



JSC "VALMIERAS STIKLA ŠĶIEDRA"

Reg.No. 40003031676

Not audited

Financial report

as at 31 March 2011

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: Hans Peter Cordts Reinhard Conradt 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. 75 % of the total production is sold to companies in the European Union; export sales comprise 96 % of total sales.

The operations of the Company are certified according to ISO 9001:2008 requirements. Compliance with these requirements is audited by the German Quality management system certification company DQS GmbH once per three years. On 4 March 2009 the Company received quality management system certificate which is valid until 5 March 2012.

The Company has gained a net profit of 10.8 million LVL in the first 3 months of 2011, which is 1.4 million LVL or 14.8 % more than planned. The Company has also gained a profit of 0.5 million LVL, which is 0.66 million LVL more than was planned. The profit on operating activities (EBITDA) in the first 3 months of 2011 was 2.1 million LVL or 45.5% more than in 2010 over the same period of time. The profit on commerce (EBIT) in the first 3 months of 2011 was 0.84 million LVL, that is 0.52 million LVL or 158.4 % more than in 2010 over the same period of time and 0.66 million LVL more than planned. The rise of the results against indicators is associated with greater market conjuncture and a successful marketing. That has allowed firstly to raise the prices of the production and secondly to raise the sales of the production in all the main markets of the Company (European Union + 33% and USA and Canada +25%). This development gives a reason to reassess the company's forecast for the year 2011 and raise the forecast of the sales to 45 million instead of the previous 44.2 million LVL. The forecast for profit stays unchanged 1.4 million LVL. This is associated with the possible raise of the costs for energy resources in the second half of 2011. The Company thinks that the raise of the prices of the sold production in the future can restrict the negative effects of the raise of the costs for gas and electricity. The anti-dumping measures, lunched by the European Commission from February 2011, against the construction mesh, produced in the Peoples Republic of China, will have an importance.

Main production types in the first quarter of 2011 were fibreglass textiles and nets (55%) and threads and rovings (41 %).

Investments in first 3 months were 0.7 mil. LVL, mainly for increasing a producing capacity, these kinds of investments are necessary to execute orders.

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

	Sales thousand LVL	Net profit LVL
2009	6 721	-328 325
2010	8 115	27 665
2011	10 822	505 701

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

2009	2.74
2010	2.66
2011	2.58

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

2009	1.07
2010	1.05
2011	0.95

In 2011 proportion of obligations in a balance sheet were 48.7 %, operating margin 7.8 %, but return on capital employd (ROCE) 1.7 %.

Rigas stock exchange AS "Valmieras stikla šķiedra" 1 share price has increased for LVL 0.10 or 15.2% - from LVL 0.66 on 31.12.2010 to LVL 0.76 on 31.03.2011.

As of 31. March 2011 the number of employees was 778.

For the preparation of the unrevised financial statement for as per 3 months of 2011 we used the revised statement accounting policy of 2010.

Andris Oskars Brutāns
Chairman of the Board
26.Mar.11

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2011 AND 31 March 2010

	31.03.2011		31.03.2010	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
ASSETS				
<i>Non-current assets</i>				
<i>Intangible assets</i>				
Patents and licenses	10 741	15 283	16 809	23 917
Other intangible assets	17 477	24 868	17 477	24 868
Total intangible assets	28 218	40 151	34 286	48 785
<i>Fixed assets</i>				
Buildings	8 732 530	12 425 271	9 492 440	13 506 525
Equipment and machinery	23 330 499	33 196 309	26 798 322	38 130 577
Other fixed assets	254 003	361 414	272 214	387 326
Construction in progress	442 643	629 824	126 450	179 922
Advance payments for fixed assets	688 158	979 161	22 631	32 201
Total fixed assets	33 447 833	47 591 979	36 712 057	52 236 551
Total non-current assets	33 476 051	47 632 129	36 746 343	52 285 336
<i>Current assets</i>				
<i>Inventory</i>				
Raw materials	8 605 819	12 244 977	7 630 179	10 856 767
Work in process	1 364 564	1 941 600	1 706 835	2 428 607
Finished goods	4 497 408	6 399 235	5 291 700	7 529 411
Advance payments for goods	395 815	563 194	32 158	45 757
Total inventory	14 863 606	21 149 006	14 660 872	20 860 541
<i>Accounts receivable</i>				
Due from related parties	8 525 549	12 130 763	6 287 004	8 945 601
Other receivables	312 236	444 272	290 373	413 164
Deferred expenses	233 911	332 825	325 329	462 901
Total accounts receivable	9 071 696	12 907 861	6 902 706	9 821 666
Derivatives				
Cash	388 348	552 569	315 912	449 502
Total current assets	24 323 650	34 609 436	21 879 490	31 131 710
TOTAL ASSETS	57 799 701	82 241 565	58 625 833	83 417 045

JSC VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

AS AT 31 March 2011 AND 31 March 2010

	31.03.2011		31.03.2010	
	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	5 237 621	7 452 463	4 621 148	6 575 301
b) current year profit	505 701	719 548	27 655	39 350
Total shareholders' equity	29 646 527	42 183 208	28 552 008	40 625 847
Liabilities				
Non-current liabilities				
Due to credit institutions	18 711 397	26 623 919	21 847 797	31 086 614
Finance lease				
Deferred tax				
Total non-current liabilities	18 711 397	26 623 919	21 847 797	31 086 614
Current liabilities				
Due to credit institutions	5 538 694	7 880 852	5 206 758	7 408 549
Finance lease	45 886	65 290	11 936	16 983
Advance payments from customers	4 032	5 737	14 494	20 623
Trade payables	3 150 283	4 482 449	2 395 101	3 407 922
Taxes and social security payments	191 435	272 387	212 435	302 268
Other accounts payable	286 679	407 907	220 685	314 006
Accrued liabilities	223 768	318 393	161 219	229 394
Deferred income	1 000	1 423	3 400	4 838
Derivatives				
Total current liabilities	9 441 777	13 434 438	8 226 028	11 704 583
Total liabilities	28 153 174	40 058 358	30 073 825	42 791 198
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY				
	57 799 701	82 241 565	58 625 833	83 417 045

JSC VALMIERAS STIKLA ŠKIEDRA

STATEMENT OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 March 2011 AND 31 March 2010

	31.03.2011		31.03.2010	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Revenues	10 822 049	15 398 388	8 114 765	11 546 270
Changes in inventories				
Work performed by the entity and capitalised	(34 770)	(49 473)	(519 626)	(739 361)
Other operating income	32 982	46 929	576 222	819 890
Raw materials and consumables	(5 685 834)	(8 090 213)	(4 086 627)	(5 814 746)
Personnel expenses	(1 670 545)	(2 376 971)	(1 343 133)	(1 911 106)
Depreciation and amortization	(1 266 290)	(1 801 768)	(1 122 607)	(1 597 326)
Other operating expenses	(1 355 834)	(1 929 178)	(1 293 193)	(1 840 048)
Profit from operations	841 758	1 197 714	325 801	463 573
Interest - and similar income	15	21	130	185
Interest - and similar expenses	(336 072)	(478 187)	(298 276)	(424 409)
Profit before taxes	505 701	719 548	27 655	39 350
Corporate income tax				
Net profit	505 701	719 548	27 655	39 350
Basic earnings per share	0.0212	0.0301	0.0012	0.0016

A/S VALMIERAS STIKLA SKIEDRA

STATEMENTS OF CASH FLOWS

	2011 Year 3 months		2010 Year 3 months	
	LVL	EUR	LVL	EUR
I OPERATING ACTIVITIES		0.702804		0.702804
1. Profit/(loss) before taxation	505 701	719 548	27 655	39 350
Adjustments:				
2. Depreciation and amortization	1 266 290	1 801 768	1 122 607	1 597 326
3. Loss from disposal of fixed assets	(4 223)	(6 009)		
4. Calculated interest income	(015)	(021)	(130)	(185)
5. Calculated interest expenses	303 909	432 424	342 927	487 941
Changes in operating assets and liabilities:				
1. Inventory	(123 702)	(176 012)	(1 205 977)	(1 715 951)
2. Accounts receivable	(1 983 426)	(2 822 161)	672 988	957 576
3. Accounts payable	(255 354)	(363 336)	340 259	484 145
4. Interest received	15	21	130	185
Cash provided by operating activities	(290 805)	(413 778)	1 300 459	1 850 386
II INVESTING ACTIVITIES				
1. Repaid loan	(1 050 466)	(1 494 678)	(428 686)	(609 965)
2. Received credit line	4 223	6 009		
Net cash provided by /(used) financing activities	(1 046 243)	(1 488 670)	(428 686)	(609 965)
III FINANCING ACTIVITIES				
1. Received loans from credit institution				
2. Paid loans to credit institutions	(742 598)	(1 056 622)	(742 598)	(1 056 622)
3. Received credit	4 498 603	6 400 935	7 135 829	10 153 370
4. Paid credit line	(1 955 270)	(2 782 099)	(7 121 007)	(10 132 280)
5. Paid finance lease	(3 425)	(4 873)	(4 171)	(5 935)
6. Interest expenses paid	(303 909)	(432 424)	(350 070)	(498 105)
Net cash provided by/(used in) financing activities	1 493 401	2 124 918	(1 082 017)	(1 539 571)
Net decrease in cash	156 353	222 470	(210 244)	(299 150)
Cash at the beginning of the year	231 995	330 099	526 156	748 653
Cash at the end of the period	388 348	552 569	315 912	449 502

A/S "Valmieras stikla šķiedra "

Statements of shareholders' equity
In 3 months of 2011

	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 2009	23 903 205	4 621 147	28 524 352	34 011 197	6 575 300	40 586 496
Current 3 Months 2010 profit		27 655	27 655		39 350	39 350
Current IV-XII 2010 profit		588 819	588 819		837 814	837 814
As of 31 december 2010	23 903 205	5 237 621	29 140 826	34 011 197	7 452 463	41 463 660
Current 3 Months 2011 profit		505 701	27 655		719 548	39 350
	23 903 205	5 743 322	29 168 481	34 011 197	8 172 011	42 183 208

Andris Oskars Brutāns
 Chairman of the Board

ANNEX

1. SHARE CAPITAL

The company's registered share capital as at 31 March 2011 and 2010 was LVL 23.903.205. The company's paid share capital registered with the Enterprise Register as at 31 March 2011 and 2010 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 2011 and 2010 the shareholders of the Company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	2011	2010
	3 Months	3 Months
P-D Glasseiden Oschatz GmbH	26.0%	26.0%
Vitrulan International GmbH	36.2%	36.2%
P-Dmanagement Industries- Technologies GmbH	23.9%	23.9%
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

	2011		2010	
	3 Months		3 Months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Raw materials	3 563 040	5 069 749	2 487 286	3 539 089
Electricity	770 609	1 096 478	509 738	725 292
Ore processing costs	76 118	108 306	58 012	82 544
Natural gas	713 049	1 014 577	534 248	760 166
Depletion of ore	62 753	89 289	43 110	61 340
Other	500 265	711 813	454 233	646 315
Total	5 685 834	8 090 213	4 086 627	5 814 746

2. PERSONNEL EXPENSES

Salaries	1 187 555	1 689 739	994 667	1 415 284
Social security payments	300 824	428 034	245 079	348 716
Illness and vacation expenses	91 806	130 628	55 346	78 750
Provisions for remuneration of Board and Council	74 000	105 293	30 000	42 686
Insurance of employees	9 483	13 493	9 951	14 159
Other	6 877	9 785	8 090	11 511
Total	1 670 545	2 376 971	1 343 133	1 911 106

3. DEPRECIATION AND AMORTISATION

Fixed asset depreciation	1 264 733	1 799 553	1 117 967	1 590 724
Intangible asset amortisation	1 557	2 215	4 640	6 602
Total	1 266 290	1 801 768	1 122 607	1 597 326

4. OTHER OPERATING EXPENSES

Transportation	505 619	719 431	369 380	525 580
Commission	304 699	433 548	292 164	415 712
Service costs	159 510	226 962	134 565	191 469
Repairs	101 640	144 621	74 472	105 964
Maintenance expenses	104 149	148 191	67 218	95 643
Insurance	30 461	43 342	32 585	46 364
Business trips	41 049	58 407	23 938	34 061
Expenses relating to personnel	22 638	32 211	22 638	32 211
Communications	8 603	12 241	11 325	16 114
Leasing	17 265	24 566	12 863	18 302
Property tax	14 213	20 223	11 208	15 948
Office expenses	6 497	9 244	6 497	9 244
Selling expenses	11 229	15 977	11 403	16 225
Increase in doubtful debts	2 000	2 846	2 000	2 846
Other	220 937	314 365	220 937	314 365
Total	1 550 509	2 206 176	1 293 193	1 840 048

3. TRADE RECEIVABLES

	2011		2010	
	3 months		3 months	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
P-D Glasseiden Oschatz GmbH	4 331 112	6 162 617	2 926 991	4 164 733
Vitrolan Textilglas GmbH	220 201	313 318	151 767	215 945
Vitrolan Technikal Textiles GmbH	410 191	583 649	290 997	414 051
Other trade receivables	3 564 045	5 071 179	2 917 249	4 150 871
	8 525 549	12 130 763	6 287 004	8 945 601

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 01.01.11 – 31.03.11



Currency: LVL

Open	0,688 LVL
Max	0,898 LVL
Min	0,680 LVL
Last	0,752 LVL
Change	13,939%
Deals	163
No of shares traded	73 094
Turnover	55 586,72 LVL