

**SAF Tehnika A/S**  
**Consolidated Interim Report**  
**for 3 month of financial year 2007/08**

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## KEY DATA

SAF Tehnika (The Group) is a telecommunications equipment company engaged in the development, production and distribution of digital microwave radio equipment. SAF Tehnika products provide wireless backhaul solutions for digital voice and data transmission. The Group offers two main product lines: low to medium capacity radio links PDH (up to 34 Mbps) and high capacity radio links SDH (up to 155 Mbps). The complete product range offers solutions to mobile network operators, data service providers, government and private companies. Since its establishment in 1999, SAF Tehnika has succeeded in becoming an international player and has been able to compete with such multinational corporations as Ericsson, Nokia, Siemens and NEC. Through the acquisition of Viking Microwave AB on June 1, 2004, SAF Tehnika has considerably improved its R&D capacity.

AS SAF Tehnika is a public joint stock company incorporated under the laws of the Republic of Latvia. The shares of AS SAF Tehnika are quoted on Riga Stock Exchange.

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Aira Loite

Member of the Management Board

November 7, 2007

## Share and Shareholdings

### SAF Tehnika shareholders (over 5%) as of 25.09.2007

Name	Ownership interest (%)
Hansapank AS Clients Account	24.41%
Didzis Liepkalns	17.05%
Skandinaviska Enskilda Banken AB Clients Account	10.47%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Zieme	8.71%
Vents Lācars	6.08%

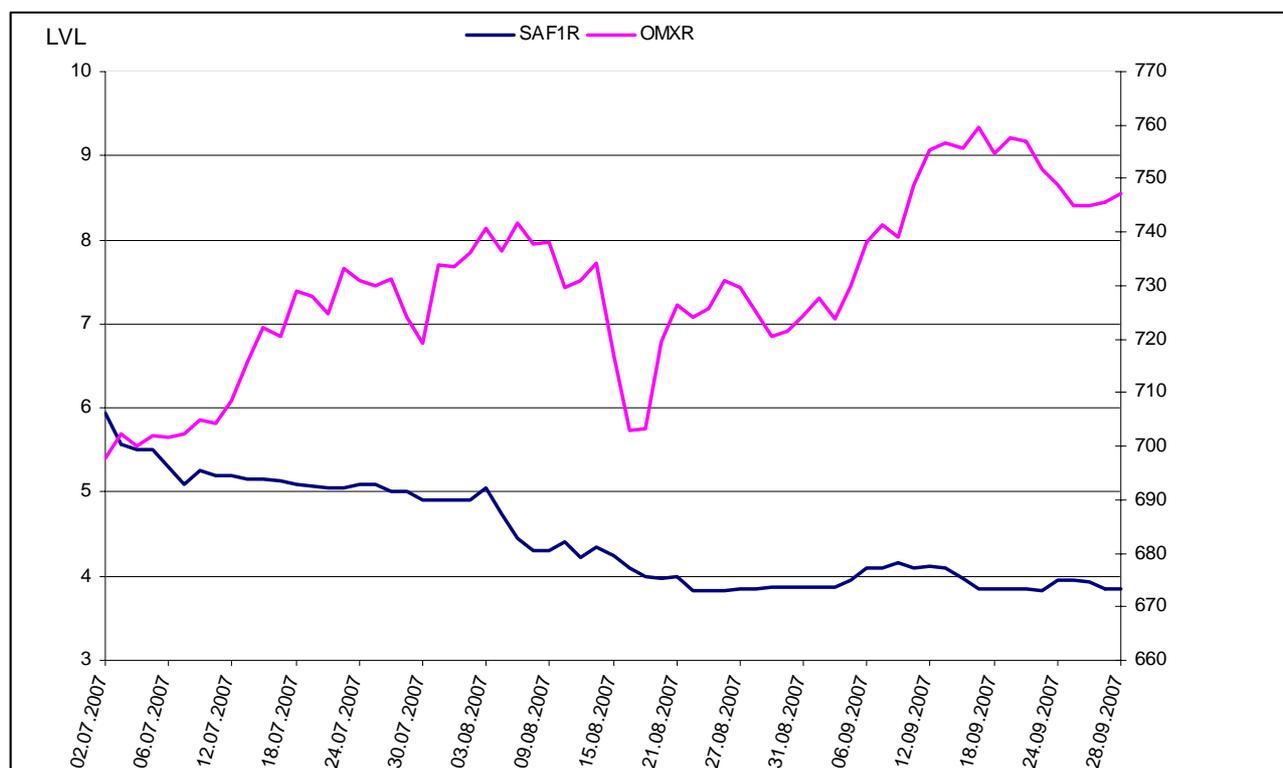
### SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: 2007-07-01 - 2007-09-30

Currency: LVL

Marketplace: RSE



## Information on management and supervisory board members

### SAF Tehnika Management Board:

<b>Name</b>	<b>Position</b>	<b>Ownership interest (%)</b>
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Vice Chairman	owns 17.05% of shares
Jānis Ennitis	Member	
Aleksis Orlovs*	Member	
Aira Loite**	Member	

\* Board member till October 31, 2007

\*\* Board member from November 1, 2007

### SAF Tehnika Supervisory Board:

<b>Name</b>	<b>Position</b>	<b>Ownership interest (%)</b>
Vents Lācars	Chairman	owns 6.08% of shares
Juris Ziema	Vice-Chairman	owns 8.71% of shares
Andrejs Grišāns	Member	owns 10.03% of shares
Ivars Šenbergs	Member	
Jānis Bergs	Member	

## **Statement of Board's Responsibilities**

The Board of SAF Tehnika A/S (hereinafter – the Company) is responsible for preparing the consolidated interim financial statements of the Company and its subsidiary (hereinafter – the Group). Interim financial statements of the Group has not been audited or otherwise checked by auditors.

The consolidated interim financial statements are prepared in accordance with the source documents and present fairly the financial position of the Group as at 30 September 2007 and the results of its operations and cash flows for the 3 month period ended 30 September 2007.

The consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on June 30, 2007. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the consolidated interim financial statements.

The Board of SAF Tehnika A/S is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board is also responsible for the compliance with the laws of the countries in which the Group's companies are operating (Latvia and Sweden).

The consolidated interim financial statements have been prepared in Latvian Lats and Euro.

Currency Exchange rate for LVL/EUR is 0.702804

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Aira Loite

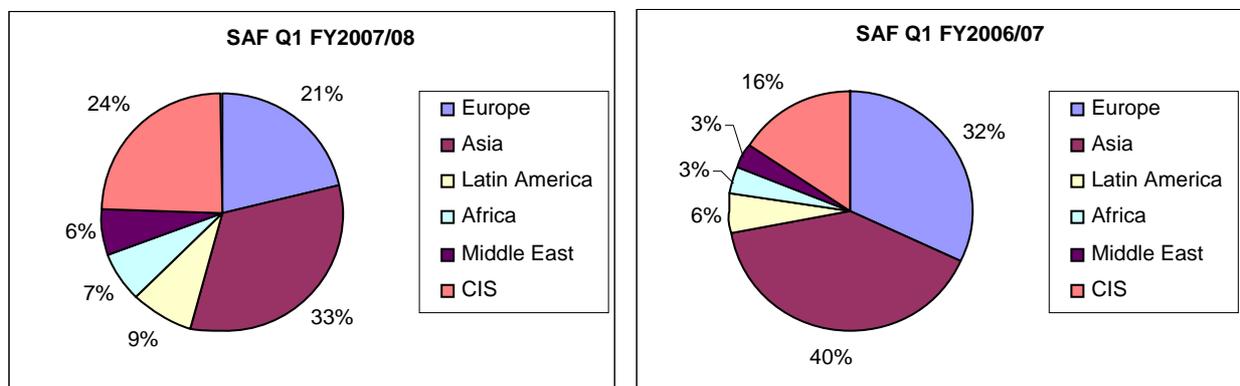
Member of the Management Board

## Management Report

The Group's consolidated non-audited total income for the first quarter of financial year 2007/8 were 3 165 195 LVL (4 503 667 EUR). This represents 78% of revenues during the same quarter of the previous financial year and largely reflects lower activity in the largest regions: Asia and Europe.

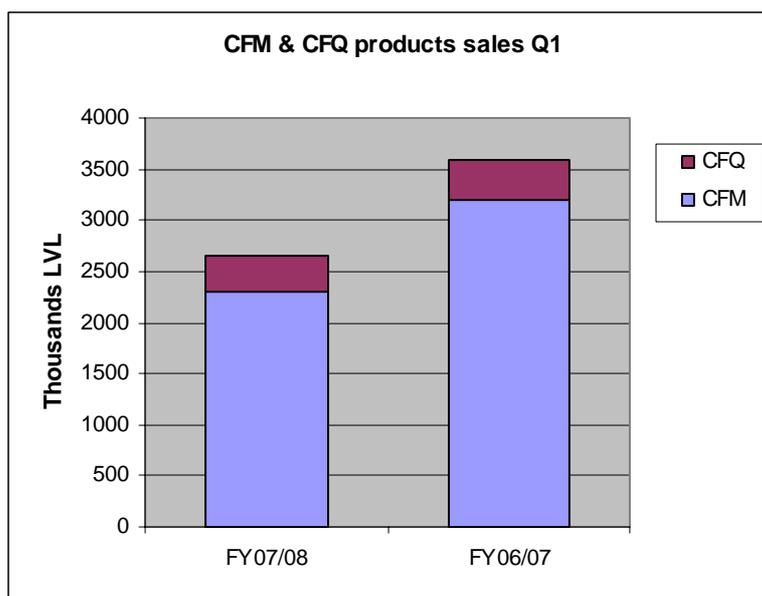
Looking at Asia, Pakistan has seen the completion of major projects while new ones are not currently anticipated. Concurrently there is a favourable trend in India, after long delays, albeit China is performing below last year's levels. European activity reflected the traditional summer holiday slowdown, however the previous year's corresponding quarter also saw the execution of a major Central Eastern European (CEE) order. CIS activity in Kazakhstan was healthy and further activity is expected in Central Asia. African markets continue to develop positively with countries such as Nigeria and Somalia, while sales have also been achieved in Ghana and Libya. Regular Latin American business is now being achieved in a wider group of countries.

Chart 1. Quarter 1 revenue breakdown comparative charts:



Demand for high capacity (SDH) products is ongoing, however only 5% of total quarterly sales came from SDH radios. Last year the corresponding percentage was around 10% of which the majority represented the single CEE order noted above.

Chart 2. Quarter 1 product sales breakdown.



The consolidated Group net profit for the first quarter of financial year 2007/8 was 112 039 LVL (159 417 EUR), compared with 549 381 LVL (781 699 EUR) during the previous corresponding period. This is the result of comparatively low sales during the quarter and some gross margin erosion.

#### Market overview

The Company has not seen any significant changes in market prices for its products during the previous quarter. At the same time, there is an ongoing demand shift towards higher product capacities. SAF Tehnika is closely following market trends and in addition to its low and high capacity products, continues to work on other new ones.

#### Guidance:

During the current financial year, SAF Tehnika aims to exceed last year's revenues by at least 10%. Profitability is clearly expected to increase compared with the previous full year result. Salary-related reductions imposed during the previous financial year have been reinstated for ordinary employees from October 1st, 2007. However, this does not apply to executive staff.

On September 30, 2007 the Group employed 161 people (on September 30, 2006 - 175) .

## Consolidated balance sheet

ASSETS	Note	30.09.2007	30.09.2006	30.09.2007	30.09.2006
<b>CURRENT ASSETS</b>		<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
<b>Cash and bank</b>		<b>241 478</b>	<b>467 974</b>	<b>343 592</b>	<b>665 867</b>
<b>Customer receivables</b>	<b>1</b>				
Accounts receivable		3 180 107	3 011 109	4 524 884	4 284 422
Allowance for uncollectible receivables		-144 652	-174 863	-205 821	-248 808
<b>Total</b>		<b>3 035 455</b>	<b>2 836 246</b>	<b>4 319 063</b>	<b>4 035 614</b>
<b>Other receivables</b>					
Other current receivables		9 892	3 533	14 075	5 027
Short-term loans given		885	1 119	1 259	1 592
Derivative financial instruments		13 615	0	19 372	0
<b>Total</b>		<b>24 392</b>	<b>4 652</b>	<b>34 706</b>	<b>6 619</b>
<b>Prepaid expenses</b>					
Prepaid taxes		394 812	442 552	561 767	629 695
Other prepaid expenses		123 318	354 680	175 466	504 664
<b>Total</b>		<b>518 130</b>	<b>797 232</b>	<b>737 233</b>	<b>1 134 359</b>
<b>Inventories</b>	<b>2</b>				
Raw materials		1 587 724	2 858 743	2 259 128	4 067 625
Work-in-progress		2 620 363	1 954 422	3 728 441	2 780 892
Finished goods		492 931	509 938	701 378	725 576
Prepayments to suppliers		11 654	6 596	16 582	9 386
<b>Total</b>		<b>4 712 672</b>	<b>5 329 699</b>	<b>6 705 529</b>	<b>7 583 479</b>
<b>TOTAL CURRENT ASSETS</b>		<b>8 532 127</b>	<b>9 435 803</b>	<b>12 140 123</b>	<b>13 425 938</b>
<b>NON-CURRENT ASSETS</b>					
<b>Long-term financial assets</b>					
Deffered income tax		138 559	163 446	197 152	232 563
Other long-term receivable		590	30 601	839	43 541
<b>Total</b>		<b>139 149</b>	<b>194 047</b>	<b>197 991</b>	<b>276 104</b>
<b>NON-CURRENT physical assets</b>	<b>3</b>				
Plant and equipment		1 976 591	1 638 527	2 812 436	2 331 414
Other equipment and fixtures		1 169 490	819 169	1 664 034	1 165 572
Accumulated depreciation		-1 872 611	-1 551 015	-2 664 485	-2 206 896
Prepayments for noncurrent physical assets		109	85 873	155	122 187
<b>Total</b>		<b>1 273 579</b>	<b>992 554</b>	<b>1 812 140</b>	<b>1 412 277</b>
<b>Intangible assets</b>					
Purchased licenses, trademarks etc.		152 420	126 424	216 874	179 885
Goodwill		443 469	492 160	631 000	700 281
Prepayments for intangible assets		18 400	30 212	26 180	42 988
<b>Total</b>		<b>614 289</b>	<b>648 796</b>	<b>874 054</b>	<b>923 154</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 027 017</b>	<b>1 835 397</b>	<b>2 884 185</b>	<b>2 611 535</b>
<b>TOTAL ASSETS</b>		<b>10 559 144</b>	<b>11 271 200</b>	<b>15 024 308</b>	<b>16 037 473</b>

## Consolidated balance sheet

	Note	30.09.2007	30.09.2006	30.09.2007	30.09.2006
LIABILITIES AND OWNERS' EQUITY		LVL	LVL	EUR	EUR
<b>CURRENT LIABILITIES</b>					
<b>Debt obligations</b>					
Short-term loans from financial institutons	4	579 552	11 972	824 628	17 035
Derivative financial instruments			1 634	0	2 325
<b>Total</b>		<b>579 552</b>	<b>13 606</b>	<b>824 628</b>	<b>19 360</b>
<b>Customer prepayments for goods and services</b>		<b>51 494</b>	<b>52 355</b>	<b>73 269</b>	<b>74 494</b>
<b>Accounts payable</b>	5	<b>538 177</b>	<b>1 120 328</b>	<b>765 757</b>	<b>1 594 083</b>
<b>Tax liabilities</b>		<b>101 704</b>	<b>110 468</b>	<b>144 712</b>	<b>157 182</b>
<b>Accrued expenses</b>					
Salary-related accrued expenses		254 976	312 586	362 798	444 770
Other accrued expenses			12	0	17
<b>Total</b>		<b>254 976</b>	<b>312 598</b>	<b>362 798</b>	<b>444 787</b>
<b>Provisions</b>	6	<b>468 681</b>	<b>298 173</b>	<b>666 873</b>	<b>424 262</b>
<b>Prepaid revenue</b>	7	<b>70 267</b>		<b>99 981</b>	<b>0</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 064 851</b>	<b>1 907 528</b>	<b>2 938 018</b>	<b>2 714 168</b>
<b>OWNERS' EQUITY</b>					
<b>Share capital</b>	8	<b>2 970 180</b>	<b>2 970 180</b>	<b>4 226 185</b>	<b>4 226 185</b>
<b>Paid in capital over par</b>		<b>2 004 204</b>	<b>2 004 204</b>	<b>2 851 725</b>	<b>2 851 725</b>
<b>Restricted personnel incentive shares</b>		<b>0</b>	<b>60 000</b>	<b>0</b>	<b>85 372</b>
<b>Retained earnings</b>		<b>3 390 686</b>	<b>3 765 140</b>	<b>4 824 512</b>	<b>5 357 312</b>
<b>Net profit for the financial year</b>		<b>112 039</b>	<b>549 381</b>	<b>159 417</b>	<b>781 699</b>
<b>Currency translation reserve</b>		<b>17 184</b>	<b>14 767</b>	<b>24 451</b>	<b>21 012</b>
<b>TOTAL OWNERS' EQUITY</b>		<b>8 494 293</b>	<b>9 363 672</b>	<b>12 086 290</b>	<b>13 323 305</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>10 559 144</b>	<b>11 271 200</b>	<b>15 024 308</b>	<b>16 037 473</b>

## Consolidated Income Statement for Q1 of the financial year 2007/08

	Note	Q1 FY07/08	Q1 FY06/07	Q1 FY07/08	Q1 FY06/07
		LVL	LVL	EUR	EUR
Net sales	9	3 156 867	4 037 195	4 491 817	5 744 411
Other operating income		8 328	5 658	11 850	8 051
<b>Total income</b>		<b>3 165 195</b>	<b>4 042 853</b>	<b>4 503 667</b>	<b>5 752 462</b>
Direct cost of goods sold or services rendered		-2 012 381	-2 182 090	-2 863 360	-3 104 834
Marketing, advertising and public relations expenses	10	-108 216	-202 576	-153 977	-288 240
Bad receivables		46 786	44 854	66 570	63 821
Operating expenses		-210 259	-266 362	-299 172	-378 999
Salaries, bonuses and social expenses		-554 259	-590 358	-788 640	-840 004
Depreciation expense		-142 998	-146 303	-203 468	-208 170
Amortization of product Prototypes		-11 654	-7 941	-16 582	-11 299
Other expenses		-8 394	-6 797	-11 943	-9 671
<b>Operating expenses</b>		<b>-3 001 375</b>	<b>-3 357 573</b>	<b>-4 270 572</b>	<b>-4 777 396</b>
<b>EBIT</b>		<b>163 820</b>	<b>685 280</b>	<b>233 095</b>	<b>975 066</b>
Financial income (except ForEx rate difference)		1 909	2 680	2 716	3 813
Financial costs (except ForEx rate difference)		-19 245	-7 561	-27 383	-10 758
Foreign exchange +gain/(loss)		-11 809	-28 970	-16 803	-41 221
<b>Financial items</b>		<b>-29 145</b>	<b>-33 851</b>	<b>-41 470</b>	<b>-48 166</b>
<b>EBT</b>		<b>134 675</b>	<b>651 429</b>	<b>191 625</b>	<b>926 900</b>
Provision for taxes		-22 636	-102 048	-32 208	-145 201
<b>Net profit</b>		<b>112 039</b>	<b>549 381</b>	<b>159 417</b>	<b>781 699</b>

\*Earnings per share

EPS 30.09.2007. = 0.04 LVL (0.05 EUR)

EPS 30.09.2006. = 0.18 LVL (0.26 EUR)

## Consolidated cash flow statement for 3 months of the financial year 2007/08

	Q1 FY07/08	Q1 FY06/07	Q1 FY07/08	Q1 FY06/07
	LVL	LVL	EUR	EUR
<b>CASH GENERATED FROM OPERATIONS (of which)</b>	<b>675 182</b>	<b>-506 409</b>	<b>960 697</b>	<b>-720 555</b>
Cash received from customers	2 494 442	4 228 943	3 549 271	6 017 244
Cash paid to suppliers and employees	-1 819 260	-4 735 352	-2 588 574	-6 737 799
<b>NET CASH USED IN INVESTING ACTIVITIES (of which)</b>	<b>-65 878</b>	<b>-259 855</b>	<b>-93 736</b>	<b>-369 740</b>
Cash paid for purchasing non-current physical assets	-76 261	-259 244	-108 510	-368 871
Cash received from the sale of non-current physical assets	8 477	5 658	12 062	8 051
Loans given		-12 960	0	-18 440
Interest received	1 906	6 691	2 712	9 520
<b>NET CASH USED IN FINANCING ACTIVITIES (of which)</b>	<b>-668 648</b>	<b>-7 528</b>	<b>-951 400</b>	<b>-10 711</b>
Repayment of short-term loans	-887 864		-1 263 317	0
Paid interest	-19 245	-7 528	-27 383	-10 711
Cash received from ERAF subsidies	238 461		339 300	0
<b>Effects of exchange rate changes</b>	<b>1 234</b>	<b>-2 867</b>	<b>1 756</b>	<b>-4 080</b>
<b>TOTAL CASH FLOW:</b>	<b>-58 110</b>	<b>-776 659</b>	<b>-82 683</b>	<b>-1 105 086</b>
Cash and cash equivalents as at the beginning of period	299 588	1 244 633	426 275	1 770 953
Cash and cash equivalents as at the end of period	241 478	467 974	343 592	665 867
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-58 110</b>	<b>-776 659</b>	<b>-82 683</b>	<b>-1 105 086</b>

**Statement of changes in consolidated equity for the 3 months period ended September 30 2007**

	Share capital	Share premium	Currency translation rezerves	Retained earnings	Total
	Ls	Ls	Ls	Ls	Ls
<b>As at 30 June 2006</b>	<b>2 970 180</b>	<b>2 004 204</b>	<b>-5 544</b>	<b>3 825 140</b>	<b>8 793 980</b>
Issue of share capital	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-
Dividend relating to 2005/2006	-	-	-	<b>-594 036</b>	<b>-594 036</b>
Currency translation difference	-	-	21 512	-	<b>21 512</b>
Profit for the year	-	-	-	159 582	<b>159 582</b>
<b>As at 30 June 2007</b>	<b>2 970 180</b>	<b>2 004 204</b>	<b>15 968</b>	<b>3 390 686</b>	<b>8 381 038</b>
Issue of share capital	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-
Dividend relating to 2006/2007	-	-	-	-	-
Allocation of profit	-	-	-	-	-
Currency translation difference	-	-	1 216	-	<b>1 216</b>
Profit for the year	-	-	-	112 039	<b>112 039</b>
<b>As at 30 September 2007</b>	<b>2 970 180</b>	<b>2 004 204</b>	<b>17 184</b>	<b>3 502 725</b>	<b>8 494 293</b>

**Statement of changes in consolidated equity for the 3 months period ended September 30 2007**

	Share capital	Share premium	Currency translation reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
<b>As at 30 June 2006</b>	4 226 185	2 851 725	<b>-7 888</b>	5 442 684	12 512 706
Issue of share capital	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-
Dividend relating to 2005/2006	-	-	-	<b>-845 237</b>	<b>-845 237</b>
Currency translation difference	-	-	30 609	-	<b>30 609</b>
Profit for the year	-	-	-	227 065	<b>227 065</b>
<b>As at 30 June 2007</b>	4 226 185	2 851 725	22 720	4 824 512	11 925 142
Issue of share capital	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-
Dividend relating to 2006/2007	-	-	-	-	-
Allocation of profit	-	-	-	-	-
Currency translation difference	-	-	1 731	-	<b>1 731</b>
Profit for the year	-	-	-	159 417	<b>159 417</b>
<b>As at 30 September 2007</b>	4 226 185	2 851 725	24 451	4 983 929	12 086 290

### **Note 1 Customer receivables**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Accounts receivables	3 180 107	3 011 109	4 524 884	4 284 422
Provisions for bad and doubtful accounts receivable	-144 652	-174 863	-205 821	-248 808
	<b>3 035 455</b>	<b>2 836 246</b>	<b>4 319 063</b>	<b>4 035 614</b>

Accounts receivables, in comparison with the 3 month period of the previous financial year 2006/07 increased, as the Group has ceased discounting Letters of Credit. Working capital is deemed sufficient and overdraft rates are more favourable.

### **Note 2 Inventories**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Raw materials	1 587 724	2 858 743	2 259 128	4 067 625
Work-in- progress	2 620 363	1 954 422	3 728 441	2 780 892
Finished goods	492 931	509 938	701 378	725 576
Prepayments to suppliers	11 654	6 596	16 582	9 386
	<b>4 712 672</b>	<b>5 329 699</b>	<b>6 705 529</b>	<b>7 583 479</b>

Inventories, in comparison with the 3 month period of the previous financial year 2006/7, decreased as the group implemented its cost cutting plan and made a delayed shipment to India.

### **Note 3 Non-current physical assets**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Plant and equipment	1 976 591	1 638 527	2 812 436	2 331 414
Other equipment and fixtures	1 169 490	819 169	1 664 034	1 165 572
Accumulated depreciation	-1 872 611	-1 551 015	-2 664 485	-2 206 896
Prepayments for non-current physical assets	109	85 873	155	122 187
	<b>1 273 579</b>	<b>992 554</b>	<b>1 812 140</b>	<b>1 412 277</b>

Non-current physical assets, in comparison with the 3 month period of the previous financial year 2006/07, increased as the group made substantial investments in a new production facility.

### **Note 4 Short-term loans from financial institutions**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Short-term loans from financial institutions	<b>579 552</b>	<b>11 972</b>	<b>824 628</b>	<b>17 035</b>

On February 21, 2007, the Group has signed amendment to the credit line agreement with Nordea bank Finland Plc Latvian branch for total amount of 5M EUR credit line with interest rate 12 month LIBOR + 0.85% .

### **Note 5 Accounts payable**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Accounts payable	<u>538 177</u>	<u>1 120 328</u>	<u>765 757</u>	<u>1 594 083</u>

Accounts payable, in comparison with the 3 month period of the previous financial year 2006/07, decreased due to the implementation of the cost cutting plan and lower turnover.

### **Note 6 Provisions**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Slow moving items	<u>468 681</u>	<u>298 173</u>	<u>666 873</u>	<u>424 262</u>

Provisions, in comparison with the 3 month period of the previous financial year 2006/7, increased due to slow moving items as a result of sales portfolio diversification and new market entry.

### **Note 7 Prepaid revenue**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Prepaid revenue	<u>70 267</u>	<u>-</u>	<u>99 981</u>	<u>-</u>

Prepaid revenue of LVL 70 267 (EUR 99 981) was received in connection with an EU/Government grant.

### **Note 8 Share capital**

	<b>30.09.2007</b>	<b>30.09.2006.</b>	<b>30.09.2007</b>	<b>30.09.2006.</b>
	<b>Ls</b>	<b>Ls</b>	<b>EUR</b>	<b>EUR</b>
Share capital	2 970 180	2 970 180	4 226 185	4 226 185
Restricted personnel incentive shares	-	60 000	-	85 372
	<u>2 970 180</u>	<u>3 030 180</u>	<u>4 226 185</u>	<u>4 311 557</u>

The total number of Company's share capital is LVL 2 970 180 consisting of authorized, issued and fully paid ordinary shares with voting rights. On October 26, 2006 JSC „SAF Tehnika” Annual Shareholder Meeting decided to decrease the share capital of the Company by cancelling 60 000 restricted personnel incentive shares, what was done during the reporting period. The nominal value of one share is Ls 1.

## Note 9 Segment information

a) The Group's operations may be divided into two major structural units by product type –CFM (PDH) and CFQ (SDH) product lines. These structural units are used as a basis for providing information about the primary segments of the Group, i.e. business segments. Production, as well as research and development are organised and managed for each product line (CFM and CFQ) separately.

The CFM product line, or plesiochronous digital hierarchy radio equipment, is offered as a digital microwave radio communications system operating over 7, 8, 13, 15, 18, 23, 26, and 38 GHz frequency bands, as well as ensuring wireless point-to-point channels for digitalised voice and data transmission. CFM is available with 4, 8, 16, or 34 Mbps full-duplex data transmission rate. The demand for this product in Asia basically accounts for this market share.

The CFQ product line, or synchronous digital hierarchy radio equipment, is a digital point-to-point radio system providing high capacity (up to 155 Mbps) data transmission over from 7 to 38 GHz frequency bands. The product is basically exported to developed European countries where the demand for high capacity data transmission possibilities is dominating.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 3 month of the financial year 2007/08 and financial year 2006/07.

	CFQ		CFM		Other		Total	
	2007/8 Ls	2006/7 Ls	2007/8 Ls	2006/7 Ls	2007/8 Ls	2006/7 Ls	2007/8 Ls	2006/7 Ls
<b>Segment assets</b>	1 571 033	1 660 936	7 213 616	7 358 047	852 740	1 081 621	9 637 389	10 100 604
Undivided assets							921 755	1 170 596
<b>Total assets</b>							10 559 144	11 271 200
<b>Segment liabilities</b>	156 768	399 310	546 612	980 393	113 978	129 439	817 358	1 509 142
Undivided liabilities							1 247 493	398 386
<b>Total liabilities</b>							2 064 851	1 907 528
Net sales	380 780	394 250	2 306 071	3 279 999	470 016	362 946	3 156 867	4 037 195
<b>Segment results</b>	-39 387	216 251	538 887	1 097 731	68 564	52 932	568 064	1 366 914
Undivided expenses							-412 572	-687 292
<b>Profit from operations</b>							155 492	679 622
Other income							8 328	5 658
Financial expenses, net							-29 145	-33 851
<b>Profit before taxes</b>							134 675	651 429
Corporate income tax							-22 636	-102 048
<b>Net profit</b>							112 039	549 381
Other information								
Additions of property plant and Undivided additions	964	3 846	51 993	120 513	0	673	52 957	125 032
<b>Total additions of property plant and equipment and intangible assets</b>							78 514	208 572
Depreciation and amortization Undivided depreciation	24 461	43 999	75 233	54 396	980	793	100 674	99 188
<b>Total depreciation and amortization</b>							154 652	154 243

	CFQ		CFM		Other		Total	
	2007/8 EUR	2006/7 EUR	2007/8 EUR	2006/7 EUR	2007/8 EUR	2006/7 EUR	2007/8 EUR	2006/7 EUR
Segment assets	2 235 379	2 363 299	10 264 051	10 469 558	1 213 339	1 539 008	13 712 769	14 371 865
Undivided assets							1 311 539	1 665 608
<b>Total assets</b>							<b>15 024 308</b>	<b>16 037 473</b>
Segment liabilities	223 061	568 167	777 759	1 394 974	162 176	184 175	1 162 996	2 147 316
Undivided liabilities							1 775 022	566 852
<b>Total liabilities</b>							<b>2 938 018</b>	<b>2 714 168</b>
Net sales	541 801	560 967	3 281 243	4 667 018	668 773	516 426	4 491 817	5 744 411
<b>Segment results</b>	<b>-56 043</b>	<b>307 697</b>	<b>766 767</b>	<b>1 561 930</b>	<b>97 558</b>	<b>75 316</b>	<b>808 282</b>	<b>1 944 943</b>
Undivided expenses							-587 037	-977 928
<b>Profit from operations</b>							<b>221 245</b>	<b>967 015</b>
Other income							11 850	8 051
Financial expenses, net							-41 470	-48 166
<b>Profit before taxes</b>							<b>191 625</b>	<b>926 900</b>
Corporate income tax							-32 208	-145 201
<b>Net profit</b>							<b>159 417</b>	<b>781 699</b>
Other information								
Additions of property plant and equipment and intangible assets	1 372	5 472	73 979	171 475	0	958	75 351	177 905
Undivided additions							36 364	118 867
<b>Total additions of property plant and equipment and intangible assets</b>							<b>111 715</b>	<b>296 772</b>
Depreciation and amortization	34 805	62 605	107 047	77 399	1 394	1 128	143 246	141 132
Undivided depreciation							76 804	78 336
<b>Total depreciation and amortization</b>							<b>220 050</b>	<b>219 468</b>

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location).

	Net sales		Assets		Net sales		Assets	
	2007/8 Ls	2006/7 Ls	30.09.2007 Ls	30.09.2006 Ls	2007/8 EUR	2006/7 EUR	30.09.2007 EUR	30.09.2006 EUR
Asia	1 026 001	1 603 676	1 520 544	1 378 237	1 459 868	2 281 825	2 163 539	1 961 055
America	268 663	226 382	283 582	118 596	382 273	322 113	403 501	168 747
Africa	224 632	139 785	117 831	139 512	319 623	198 896	167 658	198 508
Europe	676 567	1 292 529	390 537	893 007	962 668	1 839 103	555 684	1 270 634
CIS	772 466	644 734	452 968	256 124	1 099 120	917 374	644 515	364 432
Middle East	188 538	130 089	269 993	50 770	268 265	185 100	384 165	72 239
	<b>3 156 867</b>	<b>4 037 195</b>	<b>3 035 455</b>	<b>2 836 246</b>	<b>4 491 817</b>	<b>5 744 411</b>	<b>4 319 063</b>	<b>4 035 614</b>
Unallocated assets	-	-	7 523 689	8 434 954	-	-	10 705 245	12 001 858
	<b>3 156 867</b>	<b>4 037 195</b>	<b>10 559 144</b>	<b>11 271 200</b>	<b>4 491 817</b>	<b>5 744 411</b>	<b>15 024 308</b>	<b>16 037 472</b>

### Note 10 Marketing, advertising and public relations expenses

	30.09.2007 Ls	30.09.2006. Ls	30.09.2007 EUR	30.09.2006. EUR
Marketing, advertising and public relations expenses	<b>108 216</b>	<b>202 576</b>	<b>153 977</b>	<b>288 240</b>

Marketing, advertising and public relations expenses, in comparison with the 3 month period of the previous financial year 2006/07, decreased due to the implementation of the cost cutting plan and a decrease in sales commissions.