



CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SECOND QUARTER AND FIRST SIX MONTHS OF 2007
(UNAUDITED)

| | |
|---------------------------|---|
| Business name | AS Eesti Ehitus |
| Registration number | 10099962 |
| Address | Akadeemia tee 15B, 12618 Tallinn |
| Domicile | Republic of Estonia |
| Telephone | 372 6400 450 |
| Fax | 372 6312 229 |
| E-mail | eestiehitus@eestiehitus.ee |
| Website | www.eestiehitus.ee |
| 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 |

Contents

| | |
|---|----|
| DIRECTORS' REPORT..... | 3 |
| STATEMENT OF MANAGEMENT RESPONSIBILITY | 7 |
| CONSOLIDATED INTERIM FINANCIAL STATEMENTS..... | 8 |
| CONSOLIDATED INTERIM BALANCE SHEET | 8 |
| CONSOLIDATED INTERIM INCOME STATEMENT | 10 |
| CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS | 12 |
| CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY | 13 |
| NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS | 14 |
| NOTE 1. Significant accounting policies | 14 |
| NOTE 2. Short-term investments | 14 |
| NOTE 3. Other receivables and prepayments | 14 |
| NOTE 4. Inventories | 15 |
| NOTE 5. Other long-term investments | 15 |
| NOTE 6. Property, plant and equipment and intangible assets | 16 |
| NOTE 7. Finance and operating leases | 16 |
| NOTE 8. Interest-bearing loans and borrowings..... | 17 |
| NOTE 9. Other payables and advances and other liabilities | 18 |
| NOTE 10. Provisions | 18 |
| NOTE 11. Equity..... | 18 |
| NOTE 12. Interests in joint ventures..... | 19 |
| NOTE 13. Segment reporting..... | 20 |
| NOTE 14. Cost of sales..... | 21 |
| NOTE 15. Administrative expenses..... | 22 |
| NOTE 16. Other operating income and expenses | 22 |
| NOTE 17. Net financial items..... | 22 |
| NOTE 18. Income tax expense..... | 23 |
| NOTE 19. Transactions with related parties | 23 |
| NOTE 20. Subsequent events..... | 24 |
| SIGNATURES | 25 |

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

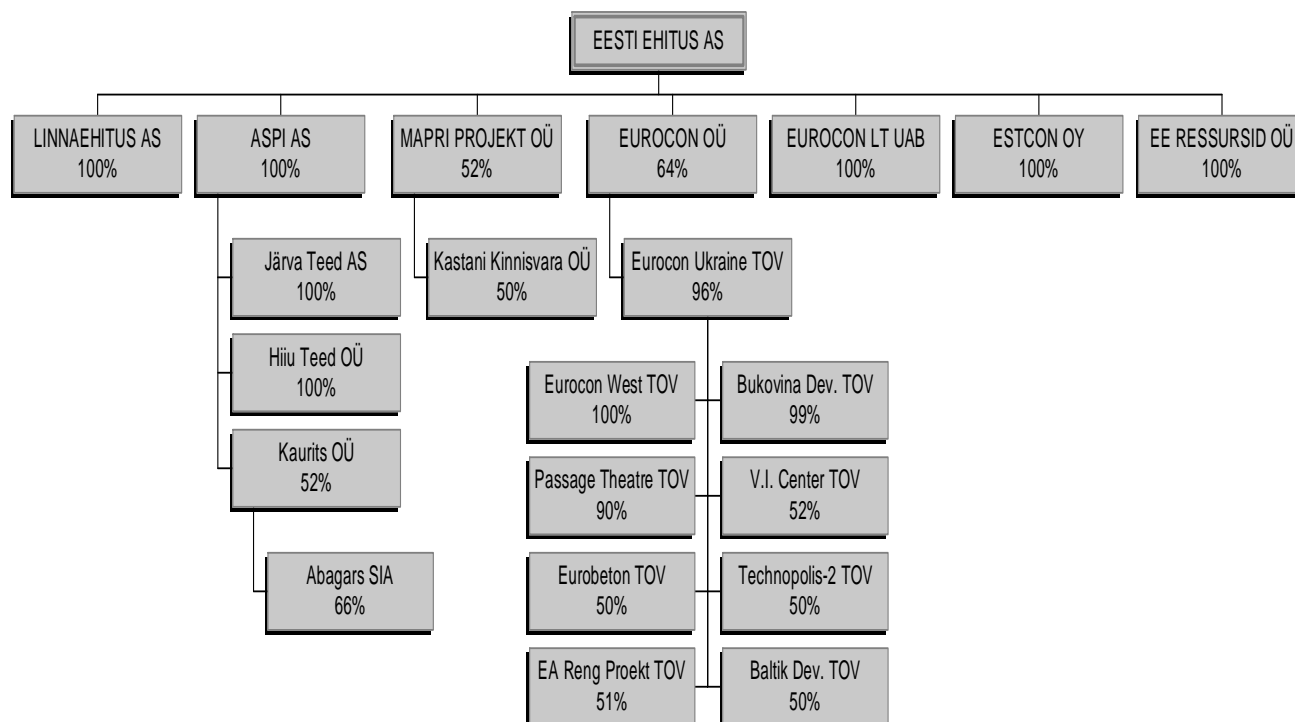
Quality We are professionals – we apply appropriate and efficient construction techniques and technologies and observe generally accepted quality standards. We provide our customers with integrated cost efficient solutions. We are environmentally aware and operate sustainably. We value our employees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

| Company | | 30 June 2007 | 30 June 2006 | 31 December 2006 |
|---------------------------|-----------|---------------------|---------------------|-------------------------|
| 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 | 1113 |
| 6 months 2006 | 316 | 566 | 882 |
| 2006 | 329 | 542 | 871 |

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


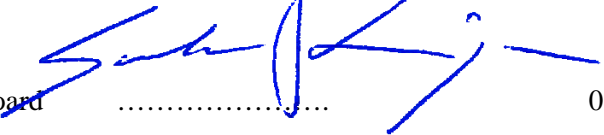

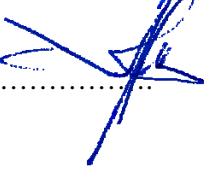
Gearing or net debt to debt plus equity ratio = (interest-bearing liabilities - cash and cash equivalents) / (interest bearing liabilities + equity)

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 |
|--|------|------------------|------------------|------------------|
| ASSETS | | | | |
| Current assets | | | | |
| 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 |
| Total current assets | | 1,223,348 | 881,050 | 941,823 |
| Non-current assets | | | | |
| 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 |
| Total non-current assets | | 487,104 | 376,327 | 448,817 |
| TOTAL ASSETS | | 1,710,452 | 1,257,377 | 1,390,640 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| 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 |
| Total current liabilities | | 857,410 | 748,868 | 706,264 |
| Non-current liabilities | | | | |
| 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 |
| Total non-current liabilities | | 289,561 | 174,102 | 198,392 |
| TOTAL LIABILITIES | | 1,146,971 | 922,970 | 904,656 |
| EQUITY | | | | |
| Minority interest | 11 | 39,492 | 9,818 | 39,291 |
| 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 |
| Total equity attributable to equity holders of the parent | | 523,989 | 324,589 | 446,693 |
| TOTAL EQUITY | | 563,481 | 334,407 | 485,984 |
| TOTAL LIABILITIES AND EQUITY | | 1,710,452 | 1,257,377 | 1,390,640 |

Unaudited, in thousands of euro (€)

| | Note | 30 June 2007 | 30 June 2006 | 31 December 2006 |
|--|------|----------------|---------------|------------------|
| ASSETS | | | | |
| Current assets | | | | |
| 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 |
| Total current assets | | 78,186 | 56,310 | 60,193 |
| Non-current assets | | | | |
| 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 |
| Total non-current assets | | 31,132 | 24,052 | 28,685 |
| TOTAL ASSETS | | 109,318 | 80,362 | 88,878 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| 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 |
| Total current liabilities | | 54,800 | 47,862 | 45,139 |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | 7; 8 | 18,355 | 10,882 | 12,528 |
| Other liabilities | 9 | 31 | 115 | 31 |
| Provisions | 10 | 120 | 131 | 120 |
| Total non-current liabilities | | 18,506 | 11,128 | 12,679 |
| TOTAL LIABILITIES | | 73,306 | 58,990 | 57,818 |
| EQUITY | | | | |
| Minority interest | | | | |
| 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 |
| Total equity attributable to equity holders of the parent | | 33,488 | 20,745 | 28,549 |
| TOTAL EQUITY | | 36,012 | 21,372 | 31,060 |
| TOTAL LIABILITIES AND EQUITY | | 109,318 | 80,362 | 88,878 |

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 |
| Gross profit | | 150,302 | 61,890 | 216,252 | 92,127 | 306,525 |
| 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 |
| Operating profit before financial items | | 108,837 | 43,594 | 146,135 | 71,122 | 202,537 |
| 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 |
| Net financial items | | -2,580 | -2,893 | 1,208 | -6,443 | -653 |
| Share of profit of equity accounted investees | | 237 | 0 | 994 | 0 | 0 |
| Share of loss of equity accounted investees | | -688 | -198 | -926 | -378 | -980 |
| Net share of profit and loss of equity accounted investees | | -451 | -198 | 68 | -378 | -980 |
| Profit before income tax | | 105,806 | 40,503 | 147,411 | 64,301 | 200,904 |
| Income tax expense | 18 | 7,275 | 4,379 | 17,467 | 10,801 | 12,831 |
| Profit for the period | | 98,531 | 36,124 | 129,944 | 53,500 | 188,073 |
| Attributable to | | | | | | |
| 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 | 4.86 | 1.22 | 4.03 | 1.78 | 5.69 |
| Diluted earnings per share (in kroons)* | 11 | 4.86 | 1.22 | 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 |
| Gross profit | | 9,606 | 3,955 | 13,821 | 5,888 | 19,591 |
| 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 |
| Operating profit before financial items | | 6,956 | 2,786 | 9,340 | 4,545 | 12,945 |
| Financial income | 17 | 216 | 87 | 844 | 170 | 1,175 |
| Financial expenses | 17 | 381 | 272 | 767 | 581 | 1,217 |
| Net financial items | | -165 | -185 | 77 | -411 | -42 |
| Share of profit of equity accounted investees | | 15 | 0 | 64 | 0 | 0 |
| Share of loss of equity accounted investees | | -44 | -13 | -59 | -24 | -63 |
| Net share of profit and loss of equity accounted investees | | -29 | -13 | 5 | -24 | -63 |
| Profit before income tax | | 6,762 | 2,588 | 9,422 | 4,110 | 12,840 |
| Income tax expense | 18 | 465 | 280 | 1,116 | 690 | 820 |
| Profit for the period | | 6,297 | 2,308 | 8,306 | 3,420 | 12,020 |
| Attributable to | | | | | | |
| 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 | 0.31 | 0.08 | 0.26 | 0.11 | 0.36 |
| Diluted earnings per share (in euro)* | 11 | 0.31 | 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 |
| Cash flows from operating activities | | | | |
| 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 |
| Net cash used in / from operating activities | -75,046 | 9,976 | -4,796 | 638 |
| Cash flows from investing activities | | | | |
| 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 |
| Net cash used in investing activities | -1,648 | -53,690 | -105 | -3,431 |
| Cash flows from financing activities | | | | |
| 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 |
| Net cash used in / from financing activities | -8,404 | 45,416 | -537 | 2,903 |
| Net decrease / increase in cash and cash equivalents | -85,098 | 1,702 | -5,439 | 109 |
| 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 | |
| Balance at 31 December 2005 | 34,819 | 8,192 | 4,158 | 795 | 128,987 | 176,951 | 12,257 | 189,208 |
| 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 |
| Total recognised income and expense for the period | 0 | 0 | 0 | 463 | 54,742 | 55,205 | -1,689 | 53,516 |
| 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 |
| Balance at 30 June 2006 | 153,784 | 108,465 | 4,158 | 1,258 | 56,924 | 324,589 | 9,818 | 334,407 |
| Balance at 31 December 2006 | 153,784 | 108,465 | 4,158 | 2,196 | 178,090 | 446,693 | 39,291 | 485,984 |
| 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 |
| Total recognised income and expense for the period | 0 | 0 | 0 | 220 | 123,878 | 124,098 | 6,201 | 130,299 |
| 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 |
| Balance at 30 June 2007 | 307,567 | 0 | 8,216 | 2,416 | 205,790 | 523,989 | 39,492 | 563,481 |

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 | |
| Balance at 31 December 2005 | 2,225 | 524 | 266 | 51 | 8,244 | 11,310 | 783 | 12,093 |
| 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 |
| Total recognised income and expense for the period | 0 | 0 | 0 | 29 | 3,499 | 3,528 | -108 | 3,420 |
| 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 |
| Balance at 30 June 2006 | 9,829 | 6,932 | 266 | 80 | 3,638 | 20,745 | 627 | 21,372 |
| Balance at 31 December 2006 | 9,829 | 6,932 | 266 | 140 | 11,382 | 28,549 | 2,511 | 31,060 |
| 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 |
| Total recognised income and expense for the period | 0 | 0 | 0 | 14 | 7,917 | 7,931 | 397 | 8,328 |
| 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 |
| Balance at 30 June 2007 | 19,657 | 0 | 525 | 154 | 13,152 | 33,488 | 2,524 | 36,012 |

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 |
| Total inventories | 377,859 | 272,184 | 24,150 | 17,395 |

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 |
| Total other long-term investments | 29,763 | 32,951 | 1,902 | 2,106 |

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 |
| Total current loans and borrowings | 97,666 | 70,029 | 6,242 | 4,476 |

| 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 |
| Total non-current loans and borrowings | 287,186 | 196,017 | 18,355 | 12,528 |

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 |
| Bank loans | | | | | | |
| 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 |
| Bank loans | | | | | | |
| 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 |
| Total other current payables and advances | 363,615 | 404,819 | 23,239 | 25,873 |

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 |
| Total other non-current liabilities | 490 | 490 | 31 | 31 |

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 |
| Total | 6,097 | 4,511 | 390 | 288 |

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 |
| Total | 1,885 | 1,885 | 120 | 120 |

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 2006 | 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) | 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 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 |
| Total revenue | 919,837 | 623,028 | 778,431 | 356,756 | -178,686 | -53,270 | 1,519,582 | 926,514 |
| 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 | | | | | | | 129,944 | 53,500 |
| 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 | | | | | | | 1,710,452 | 1,257,377 |
| 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 | | | | | | | 1,146,971 | 922,970 |
| 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 |
| Total revenue | 58,788 | 39,818 | 49,751 | 22,801 | -7,227 | -6,335 | 97,119 | 59,215 |
| 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 |
| Total assets | | | | | | | 109,318 | 80,362 |
| 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 |
| Total liabilities | | | | | | | 73,306 | 58,990 |
| 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 |
| Net cash flows | 7,572 | 1,680 | -2,132 | 1,224 | -10,879 | -2,795 | -5,439 | 109 |
| 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 |
| Total cost of sales | 1,303,330 | 834,387 | 83,298 | 53,327 |

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 |
| Total administrative expenses | 72,478 | 45,931 | 4,632 | 2,936 |

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 |
| Total other operating income | 6,539 | 26,140 | 418 | 1,671 |

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 |
| Total other operating expenses | 4,178 | 1,214 | 267 | 78 |

NOTE 17. Net financial items

| In thousands | EEK | | € | |
|---------------------------------------|---------------|--------------|-------------|-------------|
| | I half 2007 | I half 2006 | I half 2007 | I half 2006 |
| Financial income | | | | |
| 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 |
| Total financial income | 13,059 | 2,654 | 835 | 170 |

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

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 |
| Total | | 84,867 | 2,309 | 41,361 | 42,192 | 3,732 | 148 | 1,241 | 2,697 |

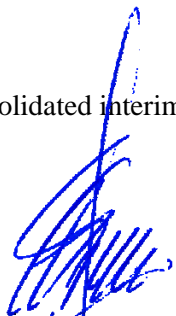



In the first six months of 2007, the remuneration of the members of the council of AS Eesti Ehitus Group amounted to 540,000 kroons (€5,000) and the remuneration of the members of the board of AS Eesti Ehitus amounted to 5,252,000 kroons (€36,000).

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 |