

A/S VALMIERAS STIKLA ŠKIEDRA

BALANCE SHEETS

AS OF 30 September 2005 AND 31 December 2004

| | 2005 LVL | CURRENCY EXNANGE RATE on 30.09.2005.EUR | 2004 LVL | CURRENCY EXNANGE RATE on 31.12.2004.EUR |
|-----------------------------------|-------------------|---|-------------------|---|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | | | |
| Patents and licenses | 65 441 | 93 114 | 43 292 | 61 582 |
| Other intangible assets | 317 265 | 451 427 | 521 222 | 741 425 |
| Total intangible assets | 382 706 | 544 542 | 564 514 | 803 007 |
| Fixed assets | | | | |
| Buildings | 5 139 425 | 7 312 743 | 4 633 451 | 6 590 969 |
| Equipment and machinery | 13 915 553 | 19 800 048 | 10 947 903 | 15 573 119 |
| Other fixed assets | 493 047 | 701 543 | 343 669 | 488 861 |
| Construction in progress | 351 932 | 500 754 | 2 969 889 | 4 224 593 |
| Advance payments for fixed assets | 527 036 | 749 905 | 735 692 | 1 046 504 |
| Total fixed assets | 20 426 993 | 29 064 993 | 19 630 604 | 27 924 046 |
| Total non-current assets | 20 809 699 | 29 609 534 | 20 195 118 | 28 727 053 |
| Current assets | | | | |
| Inventory | | | | |
| Raw materials | 7 063 523 | 10 050 488 | 6 838 439 | 9 727 509 |
| Work in process | 1 771 892 | 2 521 175 | 1 440 937 | 2 049 697 |
| Finished goods | 2 642 026 | 3 759 264 | 2 510 611 | 3 571 282 |
| Advance payments for goods | 56 372 | 80 210 | 101 992 | 145 081 |
| Total inventory | 11 533 813 | 16 411 137 | 10 891 979 | 15 493 569 |
| Accounts receivable | | | | |
| Due from related parties | 5 876 860 | 8 362 018 | 3 152 425 | 4 484 246 |
| Other receivables | 276 689 | 393 693 | 246 788 | 351 050 |
| Deferred expenses | 162 358 | 231 015 | 179 663 | 255 566 |
| Total accounts receivable | 6 315 907 | 8 986 726 | 3 578 876 | 5 090 862 |
| Cash | 314 236 | 447 118 | 373 286 | 530 990 |
| Total current assets | 18 163 956 | 25 844 981 | 14 844 141 | 21 115 421 |
| TOTAL ASSETS | 38 973 655 | 55 454 515 | 35 039 259 | 49 842 474 |

A/S VALMIERAS STIKLA ŠKIEDRA

BALANCE SHEETS

AS OF 30 September 2005 AND 31 December 2004

| | 2005 LVL | CURRENCY EXCHANGE RATE on 30.09.2005.EUR 0.702804 | 2004 LVL | CURRENCY EXCHANGE RATE on 31.12.2003.EUR 0.703 |
|--|-------------------|--|-------------------|---|
| LIABILITIES & SHAREHOLDERS EQUITY | | | | |
| Shareholders equity | | | | |
| Share capital | 23 903 205 | 34 011 197 | 23 903 205 | 34 001 714 |
| Reserves: | | | | |
| statutory reserves | 234 533 | 333 710 | 234 533 | 333 617 |
| Retained earnings: | | | | |
| a)retained earnings | 2 660 237 | 3 785 176 | 1 589 651 | 2 261 239 |
| b)current year profit | 1 459 766 | 2 077 060 | 1 955 004 | 2 780 945 |
| Total shareholders equity | 28 257 741 | 40 207 143 | 27 682 393 | 39 377 515 |
| Provisions | | | | |
| Deferred tax | 1 335 497 | 1 900 241 | 1 110 497 | 1 579 654 |
| Other provisions | 249 651 | 355 221 | 207 722 | 295 479 |
| Total provisions | 1 585 148 | 2 255 462 | 1 318 219 | 1 875 134 |
| Non current liabilities | | | | |
| Due to credit institutions | 1 967 156 | 2 799 011 | 1 054 500 | 1 500 000 |
| Finance lease | 32 979 | 46 925 | 46 465 | 66 095 |
| | 2 000 135 | 2 845 936 | 1 100 965 | 1 566 095 |
| Current liabilities | | | | |
| Due to credit institutions | 4 699 150 | 6 686 288 | 2 728 545 | 3 881 287 |
| Lease obligations | 17 986 | 25 592 | 17 986 | 25 585 |
| Advance payments from customers | 13 629 | 19 392 | 46 819 | 66 599 |
| Trade payables | 2 071 359 | 2 947 278 | 1 643 088 | 2 337 252 |
| Taxes and social security payments | 166 898 | 237 474 | 232 314 | 330 461 |
| Other accounts payable | 161 609 | 229 949 | 268 930 | 382 546 |
| Accounting period dividend | | | | |
| Total current liabilities | 7 130 631 | 10 145 974 | 4 937 682 | 7 023 730 |
| Total liabilities | 9 130 766 | 12 991 910 | 6 038 647 | 8 589 825 |
| TOTAL LIABILITIES & SHAREHOLDERS EQUITY | 38 973 655 | 55 454 515 | 35 039 259 | 49 842 474 |

A/S VALMIERAS STIKLA ŠKIEDRA

**STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDEN 30 SEPTEMBER 2005 AND 2004**

| | CURRENCYN | | CURRENCYN | |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
| | 2005 | EXNANGE RATE | 2004 | EXNANGE RATE |
| | LVL | on 30.09.2005.EUR | LVL | on 30.09.2004.EUR |
| | | 0.702804 | | 0.671 |
| Sales | 25 809 730 | 36 723 937 | 20 642 550 | 30 763 860 |
| Change in inventori value | 462 371 | 657 895 | -381 004 | -567 815 |
| Other operating income | 113 779 | 161 893 | 150 638 | 224 498 |
| Material expenses | (13 446 761) | (19 133 017) | (9 210 326) | (13 726 268) |
| Personnel expenses | (3 811 689) | (5 423 545) | (3 314 254) | (4 939 276) |
| Depreciation and amortization | (2 306 386) | (3 281 692) | (1 730 605) | (2 579 143) |
| Other operating expenses | (5 077 789) | (7 225 043) | (4 077 546) | (6 076 820) |
| Profit from operations | 1 743 255 | 2 480 428 | 2 079 453 | 3 099 036 |
| Interest income and similar income | 57 429 | 81 714 | 1 252 | 1 866 |
| Interest expense and similar expenses | (115 918) | (164 936) | (30 951) | (46 127) |
| Profit before taxes | 1 684 766 | 2 397 206 | 2 049 754 | 3 054 775 |
| Corporate income tax | (225 000) | (320 146) | (258 200) | (384 799) |
| Net profit | 1 459 766 | 2 077 060 | 1 791 554 | 2 669 976 |
| Basic earnings per share | 0.0611 | 0.0869 | 0.0750 | 0.1118 |

A/S "Valmieras stikla šķiedra "

Statements of shreholders"equity
In 9 months of 2005

| | rate of exchange | | | | 0.702804 | | | |
|----------------------------------|----------------------|------------------------------|-----------------------------|-------------------|----------------------|------------------------------|-----------------------------|-------------------|
| | Share capital LVL | Statutory reserves LVL | Retained earnings LVL | Total LVL | Share capital EUR | Statutory reservesE UR | Retained earnings EUR | Total EUR |
| As of 31 December 2003 | 23 903 205 | 234 533 | 2 073 767 | 26 211 505 | 34 011 197 | 333 710 | 2 950 705 | 37 295 612 |
| Current 9 Months2004profit | | | 1 791 554 | 1 791 554 | | | 2 549 152 | 2 549 152 |
| As of 30.september 2004 | 23 903 205 | 234 533 | 3 865 321 | 28 003 059 | 34 011 197 | 333 710 | 5 499 856 | 39 844 763 |
| Dividends paid | | | -484 116 | -484 116 | | | -688 835 | -688 835 |
| Current X-XII 2004 profit | | | 163 450 | 163 450 | | | 232 568 | 232 568 |
| As of 31.december 2004 | 23 903 205 | 234 533 | 3 544 655 | 27 682 393 | 34 011 197 | 333 710 | 5 043 590 | 39 388 497 |
| Current 9 months 2005 | | | 1 459 766 | 1 459 766 | | | 2 077 060 | 2 077 060 |
| Dividends paid | | | -884 418 | -884 418 | | | -1 258 413 | -1 258 413 |
| As of 30september 2005 | 23 903 205 | 234 533 | 4 120 003 | 28 257 741 | 34 011 197 | 333 710 | 5 862 236 | 40 207 143 |

Andris Oskars Brutāns
Chairman of the Board

A/S VALMIERAS STIKLA SKIEDRA

STATEMENTS OF CASH FLOWS

| | 2005 Year 9 months LVL | 2005 Year 9 months EUR | 2004 Year 9 months LVL | 2004 Year 9 months EUR |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| I OPERATING ACTIVITIES | | 0.702804 | | 0.671 |
| 1. Profit before taxes | 1 684 766 | 2 397 206 | 2 049 754 | 3 054 775 |
| Adjustments: | | | | |
| 2. Depreciation and amortization | 2 306 386 | 3 281 692 | 1 730 605 | 2 579 143 |
| 3. Depletion of precious metals | 74 264 | 105 668 | 90 581 | 134 994 |
| 4. Provisions for vacations and bonuses for board and council members | 153 169 | 217 940 | 188 100 | 280 328 |
| 5. Loss from disposal of fixed assets | (1 441) | (2 050) | (6 838) | (10 191) |
| 6. Calculated interest income | (0 398) | (0 566) | (0 586) | (0 873) |
| 7. Calculated interest expenses | 113 868 | 162 020 | 19 616 | 29 234 |
| Changes in operating assets and liabilities: | | | | |
| 1. Inventory | (641 834) | (913 248) | (255 082) | (380 152) |
| 2. Accounts receivable | (2 737 031) | (3 894 444) | (1 358 771) | (2 024 994) |
| 3. Accounts payable | 428 271 | 609 375 | 408 791 | 609 227 |
| Cash provided by operating activities | 1 380 020 | 1 963 592 | 2 866 170 | 4 271 490 |
| II INVESTING ACTIVITIES | | | | |
| 1. Purchase of fixed assets | (3 312 309) | (4 712 991) | (4 385 810) | (6 536 230) |
| 2. Proceeds from sale of fixed assets | 7 710 | 10 970 | 8 047 | 11 993 |
| 3. Received interest income | 0 398 | 0 566 | 0 586 | 0 873 |
| Net cash provided by / (used) financing activities | (3 304 201) | (4 701 454) | (4 377 177) | (6 523 364) |
| III FINANCING ACTIVITIES | | | | |
| 1. Received loan from credit institution | 7 151 217 | 10 175 265 | — | — |
| 2. Paid credit institution | (6 238 562) | (8 876 674) | (13 579) | (20 237) |
| 3. Received credit line | 27 279 915 | 38 815 822 | 6 874 902 | 10 245 756 |
| 4. Paid credit line | (25 309 310) | (36 011 904) | (5 114 033) | (7 621 510) |
| 5. Paid finance lease | (13 486) | (19 189) | — | — |
| 6. Dividends paid | (884 418) | (1 258 413) | (484 116) | (721 484) |
| 7. Interest expenses paid | (120 225) | (171 065) | (19 616) | (29 234) |
| Net cash provided by / (used in) financing activities | 1 865 131 | 2 653 842 | 1 243 558 | 1 853 291 |
| Net decrease in cash | -59 050 | -84 021 | (267 449) | (398 583) |
| Cash at the beginning of the year | 373 286 | 531 138 | 677 880 | 1 010 253 |
| Cash at the end of the period | 314 236 | 447 118 | 410 431 | 611 671 |

ANNEX

1. SHARE CAPITAL

The kompanys registered share capital as of 30.September 2005 and 2004 was LVL 23.903.205. The Company s paid share capital registered with the Enterprise Register as of 30 September 2005 and 2004 was 23.903.205 consisting of 23.897.455 ordinary shares with voting rights and 5.750 ordinari shares without voting rights. The nominal value of each share is LVL1.

As of 30 September 2005and 2004 the shareholders of the Company.in accordance with the records maintained by the Latvian Central Depository.were as follows:

| | 2005 | 2004 |
|----------------------------------|----------------|---------------|
| P-D Glasseiden Oschatz GmbH | 45.3% | 45.3% |
| Vitulan Textilglas GmbH | 30.8% | 30.8% |
| Skandinaviska Enskilda Banken Ab | 7.8% | 6.5% |
| VAS VSAA | 2.4% | 2.4% |
| Nordea Bank Finland Plc | 2.6% | 2.8% |
| P.D.P.Fiberglass Consulting Ltd | 4.6% | 4.6% |
| Other | 6.5% | 7.6% |
| | 100.00% | 100.0% |

2.INFORMATION FOR "PROFIT OR LOSS ACCOUNT

1. MATERIAL EZPENSES

| | 2005 9Months | EUR | 2004 9 months | EUR |
|----------------------|---------------------|-------------------|----------------------|-------------------|
| LVL | | 0.702804 | | 0.671 |
| Raw materials | 11 442 178 | 16 280 753 | 6 753 661 | 10 065 069 |
| Electricity | 861 226 | 1 225 414 | 807 803 | 1 203 879 |
| Ore processing costs | 196 765 | 279 971 | 205 639 | 306 466 |
| Natural gas | 534 518 | 760 551 | 480 624 | 716 280 |
| Depletion of ore | 74 403 | 105 866 | 90 589 | 135 006 |
| Other | 337 671 | 480 463 | 872 010 | 1 299 568 |
| Total | 13 446 761 | 19 133 017 | 9 210 326 | 13 726 268 |

2.PERSONNEL EXPENSES

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Salaries | 2 605 691 | 3 707 564 | 2 356 303 | 3 511 629 |
| Social security payments | 685 145 | 974 874 | 618 444 | 921 675 |
| Illness and vacation expenses | 326 007 | 463 866 | 305 653 | 455 519 |
| Provisions for bonuses of Board and Council | 153 169 | 217 940 | — | — |
| Other | 41 677 | 59 301 | 33 854 | 50 453 |
| Total | 3 811 689 | 5 423 545 | 3 314 254 | 4 939 276 |

3.DEPRECIATION AND AMORTIZATION

| | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| Fixed asset depreciation | 2 090 681 | 2 974 771 | 1 519 424 | 2 264 417 |
| Intangible asset amortization | 215 705 | 306 921 | 211 181 | 314 726 |
| Total | 2 306 386 | 3 281 692 | 1 730 605 | 2 579 143 |

4.OTXER OPERATING EXPENSES

| | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|
| Transportation | 1 761 028 | 2 505 717 | 1 327 045 | 1 327 955 |
| Commission | 1 294 082 | 1 841 313 | 1 086 071 | 1 618 586 |
| Service costs | 611 519 | 870 113 | 440 120 | 655 917 |
| Maintenance expenses | 219 083 | 311 727 | 236 340 | 352 221 |
| Insurance | 148 888 | 211 849 | 194 664 | 290 110 |
| Business trips | 128 110 | 182 284 | 155 586 | 231 872 |
| Expenses relating to personnel | 70 629 | 100 496 | 86 929 | 129 551 |
| Communications | 55 854 | 79 473 | 65 016 | 96 894 |
| Leasing | 41 136 | 58 531 | 49 800 | 74 218 |
| Property tax | 41 294 | 58 756 | 38 535 | 57 429 |
| Office expenses | 41 568 | 59 146 | 34 666 | 51 663 |
| Selling expenses | 46 792 | 66 579 | 22 555 | 33 614 |

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Increase in doubtful debts | 22 000 | 31 303 | 25 000 | 37 258 |
| Other | 595 806 | 847 756 | 315 219 | 469 775 |
| Total | 5 077 789 | 7 225 043 | 4 077 546 | 6 076 820 |

3. TRADE RECEIVABLES

| | 2005 9 months | EUR | 2004 9 months | EUR |
|--------------------------------|----------------------|------------------|----------------------|------------------|
| LVL | | 0.702804 | | 0.671 |
| P-D Glasseiden Oschatz GmbH | 3 248 024 | 4 621 522 | 2 691 555 | 4 011 259 |
| P-D Aitec GmbH | 10 914 | 15 529 | 95 763 | 142 717 |
| Vitrolan Textilglas GmbH | 608 051 | 865 179 | 377 925 | 563 227 |
| P-D Glasfaser Brattendorf GmbH | — | — | 84 957 | 126 613 |
| Other trade receivables | 2 009 871 | 2 859 789 | 619 779 | 923 665 |
| | 5 876 860 | 8 362 018 | 3 869 979 | 5 767 480 |

Andris Oskars Brutāns

Chairman of the Board