



JSC "VALMIERAS STIKLA ŠĶIEDRA"

Reg.No. 40003031676

Not audited

Financial report

as at 31.march 2010

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 Stefan Jugel Friedhelm Schwender
THE COUNCIL	Chairman of the Council: Jürgen Preiss-Daimler Members of the Council: Frank Behrends 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 31 countries.

74% of the total production is sold to companies in the European Union; export sales comprise 95% 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. On the 5th of March, 2009 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
2008	9 714	441 682
2009	6 721	-328 325
2010	8 115	27 655

Net turnover for the 1st quarter, 2010 was 8.1 mil. LVL and that is for 0.7 mil. LVL or 9.3% more as planned, because of successful sales work and demand increase of production in the fibre glass market.

Main production types in 2010 were fibreglass textiles (56%) and threads (38%).

After reconstruction the 2nd fibre glass melting furnace started to work again.

As planned before the company invested into buildings, machines and equipment to increase production efficiency with increasing labour productivity, less energy capacity to come to lower product costs.

The company solvency improvement – ability to cover short term obligations with current assets describes liquidity:

2008	2.20
2009	2.74
2010	2.66

The company's financial independency is increased, considering the amount of obligations in comparison with the amount of own-capital:

2008	1.27
2009	1.07
2010	1.05

The company is planning to decrease this indicator under 1.0 till the end of 2010.

The Board has worked out and council has approved the budget and the plan of investments for 2010. JSC "Valmieras stikla šķiedra" is planning to sell the production for 36.7 mil. LVL, net profit 976.4 th.LVL and 600 th.LVL to invest.

Rigas stock exchange JSC "Valmieras stikla šķiedra" price for 1 share is increased for 0.08 LVL or 18.6%; from LVL 0.43 31.12.2009 to LVL 0.51 31.03.2010.

As of 31.March 2009 the number of employees was 776.

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
03 May 2010

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2010 AND 31 March 2009

	31.03.2010		31.03.2009	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
ASSETS				
<i>Non-current assets</i>				
<i>Intangible assets</i>				
Patents and licenses	16 809	23 917	30 294	43 104
Other intangible assets	17 477	24 868	17 477	24 868
Total intangible assets	34 286	48 785	47 771	67 972
<i>Fixed assets</i>				
Buildings	9 492 440	13 506 525	10 327 786	14 695 116
Equipment and machinery	26 798 322	38 130 577	22 941 555	32 642 892
Other fixed assets	272 214	387 326	383 709	545 969
Construction in progress	126 450	179 922	6 378 415	9 075 667
Advance payments for fixed assets	22 631	32 201	46 902	66 736
Total fixed assets	36 712 057	52 236 551	40 078 367	57 026 379
Total non-current assets	36 746 343	52 285 336	40 126 138	57 094 351
<i>Current assets</i>				
<i>Inventory</i>				
Raw materials	7 630 179	10 856 767	7 187 789	10 227 302
Work in process	1 706 835	2 428 607	3 335 466	4 745 941
Finished goods	5 291 700	7 529 411	7 943 825	11 303 045
Advance payments for goods	32 158	45 757	12 706	18 079
Total inventory	14 660 872	20 860 541	18 479 786	26 294 367
<i>Accounts receivable</i>				
Due from related parties	6 287 004	8 945 601	6 116 705	8 703 287
Other receivables	290 373	413 164	348 954	496 517
Deferred expenses	325 329	462 901	174 508	248 303
Total accounts receivable	6 902 706	9 821 666	6 640 167	9 448 106
Derivatives				
Cash	315 912	449 502	65 567	93 293
Total current assets	21 879 490	31 131 710	25 185 520	35 835 766
TOTAL ASSETS	58 625 833	83 417 045	65 311 658	92 930 117

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2010 AND 31 March 2009

	31.03.2010		31.03.2009	
	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	4 621 148	6 575 301	4 602 725	6 549 088
b) current year profit	27 655	39 350	-328 325	-467 164
Total shareholders' equity	28 552 008	40 625 847	28 177 605	40 093 120
Liabilities				
Non-current liabilities				
Due to credit institutions	21 847 797	31 086 614	24 491 721	34 848 579
Finance lease				
Deferred tax			160 361	228 173
Total non-current liabilities	21 847 797	31 086 614	24 652 082	35 076 753
Current liabilities				
Due to credit institutions	5 206 758	7 408 549	7 020 374	9 989 092
Finance lease	11 936	16 983	5 566	7 920
Advance payments from customers	14 494	20 623	778 797	1 108 128
Trade payables	2 395 101	3 407 922	4 064 764	5 783 638
Taxes and social security payments	212 435	302 268	213 420	303 669
Other accounts payable	220 685	314 006	249 389	354 849
Accrued liabilities	161 219	229 394	143 861	204 696
Deferred income	3 400	4 838	5 800	8 253
Derivatives				
Total current liabilities	8 226 028	11 704 583	12 481 971	17 760 245
Total liabilities	30 073 825	42 791 198	37 134 053	52 836 997
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY				
	58 625 833	83 417 045	65 311 658	92 930 117

JSC VALMIERAS STIKLA ŠKIEDRA

STATEMENT OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 March 2010 AND 31 March 2009

	31.03.2010		31.03.2009	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Revenues	8 114 765	11 546 270	6 720 762	9 562 783
Changes in inventories				
Work performed by the entity and capitalised	(519 626)	(739 361)	1 372 026	1 952 217
Other operating income	576 222	819 890	34 038	48 432
Raw materials and consumables	(4 086 627)	(5 814 746)	(4 232 352)	(6 022 094)
Personnel expenses	(1 343 133)	(1 911 106)	(1 563 716)	(2 224 967)
Depreciation and amortization	(1 122 607)	(1 597 326)	(1 285 315)	(1 828 838)
Other operating expenses	(1 293 193)	(1 840 048)	(1 103 678)	(1 570 392)
Profit from operations	325 801	463 573	(58 235)	(82 861)
Interest - and similar income	130	185	130	185
Interest - and similar expenses	(298 276)	(424 409)	(270 220)	(384 488)
Profit before taxes	27 655	39 350	(328 325)	(467 164)
Corporate income tax				
Net profit	27 655	39 350	(328 325)	(467 164)
Basic earnings per share	0.0012	0.0016	-0.0137	-0.0195

A/S VALMIERAS STIKLA SKIEDRA

STATEMENTS OF CASH FLOWS

	2010 Year 3 months		2009 Year 3 months	
	LVL	EUR	LVL	EUR
I OPERATING ACTIVITIES		0.702804		0.702804
1. Profit/(loss) before taxation	27 655	39 350	(328 325)	(467 164)
Adjustments:				
2. Depreciation and amortization	1 122 607	1 597 326	1 285 315	1 828 838
3. Loss from disposal of fixed assets	–	–		
4. Calculated interest income	(130)	(185)	(130)	(185)
5. Calculated interest expenses	342 927	487 941	358 503	510 104
Changes in operating assets and liabilities:				
1. Inventory	(1 205 977)	(1 715 951)	(830 328)	(1 181 450)
2. Accounts receivable	672 988	957 576	(504 198)	(717 409)
3. Accounts payable	340 259	484 145	1 031 953	1 468 337
4. Interest received	130	185	130	185
Cash provided by operating activities	1 300 459	1 850 386	(1 012 920)	(1 441 255)
II INVESTING ACTIVITIES				
1. Repaid loan	(428 686)	(609 965)	(797 989)	(1 135 436)
2. Received credit line	–	–		
Net cash provided by /(used) financing activities	(428 686)	(609 965)	(797 989)	(1 135 436)
III FINANCING ACTIVITIES				
1. Received loans from credit institution				
2. Paid loans to credit institutions	(742 598)	(1 056 622)	(617 097)	(878 050)
3. Received credit	7 135 829	10 153 370	12 313 516	17 520 555
4. Paid credit line	(7 121 007)	(10 132 280)	(11 861 278)	(16 877 078)
5. Paid finance lease	(4 171)	(5 935)	1 425	2 028
6. Interest expenses paid	(350 070)	(498 105)	(382 839)	(544 731)
Net cash provided by/(used in) financing activities	(1 082 017)	(1 539 571)	(546 273)	(777 276)
Net decrease in cash	(210 244)	(299 150)	(331 342)	(471 457)
Cash at the beginning of the year	526 156	748 653	396 909	564 751
Cash at the end of the period	315 912	449 502	65 567	93 293

A/S "Valmieras stikla šķiedra "

Statements of shareholders' equity
In 3 months of 2010

	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 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
Dividends paid		-	-		-	-
Current IV-XII 2009 profit		346 748	346 748		493 378	493 378
As of 31 december 2009	23 903 205	4 621 148	28 524 353	34 011 197	6 575 301	40 586 498
Current 3 Months 2010 profit		27 655	27 655		39 350	39 350
	23 903 205	4 648 803	28 552 008	34 011 197	6 614 651	40 625 847

Andris Oskars Brutāns
 Chairman of the Board

ANNEX

1. SHARE CAPITAL

The company's registered share capital as at 31 March 2010 and 2009 was LVL 23.903.205. The company's paid share capital registered with the Enterprise Register as at 31 March 2010 and 2009 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 2010 and 2009 the shareholders of the Company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	2010	2009
	3 Months	3 Months
P-D Glasseiden Oschatz GmbH	26.0%	38.2%
Vitrulan International GmbH	36.2%	36.2%
P-Dmanagement Industries- Technologies GmbH	23.9%	11.7%
Skandinaviska Enskilda Banken Ab	2.0%	2.0%
VAS VSAA	2.4%	2.4%
Braune Beatrix	2.6%	2.6%
Other	6.9%	6.9%
	100.0%	100.0%

2. INFORMATION CONCERNING THE PROFIT OR LOSS ACCOUNT

1. MATERIAL EXPENSES

	2010		2009	
	3 Months		3 Months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Raw materials	2 487 286	3 539 089	2 604 694	3 706 146
Electricity	509 738	725 292	600 447	854 359
Ore processing costs	58 012	82 544	56 320	80 136
Natural gas	534 248	760 166	876 387	1 246 986
Depletion of ore	43 110	61 340	41 684	59 311
Other	454 233	646 315	52 820	75 156
Total	4 086 627	5 814 746	4 232 352	6 022 094

2. PERSONNEL EXPENSES

Salaries	994 667	1 415 284	1 142 377	1 625 456
Social security payments	245 079	348 716	293 080	417 015
Illness and vacation expenses	55 346	78 750	85 357	121 452
Provisions for remuneration of Board and Council	30 000	42 686	5 000	7 114
Insurance of employees	9 951	14 159	11 462	16 309
Other	8 090	11 511	26 440	37 621
Total	1 343 133	1 911 106	1 563 716	2 224 967

3. DEPRECIATION AND AMORTISATION

Fixed asset depreciation	1 117 967	1 590 724	1 280 047	1 821 343
Intangible asset amortisation	4 640	6 602	5 268	7 496
Total	1 122 607	1 597 326	1 285 315	1 828 838

4. OTHER OPERATING EXPENSES

Transportation	369 380	525 580	367 844	523 395
Commission	292 164	415 712	262 049	372 862
Service costs	134 565	191 469	121 426	172 774
Repairs	74 472	105 964	90 810	129 211
Maintenance expenses	67 218	95 643	99 417	141 458
Insurance	32 585	46 364	31 334	44 584
Business trips	23 938	34 061	33 959	48 319
Expenses relating to personnel	22 638	32 211	36 904	52 510
Communications	11 325	16 114	13 057	18 578
Leasing	12 863	18 302	18 996	27 029
Property tax	11 208	15 948	7 811	11 114
Office expenses	6 497	9 244	5 057	7 195
Selling expenses	11 403	16 225	5 433	7 730
Increase in doubtful debts	2 000	2 846	2 000	2 846
Other	220 937	314 365	7 581	10 787
Total	1 293 193	1 840 048	1 103 678	1 570 392

3. TRADE RECEIVABLES

	2010		2009	
	3 months		3 months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
P-D Glasseiden Oschatz GmbH	2 926 991	4 164 733	2 639 670	3 755 912
Vitrolan Textilglas GmbH	151 767	215 945	268 288	381 739
Vitrolan Technikal Textiles GmbH	290 997	414 051	277 584	394 966
Other trade receivables	2 917 249	4 150 871	2 931 163	4 170 669
	6 287 004	8 945 601	6 116 705	8 703 287

Andris Oskars Brutāns

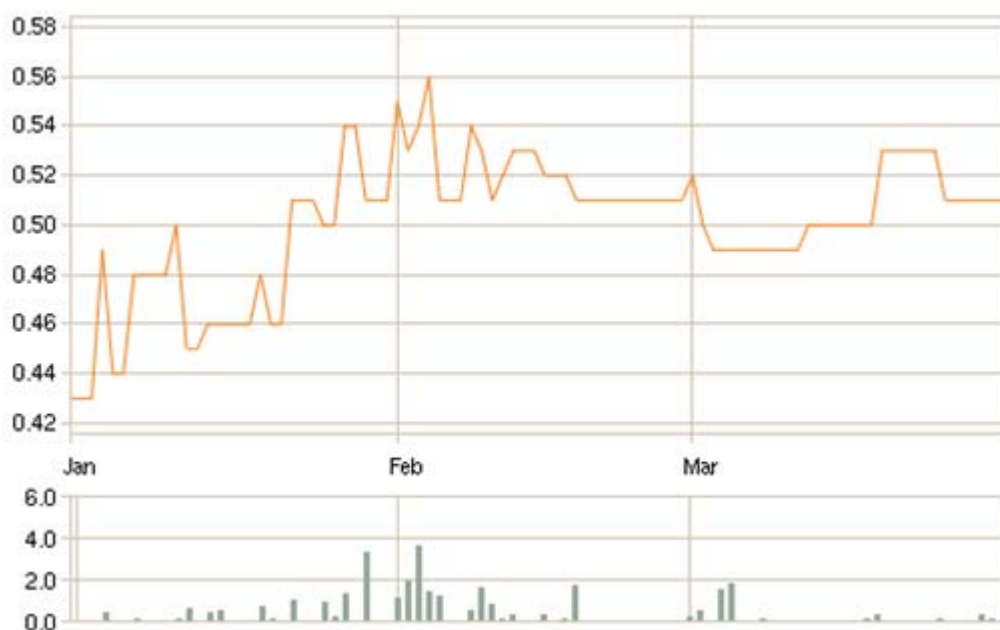
Chairman of the Board

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 01.01.10 – 31.03.10



Currency: LVL

Open	0,48 LVL
Max	0,56 LVL
Min	0,44 LVL
Last	0,51 LVL
Change	18,60%
Deals	108
No of shares traded	57 086
Turnover	29 376,86 LVL