SAF Tehnika A/S
Interim Report
for 9 months of financial year 2009/10

(July 1, 2009 – March 31, 2010)

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KEY DATA

SAF Tehnika 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 Company offers three product lines: CFM family - low to medium capacity radio links (PDH; up to 34 Mbps), CFQ family - high capacity radio links (SDH; up to 155 Mbps), and the new CFIP product line (super PDH; 366Mbps Lumina FODU (Optical Gigabit Ethernet), 108Mbps FODU (Fast Ethernet) and 366Mbps PhoeniX Hybrid Split Mount System). The complete product range offers solutions to mobile network operators, data service providers, and 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 Nokia Siemens Networks, Ericsson, Alcatel and NEC. From 2004 until late 2008, the Group had a subsidiary in Sweden which worked on CFQ product line development. The subsidiary was bought out by its management.

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 NASDAQ OMX Riga.

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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 01.10.2009

Name	Ownership interest (%)
Didzis Liepkalns	17.05%
Swedbank AS Clients account	12.96%
Andrejs Grišans	10.03%
Skandinavisa Enskilda Banken	9.98%
Normunds Bergs	9.74%
Juris Ziema	8.71%
Gatis Poiss	8.05%
Vents Lācars	6.08%

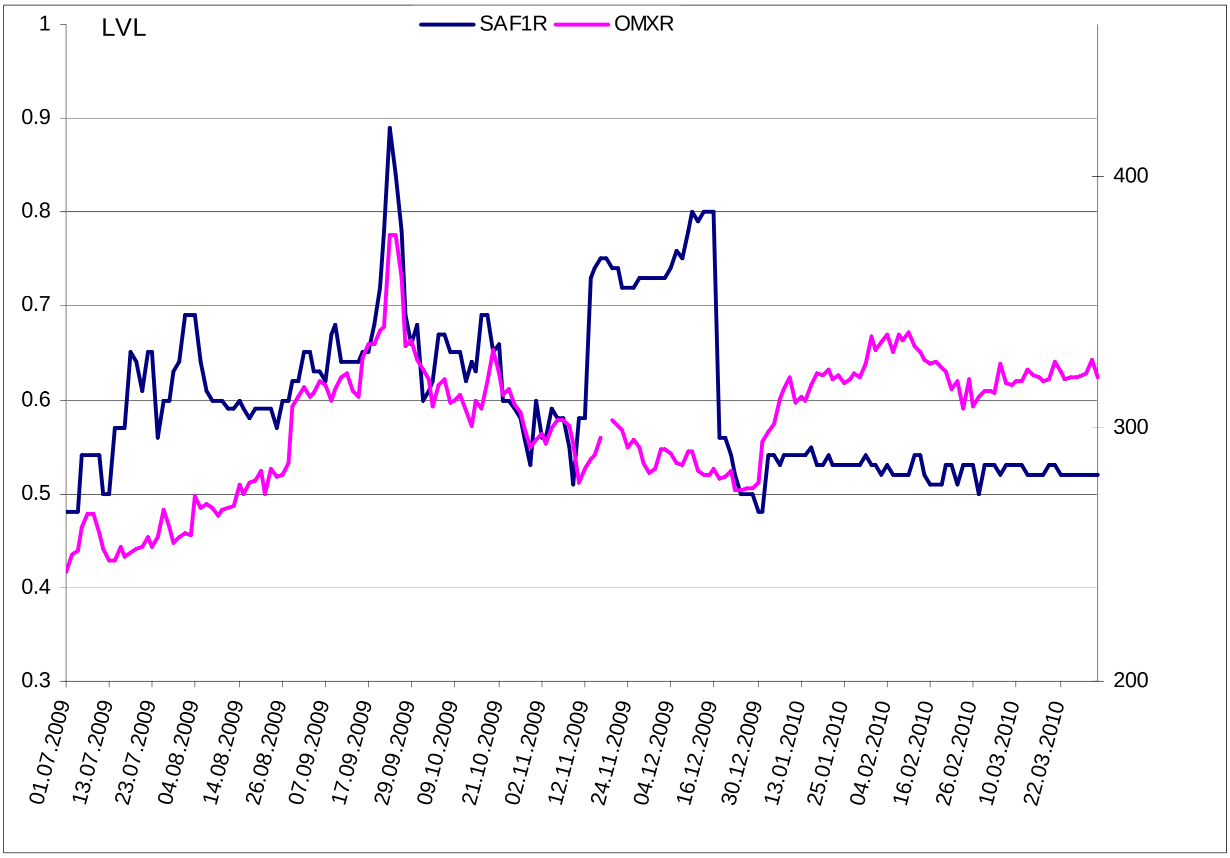
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (**SAF1R**)

Period: July 1, 2009 – March 31, 2010

Currency: **LVL**

Marketplace: **NASDAQ OMX Riga**



Information on management and supervisory board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Vice Chairman	owns 17.05% of shares
Jānis Ennitis	Member	
Aira Loite	Member	

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Vents Lacars	Chairman	owns 6.08% of shares
Juris Ziema	Vice-Chairman	owns 8.71% of shares
Andrejs Grisans	Member	owns 10.03% of shares
Ivars Senbergs	Member	
Jānis Bergs	Member	

Statement of Board's Responsibilities

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

The interim financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company as at March 31, 2010 and the results of its operations and cash flows for the 9 month period ended March 31, 2010.

The 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 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, 2009. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the interim financial statements.

The Board of SAF Tehnika AS is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board is also responsible for the compliance with the laws of the countries in which the Company operates.

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

Currency Exchange rate for LVL/EUR is 0.702804

Aira Loite

CFO, Member of the Management Board

Management Report

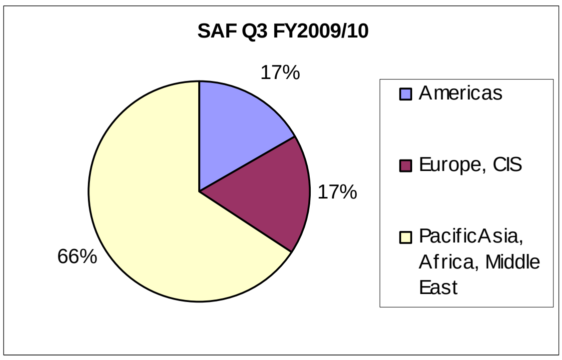
The Company's non-audited net sales for the third quarter of financial year 2009/10 were 2 770 740 LVL (3 942 408 EUR), representing a 27% increase compared with the third quarter of the previous financial year and reaching the highest quarterly sales result during the last 7 quarters.

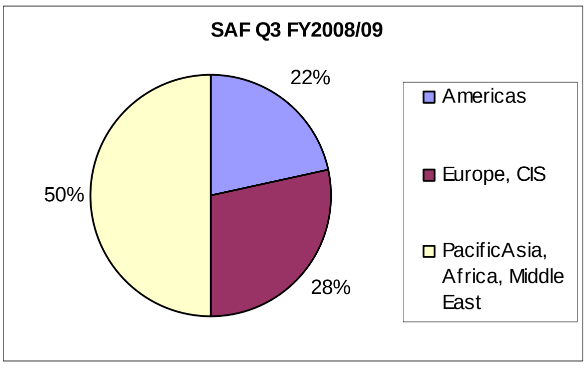
Starting from the beginning of 2010 the Company's sales organization is arranged into 3 regions – Americas, Europe plus CIS, and the third – Asia Pacific, Middle East and Africa. Each has similar business potential and distinctive regional characteristics.

Sales in Asia Pacific, Middle East and Africa represented the largest part of 3nd quarter's turnover (66%). Sales rose there by 68% or 0.74 million LVL (1.05 million EUR) compared with the same quarter of the previous corresponding period. Sales in Europe and CIS formed 17% of quarterly sales, but were 22% lower than in the 3nd quarter of the previous financial year, which was mainly impacted by ongoing small sales in the CIS. That said, activity has moved ahead from the low point in 2009. Sales volumes in the Americas for the reporting quarter were somewhat less than sales in Europe and CIS, although at the same level on a year-on-year basis and formed the remaining 17% out of total sales in the reporting quarter.

In order to meet current and prospective clients, as well as demonstrate the Company's position as a valued representative of the microwave equipment industry, SAF Tehnika SAF exhibited at CeBIT 2010 which took place in Hannover, Germany from 2nd to 6th of March. Prospective customers showed the most interest in SAF's latest products - CFIP Lumina FODU and CFIP PhoeniX Split Mount system. Participation was co-funded by the European Regional Development fund.

Chart 1. Quarter 3 revenue breakdown comparative charts:

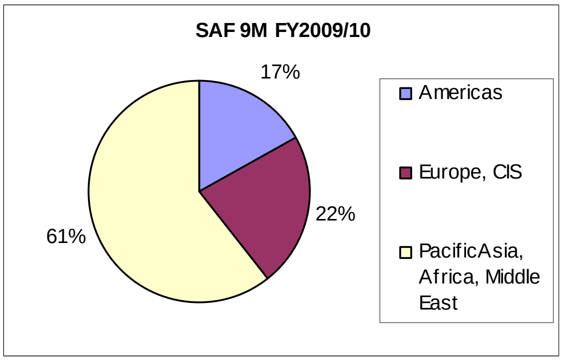


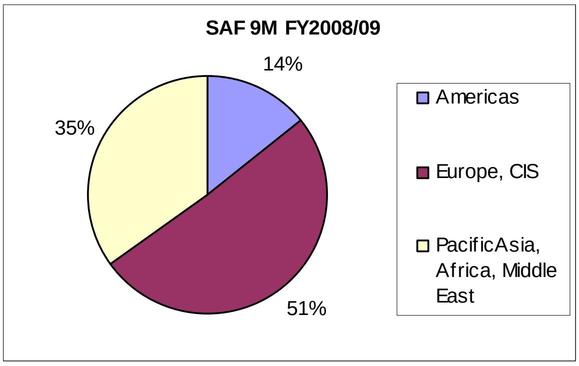


The Company's products were sold in 54 countries during the reporting quarter. The Company has earned customers' confidence and ever larger project supplies have been awarded to SAF Tehnika. In order to satisfy demand for extended payment terms, the Company's offers are supported by Latvian State Export Guarantees.

The Company's non-audited net sales for the 9 months of financial year 2009/10 were 6 487 706 LVL (9 231 174 EUR) representing 95% of the 9 months of financial year 2008/09. Although sales in the Asia Pacific, Africa and Middle East have increased by 63% amounting to LVL 3.9 million (EUR 5.6 million) in the 9 months of FY 2009/10 it covers only partially the decrease in sales volumes in Europe and the CIS region. 15% y-o-y growth was reached in the Americas showing growth in both Latin America and North America.

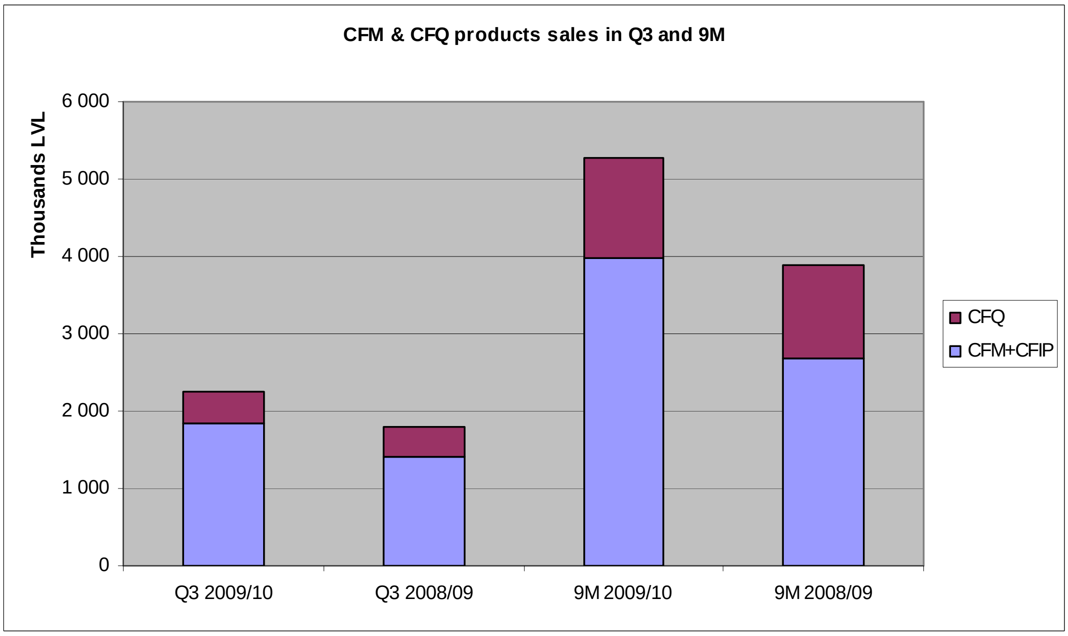
Chart 2. 9 months revenue breakdown comparative charts:





The number of CFIP products sold is increasing each quarter and is 3 times more in comparison with the 3rd quarter of the previous financial year. The number of CFM and CFQ products sold continues to decrease although there is still high demand in some countries.

Chart 3. Quarter 3 and 9 month product sales breakdown.



Sales results due to extensive sales force endeavors in all regions promoting SAF's products, an increase in demand for CFIP products, cost savings in the production process and operations resulted in an outstanding net result in the third quarter and for 9 months of 2009/10 financial year.

The net profit of the Company for the third quarter of financial year 2009/10 was 607 527 LVL (864 434 EUR). The net profit of the Company for the 9 months of financial year 2009/10 was 242 505 LVL (345 054 EUR) which is by 1.2 million LVL (1. 7 million EUR) better than the result for the 9 months of financial year 2008/09.

Market overview

After an outstanding telecom sector slowdown during 2009, the market is recovering in 2010, showing double digit growth in companies' involved in the Point to Point (P2P) wireless radio market in which SAF Tehnika operates. General competition in next generation mobile data connectivity has commenced worldwide. Based on product cost advantages and financing capacities offered by government, the manufacturers from China will continue having an advantage over other players from Europe and the US. Furthermore, most of the latter have already moved production to Asia. Features of the existing situation (common to many industrial sectors) are constraints in component supplies and manufacturing capacities, which were significantly lowered during 2009.

Guidance

In such a changing environment SAF Tehnika has excellent potential to position itself: first of all SAF Tehnika is financially very stable, giving management greater choice to elaborate its chosen strategy. Second - all production is managed by the Company itself giving flexibility and higher quality control compared with other parties. Third – the new product line (CFIP) contains the latest market technologies. In such a situation the right company strategy and implementation can take the company to the next level of development. The focus is the full introduction of an extensive CFIP product line and development of customer tailored solutions. The Company's target is to close 2009/10 financial year with a positive net result.

The Company's net cash flow for the 9 month period of the financial year was a positive 516 437 LVL (734 824 EUR). The cash flow in financing activities was negative due to paid dividends of LVL 0.23 (twenty three santims) per share or, LVL 683 141 in December 2009 due to surplus funds and favorable taxation conditions at the time. The Company carried a net cash balance (excluding interest bearing liabilities) of 2 858 147LVL (4 066 777 EUR) as at March 31, 2010.

On March 31, 2010 the Company employed 137 people. (144 people on March 31, 2009).

Balance sheet
As of March 31, 2010

ASSETS	Note	31.03.2010	31.03.2009	31.03.2010	31.03.2009
CURRENT ASSETS		**LVL**	**LVL**	**EUR**	**EUR**
Cash and bank		**2 863 255**	**2 520 188**	**4 074 045**	**3 585 904**
Customer receivables	**1**				
Accounts receivable		2 206 957	2 017 331	3 140 217	2 870 403
Allowance for uncollectible receivables		-236 344	-389 544	-336 287	-554 271
Total		**1 970 613**	**1 627 787**	**2 803 930**	**2 316 132**
Other receivables					
Other current receivables		0	115	0	164
Short-term loans given		738	885	1 050	1 259
Total		**738**	**1 000**	**1 050**	**1 423**
Prepaid expenses					
Prepaid taxes	**2**	35 000	142 405	49 801	202 624
Other prepaid expenses		82 870	60 653	117 913	86 302
Total		**117 870**	**203 058**	**167 714**	**288 926**
Inventories	**3**				
Raw materials		404 830	542 907	576 021	772 487
Work-in-progress		1 059 964	1 515 271	1 508 193	2 156 036
Finished goods		746 757	684 370	1 062 539	973 771
Prepayments to suppliers		28 886	42 247	41 101	60 112
Total		**2 240 437**	**2 784 795**	**3 187 854**	**3 962 406**
TOTAL CURRENT ASSETS		**7 192 913**	**7 136 828**	**10 234 593**	**10 154 791**
NON-CURRENT ASSETS					
Long-term financial assets					
Deffered income tax		51 025	48 160	72 602	68 526
Other long-term receivable		0	590	0	839
Total		**51 025**	**48 750**	**72 602**	**69 365**
NON-CURRENT physical assets	**4**				
Plant and equipment		1 977 979	1 950 635	2 814 411	2 775 504
Other equipment and fixtures		1 148 256	1 168 142	1 633 821	1 662 116
Accumulated depreciation		-2 590 717	-2 364 362	-3 686 258	-3 364 184
Prepayments for noncurrent physical assets		697	0	992	0
Total		**536 215**	**754 415**	**762 966**	**1 073 436**
Intangible assets					
Purchased licenses, trademarks etc.		54 911	76 634	78 131	109 040
Prepayments for intangible assets		1 235	3 357	1 757	4 777
Total		**56 146**	**79 991**	**79 888**	**113 817**
TOTAL NON-CURRENT ASSETS		**643 386**	**883 156**	**915 456**	**1 256 618**
TOTAL ASSETS		**7 836 299**	**8 019 984**	**11 150 049**	**11 411 409**

	Note	31.03.2010	31.03.2009	31.03.2010	31.03.2009
LIABILITIES AND OWNERS' EQUITY		**LVL**	**LVL**	**EUR**	**EUR**
CURRENT LIABILITIES					
Debt obligations					
Short-term loans from financial institutons		5 108	3 110	7 268	4 425
Total		**5 108**	**3 110**	**7 268**	**4 425**
Customer prepayments for goods and services		202 917	81 477	288 725	115 932
Accounts payable	**5**	1 136 465	615 485	1 617 044	875 756
Tax liabilities		59 800	101 311	85 088	144 153
Salary-related accrued expenses	**6**	198 622	207 210	282 614	294 833
Provisions for guarantees		23 191	35 237	32 998	50 138
Prepaid revenue		0	0	0	0
TOTAL CURRENT LIABILITIES		**1 626 103**	**1 043 830**	**2 313 737**	**1 485 237**
OWNERS' EQUITY					
Share capital		2 970 180	2 970 180	4 226 185	4 226 185
Paid in capital over par		2 004 204	2 004 204	2 851 725	2 851 725
Retained earnings	**7**	993 307	2 980 657	1 413 349	4 241 093
Net profit for the financial year		242 505	-978 887	345 054	-1 392 831
TOTAL OWNERS' EQUITY		**6 210 196**	**6 976 154**	**8 836 312**	**9 926 172**
TOTAL LIABILITIES AND OWNERS' EQUITY		**7 836 299**	**8 019 984**	**11 150 049**	**11 411 409**

* The comparison information is consolidated data for the SAF Tehnika Group as until November, 2008 AS SAF Tehnika had a subsidiary in Sweden.

Income Statement for 9 month of the financial year 2009/10

	Note	31.03.2010	31.03.2009	31.03.2010	31.03.2009
		LVL	LVL	EUR	EUR
Net sales	8	6 487 706	6 849 486	9 231 174	9 745 941
Other operating income	9	146 046	4 824	207 805	6 864
Total income		**6 633 752**	**6 854 310**	**9 438 979**	**9 752 805**
Direct cost of goods sold or services rendered		-4 486 224	-4 953 565	-6 383 322	-7 048 289
Marketing, advertising and public relations expenses	10	-46 037	-55 131	-65 505	-78 444
Bad receivables	11	165 774	-243 963	235 875	-347 128
Operating expenses	12	-482 647	-515 152	-686 745	-732 995
Salaries, bonuses and social expenses	13	-1 198 903	-1 353 244	-1 705 885	-1 925 493
Depreciation expense		-228 474	-327 355	-325 089	-465 784
Other expenses		-266 131	-69 882	-378 670	-99 433
Operating expenses		**-6 542 642**	**-7 518 292**	**-9 309 341**	**-10 697 566**
EBIT		**91 110**	**-663 982**	**129 639**	**-944 761**
Financial income (except ForEx rate difference)		91 960	55 353	130 847	78 760
Financial costs (except ForEx rate difference)		-1 927	-3 732	-2 742	-5 310
Foreign exchange +gain/(loss)		61 362	70 036	87 310	99 652
Financial items		**151 395**	**121 657**	**215 415**	**173 102**
EBT		**242 505**	**-542 325**	**345 054**	**-771 659**
Write-off due to elamination of long-term investment	14	**0**	**-436 562**	**0**	**-621 172**
Net profit		**242 505**	**-978 887**	**345 054**	**-1 392 831**

Earnings per share
EPS 31.03.2010. = 0.08 LVL (0.12 EUR)
EPS 31.03.2009. = -0.33 LVL (-0.47 EUR)

Income Statement for Q3 of the financial year 2009/10

	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	LVL	LVL	EUR	EUR
Net sales	2 770 740	2 173 424	3 942 408	3 092 504
Other operating income	76 992	4 628	109 550	6 585
Total income	**2 847 732**	**2 178 052**	**4 051 958**	**3 099 089**
Direct cost of goods sold or services rendered	-1 675 522	-1 661 599	-2 384 053	-2 364 242
Marketing, advertising and public relations expenses	-16 635	-17 731	-23 669	-25 229
Bad receivables	9 942	-141 673	14 146	-201 583
Operating expenses	-187 901	-168 608	-267 359	-239 908
Salaries, bonuses and social expenses	-405 728	-478 361	-577 299	-680 646
Depreciation expense	-53 410	-108 634	-75 996	-154 572
Other expenses	-4 304	-60 122	-6 124	-85 546
Operating expenses	**-2 333 558**	**-2 636 728**	**-3 320 354**	**-3 751 726**
EBIT	**514 174**	**-458 676**	**731 604**	**-652 637**
Financial income (except ForEx rate difference)	31 673	13 929	45 067	19 819
Financial costs (except ForEx rate difference)	-614	0	-874	0
Foreign exchange +gain/(loss)	62 294	39 449	88 637	56 132
Financial items	**93 353**	**53 378**	**132 830**	**75 951**
EBT	**607 527**	**-405 298**	**864 434**	**-576 687**
Net profit	**607 527**	**-405 298**	**864 434**	**-576 687**

*Earnings per share
EPS 31.03.2010. = 0.20 LVL (0.29 EUR)
EPS 31.03.2009. = -0.14 LVL (-0.19 EUR)

Cash flow statement for 9 months of the financial year 2009/10

	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	LVL	LVL	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	**1 066 004**	**768 662**	**1 516 787**	**1 093 706**
Cash received from customers	6 319 598	7 591 523	8 991 978	10 801 764
Cash paid to suppliers and employees	-5 329 291	-6 991 647	-7 582 898	-9 948 219
Repaid taxes	75 697	168 786	107 707	240 161
NET CASH USED IN INVESTING ACTIVITIES (of which)	**41 265**	**86 129**	**58 715**	**122 551**
Cash paid for purchasing non-current physical assets	-55 280	-43 704	-78 656	-62 185
Cash received from other long-term investments	0	74 481	0	105 977
Interest received	96 545	55 352	137 371	78 759
NET CASH USED IN FINANCING ACTIVITIES (of which)	**-590 832**	**-5 781**	**-840 678**	**-8 225**
Repayment of long-term loans	3 212	-2 049	4 570	-2 915
Paid interest	-1 954	-3 732	-2 780	-5 310
Cash received from state	91 051	0	129 554	0
Dividends paid	-683 141	0	-972 022	0
Effects of exchange rate changes	**0**	**0**	**0**	**0**
TOTAL CASH FLOW:	**516 437**	**849 010**	**734 824**	**1 208 032**
Cash and cash equivalents as at the beginning of period	2 346 818	1 671 178	3 339 221	2 377 872
Cash and cash equivalents as at the end of period	2 863 255	2 520 188	4 074 045	3 585 904
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	**516 437**	**849 010**	**734 824**	**1 208 032**

* The comparison information is consolidated data for the SAF Tehnika Group as until November, 2008 AS SAF Tehnika had a subsidiary in Sweden.

Statement of changes in consolidated equity for the 9 months period ended March 31 2010

	Share capital LVL	Share premium LVL	Currency translation rezerves LVL	Retained earnings LVL	Total LVL
As at 30 June 2008	**2 970 180**	**2 004 204**	**5 106**	**2 918 194**	**7 897 684**
Currency translation difference	-	-	-5 106	-	**-5 106**
Loss for the year	-	-	-	-1 241 746	**-1 241 746**
As at 30 June 2009	**2 970 180**	**2 004 204**	**0**	**1 676 448**	**6 650 832**
Dividend relating to 2008/2009	-	-	-	-683 141	**-683 141**
Profit for the year	-	-	-	242 505	**242 505**
As at 31 March 2010	**2 970 180**	**2 004 204**	**0**	**1 235 812**	**6 210 196**

Statement of changes in consolidated equity for the 9 months period ended March 31 2010

	Share capital EUR	Share premium EUR	Currency translation rezerves EUR	Retained earnings EUR	Total EUR
As at 30 June 2008	**4 226 185**	**2 851 725**	**7 265**	**4 152 216**	**11 237 392**
Currency translation difference	-	-	-7 265	-	**-7 265**
Loss for the year	-	-	-	-1 766 845	**-1 766 845**
As at 30 June 2009	**4 226 185**	**2 851 725**	**0**	**2 385 371**	**9 463 281**
Dividend relating to 2008/2009	-	-	-	-972 022	**-972 022**
Profit for the year	-	-	-	345 054	**345 054**
As at 31 March 2010	**4 226 185**	**2 851 725**	**0**	**1 758 402**	**8 836 312**

Notes for interim report

Note 1 Customer receivables

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Accounts receivable	2 206 957	2 017 331	3 140 217	2 870 403
Provisions for bad and doubtful accounts receivable	(236 344)	(389 544)	(336 287)	(554 271)
	1 970 613	**1 627 787**	**2 803 930**	**2 316 132**

Accounts receivable were by 9% larger compared with the previous year. Provisions for bad and doubtful accounts receivable have decreased by 39%.

Note 2 Prepaid taxes

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Prepaid taxes	**35 000**	**142 405**	**49 801**	**202 624**

The decrease in Prepaid taxes item mainly reflects no advance payment for Company Income tax due to a net loss in the 2008/09 financial year.

Note 3 Inventories

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Raw materials	699 836	717 310	995 777	1 020 640
Allowance for slow-moving items	(295 006)	(174 403)	(419 756)	(248 153)
Work-in- progress	1 059 964	1 515 271	1 508 193	2 156 036
Finished goods	746 757	684 370	1 062 539	973 771
Prepayments to suppliers	28 886	42 247	41 101	60 112
	2 240 437	**2 784 795**	**3 187 854**	**3 962 406**

Inventories in comparison with March 31 of the previous financial year 2008/09 decreased by 20%. The amount of allowances for slow-moving items has increased as the Company keeps components for all types of products sold in order to provide repair services and to produce older design products still in demand. Current stock levels are deemed appropriate for present production volumes, but as delivery time for components are observed to lengthen the Company is considering an inventory increase in order to ensure committed production times.

Note 4 Non-current physical assets

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Plant and equipment	1 977 979	1 950 635	2 814 411	2 775 504
Other equipment and fixtures	1 148 256	1 168 142	1 633 821	1 662 116
Accumulated depreciation	(2 590 717)	(2 364 362)	(3 686 258)	(3 364 184)
Prepayments for noncurrent physical assets	697	-	992	
	536 215	**754 415**	**762 966**	**1 073 436**

Decrease of the net book value of non current physical assets, in comparison with the year before is mainly due to accumulated depreciation.

***Note 5* Accounts payable**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Accounts payable	**1 136 465**	**615 485**	**1 617 044**	**875 756**

Accounts payable have increased due to the increase of purchases for new products, increased production volumes and larger local marketing services rendered.

***Note 6* Salary-related accrued expenses**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Salary-related accrued expenses	**198 622**	**207 210**	**282 614**	**294 833**

Salary-related accrued expenses were on same level as of the previous financial year.

***Note 7* Retained earnings**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Retained earnings	**993 307**	**2 980 657**	**1 413 349**	**4 241 093**

Dividends of LVL 0.23 per share or LVL 683 141.40 in total were paid out according to the annual shareholders' meeting decision.

***Note 8* Segment information**

a) The Group's operations may currently be divided into two major structural units by product type – CFM (PDH) and CFQ (SDH) product lines. The new CFIP products belong to the CFM product type (super PDH). The 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, 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.

CFIP radio is capable to provide up to 108Mbps of bit rate to all interfaces combined. This product family provides a perfect solution for a user looking for higher than PDH E3 capacity without need for STM-1 capacity. Apart from the full system capacity of 108Mbps, it is possible to configure the radio to any of 7 MHz, 14 MHz and 28MHz channel bandwidths.

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 frequency bands from

7 to 38 GHz. The product is generally exported to developed European countries where the demand for high capacity data transmission possibilities dominates.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 9 month of the financial year 2009/10 and financial year 2008/09.

	CFQ		CFM		Other		Total	
	2009/10	**2008/09**	**2009/10**	**2008/09**	**2009/10**	**2008/09**	**2009/10**	**2008/09**
	LVL	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**	**LVL**
Segment assets	**1 339 418**	**1 502 411**	**3 035 098**	**3 303 903**	**576 296**	**463 716**	**4 950 812**	**5 270 030**
Undivided assets							**2 885 487**	**2 749 954**
Total assets							**7 836 299**	**8 019 984**
Segment liabilities	**347 350**	**220 073**	**894 920**	**564 826**	**236 770**	**126 495**	**1 479 040**	**911 394**
Undivided liabilities							**147 063**	**132 436**
Total liabilities							**1 626 103**	**1 043 830**
Net sales	1 493 073	1 695 504	3 974 361	4 088 572	1 020 272	1 065 410	6 487 706	6 849 486
Segment results	**442 603**	**234 833**	**933 162**	**603 530**	**311 129**	**206 562**	**1 686 894**	**1 044 925**
Undivided expenses							-1 741 826	-1 713 731
Profit from operations							**-54 932**	**-668 806**
Other income							238 012	4 824
Financial expenses, net							59 425	121 657
Write-off due to elamination of long-term investment							0	-436 562
Profit before taxes							**242 505**	**-978 887**
Net profit							**242 505**	**-978 887**
Other information								
intangible asets	361	24 746	18 933	23 955	0	0	19 294	48 701
Undivided additions							14 430	31 823
Total additions of property plant and equipment and intangible asets							**33 724**	**80 524**
Depreciation and amortization	10 836	18 040	134 729	177 798	10	1 268	145 575	197 106
Undivided depreciation							82 899	130 249
Total depreciation and amortization							**228 474**	**327 355**

	CFQ		CFM		Other		Total	
	2009/10 EUR	2008/09 EUR	2009/10 EUR	2008/09 EUR	2009/10 EUR	2008/09 EUR	2009/10 EUR	2008/09 EUR
Segment assets	1 905 820	2 137 738	4 318 555	4 701 030	819 994	659 808	7 044 369	7 498 577
Undivided assets							4 105 680	3 912 832
Total assets							**11 150 049**	**11 411 409**
Segment liabilities	494 235	313 136	1 273 356	803 675	336 893	179 986	2 104 484	1 296 797
Undivided liabilities							209 253	188 440
Total liabilities							**2 313 737**	**1 485 237**
Net sales	2 124 451	2 412 485	5 655 006	5 817 514	1 451 716	1 515 942	9 231 174	9 745 941
Segment results	**629 767**	**334 137**	**1 327 770**	**858 746**	**442 697**	**293 912**	**2 400 234**	**1 486 794**
Undivided expenses							-2 478 394	-2 438 420
Profit from operations							**-78 161**	**-951 625**
Other income							338 661	6 864
Financial expenses, net							84 554	173 102
Write-off due to elamination of long-term investment							0	-621 172
Profit before taxes							**345 054**	**-1 392 831**
Net profit							**345 054**	**-1 392 831**
Other information								
Additions of property plant and equipment and intangible asets	514	35 210	26 939	34 085	0	0	27 453	69 295
Undivided additions							20 532	45 280
Total additions of property plant and equipment and intangible asets							**47 985**	**114 575**
Depreciation and amortization	15 418	25 669	191 702	252 984	14	1 804	207 135	280 457
Undivided depreciation							117 954	185 327
Total depreciation and amortization							**325 089**	**465 784**

b) This note provides information about division of the Company's turnover and assets by geographical regions (customer location) for 9 month of the financial year 2009/10 and financial year 2008/09.

	Net sales		Assets		Net sales		Assets	
	2009/10 LVL	2008/09 LVL	31.03.2010 LVL	31.03.2009 LVL	2009/10 EUR	2008/09 EUR	31.03.2010 EUR	31.03.2009 EUR
America	1 105 460	962 656	361 927	454 073	1 572 928	1 369 736	514 976	646 088
Europe, CIS	1 457 935	3 486 140	481 805	524 681	2 074 454	4 960 330	685 547	746 554
Asia, Africa, Middle East	3 924 311	2 400 690	1 126 881	649 033	5 583 792	3 415 875	1 603 407	923 490
	6 487 706	**6 849 486**	**1 970 613**	**1 627 787**	**9 231 174**	**9 745 941**	**2 803 930**	**2 316 132**
Unallocatted assets	-	-	5 865 686	6 392 197	-	-	8 346 119	9 095 277
	6 487 706	**6 849 486**	**7 836 299**	**8 019 984**	**9 231 174**	**9 745 941**	**11 150 049**	**11 411 409**

Note 9 Other operating income

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Other operating income	**146 046**	**4 824**	**207 805**	**6 864**

The Company has received co-financing for 2 product development projects by the EU structural funds amounting to 92 thousand LVL , the other largest items were income from sales of used non-current assets and supporting services for customers.

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

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Marketing, advertising and public relations expenses	**(46 037)**	**(55 131)**	**(65 505)**	**(78 444)**

Expense reclassification is introduced in this report. Considering that sales agent services, which are closely related to sales results and by nature are an attribute of the cost of sales, such services are now included in the *Direct cost of goods sold or services rendered* item and not in *Marketing, advertising and public relations expenses* section. The reclassification is also applied for comparison data.

Note 11 **Bad receivables**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Bad receivables	**165 774**	**(243 963)**	**235 875**	**(347 128)**

245 thousand LVL (348 thousand EUR) were written off considering debt from one Russian client as being non-recoverable.

Note 12 **Operating expenses**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Operating expenses	**(482 647)**	**(515 152)**	**(686 745)**	**(732 995)**

Expenses for outsourced services form the largest part of the decrease in operating expenses.

Note 13 **Salaries, bonuses and social expenses**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Salaries, bonuses and social expenses	**(1 198 903)**	**(1 353 244)**	**(1 705 885)**	**(1 925 493)**

Salaries, bonuses and social expenses, in comparison with the 9 month period of the previous financial year decreased by 11% due to a decrease in salaries as a result of the reduced workload and lower headcount.

Note 14 **Loss on sale of long term investment**

	31.03.2010 LVL	31.03.2009 LVL	31.03.2010 EUR	31.03.2009 EUR
Loss on sale of long term investment	**-**	**(436 562)**	**-**	**(621 172)**

The impact on the parent company's Income Statement from the divestment of SAF Tehnika Sweden in November 2008 was 436 562 LVL (621 172 EUR).