CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FIRST QUARTER OF 2009
(UNAUDITED)

Business name	**Nordecon International AS**
Registration number	10099962
Address	Pärnu mnt 158/1, 11317 Tallinn
Domicile	Republic of Estonia
Telephone Fax E-mail Corporate website	372 6 154 403 372 6 154 401 nordecon@nordecon.com 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 Reporting period	1 January 2009 – 31 December 2009 1 January 2009 - 31 March 2009
Council	Toomas Luman, Alar Kroodo, Ain Tromp, Andri Hõbemägi, Tiina Mõis, Meelis Milder
Board	Jaano Vink, Sulev Luiga, Priit Tiru
Auditor	KPMG Baltics AS

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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

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 participated in the name change at the end of March 2009.

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 cent 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 per cent of the Group's revenue. In view of the changes in the external environment and the fact that thanks to vigorous growth the Group has reached the end of one stage of development, the Group's management has 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

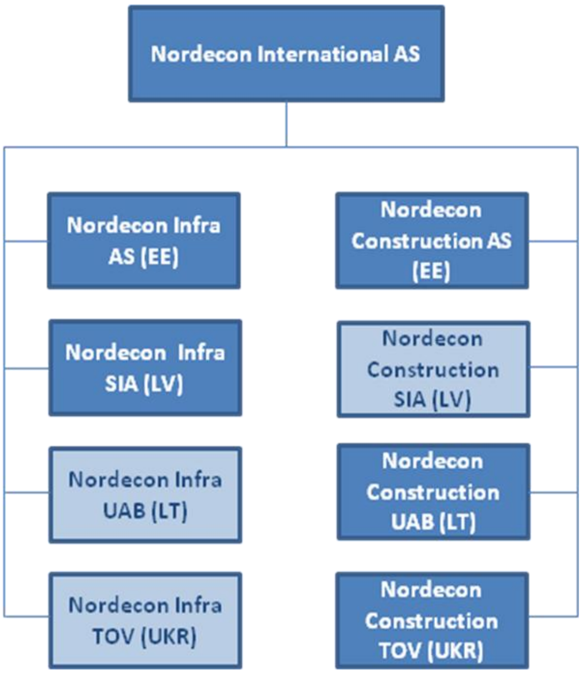
By 2013 Nordecon International expects to have realised the potential created in 2009-2010 and to be the fastest growing construction group listed on the Nordic and Baltic stock exchanges. The objectives are:

- To be the market leader in Estonia in both buildings and infrastructure construction
- To earn approximately 50 per cent 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

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 (named Nordecon "Construction" in the local language) and another engaged in infrastructure (named Nordecon "Infra"). 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 the implementation of 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.

<u>Management board of Nordecon International AS from 5 January 2009</u>

Jaano Vink, Chairman of the Board

Sulev Luiga, Member of the Board, Director of Finance

Priit Tiru, Member of the Board, Buildings Construction Director

In the new structure, Jaano Vink and Sulev Luiga are going to focus on improving the efficiency of Group-wide centralised support services. Priit Tiru will be responsible for the strategic management and international expansion of the buildings construction division. The strategic management and international expansion of the infrastructure division will be the responsibility of the director of the relevant business line – Margus Vaim.

Changes in the management structures of the main subsidiaries

Erkki Suurorg and Priit Pluutus who were members of the board of Nordecon International AS (at the time AS Eesti Ehitus) in 2008 will 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 AS Aspi, Margus Vaim has stepped up as the director of the infrastructure division at Nordecon International AS.

Avo Ambur who was also a member of the board of Nordecon International AS in 2008 will continue 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 Mapri Projekt OÜ. 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.

Changes in the Group’s business structure

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 gradually transfer to the parent company. After that, Nordecon International AS will become essentially a holding company that has to ensure the development of the Group in all the markets where it operates. Despite this, Nordecon International AS will continue participating in major domestic and international construction tenders, where it expects to derive its competitive edge from the possibility of combining the competencies of its subsidiaries. The most important objective for the parent is to ensure the Group’s international expansion.

The Group’s core business will be conducted by its main 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. This allows assembling the Group’s best expertise in companies that can best employ it for improving operating efficiency and effectiveness.

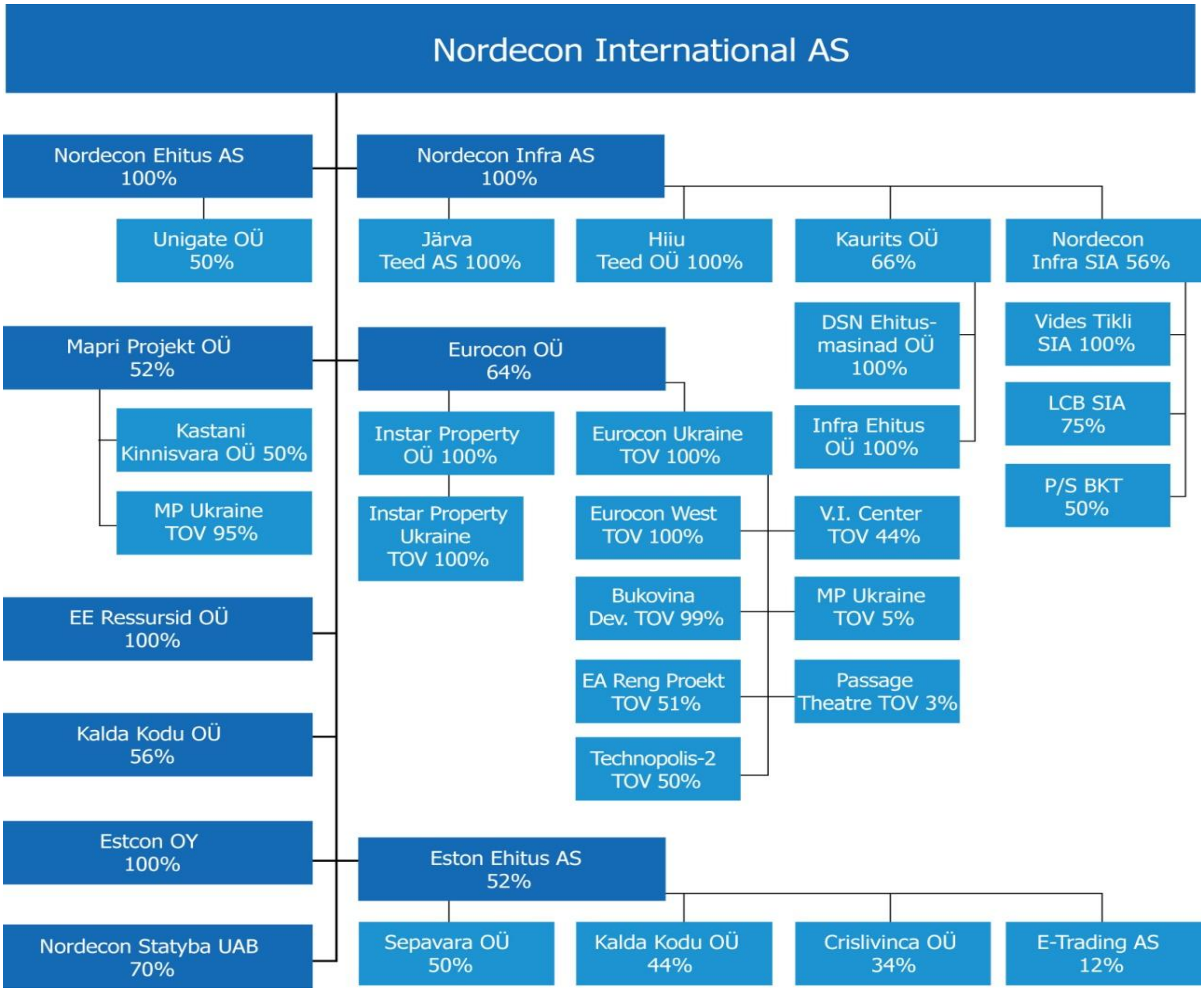
Along with the name change across the Group (see *Change in the Group’s business name* in *Directors’ report*), business activities have been divided as follows:

- 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). AS Eston Ehitus will continue as a regionally strong buildings construction company in Western Estonia. In the near future, Nordecon Ehitus AS will be transformed into a subgroup uniting all of the Group’s buildings construction and development companies in Estonia.
- 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.
- Mapri Projekt OÜ, 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 intra-Group buildings construction and engineering companies.
- The Latvian-based Nordecon Infra SIA (formerly SIA Abagars) will continue operating in its current segments. At the end of 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).

- As regards the operations of the Lithuanian-based UAB Nordecon Statyba (formerly UAB Eurocon LT), the Group is considering two alternatives. According to one, the company will continue operating in its selected segment (buildings construction). According to another, the Group’s current action plan will be revised in the light of changes in the external environment and, if reasonable and justified, in 2009 the company’s operation will be temporarily suspended. A decision to suspend operations in the short term will not change the Group’s strategic objectives in the Lithuanian construction market and will not involve the sale or liquidation of the company.
- No changes have been planned for the Group’s Ukrainian a construction companies, which will continue operating in their current segments and locations (primarily in Kiev and Lvov). Owing to the situation in the real estate market, the Group has suspended the development of its two real estate projects in Ukraine.

The Group's structure

The Group's structure at 31 March 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 the first quarter of 2009

Nordecon Infra SIA

In December 2008, the Latvian subsidiary Nordecon Infra SIA signed a contract by which it acquired a 75 per cent 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 per cent.

Nordecon International AS

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

OÜ Kaurits

In February 2009, OÜ Kaurits acquired an additional 34 per cent 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 per cent.

Nordecon Ehitus AS

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

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

Nordecon International AS

In April 2009, Nordecon International AS acquired a 56 per cent 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 interest is 56 per cent). The restructuring was prompted by the Group's development strategy (see *The Group's structure by 2013*).

In April 2009, Nordecon International AS' wholly-owned subsidiary OÜ Eesti Ehitus was registered. 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.

Nordecon Infra AS

In April 2009, Nordecon Infra AS' wholly-owned subsidiary OÜ Aspi was registered. 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.

Nordecon Ehitus AS

In April 2009, Nordecon Ehitus AS' wholly-owned subsidiary OÜ Linnaehitus was registered. 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.

Financial review

Margins

Nordecon International Group ended the first quarter of 2009 with a gross profit of 36.9 million kroons (2.4 million euros), a 64 per cent decrease from the 101.4 million kroons (6.5 million euros) earned in the first quarter of 2008.

In the first quarter of 2009, the Group operated with practically zero profit, incurring a net loss of 0.6 million kroons (0.04 million euros). Compared with the net profit of 44.9 million kroons (2.9 million euros) earned in the first quarter of 2008, the net result has shrunk considerably. The decrease results largely from a decline in the profitability of construction contracts. In ordinary circumstances, the lower than average profitability in the first quarter has resulted from seasonal factors that impact mainly the road construction business. In the current situation, however, this has been accompanied by exceptionally weak demand in the buildings construction sector, which has triggered fierce competition and, accordingly, a steep decrease in relevant associated margins. In addition, consolidated net profit has been influenced by distribution and administrative expenses (particularly non-recurring restructuring expenditures) that have not decreased at the same pace as the margins of construction contracts.

The key profitability ratios monitored by the Group's management are following the same trends that emerged in the last quarter of 2008 owing to 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 first quarter gross margin to 6.2 per cent, a two-fold decrease from the 13.1 per cent posted for the first quarter 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.

The operating loss of 3.5 million kroons (0.2 million euros) was anticipated. The restructuring of the Group (see *Changes in the Group's management structure and operations in 2009*) and downsizing (see *People*) triggered exceptional expenses that will not recur in the next period. As a result, the ratio of administrative expenses to revenue rose to 6.3 per cent (Q1 2008: 5.6 per cent), surpassing the 5 per cent limit set by management. The Group remains committed to the decision that during the period 2009-2010 the cost base should be reduced by up to 30 per cent compared with 2007-2008 and will act resolutely to achieve this.

Cash flows

The Group's net operating cash flow was negative at 79.7 million kroons (5.1 million euros), reflecting developments in the markets where the Group operates. Contractual settlement terms have lengthened (particularly as regards the public sector projects) and the overall economic situation is causing difficulties that delay settlement past the agreed due dates. Receipts from customers exceed disbursements to suppliers but not enough to render the net operating cash flow positive.

Investing activities of the first quarter of 2009 resulted in a net outflow of 75.2 million kroons (4.8 million euros) compared with a net outflow of 164.6 million kroons (10.5 million euros) for the first quarter of 2008. The largest outflow resulted from lending activities (net outflow 47.7 million kroons or 3.0 million euros) that are becoming common especially in the Estonian construction market where potential customers view not only the banks but also the builders as potential co-financiers during the construction period. Compared with a year ago, investments in other companies have decreased significantly. If in the first quarter of 2008 investments in other companies (mainly for the interest in AS Eston Ehitus) totalled 195.4 million kroons (12.5 million euros), then in the first quarter of 2009 investments in subsidiaries, associates and joint ventures totalled 32.8 million kroons (2.1 million euros).

Financing activities generated net inflow of 38.2 million kroons (2.4 million euros). The corresponding figure for the first quarter of 2008 was inflow of 265.1 million kroons (16.9 million euros). The net amount of loans received and repaid through financing activities was positive at 59.3 million kroons (3.8 million kroons) against the also positive net result of 284.3 million kroons (18.2 million euros) for the first quarter of 2008.

In the first quarter of 2009, the Group's cash and cash equivalents decreased by 116.6 million kroons (7.5 million euros) whereas in the first quarter of 2008 cash and cash equivalents grew by 136.4 million kroons (8.7 million euros).

At 31 March 2009, the Group's cash and cash equivalents stood at 179.6 million kroons (11.5 million euros) against 372.5 million kroons (23.8 million euros) at 31 March 2008. Considering that as a rule the first and fourth quarters are periods in which operating cash flow is more influenced by disbursements than receipts, management believes that the Group's cash and cash equivalents are sufficient to ensure the Group's liquidity throughout the remainder of the year. On the other hand, the size of the Group's available cash funds depends directly on whether the banks' agree to extend the Group's short-term credit limits.

Key financial figures and ratios

Figure / ratio	**Q1 2009**	**Q1 2008**	**Q1 2007**	**2008**
Weighted average number of shares	30,756,728	30,756,728	30,756,728	30,756,728
Earnings per share (in kroons)	0.23	1.50	0.96	4.73
Earnings per share (in euros)	0.01	0.10	0.06	0.30
Revenue growth	-23.6%	38.2%	63.8%	3.1%
Average number of employees	1,223	1,102	1,009	1,232
Revenue per employee (in thousands of kroons)	483	702	555	3,140
Revenue per employee (in thousands of euros)	31	45	35	201
Personnel expenses to revenue, %	16.7%	13.6%	13.3%	12.7%
Administrative expenses to revenue, %	6.3%	5.6%	5.3%	4.7%
EBITDA (in thousands of kroons)	14,813	77,166	51,619	281,161
EBITDA (in thousands of euros)	947	4,932	3,299	17,969
EBITDA margin, %	2.5%	10.0%	9.2%	7.3%
Gross margin, %	6.2%	13.1%	11.8%	9.3%
Operating margin, %	-0.6%	7.9%	6.7%	5.4%
Operating margin excluding gains on asset sales, %	-0.7%	7.6%	6.2%	5.3%
Net margin, %	-0.1%	5.8%	5.6%	4.4%
Return on invested capital, %	0.5%	3.9%	5.6%	19.1%
Return on assets, %	-0.2%	2.8%	2.6%	9.1%
Return on equity, %	-0.1%	5.4%	6.1%	20.5%
Equity ratio, %	37.5%	38.0%	37.8%	36.5%
Gearing, %	31.8%	18.9%	18.9%	18.2%
Current ratio	1.28	1.65	1.41	1.33
	31 March 2009	**31 March 2008**	**31 March 2007**	**31 December 2008**
Order backlog (in thousands of kroons)	1,714,175	3,368,680	3,197,000	2,220,748
Order backlog (in thousands of euros)	109,556	215,298	204,326	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

In the first quarter of 2009, revenue earned outside Estonia accounted for 17 per cent of consolidated revenue against approximately 18 per cent a year ago. The Group has expanded operations in Latvia. In the first quarter of 2009, Latvian revenue accounted for more than 10 per cent of the total while in 2008 (full year) the proportion was 6 per cent.

At the same time, the contribution of Ukrainian revenues has dropped to 3 per cent. The downturn is attributable to the completion of major projects started in the preceding period and the complexity of entering into new contracts in the current steep recession. Lithuanian revenues have remained stable at 2 per cent of the total.

Geographical market	Q1 2009	Q1 2008	Q1 2007	2008
Estonia	82.7%	81.9%	83.3%	80.3%
Ukraine	3.2%	16.2%	16.7%	11.4%
Latvia	12.2%	0%	0%	5.9%
Lithuania	1.8%	1.9%	0%	2.4%

Revenue distribution across different geographical areas is a consistently deployed strategy aimed at mitigating the risks arising from undue reliance on a single market. In addition, increasing the proportion of revenue earned outside Estonia is one of the Group's strategic objectives – in 2013 the Group expects to earn half of its revenue outside Estonia.

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 quarter of 2009 was 590.7 million kroons (37.8 million euros), a 24 per cent decrease from the 773.5 million kroons (49.4 million euros) generated in the first quarter of 2008. Revenue has decreased mainly on account of shrinkage in demand in all the Group's markets. In addition, the absolute revenue figure has been impacted by stiff competition that has lowered the construction prices (see further explanations and expectations for the future in *Outlooks of the geographical markets where the Group operates*).

The Group tries 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 estimates of demand for apartments, the proportion of housing construction revenue from apartment buildings is will remain within the strategically defined 20 per cent.

Segment revenue

It is quite common for the construction business that in the first quarter the revenue generated by the Buildings segment is larger than that of Infrastructure. However, compared with the first quarter of 2008, revenue distribution between the primary segments has become more even. This results from the situation in the construction market (particularly in Estonia) that has been causing the order backlog of the Infrastructure segment to grow at a faster pace than that of the Buildings segment already since the second quarter of 2008.

In the first quarter of 2009, the Buildings segment generated 339.5 million kroons (21.7 million euros) and the Infrastructure segment 246.5 million kroons (15.8 million euros) of the Group's construction contract revenue. The corresponding figures for the first quarter of 2008 were 630.1 million kroons and 140.6 million kroons (40.3 million euros and 9.0 million euros) respectively. In response to market developments, the revenue of the Buildings segment has declined and that of the Infrastructure segment has grown. However, the approximately 100-million kroon (6.4-million euro) growth in the Infrastructure segment is not wholly organic but includes also the Latvian revenue which in the first quarter of 2008 was not yet consolidated.

Revenue distribution between segments*

Business segment	Q1 2009	Q1 2008	Q1 2007	2008
Buildings	58%	80%	55%	63%
Infrastructure	42%	20%	45%	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 believes that because of the market situation the proportion of revenue generated by the Infrastructure segment will increase in 2009. The assessment is supported by the Group's order backlog as at 31 March 2009 where the contracts of the Infrastructure segment surpass those of the Buildings segment (see *Order backlog*).

Revenue distribution within segments

Within the Buildings segment, revenue distribution has remained similar to prior periods, with commercial buildings accounting for over 50 per cent of the segment's revenue. As anticipated, revenue from the construction of industrial and warehouse facilities and apartment buildings has decreased. Due to favourable construction prices, the proportion of revenue from the construction of public buildings might increase through potential local government investment in schools, nursery schools and other public buildings although such investment plans may be undermined by financing difficulties.

Revenue distribution in the Buildings segment	Q1 2009	Q1 2008	Q1 2007	2008
Commercial buildings	75%	63%	50%	59%
Industrial and warehouse facilities	8%	14%	14%	16%
Public buildings	12%	15%	18%	14%
Apartment buildings	4%	8%	18%	11%

In absolute terms, the revenue of the Infrastructure segment has grown almost two-fold year-over-year and this has changed revenue distribution within the segment. The strong growth in port construction and environmental engineering revenues has increased the proportions of relevant sub-segments.

Revenue distribution in the Infrastructure segment	Q1 2009	Q1 2008	Q1 2007	2008
Road construction and maintenance	20%	41%	24%	45%
Port construction	22%	11%	58%	24%
Environmental engineering	17%	5%	18%	6%
Other engineering	41%	43%	-	25%

Order backlog

At 31 March 2009, the Group's order backlog was 1,714 million kroons (110 million euros), an almost 50 per cent decrease compared with the 3,369 million kroons (215 million euros) posted a year ago.

	31 March 2009	31 March 2008	31 March 2007	31 December 2008
Order backlog, in thousands of kroons	1,714,175	3,368,680	3,197,000	2,220,748
Order backlog, in thousands of euros	109,556	215,298	204,326	141,932

In the Infrastructure segment, the order backlog has been growing year-over-year. At 31 March 2009, the backlog of the Infrastructure segment accounted for 65 per cent of the Group's total backlog portfolio (31 March 2008: 35 per cent), reflecting the situation in the construction market where the shrinkage in the Buildings segment has been considerably faster than the growth in the Infrastructure segment. In absolute terms, the backlog has been severely influenced by a major fall in construction prices.

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 both in terms of career opportunities and the nature of the work.

People and personnel expenses

In the first quarter of 2009 the Group (including the parent and the subsidiaries) employed, on average, 1,223 people including around 500 engineers and other technical personnel. The proportion of engineers and technical personnel (ETP) has increased over the past couple of years due to business growth. Compared with a year ago, the number of staff has increased by approximately 100 mainly on account of the acquisition of the Latvian company SIA LCB at the beginning of 2009. However, since the end of 2008 the growth curve has been declining in connection with downsizing instigated by a significant decrease in business.

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

Period	ETP	Workers	Total average
Q1 2009	499	724	**1,223**
Q1 2008	456	646	**1,102**
Q1 2007	396	613	**1,009**
2008	511	721	**1,232**

The Group's personnel expenses for the first quarter of 2009, including associated taxes, totalled 98.5 million kroons (6.3 million euros), a 7 per cent decrease on the 105.4 million kroons (6.7 million euros) incurred in the first quarter of 2008. At the same time, the number of staff has increased by 11 per cent.

The decrease in personnel expenses despite growth in the number of staff results from the reduction of basic salaries. Employee salaries have been reduced at all Group entities; the salaries of engineers and other technical staff have been cut by 15 per cent on average. The performance pay of project staff that is directly related to the projects' profit margins has also declined.

Owing to the overall economic situation and the slump in the construction market, in the first quarter of 2009 Group entities terminated employment relations with approximately 240 people.

In the first quarter of 2009, the remuneration of the members of the council of Nordecon International AS amounted to 270 thousand kroons (17 thousand euros). The corresponding figure for the first quarter of 2008 was also 270 thousand kroons (17 thousand euros). The remuneration and benefits of the members of the board of Nordecon International AS totalled 611 thousand kroons (39 thousand euros) compared with 2,575 thousand kroons (165 thousand euros) a year ago. The differences in the remuneration of the board stem from the fact that since 5 January 2009 the board has 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 per cent 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 general meetings of Nordecon International AS.

Movements in the price and traded volume of the Nordecon International share in Q1 2009

In Estonian kroons (EEK)

In euros (EUR)

Summarised trading results

Share trading history (EEK)

Price	**Q1 2009**	**Q1 2008**	**Q1 2007**
Open	16.43	76.51	166.64
High	20.34	76.51	224.53
Low	8.61	58.05	156.94
Last closing price	9.7	61.02	189.32
Traded volume	881,595	759,958	1,745,628
Turnover, millions	10.6	49.7	321.6
Listed volume (31 March), thousands	30,757	30,757	15,378
Market capitalisation (31 March), millions	298.34	1,876.79	2,911.36

Share trading history (EUR)

Price	**Q1 2009**	**Q1 2008**	**Q1 2007**
Open	1.05	4.89	10.65
High	1.30	4.89	14.35
Low	0.55	3.71	10.03
Last closing price	0.62	3.90	12.10
Traded volume	881,595	759,958	1,745,628
Turnover, millions	0.68	3.18	20.55
Listed volume (31 March), thousands	30,757	30,757	15,378
Market capitalisation (31 March), millions	19.07	119.95	186.07

Shareholder structure

The largest shareholders of Nordecon International AS at 31 March 2009:

Shareholder	**Number of shares**	**Ownership interest**
AS Nordic Contractors	18,807,464	61.15%
ING Luxembourg S.A.	1,111,853	3.61%
Ain Tromp	678,960	2.21%
ASM Investments OÜ	519,600	1.69%
JP Morgan Chase Bank/ Dekabank Deutche Girozentrale	500,000	1.63%
Skandinaviska Enskilda Banken Ab Clients	456,758	1.49%
State Street Bank & Trust Co.	355,199	1.15%
The Bank of New York Mellon	353,323	1.15%
Aivo Kont	339,480	1.10%
Raul Rebane	316,104	1.03%

Shareholder structure at 31 March 2009 according to the Estonian Central Register of Securities:

	Number of shareholders	**Ownership interest**
Shareholders with interest exceeding 5%	1	61.15%
Shareholders with interest between 1% and 5%	9	15.06%
Shareholders with interest below 1%	1,720	23.79%
Total	**1,730**	**100.00%**

Shares controlled by members of the council and board of Nordecon International AS at 31 March 2009:

Council		**Number of shares**	**Ownership interest**
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	18,979,144	61.71%
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	34,000	0.11%
Tiina Mõis	Member of the Council	0	0.00%
Meelis Milder	Member of the Council	0	0.00%

* Companies controlled by the individual

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.

Outlooks of the geographical markets where the Group operates

Estonia

According to management's assessment, 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 corporate and individual customers. The Group's management estimates that by 2010 the total volumes of the construction market will have decreased 50 per cent compared with 2008
- The number of development and buildings construction companies will decrease (market consolidation). Buildings construction companies 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 the 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.
- Construction projects' financing schemes will change (customers' settlement terms will extend significantly) and additional requirements to the financing provided by general contractors during the construction period will impose 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 per cent (by cutting personnel expenses by 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

Latvia and Lithuania

Despite the difficulties in the Latvian political and monetary systems, the volumes of various infrastructure projects financed by the state and local government with the support of EU funding will remain stable or, hopefully, will even increase (such as projects for the rehabilitation of the water supply and central heating systems). Construction activities will be mainly affected by the situation of the financing institutions, a significant decrease in private sector demand, still high inflation and heightening competition.

Recent economic developments in Lithuania have been similar to the ones in the other Baltic countries. Pressure on the state budget and national currency, slowdown in investment both in the public and private sectors and similar factors directly influence the construction market. The commercial and residential construction (the Group as a general contractor not a developer) market has contracted visibly and the situation remains strained. Other relevant risks include the stability of banks, increasing competition and the impact of inflation on the construction prices.

The Group’s management has suspended major decisions and 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 operation in the Latvian and Lithuanian markets in the light of developments in the external environment and is prepared to revise the current plans swiftly and decisively.

In view of the situation in the Lithuanian construction market and the prospects of the Lithuanian economy, the Group is also considering the alternative of revising its current action plan in 2009 and does not rule out the possibility of downscaling the Lithuanian operations temporarily should this prove reasonable and justified.

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 longer term the two markets will have a logical place in the Group’s internationalisation.

Ukraine

In Ukraine, the Group will continue acting as a general contractor and project manager in the construction of commercial buildings and production facilities. Activities on development projects that require major investment have been suspended 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 government and the judicial system, inflation, and the availability of quality construction inputs. Since October 2008 the Ukrainian monetary and banking systems have been under severe pressure. The Ukrainian national currency hryvna (UAH) has weakened significantly against both the US dollar and the euro, which is causing substantial foreign exchange losses for foreign companies operating in Ukraine that have not hedged their currency risk exposures.

Nevertheless, the Group is confident 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 along 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 regarding general contracting and project management in the construction business, which will improve the Group’s position in the long term considerably.

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 31 March 2009 the provisions (including current and non-current ones) totalled 13.9 million kroons (0.9 million euros). The corresponding figure at 31 March 2008 was 11.2 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 practice was good. However, the customers' settlement behaviour has changed. The proportion of overdue receivables has increased somewhat, increasing the probability of credit losses in subsequent periods. In accordance with the Group's accounting policies, all receivables that are more than 180 days overdue are recognised as an expense.

In the first quarter of 2009, the net loss on doubtful receivables amounted to 0.9 million kroons (0.1 million euros). In the first quarter of 2008, income from the recovery of previously expensed receivables surpassed losses from the write-down of receivables, yielding net gain of 0.2 million kroons (0.01 million euros).

Liquidity risks

Free funds are placed in overnight or fixed-interest term deposits with the largest banks in Estonia. 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 1.28-fold (31 March 2008: 1.65) and available cash totalled 179.6 million kroons (11.5 million euros) (31 March 2008: 372.5 million kroons or 23.8 million euros). Together with unused overdraft facilities, the cash balances provide a sufficient liquidity buffer for conducting operations in an economic environment which is more uncertain than in the previous year.

Interest rate risks

The loans taken by Group companies from banks operating in Estonia, Latvia and Ukraine have mainly fixed interest rates. Finance lease contracts have floating interest rates and are linked to EURIBOR. By the end of the reporting period, the Group's interest-bearing loans and borrowings have increased by 8.3 million kroons (0.5 million euros) year-over-year to 665.8 million kroons (42.6 million euros). Interest expense for the first quarter of 2009 amounted to 8.4 million kroons (0.5 million euros). Compared with the first quarter of 2008, the size of interest expense has remained stable despite growth in loans and borrowings. This has been possible thanks to a decline in the EURIBOR base rate.

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). A significant proportion of services purchased from other countries are priced in the euro, which does not constitute a currency risk for the Group's Estonian, Latvian and Lithuanian entities.

In the last quarter of 2008, the Ukrainian economy and its national currency (the Ukrainian hryvna / UAH) were seriously hit by the global financial crisis. The exchange rate of the local currency that was not officially pegged to any international currency was deeply impacted by a decrease in exports and foreign investment and concerns about the general reliability of the Ukrainian banking system. Despite counter-measures, the local central bank was unable to maintain a stable exchange rate for the Ukrainian hryvna and in 2008 the latter weakened against the US dollar and the euro by more than 30 per cent year-over-year.

In 2009 the weakening of the Ukrainian hryvna against the euro has stopped and in the first quarter of 2009 the Group's exchange losses (including the ones recognised in finance expenses and other operating expenses) totalled 0.2 million kroons (0.01 million euros). The net result of exchange differences (including exchange gains) on the Group's result of operations was gain of 2.1 million kroons (0.1 million euros).

The board confirms that the Directors' report presents fairly the development, financial performance and financial position of the company and the Group and provides an overview of the main risks and uncertainties.

Jaano Vink	Chairman of the Board	12 May 2009
Sulev Luiga	Member of the Board	12 May 2009
Priit Tiru	Member of the Board	12 May 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) as at and for the period ended 31 March 2009 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 (12 May 2009) have been properly recognised and disclosed.
- Nordecon International AS and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board	12 May 2009
Sulev Luiga	Member of the Board	12 May 2009
Priit Tiru	Member of the Board	12 May 2009

Condensed consolidated interim statement of financial position

EEK '000	Note	31 March 2009	31 March 2008	31 December 2008
ASSETS				
Current assets				
Cash and cash equivalents		179,643	372,537	296,184
Trade receivables	2	443,126	359,718	473,935
Other receivables and prepayments	3	414,134	245,195	408,541
Deferred tax assets		776	1,905	776
Income tax assets		0	0	3,207
Inventories	4	443,553	431,055	386,733
Non-current assets held for sale		0	43,362	0
Total current assets		**1,481,232**	**1,453,772**	**1,569,376**
Non-current assets				
Long-term investments	6	121,960	91,828	112,605
Investment property		116,783	133,753	116,783
Property, plant and equipment	7	253,140	276,167	263,295
Intangible assets	8	332,869	290,356	305,188
Total non-current assets		**824,752**	**792,104**	**797,871**
TOTAL ASSETS		2,305,984	2,245,876	2,367,247
LIABILITIES				
Current liabilities				
Interest-bearing loans and borrowings	10	332,295	151,184	235,948
Trade payables		319,687	291,656	439,615
Taxes payable		52,658	48,411	65,760
Other payables	11	384,488	382,168	423,270
Provisions	12	9,903	8,078	11,600
Total current liabilities		**1,099,031**	**881,497**	**1,176,193**
Non-current liabilities				
Interest-bearing loans and borrowings	10	333,474	506,308	318,578
Other liabilities		4,258	761	2,534
Provisions	12	4,022	3,739	6,630
Total non-current liabilities		**341,754**	**510,808**	**327,742**
TOTAL LIABILITIES		**1,440,785**	**1,392,305**	**1,503,935**
EQUITY				
Share capital	13	307,567	307,567	307,567
Statutory capital reserve		34,800	21,426	34,800
Translation reserve		-2,714	4,574	-4,106
Retained earnings		434,033	432,937	426,995
Equity attributable to owners of the parent		**773,686**	**766,504**	**765,256**
Non-controlling interests		**91,513**	**87,067**	**98,056**
TOTAL EQUITY		865,199	853,571	863,312
TOTAL LIABILITIES AND EQUITY		2,305,984	2,245,876	2,367,247

Condensed consolidated interim statement of financial position

EUR '000	Note	31 March 2009	31 March 2008	31 December 2008
ASSETS				
Current assets				
Cash and cash equivalents		11,481	23,810	18,930
Trade receivables	2	28,321	22,990	30,290
Other receivables and prepayments	3	26,468	15,670	26,110
Deferred tax assets		50	123	50
Income tax assets		0	0	205
Inventories	4	28,348	27,549	24,717
Non-current assets held for sale		0	2,771	0
Total current assets		**94,668**	**92,913**	**100,301**
Non-current assets				
Long-term investments	6	7,795	5,869	7,197
Investment property		7,464	8,548	7,464
Property, plant and equipment	7	16,178	17,650	16,828
Intangible assets	8	21,274	18,557	19,505
Total non-current assets		**52,711**	**50,625**	**50,993**
TOTAL ASSETS		147,379	143,538	151,295
LIABILITIES				
Current liabilities				
Interest-bearing loans and borrowings	10	21,238	9,662	15,080
Trade payables		20,432	18,640	28,096
Taxes payable		3,364	3,094	4,203
Other payables	11	24,574	24,425	27,052
Provisions	12	633	516	741
Total current liabilities		**70,241**	**56,338**	**75,172**
Non-current liabilities				
Interest-bearing loans and borrowings	10	21,313	32,359	20,361
Other liabilities		272	49	162
Provisions	12	257	239	424
Total non-current liabilities		**21,842**	**32,647**	**20,947**
TOTAL LIABILITIES		**92,083**	**88,985**	**96,119**
EQUITY				
Share capital	13	19,657	19,657	19,657
Statutory capital reserve		2,224	1,369	2,224
Translation reserve		-173	292	-262
Retained earnings		27,740	27,670	27,290
Equity attributable to owners of the parent		**49,448**	**48,989**	**48,909**
Non-controlling interests		**5,849**	**5,565**	**6,267**
TOTAL EQUITY		55,296	54,553	55,176
TOTAL LIABILITIES AND EQUITY		147,379	143,538	151,295

Condensed consolidated interim statement of comprehensive income

EEK ’000	Note	Q1 2009	Q1 2008	2008
Revenue	15;16	590,664	773,510	3,867,917
Cost of sales	17	553,809	672,156	3,510,006
Gross profit		**36,855**	**101,354**	**357,911**
Distribution expenses		2,223	827	8,007
Administrative expenses	18	37,404	43,493	182,526
Other operating income	19	1,689	7,122	63,947
Other operating expenses	19	2,423	3,113	22,845
Operating profit / loss		**-3,506**	**61,043**	**208,480**
Finance income	20	18,775	4,559	96,877
Finance expenses	20	13,782	19,851	68,019
Net finance income / expense		4,993	-15,292	28,858
Share of profit of equity accounted investees		0	16	17
Share of loss of equity accounted investees		2,644	728	24,770
Net share of profit and loss of equity accounted investees		-2,644	-712	-24,753
Profit / loss before income tax		-1,157	45,039	212,585
Income tax expense	21	-618	145	41,269
Profit / loss for the period		**-539**	**44,894**	**171,316**
Other comprehensive income:				
Exchange differences on translating foreign operations		-1,480	2,331	-6,371
Other comprehensive income for the period		-1,480	2,331	-6,371
Total comprehensive income for the period		**-2,019**	**47,225**	**164,945**

Profit / loss attributable to:				
- Owners of the parent		7,046	46,138	145,580
- Non-controlling interests		-7,585	-1,244	25,736
		-539	44,894	171,316
Total comprehensive income attributable to:				
- Owners of the parent		8,438	48,358	139,120
- Non-controlling interests		-10,457	-1,133	25,825
		-2,019	47,225	164,945
Earnings per share attributable to owners of the parent:				
Basic earning s per share	13	0.23	1.50	4.73
Diluted earnings per share	13	0.23	1.50	4.73

Condensed consolidated interim statement of comprehensive income

EUR '000	Note	Q1 2009	Q1 2008	2008
Revenue	15;16	37,750	49,436	247,205
Cost of sales	17	35,395	42,959	224,330
Gross profit		**2,355**	**6,478**	**22,875**
Distribution expenses		142	53	512
Administrative expenses	18	2,391	2,780	11,666
Other operating income	19	108	455	4,087
Other operating expenses	19	155	199	1,460
Operating profit / loss		**-224**	**3,901**	**13,324**
Finance income	20	1,200	291	6,192
Finance expenses	20	881	1,269	4,347
Net finance income / expense		319	-977	1,844
Share of profit of equity accounted investees		0	1	1
Share of loss of equity accounted investees		169	47	1,583
Net share of profit and loss of equity accounted investees		-169	-46	-1,582
Profit / loss before income tax		-74	2,879	13,587
Income tax expense	21	-39	9	2,638
Profit / loss for the period		**-34**	**2,869**	**10,949**
Other comprehensive income:				
Exchange differences on translating foreign operations		-95	149	-407
Other comprehensive income for the period		-95	149	-407
Total comprehensive income for the period		**-129**	**3,018**	**10,542**

Profit / loss attributable to:				
- Owners of the parent		451	2,949	9,304
- Non-controlling interests		-485	-80	1,645
		-34	2,869	10,949
Total comprehensive income attributable to:				
- Owners of the parent		539	3,090	8,891
- Non-controlling interests		-668	-72	1,651
		-129	3,018	10,542
Earnings per share attributable to owners of the parent:				
Basic earning s per share	13	0.01	0.10	0.30
Diluted earnings per share	13	0.01	0.10	0.30

Condensed consolidated interim statement of cash flows

		EEK '000		EUR '000	
	Note	**Q1 2009**	**Q1 2008**	**Q1 2009**	**Q1 2008**
Cash flows from operating activities					
Cash receipts from customers		661,510	1,041,501	42,278	66,564
Cash paid to suppliers		-608,644	-869,455	-38,899	-55,568
Cash paid to and for employees		-126,515	-136,073	-8,086	-8,697
Income taxes paid		-6,002	-20	-384	-1
Net cash used in / from operating activities		**-79,651**	**35,953**	**-5,091**	**2,298**
Cash flows from investing activities					
Acquisition of property, plant and equipment		-530	-2,473	-34	-158
Acquisition of intangible assets		-7,500	-464	-479	-30
Proceeds from sale of property, plant and equipment and intangible assets		1,130	3,342	72	214
Acquisition of subsidiaries, net of cash acquired		-6,776	-194,719	433	12,444
Proceeds from disposal of subsidiaries		0	1,482	0	95
Acquisition of associates	5	-6,000	0	-383	0
Proceeds from disposal of associates	5	6,724	0	430	0
Acquisition of interests in joint ventures	5	-20,000	0	-1,279	0
Loans granted		-53,747	-7,973	-3,435	-510
Repayment of loans granted		6,092	31,111	389	1,988
Interest received		5,457	5,099	349	326
Net cash used in investing activities		**-75,150**	**-164,595**	**-4,803**	**-10,520**
Cash flows from financing activities					
Proceeds from loans received		122,911	333,701	7,855	21,327
Repayment of loans received		-63,576	-49,421	-4,063	-3,159
Payment of finance lease liabilities		-12,462	-13,499	-796	-863
Interest paid		-8,374	-5,693	-535	-364
Other payments made		-315	0	-20	0
Net cash from financing activities		**38,184**	**265,088**	**2,440**	**16,942**
Net cash flow		**-116,617**	**136,446**	**-7,454**	**8,720**
Cash and cash equivalents at beginning of period		296,184	236,112	18,930	15,089
Effect of exchange rate fluctuations		76	-20	5	-1
Decrease / increase in cash and cash equivalents		-116,617	136,446	-7,454	8,720
Cash and cash equivalents at end of period		179,643	372,538	11,481	23,810

Condensed consolidated interim statement of changes in equity

EEK '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	**307,567**	**11,766**	**2,354**	**397,810**	**719,497**	**90,095**	**809,592**
Total comprehensive income for the period	0	0	2,220	46,138	48,358	-1,133	47,225
Transfer to capital reserve	0	9,660	0	-9,660	0	0	0
Changes in non-controlling interests	0	0	0	-1,351	-1,351	-1,895	-3,246
Balance at 31 March 2008	**307,567**	**21,426**	**4,574**	**432,937**	**766,504**	**87,067**	**853,571**
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	1,392	7,046	8,438	-10,457	-2,019
Changes in non-controlling interests	0	0	0	-8	-8	3,914	3,906
Balance at 31 March 2009	**307,567**	**34,800**	**-2,714**	**434,033**	**773,686**	**91,513**	**865,199**

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**	**142**	**2,949**	**3,091**	**-72**	**3,018**
Transfer to capital reserve	0	617	0	-617	0	0	0
Changes in non-controlling interests	0	0	0	-86	-86	-121	-207
Balance at 31 March 2008	**19,657**	**1,369**	**292**	**27,670**	**48,989**	**5,565**	**54,553**
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	89	450	539	-668	-129
Changes in non-controlling interests	0	0	0	-1	-1	250	249
Balance at 31 March 2009	**19,657**	**2,224**	**-173**	**27,739**	**49,447**	**5,849**	**55,296**

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 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 61.15 per cent of the shares in Nordecon International AS.

The business name of AS Eesti Ehitus was changed by an extraordinary general meeting of the Company's shareholders on 26 March 2009. The extraordinary general meeting decided that the Company's new business name should be 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 as at and for the three months ended 31 March 2009 have been prepared in accordance with the 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 that has to be presented in the annual financial statements and they should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 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 first quarter 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 the condensed consolidated interim 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.

The 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 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.

<u>New and revised standards effective as at 1 January 2009 and their impact on the Group's financial statements:</u>

- 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)

NOTE 2. Trade receivables

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Trade receivables	451,244	377,276	28,840	24,112
Allowance for impairment	-8,117	-17,558	-519	-1,122
Total trade receivables	**443,126**	**359,718**	**28,321**	**22,990**

NOTE 3. Other receivables and prepayments

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Receivables from companies of AS Nordic Contractors Group	77,236	43,339	4,936	2,770
Receivables from associates	36,448	23,351	2,329	1,492
Miscellaneous receivables	116,562	74,055	7,450	4,733
Due from customers for contract work	146,504	75,876	9,363	4,849
Accrued income	1,269	3,149	81	201
Prepaid taxes	26,139	8,070	1,671	516
Prepayments for services	9,976	17,355	638	1,109
Total other receivables and prepayments	**414,134**	**245,195**	**26,468**	**15,670**

Receivables from companies of AS Nordic Contractors Group comprise receivables related to the performance of construction contracts. Receivables from associates comprise loans granted, associated interest receivables and accounts receivable. Miscellaneous receivables represent construction contract retentions receivable in 2009 and loans to legal persons. Due from customers for contract work is related to accounting for construction work in progress.

NOTE 4. Inventories

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Raw and other materials	47,867	28,467	3,059	1,819
Work in progress	46,868	231,399	2,995	14,789
Property held for resale	189,679	132,419	12,123	8,463
Finished goods	133,621	0	8,540	0
Prepayments to materials suppliers	25,518	38,770	1,631	2,478
Total inventories	**443,553**	**431,055**	**28,348**	**27,549**

Raw and other materials of 47,867 thousand kroons (3,059 thousand euros) comprise materials acquired for construction projects. Work in progress comprises the costs related to construction contracts in progress at the reporting date (the costs incurred in respect of apartment houses under construction) of 46,868 thousand kroons (2,995 thousand euros). Property held for resale comprises registered immovable properties of 189,679 thousand kroons (12,123 thousand euros) acquired for residential construction purposes. Finished goods comprise unsold apartments.

NOTE 5. Transactions with investments in subsidiaries, associates and joint ventures

Acquisition of a stake in OÜ Kalda Kodu

On 9 January 2009, Nordecon International AS acquired a 56 per cent 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 until 2010 (inclusive).

The remaining 44 per cent of OÜ Kalda Kodu belongs to AS Eston Ehitus (a 52 per cent subsidiary of Nordecon International AS). Through its direct and indirect holdings, Nordecon International AS has a 78.9 per cent interest in OÜ Kalda Kodu. The negative goodwill on the acquisition has been recognised in 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 per cent), completed the acquisition of a 75 per cent stake in the Latvian company SIA LCB. The cost of the investment was 23,470 thousand kroons (1,500 thousand euros).

Net assets of SIA LCB at the date of acquisition:

	EEK '000			EUR '000		
	Pre-acquisition carrying amount	Total fair value (100%)	Recognised value on acquisition (75%)	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 31 March 2009			7,750			495

Transactions with non-controlling interests

Acquisition of a stake in OÜ DSN Ehitusmasinad

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

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 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 a share purchase agreement under which Nordecon Ehitus AS acquired from AS Arealis its 50 per cent 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 the 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 Mapri Projekt 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 the sale of the investment in the associate TOV Passage Theatre.

NOTE 6. Long-term investments

	EEK ’000		EUR ’000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Investments in associates	7,213	33,556	461	2,145
Long-term receivables from associates	113,014	45,416	7,223	2,903
Other long-term investments	831	414	53	26
Long-term trade receivables	703	5,992	45	383
Miscellaneous long-term receivables	199	6,450	13	412
Total long-term investments	**121,960**	**91,828**	**7,795**	**5,869**

Long-term receivables from associates comprise the long-term portion of loans granted to associates and associated interest receivables.

NOTE 7. Property, plant and equipment

EEK ’000	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Total
Cost					
At 1 January 2009	36,784	366,666	57,061	1,828	462,339
Acquisitions through business combinations	0	4,954	771	0	5,725
Additions	0	111	519	1,103	1,733
Disposals	0	-2,205	-41	0	-2,246
Effect of movements in exchange rates	10	58	154	0	222
At 31 March 2009	**36,794**	**369,584**	**58,464**	**2,931**	**467,773**
Depreciation					
At 1 January 2009	2,277	167,580	29,187	0	199,044
Depreciation charge for the period	325	15,489	1,664	0	17,478
Disposals	0	-1,926	-173	0	-2,099
Effect of movements in exchange rates	0	93	117	0	210
At 31 March 2009	**2,602**	**181,236**	**30,795**	**0**	**214,633**
Carrying amount					
At 1 January 2009	34,507	199,086	27,874	1,828	263,295
At 31 March 2009	**34,192**	**188,349**	**27,668**	**2,931**	**253,140**

EUR '000	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Total
Cost					
At 1 January 2009	2,351	23,434	3,647	117	29,549
Acquisitions through business combinations	0	317	49	0	366
Additions	0	7	33	70	111
Disposals	0	-141	-3	0	-144
Effect of movements in exchange rates	0	4	10	0	14
At 31 March 2009	**2,351**	**23,621**	**3,736**	**187**	**29,896**
Depreciation					
At 1 January 2009	146	10,710	1,865	0	12,721
Depreciation charge for the period	21	990	106	0	1,117
Disposals	0	-123	-11	0	-134
Effect of movements in exchange rates	0	6	7	0	13
At 31 March 2009	**167**	**11,583**	**1,967**	**0**	**13,717**
Carrying amount					
At 1 January 2009	2,205	12,724	1,781	117	16,828
At 31 March 2009	**2,185**	**12,038**	**1,768**	**187**	**16,178**

NOTE 8. Intangible assets

EEK '000	Goodwill	Software licences	Trademarks	Development costs	Total
Cost					
At 1 January 2009	295,304	1,701	10,000	4,645	311,650
Acquisitions through business combinations	20,922	0	0	0	20,922
Acquisitions	0	144	7,500	0	7,644
Effect of movements in exchange rates	-16	1	0	0	-15
At 31 March 2009	**316,210**	**1,846**	**17,500**	**4,645**	**340,201**
Amortisation					
At 1 January 2009	0	962	5,500	0	6,462
Amortisation charge for the period	0	113	756	0	869
Effect of movements in exchange rates	0	1	0	0	1
At 31 March 2009	**0**	**1,076**	**6,256**	**0**	**7,332**
Carrying amount					
At 1 January 2009	295,304	739	4,500	4,645	305,188
At 31 March 2009	**316,210**	**770**	**11,244**	**4,645**	**332,869**

EUR '000	Goodwill	Software licences	Trademarks	Development costs	Total
Cost					
At 1 January 2009	18,873	109	639	297	19,918
Acquisitions through business combinations	1,337	0	0	0	1,337
Acquisitions	0	9	479	0	488
Effect of movements in exchange rates	-1	0	0	0	-1
At 31 March 2009	**20,209**	**118**	**1,118**	**297**	**21,742**
Amortisation					
At 1 January 2009	0	61	352	0	413
Amortisation charge for the period	0	7	48	0	55
Effect of movements in exchange rates	0	0	0	0	0
At 31 March 2009	**0**	**68**	**400**	**0**	**468**
Carrying amount					
At 1 January 2009	18,873	47	288	297	19,505
At 31 March 2009	**20,209**	**49**	**719**	**297**	**21,274**

NOTE 9. Finance and operating leases

	EEK '000		EUR '000	
Finance lease liability at 31 March	**2009**	**2008**	**2009**	**2008**
Payable in less than 1 year	46,349	35,673	2,962	2,280
Payable between 1 and 5 years	91,699	88,216	5,861	5,638
Total	**138,048**	**123,889**	**8,823**	**7,918**
Principal payments made during the period	12,104	15,426	774	986
Interest payments made during the period	2,016	1,318	123	84
Base currency EUR	135,959	120,910	8,689	7,728
Base currency UAH	2,089	2,979	134	190
Settlement term	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%

Operating lease expense	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Cars	4,483	4,081	287	261
Construction equipment	7,303	5,418	467	346
Premises	1,711	2,108	109	135
Software	2,107	1,989	135	127
Total operating lease rentals paid	**15,604**	**13,596**	**998**	**869**

NOTE 10. Interest-bearing loans and borrowings

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Short-term bank loans	162,972	26,755	10,416	1,710
Current portion of long-term bank loans	109,900	69,712	7,024	4,455
Other short-term loans	13,074	19,044	836	1,217
Finance lease liabilities	46,349	35,673	2,962	2,280
Total current loans and borrowings	**332,295**	**151,184**	**21,238**	**9,662**
Long-term bank loans	241,775	395,347	15,452	25,267
Other long-term loans	0	22,745	0	1,454
Long-term finance lease liabilities	91,699	88,216	5,861	5,638
Total non-current loans and borrowings	**333,474**	**506,308**	**21,313**	**32,359**

NOTE 11. Other payables

Short-term payables and advances received

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Progress payments received in excess of contract work completed	93,530	110,504	5,978	7,062
Customer advances for services	61,382	26,022	3,923	1,663
Payables to employees	55,285	59,693	3,533	3,815
Accrued expenses	13,204	6,746	844	431
Payables to companies of AS Nordic Contractors Group	717	7,414	46	474
Payables to associates	23	147	2	9
Miscellaneous payables	160,347	171,642	10,248	10,970
Total other payables	**384,488**	**382,168**	**24,574**	**24,425**

Payables to employees comprise remuneration and bonus payables and accrued vacation pay liabilities. Accrued expenses include unpaid loan interest of 3,958 thousand kroons (253 thousand euros) which is not due yet.

Progress payments received in excess of contract work completed is related to the accounting for construction contracts and comprises the difference between progress billings and contract revenue recognised by reference to the stage of completion of contract activity.

NOTE 12. Provisions

Warranties provisions

	EEK '000		EUR '000	
As at 31 March	**2009**	**2008**	**2009**	**2008**
Current warranties provisions	9,903	8,078	633	516
Non-current warranties provisions	4,022	3,739	257	239
Total warranties provisions	**13,925**	**11,817**	**890**	**755**

In accordance with the contracts for construction services, the Group is liable for its work during the post-construction warranty period which usually lasts for two years from the date the instrument of delivery and receipt is signed. Construction projects are established provisions on an individual basis. The provisions are recognised in the statement of financial position and classified as current and non-current items based on the expiry of the warranty period.

NOTE 13. Equity

Share capital

According to the Articles of Association the minimum and maximum authorised share capital of Nordecon International AS amount to 120,000 thousand kroons (7,669 thousand euros) and 480,000 thousand kroons (30,677 thousand euros) respectively. Share capital consists of ordinary shares with a par value of ten kroons (0.64 euros) each.

Dividends

The board has proposed that the company use the profit for 2008 to distribute shareholders a dividend of:

In 2009:	1.00 kroon per share	30,757 thousand kroons (30,756,728 shares)
	0.06 euros per share	1,966 thousand euros (30,756,728 shares)

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	
		Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Profit for the period	In thousands	7,046	46,138	450	2,949
Weighted average number of shares	In thousands	30,757	30,757	30,757	30,757
Basic earnings per share		0.23	1.50	0.01	0.10
Diluted earnings per share		0.23	1.50	0.01	0.10

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

NOTE 14. Participation in joint ventures

In the first quarter of 2009 and 2008 the Group participated in the following joint ventures:

Tallinn Airport – partnership contract I
The Group participated in the rehabilitation of Tallinn Airport airside area under a partnership contract. The project was under the joint control of three parties. The Group's share in the profit of the contract was one third. Each party was responsible for the delivery and risks of the contract to the extent of its share in the venture. The penalty for a deliberate breach of contract was 100 thousand euros. The works undertaken under the partnership contract were completed in 2008.

Vaida-Aruvalla road – partnership contract II
In addition, the Group participated in the construction of the Vaida-Aruvalla road under a partnership contract. The project was under the joint control of four parties. The Group's share in the profit of the contract was one fourth. Each party was responsible for the delivery and risks of the contract to the extent of its share in the venture. The works undertaken under the partnership contract were completed in 2008.

Koidula railway border station – partnership contract III
The Group is also involved in the construction of the Koidula railway border station under a partnership contract (signed in 2008). The project is under the control of three parties. Each party is responsible for the delivery and risks of the contract to the extent of its share in the venture. The contract is not equally divided between the partners. On behalf of the Group, the project is performed by Nordecon International AS and Nordecon Infra AS. The Group's share of the contract is approximately 62 per cent.

Venture partners did not establish companies for the performance of the above contracts. Therefore, each venturer has recognised in its financial statements the assets it controlled/controls, the liabilities and expenses it has incurred, and the share of income that it has earned, and the consolidated financial statements have not been adjusted or subjected to any additional consolidation procedures.

For Q1 2009 or as at	**EEK '000**	**EUR '000**	**EEK '000**	**EUR '000**	**EEK '000**	**EUR '000**
31 March 2009	Partnership contract I		Partnership contract II		Partnership contract III	
Total income	0	0	0	0	34,213	2,187
Including reporting period					25,025	1,599
Total expenses	0	0	0	0	34,082	2,178
Including reporting period					24,895	1,591
Receivables	0	0	0	0	18,201	1,163
Payables	0	0	0	0	15,557	994
Including to venture partners					2,147	137

For Q1 2008 or as at	**EEK '000**	**EUR '000**	**EEK '000**	**EUR '000**	**EEK '000**	**EUR '000**
31 March 2008	Partnership contract I		Partnership contract II		Partnership contract III	
Total income	82,596	5,279	95,778	6,121	0	0
Including reporting period	-1,738	-111	9,507	608		
Total expenses	74,881	4,786	83,657	5,347	0	0
Including reporting period	-647	-41	8,304	531		
Receivables	7,779	497	5,728	366	0	0
Payables	4,692	300	15,886	1,015	0	0
Including to venture partners	0	0	13,085	836		

NOTE 15. 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 have been 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 activities.

EEK '000

Q1 2009	**Buildings EU**	**Buildings Ukraine**	**Infrastructure EU**	**Other segments**	**Total**
Total revenue	320,336	19,176	249,575	9,611	598,698
Inter-segment revenue	-55	0	-3,036	-7,694	-10,785
Revenue from external customers	320,281	19,176	246,539	1,917	587,913
Segment profit	26,265	3,723	783	-4,431	26,340

Q1 2008	**Buildings EU**	**Buildings Ukraine**	**Infrastructure EU**	**Other segments**	**Total**
Total revenue	509,360	125,661	144,971	10,502	790,494
Inter-segment revenue	-4,902	0	-4,328	-7,754	-16,984
Revenue from external customers	**504,458**	**125,661**	**140,643**	**2,748**	**773,510**
Segment profit	**71,833**	**5,694**	**26,916**	**-3,089**	**101,354**
Segment assets					
At 31 March 2008	929,038	226,719	885,341	65,053	2,106,151
At 31 December 2008	1,057,344	245,683	1,004,107	171,637	2,478,771
At 31 March 2009	**1,124,499**	**283,905**	**823,242**	**128,799**	**2,360,445**

EUR '000

Q1 2009	**Buildings EU**	**Buildings Ukraine**	**Infrastructure EU**	**Other segments**	**Total**
Total revenue	20,473	1,226	15,951	614	38,264
Inter-segment revenue	-4	0	-194	-492	-689
Revenue from external customers	20,470	1,226	15,757	123	37,574
Segment profit	1,679	238	50	-283	1,683

Q1 2008	Buildings EU	Buildings Ukraine	Infrastructure EU	Other segments	Total
Total revenue	32,554	8,031	9,265	671	50,521
Inter-segment revenue	-313	0	-277	-496	-1,086
Revenue from external customers	**32,241**	**8,031**	**8,988**	**175**	**49,435**
Segment profit	**4,591**	**364**	**1,720**	**-197**	**6,478**
Segment assets					
At 31 March 2008	59,376	14,490	56,584	4,158	134,608
At 31 December 2008	67,577	15,702	64,174	10,970	158,422
At 31 March 2009	**71,869**	**18,145**	**52,615**	**8,232**	**150,860**

Reconciliation of segment revenues to consolidated revenue

	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Total revenues for reportable segments	589,087	779,992	37,650	49,851
Revenue for other segments	9,611	10,502	614	671
Elimination of inter-segment revenues	-10,785	-16,984	-689	-1,085
Other revenue	2,751	0	176	0
Total consolidated revenue	**590,664**	**773,510**	**37,750**	**49,436**

Reconciliation of segment profit to consolidated operating profit and profit before tax

	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Total profit for reportable segments	30,771	104,443	1,967	6,675
Total profit or loss for other segments	-4,431	-3,089	-283	-197
Other profit	10,515	0	672	0
Total	**36,855**	**101,354**	**2,356**	**6,478**
Unallocated expenses:				
Distribution expenses	-2,223	-563	-142	-36
Administrative expenses	-37,404	-43,493	-2,391	-2,780
Other operating income / expenses	-734	3,745	-47	239
Consolidated operating profit / loss	**-3,506**	**61,043**	**-224**	**3,901**
Finance income	18,775	4,559	1,200	291
Finance expenses	-13,782	-19,851	-881	-1,269
Share of profit / loss of equity accounted investees	-2,644	-712	-169	-46
Consolidated profit / loss before tax	**-1,157**	**45,039**	**-74**	**2,879**

Reconciliation of segment assets to total consolidated assets

	EEK '000			EUR '000		
	31 March 2009	**31 December 2008**	**31 March 2008**	**31 March 2009**	**31 December 2008**	**31 March 2008**
Total assets for reportable segments	2,041,098	2,307,134	2,231,646	130,450	147,453	142,628
Total assets for other segments	65,053	171,637	128,799	4,158	10,970	8,232
Inter-segment eliminations	-243,032	-111,524	-114,569	-15,533	-7,128	-7,322
Other assets	442,865	0	0	28,304	0	0
Total consolidated assets	**2,305,984**	**2,367,247**	**2,245,876**	**9,419**	**9,670**	**9,174**

NOTE 16. Segment reporting – geographical information

	EEK ’000		EUR ’000	
EEK ’000	**Q1 2009**	**Q1 2008**	**Q1 2009**	**Q1 2008**
Revenue				
Estonia	488,732	632,846	31,236	40,446
Ukraine	19,176	125,681	1,226	8,032
Lithuania	10,662	15,052	681	962
Latvia	72,274	0	4,619	0
Inter-segment eliminations	-134	-69	-9	-4
Total revenue	**590,710**	**773,510**	**37,753**	**49,436**

NOTE 17. Cost of sales

	EEK ’000		EUR ’000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Depreciation and amortisation expense	17,167	14,578	1,097	932
Personnel expenses	75,503	77,861	4,826	4,976
Materials, goods and services used	439,730	573,864	28,104	36,677
Other expenses	21,409	5,853	1,368	374
Total cost of sales	**553,809**	**672,156**	**35,395**	**42,959**

NOTE 18. Administrative expenses

	EEK ’000		EUR ’000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Depreciation and amortisation expense	1,152	1,545	74	99
Personnel expenses	22,963	27,531	1,468	1,760
Materials, goods and services used	11,013	11,143	704	712
Other expenses	2,276	3,274	145	209
Total administrative expenses	**37,404**	**43,493**	**2,391**	**2,780**

NOTE 19. Other operating income and expenses

Other operating income

	EEK ’000		EUR ’000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Gains on sale of property, plant and equipment	784	1,934	50	124
Foreign exchange gains	905	42	58	3
Other income	0	5,146	0	329
Total other operating income	**1,689**	**7,122**	**108**	**455**

Other operating expenses

	EEK ’000		EUR ’000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Write-off of property, plant and equipment and intangible assets	233	33	15	2
Foreign exchange losses	18	470	1	30
Losses from doubtful and irrecoverable receivables	912	-184	58	-12
Membership fees	91	97	6	6
Other expenses	1,169	2,697	75	172
Total other operating expenses	**2,423**	**3,113**	**155**	**199**

NOTE 20. Finance income and expenses

Finance income

	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Finance income on other investments	4,566	0	292	0
Interest income on loans	7,784	0	497	
Other finance income	5,065	4,556	324	291
Foreign exchange gains	1,360	3	87	0
Total finance income	**18,775**	**4,559**	**1,200**	**291**

Finance expenses

	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Expenses related to investments in subsidiaries	128	0	8	
Interest expense	8,395	8,442	537	540
Other finance expenses	4	11	0	1
Finance expenses on other investments	5,072	0	324	
Foreign exchange losses	183	11,398	12	728
Total finance expenses	**13,782**	**19,851**	**881**	**1,269**

NOTE 21. Income tax expense

	EEK '000		EUR '000	
	Q1 2009	**Q1 2008**	**Q1 2009**	**Q1 2008**
Income tax on profit	-618	145	-39	9
Total income tax expense	**-618**	**145**	**-39**	**9**

NOTE 22. Transactions with related parties

Parties are related if one controls the other or exerts significant influence (holds more than 20 per cent 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
- Individual shareholders with significant influence

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

Q1 2009	EEK '000		EUR '000	
Volume of transactions performed	**Purchases**	**Sales**	**Purchases**	**Sales**
AS Nordic Contractors	2,122	1,016	136	65
Subsidiaries of AS Nordic Contractors	0	46,096	0	2,946
Companies related to a member of the council of Nordecon International AS	568	0	36	0
Total	**2,690**	**47,112**	**172**	**3,011**

Q1 2009	EEK '000		EUR '000	
Substance of transactions performed	**Purchases**	**Sales**	**Purchases**	**Sales**
Construction contracts	0	46,642	0	2,981
Purchase and sale of goods	0	470	0	30
Lease and other services	2,690	0	172	0
Total	**2,690**	**47,112**	**172**	**3,011**

Q1 2008	EEK '000		EUR '000	
Volume of transactions performed	**Purchases**	**Sales**	**Purchases**	**Sales**
AS Nordic Contractors	5,808	154	371	10
Subsidiaries of AS Nordic Contractors	722	65,466	46	4,184
Companies related to a member of the council of Nordecon International AS	0	988	0	63
Total	**6,530**	**66,608**	**417**	**4,257**

Q1 2008	EEK '000		EUR '000	
Substance of transactions performed	**Purchases**	**Sales**	**Purchases**	**Sales**
Construction contracts	0	66,454	0	4,247
Purchase and sale of goods	0	154	0	10
Lease and other services	6,530	0	417	0
Total	**6,530**	**66,608**	**417**	**4,257**

Receivables from and payables to related parties at period-end:

	EEK '000				EUR '000			
	31 March 2009		**31 March 2008**		**31 March 2009**		**31 March 2008**	
	Receivable	**Payable**	**Receivable**	**Payable**	**Receivable**	**Payable**	**Receivable**	**Payable**
AS Nordic Contractors	520	717	106	2,205	33	46	7	141
Subsidiaries of AS Nordic Contractors	76,716	0	43,233	5,209	4,903	0	2,763	333
Companies related to a member of the council of Nordecon International AS	0	0	0	1,189	0	0	0	76
Associates	36,448	23	68,766	147	2,329	1	4,395	9
Total	**113,684**	**740**	**112,105**	**8,750**	**7,265**	**47**	**7,165**	**559**

In the first quarter of 2009, the remuneration of the members of the council of Nordecon International AS totalled 270 thousand kroons (17 thousand euros). A year ago, the corresponding figure was also 270 thousand kroons (17 thousand euros). In the first quarter of 2009, the remuneration and benefits of the members of the board of Nordecon International AS totalled 611 thousand kroons (39 thousand euros). In the first quarter of 2008, the corresponding figure was 2,575 thousand kroons (165 thousand euros). The differences in the remuneration of the board stem from the fact that since 5 January 2009 the board has 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 per cent reduction in board member remuneration across the Group.

NOTE 23. Subsequent events

In April 2009, Nordecon International AS acquired a 56 per cent interest in the Latvian company Nordecon Infra SIA that previously belonged to Nordecon Infra AS. After the transaction, the investment in Nordecon Infra SIA is held directly by the Group's parent. The transaction did not change the Group's ownership interest in Nordecon Infra SIA (still 56 per cent). The restructuring was conducted in line with the Group's development strategy (see *The Group's structure by 2013* in the *Directors' report*).

Signatures

The board of Nordecon International AS has prepared the company's condensed consolidated interim financial statements for the first quarter of 2009 (unaudited) that are presented on pages 24 to 45.

Jaano Vink	Chairman of the Board	12 May 2009
Sulev Luiga	Member of the Board	12 May 2009
Priit Tiru	Member of the Board	12 May 2009