

AS Harju Elekter

Interim report 1-3/ 2002 unaudited CONSOLIDATED

(Translation of the Estonian original)

Main business areas of Harju Elekter Group are designing, production and marketing of various electrical engineering and telecommunication systems. Almost half of the production is sold on foreign markets.

The Group consists of the parent company AS Harju Elekter and the 100%-owned subsidiary company AS ELTEK. AS Harju Elekter has holdings in associated companies AS Keila Kaabel (41.2%) and AS Saajos Balti (33.3%).

The parent company AS Harju Elekter is quoted on Tallinn Stock Exchange since September 30, 1997.

Business name:	Harju Elekter AS
Commercial registry code:	10029524
Address:	Paldiski mnt.31, 76 606 Keila, Estonia
Beginning of the financial year:	1 st of January 2002
End of the financial year:	31 st of December 2002
Beginning of the reporting period:	1 st of January 2002
End of the reporting period:	31 st of March 2002
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CEO:	Mr.Andres Allikmäe
Auditor:	KPMG Estonia

The interim report consists of the consolidated balance sheet, income statement, cash flow statement, statements of owners' equity, notes to the interim report 1-3 /2002 and explanatory note.

The interim report of AS Harju Elekter on 17 pages

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Signatures of the Management Board to the Interim report 1-3/2002

Management Board of AS Harju Elekter has prepared the consolidated Interim report for Q1 2002 as presented on pp. 4-17.

Approval of the Interim report 1-3/2002 as of March 31, 2002 by the Management Board members:

Mr. Andres Allikmäe Chairman of the Management Board „14“ May 2002

Mr. Ülo Merisalu Member of the Management Board „14“ May 2002

Mrs. Karin Padjus Member of the Management Board „14“ May 2002

Mr. Lembit Libe Member of the Management Board „14“ May 2002

EXPLANATORY NOTE

The financial results of AS Harju Elekter (parent company), its subsidiaries and related companies are presented in the consolidated interim report 1-3/ 2002 as follows:

	Participation on 31.03.02	Participation on 31.03.01
AS ELTEK	100 %	100 %
AS Keila Kaabel	41.2 %	41.2 %
AS Saajos Balti	33.3 %	33.3 %

Important events

According to the survey of the Estonian Foreign Trade Association, in 2001 Harju Elekter was among Top 10 importers and exporters in Estonia based on the volume of deliveries on the Estonian- Finnish direction.

On January 3, 2002 Bureau Veritas Quality International acknowledged the conformity of the quality management system used in AS Eltek to the ISO9001:2000 international standard. The quality system lays down the norms and rules for the process management scheme in the company. In AS Eltek the scope of the system covers manufacturing of sheet metal products, product development and marketing. The certificate was presented on January 21.

In the beginning of March the Group was audited by BVQI for the certification of the ISO14001 environmental management system. The company passed the audit successfully and received the compliance certificate on April 23, 2002.

At the International Energy Fair ENEREX 2002 the Electrical Equipment Factory was awarded the certificate to the effect that the Estonian Association of Electrical Enterprises had nominated the switchboard for ship's cabins made by the factory the 2001 Best Electrical Product in Estonia. The medium-voltage HE NEX device with a vacuum switch manufactured under the Schneider Electric licence was promoted as an innovative product.

Composite casting technology was introduced at the Haapsalu plant of the Cable Harnesses Factory.

The Commerce Group expanded its activities. Harju Elekter opened its third specialised electrical appliances shop in Tartu. The shop has 300 sq.m in salesroom and warehouse space.

In order to strengthen corporate governing structures, to introduce incrementally high value-added processes in the manufacturing of wiring systems and to support the customers' and partners' development strategies, the Board decided to form a 100% subsidiary on the basis of the Cable Harnesses Factory. The foundation agreement was signed on March 8, 2002. In March Harju Elekter made a 6 million kroon monetary contribution (383 TEUR) into the share capital of the subsidiary being founded.

Post-balance-sheet events

AS AJT Harju Elekter that was established as a 100% subsidiary of Harju Elekter on the basis of the Cable Harnesses Factory was entered into the Commercial Register on April 1, 2002 and started operations as an independent legal entity in the 2nd quarter of the 2002 financial year.

The AGM of the shareholders took place on April 12. The general meeting decided to pay dividends to the owners at the rate of 1.40 EEK (0.09 EUR) per share. Dividends shall be distributed to the shareholders on May 13, 2002.

Sales and revenues

The consolidated net sales of AS Harju Elekter for Q1 2002 amounted to 52.2 MEEK (3.3 MEUR). Compared to the same period last year, the company's turnover grew by 17.5% and sales on the domestic market by 12.1%, thus accounting for 53.0% (Q1 2001: 55.6%) of the consolidated net sales. Export sales amounted to 24.5 MEEK (1.6 MEUR) which is 24.3% more than for the same period last year. Compared to the 1st quarter of the previous year, the sales volume of the parent company increased by 20.7%.

The sale of electrical equipment increased 1.3 times in Q1 2002 in comparison with the same period last year, incl. 1.2 times on the domestic market and 2.2 times on the export markets. The share of export in total sales was 18% (Q1 2001: 11%). The increase on the domestic market was triggered by the growing number of purchase orders for the energy sector products. The increase on the foreign market is attributable primarily to the growing number of orders from Latvia and Finland.

The turnover of the Cable Harnesses Factory grew by 17.7%. Beginning from the current year the cost of material used in manufacturing of some products is reflected in the turnover which is the main reason for the turnover increase.

The order volume for fibre-optic products more than doubled in comparison with the previous quarter and accounted for 1.4 MEEK (96 TEUR) in the total sales for the telecommunications sector.

Profit

The Group's operating profit was 2.8 million EEK or 178 thousand EUR (Q1 2001: 3.4 MEEK or 215 TEUR). The parent company's operating profit grew in comparison with the same period of the previous year and the profit margin improved by 0.3 points. The Group's return on sales settled at 5.3% (Q1 2001: 7.6%). The latter was caused by an extremely high return on sales of telecommunication sector in the 1st quarter of 2001 when the entire stock of the consignment warehouse was disposed of. The 9% profitability achieved in the 1st quarter of 2002 is thus quite normal.

Prompted by the need to improve customer services and to create preconditions for the entry into new markets, the number of salespeople was increased and marketing intensified in Latvia and Estonia in the second half-year of 2001 that lead to a rise in marketing expenses and laid the foundation for further sales growth on the domestic as well as foreign markets.

Financial income was 2 666 thousand EEK or 171 thousand EUR (Q1 2001: 169 TEEK or 11 TEUR). PKC Group paid dividends for the year 2001 in the 1st quarter. In 2001 the dividends were received in the 2nd quarter. Therefore the 2.1 MEEK (132 TEUR) income from dividends affected the net profit and the net profit margin for Q1 2002.

In total, the Group's net profit for the 1st quarter of 2002 was 5.5 million EEK or 348 thousand EUR (Q1 2001: 3.5 MEEK or 226 TEUR). Net profit margin settled at 10.4% (Q1 2001: 8.0%). EPS was 1.01 EEK or 0.06 EUR (Q1 2001: 0.65 EEK or 0.04 EUR).

Cash flow, investments and capital employed

Cash flow from operating activities was 6.5 million EEK or 409 thousand EUR (Q1 2001: 3.6 MEEK or 231 TEUR), outflow due to investing and financing activities 5.1 million EEK or 324 thousand

EUR (Q1 2001: 3.7 MEEK or 236 TEUR). During the quarter cash balance on hand and in bank increased by 1.3 MEEK or 85 TEUR whereas in Q1 2001 it had decreased by 65 TEEK or 4 TEUR.

During the accounting period the Group invested 3.1 MEEK or 199 TEUR in tangible and intangible fixed assets (Q1 2001: 1.5 MEEK or 94 TEUR). Investments in plant and technology were 1.1 MEEK or 68 TEUR, the bulk of this amount was spent on the rehabilitation of the washing units of the powder-coating line with the aim to ensure better product quality and considerable reduction in environmental pollution. 1.0 MEEK or 66 TEUR was spent on the reconstruction projects of buildings and installations.

In March Harju Elekter paid 6 MEEK (383 TEUR) as a monetary contribution into the share capital of its 100% subsidiary AJT Harju Elekter to be founded on the basis of the Cable Harnesses Factory.

Long-term loan and capital lease repayments during the accounting period accounted for 2.1 MEEK or 0.1 TEUR (Q1 2001: 2.2 MEEK or 136 TEUR).

Balance sheet

The consolidated balance sheet volume as of end of March 2002 was 189.5 MEEK (12.1 MEUR). The balance sheet volume increased by 12.9 MEEK (0.8 MEUR) during the 1ST quarter of 2002. On one hand, current receivables grew by 3.5 MEEK (225 TEUR) and inventories 6.7 MEEK (426 TEUR), on the other hand, trade accounts payable by 8.9 MEEK (566 TEUR). The increase in inventories was caused by stock on hand procured in the 1st quarter for the manufacturing of wiring systems for the automotive and electronic industries as well as growing orders for electrical equipment that, in turn, lead to an increase in trade accounts payable and in prepaid sales tax to the customs.

The group is highly capitalised. As of the balance sheet date, owners' equity accounted for 69% (72% in 2001), spare equity capital 37% (36% in 2001), debts 13% (16% in 2001) and non-current assets 64% (71% in 2001) of total assets. The group had a total of 25.3 MEEK (1.6 MEUR) worth of long-term and short-term debts as of the balance sheet date, including 12.3 MEEK (0.8 MEUR) of long-term debt. Debts to credit institutions have decreased during the year by 1.9 MEEK (128 TEUR).

Personnel

The average number of employees in the group was 633 (735 in 1-3/2002). As of the balance sheet date 31.03.02 the group employed 645 persons (705 in 2001).

Shares of Harju Elekter

	EEK		EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
Number of shares (1000 pc)	5 400	5 400	5 400	5 400
Nominal value	10	10	0,64	0.64
Low price	28.48	37.50	1.82	2.40
High price	36.00	44.00	2.30	2.81
Average price	33.26	42.30	2.13	2.70
Market price at the end of period	34.74	38.90	2.22	2.49
Earnings per share EEK	1.01	0.65	0.06	0.04

Key indicators

	1 000 EEK		1 000 EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
For the period				
Net sales	52 181	44 398	3 335	2 838
Operating profit	2 784	3 365	178	215
Profit before financial expenses	5 830	4 077	373	261
Net profit for the current year	5 450	3 534	348	226
At the end of the period				
Total current assets	67 759	46 764	4 331	2 989
Total fixed assets	121 712	114 233	7 779	7 301
TOTAL assets	189 470	160 997	12 110	10 290
Total liabilities	58 607	45 813	3 746	2 928
Total owners' equity	130 863	115 184	8 364	7 362

Performance indicators (%)	Q1 2002	Q1 2001
Return on sales (Operating profit/Net sales *100)	5.3	7.6
Equity ratio (Owners' equity/Total assets*100)	11.2	9.2
Net profit margin (Net profit/ Net sales *100)	10.4	8.0
Return on assets ROA (Net profit/Average total assets *100*4/3)	12.3	8.7
Return on equity ROE (Net profit/Average owners' equity *100*4/3)	17.0	12.5
Equity ratio (Owners' equity / Total assets *100)	69.1	71.5
Current ratio (Current assets/Short-term obligations)	1.8	1.7
Quick ratio (Liquid assets/Short-term obligations)	0.9	0.9
Number of employees at the end of the period	645	705

Andres Allikmäe
Chairman of the Management Board

INTERIM FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	Note NO	1 000 EEK			1 000 EUR		
		31.03.02	31.12.01	31.03.01	31.03.02	31.12.01	31.03.01
Current assets							
Cash and bank		12 372	11 039	8 077	791	706	516
Shares and other securities	1	0	468	387	0	30	25
Trade receivables							
Accounts receivable from customers		18 695	15 305	13 001	1 195	978	831
Other receivables	10	1 807	3 343	1 984	115	214	127
Accrued income		103	35	0	7	2	0
Prepaid expenses		2 832	1 242	1 044	181	79	67
Total trade receivables		23 437	19 925	16 029	1 498	1 273	1 025
Inventories		31 950	25 286	22 271	2 042	1 616	1 423
Total current assets		67 759	56 718	46 764	4 331	3 625	2 989
Fixed assets							
Long-term investments	1,8	28 394	27 574	24 579	1 815	1 762	1 571
Tangible assets	2	92 761	91 850	89 077	5 928	5 870	5 693
Intangible assets	2	557	421	577	36	27	37
Total fixed assets		121 712	119 845	114 233	7 779	7 659	7 301
TOTAL ASSETS		189 470	176 563	160 997	12 110	11 284	10 290

LIABILITIES AND OWNERS'
EQUITY

Current liabilities							
Debt obligations	3	13 048	14 929	8 262	834	954	528
Prepayments received from customers		126	94	110	8	6	7
Accounts payable to suppliers		21 287	12 433	9 111	1 361	795	582
Other payables	10	864	499	595	55	32	38
Tax payable		4 079	4 931	4 289	261	315	274
Accrued expenses		6 949	6 010	5 545	444	384	355
Total current liabilities		46 353	38 896	27 912	2 963	2 486	1 784
Long-term liabilities	3	12 254	12 254	17 901	783	783	1 144
Total liabilities		58 607	51 150	45 813	3 746	3 269	2 928
Owners' equity							
Share capital (nominal value)		54 000	54 000	54 000	3 451	3 451	3 451
Statutory reserves		6 510	6 510	3 610	416	416	231
Retained profit		64 903	44 161	54 040	4 149	2 822	3 454
Net profit(loss) for the current year		5 450	20 742	3 534	348	1 326	226
Total owners' equity	4	130 863	125 413	115 184	8 364	8 015	7 362
TOTAL LIABILITIES AND OWNERS' EQUITY		189 470	176 563	160 997	12 110	11 284	10 290

INCOME STATEMENT

	Note no	1 000 EEK		1 000 EUR	
		Q1 2002	Q1 2001	Q1 2002	Q1 2001
Net sales	5,6	52 181	44 398	3 335	2 838
Cost of goods sold		42 888	35 420	2 741	2 264
Gross profit		9 293	8 978	594	574
Marketing expenses		2 586	1 903	166	122
Administrative and general expenses		3 935	3 701	252	237
Other operating revenue		196	108	13	7
Other operating charges		184	117	12	7
Operating profit	5,7	2 784	3 365	177	215
Financial income incl.					
-from shares in associate co.		780	661	50	42
-from other investments	8	2 077	13	133	1
-other interest and similar financial income	11	189	38	12	2
Total financial income		3 046	712	195	45
Financial expenses, incl.					
-interest expense		334	508	21	32
-other financial expenses		46	35	3	2
Total financial expenses		380	543	24	34
Profit from ordinary activities		5 450	3 534	348	226
Net profit for the current year		5 450	3 534	348	226
Basic earnings per share and diluted	9	1.01	0.65	0.06	0.04

CASH FLOW STATEMENT

	Note No	1 000 EEK		1 000 EUR	
		Q1 2002	Q1 2001	Q1 2002	Q1 2001
Business activities					
Net profit for the current year		5 450	3 534	348	226
Depreciation and amortization of fixed assets	2	2 057	1 905	131	122
Profit/loss from sales and write-off of tangible assets		-96	0	-6	0
Profit/loss by equity method		-780	-661	-50	-42
Total cash flow		6 632	4 778	424	305
Stock and securities (short-term)		468	15	30	1
Net change in claims related to business operations		-3 512	3 897	-224	249
Inventories		-6 664	530	-426	34
Transferred assets		-103	-31	-7	-2
Current debt liabilities		-1 881	-2 920	-120	-187
Net change in liabilities related to business activities		9 338	-4 898	597	-313
Transferred liabilities		2 128	2 249	136	144
Total cash flow from changes in current assets and liabilities		-227	-1 158	-14	-74
Total cash flow from business activities		6 405	3 620	409	231
Investing activities					
Loan principal received		118	31	8	2
Long-term credit granted		-55	0	-4	0
Sale of tangible fixed assets (selling price)		101	0	6	0
Additions to intangible and tangible fixed assets	2	-3 108	-1 467	-199	-94
Total cash flow from investing activities		-2 944	-1 436	-188	-92
Financing activities					
Loans repaid	3	-1 939	-2 086	-124	-133
Repayment of principal amounts of capital lease	3	-189	-163	-12	-10
Cash flow from financing activities		-2 128	-2 249	-136	-144
TOTAL CASH FLOW		1 333	-65	85	-4
Net increase in cash		1 333	-65	85	-4
Cash at the beginning of the year		11 039	8 142	706	520
Cash at the end of the year		12 372	8 077	791	516

STATEMENT OF CHANGES IN OWNERS' EQUITY

	1 000 EEK		1 000 EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
Share capital				
Initial balance	54 000	54 000	3 451	3 451
Final balance	54 000	54 000	3 451	3 451
Reserves				
Initial balance	6 510	3 610	416	231
Final balance	6 510	3 610	416	231
Retained earnings				
Initial balance	44 161	24 864	2 822	1 589
Distribution of net profit	20 742	29 176	1 326	1 865
Final balance	64 903	54 040	4 148	3 454
Profit for current year				
Initial balance	20 742	29 176	1 326	1 865
Distribution of net profit	-20 742	-29 176	-1 326	-1 865
Profit for the current year	5 450	3 534	348	226
Final balance	5 450	3 534	348	226
Total owners' equity	130 863	115 184	8 364	7 362

More detailed information about the owners' equity and its changes is presented in Note 4.

NOTES TO INTERIM FINANCIAL STATEMENTS

Accounting methods and valuation principles used in the consolidated interim report

The present consolidated interim report has been prepared in accordance with the Accounting Act of the Republic of Estonia, "Guidelines for the preparation and submission of interim reports" issued by the Estonian Accounting Standards Board and in compliance with the requirements for condensed interim financial statements set forth in the International Accounting Standard IAS 34 "Interim Financial Reporting". While preparing the interim financial statement, the same accounting methods were used as in the annual accounts for the fiscal year that ended on 31.12.2001.

Management Board of AS Harju Elekter is of the opinion that the interim report for the 1st quarter of 2002 reflects truly and fairly the company's financial results on the basis of the going-concern concept. The present interim report has not been audited or in any other way verified by the auditors and contains only the consolidated accounts of the Group.

The data in the Interim financial statements is presented in thousand Estonian kroons and thousand euros. The EEK/EUR exchange rate based on the Bank of Estonia quotation was 15.6466.

Note 1. Shares and establishment of a subsidiary

In March Harju Elekter sold some short-term shares. Financial income earned from the disposal of shares in the amount of 139 TEEK (9 TEUR) is reported under *Other financial income* in the income statement.

AJT Harju Elekter, a 100% subsidiary, was established on the basis of the Cable Harnesses Factory of AS Harju Elekter. The share capital of the new subsidiary is 6 million EEK (0.4 MEUR) which is divided into 600 thousand ordinary shares with the nominal value of 10 kroons each (0.64 EUR). The subsidiary started operations as an independent legal entity on April 1, 2002.

Note 2 Tangible and intangible assets

	1 000 EEK			1 000 EUR		
	Tan- gible assets	Intan- gible assets	TOTAL	Tan- gible assets	Intan- gible assets	TOTAL
Initial balance 31.12.00	91 850	421	92 271	5 870	27	5 897
Acquired	1 876	188	2 064	120	12	132
Reconstructed	1 044		1 044	67	0	67
Sold (at acquisition value) and written-off fixed assets	-457		-457	-29	0	-29
Depreciation for the financial period	-2 005	-52	-2 057	-128	-3	-131
Depreciation of sold and written-off fixed assets	453		453	29	0	29
Final balance	92 761	557	93 318	5 928	36	5 964

Note 3 Debt liabilities

	1 000 EEK		1 000 EUR	
	31.03.02	31.12.01	31.03.02	31.12.01
Non-convertible debt	3 269	3 150	209	201
Current portion of long-term debt	5 817	7 755	372	496
Current portion of lease debt	587	776	38	50
Short-term loans from credit institutions	3 375	3 248	216	208
Total debt obligations	13 048	14 929	834	954
Unsecured debt obligations				
Long-term bank loans	9 649	9 649	617	617
Long-term lease liabilities	2 605	2 605	166	166
Total long-term liabilities	12 254	12 254	783	783
Total debt liabilities	25 301	27 183	1 617	1 737

Changes in debt obligations:

	1 000 EEK	1 000 EUR
Initial balance 31.12.01	27 183	1 737
Changes in non-convertible debt	119	8
Loans repaid	-1 939	-124
Repayment of principal amounts of capital lease	-189	-12
Changes in short-term loans from credit institutions	127	8
New long-term lease liabilities	25 301	1 617

Note 4 Equity

The share capital of AS Harju Elekter is 54 MEEK (3.4 MEUR) that is divided into 5 400 thousand ordinary shares with the nominal value of 10 EEK (0.64 EUR).

For the year 2001 the owners were paid dividends of 1.40 EEK (0.09 EUR) per share, totalling 7 560 TEEK (483 TEUR). The shareholders listed in the share register of AS Harju Elekter at 8 a.m. on the record date April 14, 2002 shall be entitled to dividends.. Dividends will be distributed on May 13, 2002.

Note 5. Segmental reporting

Pursuant to the established internal accounting and reporting procedure, the primary form of accounting in the Group is by business segments and the secondary by geographic areas. The group operates in one geographical segment, Estonia. The business activities of the Group have been classified by business segments, based on the characteristics of the products and services as well as of the consumers of these products and services

Business segments

The Group operates in two business segments:

“electrical engineering” – designing, production and marketing of power distribution and control systems, subcontracting for energy, construction and production sectors, intermediary trade in electrical equipment.

“telecommunications” – manufacturing and marketing of various type of sheet metal and fiber-optic products for data networks for the telecommunications sector, installation of computer, communication and alarm networks, provision of communication services and intermediary trade in communication systems.

Q1 2001	1 000 EEK				1 000 EUR			
	Elect- rical	Tele- com- muni- cations	Elimi- nation	TOTAL	Elect- rical	Tele- com- muni- cations	Elimi- nation	TOTAL
Sales revenue	35 978	8 420	0	44 398	2 299	538	0	2 838
Transactions with other segments	748	342	-1090		48	22	-70	0
Total	36 726	8 762	-1 090	44 398	2 347	560	-70	2 838
Operating profit	1 587	1 801	-23	3 365	101	115	-1	215

Q1 2002	1 000 EEK				1 000 EUR			
	Elect- rical	Tele- com- muni- cations	Elimi- nation	TOTAL	Elect- rical	Tele- com- muni- cations	Elimi- nation	TOTAL
Sales revenue	43 328	8 853		52 181	2 769	566	0	3 335
Transactions with other segments	994	135	-1 129	0	64	9	-72	0
Total	44 322	8 988	-1 129	52 181	2 833	574	-72	3 335
Operating profit	2 032	775	-23	2 784	130	50	-1	178

Note 6. Net sales

Markets	1 000 EEK		1 000 EUR		Structure %	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001	Q1 2002	Q1 2001
INTERNAL MARKET	27 664	24 671	1 768	1 577	53	56
EXTERNAL MARKET	24 517	19 727	1 567	1 261	47	44
Incl. Nordic countries	20 004	15 105	1 279	965	38	34
Nordic countries	2 456	1 398	157	89	5	3
Other Europe	1 790	0	114	0	3	0
Denmark	0	2 919	0	187	0	7
Russia and CEEC	267	305	17	19	1	1
TOTAL	52 181	44 398	3 335	2 838	100	100

Business activities of the Group are divided into two main types:

“core business” - industrial production and marketing of own products;

“other activities” – intermediate sale of electrical engineering and telecommunication products; provision of services that belong to core business activities and leasing of production capacities to companies that belong to the same business segment.

	1 000 EEK		1 000 EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
Core business and products				
- electrical equipment	15 544	11 908	993	761
- wiring systems for automotive and telecommunications industry (subcontracting)	15 314	13 014	979	832
- cabinets/boxes for telecom installations	5 273	6 088	337	389
- sheet metal products and metalwork	4 966	3 511	317	224
TOTAL CORE BUSINESS	41 097	34 521	2 627	2 206
Intermediary activities and other services				
- trade and intermediation	9 107	7 504	582	480
- leasing of capital assets	1 227	1 183	78	76
- other services	750	1 190	48	76
TOTAL OTHER ACTIVITIES	11 084	9 877	708	631
TOTAL	52 181	44 398	3 335	2 838

Note 7 Operating profit

Operating profit contains the following write-downs and other essential income and cost items arising beyond current business operations :

	1 000 EEK		1 000 EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
- write-down of outstanding accounts receivable from customers	-27	0	2	0
- revaluation of fixed assets	-5	0	0	0

Note 8 One-time financial income

Profit for the financial year contains the following one-time financial revenues:

	1 000 EEK		1 000 EUR	
	Q1 2002	Q1 2001	Q1 2002	Q1 2001
- income earned from the sale of PKC Group Oyj shares	2 064	0	132	0

Note 9 Basic and diluted earnings per share

Average number of the company's share in Q1 of 2002 was 5 400 thousand. Basic EPS is $5\,450 / 5\,400 = 1.01$ (2001 Q1: $3\,534 / 5\,400 = 0.65$) EEK or $348 / 5\,400 = 0.06$ (2001 Q1: $226 / 5\,400 = 0.04$) EUR.

Pursuant to the resolution of the general meeting of AS Harju Elekter, a share option was organized in September 2000. The redemption price of the option was set at 40 EEK (2.56 EUR). For the realization of the option 200 thousand new shares will be issued and if all the options are exercised, the company will earn 8 MEEK (0.5 MEUR). In the 1st quarter of 2002 the average market price of the share settled at 33.26 EEK (2.13 EUR), which is lower than the option redemption price. Thus diluted earnings per share were equal to basic earnings per share.

Note 10 Transactions with related parties

Related parties to AS Harju Elekter are the 100%-owned subsidiary company AS ELTEK, associated companies AS Keila Kaabel and AS Saajos Balti, its own employees and the members of the governing bodies, also AS Harju KEK that owns more than 30% of AS Harju Elekter shares.

In the 1st quarter of 2002 AS Harju Elekter bought from, sold its products to and provided services to related parties as follows:

	1 000 EEK				1 000 EUR			
	Q1 2002		Q1 2001		Q1 2002		Q1 2001	
	Bought	Sold	Bought	Sold	Bought	Sold	Bought	Sold
Eltek	135	994	343	747	9	64	22	48
Keila Kaabel	882	665	787	683	56	42	50	44
Saajos Balti	388	786	238	733	25	50	15	47
Harju KEK	37	8	35	5	2	0	2	0
TOTAL	1 442	2 453	1 403	2 168	92	157	90	139

Type of transaction	1 000 EEK		1 000 EUR	
	Bought	Sold	Bought	Sold
Goods purchased for resale	778	0	50	0
Material, components for production needs	403	514	26	33
Industrial subcontracting (outsourcing)	107	464	7	30
Lease of fixed assets	0	1 284	0	82
Management services	0	85	0	5
Other services (building and communication, repairs and maintenance of real estate)	154	106	10	7
TOTAL	1 442	2 453	92	157

The executive management of the company is of the opinion that prices applied in transactions with the related parties did not differ significantly from market prices.

During the 1st quarter of 2002 the subsidiary AS ELTEK paid back to the parent company 52 TEEK (3 TEUR) of the long-term and credit. The annual interest rate on loans was 8%. In the 1st quarter of 2002 Harju Elekter earned 18 TEEK (1 TEUR) of interest income from the short-term credit, that is reported in the income statement under "Other interest and financial income".

During the financial period the employees were granted short-term loans in the amount 39 TEEK (2 TEUR), the employees repaid 130 TEEK (8 TEUR). The annual interest rate on loans was 8%. During the reporting period the employees paid the total of 12 TEEK (0.77 TEUR) in interest.

Balance with related parties:

Claims	1 000 EEK		1 000 EUR	
	31.03.02	31.12.01	31.03.02	30.12.01
Total loans to subsidiary company	2 568	2 117	164	135
Incl. outstanding accounts	1 668	1 165	107	74
long-term loan	0	52	0	3
short-term loan	900	900	58	58
Total loans to associated companies	1560	3 094	100	198
Incl. AS Keila Kaabel	88	892	6	57
AS Saajos Balti	1472	2 202	94	141
Total loans to employees	662	673	42	43
Incl. long-term loan	609	620	39	40
short-term loan	43	53	3	3
Obligations				
	31.03.02	31.12.01	31.03.02	31.12.01
Total loans to subsidiary company	47	0	3	0
Incl. outstanding accounts	47	0	3	0
Total loans to associated companies	717	327	46	21
Incl. AS Keila Kaabel	310	103	20	7
AS Saajos Balti	407	224	26	14