

SAF Tehnika A/S
Consolidated Interim Report
for Q4 and 12 months of financial year 2016/17
(July 1, 2016 – June 30, 2017)

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KEY DATA

SAF Tehnika (hereinafter – the Group) is a telecommunications equipment company engaged in the development, production and distribution of digital microwave radio equipment. SAF Tehnika products provide wireless backhaul solutions for digital voice and data transmission covering wide frequency range and providing equipment for both licensed and un-licensed frequencies.

Know-how in modern wireless data transmission technologies, creativity in solutions, accuracy in design, precision in production and logistics make SAF Tehnika a unique designer and manufacturer of point-to-point microwave data transmission equipment. Located in Northern Europe, SAF Tehnika managed to acquire and consolidate valuable locally available intellectual resources of the microelectronics industry and spread its presence to more than 130 countries, covering all relevant market segments worldwide within just a decade.

Currently the Group consists of SAF Tehnika JSC (hereinafter – the Parent) operating from Riga, Latvia, a wholly owned subsidiary “SAF North America” LLC and “SAF Services” LLC. Both of the mentioned companies are operating from Denver, CO serving North American market.

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

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Beginning of financial year:	01.07.2016
End of financial year:	30.06.2017
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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 30.04.2017

Shareholder	Ownership interest (%)
Didzis Liepkalns	17.05%
Andrejs Grišāns	10.03%
Normunds Bergs	9.74%
SIA „Koka zirgs”	8.84%
Juris Zieme	8.71%
Vents Lācars	6.08%

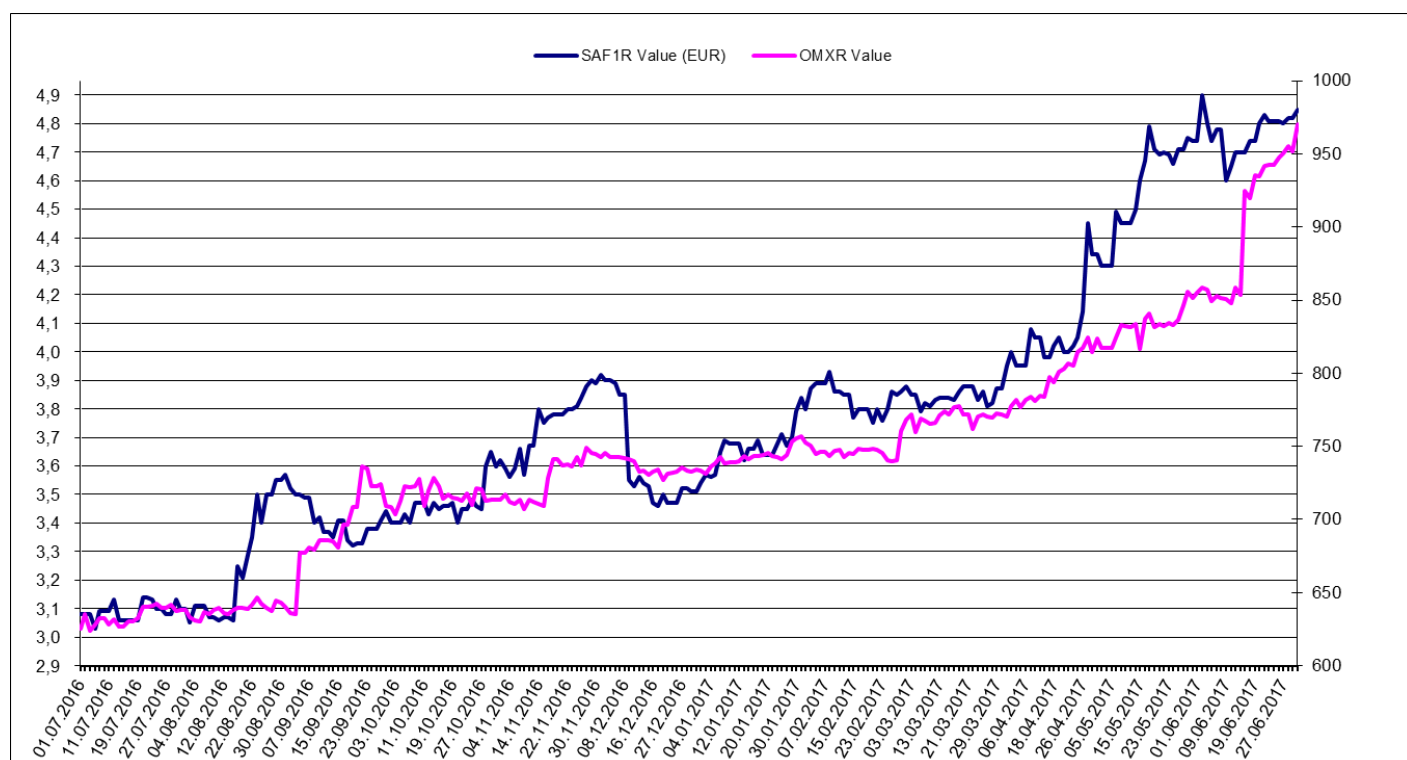
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2016 – June 30, 2017

Currency: EUR

Marketplace: Nasdaq Riga



Information on Management and Supervisory Board members

SAF Tehnika Management Board:

Name	Position	Ownership interest (%)
Normunds Bergs	Chairman	owns 9.74% of shares
Didzis Liepkalns	Member	owns 17.05% of shares
Zane Jozepa	Member	owns no shares
Janis Bergs	Member	owns no shares

SAF Tehnika Supervisory Board:

Name	Position	Ownership interest (%)
Vents Lacars	Chairman	owns 6.08% of shares
Juris Zieme	Vice-Chairman	owns 8.71% of shares
Andrejs Grisans	Member	owns 10.03% of shares
Ivars Senbergs	Member	owns 2 shares
Aivis Olsteins	Member	owns no shares

Information on professional and educational background of the management board members

Normunds Bergs, born in 1963, is Chairman of the Board and Chief Executive Officer of SAF Tehnika AS. Mr. Bergs is one of the founders of SIA Fortech (co-founding company of SAF Tehnika AS) where during the periods from 1990 to 1992 and 1999 to 2000 he acted as Managing Director and General Director, respectively. Following SIA Fortech's merger with AS Microlink in 2000, Mr. Bergs became Chief Executive Officer of SAF Tehnika AS and a member of the Management Board of AS Microlink. From 1992 to 1999, Mr. Bergs worked for World Trade Centre Riga, where he held the position of General Director and became a Member of the Board of Directors in 1998. Mr. Bergs graduated from the Riga Technical University with a degree in radio engineering in 1986.

Didzis Liepkalns, born in 1962, is Member of the Board and Technical Director of SAF Tehnika. Mr. Liepkalns founded a private enterprise SAF in 1995 and co-founded the company SAF Tehnika AS in 1999. From 1985 to 1990 he worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Liepkalns has graduated Riga Technical University with a degree in radio engineering in 1985.

Zane Jozepa (born in 1982) is Member of the Board and Chief Financial Officer. Prior to her employment with SAF Tehnika, Ms. Jozepa has been working in the leading IT and telecommunication services provider in Latvia – SIA Lattelecom, which is a subsidiary company of SIA Citrus Solutions that provides design, construction and maintenance of the engineering and technical systems and infrastructure. Ms. Jozepa has been working as a Business Controller for the first two years. She became Head of Finance in 2008, and a Board Member in 2012. Ms. Jozepa gained her professional experience in finance while working for SIA Coca Cola HBC Latvia during 2001-2006. She has graduated the BA School of Business and Finance (Banku Augstskola) and has a BA degree in finance management.

Jānis Bergs (born in 1970) is Member of the Board, Vice President of Sales and Marketing, and the President of "SAF North America". From 2000 till 2006 Mr. Bergs was a Member of the Board and later CEO of AS Microlink. When Microlink was sold to the TeliaSonera group in 2006, Jānis became a shareholder and CEO of SIA FMS, where he worked until January 2015. Mr. Bergs was a Member of AS SAF Tehnika Council from November 2006 till August 2010, and for more than 10

years he has been managing the Latvian IT and Telecommunications Association (LIKTA) and the ICT cluster, as well as giving lectures in business studies in Riga Business School. Mr. Bergs has graduated Riga Technical University as radio engineer and has an MBA degree from Riga Business School.

Information on professional and educational background of the supervisory council members

Vents Lācars, born in 1968, is Chairman of the Supervisory Council and Vice-President Business Development of SAF Tehnika. Before co-founding the Company, from 1992 to 1999, he worked in SIA Fortech, where throughout his career he held positions of programmer, leading programmer, and project manager in the networking department and networking department manager. From 1990 to 1992 Mr. Lācars worked as a programmer at state electric utility company Latvenergo. Mr. Lācars has studied in Faculty of Physics and Mathematics, University of Latvia.

Juris Zieme, born in 1964, co-founder of the Company, is Vice-Chairman of the Supervisory Council and Production Department Director. From 1998 to 1999 he worked as an engineer at Mr. Liepkalns private enterprise SAF. From 1987 to 1999 Mr. Zieme worked as an engineer at the Institute of Electronic Engineering and Computer Sciences. Mr. Zieme has graduated Riga Technical University with a degree in radio engineering in 1987.

Andrejs Grišāns, born in 1957, is Member of the Supervisory Council and Production Department Manager. Mr. Grišāns is one of the co-founders of SAF Tehnika. Prior to joining the Company, he owned and managed a private company specializing in electronic equipment engineering, production and distribution. From 1992 to 1999 Mr. Grišāns was involved in entrepreneurial activities in the field of radio engineering. He worked as an engineer-constructor at the Institute of Polymer Mechanics from 1984 to 1992 and in the constructing bureau Orbita from 1980 to 1984. Mr. Grišāns has graduated Riga Technical University with a degree in radio engineering in 1980.

Ivars Šenbergs, born in 1962, Member of the Supervisory Council, also Chairman of the Board of SIA Juridiskais Audits, SIA Namipasumu parvalde, SIA Synergy Consulting, SIA IŠMU, SIA Dzirnāvu centrs and Member of the Supervisory Council of AS MFS bookkeeping. From 1999 until 2000 he worked as Finance and Administrative Director at SIA Fortech. Mr. Šenbergs has graduated Faculty of Law, University of Latvia in 1986.

Aivis Olšteins, born in 1968, is Member of the Supervisory Council. He has 20 years of experience in telecommunications. Since April 2015, Mr. Olšteins is the head and co-owner of “Cliff IT Solutions” (Spain). From 2000 till 2015 he was Head of “DataTechLabs”. From 1992 till 1999 he worked in Baltcom TV – at first, as a System Engineer in the cable TV operations unit, and then – from 1994 till June 1996 – as a CTO, and from July 1996 till the end of 1999 as Baltcom CEO Technical Advisor.

Statement of Board's Responsibilities

The Board of SAF Tehnika JSC (hereinafter – the Parent) 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 30 June 2017 and the consolidated results of its financial performance and cash flows for the quarter then ended.

The above mentioned 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 June 30, 2016.

Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Board of SAF Tehnika JSC is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board is responsible for compliance with the requirements of normative acts of the countries the Group operates in (Latvia and United States of America).

The interim financial statements have been prepared in Euro.



Zane Jozepa
CFO, Member of the Management Board

Management Report

For Q4 of the FY 2016/2017, the Group's unaudited consolidated net turnover was EUR 5.12 million, which is by 38% (or EUR 1.42 million) more than in Q4 of the FY 2015/2016. It is the highest sales volume over the past 10 years and exceeds third-quarter sales results by 36% (or EUR 1.34 million).

68% of the quarterly turnover was made by sales in North/Latin Americas. The region's result is EUR 1.38 million greater than in Q4 last year and is EUR 1.20 million higher than the results of the preceding quarter. Sales growth is related to sales of customized solutions for specific customer needs.

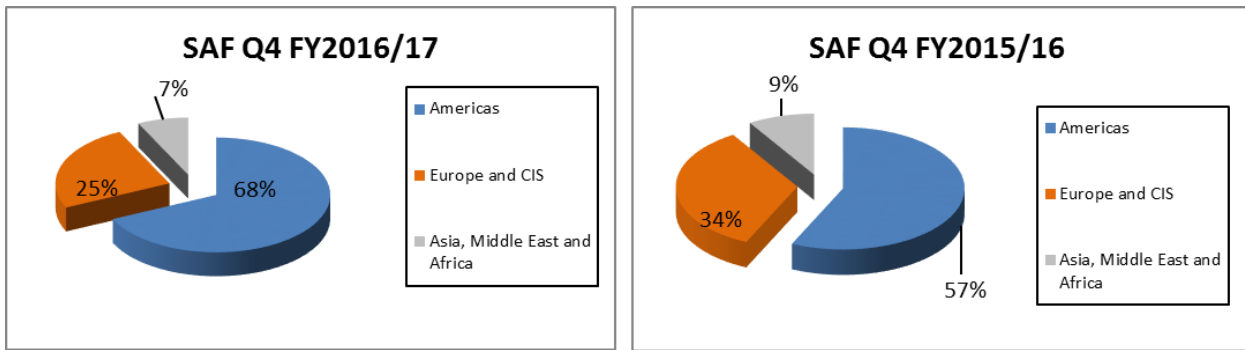
The turnover in the European and CIS region was 25% or EUR 1.26 million. The result remained equal to last year's fourth quarter volume, and is 16% higher than the third quarter of the year.

In the AMEA (Asia, Middle East, Africa) region, the turnover was 7% or EUR 0.37 million. Compared to the turnover in the same quarter in the previous financial year, the region's turnover has not changed and is equivalent to average volumes over the last years.

At the end of May, SAF Tehnika announced the launch of the innovative IoT smart metering solution – Aranet. Aranet is an industrial-grade wireless environmental monitoring solution that allows monitoring temperature, humidity, and CO2 level. The product line consists of two solutions – Aranet MINI for smaller site size applications, and Aranet PRO for industrial-grade deployment. The website and the online shop aranet.com were officially launched in late May. This is the company's attempt to expand its range of products to new sectors not related to its core business activities.

During the period from April to June (inclusive), SAF participated in several exhibitions – eight trade shows in North America, five in Europe, one in Asia, two in Latvia. One of the exhibitions involved the Aranet product line, others – SAF microwave data communication equipment. The reporting quarter also saw the launch of the SAF Tehnika blog (blog.saftehnika.com), where the company's engineers, sales professionals, product managers, and executives publish articles on industry news, market trends and product updates. The blog also features the case studies, whitepapers created over the year, as well as the company's video and other multimedia materials. The blog has a modern design allowing to adapt it for both desktop computers and mobile devices.

Comparative charts of Q4 revenue breakdown by regions:

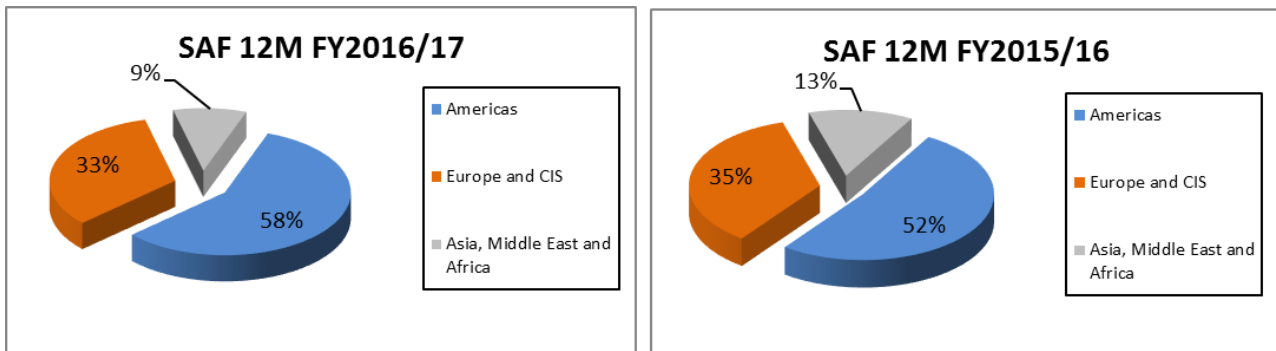


During the reporting quarter, the Group sold its products in 40 countries.

The Group’s unaudited consolidated turnover for the FY 2016/2017 was EUR 17.05 million, which is a 24% increase as compared to the last fiscal year’s revenues in the same period.

The revenues in North/Latin Americas exceeded 58% of the total Group’s turnover and amounted to EUR 9.83 million, thus demonstrating a 38% increase against the results of the previous financial year. Revenues from the European and CIS region represented 33% of the total turnover, having increased 16%, or EUR 770 thousand, against the previous year. Revenues from the AMEA (Asia, Middle East, Africa) region decreased 9% or EUR 164 thousand, thus making 9% the Group’s total turnover.

Comparative charts of sales volumes (within 12 months) by regions:



The Group’s costs did not exceeded the planned levels but in total were bigger than during the same period a year ago due to investments into current and new markets for sales promotion, changes in remuneration and provision for performance bonuses.

The Group finished Q4 of the FY 2016/2017 with profits of EUR 583 thousand (unaudited), which is equivalent to the result for Q4 of the previous financial year. The declining USD/EUR exchange rate at the end of June had a negative impact on the Group’s net results; it should be noted that these two particular quarters brought into comparison had the most significant differences in EUR/USD exchange rates.

The unaudited consolidated result for the FY 2016/2017 is EUR 1.73 million in profit, which is EUR 807 thousand more comparing to the Group's result of the previous FY 2015/2016 (the profit of EUR 925 thousand).

During the 12-month period of the financial year, the Group's cash flow equaled to EUR 599 thousand. In December 2016, dividends were paid in the amount of EUR 0.34 (thirty-four cents) per share, or a total of EUR 1.009 million.

As of the end of the reporting period, the net cash balance of the Group was EUR 6.5 million.

During the financial year 2016/2017, SAF Tehnika received EU funds co-financing of EUR 0.3 million for product development and marketing support, as well as invested EUR 270 thousand in fixed assets.

Market overview

Although both an increase and fall in demand have been observed in different customer segments, the microwave radio market as a whole has not experienced any rapid changes during the reporting quarter, and is not expected to any time soon.

There is still an increase in demand for radio systems that provide enhanced data transmission rate and can be enhanced and updated in order to improve data usage. Such requirements increasingly set the trend for introducing new products, including both SAF Tehnika and the market in general.

Guidance

SAF Tehnika is the company with the long-term competence in development and production of microwave radios.

The Group continues to explore market requirements and problematic issues in order to be able to provide necessary product modifications. The Group is financially stable.

The goal of the Company is to stabilize sales levels to ensure a positive net result in the long term. The Board of SAF Tehnika maintains cautious optimism, but cannot provide a sales and performance forecast.

On 30 June 2017, the Group numbered 191 employees (there were 185 employees on 30 June 2016).

KEY indicators

	Q4 2016/17	Q4 2015/16	Q4 2014/15
	EUR	EUR	EUR
Net Sales	5 116 774	3 699 208	3 699 208
Earnings before interest, taxes and depreciation (EBITDA)	1 094 718	501 438	501 438
<i>share of the turnover %</i>	21%	14%	13,6%
Profit/loss before interest and taxes (EBIT)	996 092	410 789	410 789
<i>share of the turnover %</i>	19%	11%	11%
Net Profit	583 001	572 501	572 501
<i>share of the turnover %</i>	11%	15%	15%
Total assets	15 061 775	13 419 342	13 419 342
Total Owners equity	12 076 210	11 358 407	11 358 407
Return on equity (ROE) %	4,02%	4,44%	4,44%
Return on assets (ROA) %	4,95%	5,17%	5,17%
Liquidity ratio			
Quick ratio %	218%	287%	287%
Current ratio %	281%	383%	383%
Earnings per share	0,20	0,19	0,19
Last share price at the end of period	4,85	3,08	3,08
P/E	8,36	9,94	9,94
Number of employees at the end of reporting period	191	185	185

Consolidated Statement of Financial Position

	Note	30.06.2017	30.06.2016
CURRENT ASSETS		EUR	EUR
Cash and bank		6 510 213	5 910 860
Customer receivables	1		
Accounts receivable		1 769 760	1 799 926
Allowance for uncollectible receivables		-41 024	-5 405
Total		1 728 735	1 794 521
Other receivables			
Other current receivables	2	162 900	119 202
Total		162 900	119 202
Prepaid expenses			
Prepaid taxes		55 331	131 171
Other prepaid expenses		140 188	126 671
Total		195 519	257 842
Inventories	3		
Raw materials		1 925 249	995 905
Work-in-progress		2 208 377	2 040 898
Finished goods		1 401 901	1 255 578
Prepayments to suppliers		17 688	32 945
Total		5 553 215	4 325 326
TOTAL CURRENT ASSETS		14 150 583	12 407 751
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		2 148	2 148
Long-term receivables	1	2 993	3 878
Deffered income tax		27 675	75 769
Total		32 816	81 795
NON-CURRENT physical assets	4		
Plant and equipment		3 900 609	3 753 966
Other equipment and fixtures		1 958 705	1 907 971
Accumulated depreciation		-5 126 013	-4 941 490
Other long-term assets		392	0
Total		733 693	720 447
Intangible assets	4		
Purchased licenses, trademarks etc.		117 907	131 016
Other long-term intangible assets		26 776	0
Total		144 683	131 016
TOTAL NON-CURRENT ASSETS		911 193	933 258
TOTAL ASSETS		15 061 775	13 341 009

LIABILITIES AND OWNERS' EQUITY	Note	30.06.2017	30.06.2016
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans from financial institutons		10 397	12 095
Customer prepayments for goods and services		734 858	225 195
Accounts payable		777 542	647 689
Tax liabilities	5	267 164	128 631
Salary-related accrued expenses	6	1 137 108	888 543
Provisions for guarantees		6 294	15 759
Deffered income		52 201	66 293
TOTAL CURRENT LIABILITIES		2 985 566	1 984 205
OWNERS' EQUITY			
Share capital		4 158 252	4 158 252
Paid in capital over par		2 851 725	2 851 725
Other reserves		8 530	8 530
Retained earnings		3 317 939	3 402 535
Net profit for the financial year		1 732 966	925 267
Currency translation reserve		6 798	10 495
TOTAL OWNERS' EQUITY		12 076 210	11 356 804
TOTAL LIABILITIES AND OWNERS' EQUITY		15 061 775	13 341 009

Consolidated Statement of Profit or Loss for 12 month of the financial year 2016/2017

	Note	30.06.2017	30.06.2016
		EUR	EUR
Net sales	7	17 047 764	13 706 812
Other operating income		396 223	381 419
Total income		17 443 988	14 088 231
Direct cost of goods sold or services rendered		-6 796 786	-6 330 852
Marketing, advertising and public relations expenses		-660 406	-544 882
Bad receivables	8	-35 939	-20 768
Operating expenses		-1 424 289	-1 235 121
Salaries and social expenses	9	-4 534 009	-3 893 641
Bonuses and social expenses	9	-1 326 181	-665 132
Depreciation expense		-366 348	-401 734
Other expenses		-60 834	16 822
Operating expenses		-15 204 792	-13 075 308
EBIT		2 239 196	1 012 923
Financial income (except ForEx rate difference)		11 967	6 807
Financial costs (except ForEx rate difference)		-235	-173
Foreign exchange +gain/(loss)		-204 107	-24 513
Financial items		-192 375	-17 879
EBT		2 046 821	995 044
Corporate income tax		-313 855	-69 777
Profit after taxes		1 732 966	925 267
Net profit/(loss)		1 732 966	925 267

*Earnings per share

EPS 30.06.2017. = 0.58 EUR

EPS 30.06.2016. = 0.31 EUR

Consolidated Statement of Profit or Loss for Q4 of the financial year 2016/2017

	30.06.2017	30.06.2016
	EUR	EUR
Net sales	5 116 774	3 699 208
Other operating income	224 966	130 821
Total income	5 341 741	3 830 029
Direct cost of goods sold or services rendered	-1 710 002	-1 484 867
Marketing, advertising and public relations expenses	-232 942	-172 067
Bad receivables	-1 245	1 877
Operating expenses	-403 944	-325 537
Salaries and social expenses	-1 185 707	-1 017 494
Bonuses and social expenses	-701 698	-322 042
Depreciation expense	-98 626	-90 649
Other expenses	-11 486	-10 110
Operating expenses	-4 345 649	-3 420 889
EBIT	996 092	409 140
Financial income (except ForEx rate difference)	5 644	638
Financial costs (except ForEx rate difference)	9 123	0
Foreign exchange +gain/(loss)	-327 509	125 600
Financial items	-312 742	126 238
EBT	683 349	535 378
Corporate income tax	-100 348	37 123
Net profit/(loss)	583 001	572 501

*Earnings per share

EPS 30.06.2017. = 0.20 EUR

EPS 30.06.2016. = 0.19 EUR

Consolidated cash flow statement for 12 months of the financial year 2016/2017

	30.06.2017	30.06.2016
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	1 355 910	658 404
Cash received from customers	17 200 915	13 782 162
Cash paid to suppliers and employees	-16 062 027	-13 095 970
Paid/Received VAT, corporate income tax	217 023	-27 788
NET CASH USED IN INVESTING ACTIVITIES (of which)	-259 217	1 465 245
Cash paid/received for short-term investments	0	1 893 735
Cash paid for purchasing non-current physical assets	-270 427	-435 474
Interest received	11 210	6 984
NET CASH USED IN FINANCING ACTIVITIES (of which)	-708 107	-542 079
Repayment of short-term loans	-1 698	3 720
Cash received from EU funds	303 453	464 063
Dividends paid	-1 009 862	-1 009 862
Effects of exchange rate changes	210 768	8 996
TOTAL CASH FLOW:	599 354	1 590 567
Cash and cash equivalents as at the beginning of period	5 910 859	4 320 293
Cash and cash equivalents as at the end of period	6 510 213	5 910 860
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	599 354	1 590 567

Statement of changes in consolidated equity for the 12 month period ended June 30, 2017

	Share capital	Share premium	Other reserves	Currency translation reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
As at 30 June 2015	4 158 252	2 851 725	8 530	9 236	4 412 396	11 440 139
Dividend relating to 2014/2015	-	-	-	-	-1 009 862	-1 009 862
Currency translation difference	-	-	-	1 260	-	1 260
Profit for the year	-	-	-	-	925 267	925 267
As at 30 June 2016	4 158 252	2 851 725	8 530	10 496	4 327 801	11 356 804
Dividend relating to 2015/2016	-	-	-	-	-1 009 862	-1 009 862
Currency translation difference	-	-	-	-3 698	-	-3 698
Profit for the period	-	-	-	-	1 732 966	1 732 966
As at 30 June 2017	4 158 252	2 851 725	8 530	6 798	5 050 905	12 076 210

Notes for interim report

Note 1 Customer receivables

	30.06.2017	30.06.2016
	EUR	EUR
Long-term receivables	2 993	3 878
Accounts receivable	1 769 760	1 799 926
Provisions for bad and doubtful accounts receivable	(41 024)	(5 405)
Total short term accounts receivable	1 728 735	1 794 521
Total receivables	1 731 728	1 798 399

As compared to the same balance sheet date of the previous financial year the total receivables have decreased slightly

Note 2 Other current receivables

	30.06.2017	30.06.2016
	EUR	EUR
Other current receivables	162 900	119 202

Other current receivables include the amounts of calculated co-financing from EU funds for ongoing product development projects. Co-financing is assigned via competence center “LEO pētījumu centrs” (LEO) and will be received when project documentation and results are reviewed and accepted by project sponsor.

Note 3 Inventories

	30.06.2017	30.06.2016
	EUR	EUR
Raw materials	2 422 584	1 525 890
Allowance for slow-moving items	(497 335)	(529 985)
Work-in-progress	2 208 377	2 040 898
Finished goods	1 401 901	1 255 578
Prepayments to suppliers	17 688	32 945
	5 553 215	4 325 326

As compared to 31 March 2016, total inventories grew by 28%.

The Group maintains the amount of raw materials and auxiliary supplies at the defined level to be able to deliver all products in the Group’s product portfolio within the competitive timeframes.

The Group’s inventories must include previously produced and sold equipment components in order to provide corresponding maintenance service.

Note 4 Non-current, intangible assets

	30.06.2017	30.06.2016
	EUR	EUR
Plant and equipment	3 900 609	3 753 966
Other equipment and fixtures	1 958 705	1 907 971
Accumulated depreciation	(5 126 013)	(4 941 490)
Other long term assets	392	-
	733 693	720 447
Purchased licenses, trademarks etc.	117 907	131 016
Other long-term intangible assets	26 776	-
	144 683	131 016
Total non-current, intangible assets	878 376	851 463

During FY 2016/2017, the Group acquired fixed assets and intangible assets in the amount of 270 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Tax liabilities

	30.06.2017	30.06.2016
	EUR	EUR
Tax liabilities	267 164	128 631

As the Group's financial result was profit, potential Corporate Income Tax liabilities were accrued.

Note 6 Salary-related accrued expenses

	30.06.2017	30.06.2016
	EUR	EUR
Salary-related accrued expenses	1 137 108	888 543

The total amount of salary-related settlement increased by 28% as compared to 30.06.2016, due to increase in the number of employees, changes in compensation, and savings for bonuses.

Note 7 Segment information

a) The Group's operations are divided into two major structural units – SAF branded equipment designed and produced in-house - CFIP and Freemile (Ethernet/Hybrid/ superPDH systems), Integra (Integrated carrier-grade Ethernet microwave radio), Spectrum Compact (measurement tools for radio engineers) as the first structural unit and 3rd party products for resale, like Antennas, cables, some OEMed products and accessories as the second unit.

- **CFIP** –product line is represented by:
- a split mount **PhoeniX** hybrid radio system with Gigabit Ethernet + 20 E1 interfaces;
- **Lumina** high capacity Full Outdoor all-in-one radio with Gigabit Ethernet traffic interface;
- **CFIP-108** entry level radio - perfect for upgrade of E1 networks into packet data networks;
- **Marathon FIDU** low frequency low capacity system for industrial applications and rural telecom use.

Freemile 17/24, an all outdoor hybrid radio system to be used in 17 and 24 GHz unlicensed frequency bands and providing Ethernet/E1 interfaces for user traffic

All CFIP radios are offered in most widely used frequency bands from 300MHz to 38 GHz, thus enabling the use of CFIP radios all across the globe. PhoeniX radio represents the type of microwave radio which is still dominating market share point of view.

Integra – is a next generation radio system employing latest modem technology on the market as well as radio technology in an innovative packaging.

Spectrum Compact is the latest product line in SAF's portfolio, it is a measurement tool for field engineers for telecom, broadcasting and other industries using radio technologies. It comprises of a number of units covering several frequency bands and proving various functionality.

This note provides information about division of the Group's turnover and balance items by structural units by product type for 12 month of the financial year 2016/17 and financial year 2015/16.

	CFM; CFIP; FreeMile		Other		Total	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
	EUR	EUR	EUR	EUR	EUR	EUR
Segment assets	7 139 740	6 132 005	1 239 125	1 090 929	8 378 865	7 222 934
Undivided assets					6 682 910	6 118 075
Total assets					15 061 775	13 341 009
Segment liabilities	1 650 768	1 101 097	64 958	96 232	1 715 726	1 197 329
Undivided liabilities					1 269 840	786 876
Total liabilities					2 985 566	1 984 205
Net sales	15 975 021	11 842 914	1 072 743	1 863 898	17 047 764	13 706 812
Segment results	6 839 539	3 253 162	980 145	1 359 680	7 819 684	4 612 842
Undivided expenses					-5 976 711	-3 981 338
Profit from operations					1 842 973	631 504
Other income					396 223	381 419
Other expenses					-235	0
Financial income/expenses, net					-192 140	-17 879
Profit before taxes					2 046 821	995 044
Corporate income tax					-313 855	-69 777
Profit after taxes					1 732 966	925 267
Net profit					1 732 966	925 267
Other information						
Additions of property plant and equipment and intangible assets	120 120	288 935	0	12 470	120 120	301 405
Undivided additions					247 693	154 658
Total additions of property plant and equipment and intangible assets					367 813	456 063
Depreciation and amortization	196 066	201 605	609	260	153 138	201 865
Undivided depreciation					213 210	199 862
Total depreciation and amortization					366 348	401 727

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 12 month of the financial year 2016/17 and financial year 2015/16.

	Net sales		Assets	
	2016/17	2015/16	30.06.2017	30.06.2016
	EUR	EUR	EUR	EUR
Americas	9 831 114	7 103 066	1 153 538	1 055 020
Europe, CIS	5 608 678	4 831 516	308 629	601 765
Asia, Africa, Middle East	1 607 972	1 772 230	269 561	141 614
	17 047 764	13 706 812	1 731 728	1 798 399
Unallocated assets	-	-	13 330 047	11 542 610
	17 047 764	13 706 812	15 061 775	13 341 009

Note 8 Bad receivables

	30.06.2017	30.06.2016
	EUR	EUR
Bad receivables	35 939	20 768

Provisions for doubtful and bad accounts receivable were calculated according to Group's provision calculation policy. The Group starts to calculate provisions for customers who delays payment terms more than 3 months. Additional provisions were calculated for debts where probability not to receive payment is high, although agreed payment term has not come yet.

Note 9 Salaries, bonuses and social expenses

	30.06.2017	30.06.2016
	EUR	EUR
Salaries and social expenses	4 534 009	3 893 641
Bonuses and social expenses	1 326 181	665 132
	5 860 190	4 558 773

As compared to the period of 12 months of FY 2015/2016, the amount of salaries and related social payments has increased by 28%, which reflects the increase in fixed remuneration for SAF Tehnika employees with critical competencies, increase in the number of the Group's employees, and savings for bonuses. Bonuses are paid if the financial and development objectives are met.