

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report for
the Second quarter and first 6 months of 2012
(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 3,200 employees.

The Company is listed on the Tallinn Stock Exchange.

| | |
|-------------------------------------|---|
| Registered office: | Gonsiori 2, 10143 Tallinn Republic of Estonia |
| Registry code: | 10223439 |
| Beginning of financial year: | 1 January 2012 |
| End of financial year: | 31 December 2012 |
| Beginning of interim report period: | 1 January 2012 |
| End of interim report period: | 30 June 2012 |
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MANAGEMENT REPORT

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

Management

In order to manage the Tallinna Kaubamaja AS the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja AS supervisory board are Jüri 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 Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2015. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja AS in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja AS has one member. The term of office of the management board member Raul Puusepp was extended on 23 February 2011 and his term of office expires on 6 March 2014.

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

Company's structure

The following companies belong to the group as of June 30, 2012 (Note 7):

| | Location | Shareholding as of 30.06.2012 | Shareholding as of 31.12.2011 |
|----------------------------------|-----------|----------------------------------|----------------------------------|
| Selver AS | Estonia | 100% | 100% |
| Kulinaaria OÜ | Estonia | 100% | 0% |
| Kaubamaja AS | Estonia | 100% | 0% |
| Topsec Turvateenused OÜ | Estonia | 100% | 0% |
| AS Tartu Kaubamaja | Estonia | 100% | 100% |
| Tartu Kaubamaja Kinnisvara OÜ | Estonia | 100% | 100% |
| Tallinna Kaubamaja Kinnisvara AS | Estonia | 100% | 100% |
| SIA TKM Latvija | Latvia | 100% | 100% |
| Selver Latvia SIA | Latvia | 100% | 100% |
| 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

According to specified data, Estonia's gross domestic product grew by 3.6% in the 1st quarter of 2012, as compared to the same quarter the year before. Estonia's economic growth slowed down from the last quarter of 2011 and, according to forecasts, will slow down significantly in the second half of 2012 due to the external environment. The slowdown is, however, not as extensive as forecasted last autumn. The current more optimistic expectation for growth is based on the knowledge that the domestic demand was strong at the beginning of 2012. In Estonia, the consumer price index increased by 4.1% in the first six months; in case of food and non-alcoholic beverages by 2.7%, in case of clothes and footwear by 5.1%. The housing costs experienced the steepest price increase – 10.4%. In the coming months, the inflation will be influenced by the high reference base, which is why the annual pace of inflation should decrease. The inflation prognosis by the Bank of Estonia for this year is 3.9%.

According to the data of Statistics Estonia, the total amount of retail sales in current prices increased by 15.0% in Estonia in the first five months of 2012, reflecting a strong growth in retail sales in the first six months. The retail sales of textile products, clothes, footwear and leather products showed strong growth in the first five months of 2012 (22.2%). The retail sales in unspecialized stores (mostly foodstuffs) increased in the first five months of the year by 12.0%. The consumer barometer survey of June conducted by the Estonian Institute of Economic Research revealed that consumer confidence had slightly decreased. The indicator deteriorated due to the expectations regarding the economic situation of the country, the situation of one's own family, as well as one's ability to save. However, the confidence remains above the historical average. The wages increased by 6.9% from the basis of the previous year in the first quarter, which is more or less in the similar extent with the growth experienced in the few previous quarters. Analysts believe that the situation of the improvement of the labour market and increase in wages may continue in the second and third quarters, which may indicate an increase in private consumption in the near future.

Economic results**FINANCIAL RATIOS 2011–2012**

| | EUR | | Change |
|--|---------------|---------------|--------|
| | 6 months 2012 | 6 months 2011 | |
| Sales revenue (in millions) | 224.9 | 206.2 | 9.1% |
| Operating profit/loss (in millions) | 10.1 | 8.8 | 15.1% |
| Net profit/loss (in millions) | 5.5 | 5.1 | 7.6% |
| Return on equity (ROE) | 4.1% | 4.1% | |
| Return on assets (ROA) | 2.1% | 2.0% | |
| Net profit margin | 2.46% | 2.50% | |
| Gross profit margin | 25.34% | 25.58% | |
| Quick ratio | 0.96 | 0.94 | |
| Debt ratio | 0.51 | 0.51 | |
| Sales revenue per employee (in millions) | 0.069 | 0.063 | |
| Inventory turnover | 4.76 | 4.77 | |
| SHARE | | | |
| Average number of shares (1000 pcs) | 40,729 | 40,729 | |
| Equity capital per share (EUR/share) | 3.21 | 3.01 | |
| Share's closing price (EUR/share) | 5.60 | 5.39 | |
| Earnings per share (EUR/share) | 0.14 | 0.13 | |
| Average number of employees | 3,268 | 3,295 | |

| | EUR | | Change |
|--|--|------------------------------|--------|
| | 2 nd quarter 2012 | 2 nd quarter 2011 | |
| Sales revenue (in millions) | 118.8 | 110.1 | 8.0% |
| Operating profit/loss (in millions) | 6.6 | 6.9 | -5.0% |
| Net profit/loss (in millions) | 2.3 | 3.6 | -34.9% |
| Return on equity (ROE) | 1.7% | 2.8% | |
| Return on assets (ROA) | 0.9% | 1.4% | |
| Net profit margin | 1.95% | 3.23% | |
| Gross profit margin | 25.96% | 26.49% | |
| Quick ratio | 0.96 | 0.94 | |
| Debt ratio | 0.51 | 0.51 | |
| Sales revenue per employee (in millions) | 0.036 | 0.033 | |
| Inventory turnover | 2.52 | 2.55 | |
| SHARE | | | |
| Average number of shares (1000 pcs) | 40,729 | 40,729 | |
| Equity capital per share (EUR/share) | 3.21 | 3.01 | |
| Share's closing price (EUR/share) | 5.60 | 5.39 | |
| Earnings per share (EUR/share) | 0.06 | 0.09 | |
| Average number of employees | 3,306 | 3,344 | |
| Return on equity (ROE) | = Net profit / Average owners' equity * 100% | | |
| Return on assets (ROA) | = Net profit / Average total assets * 100% | | |
| Sales revenue per employee | = Sales revenue / Average number of employees | | |
| Inventory turnover (multiplier) | = Cost of goods sold / inventories | | |
| Net profit margin | = Net profit / Sales revenue * 100% | | |
| Gross profit margin | = (Sales revenue - Cost of goods sold) / Sales revenue | | |
| Quick ratio | = Current assets / Current liabilities | | |
| Debt ratio | = Total liabilities / Balance sheet total | | |

The consolidated unaudited sales revenue of the Tallinna Kaubamaja Group in the 1st half-year of 2012 was 224.9 million euros, having increased by 9.1% compared to the 1st half-year of 2011, when the sales revenue was 206.2 million euros. In the second quarter, the Group's sales revenue reached 118.8 million euros, exceeding the sales revenue of a year earlier by 8.0%. The consolidated unaudited net profit of the group, generated in the first six months of 2012, was 5.5 million euros, which is 7.6% higher than the 5.1 million euros of the same period last year. The Group's net profit of the second quarter was 2.3 million euros, which forms 65.1% of the comparable period of the previous year, when the corresponding indicator was 3.6 million euros. The net profit of the six months and especially the second quarter were considerably influenced by the income tax of 3.8 million euros paid on dividends in June. The pre-tax profit in the first six months was 9.3 million euros, having increased by 13.8% compared to the year before. The pre-tax profit of the 2nd quarter amounted to 6.1 million euros, but was 7.7% lower compared to the same period of the year before due to the write-off of the software which had lost its disposable value recognised in the depreciation of fixed assets in the amount of 0.9 million euros.

The sales revenue and the pre-tax profit of all business segments of the group increased, which allows the group to be satisfied with the result of the first six months. The priorities of the first six months have been looking for growth possibilities for the segments and increasing competitiveness through internal rearrangements. In late June, the group founded three new subsidiaries: Kaubamaja AS, Kulinaaria OÜ and Topsec Turvateenused OÜ, with the aim to reorganize the structure of the companies within the group and make management more transparent. The business activities of the segment of department stores which has been operating the department stores in Tallinn and Tartu in the parent company of the group are scheduled to be transferred to Kaubamaja AS in the course of the division. The security-related activities of the group which have been operated under Tartu Kaubamaja AS are

scheduled to be transferred to Topsec Turvateenused OÜ. Selver AS is planning to transfer the business activities of the central kitchen to Kulinaaria OÜ in the course of the division. On 3 July, 2012, the group finalized the transaction to acquire 100% participation in AS Viking Motors. With this purchase, the group expands its segment of vehicle trade, which has been one of the strategic segments of the business activities of the group since 2007. By virtue of this transaction, in parallel to the export and sale of KIA vehicles in all the Baltic States, the salon in Tallinn will launch the sale and service of Opel and Cadillac, also the service of Saab, Corvette, and Hummer vehicles, providing an opportunity to expand the group's activities to the segment of commercial vehicles, and additional sale and service premises for better customer service.

Several other very important development projects have been launched in the first six months. The renewed Partner Card loyalty programme was launched on May 10. A joint purchase bonus valid in all stores of the Group was added to the discounts valid so far – this will improve cross-group synergy, offering greater and greater discounts to the customers who make all their everyday purchases in the Group's various stores. Within the renewed programme, a joint international credit card was also introduced to the market in cooperation with LHV Bank. Feedback from customers has been very positive and the number of issued cards has exceeded preliminary prognoses – almost 2,600 LHV Partner Credit Cards had been issued by the end of June. The development plan of the segment of Selver supermarkets includes opening several small stores within the new concept of convenient stores, the first of those in Tallinn in December this year. There was a Selver opened in Saku on May 17 and new stores are planned to be opened in Rapla and in Vahi district in Tartu in 2012. An ABC King store was reopened in Kaubamajakas in Pärnu on July 5, it is planned to open a new SHU store in Viljandi in November 2012. In August, it is planned to open the sixth I.L.U store in the shopping centre Tasku in Tartu.

The volume of the assets of the Tallinna Kaubamaja Group as of 30 June 2012 was 265.7 million euros, having grown by 3.2 million euros compared to the end of 2011, i.e. 1.2%.

At the end of the accounting period, the Group had more than 515.0 thousand loyal customers – a figure that had increased by 16.6% in a year. The share of purchases made by loyal customers from the sales revenue of the Group was 81.0% and was positively affected by renewed Partner Card loyalty programme.

Share market

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

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

The share with a price of 4.813 euros at the end of 2011 was closed in late June of 2012 at 5.600 euros, increased by 16.35% within the six months of the year.

According to the notice of regular annual general meeting of the shareholders published on 16 March 2012, the management board proposed to pay dividends 0.35 euros per share. The general meeting of shareholders approved it.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2012 to 30.06.2012.

In euros



Department stores

The sales revenue of the business segment of department stores in the first 6 months of 2012 was 40.0 million euros, having grown by 10.3% compared to the same period of the previous year. Of that sum, 21.0 million euros of sales revenue was earned in the second quarter; the sales revenue was 8.2% higher than the revenue of the 2nd quarter of 2011. The profit of department stores in the first six months of 2012 was 0.5 million euros, exceeding the result of the year before by 0.5 million euros. The profit of the 2nd quarter was 0.8 million euros, which exceeded the profit of 2011 by 21.4% or 0.14 million euros. The sales revenue of department stores per one square metre of selling space was 0.27 thousand euros a month, which is 11.2% more than during the same period of a year before. In the second quarter, the sales revenue was positively influenced by the final campaign of the Sports Department in the Tartu store, as well as the preliminary discount campaign targeted at best customers. The sales results of the first half-year were negatively influenced by renovation works in the Women's Department of Tallinna Kaubamaja, which lasted from mid-January to March and had a temporary impact on selling activities on 3,500 square metres. In addition, 12.6% of the total selling space or 2,100 square metres were completely closed for two months due to alteration works – Estonia's largest Children's Department was opened on March 22 instead of the earlier Sports and Digital Departments.

The sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. beauty stores, was 1.7 million euros in the first half-year of 2012, having grown by 39.1% compared to the same period of the year before. Of that sum, the sales revenue of the 2nd quarter was 0.9 million euros, which was 29.0% higher than the sum earned in the respective period of 2011. The net loss of the I.L.U. chain in the first six months was 0.3 million euros, which is 0.03 million euros less than in the same period the year before. Compared to the first half-year of the previous year, the I.L.U. chain also opened a fifth store in the Ülemiste Centre in Tallinn – in April 2011. There are plans to open a sixth I.L.U. chain store in the Tasku Centre in Tartu – in August.

Selver supermarkets

The consolidated sales revenue of the business segment of supermarkets and the segment's sales revenue earned in Estonia in the 1st half-year of 2012 were 161.3 million euros, having grown by 5.2% compared to the year before. The consolidated sales revenue and the sales revenue earned in Estonia in the 2nd quarter were 84.1 million euros, which is 3.6% higher than the result of the same period of the previous year. The average monthly sales revenue of goods per one square metre of selling space both in the consolidated view and in relation to the Estonian market was 0.37 thousand euros in the 1st half-year of 2012, thus having grown by 3.8% compared to the previous year; in the 2nd quarter, this figure was 0.39 thousand euros, thus having grown by 1.4%. The sales revenue of the goods of comparable stores per one square metre of selling space was an average of 0.38 thousand euros in the 1st half-year of 2012 and 0.39 thousand euros in the 2nd quarter, indicating an increase of 4.4% and 1.6%, respectively.

16.1 million purchases were made from Selver stores in the 1st half-year of 2012, remaining 0.8% lower than the number of purchases made a year earlier; 12.9 million purchases were made from comparable stores, which is 1.0% less than in the previous year. In the first half-year of 2012, no sales revenue of goods was earned in Latvia. The sales revenue of Selver earned in Latvia in the 1st half-year of 2012 was 0.9 thousand euros; 0.4 thousand euros were earned in the 2nd quarter, thus remaining at the same level as the previous year.

The consolidated pre-tax profit of the segment of supermarkets in the 1st half-year of 2012 was 4.6 million euros, which means an increase of 0.02% compared to the period of a year before, and the net profit 1.8 million euros, which means an increase of 15.1% compared to the period of a year before. The consolidated pre-tax profit of the 2nd quarter was 2.7 million euros, a decrease of 23.2%, and the net loss was -0.1 million euros, which was 0.6 million euros lower compared to the net profit of the period of the year before. The pre-tax profit earned in Estonia in the first six months was 5.7 million euros, of that 3.3 million euros were generated in the 2nd quarter. The deflections in the profits, compared to the period of the year before, were -0.1% and -19.9%, respectively. The net profit of the segment of supermarkets generated in Estonia in the first six months was 2.9 million euros, having increased by 8.3% compared to the base period, of that, 0.5 million euros was the net profit of the 2nd quarter, which formed 45% of the profit of the year before. The pre-tax loss and net loss generated in Latvia in the first six months was 1.2 million euros, of that, 0.6 million euros were generated in the 2nd quarter. The loss remained on the same level as earlier in the year, decreasing by 0.5% and 0.2%, respectively. Business activities in Latvia have been brought to a halt.

The increase in sales revenue has been affected by the significantly increased competition in the retail trade market. The reference base of last year's sales revenue includes the influence of the sales tax levied in Tallinn. In the background of last year's low reference base, the sales results of manufactured and staple goods have improved in the first six months. The influence of an increase in prices on the growth of the sales revenue of food products has decreased and the decrease in sales volumes has stopped. The profit formation of Selver in Estonia has been positively influenced by an increase in the efficiency of labour as a result of reviewing the work processes of the employees and the introduction of multifunctional organization of work. Also, the income tax paid on dividends is 7.6% lower than before this year. The profit was also influenced by depreciation costs, which have increased by 40% compared to the year before due to the renovation of four stores in the course of the year before, the introduction of the SelveEkspress purchase system, which is innovative in Estonia, in three stores last year and this year, and the creation of the bakers' concept, which was finalized in the first quarter of this year, which involved taking over the bakery stalls in the stores. Due to the abovementioned, the volume of investments in 2011 and 2012 has been higher than in previous years. In this June, it was decided to replace IT software, as a result of which software investments, which had lost its disposable value, in the amount of 0.9 million euros were written off.

A Selver store was opened in Saku on May 17. There are plans to open additional new stores within this year: in Rapla, in the Vahi neighbourhood of Tartu and in the Pääsküla sub-district of Tallinn. More new stores may be added to this list before the end of the year. Lease contracts have also been entered into, stating that according to current estimates, Selver will open two supermarkets in 2013 – in spring on Läänemere tee in Tallinn, and in the 2nd half of the year in the Astri Centre in Narva. Selver, which has so far only been active in the super- and hypermarket segment, has created a new convenient store concept "Koduselver" and plans to open several small stores in various cities during the few coming years. The first Koduselver will be opened in the beginning of December on the border between Tallinn and Laagri – in Pääsküla, Pärnu rd. 536b. The first Koduselver will provide work for 20 people and the size of the selling space will be 588 m². The aim of the convenient stores is to save the customers' time and offer a range of food products and consumer goods capable of satisfying people's primary needs. It is planned to mainly establish Koduselver in the hearts of residential districts, but also in the immediate vicinity of institutions that are important for locals, near public transport stops or by main roads used by people to drive home. As of the end of the 1st half-year of 2012, the Selver chain includes 35 stores with a selling space of 70.3 thousand square metres, and a central kitchen.

Real Estate

The extra-group sales revenue of the real estate business segment earned in the first 6 months of 2012 was 1.4 million euros, having grown by 5.2% compared to the same period of the previous year. The extra-group sales revenue of the real estate business segment earned in the 2nd quarter of 2012 was 0.7 million euros, having increased by 4.4% compared to the same period of the previous year. The increase was mainly due to the rearrangement of the lessees and rented spaces of Tartu Kaubamaja Kinnisvara OÜ.

The pre-tax profit of the segment of real estate of the first six months was 3.6 million euros and the pre-tax profit of the 2nd quarter was 1.8 million euros. This result exceeded the pre-tax profit of the first six months of the year before by 0.2 million euros and the pre-tax profit of the 2nd quarter by 0.1 million euros, which is based on an increase in sales revenues. The segment's net profit of the six months was 2.6 million euros and the net profit of the 2nd quarter 0.8 million euros, which is 0.7 million euros less than the net profit of the first six months of 2011 and 0.9 million euros less than the net profit of the 2nd quarter of 2011. The net profit was influenced by the income tax paid on dividends in the 2nd quarter of 2012.

Tallinna Kaubamaja Kinnisvara AS has purchased registered immovables at 58 Paldiski Road and 37 Vesivärava with buildings in Tallinn in the first six months of 2012. There are Merimetsa and Torupilli Selvers located on these registered immovables. The construction of Saku Selver located in Üksnurme Road in Saku was completed in the 2nd quarter.

Car Trade

The sales revenue of the car trade segment earned in the 1st half-year of 2012 without inter-segment transactions was 15.5 million euros, thus exceeding the revenue of the same period of the year before by 73.1%. The sales revenue of the second quarter in the sum of 9.4 million euros was greater than the revenue of the year before by 82.9%. These good results were chiefly brought about by the successful launch of the new Cee'd and the considerably improved supply of the triumphant crossover SUV Kia Sportage. In addition, the new small car KIA Rio has enjoyed booming sales. KIA's market share in the 2nd quarter was 5% in Estonia and Lithuania, and 3.2% in Latvia.

The segment earned a profit of 0.9 million euros in six months, of that, 0.6 million was generated in the 2nd quarter. The respective profits of 2011 were 0.6 million euros and 0.4 million euros. A total of 898 vehicles were sold in six months, of that, 549 vehicles were sold in the 2nd quarter. Compared to the year before, the growth figures were 95.6% and 113.6%, respectively.

Footwear trade

The turnover of the footwear trade segment in the 1st half-year of 2012 was 6.6 million euros, having grown by 5.4% in a year. In the 2nd quarter, the turnover was 3.6 million euros, which is 0.6% less compared to the same period of 2011. The decrease of the sales revenue in the 2nd quarter was caused by the drop in the number of stores – compared to the 2nd quarter of 2011, by the 2nd quarter of this year the group had lost one store in Estonia and 3 stores in Latvia. The turnover growth in the comparable stores was 14.0% in the 1st half-year and 8.4% in the 2nd quarter. The loss of the first six months was 0.3 million euros, which has decreased by approximately 0.1 million euros compared to the same period of the previous accounting year. The profit of the 2nd quarter was 0.2 million euros, which is 0.1 million euros less than the result of the 2nd quarter of 2011. The main reason for the decrease in profit in the 2nd quarter compared to the year before were the weather conditions (especially in April), which had an unfavourable effect on consumption and resulted in more discounts and a lower gross margin than planned. On July 5, an ABC King store was reopened in the Pärnu Kaubamajakas. There are plans to open the Viljandi Shu store in November 2012. Today, the chain of footwear stores of the group consists of 24 stores with a sales area of 7,800 m².

Personnel

The average number of employees at the Tallinna Kaubamaja Group was 3,268 in the first six months of 2012, showing a 0.8% decrease year-on-year. The total labour costs (wages and social tax costs) were 17.7 million euros in the first six months of 2012, increasing by 4.0% compared to the same period of the previous year. In the second quarter, the labour costs increased by 2.8% compared to the year before, while the average number of employees dropped by 1.1%. The average wages by employee increased by 5.1% in the first six months compared to the average wages of the first six months of 2011, in the 2nd quarter, the growth was 4.1%. The personnel policy of the group supports an increase in the part of the wages which depends on the results of the companies of the group. Thus, the increase in the labour costs can be linked to the good economic performance of the group.

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, 25 July 2012

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) for the period of second quarter and first 6 months 2012 as set out on pages 12-31.

The Chairman of the Management Board confirms that:

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 25 July 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

| | Note | 30.06.2012 | 31.12.2011 |
|--------------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and bank | 2 | 7,088 | 11,948 |
| Trade receivables | 3 | 8,923 | 9,976 |
| Other short-term receivables | 4 | 233 | 9,372 |
| Prepaid taxes and other prepayments | 5 | 1,142 | 959 |
| Inventories | 6 | 47,243 | 41,973 |
| Total current assets | | 64,629 | 74,228 |
| Non-current assets | | | |
| Prepayments | 5 | 982 | 985 |
| Investments in associates | 8 | 1,629 | 1,550 |
| Other long-term receivables | 9 | 40 | 56 |
| Investment property | 10 | 3,566 | 3,566 |
| Property, plant and equipment | 11 | 185,033 | 172,272 |
| Intangible assets | 12 | 9,827 | 9,809 |
| Total non-current assets | | 201,077 | 188,238 |
| TOTAL ASSETS | | 265,706 | 262,466 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Borrowings | 13 | 8,891 | 11,261 |
| Trade payables | 14 | 49,715 | 46,419 |
| Tax liabilities | 15 | 3,957 | 5,038 |
| Other current liabilities | 16 | 4,393 | 4,489 |
| Provisions | 17 | 92 | 135 |
| Total current liabilities | | 67,048 | 67,342 |
| Non-current liabilities | | | |
| Borrowings | 13 | 67,163 | 55,591 |
| Provisions and prepayments | 17 | 611 | 73 |
| Total non-current liabilities | | 67,774 | 55,664 |
| TOTAL LIABILITIES | | 134,822 | 123,006 |
| Equity | | | |
| Share capital | 18 | 24,438 | 24,438 |
| Statutory reserve capital | | 2,603 | 2,603 |
| Revaluation reserve | | 51,638 | 52,197 |
| Retained earnings | | 52,178 | 60,333 |
| Currency translation differences | | 27 | -111 |
| TOTAL EQUITY | | 130,884 | 139,460 |
| TOTAL LIABILITIES AND EQUITY | | 265,706 | 262,466 |

The notes presented on pages 17 to 31 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

| | Note | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|--|--------|------------------|------------------|--------------------|--------------------|
| Revenue | 19 | 224,867 | 206,180 | 118,833 | 110,081 |
| Other operating income | | 250 | 120 | 102 | 37 |
| Materials, consumables used and services | 6 | -167,879 | -153,436 | -87,986 | -80,918 |
| Other operating expenses | 20 | -23,133 | -21,986 | -11,627 | -10,843 |
| Staff costs | 21 | -17,663 | -16,976 | -9,101 | -8,856 |
| Depreciation, amortisation and impairment losses | 11, 12 | -6,109 | -4,936 | -3,571 | -2,504 |
| Other expenses | | -205 | -166 | -65 | -63 |
| Operating profit | | 10,128 | 8,800 | 6,585 | 6,934 |
| Finance income | 22 | 88 | 131 | 33 | 55 |
| Finance costs | 22 | -988 | -852 | -579 | -446 |
| Finance income on shares of associates | 8 | 79 | 101 | 40 | 46 |
| Profit before tax | | 9,307 | 8,180 | 6,079 | 6,589 |
| Income tax | 18 | -3,766 | -3,031 | -3,762 | -3,031 |
| NET PROFIT FOR THE FINANCIAL YEAR | | 5,541 | 5,149 | 2,317 | 3,558 |
| Other comprehensive income: | | | | | |
| Currency translation differences | | 138 | 76 | 169 | 5 |
| Other comprehensive income for the financial year | | 138 | 76 | 169 | 5 |
| TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | 5,679 | 5,225 | 2,486 | 3,563 |
| Basic and diluted earnings per share (euros) | 23 | 0.14 | 0.13 | 0.06 | 0.09 |

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

The notes presented on pages 17 to 31 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

| | Note | 6 months 2012 | 6 months 2011 |
|---|--------|---------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit | | 5,541 | 5,149 |
| <i>Adjustments:</i> | | | |
| <i>Income tax on dividends</i> | | 3,762 | 3,031 |
| <i>Interest expense</i> | 22 | 988 | 852 |
| <i>Interest income</i> | 22 | -88 | -131 |
| <i>Depreciation, amortisation</i> | 11, 12 | 5,099 | 4,936 |
| <i>Loss on sale and write-off of non-current assets</i> | | 1,024 | 54 |
| <i>Effect of equity method</i> | 8 | -79 | -101 |
| Change in inventories | | -5,270 | -3,817 |
| Change in receivables and prepayments related to operating activities | | 1,028 | 1,714 |
| Change in liabilities and prepayments related to operating activities | | 2,646 | 4,729 |
| TOTAL CASH FLOWS FROM OPERATING ACTIVITIES | | 14,651 | 16,416 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment (excl. finance lease) | 11,12 | -18,793 | -3 042 |
| Proceeds from sale of property, plant and equipment | | 21 | 26 |
| Change in balance of parent company's group account | 24 | 9,000 | 778 |
| Dividends received | | 0 | 55 |
| Interest received | | 88 | 131 |
| TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES | | -9,684 | -2 052 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | 13 | 25,205 | 5,928 |
| Repayments of borrowings | 13 | -15,882 | -14,285 |
| Change in overdraft balance | 13 | 5 | 0 |
| Dividends paid | 18 | -14,255 | -11,404 |
| Income tax on dividends | 18 | -3,762 | -3,031 |
| Repayments of finance lease principal | 13 | -126 | -205 |
| Interest paid | | -1,020 | -889 |
| TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES | | -9,835 | -23,886 |
| TOTAL CASH FLOWS | | -4,868 | -9,522 |
| Effect of exchange rate changes | | 8 | 76 |
| Cash and cash equivalents at the beginning of the period | 2 | 11,948 | 15,734 |
| Cash and cash equivalents at the end of the period | 2 | 7,088 | 6,288 |
| Net change in cash and cash equivalents | | -4,860 | -9,446 |

The notes presented on pages 17 to 31 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

| | Share capital | Statutory reserve capital | Revaluation reserve | Retained earnings | Currency translation differences | Total |
|---|---------------|---------------------------|---------------------|-------------------|----------------------------------|----------------|
| Balance as of 31.12.2010 | 26,031 | 2,603 | 53,308 | 47,495 | -626 | 128,811 |
| 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 paid | 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 |
| Net profit for the reporting period | 0 | 0 | 0 | 21,538 | 0 | 21,538 |
| Other comprehensive income for the reporting period | 0 | 0 | 0 | 0 | 515 | 515 |
| Total comprehensive income for the reporting period | 0 | 0 | 0 | 21,538 | 515 | 22,053 |
| Reclassification of depreciation of revalued land and buildings | 0 | 0 | -1,111 | 1,111 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | -11,404 | 0 | -11,404 |
| Decrease in share capital | -1,593 | 0 | 0 | 1,593 | 0 | 0 |
| Balance as of 31.12.2011 | 24,438 | 2,603 | 52,197 | 60,333 | -111 | 139,460 |
| Net profit for the reporting period | 0 | 0 | 0 | 5,541 | 0 | 5,541 |
| Other comprehensive income for the reporting period | 0 | 0 | 0 | 0 | 138 | 138 |
| Total comprehensive income for the reporting period | 0 | 0 | 0 | 5,541 | 138 | 5,679 |
| Reclassification of depreciation of revalued land and buildings | 0 | 0 | -559 | 559 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | -14,255 | 0 | -14,255 |
| Balance as of 30.06.2012 | 24,438 | 2,603 | 51,638 | 52,178 | 27 | 130,884 |

Additional information on share capital and changes in equity is provided in Note 18.

The notes presented on pages 17 to 31 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

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

General Information

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

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja AS has been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial 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 2011. The interim report has been prepared in accordance with the principal accounting policies applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011.

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

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

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja AS for the second quarter and first six months of 2012 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Changes in presentation

Starting from 1 January 2012 Selver AS changed presentation principles of the average number of employees. Consequently average number of employees is presented as reduced to full-time equivalent. Previously Selver AS presented as a number of employees estimated number of employees (working hours/ monthly standard hours). The comparative data of 2011 is adjusted in compliance with the changed presentation. Other Group companies have not changed presentation and are showing average number of employees as reduced to full-time equivalent.

Note 2. Cash and Bank

| in thousands of euros | 30.06.2012 | 31.12.2011 |
|----------------------------|--------------|---------------|
| Cash on hand | 696 | 1,358 |
| Bank accounts | 4,745 | 8,917 |
| Cash in transit | 1,647 | 1,673 |
| Total cash and bank | 7,088 | 11,948 |

Note 3. Trade Receivables

| in thousands of euros | 30.06.2012 | 31.12.2011 |
|--|--------------|--------------|
| Trade receivables | 7,808 | 8,423 |
| Allowance for doubtful receivables | -72 | -35 |
| Receivables from related parties (Note 24) | 150 | 230 |
| Credit card payments | 1,037 | 1,358 |
| Total trade receivables | 8,923 | 9,976 |

Note 4. Other Short Term Receivables

| in thousands of euros | 30.06.2012 | 31.12.2011 |
|---|------------|--------------|
| Short-term receivables from related parties (Note 24) | 190 | 9,277 |
| Other short-term receivables | 43 | 95 |
| Total other short-term receivables | 233 | 9,372 |

Note 5. Prepayments

| in thousands of euros | 30.06.2012 | 31.12.2011 |
|---|--------------|------------|
| Prepaid taxes | 64 | 79 |
| Total prepaid taxes | 64 | 79 |
| Prepaid rental expenses | 220 | 398 |
| Other prepaid expenses | 858 | 482 |
| Total other short-term prepayments | 1,078 | 880 |
| Prepaid rental expenses | 916 | 916 |
| Deferred tax asset | 66 | 69 |
| Total long-term prepayments | 982 | 985 |

Note 6. Inventories

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|-------------------------------------|-------------------|-------------------|
| Goods purchased for resale | 40,993 | 37,233 |
| Passenger cars purchased for resale | 4,805 | 3,561 |
| Raw materials and materials | 825 | 784 |
| Prepayment for goods | 620 | 395 |
| Total inventories | 47,243 | 41,973 |

The income statement line "Materials, consumables used and services" includes the allowances and write-off expenses of inventories and inventory stocktaking deficit as follows:

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|---|--------------------------|--------------------------|----------------------------|----------------------------|
| Write-down and write-off of inventories | 2,057 | 1,633 | 1,182 | 1,075 |
| Inventory stocktaking deficit | 742 | 760 | 472 | 521 |
| Total materials and consumables used | 2,799 | 2,393 | 1,654 | 1,596 |

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

Note 7. Group structure

Tallinna Kaubamaja Group consists of:

| Name | Location | Area of activity | Ownership 30.06.2012 and 31.12.2011 | Year of acquisition |
|----------------------------------|---------------------------|-----------------------------------|--|--------------------------------|
| Selver AS | Tallinn Pärnu mnt. 238 | Retail trade | 100% | 1996 |
| AS Tartu Kaubamaja | Tartu Riia 2 | Retail trade | 100% | 1996 |
| Tallinna Kaubamaja Kinnisvara AS | Tallinn Gonsiori 2 | Real estate management | 100% | 1999 |
| Tartu Kaubamaja Kinnisvara OÜ | Tartu Riia 1 | Real estate management | 100% | 2004 |
| SIA TKM Latvia | Riga Ieriku iela 3 | Real estate management | 100% | 2006 |
| SIA Selver Latvija | Riga Ieriku iela 3 | Retail trade | 100% | 2006 |
| OptiGroup Invest OÜ | Tallinn Gonsiori 2 | Commercial and finance activities | 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 Automobile SIA | Riga Pulkeveza Brieza 31 | Retail trade | 100% | 2007 |
| KIA Auto UAB | Vilnius, Perkunkiemo g.2 | Retail trade | 100% | 2007 |
| TKM Beauty OÜ | Tallinn Gonsiori 2 | Retail trade | 100% | 2007 |
| TKM Beauty Eesti OÜ | Tallinn Gonsiori 2 | Retail trade | 100% | 2007 |
| AS ABC King | Tallinn Pärnu mnt. 139E | Retail trade | 100% | 2008 |
| ABC King SIA | Riga Ieriku iela 3 | Retail trade | 100% | 2008 |
| OÜ Suurtüki NK | Tallinn Ehitajate tee 110 | Retail trade | 100% | 2008 |
| SIA Suurtüki | Riga Ieriku iela 3 | Retail trade | 100% | 2008 |
| Kaubamaja AS | Tallinn Gonsiori 2 | Retail trade | 100% | 2012 |
| Topsec Turvateenused OÜ | Tallinn Gonsiori 2 | Security activities | 100% | 2012 |
| Kulinaaria OÜ | Tallinn Taevakivi 7B | Centre kitchen activities | 100% | 2012 |

Tallinna Kaubamaja AS

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

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

Note 8. Investments in associates

in thousands of euros

Tallinna Kaubamaja AS has ownership of 50% (2011: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

| | 30.06.2012 | 31.12.2011 |
|--|--------------|--------------|
| Investment in the associate at the beginning of the year | 1,550 | 1,504 |
| Profit for the reporting period under equity method | 79 | 150 |
| Dividends received | 0 | -104 |
| Investment in the associate at the end of the accounting period | 1,629 | 1,550 |

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

| | 30.06.2012 | | 31.12.2011 | |
|-------------|------------------|------------------|--------------------|--------------------|
| Assets | 3,773 | | 3,706 | |
| Liabilities | 514 | | 606 | |
| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
| Revenue | 192 | 264 | 96 | 138 |
| Profit | 157 | 202 | 79 | 92 |

Note 9. Other long-term receivables

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|--|------------|------------|
| Other long-term receivables | 40 | 56 |
| Total other long-term receivables | 40 | 56 |

Note 10. Investment property

in thousands of euros

| | EUR |
|--|--------------|
| Carrying value as at 31.12.2011 | 3,566 |
| Carrying value as at 30.06.2012 | 3,566 |

Investment property represents construction in progress. Determination of fair value is based on the expert opinion of a real estate expert, using a comparative method. Expert opinion has been adjusted by -10% which management believes is a fairer reflection of the fact that the detailed plan has not been approved yet.

In 2012 and 2011, the value of investment properties did not change.

Note 11. Property, plant and equipment

in thousands of euros

| | Land and buildings | Machinery and equipment | Other fixtures and fittings | Construc- tion in progress | Total |
|---------------------------------|-----------------------|-------------------------------|-----------------------------------|----------------------------------|----------------|
| 31.12.2010 | | | | | |
| Cost or revalued amount | 138,031 | 21,718 | 20,959 | 50,352 | 231,060 |
| Accumulated depreciation | -10,290 | -15,691 | -14,369 | -15,072 | -55,422 |
| Carrying value | 127,741 | 6,027 | 6,590 | 35,280 | 175,638 |
| Changes occurred in 2011 | | | | | |
| Purchases and improvements | 88 | 460 | 586 | 4,696 | 5,830 |
| Reclassification | 1,430 | 1,957 | 2,398 | -5,785 | 0 |
| Disposals | 0 | -38 | -4 | 0 | -42 |
| Write-offs | 0 | -10 | -74 | 0 | -84 |
| Depreciation | -4,048 | -2,666 | -2,828 | 0 | -9,542 |
| Currency translation difference | 211 | 0 | 0 | 261 | 472 |
| 31.12.2011 | | | | | |
| Cost or revalued amount | 139,635 | 22,250 | 23,282 | 49,656 | 234,823 |
| Accumulated depreciation | -14,213 | -16,520 | -16,614 | -15,204 | -62,551 |
| Carrying value | 125,422 | 5,730 | 6,668 | 34,452 | 172,272 |
| Changes occurred in 2012 | | | | | |
| Purchases and improvements | 27 | 123 | 441 | 17,967 | 18,558 |
| Reclassification | 14,917 | 926 | 2,875 | -18,718 | 0 |
| Disposals | 0 | -9 | -6 | 0 | -15 |
| Write-offs | -22 | -1 | -1,007 | 0 | -1,030 |
| Depreciation | -2,098 | -1,365 | -1,419 | 0 | -4,882 |
| Currency translation difference | 58 | 0 | 1 | 71 | 130 |
| 30.06.2012 | | | | | |
| Cost or revalued amount | 154,323 | 22,343 | 24,489 | 49,027 | 250,182 |
| Accumulated depreciation | -16,019 | -16,939 | -16,936 | -15,255 | -65,149 |
| Carrying value | 138,304 | 5,404 | 7,553 | 33,772 | 185,033 |

The cost of investments for the 6 months of 2012 amounted to 18,558 thousand euros.

The size of the investment in the business segment of Kaubamaja amounted to 2,353 thousand euros. In the reporting period extensive renovation was performed in Kaubamaja showrooms. Tallinna Kaubamaja Women's Fashion Department was expanded by 1000 square metres and was reopened as renewed to the clients on 8 March. The cost of the investment amounted to 1,163 thousand euros. On 22 March Estonian biggest Kidswear and Toys Department was opened, total investment amounted to 791 thousand euros. Machinery purchases amounted to 258 thousand euros and advance payments in the amount of 141 thousand euros were made in reporting period.

The cost of investments made in 6 months of 2012 in the supermarket business segment was 1,935 thousand euros. Advance payments in the amount of 1,010 thousand euros was made for the new software. In May new store in Saku was opened, investment amounted to 733 thousand euros. From 2012 Selver started to cook bake-off products (pre-cooked and deep-frozen products that need after baking) and new SELFSCAN cash register were introduced. For that purposes new machines were purchased in the amount of 192 thousand euros.

The cost of the real estate business segment investment was 14,060 thousand euros. On 8 February Männimäe Selver property at Tallinn, Paldiski road 56 was purchased. On 30 May Torupilli Selver property at Vesivärava street 37, Tallinn was purchased. During the reporting period there was finished Selver in Saku, which was opened on 17 May 2012.

The cost of investments in the accounting period was 74 thousand euros in the vehicle trade business segment and showrooms were renovated for 136 thousand euros in the footwear segment.

Note 12. Intangible assets

in thousands of euros

| | Goodwill | Trademark | Beneficial contracts | Development expenditure | Total |
|---|--------------|--------------|----------------------|-------------------------|---------------|
| 31.12.2010 | | | | | |
| Cost | 7,298 | 3,509 | 1,080 | 18 | 11,905 |
| Accumulated amortisation and impairment | -588 | -583 | -491 | 0 | -1,662 |
| Carrying value | 6,710 | 2,926 | 589 | 18 | 10,243 |
| Changes occurred in 2011 | | | | | |
| Amortisation | 0 | -234 | -196 | -4 | -434 |
| 31.12.2011 | | | | | |
| Cost | 7,298 | 3,509 | 1,080 | 18 | 11,905 |
| Accumulated amortisation and impairment | -588 | -817 | -687 | -4 | -2,096 |
| Carrying value | 6,710 | 2,692 | 393 | 14 | 9,809 |
| Changes occurred in 2012 | | | | | |
| Purchases and improvements | 0 | 0 | 0 | 235 | 235 |
| Amortisation | 0 | -117 | -98 | -2 | -217 |
| 30.06.2012 | | | | | |
| Cost | 7,298 | 3,509 | 1,080 | 253 | 12,140 |
| Accumulated amortisation and impairment | -588 | -934 | -785 | -6 | -2,313 |
| Carrying value | 6,710 | 2,575 | 295 | 247 | 9,827 |

In June 2012 Group capitalised costs of the renewed Partner Card loyalty programme as development expenditure in the amount of 235 thousand euros.

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

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 30.06.2012 is 11 years.

Impairment tests of goodwill and other intangible assets were carried out as of 31 December 2011.

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

| in thousands of euros | 30.06.2012 | 31.12.2011 |
|-----------------------|------------|------------|
| Car trade | 3,156 | 3,156 |
| Footwear trade | 3,554 | 3,554 |

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

Note 13. Interest bearing borrowings

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|-----------------------------------|---------------|---------------|
| Long-term borrowings | | |
| Bank loans | 66,944 | 55,399 |
| Finance lease liability | 3 | 3 |
| Other borrowings | 216 | 189 |
| Total long-term borrowings | 67,163 | 55,591 |

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|------------------------------------|---------------|---------------|
| Short-term borrowings | | |
| Overdraft | 300 | 295 |
| Bank loans | 8,091 | 10,378 |
| Finance lease liability | 2 | 128 |
| Other borrowings | 498 | 460 |
| Total short-term borrowings | 8,891 | 11,261 |
| Total borrowings | 76,054 | 66,852 |

Borrowings received

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|----------------------------------|------------------|------------------|--------------------|--------------------|
| Overdraft | 5 | 0 | 0 | 0 |
| Bank loans | 24,471 | 5,188 | 19,670 | 2,827 |
| Other borrowings | 734 | 740 | 225 | 346 |
| Total borrowings received | 25,210 | 5,928 | 19,895 | 3,173 |

Borrowings paid

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|------------------------------|------------------|------------------|--------------------|--------------------|
| Bank loans | 15,214 | 13,583 | 8,771 | 6,730 |
| Finance lease liability | 126 | 205 | 33 | 103 |
| Other borrowings | 668 | 702 | 254 | 420 |
| Total borrowings paid | 16,008 | 14,490 | 9,058 | 7,253 |

Bank loans and finance lease liabilities are denominated in euros.

As of 31.06.2012, the repayment dates of bank loans are between 30.07.2012 and 30.08.2018 (2011: between 24.07.2011 and 30.08.2018), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 2.07% (2011: 2.40%).

Note 14. Trade payables

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|---------------------------------------|---------------|---------------|
| Trade payables | 46,091 | 43,957 |
| Payables to related parties (Note 24) | 3,624 | 2,462 |
| Total trade payables | 49,715 | 46,419 |

Note 15. Taxes payable

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|------------------------------|--------------|--------------|
| Value added tax | 1,721 | 2,270 |
| Sales tax | 0 | 595 |
| Personal income tax | 639 | 609 |
| Social security taxes | 1,364 | 1,335 |
| Corporate income tax | 5 | 21 |
| Unemployment insurance | 164 | 156 |
| Mandatory funded pension | 64 | 52 |
| Total tax liabilities | 3,957 | 5,038 |

Note 16. Other short-term payables

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|--|--------------|--------------|
| Employee payables | 2,876 | 3,124 |
| Interest payable | 5 | 37 |
| Other accrued expenses | 230 | 254 |
| Prepayments | 147 | 207 |
| Prepayments by tenants | 1,135 | 867 |
| Total other short-term payables | 4,393 | 4,489 |

Note 17. Provisions and prepayments

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|---|------------|------------|
| Short-term provisions | 92 | 135 |
| Long-term provisions | 55 | 73 |
| Long-term prepaid income | 556 | 0 |
| Total provisions and prepayments | 703 | 208 |

Short-term and long-term provisions represent warranty provisions related to footwear and vehicle trade.

Note 18. Share capital

As of 30.06.2012, the share capital in the amount of 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 euros per share (as of 31.12.2011, the share capital in the amount to 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 euros per share). All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares. The general meeting of shareholders that took place on 12 April 2012 decided to pay dividends to the shareholders 0.35 euros per share in total amount of 14,255 thousand euros (2011: 11,404 thousand euros, 0.28 euros per share. Related income tax on dividends amounted to 3,762 thousand euros (2011: 3,031 thousand euros).

Note 19. Segment reporting

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

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

The main area of activity of department stores, supermarkets, footwear trade and car trade is retail trade. Supermarkets focus on the sale of foodstuffs and convenience goods, the department stores on the sale of beauty and fashion products, the car trade on the sale of cars and spare parts to cars. In the car trade segment, cars are sold at wholesale prices to authorised car dealers. In the footwear trade segment, footwear is sold at wholesale prices to family markets. The share of wholesale trade in other segments is insignificant. The real estate segment deals with the management and maintenance of real estate owned by the Group, and with the rental of commercial premises. The activities of the Group are carried out in Estonia, Latvia and Lithuania. The Group operates in all the five operating segments in Estonia. The Company is engaged in footwear trade, car trade and retail trade in supermarkets and real estate development in Latvia; and in car trade in Lithuania.

The disclosures of financial information correspond to the information that is periodically reported to the Supervisory Board. Measures of income statement, segment assets and liabilities have been measured in accordance with accounting policies used in the preparation of the financial statements.

in thousands of euros

| | Depart- ment store | Super markets | Real estate | Car trade | Footwea r trade | Inter- segment transact- ions | Total seg- ments |
|--|--------------------------|------------------|----------------|---------------|--------------------|--|------------------------|
| 6 months 2012 | | | | | | | |
| External revenue | 40,038 | 161,348 | 1,439 | 15,484 | 6,558 | 0 | 224,867 |
| Inter-segment revenue | 905 | 452 | 4,361 | 11 | 172 | -5,901 | 0 |
| Total revenue | 40,943 | 161,800 | 5,800 | 15,495 | 6,730 | -5,901 | 224,867 |
| Operating profit/(-loss) | 417 | 4,433 | 4,357 | 1,076 | -155 | 0 | 10,128 |
| Finance income (Note 22) | 544 | 131 | 52 | 0 | 1 | -640 | 88 |
| Finance income on shares of associates | 79 | 0 | 0 | 0 | 0 | 0 | 79 |
| Finance costs (Note 22) | -533 | -2 | -833 | -125 | -135 | 640 | -988 |
| Income tax | 0 | -2,801 | -961 | -4 | 0 | 0 | -3,766 |
| Net profit/(-loss) | 507 | 1,761 | 2,615 | 947 | -289 | 0 | 5,541 |
| incl. in Estonia | 507 | 2,931 | 2,429 | 948 | -226 | 0 | 6,589 |
| incl. in Latvia | 0 | -1,170 | 186 | -29 | -63 | 0 | -1,076 |
| incl. in Lithuania | 0 | 0 | 0 | 28 | 0 | 0 | 28 |
| Segment assets | 148,440 | 63,218 | 170,977 | 13,099 | 11,429 | -141,457 | 265,706 |
| Segment liabilities | 27,999 | 48,021 | 87,820 | 6,839 | 11,821 | -47,678 | 134,822 |
| Segment investment in non-current assets (Note 11, 12) | 2,588 | 1,935 | 14,060 | 74 | 136 | 0 | 18,793 |
| Segment depreciation and impairment losses (Note 11, 12) | 827 | 3,295 | 1,532 | 68 | 387 | 0 | 6,109 |

in thousands of euros

| | Depart- ment store | Super markets | Real estate | Vehicle trade | Footwea r trade | Inter- segment transact- ions | Total seg- ments |
|--|--------------------------|------------------|----------------|------------------|--------------------|--|------------------------|
| 6 months 2011 | | | | | | | |
| External revenue | 36,313 | 153,328 | 1,368 | 8,947 | 6,224 | 0 | 206,180 |
| Inter-segment revenue | 553 | 431 | 4,027 | 7 | 222 | -5,240 | 0 |
| Total revenue | 36,866 | 153,759 | 5,395 | 8,954 | 6,446 | -5,240 | 206,180 |
| Operating profit/(-loss) | -170 | 4,522 | 3,994 | 705 | -251 | 0 | 8,800 |
| Finance income (Note 22) | 433 | 54 | 24 | 0 | 1 | -381 | 131 |
| Finance income on shares of associates | 101 | 0 | 0 | 0 | 0 | 0 | 101 |
| Finance costs (Note 22) | -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 | 476 | 2,313 | 120 | 41 | 92 | 0 | 3,042 |
| Segment depreciation and impairment losses | 688 | 2,352 | 1,437 | 75 | 384 | 0 | 4,936 |

in thousands of euros

| | Depart- ment store | Super markets | Real estate | Car trade | Footwea r trade | Inter- segment transact- ions | Total seg- ments |
|--|--------------------------|------------------|----------------|---------------|--------------------|--|------------------------|
| II quarter 2012 | | | | | | | |
| External revenue | 21 048 | 84 071 | 716 | 9 363 | 3 635 | 0 | 118 833 |
| Inter-segment revenue | 455 | 230 | 2,257 | 5 | 62 | -3,009 | 0 |
| Total revenue | 21,503 | 84,301 | 2,973 | 9,368 | 3,697 | -3,009 | 118,833 |
| Operating profit | 815 | 2,648 | 2,201 | 635 | 286 | 0 | 6,585 |
| Finance income (Note 22) | 236 | 48 | 18 | 0 | 1 | -270 | 33 |
| Finance income on shares of associates | 40 | 0 | 0 | 0 | 0 | 0 | 40 |
| Finance costs (Note 22) | -303 | 0 | -421 | -60 | -65 | 270 | -579 |
| Income tax | 0 | -2,801 | -961 | 0 | 0 | 0 | -3,762 |
| Net profit/(-loss) | 788 | -105 | 837 | 575 | 222 | 0 | 2,317 |
| incl. in Estonia | 788 | 484 | 710 | 530 | 227 | 0 | 2,739 |
| incl. in Latvia | 0 | -589 | 127 | 6 | -5 | 0 | -461 |
| incl. in Lithuania | 0 | 0 | 0 | 39 | 0 | 0 | 39 |
| Segment assets | 148,440 | 63,218 | 170,977 | 13,099 | 11,429 | -141,457 | 265,706 |
| Segment liabilities | 27,999 | 48,021 | 87,820 | 6,839 | 11,821 | -47,678 | 134,822 |
| Segment investment in non-current assets | 652 | 1,500 | 6,426 | 30 | 130 | 0 | 8,738 |
| Segment depreciation and impairment losses | 469 | 2,092 | 782 | 34 | 194 | 0 | 3,571 |

in thousands of euros

| II quarter 2011 | Department store | Super markets | Real estate | Vehicle trade | Footwear trade | Inter-segment transactions | Total segments |
|--|------------------|---------------|----------------|---------------|----------------|----------------------------|----------------|
| External revenue | 19,451 | 81,166 | 686 | 5,120 | 3,658 | 0 | 110,081 |
| Inter-segment revenue | 294 | 214 | 2,017 | 4 | 110 | -2,639 | 0 |
| Total revenue | 19,745 | 81,380 | 2,703 | 5,124 | 3,768 | -2,639 | 110,081 |
| Operating profit | 611 | 3,496 | 2,020 | 474 | 333 | 0 | 6,934 |
| Finance income (Note 22) | 177 | 17 | 10 | 0 | 1 | -150 | 55 |
| Finance income on shares of associates | 46 | 0 | 0 | 0 | 0 | 0 | 46 |
| Finance costs (Note 22) | -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 |
| Segment depreciation and impairment losses | 356 | 1,199 | 720 | 37 | 192 | 0 | 2,504 |

External revenue according to types of goods and services sold

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|-------------------------------|----------------|----------------|-----------------|-----------------|
| Retail revenue | 210,054 | 196,785 | 110,142 | 104,872 |
| Wholesale revenue | 7,731 | 2,791 | 4,850 | 1,630 |
| Rental income | 3,008 | 2,837 | 1,552 | 1,441 |
| Services and catering revenue | 4,074 | 3,767 | 2,289 | 2,138 |
| Total revenue | 224,867 | 206,180 | 118,833 | 110,081 |

External revenue by client location

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|--------------|----------------|----------------|-----------------|-----------------|
| Estonia | 219,946 | 201,851 | 116,305 | 107,614 |
| Latvia | 1,727 | 1,832 | 1,000 | 1,108 |
| Lithuania | 3,194 | 2,497 | 1,528 | 1,359 |
| Total | 224,867 | 206,180 | 118,833 | 110,081 |

Distribution of non-current assets* by location of assets

in thousands of euros

| | 30.06.2012 | 31.12.2011 |
|--------------|-------------------|-------------------|
| Estonia | 166,842 | 154,013 |
| Latvia | 32,438 | 32,482 |
| Lithuania | 168 | 193 |
| Total | 199,448 | 186,688 |

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

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

Note 20. Other operating expenses

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|--|--------------------------|--------------------------|----------------------------|----------------------------|
| Rental expenses | 6,715 | 6,894 | 3,340 | 3,446 |
| Operating costs | 3,065 | 3,061 | 1,553 | 1,539 |
| Advertising expenses | 3,049 | 2,209 | 1,622 | 1,044 |
| Bank expenses | 1,217 | 1,540 | 641 | 793 |
| Security costs | 487 | 824 | 247 | 421 |
| Heat and electricity expenses | 3,643 | 3,055 | 1,708 | 1,363 |
| Cost of sales materials | 1,792 | 1,503 | 986 | 801 |
| Computer and communication costs | 1,138 | 1,234 | 580 | 638 |
| Business trip expenses | 224 | 179 | 97 | 83 |
| Training expenses | 91 | 77 | 41 | 37 |
| Insurance expenses | 49 | 34 | 23 | 21 |
| Logistics expenses | 404 | 366 | 183 | 175 |
| Miscellaneous other operating expenses | 1,259 | 1,010 | 606 | 482 |
| Total other operating expenses | 23,133 | 21,986 | 11,627 | 10,843 |

Note 21. Staff costs

in thousands of euros

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|---|--------------------------|--------------------------|----------------------------|----------------------------|
| Wages and salaries | 13,219 | 12,679 | 6,808 | 6,616 |
| Social security taxes | 4,444 | 4,297 | 2,293 | 2,240 |
| Total staff costs | 17,663 | 16,976 | 9,101 | 8,856 |
| Average wages per employee per month (euros) | 674 | 641 | 686 | 659 |
| Average number of employees in the reporting period | 3,268 | 3,295 | 3,306 | 3,344 |

Note 22. Finance income and costs

in thousands of euros

Finance income

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|---|------------------|------------------|--------------------|--------------------|
| Interest income on cash and cash equivalents | 6 | 25 | 3 | 12 |
| Interest income on Partner credit card | 40 | 58 | 24 | 28 |
| Interest income on NGI Group's group account (Note 24) | 39 | 47 | 3 | 15 |
| Other finance income | 3 | 1 | 3 | 0 |
| Total finance income | 88 | 131 | 33 | 55 |

Finance costs

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|-----------------------------------|------------------|------------------|--------------------|--------------------|
| Interest expense of bank loans | -947 | -791 | -557 | -410 |
| Interest expense of finance lease | -2 | -16 | 0 | -7 |
| Other finance costs* | -39 | -45 | -22 | -29 |
| Total finance costs | -988 | -852 | -579 | -446 |

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

Note 23. Earnings per share

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

| | 6 months 2012 | 6 months 2011 | II quarter 2012 | II quarter 2011 |
|--|------------------|------------------|--------------------|--------------------|
| Net profit (in thousands of euros) | 5,541 | 5,149 | 2,317 | 3,558 |
| Weighted average number of shares | 40,729,200 | 40,729,200 | 40,729,200 | 40,729,200 |
| Basic and diluted earnings per share (euros) | 0.14 | 0.13 | 0.06 | 0.09 |

Note 24. Related party transactions

in thousands of euros

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

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

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

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

| | Purchases 6 months 2012 | Sales 6 months 2012 | Purchases 6 months 2011 | Sales 6 months 2011 |
|--|----------------------------|------------------------|----------------------------|------------------------|
| Parent | 143 | 47 | 143 | 48 |
| Entities in the Parent's consolidation group | 10,079 | 737 | 9,270 | 565 |
| Members of management and supervisory boards | 0 | 1 | 0 | 0 |
| Other related parties | 375 | 11 | 424 | 1 |
| Total | 10,597 | 796 | 9,837 | 614 |

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

Balances with related parties:

| | 30.06.2012 | 31.12.2011 |
|--|------------|--------------|
| Interest receivable from Parent (Note 3) | 1 | 11 |
| Receivable from Parent (Note 4) | 0 | 9,000 |
| Receivables from entities in the in the Parent's consolidation group (Note 3) | 143 | 93 |
| Loan receivable from entities in the in the Parent's consolidation group (Note 4) | 190 | 277 |
| Sales bonuses receivable from entities in the in the Parent's consolidation group (Note 3) | 6 | 124 |
| Members of management and supervisory boards (Note 3) | 0 | 2 |
| Total receivables from related parties | 340 | 9,507 |

| | 30.06.2012 | 31.12.2011 |
|---|--------------|--------------|
| Parent | 22 | 22 |
| Entities in the Parent's consolidation group | 3,561 | 2,378 |
| Other related parties | 41 | 62 |
| Total liabilities to related parties (Note 14) | 3,624 | 2,462 |

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

Group account

For proving funding for its subsidiaries, the Group uses the group account, the members of which are most of the group entities. In its turn, this group as a subgroup has joined the contract of the group account of NG Investeeringud OÜ (hereinafter head group). From autumn 2001, Tallinna Kaubamaja Group has been keeping its available funds at the head group, earning interest income on its deposits. During 6 months of 2012, Tallinna Kaubamaja Group earned interest income on its deposits of available funds in the amount of 39 thousand euros (2011: 47 thousand euros). In 2012, Tallinna Kaubamaja Group did not use or pay any interest to the head group. As at 31.12.2011 Group deposited through parent company NG Investeeringud OÜ 9,000 thousand euros with interest rate 1.6% and with maturity up to 21 March 2012.

The average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.17% in the euro account (2011: 0.36%). According to the group account contract, the Group's members are jointly responsible for the unpaid amount to the bank.

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 336 thousand euros (6 months 2011: 326 thousand euros). Short term benefits to supervisory boards' members of Tallinna Kaubamaja Group in reporting period including social taxes amounted to 109 thousand euros (6 months 2011: 115 thousand euros).

Note 25. Events after the balance sheet date

On 05.06.2012, OptiGroup Invest OÜ, a subsidiary of AS Tallinna Kaubamaja, entered into a contract for acquisition of 100% of the shares of AS Viking Motors. Under the contract, the transaction will be concluded after obtaining the necessary approvals from the Estonian Competition Board, and the car manufacturers concerned. The nominal value of the shares amounts to 222,600 EUR (14,000 common shares with a nominal value of 15.9 EUR).

On 03.07.2012, OptiGroup Invest OÜ, a subsidiary of AS Tallinna Kaubamaja, after obtaining the approval of the Estonian Competition Board and the car manufacturers, completed the acquisition of the 100% shareholding in AS Viking Motors. As a part of the transaction, Tallinna Kaubamaja Kinnisvara AS also acquired the immovable at A. H. Tammsaare tee 51, Tallinn, housing the sale salon of AS Viking Motors.