

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

for 3 MONTHS PERIOD ENDED 31 MARCH 2018

**Made in accordance with the International
Financial Reporting Standards**

VALMIERA | 2018



**VALMIERA®
GLASS**

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AS VALMIERAS STIKLA ŠĶIEDRA
GENERAL INFORMATION ABOUT THE COMPANY

Parent company name	VALMIERAS STIKLA ŠĶIEDRA
Legal form	Joint Stock Company (AS)
Registration number, place and date	4000 3031 676 Riga, 30 September 1991
Type of business	Production of glass fibre products / NACE 23.14
Address	13 Cempu Street, Valmiera, LV- 4201 Latvia
The board	Chairman of the Board: Andre Heinz Schwiontek Members of the Board: Stefan Jugel Doloresa Volkopa
The council	Chairman of the Council: Heinz-Jürgen Preiss-Daimler Members of the Council: Hans Peter Cordts Frank Wilhelm Behrends Andris Oskars Brutāns Jöran Pfuhl
Reporting period	1 January 2018 – 31 March 2018
Companies included in consolidation	Valmiera Glass UK Ltd (100%) P-D Valmiera Glass USA Corp. (67%) Valmiera Glass USA Trading Corp. (100%)

AS VALMIERAS STIKLA ŠĶIEDRA

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The management of AS VALMIERAS STIKLA ŠĶIEDRA (further referred to as “the Company”) is responsible for the preparation of the financial statements of the Company and its subsidiaries (further referred to as “the Group”).

The financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company and the Group as of 31 March 2018 and the results of their operations and cash flows for the year then ended. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements. The management also confirms that the requirements of International Financial Reporting Standards as adopted by the EU have been complied with and that the financial statements have been prepared on a going concern basis.

The management of the Group is also responsible for maintaining proper accounting records, for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent fraud and fraudulent activities, and other irregularities.

30 April 2018

On the Company’s behalf by:

Andre Heinz Schwiontek
Chairman of the Board

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF FINANCIAL POSITION OF THE GROUP
AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

	Group	
	31.03.18.	31.03.17.
	EUR	EUR
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Software, licences, patents, trade marks, similar rights	1 000 562	973 318
Software in acquisition process	3 030	14 700
Goodwill	3 692 694	3 692 694
Total intangible assets	4 696 286	4 680 712
Property, plant and equipment		
Land and buildings	15 320 788	15 761 318
Equipment and machinery	44 827 139	54 939 092
Other fixed assets	8 822 857	1 035 040
Construction in progress	76 523 821	69 258 750
Advance payments for fixed assets	9 132 245	13 163 704
Total property, plant and equipment	154 626 851	154 157 903
Non-current financial investments		
Investments in subsidiaries	-	-
Loans to subsidiaries	-	-
Receivables from related companies	-	-
Deferred expenses	201 325	206 831
Total non-current financial investments	201 325	206 831
Deferred tax asset	1 202 457	1 185 747
Total non-current assets	160 726 920	160 231 193
CURRENT ASSETS		
Inventories		
Raw materials	11 035 775	9 114 716
Work in progress	5 370 943	5 110 754
Finished goods	11 850 448	12 702 827
Advance payments for inventories	408 727	177 455
Total inventories	28 665 894	27 105 752
Debtors		
Trade receivables	14 455 903	11 948 523
Receivables from subsidiaries	-	-
Amounts due from related parties	208 826	337 091
Other receivables	6 570 857	4 311 953
Deferred expenses	672 557	777 887
Total debtors	21 908 145	17 375 454
Cash and cash equivalents	1 493 009	2 633 591
Total current assets	52 067 048	47 114 797
TOTAL ASSETS	212 793 968	207 345 990

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF FINANCIAL POSITION OF THE GROUP
AS AT 31 MARCH 2018 AND 31 DECEMBER 2017

	Group	
	31.03.18.	31.12.17.
	EUR	EUR
LIABILITIES AND EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	33 464 487	33 464 487
Foreign currency translation reserve	1 225 702	(3 084 475)
Other reserves	(3 145 849)	(3 145 849)
Retained earnings		
Profit brought forward	32 260 584	24 044 472
Profit for the current reporting year	1 657 137	8 216 113
Total equity attributable to owners of the parent	65 462 062	59 494 748
Non-controlling interest	10 717 873	7 642 772
Total equity	76 179 934	67 137 520
LIABILITIES		
Non-current liabilities		
Borrowings from credit institutions	60 574 238	370 748
Borrowings from subsidiaries	-	-
Borrowings from other related parties	2 809 464	2 850 884
Finance lease	1 310	9 817
Finance lease from related parties	64 675	86 875
Other borrowings	1 039 456	1 245 965
Deferred tax liabilities	882 417	676 831
Defined benefit obligation	5 357 184	5 282 734
Deferred income	4 177 651	4 218 087
Derivative	97 403	137 543
Total non-current liabilities	75 003 798	14 879 483
Current liabilities		
Borrowings from credit institutions	25 362 755	83 336 950
Finance lease	49 594	56 453
Finance lease from related parties	93 795	95 460
Other borrowings	173 339	178 080
Advance payments from customers	720 140	323 468
Trade payables	26 996 912	33 123 510
Payables to subsidiaries	-	-
Payables to other related parties	1 388 354	1 499 342
Taxes and social security contributions	707 187	2 251 251
Other accounts payable	1 101 945	946 851
Accrued liabilities	3 681 981	2 073 179
Defined benefit obligation	971 540	958 038
Deferred income	362 695	486 406
Total current liabilities	61 610 237	125 328 988
Total liabilities	136 614 035	140 208 471
Total equity and liabilities	212 793 968	207 345 990

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF
THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2018 AND 31 MARCH 2017

	Group	
	31.03.2018	31.03.2017
	EUR	EUR
Sales	31 247 371	35 669 755
Change in inventories	441 263	(2 143 624)
Costs capitalized to non-current assets	1 292 225	47 292
Other operating income	34 437	295 122
Raw materials and consumables	(14 962 198)	(17 241 437)
Personnel expenses	(8 826 917)	(6 640 196)
Depreciation and amortization	(3 182 364)	(2 802 961)
Other operating expenses	(4 102 159)	(4 317 048)
Profit from operations	1 941 658	2 866 903
Interest and similar income	85 053	129 027
Interest and similar expenses	(740 885)	(364 641)
Profit before tax	1 285 826	2 631 289
Corporate income tax	(233 179)	(273 015)
Profit for the year	1 052 648	2 358 274
<i>Attributable to:</i>		
Non-controlling interest	-604 489	118 000
Owners of the Parent	1 657 137	2 240 274
Earnings per share	0,0693	0,0937
Other comprehensive income		
Remeasurement of defined benefit obligation	340 385	(3 084 349)
<i>Deferred income tax relating to defined benefit obligation</i>	(68 077)	617 924
Exchange differences on translating foreign operations	4 310 177	(2 199 820)
Other comprehensive income for the year, attributable to owners of the Parent	4 582 485	(4 666 245)
Exchange differences on translating foreign operations attributable to non-controlling interest	(1 258 745)	12 319
Total other comprehensive income	3 323 741	(4 653 926)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4 376 389	(2 295 652)

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF CHANGES IN EQUITY OF THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2018 AND 31 MARCH 2017

Group

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.16.	33 464 487	(257 191)	(3 418 157)	24 044 472	53 833 611	-	54 890 269
Current year profit	-	-	-	2 240 274	2 240 274	0	2 240 274
Sale of non-controlling interest	-	-	-	-	-	7 303 837	7 303 837
<i>Exchange differences on translating foreign operations</i>	-	154 592	-	-	154 592	-	154 592
31.12.17.	33 464 487	(102 599)	(3 418 157)	26 284 746	56 228 477	8 360 495	64 588 971
Current year profit	-	-	-	1 657 135	1 657 135	(604 489)	1 052 646
Contributions from non-controlling interest	-	-	-	-	-	8 542 087	8 542 087
Other comprehensive income:							
<i>Remeasurement of defined</i>	-	-	0	-	-	-	-
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	0	-	0	-	0
<i>Exchange differences on translating foreign operations</i>	-	4 310 177	-	-	4 310 177	(4 862 497)	(552 320)
31.03.18.	33 464 487	1 225 702	(3 145 849)	33 917 719	65 462 059	10 717 873	76 179 932

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF CASH FLOWS OF THE GROUP

	Group	
	31.03.2018	31.03.2017
	EUR	EUR
Cash flows from operating activities		
Profit before tax	1 285 826	2 631 289
<i>Adjustments:</i>		
Change in fair value of derivative	(24 595)	(106 339)
Depreciation and amortization	3 182 364	2 802 961
Profit from disposal of fixed assets	-	-
Loss from investing in related parties sales	-	-
Interest expenses	245 291	325 016
Interest income	(60 458)	(22 688)
Income on EU grants	(441 022)	(182 893)
Changes in working capital:		
(Increase) / decrease in inventories	(1 560 142)	1 824 630
(Decrease) / Increase in accounts receivable	(4 532 580)	(11 054 275)
Increase in accounts payable	3 594 435	6 563 475
Cash provided by operating activities	1 689 119	2 781 176
Cash flows from investing activities		
Purchase of fixed and intangible assets	(6 526 179)	(4 441 799)
Investments in share capital of subsidiaries	-	-
Loans to related parties	(2 600 000)	-
Income from sales of fixed assets	-	-
Income from sales of investment in related party shares	1 324 453	5 000 000
Received interest	60 458	22 688
Net cash used in investing activities	(7 741 268)	580 889
Cash flows from financing activities		
Income from non-controlling interest contribution	7 419 890	-
Dividends paid	-	-
Loans received	8 704 683	-
Loans paid	(2 843 391)	(2 657 760)
Change in credit line	(8 390 149)	304 708
Finance lease paid	(67 221)	(16 586)
Paid interest expenses	(353 267)	(325 016)
Received EU and state grants	441 022	-
Net cash (used in) / provided by financing activities	4 911 567	(2 694 654)
Net change in cash and cash equivalents	(1 140 582)	667 410
Cash and cash equivalents at the beginning of reporting period	2 633 591	2 958 952
Cash and cash equivalents at the end of reporting period	1 493 009	3 626 362