

A/S VALMIERAS STIKLA ŠKIEDRA

BALANCE SHEETS

AS OF 31march 2004 AND 31 December 2004

	2005 LVL	CURRENCY EXNANGE RATE on 31.03.2005.EUR	2004 LVL	CURRENCY EXNANGE RATE on 31.12.2004.EUR
ASSETS				
Non-current assets		0.702804		0.703
Intangible assets				
Patents and licenses	52.910	75.284	43.292	61.582
Other intangible assets	453.236	644.897	521.222	741.425
Total intangible assets	506.146	720.181	564.514	803.007
Fixed assets				
Buildings	4822.931	6862.413	4633.451	6590.969
Equipment and machinery	13002.066	18500.273	10947.903	15573.119
Other fixed assets	533.356	758.897	343.669	488.861
Construction in progress	1589.285	2261.349	2969.889	4224.593
Advence payments for fixed assets	128.968	183.505	735.692	1046.504
Total fixed assets	20076.606	28566.437	19630.604	27924.046
Total non-current assets	20582.752	29286.618	20195.118	28727.053
Current assets				
Inventory				
Raw materials	6879.828	9789.113	6838.439	9727.509
Work in process	1499.737	2133.934	1440.937	2049.697
Finished goods	2221.372	3160.728	2510.611	3571.282
Advance payments for goods	87.727	124.824	101.992	145.081
Total inventory	10688.664	15208.599	10891.979	15493.569
Accounts receivable				
Due from related parties	5430.877	7727.442	3152.425	4484.246
Other receivables	256.988	365.661	246.788	351.050
Deferred expenses	154.932	220.448	179.663	255.566
Total accounts receivable	5842.797	8313.551	3578.876	5090.862
Cash	309.456	440.316	373.286	530.990
Total current assets	16840.917	23962.466	14844.141	21115.421
TOTAL ASSETS	37423.669	53249.084	35039.259	49842.474

A/S VALMIERAS STIKLA ŠKIEDRA

BALANCE SHEETS

AS OF 31 MARCH 2005 AND 31 December 2004

	2005 LVL	CURRENCY EXCHANGE RATE on 31.03.2005.EUR	2004 LVL	CURRENCY EXCHANGE RATE on 31.12.2003.EUR
LIABILITIES & SHAREHOLDERS EQUITY		0.702804		0.703
Shareholders equity				
Share capital	23903.205	34011.197	23903.205	34001.714
Reserves:				
statutory reserves	234.533	333.710	234.533	333.617
Retained earnings:				
a) retained earnings	3544.655	5043.590	1589.651	2261.239
b) current year profit	706.755	1005.622	1955.004	2780.945
Total shareholders equity	28389.148	40394.118	27682.393	39377.515
Provisions				
Deferred tax	1185.497	1686.810	1110.497	1579.654
Other provisions	356.422	507.143	207.722	295.479
Total provisions	1541.919	2193.953	1318.219	1875.134
Non current liabilities				
Due to credit institutions	1054.500	1500.418	1054.500	1500.000
Finance lease	46.465	66.114	46.465	66.095
	1100.965	1566.532	1100.965	1566.095
Current liabilities				
Due to credit institutions	3699.382	5263.746	2728.545	3881.287
Lease obligations	13.491	19.196	17.986	25.585
Advance payments from customers	20.875	29.702	46.819	66.599
Trade payables	2318.664	3299.162	1643.088	2337.252
Taxes and social security payments	161.545	229.858	232.314	330.461
Other accounts payable	177.680	252.816	268.930	382.546
Total current liabilities	6391.637	9094.480	4937.682	7023.730
Total liabilities	7492.602	10661.012	6038.647	8589.825
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	37423.669	53249.084	35039.259	49842.474

A/S VALMIERAS STIKLA ŠKIEDRA

**STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDEN 31MARCH 2005 AND 2004**

	2005	Rate of exchange	2004	Rate of exchange
	LVL	on 31.03.2005.EUR	LVL	on 31.03.2004.EUR
		0.702804		0.661
Sales	8100.113	11525.422	6943.954	10505.225
Change in inventori value	-230.438	-327.884	-293.553	-444.104
Other operating income	23.662	33.668	77.658	117.486
Material expenses	3715.262	5286.342	2948.981	4461.393
Personnel expenses	1194.640	1699.820	1026.375	1552.761
Depreciation and amortization	704.206	1001.995	571.325	864.334
Other operatingexpenses	1475.205	2099.028	1253.478	1896.336
Profit from operations	804.024	1144.023	927.900	1403.782
Interest income and similar income	9.972	14.189	0.800	1.210
Interestexpense and similarexpenses	32.241	45.875	48.187	72.900
Profit before taxes	781.755	1112.337	880.513	1332.092
Corporate income tax	75.000	106.715	220.000	332.829
Net profit	706.755	1005.622	660.513	999.263
Basic earnings per share	0.0296	0.0421	0.0276	0.0418

A/S "Valmieras stikla šķiedra "

Statements of shareholders' equity
In 3 months of 2005

	rate of exchange				0.702804			
	Share capital LVL	Statutory reserves LVL	Retained earnings LVL	Total LVL	Share capital EUR	Statutory reserves EUR	Retained earnings EUR	Total EUR
As of 31 December 2003	23903.205	234.533	2073.767	26211.505	34011.197	333.710	2950.705	37295.612
Current 3 Months 2004 profit			660.513	660.513			939.825	939.825
As of 31.march 2004	23903.205	234.533	2734.280	26872.018	34011.197	333.710	3890.530	38235.437
Dividends paid			-484.116	-484.116			-688.835	-688.835
Current IV-XII 2004 profit			1294.491	1294.491			1841.895	1841.895
As of 31.december 2004	23903.205	234.533	3544.655	27682.393	34011.197	333.710	5043.590	39388.497
Current 3 months 2005			706.755	706.755			1005.622	1005.622
As of 31 march 2005	23903.205	234.533	4251.410	28389.148	34011.197	333.710	6049.211	40394.118

Andris Oskars Brutāns
Chairman of the Board

A/S VALMIERAS STIKLA SKIEDRA

STATEMENTS OF CASH FLOWS

	2005 Year 3 months LVL	2004Year 3 months LVL	2005 Year 3 months EUR	2004 Year 3 months EUR
I OPERATING ACTIVITIES			0.702804	0.661
1. Profit before taxes	781.755	880.513	1112.337	1332.092
Adjustments:			0.000	0.000
2. Depreciation and amortization	704.206	571.325	1001.995	864.334
3. Depletion of precious metals	23.843	29.954	33.926	45.316
4. Provisions for vacations and bonuses for board and council members	117.600	18.930	167.330	28.638
5. Loss from disposal of fixed assets	-0.211	-2.929	-0.300	-4.431
6. Calculated interest income	-0.098	-0.15	-0.139	-0.227
7. Calculated interest expenses	29.901	1.478	42.545	2.236
Changes in operating assets and liabilities:			0.000	0.000
1. Inventory	203.315	124.523	289.291	188.386
2. Accounts receivable	-2260.102	-1936.365	-3215.835	-2929.448
3. Accounts payable	1159.071	659.988	1649.209	998.469
Cash provided by operating activities	759.280	347.267	1080.358	525.366
II INVESTING ACTIVITIES				
1. Repaid loan	-3436.507	-822.401	-4889.709	-1244.177
2. Received credit line	4.675	4.682	6.652	7.083
3. Paid credit line	0.098	0.15	0.139	0.227
Net cash provided by /(used) financing activities	-3431.734	-817.569	-4882.918	-1236.867
III FINANCING ACTIVITIES				
1. Repaid loan	-263.552	-13.579	-375.001	-20.543
2. Received kredit	9172.963	1007.486	13051.950	1524.185
3. Paid credit line	-6264.529	-548.386	-8913.622	-829.631
4. Interest expenses paid	-36.258	-1.478	-51.590	-2.236
Net cash provided by/(used in)financing activities	2608.624	444.043	3711.738	671.775
 Net decrease in cash	 -63.830	 -26.259	 -90.822	 -39.726
 Cash at the beginning of the year	 373.286	 677.880	 531.138	 1025.537
Cash at the end of the period	309.456	651.621	440.316	985.811