



JSC "VALMIERAS STIKLA ŠĶIEDRA"

Reg.No. 40003031676

Not audited

Financial report

as at 31.march 2009

COMPANY NAME	Valmieras Stikla Skiedra
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
THE BOARD	Chairman of the Board: Andris Oskars Brutāns, president Members of the Board: Andre Heinz Schwiontek, vicepresident Wilfried Queißer Karl Heinz Will Imants Saulītis Bernd Preißler Friedhelm Schwender
THE COUNCIL	Chairman of the Council: Jürgen Preiss-Daimler Members of the Council: Andris Bērziņš Hans Peter Cordts Guntis Strazds Aivars Lošmanis

Valmiera, Cempu St. 13

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MANAGEMENT REPORT

The Company's primary business is manufacture and sale of fibreglass and fibreglass products. The production is sold in Europe, USA, Canada, Australia, Russia, Ukraine and the Baltic states, total in 29 countries to 93 customers. 80.4% of the total production is sold to companies in the European Union; export sales comprise 94.4% of total sales.

Since 2000 the Company operates in accordance with DIN EN 9001:2000 quality management certificate, which was issued and is audited every three years by the German Quality management system certification company DQS located in Frankfurt. In 2007 the Company received a renewed certificate.

Total sales and net profit for the last 3 years 3 months are as follows:

	Sales thousand LVL	Net profit LVL
2007	9 430 966	477 035
2008	9 713 699	441 682
2009	6 720 762	-328 325

During 2009, the Company has invested LVL 1.26 million in fixed assets to increase the manufacturing capacity.

The net loss for the first 3 months of 2009 was 0.328 milj. LVL, which is 0.007 milj.LVL less than planned. The loss for the first 3 months of 2009 is because of sales amount decrease, and the reason is global fibre glass demand.

The net profit for the first 3 months of 2009 has increased there of has increased companies net sales amount and actual costs were less than planned.

Rigas stock exchange AS "Valmieras stikla šķiedra" 1 share price has not been changed, LVL 0.29 on 31.12.2008, LVL 0.29 on 31.03.08.

The board has adjusted the strategic plan for 2009 and 2010. After council approval the key financial ratios will be announced to shareholders in the annual meeting in 29 May 2009.

The old furnace reconstruction work started on the first quarter of 2009.

As of 31.March 2009 the number of employees was 842.

For the preparation of the unrevised financial statement for as per 3 months of 2009 we used the revised statement accounting policy of 2009.

Andris Oskars Brutāns
Chairman of the Board
29 May 2009

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2009 AND 31 March 2008

	31.03.2009		31.03.2008	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
ASSETS				
<i>Non-current assets</i>				
<i>Intangible assets</i>				
Patents and licenses	30 294	43 104	48 273	68 686
Other intangible assets	17 477	24 868		
Total intangible assets	47 771	67 972	48 273	68 686
<i>Fixed assets</i>				
Buildings	10 327 786	14 695 116	11 230 259	15 979 219
Equipment and machinery	22 941 555	32 642 892	27 263 094	38 791 888
Other fixed assets	383 709	545 969	493 451	702 118
Construction in progress	6 378 415	9 075 667	392 965	559 139
Advance payments for fixed assets	46 902	66 736	177 617	252 726
Total fixed assets	40 078 367	57 026 379	39 557 386	56 285 089
				56 353 776
<i>Current assets</i>				
<i>Inventory</i>				
Raw materials	7 187 789	10 227 302	7 301 393	10 388 946
Work in process	3 335 466	4 745 941	2 480 309	3 529 162
Finished goods	7 943 825	11 303 045	5 359 058	7 625 253
Advance payments for goods	12 706	18 079	194 078	276 148
Total inventory	18 479 786	26 294 367	15 334 838	21 819 509
<i>Accounts receivable</i>				
Due from related parties	6 116 705	8 703 287	6 705 373	9 540 886
Other receivables	348 954	496 517	308 950	439 596
Deferred expenses	174 508	248 303	130 931	186 298
Total accounts receivable	6 640 167	9 448 106	7 145 254	10 166 780
Derivatives			375 410	534 160
Cash	65 567	93 293	144 117	205 060
Total current assets	25 185 520	35 835 766	22 999 619	32 725 510
TOTAL ASSETS	25 185 520	35 835 766	22 999 619	89 079 285

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2009 AND 31 March 2008

	31.03.2009		31.03.2008	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
LIABILITIES & SHAREHOLDERS' EQUITY				
Shareholders' equity				
Share capital	23 903 205	34 011 197	23 903 205	34 011 197
Reserves				
Retained earnings:				
a) retained earnings	4 602 725	6 549 088	4 438 167	6 314 943
b) current year profit	(328 325)	(467 164)	441 682	628 457
Total shareholders' equity	28 177 605	40 093 120	28 783 054	40 954 596
Liabilities				
Non-current liabilities				
Due to credit institutions	24 491 721	34 848 579	24 683 822	35 121 915
Finance lease	-	-	6 262	8 910
Deferred tax	160 361	228 173	676 123	962 036
Total non-current liabilities	24 652 082	35 076 753	25 366 207	36 092 861
Current liabilities				
Due to credit institutions	7 020 374	9 989 092	4 464 713	6 352 714
Finance lease	5 566	7 920	11 470	16 320
Advance payments from customers	778 797	1 108 128	92 825	132 078
Trade payables	4 064 764	5 783 638	3 046 996	4 335 485
Taxes and social security payments	213 420	303 669	242 349	344 832
Other accounts payable	249 389	354 849	274 857	391 086
Accrued liabilities	143 861	204 696	314 607	447 645
Deferred income	5 800	8 253	8 200	11 668
Derivatives				
Total current liabilities	12 481 971	17 760 245	8 456 017	12 031 828
Total liabilities	37 134 053	52 836 997	33 822 224	48 124 689
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY				
	65 311 658	92 930 117	62 605 278	89 079 285

JSC VALMIERAS STIKLA ŠKIEDRA

STATEMENT OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 March 2009 AND 31 March 2008

	31.03.2009		31.03.2008	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Revenues	6 720 762	9 562 783	9 713 699	13 821 348
Changes in inventories				
Work performed by the entity and capitalised	(1 372 026)	(1 952 217)	(1 217 284)	(1 732 039)
Other operating income	34 038	48 432	78 037	111 037
Raw materials and consumables	(4 232 352)	(6 022 094)	(5 245 100)	(7 463 105)
Personnel expenses	(1 563 716)	(2 224 967)	(1 819 363)	(2 588 720)
Depreciation and amortization	(1 285 315)	(1 828 838)	(1 523 245)	(2 167 382)
Other operating expenses	(1 103 678)	(1 570 392)	(1 562 272)	(2 222 913)
Profit from operations	-58 235	-82 861	859 040	1 222 304
Interest - and similar income	130	185	227	323
Interest - and similar expenses	(270 220)	(384 488)	(417 585)	(594 170)
				628 457
Corporate income tax				
Net profit	0	0	0	628 457
Basic earnings per share	-0.0137	-0.0195	0.0185	0.0263

A/S VALMIERAS STIKLA SKIEDRA

STATEMENTS OF CASH FLOWS	2009 Year 3 months		2008 Year 3 months	
	LVL	EUR	LVL	EUR
I OPERATING ACTIVITIES		0.702804		0.702804
1. Profit/(loss) before taxation	(328 325)	(467 164)	467 489	665 177
Adjustments:				
2. Depreciation and amortization	1 285 315	1 828 838	1 523 245	2 167 382
3. Loss from disposal of fixed assets	–	–	(1 618)	(2 302)
4. Calculated interest income	(130)	(185)	(227)	(323)
5. Calculated interest expenses	358 503	510 104	342 130	486 807
Changes in operating assets and liabilities:				
1. Inventory	(830 328)	(1 181 450)	(1 216 939)	(1 731 548)
2. Accounts receivable	(504 198)	(717 409)	(1 674 337)	(2 382 367)
3. Accounts payable	1 031 953	1 468 337	406 736	578 733
4. Interest received	130	185	227	323
Cash provided by operating activities	1 012 920	1 441 070	(153 294)	(218 118)
II INVESTING ACTIVITIES				
1. Repaid loan	(797 989)	(1 135 436)	(229 045)	(325 902)
2. Received credit line	–	–	1 618	2 302
Net cash provided by /(used) financing activities	(797 989)	(1 135 436)	(227 427)	(323 599)
III FINANCING ACTIVITIES				
1. Received loans from credit institution				
2. Paid loans to credit institutions	(617 097)	(878 050)		
3. Received credit	12 313 516	17 520 555	11 034 316	15 700 417
4. Paid credit line	(11 861 278)	(16 877 078)	(10 758 621)	(15 308 139)
5. Paid finance lease	1 425	2 028	(5 655)	(8 046)
6. Interest expenses paid	(382 839)	(544 731)	(342 130)	(486 807)
Net cash provided by/(used in) financing activities	(546 273)	(777 276)	(72 090)	(102 575)
Net decrease in cash	(331 342)	(471 642)	(452 811)	(644 292)
Cash at the beginning of the year	396 909	564 751	596 928	849 352
Cash at the end of the period	65 567	93 108	144 117	205 060

A/S "Valmieras stikla šķiedra "

Statements of shareholders' equity
In 3 months of 2009

	rate of exchange			0.702804	0.702804	0.702804
	Share capital LVL	Retained earnings LVL	Total LVL	Share capital EUR	Retained earnings EUR	Total EUR
As of 31 december 2007	23 903 205	4 097 131	28 000 336	34 011 197	5 829 692	39 840 889
Current 3 Months 2008 profit		441 682	441 682		628 457	628 457
Dividends paid		-	-		-	-
Current IV-XII 2008 profit		63 912	63 912		90 939	90 939
As of 31 december 2008	23 903 205	4 602 725	28 505 930	34 011 197	6 549 088	40 560 284
Current 3 Months 2009 profit		(328 325)	(328 325)		(467 164)	(467 164)
	23 903 205	-328 325	28 177 605	34 011 197	6 081 923	40 093 120

Andris Oskars Brutāns
 Chairman of the Board

ANNEX

1. SHARE CAPITAL

The company's registered share capital as at 31 March 2009 and 2008 was LVL 23.903.205. The company's paid share capital registered with the Enterprise Register as at 31 March 2009 and 2008 was 23.903.205, consisting of 23.897.455 ordinary shares with voting rights and 5.750 ordinary shares without voting rights. The nominal value of each share is LVL 1.

As at 31 March 2009 and 2008 the shareholders of the Company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	2009	2008
	3 Months	3 Months
P-D Glasseiden Oschatz GmbH	38.2%	45.3%
Vitrulan International GmbH	36.2%	36.2%
P-Dmanagement Industries- Technologies GmbH	11.7%	-
Skandinaviska Enskilda Banken Ab	2.0%	2.2%
VAS VSAA	2.4%	2.4%
P.D.P.Fiberglass Consulting Ltd.	-	4.6%
Braune Beatrix	2.6%	2.6%
Other	6.9%	6.4%
	100.0%	100.0%

2. INFORMATION CONCERNING THE PROFIT OR LOSS ACCOUNT

1. MATERIAL EXPENSES

	2009		2008	
	3 Months		3 Months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Raw materials	2 604 694	3 706 146	3 693 115	5 254 829
Electricity	600 447	854 359	493 601	702 331
Ore processing costs	56 320	80 136	115 091	163 760
Natural gas	876 387	1 246 986	656 320	933 859
Depletion of ore	41 684	59 311	36 437	51 845
Other	52 820	75 156	250 536	356 481
Total	4 232 352	6 022 094	5 245 100	7 463 105

2. PERSONNEL EXPENSES

Salaries	1 142 377	1 625 456	1 216 975	1 731 599
Social security payments	293 080	417 015	308 381	438 787
Illness and vacation expenses	85 357	121 452	86 745	123 427
Provisions for remuneration of Board and Council	5 000	7 114	50 600	71 997
Insurance of employees	11 462	16 309	14 282	20 321
Other	26 440	37 621	142 380	202 588
Total	1 563 716	2 224 967	1 819 363	2 588 720

3. DEPRECIATION AND AMORTISATION

Fixed asset depreciation	1 280 047	1 821 343	1 517 180	2 158 753
Intangible asset amortisation	5 268	7 496	6 065	8 630
Total	1 285 315	1 828 838	1 523 245	2 167 382

4. OTHER OPERATING EXPENSES

Transportation	367 844	523 395	560 867	798 042
Commission	262 049	372 862	428 273	609 378
Service costs	121 426	172 774	189 146	269 131
Repairs	90 810	129 211	110 924	157 831
Maintenance expenses	99 417	141 458	89 880	127 888
Insurance	31 334	44 584	37 030	52 689
Business trips	33 959	48 319	29 410	41 847
Expenses relating to personnel	36 904	52 510	37 540	53 415
Communications	13 057	18 578	13 342	18 984
Leasing	18 996	27 029	13 014	18 517
Property tax	7 811	11 114	16 531	23 521
Office expenses	5 057	7 195	8 971	12 765
Selling expenses	5 433	7 730	2 032	2 891
Increase in doubtful debts	2 000	2 846	6 000	8 537
Other	7 581	10 787	19 312	27 479
Total	1 103 678	1 570 392	1 562 272	2 222 913

3. TRADE RECEIVABLES

	2009		2008	
	3 months		3 months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
P-D Glasseiden Oschatz GmbH	2 639 670	3 755 912	3 108 908	4 423 578
P-D Aitec GmbH	–	–	17 563	24 990
Vitruvan Textilglas GmbH	268 288	381 739	554 190	788 541
Vitruvan Technikal Textiles GmbH	277 584	394 966	6 091	8 667
Other trade receivables	2 931 163	4 170 669	3 018 621	4 295 111
	6 116 705	8 703 287	6 705 373	9 540 886

Andris Oskars Brutāns

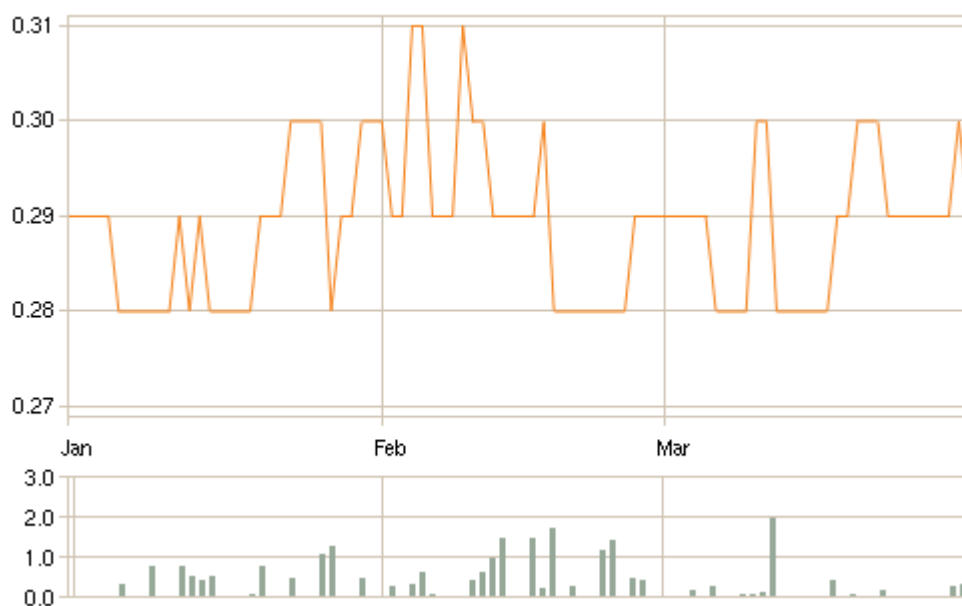
Chairman of the Board

Shares

JSC “Valmieras stikla šķiedra” shares are listed on NASDAQ OMX Riga Secondary market since February 24, 1997:

ISIN	LV0000100485
Ticker	VSS1R
Nominal value	1,00 LVL
Total number of securities	23 903 205
Number of listed securities	11 494 250
Indexes	B20GI, B20PI, OMXBGI, OMXBPI, OMXRGI

JSC “Valmieras stikla šķiedra” share price development for the period 01.01.09 – 31.03.09



Currency: LVL

Open	0,29 LVL
Max	0,31 LVL
Min	0,27 LVL
Last	0,29 LVL
Change	-
Deals	156
No of shares traded	77 647
Turnover	22 410,62 LVL