TALLINNA KAUBAMAJA AS

Consolidated Interim Report
for the fourth quarter and twelve months 2011
(unaudited)

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COMPANY PROFILE AND CONTACT DETAILS

The primary areas of activity of the companies of the Tallinna Kaubamaja AS Group include retail and wholesale trade and rental activities. The Tallinna Kaubamaja Group employs more than 3,050 employees.

The Company is listed on the Tallinn Stock Exchange.

Registered office:	Gonsiori 2,
	10143 Tallinn
	Republic of Estonia
Registry code:	10223439
Beginning of financial year:	1 January 2011
End of financial year:	31 December 2011
Beginning of interim report period:	1 January 2011
End of interim report period:	31 December 2011
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
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MANAGEMENT REPORT

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

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

Company's structure

The following companies belong to the group as of December 31, 2011:

	Location	Shareholding as of 31.12.2011	Shareholding as of 31.12.2010
Selver AS	Estonia	100%	100%
AS Tartu Kaubamaja	Estonia	100%	100%
Tartu Kaubamaja Kinnisvara OÜ	Estonia	100%	100%
Tallinna Kaubamaja Kinnisvara AS	Estonia	100%	100%
SIA TKM Latvija	Latvia	100%	100%
Selver Latvia SIA	Latvia	100%	100%
OptiGroup Invest OÜ	Estonia	100%	100%
KIA Auto AS	Estonia	100%	100%
Ülemiste Autokeskus OÜ	Estonia	100%	100%
KIA Auto UAB	Lithuania	100%	100%
KIA Automobiles SIA	Latvia	100%	100%
OÜ TKM Beauty	Estonia	100%	100%
OÜ TKM Beauty Eesti	Estonia	100%	100%
OÜ Suurtüki NK	Estonia	100%	100%
SIA Suurtuki	Latvia	100%	100%
AS ABC King	Estonia	100%	100%
SIA ABC King	Latvia	100%	100%
Rävala Parkla AS	Estonia	50%	50%

Economic development

In 2011, Estonian economy grew fast, mainly propelled by export. Both investments and employment increased, as did internal demand. According to the initial data of Statistics Estonia, in the 4th quarter the Estonian gross domestic product had grown by 4.0%, as compared to the year before. In 2011, the annual GDP grew by 7.5% compared to the previous year. Analysts estimate that the growth will become slower, but according to prognosis, Estonian economy will continue to flourish in 2012 as well. Compared to 2010, the consumer price index has grown by an average of 5.0%. Juxtaposing it to the last year, the index was most affected by the 9.7% increase in the price of food and non-alcoholic beverages, which did however slow down considerably by the end of the year. After a long period of time, households' demand has started to rise. The decrease in unemployment and the increase in wages are additional positive indicators.

Compared to last year, the total volume of retail sales has indicated a strong steady development. Compared to the same period of the previous year, the 2011 retail sales of retail companies goods (motor vehicles and motorbikes not included) increased by 10.3% at current prices, and showed a growth of 9.6% in the 4th quarter. The volume of sales increased in most areas of activity – only in pharmacies and beauty stores were the retail sales down by 8.6% compared to the previous year. Compared to other areas of retail sale, the annual increase in the sales of textile products, clothes, footwear and leather goods remained weak at 4.6%. The most remarkable rise could be seen in the sales of used goods (37.8%); in addition, retail sales by post or over the Internet grew rapidly (26.9%), as did the retail sales of food products, beverages and tobacco products in specialised stores (26.9%).

Economic results

FINANCIAL RATIOS 2010–2011

	EUR		
	12 months 2011	**12 months 2010**	**Change**
Sales revenue (in millions)	436.0	412.7	5.6%
Operating profit (in millions)	26.1	18.6	40.2%
Net profit (in millions)	21.5	16.6	29.4%
Return on equity (ROE)	16.1%	15,1%	
Return on assets (ROA)	8.2%	6.3%	
Net profit margin	4.94%	4.03%	
Gross profit margin	26.26%	26.11%	
Quick ratio	1.10	1.01	
Debt ratio	0.47	0.50	
Sales revenue per employee (in millions)	0.143	0.130	
Inventory turnover	10.39	10.48	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.42	3.16	
Share's closing price (EUR/share)	4.813	6.21	
Earnings per share (EUR/share)	0.53	0.41	
Average number of employees	3,059	3,184	

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

	EUR 4th quarter 2011	EUR 4th quarter 2010	Change
Sales revenue (in millions)	119.5	112.4	6.3%
Operating profit (in millions)	9.2	7.8	17.7%
Net profit (in millions)	8.7	7.4	17.7%
Return on equity (ROE)	6.5%	6.7%	
Return on assets (ROA)	3.3%	2.8%	
Net profit margin	7.28%	6.58%	
Gross profit margin	27.22%	27.22%	
Quick ratio	1.10	1.01	
Debt ratio	0.47	0.50	
Sales revenue per employee (in millions)	0.039	0.036	
Inventory turnover	2.85	2.85	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	3.42	3.16	
Share's closing price (EUR/share)	4.813	6.21	
Earnings per share (EUR/share)	0.21	0.18	
Average number of employees	3,104	3,107	

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, generated in the year 2011, was 436.0 million euros; compared to the sales revenue of 412.7 million euros a year back, the increase was 5.6%. In the 4th quarter, the Group's sales revenue was 119.5 million euros, which exceeded the sales revenue of a year before by 6.3%. The reference base was influenced by the sales tax, levied in Tallinn since June 2010 – it decreased the Group's sales revenue earned in 2011 by 2.1 million euros (by 1.2 million euros in 2010). On 1 January 2011, the calculating principles of the Group's sales revenue changed and the reference data from 2010 has been adjusted to the new principles. Pursuant to that, an additional 9.9 million euros has been recorded in the sales revenue in 2010.

The Group's consolidated unaudited net profit, generated in 2011, was 21.5 million euros, having risen by 29.4% compared to the net profit of the previous year, which was 16.6 million euros. The Group's net profit in the 4th quarter reached 8.7 million euros, thus exceeding the profit of the comparable period of the previous year (when the figure was 7.4 million euros) by 17.7%. The pre-tax profit increased by 43.7% during the year, making up 24.6 million euros.

The livening of the retail market, which accompanied the improvement of Estonian economy in 2011, had a positive impact on all the retail segments of the Tallinna Kaubamaja Group. In addition to the great results of the supermarket segment, both the department store segment and the footwear segment showed strong growth figures in terms of sales as well as profitability, while the car segment underwent a truly rapid increase. In the accounting year, the Group focussed on restoring internal profitability by better commercial management, the organisation of work processes, and the cost control. Rearranging the Group's management structures and the employees' organisation of work provided a solid basis for commercial development and helped to keep labour costs under control despite the wage pressure. Improving commercial management ensured the growth of sales revenue under new economic conditions, in which the number of impulse purchases has dropped and people consume more rationally.

During the accounting year, the Group paid much attention to the efficiency of floor spaces. Less effective stores were closed, including the Soldino Selver in Narva, the youth department in Kaubamaja and several footwear stores. In terms of the footwear segment, the concept renewal of Suurtüki NK OÜ came to an end, the last Suurtüki store was closed and the Group continues with 3 concepts – ABC, Shu and Nero. In 2011, Selver renovated four stores. In 2012, Selver plans to open several new stores, the first of which, Saku Selver, will be opened in May.

The volume of the assets of the Tallinna Kaubamaja Group as of 31 December 2011 was 262.5 million euros, having grown 2.3 million euros compared to the end of 2010, i.e. 0.9%.

At the end of the accounting period, the Group had more than 487.6 thousand loyal customers – a figure that had increased by 11.0% in a year. The share of purchases made by loyal customers from the 2011 sales revenue of the Group was 77.6%. More than 7.9 thousand Partner Credit Cards had been issued by the end of the year.

Share market

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

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

The share with a price of 6.210 euros at the end of 2010 was closed in late December of 2011 at 4.813 euros.

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

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2011 to 31.12.2011.

In euros

Department stores

The 2011 sales revenue of the department store business segment was 80.5 million euros, which had increased by 7.9% compared to the same period of the previous year. Of this, the sales revenue of the 4th quarter was 25.3 million euros, which was 11.6% higher than the revenue of the 4th quarter of 2010. The profit earned by department stores in 2011 was 2.8 million euros, which had improved by 1.4 million euros compared to the year before. In the 4th quarter, profit was earned in the amount of 2.3 million euros, which was 0.3 million euros better than the result of the corresponding period of the previous year. The operating profit of the department store segment had grown by 1.5 million euros in a year (from 1.0 million euros in 2010 to 2.5 million euros in 2011). The operating profit was influenced by the successful sales campaign Osturalli and the closing campaign of the digital and sports departments that began in the 4th quarter. The average sales revenue of Kaubamaja per a square metre of selling space in 2011 was 0.26 thousand euros, which is 8.3% higher than the average sales revenue of 2010. In August, the selling space of Kaubamaja grew smaller by 525 m2 in connection with the closing of the Kaubamaja youth department at the end of July. The 2011 operating profit of the department store segment was also boosted by the higher sales margin achieved thanks to successful purchases and the improved management of stock. In 2012, the Group will aim at giving a clear, comprehensive and wide-ranging content to the existing department store format in order to maintain its market segment and competitiveness on the local trade landscape.

The 2011 sales revenue of OÜ TKM Beauty Eesti operating the I.L.U. beauty stores was 3.2 million euros, which had increased by 43.2% compared to the same period of the previous year. Of this, the sales revenue of the 4th quarter was 1.2 million euros, which was higher than the revenue of the corresponding period of 2010 by 45.7%. The net loss suffered by the I.L.U. chain in 2011 was 0.5 million euros, which was 0.1 million euros greater than in 2010 due to the costs of launching a new store. In the 4th quarter, the net loss was 0.03 million euros, dropping by 0.04 million euros compared to the loss of the year 2010. The I.L.U. chain opened its fourth store in September 2010 (located in Kristiine Centre in Tallinn), and its fifth store in April 2011 (located in Ülemiste Centre in Tallinn). The goal for 2012 is to continue work in finding possibilities for the I.L.U. chain’s expansion and to significantly increase the chain’s profitability.

Selver supermarkets

The consolidated sales revenue of the supermarket business segment in 2011 and its sales revenue in Estonia were 317.9 million euros, which means an increase of 2.9% compared to the period of a year before. The consolidated sales revenue of the 4th quarter and the sales revenue in Estonia were 83.0 million euros, having grown by 1.8% compared to the same period of the previous year. The monthly average sales revenue of goods per one square metre of selling space in 2011 was 0.37 thousand euros, displaying a yearly growth of 3.2% in the consolidated view and 2.8% in the view of the Estonian market. In the 4th quarter, the average sales revenue of goods per one square metre of selling space was 0.39 thousand euros, thus showing a growth of 2.8% both in the view of consolidated data and in the view of the Estonian market. The sales revenue per a square metre of selling space in comparable stores was an average of 0.38 thousand euros in 2011 and 0.40 thousand euros in the 4th quarter, having increased by 3.7% and 3.8%, respectively.

The increase in Selver’s sales revenue is the result of continuously successful sales campaigns, which meet the target customers’ expectations, and the good sales of the holiday season in December. In addition, the constant work done to adjust the selection of goods according to changes in demand, and to ensure the availability of goods. The growth of the sales revenue of goods is influenced by the general rise in the prices of food products in Estonia, which has resulted in a decline of bulk sales. Since October, the increase in consumer prices has slowed down and a growth in bulk sales can be detected. Compared to last year, the increase in the sales revenue has been negatively influenced by the continued intense competition on the retail business market and the sales tax levied in Tallinn. In addition, the sales revenue was affected by the closing of the now renovated stores for a period of repair works lasting 2–4 weeks. In 2011, people made 33.1 million purchases from the Selvers located in Estonia – 0.6% less than the number of purchases made the year before. Selver’s share among the retail sales of the republic’s unspecialised stores, which are dominated by food products, beverages, and tobacco products, was 17.5% in the year 2011.

The consolidated pre-tax profit of the supermarket segment in 2011 was 14.1 million euros, which means a growth of 4.7 million euros, i.e. 50.7% compared to 2010. The consolidated net profit in 2011 was 11.0 million euros, thus displaying an increase of 2.1 million euros, i.e. 24.2% compared to the period of a year before. The consolidated pre-tax and net profit in the 4th quarter was 4.4 million euros, having increased by 1.0 million euros, i.e. 30.2% compared to the year before.

The pre-tax profit earned in Estonia in the year 2011 was 16.4 million euros, 5.0 million euros of which was generated in the last quarter. Compared to last year’s periods, profits grew by 32.9% and 21.6%, respectively. The net profit generated by supermarkets in Estonia in 2011 was 13.4 million euros, which means the profit grew by 12.5% in a year. The substantial difference between the growths of the pre-tax profit and net profit was caused by the income tax paid on dividends, which was 6.7 times greater than the income tax of a year before.

The increase in the profit earned in Estonia was chiefly caused by the revision of the employees' work processes and the implementation of a multifunctional work organisation – as a result, labour efficiency was enhanced and labour costs decreased by 8.4% in the view of the year. Throughout the year, constant attention has been paid to the efficiency of operational expenditure. In addition, a drop in depreciation costs had a significant impact on the profit formation.

Due to the closing of Latvian stores, no sales revenue from goods was generated in Latvia in 2011. The total sales revenue of Selver in Latvia was 1.7 thousand euros in 2011 and 31.5 thousand euros in 2010. The loss sustained by SIA Selver Latvia in 2011 was 2.3 million euros, having decreased by 0.7 million euros compared to the previous year. The loss incurred in the 4th quarter was 0.6 million euros, having decreased by 0.1 million euros compared to the same period of the year before. Economic activities in Latvia have been brought to a halt.

In the year 2011, Selver renovated four stores – Kadaka in Tallinn, Mai in Pärnu, Männimäe in Viljandi and Vilja in Võru. The renewed Kadaka Selver was opened in April, while the other stores were renovated in the 4th quarter. The renovation of the stores was guided by Selver's new sales area concept, which was developed in 2011. In addition, the SelveEkspress purchase system, which is innovative in Estonia, was introduced at the Kadaka Selver. In July, Selver closed the Soldino Selver in Narva due to the store's unsatisfactory profitability. At the moment, Selver is continuing business in Narva with one store. 2012 is envisaged to be the year of Selver's active expansion. In January, lease contracts for three new stores were entered into. The first new store to be opened in May is the Saku Selver, which will have 1,764 square metres of selling space and will employ 39 people. In the Rapla Selver to be opened in November, the size of the sales area is planned to be 1,630 square metres, and the store will provide jobs for 45 people. At the moment, Rapla County is also the only county where Selver has not been represented so far. In mid-December, a Selver store will be opened in Tartu, Vahi quarter. The size of its sales area will be 1,010 square metres and the store will provide work for 30 people. According to plans, in 2012 Selver will open other new stores in addition to the three referred to. At the end of 2011, Selver's total selling space was 69.1 thousand square metres and Selver stores employed 2,269 people.

Real Estate

The external sales revenue of the real estate business segment for 2011 was 2.8 million euros, having increased by 1.1% compared to the previous year. The sales revenue of the 4th quarter of the accounting year was 0.7 million euros, exceeding the result of the 4th quarter of 2010 by 6.6%.

The profit earned in the segment in 2011 was 6.6 million euros, which remained on the same level as in 2010. In the 4th quarter, the segment achieved a profit of 1.5 million euros, which was 12.0% lower than the profit of the 4th quarter of the previous year due to an increase in the intra-group financial costs at the end of the year.

Car Trade

In 2011, the car trade segment experienced substantial growth, although the sales of new cars in the Baltics are yet to reach the pre-crisis level. The segment's sales revenue without inter-segment transactions was 20.8 million euros, exceeding the sales revenue of the same period of the previous year by 60.9%. The sales revenue of the 4th quarter, which was 6.6 million euros, was 89.0% greater than the sales revenue of a year earlier. Thanks to strong sales results, the 2011 profit of the car trade segment was 1.3 million euros, and thus exceeded the result of a year before by nearly five times. In the 4th quarter, the car segment earned a profit of 0.3 million euros. The profit of the last quarter of 2010 was 0.1 million euros.

Thanks to an advantageous market and the addition of new models, the vehicle trade segment underwent a significant increase in 2011. In a year, a total of 1,128 new cars were sold – of that, 370 vehicles were sold in the 4th quarter. Compared to a year before, the growths were 56% and 71%, respectively. The profit increase was chiefly brought about by the successful sales of the new crossover SUV KIA Sportage, which made up 46% of total sales, but also by the two new models added to the selection – KIA Picanto and KIA Rio. The remarkable growth was supported by the fact that the entire market for new vehicles in the Baltics was extremely active in 2011, increasing by nearly 70% during the year. In a year, KIA's market share went from 2.9% to 3.2%. Substantial growth is also expected for 2012 thanks to the new generation KIA Cee'd, which will reach the market in spring, and the mid-range sedan KIA Optima. The growth is sure to be positively influenced by the third shift that started work in the Slovakia plant – this should considerably improve the availability of the popular crossover SUV KIA Sportage.

Footwear trade

The 2011 sales revenue of the footwear trade segment was 14.0 million euros, thus having grown by 3.9% in a year. In the 4th quarter, the sales revenue was 4.0 million euros – less by 2.7% than in 2010. The sales results of the footwear segment in the 4th quarter were influenced by the closing of ineffective stores (compared to the 4th quarter of 2010, leaving the number of stores smaller by 3; the sales of comparable stores increased by 2.5%), the closing of the store located in the Pärnu Kaubamajaka centre in connection with the concept renewal, and the weather, which hindered the sales of winter footwear in October and November. The net loss of 2011 was 0.2 million euros, while the loss of 2010 was 0.5 million euros; thus, losses decreased by 63.0%. In the 4th quarter, footwear stores achieved a profit of 0.2 million euros, with the profit of the 4th quarter of 2010 also being 0.2 million euros. The drop in the annual loss was caused by the closing of ineffective stores and a higher gross margin, which was achieved thanks to improved stock management.

In the beginning of December, the first Shu store was opened in the Pärnu Kaubamajaka centre on the area thus far rented by ABC King; there are plans to reopen the ABC King store in the Pärnu Kaubamajaka centre in the 2nd quarter of 2012. At the end of December, Suurtüki NK OÜ owned 14 stores in Estonia, ABC King AS owned 9 stores in Estonia, and ABC King SIA owned 3 stores in Latvia. After the balance sheet date, the Nero store (operated by SIA ABC King) in Riga in the Galerija Centrs centre was closed on 20 January 2012.

Personnel

In 2011, the average number of employees in the Tallinna Kaubamaja Group was 3,059, which means a decrease of 3.9% compared to 2010. Total labour costs (wages and social tax) in 2011 were 34.1 million euros, decreasing by 1.8% compared to the previous year. In the 4th quarter, labour costs increased by 6.9% compared to a year before; the average number of employees decreased by 0.1% in the 4th quarter. The labour costs of the 4th quarter were increased due to the fact that the performance pay paid to employees for good economic results were recorded in the costs of the last quarter. The monthly average wage cost per employee had increased during the year – a total of 2.4% compared to the average wages of 2010.

Approval of the chairman of the management board and signature to the report

The chairman of the management board confirms that the management report gives a true and fair overview of the most important events during the reporting period and their effects on the accounting report; it includes a description of the main risks and uncertainties during the remaining financial year and expresses the relevant contracts with partners.

Raul Puusepp
Chairman of the Management Board

Tallinn, 15th February 2012

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Management Board confirms the correctness and completeness of Tallinna Kaubamaja AS consolidated interim financial statements (unaudited) as at and for the period of fourth quarter and twelve months 2011, presented on pages 11 to 30.

The Chairman of the Management Board confirms that:

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

Raul Puusepp
Chairman of the Management Board

Tallinn, 15th February 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2011	31.12.2010
ASSETS			
Current assets			
Cash and bank	2	11,948	15,734
Trade receivables	3	9,976	8,987
Other short-term receivables	4	9,372	2,644
Prepaid and refundable taxes	5	79	349
Other prepayments	5	880	748
Inventories	6	41,973	39,385
Total current assets		**74,228**	**67,847**
Fixed assets			
Prepaid expenses	5	985	1,272
Investments in associates	8	1,550	1,504
Other long-term receivables		56	141
Investment property	9	3,566	3,566
Tangible fixed assets	10	172,272	175,638
Intangible fixed assets	11	3,099	3,533
Goodwill	11	6,710	6,710
Total fixed assets		**188,238**	**192,364**
TOTAL ASSETS		**262,466**	**260,211**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	11,261	17,635
Prepayments received		207	573
Trade payables		46,419	40,377
Tax liabilities	13	5,038	4,677
Other current liabilities	13	4,282	4,079
Provisions	13	135	127
Total current liabilities		**67,342**	**67,468**
Long-term liabilities			
Borrowings	12	55,591	63,844
Provisions	13	73	88
Total long-term liabilities		**55,664**	**63,932**
TOTAL LIABILITIES		**123,006**	**131,400**
Equity			
Share capital	14	24,438	26,031
Statutory reserve capital		2,603	2,603
Revaluation reserve		52,197	53,308
Retained earnings		60,333	47,495
Currency translation differences		-111	-626
TOTAL EQUITY		**139,460**	**128,811**
TOTAL LIABILITIES AND EQUITY		**262,466**	**260,211**

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros

	Note	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Revenue	15	435,977	412,663	119,510	112,393
Other operating income	16	420	695	142	72
Materials and consumables used	6	-321,503	-304,918	-86,977	-81,803
Other operating expenses	17	-44,353	-43,842	-11,545	-11,448
Staff costs	18	-34,145	-34,764	-9,302	-8,699
Depreciation and amortisation	10,11	-9,976	-10,482	-2,544	-2,465
Impairment losses	10	0	50	0	50
Other expenses	19	-347	-801	-130	-322
Operating profit/(-loss)		**26,073**	**18,601**	**9,154**	**7,778**
Financial income	20	247	298	66	78
Financial costs	20	-1,897	-2,008	-531	-522
Financial income on shares of associates	8	150	205	17	62
Profit/(loss) before income tax		**24,573**	**17,096**	**8,706**	**7,396**
Income tax	14	-3,035	-450	-4	0
Net profit (loss) for the reporting period		**21,538**	**16,646**	**8,702**	**7,396**
Other comprehensive income/(loss)					
Revaluation of land and buildings		0	10,771	0	10 771
Exchange differences		515	-80	442	-20
Other comprehensive income for the reporting period		**515**	**10,691**	**442**	**10,751**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE REPORTING PERIOD		**22,053**	**27,337**	**9,144**	**18,147**
Basic and diluted earnings per share	21	0.53	0.41	0.21	0.18

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2011	12 months 2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit (loss)		21,538	16,646
Adjustments:			
Income tax on dividends	14	3,031	450
Corporate income tax		4	0
Interest expense	20	1,897	2,008
Interest income	20	-247	-298
Depreciation and amortisation	10,11	9,976	10,482
Impairment losses		0	-50
Profit/loss on sale and write-off of non-current assets		84	695
Effect of equity method	8	-150	-205
Change in inventories		-2,588	20
Change in receivables and prepayments related to operating activities		286	-529
Change in liabilities and prepayments related to operating activities		6,232	-4,091
Corporate income tax		-4	0
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**40,059**	**25,128**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-5,830	-3,764
Proceeds from sale of property, plant and equipment	10	42	90
Loan to group account		-7,491	-473
Loan to associated company	8	0	133
Dividends received	8	104	0
Interest received		247	322
TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES		**-12,928**	**-3,692**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans received	12	18,206	7,826
Repayments of loans received	12	-32,575	-23,196
Change in overdraft balance	12	150	0
Dividends paid	14	-11,404	-1,693
Income tax on dividends	14	-3,031	-450
Repayment of financial lease principal	12	-408	-400
Interest paid		-1,898	-2,015
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**-30,960**	**-19,928**
TOTAL CASH FLOW		**-3,829**	**1,508**
Effect of exchange rate changes		43	-70
Cash and cash equivalents at the beginning of the period	2	15,734	14,296
Cash and cash equivalents at the end of the period	2	11,948	15,734
Net change in cash and cash equivalents		**-3,786**	**1,438**

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Foreign currency translation	Total
Balance as of 31.12.2009	**26,031**	**2,603**	**43,075**	**32,004**	**-546**	**103,167**
Total comprehensive income or loss for the period	0	0	10,771	16,646	-80	27,337
Reclassification of depreciation of revalued land and buildings	0	0	-538	538	0	0
Dividends paid	0	0	0	-1,693	0	-1,693
Balance as of 31.12.2010	**26,031**	**2,603**	**53,308**	**47,495**	**-626**	**128,811**
Total comprehensive income for the period	0	0	0	21,538	515	22,053
Reclassification of depreciation of revalued land and buildings	0	0	-1,111	1,111	0	0
Dividends	0	0	0	-11,404	0	-11,404
Decrease of share capital	-1,593	0	0	1,593	0	0
Balance as of 31.12.2011	**24,438**	**2,603**	**52,197**	**60,333**	**-111**	**139,460**

The notes presented on pages 16 to 30 form an integral part of these consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

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

General Information

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

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja AS have been prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Repor*ting as adopted by the European Union. The consolidated interim financial statements do not contain all the information that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2010. The interim report has been prepared in accordance with the principal accounting policies applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010 (excl. principles of sales revenue accounting).

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

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

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

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

Changes in accounting policies and presentation

Starting from 01.01.2011, the Group changed its principles of sales revenue accounting according to which all regular revenues will be recognised as sales revenue. Before, certain regular revenues directly not related to main business operations were reported under the item of other business revenues. The comparative data of 2010 are adjusted in compliance with the changed accounting principles. According to the changed accounting principles, the sales revenue of the 12 months in 2010 would have included additional 9,890 thousand euros.

Note 2. Cash and Bank

In thousands of euros

	31.12.2011	31.12.2010
Cash on hand	1,358	200
Bank accounts	8,917	14,000
Cash in transit	1,673	1,534
Total cash and bank	**11,948**	**15,734**

Note 3. Trade Receivables

In thousands of euros

	31.12.2011	31.12.2010
Trade receivables	8,423	7,545
Allowance for doubtful receivables	-35	-30
Short-term receivables from related parties (Note 22)	230	239
Card payments	1,358	1,233
Total trade receivables	**9,976**	**8,987**

Note 4. Other Short Term Receivables

In thousands of euros

	31.12.2011	31.12.2010
Other short-term receivables from related parties (Note 22)	9,277	2,537
Other short-term receivables	95	107
Total other short-term receivables	**9,372**	**2,644**

Note 5. Prepayments

In thousands of euros

	31.12.2011	31.12.2010
Prepayment account of taxable entity	79	349
Total tax prepayments and claims	**79**	**349**
Prepaid rental expenses	398	399
Other prepaid expenses	482	349
Total other short-term prepayments	**880**	**748**
Prepaid rental expenses	916	1,199
Deferred income tax asset	69	73
Total long-term prepayments	**985**	**1,272**

Note 6. Inventories

In thousands of euros

	31.12.2011	31.12.2010
Goods purchased for resale	37,233	37,251
Passenger cars purchased for resale	3,561	1,100
Raw materials and materials	784	664
Prepayment for goods	395	370
Total inventories	**41,973**	**39,385**

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

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Write-down and write-off of inventories	4,640	3,576	2,011	1,152
Shortages of inventory stocktaking	1,678	1,656	557	682
Total materials and consumables used	**6,318**	**5,232**	**2,568**	**1,834**

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

Note 7. Shares in Subsidiaries

The Tallinna Kaubamaja Group incorporates:

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

Note 8. Investments in associates

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

In thousands of euros

	31.12.2011	31.12.2010
Investment in the associate at beginning of the year	**1,504**	**1,299**
Profit for the reporting period under equity method	150	205
Dividends received	-104	0
Investment in the associate at end of the year	**1,550**	**1,504**

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

	31.12.2011	31.12.2010
Assets	3,706	3,750
Liabilities	606	745

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Income for the period	425	499	65	143
Profit for the period	300	410	34	124

Note 9. Investment property

In thousands of euros

Carrying value as at 01.01.2009	
Changes occurred in 2009	
Reclassification	2,263
Gain from change in fair value upon reclassification	1,303
Carrying value as at 31.12.2009	**3,566**
Carrying value as at 31.12.2010	**3,566**
Carrying value as at 31.12.2011	**3,566**

Note 10. Tangible Fixed Assets

In thousands of euros

	Land and buildings	Machinery and equipment	Other equipment fixtures and fittings	Prepay-ments for property, plant and equipment	Cons-truction in progress	Total
31.12.2009						
Acquisition or revaluated cost	137,907	22,460	25,048	2,362	47,426	235,203
Accumulated depreciation	-18,567	-14,021	-16,699	0	-14,016	-63,303
Carrying amount	**119,340**	**8,439**	**8,349**	**2,362**	**33,410**	**171,900**
Changes occurred in 2010						
Purchases and improvements	135	205	1,558	1,639	227	3,764
Reclassification	111	533	652	-1,263	-33	0
Sales	0	-33	-38	0	0	-71
Write-offs	-1	-29	-685	0	0	-715
Increase in value through revaluation reserve	10,771	0	0	0	0	10,771
Increase/ decrease in value through profit or loss	1,106	0	0	0	-1,056	50
Depreciation	-3,715	-3,089	-3,247	0	0	-10,051
Currency difference	-5	0	1	0	-6	-10
31.12.2010						
Cost or revalued amount	138,031	21,718	20,959	2,738	47,614	231,060
Accumulated depreciation and impairment losses	-10,290	-15,691	-14,369	0	-15,072	-55,422
Carrying amount	**127,741**	**6,027**	**6,590**	**2,738**	**32,542**	**175,638**
Changes occurred in 2011						
Purchases and improvements	88	460	586	3,094	1,602	5,830
Reclassification	1,430	1,957	2,398	-4,504	-1,281	0
Sales	0	-38	-4	0	0	-42
Write downs	0	-10	-74	0	0	-84
Depreciation	-4,048	-2,666	-2,828	0	0	-9,542
Currency difference	211	0	0	0	261	472
31.12.2011						
Cost or revalued amount	139,635	22,250	23,282	1,328	48,328	234,823
Accumulated depreciation and impairment losses	-14,213	-16,520	-16,614	0	-15,204	-62,551
Carrying amount	**125,422**	**5,730**	**6,668**	**1,328**	**33,124**	**172,272**

The cost of investments for the twelve months of 2011 amounted to 5,830 thousand euros.

In the accounting period, the size of the investment in the business segment of Kaubamaja was 823 thousand euros. Advance payments in the amount of 214 thousand euros had been made to obtain new software. In April new I.L.U. store was opened in Ülemiste Center, investment amounted to 213 thousand euros. In August renovation of I.L.U. Kristiine store amounted to 18 thousand euros. The fittings of sales areas were renewed in the sum of 151 thousand euros and investment in new computers and machinery amounted to 227 thousand euros.

The cost of investments made in twelve months of 2011 in the supermarket business segment was 4,136 thousand euros. With renewed fittings and a new solution was opened Kadaka Selver in April, in May Kärdla Selver and in June Keila Selver. Investments in renewed stores were accordingly 1,909 thousand euros for Kadaka Selver, 40 euros for Kärdla Selver and 287 thousand euros for Keila Selver. In 2011 November three Selver stores were renovated. New equipment and fittings were purchased for Mai Selver in the amount of 482 thousand euros, for Männimäe Selver 351 thousand euros and for Vilja Selver 445 thousand euros. Machines and devices were purchased for the Selver stores in the sum of 622 thousand euros.

The cost of the real estate business segment investment was 460 thousand euros. Among others, a new parking system costing 52 thousand euros was employed in Tartu and in the amount of 55 thousand euros new machinery was purchased. Maintenance work for the rental space were capitalised in the amount of 353 thousand euros.

The cost of investments in the accounting period was 205 thousand euros in the vehicle trade business segment and 206 thousand euros in the footwear segment.

Note 11. Intangible Fixed Assets

In thousands of euros

	Goodwill	Trademark	Beneficial contracts	Developing cost	Total
31.12.2009					
Cost	7,298	3,508	1,080	19	11,905
Accumulated depreciation and impairment losses	-588	-349	-294	0	-1,231
Carrying amount	**6,710**	**3,159**	**786**	**19**	**10,674**
Changes occurred in 2010					
Reclassification	0	1	0	-1	0
Depreciation	0	-234	-197	0	-431
31.12.2010					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-583	-491	0	-1,662
Carrying amount	**6,710**	**2,926**	**589**	**18**	**10,243**
Changes occurred in 2011					
Depreciation	0	-234	-196	-4	-434
31.12.2011					
Cost or revalued amount	7,298	3,509	1,080	18	11,905
Accumulated depreciation and impairment losses	-588	-817	-687	-4	-2,096
Carrying amount	**6,710**	**2,692**	**393**	**14**	**9,809**

Under intangible assets is stated the goodwill related to acquisition of OptiGroup Invest OÜ, OÜ Suurtüki NK, SIA Suurtuki, AS ABC King and ABC King SIA as on 31.12.2011 in the amount of 6,710 thousand euros (2010: 6,710 thousand euros). Goodwill is initially reported at the acquisition cost thereof, which is the positive difference between the acquisition cost of the holding acquired and the fair value of the acquired assets, liabilities and contingent liabilities on the date of acquisition. In further reporting goodwill is measured at the acquisition cost thereof less possible discounts resulting from impairment. With regard to goodwill an impairment test is carried out at least once a year or more frequently if events or changed circumstances show that the book value of goodwill may have decreased.

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

	31.12.2011	31.12.2010
Car trade	3,156	3,156
Footwear trade	3,554	3,554

As a trademark, the Group has recognised the image of ABC King acquired in acquisition of footwear trade segment companies AS ABC King and SIA ABC King; the image contains a combination of the name, symbol and design together with recognition and preference by consumers. The remaining useful life of the trademark as at 31.12.2011 is 11.5 years.

Note 12. Interest bearing borrowings

In thousands of euros

Group	31.12.2011	31.12.2010
Long-term loans		
Bank loans	55,399	63,610
Financial lease liability	3	132
Other borrowings	189	102
Total long-term loans	**55,591**	**63,844**
Short-term loans		
Overdraft	295	145
Bank loans	10,378	16,805
Financial lease liability	128	407
Other borrowings	460	278
Total short-term loans	**11,261**	**17,635**
Total loans	**66,852**	**81,479**

Borrowings received
In thousands of euros

	12 months 2011	12 months 2010
Overdraft	150	0
Bank loans	16,555	7,048
Financial lease liability	0	13
Other borrowings	1,651	765
Total borrowings received	**18,356**	**7,826**

Borrowings paid
In thousands of euros

	12 months 2011	12 months 2010
Bank loans	31,193	22,377
Finance lease liability	408	400
Other borrowings	1,382	819
Total Borrowings paid	**32,983**	**23,596**

As of 31.12.2011, the repayment dates of bank loans are between 8.03.2012 and 30.08.2018 (2010: between 7.05.2011 and 30.08.2018), the interest is linked to EURIBOR of 3 months and 6 months as well as EONIA. The weighted average interest rate was 2.608% (2010: 2.29%).

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

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

In thousands of euros

	31.12.2011	31.12.2010
Value added tax	2,270	2,069
Sales tax	595	547
Personal income tax	609	578
Social security taxes	1,335	1,281
Corporate Income tax on fringe benefits	21	19
Unemployment insurance	156	150
Mandatory funded pension	52	33
Total tax liabilities	**5,038**	**4,677**

	31.12.2011	31.12.2010
Employee-payables	3,124	3,524
Interest payable	37	38
Other accrued expenses	254	29
Prepayments by tenants	867	488
Total other short-term payables	**4,282**	**4,079**
Short-term provisions	135	127
Long-term provisions	73	88
Total provisions	**208**	**215**

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

Note 14. Share Capital

As of 31.12.2011, the share capital in the amount of 24,438 thousand euros consisted of 40,729,200 ordinary shares with the nominal value of 0.60 euros per share. All shares issued have been paid for. According to the articles of association, the maximum allowed number of shares is 162,916,800 shares.
On 28 April 2011 the general meeting declared dividends to shareholders in the amount of 11 404 thousand euros (0.28 euros per share). Dividends were paid out on 13 May 2011. Income tax on dividends amounted to 3,031 thousand euros. In 2010 dividends paid out amounted to 1,692 thousand euros (0.04 euros per share), related income tax amounted to 450 thousand euros.

As of 31.12.2011 UAB KIA Auto deferred income tax amounted to 4.0 thousand euros (2010: 0 euros).

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

Note 15. Segment Reporting

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

Business Segments

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

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

Geographical Segments

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

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

Business Segment Report

In thousands of euros

12 months 2011	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**80,522**	**317,871**	**2,796**	**20,776**	**14,012**	**0**	**435,977**
Inter-segment revenue	1,324	834	8,086	16	468	-10,728	0
Total revenue	81,846	318,705	10,882	20,792	14,480	-10,728	435,977
Operating profit (loss)	**2,463**	**13,921**	**8,095**	**1,537**	**57**	0	**26,073**
Financial income (Note 20)	1,014	169	92	0	1	-1,029	247
Finance income on shares of associates	150	0	0	0	0	0	150
Financial expense (Note 20)	-869	-23	-1,555	-237	-242	1,029	-1,897
Income tax	0	-3,031	0	-4	0	0	-3,035
Net profit (loss)	**2,758**	**11,036**	**6,632**	**1,296**	**-184**	0	**21,538**
incl. in Estonia	2,758	13,371	6,077	1,368	-99	0	23,475
incl. in Latvia	0	-2,335	555	-101	-85	0	-1,966
incl. in Lithuania	0	0	0	29	0	0	29
Segment assets	**160,219**	**67,488**	**158,892**	**11,127**	**11,907**	-147,167	**262,466**
Segment liabilities	**30,790**	**43,530**	**74,849**	**10,527**	**12,485**	-49,175	**123,006**
Segment investment in non-current assets (Note 10, 11)	823	4,136	460	205	206	0	5,830
Depreciation (Note 10, 11)	1,433	4,728	2,906	146	763	0	9,976

In thousands of euros

12 months 2010	Depart-ment stores	Super markets	Real estate	Car trade	Footwear retail	Transac-tions between segments	Total
External revenue	**74,644**	**308,860**	**2,766**	**12,913**	**13,480**	**0**	**412,663**
Inter-segment revenue	663	751	7,774	15	139	-9,342	0
Total revenue	75,307	309,611	10,540	12,928	13,619	-9,342	412,663
Operating profit (loss)	**976**	**9,255**	**8,262**	**381**	**-273**	**0**	**18,601**
Financial income (Note 20)	1,275	128	70	2	1	-1,178	298
Finance income on shares of associates	205	0	0	0	0	0	205
Financial expense (Note 20)	-1,103	-46	-1,645	-167	-225	1,178	-2,008
Income tax	0	-450	0	0	0	0	-450
Net profit (loss)	**1,353**	**8,887**	**6,687**	**216**	**-497**	**0**	**16,646**
incl. in Estonia	1,353	11,890	6,214	477	-420	0	19,514
incl. in Latvia	0	-3,003	473	-166	-77	0	-2,773
incl. in Lithuania	0	0	0	-95	0	0	-95
Segment assets	**159,336**	**63,028**	**164,702**	**8,752**	**12,277**	**-147,884**	**260,211**
Segment liabilities	**41,810**	**38,705**	**87,796**	**10,124**	**13,215**	**-60,250**	**131,400**
Segment investment in non-current assets (Note 10,11)	1,994	915	279	24	552	0	3,764
Depreciation (Note 10,11)	1,412	5,432	2,773	147	718	0	10,482
Impairment of non-current assets recognised in income statement	0	0	-50	0	0	0	-50

In thousands of euros

4th quarter 2011	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**25,272**	**82,968**	**738**	**6,552**	**3,980**	**0**	**119,510**
Inter-segment revenue	462	215	2,023	6	131	-2,837	0
Total revenue	25,734	83,183	2,761	6,558	4,111	-2,837	119,510
Operating profit (loss)	**2,239**	**4,351**	**1,962**	**360**	**242**	0	**9,154**
Financial income (Note 20)	289	59	31	0	0	-313	66
Finance income on shares of associates	17	0	0	0	0	0	17
Financial expense (Note 20)	-247	-4	-450	-73	-70	313	-531
Income tax	0	0	0	-4	0	0	-4
Net profit (loss)	**2,298**	**4,406**	**1,543**	**283**	**172**	0	**8,702**
incl. in Estonia	2,298	4,986	1,508	365	179	0	9,336
incl. in Latvia	0	-580	35	-43	-7	0	-595
incl. in Lithuania	0	0	0	-39	0	0	-39
Segment assets	**160,219**	**67,488**	**158,892**	**11,127**	**11,907**	-147,167	**262,466**
Segment liabilities	**30,790**	**43,530**	**74,849**	**10,527**	**12,485**	-49,175	**123,006**
Segment investment in non-current assets	212	1,628	289	155	108	0	2,392
Depreciation	361	1,210	748	35	190	0	2,544

In thousands of euros

4th quarter 2010	Department stores	Super markets	Real estate	Car trade	Footwear retail	Transactions between segments	Total
External revenue	**22,649**	**81,493**	**692**	**3,467**	**4,092**	**0**	**112,393**
Inter-segment revenue	74	137	1,975	5	42	-2,233	0
Total revenue	22,723	81,630	2,667	3,472	4,134	-2,233	112,393
Operating profit (loss)	**1,871**	**3,367**	**2,152**	**98**	**290**	**0**	**7,778**
Financial income (Note 20)	289	28	11	2	0	-252	78
Finance income on shares of associates	62	0	0	0	0	0	62
Financial expense (Note 20)	-266	-11	-410	-38	-49	252	-522
Income tax	0	0	0	0	0	0	0
Net profit (loss)	**1,956**	**3,384**	**1,753**	**62**	**241**	**0**	**7,396**
incl. in Estonia	1,956	4,102	1,678	143	246	0	8,125
incl. in Latvia	0	-718	75	-46	-5	0	-694
incl. in Lithuania	0	0	0	-35	0	0	-35
Segment assets	**159,336**	**63,028**	**164,702**	**8,752**	**12,277**	-147,884	**260,211**
Segment liabilities	**41,810**	**38,705**	**87,796**	**10,124**	**13,215**	-60,250	**131,400**
Segment investment in non-current assets	857	190	67	4	145	0	1,263
Depreciation	271	1,238	729	35	192	0	2,465
Impairment of non-current assets recognised in income statement	0	0	-50	0	0	0	-50

External revenue according to types of goods and services sold

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Retail revenue	414,200	396,092	112,866	108,106
Wholesale revenue	8,074	3,537	3,002	888
Rental income	5,751	5,754	1,488	1,488
Services revenue	7,952	7,280	2,154	1,911
Total revenue	**435,977**	**412,663**	**119,510**	**112,393**

External revenue by client location

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Estonia	427,049	406,157	117,219	110,894
Latvia	3,883	3,101	992	714
Lithuania	5,045	3,405	1,299	785
Total	**435,977**	**412,663**	**119,510**	**112,393**

Distribution of non-current assets* by location of assets

In thousands of euros

	31.12.2011	31.12.2010
Estonia	154,013	158,280
Latvia	32,482	32,361
Lithuania	193	219
Total	**186,688**	**190,860**

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

Note 16. Other operating income

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Income from foreign currency translation	22	15	8	2
Revenue from non-current assets	9	35	3	7
Other operating income	389	645	131	63
Total other operating income	**420**	**695**	**142**	**72**

Note 17. Other operating expenses

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Rental expenses	13,801	13,491	3,441	3,303
Operating cost	6,142	6,020	1,521	1,502
Advertising expenses	4,686	4,824	1,389	1,480
Bank expenses	3,055	3,107	759	856
Security costs	1,478	1,817	287	410
Heat and electricity expenses	6,119	6,107	1,600	1,549
Costs of materials	3,110	3,047	912	892
Computer and postage costs	2,434	2,023	602	544
Business trip expenses	373	321	91	76
Training expenses	150	163	53	44
Insurance expenses	74	81	21	20
Logistics expenses	757	654	180	168
Miscellaneous other operating expenses	2,174	2,187	689	604
Total other operating expenses	**44,353**	**43,842**	**11,545**	**11,448**

Note 18. Staff Costs

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Wages and salaries	25,515	25,956	6,956	6,491
Social security tax	8,630	8,808	2,346	2,208
Total staff costs	**34,145**	**34,764**	**9,302**	**8,699**
Average wages per employee per month	695	679	747	696
Average number of employees in the reporting period	3,059	3,184	3,104	3,107

Note 19. Other expenses

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Loss from sale and liquidation of property plant and equipment	28	325	14	184
Foreign exchange losses	17	31	3	9
State fees, fines, penalties	15	35	2	6
Other expenses	287	410	111	123
Total other expenses	**347**	**801**	**130**	**322**

Note 20. Finance income and costs

In thousands of euros

Finance income

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Interest income on cash and cash equivalents	41	60	5	14
Interest income on Partner Credit Card	114	123	36	44
Interest income on NGI Group's account (Note 22)	91	106	25	18
Interest income on associate's loan	0	7	0	1
Other finance income	1	2	0	1
Total finance income	**247**	**298**	**66**	**78**

Finance costs

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Interest expense of bank loans	-1,765	-1,906	-496	-497
Interest expense of finance lease	-24	-51	-3	-10
Other finance costs*	-108	-51	-32	-15
Total finance costs	**-1,897**	**-2,008**	**-531**	**-522**

* Other interest expenses comprise fees for concluding and amending loan contracts lease agreements and factoring contracts. Other finance costs consist of the fees for conclusion and changing of lease agreements and factoring agreements.

Note 21. Earnings per share

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

In thousands of euros

	12 months 2011	12 months 2010	4th quarter 2011	4th quarter 2010
Net profit	21,538	16,646	8,702	7,396
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted net profit per share	**0.53**	**0.41**	**0.21**	**0.18**

Note 22. Transactions with Related Parties

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

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

b. associates;

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

d. executive management and senior management;

e. close family members of the aforementioned persons and the companies being controlled by them or being under the significant influence thereof.

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

In thousands of euros

	Purchases 12 months of 2011	Sales 12 months of 2011	Purchases 12 months of 2010	Sales 12 months of 2010
Parent	289	98	283	120
Entities in the Parent's consolidation group	19,111	1,366	15,546	1,105
Associates	0	0	0	7
Executive management and senior management	0	2	0	0
Other related parties	878	4	848	3
Total	**20,278**	**1,470**	**16,677**	**1,235**

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

Loans granted to associates:

In thousands of euros

	31.12.2011	31.12.2010
Balance at beginning of the year	**0**	**133**
Repayments of loans received	0	-133
Balance at end of period	**0**	**0**

Balances with related parties:

In thousands of euros

	31.12.2011	31.12.2010
Parent’s interest payable	11	0
Parent’s group account payable	9,000	1,509
Payables of entities in the in the Parent’s consolidation group	93	135
Parent’s group short term loan	277	1 028
Sales bonuses payable of entities in the in the Parent’s consolidation group	124	103
Executive management and senior management	0	1
Other related parties account payable	2	0
Total short-term receivables (Note 3,4)	**9,507**	**2,776**
Total receivables from related parties	**9,507**	**2,776**

	31.12.2011	31.12.2010
Parent	22	4
Entities in the Parent’s consolidation group	2,378	3,107
Other related parties	62	20
Total liabilities to related parties	**2,462**	**3,131**

A Group account agreement is in use enabling Group companies to use the Group’s resources up to the limit established by the Parent company. The said Group as a subgroup has joined the NG Investeeringud OÜ group (hereinafter ‘the Main Group’) account agreement. Since the autumn of 2001 the Tallinna Kaubamaja Group has placed their available funds at the disposal of the Main Group earning interest income from the investment. During 12 months of 2011 the Tallinna Kaubamaja Group earned 91 thousand euros (2010: 106 thousand euros) of interest revenue from keeping available funds in the group account. The average 12 months of 2011 interest rate payable on the use of the available funds of the NG Investeeringud OÜ group account was 0.76% (2010: 0.58%). According to the group account agreement the members of the group bear solitarily liability for the amounts payable to the bank.

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

Remuneration paid to the members of the management and supervisory boards

Short term employee benefits which include wages, social security contributions, bonuses and non-monetary benefits as car costs paid to the members of management boards of the entities of Tallinna Kaubamaja Group amounted to 966 thousand euros in twelve months of 2011, (2010: 657 thousand euros) and the remuneration paid to the members of the supervisory boards amounted to 218 thousand euros (2010: 217 thousand euros).

Note 23 Events after the balance sheet date

Tallinna Kaubamaja Group companies had no significant events after the balance sheet date and there were no changes in contingent liabilities that should have been disclosed in Interim Report between 31.12.2011 and 15.02.2012.