



## **AS HARJU ELEKTER**

Interim report 1-9/2015

Business name	AS Harju Elekter
Main business area:	production of electrical distribution systems and control panels; production of sheet metal products; wholesale and mediation of goods, retail of light fittings and electrical appliances; real estate holding; management assistance and services
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Auditor:	KPMG Baltics OÜ
Beginning of the reporting period:	1 <sup>st</sup> of January 2015
End of the reporting period:	30 <sup>th</sup> of September 2015

*The interim report of Harju Elekter Group on 26 pages*

## CONTENTS

EXPLANATORY NOTE .....	3
INTERIM FINANCIAL STATEMENTS .....	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	13
CONSOLIDATED STATEMENT OF PROFIT AND LOSS .....	14
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	15
CONSOLIDATED STATEMENT OF CASH FLOWS.....	16
CONSOLIDATED STATEMENT OF GROWTH/DECREASES IN EQUITY .....	17
NOTES TO INTERIM FINANCIAL STATEMENT.....	19
Note 1 Accounting methods and valuation principles used in the consolidated interim report.....	19
Note 2 Non-current assets .....	19
Note 3 Interest-bearing loans and borrowings .....	20
Note 4 Owner's equity .....	21
Note 5 Segment reporting .....	21
Note 6 Finance income and costs.....	23
Note 7 Basic and diluted earnings per share .....	23
Note 8 Subsidiaries .....	23
Note 9 Further information on line items in the statement of cash flows .....	24
Note 10 Transactions with related parties.....	25
Statement of Management responsibility.....	27

## EXPLANATORY NOTE

### *Group structure and changes on it*

In interim report for 1-9/2015 the financial indicators of AS Harju Elekter (the consolidating entity) and its subsidiaries: AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, Finnkumu Oy, UAB Rifas and UAB Automatikos Iranga are consolidated line-by-line. AS Harju Elekter still has a holding of 90% in Harju Elekter AB; however, the activity of the company has been suspended as of 1 April 2014. On 27 April 2015 AS Harju Elekter acquired a holding of 37% in their subsidiary UAB Rifas, in addition to the previously acquired 63%, and became the sole owner of the company.

As of 30 September 2015, AS Harju Elekter has holdings as follows:

Company		Country	30.9.15	31.12.14	30.9.14
AS Harju Elekter Teletehnika	subsidiary	Estonia	100.0%	100.0%	100.0%
AS Harju Elekter Elektrotehnika	subsidiary	Estonia	100.0%	100.0%	100.0%
Satmatic Oy	subsidiary	Finland	100.0%	100.0%	100.0%
Finnkumu Oy	Satmatic Oy's subsidiary	Finland	100.0%	100.0%	100.0%
UAB Rifas	subsidiary	Lithuania	100.0%	62.7%	62.7%
UAB Automatikos Iranga	UAB Rifas's subsidiary	Lithuania	51.0%	51.0%	51.0%
Harju Elekter AB	subsidiary	Sweden	90.0%	90.0%	90.0%
SIA Energokomplekss	financial investment	Latvia	14.0%	14.0%	14.0%
PKC Group Oyj	financial investment	Finland	4.6%	4.6%	4.6%
Skeleton Technologies Group OÜ	financial investment	Estonia	10.0%	0.0%	0.0%

In June 2015, AS Harju Elekter acquired a 10% holding in Skeleton Technologies Group OÜ, a company developing and manufacturing ultra-capacitors.

The shares of PKC Group Oyj are presented in the statement of financial position at their market price. The changes in the market price of the shares can have a substantial effect on the value of the assets and the owners' equity in the Group.

### *Economic environment*

In early October, the International Monetary Fund (IMF) decreased this year's global economic growth prognosis to 3.1%, while only in April the estimated economic growth was still 3.4%. Other economic research institutions have followed more or less the same pattern. While the economies of the wealthier countries, led by the USA, are doing slightly better, the economies of developing countries, the post-crisis driving force of the global economy, are in decline for the fifth consecutive year and the latest news shows that the global economy is more fragile than it was thought before. Two important events had the greatest impact on the global economy in the third quarter and increased tensions – the power games of June and July in Greece and everything related to them, although in total having a relatively modest impact on the financial markets, and secondly the fall of the Chinese stock markets which, unlike the events in Greece, has had a significant impact on global stock markets, currency markets and risk awareness.

The economy of the euro zone is taking its estimated course. Due to the activity of the European Central Bank, interest payments on loans issued to companies and households have decreased; in October, Euribor was reduced to an all-time low. National economies are still driven by internal demand despite that experiencing a bit of a setback. The share of exports remains modest due to the impact of the global economy and related risks. When it comes to the main trade partners of Estonia, the economic climate is good in Sweden and Lithuania, not so good in Finland, and poor in Russia.

Assessments made by the Estonian Institute of Economic Research in September reveal that the current situation of the Estonian economy has shown slight improvements since June, but there has not been a qualitative improvement. While moderate economic growth continues, development and investment are becoming increasingly difficult for many companies in the current market situation. Security in Europe is still a source of uncertainty, with mainly the Russian-Ukrainian conflict hindering the development of foreign trade. A positive aspect is that the Estonian financial economy is still standing on a steady foundation and the financial situation of the country is good. Estimated economic growth in Estonia this year is 1.9%–2%.

### ***Main events***

In August, the electrical materials store of AS Harju Elekter Commerce Group opened its doors at its new, roomier and more modern commercial and storage facilities at Paldiski Rd 35, Keila. The good location and larger facilities create substantially better opportunities for customer service, make it possible to expand the product range and selection and the prompt release of batches of products.

There were 44 employees participating in the share option programme of 2012–2015 targeted at the members of the governing bodies of the group's companies, its top specialists and engineers, as well as the members of the governing bodies of the affiliates of AS Harju Elekter, with a total of 339,880 shares being subscribed for between 16–30 June. This increase in the share capital of AS Harju Elekter was entered to the commercial register on 22 July 2015, after which the share capital of AS Harju Elekter amounting to 12.42 million euros was divided into 17,739,880 ordinary named shares.

In June the newly completed production building (Angerja Str 40, Harku) in Allika Industrial Park, owned by AS Harju Elekter, was delivered to the lessee (OÜ Eccua). Allika Industrial Park, with its attractive location at the intersection of the Paldiski highway and Tallinn ring road, has a total of 18 lots fitted with technological utilities. Currently there are two production companies operating in the industrial park.

At its 2 June 2015 sitting, the Supervisory Board of AS Harju Elekter decided to approve a strategic investment in Skeleton Technologies Group OÜ, a company developing and manufacturing ultracapacitors, by acquiring a 10% holding in the company. AS Harju Elekter sees the attractiveness of the investment in both an increase of its value as well as the possible participation of the company in the development, production and use of modular systems of ultracapacitors in management and switching systems.

In May, the subsidiary Harju Elekter Elektrotehnika participated in the biggest electricity sector trade fair in the Nordic region – Elfack 2015 – held in Gothenburg, Sweden. There, a substation unit devised by the company specifically based on the requirements of the Swedish market was presented to the visitors of the fair. We also unveiled a prototype of a low voltage converter device for a substation with power management capacity, developed under the leadership of Marek Mägi (PhD, power engineering and geotechnology, TUT), an electrical engineer of AS Harju Elekter Elektrotehnika, and in cooperation with the Tallinn University of Technology. In addition, the Group's subsidiaries actively participated in other regional exhibitions: in January, Satmatic Oy, Finnkumu Oy, AS Harju Elekter Elektrotehnika and AS Harju Elekter Teletehnika participated in the (energy) distribution network trade fair Sähköverkot 2015 in Finland. As usual, in September AS Harju Elekter Elektrotehnika participated at the SLO autumn fair in Tallinn and Satmatic Oy at Alihankinta 2015 in Tampere. AS Harju Elekter Trade Group presented its product range available in shops at the annual international building fair Estbuild in Tallinn.

In April AS Harju Elekter signed a contract to purchase all the shares of UAB Rifas, its Lithuanian subsidiary. Acquiring all the shares of UAB Rifas was a strategic decision of the

Group, thereby ensuring its positions in Lithuania and the export markets. The company is going to proceed under its own name and brand as a 100% subsidiary of AS Harju Elekter.

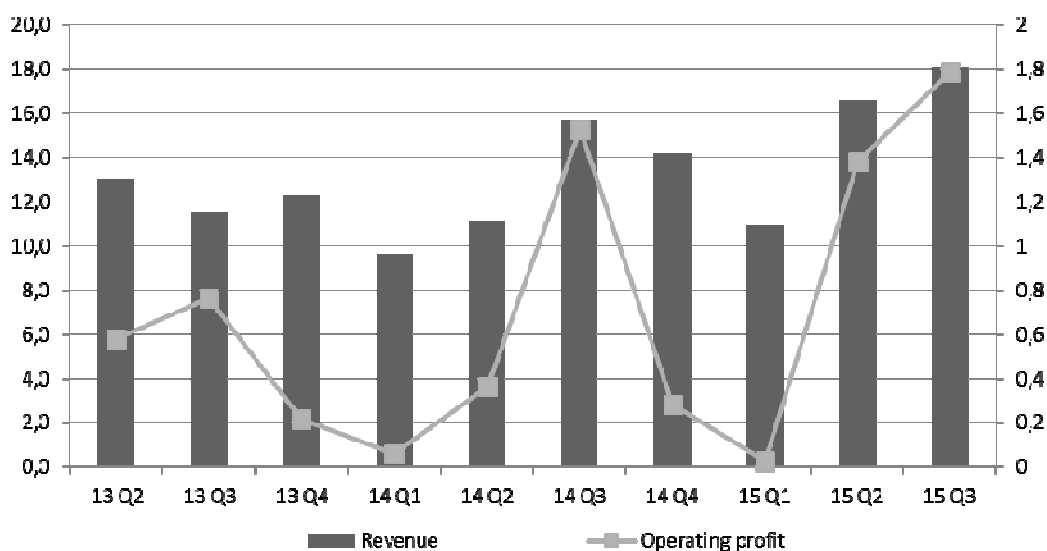
### Operating results

#### KEY INDICATORS

	January - September			Year
	2015	2014	2013	2014
Revenue (EUR'000)	45,626	36,440	36,000	50,606
Gross profit (EUR'000)	8,220	6,858	6,327	9,081
EBITDA (EUR'000)	4,321	3,084	2,643	3,741
EBIT (EUR'000)	3,197	1,945	1,531	2 228
Profit for the period (EUR'000)	3,203	9,525	4,876	9,778
incl attributed to Owners of the Company (EUR'000)	3,199	9,463	4,835	9,697
Revenue growth/decrease (%)	25.2	1.2	-10.5	4.8
Gross profit growth/decrease (%)	19.9	8.4	-5.5	7.4
EBIDTA growth/decrease (%)	40.1	16.7	-9.4	14.4
EBIT growth/decrease (%)	64.4	27.1	-16.0	27.8
Profit for the period growth/decrease (%)	-66.4	95.3	42.1	89.0
incl attributed to Owners of the Company (%)	-66.2	95.7	45.2	87.9
Distribution cost to revenue (%)	4.3	5.4	5.3	5.4
Administrative expenses to revenue (%)	6.8	7.9	8.0	8.0
Labour cost to revenue (%)	20.4	24.2	23.4	23.8
Gross margin (Gross profit/revenue) (%)	18.0	18.8	17.6	17.9
EBITDA margin (EBITDA/revenue) (%)	9.5	8.5	7.3	7.4
Operating margin (EBIT/revenue) (%)	7.0	5.3	4.3	4.4
Net margin (Profit for the period/revenue) (%)	7.0	26.1	13.5	19.3
ROE (Profit for the period/average equity) (%)	5.4	15.6	8.6	15.8

The operations of Finnkumu Oy have been reflected in the economic results of the Group since the third quarter of 2014, also having an impact on the 9 month comparison period.

#### Seasonality of business (million euros)



## REVENUE

Consolidated revenue for the reporting quarter was 18.1 (Q3 2014: 15.7) million euros. During the reporting quarter, sales revenue increased by 9% or 1.5 million euros compared to the previous quarter and 15% or 2.4 million euros in relation to the comparison period. Consolidated sales revenue for the nine month period reached 45.6 million euros, having increased 25% in relation to the comparable period.

The quarterly sales development by business area:

	Growth % Q/Q	Q3 2015	Q3 2014	Q3 2013	Year 2014
Electrical equipment	16.4	15,929	13,683	9,531	42,867
Sheet metal products and services	22.8	210	171	246	881
Boxes for telecom sector and services	-4.0	291	303	266	1,039
Intermediary sale of electrical products and components	7.9	947	878	857	3,109
Rental income	-2.8	518	533	549	2,153
Other services	64.7	196	119	102	557
<b>Total</b>	<b>15.3</b>	<b>18,091</b>	<b>15,687</b>	<b>11,551</b>	<b>50,606</b>

There has been a growth in sales revenue among almost all products and services. 88% (Q3 2014: 87%) of the reporting quarter sales revenue originated from the sale of electrical equipment. There was 15.9 million euros worth of electrical equipment sold in the reporting quarter, which was 2.2 million euros or 16% more than in the comparison quarter, with sales of equipment growing up to 39.2 (9M 2014: 30.5) million euros in the 9-months period and formed 86% of the total sales revenue. The biggest contribution to the increase of electrical equipment sales volume as well as sales in Finnish market came from Finnkumu Oy. During 9 months, UAB Rifas sold their products to the Norwegian market for 3.2 (9M 2014: 1.0) million euros, thus increasing the share of the Norwegian market 4.2 percentage points.

Performance by geographical markets:

Markets	Growth %		Q3		9 months		Share %	
	Q/Q	9m/9m	2015	2014	2015	2014	2015	2014
Estonia	8.7	-2.2	4,076	3,751	10,704	10,939	23.5	30.0
Finland	14.2	38.1	11,828	10,354	28,617	20,729	62.7	56.9
Lithuania	-78.3	-23.1	84	387	579	753	1.3	2.1
Sweden	-60.0	-46.6	309	773	985	1,846	2.2	5.0
Norway	424.8	217.6	1,291	246	3,211	1,011	7.0	2.8
Others	185.8	31.7	503	176	1,530	1,162	3.3	3.2
<b>Total</b>	<b>15.3</b>	<b>25.2</b>	<b>18,091</b>	<b>15,687</b>	<b>45,626</b>	<b>36,440</b>	<b>100.0</b>	<b>100.0</b>

During nine months, 24% of the Group's products and services were sold on the Estonian market (9M 2014: 30%). The share of the Estonian market in the consolidated sales decreased during a year by 6.6 percentage points. The decline was mainly caused by decreased investments in the energy distribution sector in Estonia starting from last year, which has resulted in a decrease in sales volumes for medium voltage distribution equipment and substations. A difficult situation on the Estonian market has given an incentive to find opportunities on other markets. The 9-month external sales revenue of the Estonian companies grew by 6.7% against the comparison period.

In nine months, 77% (9M 2014: 70%) of the Group's products and services were sold in foreign markets, outside Estonia and in the reporting quarter 77% (Q3 2014: 76%). Finland is the biggest

market of the Group; accordingly, the sales volumes of the Group are strongly influenced by the events taking place on this market. In nine months, 63% of the Group's products and services were sold on the Finnish market (9M 2014: 57%).

The revenue by business segments:

Segment	Growth %		Q 3			9 months			Year 2014
	Q/Q	9m/9m	2015	2014	2013	2015	2014	2013	
Manufacturing	16.3	27.5	16,811	14,459	10,231	41,948	32,899	32,073	45,814
Real estate	-1.9	-3.4	554	565	573	1,727	1,787	1,813	2,392
Unallocated activities	9.5	11.2	726	663	747	1,951	1,754	2,114	2,400
<b>Total</b>	<b>15.3</b>	<b>25.2</b>	<b>18,091</b>	<b>15,687</b>	<b>11,551</b>	<b>45,626</b>	<b>36,440</b>	<b>36,000</b>	<b>50,606</b>

93% (Q3 2014: 92%) of sales revenue of reporting quarter was earned from the Manufacturing segment, Real Estate and Unallocated activities contributed 7% and 8% of the consolidated sales volume, respectively. In nine months, the sales revenue from electrical equipment comprised 93% of the sales volume for Manufacturing.

#### OPERATING EXPENSES

	Change %		Q 3			9 months			Year 2014
	Q/Q	9m/9m	2015	2014	2013	2015	2014	2013	
Cost of sales	17.7	26.4	14,650	12,445	9,289	37,406	29,582	29,673	41,525
Distribution costs	-9.7	-0.8	614	680	586	1,961	1,976	1,890	2,720
Administrative expenses	7.1	7.8	1,035	966	913	3,088	2,865	2,897	4,042
<b>Total expenses</b>	<b>15.7</b>	<b>23.3</b>	<b>16,299</b>	<b>14,091</b>	<b>10,788</b>	<b>42,455</b>	<b>34,423</b>	<b>34,460</b>	<b>48,287</b>
incl. depreciation of fixed assets	3.4	-1.3	393	380	373	1,124	1,139	1,112	1,513
Total labour cost	-1.0	5.4	3,011	3,042	2,569	9,291	8,819	8,424	12,027
inclusive salary cost	3.9	8.4	2,454	2,361	1,985	7,256	6,692	6,398	9,194

Operating expenses increased 16% in the reporting quarter and 23% in the 9-months period compared to the reference periods. Cost of sales increased by 18% up to 14,650 thousand euros in the reporting quarter and by 26% up to 37,406 thousand euros during 9-months period.

Distribution costs decreased to 1,961 thousand euros in the 9-months period; the rate of distribution costs to revenue accounted for 4.3% (9M 2014: 5.4%). Administrative expenses increased by 69,000 euros up to 1,035 thousand euros in the reporting quarter and during 9-months period by 223,000 euros to 3,088 thousand euros, at the same time the rate of administrative expenses to revenue decreased and accounted for 6.8% (9M 2014: 7.9%).

The average number of employees in the Group increased by 8 in the reporting quarter and by 24 during 9-months period. Labour costs decreased by 1.0% to 3,011 thousand euros in the reporting quarter and increased by 5.4% up to 9,291 thousand euros in nine months. The rate of labour costs to revenue accounted for 20.4% (9M 2014: 24.2%).

## EARNINGS AND MARGINS

In the third quarter the gross profit of the Group was 3,441 (Q3 2014: 3,242) thousand euros. The gross profit margin was 19.0% being 1.7 per cent point lower comparing to the same period a year before. In the 9-months period, the gross profit of the Group was 8,220 (9M 2014: 6,858) thousand euros and the gross profit margin was 18.0% being 0.8 percent point lower comparing to the reference period.

The Group's operating profit in the reporting quarter was 1,788 (Q3 2014: 1,527) thousand euros and EBITDA 2,181 (Q3 2014: 1,907) thousand euros. Return of sales for the accounting quarter was 9.9% (Q3 2014: 9.7%) and return of sales before depreciation 12.1% being on the same level as a year before.

In 9-months period, EBITDA increased by 1,237 thousand euros to 4,321 (9M 2014: 3,084) thousand euros and operating profit by 1,252 thousand euros to 3,197 (9M 2014: 1,945) thousand euros. Return of sales before depreciation was 9.5% (9M 2014: 8.5%) and return of sales 7.0% (9M 2014: 5.3%).

In April, PKC Group Oyj paid dividends to the shareholders 0.70 euros per share. Dividend income from the shares was 766 (Q2 2014: 906) thousand euros. In total, financial investments yielded a profit of 788 thousand euros during nine months, which was 4,839 thousand euros lower, than in the comparable period. In Q2 2014, 200,000 shares of PKC Group Oyj were sold and the financial income from selling the shares was 4,616 thousand euros.

AS Harju Elekter sold its holding in AS Draka Keila Cables on 9 July 2014. The transaction earned 1,785 thousand euros of financial income and an additional profit of 817,000 euros was consolidated from the company. In total, a revenue of 2,602 thousand euros was made by the associated company in the 9 months of last year.

In Q3 2015, the consolidated net profit was 1,620 (Q3 2014: 3,200) thousand euros, of which the share of the owners of the Company was 1,627 (Q3 2014: 3,102) thousand euros. The net profit margin was established at 9.0% (Q3 2014: 20.4%). EPS in the Q3 was 0.09 (Q3 2014: 0.18) euros.

Overall, the consolidated net profit of the 9-months period was 3,203 (9M 2014: 9,525) thousand euros. The share of the owners of the Company was 3,199 (9M 2014: 9,463) thousand euros. The net profit margin was established at 7.0% (9M 2014: 26.1%). In 9-months period, EPS was 0.18 (9M 2014: 0.54) euros.

*Employees and remuneration*

In Q3 2015, the average 479 people worked in the Group and in 9-months period, the average number of employees was 475.

	Average number of employees				Number of employees at 30.9.			As at 31. 12.2014
	Q3 15	Q3 14	9m 15	9m 14	Growth	2015	2014	
Estonia	288	302	290	292	-19	288	307	311
Finland	95	96	93	85	-4	90	94	92
Lithuania	96	73	92	74	27	99	72	80
<b>Total</b>	<b>479</b>	<b>471</b>	<b>475</b>	<b>451</b>	<b>4</b>	<b>477</b>	<b>473</b>	<b>483</b>

In the third quarter, employee wages and salaries totalled 2,454 (Q3 2014: 2,361) thousand euros and during the first 9 months 7,256 (9M 2014: 6,692) thousand euros. The average wages per employee per month amounted to 1,696 (9M 2014: 1,647) euros.



As at the reporting date on 30 September, there were 477 people working in the Group, which were 4 employees more than a year before and 6 employees less than in the beginning of January.

### *Financial position and cash flows*

	Growth		30.9.	30.9.	30.9.	31.12
	y-o-y	9 months	2015	2014	2013	2014
Current assets	-5,218	-3,063	22,078	27,296	17,926	25,141
Non-current assets	4,430	2,204	46,855	42,425	54,798	44,651
<b>TOTAL ASSETS</b>	<b>-788</b>	<b>-859</b>	<b>68,933</b>	<b>69,721</b>	<b>72,724</b>	<b>69,792</b>
Current liabilities	-214	422	8,812	9,026	8,186	8,390
Non-current liabilities	-768	396	1,956	2,724	1,349	1,560
Equity	194	-1,677	58,165	57,971	63,189	59,842
incl attributable to owners of the Company	1,403	-449	58,028	56,625	61,820	58,475
Equity ratio (%) (equity/total assets)*100	2.0	-0.6	85.1	83.1	86.9	85.7
Current ratio (average current assets/average current liabilities)	-0.2	-0.1	2.7	2.9	2.1	2.8
Quick ratio (average liquid assets (current assets–inventories) / average current liabilities)	-0.1	-0.2	1.7	1.8	1.3	1.9

During 9 months, the amount of the consolidated statement of financial position decreased by 859 thousand euros and compared to the period under review by 788 thousand euros to 68,933 thousand euros.

Current assets decreased 3,063 thousand euros in the first nine months and during a year by 5,218 thousand euros to 22,078 thousand euros. Trade receivables and other receivables increased during first nine months by 3,420 thousand euros and during a year by 1,720 thousand euros to 9,904 thousand euros. Inventories increased during first nine months by 1,564 thousand euros and decreased during a year by 45,000 euros to 9,668 thousand euros.

Cost of non-current assets increased by 2,204 thousand euros in the first nine months and during a year by 4,430 thousand euros up to 46,855 thousand euros. Most of the changes in the non-current assets derived from value adjustment of other long-term financial investments. Financial investments were made in the amount of 2,400 thousand euros in the reporting 9-months period. The changes in the market price of the shares of PKC Group Oyj have a substantial effect on the value of the financial assets. The market price of PKC Group Oyj shares decreased in accounting quarter by 3.65 euros and during first nine months by 1.29 euros; the share price in Helsinki Stock Exchange in last trading day of September was 16.18 (30 September 2014: 16.01) euros. The cost of investment in assets and reserves in equity decreased by the loss of 1,412 (9M 2014: 9,004) thousand euros, by which amount decreased the cost of investment in assets and reserves in equity. In total, the cost of financial investments increased by 988,000 euros during 9-months period.

The carrying value of real estate investments and property, plant and equipment increased 944,000 euros and 271,000 euros, respectively, in 9-months period. Real estate investments were made in the amount of 1,301 (9M 2014: 131) thousand euros, which includes an investment of 1,272 thousand in the production building of Allika Industrial park. In the first nine months property, plant and equipment were acquired in the sum of 939,000 (9M 2014: 609,000) euros, out of which 593,000 euros were comprised of production equipment.

As at the reporting date, the Group's liabilities totalling 10,768 thousand euros, of which short-term liabilities made up 8,812 thousand euros. Short-term liabilities decreased during a year by 214,000 euros, but increased by 422,000 euros in the 9-months period. Trade payables and other

payables decreased by 278,000 euros in 9-months period and during a year by 324,000 euros to 6,711 thousand euros. Short-term interest-bearing loans and borrowings increased by 354,000 euros in the first 9 months and by 220,000 euros year on year.

The Group's current ratio for the 9-months period decreased by 0.2 per cent point compared to the reference period, being 2.7, and the quick ratio by 0.1 per cent point, and being 1.7

As at 30 September 2015, interest-bearing loans and borrowings amounted to 17.1% of the Group's liabilities and 2.7% of the total assets; as at 30 September 2014 12.8% and 2.2%, respectively. The Group had interest-bearing loans and borrowings totalling 1,846 (30 September 2014: 1,508) thousand euros, with the short-term obligations making up 632,000 (30 September 2014: 412,000) euros.

<i>Consolidated cash flow statement</i>	9 months			Year
	2015	2014	2013	2014
Cash flows from operating activities	-234	713	730	2,760
Cash flows from investing activities	-6,157	6,362	755	5,580
Cash flows from financing activities	-1,561	-2,039	-1,513	-2,451
<b>Net cash flow</b>	<b>-7,952</b>	<b>5,036</b>	<b>-28</b>	<b>5,889</b>

Financial investments were made in the amount of 4,907 thousand euros during 9-months period. A 10-percent holding was acquired in Skeleton Technologies Group OÜ, a company developing and manufacturing ultracapacitors, a 37-percent in the subsidiary UAB Rifas and an additional payment was made for the shares of Finnkumu Oy (see Note 8). During 9 months, 1,506 (9M 2014: 129) thousand euros were paid for real estate.

PKC Group Oyj paid dividends 0.70 euros per share. In H1, AS Harju Elekter received 766,000 euros in dividends or 140,000 euros less than in the comparable period.

In H1, the Group paid dividends to the shareholders in the amount of 2,654 thousand euros; in the comparable period of 1,795 thousand euros.

Income from the issuing of shares amounted to 802,000 euros in June.

During nine months, short-term bank loans increased by 557,000 euros and 266,000 euros worth of principal amounts of the financial lease were repaid. In the reference period, short-term bank loans decreased by 18,000 euros and 226,000 euros worth of principal amounts of the financial lease were paid.

In the first nine months, cash-flow out from business activities was 234,000 euros, from investment activities 6,157 thousand euros and from financing activities 1,561 thousand euros; in the comparable period cash-flow from business activities was 713,000 euros, from investment activities was 6,362 euros and cash-flow out from financing activities was 2,039 thousand euros. During nine months, cash and cash equivalents decreased by 7,952 thousand euros to 2,030 thousand euros; within the comparable period cash and cash equivalents increased by 5,036 thousand euros to 9,135 thousand euros.

## **AGM**

On 14<sup>th</sup> of May 2015 the AGM was held where attended by 84 shareholders and their authorised representatives who represented the total 12,392,987 votes, being 71.2% of the total votes.

The general meeting approved the 2014 annual report and profit distribution and decided to pay dividends amounting to 0.15 euros per share, totally 2,610 thousand euros. The shareholders registered in the shareholders' registry on 28.5.2015 at 23.59 entitled to dividend. The dividends transferred to the shareholders bank accounts on 3.6.2015.

The general meeting resolved to appoint KPMG Baltics OÜ to perform the audit of AS Harju Elekter on the years 2015-2017.

The general meeting resolved to realize the targeted share option program, approved by the AGM on 3.5.2012.

#### *Supervisory and management boards*

The Supervisory Board of AS Harju Elekter has 5 members with the following membership: Mr. Endel Palla (Chairman and R&D manager of AS Harju Elekter) and members Mr. Ain Kabal (Estonian Defence Forces, Head of legal department), Mr. Aare Kirsme (Chairman of the Supervisory Board of AS Harju KEK), Mrs. Triinu Tombak (financial consultant) and Mr. Andres Toome (consultant).

The Managing Director/CEO is Mr. Andres Allikmäe. The competence and authority of the Management Board are listed in the Articles of Association and there are no specialities nor agreements concluded which state otherwise.

Information about the education and career of the members of the management and supervisory boards as well as their membership in the management bodies of companies and their shareholdings have been published on the home page of the company at [www.harjuelekter.ee](http://www.harjuelekter.ee)

#### *Shares of Harju Elekter and shareholders*

As at September 30 2015 AS Harju Elekter had 1,675 shareholders. The number of shareholders increased during nine months by 202 persons. The largest shareholder of AS Harju Elekter is AS Harju KEK, a company based on local capital which held 31% of AS Harju Elekter's share capital. Members of the supervisory and management boards hold 10.23% of the shares. The comprehensive list of shareholders is available at the website of the Estonian Central Register of securities ([www.e-register.ee](http://www.e-register.ee)).

Security trading history:

<b>Price:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>9m 2015</b>
Open	3.10	2.30	2.64	2.77	2.79
High	3.54	2.80	2.92	2.85	3.14
Low	2.19	2.30	2.46	2.52	2.65
Last	2.28	2.64	2.70	2.79	2.66
Traded volume	663,917	759,869	936,162	800,823	719,738
Turnover, in million euros	1.88	1.88	2.48	2.17	2.05
Capitalisation, in million euros	38.30	45.94	46.98	48.55	47.19
Average number of the shares	16,800,000	17,093,443	17,400,000	17,400,000	17,487,149
EPS, in euros	0.17	0.21	0.30	0.56	0.18

Due to the share option programme initiated, starting from 22 July 2015 the number of ordinary shares of AS Harju Elekter is 17,739,880.

## Share price in Tallinn Stock growth/decrease, 1.1.2015 - 30.9.2015



## Shareholders structure by size of holding at 30 September 2015

<b>Holding</b>	<b>No of shareholders</b>	<b>% of all shareholders</b>	<b>% of votes held</b>
>10%	2	0.12	42.10
1.0 - 10.0%	10	0.60	25.57
0.1 - 1.0,%	64	3.82	17.34
<0.1%	1,599	95.46	14.99
<b>Total</b>	<b>1,675</b>	<b>100.0</b>	<b>100.0</b>

## Shareholders (above 5%) at 30 September 2015

<b>Shareholder</b>	<b>Holding (%)</b>
HARJU KEK AS	31.39
ING LUXEMBOURG S.A.	10.71
Endel Palla	6.31
Other	51.59

**INTERIM FINANCIAL STATEMENTS****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	Note	<b>30.9.2015</b>	<b>31.12.2014</b>	<b>30.9.2014</b>
<b>Current assets</b>				
Cash and cash equivalents		2,030	9,984	9,135
Available-for-sale financial assets		0	35	30
Trade receivables and other receivables		9,904	6,484	8,184
Prepayments		416	455	225
Income tax prepayments		60	79	9
Inventories		9,668	8,104	9,713
<b>Total current assets</b>		<b>22,078</b>	<b>25,141</b>	<b>27,296</b>
<b>Non-current assets</b>				
Deferred income tax asset		0	0	6
Other long-term financial investments	2	20,133	19,145	17,548
Investment property	2	13,053	12,109	11,464
Property, plant and equipment	2	8,239	7,968	8,043
Intangible assets	2	5,430	5,429	5,364
<b>Total non-current assets</b>		<b>46,855</b>	<b>44,651</b>	<b>42,425</b>
<b>TOTAL ASSETS</b>		<b>68,933</b>	<b>69,792</b>	<b>69,721</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Interest-bearing loans and borrowings	3	632	278	412
Trade payables and other payables		6,711	6,989	7,035
Tax liabilities		1,402	1,072	1,335
Income tax liabilities		58	12	221
Short-term provision		9	39	23
<b>Total current liabilities</b>		<b>8,812</b>	<b>8,390</b>	<b>9,026</b>
Interest-bearing loans and borrowings	3	1,214	818	1,096
Other non-current liabilities		742	742	1,628
<b>Non-current liabilities</b>		<b>1,956</b>	<b>1,560</b>	<b>2,724</b>
<b>Total liabilities</b>		<b>10,768</b>	<b>9,950</b>	<b>11,750</b>
<b>Equity</b>				
Share capital	4	12,418	12,180	12,180
Share premium	4	804	240	240
Reserves		17,980	19,393	17,793
Retained earnings		26,826	26,664	26,412
<b>Total equity attributable to equity holders of the parent</b>		<b>58,028</b>	<b>58,477</b>	<b>56,625</b>
Non-controlling interests		137	1,365	1,346
<b>Total equity</b>		<b>58,165</b>	<b>59,842</b>	<b>57,971</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>68,933</b>	<b>69,792</b>	<b>69,721</b>

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note	1 July – 30 September		1 January – 30 September	
		2015	2014	2015	2014
Revenue	5	18,091	15,687	45,626	36,440
Cost of sales		-14,650	-12,445	-37,406	-29,582
<b>Gross profit</b>		<b>3,441</b>	<b>3,242</b>	<b>8,220</b>	<b>6,858</b>
Distribution costs		-614	-680	-1,961	-1,976
Administrative expenses		-1,035	-966	-3,088	-2,865
Other income		5	-20	66	16
Other expenses		-9	-49	-40	-88
<b>Operating profit</b>	5	<b>1,788</b>	<b>1,527</b>	<b>3,197</b>	<b>1,945</b>
Finance income	6	3	79	788	5,627
Finance costs	6	-11	-9	-40	-25
Profit from associate	2	0	1,787	0	2,602
<b>Profit before tax</b>		<b>1,780</b>	<b>3,384</b>	<b>3,945</b>	<b>10,149</b>
Income tax expense		-160	-184	-742	-624
<b>Profit for the period</b>		<b>1,620</b>	<b>3,200</b>	<b>3,203</b>	<b>9,525</b>
<b>Profit attributable to:</b>					
Owners of the Company		1,627	3,102	3,199	9,463
Non-controlling interests		-7	98	4	62
<b>Profit for the period</b>		<b>1,620</b>	<b>3,200</b>	<b>3,203</b>	<b>9,525</b>
<b>Earnings per share</b>					
Basic earnings per share (EUR)	7	0.09	0.18	0.18	0.54
Diluted earnings per share (EUR)	7	0.09	0.18	0.18	0.54

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	1 July – 30 September		1 January – 30 September	
		2015	2014	2015	2014
<b>Profit for the period</b>		<b>1,620</b>	<b>3,200</b>	<b>3,203</b>	<b>9,525</b>
<b>Other comprehensive income</b>					
Net growth/decrease in fair value of available-for-sale financial assets	2	-3,995	-5,375	-1,412	-9,004
Realised gain from sale of financial assets (-)		0	0	0	-4,616
Currency translation differences		-1	0	-1	-12
<b>Other comprehensive income for the period, net of tax</b>		<b>-3,996</b>	<b>-5,375</b>	<b>-1,413</b>	<b>-13,632</b>
<b>Total comprehensive income for the period</b>		<b>-2,376</b>	<b>-2,175</b>	<b>1,790</b>	<b>-4,107</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		-2,369	-2,272	1,786	-4,168
Non-controlling interests		-7	97	4	61
<b>Total comprehensive income for the period</b>		<b>-2,376</b>	<b>-2,175</b>	<b>1,790</b>	<b>-4,107</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period 1 January - 30 September	Note	2015	2014
<b>Cash flows from operating activities</b>			
Operating profit	5	3,197	1,945
<u>Adjustments for:</u>			
Depreciation and amortisation	2	1,124	1,139
Gain on sale of property, plant and equipment		-24	-6
Share-based payment transactions	10	36	54
Growth/decrease in receivables related to operating activity		-3,381	-1,174
Growth/decrease in inventories		-1,564	-2,281
Growth/decrease in payables related to operating activity		1,081	1,590
Corporate income tax paid	9	-677	-532
Interest paid	6	-26	-22
<b>Net cash from operating activities</b>		<b>-234</b>	<b>713</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment property	9	-1,506	-129
Acquisition of property, plant and equipment	9	-491	-582
Acquisition of intangible assets	9	-106	-159
Acquisition of subsidiaries, net of cash acquired	8	-856	-4,847
Acquisition of non-controlling interests	8	-1,651	0
Acquisition of other financial investments		-2,400	0
Proceeds from sale of property, plant and equipment	9	30	16
Proceeds from sale of other financial investments		36	11,133
Interest received	9	21	23
Dividends received		766	907
<b>Net cash used in investing activities</b>		<b>-6,157</b>	<b>6,362</b>
<b>Cash flows from financing activities</b>			
Growth/decreases in short-term loans	3	557	-18
Payment of finance lease principal	3	-266	-226
Receipts from contribution into share capital	4	802	0
Dividends paid		-2,654	-1,795
<b>Net cash used in financing activities</b>		<b>-1,561</b>	<b>-2,039</b>
<b>Net cash flows</b>		<b>-7,952</b>	<b>5,036</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>9,984</b>	<b>4,102</b>
Net increase / decrease		-7,952	5,036
Effect of growth/decrease rate fluctuations on cash held		-2	-3
<b>Cash and cash equivalents at end of period</b>		<b>2,030</b>	<b>9,135</b>



**CONSOLIDATED STATEMENT OF GROWTH/DECREASES IN EQUITY**

For the period 1 January – 30 September	Attributable to owners of the Company							Non- Controlling interests	TOTAL
	Share capital	Share premium	Capital reserve	Fair value reserve	Trans- lation reserve	Retained earnings	TOTAL		
<b>At 31 December 2013</b>	<b>12,180</b>	<b>240</b>	<b>1,218</b>	<b>30,206</b>	<b>0</b>	<b>18,635</b>	<b>62,479</b>	<b>1,340</b>	<b>63,819</b>
<b>Comprehensive income 2014</b>									
Profit for the period	0	0	0	0	0	9,463	<b>9,463</b>	62	<b>9,525</b>
Other comprehensive income the period	0	0	0	-13,620	-11	0	<b>-13,631</b>	-1	<b>-13,632</b>
Total comprehensive income	0	0	0	-13,620	-11	9,463	<b>-4,168</b>	61	<b>-4,107</b>
<b>Transaction with the owners of the Company, recognised directly in equity</b>									
Share-based payments	0	0	0	0	0	54	<b>54</b>	0	<b>54</b>
Dividends	0	0	0	0	0	-1,740	<b>-1,740</b>	-55	<b>-1,795</b>
<b>At 30 September 2014</b>	<b>12,180</b>	<b>240</b>	<b>1,218</b>	<b>16,586</b>	<b>-11</b>	<b>26,412</b>	<b>56,625</b>	<b>1,346</b>	<b>57,971</b>

For the period	Attributable to owners of the Company							Non-Controlling interests	TOTAL
	Share capital	Share premium	Capital reserve	Fair value reserve	Trans-lation reserve	Retained earnings	TOTAL		
1 January – 30 September									
<b>31 December 2014</b>	<b>12,180</b>	<b>240</b>	<b>1,218</b>	<b>18,184</b>	<b>-9</b>	<b>26,664</b>	<b>58,477</b>	<b>1,365</b>	<b>59,842</b>
<b>Comprehensive income 2015</b>									
Profit for the period	0	0	0	0	0	3,199	<b>3,199</b>	4	<b>3,203</b>
Other comprehensive income the period	0	0	0	-1,412	-1	0	<b>-1,413</b>	0	<b>-1,413</b>
Total comprehensive income	0	0	0	<b>-1,412</b>	<b>-1</b>	<b>3,199</b>	<b>1,786</b>	<b>4</b>	<b>1,790</b>
<b>Transaction with the owners of the Company, recognised directly in equity</b>									
Increase of share capital	238	564	0	0	0	0	<b>802</b>	0	<b>802</b>
Share-based payments	0	0	0	0	0	36	<b>36</b>	0	<b>36</b>
Dividends	0	0	0	0	0	-2,610	<b>-2,610</b>	-44	<b>-2,654</b>
Acquisition of non-controlling interest	0	0	0	0	0	-463	<b>-463</b>	-1,188	<b>-1,651</b>
<b>At 30 September 2015</b>	<b>12,418</b>	<b>804</b>	<b>1,218</b>	<b>16,772</b>	<b>-10</b>	<b>26,826</b>	<b>58,028</b>	<b>137</b>	<b>58,165</b>

Further information on share capital is presented in note 4.

**NOTES TO INTERIM FINANCIAL STATEMENT****Note 1 Accounting methods and valuation principles used in the consolidated interim report**

AS Harju Elekter is a company registered in Estonia. The interim report prepared as of 30.9.2015 comprises AS Harju Elekter (the "Parent Company") and its subsidiaries AS Harju Elekter Teletehnika, AS Harju Elekter Elektrotehnika, Satmatic Oy, Finnkumu Oy (Satmatic Oy's subsidiary), UAB Rifas and UAB Automatikos Iranga (UAB Rifas's subsidiary), together referred to as the Group. AS Harju Elekter has been listed at Tallinn Stock Exgrowth/decrease since 30 September 1997; 31% of its shares are held by AS Harju KEK.

The consolidated interim financial statements of AS Harju Elekter and its subsidiaries have been prepared in accordance with International Reporting Standards (IFRS EU) as adopted by the European Union. 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 31.12.2014. The interim report should be read in conjunction with the Group's annual report of 2014, which is prepared in accordance with International Financial Reporting Standards (IFRS).

According to the assessment of the management board, the interim report for 1-9/2015 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 Euro. The consolidated interim financial statement has been drawn up in thousands of Euros and all the figures have been rounded to the nearest thousand, unless indicated otherwise.

**Note 2 Non-current assets**

For the period 1 January – 30 September	2015	2014
<b>Investments in associate<sup>1</sup></b>		
At 1 January	0	3,598
Profit under the equity method	0	817
Sale of shares at sales price	0	-6,200
Sales gain	0	1,785
<b>At the end of the period</b>	<b>0</b>	<b>0</b>
<b>Other long-term financial investments</b>		
At 1 January	19,145	31,339
Sale of shares	0	-4,787
Additions	2,400	0
Growth/decreases in the fair value reserve	-1,412	-9,004
<b>At the end of the period</b>	<b>20,133</b>	<b>17,548</b>
<b>Investment property</b>		
At 1 January	12,109	11,663
Additions	1,301	131
Reclassification	-13	0
Depreciation charge	-344	-330
<b>At the end of the period</b>	<b>13,053</b>	<b>11,464</b>

For the period 1 January – 30 September	2015	2014
<b>Property, plant and equipment</b>		
At 1 January	7,968	8,129
Additions	939	609
Acquisitions through business combinations	0	39
Disposals	-6	-12
Reclassification	13	0
Depreciation charge	-675	-722
<b>At the end of the period</b>	<b>8,239</b>	<b>8,043</b>
<b>Intangible assets</b>		
At 1 January	5,429	436
Additions	106	155
Acquisitions through business combinations	0	4,860
Depreciation charge	-105	-87
<b>At the end of the period</b>	<b>5,430</b>	<b>5,364</b>

<sup>1</sup> AS Harju Elekter sold its holding in the associate company on 9 July 2014.

### Note 3 Interest-bearing loans and borrowings

	30.9.2015	31.12.2014	30.9.2014
<b>Liabilities</b>			
Short-term bank loans	557	0	340
Current portion of lease liabilities	75	278	72
<b>Total current liabilities</b>	<b>632</b>	<b>278</b>	<b>412</b>
<b>Non-current liabilities</b>			
Lease liabilities	1,214	818	1,096
<b>Total non-current liabilities</b>	<b>1,214</b>	<b>818</b>	<b>1,096</b>
<b>TOTAL</b>	<b>1,846</b>	<b>1,096</b>	<b>1,508</b>

Growth/decreases during the period 1 January – 30 September	2015	2014
<b>Loans and borrowings at the beginning of the year</b>	<b>1,096</b>	<b>1,752</b>
Growth/decreases in short-term loans	557	-18
New finance lease	459	0
Payment of finance lease principal	-266	-226
<b>Loans and borrowings at the end of the current period</b>	<b>1,846</b>	<b>1,508</b>

**Note 4 Owner's equity**

	Unit	30.09.2015	31.12.2014	30.09.2014
Share capital	EUR'000	12,418	12,180	12,180
Number of shares	PC	17,739,880	17,400,000	17,400,000
Par value of a share	EUR	0.70	0.70	0.70

AGM held on 14 May 2015 decided to implement the option programme approved by the AGM held on 3 April 2012, which was directed to members and employees of the companies belonging to the same Group with AS Harju Elekter as well as to the members of the management board of associate companies.

The share subscription was carried out during 16-30 June 2015. The subscription was open to those who had previously signed a share subscription agreement. 339,880 shares with a nominal value of 0.70 euros were subscribed. The issued shares were paid for simultaneously with the subscription. The issue price of shares was 2.36 euros. By 30 June 2015, a total of 802 thousand euros had been received for the shares, of which the issue premium made up 564 thousand euros. After the issue, the share capital of AS Harju Elekter is 12,418 thousand euros, which is divided into 17.7 million ordinary shares. The maximum allowed number of shares under the articles of association is 20 million. The issued shares grant the right to dividends from 2015.

An entry concerning the increase of share capital was made in the Commercial Register on 22 July 2015.

**Note 5 Segment reporting**

Two segments, manufacturing and real estate, are distinguished in the consolidated financial statements.

*“Manufacturing”* – The manufacture and sale of power distribution and control systems as well as services related to manufacturing and intermediary sale of components. The entities in this business segment are AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, Finnkumu Oy, UAB Automatikos Iranga and UAB Rifas.

*“Real estate”* – Real estate development, maintenance and rental. Real estate has been identified as a reportable segment because its result and assets are more than 10% of the total result and assets of all segments.

*Unallocated items* – Retail- and wholesale of products necessary for electrical installation works, mainly to retail customers and small- and medium-sized electrical installation companies; management services. Other activities are less significant for the Group and none of them constitutes a separate reporting segment.

For the period 1 January – 30 September	Manu- facturing	Real estate	Un- allocated activities	Elimi- nations	Consoli- dated
<b>2015</b>					
Revenue from external customers	41,948	1,727	1,951	0	45,626
Inter-segment revenue	200	720	251	-1,171	
<b>Total revenue</b>	<b>42,148</b>	<b>2,447</b>	<b>2,202</b>	<b>-1,171</b>	<b>45,626</b>
Operating profit	2,656	772	-199	-32	3,197
Segment assets	36,819	13,314	4,359	-8,704	45,788
Indivisible assets					23,145
<b>Total assets</b>					<b>68,933</b>
<b>2014</b>					
Revenue from external customers	32,899	1,787	1,754	0	36,440
Inter-segment revenue	195	718	316	-1,229	0
<b>Total revenue</b>	<b>33,094</b>	<b>2,505</b>	<b>2,070</b>	<b>-1,229</b>	<b>36,440</b>
Operating profit	1,316	890	-206	-55	1,945
Segment assets	36,154	11,814	8,612	-1,176	55,404
Indivisible assets					14,317
<b>Total assets</b>					<b>69,721</b>

*Revenue by markets:*

For the period 1 January – 30 September	2015	2014
Estonia	10,704	10,939
Finland	28,617	20,729
Lithuania	579	753
Sweden	985	1,846
Norway	3,211	1,011
Other countries	1,530	1,162
<b>Total</b>	<b>45,626</b>	<b>36,440</b>

*Revenue by business area:*

For the period 1 January – 30 September	2015	2014
Electrical equipment	39,215	30,501
Sheet metal products and services	656	710
Boxes for telecom sector and services	851	798
Intermediary sale of electrical products and components	2,749	2,388
Commerce and mediation of services	132	191
Rental income	1,532	1,633
Other services	491	219
<b>Total</b>	<b>45,626</b>	<b>36,440</b>

**Note 5 Finance income and costs**

For the period 1 January – 30 September	2015	2014
Interest income	21	29
Other finance income	0	11
Income from sale of investments	1	4,681
Dividend income	766	906
<b>Total finance income</b>	<b>788</b>	<b>5,627</b>
Interest expense	-26	-22
Net loss from foreign exchange differences	-1	-3
Financial expense from subsidiary	-13	0
<b>Total finance costs</b>	<b>-40</b>	<b>-25</b>

**Note 7 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.

*Diluted earnings per share* are calculated by considering the effects of all dilutive potential shares. At 30 September 2015, the Group did not have any potential shares. Therefore, diluted earnings per share are equal to basic earnings per share.

For the period 1 January – 30 September	Unit	2015	2014
Profit attributable to equity holders of the parent	EUR'000	3,199	9,463
Average number of shares outstanding	Pc'000	17,487	17,400
Basic and diluted earnings per share	EUR	0.18	0.54
1 July– 30 September			
Profit attributable to equity holders of the parent	EUR'000	1,627	3,102
Adjusted number of shares during the period	Pc'000	17,659	17,400
Basic and diluted earnings per share	EUR	0.09	0.18

**Note 8 Subsidiaries**

In April 2015 AS Harju Elekter bought a holding of 37% in their Lithuanian subsidiary Rifas UAB, becoming the sole owner of the company. The difference between the carrying value of the non-controlling holding and the amount paid for it is accounted for in the equity capital.

	<b>2015</b>
Carrying amount of non-controlling interest acquired	1,188
Consideration paid for non-controlling interes	-1,651
<b>Total recognised in equity</b>	<b>-463</b>

On 17 June 2014, Satmatic Oy (Finland) signed a contract for the purchase of all of the shares of Finnkumu Oy, Finland's largest unit substation producer. According to the contract, after the audited annual report is approved, in 2015 an additional 50% of the company's operating profit shall be paid for the year 2014, and in 2016 an additional 40% of the company's operating profit shall be paid to the sellers for the year 2015. In the Q2 Satmatic Oy paid an additional 856,000 euros for the shares of Finnkumu Oy. As at 31.12.2014, the balance sheet of Satmatic Oy includes a liability in the amount of 843,000 euros for the shares and an additional expense of 13,000 euros has been written under financial expenses for the reporting period. (Note 6)

#### Note 9 Further information on line items in the statement of cash flows

For the period 1 January – 30 September	Note	2015	2014
<b>Corporate income tax paid</b>			
Income tax expense		-742	-624
Prepayment decrease (+)/ increase (-) liability decrease (-)/ increase (+)		65	92
<b>Corporate income tax paid</b>		<b>-677</b>	<b>-532</b>
<b>Interest received</b>			
Interest income	6	21	29
Receivable increase (-)		0	-6
<b>Interest received</b>		<b>21</b>	<b>23</b>
<b>Paid for investment property</b>			
Additions of investment property	2	-1,301	-131
Liability decrease (-)/ increase (+) incurred by purchase		-205	2
<b>Acquisition of investment property</b>		<b>-1,506</b>	<b>-129</b>
<b>Paid for property, plant and equipment</b>			
Additions of property, plant and equipment	2	-939	-609
Acquired with finance lease	3	459	0
Liability decrease (-)/ increase (+) incurred by purchase		-11	27
<b>Acquisition of property, plant and equipment</b>		<b>-491</b>	<b>-582</b>
<b>Paid for intangible assets</b>			
Additions of intangible assets	2	-106	-155
Liability decrease (-)/ increase (+) incurred by purchase		0	-4
<b>Acquisition of intangible assets</b>		<b>-106</b>	<b>-159</b>
<b>Proceeds from sale of property, plant and equipment</b>			
Book value of disposed property, plant and equipment	2	6	12
Profit on disposal of property, plant and equipment		24	6
Receivable increase (-)		0	-2
<b>Proceeds from sale of property, plant and equipment</b>		<b>30</b>	<b>16</b>



**Note 10 Transactions with related parties**

The related party of AS Harju Elekter includes members of the management and supervisory boards and their close family members, AS Harju KEK which owns 31% of the shares of AS Harju Elekter and until 30.6.2014 associated company AS Draka Keila Cables. The Group's management comprises members of the Parent company's supervisory and management boards. The management board has one member and the supervisory board has five members.

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

For the period 1 January – 30 September	2015	2014
<b>Purchase of goods and services from related parties:</b>		
- from associates	0	248
- from Harju KEK	71	173
TOTAL	71	421
<i>Inclusive:</i>		
- goods and materials for manufacturing	0	248
- lease of property, plant and equipment	57	49
- purchase of property, plant and equipment	13	1
- other	1	123
<b>Sale of goods and services to related parties:</b>		
- to associates	0	378
- to Harju KEK	2	2
TOTAL	2	380
<i>Inclusive:</i>		
- goods and materials for manufacturing	0	17
- lease of property, plant and equipment	0	339
- other	2	24
<b>Remuneration of the management and supervisory boards</b>		
- salaries, bonuses, additional remuneration	154	162
- social security and other taxes on salaries	51	53
TOTAL	204	215

The member/Chairman of the Management Board receives remuneration in accordance with the contract and is also entitled to receive a severance payment in the amount of 10 months' remuneration of a member of the management board. The member/Chairman of the Management Board has no rights related to pension. During the nine months of the year, no other transactions were made with members of the Group's directing bodies and the persons connected with them.

**Share-based payments**

In 2012, option contracts were concluded with the Group's employees and the members of the directing bodies of Group-related companies. Each member of the management and supervisory boards was issued an option for the subscription of up to 20 thousand shares, i.e. 120 thousand shares in aggregate.

During the conclusion period of preliminary contracts, from 18 June to 29 June 2012, the subscription rights for a total of 434,960 shares were registered.

IFRS 2 principles are used to record the subscription rights for shares. In evaluating the services (labour input) received from the employees for the shares, the Group used the fair value of the subscription right at the moment of concluding the preliminary contracts, the value of which was estimated at 0.50 euros per subscription right by an independent expert.

In nine months 2015, the Group recorded 36,000 (54,000 y-o-y) euros as labour costs and share-based benefits under shareholder's equity and retained earnings.

The shares were subscribed for between 16 June and 30 June 2015. As at 30 June 2015, 339,880 shares were subscribed for, including 75,000 shares on behalf of the members of the Management Board and the Supervisory Board (Note 4).

## Statement of Management responsibility

The management board acknowledges its responsibility for the preparation, integrity and fair presentation of the consolidated interim financial statements of 1-9/2015 as set out on pages 3 to 26 and confirms that to the best of its knowledge, information and belief that:

- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements; and includes the description of major risks and doubts of the remaining financial year for the parent company and consolidate companies as a Group; and reflects significant transactions with related parties;
- the accounting principles and presentation of information used in preparing the interim financial statements are in compliance with the International Financial Reporting Standards as adopted by the European Union;
- the interim financial statements give a true and fair view of the assets, liabilities, financial position of the Group and of the results of its operations and its cash flows; and
- AS Harju Elekter and its subsidiaries are going concerns.

/signature/

Andres Allikmäe

Managing director/ CEO

„4<sup>th</sup>“ November 2015