

**SAF Tehnika group non-audited consolidated financial results
for the 6 month period ended December 31, 2004**

	LVL	EUR
Revenues	5 840 621	8 308 138
EBIT	1 378 335	1 960 647
Net Profit	1 045 900	1 487 767

The group's non-audited consolidated financial results met management's expectations. The group's operational developments during the reported period were also in line with management's plans.

Chinese mobile operators have delayed infrastructure investments while they await 3G licence auction outcomes. The slowdown in the Chinese market was compensated by increased sales to Eastern Europe and Colombia. Regular sales have also commenced to Iran. Consolidated revenues decreased by 25% in comparison with the first half period of financial year 2003/4. However, if an unanticipated delivery to China during the previous corresponding period is excluded, the difference decreases to 11%.

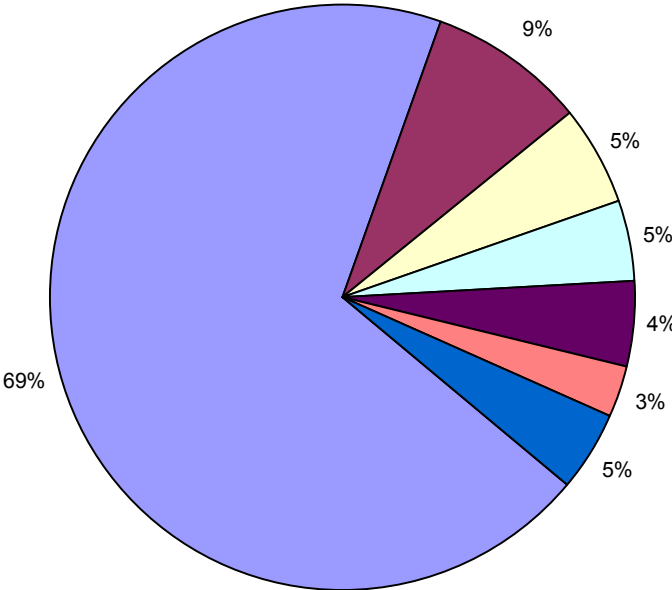
This highlights two factors relating to the group's changing operating environment. Firstly, revenue concentration has been significantly decreased, as no single country exceeds 15% of revenues (on a half year basis). This has been one of the key management targets to achieve in the 2004/5 financial year. Secondly, as the company is experiencing rapid revenue growth off a low and narrow base, it is relatively changeable, hence management recommends focusing on the annual revenue growth rates to ascertain a more representative view of the group's development.

Going into the second half of the financial year, management expects an improved third fiscal quarter as the influence of the significant negative effect on sales of the Chinese New Year celebrations will be appreciably mitigated. Furthermore, management feels comfortable about achieving last year's full year results from a revenue perspective.

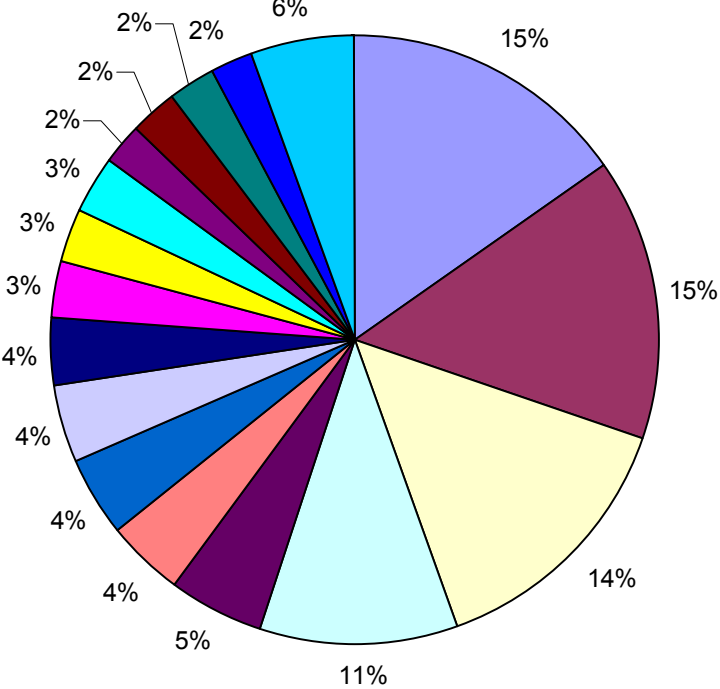
The strategic commitment of the group to enter Latin American and Middle East markets has brought results during the reporting period. The group successfully established its presence in Colombia and Paraguay. Continued market development is being undertaken in Pakistan. A signed agreement with Tele2 positions the group for further sales growth opportunities in the Russian and Baltic markets.

At the close of the reporting period SAF Tehnika successfully passed the ISO 9001:2000 quality standard annual audit. The audit was performed by auditors from the certification organization „Bureau Veritas Quality International”.

Sales by countries first half FY03-04



Sales by countries first half FY04-05



During the reporting period the integration of SAF Tehnika Sweden was completed and SAF Tehnika Sweden became a component of the group's research and

development department. SAF Tehnika Sweden costs therefore impacted the EBIT margin for the first time during the reporting period.

On December 31, 2004 the group employed 126 people.

Commentary on selected account items

Balance sheet analysis in comparison with the 6 month period of the previous financial year 2003-2004:

Accounts receivable decreased due to the discounting of letters of credit (LC's) in order to increase working capital.

Inventories increased as the group created additional reserves for a wider product assortment as a result of the ongoing revenue diversification process.

Non-current physical assets increased due to the SAF Tehnika Sweden asset transaction (Viking Microwave acquisition).

Long- and short-term debt obligations decreased due to the buy-out of all leased equipment.

Accounts Payable increased due to more favourable payment terms from suppliers. This has partially come about as a result of SAF Tehnika's successful debut as a publicly-listed company on the Riga Stock Exchange in May 2004 – enhanced credibility and trust from international suppliers.

Profit and Loss Statement analysis in comparison with the 6 month period of the financial year 2003-2004:

Revenues decreased – refer to results commentary on first page

Operating and salary-related expenses increased due to the inclusion of SAF Tehnika Sweden expenses and an overall increase in the total number of employees.

Financial costs decreased due to the implementation of a currency hedging system

Currency Exchange rates for LVL/EUR:

On 31.12.2003	0.674
On 31.12.2004	0.703

SAF Tehnika Consolidated Balance Sheet (non-audited)				
ASSETS	2004.12.31	2003.12.31	2004.12.31	2003.12.31
CURRENT ASSETS	LVL	LVL	EUR	EUR
Cash and bank	274 695	80 454	390 747	119 368
Customer receivables				
Accounts receivable	1 565 317	2 458 966	2 226 625	3 648 318
Accounts receivable from Group companies	0	45 383	0	67 333
Allowance for uncollectible receivables	-101 360	-26 361	-144 182	-39 111
Total	1 463 957	2 477 988	2 082 443	3 676 540
Other receivables				
Other current receivables	1 450	1 828	2 062	2 712
Short-term loans given	7 000	0	9 957	0
Total	8 450	1 828	12 019	2 712
Prepaid expenses				
Prepaid taxes	119 693	127 115	170 260	188 598
Other prepaid expenses	61 274	22 420	87 160	33 264
Total	180 967	149 535	257 420	221 862
Inventories				
Raw materials	2 396 867	911 774	3 409 484	1 352 780
Work-in-progress	1 673 249	1 142 681	2 380 155	1 695 372
Finished goods	613 456	91 613	872 626	135 924
Prepayments to suppliers	66 715	18 132	94 900	26 902
Total	4 750 287	2 164 200	6 757 166	3 210 979
TOTAL CURRENT ASSETS	6 678 356	4 874 005	9 499 796	7 231 461
NON-CURRENT ASSETS				
Long-term financial assets				
Shares in subsidiaries	31 654	31 654	45 027	46 964
Total	31 654	31 654	45 027	46 964
NON-CURRENT physical assets				
Plant and equipment	1 177 955	671 000	1 675 612	995 549
Other equipment and fixtures	554 204	301 552	788 341	447 407
Accumulated depreciation	-688 313	-325 540	-979 108	-482 997
Prepayments for noncurrent physical assets	16 720	10 611	23 784	15 743
Total	1 060 566	657 623	1 508 629	975 702
Intangible assets				
Purchased licenses, trademarks etc.	147 712	135 820	210 117	201 513
Goodwill	551 231	0	784 112	0
Prepayments for intangible assets	3 809	9 376	5 418	13 911
Total	702 752	145 196	999 647	215 424
TOTAL NON-CURRENT ASSETS	1 794 972	834 473	2 553 302	1 238 091
TOTAL ASSETS	8 473 328	5 708 478	12 053 098	8 469 552

SAF Tehnika				
LIABILITIES AND OWNERS' EQUITY	2004.12.31	2003.12.31	2004.12.31	2003.12.31
CURRENT LIABILITIES	LVL	LVL	EUR	EUR
Debt obligations				
Short-term loans from financial institutons	2 082	696	2 962	1 033
Derivative financial instruments	3 045		4 331	0
Short-term capital lease obligation	0	113 771	0	168 800
Total	5 127	114 467	7 293	169 832
Customer prepayments for goods and services	9 069	0	12 900	0
Supplier payables				
Accounts payable	948 085	392 063	1 348 627	581 696
Payable to Group companies	0	16 623	0	24 663
Total	948 085	408 686	1 348 627	606 359
Tax liabilities	53 857	43 887	76 611	65 114
Accrued expenses				
Salary-related accrued expenses	211 667	103 812	301 091	154 024
Dividend payables and stock repurchase		113 250	0	168 027
Total	211 667	217 062	301 091	322 050
Provisions				
Deferred income tax liability	94 815	583 959	134 872	866 408
Other provisions	183 373	0	260 843	0
Total	278 188	583 959	395 715	866 408
TOTAL CURRENT LIABILITIES	1 505 993	1 368 061	2 142 237	2 029 764
NON-CURRENT LIABILITIES				
Long-term liabilities				
Long-term capital lease obligation	0	99 032	0	146 932
Total	0	99 032	0	146 932
TOTAL NON-CURRENT LIABILITIES	0	99 032	0	146 932
TOTAL LIABILITIES	1 505 993	1 467 093	2 142 237	2 176 696
OWNERS' EQUITY				
Share capital	2 970 180	200 303	4 225 007	297 185
Paid in capital over par	2 004 204	521 679	2 850 931	774 004
Reserves				
Other reserves	1 023 402	732 431	1 455 764	1 086 693
Total	1 023 402	732 431	1 455 764	1 086 693
Retained earnings	-62 702		-89 192	0
Net profit for the financial year	1 045 900	2 786 972	1 487 767	4 134 973
Currency translation reserve	-13 650	0	-19 417	0
TOTAL OWNERS' EQUITY	6 967 335	4 241 385	9 910 861	6 292 856
TOTAL LIABILITIES AND OWNERS' EQUITY	8 473 328	5 708 478	12 053 098	8 469 552

SAF Tehnika				
Consolidated Income statement	2004.12.31	2003.12.31	2004.12.31	2003.12.31
	LVL	LVL	EUR	EUR
Net sales	5 840 073	7 813 536	8 307 359	11 592 783
Other operating income	548		780	0
Total income	5 840 621	7 813 536	8 308 138	11 592 783
Direct cost of goods sold or services rendered	-2 762 520	-3 035 903	-3 929 617	-4 504 307
Marketing, advertising and public relations expenses	-171 322	-433 982	-243 701	-643 890
Bad receivables	-81 867	13 389	-116 454	19 865
Operating expenses	-328 563	-190 781	-467 372	-283 058
Salaries, bonuses and social expenses	-850 091	-406 690	-1 209 233	-603 398
Depreciation expense	-263 934	-148 629	-375 440	-220 518
Other expenses	-3 990	-808	-5 675	-1 199
Operating expenses	-4 462 286	-4 203 404	-6 347 491	-6 236 504
EBIT	1 378 335	3 610 132	1 960 647	5 356 279
Financial income (except ForEx rate difference)	2 314		3 291	0
Financial costs (except ForEx rate difference)	-32 895	-86 650	-46 793	-128 561
Foreign exchange +gain/(loss)	-41 506	-95 045	-59 042	-141 016
Financial items	-72 088	-181 695	-102 543	-269 577
EBT	1 306 247	3 428 437	1 858 104	5 086 702
Provision for taxes	-260 347	-641 465	-370 337	-951 728
Net profit	1 045 900	2 786 972	1 487 767	4 134 973

SAF Tehnika				
Consolidated Cash Flow Statement	2004.12.31	2003.12.31	2004.12.31	2003.12.31
	LVL	LVL	EUR	EUR
CASH GENERATED FROM OPERATIONS	820 297	1 324 326	1 166 851	1 964 875
Cash received from customers	6 950 752	5 776 454	9 887 272	8 570 407
Cash received from customers MLGroup		563 946	0	836 715
Cash paid to suppliers and employees	-5 405 917	-4 760 249	-7 689 782	-7 062 684
Cash paid to suppliers and employees MLGroup		-14 277	0	-21 182
Paid income tax	-724 539	-241 548	-1 030 639	-358 380
NET CASH USED IN INVESTING ACTIVITIES	-430 457	-276 452	-612 314	-410 166
Cash paid for purchasing shares in subsidiary MLGroup		-31 255	0	-46 372
Business acquisition	-142 323	0	-202 451	0
Cash paid for purchasing non-current physical assets	-284 444	-197 220	-404 615	-292 611
Cash paid for purchasing non-current physical assets MLGroup		-48 154	0	-71 445
Cash received from the sale of non-current physical assets	229	177	326	263
Loans given	-72 520	0	-103 158	0
Cash received from repayment of loans given	64 547	0	91 817	0
Interest received	4 054	0	5 766	0
NET CASH USED IN FINANCING ACTIVITIES	-967 401	-968 960	-1 376 104	-1 437 626
Short-term loans received	-437	302 596	-622	448 955
Repayment of short-term loans		-1 078 094	0	-1 599 546
Cash paid as capital lease payments		-68 004	0	-100 896
Paid interest	-22 160	-88 708	-31 523	-131 614
Paid interest MLGroup	0	0	0	0
Dividends paid	-944 803	-36 750	-1 343 959	-54 525
TOTAL CASH FLOW:	-577 562	78 914	-821 567	117 083
Cash and cash equivalents as at the beginning of period	852 257	1 540	1 212 314	2 285
Cash and cash equivalents as at the end of period	274 695	80 454	390 747	119 368
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-577 562	78 914	-821 567	117 083

Statement of changes in consolidated equity for the 6 months period ended December 31 2004

	Share capital	Share premium	Other rezerves	Currency translation rezerves	Accumulated profit	Current period's profit	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls
As at 30 June 2003	200 303	521 679	70 645 -		811 786		1 604 413
Issue of share capital	67 637	1 531 649	-	-	-	-	1 599 286
Costs of issue of share capital	-	-48 129	-	-	-	-	-48 129
Dividend relating to 2002/2003	-	-	-	-	-150 000	-	-150 000
Allocation of profit	-	-	661 786	-	-661 786	-	-
Issue of share capital	722 120	-	-722 120	-	-	-	-
Currency translation difference	-	-	-	-2 272	-	-	-2 272
Profit for the year	-	-	-	-	-	3 920 569	3 920 569
As at 30 June 2004	990 060	2 005 199	10 311	-2 272	0	3 920 569	6 923 867
Not distributed profit relating to 2003/2004	-	-	-	-	3 920 569	-3 920 569	-
Issue of share capital	1 980 120	-	-	-	-1 980 120	-	-
Costs of issue of share capital	-	-995	-	-	-	-	-995
Dividend relating to 2003/2004	-	-	-	-	-990 060	-	-990 060
Allocation of profit	-	-	1 013 091	-	-1 013 091	-	-
Currency translation difference	-	-	-	-11 378	-	-	-11 378
Profit for the year	-	-	-	-	-	1 045 900	1 045 900
As at 31 December 2004	2 970 180	2 004 204	1 023 402	-13 650	-62 702	1 045 900	6 967 334

Statement of changes in consolidated equity for the 6 months period ended December 31 2004

	Share capital	Share premium	Other rezerves	Currency translation rezerves	Accumulated profit	Current period's profit	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2003	284 926	742 075	100 491	-	1 154 745	-	2 282 238
Issue of share capital	96 212	2 178 733	-	-	-	-	2 274 945
Costs of issue of share capital	-	-68 462	-	-	-	-	-68 462
Dividend relating to 2002/2003	-	-	-	-	-213 371	-	-213 371
Allocation of profit	-	-	941 374	-	-941 374	-	-
Issue of share capital	1 027 198	-	-1 027 198	-	-	-	-
Currency translation difference	-	-	-	-3 232	-	-	-3 232
Profit for the year	-	-	-	-	-	5 576 912	5 576 912
As at 30 June 2004	1 408 336	2 852 346	14 667	-3 232	-	5 576 912	9 849 028
Not distributed profit relating to 2003/2004	-	-	-	-	5 576 912	-5 576 912	-
Issue of share capital	2 816 671	-	-	-	-2 816 671	-	-
Costs of issue of share capital	-	-1 415	-	-	-	-	-1 415
Dividend relating to 2003/2004	-	-	-	-	-1 408 336	-	-1 408 336
Allocation of profit	-	-	1 441 097	-	-1 441 097	-	-
Currency translation difference	-	-	-	-16 185	-	-	-16 185
Profit for the year	-	-	-	-	-	1 487 767	1 487 767
As at 31 December 2004	4 225 007	2 850 930	1 455 764	-19 417	-89 192	1 487 767	9 910 859