

JOINT STOCK COMPANY "VALMIERAS STIKLA ŠĶIEDRA"
Registration Number 40003031676
Financial Report for the period ended March 31st 2015
UNAUDITED
Made in accordance with the International Financial Reporting Standards

COMPANY PROFILE

The name of the enterprise:	Valmieras stikla šķiedra
The legal status:	Joint Stock Company
Registration number:	40003031676
Registration place, date:	Riga, September 30 th 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> Andris Oskars Brutāns, President <i>Board Members:</i> Andre Heinz Schwiontek, Vice President Dainis Šēnbergs Hans-Jochen Häusler Stefan Jugel
The council:	<i>Chairman of the Council:</i> Jürgen Preiss-Daimler <i>Council Members:</i> Hans Peter Cordts Frank Wilhelm Behrends Guntis Strazds Jöran Pfuhl
The period of the report:	January 1 st 2015 – March 31 st 2015
Companies included in consolidation:	Valmiera Glass UK Ltd (100% shares) Valmiera Glass USA Corp. (100% shares) Valmiera Glass Trading USA Corp. (100% shares)

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MANAGEMENT REPORT

General information

Type of business

During the reporting period the Valmiera Glass Group includes the JSC "Valmieras stikla šķiedra" and its' subsidiaries Valmiera Glass UK Ltd in Great Britain and Valmiera Glass USA Corp and Valmiera Glass USA Trading Corp. in United States of America (further in the text – the Group). The main profiles of the Group are glass fibre research, development, manufacturing and sales.

The Group positions itself in the market as vertical integrated - from fibre glass production up to coated / impregnated fabrics – various composite material supplier for the airline industry, building industry and other manufacturing industries.

JSC Valmieras stikla šķiedra manufactures glass fibre and glass fibre products from two types of glass (E-glass 600°C, SiO₂-glass 1000+°C), which can be used for further processing, for thermal and technical insulation materials, as ready-made building and mechanical engineering materials et al.

Valmiera Glass UK Ltd produces the glass fibre products for the aviation industry, thermal insulation and architecture, while starting with February 2015 Valmiera Glass USA Corp. produces glass fibre products with high added value – non-woven materials. Valmiera Glass Trading USA Corp. was established to perform sales activities of goods produced by the Group in United States of America.

Sales

In the first 3 months of 2015 the production manufactured by JSC "Valmieras stikla šķiedra" is being exported to 37 countries worldwide reaching the export rate of 98%. The main export markets are: EU-Countries (70%, increase by 13% compared to same period in previous year) and North-America (12%, increase by 5% compared to same period in previous year). Middle East and Asia region export market significantly evolve.

Analysing the segments of products, growth of sales volume has been recognized for the products with high added value: glass fiber nettings and technical textiles. All these products in the first quarter of 2015 have been sold 35% more than in the same period of 2014. In other product segments the sales amount is valued as stable or with a small growth.

Employees

The average number of employees working in Valmiera Glass Group in first quarter of 2015 are 1162 where the average number of employees in JSC "Valmieras stikla šķiedra" were 980, subsidiary Valmiera Glass UK Ltd – 150 and subsidiary Valmiera Glass USA Corp 32.

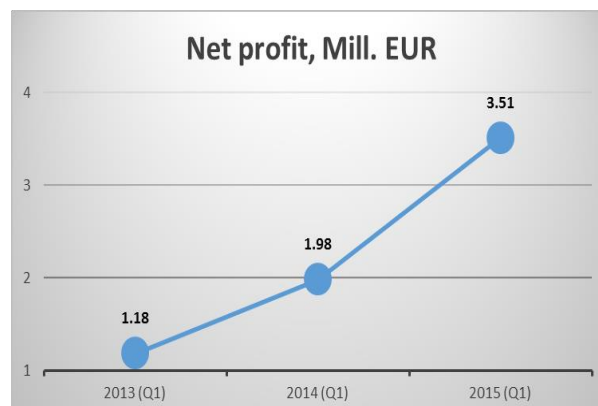
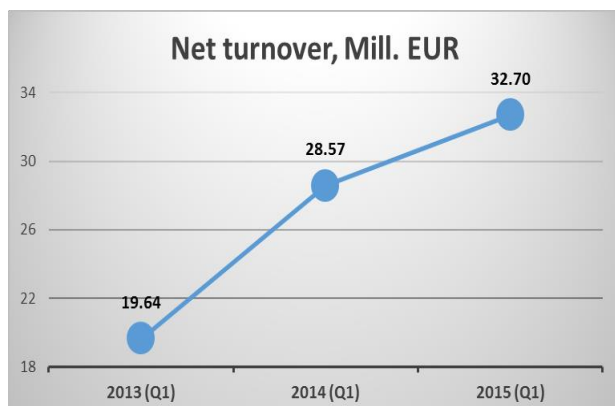
Investments

EUR 5.12 Million have been invested during the first 3 months of 2015 in development of Group, which includes purchase of machinery for production, modernization of existing technologies and the development of new products with intentions to increase the production capacity of the Group. The total investments in 2015 are planned to reach EUR 8.0 Million including more than EUR 2.0 Million investment in new technologies for environment safety.

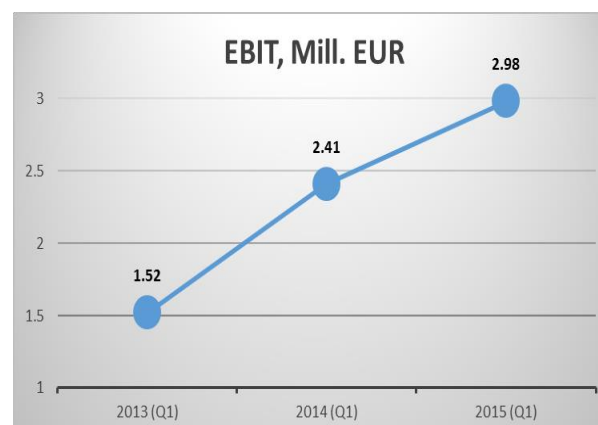
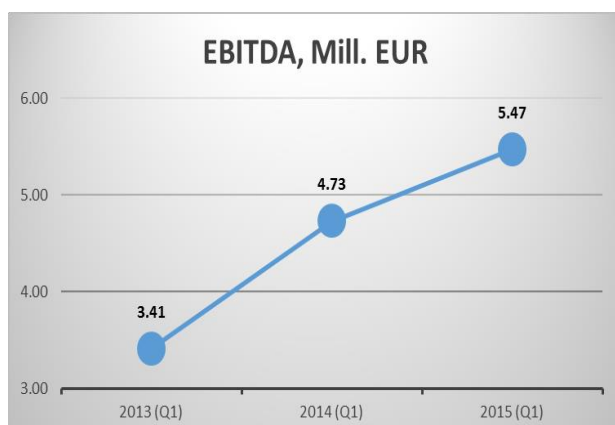
Finance results

The consolidated net turnover of the Group in the first quarter of 2015 has reached EUR 32.70 Million. Compared to the result of the Group in first quarter of 2014 it has increased by EUR 4.13 Million or 14%.

The consolidated net profit of the Group in the first three months of 2015 has reached EUR 3.51 Million and that is 77% more compared to the net profit of the Group in the same period of 2014.



The consolidated operating profit (EBITDA) was EUR 5.47 Million and it is 16% more than in first quarter of 2014. The earnings before interest and taxes (EBIT) reached EUR 2.98 Million and that is 24% more as in the same period of 2014.



The consolidated return on capital (ROCE) is 8.8% whereas the consolidated operating profit margin ratio of the first quarter of 2015 was 9.1%.

Considering the results for the first quarter of 2015 and the development of the Group management is confident to reach planned net turnover of the Group of EUR 127.7 Million and net profit EUR 10.77 Million in year 2015.

Share market

The shares of JSC "Valmieras stikla šķiedra" are listed on NASDAQ OMX Riga Secondary market since February 24th 1997.

The Company's share price from January 1st 2015 till March 31st 2015 has increased by EUR 0.07 or 1.88%. The value of one share at January 1st 2015 was EUR 3.72 and on March 31st 2015 the price has increased to EUR 3.79.

The number of shares sold in first quarter 2015 is 106.75 Thousand and turnover of JSC Valmieras stikla šķiedra shares has reached EUR 375.65 Thousand.

*The share price development of JSC Valmieras stikla šķiedra in period of 01.01.2015 to 31.03.2015
Information from: AS „NASDAQ OMX Riga”, home page www.nasdaqomxbaltic.com*



JSC Valmieras stikla šķiedra
The Chairman of the Board
Andris Oskars Brutāns

April 24th 2015

THE STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of the Valmiera Glass Group is responsible for preparation of the financial statements.

The Financial Statements are prepared in accordance with the source documents and present fairly the state of affairs of the Group at the end of March 31st 2015 and the results of its operations and cash flows for the period ended on March 31st 2015. The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements presented. The management also confirms that the applicable requirements of the International Financial Reporting Standards are followed. The financial statements of the Group have been prepared on a going concern basis.

The management of the Group is also responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. They are also responsible for operating the Group in compliance with the legislation of Latvian Republic.

In the name of the management,

JSC "Valmieras stikla šķiedra"
The Chairman of the Board

Andris Oskars Brutāns

April 24th 2015

BALANCE SHEET (ASSETS)

As at March 31st 2015 and March 31st 2014

	31.03.2015 EUR	31.03.2014 EUR
ASSETS		
Non-current assets		
Intangible assets		
Patents, licenses, trade mark and similar rights	446 169	57 758
Costs of establishment of intangible investments	-	156 937
Goodwill	3 930 822	3 930 822
Total intangible assets	4 376 991	4 136 517
Tangible fixed assets		
Land and buildings	18 362 255	11 715 548
Equipment and machinery	50 545 743	46 666 991
Other fixed assets	1 103 496	703 925
Constructions in progress	2 687 686	6 962 682
Advance payments for fixed assets	4 334 297	222 724
Total fixed assets	77 033 478	62 271 870
Long-term financial investments		
Deferred tax assets	1 670 049	1 096 112
Total non-current assets	83 080 518	71 504 499
Current assets		
Inventory		
Raw materials	11 811 200	8 964 335
Work in progress	4 928 839	3 201 069
Finished goods	12 669 195	11 538 148
Advance payments for inventories	1 363 613	114 450
Total inventory	30 772 848	23 818 002
Accounts receivable		
Trade receivables	15 502 266	15 018 883
Receivables from related parties	2 255 150	3 321 568
Other receivables	578 621	1 022 671
Deferred expenses	1 013 146	610 983
Total accounts receivable	19 349 182	19 974 105
Cash and cash equivalents	727 856	601 646
Total current assets	50 849 886	44 393 753
TOTAL ASSETS	133 930 403	115 898 252

BALANCE SHEET (LIABILITIES)

As at March 31st 2015 and March 31st 2014

	31.12.2015 EUR	31.12.2014 EUR
LIABILITIES & SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	33 464 487	34 011 196
Other reserves	472 198	510 621
Retained earnings:		
a) Retained earnings	18 073 541	13 461 507
b) Current year profit	3 513 596	1 980 235
Total shareholders' equity	55 523 821	49 963 559
Liabilities		
Non-current liabilities		
Due to credit institutions	34 752 436	27 783 295
Finance lease	191 322	130 773
Deferred tax	658 790	517 308
Retirement benefit obligation	6 470 507	4 486 190
Deferred income	3 486 414	1 267 867
Embedded derivatives	1 124 453	1 562 403
Total non-current liabilities	46 683 922	35 747 836
Current liabilities		
Due to credit institutions	15 239 594	11 269 732
Finance lease	82 638	53 349
Advance payments from customers	803 440	174 764
Trade payables	9 620 680	9 723 583
Payables related parties	638 488	4 418 203
Taxes and social security contributions	935 568	952 278
Other accounts payable	520 180	697 622
Accrued liabilities	2 829 467	1 697 112
Retirement benefit obligations	876 325	994 370
Deferred income	176 280	205 844
Total current liabilities	31 722 660	30 186 857
Total liabilities	78 406 582	65 934 693
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	133 930 403	115 898 252

STATEMENT OF PROFIT AND LOSS

For the period ended March 31st 2015 and March 31st 2014

	31.03.2015 EUR	31.03.2014 EUR
Sales	32 666 582	28 566 522
Change in inventories	(4 262 853)	(82 901)
Other operating income	1 056 737	117 647
Raw materials and consumables	(13 476 542)	(14 735 074)
Personnel expenses	(6 192 327)	(5 091 773)
Depreciation and amortization	(2 495 178)	(2 317 707)
Other operating expenses	(4 318 118)	(4 044 091)
Operating profit	2 978 301	2 412 623
Interest and similar income	988 695	63 433
Interest and similar expenses	(453 262)	(410 765)
Profit from operations and before tax	3 513 736	2 065 291
Corporate income tax	(140)	(85 056)
NET PROFIT	3 513 596	1 980 235
	32 666 582	28 566 522
Earnings per share	0.1470	0.0828

STATEMENT OF CASH FLOWS

	3 months 2015 EUR	3 months 2014 EUR
OPERATING ACTIVITIES		
Profit before tax	3 513 736	2 065 291
Adjustments:		
Change in fair value of embedded derivatives	(125 686)	(63 433)
Depreciation and amortization	2 495 178	2 317 707
Interest expenses	453 262	410 765
Financial income EU Funding / LIAA State support	(52 427)	(41 930)
Changes in operating assets and liabilities:		
Inventories	1 687 964	255 822
Accounts receivable and other assets	(8 596 596)	(6 279 870)
Accounts payable and other liabilities	1 897 012	2 133 166
Cash provided by operating activities	1 272 443	777 518
Investing activities		
Purchase of fixed and intangible assets	(6 194 076)	(3 377 329)
Net cash used in investing activities	(6 194 076)	(3 377 329)
FINANCING ACTIVITIES		
Loans received	5 261 337	2 071 699
Loans paid	(1 822 763)	(1 403 824)
Credit line received	1 425 776	1 684 757
Finance lease paid	(36 577)	(20 025)
EU / LIAA funding received	-	104 494
Interest paid	(357 514)	(410 765)
Net cash provided by financing activities	4 470 259	2 026 336
Net decrease / increase in cash and cash equivalents	(451 374)	(573 475)
Cash and cash equivalents at the beginning of the year	1 179 230	1 175 121
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	727 856	601 646

STATEMENT OF SHAREHOLDERS' EQUITY

As at March 31st 2014 and March 31st 2013

	Share capital	Foreign currency reserve	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
As of December 31st 2013	34 011 197	19 071	456 130	12 926 129	47 412 527
Profit 12 months 2014	-	-	-	7 155 281	7 155 281
Dividends paid	-	-	-	(2 007 869)	(2 007 869)
Denomination of share capital to euro	(546 710)		546 710		0
Other comprehensive income	-	656 856	(1 761 098)	-	(1 104 242)
As of December 31st 2014	33 464 487	675 927	(758 258)	18 073 541	51 455 697
Profit 3 months 2015	-	-	-	3 513 596	3 513 596
Other comprehensive income	-	647 114	(92 586)	-	554 528
As of March 31st 2015	33 464 487	1 323 041	(850 844)	21 587 137	55 523 821

ANNEX

1. Share capital

The share capital as of 31 March 2015 and 31 March 2014 consists of 11,494,250 publicly listed bearer shares and 12,408,955 private placement ordinary shares, all with equal rights. As of 31 March 2015 and 2014 the shareholders of the Parent company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	31.03.2015	31.03.2014
P-D Glasseiden Oschatz GmbH	26.1%	26.1%
Virulan International GmbH	36.2%	36.2%
P-D Management Industries –Technologies GmbH	23.9%	23.9%
Beatrix Preiss – Daimler	5.1 %	4.5 %
VAS VSAA	- %	2.4 %
Others	8.7 %	6.9 %
	100.00%	100.00%

2. INFORMATION CONCERNING THE PROFIT OR LOSS STATEMENT

	3 months 2015	3 months 2014
	EUR	EUR
2.1. Material expenses		
Raw materials	9 828 629	9 810 332
Natural gas	1 367 845	1 444 332
Electricity	1 849 576	1 745 142
Ore processing costs	180 934	261 739
Oxygen	209 692	207 693
Other	39 864	1 265 836
Total	13 476 542	14 735 074
2.2. Personnel expenses		
Salaries	4 389 396	3 740 784
Social security payments	804 944	524 854
Illness and vacation expenses	229 520	190 029
Provisions for remuneration of Board and Council	417 000	300 000
Insurance of employees	39 629	24 984
Other	311 839	311 122
Total	6 192 327	5 091 773
2.3. Depreciation and amortization		
Fixed asset depreciation	2 352 064	2 216 857
Depletion of ore	108 290	85 085
Intangible asset amortization	34 823	15 765
Total	2 495 178	2 317 707

2.4. OTHER OPERATING EXPENSES

Transportation	1 796 005	1 617 942
Sales commission	376 344	358 722
Service costs	277 254	479 630
Spare parts	330 335	380 387
Repair expenses	134 226	194 795
Insurance	110 773	98 634
Business trips	267 685	210 831
Labour safety and specific clothing	50 423	38 568
Research and development expenses	108 375	80 145
Communications	36 217	31 689
Leasing	192 323	161 323
Office expenses	59 526	41 911
Sales expenses	39 581	6 013
Property tax	44 180	52 545
Increase in doubtful debts	9 356	32 600
Other	485 516	258 356
Total	4 318 118	4 044 091

3. TRADE RECEIVABLES

	31.03.2015	31.03.2014
	EUR	EUR
P-D Glasseiden Oschatz GmbH	1 168 978	1 567 381
P-D Tafneft Fiberglas Alabuga	237 355	180 753
P-D Industriegesellschaft GmbH Bratendorf	169 567	320 799
P-D Interglas Technologies GmbH	19 762	31 199
Preiss-Daimler FibreGlass AB	331 766	-
Vitrolan Textile Glass GmbH GmbH	34 018	281 584
Vitrolan Technical Textiles GmbH	293 700	939 852
Other trade receivables	15 692 766	15 165 582
Increase in doubtful debts	(190 497)	(146 699)
Total	17 757 415	18 340 451

For information stated in this financial report please contact:

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