AS HARJU ELEKTER

Interim report 1-3/ 2006

Business name	AS Harju Elekter
Main business area:	designing, production and marketing of various electrical engineering and telecommunication systems
Commercial registry code:	10029524
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Web-site:	he@he.ee
Internet homepage:	www.harjuelekter.ee
CEO:	Andres Allikmäe
Auditor**:**	KPMG Estonia
Beginning of the reporting period:	1st of January 2006
End of the reporting period:	31st of March 2006

The interim report of Harju Elekter Group on 17 pages

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EXPLANATORY NOTE

Group structure and changes on it

In interim report for Q1 2006 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 companies - Keila Kaabel and Saajos Inexa - by the equity method. The shares of PKC Group Oyj are recognised on the balance sheet on the fair value basis. As of 31.03.2006, Harju Elekter owns significant holdings in the following commercial undertakings:

Participation %			31.03.06	31.12.05	31.03.05
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 Keila Kaabel	associated company	Estonia	34,0%	34,0%	34,0%
AS Saajos Inexa	associated company	Estonia	33,3%	33,3%	33,3%
PKC Group Oyj	financial investment	Finland	10,2%	10,3%	10,6%

Economic environment

In the first quarter of 2006, the economic situation in Estonia continued to be favourable and several different sources are predicting economic growth of 8% for 2006. Favourable loan conditions supported growth in domestic demand and even employment was high for the seasonal period. The volume of exports has increased and the ability of companies to compete in international markets has grown. Even so, the consumer price index remained above the desired level, which is preventing the transfer to the euro on 1 January 2007.

Even in the world economy there are clear signs of an upturn and the favourable economic climate is expected to remain stable for the next six months. The economic climate improved in nearly all of the Western European countries

Revenues, expenses and profit

Harju Elekter Group sales revenue for the first quarter of 2006 was 123,9 million kroons, having grown 10,6% in comparison with the same period of the previous year. Production accounted for 78,1% of consolidated sales revenue (turnover increased 8,4%), commerce 9,9% (turnover increased 25,8%), real estate 8,9% (turnover increased 36,2%).

Sales on the Estonian market made up 43,7% of the consolidated sales revenue (2005 1st quarter: 56,7%). The slight reduction in Estonian sales was caused by the seasonal investments of significant clients. The ordering structure has also changed, where the emphasis was placed on simpler and more affordable solutions. The largest of the foreign markets continued to be the Republic of Finland, accounting for 44,2% (2005 1st quarter: 31,5%). The growth in market share was also made favourable by the opening of a sales office in Helsinki in the summer of 2005. The first quarter was the most successful for the Group’s companies in Finland (66,9% growth in turnover) and Lithuania (23,3% growth in turnover).

The Group’s total profit was 22,6 million kroons, having increased 13,1% in comparison with the previous year. The gross profit margin was 18,3% (2005: 17,9%).

In the first quarter of 2006, an average of 421 employees were employed by the Group (2005 1st quarter: 394) and wages were 20,2 (2005 1st quarter: 16,6) million kroons. Workforce expenditures increased 14,7% in the first quarter of 2006, to 25,3 million kroons. During the accounting period, a total of 6,7 (2005 1st quarter: 18,2) million kroons was in invested in the Group's tangible and intangible assets. The first quarter depreciation of tangible assets was 4,0 million kroons, having increased 15,8% in comparison with the previous year. Distribution costs were 5.6 million kroons, an increase of 10,2%, and general administration costs were 8,9 million kroons, an increase of 11,3%.

First quarter commercial profit increased 16,8% to 8,0 million kroons. EBIT to net sales was 6,4%, which is 0,3 percentage points better than in the previous year.

The Group's earnings before taxes were 14,1 (2005 1st quarter 6,7) million kroons. The Group sold some of the PKC Group Oyj shares in the first quarter. Profit from the sale of shares was 5,2 million kroons. In the first quarter 1,2 million kroons more in profit was consolidated from related companies than in the previous year.

Altogether the consolidated earnings after tax were 13,9 (2005 1st quarter: 6,5) million kroons, growing more than two times, of which the parent company owners' share was 13,8 (2005: 1st quarter: 6,2) million kroons and earnings per share in the 1st quarter were 0.82 kroons (2005 1st quarter: 0,37 kroons).

Balance sheet

The consolidated balance sheet total has grown in the first quarter by 39,7 million kroons to 736,1 million kroons.

Cash flows in the first quarter were positive. Cash in bank grew by 4.0 million kroons to 29,9 million kroons, regardless of the fact that in the first quarter long term bank loans totalling 2,2 (2005 1st quarter: 1,3) million kroons were repaid, and there were finance lease payments of 0,4 (2005: 1st quarter 0,6) million kroons, while overdraft decreased by 1,4 (2005: 1st quarter grew by 3,5) million kroons.

The increase in the volume of sales orders resulted in a 16,5% increase in inventories to 80,3 million kroons, primarily in the stock of finished and semi-finished goods, and in terms of liabilities, a 14,9% increase, to 78,1 million kroons, in arrears to suppliers.

The primary cause for the 5,7% increase in assets was a revaluation of financial assets eligible for sale to their fair value. The PKC Group Oyj share price closed on 31 March 2006 at €11,89 (186,04 kroons), having increased by €0,99 (15,49 kroons) during the quarter. The profit of 27,9 million kroons from the revaluation of shares was reflected directly in reserves under equity capital. Harju Elekter sold 30,000 shares during the first quarter. The corresponding 4,7 million kroons proportional part of the sold shares was carried from the reserves into the income statement. As a result, the book value of the reserves grew by 23,2 million kroons. On the assets side, the value of other long term financial investments, the difference between share revaluation profit and the book value of the sold shares grew by 22,8 million kroons. The owners' equity grew totally by 31,7 million kroons to 605,4 million kroons..

Post-balance events

The AGM of shareholders was held on 20 April 2006, and 109 shareholders or their authorised representatives participated, who represent 58,2 % of the total number of votes. The general meeting decided to pay dividends to the owners at the rate of EEK 1,60 per share, totally 26,9 million kroons. Dividends will be paid to the shareholders on 12.05.2006.

In April the Council of Harju Elekter decided to expand the share capital of Finnish subsidiary Satmatic Oy up to 600 thousand euros, by subscribing for 100 thousand new shares at a nominal price of 2 euros per share and at a subscription price of 4 euros per share. To finance the transaction, Harju Elekter sold 30 thousand shares in PKC Group Oyj, receiving 359 thousand euros (5,6 million kroons) from the sale. Subsidiary Satmatic Oy used the received finances to purchase Finoval Oy, which will be merged to Satmatic Oy and it will continue its current activities in manufacturing electrical equipment. The purchase of the company creates better possibilities for servicing the clients in East-Finland and Helsinki region, and increases the market share of Harju Elekter Group in Finland. In addition, the company performs the functions of a Helsinki representation office of Harju Elekter Group.

Shares of Harju Elekter

EEK	**1-3/ 2006**	**2005**	**1-3/ 2005**
Number of the shares (‘000)	16,800	16,800	16,800
Nominal value	10	10	10
Low price	69,47	85,80	74,58
High price	54,76	48,82	46,00
Closing price	60,55	64,15	70,41
EPS	0,82	2,48	0,37

Key indicators

EEK’000	**1-3/ 2006**	**2005**	**1-3/ 2005**
Accounting period			
Net sales	123 895	513 936	112 009
Operating profit	7 970	37 516	6 821
Net profit for the current period	13 905	43 908	6 539
Incl. equity holders of the parents	13 823	41 656	6 162
At the end of the period			
Total current assets	176 559	163 614	154 762
Total non-current assets	559 583	532 792	517 724
Total assets	736 142	696 406	672 486
Total liabilities	130 735	128 073	126 719
Total equity	605 407	568 333	546 262
Inclusive equity attributable to equity holders of the parent	589 187	552 195	531 504
Performance indicators (%)			
Growth in revenue	10,6	13,3	30,6
Operating profit growth	16,8	20,1	135,5
Net profit growth (Equity holders of the parent)	124,3	-25,9	-73,6
Return of sales (operating profit/revenue *100)	6,4	7,3	6,1
Net profit margin (net profit /net sales *100)	11,2	8,1	5,5
Owners’ equity margin (equity / balance sheet total *100)	80,0	79,3	79,0
Employees			
Average number of employees on the current period	421	412	394
Number of employees on	437	425	406

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

EEK'000	Note	**2006**	**2005**
Assets		At 31 March	At 31 December
Cash and cash equivalents		29 878	25 940
Trade receivables		62 136	64 444
Other receivables and prepayments		4 291	4 353
Inclusive income tax		21	21
Inventories		80 254	68 877
Total current assets		**176 559**	**163 614**
Investments in associates		26 030	24 773
Other long-term financial investments		334 869	312 103
Investment property	2	122 575	123 625
Property, plant and equipment	2	74 490	70 731
Intangible assets	2	1 619	1 560
Total non-current assets		**559 583**	**532 792**
TOTAL ASSETS		**736 142**	**696 406**
Liabilities			
Interest-bearing loans and borrowings	3	18 111	22 017
Advances from customers		9 229	9 569
Trade payables		48 123	41 870
Tax liabilities		7 851	9 319
Inclusive income tax		174	298
Accrued expenses		13 891	14 281
Other payables		3 651	1 138
Total current liabilities		**100 856**	**98 194**
Non-current liabilities	3	**29 879**	**29 879**
Total liabilities		**130 735**	**128 073**
Equity			
Share capital		168 000	168 000
Share premium		6 000	6 000
Reserves		319 295	296 126
Retained earnings		95 892	82 069
Total equity attributable to equity holders of the parent		**589 187**	**552 195**
Minority interest		**16 220**	**16 138**
Total equity		**605 407**	**568 333**
TOTAL LIABILITIES AND EQUITY		**736 142**	**696 406**

CONSOLIDATED INCOME STATEMENT

EEK'000	Note no	For the period 1-3 ended 31 March 2006	2005
Revenue	4	123 895	112 009
Cost of sales		-101 274	-92 009
Gross profit		**22 621**	**20 000**
Distribution costs		-5 619	-5 101
Administrative expenses		-8 936	-8 043
Other income		38	121
Other expenses		-134	-156
Operating profit	4	**7 970**	**6 821**
Net financing income/costs	5	4 910	-264
Income from associated companies		1 256	108
Profit before tax		**14 136**	**6 665**
Allocation of corporate income tax to relevant periods		-231	-126
Profit for the period		**13 905**	**6 539**
Attributable to:			
Minority interests		82	377
Equity holders of the parent	6	13 823	6 162
Basic and diluted earnings per share for profit attributable to equity holders of the parent (in €)	6	0,82	0,37

CONSOLIDATED CASH FLOW STATEMENT

For the period 1-3 ended 31 March		EEK'000	
	Note	**2006**	**2005**
Cash flows from operating activities			
Operating profit	4	7 970	6 821
Adjustments for:			
Depreciation and amortisation	2	3 980	3 436
Gain on sale of property, plant and equipment		0	34
Change in receivables related to operating activity		2 006	1 690
Change in inventories		-11 377	3 548
Change in payables related to operating activity		5 567	-2 835
Corporate income tax paid		-355	-263
Interest paid		-383	-413
Net cash from operating activities		**7 408**	**12 018**
Cash flows from investing activities			
Acquisition of property, plant and equipment		-4 988	-21 896
Acquisition of intangible assets		-260	-40
Proceeds from sale of property, plant and equipment		0	18
Proceeds from sale of other financial investments		5 616	0
Loans given		-8	-20
Repayment of loans given		2	21
Interest received		93	36
Net cash used in investing activities		**455**	**-21 881**
Cash flows from financing activities			
Proceeds from borrowings		0	30 597
Repayment of borrowings	3	-3 547	-1 620
Payment of finance lease principal	3	-359	-603
Net cash used in financing activities		**-3 906**	**28 374**
Net cash flows		**3 957**	**18 511**
Cash and cash equivalents at beginning of period		**25 940**	**18 786**
Net increase / decrease		3 957	18 511
Effect of exchange rate fluctuations on cash held		-19	-17
Cash and cash equivalents at end of period		**29 878**	**37 280**

CONSOLIDATED
STATEMENT OF CHANGES IN OWNERS' EQUITY

EEK'000	Attributable to equity holders of the parent							
1-3/2005	**Share capital**	**Share premium**	**Capital reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**Minority interest**	**TOTAL**
Balance at 31 December 2004	56 000	6 000	8 600	273 324	177 053	**520 977**	14 381	**535 358**
Profit for period	0	0	0	0	6 162	**6 162**	377	**6 539**
Income recognised directly in equity	0	0	0	4 365	0	**4 365**	0	**4 365**
Total income for period	0	0	0	4 365	6 162	**10 527**	377	**10 904**
Balance at 31 March 2005	**56 000**	**6 000**	**8 600**	**277 689**	**183 215**	**531 504**	**14 758**	**546 262**
1-3/2006								
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	13 823	**13 823**	82	**13 905**
Income recognised directly in equity	0	0	0	23 169	0	**23 169**	0	**23 169**
Total income for period	0	0	0	23 169	13 823	**36 992**	82	**37 074**
								0
Balance at 31 March 2006	**168 000**	**6 000**	**8 600**	**310 695**	**95 892**	**589 187**	**16 220**	**605 407**

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 31.03.2006 include AS Harju Elekter and its subsidiaries AS Eltek, Satmatic Oy and Rifas UAB (together referred to as "Group"). AS Harju Elekter has been listed on Tallinn Stock Exchange since September 30, 1997, more than 30 % of the 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 31.12.2005 except the presentation of financial information of segments (see below).

According to the assessment of the management board, the interim report for Q1 2006 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 financial statements of AS Harju Elekter are presented in thousands kroons (EEK), rounded to the nearest thousand. The Estonian kroon is pegged to the euro at the rate of EEK 15,6466 to € 1 and all amounts shown in the financial statements for both years presented are converted at this rate, therefore the presentation practice does not give rise to foreign exchange translation differences.

Changes in segment reporting

The Group's internal reporting is arranged across legal persons, the result or which is that the company’s internal reports express the results of non-related product manufacturing and provision of services. Therefore, when choosing the segment report format, the internal company report structure cannot be directly followed and management must designate whether the group’s risks and profit margins are primarily affected by the differences of the products manufactured in the company and the services offered, or the fact that the group is operating in different geographic areas.

Even though management recognizes that there are differences present in the risks related to the group’s production activities and service provision, they are of the position that the group’s risks and profit margins are better tied to the geographical locations where business is conducted. Based on the above, the group’s management has chosen geographic segments as the basic format for external group reports and business segments as an additional format for the economic year which began on 1 January 2006. The comparison period’s financial information is adjusted and brought into conformity with the indicators presented in the corresponding reporting period’s segment report.

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

For the period 01 January – 31 March	Property, plant and equipment		Investment property		Intangible assets	
EEK'000	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
At beginning of period	**70 731**	**86 551**	**123 625**	**86 880**	**1 560**	**1 951**
Additions	6 488	18 178	0	0	260	40
Disposals at acquisition value	-7	-52	0	0	0	0
Amortisation charge for the period	-2 729	-2 451	-1 050	-794	-201	-191
Disposals	7	0	0	0	0	0
Final balance at the end of the current period	**74 490**	**102 226**	**122 575**	**86 086**	**1 619**	**1 800**

Note 3 Debt liabilities

EEK'000	**31 March 2006**	**31 December 2005**
Short-term loans	10 513	11 869
Repayment of long-term leasing oblig. during the next period	6 571	8 762
Repayments of long-term lease in next period	1 027	1 386
Total current liabilities	**18 111**	**22 017**
Long-term bank loans	28 477	28 477
Long-term lease payables	1 402	1 402
Total long term liabilities	**29 879**	**29 879**
Total debt liabilities	**47 990**	**51 896**

Changes in debt obligations:

	1-3/2006	**1-3/2005**
Initial balance 31.12.	**51 896**	**31 737**
Changes in short-term loans	-1 356	3 541
Received long-term loans	0	26 755
Long-term loan repaid	-2 191	-1 319
New leasing obligations	0	850
New long-term lease liabilities	-359	-603
Final balance 31.03.	**47 990**	**60 961**

Note 4 Segment reporting

Segment reporting is presented in respect of the Group's business and geographical segments. The primary segmentation – geographical segments - which is based on the location of businesses derives from the structure, management and internal reporting of the Group.

Inter-segment pricing is determined on the basis of market prices.

The Group's geographical segments - the primary reporting format

Geographically, the Group's operations may be divided into three segments:

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

*Finland – t*he domicile of the subsidiary Satmatic Oy.

Lithuania **–** the domicile of the subsidiary Rifas UAB.

The income of the geographic segments are reporting according to the geographical location of assets. The income of the segments by markets is reflected on the basis of the location of its customers.

EEK'000	**Estonia**		**Finland**		**Lithuania**		**Eliminations**		**Consolidated**	
For period ended 31 March	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue from external customers	69 206	76 287	41 583	24 913	13 106	10 809	0	0	123 895	112 009
Inter-segment revenue	4 392	2 241	14	10	259	28	-4 665	-2 279	0	0
Total revenue	**73 598**	**78 528**	**41 597**	**24 923**	**13 365**	**10 837**	**-4 665**	**-2 279**	**123 895**	**112 009**
Segment result	7 017	7 340	310	-1 132	628	681	15	-68	**7 970**	**6 821**

Segments' sales revenue distribution by client's country of location:

For the period	**Estonia**		**Finland**		**Lithuania**		**Eliminations**		**Consolidated**	
1-3 ended 31 March	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Estonia	54 169	63 486	14	10	259	28	-273	-38	54 169	63 486
Finland	17 196	12 495	41 455	24 858	0	0	-3 935	-2 080	54 716	35 273
Lithuania	633	257	0	0	9 753	10 202	-457	-161	9 929	10 298
Other Europe	1 061	1 496	128	55	3 353	607	0	0	4 542	2 158
USA	265	647	0	0	0	0	0	0	265	647
Russia	274	147	0	0	0	0	0	0	274	147
Total	**73 598**	**78 528**	**41 597**	**24 923**	**13 365**	**10 837**	**-4 665**	**-2 279**	**123 895**	**112 009**

The Group's business segments- the secondary reporting format:

As of 31 March 2006, the Group is operating in the following areas, in which the accompanying risks and benefits are significantly different and each area of activity is large enough to comprise a separate segment:

Manufacturing – The manufacture and sale of power distribution and control systems; manufacture and sale of data and communications systems and fiber optic cables; manufacture and sale of 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, services related to the maintenance of real estate and intermediary trade of those services. Real estate has been identified as a reportable segment because it has more than 10% of the total assets of all segments.

Unallocated items –management services; other 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).

Commercial segment revenue in areas of activity:

EEK'000	**Revenue**		**Eliminations**		**Consolidated**	
For the period 1-3 ended 31 March	2006	2005	2006	2005	2006	2005
Manufacturing	100 766	92 996	-1 222	-1 821	99 544	91 175
Real estate	11 478	8 426	-2 775	-1 695	8 703	6 731
Trade	12 739	10 130	-54	-200	12 685	9 930
Unallocated	4 072	5 357	-1 109	-1 184	2 963	4 173
Total revenue	**129 055**	**116 909**	**-5 160**	**-4 900**	**123 895**	**112 009**

Note 5 Net financing income/costs

EEK'000	**1-3/ 2006**	**1-3 / 2005**
Interest charges	-348	-265
Interest return	63	18
Net exchange profit (+)/loss (-)	-19	-17
Marketable investments:		
Income from sale of investments	5 214	0
TOTAL	**4 910**	**-264**

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.

		1-3/ 2006	1-3/2005
Profit attributable to equity holders of the parent	EEK'000	13 823	6 162
Average number of shares outstanding during the period	'000	16 800	16 800
Basic and diluted earnings per share	EEK	0,82	0,37

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 31 March 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

Related parties to AS Harju Elekter are its associated companies AS Keila Kaabel and AS Saajos Inexa, members of the governing bodies and AS Harju KEK which owns over 30% of AS Harju Elekter shares.

Group bought from, sold its products to and provided services to related parties as follows:

EEK'000	1-3/ 2006		1-3/ 2005	
	Bought	**Sold**	**Bought**	**Sold**
Associated companies	2 869	3 044	2 608	2 335
Inclusive:				
Goods purchased for resale	2 264	316	1 984	0
Material, components for production needs	462	0	619	112
Industrial subcontracting (outsourcing)	30	0	5	0
Lease of fixed assets	26	1 715	0	1 713
Management services	0	649	0	0
Other services	87	364	0	510

Balance with related parties:

	Claims		Obligation*s*	
	31.03.06	**31.12.05**	**31.03.06**	**31.12.05**
With associated companies*:* goods and servises	3 052	2 846	3 038	584

Note 8 Post-balance events

The AGM of shareholders was held on 20 April 2006 decided to pay dividends to the owners at the rate of EEK 1,60 (2005: 1,47) per share, totally in amount 26 880 thousand kroons (2005: 24 640 thousand kroons). Dividends paid to the shareholders on 12.05.2006.

In April the Council of Harju Elekter decided to expand the share capital of Finnish subsidiary Satmatic Oy up to 600 thousand euros, by subscribing for 100 thousand new shares at a nominal price of 2 euros per share and at a subscription price of 4 euros per share. To finance the transaction, Harju Elekter sold 30 thousand shares in PKC Group Oyj, receiving 359 thousand euros (5,6 million kroons) from the sale. Subsidiary Satmatic Oy used the received finances to purchase Finoval Oy, which will be merged to Satmatic Oy and it will continue its current activities in manufacturing electrical equipment. The purchase of the company creates better possibilities for servicing the clients in East-Finland and Helsinki region, and increases the market share of Harju Elekter Group. In addition, the company performs the functions of a Helsinki representation office of Harju Elekter Group.

Signatures of the members of the Management Boards to the interim report 1-3/2006

The management board of AS Harju Elekter declares its liability for the accurate preparation of the financial interim statements of 1-3/2006 accounts on the pages 7 - 15 and confirms that:

- the accounting policies applied in the preparation of the consolidated annual accounts are in compliance with the generally accepted international accounting principles;

- the consolidated annual accounts give a true and fair view of the financial position, economic performance and cash flows of the consolidated group and AS Harju Elekter;

- all material circumstances and aspects that were known and obvious prior to the completion date of the report as 04 May 2006, were duly taken into account and recognised in the annual accounts;

Approval of the Interim report 1-3/2006 as of March 31, 2006 by the Management Board members:

Management Board

Andres Allikmäe	Chairman of the Board	/signature/	May the 4th 2006
Lembit Libe	Member of the Board	/signature/	May the 4th 2006
Karin Padjus	Member of the Board	/signature/	May the 4th 2006