

# MANUTENT OÜ

## Consolidated Interim Report I H 2007

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End of financial year: 30 June 2007

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## MANAGEMENT REPORT

### AREA OF ACTIVITY AND STRATEGY OF MANUTENT OÜ

Manutent OÜ is a company specialised in property development. The main target markers are Baltic capitals Riga and Tallinn and the City of St. Petersburg in Russia. Possibilities of expansion to the largest cities in Lithuania are also being considered. The Group's long-term goal is to increase the value of promising registered immovables in the Baltic States and South-western Russia through ensuring the best function and intensive implementation of the development concept on the acquired plots of land.

Manutent's strategy in the property development sector is characterised first and foremost by flexibility and the attempt to precisely foresee economic processes and to react to inefficiencies in the comparison of property sectors of different functions. According to the strategy, the company operates primarily in the largest cities of the area. Property development is a time-consuming process and therefore the choice between the various sectors of residential housing development or commercial properties is made on the basis of visions of the future.

### ECONOMIC ENVIRONMENT

#### ESTONIA AND LATVIA

The extremely fast economic growth in the Baltic States finally started showing the first signs of cooling off in the first half of 2007.

Economic growth in Estonia during the first quarter of 2007 was 9.8% (11.7% in the first quarter of 2006). The economic growth in Latvia during the same period was 11.2% (13.1% in the first quarter of 2006). At the same time, inflation in these two countries is growing fast. In addition to this, economy in Latvia is threatened by an extremely high current account deficit, which already comprises almost a quarter of the country's GDP. This is the main reason why rating agency S&P reduced the sovereign rating of Latvia from A- to BBB+ in the beginning of 2007. The Government of Latvia has adopted several measures to curb consumption and they have had a cooling effect on the property market. The measure that has made the biggest impact is the prohibition imposed on banks, which stipulates that if the income tax paid on certain income has not been reflected in the tax refund, then such income cannot be considered in the assessment of a person's creditworthiness. The interbank loan market interest rate Euribor has more than doubled when compared to the interest rate a couple of years ago and this has also had an impact on slowing down the increase in borrowing.

Fear of the consequences of an overheated economy has forced most of the banks operating in the market to make their lending policy more conservative: financing the acquisition of land with development potential has practically ended and increased rates of self-financing are demanded when building activities are funded. This forces property developers to reduce the volume of buildings still in construction and to divide the developed building units into smaller parts if possible. Many property developers are trying to sell their development land and projects in their present conditions, thereby attempting to create the liquidity required for further development of other projects that are in more advanced stages of development.

The prices of residential properties that had been constantly increasing until now finally stabilised in the first half of the year whilst supply of new residential properties has increased noticeably. The average sales period of residential properties has undergone a considerable increase. Increased supply in the residential market has significantly improved the opportunities of buyers to find a home with a suitable

quality and infrastructure. Quality and location will have a larger impact on the prices of residential properties than before.

The market of office premises has not expanded too much yet. Supply of office premises in the centre of Riga is still relatively limited, even though new development projects in this area are about to be completed soon. As a result of the changes in the market situation, the issuer is constantly weighing the options of making the best choice about the purpose of the developed property.

Even though the sales prices of residential properties have stabilised, construction prices increased progressively during the first half of 2007. When compared to the second quarter of 2006, construction prices in the second quarter of 2007 increased 29% in Latvia and 15% in Estonia. However, construction prices are expected to stabilise during the second half of the year, because the number of persons who are able to finance construction is decreasing significantly. At the same time, labour costs have reached a level that can be compared to the average of the European Union.

The three factors described above: the limiting of the loan offers of banks, increase in construction prices and stabilisation of sales prices together with the lengthening of the sales period have created a dangerous situation in the property development market and only the companies who manage to maintain their liquidity and service the loan and maintenance costs associated with their investments will be successful. A decrease in capital yield indicators within the next few years is unavoidable in the Baltic property development market.

## RUSSIA

The economy of Russia in the first half of 2007 was characterised by strengthening economic indicators: GDP increased 7.9% in the first quarter on the basis of the year. This strong increase was caused by a large capital inflow and strong budgetary policy. Supply of money in Russia has increased 57% in a year, causing pressure to reduce interest rates. The number of banks prepared to offer loans for property development is continuing to increase. Large investments and growing consumption will increase economic growth also in the nearest future. This creates a favourable condition for an increase of property prices, but will also increase construction prices.

A positive trend of the growth of investors' trust in the market is shown by the average yield in the property market, which has fallen strongly in comparison with previous figures. In 2006, the yield indicators of commercial property had fallen to around 9-11%. It is expected that the hotel developed by Manutent will find a new owner in the future on a 7-8% yield level.

## **OVERVIEW OF ACTIVITIES IN THE FIRST HALF OF THE YEAR**

### ESTONIA

Construction of the gallery houses in Ülemiste residential area was completed. The last flats were handed over at the start of the second half of the year. Successful completion of the development of Ülemiste residential area is a clear sign that the concept of the living environment met the expectations of people and corresponded to their possibilities. This is evidenced by the fact that 70 flats were sold within the last 4 months (from May to August) despite the general stagnation in the market.

The development project of the Urda registered immovable was sold in the detailed plan phase to a trade group who was interested in the land. The sales price was attractive and Manutent believed that accepting the offer was the sensible thing to do considering the large amounts of capital that are required for continuation of the development of Latvian projects and the cooling property market in Estonia.

Initiation of the detailed plan for Theatre House has proved to be more complicated than expected. It can also be expected that processing of the detailed plan for the entire so-called Estonia/Rävala block will not be a particularly quick procedure. This is why Manutent decided to cover the existing premises with lease contracts more intensively than before.

The registered immovable located at Järvevana tee 7b, which belongs to TCG Kinnisvara, has been let out for warehousing purposes. The rent income allows interest to be paid on the bank loan and the development expenses of the object. Preparation of the initiation of the detailed plan was one of the main activities during the first half of the year. Manutent believes that the registered immovable has an ideal location to accommodate a low-rise residential complex located in natural surroundings.

### LATVIA

Work on the architectural design of the 27-storey apartment building planned for the banks of the Daugava River continued. The draft of the design has been approved by the Riga City Government. Manutent has developed the marketing concept of the name of the building. It is planned to complete the building design in the second half of 2007. Construction work will commence immediately thereafter.

The building design of the first stage of the Jauna Jurmala (New Jurmala) project has been completed. At the moment, we are trying to obtain the required approvals from the local city government that will allow us to start building in autumn 2007. The big interest of buyers in the concept of the new residential area is evidenced by the fact that almost 10 percent of the first stage flats have been sold with preliminary contracts even before construction work has started.

### ST. PETERSBURG

Building of the hotel intended for the Finnish Sokos hotel chain in St. Petersburg started to progress at a much higher speed in the beginning of 2007. Approximately 7.5 million euros was invested into the development of the hotel during the first half of the year. At the moment, the hotel is the most capital intensive development in the Manutent portfolio. In the opinion of the management, the significant improvement of the general economic climate in Russia has made the hotel development project an investment of very high potential.

### **MANAGEMENT AND STAFF**

The rather small staff of Manutent OÜ, who had previously undergone a major increase, decreased further in the first half of 2007. This was mostly caused by the ability of the new managers and employees to adapt to the dynamic working style of the company.

After Jaak Vende left, the management board of Manutent continued with two members under the management of Märt Vooglaid in 2007. Having a management board with two members was a temporary solution and at the time of preparation of this report in August 2007, the shareholder of Manutent has adopted the resolution to appoint a new member of the management board. Chief accountant of Manutent Ivi Schwarz will start in the position of the new management board member.

Teet Kallasvee was appointed new chairman of the management board of Manutent Latvia, the company that manages the investments of Manutent in Latvia. As a result of the appointment of a new manager, tasks in the structure of the Latvian development team have been re-divided and this has resulted in a decrease in the number of staff in the second half of the year.

The St. Petersburg investments of Manutent are still managed by Margus Puis. The building experience of Margus and his knowledge of the situation in Russia have given Manutent reason to believe that building

of the hotel will be completed soon and Manutent can look forward to a secure future in the highly attractive property market of St. Petersburg.

Change in the number of employees of Manutent OÜ in different regions:

	31.12.2006	30.06.2007	Change
Manutent OÜ (parent company)	7	6	-1
Manutent Estonia	6	4	-2
Manutent Latvia	6	6	0
Manutent St. Petersburg	5	4	-1
<b>TOTAL</b>	<b>24</b>	<b>20</b>	<b>-4</b>

Manutent is planning to continue with a small but capable team and use outsourced services from the best providers in areas where it is possible and justified. This will allow us to react quickly to any changes in the market.

### POTENTIAL DEVELOPMENTS FOR THE SECOND HALF OF 2007

In 2007 we will focus mainly on increasing the value of the existing investments through intensive management of the development processes. Some projects in Estonia which were to be sold in 2007 for the purpose of releasing capital for continuing the development of other projects have already been sold by the time this report is prepared. During the second half of the year, Manutent's parent company, Harustemos, managed to sell the land of the Vilmsi development project in Kadriorg on previously negotiated extremely favourable terms. Since Manutent as an associated person had significant claims against said project company, then the transaction had a very positive impact on the cash flow of Manutent in the second half of 2007. In 2007, we will direct most of our investments into development projects in Latvia and St. Petersburg and to a lesser extent also in Estonia.

Since no new projects will be completed in 2007, excluding delivery of the gallery-type houses in Ülemiste residential area to flat owners, the possible source of income can be either the sale of some development project or the revaluation of property investments. At the same time, the administrative expenses and the interest expenses of the loans associated with the investments are generating considerable expenditure. In connection with the above, we expect the profit for 2007 to be moderate and about equal to or slightly smaller than the profit earned in the previous year.

#### ESTONIA

It is planned to complete the Ülemiste residential area development project in 2007 and to sell the remaining plots of land that are of an insignificant size. We are also planning to merge the project company OÜ Ülemiste Elurajoon with Manutent Estonia. The goal for the Theatre House registered immovable is to achieve initiation of a detailed plan for the registered immovable. The goal in 2007 for the registered immovable located at Järvevana tee 7b, which belongs to TCG Kinnisvara, is also to achieve the initiation of a detailed plan.

#### LATVIA

The goal for the registered immovable of SIA Admiral Property in the centre of Riga is to complete the design of the building, to organise a construction competition and to commence the construction of the building in autumn.

On the registered immovables in Jurmala, we have planned to start building the first stage of the new residential area – the Oasis block – in 2007. We are planning to start the building work on the next development stage, Lagoon, after most of the first stage flats have been sold.

### ST. PETERSBURG

The construction work of the hotel building in St. Petersburg will continue throughout 2007. According to plans, the hotel building will be completed by the end of 2007. In order to achieve this, 25 million euros worth of loan funds and the company's own money will be invested into the construction of the hotel building in 2007. The official acceptance and delivery of the building to the lessee will take place in 2008.

### **FINANCIAL RESULTS**

The financial results of Manutent in the first half of the year met our expectations. Sales revenue decreased five times due to the circumstance that most of the development activities in Ülemiste residential area were completed in 2006. Construction of the flats in the three gallery houses was completed and the flats were handed over to buyers in 2007, but most of the sales revenue from these objects was recorded in the report for 2006 due to the building completion stage method.

As a result of reducing the number of staff, the company also managed to reduce its labour costs, which decreased 21% when compared to the first half of the previous year.

Manutent earned significant financial income in the amount of 36.7 million kroons from selling the shares of its subsidiary, which meant the sale of the Urda registered immovable in Jälgimäe Village by Pärnu Road. The transaction took place through the sale of the project company's shares.

As a result of the financial income, the profit earned by Manutent during the first half of 2007 was comparable with the same period of 2006. Net profit amounted to 24.4 million kroons, which is a quarter less than the relevant result in 2006.

The cash flow statement of Manutent gives a good reflection of the improved liquidity position of the company.

Cash flow from operating activities was positive mainly due to the income earned from the sale of the gallery houses in Ülemiste residential area.

Cash flow from investing activities mostly reflects the continuing investments in Russia, the hotel project in St. Petersburg. The high cost of this project was partially financed from the funds received from the sale of the Urda registered immovable and repayments of the loans issued by the company.

Cash flow from financing activities mainly covered the company's investments in Russia. During the first half of 2007, the company paid proprietary income in the amount of 16.1 million kroons. It is not planned to pay out any dividends in the second half of 2007.

## KEY RATIOS AND INDICATORS

Ratio / figure	2007 I half	2006 I half	2006
Weighted average number of shares (qty)	1	1	1
Net profit per share, EEK thousand	77 905	32 690	24 419
Sales revenue growth	-0,5	n/a	-0,8
Average number of employees	24	25	20
Revenue per employee, in thousand of EEK	12 605	8 140	1 984
Personnel expenses to revenue, %	3,6%	2,8%	11,3%
EBITDA, , in thousand of EEK	110 724	41 745	33 275
EBITDA margin, %	36,6%	20,5%	83,8%
Gross margin, %	25,9%	26,3%	34,1%
Operating margin, %	26,3%	18,9%	-6,2%
Net margin, %	25,8%	16,1%	61,5%
Return on invested capital, %	13,8%	4,0%	2,2%
Return on assets, %	10,4%	4,6%	2,6%
Return on equity, %	22,5%	9,2%	7,1%
Equity ratio, %	38,5%	43,9%	36,1%
Gearing ratio or net debt to debt plus equity, %	47,3%	41,3%	50,0%
Current ratio	1,68	6,86	1,46

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

*Personnel expenses to revenue = Personnel expenses / Revenue*

*EBITDA = earnings before interest, taxes, depreciation and amortisation*

*EBITDA margin = EBITDA / Revenue*

*Gross margin = Gross profit / Revenue*

*Operating margin = Operating profit / Revenue*

*Net margin = Net profit / Revenue*

*Return on invested capital = (Profit before tax + interest expenses) / the period's average (interest bearing liabilities + equity)*

*Return on assets = net profit / average total assets of the period*

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

*Equity ratio = total equity / total equity and liabilities*

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

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

## **Declaration of the Management Board**

Pursuant to the Commercial Code, the Management Board of Manutent OÜ has prepared a consolidated interim report, which has been presented on pages 3-17.

The Management Board confirms that to the best of its knowledge:

- the accounting methods applied upon preparation of the interim report are in compliance with the international financial accounting standards as adopted by the European Union;
- the interim report presents a fair and true view of the financial status, performance results and cash flow of the Group;
- the parent company and the companies belonging in the group continue to be operating companies.

The income statement, balance sheet, equity capital and cash flow report incorporated in the consolidated interim report of the Manutent Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The same accounting principles and methods that were applied in the annual accounts of 2006 are observed in the interim report.

Tallinn, 30 August 2007

Märt Vooglaid  
Chairman of the Management Board

Reimo Raid  
Member of the Management Board

**Income Statement**

(consolidated, unaudited, EEK)

	<b>2007</b>	<b>2006</b>
	<b>I half</b>	<b>I half</b>
Sales revenue	39 686 813	203 502 640
Other operating revenue	6 307 690	1 912 404
Goods, raw materials and services	26 154 945	149 984 551
Other operating expenses	12 679 029	8 628 505
Staff costs		
Wages and salaries	3 356 691	4 315 248
Social security costs	1 115 315	1 366 971
Total staff costs	4 472 006	5 682 219
Depreciation and impairment of fixed assets	352 986	514 058
Other operating charges	4 797 409	2 116 350
<b>Operating profit</b>	<b>-2 461 872</b>	<b>38 489 361</b>
<b>Financial income and expenses</b>		
Financial income from sale of shares in subsidiaries	36 730 884	7 205 331
Interest costs	-7 859 667	-8 071 746
Gains (losses) on conversion of foreign currencies	-1 294 913	-3 923 458
Other financial income and expenses	-52 441	-540 340
<b>Total financial income and expenses</b>	<b>27 523 863</b>	<b>-5 330 213</b>
<b>Profit before income tax</b>	<b>25 061 991</b>	<b>33 159 148</b>
Income tax	643 188	469 350
<b>Net profit for financial year</b>	<b>24 418 803</b>	<b>32 689 798</b>
incl. share of owners of parent company in net profit	24 432 927	32 752 157
minority shareholders' share in net profit	-14 124	-62 359

**Income Statement**

(consolidated, unaudited, EUR)

	<b>2007</b>	<b>2006</b>
	<b>I half</b>	<b>I half</b>
Sales revenue	2 536 450	13 006 189
Other operating revenue	403 135	122 225
Goods, raw materials and services	1 671 606	9 585 760
Other operating expenses	810 338	551 462
Staff costs		
Wages and salaries	214 532	275 795
Social security costs	71 282	87 365
Total staff costs	285 813	363 160
Depreciation and impairment of fixed assets	22 560	32 854
Other operating charges	306 610	135 259
<b>Operating profit</b>	<b>-157 342</b>	<b>2 459 919</b>
<b>Financial income and expenses</b>		
Financial income from sale of shares in subsidiaries	2 347 531	460 505
Interest costs	-502 324	-515 879
Gains (losses) on conversion of foreign currencies	-82 760	-250 755
Other financial income and expenses	-3 352	-34 534
<b>Total financial income and expenses</b>	<b>1 759 095</b>	<b>-340 663</b>
<b>Profit before income tax</b>	<b>1 601 753</b>	<b>2 119 256</b>
Income tax	41 107	29 997
<b>Net profit for financial year</b>	<b>1 560 646</b>	<b>2 089 259</b>
incl. share of owners of parent company in net profit	1 561 549	2 093 244
minority shareholders' share in net profit	-903	-3 985

**Balance Sheet**

(consolidated, unaudited, EEK)

	<b>30.06.2007</b>	<b>31.12.2006</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	77 537 143	43 490 137
Investment gold	2 991 427	2 991 427
Short-term financial investments	10 056 290	8 455 558
Non-trade receivables and prepayments	88 451 581	157 171 332
Short-term receivables from parent company and other group companies	40 000 199	32 272 397
Inventories	169 551 581	197 432 817
<b>Total current assets</b>	<b>388 588 220</b>	<b>441 813 669</b>
<b>Non-current assets</b>		
Long-term financial investments	19 900	19 900
Long-term receivables from parent company and other group companies	68 461 594	62 782 179
Investment properties	131 400 000	131 400 000
Tangible assets	236 006 961	100 781 373
Intangible assets	142 440 686	142 221 059
<b>Total non-current assets</b>	<b>578 329 140</b>	<b>437 204 511</b>
<b>TOTAL ASSETS</b>	<b>966 917 360</b>	<b>879 018 180</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Debts	253 105 612	199 828 995
Short-term payables and prepayments	13 879 563	63 608 224
<b>Total current liabilities</b>	<b>266 985 175</b>	<b>263 437 219</b>
<b>Long-term liabilities</b>		
Long-term debt	251 424 409	186 699 865
Other long-term liabilities	98 971 933	90 539 997
<b>Total long-term liabilities</b>	<b>350 396 342</b>	<b>277 239 862</b>
<b>TOTAL LIABILITIES</b>	<b>617 381 517</b>	<b>540 677 081</b>
<b>EQUITY</b>		
Minority shareholding	2 918 485	2 932 609
<b>Equity attributable to equity holders of the parent</b>		
Share capital	19 726 201	19 726 200
Legal reserve	1 972 620	1 972 620
Unrealised exchange-rate differences	268 723	158 827
Retained earnings	300 216 887	235 646 266
Profit (loss) for financial year	24 432 927	77 904 577
<b>Total equity attributable to equity holders of the parent</b>	<b>346 617 358</b>	<b>335 408 490</b>
<b>TOTAL EQUITY</b>	<b>349 535 843</b>	<b>338 341 099</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>966 917 360</b>	<b>879 018 180</b>

**Balance Sheet**

(consolidated, unaudited, EUR)

	<b>30.06.2007</b>	<b>31.12.2006</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4 955 527	2 779 526
Investment gold	191 187	191 187
Short-term financial investments	642 714	540 409
Non-trade receivables and prepayments	5 653 086	10 045 079
Short-term receivables from parent company and other group companies	2 556 479	2 062 582
Inventories	10 836 321	12 618 257
<b>Total current assets</b>	<b>24 835 314</b>	<b>28 237 040</b>
<b>Non-current assets</b>		
Long-term financial investments	1 272	1 272
Long-term receivables from parent company and other group companies	4 375 493	4 012 513
Investment properties	8 397 991	8 397 991
Tangible assets	15 083 594	6 441 104
Intangible assets	9 103 619	9 089 582
<b>Total non-current assets</b>	<b>36 961 969</b>	<b>27 942 461</b>
<b>TOTAL ASSETS</b>	<b>61 797 282</b>	<b>56 179 501</b>
 <b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Debts	16 176 397	12 771 400
Short-term payables and prepayments	887 066	4 065 306
<b>Total current liabilities</b>	<b>17 063 463</b>	<b>16 836 707</b>
<b>Long-term liabilities</b>		
Long-term debt	16 068 948	11 932 296
Other long-term liabilities	6 325 459	5 786 560
<b>Total long-term liabilities</b>	<b>22 394 408</b>	<b>17 718 857</b>
<b>TOTAL LIABILITIES</b>	<b>39 457 871</b>	<b>34 555 564</b>
<b>EQUITY</b>		
Minority shareholding	186 525	187 428
Share capital	1 260 734	1 260 734
Legal reserve	126 073	126 073
Unrealised exchange-rate differences	17 175	10 151
Retained earnings	19 187 356	15 060 541
Profit (loss) for financial year	1 561 549	4 979 010
<b>Total equity attributable to equity holders of the parent</b>	<b>22 152 887</b>	<b>21 436 510</b>
<b>TOTAL EQUITY</b>	<b>22 339 412</b>	<b>21 623 937</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>61 797 282</b>	<b>56 179 501</b>

**Cash flow Statement**

(consolidated, unaudited, EEK)

	<b>2007</b>	<b>2006</b>
	<b>I half</b>	<b>I half</b>
<b>Cash flow from operating activities</b>		
Operating profit	-2 461 872	38 489 360
Minority shareholding	14 124	62 359
Adjustments:		
Depreciation and impairment of fixed assets	352 651	213 408
Gains (losses) on sale and write-offs of fixed assets	-195 385	88 150 156
Change in receivables and prepayments relating to operating activities	49 350 302	35 928 886
Change in inventories	27 881 237	-395 030 946
Change in payables and prepayments relating to operating activities	-10 694 678	-3 913 229
Interest expenses	-12 931 480	-8 612 086
Other financial income	0	66 385
Interest income	0	1 118 472
Corporate income tax paid	-643 188	-469 350
<b>Total cash flow from operating activities</b>	<b>50 671 711</b>	<b>-243 996 585</b>
<b>Cash flow from investment activities</b>		
Acquisition of tangible assets	-136 754 589	-925 430
Sale of intangible assets	800 000	78 508 988
Acquisition of subsidiaries	0	-25 085
Sale of subsidiaries	36 730 884	7 205 331
Sale of other financial investments	3 396 922	0
Acquisition of other financial investments	-5 000 000	0
Loans granted	-29 063 949	-89 907 171
Repayments of loans granted	44 903 333	21 651 878
Interest received	1 332 890	
<b>Total cash flow from investment activities</b>	<b>-83 654 509</b>	<b>16 508 511</b>
<b>Cash flow from financing activities</b>		
Loans received, debt securities issued	189 093 692	196 127 753
Repayments of loans raised	-103 352 000	-5 151 836
Repayments of finance lease	-1 413 221	0
Dividends paid	-16 115 998	0
<b>Total cash flow from financing activities</b>	<b>68 212 473</b>	<b>190 975 917</b>
<b>Total cash flow</b>	<b>35 229 675</b>	<b>-36 512 157</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>43 490 137</b>	<b>80 985 203</b>
<b>Change in cash and cash equivalents</b>	<b>35 229 675</b>	<b>-36 512 157</b>
Effect of conversion of foreign currencies	-1 182 669	-770 042
<b>Cash and cash equivalents at the end of the period</b>	<b>77 537 143</b>	<b>43 703 004</b>

**Cash flow Statement**

(consolidated, unaudited, EUR)

	<b>2007</b>	<b>2006</b>
	<b>I half</b>	<b>I half</b>
<b>Cash flow from operating activities</b>		
Operating profit	-157 342	2 459 918
Minority shareholding	903	3 985
Adjustments:		
Depreciation and impairment of fixed assets	22 539	13 639
Gains (losses) on sale and write-offs of fixed assets	-12 487	5 633 822
Change in receivables and prepayments relating to operating activities	3 154 059	2 296 274
Change in inventories	1 781 936	-25 247 079
Change in payables and prepayments relating to operating activities	-683 515	-250 101
Interest expenses	-826 472	-550 413
Other financial income	0	4 243
Interest income	0	71 483
Corporate income tax paid	-41 107	-29 997
<b>Total cash flow from operating activities</b>	<b>3 238 513</b>	<b>-15 594 224</b>
<b>Cash flow from investment activities</b>		
Acquisition of tangible assets	-8 740 211	-59 146
Sale of intangible assets	51 129	5 017 639
Acquisition of subsidiaries	0	-1 603
Sale of subsidiaries	2 347 531	460 505
Sale of other financial investments	217 103	0
Acquisition of other financial investments	-319 558	0
Loans granted	-1 857 525	-5 746 116
Repayments of loans granted	2 869 846	1 383 807
Interest received	85 187	0
<b>Total cash flow from investment activities</b>	<b>-5 346 498</b>	<b>1 055 086</b>
<b>Cash flow from financing activities</b>		
Loans received, debt securities issued	12 085 290	12 534 848
Repayments of loans raised	-6 605 397	-329 262
Repayments of finance lease	-90 321	0
Dividends paid	-1 030 000	0
<b>Total cash flow from financing activities</b>	<b>4 359 572</b>	<b>12 205 586</b>
<b>Total cash flow</b>	<b>2 251 587</b>	<b>-2 333 552</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2 779 526</b>	<b>5 175 898</b>
<b>Change in cash and cash equivalents</b>	<b>2 251 587</b>	<b>-2 333 552</b>
Effect of conversion of foreign currencies	-75 586	-49 215
<b>Cash and cash equivalents at the end of the period</b>	<b>4 955 527</b>	<b>2 793 131</b>

**Statement in changes in Consolidated Equity**  
(consolidated, unaudited, EEK)

	Equity attributable to equity holders of the parent				Total	Minority shareholding	Total
	Share capital	Exchange rate difference	Legal reserve	Retained profit/loss			
<b>Balance as of 31.12.2005</b>	<b>19 726 200</b>	<b>178 331</b>	<b>1 972 620</b>	<b>301 378 413</b>	<b>323 255 564</b>	<b>12 121 326</b>	<b>335 376 890</b>
							<b>0</b>
Net profit of the financial year	0		0	32 752 156	<b>32 752 156</b>	-62 359	<b>32 689 797</b>
Dividends paid	0		0	0	<b>0</b>	0	<b>0</b>
Effect of the conversion of the foreign currency		3 153 415			<b>3 153 415</b>		<b>3 153 415</b>
Business combinations				0	<b>0</b>	1 965 783	<b>1 965 783</b>
<b>Balance as of 30.06.2006</b>	<b>19 726 200</b>	<b>3 331 746</b>	<b>1 972 620</b>	<b>334 130 569</b>	<b>359 161 135</b>	<b>14 024 750</b>	<b>373 185 885</b>
<b>Balance as of 31.12.2006</b>	<b>19 726 200</b>	<b>158 827</b>	<b>1 972 620</b>	<b>313 550 844</b>	<b>335 408 491</b>	<b>2 932 609</b>	<b>338 341 100</b>
					<b>0</b>		<b>0</b>
Business combinations alienated from the group	0		0	2 782 041	<b>2 782 041</b>		<b>2 782 041</b>
Net profit of the financial year	0		0	24 432 927	<b>24 432 927</b>	-14 124	<b>24 418 803</b>
Dividends paid	0		0	-16 115 998	<b>-16 115 998</b>	0	<b>-16 115 998</b>
Effect of the conversion of the foreign currency	0	109 897	0	0	<b>109 897</b>	0	<b>109 897</b>
<b>Balance as of 30.06.2007</b>	<b>19 726 200</b>	<b>268 724</b>	<b>1 972 620</b>	<b>324 649 814</b>	<b>346 617 358</b>	<b>2 918 485</b>	<b>349 535 843</b>

**Statement in changes in Consolidated Owners' Equity**

(consolidated, unaudited, EUR)

	Equity attributable to equity holders of the parent				Total	Minority shareholding	Total
	Share capital	Exchange rate difference	Legal reserve	Retained profit/loss			
<b>Balance as of 31.12.2005</b>	<b>1 260 734</b>	<b>11 397</b>	<b>126 073</b>	<b>19 261 591</b>	<b>20 659 796</b>	<b>774 694</b>	<b>21 434 490</b>
							<b>0</b>
Net profit of the financial year	0	0	0	2 093 244	<b>2 093 244</b>	-3 985	<b>2 089 259</b>
Dividends paid	0	0	0	0	<b>0</b>	0	<b>0</b>
Effect of the conversion of the foreign currency	0	201 540	0	0	<b>201 540</b>	0	<b>201 540</b>
Business combinations	0	0	0	0	<b>0</b>	125636,43	<b>125 636</b>
<b>Balance as of 30.06.2006</b>	<b>1 260 734</b>	<b>212 937</b>	<b>126 073</b>	<b>21 354 836</b>	<b>22 954 580</b>	<b>896 345</b>	<b>23 850 925</b>
<b>Balance as of 31.12.2006</b>	<b>1 260 734</b>	<b>10 151</b>	<b>126 073</b>	<b>20 039 551</b>	<b>21 436 510</b>	<b>187 428</b>	<b>21 623 937</b>
					<b>0</b>		<b>0</b>
Business combinations alienated from the group	0	0	0	177 805	<b>177 805</b>	0	<b>177 805</b>
Net profit of the financial year	0	0	0	1 561 549	<b>1 561 549</b>	-903	<b>1 560 646</b>
Dividends paid	0	0	0	-1 030 000	<b>-1 030 000</b>	0	<b>-1 030 000</b>
Effect of the conversion of the foreign currency	0	7 024	0	0	<b>7 024</b>	0	<b>7 024</b>
<b>Balance as of 30.06.2007</b>	<b>1 260 734</b>	<b>17 175</b>	<b>126 073</b>	<b>20 748 905</b>	<b>22 152 887</b>	<b>186 525</b>	<b>22 339 412</b>