



**JOINT STOCK COMPANY
„HANSAMATRIX”
UNIFIED REGISTRATION NUMBER 40003454390**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2017**

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 April 19, 2017 (end of the day)	SIA „Macro Rīga” (60.40%) Limited partnership „FlyCap Investment F und I AIF” (22.08%) Swedbank AS clients account (9.07%)
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 2017
Interim reporting period	1st January – 30th June 2017

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:

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

Owned shares:

- directly: 0
- indirectly (through SIA, Macro Rīga): 1 104 867 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. He has accomplished managerial buyout of the Company in 2014 and listed HansaMatrix on Nasdaq Baltic main list at 2016.

**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 – Member of the Board
- AMATEKS, SIA – Deputy Chairman of the Supervisory Board
- EUROLDCS, 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 EUROLDCS, 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 – Member of the Board

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
- Mailigen, SIA - Chairman of Council
- FlyCap AIFP, SIA – Chairman of the Board
- Providencia, Sabiedrība ar ierobežotu atbildību – Member of the Board
- Latvijas Privātā un Riska kapitāla asociācija – Member of the 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 1 104 867 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

Owned shares: 0

Andris Bērziņš will be regarded as independent board member.

Positions held in other companies:

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

Participation in other companies:

- KBZ, 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 the Board
- Expobank, AS – Council Member
- RĪGAS PIENA KOMBINĀTS, Akciju sabiedrība – Council Member
- i-bloom, SIA – Member of the Board
- Sabiedrība par labām pārmaiņām – Member of the Board

Owned shares: 0

Ingrīda Blūma will be regarded as independent board member.

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.

Gundars Strautmanis

Gundars Strautmanis is a member of the Supervisory Board of the Company.

Date appointed: 27 April 2017

Term of office: 27 April 2022

Positions held in other companies:

- Latvijas Elektrotehnikas un elektronikas rūpniecības asociācija, biedrība – Member of the Board
- Inženiera Jāņa Lintera fonds – Member of the Board

Owned shares: 0

Gundars Strautmanis will be regarded as independent board member.

Dr.habil.sc.ing., Prof. Gundars Strautmanis adds highly valuable executive and professional experience to company Council. Gundars Strautmanis has graduated Riga Polytechnical Institute with engineering degree and Moscow Institute of Electronic Technologies with post graduate degree and additional business education at York University (Canada), Mastery University and Columbia University Business School (USA).

Dr. Gundars Strautmanis currently serves as a First Vice-president of Latvian Chamber of Commerce and Industry, also He is a member of the European Economic and Social committee (EESC), member of the Bureau of two internal structures of EESC- Employers group and Industrial development section (CCMI), non-executive adviser to CEO of Lattelecom Ltd.

His previous positions - President-Chairman of the Board of Directors at Lattelecom Ltd.; deputy Chairman of Supervisory Council at Latvian Mobile Telephone (LMT) Ltd.; a Supervisory Board member in European Intergovernmental satellite telecommunications organization EUTELSAT, and others.

Gundars Strautmanis has received several state awards.

Major shareholders

AS “HansaMatrix” major shareholders as of 19 April 2017 (end of the day):

Major shareholders (over 5%) Shareholder	Owned shares	Ownership interest
SIA “MACRO RĪGA”	1 104 867	60.40 %
Limited partnership “FlyCap Investment Fund I AIF”	403 933	22.08 %
Swedbank AS clients account	166 000	9.07 %
Other shareholders (under 5%)	154 581	8.45 %
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 integrated product manufacturing services in industrial systems, data network infrastructure, Internet of Things, medical and several other B2B (business-to-business) market segments. HansaMatrix is actively growing its product development engineering teams and building knowledge platform for future business development. Building on its 17-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

Current trends in global markets have been strongly influenced by recent political agenda, Brexit vote in UK, President Elections in USA and France. UK Brexit vote and USA election results have stressed existing problems with employment for low skilled labor in both countries.

Events have given new positive impact to global technology and capital markets. There are clearly observable continuous development of global telecommunication data networks and internet infrastructure. The global trend in new product development continues to happen at start-up company labs, which frequently require professional support from product development and manufacturing companies.

Finance results brief summary

During the second quarter (“Q2” further in document) of 2017 the Company reported sales volume increase by 19% compared to the same period of 2016 and reached 4.839 million EUR. It is well in line with expectations. The 2017 Q2 sales results showed 8% sales volume increase in comparison with previous quarter – 2017 Q1 which reflects usual seasonality pattern.

During first 6 months (“6m” or “H1” further in the document) of 2017 the Company reported sales volume increase by 26% compared to the same period of 2016 and reached 9.335 million EUR. It is only 2% smaller compared with 2016 second half of year (“H2”).

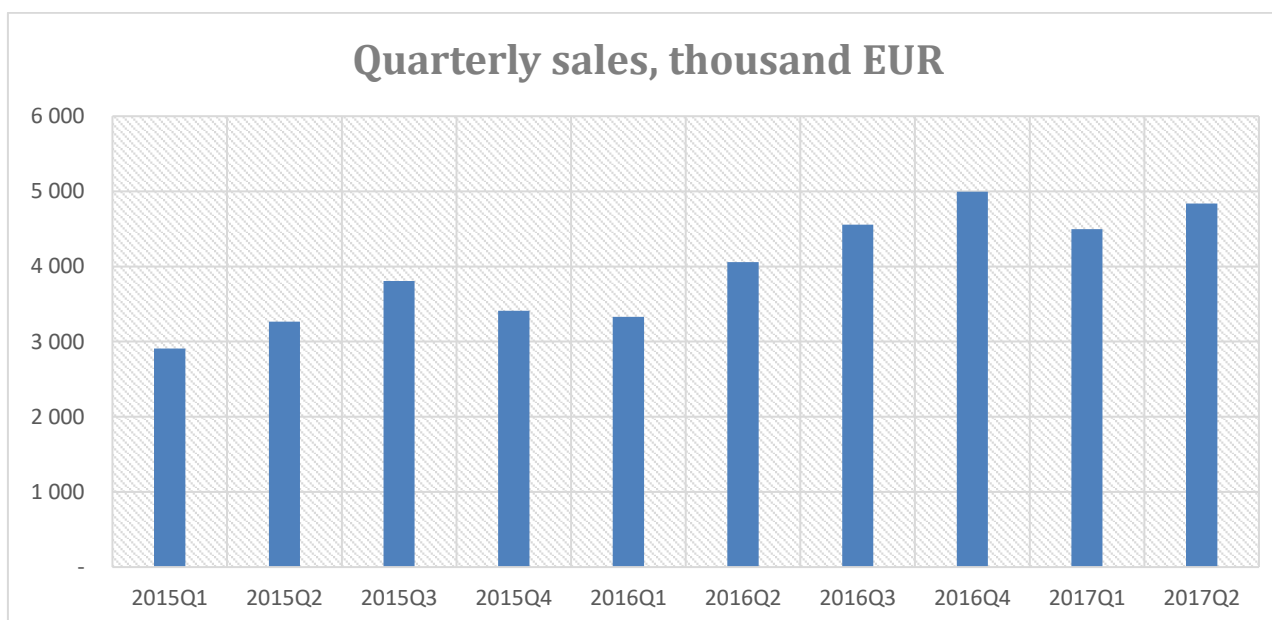
During 2017 Q2 the Company reported solid quarterly EBITDA result of 0.778 million EUR and quarterly net profit result of 0.249 million EUR. The reported EBITDA result show 36% increase in comparison with Q2 2016 and 20% decrease from previous record quarter of 2017 Q1. The quarterly net profit results for 2017 Q2 demonstrate 37% increase in comparison with Q2 2016 and 40% decrease from previous – Q1 2017. Results represent quarterly EBITDA margin of 16% and net profit margin of 5%.

During first 6 months of 2017 (“H1”) the Company reported high half year EBITDA result of 1.746 million EUR and high half year net profit result of 0.661 million EUR. The reported EBITDA result show 89% increase in comparison with 2016 H1 and 35% increase from previous 6 month period of 2016 H2. The 6 month net profit results for 2017 H1 demonstrate 377% increase in comparison with 2016 H1 and 47% increase from previous – 2016 H2. Results represent 6 month EBITDA margin of 19% and 6 month net profit margin of 7%.

Lower levels of margins in Q2 in comparison to Q1 does not show any trend or market weakness, it can be rather attributed to increased share of lower margin products in Q2 manufactured product mix and impact of holiday period in May, June months. Increasing levels of 6 month result margins to large extent can be explained of increased market demand for higher margin products that have been manufactured and sold during 2017 Q1 and Q2 as well as increased utilization of recently invested new production capacities in production fulfilment.

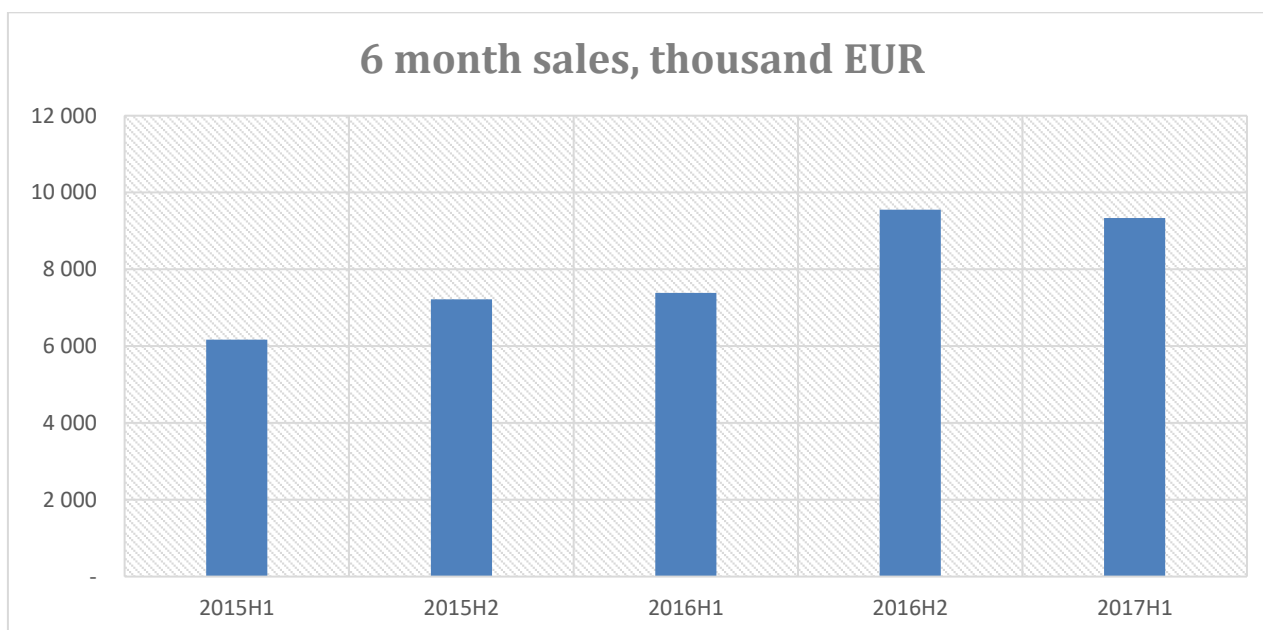
Quarterly sales results for Q2

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6 month sales results

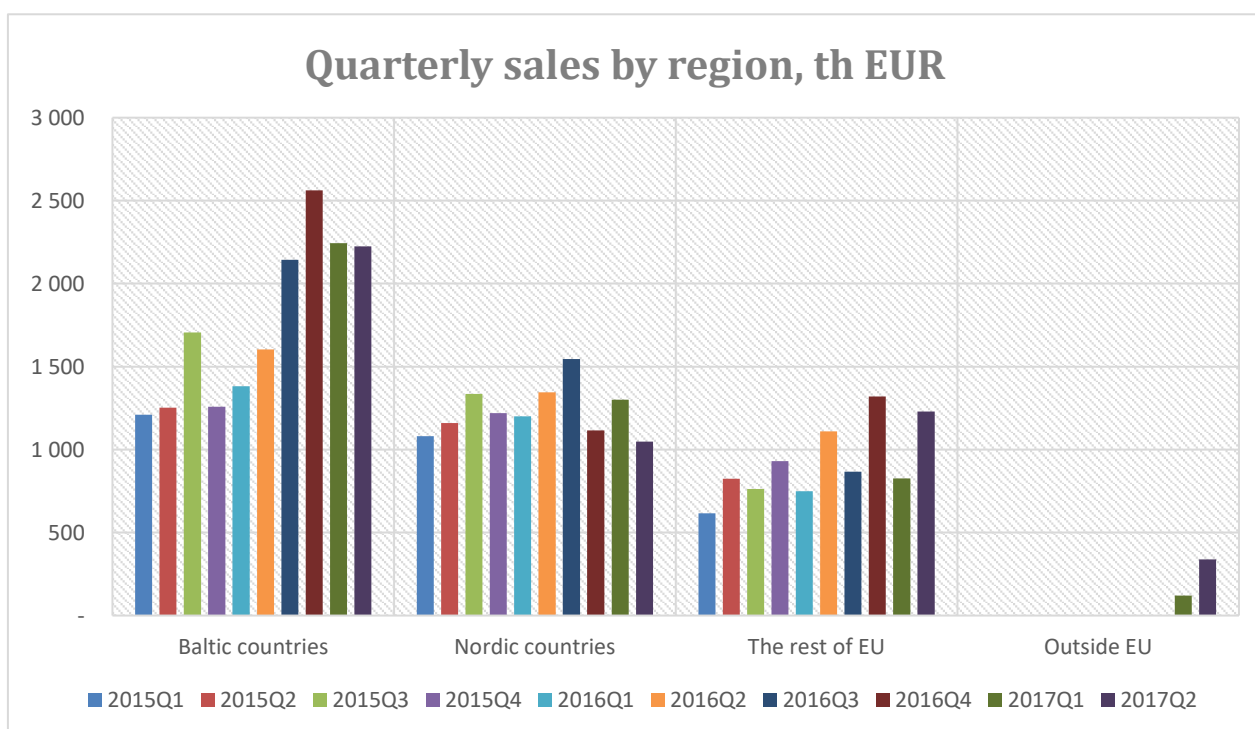
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Quarterly sales by region results for Q2

During 2017 Q2 main sales drivers continue to be Baltic customers with 46% market share of sales. Nordic and other EU sales reported as 22% and 25% of total sales. HansaMatrix during Q2 continued to grow product deliveries to customer locations outside EU. This market share has increased to 7%.

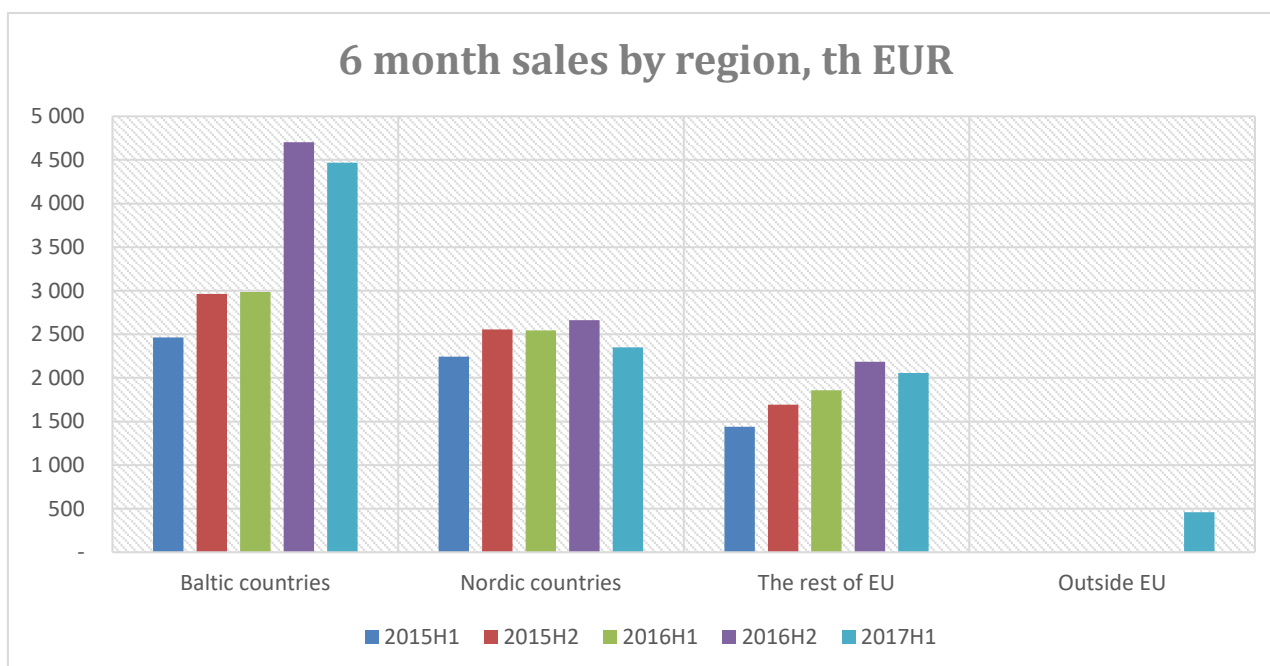
Sales dynamics of regions – Baltic sales was 39% up from 2016 Q2 and 1% down from 2017 Q1; Nordic sales was 22% down from 2016 Q2 and 20% down in comparison with 2017 Q1. Other EU sales was reported with 11% growth from 2016 Q2 and 49% growth from 2017 Q1. Outside EU deliveries were 179% up from 2017Q1.



6 month sales by region results

During 2017 H1 main sales drivers continue to be Baltic customers with 48% market share of sales. Nordic and other EU sales reported as 25% and 22% of total sales. HansaMatrix during 2017 H1 started to ship product deliveries to customer locations outside EU. This market share has increased to 5%.

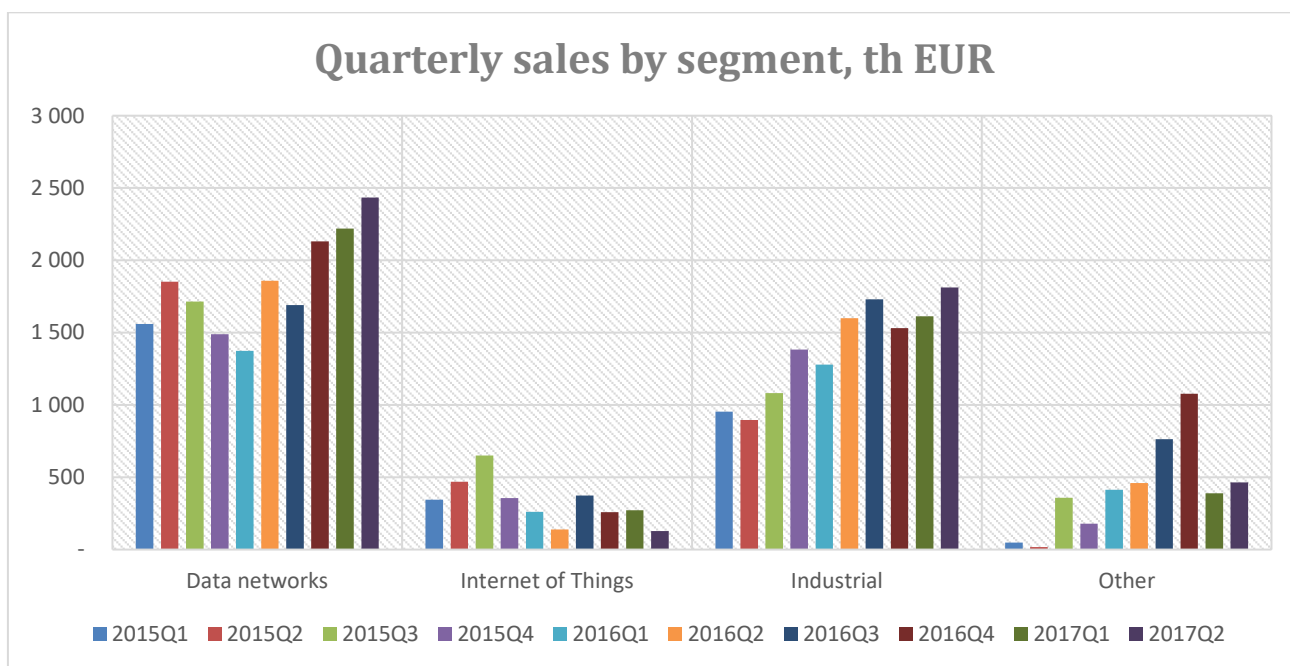
Sales dynamics of regions – Baltic sales was 50% up from 2016 H1 and 5% down from 2016 H2; Nordic sales was 8% down from 2016 H1 and 12% down in comparison with 2016 H2. Other EU sales was reported with 11% growth from 2016 H1 and 6% down from 2016 H2.



Quarterly sales by market segment results for Q2

During 2017 Q2 data network product sales remained dominating sales driver with 50% and industrial products followed with 37% sales market share. Internet-of-things sales was weak with 3% and other products reported with 10% share.

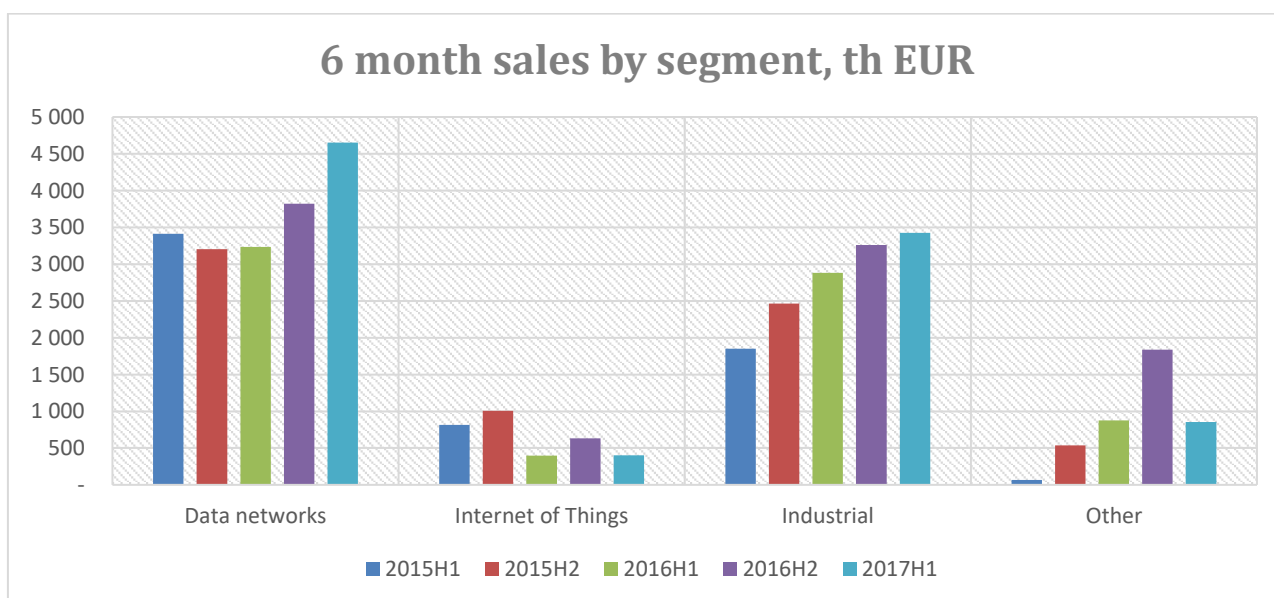
Data network product sales show increase by 31%; industrial segment product sales - increase by 13%; internet-of-things – decrease by 7% and other product segment – increase by 1% in comparison with 2016 Q2. Comparison with sales results with previous - 2017 Q1 demonstrate 10% growth in data networks; 12% growth in industrial segment; 53% drop in Internet of things products and 19% increase in other product segment.



6 month sales by market segment results

During 2017 H1 main sales contributors continue to be data network products with 50% sales share, followed by industrial product sales with 37% market share. Internet of things product share was 4% and other product share – 9%.

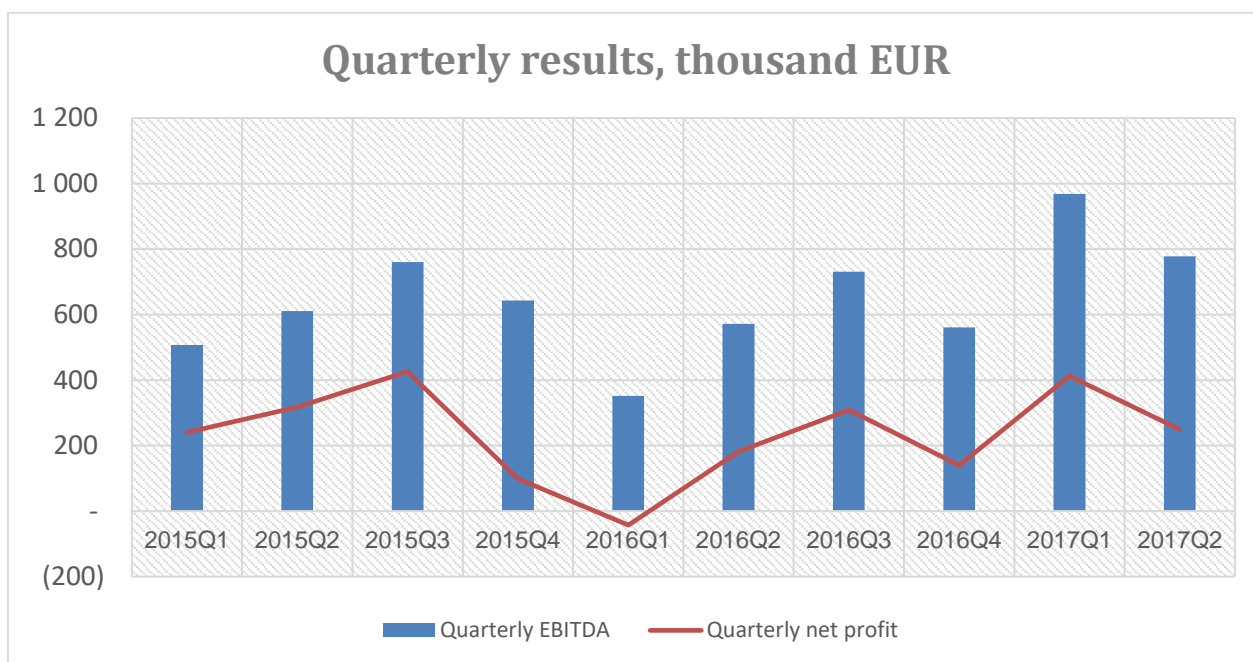
Sales dynamics of market segments – data network sales was 44% up from 2016 H1 and 22% up from 2016 H2; industrial product sales was 19% up from 2016 H1 and 5% up in comparison with 2016 H2. Internet of things product sales were same as 2016 H1 and 37% down from 2016 H2, other product sales was reported 2% decrease 2016 H1 and 54% decrease from 2016 H2.



Quarterly EBITDA and net profit results in Q2

During 2017 Q2 the Company reported solid quarterly EBITDA result of 0.778 million EUR and quarterly net profit result of 0.249 million EUR. The reported EBITDA result show 36% increase in comparison with Q2 2016 and 20% decrease from previous record quarter of 2017 Q1. The quarterly net profit results for 2017 Q2 demonstrate 37% increase in comparison with Q2 2016 and 40% decrease from previous – Q1 2017. Results represent quarterly EBITDA margin of 16% and net profit margin of 5%.

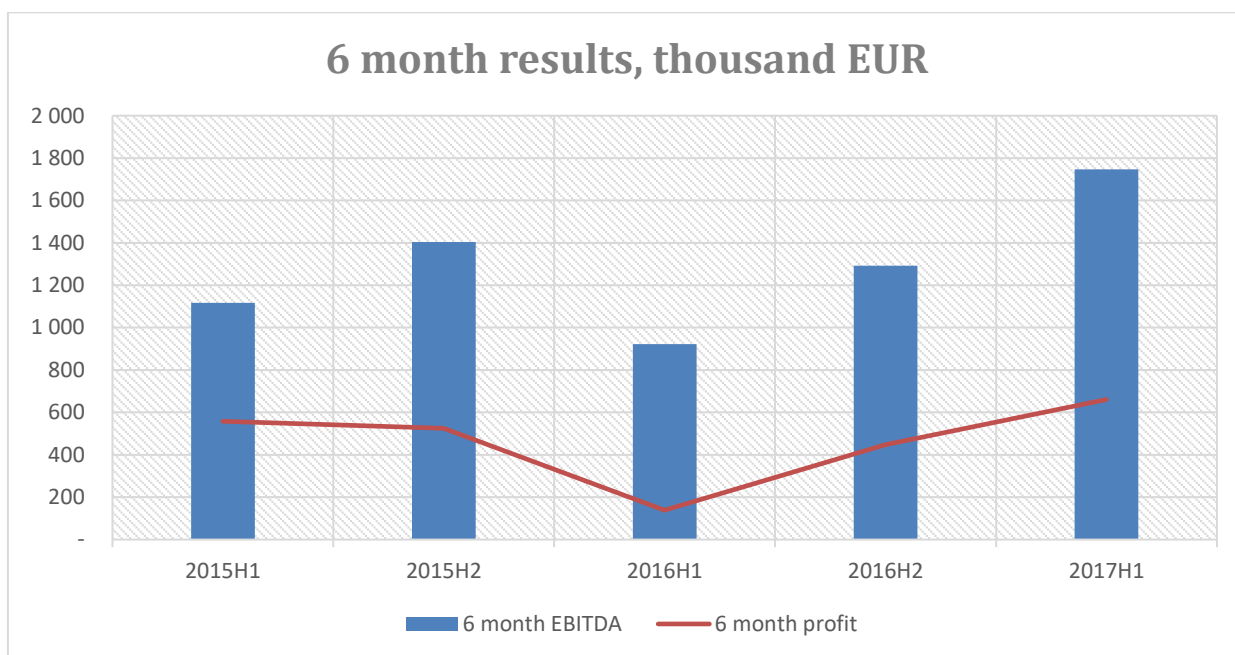
Lower levels of margins in Q2 in comparison to Q1 does not show any trend or market weakness, it can be rather attributed to increased share of lower margin products in Q2 manufactured product mix and impact of holiday period in May, June months.



6 month EBITDA and net profit results

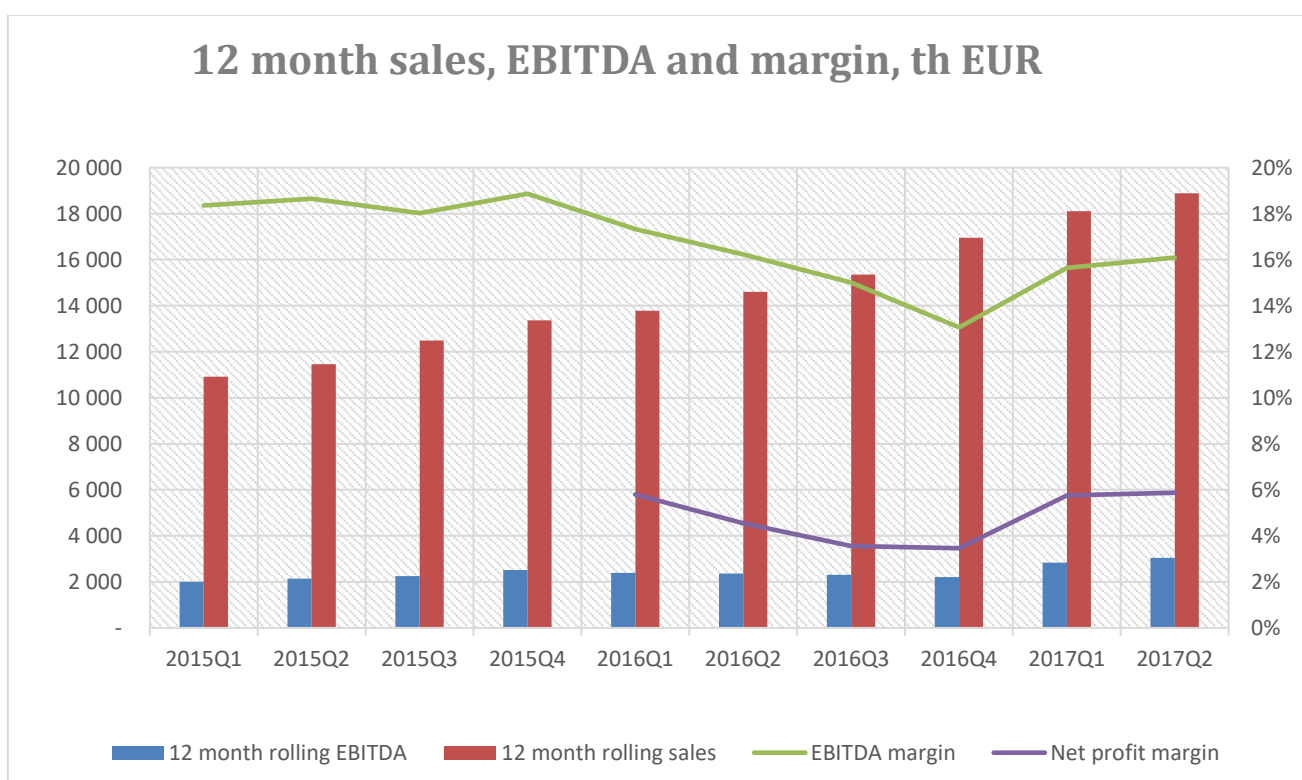
During first 6 months of 2017 (“H1”) the Company reported high half year EBITDA result of 1.746 million EUR and high half year net profit result of 0.661 million EUR. The reported EBITDA result show 89% increase in comparison with 2016 H1 and 35% increase from previous 6 month period of 2016 H2. The 6 month net profit results for 2017 H1 demonstrate 377% increase in comparison with 2016 H1 and 47% increase from previous – 2016 H2. Results represent 6 month EBITDA margin of 19% and 6 month net profit margin of 7%.

Increasing levels of 6 month result margins to large extent can be explained of increased market demand for higher margin products that have been manufactured and sold during 2017 Q1 and Q2 as well as increased utilization of recently invested new production capacities in production fulfilment.



12 months rolling sales, EBITDA and margin results in 2017 Q2

Cumulative sales of rolling 12 month period (period starting with July 1, 2016 and ending with June 30, 2017) at 2017 Q2 was reported to be 18.887 million EUR, increase of 4% in comparison with 12 month period ended at 2017 Q1. EBITDA result for the same 12 month period totaled at 3.038 million EUR, increase by 7% in comparison with 12 month period ended at 2017 Q1. Averaged EBITDA margin for rolling 12 month period is reported to be 16.1% and net profit margin for the same period is reported to be 5.9%.



Summary of financial indicators for Q2 and 6 months 2017

The comparison of financial indicators for the period of 2017 Q2 and 2017 6 months has been summarized below:

Financial indicators for period	2017 Q2	2016 Q2	% to previous period
Sales, thousand EUR	4 839	4 057	19%
EBITDA, thousand EUR	778	571	36%
Net profit, thousand EUR	249	181	37%
EBITDA margin	16%	14%	
Net profit margin	5%	4%	
EPS, EUR	0.14	0.10	

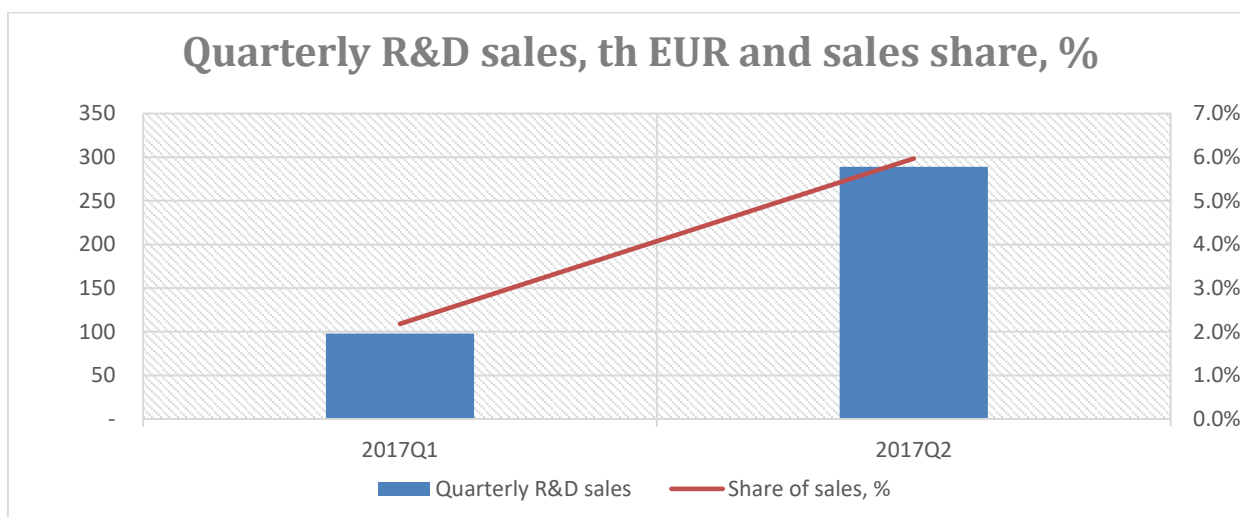
Financial indicators for period	2017 6m	2016 6m	% to previous period
Sales, thousand EUR	9 335	7 387	26%
EBITDA, thousand EUR	1 746	923	89%
Net profit, thousand EUR	661	138	377%
EBITDA margin	19%	12%	
Net profit margin	7%	2%	
EPS, EUR	0.36	0.08	

Research and development

During last two years HansaMatrix Innovation (HansaMatrix 100% subsidiary) R&D engineering teams have developed world class competence in some electro optics areas, such as AR/VR hardware, heads up display optical systems, fast structured light projection systems or 3D robotic vision systems. R&D team currently includes 18 engineers and researchers out of whom 6 hold Dr.Sci.Eng. degrees in optics and electronics.

During 2017 Q1 HansaMatrix concentrated all new product and technology development activity and assets in HansaMatrix Innovation.

During 2017 Q1 and Q2 quarterly R&D sales has shown considerable growth and has reached 6% share of total sales in Q2. Previous year R&D sales results has not been accounted as separate activity and are not available for comparison. R&D grant income has not been included in reported R&D sales figures.



During Q2 2017 the consortium of AS “HansaMatrix”, SIA “HansaMatrix Innovation”, SIA “LightSpace Technologies” and SIA “EUROLCDs” continued realization of a research and development project supervised by “Centrālā 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 6m 2017 the Company received project funding amount of 262 thousand EUR.

On June 7, 2017, the subsidiary SIA “HansaMatrix Innovation” entered into a new real estate lease contract for the lease of larger premises to host growing R&D engineering and business development teams.

Investment activities

The most significant investments in 2017 Q2 were made in extending capacity of the SMT (surface mount technology) production assembly lines at the HansaMatrix Pārogre manufacturing plant. Additional two high productivity NXT robotic assembly modules were added to one of existing assembly lines. The total investment cost was approximately 250 thousand EUR. The investments were financed from own investment and by borrowing of 176 thousand EUR in a leaseback arrangement from credit institutions.

During 6 month period of 2017 HansaMatrix made approximately 890 thousand EUR investments in production capacity increase, research instruments, test systems and development of new products. During 2017 Q2 were made 330 thousand EUR investments from the total investment amount.

On April 18, 2017 the Company has signed an agreement with Central Finance and Contracting Agency regarding Europe Union funded project No 1.2.1.4./16/A/021 “Experimental production set up for fabrication of volumetric three dimensional image display hardware and components to them” implementation. Project total investment amount is 2.899 million EUR. EU and Latvian government grant amount is 1.015 million EUR. The rest of the project will be financed from company own and bank loan resources. Implementation of the project is planned for a three year period - 2017 - 2019.

On April, 2017 Shareholder SIA “Macro Riga”, has started repayment of shareholder loan, by making a first repayment of 100 thousand EUR.

Investment activities in associated companies

On January 10, 2017 The 200 thousand EUR investment loan to SIA “Lightspace Technologies” (“LightSpace” further in the document) was converted to shares. After the conversion the Company held 17.21% shares.

On April 21, 2017 HansaMatrix signed a joint investment agreement with KS “AIF Imprimatur Capital Technology Venture Fund” to provide next round investment of 799 365 EUR to LightSpace and with it increased participation to 33.07%. The planned investments of HansaMatrix are 649 635 EUR over 6 months period. During 2017 Q2 HansaMatrix made investment payment tranche of 170 016 EUR in accordance with the investment agreement.

On May 23, 2017 AS “HansaMatrix” has signed the additional share purchase agreement with “Hornell Teknikinvest” AB regarding purchase of its owned 14.21% LightSpace shares. After closing of the agreement AS “HansaMatrix” owns 47.28% of SIA “Lightspace Technologies” share capital.

According to IFRS and HansaMatrix finance accounting policies “LightSpace Technologies” after increase of shareholding share to 47.28% has reached associated company status. Its assets and revenues will not be consolidated, but net profit results will be reflected in consolidated financial report proportionally to shareholding.

Additionally there has been an ongoing product development and engineering services agreement between LightSpace Technologies and HansaMatrix Innovation which is 100% R&D subsidiary of AS HansaMatrix.

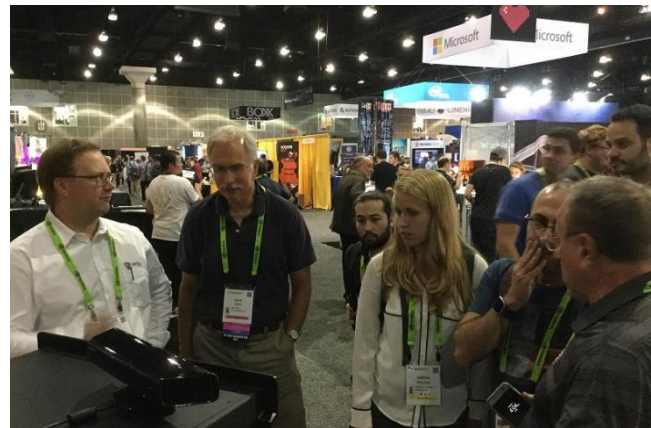
LightSpace is a product development start-up, the world leader in developing optically deep volumetric 3D image display technology with main uses in medicine, scientific visualization and AR/MR applications.

SIA “LightSpace Technologies” fully (100%) owns “LightSpace Technologies” Inc., Delaware, USA incorporated corporation, which owns worldwide patents protecting volumetric 3D imaging technology.

Business development overview of associated company - LightSpace Technologies

Last 4 years LightSpace Technologies (“LightSpace” further in the text) have been working on developing world leading multilayer (volumetric) 3D image display technology with main uses in medicine, scientific visualization and AR/MR applications. It holds patents for worlds all major markets.

During 6 months of 2017 LightSpace has made considerable progress in marketing of its multilayer (volumetric) 3D image display technology. It participated in several world leading forums - SPIE Photonics West 2017, San Francisco, CA, USA; AWE USA 2017, Santa Clara, CA, USA; SPIE Conference 2017 in Munich, Germany showing its concept display device x1405 and visualization software View4X.



Based on feedback from number of demonstration and display on various shows of its concept display device X1405 the development of the new commercial product - X1406 were accomplished and the first preproduction unit shown to public during world’s largest computer graphics show – SIGGRAPH 2017, August 1-3, 2017 in Los Angeles, USA.

Additionally to existing software package the new LightSpace 3D toolbox for Mathworks MATLAB was developed and demonstrated during SIGGRAPH. This create easy entry to scientific visualization market.

Several business enquiries were received during the show and after it. Positive feedback were received from several experts.

Historically most of world’s leading display companies are developing and starting to commercialize their products in Silicon Valley in California. In order to join the community in April 2017 LightSpace has opened technology demo office in San Jose and started to run demo sessions for interested parties.

Business development is going according to approved business plan and product sales into Germany and USA expected to start already in Q4 2017.

LightSpace Technologies SIA profit loss statement, EUR

	6m 2017	6m 2016
	EUR	EUR
Net turnover	10 033	1 375
Cost of sales	(31 664)	(4 420)
Gross profit / (loss)	(21 631)	(3 045)
Distribution costs	(68 039)	(22 072)
Administrative expense	(24 832)	(15 668)
Other operating income	19 876	-
Other operating expense	(482)	(575)
Operating profit	(95 108)	(41 360)
Loss from investments in related company	(12 634)	-
Profit / (loss) before tax	(107 742)	(41 360)
Corporate income tax	-	-
Net profit / (loss) for the period	(107 742)	(41 360)

LightSpace Technologies SIA balance sheet, EUR

ASSETS	30.06.2017.	31.12.2016.
	EUR	EUR
Non-current assets		
Property, plant, equipment and product development investments	1 306 849	976 832
Non-current financial assets	13 907	9 422
Total non-current assets	1 320 756	986 254
Current assets		
Receivables	57 145	59 831
Cash and cash equivalents	8 694	93
Total current assets	65 839	59 924
Total assets	1 386 595	1 046 178
EQUITY AND LIABILITIES	30.06.2017.	31.12.2016.
	EUR	EUR
Equity		
Share capital	6 685	2 800
Share premium	1 390 861	-
Other reserves	25 000	1 075 000
Retained earnings/ (accumulated loss)	(444 029)	(336 287)
Total equity	978 517	741 513
Liabilities		
Current liabilities	408 078	304 665
Total liabilities	408 078	304 665
Total equity and liabilities	1 386 595	1 046 178

Shares and stock market

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. As a result of the transaction the free float of AS “HansaMatrix” will increase by 3.07%.

On 29 March 2017 SIA MACRO RĪGA sold in a public offering 24 971 shares of AS “HansaMatrix” (HMX1R) at a price of EUR 6.90 per share. As a result of the transaction the free float of AS “HansaMatrix” will increase by further 1.36%. Following this transaction, SIA MACRO RĪGA owns 60.40% of AS “HansaMatrix” shares.

Listing of AS “HansaMatrix” shares HMX1R on the Nasdaq Baltic Main list was started on 12 July 2016.

During July 2017 month the share price has steeply increased reaching the level of EUR 8.50 EUR for a share. See attached trading graph for last 12 month trading:



Security trading history

Price	2016	2017
Open	6.950	7.950
High	8.150	8.500
Low	6.950	6.900
Last	7.950	8.500
Traded volume	19,574	67,766
Turnover, million	0.15 EUR	0.47 EUR
Capitalization, million	14.54 EUR	15.55 EUR

Significant events after end of reporting period

There are no significant events happened after reporting period.

August 29, 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 June 30, 2017 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, 2016. 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.

August 29, 2017



Ilmārs Osmanis
Chairman of the Board




INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2017 Q2 EUR	2016 Q2 EUR	2017 6m EUR	2016 6m EUR
Net turnover	4 839 398	4 057 006	9 334 562	7 386 650
Cost of sales	(4 027 658)	(3 461 541)	(7 649 434)	(6 539 487)
Gross profit	811 740	595 465	1 685 128	847 163
Distribution costs	(142 343)	(130 091)	(275 441)	(227 058)
Administrative expense	(404 234)	(340 593)	(743 087)	(643 081)
Other operating income	127 050	125 731	329 572	289 542
Other operating expense	(11 368)	(26 759)	(25 746)	(32 326)
Operating profit	380 845	223 753	970 426	234 240
Loss from investments in associates	(36 200)	-	(50 890)	-
Financial income	22 742	25 940	46 161	49 201
Financial expense	(72 176)	(68 356)	(136 640)	(144 965)
Profit before tax	295 211	181 337	829 057	138 476
Corporate income tax	(52 094)	-	(96 690)	-
Deferred corporate income tax	5 609	-	(71 644)	-
Net profit for the reporting period	248 726	181 337	660 723	138 476
Other comprehensive income for the reporting year after tax	-	-	-	-
Total comprehensive income for the reporting year after tax	248 726	181 337	660 723	138 476

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

August 29, 2017


 Ilmārs Osmanijs
 Chairman of the Board

Interim consolidated statement of financial position

ASSETS	30.06.2017	31.12.2016
NON-CURRENT ASSETS	EUR	EUR
Intangible assets		
ODM assets	41 719	29 696
Other intangible assets	238 946	225 674
Total intangible assets	280 665	255 370
Property, plant and equipment		
Land and buildings	3 032 715	3 106 074
Equipment and machinery	4 058 673	3 908 704
Other fixtures and fittings, tools and equipment	538 167	506 238
Leasehold improvements	21 149	29 760
Construction in progress	456 933	549 453
Total property, plant and equipment	8 107 637	8 100 229
Non-current financial assets		
Investments in associates	601 327	-
Investments in other companies	410 664	661 779
Other investment loans	841 839	871 023
Loans to shareholders	1 234 318	1 234 318
Other non-current receivables	-	15 800
Total non-current financial assets	3 088 148	2 782 920
TOTAL NON-CURRENT ASSETS	11 476 450	11 138 519
CURRENT ASSETS		
Inventories		
Raw materials and consumables	2 130 408	1 101 060
Work in progress	787 964	494 841
Total inventories	2 918 372	1 595 901
Receivables and prepayments		
Trade receivables and receivables from related companies	876 559	932 042
Prepayments for goods	125 633	120 071
Loans to shareholders	1 180 479	1 234 318
Prepaid expense	126 147	34 036
Corporate income tax	127 584	126 951
Other receivables	160 072	216 293
Total receivables and prepayments	2 596 474	2 663 711
Cash and cash equivalents	101 208	381 891
TOTAL CURRENT ASSETS	5 616 054	4 641 503
TOTAL ASSETS	17 092 504	15 780 022

*Available unused credit line

254 216 EUR

*Available unused factoring limit

1 082 239 EUR

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

August 29, 2017



 Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position**EQUITY AND LIABILITIES**

EQUITY	30.06.2017	31.12.2016
	EUR	EUR
Share capital	1 829 381	1 829 381
Share premium	2 435 579	2 435 579
Reserves	313	313
Non-current asset revaluation reserve	1 295 939	1 335 097
Retained earnings/ (accumulated loss):		
a) brought forward	(134 637)	(670 111)
b) for the period	660 723	551 197
TOTAL EQUITY	6 087 298	5 481 456
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	3 398 204	3 624 391
Finance lease liabilities	501 298	142 299
Deferred income	657 495	742 282
Deferred income tax liabilities	758 300	686 656
Total non-current liabilities	5 315 297	5 195 628
Current liabilities		
Loans from credit institutions	1 243 545	1 636 007
Finance lease liabilities	90 049	56 915
Prepayments received from customers	327 702	440 531
Trade payables	3 019 436	2 035 078
Taxes payable	376 062	338 941
Corporate income tax	-	532
Other liabilities	274 532	226 829
Deferred income	169 577	169 578
Accrued liabilities	189 006	198 527
Total current liabilities	5 689 909	5 102 938
TOTAL LIABILITIES	11 005 206	10 298 566
TOTAL EQUITY AND LIABILITIES	17 092 504	15 780 022

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

August 29, 2017



Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	2017	2016	2017	2016
	Q2	Q2	6m	6m
	EUR	EUR	EUR	EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES				
Profit before tax	295 211	181 337	829 057	138 476
Adjustments for:				
Depreciation and amortization	398 460	347 394	777 208	688 281
Depreciation included in the cost of work in progress	-	-	-	-
Interest expense	63 465	63 193	121 085	128 556
Interest income	(22 742)	-	(46 161)	-
Increase/ (decrease) in allowances for slow-moving items and receivables	8 544	-	3 426	-
Income from grant recognition	(42 394)	(42 394)	(84 788)	(84 788)
Group's share of loss of an associate recognized in the statement of comprehensive income	36 200	-	50 890	-
Adjustments for:				
Decrease/ (increase) in inventories	(559 955)	102 484	(1 319 045)	(195 278)
Decrease/ (increase) in receivables	(75 173)	(249 863)	(179 283)	(297 801)
Increase in payables	225 216	(161 255)	689 467	140 923
Cash generated from operations, gross	326 832	240 896	841 856	518 369
Interest paid	(63 465)	(63 193)	(121 085)	(128 556)
Corporate income tax paid	-	-	-	-
Net cash flows to/ from operating activities	263 367	177 703	720 771	389 813
Cash flows to/ from Investing activities				
Purchase of intangible assets and property, plant and equipment	(422 361)	(347 113)	(809 911)	(760 338)
Return loans from other companies	187 000	-	187 000	-
Investments in and loans to other companies	(170 016)	-	(357 016)	-
Net cash flows to/ from investing activities	(405 377)	(347 113)	(979 927)	(760 338)
Cash flows to/ from Financing activities				
Dividends paid	(54 881)	(29 721)	(54 881)	(29 721)
Increase in share capital	-	1 623 593	-	1 623 593
Grants received	194 460	-	262 320	-
Loans received from credit institutions	-	-	-	154 000
Loans repaid to credit institutions	(311 575)	(286 562)	(621 099)	(520 278)
Loans from lease companies	237 893	-	431 813	251 803
Loans repaid to lease companies	(26 034)	(11 895)	(39 680)	(142 124)
Net cash flows to/ from financing activities	39 863	1 295 415	(21 527)	1 337 273
Change in cash and cash equivalents for the year	(102 147)	1 126 005	(280 683)	966 748
Cash and cash equivalents at the beginning of the year	203 355	96 145	381 891	255 402
Cash and cash equivalents at the end of the year	101 208	1 222 150	101 208	1 222 150

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

Interim consolidated statement of changes in equity

	Share capital	Share premium	Other reserves	Non-current asset revaluation reserve	Retained earnings/ (accumulated loss)	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2015	1 546 380	1 094 987	313	1 401 665	(706 959)	3 336 386
Profit for the reporting year	-	-	-	-	551 197	551 197
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	551 197	551 197
Share capital increase	283 001	1 564 996	-	-	-	1 847 997
Share issue costs	-	(224 404)	-	-	-	(224 404)
Depreciation of revalued items of property, plant and equipment	-	-	-	(78 315)	78 315	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	11 747	(11 747)	-
Dividends paid	-	-	-	-	(29 720)	(29 720)
Balance as at 31 December 2016	1 829 381	2 435 579	313	1 335 097	(118 914)	5 481 456
Profit for the reporting year	-	-	-	-	660 723	660 723
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	660 723	660 723
Share capital increase	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Depreciation of revalued items of property, plant and equipment	-	-	-	(39 158)	39 158	-
Deferred corporate income tax related to revalued items of property, plant and equipment	-	-	-	-	-	-
Dividends paid	-	-	-	-	(54 881)	(54 881)
Balance as at 30 June 2017	1 829 381	2 435 579	313	1 295 939	526 086	6 087 298

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 2017 through 30 June 2017.

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 2016. The Group has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2017. 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 authorization 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	Type of services		Goods and	Goods and	Amounts	Amounts
			services delivered to/ loans issued to related parties	services received from / loans received from related parties	owed by related parties (gross)	owed to related parties (gross)
			EUR	EUR	EUR	EUR
1. Associates						
SIA Zinātnes parks (AS HansaMatrix share 24%)	Loan, contribution in share capital	31.12.2016	681 600	-	686 700	-
		30.06.2017	77 000	-	663 700	-
SIA Lightspace Technologies (AS HansaMatrix share 47%)	Loan, contribution in share capital	31.12.2016	-	-	-	-
		30.06.2017	709 916	-	624 916	-
	Services, material supplies, sale of materials	31.12.2016	351 212	-	265 777	-
30.06.2017		13 841	1 352	164 269	-	
	TOTAL	31.12.2016	1 032 812	-	952 477	-
	TOTAL	30.06.2017	800 757	1 352	1 452 885	-
2. Entities with significant influence						
SIA MACRO RĪGA (shareholder)	Loan	31.12.2016	92 892	-	2 468 636	-
		30.06.2017	46 161	-	2 414 797	-
	Purchase of services, spare parts; sale of materials	31.12.2016	-	-	-	-
		30.06.2017	8 044	-	-	-
	TOTAL	31.12.2016	92 892	-	2 468 636	-
	TOTAL	30.06.2017	54 205	-	2 414 797	-
3. Other related companies						
	Loans issued	31.12.2016	188 500	-	-	-
		30.06.2017	-	-	-	-
	Services, material supplies, sale of materials	31.12.2016	28 184	82 790	-	605
		30.06.2017	49 056	4 017	10 536	1 355
	TOTAL	31.12.2016	216 684	82 790	-	605
	TOTAL	30.06.2017	49 056	4 017	10 536	1 355

5. Dividends paid and proposed

During the reporting period, calculated and paid dividends for the year 2016 – EUR 0.03 per 1 share, the total amount of paid dividends EUR 54 881.43. The dividend payment was made on May 25, 2017.

6. Events after the reporting period

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