



CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
SECOND QUARTER AND FIRST SIX 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 – 30 June 2007
Supervisory board members	Toomas Luman, Alar Kroodo, Ain Tromp, Mait Schmidt, Tiina Mõis, Meelis Milder
Management board members	Jaano Vink, Avo Ambur, Erkki Suurorg, Sulev Luiga
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 and its entities operate in Estonia, Latvia, Lithuania and Ukraine. In addition, in Estonia group companies act as independent contractors in road construction and maintenance, environmental engineering, the assembly of reinforced concrete elements and structures, 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

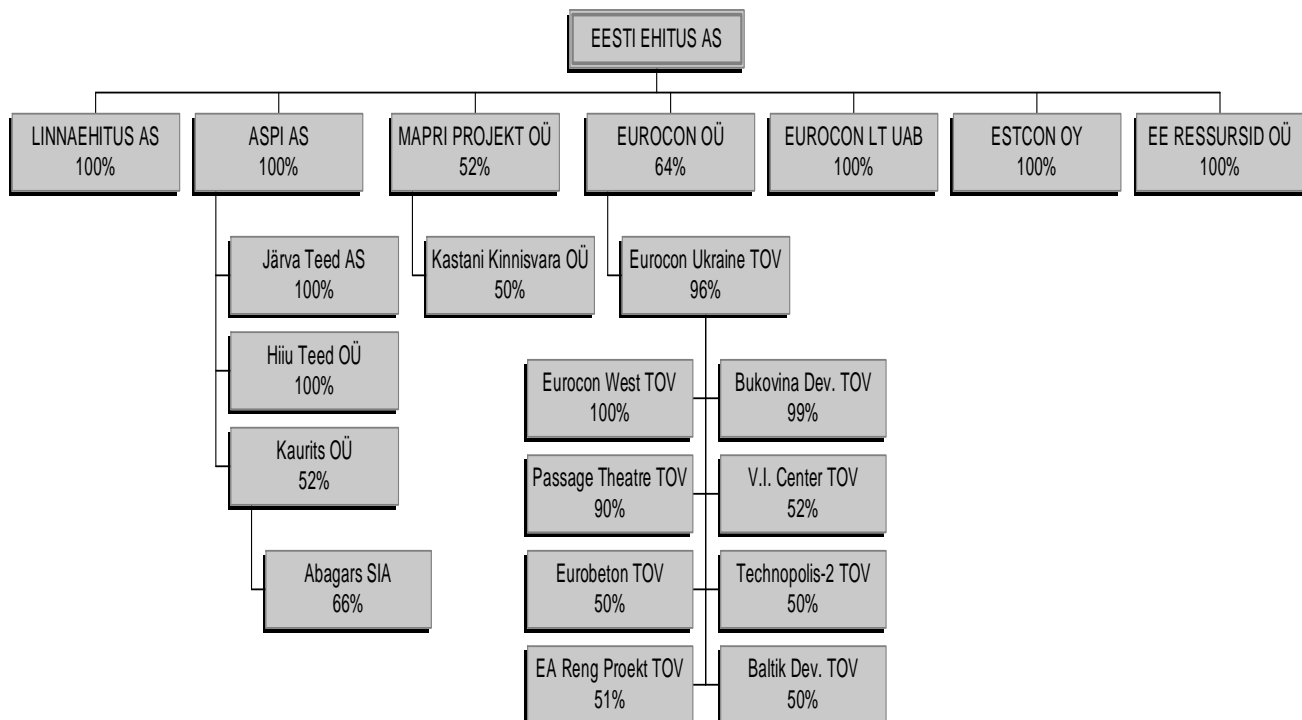
**Quality** We are professionals – we apply appropriate and efficient construction techniques and technologies and observe generally accepted quality standards. We provide our customers with integrated cost efficient solutions. We are environmentally aware and operate sustainably. We value our employees by providing them with a contemporary 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

At 30 June 2007, the structure of AS Eesti Ehitus Group was the following:



The unaudited consolidated financial statements of AS Eesti Ehitus for the six months ended 30 June 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>30 June 2007</b>	<b>30 June 2006</b>	<b>31 December 2006</b>
AS Linnaehitus	Estonia	100.0%	100.0%	100.0%
AS Aspi	Estonia	100.0%	100.0%	100.0%
AS Järva Teed	Estonia	100.0%	100.0%	100.0%
OÜ Hiiu Teed	Estonia	100.0%	100.0%	100.0%
OÜ Mapri Projekt	Estonia	52.0%	52.0%	52.0%
Estcon OY	Finland	100.0%	100.0%	100.0%
OÜ EE Ressursid	Estonia	100.0%	100.0%	100.0%
UAB Eurocon LT	Lithuania	100.0%	0.0%	0.0%
OÜ Eurocon	Estonia	64.0%	64.0%	64.0%
TOV Eurocon Ukraine	Ukraine	61.4%	61.4%	61.4%
TOV Eurocon West	Ukraine	61.4%	61.4%	61.4%
TOV Bukovina Developments	Ukraine	60.8%	60.8%	60.8%
TOV Passage Theatre	Ukraine	55.3%	61.4%	55.3%
OÜ Kaurits	Estonia	52.0%	0.0%	52.0%
SIA Abagars	Latvia	34.3%	0.0%	34.3%
TOV V.I. Center	Ukraine	32.0%	41.0%	38.7%
TOV EA Reng Proekt	Ukraine	31.3%	0.0%	31.3%
TOV Eurobeton	Ukraine	30.7%	0.0%	30.7%
TOV Technopolis-2	Ukraine	30.7%	30.7%	30.7%
TOV Baltik Development	Ukraine	30.7%	0.0%	0.0%
OÜ Kastani Kinnisvara	Estonia	26.0%	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 the first half of 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 together 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 new entity is 30.7%.
- In June, we founded a subsidiary, UAB Eurocon LT, in Lithuania.

From the beginning of 2007, the consolidated financial statements include the financial statements of OÜ Kaurits.

**EMPLOYEES AND PERSONNEL EXPENSES**

In the first six months of 2007, the Group employed, on average, 1113 people. The proportion of engineers and technical personnel (ETP) was 37%. Personnel expenses totalled 176.3 million kroons (€1.3 million), a 73% increase on a year ago. The average number of staff grew 26% year-over year.

#### Average number of the Group's employees

Period	ETP	Workers	Total average
6 months 2007	412	701	<b>1113</b>
6 months 2006	316	566	<b>882</b>
2006	329	542	<b>871</b>

#### REVENUE AND SEGMENTS

Consolidated revenues for the six months ended 30 June 2007 totalled 1,519.6 million kroons (€7.1 million), a solid 64% improvement on a year ago. Similarly to a year ago, the Residential and non-residential segment contributed 62% (48% up on a year ago) and the Civil engineering segment 38% (118% growth) of the total.

##### Revenue by segments

Business segments	I half 2007	I half 2006	2006
Civil engineering	38%	38%	46%
Residential and non-residential	62%	62%	54%

Commercial buildings remains the Residential and non-residential segment's largest sub-segment, largely on account of strong demand in all our home markets. Compared to the first half of 2006, the highest growth rate was posted by the Public buildings sub-segment.

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

non-residential segment	I half 2007	I half 2006	2006
Residential buildings	17%	11%	17%
Public buildings	20%	17%	18%
Commercial buildings	53%	47%	41%
Industrial and warehouse facilities	10%	25%	24%

In Civil engineering the largest sub-segment was Port construction, which contributed 302.8 million kroons (€19.4 million), i.e. 20.7% of total construction contract revenues. A year ago the contribution of Port construction was only 27.2 million kroons (€1.7 million) or 2.9%. Road construction and maintenance generated revenues of 199.7 million (€12.8 million), i.e. 13.7% of total construction contract revenues, against 219.1 million kroons (€14 million) and 23.8% a year ago.

At 30 June 2007, the Group's order backlog was 2,730.8 million kroons (€174.5 million) against 1,987.5 million kroons (€127.0 million) a year ago.

#### PROFITABILITY AND CASH FLOWS

In the first half of 2007, the Group's year-on-year profitability improved in all areas.

Gross margin rose to 14.2% against 9.9% a year ago. Although the growth in personnel expenses surpassed that of revenue, other costs increased more moderately.

The ratio of administrative expenses to revenue declined to 4.8% (I half 2006: 5.0%). The improvement is attributable to an increase in sales and reflects the Group's enhanced ability to cover its fixed costs.

The period's operating margin was 9.6% (I half 2006: 7.7%).

Unaudited consolidated net profit for the first six months of 2007 amounted to an exceptional 129.9 million kroons (€8.3 million) against the 53.5 million kroons (€3.4 million) earned a year ago. The profit attributable to equity holders of the parent amounted to 123.9 million kroons (€7.9 million) against 54.7 million kroons (€3.5 million) for the first half of 2006.

Net operating cash flows for the first half-year were negative to the extent of 75.0 million kroons (€4.8 million) while a year ago they were positive at 10.0 million kroons (€0.6 million). The difference can be explained by

major materials purchases for port construction projects and the return of excess amounts on the completion of the renovation of the Luther residential quarter.

Cash flows from investing activities were more or less balanced, resulting in a net outflow of 1.6 million kroons (€0.1 million). A year ago, investing activities resulted in a cash outflow of 53.7 million kroons (€3.4 million).

Financing activities resulted in an outflow of 8.4 million kroons (€0.5 million), mainly due to the distribution of dividends. A year ago, the initial public offering of the company's shares and loans received generated cash inflows of 45.4 million (€2.9 million).

Gearing or the ratio of net debt to invested capital (loans plus equity) surged from 12.5% a year ago to 33.1% for two reasons. Firstly, the balance of cash and cash equivalents decreased on account of developments in operating cash flows. Secondly, the proportion of invested capital increased at the expense of growth in equity, creating an opportunity for involving additional funds through the issuance of debt instruments.

## SIGNIFICANT RATIOS AND FIGURES

Ratio /figure	I half 2007	I half 2006	2006
Weighted average number of shares	30,756,728	30,756,728	30,756,728
Earnings per share (in kroons)	4.03	1.78	5.69
Revenue growth	64.0%	192.3%	49.5%
Average number of employees	1113	882	871
Revenue per employee (in thousands of kroons)	1,365	1,050	2,875
Personnel expenses to revenue, %	11.6%	11.0%	11.0%
Administrative expenses to revenue, %	4.8%	5.0%	5.0%
EBITDA (in thousands of kroons)	176,310	85,208	234,368
EBITDA margin, %	11.6%	9.2%	9.4%
Gross margin, %	14.2%	9.9%	12.2%
Operating margin, %	9.6%	7.7%	8.1%
Operating margin excluding gains on property sales, %	9.2%	4.9%	7.0%
Net margin, %	8.6%	5.8%	7.5%
Return on invested capital, %	18.2%	12.9%	33.7%
Return on assets, %	9.4%	6.5%	17.4%
Return on equity, %	24.8%	20.4%	56.1%
Equity ratio, %	32.9%	26.6%	34.9%
Gearing or net debt to debt plus equity, %	33.1%	12.5%	14.6%
Current ratio	1.41	1.18	1.33
Order backlog (in thousands of kroons)	2,730,813	1,987,547	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*


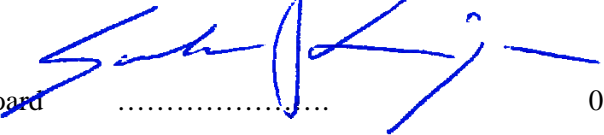

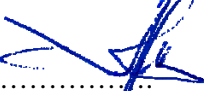
*Gearing or net debt to debt plus equity ratio = (interest-bearing liabilities - cash and cash equivalents) / (interest bearing liabilities + equity)*

*Current ratio = total current assets / total current liabilities*

## Statement of management responsibility

The board of AS Eesti Ehitus acknowledges its responsibility for the preparation of the Group's consolidated interim financial statements for the second quarter and first six months of 2007 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 July 2007) have been properly recognised and disclosed; and
- AS Eesti Ehitus and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board		03.08.2007
Sulev Luiga	Member of the Board		03.08.2007
Erkki Suurorg	Member of the Board		03.08.2007
Avo Ambur	Member of the Board		03.08.2007

## Consolidated interim financial statements

### Consolidated interim balance sheet

Unaudited, in thousands of Estonian kroons (EEK)

	Note	30 June 2007	30 June 2006	31 December 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		70,871	193,731	155,980
Short-term investments	2	0	0	2,140
Trade receivables		511,810	341,985	380,841
Other receivables and prepayments	3	261,793	125,897	129,663
Deferred tax assets		1,015	0	1,015
Inventories	4	377,859	219,437	272,184
<b>Total current assets</b>		<b>1,223,348</b>	<b>881,050</b>	<b>941,823</b>
<b>Non-current assets</b>				
Investments in associates		21,319	20,590	21,193
Other long-term investments	5	29,763	24,693	32,951
Investment property		5,962	2,611	5,963
Property, plant and equipment	6	264,647	186,853	223,674
Intangible assets	6	165,413	141,580	165,036
<b>Total non-current assets</b>		<b>487,104</b>	<b>376,327</b>	<b>448,817</b>
<b>TOTAL ASSETS</b>		<b>1,710,452</b>	<b>1,257,377</b>	<b>1,390,640</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	97,666	98,709	70,029
Trade payables		347,739	252,735	183,983
Tax liabilities		42,293	22,317	42,922
Other payables and advances	9	363,615	372,088	404,819
Provisions	10	6,097	3,019	4,511
<b>Total current liabilities</b>		<b>857,410</b>	<b>748,868</b>	<b>706,264</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	287,186	170,261	196,017
Other liabilities	9	490	1,794	490
Provisions	10	1,885	2,047	1,885
<b>Total non-current liabilities</b>		<b>289,561</b>	<b>174,102</b>	<b>198,392</b>
<b>TOTAL LIABILITIES</b>		<b>1,146,971</b>	<b>922,970</b>	<b>904,656</b>
<b>EQUITY</b>				
<b>Minority interest</b>	11	<b>39,492</b>	<b>9,818</b>	<b>39,291</b>
Share capital	11	307,567	153,784	153,784
Share premium	11	0	108,465	108,465
Statutory capital reserve	11	8,216	4,158	4,158
Translation reserve	11	2,416	1,258	2,196
Retained earnings	11	205,790	56,924	178,090
<b>Total equity attributable to equity holders of the parent</b>		<b>523,989</b>	<b>324,589</b>	<b>446,693</b>
<b>TOTAL EQUITY</b>		<b>563,481</b>	<b>334,407</b>	<b>485,984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,710,452</b>	<b>1,257,377</b>	<b>1,390,640</b>



Unaudited, in thousands of euro (€)

	Note	30 June 2007	30 June 2006	31 December 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		4,529	12,382	9,969
Short-term investments	2	0	0	137
Trade receivables		32,711	21,857	24,340
Other receivables and prepayments	3	16,732	8,046	8,287
Deferred tax assets		65	0	65
Inventories	4	24,149	14,025	17,395
<b>Total current assets</b>		<b>78,186</b>	<b>56,310</b>	<b>60,193</b>
<b>Non-current assets</b>				
Investments in associates		1,363	1,316	1,354
Other long-term investments	5	1,902	1,578	2,106
Investment property		381	167	381
Property, plant and equipment	6	16,914	11,942	14,296
Intangible assets	6	10,572	9,049	10,548
<b>Total non-current assets</b>		<b>31,132</b>	<b>24,052</b>	<b>28,685</b>
<b>TOTAL ASSETS</b>		<b>109,318</b>	<b>80,362</b>	<b>88,878</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	6,242	6,309	4,476
Trade payables		22,225	16,153	11,759
Tax liabilities		2,703	1,426	2,743
Other payables and advances	9	23,239	23,781	25,873
Provisions	10	391	193	288
<b>Total current liabilities</b>		<b>54,800</b>	<b>47,862</b>	<b>45,139</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	18,355	10,882	12,528
Other liabilities	9	31	115	31
Provisions	10	120	131	120
<b>Total non-current liabilities</b>		<b>18,506</b>	<b>11,128</b>	<b>12,679</b>
<b>TOTAL LIABILITIES</b>		<b>73,306</b>	<b>58,990</b>	<b>57,818</b>
<b>EQUITY</b>				
<b>Minority interest</b>				
Minority interest	11	2,524	627	2,511
Share capital	11	19,657	9,829	9,829
Share premium	11	0	6,932	6,932
Statutory capital reserve	11	525	266	266
Translation reserve	11	154	80	140
Retained earnings	11	13,152	3,638	11,382
<b>Total equity attributable to equity holders of the parent</b>		<b>33,488</b>	<b>20,745</b>	<b>28,549</b>
<b>TOTAL EQUITY</b>		<b>36,012</b>	<b>21,372</b>	<b>31,060</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>109,318</b>	<b>80,362</b>	<b>88,878</b>

## Consolidated interim income statement

Unaudited, in thousands of Estonian kroons (EEK)

	Note	Q2, 2007	Q2, 2006	I half 2007	I half 2006	2006
Revenue	13	959,847	584,720	1,519,582	926,514	2,503,844
Cost of sales	14	809,545	522,830	1,303,330	834,387	2,197,319
<b>Gross profit</b>		<b>150,302</b>	<b>61,890</b>	<b>216,252</b>	<b>92,127</b>	<b>306,525</b>
Administrative expenses	15	42,622	25,066	72,478	45,931	125,739
Other operating income	16	3,569	7,090	6,539	26,140	26,859
Other operating expenses	16	2,412	320	4,178	1,214	5,108
<b>Operating profit before financial items</b>		<b>108,837</b>	<b>43,594</b>	<b>146,135</b>	<b>71,122</b>	<b>202,537</b>
Financial income	17	3,384	1,359	13,209	2,654	18,393
Financial expenses	17	5,964	4,252	12,001	9,097	19,046
<b>Net financial items</b>		<b>-2,580</b>	<b>-2,893</b>	<b>1,208</b>	<b>-6,443</b>	<b>-653</b>
Share of profit of equity accounted investees		237	0	994	0	0
Share of loss of equity accounted investees		-688	-198	-926	-378	-980
<b>Net share of profit and loss of equity accounted investees</b>		<b>-451</b>	<b>-198</b>	<b>68</b>	<b>-378</b>	<b>-980</b>
<b>Profit before income tax</b>		<b>105,806</b>	<b>40,503</b>	<b>147,411</b>	<b>64,301</b>	<b>200,904</b>
Income tax expense	18	7,275	4,379	17,467	10,801	12,831
<b>Profit for the period</b>		<b>98,531</b>	<b>36,124</b>	<b>129,944</b>	<b>53,500</b>	<b>188,073</b>
<b>Attributable to</b>						
Equity holders of the parent		94,386	36,519	123,878	54,742	175,003
Minority interest		4,145	-395	6,066	-1,242	13,070
Basic earnings per share (in kroons)*	11	3.07	1.19	4.03	1.78	5.69
Diluted earnings per share (in kroons)*	11	3.07	1.19	4.03	1.78	5.69

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

AS Eesti Ehitus  
Consolidated interim financial statements  
Second quarter and first six months of 2007  
(unaudited)

Unaudited, in thousands of euro (€)

	Note	Q2, 2007	Q2, 2006	I half 2007	I half 2006	2006
Revenue	13	61,345	37,370	97,119	59,215	160,025
Cost of sales	14	51,739	33,415	83,298	53,327	140,434
<b>Gross profit</b>		<b>9,606</b>	<b>3,955</b>	<b>13,821</b>	<b>5,888</b>	<b>19,591</b>
Administrative expenses	15	2,724	1,602	4,632	2,936	8,036
Other operating income	16	228	453	418	1,671	1,716
Other operating expenses	16	154	20	267	78	326
<b>Operating profit before financial items</b>		<b>6,956</b>	<b>2,786</b>	<b>9,340</b>	<b>4,545</b>	<b>12,945</b>
Financial income	17	216	87	844	170	1,175
Financial expenses	17	381	272	767	581	1,217
<b>Net financial items</b>		<b>-165</b>	<b>-185</b>	<b>77</b>	<b>-411</b>	<b>-42</b>
Share of profit of equity accounted investees		15	0	64	0	0
Share of loss of equity accounted investees		-44	-13	-59	-24	-63
<b>Net share of profit and loss of equity accounted investees</b>		<b>-29</b>	<b>-13</b>	<b>5</b>	<b>-24</b>	<b>-63</b>
<b>Profit before income tax</b>		<b>6,762</b>	<b>2,588</b>	<b>9,422</b>	<b>4,110</b>	<b>12,840</b>
Income tax expense	18	465	280	1,116	690	820
<b>Profit for the period</b>		<b>6,297</b>	<b>2,308</b>	<b>8,306</b>	<b>3,420</b>	<b>12,020</b>
<b>Attributable to</b>						
Equity holders of the parent		6,032	2,333	7,918	3,499	11,185
Minority interest		265	-25	388	-79	835
Basic earnings per share (in euro)*	11	0.20	0.08	0.26	0.11	0.36
Diluted earnings per share (in euro)*	11	0.20	0.08	0.26	0.11	0.36

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

## Consolidated interim statement of cash flows

Unaudited, in thousands	Estonian kroons (EEK)		Euro (€)	
	I half 2007	I half 2006	I half 2007	I half 2006
<b>Cash flows from operating activities</b>				
Cash receipts from customers	1,529,072	952,211	97,726	60,857
Cash paid to suppliers	-1,402,072	-814,482	-89,609	-52,055
Cash paid to and for employees	-196,846	-113,939	-12,581	-7,282
Income taxes paid	-5,200	-13,814	-332	-883
<b>Net cash used in / from operating activities</b>	<b>-75,046</b>	<b>9,976</b>	<b>-4,796</b>	<b>638</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment and intangible assets	-15,506	-55,147	-991	-3,525
Proceeds from sale of property, plant and equipment	11,560	10,797	739	690
Proceeds from sale of investment property	0	35,000	0	2,237
Acquisition of subsidiaries and associates	-9,342	-24,631	-597	-1,574
Proceeds from sale of associates	8,449	0	540	0
Other investments	-4,104	0	-262	0
Loans granted	-4,811	-20,456	-307	-1,307
Repayment of loans granted	7,980	0	510	0
Interest received	4,126	747	264	48
<b>Net cash used in investing activities</b>	<b>-1,648</b>	<b>-53,690</b>	<b>-105</b>	<b>-3,431</b>
<b>Cash flows from financing activities</b>				
Share issue	0	130,527	0	8,342
Proceeds from loans received	90,140	62,962	5,761	4,024
Repayment of loans received	-9,800	-95,597	-626	-6,110
Dividends paid	-52,135	-32,160	-3,332	-2,055
Payment of finance lease liabilities	-32,230	-14,701	-2,060	-940
Interest paid	-4,391	-5,346	-281	-342
Other payments made	12	-269	1	-17
<b>Net cash used in / from financing activities</b>	<b>-8,404</b>	<b>45,416</b>	<b>-537</b>	<b>2,903</b>
<b>Net decrease / increase in cash and cash equivalents</b>	<b>-85,098</b>	<b>1,702</b>	<b>-5,439</b>	<b>109</b>
Cash and cash equivalents at beginning of period	155,980	192,490	9,969	12,302
Effect of exchange rate fluctuations	-11	-461	-1	-29
Cash and cash equivalents adjusted for exchange rate fluctuations	155,969	192,029	9,968	12,273
Decrease / increase in cash and cash equivalents	-85,098	1,702	-5,439	109
Cash and cash equivalents at end of period	70,871	193,731	4,529	12,382

## Consolidated interim statement of changes in equity

Unaudited, in thousands of Estonian kroons (EEK)

	<u>Equity attributable to equity holders of the parent</u>							
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Minority		Total
						Total	interest	
<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	463	0	463	-447	16
Profit for the period	0	0	0	0	54,742	54,742	-1,242	53,500
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>463</b>	<b>54,742</b>	<b>55,205</b>	<b>-1,689</b>	<b>53,516</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
Change of minority interest	0	0	0	0	-540	-540	1,410	870
<b>Balance at 30 June 2006</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>1,258</b>	<b>56,924</b>	<b>324,589</b>	<b>9,818</b>	<b>334,407</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	220	0	220	135	355
Profit for the period	0	0	0	0	123,878	123,878	6,066	129,944
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220</b>	<b>123,878</b>	<b>124,098</b>	<b>6,201</b>	<b>130,299</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	4,058	0	-4,058	0	0	0
Change of minority interest	0	0	0	0	-667	-667	0	-667
<b>Balance at 30 June 2007</b>	<b>307,567</b>	<b>0</b>	<b>8,216</b>	<b>2,416</b>	<b>205,790</b>	<b>523,989</b>	<b>39,492</b>	<b>563,481</b>

Unaudited, in thousands of euro (€)

	<u>Equity attributable to equity holders of the parent</u>							
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Minority		Total
						Total	interest	
<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>11,310</b>	<b>783</b>	<b>12,093</b>
Foreign exchange differences	0	0	0	29	0	29	-29	0
Profit for the period	0	0	0	0	3,499	3,499	-79	3,420
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>3,499</b>	<b>3,528</b>	<b>-108</b>	<b>3,420</b>
Dividends declared	0	0	0	0	-1,917	-1,917	-138	-2,055
Issue of share capital	7,604	6,408	0	0	-6,152	7,860	0	7,860
Change of minority interest	0	0	0	0	-36	-36	90	54
<b>Balance at 30 June 2006</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>80</b>	<b>3,638</b>	<b>20,745</b>	<b>627</b>	<b>21,372</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	14	0	14	9	23
Profit for the period	0	0	0	0	7,917	7,917	388	8,305
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>7,917</b>	<b>7,931</b>	<b>397</b>	<b>8,328</b>
Dividends declared	0	0	0	0	-2,949	-2,949	-384	-3,333
Issue of share capital	9,828	-6,932	0	0	-2,896	0	0	0
Transfer to capital reserve	0	0	259	0	-259	0	0	0
Change of minority interest	0	0	0	0	-43	-43	0	-43
<b>Balance at 30 June 2007</b>	<b>19,657</b>	<b>0</b>	<b>525</b>	<b>154</b>	<b>13,152</b>	<b>33,488</b>	<b>2,524</b>	<b>36,012</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; 61.15% of the shares are held by AS Nordecon.

The consolidated interim financial statements for the six months ended 30 June 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. The interim financial statements have been prepared using the same accounting policies that were applied on the preparation of the consolidated financial statements for the year ended 31 December 2006.

According to management's assessment, the consolidated interim financial statements of AS Eesti Ehitus for the first six months of 2007 give a true and fair view of the Group's result of operations and all group entities 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.

The consolidated income statement does not include any gains or losses from changes in management's judgements, estimates and assumptions which have occurred since the preparation of the consolidated annual financial statements for the year ended 31 December 2006.

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

### NOTE 2. Short-term investments

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Other shares	0	2,140	0	137
Total short-term investments	0	2,140	0	137

On 13 February 2007 the Group sold the shares for 8,449,000 kroons (€540,000). Transaction gains of 6,309,000 kroons (€403,000) were recognised in financial income.

### NOTE 3. Other receivables and prepayments

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Receivables from the parent and other group companies	58,393	10,202	3,732	652
Receivables from associates	18,474	24,542	1,181	1,569
Miscellaneous receivables	26,246	16,412	1,677	1,049
Due from customers for contract work	97,274	57,907	6,217	3,701
Accrued income	244	108	16	7
Prepaid taxes	9,427	7,880	602	504
Prepayments to suppliers	51,735	12,612	3,306	806
Total other receivables and prepayments	261,793	129,663	16,732	8,287

Receivables from the parent and other group companies comprise receivables related to the performance of construction contracts. Receivables from associates comprise loan receivables and 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 comprise mostly prepaid insurance premiums.

#### NOTE 4. Inventories

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Raw and other materials	47,647	36,204	3,045	2,314
Work in progress	231,161	111,625	14,774	7,134
Property held for resale	99,051	124,355	6,331	7,947
<b>Total inventories</b>	<b>377,859</b>	<b>272,184</b>	<b>24,150</b>	<b>17,395</b>

At 30 June 2007, raw and other materials of 47,647,000 kroons (€3,045,000) comprised mostly materials acquired for construction projects. Work in progress comprised the costs related to construction contracts in progress at the balance sheet date (the costs incurred in respect of apartment houses under construction) of 231,161,000 kroons (€14,774,000). Property held for resale comprised registered immovable properties of 99,051,000 kroons (€6,331,000) acquired for residential construction purposes.

#### NOTE 5. Other long-term investments

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Long-term receivables from associates	13,253	17,458	847	1,116
Other investments	4,552	300	291	19
Long-term trade receivables	5,812	5,812	371	371
Other long-term receivables	6,146	9,381	393	600
<b>Total other long-term investments</b>	<b>29,763</b>	<b>32,951</b>	<b>1,902</b>	<b>2,106</b>

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) has been reclassified to current assets.

Other investments include the subsidiary TOV Eurocon Ukraine's 10% investment in the Ukrainian company European House. The investment is stated at cost because its fair value cannot be measured reliably. In February 2007 the entity's share capital was increased with an additional contribution by 4,036,000 kroons (€258,000). The ownership interest remained 10%.

**NOTE 6. Property, plant and equipment and intangible assets**

In thousands	EEK			€		
	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
Additions	77,869	1,572	79,441	4,977	100	5,077
Disposals	-25,865	0	-25,865	-1,653	0	-1,653
Depreciation / amortisation for the period	-28,980	-1,195	-30,175	-1,852	-76	-1,929
Depreciation / amortisation on disposals	17,983	0	17,983	1,149	0	1,149
Effect of movements in exchange rates	-34	0	-34	-3	0	-3
Carrying amount at 30 June 2007	264,647	165,413	430,060	16,914	10,572	27,486

Additions include mainly road construction equipment and other tools and equipment.

In the first six months of 2007, the cost of assets acquired with finance lease amounted to 61,622,000 kroons (€9,938,000).

**NOTE 7. Finance and operating leases**

In thousands	EEK		€		
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	
Finance lease liability					
Payable in less than one year	40,313	37,397	2,576	2,390	
Payable between one and five years	97,979	66,751	6,262	4,266	
Total	138,292	104,148	8,838	6,656	
Principal payments made during the period	32,444	27,357	2,074	1,748	
Interest payments made during the period	2,970	1,943	190	124	
Base currency	EUR	136,654	103,264	8,734	6,600
Base currency	UAH	1,638	884	884	980
Settlement terms	Monthly	Monthly	Monthly	Monthly	
Interest rate in Estonia	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%	3.0%-8.0%	
Interest rate in Ukraine	10%-12%	10%-12%	10%-12%	10%-12%	

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Operating lease rentals paid				
Cars	7,230	12,617	462	806
Construction equipment	9,123	16,390	583	1,048
Premises	4,557	4,403	291	281
Software	3,313	5,943	212	380
Total operating lease rentals paid	24,223	39,353	1,548	2,515



**NOTE 8. Interest-bearing loans and borrowings**

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Short-term bank loans	33,485	13,994	2,140	894
Current portion of long-term bank loans	23,868	18,638	1,525	1,191
Finance lease liabilities	40,313	37,397	2,576	2,390
<b>Total current loans and borrowings</b>	<b>97,666</b>	<b>70,029</b>	<b>6,242</b>	<b>4,476</b>

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Long-term bank loans	189,207	129,266	12,093	8,262
Finance lease liabilities	97,979	66,751	6,262	4,266
<b>Total non-current loans and borrowings</b>	<b>287,186</b>	<b>196,017</b>	<b>18,355</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 (€39,000) was taken to refinance a prior loan of 4,100,000 kroons (€262,000).

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 (€948,000), annual interest rate is 4.659% and final settlement date is 21 March 2009. At 30 June 2007, 79,162,000 kroons (€509,000) of the limit was in use.

**Overview of loans**

(EEK)	30 June 2007					
	Base currency	Fixed interest rate	Limit	Up to 1 year	Over 1 year	Total
<b>Bank loans</b>						
Investment loan	EUR	4.1%	141,700	18,638	105,461	124,099
Investment loan	EUR	3.3%	17,000	5,230	0	5,230
Working capital loan	EEK	5.25%	10,000	10,000	0	10,000
Working capital loan	EEK	3.4%	30,000	16,594	0	16,594
Investment loan	UAH	18.0%	10,508	6,890	4,583	11,473
Investment loan	EUR	4.18%	19,162	0	0	0
Working capital loan	EUR	4.659%	140,000	0	79,162	79,162
			368,370	57,352	189,206	246,558

In thousands of euro (€)	30 June 2007					
	Base currency	Fixed interest rate	Limit	Up to 1 year	Over 1 year	Total
<b>Bank loans</b>						
Investment loan	EUR	4.1%	9,056	1,191	6,740	7,931
Investment loan	EUR	3.3%	1,086	334	0	334
Working capital loan	EEK	5.25%	639	639	0	639
Working capital loan	EEK	3.4%	1,917	1,061	0	1,061
Investment loan	UAH	18.0%	672	440	293	733
Investment loan	EUR	4.18%	1,225	0	0	0
Working capital loan	EUR	4.659%	8,948	0	5,059	5,059
			23,543	3,665	12,092	15,758

**NOTE 9. Other payables and advances and other liabilities**

**Other current payables and advances**

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Payables to the parent and other group companies	2,309	42,192	148	2,697
Payables to associates	0	33	0	2
Payables to employees	77,622	73,258	4,961	4,682
Progress payments received in excess of contract work completed	80,763	175,370	5,162	11,208
Accrued expenses	4,723	10,403	302	665
Miscellaneous payables	173,830	77,988	11,110	4,984
Customer advances for goods and services	24,368	25,575	1,557	1,635
<b>Total other current payables and advances</b>	<b>363,615</b>	<b>404,819</b>	<b>23,239</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 4,723,000 kroons (€302,000) 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.

**Other non-current liabilities**

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Liabilities to suppliers	490	490	31	31
<b>Total other non-current liabilities</b>	<b>490</b>	<b>490</b>	<b>31</b>	<b>31</b>

**NOTE 10. Provisions**

**Current provisions**

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Warranty provisions	6,097	4,511	390	288
<b>Total</b>	<b>6,097</b>	<b>4,511</b>	<b>390</b>	<b>288</b>

**Non-current provisions**

In thousands	EEK		€	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Warranty provisions	1,885	1,885	120	120
<b>Total</b>	<b>1,885</b>	<b>1,885</b>	<b>120</b>	<b>120</b>

**NOTE 11. 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) and 480,000,000 kroons (€30,677,000) 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) 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) and retained earnings of 45,318,000 kroons (€2,896,000). 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 shareholders were distributed a dividend of 3 kroons (€0.19) per share, i.e. 46,135,000 (€2,949,000) 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		€	
		I half 2007	2006	I half 2007	2006
	In thousands of				
Profit for the period	currency units	123,878	175,003	7,917	11,185
Weighted average number of shares	In thousands	30,757	30,757	30,757	30,757
Basic earnings per share		4.03	5.69	0.26	0.36
Diluted earnings per share		4.03	5.69	0.26	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 12. Interests in joint ventures

The Group is involved in the performance of a construction contract which is under the joint control of three parties. By nature, the contract is a civil law partnership contract. The Group's share in the contract's profit 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.

By the end of the reporting period, the portion of work performed by the Group under the above contract amounted to 74,269,000 kroons (€4,747,000) and the costs incurred amounted to 68,596,000 kroons (€4,384,000). The figures include work performed in 2007 of 62,475,000 kroons (€3,393,000) and the costs incurred in 2007 of 57,579,000 kroons (€3,680,000). At 30 June 2007, receivables and payables related to the performance of the contract amounted to 43,244,000 kroons (€2,764,000) and 32,160,000 kroons (€2,055,000) respectively.

**NOTE 13. Segment reporting**

The Group's primary segment reporting format is business segments. Inter-segment pricing is determined, in all material respects, on an arm's length basis.

**Business segments**

In thousands of Estonian kroons (EEK)	<b>Residential and non-residential</b>		<b>Civil engineering</b>		<b>Eliminations</b>		<b>Consolidated</b>	
	<b>For the first six months of the year</b>							
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Revenue from external customers:								
Construction contract revenue	793,198	572,445	667,334	349,235	0	0	1,460,532	921,680
Other revenue	23,270	2,699	35,780	2,135	0	0	59,050	4,834
Total revenue from external customers:	816,468	575,144	703,114	351,370	0	0	1,519,582	926,514
Inter-segment revenue	103,369	47,884	75,317	5,386	-178,686	-53,270	0	0
<b>Total revenue</b>	<b>919,837</b>	<b>623,028</b>	<b>778,431</b>	<b>356,756</b>	<b>-178,686</b>	<b>-53,270</b>	<b>1,519,582</b>	<b>926,514</b>
Segment result	110,270	69,116	112,048	21,769	-6,066	1,242	216,252	92,127
Unallocated expenses	0	0	0	0	0	0	-70,117	-21,005
Operating profit	0	0	0	0	0	0	146,135	71,122
Net financial items	0	0	0	0	0	0	1,208	-6,443
Profit / loss of equity accounted investees	68	-378	0	0	0	0	68	-378
Income tax expense	0	0	0	0	0	0	-17,467	-10,801
Profit for the period							<u>129,944</u>	<u>53,500</u>
Segment assets	1,029,202	629,871	659,931	606,916	0	0	1,689,133	1,236,787
Investments in associates	18,986	20,590	2,333	0	0	0	21,319	20,590
Total assets							<u>1,710,452</u>	<u>1,257,377</u>
Segment liabilities	257,210	371,030	498,322	277,904	0	0	755,532	648,934
Warranty liabilities	4,697	2,919	1,890	2,147			6,587	5,066
Unallocated liabilities	0	0	0	0	0	0	384,852	268,970
Total liabilities							<u>1,146,971</u>	<u>922,970</u>
Cash flows from:								
operating activities	32,340	45,238	62,835	8,469	-170,221	-43,731	-75,046	9,976
investing activities	-24,170	-115,354	-34,907	-19,290	57,429	80,954	-1,648	-53,690
financing activities	110,318	96,389	-61,293	29,981	-57,429	-80,954	-8,404	45,416
Net cash flows	118,488	26,273	-33,365	19,160	-170,221	-43,731	-85,098	1,702
Capital expenditure	14,149	28,599	65,292	25,227	0	0	79,441	53,826
Depreciation and amortisation expense	4,362	1,220	25,813	12,866	0	0	30,175	14,086

In thousands of euro (€)	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	For the first six months of the year						2007	2006
	2007	2006	2007	2006	2007	2006		
Revenue from external								
Construction contract revenue	50,695	36,595	42,650	22,320	0	0	93,345	58,915
Other revenue	1,487	163	2,287	137	0	0	3,774	300
Total revenue from external customers:	52,182	36,758	44,937	22,457	0	0	97,119	59,215
Inter-segment revenue	6,606	3,060	4,814	344	-11,420	-3,404	0	0
<b>Total revenue</b>	<b>58,788</b>	<b>39,818</b>	<b>49,751</b>	<b>22,801</b>	<b>-7,227</b>	<b>-6,335</b>	<b>97,119</b>	<b>59,215</b>
Segment result	7,047	4,417	7,161	1,391	-388	79	13,820	5,887
Unallocated expenses	0	0	0	0	0	0	-4,480	-172
Operating profit	0	0	0	0	0	0	9,340	5,715
Net financial items	0	0	0	0	0	0	77	-227
Profit / loss of equity accounted investees	5	-24	0	0	0	0	5	-24
Income tax expense	0	0	0	0	0	0	-1,116	-410
Profit for the period							8,306	5,054
Segment assets	65,778	40,256	42,177	38,789	0	0	107,955	79,045
Investments in associates	1,213	1,317	150	0	0	0	1,363	1,317
<b>Total assets</b>							<b>109,318</b>	<b>80,362</b>
Segment liabilities	16,440	23,713	31,849	17,762	0	0	48,289	41,475
Warranty liabilities	300	187	121	137	0	0	421	324
Unallocated liabilities	0	0	0	0	0	0	24,596	17,191
<b>Total liabilities</b>							<b>73,306</b>	<b>58,990</b>
Cash flows from:								
operating activities	2,067	2,892	4,016	541	-10,879	-2,795	-4,796	638
investing activities	-1,545	-7,372	-2,231	-1,233	3,670	5,174	-106	-3,431
financing activities	7,050	6,160	-3,917	1,916	-3,670	-5,174	-537	2,902
<b>Net cash flows</b>	<b>7,572</b>	<b>1,680</b>	<b>-2,132</b>	<b>1,224</b>	<b>-10,879</b>	<b>-2,795</b>	<b>-5,439</b>	<b>109</b>
Capital expenditure	904	1,828	4,173	1,612	0	0	5,077	3,440
Depreciation and amortisation expense	279	78	1,650	822	0	0	1,929	900

Unallocated liabilities include loans and borrowings.

#### NOTE 14. Cost of sales

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
Depreciation and amortisation expense	28,397	13,351	1,815	853
Personnel expenses	131,481	74,868	8,403	4,785
Cost of materials, goods and services used	1,138,623	742,280	72,771	47,440
Other expenses	4,829	3,888	309	248
<b>Total cost of sales</b>	<b>1,303,330</b>	<b>834,387</b>	<b>83,298</b>	<b>53,327</b>

**NOTE 15. Administrative expenses**

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
Depreciation and amortisation expense	1,778	735	114	47
Personnel expenses	44,832	26,928	2,865	1,721
Cost of materials, goods and services used	19,892	16,360	1,271	1,046
Other expenses	5,976	1,908	382	122
<b>Total administrative expenses</b>	<b>72,478</b>	<b>45,931</b>	<b>4,632</b>	<b>2,936</b>

**NOTE 16. Other operating income and expenses**

**Other operating income**

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
Gains on sale of property, plant and equipr	6,078	6,842	388	437
Gains on sale of real estate	0	19,205	0	1,227
Foreign exchange gains	125	3	8	0
Other	336	90	21	6
<b>Total other operating income</b>	<b>6,539</b>	<b>26,140</b>	<b>418</b>	<b>1,671</b>

**Other operating expenses**

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
Impairment of property, plant and equipme:	1,592	0	102	0
Sponsoring, membership fees	1,059	1,124	68	72
Foreign exchange losses	172	38	11	2
Losses from doubtful and irrecoverable receivables	0	18	0	1
Other	1,355	34	87	2
<b>Total other operating expenses</b>	<b>4,178</b>	<b>1,214</b>	<b>267</b>	<b>78</b>

**NOTE 17. Net financial items**

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
<b>Financial income</b>				
Gains on sale of shares in associates	6,309	0	403	0
Other financial income	4,281	2,646	274	169
Foreign exchange gains	2,469	8	158	1
<b>Total financial income</b>	<b>13,059</b>	<b>2,654</b>	<b>835</b>	<b>170</b>

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
<b>Financial expenses</b>				
Interest expense	7,224	8,158	462	521
Other financial expenses	4	451	0	29
Foreign exchange losses	4,623	488	295	31
<b>Total financial expenses</b>	<b>11,851</b>	<b>9,097</b>	<b>757</b>	<b>581</b>

**NOTE 18. Income tax expense**

In thousands	EEK		€	
	I half 2007	I half 2006	I half 2007	I half 2006
Estonia - income tax on dividends paid	16,397	10,801	1,048	690
Ukraine - effect of tax rate in foreign jurisdictions	1,070	0	68	0
Total income tax expense	17,467	10,801	1,116	690

**NOTE 19. 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 controlling shareholders;
2. the subsidiaries and associates of AS Eesti Ehitus;
3. other companies of AS Nordecon Group;
4. the 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.**

In thousands	EEK		€	
	Purchases	Sales	Purchases	Sales
AS Nordecon	10,636	506	680	32
Subsidiaries of AS Nordecon	1,341	101,527	86	6,489
Member of the council of AS Eesti Ehitus	0	2,786		
Companies related to a member of the council of AS Eesti Ehitus	850	6,471	54	414
Total	12,827	111,290	820	6,935

In thousands	EEK		€	
	I half 2007		I half 2007	
Transaction	Purchases	Sales	Purchases	Sales
Construction contracts	0	110,843	0	7,084
Goods, etc	0	447	0	29
Leases, etc	12,187	0	779	0
Other services	640	0	41	0
Total	12,827	111,290	820	7,113

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

In thousands		EEK				€			
		30 June 2007		31 December 2006		30 June 2007		31 December 2006	
Related party	Transaction	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
AS Nordecon		159	2,294	4	2,167	10	147	0	138
Subsidiaries of AS Nordecon	Construction contracts	58,234	15	10,197	40,025	3,722	1	652	2,558
Company related to a member of the council of AS Eesti Ehitus	Construction contract	0	0	9,216	0	0	0	589	0
Associates	Loans and services	26,474	0	21,944	0	1,692	0	1,402	0
<b>Total</b>		<b>84,867</b>	<b>2,309</b>	<b>41,361</b>	<b>42,192</b>	<b>3,732</b>	<b>148</b>	<b>1,241</b>	<b>2,697</b>

In the first six months of 2007, the remuneration of the members of the council of AS Eesti Ehitus Group amounted to 540,000 kroons (€5,000) and the remuneration of the members of the board of AS Eesti Ehitus amounted to 5,252,000 kroons (€36,000).

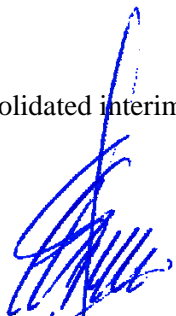



**NOTE 20. Subsequent events**

On 31 July 2007 AS Eesti Ehitus repaid Hansapank a loan of 18,638,000 kroons (€1,191,000) and loan interest of 5,159,000 kroons (€30,000) in accordance with the effective payment schedule.



## Signatures

The board of AS Eesti Ehitus has prepared the company's consolidated interim financial statements for the first six months of 2007 which are presented on pages 3 to 24.

Jaano Vink	Chairman of the Board		03.08.2007
Sulev Luiga	Member of the Board		03.08.2007
Erkki Suurorg	Member of the Board		03.08.2007
Avo Ambur	Member of the Board		03.08.2007