

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

**for 9 months period ended 30 September
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: Stefan Jugel Members of the Board: Andre Heinz Schwiontek Doloresa Volkopa Ģirts Vēveris
The council	Chairman of the Council: Heinz-Jürgen Preiss-Daimler Members of the Council: Hans Peter Cordts Andris Oskars Brutāns Jöran Pfuhl Stefan Alexander Preiss-Daimler
Reporting period	1 January 2018 – 30 September 2018
Companies included in consolidation	VALMIERA GLASS UK Ltd (100%) P-D VALMIERA GLASS USA Corp. (58%) 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.

23 November 2018

On the Company’s behalf by:



Stefan Jugel
Chairman of the Board

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF FINANCIAL POSITION OF THE GROUP
AT 30 SEPTEMBER 2018

	Group	
	30.09.2018	31.12.2017
	EUR	EUR
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Software, licences, patents, trade marks, similar rights	976 798	973 318
Software in acquisition process	11 759	14 700
Goodwill	3 692 403	3 692 694
Total intangible assets	4 680 959	4 680 712
Property, plant and equipment		
Land and buildings	14 781 099	15 761 318
Equipment and machinery	48 339 750	54 939 092
Other fixed assets	939 123	1 035 040
Construction in progress	87 391 305	69 258 750
Advance payments for fixed assets	2 233 209	13 163 704
Total property, plant and equipment	153 684 485	154 157 903
Non-current financial investments		
Deferred expenses	214 282	206 831
Total non-current financial investments	214 282	206 831
Deferred tax asset	1 185 653	1 185 747
Total non-current assets	159 765 380	160 231 193
CURRENT ASSETS		
Inventories		
Raw materials	11 354 255	9 114 716
Work in progress	6 255 424	5 110 754
Finished goods	11 348 760	12 702 827
Advance payments for inventories	835 973	177 455
Total inventories	29 794 413	27 105 752
Debtors		
Trade receivables	11 479 175	11 948 523
Amounts due from related parties	597 803	337 091
Other receivables	8 395 797	4 311 953
Deferred expenses	627 003	777 887
Total debtors	21 099 778	17 375 454
Cash and cash equivalents	7 213 404	2 633 591
Total current assets	58 107 594	47 114 797
TOTAL ASSETS	217 872 974	207 345 990

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF FINANCIAL POSITION OF THE GROUP
AT 30 SEPTEMBER 2018

	Group	
	30.09.2018	31.12.2017
LIABILITIES AND EQUITY	EUR	EUR
SHAREHOLDERS' EQUITY		
Share capital	33 464 487	33 464 487
Foreign currency translation reserve	(1 174 729)	(3 084 475)
Other reserves	1 646	(3 145 849)
Retained earnings		
Profit brought forward	32 260 584	24 044 472
Profit for the current reporting year	(2 396 326)	8 216 113
Total equity attributable to owners of the parent	62 155 662	59 494 748
Non-controlling interest	9 677 702	7 642 772
Total equity	71 833 363	67 137 520
LIABILITIES		
Non-current liabilities		
Borrowings from credit institutions	64 879 347	370 748
Borrowings from other related parties	5 557 348	2 850 884
Finance lease	198	9 817
Finance lease from related parties	114 070	86 875
Other borrowings	1 106 353	1 245 965
Deferred tax liabilities	1 330 748	676 831
Defined benefit obligation	4 563 845	5 282 734
Deferred income	4 272 806	4 218 087
Derivative	220 963	137 543
Total non-current liabilities	82 045 678	14 879 483
Current liabilities		
Borrowings from credit institutions	23 177 505	83 336 950
Finance lease	25 866	56 453
Finance lease from related parties	-	95 460
Other borrowings	184 495	178 080
Advance payments from customers	4 884 202	323 468
Trade payables	23 055 026	33 123 510
Payables to other related parties	3 336 536	1 499 342
Taxes and social security contributions	2 857 906	2 251 251
Other accounts payable	1 730 290	946 851
Accrued liabilities	3 661 592	2 073 179
Defined benefit obligation	957 962	958 038
Deferred income	122 553	486 406
Total current liabilities	63 993 933	125 328 988
Total liabilities	146 039 611	140 208 471
Total equity and liabilities	217 872 974	207 345 990

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
AT 30 SEPTEMBER 2018

	Group	
	9 months 2018	9 months 2017
	EUR	EUR
Sales	91 133 314	97 591 897
Change in inventories	959 828	(2 507 691)
Costs capitalized to non-current assets	1 434 655	718 836
Other operating income	397 449	1 731 124
Raw materials and consumables	(42 463 281)	(48 298 959)
Personnel expenses	(29 662 006)	(20 416 143)
Depreciation and amortization	(11 282 571)	(8 375 639)
Other operating expenses	(16 936 452)	(13 375 110)
Profit from operations	(6 419 064)	7 068 315
Interest and similar income	1 019 466	881 176
Interest and similar expenses	(2 584 203)	(862 482)
Profit before tax	(7 983 801)	7 087 009
Corporate income tax	(774 572)	(440 623)
Profit for the year	(8 758 374)	6 646 386
<i>Attributable to:</i>		
Non-controlling interest	(6 362 048)	616 743
Owners of the Parent	(2 396 326)	6 029 642
Earnings per share	(0.1003)	0.2781

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF CHANGES IN EQUITY OF THE GROUP
AT 30 SEPTEMBER 2018

Group

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2016	33 464 487	(257 191)	(3 418 157)	24 044 472	53 833 611	1 056 658	54 890 269
Current year profit	-	-	-	6 029 642	6 029 642	-	6 029 642
Sale of non-controlling interest	-	-	-	-	-	7 534 018	7 534 018
<i>Exchange differences on translating foreign operations</i>	-	(2 269 970)	-	-	(2 269 970)	-	(2 269 970)
30.09.2017	33 464 487	(2 527 162)	(3 418 157)	30 074 114	57 593 283	8 590 676	66 183 957
31.12.2017	33 464 487	(3 084 475)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 520
Current year profit	-	-	-	(2 396 326)	(2 396 326)	(6 362 048)	(8 758 374)
Contributions from non-controlling interest	-	-	3 147 495	-	3 147 495	8 140 518	11 288 013
<i>Exchange differences on translating foreign operations</i>	-	1 909 746	-	-	1 909 746	256 460	2 166 206
30.09.2018	33 464 487	(1 174 729)	1 646	29 864 258	62 155 662	9 677 702	71 833 363

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF CASH FLOWS OF THE GROUP
AT 30 SEPTEMBER 2018

	Group	
	9 months 2018 EUR	9 months 2017 EUR
Cash flows from operating activities		
Profit before tax	(7 983 801)	7 087 009
<i>Adjustments:</i>		
Change in fair value of derivative	83 420	(235 574)
Depreciation and amortization	11 282 571	8 375 639
Profit from disposal of fixed assets	(105 650)	
Interest expenses	2 352 455	862 482
Interest income	(212 096)	(22 433)
Income on EU grants	(365 142)	(521 406)
Changes in working capital:		
Increase in inventories	(2 688 661)	736 226
Increase in accounts receivable	(3 486 513)	(6 787 401)
Increase in accounts payable	(38 133)	8 581 143
Cash provided by operating activities	(1 161 550)	18 075 685
Cash flows from investing activities		
Purchase of fixed and intangible assets	(10 809 401)	(43 292 647)
Income from sales of investment in related party shares	2 400 000	7 128 000
Received interest	212 096	22 433
Net cash used in investing activities	(8 197 305)	(36 142 214)
Cash flows from financing activities		
Income from non-controlling interest contribution	8 639 000	-
Loans received	12 444 715	19 909 252
Loans paid	(7 637 449)	(8 922 052)
Change in credit line	2 535 361	5 028 002
Finance lease paid	(108 471)	(192 182)
Paid interest expenses	(1 934 489)	847 027
Received EU and state grants	-	(862 482)
Net cash (used in) / provided by financing activities	13 938 667	15 807 565
Net change in cash and cash equivalents	4 579 812	(2 258 964)
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	7 213 404	699 988

SHARE CAPITAL

The share capital as of 30 September 2018 consists of 23 903 205 publicly listed bearer shares, all with equal rights.

As of 30 September 2018, and 2017 the shareholders of the Parent company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	30.09.18	30.09.17
Corvalis GmbH	11.97%	30.80%
P-D Glaseeiden GmbH Oschatz	26.07%	26.07%
P-D Management-Industries-Technologies GmbH	23.93%	23.93%
Preiss – Daimler Beatrix	9.40%	7.40%
P-D Aircraft Composites GmbH (previous P-D Composites Handels- und Service GmbH	18.82%	-
Other	9.81%	11.80%
	100.00%	100.00%

AS VALMIERAS STIKLA ŠĶIEDRA
NOTES TO THE FINANCIAL STATEMENTS OF THE GROUP
AT 30 SEPTEMBER 2018

	Group	
	9 months 2018 EUR	9 months 2017 EUR
RAW MATERIALS AND COSUMABLES		
Raw materials and other costs	26 640 003	34 132 350
Natural gas	4 110 879	3 241 654
Electricity	5 822 446	5 112 868
Oxygen	966 605	647 818
Precious metal plates processing costs	1 049 359	591 437
Other	3 873 989	4 572 832
Total	42 463 281	48 298 959
PERSONNEL EXPENSES		
Salaries	22 028 959	15 204 756
State social security contributions	3 951 114	3 261 344
Illness and vacation expenses	1 647 565	1 660 242
Remuneration of Board and Council	361 380	(192 185)
Employee insurance	767 964	329 414
Other	905 023	152 571
Total	29 662 005	20 416 142
DEPRECIATION AND AMORTISATION		
Fixed asset depreciation based on straight line method	10 531 578	7 917 187
Depreciation of precious metal plates	640 146	376 396
Intangible asset amortization	110 847	82 056
Total	11 282 571	8 375 639
OTHER OPERATING EXPENSES		
Transportation	6 198 655	5 755 429
Sales commission	1 218 149	1 138 943
Service costs	2 386 300	1 027 497
Spare parts	1 568 069	1 078 554
Repair expenses	473 288	473 575
Training and qualification of employees	144 598	343 914
Insurance	639 476	164 513
Business trips	289 238	529 143
Labour safety and specific clothing	337 223	236 547
Research and development expenses	45 708	175 631
Communication	194 061	120 894
Rent	2 107 868	625 163
Office expenses	61 244	114 433
Selling expenses	479 234	868 662
Property tax	195 657	169 094
Allowance for doubtful receivables (Note 10)	-	14 963
Audit fees	77 113	49 157
Other	520 571	488 998
Total	16 936 452	13 375 110

AS VALMIERAS STIKLA ŠĶIEDRA
NOTES TO THE FINANCIAL STATEMENTS OF THE GROUP
AT 30 SEPTEMBER 2018

Trade Receivables	30.09.2018	30.09.2017
	Receivables	Receivables
	EUR	EUR
P-D Glasseiden Oschatz GmbH	358 412	-
P-D Industriegesellschaft GmbH	129 048	173 673
P-D Tatneft-Alabuga Steklovolokno	237	-
Preiss-Daimler FibreGlass AB	110 106	119 190
Other trade receivable	11 510 016	15 541 343
Allowance for doubtful receivables	(30 842)	(614 293)
Total	12 076 977	15 219 913