



JSC "VALMIERAS STIKLA ŠĶIEDRA"

Reg.No. 40003031676

NOT AUDITED

Financial report

as at June 30, 2009

as at June 30, 2008

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 Dainis Šēnbergs Armin Zieschank Friedhelm Schwender
THE COUNCIL	Chairman of the Council: Jürgen Preiss-Daimler Members of the Council: Frank Behrends Hans Peter Cordts Guntis Strazds Aivars Lošmanis

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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. 80.7% of the total production is sold to companies in the European Union; export sales comprise 94.7% 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 2009 the Company received a renewed certificate.

Total sales and net profit for the last 3 years 6 months are as follows:

	Sales thousand LVL	Net profit LVL
2007	18 906 310	755 438
2008	20 588 919	625 140
2009	14 893 081	(556 214)

During the 1st half year of 2009 the company invested LVL 1,78 millions into producing buildings, machines and equipment to increase production efficiency with increasing labour productivity, less energy capacity to come to lower product costs.

Main production types in 2009 were fibreglass textiles (59%) and threads (35%).

Because of production request fall, product price in the global glass fibre market and old furnace reconstruction, net loss for the 1st half year of 2009 was LVL 0,556 millions.

The share value of JSC Valmieras stikla šķiedra listed in Riga Stock Exchange increased for LVL 0.03 or 10.3% i.e., from LVL 0.29 as of 31 December 2008 to LVL 0.32 as of 30.06.2009.

The board has specified the main financial indices for 2009 and 2010. In 2009 JSC "Valmieras stikla šķiedra" is planning to sell production for LVL 33,7 millions and get LVL 80,1 thousands net profit.

On 30 of June, 2009 in JSC "Valmieras stikla šķiedra" worked 789 employees.

The unrevised abridged financial statement for 6 months of year 2009 preparation were used revised year 2008 statement accounting policy.

Andris Oskars Brutāns
Chairman of the Board

AS VALMIERAS STIKLA ŠĶIEDRA

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The management of AS "Valmieras Stikla Šķiedra "(the Company) is responsible for preparation of the financial statements.

The Financial Statements are prepared in accordance with the source documents and present fairly the state of affairs of the Company at the end of 30 June 2009 and the results of its operations and cash flows for the year ended 30 June 2009. The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements presented on pages 6 to 12. The management also confirms that applicable International Financial Reporting Standards as adopted by the European Union have been followed and that the financial statements have been prepared on a going concern basis.

The management of the Company is also responsible for keeping proper accounting records , for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. They are also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the management

Andri Oskars Brutāns

Chairman of the Board

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 30 june 2009 AND 30 june 2008

	2009	CURRENCY	2008	CURRENCY
	LVL	EXCHANGE RATE	LVL	EXCHANGE RATE
		on30/06 /2009EUR		on30/06 /2008EUR
ASSETS				
<i>Non-current assets</i>		0.702804		0.702804
<i>Intangible assets</i>				
Patents and licenses	25 824	36 744	42 273	60 149
Other intangible assets	17 477	24 868	16 000	22 766
Total intangible assets	43 301	61 612	58 273	82 915
<i>Fixed assets</i>				
Land and buildings	10 100 826	14 372 181	11 006 296	15 660 548
Equipment and machinery	21 991 205	31 290 666	26 077 637	37 105 135
Other fixed assets	348 413	495 747	470 824	669 922
Construction in progress	6 842 716	9 736 308	558 436	794 583
Advance payments for fixed assets	57 272	81 491	1 404 854	1 998 927
Total fixed assets	39 340 432	55 976 392	39 518 047	56 229 115
Total non-current assets	39 383 733	56 038 003	39 576 320	56 312 030
<i>Current assets</i>				
<i>Inventory</i>				
Raw materials	6 502 145	9 251 719	7 385 356	10 508 415
Work in progress	2 584 836	3 677 890	2 559 100	3 641 271
Finished goods	7 064 262	10 051 539	5 065 528	7 207 597
Advance payments for inventories	27 070	38 517	173 744	247 215
Total inventory	16 178 313	23 019 666	15 183 728	21 604 499
<i>Accounts receivable</i>				
Trade receivables	6 410 946	9 121 954	6 728 441	9 573 709
Other receivables	401 470	571 240	287 722	409 392
Deferred expenses	226 029	321 610	112 716	160 380
Total accounts receivable	7 038 445	10 014 805	7 128 879	10 143 481
Derivatives	–	–	385 783	548 920
Cash and cash equivalents	283 828	403 851	468 543	666 677
Total current assets	23 500 586	33 438 321	23 166 933	32 963 576
TOTAL ASSETS	62 884 319	89 476 325	62 743 253	89 275 606

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 30 June 2009 AND 30 June 2008

	2009	CURRENCY	2008	CURRENCY
	LVL	EXCHANGE RATE	LVL	EXCHANGE RATE
		on 30/06 2009 EUR		on 30/06 2008 EUR
LIABILITIES & SHAREHOLDERS EQUITY		0.702804		0.702804
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	(556 214)	(791 421)	625 140	889 494
Total shareholders' equity	27 949 716	39 768 863	28 966 512	41 215 633
Liabilities				
Non-current liabilities				
Due to credit institutions	24 075 592	34 256 481	25 581 092	36 398 615
Finance lease	–	–	5 518	7 851
Deferred tax	160 361	228 173	676 123	962 036
Total non-current liabilities	24 235 953	34 484 654	26 262 733	37 368 502
Current liabilities				
Due to credit institutions	6 853 303	9 751 372	4 165 567	5 927 068
Finance lease	1 716	2 442	6 540	9 306
Advance payments from customers	23 400	33 295	31 496	44 815
Trade payables	3 120 644	4 440 276	2 416 785	3 438 775
Taxes and social security payments	341 669	486 151	248 775	353 975
Other accounts payable	208 256	296 322	247 439	352 074
Accrued liabilities	143 862	204 697	389 206	553 790
Deferred	5 800	8 253	8 200	11 668
Derivatives	–	–	–	–
Dividend for the financial year	–	–	–	–
Total current liabilities	10 698 650	15 222 807	7 514 008	10 691 470
Total liabilities	34 934 603	49 707 462	33 776 741	48 059 973
Total liabilities & shareholders' equity	62 884 319	89 476 325	62 743 253	89 275 606

JSC VALMIERAS STIKLA ŠKIEDRA

STATEMENT OF PROFIT AND LOSS

FOR THE YEARS ENDED 30 June 2009 AND 30 June 2008

	30.06.2009		30.06.2008	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Revenues	14 893 081	21 190 945	20 588 919	29 295 392
Changes in inventories	(258 168)	(367 340)	1 002 544	1 426 492
Other operating income	1 226 577	1 745 262	188 110	267 656
Raw materials and consumables	(7 729 170)	(10 997 618)	(10 319 290)	(14 683 027)
Personnel expenses	(3 096 447)	(4 405 847)	(3 643 132)	(5 183 710)
Depreciation and amortization	(2 560 554)	(3 643 340)	(3 039 138)	(4 324 304)
Other operating expenses	(2 356 578)	(3 353 108)	(3 302 518)	(4 699 060)
Profit from operations	118 741	168 953	1 475 495	2 099 440
Interest - and similar income	153	218	396	563
Interest - and similar expenses	(675 108)	(960 592)	(850 751)	(1 210 510)
Profit before taxes	(556 214)	(791 421)	625 140	889 494
Corporate income tax				
Net profit	(556 214)	(791 421)	625 140	889 494
Basic earnings per share	-0.0233	-0.0332	0.0262	0.0373

	2009 Year	2009Year	2008 Year	2008Year
	6 months	6 months	6 months	6 months
	LVL	EUR	LVL	EUR
		0.702804		0.702804
operating activities				
Profit / (loss) before taxation	(556 214)	(791 421)	640 574	911 455
Adjustments:				
Depreciation and amortization	2 560 554	3 643 340	3 039 138	4 324 304
(Profit) or loss from disposal of fixed assets	(0 325)	(0 462)	(5 695)	(8 103)
Interest expense	730 476	1 039 374	713 553	1 015 294
Interest income	(0 153)	(0 218)	(0 396)	(0 563)
Changes in operating assets and liabilities:				
Inventory	1471145	2 093 251	(1 065 829)	(1 516 538)
Accounts receivable and other assets	(902 476)	(1 284 108)	(1 657 962)	(2 359 067)
Accounts payable and other liabilities	(617 057)	(877 993)	(270 035)	(384 225)
Interest received	153	218	396	563
Cash provided by operating activities	2 686 103	3 821 980	1 393 744	1 983 119
investing activities				
Purchase of fixed assets and intangible assets, advance payments	(1 275 301)	(1 814 590)	(1 677 007)	(2 386 166)
Proceeds from sale of fixed assets	4 873	6 934	5 940	8 452
Net cash used in investing activities	(1 270 428)	(1 807 656)	(1 671 067)	(2 377 714)
Financing activities				
Received loans from credit institution	284 636	405 001	897 270	1 276 700
Paid loans to credit institutions	(1 317)	(1 875 149)		
Increase in credit line	285 168	405 758	(23 451)	(33 368)
Finance lease payments	(2 425)	(3 450)	(11 328)	(16 118)
Interest expenses paid	(778 273)	(1 107 383)	(713 553)	(1 015 294)
Net cash provided by financing activities	(1 528 756)	(2 175 224)	148 938	211 920
Net (decrease) / increase in cash and cash equivalents	(113 081)	(160 900)	(128 385)	(182 675)
Cash and cash equivalents at the beginning of the year	396 909	564 751	596 928	849 352
Cash and cash equivalents at the end of the year	283 828	403 851	468 543	666 677

A/S "Valmieras stikla šķiedra "

Statements of shareholders' equity
In 6 months of 2009

rate of exchange 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 6 Months 2008 profit		625 140	625 140		889 494	889 494
Current VII-XII 2008profit		(119 546)	(119 546)		(170 099)	(170 099)
AS of 31 december 2008	23 903 205	4 602 725	28 505 930	34 011 197	6 549 088	40 560 284
Current 6 Months 2009 profit		(556 214)	(556 214)		(791 421)	(791 421)
Current of 30 june 2009	23 903 205	4 046 511	27 949 716	34 011 197	5 757 666	39 768 863

Andris Oskars Brutāns
Chairman of the Board

ANNEX

1. SHARE CAPITAL

The company's registered share capital as at 30 June 2009 and 2008 was LVL 23.903.205. The company's paid share capital registered with the Enterprise Register as at 30 June 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 30 June 2009 and 2008 the shareholders of the Company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	2009	2008
	6 Months	6 Months
P-D Glasseiden Oschatz GmbH	38.2%	45.3%
Vitrolan International GmbH	36.2%	36.2%
P-D Management Industries-Technologies DmbH	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%	6.7%
	100.00%	100.00%

2. INFORMATION CONCERNING THE PROFIT OR LOSS ACCOUNT

1. MATERIAL EXPENSES

	2009	EUR	2008	EUR
	6 Months		6 Months	
	LVL	0.702804	LVL	0.702804
Raw materials	4 689 195	6 672 123	6 968 831	9 915 753
Electricity	1 082 329	1 540 015	1 185 872	1 687 344
Ore processing costs	69 178	98 431	185 354	263 735
Natural gas	1 345 707	1 914 769	1 288 834	1 833 846
Depletion of ore	98 764	140 529	69 930	99 501
Other	443 997	631 751	620 469	882 848
Total	7 729 170	10 997 618	10 319 290	14 683 027

2. PERSONNEL EXPENSES

Salaries	2 159 275	3 072 372	2 489 047	3 541 595
Social security payments	576 696	820 564	634 551	902 885
Illness and vacation expenses	240 409	342 071	214 138	304 691
Provisions for bonuses of Board and Council	5 000	7 114	69 300	98 605
Insurance of employees	23 383	33 271	28 816	41 001
Other	91 684	130 455	207 280	294 933
Total	3 096 447	4 405 847	3 643 132	5 183 710

3. DEPRECIATION AND AMORTISATION

Fixed asset depreciation	2 550 816	3 629 484	3 027 073	4 307 137
Intangible asset amortisation	9 738	13 856	12 065	17 167
Total	2 560 554	3 643 340	3 039 138	4 324 304

4. OTHER OPERATING EXPENSES

Transportation	854 848	1 216 339	1 162 981	1 654 773
Commission	520 542	740 665	890 349	1 266 852
Service costs	240 146	341 697	336 451	478 727
Repairs	167 958	238 983	260 465	370 608
Maintenance expenses	175 217	249 311	208 641	296 869
Insurance	77 309	110 001	101 455	144 357
Business trips	80 416	114 422	65 520	93 227
Expenses relating to personnel	81 201	115 539	91 634	130 383
Communications	27 176	38 668	27 261	38 789
Leasing	44 531	63 362	49 934	71 050
Property tax	26 954	38 352	23 207	33 021
Office expenses	10 013	14 247	21 197	30 161
Selling expenses	17 186	24 453	3 440	4 895
Increase in doubtful debts	2 000	2 846	10 000	14 229
Other	31 081	44 224	49 983	71 119
Total	2 356 578	3 353 108	3 302 518	4 699 060

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3. TRADE RECEIVABLES

	2009	EUR	2008	EUR
	6 months		6 months	
	LVL	0.702804	LVL	0.702804
P-D Glasseiden Oschatz GmbH	2 349 227	3 342 649	2 628 736	3 740 354
Vitrolan Technical GmbH	340 607	484 640	—	—
Vitrolan Textilglas GmbH	255 931	364 157	506 896	721 248
Other trade receivables	3 465 181	4 930 508	3 592 809	5 112 107
	6 410 946	9 121 954	6 728 441	9 573 709

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 – 30.06.09



Currency: LVL

Open	0.29 LVL
Max	0,39 LVL
Min	0,27 LVL
Last	0,32 LVL
Change	10,34 %
Deals	341
No of shares traded	218 369
Turnover	68 998,46 LVL