



CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOURTH QUARTER AND TWELVE MONTHS OF 2007  
(UNAUDITED)

Business name	<b>AS Eesti Ehitus</b>
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Website	<a href="http://www.eestiehitus.ee">www.eestiehitus.ee</a>
Core activity	General construction of buildings and civil engineering works (4521)
Financial year	1 January 2007 – 31 December 2007
Reporting period	1 January 2007 – 31 December 2007
Council members	Toomas Luman, Alar Kroodo, Ain Tromp, Mait Schmidt, Tiina Mõis, Meelis Milder
Board members	Jaano Vink, Avo Ambur, Erkki Suurorg, Sulev Luiga, Priit Pluutus
Auditor	KPMG Baltics AS

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## Directors' report

AS Eesti Ehitus is a group of construction companies whose core business is general contracting and construction management. The Group is engaged in the construction of buildings and structures in Estonia, Latvia, Lithuania and Ukraine. In addition, in Estonia our companies act as independent contractors in road construction and maintenance, environmental engineering, the assembly of reinforced concrete elements, and the performance of cast-on-site concrete works. The parent of the Group is AS Eesti Ehitus, a company registered and located in Tallinn, Estonia. Since 18 May 2006, the company's shares have been quoted in the main list of Tallinn Stock Exchange.

**Mission** We are committed to providing premier value-added design and construction services by creating a successful partnership with our customers.

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

**Vision** We strive to be a construction group which can always surpass the customer's expectations.

### Shared values

**Quality** We are professionals – 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.

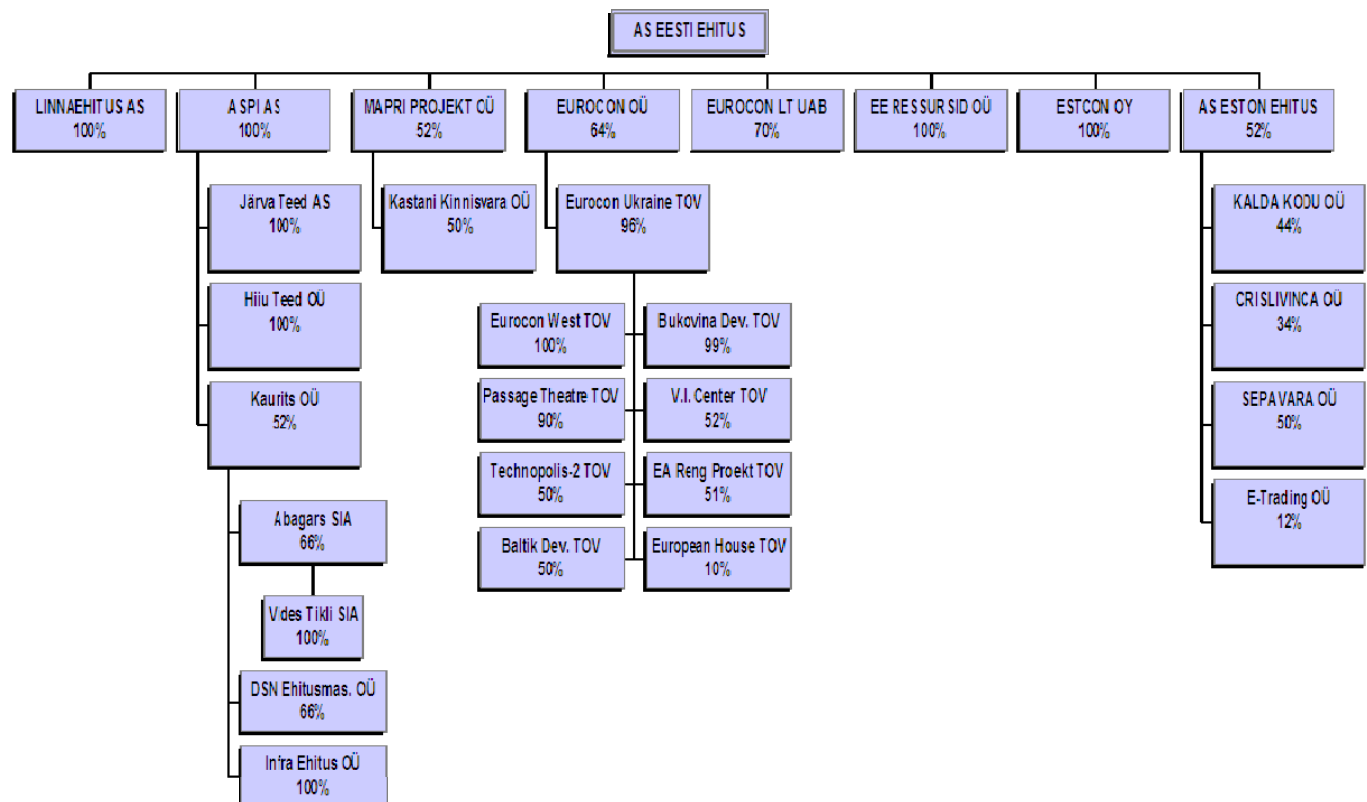
We value our employees by providing them with a modern work environment which encourages creativity and a motivation system which fosters initiative.

**Reliability** We always 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.

**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 consistent training and balanced career opportunities.

## THE GROUP'S STRUCTURE

On 31 December 2007, the structure of AS Eesti Ehitus Group was as follows:



The unaudited consolidated financial statements of AS Eesti Ehitus as at and for the twelve months ended 31 December 2007 comprise the results of the parent and its subsidiaries and the Group's interests in associates:

**Direct and indirect ownership interests of AS Eesti Ehitus:**

<b>Company</b>		<b>31 December 2007</b>	<b>31 December 2006</b>
AS Linnaehitus	Estonia	100.0%	100.0%
AS Aspi	Estonia	100.0%	100.0%
AS Järva Teed	Estonia	100.0%	100.0%
OÜ Hiiu Teed	Estonia	100.0%	100.0%
OÜ Mapri Projekt	Estonia	52.0%	52.0%
Estcon OY	Finland	100.0%	100.0%
OÜ EE Ressursid	Estonia	100.0%	100.0%
UAB Eurocon LT	Lithuania	70.0%	0.0%
OÜ Eurocon	Estonia	64.0%	64.0%
TOV Eurocon Ukraine	Ukraine	61.4%	61.4%
TOV Eurocon West	Ukraine	61.4%	61.4%
TOV Bukovina Developments	Ukraine	60.8%	60.8%
TOV Passage Theatre	Ukraine	55.3%	61.4%
OÜ Kaurits	Estonia	52.0%	0.0%
OÜ DSN Ehitusmasinad	Estonia	34.3%	0.0%
SIA Abagars	Latvia	34.3%	0.0%
TOV V.I. Center	Ukraine	32.0%	41.0%
TOV EA Reng Proekt	Ukraine	31.3%	0.0%
TOV Technopolis-2	Ukraine	30.7%	30.7%
TOV Baltik Development	Ukraine	30.7%	0.0%
OÜ Kastani Kinnisvara	Estonia	26.0%	26.0%

The parent and AS Linnaehitus are engaged in general contracting and project management. AS Aspi and its subsidiaries build environmental structures and roads and provide road maintenance services. Over two thirds of the revenue of OÜ Mapri Projekt results from concrete works; in addition, the company performs project management and general construction contracts. OÜ Eurocon coordinates the Group's construction and development activities in Ukraine. Its direct subsidiary TOV Eurocon Ukraine is engaged in general contracting and project management. Other Ukrainian entities are project companies which develop real estate in and around Kiev, and in Lvov.

In 2007, the Group's structure changed as follows:

- In February, an 11% stake in TOV V.I. Center was sold to Continental Investment Holding GmbH, a non-group company. Considering minority interests in OÜ Eurocon and TOV Eurocon Ukraine, the transaction reduced AS Eesti Ehitus' interest in TOV V.I. Center to 32%.
- In April, a new development company, TOV Baltik Development, was established in Ukraine in association with the Dutch company Vicus Realty Delta B.V. Taking into account minority interests in OÜ Eurocon and TOV Eurocon Ukraine, AS Eesti Ehitus' interest in the entity is 30.7%.
- In June, a subsidiary, UAB Eurocon LT, was founded in Lithuania. In September, a 30% interest in the entity was sold to the Lithuanian company UAB Eurox LT.
- In July, the Group divested of its shareholding in the Ukrainian joint venture TOV Eurobeton.
- In August, OÜ Kaurits acquired a 66% majority interest in OÜ DSN Ehitusmasinad. OÜ Kaurits is a 52% subsidiary of AS Aspi which is a wholly-owned subsidiary of AS Eesti Ehitus.
- In October AS Eesti Ehitus acquired a 52% stake in AS Eston Ehitus.
- In December, a decision was adopted for the divestment of 61% of the stake in TOV Passage Theatre. The transaction has not been completed.

The accounts of OÜ Kaurits have been consolidated since the beginning of the financial year and the accounts of OÜ DSN Ehitusmasinad since August 2007. The consolidation of TOV Eurobeton ceased as of the month of its divestment. The results of AS Eston Ehitus have been consolidated since November 2007.

## EMPLOYEES AND PERSONNEL EXPENSES

In 2007 the Group employed, on average, 1103 people. The proportion of engineers and technical personnel (ETP) was 39% (2006: 37%). Personnel expenses totalled 462 million kroons (29 million euros), a 68% increase year-over-year while the average number of staff grew 26% year-over-year. The rise in personnel expenses may be explained by the acquisition of subsidiaries and tough competition in the labour market.

### Average number of the Group's employees

Period	ETP	Workers	Total average
2007	425	678	<b>1103</b>
2006	329	542	<b>871</b>
2005	261	393	<b>610</b>

In 2007, the remuneration of the members of the council of AS Eesti Ehitus Group totalled 1,080,000 kroons (69 thousand euros) and the remuneration and benefits of the members of the board of AS Eesti Ehitus amounted to 15,558,000 kroons (994,000 euros).

## REVENUE AND SEGMENTS

Consolidated revenue for 2007 amounted to 3,770 million kroons (241 million euros), a strong 51% improvement on a year ago. Similarly to a year ago, the Residential and non-residential segment contributed 53% (49% up on a year ago) and the Civil engineering segment 47% (58% growth) of total revenue.

### Revenue by segments

<b>Business segments</b>	<b>2007</b>	<b>2006</b>
Civil engineering	47%	46%
Residential and non-residential	53%	54%

Commercial buildings remains the Residential and non-residential segment's largest sub-segment, mainly on account of strong demand in the home market. Compared with 2006, the highest growth rate was posted by the Public buildings sub-segment.

### Revenue allocation in the Residential and non-residential segment

<b>non-residential segment</b>	<b>2007</b>	<b>2006</b>
Residential buildings	11%	17%
Public buildings	17%	18%
Commercial buildings	61%	41%
Industrial and warehouse facilities	11%	24%

In Civil engineering, the largest sub-segment was Port construction, which contributed 580 million kroons (37 million euros), i.e. 15% of total construction contract revenues. A year ago, the contribution of Port construction was only 157 million kroons (10 million euros) or 14%. Road construction and maintenance generated revenues of 730 million (47 million euros), i.e. 19% of total construction contract revenues, against 584 million kroons (37 million euros) and 23% a year ago.

At 31 December 2007, the Group's order backlog was 2,588 million kroons (165 million euros) against 2,453 million kroons (158 million euros) a year ago.

## PROFITABILITY AND CASH FLOWS

In 2007, the Group's profitability showed consistent improvement.

The period's gross margin was 13% (2006: 12%). Although personnel expenses grew more rapidly than revenue, other expenses increased at a slower pace. Compared with a year ago, the ratio of administrative expenses to revenue remained more or less stable at slightly below 5% (2006: 5%). The period's operating

margin was 9% (2006: 8%). The rise in the value of investment property increased operating profit by 23 million kroons, i.e. by over 1 million euros (2006: 0).

Unaudited consolidated net profit for 2007 amounted to an exceptional 302 million kroons (19 million euros) against the 188 million kroons (12 million euros) earned a year ago. The profit attributable to equity holders of the parent amounted to 281 million kroons (over 18 million euros) against 175 million kroons (11 million euros) for 2006.

Cash and cash equivalents grew by 80 million kroons (5 million euros). A year ago, net cash flow was negative to the extent of 36 million kroons (approx. 2 million euros). The Group's cash position has improved, above all, on account of strong net operating cash flows of 163 million kroons (approx. 10 million euros). In 2006, operating cash flows totalled 55 million kroons (over 3 million euros).

## SIGNIFICANT RATIOS AND FIGURES

Ratio /figure	2007	2006
Weighted average number of shares	30,756,728	30,756,728
Earnings per share (in kroons)	9.14	5.69
Revenue growth	50.6%	49.5%
Average number of employees	1,103	871
Revenue per employee (in thousands of kroons)	3,418	2,875
Personnel expenses to revenue, %	12.3%	11.0%
Administrative expenses to revenue, %	4.8%	5.0%
EBITDA (in thousands of kroons)	396,246	234,368
EBITDA margin, %	10.5%	9.4%
Gross margin, %	13.3%	12.2%
Operating margin, %	8.8%	8.1%
Operating margin excluding gains on property sales, %	8.6%	7.0%
Net margin, %	8.0%	7.5%
Return on invested capital, %	35.2%	33.7%
Return on assets, %	18.6%	17.4%
Return on equity, %	46.8%	56.1%
Equity ratio, %	36.9%	34.9%
Gearing, %	13.5%	14.6%
Current ratio	1.30	1.33
Order backlog (in thousands of kroons)	2,587,775	2,453,419

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

*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 property 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 / average total assets for the period*

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

*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*

## Statement of management's responsibility

The board of AS Eesti Ehitus acknowledges its responsibility for the preparation of the Group's consolidated interim financial statements for the fourth quarter and twelve months of 2007 (unaudited) and confirms that:

- The policies applied in the preparation of the consolidated interim financial statements comply with International Financial Reporting Standards as adopted by the European Union.
- The consolidated interim financial statements give a true and fair view of the financial position of the Group and of the results of its operations and its cash flows.
- All significant events that occurred before the date on which the consolidated interim financial statements were authorised for issue (31 January 2008) have been properly recognised and disclosed.
- AS Eesti Ehitus and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board		31 January 2008
Sulev Luiga	Member of the Board		31 January 2008
Erkki Suurorg	Member of the Board		31 January 2008
Avo Ambur	Member of the Board		31 January 2008
Priit Pluutus	Member of the Board		31 January 2008

## Consolidated interim financial statements

### Consolidated interim balance sheet

Unaudited, EEK '000	Note	31 December 2007	31 December 2006
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		236,112	155,980
Short-term investments	2	37,458	2,140
Trade receivables	3	512,285	380,841
Other receivables and prepayments	4	255,292	129,663
Deferred tax assets		1,015	1,015
Inventories	5	392,876	272,184
Non-current assets held for sale	6	12,925	0
<b>Total current assets</b>		<b>1,447,963</b>	<b>941,823</b>
<b>Non-current assets</b>			
Investments in associates	8	44,498	21,193
Other long-term investments	8	66,516	32,951
Investment property	9	133,984	5,963
Property, plant and equipment	10	222,974	223,674
Intangible assets	10	273,223	165,036
<b>Total non-current assets</b>		<b>741,195</b>	<b>448,817</b>
<b>TOTAL ASSETS</b>		<b>2,189,158</b>	<b>1,390,640</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	11; 12	131,456	70,029
Trade payables		334,350	183,983
Tax liabilities		52,849	42,922
Other payables and advances received	13	578,571	404,819
Provisions	14	12,384	4,511
<b>Total current liabilities</b>		<b>1,109,610</b>	<b>706,264</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	11; 12	268,124	196,017
Other liabilities		0	490
Provisions	14	4,327	1,885
<b>Total non-current liabilities</b>		<b>272,451</b>	<b>198,392</b>
<b>TOTAL LIABILITIES</b>		<b>1,382,061</b>	<b>904,656</b>
<b>EQUITY</b>			
<b>Minority interest</b>		<b>89,409</b>	<b>39,291</b>
Share capital	15	307,567	153,784
Share premium	15	0	108,465
Statutory capital reserve		11,658	4,158
Translation reserve		4,984	2,196
Retained earnings	15	393,479	178,090
<b>Total equity attributable to equity holders of the parent</b>		<b>717,688</b>	<b>446,693</b>
<b>TOTAL EQUITY</b>		<b>807,097</b>	<b>485,984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,189,158</b>	<b>1,390,640</b>



## Consolidated interim balance sheet

Unaudited, EUR '000	Note	31 December 2007	31 December 2006
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		15,090	9,969
Short-term investments	2	2,394	137
Trade receivables	3	32,741	24,340
Other receivables and prepayments	4	16,316	8,287
Deferred tax assets		65	65
Inventories	5	25,109	17,395
Non-current assets held for sale	6	826	0
<b>Total current assets</b>		<b>92,542</b>	<b>60,193</b>
<b>Non-current assets</b>			
Investments in associates	8	2,844	1,354
Other long-term investments	8	4,251	2,106
Investment property	9	8,563	382
Property, plant and equipment	10	14,251	14,295
Intangible assets	10	17,462	10,548
<b>Total non-current assets</b>		<b>47,371</b>	<b>28,685</b>
<b>TOTAL ASSETS</b>		<b>139,913</b>	<b>88,878</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	11; 12	8,402	4,476
Trade payables		21,369	11,759
Tax liabilities		3,378	2,743
Other payables and advances received	13	36,977	25,873
Provisions	14	791	288
<b>Total current liabilities</b>		<b>70,917</b>	<b>45,138</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	11; 12	17,136	12,528
Other liabilities		0	31
Provisions	14	277	120
<b>Total non-current liabilities</b>		<b>17,413</b>	<b>12,680</b>
<b>TOTAL LIABILITIES</b>		<b>88,330</b>	<b>57,818</b>
<b>EQUITY</b>			
<b>Minority interest</b>		<b>5,714</b>	<b>2,511</b>
Share capital	15	19,657	9,829
Share premium	15	0	6,932
Statutory capital reserve		745	266
Translation reserve		319	140
Retained earnings	15	25,148	11,382
<b>Total equity attributable to equity holders of the parent</b>		<b>45,869</b>	<b>28,549</b>
<b>TOTAL EQUITY</b>		<b>51,583</b>	<b>31,060</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>139,913</b>	<b>88,878</b>

### Consolidated interim income statement

Unaudited, EEK '000	Note	Q4, 2007	Q4, 2006	2007	2006
Revenue	17; 18	1,111,072	738,921	3,770,487	2,503,844
Cost of sales	19	958,123	624,487	3,270,616	2,197,319
Gross profit		152,949	114,434	499,871	306,525
Administrative expenses	20	60,583	51,561	179,199	125,739
Other operating income	21	34,139,	-170	42,763	26,859
Other operating expenses	21	24,373	2,331	30,300	5,108
Operating profit before financial items		102,132	60,372	333,135	202,537
Financial income	22	1,998	13,564	18,362	18,393
Financial expenses	22	7,570	4,909	30,028	19,046
Net financial items		-5,572	8,655	-11,666	-653
Share of profit of equity accounted investees		-239	0	1,354	0
Share of loss of equity accounted investees		-3,430	600	-3,671	-980
Net share of profit and loss of equity accounted investees		3,669	600	-2,317	-980
Profit before income tax		92,891	69,627	319,152	200,904
Income tax expense	23	-561	-2,595	16,865	12,831
Profit for the period		93,452	72,222	302,287	188,073
Attributable to					
Equity holders of the parent		84,836	60,635	281,146	175,003
Minority interest		8,616	11,587	21,141	13,070
Basic earnings per share (in kroons)*	15	2.76	1.97	9.14	5.69
Diluted earnings per share (in kroons)*	15	2.76	1.97	9.14	5.69

\*For comparability, the weighted average number of shares used is the number of shares after the bonus issues, i.e. 30,756,728 shares.

### Consolidated interim income statement

Unaudited, EUR '000	Note	Q4, 2007	Q4, 2006	2007	2006
Revenue	17; 18	71,010	47,226	240,978	160,025
Cost of sales	19	61,235	39,912	209,030	140,434
Gross profit		9,775	7,314	31,948	19,591
Administrative expenses	20	3,872	3,295	11,453	8,036
Other operating income	21	2,182	-11	2,733	1,717
Other operating expenses	21	1,558	149	1,937	326
Operating profit before financial items		6,527	3,858	21,291	12,944
Financial income	22	128	867	1,174	1,176
Financial expenses	22	484	314	1,919	1,217
Net financial items		-356	553	-746	-42
Share of profit of equity accounted investees		-15	0	87	0
Share of loss of equity accounted investees		-219	38	-235	-63
Net share of profit and loss of equity accounted investees		-234	38	-148	-63
Profit before income tax		5,937	4,450	20,398	12,840
Income tax expense	23	-36	-166	1,078	820
Profit for the period		5,973	4,616	19,320	12,020
Attributable to					
Equity holders of the parent		5,422	3,875	17,969	11,185
Minority interest		551	741	1,351	835
Basic earnings per share (in euros)*	15	0.18	0.12	0.58	0.36
Diluted earnings per share (in euros)*	15	0.18	0.12	0.58	0.36

\*For comparability, the weighted average number of shares used is the number of shares after the bonus issues, i.e. 30,756,728 shares.

### Consolidated interim statement of cash flows

	EEK '000		EUR '000	
	2007	2006	2007	2006
<b>Cash flows from operating activities</b>				
Cash receipts from customers	4,355,634	2,838,730	278,376	181,428
Cash paid to suppliers	-3,738,177	-2,503,579	-238,913	-160,008
Cash paid to and for employees	-435,946	-265,811	-27,862	-16,988
Income taxes paid	-18,423	-14,372	-1,177	-919
<b>Net cash from operating activities</b>	<b>163,088</b>	<b>54,968</b>	<b>10,423</b>	<b>3,513</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	-28,305	-20,094	-1,809	-1,284
Acquisition of intangible assets	0	-10,529	0	-673
Proceeds from sale of property, plant and equipment and intangible assets	17,484	11,042	1,117	706
Acquisition of properties for development	0	-3,364	0	-215
Proceeds from sale of properties acquired for development	0	53,211	0	3,401
Acquisition of subsidiaries	-25,254	-57,243	-1,614	-3,658
Proceeds from sale of subsidiaries	1,209	3,655	77	234
Acquisition of associates	0	-8,088	0	-517
Proceeds from sale of associates	10,417	18,578	666	1,187
Loans granted	-56,724	-33,785	-3,625	-2,159
Repayment of loans granted	56,539	5,959	3,614	381
Interest received	12,178	3,446	778	220
<b>Net cash used in investing activities</b>	<b>-12,456</b>	<b>-37,212</b>	<b>-796</b>	<b>-2,378</b>
<b>Cash flows from financing activities</b>				
Share issue	0	122,973	0	7,859
Proceeds from loans received	190,089	53,858	12,149	3,442
Repayment of loans received	-120,927	-157,870	-7,729	-10,090
Dividends paid	-52,135	-32,160	-3,332	-2,055
Payment of finance lease liabilities	-53,962	-27,357	-3,449	-1,748
Interest paid	-34,140	-12,937	-2,182	-827
Other payments made	575	0	37	0
<b>Net cash used in financing activities</b>	<b>-70,500</b>	<b>-53,493</b>	<b>-4,500</b>	<b>-3,419</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>80,132</b>	<b>-35,737</b>	<b>5,121</b>	<b>-2,284</b>
Cash and cash equivalents at beginning of period	155,980	192,490	9,969	12,302
Effect of exchange rate fluctuations	-98	-773	-6	-49
Increase / decrease in cash and cash equivalents	80,132	-35,737	5,121	-2,284
Cash and cash equivalents at end of period	236,112	155,980	15,090	9,969

### Consolidated interim statement of changes in equity

EEK '000	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2005</b>	<b>34,819</b>	<b>8,192</b>	<b>4,158</b>	<b>795</b>	<b>128,987</b>	<b>176,951</b>	<b>12,257</b>	<b>189,208</b>
Foreign exchange differences	0	0	0	1,401	0	1,401	1,347	2,748
Profit for the period	0	0	0	0	175,003	175,003	13,070	188,073
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,401</b>	<b>175,003</b>	<b>176,404</b>	<b>14,417</b>	<b>190,821</b>
Dividends declared	0	0	0	0	-30,000	-30,000	-2,160	-32,160
Issue of share capital	118,965	100,273	0	0	-96,265	122,973	0	122,973
Changes in minority interest	0	0	0	0	365	365	14,777	15,142
<b>Balance at 31 December 2006</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>2,196</b>	<b>178,090</b>	<b>446,693</b>	<b>39,291</b>	<b>485,984</b>
<b>Balance at 31 December 2006</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>2,196</b>	<b>178,090</b>	<b>446,693</b>	<b>39,291</b>	<b>485,984</b>
Foreign exchange differences	0	0	0	2,788	0	2,788	5,323	8,111
Profit for the period	0	0	0	0	281,146	281,146	21,141	302,287
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,788</b>	<b>281,146</b>	<b>283,934</b>	<b>26,464</b>	<b>310,398</b>
Dividends declared	0	0	0	0	-46,135	-46,135	-6,000	-52,135
Issue of share capital	153,783	-108,465	0	0	-45,318	0	0	0
Transfer to capital reserve	0	0	7,500	0	-7,500	0	0	0
Changes in minority interest	0	0	0	0	33,196	33,196	29,654	62,850
<b>Balance at 31 December 2007</b>	<b>307,567</b>	<b>0</b>	<b>11,658</b>	<b>4,984</b>	<b>393,479</b>	<b>717,688</b>	<b>89,409</b>	<b>807,097</b>

### Consolidated interim statement of changes in equity

EUR '000	Equity attributable to equity holders of the parent						Minority interest	Total
	Share capital	Share premium	Statutory capital reserve	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2005</b>	<b>2,225</b>	<b>524</b>	<b>266</b>	<b>51</b>	<b>8,244</b>	<b>11,309</b>	<b>783</b>	<b>12,093</b>
Foreign exchange differences	0	0	0	89	0	89	86	175
Profit for the period	0	0	0	0	11,185	11,185	835	12,020
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>11,185</b>	<b>11,274</b>	<b>921</b>	<b>12,195</b>
Dividends declared	0	0	0	0	-1,917	-1,917	-138	-2,055
Issue of share capital	8,079	6,407	0	0	-6,152	7,860	0	7,860
Changes in minority interest	0	0	0	0	23	23	944	967
<b>Balance at 31 December 2006</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>140</b>	<b>11,382</b>	<b>28,549</b>	<b>2,511</b>	<b>31,060</b>
<b>Balance at 31 December 2006</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>140</b>	<b>11,382</b>	<b>28,549</b>	<b>2,511</b>	<b>31,060</b>
Foreign exchange differences	0	0	0	178	0	178	340	518
Profit for the period	0	0	0	0	17,969	17,969	1,351	19,320
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>178</b>	<b>17,969</b>	<b>18,147</b>	<b>1,691</b>	<b>19,838</b>
Dividends declared	0	0	0	0	-2,948	-2,948	-383	-3,332
Issue of share capital	9,829	-6,932	0	0	-2,896	0	0	0
Transfer to capital reserve	0	0	479	0	-479	0	0	0
Changes in minority interest	0	0	0	0	2,122	2,122	1,895	4,017
<b>Balance at 31 December 2007</b>	<b>19,657</b>	<b>0</b>	<b>745</b>	<b>319</b>	<b>25,148</b>	<b>45,869</b>	<b>5,714</b>	<b>51,583</b>

## Notes to the consolidated interim financial statements

### NOTE 1. Significant accounting policies

AS Eesti Ehitus is a company registered in Estonia. Since 18 May 2006 the shares of AS Eesti Ehitus have been listed at Tallinn Stock Exchange; 61% of the shares are held by AS Nordecon.

The consolidated interim financial statements as at and for the twelve months ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

In contrast to the consolidated financial statements as at and for the year ended 31 December 2006, in these financial statements investment properties are measured at their fair values. The effect of the change in accounting policy is presented in note 9.

As of 31 December 2007, the threshold for recognising assets as items of property, plant and equipment was increased from 10,000 kroons to 30,000 kroons and items whose cost was less than 30,000 kroons were recognised as an expense. The effect of the change is presented in note 10.

According to management's assessment, the consolidated interim financial statements of AS Eesti Ehitus as at and for the twelve months ended 31 December 2007 give a true and fair view of the Group's result of operations and the parent and all its subsidiaries which are included in the consolidated financial statements are going concerns. The interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group.

These consolidated interim financial statements are presented in thousands of Estonian kroons (EEK) and in thousands of euro (EUR), unless indicated otherwise. According to the quotation of Eesti Pank (Bank of Estonia), the Estonian kroon – euro exchange rate is 15.6466 kroons to 1 euro.

### NOTE 2. Short-term investments

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Other shares	37,458	2,140	2,394	137
<b>Total short-term investments</b>	<b>37,458</b>	<b>2,140</b>	<b>2,394</b>	<b>137</b>

On 13 February 2007, the Group sold a part of the shares recognised in short-term investments for 8,449,000 kroons (540,000 euros). Transaction gains of 6,309,000 kroons (403,000 euros) were recognised in financial income.

At the balance sheet date, short-term investments comprise 61.3% of the interest in TOV Passage Theatre which will be sold in 2008. Expected sales gains amount to 8.8 million kroons (0.6 million euros).

### NOTE 3. Trade receivables

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Trade receivables	530,059	382,733	33,877	24,461
Allowance for doubtful receivables	-17,774	-1,892	-1,136	-121
<b>Total trade receivables</b>	<b>512,285</b>	<b>380,841</b>	<b>32,741</b>	<b>24,340</b>

**NOTE 4. Other receivables and prepayments**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Receivables from the parent and other group companies	53,379	10,202	3,412	652
Receivables from associates	32,516	24,542	2,078	1,569
Miscellaneous receivables	42,138	16,412	2,693	1,049
Due from customers for contract work	106,834	57,907	6,828	3,701
Accrued income	734	108	47	7
Prepaid taxes	11,628	7,880	743	504
Prepayments to suppliers	8,063	12,612	515	806
<b>Total other receivables and prepayments</b>	<b>255,292</b>	<b>129,663</b>	<b>16,316</b>	<b>8,287</b>

Receivables from the parent and other group companies comprise receivables related to the performance of construction contracts. Receivables from associates comprise loan receivables, associated interest accruals, and accounts receivable. Miscellaneous receivables represent construction contract retentions receivable in 2007. Due from customers for contract work is related to accounting for construction work in progress. Prepaid taxes consists of prepaid VAT and prepayments include mainly prepaid insurance premiums.

**NOTE 5. Inventories**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Raw and other materials	34,906	29,343	2,231	1,875
Work in progress	201,245	111,625	12,862	7,134
Prepayments to materials suppliers	38,545	6,861	2,463	439
Property held for resale	118,180	124,355	7,553	7,947
<b>Total inventories</b>	<b>392,876</b>	<b>272,184</b>	<b>25,109</b>	<b>17,395</b>

Raw and other materials of 34,906,000 kroons (2,231,000 euros) comprise materials acquired for construction projects. Work in progress comprises the costs related to construction contracts in progress at the balance sheet date (the costs incurred in respect of apartment houses under construction) of 201,245,000 kroons (12,862,000 euros). Property held for resale comprises registered immovable properties of 118,180,000 kroons (7,553,000 euros) acquired for residential construction purposes.

**NOTE 6. Non-current assets held for sale**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Properties held for resale	7,219	0	461	0
10% investment in European House	5,706	0	365	0
<b>Total non-current assets held for sale</b>	<b>12,925</b>	<b>0</b>	<b>826</b>	<b>0</b>



**NOTE 7. Acquisition of a subsidiary**

On 19 October 2007, AS Eesti Ehitus concluded a contract for the purchase of 5,203 shares (52% of the share capital) in AS Eston Ehitus. The shares, which were purchased from several individuals and a company, were paid for on 11 January 2008.

**Subsidiary's net assets at the date of acquisition**

	Net assets acquired (52%)		Fair value of the investee's net assets	
	EEK '000	EUR '000	EEK '000	EUR '000
Cash and cash equivalents	13,344	853	25,662	1,640
Receivables and prepayments	44,498	2,844	85,572	5,469
Non-current assets	63,101	4,033	121,348	7,756
Current liabilities	-32,745	-2,093	-62,971	-4,025
Non-current liabilities	-7,598	-486	-14,611	-934
<b>Net identifiable assets and liabilities</b>	<b>80,600</b>	<b>5,151</b>	<b>155,000</b>	<b>9,906</b>
<b>Goodwill on acquisition</b>	<b>106,635</b>	<b>6,815</b>		
<b>Cost</b>	<b>187,235</b>	<b>11,966</b>		
Settled in cash on 31 December 2007	0			

In the purchase price allocation, the values of immovable properties and investment properties were restated to their fair value.

The results of AS Eston Ehitus have been consolidated since November 2007. The revenue and profit contributed by the company in the two months to 31 December 2007 amount to 75,208,000 kroons (4,807,000 euros) and 5,014,000 kroons (320,000 euros) respectively. If the acquisition had occurred at the beginning of 2007, consolidated revenue and consolidated profit would have been 215,577,000 kroons (13,778,000 euros) and 7,363,000 kroons (471,000 euros) larger respectively.

**NOTE 8. Long-term investments**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Investments in associates	44,498	21,193	2,843	1,354
Long-term receivables from associates	54,551	17,458	3,486	1,116
Other investments	414	300	26	19
Long-term trade receivables	5,198	5,812	332	371
Other long-term receivables	6,353	9,381	406	600
<b>Total long-term investments</b>	<b>111,014</b>	<b>54,144</b>	<b>7,095</b>	<b>3,460</b>

In July 2007, TOV Eurocon Ukraine sold its 50% shareholding in the associate TOV Eurobeton for 2,050,000 kroons (131,000 euros). Transaction gains of 1,448,000 (93,000 euros) were recognised in financial income.

On 3 August 2007, a subsidiary in which the Group's interest is 52% acquired a 66% stake in OÜ DSN Ehitusmasinad for 10,000,000 kroons (639,000 euros). By 31 December 2007, the entire amount of 10,000,000 kroons (639,000 euros) had been paid.

Long-term receivables from associates comprise loans given and accrued interest due from Technopolis-2 and European House. The loan to OÜ Kastani Kinnisvara of 4,500,000 kroons (288,000 euros) has been reclassified to current assets.

**NOTE 9. Investment property**

	2007	2006	2007	2006
	EEK '000		EUR '000	
<b>Investment property at 1 January</b>	<b>5,963</b>	<b>36,603</b>	<b>381</b>	<b>2,339</b>
Acquisitions through business combinations	104,559	0	6,683	0
Transfers to non-current assets held for sale	-198	0	-12	0
Transfers to and from inventories	-1,913	0	-122	0
Transfers to and from property, plant and equipment	168	0	11	0
Additions	1,818	3,362	116	215
Disposals	0	-34,002	0	-2,173
Revaluation to fair value	23,587	0	1,506	0
<b>Investment property at 31 December</b>	<b>133,984</b>	<b>5,963</b>	<b>8,563</b>	<b>381</b>

In 2007, all investment properties were restated to their fair value by reference to the expert opinions of independent real estate appraisers.

**NOTE 10. Property, plant and equipment and intangible assets**

	EEK '000			EUR '000		
	Property, plant and equipment	Intangible assets	Total	Property, plant and equipment	Intangible assets	Total
Carrying amount at 31 December 2006	223,674	165,036	388,710	14,296	10,548	24,844
Acquisitions through business combinations	3,039	106,727	109,766	194	6,821	7,015
Additions	109,324	4,418	113,742	6,987	282	7,269
Disposals	-87,666	-1,101	-88,767	-5,603	-70	-673
Depreciation / amortisation for the period	-60,665	-2,452	-63,117	-3,877	-157	-4,034
Depreciation / amortisation on disposals	35,830	595	36,425	2,290	38	2,328
Effect of movements in exchange rates	-562	0	-562	-36	0	-36
Carrying amount at 31 December 2007	222,974	273,223	496,197	14,251	17,462	31,713

Additions of 2007 include mainly road construction equipment. Items acquired in 2007 with finance lease totalled 82,710,000 kroons (5,286,000 euros).

In connection with the increase of the threshold for recognising assets as items of property, plant and equipment to 30,000 kroons, we wrote off the remaining carrying amounts of items whose cost was less than the recognition threshold. The write-off gave rise to expenses of 2.5 million kroons (0.2 million euros).

**NOTE 11. Finance and operating leases**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
<b>Finance lease liability</b>				
Payable in less than one year	44,489	37,397	2,843	2,390
Payable between one and five years	83,863	66,751	5,360	4,266
<b>Total</b>	<b>128,352</b>	<b>104,148</b>	<b>8,203</b>	<b>6,656</b>
Principal payments made during the period	65,025	27,357	4,156	1,748
Interest payments made during the period	6,879	1,943	440	124
Base currency EUR	131,952	103,264	8,433	6,600
Base currency UAH	3,264	884	209	56
Settlement terms	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 rentals paid for:**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Cars	13,065	12,617	835	806
Construction equipment	28,553	16,390	1,825	1,048
Premises	7,330	4,403	468	281
Software	6,442	5,943	412	380
<b>Total operating lease rentals paid</b>	<b>55,390</b>	<b>39,353</b>	<b>3,540</b>	<b>2,515</b>

**NOTE 12. Interest-bearing loans and borrowings**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Short-term bank loans	48,404	13,994	3,094	894
Current portion of long-term bank loans	38,563	18,638	2,465	1,191
Finance lease liabilities	44,489	37,397	2,843	2,390
<b>Total current loans and borrowings</b>	<b>131,456</b>	<b>70,029</b>	<b>8,402</b>	<b>4,476</b>
Long-term bank loans	184,260	129,266	11,776	8,262
Finance lease liabilities	83,863	66,751	5,360	4,266
<b>Total non-current loans and borrowings</b>	<b>268,124</b>	<b>196,017</b>	<b>17,136</b>	<b>12,528</b>

On 5 February 2007, OÜ Eurocon took a short-term loan from Hansapank. The loan of 10,000,000 kroons (639,000 euros) was taken to refinance a prior loan of 4,100,000 kroons (262,000 euros).

On 21 March 2007, AS Linnaehitus entered into a loan agreement with Sampo Pank. According to the agreement, the limit of the loan is 140,000,000 kroons (8,948,000 euros), annual interest rate is 4.659% and final settlement date is 21 March 2009. At 31 December 2007, 104,162,000 kroons (6,657,000 euros) of the limit was in use.

**NOTE 13. Other payables and advances received**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Payables to the parent and other group companies	8,584	42,192	549	2,697
Payables to associates	7,058	33	451	2
Payables to employees	100,608	73,258	6,430	4,682
Progress payments received in excess of contract work completed	73,713	175,370	4,711	11,208
Accrued expenses	1,823	10,403	117	665
Miscellaneous payables	346,542	77,988	22,148	4,984
Customer advances for goods and services	40,243	25,575	2,572	1,635
<b>Total other payables and advances received</b>	<b>578,571</b>	<b>404,819</b>	<b>36,977</b>	<b>25,873</b>

Payables to employees comprise remuneration and bonuses payable and accrued vacation pay liabilities. Accrued expenses include unpaid loan interest of 1,823,000 kroons (117,000 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. Miscellaneous payables include 187,235,000 kroons payable in 2008 for the 52% stake acquired in AS Eston Ehitus. The liability is non-interest bearing. Miscellaneous payables also include estimated project expenses.

**NOTE 14. Provisions**

	EEK '000		EUR '000	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Current portion of warranty provisions	12,384	4,511	791	288
Non-current portion of warranty provisions	4,328	1,885	277	120
<b>Total warranty provisions</b>	<b>16,712</b>	<b>6,396</b>	<b>1,068</b>	<b>408</b>

**NOTE 15. Equity**

**Shares and share premium**

According to the Articles of Association, the minimum and maximum authorised share capital of AS Eesti Ehitus amount to 120,000,000 kroons (7,669,000 euros) and 480,000,000 kroons (30,677,000 euros) respectively. Share capital consists of ordinary shares with a par value of 10 kroons each.

On 7 June 2007, outstanding share capital was increased by 153,783,000 kroons (9,829,000 euros) through a bonus issue of 15,378,000 new ordinary registered shares with a par value of 10 kroons each. The bonus issue was performed using share premium of 108,465,000 kroons (6,932,000 euros) and retained earnings of 45,318,000 kroons (2,896,000 euros). Each shareholder's stake in the company's share capital increased in proportion to the par value of the shareholder's shares. All new shares entitle the holder to dividends declared for periods beginning on or after 1 January 2007.

**Dividends**

Based on the resolution of the shareholders' general meeting, on 11 June 2007 shareholders were distributed a dividend of 3 kroons (0.19 euros) per share, i.e. 46,135,000 (2,949,000 euros) in aggregate.

### Earnings per share

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

The weighted average number of shares has been found considering the effect of the bonus issue.

	Unit	EEK '000		EUR '000	
		2007	2006	2007	2006
Profit for the period	Thousands of currency units	281,146	175,003	17,969	11,185
Weighted average number of shares	Thousands	30,757	30,757	30,757	30,757
Basic earnings per share		9.14	5.69	0.58	0.36
Diluted earnings per share		9.14	5.69	0.58	0.36

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

### NOTE 16. Interests in joint ventures

The Group is involved in the rehabilitation of Tallinn Airport airside area. The project is under the joint control of three parties. By nature, the contract is a civil law partnership contract. The Group's share in the profit of the contract is one third. Each party is 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 is 100,000 euros.

In addition, the Group participates in the construction of the Vaida-Aruvalla road section under a civil law partnership contract. The project is under the joint control of four parties. The Group's share in the profit of the contract is one fourth. Each party is responsible for the delivery and risks of the contract to the extent of its share in the venture.

	EEK '000	EUR '000	EEK '000	EUR '000
For 12 months or as at 31 Dec 2007				
	Rehabilitation of airport airside area		Vaida-Aruvalla road section	
Income	84,334	5,390	86,271	5,514
Including the reporting period	78,457	5,014	86,271	5,514
Expenses	75,528	4,827	75,353	4,816
Including the reporting period	69,892	4,467	75,353	4,816
Receivables	29,322	1,874	59,986	3,834
Including from venture partners	29,322	1,874	37,093	2,371
Payables	26,722	1,708	58,683	3,751
Including to venture partners	0	0	43,167	2,759

**NOTE 17. Segment reporting – business segments**

The Group's primary segment reporting format is business segments. In 2007, we also implemented reporting by geographical segments. Inter-segment pricing is determined, in all material respects, on an arm's length basis.

**Business segments**

EEK '000	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Construction contract revenue	1,970,719	1,354,374	1,772,693	1,132,559	0	0	3,743,412	2,486,933
Other revenue	14,497	9,576	12,578	7,335	0	0	27,075	16,911
Total revenue from external customers	1,985,216	1,363,950	1,785,271	1,139,894	0	0	3,770,487	2,503,844
Inter-segment revenue	160,133	92,648	84,315	20,427	-244,448	-113,075	0	0
Total revenue	2,145,349	1,456,598	1,869,586	1,160,321	-244,448	-113,075	3,770,487	2,503,844
Segment result	232,855	207,306	267,016	112,289	0	0	499,871	306,525
Unallocated expenses	0	0	0	0	0	0	-166,736	-103,988
Operating profit	0	0	0	0	0	0	333,135	202,537
Net financial items	0	0	0	0	0	0	-11,666	-653
Share of profit / loss of equity accounted investees	-2,862	-980	545	0	0	0	-2,317	-980
Income tax expense	0	0	0	0	0	0	-16,865	-12,831
Profit for the period							302,287	188,073
Segment assets	1,182,287	785,831	962,373	583,616	0	0	2,144,660	1,369,447
Investments in associates	34,155	18,003	10,343	3,190	0	0	44,498	21,193
Total assets							2,189,158	1,390,640
Segment liabilities	409,578	312,055	556,192	320,159	0	0	965,770	632,214
Warranty liabilities	11,680	5,301	5,031	1,095	0	0	16,711	6,396
Unallocated liabilities	0	0	0	0	0	0	399,580	266,046
Total liabilities							1,382,061	904,656
Cash flows from operating activities	83,108	-14,835	79,980	69,803	0	0	163,088	54,968
Cash flows from investing activities	-2,067	24,198	-10,489	-61,410	0	0	-12,556	-37,212
Cash flows from financing activities	31,464	-75,277	-101,864	21,784	0	0	-70,400	-53,493
Net cash flows	112,505	-65,914	-32,373	30,177	0	0	80,132	-35,737
Capital expenditure	133,172	68,161	92,154	140,123	0	0	225,336	208,284
Depreciation and amortisation expense	9,293	5,955	53,818	25,876	0	0	63,111	31,831

**Business segments (continued)**

EUR '000	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
Construction contract revenue	125,952	86,560	113,296	72,384	0	0	239,248	158,944
Other revenue	927	613	804	468	0	0	1,730	1,081
Total revenue from external customers	126,878	87,173	114,100	72,852	0	0	240,978	160,025
Inter-segment revenue	10,234	5,921	5,388	1,306	-15,623	-7,227	0	0
Total revenue	137,113	93,094	119,488	74,158	-15,623	-7,227	240,978	160,025
Segment result	14,882	13,249	17,065	7,177	0	0	31,948	19,591
Unallocated expenses	0	0	0	0	0	0	-10,656	-6,646
Operating profit	0	0	0	0	0	0	21,291	12,945
Net financial items	0	0	0	0	0	0	-746	-42
Share of profit / loss of equity accounted investees	-183	-63	35	0	0	0	-148	-63
Income tax expense	0	0	0	0	0	0	-1,078	-820
Profit for the period							19,320	12,020
Segment assets	75,562	50,224	61,507	37,300	0	0	137,069	87,524
Investments in associates	2,183	1,150	661	204	0	0	2,844	1,354
Total assets							139,913	88,878
Segment liabilities	26,177	19,944	35,547	20,462	0	0	61,724	40,406
Warranty liabilities	746	339	322	70	0	0	1,068	409
Unallocated liabilities	0	0	0	0	0	0	25,538	17,003
Total liabilities							88,330	57,818
Cash flows from operating activities	5,312	-948	5,112	4,461	0	0	10,423	3,513
Cash flows from investing activities	-132	1,547	-670	-3,925	0	0	-802	-2,378
Cash flows from financing activities	2,011	-4,811	-6,510	1,392	0	0	-4,499	-3,419
Net cash flows	7,190	-4,212	-2,069	1,928	0	0	5,121	-2,284
Capital expenditure	8,511	4,357	5,890	8,955	0	0	14,285	13,312
Depreciation and amortisation expense	594	381	3,440	1,653	0	0	4,034	2,034

Unallocated liabilities include loans and borrowings.

**NOTE 18. Segment reporting – geographical segments**

Geographical segments	EEK '000		EUR '000	
	2007	2006	2007	2006
<b>Revenue</b>				
Estonia	3,322,110	2,291,718	212,322	146,467
Ukraine	435,001	216,051	27,801	13,808
Lithuania	18,255	0	1,167	0
Eliminations	-4,879	-3,925	-312	-250
<b>Total revenue</b>	<b>3,770,487</b>	<b>2,503,844</b>	<b>240,978</b>	<b>160,025</b>

<b>Segment assets based on geographical location</b>				
Estonia	2,043,820	1,316,319	130,624	84,128
Ukraine	237,798	154,381	15,198	9,867
Lithuania	11,024	0	705	00
Eliminations	-103,484	-80,060	-6,614	-5,117
<b>Total segment assets</b>	<b>2,189,158</b>	<b>1,390,640</b>	<b>139,913</b>	<b>88,878</b>

EEK '000

<b>Capital expenditures in 2007</b>	<b>Estonia</b>	<b>Ukraine</b>	<b>Lithuania</b>	<b>Total</b>
Property, plant and equipment	104,473	7,768	122	112,363
Intangible assets	111,134	11	0	111,145
Investment property	1,818	0	0	1,818
<b>Total capital expenditures in 2007</b>	<b>217,425</b>	<b>7,778</b>	<b>122</b>	<b>225,326</b>

EUR '000

<b>Capital expenditures in 2007</b>	<b>Estonia</b>	<b>Ukraine</b>	<b>Lithuania</b>	<b>Total</b>
Property, plant and equipment	6,677	496	8	7,181
Intangible assets	7,103	1	0	7,104
Investment property	116	0	0	116
<b>Total capital expenditures in 2007</b>	<b>13,896</b>	<b>497</b>	<b>8</b>	<b>14,401</b>

EEK '000

<b>Capital expenditures in 2006</b>	<b>Estonia</b>	<b>Ukraine</b>	<b>Lithuania</b>	<b>Total</b>
Property, plant and equipment	155,422	3,769	0	159,191
Intangible assets	45,718	11	0	45,729
Investment property	3,364	0	0	3,364
<b>Total capital expenditures in 2006</b>	<b>204,504</b>	<b>3,780</b>	<b>0</b>	<b>208,284</b>

EUR '000

<b>Capital expenditures in 2006</b>	<b>Estonia</b>	<b>Ukraine</b>	<b>Lithuania</b>	<b>Total</b>
Property, plant and equipment	9,933	241	0	10,174
Intangible assets	2,922	1	0	2,923
Investment property	215	0	0	215
<b>Total capital expenditures in 2006</b>	<b>13,070</b>	<b>242</b>	<b>0</b>	<b>13,312</b>



**NOTE 19. Cost of sales**

	EEK '000		EUR '000	
	2007	2006	2007	2006
Depreciation and amortisation expense	59,723	29,388	3,817	1,878
Personnel expenses	341,038	189,959	21,796	12,141
Cost of materials, goods and services used	2,850,388	1,963,486	182,173	125,490
Other expenses	19,467	14,486	1,244	926
<b>Total cost of sales</b>	<b>3,270,616</b>	<b>2,197,319</b>	<b>209,030</b>	<b>140,434</b>

**NOTE 20. Administrative expenses**

	EEK '000		EUR '000	
	2007	2006	2007	2006
Depreciation and amortisation expense	3,388	2,443	217	156
Personnel expenses	121,355	84,338	7,756	5,390
Cost of materials, goods and services used	46,736	33,241	2,987	2,124
Other expenses	7,720	5,717	493	365
<b>Total administrative expenses</b>	<b>179,199</b>	<b>125,739</b>	<b>11,453</b>	<b>8,036</b>

**NOTE 21. Other operating income and expenses**

**Other operating income**

	EEK '000		EUR '000	
	2007	2006	2007	2006
Gains on sale of property, plant and equipment and intangible assets	7,617	7,071	487	452
Gains on sale and revaluation of real estate	23,712	19,205	1,515	1,227
Foreign exchange gains	142	69	8	4
Other income	11,292	514	722	33
<b>Total other operating income</b>	<b>42,763</b>	<b>26,859</b>	<b>2,733</b>	<b>1,717</b>

**Other operating expenses**

	EEK '000		EUR '000	
	2007	2006	2007	2006
Impairment of property, plant and equipment and intangible assets	7,281	23	465	1
Sponsoring, membership fees	2,395	2,578	153	165
Foreign exchange losses	841	368	54	23
Losses from doubtful and irrecoverable receivables	17,422	1,892	1,113	121
Other expenses	2,361	247	151	16
<b>Total other operating expenses</b>	<b>30,300</b>	<b>5,108</b>	<b>1,937</b>	<b>326</b>

**NOTE 22. Financial income and expenses**

**Financial income**

	EEK '000		EUR '000	
	2007	2006	2007	2006
Gains on sale of shares in associates	6,309	10,557	403	675
Other financial income	11,365	7,836	726	501
Foreign exchange gains	688	0	45	0
<b>Total financial income</b>	<b>18,362</b>	<b>18,393</b>	<b>1,174</b>	<b>1,176</b>

### Financial expenses

	EEK '000		EUR '000	
	2007	2006	2007	2006
Interest expense	17,697	13,377	1,131	855
Other financial expenses	1,180	263	75	17
Foreign exchange losses	11,151	5,406	713	345
<b>Total financial expenses</b>	<b>30,028</b>	<b>19,046</b>	<b>1,919</b>	<b>1,217</b>

### NOTE 23. Income tax expense

	EEK '000		EUR '000	
	2007	2006	2007	2006
Income tax on dividends paid	16,397	10,801	1,048	690
Income tax on profit earned	468	2,030	30	208
<b>Total income tax expense</b>	<b>16,865</b>	<b>12,831</b>	<b>1,078</b>	<b>820</b>

### NOTE 24. Transactions with related parties

For the purposes of these financial statements, parties are related if one controls the other or exerts significant influence on the other's business decisions. Related parties include:

1. AS Nordecon (the parent of AS Eesti Ehitus) and its shareholders
2. The subsidiaries and associates of AS Eesti Ehitus
3. Other companies of AS Nordecon Group
4. Members of the company's board and council and individual shareholders whose interest is significant, except where the above cannot exert significant influence on the company's business decisions. Related parties also include close family members of and companies related to the above.

In the preparation of the consolidated interim financial statements, all intra-group receivables and liabilities, intra-group transactions, and related unrealised gains and losses were eliminated.

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

Transactions performed in the reporting period	EEK '000		EUR '000	
	Purchases	Sales	Purchases	Sales
AS Nordecon	17,801	400	1,138	26
Subsidiaries of AS Nordecon	2,805	304,421	179	19,456
Companies related to a member of the council of AS Eesti Ehitus	2,993	6,155	191	393
<b>Total</b>	<b>23,599</b>	<b>310,976</b>	<b>1,508</b>	<b>19,875</b>

Substance of transactions performed	EEK '000		EUR '000	
	Purchases	Sales	Purchases	Sales
Construction contracts	0	304,421	0	19,456
Purchase and sale of goods	0	630	0	40
Leases and other services	23,599	5,925	1,508	379
<b>Total</b>	<b>23,599</b>	<b>310,976</b>	<b>1,508</b>	<b>19,875</b>

**At period end, receivables from and liabilities to related parties broke down as follows:**

	EEK '000				EUR '000			
	31 Dec 2007		31 Dec 2006		31 Dec 2007		31 Dec 2006	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
AS Nordecon	35	2,341	4	2,167	2	150	0	138
Subsidiaries of AS Nordecon	53,344	8,584	10,197	40,025	3,409	549	652	2,558
Companies related to a member of the council of								
AS Eesti Ehitus	1,218	0	10,036	0	78	0	641	0
Associates	32,516	7,058	42,000	33	2,078	451	2,684	2
<b>Total</b>	<b>87,113</b>	<b>17,983</b>	<b>62,237</b>	<b>42,225</b>	<b>5,568</b>	<b>1,150</b>	<b>3,978</b>	<b>2,698</b>

In 2007, the remuneration of the members of the council of AS Eesti Ehitus Group totalled 1,080,000 kroons (69,000 euros) and the remuneration and benefits of the members of the board of AS Eesti Ehitus amounted to 15,558,000 kroons (994,000 euros).

**NOTE 25. Subsequent events**

On 9 January 2008, AS Eesti Ehitus borrowed EUR 11,966,000 from Sampo Pank under a long-term loan agreement in order to finance the acquisition of the shares in AS Eston Ehitus. The loan is secured with a pledge of the shares acquired in AS Eston Ehitus.

## Signatures

The board of AS Eesti Ehitus has prepared the company's consolidated interim financial statements for the fourth quarter and twelve months of 2007 (unaudited) which are presented on pages 3 to 27.

Jaano Vink                      Chairman of the Board                      .....                      31 January 2008

Sulev Luiga                      Member of the Board                      .....                      31 January 2008

Erkki Suurorg                      Member of the Board                      .....                      31 January 2008

Avo Ambur                      Member of the Board                      .....                      31 January 2008

Priit Pluutus                      Member of the Board                      .....                      31 January 2008