

SAF Tehnika A/S
Consolidated Interim Report
for 3 month of financial year 2006/7

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KEY DATA

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

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

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Aleksis Orlovs
Member of the Management Board

November 7, 2006

Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 25.11.2005

Name	Ownership interest (%)
Hansapank AS Clients Account	20.13%
Didzis Liepkalns	17.05%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
Juris Ziema	8.71%
Skandinaviska Enskilda Banken AB Clients Account	8.59%
Nordea Bank Finland PLC Clients Account	6.31%
Vents Lācars	6.08%

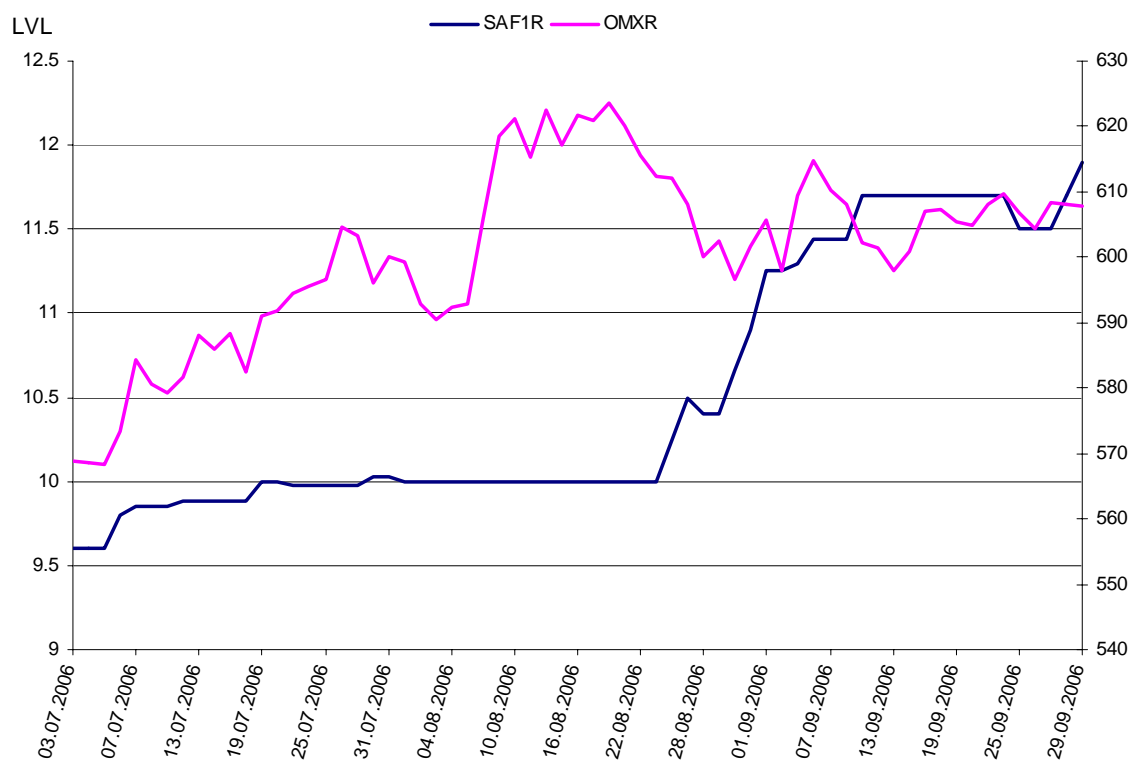
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: 2006-07-01 - 2006-09-30

Currency: LVL

Marketplace: RSE



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
Aleksis Orlovs	Board Member	

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Vents Lācars	Chairman	owns 6.08% of shares
Juris Ziema	Vice-Chairman	owns 8.71% of shares
Andrejs Grišāns	Supervisory Board Member	owns 10.03% of shares
Ivars Šenbergs	Supervisory Board Member	
Janis Bergs	Supervisory Board Member	

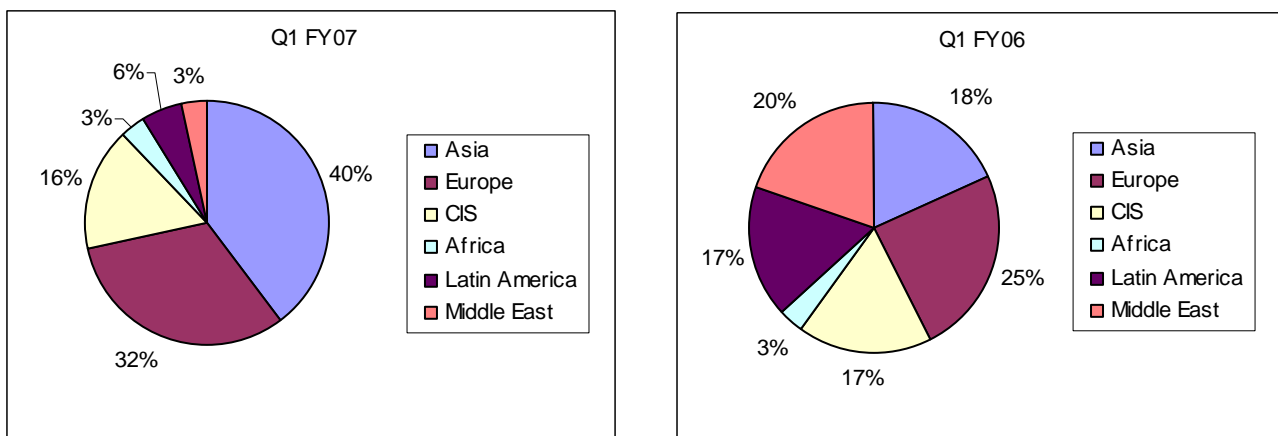
Management Report

The Group's consolidated non-audited net sales for the first quarter of financial year 2006/7 were 4 042 853 LVL (5 752 462 EUR), representing a year-on-year increase of 98%. This reflects increased selling activities in all regions except Latin America and the Middle East.

The strongest performing region remained Asia. In addition to activities in China, the largest delivery was concluded in Pakistan to the fixed-telecommunication operator Pakistan Telecommunication Company Limited. The Group also has agreed on deliveries to BSNL (India) during fiscal Q2 and Q3. Significant growth in Europe was achieved with successful infrastructure projects, for example (as mentioned in the previous interim report), the Group concluded a delivery of SDH (high capacity) family products to the border communications system in Slovenia. The development of CDMA 450 (second worldwide mobile phone standard besides GSM) in Central and Eastern Europe brought success in the CIS region, where the Group supplied its products to Ukrainian CDMA 450 operator International Telecommunication.

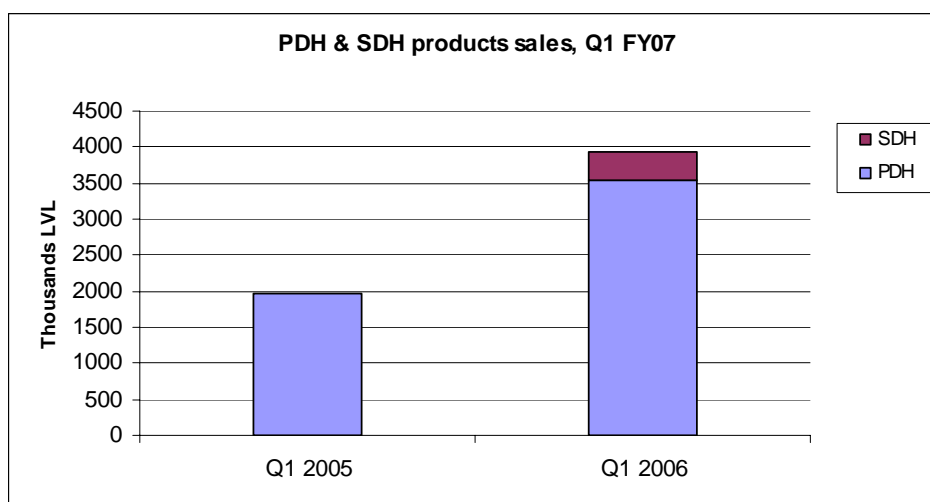
In Latin America results were lower than expected as a result of telecommunications industry consolidation. Additional forthcoming marketing activities in this region include participating in exhibitions such as Futurecom (Brazil) and Andicom (Columbia). The Middle East experienced a period of low activity due to the challenging political environment, as sales to both Lebanon and Iran were suspended.

Chart 1. Quarter 1 revenue breakdown comparative charts:



Other than diversifying SAF’s product range, the SDH product line has now started to make a visible impact on turnover. During the reporting quarter SDH represented 10% of the Group’s total revenues. Management believes that SDH continues to show good potential for further growth. For example, SDH product deployment is used for different ‘backbone’ solutions: mobile networks, internet and WiMax providers. Worldwide SDH represents 12% of the total microwave radio market. Based on the latest technology the core product PDH is constantly undergoing further improvements, thereby widening the product range and lowering the total cost of ownership.

Chart 2. Quarter 1 product sales breakdown.



The consolidated net profit of the Group for the first quarter of financial year 2006/7 was 549 381 LVL (781 699 EUR), representing a considerable year-on-year increase of 156%. This result reflects the outcome of additional investments in production facilities and changes made in the Group's sales and marketing structure.

Market overview

The Point-to-Point wireless radio market in which SAF Tehnika operates has shown good growth during 2005 based on independent, third-party market research. It also projects additional growth for 2006 and 2007 in the range of 15% per annum. General industry consolidation took place in 2005 with Nokia Networks merging with Siemens Information and Communication Networks. This was followed by the recent merger announcement of Stratex Networks with a division of Harris Microwave Communications. Active GSM network implementation continues across Africa and Asia. Wireless data solutions are the next expected step in offering data access mobility using WiMax in densely populated territories and CDMA in rural regions.

Guidance:

Management is confident that ongoing growth can be achieved, supported by timely investments in production and organisational structure. The recently introduced SDH product line not only widens the product range, but helps to build further momentum for the Group's future development. SDH products fulfill the need for higher data capacities, which is a key requirement in data transmission business.

On September 30, 2006 the Group employed 175 (133 people in FY 2005/06) people.

Consolidated balance sheet

ASSETS	Note	30.09.2006	30.09.2005	30.09.2006	30.09.2005
CURRENT ASSETS		LVL	LVL	EUR	EUR
Cash and bank		467 974	336 395	665 867	478 647
Short-term investments				0	0
Customer receivables	1				
Accounts receivable		3 011 109	1 883 575	4 284 422	2 680 086
Allowance for uncollectible receivables		-174 863	-267 523	-248 808	-380 651
Total		2 836 246	1 616 052	4 035 614	2 299 435
Other receivables					
Other current receivables		3 533	7 716	5 027	10 979
Short-term loans given		1 119		1 592	0
Total		4 652	7 716	6 619	10 979
Prepaid expenses					
Prepaid taxes		442 552	415 002	629 695	590 495
Other prepaid expenses		354 680	103 133	504 664	146 745
Total		797 232	518 135	1 134 359	737 240
Inventories	2				
Raw materials		2 858 743	1 676 559	4 067 625	2 385 529
Work-in-progress		1 954 422	2 008 385	2 780 892	2 857 674
Finished goods		509 938	484 424	725 576	689 273
Prepayments to suppliers		6 596	4 337	9 386	6 171
Total		5 329 699	4 173 705	7 583 479	5 938 647
TOTAL CURRENT ASSETS		9 435 803	6 652 003	13 425 938	9 464 948
NON-CURRENT ASSETS					
Long-term financial assets					
Deffered income tax		163 446		232 563	0
Other long-term receivable		30 601	15 579	43 541	22 167
Total		194 047	15 579	276 104	22 167
NON-CURRENT physical assets					
Plant and equipment		1 638 527	1 449 707	2 331 414	2 062 747
Other equipment and fixtures		819 169	630 119	1 165 572	896 579
Accumulated depreciation		-1 551 015	-1 054 498	-2 206 896	-1 500 415
Prepayments for noncurrent physical assets		85 873	409	122 187	581
Total		992 554	1 025 737	1 412 277	1 459 492
Intangible assets					
Purchased licenses, trademarks etc.		126 424	152 686	179 885	217 253
Goodwill		492 160	528 674	700 281	752 235
Prepayments for intangible assets		30 212	10 290	42 988	14 641
Total		648 796	691 650	923 154	984 129
TOTAL NON-CURRENT ASSETS		1 835 397	1 732 966	2 611 535	2 465 788
TOTAL ASSETS		11 271 200	8 384 969	16 037 473	11 930 736

Consolidated balance sheet

	Note	30.09.2006	30.09.2005	30.09.2006	30.09.2005
LIABILITIES AND OWNERS' EQUITY		LVL	LVL	EUR	EUR
CURRENT LIABILITIES					
Debt obligations					
Short-term loans from financial institutons		11 972	6 629	17 035	9 432
Derivative financial instruments		1 634	11 039	2 325	15 707
Total		13 606	17 668	19 360	25 139
Customer prepayments for goods and services		52 355	14 108	74 494	20 074
Accounts payable	3	1 120 328	221 892	1 594 083	315 724
Tax liabilities		110 468	71 153	157 182	101 242
Accrued expenses	4				
Salary-related accrued expenses		312 586	171 293	444 770	243 728
Other accrued expenses		12	1 875	17	2 668
Total		312 598	173 168	444 787	246 396
Provisions	5				
Deferred income tax		0	15 082	0	21 460
Other provisions		298 173	173 116	424 262	246 321
Total		298 173	188 198	424 262	267 781
TOTAL CURRENT LIABILITIES		1 907 528	686 187	2 714 168	976 356
OWNERS' EQUITY					
Share capital	6	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
Restricted personnel incentive shares	6	60 000		85 372	
Reserves		0	1 023 402	0	1 456 170
Retained earnings		3 765 140	1 496 625	5 357 312	2 129 506
Net profit for the financial year		549 381	215 167	781 699	306 155
Currency translation reserve		14 767	-10 796	21 012	-15 361
TOTAL OWNERS' EQUITY		9 363 672	7 698 782	13 323 305	10 954 380
TOTAL LIABILITIES AND OWNERS' EQUITY		11 271 200	8 384 969	16 037 473	11 930 736

Consolidated Income Statement for 3 months of the financial year 2006/7

	Note	30.09.2006	30.09.2005	30.09.2006	30.09.2005
		LVL	LVL	EUR	EUR
Net sales	7	4 037 195	2 040 210	5 744 411	2 902 957
Other operating income		5 658	558	8 051	794
Total income		4 042 853	2 040 768	5 752 462	2 903 751
Direct cost of goods sold or services rendered		-2 182 090	-1 010 218	-3 104 834	-1 437 411
Marketing, advertising and public relations expenses	8	-202 576	-78 933	-288 240	-112 312
Bad receivables		44 854	18 561	63 821	26 410
Operating expenses	9	-266 362	-188 004	-378 999	-267 506
Salaries, bonuses and social expenses	10	-590 358	-337 671	-840 004	-480 463
Depreciation expense		-146 303	-157 552	-208 170	-224 175
Amortization of product Prototypes		-7 941		-11 299	0
Other expenses		-6 797	-1 657	-9 671	-2 357
Operating expenses		-3 357 573	-1 755 474	-4 777 396	-2 497 814
EBIT		685 280	285 294	975 066	405 937
Financial income (except ForEx rate difference)		2 680	253	3 813	360
Financial costs (except ForEx rate difference)		-7 561	-4 384	-10 758	-6 238
Foreign exchange +gain/(loss)		-28 970	-22 384	-41 221	-31 849
Financial items		-33 851	-26 515	-48 166	-37 727
EBT		651 429	258 779	926 900	368 210
Provision for taxes		-102 048	-43 612	-145 201	-62 055
Net profit		549 381	215 167	781 699	306 155

*Earnings per share

EPS 30.09.2006. = 0.18 LVL (0.26 EUR)

EPS 30.09.2005. = 0.07 LVL (0.10 EUR)

Consolidated cash flow statement for 3 months of the financial year 2006/07

	30.09.2006	30.09.2005	30.09.2006	30.09.2005
	LVL	LVL	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	-506 409	377 290	-720 555	536 835
Cash received from customers	4 228 943	1 883 679	6 017 244	2 680 234
Cash paid to suppliers and employees	-4 735 352	-1 300 929	-6 737 799	-1 851 055
Paid income tax		-205 460	0	-292 343
NET CASH USED IN INVESTING ACTIVITIES (of which)	-259 855	-143 774	-369 740	-204 572
Cash paid for purchasing non-current physical assets	-259 244	-129 000	-368 871	-183 550
Cash received from the sale of non-current physical assets	5 658	558	8 051	794
Loans given	-12 960	-15 579	-18 440	-22 167
Interest received	6 691	247	9 520	351
NET CASH USED IN FINANCING ACTIVITIES (of which)	-7 528	-2 278	-10 711	-3 241
Paid interest	-7 528	-2 278	-10 711	-3 241
Effects of exchange rate changes	-2 867	-33	-4 080	-47
TOTAL CASH FLOW:	-776 659	231 205	-1 105 086	328 975
Cash and cash equivalents as at the beginning of period	1 244 633	105 190	1 770 953	149 672
Cash and cash equivalents as at the end of period	467 974	336 395	665 867	478 647
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-776 659	231 205	-1 105 086	328 975

Statement of changes in consolidated equity for the 3 months period ended September 30 2006

	Share capital	Share premium	Personnel incentive shares	Other rezerves	Currency translation rezerves	Retained earnings	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls
As at 30 June 2004	2 970 180	2 004 204	-	1 023 402	-1 090	1 496 625	7 493 321
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2004/2005	-	-	-	-	-	-297 018	-297 018
Allocation of profit	-	-	60 000	-1 023 402	-	963 402	-
Currency translation difference	-	-	-	-	-4 454	-	-4 454
Profit for the year	-	-	-	-	-	1 602 131	1 602 131
As at 30 June 2005	2 970 180	2 004 204	60 000	-	-5 544	3 765 140	8 793 980
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2005/2006	-	-	-	-	-	-	-
Allocation of profit	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	20 311	-	20 311
Profit for the year	-	-	-	-	-	549 381	549 381
As at 30 September 2006	2 970 180	2 004 204	60 000	-	14 767	4 314 521	9 363 672

Statement of changes in consolidated equity for the 3 months period ended September 30 2006

	Share capital	Share premium	Personnel incentive shares	Other rezerves	Currency translation rezerves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2004	4 226 185	2 851 725	-	1 456 170	-1 551	2 129 506	10 662 035
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2004/2005	-	-	-	-	-	-422 619	-422 619
Allocation of profit	-	-	85 372	-1 456 170	-	1 370 798	-
Currency translation difference	-	-	-	-	-6 337	-	-6 337
Profit for the year	-	-	-	-	-	2 279 627	2 279 627
As at 30 June 2005	4 226 185	2 851 725	85 372	-	-7 888	5 357 312	12 512 706
Issue of share capital	-	-	-	-	-	-	-
Costs of issue of share capital	-	-	-	-	-	-	-
Dividend relating to 2005/2006	-	-	-	-	-	-	-
Allocation of profit	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	28 900	-	28 900
Profit for the year	-	-	-	-	-	781 699	781 699
As at 30 September 2006	4 226 185	2 851 725	85 372	-	21 012	6 139 011	13 323 305

Notes for consolidated interim report

Accounting methods and principles used in preparing the consolidated interim report.

This consolidated Interim Report of SAF Tehnika Group has been prepared in accordance with the source documents and present fairly the financial position of the Group as of 30 September 2006 and the results of its operations and cash flows for the 3 month period ended 30 September 2006

This consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The Interim Report has been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on June 30, 2006.

This Interim Report has not been audited or otherwise checked by auditors.

The Interim Report has been prepared in Latvian Lats and Euro.

Currency Exchange rate for LVL/EUR is 0.702804.

Note 1 Customer receivables

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Accounts receivables	3 011 109	1 883 575	4 284 422	2 680 086
Provisions for bad and doubtful accounts receivable	-174 863	-267 523	-248 808	-380 651
	2 836 246	1 616 052	4 035 614	2 299 435

Accounts receivables, in comparison with the 3 month period of the previous financial year 2005/6 increased, as the Group has ceased discounting of Letters of Credit. Working capital is deemed sufficient. Note that higher absolute sales levels have also had an effect.

Note 2 Inventories

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Raw materials	2 858 743	1 676 559	4 067 625	2 385 529
Work-in- progress	1 954 422	2 008 385	2 780 892	2 857 674
Finished goods	509 938	484 424	725 576	689 273
Prepayments to suppliers	6 596	4 337	9 386	6 171
	5 329 699	4 173 705	7 583 479	5 938 647

Inventories, in comparison with the 3 month period of the previous financial year 2005/2006, increased as the group creates additional reserves for a wider product assortment as a result of the ongoing revenue diversification process and higher absolute sales levels.

Note 3 Accounts payable

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Accounts payable	1 120 328	221 892	1 594 083	315 724

Accounts payable, in comparison with the 3 month period of the previous financial year 2005/6, increased due to higher turnover and more favorable payment terms achieved.

Note 4 Accrued expenses

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Salary-related accrued expenses	312 586	171 293	444 770	243 728
Other accrued expenses	12	1 875	17	2 668
	312 598	173 168	444 787	246 396

Accrued expenses, in comparison with the 3 month period of the previous financial year 2005/6, increased due to the hiring of additional staff. Wage levels have not shown marked change during the past two years

Note 5 Provisions

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Deferred income tax liability		15 082		21 460
Other provisions	298 173	173 116	424 262	246 321
	298 173	188 198	424 262	267 781

Provisions, in comparison with the 3 month period of the previous financial year 2005/6, increased due to the increase in provisions for slow moving items as a result of sales portfolio diversification and new market entry.

Note 6 Share capital

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Share capital	2 970 180	2 970 180	4 226 185	4 226 185
Restricted personnel incentive shares	60 000	-	85 372	-
	3 030 180	2 970 180	4 311 557	4 226 185

The total number of Company's share capital is LVL 3 030 180 consisting of authorized, issued and fully paid ordinary shares with voting rights is 2 970 180 shares and 60 000 dematerialized restricted employee incentive title shares without voting rights (it is decided to decrease the share capital of the Company by canceling 60 000 title employee shares, for detailed information see JSC „SAF Tehnika” Resolutions of Annual Shareholder Meeting October 26, 2006). The nominal value of one share is Ls 1.

Note 7 Segment information

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

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

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

	CFQ		CFM		Other		Total	
	2006/7 Ls	2005/6 Ls	2006/7 Ls	2005/6 Ls	2006/7 Ls	2005/6 Ls	2006/7 Ls	2005/6 Ls
Assets								
Segment assets	953 888	719 716	2 674 621	1 960 526	345 164	252 479	3 973 673	2 932 721
Undivided assets							7 297 527	5 452 248
Total assets							11 271 200	8 384 969
Segment liabilities	399 310	171 675	980 393	237 134	129 439	28 551	1 509 142	437 360
Undivided liabilities							398 386	248 827
Total liabilities							1 907 528	686 187
Income	394 250	0	3 279 999	1 847 587	362 946	192 623	4 037 195	2 040 210
Segment results	216 251	-137 839	1 097 731	777 110	52 932	29 766	1 366 914	669 037
Undivided expenses							-687 292	-384 300
Profit from operations							679 622	284 737
Other income							5 658	558
Financial expenses, net							-33 851	-26 516
Profit before taxes							651 429	258 779
Corporate income tax							-102 048	-43 612
Profit for the year							549 381	215 167
Other information								
Additions of property plant and equipment and intangible assets	3 846	2 990	120 513	105 508	673	214	125 032	108 712
Depreciation and amortization	43 999	26 833	54 396	76 239	793	814	99 188	103 886

	CFQ		CFM		Other		Total	
	2006/7 EUR	2005/6 EUR	2006/7 EUR	2005/6 EUR	2006/7 EUR	2005/6 EUR	2006/7 EUR	2005/6 EUR
Assets								
Segment assets	1 357 260	1 024 063	3 805 643	2 789 578	491 125	359 246	5 654 027	4 172 886
Undivided assets							10 383 445	7 757 850
Total assets							16 037 473	11 930 736
Segment liabilities							2 147 316	622 307
Undivided liabilities							566 852	354 049
Total liabilities							2 714 168	976 356
Income	560 967	0	4 667 018	2 628 879	516 426	274 078	5 744 411	2 902 957
Segment results	307 697	-196 127	1 561 930	1 105 728	75 315	42 353	1 944 943	951 954
Undivided expenses							-977 928	-546 810
Profit from operations							967 015	405 144
Other income							8 051	794
Financial expenses, net							-48 166	-37 729
Profit before taxes							926 900	368 210
Corporate income tax							-145 201	-62 055
Profit for the year							781 699	306 155
Other information								
Additions of property plant and equipment and intangible assets	5 472	4 254	171 475	150 124	957	305	177 904	154 683
Depreciation and amortization	62 604	38 180	77 399	108 478	1 128	1 158	141 131	147 816

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

	Net sales		Assets		Net sales		Assets	
	2006/7 Ls	2005/6 Ls	30.09.2006 Ls	30.09.2005 Ls	2006/7 EUR	2005/6 EUR	30.09.2006 EUR	30.09.2005 EUR
Asia	1 603 676	372 533	1 378 237	285 268	2 281 825	530 067	1 961 055	405 900
America	226 382	352 070	118 596	193 711	322 113	500 950	168 747	275 626
Africa	139 785	63 317	139 512	15 993	198 896	90 092	198 508	22 756
Europe	1 292 529	492 390	893 007	323 416	1 839 103	700 608	1 270 634	460 180
CIS	644 734	356 001	256 124	137 401	917 374	506 544	364 432	195 504
Middle East	130 089	403 899	50 770	660 263	185 100	574 696	72 238	939 469
	4 037 195	2 040 210	2 836 246	1 616 052	5 744 411	2 902 957	4 035 614	2 299 435
Unallocated assets	-	-	8 434 954	6 768 917	-	-	12 001 858	9 631 301
	4 037 195	2 040 210	11 271 200	8 384 969	5 744 411	2 902 957	16 037 472	0 11 930 736

Note 8 Marketing, advertising and public relations expenses

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Marketing, advertising and public relations expenses	202 576	78 933	288 240	112 312

Marketing, advertising and public relations expenses, in comparison with the 3 month period of the previous financial year 2005/6, increased as the group is participating in more exhibitions and an increase in sales commissions.

Note 9 Operating expenses

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Operating expenses	266 362	188 004	378 999	267 506

Operating expenses, in comparison with the 3 month period of the previous financial year 2005/6, increased due to the increase in IT outsourcing, traveling, personal and training expenses.

Note 10 Salaries, bonuses and social expenses

	30.09.2006.	30.09.2005	30.09.2006.	30.09.2005
	Ls	Ls	EUR	EUR
Salaries, bonuses and social expenses	590 358	337 671	840 004	480 463

Salaries, bonuses and social expenses, in comparison with the 3 month period of the previous financial year 2005/6, increased due to the hiring of additional staff. Wage levels have not shown marked change during the past two years.