



VALMIERA GLASS®

*Consolidated and separate financial statements
for the year 2016
prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union
and Independent Auditors' Report**



VALMIERA GLASS®

** This version of financial statements is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, the original language version of financial statements takes precedence over this translation.*

IT'S MORE THAN JUST GLASS

AS VALMIERAS STIKLA ŠĶIEDRA

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AS VALMIERAS STIKLA ŠĶIEDRA
GENERAL INFORMATION

NAME OF THE PARENT COMPANY	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 (100%) Sherborne, Dorset DT9 3RB United Kingdom P-D Valmiera Glass USA Corp. (67% from 12.09.2016., 100% till 12.09.2016.) 168 Willie Paul Parkway, Dublin, GA 31021, United States of America Valmiera Glass USA Trading Corp. (100%) 168 Willie Paulk Parkway, Dublin, GA 31021, United States of America
THE BOARD	Chairman of the Board : Andre Heinz Schwiontek Members of the Board : Dainis Šēnbergs, vice president Doloresa Volkopa Stefan Jugel Hans-Jochen Häusler (till 31.12.2016.)
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 YEAR	1 January 2016 - 31 December 2016
PRIOR REPORTING YEAR	1 January 2015 - 31 December 2015
AUDITORS AND THEIR ADDRESS	Deloitte Audits Latvia SIA Licence No. 43 4a Grēdu Street, Riga, LV-1019, Latvia

General information

AS Valmieras stikla šķiedra and its subsidiaries (hereinafter referred to as – “Valmiera Glass Group” or “the Group”) is one of the leading glass fiber manufacturers in Europe. Valmiera Glass Group companies operate in three countries, across two continents: Latvia, Great Britain and the United States of America. AS Valmieras stikla šķiedra plants have more than eighty years of experience in textile processing and their production is focused on a variety of industrial markets.

During the reporting period Valmiera Glass Group consisted of the holding company AS Valmieras stikla šķiedra and its subsidiaries Valmiera Glass UK Ltd. in the United Kingdom, P-D Valmiera Glass USA Corp. (former – Valmiera Glass USA Corp.) and Valmiera Glass USA Trading Corp. in the United States. In 2016, the Valmiera Glass USA Corp. changed its name to “P-D Valmiera Glass USA Corp.” based on the concluded agreement from 12 September 2016, for selling 33% of Valmiera Glass USA Corp. shares to P-D Management Industries-Technologies GmbH. The aim of the said transaction was to acquire P-D Management Industries-Technologies GmbH as an investor for the further development of the US production plant in connection with the next stage of investments in the company.

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 fiberglass products for the aviation industry, thermal insulation and architecture, while P-D Valmiera Glass USA Corp. produces non-woven glass fibre materials or glass fibre mat, which are most commonly used as thermal and acoustic insulation materials in the automotive industry, shipbuilding, power plants, construction, production of household appliances, etc.

Markets

In the 12 months of 2016, products made by AS Valmieras stikla šķiedra were exported to 41 countries around the world, and export volume grew 97%. In 2016, the Group experienced a record number of orders for its products; the demand for glass fibre products was extremely high, more than the Group was able to supply to its customers, with its overall production capacity possibilities. In 2016, the Group experienced a record number of orders for its products and the demand for glass fibre products was extremely high. The 4th quarter sales of 2016 were strong and the Group continued to strengthen its positions in the current markets. In 2016, the main export markets remained the same: European Union countries (76%), North America (11%) and other export countries.

From a product segment perspective, sales volumes have increased for high added-value products, such as high-concentration SiO₂ glass fibre products with heat resistance of 1 000+°C and HR-glass products with heat resistance of 800°C. In 2016, on average, the sales of these products grew by 28% compared to 2015. The other segments of product sales were marked by stability despite the reconstruction of the glass melting furnace at AS Valmieras stikla šķiedra.

It should be noted that in 2016 AS Valmieras stikla šķiedra and its subsidiaries developed in total more than 190 new products, and the portfolio of products developed since creating the Group in 2013 has grown by 46%, considerably expanding the Group’s portfolio of products for the thermal insulation market.

Employees

In 2016, the Valmiera Glass Group employed on average 1268 employees, of which the average number of employees employed by Valmieras stikla šķiedra JSC alone was 1085. In 2016 the subsidiary company Valmiera Glass UK Ltd. employed on average 130 employees, and the subsidiary P-D Valmiera Glass USA Corp. had on average 45 employees.

Investments

In 2016, investments were related to the purchase of new equipment, the modernization of the existing technical and technological solutions, and the development of new products with the aim of increasing the Group's production capacity.

In the 3rd quarter of 2016, two major investment projects were implemented at the Group's parent company Valmieras stikla šķiedra JSC in order to increase the company's production capacity and its ability to meet the market's growing demand for glass fibre products. One glass-melting furnace has been reconstructed, which now operates with a 30% higher production capacity, and a new glass-melting furnace has been constructed for the production of a patented type of glass (HR-glass – heat resistant up to 800°C).

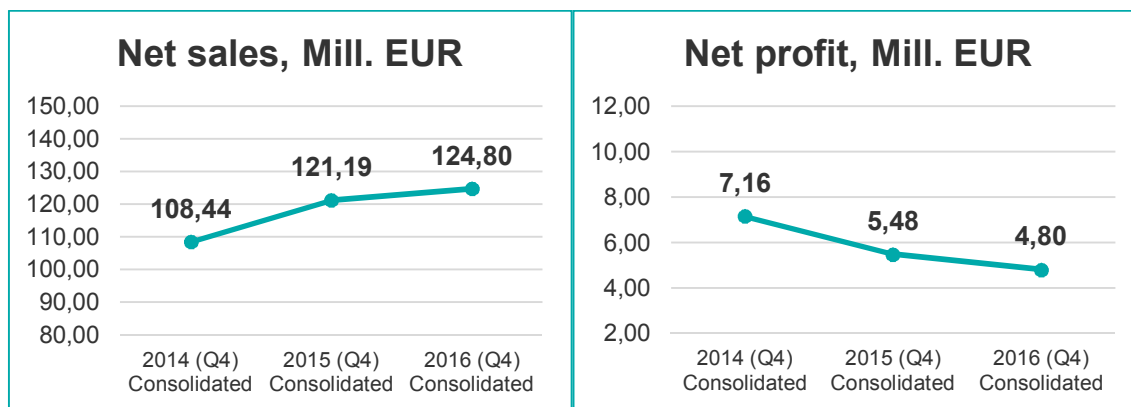
In 2016, also the largest investment project in the history of AS Valmieras stikla šķiedra was initiated - the expansion of US-based manufacturing facility. Until 2022, it is expected to create 425 new job places and to invest 80 million EUR from our own financial resources by also attracting loans from banks. The expansion will enable the Group to acquire even greater manufacturing capacity and stability, and to increasingly successfully meet the growing market demand for glass fibre products.

Quality Management

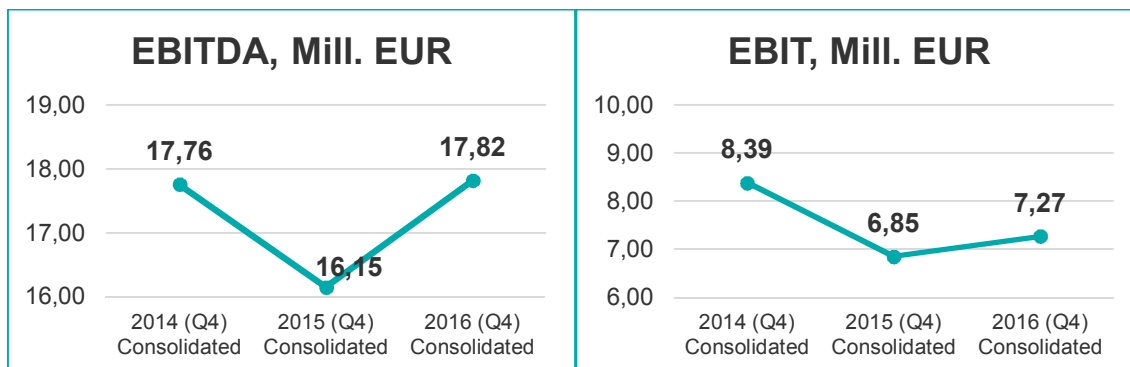
Since 2000 all the companies of the Valmiera Glass Group operate in accordance with the Quality Management System Standard ISO 9001. The parent company of Valmiera Glass Group, AS Valmieras stikla šķiedra, is certified in accordance with the requirements of Energy Management Standard ISO 50001 and Environment Management Standard ISO 14001:2004.

Financial results

The consolidated net sales of the Group in the year 2016 has reached EUR 124.8 Million. Compared to the result of the Group in the year 2015 it has increased by EUR 3.6 Million or 2.6%, given the strong performance of sales in all principal markets and confirming continuous trend of sales growth since 2010.



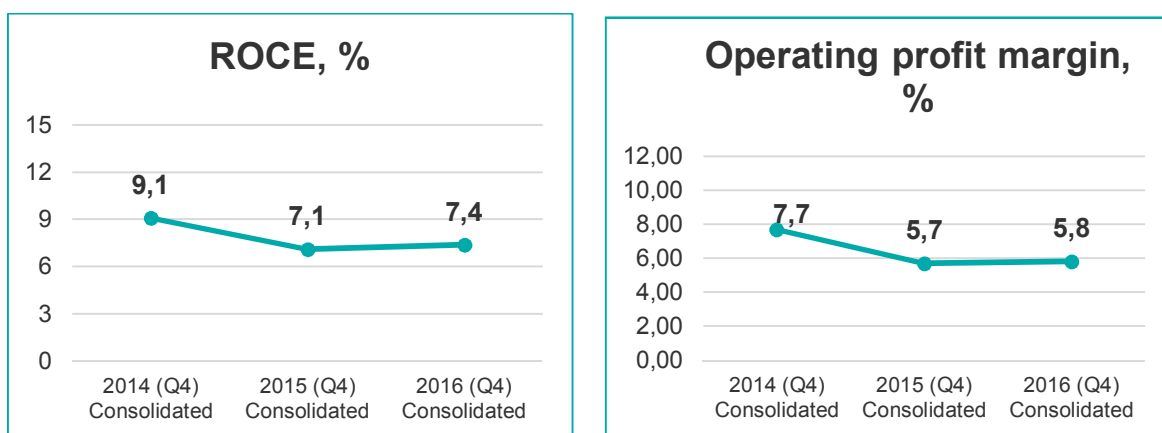
The consolidated operating profit (EBITDA) was EUR 17.82 Million and that is EUR 1.67 Million or 10% more than in the year 2015, and just below the record EUR 17.76 Million reached in 2014. The EBITDA margin increased as well to 14% from 13% in 2015. The earnings before interest and taxes (EBIT) reached EUR 7.27 Million and that is EUR 0.4 Million or 6% more than in the year 2015.



The consolidated operating profit margin ratio in the year 2016 was 5.8%, again evidencing return to stronger performance after falling down from 7.7% to 5.7% in 2015.

Consolidated Pre-tax profit reached EUR 6.4 Million in 2016 marking as well slight growth of EUR 0.4 million from EUR 6 million in 2015.

The consolidated return on capital (ROCE) in the year 2016 is 7.4% whereas the consolidated operating profit margin ratio in the year 2016 was 5.8%.



The consolidated net profit of the Group in the year 2016 was EUR 4.8 million, or EUR 0.68 million less compared to the audited net profit of the Group in the year 2015. The reduced profit compared to 2015 and to the previously issued forecasts is due to the larger interest costs, additional provisions for deferred corporate income tax and reconstructed glass-melting furnace results which was not fully be able to compensate the loss of production in the May-August period of 2016, despite the extra 30% of the furnace capacity.

Considering the positive growth trends in the global glass fibre market, the ever more rapidly developing fibreglass industry, and the notably high demand for glass fibre products, the management of the joint stock company predicts that the Group's consolidated net sales in 2017 will reach from EUR 135 to EUR 142 million, and the consolidated net profit from EUR 9.5 million to EUR 10 million.

This is also shown with the preliminary Group's business results in the first month of 2017: the consolidated net sales in January was EUR 12.7 million, the consolidated net profit was EUR 1 million, which is by 33% more than in January 2016, whereas the consolidated operating profit (EBITDA) has increased by 62%, compared to January 2016, reaching EUR 2.5 million. The Group's products are fully sold out in the global markets, and the trend is expected to continue.

Stock market

The stocks of Valmieras stikla šķiedra JSC have been listed on the Nasdaq Riga Secondary List since 24 February 1997.

The growth of Valmieras stikla šķiedra JSC, since the establishment of Valmiera Glass Group in 2013, till 2016 has also been reflected in its share price at the Nasdaq Riga stock exchange. In this period, the share price grew by more than 157%. In 2016, the share price fluctuated between EUR 2.76 (lowest share price) and EUR 3.80 (highest share price). In the reporting period, the average share price was EUR 3.35, and the company's capitalization as of 31.12.2016 was EUR 74.34 million.

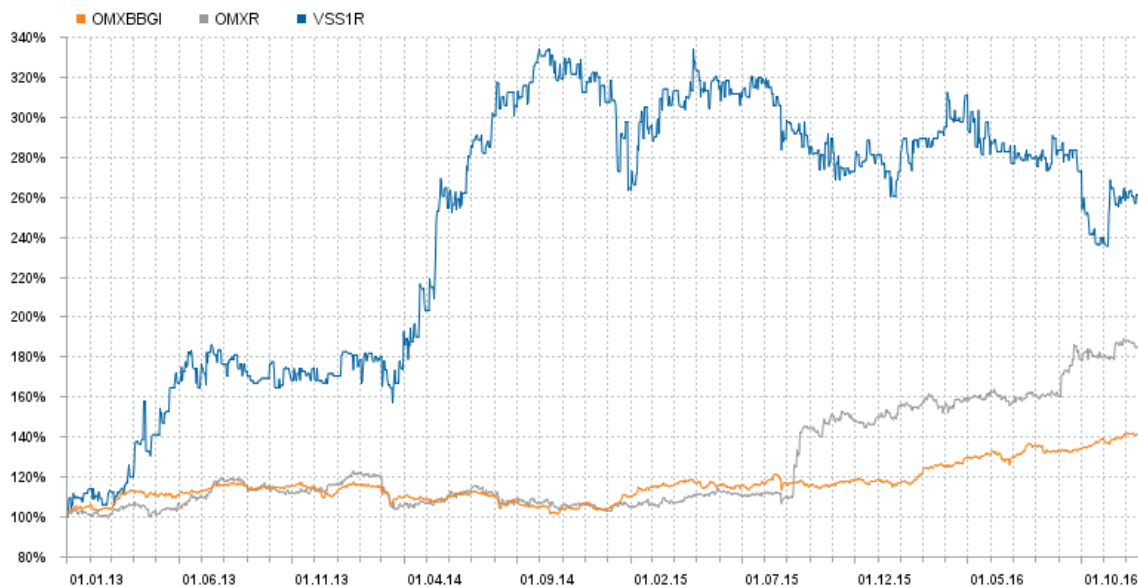
Development of AS Valmieras stikla šķiedra share price at the Nasdaq Riga stock exchange (EUR) (2013 – 2016)

During the period from 1 January to 31 December 2016 the company's share price decreased by EUR 0.29 or 8.53%. As of 1 January 2016, the share price was EUR 3.40, but by 31 December 2016 it had decreased to EUR 3.11.

The number of shares traded during the 12 months of 2016 exceeded 309 thousand, and the volume of stocks of Valmieras stikla šķiedra JSC reached EUR one million.



AS Valmieras stikla šķiedra share price at Nasdaq Riga stock exchange compared with OMX Baltic Benchmark GI and OMX Riga indexes (EUR) (2013 – 2016)



In last three years, from 2013 to 2016, the share price of Valmieras stikla šķiedra JSC grew considerably faster than the OMX Baltic Benchmark GI and the OMX Riga indices. From 2013 to 2016, the OMX Riga index grew by 85.34%, the OMX Baltic Benchmark GI index - by 44.09%, but Valmieras stikla šķiedra JSC share price - by 157.14%.

The Chairman of the Board
Andre Heinz Schwiontek

7 April 2017

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 December 2016 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.

On behalf of the management

Andre Heinz Schwiontek
Chairman of the Board

7 April 2017

AS VALMIERAS STIKLA ŠKIEDRA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR 2016

	Notes	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
ASSETS					
Non-current assets					
Intangible assets					
Software licenses, patents, trademarks and other rights	4	869,605	602,275	869,605	602,275
Software in acquisition process	4	-	107,912	-	107,912
Goodwill	5	3,826,612	4,463,886	-	-
Total intangible assets		4,696,217	5,174,073	869,605	710,187
Tangible assets					
Land and buildings	6	17,243,174	17,396,474	11,986,984	11,931,912
Equipment and machinery	6	60,432,169	55,304,751	54,185,137	48,143,005
Other fixed assets	6	1,158,916	1,176,890	842,693	841,331
Construction in progress	6	5,952,882	4,998,127	4,271,168	5,009,280
Advance payments for fixed assets		348,704	1,694,476	290,994	1,694,476
Total tangible assets		85,135,845	80,570,718	71,576,976	67,620,004
Non-current financial investments					
Investments in subsidiaries	5	-	-	15,502,974	16,720,125
Loans to related companies	33	-	-	3,798,620	3,708,890
Receivables from related companies	33	-	-	3,123,773	2,675,069
Deferred expenses	11	235,322	376,985	-	333,333
Total non-current financial investments		235,322	376,985	22,425,367	23,437,417
Deferred tax asset	30	1,923,581	1,683,720	-	-
Total non-current assets		91,990,965	87,805,496	94,871,948	91,767,608
Current assets					
Inventories					
Raw materials	7	10,480,108	11,463,320	8,880,818	8,799,108
Work in progress		5,101,281	4,099,538	4,656,039	3,716,399
Finished goods	8	17,095,254	14,806,715	9,195,641	8,097,880
Advance payments for inventories		300,805	392,581	181,681	273,867
Total inventories		32,977,448	30,762,154	22,914,179	20,887,254
Accounts receivable					
Trade receivables	9	10,118,616	9,661,318	4,835,448	5,162,238
Receivables from related parties	33	971,131	2,185,808	6,241,866	6,051,556
Other receivables	10	1,057,173	850,590	667,024	610,900
Deferred expenses	11	788,516	703,106	732,506	637,938
Total accounts receivable		12,935,436	13,400,822	12,476,844	12,462,632
Cash and cash equivalents	12	2,958,952	1,200,204	161,062	61,774
Total current assets		48,871,835	45,363,180	35,552,085	33,411,660
TOTAL ASSETS		140,862,800	133,168,676	130,424,033	125,179,268

The accompanying notes on pages 16 to 52 are an integral part of these consolidated financial statements.

On behalf of the management the financial statements were signed on 7 April 2017 by:

Andre Heinz Schwiontek
Chairman of the Board

Heinz-Jürgen Preiss-Daimler
Chairman of the Council

AS VALMIERAS STIKLA ŠKIEDRA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR 2016

	Notes	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
EQUITY AND LIABILITIES					
Equity					
Share capital	13	33,464,487	33,464,487	33,464,487	33,464,487
Foreign currency translation reserve		(257,191)	1,942,629	-	-
Other reserves		(3,418,157)	(951,732)	546,709	546,709
Retained earnings:					
a) Retained earnings		19,237,518	15,262,524	18,894,565	15,054,685
b) Profit of the year		4,806,954	5,475,175	2,439,974	5,485,542
Total equity attributable to owners of the Company		53,833,610	55,193,083	55,345,735	54,551,423
Non-controlling interest		1,056,658	-	-	-
Total equity		54,890,268	55,193,083	55,345,735	54,551,423
Liabilities					
Non-current liabilities					
Borrowings from credit institutions	14	25,928,430	29,598,475	25,928,430	29,598,475
Borrowings from related companies	33	-	-	2,700,000	1,700,000
Finance lease	15	65,907	134,711	65,907	134,711
Finance lease from related parties		164,000	-	164,000	-
Other borrowings	16	1,620,204	344,448	-	-
Deferred tax liabilities	30	2,917,078	1,668,561	2,620,915	1,350,915
Defined benefit obligation	20	6,713,542	5,203,352	-	-
Deferred income	21	4,727,469	3,845,606	3,079,934	3,113,848
Derivative	34	431,006	764,506	431,006	764,506
Total non-current liabilities		42,567,636	41,559,659	34,990,192	36,662,455
Current liabilities					
Borrowings from credit institutions	14	23,534,569	19,697,612	23,138,575	19,697,612
Finance lease	15	68,804	116,313	68,804	116,313
Finance lease from related parties		111,000	-	111,000	-
Other borrowings		202,610	-	-	-
Advance payments from customers		121,902	163,971	107,340	163,971
Trade payables		12,933,845	10,669,872	11,648,562	9,541,480
Payables to related parties	33	814,585	683,826	1,628,927	1,506,205
Taxes and social security contributions	17	1,081,115	761,457	771,688	635,013
Other accounts payable	18	1,001,015	778,034	812,590	684,882
Accrued liabilities	19	2,104,964	1,937,297	1,419,836	1,225,590
Defined benefit obligation	20	992,782	1,158,117	-	-
Deferred income	21	437,705	449,435	380,784	394,324
Total current liabilities		43,404,896	36,415,934	40,088,106	33,965,390
Total liabilities		85,972,532	77,975,593	75,078,298	70,627,845
TOTAL EQUITY AND LIABILITIES		140,862,800	133,168,676	130,424,033	125,179,268

The accompanying notes on pages 16 to 52 are an integral part of these consolidated financial statements.

On behalf of the management the consolidated financial statements were signed on 7 April 2017 by:

Andre Heinz Schwiontek
Chairman of the Board

Heinz-Jürgen Preiss-Daimler
Chairman of the Council

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR 2016

	Notes	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Sales	22	124,813,876	121,191,727	101,413,172	103,262,465
Change in inventories		3,513,231	(3,314,150)	2,062,749	(4,346,963)
Costs capitalized to non-current assets	6	373,928	384,243	262,351	198,187
Other operating income	23	1,061,603	3,239,005	2,076,879	3,288,285
Raw materials and consumables	24	(67,309,367)	(59,921,117)	(58,150,885)	(54,052,842)
Personnel expenses	25	(26,682,389)	(23,797,197)	(19,640,817)	(16,885,930)
Depreciation and amortization	26	(10,548,173)	(9,298,568)	(9,321,099)	(8,505,769)
Other operating expenses	27	(17,952,462)	(21,633,313)	(14,503,842)	(16,112,309)
Profit from operations		7,270,247	6,850,630	4,198,508	6,845,124
Loss from investment in related company sales	5	-	-	(30,992)	-
Interest and similar income	28	735,380	1,187,870	832,929	1,267,594
Interest and similar expenses	29	(1,609,794)	(2,041,154)	(1,321,463)	(1,845,835)
Profit before tax		6,395,833	5,997,346	3,709,974	6,266,883
Corporate income tax	30	(1,626,580)	(522,171)	(1,270,000)	(781,341)
Profit for the year		4,769,253	5,475,175	2,439,974	5,485,542
<i>Attributable to:</i>					
Non-controlling interest		(37,701)	-	-	-
Owners of the Company		4,806,954	5,475,175	2,439,974	5,485,542
Earnings per share	31	0.2011	0.2291	0.1021	0.2295
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurement of defined benefit obligation	20	(3,084,349)	(13,625)	-	-
Deferred income tax relating to defined benefit obligation	30	617,924	(179,849)	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(2,199,820)	1,266,702	-	-
Other comprehensive income for the year, attributable to owners of the Company		(4,666,245)	1,073,228	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(103,008)	6,548,403	2,439,974	5,485,542

The accompanying notes on pages 16 to 52 are an integral part of these consolidated financial statements.

On behalf of the management the consolidated financial statements were signed on 17 April 2017 by:

Andre Heinz Schwiontek
Chairman of the Board

Heinz-Jürgen Preiss-Daimler
Chairman of the Council

AS VALMIERAS STIKLA ŠKIEDRA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 2016

Group	Share capital	Foreign currency translation reserve	Other reserves	Retained earnings	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2014.	33,464,487	675,927	758,258	18,073,541	-	51,455,697
Current year profit	-	-	-	5,475,175	-	5,475,175
Payment of dividends	-	-	-	(2,811,017)	-	(2,811,017)
Other comprehensive income:						
<i>Remeasurement of defined benefit obligation</i>	-	-	(13,625)	-	-	(13,625)
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	(179,849)	-	-	(179,849)
<i>Exchange differences on translating foreign operations</i>	-	1,266,702	-	-	-	1,266,702
31.12.2015.	33,464,487	1,942,629	(951,732)	20,737,699		55,193,083
Current year profit	-	-	-	4,806,954	(37,701)	4,769,253
Sale of minority share	-	-	-	145,482	1,082,040	1,227,522
Payment of dividends	-	-	-	(1,645,663)	-	(1,645,663)
Other comprehensive income:						
<i>Remeasurement of defined benefit obligation</i>	-	-	(3,084,349)	-	-	(3,084,349)
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	617,924	-	-	617,924
<i>Exchange differences on translating foreign operations</i>	-	(2,199,820)	-	-	12,319	(2,187,501)
31.12.2016.	33,464,487	(257,191)	(3,418,157)	24,044,472	1,056,658	54,890,269

Company	Share capital	Other reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR
31.12.2014	33,464,487	546,709	17,865,702	51,876,898
Payment of dividends	-	-	(2,811,017)	(2,811,017)
Current year profit	-	-	5,485,542	5,485,542
31.12.2015	33,464,487	546,709	20,540,227	54,551,423
Payment of dividends	-	-	(1,645,663)	(1,645,663)
Current year profit	-	-	2,439,974	2,439,974
31.12.2016	33,464,487	546,709	21,334,539	55,345,735

The accompanying notes on pages 16 to 52 are an integral part of these consolidated financial statements.

On behalf of the management the consolidated financial statements were signed on 7 April 2017 by:

Andre Heinz Schwiontek
Chairman of the Board

Heinz-Jürgen Preiss-Daimler
Chairman of the Council

STATEMENT OF CASH FLOWS
FOR THE YEAR 2016

		Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
OPERATING ACTIVITIES					
Profit before tax		6,395,833	5,997,346	3,709,974	6,266,883
Adjustments:					
Change in fair value of derivative	28	(333,500)	(491,357)	(333,500)	(491,357)
Depreciation and amortization	26	10,548,173	9,298,568	9,321,099	8,505,769
Loss from disposal of fixed assets		-	98,604	-	75,519
Loss from investing in related parties sales	5	-	-	30,992	-
Interest expenses	30	1,394,575	1,357,222	1,290,471	1,416,486
Interest income	29	(121,902)	(15,499)	(111,875)	(95,208)
Income on EU grants	23	(687,124)	(934,070)	(477,194)	(684,378)
Changes in working capital:					
(Increase) / decrease in inventories		(2,215,293)	1,698,657	(2,026,925)	3,642,465
(Decrease) / Increase in accounts receivable		732,679	(3,894,985)	(129,583)	(4,194,597)
Increase in accounts payable		(1,590,287)	1,192,589	1,280,592	1,430,004
Interest received		-	15,499	-	11,953
Cash provided by operating activities		14,123,154	14,322,574	12,554,051	15,883,539
INVESTING ACTIVITIES					
Purchase of fixed and intangible assets		(13,646,505)	(15,714,911)	(11,811,278)	(10,605,217)
Investments in share capital of subsidiaries		-	-	-	(3,687,336)
Loans to related parties		-	-	-	(1,568,774)
Income from sales of fixed assets		-	21,963	-	21,963
Income from sales of investment in related party shares		1,186,159	-	1,186,159	-
Received interest		121 902	-	111,875	-
Net cash used in investing activities		(12,338,444)	(15,692,948)	(10,513,244)	(15,839,364)
FINANCING ACTIVITIES					
Dividends paid		(1,645,663)	(2,811,017)	(1,645,663)	(2,811,017)
Loans received		7,714,386	11,229,456	7,617,121	10,885,008
Loans paid		(8,807,618)	(7,937,605)	(9,278,448)	(8,937,605)
Change in credit line		2,738,509	1,228,784	2,342,515	1,228,784
Finance lease paid		(116,313)	(143,239)	(116,313)	(143,239)
Paid interest expenses		(1,394,575)	(1,344,848)	(1,290,471)	(1,404,112)
Received EU and state grants		1,485,312	1,169,818	429,740	844,490
Net cash (used in) / provided by financing activities		(25,962)	1,391,349	(1,941,519)	(337,691)
Net cash flow for the financial year		1,758,748	20,974	99,288	(293,516)
Cash and cash equivalents at the beginning of the year		1,200,204	1,179,230	61,774	355,290
Cash and cash equivalents at the end of the year	12	2,958,952	1,200,204	161,062	61,774

The accompanying notes on pages 16 to 52 are an integral part of these consolidated financial statements.

On behalf of the management the consolidated financial statements were signed on 7 April 2017 by:

Andre Heinz Schwiontek
Chairman of the Board

Heinz-Jürgen Preiss-Daimler
Chairman of the Council

AS VALMIERAS STIKLA ŠĶIEDRA
NOTES OF THE FINANCIAL STATEMENTS
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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 (previously – P-D Integras Technologies Ltd.), P-D 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 FINANSIAL 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).

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:

- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** - Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 “Employee Benefits”** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 “Separate Financial Statements”** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The adoption of these amendments to the existing standards and interpretations has not led to any changes in the Group’s accounting policies or financial statements.

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Standards and Interpretations issued and adopted in the EU but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued and adopted in the EU were in issue but not yet effective:

- **IFRS 9 “Financial Instruments”** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 “Revenue from Contracts with Customers”** and amendments to IFRS 15 “Effective date of IFRS 15” - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

Group has decided not to apply the above standards, amendments and interpretations before their effective date. The Group is in the process of assessment impact of the above standards, amendments and interpretations on the Group's financial statements and is not able to present the final evaluation at this stage.

Standards and Interpretations issued but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use in EU:

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 “Share-based Payment”** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 “Insurance Contracts”** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “Financial Instruments” is applied first time),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 15 “Revenue from Contracts with Customers”** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IAS 7 “Statement of Cash Flows”** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 “Income Taxes”** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 40 “Investment Property”** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards “Improvements to IFRSs (cycle 2014-2016)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** (effective for annual periods beginning on or after 1 January 2018).

The Group has not yet assessed the impact of the above standards, amendments and interpretations on the Group's financial statements.

3. ACCOUNTING POLICIES

Foreign currencies

The accompanying financial statements are presented in the currency of the European Union, the Euro (hereinafter – EUR), which is the Company's functional and presentation currency. The functional currencies of subsidiaries are GBP and USD.

In preparing the financial statements of each individual group entity, transactions in currencies other than the company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries are translated into EUR using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity as Foreign currency translation reserves.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income as Foreign currency translation reserves.

All transactions and balances in foreign currencies are converted into euro after the European Central Bank exchange rate. Financial Reporting currency rates for 1 EUR:

	31.12.2016	31.12.2015
GBP	0.85618	0.73395
RUB	64.3000	80.6736
SEK	9.5525	9.1895
CHF	1.0739	1.0835
USD	1.0541	1.0887

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group and its subsidiaries. Control is achieved when the Group has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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Business combinations

Acquisitions of businesses, including acquisitions under common control in situations the common control transaction has commercial substance, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred over the fair value of net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Investments in subsidiaries

Investments in subsidiaries in the Company's separate financial statements are recognized at cost less impairment losses. If the recoverable amount of an investment is lower than its carrying amount, due to circumstances not considered to be temporary, the investment value is written down to its recoverable amount.

Intangible assets

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is recognized.

Other intangible assets

Software licences and patents are stated at historical cost less accumulated amortisation and accumulated impairment losses. Amortisation of the assets is calculated using the straight-line method to allocate their cost over their estimated useful lives. Generally the software licences and patents are amortised over a period of 3 to 10 years.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition.

Precious metal plates, which are used in manufacturing, are classified as fixed assets and depreciated using units of production method based on actual intensity of use. For other fixed assets depreciation is calculated using the straight-line method applying the following annual depreciation rates:

	Annual rate
Buildings	4-6.7%
Equipment and machinery	6.7-25%
Other fixed assets	10-40%

Land is not depreciated.

The estimated annual depreciation rates and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate recoverable amount of an individual asset, the Group estimates the value of cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of sale and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

If necessary, allowance is made for obsolete, slow moving and defective stock.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognized in the statement of profit and loss on an accrual basis of accounting using the effective interest rate method.

Segment information

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

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Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item Personnel Expenses and Interest expense/ income. Remeasurement is recognized in equity as Other reserves

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available for sale financial assets and loans and receivables. This classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and other similar items) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of loans and receivables

The Group assesses, at each balance sheet date, whether there is objective evidence that a loan or trade receivable is impaired.

The Group assesses each loans and trade receivable on an individual basis. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and estimated present value of future cash flows discounted with original effective interest rate.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

The Group enters into certain derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Interest rate swaps are contracts in which a series of interest rate flows in a single currency are exchanged over a prescribed period. Interest rate swaps involve the exchange of fixed and floating interest payments. The notional amount on which the interest payments are based is not exchanged.

Foreign exchange contracts (forwards) are contracts for the future receipt or delivery of foreign currency at previously agreed-upon terms.

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Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. The Group does not hold derivative financial instruments which were designated and effective as hedging instruments.

Borrowings and trade payables

Borrowings and trade payables are initially measured at fair value, net of transaction costs.

Loans and trade payables are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method provides financial liabilities calculating the amortized cost and interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period.

Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rate that have been enacted for the reporting year.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. The deferred tax liability is calculated based on the tax rates that are expected to apply when temporary timing differences reverse. Where a deferred tax asset arises, this is only recognized in the financial statements where its recoverability can be estimated with reasonable certainty.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

If the Group is a lessee in a finance lease arrangement, it recognises in the statement of financial position the assets as an item of property, plant and equipment and a lease liability measured as the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant interest rate on the balance of liability outstanding. The interest element of the lease payment is charged to the profit or loss over the lease period. The item of property, plant and equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Total payments made under operating leases are charged to the profit and loss statement on a straight-line basis over the period of the lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with credit institutions with initial term which does not exceed 90 days.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions related to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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Other government grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Use of estimates and critical accounting judgments

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities and off statements of financial position items, as well as reported revenues and expenses. Actual results could differ from those estimates.

The following are the critical judgments and key estimates concerning the future, and other key sources of estimation uncertainty which exist at the reporting date of the financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next reporting period:

Recoverable amount of goodwill

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Determining whether goodwill is impaired requires the management to estimate the future cash flows expected to arise from the cash-generating unit (see Note 5). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Useful lives of property, plant and equipment

Useful lives of property, plant and equipment are assessed at each balance sheet date and changed, if necessary, to reflect the Group's management current view on their remaining useful lives in the light of changes in technology, the remaining prospective economic use of the assets and their physical condition.

The carrying amounts of property, plant and equipment

The Group's management reviews the carrying amounts of property, plant and equipment and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. The Group's management calculates and records an impairment loss on property, plant and equipment based on the estimates related to the expected future use, planned liquidation or sale of the assets. Taking into consideration the Group's planned level of activities and the estimated market value of the assets, the Group's management considers that no significant adjustments to the carrying values of property, plant and equipment are necessary as of 31 December 2016.

Net realisable value of inventories

The Group's management evaluates the net realisable value of inventories based upon the expected sales prices and selling costs and assesses the physical condition of inventories during the annual stock count. If the net realisable value of inventories is lower than the cost of inventories, allowance is recorded. The Group's management has evaluated the net realisable value of inventories and considers that it is not necessary to make an additional significant allowance as of 31 December 2016.

Recoverability of deferred tax assets on tax loss carried forward

The Group assesses the availability of taxable profits during the period when tax losses and tax discounts carried forward can be used (see Note 30). The Group reviews the deferred tax asset at each balance sheet date and reduces it to the extent that it is no longer probable that sufficient taxable profit will be available during the period when tax loss and discounts can be carried forward to use the deferred tax asset.

Allowance for doubtful trade receivables

The Group's management evaluates the carrying amount of trade receivables on individual basis and assesses their recoverability, making an allowance for doubtful trade receivables, if necessary. The Group's management has evaluated the trade receivables and considers that allowances provided are sufficient to cover the impairment loss as of 31 December 2016.

Defined benefit pension plans

The Group's management determines net deficit in defined benefit pension plan based on an assessment carried out by independent actuary. The most significant assumptions used in this assessment are the expected return on pension plan assets, pension growth rate and discount rate (See note 20).

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4. OTHER INTANGIBLE ASSETS

Company and Group	Software licenses, patents, trademarks and other rights EUR	Software in acquisition process EUR	Total EUR
HISTORICAL COST			
31.12.2014	740,416	-	740,416
Additions	227,368	107,912	335,280
Disposals	(1,955)	-	(1,955)
31.12.2015	965,829	107,912	1,073,741
Additions	247,015	-	247,015
Disposals	(107,399)	-	(107,399)
Transfers	107,912	(107,912)	-
31.12.2016	1,213,357	-	1,213,357
ACCUMULATED AMORTISATION			
31.12.2014	270,237	-	270,237
Charge for the year	95,272	-	95,272
Disposals	(1,955)	-	(1,955)
31.12.2015	363,554	-	363,554
Charge for the year	87,597	-	87,597
Disposals	(107,399)	-	(107,399)
31.12.2016	343,752	-	343,752
NET CARRYING AMOUNT			
31.12.2015	602,275	107,912	710,187
31.12.2016	869,605	-	869,605

5. INVESTMENTS IN SUBSIDIARIES AND GOODWILL

The Company is the sole shareholder in the following companies:

	31.12.2016 EUR	31.12.2015 EUR
Valmiera Glass UK Limited (100%)	13,000,000	13,000,000
Valmiera Glass USA Corporation (100%)	-	3,704,230
P-D Valmiera Glass USA Corporation (67%)	2,487,079	-
Valmiera Glass Trading USA Corporation (100%)	15,895	15,895
Total	15,502,974	16,720,125

The Company established subsidiaries Valmiera Glass USA Corporation and Valmiera Glass Trading USA Corporation on 9 April 2014. On 31 March, 2015 the Company invested additional US \$ 4,000,000 (EUR 3,688,335) in the share capital of the subsidiary Valmiera Glass USA Corporation.

The Company signed agreement with related party P-D management Industries-Technologies GmbH on 9 April 2016 for sale of 33% of Valmiera Glass USA Corp. shares for total amount of USD 1,326,600 (EUR 1,186,157). As a result, the name of subsidiary in USA was changed P-D Valmiera Glass USA Corp. As during the sale of interest the Group did not lose the control of subsidiary, in consolidated financial statement the result is shown directly in equity, according with IFRS requirements.

The Company acquired 100% of shares of subsidiary Valmiera Glass UK Limited (formerly named P-D Interglas Technologies Limited) from related party on 4 October 2013. Cost of acquisition amounted to EUR 13,001,000.

Core business of the subsidiaries is trade and production of fiberglass products.

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Valmiera Glass UK Ltd acquisition resulted in the recognition of goodwill of GBP 3,276,269 (EUR 3,826,612) in 2016 (2015: EUR 4,463,886) as acquisition costs essentially include the anticipated benefits of the business combination, revenue growth and future market growth. These and other benefits arising from the acquisition are not recognized as separate assets because they did not meet identifiable intangible assets recognition criteria.

The management has made assessment of the recoverable amount of the investment in the subsidiary and goodwill based on future cash flow projections in accordance with approved 5 year budget and applying discount rate of 8.06% (2015: 8.06%). Cash flows after mentioned 5 year period are extrapolated with fixed rate 2% per annum (2015: 2%). No impairment has been identified based on these calculations.

6. TANGIBLE FIXED ASSETS

Group	Land	Buildings	Equipment and machinery	Other fixed assets	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
HISTORICAL COST						
31.12.2014	626,038	30,212,030	112,835,795	5,188,265	8,058,211	156,920,339
Impact of currency fluctuation	(250,353)	706,038	1,507,952	145,259	607,076	2,715,972
Additions	-	-	1,258,922	-	17,438,017	18,696,939
Disposals	-	(125)	(1,221,856)	(110,832)	-	(1,332,813)
Transfers	-	4,857,377	15,617,161	630,639	(21,105,178)	-
31.12.2015	375,685	35,775,320	129,997,974	5,853,332	4,998,127	177,000,438
Impact of currency fluctuations	-	(469,522)	(2,004,925)	(190,902)	79,656	(2,585,692)
Additions	1,200	21,514	-	-	16,761,340	16,784,054
Disposals	-	(35,641)	(9,165,244)	(364,710)	-	(9,565,595)
Transfers	-	1,364,030	14,092,647	429,564	(15,886,241)	-
31.12.2016	376,885	36,655,701	132,920,542	5,727,283	5,952,882	181,633,203
ACCUMULATED DEPRECIATION						
31.12.2014	-	16,938,623	67,155,581	4,137,793	-	88,231,997
Impact of currency fluctuations	-	(312,560)	1,382,597	205,992	-	1,901,149
Charge for the year	-	1,503,473	7,259,653	440,170	-	9,203,296
Disposals	-	(125)	(1,104,608)	(107,513)	-	(1,212,246)
31.12.2015	-	18,754,531	74,693,223	4,676,441	-	98,124,195
Impact of currency fluctuations	-	(486,452)	(1,825,915)	(176,473)	-	(2,488,839)
Charge for the year	-	1,556,974	8,487,288	429,818	-	10,474,080
Disposals	-	(35,641)	(8,866,314)	(361,420)	-	(9,263,375)
31.12.2016	-	19,789,412	72,488,282	4,568,367	-	96,846,061
NET CARRYING AMOUNT						
31.12.2015	375,685	17,020,789	55,304,751	1,176,889	4,998,127	78,876,242
31.12.2016	376,885	16,866,289	60,432,170	1,158,916	5,952,882	84,787,142

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Company	Land	Buildings	Equipment and machinery	Other fixed assets	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
HISTORICAL COST						
31.12.2014	375,685	26,610,330	99,145,240	4,007,814	2,787,287	132,926,356
Additions	-	-	1,258,922	-	13,142,148	14,401,070
Disposals	-	(125)	(779,454)	(110,832)	-	(890,411)
Transfers	-	246,205	10,328,232	345,718	(10,920,155)	-
31.12.2015	375,685	26,856,410	109,952,940	4,242,700	5,009,280	146,437,015
Additions	1,200	-	-	-	14,849,746	14,850,946
Disposals	-	(35,641)	(8,306,685)	(364,710)	-	(8,707,036)
Transfers	-	1,310,086	13,937,667	340,105	(15,587,858)	-
31.12.2016	376,885	28,130,855	115,583,922	4,218,095	4,271,168	152,580,925
ACCUMULATED DEPRECIATION						
31.12.2014	-	13,918,322	55,824,052	3,151,544	-	72,893,918
Charge for the year	-	1,381,986	6,671,173	357,338	-	8,410,497
Disposals	-	(125)	(685,290)	(107,513)	-	(792,929)
31.12.2015	-	15,300,183	61,809,935	3,401,369	-	80,511,486
Charge for the year	-	1,256,214	7,641,835	335,453	-	9,233,502
Disposals	-	(35,641)	(8,052,984)	(361,420)	-	(8,450,045)
31.12.2016	-	16,520,756	61,398,785	3,375,402	-	81,294,943
NET CARRYING AMOUNT						
31.12.2015	375,685	11,556,227	48,143,005	841,331	5,009,280	65,925,529
31.12.2016	376,885	11,610,099	54,185,137	842,693	4,271,168	71,285,982

The Group has pledged tangible fixed and intangible assets with a total carrying amount as of 31 December 2016 of EUR 55,788,358 (2015: EUR 52,545,670) as a security for borrowings, see Note 14.

A number of fixed assets that have been fully depreciated are still used in operations. The total acquisition cost of these assets as at 31 December 2016 amounted to EUR 18,700,346 (2015: EUR 34,394,825).

Equipment and machinery includes precious metal plates that are used in production, with net carrying amount as of 31 December 2016 of EUR 8,409,333 (2015: EUR 8,791,249). According to the metal prices quoted in London Stock Exchange as at 31 December 2016 the market price of the precious metals was EUR 11,715,475 (2015: EUR 9,930,864). The average technical depletion of the plates in 2016 was 3.2 % (2015: 4.45 %).

The additions to property, plant and equipment include capitalised direct expenses related with development of fixed assets incurred on qualifying capital expenditure projects and capitalised based on the labour hours spent on those projects. The total amount of expenses capitalised to property, plant and equipment was EUR 373,929 during 2016 (2015: EUR 384,242).

The addition to property include capitalized interest costs on loans received for specific asset acquisition. The total amount of expenses capitalized in 2015 was EUR 128,780. In 2016 the Group did not incur borrowing costs that meet the criteria for capitalization.

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7. RAW MATERIALS

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Raw materials	10,656,849	11,580,061	9,057,559	8,915,849
Allowance for slow moving inventories	(176,741)	(116,741)	(176,741)	(116,741)
Total	10,480,108	11,463,320	8,880,818	8,799,108

8. FINISHED GOODS

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Finished goods	17,313,657	15,050,493	9,347,078	8,167,962
Allowance for excess of net realizable value over cost	(218,403)	(243,778)	(151,437)	(70,082)
Total	17,095,254	14,806,715	9,195,641	8,097,880

	Group EUR	Company EUR
Allowances 31 December 2014	190,324	174,731
Net change	53,454	(104,649)
Allowances 31 December 2015	243,778	70,082
Net change	(25,375)	81,355
Allowances 31 December 2016	218,403	151,437

9. TRADE RECEIVABLES

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Trade receivables	10,643,452	10,131,041	4,973,973	5,301,004
Allowances for doubtful receivables	(524,836)	(469,723)	(138,525)	(138,766)
Total	10,118,616	9,661,318	4,835,448	5,162,238

Age of receivables that are past due but not impaired:

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Days past due				
61-90 days	239,129	121,189	46,015	36,601
Over 90 days	309,435	391,198	69,201	38,561
Total	548,564	512,387	115,216	75,162

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10. OTHER RECEIVABLES

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
VAT overpayment	420,288	420,288	404,516	420,288
State and EU grants for implemented projects	339,442	407,614	72,864	190,612
Other receivables	323,789	50,132	215,990	27,444
Allowance for doubtful receivables	(26,346)	(27,444)	(26,346)	(27,444)
Total	1,057,173	850,590	667,024	610,900

Change in allowance for doubtful trade and other receivables:

	Group EUR	Company EUR
Allowance as of 31 December 2014	291,148	203,743
Decrease due to collection (see Note 23)	(42,533)	(42,533)
Additional allowance provided (see Note 27)	248,552	5,000
Allowance as of 31 December 2015	497,167	166,210
Decrease due to collection (see Note 23)	(1,339)	(1,339)
Additional allowance provided (see Note 27)	55,354	-
Allowance as of 31 December 2016	551,182	164,871

11. DEFERRED EXPENSES

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Precious metal plates reprocessing expenses	176,604	61,875	176,604	61,875
Insurance expenses	77,530	80,559	50,030	49,919
Commission short term part	333,334	333,334	333,334	333,334
Other deferred expenses	201,048	227,338	172,538	192,810
Total	788,516	703,106	732,506	637,938
Commission long term part	-	333,333	-	333,333
Other deferred expenses	235,322	43,652	-	-
Total	235,322	376,985	-	333,333

12. CASH AND CASH EQUIVALENTS

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Cash in bank	2,958,952	1,200,204	161,062	61,774
Total	2,958,952	1,200,204	161,062	61,774

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13. SHARE CAPITAL

The Company's paid-up share capital on 31 December 2016 consists of 11,494,250 publicly listed bearer shares and 12,408,955 private placement ordinary shares with equal rights. The share capital is EUR 33,464,487.

In 2014 the share capital was denominated from Latvian lats to euro. Nominal value per share was determined EUR 1.40 and total value of share capital was determined EUR 33,464,487. Positive difference arising from the denomination in amount of EUR 546,709 was transferred to reserves of the Company.

As of 31 December 2016 and 2015 the shareholders of the Parent company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	31.12.2016	31.12.2015
Corvalis GmbH (prev. Vitrolan International GmbH)	36,19%	30,80%
P-D Glaseeiden GmbH Oschatz	26,07%	26,10%
SEB Estonia on behalf of Cleanstream banking SA	0,19%	24,12%
Preiss – Daimler Beatrix	5,36%	5,36%
P-D Management-Industries-Technologies GmbH	23,93%	-
CBD Re Clients	-	5,39%
Other	8,26%	8,23%
Total	100,00 %	100,00 %

The Group is ultimately controlled by Heinz-Jürgen Preiss-Daimler and Beatrix Preiss-Daimler. Corvalis GmbH has a significant influence over the Company. The ultimate beneficial owner of Corvalis GmbH is Hans Peter Cordts.

14. BORROWINGS FROM CREDIT INSTITUTIONS

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Non-current part:				
Loan due within 2 to 5 years	25,928,430	29,475,016	25,928,430	29,475,016
Loan due after more than 5 years	-	123,459	-	123,459
Total non-current part	25,928,430	29,598,475	25,928,430	29,598,475
Current part:				
Credit line	13,300,830	10,562,320	12,904,836	10,562,320
Loan	10,233,739	9,135,292	10,233,739	9,135,292
Total current part	23,534,569	19,697,612	23,138,575	19,697,612
Total	49,462,999	49,296,087	49,067,005	49,296,087
Credit lines amount used, conditions and contract terms	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Repayable within 1 year	13,300,830	10,562,320	12,904,836	10,562,320
Total credit lines	13,300,830	10,562,320	12,904,836	10,562,320

The credit lines are in EUR and average annual interest rate is 1.4% + 3M EURIBOR and GBP currency with average year interest rate SEB London Base rate +1%.

The credit lines are secured by the inventories of the Company with the carrying amount as of 31 December 2016 of EUR 22,732,498 (2015: EUR 20,613,387).

As of 31 December 2016 the amount of available and not yet withdrawn credit lines was EUR 95,164 (2015: EUR 1,800,171) and EUR 771,985 (GBP 660,958) (2015: EUR 1,362,491 (GBP 1,000,000)).

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The Group has also signed several loan agreements with credit institutions:

Date of agreement	Principal amount EUR	Annual interest rate	Maturity	Unpaid amount			
				Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
30.09.2013	8,500,000	3 mēnešu EURIBOR + 2.700%	02.12.2019	4,375,000	5,875,000	4,375,000	5,875,000
30.12.2013	2,483,740	3 mēnešu EURIBOR +2.300%	03.12.2018	738,889	1,116,464	738,889	1,116,464
09.09.2014	1,920,000	3 mēnešu EURIBOR +2.150%	30.09.2018	940,000	1,477,143	940,000	1,477,143
09.09.2014	3,931,711	3 mēnešu LIBOR +3.200%**	30.09.2018	1,965,856	2,991,024	1,965,856	2,991,024
12.12.2014	23,777,245	3 mēnešu EURIBOR +1.500%*	11.12.2019	15,703,008	19,660,579	15,703,008	19,660,579
12.12.2014	2,800,000	3 mēnešu EURIBOR +1.900%	11.12.2020	1,993,939	2,160,909	1,993,939	2,160,909
10.02.2015	4,400,000	3 mēnešu EURIBOR +2.200%	31.01.2021	3,593,333	4,400,000	3,593,333	4,400,000
02.03.2015	339,411	3 mēnešu EURIBOR +2.500%	30.03.2021	240,416	296,985	240,416	296,985
02.03.2015	863,616	3 mēnešu EURIBOR +2.500%	30.03.2021	611,727	755,663	611,727	755,663
13.01.2016	6,000,000	3 mēnešu EURIBOR +2.150%	30.01.2019	6,000,000	-	6,000,000	-
Total				36,162,169	38,733,767	36,162,169	38,733,767

* The Group has signed an interest rate swap contract for the loan. As of 31 December 2016, the fair value of interest swap agreement amounts to a liabilities of EUR 431,006 (2015: liabilities EUR 764,506), which is presented as Derivative financial instrument in these financial statements.

** The loan was received in USD, principal amount is USD 4,144,417 (EUR 3,931,711). As of 31 December 2016 unpaid amount of the loan was USD 2,072,208 (EUR 1,965,856).

The loans are secured by the assets of the Group with the carrying amount as of 31 December 2016 of EUR 112,380,507 (2015: EUR 97,908,851).

15. FINANCE LEASE

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Non-current	65,907	134,711	65,907	134,711
Current	68,804	116,313	68,804	116,313
Total	134,711	251,024	134,711	251,024

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The interest rate for the lease is variable 3 month EURIBOR and fixed rate 1.894%-2.65%.
Net carrying amount of fixed assets purchased based on finance lease agreements as of 31 December 2016 amounted to EUR 206,737 (2015: EUR 311,836).

16. OTHER BORROWINGS

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Non-current	1,620,204	344,448	-	-
Current	202,610	-	-	-
Total	1,822,814	344,448	-	-

In July, 2014 the Group signed a memorandum of cooperation ("MOU") with the United States Dublin City and Lawrence County Development Agency ("the Agency"), with which the Agency undertook to provide certain support, if Group located its manufacturing facility in Lawrence area. Within MOU, the Agency has paid to the Company a loan at an interest rate of 1% per annum and a maturity of 7 years.

In January, 2016 the Group signed new memorandum of cooperation with Agency, with which the Agency undertook to provide further support, if the Group will make additional investment in its manufacturing facility in Lawrence area besides MOU specified investments in 2014. Within new MOU terms, the Agency has paid to P-D Valmiera Glass USA Corp. loan with interest rate 1% in year with maturity date 10 years.

17. TAXES AND SOCIAL SECURITY CONTRIBUTIONS

Group	31.12.2016 EUR	31.12.2015 EUR
Republic of Latvia (Company)		
Natural resource tax	7,843	8,964
Social security contributions	479,761	387,040
Personal income tax	283,676	238,627
Enterprise risk duty	410	382
United Kingdom:		
Other tax	295,047	109,355
United States of America		
Personal income tax and Social security contributions	14,378	17,089
Total	1,081,115	761,457

Company	31.12.2016			Transfer	Refund	Paid	31.12.2015	
	Over- payment	Liabilities	Calculated				Over- payment	Liabilities
Natural resource tax	-	8,964	33,105	-	-	34,226	-	7,843
Property tax	-	-	76,761	-	-	76,761	-	-
Social insurance contributions	-	387,040	5,136,813	4,734,322	-	309,770	-	479,761
Personal income tax	-	238,627	2,884,821	-	-	2,839,772	-	283,676
Risk duty	-	382	4,815	-	-	4,788	-	409
Value added tax	420,288	-	(4,821,032)	(4,734,322)	(102,482)	-	404,516	-
Total	420,288	635,013	3,315,283	-	(102,482)	3,265,317	404,516	771,689

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18. OTHER ACCOUNTS PAYABLE

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Salary	833,980	728,344	800,583	679,635
Other	167,035	49,690	12,007	5,247
Total	1,001,015	778,034	812,590	684,882

19. ACCRUED LIABILITIES

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Accrual for vacations	393,875	141,856	229,338	141,856
Accruals for remuneration of management	411,881	350,001	411,880	350,001
Accruals for client bonuses	712,794	909,299	712,794	682,937
Other	586,414	536,141	65,824	50,796
Total	2,104,964	1,937,297	1,419,836	1,225,590

20. RETIREMENT BENEFIT OBLIGATION

Subsidiary of the Group Valmiera Glass UK Ltd operates a defined benefit pension scheme for certain employees and for eligible employees, a scheme providing benefits based on final pensionable pay.

On 27 May 2003, normal contributions to the defined benefit pension scheme were discontinued and members' benefits ceased to accrue for additional periods of service after 27 May 2003. The scheme will continue to fund benefits accrued up to 27 May 2003.

The assets of the pension schemes are held separately from those of Valmiera Glass UK Ltd being invested by independent investment managers.

The valuation of retirement benefit obligation has been prepared by a qualified actuary. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on scheme assets, the rate of increase of pensions in payment (in turn related to the increase in price inflation) and the discount rate.

Valuation

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2016. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Risks

The Employer operates a final salary defined benefit pension scheme in the UK. The scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. Details of the benefits provided by the Scheme are set out in the Trust Deed and Rules dated 12 April 1999 (as amended).

The disclosures in the accounts below are based on calculations carried out at 31 December 2016 by a qualified independent actuary.

The scheme's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to beneficiaries. The Trustees of the scheme are required to act in the best interest of the beneficiaries.

The appointment of Trustees is determined by the trust documentation.

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The Trustees of the Scheme invest the assets in line with the Statement of Investment Principles. The Statement of

Investment Principles has been established taking into consideration the liabilities of the Scheme and the investment risk that the Trustees are willing to accept.

Under the Scheme Funding regime introduced by the Pensions Act 2004, the Trustees are required to carry out regular scheme funding assessments and establish a schedule of contributions and a recovery plan when there is a shortfall in the scheme. The recovery plan details the amount and timing of the contributions required to eliminate the shortfall in the scheme. Scheme funding assessments are carried out at least every three years. Approximate funding updates are produced annually in years where a full scheme funding valuation is not being completed.

At each scheme funding assessment the present value of the contributions detailed in the current recovery plan is compared with any shortfall revealed. Where the contributions under the current recovery plan are no longer sufficient to remove the shortfall by the end of period specified in the recovery plan a new recovery plan will need to be agreed between the Trustees and the Employer. Options include increasing contributions due from the Employer, extending the recovery period with additional contributions paid after the expiry of the current recovery period or some combination of the two. The affordability to the Employer of any increase in contributions is a primary factor in the agreement of any new recovery plan.

Where the contributions are more than sufficient to remove the shortfall by the end of the recovery period, options include reducing contributions due, keeping the recovery period the same, or shortening the recovery period.

As part of the Scheme Funding Assessment as at 31 March 2013, a recovery plan was agreed between the Trustees and the Employer to meet the shortfall over the period ending 31 August 2025. The contributions payable under this recovery plan are £850,000 per annum payable monthly. The recovery plan and schedule of contributions will be reviewed as part of the Scheme Funding Assessment as at 31 March 2016.

The defined benefit pension scheme exposes the Employer to actuarial risks, such as longevity risk, interest rate risk, salary risk, market (investment) risk and currency risk.

The principal assumptions at 31 December 2016 and 2015 were:

% p.a.	2016	2015
	% per Year	% per Year
Discount rate	2.60	3.70
Long-term rate of return on assets	3.25	3.25
Price inflation - RPI	3.50	2.25
Price inflation – CPI	2.50	2.25
Rate of increase in retirement benefit payment		
Fixed	2.50	2.25
RPI (max 5%)	3.40	3.15
CPI (max 5%)	2.15	2.00

Discount rate

IAS19 requires that the discount rate should reflect the current rate of return available on AA rated corporate bonds of appropriate currency and term.

For the purpose of deriving the discount rate, we have used zero coupon yield curve data provided to Capita Employee Benefits by Markit Indices Limited based on the constituents of the iBoxx £ Corporates AA index.

The average term (or “duration”) of the Scheme liabilities is around 18 years. This duration has been derived using the cash flows from the preliminary results of the scheme funding assessment as at 31 March 2016, but excluding any payments that are assumed to have been made since then. This is the same as the duration calculated in the previous scheme funding assessment.

To derive the discount rate we have applied the iBoxx £ Corporates AA spot yield curve to a projection of the Scheme’s future cash outflows. The cash flows used were taken from the scheme funding assessment as at 31

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March 2016 and have been relied upon for this purpose. We have then calculated the single discount rate which gives the same overall liability in relation to the projected benefit payments. Effectively, we have taken a weighted average of the spot rates, weighting by the Scheme's future cash outflows. This single discount rate can then be considered to be appropriate to the Scheme's liability profile.

Using the above approach and yield curve data as at 31 December 2016 we have calculated a single discount rate of 2.60% pa.

The approach taken is slightly different from that taken last year. Last year the discount rate was taken to be the spot rate at an 18 year duration on the iBoxx yield curve. This was 3.70% pa as at 31 December 2015.

We consider the approach described above to be consistent with the requirements of setting a discount rate under IAS19.

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2016	2015
	Years	Years
Retiring today		
- Males	22.4	22.9
- Females	24.1	25
Retiring in 20 years		
- Males	24.5	25.1
- Females	26.4	27.3

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2016	2015
	EUR	EUR
Present value of defined benefit obligations	19,968,931	21,471,489
Fair value of plan assets	15,417,318	15,110,021
Deficit in scheme	(4,551,612)	(6,361,468)
Recognition of the committed liability to make future contributions	(3,154,710)	-
Liability recognised in statement of financial position	(7,706,323)	(6,361,468)

Movements in the present value of defined benefit obligations:

	2016	2015
	EUR	EUR
At 1 January	18,406,176	22,333,946
Benefits paid	(816,417)	(925,131)
Actuarial gains and losses	1,713,424	(703,045)
Interest cost	665,747	765,719
At 31 December	19,968,931	21,471,489

The defined benefit obligations arise from plans which are wholly or partly funded.

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Movements in the fair value of plan assets:

	2016	2015
	EUR	EUR
At 1 January	12,952,883	14,763,948
Interest income	482,375	520,471
Return on plan assets (excluding amounts included in net interest)	1,805,695	(407,384)
Benefits paid	(816,417)	(925,131)
Contributions by the employer	992,781	1,158,117
At 31 December	15,417,318	15,110,021

The actual return on plan assets was £1,959,000 (2015 - £83,000).

Sensitivity of the net obligation to changes in assumptions

The sensitivity analysis shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant).

The total employer contributions to the scheme in 2017 is estimated to be £850,000. The duration of the defined benefit obligation is 16 years.

	2016	2015
	EUR	EUR
0.5% decrease in discount rate	1,167,978	23,336,739
0.25% increase in inflation and related assumptions	20,103,249	21,609,101

The fair value of the scheme assets and the present value of liabilities are as follows:

	31.12.2016	31.12.2015
	EUR	EUR
Shares/equity	5,279,264	5,338,238
Corporate bonds	7,539,302	7,704,885
Index-linked assets	2,223,831	1,960,624
Cash and cash equivalents	374,921	106,274
Total pension plan assets	15,417,318	15,110,021
Present value of pension plan liabilities	(19,968,932)	(21,471,490)
Subsequent liabilities recognition	(3,154,710)	-
Net pension plan liabilities	(7,706,324)	(6,361,469)
Current portion	992,782	1,158,117
Non-current portion	6,713,542	5,203,352

Changes in the value of Pension Plan which were recognized during the reporting period:

	2016	2015
	EUR	EUR
Changes recognized as Reserves	(3,084,349)	(13,625)
Interest costs recognized in statement of profit and loss	(183,373)	(247,990)
Total	(3,267,722)	(261,615)

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21. DEFERRED INCOME

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
EU grants	3,079,934	3,113,848	3,079,934	3,113,848
USA grants	1,647,535	731,758	-	-
Total non-current	4,727,469	3,845,606	3,079,934	3,113,848
EU grants	380,784	394,324	380,784	394,324
USA grant	56,921	55,111	-	-
Total current	437,705	449,435	380,784	394,324
Total	5,165,174	4,295,041	3,460,718	3,508,172

In July 2014 the Group entered into a Memorandum of Understanding („MOU”) with the City of Dublin and County of Laurens Development Authority (USA), whereby the Authority agreed to provide certain inducements if the Group locates its manufacturing facility in Laurens County. As of 31 December 2015 the Group had received grant in amount of USD 900,000 (EUR 826,674) for the financing of the facility. Based on grant terms, the Group shall ensure creation of 150 jobs in USA facility and investment of USD 20,000,000 until 31 December 2019. If the requirements for the grant will not be fulfilled, the grant shall be refunded.

In January 2016 the Group signed additional agreement, whereby the Agency undertook to ensure support, if the Group, within Phase I, in established manufacturing facility till 31 December 2022 will make additional investment in amount of USD 90,000,000 and will make 425 new full time work places (Phase II).

Till 31 December 2016 the Group, within Phase I, had received support payment in amount of USD 1,900,000 (EUR 1,758,934) and, within Phase II, USD 1,000,000 for factory construction and expanding financing. If the financing terms will not be met, support payment will have to be repaid. As of 31 December 2016 the Group has invested in the Dublin plant in USD 10.7 million and created 45 jobs.

As of 31 December 2016 and 2015 the Group has complied with the requirements of the agreements related to EU financing.

22. SALES AND BUSINESS SEGMENTS

Based on the type of its products the Group may be divided into two main business divisions – glass fibre fabrics and non-woven products. Those divisions serve as the basis to report the primary segments of the Group – business segments.

Group	Glass fibre fabrics		Glass fibre non-woven products		Total	
	2016	2015	2016	2015	2016	2015
	EUR	EUR	EUR	EUR	EUR	EUR
Sales	77,888,788	77,316,822	46,925,088	43,874,905	124,813,876	121,191,727
Segment operating expenses	(59,709,901)	(56,773,762)	(36,520,190)	(29,393,342)	(96,230,091)	(86,167,104)
Unallocated expenses					(21,313,537)	(28,173,993)
Operating profit	18,178,887	20,543,060	10,404,898	14,481,563	7,270,247	6,850,630
Interest income					735,380	1,187,870
Interest expenses					(1,609,794)	(2,041,154)
Profit before taxation					6,395,833	5,997,346
Income tax expense					(1,626,580)	(522,171)
Profit for the year					4,769,253	5,475,175

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Statement of financial position

31.12.2016

EUR	Glass fibre fabrics	Glass fibre non-woven products	Total
Assets			
Segment assets	57,756,077	38,772,663	95,528,740
Unallocated assets			45,334,060
Total assets			140,862,800
Equity and liabilities			
Segment liabilities	14,463,732	10,864,908	25,328,640
Unallocated liabilities and equity			115,534,160
Total equity and liabilities			140,862,800

Other information

2016, EUR	Glass fibre fabrics	Glass fibre non-woven products	Other	Total
Acquisition of fixed and intangible assets	7,504,640	4,964,089	3,417,512	15,886,241
Depreciation and amortization	4,853,101	3,596,608	2,024,371	10,474,080

Company	Glass fibre fabrics		Glass fibre non-woven products		Total	
	2016	2015	2016	2015	2016	2015
Sales	61,319,089	61,344,011	40,094,083	41,918,454	101,413,172	103,262,465
Segment operating expenses	(45,726,953)	(41,554,300)	(30,174,174)	(26,689,048)	(75,901,127)	(68,243,348)
Unallocated expenses					(21,313,537)	(28,173,993)
Operating profit	15,592,136	19,789,711	9,919,909	15,229,406	4,198,508	6,845,124
Interest income					832,929	1,267,594
Interest expenses					(1,290,471)	(1,845,835)
Loss from investment sale					(30,992)	-
Profit before taxation					3,709,974	6,266,883
Income tax expense					(1,270,000)	(781,341)
Profit for the year					2,439,974	5,485,542

Statement of financial position

31.12.2016

EUR	Glass fibre fabrics	Glass fibre non-woven products	Total
Assets			
Segment assets	50,799,436	33,521,390	84,320,826
Unallocated assets			46,103,207
Total assets			130,424,033
Equity and liabilities			
Segment liabilities	8,507,091	5,613,635	14,120,726
Unallocated liabilities and equity			116,303,307
Total equity and liabilities			130,424,033

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Other information

2016, EUR	Glass fibre fabrics	Glass fibre non-woven products	Other	Total
Acquisition of fixed and intangible assets	7,332,075	4,838,269	3,417,514	15,587,858
Depreciation and amortization	4,343,171	2,865,960	2,024,371	9,233,502

Net sales by geographical area:

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
European Union	92,235,548	92,677,350	77,690,488	79,984,108
North America	16,540,072	13,603,542	10,933,637	11,593,517
CIS	5,450,884	5,919,144	5,434,977	5,919,144
Other countries	10,587,372	8,991,691	7,354,070	5,765,696
Total	124,813,876	121,191,727	101,413,172	103,262,465

23. OTHER OPERATING INCOME

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Sale of raw materials	187,230	623,854	187,230	623,854
Profit from sales of fixed assets	-	91,385	-	5,339
Insurance indemnification	18,541	6,880	18,541	6,880
Income from rent of premises	32,641	25,269	32,641	25,269
Recovered bad debts (see Note 10)	1,339	42,533	1,339	42,533
Income from EU funding	687,124	934,070	477,194	684,378
Compensation as a result of the court proceedings	-	1,364,683	-	1,000,000
Management services	-	-	859,441	841,412
Other	134,728	150,331	500,493	58,620
Total	1,061,603	3,239,005	2,076,879	3,288,285

24. RAW MATERIALS AND COSUMABLES

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Raw materials	48,386,464	41,556,797	40,636,389	35,849,359
Natural gas	3,650,292	4,689,896	3,279,036	4,014,291
Electricity	6,894,871	7,340,876	6,175,382	6,544,296
Oxygen	776,345	839,739	776,345	839,739
Precious metal plates processing costs	684,438	663,879	684,438	663,879
Other	6,916,957	4,829,930	6,599,295	6,141,278
Total	67,309,367	59,921,117	58,150,885	54,052,842

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25. PERSONNEL EXPENSES

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Salaries	19,040,678	17,951,899	13,210,261	11,858,792
State social security contributions	4,039,308	3,316,510	3,430,551	2,798,482
Illness and vacation expenses	1,959,856	1,581,422	1,867,961	1,576,549
Remuneration of Board and Council	793,392	487,531	627,512	487,531
Employee insurance	340,348	194,678	92,116	69,517
Other	508,807	265,157	412,416	95,059
Total	26,682,389	23,797,197	19,640,817	16,885,930

	Group 2016	Group 2015	Company 2016	Company 2015
Average number of employees	1,268	1,182	1,085	986

26. DEPRECIATION AND AMORTISATION

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Fixed asset depreciation based on straight line method	10,106,140	8,796,681	8,879,066	8,003,882
Depreciation of precious metal plates	354,436	406,615	354,436	406,615
Intangible asset amortization (see Note 4)	87,597	95,272	87,597	95,272
Total	10,548,173	9,298,568	9,321,099	8,505,769

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27. OTHER OPERATING EXPENSES

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Transportation	8,479,965	8,564,886	6,544,633	7,032,251
Sales commission	1,435,079	2,001,113	1,306,145	1,861,903
Service costs	1,380,424	3,158,020	1,726,088	1,573,143
Spare parts	1,547,305	1,530,899	1,200,285	1,086,077
Repair expenses	624,780	528,062	479,590	450,989
Training and qualification of employees	641,091	653,298	641,055	641,203
Insurance	629,033	773,884	387,360	387,360
Business trips	779,349	1,235,237	446,835	778,561
Labour safety and specific clothing	312,245	268,053	236,533	181,714
Research and development expenses	260,501	468,002	193,690	413,308
Communication	204,761	251,337	109,069	153,580
Rent	740,053	806,700	411,616	470,526
Office expenses	63,002	72,663	26,431	35,197
Selling expenses	219,917	253,637	188,976	133,137
Property tax	199,929	214,532	77,397	76,761
Allowance for doubtful receivables (Note 10)	55,354	248,552	-	5,000
Audit fees	70,837	66,253	40,103	30,975
Other	308,837	538,185	488,036	800,624
Total	17,952,462	21,633,313	14,503,842	16,112,309

28. INTEREST AND SIMILAR INCOME

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Profit from foreign currency exchange rate fluctuations	279,978	681,014	387,554	681,029
Interest income	121,902	15,499	111,875	95,208
Net gain on changes in fair value of derivative	333,500	491,357	333,500	491,357
Total	735,380	1,187,870	832,929	1,267,594

29. INTEREST AND SIMILAR EXPENSES

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Interest expenses	1,394,575	1,357,222	1,286,208	1,416,486
Paid fines	31,846	435,942	4,263	429,349
Sale of interest	-	-	30,992	-
Interest expenses related to retirement benefit	183,373	247,990	-	-
Total	1,609,794	2,041,154	1,321,463	1,845,835

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30. CORPORATE INCOME AND DEFERRED TAX

30 (a) Corporate income tax components:

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Corporate income tax and deferred tax recognized in profit or loss:				
Corporate income tax	-	-	-	-
Deferred tax	1,626,580	522,171	1,270,000	781,341
Total recognized in profit or loss	1,626,580	522,171	1,270,000	781,341
Changes in deferred tax recognized in reserves	(617,924)	179,849	-	-
Total	1,008,656	702,020	1,270,000	781,341

30 (b) Reconciliation of accounting profit to tax charges:

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Profit before tax	6,395,833	5,997,346	3,709,974	6,266,883
Expected tax charge, applying parent company tax rate of 15%	(959,375)	(899,602)	(556,496)	(940,032)
Tax effect of tax rate in United Kingdom 20%	(126,956)	(36,921)	-	-
Tax effect of tax rate in United States of America 40%	(48,281)	202,040	-	-
Tax effect of non-deductible items	(139,665)	(118,096)	(94,662)	(117,364)
Tax credit received for new technological equipment*	372,433	264,453	372,433	264,453
Non-taxable income and tax credits	137,416	86,077	60,461	79,225
Discount for investments in 2014	-	109,341	-	109,341
Change in unrecognized deferred tax asset	-	(114,774)	-	(114,774)
Effect of expired tax assets	(1,051,098)	-	(1,051,098)	-
Other	188,946	(14,689)	(639)	(62,190)
Corporate income tax and deferred tax	(1,626,580)	(522,171)	(1,270,000)	(781,341)
Effective tax rate	25%	9%	34%	12%

* The tax base of new technological equipment purchased by the Company in 2016 and 2015 is calculated by multiplying the acquisition cost with a coefficient of 1.5. Total amount of related tax credit not used as of 31 December 2016 is EUR 1,159,763 (2015: EUR 787,330). If the equipment is disposed within 5 years from acquisition, taxable income in the year of disposal should be increased by the amount of credit previously recognized.

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30 (c) Deferred taxes as of end of the year:

Deferred tax on amounts recognized in profit and loss:

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Deferred tax liabilities:				
Temporary difference on depreciation of fixed assets	5,786,680	5,639,396	5,078,791	5,280,416
Total deferred tax liabilities	5,786,680	5,639,396	5,078,791	5,280,416
Deferred tax assets:				
Temporary difference on accruals	(532,745)	(208,770)	(237,706)	(208,770)
Allowance for inventories	(69,201)	(17,511)	(26,511)	(17,511)
Tax loss carry forward*	(1,510,999)	(1,628,181)	(1,054,686)	(1,175,420)
Tax discount on investments (maturity – 2016)	-	(1,771,538)	-	(1,771,538)
Tax discount on investments (maturity – 2031)	(1,138,973)	(1,138,973)	(1,138,973)	(1,138,973)
Temporary difference on retirement benefit	(1,541,265)	(1,272,294)	-	-
Total deferred tax assets	(4,793,183)	(6,037,267)	(2,457,876)	(4,312,212)
Net deferred tax (asset) / liability	993,497	(397,871)	2,620,915	968,204
Unrecognized deferred tax assets**	-	382,711	-	382,711
Net recognized deferred tax (asset) / liability	993,497	(15,159)	2,620,915	1,350,915
Deferred tax assets presented in assets of statement of financial position	(1,923,581)	(1,683,720)	-	-
Deferred tax liabilities presented in liabilities of statement of financial position	2,917,078	1,668,561	2,620,915	1,350,915

* Deferred tax assets on tax losses can be used as follows:

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Year of expiry				
2024	140,535	140,535	-	-
2025	312,226	312,226	-	-
Unlimited	1,058,238	1,175,420	1,054,686	1,175,420
Total	1,510,999	1,628,181	1,054,686	1,175,420

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31. EARNINGS AND DIVIDEND PER SHARE

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Profit for the year	4,806,954	5,475,175	2,439,974	5,485,542
Average number of shares outstanding	23,903,205	23,903,205	23,903,205	23,903,205
Earnings per share	0.2011	0.2291	0.1021	0.2295
Dividends paid	1,645,663	2,811,017	1,645,663	2,811,017
Dividends per share	0.0688	0.1176	0.0688	0.1176

32. MANAGEMENT REMUNERATION

	Group 2016 EUR	Group 2015 EUR	Company 2016 EUR	Company 2015 EUR
Members of the Council:				
Compensation	377,504	363,422	377,504	363,422
Social security payments	14,742	16,560	14,742	16,560
Members of the Board:				
Compensation	451,142	628,765	325,917	539,667
Social security payments	45,205	16,007	37,441	1,743
Other management:				
Salary	1,104,927	952,048	738,854	772,191
Social security payments	204,622	151,496	174,296	122,702
Total	2,198,142	2,128,298	1,668,754	1,816,285

In 2016 and 2015 the Group has not granted or received any loans from the members of Council, Board or other management.

33. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

33 (a) Loans to related companies

The Company has provided credit line for its subsidiary Valmiera Glass USA Corporation for financing its working capital. Used amount of the credit line as of 31 December 2016 was 3,798,620 (USD 4,004,125) (2015: EUR 3,708,890 (USD 4,037,869)). Interest rate on the credit line is 3 month LIBOR +1.8% per year and it is not secured.

33 (b) Borrowings from related companies

As a part of acquisition of the subsidiary Valmiera Glass UK Ltd, the Company took over the loan issued by the subsidiary to its previous shareholder in amount of EUR 3,000,000. The unpaid amount of the loan as of 31 December 2016 was EUR 1,700,000 (2015: EUR 1,700,000). The interest rate of the loan is 4% p.a. and it is not secured. At the reporting year, the Company has received additional loan from subsidiary Valmiera Glass UK in amount of EUR 1,000,000. The interest rate of the loan is 2.5% p.a. and it is not secured.

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33 (c) Receivables from and payables to related parties

Group	31.12.2016 Receivables EUR	31.12.2016 Payables EUR	31.12.2015 Receivables EUR	31.12.2015 Payables EUR
Controlling parties				
P-D Glasseiden Oschatz GmbH	869,418	454,615	1,391,883	472,687
P-D Management Industries –Technologies	13,587	182,436	-	25,556
Entities controlled by the parties controlling the Group				
P-D Preiss –Daimler Consulting	-	38,689	-	135,885
P-D Tatneft Fiberglas Alabuga	-	(489)	157,108	1,081
P-D Industriegesellschaft GmbH Bratendorf	563	104,057	385,930	-
P-D Interglas Technologies GmbH	5,242	-	5,425	10,476
P-D Refractories GmbH	-	14,545	-	22,185
P-D Refractories CZ a.s	-	18,444	-	13,063
Preiss-Daimler FibreGlass AB	82,321	2,288	73,436	2,288
Entities controlled by the party with significant influence over the Group				
VITRULAN Textile Glass GmbH	-	-	15,696	-
VITRULAN Technical Textiles GmbH	-	-	156,330	605
Total	971,131	814,585	2,185,808	683,826

Company	31.12.2016 Receivables EUR	31.12.2016 Payables EUR	31.12.2015 Receivables EUR	31.12.2015 Payables EUR
Controlling parties				
P-D Glasseiden Oschatz GmbH	869,419	454,615	1,391,883	472,687
P-D Management Industries –Technologies	13,586	182,436	-	25,556
Entities controlled by the parties controlling the Company				
P-D Preiss –Daimler Consulting	-	38,689	-	135,885
P-D Tatneft Fiberglas Alabuga	-	(489)	157,108	1,081
P-D Industriegesellschaft GmbH Bratendorf	563	104,057	385,930	-
P-D Interglas Technologies GmbH	5,242	-	5,425	10,476
P-D Refractories GmbH	-	14,545	-	22,185
P-D Refractories CZ a.s	-	18,444	-	13,063
Preiss-Daimler FibreGlass AB	82,326	-	73,436	-
Entities controlled by the party with significant influence over the Company				
VITRULAN Textile Glass GmbH	-	-	15,696	-
VITRULAN Technical Textiles GmbH	-	-	156,330	605
Subsidiaries				
Valmiera Glass UK Limited	1,226,751	725,452	884,124	769,097
Valmiera Glass USA Corp.				
Non-current portion	3,123,773	-	2,675,069	-
Current portion	4,043,979	72,204	2,981,624	37,200
Valmiera Glass Trading USA Corp	-	18,974	-	18,370
Total	9,365,639	1,628,927	8,726,625	1,506,205

The Group has not recognized any allowances in respect of receivables from related parties.

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33 (d) Transactions with related parties

Group	2016 EUR	2015 EUR
Sale of goods	7,059,210	17,583,741
Services provided	164,403	39,581
Purchase of fixed and intangible assets	(1,948,445)	(1,292,102)
Purchase of goods	(2,609,016)	(892,463)
Sales commission	(1,528,571)	(2,021,358)
Services received	(1,300,537)	(659,999)

Transactions with related parties

Company	2016 EUR	2015 EUR
Subsidiaries		
Sale of goods	15,825,105	16,450,926
Purchase of goods	(2,372,485)	(2,847,721)
Services provided	1,112,951	914,503
Services received	(600,111)	(1,887)
Purchase of fixed and intangible assets	(168,909)	(100,474)
Sales commissions	-	(490,264)
Interest expenses	(163,016)	(86,678)
Interest income	97,303	80,515
Other related parties		
Sale of goods	7,059,210	17,583,741
Services provided	164,403	39,581
Purchase of fixed and intangible assets	(1,948,445)	(1,292,102)
Purchase of goods	(2,503,076)	(890,174)
Sales commission	(1,528,571)	(2,021,358)
Services received	(1,426,476)	(659,999)

34. FINANCIAL RISK MANAGEMENT

Main financial instruments of the Group are loans, finance lease, cash and its equivalents. The primary objective of these financial instruments is to ensure the necessary financing for the Group. The Group also has other financial instruments, which arises due to its operating activities, i.e., trade receivables and payables. The Group also uses derivative financial instruments to minimize interest and foreign currency rate risks.

Main financial risks which arise as a result of use of the financial instruments are interest, currency, credit and liquidity risks.

Market risks

Interest rate risk

The Group has loans with variable EURIBOR and LIBOR interest rate from credit institutions. Therefore it is exposed to any changes in interest rates.

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Interest rate analysis

Currency	% rate increase	31.12.2016		31.12.2015	
		%	Impact on statement of profit or loss EUR	%	Impact on statement of profit or loss EUR
EUR	+1.0		(103,299)	+1.0	(452,145)
USD	+1.0		(19,659)	+1.0	(22,781)

The Group has signed to interest rate swap contracts for its loans to minimize the risks associated with variable interest rate fluctuations. Based on the contracts, the Group has agreed to exchange the floating 3 month EURIBOR interest payments and fixed payments calculated on agreed notional principal amount. The fair value of interest rate swap at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period. The contract expires on 31 December 2018 and 29 January 2021. As of 31 December 2016, total notional amount of interest rate swap contract is EUR 7,378,545 (2015: EUR 10,536,579). The fair value of financial instrument as of 31 December 2016 is liability in the amount of EUR 362,769 (2014: EUR 764,506) and EUR 68,237 (2015: EUR 0).

Foreign currency risk

The Group operates internationally and performs transactions in EUR, USD and GBP. Group is mainly is exposed to foreign currency risk arising from USD and GBP fluctuations. Approximately 14% of total sales in 2016 resulted from contracts denominated in USD (2015: 11%).

The financial assets and liabilities of the Group, which are exposed to currency risk, are loans, cash and cash equivalents, trade receivables and payables.

The net position in USD and GBP is directly exposed to a possible fluctuations in the exchange rate thus resulting in direct effect to the Group's profit before tax.

Analysis of assets exposed to currency risk:

Group 31.12.2016	EUR	USD	GBP	Total
Trade receivables	6,376,359	4,828,800	941,761	12,146,920
Cash and cash equivalents	161,062	1,543,087	1,254,803	2,958,952
Borrowings and financial lease obligations	(47,510,860)	(3,788,670)	(395,994)	(51,695,524)
Trade and other payables	(13,527,153)	(2,374,368)	(7,757,263)	(23,658,784)
Total net assets	(54,500,592)	208,849	(5,956,693)	(60,248,436)
% from net assets	90%	0%	10%	100%

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Currency	31.12.2016		31.12.2015	
	Exchange rate fluctuation	Impact on statement of profit or loss	Exchange rate fluctuation	Impact on statement of profit or loss
	%	EUR	%	EUR
USD	+10%	20,885	+10%	(145,904)
USD	-10%	(20,885)	-10%	145,904
GBP	+10%	(595,669)	+10%	(589,520)
GBP	-10%	595,669	-10%	589,520
Company 31.12.2016	EUR	USD	GBP	Total
Loans issued	-	3,798,620	-	3,798,620
Trade receivables	7,309,228	7,558,883	-	14,868,111
Cash and cash equivalents	110,888	50,174	-	161,062
Borrowings and financial lease obligations	(50,210,860)	(1,965,856)	-	(52,176,716)
Trade and other payables	(13,689,635)	(736,319)	(9,985)	(14,435,939)
Total net assets	(56,480,379)	8,705,502	(9,985)	(47,784,862)
% from net assets	118%	-18%	0%	100%

Analysis of assets exposed to currency risk:

Currency	31.12.2016		31.12.2015	
	Exchange rate fluctuation	Impact on statement of profit or loss	Exchange rate fluctuation	Impact on statement of profit or loss
	%	EUR	%	EUR
USD	+10%	870,550	+10%	597,707
USD	-10%	(870,550)	-10%	(597,707)
GBP	+10%	(998)	+10%	(226)
GBP	-10%	998	-10%	226

To reduce potential adverse effects of USD currency fluctuations, the Group uses derivative financial instruments for significant transactions. As of 31 December 2016 the Group did not have open derivative contracts for foreign currency exchange.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables (including related parties) and cash at bank, which as at 31 December 2016 amounted to EUR 11,089,748 and EUR 2,958,952 (2015: respectively EUR 11,847,126 and EUR 1,200,204).

The Group has significant exposure of credit risk with its foreign customers. The Group's policy is to ensure that sales of products are carried out with customers having appropriate credit history. Some of the trade receivables are insured. The Group has also set credit limits for each customer. Customers from countries with increased risk are usually required to pay in advance.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to exposure of each customer.

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As at 31 December 2016 and 2015 the Group has significant credit risk exposure to a single customer – related party. The receivable from his customer as of 31 December 2016 amounted to EUR 869,419 or 6% of total trade receivables (2015: EUR 1,391,833). In respect to credit risk arising from the other financial assets of the Group, the Group’s exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with adequate credit history.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risk damage to the Group’s reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through credit line. During the reporting period EUR 14.17 million credit line was available assigned by SEB Banka AS (GBP 1 million and EUR 9 million), and EUR 4 million credit line was available assigned by AS Dansk Bank to finance short-term working capital.

Financial Instruments as of 31 December 2016

Group	Receivables from customers	Financial liabilities shown at amortized cost	Financial liabilities shown at fair value	Financial instruments to which IAS 39 does not apply	Total
Financial assets					
Receivables from customers	11,089,748	-	-	-	11,089,748
Other debtors	1,057,173	-	-	-	1,057,173
Cash and equivalents	2,958,952	-	-	-	2,958,952
Total financial assets	15,105,873				15,105,873
Financial liabilities					
Finance lease	-	-	-	409,711	409,711
Borrowings	-	51,285,813	-	-	51,285,813
Trade payables	-	13,748,430	-	-	13,748,430
Taxes and social insurance contribution	-	1,081,115	-	-	1,081,115
Other liabilities	-	1,001,015	-	-	1,001,015
Derivative financial instruments	-	-	431,006	-	431,006
Total financial liabilities	-	67,116,373	431,006	409,711	67,957,090

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Repayment terms of financial liabilities are following:

31.12.2016 EUR	Less than 6 months	6-12 months	From 1-2 years	From 2-5 years	More than 5 years	Total
Borrowings	5,313,484	18,423,694	10,004,967	16,733,904	809,764	51,285,813
Finance lease	84,614	72,626	155,071	97,400	-	409,711
Interest payable	651,975	524,590	878,234	663,805	22,768	2,741,372
Trade accounts payable and other liabilities	15,830,560	-	-	-	-	15,830,560
Total EUR	21,880,633	19,020,910	11,038,272	17,495,109	832,532	70,267,456

31.12.2015 EUR	Less than 6 months	6-12 months	From 1-2 years	From 2-5 years	More than 5 years	Total
Borrowings	5,567,646	14,129,966	9,055,258	20,764,206	123,459	49,640,535
Finance lease liabilities	59,038	57,271	124,895	9,820	-	251,024
Interest payments	757,819	679,904	2,160,566	1,567,774	3,456	5,169,519
Trade accounts payable and other liabilities	12,893,189	-	-	-	-	12,893,189
Total EUR	19,277,692	14,867,141	11,340,719	22,341,800	126,915	67,954,267

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Financial Instruments as of 31 December 2016

Company	Receivables from customers	Financial liabilities shown at amortized cost	Financial liabilities shown at fair value	Financial instruments to which IAS 39 does not apply	Total
Financial assets					
Loans to related parties	3,798,620	-	-	-	3,798,620
Receivables from customers	14,201,087	-	-	-	14,201,087
Other debtors	667,024	-	-	-	667,024
Cash and equivalents	161,062	-	-	-	161,062
Total financial assets	18,827,793	-	-	-	18,827,793
Financial liabilities					
Finance lease	-	-	-	409,711	409,711
Borrowings	-	49,067,005	-	-	49,067,005
Borrowings from related parties	-	2,700,000	-	-	2,700,000
Trade payables	-	12,744,321	-	-	12,744,321
Taxes and social insurance contribution	-	771,688	-	-	771,688
Other liabilities	-	812,590	-	-	812,590
Derivative financial instruments	-	-	431,006	-	431,006
Total financial liabilities	-	66,095,604	431,006	409,711	66,936,321

Repayment terms of financial liabilities are following:

31.12.2016 EUR	Less than 6 months	6-12 months	From 1-2 years	From 2-5 years	More than 5 years	Total
Borrowings	5,110,874	18,027,700	12,502,357	16,126,074	-	51,767,005
Finance lease liabilities	84,614	72,626	155,071	97,400	-	409,711
Interest payments	635,773	522,564	862,032	627,356	-	2,647,725
Trade accounts payable and other liabilities	14,328,599	-	-	-	-	14,328,599
Total EUR	20,159,860	18,622,890	13,519,460	16,850,830	-	69,153,040

31.12.2015 EUR	Less than 6 months	6-12 months	From 1-2 years	From 2-5 years	More than 5 years	Total
Borrowings	5,567,646	14,129,966	10,755,258	20,419,758	123,459	50,996,087
Finance lease liabilities	59,038	57,271	124,895	9,820	-	251,024
Interest payments	731,075	664,466	2,119,311	1,703,414	3,457	5,221,723
Trade accounts payable and other liabilities	12,367,580	-	-	-	-	12,367,580
Total EUR	18,725,339	14,851,703	12,999,464	22,132,992	126,916	68,836,414

Based on the assessment of the management, the carrying amount of the financial instruments of the Group approximates their fair values.

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Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximize the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of borrowings, which are disclosed in Note 14, 16 and 33(b), and items presented within equity in the statement of financial position. The Group's board manage the Group's capital structure and make adjustments to it in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis.

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Borrowings	51,285,813	49,640,535	51,767,005	50,996,087
Cash and cash equivalents	(2,958,952)	(1,200,204)	(161,062)	(61,774)
Net debt	48,326,861	48,440,331	51,605,943	50,934,313
Equity	54,890,268	55,193,083	55,345,735	54,551,423
Total equity	103,217,129	103,633,414	106,951,678	105,485,736
Debt to equity	88%	88%	93%	93%

35. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Commitments for purchase of inventory and fixed assets

As of 31 December 2016 the Group's commitment for purchase of equipment, software and inventories for which contracts have been signed but not yet fulfilled and therefore not recognized in the financial statements as follows:

	Group 31.12.2015 EUR	Group 31.12.2014 EUR	Company 31.12.2015 EUR	Company 31.12.2014 EUR
Within 1 year	35,089,422	8,216,500	12,078,612	8,216,500
2 to 5 years	1,503,509	2,151,000	1,503,509	2,151,000
Total	36,592,931	10,367,500	13,582,121	10,367,500

(b) Operating lease

The Group as a lessee has entered in operating lease agreements for premises, land and equipment. Total lease expenses in 2016 were EUR 515,499 (2015: EUR 436,153). As of 31 December 2016, amounts payable based on signed lease agreements were as follows:

	Group 31.12.2016 EUR	Group 31.12.2015 EUR	Company 31.12.2016 EUR	Company 31.12.2015 EUR
Within 1 year	468,808	362,887	357,076	322,920
2 to 5 years	1,646,516	3,024,374	1,199,586	2,816,378
More than 5 years	154,505	154,505	154,505	154,505
Total	2,269,829	3,541,766	1,711,167	3,293,803

(c) Cooperation Memorandum with development agency of Dublin city and Lawrence region (USA)

In July 2014 the Group entered into a Memorandum of Understanding („MOU”) with the City of Dublin and County of Laurens Development Authority (USA), whereby the Authority agreed to provide certain inducements if the Group locates its manufacturing facility in Laurens County.

In January 2016 the Group signed additional agreement to MOU, within which the Agency undertook to provide support, if the Group, within Phase I, in made manufacturing facility till 31 December 2022 will make additional investments.

According to MOU, Group has committed to Phase I:

- establish facility in Laurens County;
- invest USD 20,000,000 in the establishment and development of manufacturing facility till 31 December 2019;

- create 150 full time jobs until 31 December 2019 and maintain for 10 years.

According to signed additional agreement to MOU, Group has committed to Phase II:

- invest additional USD 90,000,000 in the establishment till 31 December 2018;
- create additional 425 full time jobs and maintain 20 years after 31 December 2022.

36. SUBSEQUENT EVENTS

On 30 March 2017, Valmieras stikla šķiedra JSC signed a loan agreement with AS SEB Banka and AS Danske Bank Latvian Branch on financing in the amount of EUR 50.4 million for the expansion of the US plant, for which it is planned to construct a glass fibre production (furnace) and glass fibre processing plant in the US.

In line with the ongoing investment project in US, management have decided to increase the US subsidiary's share capital by EUR 21,600,000 which shall be contributed by all shareholders in proportionally. At the date of signing these financial statements, the amount paid-up was EUR 5,000,000.

As of the last day of the reporting year until the date of signing these financial statements there have been no other events requiring adjustment of or disclosure in the financial statements or notes thereto.

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INDEPENDENT AUDITORS' REPORT

To the shareholders of AS "Valmieras Stikla Šķiedra"

Our opinion on the financial statements

We have audited the accompanying separate financial statements of AS "Valmieras Stikla Šķiedra" (the Company) and consolidated financial statements of the Company and its subsidiaries (the Group), set out on pages 10 to 51 of the accompanying annual report, which comprise the Company's and the Group's statement of financial position as of 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as of 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements included in the Law of the Republic of Latvia on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Law on Audit Services.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed that matter
<p><i>Impairment assessment of equity investment and related goodwill</i></p> <p>According to Note 5 of financial statements as of 31 December 2016, the Company has a significant equity investment of EUR 13,000,000 in Valmiera Glass UK Ltd., which constitutes approx. 10% of the total assets of the Company. The Group's balance sheet as of 31 December 2016 includes goodwill in the amount of GBP 3,276,269 (EUR 3,826,612) relating to the mentioned cash generating unit in the United Kingdom.</p> <p>Management's assessment of the recoverability of the aforementioned assets in the Company's and the Group's balance sheets involves high degree of judgement and complex calculations. The most critical assumptions affecting the management's assessment are related to revenue forecasts of the cash generating unit, profit margins, as well as the residual growth rate and discount rate applied to future cash flows.</p>	<p>Our audit procedures included evaluation of the assumptions and methodologies used by the management in their impairment test, in particular assumptions related to the forecasted revenue growth, profit margins, residual growth and discount rates.</p> <p>We used Deloitte valuation expert to assist us in determination whether models and assumptions used by the management are appropriate and accurate in all material respects. Procedures performed include:</p> <ul style="list-style-type: none"> a) Evaluating whether the model used by management to calculate the value in use complies with the requirements of IAS 36; b) Validating the assumptions used to calculate the discount rates and residual growth; c) Reviewing the quality of the historical data being the base for the management forecasts and projected cash flows;

<p>These assumptions are driven by developments in general economic environment and conditions in the key markets where the cash generating unit operates.</p> <p>The aforementioned balances are material to the financial statements and therefore our audit procedures on the management's impairment test were significant part of our audit.</p>	<p>d) Analysing projected cash flows and reviewing historical achievements, comparing to revenue growth and profit margins applied in the model;</p> <p>e) We have challenged the management assumptions and developed our own expectations of a range of reasonable outcomes for the critical model parameters.</p> <p>We also considered the adequacy of the Company's and the Group's disclosures about those assumptions that have the most significant effect on the determination of the recoverable amount of the equity investments and goodwill.</p>
<p><i>Valuation of defined benefit pension scheme liability</i></p> <p>Refer to Note 20 to the accompanying separate and consolidated financial statements.</p> <p>As of 31 December 2016, the Group has recognized a pension liability of EUR 7,706,323 in relation to the defined benefit pension scheme operated by the Group's subsidiary Valmiera Glass UK Ltd.</p> <p>The valuation of the defined benefit pension scheme liabilities involve high degree of judgement, particularly in relation to assumptions about the long-term trends in the investment yields, discount rates, future pension increases and mortality. Changes in the mentioned assumptions may have a significant effect on the valuation of the liability. In addition, the recognition of post-retirement plan net asset (liability) for accounting purposes is dependent on the rights of the employer to recover the surplus at the end of the scheme. Management have contracted external experts (actuarial specialists) to calculate the respective liability.</p> <p>Due to the complexity of the actuarial assumptions and the significance of the balance, pension liabilities have been identified as key audit matter.</p>	<p>As the defined benefit pension scheme is operated by and respective liability recorded by the subsidiary of the Group, we relied on the work performed by the component auditors. We have evaluated the sufficiency and appropriateness of the procedures carried out by the component auditors, including whether appropriate assessment of the competence, capabilities and objectivity of the external experts contracted by the management has been carried out.</p> <p>We have also evaluated the evidence obtained by the component auditors in respect of relevance and reasonableness of the external experts' assumptions and conclusions, as well as their consistency with other audit evidence. Procedures performed include:</p> <ul style="list-style-type: none"> a) Obtaining an understanding of the rules of the plan; b) Comparing the assumptions used to those used in prior years and understanding any changes; c) Examining the principal reconciling items; d) For a sample of securities held, compare the market value to a credible source; e) Consider the sensitivity of the calculations to changes in the actuarial assumptions. <p>We also considered the adequacy of the Group's disclosures related to the defined benefit pension scheme and most critical assumptions used in the calculation of the respective liability.</p>

Reporting on other information including the Management report

Management is responsible for the other information. The other information comprises the Management Report as set out on pages 4 to 8 of the accompanying annual report. Our opinion on the financial statements does not cover the other information, including the Management Report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, with respect to the Management Report our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of Law of the Republic of Latvia On the Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent with the financial statements and has been prepared in accordance with the requirements of Law of the Republic of Latvia On the Annual Reports and Consolidated Annual Reports, and we have nothing else to report in regard of other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

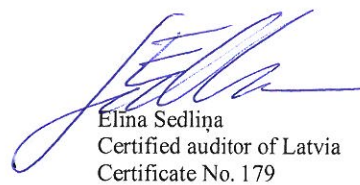
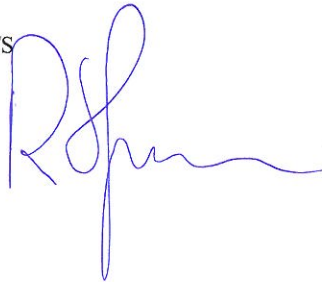
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The responsible certified auditor on the audit resulting in this independent auditor's report is Elīna Sedliņa.

Deloitte Audits Latvia A/S
Licence Nr. 43

Roberts Stūģis
Member of the Board

Riga, Latvia
7 April 2017



Elīna Sedliņa
Certified auditor of Latvia
Certificate No. 179