

Vilniaus Vingis AB
Report for the First Half of the Year 2004

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I. GENERAL PROVISIONS

1. Reporting period for which the report has been prepared

The report has been prepared for the first half of the year 2004.

2. Main data about the Issuer

Name of the Issuer	Vilniaus Vingis AB
Authorised capital	36 492 420 LTL
Address	Savanoriu ave. 176, LT-03154 Vilnius, Lithuania
Telephone	+370 5 239 25 00
Fax	+370 5 239 25 55
E-mail address	info@vingis.lt
Internet address	www.vingis.lt
Legal and organisational form	public company (joint-stock company)
Date and place of registration	25 February 1994, State Enterprise Centre of Registers
Date and place of re-registration	28 September 2001, State Enterprise Centre of Registers
Registration No.	BĮ 01-188
Code in the Register of Enterprises	2259783

3. Information about where and how it is possible to get acquainted with the report and other documents in accordance with it was prepared and the names of the means of the mass media

Report and other documents in accordance with this report was prepared are available at the company's registered office (Finance Management Department) from the 3 August 2004 at Savanoriu ave. 176, Vilnius, and at the Financial Brokerage Company Finasta AB at Konstitucijos ave. 23, Vilnius.

The means of mass media of Vilniaus Vingis AB: the daily Lietuvos rytas, Lithuanian News Agency ELTA and News Agency BNS.

4. Persons responsible for the accuracy of information in the report

4.1. Members of the managing bodies of the Issuer, employees and the head of the administration responsible for the report

Vaclovas Šleinota, Managing Director, tel. +370 5 239 25 00, fax +370 5 239 25 55

Darius Ožiūnas, Finance Director, tel. +370 5 239 25 23

Neringa Menčiūnienė, Chief Accountant, tel. +370 5 239 29 30

Ramūnas Pelanis, The Head of Finance Management Department, tel. +370 5 239 27 11

4.2. The report was prepared with the assistance of Finasta AB (Konstitucijos ave. 23, Vilnius, tel. +370 5 278 68 44, fax +370 5 210 24 74), represented by Audrius Leitonas, financial broker.

5. Confirmation of the members of the Issuer's managing bodies, its employees, head of administration and the Issuer's consultants responsible for the preparation of this report that information contained in the report is true and there are no suppressed facts which could have an impact on investors' decisions concerning purchase, sale or valuation of the Issuer's securities or on the market price of these securities

Acting Managing Director **Rimvydas Savickas**

Finance Director **Darius Ožiūnas**

Deputy Chief Accountant **Svetlana Ivanova**

The Head of Finance Management Department **Ramūnas Pelanis**

Financial broker of Finasta AB **Audrius Leitonas**

Date of signing the Report: 27 July 2004 , place of preparation – Finasta AB (Konstitucijos ave. 23, Vilnius)

II. INFORMATION ABOUT THE ISSUER'S AUTHORISED CAPITAL, ISSUED SECURITIES AND MEMBERS OF THE MANAGING BODIES

6. The Issuer's authorised capital

6.1. The authorised capital as registered in the Register of Enterprises

Table 6.1. Composition of the authorised capital.

Type of shares	Number of shares	Nominal value, LTL	Total nominal value, LTL	Part in the authorised capital, %
Ordinary registered shares (ORS)	9,123,105	4.00	36,492,420.00	100.00

All shares of Vilniaus Vingis AB are fully paid up.

6.2. Information about projected increase of the authorised capital by conversion or exchange of convertible debt securities or derivatives into shares

Vilniaus Vingis AB issued no debt securities nor derivatives, therefore no increase of the authorized capital by conversion or exchange of convertible debt securities or derivatives into shares is projected.

7. Shareholders

On 30 June 2004 the total number of Vilniaus Vingis AB shareholders was 2,173.

Table 7.1. Shareholders who hold more than 5 per cent of the Issuer's authorised capital.

Names of the shareholders, their types, addresses of head offices, code in the Register of Enterprises	Number of ordinary registered shares owned by the right of ownership	Part in the authorised capital, %	Part of votes given by the shares owned by the right of ownership, %
HANSABANK (ESTONIA) – CUSTOMERS' SHARES Liivalaia 8, 15040 Tallinn, Estonia 10060701	2,406,242	26.38	26.74
SKANDINAVISKA ENSKLIDA – CUSTOMERS SHARES Sergels Torg 2, 10640 Stockholm, Sweden 50203290810	852,156	9.34	9.47
AS HANSAPANK Liivalaia 8, 15040 Tallinn, Estonia 10060701	487,718	5.35	5.42
SAMPO BANK AS Ravala Ave 8, EE0105 Tallinn, Estonia 10040839	457,554	5.02	5.09

8. Securities which do not certify the participation in the authorised capital, but which circulation is regulated by the Law of Securities Market

There were no issues of securities which do not certify the participation in the authorised capital, but which circulation is regulated by the Law of Securities Market.

9. Secondary circulation of the securities

The securities of Vilniaus Vingis AB are included into the Official list of the National Stock Exchange of Lithuania.

The securities of the Company are also included in the Baltic List (the list of Baltic securities).

Table 9.1. Main characteristics of the shares of Vilniaus Vingis AB

Type of shares	ISIN Code	Number of shares	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares (ORD)	LT0000103673	9,123,105	4.00	36,492,420.00

Table 9.2. Trading in Vilniaus Vingis AB ordinary registered shares on the Central Market of the National Stock Exchange of Lithuania*.

Period	Price, LTL			Turnover, LTL			Date of the last session	Total turnover	
	Highest	Lowest	Last session	Biggest	Smallest	Last session		Number of shares	LTL
1 st quarter of 2004	10.00	8.50	8.80	3,223,443	-	44,157	31.03.2004	2,192,332	20,360,517
2 nd quarter of 2004	8.80	7.98	8.47	2,706,979	931	127,221	30.06.2004	1,455,830	12,038,835

Table 9.3. Trading in Vilniaus Vingis AB ordinary registered shares by negotiated deals*.

Period	Average price, LTL	Total turnover	
		Number of shares	LTL
1 st quarter of 2004	9.23	796,684	7,351,820
2 nd quarter of 2004	8.29	401,851	3,329,809

10. Agreements with intermediaries of public trading in securities

Vilniaus Vingis AB signed agreements with the Financial Brokerage Company Finasta AB (Konstitucijos ave. 23, Vilnius) concerning management of securities accounting and payment of dividends to the shareholders for the financial years 2002 and 2003.

11. Members of the managing bodies

11.1. Position held, names and surnames, data about participation in the Issuer's authorised capital

Table 11.1.1. Members of the managing bodies and their participation in Issuer's authorised capital.

Name, surname	Position held	Share of the capital held, %	Share of the votes held, %
THE BOARD			
Vaclovas Šleinota	Chairman	2.79	2.83
Vladislovas Cybas	Member	1.96	1.99
Rimvydas Savickas	Member	2.05	2.08
Martynas Česnavičius	Member	-	-

*According to the information of National Stock Exchange of Lithuania (www.nse.lt)

Name, surname	Position held	Share of the capital held, %	Share of the votes held, %
ADMINISTRATION			
Vaclovas Šleinota	Managing Director	2.79	2.83
Rimvydas Savickas	Technical Director	2.05	2.08
Vladislovas Cybas	Marketing Director	1.96	1.99
Jonas Čaplikas	Procurement Director	1.32	1.34
Antanas Savickas	Quality director	0.73	0.74
Valdas Petrauskas	Geba complex production Director	1.53	1.55
Mečislovas Šakalys	Gija complex production Director	1.10	1.12
Darius Ožiūnas	Finance Director	1.61	1.63
Neringa Menčiūnienė	Chief Accountant	0.05	0.06
Asta Dagilienė	Personnel Director	-	-

11.2. Data about participation in the activities of other companies, enterprises and organisations (name of the company, enterprise, or organisation and position held), over 5 percent of capital and votes held in other enterprises (percentage)

Table 11.2.1. Participation in activities of other companies, enterprises and organisations.

Name, surname	Name of the company, enterprise, organisation, position held	Share of capital and votes held in other enterprises, %
Vaclovas Šleinota	Lithuanian Confederation of Industrialists, Vice-president	-
	Vilnius Regional Association of Industry and Business, President	-
	Astra AB, Member of the Board	-
	Telebaltikos prekyba UAB	13.3
	Council of Vilnius University, Member	-
Vladislovas Cybas	Science Council of Lithuania, Member	-
	Žaliakalnio viešbutis UAB, Member of the Board	9.3
Rimvydas Savickas	Telebaltikos prekyba UAB	13.3
	Žaliakalnio viešbutis UAB	9.3
Jonas Čaplikas	Telebaltikos prekyba UAB	13.3
Antanas Savickas	Sertika UAB	60.0
Martynas Česnavičius	Sertika UAB	20.0
	Amber Trust and Danske Capital Finland, Representative	-
	1 L Ekspresas UAB	18.0

Other members of the Board and Administration do not participate in activities of other companies, enterprises and organisations.

III. FINANCIAL STATUS

12. Balance sheet*, LTL

No.	ASSETS	30.06.2004	31.12.2003
A.	NON – CURRENT ASSETS	50,496,696	49,960,966
I.	INTANGIBLE ASSETS	488,531	382,385
I.1.	Licences and patents	86,267	52,099
I.2.	Computer software	402,264	330,286
I.3.	Other intangible assets		
II.	TANGIBLE ASSETS	50,008,165	49,578,581
II.1.	Land		
II.2.	Buildings and constructions	16,344,323	16,556,025
II.3.	Machinery and equipment	19,017,349	18,428,077
II.4.	Means of transportation	1,114,838	1,085,365
II.5.	Other fixtures, fittings, tools and equipment	11,091,750	11,201,800
II.6.	Construction in progress	2,368,015	2,221,509
II.7.	Other tangible assets	71,890	85,805
III.	FINANCIAL ASSETS		
B.	CURRENT ASSETS	45,144,297	42,901,024
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS	19,968,379	16,870,932
I.1.	Inventories	17,533,768	15,558,701
I.1.1.	Raw materials and consumables	13,076,049	11,657,351
I.1.2.	Work in progress	625,652	713,182
I.1.3.	Finished products	3,832,067	3,188,168
I.2.	Prepayments	2,434,611	1,312,231
I.3.	Contracts in progress		
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	25,048,555	23,915,212
II.1.	Trade debtors	23,714,908	21,313,705
II.2.	Receivables from subsidiaries and associates		
II.3.	Other amounts receivable	1,333,647	2,601,507
III.	OTHER CURRENT ASSETS		
IV.	CASH AND CASH EQUIVALENTS	127,363	2,114,880
	TOTAL ASSETS	95,640,993	92,861,990

*Because of the changes in accounting policy (Business Accounting Standards took effect on the 1 January 2004) it is impossible to give the data of the balance sheet of 30 June 2003 in one table with the balance sheets of 30 June 2004 and 31 December 2003.

No.	ASSETS	30.06.2003
A.	NON – CURRENT ASSETS	50,961,884
I.	FORMATION COSTS	
II.	INTANGIBLE ASSETS	322,565
III.	TANGIBLE NON – CURRENT ASSETS	50,639,319
III.1.	Land	
III.2.	Buildings and constructions	16,423,798
III.3.	Other tangible assets	32,286,272
III.4.	Construction in progress and prepayments	1,929,249
IV.	FINANCIAL NON - CURRENT ASSETS	
V.	AMOUNTS RECEIVABLE AFTER ONE YEAR	
B.	CURRENT ASSETS	40,814,074
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS	15,329,245
I.1.	Inventories	14,793,536
I.2.	Prepayments	535,682
I.3.	Contracts in progress	
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	24,821,028
II.1.	Trade debtors	22,720,559
II.2.	Other amounts receivable	2,100,469
III.	INVESTMENTS AND TERM DEPOSITS	176,950
IV.	CASH AND CASH EQUIVALENTS	486,851
C.	ACCRUED INCOME AND DEFFERED CHARGES	525,599
	TOTAL ASSETS	92,301,557

No.	EQUITY AND LIABILITIES	30.06.2004	31.12.2003
C.	EQUITY	59,340,201	54,177,353
I.	CAPITAL	37,731,952	37,731,952
I.1.	Authorised (subscribed)	36,492,420	36,492,420
I.2.	Subscribed uncalled share capital (-)		
I.2.	Share premium	2,211,200	2,211,200
I.3.	Own shares (-)	(971,668)	(971,668)
II.	REVALUATION RESERVE (RESULTS)	275	275
III.	RESERVES	16,624,395	16,624,395
III.1.	Legal reserve	1,905,278	1,905,278
III.2.	Reserve for acquiring own shares	14,119,117	14,119,117
III.3.	Other reserves	600,000	600,000
IV.	RETAINED EARNINGS (LOSSES)	4,983,579	(179,269)
D.	GRANTS AND SUBSIDIES		
E.	AMOUNTS PAYABLE AND LIABILITIES	36,300,792	38,684,637
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	362,364	362,772
I.1.	Financial debts	362,364	362,772
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	35,938,428	38,321,865
II.1.	Current portion of non-current debts	50,089	156,494
II.2.	Financial debts to credit institutions	22,776,819	8,028,437
II.3.	Trade creditors	7,972,672	13,767,807
II.4.	Amounts received in advance (on contracts in progress)	342,615	316,811
II.5.	Profit tax liabilities	1,673,176	1,673,176
II.6.	Liabilities related with labour relations	2,735,591	2,497,081
II.7.	Provisions		
II.8.	Other amounts payable and current liabilities	387,466	11,882,059
	TOTAL EQUITY AND LIABILITIES	95,640,993	92,861,990

No.	OWNER' EQUITY AND LIABILITIES	30.06.2003
A.	CAPITAL AND RESERVES	63,616,680
I.	CAPITAL	36,492,420
I.1.	Authorised (subscribed)	36,492,420
II.	SHARE PREMIUM	2,211,200
III.	REVALUATION RESERVE	275
IV.	RESERVES	18,317,415
IV.1.	Legal reserve	1,438,042
IV.2.	Reserves not available for distribution	7,675,979
IV.3.	Reserves available for distribution	9,203,394
V.	RETAINED EARNINGS (LOSSES)	6,595,370
V.1.	Profit (loss) of the current year	6,595,370
V.2.	Profit (loss) of the previous year	
B.	FINANCING (GRANTS AND SUBSIDIES)	
C.	PROVISIONS FOR LIABILITIES AND CHARGES	(565,073)
D.	AMOUNTS PAYABLE AND LIABILITIES	29,249,773
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES	519,266
I.1.	Financial debts to credit institutions	57,547
I.2.	Trade creditors	461,719
I.3.	Amounts received in advance (on contracts in progress)	
I.4.	Other amounts payable and non-current liabilities	
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES	28,730,507
II.1.	Current portion of non-current debts	115,093
II.2.	Financial debts to credit institutions	14,981,470
II.3.	Trade creditors	8,097,141
II.4.	Amounts received in advance (by contracts in progress)	234,122
II.5.	Taxes, remuneration and social security payable	4,218,231
II.6.	Other amounts payable and current liabilities	1,084,450
E.	ACCRUED CHARGES AND DEFERRED INCOME	177
	TOTAL OWNER'S EQUITY AND LIABILITIES	92,301,557

13. Profit (loss) statement, LTL

No.	ITEMS	FIRST HALF OF 2004	FIRST HALF OF 2003
I.	TURNOVER	69,562,710	64,579,842,55
II	PRODUCTION COST	57,507,146	50,821,778,63
III.	GROSS PROFIT (LOSS)	12,055,564	13,758,063,92
IV.	OPERATING COSTS	8,182,473	6,892,810,26
V.	OPERATING PROFIT (LOSS)	3,873,091	6,865,253,66
VI.	OTHER ACTIVITIES	865,647	87,437,77
VI.1	Income	4,712,682	4,739,915,37
VI.II	Expenses	3,847,035	4,652,477,60
VII.	FINANCING AND INVESTING ACTIVITIES	424,109	(136,241,11)
VI.1	Income	869,993	256,912,64
VI.II	Expenses	445,884	393,153,75
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES	5,162,847	6,816,450,32
IX.	GAIN		12,125,57
X.	EXTRAORDINARY LOSSES		227,710,09
XI.	PROFIT (LOSS) BEFORE TAXES	5,162,847	6,600,865,80
XII.	PROFIT TAX	774,427	990,129,87
XIII.	NET PROFIT (LOSS) OF THE CURRENT YEAR FOR APPROPRIATION	4,388,420	5,610,735,93

14. Explanatory letter

During the first half of the year 2004 the company's non – current assets increased by LTL 0.54 million. Intangible non – current assets increased by LTL 106.1 thousand. Tangible non – current assets augmented from LTL 49.58 million to LTL 50.01 million, i. e. by LTL 429.6 thousand. Investment in non – current assets amounted to LTL 4.2 million, depreciation expenses were LTL 4.2 million. The company does not have any financial non – current assets.

Current assets increased by LTL 2.24 million. Inventories and prepayments increased by LTL 3.09 million. Amounts receivable within one year augmented by LTL 1.13 million, because trade debtors rose by LTL 2.40 million and other amounts receivable decreased by LTL 1.27 million. Cash and cash equivalents decreased by LTL 1.99 million, accrued income and deferred charges were carried forward to prepayments. Because of the changes in accounting policy the frozen money in the bank of Vnešekon (totally LTL 65.029 thousand) and doubtful amounts receivable (totally LTL 114.24 thousand) were carried forward to the retained earnings (losses) of the previous year.

On the 30 June 2004 equity amounted to LTL 59.34 million. From the beginning of the year this indicator increased by LTL 4.98 million. During the reporting period retained earnings amounted to LTL 4.98 million taking into account that the loss of LTL 179.269 thousand was experienced because of the changes in accounting standards.

During the first half of the year 2004 the amounts payable and liabilities decreased by LTL 2.38 million. The amounts payable after one year and non – current liabilities remained unchanged, amounts payable within one year and current liabilities decreased by LTL 2.38 million. Financial debts to credit institutions increased by LTL 14.75 million, trade creditors decreased by LTL 5.90 million. Liabilities related to labour relations augmented by LTL 0.24 million. Other amounts payable and current liabilities decreased from LTL 11.88 million to LTL 0.38 million, i. e. by LTL 11.5 million because during the reporting period the dividends of LTL 10.7 million for the year 2003 and dividends of LTL 0.8 million for the year 1999-2002 were paid.

15. Information about the audit

The financial statements of Vilniaus Vingis AB for the reporting period are not audited.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

16. Material events in the Issuer's activity

Sales of the production of Vilniaus Vingis AB during March 2004 amounted to LTL 13.2 million. Total sales of the production during the first quarter of this year were by LTL 35.3 million (business plan target was exceeded by LTL 2.9 million). This year the company's exports amounted to LTL 22.2 million (62.9 % of all production). During the same period in 2003 sales amounted to LTL 35.2 million.

On 31 March 2004, a new wording of the Articles of Association of Vilniaus Vingis AB was registered.

On 9 April 2004, a meeting of the Board of Vilniaus Vingis AB, elected in general meeting of shareholders on 6 March 2004, was held. The Board reelected Vaclovas Sleinota as Chairman of the Board.

Nerijus Dagilis, member of the Board of Vilniaus Vingis AB, resigned from office as from 1 June 2004.

In June 2004, Vilniaus Vingis AB sold its products for LTL 12.1 million. This year production volume amounts to LTL 69.6 million (business plan target was exceeded by LTL 4.4 million), Lithuanian consumers received products for LTL 26.5 million (in 2003, for LTL 20.3 million); sales to purchasers of the company's production in other countries of the European Union amounted to LTL 40.6 million (in 2003, LTL 41.7 million). During the same period in 2003 sales amounted to LTL 64.6 million.

On 23 July 2004, the Board of Vilniaus Vingis AB approved the semi-annual results of company's activities in 2004. Unaudited net profit is 4.389 million LTL.

17. Litigation and arbitration

During the first half of the year 2004 there were no litigations which could have or had a material impact on the financial results of Vilniaus Vingis AB.