INTERIM REPORT
Second quarter 2016

This English translation is for the information purposes only. In case of any discrepancies between this version and the Swedish, the Swedish version shall prevail.

Interim report 1 January – 30 June 2016

SECOND QUARTER (1 April – 30 June 2016)

- Net sales increased by 14% to SEK 342.5m (300.9). Excluding acquired and divested units as well as currencies, organic growth was 3%
- EBIT from the operational business areas increased to SEK 11.4m (2.0). The Group's EBIT increased to SEK 10.5m (0.6)
- Net profit increased to SEK 3.3m (-3.5), equivalent to SEK 0.16 per share (-0.42)
- Cash flow from operating activities amounted to SEK 26.3m (-1.4)

FIRST HALF (1 January – 30 June 2016)

- Net sales increased by 20% to SEK 681.1m (566.9). Excluding acquired and divested units as well as currencies, organic growth was 6%
- EBIT from the operational business areas increased to SEK 25.9m (-0.7). The Group's EBIT increased to SEK 23.0m (-4.0)
- Net profit increased to SEK 8.7m (-11.1), equivalent to SEK 0.42 per share (-1.38)
- Cash flow from operating activities amounted to SEK 32.0m (-16.7)

Erik Stenfors, HANZA's CEO, comments on the report:

"In June, we signed another agreement on an MIG™ analysis, i.e., to develop a customised manufacturing solution. In July, we began implementing a manufacturing solution for another customer – after an earlier MIG™ analysis. As a result, we continue to distance ourselves from classic contract manufacturing.

"During the quarter, we shut a factory outside Tallinn and shifted production to our manufacturing cluster *in Tartu, Estonia. Despite the shutdown and move, the Group generated an operating margin of just over 3% – proof that we are able to develop the Group without extensive restructuring costs.*

"The Group had a strong cash flow of just over SEK 26m in the quarter. Our interest-bearing net debt decreased significantly in the second quarter, from about SEK 251m to about SEK 212m.

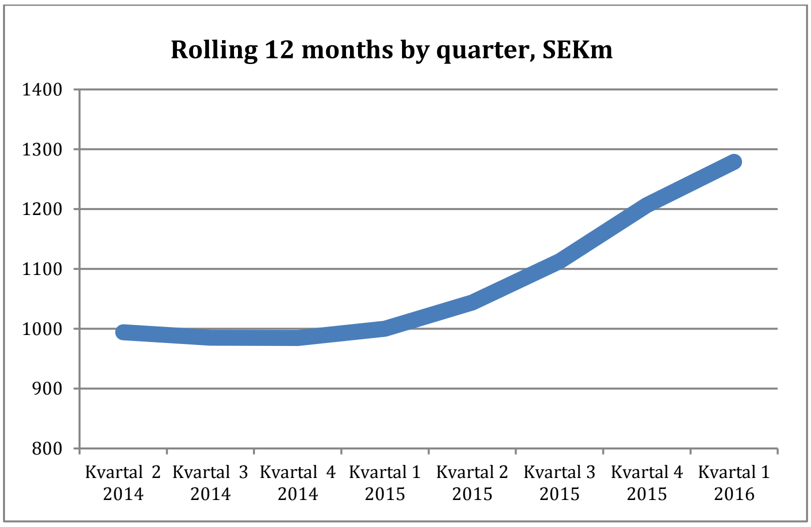
"HANZA is the youngest billion-kronor manufacturer in the Nordic region and we see further opportunities for new business and growth. During the second quarter, we launched an important expansion of our manufacturing cluster *in Central Europe and in coming years we look forward to aggressive new steps in the Group's further development."*

SIGNIFICANT EVENTS IN THE SECOND QUARTER 2016

- The Group discontinued production at its factory in Aruküla, Estonia in the second quarter and shifted operations to HANZA's manufacturing cluster in Tartu, Estonia. The merger affected around 80 employees in Aruküla. The direct net costs of SEK -2.0m to move the factory impacted the second quarter; see also the table in Note 5.
- The Annual General Meeting held on May 10 re-elected board members Mikael Smedeby, Francesco Franzé, Håkan Halén and Pauli Pöllänen. Mikael Smedeby was elected as Chairman of the Board and Francesco Franzé was elected as Vice Chairman.
- Free2Move signed a cooperation agreement with HANZA in May on the industrialisation and manufacture of products in the fact-growing area of the Internet of Things (IoT).
- In May, HANZA sold its property in Riihimäki, where operations had been discontinued. The capital gain was offset against a portion of quarterly one-off costs and provisions; see also the table in Note 5.
- HANZA's manufacturing cluster in Central Europe was expanded during the quarter by adding 1,500 sqm to the Group's factory in the Czech Republic and through a strategic cooperation agreement signed with Rayservice, a leading Czech manufacturer in the aerospace and defence sector.

SIGNIFICANT EVENTS AFTER THE PERIOD

- After a MIG™ analysis, HANZA was awarded an order in July to implement a new manufacturing solution for RVM Systems AS of Norway. The estimated value of the order exceeds SEK 40m annually, with production scheduled to commence in the third quarter of 2016.



Consolidated sales are reported for eight quarters up to and including the quarter indicated in the graph.


HANZA's Group Management, from left: Emöke Sogenbits, Mikko Leidén, Lars Åkerblom, Bengt Emesten, Gerd Levin-Nygren, Thomas Lindström, Erik Stenfors.

CEO COMMENT

Further development of manufacturing clusters
We completed a major restructuring in the second quarter when we shut our factory outside Tallinn and moved production to our manufacturing cluster in Tartu, Estonia. Despite the shutdown and move during the quarter, the Group reported a positive operating margin of just over 3%. This is proof that HANZA is able to quickly develop the Group without the typically high restructuring costs. It is also gratifying that sales grew organically during a quarter when they were adversely affected by a major move of manufacturing operations.

Another MIG™ contract
As part of our Frontrunner acceleration programme, we have eliminated non-strategic factories and volumes with lower profitability in order to focus on a full-service offer with advice and a complete manufacturing chain. In the second quarter, we signed another agreement on a MIG™ analysis, i.e., to develop a customised manufacturing solution for a customer. In addition, we began implementing a manufacturing solution for another customer in July after an earlier MIG™ analysis. As a result, we continue to distance ourselves from classic contract manufacturing. The MIG™ projects build on an already stable customer portfolio, which includes SAAB Defence, ABB, Konecranes, Atlas Copco, Ericsson and Siemens.

Significant debt reduction
HANZA's manufacturing clusters not only provide high customer value, but also a strong cash flow by consolidating non-current assets. We generated cash flow of just over SEK 26m in the second quarter. We can therefore deliver on our commitment to cut debt – in the second quarter our interest-bearing net debt decreased by just over 15%, from about SEK 251m to about SEK 212m. Our equity/assets ratio increased to 35.7 %, which is 12 percentage points higher than the second quarter of 2015 (23.7%).

Finish Frontrunner, take next step
The focus in 2016 is on finalising the Group's Frontrunner acceleration programme to increase profitability and reduce debt. At the same time, HANZA is the youngest billion-kronor manufacturer in the Nordic region and we see further opportunities for new business and growth. During the second quarter, we launched an important expansion of our manufacturing cluster in Central Europe and in coming years we look forward to aggressive new steps in the Group's further development.

Erik Stenfors, CEO

SEK m	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan - Dec 2015
Net sales	342.5	300.9	681.1	566.9	1,206.4
Operating business area EBIT	11.4	2.0	25.9	-0.7	12.5
Business development	-0.9	-1.4	-2.9	-3.3	38.6
EBIT	10.5	0.6	23.0	-4.0	51.1
Cash flow from operating activities	26.3	-1.4	32.0	-16.7	5.0
Interest-bearing net debt			212.4	193	244.2
Equity/assets ratio			35.7%	23.7%	32.7%

MARKET DEVELOPMENT

HANZA's primary market is the Nordic region, but it also has customers in the rest of Europe, Asia and the US. Demand from Swedish companies remains strong, which is now evident in the form of a labour shortage. The last time there was as a big a shortage was in January 2008, before the financial crisis. In Norway, weak demand continues due to the drop in oil and gas prices. In Finland, there are signs of economic improvement, though starting from a weak point.

For HANZA, economic conditions are reflected in customer volumes. Swedish customers are increasing their orders, Finnish customers are holding steady and Norwegian customers continue to reduce their volumes. In China, several customers have decided to repatriate production (known as backsourcing), which has had an adverse impact on production in China but a positive impact on Europe.

HANZA is confident that British decision to leave the EU will pave the way for new MIG projects. Because Brexit affects industry globally, new manufacturing solutions will be needed for the customers that are impacted.

As part of the Frontrunner acceleration programme, HANZA is divesting units and contracts of limited size and profitability and replacing them with larger projects involving its MIG™ service. HANZA does not issue sales forecasts, but underlines that the Group has continued to grow organically despite major changes in the second quarter that adversely affected sales and production.

NET SALES AND RESULTS

Second quarter

HANZA's net sales increased during the second quarter by 14% to SEK 342.5m (300.9). During 2015, HANZA acquired the mechanical manufacturing group Metalliset while divesting four manufacturing units. Adjusted for currencies, acquisitions and divestments, organic growth was about 3%. Due to HANZA's broad range of operations, sales generally are not seasonal, except for the third quarter, when they are lower due to the summer holiday period.

EBITDA for the quarter amounted to SEK 22.2m (8.7), corresponding to an EBITDA margin of 6.5% (2.9). Depreciation amounted to SEK 11.7m (8.1) during the period. The increase is due to the non-current assets obtained through the acquisition of Metalliset. The Group's EBIT amounted to SEK 10.5m (0.6), corresponding to an operating margin of 3.1% (0.2)

During the second quarter 2016, the Electronics segment remained profitable with EBIT of SEK 6.5m (6.2), corresponding to an operating margin of 5.0% (4.3). External sales decreased to SEK 121.6m (136.5), due entirely to divested units.

EBIT for the Mechanics segment amounted to SEK 4.9m (-4.2), corresponding to an operating margin of 2.2% (-2.5%). A special effort has been underway in Mechanics since autumn 2015 to integrate Metalliset and extract synergies that increase profitability. Among other things, two factories in Estonia were merged in the first half of 2016. This merger led to one-off costs of SEK -4.2m. The Group's strategy is to try to balance the additional costs that arise through factory mergers with revenue from the sale of redundant assets. One of the Group's surplus properties in Finland was sold during the quarter, resulting in a one-off gain of SEK 2.2m.

As a whole, the one-off effect on profit was SEK -2.0m during the second quarter; see also note 5.

The Business Development segment recognises costs for special projects to develop the Group not associated with HANZA's normal operating activities, such as acquisitions, divestments, listing costs, the cluster strategy etc. The result for the Business Development segment amounted to SEK -0.9m (-1.4) in the second quarter.

Other operating income amounted to SEK 8.7m (1.9) in the quarter and mainly consisted of the sale of the property in Finland for SEK 2.2m, other non-current assets of SEK 3.0m and exchange rate gains; see also Note 6.

The gross margin is continuously improving as new projects are secured and older production is phased out, and during the quarter was 44.2% (38.4). External costs amounted to SEK -47.9m (-36.8) and personnel costs amounted to SEK -87.1m (-70.7). The increases are due to acquired units.

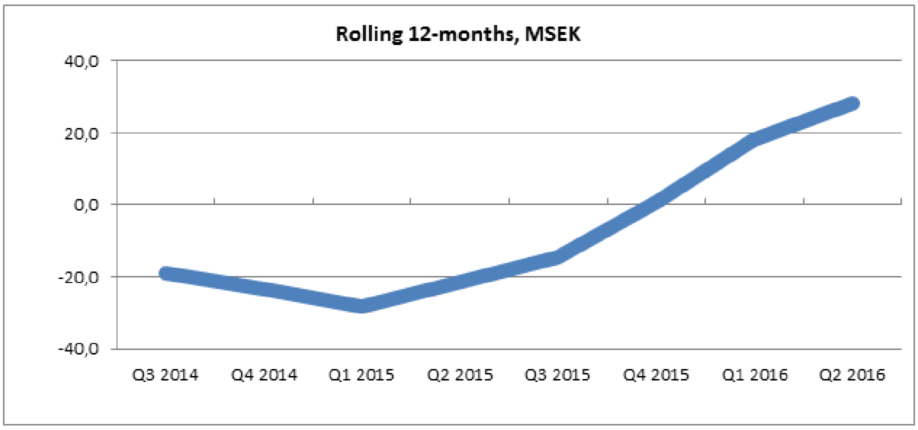
Net financial items amounted to SEK -6.2m (-4.0) in the quarter. The increase is mainly due to the acquisition of Metalliset. The result before taxes amounted to SEK 4.3m (-3.46). Net profit amounted to SEK 3.3m (-3.5).

First half

HANZA's net sales increased by 20% during the first half of 2016 to SEK 681.1m (566.9). During 2015, HANZA acquired the mechanical manufacturing group Metalliset while divesting four manufacturing units. Adjusted for acquisitions, divestments and currencies, organic growth was about 6%.

EBITDA for the first half of 2016 amounted to SEK 46.6 m (11.5), corresponding to an EBITDA margin of 6.8% (2.0). Depreciation amounted to SEK 23.6m (15.5) during the period. The change is due to the non-current assets obtained through the acquisition of Metalliset. The gross margin was 44.6% (39.5). The Group's EBIT amounted to SEK 23.0m (-4.0), corresponding to an operating margin of 3.4% (-0.7).

Net financial items amounted to SEK -12.5m (-7.0). The increase is mainly due to the acquisition of Metalliset. The result before taxes amounted to SEK 10.5m (-11.0). Net profit amounted to SEK 8.7m (-11.1).



CASH FLOW AND INVESTMENT

Cash flow from operating activities amounted to SEK 26.3m (-1.4) in the second quarter.

The merger of production units ("cluster formation") reduces the capital tied up in operations and thus has a positive impact on cash flow. In recent years, HANZA has made extensive investments in the Group's production facilities and automated processes by installing new machinery, and today it is fully invested. As a result, investments are expected to be lower than depreciation moving forward. The merger of production units also leads to lower investment needs.

Cash flow from investing activities amounted to SEK 12.2m (-0.8) in the second quarter and consisted of investments in property, plant and equipment of SEK -2.9m and the divestment of non-current assets for SEK 15.1m. Loans of SEK 32.0m (4.5) were repaid during the period.

Cash flow from operating activities amounted to SEK 32.0m (-16.7) for the period January-June 2016. Cash flow from investing activities amounted to SEK 12.5m (-2.9) and consisted of investments in property, plant and equipment of SEK -7.7m and the divestment of non-current assets for SEK 20.2m. Loans of SEK 64.7m (4.5) were repaid in the first half of 2016, compared with an increase in loans of SEK 7.3m in the same period in 2015.

FINANCIAL POSITION

Equity increased by SEK 8.1m during the quarter to SEK 270.3m. The equity/assets ratio at the end of the quarter was 35.7% (23.7%).

Total assets amounted to SEK 756.8m (605.5), compared with SEK 776.5m at the beginning of the quarter. Cash and cash equivalents amounted to SEK 29.0m (30.8) at the end of the period. Interest-bearing net debt amounted to SEK 212.4m (193.0) at the end of the quarter, compared with SEK250.6m at the beginning of the quarter.

EMPLOYEES

During the first half of 2016, the average number of employees in the Group was 1,351 (996). The increase is due to the acquisition of Metalliset, which had 502 employees on the takeover date. At the end of the period, the number of employees was 1,384, compared with 1,432 at the beginning of the year.

PARENT COMPANY

The Parent Company's net sales, which consisted solely of revenues from Group companies, amounted to SEK 0.7m (1.5) in the second quarter. The result before taxes during the quarter amounted to SEK -2.9m (-5.3). No investments were made in Parent Company.

ACCOUNTING POLICIES

The Group applies International Financial Reporting Standards (IFRS). This interim report has been prepared in compliance with IAS 34 Interim Reporting and the Swedish Annual Accounts Act. For further information on accounting policies, reference is made to Note 2 in the company's annual report for 2015.

THE SHARE

The total number of shares at the end of the quarter was 20,642,179, unchanged from the beginning of the year. The company has only one class of shares. Erik Penser Bank AB is the company's Certified Adviser and also serves as liquidity provider.

The share is traded on Nasdaq First North Premier. Shares traded in the Premier segment are subject to more stringent requirements concerning information disclosure and financial reporting than shares subject to First North's normal regulations. A listing on the Premier segment also requires the company to operate with a higher level of transparency, preparing it for a possible transfer to the main Nasdaq list. The share price at the end of the period was SEK 8.35.

The company has issued the following options.

Options	Number	Expiration date	Subscription price, SEK
Employee options	721,000	2018-12-31	12.00

The Annual General Meeting in May resolved to establish a warrant program comprising 1,001,000 warrants which carry the right to subscribe for 1 share for SEK 12 during the period 1 November 2018 to 31 December 2018. Of them, 721,000 were subscribed at the end of the period. In connection with the subscriptions, the 260,000 options from the previous employee option program were returned.

The company has the following convertible loans.

Convertible loans	Duration	Loan amount SEK m	Issue price, SEK
Issued 2015	2016-12-31	4.5	25.39
Issued 2015	2017-12-31	15.0	See comment above

The subscription price of SEK 25.39 has been restated to take into account the issuance of preferred shares in August 2015.

In February 2015, HANZA issued convertible debentures of SEK 4.5m. Under certain special conditions, the company is entitled during December 2016 to convert SEK 2.5m of this debt to shares at a price corresponding to 50% of the average price of the share during the preceding three months. From the viewpoint of the holders, the convertibles will lead to a maximum of 177,528 new shares. From the viewpoint of the company, the number of new shares is capped at 760,000.

In December 2015, a convertible loan was issued in a nominal amount of SEK 15m. The conversion price is 85% of the average market price of the company's share during the three-month period immediately preceding conversion, but not less than SEK 5.80.

SIGNIFICANT RISKS AND UNCERTAINTIES

The risk factors of greatest significance to HANZA are financial risks and changes in market conditions. For further information about risks and uncertainties, reference is made to Note 3 in the company's annual report for 2015. No significant changes in the risks have arisen since the annual report for 2015 was published.

RELATED-PARTY TRANSACTIONS

During the second quarter, the company settled the short-term loan it obtained at the end of 2015 in order to repay portions of loans that matured at the end of 2015.

No other related party transactions took place during the quarter.

The interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 26 August 2016

On behalf of the Board of Directors

Erik Stenfors, CEO

This report has not been reviewed by the company's auditors.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK m	Note	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Net sales	**5**	**342.5**	**300.9**	**681.1**	**566.9**	**1,206.4**
Change in inventories due to production, finished goods and work in progress		-2.8	-1.8	-4.4	-0.6	2.5
Other operating income	6	8.7	1.9	14.4	2.4	62.8
Total revenue		**348.4**	**301.0**	**691.1**	**568.7**	**1,271.7**
Operating costs						
Raw material and supplies		-188.3	-183.5	-372.7	-342.5	-713.9
Other external costs		-47.9	-36.8	-98.0	-71.7	-163.6
Personnel costs		-87.1	-70.7	-170.5	-140.3	-296.8
Depreciation		-11.7	-8.1	-23.6	-15.5	-39.5
Other operating costs	6	-2.9	-1.3	-3.3	-2.7	-6.8
Total operating costs		**-337.9**	**-300.4**	**-668.1**	**-572.7**	**-1,220.6**
EBIT	**5**	**10.5**	**0.6**	**23.0**	**-4.0**	**51.1**
Result from financial items						
Financial income		0.3	0.9	0.3	2.4	3.2
Financial costs		-6.5	-4.9	-12.8	-9.4	-20.3
Financial items - net	**7**	**-6.2**	**-4.0**	**-12.5**	**-7.0**	**-17.1**
Result before taxes		**4.3**	**-3.4**	**10.5**	**-11.0**	**34.0**
Income taxes		-1.0	-0.1	-1.8	-0.1	3.5
Net profit/loss		**3.3**	**-3.5**	**8.7**	**-11.1**	**37.5**
Other comprehensive income						
Items that can later be reversed to profit or loss						
Currency differences		4.7	-2.1	7.2	-4.4	-11.2
Other comprehensive income for the period		**4.7**	**-2.1**	**7.2**	**-4.4**	**-11.2**
Total comprehensive income for the period		**8.0**	**-5.6**	**15.9**	**-15.5**	**26.3**

Total comprehensive income is related in its entirety to the Parent Company's shareholders

Result per share, calculated on result attributable to Parent Company's shareholders during the period (expressed in SEK per share)

Result per share before dilution	0.16	-0.42	0.42	-1.38	3.18
Result per share after dilution	0.15	-0.42	0.41	-1.38	3.17
Weighted average number of shares before dilution	20,642,179	8,144,346	20,642,179	8,035,632	11,810,193
Adjustment for calculation of result per share after dilution:					
Convertibles	349,267		341,242		29,809
Weighted average number of shares after dilution	20,991,446	8,144,346	20,983,421	8,035,632	11,840,002

Calculated based on the number of shares adjusted for holdings of treasury shares 2015 and a restated historical number of shares due to the rights issue element of the 2015 rights issue.

CONSOLIDATED BALANCE SHEET

Amounts in SEK m	Note	2016-06-30	2015-06-30	2015-12-31
ASSETS				
Non-current assets				
Intangible assets				
Goodwill		143.9	142.2	141.4
Other intangible assets		0.3	0.6	0.3
Intangible assets		**144.2**	**142.8**	**141.7**
Tangible non-current assets		**239.2**	**115.6**	**253.0**
Financial non-current assets				
Other long-term securities holdings		0.3	0.1	0.4
Deferred tax assets		16.1	13.1	17.0
Financial non-current assets		**16.4**	**13.2**	**17.4**
Total non-current assets		**399.8**	**271.6**	**412.1**
Current assets				
Inventory		231.5	210.6	239.3
Accounts receivable		68.4	55.8	51.7
Other receivables		18.0	24.9	15.0
Prepaid costs and accrued income		10.1	11.8	9.4
Cash and cash equivalents		29.0	30.8	48.8
Total current assets		**357.0**	**333.9**	**364.2**
TOTAL ASSETS		**756.8**	**605.5**	**776.3**

CONSOLIDATED BALANCE SHEET, cont.

Amounts in SEK m	Note	2016-06-30	2015-06-30	2015-12-31
EQUITY				
Equity attributable to Parent Company's shareholders		**270.3**	**143.5**	**254.1**
LIABILITIES				
Long-term liabilities				
Liabilities to credit institutions	4	83.9	20.0	98.0
Other long-term interest-bearing liabilities		25.1	22.9	21.8
Convertible loan		13.3	-	12.8
Long-term non-interest-bearing liabilities		6.8	7.6	6.9
Total long-term liabilities		**129.1**	**50.5**	**139.5**
Current liabilities				
Bank overdraft	4	48.3	74.0	66.3
Liabilities to credit institutions	4	37.8	49.8	54.8
Convertible loan		4.5	14.0	4.5
Other interest-bearing liabilities		28.5	43.1	34.8
Accounts payable		159.3	155.5	147.4
Other liabilities		24.4	20.6	22.5
Accrued costs and deferred income		54.6	54.5	52.4
Total current liabilities		**357.4**	**411.5**	**382.7**
TOTAL EQUITY AND LIABILITIES		**756.8**	**605.5**	**776.3**
Equity per share at the end of the period, SEK		13.09	15.21	12.31
Number of shares at the end of the period		20,642,179	9,432,182	20,642,179

Calculated based on the number of shares adjusted for holdings of treasury shares in the previous year and a restated historical number of shares due to the rights issue element of the 2015 rights issue.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK m	Share capital	Other contributions received	Reserves	Profit brought forward including profit for the period	Total equity
Opening balance per 1 January 2016	**2.0**	**294.8**	**-3.3**	**-39.4**	**254.1**
Profit after tax	-	-	-	8.7	8.7
Other comprehensive income					
Currency differences	-	-	7.2	-	7.2
Total comprehensive income	**-**	**-**	**7.2**	**8.7**	**15.9**
Employee options	-	0.3	-	-	0.3
Total contribution from and value transfers to shareholders recognised directly in equity	**-**	**0.3**	**-**	**-**	**0.3**
Closing balance per 30 June 2016	**2.0**	**295.1**	**3.9**	**-30.7**	**270.3**
Opening balance per 1 January 2015	**0.7**	**218.1**	**7.9**	**-80.4**	**146.3**
Profit after tax	-	-	-	-11.1	-11.1
Other comprehensive income					
Currency differences	-	-	-4.4	-	-4.4
Total comprehensive income	**-**	**-**	**-4.4**	**-11.1**	**-15.5**
Employee options	-	0.3	-	-	0.3
New share issue	0.1	13.0	-	-	13.1
Issue costs	-	-0.7	-	-	-0.7
Total contribution from and value transfers to shareholders recognised directly in equity	**0.1**	**12.6**	**-**	**-**	**12.7**
Closing balance per 30 June 2015	**0.8**	**230.7**	**3.5**	**-91.5**	**143.5**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

Amounts in SEK m	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Cash flow from operating activities					
Profit/loss after financial items	4.3	-3.4	10.5	-11.0	34.0
Depreciation	11.4	8.1	23.3	15.5	39.5
Other non-cash items	-2.4	0.3	-5.3	-0.4	-55.2
Income taxes paid	-2.3	-1.0	-4.2	-1.0	-3.5
Cash flow from operating activities before changes in working capital	**11.0**	**4.0**	**24.3**	**3.1**	**14.8**
Total change in working capital	**15.3**	**-5.4**	**7.7**	**-19.8**	**-9.8**
Cash flow from operating activities	**26.3**	**-1.4**	**32.0**	**-16.7**	**5.0**
Cash flow from investing activities					
Company acquisitions					-36.8
Investments in non-current assets	-2.9	-0.8	-7.7	-2.9	-17.0
Sale of tangible non-current assets	15.1	-	20.2	-	7.7
Cash flow from investing activities	**12.2**	**-0.8**	**12.5**	**-2.9**	**-46.1**
Cash flow from financing activities					
New share issue	-	12.4	-	12.4	66.2
Change in loans	-32.0	-4.5	-64.7	7.3	-8.0
Cash flow from financing activities	**-32.0**	**7.9**	**-64.7**	**19.7**	**58.2**
Decrease/increase in cash and cash equivalents	**6.5**	**5.7**	**-20.2**	**0.1**	**17.1**
Cash and cash equivalents on the opening date	21.8	25.5	48.8	31.8	31.8
Exchange rate differences in cash and cash equivalents	0.7	-0.4	0.4	-1.1	-0.1
Cash and cash equivalents at the end of the period	**29.0**	**30.8**	**29.0**	**30.8**	**48.8**

CONDENSED INCOME STATEMENT, PARENT COMPANY

Amounts in SEK m	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Operating revenue	**0.7**	**1.5**	**1.4**	**2.1**	**3.0**
Operating costs	**-3.1**	**-3.3**	**-5.5**	**-5.4**	**-10.6**
EBIT	**-2.4**	**-1.8**	**-4.1**	**-3.3**	**-7.6**
Profit/loss from financial items					
Profit/loss from participations in Group companies	0.3	-2.9	2.1	-2.9	-63.5
Other interest income and similar profit/loss items	0.3	1.2	0.7	2.4	3.7
Interest costs and similar profit/loss items	-1.1	-1.8	-2.2	-2.4	-2.9
Total profit/loss from financial items	**-0.5**	**-3.5**	**0.6**	**-2.9**	**-62.7**
Profit/loss before tax	**-2.9**	**-5.3**	**-3.5**	**-6.2**	**-70.3**
Tax on net profit/loss for the period	-	-	-	-	3.5
Net profit/loss	**-2.9**	**-5.3**	**-3.5**	**-6.2**	**-66.8**

Profit/loss from participations in Group companies refers to dividends from subsidiaries. Other interest income and similar profit/loss items include interest income from Group companies of SEK 0.7m (2.4).

Since there are no items in the Parent Company that are recognised in comprehensive income, total comprehensive income matches profit/loss for the period.

CONDENSED BALANCE SHEET, PARENT COMPANY

Amounts in SEK m	**Note**	**2016-06-30**	**2015-06-30**	**2015-12-31**
ASSETS				
Non-current assets				
Financial non-current assets		**253.2**	**239.0**	**258.2**
Total non-current assets		**253.2**	**239.0**	**258.2**
Current assets				
Current receivables		0.5	3.6	1.5
Cash and cash equivalents		0.0	5.9	1.0
Total current assets		**0.5**	**9.5**	**2.5**
TOTAL ASSETS		**253.7**	**248.5**	**260.7**
EQUITY AND LIABILITIES				
Equity		**210.4**	**209.3**	**213.7**
Provisions		**2.6**	**8.1**	**2.6**
Long-term liabilities		**15.7**	**4.2**	**16.0**
Current liabilities		**25.0**	**26.9**	**28.4**
TOTAL EQUITY AND LIABILITIES		**253.7**	**248.5**	**260.7**

NOTES

Note 1 General information

All amounts are stated in SEK millions (SEK m) unless otherwise indicated. Figures in parentheses pertain to the corresponding year-earlier period. The quarterly and semi-annual information on pages 4-9 is an integral part of this financial report.

Note 2 Basis for preparation of the report

HANZA Holding AB (publ) applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report has been prepared in compliance with IAS 34 Interim Reporting. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities. The interim report should be read together with the Annual Report for the financial year that ended on 31 December 2015.

Note 3 Accounting policies

The accounting policies comply with the policies applied in the preceding financial year.

Note 4 Financial instruments – Fair value of financial liabilities measured at amortised cost

The Group's borrowing comprises a large number of contracts entered into at various times and subject to various terms. Most of the loans are subject to variable interest rates. Against this background, the recognised amounts may be considered a fair approximation fair value.

Because the discounting effect is not material, the fair value of short-term loans corresponds to their carrying amounts.

Note 5 Segment information

Revenues

Inter-segment sales take place on commercial terms.

	Apr - Jun 2016			Apr - Jun 2015		
	Segment revenues	**Less sales between segments**	**Revenues from external customers**	**Segment revenues**	**Less sales between segments**	**Revenues from external customers**
Mechanics	222.2	-1.5	220.7	166.3	-1.9	164.4
Electronics	130.7	-9.1	121.6	145.5	-9.0	136.5
Business Development	0.2	-	0.2	-	-	-
Total	**353.1**	**-10.6**	**342.5**	**311.8**	**-10.9**	**300.9**

Note 5 Segment information, continued

	Jan – Jun 2016			Jan – Jun 2015		
	Segment revenues	**Less sales between segments**	**Revenues from external customers**	**Segment revenues**	**Less sales between segments**	**Revenues from external customers**
Mechanics	449.0	-6.9	442.1	315.7	-4.6	311.1
Electronics	257.3	-18.9	238.4	276.3	-20.5	255.8
Business Development	0.6	-	0.6	-	-	-
Total	**706.9**	**-25.8**	**681.1**	**592.0**	**-25.1**	**566.9**

EBIT is reconciled as income before tax as follows:

	Apr - Jun 2016	**Apr - Jun 2015**	**Jan - Jun 2016**	**Jan - Jun 2015**	**Jan - Dec 2015**
EBIT					
Mechanics	4.9	-4.2	12.1	-8.7	-10.3
Electronics	6.5	6.2	13.8	8.0	22.8
Business Development	-0.9	-1.4	-2.9	-3.3	38.6
Total	**10.5**	**0.6**	**23.0**	**-4.0**	**51.1**
Financial items - net	-6.2	-4.0	-12.5	-7.0	-17.1
Result before taxes	**4.3**	**-3.4**	**10.5**	**-11.0**	**34.0**

One-offs	**Apr - Jun 2016**	**Apr - Jun 2015**	**Jan - Jun 2016**	**Jan - Jun 2015**	**Jan - Dec 2015**
Revenue recognition negative goodwill	-	-	-	-	47.3
Revaluation of supplemental purchase price	-	-	-	-	5.5
Transaction costs Metalliset	-	-	0.4	-	-2.4
Restructuring	-4.2	-1.1	-6.3	-5.1	-10.0
Reserve rental costs Estonia	-	-	-3.7	-	-
Capital gain on property	2.2	-	6.6	-	-
Total	**-2.0**	**-1.1**	**-3.0**	**-5.1**	**40.4**
EBIT per segment excluding one-offs					
Mechanics	6.9	-3.1	15.5	-5.3	-5.8
Electronics	6.5	6.2	13.8	9.7	25.6
Total	**13.4**	**3.1**	**29.3**	**4.4**	**19.8**
Business Development	-0.9	-1.4	-3.3	-3.3	-9.1
Total	**12.5**	**1.7**	**26.0**	**1.1**	**10.7**
One-offs	-2.0	-1.1	-3.0	-5.1	40.4
EBIT	**10.5**	**0.6**	**23.0**	**-4.0**	**51.1**

Note 6 Other operating income

	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Result from sale of non-current assets	5.2	0.9	9.6	1.1	4.1
Revenue negative goodwill	-	-	-	-	47.3
Revaluation of supplemental proceeds	-	-	-	-	5.5
Insurance compensation	0.7	-	0.7	-	-
Exchange rate losses	1.7	0.8	1.9	0.8	-
Other items	1.1	0.2	2.2	0.5	5.9
Total	**8.7**	**1.9**	**14.4**	**2.4**	**62.8**
Other operating costs					
Result from sale of non-current assets	-	-0.2	-	-0.2	-1.0
Exchange rate losses	-2.2	-0.8	-2.4	-1.9	-3.5
Other items	-0.7	-0.3	-0.9	-0.6	-2.3
Total other operating income	**-2.9**	**-1.3**	**-3.3**	**-2.7**	**-6.8**

Result from sale of non-current assets in 2016 refers to gains on sales of properties in Töreboda and Rihimäki, Finland, as well as equipment in Sweden.

Note 7 Financial income and costs – Net financial items

Financial income	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Interest income	0.0	0.0	0.0	0.0	0.1
Capital gain on sale of subsidiary	0.3	-	0.3	-	-
Net exchange rate gains and losses	-	0.9	-	2.4	3.1
Total financial income	0.3	**0.9**	**0.3**	**2.4**	**3.2**
Financial costs					
Interest costs	-3.2	-4.1	-7.4	-7.8	-16.9
Net exchange rate gains and losses	-1.7	-	-2.2	-	-
Other financial costs	-1.6	-0.8	-3.2	-1.6	-3.4
Total financial costs	-6.5	**-4.9**	**-12.8**	**-9.4**	**-20.3**
Total financial items - net	**-6.2**	**-4.0**	**-12.5**	**-7.0**	**-17.1**

KEY FINANCIAL RATIOS

	Apr - Jun 2016	Apr - Jun 2015	Jan - Jun 2016	Jan - Jun 2015	Jan - Dec 2015
Net sales	342.5	300.9	681.1	566.9	1,206.4
EBITDA%	6.5%	2.9%	6.8%	2.0%	7.5%
Operating margin, %	3.1%	0.2%	3.4%	-0.7%	4.2%
Operational business areas' EBIT, SEK m	11.4	2.0	25.9	-0.7	12.5
Operating margin, %	3.3%	0.7%	3.8%	-0.1%	1.0%
Operating capital, SEK m	482.7	336.5	482.7	336.5	498.3
Return on operating capital, %	2.3%	0.6%	5.3%	-0.2%	3.0%
Capital turnover rate on operating capital, times	0.7	0.9	2.8	3.4	2.9
Interest-bearing net debt, SEK m	212.4	193.0	212.4	193.0	244.2
Net debt/equity ratio	0.8	1.3	0.8	1.3	1.0
Equity/assets ratio, %	35.7%	23.7%	35.7%	23.7%	32.7%
Average no. of employees	1,351	985	1,351	996	1,169

DATES FOR FORTHCOMING FINANCIAL INFORMATION

Interim report for the period January-September 2016: 1 November 2016

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DEFINITIONS

Unless otherwise stated in this interim report, the definitions refer to the Group. Figures in parentheses pertain to the outcome for the corresponding period in 2015.

EBITDA (Earnings before interest, taxes, depreciation and amortisation) is profit/loss before interest, taxes and depreciation and amortisation of tangible and intangible items

EBIT (Earnings before interest and taxes) is profit/loss before interest and taxes

EBIT margin is EBIT divided by net sales

Business development costs include non-recurring costs for developing the business model and the organisation, such as listing costs, costs of transition to IFRS, the discontinuation of unprofitable factories on acquisition and acquisition costs in the form of due diligence

Operational business areas' EBIT (operating EBIT) is operating profit/loss before business development costs

Operating margin is EBIT from the operational business areas divided by net sales

Operating capital is total assets less cash, financial assets and non-interest-bearing liabilities

Return on operating capital is operating profit divided by average operating capital

Capital turnover on average operating capital, times is net sales divided by average operating capital

Net debt/equity ratio is net debt divided by equity, where net debt is defined as interest-bearing liabilities less cash and cash equivalents plus short-term investments

Equity/assets ratio is equity divided by total assets

ABOUT HANZA

HANZA is a fast-growing industrial business partner in manufacturing. The company creates increased growth and profitability for customers by providing complete manufacturing solutions involving mechanics, electronics, cabling and final assembly. HANZA was founded in 2008 and has rapidly grown into a billion kronor company. The company has operations in Sweden, Finland, Estonia, Poland, Czech Republic and China. HANZA's customers include leading companies such as ABB, Atlas Copco, Ericsson, Saab Defence and Siemens.

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