



JSC "Valmieras stikla šķiedra"

FINANCIAL STATEMENT

as at 31.March 2012

Not audited

COMPANY NAME	Valmieras stikla šķiedra
LEGAL STATUS	Joint Stock Company
REGISTRATION NUMBER, PLACE AND DATE	Nr. 40003031676 Riga, September 30, 1991
TYPE OF BUSINESS	Production of fibre glass 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: Reinhard Conradt Hans Peter Cordts Guntis Strazds Aivars Lošmanis
PERIOD OF THE STATEMENT	January 1 to March 31, 2012

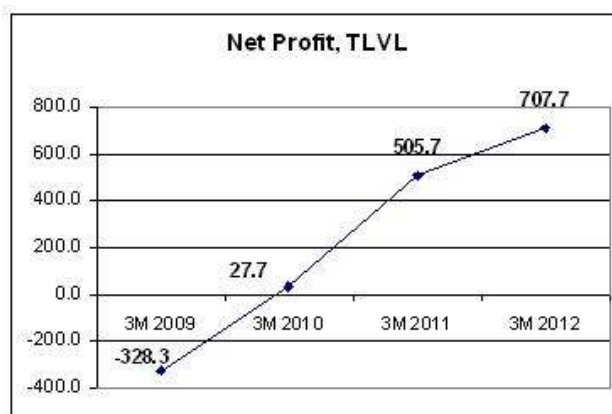
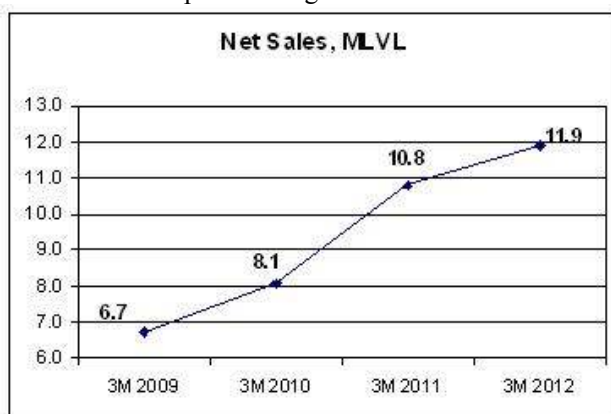
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AS VALMIERAS STIKLA ŠĶIEDRA MANAGEMENT REPORT

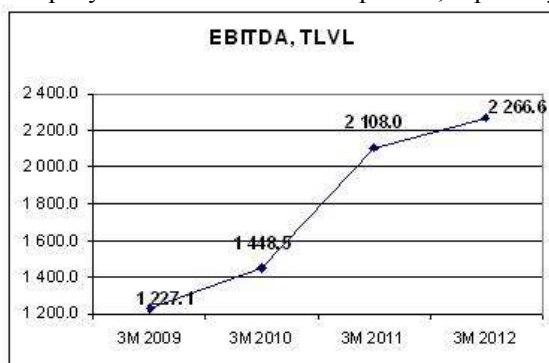
The Company's primary business is manufacture and sale of fiberglass and fiberglass products. The production is sold in Europe, USA, Canada, Australia, Russia, Ukraine and the Baltic states, total in 32 countries. 79.0 % of the total production is sold to companies in the European Union; export sales comprise 96 % of total sales. Since 2000 the operations of the Company are certified according to ISO 9001:2008 requirements. The German Quality management system certification company DQS GmbH once per three years audits compliance with these requirements. On 16 March 2012 the Company received quality management system certificate that is valid until 15 March 2015

In the first quarter of 2012 the Company has reached net sales of 11.9 million LVL, that is 9% more than over the same period of 2011, and has gained net profit of 707.7 TLVL, that is 40% more than over the same period of 2011 and 3% above the planed budget.



The operating profit (EBITDA) was 2.27 million LVL, or 18% in relation to total amount and it is 8% more than in the I. quarter of 2011. The earnings before interest and taxes (EBIT) was 1.057 million LVL, 8% in relation to total amount and it is 842 TLVL or 26% % more than in the I. quarter of 2011. In relation to the I. quarter of 2011 the output has increased for 3.3%. Return on assets is 9.0%, that is 1.2 percentage points higher than over the same period of 2011, while return on capital (ROCE) 2.2%, that is 0.5 percentage points higher than over the same period of 2011.

In the first 3 months of 2012 the sales price has risen for about 3.97% in relation to the first 3 months of 2011 due to the use of products with higher added value. The Sales in the geographical markets for the I. quarter of 2012 are as follows: USA and Canada – an increase of 25 %; Russia and Ukraine – an increase of 79,9 %; other (inc. Switzerland, Croatia and India) – an increase of 72,5 %. In the European Union the sales have been stabile. The company's customer base has expanded, especially in the U.S. market and in the East.



There has been an evident rise in almost all product groups, especially with construction mash, mats and products with high SiO₂ content, with an increase of 52,9 %, 42,01 % and 35,6 % respectively in relation to the I. quarter of 2011.

Taking into account the results of the company in the first quarter of 2012 and the market situation, that is considered stabile, the management maintains the forecast for the company's financial results – in 2012 the net sales could reach 53.5 million LVL and the net profit could reach 2.65 million LVL.

A project for the construction of a new glass furnace is being realized and for it a support contract with the Latvian Investment and Development agency has been signed. The new furnace is intended for the production of high temperature resistance (up to 1000 °C) glass fiber after the latest, most advanced technology. The conclusion of this project is expected for October/November of this year. At this moment the company has signed sales contracts worth 6 million EUR or 1/3 of the engineered capacity of the new furnace. It is planed to sign more sales contracts in the volume of the total the engineered capacity of the new furnace until June.

The share price of JSC "Valmieras stikla šķiedra" listed in Riga Stock Exchange has increased by LVL 0.16 or 28.1%, i.e., from LVL 0.57 31.12.2011. to LVL 0.73 31.03.2012.

As at March 31,2012 there are 830 employees working in the JSC "Valmieras stikla šķiedra".

For the preparation of the not revised financial report for 1.quarter of 2012 the accounting policy of the revised report of 2011 was used.

Andris Oskars Brutāns
Chairmen of the Board
April 26, 2012

AS VALMIERAS STIKLA ŠĶIEDRA
STATEMENT OF MANAGEMENT RESPONSABILITIES

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 31 March 2012 and the results of its operations and cash flows for the period ended 31 March 2012. The management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements presented on pages 6 to 12. The management also confirms that applicable Requirements of the Financial Statement Law of Republic of Latvia 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

Andris Oskars Brutāns
Chairman of the Board
April 26, 2012

AS VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

As at 31.March 2012 and 31.March 2011

	2012.31.03.	2012.31.03.	2011.31.03.	2011.31.03.
	LVL	EUR	LVL	EUR
ASSETS		0.702804		0.702804
<i>Non-current assets</i>				
<i>Intangible assets</i>				
Patents and licenses	8 327	11 848	10 741	15 283
Other intangible assets	22 277	31 697	17 477	24 868
Total intangible assets	30 604	43 546	28 218	40 151
<i>Fixed assets</i>				
Land and buildings	7 923 469	11 274 119	8 732 530	12 425 271
Equipment and machinery	23 098 723	32 866 522	23 330 499	33 196 309
Other fixed assets	262 732	373 834	254 003	361 414
Construction in progress	858 303	1 221 255	442 643	629 824
Advance payments for fixed assets	1 334 086	1 898 233	688 158	979 161
Total fixed assets	33 477 340	47 633 963	33 447 833	47 591 979
Total non-current assets	33 507 944	47 677 509	33 476 051	47 632 129
<i>Current assets</i>				
<i>Inventory</i>				
Raw materials	10 505 236	14 947 604	8 605 819	12 244 977
Work in progress	1 396 253	1 986 689	1 364 564	1 941 600
Finished goods	4 338 969	6 173 797	4 497 408	6 399 235
Advance payments for inventories	83 361	118 612	395 815	563 194
Total inventory	16 323 819	23 226 702	14 863 606	21 149 006
<i>Accounts receivable</i>				
Trade receivables	8 866 522	12 615 924	8 525 549	12 130 763
Other receivables	423 492	602 575	312 236	444 272
Deferred expenses	350 709	499 014	233 911	332 825
Total accounts receivable	9 640 723	13 717 513	9 071 696	12 907 861
Derivatives	-	-	-	-
Cash and cash equivalents	174 399	248 147	388 348	552 569
Total current assets	26 138 941	37 192 362	24 323 650	34 609 436
TOTAL ASSETS	59 646 885	84 869 871	57 799 701	82 241 565

AS VALMIERAS STIKLA ŠĶIEDRA

BALANCE SHEET

As at 31.March 2012 and 31.March 2011

	2012.31.03.	2012.31.03.	2011.31.03.	2011.31.03.
	LVL	EUR	LVL	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	6 584 360	9 368 700	5 237 621	7 452 463
b) current year profit	707 701	1 006 968	505 701	719 548
Total shareholders' equity	31 195 266	44 386 865	29 646 527	42 183 208
Liabilities				
Non-current liabilities				
Due to credit institutions	15 741 004	22 397 431	18 711 397	26 623 919
Finance lease	19 149	27 247		
Deferred tax	40 000	56 915		
Total non-current liabilities	15 800 153	22 481 592	18 711 397	26 623 919
Current liabilities				
Due to credit institutions	6 924 001	9 851 966	5 538 694	7 880 852
Finance lease	10 771	15 326	45 886	65 290
Advance payments from customers	372 715	530 326	4 032	5 737
Trade payables	4 237 154	6 028 927	3 150 283	4 482 449
Taxes and social security payments	270 425	384 780	191 435	272 387
Other accounts payable	371 304	528 318	286 679	407 907
Accrued liabilities	470 686	669 726	223 768	318 393
Deferred	-5 590	-7 954	1 000	1 423
Derivatives	-	-	-	-
Total current liabilities	12 651 466	18 001 414	9 441 777	13 434 438
Total liabilities	28 451 619	40 483 007	28 153 174	40 058 358
Total liabilities & shareholders equity	59 646 885	84 869 871	57 799 701	82 241 565

AS VALMIERAS STIKLA ŠĶIEDRA

STATEMENT OF PROFIT AND LOSS 3 months 2012

	31.03.2012.		31.03.2012.	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Revenues	11 783 511	16 766 426	10 822 049	15 398 388
Changes in inventories	(71 049)	(101 094)	(34 770)	(49 473)
Work performed by the entity and capitalized	80 836	115 019	32 982	46 929
Other operating income	(6 003 935)	(8 542 830)	(5 685 834)	(8 090 213)
Raw materials and consumables	(1 980 329)	(2 817 754)	(1 670 545)	(2 376 971)
Personnel expenses	(1 209 732)	(1 721 294)	(1 266 290)	(1 801 768)
Depreciation and amortization	(1 542 406)	(2 194 646)	(1 355 834)	(1 929 178)
Other operating expenses	1 056 896	1 503 828	841 758	1 197 714
Interest - and similar income	843	1 199	15	21
Interest - and similar expenses	(310 038)	(441 144)	(336 072)	(478 187)
Profit before taxes	747 701	1 063 883	505 701	719 548
Corporate income tax	(40 000)	(56 915)	-	-
Net profit	707 701	1 006 968	505 701	719 548
Basic earnings per share	0.0296	0.0421	0.0212	0.0301

AS VALMIERAS STIKLA ŠĶIEDRA

STATEMENTS OF CASH FLOW

	31.03.2012.		31.03.2012.	
	LVL	EUR	LVL	EUR
		0.702804		0.702804
Operating activities				
Profit / (loss) before taxation	747 701	1 063 883	505 701	719 548
Adjustments:				
Depreciation and amortization	1 209 732	1 721 294	1 266 290	1 801 768
Profit or (loss) from disposal of fixed assets	(6 813)	(9 694)	(4 223)	(6 009)
Interest expense	275 124	391 466	303 909	432 424
Interest received	(843)	(1 199)	(15)	(21)
Changes in operating assets and liabilities:				
Inventories	(25 473)	(36 245)	(123 702)	(176 012)
Accounts receivable and other assets	(2 749 991)	(3 912 885)	(1 983 426)	(2 882 161)
Accounts payable and other liabilities	1 672 328	2 379 508	(255 354)	(363 336)
Interest received	843	1 199	15	21
Cash flow from operating activities	1 122 608	1 597 327	(290 805)	(413 778)
Cash flow from investments				
Acquisition of fixed assets and intangible assets	(1 627 583)	(2 315 842)	(1 050 466)	(1 494 678)
Income from sold assets	6 813	9 694	4 223	6 009
Net cash flow from investments	(1 620 770)	(2 306 148)	(1 046 243)	(1 488 670)
Cash flow from financing activities				
Paid loans to credit institutions	(742 598)	(1 056 622)	(742 598)	(1 056 622)
Received credit line	11 350 569	16 150 405	4 498 603	6 400 935
Paid credit line	(9 875 332)	(14 051 332)	(1 955 270)	(2 782 099)
Paid finance lease	(3 591)	(5 110)	(3 425)	(4 873)
Paid interest expenses	(275 124)	(391 466)	(303 909)	(432 424)
Net cash provided by financing activities	453 924	645 876	1 493 401	2 124 918
Net (decrease) / increase in cash and cash equivalents	(44 238)	(62 945)	156 353	222 470
Cash and cash equivalents at the beginning of the year	218 637	311 092	231 995	330 099
Cash and cash equivalents at the end of the year	174 399	248 147	388 348	552 569

AS VALMIERAS STIKLA ŠĶIEDRA**STATEMENTS OF SHAREHOLDERS' EQUITY****As of 31.March 2012**EUR exchange rate **0.702804**

	Share capital LVL	Retained earnings LVL	Total LVL	Share capital EUR	Retained earnings EUR	Total EUR
As at 31.December 2010	23 903 205	5 237 621	29 140 826	34 011 197	7 452 463	41 463 660
Profit as at 3 Months 2011		505 701	505 701		719 548	719 548
Profit as at April to December 2011		1 025 094	1 025 094		1 458 577	1 458 577
Dividends paid		- 184 056	- 184 056		- 261 888	- 261 888
As at 31.December 2011	23 903 205	6 584 360	30 487 565	34 011 197	9 368 700	43 379 897
Profit as at 3 Months 2012		707 701	707 701		1 006 968	1 006 968
As at 31.March 2012	23 903 205	7 292 061	31 195 266	34 011 197	10 375 668	44 386 865

A/S VALMIERAS STIKLA ŠĶIEDRA

ATTACHMENT

1. Share Capital

The company's registered share capital as at 31 March 2012 and 2011 was LVL 23.903.205. The company's paid share capital registered with the Enterprise Register as at 31 March 2012 and 2011 was LVL 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 2012 and 2011 the shareholders of the Company, in accordance with the records maintained by the Latvian Central Depository, were as follows:

	3 Months 2012	3 Months 2011
P-D Glasseiden Oschatz GmbH	26.0%	26.0%
Vitrulan International DmbH	36.2%	36.2%
P-D Management Industries-Technologies GmbH	23.9%	23.9%
VAS VSAA	2.4%	2.4%
Braune Beatrix	2.6%	2.6%
Citi	8.9%	8.9%
	100%	100%

2. Information concerning the profit and loss account

1. Material expenses

	2012.gada 3 mēn. LVL	EUR	2011.gada 3 mēn. LVL	EUR
Raw materials	3 421 789	4 868 767	3 563 040	5 069 749
Electricity	910 398	1 295 380	770 609	1 096 478
Ore processing costs	84 216	119 829	76 118	108 306
Natural gas	894 243	1 272 393	713 049	1 014 577
Depletion of ore	70 176	99 851	62 753	89 289
Other	623 113	886 610	500 265	711 813
	6 003 935	8 542 830	5 685 834	8 090 213

2. Personnel expenses

Salaries	1 363 786	1 940 493	1 187 555	1 689 739
Social security payments	342 428	487 231	300 824	428 034
Illness and vacation expenses	92 293	131 321	91 806	130 628
Provisions of Board and Council	168 000	239 042	74 000	105 293
Insurance of employees	10253	14 589	9 483	13 493
Other	3 569	5 078	6 877	9 785
	1 980 329	2 817 754	1 670 545	2 376 971

3. Depreciation and amortization

Fixed asset depreciation	1 208 641	1 719 741	1 264 733	1 799 553
Intangible asset amortization	1 091	1 552	1 557	2 215
	1 209 732	1 721 294	1 266 290	1 801 768

4. Other operating expenses

Transportation	675 535	961 200	505 619	719 431
Commission	255 943	364 174	304 699	433 548
Service costs	149 518	212 745	148 833	211 770
Spare parts	92 868	132 139	101 640	144 621
Repair expenses	119 465	169 983	104 149	148 191
Insurance	33 832	48 139	30 461	43 342
Business trips	28 106	39 991	41 049	58 407
Research and development expenses	33 338	47 436	10 677	15 192

Labor safety and specific clothing	9 000	12 806	5 868	8 349
Communication	11 443	16 282	8 603	12 241
Leasing	25 453	36 216	17 265	24 566
Property tax	3	4	14 213	20 223
Office expenses	12 681	18 043	10 681	15 198
Selling expenses	25 748	36 636	11 229	15 977
Allowance for doubtful receivables	16 000	22 766	2 000	2 846
Other	53 473	76 085	38 848	55
	1 542 406	2 194 646	1 355 834	1 929 178

3. TRADE RECEIVABLES

	3 Months	EUR	3 Months	EUR
	2012		2011	
	LVL	0.702804	LVL	0.702804
P-D Glasseiden Oschatz GmbH	3 496 323	4 974 819	4 331 112	6 162 617
P-D Tatneft Alabuga Steklovolokno OOO	105 632	150 301	52 015	74 011
Vitrolan Textile Glass GmbH	242 220	344 648	220 201	313 318
Vitrolan Technical Textiles GmbH	429 641	611 324	410 191	583 649
Other trade receivables	4592 706	6 534 832	3 512 030	4 997 168
	8 866 522	12 615 924	8 525 549	12 130 763

Andris Oskars Brutāns
Chairman of the Board

On information stated in this financial report, please contact

Dzintars Rudzītis
Head Accountant
Phone 4202271. 29116594
E- Mail: Dzintars@VSS.lv

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	B1000GI, B1000PI, B1300GI, B1300PI, OMXBGI, OMXBPI, OMXRGI

JSC “Valmieras stikla šķiedra” share price development for the period 01.01.12 – 31.03.12



Currency: LVL

Open	0,575 LVL
Max	0,797 LVL
Min	0,575 LVL
Last	0,730 LVL
Change	28,975 %
Trades	178
No of shares traded	130 175
Turnover	91 543,63LVL