



AS HARJU ELEKTER

Interim report 1-9/ 2007

Business name	AS Harju Elekter
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Beginning of the reporting period:	1 st of January 2007
End of the reporting period:	30 th of September 2007

The interim report of Harju Elekter Group on 23 pages

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

In interim report for 9M 2007 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 related company Draka Keila Cables by the equity method. In the third quarter Harju Elekter sold its 33.3% holding in the associated company AS Saajos Inexa. Reflection of the profits/losses of the associated company in consolidated reports ceased as at 30 June 2007. The shares of PKC Group Oyj are recognised on the balance sheet on the fair value basis. SIA Energokomplekss is in the balance sheet in the acquired price. As of 30 September 2007, Harju Elekter has substantial holdings in the following companies:

Participation %			31.09.07	31.12.06	31.09.06
AS Eltek	subsidiary	Estonia	100.0%	100.0%	100.0%
AS Harju Elekter Elektrotehnika	subsidiary	Estonia	100.0%	100.0%	0.0%
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%
AS Saajos Inexa	associated company	Estonia	0.0%	33.3%	33.3%
SIA Energokomplekss	financial investment	Latvia	10.0%	10.0%	10.0%
PKC Group Oyj	financial investment	Finland	8.9%	10.1%	10.1%

Economic environment

In the estimation of analysts, the world economy ushered in cold winds in the third quarter. Since the Baltic States are highly susceptible to world economic processes, this has affected developments somewhat in the Baltics. The economies here may be adversely affected, in the estimation of analysts, by the limited liquidity of the world financial markets. As open economies, the Baltic States are also affected by rapidly rising prices in the world. There being considerable dependency on imported energy, the price of oil undoubtedly affects both the local level of prices and consumption. A weak dollar (and a strong euro) has, to an extent, mitigated this year's price increases, and it is also good that the dollar's exchange rate has not significantly affected exports for the countries here, since they trade predominantly with the EU and countries linked to it.

In addition to external factors, one ought not to forget the domestic ones, since these continue to be the most important in determining the future of the economy. Fortunately, the most hazardous times appear to have passed. The rapid growth in loans and the whirlwind rise in residential property prices are over; moderation may be detected in the increase in consumer spending, which is reducing growth in imports and slowing the increase in trade deficits.

The process of the slowing of economic growth has been the most intensive in Estonia. In Latvia, the first signs of a slowing in economic growth may be seen. Based on prognoses by analysts, Lithuania's economic growth will remain relatively strong. If this year Lithuania's economic growth was predicted to be 9.2%, there ought to follow a slowing of growth next year and the year after, as in Estonia and Latvia (7.5% and 6.5%, respectively).

Events

On 26 April, the annual general meeting of shareholders took place, in which 96 shareholders or their authorised representatives, who represented 58.7 % of the total number of votes, participated. The general meeting decided to pay the owners dividends in the amount of EEK 1.80 (EUR 0.12) per share. The dividends were paid on 21 May 2007.

Harju Elekter Elektrotehnika AS, a subsidiary of Harju Elekter, entered into a sales contract of low-voltage equipment with Greek company METKA Metal Constructions of Greece S.A. In the framework of the contract, Harju Elekter Elektrotehnika shall prepare various control centres with frequency converters for Kardia and Mavropigisi mines in Crete. The volume of the contract is 3.2 million euros (50.1 million kroons). The signed contract is a significant breakthrough to new markets in Europe.

In July, a registered immovable was purchased at Keila. Thereby adding an additional 3.1 thousand m² in production and rental spaces to the Group. Nearly 2 thousand sq.m of renovated production spaces converted for manufacturing needs were placed at the disposal of Harju Elekter Elektrotehnika and Draka Keila Cables in the third quarter.

In the third quarter, two of the owners of AS Saajos Inexa, AS Harju Elekter and Inexa AS, sold their 33.3% holdings to the third owner of the related company, Saajos International Ltd, who became the sole shareholder. The sale of the shareholding was a strategic decision by the management of the Harju Elekter Group.

30 September 2007 marked the 10-year anniversary of the beginning of the listing of Harju Elekter shares on the Tallinn Stock Exchange. In this time, Harju Elekter has become an international group of companies, whose sales volume has sextupled and whose business revenue and share price have quintupled.

Operating results

REVENUE

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Revenue (in million kroons)	123.9	171.0	160.1	167.1	151.6	178.3	195.3
Revenue (in million euros)	7.9	10.9	10.2	10.7	9.7	11.4	12.5
Growth Q/Q	10.6%	45.9%	23.4%	7.8%	22.4%	4.3%	22.0%

The revenue of the Group in the third quarter of 2007 was 195.3 million kroons (12.5 million euros), growing 22% compared to the same period in the previous year. During the first 9 months the sales volumes increased 15.4% to 525.2 million kroons (33.6 million euros). The Group's main field of activity is production of electrical equipment and control apparatus for the energy and industry sector. A certain seasonal nature of the Group's business activities is caused by the economic cycle of clients, situation on the construction market and also by weather conditions to some extent.

Revenue by geographical segment and market

Geographical segments	EEK (in million)						EUR (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9 m/9m	2007	2006	2007	2006	2007	2006	2007	2006
Estonia	47.6%	29.8%	109.5	74.2	287.4	221.4	7.0	4.7	18.4	14.2
Finland	32.3%	24.4%	62.1	47.0	179.9	144.7	4.0	3.0	11.5	9.2
Lithuania	-39.3%	-34.9%	23.7	38.9	57.9	88.9	1.5	2.5	3.7	5.7
Total	22.0%	15.4%	195.3	160.1	525.2	455.0	12.5	10.2	33.6	29.1

The fastest growth pace was in the third quarter in the Estonian segment. Compared to the third quarter of the previous year, the sale of Estonian companies increased 47.6% to 109.5 million kroons (7.0 million euros). The majority 35.3 million kroons (2.3 million euros) of the growth in the Q3 turnover of the Estonian segment was achieved in foreign markets. The source of the gain was the sale of low-voltage control equipment with frequency adapters sold to the industrial sector in the amount of 23.5 million kroons (1.5 million euros). The sales by Estonian companies to foreign markets in the third quarter totalled 42 million kroons (2.7 million euros), which is 19.9 million kroons (1.3 million euros) more than in the period of comparison. Sales to the Estonian market grew in the accounting quarter by 21.8% to 74.7 million kroons (4.8 million euros). The most important sales growth source on the domestic market was that 20 more unit substations in Q3 and 63 more in 9M were sold compared to the same periods in previous year. The sales revenue of the Estonian segment within nine months reached 287.4 million kroons (18.4 million euros), growing by 29.8% or 66.0 million kroons (4.2 million euros) compared to the same period in the previous year.

The favourable condition in Finnish economy, the growth in the given economic sector and the positive imago of the Finnish subsidiary Satmatic Oy ensured a continuously large amount of sales orders in the Finnish sector. The sales volume in the third quarter reached 62.1 million kroons (4.0 million euros), which is 32.3% more than in the reference period and within the first nine months products were sold in the total amount of 179.9 million kroons (11.5 million euros), which is 35.2 million kroons (2.3 million euros) more than in the previous year.

Sales revenue for the Lithuanian segment in the third quarter was 23.7 million kroons (1.5 million euros), being 15.2 million kroons (1 million euros) less than the third quarter results in 2006 yet outstripping the comparable result for 2005 by 70.5%. 2006 was an extraordinary year for the Lithuanian subsidiary: right off in the first quarter of the year, two high-volume contracts for services were concluded for the manufacturing and installation of electrical equipment. Sub-contracting was used for equipment installation, to execute the contracts in a timely and quality manner, which had a significant effect on the sales volumes for Rifas in 2006. This year's third quarter, however, may be considered a success for the Lithuanian businesses. Several important projects became reality: such as Sivacon 8PT low-voltage switch gear commissioned by a Belarusian enterprise and, in cooperation with a Norwegian company, equipment for ship-building in Singapore. Since these strategically important commissioned jobs were completed in a timely and quality manner, new commissioned jobs may be expected in the periods to come. Also, the nine-month sales volume of 57.9 million kroons (3.7 million euros) fell one-third short of last year's results, yet outstripped the same result for 2005 by 1.6 times.

Of the markets, the domestic markets of the Group's companies (Estonia, Finland, Lithuania) dominated, where 83.2% (Q3 2006: 98.0%) of the Group's products and services were sold in the third quarter and 89.1% (9M 2006: 97.3%) within nine months.

Markets	EEK (in million)						EUR (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9 m/9m	2007	2006	2007	2006	2007	2006	2007	2006
Estonia	21.8%	18.1%	74.7	61.3	210.6	178.3	4.8	3.9	13.5	11.4
Finland	20.2%	15.2%	70.2	58.4	208.7	181.2	4.5	3.7	13.3	11.6
Lithuania	-52.3%	-41.5%	17.8	37.2	48.6	83.1	1.1	2.4	3.1	5.3
EU	1839.2%	562.3%	26.9	1.4	44.9	6.8	1.7	0.1	2.9	0.4
Others	216.5%	120.9%	5.7	1.8	12.4	5.6	0.4	0.1	0.8	0.4
Total	22.0%	15.4%	195.3	160.1	525.2	455.0	12.5	10.2	33.6	29.1

As a result of the successful selling efforts of the companies in the Estonian segment, the sales in the third quarter and first 9 months have increased the most in Estonia and the other markets in European Union. As a new market, Greece (the EU) was added in the second quarter. Concerning other markets, the growth was influenced by selling the low voltage distribution equipment of Harju Elekter Elektrotehnika with the cost of 5.4 million kroons (0.3 million euros) to a US company that will supply the equipment to Russia and Lithuanian subsidiary's successful sales to Belarus and Norway.

Revenue by business activities

Business segments	EEK (in million)						EUR (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9 m/9m	2007	2006	2007	2006	2007	2006	2007	2006
Production	25.6%	16.1%	164.8	131.2	435.0	374.6	10.5	8.4	27.8	23.9
Real estate	11.0%	7.6%	8.6	7.7	26.2	24.3	0.6	0.5	1.7	1.6
Trade	19.2%	23.3%	20.2	17.0	55.1	44.7	1.3	1.1	3.5	2.9
Other	-59.5%	-21.6%	1.7	4.2	8.9	11.4	0.1	0.2	0.6	0.7
Total	22.0%	15.4%	195.3	160.1	525.2	455.0	12.5	10.2	33.6	29.1

Traditionally, the largest share of the sales revenue accounted for production, which is the main area of activity of the Group. Third quarter was the most successful for the production sector, where sales revenue grew by 25.6%.

There were fast growth rates in the trade sector as well. Q3 2007 achieved a gain of 19.2% and 23.3% for 9 months all together. Availability of loans at favourable rates and demand by private clients occasioned by an increase in wages had a positive effect on trade sales volumes. A principal reason has been brisk construction activity, which is showing signs of abating in the third quarter. The increase in prices has also had some effect. Compared to last year, the purchase prices of goods have increased 4-5%.

The real estate segment experienced third-quarter growth of 11.0%, which is principally due to a gain in rental spaces. For 9 months all together, real estate revenue has grown 7.6% to 26.2 million kroons (1.7 million euros).

OPERATING EXPENSES

Operating expenses in the third quarter grew 18.5% and 14.1% in nine months, falling short, in terms of growth rate, of sales revenue (22% and 15.4%, respectively).

	EEK (in million)						EUR (in million)			
	Growth		Q3		9 months		Q3		9 months	
	Q/Q	9 m/9m	2007	2006	2007	2006	2007	2006	2007	2006
Cost of sales	17.6%	13.5%	154.5	131.4	425.4	374.9	9.9	8.4	27.2	24.0
Distribution costs	37.5%	26.7%	9.1	6.6	24.0	18.9	0.6	0.4	1.5	1.2
Admin expenses	8.3%	8.2%	8.7	8.0	27.1	25.1	0.6	0.5	1.7	1.6
Development costs	77.4%	51.0%	2.2	1.2	5.6	3.7	0.1	0.1	0.4	0.2
Total expenses	18.5%	14.1%	174.5	147.2	482.1	422.6	11.2	9.4	30.8	27.0
incl. depreciation of fixed assets	14.6%	10.7%	4.7	4.1	13.5	12.2	0.3	0.3	0.9	0.8
Total labour cost	23.3%	28.8%	40.7	33.0	113.3	87.9	2.6	2.1	7.2	5.6
incl salary cost	38.4%	33.3%	28.9	20.9	84.1	63.1	1.8	1.3	5.4	4.0

The expenditure related to the sold products increased within the third quarter of 2007 by 17.6% to 154.5 million kroons (9.9 million euros) and within the first nine months by 13.5% to 425.4 million kroons (27.2 million euros). The fastest growth pace concerned marketing and general administration costs. In the Q3, of the increase in operating expenses by 27.3 million kroons (1.7 million euros), 28% was accounted for by an increase in labour costs, and as much as 43% of the increase in operating expenses in nine months by 59.5 million kroons (3.8 million euros).

The continuing growth in economy and consumption has brought about the growth in sales volumes, but has also increased the need for qualified labour. Due to limited labour, the pressure for an increase in salaries has been strong in the Group. At the same time, high-volume commissioned jobs have entailed a need for additional labour and also for the use of overtime work. Third-quarter labour costs were 28.9 million kroons (1.8 million euros), which is 38% more than last year, and in nine months 84.1 million kroons (5.4 million euros) were paid in wages, a 33% increase over last year. The increase in outlays may be explained, on the one hand, by an increase in the number of employees (Finland, Estonia), by an increase in wages and the use of overtime work, and, on the other hand, by changes in the structure of the Group last financial year. Due to the purchase of a production facility in Finland in the second quarter 2006, the number of employees there grew by 11 people. In Lithuania, on the other hand, the last quarter of 2006 saw the selling of a subsidiary where 32 people had been employed. The nine-month average number of employees was 59 (89) in Lithuania, 77 (62) in Finland and 301 (291) in Estonia. It is a known fact that the salary level in Finland is significantly higher than that in Estonia and Lithuania. As of the 30 September 2007 balance sheet date, 469 (455) employees were employed by the Group, which is 42 people more than at the beginning of the year (427 employees). This year the average number of employees has been growing from quarter to quarter - from 416 in the first quarter to 462 (456) in the third. The nine-month average number of employees at the Group was 437 (441).

In the third quarter, depreciation of fixed assets was expensed in the total amount of 4.7 million kroons (0.3 million euros), in the reference period 4.1 million kroons (0.3 million euros) and in the first nine months - 13.5 million kroons (0.9 million euros), which is 10.7% more than the compared period in the last year.

PROFIT

	Q1 2006		Q2 2006		Q3 2006		Q4 2006		Q1 2007		Q2 2007		Q3 2007	
(in million)	EEK	€	EEK	€	EEK	€	EEK	€	EEK	€	EEK	€	EEK	€
Gross profit	22.6	1.4	28.8	1.8	28.7	1.8	31.8	2.0	25.7	1.7	33.4	2.1	40.8	2.6
EBITDA	12.0	0.8	16.0	1.0	17.0	1.1	16.8	1.1	13.4	0.9	17.3	1.1	24.9	1.6
Operating profit	8.0	0.5	11.8	0.8	12.8	0.8	12.5	0.8	9.0	0.6	12.9	0.8	20.2	1.3

The total profit of the Group in the third quarter was 40.8 million kroons (2.6 million euros), growing 42.0% compared to the previous year. The margin of the total profit for the third quarter was 20.9% (Q3 of 2006: 17.9%) and for the first nine months - 19.0%, which 1.4% better than in the reference period.

The operating profit for the third quarter increased 57.3% to 20.2 million kroons (1.3 million euros) and operating profitability was 10.3% (8.0%). The Group's operating profit within 9 months increased 29.0% to 42.1 million kroons (2.7 million euros) compared to the same period of the previous year and the operating profitability was 8.0%, being 0.8% higher in the previous year.

Pre-tax profit for the Group for the accounting quarter was 20.9 million kroons (1.3 million euros), an increase of 69.6%, third-quarter net profit was 20.1 million kroons (1.3 million euros), a gain of 76.9%, and the parent company's shareholders' share in third-quarter net profit increased 96.9% to 19.2 million kroons (1.2 million euros). Basic earnings per share were EEK 1.14 (EUR 0.07) and EEK 0.58 (EUR 0.04) in the comparable quarter.

Affected by the profit earned from the sale of PKC shares in the first half-year (MEEK 32.6 or MEUR 2.1), nine-month consolidated net profit came in at MEEK 81.5 or MEUR 5.2, MEEK 44.2 or MEUR 2.8 in the period of comparison. Parent company's shareholders' share in the net profit was 79.6 million kroons (5.1 million euros) and 40.9 million kroons (2.6 million euros) in the period of comparison. Net profit per share was EEK 4.74 (EUR 0.30) and EEK 2.44 (EUR 0.16) in the period of comparison.

Balance sheet

The amount of the consolidated balance sheet as of 30 September 2007 was 767.6 million kroons (49.1 million euros), increasing by 9.9 million kroons (0.6 million euros) in the first nine months.

Current assets have increased 66.3 million kroons (4.2 million euros) within the first nine months, incl. cash on bank accounts 2.7 (0.17), receivables from operating activities 21.8 (1.4) and inventories 41.8 million kroons (2.7 million euros), to 235.6 million kroons (15.1 million euros), comprising 30.7% of the cost of assets. The continuing growth of the sales orders resulted in a growth of the components as well as the stocks of products in progress and finished products, and the receivables and liabilities related to operating activities in the balance sheet.

The cost of fixed assets decreased within the first nine months 56.4 million kroons (3.6 million euros) to 532.0 million kroons (34.0 million euros), comprising 69.3% of the balance sheet volume. The main reason for a decrease in fixed assets was a change in the market price of shares of PKC Group Oyj and the sale of the shares in the first half-year. In the reporting period, the Group has sold 220 thousand shares in PKC Group Oyj and the market price has declined 1.59 euros (24.88 kroons). As of the balance sheet day, 30 September 2007, the Group had in its ownership 8.9% of the shares in PKC

Group Oyj or 1.58 million shares. The cost of investment in the balance sheet has decreased within the first nine months by 49.0 million kroons (3.1 million euros).

Payables due to suppliers and other liabilities related to operating the business have grown in nine months by 21.5 million kroons (1.4 million euros), to 95.0 million kroons (6.1 million euros), interest-bearing debt liabilities by 12.5 million kroons (0.8 million euros). To execute high-volume projects, the Group's businesses' need for short-term bank loans increased, which is also a principal reason for the increase in debt liabilities. The Group's liabilities increased in nine months by 28.9%, to 172.3 million kroons (11.0 million euros), accounting for 22.4% of the balance sheet total.

Affected by the net profit for the accounting period, dividends paid and a drop in the market price of the financial assets, (parent company's shareholders') equity decreased all together by 29.1 million kroons (1.9 million euros) to 576.5 million kroons (36.8 million euros), accounting for 75.1% of the value of assets (30 September 2006: 75.2%).

Cash flows, investments and financing

In the nine months, the cash flow from operating activities was 11.0 million kroons (0.7 million euros) and in the reference period 19.6 million kroons (1.3 million euros), from investing activities 11.9 million kroons (0.8 million euros) and in the reference period -6.0 million kroons (-0.4 million euros), and the outgoing cash flow from financing activities was -20.2 million kroons (-1.3 million euros) and in the reference period -26.5 million kroons (-1.7 million euros).

Cash and cash equivalents increased in the first nine months by 2.7 million kroons (0.17 million euros) to 9.4 million kroons (0.6 million euros) and decreased in the comparable period by -13.1 million kroons (-0.8 million euros) to 12.8 million kroons (0.8 million euros).

The following investments were made in the fixed assets of the Group during the reporting period:

9 m 2007 (in million)	EEK		€	
	2007	2006	2007	2006
Property, plant and equipment	23.30	16.82	1.49	1.07
Investment property	14.01	0.38	0.90	0.02
Intangible assets	0.61	1.99	0.04	0.13
Total	37.92	19.19	2.43	1.22

In the second quarter, construction was begun on a manufacturing and office building in Lithuania, due to be completed in the first half next year. As of 30 September, the cost of construction in progress was 3.5 million kroons (0.2 million euros) in the balance sheet. In the third quarter, a property was purchased at Keila and also renovated to a large extent. This added 3.1 thousand square metres of production (>40%) and rental spaces to the Group. In total, 14.5 million kroons (0.9 million euros) were paid for the property, of which the cost of the land was 2.8 million kroons (0.18 million euros). Renovations of buildings totalled 8.0 million kroons (0.51 million euros). 9.3 million kroons (0.6 million euros) worth of production equipment and means of transport were acquired in nine months.

In the first half-year, the revenue from the sale of financial investments was 35.8 million kroons (2.3 million euros), in the reference period 5.6 million kroons (0.36 million euros). In the second quarter, the amount of dividends received was 12.7 million kroons (0.8 million euros), in the reference period 12.7 million kroons (0.8 million euros).

To execute high-volume projects, in addition to the circulating capital, the Group has taken out short-term loans in the amount of 17.7 million kroons (1.1 million euros), 1.6 million kroons (0.1 million

euros) in the period of comparison. To finance new construction in Lithuania, the Group took out a long-term loan. The loan contract has been concluded for five years in the amount of 1.8 million LTL (MEEK 8.2 or MEUR 0.5). The loan is being used as suits the course of construction. In nine months, long-term loans have been used in the amount of 2.2 million kroons (142 thousand euros), long-term loans were repaid within nine months in the amount of 7.5 million kroons (0.5 million euros) and in the reference period in the amount of 6.7 million kroons (0.4 million euros). To finance the acquisition of fixed assets, leasing contracts have been concluded in the amount of 1.0 million kroons (64 thousand euros) and leasing payments were paid in the amount of 850 thousand kroons (54 thousand euros) and in the reference period in the amount of 1.0 million kroons (66 thousand euros). The Group has paid interest on debt liabilities in nine months in the amount of 1.7 million kroons (111 thousand euros), 1.4 million kroons (88 thousand euros) in the period of comparison.

Within the first half-year, the Group paid dividends in the total amount of 31.7 million kroons (2.0 million euros), in the reference period 27.4 million kroons (1.8 million euros). The payment of dividends brought about an income tax liability for the Group's companies in the total amount of 6.4 million kroons (0.4 million euros), in the reference period 5.9 million kroons (0.4 million euros).

Supervisory Board and Management Board

The general meeting elected a new Supervisory Board and determined the remuneration for the members of the Supervisory Board. The Supervisory Board consists of five members. Endel Palla (R&D manager of AS Harju Elekter) was re-elected as the Chairman of the Supervisory Board and members: Ain Kabal (president of Estonian Association of SME's), Lembit Kirsme (Ch of the Supervisory Board of AS Harju KEK), Madis Talgre (Ch of the Management Board of AS Harju KEK) and Andres Toome (financial consultant). The Chairman of the Supervisory Board continues working with a partial work load as the R&D manager of AS Harju Elekter.

During 2007 there were no changes in the management of AS Harju Elekter. The Management Board consist Andres Allikmäe (chairman) and members Karin Padjus (financial manager) and Lembit Libe (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 the contract of service; members of the Management Board receive no special remuneration.

The amount of remuneration and salaries paid to the member of the Supervisory and Management Boards of AS Harju Elekter in nine months amounted to a total of 2.8 million kroons (180 thousand euros) and in the comparable period 2.5 million kroons (158 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.

Statistical summary

<i>Shares of Harju Elekter</i>	EEK			€		
	9 m 2007	9 m 2006	2006	9 m 2007	9 m 2006	2006
Average number of shares. 1000 pc	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
Lowest price	51.63	51.63	51.63	3.30	3.30	3.30
Highest price	71.97	69.47	69.47	4.60	4.44	4.44
Closing price	53.98	60.24	64.93	3.41	3.85	4.15
EPS	4.74	2.44	2.81	0.30	0.16	0.18

<i>Consolidate income statement</i> (in million)	EEK					€				
	Q 3		9 months		year	Q 3		9 months		year
	2007	2006	2007	2006	2006	2007	2006	2007	2006	2006
Accounting period										
Turnover	195.3	160.1	525.2	455.0	622.1	12.5	10.2	33.6	29.1	39.8
EBITDA	24.9	17.0	55.6	44.9	61.7	1.6	1.1	3.5	2.9	3.9
Operating profit	20.2	12.8	42.1	32.7	45.2	1.3	0.8	2.7	2.1	2.9
Net profit for the current period	20.1	11.4	81.5	44.2	52.0	1.3	0.7	5.2	2.8	3.3
incl. equity holders of the parent	19.2	9.7	79.6	40.9	47.3	1.2	0.6	5.1	2.6	3.0

<i>Consolidated balance sheet</i> (in million)	Structure (%)			EEK			€		
	30.09. 2007	31.12. 2006	30.09. 2006	30.09. 2007	31.12. 2006	30.09. 2006	30.09. 2007	31.12. 2006	30.09. 2006
	Current assets	30.7	22.3	27.5	235.6	169.3	198.1	15.1	10.8
Fixed assets	69.3	77.7	72.5	532.0	588.4	522.3	34.0	37.6	33.4
Total assets	100.0	100.0	100.0	767.6	757.7	720.4	49.1	48.4	46.0
Expenses	22.4	17.6	22.2	172.3	133.7	159.8	11.0	8.5	10.2
Owner's equity	77.6	82.4	77.8	595.3	624.0	560.6	38.1	39.9	35.8
Incl. owner's equity belonging to the parent	75.1	79.9	75.2	576.5	605.6	541.8	36.8	38.7	34.6

<i>Growth</i> (%)	Q3		9 months		year
	2007	2006	2007	2006	2006
Turnover	22.0	23.4	15.5	26.8	21.1
EBITDA	46.9	3.7	23.8	14.0	17.6
Operating profit (EBIT)	57.3	0.8	29.0	14.1	20.5
Net profit for the current period	76.9	-35.7	86.6	24.4	18.5
incl. equity holders of the parent	97.9	-43.4	94.6	18.7	13.5

<i>Performance indicators (%)</i>					
Return of sales before depreciation	12.7	10.6	10.6	9.9	9.9
Return of sales (operating profit/turnover *100)	10.3	8.0	8.0	7.2	7.3
Net profit margin (net profit/turnover *100)	10.3	7.1	15.5	9.7	8.4

<i>Employees</i>					
Average number of employees	462	456	437	441	439
Number of employees in the end of the period	469	455	469	455	427

INTERIM FINANCIAL STATEMENTS**CONSOLIDATED BALANCE SHEET**

	Note	EEK'000		€000	
		30.09.2007	31.12.2006	31.09.2007	31.12.2006
Current assets					
Cash and cash equivalents		9,374	6,712	599	429
Trade receivables and other receivables		102,816	82,765	6,571	5,290
Prepayments		2,587	845	165	54
Inclusive income tax		2	2	0	0
Inventories		120,862	79,030	7,724	5,050
Total current assets		235,639	169,352	15,059	10,823
Non-current assets					
Investments in associates		25,935	25,187	1,658	1,610
Other long-term financial investments		263,444	344,884	16,837	22,042
Investment property	2	135,117	127,268	8,636	8,134
Property, plant and equipment	2	104,081	87,446	6,652	5,589
Intangible assets	2	3,416	3,595	219	230
Total non-current assets		531,993	588,380	34,002	37,605
TOTAL ASSETS		767,632	757,732	49,061	48,428
Liabilities					
Interest-bearing loans and borrowings	3	30,234	20,772	1,933	1,328
Trade payables and other payables		94,978	73,496	6,070	4,697
Tax liabilities		15,992	12,268	1,022	784
Inclusive income tax		1,952	2,401	125	154
Short-term provision		1,000	100	64	6
Total current liabilities		142,204	106,636	9,089	6,815
Non-current liabilities		29,641	26,568	1,894	1,698
Other non-current liabilities		469	469	30	30
Total non-current liabilities	3	30,110	27,037	1,924	1,728
Total liabilities		172,314	133,673	11,013	8,543
Equity					
Share capital		168,000	168,000	10,737	10,737
Share premium		6,000	6,000	384	384
Reserves		255,466	331,552	16,327	21,190
Retained earnings		147,042	100,078	9,398	6,396
Total equity attributable to equity holders of the parent		576,508	605,630	36,846	38,707
Minority interest		18,810	18,429	1,202	1,178
Total equity		595,318	624,059	38,048	39,885
TOTAL LIABILITIES AND EQUITY		767,632	757,732	49,061	48,428

CONSOLIDATED INCOME STATEMENT

EEK'000	Note	For period 6-9 ended 30 June		For period 1-9 ended 30 June	
		2007	2006	2007	2006
Revenue	4	195,325	160,101	525,224	454,955
Cost of sales		-154,539	-131,386	-425,379	-374,868
Gross profit		40,786	28,715	99,845	80,087
Distribution costs		-9,053	-6,582	-23,983	-18,930
Administrative expenses		-10,863	-9,236	-32,721	-28,793
Other income		151	61	496	650
Other expenses		-809	-110	-1,493	-340
Operating profit	4	20,212	12,848	42,144	32,674
Net financing income/costs	5	-497	-508	43,949	16,660
Share of profit of associates		1,220	7	4,034	2,267
Profit before tax		20,935	12,347	90,127	51,601
Allocation of corporate income tax to relevant periods		-815	-974	-8,676	-7,358
Profit for the period		20,120	11,373	81,451	44,243
Attributable to:					
Equity holders of the parent	6	19,178	9,739	79,604	40,926
Minority interests		942	1,634	1,847	3,317
Basic and diluted earnings per share	6	1.14	0.58	4.74	2.44
€000					
Revenue	4	12,484	10,232	33,568	29,077
Cost of sales		-9,877	-8,397	-27,187	-23,959
Gross profit		2,607	1,835	6,381	5,118
Distribution costs		-579	-421	-1,533	-1,210
Administrative expenses		-694	-590	-2,092	-1,840
Other income		10	4	32	42
Other expenses		-52	-7	-95	-22
Operating profit	4	1,292	821	2,693	2,088
Net financing income/costs	5	-32	-32	2,809	1,065
Share of profit of associates		78	0	258	145
Profit before tax		1,338	789	5,760	3,298
Allocation of corporate income tax to relevant periods		-52	-62	-554	-470
Profit for the period		1,286	727	5,206	2,828
Attributable to:					
Equity holders of the parent	6	1,226	623	5,088	2,616
Minority interests		60	104	118	212
Basic and diluted earnings per share	6	0.07	0.04	0.30	0.16

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 1-9 ended 30 September	Note	EEK'000		€000	
		2007	2006	2007	2006
Cash flows from operating activities					
Operating profit	4	42,144	32,674	2,693	2,088
<u>Adjustments for:</u>					
Depreciation and amortisation	2	13,502	12,225	863	781
Gain on sale of property, plant and equipment		-435	-383	-28	-24
Change in receivables related to operating activity		-8,545	-41,510	-546	-2,653
Change in inventories		-41,833	-7,231	-2,674	-462
Change in payables related to operating activity		17,016	31,958	1,088	2,043
Corporate income tax paid		-9,125	-6,790	-583	-434
Interest paid		-1,742	-1,383	-111	-88
Net cash from operating activities		10,982	19,560	702	1,251
Cash flows from investing activities					
Acquisition of property, plant and equipment		-22,629	-16,883	-1,446	-1,079
Acquisition of investment property		-14,013	-376	-895	-24
Acquisition of intangible assets		-608	-1,992	-39	-127
Net cash flows incurred by acquisition of production unit		0	-5,714	0	-365
Proceeds from sale of property, plant and equipment		433	459	28	29
Proceeds from sale of other financial investments		35,770	5,616	2,286	359
Loans given		-50	-58	-3	-4
Repayment of loans given		81	8	5	0
Interest received		257	212	16	14
Dividends received		12,663	12,679	809	810
Net cash used in investing activities		11,904	-6,049	761	-387
Cash flows from financing activities					
Proceeds from borrowings		19,900	8,558	1,272	547
Repayment of borrowings	3	-7,530	-6,678	-481	-427
Payment of finance lease principal	3	-850	-1,029	-54	-66
Dividends paid		-31,706	-27,397	-2,027	-1,751
Net cash used in financing activities		-20,186	-26,546	-1,290	-1,697
Net cash flows		2,700	-13,035	173	-833
Cash and cash equivalents at beginning of period					
		6,712	25,940	429	1,658
Net increase / decrease		2,700	-13,035	173	-833
Effect of exchange rate fluctuations on cash held		-38	-61	-3	-4
Cash and cash equivalents at end of period		9,374	12,844	599	821

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EEK '000	Attributable to equity holders of the parent							
For period 1-9/ 2006	Share capital	Share premium	Capital reserve	Fair value reserve	Retained earnings	Total	Minority interest	TOTAL
Balance at 31 December 2005	168,000	6,000	8,600	287,526	82,069	552,195	16,138	568,333
Profit for period	0	0	0	0	40,926	40,926	3,317	44,243
Income recognized directly in equity	0	0	0	-24,428	0	-24,428	0	-24,428
Total income for period	0	0	0	-24,428	40,926	16,498	3,317	19,815
Dividends	0	0	0	0	-26,880	-26,880	-651	-27,531
Amounts transferred to reserves	0	0	2,400	0	-2,400	0	0	0
Balance at 30 September 2006	168,000	6,000	11,000	263,098	93,715	541,813	18,804	560,617
For period 1-6/2007								
Balance at 31 December 2006	168,000	6,000	11,000	320,552	100,078	605,630	18,429	624,059
Profit for period	0	0	0	0	79,604	79,604	1,847	81,451
Income recognized directly in equity	0	0	0	-78,486	0	-78,486	0	-78,486
Total income for period	0	0	0	-78,486	79,604	1,118	1,847	2,965
Dividends	0	0	0	0	-30,240	-30,240	-1,466	-31,706
Amounts transferred to reserves	0	0	2,400	0	-2,400	0	0	0
Balance at 30 September 2007	168,000	6,000	13,400	242,066	147,042	576,508	18,810	595,318

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

€000	Attributable to equity holders of the parent							
For period 1-9/ 2006	Share capital	Share premium	Capital reserve	Fair value reserve	Retained earnings	Total	Mino- rity interest	TOTAL
Balance at 31 December 2005	10,737	384	550	18,376	5,245	35,292	1,031	36,323
Profit for period	0	0	0	0	2,616	2,616	212	2,828
Income recognized directly in equity	0	0	0	-1,561	0	-1,561	0	-1,561
Total income for period	0	0	0	-1,561	2,616	1,055	212	1,267
Dividends	0	0	0	0	-153	0	0	0
Amounts transferred to reserves	0	0	153	0	-1,718	-1,718	-42	-1,760
Balance at 30 September 2006	10,737	384	703	16,815	5,990	34,629	1,201	35,830
For period 1-6/ 2007								
Balance at 31 December 2006	10,737	384	703	20,487	6,396	38,707	1,178	39,885
Profit for period	0	0	0	0	5,088	5,088	118	5,206
Income recognized directly in equity	0	0	0	-5,016	0	-5,016	0	-5,016
Total income for period	0	0	0	-5,016	5,088	72	118	190
Dividends	0	0	0	0	-1,933	-1,933	-94	-2,027
Amounts transferred to reserves	0	0	153	0	-153	0	0	0
Balance at 30 September 2007	10,737	384	856	15,471	9,398	36,846	1,202	38,048

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 report prepared as of 30.09.2007 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 associates AS Draka Keila Cables and AS Saajos Inexa. AS Harju Elekter has been listed at Tallinn Stock Exchange since 30 September 1997; 30.17% of its shares is 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 31.12.2006 except the presentation of financial information of segments (see below).

According to the assessment of the management board, the interim report for 1-9/2007 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.

Note 2 Property, plant and equipment, investment property and intangible assets

For the period 1-9 ended 30 September EEK’000	Property, plant and equipment		Investment property		Intangible assets	
	2007	2006	2007	2006	2007	2006
Balance at 1 January	87,446	70,731	127,268	123,625	3,595	1,560
Additions	23,301	16,821	14,013	376	608	1,992
Additions through business combinations	0	6,259	0	0	0	0
Transfer from investment property	2,496	3,509	-2,496	-3,509	0	0
Disposals	-115	-59	0	0	0	0
Amortisation change for the period	-9,047	-8,424	-3,668	-3,187	-787	-614
Balance at the end of the current period	104,081	88,837	135,117	117,305	3,416	2,938
€000						
Balance at 1 January	5,589	4,521	8,134	7,901	230	100
Additions	1,489	1,074	896	24	39	127
Additions through business combinations	0	400	0	0	0	0
Transfer from investment property	160	224	-160	-224	0	0
Disposals	-7	-3	0	0	0	0
Amortisation change for the period	-579	-538	-234	-204	-50	-39
Balance at the end of the current period	6,652	5,678	8,636	7,497	219	188

Note 3 Interest-bearing loans and borrowings

	EEK'000		€000			
	30.09.07	31.12.06	30.09.06	30.09.07	31.12.06	30.09.06
Liabilities						
Short-term bank loans	27,382	9,702	13,427	1,750	620	858
Current portion of long-term bank loans	2,524	10,054	2,508	162	643	160
Current portion of lease liabilities	328	1,016	357	21	65	23
Total current liabilities	30,234	20,772	16,292	1,933	1,328	1,041
Long-term bank loans	27,219	24,999	35,053	1,739	1,597	2,240
Lease liabilities	2,422	1,569	1,402	155	101	90
Total non-current liabilities	29,641	26,568	36,455	1,894	1,698	2,330
Total interest-bearing loans and borrowings	59,875	47,340	52,747	3,827	3,026	3,371
Changes during the period 01.01. – 30.09.						
	EEK'000		€000			
			2007	2006	2007	2006
Loans and borrowings at the beginning of the year			47,340	51,896	3,026	3,317
Changes in short-term loans			17,680	1,558	1,130	100
Received long-term loans			2,220	7,000	142	447
Long-term loan repaid			-7,530	-6,678	-481	-427
New finance lease liabilities			1,015	0	64	0
Payment of finance lease principal			-850	-1,029	-54	-66
Loans and borrowings at the end of the current period			59,875	52,747	3,827	3,371

Note 4 Segment reporting

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on the basis of market prices.

Group's geographical segment report – primary segment

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format, geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on the basis of market prices.

Estonia – the domicile of AS Harju Elekter and its subsidiaries AS Harju Elekter Elektrotehnika and AS Eltek;

Finland – the domicile of the subsidiary Satmatic Oy;

Lithuania – the domicile of the subsidiary Rifas UAB.

In presenting information on the basis of markets, segment revenue is based on the geographical location of customers.

For the period 1-9 ended 30 September

EEK'000	Estonia		Finland		Lithuania		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers	287,428	221,410	179,888	144,646	57,908	88,899	0	0	525,224	454,955
Inter-segment revenue	15,733	18,656	19	33	773	469	-16,525	-19,158	0	0
Total revenue	303,161	240,066	179,907	144,679	58,681	89,368	-16,525	-19,158	525,224	454,955
Segment result	32,486	23,164	5,144	1,592	4,509	7,918	5	0	42,144	32,674

€000

Revenue from external customers	18,370	14,151	11,497	9,244	3,701	5,682	0	0	33,568	29,077
Inter-segment revenue	1,006	1,192	1	2	49	30	-1,056	-1,224	0	0
Total revenue	19,376	15,343	11,498	9,246	3,750	5,712	-1,056	-1,224	33,568	29,077
Segment result	2,076	1,480	329	102	288	506	0	0	2,693	2,088

Segment revenue based on the geographical location of customers

For the period 1-9 ended 30 September

EEK'000	Estonia		Finland		Lithuania		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Estonia	210,556	178,039	19	33	776	683	-792	-502	210,559	178,253
Finland	45,357	52,311	176,840	143,608	868	0	-14,313	-14,704	208,752	181,215
Lithuania	2,506	4,433	0	0	47,542	82,613	-1,420	-3,952	48,628	83,094
EU countries	39,075	2,935	3,048	265	2,755	3,576	0	0	44,878	6,776
Other	5,667	2,348	0	773	6,740	2,496	0	0	12,407	5,617
Total	303,161	240,066	179,907	144,679	58,681	89,368	-16,525	-19,158	525,224	454,955

€000

Estonia	13,457	11,379	1	2	50	44	-51	-32	13,457	11,393
Finland	2,900	3,343	11,302	9,178	55	0	-915	-940	13,342	11,581
Lithuania	160	283	0	0	3,038	5,280	-90	-252	3,108	5,311
EU countries	2,497	188	195	17	176	228	0	0	2,868	433
Other	362	150	0	49	431	160	0	0	793	359
Total	19,376	15,343	11,498	9,246	3,750	5,712	-1,056	-1,224	33,568	29,077

Group's business segment report – secondary segment

As at 30 June 2007 the Group was active in the following fields and the accompanying risks and rewards were very different. Every field of activity had enough weight to form a separate segment:

“Manufacturing” – The manufacture and sale of power distribution and control systems as well as data and communications systems and fibre optic cables and various sheet metal products and subcontracting in the area of sheet metal works; research and development; services related to manufacturing and intermediary sale of components.

“Trade” – Retail- and wholesale of products necessary for electrical installation works, mainly to retail customers and small- and medium-sized electrical installation companies;

“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 – 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.

Business segment revenue in areas of activity:

For the period 1-9 ended 30 September

EEK'000	Revenue		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006
Manufacturing	439,337	378,968	-4,314	-4,409	435,023	374,559
Real estate	34,605	32,368	-8,418	-8,032	26,187	24,336
Trade	55,218	45,022	-105	-314	55,113	44,708
Unallocated activities	11,994	16,857	-3,093	-5,505	8,901	11,352
Total revenue	541,154	473,215	-15,930	-18,260	525,224	454,955
€000						
Manufacturing	28,079	24,220	-276	-282	27,803	23,938
Real estate	2,212	2,069	-538	-513	1,674	1,556
Trade	3,529	2,877	-7	-20	3,522	2,857
Unallocated activities	767	1,078	-198	-352	569	726
Total revenue	34,587	30,244	-1,019	-1,167	33,568	29,077

Note 5 Net financing income/costs

For the period 1-9 ended 30 September	EEK'000		€000	
	2007	2006	2007	2006
Interest income	250	182	16	12
Interest expense	-1,742	-1,353	-111	-86
Dividend income	12,663	12,679	809	810
Net loss from foreign exchange differences	-38	-61	-3	-4
<i>Marketable investments:</i>				
Income from sale of investments	32,816	5,213	2,098	333
TOTAL	43,949	16,660	2,809	1,065

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 1-9 ended 30 September	2007	2006	2007	2006		
Profit attributable to equity holders of the parent	EEK'000	79,604	40,926	€000	5,088	2,616
Average number of shares outstanding during the period	'000	16,800	16,800	'000	16,800	16,800
Basic and diluted earnings per share	EEK	4,74	2,44	€	0,30	0,16

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 June 2006, 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 parties of AS Harju Elekter include associated companies AS Draka Keila Cables and AS Saajos Inexa; members of the management and supervisory boards and their close family members; and AS Harju KEK which owns 30.17 percent of the shares of AS Harju Elekter.

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

For the period 1-9 ended 30 September	EEK '000		€000	
	2007	2006	2007	2006
Purchase of goods and services from related parties:				
- from associates	6,401	10,137	409	648
- from Harju KEK	344	144	22	9
TOTAL	6,745	10,281	431	657
<i>Inclusive:</i>				
- goods and materials for manufacturing	6,388	9,998	408	638
- lease of property, plant and equipment	291	77	19	5
- other	66	206	4	14
Sale of goods and services to related parties:				
- to associates	7,332	9,696	469	619
- from Harju KEK	35	25	2	2
TOTAL	7,367	9,721	471	621
<i>Inclusive:</i>				
- goods and materials for manufacturing	1,310	1,015	84	65
- lease of property, plant and equipment	3,630	5,125	232	326
- management services	1,357	2,652	87	170
- other	1,070	929	68	60
Purchase of assets from Harju KEK				
- land	2,730	500	174	32
- buildings	11,920	0	762	0
TOTAL	14,650	500	936	32
	30.09.	31.12.	30.09.	31.12.
Balances with related parties	2007	2006	2007	2006
Receivables with associates: goods and services	2,181	3,763	261	241
dividend receivables	0	1,309	0	84
Payables with associates: goods and services	2,895	3,013	235	193

Statement of Management responsibility

The management board of AS Harju Elekter acknowledges its responsibility for the preparation, integrity and fair presentation of the consolidated interim financial statements of 1-9/ 2007, as set out on pages 12 to 22, and confirms that to the best of its knowledge, information and belief that:

- the policies applied in the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- the consolidated financial statements give a true and fair view of the financial position of the Group and of the results of its operations and its cash flows;
- all significant events that occurred before the date on which the consolidated financial statements were authorised for issue (07 August 2007) have been properly recognised and disclosed; and
- AS Harju Elekter and its subsidiaries are going concerns.

Management Board

Andres Allikmäe	Chairman of the Board	/signature/	„07.“ November 2007
Lembit Libe	Member of the Board	/signature/	„07.“ November 2007
Karin Padjus	Member of the Board	/signature/	„07.“ November 2007