

TALLINNA KAUBAMAJA AS

**Consolidated Interim Report for
the Second quarter and first 6 months of 2013
(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 3,460 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 2013
End of financial year:	31 December 2013
Beginning of interim report period:	1 January 2013
End of interim report period:	30 June 2013
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 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, 2013:

	Location	Shareholding as of 30.06.2013	Shareholding as of 31.12.2012
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Topsec Turvateenused OÜ	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	0%	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%
OÜ Opti Auto	Estonia	100%	0%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty Holding	Estonia	100%	0%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	0%	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 from Statistics Estonia, in Q1 2013, Estonian gross domestic product increased by 1.1% compared to the same quarter of the previous year. The increase of added value in case of wholesale trade and energy production influenced economic growth the most. Wages have increased slowly and unemployment has decreased. This has promoted consumption and allowed Estonian economy to grow. Pursuant to the analysts' forecasts, based on the expected enlivening of the economy of Estonia's trade partners in the second half of this year, all in all economic growth in 2013 is expected to remain around 3%. The consumer price index in Estonia increased by 3.4% in the first six months; the price of food and non-alcoholic beverages rose by 5.5% and that of clothes and footwear by 5.0%. Housing expenses increased the most – 10.0%. The prices of oil and food on the world market have started to stabilise, giving analysts hope that inflation in Estonia will decelerate in the second half of the year.

According to Statistics Estonia, the total volume of retail turnover in Estonia in current prices increased by 7.2% in the first five months of 2013. The greatest turnover growth was seen in the retail sale of used goods – 52.0% –, but the proportion thereof was small in retail sale. Retail sales in non-specialised stores (predominantly selling food products) grew by 5.3% in the first five months of the year. In terms of volume, the sales revenue of the largest retail operators increased faster in case of stores selling household effects, domestic appliances and construction products. A consumer survey conducted by the Estonian Institute of Economic Research in June showed that consumer confidence decreased in June, but still exceeds the long-term average of the last half-year.

Economic results**FINANCIAL RATIOS 2012–2013**

	EUR		Change
	2 nd quarter 2013	2 nd quarter 2012	
Sales revenue (in millions)	123.8	118.8	4.2%
Operating profit/loss (in millions)	4.9	6.6	-25.2%
Net profit/loss (in millions)	4.6	2.3	100.6%
Return on equity (ROE)	3.3%	1.7%	
Return on assets (ROA)	1.6%	0.9%	
Net profit margin	3.76%	1.95%	
Gross profit margin	24.83%	25.96%	
Quick ratio	0.93	0.96	
Debt ratio	0.54	0.51	
Sales revenue per employee (in millions)	0.035	0.036	
Inventory turnover	2.54	2.52	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.29	3.21	
Share's closing price (EUR/share)	5.670	5.600	
Earnings per share (EUR/share)	0.11	0.06	
Average number of employees	3,504	3,306	

	EUR		Change
	6 month 2013	6 month 2012	
Sales revenue (in millions)	235.8	224.9	4.9%
Operating profit/loss (in millions)	6.6	10.1	-34.6%
Net profit/loss (in millions)	2.4	5.5	-57.4%
Return on equity (ROE)	1.7%	4.1%	
Return on assets (ROA)	0.8%	2.1%	
Net profit margin	1.00%	2.46%	
Gross profit margin	24.25%	25.34%	
Quick ratio	0.93	0.96	
Debt ratio	0.54	0.51	
Sales revenue per employee (in millions)	0.068	0.069	
Inventory turnover	4.84	4.76	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.29	3.21	
Share's closing price (EUR/share)	5.670	5.600	
Earnings per share (EUR/share)	0.06	0.14	
Average number of employees	3,466	3,268	

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 first half-year of 2013 was 235.8 million euros, having grown by 4.9% compared to the result of the first half-year of 2012, when the sales revenue was 224.9 million euros. In the 2nd quarter, the sales revenue of the Group was 123.8 million euros, thus exceeding the sales revenue of a year before by 4.2%. The consolidated unaudited net profit of the Group in the first six months of 2013 was 2.4 million euros, which is more than twice as low as the profit of the same period of the previous year, i.e. 5.5 million euros. The net profit of the Group in the 2nd quarter was 4.6 million euros, which is twice as much as the profit of the comparable period of last year. The net profit of the quarter was significantly influenced by the 3.8 million euro income tax on dividends; in 2013, it was recorded in the first quarter results, in 2012, however, in the 2nd quarter results in the same amount. The pre-tax profit of the first half-year was 6.1 million euros, having decreased by 34.1% in a year. In the 2nd quarter, the pre-tax profit reached 4.6 million euros, but was 23.6% lower compared to the same period of the previous year.

The net profit was significantly smaller than last year's result, but corresponded to the enterprise's plans in the most part – considering both expansions and the changes in competition and the business environment. As planned, compared to the year earlier, 1.3 million euros additional bonus points were awarded to customers through a loyalty program, which reduced the Group's half-year gross profit. This in turn caused a decrease in the gross profit margin. The updated loyalty programme launched in May 2012 has been successful and supports the turnover of the Group's various retail segments. 0.3 million euros of non-capitalised development costs related to the opening of new stores are recorded in the operating costs of the first half-year. Other factors causing the profit decrease were the expected increase of heating, electricity and labour expenses (in the first half-year, heating and electricity costs grew by 20.0% and labour costs by 13.3%). The turnover increase was smaller than expected. Many newly added retail stores in the market give customers great choices, and people have come to deem the freshness,

quality, price and availability of goods and fast and competent service in stores more and more important. Thus, in order to improve the management of goods, the Group has started updating the trade software in the supermarket chain, training service and support personnel and improving supply processes.

In the first half of 2013, Läänemere Selver was opened in Tallinn and Aardla Selver in Tartu, and Saare Selver in Saaremaa was expanded. The SelveEkspress service was added to seven Selver stores and a Shu shoe store was opened in Jõhvi.

The volume of the assets of the Tallinna Kaubamaja Group as of 30 June 2013 was 290.3 million euros, having grown by 2.4 million euros compared to the end of 2012, i.e. 0.8%.

There were more than 585 thousand loyal customers at the end of the reporting period; the number of loyal customers increased by 13.7% in a year. The proportion of loyal customers in the Group's turnover was 85.4% (81.0% in the first half of 2012). By the end of the first half-year, more than 7.3 thousand Partner Credit Cards had been issued.

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 5.48 euros at the end of 2012 was closed in late June of 2013 at 5.67 euros, increased by 3.47% within the six months of the year.

According to the notice of regular annual general meeting of the shareholders published on 4 March 2013, 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 01.01.2013 to 30.06.2013.

In euros



Selver supermarkets

The consolidated sales revenue of the supermarket business segment in the first half of 2013 was 164.0 million euros, having increased by 1.7% compared to the period of a year before. The consolidated sales revenue of the 2nd quarter was 84.5 million euros, having grown by 0.5% compared to the same period of the previous year. The average monthly sales revenue of goods per a square metre of the sales area was 0.35 thousand euros in the first half of 2013 and 0.36 thousand euros in the 2nd quarter, remaining 6.6% and 8.1% lower compared to the previous year, respectively. The sales revenue of goods in comparable stores per a square metre of the sales area was an average of 0.36 thousand euros in the first half of 2013 and 0.37 thousand euros in the 2nd quarter, indicating a decrease of 4.0% and 5.6%, respectively. 16.4 million purchases were made from Selver stores in the first half of 2013, exceeding the number of purchases made during the period of a year earlier by 2.0%.

The consolidated pre-tax profit of the supermarket segment in the first half of 2013 was 0.4 million euros. After taxes, the first half-year ended with a loss of 1.3 million euros. The consolidated pre-tax profit and net profit of the 2nd quarter was 0.4 million euros. The net profit of the 2nd quarter exceeded the net loss earned a year earlier by 0.5 million euros; the net loss of the first half of the year remained 3.1 million euros lower than the year before. The pre-tax profit and net profit earned in Estonia in the 2nd quarter was 1.0 million euros. In the first half-year, the profit before income tax was 1.6 million euros, the half-year ended with a loss of 0.1 million euros. The difference between net profit and profit before income tax was caused by the income tax paid on dividends – the income tax on 2012 dividends had been recorded in the 2nd quarter. The pre-tax loss and net loss incurred in Latvia in the first half-year was 1.2 million euros, of which, the share of the 2nd quarter made up 0.6 million euros. The loss remained on the same level with the year before. Business in Latvia has been frozen.

This year, the growth of the sales revenue of Selver stores has been lower than the turnover growth of the market segment (non-specialised stores predominantly selling food, alcohol and tobacco). An increase in the sales revenue of goods has been supported by the opening of new stores. Foodstuffs, whose proportion of the total turnover has increased, have indicated more positive sales results in the first half-year. The sale of industrial goods remained smaller than in the previous year. The results of comparable stores have been influenced by the changed competitive situation. New stores have been opened both by competitors and Selver itself, as a result of which, customers are constantly redistributed between existing and new stores. The sales revenue basis of the previous year is higher thanks to certain campaigns that were not organised this year. In accounting terms, the sales revenue was negatively influenced by additional bonus points awarded to customers; this impact did not exist before May last year. In addition, the reference basis of 2012 was higher due to the loss of turnover from Saare Selver, which was closed for three weeks in the first half of 2013 for renovation works.

The decrease of margins had a significant negative impact on the economic results of Selvers in the first half-year. The main reason for this was an increase in the percentage of food products, as the margin thereof is lower than that of industrial goods. The proportion of products sold at a discount has increased; in addition, the bonus points accompanying the loyalty programme, which was launched in May 2012, have had an impact on the margin drop. Continued cost-effective activities have had a positive effect on the profit earned in Estonia. The increase in heating and electricity costs has had a decreasing effect on profit. Furthermore, generating profit was influenced by the costs related to opening and launching new stores and renovating existing ones. In the first half of 2013, Läänemere Selver was opened in Tallinn and Aardla Selver in Tartu, and Saare Selver in Saaremaa was expanded. The SelveEkspress service was launched in seven Selver stores in the first half-year.

There are plans to open three new stores in the fourth quarter of 2013 – in the Baltic Station in Tallinn, in Peetri Small Town and in Viljandi city centre. At the end of the first half-year of 2013, the Selver chain included 40 Selver stores and 2 gourmet stores with the sales area of 78.1 thousand square metres.

Department stores

The sales revenue of the department stores business segment in the first six months of 2013 was 41.4 million euros, having grown by 3.3% compared to the same period of the previous year. Of that, the sales revenue of the 2nd quarter was 21.4 million euros, which was 1.6% higher than the revenue of the 2nd quarter of 2012. The pre-tax profit of department stores in the first half of 2013 was 0.7 million euros, which is 37.3% better than the result achieved a year ago. In the 2nd quarter, the pre-tax profit was 1.0 million euros, which was 21.3% or 0.2 million euros higher than the profit of 2012. The sales revenue of department stores per a square metre of sales area in the first half-year was 0.27 thousand euros per month, which is 2.1% more than in the same period of the previous year. In the 2nd quarter, the sales results of Kaubamaja were influenced by the competitors' summertime discount campaigns, which were launched considerably sooner than previously. The department stores' operating profit of the first six months of 2013 was 0.6 million euros, which was 41.0% or 0.2 million euros better than the result of the previous year. The results of department stores were negatively influenced by the final campaign of the Music Department that began at the end of January in both Tallinn and Tartu.

The sales revenue of OÜ TKM Beauty Eesti, which operates the I.L.U. beauty stores, was 2.0 million euros, having increased by 17.0% compared to the same period of the previous year. The net loss of the I.L.U. chain in the first

half-year was 0.3 million euros, which is an improvement of 3.3% compared to the result of a year ago. Compared to the first half of the past year, in August 2012 the I.L.U. chain also opened a sixth store in the Tasku Centre in Tartu.

Car Trade

The sales revenue of the car trade segment in the first half of 2013, excluding intra-segment transactions, was 22.1 million euros. The sales revenue exceeded the revenue of the same period of the previous year by 42.5%; among that, the sales revenue of KIAs increased by 17.2%. The sales revenue of 13.0 million euros earned in the 2nd quarter exceeded the sales revenue of a year before by 39.2%, and the sales revenue of KIAs had increased by 15.0%. A total of 1,100 cars were sold in the first half-year, 642 of them in the 2nd quarter. The net profit earned in the segment in the first half of 2013 reached 1.0 million euros and the net profit of the 2nd quarter was 0.8 million euros. The results of the same period of the previous year were exceeded by 8.2% and 32.2%, respectively.

The reorganisation of the legal structure of the car segment began in the first half of 2013. The structural changes are planned to be completed in third quarter and as a result, the holdings of KIA Auto AS in the Latvian subsidiary Forum Auto SIA and in the Lithuanian subsidiary UAB KIA Auto will be transferred to TKM Auto OÜ, with the car business undertaken by the Group in Estonia being joined under AS Viking Motors.

Footwear trade

The turnover of the footwear trade segment in the first half of 2013 was 6.8 million euros, having increased by 3.6% in a year. In the 2nd quarter, the turnover was 4.1 million euros, which is 12.5% higher than the turnover of the same period of 2012. Compared to the weak first quarter result, there were signs of stabilisation in the 2nd quarter and the new stores (three Shu stores and one ABC store) opened in the fourth quarter of 2012 and the first quarter of 2013 also yielded results. The loss of the first half-year reached 0.3 million euros, which is decreased 0.02 million euros compared to the same period of the previous reporting year. The profit of the 2nd quarter was 0.3 million euros, which is 0.1 million euros more than the result of the second quarter of 2012.

The reorganisation of the legal structure of the footwear segment was completed in the 2nd quarter of 2013. As a result of the structural changes, AS Tartu Kaubamaja and OÜ Suurtüki NK were joined under AS ABC King. As of 17 May 2013, the business name of AS ABC King has been AS TKM King. At the end of the second quarter of 2013, the footwear store chain of the Group included 28 stores with a total area of 8.8 thousand square metres.

Real Estate

The sales revenue of the business segment of real estate outside the Group totalled to 1.6 million euros in the first half of 2013 (1.4 million euros in the first half of 2012), having grown 7.7% compared to the same period of the previous year. The extra-Group sales revenue of the second quarter was 0.8 million euros (0.7 million euros in the second quarter of 2012), showing an increase of 11.2% from the same period of the previous year. The sales revenue has increased thanks to the rental spaces added in 2012 and 2013.

The pre-tax profit of the real estate segment in the first half-year was 4.3 million euros, which is 0.7 million euros more than in the same period of the previous year (the profit of the first half-year of 2012 was 3.6 million euros), having increased by 19.4% compared to the same period of the previous year. The pre-tax profit of the real estate segment in the second quarter of 2013 was 2.2 million euros (in the 2nd quarter of 2012, the pre-tax profit was 1.8 million euros), which is 0.4 million euros more than in the same period of last year – an increase of 22.8%.


A new Peetri Selver in Rae Parish will be completed in 2013, and there are plans to reconstruct a building in Ulmana Street in Riga in order to turn it into a modern car showroom.

Personnel

The average number of employees in the Tallinna Kaubamaja Group in the first half of 2013 was 3,466, which exceeds the same number of 2012 by 6.1%. Total labour costs (cost of wages and social tax) amounted to 20.0 million euros in the first six months of 2013, having grown by 13.3% compared to the same period in 2012. In the second quarter, the labour costs increased by 13.2% compared to the year before, while the average number of employees increased by 6.0%. The average monthly cost of wages grew by 7.1% in the first six months compared to the average wages of the six months of 2012, in the 2nd quarter, the growth was 7.1%. Wages were increased due to a revision of the service personnel's wages and the establishment of a greater correlation between the contribution and performance of each employee. Increasing wages has allowed the Group to apply a stricter organisation of work and promoted the strengthening of sales-related support processes.

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, 17 July 2013

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 2013 as set out on pages 11-31.

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, 17 July 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.06.2013	31.12.2012
ASSETS			
Current assets			
Cash and bank	2	12,000	13,494
Trade receivables and prepayments	3	11,676	18,497
Inventories	5	48,727	48,264
Total current assets		72,403	80,255
Non-current assets			
Receivables and prepayments	8	674	667
Investments in associates	7	1,714	1,628
Investment property	9	3,756	3,756
Property, plant and equipment	10	200,816	190,298
Intangible assets	11	10,900	11,236
Total non-current assets		217,860	207,585
TOTAL ASSETS		290,263	287,840
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	15,440	17,210
Trade payables and other liabilities	13	62,372	64,151
Total current liabilities		77,812	81,361
Non-current liabilities			
Borrowings	12	77,346	59,781
Provisions and prepayments		1,049	519
Total non-current liabilities		78,395	60,300
TOTAL LIABILITIES		156,207	141,661
Equity			
Share capital	15	24,438	24,438
Statutory reserve capital		2,603	2,603
Revaluation reserve		50,521	51,079
Currency translation differences		-235	-7
Retained earnings		56,729	68,066
TOTAL EQUITY		134,056	146,179
TOTAL LIABILITIES AND EQUITY		290,263	287,840

The notes presented on pages 16 to 31 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Revenue	16	123,771	118,833	235,781	224,867
Other operating income		201	102	415	250
Materials, consumables used and services	5	-93,041	-87,986	-178,609	-167,879
Other operating expenses	17	-12,839	-11,627	-25,249	-23,133
Staff costs	18	-10,298	-9,101	-20,008	-17,663
Depreciation, amortisation and impairment losses	10, 11	-2,744	-3,571	-5,495	-6,109
Other expenses		-123	-65	-214	-205
Operating profit		4,927	6,585	6,621	10,128
Finance income	19	9	33	17	88
Finance costs	19	-335	-579	-594	-988
Finance income on shares of associates	7	46	40	86	79
Profit before tax		4,647	6,079	6,130	9,307
Income tax	15	2	-3,762	-3,770	-3,766
NET PROFIT FOR THE FINANCIAL YEAR		4,649	2,317	2,360	5,541
Other comprehensive income:					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Currency translation differences		-33	169	-228	138
Other comprehensive income/loss for the financial year		-33	169	-228	138
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		4,616	2,486	2,132	5,679
Basic and diluted earnings per share (euros)	20	0.11	0.06	0.06	0.14

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

The notes presented on pages 16 to 31 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	6 months 2013	6 months 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		2,360	5,541
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	3,776	3,762
<i>Interest expense</i>	19	594	988
<i>Interest income</i>	19	-17	-88
<i>Depreciation, amortisation</i>	10, 11	5,486	5,099
<i>Loss on sale and write-off of non-current assets</i>	10	9	1,024
<i>Effect of equity method</i>	7	-86	-79
Change in inventories		-463	-5,270
Change in receivables and prepayments related to operating activities		1,814	1,028
Change in liabilities and prepayments related to operating activities		-1,227	2,646
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		12,246	14,651
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-15,891	-18,793
Proceeds from sale of property, plant and equipment	10	1	21
Purchase of intangible assets	11	-18	0
Change in balance of parent company's group account	21	5,000	9,000
Interest received	19	17	88
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-10,891	-9,684
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	42,120	25,205
Repayments of borrowings	12	-33,977	-15,882
Change in overdraft balance	12	7,654	5
Dividends paid	15	-14,255	-14,255
Income tax on dividends	15	-3,776	-3,762
Repayments of finance lease principal	12	-2	-126
Interest paid		-616	-1,020
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-2,852	-9,835
TOTAL CASH FLOWS		-1,497	-4,868
Effect of exchange rate changes		3	8
Cash and cash equivalents at the beginning of the period	2	13,494	11,948
Cash and cash equivalents at the end of the period	2	12,000	7,088
Net change in cash and cash equivalents		-1,494	-4,860

The notes presented on pages 16 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	Revaluati on reserve	Retained earnings	Currency translation differences	Total
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
Net profit for the reporting period	0	0	0	20,870	0	20,870
Other comprehensive income for the reporting period	0	0	0	0	104	104
Total comprehensive income for the reporting period	0	0	0	20,870	104	20,974
Reclassification of depreciation of revalued land and buildings	0	0	-1,118	1,118	0	0
Dividends paid	0	0	0	-14,255	0	-14,255
Balance as of 31.12.2012	24,438	2,603	51,079	68,066	-7	146,179
Net profit for the reporting period	0	0	0	2,360	0	2,360
Other comprehensive loss for the reporting period	0	0	0	0	-228	-228
Total comprehensive income for the reporting period	0	0	0	2,360	-228	2,132
Reclassification of depreciation of revalued land and buildings	0	0	-558	558	0	0
Dividends paid	0	0	0	-14,255	0	-14,255
Balance as of 30.06.2013	24,438	2,603	50,521	56,729	-235	134,056

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

The notes presented on pages 16 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 2012. 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 2012.

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 6 months of 2013 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and Bank

in thousands of euros		
	30.06.2013	31.12.2012
Cash on hand	567	872
Bank accounts	9,165	11,305
Cash in transit	2,268	1,317
Total cash and bank	12,000	13,494

Note 3. Trade Receivables and prepayments

in thousands of euros		
	30.06.2013	31.12.2012
Trade receivables (Note 4)	9,376	11,662
Short-term receivables from related parties (Note 21)	96	5,096
Other short-term receivables	66	41
Total financial assets from balance sheet line "Trade receivables and prepayments"	9,538	16,799
Prepayment for goods	1,131	806
Other prepaid expenses	736	435
Prepaid rental expenses	222	399
Prepaid taxes (Note 14)	49	58
Total trade receivables and prepayments	11,676	18,497

Note 4. Trade receivables

in thousands of euros		
	30.06.2013	31.12.2012
Trade receivables	8,283	9,903
Allowance for doubtful receivables	-72	-63
Receivables from related parties (Note 21)	248	254
Credit card payments	917	1,568
Total trade receivables	9,376	11,662

Note 5. Inventories

in thousands of euros		
	30.06.2013	31.12.2012
Goods purchased for resale	47,850	47,410
Raw materials and materials	877	854
Total inventories	48,727	48,264

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

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Write-down and write-off of inventories	1,444	1,182	2,839	2,057
Inventory stocktaking deficit	713	472	978	742
Total materials and consumables used	2,157	1,654	3,817	2,799

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

Note 6. Subsidiaries

Tallinna Kaubamaja Group consists of:

Name	Location	Area of activity	Ownership 30.06.2013	Ownership 31.12.2012	Year of acquisitio n
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	100%	2004
SIA TKM Latvia	Riga Ieriku iela 3	Real estate management	100%	100%	2006
SIA Selver Latvija	Riga Ieriku iela 3	Retail trade	100%	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	100%	2007
Ülemiste Autokeskus OÜ	Tallinn Ülemiste tee 1	Retail trade	100%	100%	2007
Auto Forum SIA	Riga Pulkevza Brieza 31	Retail trade	100%	100%	2007
KIA Auto UAB	Vilnius Perkunkiemiõ g.2	Retail trade	100%	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	100%	2008
ABC King SIA	Riga Ieriku iela 3	Retail trade	100%	100%	2008
SIA Suurtuki	Riga Ieriku iela 3	Retail trade	100%	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	100%	2012
Topsec Turvateenused OÜ	Tallinn Gonsiori 2	Security activities	100%	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	100%	2012
AS Viking Motors	Tallinn Tammsaare tee 51	Retail trade	100%	100%	2012
OÜ Opti Auto	Tallinn Gonsiori 2	Activities of holding companies	100%	100%	2013
TKM Beauty Holding OÜ	Tallinn Gonsiori 2	Activities of holding companies	100%	100%	2013

With the intention of improving the structure and making the administration of Tallinna Kaubamaja group more transparent, merger and division of its subsidiaries took place in 2013.

On 30 April 2013 the Commercial Register registered division of the subsidiary of Tallinna Kaubamaja AS, AS Tartu Kaubamaja. According to the division plan signed on 12 March 2013 AS Tartu Kaubamaja transferred by division the share of OÜ TKM Beauty (registry code 11431051) to the recipient company, OÜ TKM Beauty Holding (registry code 12466011). OÜ TKM Beauty Holding was entered to the Commercial register also on 30 April 2013. OÜ TKM Beauty Holding is a 100% subsidiary of Tallinna Kaubamaja AS. A division resolution was adopted on 15 March 2013. The share capital of the company being divided does not change.

On 17 May 2013 the Commercial Register registered the merger of AS ABC King, AS Tartu Kaubamaja and OÜ Suurtüki NK. In connection to registration of the merger, AS Tartu Kaubamaja and OÜ Suurtüki NK were deleted

from the Commercial Register. The business name of AS ABC King is as of 17 May 2013 AS TKM King. The merger resolutions were adopted on 12 April 2013. The share capital of the acquiring company does not change.

On 16 May 2013 the Commercial Register registered the divisions of KIA Auto AS. According to the division agreement signed on 27 March 2013 KIA Auto AS transferred by division the share of OÜ Ülemiste Autokeskus to the recipient company, AS Viking Motors. According to the division plan signed on 27 March 2013 KIA Auto AS transferred by division the shares of Forum Auto SIA (former SIA KIA Automobiles) and UAB KIA Auto to the recipient company, OÜ Opti Auto. OÜ Opti Auto was entered to the Commercial register also on 16 May 2013. OÜ Opti Auto is a 100% subsidiary of OÜ TKM Auto, which in turn is a 100% subsidiary of Tallinna Kaubamaja AS. The division resolutions were adopted on 5 April 2013. The share capital of the company being divided does not change.

Next, merger of Estonian car sales businesses of the group took place, whereof AS Viking Motors (acquiring company) merged into itself OÜ Ülemiste Autokeskus (company acquired).

Secondly, OÜ Opti Auto (company acquired), that was the shareholder of Latvian subsidiary Forum Auto SIA and Lithuanian subsidiary UAB KIA Auto, merged with TKM Auto OÜ (acquiring company). Consequently, TKM Auto OÜ has after the merger four subsidiaries - AS Viking Motors, KIA Auto AS, Forum Auto SIA and UAB KIA Auto. TKM Auto OÜ has 100% shareholding in all of the abovementioned subsidiaries. The sole shareholder of TKM Auto OÜ is Tallinna Kaubamaja AS.

Thirdly, OÜ TKM Beauty (acquiring company) merged into itself OÜ TKM Beauty Holding (company acquired). OÜ TKM Beauty Holding was the sole shareholder of OÜ TKM Beauty. As a result of the merger, OÜ TKM Beauty remained and Tallinna Kaubamaja AS is its sole shareholder.

The merger agreements connected to the above mentioned mergers were concluded on 3 June 2013. The above mentioned mergers were registered with the Commercial Registry in 12 July 2013. Reorganizing the structure of the group has no impact on the consolidated financial results. The abovementioned restructuring does not have substantial influence on the operations of the Tallinna Kaubamaja AS group.

From 2 July 2013 company KIA Automobiles SIA has a new name Forum Auto SIA, related to new business development plans.

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

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

Purchases in 2012:

Name	Location	Area of activity	Acquisition date	Ownership %
AS Viking Motors	Estonia	Retail trade	01.07.2012	100%

Trademark at value of 1,588 thousand euros was acquired. Trademark will be amortised during 7 years, amortisation started in September 2012 (Note 11).

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja AS has ownership of 50% (2012: 50%) interest in the entity AS Rävåla Parkla which provides the services of a parking house in Tallinn.

	30.06.2013	31.12.2012
Investment in the associate at the beginning of the year	1,628	1,550
Profit for the reporting period under equity method	86	126
Dividends received	0	-48
Investment in the associate at the end of the accounting period	1,714	1,628

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

	30.06.2013		31.12.2012	
Assets	3,746		3,678	
Liabilities	319		423	
	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Revenue	107	96	203	192
Profit	92	79	172	157

Note 8. Long-term prepayments and receivables

in thousands of euros

	30.06.2013	31.12.2012
Prepaid rental expenses	562	561
Deferred tax asset	77	71
Other receivables	35	35
Total long-term prepayments and receivables	674	667

Note 9. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2011	3,566
Changes occurred in 2012	
Reclassification (Note 10)	190
Carrying value as at 31.12.2012	3,756
Carrying value as at 30.06.2013	3,756

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 2013 and 2012 no changes were recognised in fair value of investment property.

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Machinery and equipment	Other fixtures and fittings	Construc- tion in progress	Total
31.12.2011					
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	2,091	312	1,387	25,328	29,118
Acquired through business combinations	0	20	13	0	33
Reclassification (Note 9)	20,065	2,401	4,030	-26,686	-190
Disposals	0	-12	-27	0	-39
Write-offs	0	-6	-978	0	-984
Depreciation	-4,356	-2,677	-2,961	0	-9,994
Currency translation difference	37	0	-1	46	82
31.12.2012					
Cost or revalued amount	158,633	23,810	25,970	48,377	256,790
Accumulated depreciation	-15,374	-18,042	-17,839	-15,237	-66,492
Carrying value	143,259	5,768	8,131	33,140	190,298
Changes occurred in 2013					
Purchases and improvements	7,526	69	299	7,997	15,891
Reclassification	163	1,734	1,273	-3,170	0
Disposals	0	-1	0	0	-1
Write-offs	0	-3	-6	0	-9
Depreciation	-2,320	-1,275	-1,537	0	-5,132
Currency translation difference	-107	0	-4	-120	-231
30.06.2013					
Cost or revalued amount	166,113	25,254	27,288	52,999	271,654
Accumulated depreciation	-17,592	-18,962	-19,132	-15,152	-70,838
Carrying value	148,521	6,292	8,156	37,847	200,816

The cost of investments for the six months of 2013 amounted to 15,891 thousand euros.

The size of the investment in the business segment of Department store amounted to 993 thousand euros. In the reporting period renovation works were carried out in Department store showrooms and was initiated exchange process of point of sale software and hardware in the stores.

The cost of investments made in half year of 2013 in the supermarket business segment was 3,745 thousand euros. In March Selver store in Lasnamäe at Läänemere tee 28 was opened and in June Selver store in Tartu, Võru Street 77, was opened. In the reporting period Selver renewed store fittings and purchased computing technology.

The cost of the real estate business segment investment was 11,080 thousand euros. In March Sõbra Selver property in Tartu, Sõbra street 56a, was purchased and in Valga, Raja street 5, Valga Selver property. Major renovation works were performed in Kuressaare, Saare Selver and in Veessaare, Peetri property.

The cost of investments in the accounting period was 36 thousand euros in the vehicle trade business segment. The cost of investments made in the reporting period in the footwear segment was 37 thousand euros.

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Development expenditure	Total
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	370	370
Acquired through business combinations	0	1,588	0	0	1,588
Amortisation	0	-310	-197	-24	-531
31.12.2012					
Cost	7,298	5,097	1,080	388	13,863
Accumulated amortisation and impairment	-588	-1,127	-884	-28	-2,627
Carrying value	6,710	3,970	196	360	11,236
Changes occurred in 2013					
Purchases and improvements	0	0	0	18	18
Amortisation	0	-230	-98	-26	-354
30.06.2013					
Cost	7,298	5,097	1,080	406	13,881
Accumulated amortisation and impairment	-588	-1,357	-982	-54	-2,981
Carrying value	6,710	3,740	98	352	10,900

In the reporting period Group capitalised costs of the Partner Card loyalty programme as development expenditure in the amount of 18 thousand euros.

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 30.06.2013 is 10 years.

In 2012 was recognised the image of Viking Motors AS acquired in acquisition of car trade segment company in the amount of 1,588 thousand euros. Trademark will be amortised during 7 years.

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

in thousands of euros	30.06.2013	31.12.2012
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, 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 12. Interest bearing borrowings

in thousands of euros		
	30.06.2013	31.12.2012
Short-term borrowings		
Overdraft	7,948	294
Bank loans	6,671	16,310
Finance lease liability	1	3
Other borrowings	820	603
Total short-term borrowings	15,440	17,210

in thousands of euros		
	30.06.2013	31.12.2012
Long-term borrowings		
Bank loans	77,133	59,570
Other borrowings	213	211
Total long-term borrowings	77,346	59,781
Total borrowings	92,786	76,991

Borrowings received

in thousands of euros				
	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Overdraft	5,046	0	7,654	5
Bank loans	36,323	19,670	40,886	24,471
Other borrowings	738	225	1,234	734
Total borrowings received	42,107	19,895	49,774	25,210

Borrowings paid

in thousands of euros				
	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Bank loans	25,186	8,771	32,962	15,214
Finance lease liability	1	33	2	126
Other borrowings	642	254	1,015	668
Total borrowings paid	25,829	9,058	33,979	16,008

Bank loans and finance lease liabilities are denominated in euros.

As of 30.06.2013, the repayment dates of bank loans are between 30.09.2013 and 30.08.2018 (2012: between 30.07.2013 and 30.08.2018), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.30% (2012: 2.07%).

Note 13. Trade payables and other liabilities

in thousands of euros

	30.06.2013	31.12.2012
Trade payables	48,449	49,113
Payables to related parties (Note 21)	4,594	4,965
Other accrued expenses	228	268
Prepayments by tenants	1,228	1,247
Total financial liabilities from balance sheet line "Trade payables and other liabilities"	54,499	55,593
Taxes payable (Note 14)	4,287	4,740
Employee payables	3,217	3,220
Prepayments	238	445
Short-term provisions*	131	153
Total trade payables and other liabilities	62,372	64,151

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

Note 14. Taxes

in thousands of euros

	30.06.2013		31.12.2012	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	49	0	58	0
Value added tax	0	1,703	0	2,325
Personal income tax	0	772	0	677
Social security taxes	0	1,594	0	1,482
Corporate income tax	0	7	0	41
Unemployment insurance	0	135	0	147
Mandatory funded pension	0	76	0	68
Total taxes	49	4,287	58	4,740

Note 15. Share capital

As of 30.06.2013, 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 31.12.2012 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 28 March 2013 decided to pay dividends to the shareholders 0.35 euros per share in total amount of 14,255 thousand euros (2012: 14,255 thousand euros, 0.35 euros per share). Related income tax on dividends amounted to 3,776 thousand euros (2012: 3,761 thousand euros).

Note 16. 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 supermarket department store, car trade, footwear trade, real estate, beauty products (I.L.U.) and security segments. The measures of I.L.U. and security segment are below the quantitative criteria of the reporting segment specified in IFRS 8; these segments have been aggregated with the department store segment because they have similar economic characteristics and are similar in other respects specified in IFRS 8.

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

The activities of the Group are carried out in Estonia, Latvia and Lithuania. The Group operates in all the five operating segments in Estonia. The Company is engaged in car trade and real estate development in Latvia; and in car trade in Lithuania.

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

in thousands of euros

II quarter 2013	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	84,473	21,380	13,033	4,089	796	0	123,771
Inter-segment revenue	229	920	6	30	2,660	-3,845	0
Total revenue	84,702	22,300	13,039	4,119	3,456	-3,845	123,771
EBITDA	1,407	1,375	918	604	3,367	0	7,671
Segment depreciation and impairment losses	-1,048	-471	-100	-218	-907	0	-2,744
Operating profit/	359	904	818	386	2,460	0	4,927
Finance income (Note 19)	21	107	2	0	15	-136	9
Finance income on shares of associates	0	46	0	0	0	0	46
Finance costs (Note 19)	0	-101	-62	-41	-267	136	-335
Income tax	0	0	2	0	0	0	2
Net profit	380	956	760	345	2,208	0	4,649
incl. in Estonia	976	956	820	350	1,982	0	5,084
incl. in Latvia	-596	0	-25	-5	226	0	-400
incl. in Lithuania	0	0	-35	0	0	0	-35
Segment assets	64,347	67,338	16,949	13,426	187,557	-59,354	290,263
Segment liabilities	49,755	26,924	9,947	17,926	100,267	-48,612	156,207
Segment investment in non-current assets	2,355	846	-4	0	2,763	0	5,960

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwea r trade	Real estate	Inter- segment transact- ions	Total seg- ments
II quarter 2012							
External revenue	84,071	21,048	9,363	3,635	716	0	118,833
Inter-segment revenue	230	455	5	62	2,257	-3,009	0
Total revenue	84,301	21,503	9,368	3,697	2,973	-3,009	118,833
EBITDA	4,740	1,284	669	480	2,983	0	10,156
Segment depreciation and impairment losses	-2,092	-469	-34	-194	-782	0	-3,571
Operating profit	2,648	815	635	286	2,201	0	6,585
Finance income (Note 19)	48	236	0	1	18	-270	33
Finance income on shares of associates	0	40	0	0	0	0	40
Finance costs (Note 19)	0	-303	-60	-65	-421	270	-579
Income tax	-2,801	0	0	0	-961	0	-3,762
Net profit/loss	-105	788	575	222	837	0	2,317
incl. in Estonia	484	788	530	227	710	0	2,739
incl. in Latvia	-589	0	6	-5	127	0	-461
incl. in Lithuania	0	0	39	0	0	0	39
Segment assets	63,218	68,323	13,099	11,429	170,977	-61,340	265,706
Segment liabilities	48,021	27,919	6,839	11,821	87,820	-47,598	134,822
Segment investment in non-current assets	1,500	652	30	130	6,426	0	8,738

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwea r trade	Real estate	Inter- segment transact- ions	Total seg- ments
6 months 2013							
External revenue	164,026	41,352	22,059	6,794	1,550	0	235,781
Inter-segment revenue	467	1,774	16	14	5,165	-7,436	0
Total revenue	164,493	43,126	22,075	6,808	6,715	-7,436	235,781
EBITDA	2,487	1,529	1,318	255	6,527	0	12,116
Segment depreciation and impairment losses (Note 10, 11)	-2,133	-941	-201	-434	-1,786	0	-5,495
Operating profit/loss	354	588	1,117	-179	4,741	0	6,621
Finance income (Note 19)	58	236	4	0	29	-310	17
Finance income on shares of associates	0	86	0	0	0	0	86
Finance costs (Note 19)	0	-214	-103	-88	-499	310	-594
Income tax	-1,745	-1,196	7	0	-836	0	-3,770
Net profit/loss	-1,333	-500	1,025	-267	3,435	0	2,360
incl. in Estonia	-152	-500	1,121	-257	3,017	0	3,229
incl. in Latvia	-1,181	0	-67	-10	418	0	-840
incl. in Lithuania	0	0	-29	0	0	0	-29
Segment assets	64,347	67,338	16,949	13,426	187,557	-59,354	290,263
Segment liabilities	49,755	26,924	9,947	17,926	100,267	-48,612	156,207
Segment investment in non-current assets (Note 10, 11)	3,745	1,011	36	37	11,080	0	15,909

in thousands of euros

6 months 2012	Super markets	Department store	Car trade	Footwear trade	Real estate	Inter-segment transactions	Total segments
External revenue	161,348	40,038	15,484	6,558	1,439	0	224,867
Inter-segment revenue	452	905	11	172	4,361	-5,901	0
Total revenue	161,800	40,943	15,495	6,730	5,800	-5,901	224,867
EBITDA	7,728	1,244	1,144	232	5,889	0	16,237
Segment depreciation and impairment losses	-3,295	-827	-68	-387	-1,532	0	-6,109
Operating profit/loss	4,433	417	1,076	-155	4,357	0	10,128
Finance income (Note 19)	131	544	0	1	52	-640	88
Finance income on shares of associates	0	79	0	0	0	0	79
Finance costs (Note 19)	-2	-533	-125	-135	-833	640	-988
Income tax	-2,801	0	-4	0	-961	0	-3,766
Net profit/loss	1,761	507	947	-289	2,615	0	5,541
incl. in Estonia	2,931	507	948	-226	2,429	0	6,589
incl. in Latvia	-1,170	0	-29	-63	186	0	-1,076
incl. in Lithuania	0	0	28	0	0	0	28
Segment assets	63,218	68,323	13,099	11,429	170,977	-61,340	265,706
Segment liabilities	48,021	27,919	6,839	11,821	87,820	-47,598	134,822
Segment investment in non-current assets	1,935	2,588	74	136	14,060	0	18,793

External revenue according to types of goods and services sold

in thousands of euros

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Retail revenue	115,677	110,142	221,274	210,054
Wholesale revenue	4,188	4,850	6,992	7,731
Rental income	1,615	1,552	3,229	3,008
Revenue for rendering services	2,291	2,289	4,286	4,074
Total revenue	123,771	118,833	235,781	224,867

External revenue by client location

in thousands of euros

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Estonia	120,370	116,305	229,730	219,946
Latvia	1,936	1,000	2,987	1,727
Lithuania	1,465	1,528	3,064	3,194
Total	123,771	118,833	235,781	224,867

Distribution of non-current assets* by location of assets

in thousands of euros

	30.06.2013	31.12.2012
Estonia	182,164	171,572
Latvia	33,805	34,193
Lithuania	177	192
Total	216,146	205,957

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

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

Note 17. Other operating expenses

in thousands of euros

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Rental expenses	3,531	3,306	7,102	6,648
Heat and electricity expenses	2,105	1,708	4,370	3,643
Operating costs	1,810	1,713	3,400	3,383
Cost of sale related services and materials	1,734	1,580	3,290	3,068
Marketing expenses	1,704	1,622	3,353	3,049
Miscellaneous other operating expenses	833	818	1,574	1,604
Computer and communication costs	644	509	1,244	997
Personnel expenses	478	371	916	741
Total other operating expenses	12,839	11,627	25,249	23,133

Note 18. Staff costs

in thousands of euros

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Wages and salaries	7,725	6,808	15,012	13,219
Social security taxes	2,573	2,293	4,996	4,444
Total staff costs	10,298	9,101	20,008	17,663
Average wages per employee per month (euros)	735	686	722	674
Average number of employees in the reporting period	3,504	3,306	3,466	3,268

Note 19. Finance income and costs

in thousands of euros

Finance income

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Interest income on cash and cash equivalents	0	1	0	1
Interest income on Partner credit card	7	24	10	40
Interest income from loans to related parties	1	3	5	39
Interest income on NGI Group's group account (Note 21)	0	2	1	5
Other finance income	1	3	1	3
Total finance income	9	33	17	88

Finance costs

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Interest expense of bank loans	-294	-557	-534	-947
Interest expense of finance lease	-2	0	-3	-2
Other finance costs*	-39	-22	-57	-39
Total finance costs	-335	-579	-594	-988

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

Note 20. Earnings per share

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

	II quarter 2013	II quarter 2012	6 months 2013	6 months 2012
Net profit (in thousands of euros)	4,649	2,317	2,360	5,541
Weighted average number of shares	40 729 200	40 729 200	40 729 200	40 729 200
Basic and diluted earnings per share (euros)	0.11	0.06	0.06	0.14

Note 21. 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 2013	Sales 6 months 2013	Purchases 6 months 2012	Sales 6 months 2012
Parent	147	7	143	47
Entities in the Parent's consolidation group	11,909	1,429	10,079	737
Members of management and supervisory boards	0	22	0	1
Other related parties	331	83	375	11
Total	12,387	1,541	10,597	796

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:

	30.06.2013	31.12.2012
Interest receivable from Parent (Note 4)	1	2
Receivable from Parent (Note 3)	0	5,000
Receivables from entities in the in the Parent's consolidation group (Note 4)	243	127
Loan receivable from entities in the in the Parent's consolidation group (Note 3)	96	96
Sales bonuses receivable from entities in the in the Parent's consolidation group (Note 4)	0	121
Members of management and supervisory boards (Note 4)	4	4
Total receivables from related parties	344	5,350

	30.06.2013	31.12.2012
Parent	23	21
Entities in the Parent's consolidation group	4,515	4,895
Other related parties	56	49
Total liabilities to related parties (Note 13)	4,594	4,965

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 providing 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 2013 Tallinna Kaubamaja Group earned interest income on its deposits of available funds in the amount of 5 thousand euros (2012: 39 thousand euros). As at 30 June 2013 Group has paid interest in the amount of 0.04 thousand euros (2012: 0 euros) for using NG Investeeringud group account available. As at 30.06.2013 Group deposited through parent company NG Investeeringud OÜ 0 euros (31.12.12: 5,000 thousand euros with interest rate 0.55% and with maturity up to 21 January 2013).

The average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.06% in the euro account (2012: 0.17%). 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 444 thousand euros (6 months 2012: 336 thousand euros). Short term benefits to supervisory boards' members of Tallinna Kaubamaja Group in reporting period including social taxes amounted to 136 thousand euros (6 months 2012: 109 thousand euros).