

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the third quarter and first 9 months of 2016
(unaudited)**

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja Grupp AS (hereinafter referred to as the 'Tallinna Kaubamaja Group' or 'the Group') include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 4,000 employees.

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Gonsiori 2, 10143 Tallinn Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2016
End of financial year:	31 December 2016
Beginning of interim report period:	1 January 2016
End of interim report period:	30 September 2016
Auditor:	PricewaterhouseCoopers AS
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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 Group the general meeting of the shareholders, held at least once in a year, elects supervisory board, which according to the articles of association may have 3 to 6 members. Members of the Tallinna Kaubamaja Group supervisory board are Jüri Kõo (chairman of the supervisory board), Andres Järving, Enn Kunila, Gunnar Kraft and Meelis Milder. Members of Tallinna Kaubamaja Group supervisory board are elected for three years. The mandates of current supervisory board members Andres Järving, Jüri Kõo, Enn Kunila, Meelis Milder and Gunnar Kraft will expire on 19 May 2018. During the period between the general meetings the supervisory board plans actions of the company, organises management and accomplishes supervision over management actions. Regular supervisory board meetings are held at least 10 times in a year. In order to manage daily activities the supervisory board appoints member(s) of the management board of the Tallinna Kaubamaja Group in accordance with the Commercial Code. In order to elect a member of the management board, his or her consent is required. By the articles of association a member of the management board shall be elected for a specified term of up to three years. Extension of the term of office of a member of the management board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the articles of association. Currently the management board of Tallinna Kaubamaja Group has one member. The term of office of the management board member Raul Puusepp was extended on 21 February 2014 and his term of office expires on 6 March 2017.

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

Share market

Since 19 August 1997, the shares of Tallinna Kaubamaja Group have been listed in the main list of securities of the Tallinn Stock Exchange. Tallinna Kaubamaja Group has issued 40.729.2 thousand registered shares, each with the nominal value of 0.40 euros. The shares are freely transferable, no statutory restrictions apply. There are no restrictions on transfer of securities to the company as provided by contracts between the company and its shareholders. We do not have information about contracts between the shareholders restricting the transfer of securities. NG Investeeringud OÜ has direct significant participation. Shares granting special rights to their owners have not been issued.

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

The share with a price of 6.74 euros at the end of 2015 was closed in late September of 2016 at 7.43 euros, increased by 10.24% within the nine months of the year.

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

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2016 to 30.09.2016.

In euros



Company's structure

The following companies belong to the Group as of September 30, 2016:

	Location	Shareholding as of 30.09.2016	Shareholding as of 31.12.2015
Selver AS	Estonia	100%	100%
Kulinaaria OÜ	Estonia	100%	100%
Kaubamaja AS	Estonia	100%	100%
Viking Security AS	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
TKM Auto OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
Forum Auto SIA	Latvia	100%	100%
Viking Motors AS	Estonia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
AS TKM King	Estonia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

The GDP of the second quarter of 2016 grew surprisingly little in comparison with the second quarter of the previous year – only by 0.8%. The greatest decelerators of the Estonian economy were energetics, mining and real estate. The field of information technology and communication was the main driver of economic growth in the second quarter of 2016; its added value mainly grew due to the fast growth in the added value of activities related to programming and information technology. The growth of added value from retail sale was also a contributing factor. Estonian CPI for the first nine months fell by 0.2%. The prices of food and non-alcoholic beverages, which had fallen during all the previous eight quarters, rose by 0.8% during the third quarter, resulting in a total decrease of food prices by 0.2% during the first nine months of the year. The prices of clothing and footwear went up by 4.1% during the first nine months. The biggest increase in prices – 6.1 percent – occurred in alcoholic beverages and tobacco due to a rise in excise duty. The autumn forecast of the Ministry of Finance predicts a modest price increase this year – a total of 0.2% for the entire year. Fast wage growth has raised concerns about a decrease in investments and sustainable growth of companies. According to analysts, the rise in private consumption has been very fast in comparison with the pace of economic growth during the recent years, but this rise has been nevertheless slower than the wage growth. The average gross wage rose by 7.6% in year-on-year comparison. According to a survey recently published by the consultation firm Fontes, wage pressure is going to continue in Estonia, but the pace of wage growth is going to slow down. The Ministry of Finance estimates an annual economic growth of 1.3%, which will accelerate to 2.5% in 2017.

According to Statistics Estonia, the total retail trade turnover at current prices grew by 7.2% in Estonia during the first eight months of 2016. Car sales have benefited from the biggest growth, especially motor vehicle services and repairs, which have grown by 21.7% in 8 months. The growth of retail sale in unspecialised stores (mainly focused on groceries) has somewhat slowed down during the recent months and has increased by 4.1% in total during eight months. Retail sale in other unspecialised stores grew by 1.4%. Concerning capacity, the sale of engine fuel still displayed the greatest decrease in retail sale in the eight-month perspective with a 4.8% decrease. According to the Estonian Institute of Economic Research, consumer confidence has improved during the recent months.

Economic results**FINANCIAL RATIOS 2015–2016**

	EUR		Change
	3 rd quarter 2016	3 rd quarter 2015	
Sales revenue (in millions)	148.1	139.8	6.0%
Operating profit/loss (in millions)	9.6	6.9	38.6%
Net profit/loss (in millions)	9.4	6.7	40.7%
Return on equity (ROE)	5.5%	4.0%	
Return on assets (ROA)	2.8%	2.0%	
Net profit margin	6.34%	4.78%	
Gross profit margin	25.64%	24.28%	
Quick ratio	1.10	1.03	
Debt ratio	0.49	0.48	
Sales revenue per employee (in millions)	0.036	0.035	
Inventory turnover	1.65	1.75	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.33	4.15	
Share's closing price (EUR/share)	7.430	6.060	
Earnings per share (EUR/share)	0.23	0.16	
Average number of employees	4,143	4,032	

	EUR		Change
	9 month 2016	9 month 2015	
Sales revenue (in millions)	435.5	402.6	8.2%
Operating profit/loss (in millions)	23.5	16.0	46.8%
Net profit/loss (in millions)	17.8	11.4	55.6%
Return on equity (ROE)	10.4%	6.9%	
Return on assets (ROA)	5.2%	3.5%	
Net profit margin	4.08%	2.84%	
Gross profit margin	25.23%	24.42%	
Quick ratio	1.10	1.03	
Debt ratio	0.49	0.48	
Sales revenue per employee (in millions)	0.107	0.102	
Inventory turnover	4.87	5.02	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.33	4.15	
Share's closing price (EUR/share)	7.430	6.060	
Earnings per share (EUR/share)	0.44	0.28	
Average number of employees	4,071	3,932	
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		

Tallinna Kaubamaja Group's consolidated unaudited sales revenue for the third quarter amounted to 148.1 million euros, thereby surpassing the earlier sales revenue of the year by 6.0%. The nine-month sales revenue amounted to 435.5 million euros, indicating a growth by 8.2% in comparison with the 402.6 million euro nine-month sales revenue of the year before. The Group's consolidated unaudited net profit for the third quarter of 2016 was 9.4 million euros, which is a 40.7% increase in comparison with the same period of the previous year. The Group's net profit for the first nine months of 2016 was 17.8 million euros, which is a 55.6% improvement in comparison with the year before. The profit before tax for the first nine months was 23.0 million euros, which is a 50.3% growth in comparison with the previous year. A dividend payment affected the net profit, on which 5.2 million euros of income tax was paid during the first quarter of 2016; the amount of income tax paid the year before was 3.9 million euros.

The Group continued with a strong increase in sales revenue and profit during the third quarter. All of the Group's segments have increased their sales revenue and achieved a bigger net profit in the year-on-year perspective for several consecutive quarters. Similarly to the previous quarter, the vehicle segment displayed the biggest growth in the third quarter with car sales accelerating in Latvia and Lithuania in addition to Estonia. This was achieved through the increase of retail sales as well as major sales deals. Selver and Kaubamaja displayed a more moderate growth in sales revenue, but efficient stock management in raising the gross margin and an increase in employee efficiency contributed to a great deal in the profit of either segment. The footwear segment, which got a new manager in May, focused on the organisation of stores and assortment, which manifested in an extensive growth in sales. The activities aimed to curb losses in the segment shall continue with the optimisation of store spaces and operational expenditure. The sales space, which has increased in comparison with the year before, has slightly increased the number of employees. The increase in average wages is in line with the Estonian average, and includes an increase of the basic wages as well as performance pay on the excellent economic results.

Veeriku Selver in Tartu was closed for renovation works for five weeks during the third quarter; the supermarket nearly doubled in area as a result. The men's department and women's footwear department of Tallinna Kaubamaja department store underwent thorough renewal. Earlier in 2016, Kärberi Selver in Tallinn's Lasnamäe

district was opened and one Selver supermarket was closed in Narva. Tondi Selver in Tallinn underwent thorough renovation this summer. Selver's e-shop extended its activity area and increased its functionalities. The beauty and women's departments of the Tartu Kaubamaja department store were renewed and the Kaubamaja e-shop was launched. During rearrangements, the Tartu I.L.U. store was relocated from the Tasku centre to the new Kvartal centre opened in Tartu city centre.

The volume of assets of Tallinna Kaubamaja Group as at 30 September 2016 was 343.7 million euros, which is 1.3% less than the respective number at the end of 2015.

There were more than 596 thousand loyal customers at the end of the reporting period; the number of loyal customers increased by 1.3% in a year. The proportion of loyal customers' purchases in the Group's turnover was 79.5% (the number was 80.4% in the first nine months of 2015). Over 24,000 Partner Bank and Credit Cards had been issued by the end of the September.

Selver supermarkets

The consolidated sales revenue of the supermarket segment for the first 9 months of 2016 was 291.1 million euros, a year-on-year growth of 4.2%. The consolidated sales revenue of the third quarter was 99.4 million euros, amounting to a 2.4% increase in comparison with the same period of the year before. During the first 9 months of the year, the monthly average sales revenue of goods per one square meter of sales space was 0.36 thousand euros, which is a 2.8% increase in comparison with the results of the previous year. In the third quarter, the average monthly sales revenue of goods per one square meter of sales space was 0.37 thousand euros, exceeding the results of the previous year by 1.5%. The average monthly sales revenue per square metre of sales space of comparable stores was 0.36 thousand euros in the first nine months of 2016 and 0.37 thousand euros in the third quarter, showing an increase of 3.1% and 1.9%, respectively. 27.0 million purchases were made in Selver supermarkets during the first 9 months of 2016, which is a 0.7% increase in comparison with the previous year.

The consolidated profit before tax of the supermarkets segment for the first 9 months of 2016 was 10.5 million euros and the net profit 7.8 million euros, growing respectively by 4.1 million and 3.7 million euros in comparison with the year before. Therewith, the profit before tax earned in Estonia was 12.0 million euros and the net profit 9.4 million euros. The difference between net profit and profit before tax results in the income tax paid on dividends – the income tax paid on dividends in 2016 was 0.39 million euros bigger than the year before. Profit before tax and net profit of the third quarter were 4.4 million euros, which amounted to an increase by 1.1 million euros and of which 5.0 million euros was profit earned in Estonia. The nine-month loss earned in Latvia was 1.5 million euros, 0.5 million euros of which were earned during the third quarter. Loss earned in Latvia during the first nine months decreased by 0.3 million euros in comparison with the previous year.

The increase in the revenue of the supermarkets segment during the third quarter was supported by the increase in the average value of the shopping cart resulting from the growth of real income. The opening of new Selver supermarkets has also increased the number of purchases from Selver, meaning that new customers have been won over. In comparison with 2015, new supermarkets include Kärberi Server opened in April 2016, Viimsi Selver opened in August 2015 and the e-Selver service launched in fall 2015. A negative impact on the growth of turnover was provided by the higher reference base due to the closing of Veeriku Selver in Tartu for six weeks of renovation works and the closing of Kerese Selver in February 2016. The sales results of the third quarter were influenced by a significantly cooler summer, resulting in the sales of several seasonal product groups falling below the results of the previous summer. A good crop year has reduced the percentage of fruit and vegetables in the customers' shopping carts during the third quarter. When observed across supermarkets, the growth in sales revenue is led by the Selver supermarkets opened or renovated during recent years.

The profit earned in Estonia has most of all been influenced by the increase of gross profit earned on the sale of goods, which has been achieved by altering the principles of the operations of the sale of goods and by optimising the buying-in process. With respect to operational expenditure, the level of cost-efficiency has been improved in comparison with the previous year. Pressure on the wage level is also apparent in the supermarkets segment. The Tallinn Administrative Court satisfied the claim for refund from the Tallinn City Enterprise Department for sales tax collected on excised goods. The one-off payment was included in the second quarter results. Loss earned in Latvia reduced due to the end of the lease contract of one store.

The supermarkets segment includes the Selver supermarket chain with 45 Selver supermarkets, the e-Selver service and a café with a total sales space of 87.1 thousand m². The segment also includes SIA Selver Latvia, where business activities are currently suspended, and Kulinaaria OÜ, which features the largest central kitchen in the Baltic States.

This year, Selver has opened a store in Tallinn's Lasnamäe district and closed a store in Narva. Renovation works have been finished in two stores. Two new Selver stores are to be opened in the fourth quarter: the Arsenal Selver in Tallinn in October and the Maardu Selver in December. The e-Selver services launched during the final quarter of the previous year cover the city of Tallinn and a majority of the Harju County. We plan to significantly increase

the capacity of servicing a higher number of customers through e-Selver during the coming months. The SelveEkspress service has expanded into 24 Selver stores. It is planned to offer the service already in 27 Selver stores by the end of the year.

Department stores

The nine-month sales revenue of 2016 for the department stores business segment was 68.1 million euros, amounting to a year-on-year growth by 2.3%. Of this amount, the sales revenue of the third quarter amounted to 22.1 million euros, which is a 3.8% increase in comparison with the results of the third quarter 2015. The nine-month sales revenue of department stores segment per one square metre of sales space was 0.29 thousand euros per month, which amounts to a 1.3% year-on-year growth. The nine-month profit before tax in 2016 for the department stores segment was 1.7 million euros, which is an 8.0% improvement in comparison with the previous year. The third quarter profit before tax was 0.7 million euros, which indicates an improvement by 6.9% in comparison with the previous year. The nine-month sales revenue of the department stores segment was affected by different renovation projects which started already during the first quarter with the beauty and women's departments of the Tartu department store and ended with the women's footwear department and men's department of the Tallinn department store during the third quarter. The products listed in the Kaubamaja e-shop launched in the beginning of March already reached 28,000 items by the end of the third quarter.

The sales revenue of OÜ TKM Beauty Eesti that operates I.L.U. cosmetics stores was 1.1 million euros in the third quarter, amounting to a 3.0% year-on-year decrease. The loss of the third quarter was 0.1 million euros, equalling the loss of the same period from 2015. The nine-month sales revenue of 2016 was 3.4 million euros, amounting to year-on-year decrease of 0.9%. The nine-month loss in 2016 was 0.3 million euros, which is about equal to the loss of the same period of the previous year. The slower-than-expected launch of the Kvartal's I.L.U. store in Tartu immediately before the summer season had a negative effect on sales and profit.

Car Trade

The 2016 nine-month sales revenue of the car trade segment was 63.3 million euros. The sales revenue topped the results of the same period from the previous year by 38.8%, whereas the sales revenue of KIAs grew by 36.5%. The sales revenue of 21.9 million euros earned in the third quarter exceeded the year-on-year results by 26.7%, including the sales revenue from KIA sales by 31.1%. During the first nine months, altogether 3,012 new vehicles were sold in the Group car trade segment, 1,003 vehicles were sold in the third quarter. The segment's net profit for the first nine months of the year 2016 was 2.6 million euros, amounting to a 98.8% year-on-year growth. The segment's profit before tax for the first nine months of 2016 was 3.0 million euros, topping the last year's result from the same period by 68.3%. The net profit of the third quarter of 2016 was 1.6 million euros, which is a 129.6% improvement in comparison with the third quarter of 2015.

All of the Group's car trade enterprises indicated strong sales results during the first nine months of the year, whereas the strongest growth in sales was provided by the Latvian and Lithuanian salons. The KIA importer has done an excellent job in introducing the new models; the sale of the new KIA Sportage model has kicked off especially well. KIA's reliability in the eyes of the customers is on constant increase. Intense work on corporate clients has also yielded great results. In addition, the Forum Auto car salon built two years ago has launched well and justified itself in every aspect. The new KIA models NIRO and Optima Wagon will be on sale soon. In Latvia, the Peugeot selection will be supplemented with the new Peugeot 3008 and Expert models.

Footwear trade

The 2016 nine-month sales revenue of the footwear trade segment was 9.3 million euros, which is a 9.3% year-on-year improvement. The third quarter sales revenue was 3.5 million euros, increasing by 9.6% in comparison with the same period of the previous year. The company's third quarter net loss was 0.3 million euros, which amount to a 5.2% year-on-year decrease. An increased proportion of children's goods and mass brands have helped to grow sales revenue. The reduction of end-of-season leftovers has improved the age structure of stock, first and foremost in the ABC King store chain. To improve the efficiency the company will continue to improve the efficiency of merchandise processes in addition to store space optimisation and cutting current expenditure.

Real estate

The sales revenue of the real estate business earned outside the Group in the first 9 months of 2016 was 3.7 million euros. The sales revenue increased by 43.6%, i.e. by 1.1 million euros in comparison with the previous year. The Group's external sales revenue for the third quarter was 1.2 million euros, which is an increase of 28.3% or by 0.3 million euros in comparison with the same period of the previous year. The profit before tax of the real estate segment for the first nine months of 2016 was 8.6 million euros, which is a year-on-year increase of 27.4% or 1.8 million euros. The third quarter profit before tax was 3.0 million euros, amounting to a 25.9% year-on-year growth. The growth of sales revenue and profit was supported by the shopping and recreation centre opened in Viimsi in August 2015 and the rental of the Rézekne building in Latvia to an external party. The renovation works at the Tartu

Kaubamaja Shopping Centre during which the whole shopping environment was modernised were concluded in March 2016.

Personnel

The average number of employees in the Tallinna Kaubamaja Group in the first nine months of 2016 was 4,071, having grown by 3.5% compared to the same period in 2015. Total labour costs (cost of wages and social tax) amounted to 40.3 million euros in the first nine months of 2016, having grown by 11.2% compared to the same period in 2015. In the third quarter, the labour costs increased by 10.6% compared to the year before, while the average number of employees increased by 2.7%. The average monthly cost of wages grew by 7.5% in the first nine months compared to the average wages of the nine months of 2015, in the third quarter, the growth was 7.9%.

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 reflects transactions with related parties.



Raul Puusepp
Chairman of the Management Board

Tallinn, 13 October 2016

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja Grupp AS consolidated interim financial statements (unaudited) for the period of the third quarter and first 9 months of 2016 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 Grupp AS and its subsidiaries are going concerns.



Raul Puusepp
Chairman of the Management Board

Tallinn, 13 October 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	30.09.2016	31.12.2015
ASSETS			
Current assets			
Cash and cash equivalents	2	13,602	13,911
Trade and other receivables	3	10,454	20,191
Inventories	5	66,815	61,110
Total current assets		90,871	95,212
Non-current assets			
Long-term trade and other receivables	8	294	293
Investments in associates	7	1,802	1,778
Investment property	9	46,956	44,963
Property, plant and equipment	10	195,159	196,691
Intangible assets	11	8,660	9,043
Total non-current assets		252,871	252,768
TOTAL ASSETS		343,742	347,980
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	12,300	33,377
Trade and other payables	13	70,021	77,066
Total current liabilities		82,321	110,443
Non-current liabilities			
Borrowings	12	84,704	57,426
Provisions for other liabilities and charges		502	502
Total non-current liabilities		85,206	57,928
TOTAL LIABILITIES		167,527	168,371
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		64,608	65,701
Currency translation differences		-255	-255
Retained earnings		92,967	95,268
TOTAL EQUITY		176,215	179,609
TOTAL LIABILITIES AND EQUITY		343,742	347,980

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euros

	Note	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Revenue	16	148,099	139,759	435,483	402,559
Other operating income		308	213	1,259	604
Cost of sales	5	-110,131	-105,414	-325,627	-303,062
Other operating expenses	17	-12,512	-12,831	-38,078	-38,777
Staff costs	18	-13,019	-11,768	-40,281	-36,221
Depreciation, amortisation and impairment losses	10, 11	-3,006	-2,919	-8,687	-8,620
Other expenses		-159	-127	-548	-457
Operating profit		9,580	6,913	23,521	16,026
Finance income	19	1	1	3	11
Finance costs	19	-213	-283	-644	-864
Finance income on shares of associates	7	27	45	124	133
Profit before tax		9,395	6,676	23,004	15,306
Income tax expense	15	0	0	-5,219	-3,873
NET PROFIT FOR THE FINANCIAL YEAR		9,395	6,676	17,785	11,433
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Currency translation differences		0	0	0	0
Other comprehensive income for the financial year		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		9,395	6,676	17,785	11,433
Basic and diluted earnings per share (euros)	20	0.23	0.16	0.44	0.28

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	9 months 2016	9 months 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		17,785	11,433
<i>Adjustments:</i>			
<i>Income tax on dividends</i>	15	5,219	3,873
<i>Interest expense</i>	19	644	864
<i>Interest income</i>	19	-3	-11
<i>Depreciation, amortisation</i>	10, 11	8,668	8,605
<i>Loss on sale and write-off of non-current assets</i>	10	19	15
<i>Profit on sale of non-current assets</i>	10	-10	-13
<i>Effect of equity method</i>	7	-124	-133
Change in inventories		-5,704	-3,548
Change in receivables and prepayments related to operating activities		4,737	1,672
Change in liabilities and prepayments related to operating activities		-6,983	-2,813
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		24,248	19,944
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-9,469	-15,075
Proceeds from sale of property, plant and equipment	10	849	350
Purchase of intangible assets	11	-135	-256
Investments in subsidiaries	6	0	-47
Dividends received	7	100	0
Change in balance of parent company's group account	21	5,000	4,000
Interest received	19	3	11
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-3,652	-11,017
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	48,726	34,367
Repayments of borrowings	12	-42,847	-42,775
Change in overdraft balance	12	322	471
Dividends paid	15	-21,179	-16,292
Income tax on dividends	15	-5,259	-3,873
Interest paid		-668	-894
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-20,905	-28,996
TOTAL CASH FLOWS		-309	-20,069
Effect of exchange rate changes		0	0
Cash and cash equivalents at the beginning of the period	2	13,911	24,626
Cash and cash equivalents at the end of the period	2	13,602	4,557
Net change in cash and cash equivalents		-309	-20,069

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	Revaluati on reserve	Retained earnings	Currency translation differences	Total
Balance as of 31.12.2014	16,292	2,603	67,159	88 031	-255	173,830
Net profit for the reporting period	0	0	0	11,433	0	11,433
Total comprehensive income for the reporting period	0	0	0	11,433	0	11,433
Reclassification of depreciation of revalued land and buildings	0	0	-1,093	1,093	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
Balance as of 30.09.2015	16,292	2,603	66,066	84,265	-255	168,971
Net profit for the reporting period	0	0	0	22,071	0	22,071
Total comprehensive income for the reporting period	0	0	0	22,071	0	22,071
Reclassification of depreciation of revalued land and buildings	0	0	-1,458	1,458	0	0
Dividends paid	0	0	0	-16,292	0	-16,292
Balance as of 31.12.2015	16,292	2,603	65,701	95,268	-255	179,609
Net profit for the reporting period	0	0	0	17,785	0	17,785
Total comprehensive income for the reporting period	0	0	0	17,785	0	17,785
Reclassification of depreciation of revalued land and buildings	0	0	-1,093	1,093	0	0
Dividends paid	0	0	0	-21,179	0	-21,179
Balance as of 30.09.2016	16,292	2,603	64,608	92,967	-255	176,215

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

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

Bases for Preparation

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

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

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

The Chairman of the Management Board is of the opinion that the Interim Report of Tallinna Kaubamaja Group for the third quarter and first 9 months of 2016 gives a true and fair view of the Company's performance in accordance with the going-concern concept.

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

Note 2. Cash and cash equivalents

in thousands of euros	30.09.2016	31.12.2015
Cash on hand	901	582
Bank accounts	11,980	11,488
Cash in transit	721	1,841
Total cash and cash equivalents	13,602	13,911

Note 3. Trade and other receivables

in thousands of euros	30.09.2016	31.12.2015
Trade receivables (Note 4)	8,636	10,284
Receivable from Parent (Note 21)	0	5,000
Other short-term receivables	423	2,490
Total financial assets from balance sheet line "Trade and other receivables"	9,059	17,774
Prepayment for goods	686	1,741
Other prepaid expenses	647	590
Prepaid rental expenses	46	77
Prepaid taxes (Note 14)	16	9
Total trade and other receivables	10,454	20,191

Note 4. Trade receivables

in thousands of euros	30.09.2016	31.12.2015
Trade receivables	6,824	7,211
Allowance for doubtful receivables	-22	-37
Receivables from related parties (Note 21)	563	1,027
Credit card payments	1,271	2,083
Total trade receivables	8,636	10,284

Note 5. Inventories

in thousands of euros	30.09.2016	31.12.2015
Goods purchased for resale	66,093	60,358
Raw materials and materials	722	752
Total inventories	66,815	61,110

Tallinna Kaubamaja Grupp AS

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

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Write-down and write-off of inventories	2,130	2,063	6,380	5,699
Inventory stocktaking deficit	196	257	1,012	1,087
Total materials and consumables used	2,326	2,320	7,392	6,786

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 30.09.2016	Year of acquisition
Selver AS	Tallinn Pärnu mnt. 238	Retail trade	100%	1996
Tallinna Kaubamaja Kinnisvara AS	Tallinn Gonsiori 2	Real estate management	100%	1999
Tartu Kaubamaja Kinnisvara OÜ	Tartu Riia 1	Real estate management	100%	2004
SIA TKM Latvija	Riga Ieriku iela 3	Real estate management	100%	2006
SIA Selver Latvia	Riga Ieriku iela 3	Retail trade	100%	2006
TKM Auto OÜ	Tallinn Gonsiori 2	Commercial and finance activities	100%	2007
KIA Auto AS	Tallinn Ülemiste tee 1	Retail trade	100%	2007
Forum Auto SIA	Riga Pulkevza Brieza 31	Retail trade	100%	2007
KIA Auto UAB	Vilnius Perkunkiemies g.2	Retail trade	100%	2007
TKM Beauty OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM Beauty Eesti OÜ	Tallinn Gonsiori 2	Retail trade	100%	2007
TKM King AS	Tallinn Betooni 14	Retail trade	100%	2008
Kaubamaja AS	Tallinn Gonsiori 2	Retail trade	100%	2012
Kulinaaria OÜ	Tallinn Taevakivi 7B	Centre kitchen activities	100%	2012
AS Viking Motors	Tallinn Tammsaare tee 51	Retail trade	100%	2012
Viking Security AS	A. H. Tammsaare tee 62	Security activities	100%	2014

Business combinations in 2015:

Name	Location	Area of activity	Acquisition date	Ownership %
Digisilm Videovalve OÜ	Estonia	Security activities	08.07.2015	100%

On 8 July 2015, Viking Security AS, subsidiary of Tallinna Kaubamaja Grupp AS, concluded an agreement, acquiring 100% of shares of Digisilm Videovalve OÜ. Digisilm Videovalve OÜ was established on 6 July 2015 through division of Digisilm Pro OÜ, whereby the video surveillance business was allocated to Digisilm Videovalve OÜ.

Acquisition of the holding of Digisilm Videovalve OÜ enables Tallinna Kaubamaja Grupp AS to strengthen its field of security services further, which has been one of the fastest expanding business ventures of the Group over the last few years. Through this transaction, Viking Security AS will enhance its services related to the design, installation and maintenance of electronic alert, surveillance and monitoring systems.

The table below provides an overview of acquired identifiable assets and liabilities of Digisilm Videovalve OÜ at the time of acquisition.

in thousands of euros	Fair value
Cash and bank	3
Inventory	5
Fixed assets (Note 10)	7
Total identifiable assets	15
Cost of ownership interest	120
Paid for ownership interest in cash	50
Cash and cash equivalents in the acquired entity	-3
Total cash effect on the Group	-47

Goodwill at value of 104 thousand euros arose from the transaction (Note 11). Group has paid in 2015 from the cost of ownership interest 50 thousand euros. Remaining amount 70 thousand euros will be paid according to the contract by the end of 2016.

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

In 2016 there were no business combinations.

Note 7. Investments in associates

in thousands of euros

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

	30.09.2016	31.12.2015
Investment in the associate at the beginning of the year	1,778	1,778
Profit for the reporting period under equity method	124	142
Dividends received	-100	-142
Investment in the associate at the end of the accounting period	1,802	1,778

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

	30.09.2016		31.12.2015	
Assets	3,655		3,605	
Liabilities	51		48	
	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Revenue	61	115	298	345
Profit	55	90	248	266

Note 8. Long-term trade and other receivables

in thousands of euros

	30.09.2016	31.12.2015
Prepaid rental expenses	49	48
Deferred tax asset	210	210
Other receivables	35	35
Total long-term trade and other receivables	294	293

Note 9. Investment property

in thousands of euros

	EUR
Carrying value as at 31.12.2014	3,035
Reclassification (Note 10)	37,614
Net gain from fair value adjustment	4,314
Carrying value as at 31.12.2015	44,963
Reclassification (Note 10)	1,993
Carrying value as at 30.09.2016	46,956

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

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

In the reporting period Tartu Kaubamaja renovation amounted to 1,975 thousand euros and Viimsi shopping centre renovation work amounted to 18 thousand euros.

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

Note 10. Property, plant and equipment

in thousands of euros

	Land and buildings	Machinery and equipment	Other fixtures and fittings	Construction in progress and prepayments	Total
31.12.2014					
Cost or revalued amount	181,815	28,728	29,527	50,630	290,700
Accumulated depreciation	-7,871	-20,976	-18,189	-15,750	-62,786
Carrying value	173,944	7,752	11,338	34,880	227,914
Changes occurred in 2015					
Purchases and improvements	20	187	132	19,643	19,982
Acquired through business combinations (Note 6)	0	0	7	0	7
Reclassification	4,650	3,047	3,076	-10,773	0
Reclassification to investment property (Note 9)	-26,294	0	0	-11,320	-37,614
Disposals	0	-174	-197	0	-371
Write-offs	0	-9	-17	0	-26
Decrease in value	-239	0	0	-2,035	-2,274
Depreciation	-5,326	-2,256	-3,345	0	-10,927
31.12.2015					
Cost or revalued amount	156,799	30,688	30,577	48,180	266,244
Accumulated depreciation	-10,044	-22,141	-19,583	-17,785	-69,553
Carrying value	146,755	8,547	10,994	30,395	196,691
Changes occurred in 2016					
Purchases and improvements	19	236	96	9,118	9,469
Reclassification (Note 9)	2,379	3,236	3,643	-11,251	-1,993
Disposals	-10	-80	-9	-740	-839
Write-offs	-7	-9	-3	0	-19
Depreciation	-3,445	-1,931	-2,774	0	-8,150
30.09.2016					
Cost or revalued amount	159,112	32,563	33,718	45,307	270,700
Accumulated depreciation	-13,421	-22,564	-21,771	-17,785	-75,541
Carrying value	145,691	9,999	11,947	27,522	195,159

The cost of investments for the 9 months of 2016 amounted to 9,604 thousand euros (including purchases of property, plant and equipment in the amount of 9,469 thousand euros and purchases of intangible assets amounted to 135 thousand euros)

The cost of investments made in 9 months of 2016 in the supermarket business segment was 5,093 thousand euros. In the reporting period new Selver in Lasnamäe Kärberi shopping centre was opened. Extensive renovation works were carried out in Tondi Selver and Veeriku Selver. Additionally were purchased computing technology for SelveEkspress self-service cash registers and renewed store fittings.

The size of the investment in the business segment of Department store amounted to 2,921 thousand euros. In the reporting period was renewed beauty and women's department in Tartu, also women's and man's departments in Tallinn. Kaubamaja e-shop was launched.

The cost of investments in the accounting period was 266 thousand euros in the car trade business segment.

The cost of investments made in the reporting period in the footwear segment was 84 thousand euros.

The cost of the real estate business segment investment amounted to 1,105 thousand euros. In the reporting period renovation of Tartu Kaubamaja centre took place.

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

Note 11. Intangible assets

in thousands of euros

	Goodwill	Trademark	Beneficial contracts	Development expenditure	Total
31.12.2014					
Cost	7,298	5,272	1,080	621	14,271
Accumulated amortisation and impairment	-588	-2,057	-1,080	-144	-3,869
Carrying value	6,710	3,215	0	477	10,402
Changes occurred in 2015					
Purchases and improvements	0	5	0	539	544
Acquired through business combinations (Note 6)	104	0	0	0	104
Amortisation	0	-486	0	-80	-566
Impairment	-1,441	0	0	0	-1,441
31.12.2015					
Cost	6,814	5,277	1,080	1,160	14,331
Accumulated amortisation and impairment	-1,441	-2,543	-1,080	-224	-5,288
Carrying value	5,373	2,734	0	936	9,043
Changes occurred in 2016					
Purchases and improvements	0	0	0	135	135
Amortisation	0	-365	0	-153	-518
30.09.2016					
Cost	6,814	5,277	1,080	1,295	14,466
Accumulated amortisation and impairment	-1,441	-2,908	-1,080	-377	-5,806
Carrying value	5,373	2,369	0	918	8,660

In the reporting period the Group capitalised costs of a web page update and e-shop as development expenditure in the amount of 135 thousand euros.

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

in thousands of euros	30.09.2016	31.12.2015
Car trade	3,156	3,156
Footwear trade	2,113	2,113
Department store	104	104
Total	5,373	5,373

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

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

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

Note 12. Borrowings

in thousands of euros

	30.09.2016	31.12.2015
Short-term borrowings		
Overdraft	2,864	2,542
Bank loans	7,373	28,007
Other borrowings	2,063	2,828
Total short-term borrowings	12,300	33,377

in thousands of euros

	30.09.2016	31.12.2015
Long-term borrowings		
Bank loans	84,143	56,858
Other borrowings	561	568
Total long-term borrowings	84,704	57,426
Total borrowings	97,004	90,803

Borrowings received

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Overdraft	218	74	322	471
Bank loans	7,855	9,207	45,947	33,098
Other borrowings	1,001	421	2,779	1,269
Total borrowings received	9,074	9,702	49,048	34,838

Borrowings paid

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Bank loans	12,084	13,247	39,296	40,155
Other borrowings	1,356	848	3,551	2,620
Total borrowings paid	13,440	14,095	42,847	42,775

Bank loans and other borrowings are denominated in euros.

As of 30.09.2016, the repayment dates of bank loans are between 31.10.2016 and 30.04.2021 (2015: between 28.01.2016 and 27.03.2020), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.03% (2015: 1.14%).

Note 13. Trade and other payables

in thousands of euros

	30.09.2016	31.12.2015
Trade payables	54,891	57,901
Payables to related parties (Note 21)	3,359	4,579
Other accrued expenses	72	79
Prepayments by tenants	2,005	1,944
Total financial liabilities from balance sheet line "Trade and other payables"	60,327	64,503
Taxes payable (Note 14)	5,029	6,284
Employee payables	3,518	4,944
Prepayments	1,039	1,215
Short-term provisions*	108	120
Total trade and other payables	70,021	77,066

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

Note 14. Taxes

in thousands of euros

	30.09.2016		31.12.2015	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	16	0	9	0
Value added tax	0	1,833	0	3,014
Personal income tax	0	936	0	943
Social security taxes	0	2,003	0	2,017
Corporate income tax	0	16	0	67
Unemployment insurance	0	135	0	137
Mandatory funded pension	0	106	0	106
Total taxes	16	5,029	9	6,284

Note 15. Share capital

As of 30.09.2016, the share capital in the amount of 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share (as of 31.12.2015 the share capital in the amount 16,292 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.40 euros per share). All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.

In 2016, dividends were declared and paid to the shareholders in the amount of 21,179 thousand euros, or 0.52 euros per share (2015: 16,292 thousand euros, 0.40 euros per share). Related income tax expense on dividends amounted to 5,219 thousand euros (2015: 3,873 thousand euros).

Note 16. Segment reporting

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

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

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

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

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

in thousands of euros

	Super markets	Depart- ment store	Car trade	Foot- wear trade	Real estate	Inter- segment transact- ions	Total seg- ments
III quarter 2016							
External revenue	99,385	22,091	21,903	3,483	1,237	0	148,099
Inter-segment revenue	230	1,294	6	58	3,167	-4,755	0
Total revenue	99,615	23,385	21,909	3,541	4,404	-4,755	148,099
EBITDA	5,556	1,247	1,788	-102	4,097	0	12,586
Segment depreciation and impairment losses	-1,164	-628	-129	-131	-954	0	-3,006
Operating profit/loss	4,392	619	1,659	-233	3,143	0	9,580
Finance income (Note 19)	54	128	5	1	57	-244	1
Finance income on shares of associates	0	27	0	0	0	0	27
Finance costs (Note 19)	-2	-124	-59	-24	-248	244	-213
Income tax	0	0	0	0	0	0	0
Net profit/loss	4,444	650	1,605	-256	2,952	0	9,395
incl. in Estonia	4,962	650	1,469	-256	2,720	0	9,545
incl. in Latvia	-518	0	81	0	232	0	-205
incl. in Lithuania	0	0	55	0	0	0	55
Segment assets	75,200	47,885	24,358	9,178	234,033	-46,912	343,742
Segment liabilities	51,249	15,945	16,346	9,916	102,085	-28,014	167,527
Segment investment in non-current assets	1,614	944	46	73	186	0	2,863

in thousands of euros

	Super markets	Depart- ment store	Car trade	Foot- wear trade	Real estate	Inter- segment transact- ions	Total seg- ments
III quarter 2015							
External revenue	97,050	21,286	17,282	3,177	964	0	139,759
Inter-segment revenue	240	1,335	4	50	3,073	-4,702	0
Total revenue	97,290	22,621	17,286	3,227	4,037	-4,702	139,759
EBITDA	4,257	1,039	890	-72	3,718	0	9,832
Segment depreciation and impairment losses	-1,034	-496	-128	-160	-1,101	0	-2,919
Operating profit/loss	3,223	543	762	-232	2,617	0	6,913
Finance income (Note 19)	79	169	6	1	42	-296	1
Finance income on shares of associates	0	45	0	0	0	0	45
Finance costs (Note 19)	-7	-149	-69	-39	-315	296	-283
Income tax	0	0	0	0	0	0	0
Net profit/loss	3,295	608	699	-270	2,344	0	6,676
incl. in Estonia	3,917	608	680	-270	2,070	0	7,005
incl. in Latvia	-622	0	-5	0	274	0	-353
incl. in Lithuania	0	0	24	0	0	0	24
Segment assets	73,654	50,292	20,941	11,081	223,873	-52,503	327,338
Segment liabilities	51,498	16,890	13,748	11,381	100,257	-35,407	158,367
Segment investment in non-current assets	1,871	583	33	0	3,574	0	6,061

in thousands of euros

	Super markets	Depart- ment store	Car trade	Foot- wear trade	Real estate	Inter- segment transact- ions	Total seg- ments
9 months 2016							
External revenue	291,146	68,080	63,292	9,283	3,682	0	435,483
Inter-segment revenue	784	4,169	31	147	9,495	-14,626	0
Total revenue	291,930	72,249	63,323	9,430	13,177	-14,626	435,483
EBITDA	13,609	3,325	3,561	-279	11,992	0	32,208
Segment depreciation and impairment losses	-3,325	-1,759	-384	-419	-2,800	0	-8,687
Operating profit/loss	10,284	1,566	3,177	-698	9,192	0	23,521
Finance income (Note 19)	181	419	12	1	134	-744	3
Finance income on shares of associates	0	124	0	0	0	0	124
Finance costs (Note 19)	-9	-361	-173	-75	-770	744	-644
Income tax	-2,615	-1,175	-448	0	-981	0	-5,219
Net profit/loss	7,841	573	2,568	-772	7,575	0	17,785
incl. in Estonia	9,385	573	2,216	-772	6,911	0	18,313
incl. in Latvia	-1,544	0	188	0	664	0	-692
incl. in Lithuania	0	0	164	0	0	0	164
Segment assets	75,200	47,885	24,358	9,178	234,033	-46,912	343,742
Segment liabilities	51,249	15,945	16,346	9,916	102,085	-28,014	167,527
Segment investment in non-current assets (Note 10,11)	5,178	2,971	266	84	1,105	0	9,604

in thousands of euros

9 months 2015	Super markets	Department store	Car trade	Foot-wear trade	Real estate	Inter-segment transactions	Total segments
External revenue	279,333	66,558	45,607	8,497	2,564	0	402,559
Inter-segment revenue	749	3,742	17	163	9,074	-13,745	0
Total revenue	280,082	70,300	45,624	8,660	11,638	-13,745	402,559
EBITDA	9,156	2,853	2,340	-558	10,855	0	24,646
Segment depreciation and impairment losses	-2,999	-1,441	-384	-493	-3,303	0	-8,620
Operating profit/loss	6,157	1,412	1,956	-1,051	7,552	0	16,026
Finance income (Note 19)	217	491	26	1	107	-831	11
Finance income on shares of associates	0	133	0	0	0	0	133
Finance costs (Note 19)	-25	-418	-190	-120	-942	831	-864
Income tax	-2,223	-1,150	-500	0	0	0	-3,873
Net profit/loss	4,126	468	1,292	-1,170	6,717	0	11,433
incl. in Estonia	5,979	468	1,308	-1,170	5,978	0	12,563
incl. in Latvia	-1,853	0	-55	0	739	0	-1,169
incl. in Lithuania	0	0	39	0	0	0	39
Segment assets	73,654	50,292	20,941	11,081	223,873	-52,503	327,338
Segment liabilities	51,498	16,890	13,748	11,381	100,257	-35,407	158,367
Segment investment in non-current assets	3,941	1,640	205	47	9,498	0	15,331

External revenue according to types of goods and services sold

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Retail revenue	134,186	127,924	397,190	370,485
Wholesale revenue	6,896	5,972	19,488	15,538
Rental income	2,251	1,978	6,641	5,645
Revenue for rendering services	4,766	3,885	12,164	10,891
Total revenue	148,099	139,759	435,483	402,559

External revenue by client location

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Estonia	139,184	133,729	409,203	386,413
Latvia	6,198	4,322	18,921	11,277
Lithuania	2,717	1,708	7,359	4,869
Total	148,099	139,759	435,483	402,559

Distribution of non-current assets* by location of assets

in thousands of euros

	30.09.2016	31.12.2015
Estonia	216,947	216,439
Latvia	33,994	34,410
Lithuania	129	141
Total	251,070	250,990

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

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

Note 17. Other operating expenses

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Rental expenses	3,873	3,838	11,550	11,538
Heat and electricity expenses	1,864	1,933	6,093	6,324
Operating costs	1,583	1,581	4,741	4,846
Cost of sale related services and materials	1,338	1,869	3,877	5,460
Marketing expenses	1,640	1,475	4,955	4,492
Miscellaneous other operating expenses	663	793	2,243	2,207
Computer and communication costs	854	824	2,491	2,471
Personnel expenses	697	518	2,128	1,439
Total other operating expenses	12,512	12,831	38,078	38,777

Note 18. Staff costs

in thousands of euros

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Wages and salaries	9,811	8,848	30,347	27,255
Social security taxes	3,208	2,920	9,934	8,966
Total staff costs	13,019	11,768	40,281	36,221
Average wages per employee per month (euros)	789	731	828	770
Average number of employees in the reporting period	4,143	4,032	4,071	3,932

Note 19. Finance income and costs

in thousands of euros

Finance income

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Interest income on NGI Group's group account (Note 21)	0	1	2	4
Other finance income	1	0	1	7
Total finance income	1	1	3	11

Finance costs

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Interest expense of bank loans	-191	-238	-583	-747
Interest expense of finance lease	-4	-8	-15	-30
Interest expense on NGI Group's group account	0	0	0	-2
Other finance costs*	-18	-37	-46	-85
Total finance costs	-213	-283	-644	-864

* 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.

	III quarter 2016	III quarter 2015	9 months 2016	9 months 2015
Net profit (in thousands of euros)	9,395	6,676	17,785	11,433
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.23	0.16	0.44	0.28

Note 21. Related party transactions

in thousands of euros

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

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

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

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

	Purchases 9 months 2016	Sales 9 months 2016	Purchases 9 months 2015	Sales 9 months 2015
Parent	173	6	228	9
Entities in the Parent's consolidation group	22,653	6,066	20,063	5,379
Members of management and supervisory boards	0	3	0	0
Other related parties	768	85	799	204
Total	23,594	6,160	21,090	5,592

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:

	30.09.2016	31.12.2015
Interest receivable from Parent (Note 4)	0	1
Receivable from Parent (Note 3)	0	5,000
Receivables from entities in the in the Parent's consolidation group (Note 4)	560	1,016
Members of management and supervisory boards	1	0
Other related parties (Note 4)	2	10
Total receivables from related parties	563	6,027

	30.09.2016	31.12.2015
Parent	17	0
Entities in the Parent's consolidation group	3,115	4,463
Other related parties	227	116
Total liabilities to related parties (Note 13)	3,359	4,579

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

For proving funding for its subsidiaries, the Tallinna Kaubamaja Group uses the group account, the members of which are most of the Group entities. In its turn, this Group as a subgroup has joined the contract of the group account of NG Investeeringud OÜ (hereinafter head group). From autumn 2001, Tallinna Kaubamaja Group has been keeping its available funds at the head group, earning interest income on its deposits. During 9 months of 2016 the Group earned interest income on its deposits of available funds in the amount of 2 thousand euros (2015: 2 thousand euros).

As at 30 September 2016 the NG Investeeringud OÜ has not used the Group's available funds and Tallinna Kaubamaja Group has not used NG Investeeringud OÜ account available funds. As at 31 December 2015 Tallinna Kaubamaja Grupp AS deposited through parent company NG Investeeringud OÜ 5,000 thousand euros. Deposit matures on 26.01.2016 with interest rate of 0.4%.

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

Remuneration paid to the members of the Management and Supervisory Board

Short term benefits to the management boards' members of the Tallinna Kaubamaja Group for the reporting period including wages, social security taxes, bonuses and car expenses, amounted to 1 185 thousand euros (2015: 893 thousand euros). Short term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 433 thousand euros (2015: 233 thousand euros).

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