



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 | 31.12.2006 | 30.09.2007 | 31.12.2006 |
| A. | NON – CURRENT ASSETS | | 2,878,156 | | 3,784,156 | 26,095,300 |
| I. | INTANGIBLE ASSETS | 2 | 136,067 | | 136,067 | 265,277 |
| I.1. | Licences and patents | | 23,430 | | 23,430 | 52,021 |
| I.2. | Computer software | | 112,637 | | 112,637 | 213,256 |
| I.3. | Other intangible assets | | 0 | | 0 | 0 |
| II. | TANGIBLE ASSETS | 1 | 134,300 | | 134,300 | 22,806,023 |
| III. | FINANCIAL ASSETS | | 489,789 | | 1,395,789 | 906,000 |
| IV. | DEFERRED TAX ASSETS | | 2,118,000 | | 2,118,000 | 2,118,000 |
| B. | CURRENT ASSETS | | 56,095,205 | | 55,991,112 | 9,404,049 |
| I. | INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS | | 311,916 | | 311,916 | 3,148,354 |
| I.1. | Inventories | 3 | 310,725 | | 310,725 | 3,129,704 |
| I.1.1. | Raw materials and consumables | | 310,725 | | 310,725 | 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 | | 1,191 | | 1,191 | 18,650 |
| I.3. | Contracts in progress | | 0 | | 0 | 0 |
| II. | AMOUNTS RECEIVABLE WITHIN ONE YEAR | 4 | 55,677,941 | | 55,580,292 | 5,419,422 |
| II.1. | Trade debtors | | 2,109,283 | | 334,646 | 541,853 |
| II.2. | Receivables from subsidiaries and associates | | 0 | | 1,774,637 | 2,526,377 |
| II.3. | Other amounts receivable | | 53,568,658 | | 53,471,009 | 2,351,192 |
| III. | OTHER CURRENT ASSETS | | 0 | | 0 | 547,757 |
| IV. | CASH AND CASH EQUIVALENTS | 5 | 105,348 | | 98,904 | 288,516 |
| | TOTAL ASSETS | | 58,973,361 | | 59,775,268 | 35,499,349 |

Continuation

| No. | EQUITY AND LIABILITIES | NOTE | GROUP | | COMPANY | |
|-----------|--|------|-------------------|------------|-------------------|-------------------|
| | | | 30.09.2007 | 31.12.2006 | 30.09.2007 | 31.12.2006 |
| C. | EQUITY | | 58,320,929 | | 59,013,574 | 24,832,897 |
| 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) | | 14,912,120 | | 15,604,765 | (18,575,912) |
| D. | GRANTS AND SUBSIDIES | | 0 | | 0 | 0 |
| E. | AMOUNTS PAYABLE AND LIABILITIES | | 652,432 | | 761,694 | 10,666,452 |
| 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 | | 652,432 | | 761,694 | 10,666,452 |
| II.1. | Current portion of non-current debts | | 0 | | 0 | 0 |
| II.2. | Financial debts to credit institutions | | 340,346 | | 340,346 | 1,852,706 |
| II.3. | Trade creditors | | 157,281 | | 157,281 | 1,312,516 |
| II.4. | Debts to subsidiaries and associates | | 0 | | 112,595 | 253,681 |
| II.5. | Amounts received in advance (on contracts in progress) | 7 | 0 | | 0 | 5,006,519 |
| II.6. | Profit tax liabilities | | 0 | | 0 | 0 |
| II.7. | Liabilities related with labour relations | 7 | 11,336 | | 8,003 | 103,300 |
| II.8. | Provisions | 7 | 0 | | 0 | 1,721,324 |
| II.9. | Other amounts payable and current liabilities | 7 | 143,469 | | 143,469 | 416,406 |
| | TOTAL EQUITY AND LIABILITIES | | 58,973,361 | | 59,775,268 | 35,499,349 |

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 |
| I. | CASH FLOW FROM MAIN ACTIVITY | | | | |
| 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) |
| | NET CASH FLOW FROM MAIN ACTIVITY | (3,647,307) | | (3,624,865) | (894,485) |
| II. | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| 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 |
| | NET CASH FLOW FROM INVESTING ACTIVITIES | 4,805,371 | | 4,787,725 | 3,163,758 |
| III. | CASH FLOW FROM FINANCIAL ACTIVITIES | | | | |
| 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) |
| | NET CASH FLOW FROM FINANCIAL ACTIVITIES | (1,890,195) | | (1,885,745) | (2,692,529) |

Continuation

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

Explanatory letter

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

The Vilnius 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 | 30-09-2007group | 30-09-2007 | 31-12-2006 |
|-----------------------|-----------------|----------------|------------------|
| Inventories | | | |
| Raw materials | 310,725 | 310,725 | 1,699,118 |
| Work in progress | 0 | 0 | 0 |
| Finished goods | 0 | 0 | 1,430,586 |
| Goods for resale | 0 | 0 | 0 |
| Net book value | <u>310,725</u> | <u>310,725</u> | <u>3,129,704</u> |

4. Customers debt

| LTL | 30-09-2007group | 30-09-2007 | 31-12-2006 |
|-----------------------------|-------------------|-------------------|------------------|
| Trade debtors | 2,109,283 | 2,109,283 | 3,068,230 |
| Receivable sum for loan | 51,601,650 | 51,601,650 | 1,000,000 |
| Budgets debts for companies | 892,307 | 794,835 | 813,958 |
| Other amounts receivable | 61,819 | 61,642 | 537,234 |
| Receivable interest | 1,012,882 | 1,012,882 | 0 |
| | <u>55,677,941</u> | <u>55,580,292</u> | <u>5,419,422</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 | 30-09-2007group | 30-09-2007 | 31-12-2006 |
|----------------------------------|-----------------|---------------|----------------|
| Cash and cash equivalents | | | |
| Term deposits | 0 | 0 | 547,757 |
| Cash at bank | 100,216 | 94,397 | 256,061 |
| Cash in hand | 5,132 | 4,507 | 32,455 |
| Cash and cash equivalents | <u>105,348</u> | <u>98,904</u> | <u>836,273</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 | 31 DECEMBER 2006 |
|--|----------------------------|----------------------|---------------------|
| Non-current liabilities | | | |
| Leasing obligations | | | |
| Long term, secured financing facility | 0 | 0 | 0 |
| Net book value at 30 September. | 0 | | 0 |
| Current liabilities | | | |
| Leasing obligations | | | |
| Short term, secured financing facility | 340,346 | 340,346 | 1,852,706 |
| Net book value | 340,346 | 340,346 | 1,852,706 |

| LTL | 30-09-072007 group | 30-09-2007 | 31-12-2006 |
|------------------------------------|--------------------|----------------|------------------|
| Other creditors | | | |
| Salaries and related taxes | 11,336 | 8,003 | 103,300 |
| Taxes | 157,281 | 269,876 | 1,566,197 |
| Dividend payable for previous year | 130,732 | 130,732 | 132,420 |
| Advances | 0 | 0 | 5,006,519 |
| Other payables and accrued charges | 12,737 | 12,737 | 2,005,310 |
| | 312,086 | 421,348 | 8,813,746 |

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.