TALLINNA KAUBAMAJA AS

Consolidated Interim Report
for the third quarter and first nine 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 3,040 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 September 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 Käo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja AS supervisory board are elected for three years. The mandates of current supervisory board members will expire: Andres Järving 20 May 2012, Jüri Käo 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 September 30, 2011:

	Location	Shareholding as of 30.09.2011	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 Suurtuki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

Estonian economy has managed to withstand the fickleness of world economy, and the economic development over the past year shows that Estonia is economically quite active. In the second quarter, Estonia's GDP increased by 8.4% compared to the same period of the year before, and according to the prognosis of the Estonian Institute of Economic Research, it will increase by 7.0% in this autumn. Compared to 2010, the consumer price index has increased an average of 5.3% within the first nine months. Compared to the previous year, the index was influenced the most by a rise of 11.5% in the prices of foodstuffs and non-alcoholic drinks. The demand by households is limited due to the overall weakness of the labour market. However, the relatively high confidence of consumers, decrease in unemployment and a slight raise in salaries are positive indicators.

In the past nine months, the total volume of retail sales has shown a stable growth compared to the year before. In the first nine months of 2011, the retail sales of retail sales companies increased, relative to the same period of the year before by 10.4% in current prices. The sales increased in most fields of activity. Only in pharmacies and beauty stores the retail sales remained below the level of the previous year. The turnover grew the most in the stores selling household goods, domestic appliances, hardware and building materials where the sales grew by 17.5% compared to the year before. Non-specialised non-food stores and other specialised stores also did well. Compared to the first 9 months of 2010, these stores increased their retail sales by 16.8% and 17.0%, respectively.

Economic results

FINANCIAL RATIOS 2010–2011

	EUR		
	9 months 2011	**9 months 2010**	**Change**
Sales revenue (in millions)	316.5	300.3	5.4%
Operating profit/loss (in millions)	16.9	10.8	56.3%
Net profit/loss (in millions)	12.8	9.3	38.8%
Return on equity (ROE)	9.9%	8.7%	
Return on assets (ROA)	5.0%	3.7%	
Net profit margin	4.06%	3.08%	
Gross profit margin	25.90%	25.71%	
Quick ratio	1.10	1.15	
Debt ratio	0.49	0.55	
Sales revenue per employee (in millions)	0.104	0.094	
Inventory turnover	6.84	7.07	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.20	2.72	
Share's closing price (EUR/share)	4.65	5.64	
Earnings per share (EUR/share)	0.32	0.23	
Average number of employees	3,044	3,209	

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 3rd quarter 2011	 3rd quarter 2010	Change
Sales revenue (in millions)	110.3	103.0	7.1%
Operating profit/loss (in millions)	8.1	5.5	47.4%
Net profit/loss (in millions)	7.7	4.7	64.3%
Return on equity (ROE)	5.9%	4.4%	
Return on assets (ROA)	3.0%	1.9%	
Net profit margin	6.97%	4.54%	
Gross profit margin	26.49%	26.49%	
Quick ratio	1.10	1.15	
Debt ratio	0.49	0.55	
Sales revenue per employee (in millions)	0.04	0.03	
Inventory turnover	2.39	2.43	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.20	2.72	
Share’s closing price (EUR/share)	4.65	5.64	
Earnings per share (EUR/share)	0.19	0.11	
Average number of employees	2,977	3,095	

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

The consolidated unaudited sales revenue of the Tallinna Kaubamaja Group for the first nine months of 2011 was 316.5 million euros. Compared to the sales revenue of the year before, i.e. 300.3 million euros, the growth was 5.4%. In the third quarter, the sales revenue of the group was 110.3 million euros, exceeding the sales revenue of 2010 by 7.1%. The reference base was affected by the sales tax which has been levied in Tallinn since June 2011. In the first nine months of 2011, the sales tax decreased the sales revenue of the group by 1.5 million euros (in the first nine months of 2010, by 0.6 million euros). As of 01.01.2011, the principles for calculating the sales revenue have been altered, and the reference data of 2010 have been adjusted to the new principles. As a result, in the first nine months of 2010, an additional 7.4 million euros have been recorded as the sales revenue.

The consolidated unaudited net profit of the group in the first nine months of 2011 was 12.8 million euros, having increased by 38.8% compared to the 9.3 million euros profit of the same period of the year before. The net profit of the group in the third quarter amounted to 7.7 million euros, having exceeded the profit of the comparable period of the previous year by 64.3% when the respective indicator was 4.7 million euros. The net profit was influenced by the income tax of 3.0 million euros paid on dividends in the second quarter of 2011. In 2010, the income tax in the amount of 0.5 million euros was recorded in the third quarter. The pre-tax profit in the first nine months grew by 63.6%, totalling to 15.9 million euros. In the third quarter, the pre-tax profit increased by 49.8% compared to the same period of the previous year, amounting to 7.7 million euros.

The sales revenue has increased on the strength of several factors. The sales revenue of foodstuffs has grown as a result of inflation. The rise in consumer confidence and increase in the number of tourists, attracted to Tallinn as the Capital of Culture for this year, have increased the sales of fashion and non-food goods. The increased number of tourists has contributed, first and foremost, to the sales revenue of the stores in Tallinn. The improvement of the available range of goods by considering the price sensitivity and conservativeness of customers has helped prevent extensive discounts and, hence, the loss of margin. The significantly better profitability has been ensured by the ongoing cost cutting activities launched in the years of recession. The activities include the improvement of the work organisation and a quest for more flexible ways of cooperating with our partners.

In 2011 the group has closed stores with no prospects but is actively looking for opportunities to reopen stores at better locations. In the end of July, the group closed the Soldino Selver in Narva and the department of Youth Fashion was closed in Department store. An ABC King store in the Zeppelin Centre in Tartu, was closed at the end of August.

As of September 30, 2011, the assets of the Tallinna Kaubamaja Group amount to 253.5 million euros, having decreased by 6.7 million euros or 2.6% compared to the end of 2010.

At the end of the accounting period, the group had over 496,000 loyal customers – a growth of 15.6% had taken place in a year. In September, the number of loyal customers in Kaubamaja and Selver stores increased, as a result of successful campaigns, by 47.5 thousand customers. The back-to-school campaigns were mainly directed to the target group of people under 25, the goal being to expand our loyal customer base in the younger and more price sensitive customer segment. A 28% increase in the number of customers was achieved among people under 25 years of age. The percentage of purchases by loyal customers in the sales revenue of the first nine months was 74.7%. More than 8.5 thousand Partner customer cards had been issued by the end of 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 September at 4.65 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 01.01.2011 to 30.09.2011.

In euros

Department stores

In the nine months of 2011, the sales revenue of the department store business segment amounted to 55.2 million euros, exhibiting an increase of 6.3% compared to the same period of the previous year. Of that, the sales revenue of the third quarter was 18.9 million euros, which was by 10.4% higher than the income of the 3rd quarter of 2010. The profit of the department stores segment in the first nine months of 2011 was 0.5 million euros, which was 1.1 million euros better than the result in year ago. Of that, in the 3rd quarter the profit was 0.5 million euros, having improved by 0.7 million euros compared to the result of a year before. In August, the sales space of department store decreased by 525 m2 as the department of Youth Fashion was closed in late July. The successful selection of goods for the spring season and the summer sales campaigns with a higher margin than before had a positive influence on the profit of the 3rd quarter.

In the first nine months of 2011, the sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. cosmetic stores and is recorded within the department store segment, was 2.0 million euros – an increase of 41.8% compared to the same period of the previous year. Of that, the sales revenue earned in the 3rd quarter was 0.8 million euros, which was by 58.3% higher than in the corresponding period of 2010. The net loss of the I.L.U. chain in the first nine months was 0.5 million euros, which is 0.1 million euros higher than the loss of the nine months of 2010 due to the start-up costs of new stores. The loss in the 3rd quarter amounted to 0.1 million euro, having increased by 0.02 million euros. Compared to the 3rd quarter of the previous year, the I.L.U. chain has a fourth store, opened in September 2010 at the Kristiine Centre in Tallinn, and a fifth store, opened in April 2011 at the Ülemiste Centre in Tallinn.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment generated in the first nine months of 2011 was 234.9 million euros, having increased by 3.3% compared to the same period of the previous year. In the 3rd quarter, the consolidated sales revenue as well as the sales revenue in Estonia amounted to 81.6 million euros, having increased by 4.0% compared to the same period of the previous year. In the nine months of 2011, the average sales revenue per square metre of selling space was 0.37 thousand euros per month, which on a consolidated basis has increased by 3.3% and in Estonia by 2.8% compared to 2010. In the 3rd quarter, the sales revenue per square metre was 0.38 thousand euros which represents a 3.5% growth on a consolidated basis and in the Estonian market. The average sales revenue per square meter of selling space of comparable stores in the first nine months of 2011 was 0.38 thousand euros and in the third quarter 0.39 thousand euros, having increased by 3.7% and 4.5%, respectively. In the first nine months of 2011, 24.9 million purchases were made at Selver stores in Estonia, having decreased by 0.8% compared to the amount of purchases of previous years. As a result of closing the stores in Latvia, the sales revenue in Latvia for the first nine months was 1.3 thousand euros (26.2 thousand euros in the first nine months of 2010). There was no revenue from the sales of goods in Latvia in 2011. The percentage of Selver from the retail sales of the country's non-specialised stores mostly selling foodstuffs, drinks and tobacco products was 18.2% in the first nine months of 2011.

The consolidated pre-tax profit of the supermarket segment in the first nine months of 2011 was 9.7 million euros, having increased by 3.7 million euros and 62.3% compared to the same period of 2010. The consolidated pre-tax profit of the 3rd quarter was 5.1 euros, having increased by 1.3 million euros and 34.2% compared to the same period of the previous year. The consolidated net profit in the first nine months of 2011 was 6.6 million euros, having increased by 1.1 million euros compared to the same period of 2010. The pre-tax profit earned in Estonia in the first nine months of 2011 was 11.4 million euros, of which 5.7 million euros was earned in the third quarter. The increase of profits compared to the same period of the year before was 38.6% and 26.3%, respectively. The net profit of supermarkets earned in Estonia in the first nine months of 2011 was 8.4 million euros. The net profit for the same period in 2010 was 7.8 million euros. The increase of net profit compared to the same period of the previous year was 7.7%. The considerable difference in the increases of pre-tax profit and net profit arises from the income tax paid on dividends which exceeded the amount of income tax paid the year before by 6.7 times. The pre-tax and net loss of SIA Selver Latvia in the first nine months of 2011 was 1.8 million euros, having decreased by 0.5 million euros compared to the same period of the previous year. The pre-tax and net loss of the 3rd quarter was 0.6 million euros, having decreased by 0.1 million euros compared to the same period of the year before. The economic activity in Latvia has been frozen.

The increase of sales revenue of Selver in the first nine months of 2011 continuously stems from successful sales campaigns which meet the expectations of customers. The increase in the sales revenue of goods is influenced by the general price increase in Estonia which has brought about a decrease in sales volumes in Selver and in Estonia as a whole. Compared to the previous year, the increase of sales revenue has been negatively influenced by tight competition in the retail market and the sales tax levied in Tallinn. Also, the closing of Kadaka Selver for a month for carrying out repair works and the missing turnover of Soldino Selver, closed down in July, have had a negative impact on the sales revenue. The increase of the profit in Estonia stems, above all, from the review of the work processes of employees and the introduction of multi-functional work organisation which has increased the efficiency of work force and decreased labour costs in the first nine months of the year by 9%. Throughout the year, the company has focused on the operational cost effectiveness. Also, the decrease of the depreciation costs has had a significant effect on the profit. The latter has arisen due to the active expansion of the Selver chain in 2005.

In the fourth quarter of this year, the company plans to renew the sales environment of three stores by modernising the furnishing and equipment of the stores and by making the stores more convenient for customers. The chain of Selver stores comprises 34 stores and a central kitchen.

Real Estate

The segment’s profit for the first three quarters of 2011 was 2.1 million euros, remaining approximately on the same level as in the same period of the year before. The sales revenue for the 3rd quarter of the accounting year was 0.7 million euros, showing slight increase of 4.7% compared to the 3rd quarter of 2010.

The profit in the real estate business segment in the first three quarters of 2011 was 5.1 million euros. That was 3.1% better than the profit of the same period of 2010 which is mainly the result of lower interest rates of 2011. In the 3rd quarter, the segment earned a profit of 1.7 million euros exceeding the profit of the 3rd quarter of 2010 by 3.3%.

Car Trade

The sales revenue of the car trade segment in the first nine months of 2011 without the inter-segment transactions was 14.3 million euros, exceeding the revenue of the same period of the year before by 50.8%. The 3rd quarter revenue of 5.3 million euros exceeded the sales revenue of the same period of the previous year by 61.9%. The segment made a profit of 1.0 million euros in the first nine months of the year, 0.4 million of which was earned in the third quarter. The respective profits in 2010 were 0.2 million euros and 0.2 million euros.

In nine months, an average of 758 vehicles were sold, 291 of which were sold in the third quarter. Compared to the same period of the previous year, the growth was 50% and 74%, respectively. The stable growth of profit has been fuelled by the continuously advantageous market in the segment. In the first nine months of the year, the sales of new vehicles in the Baltic states as a whole increased by 79%. The increase of profit has also been affected by the continuous control of operational costs. The profitability of the II half-year has also been improved by the introduction of KIA Rio, a B-segment model, in the 3rd quarter and KIA Optima, a middle-class sedan, to be introduced in the 4th quarter.

Footwear trade

The consolidated sales revenue of the footwear business segment in the first nine months of 2011 was 10.0 million euros having increased by 6.8% compared to the same period of 2010. The sales revenue in the third quarter of 2011 was 3.8 million euros. The sales revenue increased compared to the 3rd quarter of 2010 by 8.1%. The net loss for the first nine months was 0.4 million euros. The net loss for the first nine months of 2010 was 0.7 million euros, i.e. the loss decreased by 51.7%. In the 3rd quarter of 2011, the net loss of footwear stores was 0.004 million euros, i.e. the loss decreased by 0.2 million euros compared to the third quarter of 2010. The loss of the quarter has been brought about by the seasonality of the footwear business, since the clearance sales of ABC and SHU chains are held in the 1st and 3rd quarter when the gross margins are considerably lower than usual.

No new footwear stores were opened in the 3rd quarter of 2011. An ABC King store, operating at a loss in the Zeppelin Centre in Tartu, was closed at the end of August. As of the end of September, Suurtüki NK OÜ has 13 stores in Estonia, ABC King AS has 10 stores in Estonia and ABC King SIA has 3 stores in Latvia. In the 4th quarter, it is planned to open the first SHU store at the Kaubamajakas Centre in Pärnu. The ABC store, currently active in the same space, will be closed for the winter and reopened on new premises in the 2nd quarter of 2012.

Personnel

The average number of employees working for the Tallinna Kaubamaja Group was 3,044 in the first nine months of 2011, a decline of 5.1% year-on-year. The total personnel costs (cost of wages and social security taxes) were 24.8 million euros in the first nine months of the year, decreasing 4.7% year-on-year. In the third quarter, the labour costs decreased by 8.2% compared to the previous year. In parallel, the average number of employees decreased by 3.8%.The average wage cost per employee in the first nine months declined 0.4% compared to the average wages in the first quarter 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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 8th November 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 third quarter and nine 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.

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Raul Puusepp
Chairman of the Management Board

Tallinn, 8th November 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2011	31.12.2010
ASSETS			
Current assets			
Cash and bank	2	8,574	15,734
Trade receivables	3	6,230	6,082
Other short-term receivables	4	3,432	5,549
Prepaid and refundable taxes	5	74	349
Other prepayments	5	630	748
Inventories	6	46,247	39,385
Total current assets		**65,187**	**67,847**
Fixed assets			
Prepaid expenses	5	1,347	1,272
Investments in associates	8	1,558	1,504
Other long-term receivables		68	141
Investment property	9	3,566	3,566
Tangible fixed assets	10	171,886	175,638
Intangible fixed assets	11	3,208	3,533
Goodwill	11	6,710	6,710
Total fixed assets		**188,343**	**192,364**
TOTAL ASSETS		**253,530**	**260,211**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	6,116	17,635
Prepayments received		85	573
Trade payables		45,851	40,377
Tax liabilities	13	3,748	4,677
Other current liabilities	13	3,373	4,079
Provisions	13	107	127
Total current liabilities		**59,280**	**67,468**
Long-term liabilities			
Borrowings	12	63,860	63,844
Provisions	13	74	88
Total long-term liabilities		**63,934**	**63,932**
TOTAL LIABILITIES		**123,214**	**131,400**
Equity			
Share capital	14	24,438	26,031
Statutory reserve capital		2,603	2,603
Revaluation reserve		52,474	53,308
Retained earnings		51,354	47,495
Currency translation differences		-553	-626
TOTAL EQUITY		**130,316**	**128,811**
TOTAL LIABILITIES AND EQUITY		**253,530**	**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	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Revenue	15	316,544	300,349	110,320	103 035
Other operating income	16	282	544	162	180
Materials and consumables used	6	-234,554	-223,115	-81,096	-75 739
Other operating expenses	17	-32,858	-32,394	-10,850	-10 653
Staff costs	18	-24,843	-26,064	-7,867	-8 574
Depreciation and amortisation	10,11	-7,432	-8,018	-2,496	-2 624
Other expenses	19	-220	-479	-54	-116
Operating profit/(-loss)		**16,919**	**10,823**	**8,119**	**5 509**
Financial income	20	181	220	50	70
Financial costs	20	-1,366	-1,486	-514	-495
Financial income on shares of associates	8	133	143	32	46
Profit/(loss) before income tax		**15,867**	**9,700**	**7,687**	**5 130**
Income tax	14	-3,031	-450	0	-450
Net profit (loss) for the reporting period		**12,836**	**9,250**	**7,687**	**4 680**
Other comprehensive income/(loss)					
Exchange differences		73	-60	-3	-24
Other comprehensive income for the reporting period		**73**	**-60**	**-3**	**-24**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD		**12 909**	**9,190**	**7,684**	**4,656**
Basic and diluted earnings per share	21	0.32	0.23	0.19	0.11

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	9 months 2011	9 months 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit (loss)		12,836	9,250
Adjustments:			
Income tax on dividends	14	3,031	450
Interest expense	20	1,366	1,486
Interest income	20	-181	-220
Depreciation and amortisation	10,11	7,432	8,018
Profit/loss on sale and write-off of non-current assets		56	490
Effect of equity method	8	-133	-143
Change in inventories		-6,862	-3,076
Change in receivables and prepayments related to operating activities		1,584	1,065
Change in liabilities and prepayments related to operating activities		3,350	-2,539
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**22,479**	**14,781**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-3,438	-2,501
Proceeds from sale of property, plant and equipment	10	28	70
Loan to group account		778	-312
Loan to associated company	8	0	96
Dividends received	8	79	0
Interest received		181	237
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**-2,372**	**-2,410**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans received	12	11,329	5,185
Repayments of loans received	12	-22,523	-16,533
Dividends paid	14	-11,404	-1,692
Income tax on dividends	14	-3,031	-450
Repayment of financial lease principal	12	-309	-300
Interest paid		-1,402	-1,532
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**-27,340**	**-15,322**
TOTAL CASH FLOW		**-7,233**	**-2,951**
Effect of exchange rate changes		73	-71
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	8,574	11,274
Net change in cash and cash equivalents		**-7,160**	**-3,022**

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	9,250	-60	9,190
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 30.09.2010	**26,031**	**2,603**	**42,644**	**39,992**	**-606**	**110,664**
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	12,836	73	12,909
Reclassification of depreciation of revalued land and buildings	0	0	-834	834	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 30.09.2011	**24,438**	**2,603**	**52,474**	**51,354**	**-553**	**130,316**

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 Repor*ting as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 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 third quarter and nine 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 9 months in 2010 would have included additional 7,359 thousand euros.

Note 2. Cash and Bank

In thousands of euros

	30.09.2011	31.12.2010
Cash on hand	1,145	200
Bank accounts	6,715	14,000
Cash in transit	714	1,534
Total cash and bank	**8,574**	**15,734**

Note 3. Trade Receivables

In thousands of euros

	30.09.2011	31.12.2010
Trade receivables	5,034	4,849
Card payments	1,196	1,233
Total trade receivables	**6,230**	**6,082**

Note 4. Other Short Term Receivables

In thousands of euros

	30.09.2011	31.12.2010
Bonuses receivable from suppliers	1,355	2,666
Other short-term receivables from related parties (Note 22)	1,880	2,776
Other short-term receivables	197	107
Total other short-term receivables	**3,432**	**5,549**

Note 5. Prepayments

In thousands of euros

	30.09.2011	31.12.2010
Prepayment account of taxable entity	74	349
Total tax prepayments and claims	**74**	**349**
Prepaid rental expenses	126	399
Other prepaid expenses	504	349
Total other short-term prepayments	**630**	**748**
Prepaid rental expenses	1,347	1,272
Total long-term prepayments	**1,347**	**1,272**

Note 6. Inventories

In thousands of euros

	30.09.2011	31.12.2010
Goods purchased for resale	42,948	37,251
Passenger cars purchased for resale	1,965	1,100
Raw materials and materials	666	664
Prepayment for goods	668	370
Total inventories	**46,247**	**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:

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Write-down and write-off of inventories	2,629	2,424	996	864
Shortages of inventory stocktaking	1,121	974	361	322
Total materials and consumables used	**3,750**	**3,398**	**1,357**	**1,186**

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 September 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 Suurtuki	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, Perkunkiemio 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 Rävala Parkla AS which renders multi-storey car park services in Tallinn.

In thousands of euros

	30.09.2011	31.12.2010
Investment in the associate at beginning of the year	**1,504**	**1,299**
Profit for the reporting period under equity method	133	205
Dividends received	-79	0
Investment in the associate at end of the year	**1,558**	**1,504**

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

	30.09.2011	31.12.2010
Assets	3,720	3,750
Liabilities	606	745

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Income for the period	360	356	96	111
Profit for the period	266	285	64	90

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 30.09.2011	**3,566**

Note 10. Tangible Fixed Assets

In thousands of euros

	Land and buildings	Machinery and equipment	Other equipment fixtures and fittings	Prepay-ments for property, plant and equipment	Cons-truction 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	35	230	221	2,005	947	3,438
Reclassification	994	1,069	1,955	-3,154	-864	0
Sales	0	-28	-3	0	0	-31
Write downs	0	0	-53	0	0	-53
Depreciation	-3,000	-1,968	-2,139	0	0	-7,107
Currency difference	0	1	0	0	0	1
30.09.2011						
Cost or revalued amount	139,058	22,129	23,049	1,589	47,697	233,522
Accumulated depreciation and impairment losses	-13,288	-16,798	-16,478	0	-15,072	-61,636
Carrying amount	**125,770**	**5,331**	**6,571**	**1,589**	**32,625**	**171,886**

The cost of investments for the nine months of 2011 amounted to 3,438 thousand euros.

In the accounting period, the size of the investment in the business segment of Kaubamaja was 611 thousand euros. Advance payments in the amount of 164 thousand euros had been made to obtain new software. In April new I.L.U. store was opened in Ülemiste Center, investment amounted to 212 thousand euros. In August renovation of I.L.U. Kirstiine store amounted to 17 thousand euros. The fittings of sales areas were renewed in the sum of 104 thousand euros and investment in new machinery amounted to 114 thousand euros.

The cost of investments made in nine months of 2011 in the supermarket business segment was 2,508 thousand euros. With renewed fittings and a new solution was opened Kadaka Selver in April, in May Kärdla Selver and in June Keila Selver. Investments in renewed stores were accordingly 1,909 thousand euros for Kadaka Selver, 40 euros for Kärdla Selver and 287 thousand euros for Keila Selver. Machines and devices were purchased for the Selver stores in the sum of 272 thousand euros.

The cost of the real estate business segment investment was 171 thousand euros. Among others, a new parking system costing 52 thousand euros was employed in Tartu and in the amount of 119 thousand euros maintenance work were capitalised.

The cost of investments in the accounting period was 50 thousand euros in the vehicle trade business segment and 98 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	-175	-147	-3	-325
30.09.2011					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-758	-638	-3	-1,987
Carrying amount	**6,710**	**2,751**	**442**	**15**	**9,918**

Under intangible assets is stated the goodwill related to acquisition of OptiGroup Invest OÜ, OÜ Suurtüki NK, SIA Suurtuki, AS ABC King and ABC King SIA as on 30.09.2011 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:

	30.09.2011	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 30.09.2011 is 11,75 years.

Note 12. Interest bearing borrowings

In thousands of euros

Group	30.09.2011	31.12.2010
Long-term loans		
Bank loans	63,611	63,610
Financial lease liability	132	132
Other borrowings	117	102
Total long-term loans	**63,860**	**63,844**

Short-term loans		
Overdraft	145	145
Bank loans	5,404	16,805
Financial lease liability	98	407
Other borrowings	469	278
Total short-term loans	**6,116**	**17,635**
Total loans	**69,976**	**81,479**

Borrowings received
In thousands of euros

	9 months 2011	9 months 2010
Bank loans	10,025	4,638
Financial lease liability	0	13
Other borrowings	1 304	534
Total borrowings received	**11,329**	**5,185**

Borrowings paid
In thousands of euros

	9 months 2011	9 months 2010
Bank loans	21,426	16,122
Finance lease liability	309	300
Other borrowings	1,097	411
Total Borrowings paid	**22,832**	**16,833**

As of 30.09.2011, the repayment dates of bank loans are between 31.10.2011 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 2.606% (2010: 2.066%).

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

	30.09.2011	31.12.2010
Value added tax	1,265	2,069
Sales tax	508	547
Personal income tax	558	578
Social security taxes	1,226	1,281
Corporate Income tax on fringe benefits	4	19
Unemployment insurance	146	150
Mandatory funded pension	41	33
Total tax liabilities	**3,748**	**4,677**
Employee-payables	2,226	3,524
Interest payable	3	38
Other accrued expenses	238	29
Prepayments by tenants	906	488
Total other short-term payables	**3,373**	**4,079**
Short-term provisions	107	127
Long-term provisions	74	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 30.09.2011, 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. In 2010 dividends paid out amounted to 1,692 thousand euros (0.04 euros per share), related income tax amounted to 450 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

9 months 2011	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**55,249**	**234,902**	**2,103**	**14,252**	**10,038**	**0**	**316,544**
Inter-segment revenue	862	619	6,263	10	337	-8,091	0
Total revenue	56,111	235,521	8,366	14,262	10,375	-8,091	316,544
Operating profit (loss)	**224**	**9,570**	**6,133**	**1,177**	**-185**	0	**16,919**
Financial income (Note 20)	725	110	61	0	1	-716	181
Finance income on shares of associates	133	0	0	0	0	0	133
Financial expense (Note 20)	-622	-19	-1,104	-165	-172	716	-1,366
Income tax	0	-3,031	0	0	0	0	-3,031
Net profit (loss)	**460**	**6,630**	**5,089**	**1,013**	**-356**	0	**12,836**
incl. in Estonia	460	8,385	4,569	1,003	-278	0	14,139
incl. in Latvia	0	-1,755	520	-58	-78	0	-1,371
incl. in Lithuania	0	0	0	68	0	0	68
Segment assets	**154,738**	**57,885**	**159,082**	**9,807**	**13,107**	-141,089	**253,530**
Segment liabilities	**33,980**	**38,338**	**77,052**	**9,452**	**13,861**	-49,469	**123,214**
Segment investment in non-current assets (Note 10, 11)	611	2,508	171	50	98	0	3,438
Depreciation (Note 10, 11)	1,072	3,518	2,158	111	573	0	7,432

In thousands of euros

9 months 2010	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**51,995**	**227,367**	**2,132**	**9,453**	**9,402**	0	**300,349**
Inter-segment revenue	850	614	5,800	10	97	-7,371	0
Total revenue	52,845	227,981	7,932	9,463	9,499	-7,371	300,349
Operating profit (loss)	**-895**	**5,888**	**6,110**	**283**	**-563**	**0**	**10,823**
Financial income (Note 20)	986	100	59	0	1	-926	220
Finance income on shares of associates	143	0	0	0	0	0	143
Financial expense (Note 20)	-836	-37	-1,235	-129	-175	926	-1,486
Income tax	0	-450	0	0	0	0	-450
Net profit (loss)	**-604**	**5,503**	**4,934**	**154**	**-737**	0	**9,250**
incl. in Estonia	-604	7,789	4,536	334	-665	0	11,390
incl. in Latvia	0	-2,286	398	-120	-72	0	-2,080
incl. in Lithuania	0	0	0	-60	0	0	-60
Segment assets	**157,162**	**60,720**	**154,728**	**8,418**	**13,243**	**-146,571**	**247,700**
Segment liabilities	**45,775**	**39,756**	**90,351**	**9,852**	**14,420**	**-63,117**	**137,037**
Segment investment in non-current assets (Note 10,11)	1,137	725	212	20	407	0	2,501
Depreciation (Note 10,11)	1,141	4,195	2,044	112	526	0	8,018

In thousands of euros

3rd quarter 2011	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**18,936**	**81,575**	**718**	**5,284**	**3,807**	**0**	**110,320**
Inter-segment revenue	309	188	2,107	3	115	-2,722	0
Total revenue	19,245	81,763	2,825	5,287	3,922	-2,722	110,320
Operating profit (loss)	**394**	**5,048**	**2,139**	**472**	**66**	**0**	**8,119**
Financial income (Note 20)	292	56	37	0	0	-335	50
Finance income on shares of associates	32	0	0	0	0	0	32
Financial expense (Note 20)	-251	-4	-444	-80	-70	335	-514
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**467**	**5,100**	**1,731**	**393**	**-4**	**0**	**7,687**
incl. in Estonia	467	5,679	1,634	374	11	0	8,165
incl. in Latvia	0	-579	97	-18	-15	0	-515
incl. in Lithuania	0	0	0	37	0	0	37
Segment assets	**154,738**	**57,885**	**159,082**	**9,807**	**13,107**	-141,089	**253,530**
Segment liabilities	**33,980**	**38,338**	**77,052**	**9,452**	**13,861**	-49,469	**123,214**
Segment investment in non-current assets	135	195	51	9	6	0	396
Depreciation	384	1,166	721	36	189	0	2,496

In thousands of euros

3rd quarter 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**17,159**	**78,406**	**686**	**3,263**	**3,521**	**0**	**103,035**
Inter-segment revenue	286	182	1,948	2	44	-2,462	0
Total revenue	17,445	78,588	2,634	3,265	3,565	-2,462	103,035
Operating profit (loss)	**-343**	**3,783**	**2,050**	**156**	**-137**	**0**	**5,509**
Financial income (Note 20)	283	26	12	0	1	-252	70
Finance income on shares of associates	46	0	0	0	0	0	46
Financial expense (Note 20)	-259	-12	-386	-38	-52	252	-495
Income tax	0	-450	0	0	0	0	-450
Net profit (loss)	**-275**	**3,349**	**1,676**	**118**	**-188**	**0**	**4,680**
incl. in Estonia	-275	4,047	1,505	181	-165	0	5,293
incl. in Latvia	0	-698	171	-46	-23	0	-596
incl. in Lithuania	0	0	0	-17	0	0	-17
Segment assets	**157,162**	**60,720**	**154,728**	**8,418**	**13,243**	**-146,571**	**247,700**
Segment liabilities	**45,775**	**39,756**	**90,351**	**9,852**	**14,420**	**-63,117**	**137,037**
Segment investment in non-current assets	282	112	30	15	247	0	686
Depreciation	379	1,348	682	37	178	0	2,624

External revenue according to types of goods and services sold

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Retail revenue	301,341	288,093	104,549	98,859
Wholesale revenue	5,072	2,542	2,240	971
Rental income	4,285	4,183	1,470	1,388
Services revenue	5,846	5,531	2,061	1,817
Total revenue	**316,544**	**300,349**	**110,320**	**103,035**

External revenue by client location

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Estonia	309,906	295,342	108,011	101,818
Latvia	2,892	2,387	1,060	678
Lithuania	3,746	2,620	1,249	539
Total	**316,544**	**300,349**	**110,320**	**103,035**

Distribution of non-current assets* by location of assets

In thousands of euros

	30.09.2011	31.12.2010
Estonia	154,507	158,280
Latvia	32,097	32,361
Lithuania	181	219
Total	**186,785**	**190,860**

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

Note 16. Other operating income

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Income from foreign currency translation	14	13	7	6
Revenue from non-current assets	6	28	4	0
Other operating income	262	503	151	174
Total other operating income	**282**	**544**	**162**	**180**

Note 17. Other operating expenses

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Rental expenses	10,317	10,188	3,405	3,325
Operating cost	4,665	4,518	1,635	1,620
Advertising expenses	3,175	3,344	1,051	1,096
Bank expenses	2,296	2,251	756	769
Security costs	1,218	1,407	375	465
Heat and electricity expenses	4,589	4,558	1,496	1,332
Costs of materials	2,198	2,155	716	707
Computer and postage costs	1,831	1,479	597	505
Business trip expenses	282	245	103	87
Training expenses	97	119	20	29
Insurance expenses	53	61	19	19
Logistics expenses	577	486	211	169
Miscellaneous other operating expenses	1,560	1,583	466	530
Total other operating expenses	**32,858**	**32,394**	**10,850**	**10,653**

Note 18. Staff Costs

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Wages and salaries	18,559	19,464	5,880	6,400
Social security tax	6,284	6,600	1,987	2,174
Total staff costs	**24,843**	**26,064**	**7,867**	**8,574**
Average wages per employee per month	677	674	658	689
Average number of employees in the reporting period	3,044	3,209	2,977	3,095

Note 19. Other expenses

In thousands of euros

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Loss from sale and liquidation of property plant and equipment	14	141	4	34
Foreign exchange losses	14	22	1	14
State fees fines penalties	13	29	1	7
Other expenses	179	287	48	61
Total other expenses	**220**	**479**	**54**	**116**

Note 20. Finance income and costs

In thousands of euros

Finance income

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Interest income on cash and cash equivalents	36	46	11	13
Interest income on Partner Card	78	79	20	33
Interest income on NGI Group's account (Note 22)	66	88	19	22
Interest income on associate's loan	0	6	0	1
Other finance income	1	1	0	1
Total finance income	**181**	**220**	**50**	**70**

Finance costs

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Interest expense of bank loans	-1,269	-1,409	-478	-469
Interest expense of finance lease	-21	-41	-5	-12
Other finance costs*	-76	-36	-31	-14
Total finance costs	**-1,366**	**-1,486**	**-514**	**-495**

* Other interest expenses comprise fees for concluding and amending loan contracts lease agreements and factoring contracts. 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 nine 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

	9 months 2011	9 months 2010	3rd quarter 2011	3rd quarter 2010
Net profit (loss)	12,836	9,250	7,687	4,680
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net profit (loss) per share	**0.32**	**0.23**	**0.19**	**0.11**

Note 22. Transactions with Related Parties

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

a. owners (parent company and parties controlling or having significant influence over the parent company);

b. associates;

c. other companies belonging to the same consolidation group (incl. other subsidiaries of the parent company);

d. executive management and senior management;

e. 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:

In thousands of euros

	Purchases 9 months of 2011	Sales 9 months of 2011	Purchases 9 months of 2010	Sales 9 months of 2010
Parent	221	67	166	92
Entities in the Parent's consolidation group	13,724	923	10,640	638
Associates	0	0	0	6
Other related parties	143	1	84	1
Total	**14,088**	**991**	**10,890**	**737**

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:

In thousands of euros

	30.09.2011	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:

In thousands of euros

	30.09.2011	31.12.2010
Parent's interest payable	9	0
Parent's group account payable	1,228	1,509
Payables of entities in the in the Parent's consolidation group	642	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)	**1,880**	**2,776**
Total receivables from related parties	**1,880**	**2,776**

	30.09.2011	31.12.2010
Parent	29	4
Entities in the Parent's consolidation group	2,866	3,107
Other related parties	44	20
Total liabilities to related parties	**2,939**	**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 9 months of 2011 the Tallinna Kaubamaja Group earned 66 thousand euros (2010: 88 thousand euros) of interest revenue from keeping available funds in the group account. The average 9 months of 2011 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 0.76% (2010: 0.21%). 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 1,084 thousand euros in nine months of 2011, (2010: 321 thousand euros) and the remuneration paid to the members of the supervisory boards totalled 163 thousand euros (2010: 150 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 30.09.2011 and 08.11.2011.