AS Pro Kapital Grupp

INTERIM REPORT 01.01. – 30.09.2012

PROKAPITAL

AS Pro Kapital Grupp

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AS Pro Kapital Grupp in brief

Pro Kapital Grupp AS (the Company) is a leading Estonian real estate company with a focus on development, management and sale of modern large-scale retail and residential real estate in the capitals of Estonia, Latvia and Lithuania.

The Company also owns and manages three hotels in Tallinn, Riga and Bad Kreuznach, Germany.

Since its establishment in 1994, Pro Kapital has completed 20 development projects with *ca* 180 000 square meters of total saleable area.

Pro Kapital follows a conservative policy in financing the projects – a high proportion of equity and low leverage compared to the industry average enables the company to develop the most profitable sales.

The estimated value of the investments in Pro Kapital's current real estate portfolio is approximately 180.03 million euros: 64% residential developments, 24% commercial premises and 12% hotels. (Newsec, July 2012).

Key Financial Figures

	2012 9m	**2011 9m**
Revenue, th. EUR	13 201	13 816
Gross profit, th. EUR	2 815	4 312
Gross profit, %	21,3%	31,2%
Operating result, th. EUR	-3 540	52 699
Operating result, %	-26,8%	381,4%
Net result, th. EUR	-4 641	54 374
Net result, %	-35,2%	393,6%
	30.09.2012	**31.12.2011**
Total Assets, th. EUR	100 891	113 472
Total Liabilites, th. EUR	33 515	41 414
Total Equity, th. EUR	67 376	72 058
Debt/Equity	0,50	0,57
Return on Assets, %	-4,3%	35,7%
Return on Equity, %	-6,7%	75,1%

CEO Review

The first 9 months of 2012 has been very intensive for the Company defining its long-term strategies and continuing preparations for the new real estate developments planned for the coming years and planned listing of its shares on Tallinn Stock Exchange.

During the reporting period the Company continued with projecting works of 3 new development projects, Peterburg road shopping centre and first part of new stage in Tondi Quarter in Tallinn and Tallinnas Residential Complex in Riga for obtaining building licences. For the shopping centre and Tondi Quarter the respective licences were also obtained. On September 24 the agreement for technical projecting of tram line from Majaka str. to Peterburi rd. 2 was signed with AS K-Projekt. The Company has also continued negotiations for the lease of the shopping centre premises and lease agreement for anchor tenant premises was signed with AS Selver on July 26. Alongside with the real estate development activities the Company continued with preparation works for the listing of its shares on Tallinn Stock Exchange. On November 23, trading of Pro Kapital Grupp shares started on the secondary list of Tallinn Stock Exchange. Respective market making agreement has been signed with AB Bankas Finasta.

In August 2012 rebranding of the Company's hotels took place. New names of hotels are PK Ilmarine in Tallinn, PK Riga Hotel and PK Parkhotel Kurhaus.

At the end of the reporting period the Company recorded net revenue 13,2 mln EUR, -4,5% compared to the same period in 2011. Recorded net loss of 4,6 mln EUR includes non-recurring costs related to listing preparations in amount of 0,8 mln EUR and additional provision regarding legal dispute in Netherlands in amount of 0,71 mln EUR.

The Company's outstanding bank loan at the end of the period was 11,8 mln EUR, which has decreased by 19,1% during the reporting period. The Company has introduced additional overdraft agreement with Swedbank of 3,0 mln EUR and has signed financing grant agreement with one of its biggest shareholders Svalbork Invest OÜ shortly after the end of the reporting period.

The Company as of September 30, 2012 had 11,272 mln EUR worth convertible bonds, no changes since the start of reporting period.

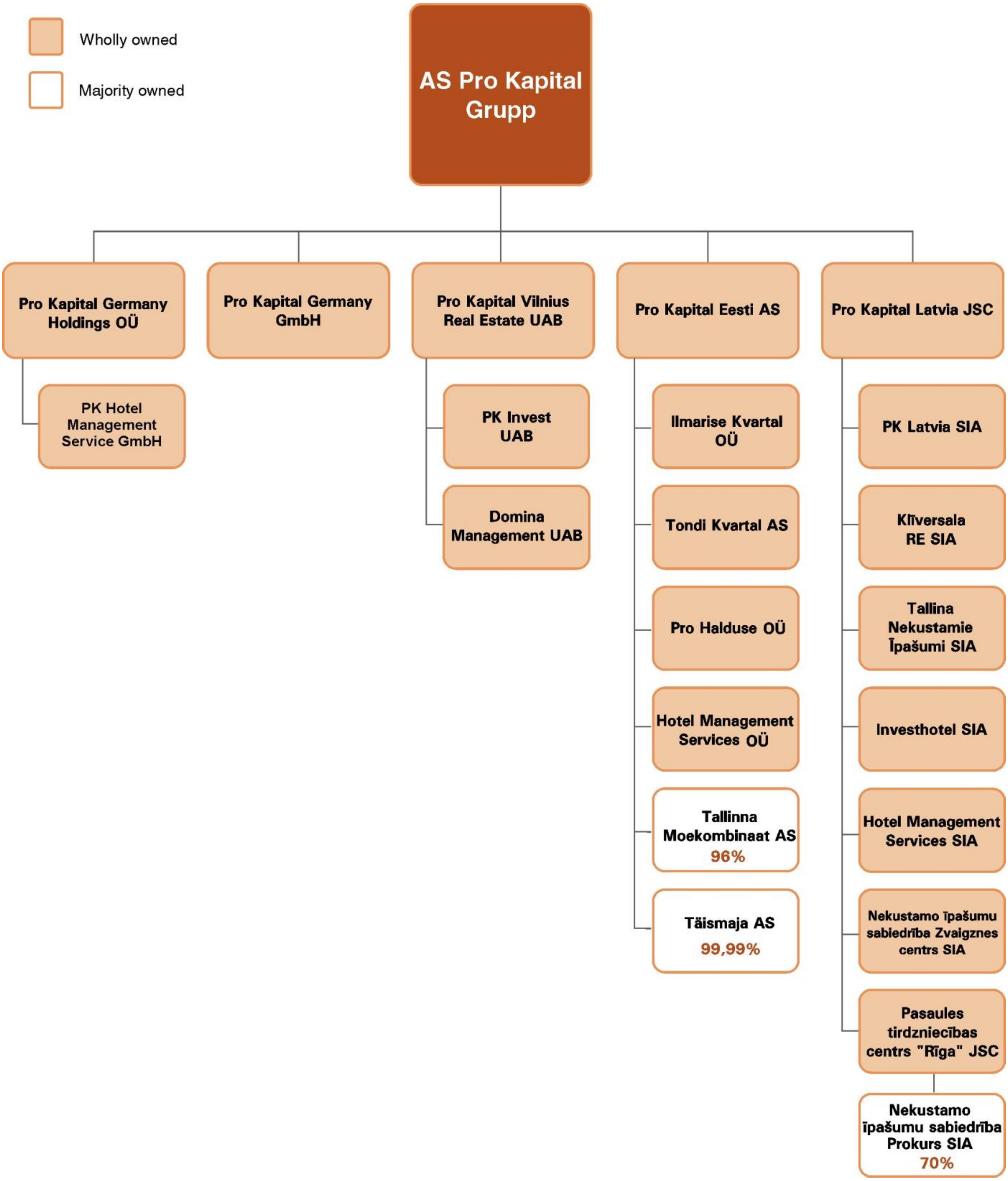
As of September 30, 2012 there were 129 employees working in the Company, 77 of them were employed in hotel and property maintenance business.

Paolo Michelozzi
CEO
Pro Kapital Grupp AS

November 29, 2012

Group Structure

As of 30.09.2012



Overview of development projects

Project name	Type	Location	Ownership	Planned Volume	Classification
Peterburi road shopping centre	Retail	Tallinn	96%	GLA 55 000 m²	Investment property
Ülemiste 5	Offices	Tallinn	100%	GLA 22 880 m²	Investment property
Tondi Quarter	Residential	Tallinn	100%	NSA 83 462 m² *71 280 m² resid.* *12 182 m² comm.*	Inventories
Kalaranna District	Residential	Tallinn	100%	NSA 33 013 m² *27 600 m² resid.* *5 413 m² comm.*	Inventories
Tallinas Quarter	Residential	Riga	100%	NSA 18 845 m² *17 650 m² resid.* *1 195 m² comm.*	Inventories
Kliversala District	Residential	Riga	100%	NSA 49 920 m² *31 600 m² resid.* *7 920 m² comm.* *10 400 m² hotel*	Inventories
Zvaigznes Quarter	Residential	Riga	100%	NSA 17 949 m² *11 277 m² resid.* *6 672 m² comm.*	Inventories
Šaltinių Namai	Residential	Vilnius	100%	NSA 22 086 m² *20 343 m² resid.* *2 713 m² comm.*	Inventories

NSA – Net Sellable Area, GLA – Gross Leasible Area, resid.- residential, comm.- commercial

Status of the projects:

Peterburi road shopping centre	Building licence obtained
Ülemiste 5	Detail plan adopted. Project not started
Tondi Quarter	Building license for the 2nd stage obtained
Kalaranna District	Detail plan approval in process
Tallinas Quarter	Projecting works in process in order to apply for the building licence
Kliversala District	Detail plan approval in process
Zvaigznes Quarter	Building licence for reconstruction of the existing building issued
Šaltinių Namai	1st stage completed and on sale with an exception of two more buildings what have received the building licence. 2nd stage is being projected in order to apply for the building licence

Segments and Key Performance Indicators

The Company´s operations are spread across four geographical segments: Estonia, Latvia, Lithuania, and Germany.

The Company's operations in **Estonia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of premises in retail and office properties, and management of cash flow generating retail, office and hotel properties.

The share of the Estonian segment as a percentage of total revenues of the Company during the reporting period amounted 19,6% compared to 49,0% of the comparable period last year, when major part of the revenue was created by Kristiine Shopping Centre, that was sold in May 2011.

During reporting period, total of 3 flats and a land plot were sold and 33 lease agreements signed. At the end of reporting period, stock, consistinng of 14 apartments, 11 office premises, 2 basement premises and several underground parking lots was yet availabe for sale in Tallinn.

Tallinn's PK Ilmarine Hotel has shown outstanding results, increasing its gross profit margin by 34%.

The Company intends to appoint new auditor to one of its Estonian daughter companies, AS Tallinna Moekombinaat, switching from local auditor to internationally attested AS Deloitte Audit Eesti.

The Company's operations in **Latvia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of office properties, and management of cash flow generating hotel properties.

The share of the Latvian segment as a percentage of total revenues of the Company during the reporting period amounted 15,9% compared to 17,9% of the comparable period last year.

In Latvia, the Company has continued leasing ot its office premises signed and 1 flat was sold during the reporting period. There are still 4 flats in stock in Latvia as for the end of reporting period. PK Riga Hotel has significantly improved its occupancy ratios and is keeping stable operating margin.

The Company's operations in **Lithuania** mainly consist of the development and sales of apartments in premium residential real estate properties.

The share of the Lithuanian segment as a percentage of total revenues of the Company during the reporting period amounted 46,9% compared to 15,6% of the comparable period last year. The reason of such increase was a bulk sale of 27 flats and 13 parking places at the beginning of 2012.

In Lithuania 31 flats, 17 parking lots 3 underground storage rooms were sold during the reporting period. Majority of stock sold was sold through a bulk deal that took part at the beginning of 2012. There were still 33 flats, 16 commercial premises, 13 underground storage rooms and 105 parking lots in stock in Vilnius at the end of the reporting period.

The Company's operations in **Germany** consist of the development and management of PK Parkhotel Kurhaus located in Bad Kreuznach, Germany.

The share of the German segment as a percentage of total revenues of the Company during the reporting period amounted 17,7% compared to 17,5% of the comparable period last year. The occupancy of PK Parkhotel Kurhaus hotel has dropped somewhat during the first half of the year due to undergoing restructuring and it has been showing trend of recovery since the middle of the year.

In addition to geographical segmentation described above Group's revenues can also be divided along four business lines - sales of real estate, rental income, real estate management (maintenance), and other operations.

Sales of real estate consist of the development and sales of apartments in premium residential real estate properties in the Baltic capitals. Lease of commercial premises includes the development and lease of premises in retail and office properties in the Baltic capitals. Real estate management business line revenues are generated by the management of cash flow generating retail, office and hotel properties. Other operations mainly include provision of consulting or other services.

Revenue structure, th. EUR, 01.01 – 30.09.2012

	EST 2012 9m.	EST 2011 9m.	LV 2012 9m.	LV 2011 9m.	LT 2012 9m.	LT 2011 9m.	GER 2012 9m.	GER 2011 9m.	TOTAL 2012 9m.	TOTAL 2011 9m.
Real Estate	462	710	105	470	6 101	2 092	-	-	6 668	3 272
Rent	61	3 004	639	578	51	32	-	-	751	3 614
Hotels	1 153	1 049	1 008	1 004	-	-	2 332	2 424	4 493	4 477
Maintenance	889	1 979	54	54	37	29	-	-	980	2 062
Other	18	24	289	366	2	1	-	-	309	391
TOTAL	**2 583**	**6 766**	**2 095**	**2 472**	**6 191**	**2 154**	**2 332**	**2 424**	**13 201**	**13 816**

Other selected data, 01.01- 30.09.2012

	EST 2012 9m.	EST 2011 9m.	LV 2012 9m.	LV 2011 9m.	LT 2012 9m.	LT 2011 9m.	GER 2012 9m.	GER 2011 9m.	TOTAL 2012 9m.	TOTAL 2011 9m.
M^2 sold	323	502	60	309	2 441	955	-	-	2 824	843
Average price/m^2, EUR	1 430	1 415	1 583	1 523	2 461	2 191	-	-	2 324	1 902
M^2 under maintenance management	52 241	50 363	15 013	15 013	7 826	7 826	-	-	75 080	73 202
Occupancy rate, hotels, %	72,4	75,4	81,9	70,6	-	-	52,6	56,6	67,4	67,1

Financing sources and policies

Pro Kapital Group persues conservative financing policy, targeting for high ratio of equity in its projects, as compared to the industry stadards. Company's goal is to use external financing in a manner to avoid interest and loan covernant related risk during low economic periods and to have sufficient additional external financing capacity in case attractive business opportunities occur. The Company seeks to maintain such long term debt levels that are in reasonable proportion to growth in operations and which preserve Company's credit standing.

During first nine months of 2012 the Company has repaid 2,8 mln EUR of its bank loans.

Bank loans are predominantly of middle- term duration, maturing within one to three years. Repayment schedule is floating in dependence on sales volumes.

The Company has signed credit line agreements of 3 mln EUR with Swedbank and 12 mln EUR with its shareholder Svalbork Invest OÜ, to enhance its working capital flexibility

Shares and shareholders

As of 30.09.2012 AS Pro Kapital Grupp has issued total 53 185 422 shares with the nominal value 0,2 euros. The registered share capital of the company is 10 637 084.40 EUR.

By the shareholders decision of 13.04.2009 the share capital has been increased conditionally. By the 13.04.2012 shareholders decision the decision of the conditional share capital increase was amended and it was confirmed the share capital is increased conditionally by 805 151.60 EUR in connection with possible conversion of the issued convertible bonds to the shares of the Company.

Due to the planned listing on the secondary list of Tallinn Stock Exchange the Company shortly after the end of reporting period signed market making agreement with AB Bankas Finasta.

Earnings per share have dropped in third quarter to -0,09 EUR/share for first nine months of 2012. Last year's earnings per share for the same period have been at high of 0,49 EUR/share profitable sales of Kristiine shopping centre and disposal of its subsidiary in Latvia.

As of 30.09.2012 there are 51 shareholders registered in the shareholders register. Many of the shareholders registered in the shareholders register are nominee companies, which represent many bigger and smaller non-resident investors.

Shareholders holding over 5% of the shares as of 30.09.2012:

	Shareholders	**Number of shares**	**Participation in %**
1	Clearstream Banking Luxembourg S.A. Clients	11 387 230	21,41
2	Eurofiduciaria S.R.L.	7 275 154	13,68
3	Svalbork Invest OÜ	6 839 938	12,86
4	Sueno Latino AG	4 528 531	8,51
5	A.F.I. American Financial Investments Ltd.	4 359 935	8,20
6	Anndare Ltd.	3 324 892	6,25
7	UNICREDIT BANK AUSTRIA AG	3 287 801	6,18

Participation of Member of the Management Board and the Council Members as of 30.09.2012:

Name	**Position**	**Number of shares**	**Participation in %**	**Number of convertible bonds**
Paolo Vittorio Michelozzi	CEO	0	0,00	0
Allan Remmelkoor	COO	0	0,00	0
Emanuele Bozzone	Chairman of the Council	0	0,00	22 224
Sari Aitokallio	Council Member	0	0,00	0
Petri Olkinuora	Council Member	0	0,00	0
Pertti Huuskonen	Council Member	0	0,00	0
Giuseppe Prevosti	Council Member	4 447 597*	8,36	0
Renato Lorenzo Bullani	Council Member	133 000	0,25	0

* participation directly and through (a) UNICREDIT BANK AUSTRIA AG nominees account, (b) Zunis S.A and (c) wife Donatella Grigioni

Legal overview and developments

As of September 30, 2012, the Company had 10 pending court cases and 2 court cases where the Company was involved as the third party. Of 10 pending court cases, 5 were labour disputes with employees of German PK Parkhotel Kurhaus. Shortly after the closing of the reporting period, the Company had won 2 out of 5 labour disputes and mutually beneficially settled another labour dispute.

Potentially the most significant legal dispute is held with Dutch resident Aprisco B.V., with possible negative outcome up to 1,4 mln EUR. The Company has followed conservative approach and provisioned the whole amount. Meanwhile, court mortgage has been executed on basement premises located at Narva mnt. 13, their book value as of September 30, 2012 recorded at 130 th. EUR.

The Company has appealed court’s decision and expects more positive outcome than it is actually reflected in current financial statements.

People

At the end of nine months of 2012 the Company employed 129 people compared to 135 at the end of nine months of 2011. 77 of them were engaged in hotel and property maintenance services (82 at the end of nine months of 2011). The total remuneration cost incurred during nine months of 2012 were 1,38 mln EUR compared to 1,65 mln EUR for corresponding period of 2011 (included one-time premiums in amount of 0,56 mln EUR for successful sale of Kristiine Shopping Centre).

Risks

Market risk and liquidity risk are of the most significant influence on the Company. While real estate market has demonstrated some significant fluctuations during last five years, due to its long- term orientation in business model the Company has sucessfully survived the turbulence. The Company is further pursuing long term strategic approach, enabling it to acquire properties for development when market is low and sell the developed properties at the peak of business circle, thus naturally capitalising on market opportunities and hedging market risk.

Liquidity risk is managed on ongoing basis, with increased focus on working capital dynamics and needs. Both careful roll-on basis cash planning, monitoring of development project cash flow and flexibility in everyday cash needs contribute to effective management of liqudity risk.

Asset risks are covered by effective insurance contracts.

Management Board´s confirmation of the management report

The Management Board confirms that the management report presents a true and fair view of any significant event, development of business activities and financial position as well as includes a description of the main risks and doubts.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	29. november 2012
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	29. november 2012

Consolidated statement of financial position

(Th. EUR)	Notes	30.09.2012	30.09.2011
ASSETS			
Current Assets			
Cash and cash equivalents		1 048	8 637
Current receivables		3 128	2 865
Inventories		48 701	53 186
Total Current Assets		**52 877**	**64 688**
Non-Current Assets			
Non-current receivables		152	152
Deferred tax assets		368	370
Property, plant and equipment	4	21 117	21 863
Investment property	5	26 089	26 111
Intangible assets		288	288
Total Non-Current Assets		**48 014**	**48 784**
TOTAL ASSETS		**100 891**	**113 472**

The accompanying notes are an integral part of these interim financial statements.

Consolidated statement of financial position

	Notes	30.09.2012	31.12.2011
LIABILITIES AND EQUITY			
Current Liabilities			
Current debt	6	5 780	14 002
Customer advances		561	838
Current payables		1 837	1 791
Taxes payable		200	95
Short-term provisions		1 751	1 091
Total Current Liabilities		**10 057**	**17 817**
Non-Current Liabilities			
Long-term debt	6	21 422	21 462
Other long-term liabilities		10	0
Deferred income tax liability		1 839	1 962
Long-term provisions		187	173
Total Non-Current Liabilities		**23 458**	**23 597**
TOTAL LIABILITIES		**33 515**	**41 414**
Equity attributable to equity holders of the parent			
Share capital in nominal value		**10 637**	10 637
Revaluation reserve		11 337	11 330
Foreign currency differences		-1 130	-1 130
Retained earnings			
Accumulated profits		49 624	27 693
Profit (loss) for the period		-4 645	21 931
Total equity attributable to equity holders of the parent		**65 823**	**70 461**
Non-controlling interest		**1 553**	**1 597**
TOTAL EQUITY		**67 376**	**72 058**
TOTAL LIABILITIES AND EQUITY		**100 891**	**113 472**

The accompanying notes are an integral part of these interim financial statements.

Statement of comprehensive income

(Th. EUR)	Notes	2012 9m.	2011 9m.	2012 Q3	2011 Q3
Operating income					
Revenue	3, 7	13 201	13 816	3 269	5 800
Cost of goods sold	8	-10 386	-9 504	-2 316	-3 748
Gross profit		**2 815**	**4 312**	**953**	**2 052**
Marketing expenses		-449	-335	-160	-166
Administrative expenses	9	-4 264	-4 772	-1 557	-1 996
Other income		166	54 197	48	-495
Other expenses		-1 808	-703	-588	-232
Operating profit (loss)		**-3 540**	**52 699**	**-1 304**	**-837**
Financial income	10	22	4 355	6	3 696
Financial expense	10	-1 099	-2 697	-420	-542
Profit (loss) before income tax		**-4 617**	**54 357**	**-1 718**	**2 317**
Income tax	3	-97	17	-55	10
Deferred tax	3	73	0	17	0
Net profit (loss) for the period		**-4 641**	**54 374**	**-1 756**	**2 327**
Net profit (loss) attributable to:					
Equity holders of the parent		**-4 645**	**26 188**	**-1 756**	**2 279**
Non-controlling interest	3	**4**	**28 186**	**0**	**48**
Other comprehensive income (loss), net of income tax					
Comprehensive income (loss) for the period		-4 641	54 374	-1 756	2 327
Equity holders of the parent		**-4 645**	**26 188**	**-1 756**	**2 279**
Non-controlling interest		**4**	**28 186**	**0**	**48**
Earnings per share (EUR)		(-0,09)	0,49	(0,04)	0,05
Diluted earnings per share (EUR)	11	(-0,09)	0,49	(0,04)	0,05

The accompanying notes are an integral part of these interim financial statements

Statement of cash flows

(Th. EUR)	Notes	2012 9m.	2011 9m.
Profit (loss) for the period		**-4 641**	**54 374**
Adjustments:			
Depreciation charge for the period	3, 4	826	476
Amortisation charge for the period		6	6
Loss from change in fair value of investment property	5	666	0
Profit from sale of investment property		-2	-54 057
Loss from sale of property, plant and equipment		8	15
Interest income	10	-22	-1 578
Profit from sales of ownership in subsidiaries		0	-2 750
Interest expenses	10	1 075	2 614
Non-monetary transactions		-650	-5 264
Change in:			
Current receivables		-263	-6 586
Inventories		4 485	-2 346
Customer advances		-277	-1 482
Current payables		46	0
Taxes payable		105	0
Short-term provisions		660	12
Other long-term liabilities		10	0
Deferred income tax liability		-123	0
Long-term provisions		14	0
Other changes		-4 923	-11 171
Cash used in operating activities		**-3 000**	**-27 740**
Additions to fixed assets	4	-88	-71
Additions to investment property	5	-666	-169
Additions to assets held for sale		0	-878
Proceeds from sale of investment property		25	104 997
Proceeds from sale of tangible assets		0	4
Proceeds from sale of subsidiaries		0	7
Acquisition of subsidiaries		-9	-13 462
Interests collected		22	-1 054
Cash from (used in) investing activities		**-716**	**89 374**
Proceeds from convertible bonds		0	3 062
Proceeds from loans / debt		0	2 295
Repayment of loans / debt		-2 798	-68 343
Interests paid		-1 075	- 2 483
Cash used in financing activities		**-3 873**	**-65 469**
Net change in cash and cash equivalents		**-7 589**	**-3 835**
Opening balance		8 637	20 243
Closing balance		1 048	16 408

The accompanying notes are an integral part of these interim financial statements.

Statement of changes in equity

(Th. EUR)	Share capital in nominal value	Share premium	Statutory legal reserve	Revaluation reserve	Foreign currency differences	Accumulated profits (losses)	Accumulated profits (losses) separated	Profit (loss) for the financial period	Total equity attributable to equity holders of the parent	Non-controlling interest	Total equity
						Retained earnings					
NBV 01.01.2010	**33 992**	**45 089**	**2 938**	**0**	**-1 373**	**111 925**	**-142 761**	**-3 455**	**46 355**	**29 390**	**75 745**
Transfer to retained earnings	0	0	0	0	0	-3 455	0	-3 455	0	0	0
Profit (loss) for the financial period	0	0	0	0	0	0	0	-7 413	-7 413	393	-7 020
Change in interest in subsidiaries	0	0	0	0	0	-2 097	0	0	-2 097	- 113	- 2 210
Foreign currency differences	0	0	0	0	-9	0	0	0	-9	0	-9
NBV 31.12.2010	**33 992**	**45 089**	**2 938**	**0**	**-1 382**	**106 373**	**-142 761**	**-7 413**	**36836**	**29 670**	**66 506**
Transfer to retained earnings	0	0	0	0	0	-7 413	0	7 413	0	0	0
Decrease in share capital	-23355	-45 089	-2 938	0	0	71 382	0	0	0	0	0
Impact of separation	0	0	0	0	0	-142 761	142 761	0	0	0	0
Appropriation to revaluation reserve	0	0	0	11 330	0	0	0	0	11330		11 330
Profit (loss) for the financial period	0	0	0	0	0	0	0	21 931	21 931	28 171	50 102
Change in interest in subsidiaries	0	0	0	0	0	112	0	0	112	-56 244	-56 132
Foreign currency differences	0	0	0	0	252	0	0	0	252	0	252
NBV 31.12.2011	**10 637**	**0**	**0**	**11 330**	**-1 130**	**27 693**	**0**	**21 931**	**70461**	**1597**	**72 058**
Transfer to retained earnings	0	0	0	0	0	21 931	**0**	-21 931	0	0	0
Profit (loss) for the financial period	0	0	0	0	0	0	0	-4 645	-4 645	4	-4 641
Change in interest in subsidiaries	0	0	0	0	0	0	0	0	0	-48	-48
Foreign currency differences	0	0	0	7	0	0	0	0	7	0	7
NBV 30.09.2012	**10 637**	**0**	**0**	**11 337**	**-1 130**	**49 624**	**0**	**-4 645**	**65823**	**1553**	67 376

Note 1. General information

AS Pro Kapital Grupp (hereinafter also referred to as "the Ultimate Parent Company") is a holding company incorporated and operating in the Republic of Estonia. The main shareholders of the Ultimate Parent Entity are the following:

Shareholder	Country of incorporation	Share of ownership 30.09.2012	Share of ownership 31.12.2011
Clearstream Banking Luxembourg S.A.	Luxembourg	21,41%	0,00%
Eurofiduciaria S.r.l.	Italy	13,68%	11,98%
Svalbork Invest OÜ	Estonia	12,86%	12,86%
Sueno Latino AG	Liechenstein	8,51%	8,51%
A.F.I. American Financial Investments Ltd.	Liechtenstein	8,20%	9,57%
Anndare Ltd.	Ireland	6,25%	41,69%

For the purpose of comparative financial figures of these interim financial statements as at 30 September 2011, AS Pro Kapital Grupp (hereinafter also referred to as "PKG") is a holding company, which owns subsidiary groups in Estonia (Pro Kapital Eesti AS), Latvia (Pro Kapital Latvia PJSC), Lithuania (Pro Kapital Vilnius Real Estate UAB), and Germany (Pro Kapital Germany GmbH) (hereinafter also referred to as „the Group") and whose main fields of activity are to coordinate and control the development and implementation of the subsidiaries' business strategies, to administrate the Group's financial management, business reporting, and to forward information to investors.

For the comparative period of nine months 2011, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Ultimate Parent Company and its subsidiaries (hereinafter also referred together to as "the Group").

Note 2. Basis of preparation of interim financial statements

Basis of preparation

In 2011, PKG disposed its operations in Ukraine and Russia:

- By 14 September 2011 liquidation of subsidiary of the Ultimate Parent Company, Pro Kapital Ukraine 3AT was finished. In regard of this, the business activity of the Group ended in Ukraine.
- On 28 November 2011 the Ultimate Parent Company sold 100% of Pro Kapital Rus OOO shares at the price of 10 thousand Russian roubles (292 EUR). Profit from sale of ownership amounted to 6 589 th. EUR. In regard of this, business activity of the Group ended in Russia.

In connection with the offering of PKG shares and in order to present an economic and consistent view of the Group business as a whole, historical financial statements for the period 1 January – 30 September 2011 have been prepared based on the financial statements historically included in the consolidated financial statements of AS Pro Kapital Grupp and excluding financial effect arising from sold entities, Pro Kapital Ukraine 3AT and Pro Kapital Rus OOO.

These comparative financial statements for the period 1 January – 30 September 2011 are not necessarily indicative of the consolidated financial statements that would have been prepared if the subsidiaries in Ukraine and Russia had been disposed at an earlier date than the actual. They provide an indicative view of the Group businesses' historical operations within AS Pro Kapital Grupp.

These interim financial statements ("financial statements") have been prepared in accordance with IFRS as adopted in the European Union, with the exception of the following Principles :

IAS 27 requires that a group consolidates its operations as if it was a single entity. Group's operations are defined through existence of control that the parent company exercices over other entities (subsidiaries), i.e. the parent company has the power to govern, directly or indirectly, the financial and operating policies of other entities so as to obtain benefits from its activities. The comparative financial statements for the nine-month periood ended 30 September 2011, have been compiled in line with the existance of control over entities as of 31 December 2011 and in accordance with consolidation principes as stated in IFRS standards.

Consequently, the comparative financial information provided does not reflect factual legal structure nor presence of control over other entities by the Group as at 30 September 2011. The purpose for such presentation is providing sufficiently comparable historical information about the operations of the group entities retained after the disposal of Ukraine and Russian operations on the nine months of 2011.

This results in deviation from IFRS 5 principles for reporting on discontinuing operations, as after applying the IAS 27 deviation described above has lost its relevance for the context purposes.

Judgements, estimates and assumptions used in compiling interim financial statements do not differ from those used and stated in last Annual Report (for the year 2011).

Note 3. Segment reporting

(Th. EUR)	Estonia	Latvia	Lithuania	Germany	Total
2012 9m.					
Revenue	2 583	2 095	6 191	2 332	13 201
Other operating income	24	35	2	105	166
Segment operating profit (loss)	-3 249	-964	705	-32	-3 540
Financial income and expense (net)	-716	-118	-177	-66	-1 077
Profit (loss) before income tax	-3 965	-1 082	528	-98	**-4 617**
Income tax	0	-29	5	0	-24
Non-controlling interest	4	-8	0	0	-4
Net profit (loss) for the financial year attributable to equity holders of the parent	**-3 961**	**-1 119**	**533**	**-98**	**-4 645**
30.09.2012					
Assets	51 582	25 696	13 987	9 626	100 891
Liabilities	20 740	5 852	5 651	1 272	33 515
Acquisition of non-current assets	65	13	6	4	88
Depreciation and amortisation	-125	-436	-19	-246	-826
2011 9m.					
Revenue	6 766	2 472	2 154	2 424	13 816
Other operating income	54 064	62	0	71	54 197
Segment operating profit (loss)	53 455	-473	-206	-77	52 699
Financial income and expense (net)	-346	2 634	-628	-2	1 658
Profit (loss) before income tax	53 109	2 161	-834	-79	**54 357**
Income tax	0	0	17	0	17
Non-controlling interest	28 126	60	0	0	28 186
Net profit for the financial year attributable to equity holders of the parent					**26 188**
31.12.2011					
Assets	59 413	26 544	18 403	9 112	113 472
Liabilities	25 919	6 047	8 050	1 398	41 414
Acquisition of non-current assets	812	9	1	0	822
Depreciation and amortisation	-99	-132	-10	-60	-301

During nine months of 2012, Pro Kapital Lithuanian segment sold 4 535 th. EUR worth real estate properties (both residential, commercial and parking lots) to UAB Colosseum Real Estate Vilnius, which is a related party, in a bulk deal. Related party information is further disclosed in Note 12.

Note 4. Property, plant and equipment

As of 31 December 2011 Group's land and buildings was valued into their fair value based on the valuation of independent expert. The valuation, which confirms to International Valuation Standards, was performed by indpenendent real estate appraiser SIA Newsec Valuation LV and was determined by reference to discounted cash flow method. Current market conditions (at the moment the valuation was perfomed) were used as assumptions for the valuations performed.

Based on independent appraiser's valuation, following fair value adjustments were performed as of 31 December 2011 (th. EUR):

	Carrying amount 31.12.2011	Fair value 31.12.2011	Fair value 30.09.2012
Pulkvieza Brieza 11, Riga	1 795	6 070	5 720
Põhja pst. 21, 21a, 21b-1, Tallinn	3 602	6 100	6 006
Põhja pst.21c, Tallinn	198	268	265

Revaluation reserve (accounted for under equity) was formed to account for revaluation differences.

No additional adjustments were considered relevant as of 30 September 2012.

(Th. EUR)	Land and buildings	Machinery and equipment	Other tangible assets	Prepay-ments	Total
Cost 01.01.2011	**13 731**	**1 315**	**2 194**	**0**	**17 240**
Additions:					
Acquired	0	12	27	0	**39**
Acquired in business combination	0	0	399	0	**399**
Disposals:					
Sold	0	-6	-3	0	**-9**
Written off	0	-9	-224	0	**-233**
Application of revaluation model:					
Fair value gain	12 878	0	0	0	**12 878**
Reversal of accumulated depreciation	-1 955	0	0	0	**-1 955**
Other changes:					
Reclassified to/from inventories	-2 807	0	0	0	**-2 807**
Reclassified to/from investment property	0	0	-14	0	**-14**
Foreign currency differences	57	15	15	0	**87**
Cost 31.12.2011	**21 904**	**1 327**	**2 394**	**0**	**25 625**
Additions:					
Acquired	0	33	52	3	**88**
Disposals:					
Written off	0	-25	-59	-3	**-87**
Other changes:					
Reclassification	0	-65	65	0	**0**
Cost 31.12.2011	**21 904**	**1 255**	**2 452**	**0**	**25 626**

Accumulated depreciation 01.01.2011	**2 446**	**673**	**2 072**	**5 191**
Additions:				
Depreciation charge for the period	415	109	53	**577**
Acquired in business combination	0	0	235	**235**
Application of revaluation model:				
Reversal of accumulated depreciation	-1 955	0	0	**-1 955**
Disposals:				
Sold	0	-2	-4	**-6**
Written off	0	-9	-209	**-218**
Other changes:				
Reclassified				
Reclassified to/from inventories	-100	0	0	**-100**
Reclassified to/from investment property	0	0	-9	**-9**
Foreign currency differences	29	8	10	**47**
Accumulated depreciation 31.12.2011	**835**	**779**	**2 148**	**3 762**
Additions:				
Depreciation charge for the period	708	89	29	**826**
Disposals:				
Written off	0	-20	-59	**-79**
Other changes:				
Reclassified	0	-53	53	**0**
Accumulated depreciation 30.09.2012	**1 543**	**795**	**2 171**	**4 509**

Note 5. Investment property

(Th. EUR)	30.09.2012	31.12.2011
Investment property held for increase in value	26 001	26 023
Investment property held for earning rentals	88	88
Total	**26 089**	**26 111**

	Investment property held for increase in value	Investment property held for earning rentals	Total
NBV 01.01.2011	**26 132**	**468**	**26 600**
Additions:			
Acquired	332	0	**332**
Disposals:			
Written off	-110	-380	**-490**
Changes in fair value:			
Gain/loss from change in fair value	-331	0	**-331**
NBV 31.12.2011	**26 023**	**88**	**26 111**
Additions:			
Acquired	666	0	**666**
Disposals:			
Written off	-22	0	**-22**
Changes in fair value:			
Gain/loss from change in fair value	-666	0	**-666**
NBV 31.12.2011	**26 001**	**88**	**26 089**

As of 31 December 2011 assessing the fair value of investment property the management of the Group was based on valuation reports of independent real estate appraisers. The valuation, which confirms to International Valuation Standards, was in majority determined by reference to recent market transactions and arms' length term. In few instances where appropriate also discounted cash flow method was used in determination of fair value of Group's investment property.

As of 30 September 2012 the management of the Group revisisted the assumptions used during valuations made by independent real estate appraisals as of 31 Decemebr 2011 and found no need to make adjustments in used assumptions and inputs. Consequently, as of 30 September 2012 the fair value of investment property was found to be unchanged since 31 December 2011. Fair value adjustment of 666 th. EUR comes from change in methology.

The rental income and the corresponding direct expenses from the described investment property were the following:

(Th. EUR)	2012 9k.	2011 9k.
Rental income	7	9
Direct operating costs:		
Maintenance	70	61

Note 6. Loans

(Th. EUR)	30.09.2012	31.12.2011
Current debt	1 632	4 402
Non-current debt	10 150	10 190
Convertible debt	11 272	11 272
Total	**23 054**	**25 864**

Creditor	30.09.2012	31.12.2011	CCY	Interest %
Swedbank AS (EE)	1 914	2 141	EUR	2% + 6m Euribor
Swedbank AS (EE)	605	605	EUR	2,5% + 6m Euribor
AS Swedbank (LV)	4 365	4 623	EUR	3,0% + 3m Euribor
“Swedbank” AB (LT)	4 885	7 200	EUR	2,4% + 6m Euribor
Volksbank Bad Kreusnach	13	23	EUR	5,1%
Convertible debt- various shareholders	11 272	11 272	EUR	7%
Total	**23 054**	**25 864**		

(Th. EUR)	30.09.2012	31.12.2011
Due within 1 year	12 904	15 674
Due between 2 to 5 years	10 150	10 190
Due after 5 years	0	0
Total	**23 054**	**25 864**

(Th. EUR)		Carrying value of the pledged assets	
Beneficiary	**Collateral description**	**30.09.2012**	**31.12.2011**
Swedbank AS (Estonia)	Kalaranna 1, Tallinn	4 927	4 927
Swedbank AS (Estonia)	Ülemiste Road 5, Tallinn	1 700	1 700
Swedbank AS (Estonia)	Seebi 24a/ Tondi 53b, Tondi 49a, 51d, 51f, 53, 53a, 53c, 55b, 57, Tammsaare Road 56/58, Tallinn	8 262	8 410
Swedbank AS (Estonia)	Põhja Avenue. 23, Jahu 1, Tallinn	1 021	1 205
Swedbank AS (Estonia)	Peterburi Road 2, Tallinn	24 300	24 300
Swedbank AS (Estonia)	Tondi 51, Tallinn	1 781	1 781
Swedbank AS (Estonia)	Põhja Avenue 21a, 21b, 21 (703/6962), Tallinn	6 006	6 037
AS Swedbanka (Latvia)	Pulkveza Brieza St. 11, Riga	5 720	6 070
AS Swedbanka (Latvia)	Trijadibas St.5, Riga	8 869	8 869
Swedbank AB (Lithuania)	Aguonu str.10, Vilnius	13 819	17 772
Total		**76 405**	**81 071**

As of 30 September 2012, obligations connected to collaterals of Kalaranna 1, Ülemiste Road 5, Seebi 24a/ Tondi 53b, Tondi 49a, 51d, 51f, 53, 53a, 53c, 55b, 57, Tammsaare Road 56/58 and Peterburi Road 2 (all of the properties located in Tallinn) have been fully repaid.

In addition to guarantee letters related to loans of the Group, AS Pro Kapital Grupp has issued guarantee letters as follows:

- To Hotel Blijdorp B.V. to assure the rental liabilities to Serval S.r.l. related to the hotel, located in Rotterdam, rental agreement concluded between Serval S.r.l. and Hotel Blijdorp B.V. The guarantee letter is only to assure the rental payments in amount up to 2 300 Th. EUR (30 September 2012);
- To AS Swedbank (Latvia) to assure the potential liability of Klīversala RE SIA, an entity belonging to Pro Kapital Latvia subsidiary group, in the amount of 8 002 Th. EUR (5 681 334 LVL), as AS Swedbank (Latvia) has issued a guarantee letter in the same amount to VAS „Privatizācijas aģentūra" to assure the investment liabilities related to contract concluded between Klīversala RE SIA and VAS „Privatizācijas aģentūra" (30 September 2012).
- To Swedbank AS (Latvia) to assure loan liabilities of SIA Investhotel in the amount of 4 365 th. EUR as of 30 September 2012.
- AS Pro Kapital Grupp and AS Pro Kapital Eesti issued a guarantee letter to Kristiine Keskus OÜ of which they assure in solitary the monetary liabilities of Täismaja AS. In case Täismaja AS violates the confirmation given in the contract of sales of the shopping centre, Kristiine Keskus OÜ can lodge a claim with Täismaja AS. The guarantee is conditional and guarantors are responsible only if Täismaja AS is unable to settle the claim. The guaranteed amount is 5 000 th. EUR and it is effective for 18 months after enforcement of the sales contract, i.e. until 2 November 2012. At the time of compilation of the interim report, the guarantee has already expired unrealised.
- Guarantee letter to Kristiine Keskus OÜ to secure (jointly with Pro Kapital Eesti AS) possible claims against Täismaja AS arising from a loan contract concluded between Pro Kapital Eesti and Täismaja AS on 9 March 2004. The guarantee letter is limited to maximum amount of potential claim. The guarantee is effective for 72 months from concluding sales- purchase agreement, i.e. until 2 May 2017.
- As AS Swedbank (Estonia) to assure loan liabilities of AS Tondi Kvartal that amounted to 605 th. EUR as of 30 September 2012
- To Swedbank AB (Lithuania) to assure loan liabilities of UAB PK Invest in the amount of 4 885 th. EUR as of 30 September 2012.

Note 7. Revenue

(Th. EUR)	2012 9m.	2011 9m.	2012 Q3	2011 Q3
Revenue from sales of real estate	6 668	3 272	1 007	1 871
Rental revenue	751	3 614	251	165
Hotel operating revenue	4 493	4 477	1 685	1 743
Other services	1 289	2 453	326	2 021
Total	**13 201**	**13 816**	**3 269**	

Note 8. Cost of goods sold

(Th. EUR)	2012 9m.	2011 9m.	2012 Q3	2011 Q3
Cost of real estate sold	5 354	2 936	935	1 627
Cost of providing rental services	720	1 291	230	-125
Cost of hotel operations	2 747	2 980	671	153
Cost of other services	1 565	2 297	480	2 093
Total	**10 386**	**9 504**	**2 316**	**3 748**

(Th. EUR)	2012 9m.	2011 9m.	2012 Q3	2011 Q3
Staff costs	1 021	1 174	140	678
Depreciation charge	528	287	12	-264
Impairment of tangible and intangible assets	0	21	0	0
Inventory write-offs	0	10	0	0
Other	8 837	8 012	2 164	3 334
Total	**10 386**	**9 504**	**2 316**	**3 748**

Note 9. Administrative expenses

Administrative expenses (Th. EUR)	**2012 9m.**	**2011 9m.**	**2012 Q3**	**2011 Q3**
Staff costs	815	2 318	252	970
Depreciation charge	325	254	272	159
Amortisation charge	6	5	2	1
Other	2 118	2 195	1 031	866
Total	**4 264**	**4 772**	**1 557**	**1 996**

Note 10. Financial income and expenses

Financial income (Th. EUR)	**2012 9m.**	**2011 9m.**	**2012 Q3**	**2011 Q3**
Interest income	22	1 578	7	923
Income arising from transactions with participations in subsidiaries	0	2 750	0	2 750
Gain from foreign currency translation	0	27	-1	23
Total	**22**	**4 355**	**6**	**3 696**

Financial expenses (Th. EUR)	**2012 9m.**	**2011 9m.**	**2012 Q3**	**2011 Q3**
Interest expenses	1 075	2 614	405	485
Foreign currency loss	10	16	2	16
Gain from foreign currency translation	13	67	13	41
Total	**1 099**	**2 697**	**420**	**542**

Note 11. Earnings per share

Earnings per share are calculated by dividing the net profit (loss) for the period with the weighted average number of shares in the period:

Average number of shares:

In period 01.01.2012 - 30.09.2012	(53 185 422 x 9/9) = 53 185 422
In period 01.01.2011 - 30.09.2011	(53 185 422 x 9/9) = 53 185 422

Indicative earnings per share (in EUR):

01.01- 30.09.2012	(4645thousand)/53 185 422=(0,09)
01.01- 30.09.2011	26 188 thousand/53 185 422= 0,49

Indicative changes in earnings per share during 01.07.2012- 30.09.2012

01.07 - 30.09.2012	(1 756 thousand)/53 185 422=(0,04)
01.07- 30.09.2011	2 279 thousand/53 185 422= 0,05

The convertible bonds issued did not have a dilutive effect on earnings in 2012 and 2011, therefore they have not been included in the calculation of the diluted net gain (loss) per share and the diluted gain (loss) per share equals the net gain (loss) per share indicator.

Note 12. Transactions with related parties

Transactions with related parties are considered to be transactions between the entities within the consolidated Group, its shareholders, the members of the Supervisory Council and the Management Board, their families and the companies in which they hold majority interest or have significant influence.

Transactions with related parties

(Th. EUR)	2012 9m.	2011 9m.	2012 Q3	2011 Q3
Significant owners and owner related companies				
Goods and services sold	4 646	219	12	219
Interest income earned	14	1 036	7	385
Received interest (-)	0	0	0	-47
Issued loans	330	479	0	-477
Granted claims	7 300	23 412	-16 112	0
Acquisition of shares in subsidiaries	9	9	0	0
Issued convertible bonds	0	3 062	0	0
Salaries and bonuses paid to management	694	970	255	221

Receivables from related parties

(Th. EUR)	30.09.2012	31.12.2011
Significant owners and owner related companies		
Current receivables from related parties	492	516
Total	**492**	**516**

Payables to related parties

(Th. EUR)	30.09.2012	31.12.2011
Significant owners and owner related companies		
Payables to related parties	4 088	9 520
Total	**4 088**	**9 520**

Holdings in the Ultimate Parent Company	**30.09.2012**	**31.12.2011**
Members of the Council and individuals related to them	8,61%	8,61%

Furthermore, 22 224 pieces of convertible bonds are held by the members of the council.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties. The Group has been provided loans to related parties at rates comparable to the average commercial rate of interest. The loans to related parties are unsecured.

Note 13. Lawsuits

Ultimate parent company

As of 30.09.2012 the AS Pro Kapital Grupp had two pending court cases.

On 27.05.2010 Aprisco B.V filed a case to Rotterdam court against AS Pro Kapital Grupp related to the guarantee letter with what AS Pro Kapital Grupp assures the rental liabilities of the Serval S.r.l (former Domina Hotel Group Spa, a former group company) arising from the rental agreement of the Rotterdam hotel, concluded on 04.08.2006 between Serval S.r.l and Hotel Blijdorp B.V. In 2007 Aprisco B.V acquired the hotel that was managed by subsidiary of Serval S.r.l and the rental agreement with Serval S.r.l was transferred to Aprisco B.V. Serval S.r.l has not fulfilled the rental obligations to Aprisco B.V, therefore Aprisco B.V claims the payments according to the guarantee letter from AS Pro Kapital Grupp. Aprisco has filed alternative claims to the court. Firstly, Aprisco B.V claims the payment of caused loss in the amount of 2 300 thousand euros or in the amount stated by the court. As an alternative claim, Aprisco B.V claims overdue rental payments in the amount of 904 thousand euros with accumulated interest for default or in the amount of 504 thousand euros with accumulated interest for default. On 31.08.2011 Aprisco B.V changed its claim and claims the payment of caused loss in the amount of 2 300 thousand euros with accumulated interest for default, or in the amount stated by the court. As an alternative claim, Aprisco B.V claims overdue rental payments in the amount of 1 776 thousand euros with accumulated interest for default or in the amount of 1 409 thousand euros with accumulated interest for default.

On 04.07.2012 Rotterdam City Court made a decision and awarded Aprisco B.V claim in the amount of 1 409 265,2 EUR to be paid.

The Management Board of AS Pro Kapital Grupp does not agree with the court decision. The Management Board of AS Pro Kapital Grupp does not recognize the claim.

AS Pro Kapital Grupp has appealed the decision on 11.09.2012. Appeal is currently pending.

Nevertheless, to keep in line with the Company's conservative policies, the provision has been formed for the maximum amount of the claim 1 409 thousand euros as of 30.06.2012 so the potential negative outcome of the dispute shall not have a significant impact on AS Pro Kapital Grupp income statement.

On 06.08.2012 Aprisco B.V has filed the application to the Harju County Court for the recognition and enforcement of the Rotterdam City Court decision of 04.07.2012. Currently the proceedings are ongoing. AS Pro Kapital Grupp rejects the application of Aprisco B.V. as the Rotterdam City Court decision of 04.07.2012 has been appealed and the decision is not in force and final, thus can't be deemed enforceable in Republic of Estonia in the opinion of AS Pro Kapital Grupp.

Aprisco B.V also applied for the court mortgage to be set on AS Pro Kapital Grupp real-estate assets located at Narva road 13a to secure their claim arising from the Rotterdam City Court decision of 04.07.2012.

On 27.08.2012 Harju County Court made the ruling in regards to the application to secure the claim of Aprisco B.V. The court set the court mortgage in total of 807 514,56 euros on Narva road 13a real-estate properties belonging to AS Pro Kapital Grupp. AS Pro Kapital Grupp has appealed the decision and currently the appeal proceeding are ongoing. The book value of the assets encumbered with the court mortgage had book value of 130 th.EUR as of September 30, 2012.

Pro Kapital Estonia sub-group

As of 30.09.2012 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any court cases. AS Täismaja is involved in one law suit as a third party.

Pro Kapital Latvia sub-group

As of 30.09.2012 the Pro Kapital Latvia sub-group had one pending court case and one court case in which the sub-group subsidiary is involved as third party.

During August – October 2007 the Tax Board audited the VAT accounting of Pro Kapital Latvia PJSC for the period from January 2005 to December 2006. As a result the Tax Board found that the company's loss should be 60 thousand Latvian latts smaller (approx. 86 thousand euros). The Company disputed the decision. The trial court left the claim unsatisfied. The company appealed, but on 28.09.2012 the Administrative Regional Court decided to reject the claim. The Company has submitted the cassation to the Supreme Court.

Italian citizen Mr. Antonio Sugaroni Ziemelu has started litigation against maintenance company (not belonging to Pro Kapital group of companies) claiming personal damages in amount of LVL 4'945,09 on the basis that he was walking through the street near the building at Pulkveza Brieza 11, Riga and was injured by the snow and ice falling from the roof of the building. Group company LLC Hotel Management Services is involved in the proceeding as third party (not defendant).

Pro Kapital Vilnius sub-group

As of 30.09.2012 the entities of Pro Kapital Vilnius sub-group have two pending court cases.

UAB "Natalex" has filed a claim in the amount of 166 thousand Lithuanian litas (approx. 48 thousand euros), plus interest 6% for return of the prepayment under an apartment sale contract. Group company PK Invest UAB found that UAB "Natalex" had breached the contract and the prepayment has been set-off with the penalty against UAB "Natalex". In April 2012 the court rejected UAB "Natalex" claim. UAB "Natalex" has appealed court decision

In February 2012, UAB "Gatvių statyba" submitted the claim to the Vilnius district court requesting for LTL 197 thousand Lithuanian litas (approx. 57 thousand euros), plus 8,06 % interest, for the performed works in Saltiniu Namai. Group company PK INVEST UAB did not agree with the claim because the works were performed unduly and the deficiencies were recorded by the parties in writing.

PK Invest has won the Appeal court case against "Apskaitos ir Mokesciu sistemos" and will keep the deposit of LTL 59'990,35 and litigation cost of LTL 7000 will be covered to PK Invest.

PK Hotel Management Services GmbH

As of 30.09.2012 PK Hotel Management Services GmbH (former Domina Tourismus GmbH) had 5 pending labor court cases, 4 of which are new cases due to the termination of the cleaning department of the hotel.

After the reporting period the Company won 2 labor court cases initiated by the the former employees of the cleaning department and the conclusion of the court was that the termination of the employment contracts in those two cases was according to law. 2 similar labor court cases are still pending.

After the reporting period the Company also settled a labor court case with sales-manager of the hotel. Settlement was mutually beneficial.

Management Board´s confirmation of the financial statements

The Management Board confirms the correctness and completeness of AS Pro Kapital Grupp consolidated interim report for the third quarter and nine months of 2012 a presented on pages 11-29.
The interim report has been prepared in accordance with the International Financial Reporting Standards and gives a true and fair view of the company´s financial position, its results of the operations and cash flows. AS Pro Kapital Group is a going concern.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	29. november 2012
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	29. november 2012