

AS VALMIERAS STIKLA ŠĶIEDRA CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the 3 month period ending 31 March, 2019
Unaudited



**VALMIERA[®]
GLASS**

**CRAFTING
THE IMPOSSIBLE**

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

AS VALMIERAS STIKLA ŠĶIEDRA
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AS VALMIERAS STIKLA ŠĶIEDRA
GENERAL INFORMATION

NAME OF THE PARENT COMPANY	AS VALMIERAS STIKLA ŠĶIEDRA
LEGAL STATUS	Joint stock company
REGISTRATION NUMBER, PLACE AND DATE	No. 40003031676 Riga, 30 September 1991
TYPE OF BUSINESS	Production of glass fibre products
ADDRESS	13 Cempu Street, Valmiera, LV- 4201, Latvia
SUBSIDIARIES	VALMIERA GLASS UK Ltd. Reg. No 2189095 (100%) Sherborne, Dorset DT9 3RB United Kingdom P-D VALMIERA GLASS USA Corp., Reg. No 14036662 (52%) 168 Willie Paul Parkway, Dublin, GA 31021, United States of America VALMIERA GLASS USA Trading Corp. Reg. No 14036664 (100%) 168 Willie Paulk Parkway, Dublin, GA 31021, United States of America
THE BOARD	Chairman of the Board: Stefan Jugel Members of the Board: Ģirts Vēveris Andre Heinz Schwiontek (till 31.07.2019.) Doloresa Volkopa (till 31.05.2019.)
THE COUNCIL	Chairman of the Council : Heinz-Jürgen Preiss-Daimler Members of the Council : Stefan Alexander Preiss-Daimler Andris Oskars Brutāns Jöran Pfuhl (till 23.03.2019)
REPORTING PERIOD	1 January 2019 - 31 March 2019
REPORTING YEAR	1 January 2019 - 31 December 2019

GENERAL INFORMATION

AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries (hereinafter – VALMIERA GLASS GROUP or the GROUP) is one of the leading glass fibre manufacturers in Europe, with more than 55 years of experience in the production of glass fibre. VALMIERA GLASS GROUP's core business areas are glass fibre research, glass fibre product development, production and trade.

During the reporting period VALMIERA GLASS GROUP consisted of the parent company AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries VALMIERA GLASS UK Ltd. in the United Kingdom, P-D VALMIERA GLASS USA Corp. and VALMIERA GLASS USA Trading Corp. in the United States of America.

VALMIERA GLASS GROUP is the only group in the world with a vertically integrated structure and a wide range of glass fibre products for the thermal insulation market, with a temperature resistance up to 1250°C.

The GROUP's holding company AS VALMIERAS STIKLA ŠĶIEDRA specializes in manufacturing glass fibre and glass fibre products using three different types of glass: E-glass with a temperature resistance of 600+°C, HR-glass with a temperature resistance of 800+°C and SiO₂-glass with a temperature resistance of 1000+°C. The glass fibre production of AS VALMIERAS STIKLA ŠĶIEDRA is used for further processing, in technical (electrical, thermal and acoustic) insulation materials and as finished materials in mechanical engineering, construction, and elsewhere.

The subsidiary VALMIERA GLASS UK Ltd. produces glass fibre products for the aviation industry, thermal insulation applications and architecture, and the subsidiary P-D VALMIERA GLASS USA Corp. manufactures glass fibre non-woven materials.

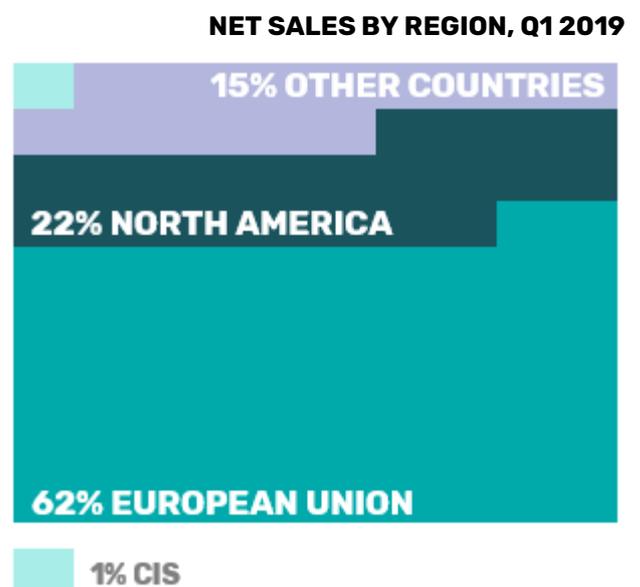
MARKETS

In the first quarter of 2019, products manufactured by AS VALMIERAS STIKLA ŠĶIEDRA, the parent company of the GROUP, were exported to 43 countries across the world, with the export share reaching 98%. The key sales markets of VALMIERA GLASS GROUP have remained the same: 62 % of the total output was sold in European Union countries, 22 % in North America, 1 % in CIS countries and 15 % in other export countries (incl. Switzerland, Japan, South Korea, UAE, etc.). The highest increase in the first three months for VALMIERA GLASS GROUP were sales in North America, which compared with the first quarter of 2018 increased by 68%. In total GROUP sales volumes in first quarter were 22% higher than for the same period in 2018.

Across product segments, sales volumes increased for those product groups, which generate significant part of the total turnover, such as E-glass impregnated and loom state mesh, non-woven materials with a thermal resistance of 600+°C, as well as for the high-content SiO₂ glass fibre non-woven materials with a thermal resistance of 1000+°C. During the first three months of 2019 sales of these products increased by 10 % y-o-y. In other product segments, the sales volumes were stable or with a slight decrease.

EMPLOYEES

The VALMIERA GLASS GROUP workforce in the first 3 months of 2019 employed on average 1702 employees, of which the average number of employees employed by VALMIERA STIKLA ŠĶIEDRA, AS was 1104. During the same period, the subsidiary company VALMIERA GLASS UK Ltd. employed on average 134 employees, and the subsidiary P-D VALMIERA GLASS USA Corp. employed on average 452 employees.



QUALITY MANAGEMENT

The quality management systems of all VALMIERA GLASS GROUP companies are certified according to the requirements of ISO standard 9001:2015. VALMIERA GLASS GROUP parent company AS VALMIERAS STIKLA ŠĶIEDRA has also been certified for Environmental Management System (ISO 14001:2015) and Energy Management System (ISO 50001:2012).

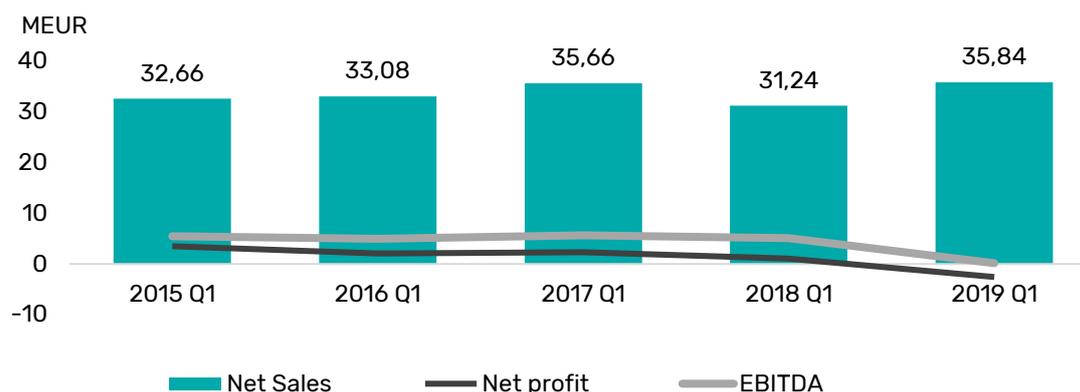
FINANCIAL RESULTS

For purposes of greater financial transparency and better communication with various stakeholders management of the parent company has provided both consolidated and country-based breakdown of the results.

The Group's total Net sales during the 1st quarter of 2019 reached €35.8 million, which represent a 14.7% y-o-y increase. This represents the best first quarter period during the past 5 years and is a result of the ramping up of production at the US operations (phase 2 facility: vertically-integrated fibreglass yarn producing operation). Looking separately by group company, AS VALMIERAS STIKLA ŠĶIEDRA AS net sales during the 1st quarter of 2019 were €26.5 million, a 5.7% y-o-y rise. VALMIERA GLASS UK Ltd. experienced growth in net sales of 4.9% y-o-y and the biggest increase was generated by P-D VALMIERA GLASS USA Corp. This was up 139.2% y-o-y compared with the 1st quarter of 2018.

The EBITDA, EBIT and net profit measurements all reflected substantial y-o-y declines in the Group's profitability, with the latter two metrics moving from a profit to a loss position of significant magnitude. Group EBITDA declined by €5.0 million (-97%), EBIT by €4.4 (-228%) million and net profit by €3.6 million or by -344%. This decline was mainly because of the P-D VALMIERA GLASS USA Corp. results. P-D VALMIERA GLASS USA Corp. generated a net loss of €5.1 million during the 1st quarter of 2019. At the same time AS VALMIERAS STIKLA ŠĶIEDRA AS worked with net profit of €1.9 million and VALMIERA GLASS UK Ltd. generated a net profit of €0.5 million. EBITDA and EBIT measures reflected the same disparity. AS VALMIERAS STIKLA ŠĶIEDRA AS EBITDA was €5.2 million (-4% y-o-y) and VALMIERA GLASS UK Ltd. EBITDA was €0.9 million (+66% y-o-y), while at the operating profit (EBIT) level €2.6 million and €0.8 million respectively.

GROUP NET SALES, NET PROFIT, EBITDA, MILL. EUR



The Group's EBITDA margin was 0.4%, however, VALMIERA GLASS UK Ltd. reached its highest Q1 margin for the past three years: 13.6%, while for AS VALMIERAS STIKLA ŠĶIEDRA AS it was 19.5%. P-D VALMIERA GLASS USA Corp. generated an EBITDA margin of -55.2%.

At the Group level the net profit margin came in at -7.2%, although it was a positive 7.2% for each of AS VALMIERAS STIKLA ŠĶIEDRA AS and VALMIERA GLASS UK Ltd.

Group ROCE generated a negative return of 5.7% in Q1. At the same time AS VALMIERAS STIKLA ŠĶIEDRA AS produced y-o-y improvement with a positive return of 5.5% compared with a Q1 2018 result of 2.1%, while VALMIERA GLASS UK Ltd. came in with 4.2% in Q1 2019 (up from 2.7% in Q1 2018).

AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

In conclusion, all of these profitability measures reiterate the consistent theme that Latvian and UK operations have been performed at largely stable or improved levels, while the ramp up of the US operations (Phase II) have drastically impacted profitability in a negative way.

MAIN FINANCIAL INDICATORS

	1st quarter			Change
	2017	2018	2019	2019/2018
VALMIERA GLASS GROUP Net sales, EUR	35 669 755	31 247 371	35 836 040	15%
VALMIERA STIKLA ŠĶIEDRA, AS	30 248 676	25 016 390	26 481 578	6%
VALMIERA GLASS UK Ltd.	7 386 028	6 230 651	6 533 116	5%
P-D VALMIERA GLASS USA Corp.	5 468 081	4 596 998	10 994 339	139%
VALMIERA GLASS GROUP EBITDA, EUR	5 798 891	5 124 022	159 420	-97%
VALMIERA STIKLA ŠĶIEDRA, AS	4 455 596	5 366 696	5 161 093	-4%
VALMIERA GLASS UK Ltd.	1 005 267	535 481	890 717	66%
P-D VALMIERA GLASS USA Corp.	443 270	(999 285)	(6 073 919)	-508%
VALMIERA GLASS GROUP EBIT, EUR	2 995 930	1 941 658	(2 490 795)	-228%
VALMIERA STIKLA ŠĶIEDRA, AS	1 920 852	2 828 199	2 631 152	-7%
VALMIERA GLASS UK Ltd.	920 824	457 772	779 988	70%
P-D VALMIERA GLASS USA Corp.	259 495	(1 565 444)	(6 083 463)	289%
VALMIERA GLASS GROUP Net profit, EUR	2 240 274	1 052 647	(2 571 536)	-344%
VALMIERA STIKLA ŠĶIEDRA, AS	1 437 426	3 366 900	1 911 819	-43%
VALMIERA GLASS UK Ltd.	797 541	371 947	468 618	26%
P-D VALMIERA GLASS USA Corp.	357 576	(1 831 784)	(5 133 501)	-180%
VALMIERA GLASS GROUP Sales growth,%	7.80	-12.40	14.68	218%
VALMIERA STIKLA ŠĶIEDRA, AS	11.64	-17.30	5.857	134%
VALMIERA GLASS UK Ltd.	9.92	-15.64	4.854	131%
P-D VALMIERA GLASS USA Corp.	16.23	-15.93	139.163	974%
VALMIERA GLASS GROUP EBITDA margin, %	16.260	16.398	0.445	97%
VALMIERA STIKLA ŠĶIEDRA, AS	14.730	21.453	19.489	-9%
VALMIERA GLASS UK Ltd.	13.610	8.594	13.634	59%
P-D VALMIERA GLASS USA Corp.	8.106	(21.738)	(55.246)	-154%
VALMIERA GLASS GROUP EBIT margin, %	8.400	6.214	(6.951)	212%
VALMIERA STIKLA ŠĶIEDRA, AS	6.350	11.305	9.936	-12%
VALMIERA GLASS UK Ltd.	12.467	7.347	11.939	62%
P-D VALMIERA GLASS USA Corp.	4.746	(34.054)	(55.333)	-62%
VALMIERA GLASS GROUP Net profit margin, %	6.281	3.369	(7.176)	-313%
VALMIERA STIKLA ŠĶIEDRA, AS	4.752	13.459	7.219	-46%
VALMIERA GLASS UK Ltd.	10.798	5.970	7.173	20%
P-D VALMIERA GLASS USA Corp.	6.539	(39.847)	(46.692)	-17%
VALMIERA GLASS GROUP ROE,%	3.470	1.382	6.191	348%
VALMIERA STIKLA ŠĶIEDRA, AS	4.226	5.250	(7.341)	-240%
VALMIERA GLASS UK Ltd.	3.721	3.444	3.573	4%
P-D VALMIERA GLASS USA Corp.	0.826	(8.844)	5.195	-159%
VALMIERA GLASS GROUP ROA,%	1.440	0.495	(2.155)	-536%
VALMIERA STIKLA ŠĶIEDRA, AS	0.971	1.846	1.818	-2%
VALMIERA GLASS UK Ltd.	3.721	1.757	2.006	14%
P-D VALMIERA GLASS USA Corp.	0.826	(1.814)	(37.480)	1966%
VALMIERA GLASS GROUP ROCE,%	3.300	1.284	(5.681)	-542%
VALMIERA STIKLA ŠĶIEDRA, AS	2.142	2.090	5.494	163%
VALMIERA GLASS UK Ltd.	5.770	2.746	4.227	54%
P-D VALMIERA GLASS USA Corp.	(2.861)	(2.503)	(64.035)	-2458%
VALMIERA GLASS GROUP Current ratio	3.430	0.845	0.751	-11%
VALMIERA STIKLA ŠĶIEDRA, AS	0.698	1.226	0.660	-46%
VALMIERA GLASS UK Ltd.	2.388	3.082	2.746	-11%
P-D VALMIERA GLASS USA Corp.	2.388	0.225	0.544	142%
Earnings per share (EUR)	0.094	0.044	(0.108)	

AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

Alternative Performance Measures (APM)

Formulas

EBITDA (Earnings before interest, tax, depreciation and amortization.) EBITDA shows company's profitability with existing assets and activities in production and sales.	$Operating\ profit + depreciation\ and\ amortization$
EBIT (Earnings before interest and taxes.) Earnings before and taxes measures the profit a company generates from its operations, making it synonymous with operating profit.	$Operating\ profit$
Net profit (loss) (The actual profit after expenses not included in the calculation of gross profit have been paid.)	$Earnings\ after\ interest\ and\ taxes\ (Profit\ for\ the\ year)$
EBITDA margin, % (Assessment of a firm's operating profitability as a percentage of its total revenue.)	$EBITDA / Net\ sales$
EBIT margin/operating profit margin, % (operating earnings over operating sales.)	$EBIT / Net\ sales$
Net profit margin, % (The net profit margin is equal to how much net income or profit is generated as a percentage of revenue.)	$Net\ profit / Net\ sales$
ROE, % (Measure of financial performance calculated by dividing net income by shareholders' equity.) The indicator reflects the effective use of equity capital by the company	$Net\ profit / Average\ Total\ equity\ for\ the\ period$
ROA, % (Indicator of how profitable a company is relative to its total assets.) The indicator reflects how effectively company is profiting from the use of its assets	$Net\ profit / Average\ Total\ assets\ for\ the\ period$
ROCE, % (Measures a company's profitability and the efficiency with which its capital is used.)	$EBIT / Total\ assets - current\ liabilities$
Current ratio (The ability of a party to use current assets to settle current liabilities.)	$Current\ assets / Current\ liabilities$
Earnings per share (EUR) (The portion of a company's profit allocated to each share of common stock.)	$Net\ profit / weighted\ average\ common\ shares\ outstanding$

The above - described alternative performance measures are used by VALMIERA GLASS GROUP management of the Company to evaluate Group's performance for a particular financial period. These APM are also used together with other information to make Group-related decisions.

STOCK MARKET

AS VALMIERAS STIKLA ŠĶIEDRA shares are quoted on the secondary list of Nasdaq Riga stock exchange since 24 February 1997 (ISIN LV0000100485; ID: VSS1R). The number of shares in public circulation amounts to 23,903,205.

The share price increased by 10.6% during the course of the first quarter of 2019 and fluctuated within a range of EUR 2.18 - 2.74. During this period, the weighted average share price amounted to EUR 2.48. The share price of the first transaction at the beginning of the period was EUR 2.20, whereas the share price of the last transaction at the end of the period was EUR 2.50.

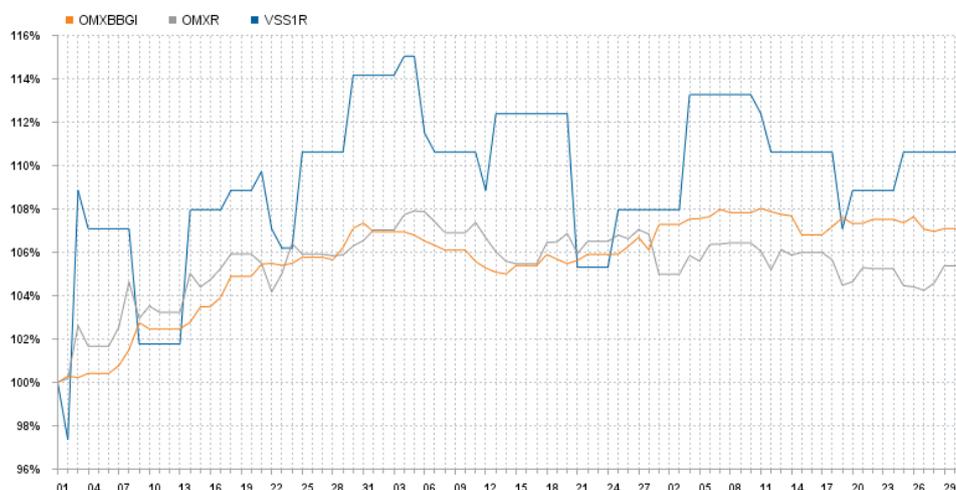
In the first quarter of 2019, the number of shares traded by the joint stock company reached 34,168 and the turnover of shares amounted to EUR 0.08M. During this period, 91 transactions were executed on the Exchange.

Price dynamics of AS VALMIERAS STIKLA ŠĶIEDRA shares during the last five years before the end of the reporting period (Nasdaq Riga data):

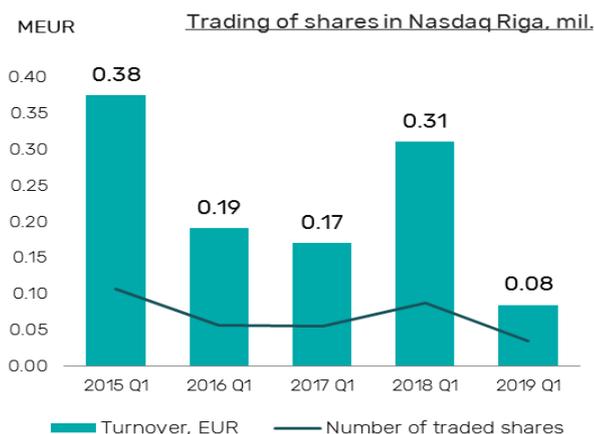


In the first quarter of 2019, the price of AS VALMIERAS STIKLA ŠĶIEDRA shares increased by 10.62%, while the OMX Riga index value corrected by 5.38% while that of the OMX Baltic Benchmark GI by 7.09%.

The price of AS VALMIERAS STIKLA ŠĶIEDRA shares in the first quarter of 2019 compared to OMX Baltic Benchmark GI and OMX Riga indexes (Nasdaq Riga data):



Trading of AS VALMIERAS STIKLA ŠĶIEDRA shares in the first quarter of 2019 (Nasdaq Riga data):



EVENTS AFTER THE END OF THE REPORTING PERIOD

Already in the unaudited report of 2018 AS VALMIERAS STIKLA ŠĶIEDRA informed the shareholders about the planned changes in the Management Board of the Company at June 1, 2019. After the resignation of Mrs. Doloresa Volkopa, the functions of the Management Board are exercised by three Board Members.

On February 28th, 2019 the plans of the raise of additional capital shares through a follow-on public offering and plans to move its shares to the Nasdaq Baltic Main List were announced. The company has already announced that the timing of planned follow-on public offering has been changed.

On April 10th, 2019 the company already informed, that the cooling down of the experimental, low-capacity glass melting furnace No.4 and draining of molten glass was commenced, with the aim of undertaking a temporary "cold stop". The Management Board of AS VALMIERAS STIKLA ŠĶIEDRA has already emphasized that the shutdown of the furnace will not impact the expected operational results, as its condition to overall capacity and output was around 2% of the total production volume.

On May 9th, 2019, the Company announced the commencement of a due diligence process at P-D VALMIERA GLASS USA Corp., the majority-owned US subsidiary of the Company (the 'US facility').

On June 17th, 2019 an application for initiation of legal protection proceedings ('LPP') of the Company has been submitted with the Vidzeme District Court in Valmiera (Court approved the application on 18 June, 2019). Meanwhile the Company P-D VALMIERA GLASS USA Corp. has submitted an application of Chapter 11 in US and made a decision for a controlled cool down of the glass melting furnace.

The chapter 11 filing of the US subsidiary was subsequently processed in the annual financial statements of the parent company as at 31.12.2018, by posting provisions for the potential write-down of the financial investments and loans granted and recovering risks from the possible use of the guarantee. This resulted in a negative equity of the AS VALMIERAS STIKLA ŠĶIEDRA and the GROUP. Due to the fact that the Legal protection procedure plan has not yet been approved, the elected auditor is delaying to complete the examination and submit the auditor's opinion. The publication of the audited 2018 annual financial statement is expected until 31.10.2019. Due to the breach of publication time of the audited 2018 annual financial statement the Finance Capital Market Commission on August 16, 2019 imposed a fine of EUR 1000.00 on the AS VALMIERAS STIKLA ŠĶIEDRA.

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 2019 and the results of their operations and cash flows for the period 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.

On behalf of the management

Stefan Jügel

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	VALMIERA GLASS GROUP		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	834 226	1 000 562	871 120
Software in acquisition process	13 736	3 030	94 052
Goodwill	3 817 161	3 692 694	3 662 559
Total intangible assets	4 665 123	4 696 286	4 627 731
Property, plant and equipment			
Land and buildings	10 635 445	15 320 788	10 846 392
Equipment and machinery	33 954 042	52 639 704	35 868 081
Other fixed assets	726 293	1 010 292	765 468
Precious metals	8 011 243	-	7 875 981
Right-of-use assets	1 565 332	-	-
Construction in progress	664 788	76 523 821	433 023
Advance payments for fixed assets	592 808	9 132 245	501 664
Total property, plant and equipment	56 149 951	154 626 851	56 290 609
Non-current financial investments			
Deferred expenses	208 025	201 325	204 119
Total non-current financial investments	208 025	201 325	204 119
Deferred tax assets	1 611 264	1 202 457	904 799
Total non-current assets	62 634 363	160 726 920	62 027 258
CURRENT ASSETS			
Inventories			
Raw materials	11 508 621	11 035 775	10 749 912
Work in progress	6 101 575	5 370 943	8 375 109
Finished goods	13 815 547	11 850 448	14 484 118
Advance payments for inventories	1 547 316	408 727	361 324
Total inventories	32 973 059	28 665 894	33 970 463
Debtors			
Trade receivables	13 273 426	14 455 903	7 722 789
Amounts due from related parties	366 275	208 826	74 152
Other receivables	582 527	6 570 857	3 202 157
Deferred expenses	8 961 826	672 557	8 163 073
Total debtors	23 184 055	21 908 145	19 162 171
Cash and cash equivalents	518 128	1 493 009	349 477
Total current assets	56 675 242	52 067 048	53 482 111
TOTAL ASSETS	119 309 604	212 793 968	115 509 369

STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019

	VALMIERA GLASS GROUP		
	31.03.2019	31.03.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	(1 873 458)	1 225 702	(3 076 335)
Pension reserve	(1 700 159)	-	(1 700 159)
Other reserves	546 709	(3 145 849)	546 709
Retained earnings	-	-	-
Profit brought forward	(24 440 266)	32 260 584	31 121 157
Profit for the current reporting period	(107 456)	1 657 135	(55 676 495)
Total equity attributable to owners of the parent	5 889 857	65 462 060	4 679 364
Non-controlling interest	(47 429 472)	10 717 873	(44 081 439)
Total equity	(41 539 615)	76 179 932	(39 402 075)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	55 718 073	60 574 238	55 426 558
Borrowings from other related parties	12 157 348	2 809 464	5 557 348
Finance leases	311 915	1 310	329 282
Finance leases from related parties	5 015	64 675	86 875
Liabilities of Right-to-use assets	6 290 292	-	-
Other borrowings	1 224 677	1 039 456	1 118 528
Deferred tax liabilities	606 777	882 417	582 202
Defined benefit obligation	4 309 099	5 357 184	4 372 128
Deferred income	4 398 666	4 177 651	4 331 946
Derivatives	359 904	97 403	293 677
Total non-current liabilities	85 381 766	75 003 798	72 098 543
Current liabilities			
Borrowings from credit institutions	30 953 903	25 362 755	30 445 265
Borrowings from related companies	350 000	-	350 138
Finance leases	157 099	49 594	169 056
Finance leases of affiliated companies	59 660	93 795	-
Liabilities of Right-to-use assets	407 641	-	-
Other borrowings	190 095	173 339	186 525
Advance payments from customers	3 327 225	720 140	3 084 814
Trade payables	21 108 743	26 996 912	26 944 980
Payables to related parties	4 579 974	1 388 354	6 189 077
Taxes and social security contributions	(450 635)	707 187	2 258 817
Other accounts payable	1 671 998	1 101 946	1 569 810
Accrued liabilities	11 751 273	3 681 981	10 172 783
Defined benefit obligation	990 330	971 540	950 220
Deferred income	370 149	362 695	491 415
Total current liabilities	75 467 453	61 610 238	82 812 899
Total liabilities	160 849 219	136 614 036	154 911 443
Total equity and liabilities	119 309 604	212 793 968	115 509 369

**STATEMENT OF FINANCIAL POSITION OF THE AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	834 226	924 881	871 119
Software in acquisition process	13 736	3 030	80 316
Goodwill	-	-	-
Total intangible assets	847 962	927 911	951 435
Property, plant and equipment			
Land and buildings	9 788 616	10 980 943	10 093 046
Equipment and machinery	32 689 898	47 841 533	34 593 193
Other fixed assets	610 235	790 623	654 878
Precious metals	8 011 243	-	7 875 981
Right-of-use assets	1 005 091	-	-
Construction in progress	664 788	296 662	433 023
Advance payments for fixed assets	509 813	449 975	458 656
Total property, plant and equipment	53 279 683	60 359 736	54 108 777
Non-current financial investments			
Investments in subsidiaries	13 000 000	28 650 521	13 000 000
Loans to subsidiaries	230 550	34 746 229	-
Receivables from related companies	-	-	-
Deferred expenses	-	-	-
Total non-current financial investments	13 230 550	63 396 751	13 000 000
Deferred tax asset	-	-	-
Total non-current assets	67 358 194	124 684 397	68 060 212
CURRENT ASSETS			
Inventories			
Raw materials	7 225 132	7 002 233	7 219 555
Work in progress	5 177 313	4 704 233	4 796 309
Finished goods	4 137 715	4 690 895	6 663 733
Advance payments for inventories	1 232 030	235 869	160 701
Total inventories	17 772 190	16 633 230	18 840 298
Debtors			
Trade receivables	5 641 770	8 267 855	4 222 796
Amounts due from related parties	5 984 268	26 033 476	1 434 547
Other receivables	559 564	6 070 608	656 994
Deferred expenses	7 741 882	505 061	7 759 976
Total debtors	19 927 485	40 876 999	14 074 314
Cash and cash equivalents	127 739	198 201	60 455
Total current assets	37 827 414	57 708 430	32 975 066
TOTAL ASSETS	105 185 608	182 392 827	101 035 278

**STATEMENT OF FINANCIAL POSITION OF THE AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	31.03.2019	31.03.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	-	-	-
Other reserves	546 709	546 709	546 709
Retained earnings			
Profit brought forward	(61 966 761)	26 749 745	25 610 319
Profit for the reporting period	1 911 819	3 366 900	(87 577 080)
Total equity	(26 043 746)	64 127 842	(27 955 565)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	55 718 073	60 574 238	55 426 558
Borrowings from other related parties	14 767 589	7 767 589	4 372 589
Finance leases	-	1 310	3 895 000
Finance leases of affiliated companies	5 015	64 675	-
Liabilities of Right-to-use assets (non-current)	768 585	-	-
Other borrowings	-	-	86 875
Deferred income	2 318 364	2 699 149	2 318 364
Derivatives	359 904	97 403	293 677
Total non-current liabilities	73 937 530	71 204 363	66 393 063
Current liabilities			
Borrowings from credit institutions	27 219 904	24 486 395	27 159 727
Borrowings from related companies	350 000		350 000
Finance leases	4 938	49 594	9 817
Finance leases of affiliated companies	59 660	93 795	-
Liabilities of Right-to-use assets (current)	292 229	-	-
Advance payments from customers	489 013	449 496	947 022
Trade payables	12 066 568	15 150 092	15 854 202
Payables to subsidiaries	-	3 557 079	6 075 968
Payables to other related parties	4 317 897	425 917	1 322 667
Taxes and social security contributions	1 106 979	813 522	886 468
Other accounts payable	914 936	-	-
Accrued liabilities	10 184 112	1 749 145	9 611 124
Deferred income	285 588	285 588	380 784
Total current liabilities	57 291 825	47 060 622	62 597 779
Total liabilities	131 229 355	118 264 985	128 990 842
Total equity and liabilities	105 185 608	182 392 827	101 035 278

**STATEMENT OF FINANCIAL POSITION OF THE VALMIERA GLASS UK Ltd.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	VALMIERA GLASS UK Ltd.		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Land and buildings	846 829	769 513	753 345
Equipment and machinery	1 230 309	1 355 488	1 274 887
Other fixed assets	101 260	89 556	110 590
Right-of-use assets	499 092	-	-
Total property, plant and equipment	2 677 491	2 214 557	2 138 823
Non-current financial investments			
Loans to subsidiaries	6 270 948	3 892 284	6 243 991
Total non-current financial investments	6 270 948	3 892 284	6 243 991
Deferred tax asset	942 992	1 202 457	904 799
Total non-current assets	9 891 431	7 309 299	9 287 613
CURRENT ASSETS			
Inventories			
Raw materials	2 115 913	1 911 021	2 225 621
Work in progress	372 090	429 015	3 433 750
Finished goods	5 606 014	5 749 923	2 220 105
Advance payments for inventories	-	-	132 699
Total inventories	8 094 017	8 089 959	8 012 175
Debtors			
Trade receivables	3 645 428	3 332 533	2 804 623
Amounts due from related parties	1 229 447	1 355 916	538 343
Deferred expenses	323 030	123 790	-
Total debtors	5 197 905	4 812 240	3 342 966
Cash and cash equivalents	175 226	958 339	247 516
Total current assets	13 467 148	13 860 538	11 602 657
TOTAL ASSETS	23 358 578	21 169 837	20 890 270

STATEMENT OF FINANCIAL POSITION OF THE VALMIERA GLASS UK Ltd.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019

	VALMIERA GLASS UK Ltd.		
	31.03.2019	31.03.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	5 320 048	8 177 457	5 104 577
Share premium	3 015 566		2 893 430
Foreign currency translation reserve	-	-	(19 601)
Pension reserve	(1 858 836)	(1 823 567)	(1 624 427)
Retained earnings			-
Profit brought forward	6 161 186	4 074 334	3 984 924
Profit for the reporting period	476 371	371 947	1 783 687
Total equity	13 114 335	10 800 171	12 122 590
LIABILITIES			
Non-current liabilities			
Liabilities of Right-to-use assets (non-current)	423 890	-	-
Other borrowings	-	-	-
Deferred tax liabilities	606 777	515 564	582 202
Defined benefit obligation	4 309 099	5 357 184	4 372 128
Total non-current liabilities	5 339 767	5 872 748	4 954 330
Current liabilities			
Borrowings from credit institutions	1 063 772	876 361	665 451
Liabilities of Right-to-use assets (current)	76 817	-	-
Trade payables	687 269	511 067	514 855
Payables to Related parties	928 270	897 244	696 686
Payables to other related parties	-	50 815	289 970
Taxes and social security contributions	-	282 372	132 996
Other accounts payable	301 176	-	-
Accrued liabilities	856 843	907 521	563 172
Defined benefit obligation	990 329	971 540	950 220
Total current liabilities	4 904 477	4 496 919	3 813 350
Total liabilities	10 244 244	10 369 667	8 767 680
Total equity and liabilities	23 358 579	21 169 837	20 890 270

**STATEMENT OF FINANCIAL POSITION OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	P-D VALMIERA GLASS USA Corp.		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights		75 681	-
Total intangible assets	-	75 681	-
Property, plant and equipment			
Land and buildings	-	3 570 332	-
Equipment and machinery	33 835	3 442 682	-
Other fixed assets	14 798	130 114	-
Right-of-use assets	61 148	-	-
Construction in progress	-	76 227 159	-
Advance payments for fixed assets	82 995	8 682 270	56 744
Total property, plant and equipment	192 777	92 052 558	56 744
Non-current financial investments			
Deferred expenses	208 026	201 325	204 119
Total non-current financial investments	208 026	201 325	204 119
Deferred tax asset	668 272	-	-
Total non-current assets	1 069 075	92 329 565	260 864
CURRENT ASSETS			
Inventories			
Raw materials	3 493 810	3 213 304	3 594 619
Work in progress	552 172	237 695	145 050
Finished goods	1 845 821	97 718	3 719 975
Advance payments for inventories	315 286	172 859	67 925
Total inventories	6 207 089	3 721 576	7 527 568
Debtors			
Trade receivables	3 986 228	2 855 515	863 077
Amounts due from related parties	1 299 115	1 172 827	3 137 060
Other receivables	22 963	500 249	2 545 163
Deferred expenses	896 914	43 707	596 833
Total debtors	6 205 220	4 572 298	7 142 134
Cash and cash equivalents	215 163	336 469	41 506
Total current assets	12 627 472	8 630 343	14 711 208
TOTAL ASSETS	13 696 547	100 959 907	14 972 072

**STATEMENT OF FINANCIAL POSITION OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	P-D VALMIERA GLASS USA Corp.		
	31.03.2019	31.03.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	13 920 867	21 885 951	13 659 471
Share capital non-controlling interest	12 744 794	-	12 505 481
Foreign currency translation reserve	-	-	(3 800 804)
Other reserves	6 236 591	-	6 119 484
Retained earnings			
Profit brought forward	(65 575 020)	540 124	581 211
Profit for the reporting period	(5 189 702)	(1 831 784)	(121 054 800)
Total equity attributable to owners of the parent	(37 862 470)	20 594 291	(91 989 956)
Non-controlling interest	(60 948 929)	117 294	126 217
Total equity	(98 811 399)	20 711 585	(91 863 739)
LIABILITIES			
Non-current liabilities			
Borrowings from VSS group	80 596 437	-	78 266 245
Borrowings from other related parties	-	38 941 189	1 629 670
Finance lease	311 915	-	329 282
Liabilities of Right-to-use assets (non-current)	32 202	-	-
Other borrowings	6 290 292	1 039 456	1 118 528
Deferred tax liabilities	-	366 853	-
Deferred income	2 080 302	1 478 502	2 013 582
Derivatives	-	-	-
Total non-current liabilities	89 311 148	41 826 000	83 357 305
Current liabilities			
Borrowings from credit institutions	2 670 227	-	2 620 087
Borrowings from related companies	2 906 904	-	3 202 443
Finance lease	152 161	-	159 239
Liabilities of Right-to-use assets (current)	38 595	-	-
Other borrowings	190 095	173 339	186 525
Advance payments from customers	2 838 212	270 644	2 137 792
Trade payables	9 001 314	11 335 754	9 860 560
Payables to subsidiaries	5 706 141	25 303 655	3 812 343
Payables to other related parties	-	230 456	646 179
Taxes and social security contributions	(1 557 614)	6 052	550 483
Other accounts payable	455 885	-	-
Accrued liabilities	710 318	1 025 314	192 223
Deferred income	84 561	77 107	110 631
Total current liabilities	23 196 798	38 422 322	23 478 505
Total liabilities	112 507 946	80 248 322	106 835 810
Total equity and liabilities	13 696 547	100 959 907	14 972 072

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	VALMIERA GLASS GROUP		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
Sales	35 836 040	31 247 371	115 724 318
Change in inventories	(3 907 086)	441 263	3 201 864
Costs capitalized to non-current assets	-	1 292 225	1 524 807
Other operating income	615 800	34 437	1 149 491
Raw materials and consumables	(13 717 202)	(14 962 198)	(55 594 862)
Personnel expenses	(11 910 898)	(8 826 917)	(40 069 363)
Depreciation and amortization	(2 650 214)	(3 182 364)	(113 982 534)
Other operating expenses	(6 757 234)	(4 102 159)	(25 064 027)
Profit from operations	(2 490 795)	1 941 658	(113 110 305)
Interest and similar income	1 856 606	85 053	2 982 040
Interest and similar expenses	(2 539 233)	(740 885)	(3 661 227)
Profit before tax	(3 173 423)	1 285 826	(113 789 492)
Corporate income tax	(59 149)	(233 179)	1 028 217
Other taxes	661 035		
Profit for the reporting period	(2 571 536)	1 052 648	(112 761 275)
<i>Attributable to:</i>			
Non-controlling interest	(2 464 081)	(604 489)	(57 199 893)
Owners of the Parent	(107 456)	1 657 137	(55 561 382)
Earnings per share	(0.004)	0.069	(2)

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE AS VALMIERAS
STIKLA ŠĶIEDRA
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
Sales	26 481 578	25 016 390	90 549 430
Change in inventories	(2 143 473)	(826 440)	1 271 809
Costs capitalized to non-current assets	-	-	-
Other operating income	648 077	455 623	2 181 097
Raw materials and consumables	(11 037 541)	(11 114 271)	(42 249 879)
Personnel expenses	(5 554 694)	(4 988 890)	(20 934 731)
Depreciation and amortization	(2 529 942)	(2 538 497)	(9 929 512)
Other operating expenses	(3 232 854)	(3 175 716)	(93 247 835)
Profit from operations	2 631 152	2 828 199	(72 359 621)
Interest and similar income	557 709	2 424 779	5 422 502
Interest and similar expenses	(1 271 531)	(1 886 078)	20 482 153
Profit before tax	1 917 330	3 366 901	(87 419 272)
Corporate income tax	(5 511)	-	(157 808)
Profit for the reporting period	1 911 819	3 366 901	(87 577 080)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE VALMIERA GLASS UK Ltd.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019

	VALMIERA GLASS UK Ltd.		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
Sales	6 533 116	6 230 651	23 225 987
Change in inventories	(412 848)	(232 050)	58 387
Costs capitalized to non-current assets	-	-	-
Other operating income	13 028	9 596	76 062
Raw materials and consumables	(3 295 411)	(3 473 401)	(13 118 351)
Personnel expenses	(1 270 426)	(1 205 580)	(5 058 040)
Depreciation and amortization	(110 729)	(77 708)	(239 984)
Other operating expenses	(676 740)	(793 735)	(2 972 558)
Profit from operations	779 988	457 772	1 971 503
Interest and similar income	44 617	56 860	255 845
Interest and similar expenses	(302 348)	(112 411)	(67 482)
Profit before tax	522 257	402 221	2 159 867
Corporate income tax	(53 638)	(30 274)	(376 179)
Profit for the reporting period	468 618	371 947	1 783 687

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	P-D VALMIERA GLASS USA Corp.		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
Sales	10 994 339	4 596 998	23 416 221
Change in inventories	(568 644)	187 841	1 787 130
Costs capitalized to non-current assets	-	1 292 225	1 524 807
Other operating income	263 293	531 003	1 692 148
Raw materials and consumables	(8 520 891)	(3 880 410)	(21 571 703)
Personnel expenses	(5 085 778)	(2 632 447)	(14 076 591)
Depreciation and amortization	(9 544)	(566 159)	(103 813 038)
Other operating expenses	(3 156 238)	(1 094 495)	(11 208 998)
Profit from operations	(6 083 463)	(1 565 444)	(122 250 024)
Interest and similar income	938 983	41	2 094 302
Interest and similar expenses	(650 057)	(63 476)	(2 461 282)
Profit before tax	(5 794 537)	(1 628 879)	(122 617 004)
Corporate income tax	661 035	(202 905)	1 562 204
Profit for the reporting period	(5 133 501)	(1 831 784)	(121 054 800)
<i>Attributable to:</i>			
Non-controlling interest			(57 199 893)
Owners of the Parent	(5 133 501)	(1 831 784)	(63 854 907)

**STATEMENT OF CHANGES IN EQUITY OF THE GROUP
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

Group

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017	33 464 487	(102 599)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 519
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>	-	-	-	-	-	-	-
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	0	-	0
<i>Exchange differences on translating foreign operations</i>	-	4 310 177	-	-	4 310 177	(4 862 497)	(552 320)
31.03.2018	33 464 487	1 225 702	(3 145 849)	33 917 719	65 462 059	10 717 873	76 179 932
31.12.2018	33 464 487	(1 655 342)	(1 153 450)	(24 440 226)	6 215 469	(44 094 595)	(37 879 126)
Current year profit	-	-	-	(107 456)	(107 456)	(2 464 081)	(2 571 536)
Contributions from non-controlling interest	-	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	(218 116)	-	-	(218 116)	(870 796)	(1 088 912)
31.03.2019	33 464 487	(1 873 458)	(1 153 450)	(24 547 682)	5 889 898	(47 429 472)	(41 539 574)

**STATEMENT OF CHANGES IN EQUITY OF THE AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

AS VALMIERAS STIKLA ŠĶIEDRA

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2017	33 464 487	-	546 709	25 610 319	59 621 515
Current year profit	-	-	-	4 506 327	4 506 327
Contributions from non-controlling interest	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-
<i>Remeasurement of defined</i>	-	-	-	-	-
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-
31.03.2018	33 464 487	0	546 709	30 116 646	64 127 842
31.12.2018	33 464 487	0	546 709	(61 966 761)	(27 955 565)
Current year profit	-	-	-	1 911 819	1 911 819
Contributions from non-controlling interest	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-
31.03.2019	33 464 487	0	546 709	(60 054 942)	(26 043 746)

**STATEMENT OF CHANGES IN EQUITY OF THE VALMIERA GLASS UK Ltd.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

VALMIERA GLASS UK Ltd.

	Share capital	Share premium	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017	5 477 066	3 104 569	(543 618)	(1 798 225)	4 043 507	10 283 299
Current year profit	-	-	-	-	345 458	345 458
Contributions from non-controlling interest	-	-	-	-	-	-
Other comprehensive income:						
<i>Remeasurement of defined</i>	-	-	-	(1 894 333)	-	1 894 333
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	1 975 917	-	(10 392)	1 965 525
31.03.2018	5 477 066	3 104 569	1 432 299	(3 692 558)	4 378 573	10 699 949
31.12.2018	5 477 066	3 104 569	(527 497)	(1 700 159)	5 768 611	12 122 590
Current year profit	-	-	-	-	468 618	468 618
Contributions from non-controlling interest	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	130 552	-	392 575	523 127
31.03.2019	5 477 066	3 104 569	(396 945)	(1 700 159)	6 629 804	13 114 335

**STATEMENT OF CHANGES IN EQUITY OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

P-D VALMIERA GLASS USA Corp.

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2017	24 378 969	(1 894 453)		750 155	23 234 671
Current year profit	-	-	-	(861 078)	(861 078)
Contributions from non-controlling interest	-	-	-	-	-
Other comprehensive income:					
<i>Remeasurement of defined Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	(695 828)	-	(95 659)	(791 487)
31.03.2018	24 378 969	(2 590 281)	0	(206 582)	21 582 106
31.12.2018	26 164 952	(3 800 804)	6 119 484	(120 347 371)	(91 863 739)
Current year profit	-	-	-	(5 189 702)	(5 189 702)
Contributions from non-controlling interest	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	4 418 620	-	(6 176 578)	(1 757 958)
31.03.2019	26 164 952	617 816	6 119 484	(131 713 651)	(98 811 399)

**STATEMENT OF CASH FLOWS OF THE GROUP
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

	VALMIERA GLASS GROUP		
	31.03.2019	31.03.2018	31.12.2018
	EUR	EUR	EUR
Cash flows from operating activities			
Profit before tax	(3 173 422)	1 285 826	(113 789 492)
<i>Adjustments:</i>			
Change in fair value of derivative	31 535	(24 595)	156 134
Depreciation and amortization	2 650 214	3 182 364	113 982 534
Profit from disposal of fixed assets	-	-	(94 400)
Cash paid to pension plan not recognized in profit or loss	-	-	(960 755)
Unpaid defined benefit pension plan cost	-	-	(449 859)
Interest expenses	1 037 630	245 291	3 482 766
Interest income	(9 126)	(60 458)	(523 354)
Income tax paid			(960 765)
Gain on government grants	(441 022)	(441 022)	(656 527)
Changes in working capital:			
Increase in inventories	(3 713 199)	(1 560 142)	(8 714 200)
Increase in accounts receivable	(13 938 450)	(4 532 580)	(4 202 301)
Increase in accounts payable	5 255 603	3 594 435	6 285 133
Cash provided by operating activities	(12 300 237)	1 689 119	(6 445 086)
Cash flows from investing activities			
Purchase of fixed and intangible assets	5 664 057	(6 526 179)	(13 867 870)
Loans to related parties	-	(2 600 000)	-
Income from sales of fixed assets	-	-	130 159
Income from sales of investment in related party shares	-	1 324 453	-
Received interest	9 126	60 458	
Net cash used in investing activities	5 673 183	(7 741 268)	(13 737 711)
Cash flows from financing activities			
Income from non-controlling interest contribution	-	7 419 890	7 419 890
Income from sale of non-controlling interest	-	-	11 134 000
Loans received	10 364 327	8 704 683	3 080 278
Loans paid	-	(2 843 391)	-
Change in credit line	(3 025 847)	(8 390 149)	(3 353 363)
Finance lease paid	(27 109)	(67 221)	336 608
Paid interest expenses	(956 689)	(353 267)	(1 494 125)
Received EU and state grants	441 022	441 022	775 395
Net cash (used in) / provided by financing activities	6 795 705	4 911 567	17 898 683
Net change in cash and cash equivalents	168 651	(1 140 582)	(2 284 114)
Cash and cash equivalents at the beginning of reporting period	349 477	2 633 591	2 633 591
Cash and cash equivalents at the end of reporting period	518 128	1 493 009	349 477

**NOTES TO THE FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY
FOR THE 3 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 31 MARCH 2019**

1. GENERAL INFORMATION

AS VALMIERAS STIKLA ŠĶIEDRA is registered as a joint stock company in the Commercial Register of the Republic of Latvia. The principal activity of the Group is production and trade of fibreglass and fibreglass products.

The Group consists of parent company AS VALMIERAS STIKLA ŠĶIEDRA and its subsidiaries VALMIERA GLASS UK Ltd. (previously – P-D Interglas Technologies Ltd.), Valmiera Glass USA Corporation and Valmiera Glass USA Trading Corporation. The principal activity of the Group is production and trade of fibreglass and fibreglass products.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (the EU) and their interpretations. The standards are issued by the International Accounting Standards Board (IASB) and their interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

3. RIGHT-OF-USE ASSETS AND LIABILITIES

Starting 1 January 2019 the Group recognises leases according to the standard IFRS 16 Leases. IFRS 16 introduces a new single lessee accounting model and therefore, leases are no longer classified either operating or finance leases as it was required according to IAS 17.

IFRS16 eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Under the Standard, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

As a result of the change in the accounting policies, lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Furthermore, a lessee is required to recognise depreciation of lease assets separately from interest on lease liabilities in the income statement.

On 1 January 2019 the Group applied a simplified transition approach and did not restate comparative amounts for the year prior to the first adoption. Lease commitments existing at the date of implementation, which had so far been recognised as operating leases, were measured on transition at the discounted value of their remaining lease payments, using the effective interest rate as of 1 January 2019. Right-of-use assets were measured at the amount of the lease liability on adoption.

4. SHARE CAPITAL

The share capital as of March 31, 2019 consists of 23 903 205 publicly listed bearer shares, all with equal rights.

The shareholders as at March 31, 2019 and March 31, 2018 were as follows (according to Nasdaq CSD data):

	Percentage of investment (%) 31.03.2019	Percentage of investment (%) 31.03.2018
Corvalis GmbH	11.97	24.52
P-D Glasseiden GmbH Oschatz	26.07	26.07
P-D Management Industries-Technologies GmbH	23.93	23.93
Preiss-Daimler Beatrix	9.42	9.39
P-D Aircraft Composites GmbH	18.83	6.28
Other shareholders (less 5% ownership interest)	9.78	9.81
Total	100.00	100.00

