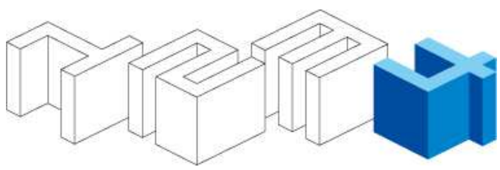
NORDECON

Financial report for the fourth quarter and twelve months ended 31 December 2011
(unaudited)



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(unaudited)

Business name	Nordecon AS
Registry number	10099962
Address	Pärnu mnt 158/1, 11317 Tallinn
Domicile	Republic of Estonia
Telephone	+ 372 615 4400
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E-mail	nordecon@nordecon.com
Corporate website	www.nordecon.com
Core business activities	Construction of buildings Civil engineering Specialised construction activities Architectural and engineering activities
Financial year	1 January 2011 – 31 December 2011
Reporting period	1 January 2011 – 31 December 2011
Council	Toomas Luman (chairman of the council), Alar Kroodo, Ain Tromp, Andri Hõbemägi, Tiina Mõis, Meelis Milder
Board	Jaano Vink (chairman of the board), Avo Ambur, Marko Raudsik, Erkki Suurorg
Auditor	KPMG Baltics OÜ

Contents

ABOUT THE GROUP

Founded as a construction company in 1989, Nordecon AS (previous names AS Eesti Ehitus and Nordecon International AS) has grown to become one of the leading construction groups in Estonia and a strong player in all segments of the construction market.

For years, the Group's operating strategy has been underpinned by a consistent focus on general contracting and project management and a policy of maintaining a reasonable balance between buildings and infrastructure construction. We have gradually extended our offering with activities that support the core business such as road maintenance, concrete works and other services that provide added value, improve the Group's operating efficiency and help manage our business risks.

Nordecon's specialists offer our customers high quality integrated solutions in the construction of commercial, industrial and public buildings as well as infrastructure – roads, landfill sites, utility networks and port facilities. In addition, the Group is involved in the construction of concrete structures, leasing out heavy construction equipment, and road maintenance.

Besides Estonia, Group entities currently operate in Ukraine and Finland and, on a project basis, in Belarus.

Nordecon is a member of the Estonian Association of Construction Entrepreneurs and the Estonian Chamber of Commerce and Industry. The Group's parent and subsidiaries are internationally certified and hold international quality management certificate ISO 9001, international environment management certificate ISO 14001 and international occupational health and safety certificate OHSAS 18001.

Nordecon AS has been listed on the NASDAQ OMX Tallinn Stock Exchange since 18 May 2006.

MISSION

Our mission is to offer our customers premier integrated value adding construction and engineering solutions.

We add value to the company by motivating our employees and providing them with clear development opportunities and a contemporary work environment.

SHARED VALUES

Reliability

By keeping our promises and honouring our agreements we are reliable partners for our customers. We act openly and transparently. We consistently support and promote the best construction practices. We do not take risks at the expense of our customers.

Quality

We are professional builders – we apply appropriate and effective construction techniques and technologies and observe generally accepted quality standards. We provide our customers with integrated cost efficient solutions. We are environmentally aware and operate sustainably. We value our employees by providing them with a modern work environment that encourages creativity and a motivation system that fosters initiative.

Innovation

We are innovative and creative engineers. We take maximum advantage of the benefits offered by information technology. We inspire our employees to grow through continuous training and balanced career opportunities.

Directors' report

Group strategy and objectives

Nordecon Group's main strategic objectives until 2013

To complete the significant adjustments to the Group's structure and governance that were launched in 2009 in order to secure profitable and rapid growth in the rise phase of the market

To operate in Latvia, Lithuania and Belarus on a project basis, assuming that this is profitable

To continue buildings construction operations in Ukraine in line with the current strategy[1]

To maintain preparedness for re-launching more active operations in foreign markets (as a general contractor) as soon as the situation in the construction market has become sufficiently supportive

To operate in the Finnish concrete works market (as a contractor) through a subsidiary in order to support development of the business line

To become by the end of 2013 a leading construction group in Estonia that earns half of its revenue from infrastructure and the other half from buildings construction

The key theme of the strategy for 2010-2013 is "To respond to market changes swiftly and flexibly and to enter the next economic growth cycle successfully"

In the board's opinion, in forthcoming years the Group will have to focus on its core business in our main market, Estonia, where we are represented in practically all segments of the construction market and can rely on extensive local experience. In order to adapt to changes in the external environment, we will have to continue taking advantage of the benefits yielded by internal restructuring and streamlining, improving profitability by proactive cost management, and creating opportunities for successfully entering the growth phase of the market (including our target foreign markets).

According to the board's proposal, until 2013 (inclusive) the Group will focus on the above. The strategy is aimed at supporting the Group's recovery from the consequences of market slump and preparing ground for seizing the opportunities provided by a steadier growth that is anticipated to emerge in 2012.

In the foreseeable future, we will not seek to increase revenue without applying measures that ensure profitability because this might lead to taking unjustified risks in a situation where rapidly rising input prices may have a strong impact on companies' performance in subsequent periods.

[1] In the interim report for the fourth quarter of 2010 we explained that the decision regarding the future of the Group's Ukrainian operations would be made in the first quarter of 2011. Nordecon AS has decided to continue operating in the Ukrainian market. For further information, please refer to the chapter *Changes in the Group's business operations in the reporting period*.

Changes in the Group's business operations in the reporting period

Changes in the Group's Estonian operations

There were no major changes in the Group's Estonian operations in 2011. The Group did not enter any new operating segments or exit any current segments or sub-segments.

Since the beginning of 2011, a significant proportion of the Group's core business has been conducted by the parent, Nordecon AS, which at the end of 2010 merged with its subsidiaries Nordecon Ehitus AS and Nordecon Infra AS, which were involved in buildings and infrastructure construction respectively. At the same time, Nordecon AS continues to act as a holding company for the Group's main Estonian and foreign subsidiaries (except the Ukrainian ones).

Changes in the Group's foreign operations

Latvia

There have been no changes in the Group's Latvian operations compared with the end of 2010. The Group has currently no active construction contracts in Latvia and no subsidiaries domiciled in Latvia.

Lithuania

There have been no changes in the Group's Lithuanian operations compared with the end of 2010. The Group has no currently active construction contracts in Lithuania and the activities of the Lithuanian subsidiary Nordecon Statyba UAB have been suspended.

Belarus

There have been no changes in the Group's Belarusian operations compared with the end of 2010. The Group is completing its only active contract, construction of a production facility for a Finnish food industry company. The project is performed through the Group's Belarusian subsidiary Eurocon Stroi IOOO. According to the Group's development strategy, Belarus is not a target foreign market and the purpose of the project was to explore business opportunities. We have decided that after delivery of the project (according to adjusted estimates, in the first quarter of 2012) the Group will exit the Belarusian market. The decision was prompted by the fact that the Belarusian business and legal environment is not yet sufficiently transparent and supportive for doing business in the construction sector.

Ukraine

We decided that the Group should continue operating in Ukraine in 2011. The target was set at maintaining optimal preparedness, which had been achieved by the end of 2010, so that we could resume construction operations as soon as the situation in the local construction market improves. The decision to remain in Ukraine was underpinned by carefully planned activities during the slump and the prospects of market recovery in the next few years.

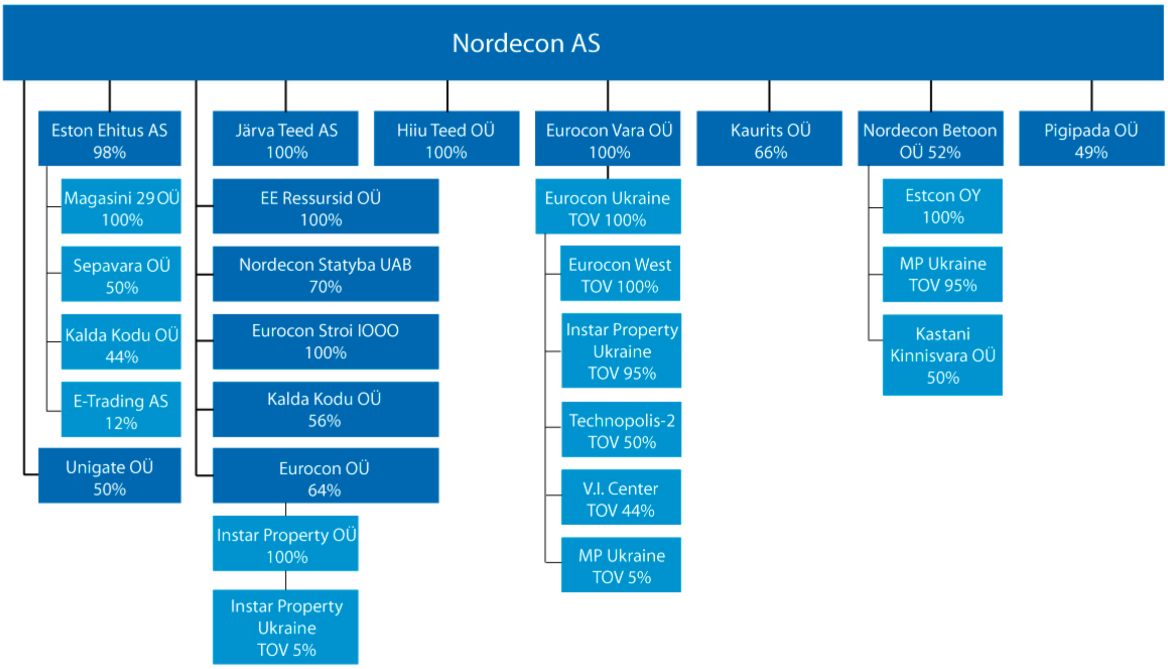
Real estate development projects that require extensive investment (the Group has an interest in two conserved development projects) have been suspended to minimise the risks until the situation in Ukraine becomes clearer.

Finland

Group company Nordecon Betoon OÜ and its Finnish subsidiary Estcon Oy continued providing subcontracting services in the concrete works sector in Finland where our strengths include top quality technical expertise, mobility and a competitive price.

The Group's structure and major structural changes

The Group's structure at 31 December 2011, including interests in subsidiaries and associates[2]



[2] The chart does not include the subsidiaries OÜ Eesti Ehitus, OÜ Aspi, OÜ Linnaehitus, OÜ Mapri Projekt, and Infra Ehitus OÜ that currently do not conduct any significant business operations. The first four were established to protect former business names.

Major changes in the Group's structure in 2011

Eurocon OÜ

In December, the Group's subsidiaries Eurocon OÜ (Nordecon AS's interest: 64%) and Eurocon Vara OÜ[3] (Nordecon AS's interest: 100%) conducted a transaction by which Eurocon OÜ sold its interest in the Ukrainian entity Eurocon Ukraine TOV (along with interests in its affiliated entities) to Eurocon Vara OÜ. The transfer constituted intra-Group restructuring aimed at balancing Nordecon AS's Ukrainian risks and benefits. The transaction has no significant impact on Nordecon Group's operations in Ukraine.

The Ukrainian competition authorities granted final approval for the transaction in January 2012.

[3] Until the name change, dormant Group entity OÜ Rendiekspert

Preliminary financial results for 2011

Margins

Nordecon Group ended 2011 with a gross profit of 194 thousand euros (2010, audited: gross loss of 700 thousand euros). Formation of annual gross profit was strongly influenced by the losses incurred in the first and second quarters due respectively to seasonal factors and re-estimation of the outcomes of some loss-making contracts signed in 2009 and 2010. In the third and fourth quarters, the Group earned an operating profit.

The main factor that affected gross profit for the period was re-estimation of the outcomes of the Group's loss-generating projects, a step taken in the second quarter due to changes in the operating environment. Additional losses were recognised because of a rise in the prices of construction inputs and, partly, due to some unforeseen project performance costs. A major share of the additional loss was attributable to a few contracts secured in 2009 and 2010 for which losses had also been recognised earlier. The Group's estimates of losses expected to be incurred until delivery are based on its current best knowledge.

As regards loss-generating contracts, the strongest impact was exerted by the exhibition building of the Estonian Maritime Museum, built in the historical seaplane hangars near Tallinn Bay, which reached significant completion and was delivered to the customer in 2011. It is a unique renovation project where the exceptionally poor condition of the building and the true complexity of the work were discovered only in the course of the project. As allowed by the contract, we asked the customer for an extension of the delivery term and additional compensation for costs incurred due to circumstances that could not be foreseen at the time of the public procurement tender, or in connection with additional work requested by the customer. However, by the date of release of this report, only part of the problems, which have emerged, have found contractual solutions and many of our justified claims have still no cover.

Leaving aside a few loss-making projects secured during the downswing of the market, the average profit margins of our contracts improved compared with the previous year. Recognition of contract profits depends on the stage of completion of contract activity. Therefore, the better margins of contracts secured in the reporting period will have an impact in subsequent quarters, when work is performed. Above all, profitability has improved thanks to the following factors:

- a clear focus on improving profitability, rather than increasing the size of the contracts portfolio, introduced as a target in 2010;
- enforcement of stringent austerity measures imposed in previous periods; and
- ongoing streamlining of internal processes and operations, including mergers of other Group entities with Nordecon AS at the beginning of the reporting period.

According to the Group's assessment, in 2011 competition in some segments of the construction market (e.g. road construction and construction of water and wastewater networks) weakened considerably. This may be attributed to some construction companies going bankrupt or deciding to exit the market as well as the fact that in recent years all companies have had reduce their personnel and support structures, which, in turn, has undermined some players' bidding capabilities. Furthermore, many companies are held back by tougher financial conditions imposed by customers and the limited availability of guarantee facilities. However, there is still no indication that competitive pricing pressure would decrease in buildings construction, where the main problem is insufficient market volume, caused by a lack of private sector customers.

Most construction companies have become aware that long-term construction contracts entail the risk of growth in input prices. In general, this is exerting positive influence on the profitability of new construction contracts. Although the Group's margins do not yet meet the target, management believes that the Group is moving in the right direction in restoring the profitability of its operating activities.

Administrative expenses for 2011 totalled 4,641 thousand euros. Compared with 2010, administrative expenses have decreased by 5%, reaching relative stability in relation to current operating volumes. The ratio of administrative expenses to revenue was 3.1% (2010, audited: 4.9%). We are pleased to report that our cost-saving measures yielded strong results and that the Group was able to maintain administrative expenses below the target ceiling, i.e. 5% of revenue.

The Group ended 2011 with an operating loss of 4,121 thousand euros (2010, audited: operating loss of 8,975 thousand euros). EBITDA for the period was negative at 1,773 thousand euros (2010, audited: negative at 5,375 thousand euros).

The Group's net loss was 4,464 thousand euros. The loss attributable to owners of the parent, Nordecon AS, was 4,798 thousand euros. The year 2010 ended in a net loss of 12,738 thousand euros, including non-recurring finance income and expenses on the sale of the Latvian subsidiary and the write-down of loans granted and receivables.

Cash flows

In 2011, the Group's operating activities resulted in a net cash inflow of 8,523 thousand euros (2010, audited: outflow of 3,733 thousand euros). Operating cash flow continued to be strongly influenced by cyclical fluctuations in project-related cash flows (differences between the settlement terms agreed with customers and subcontractors) and performance of some loss-making projects. Positive cash flow was supported by factoring implemented to reduce the cyclical nature of cash flows and the proceeds (including advance payments) of new large contracts. The negative cash flow of unprofitable projects realises as the work is performed although the book loss has already been recognised in previous periods.

Investing activities generated a net inflow of 2,022 thousand euros (2010, audited: inflow of 638 thousand euros) that consisted mostly of repayments of loans granted, which totalled 1,745 thousand euros.

Financing activities resulted in a net cash outflow of 5,996 thousand euros (2010, audited: outflow of 5,491 thousand euros). The structure of financing cash flows has remained more or less stable in the past couple of years. The Group is settling its loan obligations faster than it is raising new debt. On the other hand, repayments have decreased somewhat in relation to the previous year thanks to agreements reached with the banks. Renegotiation of settlement terms has not caused significant changes in the Group's interest rates.

At 31 December 2011, the Group's cash and cash equivalents totalled 9,908 thousand euros (31 December 2010: 5,818 thousand euros). For information on liquidity risks, see the chapter *Description of the main risks.*

Key financial figures and ratios

Figure/ratio	12M 2011	12M 2010	12M 2009
Revenue (EUR'000)	149,622	99,312	154,595
Revenue growth/decrease, %	51%	-36%	-37%
Net loss (EUR'000)	-4,464	-12,738	-5,717
Loss attributable to owners of the parent (EUR'000)	-4,798	-11,810	-2,923
Weighted average number of shares	30,756,728	30,756,728	30,756,728
Earnings per share (EUR)	-0.16	-0.38	-0.10
Average number of employees	731	774	1,128
Revenue per employee (EUR'000)	205	128	137
Personnel expenses to revenue, %	9.5%	14.6%	15.0%
Administrative expenses to revenue, %	3.1%	4.9%	5.2%
EBITDA[1] (EUR'000)	-1,773	-5,375	275
EBITDA margin, %	-1.2%	-5.4%	0.2%
Gross margin, %	0.1%	-0.7%	5.6%
Operating margin, %	-2.8%	-9.0%	-5.2%
Operating margin excluding gains on asset sales, %	-3.1%	-9.4%	-5.4%
Net margin, %	-3.0%	-12.8%	-3.7%
Return on invested capital, %	-5.4%	-15.8%	-4.1%
Return on assets, %	-4.2%	-8.3%	-6.0%
Return on equity, %	-14.3%	-32.6%	-11.4%
Equity ratio, %	28.4%	35.1%	37.1%
Gearing, %	32.6%	42.3%	26.4%
Current ratio	1.18	1.39	1.47
As at 31 December	**2011**	**2010**	**2009**
Order book (EUR'000)	134,043	85,607	97,827

[1] For the purpose of calculating EBITDA, non-cash items include not only depreciation and amortisation but also impairment losses on goodwill

Revenue growth/decrease = (revenue for the reporting period/ revenue for the previous period) – 1*100	Operating margin excluding gains on asset sales = ((operating profit - gains on sale of property, plant and equipment - gains on sale of investment properties and real estate held for sale)/revenue) *100
Earnings per share (EPS) = net profit attributable to equity holders of the parent / weighted average number of shares outstanding	Net margin = (net profit for the period/revenue)*100
Revenue per employee = revenue/average number of employees	Return on invested capital = ((profit before tax + interest expense)/ the period's average (interest-bearing liabilities + equity))*100
Personnel expenses to revenue = (personnel expenses/revenue) *100	Return on assets = (operating profit/the period's average total assets)*100
Administrative expenses to revenue = (administrative expenses/ revenue)*100	Return on equity = (net profit for the period/ the period's average total equity)*100
EBITDA = operating profit + depreciation and amortisation + impairment losses on goodwill	Equity ratio = (total equity/ total equity and liabilities)*100
EBITDA margin = (EBITDA/revenue)*100	Gearing = ((interest-bearing liabilities – cash and cash equivalents)/ (interest bearing liabilities + equity))*100
Gross margin = (gross profit/revenue)*100	Current ratio = total current assets/ total current liabilities
Operating margin = (operating profit/revenue)*100	

Performance by geographical market

In 2011, roughly 4% of the Group's revenue was generated outside Estonia. In 2010, foreign operations accounted for 6% of the Group's revenue.

	12M 2011	12M 2010	12M 2009
Estonia	96%	94%	86%
Ukraine	0%	2%	3%
Latvia	0%	0%	11%
Belarus	2%	3%	0%
Finland	2%	1%	0%

Half of the Group's foreign revenue resulted from project-based construction activity in Belarus where works have been significantly completed and delivered to the customer. In the first quarter of 2012 only rectification work will be performed there. Management has decided that the Group will not seek any new projects in Belarus (see also the chapter *Changes in the Group's business operations in the reporting period*). The other half of foreign revenue was earned on concrete works performed in Finland.

Revenue distribution between different geographical segments is a consciously deployed strategy by which the Group avoids excessive reliance on a single market. Although in the long term our strategy foresees increasing foreign operations, in the short term the Group will focus on the Estonian market and seizing opportunities in an environment that it knows best and that entails comparatively fewer known market risks. The Group's vision of the future of its foreign operations is described in the chapter *Outlooks of the Group's geographical markets*.

Performance by business line

The core business of Nordecon Group is general contracting and project management in the field of buildings and infrastructure construction. The Group is involved, among other things, in the construction of commercial and industrial buildings and facilities, road construction and maintenance, environmental engineering, concrete works and development of residential real estate.

The Group's revenue for 2011 was 149,622 thousand euros, 51% up on the 99,312 thousand euros generated in 2010. Last year, the downturn that had ravaged the Estonian construction market for almost three years bottomed out. The Group's revenue growth is attributable to a decline in competition in certain market segments, successful bidding for projects in various infrastructure sub-segments, and slight growth in the buildings construction market.

The Group aims to maintain the revenues of its business segments (Buildings and Infrastructure) in balance as this helps disperse risks and provides a more solid foundation under stressed circumstances when one segment experiences shrinkage. In view of estimated demand for apartments, in forthcoming years the proportion of revenue from construction of apartment buildings will remain modest, i.e. significantly below the strategic 20% ceiling.

Segment revenue

In 2011, the revenues of our two main business segments were practically equal. Buildings and Infrastructure ended the year with revenue of 71,946 thousand euros and 71,267 thousand euros respectively. The corresponding figures for 2010 were 50,271 thousand euros and 47,082 thousand euros.

For a long time, the majority of tenders in the construction market have been related to infrastructure (mainly projects financed with the support of the state and the EU structural funds) and the majority (80% at the reporting date) of contracts in the Group's order book belong to the Infrastructure segment. Despite this, the segments' revenues have been practically equal because our active buildings construction contracts have a shorter term than those of infrastructure construction. Infrastructure contracts have a longer term (e.g. road maintenance contracts) and their contribution to realised revenue is therefore comparatively smaller.

Revenue distribution between segments*

Business segments	12M 2011	12M 2010	12M 2009
Buildings	49%	48%	45%
Infrastructure	51%	52%	55%

* In connection with the entry into force of IFRS 8 *Operating Segments*, the Group has changed segment reporting in its financial statements. In Directors' report the Ukrainian and Belarusian buildings segment and the EU buildings segment, which are disclosed separately in the financial statements, are presented as a single segment. In addition, the segment information presented in Directors' report does not include the disclosures on "other segments" that are presented in the financial statements.

In *Directors' report*, projects have been aggregated and allocated to business segments based on their nature (i.e. buildings or infrastructure construction). In the segment reporting presented in the financial statements, aggregation and allocation are based on Group entities' main field of activity (as required by IFRS 8 *Operating Segments*). In the financial statements the results of an entity that is primarily engaged in infrastructure construction are presented in the Infrastructure segment. In *Directors' report*, the revenues of such an entity are presented based on their nature. The differences between the two reports are not significant because in general Group entities specialize in specific areas except for the subsidiary Nordecon Betoon OÜ that is involved in both buildings and infrastructure construction.

Revenue distribution within segments

In the Buildings segment, most of the revenue resulted from construction of public buildings and industrial facilities. In the public buildings sub-segment, the largest contracts comprised construction of buildings for Koidula border station, an academic building for the Social Sciences Faculty of the University of Tartu, buildings for Ämari Air Base, and a new exhibition building for the Estonian Maritime Museum. In the industrial and warehouse facilities sub-segment, most of the revenue was earned on construction of agricultural buildings, and a food production facility built in Belarus. Compared with prior periods, the contribution of the commercial buildings sub-segment decreased considerably. Private sector investment remained depressed. Apartment buildings were built for non-Group customers, the Group acting as a general contractor, not a developer.

Revenue distribution within the Buildings segment	12M 2011	12M 2010	12M 2009
Commercial buildings	12%	19%	66%
Industrial and warehouse facilities	42%	36%	10%
Public buildings	44%	35%	18%
Apartment buildings	2%	10%	6%

As anticipated, in the Infrastructure segment most of the revenue was generated by road construction and maintenance. The contribution of construction of water and wastewater networks (other engineering), where the Group won and started several new contracts in 2011, was expectedly large as well. Thanks to EU support, this is one of the best-funded areas in Estonia. The European Union also supports performance of various environmental engineering projects where the Group is quite well represented. The contribution of specialist engineering increased, as expected, through construction of facilities for Sillamäe port.

Revenue distribution within the Infrastructure segment	12M 2011	12M 2010	12M 2009
Road construction and maintenance	47%	64%	49%
Specialist engineering (including hydraulic engineering)	10%	1%	12%
Other engineering	35%	26%	31%
Environmental engineering	8%	9%	8%

Order book

At 31 December 2011, the Group's order book stood at 134,043 thousand euros, being significantly larger than at 31 December 2010 when the figure was 85,607 thousand euros. In addition to an increase attributable to general growth of the Estonian construction market compared with the slump of 2010, the figure includes the remaining value of the design and build of the Aruvalla-Kose section of the E263 Tallinn-Tartu highway, a project with a major individual impact (total value on conclusion approx. 39.3 million euros).

	12M 2011	12M 2010	12M 2009
Order book, in thousands of euros	134,043	85,607	97,827

At 80% the Infrastructure segment continues to account for a major proportion of the Group's total order book (31 December 2010: 74%).

In a situation where the decrease in input prices has been replaced by a rise in all areas of the construction sector, the Group's management continues to focus on improving the profitability of the contract portfolio.

Between the reporting date (31 December 2011) and the date of release of this report, Group companies have been awarded additional construction contracts of approximately 2,464 thousand euros.

People

Staff and personnel expenses

In 2011, the Group (including the parent and the subsidiaries) employed, on average, 731 people including 351 engineers and technical personnel (ETP). In the past year, downsizing has notably decelerated. The main changes in headcount resulted from seasonal fluctuations in the second and third quarters. Compared with 2010, the number of employees decreased primarily at the parent company. Reorganization, undertaken after the parent's merger with two subsidiary entities (see the chapter *Changes in the Group's business operations in the reporting period*), allowed streamlining both the support and operating functions.

Average number of the Group's employees (including the parent and its subsidiaries):

	12M 2011	12M 2010	12M 2009
ETP	351	362	467
Workers	380	412	661
Total average	**731**	**774**	**1,128**

The Group's personnel expenses for 2011 including all associated taxes totalled 14,225 thousand euros, a figure similar to the 14,494 thousand euros incurred in 2010.

In 2011, the remuneration of the members of the council of Nordecon AS including associated social security charges amounted to 92 thousand euros. The corresponding figure for 2010 was also 92 thousand euros. The remuneration and bonus benefits of the members of the board of Nordecon AS including social security charges totalled 316 thousand euros compared with 199 thousand euros for 2010. The remuneration provided to the board has increased because in the comparative period the board had two members while the current number is four. The composition of the board changed in connection with the merger of two subsidiaries and the Group's parent at the end of 2010.

Members of the council and board of Nordecon AS

Council

The council has six members - two represent the controlling shareholder AS Nordic Contractors, two represent small shareholders and two are independent. All members of the council have been elected by the general meeting for a term of five years.

Toomas Luman (chairman of the council) – representative of AS Nordic Contractors and majority shareholder

An engineer with a diploma in industrial and civil engineering from Tallinn Polytechnic Institute (today: Tallinn University of Technology), Toomas Luman is one of the founders of the Nordecon Group and has been involved in the activities of the Group as a member of the board or council for over 20 years. Besides construction companies, he has held senior positions at various other enterprises (AS Tallinna Kaubamaja, AS E-Betoonelement, OÜ Väokivi, AS Eesti Energia, etc). He is an active member of the community and has contributed to the development of the entrepreneurial environment, education and national defence. For over 15 years he has led the Estonian Chamber of Commerce and Industry. As its chairman, he was actively involved in preparatory activities for Estonia's accession to the EU and the euro-zone. Before Estonia joined the EU, Toomas Luman acted for four years as chairman of the consultative committee of the head of the Estonian state delegation in EU accession negotiations (the minister of foreign affairs). He has been awarded the Order of the White Star of the Republic of Estonia (First Class, Third Class and Fifth Class) and he has received various awards from the Estonian Defence Forces, the Estonian National Defence League and other state and non-profit organisations. He has also received state awards from several foreign countries.

Membership in the governing bodies of other organisations: OÜ Luman ja Pojad and its subsidiaries and associates (including the board of AS Nordic Contractors), Eesti Energia AS (council), Eesti Energia Kaevandused AS (council), Estonian Chamber of Commerce and Industry, Tallinn Yacht Club, Nõmme Private Education Foundation, Foundation for Promoting National Defence, Development Foundation of Tallinn University of Technology, Centre for Strategic Initiatives, Cultural Foundation of the President of the Republic, Alumni Association of Tallinn University of Technology

Interests (exceeding 5%) in other companies: OÜ Luman ja Pojad and its subsidiaries and associates (including AS Nordic Contractors)

Alar Kroodo (vice chairman of the council) – representative of small shareholders

An industrial and civil engineering graduate of Tallinn Polytechnic Institute (today: Tallinn University of Technology), Alar Kroodo has been actively engaged in the construction business for over 30 years, mainly in southern Estonia. He was manager of the construction enterprise Tartu Ehitustrusti Ehitusvalitsus and in 1992 established AS Linnaehitus (later renamed Nordecon Ehitus AS) where he worked as chairman of the board until 2003. Since then, he has been actively involved in the control functions of the Nordecon entities (Nordecon Ehitus AS, chairman of the council 2003-2009). He is an active member of the community – he has participated in the activities of the Tartu Rotary Club and the management of the Estonian Association of Construction Entrepreneurs as well as various sports associations. He has been awarded the Order of the White Star of the Republic of Estonia (Fourth Class).

Membership in the governing bodies of other organisations: AS Nordic Contractors (council), ASM Investments OÜ and its subsidiaries and associates (board/council), OÜ Tähering (board), Tartu Sports Association Kalev

Interests (exceeding 5%) in other companies: ASM Investments OÜ and its subsidiaries and associates, OÜ Tähering

Ain Tromp – representative of small shareholders

Ain Tromp is a building engineering graduate of Tallinn Polytechnic Institute (today: Tallinn University of Technology). Since the 1980s he has been involved in the road construction business (Harju Road Administration and road repair and construction enterprise Teede Remondi ja Ehituse Trust). Between 1990 and 2007 he was the CEO and later until 2009 chairman of the council of AS Aspi (later renamed Nordecon Infra

AS). From 1997 to 2011 Ain Tromp was on the board of the Estonian Asphalt Pavement Association. He has been awarded the Order of the White Star of the Republic of Estonia (Fourth Class).

Membership in the governing bodies of other organisations: the Estonian Asphalt Pavement Association (board, until April 2011)

Interests (exceeding 5%) in other companies: none

Andri Hõbemägi – representative of AS Nordic Contractors

Andri Hõbemägi is an economics graduate of Tallinn University of Technology. From 1993 to 2001 he worked for AS Hansapank (later renamed AS Swedbank). From 2001 to 2002 he was the executive manager of football club FC Flora. In 2002 he became the CFO of AS Eesti Ehitus (later renamed Nordecon AS). During his term of office the company's shares were listed on the Tallinn Stock Exchange. Currently he is chief analyst with AS Nordic Contractors, the majority shareholder of Nordecon AS. His community activities are aimed at the development of Estonian football and regional education.

Membership in the governing bodies of other organisations: AS Nordic Contractors and its subsidiaries and associates (board/council), AS FCF Lilleküla Jalgpallistaadion (council), NutriMe OÜ (board), Estonian Football Association, Pelgulinna Education Society

Interests (exceeding 5%) in other companies: none

Tiina Mõis – independent member

Tiina Mõis is a *cum laude* economics graduate of Tallinn Polytechnic Institute (today: Tallinn University of Technology). Between 1980 and 1999 she was chief accountant of various companies, the best-known of them AS Hansapank (later renamed AS Swedbank) where she was also a board member from 1995 to 1998. As a member of the council, she remained involved with AS Hansapank until 2005. Currently she is the CEO of investment firm AS Genteel. In addition, she is a member of the council of many large Estonian companies. Tiina Mõis is an active member of many social and community organisations that contribute to the development of entrepreneurship, education, health and sports in Estonia. She has been awarded the Order of the White Star of the Republic of Estonia (Fourth Class).

Membership in the governing bodies of other organisations: AS Genteel and its subsidiaries and associates (board/council), AS Baltika (council), AS LHV Group (council), AS LHV Pank (council), AS Martinson Trigon (council), HTB Investeeringute AS (council), Rocca al Mare Koolimaja AS (council), Rocca al Mare Kooli AS (council), Rocca al Mare School Foundation (council), Estonian Chamber of Commerce and Industry, Alumni Association of Tallinn University of Technology, Development Foundation of Tallinn University of Technology

Interests (exceeding 5%) in other companies: AS Genteel and its subsidiaries and associates

Meelis Milder – independent member

An economics graduate of the University of Tartu, Meelis Milder has been involved in the activities of Baltika, one of the flagship companies of the Estonian clothing industry since 1984. Currently he is chairman of the board and a major shareholder of AS Baltika, which is listed on the NASDAQ OMX Tallinn Stock Exchange, and a member of the council of AS Tallinna Kaubamaja, also listed on the NASDAQ OMX Tallinn Stock Exchange. He has been awarded the Order of the White Star of the Republic of Estonia (Fourth Class).

Membership in the governing bodies of other organisations: AS Tallinna Kaubamaja (council), AS Baltika and its subsidiaries and associates (board/council), BMIG OÜ (board), BML Invest OÜ (board), OÜ Kodreste (board), OÜ LVM Projekt (board), OÜ Maisan (board), Estonian Chamber of Commerce and Industry

Interests (exceeding 5%) in other companies: BMIG OÜ, BML Invest OÜ, OÜ Kodreste, OÜ LVM Projekt, OÜ Maisan

Board

According to the articles of association, the board may have up to five members. Members of the board are elected and appointed by the council. The term of office of a member of the board is three years. From 1 January 2011 the board of Nordecon AS has had the following members:

Jaano Vink, chairman of the board

Jaano Vink is a qualified construction engineer. He joined the company in 2002 as deputy CEO, having previously worked for AS Muuga CT as development director and for AS Tallinna Sadam in various managerial capacities in the infrastructure construction department. He graduated from Tallinn University of Technology, department of Industrial and Civil Engineering, in 1993 and has studied International Business Administration at the Estonian Business School. The Estonian Association of Civil Engineers has awarded him the qualification of Diploma Civil Engineer V in the field of general construction. As chairman of the board, Jaano Vink is responsible for the overall management of the parent and Nordecon AS Group.

Membership in the governing bodies of other organisations: subsidiaries of Nordecon AS (board/council), Estonian Association of Construction Entrepreneurs (board), Healthy Estonia Foundation (council)

Interests (exceeding 5%) in other companies: none

Avo Ambur, member of the board

Avo Ambur has been on the board of various entities of Nordecon Group including the parent since 2002, being responsible for different areas as technical director, development director and since 2009 sales director. Before joining Nordecon, he worked for AS Lemminkäinen as project manager. He graduated from Tallinn University of Technology, department of Industrial and Civil Engineering, in 1993. The Estonian Association of Civil Engineers has awarded him the qualification of Diploma Civil Engineer V in the field of general construction. As a member of the board, Avo Ambur is responsible for Nordecon AS' sales and pre-construction operations.

Membership in the governing bodies of other organisations: subsidiaries of Nordecon AS (board)

Interests (exceeding 5%) in other companies: none

Marko Raudsik, member of the board

Marko Raudsik joined the Group as works manager in 1994. Since then he has served the Group as project manager, head of budget department and technical and sales director and has been on the board of a subsidiary since 2007. He graduated *cum laude* from Tallinn University of Technology, department of Building Technology, in 1994. The Estonian Association of Civil Engineers has awarded him the qualification of Diploma Civil Engineer V in the field of general construction. As a member of the board, Marko Raudsik is responsible for management of the buildings construction division of Nordecon AS.

Membership in the governing bodies of other organisations: subsidiaries of Nordecon AS (board/council)

Interests (exceeding 5%) in other companies: none

Erkki Suurorg, member of the board

Erkki Suurorg joined the Group in 1999. Over the years he has served the Group as project manager and division manager and has been on the board of various entities of Nordecon Group including the parent since 2005. He is a member of the Estonian Association of Civil Engineers and holds the qualification of Chartered Civil Engineer V. He graduated from Tallinn University of Technology with a diploma in civil engineering in 1997. As a member of the board, Erkki Suurorg is responsible for management of the infrastructure division of Nordecon AS.

Membership in the governing bodies of other organisations: subsidiaries of Nordecon AS (board/council)

Interests (exceeding 5%) in other companies: none

Information on the shares held by the members of the council and board of Nordecon AS is presented in the chapter *Share and shareholders.*

Share and shareholders

Share information

Name of security	Nordecon AS ordinary share
Issuer	Nordecon AS
ISIN code	EE3100039496
Ticker symbol	NCN1T
Nominal value	No par value*
Total number of securities issued	30,756,728
Number of listed securities	30,756,728
Listing date	18 May 2006
Market	NASDAQ OMX Tallinn, Baltic Main List
Industry	Construction and engineering
Indexes	OMX_Baltic_Benchmark_Cap_GI; OMX_Baltic_Benchmark_Cap_PI OMX_Baltic_Benchmark_GI; OMX_Baltic_Benchmark_PI; OMX_Baltic_GI OMX_Baltic_PI; OMX Tallinn_GI; OMX_Baltic_Industrials_GI; OMX_Baltic_Industrials_PI

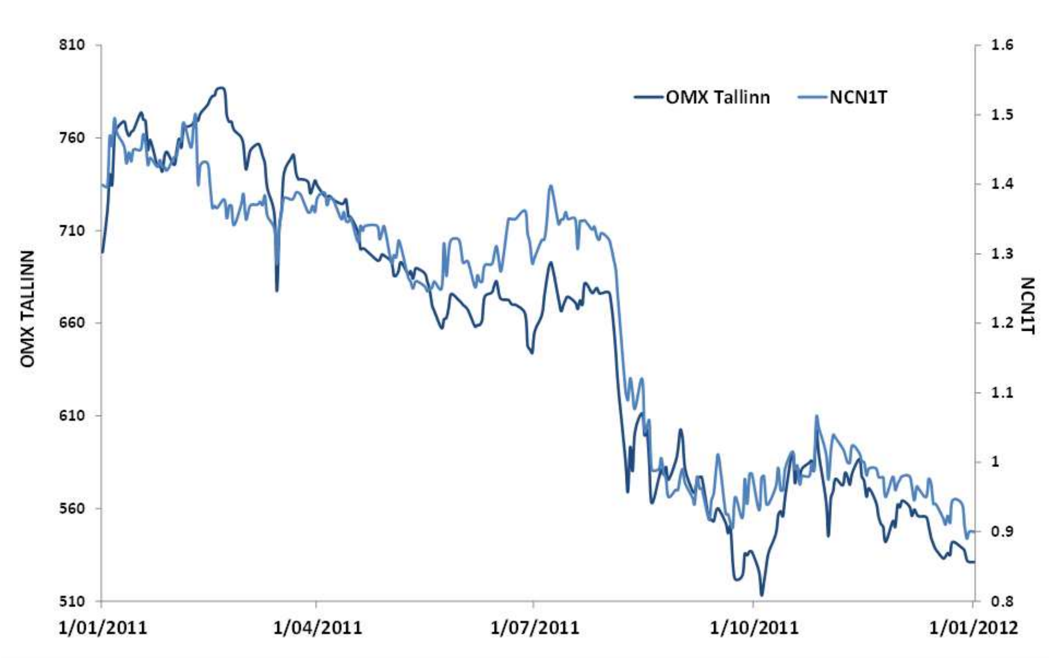
*In connection with Estonia's accession to the euro-zone on 1 January 2011 and in line with amendments to the Estonian Commercial Code that took effect on 1 July 2010 as well as a resolution adopted by the annual general meeting of the shareholders of Nordecon AS in May 2011, the company's share capital was converted from 307,567,280 Estonian kroons to 19,657,131.9 euros. Concurrently with the conversion, the company adopted shares without par value. The share capital of Nordecon AS now consists of 30,756,728 ordinary registered shares with no par value.

Owners of ordinary shares are entitled to dividends as distributed from time to time. Each share carries one vote at the general meetings of the shareholders of Nordecon AS.

Movements in the price and turnover of the Nordecon AS share in 2011

Movements in share price are in euros / daily turnover in the bar chart is in thousands of euros

Movement of the share price compared with the OMX Tallinn main index in 2011



Index/equity	1 Jan 2011	31 Dec 2011	+/-%
OMX Tallinn	698.38	531.17	-23.94
NCN1T	EUR 1.40	EUR 0.90	-35.67

Summarised trading results

Share trading history (EUR)

Price	12M 2011	12M 2010	12M 2009
Open	1.38	1.62	1.05
High	1.50	2.60	1.87
Low	0.88	1.05	0.55
Last closing price	0.90	1.40	1.58
Traded volume (number of securities traded)	4,161,002	8,237,449	9,627,956
Turnover, millions	5.08	12.70	12.03
Listed volume (31 December), thousands	30,757	30,757	30,757
Market capitalisation (31 December), millions	27.68	43.03	48.59

Shareholder structure

Largest shareholders of Nordecon AS at 31 December 2011

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	53.67
Skandinaviska Enskilda Banken Ab clients	2,615,614	8.50
ING Luxembourg S.A.	1,111,853	3.61
State Street Bank and Trust Omnibus Account A Fund	647,964	2.11
Ain Tromp	578,960	1.88
SEB Pank AS clients	540,830	1.76
ASM Investments OÜ	519,600	1.69
Martin Sööt	292,473	0.95
Aivo Kont	291,005	0.95
SEB Elu- ja pensionikindlustus AS	262,700	0.85

Shareholder structure of Nordecon AS by ownership interest at 31 December 2011

	Number of shares	Ownership interest (%)

Shareholders with interest exceeding 5%	2	62.18
Shareholders with interest between 1% and 5%	5	11.05
Shareholders with interest below 1%	2,176	26.77
Total	**2,183**	**100**

Shares controlled by members of the council of Nordecon AS at 31 December 2011

Council		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)[1]	Chairman of the Council	16,574,144	53.89
Ain Tromp	Member of the Council	578,960	1.88
Alar Kroodo (ASM Investments OÜ)[1]	Member of the Council	519,600	1.69
Andri Hõbemägi	Member of the Council	50,000	0.16
Tiina Mõis	Member of the Council	0	0.00
Meelis Milder	Member of the Council	0	0.00

[1] Companies controlled by the individual

Changes in shares controlled by the council during the reporting period:

Toomas Luman: + 5,000 shares

Andri Hõbemägi: + 10,000 shares

Shares controlled by members of the board of Nordecon AS at 31 December 2011

Board		Number of shares	Ownership interest (%)
Jaano Vink	Chairman of the Board	37,921	0.12
Avo Ambur	Member of the Board	32,322	0.11
Marko Raudsik	Member of the Board	0	0.00
Erkki Suurorg	Member of the Board	0	0.00

Changes in shares controlled by the board during the reporting period:

Jaano Vink: +3,921 shares

Members of the board and council of Nordecon AS and companies controlled by them have not been granted any share options under which they could acquire shares in Nordecon AS in a subsequent period.

Outlooks of the Group's geographical markets

Estonia

Processes and developments characterising the Estonian construction market in 2012

- The Group does not expect the construction market to grow significantly in 2012. Infrastructure procurement will dominate. However, buildings construction, where recovery has been the slowest, should offer somewhat better opportunities for growth, assuming that private sector customers (including foreign investors) that abandoned the market in previous periods will return. In the development of new residential real estate, the success of a project will depend on the developer's ability to either offer a low cost or exploit a new niche. Consumer behaviour will remain highly volatile while banks will impose more stringent borrowing conditions.
- Total demand in the construction market will remain disproportionately reliant on public procurement and projects performed with the support of the EU. The success of such projects is directly related to the administrative and public procurement capabilities of the central and local governments. Patchy procurement quality may cause hold-ups and disruptions both during the procurement proceedings and the construction process.
- Players will continue consolidating, particularly as regards general contractors in the segment of buildings construction, where competition is still overly aggressive. Tenders arranged in 2011 indicate that pricing pressure in the segment remains strong. In addition to competition, the number and operating volumes of market participants will be influenced by the players' ability to participate in the bidding process and meet the tender or procurement conditions. In the performance phase, the decisive factors will be financial management (including relations with banks) and the ability to ensure sufficient liquidity, particularly when loss-generating contracts need to be performed.
- Companies may continue challenging the results of poorly prepared public procurement tenders but mostly on account of fundamental technical issues. Some public procurement tenders will be cancelled because customers have prepared their budgets based on the construction prices of 2009-2010, which in the current situation are regrettably no longer realistic and the bids made by construction companies exceed them by tens of percents. The time and finance costs of the proceedings will be high for all involved.
- The contracts signed with public sector customers will continue to impose rigorous conditions on construction companies, including greater obligations for the builder, tough sanctions, different financial guarantees, extremely long settlement terms, etc. In a situation where the public procurement process is based on underbidding, this increases the risks of all market players.
- Growth in input prices will decelerate compared with the previous year, remaining within the range of a few percent (on a quarterly basis) throughout 2012. On the other hand, there are areas where price fluctuations are unpredictable and thus may be notably greater and hard or impossible to influence (petroleum and metal products, some other materials).
- The situation in the labour market has stabilised to a certain extent and labour outflow to the Scandinavian countries will not increase significantly. Companies have adapted to the situation but when volumes recover the availability of qualified labour will again be an issue. On the whole, in 2012 the base wages paid by construction companies that have to maintain tight cost control are not expected to increase.
- In 2012 the construction market will be seriously and unfortunately somewhat unpredictably impacted by massive funds raised from the sale of carbon dioxide emission quotas, which will be allocated within an exceptionally short period for improving the energy efficiency of buildings. This has already triggered demand hikes in some specialized construction segments (joint filling, facade and roof works, heating systems, etc) and unreasonable rises in respective prices, which will cause temporary problems for the entire sector.
- The volume of investments made in the construction sector will depend on the rate of economic growth and forecasts made on the basis of that figure. At present, the sentiment of both investors and banks remains relatively cautious but this may change quickly in either direction in the light of Estonia's and the EU's actual economic indicators.

Latvia and Lithuania

According to the Group's assessment, the Latvian construction market will continue adjusting to the post-recession environment also in 2011. The Group does not exclude the possibility that in the next few years it will undertake some projects in Latvia through its Estonian entities, involving partners where necessary. Continuation of project-based business assumes that the projects can be performed profitably. The decision does not change the Group's strategic objectives in Latvia, i.e. the objective of operating in the Latvian construction market through local subsidiaries.

For the time being, the Group has suspended the operations of its Lithuanian subsidiary, Nordecon Statyba UAB. We are monitoring market developments and do not rule out the possibility that in the next few years the Group will resume its Lithuanian operations on a project basis. Temporary suspension of operations does not cause any major costs for the Group. It does not change the Group's strategic objectives in Lithuania, i.e. the objective of operating in the Lithuanian construction market through local subsidiaries.

Ukraine

The Group operates in Ukraine as a general contractor and project manager in the segment of commercial buildings and production facilities, offering its services primarily to foreign private sector customers. In the past three years, there were practically no private customers in that segment. We do not expect the situation to improve significantly in 2012. Maintaining minimal readiness at the current cost base, the Group has decided to continue its business in Ukraine. We review the sustainability of our Ukrainian operations on a regular basis and are prepared to restructure them significantly, if necessary.

The main risks in the Ukrainian market stem from the low administrative efficiency of the central and local government and the judicial system. Ukraine's recovery from the economic crisis of 2008-2009 and changes in the political landscape have had a sluggish effect on the construction sector. Demand is mainly undermined by private customers' inability to raise financing for commencing construction. Stabilisation of the political situation has not occurred at the expected pace and private sector customers have not started investing in projects where the Group has a competitive advantage.

Still, the construction market of a country with a population of around 46 million has strong business potential. Our key success factor is relatively little competition among project management companies offering flexible construction management in combination with European practices and competencies. We are confident that the present slump in the Ukrainian construction market and economy as a whole will transform local understanding and expectations of general contracting and project management in the construction business and, in the long term, the new thinking will improve the Group's position.

Finland

In the Finnish market the Group focuses solely on offering subcontracting services in the field of concrete works. This is an area where Estonian companies continue to have a certain edge over local entities because their personnel expenses are lower. The Finnish concrete works (sub)contracting market allows us to compete for selected projects (the main criteria are the location and the customer's low risk level). We expect demand for concrete works to remain stable in 2012. Nevertheless, the Group will maintain a rational approach and will avoid taking excessive risks in Finland. The Group is currently not planning to penetrate other segments of the Finnish construction market (general contracting, project management, etc).

Description of the main risks

Business risks

Management believes that in the near future the main business risk will be stiff competition that induces companies to bid unreasonably low prices in a situation where input prices have started rising and may cause an exponential slide in profitability. In the construction market, the situation is aggravated by the fact that the need for winning contracts that would cover fixed costs and overheads at a level ensuring normal operating capacities is increasing. The Group's management expects to mitigate the risks by tight cost control and effective austerity measures as well as attention to detail and thorough analysis of new projects.

To mitigate the risks arising from the seasonal nature of the construction business (primarily weather conditions during the winter months), the Group has acquired road maintenance contracts that generate year-round business. In addition, Group companies are constantly seeking new technical solutions that would allow working more efficiently under changeable weather conditions.

To manage their daily construction risks, Group companies purchase contractors' all risks insurance. Depending on the nature of the project, both general frame agreements and special project-specific contracts are used. In addition, as a rule, subcontractors are required to secure performance of their obligations with a bank guarantee issued for the benefit of a Group company. To remedy builder-caused deficiencies, which may be detected during the warranty period, Group companies create warranties provisions. At 31 December 2011, the provisions (including current and non-current ones) totalled 1,213 thousand euros. At 31 December 2010, the corresponding figure was 1,329 thousand euros.

Institution of criminal proceedings against Nordecon AS and a member of its board

The Estonian Road Administration published a notice of the public procurement tender for the design and build of the E263 Aruvalla-Kose road section on 25 September 2008. Nordecon AS (at that date the Group's subsidiary Nordecon Infra AS) and Ramboll Eesti AS participated in the tender with a joint bid of 506.2 million kroons (32.4 million euros).

The tender gave rise to numerous disputes and challenges between 2008 and 2010. Owing to the challenges, the Road Administration endeavoured to cancel the procurement tender but the public procurement dispute review committee declared the Road Administration's resolution for cancellation invalid. The tender reached the stage where the joint bid of Nordecon AS and Ramboll Eesti AS was selected as the successful one and only the contract needed to be signed. However, on 26 October 2010 the financial control department of the ministry of finance, exercising state supervision, adopted a resolution that declared the public procurement tender invalid on the basis that during the procurement proceedings the Road Administration had repeatedly and seriously violated the Public Procurement Act.

Nordecon AS and Ramboll Eesti AS challenged the resolution of the financial control department of the ministry of finance in the administrative court and applied for preliminary legal protection that would have allowed moving on with the public procurement proceedings. The court did not apply preliminary legal protection although it found that the challenge had potential.

The security police board instituted criminal proceedings for investigation of circumstances surrounding the public procurement tender for the design and build of the Aruvalla-Kose road section. Member of the management board of Nordecon AS Erkki Suurorg and Nordecon AS (at the time Nordecon Infra AS) were charged with suspicion of attempting to conclude an agreement for distorting competition. Suspicion charges were also brought against the director general of the Road Administration and the chancellor of the ministry of economics. Nordecon AS and Erkki Suurorg have given their testimony to the security police board and have affirmed that the charges against them are baseless. By the date of release of this report, no criminal charges have been filed against any of the suspects.

If criminal charges are brought and a conviction takes effect, then under section 400 of the Penal Code the maximum pecuniary punishment for Nordecon AS may extend to 10% of turnover and for a time the company may not be allowed to participate in public procurement tenders.

Credit risk

For credit risk management, a potential customer's settlement behaviour and creditworthiness are analysed already in the tendering stage. When the contract has been signed, the customer's settlement behaviour is monitored on an ongoing basis from the making of an advance payment to adherence to the contractual settlement schedule, which usually depends on the documentation of the delivery of work performed. We believe that the system in place allows us to respond to customers' settlement difficulties sufficiently promptly. At the end of 2011, our customers' settlement behaviour was relatively good, considering the economic situation, although there were also a few problem customers. The proportion of overdue receivables is stable; the figure consists mostly of items that are not significantly past due and stem from the routines to be completed between public sector companies and their financing authorities. In accordance with the Group's accounting policies, all receivables that are more than 180 days overdue or in respect of which no additional settlement agreement has been reached are recognised as an expense.

In 2011 income from recovery of receivables written down in previous periods exceeded expenses from write-down of receivables and the Group could recognise income of 7 thousand euros. In the comparative period, expenses from write-down of receivables and loans granted totalled 6,131 thousand euros.

Liquidity risk

Free funds are placed in overnight or fixed-interest term deposits with the largest banks in the markets where the Group operates. To ensure timely settlement of liabilities, approximately two weeks' working capital is kept in current accounts or overnight deposits. Where necessary, overdraft facilities are used. At the reporting date, the Group's current assets exceeded its current liabilities 1.18-fold (31 December 2010: 1.39-fold) and available cash funds totalled 9,908 thousand euros (31 December 2010: 5,818 thousand euros).

The Group remains exposed to higher than average liquidity risk resulting from a gap between the customers' long settlement terms (mostly 45 to 56 days) and the subcontractors' increasing interest to negotiate shorter settlement terms (mostly 21 to 45 days). In the reporting period, the liquidity position was further weakened by the completion of some loss-making projects. Moreover, business growth is increasing the Group's need for working capital, the impacts of which will emerge in subsequent quarters. The Group counteracts the differences in settlement terms by using factoring where possible. In order to raise additional working capital, the Group carried out negotiations with banks based on the Nordecon Group Business Plan and Financing Program 2011-2014, prepared at the request of Nordecon AS by one of the world's leading consulting firms Roland Berger Strategy Consultants GmbH.

By the date of release of this report, the parties have agreed that settlement of the Group's long-term liabilities will be partly suspended through 2012 (with an option to extend the suspension through 2013). In addition, the Group has been granted additional short-term credit lines of up to 5,300 thousand euros of which 1,660 thousand euros was in use at the reporting date.

Interest rate risk

The Group's interest-bearing liabilities to banks have mainly fixed interest rates. Finance lease liabilities have floating interest rates and are linked to EURIBOR. At 31 December 2011, the Group's interest-bearing loans and borrowings totalled 28,643 thousand euros, a decrease of 5,966 thousand euros year-over-year. Interest expense for 2011 amounted to 1,028 thousand euros. Compared with 2010, interest expense has decreased by 27 thousand euros. The Group's interest rate risk is currently influenced by two factors: a rise in the base rate for floating interest rates (EURIBOR) and a low interest coverage ratio caused by low operating cash flows. The first factor is mitigated by fixing, where possible, the interest rates of liabilities during the period of low market interest rates. The realisation of the interest payment cash flow risk depends on the success of operating activities. The Group has not acquired derivatives to hedge its interest rate risk.

Currency risk

As a rule, construction contracts and subcontractors' service contracts are made in the currency of the host country: in euros (EUR), in Ukrainian hryvnas (UAH) and in Belarusian rubles (BYR). In connection with discontinuance of operations in Latvia and Lithuania, the currency risks of those countries are no longer relevant. Services purchased from other countries are mostly priced in euros, which does not constitute a currency risk for the Group's Estonian entities.

The Group’s foreign exchange gains and losses result mainly from its Ukrainian and Belarusian operations because the Ukrainian and Belarusian national currency float against the euro. The Group has not acquired derivatives to hedge its currency risks.

The Group’s foreign exchange gains and losses for 2011 resulted in a net exchange gain of 171 thousand euros. In the comparative period, exchange differences resulted in a net exchange loss of 400 thousand euros.

Management’s confirmation and signatures

The board confirms that the Directors’ report presents fairly all significant events that occurred during the reporting period as well as their impact on the condensed consolidated interim financial statements, contains a description of the main risks and uncertainties, and provides an overview of all significant transactions with related parties.

Jaano Vink	Chairman of the Board	8 February 2012
Avo Ambur	Member of the Board	8 February 2012
Marko Raudsik	Member of the Board	8 February 2012
Erkki Suurorg	Member of the Board	8 February 2012

Condensed consolidated interim financial statements

Statement of management's responsibility

The board of Nordecon AS acknowledges its responsibility for the preparation of the Group's condensed consolidated interim financial statements (unaudited) for the fourth quarter and twelve months of 2011 and confirms that:

- the policies applied on the preparation of the Group's condensed consolidated interim financial statements comply with International Financial Reporting Standards as adopted by the European Union;

- the condensed consolidated interim financial statements, which have been prepared in accordance with effective financial reporting standards, give a true and fair view of the assets and liabilities of the Group comprising of the parent company and other Group entities as well as its financial position, its financial performance, and its cash flows;

- all significant events that occurred before the date on which the condensed consolidated interim financial statements were authorised for issue (8 February 2012) have been properly recognised and disclosed; and;

- Nordecon AS and its subsidiaries are going concerns.

Jaano Vink	Chairman of the Board	8 February 2012
Avo Ambur	Member of the Board	8 February 2012
Marko Raudsik	Member of the Board	8 February 2012
Erkki Suurorg	Member of the Board	8 February 2012

Condensed consolidated interim statement of financial position

EUR`000	Note	31 December 2011	31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents		9,908	5,818
Trade and other receivables	2	34,645	31,266
Prepayments		2,616	1,060
Inventories	3	23,811	24,982
Non-current assets held for sale		332	321
Total current assets		**71,312**	**63,447**
Non-current assets			
Investments in equity-accounted investees		182	99
Other investments		26	26
Trade and other receivables		2,504	2,215
Investment property		4,929	4,930
Property, plant and equipment	4	7,437	9,038
Intangible assets	4	15,385	15,486
Total non-current assets		**30,463**	**31,794**
TOTAL ASSETS		**101,775**	**95,241**
LIABILITIES			
Current liabilities			
Loans and borrowings	5, 6	17,149	19,231
Trade payables		27,360	17,429
Other payables		4,963	3,446
Deferred income		10,277	4,425
Provisions		492	1,160
Total current liabilities		**60,241**	**45,691**
Non-current liabilities			
Loans and borrowings	5, 6	11,494	15,377
Trade payables		199	215
Other payables		96	96
Provisions		833	423
Total non-current liabilities		**12,622**	**16,111**
TOTAL LIABILITIES		**72,863**	**61,802**
EQUITY			
Share capital		19,657	19,657
Statutory capital reserve		2,554	2,558
Translation reserve		-459	-233
Retained earnings		5,068	10,257
Total equity attributable to equity holders of the parent		**26,820**	**32,240**
Non-controlling interest		**2,092**	**1,199**
TOTAL EQUITY		**28,912**	**33,439**
TOTAL LIABILITIES AND EQUITY		**101,775**	**95,241**

Condensed consolidated interim statement of comprehensive income

EUR`000	Note	Q4 2011	Q4 2010	12M 2011	12M 2010
Revenue	8, 9	46,362	24,253	149,622	99,312
Cost of sales	10	-45,450	-24,228	-149,427	-100,012
Gross profit/loss		**912**	**25**	**195**	**-700**
Distribution expenses		-79	-117	-317	-401
Administrative expenses	11	-1,357	-1,518	-4,641	-4,887
Other operating income	12	60	412	796	820
Other operating expenses	12	-13	-3,077	-154	-3,807
Operating loss		**-477**	**-4,275**	**-4,121**	**-8,975**
Finance income	13	177	234	671	3,059
Finance expenses	13	-194	-1,950	-1,078	-6,338
Net finance expense		**-17**	**-1,716**	**-407**	**-3,279**
Share of profit/loss of equity-accounted investees		-22	-238	82	-517
Loss before income tax		**-516**	**-6,229**	**-4,446**	**-12,771**
Income tax expense/income		-2	-42	-18	33
Loss for the period		**-518**	**-6,271**	**-4,464**	**-12,738**
Other comprehensive expense:					
Exchange differences on translating foreign operations		-213	-4	-58	-28
Total other comprehensive expense for the period		-213	-4	-58	**-28**
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**-731**	**-6,275**	**-4,522**	**-12,766**
Profit/loss attributable to:					
- Owners of the parent		-641	-5 938	-4 798	-11,811
- Non-controlling interests		123	-333	334	-927
Loss for the period		**-518**	**-6,271**	**-4,464**	**-12,738**
Total comprehensive income/expense attributable to:					
- Owners of the parent		-1356	-5 942	-5 415	-11,839
- Non-controlling interests		625	-333	893	-927
Total comprehensive expense		**-731**	**-6,275**	**-4,522**	**-12,766**
Earnings per share attributable to owners of the parent:					
Basic earnings per share (EUR)	7	-0.02	-0.19	-0.16	-0.38
Diluted earnings per share (EUR)	7	-0.02	-0.19	-0.16	-0.38

Condensed consolidated interim statement of cash flows

EUR`000	12M 2011	12M 2010
Cash flows from operating activities		
Cash receipts from customers	185,147	120,719
Cash paid to suppliers	-160,805	-105,501
VAT paid	-2,384	-3,910
Cash paid to and for employees	-13,476	-14,953
Income tax recovered/paid	41	-88
Net cash from/used in operating activities	**8,523**	**-3,733**
Cash flows from investing activities		
Acquisition of property, plant and equipment	-58	-195
Proceeds from sale of property, plant and equipment and intangible assets	340	850
Proceeds from sale of investment property	0	709
Acquisition of subsidiaries, net of cash acquired	0	1
Disposal of subsidiaries, net of cash transferred	0	-615
Acquisition of associates	0	-2
Loans granted	-213	-549
Repayment of loans granted	1,745	177
Dividends received	4	4
Interest received	204	258
Net cash from investing activities	**2,022**	**638**
Cash flows from financing activities		
Proceeds from loans received	1,925	6,642
Repayment of loans received	-4,907	-8,617
Payment of finance lease liabilities	-1,921	-2,379
Interest paid	-1,089	-1,122
Other payments made	-4	-15
Net cash used in financing activities	**-5,996**	**-5,491**
Net cash flow	**4,549**	**-8,586**
Cash and cash equivalents at beginning of period	**5,818**	**14,392**
Effect of exchange rate fluctuations	-459	12
Increase/decrease in cash and cash equivalents	4,549	-8,586
Cash and cash equivalents at end of period	**9,908**	**5,818**

Condensed consolidated interim statement of changes in equity

EUR`000	Equity attributable to equity holders of the parent						
	Share capital	Statutory capital reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total
Balance at 31 December 2009	**19,657**	**2,557**	**-205**	**22,067**	**44,077**	**706**	**44,783**
Loss for the period	0	0	0	-11,811	-11,811	-927	-12,738
Other comprehensive expense	0	0	-28	0	-28	0	-28
Increase of capital reserve	0	1	0	0	1	0	1
Changes in non-controlling interest	0	0	0	0	0	1,420	1,420
Balance at 31 December 2010	**19,657**	**2,558**	**-233**	**10,257**	**32,240**	**1,199**	**33,439**
Profit/loss for the period	0	0	0	-4,798	-4,798	334	-4,464
Other comprehensive income/expense	0	0	-226	0	-226	168	-58
Reduction of capital reserve		-4	0	0	-4	0	-4
Changes in non-controlling interest	0	0	0	-391	-391	391	0
Balance at 31 December 2011	**19,657**	**2,554**	**-459**	**5,068**	**26,820**	**2,092**	**28,912**

Notes to the condensed consolidated interim financial statements

NOTE 1. Significant accounting policies

Nordecon AS is a company incorporated and domiciled in Estonia. The shares of Nordecon AS have been listed on the NASDAQ OMX Tallinn Stock Exchange since 18 May 2006. The controlling shareholder of Nordecon Group is AS Nordic Contractors that holds 53.67% of the shares in Nordecon AS.

The condensed consolidated interim financial statements as at and for the 12 months ended 31 December 2011 have been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The condensed interim financial statements do not contain all the information presented in the annual financial statements and should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2010.

The Group has not changed its significant accounting policies compared with the consolidated financial statements as at and for the year ended 31 December 2010. The effect of any new and revised standards that have taken effect is described in this note.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the fourth quarter and 12 months of 2011 give a true and fair view of the Group's result of operations and the parent and all its subsidiaries that are included in these financial statements are going concerns. The condensed consolidated interim financial statements have not been audited or otherwise checked by auditors and they contain only the consolidated financial statements of the Group.

Standards effective from 1 January 2011 that have an impact on the Group's financial statements:

None.

New and revised standards and interpretations effective from 1 January 2011 or the current reporting period that are not relevant for the Group on the preparation of the interim financial statements:

- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for annual periods beginning on or after 1 January 2011)
- *Classification of Rights Issues - Amendment to IAS 32 Financial Instruments: Presentation* (effective for annual periods beginning on or after 1 February 2010)
- Revised IAS 24 *Related Party Disclosures* (effective for annual periods beginning on or after 1 January 2011)

Changes in the presentation of the interim financial statements

On preparing the annual financial statements for 2010, the Group changed its segment reporting policies. The results of the subsidiary Nordecon Betoon OÜ were reclassified to the Buildings (EU) segment because historically most of its business has been related to buildings construction. In previous periods, the subsidiary was included in the Infrastructure (EU) segment because it was part of the Nordecon Infra subgroup that was engaged in infrastructure construction. In connection with the merger of Nordecon Infra AS with the parent Nordecon AS at the end of 2010, the Group's chief operating decision maker analyses the results of Nordecon Betoon OÜ within the composition of the Buildings (EU) segment. In addition, the Group specified the allocation and elimination of inter-segment transactions. For further information on the changes, please refer to note 8.

NOTE 2. Trade and other receivables

Current portion	Note	31 December 2011	EUR`000 31 December 2010
Trade receivables		14,887	15,319
Retentions receivable		2,544	1,121
Receivables from related parties		982	1,741
Loans to related parties	14	8,150	9,354
Miscellaneous receivables		1,057	757
Total receivables and loans granted		**27,620**	**28,292**
Due from customers for contract work		7,025	2,974
Total trade and other receivables		**34,645**	**31,266**

Non-current portion	Note	31 December 2011	EUR´000 31 December 2010
Loans to related parties	14	2,117	1,994
Miscellaneous receivables		387	221
Total trade and other receivables		**2,504**	**2,215**

NOTE 3. Inventories

	31 December 2011	EUR`000 31 December 2010
Raw and other materials	3,120	3,125
Work in progress	4,887	4,290
Real estate held for resale	13,397	13,535
Finished goods	2,407	4,032
Total inventories	**23,811**	**24,982**

NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

In 2011, the Group did not perform any major transactions with items of property, plant and equipment. The carrying amount of property, plant and equipment has decreased compared with 31 December 2010 mainly through depreciation and sales of property, plant and equipment. Cash proceeds from the sale of property, plant and equipment totalled 340 thousand euros (see statement of cash flows) and sales gain amounted to 335 thousand euros (note 12).

Intangible assets

In 2011, the Group did not perform any major transactions with intangible assets. The carrying amount of intangible assets has decreased compared with 31 December 2010 mainly through amortisation.

NOTE 5. Finance and operating leases

Finance lease liabilities	31 December 2011	EUR`000 31 December 2010
Payable in less than 1 year	1,671	2,105
Payable between 1 and 5 years	1,264	2,078
Total finance lease liabilities	**2,935**	**4,183**
Base currency EUR	2,935	4,166
Base currency UAH	0	17
Periodicity of payments	Monthly	Monthly
Interest rates in Estonia	3.0%-8.0%	3.0%-8.0%
Interest rates in Ukraine	-	10%-12%
Finance lease payments made	**12M 2011**	**12M 2010**
Principal payments made during the period	1,921	2,379
Interest payments made during the period	129	159

Operating lease rentals paid for	12M 2011	EUR`000 12M 2010
Cars	682	658
Construction equipment	2,369	1,631
Premises	463	370
Software	345	224
Total operating lease rentals paid during the period	**3,859**	**2,883**

NOTE 6. Interest-bearing loans and borrowings

	31 December 2011	EUR`000 31 December 2010
Short-term bank loans	9,288	8,611
Short-term portion of long-term bank loans	5,015	5,666
Short-term portion of finance lease liabilities	1,671	2,105
Factoring liabilities	1,175	2,849
Total current loans and borrowings	**17,149**	**19,231**
Long-term portion of bank loans	9,246	12,315
Long-term portion of finance lease-liabilities	1,264	2,078
Other long-term loans	984	984
Total non-current loans and borrowings	**11,494**	**15,377**

NOTE 7. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period, both adjusted for the effects of all dilutive equity instruments.

	Unit	12M 2011	EUR`000 12M 2010
Loss for the period attributable to owners of the parent	EUR`000	-4,798	-11,811
Weighted average number of shares	`000	30,757	30,757
Basic earnings per share		-0.16	-0.38
Diluted earnings per share		-0.16	-0.38

NOTE 8. Segment reporting – business segments

The Group's chief operating decision maker is the board of the parent company Nordecon AS. This group of persons monitors the Group's internally generated financial information on a regular basis to better allocate the resources and assess their utilisation. Reportable operating segments are identified by reference to monitored information.

The operating segments monitored by the chief operating decision maker include both a business and a geographical dimension. The Group's reportable operating segments are:

- Buildings (European Union)
- Buildings (Ukraine and Belarus)
- Infrastructure (European Union)

Other segments comprise insignificant operating segments whose results are not reviewed by the chief operating decision maker on the basis of internally generated financial information.

During the period 2009-2010 the parent of the Group (at that time named Nordecon International AS) operated as a holding company and did not participate in operating activities. Accordingly, its results were not included in segment reporting. After internal restructuring, from 2011 the parent Nordecon AS is involved in the Group's core business activities and its revenues and profit/loss from those activities are included in segment reporting. The parent company operates in both Buildings and Infrastructure segments. Revenues and profit/loss from activities not related to the core business operations or which cannot be allocated to operating segments on a reliable basis (e.g. support functions that provide services concurrently to both Infrastructure and Buildings segments) are reported in the segment and consolidated information reconciliation tables.

The chief operating decision maker assesses the performance of an operating segment and the utilisation of the resources allocated to it through the profit generated by the segment. The profit of an operating segment is its gross profit that does not include any major exceptional expenditures (such as non-recurring asset write-downs). The expenses after the profit of an operating segment (including distribution and administrative expenses, interest expense, and income tax expense) are not used by the chief operating decision maker to assess the performance of the segment on the basis of internally generated financial information. Such expenses are recorded in segment reporting using the same principles that are applied on their recognition in the financial statements.

12 months

EUR'000 12M 2011	Buildings EU	Buildings UKR/BLR	Infrastructure EU	Other segments	Total
Total revenue	68,685	3,566	71,268	6,488	150,008
Inter-segment revenue	-162	-143	-1	-4,122	-4,428
Revenue from external customers	**68,523**	**3,423**	**71,267**	**2,366**	**145,580**
Segment profit/loss	**-281**	**-160**	**1,606**	**161**	**1,327**

12M 2010	Buildings EU	Buildings UKR/BLR	Infrastructure EU	Other segments	Total
Total revenue	50,730	5,274	47,927	3,799	107,729
Inter-segment revenue	-5,703	-29	-845	-1,935	-8,512
Revenue from external customers	**45,026**	**5,245**	**47,082**	**1,864**	**99,217**
Segment profit/loss	**532**	**730**	**-1,024**	**-520**	**-283**

Q4

EUR'000 Q4 2011	Buildings EU	Buildings UKR/BLR	Infrastructure EU	Other segments	Total
Total revenue	22,511	880	20,743	1,404	45,538
Inter-segment revenue	-58	-143	0	-689	-890
Revenue from external customers	**22,453**	**737**	**20,743**	**715**	**44,648**
Segment profit/loss	**425**	**21**	**-256**	**114**	**305**

Q4 2010	Buildings EU	Buildings UKR/BLR	Infrastructure EU	Other segments	Total
Total revenue	14,387	2,087	9,799	992	27,265
Inter-segment revenue	-2,701	-19	-205	-317	-3,241
Revenue from external customers	**11,686**	**2,068**	**9,595**	**675**	**24,024**
Segment profit/loss	**575**	**256**	**-770**	**-169**	**-107**

Reconciliation of segment revenues

EUR'000	12M 2011	Q4 2011	12M 2010	Q4 2010
Total revenues for reportable segments	143,378	44,134	103,930	24,234
Revenue for other segments	6,488	1,404	3,799	1,138
Elimination of inter-segment revenues	-4,289	-890	-8,512	-1,151
Other revenue	4,045	1,715	95	32
Total consolidated revenue	**149,622**	**46,362**	**99,312**	**24,253**

Reconciliation of segment profit

EUR'000	12M 2011	Q4 2011	12M 2010	Q4 2010
Total profit for reportable segments	1,166	191	237	274
Total profit/loss for other segments	161	114	-520	-169
Inter-segment profit/loss	-3	14	0	0
Other profit/loss	-1,129	593	-417	-80
Consolidated gross profit/loss	**195**	**912**	**-700**	**25**
Unallocated expenses:				
Distribution expenses	-317	-79	-401	-117
Administrative expenses	-4,641	-1,357	-4,887	-1,518
Other operating income/expenses	642	47	-2,987	-2,665
Consolidated operating loss	**-4,121**	**-477**	**-8,975**	**-4,275**
Finance income	671	177	3,059	234
Finance expenses	-1,078	-194	-6,338	-1,950
Share of profit/loss of equity-accounted investees	82	-22	-517	-238
Consolidated loss before tax	**-4,446**	**-516**	**-12,771**	**-6,229**

NOTE 9. Segment reporting – geographical segments

EUR'000	12M 2011	Q4 2011	12M 2010	Q4 2010
Revenue				
Estonia	142,580	44,127	92,629	21,772
Ukraine	440	151	2,384	106
Belarus	3,233	836	2,890	1,982
Finland	3,511	1,256	1,420	394
Inter-segment eliminations	-142	-8	-11	-1
Total revenue	**149,622**	**46,362**	**99,312**	**24,253**

NOTE 10. Cost of sales

EUR`000	12M 2011	12M 2010
Cost of materials, goods and services used	135,061	83,818
Personnel expenses	12,003	11,793
Other expenses	190	1,507
Depreciation and amortisation expense	2,173	2,894
Total cost of sales	**149,427**	**100,012**

NOTE 11. Administrative expenses

EUR`000	12M 2011	12M 2010
Personnel expenses	2,222	2,701
Cost of materials, goods and services used	2,132	1,609
Other expenses	112	282
Depreciation and amortisation expense	175	295
Total administrative expenses	**4,641**	**4,887**

NOTE 12. Other operating income and other operating expenses

Other operating income	EUR`000	12M 2011	12M 2010
Gains on sale of PP&E and intangible assets		335	356
Gains on sale of investment property		221	18
Foreign exchange gains		139	47
Other income		101	399
Total other operating income		**796**	**820**

Other operating expenses	EUR`000	12M 2011	12M 2010
Losses on write-off of property, plant and equipment and intangible assets		84	25
Impairment losses on goodwill		0	411
Loss on sale of investment properties		9	129
Foreign exchange losses		0	493
Impairment losses on receivables		-7	2,561
Membership fees		2	5
Other expenses		66	183
Total other operating expenses		**154**	**3,807**

NOTE 13. Finance income and finance expenses

Finance income	EUR`000	12M 2011	12M 2010
Gains on disposal of investments in subsidiaries and associates		0	2,085
Interest income on loans		623	727
Foreign exchange gains		37	51
Other finance income		11	196
Total finance income		**671**	**3,059**

Finance expenses	EUR`000	12M 2011	12M 2010
Interest expense		1,029	1,055
Foreign exchange losses		7	5
Other finance expenses		42	5,278
Total finance expenses		**1,078**	**6,338**

NOTE 14. 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 operating decisions (assumes holding more than 20% of the voting power). Related parties include:

- Nordecon AS’ parent company AS Nordic Contractors and its shareholders
- Other companies of AS Nordic Contractors group
- Associates and joint ventures (equity-accounted investees) of Nordecon AS
- Members of the board and council of Nordecon AS, their close family members and companies related to them
- Individuals whose shareholding implies significant influence.

During the reporting period, Group entities performed purchase and sales transactions with related parties in the following volumes:

EUR`000		12M 2011		12M 2010
Volume of transactions	**Purchase**	**Sale**	**Purchase**	**Sale**
AS Nordic Contractors	416	5	424	4
Companies of AS Nordic Contractors group	2	1,947	3	1,020
Equity-accounted investees	296	9	0	26
Companies related to a member of the council	0	0	76	111
Total	**714**	**1,961**	**503**	**1,161**

EUR`000		12M 2011		12M 2010
Volume of transactions	**Purchase**	**Sale**	**Purchase**	**Sale**
Construction services	354	1,906	0	1,113
Lease and other services	360	55	503	48
Total	**714**	**1,961**	**503**	**1,161**

Receivables from and liabilities to related parties at the end of reporting period:

EUR`000	31 December 2011		31 December 2010	
	Receivables	Liabilities	Receivables	Liabilities
AS Nordic Contractors	1	42	0	97
Companies of AS Nordic Contractors group	1	0	2,374	0
Companies related to a member of the council	0	0	70	4
Associates - receivables	982	0	1,004	1
Associates – loans and interest	8,528	0	8,040	0
Joint ventures – loans and interest	1,739	0	1,601	0
Total	**11,251**	**42**	**13,089**	**102**

Receivables from the companies of AS Nordic Contractors group and associates consist mostly of amounts due for construction services.

In 2011, the remuneration of the members of the council of Nordecon AS including associated social security charges amounted to 92 thousand euros. The corresponding figure for 2010 was also 92 thousand euros. The remuneration and bonus benefits of the members of the board of Nordecon AS including social security charges totalled 316 thousand euros compared with 199 thousand euros for 2010. The remuneration provided to the board has increased because in the comparative period the board had two members while the current number is four. The composition of the board changed in connection with the merger of two subsidiaries and the Group’s parent at the end of 2010.