



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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE 3 MONTH PERIOD ENDED 31 MARCH 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 Dīana Krišjāne Latvian Certified Auditor Certificate No. 124
Financial year	1st January – 31st December 2017
Interim reporting period	1st January – 31st March 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:

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

**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
- Biznesa efektivitātes asociācija – 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
- B2Y, Sabiedrība ar ierobežotu atbildību - Member of Council
- Mailigen, SIA - Chairman of Council
- FlyCap AIFP, SIA – Chairman of the Board
- Providencia, Sabiedrība ar ierobežotu atbildību – 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 developing 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

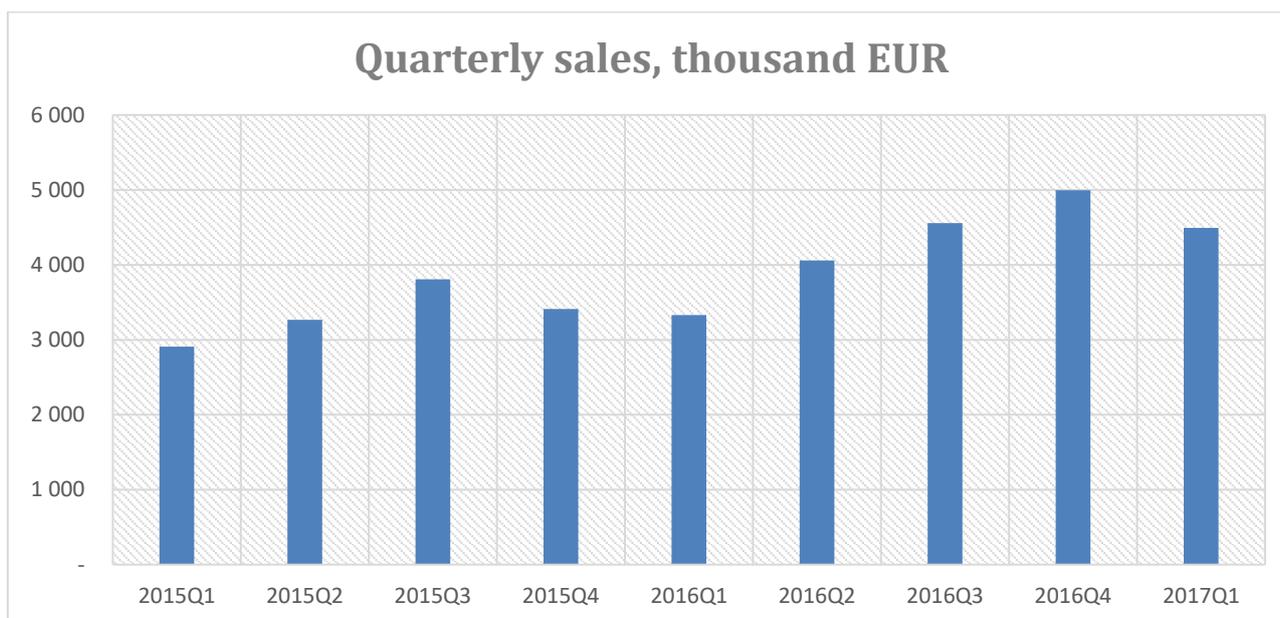
During the first quarter (“Q1” further in document) of 2017 the Company reported sales volume increase by 35% compared to the same period of 2016 and reached 4.495 million EUR. This is considerably good achievement considering typically weak demand from some of customers at a beginning of year. The 2017 Q1 sales results showed 10% sales volume decrease in comparison with previous quarter – 2016 Q4 which reflects usual seasonality pattern.

During Q1 2017 the Company reported substantially increased quarterly EBITDA result of 0.968 million EUR and quarterly net profit result of 0.412 million EUR. The reported EBITDA result demonstrate 176% increase in comparison with Q1 2016 and 73% increase from previous – Q4 2016. The quarterly net profit results for Q1 2017 demonstrate increase in comparison with Q1 2016 when net loss of 0.04 million EUR was reported and 195% increase from previous – Q4 2016. Results represent quarterly EBITDA margin of 22% and net profit margin of 9%.

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

Quarterly sales results for Q1

During the first quarter (“Q1” further in document) of 2017 the Company reported sales volume increase by 35% compared to the same period of 2016 and reached 4.495 million EUR. This is considerably good achievement considering typically weak demand from some of customers at a beginning of year. The 2017 Q1 sales results showed 10% sales volume decrease in comparison with previous quarter – 2016 Q4 which reflects usual seasonality pattern.

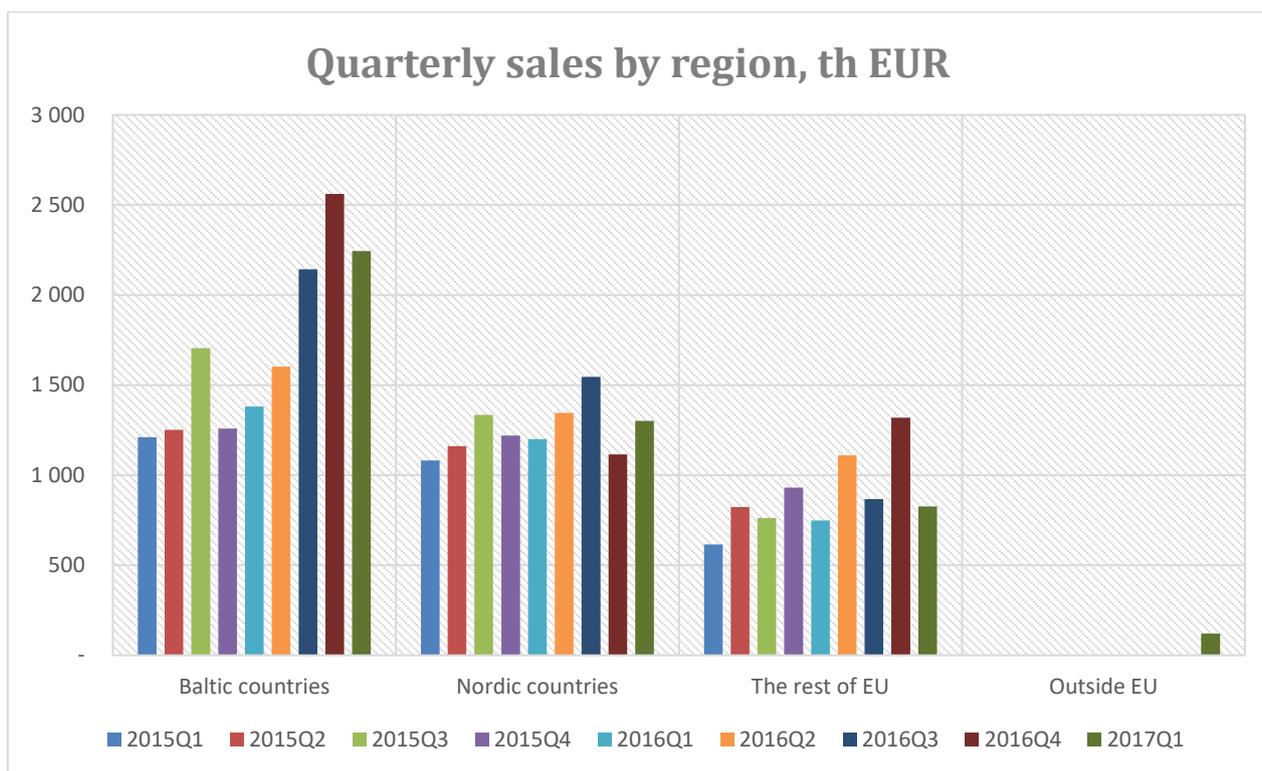


Quarterly sales by region results for Q1

During 2016 Q1 main sales drivers continue to be Baltic customers with 50% market share of sales. Nordic and other EU sales reported as 29% and 18% of total sales. HansaMatrix during Q1 has started to ship products to customer locations outside EU. This market share has been 3%.

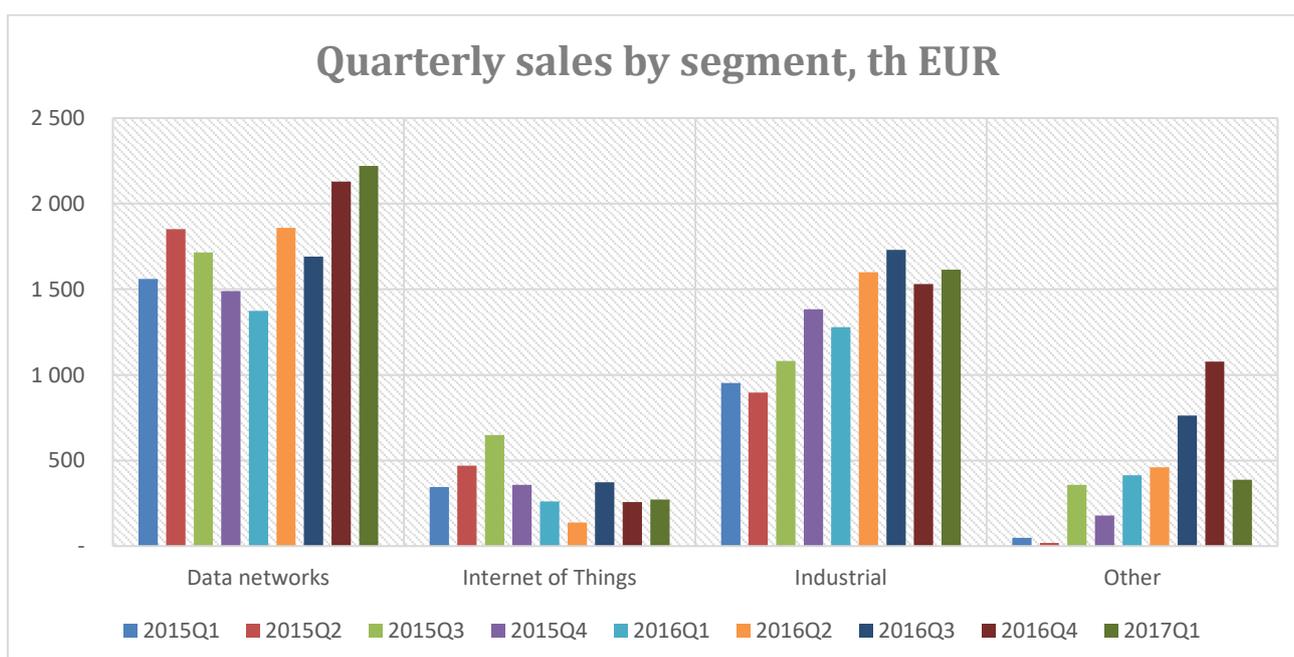
Sales dynamics of regions – Baltic sales was 62% up from 2016 Q1 and 12% down from 2016 Q4; Nordic sales was 9% up from 2016 Q1 and 17% up in comparison with 2016 Q4. Other EU sales was reported with 11% growth from 2016 Q1 and 37% reduction from 2016 Q4.

During 2017 Q1 one of previously Nordic region customer has changed delivery address and now has been accounted within the rest of EU segment. Consequently previous period data for the customer has been switched as well in order to maintain comparability of data.



Quarterly sales by market segment results in Q1

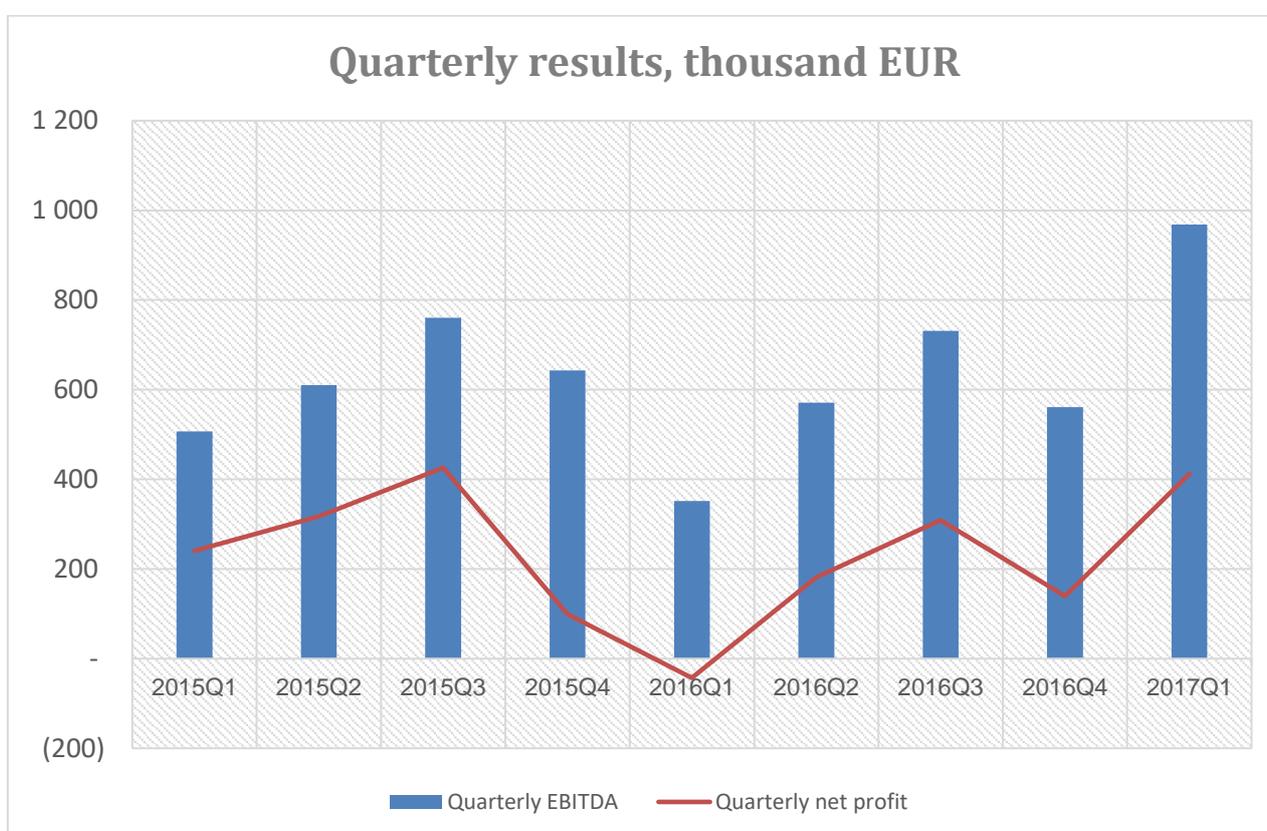
During Q1 2017 data network sales remained dominating sales driver with 49% and industrial products with 36% sales market share. Internet-of-things sales share was 6% and other products - 9%. Comparison of sales results to 2016 Q1 show data network product sales growth by 61%; industrial segment sales growth by 26%; internet-of-things – growth by 4% and other product segment – decrease by 6%. Comparison with sales results with previous - 2016 Q4 demonstrate 4% growth in data networks, 5% growth - in Internet of things and industrial segment. Other product segment has declined by 64% from 2016 Q4.



Quarterly EBITDA and net profit results in Q1

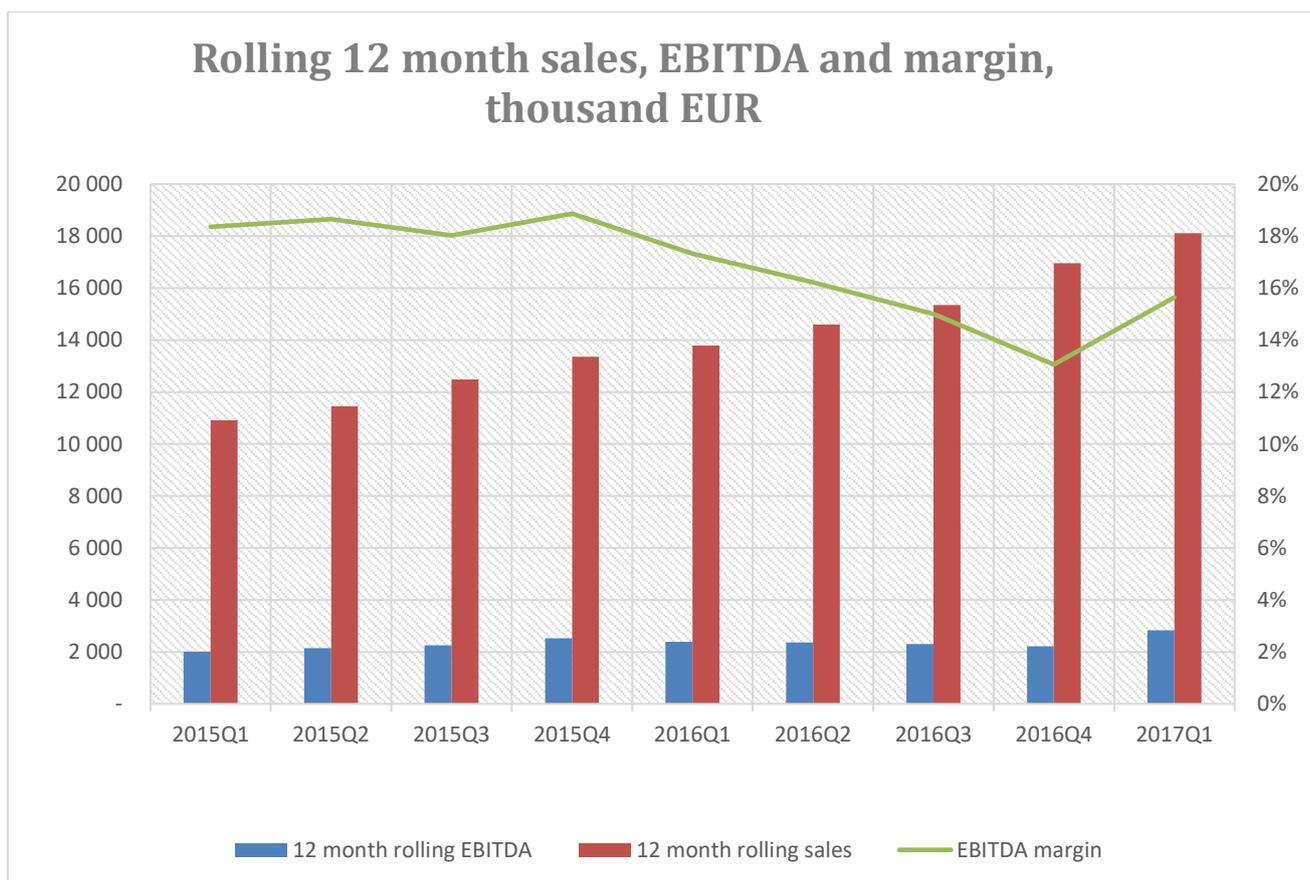
During Q1 2017 the Company reported substantially increased quarterly EBITDA result of 0.968 million EUR and quarterly net profit result of 0.412 million EUR. The reported EBITDA result demonstrate 176% increase in comparison with Q1 2016 and 73% increase from previous – Q4 2016. The quarterly net profit results for Q1 2017 demonstrate increase in comparison with Q1 2016 when net loss of 0.04 million EUR was reported and 195% increase from previous – Q4 2016. Results represent quarterly EBITDA margin of 22% and net profit margin of 9%.

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



12 months rolling sales, EBITDA and margin results

Cumulative sales of rolling 12 month period (period starting with April 1, 2016 and ending with March 31, 2017) at Q1 of 2017 was reported to be 18.120 million EUR, increase of 7% in comparison with 12 month period ended at Q4 2016. EBITDA result for the same 12 month period totalled at 2.832 million EUR, increase by 28% in comparison with 12 month period ended at Q4 2016. Averaged EBITDA margin for rolling 12 month period is reported to be 16%.



Summary of financial indicators for Q1 2017

The comparison of financial indicators for the period of Q1 2017 has been summarized below:

Financial indicators for period	2017Q1	2016Q1	% to previous period
Sales, thousand EUR	4 495	3 330	35%
EBITDA, thousand EUR	968	351	176%
Net profit, thousand EUR	412	-43	-1061%
EBITDA margin	22%	11%	
Net profit margin	9%	-1%	
EPS, EUR	0.23	N/A	

Investment activities

During Q1 2017 HansaMatrix made approximately 500 thousand EUR investments in production capacity increase, research instruments, test systems and development of new products.

The most significant investment in Q1 2017 was setting up of a new surface mount assembly line at the HansaMatrix Ventspils manufacturing plant. The line was opened on February 23rd, 2017 with participation of the President of Latvia Raimonds Vējonis. Total line cost were approximately 1 million EUR, of which 380 thousand EUR is investment in a new equipment. The investment was financed from own investment and by borrowing of 194 thousand EUR in a leaseback arrangement from credit institutions.

On January 10, 2017 The 200 thousand EUR investment loan to the SIA Lightspace Technologies was converted to shares. After the conversion the Company holds 17.21% shares. Lightspace technologies SIA 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.

Reasearch and development

During Q1 2017 the consortium of HansaMatrix, HansaMatrix Innovation, LightSpace Technologies and 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 Q1 2017 the Company received project funding amount of 237 thousand EUR.

During January 2017 the subsidiary SIA HansaMatrix Innovation created a new manufacturing division, and started production of a new products in optics, including development and limited series production of lenses.

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.

On 12 July 2016 started listing of AS HansaMatrix shares HMX1R on the Nasdaq Baltic Main list. See attached trading graph:



Security trading history

Price	2016	2017
Open	6.950	7.950
High	8.150	7.900
Low	6.950	6.900
Last	7.950	7.000
Traded volume	19,574	63,376
Turnover, million	0.15 EUR	0.44 EUR
Capitalisation, million	14.54 EUR	12.81 EUR

Significant events after end of reporting period

Shareholder “Macro Riga”, has started repayment of shareholder loan. First repayment of 100 thousand EUR was made on April 3, 2017.

On the April 18, 2017 the Company has signed a contract with “Centrālā finanšu un līgumu aģentūra” (CFLA) on the funding for the project “Real time 3D volumetric imaging technology experimental production establishment”, the project total funding approx. 1 million EUR.

On the 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 euro in LightSpace Technologies, SIA. JSC HansaMatrix share in this investment round is 649 635 EUR and after this round participation increases to 33.07%

On the April 27, 2017 HansaMatrix shareholders decided to pay the dividend of EUR 0.03 per 1 share, the total amount of the dividends calculated for the year 2016 shall be 54 881.43 eur. Payment of dividends will be made on 25 May 2017.

May 25, 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 March 31, 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, 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.

May 25, 2017



Ilmārs Osmanis
Chairman of the Board

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim consolidated statement of comprehensive income

	2017 Q1 EUR	2016 Q1 EUR
Net turnover	4 495 164	3 329 644
Cost of sales	(3 621 776)	(3 077 946)
Gross profit	873 388	251 698
Distribution costs	(133 098)	(96 967)
Administrative expense	(338 853)	(302 488)
Other operating income	202 522	170 402
Other operating expense	(14 378)	(12 159)
Operating profit	589 581	10 486
Loss from investments in associates	(14 690)	-
Financial income	23 419	23 262
Financial expense	(64 464)	(76 609)
Profit before tax	533 846	(42 861)
Corporate income tax	(44 596)	-
Deferred corporate income tax	(77 253)	-
Net profit for the reporting period	411 997	(42 861)
Other comprehensive income for the reporting year after tax	-	-
Total comprehensive income for the reporting year after tax	411 997	(42 861)
Profit and comprehensive income attributable to:		
Equity holders of the Parent Company	411 997	-
Non-controlling interests	-	-
	411 997	-

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

25 May 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of financial position**ASSETS**

	31.03.2017	31.12.2016
	EUR	EUR
NON-CURRENT ASSETS		
Intangible assets		
ODM assets	41 719	29 696
Other intangible assets	192 008	225 674
Total intangible assets	233 727	255 370
Property, plant and equipment		
Land and buildings	3 069 394	3 106 074
Equipment and machinery	4 151 992	3 908 704
Other fixtures and fittings, tools and equipment	510 227	506 238
Leasehold improvements	24 989	29 760
Construction in progress	374 072	549 453
Total property, plant and equipment	8 130 674	8 100 229
Non-current financial assets		
Investments in associates	191 949	-
Investments in other companies	661 328	661 779
Other investment loans	841 836	871 023
Loans to shareholders	1 234 318	1 234 318
Other non-current receivables	-	15 800
Total non-current financial assets	2 929 431	2 782 920
TOTAL NON-CURRENT ASSETS	11 293 832	11 138 519
CURRENT ASSETS		
Inventories		
Raw materials and consumables	1 510 904	1 101 060
Work in progress	838 970	494 841
Total inventories	2 349 874	1 595 901
Receivables and prepayments		
Trade receivables and receivables from related companies	1 012 991	932 042
Prepayments for goods	83 374	120 071
Loans to shareholders	1 207 737	1 234 318
Prepaid expense	118 841	34 036
Corporate income tax	-	126 951
Other receivables	292 819	216 293
Total receivables and prepayments	2 715 762	2 663 711
Cash and cash equivalents	203 355	381 891
TOTAL CURRENT ASSETS	5 268 991	4 641 503
TOTAL ASSETS	16 562 823	15 780 022

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

25 May 2017

Ilmārs Osmanis
Chairman of the Board

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

EQUITY	31.03.2017	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	1 315 519	1 335 097
Retained earnings/ (accumulated loss):		
a) brought forward	(99 336)	(670 111)
b) for the period	411 997	551 197
TOTAL EQUITY	5 893 453	5 481 456
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	3 202 452	3 624 391
Finance lease liabilities	322 843	142 299
Deferred income	699 889	742 282
Deferred income tax liabilities	763 909	686 656
Total non-current liabilities	4 989 093	5 195 628
Current liabilities		
Loans from credit institutions	1 636 007	1 636 007
Finance lease liabilities	56 645	56 915
Prepayments received from customers	656 982	440 531
Trade payables	2 545 287	2 035 078
Taxes payable	211 556	338 941
Corporate income tax	-	532
Other liabilities	215 217	226 829
Deferred income	169 577	169 578
Accrued liabilities	189 006	198 527
Total current liabilities	5 680 277	5 102 938
TOTAL LIABILITIES	10 669 370	10 298 566
TOTAL EQUITY AND LIABILITIES	16 562 823	15 780 022

The accompanying notes form an integral part of these financial statements.
25 May 2017

Ilmārs Osmanis
Chairman of the Board

Interim consolidated statement of cash flow

	2017	2016
	Q1	Q1
	EUR	EUR
CASH FLOWS TO/ FROM OPERATING ACTIVITIES		
Profit before tax	533 846	(42 861)
Adjustments for:		
Depreciation and amortization	378 748	340 887
Depreciation included in the cost of work in progress	-	-
Interest expense	57 620	65 363
Interest income	(23 419)	-
Increase/ (decrease) in allowances for slow-moving items and receivables	(5 118)	-
Income from grant recognition	(42 394)	(42 394)
Group's share of loss of an associate recognized in the statement of comprehensive income	14 690	-
Adjustments for:		
Decrease/ (increase) in inventories	(753 973)	(297 762)
Decrease/ (increase) in receivables	(41 369)	(47 938)
Increase in payables	576 669	302 178
Cash generated from operations, gross	695 300	277 473
Interest paid	(57 620)	(65 363)
Corporate income tax paid	-	-
Net cash flows to/ from operating activities	637 680	212 110
Cash flows to/ from investing activities		
Purchase of intangible assets and property, plant and equipment	(387 550)	(413 225)
Investments in and loans to other companies	(187 000)	-
Net cash flows to/ from investing activities	(574 550)	(413 225)
Cash flows to/ from financing activities		
Loans received from credit institutions	-	154 000
Loans repaid to credit institutions	(421 940)	(233 716)
Loans from lease companies	193 920	251 803
Loans repaid to lease companies	(13 646)	(130 229)
Net cash flows to/ from financing activities	(241 666)	41 858
Change in cash and cash equivalents for the period	(178 536)	(159 257)
Cash and cash equivalents at the beginning of the period	381 891	255 402
Cash and cash equivalents at the end of the period	203 355	96 145

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	-	-	-	-	411 997	411 997
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	411 997	411 997
Depreciation of revalued items of property, plant and equipment	-	-	-	(19 578)	19 578	-
Balance as at 31 March 2017	1 829 381	2 435 579	313	1 315 519	312 661	5 893 453

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 31 March 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 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	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	-
		31.03.2017	77 000	-	763 700	-
SIA Lightspace Technologies (AS HansaMatrix share 17%)	Loan, contribution in share capital	31.12.2016	-	-	-	-
		31.03.2017	-	-	100 000	-
	TOTAL	31.12.2016	681 600	-	686 700	-
	TOTAL	31.03.2017	77 000	-	863 700	-
2. Entities with significant influence						
SIA MACRO RĪGA (shareholder)	Loan	31.12.2016	92 892	-	2 468 636	-
		31.03.2017	23 419	-	2 442 055	-
	Purchase of services, spare parts; sale of materials	31.12.2016	-	-	-	-
		31.03.2017	8 044	-	8 044	-
	TOTAL	31.12.2016	92 892	-	2 468 636	-
	TOTAL	31.03.2017	31 463	-	2 450 099	-
3. Other related companies						
	Loans issued	31.12.2016	188 500	-	-	-
		31.03.2017	-	-	-	-
	Services, material supplies, sale of materials	31.12.2016	379 396	82 790	265 777	605
		31.03.2017	10 273	2 562	208 451	1 210
	TOTAL	31.12.2016	567 896	82 790	265 777	605
	TOTAL	31.03.2017	10 273	2 562	208 451	1 210

5. Dividends paid and proposed

During the reporting period are not calculated and paid dividends.

6. Events after the reporting period

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