



JOINT STOCK COMPANY VILNIAUS VINGIS

2008 02 29 Nr. 101-1893

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 Financial Statements of for the twelve 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 Financial Statements for the twelve 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

TABLE OF CONTENTS

Balance sheet	3
Profit (loss) statement	5
Statement of changes in shareholders' equity	6
Cash flow statement	7
Explanatory letter.....	8

Balance sheet, LTL

NO.	ASSETS	NOTE	31.12.2007	31.12.2006
A.	NON – CURRENT ASSETS		1,091,500	26,095,300
I.	INTANGIBLE ASSETS	2	102,358	265,277
I.1.	Licences and patents		17,425	52,021
I.2.	Computer software		84,933	213,256
I.3.	Other intangible assets		0	0
II.	TANGIBLE ASSETS	1	83,142	22,806,023
III.	FINANCIAL ASSETS		906,000	906,000
IV.	DEFERRED TAX ASSETS		0	2,118,000
B.	CURRENT ASSETS		55,995,615	9,404,049
I.	INVENTORIES, PREPAYMENTS AND CONTRACTS IN PROGRESS		6,102	3,148,354
I.1.	Inventories	3	0	3,129,704
I.1.1.	Raw materials and consumables		0	1,699,118
I.1.2.	Work in progress		0	0
I.1.3.	Finished products		0	1,430,586
I.1.4.	Goods for resale		0	0
I.2.	Prepayments		6,102	18,650
I.3.	Contracts in progress		0	0
II.	AMOUNTS RECEIVABLE WITHIN ONE YEAR	4	55,955,321	5,419,422
II.1.	Trade debtors		1,691,464	541,853
II.2.	Receivables from subsidiaries and associates		0	2,526,377
II.3.	Other amounts receivable		54,263,857	2,351,192
III.	OTHER CURRENT ASSETS		0	547,757
IV.	CASH AND CASH EQUIVALENTS	5	34,192	288,516
	TOTAL ASSETS		57,087,115	35,499,349

Continuation

NO.	EQUITY AND LIABILITIES	NOTE	31.12.2007	31.12.2006
C.	EQUITY		54,181,984	24,832,897
I.	CAPITAL		34,756,952	34,756,952
I.1.	Authorised (subscribed)		36,492,420	36,492,420
I.2.	Share premium		2,211,200	2,211,200
I.3.	Own shares (-)	6	(3,946,668)	(3,946,668)
II.	REVALUATION RESERVE (RESULTS)		275	275
III.	RESERVES		8,651,582	8,651,582
IV.	RETAINED EARNINGS (LOSSES)		10,773,175	(18,575,912)
IV.1.	Profit (loss) of the current year		29,349,087	
IV.2.	Profit (loss) of the previous year		(18,575,912)	
D.	GRANTS AND SUBSIDIES		0	0
E.	AMOUNTS PAYABLE AND LIABILITIES		2,905,131	10,666,452
I.	AMOUNTS PAYABLE AFTER ONE YEAR AND NON-CURRENT LIABILITIES		0	0
I.1.	Financial debts		0	0
II.	AMOUNT PAYABLE WITHIN ONE YEAR AND CURRENT LIABILITIES		2,905,131	10,666,452
II.1.	Current portion of non-current debts		0	0
II.2.	Financial debts to credit institutions		0	1,852,706
II.3.	Trade creditors		167,390	1,312,516
II.4.	Debts to subsidiaries and associates		167,595	253,681
II.5.	Amounts received in advance (on contracts in progress)	7	2,433,530	5,006,519
II.6.	Profit tax liabilities		0	0
II.7.	Liabilities related with labour relations	7	3,067	103,300
II.8.	Provisions	7	0	1,721,324
II.9.	Other amounts payable and current liabilities	7	133,549	416,406
	TOTAL EQUITY AND LIABILITIES		57,087,115	35,499,349

Profit (loss) statement, LTL

No.	ITEMS	NOTE	COMPANY	
			12 MONTHS OF 2007	12 MONTHS OF 2006
I.	TURNOVER	8	8,278,313	48,377,558
II	PRODUCTION COST		9,615,415	49,794,163
III.	GROSS PROFIT (LOSS)		(1,337,102)	(1,416,605)
IV.	OPERATING COSTS		3,349,173	10,765,187
IV.1.	Sales		120,870	946,097
IV.2.	General and administrative		3,228,303	9,819,090
V.	OPERATING PROFIT (LOSS)		(4,686,275)	(12,181,792)
VI.	OTHER ACTIVITIES		37,629,408	(2,990,245)
VI.1	Income		61,219,001	9,669,507
VI.II	Expenses		23,589,593	12,659,752
VII.	FINANCING AND INVESTING ACTIVITIES		1,312,484	(9,817,662)
VII.1	Income		1,694,739	48,958
VII.II	Expenses		382,255	9,866,620
VIII.	PROFIT (LOSS) FROM NORMAL ACTIVITIES		34,255,617	(24,989,699)
IX.	EXTRAORDINARY GAIN		0	0
X.	EXTRAORDINARY LOSSES		0	0
XI.	PROFIT (LOSS) BEFORE TAXES	8	34,255,617	(24,989,699)
XII.	PROFIT TAX		2,323,775	0
XIII.	SOCIAL TAXE		464,755	0
XIV.	POSTPONED TAXES		2,118,000	2,118,000
XV.	NET PROFIT (LOSS)		29,349,087	(22,871,699)

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						(22,871,699)	(22,871,699)
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
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						29,349,087	29,349,087
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2007	36,492,420	2,211,200	(3,946,668)	2,085,956	6,565,901	10,773,175	54,181,984

Cash flow statement, LTL

	2007	2006
Cash flow from operating activities		
Result before tax	29,349,087	(24,989,699)
Adjustments for:		
Depreciation and amortisation	1,123,021	6,518,730
Impairment losses on property, plant and equipment	0	439,009
Gain on revaluation of derivatives to fair value, recognised in profit and loss account	(322,764)	3,070,711
Result on sale of investment	0	4,804,057
Result on disposals of non current assets	(38,383,410)	3,978,969
Write down on inventories	(140,542)	0
Write down of amounts receivable from subsidiaries	0	3,838,948
Impairment of doubtful receivables	0	(1,364,913)
Net interest cost	(1,535,496)	286,416
Change in postponed taxes	2,118,000	0
Change in trade and other receivables	(50,523,351)	4,455,536
Change in inventories	3,129,704	7,524,279
Change in trade creditors and other creditors	(5,908,615)	(3,257,575)
Cash generated from the operations	(61,094,366)	5,304,468
Interest received	1,539,017	24,772
Interest paid	(35,214)	(311,188)
Corporate income tax paid / returned	495,000	920,701
Net cash flow from operating activities	(59,095,563)	5,938,753
Cash flow from investing activities		
Proceeds from sale of plant and equipment	60,146,188	369,033
Proceed from sale of subsidiaries	0	2,447,000
Acquisition of subsidiaries, net of cash acquired	0	(550,000)
Acquisition of property, plant and equipment	0	(230,406)
Capitalisation of intangible fixed assets	0	0
Net cash flow from investing activities	60,146,188	2,035,627
Cash flows from financing activities		
Acquisition of own shares	0	0
Repayment of borrowings	(1,852,706)	(36,999,757)
Repayment of finance lease liabilities	0	(260,202)
Proceeds of borrowings	0	28,891,612
Dividends paid	0	0
Net cash flow from financing activities	(1,852,706)	(8,638,347)
Net increase in cash and cash equivalents	(802,081)	(393,967)
Cash and cash equivalents at 1 January	836,273	1,230,240
Cash and cash equivalents at 31 December	34,192	836,273

Explanatory letter

EXPLANATORY LETTER OF VILNIUS VINGIS AB FINANCIAL STATEMENTS FOR THE TWELVE 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	31-12-2007	31-12-2006
Inventories		
Raw materials	0	1,699,118
Work in progress	0	0
Finished goods	0	1,430,586
Goods for resale	0	0
Net book value	0	3,129,704

4. Customers debt

LTL	31-12-2007	31-12-2006
Trade debtors	1,691,464	3,068,230
Receivable sum for loan	52,596,650	1,000,000
Budgets debts for companies	63,518	813,958
Other amounts receivable	64,672	537,234
Receivable interest	1,539,017	0
	55,955,321	5,419,422

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	31-12-2007	31-12-2006
Cash and cash equivalents		
Term deposits	0	547,757
Cash at bank	30,294	256,061
Cash in hand	3,898	32,455
Cash and cash equivalents	34,192	836,273

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 31 December 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

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

LTL

31-12-2007

31-12-2006

	31-12-2007	31-12-2006
Other creditors		
Salaries and related taxes	3,067	103,300
Taxes	334,985	1,566,197
Dividend payable for previous year	130,494	132,420
Advances	0	5,006,519
Other payables and accrued charges	2,436,585	2,005,310
	<u>2,905,131</u>	<u>8,813,746</u>

8. Activity results

During the twelve months of 2007 Vilniaus Vingis the sales volume is amounted to LTL 8,278 thousand and profit is amounted to LTL 29,349 thousand. The loss is reached LTL 4,686 thousand of main activity, the profit is reached LTL 1,312 thousand – of financial activity and other activities LTL 37,629 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 twelve 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 31 December, 2007.

9. Information about the audit

Company's financial statements for the twelve months of 2007 are unaudited.