

TALLINNA KAUBAMAJA GRUPP AS

**Consolidated Interim Report for
the Fourth quarter and 12 months of 2015**
(unaudited)

Table of contents

MANAGEMENT REPORT	4
CONSOLIDATED FINANCIAL STATEMENTS	11
MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS	16
Note 1. Accounting Principles Followed upon Preparation of the Consolidated Interim Accounts	16
Note 2. Cash and cash equivalents	17
Note 3. Trade and other receivables	17
Note 4. Trade receivables	17
Note 5. Inventories	17
Note 6. Subsidiaries	18
Note 7. Investments in associates	19
Note 8. Long-term trade and other receivables	20
Note 9. Investment property	20
Note 10. Property, plant and equipment	21
Note 11. Intangible assets	22
Note 12. Borrowings	23
Note 13. Trade and other payables	24
Note 14. Taxes	24
Note 15. Share capital	25
Note 16. Segment reporting	25
Note 17. Other operating expenses	28
Note 18. Staff costs	29
Note 19. Finance income and costs	29
Note 20. Earnings per share	29
Note 21. Related party transactions	30

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 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 2015
End of financial year:	31 December 2015
Beginning of interim report period:	1 January 2015
End of interim report period:	31 December 2015
Auditor:	PricewaterhouseCoopers AS
Telephone:	372 667 3200
Fax:	372 667 3205
E-mail:	kaubamaja@kaubamaja.ee

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 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 5.10 euros at the end of 2014 was closed in late December of 2015 at 6.74 euros, increased by 32.16% within the twelve months of the year.

According to the notice of regular annual general meeting of the shareholders published on 2 March 2015, the management board proposed to pay dividends 0.40 euros per share. The general meeting of shareholders approved it.

On 26 March 2015, the annual general meeting of shareholders of Tallinna Kaubamaja Group decided to amend the articles of association and approve Tallinna Kaubamaja Group as the new business name. According to the Commercial Code, respective amendment of the articles of association shall take effect as of respective entry to the Commercial Registry. The abovementioned entry was made on 9 April 2015.

Share price and trading statistics on the Tallinn Stock Exchange from 01.01.2015 to 31.12.2015.

In euros



Company's structure

The following companies belong to the Group as of December 31, 2015:

	Location	Shareholding as of 31.12.2015	Shareholding as of 31.12.2014
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 gross domestic product increased 0.7% in third quarter of 2015 compared to third quarter of 2014. The growth of GDP in third quarter was mostly influenced by the increased added value in trade, vocational, research and technical activities and real estate. The growth of value added tax collection and smaller subsidy payments also made a positive contribution to Estonian economy. The biggest brake on the Estonian economy in third quarter of 2015 was still the construction sector that is influenced by the continuously declining construction volumes, but also transport and processing industry. Both export and import of goods and services decreased 3% with price impacts taken into account. As in second quarter of 2015, domestic demand was smaller due to the change in stocks and decreased amount of investments. The growth of final consumption expenditure by 4% was mainly supported by the increase in the household final consumption expenditure. Household expenditure on free time, several goods and services and garments and footwear grew the most. The Ministry of Finance forecasts the economic growth for the entire 2015 year to be 1.7%. According to the assessment of different analysts, the growth of gross domestic product supported by foreign demand will remain between 2.3-2.6% in 2016. According to Statistics Estonia, the consumer price index decreased 0.5% in 2015 compared to the average in 2014. The factor that mostly influenced the annual change in the consumer price index was motor fuel price, which cheapened 13.9%. Other major factors that influenced the index were cheaper electricity and heat energy for households, respectively 4.3% and 3.9%, and prices of alcoholic beverages that went up 6.1%. According to analysts, the price growth will be quite moderate in 2016 remaining at the level of 0.3%.

According to Statistics Estonia, the total retail business turnover in current prices grew 6.6% in Estonia in 2015. Retail sales grew most in specialised stores that sell mainly computers and their accessories, books, sports equipment, games, toys etc. (39.9%). Sales by post or internet (38.3%), sales in second hand goods shops and sales other than in stores (i.e. kiosks, markets, direct sale) grew more than average (27.5%). Retail sales in non-specialised stores (mainly foodstuff) increased on an average at a slower pace, showing a growth of 3.0% during the year. Retail sales in other unspecialised stores grew 6.7%. Sales of motor fuels at specialised stores, where the sales declined 7.0%, had a negative impact on retail sales. Based on the assessment results of December 2015 made by the Estonian Institute of Economic Research, the economic climate in Estonia was satisfactory, but the lowest in recent years. The consumer confidence index has been stable, supported by low unemployment rate, increased income, and no inflation.

Economic results**FINANCIAL RATIOS 2014–2015**

	EUR		Change
	4 th quarter 2015	4 th quarter 2014	
Sales revenue (in millions)	152.9	145.5	5.1%
Operating profit/loss (in millions)	10.9	10.1	7.6%
Net profit/loss (in millions)	10.6	10.0	6.9%
Return on equity (ROE)	6.1%	5.7%	
Return on assets (ROA)	3.2%	3.0%	
Net profit margin	6.96%	6.84%	
Gross profit margin	26.04%	25.87%	
Quick ratio	0.86	1.10	
Debt ratio	0.48	0.49	
Sales revenue per employee (in millions)	0.038	0.038	
Inventory turnover	1.85	1.90	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.41	4.27	
Share's closing price (EUR/share)	6.740	5.100	
Earnings per share (EUR/share)	0.26	0.24	
Average number of employees	3,989	3,824	

	EUR		Change
	12 month 2015	12 month 2014	
Sales revenue (in millions)	555.4	535.0	3.8%
Operating profit/loss (in millions)	26.9	23.8	13.3%
Net profit/loss (in millions)	22.1	20.3	8.8%
Return on equity (ROE)	12.5%	11.9%	
Return on assets (ROA)	6.4%	6.1%	
Net profit margin	3.97%	3.79%	
Gross profit margin	25.08%	24.55%	
Quick ratio	0.86	1.10	
Debt ratio	0.48	0.49	
Sales revenue per employee (in millions)	0.141	0.140	
Inventory turnover	6.81	7.10	
SHARE			
Average number of shares (1000 pcs)	40,729	40,729	
Equity capital per share (EUR/share)	4.41	4.27	
Share's closing price (EUR/share)	6.740	5.100	
Earnings per share (EUR/share)	0.54	0.50	
Average number of employees	3,946	3,824	
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 non-audited sales revenue of Tallinna Kaubamaja Group was 555.4 million euros in 2015, a growth of 3.8% compared to the results of 2014 when the sales revenue was 535.0 million euros. In the fourth quarter, the sales revenue of the group was 152.9 million euros, exceeding the sales results of the previous year by 5.1%. The Group's consolidated non-audited net profit for the fourth quarter of 2015 was 10.6 million euros, which is 6.9% higher year-on-year. The net profit of the group was 22.1 million euros in 2015, which was better by 8.8% of the profit earned in the previous year. The year's pre-tax profit was 26.0 million euros, showing a year-on-year growth of 15.4%. The net profit was influenced by the dividend payment, on which an income tax of 3.9 million euros was paid in 2015, whereas the year earlier, 2.2 million euros was paid as income tax.

The year 2015 that offered stability and a strong growth in retail business was not equally generous to all retailing segments, leaving the fashion and foodstuff sellers with a lower growth than average. Compared to Estonian statistics, we can still be satisfied with the Group's sales revenue growth. We experienced a seasonal shift in the fourth quarter, a usual occurrence in recent years, resulting in a long warm autumn that lasted by the end of December. The latter reduced the expected revenue from the sale of fashion goods. The supermarket segment showed a continued strong sales growth with the help of the new Viimsi store and e-shop. The footwear segment that faces fierce competition achieved a significant sales growth despite unfavourable weather conditions. The car trade segment achieved a superb sales result in the fourth quarter, primarily with the help of sales campaigns; however, they resulted in a slight decrease in the margin compared to the reference base. The Group's profit earned in the fourth quarter increased by 2.3 million euros on account of revaluation of the assets of the real estate segment. The growth of average wage costs was mainly due to the seasonal calculation of incentive compensation.

In November, the Selver's e-shop started its sales activity, which is the fourth e-shop of the Group in addition to Selveri Kõök, Kaubamaja gift shop and I.L.U. e-shops. Currently, the most important ongoing development project is the further development of the Group's e-trade platform. By the end of the year, the renovation of Kaubamaja's Tallinn sales premises of the Beauty Department was completed; the renovation work had lasted for the last half-year and the department is now furnished with more sophisticated displays for exclusive cosmetics and has a more

sparkly jewellery area.

As of 31 December 2015, the amount of assets of Tallinna Kaubamaja Group was 348.0 million euros, which is 1.5% higher compared to the end of 2014.

The number of loyal customers exceeded 590,000 at the end of the accounting period, showing an annual decrease of 3.9%. The ratio of frequent clients in the turnover of the Group was 80.4% (the indicator was 80.9% in the 2014). Over 19,000 Partner bank and credit cards had been issued as of the end of December.

Selver supermarkets

The initial consolidated sales revenue of 2015 of the supermarkets business segment was 383.4 million euros, growing 4.2% compared to 2014. The consolidated sales revenue of the fourth quarter was 104.1 million euros, showing a year-on-year growth of 4.9%. The monthly average sales revenue of goods per one square metre of sales space was 0.36 thousand euros in 2015, exceeding the previous year's result by 1.6%. In the fourth quarter, the sales revenue of goods per one square metre of sales space was on an average 0.38 thousand euros in a month, exceeding the result of the year before by 1.3%. The sales revenue of goods per a square metre of comparable stores was 0.37 thousand euros as an average of 12 months and 0.39 thousand euros in the fourth quarter, showing a respective growth of 2.2% and 1.4%. The turnover of Selver subsidiary Kulinaaria OÜ outside the Group, especially that of catering service, which does not account for a significant portion of the total turnover of the segment, has grown 35.9% in a year. In 2015, 36.1 million purchases were made in Selver stores and this result exceeds the number of purchases 1.4% year-on-year. The consolidated pre-tax profit of the supermarket segment was 10.8 million euros in 2015 and the net profit was 8.5 million euros, showing a respective growth of 2.7 million euros and 0.8 million euros compared to the previous year. The pre-tax profit earned in Estonia was 13.1 million euros and the net profit was 10.9 million euros. The pre-tax profit and net profit in the fourth quarter was 4.4 million euros, remaining at the same level of the previous year. Of this, the profit earned in Estonia was 4.9 million euros. The difference in the net profit and the profit before income tax is due to the income tax paid on dividends: in 2015, the income tax on dividends was 2.22 million euros; in 2014, 0.37 million euros. The pre-tax loss and net loss earned in Latvia were 2.4 million euros, of which 0.5 million euros in the fourth quarter. The loss decreased in the last quarter by 0.1 million euros.

The fourth quarter of 2015 was influenced by Viimsi Selver, the seventh hypermarket opened in August. The added store not only strengthens competition outside the chain, but also within the chain. However, the number of purchases on year-on-year basis has increased. The average consumer basket has grown in the fourth quarter as well as annually. Successful marketing campaigns and very good year-end sales during the holiday season have supported the growth of turnover in the fourth quarter of 2015. The profit earned in Estonia has been primarily influenced by the greater efficiency achieved in the main process, i.e. selling goods. Stocks have been managed more efficiently, which has resulted in fewer discounts and smaller writing-off costs. The cost efficiency has been improved compared to the previous year in terms of operational costs. Regardless of the fact, that the base year includes the opening costs of one store and this year's operational costs include the opening costs of one store and renovation costs of one store.

The supermarket segment includes the Selver store chain with 45 Selver stores, e-Selver and a café with total sales space of 86.5 thousand m². This segment includes also SIA Selver Latvia that does not operate currently, and Kulinaaria OÜ, which has the largest central kitchen in the Baltic countries. The largest projects in 2015 were renovation of Torupilli Selver in June and opening of a new Selver in Viimsi Centre in August. From November, Tallinn clients can also make their purchases using e-Selver. In addition, SelveEkspress has strongly expanded into additional five existing Selver stores. Clients can use SelveEkspress service already in 19 Selver stores. 2015 was a year of anniversary for Selver – the chain has been active in the market for 20 years.

Department stores

The sales revenue of 2015 of the department stores' business segment was 95.6 million euros, growing 3.3% in a year. Of this result, the sales revenue in the fourth quarter was 29.0 million euros, which was 2.3% higher of the revenue earned in the fourth quarter of 2014. The pre-tax profit of department stores was 4.4 million euros in 2015, showing a decrease of 8.0% compared to the previous year. The pre-tax profit in the fourth quarter was 2.8 million euros, which was lower compared to the profit of 2014 by 2.2%. The average sales revenue per a square metre of sales space of department stores was 0.3 thousand euros in a month in 2015, remaining at the same level as the previous year. However, the sales space of department stores has grown 1.1% from the last summer on account of the gourmet department at Tallinn sales premises. In the fourth quarter, warmer autumn months that enabled customers to postpone outerwear purchase decisions had an effect on the sales result of Kaubamaja. The total sales in 2015 was influenced by the renovation of Viru bus terminal during summer months and the renovation of Tartu sales premises in the fourth quarter. Although the department stores are in the centre of the city at locations attractive to tourists, the low number of tourists throughout the year had a negative impact on the sales revenue in 2015. At the same time, the warmer autumn months had a positive effect on the profit earned by the department stores due to lower administrative expenditure.

The sales revenue of the fourth quarter of 2015 of OÜ TKM Beauty Eesti that operates I.L.U. cosmetics stores was 1.7 million euros, growing 6.4% year-on-year. The profit was 0.04 million euros in the fourth quarter, which was 0.03 million euros better than the result of the comparable period in 2014. The sales revenue was 5.1 million euros in 2015, growing 9.1% compared to 2014. The loss of 2015 was 0.2 million euros, showing a year-on-year decrease of 0.1 million euros. In 2015, the assortment of I.L.U. stores was optimised and restructured to meet the expectations of the target customer. Service quality and introduction of proactive customer service by consultants were under focus in the daily business of the stores.

Car Trade

The sales revenue of 2015 of the car trade segment was 60.8 million euros. The sales revenue exceeded the revenue earned in the previous year by 5.3%, whereas the sales revenue of KIAs grew 7.1%. The fourth quarter sales revenue in the amount of 15.2 million euros grew compared to the previous year 9.0%, whereas the sales revenue of KIAs grew 3.4%. In 2015, altogether 3,011 new vehicles were sold, of which 745 vehicles in the fourth quarter. The net profit of the segment of 2015 was 1.5 million euros, showing a smaller profit by 9.6% compared to the year before. The pre-tax profit of the segment in 2015 was 2.0 million euros, remaining at the same level as the previous year's result. The net profit of the fourth quarter was 0.2 million euros, which is lower by 0.4 million euros of the year before. The result of the fourth quarter was influenced by the sales campaign of Opel cars in stock and there were also several successful public procurements for cars that increased the sales. The stable car trade of the group in Lithuania and achieving profitability in 2015 are also worth mentioning. The profit was negatively influenced in the fourth quarter by the downwards adjustment of value of Ülemiste car showroom by 0.2 million euro.

In 2016, KIA assortment will be extended by several important completely new models, such as SUV KIA Sportage, which is very popular in our region, and KIA Optima and the wagon version of the latter in the middle of the year. KIA will add to its European selection of models a brand new model KIA Niro that KIA has not offer in Europe so far. This is a small hybrid SUV that is offered only with the front drive. The new OPEL Astra is worth mentioning, which is on sale from the end of 2015. As regards Cadillac, the focus is on the new Cadillac Escalade, which arrived on sale at the end of 2015.

Footwear trade

The sales revenue of the footwear trade segment in 2015 was 11.9 million euros, which decreased 10.7% in a year. The turnover in the fourth quarter was 3.4 million euros, a growth of 7.7% year-on-year. Whereas in the third quarter the decrease in the sales deaccelerated, in the fourth quarter, despite especially unfavourable weather conditions, a growth of sales revenue was achieved. December became the most complicated of months because it was exceptionally warm. The loss of the year was 2.6 million euros. The loss grew compared to the previous year by 1.4 million, by which amount the goodwill of the footwear trade segment was reduced to 2.1 million euro. The same reduction influenced the result of the fourth quarter. The more successful year end allows to believe that the strategic changes introduced in the Group's footwear segment, such as normalised level of stock, changes in brand portfolio and sales management with the focus on the results, will bear fruit regardless of the continued severe competition situation.

Real estate

The outside Group sales revenue of the real estate business segment was 3.7 million euros in 2015. The year-on-year sales revenue increased 12.6%. The outside Group sales revenue was 1.2 million euros in the fourth quarter, a growth of 38.4% compared to the same period of the previous year. The pre-tax profit of the real estate segment was 11.4 million euros in 2015, which is 2.6 million or 29.1% better than in the previous financial year. The pre-tax profit of the fourth quarter was 4.7 million euros, growing by 2.6 million euros or 123.1% compared to the same period of the previous financial year. The growth of the sales revenue in the fourth quarter was supported by the successful opening of Viimsi centre in August 2015 and renting out of Rezekne building to a party outside of the Group in Latvia. The profit of the real estate segment was influenced by the revaluation of the assets of the segment, which increased the profit of the quarter by 2.3 million euros.

An important development project in the fourth quarter was the renovation of Tartu Kaubamaja centre, which is intended to be completed in the first quarter of 2016.

Personnel

The average number of employees of Tallinna Kaubamaja Group was 3,946 in 2015, a growth of 3.2% compared to 2014. The total labour costs (wage costs and social tax costs) were 50.9 million euros in 2015, a year-on-year growth of 9.5%. The labour costs grew in the fourth quarter year-on-year 16.4% with the concurrent growth of the average number of employees by 4.3%. In 2015, the average monthly wage cost per employee grew 6.3% compared to the average monthly wages in 2014. The growth was 11.8% in the fourth quarter. The labour costs of the last quarter of the year were higher due to calculation of the incentive compensation for the successful financial year.

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, 10 February 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 fourth quarter and 12 months of 2015 as set out on pages 11 - 31.

The Chairman of the Management Board confirms that:

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



Raul Puusepp
Chairman of the Management Board

Tallinn, 10 February 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros

	Note	31.12.2015	31.12.2014
ASSETS			
Current assets			
Cash and cash equivalents	2	13,911	24,626
Trade and other receivables	3	20,191	17,938
Inventories	5	61,110	56,876
Total current assets		95,212	99,440
Non-current assets			
Long-term trade and other receivables	8	293	338
Investments in associates	7	1,778	1,778
Investment property	9	44,963	3,035
Property, plant and equipment	10	196,691	227,914
Intangible assets	11	9,043	10,402
Total non-current assets		252,768	243,467
TOTAL ASSETS		347,980	342,907
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	33,377	20,405
Trade and other payables	13	77,066	70,317
Total current liabilities		110,443	90,722
Non-current liabilities			
Borrowings	12	57,426	77,663
Provisions for other liabilities and charges		502	692
Total non-current liabilities		57,928	78,355
TOTAL LIABILITIES		168,371	169,077
Equity			
Share capital	15	16,292	16,292
Statutory reserve capital		2,603	2,603
Revaluation reserve		65,701	67,159
Currency translation differences		-255	-255
Retained earnings		95,268	88,031
TOTAL EQUITY		179,609	173,830
TOTAL LIABILITIES AND EQUITY		347,980	342,907

The notes presented on pages 16 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	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Revenue	16	152,888	145,512	555,447	535,045
Other operating income		4,536	195	5,140	715
Cost of sales		-113,072	-107,875	-416,134	-403,716
Other operating expenses	17	-11,999	-12,064	-50,776	-50,027
Staff costs	18	-14,669	-12,599	-50,890	-46,493
Depreciation, amortisation and impairment losses	10, 11	-6,614	-2,844	-15,234	-10,970
Other expenses		-152	-180	-609	-767
Operating profit		10 918	10,145	26,944	23,787
Finance income	19	1	5	12	24
Finance costs	19	-280	-367	-1,144	-1,494
Finance income on shares of associates	7	9	24	142	172
Profit before tax		10,648	9,807	25,954	22,489
Income tax expense	15	-10	144	-3,883	-2,194
NET PROFIT FOR THE FINANCIAL YEAR		10,638	9,951	22,071	20,295
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Currency translation differences		0	0	0	2
Other comprehensive income for the financial year		0	0	0	2
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,638	9,951	22,071	20,297
Basic and diluted earnings per share (euros)	20	0.26	0.24	0.54	0.50

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

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

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	Note	12 months 2015	12 months 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		22,071	20,295
<i>Adjustments:</i>			
Income tax on dividends	15	3,873	1,324
Income tax expense	15	10	1,012
Interest expense	19	1,144	1,494
Interest income	19	-12	-24
Depreciation, amortisation	10, 11	15,208	10,929
Fair value adjustment to investment property	9	-4,314	0
Loss on sale and write-off of non-current assets	10	26	41
Profit on sale of non-current assets	10	-18	-11
Effect of equity method	7	-142	-172
Change in inventories		-4,227	-4,879
Change in receivables and prepayments related to operating activities		-1,209	2,261
Change in liabilities and prepayments related to operating activities		6,496	2,216
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		38,906	34,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (excl. finance lease)	10	-19,982	-8,982
Proceeds from sale of property, plant and equipment	10	389	83
Purchase of intangible assets	11	-544	-125
Investments in subsidiaries	6	-47	-308
Change in balance of parent company's group account	21	-1,000	-4,000
Dividends received	7	142	105
Interest received	19	12	24
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-21,030	-13,203
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	49,005	52,508
Repayments of borrowings	12	-57,214	-47,042
Change in overdraft balance	12	943	1,199
Dividends paid	15	-16,292	-6,109
Income tax on dividends	15	-3,873	-1,324
Reduction of share capital	15	0	-8,146
Income tax paid	15	-10	-1,012
Interest paid		-1,150	-1,498
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-28,591	-11,424
TOTAL CASH FLOWS		-10,715	9,859
Effect of exchange rate changes		0	1
Cash and cash equivalents at the beginning of the period	2	24,626	14,766
Cash and cash equivalents at the end of the period	2	13,911	24,626
Net change in cash and cash equivalents		-10,715	9,860

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

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousands of euros

	Share capital	Statutory reserve capital	Revaluation reserve	Retained earnings	Currency translation differences	Total
Balance as of 31.12.2013	24,438	2,603	68,617	72,387	-257	167,788
Net profit for the reporting period	0	0	0	20,295	0	20,295
Other comprehensive income for the reporting period	0	0	0	0	2	2
Total comprehensive income for the reporting period	0	0	0	20,295	2	20,297
Reclassification of depreciation of revalued land and buildings	0	0	-1,458	1,458	0	0
Reduction of share capital	-8,146	0	0	0	0	-8,146
Dividends paid	0	0	0	-6,109	0	-6,109
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	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

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

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

NOTES TO THE CONSOLIDATED INTERIM ACCOUNTS

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

General Information

Tallinna Kaubamaja Group 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 Group 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 Group are listed on the Tallinn Stock Exchange. The majority shareholder of Tallinna Kaubamaja Group is OÜ NG Investeeringud, the majority owner of which is NG Kapital OÜ. NG Kapital OÜ is an entity with ultimate control over Tallinna Kaubamaja Group.

Bases for Preparation

The Consolidated Interim Accounts of Tallinna Kaubamaja 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 2014. 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 2014.

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. All amounts disclosed in the financial statements have been rounded to the nearest thousand unless referred to otherwise.

The Manager is of the opinion that the Interim Report of Tallinna Kaubamaja Group for the fourth quarter and 12 months of 2015 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

	31.12.2015	31.12.2014
Cash on hand	582	550
Bank accounts	11,488	22,325
Cash in transit	1,841	1,751
Total cash and cash equivalents	13,911	24,626

Note 3. Trade and other receivables

in thousands of euros

	31.12.2015	31.12.2014
Trade receivables (Note 4)	10,284	10,167
Receivable from Parent (Note 21)	5,000	4,000
Other short-term receivables	2,490	1,774
Total financial assets from balance sheet line "Trade and other receivables"	17,774	15,941
Prepayment for goods	1,741	1,154
Other prepaid expenses	590	553
Prepaid rental expenses	77	160
Prepaid taxes (Note 14)	9	130
Total trade and other receivables	20,191	17,938

Note 4. Trade receivables

in thousands of euros

	31.12.2015	31.12.2014
Trade receivables	7,211	7,554
Allowance for doubtful receivables	-37	-59
Receivables from related parties (Note 21)	1,027	748
Credit card payments	2,083	1,924
Total trade receivables	10,284	10,167

Note 5. Inventories

in thousands of euros

	31.12.2015	31.12.2014
Goods purchased for resale	60,358	56,133
Raw materials and materials	752	743
Total inventories	61,110	56,876

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

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Write-down and write-off of inventories	2,296	1,906	7,995	8,265
Inventory stocktaking deficit	756	781	1,843	1,764
Total materials and consumables used	3,052	2,687	9,838	10,029

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 31.12.2015	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 Perkunkiemio 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. In addition, the service portfolio of Viking Security AS will continue to include manned and video surveillance, and the option of participating in certified security procurements.

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 the reporting period 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.

Business combinations in 2014:

Name	Location	Area of activity	Acquisition date	Ownership %
Viking Security AS	Estonia	Security activities	02.09.2014	100%

Trademark at value of 180 thousand euros was acquired. Trademark will be amortised during 7 years (Note 11).

In order to increase efficiency, Tallinna Kaubamaja Group merged the activities of subsidiaries in the Group that are involved in security business – Topsec Turvateenus OÜ (company acquired) merged into Viking Security AS (acquiring company). Merger resolutions of the Viking Security AS and Topsec Turvateenus OÜ were adopted on 20th of January 2015 and Commercial Register registered the abovementioned merger on 26th of February 2015. As a result of the merger, Viking Security AS will remain, the sole shareholder of which will become Tallinna Kaubamaja Group. The activities of the company will be continued under the business name of the acquiring company, Viking Security AS.

Note 7. Investments in associates

in thousands of euros

Tallinna Kaubamaja Group has ownership of 50% (2014: 50%) interest in the entity AS Rävala Parkla which provides the services of a parking house in Tallinn.

	31.12.2015	31.12.2014
Investment in the associate at the beginning of the year	1,778	1,711
Profit for the reporting period under equity method	142	172
Dividends received	-142	-105
Investment in the associate at the end of the accounting period	1,778	1,778

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

	31.12.2015		31.12.2014	
Assets	3,605		3,602	
Liabilities	48		46	
	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Revenue	115	115	460	456
Profit	17	48	284	344

Note 8. Long-term trade and other receivables

in thousands of euros

	31.12.2015	31.12.2014
Prepaid rental expenses	48	87
Deferred tax asset	210	216
Other receivables	35	35
Total long-term trade and other receivables	293	338

Note 9. Investment property

in thousands of euros

Carrying value as at 31.12.2013	3,035
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

Investment property represents construction in progress and property with commercial building.

In 2015, the opinion of an independent certified real estate expert was used in appraising the fair value of two facilities. In 2014, the opinion of an independent certified real estate expert was used in appraising the fair value of one facility. As a result of valuation in 2015, the item of investment property located in Estonia was adjusted upwards in the amount of 3,852 thousand euros and one item of investment property located in Latvia was adjusted upwards in the amount of 462 thousand euros. As a result of valuation, the items of investment property were adjusted neither upwards nor downwards in 2014.

In 2015, Viimsi Shopping and Entertainment Centre, Tartu Department Store and in Latvia Rezekne property with commercial building that is in majority held for long-term rental yields for Group was divided between property, plant and equipment and investment property. Accordingly in 2015 from property, plant and equipment group "Land and buildings" was reclassified 37,614 thousand euros as an investment property.

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
31.12.2013					
Cost or revalued amount	181,231	27,022	28,663	49,678	286,594
Accumulated depreciation	-3,006	-19,558	-18,874	-15,750	-57,188
Carrying value	178,225	7,464	9,789	33,928	229,406
Changes occurred in 2014					
Purchases and improvements	11	385	758	7,828	8,982
Acquired through business combinations (Note 6)	0	33	1	0	34
Reclassification	1,193	1,906	3,777	-6,876	0
Disposals	0	-61	-11	0	-72
Write-offs	-30	-4	-7	0	-41
Depreciation	-5,455	-1,971	-2,969	0	-10,395
31.12.2014					
Cost or revalued amount	181,815	28,728	29,527	50,630	290,700
Accumulated depreciation and impairment	-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 (Note 9)	-21,644	3,047	3,076	-22,093	-37,614
Disposals	0	-174	-197	0	-371
Write-offs	0	-9	-17	0	-26
Impairment loss	-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 and impairment	-10,044	-22,141	-19,583	-17,785	-69,553
Carrying value	146,755	8,547	10,994	30,395	196,691

The cost of investments for the twelve months of 2015 amounted to 20,526 thousand euros (including purchases of property, plant and equipment in the amount of 19,982 thousand euros and purchases of intangible assets amounted to 544 thousand euros).

The cost of investments made in 12 months of 2015 in the supermarket business segment was 4,398 thousand euros. In the reporting period in Torupilli Selver shopping environment was renewed and Viimsi Selver was opened. Also other store fittings were renewed and purchased computing technology.

The size of the investment in the business segment of Department store amounted to 2,412 thousand euros. In the reporting period Kaubamaja Food Departments switched to modern cash register system and Kaubamaja Beauty Department fittings were renewed.

The cost of investments in the accounting period was 251 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 12,837 thousand euros. In August 2015 new Viimsi Shopping and Entertainment Centre was opened. In the reporting period renovation works in Tartu Kaubamaja started during what building's exterior and interior look will be changed. In December property in Rae municipal Peetri was purchased.

At the year-end 2015, the fair value of "Land and buildings" and recoverable amount of "Construction in progress"

was assessed. The fair values of "Land and buildings" and the recoverable amounts of buildings under construction (based on the value in use) were determined based on management's judgment, using the estimates of certified independent real estate experts for determining the inputs to be used or the fair value of the items. The discounted cash flow model and market data (comparable transactions, rental income, etc.) were both used for determining fair values as well as recoverable amounts.

The discount rates used for estimation were 8.5% -12% (2014: 8.5% - 12%) depending on the location of the property and the rental growth rates were 1% - 2.5% (2014: 1% - 2.25%). For the purpose of estimating the value of "Land and buildings", the rental agreements in force have been used for determining the input of the rental price, which management believes correspond to the market conditions. As a result of the revaluation in 2015 the value of "Land and buildings" located in Estonia decreased by 239 thousand euros. Decrease in value of "Construction in progress" located in Estonia was recognised in the amount of 1,448 thousand euros.

As a result of valuation, the value of "Land and buildings" and "Construction in progress" was adjusted neither upwards nor downwards in 2014.

In 2015 valuation of "Land and buildings" located in Latvia was adjusted neither upwards nor downwards. Decrease in value of "Construction in progress" located in Latvia was recognised in the amount of 587 thousand euros. Also as a result of valuation, the value of "Land and buildings" located in Latvia was adjusted neither upwards nor downwards in 2014.

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
31.12.2013					
Cost	7,298	5,097	1,080	496	13,971
Accumulated amortisation and impairment	-588	-1,588	-1,080	-79	-3,335
Carrying value	6,710	3,509	0	417	10,636
Changes occurred in 2014					
Purchases and improvements	0	0	0	125	125
Acquired through business combinations (Note 6)	0	175	0	0	175
Amortisation	0	-469	0	-65	-534
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 loss	-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

In the reporting period the Group capitalised costs of web page update and e-shop as development expenditure in the amount of 539 thousand euros.

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

in thousands of euros	31.12.2015	31.12.2014
Car trade	3,156	3,156
Footwear trade	2,113	3,554
Department store	104	0

The recoverable amount (based on value in use) was determined on the basis of future cash flows for the next five years. In Car trade and Department store segments, 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.

In footwear trade it was evident that the present value of cash flows does not cover the value of goodwill. Accordingly goodwill in footwear trade was adjusted downwards in the amount of 1,441 thousand euros.

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	31.12.2015	31.12.2014
Short-term borrowings		
Overdraft	2,542	1,599
Bank loans	28,007	15,936
Other borrowings	2,828	2,870
Total short-term borrowings	33,377	20,405

in thousands of euros	31.12.2015	31.12.2014
Long-term borrowings		
Bank loans	56,858	75,269
Other borrowings	568	2,394
Total long-term borrowings	57,426	77,663
Total borrowings	90,803	98,068

Borrowings received

in thousands of euros	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Overdraft	472	0	943	1,199
Bank loans	14,126	17,879	47,224	47,818
Other borrowings	512	2,043	1,781	4,690
Total borrowings received	15,110	19,922	49,948	53,707

Borrowings paid

in thousands of euros

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Bank loans	13,734	12,743	53,889	44,207
Other borrowings	705	579	3,325	2,835
Total borrowings paid	14,439	13,322	57,214	47,042

Bank loans and other borrowings are denominated in euros.

As of 31.12.2015, the repayment dates of bank loans are between 28.01.2016 and 27.03.2020 (2014: between 05.04.2015 and 07.02.2020), interest is tied both to 3-month and 6-month EURIBOR as well as EONIA. Weighted average interest rate was 1.14% (2014: 1.2%).

Note 13. Trade and other payables

in thousands of euros

	31.12.2015	31.12.2014
Trade payables	57,901	52,982
Payables to related parties (Note 21)	4,579	4,913
Other accrued expenses	79	60
Prepayments by tenants	1,944	1,613
Total financial liabilities from balance sheet line "Trade and other payables"	64,503	59,568
Taxes payable (Note 14)	6,284	5,797
Employee payables	4,944	3,868
Prepayments	1,215	953
Short-term provisions*	120	131
Total trade and other payables	77,066	70,317

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

Note 14. Taxes

in thousands of euros

	31.12.2015		31.12.2014	
	Prepaid taxes	Taxes payable	Prepaid taxes	Taxes payable
Prepaid taxes	9	0	130	0
Value added tax	0	3,014	0	2,719
Personal income tax	0	943	0	881
Social security taxes	0	2,017	0	1,880
Corporate income tax	0	67	0	81
Unemployment insurance	0	137	0	140
Mandatory funded pension	0	106	0	96
Total taxes	9	6,284	130	5,797

Note 15. Share capital

As of 31.12.2015, 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 31.12.2014 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 2015, dividends were paid to the shareholders in the amount of 16,292 thousand euros, or 0.40 euros per share (2014: 6,109 thousand euros, 0.15 euros per share). Related income tax on dividends amounted to 3,873 thousand euros (2014: 1,324 thousand euros).

In July, 2014, the reduction of share capital of Tallinna Kaubamaja Group in the amount of 8,146 thousand euros was registered in the Commercial Register. The new registered share capital of Tallinna Kaubamaja Group is 16,291,680 euros, which is divided into 40,729,200 shares with nominal value of 0.40 euros per share. In October, 2014 payments to the shareholders upon a reduction of share capital were made in the amount of 8,146 thousand euros, 0.20 euros per share. Related income tax expense amounted to 1,012 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 and other operating income), EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit or loss.

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
IV quarter 2015							
External revenue	104,108	29,023	15,158	3,436	1,163	0	152,888
Inter-segment revenue	275	1,525	12	54	3,154	-5,020	0
Total revenue	104,383	30,548	15,170	3,490	4,317	-5,020	152,888
EBITDA	5,387	3,283	631	160	8,071	0	17,532
Segment depreciation and impairment losses	-1,050	-505	-367	-1,587	-3,105	0	-6,614
Operating profit/loss	4,337	2,778	264	-1,427	4,966	0	10,918
Finance income (Note 19)	80	175	7	0	43	-304	1
Finance income on shares of associates	0	9	0	0	0	0	9
Finance costs (Note 19)	-5	-152	-60	-40	-327	304	-280
Income tax	1	0	-11	0	0	0	-10
Net profit/loss	4,413	2,810	200	-1,467	4,682	0	10,638
incl. in Estonia	4,920	2,810	224	-1,467	4,532	0	11,019
incl. in Latvia	-507	0	-35	0	150	0	-392
incl. in Lithuania	0	0	11	0	0	0	11
Segment assets	87,311	53,497	23,912	8,542	242,102	-67,384	347,980
Segment liabilities	60,742	17,286	16,519	10,309	98,584	-35,069	168,371
Segment investment in non-current assets	945	828	46	37	3,339	0	5,195

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
IV quarter 2014							
External revenue	99,211	28,365	13,907	3,189	840	0	145,512
Inter-segment revenue	257	1,069	10	189	3,005	-4,530	0
Total revenue	99,468	29,434	13,917	3,378	3,845	-4,530	145,512
EBITDA	5,278	3,296	579	281	3,555	0	12,989
Segment depreciation and impairment losses	-987	-466	-126	-169	-1,096	0	-2,844
Operating profit/loss	4,291	2,830	453	112	2,459	0	10,145
Finance income (Note 19)	106	186	13	0	18	-318	5
Finance income on shares of associates	0	24	0	0	0	0	24
Finance costs (Note 19)	-11	-168	-59	-69	-378	318	-367
Income tax	0	-1	145	0	0	0	144
Net profit/loss	4,386	2,871	552	43	2,099	0	9,951
incl. in Estonia	4,995	2,871	464	43	1,896	0	10,269
incl. in Latvia	-609	0	76	0	203	0	-330
incl. in Lithuania	0	0	12	0	0	0	12
Segment assets	85,027	59,476	20,357	11,300	214,015	-47,268	342,907
Segment liabilities	58,107	21,841	12,656	12,080	96,213	-31,820	169,077
Segment investment in non-current assets	739	594	176	134	1,861	0	3,504

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
12 months 2015							
External revenue	383,441	95,581	60,765	11,933	3,727	0	555,447
Inter-segment revenue	1,024	5,267	29	217	12,228	-18,765	0
Total revenue	384,465	100,848	60,794	12,150	15,955	-18,765	555,447
EBITDA	14,543	6,136	2,971	-398	18,926	0	42,178
Segment depreciation and impairment losses	-4,049	-1,946	-751	-2,080	-6,408	0	-15,234
Operating profit/loss	10,494	4,190	2,220	-2,478	12,518	0	26,944
Finance income (Note 19)	297	666	33	1	150	-1,135	12
Finance income on shares of associates	0	142	0	0	0	0	142
Finance costs (Note 19)	-30	-570	-250	-160	-1,269	1,135	-1,144
Income tax	-2,222	-1,150	-511	0	0	0	-3,883
Net profit/loss	8,539	3,278	1,492	-2,637	11,399	0	22,071
incl. in Estonia	10,899	3,278	1,532	-2,637	10,510	0	23,582
incl. in Latvia	-2,360	0	-90	0	889	0	-1,561
incl. in Lithuania	0	0	50	0	0	0	50
Segment assets	87,311	53,497	23,912	8,542	242,102	-67,384	347,980
Segment liabilities	60,742	17,286	16,519	10,309	98,584	-35,069	168,371
Segment investment in non-current assets	4,886	2,468	251	84	12,837	0	20,526

in thousands of euros

	Super markets	Depart- ment store	Car trade	Footwear trade	Real estate	Inter- segment transact- ions	Total seg- ments
12 months 2014							
External revenue	368,159	92,525	57,692	13,358	3,311	0	535,045
Inter-segment revenue	947	4,261	26	433	11,924	-17,591	0
Total revenue	369,106	96,786	57,718	13,791	15,235	-17,591	535,045
EBITDA	11,399	6,283	2,753	-328	14,650	0	34,757
Segment depreciation and impairment losses	-3,610	-1,836	-464	-678	-4,382	0	-10,970
Operating profit/loss	7,789	4,447	2,289	-1,006	10,268	0	23,787
Finance income (Note 19)	338	777	48	1	57	-1,197	24
Finance income on shares of associates	0	172	0	0	0	0	172
Finance costs (Note 19)	-45	-581	-298	-271	-1,496	1,197	-1,494
Income tax	-366	-1,439	-389	0	0	0	-2,194
Net profit/loss	7,716	3,376	1,650	-1,276	8,829	0	20,295
incl. in Estonia	10,145	3,376	1,626	-1,276	7,991	0	21,862
incl. in Latvia	-2,429	0	2	0	838	0	-1,589
incl. in Lithuania	0	0	22	0	0	0	22
Segment assets	85,027	59,476	20,357	11,300	214,015	-47,268	342,907
Segment liabilities	58,107	21,841	12,656	12,080	96,213	-31,820	169,077
Segment investment in non-current assets	2,944	1,992	608	590	2,973	0	9,107

External revenue according to types of goods and services sold

in thousands of euros

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Retail revenue	141,775	135,748	512,260	497,778
Wholesale revenue	4,523	4,266	20,061	17,982
Rental income	2,182	1,850	7,827	7,258
Revenue for rendering services	4,408	3,648	15,299	12,027
Total revenue	152,888	145,512	555,447	535,045

External revenue by client location

in thousands of euros

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Estonia	146,916	140,980	533,329	512,109
Latvia	3,591	2,879	14,868	16,307
Lithuania	2,381	1,653	7,250	6,629
Total	152,888	145,512	555,447	535,045

Distribution of non-current assets* by location of assets

in thousands of euros

	31.12.2015	31.12.2014
Estonia	216,439	206,480
Latvia	34,410	35,054
Lithuania	141	155
Total	250,990	241,689

* 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

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Rental expenses	3,855	3,872	15,393	15,187
Heat and electricity expenses	1,964	2,091	8,288	8,425
Operating costs	1,455	1,563	6,301	6,311
Cost of sale related services and materials	461	501	5,921	5,768
Marketing expenses	1,810	1,962	6,302	6,750
Miscellaneous other operating expenses	859	800	3,066	2,882
Computer and communication costs	926	847	3,397	3,015
Personnel expenses	669	428	2,108	1,689
Total other operating expenses	11,999	12,064	50,776	50,027

Note 18. Staff costs

in thousands of euros

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Wages and salaries	11,040	9,464	38,295	34,907
Social security taxes	3,629	3,135	12,595	11,586
Total staff costs	14,669	12,599	50,890	46,493
Average wages per employee per month (euros)	923	825	809	761
Average number of employees in the reporting period	3,989	3,824	3,946	3,824

Note 19. Finance income and costs

in thousands of euros

Finance income

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Interest income on NGI Group's group account (Note 21)	1	5	5	23
Other finance income	0	0	7	1
Total finance income	1	5	12	24

Finance costs

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Interest expense of bank loans	-250	-311	-997	-1,242
Interest expense of other loans	-7	-23	-37	-59
Interest expense on NGI Group's group account	0	0	-2	0
Other finance costs*	-23	-33	-108	-193
Total finance costs	-280	-367	-1,144	-1,494

* 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.

	IV quarter 2015	IV quarter 2014	12 months 2015	12 months 2014
Net profit (in thousands of euros)	10,638	9,951	22,071	20,295
Weighted average number of shares	40,729,200	40,729,200	40,729,200	40,729,200
Basic and diluted earnings per share (euros)	0.26	0.24	0.54	0.50

Note 21. Related party transactions

in thousands of euros

In preparing the consolidated interim report of Tallinna Kaubamaja Group, 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 Group is OÜ NG Investeeringud. Majority shareholder of OÜ NG Investeeringud is NG Kapital OÜ. NG Kapital OÜ is the ultimate controlling party of Tallinna Kaubamaja Group.

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

	Purchases 12 months 2015	Sales 12 months 2015	Purchases 12 months 2014	Sales 12 months 2014
Parent	322	19	328	34
Entities in the Parent's consolidation group	27,365	7,495	26,420	6,614
Members of management and supervisory boards	16	5	0	0
Other related parties	943	100	923	190
Total	28,646	7,619	27,671	6,838

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:

	31.12.2015	31.12.2014
Interest receivable from Parent (Note 4)	1	9
Receivable from Parent (Note 3)	5,000	4,000
Receivables from entities in the in the Parent's consolidation group (Note 4)	1,016	729
Members of management and supervisory boards (Note 4)	0	10
Other related parties (Note 4)	10	0
Total receivables from related parties	6,027	4,748

	31.12.2015	31.12.2014
Parent	0	21
Entities in the Parent's consolidation group	4,463	4,724
Other related parties	116	168
Total liabilities to related parties (Note 13)	4,579	4,913

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 12 months of

2015 the Group earned interest income on its deposits of available funds in the amount of 5 thousand euros (2014: 23 thousand euros).

As at 31 December 2015 Tallinna Kaubamaja Group deposited through parent company NG Investeeringud OÜ 5,000 thousand euros (31.12.2014: 4,000 thousand euros). Deposit matures on 26.01.2016 with interest rate of 0.4%. As at 31.12.2014 the deposit in the amount of 2,000 thousand euros with interest rate 0.18% maturity up to 5 January 2015 and deposit in the amount of 2,000 thousand euros with interest rate 0.20% maturity up to 6 January 2015. In 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. In 2014 the average interest rate on available funds deposited to the group account of NG Investeeringud OÜ was 0.07% in the euro account. 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 1,412 thousand euros (2014: 1,208 thousand euros (including termination benefits in the amount of 50 thousand euros)). Short term benefits to supervisory boards' members of the Group in reporting period including social taxes amounted to 321 thousand euros (2014: 310 thousand euros).

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