

**JOINT STOCK COMPANY „VALMIERAS STIKLA ŠĶIEDRA”**  
Registration Number 40003031676

UNAUDITED  
CONSOLIDATED FINANCIAL INFORMATION  
FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2017

Made in accordance with the International  
Financial Reporting Standards



VALMIERA GLASS®

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## COMPANY PROFILE

The name of the enterprise:	Valmieras stikla šķiedra
The legal status:	Joint Stock Company
Registration number:	40003031676
Registration place, date:	Riga, 30 September 1991
Type of business:	Production of glass fibre products / NACE 23.14
Registered office:	13 Cempu Street Valmiera, LV- 4201 Latvia
The board:	<i>Chairman of the Board:</i> Andre Heinz Schwiontek, President  <i>Board Members:</i> Dainis Šēnbergs, Vice President Doloresa Volkopa Stefan Jugel
The council:	<i>Chairman of the Council:</i> Jürgen Preiss-Daimler  <i>Council members:</i> Peter Hans Cordts Frank Wilhelm Behrends Andris Oskars Brutāns Jöran Pfuhl
The period of the report:	1 January 2017 – 31 March 2017
Companies included in consolidation:	Valmiera Glass UK Ltd (100% shares) P-D Valmiera Glass USA Corp (67% shares) Valmiera Glass Trading USA Corp (100% shares)

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## STATEMENT OF MANAGEMENT RESPONSIBILITY

Valmiera Glass Group's management is responsible for preparation of the Group's financial information.

The financial information has been prepared in accordance with the supporting documents and gives a true and fair view of the Group's financial position as of 31 March 2017, the results of its operations and cash flows for 3 months of 2017. The management confirms that for preparation of the Group's financial information for the 3 months of 2017 the appropriate accounting methods have been used and consistently applied, and the management has provided reasonable and prudent judgments and evaluations. The management also confirms that international accounting standards have been observed. The Group's financial information is prepared on a going concern basis.

The Group's management is also responsible for keeping proper accounting records for taking reasonable steps to retain the assets of the Group, as well as for prevention of fraud and other unfair practices and irregularities. The Group's management is also responsible for the Group's compliance with the existing legislative requirements of the Republic of Latvia.

The financial information has been approved by the Management Board of the parent company of Valmiera Glass Group, Valmieras stikla šķiedra JSC, on whose behalf it has been signed by:

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Valmieras stikla šķiedra JSC  
Chairman of the Management Board  
Andre Heinz Schwiontek

28 April 2017

## BALANCE SHEET (ASSETS)

As at 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016

	31.03.2017 EUR	31.12.2016 EUR
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Patents, licenses, trade mark and similar rights	898 492	869 605
Goodwill	3 829 520	3 826 612
<b>Total intangible assets</b>	<b>4 728 012</b>	<b>4 696 217</b>
<b>Tangible fixed assets</b>		
Land and buildings	16 873 382	17 243 174
Equipment and machinery	59 435 148	60 432 169
Other fixed assets	1 089 390	1 158 916
Constructions in progress	8 598 706	5 952 882
Advance payments for fixed assets	1 463 104	348 704
<b>Total fixed assets</b>	<b>87 459 731</b>	<b>85 135 845</b>
<b>Non-current financial investments</b>		
Deferred expenses	232 020	235 322
<b>Total non-current financial investments</b>	<b>232 020</b>	<b>235 322</b>
<b>Deferred tax assets</b>	<b>1 919 388</b>	<b>1 923 581</b>
<b>Total non-current assets</b>	<b>94 339 151</b>	<b>91 990 965</b>
<b>Current assets</b>		
<b>Inventory</b>		
Raw materials	11 189 790	10 480 108
Work in progress	5 271 316	5 101 281
Finished goods	12 924 137	1 095 254
Advance payments for inventories	1 767 574	300 804
<b>Total inventory</b>	<b>31 152 817</b>	<b>32 977 447</b>
<b>Accounts receivable</b>		
Trade receivables	17 910 488	10 118 616
Receivables from related parties	1 234 719	971 132
Other receivables	3 988 037	1 057 173
Liabilities for contributions to share capital of subsidiaries	2 128 000	-
Deferred expenses	917 606	788 515
<b>Total accounts receivable</b>	<b>26 178 850</b>	<b>12 935 436</b>
<b>Cash and cash equivalents</b>	<b>3 626 362</b>	<b>2 958 952</b>
<b>Total current assets</b>	<b>60 958 029</b>	<b>48 871 835</b>
<b>TOTAL ASSETS</b>	<b>155 297 180</b>	<b>140 862 800</b>

## BALANCE SHEET (LIABILITIES)

As at 31<sup>st</sup> March 2017 and 31<sup>st</sup> December 2016

	31.03.2017 EUR	31.12.2016 EUR
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	33 464 487	33 464 487
Foreign currency translation reserve	(102 599)	(257 191)
Other reserves	(3 418 157)	(3 418 157)
Retained earnings:		
a) Retained earnings	24 044 472	19 237 518
b) Current year profit	2 240 274	4 806 954
<b>Total equity attributable to owners of the Company</b>	<b>56 228 476</b>	<b>53 833 610</b>
Non-controlling interest	8 360 495	1 056 658
<b>Total equity</b>	<b>64 588 971</b>	<b>54 890 269</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Due to credit institutions	23 362 115	25 928 430
Finance lease	61 081	65 907
Finance lease from related parties	164 000	164 000
Other borrowings	1 547 363	1 620 204
Deferred tax	3 097 303	2 917 078
Retirement benefit obligation	6 470 259	6 713 542
Deferred income	4 579 537	4 727 469
Embedded derivatives	324 667	431 00
<b>Total non-current liabilities</b>	<b>39 606 326</b>	<b>42 567 636</b>
<b>Current liabilities</b>		
Due to credit institutions	23 823 515	23 534 569
Finance lease	57 044	68 804
Finance lease from related parties	111 000	111 000
Other borrowings	199 767	202 610
Advance payments from customers	1 796 610	121 902
Trade payables	18 647 986	13 232 522
Payables related parties	94 179	515 908
Taxes and social security contributions	1 154 985	1 081 114
Other accounts payable	1 724 139	1 001 015
Accrued liabilities	2 062 217	2 104 964
Retirement benefit obligations	993 536	992 782
Deferred income	436 906	437 705
<b>Total current liabilities</b>	<b>51 101 883</b>	<b>43 404 895</b>
<b>Total liabilities</b>	<b>90 708 209</b>	<b>85 972 531</b>
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>155 297 180</b>	<b>140 862 800</b>

## STATEMENT OF PROFIT AND LOSS

*For the period ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016*

	31.03.2017 EUR	31.03.2016 EUR
<b>Sales</b>	<b>35 669 755</b>	<b>33 087 443</b>
Change in inventories	(2 143 624)	(1 221 004)
Costs capitalized to non-current assets	47 292	35 835
Other operating income	295 122	274 087
Raw materials and consumables	(17 241 437)	(16 640 489)
Personnel expenses	(6 640 196)	(6 290 576)
Depreciation and amortization	(2 802 961)	(2 591 539)
Other operating expenses	(4 317 048)	(4 248 183)
<b>Operating profit</b>	<b>2 866 903</b>	<b>2 405 574</b>
Interest and similar income	129 027	156 690
Interest and similar expenses	(364 641)	(338 654)
<b>Profit from operations and before tax</b>	<b>2 631 289</b>	<b>2 223 610</b>
Corporate income tax	(273 015)	(160 907)
<b>Profit for the year</b>	<b>2 358 274</b>	<b>2 062 703</b>
<i>Attributable to:</i>		
<b>Non-controlling interest</b>	<b>118 000</b>	-
<b>Owners of the Company</b>	<b>2 240 274</b>	<b>2 062 703</b>
<b>Earnings per share</b>	<b>0.0937</b>	<b>0.0863</b>

## STATEMENT OF CASH FLOWS

	<b>3 months 2017</b>	<b>3 months 2016</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	2 631 289	2 223 610
Adjustments:		
Change in fair value of embedded derivatives	(106 339)	(13 695)
Depreciation and amortization	2 802 961	2 591 539
Interest expenses	325 016	338 654
Interest income	(22 688)	
Financial income EU Funding / LIAA State support	(182 893)	(186 851)
<b>Changes in operating assets and liabilities:</b>		
Inventories	1 824 630	2 635 391
Accounts receivable and other assets	(11 054 275)	(6 659 135)
Accounts payable and other liabilities	6 563 475	(1 546 927)
<b>Cash provided by operating activities</b>	<b>2 781 176</b>	<b>(617 414)</b>
<b>Investing activities</b>		
Purchase of fixed and intangible assets	(4 441 799)	(349 589)
Income from investment in related party shares	5 000 000	-
Received interest	22 688	-
<b>Net cash used in investing activities</b>	<b>580 889</b>	<b>(349 589)</b>
<b>Financing Activities</b>		
Loans received	-	400 132
Loans paid	(2 657 760)	(2 208 310)
Credit line received	304 708	2 249 119
Finance lease paid	(16 586)	(31 447)
Interest paid	(325 016)	(338 654)
EU funding received	-	119 514
<b>Net cash provided by financing activities</b>	<b>(2 694 654)</b>	<b>190 354</b>
<b>Net decrease / increase in cash and cash equivalents</b>	<b>667 410</b>	<b>(776 649)</b>
Cash and cash equivalents at the beginning of the year	2 958 952	1 200 204
<b>Cash and cash equivalents at the end of the year</b>	<b>3 626 362</b>	<b>423 555</b>



## STATEMENT OF SHAREHOLDERS' EQUITY

*For the period ended 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016*

	Share capital	Foreign currency reserve	Other reserves	Retained earnings	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR
<b>As of 31<sup>st</sup> December 2015</b>	<b>33 464 487</b>	<b>1 942 629</b>	<b>(951 732)</b>	<b>20 737 699</b>	-	<b>55 193 083</b>
Profit of the financial period	-	-	-	2 062 703	-	2 062 703
Payment of dividends	-	-	-	-	-	-
Other comprehensive income						
<i>Exchange differences on translating foreign operations</i>	-	(971 487)	-	-	-	(971 487)
<b>As of 31<sup>st</sup> March 2016</b>	<b>33 464 487</b>	<b>971 142</b>	<b>(951 732)</b>	<b>22 800 402</b>	-	<b>56 284 299</b>
<b>As of 31<sup>st</sup> December 2016</b>	<b>33 464 487</b>	<b>(257 191)</b>	<b>(3 418 157)</b>	<b>24 044 472</b>	<b>1 056 658</b>	<b>54 890 269</b>
Profit of the financial period	-	-	-	2 240 274	-	2 240 274
Payment of dividends	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	7 303 837	7 303 837
Other comprehensive income						
<i>Exchange differences on translating foreign operations</i>	-	154 592	-	-	-	154 592
<b>As of 31<sup>st</sup> March 2017</b>	<b>33 464 487</b>	<b>(102 599)</b>	<b>(3 418 157)</b>	<b>26 284 746</b>	<b>8 360 495</b>	<b>64 588 971</b>