



JOINT STOCK COMPANY
„HANSAMATRIX”
UNIFIED REGISTRATION NUMBER 40003454390

UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2016

Prepared in accordance with International Financial Reporting
Standards, as adopted by the European Union

Riga, 2017

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General information

Name of the Parent Company	„HansaMatrix”
Legal status of the Parent Company	Joint stock company
Parent Company unified registration number	40003454390
Place and date of registration	Riga, 30 July 1999
Registration with the Commercial Register	Riga, 27 December 2002
Registered office	Akmeņu iela 72, Ogre, Latvia, LV-5001
Shareholders (over 5%) as of 27 June 2016 (end of the day)	SIA „Macro Rīga” (64.83%) Limited partnership „FlyCap Investment F und I AIF” (22.08%) Swedbank AS clients account (7.69%)
Subsidiaries	SIA „HansaMatrix Ventspils” (equity interest: 100%) SIA „HansaMatrix Innovation” (equity interest: 100%) SIA „Campus Pārogre” (equity interest: 100%)
Auditors	SIA „Ernst & Young Baltic” Licence No. 17 Diāna Krišjāne Latvian Certified Auditor, Certificate No. 124
Financial year	1st January – 31st December 2016
Interim reporting period	1st January – 31st December 2016

Management Board

The Management Board is a collegial executive body entrusted with management of the Company's business. Its members are elected by the Supervisory Board, which also elects one member of the Management Board to act as Chairman of the Management Board. In accordance with the Articles of Association of the Company, members of the Management Board are elected for an indefinite period of time.

In accordance with the Articles of Association of the Company, the Chairman of the Board has a right to represent the Company as the sole representative when entering into relationships with third parties. Alternatively, the Company can be represented by two members of the Board acting jointly.

As of the date of the statement Company's Management Board is composed of three persons consisting of Chairman of the Board and two Board Members.



Ilmārs Osmanis

Ilmārs Osmanis is the Chairman of the Management Board and the CEO of the Company
Date appointed: 30 December 2015

Positions held in other companies:

- LEO Pētījumu centrs, SIA – Member of council
- LEITC, SIA – Member of council
- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija – Board member
- Campus Pārogre, SIA – Board member
- Zinātnes parks, SIA – Board member
- HansaMatrix Ventpils, SIA – Board member
- Macro Rīga, SIA – Board member
- HansaMatrix Innovation, SIA – Board member
- Lightspace Technologies, SIA – Board member

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 1 185 938 shares

Participation in other companies:

- SIA Macro Rīga (100%)

Ilmārs Osmanis educational background is electronic engineering later complemented by additional executive MBA studies which were not completed due to business start-up. His entrepreneurial experience includes successful development of an electronic components distribution business in the Baltic countries, a business that was subsequently successfully sold. During the last fifteen years, Ilmārs Osmanis, who created the Company, served as its CEO. The Company has subsequently evolved into one of the most modern high tech manufacturing groups in the Nordic and Baltic countries comprising 2 manufacturing plants currently employing around 240 employees.

**Alvis Vagulis**

Alvis Vagulis is a member of the Management Board of the Company, the Vice President of Operations and the Head of Ogre Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- Campus Pārogre SIA - Board member
- AMATEKS, SIA – Deputy Chairman of the Supervisory Board
- EUROLCDs, SIA – Member of Supervisory Board

Owned shares: 0

Alvis Vagulis holds Mechanical Engineering degree from Riga Technical University and an MBA from Brussels Business School (Master of Business Administration). His previous experience includes the position of a plant manager at Schneider Electric. Mr. Vagulis has been with the Company since 2008. He also serves as Council member at EUROLCDs, SIA and Deputy of Council Chairman at AMATEKS, SIA.

**Aldis Cimoška**

Aldis Cimoška is a member of the Management Board of the Company and the Head of Ventspils Plant.

Date appointed: 30 December 2015

Positions held in other companies:

- HansaMatrix Ventspils SIA - Board member
- Biznesa efektivitātes asociācija – Board member

Owned shares: 0

Aldis Cimoška holds Engineering degree in wood processing from Latvian University of Agriculture. He possesses extensive experience in managing a wooden house fabrication company. Mr. Cimoška has been with the Company since 2013.

Supervisory Board

The Supervisory Board of the Company is a collegial body exercising supervision over key activities of the Company and, where appropriate, decision making by the Management Board. As of the date of this statement, the Supervisory Board of the Company consists of 5 members, selected by the General Meeting of Shareholders for the maximum term of office of 5 years. The members of the Supervisory Board shall elect from among themselves the Chairman of the Supervisory Board and one Deputy Chairman of the Supervisory Board.

As of the date of the statement the Company's Supervisory Board is composed of the following members: Chairman of Supervisory Board, Deputy Chairman of Supervisory Board and three Members of Supervisory Board.

Jānis Skutelis

Jānis Skutelis is the Chairman of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Positions held in other companies:

- PURIFIED, SIA – Deputy Chairman of the Council
- LOR Klīnika, Sabiedrība ar ierobežotu atbildību – Member of Council
- Cannelle Bakery, SIA – Member of Council
- MolPort, SIA – Member of Council
- B2Y, Sabiedrība ar ierobežotu atbildību - Member of Council
- Mailigen, SIA - Chairman of Council
- FlyCap AIFP, SIA – Chairman of a Board
- Providencia, Sabiedrība ar ierobežotu atbildību – Member of a Board

Owned shares: 0

As FlyCap representative controls FlyCap 403 933 shares

Participation in other companies:

- Providencia, Sabiedrība ar ierobežotu atbildību (100%)
- eegloo, SIA (5%)
- FlyCap AIFP, SIA (33.33333%)
- BranchTrack, SIA (1.8%)

Jānis Skutelis is the Chairman of the Management Board at FlyCap Investment Fund. Having been involved in business transactions and supervision of more than 25 companies, Jānis Skutelis possesses 8 years of venture capital and private equity industry experience. Jānis Skutelis holds a MSc. degree from Stockholm School of Economics (Sweden). His previous experience includes entrepreneurship, managing own business, management and finance advisory functions, corporate finance and CFO roles.

Krišs Osmanis

Krišs Osmanis is the Deputy Chairman of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Owned shares: 0

Represents Macro Riga shareholding of 1 185 938 shares.

Positions held in other companies:

- LightSpace Technologies, SIA – Chairman of the Council

Krišs Osmanis is the leading Electronics Design Engineer with the Company's R&D department since 2012. He holds a Dr.Sci.Ing degree in Electronics from Riga Technical University. The professional experience of Krišs Osmanis includes high speed FPGA architecture and design, high speed driving of DLP based optical projection systems. He is the author of several scientific publications and patents.

Andris Bērziņš

Andris Bērziņš is a member of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Positions held in other companies:

- RĪGAS EVANĢĒLISKĀ DRAUDZE – Chairman of Board
- KBZ Consulting, Sabiedrība ar ierobežotu atbildību – Receiver
- Cits medijs, AS – Member of Council
- BuzzTale, SIA – Member of Board
- TechHub Riga, Nodibinājums – Member of Board
- KBZ, Sabiedrība ar ierobežotu atbildību – Chairman of Board
- TechChill, Nodibinājums – Member of Board
- Latvijas Start-up uzņēmumu asociācija – Member of Board
- Sonarworks, SIA – Member of Council

Owned shares: 0

Participation in other companies:

- KBZ, Sabiedrība ar ierobežotu atbildību (100%)
- KBZ Consulting, Sabiedrība ar ierobežotu atbildību (100%)

Andris Bērziņš is an entrepreneur and executive with extensive experience in C-level roles at high-growth, global venture-backed startups. He holds a Stanford MBA with a broad experience in investing, strategy, business development, sales, marketing and product management across Europe and the USA. He has a proven track record of having led global technology startups from pre-seed stage to rapid growth.

Ingrīda Blūma

Ingrīda Blūma is a member of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Positions held in other companies:

- Iespējamā misija, Nodibinājums – Chairman of Board
- Expobank, AS – Council Member
- RĪGAS PIENA KOMBINĀTS, Akciju sabiedrība – Council Member
- i-bloom, SIA – Board Member
- Sabiedrība par labām pārmaiņām – Board Member

Owned shares: 0

Participation in other companies:

- i-bloom, SIA (50%)

Ingrīda Blūma holds a MSc. degree from Stockholm University. Her additional training includes INSEAD Advanced Management Program and Strategic management and leadership training course at EBRD. Ingrīda Blūma's work experience is mainly related to the banking sector, where she has worked for almost 20 years. Her work as CEO of AS Swedbank (former AS Hansabanka), has equipped her with a unique blend of business experience in the banking industry and corporate business environment. Under her leadership, AS Hansabanka grew to become the largest bank of Latvia. Ingrīda Blūma has also served in the capacity of a member of the Supervisory Board of SIA Primekss, SIA Pure Food and JSC URSA Bank. Currently, Ingrīda Blūma serves as a member of the Supervisory Board of AS Expobank and AS Rīgas Piena Kombināts. In addition, she chairs the Management Board of the foundation Iespējamā Misija (in English "Mission Possible") forming part of Teach for All global network.

Māris Rambaks

Māris Rambaks is a member of the Supervisory Board of the Company.

Date appointed: 13 June 2016

Term of office: 13 June 2021

Owned shares: 0

Māris Rambaks holds Bachelor's degree in Business Administration from the International University Concordia Audentes, Estonia, along with Master's degree in Law and Finance from Riga Graduate School of Law. Moreover, Mr. Rambaks holds

CFA (Chartered Financial Analyst) designation. The previous experience of Māris Rambaks is in the field of banking and investment services sector and financial markets. For more than 4 years, Māris Rambaks had worked as the Head of Broker Department of AS “LHV Pank”. From 2014 to April 2016, he was in charge of the Latvian branch of AS “LHV Pank”. In addition to the aforementioned, Mr. Rambaks helped to establish one of the leading and widely-recognised investment service providers in Latvia. He also represented investors at various shareholder general meetings and took an active part in multiple investor conferences.

Major shareholders

AS HansaMatrix major shareholders as of 31 December 2016 (end of the day):

Major shareholders (over 5%) Shareholder	Owned shares	Ownership interest
SIA “MACRO RĪGA”	1 185 938	64.83 %
Limited partnership “FlyCap Investment Fund I AIF”	403 933	22.08 %
Swedbank AS clients account (formerly AS Swedbank Estonia clients, formerly AS Swedbank Lithuania clients)	140 616	7.69 %
Other shareholders	98 894	5.40 %
TOTAL:	1 829 381	100.00 %



MANAGEMENT REPORT

General information

The joint stock company HansaMatrix (hereinafter – “HansaMatrix” or “the Company”) 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.

Business environment

Industrial market sectors that are developing and manufacturing equipment for oil exploration and oil related businesses see substantially reduced investment flow into equipment and engineering development due to continuously low global oil prices. In comparison, the market for alternative, renewable energy and energy-saving related equipment is consistently growing. Also there can be observed continuous development of global telecommunication data networks and internet infrastructure. There is a new global trend in new product development which more frequently takes place at start-up company labs rather than established corporate ones.

Finance results brief summary

During the fourth quarter (“Q4” further in document) of 2016 the company reported sales volume increase by 47% compared to the same period of 2015 and reached 4.996 million EUR. This is already the third quarter in a row when company achieved largest quarterly sales result in the Company’s history. The 2016 Q4 sales results despite being usually lower in Christmas holiday time showed 10% sales volume increase in comparison with previous quarter - Q3. This shall be explained by increased market demand for several company’s customers.

During Q4 2016 the Company reported EBITDA result of 0.561 million EUR and net profit result of 0.139 million EUR. The reported period EBITDA result show 13% decrease in comparison with Q4 2015 and 23% decrease from previous – Q3 2016. The net profit results for Q4 2016 demonstrate 41% increase in comparison with Q4 2015 and 55% decrease from previous – Q3 2016. Results represent quarterly EBITDA margin of 11% and net profit margin of 3%. Lower level of quarterly result margins to large extent can be explained of increased share of small margin products have been manufactured and sold during Q4 2016.

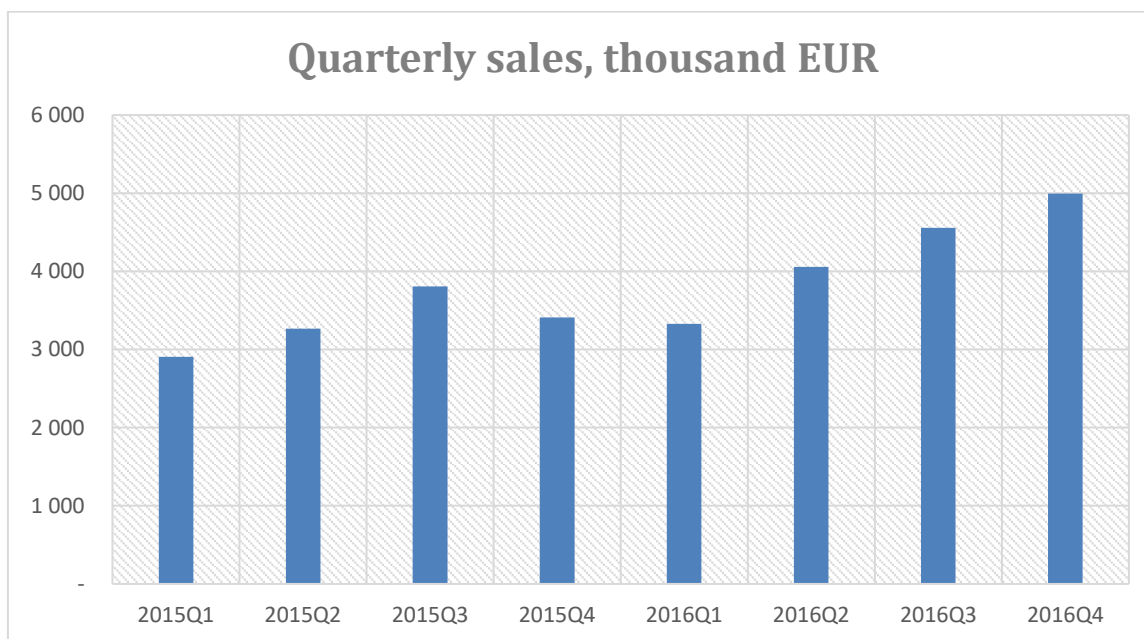
During 12 month period of 2016 the company reported sales volume increase of 27% compared to the same period of 2015 and have achieved 16.939 million EUR revenue, which is largest 12 month sales result in the Company’s history.

During 12 month period of 2016 the Company reported EBITDA result of 2.215 million EUR and net profit result of 0.587 million EUR. The reported period EBITDA result show 12% decrease in comparison with record 12 month period of 2015. The net profit result demonstrate 46% decrease in comparison with record 12 month period of 2015. Results represent 12 month EBITDA margin of 13% and net profit margin of 3%. Year 2016 12 months results were negatively influenced at

beginning of year by Q1 2016 weaker than average results that already have been commented and explained in previous financial reports.

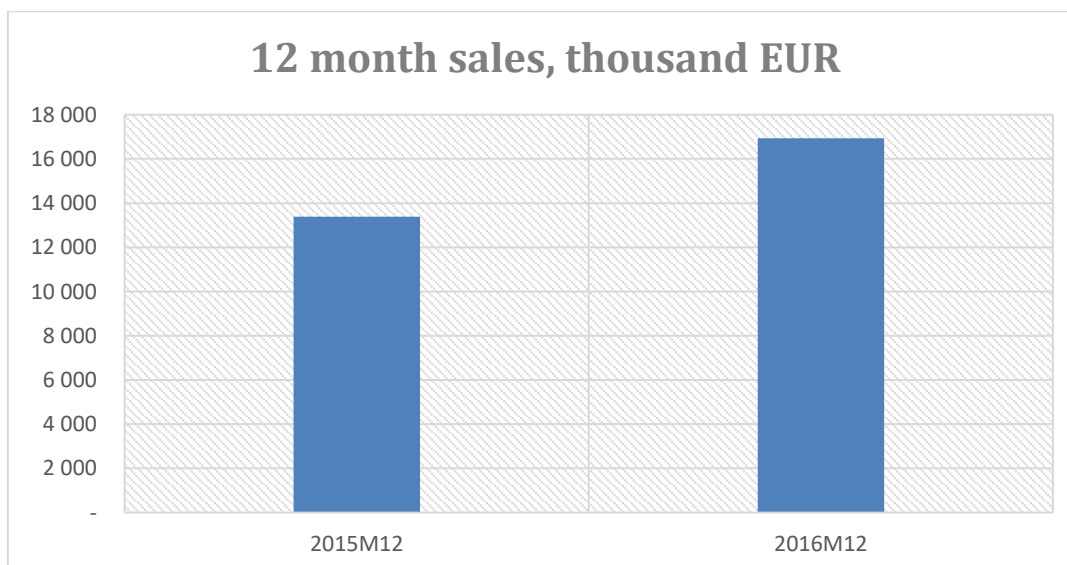
Quarterly sales results

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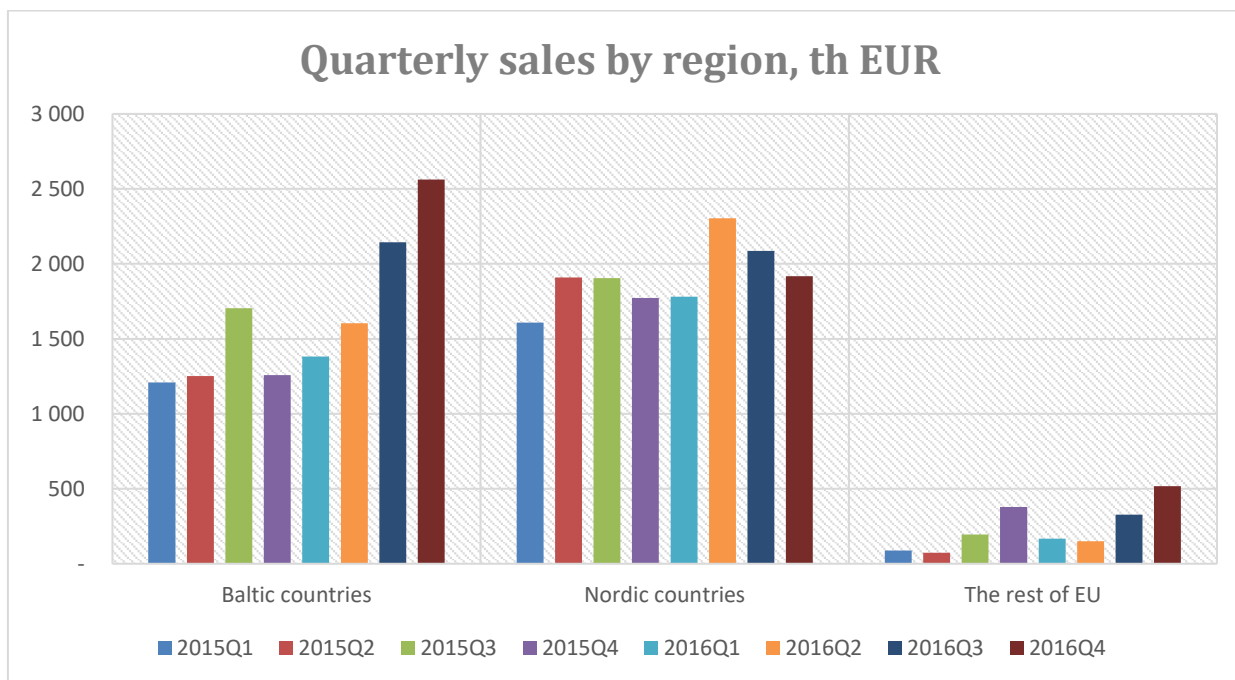
12 month sales results

During 12 month period of 2016 the company reported sales volume increase of 27% compared to the same period of 2015 and have achieved 16.939 million EUR revenue, which is largest 12 month sales result in the Company’s history.

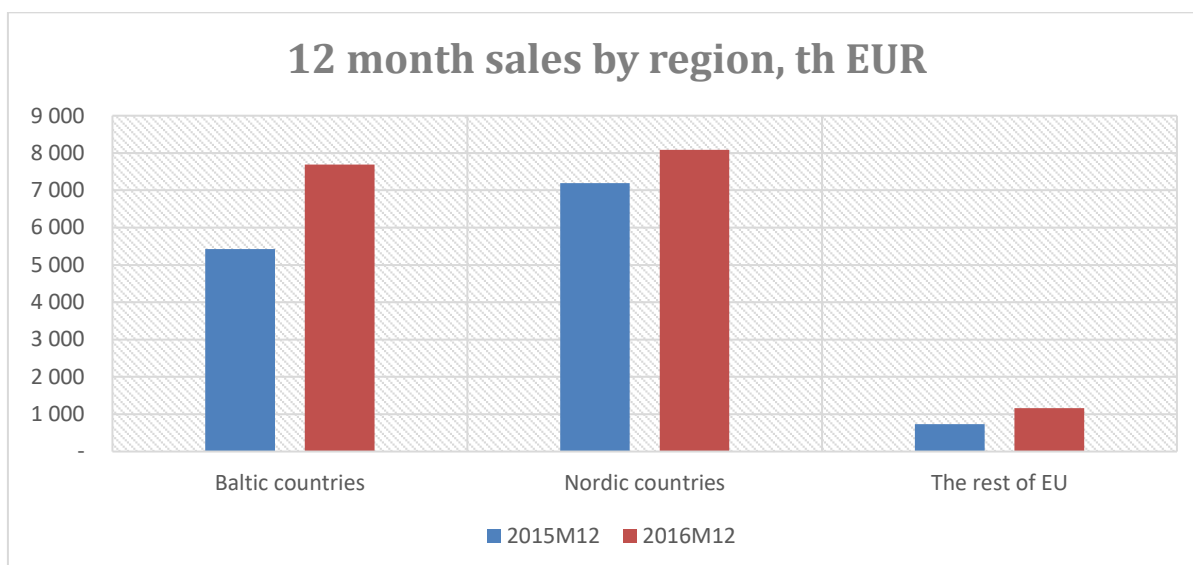


Quarterly sales by region results

During 2016 Q4 main sales drivers were Baltic customers with 51% market share of sales and substantial other EU business volume increase. Nordic and other EU sales reported as 38% and 10% of total sales. Sales dynamics of regions – Baltic sales was 104% up from 2015 Q4 and 20% up from 2016 Q3; Nordic sales was 8% up from 2015 Q4 and 8% down from 2016 Q3 taking into account traditional Christmas holiday period. Other EU sales reporting dynamic 37% growth from 2015 Q4 and 58% increase from 2016 Q3.

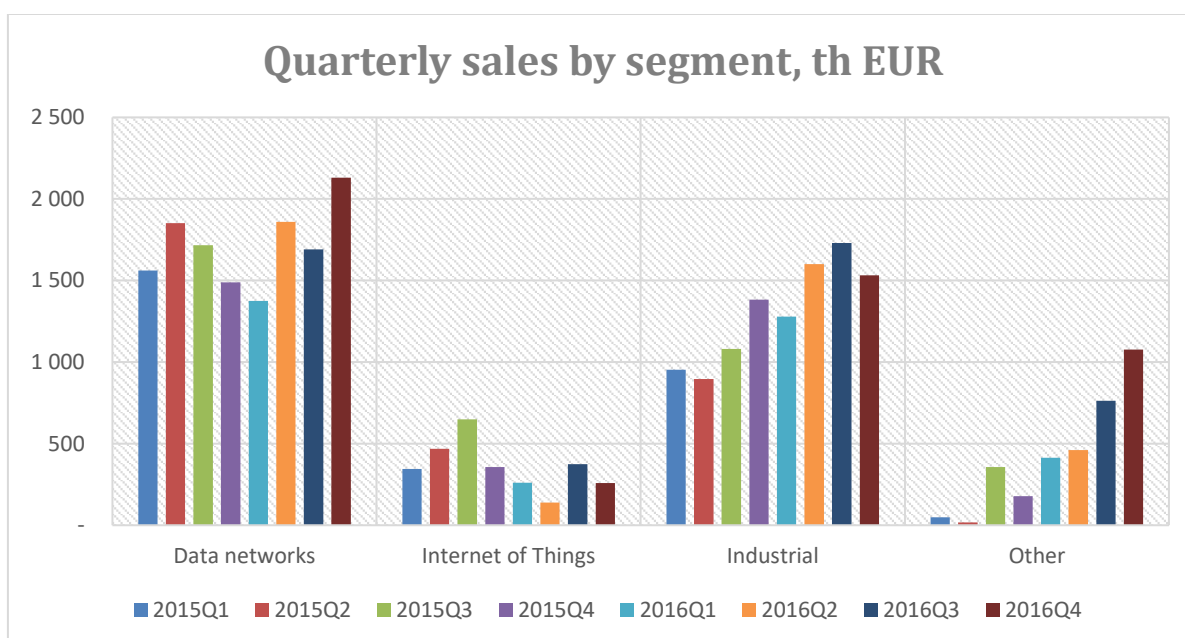
**12 month sales by region results**

During 12 month period of 2016 sales market share demonstrated strong Baltic and other EU market growth with Nordic market share of 48%; Baltic share - 45% and other EU – 7%. All regions contributed to 12 month 2016 sales growth to the same period of 2015 – Baltic by 42%; Nordic by 12% and other EU by 58%.



Quarterly sales by market segment results

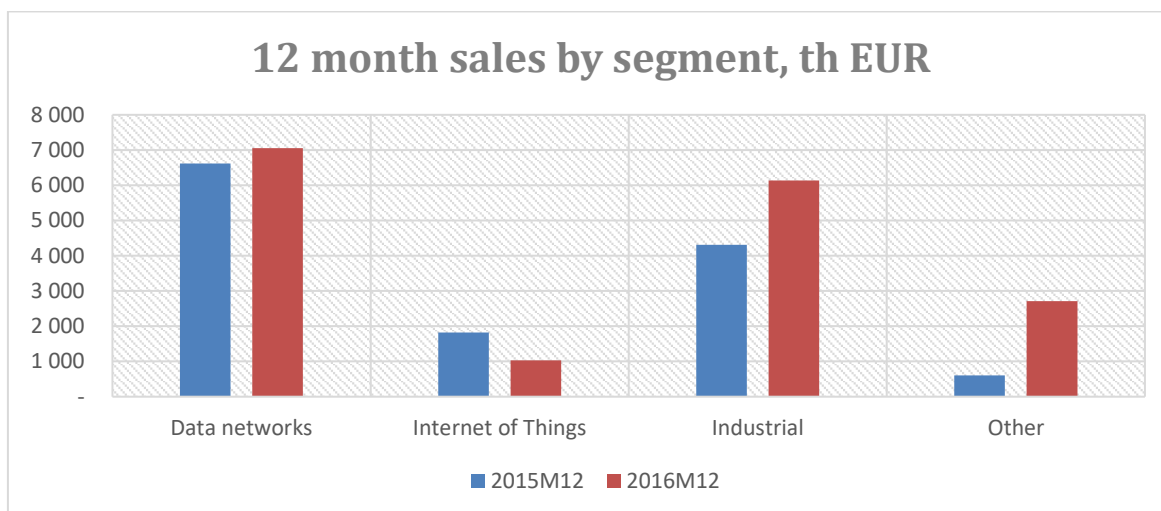
During Q4 2016 data network sales remained dominating sales driver with 43% and industrial products with 37% sales market share. Internet-of-things sales share was 5% and other products - 22%. Comparison of sales results to Q4 2015 show data network product sales growth by 43%; industrial segment sales growth by 11%; internet-of-things - decrease by 28% and other product segment - growth by huge increase of 502%. Previously reported decrease in sales of internet-of-things products is related to fact that during 2015 one of customers was implementing large one off project that substantially increased Company's sales volume for a few month period that returned to more average value afterwards.



12 month sales by market segment results

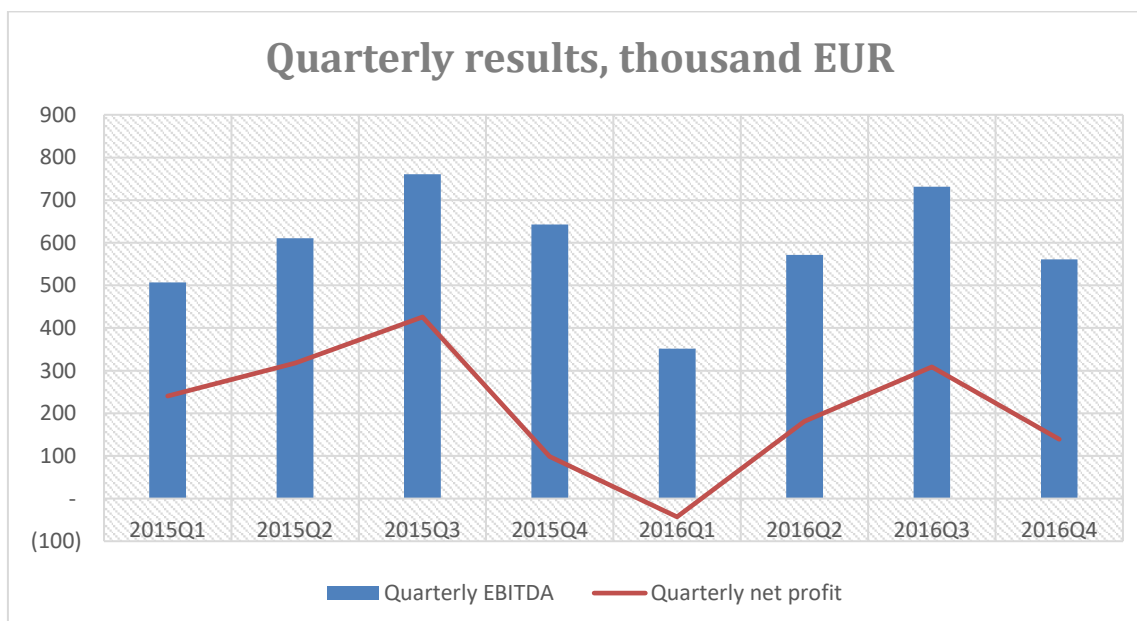
During 12 month period of 2016 data network products segment was largest with 42% market share followed by industrial products with 36% market share. Internet-of-things sales share was 6% and other products market share increased to 16%. Comparison of sales results of 12 month period by market segment to 12 months of 2015 show industrial sales growth by

42%; data networks segment sales growth by 7%; internet-of-things - decrease by 43% (reason behind this was explained in previous paragraph) and other product sales shown substantial growth of 350%.



Quarterly EBITDA and profit results

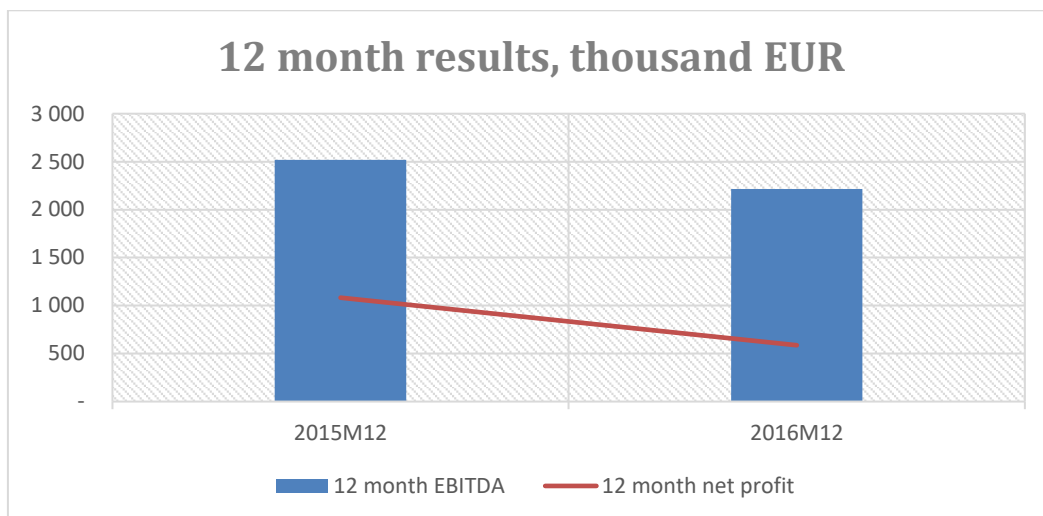
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12 month EBITDA and net profit results

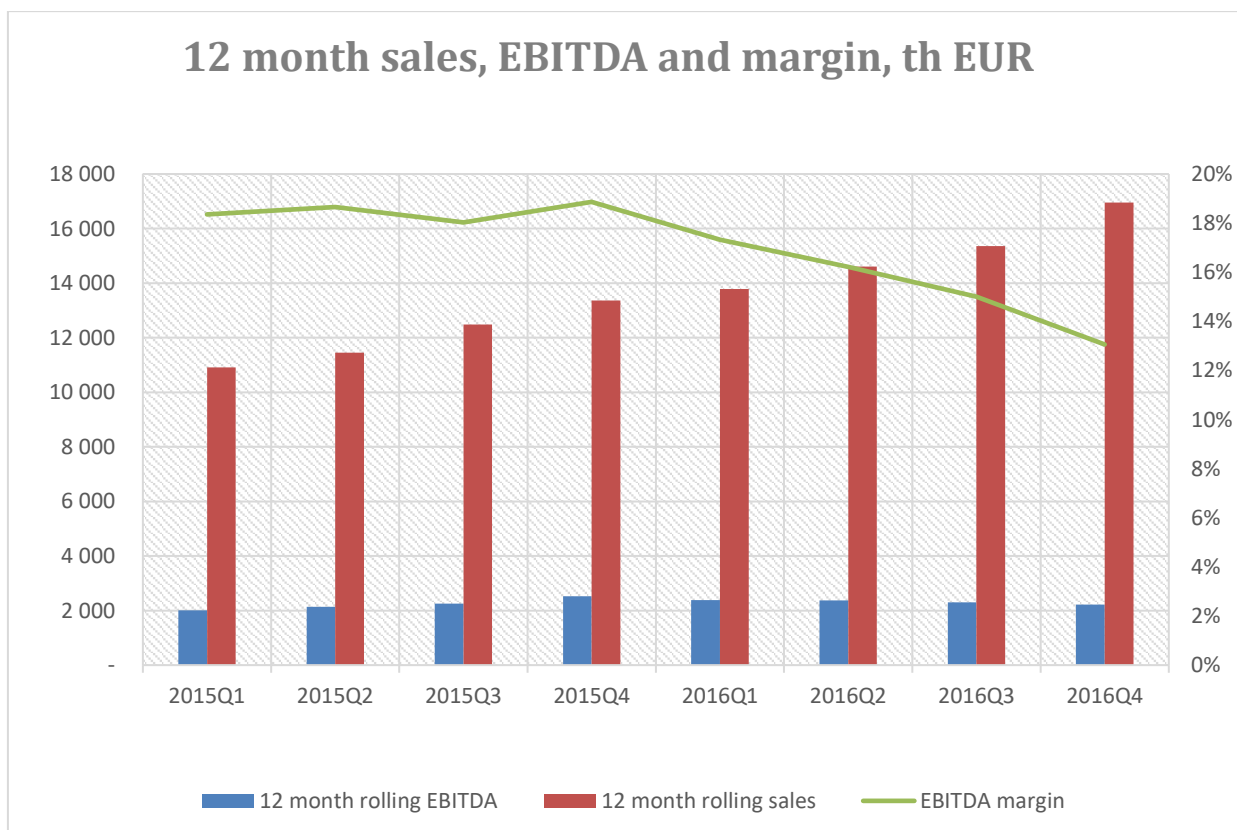
During 12 month period of 2016 the Company reported EBITDA result of 2.215 million EUR and net profit result of 0.587 million EUR. The reported period EBITDA result show 12% decrease in comparison with record 12 month period of 2015. The net profit result demonstrate 46% decrease in comparison with record 12 month period of 2015. Results represent 12 month EBITDA margin of 13% and net profit margin of 3%. Year 2016 12 months results were negatively influenced at

beginning of year by Q1 2016 weaker than average results that already have been commented and explained in previous financial reports.



12 months rolling sales, EBITDA and margin results

Cumulative sales of rolling 12 month period (period starting with 1st January 2016 and ending with 31th December 2016) at Q4 of 2016 was reported as 16.958 million EUR, increase of 10% in comparison with 12 month period ended at Q3 2016. EBITDA result for the same 12 month period totalled at 2.215 million EUR, slight decrease by 4% in comparison with 12 month period ended at Q3 2016. Averaged EBITDA margin for rolling 12 month period reported 13%.



Summary of financial indicators for Q4 and 12 months 2016

The comparison of financial indicators for the period of Q4 and 12 month 2016 has been summarized below:

Financial indicators for period	2016Q4	2015Q4	% to previous period
Sales, thousand EUR	4 996	3 409	47%
EBITDA, thousand EUR	561	643	-13%
Net profit, thousand EUR	139	99	41%
EBITDA margin	11%	19%	
Net profit margin	3%	3%	
EPS, EUR	0.08	N/A	

Financial indicators for period	2016 12m	2015 12m	% to previous period
Sales, thousand EUR	16 939	13 388	27%
EBITDA, thousand EUR	2 215	2 521	-12%
Net profit, thousand EUR	587	1 082	-46%
EBITDA margin	13%	19%	
Net profit margin	3%	8%	
EPS, EUR	0.32	N/A	

Investment activities

During 2016 Q4 HansaMatrix according to investment agreement has made an additional investment of 74.5 thousand EUR in SIA, “Zinātnes Parks” what has been used in order to develop construction and business development project for Hi-tech Park that will host HansaMatrix New product accelerator and “Fast Track” manufacturing facility and is located in the Riga International Airport area. HansaMatrix own 24% shares in SIA “Zinātnes Parks”. During period of 12 months 2016 total investments in this project have grown to 681.6 thousand EUR.

According to investment contract during 2016 Q4 the Company has made an investment of additional 50 thousand EUR in company LightSpace Technologies, SIA. It is an product development start-up with core activity in development and commercialization of ultimate world leading volumetric 3D image display systems with main applications in medicine, scientific vizualisation and real-time robot controls. Total investments over 12 month period amounts to 188 thousand EUR. After additional investments HansaMatrix owns 17.21% shares in LightSpace Technologies.

According to share purchase agreement on 3rd of October 2016 Company for 137.5 thousand EUR has purchased additional 55 shares in EUROLCDs, SIA. In Q4 HansaMatrix has made initial payment of 97 thousand Eur. EUROLCDs is an LCD technology development start-up with core activity in development and commercialization of ultimate world leading fast shutter and smart glass applications. Total investments over 12 month period amounts to 137.5 thousand EUR. After share purchase Hansamatrix owns 16.11% shares in EUROLCDs, SIA.

During 2016 Q4 the Company invested 44 thousand EUR in several customised ODM (Original Design Manufacturing) test systems which improve customer product manufacturing processes.

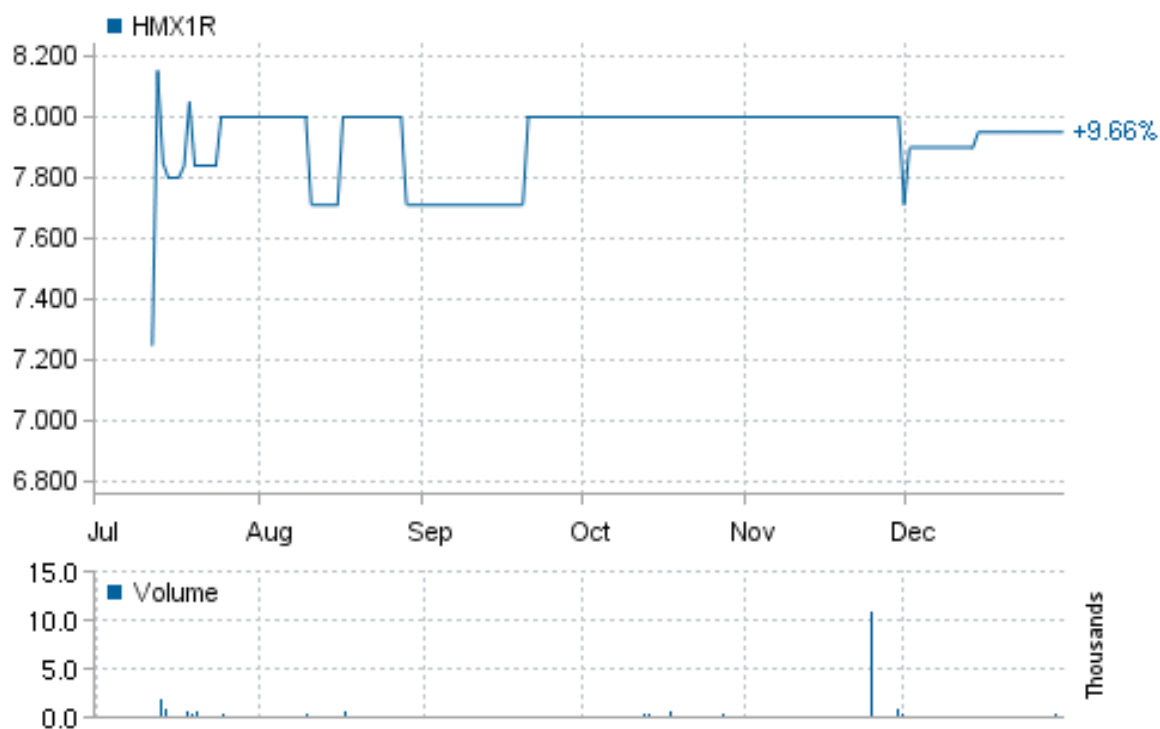
Research and development

During Q4 2016 the Company continued realization of a research and development project supervised by “Centrālās Finanšu un līgumu aģentūra” with project title “Real time 3D volumetric imaging technology development” in cooperation with SIA “LEO Pētījumu centrs”, financed by European Regional Development Funds (ERDF). Overall budget of the project - 665 046 EUR.

During Q4 2016 the Company continued fulfillment of two more new product development contracts with existing and new customers.

Shares and stock market

On 12 July 2016 started listing of AS HansaMatrix shares HMX1R on the Nasdaq Baltic Main list. During the period until 24 November 2016, the share price reached EUR 8 per share. See attached trading graph:

Security trading history

Price	2016
Open	6.950
High	8.150
Low	6.950
Last	7.950
Traded volume	19 574
Turnover, million	0.15 EUR
Capitalisation, million	14.54 EUR

Significant events after end of reporting period

On 4 January 2017 shareholder SIA “MACRO RĪGA” sold 56 100 shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.85 per share. The seller is deemed an insider under EU legal acts and local securities law and was granted a consent under the Lock-up Agreement (dated 16 May 2016) it had entered into. As a result of the transaction the free float of AS HansaMatrix will increase by 3.07%.

On 23rd February 2107 Latvian President Raimods Vējonis officially opened new surface mount assembling line in HansaMatrix Ventspils plant. This is allready fifth assembly line which will add additional assembling power. Project overall cost was around 1 million EUR, out of which 380 thousand EUR is an investment in new equipment.

24 February 2017



Ilmārs Osmanis
Chairman of the Board

Statement of responsibility of the management

The Board of AS HansaMatrix is responsible for preparing the consolidated financial statements of the Parent and its subsidiaries (hereinafter - the Group).

The consolidated financial statements are prepared in accordance with the source documents and present fairly the consolidated financial position of the Group as of 31 December 2016 and the consolidated results of its financial performance and cash flows for the reporting period.

The interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and are prepared on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. The consolidated interim financial statements have been prepared based on the same accounting principles applied in the Consolidated Financial Statements for the year ended on December 31, 2015. Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Management Board of AS HansaMatrix is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the EU.

24 February 2017



Ilmārs Osmanis
Chairman of the Board



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2016 Q4 EUR	2015 Q4 EUR	2016 12m EUR	2015 12m EUR
Net turnover	4 996 130	3 407 891	16 939 388	13 352 837
Cost of sales	(4 425 872)	(2 799 823)	(14 858 317)	(10 690 179)
Gross profit	570 258	608 068	2 081 071	2 662 658
Distribution expense	(130 556)	(240 101)	(469 978)	(590 550)
Administrative expense	(351 728)	(258 338)	(1 313 010)	(976 864)
Other operating income	172 235	189 005	582 622	444 081
Other operating expense	(71 971)	(11 974)	(98 023)	(53 797)
Operating profit	188 238	286 660	782 682	1 485 528
Financial income	23 159	51 660	95 419	54 138
Financial expense	(66 860)	(76 439)	(286 056)	(293 984)
Profit/ (loss) before tax	144 537	261 881	592 045	1 245 682
Corporate income tax	(2 793)	(115 399)	(2 793)	(115 399)
Deferred corporate income tax	(2 286)	(47 886)	(2 286)	(47 886)
Net profit/ (loss) for the period	139 458	98 596	586 966	1 082 397
Other comprehensive income for the period, after tax	-	-	-	-
Total comprehensive income for the period, after tax	139 458	98 596	586 966	1 082 397

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

24 February 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position

ASSETS	31.12.2016	31.12.2015
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM and other intangible assets	255 372	485 154
Intangible assets construction in progress	-	-
Total intangible assets	255 372	485 154
Property, plant and equipment		
Land and buildings	3 106 074	2 972 431
Equipment and machinery	4 125 539	4 137 533
Other fixtures and fittings, tools and equipment	506 944	527 040
Construction in progress	332 619	7 543
Leasehold improvements	29 761	48 275
Total property, plant and equipment	8 100 937	7 692 822
Non-current financial assets		
Investments in associates	960	960
Loans to shareholders	1 234 318	-
Other financial assets	1 548 479	524 279
Total non-current financial assets	2 783 757	525 239
Prepaid expense	-	-
TOTAL NON-CURRENT ASSETS	11 140 066	8 703 215
CURRENT ASSETS		
Inventories		
Raw materials	1 101 061	1 292 462
Work in progress	494 841	836 905
Total inventories	1 595 902	2 129 367
Receivables		
Trade receivables	1 027 176	719 685
Loans to shareholders	1 234 318	2 375 744
Other receivables	438 113	285 209
Total receivables	2 699 607	3 380 638
Prepaid expense	95 943	26 341
Cash and cash equivalents	381 890	255 402
TOTAL CURRENT ASSETS	4 773 342	5 791 748
TOTAL ASSETS	15 913 408	14 494 963

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

24 February 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position

EQUITY AND LIABILITIES		
	30.12.2016	31.12.2015
EQUITY	EUR	EUR
Share capital	1 829 381	1 546 380
Share premium	2 435 579	1 094 987
Other reserves	313	313
Non-current asset revaluation reserve	1 335 097	1 401 665
Retained earnings/ (accumulated deficit):		
a) brought forward	(670 111)	(1 789 356)
b) for the period	586 966	1 082 397
TOTAL EQUITY	5 517 225	3 336 386
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	4 065 981	4 727 849
Finance lease liabilities	143 128	47 723
Deferred income	744 779	911 861
Deferred income tax liability	667 691	665 405
Total non-current liabilities	5 621 579	6 352 838
Current liabilities		
Loans from credit institutions	1 243 545	1 177 130
Finance lease liabilities	56 849	18 100
Prepayments received from customers	520 699	817 775
Trade payables	2 007 303	1 797 062
Taxes payable	341 803	217 305
Other liabilities	236 296	431 202
Accrued liabilities	198 527	177 588
Deferred income	169 582	169 577
Undrawn dividends	-	-
Total current liabilities	4 774 604	4 805 739
TOTAL LIABILITIES	10 396 183	11 158 577
TOTAL EQUITY AND LIABILITIES	15 913 408	14 494 963

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

24 February 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	2016 Q4 EUR	2015 Q4 EUR	2016 12m EUR	2015 12m EUR
Cash flows to/ from operating activities				
Profit/ (loss) before tax	144 537	261 881	592 045	1 245 682
Adjustments for:				
Amortisation and depreciation	372 643	355 922	1 431 924	1 035 035
Adjustment for work in progress	(5 594)	29 656	(5 594)	29 656
Interest expense	66 860	58 900	286 056	276 445
Interest income	(23 159)	(54 138)	(95 419)	(54 138)
Increase in allowances for slow-moving items and receivables		155 521		155 521
Loss/ (income) from grant recognition	(54 943)	16 342	(196 204)	(156 624)
(Gain)/ loss on disposal of property, plant and equipment		(83)		(83)
Adjustment of the investment value				
Adjustments for:				
(Increase)/ decrease in inventories	568 487	79 755	533 465	(1 116 676)
(Increase) in trade receivables	(136 174)	19 621	(527 138)	(267 671)
Increase in trade payables	(245 840)	(92 865)	(136 302)	1 314 809
Cash generated from operations, gross	686 817	830 512	1 882 833	2 461 956
Interest paid	(66 860)	(4 762)	(286 056)	(222 307)
Corporate income tax paid		(106 601)		(106 601)
Net cash flows to/ from operating activities	619 957	719 149	1 596 777	2 133 048
Cash flows to/ from Investing activities				
Purchase of intangible assets and property, plant and equipment	(601 581)	(762 053)	(1 604 662)	(3 320 240)
Proceeds from sale of property, plant and equipment		178 058	14 000	178 058
Acquisition of shares	(267 100)	459 894	(1 012 200)	(48 460)
Net cash flows to/ from investing activities	(868 681)	(124 101)	(2 602 862)	(3 190 642)
Cash flows to/ from Financing activities				
Dividends paid			(29 721)	
Increase in share capital			1 623 593	599 680
Grants received from the Investment and Development Agency of Latvia				808 612
Loans received from credit institutions	392 462		546 462	980 000
Loans received from lease companies	83 914		335 717	
Loans repaid to credit institutions	(306 072)	(366 938)	(1 141 915)	(1 156 589)
Loans repaid to lease companies	(47 452)	(4 463)	(201 563)	(12 233)
Net cash flows to/ from financing activities	122 852	(371 401)	1 132 573	1 219 470
Change in cash and cash equivalents for the period	(125 872)	223 647	126 488	161 876
Cash and cash equivalents at the beginning of the period	507 762	31 755	255 402	93 526
Cash and cash equivalents at the end of the period	381 890	255 402	381 890	255 402

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

Interim consolidated statement of changes in equity

	Share capital EUR	Share premium EUR	Other reserves EUR	Non-current asset revaluation reserve EUR	Retained earnings/ (accumulated deficit) EUR	Profit/ (loss) for the year EUR	Total EUR
As at 31 December 2014	1 280 272	761 415	313	1 468 231	178 657	(2 045 484)	1 643 404
Profit for the reporting year	-	-	-	-	-	1 082 397	1 082 397
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	1 082 397	1 082 397
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	-	-	-	-	(2 034 579)	2 045 484	10 905
As at 31 December 2015	1 546 380	1 094 987	313	1 401 665	(1 789 356)	1 082 397	3 336 386
Profit for the reporting year	-	-	-	-	-	586 966	586 966
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	586 966	586 966
Share capital increase	283 001	1 340 592	-	-	-	-	1 623 593
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	-	-	-	11 748	(11 748)	-	-
Transfer of prior year result	-	-	-	-	1 082 397	(1 082 397)	-
Dividends paid	-	-	-	-	(29 720)	-	(29 720)
As at 31 December 2016	1 829 381	2 435 579	313	1 335 097	(670 111)	586 966	5 517 225

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

Notes to the consolidated financial statements**1. Corporate information**

AS HansaMatrix (hereinafter – the Parent 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 Parent Company is at Akmeņu iela 72, Ogre.

The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

2. Basis of preparation and changes to the Group's accounting policies**Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Consolidated financial statements are prepared using the historical cost basis, except when described otherwise in the accounting policies below. The financial statements of the Parent Company and its subsidiaries are prepared separately according to the relevant national legislation applicable in the reporting year.

The monetary unit used in the consolidated financial statements is the euro (EUR). The consolidated financial statements cover the period 1 January 2016 through 31 December 2016.

Amounts disclosed in the consolidated financial statements are based on the accounting records of the Group companies kept in accordance with IFRS as adopted by the EU.

3. Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Group's annual financial statement for the previous period 2015. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2016. No impact on the interim financial statements of the Group was identified.

The Group has not applied and has not evaluated the impact of the application of the 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. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

4. Related party disclosures

Related party	Description of the transaction	Balances due to/ from related parties as at 31/12/2015	Counter- performance	Payment	Balances due to/ from related parties as at 31/12/2016
SIA Macro Rīga	Sale of SIA HM Holdings - loan	2 321 646	-	-	2 321 646
SIA Macro Rīga	Loan interest	54 098	69 733	-	146 990
SIA Macro Rīga	Dividends calculated	-	(24 605)	24 605	-
Limited partnership FlyCap Investment F und I AIF	Dividends calculated	-	(5 115)	5 115	-
TOTAL:		2 375 744	40 013	29 720	2 468 636

5. Dividends paid and proposed

During the reporting period, calculated and paid dividends for 2015 year – total amount EUR 29 720

6. Events after the reporting period

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.