

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

for 6 months period ended 30 June 2018

**Prepared in accordance with the International
Financial Reporting Standards**

VALMIERA | 2018



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AS VALMIERAS STIKLA ŠĶIEDRA
GENERAL INFORMATION ABOUT THE COMPANY AND THE GROUP

Parent company name	VALMIERAS STIKLA ŠĶIEDRA
Legal form	Joint Stock Company (AS)
Registration number, place and date	4000 3031 676 Riga, 30 September 1991
Type of business	Production of glass fibre products
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%) 168 Willie Paulk 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: Stefan Jugel (from 29.05.2018.) Andre Heinz Schwiontek (till 28.05.2018.) Members of the Board: Stefan Jugel (till 28.05.2018.) Andre Heinz Schwiontek (from 29.05.2018.) Ģirts Vēveris (from 29.05.2018.) Doloresa Volkopa (from 29.05.2018.)
The council	Chairman of the Council: Heinz-Jürgen Preiss-Daimler (from 25.05.2018.) Members of the Council: Hans Peter Cordts Frank Wilhelm Behrends (till 25.05.2018.) Stefan Alexander Preiss-Daimler (from 25.05.2018.) Andris Oskars Brutāns Jöran Pfuhl
Reporting period	1 January 2018 – 30 June 2018
Prior reporting period	1 January 2017 – 30 June 2017

GENERAL INFORMATION

VALMIERAS STIKLA ŠĶIEDRA, AS and its subsidiaries (hereinafter – VALMIERA GLASS GROUP or the GROUP) is one of the leading glass fibre manufacturers in Europe, with more than 50 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 VALMIERAS STIKLA ŠĶIEDRA, AS 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 VALMIERAS STIKLA ŠĶIEDRA, AS 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 VALMIERAS STIKLA ŠĶIEDRA, AS 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 and specific glass fibre products mainly as a raw material for the manufacturing of other glass fibre products.

MARKETS

In the first 6 months of 2018, products manufactured by VALMIERAS STIKLA ŠĶIEDRA AS, the parent company of the GROUP, were exported to 44 countries across the world, with the export share reaching 96 %. The key sales markets of the VALMIERA GLASS GROUP have remained the same: 68 % of the total output was sold in European Union countries, 9 % in North America, 3 % in CIS countries and 19 % in other export countries (incl. Switzerland, Japan, South Korea, UAE, etc.), where there is a 12 % increase in sales compared to the same period last year. In other geographic markets, sales volumes are either stable or decreasing.

Across product segments, sales volumes increased for high value-added products, such as E-glass fibre textured fabrics and non-woven materials with a thermal resistance of 600+°C, as well as for the high-content SiO₂ glass fibre non-woven materials with a thermal resistance of 1000+°C. In the first half of 2018, the sales of these products increased on average by 48 % compared to the same period in 2017. In other product segments, the sales volumes are considered as stable or with a decrease.

EMPLOYEES

The workforce in first 6 months 2018 was increased by 172 employees. On 30 June 2018 VALMIERA GLASS GROUP there were in total 1598 employees, of which employed by AS VALMIERAS STIKLA ŠĶIEDRA – 1087 employees. The subsidiary company VALMIERA GLASS UK Ltd. employed 133 employees and the subsidiary P-D VALMIERA GLASS USA Corp., located in the USA, had 378 employees on 30 June 2018.

INVESTMENTS

The focus of investments in 2018 was on finalizing the construction and start-up of the US investment. As of 30 June 2018, EUR 87.6 million were invested in plant II USA. The Latvian site and the plant in the UK had to withstand this, so they only carried out maintenance investments on a small scale. Due to problems with the import of equipment, the plant in the USA was started

AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

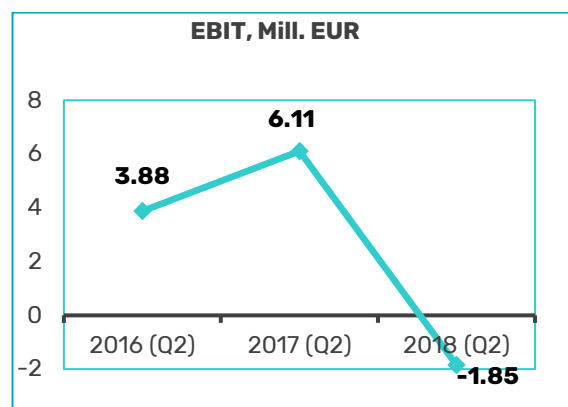
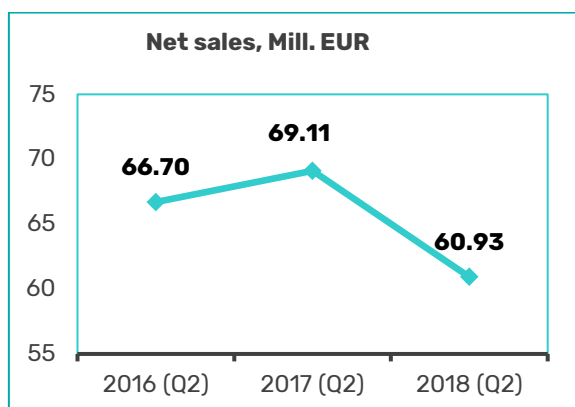
in January 2018 with a delay of approx. 6 weeks. According to current knowledge, the factory in the USA is in a position to produce the forecasted production quantities. Sales also sees itself in a position to sell these quantities. The biggest challenge during the first 6 months was to provide enough qualified personnel to handle the production volumes. This meant that 40% of the production volume had not been recovered and processed, but had to be disposed of.

QUALITY MANAGEMENT

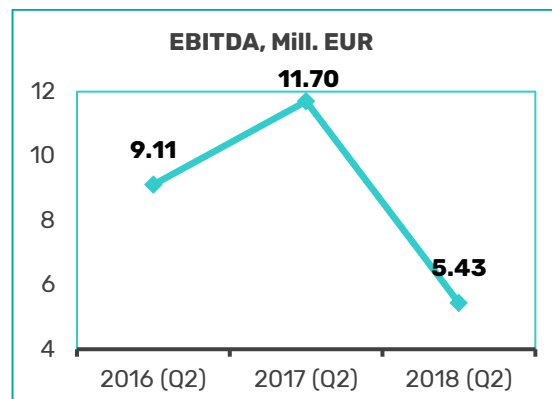
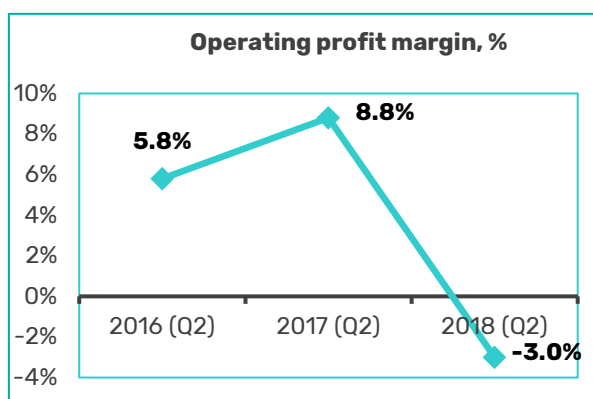
All the companies of the VALMIERA GLASS GROUP operate in accordance with the Quality Management System Standard ISO 9001:2015. VALMIERAS STIKLA ŠĶIEDRA AS, the parent company of VALMIERA GLASS GROUP, is certified in accordance with the requirements of the Energy Management Standard ISO 50001 and the Environment Management Standard ISO 14001:2004.

FINANCIAL RESULTS

The consolidated net sales of the GROUP in the year 2018 has reached EUR 60.93 Million. Compared to the sales of the GROUP in the same period of year 2017 it has decreased by EUR 8.18 Million, as a result of the lack of availability of internal materials supply and the delay in ramp up in the USA. In general, the demand situation was such that the planned turnover could be achieved if the production goals were also achieved.



The consolidated operating profit (EBITDA) was EUR 5.43 Million and that is EUR 6.27 Million or 53.4% less than in the year 2017. The EBITDA margin decreased as well to 8.95% from 16.9% last year. The earnings before interest and taxes (EBIT) is EUR -1.854 Million and that is EUR 7.96 Million lower than in the year 2017.

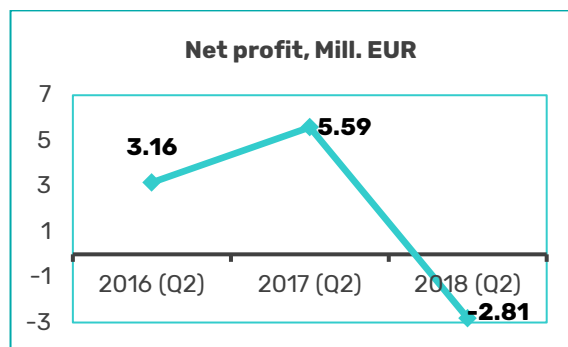
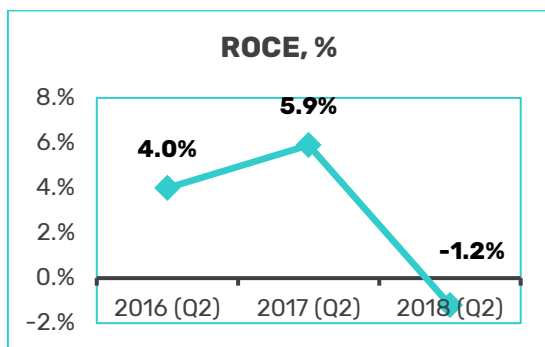


The consolidated operating profit margin ratio in first six month 2018 was -3%, and this is solely due to the problems of the US Company.

This also had an impact on all other key figures, which are now in negative.

The consolidated Pre-tax profit in 2018 was EUR -2.296 Million and the consolidated return on capital (ROCE) in the year 2018 was -1.2%.

AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT



Considering the operation and performance of subsidiary P-D VALMIERA GLASS USA Corp. within 6 months of 2018, the management board had to update the budgets and forecast a decreased net result of VALMIERA GLASS GROUP to EUR 5 Million loss by the end of the year.

The companies in Latvia and the UK have reached their profit budgets and the Management continue to believe that this will be the case at the end of the year. Nevertheless, these good results can't offset the significant start-up loss of American company. These start-up losses result from exceeding the investment budget and from a delay in commissioning the production facilities. The Management has taken action early and expects continuous improvement by the end of the year. The turnaround of the operating result of the American company is predicted for December 2018. The result situation of the American company has also an influence on the financing situation. The Executive Board is currently negotiating with the banking partners and major shareholders to provide additional liquidity.

STOCK MARKET

The shares of VALMIERAS STIKLA ŠĶIEDRA, AS have been listed on the Nasdaq Riga Secondary List since 24 February 1997.

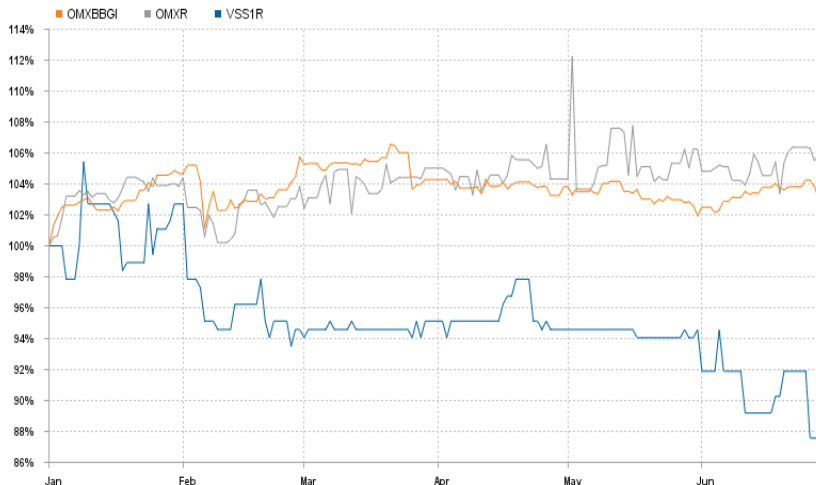
VALMIERAS STIKLA ŠĶIEDRA, AS share price development in the first half year 2018 (data of Nasdaq Riga):



During the first half year of 2018, the share price decreased by 12.43%. In the reporting period, the share price fluctuated between EUR 3.24 (lowest share price) and EUR 3.96 (highest share price). In this period, the weighted average share price was EUR 3.53.

AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

VALMIERAS STIKLA ŠĶIEDRA, AS share price in the first half year 2018 in comparison with OMX Baltic Benchmark GI and OMX Riga index (data Nasdaq Riga):



The number of shares traded during the first 6 months of 2018 exceeded 123 thousand, and the turnover of shares of VALMIERAS STIKLA ŠĶIEDRA, AS reached EUR 0.44 million. During the reporting period, 320 transactions were made with shares of VALMIERAS STIKLA ŠĶIEDRA, AS.

31 August 2018

On the Company's behalf by:

Stefan Jugel
Chairman of the Board

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 2018 and the results of their operations and cash flows for period of 6 months 2018. 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.

31 August 2018

On the Company’s behalf by:

Stefan Jugel
Chairman of the Board

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

	Group	
	30.06.2018	31.12.2017
	EUR	EUR
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Software, licences, patents, trade marks, similar rights	1 006 239	973 318
Software in acquisition process	-	14 700
Goodwill	3 697 612	3 692 694
Total intangible assets	4 703 851	4 680 712
Property, plant and equipment		
Land and buildings	15 136 130	15 761 318
Equipment and machinery	43 103 259	54 939 092
Other fixed assets	8 410 474	1 035 040
Construction in progress	85 340 585	69 258 750
Advance payments for fixed assets	3 032 940	13 163 704
Total property, plant and equipment	155 023 388	154 157 903
Non-current financial investments		
Investments in subsidiaries	-	-
Loans to subsidiaries	-	-
Receivables from related companies	-	-
Deferred expenses	212 775	206 831
Total non-current financial investments	212 775	206 831
Deferred tax asset	1 187 326	1 185 747
Total non-current assets	161 127 340	160 231 193
CURRENT ASSETS		
Inventories		
Raw materials	10 087 738	9 114 716
Work in progress	5 828 773	5 110 754
Finished goods	11 446 801	12 702 827
Advance payments for inventories	1 204 686	177 455
Total inventories	28 567 997	27 105 752
Debtors		
Trade receivables	15 629 335	11 948 523
Amounts due from related parties	197 655	337 091
Other receivables	2 806 509	4 311 953
Deferred expenses	1 053 941	777 887
Total debtors	19 687 439	17 375 454
Cash and cash equivalents	1 025 495	2 633 591
Total current assets	49 280 931	47 114 797
TOTAL ASSETS	210 408 271	207 345 990

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

	Group	
	30.06.2018	31.12.2017
LIABILITIES AND EQUITY	EUR	EUR
SHAREHOLDERS' EQUITY		
Share capital	33 464 487	33 464 487
Foreign currency translation reserve	1 379 566	(3 084 475)
Other reserves	(3 145 849)	(3 145 849)
Retained earnings		
Profit brought forward	32 260 584	24 044 472
Profit for the current reporting year	249 822	8 216 113
Total equity attributable to owners of the parent	64 208 610	59 494 748
Non-controlling interest	5 885 580	7 642 772
Total equity	70 094 189	67 137 520
LIABILITIES		
Non-current liabilities		
Borrowings from credit institutions	64 785 607	370 748
Borrowings from other related parties	5 557 348	2 850 884
Finance lease	2 639	9 817
Finance lease from related parties	64 675	86 875
Other borrowings	1 098 571	1 245 965
Deferred tax liabilities	1 111 236	676 831
Defined benefit obligation	4 810 112	5 282 734
Deferred income	4 261 736	4 218 087
Derivative	328 369	137 543
Total non-current liabilities	82 020 294	14 879 483
Current liabilities		
Borrowings from credit institutions	25 531 043	83 336 950
Finance lease	26 640	56 453
Finance lease from related parties	93 795	95 460
Other borrowings	183 197	178 080
Advance payments from customers	2 007 970	323 468
Trade payables	20 817 871	33 123 510
Payables to other related parties	2 646 418	1 499 342
Taxes and social security contributions	(209 406)	2 251 251
Other accounts payable	897 365	946 851
Accrued liabilities	5 094 860	2 073 179
Defined benefit obligation	959 314	958 038
Deferred income	244 720	486 406
Total current liabilities	58 293 788	125 328 988
Total liabilities	140 314 082	140 208 471
Total equity and liabilities	210 408 271	207 345 990

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

	Group	
	6 months 2018	6 months 2017
	EUR	EUR
Sales	60 934 594	69 116 632
Change in inventories	657 743	(3 295 385)
Costs capitalized to non-current assets	1 433 592	218 267
Other operating income	(1 767 350)	1 437 460
Raw materials and consumables	(28 189 347)	(33 760 203)
Personnel expenses	(18 986 218)	(13 427 223)
Depreciation and amortization	(7 286 989)	(5 603 013)
Other operating expenses	(8 650 538)	(8 579 680)
Profit from operations	(1 854 513)	6 106 855
Interest and similar income	1 102 220	537 598
Interest and similar expenses	(1 543 902)	(618 071)
Profit before tax	(2 296 195)	6 026 382
Corporate income tax	(513 645)	(430 500)
Profit for the year	(2 809 841)	5 595 882
<i>Attributable to:</i>		
Non-controlling interest	(3 059 663)	385 362
Owners of the Parent	249 822	5 210 520
Earnings per share	0.0105	0.2179

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

Group

	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2016	33 464 487	(257 191)	(3 418 157)	24 044 472	53 833 611	1 056 658	54 890 269
Current year profit	-	-	-	5 210 520	5 210 520	-	5 210 520
Sale of non-controlling interest	-	-	-	-	-	7 325 261	7 325 261
<i>Exchange differences on translating foreign operations</i>	-	(1 581 718)	-	-	(1 581 718)	-	(1 581 718)
30.06.2017	33 464 487	(1 838 909)	(3 418 157)	29 254 992	57 462 413	8 381 919	65 844 332
31.12.2017	33 464 487	(3 084 475)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 520
Current year profit	-	-	-	249 822	249 822	(3 059 663)	(2 809 841)
Contributions from non-controlling interest	-	-	-	-	-	3 148 309	3 148 309
<i>Exchange differences on translating foreign operations</i>	-	3 402 604	-	-	3 402 604	(784 401)	2 618 203
30.06.2018	33 464 487	318 129	(3 145 849)	32 510 406	63 147 173	6 947 017	70 094 191

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

	Group	
	6 months 2018 EUR	6 months 2017 EUR
Cash flows from operating activities		
Profit before tax	(2 296 195)	6 026 382
<i>Adjustments:</i>		
Change in fair value of derivative	(328 369)	(180 572)
Depreciation and amortization	7 286 989	5 603 013
Interest expenses	1 265 060	618 071
Interest income	(61 852)	(19 538)
Income on EU grants	(920 001)	(361 849)
Changes in working capital:		
Increase in inventories	(1 462 245)	4 872 534
Increase in accounts receivable	(2 127 026)	(11 319 550)
Increase in accounts payable	(3 834 310)	1 507 649
Cash provided by operating activities	(2 477 949)	6 746 140
Cash flows from investing activities		
Purchase of fixed and intangible assets	(8 124 380)	(12 271 652)
Income from sales of investment in related party shares	2 400 000	-
Received interest	61 852	19 538
Net cash used in investing activities	(5 662 528)	(12 252 114)
Cash flows from financing activities		
Income from non-controlling interest contribution	-	7 128 000
Loans received	9 788 688	1 662 348
Loans paid	(5 053 679)	(5 529 794)
Change in credit line	3 121 623	206 802
Finance lease paid	(59 191)	(33 311)
Paid interest expenses	(1 265 060)	891 847
Received EU and state grants	-	(618 071)
Net cash (used in) / provided by financing activities	6 532 381	3 707 821
Net change in cash and cash equivalents	(1 608 096)	(1 798 153)
Cash and cash equivalents at the beginning of reporting period	2 633 591	2 958 952
Cash and cash equivalents at the end of reporting period	1 025 495	1 160 799

1. SHARE CAPITAL

The share capital as of 30 June 2018 and 30 June 2017 consists of 11,494,250 publicly listed bearer shares and 12,408,955 private placement ordinary shares, all with equal rights.

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

	30.06.2018
Corvalis GmbH	24,52%
P-D Glasseiden GmbH Oschatz	26,07%
P-D Management Industries-Technologies GmbH	23,93%
Preiss-Daimler Beatrix	9,39%
P-D Composites Handels-und Service GmbH	6,28%
Citi	9,81%
	100.0%

	30.06.2017
Corvalis GmbH (former Vitruvan International GmbH)	36.19%
P-D Glasseiden GmbH Oschatz	26.07%
P-D Management Industries-Technologies GmbH	23.93%
Preiss-Daimler Beatrix	5.36%
Other	8.25%
	100.0%

As announced on 10 July 2018, the name of the company P-D Composites Handels- und Service GmbH was changed to P-D Aircraft Composites GmbH during the reorganization process.

On 5 July, 2018 the Company P-D Aircraft Composites GmbH acquired 3,000,000 shares from the Company's Corvalis GmbH.

On 23 July 2018, Parent company's 12,408,955 private placement ordinary shares were included in the Nasdaq Riga Baltic Secondary List. Since 23 July, 2018, all shares of Parent company are public listed.

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

2. INFORMATION CONCERNING THE PROFIT AND LOSS STATEMENT

	Group	
	6 months 2018 EUR	6 months 2017 EUR
RAW MATERIALS AND COSUMABLES		
Raw materials and other costs	17 288 541	23 608 112
Natural gas	2 659 630	2 221 000
Electricity	3 683 550	3 348 939
Oxygen	635 596	430 837
Precious metal plates processing costs	572 197	394 517
Other	3 349 833	3 756 798
Total	28 189 347	33 760 203
PERSONNEL EXPENSES		
Salaries	14 049 399	9 788 253
State social security contributions	2 551 237	2 189 720
Illness and vacation expenses	928 522	1 009 637
Remuneration of Board and Council	361 380	104 295
Employee insurance	454 353	249 458
Other	641 327	85 860
Total	18 986 218	13 427 223
DEPRECIATION AND AMORTISATION		
Fixed asset depreciation based on straight line method	6 816 669	5 291 465
Depreciation of precious metal plates	397 998	257 529
Intangible asset amortization (see Note 4)	72 322	54 019
Total	7 286 989	5 603 013
OTHER OPERATING EXPENSES		
Transportation	3 758 283	4 061 105
Sales commission	776 138	773 247
Service costs	695 436	656 908
Spare parts	716 972	629 793
Repair expenses	355 014	344 879
Training and qualification of employees	53 926	40 558
Insurance	345 253	305 994
Business trips	211 353	353 329
Labour safety and specific clothing	240 319	163 170
Research and development expenses	36 384	92 147
Communication	123 056	76 651
Rent	367 252	380 458
Office expenses	44 183	25 537
Selling expenses	299 650	213 265
Property tax	127 018	110 031
Allowance for doubtful receivables (Note 10)	-	-
Audit fees	56 740	43 025
Other	443 561	309 583
Total	8 650 538	8 579 680

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

Trade Receivables	30.06.2018	30.06.2017
	Receivables	Receivables
	EUR	EUR
P-D Glasseiden Oschatz GmbH	-	1 078 328
P-D Management Industries -Technologies	-	41 662
P-D Industriegesellschaft GmbH Bratendorf	107 832	84 626
P-D Interglas Technologies GmbH	-	1 107
Preiss-Daimler FibreGlass AB	89 822	13 586
Other trade receivable	15 660 177	16 435 090
Allowance for doubtful receivables	(30 842)	(524 836)
Total	15 826 989	17 129 563

Disclaimer

The Financial Statement may contain future projections.

These projections include statements on the Group's further strategy, objectives, future plans, and tasks and planned events, the performance of which may be affected by the action of third parties not being under the Group's control, and therefore the said future results may differ from the results expressed or implied in the Financial Statement.

The management of Valmieras stikla šķiedra JSC assumes no responsibility for decisions made by third parties based on the projections provided by Valmieras stikla šķiedra JSC management within the Financial Statement.

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

	Group	
	30.06.2018	31.12.2017
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STATEMENT OF FINANCIAL POSITION OF THE GROUP
AT 30 JUNE 2018

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Profit for the current reporting year	249 822	8 216 113
Total equity attributable to owners of the parent	64 208 610	59 494 748
Non-controlling interest	5 885 580	7 642 772
Total equity	70 094 189	67 137 520
LIABILITIES		
Non-current liabilities		
Borrowings from credit institutions	64 785 607	370 748
Borrowings from other related parties	5 557 348	2 850 884
Finance lease	2 639	9 817
Finance lease from related parties	64 675	86 875
Other borrowings	1 098 571	1 245 965
Deferred tax liabilities	1 111 236	676 831
Defined benefit obligation	4 810 112	5 282 734
Deferred income	4 261 736	4 218 087
Derivative	328 369	137 543
Total non-current liabilities	82 020 294	14 879 483
Current liabilities		
Borrowings from credit institutions	25 531 043	83 336 950
Finance lease	26 640	56 453
Finance lease from related parties	93 795	95 460
Other borrowings	183 197	178 080
Advance payments from customers	2 007 970	323 468
Trade payables	20 817 871	33 123 510
Payables to other related parties	2 646 418	1 499 342
Taxes and social security contributions	(209 406)	2 251 251
Other accounts payable	897 365	946 851
Accrued liabilities	5 094 860	2 073 179
Defined benefit obligation	959 314	958 038
Deferred income	244 720	486 406
Total current liabilities	58 293 788	125 328 988
Total liabilities	140 314 082	140 208 471
Total equity and liabilities	210 408 271	207 345 990

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

	Group	
	6 months 2018	6 months 2017
	EUR	EUR
Sales	60 934 594	69 116 632
Change in inventories	657 743	(3 295 385)
Costs capitalized to non-current assets	1 433 592	218 267
Other operating income	(1 767 350)	1 437 460
Raw materials and consumables	(28 189 347)	(33 760 203)
Personnel expenses	(18 986 218)	(13 427 223)
Depreciation and amortization	(7 286 989)	(5 603 013)
Other operating expenses	(8 650 538)	(8 579 680)
Profit from operations	(1 854 513)	6 106 855
Interest and similar income	1 102 220	537 598
Interest and similar expenses	(1 543 902)	(618 071)
Profit before tax	(2 296 195)	6 026 382
Corporate income tax	(513 645)	(430 500)
Profit for the year	(2 809 841)	5 595 882
<i>Attributable to:</i>		
Non-controlling interest	(3 059 663)	385 362
Owners of the Parent	249 822	5 210 520
Earnings per share	0.0105	0.2179

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

Group	Share capital	Revaluation reserve	Other reserve	Retained earnings	Total	Non-controlling interest	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2016	33 464 487	(257 191)	(3 418 157)	24 044 472	53 833 611	1 056 658	54 890 269
Current year profit	-	-	-	5 210 520	5 210 520	-	5 210 520
Sale of non-controlling interest	-	-	-	-	-	7 325 261	7 325 261
<i>Exchange differences on translating foreign operations</i>	-	(1 581 718)	-	-	(1 581 718)	-	(1 581 718)
30.06.2017	33 464 487	(1 838 909)	(3 418 157)	29 254 992	57 462 413	8 381 919	65 844 332
31.12.2017	33 464 487	(3 084 475)	(3 145 849)	32 260 584	59 494 747	7 642 772	67 137 520
Current year profit	-	-	-	249 822	249 822	(3 059 663)	(2 809 841)
Contributions from non-controlling interest	-	-	-	-	-	3 148 309	3 148 309
<i>Exchange differences on translating foreign operations</i>	-	3 402 604	-	-	3 402 604	(784 401)	2 618 203
30.06.2018	33 464 487	318 129	(3 145 849)	32 510 406	63 147 173	6 947 017	70 094 191

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

	Group	
	6 months 2018 EUR	6 months 2017 EUR
Cash flows from operating activities		
Profit before tax	(2 296 195)	6 026 382
<i>Adjustments:</i>		
Change in fair value of derivative	(328 369)	(180 572)
Depreciation and amortization	7 286 989	5 603 013
Interest expenses	1 265 060	618 071
Interest income	(61 852)	(19 538)
Income on EU grants	(920 001)	(361 849)
Changes in working capital:		
Increase in inventories	(1 462 245)	4 872 534
Increase in accounts receivable	(2 127 026)	(11 319 550)
Increase in accounts payable	(3 834 310)	1 507 649
Cash provided by operating activities	(2 477 949)	6 746 140
Cash flows from investing activities		
Purchase of fixed and intangible assets	(8 124 380)	(12 271 652)
Income from sales of investment in related party shares	2 400 000	-
Received interest	61 852	19 538
Net cash used in investing activities	(5 662 528)	(12 252 114)
Cash flows from financing activities		
Income from non-controlling interest contribution	-	7 128 000
Loans received	9 788 688	1 662 348
Loans paid	(5 053 679)	(5 529 794)
Change in credit line	3 121 623	206 802
Finance lease paid	(59 191)	(33 311)
Paid interest expenses	(1 265 060)	891 847
Received EU and state grants	-	(618 071)
Net cash (used in) / provided by financing activities	6 532 381	3 707 821
Net change in cash and cash equivalents	(1 608 096)	(1 798 153)
Cash and cash equivalents at the beginning of reporting period	2 633 591	2 958 952
Cash and cash equivalents at the end of reporting period	1 025 495	1 160 799

1. SHARE CAPITAL

The share capital as of 30 June 2018 and 30 June 2017 consists of 11,494,250 publicly listed bearer shares and 12,408,955 private placement ordinary shares, all with equal rights.

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

	30.06.2018
Corvalis GmbH	24,52%
P-D Glasseiden GmbH Oschatz	26,07%
P-D Management Industries-Technologies GmbH	23,93%
Preiss-Daimler Beatrix	9,39%
P-D Composites Handels-und Service GmbH	6,28%
Other	9,81 %
	100.0%

	30.06.2017
Corvalis GmbH	36.19%
P-D Glasseiden GmbH Oschatz	26.07%
P-D Management Industries-Technologies GmbH	23.93%
Preiss-Daimler Beatrix	5.36%
Other	8.25%
	100.0%

As announced on 10 July 2018, the name of the company P-D Composites Handels- und Service GmbH was changed to P-D Aircraft Composites GmbH during the reorganization process.

On 5 July, 2018 the Company P-D Aircraft Composites GmbH acquired 3,000,000 shares from the Company Corvalis GmbH.

On 23 July 2018, Parent company's 12,408,955 private placement ordinary shares were included in the Nasdaq Riga Baltic Secondary List. Since 23 July, 2018, all shares of Parent company are public listed.

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

2. INFORMATION CONCERNING THE PROFIT AND LOSS STATEMENT

	Group	
	6 months 2018 EUR	6 months 2017 EUR
RAW MATERIALS AND COSUMABLES		
Raw materials and other costs	17 288 541	23 608 112
Natural gas	2 659 630	2 221 000
Electricity	3 683 550	3 348 939
Oxygen	635 596	430 837
Precious metal plates processing costs	572 197	394 517
Other	3 349 833	3 756 798
Total	28 189 347	33 760 203
PERSONNEL EXPENSES		
Salaries	14 049 399	9 788 253
State social security contributions	2 551 237	2 189 720
Illness and vacation expenses	928 522	1 009 637
Remuneration of Board and Council	361 380	104 295
Employee insurance	454 353	249 458
Other	641 327	85 860
Total	18 986 218	13 427 223
DEPRECIATION AND AMORTISATION		
Fixed asset depreciation based on straight line method	6 816 669	5 291 465
Depreciation of precious metal plates	397 998	257 529
Intangible asset amortization (see Note 4)	72 322	54 019
Total	7 286 989	5 603 013
OTHER OPERATING EXPENSES		
Transportation	3 758 283	4 061 105
Sales commission	776 138	773 247
Service costs	695 436	656 908
Spare parts	716 972	629 793
Repair expenses	355 014	344 879
Training and qualification of employees	53 926	40 558
Insurance	345 253	305 994
Business trips	211 353	353 329
Labour safety and specific clothing	240 319	163 170
Research and development expenses	36 384	92 147
Communication	123 056	76 651
Rent	367 252	380 458
Office expenses	44 183	25 537
Selling expenses	299 650	213 265
Property tax	127 018	110 031
Allowance for doubtful receivables (Note 10)	-	-
Audit fees	56 740	43 025
Other	443 561	309 583
Total	8 650 538	8 579 680

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

Trade Receivables	30.06.2018	30.06.2017
	Receivables	Receivables
	EUR	EUR
P-D Glasseiden Oschatz GmbH	-	1 078 328
P-D Management Industries -Technologies	-	41 662
P-D Industriegesellschaft GmbH Bratendorf	107 832	84 626
P-D Interglas Technologies GmbH	-	1 107
Preiss-Daimler FibreGlass AB	89 822	13 586
Other trade receivable	15 660 177	16 435 090
Allowance for doubtful receivables	(30 842)	(524 836)
Total	15 826 989	17 129 563

Disclaimer

The Financial Statement may contain future projections.

These projections include statements on the Group's further strategy, objectives, future plans, and tasks and planned events, the performance of which may be affected by the action of third parties not being under the Group's control, and therefore the said future results may differ from the results expressed or implied in the Financial Statement.

The management of Valmieras stikla šķiedra JSC assumes no responsibility for decisions made by third parties based on the projections provided by Valmieras stikla šķiedra JSC management within the Financial Statement.