



INTERIM REPORT  
FIRST QUARTER 2007

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Core activity	General construction of buildings and civil engineering works (4521)
Beginning of reporting period	1 January 2007
End of reporting period	31 March 2007
Auditor	KPMG Baltics AS

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## Directors' report

### GROUP STRUCTURE

AS Eesti Ehitus is a construction group whose core business is the construction of buildings and structures in Estonia and Ukraine. The Group acts both as a general contractor and a project manager. In Estonia, the Group also operates as an independent contractor in road construction and maintenance, environmental engineering, and the assembly of reinforced concrete elements and structures and cast-on-site concrete works.

The activities of the Group companies are as follows: 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 smaller general construction contracts. OÜ Eurocon coordinates the Group's construction and development activities in Ukraine. Its direct subsidiary Eurocon Ukraine LLC is engaged in general contracting and project management and owns interests in companies which develop real estate in and around Kiev and in Lvov.

The parent of the Group is AS Eesti Ehitus, a company registered and seated in Tallinn, Estonia. Since 18 May 2006 the company's share has been quoted in the main list of Tallinn Stock Exchange.

The unaudited consolidated financial statements of AS Eesti Ehitus for the first quarter of 2007 comprise the parent company and its subsidiaries and the Group's interests in associates:

			Ownership interests of AS Eesti Ehitus		
Company			31 March 2007	31 March 2006	31 December 2006
AS Linnaehitus	subsidiary	Estonia	100.0%	100.0%	100.0%
AS ASPI	subsidiary	Estonia	100.0%	100.0%	100.0%
AS Järva Teed	subsidiary	Estonia	100.0%	100.0%	100.0%
OÜ Hiiu Teed	subsidiary	Estonia	100.0%	100.0%	100.0%
OÜ Mapri Projekt	subsidiary	Estonia	52.0%	52.0%	52.0%
Estcon OY	subsidiary	Finland	100.0%	100.0%	100.0%
OÜ EE Ressursid	subsidiary	Estonia	100.0%	100.0%	100.0%
OÜ Eurocon	subsidiary	Estonia	64.0%	64.0%	64.0%
Eurocon Ukraine LLC	subsidiary	Ukraine	61.4%	64.0%	61.4%
Eurocon West LLC	subsidiary	Ukraine	61.4%	61.4%	61.4%
Bukovina Developments	subsidiary	Ukraine	60.8%	0.0%	60.8%
Passage Theatre LLC	subsidiary	Ukraine	55.3%	64.0%	55.3%
OÜ Kaurits	subsidiary	Estonia	52.0%	0.0%	52.0%
SIA Abagars	associate	Latvia	34.3%	0.0%	34.3%
V.I. Center LLC	associate	Ukraine	32.0%	42.7%	38.7%
EA Reng Proekt LLC	associate	Ukraine	31.3%	0.0%	31.3%
Eurobeton LLC	associate	Ukraine	30.7%	0.0%	30.7%
Technopolis-2 LLC	associate	Ukraine	30.7%	32.0%	30.7%
OÜ Kastani Kinnisvara	associate	Estonia	26.0%	26.0%	26.0%

In the first quarter only one change occurred in the Group's structure. On 13 February 2007 OÜ Eurocon sold an 11% interest in V.I. Center LLC to Continental Investment Holding GmbH, a non-Group company. Considering minority interests in OÜ Eurocon and Eurocon Ukraine LLC, AS Eesti Ehitus' interest in V.I. Center LLC is now 32%.

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

In the first quarter of 2007 the Group employed, on average, 1,009 people including 82 outside Estonia. The proportion of engineers and technical personnel (ETP) was 39.2%. Labour costs totalled 74.4 million kroons (€4.8 million), a 69% increase on a year ago. The average number of staff has increased by 30.7%.

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

Period	ETP	Workers	Total average
Q1 2007	396	613	<b>1,009</b>
Q1 2006	292	480	<b>772</b>
2006	329	542	<b>871</b>

## REVENUE AND SEGMENTS

Consolidated revenue for the first quarter of 2007 amounted to 559.7 million kroons (€35.8 million), a notable 63.8% improvement on a year ago. In terms of business segments, the Residential and non-residential segment contributed 55% (46.3% up on a year ago) and the Civil engineering segment 45% (159.2% growth). In geographical terms, 85.6% of the Group's revenue was earned in Estonia; Ukraine contributed 14.4% (a year ago the corresponding figures were 95.4% and 4.6%).

#### Revenue by segments

Business segments	Q1 2007	Q1 2006	2006
Civil engineering	45%	27%	46%
Residential and non-residential	55%	73%	54%

Compared to a year ago, our revenue structure has become more balanced thanks to strong growth in the Civil engineering segment which resulted mainly from an increase in port construction activities and conditions that favoured road construction.

In the Residential and non-residential segment the largest sub-segment is still Commercial buildings, largely on account of strong demand in both our home markets which has rendered Commercial buildings the whole Group's largest sub-segment. Compared to a year ago, the highest growth rate was posted by the Public buildings sub-segment.

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

	Q1 2007	Q1 2006	2006
Residential buildings	18%	19%	17%
Public buildings	18%	10%	18%
Commercial buildings	50%	45%	41%
Industrial and warehouse facilities	14%	26%	24%

The largest sub-segment in the Civil engineering segment was Port construction which contributed 57% of segment revenue. Compared to prior periods, the year began well also for Road construction and maintenance whose revenue grew at a slightly lower pace than the Group's overall revenue but still fairly in view of the usual inactivity in the first quarter.

At the end of the first quarter of 2007, the Group's order backlog totalled 3.197 billion kroons (€204.3 million) against 1.776 billion kroons (€13.5 million) a year ago.

## PROFITABILITY AND CASH FLOWS

In the first quarter, the Group's year-on-year profitability improved significantly.

The gross margin was 11.8% (Q1 2006: 8.8%) and although personnel expenses grew at a somewhat higher pace than revenue (68.1% year-on-year), gross profit was mainly affected by controlled growth in the cost of services, goods and materials purchased (55.1%).

The ratio of administrative expenses to revenue was 5.3% (Q1 2006: 6.1%). The improvement in the ratio is attributable to an increase in sales which has improved the Group's ability to cover its fixed costs.

Although the overall operating margin for the first quarter was 6.7% (Q1 2006: 8.1%), operating margin excluding gains on sale of property, plant and equipment and real estate was 6.2% against 2.7% a year ago, reflecting a clear improvement in the profitability of the core activity.

Unaudited consolidated net profit for the first quarter of 2007 amounted to an exceptional 31.4 million kroons (€ million) against 17.4 million kroons (€1.1 million) earned a year ago. The profit attributable to equity holders of the parent amounted to 29.5 million kroons (€1.9 million) against 18.2 million kroons (€1.2 million) for the first quarter of 2006.

Net operating cash flows for the first quarter were negative to the extent of 5.5 million kroons (€0.35 million) while a year ago they were positive at 51.2 million kroons (€3.3 million). The substantial difference can be explained by major materials purchases for port construction projects in 2007 while a year ago customers made a disproportionately large amount of advance payments.

Cash flows from investing activities were balanced resulting in an inflow of 48,000 kroons (€100). Proceeds from the divestment of a stake in an associate, settlement of loans given and interest received allowed financing the same proportion of acquisitions of interests (the last instalment payment for shares in OÜ Kaurits), acquisitions of property, plant and equipment and investment in development projects in Ukraine. A year ago cash inflow from investing activities was 7.4 million kroons (€0.47 million), largely thanks to the sale of investment property.

Financing activities resulted in an outflow of 17.1 million kroons (€1.1 million) mainly due to payment of finance lease liabilities by AS ASPI and its subsidiaries. A year ago the result was similar: financing cash flows were negative to the extent of 21.2 million kroons (€1.4 million) because of settlement of loan and finance lease liabilities.

Gearing or net debt to invested capital (loans plus equity) has increased from 12.3% a year ago to 19.3% due to the developments in operating cash flows which which have reduced the balance of cash and cash equivalents. At the same time invested capital has increased by 62.8% solely on account of growth in equity. This has created an opportunity for involving additional funds through the issuance of debt instruments when cash flows normalise.

## SIGNIFICANT FINANCIALS

### Ratios and figures for Q1 2007

<u>Ratio / figure</u>	<u>Q1 2007</u>	<u>Q1 2006</u>	<u>2006</u>
Weighted average number of shares	15,378,364	13,927,576	14,837,796
Earnings per share (in kroons)	1.9	1.3	11.8
Revenue growth	63.8%	7.8%	49.5%
Average number of employees	1,009	772	871
Revenue per employee (in thousands of kroons)	555	443	2,875
Labour costs to revenue, %	13.3%	12.9%	11.0%
Administrative expenses to revenue, %	5.3%	6.1%	5.0%
EBITDA (in thousands of kroons)	51,619	33,990	234,368
EBITDA margin, %	9.2%	9.9%	9.4%
Gross margin, %	11.8%	8.8%	12.2%
Operating margin, %	6.7%	8.1%	8.1%
Operating margin excluding gains on sale of property, plant and equipment and real estate, %	6.2%	2.7%	7.0%
Net margin, %	5.6%	5.1%	7.5%
Return on invested capital, %	5.8%	5.5%	33.7%
Return on assets, %	2.7%	2.9%	17.4%
Return on equity, %	6.3%	8.8%	56.1%
Equity ratio, %	37.0%	21.8%	34.9%
Gearing or net debt to debt and equity, %	19.3%	12.3%	14.6%
Current ratio	1.41	1.17	1.33
Order backlog (in thousands of kroons)	3,197,257	1,775,931	2,453,419

*Revenue per employee = revenue / average number of employees*

*Labour costs to revenue = labour costs / 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 sale of property, plant and equipment and real estate = (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 financial statements for the first quarter 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 (30 April 2007) have been properly recognised and disclosed; and
- AS Eesti Ehitus and its subsidiaries are going concerns.

Jaano Vink            Chairman of the Board            .....            30 April 2007

Avo Ambur            Member of the Board            .....            30 April 2007

Andri Hõbemägi      Member of the Board            .....            30 April 2007

Erkki Suurorg        Member of the Board            .....            30 April 2007

## Consolidated interim financial statements

### Consolidated interim balance sheet

Unaudited, in thousands of Estonian kroons

	Note	31 March 2007	31 March 2006	31 December 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		133,446	229,857	155,980
Short-term investments	2	0	0	2,140
Trade receivables		332,990	171,324	380,841
Other receivables and prepayments	3	180,188	94,008	129,663
Deferred tax assets		0	0	1,015
Inventories	4	293,298	135,316	272,184
Non-current assets held for sale		0	3,465	0
<b>Total current assets</b>		<b>939,922</b>	<b>633,970</b>	<b>941,823</b>
<b>Non-current assets</b>				
Investments in associates		21,712	20,896	21,193
Non-current receivables	5	29,339	17,098	32,951
Investment property		5,962	2,612	5,963
Property, plant and equipment	6	233,859	131,369	223,674
Intangible assets	6	164,581	131,827	165,036
<b>Total non-current assets</b>		<b>455,453</b>	<b>303,802</b>	<b>448,817</b>
<b>TOTAL ASSETS</b>		<b>1,395,375</b>	<b>937,772</b>	<b>1,390,640</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	77,270	81,381	70,029
Trade payables		185,979	95,764	183,983
Tax liabilities		44,900	36,763	42,922
Other payables and advances	9	352,058	327,977	404,819
Provisions	10	5,214	1,907	4,511
<b>Total current liabilities</b>		<b>665,421</b>	<b>543,792</b>	<b>706,264</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	211,761	158,252	196,017
Other liabilities	9	490	29,708	490
Provisions	10	1,885	2,047	1,885
<b>Total non-current liabilities</b>		<b>214,136</b>	<b>190,007</b>	<b>198,392</b>
<b>TOTAL LIABILITIES</b>		<b>879,557</b>	<b>733,799</b>	<b>904,656</b>
<b>EQUITY</b>				
<b>Minority interest</b>	<b>11</b>	<b>35,271</b>	<b>9,110</b>	<b>39,291</b>
Share capital	11	153,784	34,819	153,784
Share premium	11	108,465	8,192	108,465
Statutory capital reserve	11	4,158	4,158	4,158
Translation reserve	11	2,292	517	2,196
Retained earnings	11	211,848	147,177	178,090
<b>Total equity attributable to equity holders of the parent</b>		<b>480,547</b>	<b>194,863</b>	<b>446,693</b>
<b>TOTAL EQUITY</b>		<b>515,818</b>	<b>203,973</b>	<b>485,984</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,395,375</b>	<b>937,772</b>	<b>1,390,640</b>



Unaudited in thousands of euro

	Note	31 March 2007	31 March 2006	31 December 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		8,529	14,691	9,969
Short-term investments	2	0	0	137
Trade receivables		21,282	10,950	24,340
Other receivables and prepayments	3	11,516	6,009	8,287
Deferred tax assets		0	0	65
Inventories	4	18,745	8,648	17,395
Non-current assets held for sale		0	221	0
<b>Total current assets</b>		<b>60,072</b>	<b>40,519</b>	<b>60,193</b>
<b>Non-current assets</b>				
Investments in associates		1,388	1,335	1,354
Non-current receivables	5	1,875	1,093	2,106
Investment property		381	167	381
Property, plant and equipment	6	14,946	8,396	14,296
Intangible assets	6	10,519	8,425	10,548
<b>Total non-current assets</b>		<b>29,109</b>	<b>19,416</b>	<b>28,685</b>
<b>TOTAL ASSETS</b>		<b>89,181</b>	<b>59,935</b>	<b>88,878</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	4,938	5,201	4,476
Trade payables		11,886	6,120	11,759
Tax liabilities		2,870	2,350	2,743
Other payables and advances	9	22,502	20,962	25,873
Provisions	10	333	122	288
<b>Total current liabilities</b>		<b>42,529</b>	<b>34,755</b>	<b>45,139</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	7; 8	13,534	10,114	12,528
Other liabilities	9	31	1,899	31
Provisions	10	120	131	120
<b>Total non-current liabilities</b>		<b>13,685</b>	<b>12,144</b>	<b>12,679</b>
<b>TOTAL LIABILITIES</b>		<b>56,214</b>	<b>46,899</b>	<b>57,818</b>
<b>EQUITY</b>				
<b>Minority interest</b>	<b>11</b>	<b>2,254</b>	<b>582</b>	<b>2,511</b>
Share capital	11	9,829	2,225	9,829
Share premium	11	6,932	524	6,932
Statutory capital reserve	11	266	266	266
Translation reserve	11	146	33	140
Retained earnings	11	13,540	9,406	11,382
<b>Total equity attributable to equity holders of the parent</b>		<b>30,713</b>	<b>12,454</b>	<b>28,549</b>
<b>TOTAL EQUITY</b>		<b>32,967</b>	<b>13,036</b>	<b>31,060</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>89,181</b>	<b>59,935</b>	<b>88,878</b>

## Consolidated interim income statement

Unaudited, in thousands of Estonian kroons

	Note	Q1 2007	Q1 2006	2006
Revenue	13	559,735	341,794	2,503,844
Cost of sales	14	493,785	311,557	2,197,319
<b>Gross profit</b>		<b>65,950</b>	<b>30,237</b>	<b>306,525</b>
Administrative expenses	15	29,856	20,865	125,739
Other operating income	16	2,970	19,050	26,859
Other operating expenses	16	1,766	894	5,108
<b>Operating profit before financial items</b>		<b>37,298</b>	<b>27,528</b>	<b>202,537</b>
Financial income	17	9,825	1,295	18,393
Financial expenses	17	6,037	4,845	19,046
<b>Net financial items</b>		<b>3,788</b>	<b>-3,550</b>	<b>-653</b>
Share of profit of equity accounted investees		757	0	0
Share of loss of equity accounted investees		-238	-180	-980
<b>Net share of profit and loss of equity accounted investees</b>		<b>519</b>	<b>-180</b>	<b>-980</b>
<b>Profit before tax</b>		<b>41,605</b>	<b>23,798</b>	<b>200,904</b>
Income tax expense	18	10,192	6,422	12,831
<b>Profit for the period</b>		<b>31,413</b>	<b>17,376</b>	<b>188,073</b>
<b>Attributable to</b>				
Equity holders of the parent		29,492	18,224	175,003
Minority interest		1,921	-848	13,070
Basic earnings per share (in kroons)	11	1.92	1.31	11.79
Diluted earnings per share (in kroons)	11	1.92	1.31	11.79

Unaudited, in thousands of euro

	Note	Q1 2007	Q1 2006	2006
Revenue	13	35,774	21,845	160,025
Cost of sales	14	31,559	19,912	140,434
<b>Gross profit</b>		<b>4,215</b>	<b>1,933</b>	<b>19,591</b>
Administrative expenses	15	1,908	1,334	8,036
Other operating income	16	190	1,218	1,716
Other operating expenses	16	113	57	326
<b>Operating profit before financial items</b>		<b>2,384</b>	<b>1,760</b>	<b>12,945</b>
Financial income	17	628	83	1,175
Financial expenses	17	386	310	1,217
<b>Net financial items</b>		<b>242</b>	<b>-227</b>	<b>-42</b>
Share of profit of equity accounted investees		48	0	0
Share of loss of equity accounted investees		-15	-12	-63
<b>Net share of profit and loss of equity accounted investees</b>		<b>33</b>	<b>-12</b>	<b>-63</b>
<b>Profit before tax</b>		<b>2,659</b>	<b>1,521</b>	<b>12,840</b>
Income tax expense	18	651	410	820
<b>Profit for the period</b>		<b>2,008</b>	<b>1,111</b>	<b>12,020</b>
<b>Attributable to</b>				
Equity holders of the parent		1,885	1,165	11,185
Minority interest		123	-54	835
Basic earnings per share (in euro)	11	0.12	0.08	0.75
Diluted earnings per share (in euro)	11	0.12	0.08	0.75

## Consolidated interim statement of cash flows

Unaudited, in thousands of currency units	Estonian kroons		Euro	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
<b>Cash flows from operating activities</b>				
Cash receipts from customers	654,582	472,249	41,835	30,182
Cash paid to suppliers	-558,751	-363,477	-35,711	-23,230
Cash paid to and for employees	-101,174	-57,604	-6,466	-3,682
Income taxes paid	-116	0	-7	0
<b>Net cash used in / from operating activities</b>	<b>-5,459</b>	<b>51,168</b>	<b>-349</b>	<b>3,270</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	-3,367	-3,498	-215	-224
Proceeds from sale of property, plant and equipment and intangibles	1,950	1,077	125	69
Proceeds from sale of investment property	0	39,211	0	2,506
Acquisition of subsidiaries and associates	-9,225	-24,511	-590	-1,567
Proceeds from sale of associates	8,449	0	540	0
Other investments	-4,036	0	-258	0
Loans granted	-3,073	-6,206	-196	-397
Repayment of loans given	4,020	549	257	35
Interest received	5,330	789	341	50
<b>Net cash from investing activities</b>	<b>48</b>	<b>7,411</b>	<b>3</b>	<b>474</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans received	11,632	27,840	743	1,779
Repayment of loans received	-6,700	-40,451	-428	-2,585
Dividends paid	0	0	0	0
Payment of finance lease liabilities	-15,311	-6,301	-979	-403
Interest paid	-4,907	-2,345	-314	-150
Other payments made	-1,832	45	-117	3
<b>Net cash used in financing activities</b>	<b>-17,118</b>	<b>-21,212</b>	<b>-1,094</b>	<b>-1,356</b>
<b>Net decrease / increase in cash and cash equivalents</b>	<b>-22,529</b>	<b>37,367</b>	<b>-1,440</b>	<b>2,388</b>
Cash and cash equivalents at beginning of period	155,980	192,490	9,969	12,302
Effect of exchange rate fluctuations	-5	0	0	0
Cash and cash equivalents adjusted for exchange rate fluctuations	155,975	192,490	9,969	12,302
Decrease / increase in cash and cash equivalents	-22,529	37,367	-1,440	2,388
Cash and cash equivalents at end of period	133,446	229,857	8,529	14,691

## Consolidated interim statement of changes in equity

Unaudited, in thousands of Estonian kroons	Equity attributable to equity holders of the parent							
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Total	Minority interest	Total
<b>Balance at 31 December 2005</b>	<b>34,819</b>	<b>8,192</b>	<b>4,158</b>	<b>795</b>	<b>128,987</b>	<b>176,951</b>	<b>12,257</b>	<b>189,208</b>
Foreign exchange differences	0	0	0	-278	0	-278	-139	-417
Profit for the period	0	0	0	0	18,224	18,224	-848	17,376
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-278</b>	<b>18,224</b>	<b>17,946</b>	<b>-987</b>	<b>16,959</b>
Dividends declared	0	0	0	0	0	0	-2,160	-2,160
Change of minority interests	0	0	0	0	-34	-34	0	-34
<b>Balance at 31 March 2006</b>	<b>34,819</b>	<b>8,192</b>	<b>4,158</b>	<b>517</b>	<b>147,177</b>	<b>194,863</b>	<b>9,110</b>	<b>203,973</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	96	0	96	59	155
Profit for the period	0	0	0	0	29,492	29,492	1,921	31,413
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>96</b>	<b>29,492</b>	<b>29,588</b>	<b>1,980</b>	<b>31,568</b>
Dividends declared	0	0	0	0	0	0	-6,000	-6,000
Change of minority interests	0	0	0	0	4,266	4,266	0	4,266
<b>Balance at 31 March 2007</b>	<b>153,784</b>	<b>108,465</b>	<b>4,158</b>	<b>2,292</b>	<b>211,848</b>	<b>480,547</b>	<b>35,271</b>	<b>515,818</b>

Unaudited, in thousands of euro	Equity attributable to equity holders of the parent							
	Share capital	Share premium	Statutory capital reserve	Translation reserve	Retained earnings	Total	Minority interest	Total
<b>Balance at 31 December 2005</b>	<b>2,225</b>	<b>524</b>	<b>266</b>	<b>51</b>	<b>8,244</b>	<b>11,310</b>	<b>783</b>	<b>12,093</b>
Foreign exchange differences	0	0	0	-18	0	-18	-9	-27
Profit for the period	0	0	0	0	1,165	1,165	-54	1,111
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-18</b>	<b>1,165</b>	<b>1,147</b>	<b>-63</b>	<b>1,084</b>
Dividends declared	0	0	0	0	0	0	-138	-138
Change of minority interests	0	0	0	0	-3	-3	0	-3
<b>Balance at 31 March 2006</b>	<b>2,225</b>	<b>524</b>	<b>266</b>	<b>33</b>	<b>9,406</b>	<b>12,454</b>	<b>582</b>	<b>13,036</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	6	0	6	4	10
Profit for the period	0	0	0	0	1,885	1,885	123	2,008
<b>Total recognised income and expense for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>1,885</b>	<b>1,891</b>	<b>127</b>	<b>2,018</b>
Dividends declared	0	0	0	0	0	0	-384	-384
Change of minority interests	0	0	0	0	273	273	0	273
<b>Balance at 31 March 2007</b>	<b>9,829</b>	<b>6,932</b>	<b>266</b>	<b>146</b>	<b>13,540</b>	<b>30,713</b>	<b>2,254</b>	<b>32,967</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; 66.15% of the shares are held by AS Nordecon.

The consolidated interim financial statements for the period ended 31 March 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 quarter 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 for the first quarter 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.

The 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		€	
	31 March 2007	31 December 2006	31 March 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 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		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Receivables from the parent and other group companies	25,054	10,202	1,601	652
Receivables from associates	28,662	24,542	1,832	1,569
Miscellaneous receivables	21,487	16,412	1,373	1,049
Due from customers for contract work	69,491	57,907	4,441	3,701
Accrued income	113	108	7	7
Prepaid taxes	8,475	7,880	542	504
Prepayments to suppliers	26,906	12,612	1,720	806
Total other receivables and prepayments	180,188	129,663	11,516	8,287

Receivables from the parent and other group companies comprise receivables related to performance of construction contracts. Receivables from associates comprise loan receivables with 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 are made up of prepaid VAT and prepayments comprise prepaid insurance premiums.

#### NOTE 4. Inventories

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Raw and other materials	39,450	36,204	2,521	2,314
Work in progress	162,987	111,625	10,417	7,134
Property held for resale	90,861	124,355	5,807	7,947
<b>Total inventories</b>	<b>293,298</b>	<b>272,184</b>	<b>18,745</b>	<b>17,395</b>

At 31 March 2007, raw and other materials of 39,450,000 kroons (€2,521,000) comprised mostly materials acquired for construction projects and road maintenance. Work in progress comprised costs related to construction contracts in progress at the balance sheet date (the costs incurred in respect of apartment houses under construction) of 162,987,000 kroons (€10,417,000). Property held for resale comprised registered immovable properties of 90,861,000 kroons (€5,807,000) acquired for residential construction purposes.

#### NOTE 5. Non-current receivables

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Long-term receivables from associates	13,107	17,458	838	1,116
Other investments	4,341	300	277	19
Long-term trade receivables	5,812	5,812	371	371
Other long-term receivables	6,079	9,381	389	600
<b>Total non-current receivables</b>	<b>29,339</b>	<b>32,951</b>	<b>1,875</b>	<b>2,106</b>

Long-term receivables from associates comprise loans given plus 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 Eurocon Ukraine LLC's 10% investment in 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 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	26,496	139	26,635	1,693	9	1,702
Disposals	-7,452	0	-7,452	-476	0	-476
Depreciation / amortisation for the period	-13,727	-594	-14,321	-877	-38	-915
Depreciation / amortisation on disposals	4,901	0	4,901	313	0	313
Effect of movements in exchange rates	-33	0	-33	-3	0	-3
Carrying amount at 31 March 2007	233,859	164,581	398,440	14,946	10,519	25,465

In the first quarter of 2007 the cost of assets acquired with finance lease amounted to 21,404,000 kroons (€1,368,000).

## NOTE 7. Finance and operating leases

In thousands	EEK		€		
	31 March 2007	31 December 2006	31 March 2007	31 December 2006	
Finance lease liability					
Payable in less than one year	39,816	37,397	2,545	2,390	
Payable between one and five years	72,525	66,751	4,635	4,266	
Total	112,341	104,148	7,180	6,656	
Principal payments made during the period	15,426	27,357	986	1,748	
Interest payments made during the period	1,318	1,943	84	124	
Base currency	EUR	111,510	103,264	7,127	6,600
Base currency	UAH	831	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		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Operating lease rental expense				
Cars	3,325	12,617	213	806
Including cars leased from AS Nordecon	2,769	9,580	177	612
Construction equipment	4,576	16,390	292	1,048
Premises	1,837	4,403	117	281
Software	1,674	5,943	107	380
Total operating lease rental expense	11,412	39,353	729	2,515



## NOTE 8. Interest-bearing loans and borrowings

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Short-term bank loans	18,816	13,994	1,203	894
Current portion of long-term bank loans	18,638	18,638	1,191	1,191
Other loans	0	0	0	0
Finance lease liabilities	39,816	37,397	2,545	2,390
<b>Total current loans and borrowings</b>	<b>77,270</b>	<b>70,029</b>	<b>4,938</b>	<b>4,476</b>

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Long-term bank loans	139,236	129,266	8,899	8,262
Finance lease liabilities	72,525	66,751	4,635	4,266
<b>Total non-current loans and borrowings</b>	<b>211,761</b>	<b>196,017</b>	<b>13,534</b>	<b>12,528</b>

On 5 February 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.

### Overview of loans

In thousands of Estonian kroons			31 March 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	0	0	0
Investment loan	UAH	18.0%	10,508	3,586	4,613	8,199
Investment loan	EUR	4.18%	19,162	0	19,162	19,162
Working capital loan	EUR	4.659%	140,000	0	10,000	10,000
			368,370	37,454	139,236	176,690

In thousands of euro			31 March 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	0	0	0
Investment loan	UAH	18.0%	672	229	295	524
Investment loan	EUR	4.18%	1,225	0	1,225	1,225
Working capital loan	EUR	4.659%	8,948	0	639	639
			23,543	2,394	8,899	11,293

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

### Other current payables and advances

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Payables to the parent and other group companies	2,213	42,192	141	2,697
Payables to associates	0	33	0	2
Payables to employees	50,706	73,258	3,242	4,682
Progress payments received in excess of contract work completed	153,935	175,370	9,838	11,208
Accrued expenses related to contract work	121,722	76,470	7,779	4,887
Other accrued expenses	9,446	10,403	604	665
Miscellaneous payables	968	1,518	62	97
Customer advances for goods and services	13,068	25,575	835	1,635
<b>Total other current payables and advances</b>	<b>352,058</b>	<b>404,819</b>	<b>22,502</b>	<b>25,873</b>

Payables to employees comprise remuneration and bonuses payable and accrued vacation pay liabilities.

Other accrued expenses include dividends payable to the minority shareholders of OÜ Mapri Projekt of 6,000,000 kroons (€383,000) and accrued loan interest of 3,434,000 kroons (€219,000).

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		€	
	31 March 2007	31 December 2006	31 March 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		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
Warranty provisions	5,214	4,511	333	288
<b>Total</b>	<b>5,214</b>	<b>4,511</b>	<b>333</b>	<b>288</b>

### Non-current provisions

In thousands	EEK		€	
	31 March 2007	31 December 2006	31 March 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

### Share and share premium

On 1 April 2006 the general meeting of the shareholders of AS Eesti Ehitus approved the company's new Articles of Association, according to which the minimum and maximum authorised share capital 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 18 April 2006, outstanding share capital was increased by a bonus issue of 10,446,000 new ordinary registered shares. For each existing share, 3 new shares were issued. As a result of the bonus issue, share capital increased from 34,819,000 kroons (€2,225,000) to 139,276,000 kroons (€8,901,000). The bonus issue was performed using share premium of 8,192,000 kroons (€6,265,000) and 96,265,000 kroons (€6,152,000) of the profit for 2005.

On 11 May 2006, 1,451,000 additional ordinary shares with a par value of 10 kroons were issued. Share capital now stands at 153,784,000 kroons (€9,829,000).

The new shares were subscribed during the initial public offering of the shares on Tallinn Stock Exchange where the final offer price was set at 89.97 kroons (€5.75). After the deduction of issue costs (7,555,000 kroons or €483,000), the company was able to recognise share premium of 108,465,000 (€6,932,000).

All new shares entitle the holder to dividends declared for periods beginning on or after 1 January 2006.

### Dividends

The board has proposed that shareholders be distributed a dividend of 3 kroons (€0.19) per share from the profit for 2006.

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

	Unit	EEK Q1 2007	2006	€ Q1 2007	2006
Profit for the period	in thousands of currency units	29,492	175,003	1,885	11,185
Weighted average number of shares	in thousands	15,378	14,838	15,378	14,838
Basic earnings per share		1.92	11.79	0.12	0.75
Diluted earnings per share		1.92	11.79	0.12	0.75

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 revenue and 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 20,609,000 kroons (€1,317,000) and the costs incurred amounted to 19,295,000 kroons (€1,233,000). In 2006 revenue and expenses from the performance of the contract amounted to 11,795,000 kroons (€754,000) and 11,016,000 kroons (€704,000) respectively. At 31 March 2007, receivables and payables related to the performance of the contract amounted to 12,229,000 kroons (€782,000) and 9,477,000 kroons (€1,387,000) 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	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Revenue from external customers:								
Construction contract revenue	307,442	246,782	247,956	90,434	0	0	555,398	337,216
Other revenue	2,257	3,149	2,080	1,429	0	0	4,337	4,578
Total revenue from external customers:	309,699	249,931	250,036	91,863	0	0	559,735	341,794
Inter-segment revenue	70,850	18,983	11,912	1,905	-82,762	-20,888	0	0
<b>Total revenue</b>	<b>380,549</b>	<b>268,914</b>	<b>261,948</b>	<b>93,768</b>	<b>-82,762</b>	<b>-20,888</b>	<b>559,735</b>	<b>341,794</b>
Segment result	49,158	33,851	18,713	-4,462	-1,921	848	65,950	30,237
Unallocated expenses	0	0	0	0	0	0	-28,652	-2,709
Operating profit	0	0	0	0	0	0	37,298	27,528
Net financial items	0	0	0	0	0	0	3,788	-3,550
Profit / loss of equity accounted investees	-135	-180	654	0			519	-180
Income tax expense	0	0	0	0	0	0	-10,192	-6,422
<b>Profit for the period</b>							<b>31,413</b>	<b>17,376</b>
Segment assets	813,087	529,664	560,576	387,212	0	0	1,373,663	916,876
Investments in associates	17,869	20,896	3,843				21,712	20,896
<b>Total assets</b>							<b>1,395,375</b>	<b>937,772</b>
Segment liabilities	284,700	380,534	298,727	109,678	0	0	583,427	490,212
Warranty liabilities	5,007	2,919	2,092	1,035			7,099	3,954
Unallocated liabilities	0	0	0	0	0	0	289,031	239,633
<b>Total liabilities</b>							<b>879,557</b>	<b>733,799</b>
Cash flows from:								
operating activities	12,496	45,358	-17,955	5,810	0	0	-5,459	51,168
investing activities	18,889	2,248	-18,841	5,163	0	0	48	7,411
financing activities	-464	-7,669	-16,654	-13,543	0	0	-17,118	-21,212
<b>Net cash flows</b>	<b>30,921</b>	<b>39,937</b>	<b>-53,450</b>	<b>-2,570</b>	<b>0</b>	<b>0</b>	<b>-22,529</b>	<b>37,367</b>
Capital expenditure	5,394	1,734	21,241	5,441	0	0	26,635	7,175
Depreciation and amortisation expense	2,047	883	12,274	5,579	0	0	14,321	6,462

In thousands of euro	Residential and non-residential		Civil engineering		Eliminations		Consolidated	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Revenue from external								
Construction contract revenue	86,560	54,940	72,384	47,192	0	0	158,944	102,132
Other revenue	-66,766	-38,966	-56,404	-41,321	0	0	-123,170	-80,287
Total revenue from external customers								
customers:	19,794	15,974	15,980	5,871	0	0	35,774	21,845
Inter-segment revenue	4,528	1,213	761	122	-5,289	-1,335	0	0
Total revenue	24,322	17,187	16,741	5,993	-7,227	-6,335	35,774	21,845
Segment result	3,142	2,163	1,196	-285	-123	54	4,215	1,932
Unallocated expenses	0	0	0	0	0	0	-1,831	-172
Operating profit	0	0	0	0	0	0	2,384	1,760
Net financial items	0	0	0	0	0	0	242	-227
Profit / loss of equity accounted investees	-9	-12	42	0	0	0	33	-12
Income tax expense	0	0	0	0	0	0	-651	-410
Profit for the period							2,008	1,111
Segment assets	51,966	33,852	35,827	24,748	0	0	87,793	58,600
Investments in associates	1,142	1,335	246	0	0	0	1,388	1,335
Total assets							89,181	59,935
Segment liabilities	18,196	24,321	19,092	7,010	0	0	37,288	31,331
Warranty liabilities	320	187	134	66	0	0	454	253
Unallocated liabilities	0	0	0	0	0	0	18,472	15,315
Total liabilities							56,214	46,899
Cash flows from:								
operating activities	799	2,899	-1,148	371	0	0	-349	3,270
investing activities	1,207	144	-1,204	330	0	0	3	474
financing activities	-30	-490	-1,064	-866	0	0	-1,094	-1,356
Net cash flows	1,976	2,553	-3,416	-165	0	0	-1,440	2,388
Capital expenditure	344	111	1,358	348	0	0	1,702	459
Depreciation and amortisation expense	131	56	784	357	0	0	915	413

Unallocated liabilities include loans and borrowings.

#### NOTE 14. Cost of sales

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Depreciation and amortisation expense	13,486	6,031	862	385
Labour costs	56,583	33,665	3,616	2,152
Cost of materials, goods and services used	420,497	271,154	26,875	17,330
Other expenses	3,219	707	206	45
<b>Total cost of sales</b>	<b>493,785</b>	<b>311,557</b>	<b>31,559</b>	<b>19,912</b>

#### NOTE 15. Administrative expenses

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Depreciation and amortisation expense	835	431	53	28
Labour costs	17,788	10,338	1,137	661
Cost of materials, goods and services used	9,088	9,009	581	576
Other expenses	2,145	1,087	137	69
<b>Total administrative expenses</b>	<b>29,856</b>	<b>20,865</b>	<b>1,908</b>	<b>1,334</b>

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

##### Other operating income

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Gains on sale of property, plant and equipment	2,780	971	178	62
Gains on sale of real estate	0	17,190	0	1,099
Foreign exchange gains	123	2	8	0
Other	67	887	4	57
<b>Total other operating income</b>	<b>2,970</b>	<b>19,050</b>	<b>190</b>	<b>1,218</b>

##### Other operating expenses

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Impairment of property, plant and equipment	880	0	56	0
Sponsoring, membership fees	618	577	39	37
Foreign exchange losses	45	6	3	0
Losses from doubtful and irrecoverable receivables	0	7	0	0
Other	223	304	14	19
<b>Total other operating expenses</b>	<b>1,766</b>	<b>894</b>	<b>113</b>	<b>57</b>

#### NOTE 17. Net financial items

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
<b>Financial income</b>				
Gains on sale of shares in associates	6,309	0	403	0
Other financial income	1,886	1,063	121	68
Foreign exchange gains	1,630	232	104	15
<b>Total financial income</b>	<b>9,825</b>	<b>1,295</b>	<b>628</b>	<b>83</b>

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
<b>Financial expenses</b>				
Interest expense	3,227	4,062	206	260
Other financial expenses	23	326	1	21
Foreign exchange losses	2,787	457	178	29
<b>Total financial expenses</b>	<b>6,037</b>	<b>4,845</b>	<b>386</b>	<b>310</b>

**NOTE 18. Income tax expense**

In thousands	EEK		€	
	Q1 2007	Q1 2006	Q1 2007	Q1 2006
Estonia - income tax on dividends paid	9,237	6,422	590	410
Ukraine - effect of tax rate in foreign jurisdictions	955	0	61	0
Total income tax expense	10,192	6,422	651	410

**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	5,416	506	346	32
Subsidiaries of AS Nordecon	685	31,442	44	2,010
Companies related to a member of the council of AS Eesti Ehitus	433	1,240	28	79
Total	6,534	33,188	418	2,121

In thousands	EEK		€	
	Q1 2007		Q1 2007	
Substance of transactions	Purchases	Sales	Purchases	Sales
Construction contracts	0	32,682	0	2,089
Sale of goods, etc	0	506	0	32
Leases	6,200	0	396	0
Other services	334	0	21	0
Total	6,534	33,188	418	2,121

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

In thousands	Transaction	EEK				€			
		31 March 2007		31 December 2006		31 March 2007		31 December 2006	
Related party		Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
AS Nordecon		5	2,184	4	2,167	0	140	0	138
Subsidiaries of AS Nordecon	Construction contracts	25,049	29	10,197	40,025	1,601	2	652	2,558
Company related to a member of the Council of AS Eesti Ehitus	Construction contracts	1,614	0	9,216	0	103	0	589	0
Associates	Loan and services	28,662	0	21,944	0	1,832	0	1,402	0
<b>Total</b>		<b>55,330</b>	<b>2,213</b>	<b>41,361</b>	<b>42,192</b>	<b>1,704</b>	<b>141</b>	<b>1,241</b>	<b>2,697</b>


In the first quarter of 2007, the remuneration of the members of the council of AS Eesti Ehitus Group amounted to 270,000 kroons (€7,000) and the remuneration of the members of the board of AS Eesti Ehitus amounted to 1,788,000 kroons (€14,000).



## Signatures

The board of AS Eesti Ehitus has prepared the company's interim report for the first quarter of 2007 which is presented on pages 3 to 24.

Jaano Vink                      Chairman of the Board                                            30 April 2007

Avo Ambur                      Member of the Board                                            30 April 2007

Erkki Suurorg                      Member of the Board                                            30 April 2007

Andri Hõbemägi                      Member of the Board                                            30 April 2007