

SAF Tehnika A/S
Consolidated Interim Report
for Q3 and 9 months of financial year 2016/17
(July 1, 2016 – March 31, 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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Share and Shareholdings

SAF Tehnika shareholders (over 5%) as of 19.11.2016

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%

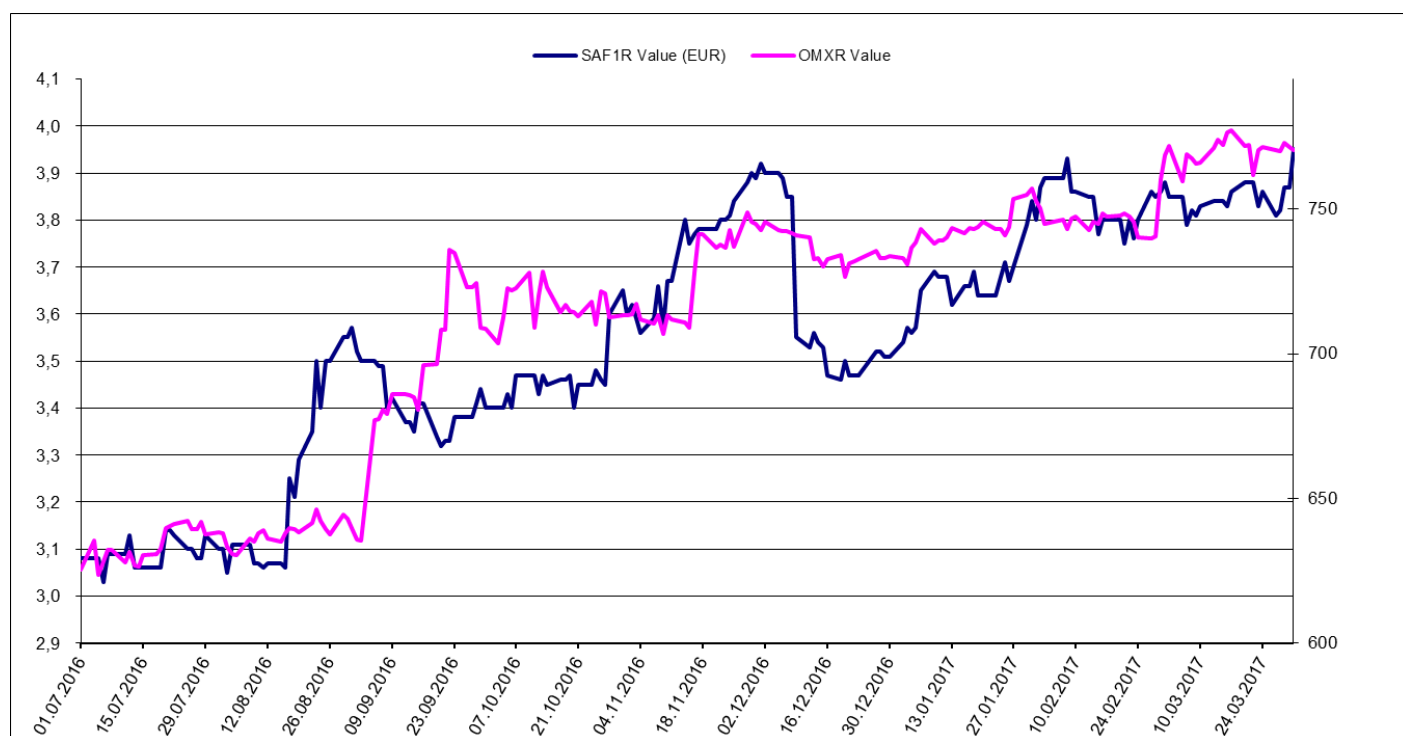
SAF Tehnika share price and OMX Riga index development for the reporting period

SAF Tehnika (SAF1R)

Period: July 1, 2016 – March 31, 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 31 March 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 Q3 of the FY 2016/2017, the Group's unaudited consolidated net turnover was EUR 3.77 million, which is more than in Q3 of the FY 2015/2016 by 25% (or EUR 0.75 million), though less by 13% than in Q2 of the year.

More than half of the quarterly turnover (60%) was made by sales in North/Latin Americas. The region's result is by EUR 0.9 million greater than in Q3 last year and is by EUR 0.86 million higher than the results of the preceding quarter.

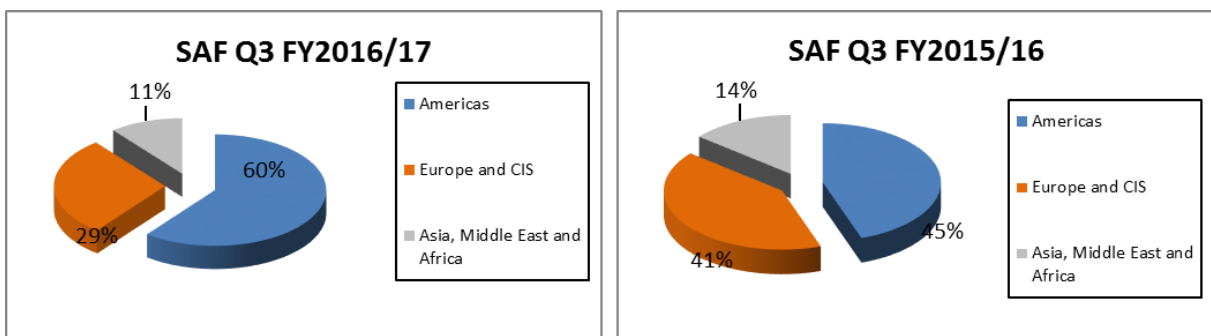
The turnover in the European and CIS region was 29% or EUR 1.09 million. According to sales results in the previous quarter related to solutions tailored to specific customer needs, sales returned to the level of the first quarter of the financial year and equivalent to sales results in Q3 last year.

In the AMEA (Asia, Middle East, Africa) region, the turnover was 11% or EUR 0.4 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 last year's average volumes.

During the period from January to March (inclusive), SAF participated in several exhibitions. In January, our US team took part in the Wireless Without Limits Conference. Every year, this event is held aboard a cruise ship, bringing the largest US Internet Service Providers together. SAF was one of the main sponsors of the trade show. Besides, SAF Tehnika participated in The Trade Show and WISP America exhibitions in the USA, as well as in Career Days organized by Riga Technical University and the Institute of Transport and Communications.

Striving to maintain excellent customer relationships, SAF Tehnika has implemented the Net Promoter Score system. It measures the customer loyalty and satisfaction with the services provided by the company, and provides timely detection and prevention of any communication problems with customers and partners.

Comparative charts of Q3 revenue breakdown by regions:

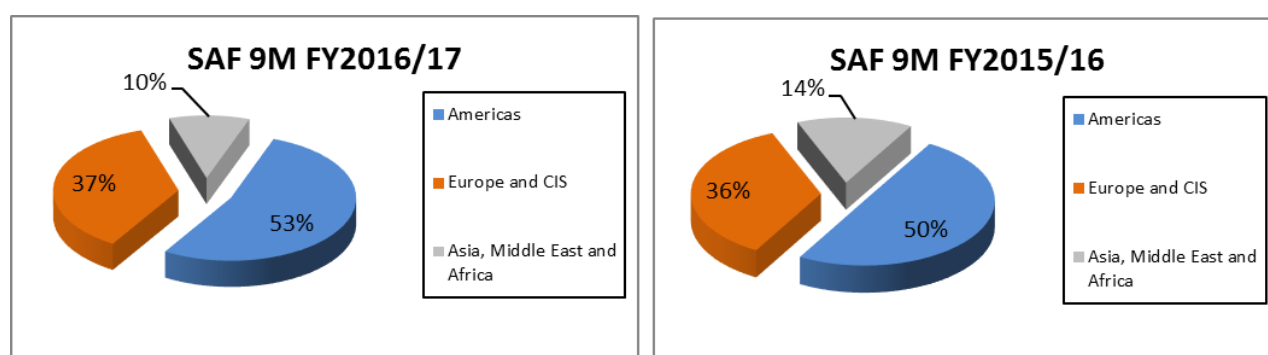


The Group's products were sold in 44 countries during the reporting quarter.

The Group's unaudited consolidated turnover for the 9-month period of the FY 2016/2017 was EUR 11.9 million, which is a 19% increase compared to the last fiscal year's revenues in the same period.

The revenues in North/Latin Americas exceeded 53% of the total Group's turnover and amounted to EUR 6.35 million, thus demonstrating a 27% increase against the results of the 9-month period of the previous financial year. Revenues from the European and CIS region represented 36% of the total turnover, having increased by 22%, or EUR 780 thousand, against the previous year. Revenues from the AMEA (Asia, Middle East, Africa) region decreased by 14% or EUR 205 thousand, thus making 10% the Group's total 9-month turnover.

Comparative charts of sales volumes (within 9 months) by regions:



The Group's costs did not exceed 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.

The Group finished Q3 of the FY 2016/2017 with profits of EUR 324 thousand (unaudited), which is by EUR 0.5 million more than in Q3 of the previous financial year, when the result was negative.

The unaudited consolidated result for the 9-month period of the FY 2016/2017 is EUR 1.15 million in profit, which is EUR 797 thousand more comparing to the Group's result of 9 months in the previous FY 2015/2016 (the profit of EUR 353 thousand).

During the 9-month period of the financial year, the Group had a negative net cash flow equaling to EUR 476 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 5.4 million.

Market overview

The microwave radio market has not experienced any rapid changes over the past quarter, and we believe no such changes are expected in the near future.

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.

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

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 31 March 2017, the Group numbered 192 employees (there were 183 employees on 31 March 2016).

KEY indicators

	Q3 2016/17	Q3 2015/16	Q3 2014/15
	EUR	EUR	EUR
Net Sales	3 776 193	3 025 455	3 025 455
Earnings before interest, taxes and depreciation (EBITDA)	499 750	44 272	44 272
<i>share of the turnover %</i>	13%	1%	1,5%
Profit/loss before interest and taxes (EBIT)	408 446	-60 832	-60 832
<i>share of the turnover %</i>	11%	-2%	-2%
Net Profit	324 081	-251 278	-251 278
<i>share of the turnover %</i>	9%	-8%	-8%
Total assets	13 949 869	12 396 376	12 396 376
Total Owners equity	11 499 916	10 791 338	10 791 338
Return on equity (ROE) %	2,37%	-2,00%	-2,00%
Return on assets (ROA) %	2,86%	-2,30%	-2,30%
Liquidity ratio			
Quick ratio %	222%	353%	353%
Current ratio %	298%	438%	438%
Earnings per share	0,11	-0,08	-0,08
Last share price at the end of period	3,95	3,17	3,17
P/E	6,81	10,23	13,21
Number of employees at the end of reporting period	192	183	183

Consolidated Statement of Financial Position

	Note	31.03.2017	31.03.2016
CURRENT ASSETS		EUR	EUR
Cash and bank		5 434 948	5 663 844
Customer receivables	1		
Accounts receivable		1 855 538	1 283 051
Allowance for uncollectible receivables		-40 250	-46 080
Total		1 815 288	1 236 971
Other receivables			
Other current receivables	2	44 820	126 901
Total		44 820	126 901
Prepaid expenses			
Prepaid taxes		123 790	145 270
Other prepaid expenses		176 413	108 232
Total		300 203	253 502
Inventories	3		
Raw materials		1 545 076	909 122
Work-in-progress		2 297 187	2 142 941
Finished goods		1 528 252	1 080 218
Prepayments to suppliers		21 183	17 075
Total		5 391 698	4 149 356
TOTAL CURRENT ASSETS		12 986 957	11 430 574
NON-CURRENT ASSETS			
Long-term financial assets			
Investments in other companies		2 148	2 148
Long-term receivables	1	3 265	4 082
Deffered income tax		75 769	78 266
Total		81 182	84 496
NON-CURRENT physical assets	4		
Plant and equipment		3 845 446	3 716 552
Other equipment and fixtures		1 956 065	1 889 082
Accumulated depreciation		-5 088 387	-4 869 535
Other long-term assets		29 532	2 651
Total		742 656	738 750
Intangible assets	4		
Purchased licenses, trademarks etc.		112 824	142 556
Other long-term intangible assets		26 250	0
Total		139 074	142 556
TOTAL NON-CURRENT ASSETS		962 912	965 802
TOTAL ASSETS		13 949 869	12 396 376

LIABILITIES AND OWNERS' EQUITY	Note	31.03.2017	31.03.2016
CURRENT LIABILITIES		EUR	EUR
Debt obligations			
Short-term loans from financial institutons		12 115	10 703
Customer prepayments for goods and services		599 485	84 615
Accounts payable		662 395	578 173
Tax liabilities	5	356 389	237 505
Salary-related accrued expenses	6	752 203	607 423
Provisions for guarantees		15 759	21 335
Deffered income		51 607	65 284
TOTAL CURRENT LIABILITIES		2 449 953	1 605 038
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		1 149 965	353 454
Currency translation reserve		13 505	16 842
TOTAL OWNERS' EQUITY		11 499 916	10 791 338
TOTAL LIABILITIES AND OWNERS' EQUITY		13 949 869	12 396 376

Consolidated Statement of Profit or Loss for 9 month of the financial year 2016/2017

	Note	31.03.2017	31.03.2016
		EUR	EUR
Net sales	7	11 930 990	10 007 604
Other operating income		171 257	250 598
Total income		12 102 247	10 258 202
Direct cost of goods sold or services rendered		-5 086 784	-4 845 986
Marketing, advertising and public relations expenses		-427 464	-372 815
Bad receivables	8	-34 694	-22 645
Operating expenses		-1 020 345	-909 584
Salaries and social expenses	9	-3 348 302	-2 876 147
Bonuses and social expenses	9	-624 483	-343 090
Depreciation expense		-267 722	-311 085
Other expenses		-49 348	26 932
Operating expenses		-10 859 142	-9 654 420
EBIT		1 243 105	603 782
Financial income (except ForEx rate difference)		6 323	6 169
Financial costs (except ForEx rate difference)		-9 358	-170
Foreign exchange +gain/(loss)		123 402	-150 113
Financial items		120 367	-144 114
EBT		1 363 472	459 668
Corporate income tax		-213 507	-106 214
Profit after taxes		1 149 965	353 454
Net profit/(loss)		1 149 965	353 454

*Earnings per share

EPS 31.03.2017. = 0.39 EUR

EPS 31.03.2016. = 0.12 EUR

Consolidated Statement of Profit or Loss for Q3 of the financial year 2016/2017

	31.03.2017	31.03.2016
	EUR	EUR
Net sales	3 776 193	3 025 455
Other operating income	164 196	121 195
Total income	3 940 389	3 146 650
Direct cost of goods sold or services rendered	-1 543 208	-1 459 310
Marketing, advertising and public relations expenses	-140 223	-143 956
Bad receivables	-4 084	-38 666
Operating expenses	-389 138	-339 181
Salaries and social expenses	-1 168 605	-1 031 784
Bonuses and social expenses	-167 820	-67 012
Depreciation expense	-91 304	-105 104
Other expenses	-27 561	-22 469
Operating expenses	-3 531 943	-3 207 482
EBIT	408 446	-60 832
Financial income (except ForEx rate difference)	3 672	519
Financial costs (except ForEx rate difference)	-207	0
Foreign exchange +gain/(loss)	-51 773	-211 351
Financial items	-48 308	-210 832
EBT	360 138	-271 664
Corporate income tax	-36 057	20 386
Net profit/(loss)	324 081	-251 278

*Earnings per share

EPS 31.03.2017. = 0.11 EUR

EPS 31.03.2016. = -0.08 EUR

Consolidated cash flow statement for 9 months of the financial year 2016/2017

	31.03.2017	31.03.2016
	EUR	EUR
CASH GENERATED FROM OPERATIONS (of which)	635 688	416 047
Cash received from customers	12 348 726	9 682 120
Cash paid to suppliers and employees	-11 871 335	-9 210 822
Paid/Received VAT, corporate income tax	158 297	-55 251
NET CASH USED IN INVESTING ACTIVITIES (of which)	-264 104	1 522 339
Cash paid/received for short-term investments	0	1 893 735
Cash paid for purchasing non-current physical assets	-270 427	-377 743
Interest received	6 323	6 347
NET CASH USED IN FINANCING ACTIVITIES (of which)	-783 094	-655 009
Repayment of short-term loans	20	2 328
Cash received from EU funds	226 748	352 525
Dividends paid	-1 009 862	-1 009 862
Effects of exchange rate changes	-64 401	60 173
TOTAL CASH FLOW:	-475 911	1 343 551
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	5 434 948	5 663 844
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	-475 911	1 343 551

Statement of changes in consolidated equity for the 9 month period ended March 31, 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	-	-	-	3 009	-	3 009
Profit for the period	-	-	-	-	1 149 965	1 149 965
As at 31 March 2017	4 158 252	2 851 725	8 530	13 505	4 467 904	11 499 916

Notes for interim report

Note 1 Customer receivables

	31.03.2017	31.03.2016
	EUR	EUR
Long-term receivables	3 265	4 082
Accounts receivable	1 855 538	1 283 051
Provisions for bad and doubtful accounts receivable	(40 250)	(46 080)
Total short term accounts receivable	1 815 288	1 236 971
Total receivables	1 818 553	1 241 053

While the turnover has grown during last two quarters, the total receivables also increased by 46% as compared to the same balance sheet date of the previous financial year

Note 2 Other current receivables

	31.03.2017	31.03.2016
	EUR	EUR
Other current receivables	44 820	126 901

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

	31.03.2017	31.03.2016
	EUR	EUR
Raw materials	2 100 739	1 491 627
Allowance for slow-moving items	(555 663)	(582 505)
Work-in-progress	2 297 187	2 142 941
Finished goods	1 528 252	1 080 218
Prepayments to suppliers	21 183	17 075
	5 391 698	4 149 356

As compared to 31 March 2016, total inventories grew by 30%.

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

	31.03.2017	31.03.2016
	EUR	EUR
Plant and equipment	3 845 446	3 716 552
Other equipment and fixtures	1 956 065	1 889 082
Accumulated depreciation	(5 088 387)	(4 869 535)
Other long term assets	29 532	2 651
	742 656	738 750
Purchased licenses, trademarks etc.	112 824	142 556
Other long-term intangible assets	26 250	-
	139 074	142 556
Total non-current, intangible assets	881 730	881 306

During 9 months of FY 2016/2017, the Group acquired fixed assets and intangible assets in the amount of 234 thousand euros – mainly, in order to ensure production and testing processes, as well as to acquire office equipment.

Note 5 Tax liabilities

	31.03.2017	31.03.2016
	EUR	EUR
Tax liabilities	356 389	237 505

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

Note 6 Salary-related accrued expenses

	31.03.2017	31.03.2016
	EUR	EUR
Salary-related accrued expenses	752 203	607 423

The total amount of salary-related settlement increased by 23% as compared to 31.03.2016, 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 9 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	7 326 985	5 575 672	1 179 486	1 121 138	8 506 471	6 696 810
Undivided assets					5 443 398	5 699 566
Total assets					13 949 869	12 396 376
Segment liabilities	1 490 556	893 540	144 464	83 404	1 635 020	976 944
Undivided liabilities					814 933	628 094
Total liabilities					2 449 953	1 605 038
Net sales	11 129 700	8 370 011	801 290	1 637 593	11 930 990	10 007 604
Segment results	4 188 978	2 040 066	673 556	1 201 058	4 862 534	3 241 124
Undivided expenses					-3 790 683	-2 887 940
Profit from operations					1 071 851	353 184
Other income					171 257	250 598
Other expenses					0	-170
Financial income/expenses, net					120 364	-143 944
Profit before taxes					1 363 472	459 668
Corporate income tax					-213 507	-106 214
Profit after taxes					1 149 965	353 454
Net profit					1 149 965	353 454
Other information						
Additions of property plant and equipment and intangible assets	116 767	281 350	0	7 600	116 767	288 950
Undivided additions					125 965	112 256
Total additions of property plant and equipment and intangible assets					242 732	401 206
Depreciation and amortization	152 529	153 883	609	158	153 138	154 041
Undivided depreciation					114 584	157 044
Total depreciation and amortization					267 722	311 085

b) This note provides information about division of the Group's turnover and assets by geographical regions (customer location) for 9 month of the financial year 2016/17 and financial year 2015/16.

	Net sales		Assets	
	2016/17	2015/16	31.03.2017	31.03.2016
	EUR	EUR	EUR	EUR
Americas	6 347 785	4 998 093	1 238 808	523 459
Europe, CIS	4 344 804	3 565 588	351 412	472 826
Asia, Africa, Middle East	1 238 401	1 443 923	228 333	244 768
	11 930 990	10 007 604	1 818 553	1 241 053
Unallocated assets	-	-	12 131 316	11 155 323
	11 930 990	10 007 604	13 949 869	12 396 376

Note 8 Bad receivables

	31.03.2017	31.03.2016
	EUR	EUR
Bad receivables	34 694	22 645

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

	31.03.2017	31.03.2016
	EUR	EUR
Salaries and social expenses	3 348 302	2 876 147
Bonuses and social expenses	624 483	343 090
	3 972 785	3 219 237

As compared to the period of 9 months of FY 2015/2016, the amount of salaries and related social payments has increased by 23%, 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.