

**JOINT STOCK COMPANY VILNIAUS VINGIS**

30 August 2007

**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 six month 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 and Interim Report for the  
First Half of the Year 2007*

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## Interim Report

### Reporting period for which the report has been prepared

The report has been prepared for the first quarter of the year 2007.

### Main data about the Issuer

Name of the Issuer	<b>Vilniaus Vingis AB</b>
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	<a href="mailto:info@vingis.lt">info@vingis.lt</a>
Internet address	<a href="http://www.vingis.lt">www.vingis.lt</a>
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

### Activity

The Company is involved in the manufacture of electronic components.

### Share capital

The share capital comprises 9,123,105 ordinary shares with a nominal value of Litas 4 each and the total share capital amounts to Litas 36,492,420.

There is the Agreement with Finasta JSC FMI due to arrangement of securities invoices.

### Shareholders

On 30 June 2007 the total number of Vilniaus Vingis AB shareholders was 750.

Shareholders who held more than 5 per cent of the Issuer's authorised capital or / and votes on 30 June 2007

Name of the shareholder (name of the company, 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, %
HERMIS CAPITAL UAB A. Tumėno Str.4, 01109 Vilnius, Lithuania 1256 99527	5,339,823	58.53	61.75	---
FINANCIAL SPECTRUM INVESTMENT Konstitucijos Ave. 23, LT-08105 Vilnius, Lithuania 132209272	1,675,066	18.36	19.37	---

ŠIAULIŲ BANKAS Tilžės Str 149 Šiauliai, Lithuania 112025254	906,400	9.94	10.48	---
VILNIAUS VINGIS AB Savanoriu Ave. 176, LT-03154 Vilnius, Lithuania 1225 97830	475,817	5.22	---	---

## 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	LT0000103673	9,123,105	4.00	36,492,420.00

## Trading shares of Vilniaus Vingis AB

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 <sup>st</sup> quarter of 2007	6.15	5.66	6.00	5,664,051	0	0	30.03.2007	3,200,526	18,641,121
2 <sup>nd</sup> quarter of 2007	6.20	5.45	6.09	11,020,031	0	0	29.06.2007	2,875,455	17,144,250

## Capitalisation of shares of Vilniaus Vingis AB, LTL

Last session date	Capitalisation, LTL
30.03.2007	54,738,630.00
29.06.2007	55,559,709.45

## Employees.

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 reasons made dependent on reducing of the number of workers. During the second Quarter of 2007 year 185 people were discharged from UAB Vilniaus Vingio Geba, 21 – from AB Vilniaus Vingis. 6 people are working in Vilniaus Vingis AB and 3 people - in UAB Vilniaus Vingio Geba on 30 June, 2007.

## Members of the managing bodies

Vilniaus Vingis AB has the General Meeting, a single-person management organ – the manager (General Director) and collegial management organ – the Board. The Supervisory Board is not formed in the Company.

The Board is elected by the General Meeting for a term of 4 years. The Board has 3 members.

The Board elects and removes from office the manager of the Company, fixes his salary, approves his job description, provides incentives for him and imposes penalties.

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

Name, surname	Position held	Share of the capital held, %	Share of the votes held, %
<b>THE BOARD</b>			
Nerijus Dagilis	Chairman	-	-
Darius Janulevičius	Member	-	-
Marija Leitonienė	Member	-	-
<b>ADMINISTRATION</b>			
Neringa Menčičūnienė	General Director	-	-
Svetlana Ivanova	Chief Accountant	-	-

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)

Name, surname	Name of the company, enterprise, organisation, position held	Share of capital held in other enterprises, %
Nerijus Dagilis	Chairman of the Board of Hermis Capital UAB	17,72
	Director of Survesta UAB	-
	Chairman of the Board of Vilniaus Vingis AB	-
	Chairman of the Board of Snaigė AB	-
	Member of the Board of Kelmės pieninė AB	-
	Member of the Board of Kitron ASA	-
	Member of the Board of MEDITUS UAB	-
	Baltijos polistirenas UAB	40.0
	Ežerų pasaulis UAB	25.0
	Gulbinų turizmas UAB	8.33
	Chairman of the Board Kauno diena UAB	-
	Member of the Board of Naftos gavyba UAB	-
	Member of the Board of Geonafta UAB	-
	Director of Hermis fondų valdymas	-
	Member of the Board of Genčių nafta UAB	-
Member of the Board of Minijos nafta UAB	-	
Chairman of the Board of Klaipėdos laikraščio redakcija UAB	-	
Darius Janulevičius	Director of Hermis Capital UAB	1.03
	Chairman of the Board of HC ir R-IV projektai UAB	4.0
	Member of the Board of FBC Baltijos vertybiniai popieriai UAB	-
	Chairman of the Board of MEDITUS UAB	-
	Member of the Board of Naftos gavyba UAB	-
	Member of the Board of Genčių nafta UAB	-
	Member of the Board Kauno diena UAB	-
	Member of the Board of Klaipėdos laikraščio redakcija UAB	-
	Member of the Board of Minijos nafta UAB	-
	Chairman of the Board of Geonafta AB	-
	Urbo slėnis UAB	12.5
	ERAMOS APDAILA UAB	50.0
Chairman of the Board of Edinye Neftepromyslovye Energeticheskoye Systemy OOO	-	
Marija Leitonienė	Member of the Board of Finasta įmonių finansai AB	-
	Šaldytuvų remontas UAB	11.6

**Important events in the Issuer's activity**

<b>Headline</b>	<b>Message Category</b>	<b>Language</b>	<b>Date</b>
Sales of production of Vilniaus Vingis AB	Company Announcement	En	2007.02.15
Agenda of general meeting of shareholders	Notice to convene annual general meeting	Lt, En	2007.03.19
DISCLOSURE ABOUT ACQUISITION OF A BLOCK OF SHARES	Major shareholder announcements	Lt, En	2007.03.20
DISCLOSURE ABOUT DISPOSAL OF A BLOCK OF SHARES	Major shareholder announcements	Lt, En	2007.03.20
DISCLOSURE ABOUT ACQUISITION OF A BLOCK OF SHARES	Major shareholder announcements	Lt, En	2007.03.20
Regarding one's own shares	Changes in share capital and votes	Lt, En	2007.03.29
Supplemented agenda of the General Meeting	Notice to convene annual general meeting	Lt, En	2007.04.04
Draft resolutions of the General Meeting	Notice to convene annual general meeting	Lt, En	2007.04.06
Audited activity results of Vilniaus Vingis AB in 2006	Company Announcement	Lt, En	2007.04.06
Financial Statements for the year 2006 and annual Report	Annual report/ accounts	Lt, En	2007.04.11
Sales of the first quarter in 2007	Company Announcement	Lt, En	2007.04.12
Vilniaus Vingis AB Major shareholder announcements	Major shareholder announcements	Lt, En	2007.04.17
Company Announcement	Company Announcement	Lt, En	2007.04.18
Resolutions of the ordinary General Shareholder's Meeting	Minutes of annual general meeting	Lt, En	2007.04.20
Resolutions of the ordinary General Shareholder's Meeting	Minutes of annual general meeting	Lt, En	2007.04.20
Notification acquisition of a block of shares	Major shareholder announcements	Lt, En	2007.04.23
Vilniaus Vingio Geba ceases the production of not promising deflection yokes.	Investor News	En	2007.04.24
Vilniaus Vingio Geba UAB cease the production of deflection yokes	Company Announcement	Lt, En	2007.04.24
Vilniaus Vingis AB Board's meeting	Changes board/management/auditors	Lt, En	2007.05.09
Notification disposal/acquisition of a block of shares	Major shareholder announcements	Lt, En	2007.05.28
Financial statements for the I quarter 2007	Quarterly report	Lt, En	2007.05.31
Preliminary results of activities for first half year of 2007	Notification on material event	Lt, En	2007.07.24
Due to Tender Offer	Notification on material event	Lt, En	2007.07.26

Audited activity results of Vilniaus Vingis AB in 2006:

- Sales – LTL 48.38 million (EUR 14.01 million);
- Loss – LTL 24.87 million (EUR 7.2 million).

During the first quarter of the year 2006 Vilniaus Vingis Group sold its products for LTL 6.453 million (EUR 1.869 million).

The Ordinary General Shareholder's meeting of Vilniaus Vingis AB held on 20 April 2007 and adopted the following resolutions:

1. To approve of the annual report on the Company's in 2006.
2. Debriefed "KPMG Baltics" UAB the annual report of the Company for the year 2006.
3. To approve the financial statements on the Company's in 2006.
4. To approve the company's profit (loss) distribution:
  - 1) Not allotted profit (loss) brought forward from the previous year at beginning of the financial year - 4295787 Lt;
  - 2) Net loss for the accountable financial year -22871699 Lt;
  - 3) Not acquainted profit (loss) in report for the accountable financial year 0 Lt;
  - 4) Transference from reserve 0 Lt;
  - 5) Shareholders contribution against losses (if the shareholders decide to cover all or part of the profit(loss) to be appropriated) – 0 Lt;
  - 6) Profit (loss) appropriated - 18 575 912 Lt;
  - 7) Appropriation of profit to legal reserve 0 Lt;
  - 8) The share of profit of a public limited liability company allocated to the reserve for own shares – 0 Lt;
  - 9) Appropriation of profit to other reserve- 0 Lt;
  - 10) Appropriation of profit for the payment of dividend- 0 Lt ;
  - 11) The share of profit for the payment of annual bonuses to Board and Supervisory Board members, payment of incentives to workers and other allocations – 0 Lt;
  - 12) Profit (loss) to be carried forward to the next financial year -18 575 912 Lt ;

The new wording of Company's Statutes is approved:

The wording of paragraph 6.1.2 of company's Statutes from "The Board is formed of 5 members for the term of not longer than four years" is changed to "The Board is formed of 3 members for the term of not longer that four years".

The mentioned newspaper "Lietuvos rytas" is changed to "Kauno diena" in paragraph 7 of company's Statutes.

Vilniaus Vingis AB Board's members Mr.Nerijus Dagilis, Mr.Darius Janulevičius, Mr.Valdas Petrauskas, Ms Marija Leitoniene were recalled from 20.04.2007.

The new members of company's Board Mr. Nerijus Dagilis, Mr. Darius Janulevičius, Ms Marija Leitoniene were elected

The situation being changed through the rising of new TV technologies and the reducing of product's prices the company's products become not comprehensive and the business of deflection yokes becomes unprofitable. Due to those reasons the sales volumes of DY is reduced in the first quarter of the year 2007. The customer's orders aren't Vilniaus Vingio Geba UAB was appealed to close the production. Vilniaus Vingis, as the only shareholder of Vilniaus Vingio Geba UAB, governing 100% of company's shares, made decision to close the production of deflection yokes and to liquidate Vilniaus Vingio Geba UAB from 25April, 2007.

The major shareholder Hermis Capitas UAB has announced a mandatory tender offer to acquire 100% of the company's shares. After acquiring 100% of Vilniaus Vingis AB shares, the company is intended to be liquidated. In case of failure to acquire 100% of Vilniaus Vingis AB shares, a shareholder decision regarding the liquidation of the company is going to be initiated at the general meeting of shareholders. The Tender proposal's duration of realisation is 14 days.



**Balance sheet, LTL**

No.	ASSETS	NOTE	GROUP		COMPANY	
			30.06.2007		30.06.2007	31.12.2006
<b>A.</b>	<b>NON – CURRENT ASSETS</b>		<b>2,450,214</b>		<b>3,356,214</b>	<b>26,095,300</b>
I.	INTANGIBLE ASSETS	2	170,883		170,883	265,277
I.1.	Licences and patents		30,297		30,297	52,021
I.2.	Computer software		140,586		140,586	213,256
I.3.	Other intangible assets		0		0	0
II.	TANGIBLE ASSETS	1	161,331		161,331	22,806,023
II.1.	Land		0		0	0
II.2.	Buildings and constructions		0		0	15,807,450
II.3.	Machinery and equipment		346		346	3,715,465
II.4.	Means of transportation		70,798		70,798	136,714
II.5.	Other fixtures, fittings, tools and equipment		90,187		90,187	3,144,092
II.6.	Construction in progress		0		0	0
II.7.	Provisions for construction in progress		0		0	0
II.8.	Other tangible assets		0		0	2,302
II.9.	Provisions		0		0	0
III.	FINANCIAL ASSETS		0		906,000	906,000
IV.	DEFERRED TAX ASSETS		2,118,000		2,118,000	2,118,000
<b>B.</b>	<b>CURRENT ASSETS</b>		<b>56,029,617</b>		<b>55,909,150</b>	<b>9,404,049</b>
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		466,958		466,958	3,148,354
I.1.	Inventories	3	465,055		465,055	3,129,704
I.1.1.	Raw materials and consumables		465,055		465,055	1,699,118
I.1.2.	Work in progress		0		0	0
I.1.3.	Finished products		0		0	1,430,586
I.1.4.	Goods for resale		0		0	0
I.2.	Prepayments		1,903		1,903	18,650
I.3.	Contracts in progress		0		0	0
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR		55,194,972		55,093,806	5,419,422
II.1.	Trade debtors		2,453,057		326,680	541,853
II.2.	Receivables from subsidiaries and associates		0		2,126,377	2,526,377
II.3.	Other amounts receivable		52,741,915		52,640,749	2,351,192
III.	OTHER CURRENT ASSETS	4	0		0	547,757
IV.	CASH AND CASH EQUIVALENTS	4	367,687		348,386	288,516
	<b>TOTAL ASSETS</b>		<b>58,479,831</b>		<b>59,265,364</b>	<b>34,499,349</b>

## Continuation

NO.	EQUITY AND LIABILITIES	NOTE	GROUP		COMPANY	
			30.06.2007		30.06.2007	31.12.2006
<b>C.</b>	<b>EQUITY</b>		<b>58,033,562</b>		<b>58,707,572</b>	<b>24,832,897</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 (-)	5	(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
III.1.	Legal reserve		2,085,956		2,085,956	2,085,956
III.2.	Reserve for acquiring own shares		6,565,626		6,565,626	6,565,626
III.3.	Other reserves		0		0	0
IV.	RETAINED EARNINGS (LOSSES)		14,624,753		15,298,763	(18,575,912)
<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>446,269</b>		<b>557,792</b>	<b>10,666,452</b>
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		0		0	0
I.1.	Financial debts		0		0	0
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		446,269		557,792	10,666,452
II.1.	Current portion of non-current debts		0		0	0
II.2.	Financial debts to credit institutions		0		0	1,852,706
II.3.	Trade creditors		118,904		116,789	1,566,197
II.4.	Debts to subsidiaries and associates		0		207,294	5,006,519
II.5.	Amounts received in advance (on contracts in progress)	6	546		546	0
II.6.	Profit tax liabilities		0		0	0
II.7.	Liabilities related with labour relations	6	133,765		40,112	103,300
II.8.	Provisions	6	0		0	1,721,324
II.9.	Other amounts payable and current liabilities	6	193,054		193,051	416,406
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>58,479,831</b>		<b>59,265,364</b>	<b>35,499,349</b>

**Profit (loss) statement, LTL**

No.	ITEMS	NOTE	GROUP		COMPANY	
			1ST HALF OF 2007	1ST HALF OF 2006	1ST HALF OF 2007	1ST HALF OF 2006
I.	TURNOVER	7	7,930,634	33,673,001	8,162,296	31,036,523
II	PRODUCTION COST		8,979,496	34,884,398	9,166,851	30,903,945
III.	GROSS PROFIT (LOSS)		(1,048,862)	(1,211,397)	(1,004,555)	132,578
IV.	OPERATING COSTS		3,489,642	6,146,972	3,652,717	5,224,325
IV.1.	Sales		134,114	709,373	119,000	520,799
IV.2.	General and administrative		3,355,528	5,437,599	3,533,717	4,703,526
V.	OPERATING PROFIT (LOSS)		(4,538,504)	(7,358,369)	(4,657,272)	(5,091,747)
VI.	OTHER ACTIVITIES		37,597,886	63,261	38,367,556	11,446
VI.1	Income		61,081,477	2,275,592	61,067,725	6,975,836
VI.II	Expenses		23,483,591	2,212,331	22,700,169	6,964,390
VII.	FINANCING AND INVESTING ACTIVITIES		163,624	(1,795,223)	164,391	(2,881,209)
VI.1	Income		543,754	964,612	543,192	949,223
VI.II	Expenses		380,130	2,759,835	378,801	3,830,432
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		33,223,006	(9,090,331)	33,874,675	(7,961,510)
IX.	EXTRAORDINARY GAIN				0	
X.	EXTRAORDINARY LOSSES				0	
XI.	PROFIT (LOSS) BEFORE TAXES	7	33,223,006	(9,090,331)	33,874,675	(7,961,510)
XII.	PROFIT TAX					
XIII.	NET PROFIT (LOSS)		33,223,006	(9,090,331)	33,874,675	(7,961,510)

## Statement of changes in shareholders' equity

### Company, LTL

	Share capital	Share premium	Own shares (-)	Legal reserve	Other reserves	Retained earnings (losses)	Total
<b>SHAREHOLDERS' EQUITY AT 31 DECEMBER 2005</b>	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						(7,961,510)	(7,961,510)
<b>SHAREHOLDERS' EQUITY AT 30 JUNE 2006</b>	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	(3,665,723)	39,743,086
<b>SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006</b>	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 2006						33,874,675	33,874,675
<b>SHAREHOLDERS' EQUITY AT 30 JUNE 2007</b>	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	15,298,763	58,707,582

### Consolidated, LTL

	Share capital	Share premium	Own shares (-)	Legal reserve	Other reserves	Retained earnings (losses)	Total
<b>SHAREHOLDERS' EQUITY AT 31 DECEMBER 2005</b>	36,492,420	2,211,200	(3,946,668)	2,085,956	4,546,943	6,300,041	47,689,892
Transfer to reserves					2,018,958	(2,018,958)	
Loss of 2006						(9,088,246)	(9,088,246)
<b>SHAREHOLDERS' EQUITY AT 30 JUNE 2006</b>	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	(4,807,163)	38,601,646
<b>SHAREHOLDERS' EQUITY AT 31 DECEMBER 2006</b>	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						33,223,006	33,223,006
<b>SHAREHOLDERS' EQUITY AT 30 JUNE 2007</b>	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	14,624,753	58,033,562

**Cash flow statement, LTL**

No.	ITEMS	GROUP		COMPANY	
		1ST HALF OF 2007	1ST HALF OF 2006	1ST HALF OF 2007	1ST HALF OF 2006
<b>I.</b>	<b>CASH FLOW FROM MAIN ACTIVITY</b>				
I.1.	Cash inflows (including VAT) of the reporting period	9,613,695	43,675,844	9,612,856	41,048,209
I.1.1.	Cash inflows from customers	9,363,796	41,830,066	9,363,669	39,202,747
I.1.2.	Other inflows	249,899	1,845,778	249,187	1,845,462
I.2.	Cash payments of the reporting period	(6,637,700)	(44,405,326)	(13,430,462)	(42,106,346)
I.2.1.	Payments (including VAT) for raw materials, goods and services	0	(31,580,695)	(10,137,699)	(30,998,203)
I.2.2.	Payments related to labour relations	(3,743,856)	(10,025,389)	(1,015,734)	(8,326,010)
I.2.3.	Taxes paid	(645,051)	(2,695,309)	(30,131)	(2,695,309)
I.2.4.	Other payments	(2,248,793)	(103,933)	(2,246,898)	(86,824)
	<b>NET CASH FLOW FROM MAIN ACTIVITY</b>	<b>(3,827,191)</b>	<b>(729,482)</b>	<b>(3,817,606)</b>	<b>(1,058,137)</b>
<b>II.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
II.1.	Purchases of non-current assets (except investments)	0	(72,258)	0	(72,258)
II.2.	Sales of non-current assets (except investments)	55,517,101	134,351	55,499,517	134,180
II.3.	Purchases of long-term investments	0	(500,000)	0	(500,000)
II.4.	Sales of long-term investments	0	945,000	0	945,000
II.5.	Loans provided	(52,501,650)	0	(52,501,650)	0
II.6.	Loans returned	2,200,000	0	2,200,000	0
II.7.	Dividends, interests received	30,802	10,996	30,740	10,970
II.8.	Subsidies received	0	268,226	0	268,226
II.9.	Other increases in cash flow from investing activities	0	1,843,411	0	1,843,411
II.10.	Other decreases in cash flow from investing activities	0	0	0	0
	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>5,246,253</b>	<b>2,629,726</b>	<b>5,228,607</b>	<b>2,629,529</b>
<b>III.</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
III.1.	Cash flows related to owners	(788)	(9,626)	(788)	(9,626)
III.1.1.	Emission of shares	0	0	0	0
III.1.2.	Owners contributions against losses	0	0	0	0
III.1.3.	Redemption of own shares	0	0	0	0
III.1.4.	Dividend paid	(788)	(9,626)	(788)	(9,626)
III.2.	Cash flows related to other financing sources	(1,888,207)	(856,795)	(1,883,757)	(856,795)
III.2.1.	Increase in financial debts	4,708,715	17,502,001	4,708,715	17,502,001
III.2.1.1.	Loans gained	4,708,715	17,502,001	4,708,715	17,502,001
III.2.1.2.	Bonds emission	0	0	0	0
III.2.2.	Decrease in financial debts	(6,590,205)	(18,270,935)	(6,590,205)	(18,270,935)
III.2.2.1.	Loans paid	(6,590,205)	(17,857,300)	(6,590,205)	(17,857,300)
III.2.2.2.	Redemption of bonds	0	0	0	0
III.2.2.3.	Interests paid	0	(153,433)	0	(153,433)
III.2.2.4.	Leasing payments	0	(260,202)	0	(260,202)
III.2.3.	Increase in other liabilities	0	0	0	0
III.2.4.	Decrease in other liabilities	(6,717)	(87,861)	(2,267)	(87,861)
III.3.	Increase in other cash flows from financial activities	0	0	0	3,303
III.4.	Decrease in other cash flows from financial activities	0	(46,331)	0	(7,927)
	<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>(1,888,995)</b>	<b>(912,752)</b>	<b>(1,884,545)</b>	<b>(871,045)</b>

## Continuation

No.	Items	GROUP		COMPANY	
		1ST HALF OF 2007	1ST HALF OF 2006	1ST HALF OF 2007	1ST HALF OF 2006
<b>IV.</b>	<b>CASH FLOWS FROM EXTRAORDINARY ACTIVITIES</b>	0	0	0	0
IV.1.	Increase in cash flows from extraordinary activities	0	0	0	0
IV.2.	Decrease in cash flows from extraordinary activities	0	0	0	0
<b>V.</b>	<b>INFLUENCE OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES TO BALANCE OF CASH AND CASH EQUIVALENTS</b>	(14,343)	(30,952)	(14,343)	(31,531)
<b>VI.</b>	<b>INCREASE (DECREASE) IN NET CASH FLOW</b>	(484,276)	956,540	(487,887)	668,816
<b>VII.</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	851,963	1,274,979	836,273	1,230,240
<b>VIII.</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	367,687	2,231,519	348,386	1,899,056

## Explanatory letter

EXPLANATORY LETTER OF VILNIAUS VINGIS GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF 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	30-06-2007	31-12-2006
<b>Inventories</b>		
Raw materials	465,055	1,699,118
Work in progress	0	0
Finished goods	0	1,430,586
Goods for resale	0	0
<b>Net book value</b>	<u>465,055</u>	<u>3,129,704</u>

### 4. 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	30-06-2007	31-12-2006
<b>Cash and cash equivalents</b>		
Term deposits	0	547,757
Cash at bank	359,110	256,061
Cash in hand	8,577	32,455
<b>Cash and cash equivalents</b>	<u>367,687</u>	<u>836,273</u>

### 5. 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 June 2007	<u>475,817</u>	<u>3,946,668</u>

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



## 6. Liabilities

Interest bearing loans and borrowings, LTL

	30 JUNE 2007	31 DECEMBER 2006
<b>Non-current liabilities</b>		
Leasing obligations		
Long term, secured financing facility	0	0
<b>Net book value at 30 June.</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>		
Leasing obligations		
Short term, secured financing facility	0	1,852,706
<b>Net book value</b>	<b>0</b>	<b>1,852,706</b>

LTL	2007	31-12-2006
<b>Other creditors</b>		
Salaries and related taxes	133,765	35,963
Taxes	6,366	0
Vacation reserve	0	67,337
Dividend payable for previous year	131,494	132,420
Advances	546	5,006,519
Other payables and accrued charges	55,194	2,005,310
	<u>327,365</u>	<u>7,247,549</u>

## 7. Activity results

During the first half of 2007 Vilniaus Vingis the sales volume is amounted to LTL 7,931 thousand and consolidated profit is amounted to LTL 33,223 thousand. The loss is reached LTL 4,539 thousand of main activity, LTL 163,6 thousand – of financial activity and at the same time the profit of other activities reached LTL 37,598 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.

During the II quarter, 2007 the loan of 52 502 thous. Lt was given for Invalda AB and Hermis Capital UAB. The mentioned loans were given based on decision made by Board's meeting (decision's report No.2) held on 4 April, 2007. The terms of loans are confidential.

The production activity being closed, the main company's incomes become the sales of tangible capital, stores, the rest of goods and investment activity, as well.

The company doesn't announce about future activity's plans, since the decisions are not accepted. When the decisions made, they will be announced publicly.

## 8. Information about the audit

Company's non-consolidated and consolidated financial statements for the 1st half of 2007 are unaudited.