



Q VARA

Consolidated financial report for the 9 months of 2007

Q Vara AS

Beginning of the first quarter: January 1, 2007;
End of the first quarter: September 30, 2007;
Registration number: 10907184;
Address: Mustamäe tee 54;
10621 Tallinn;
Republic of Estonia;
Telephone: +372 668 1600;
Facsimile: +372 668 1601;
E-mail: info@qvara.ee;
Web page: www.qvara.ee;
Main activities: Real estate development;
Construction;
Property management;
Supervisory Council: Alo Lillepea, Jürgen Järvik, Ivo Lillepea;
Management Board: Meelis Šokman, Andre Poopuu;
Auditor: AS Deloitte Audit Eesti.

Contents

Financial summary	4
Management report.....	5
Overview of the projects	8
Principles of financial accounting	14
Consolidated income statement.....	16
Consolidated balance sheet.....	17
Consolidated cash flow statement	18
Notes to the consolidated quarterly accounts	19

Financial summary

Income Statement

	9m 2007	9m 2006	2006	9m 2007	9m 2006	2006
<i>(thousands)</i>	EEK	EEK	EEK	EUR	EUR	EUR
Revenue	106 178	144 761	227 643	6 786	9 252	14 549
Sales revenue	94 237	39 596	63 231	6 023	2 531	4 041
Operating profit/loss	-15 715	77 722	113 250	-1 004	4 967	7 238
Net profit/loss	1 940	93 611	99 358	124	5 983	6 350

Balance Sheet

	30.09.2007	30.09.2006	31.12.2006	30.09.2007	30.09.2006	31.12.2006
<i>(thousands)</i>	EEK	EEK	EEK	EUR	EUR	EUR
Total assets	871 642	678 007	765 237	55 708	43 333	48 909
Total liabilities	567 098	384 783	460 269	36 244	24 592	29 417
Total equity	304 544	293 224	304 968	19 464	18 740	19 492
Minority interests	258 859	270 427	256 280	16 544	17 283	16 378

Management report

Introduction

As stated in Q Vara's last quarterly reports the most problematic project for the Group has been Silukalni residential development in Latvia. Fortunately the third quarter of 2007 brought positive news as five semi-detached houses together with greening and infrastructure were completed and ten families moved into their new homes. Right after completing the first houses Q Buve moved on to build the next six houses that according to the project schedule will be ready in the beginning of 2008. Currently all the six houses are sold. The current situation proves that replacing the former main contractor with Q Buve was a correct choice.

The gross profit from the first houses is almost zero because the sales prices of these houses in 2005 and 2006 were relatively low compared to the final construction cost. Altogether 30 houses that were sold in the first stage will have similarly low profitability. The sale of the rest of the houses started in 2007 and the profit earned from these houses should somewhat improve the project's total result.

In addition to handing over the first units in Pinki another very positive event was getting the approval of Trophy project's detail plan in Lithuania. According to the detail plan Q Vara can develop an apartment building with 2 300 sqm of net space. The new evaluation report that was ordered after the detail plan approval valued the project's property at 6 000 000 LTL (27 189 600 EEK).

Considering the Group's liquidity the most important development was finalizing the sale of Sofia project in the beginning of the fourth quarter 2007. According to the agreed transaction structure EOOD Q Delta repays Q Vara's loans in total amount of 3 222 658 EUR and OOD Delta Imoti purchases 40% of EOOD Q Delta's shares for 714 310 EUR. The sale of the remaining 20% of the shares is also agreed and the transaction details will be disclosed right after the agreements will be signed.

The Sofia transaction's proceeds will be used for repaying Q Vara's most expensive loans that altogether should reduce Q Vara's annual interest expense by approximately 19 million EEK (1.2 million EUR). Also the proceeds will be used for accounts payable and creating a liquidity buffer.

At the same time with its efforts on different projects Q Vara also continued to reduce fixed costs and by that improve its liquidity. The need for cutting the fixed costs is derived from the current market situation in which the sales pace is low and the demand is weak and unpredictable.

The first fixed cost cut was realized after Q Vara moved into the same office with its subsidiary Q Ehitus. Besides cost reduction the move also aimed to increase the synergies and efficiency between the two companies. Sharing an office also decreased fixed costs by eliminating several positions with overlapping responsibilities. Similar changes are being carried out also in Q

Vara's Latvian subsidiary. Also Q Ehitus and Q Buve have reduced their costs, mainly by reducing its number of workers. Both companies' capacity exceeded the current projects' needs.

As a result of the above described cost reductions Q Vara Group's annual fixed costs are expected to decrease by 11 million EEK (0.7 million EUR). When also the interest expense reduction is added the total amount of annual cost reduction is 30 million EEK (1.9 million EUR). As lay offs result in one time expenses the cost effects should realize in the beginning of 2008.

Besides reorganizing the group through cost reductions also building more efficient organization continued. For example one of Q Vara's main values came to the center of focus in the third quarter – beauty of the developments. It means that the management decided to set up a special architecture and design unit that should manage all projects' design and architectural planning.

As a more general change in the third quarter reorganizing Q Vara into public limited company (aktsiaselts) was finished and starting from September 4, 2007 the company's official name is AS Q Vara.

Personnel

In the third quarter the number of Q Vara Group's employees decreased to 91. The following table presents the number of employees in Q Vara Group's companies in all target markets.

	EST	LAT	LIT	BLG	Total
Q Vara AS	21				21
Q Haldus OÜ	4				4
Q Ehitus OÜ	27				27
Q Estate SIA		15			15
Q Byve SIA		20			20
Q Vara UAB			4		4
Q Vara EOOD				2	2
Total	52	35	4	2	91

There were no changes in Q Vara Group companies' managements.

Financial results

Q Vara's consolidated operating income in the first 9 months of 2007 was 106 178 thousand EEK; 6 786 thousand EUR (2006 9 months: 144 761 thousand EEK; 9 252 thousand EUR). Compared to the operating revenues disclosed about the first 6 months of 2007 the amount has decreased because Q Vara does not record its Sofia project as a consolidated real estate investment but as subsidiary's shares for sale in the end of the third quarter. As a result the operating revenues of the 9 months of 2007 do not include the revaluation profit from Sofia project anymore. Instead the profit is recorded as financial revenue from the revaluation of subsidiaries' shares.

Sales revenue for the the 9 months of 2007 was 94 237 thousand EEK; 6 023 thousand EUR (2006 9 months: 39 596 thousand EEK; 2 531 thousand

EUR) that is the best result for 9 months since Q Vara was established. The sales revenue for the third quarter was 37 128 thousand EEK; 2 373 thousand EUR. In 2007 the 9 months' the sales revenue exceeded the sales revenue of the 9 months in 2006 by 138%. The revenue was mainly derived from Pinki and Kirsiaed residential projects. As the sale of the land plots in Terminal no. 11 is currently recorded as prepayment the revenues from there will be realized in the next quarters.

During the 9 months of 2007 Q Vara generated altogether 44 833 thousand EEK of gross profit (sales revenues minus cost of goods sold). Compared to the 6 months. results gross profit increased by 174%. So the gross results are improving which the management will support by lowering the fixed costs in the near months.

The consolidated net profit for the nine month period was 1 940 thousand EEK; 124 thousand EUR (In 2006: 93 611 thousand EEK; 5 983 thousand EUR). The net profit is expected to improve as a result of the proposed reduction in fixed costs.

In the 9 months of 2007 also financial expenses have played a significant role in the net profit amount. Altogether the financial expenses amounted -27 573 thousand EEK to which other financial expenses and revenues are added in the profit and loss statement. As described above the repayment of AS GILD Arbitrage's loans will reduce financial expenses in the future quarters significantly.

At the end of the third quarter 2007 Q Vara Group is still strongly capitalized: equity forms 34,9% of total assets. In the end of the quarter the total asset amount was 871 642 thousand EEK; 55 708 thousand EUR and total equity amount was 304 504 thousand EEK; 19 464 thousand EUR. At the end of the third quarter 2006 the total asset amount was 678 007 thousand EEK; 43 333 thousand EUR. Compared to the end of the third quarter of 2006 the asset amount of Q Vara has grown 28,6% by the end of the third quarter in 2007. The quarterly development of asset amount, liabilities and equity from the beginning of 2006 is presented in figure 3.

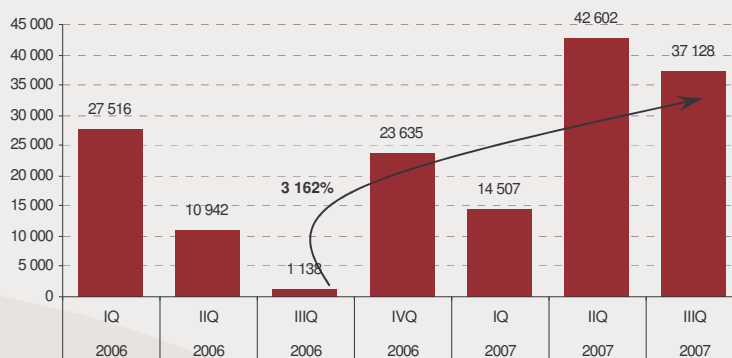


Figure 1. Quarterly sales revenue development from the beginning of 2006 (thousands; EEK).

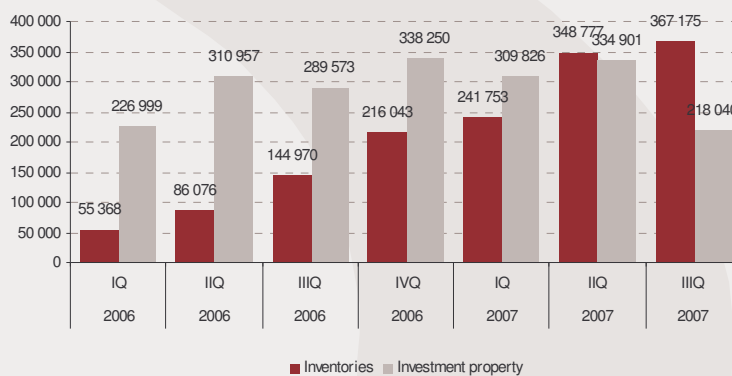


Figure 2. Quarter end inventory and property investments' value (thousands; EEK).

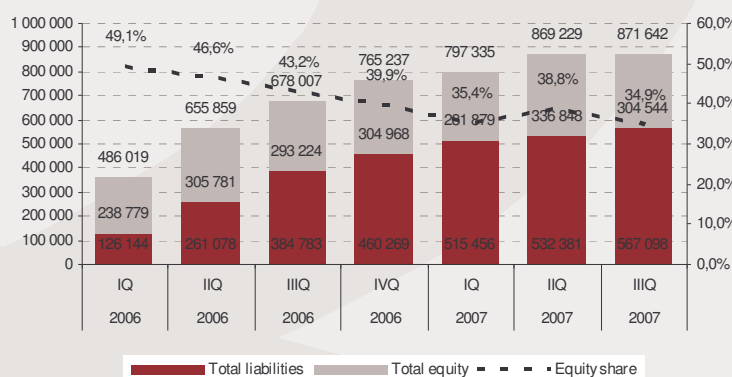


Figure 3. Quarter end amount of liabilities, equity, assets and equity share of total assets (thousands; EEK).

Overview of the projects

Kirsiaed triple houses

Location: Viimsi parish, Estonia | **Segment:** Residential, high | **Development:** Rowhouses | **Period:** 2006-2007 | **Sellable space:** 3 305 m²

Introduction: Kirsiaed (“Cherry tree garden”) is a residential development project, in which a family friendly and enjoyable living environment is created through combination of architecture, landscape and greenery. Position towards the sun and privacy of the residents were considered as the main starting points inform the very beginning. The main features of the units are brightness, practical and considered interior planning and a magnificent view on the silhouette of Tallinn. One may choose a unit with high quality finishing’s in place or a unit where one can make the designs by oneself.

Development: The majority of the works at Kirsiaed project are finished. In addition to construction also the greening has been finished and Kirsiaed has taken its final shape. The only continuing works are the interior finishing works according to the new customers’ selections.

Sales: Despite the summer period and the resulting low transaction volume Q Vara managed to close new sales contracts with four clients. Also two apartments were handed over to clients that had signed pre-contract in the previous periods. The new customers’ apartments will be ready for handing over in the fourth quarter. In the beginning of the fourth quarter also one new client booked a unit in Kirsiaed and the realization of this booking will be clear in the near future. As of the end of the third quarter 16 rowhouse units out of 30 were sold.

The marketing activity of the project in the third quarter included three active client days as a result of which three out of the previously described four new customers described above found their new home. Such active sales events have become the most efficient marketing during the past two quarters.

Kirsiaed residential properties

Location: Viimsi parish, Estonia | **Segment:** Residential, high | **Development:** Residential land plots | **Period:** 2006-2007 | **Sellable space:** 23 219 m²

Introduction: Kirsiaed residential property project is one of the few plot developments in Viimsi that has all utility, connections, asphalt road and street-lighting. Partial greenery has been planted to the plots already today – fir-trees, thornbush hedges, rowantrees and low cherry trees. The plots are situated on a hilly terrain, from with a nice view on the Tallinn-panorama.

- As of the end of the third quarter 12 families lived in their new homes in Kirsiaed;



- The low sales activity in summer turned in September and the sale of the plots continued;
- By the end of the third quarter 6 land plots were sold and 7 land plots were booked;

Sales: When customer interest is concerned the first half of the third quarter was relatively weak and resulted in just a couple of visits to see the plots. But in the second half of the quarter Q Vara's sales team tried several personal approaches to customers as a result of which the number of bookings rose again – in the end of the quarter altogether 13 plots were booked/sold. By the end of October one client reached from booking to final transaction. Notary transactions with four more clients have been agreed into the fourth quarter. Altogether 6 plots were sold and 7 were booked in the end of October.



Taevasmaa

Location: Harku parish, Estonia | **Segment:** Residential, medium | **Development:** Gallery- and rowhouses | **Period:** 2007-2009 | **Sellable space:** 32 137 m²

Introduction: The name Taevasmaa (Skyland) name comes from two architecturally very different parts of the project (rowhouses – sky (Taevas in Estonian) and gallery houses – land (maa in Estonian), which as joined together compile an interesting and aesthetically pleasing living environment. The residential area is situated nearby Tabasalu and has already today the value in the surrounding nature and privacy. Q Vara is developing there apartment houses and row houses with low acquisition costs and low monthly expenses. In creating the living areas, the attention is paid on HEALTH and on INTEGRATION, which means houses with few apartments, surrounding sporting facilities, playgrounds, greeneries', play parks and kindergarten. Ergonomics and practicality are considered also as very important details throughout the development (entrance-room closets, kitchen furniture etc).

Development: After thorough analysis and consultations with local government Q vara's management decided to freeze Taevasmaa project's construction. The work with the project's concept and marketing materials continued. Further actions depend on the market situation because the current low demand can lock equity into finished but unsold real estate for relatively long time.

- The launch of the construction was postponed;
- The concept and planning will be finalized to be ready for a quick restart if needed;

Terminal 11

Location: Rae parish, Estonia | **Segment:** Commercial, medium | **Development:** Warehouses | **Period:** 2007-2009 | **Sellable space:** 42 000 m²

Introduction: Project's name – Terminal 11 – comes from its positioning beside the Tallinn traffic circle (11th highway). The warehouses are aimed for small and medium-sized companies, to whom the optimal storage size, common location of storage and office space, very comfortable working conditions to the employees and efficient storage managing are crucial. The project's focus is also on minimizing clients' monthly loan repayments and administration costs.

Development: In the third quarter the construction of the utility lines and the first warehouse building continued. The first building will be finished in the

- The first warehouse building was under roof by the end of October;
- The new design concept was introduced;
- By the end of the third quarter one warehouse unit and four land plots were sold;

first quarter of 2008. By the end of the third quarter the 10m high warehouse's concrete structures were set up and the roof was placed. The goal is to finish the outside works by winter and to continue internal works then. The utility lines of the project should be finished by the end of the fourth quarter.

The design of the warehouses also evolved in the third quarter. The office spaces will get more natural light through larger glass surfaces and the buildings will each get their own distinctive colour scheme. Still the buildings' colours will match each other so the end result will be an unified and aesthetically pleasing logistics center.

Sales: In the third quarter direct mailing and newspaper ads were used as the main marketing tools to present Terminal no. 11 land plots and warehouse units. As a result of the campaign four land plot pre-sales agreements were signed by the end of October and the negotiations continued with three more.

The launch of the sale of warehouses has been somewhat slower and just one pre-sales agreement has been signed. But the negotiations with three other clients are close to finish and it is expected to close them in the fourth quarter. The main reason behind the long negotiations is that the clients' wish to buy finished solutions and are willing to wait until the buildings are ready.



Maakri

Location: Tallinn, Estonia | **Segment:** Residential / commercial, high | **Development:** high-rise buildings | **Period:** - | **Capacity:** -

Introduction: Through an associate (Stansfield OÜ) Q Vara has two properties in the centre of Tallinn. According to Tallinn City's general plans the area is going to be a district with high-rise buildings that accommodate residential as well as commercial space.

Development: Currently the preparations for planning the Maakri block development are underway. For example in the third quarter the area's construction- and hydrology analysis were performed. Also the traffic was ordered which is one of the most important inputs in determining the development volumes. AS Maakri City (project company) has also started the preparation of the assignment document for the architectural competition's second round.

- The preparations for the development's concept and volume are underway;
- The project team is preparing for the next round of the architectural competition;

Pärtlepõllu

Location: Lubja village, Estonia | **Segment:** Residential, medium | **Development:** private house plots | **Period:** 2007-2009

Introduction: Q Vara signed a contract in 2006 to purchase the Pärtlepõllu land plot in Viimsi parish. Part of the property will be developed into residential land and part of it remains as a green area. As Q Vara has not finalized the property's purchase transaction the land is not on Q Vara's balance sheet.

- A residential project of private house land plots;
- The detail plan proposal was changed in the third quarter and the process is slightly delayed;

Development: In the third quarter of 2007 Q Vara's development team together with the management decided to make some changes in the sketch designs of the detail plan. As a result the approval process of the detail plan proposal will be delayed for a couple of months. The amended proposal includes dividing the property into residential land plots for private houses but also solving the infrastructure, greening, playgrounds etc. The concept will be finalized by the end of 2007.

Silukalni

Location: Pinki village, Latvia | **Segment:** Residential, medium | **Development:** Double and rowhouses | **Period:** 2005-2007 | **Sellable space:** 8 525 m²

Introduction: Silukalni residential area is located next to a pine forest which together with its suburban location makes a perfect home for a family. Double- and rowhouses includes 72 units.

Development: By the end of the third quarter ten units in five double houses were handed over to customers. As also the greening and infrastructure are already in place the families could move into their new homes. After handing over the first houses the construction of the next six houses continued which will be finished in the beginning of 2008.

Sales: The most important achievement in the third quarter was the handing over of the first units. The next sales transactions can be finalized in the beginning of 2008.

As described in the previous quarterly reports the delayed construction schedule brought the decision to stop the sales process in 2006 because it was not possible to estimate the completion time of the sold houses. After Q Buve took over the position as the main contractor a detailed and realistic project time schedule was composed that allowed to start selling the double- and rowhouses again in the third quarter.

- The first five double houses were handed over to customers;
- The realistic construction schedule and budget are in place;
- The gross result of the first houses is around zero because of the early sale;

365

Location: Jurmala, Latvia | **Segment:** Residential, high | **Development:** Apartment building | **Period:** 2006-2008 | **Sellable space:** 2 730 m²

Introduction: 365 apartment building is situated in a prestigious Jurmala beach town. It is a stylish apartment building designed by Latvian top architectural company SIA Sīlis, Zābers & Klava. The building includes thirty exclusive apartments, which net space ranges from 60 to 160 m².

Development: The construction is in schedule and will expectedly be finished on time in spring 2008. As of the end of October the construction of the main concrete structure has reached the fourth floor and the construction of the roof structure has also begun. The utility lines are already completed. In November the facade works together with setting up the windows will be launched that allows to continue the interior works as the winter arrives.

- The building's concrete structure is finished and the construction of the facade and roof has been started;
- The active marketing of the apartments will be relaunched in the beginning of 2008;

Sales: In the third quarter no new sales transactions were closed. The marketing volume was reduced after summer because it brings many interested potential clients but most of them prefer to look around and come back after the house is finished. Therefore it was decided to cut back the marketing expenses and launch the new campaigns in the beginning of 2008 after the outside works are finished and the house has taken its final shape.

Jonathan

Location: Riga, Latvia | **Segment:** Residential, medium | **Development:** Apartment building | **Period:** 2007-2010 | **Sellable space:** 30 575 m²

Introduction: Jonathan is an apartment building that is situated in Riga, ashore of Daugava river, 15 minutes drive from Riga city centre. The project's main attraction is a pond in the courtyard which means that the building is partly in the water and the pond has a direct connecting canal with the river. Nothing is impossible...

Development: In the third quarter preparing the technical plans continued. The finished analysis of staging the project revealed that the best way to do it is in 2 stages although technically it can be built in 4 stages. Still considering the comfort of the future residents it is wise to complete the whole building as quickly as possible because the construction of the later stages disturbs the residents of the first stages.

Sales: The presales of the project begins after the construction permit is received and it is expected to take place in the first half of 2008. Currently the active preparation of the sales materials is the main task on sales and marketing side.

In the beginning of the fourth quarter Q Vara Group together with its Latvian partner SIA R.Evolution participated at the ExpoReal real estate fair in Munich, Germany. The aim was to present Jonathan project and by that invite additional investors into the project.

- The technical plans are being prepared;
- Pre-sales will be launched after the construction permit is issued;

Trophy

Location: Vilnius, Lithuania | **Segment:** Residential, high | **Development:** Apartment building | **Period:** 2007-2008 | **Sellable space:** 2 300 m²

Introduction: Q Vara Group's Trophy project in the Zverinas district in Vilnius will feature a 4 storey 2 300 sqm apartment building. The apartments with high quality finishing that are targeted at upper-middle-class customers and are sized from 55 to 120 m².

Development: On July 18, 2007 the city government of Vilnius approved the detail plan of Elniu 20 and it plan was registered on September 19, 2007. This gave Q Vara Group the official approval to the planned building.

In August Q Vara signed the contract with the architects to prepare the technical plans based on the previously composed sketch drawings. According to the agreement the technical plans will be finished by March 2008. The planning conditions for technical plans were issued by Vilnius city

- Vilnius City approved and registered the detail plan;
- The property's value has reached 6 000 000 LTL as a result of development activities and market movements;

government by the end of October. To finance the planning process SEB Vilniaus Banka also increased the project's loan limit.

The evaluation report that was ordered after the detail plan approval from Ober Haus valued the project's property at 6 000 000 LTL (27 189 600 EEK) which means that the project's value has increased by 65% as a result of the development activity and market movements.

Sales: The sales and active marketing activities of the project start after the construction permit is received. The first step in marketing preparations was launching Q Vara's Lithuanian website (www.qvara.lt).

Sofia

Location: Sofia, Bulgaria | **Segment:** Residential / Business, medium / high
Development: - | **Period:** - | **Sellable space :** 60 265 (gross space)

Introduction: In 2006 Q Vara entered Bulgarian real estate market and acquired 60% of a company named OOD Delta Retail that owns an 11 000 m² property in the centre of Sofia.

In the third quarter of 2007 Q Vara signed a letter of intent according to which the sale of the project's shares was agreed. The final share sales agreement of the 40% of the project company's shares was signed on October 30, 2007. According to the signed agreement the project company will repay Q Vara's loans (altogether 3 222 658 EUR) and OOD Delta Imoti purchases the shares for 714 310 EUR. The sale of the remaining 20% of the shares is also agreed and the details of this transaction will be disclosed right after the agreements will be signed.

- The sale of the project has been agreed and the final sales agreement of 40% of shares is signed;
- The agreed transaction will bring 3 936 968 EUR to Q Vara's account;

Principles of financial accounting

In order to have full and clear understanding of Q Vara Group's consolidated report the following main accounting principals must be introduced.

Recording expenses in Income Statement

Currently major parts of Q Vara's expenses are related to projects in the early stage of development. In financial reports these projects are recorded as investment property and no sales income is yet gained. The expenses that are related to investment property are not capitalized and are recorded as 'direct development expenses' and 'construction expenses' in Income Statement. These expenses include the expenses of development department and several expenses related to projects (land detail plan costs, interest expense related to acquisition of investment property).

Consequently the operating expenses to income ratio for the companies in growing phase are relatively higher than for the companies in maturity phase. As the figure shows, the company, whose goal is to compose a development portfolio of 100 000 m² has to cover the development expenses of future projects as well as expenses of the present projects on first year.

For mature companies development expenses of future projects make up relatively smaller part of total expenses. Therefore the margins are also higher. Q Vara Group is in the growing phase and faces the issues related to that.

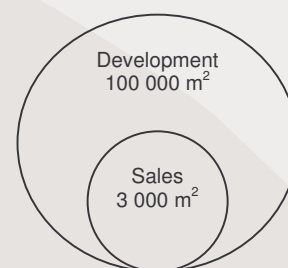
To give a better overview of the expenses and margins of the sold projects, construction expenses and development expenses are separated in Q Vara Group's consolidated report.

Investment property

Land acquired for the purpose of increasing the market value and is not held for the Group's own use or for sale in the ordinary course of business, is recorded as investment property in Q Vara Group reports. Investment property is initially recorded in balance sheet at cost value, including direct transaction expenses related to acquisition: notarial fees, state taxes, advisory fees and other expenses necessary for the acquisition. Later the investment property is stated at its fair value, for which the independent expert evaluation is used. Gains and losses arising from the change in fair value are recorded in the income statement for the financial year. Current expenses directly related to investment property (expenses of land detail

Growth phase.

Income:	3 000 m ²	sales
Expense:	3 000 m ²	constr.
	100 000 m ²	develop.



Maturity phase.

Income:	100 000 m ²	sales
Expense:	100 000 m ²	constr.
	100 000 m ²	develop.

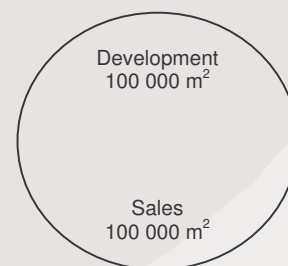


Figure 4. Sales revenue and development expense ratio of growth phase companies and mature companies.

plan, interest expenses etc.) are recorded directly as expense in the income statement.

Property for sale

With the decision of Management Board the property is re-classified from investment property to inventory immediately after construction and development of the property begins. Entry 'Property for sale' consists of the value of land at the moment of reclassification the land from investment property to inventory and of acquisition cost of unfinished construction, which includes the construction price, non-refundable taxes, transportation expenses related to acquisition, interest expenses and of other direct expenses.

Profit calculations

Q Vara Group's accounting system is based on international financial accounting standards (IFRS) and therefore the property investments are stated in their fair value. Fair value method generates profit when the value of real estate increases (fair value increases as a result of rising market prices or as a result of property development). So as a result of price stabilization profit decreases considerably. The profits remain also unaffected by the revenue increase because as the profit is included in the properties' fair values it has been stated in the profit & loss statements of the previous periods (hence the current sales price equals the more-less the calculated cost of sales).

This profit accounting speciality does not affect cash flows because cash flows are still equal to revenues minus land acquisition price and construction cost. So cash flows is the most important indicator in analysing Q Vara Group's financial performance.

Consolidated income statement

	Notes	01.01.2007- 30.09.2007	01.01.2006- 31.12.2006	01.01.2007- 30.09.2007	01.01.2006- 31.12.2006
		EEK	EEK	EUR	EUR
<i>(In thousands)</i>					
Revenue					
Sales revenue		94 237	63 231	6 023	4 041
Revaluation of investment property		9 438	161 545	603	10 325
Other income		2 503	2 867	160	183
Total revenue		106 178	227 643	6 786	14 549
Operating expenses					
Building expenses		-49 404	-63 789	-3 157	-4 077
Direct development expenses		-2 905	-8 950	-186	-572
General development expenses		-54 631	-23 326	-3 492	-1 491
Marketing expenses		-7 025	-9 459	-449	-605
Administrative expenses		-1 979	-1 940	-126	-124
Other expenses		-5 949	-6 929	-380	-442
Total operating expenses		-121 893	-114 393	-7 790	-7 311
Operating profit		-15 715	113 250	-1 004	7 238
Net financial income and expense	1	18 167	-3 046	1 161	-195
Profit before income tax		2 452	110 204	157	7 043
Deferred income tax expense		-452	-10 787	-29	-689
Property tax expense		-60	-59	-4	-4
Net profit for financial year		1 940	99 358	124	6 350
Net profit attributable to the owners of the Parent		4 943	79 831	316	5 102
Net profit attributable to minority interests		-3 003	19 527	-192	1 248

Consolidated balance sheet

	Notes	30.09.2007	31.12.2006	30.09.2007	31.12.2006
<i>(In thousands)</i>		EEK	EEK	EUR	EUR
Assets					
Current assets					
Cash and cash equivalents		4 307	1 116	275	71
Subsidiaries' shares for sale		41 020		2 622	
Accounts receivable		16 060	4 174	1 026	267
Short-term loan receivables		74 020	74 334	4 731	4 751
Other short-term receivables		56 111	48 645	3 586	3 109
Interest receivable		11 219	6 677	717	427
Prepayments made		36 743	25 908	2 348	1 657
Property for sale		367 175	216 043	23 467	13 808
Total currents assets		606 655	376 897	38 772	24 090
Non-current assets					
Long-term loan receivables		255	5 760	16	368
Associated companies		32 618	32 618	2 085	2 085
Investment property	2	218 040	338 250	13 935	21 618
Tangible and intangible fixed assets		14 074	8 826	899	564
Goodwill		0	2 886	0	184
Total non-current assets		264 987	388 340	16 936	24 819
Total assets		871 642	765 237	55 708	48 909
Liabilities and equity					
Current liabilities					
Short-term borrowings		362 349	290 169	23 158	18 545
Finance lease liabilities		133	1 149	9	74
Customers prepayments collected		8 679	5 577	555	357
Accounts payable		14 895	22 163	952	1 416
Due to employees		3 405	2 650	218	169
Other short-term liabilities		3 128		200	
Interest payable		26 303	14 164	1 681	905
Tax payables		3 104	0	198	0
Total current liabilities		421 996	335 872	26 970	21 467
Non-current liabilities					
Long-term loans		37 280	14 936	2 383	955
Other long-term payables		2 018	90	129	6
Bonds issued		76 863	76 863	4 912	4 912
Finance lease liabilities		2 094	5 468	134	349
Deferred income tax liabilities		26 847	27 040	1 716	1 728
Total non-current liabilities		145 102	124 397	9 274	7 950
Total liabilities		567 098	460 269	36 244	29 417
Equity					
Equity attributable to the owners of the Parent					
Share capital		181 511	73 511	11 601	4 698
Reserves		7 361	7 361	470	470
Unrealized exchange rate differences		-587	177	-38	13
Retained earnings		70 574	175 231	4 511	11 197
Total equity attributable to the owners of the Parent		258 859	256 280	16 544	16 378
Minority interests		45 685	48 688	2 920	3 114
Total equity		304 544	304 968	19 464	19 492
Total liabilities and equity		871 642	765 237	55 708	48 909

Consolidated cash flow statement

	Notes	01.01.2007- 30.09.2007	01.01.2006- 31.12.2006	01.01.2007- 30.09.2007	01.01.2006- 31.12.2006
		EEK	EEK	EUR	EUR
<i>(In thousands)</i>					
Cash flows from operating activities					
Profit before income tax		1 940	99 358	124	6 350
Change in goodwill as a result of a merger		2 886	0	184	0
Change in assets and liabilities from currency exchange rate		1 258	0	80	0
Gain from equity method		0	-9 958	0	-636
Changes in fair value of investment property		-8 388	-161 545	-603	-10 325
Real estate reclassification into inventories		100 256	58 798	6 408	3 759
Sale of subsidiary		0	-40	0	-3
Gain (loss) from sales of financial investments		0	1 189	-2 620	76
Depreciation and write off of tangible and intangible fixed assets		-4 445	1 937	-284	124
Change in the financial lease liability		-3 465		-221	
Interest income		-5 423	-6 848	-347	-438
Interest expense		21 096	17 598	1 762	1 125
Unrealized exchange rate differences		0	-158	0	-10
Deferred income tax		-193	10 835	-12	692
<i>Changes in current assets and liabilities</i>					
Changes in accounts receivable		-11 886	-321	-760	-21
Changes in other short-term receivables		-7 466	-224	-477	-14
Changes in prepayments		-10 835	-18 467	-692	-1 184
Changes in property for sale		-151 132	-136 870	-9 659	-8 747
Changes in customer prepayments collected		3 102	-715	198	-44
Changes in accounts payable		-7 268	12 519	-465	802
Changes in taxes payable		3 104	-2 548	198	-163
Changes in other accrued expenses		755	667	48	43
Changes in other long-term payables		1 928	90	123	6
Total cash flows from/used in operating activities		-74 176	-134 703	-7 014	-8 608
Cash flows used in investing activities					
Investment property from purchasing a company	2	-24		-2	
Purchase of an investment		0	-61 029	0	-3 900
Proceeds from disposal of investment	2	0	36 084	0	2 306
Prepayments for financial investments		0	-46	0	-3
Purchase of investment property		0	-29 445	0	-1 882
Sale of investment property		27 370		1 749	
Prepayment for the sale of subsidiaries		3 128		200	
Purchase of tangible assets		-803	-6 986	-51	-448
Changes in loans granted		5 819	-61 367	372	-3 922
Interest collected		881	187	56	12
Total cash flows used in investing activities		36 371	-122 602	2 325	-7 837
Cash flows from financing activities					
Loans raised		94 524	179 666	6 041	11 483
Repayments of finance lease principals		-925	4 760	-59	305
Paid dividends		-1 600		-102	
Interest paid		-15 434	-5 751	-986	-368
Bonds issued		0	76 863	0	4 912
Total cash flows from financing activities		76 565	255 538	4 893	16 332
Total cash flows		3 191	-1 767	204	-113
Cash and cash equivalents at the beginning of financial year		1 116	2 883	71	184
Cash and cash equivalents at the end of financial year		4 307	1 116	275	71
Change in cash and cash equivalents		3 191	-1 767	204	-113

Notes to the consolidated accounts

Note 1. Financial income and expenses

	9m 2007	2006	9m 2007	2006
<i>(In thousands)</i>	EEK	EEK	EUR	EUR
Loss from sale of subsidiary	0	-1 266	0	-81
Profit calculated based on equity method	0	9 958	0	636
Earnings from sale of financial investment	40 996	77	2 620	5
Interest revenue	5 423	6 848	347	438
Bonds' interest expense	-6 693	-8 366	-414	-535
Interest expenses	-20 880	-9 232	-1 348	-590
Loss on translation of foreign currencies	-699	-715	-45	-46
Other financial income and expense	20	-350	1	-22
Total	18 167	-3 046	1 161	-195

Note 2. Investment property

Estonian kroons (EEK)

<i>(thousand)</i>	Maskavas-Latvia	Jurmala-Latvia	Elniu - Lithuania	Eestkünka I - Estonia
Residual value 31.12.2005	119 547	22 408	0	23 927
Additions in 2006	0	0	17 134	0
Revaluation in 2006	72 455	0	2 538	32 853
Reclassification to inventories in 2006	0	-22 408	0	0
Residual value 31.12.2006	192 002	0	19 672	56 780
Sale in 2007	0	0	0	0
New investment property from the purchase of companies	0	0	0	0
Revaluation in 2007	0	0	8 388	0
Changes from exchange rate	-2 022	0	0	0
Reclassification into inventories	0	0	0	-56 780
Residual value 30.09.2007	189 980	0	28 060	0

<i>(thousand)</i>	Eestkünka III - Estonia	Pärnu mnt - Estonia	Nõmme tee - Estonia	Koplipere - Estonia	Total
Residual value 31.12.2005	1 073	2 713	0	36 390	206 058
Additions in 2006	9 663	0	2 648	0	29 445
Revaluation in 2006	32 740	19 286	1 673	0	161 545
Reclassification to inventories in 2006	0	0	0	-36 390	-58 798
Residual value 31.12.2006	43 476	21 999	4 321	0	338 250
Sale in 2007	0	-21 999	-5 371	0	-27 370
New investment property from the purchase of companies	0	0	0	0	0
Revaluation in 2007	0	0	1 050	0	9 438
Changes from exchange rate	0	0	0	0	-2 022
Reclassification into inventories	-43 476	0	0	0	-100 256
Residual value 30.09.2007	0	0	0	0	218 040

Euros (EUR)

<i>(thousand)</i>	Maskavas-Latvia	Jurmala-Latvia	Elniu - Lithuania	Eestkünga I - Estonia
Residual value 31.12.2005	7 640	1 432	0	1 529
Additions in 2006	0	0	1 095	0
Revaluation in 2006	4 631	0	162	2 100
Reclassification to inventories in 2006	0	-1 432	0	0
Residual value 31.12.2006	12 271	0	1 257	3 629
Sale in 2007	0	0	0	0
New investment property from the purchase of companies	0	0	0	0
Revaluation in 2007	0	0	536	0
Changes from exchange rate	-129	0	0	0
Reclassification into inventories	0	0	0	-3 629
Residual value 30.09.2007	12 142	0	1 793	0

<i>(thousand)</i>	Eestkünga III - Estonia	Pärnu mnt - Estonia	Nõmme tee - Estonia	Koplipere - Estonia	Total
Residual value 31.12.2005	69	173	0	2 326	13 170
Additions in 2006	618	0	169	0	1 882
Revaluation in 2006	2 092	1 233	107	0	10 325
Reclassification to inventories in 2006	0	0	0	-2 326	-3 758
Residual value 31.12.2006	2 779	1 406	276	0	21 618
Sale in 2007	0	-1 406	-343	0	-1 749
New investment property from the purchase of companies	0	0	0	0	0
Revaluation in 2007	0	0	67	0	603
Changes from exchange rate	0	0	0	0	-129
Reclassification into inventories	-2 779	0	0	0	-6 408
Residual value 30.09.2007	0	0	0	0	13 935