Financial report for the third quarter and first nine months of 2009

(unaudited)

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Business name	Nordecon International AS
Registration number	10099962
Address	Pärnu mnt 158/1, 11317 Tallinn
Domicile	Republic of Estonia
Telephone	+ 372 615 4400
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E-mail	nordecon@nordecon.com
Corporate website	www.nordecon.com
Core activities	Construction of buildings (EMTAK 411; 412) Civil engineering (EMTAK 421; 422; 429) Other construction work involving special trades (EMTAK 431; 433; 439) Architectural and engineering activities (EMTAK 7112)
Financial year	1 January 2009 – 31 December 2009
Reporting period	1 January 2009 – 30 September 2009
Council	Toomas Luman, Alar Kroodo, Ain Tromp, Andri Hõbemägi, Tiina Mõis, Meelis Milder
Board	Jaano Vink, Priit Tiru
Auditor	KPMG Baltics AS

Contents

Directors' report

OUR MISSION

Our mission is to offer our customers complete premier value adding construction and engineering solutions.

We add value to the company by motivating our employees and providing them with clear development opportunities and a contemporary work environment.

VISION

Our goal is to become the fastest growing construction group on the Nordic and Baltic stock exchanges by 2013 in terms of revenue growth.

SHARED VALUES

Reliability

We keep our promises and honour our agreements. We act openly and transparently. We consistently support and promote the best construction practices. We do not take risks at the expense of our customers.

Quality

We are professional builders – we apply appropriate and effective construction techniques and technologies and observe generally accepted quality standards. We provide our customers with integrated cost efficient solutions. We are environmentally aware and operate sustainably. We value our employees by providing them with a modern work environment that encourages creativity and a motivation system that fosters initiative.

Innovation

We are innovative and creative engineers. We take maximum advantage of the benefits offered by information technology. We inspire our employees to grow through continuous training and balanced career opportunities.

Change in the Group's business name

On 26 March 2009 the extraordinary general meeting of the shareholders of AS Eesti Ehitus changed the company's business name for Nordecon International AS. The purpose of the name change was to replace a name that had been chosen to target the Estonian market with a more international one that would underpin the Group's foreign expansion strategy. The adoption of the new brand will also allow harmonising the names of the main subsidiaries both in the home market and in selected foreign markets, which will contribute to creating a more coherent and uniform image of the Group. As an exception, the Ukrainian Group companies will currently maintain the Eurocon brand.

Preparations for the name change began several years ago. Among other things, it was necessary to secure complete intellectual property rights to the name. The fact that the Nordecon name was previously used by the Group's ultimate controlling party (AS Nordic Contractors) helped introduce it to investors and business associates and the construction and real estate development sectors. By March 2009, the Group had obtained all relevant approvals and confirmations regarding its rights to the brand and there were no restrictions for its implementation by a listed company. The Nordecon brand has been registered in the Baltic countries, Ukraine and Belarus. In addition, the Group has registered the domain name www.nordecon.com.

Changes in the names of Group companies in 2009

AS Eesti Ehitus → Nordecon International AS

AS Linnaehitus → Nordecon Ehitus AS

AS Aspi → Nordecon Infra AS

OÜ Mapri Projekt → Nordecon Betoon OÜ

SIA Abagars → Nordecon Infra SIA

UAB Eurocon LT → Nordecon Statyba UAB

The Group has prepared this interim report under the name of Nordecon International, because at the date the report is authorised for issue, the new name has been approved by the shareholders and registered in all relevant registers. The former business name is used or referred to wherever necessary for legal reasons or clarity. New business names are also used in the case of significant subsidiaries that have participated in the name change.

The Group's strategy and objectives for 2009-2013

During the period 2005-2008 the revenue of Nordecon International Group grew, on average, by 30% per year. Within the same time, the Group's foreign operations expanded more than three-fold. At the end of 2008 foreign markets were generating already 20% of the Group's revenue. In view of the changes in the external environment and the fact that thanks to vigorous growth the Group had reached the end of one stage of development, the Group's management devised a new development strategy for the period 2009-2013. The parent company's council approved the new strategy on 12 March 2009.

The Group's strategic basis and strengths

The growth of the Group has outlined particular strengths that underpin the new development strategy:

- An organisation / shareholders oriented towards long-term profitable growth
- Organisationally separate infrastructure and buildings construction businesses
- A flexible, horizontally integrated business model across the Group
- Experienced management
- Professional and loyal employees
- Relative conservatism in risk-taking
- Centralised support services in combination with strong business organisations
- A balanced revenue base that is equally divided between buildings and infrastructure construction

The Group's objectives for 2009-2013

The Group's development strategy for 2009-2013 is governed by two primary goals – to improve operating efficiency at all its entities and to sustain internationalisation. To achieve the goals, management has allocated the desired objectives and the activities required for achieving them to specific time periods.

In 2009-2010 the objective of Nordecon International is to reinforce its positions in the home market and to prepare for dynamic growth in foreign markets during the period 2011-2013. This assumes:

- Redesigning the corporate structure and division of operations and activities between Group entities
- Specifying the customer focus and transforming from the supplier of mass offerings into a proactive seller – designing the services aimed at customer segments based on customer needs and circumstances
- Identifying and taking advantage of additional synergies in enhancing the efficiency of the subsidiaries' sales, performance and purchasing operations
- Reasonably centralising the support services so as to improve their efficiency
- Developing a uniform organisational culture and identity
- Preparing a sufficient real estate platform in Estonia (including Tallinn) in anticipation for future growth
- Creating partnerships for the performance of PPP (public-private partnership) projects
- Continuing the development of operating principles that correspond to projected growth in foreign markets, and implementing and consolidating processes aimed at increasing the contribution of foreign markets at the parent company
- Acquiring new companies and developing existing companies in Latvia, Lithuania and Ukraine.

By 2013 Nordecon International expects to have realised the potential created in 2009-2010 and to be the fastest-growing construction group listed on the Nordic and Baltic stock exchanges. The objectives are:

- To be the market leader in Estonia in both buildings and infrastructure construction
- To earn approximately 50% of the revenue for 2013 in foreign markets
- To have separate buildings and infrastructure construction subsidiaries in both Latvia and Lithuania
- To penetrate the Ukrainian infrastructure market, if possible
- To be ready to penetrate the Belarusian construction market if there are adequate arguments for this

Revision of the Group's strategy for 2009-2010 and the ultimate strategic goal

The Group's business strategy for 2009-2010 foresaw, among other things, acquiring new companies in selected markets and developing existing ones. The Group has practically suspended its operations in Lithuania because in the current market situation there are not enough attractive buildings construction contracts on offer that would suit a company involved in project management. For the same reason, the Group does not intend to acquire any new entities in the above period.

Owing to an adverse economic environment, the Group's management has also decided to suspend dynamic expansion in Latvia and Ukraine. Instead, the main efforts in those countries will be aimed at cost-cutting and other measures relevant to responding adequately to declining volumes and margins. In both Latvia and Ukraine, the construction market slump has made winning new contracts extremely complicated and the private sector customer base has become almost nonexistent. Therefore, the main task for Group entities is to align their structure so that they could effectively manage their costs while maintaining readiness for re-launching construction operations as soon as the market situation improves. The Group is currently not involved in any active real estate projects outside Estonia.

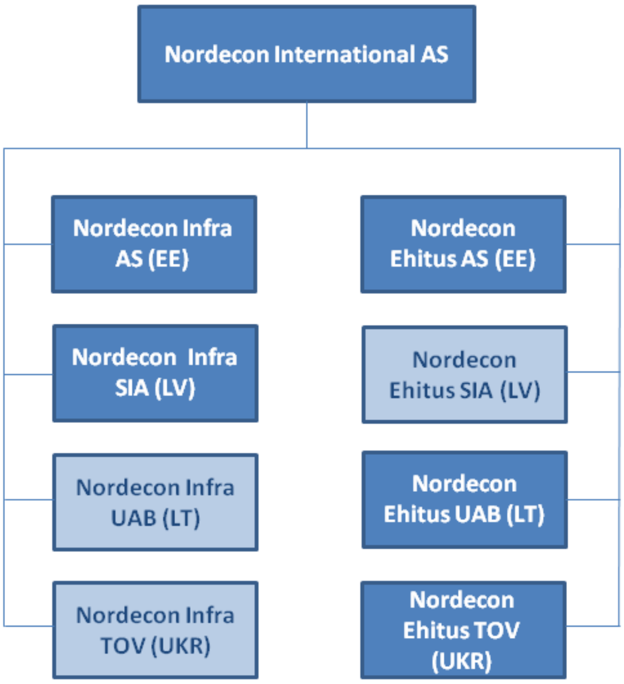
The Group's management is of the opinion that the situation in foreign markets may improve more slowly than anticipated and, consequently, attainment of the strategic goal of increasing the revenue earned outside Estonia to roughly 50% of the total by 2013 will be increasingly difficult. At the date of release of this report, the Group's council has not approved any changes to the Group's development strategy for 2009-2013.

Accordingly, in 2009-2010 the Group's management will concentrate on consolidating all the positions the Group has achieved over the years in the Estonian market.

The Group's structure by 2013

According to the development strategy, by 2013 the Group will be represented in all its four main target markets in both the buildings and infrastructure construction segments. In each country, the Group will have a company or a subgroup involved in buildings construction and another engaged in infrastructure. All companies will focus on their assigned core business and all or the majority of their shares will be held by the Group's parent Nordecon International AS. The above corporate structure has been selected in consideration of the following factors:

- The construction business is local by nature and to succeed a company needs to be locally flexible and focused on a particular business.
- The Group's sustainable and coordinated development in its selected markets assumes assembling all activities that could yield synergies, such as financing, development, etc under single management.



Note: Light colours indicate subgroups which currently do not yet exist but reflect the Group's opportunities for future growth.

Changes in the Group's management structure and operations in 2009

Changes in the Group's management structure

The first steps for implementing the Group's new development strategy were made in the first quarter of 2009. The management structures of the Group's parent and major subsidiaries were changed as of 5 January 2009. The purpose was to prepare for the adoption of a new management model where the parent would deal with the Group's strategic management and the expertise for managing the Group's anchor skills would be assembled to the largest subsidiaries, which would then focus on maintaining and increasing their market shares in their separate, clearly defined lines of business. The Group has made great progress in implementing the desired changes in the first nine months of 2009 and expects to complete the process, in all material respects, by the year-end.

Changes in the board of Nordecon International AS

On 5 January 2009 the board of Nordecon International AS started work with three members – Jaano Vink (Chairman of the Board), Sulev Luiga (Member of the Board, Director of Finance) and Priit Tiru (Member of the Board, Buildings Construction Director).

Sulev Luiga was recalled from the board early based on a council resolution effective as of 16 October 2009. At the level of the board, the responsibilities as the director of finance were taken over by Jaano Vink. Routine finance and investor relations management activities were assigned to the Head of Investor Relations Raimo Talviste. The council of the Group does not intend to appoint any additional board member within the next six months but assumes that activities will be even more effectively reassigned among Group entities' managements.

Changes in the management structures of major subsidiaries

Erkki Suurorg and Priit Pluutus who were members of the board of Nordecon International AS (at the time AS Eesti Ehitus) in 2008 continue working for the Group as the chairman and a member of the board of Nordecon Infra AS (formerly AS Aspi) respectively. The former chairman of the board of Nordecon Infra AS, Margus Vaim has stepped up as the director of the infrastructure division of Nordecon International AS.

Avo Ambur who was also a member of the board of Nordecon International AS in 2008 continues working for the Group as a member of the board of Nordecon Ehitus AS (formerly AS Linnaehitus). Since 5 January 2009, the chairman of the board of Nordecon Ehitus AS has been Priit Jaagant who was previously the chairman of the board of Group company Nordecon Betoon OÜ (formerly OÜ Mapri Projekt). The former chairman of the board of Nordecon Ehitus AS Priit Tiru has stepped up as a member of the board of the Group's parent company (Buildings Construction Director).

Since 15 June 2009 the director of AS Eston Ehitus has been Priit Tiru who replaced the previous director that was recalled by the council. Priit Tiru also remains a member of the board of Nordecon International AS.

Redistribution of responsibilities within the Group

One of the aims of the new development strategy was to streamline the corporate structure and the division of responsibilities between Group entities.

In the first stage of streamlining the responsibilities of Group companies were clearly defined and assigned. The Group's strategic management and the management of the Group's support processes will be gradually transferred to the parent company. After that, Nordecon International AS will become essentially a holding company that has to ensure coordinated development of the Group. Despite this, if necessary, Nordecon International AS will continue participating in major domestic and international construction tenders, where it expects to derive its competitive edge by harnessing and combining the competencies of its subsidiaries. In 2009, the parent will concentrate, above all, on further development of Group-wide support functions (financial, legal, personnel and similar services) and strategic business management.

The Group's core business will be conducted by its independent subsidiaries. For structural streamlining, the core competencies have been separated into two main groups – buildings and infrastructure. Business activities have been divided between the main subsidiaries on the same principle (see the next section). This allows assembling the Group's expertise in companies that can best employ it for improving operating efficiency and effectiveness.

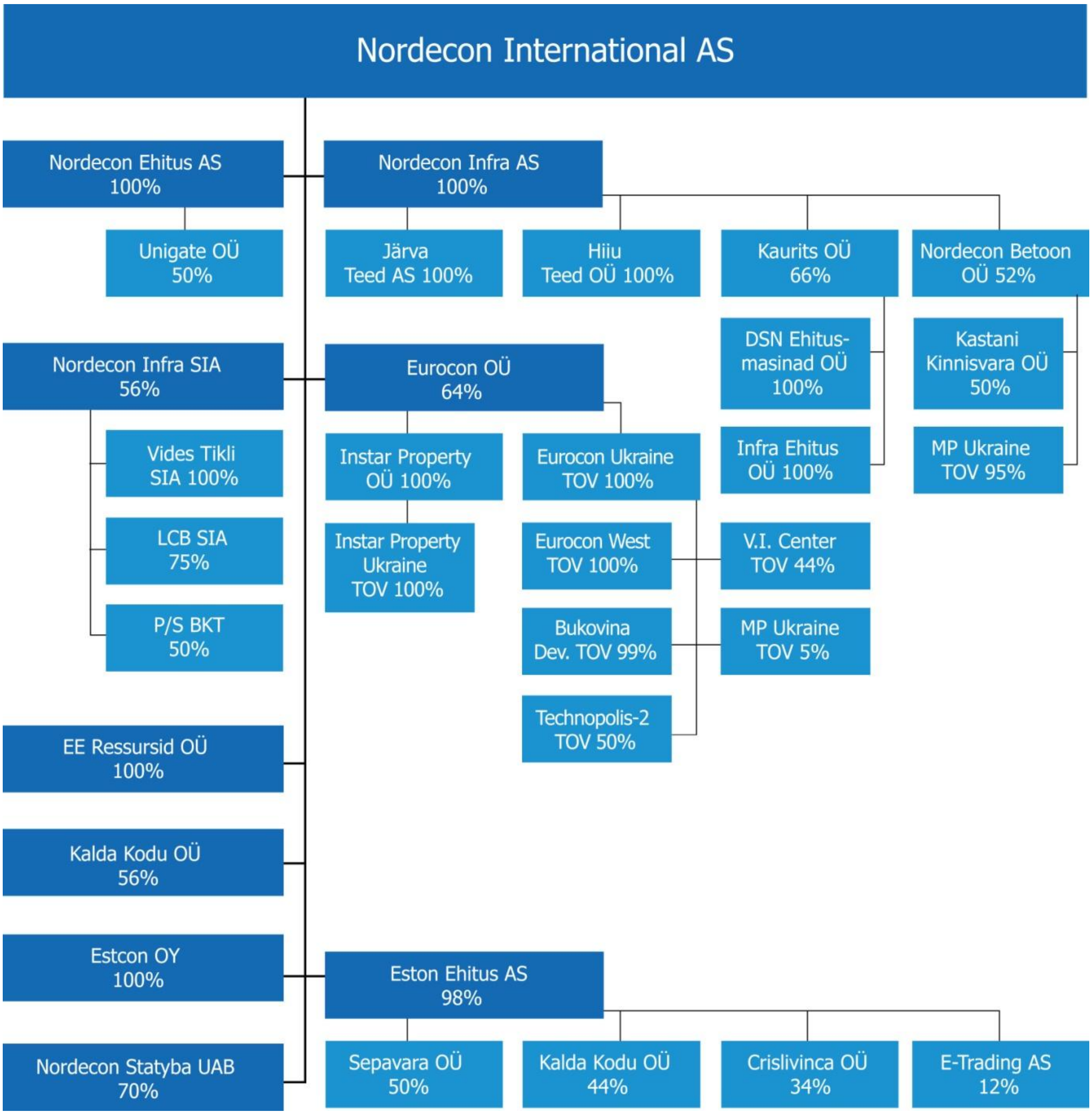
Changes in the subsidiaries' business activities in 2009

- In Estonia, the main buildings construction operations have been assembled in Nordecon Ehitus AS (formerly AS Linnaehitus) that is represented in Northern Estonia (Tallinn) and Southern Estonia (Tartu). In addition, buildings construction services are provided by AS Eston Ehitus that operates mainly in Western Estonia. In the near future, Nordecon Ehitus AS will be transformed into a subgroup uniting all of the Group's Estonian buildings construction and development companies.
- Infrastructure operations in Estonia have been assembled in the Nordecon Infra AS subgroup (formerly AS Aspi), which also includes subsidiaries involved in road maintenance and the sale and maintenance of construction equipment and machinery.
- Nordecon Betoon OÜ (formerly OÜ Mapri Projekt), which is one of the largest concrete works companies in Estonia, will continue as a subsidiary of Nordecon Infra AS, providing, where necessary, its services also to the Group's buildings construction and engineering companies.

- The Latvian-based Nordecon Infra SIA (formerly SIA Abagars) will continue operating in its previous segments (construction of outdoor networks and environmental engineering). In January 2009 the Group completed the acquisition of a new subsidiary SIA LCB with a view to entering the Latvian road construction market. As a result of intra-Group restructuring, in April 2009 the Group's parent became the direct majority shareholder of Nordecon Infra SIA (previously the Group's parent had an interest in the entity through Nordecon Infra AS).
- The business operations of the Lithuanian-based UAB Nordecon Statyba (formerly UAB Eurocon LT) have been practically suspended and the Group is monitoring market developments. The suspension of activities does not involve any major costs for the Group. The decision has not changed the Group's strategic objectives in the Lithuanian construction market and does not imply the sale or liquidation of the company.
- No strategic changes have been made at the Group's Ukrainian entities, which will continue operating in their current segments and locations (primarily in Kiev and Lvov), although at significantly reduced capacities. The Group's Ukrainian operations have been extensively restructured with a view to minimising their operating expenses while maintaining readiness for re-launching project management services as soon as the need and opportunities arise. Owing to the situation in the real estate market, the Group has suspended the development of its two remaining Ukrainian real estate projects in which it is also a stakeholder.

The Group's structure

The Group's structure at 30 September 2009, including the parent company's direct and indirect interests in subsidiaries and associates*



* The chart has been adjusted to reflect the name changes that have taken place in 2009 (see *Change in the Group's business name* in *Director's report*).

Major changes in the Group's structure in 2009

Nordecon Infra SIA

In December 2008, the Latvian subsidiary Nordecon Infra SIA signed a contract by which it acquired a 75% interest in the Latvian company SIA LCB. The title to the shares transferred in January 2009. The Group's indirect interest in SIA LCB is 42%.

Nordecon International AS

In January 2009, Nordecon International AS acquired a 56% stake in the Estonian company OÜ Kalda Kodu. The remaining 44% of the entity's capital was already held by AS Eston Ehitus in which the Group's interest is 52%. Altogether, through its direct and indirect ownership interests, Nordecon International AS currently has a 79% stake in OÜ Kalda Kodu.

In April 2009, Nordecon International AS acquired a 56% stake in the Latvian entity Nordecon Infra SIA from Nordecon Infra AS. After the intra-Group transaction, Nordecon Infra SIA is a direct subsidiary of the Group's parent company. The transaction did not change the Group's interest in Nordecon Infra SIA. The restructuring was prompted by the Group's development strategy (see *The Group's structure by 2013*).

In April 2009, Nordecon International AS registered its wholly-owned subsidiary OÜ Eesti Ehitus. The entity was established to protect the former business name ("Eesti Ehitus") from potential misuse. The company is not going to engage in any business activities.

In July and August 2009, Nordecon International AS acquired an additional 45.7% stake in AS Eston Ehitus from the non-controlling shareholders, raising the Group's interest in AS Eston Ehitus to 97.7%.

OÜ Kaurits

In February 2009, OÜ Kaurits acquired an additional 34% interest in OÜ DSN Ehitusmasinad, becoming the entity's sole shareholder. After the transaction, the Group's indirect ownership interest in OÜ DSN Ehitusmasinad is 66%.

Nordecon Ehitus AS

In March 2009, Nordecon Ehitus AS acquired a 50% stake in the Estonian property developer OÜ Unigate. In line with the shareholder agreements, the investment is an interest in a joint venture.

In April 2009, Nordecon Ehitus AS registered its wholly-owned subsidiary OÜ Linnaehitus. The entity was established to protect the former business name ("Linnaehitus") from potential misuse. The company is not going to engage in any business activities.

Nordecon Infra AS

In April 2009, Nordecon Infra AS registered its wholly-owned subsidiary OÜ Aspi. The entity was established to protect the former business name ("Aspi") from potential misuse. The company is not going to engage in any business activities.

In May 2009, Nordecon Infra AS acquired a 52% interest in Nordecon Betoon OÜ (formerly OÜ Mapri Projekt) from Nordecon International AS. The intra-Group transaction did not change the Group's interest in Nordecon Betoon OÜ. The restructuring was prompted by the Group's development strategy (see *The Group's structure by 2013*).

Nordecon Betoon OÜ

In June 2009, Nordecon Betoon OÜ registered its wholly-owned subsidiary OÜ Mapri Projekt. The entity was established to protect the former business name ("Mapri Projekt") from potential misuse. The company is not going to engage in any business activities.

Eurocon Ukraine TOV

In June 2009, Eurocon Ukraine TOV completed the divestment of its 3% interest in Passage Theatre TOV. After the transaction, the Group has no stake in Passage Theatre TOV.

In July 2009, Eurocon Ukraine TOV completed the sale of its 51% interest in the subsidiary EA Reng Projekt TOV. After the transaction, the Group has no stake in EA Reng Projekt TOV.

Significant changes in the Group's structure after the reporting date

OÜ Kaurits

The shareholders of OÜ Kaurits and OÜ DSN Ehitusmasinad have approved the merger of the two companies. The balance sheets were combined as of 1 October 2009. OÜ Kaurits owns 100% of the shares in OÜ DSN Ehitusmasinad. The merger will not change Nordecon International AS' interest in OÜ Kaurits.

Financial review

Margins

Nordecon International Group ended the first nine months of 2009 with a gross profit of 165.2 million kroons (10.6 million euros), 47% down from the 312.0 million kroons (19.9 million euros) earned in the first nine months of 2008. The decrease results largely from a decline in the profitability of construction contracts across all segments. In ordinary circumstances, lower than average profitability in the first quarter results from seasonal factors that impact mainly the road construction business and are counteracted in the second and third quarters. This year, however, they have been accompanied by exceptionally weak demand in the buildings construction sector, which has triggered fierce competition and, accordingly, a steep decrease in margins.

Consolidated operating profit for the first nine months was 44.6 million kroons (2.9 million euros). The generation of a positive operating result despite a decrease in gross profit is mainly attributable to a decisive reduction of administrative expenses. Compared with a year ago, administrative expenses have decreased by 41.5 million kroons (2.7 million euros), i.e. 30%. At period-end, the ratio of administrative expenses to revenue stood at 4.9% (9M 2008: 4.7%), which corresponds to the 5% limit set by management. The Group remains committed to its stated aim of reducing the cost base in 2009-2010 by up to 30% compared with 2007-2008 and is prepared to act resolutely to achieve this.

In the first nine months, the Group earned a net profit of 46.7 million kroons (3.0 million euros). Net profit attributable to owners of the parent amounted to 65.4 million kroons (4.2 million euros) while the loss attributable to non-controlling interests equalled 18.7 million kroons (1.2 million euros).

The profitability ratios monitored by the Group's management are following the same trends that emerged in the last quarter of 2008 as a result of adverse changes in the operating environment. The Group's margins have dropped (in all markets) year-over-year primarily on account of a steep decline in demand. The main sector-specific trend has been the increasing excess of construction capacities over the number of projects on offer. Low demand that is insufficient for meeting the business needs of all market players has heightened pressure for lowering the prices. To remain competitive, the Group was forced to lower the gross margin for the first nine months to 8.4%, a notable decrease from the 10.7% posted for the first nine months of 2008. In the light of the trends prevailing in the construction market, the Group will focus on redesigning its internal processes (improving the efficiency of purchase of services, cost cutting, etc) so as to maintain its gross margin at a level that would ensure that the year will end in an operating profit. At the end of the financial year (in the fourth quarter), the Group's management will perform a valuation of the Group's assets, which will probably lower consolidated operating profit on a non-recurring basis. Management is not going to forecast the extent of any potential impairment losses before the valuation results are available.

Cash flows

The Group's operating activities for the first nine months generated a net cash inflow of 71.0 million kroons (4.5 million euros), a strong improvement on the net outflow of 57.1 million kroons (3.6 million euros) posted for the first half-year. In the current market situation, cash receipts occur, as a rule, according to settlement terms that are significantly later than the delivery dates of the projects. In the reporting year, the Group has completed a number of major projects started in previous periods. In addition, receipts are influenced by the approaching end of the construction season that is accompanied by the signature of completion documents. The Group's ability to maintain a positive net operating cash flow depends on how well it can adapt to the new economic environment (e.g. by extending settlement terms with subcontractors) and the extent to which operating costs can be cut.

Investing activities for the first nine months of 2009 resulted in a net outflow of 45.9 million kroons (2.9 million euros) compared with an outflow of 158.6 million kroons (10.1 million euros) for the first nine months of 2008. Acquisitions of investments in subsidiaries, associates and joint ventures (including disposals) generated a net outflow of 30.7 million kroons (2.0 million euros). The corresponding figure for the first nine months of 2008 was a net outflow of 108.7 million kroons (6.9 million euros).

Financing activities generated a net outflow of 79.8 million kroons (5.1 million euros). The corresponding figure for the first nine months of 2008 was an outflow of 35.8 million kroons (2.3 million euros). The structure of financing cash flows has changed because the Group has reduced borrowings but is continuing the servicing of existing debt. The period's net outflow from interest-bearing loans and borrowings (excluding interest expense) was negative at 24.2 million kroons (1.5 million euros) against a net inflow of 97.6 million kroons (6.2 million euros) in the first nine months of 2008. The remainder of financing cash flows was made up of a dividend distribution of 31.9 million kroons (2.0 million euros) compared with 104.1 million kroons (6.7 million euros) for the first nine months of 2008.

Key financial figures and ratios

Figure / ratio	9M 2009	9M 2008	9M 2007	2008
Weighted average number of shares *	30,756,728	30,756,728	30,756,728	30,756,728
Earnings per share (in kroons)	2.13	5.06	6.38	4.73
Earnings per share (in euros)	0.14	0.32	0.41	0.30
Revenue growth	-32.7%	9.9%	50.7%	3.1%
Average number of employees	1,110	1,267	1,113	1,232
Revenue per employee (in thousands of kroons)	1,773	2,306	2,389	3,140
Revenue per employee (in thousands of euros)	113	147	153	201
Personnel expenses to revenue, %	14.2%	12.4%	11.2%	12.7%
Administrative expenses to revenue, %	4.9%	4.7%	4.4%	4.7%
EBITDA (in thousands of kroons)	97,471	234,230	277,622	281,161
EBITDA (in thousands of euros)	6,230	14,970	17,743	17,969
EBITDA margin, %	5.0%	8.0%	10.4%	7.3%
Gross margin, %	8.4%	10.7%	13.0%	9.3%
Operating margin, %	2.3%	6.1%	8.7%	5.4%
Operating margin excluding gains on asset sales, %	2.1%	6.0%	8.4%	5.3%
Net margin, %	2.4%	6.3%	7.9%	4.4%
Return on invested capital, %	5.3%	18.9%	26.3%	19.1%
Return on assets, %	1.9%	7.7%	13.4%	9.1%
Return on equity, %	5.5%	21.7%	35.8%	20.5%
Equity ratio, %	36.9%	35.5%	32.6%	36.5%
Gearing, %	25.7%	28.7%	23.2%	18.2%
Current ratio	1.43	1.42	1.38	1.33
	30 Sept 2009	**30 Sept 2008**	**30 Sept 2007**	**31 Dec 2008**
Order book (in thousands of kroons)	1,612,160	3,042,654	3,161,956	2,220,748
Order book (in thousands of euros)	103,036	194,461	202,086	141,932

* For comparability, the weighted average number of shares is the number of shares after the bonus issues.

Earnings per share (EPS) = net profit attributable to equity holders of the parent / weighted average number of shares outstanding

Revenue per employee = revenue / average number of employees

Personnel expenses to revenue = personnel expenses / revenue

Administrative expenses to revenue = administrative expenses / revenue

EBITDA = earnings before interest, taxes, depreciation and amortisation

EBITDA margin = EBITDA / revenue

Gross margin = gross profit / revenue

Operating margin = operating profit / revenue

Operating margin excluding gains on asset sales = (operating profit - gains on sale of property, plant and equipment - gains on sale of real estate) / revenue

Net margin = net profit for the period / revenue

Return on invested capital = (profit before tax + interest expense) / the period's average (interest-bearing liabilities + equity)

Return on assets = operating profit / the period's average total assets

Return on equity = net profit for the period /the period's average total equity

Equity ratio = total equity / total equity and liabilities

Gearing = (interest-bearing liabilities – cash and cash equivalents) / (interest bearing liabilities + equity)

Current ratio = total current assets / total current liabilities

Performance by geographical market

Revenue earned outside Estonia during the first nine months of 2009 accounted for approximately 15% of consolidated revenue against approximately 20% a year ago.

The Group has expanded operations in Latvia – at the end of the first nine months of 2009 Latvian revenues accounted for around 12% of the total while in 2008 (full year) the proportion was 6%. At the same time, the contribution of Ukrainian revenues has dropped to 2%. The downturn is attributable to the completion of major projects started in the previous period and the complexity of entering into new contracts during the steep recession. In Lithuania, the Group has suspended active operations for the time being (see *Changes in the Group's management structure and operations in 2009*).

Further information on developments in the Group's chosen markets can be found in *Outlooks of the Group's geographical markets*.

	9M 2009	9M 2008	9M 2007	2008
Estonia	84.9%	80.1%	88.1%	80.3%
Ukraine	2.2%	13.4%	11.9%	11.4%
Lithuania	0.5%	2.4%	0%	2.4%
Latvia	12.3%	4.1%	0%	5.9%

Performance by business line

The core business of Nordecon International Group is general contracting and project management in buildings and infrastructure construction. In addition, the Group is involved in road construction and maintenance, environmental engineering, concrete works and real estate development.

Consolidated revenue for the first nine months of 2009 was 1,967.6 million kroons (125.8 million euros), a 32.4% decrease from the 2,921.7 million kroons (186.7 million euros) generated in the first nine months of 2008. Revenue has decreased mainly on account of shrinkage in demand in all of the Group's markets. In addition, the absolute revenue figure has been impacted by stiff competition that has lowered the construction prices (see further commentary and forecasts for the future in *Outlooks of the Group's geographical markets*).

The Group aims to maintain the revenues generated by its main segments (Buildings and Infrastructure) in balance as this helps disperse risks and provides a more solid foundation under stressed circumstances when one segment experiences shrinkage in operating volumes. In view of estimated of demand for apartments in the real estate market and housing development risks, in subsequent years the proportion of housing construction revenue from apartment buildings (the Group as a developer or a builder) will remain significantly below the strategic 20% limit.

Segment revenue

In contrast to previous years, at the end of the first nine months of 2009 the revenue generated by the Infrastructure segment surpassed that of Buildings. This results mainly from the situation in the construction market (particularly in Estonia) that has caused the order book of the Infrastructure segment to develop more favourably already since the second half of 2008.

During the first nine months of 2009, the Buildings and Infrastructure segments generated revenue of 872.0 million kroons (55.7 million euros) and 1,075.9 million kroons (68.8 million euros) respectively. The corresponding figures for the first nine months of 2008 were 1,642.2 million kroons (105.0 million euros) and 1,226.0 million kroons (78.4 million euros) respectively. The 47% decrease in the revenue generated by the Buildings segment corresponds to management's assessment of the current market situation and was therefore expected.

Revenue distribution between segments *

Business segments	9M 2009	9M 2008	9M 2007	2008
Buildings	44%	64%	52%	63%
Infrastructure	56%	36%	48%	37%

* In connection with the entry into force of IFRS 8 *Operating Segments* during the reporting period, the Group has changed segment reporting in its financial statements. In the *Directors' report* the Ukrainian and EU Buildings segments which are disclosed separately in the financial statements are presented as a single segment. In addition, the segment information presented in the *Directors' report* does not include the disclosures on "other segments" that are presented in the financial statements.

Management estimates that because of the market situation the proportion of revenue generated by the Infrastructure segment in 2009 will continue increasing compared with 2008. The assessment is supported by the Group's order book as at 30 September 2009 where the contracts of the Infrastructure segment surpass those of the Buildings segment (see *Order book* in *Director's report*).

Revenue distribution within segments

The distribution of the Group's buildings construction revenue has remained stable, with commercial buildings accounting for over 50% of the total. As anticipated, revenues from the construction of industrial and warehouse facilities and apartment buildings have decreased. On the other hand, the downturn in construction prices has triggered growth in the construction of public buildings thanks to municipal investments in schools, nurseries and other public buildings. However, despite attractive construction prices, further growth in local government projects may be undermined by financing difficulties.

Revenue distribution in the Buildings segment	9M 2009	9M 2008	9M 2007	2008
Commercial buildings	64%	59%	58%	59%
Industrial and warehouse facilities	9%	16%	9%	16%
Public buildings	23%	14%	19%	14%
Apartment buildings	4%	11%	14%	11%

Changes in the structure of the Group's infrastructure revenues are attributable to the addition of the Nordecon Infra SIA subgroup. The contribution of other engineering projects has increased, year-over-year, largely on account of growth in pipeline and outdoor network construction, while environmental engineering revenues have expanded thanks to a decline in construction prices that has increased investment by state and local government.

Revenue distribution in the Infrastructure segment	9M 2009	9M 2008	9M 2007	2008
Road construction and maintenance	43%	52%	37%	45%
Port construction	16%	19%	39%	24%
Other engineering	31%	23%	12%	6%
Environmental engineering	10%	6%	12%	25%

Order book

At 30 September 2009, the Group's order book stood at 1,612 million kroons (103 million euros), approximately 50% down from the 3,043 million kroons (194 million euros) posted a year ago.

	30 Sept 2009	30 Sept 2008	30 Sept 2007	31 Dec 2008
Order book, in thousands of kroons	1,612,160	3,042,654	3,161,956	2,220,748
Order book, in thousands of euros	103,036	194,461	202,086	141,932

In the Infrastructure segment, the order book has been growing year-over-year. At 30 September 2009 it accounted for 66% of the Group's total order book (30 September 2008: 52%), reflecting the situation in the construction market where shrinkage in the Buildings segment has been outpacing growth in the Infrastructure segment. In absolute terms, the order book figures have been severely weakened by tumbling construction prices.

Between the reporting date (30 September 2009) and the date of release of this report, Group companies have been awarded additional construction contracts of approximately 180 million kroons (11.5 million euros).

People

Nordecon believes that its most important assets are its people and that the value of the company depends on the professionalism, motivation and loyalty of its employees. Accordingly, the Group's management is committed to creating a contemporary work environment that fosters professional growth and development in terms of working conditions, career opportunities and the nature of the work.

People and personnel expenses

In the first nine months of 2009 the Group (including the parent and the subsidiaries) employed, on average, 1,110 people including around 450 engineers and technical personnel (ETP). The acquisition of the Latvian company SIA LCB in 2009 increased the number of staff by more than 100. However, since the end of 2008 personnel growth has been replaced by a decline owing to downsizing triggered by a significant decrease in the Group's operations.

Average number of the Group's employees (including the parent and its subsidiaries):

Period	ETP	Workers	Total average
9M 2009	456	654	**1,110**
9M 2008	525	742	**1,267**
9M 2007	413	657	**1,088**
2008	511	721	**1,232**

The Group's personnel expenses for the first nine months of 2009, including associated taxes, totalled 279.9 million kroons (17.9 million euros), a 23% decrease compared with the 363.7 million kroons (23.2 million euros) incurred in the same period in 2008.

Personnel expenses have declined on account of downsizing and the cutting of basic salaries. Employee salaries have been lowered at all Group entities; the average pay-cut for engineers and technical personnel was 15%. The performance pay of project staff that is linked to the projects' profit margins has also dropped.

Owing to the overall economic situation and the slump in the construction market, in the first nine months of 2009 Group entities terminated employment relations with approximately 675 people. The figure includes forced and voluntary redundancies involving 450 people. However, this is not directly reflected in the total average number of employees because the latter is increased by the staff taken over on the acquisition of subsidiaries and the people hired under fixed term contracts.

In the first nine months of 2009, the remuneration of the members of the council of Nordecon International AS including social security charges amounted to 1,077 thousand kroons (69 thousand euros). The corresponding figure for the first nine months of 2008 was 1,084 thousand kroons (69 thousand euros). The remuneration and benefits of the members of the board of Nordecon International AS including social security charges totalled 2,701 thousand kroons (173 thousand euros) compared with 13,550 thousand kroons (866 thousand euros) for the first nine months of 2008. The differences in the remuneration of the board stem from the fact that since 5 January 2009 the board had three members while in 2008 the number was five (see *Changes in the Group's management structure and operations in 2009*). In addition, the figure has been impacted by a 15% reduction in board member remuneration across the Group.

Share and shareholders

Share information

ISIN code	EE3100039496
Short name of the security	NCN1T (until 3 April 2009 EEH1T)
Nominal value	10.00 kroons / 0.64 euros
Total number of securities issued	30,756,728
Number of listed securities	30,756,728
Listing date	18 May 2006

The share capital of Nordecon International AS consists of 30,756,728 ordinary shares with a par value of 10 Estonian kroons each. Owners of ordinary shares are entitled to dividends as distributed from time to time. Each share carries one vote at the general meetings of Nordecon International AS.

Movements in the price and traded volume of the Nordecon International share, January-September 2009

In Estonian kroons (EEK)

In euros (EUR)

Movement of the Nordecon International share compared with the OMX Tallinn main index, January-September 2009

Index/Equity	1 Jan 2009	30 Sept 2009	+/-%
OMX Tallinn	274.83	445.55	62.12
NCN1T	EUR 1.02	EUR 1.54	50.98

Summarised trading results

Share trading history (EEK)

Price	9M 2009	9M 2008	9M 2007
Open	16.43	76.51	166.64
High	25.97	76.51	224.53
Low	8.61	37.55	79.8
Last closing price	23.78	41.78	86.06
Traded volume	7,157,618	5,402,797	4,863,307
Turnover, millions	128.24	291.03	648.01
Listed volume (30 Sept), thousands	30,757	30,757	15,378
Market capitalisation (30 Sept), millions	731.40	1,285.03	1,323.43

Share trading history (EUR)

Price	9M 2009	9M 2008	9M 2007
Open	1.05	4.89	10.65
High	1.66	4.89	14.35
Low	0.55	2.40	5.10
Last closing price	1.52	2.67	5.50
Traded volume	7,157,618	5,402,797	4,863,307
Turnover, millions	8.20	18.60	41.42
Listed volume (30 Sept), thousands	30,757	30,757	15,378
Market capitalisation (30 Sept), millions	46.75	82.13	84.58

Shareholder structure

The largest shareholders of Nordecon International AS at 30 September 2009

Shareholder	Number of shares	Ownership interest
AS Nordic Contractors	16,507,464	53.67
Skandinaviska Enskilda Banken Ab Clients	2,720,758	8.85
ING Luxembourg S.A.	1,111,853	3.61
Ain Tromp	678,960	2.21
State Street Bank and Trust Omnibus Account A Fund	660,111	2.15
ASM Investments OÜœ	519,600	1.69
SEB Pank AS	344,757	1.12
Aivo Kont	339,480	1.10
Skandinaviska Enskilda Banken	339,410	1.10
The Bank of New York Mellon	337,509	1.10
Raul Rebane	316,104	1.03

On 4 September 2009 AS Nordic Contractors announced that it had sold 2,300,000 of its shares in Nordecon International AS (7.48% of all shares) to institutional investors. As a result of the transaction, the majority shareholder's interest in Nordecon International AS dropped to 53.67%. On 16 September 2009, East Capital Asset Management AB announced that East Capital Group's total stake in Nordecon International AS (through nominee accounts) was 5.04%.

Shareholder structure at 30 September 2009

	Number of shareholders	Ownership interest
Shareholders with interest exceeding 5%	1	53.67%
Shareholders with interest between 1% and 5%	10	23.96%
Shareholders with interest below 1%	1,897	22.37%
Total	**1,908**	**100.00%**

Shares controlled by members of the council of Nordecon International AS at 30 September 2009

Council		Number of shares	Ownership interest
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	16,759,144	54.49
Ain Tromp	Member of the Council	678,960	2.21
Alar Kroodo (ASM Investments OÜ)*	Member of the Council	519,600	1.69
Andri Hõbemägi	Member of the Council	40,000	0.13
Tiina Mõis	Member of the Council	0	0.00
Meelis Milder	Member of the Council	0	0.00

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon International AS at 30 September 2009

Board		Number of shares	Ownership interest
Jaano Vink	Chairman of the Board	34,000	0.11%
Sulev Luiga	Member of the Board	1,000	0.00%
Priit Tiru	Member of the Board	0	0.00%

Members of the board and council of Nordecon International AS and companies controlled by them have not been granted any share options under which they could acquire shares in Nordecon International AS in subsequent periods.

Information on significant transactions with related parties

On 26 March 2009 Nordecon Ehitus AS, a wholly-owned subsidiary of Nordecon International AS, acquired a 50% stake in OÜ Unigate from AS Arealis, a subsidiary of the Group's controlling shareholder Nordic Contractors AS.

OÜ Unigate is a housing developer incorporated in Estonia that has been developing properties belonging to it in Paekalda street in Tallinn. The investment was made in line with the Group's strategy according to which in 2009-2010 the Group is to prepare for a potential rise of the Estonian real estate market that may take place after 2010. For this, the Group's subsidiaries will acquire property portfolios that will allow launching housing construction projects as soon as the market situation changes.

In accordance with the terms of the transaction, AS Arealis was paid 20.0 million kroons (1.3 million euros) including 1.5 million kroons (0.1 million euros) for an interest in the entity's share capital and 18.5 million kroons (1.2 million euros) for AS Arealis' loan receivables from OÜ Unigate. Depending on the success of the development operations, AS Arealis will also be paid a variable price component that will be calculated at 450 kroons (28.8 euros) per square metre sold. In February 2009 the market value of the properties belonging to OÜ Unigate (the proportion acquired by Nordecon Ehitus AS) was approximately 47.5 million kroons (3.0 million euros).

Outlooks of the Group's geographical markets
Estonia

According to assessment of the Group's management, in 2009-2010 the Estonian construction market will be characterised by the following features:

- Total demand in the construction market will depend heavily on public procurement tenders and the number and pricing of infrastructure, environmental and other projects launched with the support of the European Union funds (the latter will be critically influenced by the administrative capabilities of the central and local governments). However, the more moderate decline in the infrastructure sector will not be able to compensate for the steep contraction of the buildings construction market that has currently been abandoned by most private sector corporates and individuals. The Group's management estimates that by 2010 the total volumes of the construction market will have decreased by over 50% compared with 2008.
- The number of development and buildings construction companies will decrease (market consolidation). Companies focused on residential construction which in 2008 began seeking opportunities to penetrate other market segments such as infrastructure will continue to do so, heightening competition in the segments involved. The continuing slump will lead to mergers, takeovers and bankruptcies.
- Owing to the global financial crisis, the amount of money circulating in the economy has decreased considerably. As a result, more and more private sector companies will have difficulty in raising debt to finance new construction projects. The steep decrease in demand may be somewhat alleviated by a competition-induced decrease in prices, which will render investment in construction projects more attractive than it was during the boom of 2006 and 2007.
- Building materials manufacturers that significantly increased their output during the growth phase of the market will be faced by shrinking demand and, consequently, greater strain in meeting the obligations taken for increasing capacities.
- Real estate development companies' ability to service and repay existing loans will weaken and their creditworthiness will decrease. For companies involved in general contracting and project management, this may mean an increase in doubtful and irrecoverable receivables.
- The importance of infrastructure projects will increase and, accordingly, critical success factors will include specialised engineering expertise and experience as well as the availability of relevant resources.
- The deteriorating economic climate and fierce competition in the construction market along with falling demand will cause continuing unemployment for construction workers. The ensuing increase in the availability of labour will lower construction companies' personnel expenses although in the short term the decrease will be lessened by the disbursement of redundancy benefits.
- The change in construction projects' financing schemes (customers' settlement terms will extend significantly) in combination with additional requirements to the financing provided by general contractors during the construction period will put pressure on contractors' liquidity.

Nordecon International Group operates in accordance with its long-term objectives that are adjusted for changes in the external environment. Relevant strategic management is the responsibility of the Group's board (see *The Group's strategy and objectives for 2009-2013*).

The Group has prepared for changes in the economic environment by:

- Setting the objective of reducing the cost base by 30% (by cutting personnel expenses through downsizing and lowering salaries, reducing the costs of goods and services purchased, etc)
- Restructuring the Group for better management of the business lines (buildings and infrastructure construction) and maintaining the competitive advantages
- Performing a more thorough preliminary analysis of the customers' solvency and creditworthiness and dealing proactively with the collection of overdue receivables
- Dispersing risks through portfolio design
- Dispersing activities across geographical areas and business segments

Latvia and Lithuania

Despite the difficulties of the Latvian political and monetary systems, to date the volumes of various infrastructure projects financed by the state and local government with the support of EU funding (such as projects for the rehabilitation of the water supply and central heating systems) have remained relatively stable Construction activities are affected by the situation of the financing institutions and declining demand that heightens competition. Moreover, the ability of the Latvian central and local governments to provide self-financing for projects financed with the support of the EU is weakening. This is causing extensive settlement delays and increasing dependence on the loans granted to the state and local governments by IMF.

As a result, the liquidity of the Group's Latvian subsidiary Nordecon Infra has decreased to a level where its further operations depend largely on its ability to raise additional external financing and to refinance existing borrowings. At the date of release of this report, Nordecon Infra SIA continues operating as a going concern. However, if external financing were withdrawn, the company might run into serious difficulties.

Recent economic developments in Lithuania have been similar to the ones in the other Baltic countries. Slowdown in investment, both in the public and private sectors, and similar factors have directly influenced the construction market. The commercial and residential construction markets (the Group as a general contractor not a developer) have contracted visibly and the launch of any new private sector projects in the near future is unlikely.

In response to this, the business operations of the Group's Lithuanian subsidiary Nordecon Statyba UAB (formerly UAB Eurocon LT) have been essentially suspended and the Group is monitoring the market situation. The temporary suspension of operations does not result in any major costs for the Group. The Group's management does not exclude the possibility that the Lithuanian operations will remain suspended also after 2010. The decision does not change the Group's strategic objectives in the Lithuanian construction market and does not imply the sale or liquidation of the company.

The Group's management remains alert to developments in Latvia and Lithuania because similarly to Estonia, their whole economy is in difficulty and this can also be felt in the construction sector. Management is analysing the Group's operations in the Latvian and Lithuanian markets in the light of developments in the external environment and is prepared to revise the existing plans swiftly and decisively.

The Group designs its activities in the Latvian and Lithuanian construction markets in accordance with its international expansion strategy (see *The Group's strategy and objectives for 2009-2013*) and believes that in the long term the two markets will have a logical place in the Group's internationalisation.

Ukraine

In Ukraine, the Group will continue mainly as a general contractor and project manager in the construction of commercial buildings and production facilities. In 2009 the number of projects started in the buildings construction market has decreased substantially. The situation in the sector is not expected to improve until after the first half of 2010.

Activities on development projects that require major investment (currently two) have been suspended and conserved to minimise the risks until the situation in the Ukrainian and global financial markets has eased up.

The main risks in the Ukrainian market are connected with the low administrative efficiency of the central and local governments and the judicial system, inflation, and the availability of quality construction inputs. Demand is mainly undermined by the lack of financing. To date, the weakening of the local currency has stopped and the Group's exposure to market-based currency risk has decreased considerably.

Nevertheless, the Group believes that the construction market of a country with a population of 46 million will offer business opportunities also in the future. The Group's main success factor is negligible competition in the project management sector (the Group offers flexible construction management in combination with European practices and competencies). The Group's management is confident that the current crisis in the Ukrainian construction market and economy as a whole will transform the local understanding and expectations of general contracting and project management in the construction business, which will improve the Group's position in the long-term perspective.

Description of the main risks

Business risks

To mitigate the risks arising from the seasonal nature of the construction business (primarily the weather conditions during the winter months), the Group has acquired road maintenance contracts that generate year-round business. In addition, Group companies are constantly seeking new technical solutions that would allow working more efficiently under changeable weather conditions.

To manage their daily construction risks, Group companies purchase Contractors' All Risks insurance. Depending on the nature of the project, both general frame agreements and specially tailored project-specific contracts are used. In addition, as a rule, subcontractors are required to secure the performance of their obligations with a bank guarantee issued for the benefit of a Group company. To remedy builder-caused deficiencies which may be detected during the warranty period, all Group companies create warranties provisions. At 30 September 2009 the provisions (including current and non-current ones) totalled 15.2 million kroons (1.0 million euros). The corresponding figure at 30 September 2008 was 10.3 million kroons (0.7 million euros).

Credit risks

For credit risk management, a potential customer's settlement behaviour and creditworthiness are analysed already in the tendering stage. Subsequent to the signature of a contract, the customer's settlement behaviour is monitored on an ongoing basis from the making of an advance payment to adherence to the contractual settlement schedule, which usually depends on the documentation of the delivery of work performed. We believe that the system in place allows us to respond to customers' settlement difficulties with sufficient speed. As at the end of the reporting period, our customers' settlement behaviour was good, considering the current economic situation; however, there were also some large problem customers. The proportion of overdue receivables has increased, increasing the probability of credit losses also in subsequent periods. In accordance with the Group's accounting policies, all receivables that are more than 180 days overdue or in respect of which no additional settlement agreements have been reached are recognised as an expense.

The reporting period's net loss on doubtful receivables amounted to 18.6 million kroons (1.2 million euros). In the comparative period in 2008, recoveries of receivables written down in preceding periods surpassed the period's write-down losses by 0.2 million kroons (0 million euros).

The Group's subsidiary AS Eston Ehitus has filed bankruptcy petitions against Peterburi Ärikvartal OÜ that commissioned the construction of the Peterburi Business Quarter and Kobe Investments AS that provided partial financing for the project. The Group's receivables from the project amount to approximately 25 million kroons (1.6 million euros). The Group's management will decide whether and to what extent the receivables need to be written down in the fourth quarter by reference to the progress of the bankruptcy proceedings.

Liquidity risks

Free funds are placed in overnight or fixed-interest term deposits with the largest banks of the markets where the Group operates. To ensure timely settlement of liabilities, approximately two weeks' working capital is kept in current accounts or overnight deposits. Where necessary, overdraft facilities are used. At the reporting date, the Group's current assets exceeded its current liabilities 1.43-fold (30 September 2008: 1.42-fold) and available cash funds totalled 241.4 million kroons (15.4 million euros) (30 September 2008: 296.2 million kroons / 18.9 million euros), providing a sufficient liquidity buffer for operating in an economic environment that is more uncertain than in the previous year.

Interest rate risks

The liabilities of Group companies to banks operating in Estonia, Latvia and Ukraine have mainly fixed interest rates. Finance lease liabilities have floating interest rates and are linked to EURIBOR. At 30 September 2009, the Group's interest-bearing loans and borrowings totalled 610.5 million kroons (39.0 million euros), a 9.2 million kroon (0.6 million euro) decrease year-over-year. Interest expense for the first nine months of 2009 amounted to 22.0 million kroons (1.4 million euros). Compared with the first nine months of 2008, interest expense has contracted by 6.2 million kroons (0.4 million euros) thanks to a decline in the EURIBOR base rate and a decrease in loans and borrowings.

Currency risks

As a rule, construction contracts and subcontractors' service contracts are made in the currency of the host country: in Estonia contracts are made in Estonian kroons (EEK), in Latvia in Latvian lats (LVL), in Lithuania in Lithuanian litas (LTL) and in Ukraine in Ukrainian hryvnas (UAH). Services purchased from other countries are mostly priced in euros, which does not constitute a currency risk for the Group's Estonian, Latvian and Lithuanian entities.

The Group's foreign exchange gains and losses result mainly from its Ukrainian operations because the Ukrainian national currency floats against the euro and, accordingly, the Estonian kroon. To date, the weakening of the Ukrainian hryvna against the euro that began in the last quarter of 2008 has stopped. The Group's net exchange loss for the first nine months of 2009 was 0.9 million kroons (0.06 million euros). In the comparative period in 2008, the Group's exchange differences resulted in a gain of 0.7 million kroons (0.04 million euros).

Management's confirmation and signatures

The board confirms that the Directors' report presents fairly all significant events that occurred during the reporting period as well as their impact on the condensed consolidated interim financial statements; contains a description of the main risks and uncertainties influencing the remainder of the financial year; and provides an overview of all significant transactions with related parties.

Jaano Vink	Chairman of the Board	10 November 2009
Priit Tiru	Member of the Board	10 November 2009

Condensed consolidated interim financial statements

Statement of management's responsibility

The board of Nordecon International AS acknowledges its responsibility for the preparation of the Group's condensed consolidated interim financial statements (unaudited) for the first nine months and third quarter of 2009, presented on pages 23 to 44 of this report, and confirms that:

- the policies applied on the preparation of the condensed consolidated interim financial statements comply with International Financial Reporting Standards as adopted by the European Union;

- the condensed consolidated interim financial statements, which have been prepared in accordance with effective financial reporting standards, give a true and fair view of the assets and liabilities of the Group comprising of the parent company and other Group entities as well as its financial position, its financial performance, and its cash flows;

- all significant events that occurred before the date on which the condensed consolidated interim financial statements were authorised for issue (10 November 2009) have been properly recognised and disclosed; and

- Nordecon International AS and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board		10 November 2009
Priit Tiru	Member of the Board		10 November 2009

Condensed consolidated interim statement of financial position

EEK '000	Note	30 Sept 2009	31 Dec 2008
ASSETS			
Current assets			
Cash and cash equivalents		241,426	296,184
Trade receivables	2	455,890	473,935
Other receivables and prepayments		359,150	408,541
Deferred tax assets		776	776
Income tax assets		0	3,207
Inventories	3	433,402	386,733
Non-current assets held for sale		4,484	0
Total current assets		**1,495,129**	**1,569,376**
Non-current assets			
Long-term investments		126,554	112,605
Investment property		116,783	116,783
Property, plant and equipment	5	221,847	263,295
Intangible assets	5	279,335	305,188
Total non-current assets		**744,519**	**797,871**
TOTAL ASSETS		**2,239,648**	**2,367,247**
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	6, 7	241,478	235,948
Trade payables		390,226	439,615
Taxes payable		38,971	65,760
Other payables		356,273	423,270
Provisions		13,826	11,600
Total current liabilities		**1,040,776**	**1,176,193**
Non-current liabilities			
Interest-bearing loans and borrowings	6, 7	369,004	318,578
Other liabilities		3,035	2,534
Provisions		1,367	6,630
Total non-current liabilities		**373,406**	**327,742**
TOTAL LIABILITIES		**1,414,182**	**1,503,935**
EQUITY			
Share capital		307,567	307,567
Statutory capital reserve		40,012	34,800
Translation reserve		-4,298	-4,106
Retained earnings		456,453	426,995
Equity attributable to owners of the parent		**799,734**	**765,256**
Non-controlling interests		**25,733**	**98,056**
TOTAL EQUITY		**825,467**	**863,312**
TOTAL LIABILITIES AND EQUITY		**2,239,648**	**2,367,247**

Condensed consolidated interim statement of financial position (continued)

EUR '000	Note	30 Sept 2009	31 Dec 2008
ASSETS			
Current assets			
Cash and cash equivalents		15,430	18,930
Trade receivables	2	29,137	30,290
Other receivables and prepayments		22,954	26,110
Deferred tax assets		50	50
Income tax assets		0	205
Inventories	3	27,699	24,717
Non-current assets held for sale		287	0
Total current assets		**95,556**	**100,301**
Non-current assets			
Long-term investments		8,088	7,197
Investment property		7,464	7,464
Property, plant and equipment	5	14,179	16,828
Intangible assets	5	17,853	19,505
Total non-current assets		**47,583**	**50,993**
TOTAL ASSETS		**143,140**	**151,295**
LIABILITIES			
Current liabilities			
Interest-bearing loans and borrowings	6, 7	15,433	15,080
Trade payables		24,940	28,096
Taxes payable		2,491	4,203
Other payables		22,770	27,052
Provisions		884	741
Total current liabilities		**66,518**	**75,172**
Non-current liabilities			
Interest-bearing loans and borrowings	6, 7	23,584	20,361
Other liabilities		194	162
Provisions		87	424
Total non-current liabilities		**23,865**	**20,947**
TOTAL LIABILITIES		**90,384**	**96,119**
EQUITY			
Share capital		19,657	19,657
Statutory capital reserve		2,557	2,224
Translation reserve		-275	-262
Retained earnings		29,173	27,290
Equity attributable to owners of the parent		**51,112**	**48,909**
Non-controlling interests		**1,645**	**6,267**
TOTAL EQUITY		**52,756**	**55,176**
TOTAL LIABILITIES AND EQUITY		**143,140**	**151,295**

Condensed consolidated interim statement of comprehensive income

EEK '000	Note	Q3 2009	Q3 2008	9M 2009	9M 2008	2008
Revenue	9, 10	742,546	1,051,062	1,967,640	2,921,697	3,867,917
Cost of sales	11	661,677	977,791	1,802,418	2,609,689	3,510,006
Gross profit		**80,869**	**73,271**	**165,222**	**312,008**	**357,911**
Distribution expenses		2,427	2,810	6,790	6,212	8,007
Administrative expenses	12	30,532	44,266	95,882	137,354	182,526
Other operating income	13	2,279	105	22,177	18,525	63,947
Other operating expenses	13	10,745	-7,622	40,118	8,068	22,845
Operating profit		**39,444**	**33,922**	**44,609**	**178,899**	**208,480**
Finance income	14	4,907	53,760	35,809	77,187	96,877
Finance expenses	14	3,933	4,751	26,845	29,886	68,019
Net finance income		**974**	**49,009**	**8,964**	**47,301**	**28,858**
Share of profit of equity accounted investees		738	2,198	1,515	2,198	17
Share of loss of equity accounted investees		155	746	3,038	1,093	24,770
Net share of profit and loss of equity accounted investees		**583**	**1,452**	**-1,523**	**1,105**	**-24,753**
Profit before income tax		**41,001**	**84,383**	**52,050**	**227,306**	**212,585**
Income tax expense		-578	11,622	5,317	43,772	41,269
Profit for the period		**41,579**	**72,761**	**46,733**	**183,534**	**171,316**
Other comprehensive income:						
Exchange differences on translating foreign operations		-769	-1,619	-2,480	-3,108	-6,371
Total other comprehensive income for the period		-769	-1,619	-2,480	-3,108	-6,371
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**40,810**	**71,142**	**44,253**	**180,426**	**164,945**
Profit attributable to:						
- Owners of the parent		42,260	51,204	65,436	155,476	145,580
- Non-controlling interests		-2,681	21,557	-18,703	28,058	25,736
		41,579	**72,761**	**46,733**	**183,534**	**171,316**
Total comprehensive income attributable to:						
- Owners of the parent		42,776	50,140	65,245	151,165	139,120
- Non-controlling interests		-1,966	21,002	-20,992	29,261	25,825
		40,810	**71,142**	**44,253**	**180,426**	**164,945**
Earnings per share attributable to owners of the parent:						
Basic earnings per share (EEK/share)		1.44	1.66	2.13	5.05	4.73
Diluted earnings per share (EEK/share)		1.44	1.66	2.13	5.05	4.73

Condensed consolidated interim statement of comprehensive income (continued)

EUR '000	Note	Q3 2009	Q3 2008	9M 2009	9M 2008	2008
Revenue	9, 10	47,457	67,175	125,755	186,730	247,205
Cost of sales	11	42,289	62,492	115,196	166,790	224,330
Gross profit		**5,168**	**4,683**	**10,560**	**19,941**	**22,875**
Distribution expenses		155	180	434	397	512
Administrative expenses	12	1,951	2,829	6,128	8,779	11,666
Other operating income	13	146	7	1,417	1,184	4,087
Other operating expenses	13	687	487	2,564	516	1,460
Operating profit		**2,521**	**2,168**	**2,851**	**11,434**	**13,324**
Finance income	14	314	3,436	2,289	4,933	6,192
Finance expenses	14	251	304	1,716	1,910	4,347
Net finance income / expense		**63**	**3,132**	**573**	**3,023**	**1,844**
Share of profit of equity accounted investees		47	140	97	140	1
Share of loss of equity accounted investees		10	48	194	70	1,583
Net share of profit and loss of equity accounted investees		**37**	**93**	**-97**	**71**	**-1,582**
Profit before income tax		**2,620**	**5,393**	**3,326**	**14,528**	**13,587**
Income tax expense		-37	743	340	2,798	2,638
Profit for the period		**2,657**	**4,650**	**2,986**	**11,730**	**10,949**
Other comprehensive income:						
Exchange differences on translating foreign operations		-49	-103	-159	-199	-407
Total other comprehensive income for the period		-49	-103	-159	-199	-407
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,608**	**4,547**	**2,828**	**11,531**	**10,542**
Profit attributable to:						
- Owners of the parent		2,828	3,273	4,182	9,937	9,304
- Non-controlling interests		-171	1,378	-1,195	1,793	1,645
		2,657	**4,650**	**2,986**	**11,730**	**10,949**
Total comprehensive income attributable to:						
- Owners of the parent		2,734	3,205	4,170	9,661	8,891
- Non-controlling interests		-126	1,342	-1,342	1,870	1,651
		2,608	**4,547**	**2,828**	**11,531**	**10,542**
Earnings per share attributable to owners of the parent:						
Basic earnings per share (EUR/share)	8	0.09	0.11	0.14	0.32	0.30
Diluted earnings per share (EUR/share)	8	0.09	0.11	0.14	0.32	0.30

Condensed consolidated interim statement of cash flows

		EEK '000		EUR '000	
	Note	9M 2009	9M 2008	9M 2009	9M 2008
Cash flows from operating activities					
Cash receipts from customers		2,581,192	3,521,815	164,968	225,085
Cash paid to suppliers		-2,168,718	-2,912,266	-138,606	-186,128
Cash paid to and for employees		-331,652	-430,106	-21,196	-27,489
Income taxes paid		-9,867	-36,959	-631	-2,362
Net cash from operating activities		**70,955**	**142,484**	**4,535**	**9,106**
Cash flows from investing activities					
Acquisition of property, plant and equipment		-1,317	-9,845	-84	-629
Acquisition of intangible assets		-7,588	-929	-485	-59
Proceeds from sale of property, plant and equipment and intangible assets		5,118	10,753	327	687
Acquisition of investment properties		-200	0	-13	
Acquisition of subsidiaries, net of cash acquired	4	-11,688	-202,800	-747	-12,962
Proceeds from disposal of subsidiaries	4	0	2,063	0	132
Acquisition of associates	4	-6,000	-10,842	-383	-693
Proceeds from disposal of associates	4	7,024	102,927	449	6,578
Acquisition of interests in joint ventures	4	-20,000	0	-1,278	0
Loans granted		-84,843	-118,454	-5,422	-7,571
Repayment of loans granted		61,040	56,562	3,901	3,615
Dividends received		61	122	4	8
Interest received		12,524	11,794	800	754
Net cash used in investing activities		**-45,869**	**-158,649**	**-2,931**	**-10,140**
Cash flows from financing activities					
Proceeds from loans received		193,432	405,466	12,427	25,914
Repayment of loans received		-179,952	-265,443	-11,501	-16,965
Dividends paid	8	-31,933	-104,130	-2,041	-6,655
Payment of finance lease liabilities		-37,648	-42,387	-2,406	-2,709
Interest paid		-23,344	-29,053	-1,492	-1,857
Other payments made		-307	-301	-20	-19
Net cash used in financing activities		**-79,752**	**-35,848**	**-5,033**	**-2,291**
Net cash flow		**-54,666**	**-52,013**	**-3,494**	**-3,324**
Cash and cash equivalents at beginning of period		**296,184**	**236,112**	**18,930**	**15,090**
Effect of exchange rate fluctuations		-92	-15	-6	-1
Decrease in cash and cash equivalents		-54,666	-52,013	-3,494	-3,324
Cash and cash equivalents at end of period		**241,426**	**184,084**	**15,430**	**11,765**

Condensed consolidated interim statement of changes in equity

	Equity attributable to equity holders of the parent						
EEK '000	**Share capital**	**Statutory capital reserve**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 31 December 2007	**307,567**	**11,766**	**2,354**	**397,810**	**719,497**	**90,095**	**809,592**
Total comprehensive income for the period	0	0	-4,311	155,476	151,165	29,261	180,426
Dividends declared	0	0	0	-92,270	-92,270	-11,860	-104,130
Transfer to capital reserve	0	23,034	0	-23,034	0	0	0
Changes in non-controlling interests	0	0	0	-1,106	-1,106	-6,020	-7,126
Balance at 30 September 2008	**307,567**	**34,800**	**-1,957**	**436,876**	**777,286**	**101,477**	**878,763**
Balance at 31 December 2008	**307,567**	**34,800**	**-4,106**	**426,995**	**765,256**	**98,056**	**863,312**
Total comprehensive income for the period	0	0	-192	65,436	65,245	-20,992	44,253
Dividends declared	0	0	0	-30,756	-30,756	-1,176	-31,932
Transfer to capital reserve		5,212	0	-5,212	0	0	0
Changes in non-controlling interests	0	0	0	-8	-8	-50,155	-50,163
Balance at 30 September 2009	**307,567**	**40,012**	**-4,298**	**456,453**	**799,734**	**25,733**	**825,467**

Condensed consolidated interim statement of changes in equity (continued)

EUR '000	Equity attributable to equity holders of the parent: Share capital	Statutory capital reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at 31 December 2007	**19,657**	**752**	**150**	**25,425**	**45,984**	**5,758**	**51,742**
Total comprehensive income for the period	0	0	-276	9,937	9,661	1,870	11,531
Dividends declared	0	0	0	-5,897	-5,897	-758	-6,655
Transfer to capital reserve	0	1,472	0	-1,472	0	0	0
Changes in non-controlling interests	0	0	0	-70	-70	-385	-455
Balance at 30 September 2008	**19,657**	**2,224**	**-125**	**27,923**	**49,678**	**6,485**	**56,163**
Balance at 31 December 2008	**19,657**	**2,224**	**-262**	**27,290**	**48,909**	**6,267**	**55,176**
Total comprehensive income for the period	0	0	-13	4,182	4,170	-1,342	2,828
Dividends declared	0	0	0	-1,966	-1,966	-75	-2,041
Transfer to capital reserve	0	333	0	-333	0	0	0
Changes in non-controlling interests	0	0	0	0	0	-3,205	-3,205
Balance at 30 September 2009	**19,657**	**2,557**	**-275**	**29,173**	**51,112**	**1,645**	**52,756**

Notes to the condensed consolidated interim financial statements

NOTE 1. Significant accounting policies

Nordecon International AS (formerly AS Eesti Ehitus) is a company domiciled in Estonia. The shares of Nordecon International AS (the Company) have been listed on the NASDAQ OMX Tallinn Stock Exchange since 18 May 2006. The Company's controlling shareholder is AS Nordic Contractors that holds 53.67% of the shares in Nordecon International AS.

On 26 March 2009, an extraordinary general meeting of AS Eesti Ehitus changed the Company's business name for Nordecon International AS. These financial statements have been prepared under the new business name (referring, were necessary due to legal or other circumstances, to the former business name).

The condensed consolidated interim financial statements for the nine months ended 30 September 2009 have been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The condensed interim financial statements do not contain all the information 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 2008.

The Group has not changed its significant accounting policies compared with the consolidated financial statements as at and for the year ended 31 December 2008. The effect of any new and revised standards effective for the reporting period is described in this note.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon International AS for the third quarter and first nine months of 2009 give a true and fair view of the Group's result of operations and the parent and all its subsidiaries that are included in these financial statements are going concerns. The condensed consolidated interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group.

These condensed consolidated interim financial statements are presented in Estonian kroons (EEK) and in euros (EUR), rounded to the nearest thousand, unless indicated otherwise. Numerical data in the tables is presented in thousands of currency units. According to the quotation of Eesti Pank (Bank of Estonia), the Estonian kroon – euro exchange rate is 15.6466 kroons to 1 euro.

Standards effective from 1 January 2009 and their impact on the Group's financial statements:

- IAS 1 (revised) – *Presentation of Financial Statements*

  The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income).

  The Group has decided to present a single statement of comprehensive income that combines the income statement and non-owner changes in equity.

- IFRS 8 – *Operating Segments*

  The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group's management in deciding how to allocate resources and in assessing performance.

  The application of the Standard has increased the number of reportable segments. In place of the previously reported two segments (Buildings and Infrastructure) the Group now discloses segment information in respect of Buildings (European Union), Buildings (Ukraine), Infrastructure (European Union) and other segments. IFRS 8 is effective for the annual financial statements. In the interim financial statements information on operating segments has been presented in accordance with IAS 34 *Interim Financial Reporting*.

Reportable operating segments are identified on the basis of how the internally generated financial information is used by the Group's chief operating decision maker. The chief operating decision maker is the group of persons that allocates resources to and assesses the performance of the operating segments. The Group's chief operating decision maker is the board of the parent Nordecon International AS along with the director of the infrastructure department.

The new segment reporting approach does not change the principles of allocating goodwill to the Group's cash-generating units.

- New and revised standards and interpretations effective as of 1 January 2009 that are not relevant for the Group on the preparation of the interim financial statements:

  IFRS 2 (amended) – *Share-based Payment*

  IAS 23 (revised) – *Borrowing Costs*

  IAS 27 (revised) – *Consolidated and Separate Financial Statements*

  IAS 32 (amended) – *Financial Instruments: Presentation*

  IAS 39 (amended) – *Financial Instruments: Recognition and Measurement*

  IFRIC 13 – *Customer Loyalty Programmes*

  IFRIC 15 – *Agreements for the Construction of Real Estate*

  Standards and interpretations issued as at 1 January 2009 but not yet effective:

  IFRS 3 (revised) – *Business Combinations* (effective for annual periods beginning on or after 1 July 2009)

  IFRIC 17 – *Distributions of Non-cash Assets to Owners* (effective for annual periods beginning on or after 15 July 2009)

Changes in the presentation of interim financial statements

In accordance with the guidance of IAS 34 *Interim Financial Reporting*, interim financial statements have to provide primarily significant updates to the information reported in the latest complete set of annual financial statements. In addition, interim financial statements have to include explanatory comments about events caused by the seasonality of operations that have had a significant impact on financial information. In presenting these condensed interim financial statements, the Group has reduced the number of notes whose explanations are not significant in view of the above disclosure principles.

NOTE 2. Trade receivables

		EEK '000		EUR '000
	30 Sept 2009	31 Dec 2008	30 Sept 2009	31 Dec 2008
Trade receivables	472,262	482,046	30,183	30,808
Allowance for impairment	-16,372	-8,111	-1,046	-518
Total trade receivables	**455,890**	**473,935**	**29,137**	**30,290**

Trade receivables have remained stable compared with 31 December 2008. The third quarter is one of the most active periods of the construction season. However, due to a decrease in sales the balance of trade receivables has not increased significantly. The impairment allowance has grown by almost 50% compared with 31 December. This is attributable to the economic situation that has caused the Group to record additional write-downs for receivables.

The Group's subsidiary AS Eston Ehitus has filed bankruptcy petitions against Peterburi Ärikvartal OÜ that commissioned the construction of the Peterburi Business Quarter and Kobe Investments AS that provided financing for the project. The Group's receivables from the project amount to approximately 25 million kroons (1.6 million euros). The Group's management will decide whether and to what extent the receivables need to be written down in the fourth quarter by reference to the progress of the bankruptcy proceedings.

NOTE 3. Inventories

		EEK '000		EUR '000
	30 Sept 2009	31 Dec 2008	30 Sept 2009	31 Dec 2008
Raw and other materials	43,885	46,069	2,805	2,944
Work in progress	60,771	51,717	3,884	3,305
Property acquired for resale	193,743	126,498	12,381	8,085
Finished goods	114,918	133,621	7,345	8,540
Prepayments to materials suppliers	20,085	28,828	1,284	1,842
Total inventories	**433,402**	**386,733**	**27,699**	**24,717**

In line with the Group's business, inventories (raw and other materials and work in progress) increase in the middle of the financial year in connection with a rise in construction activity. The growth in property acquired for resale, which includes mainly properties designed for development, is largely attributable to the acquisition of the subsidiary OÜ Kalda Kodu in 2009. No inventories were written down during the reporting period.

NOTE 4. Acquisitions and disposals

Business combinations and disposals of investments in subsidiaries

Acquisition of a stake in OÜ Kalda Kodu

On 9 January 2009, Nordecon International AS acquired a 56% stake in OÜ Kalda Kodu, a company domiciled in the Republic of Estonia in order to gain control of a development project of OÜ Kalda Kodu. AS EKE Invest divested of its shareholding in OÜ Kalda Kodu but has a repurchase option effective until 2010 (inclusive).

The remaining 44% of OÜ Kalda Kodu belongs to AS Eston Ehitus (a 52% subsidiary of Nordecon International AS). Through its direct and indirect holdings, Nordecon International AS has a 78.9% interest in OÜ Kalda Kodu. The negative goodwill on the acquisition has been recognised in the income statement.

Net assets of OÜ Kalda Kodu at the date of acquisition:

			EEK '000			EUR '000
	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (56%)	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (56%)
Current assets	54,168	54,168	30,334	3,462	3,462	1,939
Current liabilities	1,501	1,501	840	96	96	54
Non-current liabilities	52,629	52,629	29,472	3,364	3,364	1,884
Total net assets	**38**	**38**	**22**	**2**	**2**	**1**
Negative goodwill			-22			-1
Cost			0			0
Paid in cash			0			0

Acquisition of a stake in SIA LCB

In January Nordecon Infra SIA, the Latvian subsidiary of Nordecon Infra AS (the stake of Nordecon Infra AS is 56%), completed the acquisition of a 75% stake in the Latvian company SIA LCB. The cost of the transaction was 23,470 thousand kroons (1,500 thousand euros).

Net assets of SIA LCB at the date of acquisition:

	EEK '000 Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (75%)	EUR '000 Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (75%)
Current assets	11,788	11,788	8,841	753	753	565
Non-current assets	5,725	5,725	4,293	366	366	274
Current liabilities	10,571	10,571	7,928	676	676	507
Non-current liabilities	3,764	3,764	2,823	241	241	180
Total net assets	**3,178**	**3,178**	**2,383**	**202**	**202**	**152**
Goodwill			20,867			1,334
Cost			23,250			1,486
Paid in cash			15,500			991
Payable at 30 Sept 2009			7,750			495

Acquisition of a stake in Nordecon Infra SIA

On 7 April 2009, Nordecon International AS and its wholly-owned subsidiary Nordecon Infra AS signed an agreement by which Nordecon Infra AS sold its entire 56% stake in the Latvian entity Nordecon Infra SIA to the Group's parent Nordecon International AS. The transaction was part of intra-Group restructuring and did not change the Group's interest in Nordecon Infra SIA.

The core business of the Latvian subsidiary Nordecon Infra SIA is performance of infrastructure projects (installation of underground pipelines and performance of environmental engineering contracts). Since 2009 the Nordecon Infra SIA subgroup also includes SIA LCB, which is involved in road-construction.

Disposal of the investment in Nordecon Betoon OÜ

On 20 May 2009, Nordecon International AS and its wholly-owned subsidiary Nordecon Infra AS signed an agreement by which Nordecon International AS sold its entire 52% stake in the Estonian entity Nordecon Betoon OÜ to Nordecon Infra AS. The transaction was part of intra-Group restructuring and did not change the Group's interest in Nordecon Betoon OÜ. According to the contract, the date of transfer was 31 May 2009.

Nordecon Betoon OÜ operates in the Estonian market and is mainly involved in the performance of concrete works.

Disposal of the investment in EA Reng Projekt TOV

In June Eurocon Ukraine TOV, a Ukrainian subsidiary of Nordecon International AS (indirect interest 64%), signed an agreement by which it divested of its entire stake in EA Reng Projekt TOV, a building design services company incorporated in Ukraine.
The share capital of EA Reng Projekt TOV was 162 thousand hryvnas (approximately 237 thousand kroons / 15 thousand euros); the stake of Eurocon Ukraine TOV was 51%. The shares were sold to the entity's existing shareholders. The transaction gave rise to a gain of 372 thousand kroons (24 thousand euros).

Transactions with non-controlling interests

Acquisition of an additional stake in OÜ DSN Ehitusmasinad

On 13 February 2009 OÜ Kaurits, a 66% subsidiary of Nordecon Infra AS, acquired the remaining 34% interest in OÜ DSN Ehitusmasinad, raising its interest in the entity to 100%. Due to the non-controlling interest in OÜ Kaurits, the stake acquired by the Group was 22%.

Net assets of OÜ DSN Ehitusmasinad at the date of acquisition:

			EEK '000			EUR '000
	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (22%)	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (22%)
Current assets	10,779	10,779	2,419	689	689	155
Non-current assets	14,054	14,054	3,154	898	898	201
Current liabilities	15,075	15,075	3,383	963	963	216
Non-current liabilities	6,883	6,883	1,544	440	440	98
Total net assets	**2,875**	**2,875**	**645**	**184**	**184**	**42**
Goodwill			55			3
Cost			700			45
Paid in cash			700			45

Acquisition of an additional stake in AS Eston Ehitus

During the period 27 July to 3 August, Nordecon International AS acquired from 13 individuals and a legal person an additional 45.7% stake in the subsidiary AS Eston Ehitus, raising its direct interest in the entity from 52% to 97.7%.

By that time AS Eston Ehitus had filed a bankruptcy petition against its customers (OÜ Peterburi Ärikvartal OÜ and Kobe Investments AS) receivables from whom totalled around 25 million kroons (1.6 million euros). The minority shareholders would have had to make additional investments in the company facing a falling construction market and the difficulties of collecting payments from major customers. Therefore, the minority shareholders decided to transfer their interests without additional compensation. The Group's management has not completed its assessment of the value of the net assets acquired because the bankruptcy proceedings are still pending (the outcome should become clear in the fourth quarter). According to effective financial reporting standards, the Group may adjust the values presented in the purchase price allocation within 12 months after the date of acquisition.

Net assets of AS Eston Ehitus at the date of acquisition:

			EEK '000			EUR '000
	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (45.7%)	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (45.7%)
Current assets	132,762	132,762	60,672	8,485	8,485	3,877
Non-current assets	55,609	55,609	25,413	3,554	3,554	1,624
Current liabilities	55,476	55,476	25,353	3,546	3,546	1,620
Non-current liabilities	18,868	18,868	8,623	1,206	1,206	551
Total net assets	**114,027**	**114,027**	**52,110**	**7,288**	**7,288**	**3,330**
Negative goodwill			-52,110			-3,330
Cost			0			0
Paid in cash			0			0

The income from negative goodwill was recognised as a reduction of other operating expenses because the goodwill acquired on the acquisition of the initial stake in AS Eston Ehitus was written down by the same amount.

Acquisition of interests in joint ventures

Acquisition of a stake in OÜ Unigate

On 26 March 2009 Nordecon Ehitus AS, a wholly-owned subsidiary of Nordecon International AS, and AS Arealis signed an agreement by which Nordecon Ehitus AS acquired from AS Arealis its 50% interest in OÜ Unigate.

In accordance with the terms of the agreement, AS Arealis was paid 20,000 thousand kroons (1,278 thousand euros) and a variable component that depends on the result of development operations will be settled in subsequent years. The cost of the business combination amounted to 1,556 thousand kroons (100 thousand euros), which was paid for the share in OÜ Unigate. For the remaining 18,444 thousand kroons (1,179 thousand euros) Nordecon Ehitus AS acquired AS Arealis' loan and interest receivables from OÜ Unigate.

Net assets of OÜ Unigate at the date of acquisition:

			EEK '000			EUR '000
	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (50%)	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (50%)
Current assets	50,401	50,401	25,201	3,221	3,221	1,611
Current liabilities	46,603	46,603	23,301	2,978	2,978	1,489
Non-current liabilities	1,851	1,851	926	118	118	59
Total net assets	**1,947**	**1,947**	**974**	**125**	**125**	**63**
Goodwill			582			37
Cost			1,556			100
Paid in cash			1,556			100

Transactions with investments in associates

In January Group company Nordecon Betoon OÜ made an additional contribution of 6,000 thousand kroons (383 thousand euros) in the share capital of the associate OÜ Kastani Kinnisvara.

In the first quarter of 2009 cash of 6,724 thousand kroons (430 thousand euros) was received for sale of an investment in the associate TOV Passage Theatre in 2008. The remaining 3% stake in TOV Passage Theatre was sold in the second quarter. The transaction generated gain of 777 thousand kroons (49 thousand euros).

NOTE 5. Property, plant and equipment and intangible assets

Property, plant and equipment

In the third quarter of 2009 the Group did not perform any major transactions with items of property, plant and equipment. The carrying amount of property, plant and equipment has decreased compared with 31 December 2008 mainly through depreciation.

Intangible assets

The carrying amount of intangible assets has increased because of goodwill acquired in business combinations. Information on goodwill acquired and written down in the reporting period is presented in note 4.

Under IFRS 3 *Business Combinations* the goodwill acquired in a business combination has to be tested for impairment annually or more frequently if events or changes in circumstances indicate that it may be impaired, i.e., when there is cause to believe that the carrying amount of goodwill exceeds its recoverable amount. In the changed economic environment, the Group has not considered it practicable to test goodwill for impairment until the construction market remains subject to significant uncertainty that casts doubt on the reliability of any estimates made. The Group's management is going to test goodwill for impairment in the fourth quarter when the subsidiaries' supervisory councils have approved the subsidiaries' budgets for 2010.

NOTE 6. Finance and operating leases

Finance lease liability	30 Sept 2009	EEK '000 31 Dec 2008	30 Sept 2009	EUR '000 31 Dec 2008
Payable in less than 1 year	41,124	46,860	2,628	2,995
Payable between 1 and 5 years	78,927	98,422	5,044	6,290
Total	**120,051**	**145,282**	**7,672**	**9,285**
Base currency EUR	117,970	142,841	7,540	9,129
Base currency UAH	2,081	2,441	133	156
Frequency of payments	Monthly	Monthly	Monthly	Monthly
Interest rates in Estonia	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%
Interest rates in Ukraine	10%-12%	10%-12%	10%-12%	10%-12%

Finance lease payments made	9M 2009	9M 2008	9M 2009	9M 2008
Principal payments	37,452	42,387	2,394	2,709
Interest payments	4,451	6,266	284	400

Operating lease rentals paid for:	9M 2009	EEK '000 9M 2008	9M 2009	EUR '000 9M 2008
Cars	12,062	9,926	771	634
Construction equipment	34,005	28,121	2,173	1,797
Premises	8,685	6,125	555	391
Software	6,842	5,523	437	353
Total operating lease rentals paid	**61,594**	**49,695**	**3,936**	**3,176**

NOTE 7. Interest-bearing loans and borrowings

	30 Sept 2009	EEK '000 31 Dec 2008	30 Sept 2009	EUR '000 31 Dec 2008
Short-term bank loans	172,969	43,317	11,055	2,768
Current portion of long-term bank loans	27,385	145,771	1,750	9,316
Short-term portion of finance lease liabilities	41,124	46,860	2,628	2,995
Total current loans and borrowings	**241,478**	**235,948**	**15,433**	**15,080**
Long-term bank loans	273,033	220,156	17,450	14,071
Other long-term loans	17,044	0	1,090	0
Long-term finance lease-liabilities	78,927	98,422	5,044	6,290
Total non-current loans and borrowings	**369,004**	**318,578**	**23,584**	**20,361**

NOTE 8. Earnings per share and dividends paid

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period, both adjusted for the effects of all dilutive equity instruments.

		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Profit for the period attributable to owners of the parent	65,436	155,476	4,182	9,937
Weighted average number of shares (in thousands)	30,757	30,757	30,757	30,757
		EEK		EUR
Basic earnings per share	2.13	5.05	0.14	0.32
Diluted earnings per share	2.13	5.05	0.14	0.32

Nordecon International AS has not issued any share options or other convertible instruments. Therefore, diluted earnings per share equal basic earnings per share.

Dividends

Based on a decision by the general meeting, in 2009 shareholders were distributed the following dividend using the profit for 2008:

Dividend per share*	Total dividend
EEK 1.00	30,757 thousand kroons
EUR 0.06	1,966 thousand euros

* Nordecon International AS has 30,756,728 outstanding shares that entitle the holder to a dividend.

NOTE 9. Segment reporting – business segments

The Group's chief operating decision maker is the board of the parent company Nordecon International AS along with the director of the infrastructure department. This group of persons monitors the Group's internally generated financial information on a regular basis to better allocate the resources and assess their utilisation. Reportable operating segments are identified by reference to monitored information.

The operating segments monitored by the chief operating decision maker include both a business and a geographical dimension. The Group's reportable operating segments are:

- Buildings (European Union)
- Buildings (Ukraine)
- Infrastructure (European Union)

Other segments comprise insignificant operating segments whose results are not reviewed by the chief operating decision maker on the basis of internally generated financial information.

The chief operating decision maker assesses the performance of an operating segment and the utilisation of the resources allocated to it through the profit generated by the segment. The profit of an operating segment is its gross profit that does not include any major exceptional expenditures (such as non-recurring asset write-downs). The expenses after the profit of an operating segment (including distribution and administrative expenses, interest expense, income tax expense) are not used by the chief operating decision maker to assess the performance of the segment on the basis of internally generated financial information. Such expenses are recorded in segment reporting using the same principles that are applied on their recognition in the financial statements.

Significant eliminations are related to the revenue, profit and assets of the Group's parent company because a holding company that does not engage in the core business activities does not constitute an operating segment. In the comparative period, the parent was engaged in the core business.

9 months

EEK '000 9 months 2009	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	828,343	43,858	1,185,331	54,522	2,112,054
Inter-segment revenue	-132	-5	-109,383	-38,709	-148,229
Revenue from external customers	**828,211**	**43,853**	**1,075,948**	**15,813**	**1,963,825**
Segment profit	**86,333**	**2,604**	**35,349**	**2,478**	**126,764**

9 months 2008	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	1,255,227	392,200	1,300,089	88,692	3,036,208
Inter-segment revenue	-5,225	0	-74,119	-35,167	-114,511
Revenue from external customers	**1,250,002**	**392,200**	**1,225,970**	**53,525**	**2,921,697**
Segment profit	**180,997**	**32,102**	**99,557**	**-648**	**312,008**

Segment assets	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
As at 30 September 2008	998,013	271,534	1,040,658	168,538	2,478,743
As at 31 December 2008	1,057,344	245,683	1,004,107	171,637	2,478,771
As at 30 September 2009	**948,791**	**174,454**	**817,430**	**162,539**	**2,103,214**

EUR '000 9 months 2009	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	52,941	2,803	75,756	3,485	134,985
Inter-segment revenue	-8	0	-6,991	-2,474	-9,473
Revenue from external customers	**52,933**	**2,803**	**68,765**	**1,011**	**125,512**
Segment profit	**5,518**	**166**	**2,259**	**158**	**8,101**

9 months 2008	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	80,224	25,066	83,091	5,668	194,049
Inter-segment revenue	-334	0	-4,737	-2,248	-7,319
Revenue from external customers	**79,890**	**25,066**	**78,354**	**3,420**	**186,730**
Segment profit	**11,568**	**2,052**	**6,363**	**-41**	**19,942**

Segment assets	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
As at 30 September 2008	63,785	17,354	66,510	10,772	158,421
As at 31 December 2008	67,577	15,702	64,174	10,970	158,422
As at 30 September 2009	**60,639**	**11,150**	**52,243**	**10,388**	**134,420**

3rd quarter

EEK '000 Q3 2009	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	253,760	15,498	549,891	27,442	846,591
Inter-segment revenue	1,963	-5	-90,381	-16,875	-105,298
Revenue from external customers	**255,723**	**15,493**	**459,510**	**10,567**	**741,293**
Segment profit	**29,068**	**3,112**	**26,765**	**6,599**	**65,544**

Q3 2008	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	184,473	101,304	743,670	57,759	1,087,206
Inter-segment revenue	33,874	547	-51,929	-18,636	-36,144
Revenue from external customers	**218,347**	**101,851**	**691,741**	**39,123**	**1,051,062**
Segment profit	**-22,156**	**20,344**	**73,693**	**1,389**	**73,270**

EUR '000 Q3 2009	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	16,218	990	35,144	1,754	54,106
Inter-segment revenue	126	0	-5,777	-1,079	-6,730
Revenue from external customers	**16,344**	**990**	**29,367**	**675**	**47,376**
Segment profit	**1,858**	**198**	**1,710**	**421**	**4,187**

Q3 2008	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	11,790	6,474	47,529	3,691	69,484
Inter-segment revenue	2,165	35	-3,319	-1,191	-2,310
Revenue from external customers	**13,955**	**6,509**	**44,210**	**2,500**	**67,174**
Segment profit	**-1,416**	**1,301**	**4,710**	**89**	**4,684**

Reconciliation of segment revenues

EEK '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Total revenues for reportable segments	2,057,532	819,149	2,947,516	1,029,447
Revenue for other segments	54,522	27,442	88,692	57,759
Elimination of inter-segment revenues	-148,228	-105,297	-114,511	-36,144
Other revenue	3,814	1,252	0	0
Total consolidated revenue	**1,967,640**	**742,546**	**2,921,697**	**1,051,062**

EUR '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Total revenues for reportable segments	131,500	52,353	188,381	65,794
Revenue for other segments	3,485	1,754	5,668	3,691
Elimination of inter-segment revenues	-9,474	-6,730	-7,319	-2,310
Other revenue	244	80	0	0
Total consolidated revenue	**125,755**	**47,457**	**186,730**	**67,175**

Reconciliation of segment profit

EEK '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Total profit for reportable segments	124,287	58,945	312,656	71,882
Total profit or loss for other segments	2,478	6,599	-648	1,389
Other profit	38,457	15,325	0	0
Total	**165,222**	**80,869**	**312,008**	**73,271**
Unallocated expenses:				
Distribution expenses	-6,790	-2,427	-6,212	-2,809
Administrative expenses	-95,882	-30,532	-137,354	-44,266
Other operating income / expenses	-17,941	-8,466	10,456	7,726
Consolidated operating profit	**44,609**	**39,444**	**178,899**	**33,921**
Finance income	35,810	4,130	77,186	53,759
Finance expenses	-26,845	-3,933	-29,884	-4,749
Share of profit / loss of equity accounted investees	-1,523	1,360	1,105	1,452
Consolidated profit before tax	**52,050**	**41,001**	**227,306**	**84,383**

EUR '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Total profit for reportable segments	7,943	3,767	19,982	4,594
Total profit or loss for other segments	158	422	-41	89
Other profit	2,458	979	0	0
Total	**10,560**	**5,168**	**19,941**	**4,683**
Unallocated expenses:				
Distribution expenses	-434	-155	-397	-180
Administrative expenses	-6,128	-1,951	-8,779	-2,829
Other operating income / expenses	-1,147	-541	668	494
Consolidated operating profit	**2,851**	**2,521**	**11,434**	**2,168**
Finance income	2,289	264	4,933	3,436
Finance expenses	-1,716	-251	-1,910	-304
Share of profit / loss of equity accounted investees	-97	87	71	93
Consolidated profit before tax	**3,326**	**2,657**	**14,528**	**5,393**

Reconciliation of segment assets

			EEK '000			EUR '000
	30 Sept 2009	31 Dec 2008	30 Sept 2008	30 Sept 2009	31 Dec 2008	30 Sept 2008
Total assets for reportable segments	1,940,675	2,307,134	2,463,264	124,032	147,453	157,431
Total assets from other segments	162,539	171,637	168,537	10,388	10,970	10,771
Inter-segment eliminations	-202,061	-111,524	-153,058	-12,914	-7,128	-9,782
Other assets	338,495	0	0	21,634	0	0
Total consolidated assets	**2,239,648**	**2,367,247**	**2,478,743**	**143,140**	**151,295**	**158,420**

NOTE 10. Segment reporting – geographical information

EEK '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Revenue				
Estonia	1,671,410	643,174	2,341,598	854,834
Ukraine	43,858	15,498	392,200	101,304
Lithuania	10,666	4	69,822	28,314
Latvia	242,594	84,082	119,064	66,966
Inter-segment eliminations	-888	-212	-987	-356
Total revenue	**1,967,640**	**742,546**	**2,921,697**	**1,051,062**

EUR '000	9M 2009	Q3 2009	9M 2008	Q3 2008
Revenue				
Estonia	106,822	41,106	149,655	54,635
Ukraine	2,803	990	25,066	6,474
Lithuania	682	1	4,462	1,809
Latvia	15,505	5,374	7,610	4,280
Inter-segment eliminations	-57	-14	-63	-23
Total revenue	**125,755**	**47,457**	**186,730**	**67,175**

NOTE 11. Cost of sales

		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Depreciation and amortisation expense	48,962	51,127	3,129	3,268
Personnel expenses	219,563	274,820	14,033	17,564
Materials, goods and services used	1,522,985	2,272,844	97,337	145,261
Other expenses	10,908	10,898	697	697
Total cost of sales	**1,802,418**	**2,609,689**	**115,196**	**166,790**

NOTE 12. Administrative expenses

		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Depreciation and amortisation expense	3,899	4,203	249	269
Personnel expenses	60,312	88,837	3,855	5,678
Materials, goods and services used	27,663	34,087	1,768	2,179
Other expenses	4,008	10,227	256	654
Total administrative expenses	**95,882**	**137,354**	**6,128**	**8,779**

NOTE 13. Other operating income and expenses

Other operating income		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Gains on sale of property, plant and equipment and intangible assets	2,917	4,819	186	308
Other income	19,260	13,706	1,231	876
Total other operating income	**22,177**	**18,525**	**1,417**	**1,184**

Other operating expenses		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Losses on write-off of property, plant and equipment and intangible assets	1,174	707	75	45
Foreign exchange losses	23	134	2	9
Losses from write-down of receivables	18,620	-194	1,190	-12
Membership fees	106	60	7	4
Other expenses	20,195	7,361	1,290	470
Total other operating expenses	**40,118**	**8,068**	**2,564**	**516**

NOTE 14. Finance income and expenses

Finance income		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Gains on disposal of investments in subsidiaries and associates	0	53,000	0	3,387
Finance income on other investments	18,306	0	1,170	0
Interest income on loans	6,618	0	423	0
Other finance income	10,342	22,658	661	1,448
Foreign exchange gains	543	1,529	35	98
Total finance income	**35,809**	**77,187**	**2,289**	**4,933**

In the financial statements for the first half of 2009, interest income on loans was reported at 24,984 thousand kroons (1,597 thousand euros). The amount comprised items that by nature better represented other types of finance income. Compared with 30 June, interest income has been reduced by 19,189 thousand kroons (1,226 thousand euros); 14,032 thousand kroons (897 thousand euros) of this has been recognised in *Finance income on other investments* and 5,157 thousand kroons (330 thousand euros) in *Other finance income*.

Finance expenses		EEK '000		EUR '000
	9M 2009	9M 2008	9M 2009	9M 2008
Interest expense	22,043	28,262	1,409	1,806
Other finance expenses	0	926	0	59
Finance expenses on other investments	3,403	0	218	0
Foreign exchange losses	1,399	698	89	45
Total finance expenses	**26,845**	**29,886**	**1,716**	**1,910**

NOTE 15. Transactions with related parties

Parties are related if one controls the other or exerts significant influence (holds more than 20% of the voting power) on the other's operating decisions. Related parties include:

- AS Nordic Contractors (the parent of AS Nordecon International) and its shareholders
- Other companies of AS Nordic Contractors group
- Associates of Nordecon International AS
- Members of the board and council of AS Nordecon International, their close family members and companies related to them
- Individuals whose shareholding implies significant influence

During the reporting period, Group entities performed purchase and sales transactions with related parties in the following volumes:

9 months 2009		EEK '000		EUR '000
Volume of transactions performed	Purchases	Sales	Purchases	Sales
AS Nordic Contractors	5,778	1,372	369	88
Subsidiaries of AS Nordic Contractors	0	149,098	0	9,529
Companies related to a member of the council of Nordecon International AS	1,517	0	97	0
Total	**7,295**	**150,470**	**466**	**9,617**

9 months 2009		EEK '000		EUR '000
Substance of transactions performed	Purchases	Sales	Purchases	Sales
Construction contracts	0	148,684	0	9,503
Purchase and sale of goods	0	1,786	0	114
Lease and other services	7,295	0	466	0
Total	**7,295**	**150,470**	**466**	**9,617**

9 months 2008		EEK '000		EUR '000
Volume of transactions performed	Purchases	Sales	Purchases	Sales
AS Nordic Contractors	11,845	861	757	55
Subsidiaries of AS Nordic Contractors	2,815	238,043	180	15,214
Companies related to a member of the council of Nordecon International AS	1,484	2,833	95	181
Total	**16,144**	**241,737**	**1,032**	**15,450**

9 months 2008		EEK '000		EUR '000
Substance of transactions performed	Purchases	Sales	Purchases	Sales
Construction contracts	0	238,043	0	15,214
Purchase and sale of goods	23	0	1	0
Lease and other services	16,121	3,694	1,030	236
Total	**16,144**	**241,737**	**1,032**	**15,450**

Receivables from and payables to related parties:

EEK '000		30 Sept 2009		31 Dec 2008
	Receivables	Payables	Receivables	Payables
AS Nordic Contractors	1	731	1,173	1,378
Subsidiaries of AS Nordic Contractors	67,116	0	52,726	961
Companies related to a member of the council of Nordecon International AS	10	0	236	0
Associates – trade items	24,552	5	23,824	4
Associates - loans	129,101		116,262	0
Total	**220,780**	**736**	**194,221**	**2,343**

EUR '000		30 Sept 2009		31 Dec 2008
	Receivables	Payables	Receivables	Payables
AS Nordic Contractors	0	47	75	88
Subsidiaries of AS Nordic Contractors	4,289	0	3,370	61
Companies related to a member of the council of Nordecon International AS	1	0	15	0
Associates – trade items	1,569	0	1,523	0
Associates - loans	8,251		7,430	0
Total	**14,110**	**47**	**12,413**	**150**

In the first nine months of 2009, the remuneration of the members of the council of Nordecon International AS including social security charges totalled 1,077 thousand kroons (69 thousand euros). A year ago, the corresponding figure was 1,084 thousand kroons (69 thousand euros). In the first nine months of 2009, the remuneration and benefits of the members of the board of Nordecon International AS including social security charges totalled 2,701 thousand kroons (173 thousand euros). The corresponding figure for the first nine months of 2008 was 13,550 thousand kroons (866 thousand euros). The differences in the remuneration of the board stem from the fact that since 5 January 2009 the board had three members while in 2008 the number was five (see *Changes in the Group's management structure and operations in 2009*). In addition, the figure has been impacted by a 15% reduction in board member service fees across the Group.

NOTE 16. Subsequent events

The shareholders of Group companies OÜ Kaurits and its 100% subsidiary DSN Ehitusmasinad OÜ have decided to merge the entities. The balance sheets were combined as of 1 October 2009. The merger will not change the Group's interest in OÜ Kaurits, the acquirer.