JOINT STOCK COMPANY

HANSAMATRIX

UNIFIED REGISTRATION NUMBER 40003454390

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

(16th financial year)

Prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union
Together with independent auditors' report

Riga, 2016

SIA "Ernst & Young Baltic"
Muitas iela 1A
Rīga, LV-1010
Latvija
Tālr.: +371 6704 3801
Fakss: +371 6704 3802
riga@lv.ey.com
www.ey.com/lv

Reģ. Nr. 40003593454
PVN maksātāja Nr. LV40003593454

SIA Ernst & Young Baltic
Muitas iela 1A
Riga, LV-1010
Latvia
Tel.: +371 6704 3801
Fax: +371 6704 3802
riga@lv.ey.com
www.ey.com/lv

Reg. No: 40003593454
VAT payer code: LV40003593454

INDEPENDENT AUDITORS' REPORT

To the shareholders of AS HansaMatrix

Report on the financial statements

We have audited the accompanying financial statements of AS HansaMatrix (the "Company"), set out on pages 9 through 48 of the accompanying 2015 Annual Report, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

As disclosed in Note 19 financial investment in Hanza Holding AB as of 31 December 2013 was 5,065 thousand EUR. In 2014 Hanza Holding AB shares were invested in the share capital of the HansaMatrix AS subsidiary SIA HM Holding. In the year 2014 impairment of investment in HM holding SIA amounting to 2,565 thousand EUR was recognized. Consequently net book value of investment in HM holding SIA as of 31 December 2014 was 2,500 thousand EUR. We were unable to determine to what period impairment recognized in 2014 relates and whether adjustments might have been necessary in respect of the investment in Hanza Holding AB balance as of 31 December 2013, retained earnings as of 31 December 2014 and profit for the year 2014 reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flow. Auditors' report issued on 25 April 2014 on the financial statements by predecessor auditor for the year ended 31 December 2013 and our auditors' report for the year ended 31 December 2014 issued on 28 May 2015 were qualified in respect of this matter. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and the comparative information.

Building a better working world

Qualified opinion
In our opinion, except for the possible effects of the matter described in paragraph of the Basis for Qualified Opinion, the financial statements give a true and fair view of the statement of financial position of AS HansaMatrix as at 31 December 2015 and of its financial performance and its statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Other matter paragraph
The current financial statements replace the previously issued financial statements dated April 12, 2016. As discussed in Note 52 the previous financial statements have been replaced because of misstatement identified and corrected. This audit report replaces the audit report issued on April 12, 2016.

Report on other legal and regulatory requirements
Furthermore, we have read the management report for the year ended 31 December 2015 (set out on page 6 of the accompanying 2015 Annual Report) and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2015.

SIA Ernst & Young Baltic
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga, 6 May 2016

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General information

Name of the company, until 30 December 2015	Hanzas Elektronika
Name of the company, from 30 December 2015	HansaMatrix
Legal status of the company, until 30 December 2015	Limited liability company
Legal status of the company, from 30 December 2015	Joint stock company
Unified registration number, place and date of registration	40003454390 Riga, 30 July 1999
Registration with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders, until 7 October 2015	SIA Macro Rīga (100%) Reg. No 40003362005 Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders, from 7 October 2015	SIA Macro Rīga (82.8%) Reg. No 40003362005 Akmeņu iela 72, Ogre, Latvia, LV-5001 Limited partnership FlyCap Investment F und I AIF (17.2%) Reg. No 40103697951 Matrožu iela 15A, Riga, LV-1048
Board Members, until 28 December 2015	Ilmārs Osmanis (Chairman of the Board) Alvis Vagulis (Board Member) Vineta Grecka (Board Member)
Board Members, from 28 December 2015	Ilmārs Osmanis (Chairman of the Board) Alvis Vagulis (Board Member) Aldis Cimoška (Board Member)
Council Members, until 7 October 2015	Rūdolfs Osmanis (Council Member)
Council Members, from 7 October 2015	Jānis Skutelis (Chairman of the Council) Krišs Osmanis (Deputy Chairman of the Council) Andris Bērziņš (Council Member)
Subsidiaries	SIA Ventspils Elektronikas Fabrika (equity interest: 100%) Reg. No 40003779058 Ventspils Augsto tehnoloģiju parks 1, Ventspils, Latvia, LV-3602 SIA Mārupes Elektronikas Tehnoloģijas (equity interest: 100%) Reg. No 40103814400 Akmeņu iela 72, Ogre, Latvia, LV-5001 SIA Campus Pārogre (equity interest: 100%) Reg. No 40103775264 Akmeņu iela 72, Ogre, Latvia, LV-5001
Subsidiaries, until 12 May 2015	SIA HM Holding (equity interest: 100%) Reg. No 40103775264 Akmeņu iela 72, Ogre, Latvia, LV-5001
Auditors	SIA Ernst & Young Baltic Licence No 17 Muitas iela 1A, Riga, Latvia, LV – 1010 Diāna Krišjāne Latvian Certified Auditor, Certificate No 124

Management report

12 April 2016

The joint stock company HansaMatrix (hereinafter also – "HansaMatrix") is a leading Baltic electronic system product developer and manufacturer. The Company is actively operating in industrial systems, data network infrastructure, Internet of Things, medical and several other B2B (business-to-business) market segments. Building on its 16-year experience and its business mission, which is to develop global technology products, the Company makes itself a valuable asset assisting customers in the achievement of success on global markets.

Name change and registration as a joint stock company

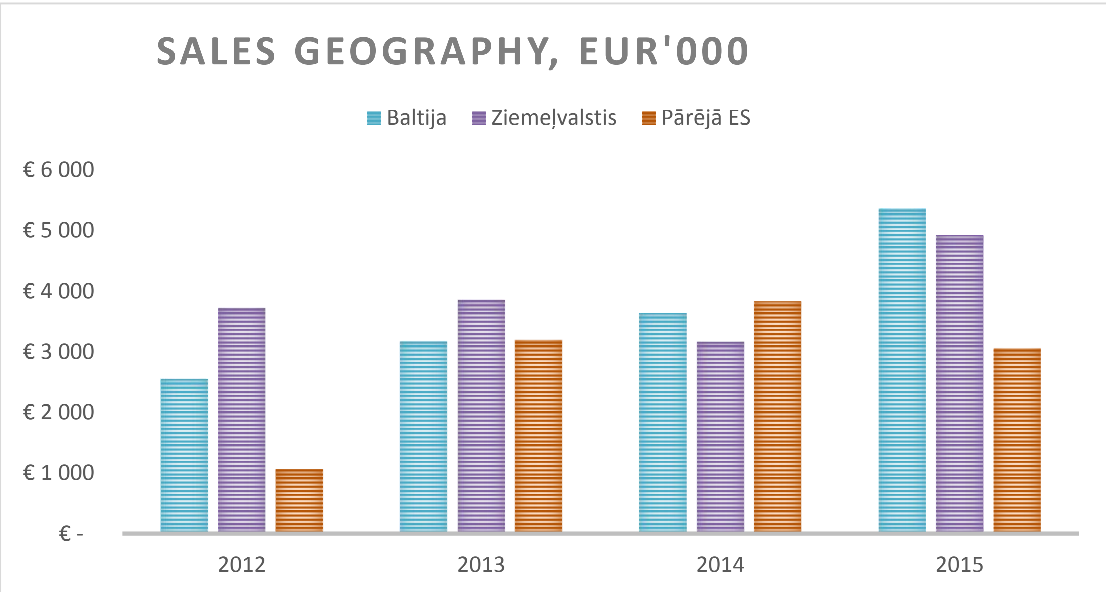
Seeking to ensure further business development of HansaMatrix, on 30 December 2015 the following changes were made:

(1) The name of the Company was changed from Hanzas Elektronika to HansaMatrix;
(2) The status of the Company was changed from "limited liability company" to "joint stock company".

Performance for the reporting period and sales development

Net turnover of HansaMatrix for the year 2015 was EUR 13.47 million, which exceeds the prior-year result by 25%. The Company reported the following results for the reporting period: EBITDA of EUR 2.23 million vs EUR 1.64 million in 2014 and net profit of EUR 1.05 million vs net loss of EUR 1.94 million in 2014.

Sales, EUR'000		2012		2013		2014		2015
Baltic states	€	2 549	€	3 169	€	3 633	€	5 359
Nordic countries	€	3 720	€	3 854	€	3 164	€	4 920
Other EU Member States	€	1 062	€	3 189	€	3 940	€	3 186



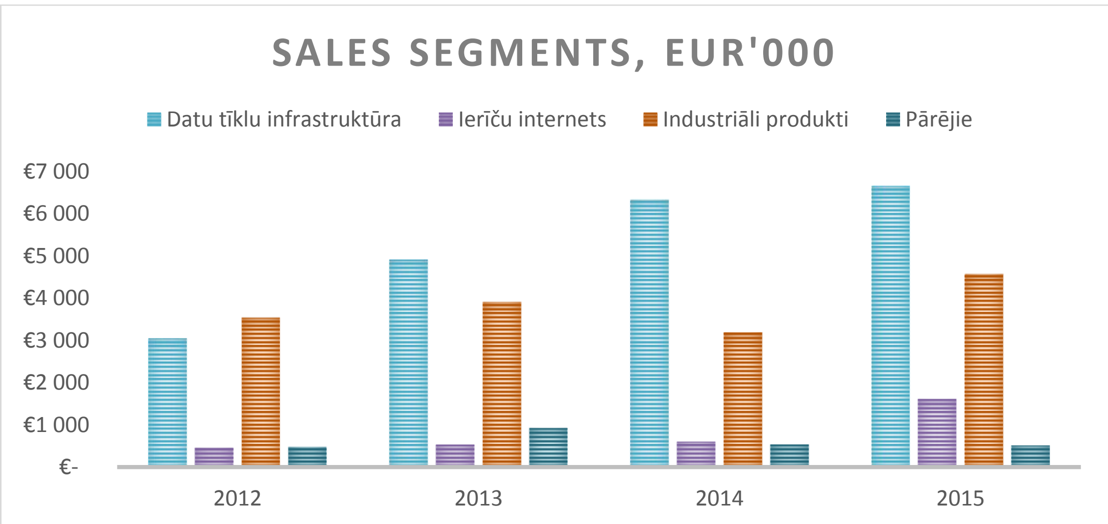
Business customers of HansaMatrix are chiefly concentrated in the Baltic and Nordic countries, which therefore reported the largest growth of sales.

In 2015, Baltic sales were up by 47% year-on-year, which is mainly owing to an increased demand for products in the data network infrastructure and other market segments in the Baltic region. Nordic countries demonstrated similar business development, and their 56% rise is associated with the growth of the Internet of things and industrial products. Other EU Member States reported a 20% drop due to a lower demand for data network infrastructure and industrial products.

Sales efforts of HansaMatrix are focused in the following three main market: data network infrastructure, Internet of Things, industrial products, etc.

In 2015, ***data network infrastructure*** was the largest market, which accounted for 50% of sales, with a 5% growth year-on-year. ***Industrial products*** represented the second largest market, forming 34% of sales, with a substantially larger growth of 43% from the prior year. ***Internet of Things***, which is third in terms of volume, accounting for 12% of sales, reached the highest growth of 167% against the prior year. Other markets formed 4% of sales, which fell by 6% from the previous year, thereby evidencing the Company’s focus on the three main market.

Sales, EUR’000		2012		2013		2014		2015
Data network infrastructure	€	3 046	€	4 914	€	6 329	€	6 651
Internet of Things	€	465	€	533	€	603	€	1 608
Industrial products	€	3 534	€	3 908	€	3 193	€	4 562
Other	€	482	€	919	€	612	€	644



Investments

In order to carve the Company's core assets out of historic investments, in April 2015 HansaMatrix sold its 100% equity interest in the subsidiary HM Holding SIA to the sole shareholder Macro Rīga SIA for EUR 2.50 million.

In the reporting period, HansaMatrix made new investments of EUR 512 thousand in the following companies: Campus Pārogre SIA; EUROLCDS SIA; Zinātnes Parks SIA.

In the reporting period, the Company brought in a new investor FlyCap, which made an additional investment of EUR 600 thousand in the Company. HansaMatrix set up a new facility for the small series production of metal parts in Mārupe, Zemzaru iela 3, for which purpose a premises lease agreement was signed for a period of three years. In the reporting period, investments totalling EUR 2.05 million were made in production and research assets, testing system and new product development.

HansaMatrix implemented two investment projects co-financed by the ERDF. Grants received from the ERDF amounted to EUR 403.9 thousand.

Research and development

In 2015, HansaMatrix set up and introduced a new ODM (original design manufacturing) business model. Under this model, the Company is investing resources in the development of new products and licensing the resulting newly created intellectual property for its customers.

In cooperation with the subsidiary Mārupes Elektronikas Tehnoloģijas, HansaMatrix implemented a research project of the LEO competence centre co-financed by the ERDF, for which a research grant of EUR 151.3 thousand was obtained from the ERDF.

Significant events after balance sheet date

On 14 January 2016, an agreement was signed on the purchase of a land plot of 1.535 ha, which is adjacent to the existing land plot, at Akmeņu iela 74, Ogre, for the purposes of the further expansion of the Ogre plant.

Ilmārs Osmanis
Chairman of the Board

Financial statement

Statement of comprehensive income

	Notes	2015 EUR	2014 restated EUR
Net turnover	3	13 465 695	10 737 157
Cost of sales	4	(11 103 304)	(8 843 227)
Gross profit		**2 362 391**	**1 893 930**
Distribution expense	5	(371 283)	(361 345)
Administrative expense	6	(722 695)	(633 841)
Other operating income	7	252 333	104 192
Other operating expense	8	(50 117)	(32 167)
Operating profit		**1 470 629**	**970 769**
Write-offs of the value of non-current financial assets	9	-	(2 567 512)
Financial income	10	54 138	-
Financial expense	11	(293 678)	(244 411)
Profit/ (loss) before tax		**1 231 089**	**(1 841 154)**
Corporate income tax	12	(115 055)	(102 396)
Deferred corporate income tax	12	(61 737)	(798)
Net profit/ (loss) for the year		**1 054 297**	**(1 944 348)**
Other comprehensive income for the year, after tax		**-**	**-**
Total comprehensive income/ (loss) for the year, after tax		**1 054 297**	**(1 944 348)**

The accompanying notes form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Statement of financial position

ASSETS	Notes	31.12.2015 EUR	31.12.2014 restated EUR	01.01.2014 EUR
NON-CURRENT ASSETS				
Intangible assets				
OMD and other intangible assets		469 203	170 777	138 853
Intangible assets Cconstruction in progress		-	-	-
Total intangible assets	15	**469 203**	**170 777**	**138 853**
Property, plant and equipment				
Land and buildings		2 972 431	3 119 315	3 268 256
Equipment and machinery		2 779 182	1 819 327	2 123 974
Other fixtures and fittings, tools and equipment		271 100	147 362	124 222
Leasehold improvements		39 056	-	-
Construction in progress		7 543	17 187	10 072
Total property, plant and equipment	16	**6 069 312**	**5 103 191**	**5 526 524**
Non-current financial assets				
Investments in related and other companies	17	449 662	446 862	426 862
Investments in associates	18	960	-	-
Other financial investments	19	523 994	15 640	5 080 352
Other loans and receivables	20	-	1 992	1 992
Total non-current financial assets		**974 616**	**464 494**	**5 509 206**
TOTAL NON-CURRENT ASSETS		**7 513 131**	**5 738 462**	**11 174 583**
CURRENT ASSETS				
Inventories				
Raw materials	21	1 270 510	1 011 983	921 139
Work in progress	22	836 905	158 080	301 517
Total inventories		**2 107 415**	**1 170 063**	**1 222 656**
Receivables				
Trade receivables	23	697 669	284 230	459 267
Loans to shareholders	24	2 375 744	-	-
Receivables from related companies	25	344 522	115 604	-
Other receivables	26	207 146	415 512	16 815
Total receivables		**3 625 081**	**815 346**	**476 082**
Prepaid expense	27	**13 686**	**12 724**	**16 389**
Asset held for sale	28	**-**	**2 500 000**	**-**
Cash and cash equivalents	29	**251 445**	**91 027**	**29 596**
TOTAL CURRENT ASSETS		**5 997 627**	**2 089 160**	**1 744 723**
TOTAL ASSETS		**13 510 758**	**10 327 622**	**12 919 306**

The accompanying notes form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Statement of financial position

EQUITY AND LIABILITIES	Notes	31.12.2015 EUR	31.12.2014 restated EUR	01.01.2014 EUR
EQUITY				
Share capital	30	1 546 380	1 280 272	1 280 585
Share premium	30	1 094 987	761 415	761 415
Other reserves	31	313	313	-
Non-current asset revaluation reserve	32	1 401 665	1 468 231	1 534 800
Retained earnings/ (accumulated deficit):				
a) brought forward		(1 810 731)	67 051	955 317
b) for the period		1 054 297	(1 944 348)	692 165
TOTAL EQUITY		**3 286 911**	**1 632 934**	**5 224 282**
LIABILITIES				
Non-current liabilities				
Loans from credit institutions	33	4 727 849	4 958 451	2 543 681
Finance lease liabilities	34	39 780	-	-
Loans from related companies	36	-	-	69 639
Deferred income	37	583 029	325 377	393 878
Deferred income tax liability	12	610 613	548 876	548 077
Total non-current liabilities		**5 961 271**	**5 832 704**	**3 555 275**
Current liabilities				
Issued debt securities	35	-	-	1 935 409
Loans from credit institutions	33	1 177 130	1 123 117	856 339
Finance lease liabilities	34	13 414	-	-
Prepayments received from customers	38	817 775	23 675	32 929
Trade payables	39	1 549 279	901 120	823 424
Payables to related companies	40	-	22 400	-
Taxes payable	41	100 329	140 227	147 564
Other liabilities	42	367 571	475 508	97 797
Deferred income	37	118 987	68 501	68 501
Undrawn dividends		-	-	53 358
Accrued liabilities	43	118 091	107 436	124 428
Total current liabilities		**4 262 576**	**2 861 984**	**4 139 749**
TOTAL LIABILITIES		**10 223 847**	**8 694 688**	**7 695 024**
TOTAL EQUITY AND LIABILITIES		**13 510 758**	**10 327 622**	**12 919 306**

The accompanying notes form an integral part of these financial statements.

Ilmārs Osmanis
Chairman of the Board

Statement of cash flow

	Notes	2015 EUR	2014 restated EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax		1 231 089	(1 841 153)
Adjustments for:			
Amortisation and depreciation	15,16	783 259	657 706
Interest expense	11	222 101	232 081
(Gain)/ loss on disposal of property, plant and equipment	7	(83)	24 620
Income from grant recognition	7	(95 757)	(68 501)
Impairment of the investment		-	2 564 712
Adjustments for:			
(Increase)/ decrease in inventories	21	(937 352)	52 593
(Increase) in receivables		(540 639)	(335 599)
Increase in payables		1 359 465	429 547
Cash generated from operations, gross		**2 022 083**	**1 716 006**
Interest paid		(222 101)	(232 081)
Corporate income tax paid	41	(106 431)	(126 334)
Net cash flows to/ from operating activities		**1 693 551**	**1 357 591**
CASH FLOWS TO/ FROM INVESTING ACTIVITIES			
Purchase of intangible assets and property, plant and equipment	15,16	(2 048 234)	(292 204)
Investments in subsidiaries	17	(2 800)	(20 000)
Investments in other companies	18,19	(48 460)	-
Proceeds from sale of property, plant and equipment		510	1 287
Net cash flows to/ from investing activities		**(2 098 984)**	**(310 917)**
CASH FLOWS TO/ FROM FINANCING ACTIVITIES			
Dividends paid		-	(1 647 000)
Increase in share capital		599 680	-
Grants received from the Investment and Development Agency of Latvia		403 895	-
Loans received from credit institutions		980 000	1 046 327
Loans repaid to credit institutions		(1 156 589)	(314 931)
Loans repaid to lease companies		(9 817)	-
Loans issued to related companies		(251 318)	(69 639)
Net cash flows to/ from financing activities		**565 851**	**(985 243)**
Change in cash and cash equivalents for the year		**160 418**	**61 431**
Cash and cash equivalents at the beginning of the year	29	**91 027**	**29 596**
Cash and cash equivalents at the end of the year	29	**251 445**	**91 027**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

	Share capital	Share premium	Other reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated deficit)	Profit/ (loss) for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As at 1 January 2014	**1 280 585**	**761 415**		**1 534 800**	**955 317**	**692 165**	**5 224 282**
Profit for the reporting year	-	-	-	-	-	(1 944 348)	(1 944 348)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(1 944 348)	(1 944 348)
Share capital denomination	(313)	-	313	-	-	-	-
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 316)	78 316	-	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	11 747	(11 747)	-	-
Transfer of prior year result	-	-	-	-	692 165	(692 165)	-
Dividends paid	-	-	-	-	(1 647 000)	-	(1 647 000)
As at 31 December 2014	**1 280 272**	**761 415**	**313**	**1 468 231**	**67 051**	**(1 944 348)**	**1 632 934**
Profit for the reporting year	-	-	-	-	-	1 054 297	1 054 297
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	1 054 297	1 054 297
Share capital increase	266 108	333 572					599 680
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 314)	78 314	-	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	11 748	(11 748)	-	-
Transfer of prior year result	-	-	-	-	(1 944 348)	1 944 348	-
As at 31 December 2015	**1 546 380**	**1 094 987**	**313**	**1 401 665**	**(1 810 731)**	**1 054 297**	**3 286 911**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Corporate information

AS HansaMatrix (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 30 July 1999 and re-registered with the Republic of Latvia Commercial Register on 27 December 2002 under unified registration number 40003454390. The registered office of the Company is at Akmeņu iela 72, Ogre. The reorganisation of the Company was completed on 30 December 2015; as a result, the Company's name and status have been changed from the limited liability company Hanzas Elektronika to the joint stock company HansaMatrix.

The core business activity of the Company comprises the manufacturing of components of various electronic and telecommunication equipment.

The financial statements of the Company for the year ended 31 December 2015 were approved by a resolution of the Company's Board on 12 April 2016.

The Company's shareholders have the power to amend the financial statements after issue.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of AS HansaMatrix have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements are prepared on a historical cost basis, unless otherwise specified in the summary of accounting policies below.

The monetary unit used in the financial statements is the euro (EUR). The financial statements cover the period 1 January 2015 through 31 December 2015.

The consolidated financial statements of the Company are prepared separately.

The statement of comprehensive income has been prepared according to the function of expense method.

The cash flow statement has been prepared under the indirect method.

The accounting methods employed by the Company are consistent with those of the previous reporting year.

First-time adoption of IFRS

These are the first financial statements of the Group prepared in accordance with IFRS. The financial statements for reporting periods until 31 December 2014 were prepared in accordance with the Law of the Republic of Latvia on Annual Reports because the adoption of IFRS was not mandatory.

The accounting policies adopted by the Group have been applied in preparing the financial statements for the year ended 31 December 2015 and comparative figures as at 31 December 2014 and the first IFRS statement of financial position as at 1 January 2014.

In preparing the first IFRS financial statements, the Group has made adjustments to the previous financial statements presented in accordance with the requirements of the Law of the Republic of Latvia on Annual Reports. The only significant adjustment refers to the presentation of the release of the non-current asset revaluation reserve. When preparing the financial statements according to the Law of the Republic of Latvia on Annual Reports, the Group reported the release of the non-current asset revaluation reserve in the statement of comprehensive income for the year. According to IFRS, the release of the non-current asset revaluation reserve must be taken directly to retained earnings (see Note 47).

The effect of the first-time adoption of IFRS on the assets and liabilities, income and expense and cash flows previously reported by the Company is as follows:

	Reported previously according to the Law of the Republic of Latvia on Annual Reports	Effect of the presentation of the revaluation reserve	According to IFRS
	EUR	EUR	EUR
Consolidated statement of financial position as at 31/12/2014			
Retained earnings/ (accumulated deficit) brought forward	482	66 569	67 051
Retained earnings/ (accumulated deficit) for the period	(1 935 997)	(66 569)	(2 002 566)

2. Summary of significant accounting policies (cont'd)

First-time adoption of IFRS (cont'd)

	Reported previously according to the Law of the Republic of Latvia on Annual Reports	Effect of the presentation of the revaluation reserve	According to IFRS
	EUR	EUR	EUR
Consolidated statement of comprehensive income for 2014			
Cost of sales	8 624 001	78 315	8 702 316
Deferred corporate income tax	12 544	(11 746)	798
Net profit for the year	(1 935 997)	(66 569)	(2 002 566)
Consolidated statement of cash flows for 2014			
Profit before tax	(1 826 144)	(78 315)	(1 904 459)
Adjustments for: Amortisation and depreciation	579 391	78 315	657 706

Due to first time adoption to IFRS there are no effect on the total value of Equity and total asset amount.
Other changes that have been made in the opening balances due to IFRS adotion and oyther corrections have been summarised in Note 47.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currency translation

The functional and presentation currency of the Company is the euro (EUR), the monetary unit of the Republic of Latvia. Transactions in foreign currencies are translated into the euro at the euro foreign exchange reference rate published by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the euro foreign exchange reference rate published by the European Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are netted in the statement of comprehensive income accounts.

2. Summary of significant accounting policies (cont'd)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, less value added tax and sales-related discounts. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Rendering of services

The Company basically provides manufacturing services. Revenue is recognised in the period when the services are rendered.

Grants related to assets

Grants related to assets are presented as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

Interest

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Segments

Reportable segments are operating segments or their aggregation which meet certain criteria. Operating segments are units of the group, on which separate financial information is available, which is regularly assessed for the purpose of making decisions about resource allocation and performance assessment. The Company has one business segment, which is manufacturing services.

Corporate income tax

Corporate income tax includes current and deferred taxes. Current corporate income tax is applied at the rate of 15% on taxable income generated by the Company during the taxation period.

Deferred corporate income tax arising from temporary differences in the timing of the recognition of items in the tax returns and these financial statements is calculated using the liability method. The deferred corporate income tax asset and liability are determined on the basis of the tax rates that are expected to apply when the timing differences reverse.

The principal temporary timing differences arise from differing rates of accounting and tax amortisation and depreciation on the Company's non-current assets, the treatment of temporary non-taxable provisions and reserves, as well as temporary difference in securities in excess of set limits and tax losses carried forward for the subsequent years.

Intangible assets

Intangible non-current assets are stated at cost and amortised over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognised where the carrying value of intangible non-current assets exceeds their recoverable amount.

After initial recognition, development expenditure is recognised as intangible assets at cost less accumulated amortisation and any accumulated impairment losses. Assets are amortised over their expected useful lives. At each reporting date, it is analysed whether there is any indication that the asset may be impaired.

When computer software is an integral element of hardware that cannot operate without that specific software, computer software is treated as property, plant and equipment.

Intangible assets comprise intellectual property arising from research and development in the form of ODM (Original Design Manufacturing) assets. The Company recognises as ODM assets and, according to IAS 38, capitalises the results of development of products, materials, devices, processes and systems derived as a result of targeted development projects. ODM assets may incorporate tangible elements, such as prototypes of materials or products, samples, devices, systems, and intangible elements, such as project or production documents, documented processes, inventions or innovations which are or are not protected by patents.

The creation of ODM assets is initiated only for a specific identified customer or such several customers, after the expected economic result has been evaluated. This process is accurately managed, accounting for all costs, both costs of direct materials used in project development and the full cost of engineering hours spent, including salaries of engineers plus costs incurred to ensure their work, but excluding administrative expense.

2. Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

The use of ODM assets brings material benefits to the Company through their direct sale, with the related amortisation charge and expected profits included in the selling price or licence fee of the product, or their use, thereby deriving indirect benefits, reduced production costs, etc.

When recognising an ODM asset, the Company determines the amortisation charge of each ODM asset per one unit of a product associated with the use of the ODM asset and the total number of units of the product by which the accrued value will be fully amortised and the approximate useful life of the asset will be 3 years. The selling price per unit of the ODM asset included in the price of delivery of the product may be higher as amortisation expense, and it may be applied to a larger quantity of units, as may be necessary for amortisation purposes, when generating gross profit.

Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

Development expenditure incurred on an individual project is capitalised if an entity can demonstrate that there is the technical feasibility of completing the intangible asset arising from development so that it will be available for use or sale, there is the intention to complete the intangible asset and the ability to use or sell it, that the intangible asset will generate future economic benefits, adequate resources are available to complete the intangible asset and expenditure may be measured reliably during the development of the asset. Other development expenditure is written off.

After initial recognition, development expenditure is recognised as intangible assets at cost less accumulated amortisation and any accumulated impairment losses. Assets are amortised over their expected useful lives. At each reporting date, it is analysed whether there is any indication that the asset may be impaired.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value, except for buildings which are stated at fair value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	over 20 to 33 years
Equipment and machinery	over 5 to 8 years
Other property, plant and equipment	over 3 to 14 years

Depreciation is calculated starting with the following month after the asset becomes ready for intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. To the extent that the Company depreciates separately some parts of property, plant and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the cost of sales caption.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

The Company revalues its real estate, i.e., the building and land. Revaluation is performed by certified appraisers once every five years. Any increase in the value as a result of the revaluation of assets is taken to the revaluation reserve under equity. If a revalued asset is derecognised, the revaluation reserve attributable to the particular asset is eliminated from the revaluation reserve and transferred to retained earnings.

Expenses related to leasehold improvements are capitalised as property, plant and equipment and depreciated over the lease period on a straight-line basis.

Construction in progress represents assets under construction and is stated at historical cost. This includes the cost of construction and other direct expenses. Construction in progress is not depreciated as long as the respective assets are not completed and ready for intended use.

2. Summary of significant accounting policies (cont'd)

Investments in subsidiaries and associates

Investments in subsidiaries (i.e. where the Company holds more than 50% interest of the share capital or otherwise controls the company) and associates (i.e. where the Company has significant influence, i.e., 20 to 50% interest of the share capital of the entity, without control over the financial and operating policy decisions of the investee) are recognised at cost according to IAS 27. Investments in entities where the Company holds less than 20% interest of the share capital are treated as financial assets. Following initial recognition, investments in subsidiaries and associates and financial assets are carried at cost less any accumulated impairment losses. The carrying values of investments are reviewed for impairment at each reporting date. The Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary or associate and its carrying value, then, recognises the loss in the statement of comprehensive income.
Dividends received from subsidiaries and associates and jointly controlled entities are recognised in the statement of comprehensive income when the Company's right to receive the dividend is established.
Considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Asset held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and if it meets both of the following classification criteria:

- the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- its sale must be highly probable (the sale has been initiated based on the management's resolution to sell the asset, and there is evidence that the sale will be completed within one year from the date that the process is initiated).

Non-current assets held for sale are carried in a separate balance sheet caption under current assets and are not amortised.

Non-current assets held for sale may be measured at the lower of carrying amount and fair value less costs to sell as long as they meet the classification criteria. When any events or circumstances indicate that non-current assets held for sale may be impaired, the assets are tested for impairment and an impairment loss is defined.

Any changes in the value of assets resulting from their measurement at fair value or fair value less costs to sell, or impairment testing, are taken to the income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis;

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is disclosed at the purchase (production) cost less allowances made.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when recovery is deemed impossible.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of directly attributable transaction costs associated with the borrowing.

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income as interest income/ expense when the liabilities are derecognised through the amortisation process.

2. Summary of significant accounting policies (cont'd)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments, by a respective charge to current and non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the principal lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The commitments undertaken by the Company with respect to operating lease contracts are recorded as off-balance sheet liabilities.

Factoring

Proceeds received in accordance with factoring agreements are recognised as prepayments from customers when the Company remains exposed to the credit risk associated with the respective debtor. When the credit risk remains with the contracting party, the proceeds are directly netted against respective debtor balance.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants received from the government and international organisations for the purchase, development or construction of long-term assets are initially recognised as deferred income and taken to the income statement on a systematic basis over the useful life of the relevant long-term assets.

Other government grants are recognised as income on a systematic basis over the period when the Company expenses the costs that the grants compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognised as income of the period in which it becomes receivable.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. The significant areas of estimation used in the preparation of the financial statements relate to capitalisation of development costs, useful lives of property, plant and equipment, allowances for doubtful receivables and obsolete inventories, and impairment evaluation. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty which exist at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

2. Summary of significant accounting policies (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

Useful lives of property, plant and equipment
Useful lives of property, plant and equipment are assessed at each reporting date and changed, if necessary, to reflect the Company's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic utilisation of the assets and their physical condition.

Carrying amounts of property, plant and equipment
The Company's management reviews the carrying amounts of property, plant and equipment and assesses whether any indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Company's management calculates and records an impairment loss on property, plant and equipment based on the estimates related to the expected future use, planned disposal or sale of the assets. Taking into consideration the Company's planned level of activities and the estimated market value of the assets, the Company's management considers that no significant adjustments to the carrying values of property, plant and equipment are necessary as at 31 December 2015.

Recoverability of deferred tax asset
The Company assesses the extent of taxable profits during the period of utilisation of tax losses. At each reporting date, the Company's management analyses the recoverability of deferred tax and reduces the deferred tax asset if it is no longer probable that during the period of utilisation of tax losses future taxable profits will be available against which unused tax losses can be utilised.

Net realisable value of inventories
The Company's management evaluates the net realisable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realisable value of inventories is lower than the cost of inventories, an allowance is recorded. The Company's management has evaluated the net realisable value of inventories and considers that it is not necessary to make an additional significant allowance as at 31 December 2015.

Allowance for doubtful and bad trade receivables
The Company's management evaluates the carrying amounts of receivables and assesses their recoverability, making an allowance for doubtful and bad trade receivables, if necessary. The Company's management has evaluated the receivables and considers that it is not necessary to make an additional significant allowance as at 31 December 2015.

Subsequent events

Post-year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

Standards issued but not yet effective
The Company has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 *Presentation of Financial Statements: Disclosure Initiative* *(*effective for financial years beginning on or after 1 January 2016)

The amendments to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative* *(*effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments improve information provided to users of financial statements about an entity's financing activities. Entities are required to disclose changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, for example, by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The implementation of these amendments will not have any impact on the financial position or performance of the Company but may result in changes in disclosures.

2. Summary of significant accounting policies (cont'd)

Amendments to IAS 12 ***Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*** *(*effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

The amendments clarify how to account for deferred tax assets for unrealised losses on debt instruments measured at fair value. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 16 ***Property, Plant & Equipment*** **and IAS 38** ***Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*** *(*effective for financial years beginning on or after 1 January 2016)

The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption. The implementation of this amendment will have no impact on the financial statements of the Company, as the Company does not use revenue-based depreciation and amortisation methods.

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company has not yet evaluated the impact of the implementation of this standard.

IFRS 9 ***Financial Instruments*** (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement, impairment and hedge accounting. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 27 ***Equity method in separate financial statements*** *(*effective for financial years beginning on or after 1 January 2016)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. There is no effect on the Companys financial statements of the implementation of this standard.

Amendment to IFRS 11 Joint arrangements: ***Accounting for Acquisitions of Interests in Joint Operations*** (effective for financial years beginning on or after 1 January 2016)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 - ***Investment Entities: Applying the consolidation exception*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The Company has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10 and IAS 28 – ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*** (endorsement deferred indefinitely)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business. The Company has not yet evaluated the impact of the implementation of this standard.

2. Summary of significant accounting policies (cont'd)

IFRS 14 *Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 14 provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. The implementation of this standard will not have any impact on the Company.

IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 16 *Leases* (effective for financial years beginning on or after 1 January 2019, once endorsed by the EU)

IFRS 16 replaces IAS 17 and specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting is substantially unchanged. The Group has not yet evaluated the impact of the implementation of this standard.

Improvements to IFRSs

In December 2013 IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments;*
- IFRS 13 *Fair Value Measurement;*
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures;*
- IAS 38 *Intangible Assets.*

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016):

2. Summary of significant accounting policies (cont'd)

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The adoption of these amendments may result in changes to accounting policies or disclosures but will not have any impact on the financial position or performance of the Company.

The Company plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

3. Net turnover

Business customers of AS HansaMatrix are chiefly concentrated in the Baltic and Nordic countries. Net turnover by geographical areais as follows:

	2015	2014
	EUR	EUR
Baltic states	5 359 001	3 633 496
Nordic countries	4 920 213	3 164 065
Other EU Member States	3 186 481	3 939 596
TOTAL:	**13 465 695**	**10 737 157**

Sales efforts of AS HansaMatrix are focused in the following three main product types: data network infrastructure, Internet of Things, industrial products, etc. Net turnover by product types is as follows:

	2015	2014
	EUR	EUR
Data network infrastructure	6 651 274	6 329 441
Internet of Things	1 608 394	603 099
Industrial products	4 561 569	3 193 043
Other	644 458	611 574
TOTAL:	**13 465 695**	**10 737 157**

4. Cost of sales

	2015	2014
	EUR	EUR
Costs of raw materials	5 986 812	4 928 175
Costs related to the production process	2 309 772	1 398 951
Staff costs	1 483 867	1 426 340
Depreciation (see Notes 15 and 16)	605 673	544 365
Allowances for slow-moving items (see Note 21)	186 096	29 199
Utilities	157 189	144 068
Transport expense	104 645	141 325
Costs of research and product development	84 231	135 726
including staff costs	*61 592*	*92 757*
including amortisation and depreciation (see Notes 15 and 16)	*8 181*	*21 843*
Lease of equipment and premises	67 322	23 371
Low-value items	63 005	42 448
Repair and maintenance expense	48 201	22 096
Real estate tax	5 186	5 186
Other production costs	1 305	1 977
TOTAL:	**11 103 304**	**8 843 227**

5. Distribution expenses

	2015	2014
	EUR	EUR
Employee benefits expense	324 115	312 574
Business trips	16 783	11 096
Marketing expense	14 160	15 267
Transport expense	10 904	17 583
Communications expense	5 321	4 825
TOTAL:	**371 283**	**361 345**

6. Administrative expense

	2015	2014
	EUR	EUR
Employee benefits expense	330 120	327 445
Amortisation and depreciation (see Notes 15 and 16)	147 930	104 251
Bank charges	54 185	42 493
Professional fees*	47 107	35 516
Transport expense	34 210	33 920
Insurance	19 998	9 038
Office expense	17 406	15 235
Non-operating expense	16 016	16 409
IT expense	9 804	6 580
Business trips	5 808	5 935
Representation expense	4 558	4 112
Communications expense	3 087	2 996
Employee training	2 296	8 091
Other administrative expense	30 170	21 820
TOTAL:	**722 695**	**633 841**

* The total fee paid to the firm of certified auditors SIA Ernst & Young Baltic for the annual audit amounts to EUR 13 818.

7. Other operating income

	2015	2014
	EUR	EUR
Income from research grant recognition	151 296	-
Income from EU grant recognition (accrued)*	95 757	68 501
Income from EU grant recognition (one-off)**	4 792	35 414
Gain on disposal of property, plant and equipment, net	83	-
Other income	405	277
TOTAL:	**252 333**	**104 192**

* Accrued income from EU grant recognition represents financing received for the acquisition of property, plant and equipment, which is taken to income over the useful life of the relevant asset.

** One-off income from EU grant recognition represents financing received for the implementation of specific projects during the reporting period.

8. Other operating expense

	2015	2014
	EUR	EUR
Currency exchange loss, net	23 814	22 273
Penalties paid	13 483	8 836
Donations	12 820	-
Loss on disposal of property, plant and equipment	-	1 058
TOTAL:	**50 117**	**32 167**

9. Write-offs of the value of non-current financial assets

	2015 EUR	2014 EUR
Impairment of the investment	-	2 567 512
TOTAL:	**-**	**2 567 512**

In 2014, SIA HM Holding was established by making an investment of EUR 5 067 512. In 2014, by the date of drawing the relevant financial statements, an agreement on the sale of SIA HM Holding for EUR 2 500 000 was signed; as a result, this company was sold in 2015. In the financial statements for the year ended 31 December 2014, the value of the investment in SIA HM Holding was reduced by EUR 2 567 512 down to the selling price of EUR 2 500 000.

10. Financial income

	2015 EUR	2014 EUR
Interest income	54 138	-
TOTAL:	**54 138**	**-**

11. Financial expense

	2015 EUR	2014 EUR
Interest payments	276 239	232 081
Directly attributable transaction costs	17 439	12 330
TOTAL:	**293 678**	**244 411**

12. Corporate income tax

	2015 EUR	2014 restated EUR
Current corporate income tax charge for the reporting year	115 055	102 396
Deferred corporate income tax due to changes in temporary differences	61 737	798
Total corporate income tax expense:	**176 792**	**103 194**

Deferred corporate income tax:

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Deferred corporate income tax liability, 15%			
Temporary differences in the carrying amounts of non-current assets for accounting and taxation purposes	621 793	560 803	559 257
Gross deferred tax liability	**621 793**	**560 803**	**559 257**
Deferred corporate income tax asset, 15%			
Vacation pay reserve	(11 180)	(11 927)	(11 179)
Gross deferred tax asset	**(11 180)**	**(11 927)**	(11 179)
Net deferred tax	**610 613**	**548 876**	**548 078**
Increase/ (decrease) in deferred corporate income tax	**61 737**	**798**	**33 364**

12. Corporate income tax (cont'd)

Current corporate income tax:

	2015 EUR	2014 restated EUR
Profit/ (loss) before tax	1 231 089	(1 757 652)
Tax at the applicable tax rate of 15%	184 663	(263 648)
Tax adjustments for:		
Non-deductible amounts	6 002	4 478
Balance items revaluation	-	-
Prior-year asset revaluation	11 747	374 336
Depreciation	(104 018)	(16 491)
Provisions and allowances	27 558	3 721
Tax rebates	(10 897)	-
Current corporate income tax for the reporting year	**115 055**	**102 396**

13. Employee benefits expense and number of employees

	2015 EUR	2014 EUR
Wages and salaries	1 769 922	1 739 729
Statutory social insurance contributions	403 287	395 119
Employee health insurance	25 655	23 596
Unemployment risk duty	682	672
Other staff costs	148	-
TOTAL:	**2 199 694**	**2 159 116**

Including Board compensation

	2015 EUR	2014 EUR
Wages and salaries	74 698	83 242
Statutory social insurance contributions	10 467	13 362
Employee health insurance	168	167
Unemployment risk duty	5	4
TOTAL:	**85 338**	**96 775**

Including Council compensation

	2015 EUR	2014 EUR
Wages and salaries	2 177	-
Statutory social insurance contributions	743	-
Unemployment risk duty	1	-
TOTAL:	**2 921**	**-**

In 2015 one Council Member received remuneration for his functions in the Council, while in 2014 the Council Members did not receive any such remuneration.

	2015	2014
Average number of employees during the reporting year	**148**	**153**

13. Employee benefits expense and number of employees (cont'd)

The total employee benefits expense are included in the following captions of the statement of comprehensive income:

	2015 EUR	2014 EUR
Cost of sales (see Note 4)	1 483 867	1 426 340
Cost of sales – research costs (see Note 4)	61 592	92 757
Distribution costs (see Note 5)	324 115	312 574
Administrative expense (see Note 6)	330 120	327 445
TOTAL:	**2 199 694**	**2 159 116**

14. Earnings before interest, taxes, depreciation and amortisation

		2015 EUR	2014 EUR
EBITDA	EUR	2 232 413	1 641 227
EBITDA	%	17	15

EBITDA - earnings before interest, taxes, depreciation and amortisation,

% - EBITDA / net turnover x 100

15. Intangible assets

	ODM assets	Other intangible assets	ODM and Other intangible assets TOTAL	Intangible assets construction in progress	Intangible assets TOTAL
	EUR	EUR	EUR	EUR	EUR
ACQUISITION VALUE					
As at 1 January 2014	**-**	**384 353**	**384 353**	**-**	**384 353**
Additions	-	1 461	1 461	100 724	102 185
Reclassification	-	100 724	100 724	(100 724)	-
As at 31 December 2014	**-**	**486 538**	**486 538**	**-**	**486 538**
Additions	161 935	124 604	286 539	111 020	397 559
Reclassification		111 020	111 020	(111 020)	-
As at 31 December 2015	**161 935**	**722 162**	**884 097**	**-**	**884 097**
ACCUMULATED AMORTISATION					
As at 1 January 2014	**-**	**245 500**	**245 500**	**-**	**245 500**
Charge for the year	-	70 261	70 261	-	70 261
As at 31 December 2014	**-**	**315 761**	**315 761**	**-**	**315 761**
Charge for the year	3 348	95 785	99 133	-	99 133
As at 31 December 2015	**3 348**	**411 546**	**414 894**	**-**	**414 894**
NET CARRYING AMOUNT					
As at 31 December 2014		**170 777**	**170 777**		**170 777**
As at 31 December 2015	**158 587**	**310 616**	**469 203**		**469 203**

16. Property, plant and equipment

	Land and buildings	Equipment and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
ACQUISITION VALUE/ REVALUED AMOUNT						
As at 1 January 2014	**4 370 857**	**5 757 377**	**712 122**	**-**	**10 072**	**10 850 428**
Additions	-	93 925	88 710	-	7 384	**190 019**
Disposals	-	(192 893)	(73 300)	-	-	**(266 193)**
Reclassification	-	-	269	-	(269)	**-**
As at 31 December 2014	**4 370 857**	**5 658 409**	**727 801**	**-**	**17 187**	**10 774 254**
Additions	-	1 373 607	214 228	43 733	19 107	**1 650 675**
Disposals	-	(114 710)	(10 582)	-	-	**(125 292)**
Reclassification	-	28 751	-	-	(28 751)	**-**
As at 31 December 2015	**4 370 857**	**6 946 057**	**931 447**	**43 733**	**7 543**	**12 299 637**
ACCUMULATED DEPRECIATION						
As at 1 January 2014	**1 102 601**	**3 633 403**	**587 900**	**-**	**-**	**5 323 904**
Charge	148 941	373 290	65 214	-	-	**587 445**
Disposals	-	(167 611)	(72 675)	-	-	**(240 286)**
As at 31 December 2014	**1 251 542**	**3 839 082**	**580 439**	**-**	**-**	**5 671 063**
Charge	146 884	442 316	90 248	4 677	-	**684 125**
Disposals	-	(114 523)	(10 340)	-	-	**(124 863)**
As at 31 December 2015	**1 398 426**	**4 166 875**	**660 347**	**4 677**	**-**	**6 230 325**
NET CARRYING AMOUNT						
As at 31 December 2014	**3 119 315**	**1 819 327**	**147 362**	**-**	**17 187**	**5 103 191**
As at 31 December 2015	**2 972 431**	**2 779 182**	**271 100**	**39 056**	**7 543**	**6 069 312**

Cadastral value of the Company's real estate

	31/12/2015	31/12/2014
	EUR	EUR
Buildings	313 734	313 734
Land	32 028	32 028
TOTAL:	**345 762**	**345 762**

Pledges and other restrictions on title

The Company has pledged its immovable property at Akmeņu iela 72, Ogre, and movable properties as security for all the loans granted by AS Citadele Banka (see Note 33).

16. Property, plant and equipment (cont'd)

The total amortisation and depreciation costs are included in the following captions of the statement of comprehensive income:

	2015 EUR	2014 EUR
Cost of sales (see Note 4)	605 673	544 365
Costs of research and product development (see Note 4)	8 181	21 843
Administrative expense (see Note 6)	147 930	104 251
SUBTOTAL:	**761 784**	**670 459**
Depreciation included in the cost of work in progress	21 474	(12 753)
TOTAL:	**783 258**	**657 706**

As at 31 December 2015, the change in the depreciation charge included in the cost of work in progress was EUR 21 474 (31 December 2014: (EUR 12 753)).

17. Investments in related and other companies

Company	Equity interest %	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Subsidiaries				
SIA „Ventspils Elektronikas Fabrika" (Latvija)	100	426 862	426 862	426 862
SIA „Mārupes Elektronikas Tehnoloģijas" (Latvija)	100	20 000	20 000	-
SIA "Campus Pārogre" (Latvija)	100	2 800	-	-
TOTAL:		**449 662**	**446 862**	**426 862**

On 1 November 2005, the Company established its fully-owned related company SIA Ventspils Elektronikas Fabrika. The share capital of this company was LVL 300 000 (EUR 426 862). The core business activity of SIA Ventspils Elektronikas Fabrika comprises the production of components of various electronic and telecommunication equipment on a contractual basis, applying state-of-the-art technologies: surface mount, furnace and wave soldering, and the programming, adjustment and testing of devices. The company's products are supplied to local and foreign manufacturers of end products.

SIA Ventspils Elektronikas Fabrika had revenues of EUR 2 137 642 (2014: EUR 1 402 370) and profit of EUR 25 211 (2014: loss of EUR 108 309) for the period from 1 January 2015 to 31 December 2015. Its equity as at 31 December 2015 was EUR 473 513 (31 December 2014: EUR 448 302).

On 6 August 2014, the Company established its fully-owned related company SIA Mārupes Elektronikas Tehnoloģijas. The share capital of this company was EUR 20 000. The core business activity of this company comprises the development and designing of electronic equipment and devices.

SIA Mārupes Elektronikas Tehnoloģijas had revenues of EUR 204 900 and profit of EUR 2 895 (2014: loss of EUR 65) for the period from 1 January 2015 to 31 December 2015. Its equity as at 31 December 2015 was EUR 22 831 (31 December 2014: EUR 19 935).

On 30 September 2015, the Company established its fully-owned related company SIA Campus Pārogre. The share capital of this company was EUR 2 800.
The year 2015 was the first year of the company's operations. The company had loss of EUR 11 for the reporting year.

18. Investments in associates

Company	Equity interest, %	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Associates				
SIA Zinātnes parks	24	960	-	-
	TOTAL:	**960**	**-**	**-**

SIA Zinātnes parks (registration No 10103901040) is a company established on 21 May 2015 by 4 shareholders. AS HansaMatrix owns 24 (twenty-four) out of 100 (one hundred) shares in this company. The year 2015 was the first year of the company's operations. Based on unaudited data, the company had loss of EUR 12 for the reporting year.

19. Other financial assets

Company	Equity interest, %	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Financial assets				
SIA EUROLCDS	14	508 354	-	-
Shares in Hanza Holding AB (Sweden)	11	-	-	5 064 712
SIA LEO PĒTĪJUMU CENTRS (Latvia)	10	711	711	711
SIA LEITC (Latvia)	4	14 929	14 929	14 929
	TOTAL:	**523 994**	**15 640**	**5 080 352**

SIA EUROLCDS (registration No 41203040030) is a company established on 10 March 2011. In 2015, AS HansaMatrix purchased 305 (three hundred and five) shares owned by SIA Macro Rīga out of 2 235 (two thousand two hundred thirty-five) shares in this company.
Based on unaudited data, SIA EUROLCDS had revenues of EUR 1 716 711 and loss of EUR 62 676 for the period from 1 January 2015 to 31 December 2015. Its equity as at 31 December 2015 was EUR 3 661 528.
As at 31 December 2015, paid and unpaid shares amounted to EUR 225 854 and EUR 282 500 respectively (see Note 42).

On 23 November 2007, the Company acquired the shares in Elektromekan i Årjäng AB from the previous shareholder Westergyllen. On 18 December 2009, an agreement was signed on the sale of Elektromekan i Årjäng AB to Hanza AB by means of a share swap. On 26 October 2010, the Company agreed with Hanza AB on the share swap, thereby acquiring 53 192 shares (11%) in Hanza Holding AB (Hanza Interessenter AB until 14 January 2011)), which was the parent of Hanza AB, for EUR 5 064 712, which was the parent of Hanza AB. In 2013, the Company tested its investment in Hanza Holding AB for impairment. The value of the shares in Hanza Holding AB was defined according to the market approach (guidelines public company method).

In 2014, the Company established a subsidiary SIA HM Holding by investing all the shares of Hanza Holding AB amounting to EUR EUT 5 067 512. In preparing the financial statements for the year 2004, the value of the investment in SIA HM Holding was reduced by EUR 2 567 512 to the company sales price of EUR 2 500 000 (see Notes 9 and 10). In 2014, before the preparation of the financial statements, an agreement on the sale of SIA HM Holding for EUR 2 500 000 was signed and the company was sold in 2015 (see Note 28)

SIA LEO PĒTĪJUMU CENTRS (registration No 51203037371) is a company established on 27 July 2010 by 20 shareholders. AS HansaMatrix owns 500 (five hundred) out of 5 000 (five thousand) shares in this company.
Based on unaudited data, equity of this company as at 31 December 2015 was EUR 150 000.

On 12 September 2012, the interest-free loan issued to the Latvian Electrical Engineering and Electronics Industry Association was remitted in exchange for 79 shares in SIA LEITC (registration No 40008010789), which formed 3.95% of this entity's share capital. Based on unaudited data, SIA LEITC had revenues of EUR 90 504 and profit of EUR 16 661 for the period from 1 January 2015 to 31 December 2015. Its equity as at 31 December 2015 was EUR 313 033.

20. Other loans and receivables

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Project investment	-	1 992	1 992
TOTAL:	**-**	**1 992**	**1 992**

On 1 August 2011, the Company entered into an agreement with SIA LEO PĒTĪJUMU CENTRS on cooperation under the research project “Competence Centre for the Latvian Electrical and Optical Equipment Manufacturing Sector”, which will be implemented in 2016. In 2013, the Company made a security deposit of EUR 1 992 for the purposes of project implementation. In 2015, this amount was repaid by SIA LEO PĒTĪJUMU CENTRS to the Company.

21. Inventories

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Raw materials	1 764 829	1 350 856	1 255 672
Allowances for slow-moving items	(494 319)	(338 873)	(334 533)
TOTAL:	**1 270 510**	**1 011 983**	**921 139**

Movement of allowances for slow-moving items:

	2015	2014
	EUR	EUR
At the beginning of the year	**(338 873)**	**(334 532)**
Release of allowances	30 650	24 858
Allowances established in the reporting year (see Note 4)	(186 096)	(29 199)
At the end of the year	**(494 319)**	**(338 873)**

22. Work in progress

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Work in progress – raw materials	675 534	119 112	183 739
Work in progress - overheads	161 371	38 968	117 778
TOTAL:	**836 905**	**158 080**	**301 517**

In the second half of 2015, the Company started cooperation with a new customer. The manufacturing of a new product is material-intensive. The production process has been commenced and it will be completed in 2016, with the result that work in progress at the year end grew substantially.

23. Trade receivables

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Other trade receivables	697 669	284 230	531 204
Allowances for doubtful trade receivables	-	-	(71 937)
TOTAL:	**697 669**	**284 230**	**459 267**

The trade receivables are non-interest bearing and are generally on 30-60 days’ terms.

24. Loans to shareholders

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
SIA Macro Rīga	2 375 744	-	-
TOTAL:	**2 375 744**	**-**	**-**

The loan agreement was signed on 17 April 2015. The loan matures on 30 December 2016 and bears annual interest at the rate of 3.91%.

25. Receivables from related companies

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
SIA Macro Rīga	-	86	-
SIA Ventspils Elektronikas Fabrika	309 192	115 518	-
SIA Mārupes Elektronikas Tehnoloģijas	35 330	-	-
TOTAL:	**344 522**	**115 604**	**-**

26. Other receivables

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
VAT on prepayments	137 880	-	-
Overpayment of VAT	25 624	-	-
Other loans	18 350		
Pledge payment - SIA Amfort	15 800	-	-
Loans to private individuals*	3 039	-	-
Security deposit - Latvija Statoil	2 988	2 988	2 988
Financing granted by LETERA for marketing activities	2 188	-	-
Accrued income (SIA Lightspace Technologies)	1 200	-	-
Pre-financing by the ERDF**	-	362 534	-
Interim payment by the ERDF for project 1.10	-	24 455	-
Guarantee coverage	-	16 113	11 847
Interim payment by the ERDF for employee training	-	7 581	-
Security deposit - SIA Ektornet	-	1 733	1 733
Other receivables	77	108	247
TOTAL:	**207 146**	**415 512**	**16 815**

*A loan was issued to a private individual in 2015. The loan matures on 30 June 2016 and bears annual interest at the rate of 3.91%.

**In 2014, the Company entered into agreements on the implementation of the project “Set-up of the Robotic Printed Circuit Board Assembly and Production Line”, for which the Investment and Development Agency of Latvia transferred 89.24% of the aid as pre-financing, and the project “Launch of the Production of Precision Metal Parts of the Volumetric 3D Display System at SIA Hanzas Elektronika”, for which the Investment and Development Agency of Latvia transferred 89.20% of the aid as pre-financing.

27. Prepaid expense

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Insurance	9 243	7 874	8 213
Guarantee premium	1 928	3 793	4 000
Commission fees paid to factoring companies	1 454	-	-
Rent of Riga office	-	-	2 022
Other prepaid expense	1 061	1 057	2 154
TOTAL:	**13 686**	**12 724**	**16 389**

28. Asset held for sale

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Shares in SIA “HM Holding” (Latvia)	-	2 500 000	-
TOTAL:	**-**	**2 500 000**	**-**

In 2014, AS HansaMatrix was reorganised by carving out the shares in Hanza Holding AB and investing them in the share capital of the subsidiary SIA HM Holding. In 2014, SIA HM Holding sold shares in Hanza Holding AB.

In 2015, 100% shares in the subsidiary SIA HM Holding were sold for EUR 2 500 000.

29. Cash and cash equivalents

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Cash at bank	251 445	91 027	29 596
TOTAL:	**251 445**	**91 027**	**29 596**

Cash and cash equivalents by currency profile:

	31/12/2015		31/12/2014		01/01/2014	
	Currency	EUR	Currency	EUR	Currency	EUR
LVL	-	-	-	-	1 855	2 639
USD	611	561	2 543	2 094	17 105	12 614
EUR	250 884	250 884	88 933	88 933	14 343	14 343
TOTAL:		**251 445**		**91 027**		**29 596**

30. Share capital

After the denomination, the share capital was EUR 1 280 272 and consisted of 9 016 shares. The share capital was fully paid. The par value of each share is EUR 142.

In 2015, a new investor was brought in, and the share capital was increased to EUR 1 546 380. As a result, the share capital consists of 773 190 shares, each having the par value of EUR 2.

	31/12/2015 Equity interest, %	31/12/2014 Equity interest, %	01/01/2014 Equity interest, %
SIA Macro Rīga	82.8	100	25
Limited partnership FlyCap Investment F und I AIF	17.2	-	-
Baltic SME Fund C.V.	-	-	37.5
Hornell Teknikinvest AB	-	-	25
Proditron Sweden AB	-	-	12.5
TOTAL:	**100**	**100**	**100**

The share premium as at 31 December 2015 was EUR 1 094 987 (31 December 2014: EUR 761 415).
The dividends paid in 2014 were EUR 1 647 000. No dividends were paid in 2013.

31. Other reserves

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Share capital denomination reserve	313	313	-
TOTAL:	**313**	**313**	**-**

In 2014, the share capital was denominated into the euro. The denomination resulted in a difference of EUR 313, which was transferred to a reserve.

32. Non-current asset revaluation reserve

Real estate was revalued in 2007 and 2012 by certified appraisers. Revaluation is performed on a regular basis, which is once every five years. Land and buildings are stated at their revalued amount, which is equal to the fair value at the date of revaluation less any subsequent accumulated depreciation. According to the fair value hierarchy, these assets are classified in these financial statements as Level 3, where fair value is determined on the basis of significant unobservable inputs.
As a result of the revaluation, the carrying amount was increased by EUR 1 989 062 (LVL 1 397 921) in 2007 and by EUR 237 251 (LVL 166 741) in 2012. The revaluation reserve made for the building is taken to retained earnings over the useful life of the asset. The revaluation reserve made for the land remains unchanged.

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Revaluation reserve (building)	1 433 886	1 512 200	1 590 515
Revaluation reserve (land)	215 131	215 131	215 131
Transferred to deferred corporate income tax	(247 352)	(259 100)	(270 846)
TOTAL:	**1 401 665**	**1 468 231**	**1 534 800**

33. Loans from credit institutions

	Initial loan amount	Interest rate	Maturity	31/12/2015 EUR	31/12/2014 restated EUR	01/01/2014 EUR
Swedbank AS (loan)	EUR 3 585 159	3m EURIBOR+2.5%	31/12/2017	-	-	1898 024
Swedbank AS (loan)	EUR 836 757	3m EURIBOR+2.5%	31/12/2017	-	-	442 989
Swedbank AS (loan)	EUR 900 000	3m EURIBOR+5.0%	17/08/2017	-	-	202 668
Citadele Banka AS (loan)	EUR 2 773 083	6m EURIBOR+3.5%	06/08/2019	1 766 993	2 119 188	-
Citadele Banka AS (loan)	EUR 2 214 362	6m EURIBOR+3.5%	06/08/2020	1 384 814	1 734 433	-
Citadele Banka AS (loan)	EUR 1 500 000	6m EURIBOR+5.0%	24/08/2019	870 429	1 159 300	-
Citadele Banka AS (loan)	EUR 980 000	6m EURIBOR+4.0%	29/04/2021	758 866	-	-
Non-current loans from credit institutions:				**4 781 102**	**5 012 921**	**2 543 681**
Expense related to the conclusion of loan agreements – non-current portion				(53 253)	(54 470)	-
TOTAL:				**4 727 849**	**4 958 451**	**2 543 681**

33. Loans from credit institutions *(cont'd)*

	Initial loan amount	Interest rate	Maturity	31/12/2015 EUR	31/12/2014 restated EUR	01/01/2014 EUR
Swedbank AS (loan)	EUR 3 585 159	3m EURIBOR+2.5%	31/12/2017	-	-	632 675
Swedbank AS (loan)	EUR 836 757	3m EURIBOR+2.5%	31/12/2017	-	-	147 663
Swedbank AS (loan)	EUR 900 000	3m EURIBOR+5.0%	17/08/2017	-	-	76 001
Citadele Banka AS (loan)	EUR 2 773 083	6m EURIBOR+3.5%	06/08/2019	387 960	516 168	-
Citadele Banka AS (loan)	EUR 2 214 362	6m EURIBOR+3.5%	06/08/2020	348 856	333 737	-
Citadele Banka AS (loan)	EUR 1 500 000	6m EURIBOR+5.0%	24/08/2019	288 597	272 491	-
Citadele Banka AS (loan)	EUR 980 000	6m EURIBOR+4.0%	29/04/2021	157 445	-	-
			Current loans from credit institutions:	**1 182 858**	**1 122 396**	**856 339**
			Accrued interest to Citadele Banka	11 520	14 743	-
			Expense related to the conclusion of loan agreements – current portion	(17 248)	(14 022)	-
			TOTAL:	**1 177 130**	**1 123 117**	**856 339**

Loan principal amounts by their maturity dates can be specified as follows:

	2015 EUR	2014 EUR
Payable:		
Within one year	1 182 858	1 122 396
Between one and five years	4 781 102	4 747 756
More than five years	63 000	265 165
TOTAL:	**5 963 960**	**6 135 317**

34. Finance lease liabilities

	31/12/2015 EUR	31/12/2014 EUR	01/01/2014 EUR
Finance lease payments:			
Non-current portion – payable between one and five years	39 780	-	-
Current portion – payable within one year	13 414	-	-
TOTAL:	**53 194**	**-**	**-**

Finance lease liabilities are towards SIA Nordea Finance Latvia. According to the finance lease agreements, the interest rate varies between 2.5% to 2.8%.

35. Issued debt securities

In 2007, the Company issued bonds totalling EUR 2 000 000 (LVL 1 405 608), which were managed by AS Hansa Investeerimisfondid (incorporated in Estonia). New bonds were issued on 13 August 2010, and they were managed by AS Swedbank Estonia. The new issue resulted in the retirement of old bonds. The Company had pledged the shares in Hanza Holding AB to secure these bonds. In September 2014, the Company obtained a loan from AS Citadele Banka and extinguished the bonds.

36. Loans from related companies

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
SIA Ventspils Elektronikas Fabrika	-	-	69 639
TOTAL:	**-**	**-**	**69 639**

In 2012, the Company received an interest-free loan from its subsidiary SIA Ventspils Elektronikas Fabrika. The loan matured on 31 December 2014. The loan was fully repaid at the maturity date.

37. Deferred income

On 6 September 2011, the Company entered into an agreement on the implementation of the project "Development of New Products and Technologies" with the Investment and Development Agency of Latvia. The Company fulfilled all the conditions set out in the agreement and acquired production equipment under the project for a total amount of LVL 1 100 400 (EUR 1 565 728). After the conditions of project implementation had been assessed, on 9 November 2012 the Company received a grant of LVL 385 140 (EUR 548 005).

On 15 May 2014, the Company entered into an agreement on the implementation of the project "Set-up of the Robotic Printed Circuit Board Assembly and Production Line" with the Investment and Development Agency of Latvia. The Company fulfilled all the conditions set out in the agreement and acquired production equipment under the project for a total amount of EUR 660 546. After the conditions of project implementation had been assessed, on 16 September 2015 the Company received a grant of EUR 298 582.

On 18 September 2014, the Company entered into an agreement on the implementation of the project "Launch of the Production of Precision Metal Parts of the Volumetric 3D Display System at SIA Hanzas Elektronika" with the Investment and Development Agency of Latvia. The Company fulfilled all the conditions set out in the agreement and acquired production equipment under the project for a total amount of EUR 232 913. After the conditions of project implementation had been assessed, on 8 October 2015 the Company received a grant of EUR 105 313.

	2015	2014
	EUR	EUR
Balance at the beginning of the year	**393 878**	**462 379**
Grants received	403 895	-
Taken to income	(95 757)	(68 501)
Balance at the end of the year	**702 016**	**393 878**

Non-current and current deferred income comprises the grants received, considering the expected gradual recognition of the grants as income.

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Non-current portion	583 029	325 377	393 878
Current portion	118 987	68 501	68 501
TOTAL:	**702 016**	**393 878**	**462 379**

Based on the expected recognition as income, deferred income can be specified as follows:

	2015	2014
	EUR	EUR
Payable:		
Within one year	118 987	68 501
Between one and five years	458 825	274 002
More than five years	124 204	51 375
TOTAL:	**702 016**	**393 878**

38. Prepayments received from customers

In 2015, the Company started cooperation with a new customer. The manufacturing of a new product is material-intensive and requires specific materials, for which prepayments must be made. The customer has made a prepayment for the acquisition of materials, which led to an increase in total prepayments received from customers.

39. Trade payables

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Balances due to foreign creditors	1 178 989	794 461	743 064
Balances due to local suppliers for services	254 011	49 404	47 192
Balances due to local suppliers for goods	116 279	57 255	33 168
TOTAL:	**1 549 279**	**901 120**	**823 424**

The trade payables are non-interest bearing and are generally on 30-60 days' terms.

40. Payables to related companies

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
SIA Mārupes Elektronikas Tehnoloģijas	-	19 900	-
SIA HM Holding	-	2 500	
TOTAL:	**-**	**22 400**	**-**

41. Taxes payable

	31.12.2013	Calculated	Penalties	Paid	31.12.2014
	EUR	EUR	EUR	EUR	EUR
Statutory social insurance contributions	(47 574)	(557 896)	(2 601)	566 692	(41 379)
Personal income tax	(24 973)	(303 534)	(1 447)	301 422	(28 532)
Value added tax	(18 627)	(287 083)	(966)	269 702	(36 974)
Natural resource tax	(141)	(455)	-	426	(170)
Real estate tax	-	(5 186)	(56)	5 223	(19)
Unemployment risk duty	(57)	(672)	-	674	(55)
Corporate income tax (restated)	(56 192)	(102 396)	(844)	126 334	(33 098)
TOTAL:	**(147 564)**	**(1257 222)**	**(5 914)**	**1 270 473**	**(140 227)**
TOTAL PAYABLE:	**(147 564)**				**(140 227)**
TOTAL RECEIVABLE:	**-**				**-**

41.Taxes payable *(cont'd)*

	31.12.2014	Calculated	Penalties	Transferred	Paid	31.12.2015
	EUR	EUR	EUR	EUR	EUR	EUR
Statutory social insurance contributions	(41 379)	(608 167)	(3 278)	151	616 814	(35 859)
Personal income tax	(28 532)	(320 696)	(1 577)	105	330 142	(20 558)
Value added tax	(36 974)	(338 610)	(1 557)	(256)	403 021	25 624
Natural resource tax	(170)	(608)	(3)	-	527	(254)
Real estate tax	(19)	(5 186)	(24)	-	5 226	(3)
Unemployment risk duty	(55)	(682)	-	-	702	(35)
Corporate income tax	(33 098)	(115 055)	(1 898)	-	106 431	(43 620)
TOTAL:	**(140 227)**	**(1389 004)**	**(8 337)**		**1 462 863**	**(74 705)**
TOTAL PAYABLE:	**(140 227)**					**(100 329)**
TOTAL RECEIVABLE:	**-**					**25 624**

42. Other liabilities

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Unpaid shares in SIA EOROLCDS	282 500	-	-
Pre-financing by the ERDF	-	362 534	-
Salaries	84 626	109 661	95 228
Credit cards	117	2 224	2 053
Balances due to employees	200	938	-
Other liabilities	128	151	516
TOTAL:	**367 571**	**475 508**	**97 797**

43. Accrued liabilities

	31/12/2015	31/12/2014	01/01/2014
	EUR	EUR	EUR
Vacation pay reserve	74 532	79 515	74 529
Accumulated interest on dividends	-	-	25 132
Accumulated interest on securities	-	-	6 858
Accumulated interest on the loans from Swedbank AS	-	-	843
Other accrued liabilities	43 559	27 921	17 066
TOTAL:	**118 091**	**107 436**	**124 428**

44. Related party disclosures

Related parties are defined as subsidiaries and associates of the Company as well as shareholders that have the ability to control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its parent company, and close members of the families of any individual referred to previously, and entities over which these persons exercise significant influence or control.

The table below summarises transactions with related parties for the relevant financial year:

Related party	Description of the transaction	Balances due to/ from related parties as at 31/12/2014	Counter-performance*	Payment	Balances due to/ from related parties as at 31/12/2015
SIA Ventspils Elektronikas Fabrika	Production services received	115 518	(2 577 196)	2 770 870	309 192
SIA Ventspils Elektronikas Fabrika	Raw materials received	-	(219 694)	219 694	-
SIA Ventspils Elektronikas Fabrika	Raw materials sold	-	139 688	(139 688)	-
SIA Macro Rīga	Sale of SIA HM Holdings - loan	-	2 500 000	(178 354)	2 321 646
SIA Macro Rīga	Loan interest		54 098	-	54 098
SIA Macro Rīga	Acquisition of shares in SIA EUROLCDS	-	(178 354)	178 354	-
SIA Macro Rīga	Services received	86	(134 334)	134 248	-
SIA Macro Rīga	Materials sold	-	714	(714)	-
SIA Mārupes Elektronikas Tehnoloģijas	Share capital	(10 000)		10 000	-
SIA Mārupes Elektronikas Tehnoloģijas	Loan received	(9 900)	-	9 900	-
SIA Mārupes Elektronikas Tehnoloģijas	Services received	-	(247 929)	280 700	32 771
SIA Mārupes Elektronikas Tehnoloģijas	Services provided, materials sold		4 564	(2 005)	2 559
SIA HM Holding	Loan received	(2 500)	-	2 500	-
	TOTAL:	**93 204**	**(878 693)**	**698 049**	**2 720 266**
	TOTAL RECEIVABLE:	**115 604**			**2 720 266**
	TOTAL PAYABLE:	**(22 400)**			**-**

* All amounts are inclusive of VAT.

Terms and conditions of transactions with related parties

Outstanding balances as at the year-end are unsecured and settlements are made in cash. There have been no guarantees provided or received for any related party receivables. For the year ended 31 December 2015, the Company has not raised any allowance for doubtful debts relating to amounts owed by related parties (2014: EUR 0).

45. Off-balance sheet items

As at 31 December 2015, the Company had raw materials received from customers. The total value of these materials was EUR 12 317 448 (31 December 2014: EUR 12 977 988). These raw materials are processed and sent back to customers.

46. Commitments and contingencies

Commitments under operating leases

The Company has entered into vehicle lease agreements. The future aggregate minimum lease payments are as follows:

	2015	2014	2013
	EUR	EUR	EUR
Payable:			
Less than one year	23 960	20 371	21 757
Between one and five years	30 414	29 804	35 094
More than five years	-	-	-
TOTAL:	**54 374**	**50 175**	**56 851**

47. Restatement of comparative figures

As a result of the first-time adoption of IFRS, the presentation of the revaluation reserve was changed. A decrease in the revaluation reserve is attributed to retained earnings.

	Notes	Initial balance as at 31/12/2014 EUR	Restatement EUR	Restated balance as at 31/12/2014 EUR
Restated captions of the statement of financial position:				
Retained earnings/ (accumulated deficit) brought forward	Depreciation of revalued items of property, plant and equipment	482	78 315	67 051
	Deferred corporate income tax related to revalued items of property, plant and equipment		(11 746)	
Retained earnings for the period	Depreciation of revalued items of property, plant and equipment	(1 935 997)	(78 315)	(2 002 566)
	Deferred corporate income tax related to revalued items of property, plant and equipment		11 746	

		Initial balance for 2014	Restatement	Restated balance for 2014
Restated captions of the statement of comprehensive income:				
Cost of sales	Depreciation of revalued items of property, plant and equipment	8 624 001	78 315	8 702 316
Deferred corporate income tax	Deferred corporate income tax related to revalued items of property, plant and equipment	12 544	(11 746)	798
Net profit for the year	Depreciation of revalued items of property, plant and equipment	(1 935 997)	(78 315)	(2 002 566)
	Deferred corporate income tax related to revalued items of property, plant and equipment		11 746	
Restated captions of the statement of cash flows:				
Profit before tax	Depreciation of revalued items of property, plant and equipment	(1 826 144)	(78 315)	(1 904 459)
Adjustments for: Amortisation and depreciation	Depreciation of revalued items of property, plant and equipment	579 391	78 315	657 706

47. Restatement of comparative figures (cont'd)

Expense directly related to the conclusion of loan agreements with credit institutions for the year 2014 (e.g., commission fees payable for the conclusion of agreements, etc.) has been specified in these financial statements. Initially, expense related to the conclusion of new loan agreements was fully attributed to the year 2014, while in 2015 the expense amount has been restated by distributing it equally over the life of respective agreements

	Notes	Initial balance as at 31/12/2014 EUR	Restatement EUR	Restated balance as at 31/12/2014 EUR
Restated captions of the statement of financial position:				
Retained earnings for the period	Expense related to the conclusion of agreements	(2 002 566)	68 492	(1 944 348)
	Re-calculation of corporate income tax		(10 274)	
Loans from credit institutions (non-current portion)	Expense related to the conclusion of agreements (non-current portion)	5 012 921	(54 470)	4 958 451
Loans from credit institutions (current portion)	Expense related to the conclusion of agreements (current portion)	1 122 396	(14 022)	1 123 117
	Accrued bank interest		14 743	
Accrued liabilities	Accrued bank interest	122 179	(14 743)	107 436
Taxes payable	Re-calculation of corporate income tax	129 953	10 274	140 227

		Initial balance for 2014	Restatement	Restated balance for 2014
Restated captions of the statement of comprehensive income:				
Financial expense	Expense related to the conclusion of agreements	345 069	(68 492)	276 577
Corporate income tax	Re-calculation of corporate income tax	92 122	10 274	102 396
Net profit for the year	Expense related to the conclusion of agreements, corporate income tax	(2 002 566)	68 492	(1 944 348)
	Expense related to the conclusion of agreements, corporate income tax		(10 274)	
Restated captions of the statement of cash flows:				
Profit before tax	Expense related to the conclusion of agreements	(1 904 459)	68 492	(1 835 967)
Loans received from credit institutions	Expense related to the conclusion of agreements	1 048 492	(68 492)	980 000

For comparability purposes, certain captions of the statement of financial position and the statement of comprehensive income for the year ended 31 December 2014 have been restated.

Investments in subsidiaries of EUR 2 544 712 were misstated in the cash flow statement for the year ended 31 December 2014. This amount comprises two portions: impairment of the investment amounting to EUR 2 564 712, which is reported under adjustments, and investments in subsidiaries amounting to EUR (20 000).

47. Restatement of comparative figures (cont'd)

	Notes	Initial balance as at 31/12/2014 EUR	Restatement EUR	Restated balance as at 31/12/2014 EUR
Restated captions of the statement of financial position:				
Non-current investments in shares	Shares in SIA "HM Holding"	2 946 862	(2 500 000)	446 862
Asset held for sale (current)	Shares in Hanza AB	-	2 500 000	2 500 000

		Initial balance for 2014	Restatement	Restated balance for 2014
Restated captions of the statement of comprehensive income:				
Cost of sales	Research and development costs	8 702 316	135 775	8 843 227
	Real estate tax		5 186	
Administrative expense	Research and development costs	769 566	(135 775)	633 841
Other operating expense	Currency exchange loss, net	-	22 273	32 167
	Penalties paid		8 836	
	Loss on disposal of property, plant and equipment		1 058	
Financial expense	Currency exchange loss, net	276 577	(22 273)	244 410
	Penalties paid		(8 836)	
	Loss on disposal of property, plant and equipment		(1 058)	
Real estate tax	Transferred to the cost of sales	5 186	(5 186)	-
Restated captions of the statement of cash flows:				
Profit before tax	Real estate tax	(1 835 967)	(5 186)	(1 841 153)
Adjustment of the investment value	Investments in shares – investment impairment	-	2 564 712	2 564 712
Adjustments for: Increase in payables	Real estate tax balance	429 584	(37)	429 547
Real estate tax paid	Real estate tax paid	(5 223)	5 223	-
Cash flows to/ from investing activities	Investments in shares - investment impairment	2 544 712	(2 564 712)	(20 000)

48. Changes in accounting policies

In 2015, the HansaMatrix Group segregated product development and research as a new segment. To ensure the comparability of information within the group, starting from 2014 the costs of research and product development have been reported as the cost of sales, while previously these costs were included in administrative expense.

As a result of the first-time adoption of IFRS, the presentation of the revaluation reserve was changed. A decrease in the revaluation reserve is attributed to retained earnings, while previously it was taken to the statement of comprehensive income for the relevant period.

In these financial statements, interest receivable and similar income has been transferred to other operating income and financial income, while interest payable and similar expense has been reclassified as other operating expense and financial expense.

49. Financial risk management

The Company's principal financial instruments comprise loans from credit institutions, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to ensure financing for the Company's operations. The Company has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.
The main financial risks arising from the Company's financial instruments are foreign currency risk, interest rate risk, liquidity risk, and credit risk.

Foreign currency risk

The Company's financial assets and liabilities, which are exposed to foreign currency risk, comprise cash and cash equivalents, trade receivables and trade payables. The Company is mainly exposed to foreign currency risk of the U.S. dollar. In order to control foreign currency risk, trade receivables which can be potentially exposed to this risk are managed in accordance with the appropriate pricing policy. The Company is mainly exposed to foreign currency risk of the U.S. dollar (USD). The Company's currency risk as at 31 December 2015 may be specified as follows:

		USD	JPY	EUR	TOTAL
		EUR	EUR	EUR	EUR
Trade receivables	2015	139 454	-	484 275	623 729
	2014	31 409	-	819 881	851 290
Cash	2015	561	-	250 884	251 445
	2014	15 034	-	75 993	91 027
Total financial assets, EUR	2015	140 015	-	735 159	875 174
	2014	46 443	-	895 874	942 317
Trade and other payables	2015	106 707	34 697	887 615	1 029 019
	2014	173 332	-	592 555	765 887
Total financial liabilities, EUR	2015	106 707	34 697	887 615	1 029 019
	2014	173 332	-	592 555	765 887
Net assets/ (liabilities), EUR	2015	**33 308**	**(34 697)**	**(152 456)**	**(153 845)**
	2014	**(126 889)**	**-**	**303 319**	**176 430**

As of 31 December 2015 to the date of these financial statements, the USD/EUR exchange rate grew by nearly 3%. The Company has evaluated the potential effect of USD currency exchange rate fluctuations on profit before tax as at 31 December 2015. The effect on equity would include the effect on profit adjusted by corporate income tax of 15%.

49. Financial risk management *(cont'd)*

Exchange rate change		Potential net effect from the USD exchange rate change	Potential net effect from the JPY exchange rate change	Total, EUR
		EUR	EUR	EUR
+10%	2015	(3 028)	3 154	126
	2014	1 172	-	1 172
+5%	2015	(1 586)	1 652	66
	2014	614	-	614
-5%	2015	1 753	(1 826)	(73)
	2014	(678)	-	(678)
-10%	2015	3 701	(3 855)	(154)
	2014	1 432	-	1 432

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.
The Company is exposed to interest rate risk mainly through its current and non-current borrowings. The average interest rate payable on the Company's borrowings is disclosed in Note 30.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on mainly EURIBOR floating rate borrowings). There is no impact on equity, except for the effect on the current year result.
Interest rate sensitivity for the Company may be specified as follows:

Year	EURIBOR change	Effect on profit before tax
		EUR
2015	+1.0%	54 263
2014		56 253
2015	+0.5%	27 131
2014		28 126

Liquidity risk

The Company manages its liquidity risk by arranging an adequate amount of committed credit facilities with banks, planning of terms of payment of trade payables, developing and analysing future cash flows comprising both the existing and planned loans and interest on such loans.
The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2015 based on contractual undiscounted payments.

		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	**TOTAL**
Interest bearing borrowings	2015	290 378	892 480	4 718 102	63 000	**5 963 960**
	2014	275 343	847 053	4 747 756	265 165	**6 135 317**
Other financial liabilities	2015	3 321	10 093	39 780	-	**53 194**
	2014	-	-	-	-	-
Trade and other payables	2015	1 029 019	-	-	-	**1 029 019**
	2014	765 887	-	-	-	**765 887**
TOTAL	**2015**	**1 322 718**	**902 573**	**4 757 882**	**63 000**	**7 046 173**
	2014	**1 041 230**	**847 053**	**4 747 756**	**265 165**	**6 901 204**

49. Financial risk management *(cont'd)*

Credit risk

The Company is exposed to credit risk through its trade receivables and cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning trade credit limits and terms on an individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised. Moreover, the Company enters into insured factoring contracts to minimise this risk. The Company's counterparties in money transactions are local financial institutions.

		31/12/2015	31/12/2014
		EUR	EUR
Trade receivables – non-insured		569 465	209 055
Insured trade receivables (factoring)		850 978	697 217
	TOTAL:	**1 420 443**	**906 272**
Factoring prepayment made		(772 774)	(622 042)
		647 669	**284 230**

Capital management

The primary objective of the Company's capital management is to ensure that the Company maintains a strong credit rating and healthy capital ratios to support its business and increase the shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

From time to time, the management controls capital using the equity/assets ratio as following:

	31/12/2015	31/12/2014
	EUR	EUR
Equity	3 718 602	1 632 934
Total assets	14 017 280	10 327 622
Equity to total assets	**27%**	**16%**

The existing equity level is sufficient for smooth operations of the Company and meets bank covenants with a good margin. It is also sufficient to obtain new bank loans, if necessary.

Fair value

The fair value of financial assets and liabilities represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2015:

			Fair value measurement using		
Assets and liabilities for which fair value is disclosed	Total at carrying amount	Total at fair value	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)
	EUR	EUR	EUR	EUR	EUR
Loans to shareholders	2 375 744	2 375 744			2 375 744
Finance lease liabilities	53 194	53 194		53 194	
Floating rate borrowings	5 904 979	5 904 979		5 904 979	

49. Financial risk management *(cont'd)*

The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximates to their carrying amount largely due to the short-term maturities of these instruments.
- The fair value of loans and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates, which are based on Level 2 measurement. No material difference between the carrying amount and the fair value has been identified.

50. Going concern

As at 31 December 2015, the Company's current assets exceeded its current liabilities by EUR 1 735 051. The Company's management has prepared the 2016 budget assuming that the local and global business environment will develop. The budget provides for the improvement of financial performance and operating profit. Future events in the business environment may differ from the management's forecasts.

51. Events after the reporting period

On 14 January 2016, an agreement was signed on the purchase of a land plot of 1.535 ha, which is adjacent to the existing land plot, at Akmeņu iela 74, Ogre, for the purposes of the further expansion of the Ogre plant

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

52. Correction of the initial annual report for the year ended 31 December 2015

After the initial annual report has been prepared, AS HansaMatrix has detected a discrepancy in the materials of work in progress at the year end and made respective corrections. As a result of these corrections, the balance of the aforementioned materials and overheads related to work in progress has decreased by EUR 419 298 and EUR 87 223 respectively. As a result, work in progress has decreased, while the cost of sales has grown accordingly by EUR 506 521. Corporate income tax has been adjusted downwards by EUR 75 978.