

AB Lietuvos Telekomas

Report for the Third Quarter of the Year 2003

**(Prepared according to the Rules on Periodic Disclosure of Information
about Issuers' Activities and their Securities approved by the Securities
Commission of Lithuania)**

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I. GENERAL PROVISIONS

1. Accountable period for which the report has been prepared

Third quarter of the year 2003.

2. Main data about the Issuer

Name of the Issuer	AB Lietuvos Telekomas
Authorised capital	814,912,760 litas
Registered office	Savanoriu ave. 28, 2600 Vilnius, Lithuania
Telephone number	+370 46 48 15 11
Fax number	+370 5 212 66 65
E-mail address	info@telecom.lt
Legal and organisational form	public company (joint-stock company)
Date and place of registration	6 February 1992, Board of Vilnius City
Date and place of re-registration	8 July 1998, Ministry of Economy of the Republic of Lithuania
Registration No.:	BI 98 - 195
Code in the Register of Enterprises	2121543
Administrator of the Register	State Enterprise Centre of Registers
Internet address	www.telecom.lt

3. Information about where and how it is possible to get acquainted with the report and other documents on the basis whereof it was prepared and the name of the means of the mass media

Report and other documents on the basis whereof this report was prepared are available at AB Lietuvos Telekomas' headquarters at Savanoriu ave. 28, Vilnius, on business days from 8 a.m. till 5 p.m.

The Company's notices, including information and other documents related to the General Meeting to be convened, as well as notices and information about reorganisation or liquidation of the Company, resolutions (decisions) of the General Meeting and the Board, other notices and document which according to the laws of the Republic of Lithuania, these By-laws or resolutions (decisions) of the Company's bodies must be announced to all Shareholders and/or other persons, shall be given in Lietuvos Rytas daily or delivered personally to each Shareholder or any person to whom notification is required, by registered mail or by recorded delivery.

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:

Kjell-Ove Blom, General Manager of AB Lietuvos Telekomas
tel. +370 5 236 76 00, fax. +370 5 212 66 65.

Jan-Erik Elserius, Chief Financial Officer and Director of the Finance Department of AB Lietuvos Telekomas, tel. +370 5 236 76 03, fax. +370 5 231 38 60.

4.2. -----

5. Confirmation of the members of Issuer's managing bodies, its employees and head of administration responsible for the preparation of this report that information contained herein is true and there are no suppressed facts which could have an impact on investors' decisions to buy or sell the Company's securities, as well as the market price of those securities and their valuation.

AB Lietuvos Telekomas represented by General Manager Kjell-Ove Blom and Chief Financial Officer and Director of the Finance Department Jan-Erik Elserius hereby confirms that information contained in this report is true and there are no suppressed facts, which could have an impact on investors' decisions to buy or sell the Company's securities as well as on the market price of those securities and their valuation.

General Manager of
AB Lietuvos Telekomas

Kjell-Ove Blom

.....

___ October 2003

Seal

Chief Financial Officer and Director of the
Finance Department of AB Lietuvos
Telekomas

Jan-Erik Elserius

.....

___ October 2003

The report is prepared in Vilnius, October 2003.

II. INFORMATION ABOUT MAJOR SHAREHOLDERS AND THE MEMBERS OF THE MANAGING BODIES

6. Shareholders

The share capital of AB Lietuvos Telekomas registered in the Companies Register of the Republic of Lithuania is 814,912,760 litas.

According to the type of shares, the structure of AB Lietuvos Telekomas share capital is as follows:

Type of shares	Number of shares	Nominal value (in Litas)	Total nominal value (in Litas)	Part in the share capital (%)
Ordinary registered shares (ORS)	814,912,760	1	814,912,760	100.00
Total:	814,912,760	-	814,912,760	100.00

All shares of AB Lietuvos Telekomas are paid in.

Due to expiration of the term of the Company's Special Share on 1 January 2003 and following the provisions of the laws and other legal acts of the Republic of Lithuania, the General Meeting of Shareholders held on 28 April 2003 decided to cancel the status of the Company's special share and convert it into the Company's ordinary registered share. On 4 June 2003, amended By-laws of the Company were registered at the State Enterprise Registru Centras.

The following shareholders hold more than 5 per cent of the Company's share capital as of 30 September 2003:

Name and surname of the shareholder (name of enterprise, type and registered office, code in the register of enterprises)	Number of ordinary registered shares owned by the right of ownership	Part in the share capital (%)	Part of votes given by the shares owned by the right of ownership (%)	Part of votes held together with persons acting together (%)
Amber Teleholding A/S, Bredgade 26, Copenhagen, DK-1260, Denmark, no. 244.793 (a)	488,947,656	60.00	62.94	---
The State represented by the State Property Fund, Vilniaus st 16, LT- 2001 Vilnius, register code 1007315	73,606,971	9.03	9.48	---

NOTE: (a) Amber Teleholding A/S is a fully owned subsidiary of Swedish TeliaSonera AB.

As of 30 September 2003, the total number of AB Lietuvos Telekomas' shareholders was 9,381. The number of shareholders on the day of the last General Meeting of Shareholders, which was held on 28 April 2003, was 9,130.

On 12 June 2000, AB Lietuvos Telekomas launched the Global Depository Receipt (GDR) program. According to the program, one Lietuvos Telekomas' GDR represents ten ordinary registered shares of AB Lietuvos Telekomas. The program's Depository is Deutsche Bank Trust Company Americas, 4 Albany Street, New York, NY 10006, USA.

As of 30 September 2003, on the basis of 111,652,950 AB Lietuvos Telekomas' shares there were issued 11,165,295 Global Depository Receipts that amount to 13,7 per cent of the Company's share capital.

As of 30 September 2003, UAB Lintkom, a subsidiary of AB Lietuvos Telekomas, held 12,698,412 ordinary registered shares of AB Lietuvos Telekomas and 2,539,683 Lietuvos Telekomas' GDRs, i.e. 4.67 per cent of Lietuvos Telekomas' share capital. Following the Lithuanian Company Law AB Lietuvos Telekomas' shares held by UAB Lintkom are considered as treasury stocks.

7. Members of the managing bodies

The managing bodies of AB Lietuvos Telekomas' are as follows:

- General Meeting of Shareholders;
- Board;
- General Manager.

Board (as of 30 September 2003)

The By-laws of AB Lietuvos Telekomas provide that the Company's Board shall consist of nine members and board members are elected for the two-year term.

Gintautas Zintelis – Chairman of the Board since 7 July 1998 (re-elected for the two-year term on 26 April 2002; nominated by Amber Teleholding A/S), Senior Expert on IT and Telecommunications issues in AB Lietuvos Telekomas. In 1965, he graduated from Kaunas University of Technology as an engineer in computer science. In 1970, he became Doctor of Science, in 1980 – Habilitated Doctor of Science, in 1983 – Professor and since 1991 is a correspondent member of the Lithuanian Academy of Science. From 1964 till 1992 he worked in Kaunas University of Technology, where in 1982 - 1992 he was Head of Computer Science Department. In 1992 - 1996, he held a position of Minister of Communications and Informatics of the Republic of Lithuania. In 1996-2002 he was working as Head of the Information System Protection Division and Advisor of the President of AB Vilniaus Bankas. Has no interest in the share capital of AB Lietuvos Telekomas. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Morgan Ekberg – a member of the Board since 30 April 2001 (re-elected for the two-year term on 26 April 2002; nominated by Amber Teleholding A/S), Senior Advisor and Vice President, Norway, Denmark and Baltic Countries, TeliaSonera AB. Has no interest in the share capital of AB Lietuvos Telekomas. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Erik Hallberg – a member of the Board since 28 April 2003 (nominated by Amber Teleholding A/S), Senior Vice President and Head of Baltic Countries, TeliaSonera AB, Norway, Denmark and Baltic Countries. Has no interest in the share capital of AB Lietuvos Telekomas. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Matti Hyyrynen – a member of the Board since 26 April 2002 (elected for the two-year term; nominated by Deutsche Bank Trust Company Americas), Head of Vilnius representative office of European Bank for Reconstruction and Development. Has no interest in the share capital of AB Lietuvos Telekomas. Member of Supervisory Board of AB Drobe. He does not have interest in the share capital in other Lithuanian companies.

Kennet Radne – a member of the Board since 26 April 2002 (elected for the tow-year term; nominated by Amber Teleholding A/S), Senior Vice President responsible for Corporate Fixed Voice Products and Services, Marketing, Products and Services, TeliaSonera AB. Has no interest

in the share capital of AB Lietuvos Telekomas. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Andrius Sukys - a member of the Board since 26 April 2002 (elected for the two-year term; nominated by State Property Fund), Director of Asset Management at State Property Fund. Has no interest in the share capital of AB Lietuvos Telekomas. Chairman of the Supervisory Board of AB Lietuvos Juru Laivininkyste and AB Lietuvos Avialinijos, member of the Board of AB Lietuvos Dujos. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Timo Virtanen - a member of the Board since 5 July 2000 (re-elected for the two-year term on 26 April 2002; nominated by Amber Teleholding A/S), Senior Adviser, Norway, Denmark and Baltic Countries, TeliaSonera AB. Has no interest in the share capital of AB Lietuvos Telekomas. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Ingmar Jonsson, Mikko Pirinen and Jaakko Nevanlinna have resigned from the Board from 28 April 2003. On 28 April 2003, for the current term of the Board the following members of the Board were elected Annika Christiansson, Erik Hallberg and Mats Salomonsson. Annika Christiansson and Mats Salomonsson have resigned from the Board from 28 May 2003.

General Manager

On 30 April 2003, **Tapio Paarma** left the position of General Manager. He worked as General Manager and President of AB Lietuvos Telekomas since 8 July 1998. From 1 May until 31 December 2003 he will work as Senior Advisor to the Company.

From 1 May 2003 **Kjell-Ove Blom** (born in 1943) holds an office of General Manager and President (from 1 July 2003 - General Manager) of the Company. He graduated from Chalmers Technical Higher School (1963-1967) with a degree in Civil Engineering. In 1984, he was awarded a PhD degree at the University of Gothenburg, Sweden. Kjell-Ove Blom started his career in the IT and data processing fields. His first workplace (1968-1973) was IBM, Stockholm, where he was employed as sales representative to corporate customers. In 1974-1978, he worked in a data centre. In 1985-1987, he held a position of CEO at another data centre. Since 1988 Kjell-Ove Blom has been working in the telecommunications sector. In 1988-1992, he was Director at Telia Stockholm, a member of some Boards of Directors. In 1993, worked as Director at the headquarters of the Networks Unit in Telia. In 1994-1995 he was Marketing Director of Unisource Voice Services. In 1996 - Deputy CEO responsible for strategies and business planning at Unisource HQ in Zurich, Switzerland. In 1997, he became Deputy CEO and COO at Unisource Carrier. In 1998-2001, he worked as Deputy CEO and COO at Netia in Warsaw, Poland, a member of many Boards of Directors. In 2002, he became CEO of Netia. From October until December 2002, he worked in Telia Networks International. He is Chairman of the Board of UAB Comliet, UAB Lietuvos Telekomo Verslo Sprendimai, UAB Lintel, UAB Lintkom and UAB Baltijos Informaciniu Duomenu Valdymo Centras, and member of the Board of UAB TietoEnator Consulting. Has no interest in the share capital of the Company. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

On 25 September 2003, the Board of AB Lietuvos Telekomas approved a request of Kjell-Ove Blom, General Manager of the Company, for resignation from the position of General Manager of AB Lietuvos Telekomas as of 31 December 2003 and appointed **Arunas Siksta** as a new General Manager of AB Lietuvos Telekomas from 2 January 2004.

Deputy General Manager

From 1 June 1999 **Romualdas Degutis** (born in 1961) holds an office of Chief Operating Officer and Deputy General Manager (till 1 July 2003 called Executive Vice President) of AB Lietuvos Telekomas. In 1984 he graduated from Kaunas University of Technology as Electric Communication Engineer. Romualdas Degutis employed in the Company since 1984. In 1993, he was appointed to the office of Klaipeda Branch Director of AB Lietuvos Telekomas. He is member of the Board of UAB Lietuvos Telekomo Verslo Sprendimai, UAB Comliet, UAB Lintel and UAB Lintkom. As of 30 June 2003, he had 10,866 shares of the Company that accounts for 0.0013 per cent of the share capital and gives 0.0014 per cent of votes.

Chief Financial Officer

From 29 March 1999 **Jan-Erik Elserius** (born in 1943) holds an office of Chief Financial Officer and Director of Finance Department of AB Lietuvos Telekomas. In 1967, he graduated from Uppsala University as BA in Management, Managerial Economy, Political Economy and Statistics. Between 1969 and 1972, he was employed by Stockholm City/County Council in the Financial Division. From 1972, he was Head of the Public Office of Financial Division of the Swedish Telecom Administration (Telia). From 1975, he was responsible for the Long term Planning and accountable to the Director General. In the period from 1976 to 1980, Jan-Erik Elserius worked for the Swedtel. In July 1982, he was appointed to the position of the Finance Director of TeleLarm AB, where he occupied various managerial positions, in September 1997 he was appointed as the Director General. Following the merger with the Securitas Teknik AB in 1998, Mr. Elserius was appointed as the Deputy Managing Director of the new company Securitas Larm AB. Jan-Erik Elserius is General Manager of UAB Lintkom, Chairman of the Board of UAB Voicecom, member of the Board of UAB Lietuvos Telekomo Verslo Sprendimai, UAB Comliet, UAB Baltijos Informaciniu Duomenu Valdymo Centras, Datu Tikli SIA and Telegrupp AS. As of 30 June 2003, he had 90,000 shares of the Company that accounts for 0.011 per cent of the share capital and 0.0116 per cent of votes.

III. FINANCIAL STATUS

The following consolidated financial statements of Lietuvos Telekomas' Group are prepared in accordance with the International Accounting Standards. From the year 2000 Lietuvos Telekomas' Group handles its accounts in accordance with the International Accounting Standards.

Lietuvos Telekomas' Group financial statements for the reporting period are not audited. Lietuvos Telekomas' Group financial statements for the year ended 31 December 2002 are audited by the auditors.

8. Balance Sheet (in thousand of Litas)

	30 September 2003	31 December 2002	30 September 2002 (a)
Non-current assets			
Property, plant and equipment	1,191,285	1,423,286	1,456,354
Intangible assets	155,612	202,113	209,102
Prepayments for non-current assets	187	142	154
Investments	1,193	879	783
Other non-current assets	78	68	69
Total	1,348,355	1,626,488	1,666,462
Current assets			
Inventories	9,895	4,111	2,920
Assets held for sale	9,762	10,192	27,638
Receivables, prepayments and accrued revenue	140,472	150,193	178,104
Trading investments	1,980	1,287	1,232
Cash and cash equivalents	152,150	83,759	46,929
Total	314,259	249,542	256,823
TOTAL ASSETS	1,662,614	1,876,030	1,923,285
Shareholders' equity	1,144,944	1,218,541	1,210,754
Minority interest	3,429	2,354	1,996
Non-current liabilities			
Borrowings	18,144	194,230	289,009
Deferred tax liabilities	84,242	113,844	124,077
Grants	12,481	14,492	14,964
Total	114,867	322,566	428,050
Current liabilities			
Borrowings	248,897	178,799	121,819
Trade, other payables and accrued liabilities	150,477	153,770	160,666
Total	399,374	332,569	282,485
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,662,614	1,876,030	1,923,285

NOTE. (a) Due to changed principles of accounting payments for international operators, accrued revenue for an amount of 31,352 thousand of Litas were netted against accrued liabilities in the balance sheet of 30 September 2002.

9. Profit (Loss) Statement (in thousand of Litass)

	July- September 2003	July- September 2002	January- September 2003	January- September 2002
Revenues	197,488	237,654	605,402	729,168
Expenses	(97,479)	(106,825)	(307,817)	(339,712)
EBITDA	100,009	130,829	297,585	389,456
Depreciation, amortisation and impairment charge	(127,394)	(93,732)	(306,494)	(289,665)
Gain on sales of investments	--	--	--	7,016
Operating profit	(27,385)	37,097	(8,909)	106,807
Finance costs, net	(5,849)	(8,274)	(21,859)	(29,037)
Share of result before tax of associates	208	153	564	171
Profit before profit tax	(33,026)	28,976	(30,204)	77,941
Profit tax	5,251	(7,928)	4,611	(18,233)
Group profit before minority interest	(27,775)	21,048	(25,593)	59,708
Minority interest	(351)	(348)	(1,369)	(482)
NET PROFIT	(28,126)	20,700	(26,962)	59,226
Earning per share (LTL)	(0.0362)	0.0266	(0.0347)	0.0762

10. Explanatory letter

Lietuvos Telekomass' Group provides fixed-line telephony services, Internet-related and data communication services, wholesale services to other local and international telecommunication operators as well as other services. From 1 January 2003 AB Lietuvos Telekomass together with its subsidiaries is designated as an operator with significant market power (SMP) in the public fixed-line telephony network and services, leased line services and interconnection services markets.

As of 30 September 2003, Lietuvos Telekomass' Group consisted of the parent company, AB Lietuvos Telekomass, (Savanoriu ave. 28, LT-2600 Vilnius) and its daughter companies: UAB Comliet (Palangos str. 4, LT-2001 Vilnius), UAB Lietuvos Telekomo Verslo Sprendimai (Galvydzio str. 7/Zygio str. 97, LT-2042 Vilnius), UAB Lintel (Galvydzio str. 7/Zygio str. 97, LT-2042 Vilnius), UAB Lintkom (Galvydzio str. 7/Zygio str. 97, LT-2042 Vilnius) and VsI Lietuvos Telekomo Sporto Klubas (Savanoriu ave. 28, LT-2600 Vilnius). AB Lietuvos Telekomass also owned 60 per cent stake of UAB Baltijos Informaciniu Duomenu Valdymo Centras (Zirmunu str. 141, LT-2012 Vilnius), 60 per cent stake of UAB Voicecom (Eiguliu str. 14, LT-2049 Vilnius), 30 per cent stake of UAB Verslo Portalas (J.Jasinskio str. 16a, LT-2001 Vilnius) and 26 per cent stake of UAB TietoEnator Consulting (Zirmunu str. 141, LT-2600 Vilnius) shares.

UAB Comliet owns 100 per cent of UAB Sonex Komunikacijos, 95 per cent of Comliet-Kaliningrad (Russian Federation), 75 per cent of Latvian company Datu Tikli SIA and 55 per cent of Estonian company Telegrupp AS shares.

UAB Baltijos Informaciniu Duomenu Valdymo Centras owns 100 per cent of Latvian company Baltic Data Center SIA.

The core business of the parent company, AB Lietuvos Telekomas, includes fixed-line telephony, data communication, fixed-line network, wholesale and Internet-related services. It also operates an Internet portal, *Takas*.

UAB Comliet provides such services as designing and construction of fixed-line and wireless telecommunications networks, installation and maintenance of low voltage networks, as well as telecommunications network maintenance, service installation and fault elimination services. In July, UAB Comliet acquired 100 per cent of UAB Sonex Komunikacijos' shares from UAB Sonex Group.

UAB Lietuvos Telekomo Verslo Sprendimai provides services and complex telecommunications solutions as well as technical consultancy services on telecommunications issues to around 600 major business customers of Lietuvos Telekomas.

UAB Lintel focuses on provision of the Directory Inquiry Service 118, telemarketing and contact center solutions services as well as property management of Lietuvos Telekomas' Group. From 1 March 2003 UAB Lintel took over a function of Lietuvos Telekomas' customer care by telephone.

UAB Lintkom holds 4.67 per cent of Lietuvos Telekomas' shares (treasury stocks) acquired during the Initial Public Offering (IPO) in 2000. On 2 October 2003, the Board of AB Lietuvos Telekomas approved the transfer of all shares of UAB Lintkom owned by AB Lietuvos Telekomas to UAB Lintel.

UAB Baltijos Informaciniu Duomenu Valdymo Centras provides IT infrastructure management services to Lietuvos Telekomas and other major companies in Lithuania and the Baltic region. AB Lietuvos Telekomas owns 60 per cent and TietoEnator Oyj - 40 per cent of shares of the company. In July, UAB Baltijos Informaciniu Duomenu Valdymo Centras established its subsidiary Baltic Data Center SIA in Latvia.

UAB Voicecom provides voice over IP (Internet Protocol) services. AB Lietuvos Telekomas owns 60 per cent and Nexcom Telecommunication LLC (USA) - 40 per cent of shares of the company.

UAB Verslo Portalas operates a business-to-business portal *verslas.com*. AB Lietuvos Telekomas owns 30 per cent and UAB Verslo Zinios - 70 per cent of shares of the company.

UAB TietoEnator Consulting (before 30 January 2003 known as Baltijos Telekomunikaciju Konsultaciniu Centras) provides companies in the Baltic region with high-value-added IT-related consulting services. AB Lietuvos Telekomas owns 26 per cent and TietoEnator Oyj - 74 per cent of shares of the company.

Lietuvos Telekomas is a sole founder of the non-profit organization VSI Lietuvos Telekomo Sporto Klubas.

Consolidated financial statements of Lietuvos Telekomas' Group combine financial statements of AB Lietuvos Telekomas and its daughter companies: UAB Comliet, UAB Lietuvos Telekomo Verslo Sprendimai, UAB Lintel, UAB Lintkom, UAB Baltijos Informaciniu Duomenu Valdymo Centras, UAB Voicecom and VSI Lietuvos Telekomo Sporto Klubas added together on a line-by-line basis, eliminating the book value of the related investments against the Group's share of equity, and, in the case of not fully owned subsidiaries, the Group recognises a minority interest consisting of the portion of net income and net assets attributable to the interest owned by the third party. Investments in associated undertakings, where AB Lietuvos Telekomas has between 20 and 50 per cent, are accounted for by the equity method of accounting. Consolidated financial statements of UAB Comliet combine financial statement of UAB Comliet, Datu Tikli SIA, Telegrupp AS, Comliet-Kaliningrad and UAB Sonex Komunikacijos. All statements are prepared on the basis of the same accounting principles.

Consolidated Cash Flow Statements of Lietuvos Telekomas' Group (in thousand of Lit)as

	January- September 2003	January- September 2002
Operating activities		
Net profit for period	(26,962)	59,226
Profit tax	(4,611)	18,233
Minority interest	1,369	482
Share of result before tax of associates	(564)	(171)
Depreciation and amortisation and impairment charge	306,494	289,665
Provision and write off of doubtful accounts receivable	2,461	11,473
Profit of sale of property, plant and equipment	(2,329)	(1,270)
Gain on sale of investment	-	(7,016)
Write-off of property, plant and equipment	1,987	1,177
Change in restructuring provision	1,948	(8,951)
Interest income	(917)	(364)
Interest expenses	19,756	25,717
Other non-cash items	828	(6,121)
Changes in working capital:		
Inventories and assets held for sale	(5,567)	1,659
Trade and other accounts receivable	10,448	18,302
Trading investments	(693)	-
Trade and other accounts payable and deferred revenue	(14,463)	(35,579)
Cash generated from operations	289,185	366,462
Interest paid	(24,050)	(27,610)
Net cash from operating activities	265,135	338,852
Investing activities		
Purchase of property, plant and equipment and intangible assets, net	(32,756)	(161,009)
Change in prepayments for tangible fixed assets	(45)	(123)
Investments into subsidiaries, net of cash acquired	(691)	4,254
Dividends received from associates	162	-
Interest received	917	364
Net cash used in investing activities	(32,413)	(156,514)
Financing activities		
Changes in borrowings, net	(117,406)	(97,861)
Dividends paid to Group shareholders	(46,609)	(85,450)
Dividends paid to minority shareholders	(316)	-
Net cash used in financing activities	(164,331)	(183,311)
Increase (decrease) in cash and cash equivalents	68,391	(973)
Movement in cash and cash equivalents		
At start of the period	83,759	47,902
Increase (decrease) during the period	68,391	(973)

Key figures of Lietuvos Telekomas' Group (in thousand of Litas)

	January - September 2003 (a)	January - September 2002	Change (%)
Revenue	605,402	729,168	-17.0
EBITDA	297,585	389,456	-23.6
EBITDA margin (%)	49.2	53.4	
Depreciation, amortisation and impairment charge	306,494	289,665	5.8
Operating profit (EBIT)	(8,909)	106,807	-108.3
Operating profit EBIT margin (%)	-1.5	14.6	
Financial income and expenses, net	(21,859)	(29,037)	-24.7
Profit before profit tax	(30,204)	77,941	-138.8
Net profit	(26,962)	59,226	-145.5
Net profit margin (%)	-4.5	8.1	
Cash provided by operating activities	265,135	338,852	-21.8
Number of personnel at the end of period	3693	4685	-21.2
Earning per share (in litas)	(0.0347)	0.0762	
Average number of shares at the end of period (in thousand) (b)	776,818	776,818	
Number of fixed lines in service	835,677	994,831	-16.0
Penetration of lines per 100 residents (%) (c)	24.2	28.7	-15.7
Digitisation rate (%)	90.1	81.5	10.5
Number of lines per full time employee, related to fixed telephony	275	255	7.8

NOTES: (a) Comparable operating profit (EBIT) (excluding the impairment charge of LTL 41.5 million) for the nine months of 2003 was LTL 33 million, comparable operating profit (EBIT) margin was 5,4 per cent, comparable profit before profit tax was LTL 11 million, comparable net profit amounted to LTL 8 million, comparable net profit margin was 1,4 per cent; (b) excluding treasury stocks held by UAB Lintkom; (c) calculated on the basis of the following population: on 30 September 2002 - 3,466 thousand, on 30 September 2003 - 3,453 thousand.

EBITDA - earnings before interest, tax, depreciation and amortisation

EBIT - earning before interest and tax

Revenue

The total consolidated Group's revenue in the third quarter of the year 2003 decreased by LTL 6.5 million or 3.2 per cent compared with the total revenue for the second or first quarter of the current year. Usually, the revenue for July-September is influenced by lower activity of business customers during the summer time.

Revenue from fixed-line telephony services for the third quarter of 2003 compared with the revenue for the second quarter of 2003 decreased by 2.7 per cent, exactly at the same pace as the number of main lines in service. During July - September the number of main lines in service (net after disconnections and new connections) decreased by 23.5 thousand or 2.7 per cent. The number of disconnected lines during the third quarter was lower than in the previous quarters and amounted to 33.6 thousand (41.8 thousand for the second quarter of 2003). Number of newly installed lines was above 10 thousand (8.5 thousand for the second quarter).

Revenue from fixed-line telephony services for nine months of 2003, compared with the same period a year ago, decreased by 25 per cent, while number main lines used in services declined by 16 per cent (from 995 thousand to 836 thousand). It should be noted that during the year (comparing with 30 September 2002) almost all tariffs for fixed-line telephony services were reduced significantly: tariffs for calls from Lietuvos Telekomas' fixed-line network to mobile networks of Omnitel and Bite GSM were cut almost by half, tariffs for international calls to most popular destination went down by around 30 per cent. From 1 September 2003 the Company reduced off-peak tariffs for local calls by 63 per cent to 0.03 litas and long distance domestic calls by 70 per cent to 0.09 litas. The new line installation fee from 1 September until the end of the year 2003 is reduced from 250 to 1 litas.

Breakdown of the Groups' revenue (reclassified in the first quarter of 2003, in thousand of litas)

	Third Quarter		Change	Nine months		Change
	2003	2002		2003	2002	
Fixed-line Telephony Services	147,919	196,378	-24.7%	458,530	610,970	-25.0%
Internet and Data Communication Services	33,120	29,587	11.9%	98,320	88,932	10.6%
Other Services	16,449	11,689	40.7%	48,552	29,266	65.9%
Total	197,488	237,654	-16.9%	605,402	729,168	-17.0%

As of 30 September 2003, the number of subscribers using one of the payment plans reached 357 thousand (308 thousand as of 30 June 2003) representing 43 per cent of all main lines in service. From July, the Company is offering the Minimum payment plan that provides customers with 23 free minutes of local and long-distance calls for a basic monthly subscription fee of 23 litas. In August, Lietuvos Telekomas launched a new *Country* payment plan for business customers. From October, the users of the new international calls payment plan, *World*, will make calls to fixed-line networks of the U.S.A. and EU countries at only 0.49 litas per minute (around 35 per cent of the price one year ago).

During the third quarter the Company continued to reduce its tariffs. In July, Lietuvos Telekomas cut its international call tariffs to 11 countries by up to 52 per cent. In September, the Company reduced its part of the tariff for calls from fixed-line to all Lithuanian mobile networks. Therefore the off-peak time tariff was reduced by 41 per cent. Also, Lietuvos Telekomas and Bite GSM reached an agreement to reduce the interconnection fee, so end-user's tariffs for calls from Lietuvos Telekomas' network to the mobile network of Bite GSM were reduced by nearly a third. Lower tariffs for calls from fixed to mobile networks resulted in an increase of the fixed-to-mobile traffic.

Revenue from internet and data communication (including leased lines) services for the third quarter remained almost at the same level as for the second quarter of 2003. During the third quarter the Company continued to put its best efforts in making the access to the internet more affordable to a wider range of the population. From 1 September 2003, Internet dial-up service, *Atviras Takas*, off-peak time tariff was reduced by 77 per cent. Also, the Company improved offers to the subscribers of the DSL-based technology internet access services without changing the service price. Now the subscribers of *Takas iD* are provided with twice as much free hours of internet access and *DSL Takas* users are offered a two times higher download rate. In September, Lietuvos Telekomas also offered a new ADSL technology-based internet service package for business customers, *DSL Takas 40*.

Compared with the nine months of 2002, an increase in the revenue from other services during the nine months of 2003 was mainly driven by growing activities of the largest subsidiary of

Lietuvos Telekomas, UAB Comliet Group, in the area of construction and maintenance of telecommunications and low voltage networks. A noticeable contribution came from IT infrastructure services provided by UAB Baltijos Informaciniu Duomenu Valdymo Centras that started its activities in June 2002.

Expenses

The total operating expenses for the nine months of 2003 went down by 9.4 per cent over the total operating expenses for the nine months of 2002, in spite of additional employee redundancy expenses and provisions of LTL 15.6 million incurred during January - September of 2003. During the third quarter of 2003 Lietuvos Telekomas' Group continued to downsize the number of staff. As of 30 September 2003 the total number of employees (headcounts) was 3,693 (30 June 2003: 4,064) and the number of employees recalculated into the equivalent of full-time employees was 3,531 (30 June 2003: 3,913). In June, the Board of AB Lietuvos Telekomas decided that the number of equivalent full-time employees should stand at 3,400 by the end of 2003.

Regulation of the number of employees allowed the Company to maintain its high efficiency. As of 30 September 2003, the number of main lines per one full-time employee in the core business was 275, while a year ago this figure stood at 255.

Due to lower revenue level EBITDA for the third quarter of 2003 amounted to LTL 100 million, a decrease by 23.6 per cent compared with EBITDA for the third quarter of 2002, but still EBITDA margin for the third quarter of 2003 was 50.6 per cent. EBITDA (including the total redundancy expenses of LTL 15.6 million) for the nine months of 2003 was LTL 298 million (LTL 389 million a year ago) and EBITDA margin stood at 49.2 per cent.

Impairment charge

In the third quarter of 2003, Lietuvos Telekomas' Group revaluated all of its assets (including buildings, telecommunication equipment, plants and other property) in order to show the real value of its assets. As a result of this revaluation, the real value of the Group's buildings was reduced by LTL 10 million (difference between market value and book value of the buildings) and the effective value of the Group's other assets (their ability to generate revenue) was reduced by LTL 31.5 million. Overall, Lietuvos Telekomas' Group showed an impairment charge of LTL 41.5 million in its profit (loss) statement.

Net Result

Due to the additional impairment charge of LTL 41.5 million, the Company's operating profit for the third quarter and nine month of 2003 was negative, in spite of reduced depreciation and amortisation charges by 8.5 per cent compared with the same periods a year ago. Comparable operating profit (excluding the impairment charge) for July - September 2003 was LTL 14 million and comparable operating profit for the nine months of 2003 was LTL 33 million. The financial activities expenses compared with the same periods of 2002 went down by 29.3 per cent for the third quarter of 2003 and 24.7 per cent for the nine months of 2003.

As a result, the actual profit before profit tax for the third quarter of 2003 was a loss of LTL 33 million (comparable profit before profit tax was LTL 8 million) and profit before profit tax for January - September of 2003 was negative too and amounted to LTL 30 million (comparable profit before profit tax was LTL 11 million).

Impairment charge had a positive effect on profit tax calculation, therefore actual net loss for the third quarter and nine months of 2003 was LTL 28 million and LTL 27 million, respectively. Comparable net profit (excluding impairment charge) amounted to LTL 7 million and LTL 8 million for the third quarter and nine months of 2003, respectively.

Investments

During January – September 2003 the total amount of investments made by Lietuvos Telekomas' Group was LTL 40 million (LTL 174 million in 2002).

On 30 September 2003, the digitalisation rate of Lietuvos Telekomas' network reached 90.1 per cent (81.5 per cent a year ago) and the number of main lines per 100 inhabitants of Lithuania was 24.2 (28.7 a year ago). The total number of ISDN channels in service was more than 37 thousand, an increase by almost 16 per cent, year-on-year. During the year the number of total ADSL access connections more than doubled from 7,874 at the end of September 2002 to 16,509 at the end of September 2003.

In July, the largest subsidiary of Lietuvos Telekomas, UAB Comliet, completed an acquisition of 100 per cent of UAB Sonex Komunikacijos' shares. The Memorandum of Understanding between UAB Comliet and UAB Sonex Group concerning the acquisition of UAB Sonex Komunikacijos was signed on 13 January 2003. Another subsidiary of AB Lietuvos Telekomas, UAB Baltijos Informaciniu Duomenu Valdymo Centras, has established its subsidiary in Latvia, Baltic Data Center SIA.

Balance Sheet and Cash Flow

On 30 September 2003, the total assets of Lietuvos Telekomas' Group shrank to LTL 1,663 million due to high amortisation and depreciation charges and low investments. The shareholders' equity decreased to LTL 1,145 million due to recorded net loss for the third quarter of 2003. The net debt continuously decreased to LTL 115 million (30 September 2003) from LTL 178 million (30 June 2003) due to redemption of some bonds, repayment of loans and healthy cash flow. As a result, the net debt to equity ratio dropped to 10 per cent. On 29 August 2003, the Company exercised its early redemption option and redeemed its 12 million litas bonds that were issued in October 2000.

During the nine months of 2003 the net cash flow from operating activities was LTL 265 million (LTL 339 million during the same period a year ago). The cash flow after investing activities was LTL 233 million (LTL 182 million in 2002). An amount of LTL 117 million was used for repayment of the loans and LTL 47 million for payout of dividends for the year 2002. Overall, during the nine months of 2003 cash and cash equivalents of Lietuvos Telekomas' Group increased by LTL 68 million.

Management Change

After Tapio Paarma, General Manager of AB Lietuvos Telekomas from 8 July 1998, resignation from his position as of 30 April 2003, Kjell-Ove Blom temporary took the lead of the Company from 1 May 2003. On 25 September 2003, the Board of AB Lietuvos Telekomas appointed Arunas Siksta as a new General Manager of AB Lietuvos Telekomas from 2 January 2004.

On 7 October 2003, the Board appointed Stefan Albertsson as Company's Chief Officer Marketing and Sales from 3 November 2003. This position was established during the reorganisation of Lietuvos Telekomas' management structure in June 2003.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

11. Material events in the Issuer's activity.

On 7 July 2003, the Company announced that UAB Baltijos Informaciniu Duomenu Valdymo Centras, a subsidiary of AB Lietuvos Telekomas, has established its subsidiary Baltic Data Center SIA in Latvia.

On 29 July 2003, the Company announced that UAB Comliet, a subsidiary of AB Lietuvos Telekomas, acquired all shares of UAB Sonex Komunikacijos from UAB Sonex Grupe.

On 30 July 2003, the Board of AB Lietuvos Telekomas decided to authorise General Manager of the Company, Kjell-Ove Blom, to undersign all the documents related to the early redemption of 12 per cent coupon 12 million Litas bond on 29 August 2003 and execute other related actions.

On 30 July 2003, the Board of AB Lietuvos Telekomas approved unaudited financial statements of AB Lietuvos Telekomas' Group for the first half of 2003 prepared according to International Accounting Standards. Consolidated net profit of Lietuvos Telekomas' Group for the first half of 2003 was LTL 1,164 thousand, consolidated revenue - LTL 407,914 thousand.

On 29 August 2003, AB Lietuvos Telekomas redeemed all 12,000 ten-year book-entry registered bonds, par value 1,000 litas each (Lithuanian Securities Commission Securities' Registration Act No. AB-4791 dated 28 September 2000, Securities' Registration No. A54011422) paying 1,146.07 litas for each bond. On 12 October 2000, for non-public circulation AB Lietuvos Telekomas placed an issue of 12 million litas bond with an annual coupon of 12 per cent. An early redemption option (final redemption of the bonds was set on 13 October 2010) was provided in the Information Memorandum of the Company's ten-year bonds issue.

On 25 September 2003, the Board of AB Lietuvos Telekomas approved a request of Kjell-Ove Blom, General Manager of the Company, for resignation from the position of General Manager of AB Lietuvos Telekomas as of 31 December 2003 and appointed Arunas Siksta as a new General Manager of AB Lietuvos Telekomas from 2 January 2004.

On 2 October 2003, the Board of AB Lietuvos Telekomas approved the member list of the Company's Audit and Remuneration committees. The approved member list of the Audit committee includes the following members of the Board of AB Lietuvos Telekomas: Matti Hyyrynen, Timo Virtanen and Kennet Radne. The approved member list of the Remuneration committee includes the following members of the Board of AB Lietuvos Telekomas: Gintautas Zintelis, Andrius Sukys and Morgan Ekberg. The Board approved the transfer all the shares of UAB Lintkom owned by AB Lietuvos Telekomas to UAB Lintel.

On 7 October 2003, the Board of AB Lietuvos Telekomas appointed Mr Stefan Albertsson to the position of the Company's Chief Marketing and Sales Officer from 3 November 2003.

All material events related to the activity of the Company have been submitted to Lithuanian Securities Commission, National Stock Exchange of Lithuania, Lietuvos Rytas daily, Baltic News Service and posted on the Company's internet page www.telecom.lt.