

AS VALMIERAS STIKLA ŠĶIEDRA CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the 6 month period ending 30 June, 2019
Unaudited



**VALMIERA[®]
GLASS**

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

**CRAFTING
THE IMPOSSIBLE**

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 Reg. No 2189095 (100%) Sherborne, Dorset DT9 3RB United Kingdom P-D VALMIERA GLASS USA Corp. Reg. No 14036662 (52%) 168 Willie Paul Parkway, Dublin, GA 31021, United States of America VALMIERA GLASS USA Trading Corp. Reg. No 14036664 (100%) 168 Willie Paulk Parkway, Dublin, GA 31021, United States of America
THE BOARD	Chairman of the Board: Stefan Jugel Members of the Board: Andre Heinz Schwiontek (till 31.07.2019) Ģirts Vēveris Doloresa Volkopa (till 31.05.2019)
THE COUNCIL	Chairman of the Council: Heinz-Jürgen Preiss-Daimler Members of the Council : Stefan Alexander Preiss-Daimler Andris Oskars Brutāns Jöran Pfuhl (till 23.03.2019) Ainārs Ozols (from 28.06.2019) Theis Klauberg (from 28.06.2019)
REPORTING PERIOD	1 January 2019 - 30 June 2019
REPORTING YEAR	1 January 2019 - 31 December 2019

GENERAL INFORMATION

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

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

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

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

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

MARKETS

In the first half of 2019, products manufactured by VALMIERAS STIKLA ŠĶIEDRA AS, the parent company of the GROUP, were exported to 45 countries across the world, with an export share of 97%. The key sales markets of the VALMIERA GLASS GROUP have remained the same, but with a slightly changed split: 63% of the total output was sold in European Union countries, 15% in North America, 3% in CIS countries and 19% in other export countries (incl. Switzerland, Japan, South Korea, UAE, etc.). The highest increase in the first six months for VALMIERA GLASS GROUP were sales in North America, which compared with first half of 2018 was increased by 82%. In total GROUP sales volumes in first half of the year were 16% higher than for the same period in 2018.

NET SALES BY REGION, Q2 2019



EMPLOYEES

In first 6 months 2019, the VALMIERA GLASS GROUP employed on average 1326 employees, of which the average number of employees employed by VALMIERA STIKLA ŠĶIEDRA, AS alone was 1116. In some period the subsidiary company VALMIERA GLASS UK Ltd employed on average 133 employees, and the subsidiary P-D VALMIERA GLASS USA Corp. had on average 77 employees.

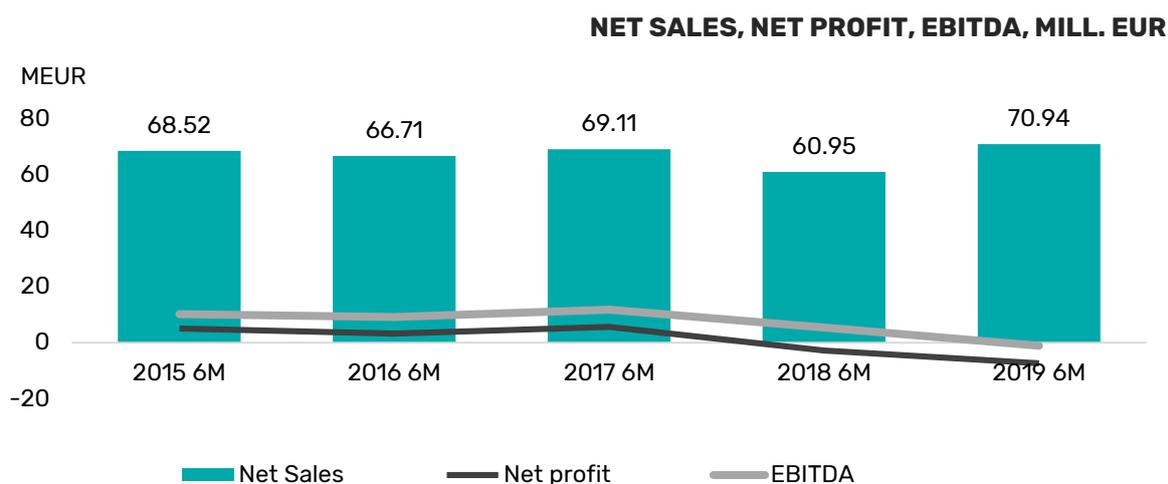
QUALITY MANAGEMENT

All the companies of the VALMIERA GLASS GROUP operate in accordance with the Quality Management System Standard ISO 9001:2015. The parent company of VALMIERA GLASS GROUP, VALMIERA STIKLA ŠĶIEDRA, AS additionally is certified in accordance with the requirements of Energy Management Standard ISO 50001:2011 and Environment Management Standard ISO 14001:2015.

FINANCIAL RESULTS

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

The GROUP's total Net sales during the first six months of 2019 reached €70.9 million, which represent a 16.4% y-o-y increase. This represents the best first six month period during the past 5 years and is a result of the ramp up of production at the US operations (phase 2 facility: vertically-integrated fibreglass yarn producing operation). Looking separately by GROUP Company, VALMIERAS STIKLA ŠĶIEDRA AS net sales during the first six months of 2019 were €48.3 million, a 0.4% y-o-y decrease. VALMIERA GLASS UK Ltd experienced growth in net sales of 7.8% y-o-y and the biggest increase was generated by P-D VALMIERA GLASS USA Corp. This was up 56.1% y-o-y compared with the first six months of 2018.



The EBITDA, EBIT and net profit measurements all reflected substantial y-o-y declines in the GROUP's profitability. GROUP EBITDA declined by €6.6 million (-122%), EBIT by €4.5 (-243%) million and net profit by €4.6 million or by -164%. This decline was mainly because of the P-D VALMIERA GLASS USA Corp. results. P-D VALMIERA GLASS USA Corp. generated a net loss of €11.5 million during the first six months of 2019. At the same time VALMIERAS STIKLA ŠĶIEDRA AS worked with net profit of €2.4 million and VALMIERA GLASS UK Ltd. generated a net profit of €1.4 million. EBITDA and EBIT measures reflected the same disparity. VALMIERAS STIKLA ŠĶIEDRA AS EBITDA was €8.7 million (-12% y-o-y) and VALMIERA GLASS UK Ltd EBITDA was €1.8 million (+60% y-o-y), while at the operating profit (EBIT) level €3.7 million and €1.6 million respectively.

The GROUP's EBITDA margin was -1.7%, however, VALMIERA GLASS UK Ltd. reached its highest 6M margin for the past three years: 13.7%, while for VALMIERAS STIKLA ŠĶIEDRA AS it was at 18.0%. P-D VALMIERA GLASS USA Corp generated an EBITDA margin of -65.6%.

At the GROUP level the net profit margin came in at -10.5%, although it was a positive at 5.0% for VALMIERAS STIKLA ŠĶIEDRA AS and 11.2% for VALMIERA GLASS UK Ltd.

GROUP ROCE generated a negative return of 16.4% in first six months of 2019. At the same time VALMIERAS STIKLA ŠĶIEDRA AS produced y-o-y improvement with a positive return of 7.5% compared with a 6M 2018 result of 3.4%, while VALMIERA GLASS UK Ltd came in with 8.5% in first six months of 2019 (up from 5.7% in 6M 2018).

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

MAIN FINANCIAL INDICATORS

	6 months			Change
	2017	2018	2019	2019/2018
VALMIERA GLASS GROUP Net sales, EUR	69 116 632	60 934 594	70 938 754	16%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	58 736 611	48 476 624	48 304 697	0%
<i>VALMIERA GLASS UK Ltd.</i>	13 987 383	11 861 315	12 782 931	8%
<i>P-D VALMIERA GLASS USA Corp.</i>	9 230 075	11 539 316	18 012 112	56%
VALMIERA GLASS GROUP EBITDA, EUR	11 709 868	5 432 477	(1 172 452)	-122%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	9 516 754	9 901 547	8 712 463	-12%
<i>VALMIERA GLASS UK Ltd.</i>	1 862 767	1 092 426	1 751 750	60%
<i>P-D VALMIERA GLASS USA Corp.</i>	649 190	(5 461 305)	(11 820 589)	-116%
VALMIERA GLASS GROUP EBIT, EUR	6 106 854	(1 854 513)	(6 364 254)	243%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	4 446 417	4 834 583	3 722 427	-23%
<i>VALMIERA GLASS UK Ltd.</i>	1 694 273	938 895	1 572 186	67%
<i>P-D VALMIERA GLASS USA Corp.</i>	285 009	(7 527 799)	(11 842 789)	-57%
VALMIERA GLASS GROUP Net profit, EUR	5 595 882	(2 809 841)	(7 419 320)	-164%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	3 219 044	4 809 815	2 429 192	-49%
<i>VALMIERA GLASS UK Ltd.</i>	1 527 919	840 995	1 426 085	70%
<i>P-D VALMIERA GLASS USA Corp.</i>	1 167 762	(7 284 912)	(11 458 520)	-57%
VALMIERA GLASS GROUP Sales growth,%	3.623	(11.838)	16.418	239%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	8.034	(17.468)	(0.355)	98%
<i>VALMIERA GLASS UK Ltd.</i>	3.809	(15.200)	7.770	151%
<i>P-D VALMIERA GLASS USA Corp.</i>	1.617	25.019	56.093	124%
VALMIERA GLASS GROUP EBITDA margin, %	16.942	8.915	(1.653)	-119%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	16.202	20.425	18.036	-12%
<i>VALMIERA GLASS UK Ltd.</i>	13.317	9.210	13.704	49%
<i>P-D VALMIERA GLASS USA Corp.</i>	7.033	(47.328)	(65.626)	-39%
VALMIERA GLASS GROUP EBIT margin, %	8.836	(3.043)	(8.971)	195%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	7.570	9.973	7.706	-23%
<i>VALMIERA GLASS UK Ltd.</i>	12.113	7.916	12.299	55%
<i>P-D VALMIERA GLASS USA Corp.</i>	3.088	(65.236)	(65.749)	-1%
VALMIERA GLASS GROUP Net profit margin, %	8.096	(4.611)	(10.459)	127%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	5.480	9.922	5.029	-49%
<i>VALMIERA GLASS UK Ltd.</i>	10.924	7.090	11.156	57%
<i>P-D VALMIERA GLASS USA Corp.</i>	12.652	(63.131)	(63.616)	-1%
VALMIERA GLASS GROUP ROE,%	3.470	(4.009)	16.126	502%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	3.110	7.335	(9.516)	-230%
<i>VALMIERA GLASS UK Ltd.</i>	15.999	7.551	10.462	39%
<i>P-D VALMIERA GLASS USA Corp.</i>	2.893	(44.043)	10.861	-125%
VALMIERA GLASS GROUP ROA,%	1.440	(1.335)	(6.606)	395%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	0.971	2.613	2.266	-13%
<i>VALMIERA GLASS UK Ltd.</i>	3.721	4.074	6.182	52%
<i>P-D VALMIERA GLASS USA Corp.</i>	0.826	(6.884)	(109.789)	-1495%
VALMIERA GLASS GROUP ROCE,%	3.300	(1.219)	(16.382)	1244%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	0.035	3.411	7.525	121%
<i>VALMIERA GLASS UK Ltd.</i>	12.163	5.705	8.469	48%
<i>P-D VALMIERA GLASS USA Corp.</i>	2.171	(12.146)	79.956	758%
VALMIERA GLASS GROUP Current ratio	3.430	0.845	0.705	-17%
<i>VALMIERA STIKLA ŠĶIEDRA, AS</i>	0.968	1.370	0.714	-48%
<i>VALMIERA GLASS UK Ltd.</i>	3.269	3.095	2.725	-12%
<i>P-D VALMIERA GLASS USA Corp.</i>	0.990	0.240	0.355	48%
Earnings per share (EUR)	0.234	(0.118)	(0.310)	

Alternative Performance Measures (APM)

EBITDA (Earnings before interest, tax, depreciation and amortization.) EBITDA shows company's profitability with existing assets and activities in production and sales.

EBIT (Earnings before interest and taxes.) Earnings before and taxes measures the profit a company generates from its operations, making it synonymous with operating profit.

Net profit (loss) (The actual profit after working expenses not included in the calculation of gross profit have been paid.)

EBITDA margin, % (Assessment of a firm's operating profitability as a percentage of its total revenue.)

EBIT margin/operating profit margin, % (operating earnings over operating sales.

Net profit margin, % (The net profit margin is equal to how much net income or profit is generated as a percentage of revenue.)

ROE, % (Measure of financial performance calculated by dividing net income by shareholders' equity.) The indicator reflects the effective use of equity capital by the company

ROA, % (Indicator of how profitable a company is relative to its total assets.) The indicator reflects how effectively company is profiting from the use of its assets

ROCE, % (Measures a company's profitability and the efficiency with which its capital is used.)

Current ratio (The ability of a party to use current assets to settle current liabilities.)

Earnings per share (EUR) (The portion of a company's profit allocated to each share of common stock.)

Formulas

Operating profit + depreciation and amortization

Operating profit

Earnings after interest and taxes (Profit for the year)

EBITDA / Net sales

EBIT / Net sales

Net profit / Net sales

Net profit / Average Total equity for the period

Net profit / Average Total assets for the period

EBIT/Total assets-current liabilities

Current assets / Current liabilities

Net profit/ weighted average common shares outstanding

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

STOCK MARKET

AS VALMIERAS STIKLA ŠĶIEDRA shares are quoted on the secondary list of Nasdaq Riga stock exchange since 24 February 1997 (ISIN LV0000100485; ID: VSS1R). The number of shares in public circulation amounts to 23,903,205. The share price decreased by 48.67% during the course of the first 6 months of 2019 and fluctuated within the range of EUR 1.12 (lowest share price) to EUR 2.60 (highest share price). During this period, the weighted average share price amounted to EUR 2.40. The share price of the first transaction at the beginning of the period was EUR 2.2, whereas the share price of the last transaction at the end of the period was EUR 1.16.

In the first six months of 2019, the number of shares traded by the joint stock company reached 152,584 and the turnover of shares amounted to EUR 0.27 M. During this period, 353 transactions were executed on the Exchange.

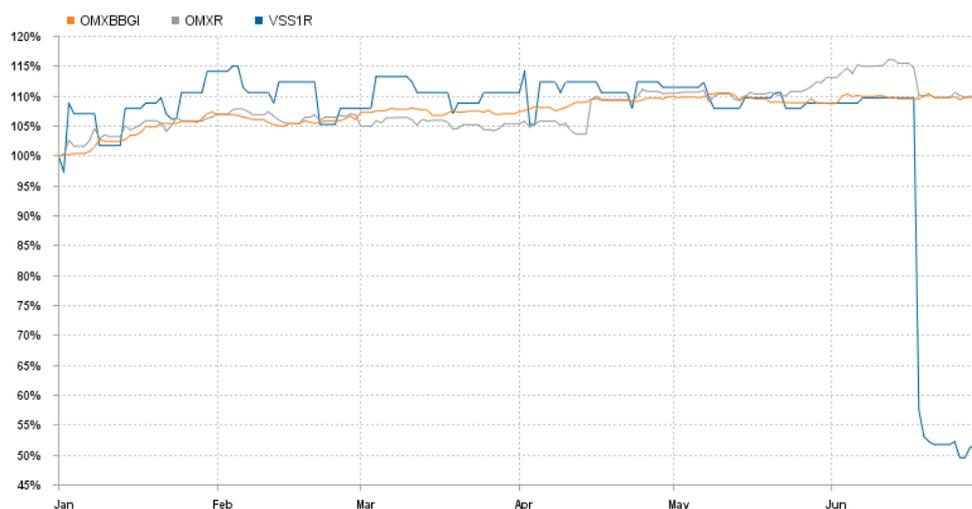
Price dynamics of AS VALMIERAS STIKLA ŠĶIEDRA shares during the last five years before the end of the reporting period (Nasdaq Riga data):



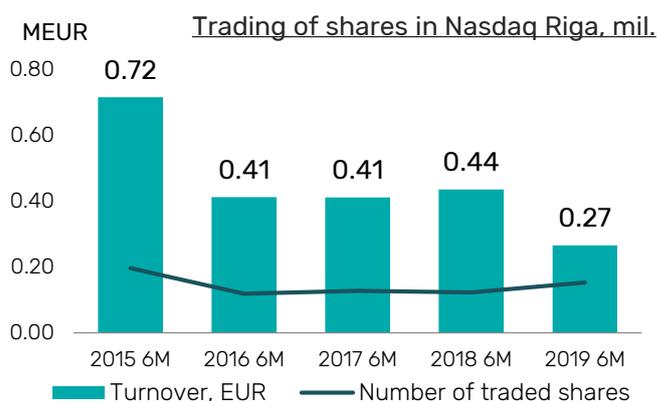
AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

In the first half of 2019, the price of AS VALMIERAS STIKLA ŠĶIEDRA shares decreased by 48.67%, while the OMX Riga index value corrected by 9.99% while that of the OMX Baltic Benchmark GI by 9.81%.

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



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



EVENTS AFTER THE END OF THE REPORTING PERIOD

On 2 July 2019, AS VALMIERAS STIKLA ŠĶIEDRA informed its shareholders about the planned changes in management board in GROUPs companies, because of the submitted notification of resignation by Mr. Andre Schwiontek from his position of member of the Management Board in AS VALMIERAS STIKLA ŠĶIEDRA (starting from the 1st of August 2019) as well as in its' daughter companies VALMIERA GLASS UK Ltd. and P-D VALMIERA GLASS USA Corp in managing director positions. Mr. Ingo Bleier is the newly elected member of the management board (from the 1st of August 2019) and took over the management functions from Mr. Schwiontek. Mr. Bleier is in charge of issues related to the sales, procurement and product management at AS VALMIERAS STIKLA ŠĶIEDRA.

On 7 August, 2019 the Company announced about the extension of the term for preparation and approval of the plan of legal protection proceedings (regarding the LPP). On 27 August, 2019 Vidzeme District Court has adopted a decision approving the application for extension of the term for preparation and approval of the plan of legal protection proceedings. The court has set a deadline for preparation of the LPP plan and its coordination with creditors by 19 September, 2019.

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

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The financial statements are prepared in accordance with the source documents and present fairly the financial position of the Company and the GROUP as of 30 June 2019 and the results of their operations and cash flows for the period then ended. The management confirms that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements. The management also confirms that the requirements of International Financial Reporting Standards as adopted by the EU have been complied with and that the financial statements have been prepared on a going concern basis.

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

On behalf of the management

Stefan Jügel
Chairman of the Board

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS GROUP		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	885 224	1 006 239	871 120
Software in acquisition process	84 888	-	94 052
Goodwill	3 697 069	3 697 612	3 662 559
Total intangible assets	4 667 181	4 703 851	4 627 731
Property, plant and equipment			
Land and buildings	10 307 970	15 136 130	10 846 392
Equipment and machinery	32 089 764	43 103 259	35 868 081
Other fixed assets	705 160	980 211	765 468
Precious metals	7 645 625	7 430 263	7 787 981
Right-of- use assets	1 512 615	-	-
Construction in progress	786 296	85 340 585	433 023
Advance payments for fixed assets	610 403	3 032 940	501 664
Total property, plant and equipment	53 657 833	155 023 388	56 290 609
Non-current financial investments			
Deferred expenses	208 955	212 775	204 119
Total non-current financial investments	208 955	212 775	204 119
Deferred tax asset	1 990 873	1 187 326	904 799
Total non-current assets	60 524 843	161 127 340	62 027 258
CURRENT ASSETS			
Inventories			
Raw materials	10 785 976	10 087 738	10 749 912
Work in progress	6 681 163	5 828 773	8 375 109
Finished goods	12 493 996	11 446 801	14 484 118
Advance payments for inventories	540 321	1 204 686	361 324
Total inventories	30 501 456	28 567 997	33 970 463
Debtors			
Trade receivables	10 199 487	15 629 335	7 722 789
Amounts due from related parties	304 908	197 655	74 152
Other receivables	909 293	2 806 509	3 202 157
Deferred expenses	8 698 515	1 053 941	8 163 073
Total debtors	20 112 203	19 687 439	19 162 171
Cash and cash equivalents	1 171 280	1 025 495	349 477
Total current assets	51 784 939	49 280 931	53 482 111
TOTAL ASSETS	112 309 782	210 408 271	115 509 369

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS GROUP		
	30.06.2019	30.06.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	(1 319 722)	1 379 566	(3 076 335)
Other reserves	(1 153 450)	(3 145 849)	(1 153 450)
Retained earnings			
Profit brought forward	(24 440 226)	32 260 584	31 121 157
Profit for the current reporting period	(1 919 231)	249 822	(55 676 495)
Total equity attributable to owners of the parent company	4 631 858	64 208 610	4 679 364
Non-controlling interest	(50 639 391)	5 885 580	(44 081 439)
Total equity	(46 007 534)	70 094 189	(39 402 075)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	55 523 806	64 785 607	55 426 558
Borrowings from other related parties	12 157 348	5 557 348	5 557 348
Finance leases	257 628	2 639	329 282
Finance leases from related parties	5 015	64 675	86 875
Other borrowings	6 318 411	1 098 571	1 118 528
Liabilities of right-to-use assets	1 205 715	-	-
Deferred tax liabilities	587 688	1 111 236	582 202
Defined benefit obligation	3 933 738	4 810 112	4 372 128
Deferred income	4 436 278	4 261 736	4 331 946
Derivatives	430 190	328 369	293 677
Total non-current liabilities	84 855 818	82 020 294	72 098 543
Current liabilities			
Borrowings from credit institutions	30 991 496	25 531 043	30 445 265
Borrowings from related companies	350 000		350 138
Finance leases	163 012	26 640	169 056
Finance leases from related parties	37 460	93 795	-
Liabilities of right-to-use assets	391 306	-	-
Other borrowings	190 945	183 197	186 525
Advance payments from customers	1 462 765	2 007 970	3 084 814
Trade payables	21 347 233	20 817 871	26 944 980
Payables to related parties	5 979 656	2 646 418	6 189 077
Taxes and social security contributions	(91 855)	(209 406)	2 258 817
Other accounts payable	978 453	897 365	1 569 810
Accrued liabilities	10 454 838	5 094 859	10 172 783
Defined benefit obligation	959 173	959 314	950 220
Deferred income	247 018	244 720	491 415
Total current liabilities	73 461 499	58 293 787	82 812 899
Total liabilities	158 317 316	140 314 082	154 911 443
Total equity and liabilities	112 309 782	210 408 271	115 509 369

**STATEMENT OF FINANCIAL POSITION OF THE GROUP
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	AS VALMIERAS STIKLA ŠKIEDRA		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights	885 224	930 758	871 119
Software in acquisition process	84 888	-	80 316
Goodwill	-	-	-
Total intangible assets	970 112	930 758	951 435
Property, plant and equipment			
Land and buildings	9 505 031	10 674 631	10 093 046
Equipment and machinery	30 898 459	38 255 751	34 593 193
Other fixed assets	590 819	774 579	654 878
Precious metals	7 645 625	7 430 263	7 875 981
Right-of- use assets	1 015 155	-	-
Construction in progress	776 089	266 686	433 023
Advance payments for fixed assets	555 310	454 095	458 656
Total property, plant and equipment	50 986 488	57 856 005	54 108 777
Non-current financial investments			
Investments in subsidiaries	13 000 000	28 650 521	13 000 000
Loans to subsidiaries	1 012 533	38 639 876	-
Total non-current financial investments	14 012 533	67 290 397	13 000 000
Total non-current assets	65 969 133	126 077 160	68 060 212
CURRENT ASSETS			
Inventories			
Raw materials	6 757 146	6 561 343	7 219 555
Work in progress	5 845 238	5 132 466	4 796 309
Finished goods	3 534 271	4 255 265	6 663 733
Advance payments for inventories	396 051	1 055 452	160 701
Total inventories	16 532 706	17 004 526	18 840 298
Debtors			
Trade receivables	4 862 808	9 220 176	4 222 796
Amounts due from related parties	10 652 180	28 755 943	1 434 547
Other receivables	915 034	1 938 389	656 994
Deferred expenses	7 794 701	724 011	7 759 976
Total debtors	24 224 723	40 638 519	14 074 314
Cash and cash equivalents	453 857	318 690	60 455
Total current assets	41 211 286	57 961 735	32 975 066
TOTAL ASSETS	107 180 420	184 038 896	101 035 278

**STATEMENT OF FINANCIAL POSITION OF THE AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.06.2019	30.06.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	33 464 487	33 464 487	33 464 487
Foreign currency translation reserve	-	-	-
Other reserves	546 709	546 709	546 709
Total shareholders capital	34 011 196	34 011 196	34 011 196
Retained earnings			
Profit brought forward	(61 966 761)	26 749 745	25 610 319
Profit for the current reporting period	2 429 192	4 809 815	(87 577 080)
Total equity	(25 526 373)	65 570 757	(27 955 565)
LIABILITIES			
Non-current liabilities			
Borrowings from credit institutions	55 523 806	64 785 607	55 426 558
Borrowings from other related parties	15 953 681	8 267 589	4 372 589
Finance leases	-	2 639	3 895 000
Finance leases from related parties	5 015	64 675	-
Other borrowings	-	-	86 875
Liabilities of right-to-use assets	762 815		
Deferred income	2 318 364	2 699 149	2 318 364
Derivatives	430 190	328 369	293 677
Total non-current liabilities	74 993 871	76 148 028	66 393 063
Current liabilities			
Borrowings from credit institutions	27 260 973	22 226 294	27 159 727
Borrowings from related companies	350 000		350 000
Finance leases	-	26 640	9 817
Finance leases from related parties	37 460	93 795	-
Liabilities of right-to-use assets	315 958		
Advance payments from customers	564 676	813 960	947 022
Trade payables	13 390 175	13 840 352	15 854 202
Payables to subsidiaries	-	2 440 000	6 075 968
Payables to other related parties	3 875 027	258 372	1 322 667
Taxes and social security contributions	1 694 880	879 361	886 468
Other accounts payable	897 947	-	-
Accrued liabilities	9 135 434	2 067 689	9 611 124
Deferred income	190 392	190 392	380 784
Total current liabilities	57 712 921	42 320 111	62 597 779
Total liabilities	132 706 792	118 468 139	128 990 842
Total equity and liabilities	107 180 419	184 038 896	101 035 277

**STATEMENT OF FINANCIAL POSITION OF THE VALMIERA GLASS UK Ltd.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS UK Ltd.		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Land and buildings	802 939	741 769	753 345
Equipment and machinery	1 145 948	1 307 380	1 274 887
Other fixed assets	96 228	83 743	110 590
Right-of- use assets	445 730		
Total property, plant and equipment	2 490 845	2 132 892	2 138 823
Non-current financial investments			
Loans to related parties	7 390 411	4 365 382	6 243 991
Total non-current financial investments	7 390 411	4 365 382	6 243 991
Deferred tax asset	913 325	1 187 326	904 799
Total non-current assets	10 794 581	7 685 600	9 287 613
CURRENT ASSETS			
Inventories			
Raw materials	2 081 023	2 049 084	2 225 621
Work in progress	333 176	413 860	3 433 750
Finished goods	5 320 194	5 787 711	2 220 105
Advance payments for inventories	-	-	132 699
Total inventories	7 734 394	8 250 655	8 012 175
Debtors			
Trade receivables	3 609 516	2 932 443	2 804 623
Amounts due from related parties	513 022	1 300 979	538 343
Other receivables	-	-	-
Deferred expenses	302 578	247 222	-
Total debtors	4 425 116	4 480 645	3 342 966
Cash and cash equivalents	113 197	226 629	247 516
Total current assets	12 272 708	12 957 929	11 602 657
TOTAL ASSETS	23 067 288	20 643 529	20 890 270

**STATEMENT OF FINANCIAL POSITION OF THE VALMIERA GLASS UK Ltd.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS UK Ltd.		
	30.06.2019 EUR	30.06.2018 EUR	31.12.2018 EUR
LIABILITIES AND EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	5 477 066	5 477 066	5 477 066
Share premium	3 104 569	3 104 569	3 104 569
Foreign currency translation reserve	(608 464)	1 384 855	(527 497)
Pension reserve	(1 700 159)	(3 692 558)	(1 700 159)
Total equity attributable to owners of the parent company	6 273 012	6 273 933	6 353 978
Retained earnings			
Profit brought forward	6 008 235	4 023 062	3 984 924
Profit for the current reporting period	1 350 271	840 995	1 783 687
Total equity	13 631 518	11 137 989	12 122 590
LIABILITIES			
Non-current liabilities			
Liabilities of right-to-use assets (non-current)	410 554		
Deferred tax liabilities	587 688	509 076	582 202
Defined benefit obligation	3 933 738	4 810 112	4 372 128
Total non-current liabilities	4 931 980	5 319 189	4 954 330
Current liabilities			
Borrowings from credit institutions	1 048 360	731 409	665 451
Liabilities of right-to-use assets (current)	36 581	-	-
Trade payables	743 746	838 563	514 855
Payables to subsidiaries	-	598 282	696 686
Payables to other related parties	743 425	80 915	289 970
Taxes and social security contributions	(162)	10 066	132 996
Other accounts payable	-	-	-
Accrued liabilities	972 668	967 802	563 172
Defined benefit obligation	959 173	959 314	950 220
Deferred income	-	-	-
Total current liabilities	4 503 790	4 186 350	3 813 350
Total liabilities	9 435 770	9 505 539	8 767 680
Total equity and liabilities	23 067 288	20 643 528	20 890 270

**STATEMENT OF FINANCIAL POSITION OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Software, licenses, patents, trademarks, similar rights		75 481	-
Total intangible assets	-	75 481	-
Property, plant and equipment			
Land and buildings	45 356	3 719 730	-
Equipment and machinery	18 113	3 540 127	-
Other fixed assets	-	121 890	-
Right-of-use assets	51 730	-	-
Construction in progress	10 207	85 073 899	-
Advance payments for fixed assets	55 093	2 578 845	56 744
Total property, plant and equipment	180 500	95 034 490	56 744
Non-current financial investments			
Deferred expenses	208 955	212 775	204 119
Total non-current financial investments	208 955	212 775	204 119
Deferred tax asset			
	1 077 549	-	-
Total non-current assets	1 467 004	95 322 747	260 864
CURRENT ASSETS			
Inventories			
Raw materials	3 255 076	3 327 823	3 594 619
Work in progress	502 750	282 447	145 050
Finished goods	1 702 670	568 114	3 719 975
Advance payments for inventories	144 270	149 233	67 925
Total inventories	5 604 765	4 327 617	7 527 568
Debtors			
Trade receivables	1 727 164	3 476 715	863 077
Amounts due from related parties	438 164	1 266 726	3 137 060
Other receivables	(5 741)	868 120	2 545 163
Deferred expenses	601 236	82 708	596 833
Total debtors	2 760 823	5 694 269	7 142 134
Cash and cash equivalents	604 225	480 176	41 506
Total current assets	8 969 814	10 502 062	14 711 208
TOTAL ASSETS	10 436 818	105 824 809	14 972 072

**STATEMENT OF FINANCIAL POSITION OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.06.2019	30.06.2018	31.12.2018
LIABILITIES AND EQUITY	EUR	EUR	EUR
SHAREHOLDERS' EQUITY			
Share capital	26 164 952	24 378 969	26 164 952
Foreign currency translation reserve	(5 977 276)	(1 303 695)	(3 800 804)
Other reserves	6 119 484	-	6 119 484
Total equity attributable to owners of the parent	33 049 334	23 130 623	28 483 633
Retained earnings			
Profit brought forward	(120 347 371)	750 155	707 428
Profit for the current reporting period	(11 458 519)	(7 284 912)	(121 054 800)
Non-controlling interest	(61 221 387)	123 965	126 217
Total equity	(105 498 730)	16 540 517	(91 863 739)
LIABILITIES			
Non-current liabilities			
Borrowings from GROUP	-	-	78 266 245
Borrowings from related companies	81 960 875	42 175 890	1 629 670
Finance lease	257 628	-	329 282
Finance lease from related parties	-	-	-
Other borrowings	6 318 411	1 098 571	1 118 528
Liabilities of right-to-use assets	32 346	-	-
Deferred tax liabilities	-	602 160	-
Deferred income	2 117 914	1 562 587	2 013 582
Total non-current liabilities	90 687 175	45 439 209	83 357 305
Current liabilities			
Borrowings from credit institutions	2 682 164	2 573 340	2 620 087
Borrowings from related companies	3 545 737	-	3 202 443
Finance lease	163 012	-	159 239
Liabilities of right-to-use assets	38 767	-	-
Other borrowings	190 945	183 197	186 525
Advance payments from customers	898 090	1 194 010	2 137 792
Trade payables	7 213 312	6 138 956	9 860 560
Payables to subsidiaries	-	31 665 895	3 812 343
Payables to other related parties	11 819 054	(31 949)	646 179
Taxes and social security contributions	(1 786 573)	7 938	550 483
Other accounts payable	80 506	-	-
Accrued liabilities	346 735	2 059 367	192 223
Deferred income	56 626	54 328	110 631
Total current liabilities	25 248 374	43 845 083	23 478 505
Total liabilities	115 935 548	89 284 291	106 835 810
Total equity and liabilities	10 436 818	105 824 808	14 972 071

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP
FOR THE 6 MONTHS PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS GROUP		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Sales	70 938 754	60 934 594	115 724 318
Change in inventories	(4 119 598)	657 743	3 201 864
Costs capitalized to non-current assets	-	1 433 592	1 524 807
Other operating income	1 437 979	(1 767 350)	1 149 491
Raw materials and consumables	(33 338 067)	(28 189 347)	(55 594 862)
Personnel expenses	(21 659 319)	(18 986 218)	(40 069 363)
Depreciation and amortization	(5 191 801)	(7 286 989)	(113 982 534)
Other operating expenses	(14 432 202)	(8 650 538)	(25 064 027)
Profit from operations	(6 364 254)	(1 854 513)	(113 110 305)
Interest and similar income	3 838 477	1 102 220	2 982 040
Interest and similar expenses	(5 748 091)	(1 543 902)	(3 661 227)
Profit before tax	(8 273 868)	(2 296 195)	(113 789 492)
Corporate income tax	854 548	(513 645)	1 028 217
Profit for the period	(7 419 320)	(2 809 840)	(112 761 275)
<i>Attributable to:</i>			
Non-controlling interest	(5 500 089)	(3 059 663)	(57 199 893)
Owners of the Parent Company	(1 919 231)	249 822	(55 561 382)
Earnings per share	(0,080)	0,0105	(2,324)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE AS VALMIERAS STIKLA ŠĶIEDRA FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019

	AS VALMIERAS STIKLA ŠĶIEDRA		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Sales	48 304 697	48 476 624	90 549 430
Change in inventories	(2 081 899)	(839 359)	1 271 809
Costs capitalized to non-current assets	-	-	-
Other operating income	1 251 191	1 151 037	2 181 097
Raw materials and consumables	(21 500 595)	(21 453 831)	(42 249 879)
Personnel expenses	(10 804 281)	(10 550 707)	(20 934 731)
Depreciation and amortization	(4 990 037)	(5 066 964)	(9 929 512)
Other operating expenses	(6 456 649)	(6 882 216)	(93 247 835)
Profit from operations	3 722 427	4 834 583	(72 359 621)
Interest and similar income	1 523 711	2 423 367	5 422 502
Interest and similar expenses	(2 808 601)	2 448 135	20 482 153
Profit before tax	2 437 536	4 809 815	(87 419 272)
Corporate income tax	(8 344)	-	(157 808)
Profit for the period	2 429 192	4 809 815	(87 577 080)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE VALMIERA GLASS UK Ltd.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019

	VALMIERA GLASS UK Ltd.		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Sales	12 782 931	11 861 315	23 225 987
Change in inventories	(406 643)	56 867	58 387
Costs capitalized to non-current assets	-	-	-
Other operating income	20 443	30 451	76 062
Raw materials and consumables	(6 867 233)	(6 870 694)	(13 118 351)
Personnel expenses	(2 461 335)	(2 428 240)	(5 058 040)
Depreciation and amortization	(179 564)	(153 531)	(239 984)
Other operating expenses	(1 316 412)	(1 557 273)	(2 972 558)
Profit from operations	1 572 186	938 895	1 971 503
Interest and similar income	137 766	61 339	255 845
Interest and similar expenses	(69 210)	(74 481)	(67 482)
Profit before tax	1 640 742	925 753	2 159 867
Corporate income tax	(214 656)	(84 757)	(376 179)
Profit for the period	1 426 085	840 995	1 783 687

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME OF THE P-D VALMIERA
GLASS USA Corp.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	P-D VALMIERA GLASS USA Corp.		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Sales	18 012 112	11 539 316	23 416 221
Change in inventories	(832 366)	604 525	1 787 130
Costs capitalized to non-current assets	-	1 433 592	1 524 807
Other operating income	475 913	1 221 682	1 692 148
Raw materials and consumables	(14 113 838)	(9 871 580)	(21 571 703)
Personnel expenses	(8 393 703)	(6 007 271)	(14 076 591)
Depreciation and amortization	(22 200)	(2 066 494)	(103 813 038)
Other operating expenses	(6 968 707)	(4 381 569)	(11 208 998)
Profit from operations	(11 842 789)	(7 527 799)	(122 250 024)
Interest and similar income	1 064 636	1 314 607	2 094 302
Interest and similar expenses	(1 757 915)	(642 831)	(2 461 282)
Profit before tax	(12 536 068)	(6 856 024)	(122 617 004)
Corporate income tax	1 077 549	(428 888)	1 562 204
Profit for the period	(11 458 520)	(7 284 912)	(121 054 800)
<i>Attributable to:</i>			
Non-controlling interest	(5 500 089)	(3 059 663)	(57 199 893)
Owners of the Parent	(5 958 430)	(4 225 249)	(63 854 907)

**STATEMENT OF CHANGES IN EQUITY OF THE GROUP
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

GROUP

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017	33 464 487	(102 599)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 519
Current year profit	-	-	-	1 657 135	1 657 135	(604 489)	1 052 646
Contributions from non-controlling interest	-	-	-	-	-	8 542 087	58 542 087
Other comprehensive income:							
<i>Remeasurement of defined</i>	-	-	340 385	-	340 385	-	340 385
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	(68 077)	-	(68 077)	-	(68 077)
<i>Exchange differences on translating foreign operations</i>	-	(2 827 284)	-	-	(2 827 284)	(1 258 745)	(4 086 029)
30.06.2018	33 464 487	1 225 702	(3 145 849)	33 917 719	65 462 059	10 717 873	76 179 932
31.12.2018	33 464 487	(1655 342)	(1 153 450)	(24 440 226)	6 215 469	(44 094 595)	(37 879 126)
Current year profit	-	-	-	(1 919 231)	(1 919 231)	(5 500 089)	(7 419 320)
Contributions from non-controlling interest	-	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	335 620	-	-	335 620	(1 044 707)	(709 087)
30.06.2019	33 464 487	(1 319 722)	(1 153 450)	(26 359 457)	4 631 858	(50 639 391)	(46 007 534)

**STATEMENT OF CHANGES IN EQUITY OF THE AS VALMIERAS STIKLA ŠĶIEDRA
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

AS VALMIERAS STIKLA ŠĶIEDRA

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2017	33 464 487	-	546 709	25 610 319	59 621 515
Current year profit	-	-	-	4 809 815	6 358 818
Contributions from non-controlling interest	-	-	-	-	-
Other comprehensive income:					
<i>Remeasurement of defined</i>	-	-	-	-	-
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-
30.06.2018	33 464 487	0	546 709	30 420 134	65 980 333
31.12.2018	33 464 487	0	546 709	(61 966 761)	(27 955 565)
Current year profit	-	-	-	2 429 192	2 429 192
Contributions from non-controlling interest	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-
30.06.2019	33 464 487	0	546 709	(59 537 569)	(25 526 373)

**STATEMENT OF CHANGES IN EQUITY OF THE VALMIERA GLASS UK Ltd.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

VALMIERA GLASS UK Ltd.

	Share capital	Share premium	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017	5 477 066	3 104 569	(543 618)	(1 798 225)	4 043 507	10 283 299
Current year profit	-	-	-	-	840 995	840 995
Contributions from non-controlling interest	-	-	-	-	-	-
Other comprehensive income:						
<i>Remeasurement of defined</i>	-	-	-	(1 894 333)	-	(1 894 333)
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	1 928 473	-	(20 445)	1 908 028
30.06.2018	5 477 066	3 104 569	1 384 855	(3 692 558)	4 864 057	11 137 989
31.12.2018	5 477 066	3 104 569	(527 497)	(1 700 159)	5 768 611	12 122 590
Current year profit	-	-	-	-	1 426 084	1 426 084
Contributions from non-controlling interest	-	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	-	(80 967)	-	163 811	82 844
30.06.2019	5 477 066	3 104 569	(608 464)	(1 700 159)	7 358 506	13 631 518

**STATEMENT OF CHANGES IN EQUITY OF THE P-D VALMIERA GLASS USA Corp.
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

P-D VALMIERA GLASS USA Corp

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2017	24 378 969	(1 894 453)		750 155	23 234 671
Current year profit	-	-	-	(7 284 912)	(7 284 912)
Contributions from non-controlling interest	-	-	-	-	-
Other comprehensive income:					
<i>Remeasurement of defined</i>	-	-	-	-	-
<i>Deferred income tax relating to defined benefit obligation</i>	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	590 758	-	-	590 758
30.06.2018	24 378 969	(1 303 695)	0	(6 534 757)	16 540 517
31.12.2018	26 164 952	(3 800 804)	6 119 484	(120 347 371)	(91 863 739)
Current year profit	-	-	-	(11 458 519)	(11 458 519)
Contributions from non-controlling interest	-	-	-	-	-
<i>Exchange differences on translating foreign operations</i>	-	(2 176 472)	-	-	(2 176 472)
30.06.2019	26 164 952	(5 977 276)	6 119 484	(131 805 890)	(105 498 730)

**STATEMENT OF CASH FLOWS OF THE GROUP
FOR THE 6 MONTHS PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

	VALMIERA GLASS GROUP		
	30.06.2019	30.06.2018	31.12.2018
	EUR	EUR	EUR
Cash flows from operating activities			
Profit before tax	(8 273 867)	(2 296 195)	(113 789 492)
<i>Adjustments:</i>			
Change in fair value of derivative	31 535	(328 369)	156 134
Depreciation and amortization	5 191 801	7 286 989	113 982 534
Profit from disposal of fixed assets	-	-	(94 400)
Cash paid to pension plan not recognized in profit or loss	-	-	(960 755)
Unpaid defined benefit pension plan cost	-	-	(449 859)
Interest expenses	5 271 319	1 265 060	3 482 766
Interest income	(3 083 030)	(61 852)	(523 354)
Income tax paid	-	-	(960 765)
Gain on government grants	(441 022)	(920 001)	(656 527)
Changes in working capital:			
Increase in inventories	(3 713 199)	(1 462 245)	(8 714 200)
Increase in accounts receivable	(13 944 315)	(2 127 026)	(4 202 301)
Increase in accounts payable	5 255 603	(3 834 310)	6 285 133
Cash provided by operating activities	(13 705 174)	(2 477 949)	(6 445 086)
Cash flows from investing activities			
Purchase of fixed and intangible assets	5 664 057	(8 124 380)	(13 867 870)
Loans to related parties	-	2 400 000	-
Income from sales of fixed assets	-	-	130 159
Received interest	3 083 030	61 852	-
Net cash used in investing activities	8 747 087	(5 662 528)	(13 737 711)
Cash flows from financing activities			
Income from non-controlling interest contribution	-	-	7 419 890
Income from sale of non-controlling interest	-	-	11 134 000
Loans received	10 364 327	9 788 688	3 080 278
Loans paid	-	(5 053 679)	-
Change in credit line	(3 057 863)	3 121 623	(3 353 363)
Finance lease paid	(54 217)	(59 191)	336 608
Paid interest expenses	(1 913 378)	(1 265 060)	(1 494 125)
Received EU and state grants	441 022	-	775 395
Net cash (used in) / provided by financing activities	5 779 891	6 532 381	17 898 683
Net change in cash and cash equivalents	653 152	(1 608 096)	(2 284 114)
Cash and cash equivalents at the beginning of the reporting period	349 477	2 633 591	2 633 591
Cash and cash equivalents at the end of the reporting period	1 171 280	1 025 495	349 477

**NOTES TO THE FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY
FOR THE 6 MONTH PERIOD OF FINANCIAL YEAR 2019 ENDED 30 JUNE 2019**

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION OF 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).

3. RIGHT-OF-USE ASSETS AND LIABILITIES

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

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

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

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

4. SHARE CAPITAL

The share capital as of June 30, 2019 consists of 23 903 205 publicly listed bearer shares, all with equal rights. The shareholders as at June 30, 2019 and June 30, 2018 were as follows (according to Nasdaq CSD data):

	Percentage of investment (%) 30.06.2019	Percentage of investment (%) 30.06.2018
Corvalis GmbH	11.97	24.52
P-D Glasseiden GmbH Oschatz	26.07	26.07
P-D Management Industries-Technologies GmbH	23.93	23.93
Preiss-Daimler Beatrix	9.45	9.39
P-D Aircraft Composites GmbH	18.83	6.28
Other shareholders (less 5% ownership interest)	9.75	9.81
Total	100.00	100.00

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