second quarter, labour costs remained on the same level as the year before, decreasing by 0.1%. At the same time, the average number of employees grew by 4.3% due to the increase in the number of seasonal workers. The average wage cost per employee in the first half-year decreased by 4.1%, compared to the average wages of the first six months of 2010.

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, 9th August 2011

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) as at and for the period of second quarter and six months 2011, presented on pages 11 to 29.

The Chairman of the Management Board confirms that:

1. the accounting principles used in preparing the financial statements are in compliance with the International Financial Reporting Standards;
2. the financial statements give a true and fair view of the financial position of the parent company and the group, as well as the results of their operations and cash flows;
3. Tallinna Kaubamaja AS and its subsidiaries are able to continue as a going concern.



Raul Puusepp
Chairman of the Management Board

Tallinn, 9th August 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.06.2011	31.12.2010
ASSETS			
Current assets			
Cash and bank	2	6,288	15,734
Trade receivables	3	6,399	6,082
Other short-term receivables	4	2,962	5,549
Prepaid and refundable taxes	5	107	349
Other prepayments	5	766	748
Inventories	6	43,202	39,385
Total current assets		59,724	67,847
Fixed assets			
Prepaid expenses	5	1,346	1,272
Investments in associates	8	1,550	1,504
Other long-term receivables		68	141
Investment property	9	3,566	3,566
Tangible fixed assets	10	173,882	175,638
Intangible fixed assets	11	3,316	3,533
Goodwill	11	6,710	6,710
Total fixed assets		190,438	192,364
TOTAL ASSETS		250,162	260,211
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	9,033	17,635
Prepayments received		56	573
Trade payables		46,244	40,377
Tax liabilities	13	3,972	4,677
Other current liabilities	13	4,160	4,079
Provisions	13	103	127
Total current liabilities		63,568	67,468
Long-term liabilities			
Borrowings	12	63,884	63,844
Provisions	13	78	88
Total long-term liabilities		63,962	63,932
TOTAL LIABILITIES		127,530	131,400
Equity			
Share capital	14	24,438	26,031
Statutory reserve capital		2,603	2,603
Revaluation reserve		52,752	53,308
Retained earnings		43,389	47,495
Currency translation differences		-550	-626
TOTAL EQUITY		122,632	128,811
TOTAL LIABILITIES AND EQUITY		250,162	260,211

The notes presented on pages 16 to 29 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Revenue	15	206,224	197,184	110,084	103 296
Other operating income	16	120	364	37	209
Materials and consumables used	6	-153,458	-147,376	-80,953	-76 086
Other operating expenses	17	-22,008	-21,611	-10,811	-10 381
Staff costs	18	-16,976	-17,490	-8,856	-8 869
Depreciation and amortisation	10,11	-4,936	-5,394	-2,504	-2 689
Other expenses	19	-166	-363	-63	-141
Operating profit		8,800	5,314	6,934	5 339
Financial income	20	131	150	55	67
Financial costs	20	-852	-991	-446	-515
Financial income on shares of associates	8	101	97	46	55
Profit before income tax		8,180	4,570	6,589	4 946
Income tax	14	-3,031	0	-3,031	0
Net profit for the reporting period		5,149	4,570	3,558	4 946
Other comprehensive income/(loss)					
Exchange differences		76	-36	5	-19
Other comprehensive income for the reporting period		76	-36	5	-19
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		5,225	4,534	3,563	4,927
Basic and diluted earnings per share	21	0.13	0.11	0.09	0.12

The notes presented on pages 16 to 29 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	6 months 2011	6 months 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit (loss)		5,149	4,570
Adjustments:			
Income tax on dividends	14	3,031	0
Interest expense	20	852	991
Interest income	20	-131	-150
Depreciation and amortisation	10,11	4,936	5,394
Profit/loss on sale and write-off of non-current assets		54	444
Effect of equity method	8	-101	-97
Change in inventories		-3,817	205
Change in receivables and prepayments related to operating activities		1,714	2,375
Change in liabilities and prepayments related to operating activities		4,729	-4,210
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		16,416	9,522
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-3,042	-1,815
Proceeds from sale of property, plant and equipment	10	26	41
Loan to group account		778	-125
Loan to associated company	8	0	32
Dividends received	8	55	0
Interest received		131	168
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		-2,052	-1,699
CASH FLOW FROM FINANCING ACTIVITIES			
Loans received	12	5,928	2,790
Repayments of loans received	12	-14,285	-10,664
Dividends paid	14	-11,404	-1,693
Income tax on dividends	14	-3,031	0
Repayment of financial lease principal	12	-205	-200
Interest paid		-889	-1,036
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		-23,886	-10,803
TOTAL CASH FLOW		-9,522	-2,980
Effect of exchange rate changes		76	-77
Cash and cash equivalents at the beginning of the period	2	15,734	14,296
Cash and cash equivalents at the end of the period	2	6,288	11,239
Net change in cash and cash equivalents		-9,446	-3,057

The notes presented on pages 16 to 29 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2009	26,031	2,603	43,075	32,004	-546	103,167
Total comprehensive loss for the period	0	0	0	4,570	-36	4,534
Reclassification of depreciation of revalued land and buildings	0	0	-431	431	0	0
Dividends	0	0	0	-1,693	0	-1,693
Balance as of 30.06.2010	26,031	2,603	42,644	35,312	-582	106,008
Total comprehensive income or loss for the period	0	0	10,771	16,646	-80	27,337
Reclassification of depreciation of revalued land and buildings	0	0	-538	538	0	0
Dividends paid	0	0	0	-1,693	0	-1,693
Balance as of 31.12.2010	26,031	2,603	53,308	47,495	-626	128,811
Total comprehensive income for the period	0	0	0	5,149	76	5,225
Reclassification of depreciation of revalued land and buildings	0	0	-556	556	0	0
Dividends	0	0	0	-11,404	0	-11,404
Decrease of share capital	-1,593	0	0	1,593	0	0
Balance as of 30.06.2011	24,438	2,603	52,752	43,389	-550	122,632

The notes presented on pages 16 to 29 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

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

General Information

Tallinna Kaubamaja AS ('the Company') and its subsidiaries (jointly 'the Group') are companies engaged in rendering services related to retail sale and rental activities in Estonia, Latvia and Lithuania. Tallinna Kaubamaja AS is a company founded on 18 October 1994 in the Republic of Estonia. The shares of Tallinna Kaubamaja AS are listed on the Tallinn Stock Exchange.

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja AS have 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 2010. 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 2010 (excl. principles of sales revenue accounting).

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 underlying currency of the consolidated Accounts is the European currency EUR.

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja AS for the second quarter and six months of 2011 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Changes in accounting policies and presentation

Starting from 01.01.2011, the Group changed its principles of sales revenue accounting according to which all regular revenues will be recognised as sales revenue. Before, certain regular revenues directly not related to main business operations were reported under the item of other business revenues. The comparative data of 2010 are adjusted in compliance with the changed accounting principles. According to the changed accounting principles, the sales revenue of the 6 months in 2010 would have included additional 4,824 thousand euros.

Note 2. Cash and Bank

In thousands of euros

	30.06.2011	31.12.2010
Cash on hand	1,082	200
Bank accounts	4,620	14,000
Cash in transit	586	1,534
Total cash and bank	6,288	15,734

Note 3. Trade Receivables

In thousands of euros

	30.06.2011	31.12.2010
Trade receivables	5,122	4,849
Card payments	1,277	1,233
Total trade receivables	6,399	6,082

Note 4. Other Short Term Receivables

In thousands of euros

	30.06.2011	31.12.2010
Bonuses receivable from suppliers	1,391	2,666
Other short-term receivables from related parties (Note 22)	1,509	2,776
Other short-term receivables	62	107
Total other short-term receivables	2,962	5,549

Note 5. Prepayments

In thousands of euros

	30.06.2011	31.12.2010
Prepayment account of taxable entity	107	349
Total tax prepayments and claims	107	349
Prepaid rental expenses	219	399
Other prepaid expenses	547	349
Total other short-term prepayments	766	748
Prepaid rental expenses	1,346	1,272
Total long-term prepayments	1,346	1,272

Note 6. Inventories

In thousands of euros

	30.06.2011	31.12.2010
Goods purchased for resale	40,718	37,251
Passenger cars purchased for resale	758	1,100
Raw materials and materials	749	664
Prepayment for goods	977	370
Total inventories	43,202	39,385

The income statement line "Materials and consumables used" includes the write-down and write-off expenses of inventories and shortages of inventory stocktaking as follows:

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Write-down and write-off of inventories	1,633	1,560	1,075	811
Shortages of inventory stocktaking	760	652	521	492
Total materials and consumables used	2,393	2,212	1,596	1,303

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

Note 7. Shares in Subsidiaries

The Tallinna Kaubamaja Group incorporates:

Name of company	Location	Field of activity	Ownership 30 June 2011 and 31.12.2010	Year of acquisition
Selver AS	Tallinn, Pärnu mnt.238	Retail trade	100%	1996
SIA Selver Latvia	Riga, Ieriku 3	Retail trade	100%	2006
AS Tartu Kaubamaja	Tartu, Riga 2	Retail trade	100%	1996
TKM Beauty OÜ	Tallinn, Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn, Gonsiori 2	Retail trade	100%	2007
OÜ Suurtüki NK	Tallinn, Ehitajate tee 110	Retail trade	100%	2008
SIA Suurtüki	Riga, Tomsona 30-86	Retail trade	100%	2008
AS ABC King	Tallinn, Pärnu rd 139E	Retail trade	100%	2008
ABC King SIA	Riga, Ieriku 3	Retail trade	100%	2008
OptiGroup Invest OÜ	Tallinn, Gonsiori 2	Trade and financing	100%	2007
KIA Auto AS	Tallinn, Ülemiste tee 1	Retail trade	100%	2007
Ülemiste Autokeskus OÜ	Tallinn, Ülemiste tee 1	Retail trade	100%	2007
KIA Automobiles SIA	Riga, Pulkeveza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius, Perkunkiemia g.2	Retail trade	100%	2007
Tallinna Kaubamaja Kinnisvara AS	Tallinn, Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu, Riga 1	Real estate management	100%	2004
SIA TKM Latvija	Riga, Ieriku 3	Real estate management	100%	2006

Note 8. Investments in associates

Tallinna Kaubamaja AS has a 50% (2010: 50%) holding in Rävåla Parkla AS which renders multi-storey car park services in Tallinn.

In thousands of euros

	30.06.2011	31.12.2010
Investment in the associate at beginning of the year	1,504	1,299
Profit for the reporting period under equity method	101	205
Dividends received	-55	0
Investment in the associate at end of the year	1,550	1,504

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

	30.06.2011	31.12.2010
Assets	3,754	3,750
Liabilities	657	745

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Income for the period	264	245	138	133
Profit for the period	202	194	93	109

Note 9. Investment property

In thousands of euros

Carrying value as at 01.01.2009	
Changes occurred in 2009	
Reclassification	2,263
Gain from change in fair value upon reclassification	1,303
Carrying value as at 31.12.2009	3,566
Carrying value as at 31.12.2010	3,566
Carrying value as at 30.06.2011	3,566

Note 10. Tangible Fixed Assets

In thousands of euros

	Land and buildings	Machinery and equipment	Other equipment fixtures and fittings	Prepayments for property, plant and equipment	Construction in progress	Total
31.12.2009						
Acquisition or revaluated cost	137,907	22,460	25,048	2,362	47,426	235,203
Accumulated depreciation	-18,567	-14,021	-16,699	0	-14,016	-63,303
Carrying amount	119,340	8,439	8,349	2,362	33,410	171,900
Changes occurred in 2010						
Purchases and improvements	135	205	1,558	1,639	227	3,764
Reclassification	111	533	652	-1,263	-33	0
Sales	0	-33	-38	0	0	-71
Write-offs	-1	-29	-685	0	0	-715
Increase in value through revaluation reserve	10,771	0	0	0	0	10,771
Increase/ decrease in value through profit or loss	1,106	0	0	0	-1,056	50
Depreciation	-3,715	-3,089	-3,247	0	0	-10,051
Currency difference	-5	0	1	0	-6	-10
31.12.2010						
Cost or revalued amount	138,031	21,718	20,959	2,738	47,614	231,060
Accumulated depreciation and impairment losses	-10,290	-15,691	-14,369	0	-15,072	-55,422
Carrying amount	127,741	6,027	6,590	2,738	32,542	175,638
Changes occurred in 2011						
Purchases and improvements	46	128	165	2,615	88	3,042
Reclassification	945	1,004	1,937	-3,834	-52	0
Sales	0	-29	-3	0	0	-32
Write downs	0	0	-48	0	0	-48
Depreciation	-1,982	-1,304	-1,433	0	0	-4,719
Currency difference	0	1	0	0	0	1
30.06.2011						
Cost or revalued amount	139,020	22,037	23,174	1,519	47,650	233,400
Accumulated depreciation and impairment losses	-12,270	-16,210	-15,966	0	-15,072	-59,518
Carrying amount	126,750	5,827	7,208	1,519	32,578	173,882

The cost of investments for the six months of 2011 was 3,042 thousand euros.

In the accounting period, the size of the investment in the business segment of Kaubamaja was 476 thousand euros. Advance payments in the sum of 152 thousand euros had been made to obtain new software. The fittings of sales areas were renewed in the sum of 267 thousand euros, the cost of capital works amounted to 57 thousand euros.

The cost of investments made in the first half of the year of 2011 in the supermarket business segment was 2,313 thousand euros. The Kadaka Selver with renewed fittings and a new solution was opened in April. In the accounting period, advance payments for the investments of Kadaka Selver had been made in the sum of 1,900 thousand euros. Machines and devices were purchased for the Selver stores in the sum of 413 thousand euros.

The cost of the real estate business segment investment was 120 thousand euros. Among others, a new parking system costing 52 thousand euros was employed in Tartu and in the amount of 68 thousand euros maintenance work were capitalised.

The cost of investments in the accounting period was 41 thousand euros in the vehicle trade business segment and 92 thousand euros in the footwear segment.

Note 11. Intangible Fixed Assets

In thousands of euros

	Goodwill	Trademark	Beneficial contracts	Developing cost	Total
31.12.2009					
Cost	7,298	3,508	1,080	19	11,905
Accumulated depreciation and impairment losses	-588	-349	-294	0	-1,231
Carrying amount	6,710	3,159	786	19	10,674
Changes occurred in 2010					
Reclassification	0	1	0	-1	0
Depreciation	0	-234	-197	0	-431
31.12.2010					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-583	-491	0	-1,662
Carrying amount	6,710	2,926	589	18	10,243
Changes occurred in 2011					
Depreciation	0	-117	-98	-2	-217
30.06.2011					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-700	-589	-2	-1,879
Carrying amount	6,710	2,809	491	16	10,026

Under intangible assets is stated the goodwill related to acquisition of OptiGroup Invest OÜ, OÜ Suurtüki NK, SIA Suurtüki, AS ABC King and ABC King SIA as on 30.06.2011 in the amount of 6,710 thousand euros (2010: 6,710 thousand euros). Goodwill is initially reported at the acquisition cost thereof, which is the positive difference between the acquisition cost of the holding acquired and the fair value of the acquired assets, liabilities and contingent liabilities on the date of acquisition. In further reporting goodwill is measured at the acquisition cost thereof less possible discounts resulting from impairment. With regard to goodwill an impairment test is carried out at least once a year or more frequently if events or changed circumstances show that the book value of goodwill may have decreased.

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

	30.06.2011	31.12.2010
Car trade	3,156	3,156
Footwear trade	3,554	3,554

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 30.06.2011 is 11.9 years.

Note 12. Interest bearing borrowings

In thousands of euros

Group	30.06.2011	31.12.2010
Long-term loans		
Bank loans	63,611	63,610
Financial lease liability	132	132
Other borrowings	141	102
Total long-term loans	63,884	63,844

Group	30.06.2011	31.12.2010
Short-term loans		
Overdraft	145	145
Bank loans	8,385	16,805
Financial lease liability	202	407
Other borrowings	301	278
Total short-term loans	9,033	17,635
Total loans	72,917	81,479

Borrowings received

	6 months 2011	6 months 2010
Bank loans	5,188	2,507
Other borrowings	740	283
Total borrowings received	5,928	2,790

Borrowings paid

	6 months 2011	6 months 2010
Bank loans	13,583	10,412
Finance lease liability	205	200
Other borrowings	702	252
Total Borrowings paid	14,490	10,864

As of 30.06.2011, the repayment dates of bank loans are between 24.07.2011 and 20.06.2018 (2010: between 15.11.2010 and 20.06.2018), the interest is linked to EURIBOR of 3 months and 6 months as well as EONIA. The weighted average interest rate was 2.403% (2010: 2.05%).

The Group leases on capital lease conditions premises at Papiniidu 42, Pärnu, with the operating area 3,500 m². The agreement will end in 2012. The agreement can be prematurely terminated by notifying the other party thereof in writing one month in advance. The Group has the right of the renewal of agreement at the end of the term of validity of the agreement.

Note 13. Taxes, other short- and long-term payables, and provisions

In thousands of euros

	30.06.2011	31.12.2010
Value added tax	1,265	2,589
Sales tax	510	27
Personal income tax	631	578
Social security taxes	1,355	1,281
Corporate Income tax on fringe benefits	5	19
Unemployment insurance	109	150
Mandatory funded pension	97	33
Total tax liabilities	3,972	4,677
Employee-payables	2,954	3,524
Interest payable	1	38
Other accrued expenses	240	29
Prepayments by tenants	965	488
Total other short-term payables	4,160	4,079
Short-term provisions	103	127
Long-term provisions	78	88
Total provisions	181	215

Short-term provision and long term provision stand for guarantee provisions related with footwear and vehicle business.

Note 14. Share Capital

As of 30.06.2011, the share capital in the amount of 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 euros per share. All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

On 28 April 2011 the general meeting declared dividends to shareholders in the amount of 11,404 thousand euros (0.28 euros per share). Dividends were paid out on 13 May 2011. Income tax on dividends amounted to 3,031 thousand euros.

The general meeting decided to convert the share capital of AS Tallinna Kaubamaja and the nominal value of the shares into euros as on 1 January 2011, the Republic of Estonia joined the Euro area. In order to undertake the conversion of the share capital from kroons into euros, the general meeting decided to decrease the share capital by 1,593 thousand euros. The new amount of the share capital of AS Tallinna Kaubamaja is 24,438 thousand euros. No payments to the shareholders were made. Decrease of the share capital in the amount of 1,593 thousand euros was transferred to retained earnings. Simultaneously with the conversion of the share capital of AS Tallinna Kaubamaja into euros, the general meeting resolved to undertake the conversion of the present nominal value of 10 kroons into euros and decrease the nominal value by 0.04 euros for each share. The new nominal value of the share shall be 0.60 euro.

Note 15. Segment Reporting

Information on segments is disclosed according to business and geographical segments. Following the internal management structure the principal format indicates the division of business segments and the additional format the division of geographical segments. Income expenses assets and liabilities are divided between segments according to the connection thereof with the activities of the segment.

Business Segments

The Company's internal management structure has been divided between the following business segments:

- department store
- supermarkets
- real estate
- car trade
- footwear

Geographical Segments

The Company's geographical segments are Estonia Latvia and Lithuania.

Upon presentation of geographical segments sales revenue is reported according to the location of clients; assets of the segments are reported according to the physical location of the assets and the liabilities are allocated based on the operations of the segment.

Business Segment Report

In thousands of euros

6 months 2011	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	36,313	153,327	1,385	8,968	6,231	0	206,224
Inter-segment revenue	553	431	4,156	7	222	-5,369	0
Total revenue	36,866	153,758	5,541	8,975	6,453	-5,369	206,224
Operating profit (loss)	-170	4,522	3,994	705	-251	0	8,800
Financial income (Note 20)	433	54	24	0	1	-381	131
Finance income on shares of associates	101	0	0	0	0		101
Financial expense (Note 20)	-371	-15	-660	-85	-102	381	-852
Income tax	0	-3,031	0	0	0	0	-3,031
Net profit (loss)	-7	1,530	3,358	620	-352	0	5,149
incl. in Estonia	-7	2,706	2,935	629	-289	0	5,974
incl. in Latvia	0	-1,176	423	-40	-63	0	-856
incl. in Lithuania	0	0	0	31	0	0	31
Segment assets	146,759	58,281	159,972	8,862	12,297	-136,009	250,162
Segment liabilities	33,562	43,834	79,680	8,887	13,047	-51,480	127,530
Segment investment in non-current assets (Note 10, 11)	476	2,313	120	41	92	0	3,042
Depreciation (Note 10, 11)	688	2,352	1,437	75	384	0	4,936

In thousands of euros

6 months 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	34,836	148,961	1,316	6,190	5,881	0	197,184
Inter-segment revenue	564	432	3,852	8	53	-4,909	0
Total revenue	35,400	149,393	5,168	6,198	5,934	-4,909	197,184
Operating profit (loss)	-552	2,105	4,060	127	-426	0	5,314
Financial income (Note 20)	703	74	47	0	0	-674	150
Finance income on shares of associates	97	0	0	0	0		97
Financial expense (Note 20)	-577	-25	-849	-91	-123	674	-991
Net profit (loss)	-329	2,154	3,258	36	-549	0	4,570
incl. in Estonia	-329	3,742	3,031	153	-500	0	6,097
incl. in Latvia	0	-1,588	227	-74	-49	0	-1,484
incl. in Lithuania	0	0	0	-43	0	0	-43
Segment assets	152,727	60,598	155,207	7,922	12,449	-143,957	244,946
Segment liabilities	45,912	42,989	92,477	9,475	13,437	-65,352	138,938
Segment investment in non-current assets	855	613	182	5	160	0	1,815
Depreciation	762	2,847	1,362	75	348	0	5,394

In thousands of euros

2 nd quarter 2011	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	19,450	81,166	679	5,129	3,660	0	110,084
Inter-segment revenue	294	214	2,077	4	110	-2,699	0
Total revenue	19,744	81,380	2,756	5,133	3,770	-2,699	110,084
Operating profit	611	3,496	2,020	474	333	0	6,934
Financial income (Note 20)	177	17	10	0	1	-150	55
Finance income on shares of associates	46	0	0	0	0	0	46
Financial expense (Note 20)	-185	-2	-313	-46	-50	150	-446
Income tax	0	-3,031	0	0	0	0	-3,031
Net profit	649	480	1,717	428	284	0	3,558
incl. in Estonia	649	1,070	1,505	381	301	0	3,906
incl. in Latvia	0	-590	212	-7	-17	0	-402
incl. in Lithuania	0	0	0	54	0	0	54
Segment assets	146,759	58,281	159,972	8,862	12,297	-136,009	250,162
Segment liabilities	33,562	43,834	79,680	8,887	13,047	-51,480	127,530
Segment investment in non-current assets	249	1,737	64	11	64	0	2,125
Depreciation	356	1,199	720	37	192	0	2,504

In thousands of euros

2 nd quarter 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	18,309	77,717	615	3,269	3,386	0	103,296
Inter-segment revenue	341	245	1,929	3	26	-2,544	0
Total revenue	18,650	77,962	2,544	3,272	3,412	-2,544	103,296
Operating profit	303	2,762	2,053	100	121	0	5,339
Financial income (Note 20)	310	28	16	0	0	-287	67
Finance income on shares of associates	55	0	0	0	0	0	55
Financial expense (Note 20)	-287	-11	-405	-41	-58	287	-515
Net profit	381	2,779	1,664	59	63	0	4,946
incl. in Estonia	381	3,110	1,507	123	71	0	5,192
incl. in Latvia	0	-331	157	-37	-8	0	-219
incl. in Lithuania	0	0	0	-27	0	0	-27
Segment assets	152,727	60,598	155,207	7,922	12,449	-143,957	244,946
Segment liabilities	45,912	42,989	92,477	9,475	13,437	-65,352	138,938
Segment investment in non-current assets	339	499	4	0	25	0	867
Depreciation	383	1,410	681	38	177	0	2,689

External revenue according to types of goods and services sold

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Retail revenue	196,792	189,234	104,832	99,167
Wholesale revenue	2,821	1,565	1,673	894
Rental income	2,826	2,801	1,436	1,411
Services and catering revenue	3,785	3,584	2,143	1,824
Total revenue	206,224	197,184	110,084	103,296

External revenue by client location

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Estonia	201,895	193,394	107,617	101,632
Latvia	1,832	1,709	1,108	1,129
Lithuania	2,497	2,081	1,359	535
Total	206,224	197,184	110,084	103,296

Distribution of non-current assets* by location of assets

In thousands of euros

	30.06.2011	31.12.2010
Estonia	156,474	158,246
Latvia	32,187	32,361
Lithuania	193	219
Total	188,854	190,826

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

Note 16. Other operating income

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Income from foreign currency translation	7	7	4	6
Revenue from non-current assets	2	28	2	17
Other operating income	111	329	31	186
Total other operating income	120	364	37	209

Note 17. Other operating expenses

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Rental expenses	6,912	6,863	3,478	3,245
Operating cost	3,030	2,768	1,503	1,390
Advertising expenses	2,124	2,248	986	989
Bank expenses	1,540	1,482	793	780
Security costs	843	942	429	482
Heat and electricity expenses	3,093	3,226	1,382	1,450
Costs of materials	1,482	1,448	790	803
Computer and postage costs	1,234	974	639	500
Business trip expenses	179	158	83	63
Training expenses	77	90	37	47
Insurance expenses	34	42	21	20
Logistics expenses	366	317	175	139
Miscellaneous other operating expenses	1,094	1,053	495	473
Total other operating expenses	22,008	21,611	10,811	10,381

Note 18. Staff Costs

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Wages and salaries	12,679	13,064	6,616	6,621
Social security tax	4,297	4,426	2,240	2,248
Total staff costs	16,976	17,490	8,856	8,869
Average wages per employee per month	639	666	656	684
Average number of employees in the reporting period	3,307	3,267	3,363	3,225

Note 19. Other expenses

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Loss from sale and liquidation of property plant and equipment	10	107	2	77
Foreign exchange losses	13	8	8	3
State fees fines penalties	12	22	10	0
Other expenses	131	226	43	61
Total other expenses	166	363	63	141

Note 20. Finance income and costs

In thousands of euros

Finance income

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Interest income on cash and cash equivalents	25	33	12	15
Interest income on Partner Card	58	46	28	31
Interest income on NGI Group's account (Note 22)	47	66	15	19
Interest income on associate's loan	0	5	0	2
Other finance income	1	0	0	0
Total finance income	131	150	55	67

Finance costs

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Interest expense of bank loans	-791	-940	-410	-487
Interest expense of finance lease	-16	-29	-7	-14
Other finance costs*	-45	-22	-29	-14
Total finance costs	-852	-991	-446	-515

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

Note 21. Earnings per share

In order to calculate basic EPS the net profit distributable to the Parent's shareholders is divided with the weighted average number of common shares in the period of three months. In view of the fact that the Group does not have dilutive adjustments to earnings diluted earnings per share equal basic earnings per share.

In thousands of euros

	6 months 2011	6 months 2010	2 nd quarter 2011	2 nd quarter 2010
Net profit	5,149	4,570	3,558	4,946
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net profit per share	0.13	0.11	0.09	0.12

Note 22. Transactions with Related Parties

In thousands of euros

Upon preparation of the Consolidated Interim Report of Tallinna Kaubamaja AS the following have been deemed as related parties:

- owners (parent company and parties controlling or having significant influence over the parent company);
- associates;
- other companies belonging to the same consolidation group (incl. other subsidiaries of the parent company);
- executive management and senior management;
- close family members of the aforementioned persons and the companies being controlled by them or being under the significant influence thereof.

Group has purchased and sold goods and rendered services as follows:

	Purchases 6 months of 2011	Sales 6 months of 2011	Purchases 6 months of 2010	Sales 6 months of 2010
Parent	143	48	118	66
Entities in the Parent's consolidation group	9,270	565	6,138	266
Associates	0	0	0	5
Other related parties	93	1	45	1
Total	9,506	614	6,301	338

Most of the purchases from other related companies consist of goods for resale. Purchases from the parent company mainly include management fees. Sales to related parties mainly include services rendered.

Loans granted to associates:

	30.06.2011	31.12.2010
Balance at beginning of the year	0	133
Repayments of loans received	0	-133
Balance at end of period	0	0

Balances with related parties:

	30.06.2011	31.12.2010
Parent's interest payable	1	0
Parent's group account payable	731	1,509
Payables of entities in the in the Parent's consolidation group	776	1,163
Sales bonuses payable of entities in the in the Parent's consolidation group	0	103
Executive management and senior management	1	1
Total short-term receivables (Note 4)	1,509	2,776
Total receivables from related parties	1,509	2,776
Parent	29	4
Entities in the Parent's consolidation group	3,424	3,107
Other related parties	19	20
Total liabilities to related parties	3,472	3,131

A Group account agreement is in use enabling Group companies to use the Group's resources up to the limit established by the Parent company. The said Group as a subgroup has joined the NG Investeeringud OÜ group (hereinafter 'the Main Group') account agreement. Since the autumn of 2001 the Tallinna Kaubamaja Group has placed their available funds at the disposal of the Main Group earning interest income from the investment. During 6 months of 2011 the Tallinna Kaubamaja Group was earning 47 thousand euros (2010: 66 thousand euros) of interest revenue from keeping available funds in the group account. The average 6 months of 2011 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 0.36% (2010: 0.24). According to the group account agreement the members of the group bear solitarily liability for the amounts payable to the bank.

The management of Tallinna Kaubamaja AS is of the opinion that prices used in transactions with related parties do not differ significantly from market prices.

Remuneration paid to the members of the management and supervisory boards

The remuneration paid to the members of the management boards of the entities of Tallinna Kaubamaja Group, including social security taxes, totalled 904 thousand euros in six months of 2011, (2010: 294 thousand euros) and the remuneration paid to the members of the supervisory boards totalled 115 thousand euros (2010: 100 thousand euros).

Note 23 Events after the balance sheet date

Tallinna Kaubamaja Group companies had no significant events after the balance sheet date and there were no changes in contingent liabilities that should have been disclosed in Interim Report between 30.06.2011 and 09.08.2011.