

## **AS HARJU ELEKTER**

Interim report 1-9/ 2009

Business name	AS Harju Elekter
Main business area:	production of electrical distribution systems and control panels; production of sheet metal products; wholesale and mediation of goods, retail of light fittings and electrical appliances; real estate holding; management assistance and services
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Auditor:	KPMG Baltics
Beginning of the reporting period:	1 <sup>st</sup> of January 2009
End of the reporting period:	30 <sup>th</sup> of September 2009

*The interim report of Harju Elekter Group on 24 pages*

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**EXPLANATORY NOTE*****Group structure and changes on it***

In interim report for Q3 2009 the financial indicators of AS Harju Elekter (the consolidating entity) and its subsidiaries – Harju Elekter Elektrotehnika, Eltek, Satmatic and Rifas - are consolidated line-by-line and the results of affiliated company – Draka Keila Cables - by the equity method. The shares of PKC Group Oyj are recognised on the balance sheet on the fair value basis. As of 30 September 2009, Harju Elekter has substantial holdings in the following companies:

Company		Country	30.9.09	31.12.08	30.9.08
AS Eltek	subsidiary	Estonia	100.0%	100.0%	100.0%
AS Harju Elekter Elektrotehnika	subsidiary	Estonia	100.0%	100.0%	100.0%
Satmatic OY	subsidiary	Finland	100.0%	100.0%	100.0%
Rifas UAB	subsidiary	Lithuania	51.0%	51.0%	51.0%
AS Draka Keila Cables	associated company	Estonia	34.0%	34.0%	34.0%
SIA Energokomplekss	financial investment	Latvia	14.0%	10.0%	10.0%
PKC Group Oyj	financial investment	Finland	8.3%	8.9%	8.9%

***Economic environment***

During Q3, the world economy has been showing signs of stabilisation and restoration of growth: consumer and company confidence has risen, and there has been a rise on the financial markets as well. In the estimation of analysts, however, the recuperation of the economy will remain moderate in the immediate future, and since the current recuperation will be based primarily on stimulus packages, the likelihood of a backlash is significant. This year, the world economy is forecast to decrease by -1.3% (with the growth over the past 20 years having averaged 3.5%), and while growth fluctuates between 4-8% in developing countries, the drop in developed countries will be in the range of 2-7%, including -7% for the Finnish market important to us. Countries dependent on raw materials exports (Russia) are facing difficulties as well. The debt burden of the wealthier nations is increasing due to stimulus packages and poor economic developments, as a result of which governments in the future will be forced to increase taxes and cut back on measures stimulating the economy in order to increase budget revenues. The risk of deflation has indeed declined; however, it may be displaced by the risk of an excessively rapid increase in prices. In the immediate future, inflation will be held back by the recession and growing unemployment. A slow rise in interest rates may be expected.

In general, the economic developments in the three Baltic states have been similar: an extensive drop in demand in the domestic economy, a drop in prices, a rise in unemployment, a drop in wages and current accounts running a surplus. Analysts at Swedbank are predicting an 18% recession in Latvia, 16% in Lithuania and 13-15% in Estonia. In spite of the relatively speedy and successful adaptation by the private sector, larger risks are related to economic and political choices and the need to rein in budget deficits.

A number of signs in exports, industry and the labour market indicate that in the summer of 2009 the Estonian economy hit the bottom of the current economic cycle, and that the second half of the year will show some signs of recuperation. The recovery of the economy will be slow, taking years and depending to a large extent on specific processes unfolding in the world and Estonia. The biggest negative impact on the economy is being made by the current weak domestic demand, implying also modest imports. At the same time, the contribution of net exports to GDP will turn out to be positive. The efforts by the Government to keep the budget deficit below 3% of GDP, as required by the Maastricht criteria, in order to meet the requirements for membership in the euro zone and the adoption of the euro in 2011, should also be highlighted.

### *Main events*

In February Harju Elekter's subsidiaries Harju Elekter Elektrotehnika and Satmatic, along with their long-term cooperation partner Siemens Oy, participated in the electricity networks fair Verkosto 2009 in Tampere, Finland. Two compact substations with sheet metal enclosures, as well as a medium voltage distribution point, were presented to the fair visitors. The visitors expressed a great deal of interest in the novel products, with an air insulated medium voltage substation manufactured for the Finnish market proving to be the most attractive. In April, at the local construction trade fair Estbuild 2009, in Tallinn, the Harju Elekter trade group also presented its product range.

On 23<sup>rd</sup> of April 2009 was held the AGM where attended by 100 shareholders and their authorised representatives who represented the total of 61.8 % of the total votes. The general meeting approved management proposal to pay to owners dividends for 2008 at the rate of 1.00 kroons per share, totally 16.8 million kroons.

In Q2, organisational changes took place, in the course of which the new CEO of AS Eltek Mr Urmas Paisnik was appointed on 1 June as well as the Group strengthened the sales teams of its subsidiaries Eltek and HE Elektrotehnika by creating jobs in both companies and hiring people whose main task is to find new export markets and increase orders and sale.

Satmatic Oy, the 100% Finnish subsidiary of Harju Elekter, purchased the rights to manufacture and sell vehicle pre-heating panels for car parks, which belonged to Siemens Oy in September. With the transaction, Satmatic acquired the technology for the manufacture of vehicle heating panels for car parks, including production equipment and the required know-how. Thus far, Satmatic had been manufacturing the heating panels as a subcontractor for Siemens. Vehicle heating panels for car parks are used mainly in Finland for the pre-heating of cars when starting the engine, where the estimated annual market volume is about 40 thousand products. There is a potential market for said products in other Nordic countries and in Russia as well. Such kind of product is a product of the future, the product group is expected to expand to charging stations for electric cars and infrastructure objects for the development of electric supply stations in external conditions.

The complex and unexpected economic situation has not shaken the management's belief in the group's sustainability and success and therefore continued to invest in ensuring production capacity. Extension of production spaces of Estonian subsidiaries Eltek (app. 500 sq m) and HE Elektrotehnika (app. 1,500 sq m) were taken into use in the first six months of the year. Subsidiary Satmatic in Finland added production space of 2,000 sq m in the autumn of 2009 by increasing the production space available for the company to 4,200 sq m. By the end of the year, the expansion of UAB Rifas will be completed, subsequent to which the production premises of the Lithuanian subsidiary will increase to 2,500 sq m. In September, the expansion of the Draka Keila Cables plant commenced, upon the completion of which the production premises leased to the affiliated company will increase by 3,700 sq m to 12,300 sq m.

### *Operating results*

Regardless of the present economic situation, the financial results of the Group were as expected and the Group was profitable. The consolidated sales revenue of the Group in the third quarter was 120.6 million kroons (7.7 million euros), which was 46.9% less than the result of the comparable quarter and during the 9 months period 28.9% less, totally 474.3 million kroons (30.3 million euros).

## SALES REVENUE

Sales revenue by segment:

Segment	EEK (in million)						€ (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9m/9m	2009	2008	2009	2008	2009	2008	2009	2008
Manufacturing	-49.1%	-28.4%	103.3	202.9	422.0	592.1	6.6	13.0	27.0	37.7
Real estate	1.9%	4.0%	8.7	8.5	27.9	26.9	0.6	0.5	1.8	1.7
Unallocated activities	-45.0%	-49.2%	8.6	15.5	24.4	48.0	0.5	1.0	1.5	3.2
<b>Total</b>	<b>-46.9%</b>	<b>-28.9%</b>	<b>120.6</b>	<b>226.9</b>	<b>474.3</b>	<b>667.0</b>	<b>7.7</b>	<b>14.5</b>	<b>30.3</b>	<b>42.6</b>

The core business of the Group is the production and sales of electrical distribution systems and control panels as well as other supportive side-activities (hereinafter „Production“), which was traditionally the largest share of sales revenues, approx. 90%. Real estate and other business activity constitute a total of one-tenth of the consolidated sales revenue.

Sales revenue by location of business opportunity:

Segment	EEK (in million)						€ (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9m/9m	2009	2008	2009	2008	2009	2008	2009	2008
Estonia	-25.4%	-25.7%	70.8	94.9	216.9	292.1	4.5	6.1	13.9	18.7
Finland	-69.9%	-33.7%	27.6	91.7	182.3	275.0	1.8	5.8	11.6	17.5
Lithuania	-44.8%	-24.8%	22.2	40.3	75.1	99.9	1.4	2.6	4.8	6.4
<b>Total</b>	<b>-46.9%</b>	<b>-28.9%</b>	<b>120.6</b>	<b>226.9</b>	<b>474.3</b>	<b>667.0</b>	<b>7.7</b>	<b>14.5</b>	<b>30.3</b>	<b>42.6</b>

Sales revenue by markets:

(in million)	EEK						€			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9m/9m	2009	2008	2009	2008	2009	2008	2009	2008
Markets										
Estonia	-25.4%	-31.5%	58.2	78.1	168.3	245.6	3.7	5.0	10.8	15.7
Finland	-58.7%	-27.9%	38.2	92.5	213.2	295.7	2.5	5.9	13.6	18.9
Lithuania	-48.5%	-41.0%	16.8	32.6	48.4	82.0	1.1	2.1	3.1	5.2
Other EU countries	-90.8%	-53.0%	2.2	23.0	17.3	36.8	0.1	1.5	1.1	2.4
Others	661.6%	294.1%	5.2	0.7	27.1	6.9	0.3	0.0	1.7	0.4
<b>Total</b>	<b>-46.9%</b>	<b>-28.9%</b>	<b>120.6</b>	<b>226.9</b>	<b>474.3</b>	<b>667.0</b>	<b>7.7</b>	<b>14.5</b>	<b>30.3</b>	<b>42.6</b>

The sales volume of the Estonian segment this year has declined by a quarter, primarily due to a decline in both the Estonian and Finnish markets. The companies in the Lithuanian segment produced a strong Q2, as a result of which sales by Lithuanian companies to clients outside the Groups in H1 declined by slightly over 10%, with over 40% of the products sold outside the Lithuanian market. In H1, several large purchase orders came through. Q3 remained modest for the Lithuanian segment. The sales volume of the Lithuanian segment declined nearly 45% in Q3 and by a quarter over the period of 9 months. Recession reached Finland somewhat later than the Baltic States. The sales volume of the Finnish segment in the Q1 remained at the Q1 2008 level; however, in Q2, a decline in sales volume

began due to a decrease in the volumes of metal and engineering industry exports, which deepened further in Q3 due to a decline in domestic demand in the Finnish market. Since the products of Satmatic Oy are primarily aimed at the industrial sector, this development significantly affected the business performance of the Finnish company during the accounting period.

Of the Group's products and services, 35% (37%) were sold on the Estonian, 45% (44%) on the Finnish and 10% (12%) on the Lithuanian markets; to the other European markets – Latvia, Sweden, Denmark and Portugal – a total of 4% (6%) were sold, which is approximately 20 million kroons (1.3 million euros) less than in the year before. The drop in demand on domestic markets has forced a search for new markets. Outside the European Union – in Russia, Belarus and Norway – a total of 6% (1%) of products were sold. Sales by the Group outside the European Union increased by 20 million kroons (1.3 million euros), compensating for the drop in the volumes of sales into other European Union countries.

#### OPERATING EXPENSES

	Growth		EEK (in million)				€ (in million)			
			Q3		9 months		Q3		9 months	
	Q/Q	9m/9m	2009	2008	2009	2008	2009	2008	2009	2008
Cost of sales	-48.9%	-29.7%	98.4	192.6	397.7	565.6	6.3	12.3	25.4	36.2
Distribution costs	-23.5%	-18.7%	6.7	8.8	22.3	27.4	0.4	0.6	1.4	1.8
Admin expenses	-22.8%	-7.2%	9.7	12.5	32.6	35.2	0.6	0.8	2.1	2.2
<b>Total expenses</b>	<b>-46.3%</b>	<b>-28.0%</b>	<b>114.8</b>	<b>213.9</b>	<b>452.6</b>	<b>628.2</b>	<b>7.3</b>	<b>13.7</b>	<b>28.9</b>	<b>40.2</b>
incl. depreciation of fixed assets	5.8%	5.9%	4.9	4.6	14.8	14.0	0.3	0.3	0.9	0.9
Total labour cost	-44.5%	-14.5%	22.9	41.4	108.5	127.0	1.5	2.6	6.9	8.1
incl salary cost	-24.2%	-13.0%	24.3	32.0	86.4	99.2	1.6	2.0	5.5	6.3

As a result of the drop in demand, production and sales volumes, the Group has been engaging in saving on and optimising both operational and fixed expenses. The business expenses of the Group declined at the same rate as the sales revenue – by -46.3% in Q3 and -28% in the first 9 months. Compared to the sales revenue, the expenses of products and services sold dropped even more: by -48.9% in the first 9 months and by -29.7% in the accounting quarter. The marketing and general administration expenses for the accounting quarter is, on average, 23% less than the indicators for the comparable period. Due to the severance and redundancy compensations paid out, general administrative expenses in H1 remained at the level of the previous year; however, in Q3, operating expenses were saved on, as a result of which there arose savings on general administrative expenses for the accounting quarter. Marketing expenses in the first 9 months have declined nearly 19%.

As at the balance day on 30 September, there were 471 people working in the Group, which is 50 people less than a year before. There were 44 people who, during the accounting period, left of their own accord, due to retirement or as a result of redundancy. In the third quarter, there was an average of 448 people working in the Group (Q3 2008: 523), included 293 (343) employees in Estonia, 77 (94) employees in Lithuania and 78 (86) employees in Finland. During the first 9 months the average number of employees was 454 (501). All labour cost in Q3 2009 were 22.9 million kroons (1.5 million euros), which was 44.5% less than in the comparable period. Labour expenses in the first 9 months dropped by over 14% to 108.5 million kroons (6.9 million euros). Spending on wages and salaries decreased by more than 24% to 24.3 million kroons (1.6 million euros) in the Q3 2009. Leave and redundancy payments have been paid out of reserves built up previously, as a result of which these are not reflected to this extent in the labour expenses for this period. Salaries, bonuses and termination

payments of the nine months amounted to 86.4 million kroons (5.5 million euros) and 99.2 million kroons (6.3 million euros) in the compared

period. There were reserves formed in 2008 for the bonuses for good work results of the last accounting year paid in the first quarter and for certain share of the termination and redundancy payments and these were reflected already in the employment costs of the previous accounting year.

## PROFITS

Business activity of the Group in Q3 was profitable – the operating profit was 6.0 million kroons (0.39 million euros), decreased more than 50% compared to the Q3 2008. The operating margin was 5.0% (5.7%). Depreciation of fixed assets in Q3 was 4.9 million kroons or 0.31 million euros (during the comparable period, 4.6 million kroons or 0.3 million euros), business profit before depreciation was 11.0 million kroons (0.7 million euros), which is 37.4% less than in the comparable period. Business profit margin before depreciation was 9.1%, which is 1.4 percentage points better than the figure for the comparable period.

The operating profit for the first 9 months was 22.2 million kroons or 1.4 million euros (38.4 million kroons or 2.5 million euros during the comparable period), with the operating profit margin for the account period at 4.7% (5.8%). Depreciation of fixed assets amounted to 14.8 million kroons (0.95 million euros) and 14.0 million kroons (0.89 million euros) during the comparable period. EBITA was 7.8% (7.9%).

Consolidated net profit in 2008 was impacted most by the consolidated loss of the affiliated company and dividend revenue that was three times lower. This year, a loss of 8.1 million kroons (0.52 million euros) has been consolidated out of the affiliated company, while in 2008 the profit was 3.7 million kroons (0.24 million euros), reducing in total the net profit for the period in relation to the comparable period by 11.9 million kroons (0.76 million euros).

In 2009, PKC Group Oyj paid dividends of 0.15 euros (2.35 kroons) per share, while in 2008 0.45 euros (7.04 kroons) per share. In Q1, the Group sold 100,000 shares, and the profit generated from the sale of shares was 5.0 million kroons (0.32 million euros). Revenue from financial investments totaled 8.4 million kroons (0.54 million euros), which is 2.7 million kroons (0.17 million euros) less than in the first 9 months of 2008. Due to a drop in interest-bearing debt obligations during the accounting period, interest expenses have decreased significantly. In the first 9 months, interest expenses amounted to 1.0 million kroons (64,000 euros), which was 1.2 million kroons (78,000 euros) less than the figure for the comparable period. In total, profit from financial activities declined by 1.2 million kroons (81,000 euros).

This year, the parent company paid the owners two times less in dividends, which also entailed lower income tax expenses on the income statement. As a result in the decline in taxable revenue in Finland and Lithuania, periodised corporate income tax expenses in 2009 have declined as well. In total, 5.0 million kroons (0.32 million euros) have been periodised in income tax expenses this year, which is 7.0 million kroons (0.45 million euros) less than the year before.

The consolidated net profit of the Q3 2009 was 6.1 million kroons or 0.39 million euros (in Q3 2008: 11.2 million kroons or 0.71 million euros), of which the share of the owners of the parent company was 5.7 million kroons or 0.37 million euros (in Q3 2008: 10.3 million kroons or 0.66 million euros). The net profit margin on the turnover was 5.1%, which is 0.2 percentage points better than the figure for the comparable period. EPS of the reporting period was 0.34 kroons or 0.02 euros (in Q3 2008: 0.61 kroons or 0.04 euros).

The consolidated net profit of the 9m 2009 was 17.2 million kroons or 1.1 million euros (in 9m 2008: 39.5 million kroons or 2.52 million euros), of which the share of the owners of the parent company was 15.4 million kroons or 1.0 million euros (in 9m 2008: 37.4 million kroons or 2.39 million euros).

The net profit margin on the turnover came out at 3.6% (5.9%). EPS of the reporting period was 0.92 kroons or 0.06 euros (in 9m 2008: 2.23 kroons or 0.14 euros).

Due to a change in the market price of saleable financial assets, Q3 produced an unrealised profit of 35.2 million kroons (2.25 million euros), whereas during the comparable period there was a loss of 9.9 million kroons (0.63 million euros). Unrealised profits and losses produced by a re-valuation of financial assets to a fair value are reported directly under equity capital. Thus, the total profit in Q3 was 41.3 million kroons (2.64 million euros), of which the share of the owners of the parent company made up 40.9 million kroons (2.62 million euros). During the comparable period, the total profit was 1.3 million kroons (80,000 euros), of which the share belonging to the owners of the parent company was 0.4 million kroons (24,000 euros).

In the first 9 months, unrealised profit from the re-valuation of financial assets reported directly under equity capital is 45.5 million kroons (2.91 million euros), with a loss during the comparable period of 52.7 million kroons (3.37 million euros). Thus, the total profit for the period totaled 62.7 million kroons (4.0 million euros), of which the share of the owners of the parent company made up 60.9 million kroons (3.89 million euros). During the comparable period, a total loss of 13.2 million kroons (0.84 million euros) occurred, of which the share belonging to the owners of the parent company made up 15.2 million kroons (0.97 million euros).

#### ***Balance sheet and cash flows***

The amount of the consolidated balance sheet as of 30 September 2009 was 591.4 million kroons or 37.8 million euros (30.9.2008: 658.7 million kroons or 42.1 million euros), decreasing by 10.6 million kroons (0.7 million euros) during the nine months period.

As a result of the decline in sales volumes, trade receivables in the first 9 months have decreased by nearly 25 million kroons (1.5 million euros). To reduce credit risks, the ability of clients to meet their assumed obligations is monitored daily within the Group. In early July, more than 16 million kroons (more than 1 million euros) in client receivables were received, the payment due date on which had lapsed as at the 30 June balance sheet date. As a result of a decline in production and sales volumes, the reserves of the Group have declined by more than 40 million kroons (2.5 million euros) compared to the beginning of the year. Current assets declined in the first 9 months by a total of 48.5 million kroons (3.1 million euros) to 200.9 million kroons (12.8 million euros), accounting for 34% of the cost of the assets. In the first 9 months, the liquidity coefficient of the Group was 0.9 (0.8) and the solvency coefficient 1.6 (1.7).

The cost of fixed assets increased by 37.9 million kroons (2.4 million euros) during the nine months up to 390.5 million kroons (25.0 million euros).

A sudden drop in cable prices in the second half of 2008 continued to influence the financial results of the affiliated undertaking at the beginning of this year. At the same time, because of the slowdown of the economy, the sales volume of the company has dropped significantly, as a result of which the Group consolidated from the affiliated undertaking a loss of 8.1 million kroons (0.5 million euros), causing a similar drop in book value of the investment.

The Group increased its participation in the Latvian company SIA Energokomplekss from 10% to 14%, paying 178 thousand kroons (11,000 euros) for the investment. The market price of the PKC Group share decreased by 0.30 euros (4.69 kroons) over the Q1, but from the second quarter started to rise, increasing by 0.89 euros (13.93 kroons) in the Q2 and by 1.52 euros (23.78 kroons) in the Q3 up to 5.11 euros (79.95 kroons). Profit on revaluation of shares was 35.2 million kroons (2.2 million euros) in the accounting quarter and 48.9 million kroons (3.1 million euros) in nine months. The Group sold 100,000 shares of PKC Group Oyj in the Q1 2009 with a book value of 4.7 million kroons (0.3 million euros). The sale of the investment produced a yield of 6.3 million kroons (0.4 million euros). All in all, the book value of financial assets increased by 44.2 million kroons (2.8 million euros) to 118.3 million kroons (7.6 million euros) during the first nine months of the year.



In the first nine months the Group invested 0.6 million kroons or 39,000 euros in real estate (9m 2008: 0.6 million kroons or 37,000 euros), 12.9 million kroons (0.8 million euros) in tangible fixed assets and 20.0 million kroons (1.3 million euros) in the compared period and 3.3 million kroons or 210,000 euros in intangible fixed assets (9m 2008: 195,000 kroons or 12,000 euros). In the second quarter approximately 2,000 sq m of production space with the total cost of 9.7 million kroons (0.6 million euros) was put into operation in Estonia, 7.3 million kroons (0.5 million euros) of this formed unfinished construction works.

During the first nine months the liability of the Group decreased by 55.9 million kroons (3.6 million euros) to 127.3 million kroons (8.1 million euros). Due to high interest rates, the Lithuanian subsidiary repaid the long-term loan in full in the amount of 6.2 million kroons (0.4 million euros) at the beginning of the year. During the nine months, the Group companies repaid a total of 13.8 million kroons (0.88 million euros) of the long-term loan and the short-term loan in the amount of 25.4 million kroons (1.62 million euros) along with the capital lease in the amount of 1.6 million kroons, i.e. 104,000 euros. Interest-bearing debt obligations declined on the balance sheet by a total of 40.5 million kroons (2.59 million euros) to 17.8 million kroons (1.14 million euros). Due to a decline in production and sales volumes, debts to suppliers and other trade debts during the accounting period have declined by 15.4 million kroons (1.0 million euros) to 97.0 million kroons (6.2 million euros). The proportion of non-equity capital declined by 8.9 percentage points to 2.5% as at the 30 September balance sheet date.

Due to increase in the market price of financial investments equity reserves gained 45.5 million kroons or 2.9 million euros in the first nine months, net profit was 17.2 million kroons (1.1 million euros) and consolidated profit was 62.7 million kroons (4.0 million euros) in total. Decrease of the market price of PKC Group Oyj shares caused reserves to reduce in the 9m 2008 by 52.7 million kroons (3.4 million euros), net profit of the period was 39.5 million kroons (2.5 million euros), consolidated loss was 13.2 million kroons (0.84 million euros). In the second quarter dividends were paid to the owners of the parent company in the amount of 16.8 million kroons (1.07 million euros), in the compared period it was 33.6 million kroons (2.15 million euros) and to minority shareholders 555,000 kroons (35,000 euros), which in compared period was 400,000 kroons (27,000 euros). In total, equity capital increased in nine months by 45.3 million kroons (2.9 million euros) to 464.1 million kroons (29.7 million euros). As at the balance day on 30 September, the equity capital constituted 78% (77%) of the assets, including the owners' share of 75% (74%) in the parent company.

The cash flow from operations amounted to 78.7 million kroons, i.e. 5.0 million euros (51.3 million kroons, i.e. 3.3 million euros in the comparable period). The cash flow from investments was a negative 5.2 million kroons, i.e. 330,000 euros (in the accounting period 7.9 million kroons i.e. 505,000 euros). In financing activity, 58.1 million kroons or 3.7 million euros in cash was disbursed (46.4 million kroons or 3.0 million euros during the comparable period).

Cash and cash equivalents increased by 15.4 million kroons (1.0 million euros) in the first nine months and decreased by 3.0 million kroons (0.2 million euros) during the comparable period.

### *Shares of Harju Elekter*

	EEK			€		
	9M 2009	9M 2008	2008	9M 2009	9M 2008	2008
Number of the shares ('000)	16,800	16,800	16,800	16,800	16,800	16,800
Nominal value	10.00	10.00	10.00	0.64	0.64	0.64
Low price	10.48	35.20	14.86	0.67	3.45	3.45
High price	45.38	53.98	53.98	2.90	2.25	0.95
Closing price	40.52	35.83	15.49	2.59	2.29	0.99
EPS	0.92	2.23	2.29	0.06	0.14	0.15

For more information: <http://www.nasdaqomxbaltic.com>

***Supervisory and management boards***

Supervisory Board of Harju Elekter has 5 members: the Chairman of the Supervisory Board is Endel Palla, the R&D manager at AS Harju Elekter and the members Ain Kabal (Kabal & Partners OÜ, Manager), Lembit Kirsme (OÜ Kirschman, Manager), Madis Talgre (AS Harju KEK, Manager) and Andres Toome (finance consultant).

During the reporting period there were no changes in the Management of AS Harju Elekter. The Management Board continues with the following membership: Andres Allikmäe as Ch of the Management Board and members Karin Padjus, the Financial Director, and Lembit Libe, the Chief Economist. All members of the Management Board belong to the executive management of the company. The Chairman of the Board receives remuneration in accordance with his contract of service; members of the Management Board receive no special remuneration.

More specific information about the education and career of the members of the management and supervisory boards, as well as their membership in the management bodies of companies and their shareholdings, have been published on the home page of the company at [www.harjuelekter.ee](http://www.harjuelekter.ee)

Audits are carried out by KPMG Baltics AS in cooperation with UAB Baltijos Auditas in Lithuania and Pyydönniemi Ky in Finland.

***Transactions with related parties***

The related parties of AS Harju Elekter include associated company AS Draka Keila Cables; members of the management and supervisory boards and their close family members; and AS Harju KEK which owns 32.14% of the shares of AS Harju Elekter.

During the reporting period the Group has purchased goods and services from associated company and AS Harju KEK in the amount of 4.7 million kroons (0.3 million euros) and sold goods and services to them totally in the amount of 8.1 million kroons (0.5 million euros) and in the comparable period in the amount of 8.7 million kroons (0.6 million euros) and 7.9 million kroons (0.5 million euros) respectively.

The amount of remuneration and salaries paid to the member of the Supervisory and Management Boards of AS Harju Elekter in 9m 2009 amounted to a total of 2.7 million kroons (175 thousand euros) and in the comparable period 3.2 million kroons (208 thousand euros). When the contract of service of a member of the Supervisory or Management Board expires or is prematurely terminated the company has no obligation to pay any other compensation, except for that prescribed by law. A service contract has been concluded with the chairman of the management board, specifying social guarantees payable upon resigning from the office.

**Key indicators**

	EEK (in million)					€ (in million)				
	Q3		9 months		year	Q3		9 months		year
	2009	2008	2009	2008	2008	2009	2008	2009	2008	2008
Net sales	120.6	226.9	474.3	667.0	871.6	7.7	14.5	30.3	42.6	55.7
EBITDA	11.0	17.5	37.1	52.4	68.9	0.7	1.1	2.4	3.4	4.4
Operating profit	6.0	12.9	22.2	38.4	50.2	0.4	0.8	1.4	2.5	3.2
Net profit for the current period	6.1	11.1	17.2	39.5	42.2	0.4	0.7	1.1	2.5	2.7
Incl. equity holders of the parents	5.7	10.3	15.4	37.4	38.7	0.4	0.7	1.0	2.4	2.5

(in million)	Structure (%)			EEK			€		
	30.9.	31.12.	30.9.	30.9.	31.12.	30.9.	30.9.	31.12.	30.9.
	2009	2008	2008	2009	2008	2008	2009	2008	2008
Total current assets	34.0	41.4	33.6	200.9	249.4	221.5	12.8	15.9	14.2
Total non-current assets	66.0	58.6	66.4	390.5	352.6	437.1	25.0	22.6	27.9
Total assets	100.0	100.0	100.0	591.4	602.0	658.7	37.8	38.5	42.1
Total liabilities	21.5	30.4	23.4	127.3	183.3	154.3	8.1	11.7	9.9
Total equity	78.5	69.6	76.6	464.1	418.7	504.4	29.7	26.8	32.2
Inclusive equity attributable to equity holders of the parent	74.6	66.0	73.5	441.3	397.2	484.3	28.2	25.4	31.0

**Growth**

(%)	Q 3		9 months		year
	2009	2008	2009	2008	2008
Turnover	-46.9	16.2	-28.9	27.0	19.1
EBITDA	-37.4	-29.8	-29.3	-5.8	-2.8
Operating profit (EBIT)	-52.9	-36.4	-42.1	-8.8	-2.6
Net profit for the current period	-45.2	-44.6	-56.5	-51.5	-50.9
incl. equity holders of the parent	-44.5	-46.5	-58.9	-53.0	-54.2

**Performance indicators (%)**

Return of sales before depreciation	9.1	7.7	7.8	7.9	7.9
Return of sales (operating profit/turnover *100)	5.0	5.7	4.7	5.8	5.8
Net profit margin (net profit/turnover *100)	5.1	4.9	3.6	5.9	4.8

**Employees**

Average number of employees	448	523	454	501	501
Number of employees in the end of the period	471	521	471	521	515

## INTERIM FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	EEK'000			€'000		
		30.9.09	31.12.08	30.9.08	30.9.09	31.12.08	30.9.08
<b>Current assets</b>							
Cash and cash equivalents		38,761	23,379	23,148	2,477	1,494	1,479
Trade receivables and other receivables		74,493	99,449	89,279	4,761	6,356	5,706
Prepayments		4,387	3,217	1,649	281	205	106
Inclusive income tax		1,018	47	738	66	3	46
Inventories		83,298	123,351	107,441	5,324	7,884	6,867
<b>Total current assets</b>		<b>200,939</b>	<b>249,396</b>	<b>221,517</b>	<b>12,843</b>	<b>15,939</b>	<b>14,158</b>
<b>Non-current assets</b>							
Investments in associates	2	9,786	17,907	25,718	625	1,144	1,643
Other long-term financial investments	2	118,668	74,323	162,579	7,584	4,750	10,391
Investment property	2	129,908	133,737	130,377	8,303	8,547	8,333
Property, plant and equipment	2	126,517	123,423	115,821	8,086	7,889	7,402
Intangible assets	2	5,587	3,201	2,647	357	205	169
<b>Total non-current assets</b>		<b>390,466</b>	<b>352,591</b>	<b>437,142</b>	<b>24,955</b>	<b>22,535</b>	<b>27,938</b>
<b>TOTAL ASSETS</b>		<b>591,405</b>	<b>601,987</b>	<b>658,659</b>	<b>37,798</b>	<b>38,474</b>	<b>42,096</b>
<b>Liabilities</b>							
Interest-bearing loans and borrowings	3	5,556	41,958	13,466	355	2,682	861
Trade payables and other payables		97,020	112,395	100,676	6,201	7,183	6,434
Tax liabilities		8,705	11,216	16,626	556	717	1,061
Inclusive income tax		0	1,551	3,261	0	99	208
Short-term provision		3,828	1,294	219	245	83	14
<b>Total current liabilities</b>		<b>115,109</b>	<b>166,863</b>	<b>130,987</b>	<b>7,357</b>	<b>10,665</b>	<b>8,370</b>
Non-current liabilities	3	12,235	16,381	23,266	782	1,046	1,487
<b>Total non-current liabilities</b>		<b>127,344</b>	<b>183,244</b>	<b>154,253</b>	<b>8,139</b>	<b>11,711</b>	<b>9,857</b>
<b>Total liabilities</b>							
<b>Equity</b>		168,000	168,000	168,000	10,737	10,737	10,737
Share capital		6,000	6,000	6,000	384	384	384
Share premium		115,256	69,746	158,002	7,366	4,457	10,098
Reserves		152,041	153,445	152,330	9,717	9,808	9,737
Retained earnings		441,297	397,191	484,332	28,204	25,386	30,956
<b>Total equity attributable to equity holders of the parent</b>		<b>22,764</b>	<b>21,552</b>	<b>20,074</b>	<b>1,455</b>	<b>1,377</b>	<b>1,283</b>
Minority interest		464,061	418,743	504,406	29,659	26,763	32,239
<b>Total equity</b>							
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>591,405</b>	<b>601,987</b>	<b>658,659</b>	<b>37,798</b>	<b>38,474</b>	<b>42,096</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period EEK'000	Note	1 July - 30 September 2009	226,904 2008	1 January - 30 September 2009	666,981 2008
<b><u>I Income statement</u></b>					
Revenue	4	120,571	226,904	474,275	666,981
Cost of sales		-98,370	-192,593	-397,702	-565,659
<b>Gross profit</b>		<b>22,201</b>	<b>34,311</b>	<b>76,573</b>	<b>101,322</b>
Distribution costs		-6,715	-8,774	-22,253	-27,375
Administrative expenses		-9,700	-12,568	-32,652	-35,185
Other income		376	115	1,038	262
Other expenses		-113	-230	-461	-575
<b>Operating profit</b>	4	<b>6,049</b>	<b>12,854</b>	<b>22,245</b>	<b>38,449</b>
Net financing income/costs	5	-30	-718	7,991	9,249
Share of profit of associates	2	5	259	-8,121	3,743
<b>Profit before tax</b>		<b>6,024</b>	<b>12,395</b>	<b>22,115</b>	<b>51,441</b>
Allocation of corporate income tax to relevant periods		87	-1,245	-4,952	-11,973
<b>Profit for the period</b>		<b>6,111</b>	<b>11,150</b>	<b>17,163</b>	<b>39,468</b>
<b>Attributable to:</b>					
Equity holders of the parent		5,700	10,269	15,396	37,436
Non-controlling interests		411	881	1,767	2,032
<b>Basic and diluted earnings per share (EEK)</b>	6	<b>0.34</b>	<b>0.61</b>	<b>0.92</b>	<b>2.23</b>
<b><u>II Statement of comprehensive income</u></b>					
Profit for the period		6,111	11,150	17,163	39,468
Available-for-sale financial assets		35,199	-9,889	45,510	-52,657
<b>Total comprehensive income for the period</b>		<b>41,310</b>	<b>1,261</b>	<b>62,673</b>	<b>-13,189</b>
<b>Attributable to:</b>					
Equity holders of the parent		40,899	380	60,906	-15,221
Non-controlling interests		411	881	1,767	2,032

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period		1 July - 30 September		1 January - 30 September	
€'000	Note	2009	2008	2009	2008
<b><u>I Income statement</u></b>					
Revenue	4	7,706	14,502	30,311	42,628
Cost of sales		-6,287	-12,309	-25,418	-36,152
<b>Gross profit</b>		<b>1,419</b>	<b>2,193</b>	<b>4,893</b>	<b>6,476</b>
Distribution costs		-429	-561	-1,422	-1,750
Administrative expenses		-620	-803	-2,087	-2,249
Other income		24	7	66	17
Other expenses		-7	-15	-29	-37
<b>Operating profit</b>	4	<b>387</b>	<b>821</b>	<b>1,421</b>	<b>2,457</b>
Net financing income/costs	5	-2	-46	510	591
Share of profit of associates	2	0	17	-519	239
<b>Profit before tax</b>		<b>385</b>	<b>792</b>	<b>1,412</b>	<b>3,287</b>
Allocation of corporate income tax to relevant periods		6	-80	-316	-765
<b>Profit for the period</b>		<b>391</b>	<b>712</b>	<b>1,096</b>	<b>2,522</b>
<b>Attributable to:</b>					
Equity holders of the parent		365	656	983	2,393
Non-controlling interests		26	56	113	129
Basic and diluted earnings per share (EUR)	6	0.02	0.04	0.06	0.14
<b><u>II Statement of comprehensive income</u></b>					
Profit for the period		391	712	1,096	2,522
Available-for-sale financial assets		2,250	-632	2,909	-3,365
<b>Total comprehensive income for the period</b>		<b>2,641</b>	<b>80</b>	<b>4,005</b>	<b>-843</b>
<b>Attributable to:</b>					
Equity holders of the parent		2,615	24	3,892	-972
Non-controlling interests		26	56	113	129

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period 1 January - 30 September	Note	EEK'000		€'000	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Operating profit	4	22,245	38,449	1,421	2,457
<u>Adjustments for:</u>					
Depreciation and amortisation	2	14,806	13,975	946	893
Gain on sale of property, plant and equipment		-186	-13	-12	-1
Change in receivables related to operating activity		24,384	-8,177	1,558	-523
Change in inventories		40,053	21,198	2,560	1,356
Change in payables related to operating activity		-14,418	-2,737	-921	-175
Corporate income tax paid		-6,972	-9,406	-446	-601
Interest paid		-1,176	-2,070	-74	-132
<b>Net cash from operating activities</b>		<b>78,736</b>	<b>51,219</b>	<b>5,032</b>	<b>3,274</b>
<b>Cash flows from investing activities</b>					
Acquisition of investment property		-607	-577	-39	-37
Acquisition of property, plant and equipment		-11,998	-19,379	-767	-1,239
Acquisition of intangible assets		-3,289	-195	-210	-12
Acquisition of other financial investments		-178	0	-11	0
Proceeds from sale of property, plant and equipment		486	756	31	48
Proceeds from sale of other financial investments		6,318	0	404	0
Loans given		0	-35	0	-2
Repayment of loans given		0	31	0	2
Interest received		631	372	40	24
Dividends received		3,474	11,125	222	711
<b>Net cash used in investing activities</b>		<b>-5,163</b>	<b>-7,902</b>	<b>-330</b>	<b>-505</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	3	0	3,005	0	192
Repayment of borrowings	3	-39,152	-14,308	-2,502	-915
Payment of finance lease principal	3	-1,621	-1,088	-104	-70
Dividends paid		-17,355	-34,000	-1,109	-2,173
<b>Net cash used in financing activities</b>		<b>-58,128</b>	<b>-46,391</b>	<b>-3,715</b>	<b>-2,966</b>
<b>Net cash flows</b>		<b>15,445</b>	<b>-3,074</b>	<b>987</b>	<b>-197</b>
<b>Cash and cash equivalents at beginning of period</b>					
		<b>23,379</b>	<b>26,257</b>	<b>1,494</b>	<b>1,678</b>
Net increase / decrease		15,445	-3,074	987	-197
Effect of exchange rate fluctuations on cash held		-63	-35	-4	-2
<b>Cash and cash equivalents at end of period</b>		<b>38,761</b>	<b>23,148</b>	<b>2,477</b>	<b>1,479</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EEK '000	Attributable to equity holders of the parent						Non-controlling interest	TOTAL
	Share capital	Share premium	Capital reserve	Fair value reserve	Retained earnings	Total		
For the period 1-9/ 2008								
At 31 December 2007	<b>168,000</b>	<b>6,000</b>	<b>13,400</b>	<b>193,859</b>	<b>151,894</b>	<b>533,153</b>	<b>18,442</b>	<b>551,595</b>
Comprehensive income for period	0	0	0	-52,657	37,436	-15,221	2,032	<b>-13,189</b>
Dividends	0	0	0	0	-33,600	-33,600	-400	<b>-34,000</b>
Amounts transferred reserves	0	0	3,400	0	-3,400	0	0	<b>0</b>
<b>At 30 September 2008</b>	<b>168,000</b>	<b>6,000</b>	<b>16,800</b>	<b>141,202</b>	<b>152,330</b>	<b>484,332</b>	<b>20,074</b>	<b>504,406</b>
For the period 1-9 2009								
At 31 December 2008	<b>168,000</b>	<b>6,000</b>	<b>16,800</b>	<b>52,946</b>	<b>153,445</b>	<b>397,191</b>	<b>21,552</b>	<b>418,743</b>
Comprehensive income for period	0	0	0	45,510	15,396	60,906	1,767	<b>62,673</b>
Dividends	0	0	0	0	-16,800	-16,800	-555	<b>-17,355</b>
<b>At 30 September 2009</b>	<b>168,000</b>	<b>6,000</b>	<b>16,800</b>	<b>98,456</b>	<b>152,041</b>	<b>441,297</b>	<b>22,764</b>	<b>464,061</b>
€'000								
For the period 1-9/ 2008								
At 31 December 2007	<b>10,737</b>	<b>384</b>	<b>856</b>	<b>12,390</b>	<b>9,708</b>	<b>34,075</b>	<b>1,179</b>	<b>35,254</b>
Comprehensive income for period	0	0	0	-3,365	2,393	-972	129	<b>-843</b>
Dividends	0	0	0	0	-2,147	-2,147	-25	<b>-2,172</b>
Amounts transferred reserves	0	0	217	0	-217	0	0	<b>0</b>
<b>At 30 September 2008</b>	<b>10,737</b>	<b>384</b>	<b>1,073</b>	<b>9,025</b>	<b>9,737</b>	<b>30,956</b>	<b>1,283</b>	<b>32,239</b>
For the period 1-9/ 2009								
At 31 December 2008	<b>10,737</b>	<b>384</b>	<b>1,073</b>	<b>3,384</b>	<b>9,808</b>	<b>25,386</b>	<b>1,377</b>	<b>26,763</b>
Comprehensive income for period	0	0	0	2,909	983	3,892	113	<b>4,005</b>
Dividends	0	0	0	0	-1,074	-1,074	-35	<b>-1,109</b>
<b>At 30 September 2009</b>	<b>10,737</b>	<b>384</b>	<b>1,073</b>	<b>6,293</b>	<b>9,717</b>	<b>28,204</b>	<b>1,455</b>	<b>29,659</b>



## NOTES TO INTERIM FINANCIAL STATEMENT

### Note 1. Accounting methods and valuation principles used in the consolidated interim report

AS Harju Elekter is a company registered in Estonia. The interim reports prepared as of 30.9.2009 comprise AS Harju Elekter (the “parent company”) and its subsidiaries AS Eltek, AS Harju Elekter Elektrotehnika, Satmatic Oy and Rifas UAB (together referred to as the “Group”) and the Group’s interest in associate AS Draka Keila Cables. AS Harju Elekter has been listed at Tallinn Stock Exchange since 30 September 1997; 32.14% of its shares are held by AS Harju KEK.

This consolidated interim report is prepared in accordance with the requirements for international accounting standard IAS 34 “Interim Financial Reporting” on condensed interim financial statements. The interim report is prepared on the basis of the same accounting methods as used in the annual report concerning the period ending on 31.12.2008

According to the assessment of the management board, the interim report for 1-9/2009 of AS Harju Elekter presents a true and fair view of the financial result of the consolidation group guided by the going-concern assumption. This interim report has been neither audited nor monitored by auditors by any other way and only includes the consolidated reports of the group.

The presentation currency is the Estonian kroon (EEK). The consolidated interim financial statement has been drawn up in thousands of Estonian kroons and all the figures have been rounded to the nearest thousand, unless indicated otherwise. In accordance with Tallinn Stock Exchange Rules, the annual financial statement is also presented in euros. As the Estonian kroon is pegged to the euro at the rate of EEK 15.6466 to € 1 presentation of the statements does not entail differences in the exchange rate. In the statement the abbreviation EEK’000 means a thousand kroons and abbreviation €’000 means a thousand euros.

#### ***Changes in the presentation of information in 2009***

*Revised IAS 1 Presentation of Financial Statements*, which will come into force as of 1 January 2009, requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The comprehensive income statement also includes all non-owner changes previously recognized in equity. Since 1<sup>st</sup> of January 2009 items of income and expense and components of comprehensive income are presented in a single statement of comprehensive income. In connection with the compilation of the consolidated comprehensive income statement, the presentation of the report on changes in equity also changed. The report on changes in equity does not recognize statement of comprehensive income elements as separate changes just on the one row „*Comprehensive income for period*”.

Pursuant to IAS I, the term “*Consolidated balance sheet*” used previously is replaced by the term “*Statement of financial position*”. The presentation of basic reports and the new terms do not affect the recognition of transactions and balances or the accounting principles.

**Note 2 Non-current assets**

For the period 1 January - 30 September	EEK'000		€'000	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Investments in associate</b>				
At 1 January	17,907	21,975	1,144	1,404
Profit/loss(-)under the equity method	-8,121	3,743	-519	239
<b>At 30 September</b>	<b>9,786</b>	<b>25,718</b>	<b>625</b>	<b>1,643</b>
<b>Other long-term financial investments</b>				
At 1 January	74,323	215,236	4,750	13,756
Additions	178	0	11	0
Sale of shares	-4,694	0	-300	0
Changes in the fair value reserve	48,861	-52,657	3,123	-3,365
<b>At 30 September</b>	<b>118,668</b>	<b>162,579</b>	<b>7,584</b>	<b>10,391</b>
<b>Investment property</b>				
At 1 January	133,737	133,839	8,547	8,554
Additions	607	577	39	37
Transfer from investment property	0	-619	0	-39
Depreciation charge	-4,436	-3,420	-283	-219
<b>At 30 September</b>	<b>129,908</b>	<b>130,377</b>	<b>8,303</b>	<b>8,333</b>
<b>Property, plant and equipment</b>				
At 1 January	123,423	104,948	7,889	6,707
Additions	12,862	19,992	821	1,278
Transfer from investment property	0	619	0	39
Disposals	-301	0	-19	0
Depreciation charge	-9,468	-9,738	-605	-622
<b>At 30 September</b>	<b>126,517</b>	<b>115,821</b>	<b>8,086</b>	<b>7,402</b>
<b>Intangible assets</b>				
At 1 January	3,201	3,269	205	209
Additions	3,289	195	210	12
Depreciation charge	-903	-817	-58	-52
<b>At 30 September</b>	<b>5,587</b>	<b>2,647</b>	<b>357</b>	<b>169</b>
<b>Total non-current assets</b>	<b>390,466</b>	<b>437,142</b>	<b>24,955</b>	<b>27,938</b>

**Note 3 Interest-bearing loans and borrowings**

	EEK'000		€'000			
	30.9.2009	31.12.2008	30.9.2008	30.9.2009	31.12.2008	30.9.2008
<b>Liabilities</b>						
Short-term bank loans	2,477	27,849	10,552	158	1,780	674
Current portion of long-term bank loans	2,557	12,066	2,542	164	771	162
Current portion of lease liabilities	522	2,043	372	33	131	25
<b>Total current liabilities</b>	<b>5,556</b>	<b>41,958</b>	<b>13,466</b>	<b>355</b>	<b>2,682</b>	<b>861</b>
Long-term bank loans	4,696	8,967	21,503	300	573	1,374
Lease liabilities	7,539	7,414	1,763	482	473	113
<b>Total non-current liabilities</b>	<b>12,235</b>	<b>16,381</b>	<b>23,266</b>	<b>782</b>	<b>1,046</b>	<b>1,487</b>
<b>TOTAL</b>	<b>17,791</b>	<b>58,339</b>	<b>36,732</b>	<b>1,137</b>	<b>3,728</b>	<b>2,348</b>

Changes during the period 1 January - 30 September

	EEK'000		€'000	
	2009	2008	2009	2008
<b>Loans and borrowings at the beginning of the year</b>	<b>58,339</b>	<b>48,324</b>	<b>3,728</b>	<b>3,088</b>
Changes in short-term loans	-25,372	-5,957	-1,622	-381
New long-term loan	0	3,005	0	192
Long-term loan repaid	-13,780	-8,352	-880	-534
New finance lease liabilities	225	800	15	53
Payment of finance lease principal	-1,621	-1,088	-104	-70
<b>Loans and borrowings at the end of the current period</b>	<b>17,791</b>	<b>36,732</b>	<b>1,137</b>	<b>2,348</b>

**Note 4 Segment reporting**

*IFRS 8 Operating Segments* (effective for annual periods beginning on or after 1 January 2009), introduces the “management approach” to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group’s Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

Two segments, manufacturing and real estate, are distinguished in the consolidated financial statements.

“*Manufacturing*” – The manufacture and sale of power distribution and control systems as well as services related to manufacturing and intermediary sale of components. The entities in this business segment are AS Harju Elekter Elektrotehnika, AS Eltek, Satmatic Oy and Rifas UAB.

“*Real estate*” – Real estate development, maintenance and rental. Real estate has been identified as a reportable segment because its result and assets are more than 10% of the total result and assets of all segments.

*Unallocated items* – Retail- and wholesale of products necessary for electrical installation works, mainly to retail customers and small- and medium-sized electrical installation companies; management services; design of industrial automation equipment, programming of process control automatic equipment and project management of installation works; construction services and installation of automatic control equipment. Other activities are less significant for the Group and none of them constitutes a separate reporting segment.

EEK'000	Manufacturing		Real estate		Unallocated items		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1.1. -30.9.										
Revenue from external customers	421,943	592,080	27,922	26,851	24,410	48,050	0	0	474,275	666,981
Inter-segment revenue	2,158	3,848	9,800	9,507	1,889	2,401	-13,847	-15,756	0	0
<b>Total revenue</b>	<b>424,101</b>	<b>595,928</b>	<b>37,722</b>	<b>36,358</b>	<b>26,299</b>	<b>50,451</b>	<b>-13,847</b>	<b>-15,756</b>	<b>474,275</b>	<b>666,981</b>
Segment result	9,539	28,023	14,350	14,223	-1,660	-3,811	16	14	22,245	38,449

1.7.-30.9.

Revenue from external customers	103,319	202,853	8,733	8,567	8,519	15,484	0	0	120,571	226,904
Inter-segment revenue	585	1,241	3,092	2,910	530	745	-4,207	-4,896	0	0
<b>Total revenue</b>	<b>103,904</b>	<b>204,094</b>	<b>11,825</b>	<b>11,477</b>	<b>9,049</b>	<b>16,229</b>	<b>-4,207</b>	<b>-4,896</b>	<b>120,571</b>	<b>226,904</b>
Segment result	1,015	10,410	5,788	4,562	-762	-2,125	8	7	6,049	12,854

€'000	Manufacturing		Real estate		Unallocated items		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1.1. -30.9.										
Revenue from external customers	26,966	37,841	1,785	1,716	1,560	3,071	0	0	30,311	42,628
Inter-segment revenue	138	246	626	608	121	153	-885	-1,007	0	0
<b>Total revenue</b>	<b>27,104</b>	<b>38,087</b>	<b>2,411</b>	<b>2,324</b>	<b>1,681</b>	<b>3,224</b>	<b>-885</b>	<b>-1,007</b>	<b>30,311</b>	<b>42,628</b>
Segment result	610	1,791	916	909	-106	-244	1	1	1,421	2,457

1.7.-30.9.

Revenue from external customers	6,604	12,965	558	548	544	989	0	0	7,706	14,502
Inter-segment revenue	37	79	198	186	34	48	-269	-313	0	0
<b>Total revenue</b>	<b>6,641</b>	<b>13,044</b>	<b>756</b>	<b>734</b>	<b>578</b>	<b>1,037</b>	<b>-269</b>	<b>-313</b>	<b>7,706</b>	<b>14,502</b>
Segment result	65	665	370	292	-49	-136	1	0	387	821

Revenue based on the geographical location of the assets and customers:

EEK'000	Estonia		Finland		Lithuania		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1.1. -30.9.										
Estonia	168,312	245,626	116	41	261	811	-377	-846	<b>168,312</b>	<b>245,631</b>
Finland	56,385	76,994	181,309	259,474	0	672	-24,534	-41,498	<b>213,160</b>	<b>295,642</b>
Lithuania	870	4,598	0	0	47,945	80,638	-448	-3,214	<b>48,367</b>	<b>82,022</b>
Other EU countries	7,536	9,234	955	15,524	8,822	12,045	0	0	<b>17,313</b>	<b>36,803</b>
Other	8,813	348	0	0	18,310	6,534	0	0	<b>27,123</b>	<b>6,882</b>
<b>Total</b>	<b>241,916</b>	<b>336,800</b>	<b>182,380</b>	<b>275,040</b>	<b>75,338</b>	<b>100,700</b>	<b>-25,359</b>	<b>-45,559</b>	<b>474,275</b>	<b>666,981</b>

1.7.-30.9.

Estonia	58,240	78,119	7	42	0	487	-7	-529	<b>58,240</b>	<b>78,118</b>
Finland	19,588	23,830	27,554	78,303	0	0	-8,974	-9,714	<b>38,168</b>	<b>92,419</b>
Lithuania	209	593	0	0	16,622	32,215	-19	-172	<b>16,812</b>	<b>32,636</b>
Other EU countries	786	2,042	5	13,398	1,320	7,602	0	0	<b>2,111</b>	<b>23,042</b>
Other	947	209	0	0	4,293	479	0	0	<b>5,240</b>	<b>688</b>
<b>Total</b>	<b>79,770</b>	<b>104,793</b>	<b>27,566</b>	<b>91,744</b>	<b>22,235</b>	<b>40,783</b>	<b>-9,000</b>	<b>-10,416</b>	<b>120,571</b>	<b>226,904</b>

€'000	Estonia		Finland		Lithuania		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
1.1. -30.9.										
Estonia	10,757	15,698	7	3	17	52	-24	-54	<b>10,757</b>	<b>15,699</b>
Finland	3,604	4,921	11,588	16,583	0	43	-1,568	-2,652	<b>13,624</b>	<b>18,895</b>
Lithuania	56	294	0	0	3,064	5,154	-29	-205	<b>3,091</b>	<b>5,242</b>
Other EU countries	481	590	61	992	564	770	0	0	<b>1,106</b>	<b>2,352</b>
Other	563	22	0	0	1,170	418	0	0	<b>1,733</b>	<b>440</b>
<b>Total</b>	<b>15,461</b>	<b>21,525</b>	<b>11,656</b>	<b>17,578</b>	<b>4,815</b>	<b>6,436</b>	<b>-1,621</b>	<b>-2,912</b>	<b>30,311</b>	<b>42,628</b>

1.7.-30.9.

Estonia	3,722	4,993	0	3	0	31	0	-34	<b>3,722</b>	<b>4,993</b>
Finland	1,252	1,523	1,762	5,005	0	0	-574	-621	<b>2,440</b>	<b>5,907</b>
Lithuania	13	38	0	0	1,062	2,059	-1	-11	<b>1,074</b>	<b>2,086</b>
Other EU countries	50	130	0	856	85	486	0	0	<b>135</b>	<b>1,472</b>
Other	61	13	0	0	274	31	0	0	<b>335</b>	<b>44</b>
<b>Total</b>	<b>5,098</b>	<b>6,697</b>	<b>1,762</b>	<b>5,864</b>	<b>1,421</b>	<b>2,607</b>	<b>-575</b>	<b>-666</b>	<b>7,706</b>	<b>14,502</b>

**Note 5 Net financing income/costs**

For the period 1 January - 30 September	EEK'000		€'000	
	2009	2008	2009	2008
Interest income	596	372	38	24
Interest expense	-991	-2,213	-64	-142
Dividend income	3,474	11,125	222	711
Net loss from foreign exchange differences	-63	-35	-4	-2
<i>Marketable investments:</i>				
Income from sale of investments	4,975	0	318	0
<b>TOTAL</b>	<b>7,991</b>	<b>9,249</b>	<b>510</b>	<b>591</b>

**Note 6 Basic and diluted earnings per share**

*Basic earnings* per share have been calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period.

For the period 1 January - 30 September		2009	2008		2009	2008
Profit attributable to equity holders of the parent	EEK'000	15,396	37,436	€'000	983	2,393
Average number of shares outstanding	'000	16,800	16,800	'000	16,800	16,800
Basic and diluted earnings per share	EEK	0.92	2.23	€	0.06	0.14

*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, both adjusted for the effects of all dilutive potential shares. At 30 September 2009, the Group did not have any potential shares. Therefore, diluted earnings per share are equal to basic earnings per share.

**Note 7 Transactions with related parties**

The related party of AS Harju Elekter includes associated company AS Draka Keila Cables; members of the management and supervisory boards and their close family members; and AS Harju KEK which owns 32.14% of the shares of AS Harju Elekter.

Group has purchased goods and services from and sold goods and services to related parties as follows:

	EEK '000		€'000	
For the period 1 January - 30 September	2009	2008	2009	2008
<b>Purchase of goods and services from related parties:</b>				
- from associates	3,902	8,201	250	524
- from Harju KEK	833	505	53	32
<b>TOTAL</b>	<b>4,735</b>	<b>8,706</b>	<b>303</b>	<b>556</b>
<i>Inclusive:</i>				
- goods and materials for manufacturing	3,889	8,201	249	524
- lease of property, plant and equipment	806	445	51	28
- other	40	60	3	4
<b>Sale of goods and services to related parties:</b>				
- to associates	8,081	7,885	516	504
- to Harju KEK	0	16	0	1
<b>TOTAL</b>	<b>8,081</b>	<b>7,901</b>	<b>516</b>	<b>505</b>
<i>Inclusive:</i>				
- goods and materials for manufacturing	89	280	6	18
- lease of property, plant and equipment	5,420	4,565	346	292
- management services	2,035	2,035	130	130
- other	537	1,021	34	65
<b>Balances with related parties at 30 September</b>				
Receivables with associates: goods and services	4,687	2,328	300	149
Payables with associates: goods and services	1,291	2,234	83	143

## Statement of Management responsibility

The management board acknowledges its responsibility for the preparation, integrity and fair presentation of the consolidated interim financial statements of 1-9/ 2009, as set out on pages 3 to 23, and confirms that to the best of its knowledge, information and belief that:

- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements; and includes the description of major risks and doubts for the parent company and consolidate companies as a Group; and reflects significant transactions with related parties;
- the accounting principles and presentation of information used in preparing the interim financial statements are in compliance with the International Financial Reporting Standards as adopted by the European Union;
- the interim financial statements give a true and fair view of the assets, liabilities, financial position of the Group and of the results of its operations and its cash flows; and
- AS Harju Elekter and its subsidiaries are going concerns.

Andres Allikmäe	Chairman of the Board	/signature/	„04.“ November 2009
Lembit Libe	Member of the Board	/signature/	„04.“ November 2009
Karin Padjus	Member of the Board	/signature/	„04.“ November 2009