



## JOINT STOCK COMPANY VILNIAUS VINGIS

2007 11 06 Nr. 101-1782

Lithuanian Securities Commission  
Konstitucijos ave.23  
08105 Vilnius, Lithuania

### CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No.22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Neringa Menčiūnienė, Director General and Svetlana Ivanova, Chief Accountant of VILNIAUS VINGIS, AB, hereby confirm that, to the best of our knowledge, the attached not audited VILNIAUS VINGIS, AB Interim Consolidated Financial Statements of for the nine months of 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of VILNIAUS VINGIS, AB.

Director General

Neringa Menčiūnienė

Chief Accountant

Svetlana Ivanova

***Vilniaus Vingis AB***

*Interim Consolidated Financial Statements for the nine months of the  
Year 2007*

*Prepared in accordance with the rules on preparation and submission of periodic and additional  
information of the Lithuanian Securities Commission*

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**Balance sheet, LTL**

No.	ASSETS	NOTE	GROUP		COMPANY	
			30.09.2007	30.09.2006	30.09.2007	30.09.2006
<b>A.</b>	<b>NON – CURRENT ASSETS</b>		<b>3,784,156</b>		<b>2,878,156</b>	<b>29,754,893</b>
I.	INTANGIBLE ASSETS	2	136,067		136,067	324,519
I.1.	Licences and patents		23,430		23,430	65,055
I.2.	Computer software		112,637		112,637	259,464
I.3.	Other intangible assets		0		0	0
II.	TANGIBLE ASSETS	1	134,300		134,300	29,430,374
III.	FINANCIAL ASSETS		1,395,789		489,789	0
IV.	DEFERRED TAX ASSETS		2,118,000		2,118,000	0
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>55,991,112</b>		<b>56,095,205</b>	<b>14,010,921</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		311,916		311,916	5,089,384
I.1.	Inventories	3	310,725		310,725	4,558,141
I.1.1.	Raw materials and consumables		310,725		310,725	2,802,457
I.1.2.	Work in progress		0		0	0
I.1.3.	Finished products		0		0	1,755,684
I.1.4.	Goods for resale		0		0	0
I.2.	Prepayments		1,191		1,191	531,243
I.3.	Contracts in progress		0		0	0
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	4	55,580,292		55,677,941	8,146,136
II.1.	Trade debtors		334,646		334,646	2,643,101
II.2.	Receivables from subsidiaries and associates		1,774,637		1,774,637	2,850,000
II.3.	Other amounts receivable		53,471,009		53,568,658	2,653,035
III.	OTHER CURRENT ASSETS		0		0	583,138
IV.	CASH AND CASH EQUIVALENTS	5	98,904		105,348	192,263
	<b>TOTAL ASSETS</b>		<b>59,775,268</b>		<b>58,973,361</b>	<b>43,765,814</b>

## Continuation

NO.	EQUITY AND LIABILITIES	NOTE	GROUP		COMPANY	
			30.09.2007	30.09.2006	30.09.2007	30.09.2006
<b>C.</b>	<b>EQUITY</b>		<b>59,013,574</b>		<b>58,320,929</b>	<b>33,101,550</b>
I.	CAPITAL		34,756,952		34,756,952	34,756,952
I.1.	Authorised (subscribed)		36,492,420		36,492,420	36,492,420
I.2.	Share premium		2,211,200		2,211,200	2,211,200
I.3.	Own shares (-)	6	(3,946,668)		(3,946,668)	(3,946,668)
II.	REVALUATION RESERVE (RESULTS)		275		275	275
III.	RESERVES		8,651,582		8,651,582	8,651,582
IV.	RETAINED EARNINGS (LOSSES)		15,604,765		14,912,120	(10,307,259)
<b>D.</b>	<b>GRANTS AND SUBSIDIES</b>		<b>0</b>		<b>0</b>	<b>0</b>
<b>E.</b>	<b>AMOUNTS PAYABLE AND LIABILITIES</b>		<b>761,694</b>		<b>652,432</b>	<b>10,664,264</b>
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		0		0	5,099,326
I.1.	Financial debts		0		0	5,099,326
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		761,694		652,432	5,564,938
II.1.	Current portion of non-current debts		0		0	0
II.2.	Financial debts to credit institutions		340,346		340,346	2,765,533
II.3.	Trade creditors		157,281		157,281	1,679,850
II.4.	Debts to subsidiaries and associates		112,595		0	0
II.5.	Amounts received in advance (on contracts in progress)	7	0		0	6,287
II.6.	Profit tax liabilities		0		0	0
II.7.	Liabilities related with labour relations	7	8,003		11,336	634,350
II.8.	Provisions	7	0		0	0
II.9.	Other amounts payable and current liabilities	7	143,469		143,469	478,918
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,775,268</b>		<b>58,973,361</b>	<b>43,765,814</b>



**Profit (loss) statement, LTL**

No.	ITEMS	NOTE	GROUP		COMPANY	
			9 MONTHS OF 2007	9 MONTHS OF 2006	9 MONTHS OF 2007	9 MONTHS OF 2006
I.	TURNOVER	8	7,988,144		8,219,805	41,549,782
II	PRODUCTION COST		9,045,150		9,232,504	41,727,051
III.	GROSS PROFIT (LOSS)		(1,057,006)		(1,012,699)	(177,269)
IV.	OPERATING COSTS		3,694,689		3,839,292	6,227,224
IV.1.	Sales		135,984		120,870	679,547
IV.2.	General and administrative		3,558,705		3,718,422	5,547,677
V.	OPERATING PROFIT (LOSS)		(4,751,695)		(4,851,991)	(6,404,493)
VI.	OTHER ACTIVITIES		37,572,965		38,342,635	76,413
VI.1	Income		61,217,838		61,204,086	8,180,049
VI.II	Expenses		23,644,873		22,861,451	8,103,636
VII.	FINANCING AND INVESTING ACTIVITIES		689,102		690,033	(8,274,966)
VI.1	Income		1,075,995		1,075,433	999,343
VI.II	Expenses		386,893		385,400	9,274,309
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		33,510,372		34,180,677	(14,603,046)
IX.	EXTRAORDINARY GAIN		0		0	0
X.	EXTRAORDINARY LOSSES		0		0	0
XI.	PROFIT (LOSS) BEFORE TAXES	8	33,510,372		34,180,677	(14,603,046)
XII.	PROFIT TAX		0		0	0
XIII.	NET PROFIT (LOSS)		33,510,372		34,180,677	(14,603,046)

**Statement of changes in shareholders' equity****Company, LTL**

	Share capital	Share premium	Own shares (-)	Legal reserve	Other reserves	Retained earnings (losses)	Total
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2005	36,492,420	2,211,200	(3,946,668)	2,085,956	4,546,943	6,314,745	47,704,596
Transfer to reserves					2,018,958	(2,018,958)	
Loss of 2006						(14,603,046)	(14,603,046)
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2006	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	(10,307,259)	33,101,550

SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	(18,575,912)	24,832,897
Transfer to reserves							
Profit of 2007						34,180,677	34,180,677
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2007	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	15,604,765	59,013,574

**Consolidated, LTL**

	Share capital	Share premium	Own shares (-)	Legal reserve	Other reserves	Retained earnings (losses)	Total
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2005							
Transfer to reserves							
Loss of 2006							
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2006							
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	(18,598,253)	24,810,556
Transfer to reserves							
Profit of 2007						33,510,373	33,510,373
SHAREHOLDERS' EQUITY AT 30 SEPTEMBER 2007	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	14,912,120	58,320,929

**Cash flow statement, LTL**

No.	ITEMS	GROUP		COMPANY	
		9 MONTHS OF 2007	9 MONTHS OF 2006	9 MONTHS OF 2007	9 MONTHS OF 2006
<b>I</b>	<b>CASH FLOW FROM MAIN ACTIVITY</b>				
I.1.	Cash inflows (including VAT) of the reporting period	10,145,815		10,145,103	53,762,488
I.1.1.	Cash inflows from customers	9,894,078		9,894,078	51,477,670
I.1.2.	Other inflows	251,737		251,025	2,284,818
I.2.	Cash payments of the reporting period	(13,793,122)		(13,769,968)	(54,656,973)
I.2.1.	Payments (including VAT) for raw materials, goods and services	(6,976,632)		(10,403,261)	(41,424,242)
I.2.2.	Payments related to labour relations	(3,920,286)		(1,087,486)	(10,149,020)
I.2.3.	Taxes paid	(645,051)		(30,131)	(2,982,712)
I.2.4.	Other payments	(2,251,153)		(2,249,090)	(100,999)
	<b>NET CASH FLOW FROM MAIN ACTIVITY</b>	<b>(3,647,307)</b>		<b>(3,624,865)</b>	<b>(894,485)</b>
<b>II</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
II.1.	Purchases of non-current assets (except investments)	0		0	(72,258)
II.2.	Sales of non-current assets (except investments)	55,525,643		55,508,059	165,477
II.3.	Purchases of long-term investments	(149,443)		(149,443)	(500,000)
II.4.	Sales of long-term investments	0		0	1,445,000
II.5.	Loans provided	(52,801,650)		(52,801,650)	0
II.6.	Loans returned	2,200,000		2,200,000	0
II.7.	Dividends, interests received	30,821		30,759	13,902
II.8.	Subsidies received	0		0	268,226
II.9.	Other increases in cash flow from investing activities	0		0	1,843,411
II.10.	Other decreases in cash flow from investing activities	0		0	0
	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>4,805,371</b>		<b>4,787,725</b>	<b>3,163,758</b>
<b>III</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
III.1.	Cash flows related to owners	(788)		(788)	(10,478)
III.1.1.	Emission of shares	0		0	0
III.1.2.	Owners contributions against losses	0		0	0
III.1.3.	Redemption of own shares	0		0	0
III.1.4.	Dividend paid	(788)		(788)	(10,478)
III.2.	Cash flows related to other financing sources	(1,889,407)		(1,884,957)	(2,676,875)
III.2.1.	Increase in financial debts	4,708,715		4,708,715	24,174,459
III.2.1.1.	Loans gained	4,708,715		4,708,715	24,174,459
III.2.1.2.	Bonds emission	0		0	0
III.2.2.	Decrease in financial debts	(6,590,205)		(6,590,205)	(26,755,810)
III.2.2.1.	Loans paid	(6,590,205)		(6,590,205)	(26,284,632)
III.2.2.2.	Redemption of bonds	0		0	0
III.2.2.3.	Interests paid	0		0	(210,976)
III.2.2.4.	Leasing payments	0		0	(260,202)
III.2.3.	Increase in other liabilities	0		0	0
III.2.4.	Decrease in other liabilities	(7,917)		(3,467)	(95,524)
III.3.	Increase in other cash flows from financial activities	0		0	3,303
III.4.	Decrease in other cash flows from financial activities	0		0	(8,479)
	<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>(1,890,195)</b>		<b>(1,885,745)</b>	<b>(2,692,529)</b>



## Continuation

No.	Items	GROUP		COMPANY	
		9 MONTHS OF 2007	9 MONTHS OF 2006	9 MONTHS OF 2007	9 MONTHS OF 2006
<b>IV.</b>	<b>CASH FLOWS FROM EXTRAORDINARY ACTIVITIES</b>	0		0	0
IV.1.	Increase in cash flows from extraordinary activities	0		0	0
IV.2.	Decrease in cash flows from extraordinary activities	0		0	0
<b>V.</b>	<b>INFLUENCE OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES TO BALANCE OF CASH AND CASH EQUIVALENTS</b>	(14,484)		(14,484)	(31,584)
<b>VI.</b>	<b>INCREASE (DECREASE) IN NET CASH FLOW</b>	(746,615)		(737,369)	(454,840)
<b>VII.</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	851,963		836,273	1,230,240
<b>VIII.</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	105,348		98,904	775,400

## Explanatory letter

### EXPLANATORY LETTER OF VILNIAUS VINGIS GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS OF 2007

The Vilniaus Vingis AB is a publicly listed company domiciled in Lithuania. The company is involved in the manufacture of electronic components. The main products are deflection yokes.

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

#### Basis of preparation

The financial statements are presented in Litas. They are prepared on the historical cost basis except for derivative financial instruments, which are stated at their fair value.

Loans and receivables originated by the Company are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less impairment, if any.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Litas at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Litas at foreign exchange rates ruling at the dates the fair value was determined.

#### 1. Non-current tangible assets

##### Owned assets

Non-current tangible assets are stated at cost as deemed cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of non-current tangible assets have different useful lives, they are accounted for as separate items of non-current tangible assets.

##### Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of non-current tangible assets. The estimated useful lives are as follows:

- buildings 8 - 60 years
- non-current tangible assets 2 - 15 years
- motor vehicles 5 - 6 years
- other machinery and equipment 2 - 8 years

#### 2. Intangible assets

Intangible assets, comprising computer software, that are acquired by the company are stated at cost less accumulated amortisation. Computer software is amortised using the straight-line method over a 1-3 years' period.

### 3. Inventories

Inventories sold in the ordinary course of business are stated at the lower of cost and net realisable value. Other inventories are stated at the lower of cost and fair value less cost to sell. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

LTL	2007group	2007	2006
<b>Inventories</b>			
Raw materials	310,725	310,725	2,802,457
Work in progress	0	0	0
Finished goods	0	0	1,755,684
Goods for resale	0	0	0
<b>Net book value at 30 September</b>	<u>310,725</u>	<u>310,725</u>	<u>4,558,141</u>

### 4. Customers debt

LTL	2007group	2007	2006
Trade debtors	2,109,283	2,109,283	5,493,101
Receivable sum for loan	51,601,650	51,601,650	0
Budgets debts for companies	892,307	794,835	779,451
Other amounts receivable	61,819	61,642	1,873,584
Receivable interest	1,012,882	1,012,882	0
	<u>55,677,941</u>	<u>55,580,292</u>	<u>8,146,136</u>

### 5. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, if it complies with the cash management policy.

LTL	2007group	2007	2006
<b>Cash and cash equivalents</b>			
Term deposits	0	0	583,138
Cash at bank	100,216	94,397	165,938
Cash in hand	5,132	4,507	26,325
<b>Cash and cash equivalents on 30 September</b>	<u>105,348</u>	<u>98,904</u>	<u>775,401</u>

### 6. Reacquired own shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.



The company reacquired own shares in the Vilnius Stock Exchange as follows:

	2007	
	Number of shares	Value, LTL
At 1 January 2007	475,817	3,946,668
Treasury shares acquired in the market	0	0
At 30 September 2007	475,817	3,946,668

Reacquired own shares are stated as a deduction from the equity at their acquisition price.

## 7. Liabilities

Interest bearing loans and borrowings, LTL

	30 SEPTEMBER 2007 GROUP	30 SEPTEMBER 2007	30 SEPTEMBER 2006
<b>Non-current liabilities</b>			
Leasing obligations			
Long term, secured financing facility	0	0	5,099,326
<b>Net book value at 30 September.</b>	<b>0</b>		<b>5,099,326</b>
<b>Current liabilities</b>			
Leasing obligations			
Short term, secured financing facility	340,346	340,346	2,765,533
<b>Net book value at 30 September</b>	<b>340,346</b>	<b>340,346</b>	<b>2,765,533</b>

LTL	2007 group	2007	2006
<b>Other creditors</b>			
Salaries and related taxes	11,336	8,003	634,350
Taxes	157,281	269,876	1,679,850
Dividend payable for previous year	130,732	130,732	133,779
Advances	0	0	6,249
Other payables and accrued charges	12,737	12,737	345,139
	<b>312,086</b>	<b>421,348</b>	<b>2,799,367</b>

## 8. Activity results

During the nine months of 2007 Vilniaus Vingis the sales volume is amounted to LTL 7,988 thousand and consolidated profit is amounted to LTL 33,510 thousand. The loss is reached LTL 4,752 thousand of main activity, the profit is reached LTL 689 thousand – of financial activity and other activities LTL 37,573 thousand. The main influence to reach such result had the sales of real estate (buildings) of Vilniaus Vingis AB for Vilniaus Vingio verslo centras UAB.

The manufacturer of deflection yokes Vilniaus Vingio Geba UAB, belonging to the company Vilniaus Vingis AB, is losing the orders to manufacture the products, will cease its activity from 25 April. These reason made dependent on reducing of the number of workers. During the nine months of 2007 year 256 people were discharged from UAB Vilniaus Vingio Geba, 46 – from AB Vilniaus Vingis. 6 people are working in Vilniaus Vingis AB and 2 people - in UAB Vilniaus Vingio Geba on 30 September, 2007.

## 9. Information about the audit

Company's non-consolidated and consolidated financial statements for the nine months of 2007 are unaudited.