

Vilniaus Vingis AB

Report for the Three Quarters of the Year 2005

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I. GENERAL PROVISIONS

1. Reporting period for which the report has been prepared

The report has been prepared for the three quarters of the year 2005.

2. Main data about the Issuer

Name of the Issuer	Vilniaus Vingis AB
Code in the Register of Enterprises	1225 97830
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
Register	Register of Legal Persons

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 is available at the company's registered office (Finance Management Department) from the 29 October 2005 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

Svetlana Ivanova, Acting Chief Accountant, tel. +370 5 239 25 77

4.2. The report was prepared by Asta Krušnauskaitė, the company consultant of FBC Finasta AB (Konstitucijos ave. 23, Vilnius, tel. +370 5 278 68 44, fax +370 5 210 24 74), in accordance with the information provided by the company.

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

Vilniaus Vingis AB, represented by Vaclovas Šleinota, Managing Director, and Darius Ožiūnas, Finance Director, confirms 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.

Managing Director **Vaclovas Šleinota**

Finance Director **Darius Ožiūnas**

FBC Finasta AB, represented by Asta Krušnauskaitė, the Company consultant, confirms that the information contained in this report and provided by the managers and employees of Vilniaus Vingis AB is true. FBC Finasta AB is responsible for the proper work-out of the information provided. Vilniaus Vingis AB is responsible for the accuracy of the information.

Company consultant of FBC Finasta AB **Asta Krušnauskaitė**

Date of signing the Report: 28 September 2005.

Place of preparation – FBC Finasta AB (Konstitucijos ave. 23, Vilnius)

II. INFORMATION ABOUT THE ISSUER'S LARGEST SHAREHOLDERS AND MEMBERS OF THE MANAGING BODIES

6. Shareholders

On 30 September 2005 the total number of Vilniaus Vingis AB shareholders was 1,644.

Table 6.1. Shareholders who hold more than 5 per cent of the Issuer's authorised capital and / or votes

Name of the shareholder, its type, address of head office, 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, %	Part of votes of shareholders that are acting jointly, %
SKANDINAVISKA ENSKLIDA BANKEN CLIENTS Sergels Torg 2, 10640 Stockholm, Sweden 50203290810	1,832,711	20.09	21.19	---
VACLOVAS ŠLEINOTA	242,532	2.66	2.80	11.31
RIMVYDAS SAVICKAS	179,122	1.96	2.07	
VLADISLOVAS CYBAS	170,462	1.87	1.97	
ANTANAS SAVICKAS	56,047	0.60	0.64	
VALDAS PETRAUSKAS	132,377	1.45	1.53	
MEČISLOVAS ŠAKALYS	95,736	1.05	1.11	
DARIUS OŽIŪNAS	101,406	1.11	1.17	
FINASTA INVESTMENT MANAGEMENT INVESTMENT FUND OF CENTRAL AND EASTERN EUROPE Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 1262 63073	793,440	8.70	9.18	9.49
FINASTA INVESTMENT MANAGEMENT Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 1262 63073	14,269	0.16	0.17	
FINASTA INVESTMENT MANAGEMENT REASONABLE RISK PENSION FUND Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 1262 63073	10,000	0.11	0.12	

Continuation of table 6.1.

Name of the shareholder, its type, address of head office, 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, %	Part of votes of shareholders that are acting jointly, %
FINASTA INVESTMENT MANAGEMENT ACTIVE INVESTMENT PENSION FUND Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 1262 63073	2,663	0.03	0.03	9.49
FINASTA INVESTMENT MANAGEMENT GROWING INCOME PENSION FUND Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 1262 63073	546	0.01	0.01	
VILNIAUS VINGIS AB Savanoriu Ave. 176, LT-03154 Vilnius, Lithuania 1225 97830	475,817	5.22	---	---

7. Members of the managing bodies

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

Table 7.1.1. 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	2.66	2.80
Vladislovas Cybas	Member	1.87	1.97
Rimvydas Savickas	Member	1.96	2.07
Algimantas Variakojis	Member	0.01	0.01
Marija Leitonienė	Member	-	-
ADMINISTRATION			
Vaclovas Šleinota	Managing Director	2.66	2.80
Rimvydas Savickas	Technical Director	1.96	2.07
Vladislovas Cybas	Marketing Director	1.87	1.97
Antanas Savickas	Quality Director	0.60	0.64
Darius Ožiūnas	Finance Director	1.11	1.17
Marius Budrys	Procurement Director	-	-
Sigitas Brazinskas	Business development Director	-	-
Asta Dagilienė	Personnel Director	-	-
Valdas Petrauskas	Geba complex production Director	1.45	1.53
Mečislovas Šakalys	Gija complex production Director	1.05	1.11
Svetlana Ivanova	Acting Chief Accountant	0.01	0.01

7.2. 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 7.2.1. Participation of the members of managing bodies of Vilniaus Vingis AB 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	-
	Association of Machines and Appliances Industry Enterprises, President	-
	Council of Vilnius University, Member	-
	Science Council of Lithuania, Member	-
Vladislovas Cybas	Žaliakalnio viešbutis UAB, Member of the Board	9.3
Rimvydas Savickas	Žaliakalnio viešbutis UAB	9.3
Antanas Savickas	Sertika UAB	20.0
Sigitas Brazinskas	Lithuanian Innovation Centre, Member of the Council	-
Algimantas Variakojis	FBC Finasta AB, Member of the Board; Project manager	-
	Apranga APB, Member of the Board	-
	Finasta Investment Management UAB, Member of the Board	-
	Panevėžio melioracija UAB, Member of the Board	-
	Verpstas AB, Member of the Board	-
	Gateka UAB, Member of the Board	-
	Pozityvios investicijos UAB, Director	-
	Invetex AB, Member of the Board	-
	Progresas AB, Member of the Board	9.99
	Verslo praktika, Consulting Company; Owner	100.0
Marija Leitonienė	FBC Finasta AB, The Head of Financial Analysis Department	-
	Šaldytuvų remontas UAB	11.6

Other members of the Board and Administration do not participate in activities of other companies, enterprises and organisations and do not hold over 5 percent of capital and votes in other enterprises.

III. FINANCIAL STATUS

Financial statements provided in this section are prepared in accordance with the International Financial Reporting Standards.

Financial statements for 31 December 2004 are audited and the financial statements for 30 September 2004 and 30 September 2005 are unaudited.

8. Balance sheet, LTL

No.	ASSETS	NOTE	30.09.2005	31.12.2004	30.09.2004
A.	NON – CURRENT ASSETS		44,799,824	49,911,407	49,932,180
I.	INTANGIBLE ASSETS	1	711,943	928,849	463,611
I.1.	Licences and patents		92,059	100,921	105,165
I.2.	Computer software		406,117	614,161	358,446
I.3.	Other intangible assets		213,767	213,767	
II.	TANGIBLE ASSETS	2-7	43,675,808	48,630,485	49,468,569
II.1.	Land				
II.2.	Buildings and constructions		16,356,186	16,428,256	16,239,316
II.3.	Machinery and equipment		16,511,359	19,099,794	19,133,696
II.4.	Means of transportation		610,420	761,713	997,654
II.5.	Other fixtures, fittings, tools and equipment		9,910,791	11,657,984	10,962,756
II.6.	Construction in progress		914,600	1,289,413	2,070,214
II.7.	Other tangible assets		37,102	57,975	64,933
II.8.	Provisions for construction in progress		(664,650)	(664,650)	
III.	FINANCIAL ASSETS		60,000		
III.1.	Investments in subsidiaries and associates		60,000		
IV.	DEFERRED TAX ASSETS	8	352,073	352,073	
B.	CURRENT ASSETS		31,807,506	36,078,800	38,746,618
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		15,587,949	16,945,299	19,759,836
I.1.	Inventories	9	14,080,301	16,507,279	16,715,502
I.1.1.	Raw materials and consumables		7,478,788	9,589,472	11,521,111
I.1.2.	Work in progress		810,999	537,063	747,064
I.1.3.	Finished products		2,745,818	6,380,744	4,447,327
I.1.4.	Goods for resale		3,044,696		
I.2.	Prepayments		1,507,648	438,020	3,044,334
I.3.	Contracts in progress				
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	11	15,826,838	19,078,101	18,877,609
II.1.	Trade debtors		15,357,478	16,570,198	17,900,833
II.2.	Receivables from subsidiaries and associates				
II.3.	Other amounts receivable		469,360	2,507,903	976,776
III.	OTHER CURRENT ASSETS				
IV.	CASH AND CASH EQUIVALENTS	12	392,719	55,400	109,173
	TOTAL ASSETS		76,607,330	85,990,207	88,678,798

continuation

NO.	EQUITY AND LIABILITIES	NOTE	30.09.2005	31.12.2004	30.09.2004
C.	EQUITY		49,566,382	53,298,972	60,876,258
I.	CAPITAL		34,756,952	34,756,952	37,731,952
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 (-)	13	(3,946,668)	(3,946,668)	(971,668)
II.	REVALUATION RESERVE (RESULTS)		275	275	275
III.	RESERVES		6,632,624	16,624,395	16,624,395
III.1.	Legal reserve	14	2,085,956	1,905,278	1,905,278
III.2.	Reserve for acquiring own shares		3,946,668	14,119,117	14,119,117
III.3.	Other reserves		600,000	600,000	600,000
IV.	RETAINED EARNINGS (LOSSES)	15	8,176,531	1,917,350	6,519,636
D.	GRANTS AND SUBSIDIES				
E.	AMOUNTS PAYABLE AND LIABILITIES	16	27,040,948	32,691,235	27,802,540
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		18,260,427	21,654,642	362,364
I.1.	Financial debts		18,260,427	21,654,642	362,364
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		8,780,512	11,036,593	27,440,176
II.1.	Current portion of non-current debts		25,892	102,196	25,134
II.2.	Financial debts to credit institutions				18,713,151
II.3.	Trade creditors		5,949,626	8,966,418	6,545,409
II.4.	Amounts received in advance (on contracts in progress)		216,325	175,298	315,971
II.5.	Profit tax liabilities				
II.6.	Liabilities related with labour relations		1,608,344	1,064,224	1,570,741
II.7.	Provisions				
II.8.	Other amounts payable and current liabilities		980,334	728,457	269,770
	TOTAL EQUITY AND LIABILITIES		76,607,330	85,990,207	88,678,798

9. Profit (loss) statement, LTL

No.	ITEMS	NOTE	THREE QUARTERS OF 2005	THREE QUARTERS OF 2004
I.	TURNOVER	17,18	60,717,291	97,970,366
II	PRODUCTION COST		57,385,621	81,269,523
III.	GROSS PROFIT (LOSS)		3,331,670	16,700,843
IV.	OPERATING COSTS	19	7,599,344	11,600,086
VI.1	Sales		1,435,083	2,916,025
VI.2	General and administrative		6,164,261	8,684,061
V.	OPERATING PROFIT (LOSS)		(4,267,675)	5,100,757
VI.	OTHER ACTIVITIES	20	1,269,412	1,246,784
VI.1	Income		3,683,251	6,474,630
VI.2	Expenses		2,413,839	5,227,846
VII.	FINANCING AND INVESTING ACTIVITIES	21	(734,326)	310,957
VI.1	Income		37,803	949,926
VI.2	Expenses		772,130	638,969
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		(3,732,589)	6,658,498
IX.	EXTRAORDINARY GAIN	22		
X.	EXTRAORDINARY LOSSES			
XI.	PROFIT (LOSS) BEFORE TAXES		(3,732,589)	6,658,498
XII.	PROFIT TAX	23		998,775
XIII.	NET PROFIT (LOSS)		(3,732,589)	5,659,723

10. Statement of changes in shareholders' equity, LTL

	Share capital	Share premium	Own shares (-)	Revaluation reserve (results)		Reserves		Other reserves	Retained earnings (losses)	Total
				Non-current tangible assets	Financial assets	Legal	For acquiring own shares			
1. BALANCE AT 31 DECEMBER 2003	36,492,420	2,211,200	(971,668)	0	275	1,438,042	0	16,879,373	7,407,526	63,457,168
2. Result of changes in accounting policy										
3. Result of correcting material errors										
4. RECALCULATED BALANCE AT 31 DECEMBER 2003	36,492,420	2,211,200	(971,668)	0	275	1,438,042	0	16,879,373	7,407,526	63,457,168
5. Gain / losses on non-current tangible assets revaluation										
6. Gain / losses on financial assets revaluation										
7. Acquisition / sale of own shares			(2,975,000)							(2,975,000)
8. Profit / loss not recognized in the Profit (loss) Statement										
9. Net profit / loss of the reporting period									3,613,551	3,613,551
10. Dividend									(10,796,747)	(10,796,747)
11. Other payments										
12. Formed reserves						467,236	14,119,117	600,000	(15,186,353)	0
13. Used reserves								(16,879,373)	16,879,373	0
14. Increase / reduction of share capital										
15. BALANCE AT 31 DECEMBER 2004	36,492,420	2,211,200	(3,946,668)	0	275	1,905,278	14,119,117	600,000	1,917,350	53,298,972
16. Gain / losses on non-current tangible assets revaluation										
17. Gain / losses on financial assets revaluation										
18. Acquisition / sale of own shares										
19. Profit / loss not recognized in the Profit (loss) Statement										
20. Net profit / loss of the reporting period									(3,732,589)	(3,732,589)
21. Dividend										
22. Other payments										
23. Formed reserves						180,678	(10,172,449)	600,000	(780,678)	(10,172,449)
24. Used reserves								(600,000)	10,772,449	10,172,449
25. Increase / reduction of share capital										
26. BALANCE AT 30 SEPTEMBER 2005	36,492,420	2,211,200	(3,946,668)	0	275	2,085,956	3,946,668	600,000	8,176,531	49,566,382

11. Cash flow statement, LTL

NO.	ITEMS	NOTE	30.09.2005	30.09.2004
I.	CASH FLOW FROM MAIN ACTIVITY			
I.1.	Cash inflows (including VAT) of the reporting period		67,348,094	111,515,345
I.1.1.	Cash inflows from customers		67,074,473	110,385,649
I.1.2.	Other inflows		273,621	1,129,696
I.2.	Cash payments of the reporting period		(61,926,989)	(109,053,608)
I.2.1.	Payments (including VAT) for raw materials, goods and services		(42,212,595)	(78,565,328)
I.2.2.	Payments related to labour relations		(15,072,105)	(20,489,389)
I.2.3.	Taxes paid		(4,427,247)	(9,495,032)
I.2.4.	Other payments		(215,042)	(503,859)
	NET CASH FLOW FROM MAIN ACTIVITY	24	5,421,105	2,461,737
II.	CASH FLOW FROM INVESTING ACTIVITIES			
II.1.	Purchases of non-current assets (except investments)		(640,438)	(2,943,195)
II.2.	Sales of non-current assets (except investments)		7,666	130,925
II.3.	Purchases of long-term investments		0	0
II.4.	Sales of long-term investments		(60,000)	0
II.5.	Loans provided		0	(7,500,000)
II.6.	Loans returned		0	7,500,000
II.7.	Dividends, interests received		0	78,164
II.8.	Other increases in cash flow from investing activities		0	0
II.9.	Other decreases in cash flow from investing activities		0	0
	NET CASH FLOW FROM INVESTING ACTIVITIES	25	(692,772)	(2,734,106)
III.	CASH FLOW FROM FINANCIAL ACTIVITIES			
III.1.	Cash flows related to owners		(13,435)	(10,432,641)
III.1.1.	Emission of shares		0	0
III.1.2.	Owners contributions against losses		0	0
III.1.3.	Redemption of own shares		0	0
III.1.4.	Dividend paid		(13,435)	(10,432,641)
III.2.	Cash flows related to other financing sources		(4,383,317)	8,681,945
III.2.1.	Increase in financial debts		52,424,519	91,237,222
III.2.1.1.	Loans gained		52,424,519	91,237,222
III.2.1.2.	Bonds emission		0	0
III.2.2.	Decrease in financial debts		(56,591,740)	(82,363,926)
III.2.2.1.	Loans paid		(56,091,032)	(81,974,284)
III.2.2.2.	Redemption of bonds		0	0
III.2.2.3.	Interests paid		(424,369)	(315,422)
III.2.2.4.	Leasing payments		(76,339)	(74,220)
III.2.3.	Increase in other liabilities		0	0
III.2.4.	Decrease in other liabilities		(216,096)	(191,351)
III.3.	Increase in other cash flows from financial activities		0	0
III.4.	Decrease in other cash flows from financial activities		0	0
	NET CASH FLOW FROM FINANCIAL ACTIVITIES	26	(4,396,752)	(1,750,696)

Continuation

NO.	Items	NOTE	30.09.2005	30.09.2004
IV.	CASH FLOWS FROM EXTRAORDINARY ACTIVITIES		0	0
IV.1.	Increase in cash flows from extraordinary activities		0	0
IV.2.	Decrease in cash flows from extraordinary activities		0	0
V.	INFLUENCE OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES TO BALANCE OF CASH AND CASH EQUIVALENTS		4,828	17,358
VI.	INCREASE (DECREASE) IN NET CASH FLOW		336,409	(2,005,707)
VII.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		55,400	2,114,880
VIII.	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		392,719	109,173

12. Explanatory letter

EXPLANATORY LETTER OF 30 SEPTEMBER 2005

The financial statements of the company are prepared in accordance with International Accounting Standards. Accounting principles used are coincident with those, according to which the annual financial accountability of the year 2004 was prepared.

BALANCE SHEET

1. NON-CURRENT INTANGIBLE ASSETS

Intangible assets, comprising of patents, licences and 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.

Non-current intangible assets (LTL)

	ITEMS	PATENTS, LICENCES	COMPUTER SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
	BALANCE AT 31 DECEMBER 2004	100,921	614,161	213,767	928,949
a)	NON-CURRENT INTANGIBLE ASSETS AT ACQUISITION VALUE				
	At 31 December 2004	341,589	1,532,030	213,767	2,087,386
	Changes during the period:				
	- acquisition of assets	46,490	15,147		61,637
	- cessions to other persons and written-off assets (-)				
	- transfers from one heading to another + / (-)				
	At 30 September 2005	388,079	1,547,177	213,767	2,149,023
b)	AMORTISATION				
	At 31 December 2004	240,667	917,870		1,158,537
	Changes during the period:				
	- amortisation of the period	55,353	223,190		278,543
	- written back (-)				
	- amortisation of cessions to other persons and written-off assets (-)				
	- transfers from one heading to another + / (-)				
	At 30 September 2005	296,020	1,141,060		1,437,080

continuation

	ITEMS	PATENTS, LICENCES	COMPUTER SOFTWARE	OTHER INTANGIBLE ASSETS	TOTAL
c)	DECREASE IN VALUE At 31 December 2004 Changes during the period: - decrease in value for the period - written back (-) - of cessions to other persons and written-off assets (-)				
	At 30 September 2005				
d)	BALANCE AT 30 SEPTEMBER 2005 (A)-(B)-(C)	92,059	406,117	213,767	711,943

2. NON-CURRENT TANGIBLE ASSETS

Non-current tangible assets acquired on or after 1 January 1996 are stated at cost, less accumulated depreciation and impairment losses. Non-current tangible assets acquired before 1 January 1996 are stated at cost less accumulated depreciation as adjusted for indexation, using indexation rates set by the Lithuanian Government for different categories of assets. The cost of self-constructed assets includes the costs of materials, direct labour costs and an appropriate proportion of production overheads.

Expenditure incurred to replace a component of an item of non-current tangible asset that is accounted separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of non-current tangible asset. All other expenditure is recognised in the profit (loss) statement as an expense is incurred.

Depreciation is charged to the profit (loss) statement on a straight-line basis over the estimated useful lives of items of non-current tangible assets. The estimated useful lives are as follows:

3. DEPRECIATION RATES OF NON-CURRENT TANGIBLE ASSETS

ITEMS	ESTIMATED USEFUL LIVES (YEARS)
Buildings and construction	55
Machinery and equipment	5-8
Means of transportation	6-10
Other fixtures, fittings, tools and equipment	5-15
Other tangible assets	3-6

Assets with the cost of less than LTL 500 are expensed in the year of acquisition.

Profit or loss from transfer of non-current tangible assets is identified according to the value of the assets booked in the accounting books of the accounting period, and the assets are accounted for when calculating the operating profit.

4. PLEDGE OF NON-CURRENT TANGIBLE ASSETS AT 30 09 2005

ITEMS OF PLEDGED ASSETS	BOOK VALUE (LTL)	DATE OF THE END OF PLEDGE
Buildings and construction	12,531,616	2006-2007
Total	12,531,616	

5. DEPRECIATED NON-CURRENT TANGIBLE ASSETS IN USE

ITEMS	ACQUISITION VALUE (LTL)
Buildings and construction	395,450
Machinery and equipment	10,071,265
Means of transportation	838,023
Other fixtures, fittings, tools and equipment	6,235,758
Total	17,540,496

6. ADDITIONAL INFORMATION ABOUT REVALUATIONS

Four revaluations of non-current intangible assets were performed during the period between 1 January 1991 and 31 December 1995. The revaluations of non-current intangible assets were performed by indexing the cost and accumulated depreciation of the non-current intangible assets using the indexes set by the Lithuanian Government.

The range of revaluations and revaluation indexes was as follows:

Revaluation	The range of indexes
Effective from 1 July 1991	2.2 times
Effective from 1 March 1992	2 – 5 times
Effective from 1 April 1994	1.4 – 14 times
Effective from 31 December 1995	1.6 – 1.7 times

The book value of the indexed assets amounts to LTL 16,515 thousand as at 30 September 2005, from which LTL 15,926 thousand is buildings and LTL 492 thousand is production equipment.

7. NON-CURRENT TANGIBLE ASSETS (LTL)

	ITEMS	BUILDINGS AND CONSTRUCTION	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORTATION	OTHER FIXTURES, FITTINGS, TOOLS AND EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
	BALANCE AT 31 DECEMBER 2004	16,428,256	19,099,794	761,713	10,993,334	1,289,413	57 975	48,630,485
a)	ACQUISITION VALUE							
	At 31 December 2004	24,759,577	45,556,515	2,004,499	28,177,371	1,289,413	162 686	101,950,061
	Changes during the period:							
	- acquisition of assets		174,525		127,602	1,227,863		1,529,990
	- cessions and written-off assets (-)		(2,706,206)	(16,534)	(1,870,816)			(4,593,556)
	- transfers from one heading to another + / (-)	254,237	711,402		637,037	(1,602,676)		0
	At 30 September 2005	25,013,814	43,736,236	1,987,965	27,071,194	914,600	162 686	98,886,495
b)	REVALUATION							
	At 31 December 2004							
	Changes during the period:							
	- increase (decrease) in value + / (-)							
	- of cessions to other persons and written-off assets (-)							
	- transfers from one heading to another + / (-)							
	At 30 September 2005							

continuation

	ITEMS	BUILDINGS AND CONSTRUCTION	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORTATION	OTHER FIXTURES, FITTINGS, TOOLS AND EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER TANGIBLE ASSETS	TOTAL
c)	DEPRECIATION							
	At 31 December 2004	8,331,321	26,456,721	1,242,786	17,184,034		104,711	53,319,573
	Changes during the period:							
	- depreciation of the period	326,307	3,473,470	151,291	12,504,835		20,783	6,476,776
	- written back (-)							
	- depreciation of cessions to other persons and written-off assets (-)		(2,705,314)	(16,532)	(1,863,816)			(4,585,662)
	- transfers from one heading to another + / (-)							
	At 30 September 2005	8,657,628	27,224,877	1,377,545	17,825,053		125,584	55,210,687
d)	DECREASE IN VALUE							
	At 31 December 2004							
	Changes during the period:							
	- decrease in value for the period							
	- written back (-)							
	- of cessions to other persons and written-off assets (-)							
	- transfers from one heading to another + / (-)							
	At 30 September 2005							
e)	BALANCE AT 30 SEPTEMBER 2005 (A)+(B)-(C)-(D)	16,356,186	16,511,359	610,420	9,246,141	914,600	37,102	43,675,808

8. DEFERRED TAX ASSETS (LTL THOUSAND)

	30 09 2005		31 12 2004	
	TEMPORARY DIFFERENCE	DEFERRED TAX (15%)	TEMPORARY DIFFERENCE	DEFERRED TAX (15%)
Provision for non-current assets	665	100	665	100
Provision for inventories	1,536	230	1,536	230
Provision for receivables	23	3	23	3
Part of vacation reserve	91	14	91	14
Other accruals	32	5	32	5
Net book value	2,347	352	2,347	352

9. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price, less the estimated costs of completion and selling expenses.

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

Cost of finished goods and production in process includes raw materials, direct labour costs, other direct costs and appropriate share of overheads except for interest costs. Finished goods are presented by booking at selling prices less the average sales margin.

11. AMOUNTS RECEIVABLE

Trade and other receivables are stated at their cost less impairment losses. An estimate is made for doubtful and hopeless receivables based on the review of all outstanding amounts at the year-end.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and cash at bank, including call deposits.

13. REPURCHASE OF 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 own shares and presented as a deduction from total equity. Any gain or loss resulting from repurchase or disposal of own shares is recognised directly in equity. The company has acquired 475,817 own shares.

14. LEGAL RESERVE

According to the Lithuanian legislation annual contributions of minimum 5% of the net profit are required until the legal reserve reaches 10% of the authorised capital. This reserve cannot be distributed.

15. PROFIT DISTRIBUTION

The profit of the year 2004 was distributed according to the decision of Annual general meeting of shareholders of Vilniaus Vingis AB, held on 2 April 2005. The amount of LTL 10,772,449 from reserves was transferred for appropriation of profit. The total appropriation of profit of LTL 12,689,799 is distributed to legal reserves of LTL 180,678, and a reserve for other needs is formed of LTL 600,000. The amount of LTL 11,909,121 is left in retained earnings. On 30 September 2005 because of the experienced loss retained earnings reduced by LTL 3,732,589. Profit distribution and changes of own equity are presented in Statement of changes in shareholders' equity.

16. STATE OF LIABILITIES AT 30 09 2005 (LTL)

	ITEMS SPECIFICATION OF LIABILITIES PER TYPE	AMOUNTS OR PART OF AMOUNTS PAYABLE		
		WITHIN ONE FINANCIAL YEAR	WITHIN ONE TO FIVE FINANCIAL YEARS	AFTER FIVE YEARS
	Financial liabilities (including liabilities to subsidiaries and associated companies)			
1.	Leasing and other similar liabilities	25,892	260,133	
2.	To credit institutions		18,000,294	
3.	Other financial liabilities			
	Other liabilities	8,754,629		
	Total	8,780,521	18,260,427	0

PROFIT (LOSS) ACCOUNT

17. SALES

Revenue from sale of goods is recognised in the profit (loss) statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the profit (loss) statement where delivery has been effected by the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

18. BUSINESS SEGMENT REPORTING

Result of 9 months of 2005

THOUSAND LTL	LITHUANIA	GERMANY	HUNGARY	ENGLAND	BELARUS	USA	OTHER COUNTRIES	TOTAL
Revenue	24,353	10,140	11,777	9,902	664	1,825	2,056	60,717
Costs	23,221	9,263	10,851	9,834	626	1,709	1,882	57,386
Segment result								3,331
Unallocated expenses								(7,599)
Activity result								(4,268)

Result of 9 months of 2004

THOUSAND LTL	LITHUANIA	GERMANY	HUNGARY	ENGLAND	BELARUS	USA	OTHER COUNTRIES	TOTAL
Revenue	26,578	22,458	19,267	14,773	689	2,359	1,813	97,970
Costs	29,994	18,691	16,035	12,198	680	2,330	1,342	81,270
Segment result								16,700
Unallocated expenses								(11,600)
Activity result								5,100

19. OPERATING COSTS

Operating expenses include distribution (sales) costs, general and administrative costs.

Sales costs comprise costs regarding transportation of goods, advertising and exhibitions, depreciation and expenses of sales personnel to make the turnover of the year. General and administrative costs include administrative staff, management costs, activity taxes, repairs of building and equipment, territory guard and cleaning expenses etc. including depreciation and amortisation.

Operating costs (LTL)

	ITEMS	30 09 2005	30 09 2004
a)	DISTRIBUTION (SALES) COSTS	1,435,083	2,916,025
	Commissions to third parties	71,568	1,129,111
	Transportation	474,256	825,514
	Salaries and social insurance	470,822	496,433
	Advertising, exhibitions	107,237	153,463
	Other sales expenses	311,200	311,504
b)	GENERAL AND ADMINISTRATIVE	6,164,261	8,684,061
	Salaries and social insurance	2,681,766	2,385,920
	Repairs and maintenance of buildings and equipment	250,689	1,107,534

continuation

	ITEMS	30 09 2005	30 09 2004
	Activity taxes	416,721	670,513
	Depreciation and amortisation of non-current assets	702,038	496,387
	Territory guard and cleaning	724,726	889,779
	Utilities	288,179	304,080
	Other costs	1,100,142	2,829,848
c)	TOTAL OPERATING COSTS	7,599,344	11,600,086

20. INCOME AND EXPENSES OF OTHER ACTIVITIES

Other operating income and charges comprise items secondary in relation to the primary activities.

Result of other activities (LTL)

	ITEMS	30 09 2005	30 09 2004
a)	INCOME FROM OTHER ACTIVITIES	3,683,251	6,474,630
	Rental income	2,145,299	2,233,698
	Gains of transfers of current assets	575,547	478,716
	Other income	962,405	3,762,216
b)	EXPENSES FROM OTHER ACTIVITIES	2,413,839	5,227,846
	Rental expenses	1,069,689	1,264,159
	Loss of transfers of current assets	371,015	281,392
	Other expenses	973,135	3,682,295
c)	RESULT OF OTHER ACTIVITIES (A-B)	1,269,412	1,246,784

21. INCOME AND EXPENSES OF FINANCIAL AND INVESTING ACTIVITIES

Financial income and expenses comprise interest receivable and payable, realised and unrealised exchange gains and losses regarding debtors and creditors denominated in foreign currencies.

Foreign currency transactions

Transactions in foreign currencies are translated to Litas 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 profit (loss) statement.

Result of financial and investing activities (LTL)

	ITEMS	30 09 2005	30 09 2004
a)	INCOME FROM FINANCIAL AND INVESTING ACTIVITIES	37,804	949,926
	Interest from loans	158	78,164
	Positive currency exchange gain	12,331	13,270
	Other income	25,315	858,492
b)	EXPENSES FROM FINANCIAL AND INVESTING ACTIVITIES	772,130	638,969
	Negative currency exchange loss	267,614	75,333
	Interest for the loans and leasing	473,246	496,986
	Other expenses	31,270	66,650
c)	RESULT OF FINANCIAL AND INVESTING ACTIVITIES (A-B)	(734,326)	310,957

22. EXTRAORDINARY GAIN AND LOSSES

Extraordinary gain and losses comprise income and charges resulting from activities other than ordinary ones.

23. PROFIT TAX

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date. The company experienced loss during the 9 months of 2005, so the profit tax was not calculated.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

CASH FLOW STATEMENT

The cash flow statement shows the company's inflows and outflows of cash during the three quarters of 2005.

24. NET CASH FLOW FROM OPERATING ACTIVITIES

Cash flow arising from operating activities are presented directly. Revenues and payments are presented including VAT.

25. NET CASH FLOW FROM INVESTING ACTIVITIES

Net cash flow from investing activities comprises acquisitions and disposals of non-current assets and investment.

26. NET CASH FLOW FROM FINANCING ACTIVITIES

Net cash flow from financing activities comprises payments to and from shareholders as well as receipts from and repayment of mortgage debt and other long-term and short-term creditors not included under the working capital.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

13. Material events in the Issuer's activity

On 28 February 2005, the Board of Vilniaus Vingis AB approved activity targets for the year 2005. The company plans to sell its production for no less than LTL 127 million and to earn LTL 3,5 million profit before taxes.

During the meeting the Board of Vilniaus Vingis AB approved strategic goals of the company for 2006-2008:

	2006	2007	2008
Sales of production, LTL million	130	135	140
Profit before taxes, LTL million	7	8	9.5

Martynas Česnavičius, member of Board of Vilniaus Vingis AB, resigned from office as from **1 March 2005**.

On 17 March 2005 Vilniaus Vingis AB has signed an agreement with Vilnius University, Kaunas University of Technology, Institute of Physics and Tikslioji sinteze UAB to establish ORGELITA consortium.

On 2 April 2005 a General meeting of shareholders of Vilniaus Vingis AB was held:

1. Approval of Vilniaus Vingis AB activity report for 2004;
2. Report of audit company KPMG Lietuva UAB on the company's activity in 2004;
3. Approval of the company's annual financial statements for 2004;
4. Approval of the 2004 profit distribution – the profit of LTL 12.7 million was distributed:
 - LTL 180.7 thousand transferred to the reserves, provided by the law,
 - LTL 600.0 thousand transferred to the reserves for other needs (Board's decision),
 - LTL 11.9 million transferred to Undistributed results;
5. Approval of resolution regarding buying back and selling of Vilniaus Vingis AB shares:
 - 5.1. To sell the ordinary registered, par value of LTL 4, shares of Vilniaus Vingis AB (ISIN code LT0000103673, hereinafter shares) on Vilnius Stock Exchange at the market price to provide equal chances to all the shareholders for acquisition of the company's shares.
 - 5.2. Selling bottom price of the own shares - LTL 5 per share.
 - 5.3. In 2005, on behalf of the company not to buy the own shares on Vilnius Stock Exchange.
 - 5.4. To entitle the company's Board to take decision and fix the selling prices for the shares. This entitlement is valid until 01 05 2006;
6. Selection as the auditor of Vilniaus Vingis AB for 2005 - 2008 the audit company KPMG Lietuva and the determination of the yearly payment for the audit services;
7. New members elected to the Board of Vilniaus Vingis AB are Algimantas Variakojis, the member of the Board of FBC Finasta, and Marija Leitonienė, the Head of Financial Analysis Department of FBC Finasta.

On September 23, 2005 the Board of Vilniaus Vingis AB decided to establish two subsidiary companies of Vilniaus Vingis AB: Vilniaus Vingio Gija UAB and Vilniaus Vingio Mechanika UAB. Vilniaus Vingis AB will be an exclusive shareholder of both subsidiaries. They will start production activity on January 1, 2006 and will perform the functions of three structural divisions of Vilniaus Vingis AB (they are Gija, Maga and Įrankių gamyba).

Vilniaus Vingio Gija UAB main activities will be moulding of plastic parts, machining and stamping, electroplating operations (currently these functions are performed by division Gija). Vilniaus Vingio Mechanika UAB will design and manufacture tools and equipment for various purposes (these activities are carried out by divisions Maga and Įrankių gamyba).

On 7 October 2005, the Board of Vilniaus Vingis AB updated activity targets for the year 2005. The decision to sell production for no less than LTL 82.0 million (EUR 23.75 million) and sustain a loss of no more than LTL 5.5 million (EUR 1.59 million) was made. At the beginning of this year the Board of the

company approved the plans to sell production and perform services for no less than LTL 127 million (EUR 36.78 million) and to earn LTL 3.5 million (EUR 1.01 million) profit before taxes in 2005. Due to the stagnation in the European TV tubes market the company will not be able to reach planned targets.