

## Lietuvos Telekomas Announces its Preliminary Unaudited Results for the Year 2003

AB Lietuvos Telekomas and its subsidiary companies (Lietuvos Telekomas' Group) announce its preliminary unaudited consolidated financial statements for the year ended 31 December 2003 prepared according to International Accounting Standards.

### Highlights

- The total revenue for the fourth quarter of 2003 amounted to LTL 207 million, an increase by 4.8 per cent over the revenue of LTL 197 million for the third quarter of 2003. Overall, in 2003 the total revenue of Lietuvos Telekomas' Group went down by 16.1 per cent to LTL 812 million against the revenue of LTL 968 million in the year 2002.
- A number of marketing campaigns during the second half of 2003 resulted in slow-down of customers' churn. During the fourth quarter of 2003 the number of main lines in service decreased by just more than 7 thousand (almost 24 thousand during the third quarter) to 828 thousand at the end of the year 2003.
- During 2003 operating expenses decreased by 7.9 per cent to LTL 428 million compared with the operating expenses of LTL 465 million for the year 2002.
- EBITDA for the year 2003 amounted to LTL 384 million (LTL 504 million a year ago) and EBITDA margin was 47.3 per cent (52.0 per cent).
- The assets revaluation charge of LTL 41.5 million for the third quarter of 2003 and additional assets revaluation charge of LTL 3.7 million for the fourth quarter (in total, LTL 45.2 million for the whole year) were reflected in the profit (loss) statement of the Group.
- Comparable net profit (excluding the assets revaluation charge) for the year 2003 was LTL 2 million, while actual result (including the assets revaluation charge) was a loss of LTL 36 million. Net profit for the year 2002 was LTL 67 million.
- Net cash flow after investment activities for the previous year amounted to LTL 283 million (LTL 288 million for the year 2002). During the year cash and cash equivalents increased by LTL 34 million.

### Group's Key Financial Figures (in thousand of litas)

	Full Year			Fourth Quarter	
	2003	2003 (a)	2002	2003	2002
<b>Revenue</b>	<b>812,405</b>	<b>812,405</b>	<b>968,212</b>	<b>207,003</b>	<b>239,044</b>
Operating expenses	428,102	428,102	464,602	120,285	124,890
<b>EBITDA</b>	<b>384,303</b>	<b>384,303</b>	<b>503,610</b>	<b>86,718</b>	<b>114,154</b>
EBITDA margin (%)	47.3	47.3	52.0	41.9	47.8
Depreciation and amortisation and assets revaluation charge	395,942	350,742	381,668	89,448	92,003
Gain on sales of investment	--	--	7,016	--	--
<b>Operating profit (EBIT)</b>	<b>-11,639</b>	<b>33,561</b>	<b>128,958</b>	<b>-2,730</b>	<b>22,151</b>
EBIT margin (%)	-1.4	4.1	13.3	-1.3	9.3
Financial activities, net	-27,651	-27,651	-39,855	-5,792	-10,818
<b>Profit before tax</b>	<b>-38,652</b>	<b>6,548</b>	<b>89,440</b>	<b>-8,448</b>	<b>11,499</b>
<b>Net profit</b>	<b>-36,088</b>	<b>2,332</b>	<b>67,032</b>	<b>-9,126</b>	<b>7,806</b>
Net profit margin (%)	-4.4	0.3	6.9	-4.4	3.3
Earnings per share (LTL)	-0.046	0.003	0.086	-0.012	0.010
Number of shares (in thous.)	776,818	776,818	776,818	776,818	776,818

NOTES: (a) Profit (loss) statement, excluding the assets revaluation charge of LTL 45.2 million.  
 1US\$= LTL 2.7621, 1€= LTL 3.4528 (31 December 2003)

Arunas Siksta, General Manager of AB Lietuvos Telekomas, made the following comments:

“In the year 2003, Lietuvos Telekomas finished modernization process. The Company invested over 2 billion litas into the state-of-the-art technologies and at the moment it is one of the advanced companies in Eastern and Middle Europe. The Company laid solid foundations for the future”, says General Manager of AB Lietuvos Telekomas, Arunas Siksta, “ This year we are going to transform from a modern technologies-oriented company to a company putting every effort to meet the needs of customers, to improve the quality of customer care and introduce a new attractive pricing policy.”

According to Arunas Siksta, the last quarter of the previous year, when, after offering attractive marketing campaigns, the number of customers refusing fixed-line telephony services became 6 times less than during the first quarter, put us in an optimistic frame of mind.

“It makes us happy that confidence of the society in Lietuvos Telekomas is constantly growing. Researches show that last December favorable evaluation of the Company among population increased two-fold (up to 44 per cent). This encourages us to do our best to offer our customers new high quality services,” says General Manager of AB Lietuvos Telekomas, Arunas Siksta.

## Revenue

In the fourth quarter of 2003, Lietuvos Telekomas has adjusted its revenue grouping following the latest standard used by TeliaSonera AB. Revenue from ISDN services was moved from the Internet and Data Communication Services group to the Fixed-line Telephony Services group, and revenue from Contacts Centre services (Inquiry service 118, Operator-assisted services) was moved from the Other Services group to the Fixed-line Telephony Services group. Major changes in the grouping of revenue were made in the first quarter of 2003, when services of Lietuvos Telekomas' Group were divided into the following three main groups: Fixed-line Telephony Services (including the former Interconnection Services group), Internet and Data Communication Services (including the former Leased Lines group) and Other Services.

### Reclassified Breakdown of the Groups' Revenue (in thousand of litas)

	2003				2002		Change
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year	Full Year	
Fixed-line Telephony Services	164,385	157,961	154,258	153,532	<b>630,136</b>	815,214	-22.7%
Internet and Data Communication Services	29,124	29,804	29,862	31,056	<b>119,846</b>	109,908	9.0%
Other Services	10,447	16,193	13,368	22,415	<b>62,423</b>	43,090	44.9%
<b>Total</b>	<b>203,956</b>	<b>203,958</b>	<b>197,488</b>	<b>207,003</b>	<b>812,405</b>	<b>968,212</b>	<b>-16.1%</b>

In 2003, the total revenue of Lietuvos Telekomas' Group went down by 16.1 per cent to LTL 812 million due to decline in revenue from fixed-line telephony services by 22.7 per cent. Revenue from fixed-line telephony amounted up to 77.6 per cent of the total revenue of the Company. Decreased number of customers and reduced tariffs for a number of fixed-line telephony services resulted in decline of subscription fees by 6.7 per cent, traffic charges by 33.4 per cent and interconnection services by 18.5 while revenue from value-added services increase by 16.2, year-on-year. Due to telecommunication market liberalisation from 1 January 2003, for the first time revenue from fixed wholesale services were recorded.

In the fourth quarter of 2003, Lietuvos Telekomas in spite of cutting prices for a number of services and applying heavy discounts managed to maintain the revenue from fixed-line telephony services almost on the same level as in the third quarter. The revenue from Internet and data communication increased by 4 per cent, and the revenue from other services went up by 67.7 per cent. Overall, the total revenue for the fourth

quarter was 4.8 per cent higher than for the third quarter and 1.5 per cent higher than for the first and second quarters.

During the year, the number of main lines in service fell by 11.5 per cent from almost 936 thousand lines at the beginning of 2003 to 828 thousand at the year end. Some attractive marketing campaigns slowed down the customers' churn in the second half of 2003. The net loss of main lines in service in the first half of 2003 amounted to almost 77 thousand, while during the second half the number of lines decreased by less than 31 thousand (in December just 1,409 lines). In total, during 2003 the number of main lines in service dropped by almost 108 thousand and 99 per cent of them were used by residential customers. In 2002, the number of lines went down by 216 thousand.

As of 31 December 2003, the penetration rate of the fixed lines per 100 residents of Lithuania was 24 (calculated on the basis of the population of 3,446 thousand), while a year ago the penetration rate stood at 27 when the population in Lithuania was 3,463 thousand.

Compared with the year 2002, the total local calls traffic went down by 20.7 per cent, long-distance calls by 15.4 per cent, calls from fixed-line to mobile networks by 6.2 per cent, international calls by 10.4 per cent and internet dial-up by 28.4 per cent. In the fourth quarter of 2003, after cutting service prices and improving customer care the usage of fixed-line telephony services increased, especially among residential customers.

During the first month of 2003, following the agreements reached with mobile operators on lower interconnection fees, Lietuvos Telekomas reduced its tariffs for calls from fixed to mobile networks by 25 – 30 per cent. Next tariffs reduction took place in June when the Company reduced its part of the tariff for calls to Bite GSM and Tele2 networks, and agreed on lower interconnection fees with Omnitel (tariffs for calls to Omnitel went down by 34 per cent). In September, the Company once again reduced its part of 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 tariffs for calls from Lietuvos Telekomas' network to the mobile network of Bite GSM were reduced by nearly a third.

As a result, during the year the peak-time tariff for calls from Lietuvos Telekomas' fixed-line network to mobile network of Omnitel went down from 1.15 litas to 0.75 litas, to Bite GSM from 1.66 litas to 0.75 litas and to Tele2 from 1.80 litas to 1.16 litas.

The Company also continued to reduce its tariffs for international calls. In July, Lietuvos Telekomas cut its international call tariffs to 11 countries by up to 52 per cent. From October, the prices for international calls to more than 70 foreign countries are reduced by nearly 30 per cent. Since October, the users of the new international calls payment plan, *World*, calling from fixed-line network to the U.S.A. and EU countries pay only 0.49 litas per minutes (about 35 per cent of the price applied a year ago).

In September 2003, Lietuvos Telekomas cut the tariffs for local calls during off-peak hours by 63 per cent to 0.03 litas and the tariffs for off-peak long-distance calls by 70 per cent to 0.09 litas.

Payment plans that were introduced in May of 2002 won wide recognition from the customers of Lietuvos Telekomas. At the end of 2003, there were 382 thousand subscribers to payment plans launched recently or last year. Socially disadvantaged and retired customers could subscribe to the *Local* payment plan at a discount.

In July, the Company offered the *Minimum* payment plan providing customers with 23 free minutes of local and long-distance calls for a monthly fee of 23 litas. In August, Lietuvos Telekomas launched a new *Country* payment plan for business customers.

In November, Lietuvos Telekomas launched a long-term discount program for residential customers, *Friends*. The main purposes of this program are to show special attention to customers and encourage them to use services of the Company to a greater extent.

In 2003, following the fixed-line telephony market liberalisation Lietuvos Telekomas started to provide wholesale fixed-line telephony services using the Company's network. At the year end, there were 16 fixed-line telephony service providers mostly rendering international call services to Lietuvos Telekomas'

subscribers. Also, during the year the Company signed 4 telecommunications networks interconnection agreements with new fixed-line telephony operators.

Lietuvos Telekomas, as a main Internet access provider in Lithuania, paid big attention to the development of new Internet-related services and increase of the number of Internet users in 2003. The Company continued to offer new Internet access services based on ADSL technology. ADSL services are among Lietuvos Telekomas' services with the highest growth rate.

In March, the Company launched a new *DSL Takas* package *A0 Plus* for small businesses and increased data downloading and uploading rate for A2 and A3 packages. In April, Lietuvos Telekomas offered to its residential customers a new Internet service plan, *Takas iD2*, which is based on the ADSL technology. For a monthly fee of 39 litas, customers are offered 30 (from September 60) free hours of Internet access with the data download rate of 256 kbit/s and upload rate of 128 kbit/s.

From 1 September 2003, the off-peak tariff for Internet dial-up service, *Atviras Takas*, was reduced by 77 per cent. Also, the Company improved offers for subscribers to DSL technology-based Internet access services without changing the service price. Now subscribers to *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*.

In March, Lietuvos Telekomas offered its first Wireless Local Area Network (WLAN) service for its business customers in one of Vilnius' hotels.

In order to increase the number of Internet users in Lithuania, the Company actively participates in the Lithuanian business leaders' alliance to support development of information society, *Window to the Future*. During 2003, the alliance together with the Ministry of Internal Affairs established 100 public Internet centres in libraries, post offices, municipalities and other public places. Also, Lietuvos Telekomas has an agreement with the Ministry of Education and Science to encourage usage of Internet at schools by providing discounts for Internet service, as well as providing discounts for the teachers and pupils browsing Internet at home.

As a result, during 2003 the number of *DSL Takas* service users more than doubled and reached 23,699 as of 31 December 2003 (10,489 a year ago). The total number of Internet dial-up service users was more than 35 thousand at the year end (2002: 39 thousand).

Lietuvos Telekomas also puts a lot of efforts to develop Internet content. The Company operates one of the largest and most frequently visited Internet portal **Takas** which in 2003 was enhanced with new projects and features such as SMS sending and a new authorisation and billing system, *Mano Takas*. More than 154 thousand registered users of *Mano Takas* could settle for services using premium rate service 900 or SMS.

The Company's efforts to make access to the Internet more affordable to a wider range of population by cutting service prices slowed down the growth of revenue from Internet and data communication. In 2003, the revenue from Internet and data communication services increased by 9 per cent, while the growth in 2002 was 52.8 per cent. The revenue from Internet broadband services grew by 57.2 per cent, from data communication services by 16.4 per cent, but revenue from Internet dial-up services went down by 29 per cent.

The revenue from other activities grew by 44.9 per cent, especially in the fourth quarter of 2003. This was largely due to consummation of telecommunications networks and low voltage systems construction projects by UAB Comliet.

## **Expenses**

The total operating expenses of Lietuvos Telekomas' Group in the year 2003 went down by 7.9 per cent as compared with the year 2002. The major decrease of 18.9 per cent was recorded in the interconnection expenses as the Company negotiated lower interconnection fees with Lithuanian mobile operators.

The employee-related expenses decreased by 3.6 per cent. In June, the Board of Lietuvos Telekomas in order to maintain a high level of the Company's performance efficiency took a decision to downsize the number of

employees. During the year the total employee redundancy expenses amounted to 15.8 million litas. The total number of employees in Lietuvos Telekomas' Group was reduced from 4,531 (31 Dec. 2002) to 3,586 (31 Dec. 2003) and the number of main lines per one core business employee increased from 253 (31 Dec. 2002) to 281 (31 Dec. 2003).

Compared with the year 2002, the repairs and maintenance expenses went down by 10.7 per cent, provisions for doubtful accounts receivable were reduced by 85.5 per cent and the other operating expenses decreased by 1.5 per cent, while external construction expenses due to UAB Comliet activities increased two times.

### **Assets Revaluation Charge**

In the third quarter of 2003, Lietuvos Telekomas' Group revalued all of its assets (including buildings, telecommunications 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 10 million litas (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 31.5 million litas. Additional assets revaluation charge on the property of 3.7 million litas was made in the fourth quarter of 2003. Overall, Lietuvos Telekomas' Group showed an assets revaluation charge of 45.2 million litas in its profit (loss) statement.

### **Net Result**

Due to the assets revaluation charge of 45.2 million litas and high depreciation and amortisation charges caused by heavy investments made in previous years, the Company's operating result for the year 2003 was negative. In 2003, regular depreciation and amortisation charges went down by 8.1 per cent compared with the year 2002, but still amounted up to 43.2 per cent of the total revenue. Comparable operating profit (excluding the assets revaluation charge) for the year 2003 was 34 million litas.

In spite of higher revenue, operating result for the fourth quarter of 2003 was negative due to increased expenses, which pushed an EBITDA margin down to 41.9 per cent, and additional assets revaluation charge of LTL 3.7 million. Comparable operating profit (excluding the assets revaluation charge) for the last quarter of 2003 was 970 thousand litas. The financial activities expenses compared with the same period in 2002 went down by 46.5 per cent for the fourth quarter of 2003 and 30.6 per cent for the full year of 2003.

As a result, the actual profit before profit tax for the fourth quarter of 2003 was a loss of 8 million litas and profit before profit tax for the year of 2003 was negative too and amounted to 39 million litas (comparable profit before profit tax was 7 million litas).

Net result for the last quarter of 2003 was a loss of 9 million litas. The assets revaluation charge had a positive effect on profit tax calculation; therefore actual net loss for the year 2003 was 36 million litas. Comparable net profit (excluding assets revaluation charge) for the whole year amounted to 2 million litas.

### **Investments**

In 2003, the total amount of investments made by Lietuvos Telekomas' Group was 51 million litas (207 million litas in 2002). Major part of the amount was invested into the switching and access network of the Company as well as into information technology systems. As a result, at the end of 2003 the digitalisation rate of the Company's network reached 91.2 per cent (87.6 per cent a year ago) and digitalisation of all district centres of Lithuania was completed.

Special attention to the development of ADSL access network was given in 2003. At present ADSL technology based services are available in the majority of Lithuanian cities and towns, and in more than 120 rural areas. During the year the total number of ADSL access connections (including the ones sold to other Internet Service Providers) more than doubled from 10,522 at the end of 2002 to 25,085 at the end of 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**

During the year 2003, the total assets of Lietuvos Telekomas' Group decreased by 17.7 per cent due to amortisation and depreciation of the long-term assets, while short-term assets increased. Increase in inventories by 2.9 times is mainly related to the increased construction activities of UAB Comliet. Cash and cash equivalents increased by 40.2 per cent, while receivables declined by 8.5 per cent.

The shareholders equity decreased by 6.8 per cent due to net loss for the year 2003 and payment of dividend for the year 2002 (47 million litas). The total liabilities also decreased by 38.2 per cent as a result of debt repayment, reduction of deferred profit tax liabilities and decrease of accrued liabilities. As of 31 December 2003, the net debt amounted to 70 million litas, a drop by 75.7 per cent from the net debt of 289 million litas a year ago. The net debt to equity ratio was 6.2 per cent (23.8 per cent on 31 December 2002).

During the year 2003 the net cash flow from operating activities was 320 million litas (481 million litas in 2002). The cash flow after investing activities stood at 283 million litas (288 million litas in 2002) and the net cash used in financing activities amounted to 249 million litas (252 million litas in 2002). An amount of 202 million litas was used for repayment of the loans (including earlier redemption of 12 million litas bond issue) and LTL 47 million for payout of dividends for the year 2002. Overall, during the year 2003 cash and cash equivalents of Lietuvos Telekomas' Group increased by 34 million litas (36 million litas in 2002).

## **Share Capital**

On 1 January 2003, the term of Lietuvos Telekomas' Special Share owned by the State of Lithuania came to an end. Following the shareholders' decision made on 28 April 2003, the Company changed its By-laws and reregistered its Special Share into the Ordinary Registered Share. Since then the total share capital of AB Lietuvos Telekomas consists of 814,912,760 Ordinary Registered Shares.

During the year 2003, the State of Lithuania reduced its shareholding in AB Lietuvos Telekomas from 10.03 per cent (31 Dec. 2002) to 8.12 per cent (31 Dec. 2003) by giving up shares of the Company as a compensation to the Lithuanian citizens for realty redeemable by the State of Lithuania.

## **Management Change**

On 28 April 2003, the shareholders elected Annika Christiansson, Erik Hallberg and Mats Salomonsson to the Board of AB Lietuvos Telekomas. Annika Christiansson and Mats Salomonsson resigned from the Board from 28 May 2003.

After Tapio Paarma, General Manager of AB Lietuvos Telekomas from 8 July 1998, resigned from his position as of 30 April 2003, Kjell-Ove Blom temporarily 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 the 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.

## **Regulatory Matters**

Pursuant to the new Law on Telecommunications, from 1 January 2003 AB Lietuvos Telekomas 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.

In November, Lithuanian Communications Regulatory Authorities fixed the highest price limits for telecommunications network interconnection services provided by Lietuvos Telekomas and its associates.

## **AB Lietuvos Telekomas**

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## **About AB Lietuvos Telekomas**

AB Lietuvos Telekomas, a Lithuanian telecommunications company, is listed on the National Stock Exchange of Lithuania (NSEL ticker: LTEL) and London Stock Exchange (LSE ticker: LITD). The Company 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 Telekomas 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.

AB Lietuvos Telekomas is a consolidated subsidiary of TeliaSonera AB via its wholly-owned subsidiary Amber Teleholding A/S (reg. in Denmark), which holds 60 per cent of Lietuvos Telekomas' shares. As of 31 December 2003, 8.12 per cent of the Company's shares were owned by the State of Lithuania, 4.67 per cent of the shares are Treasury Stocks held by UAB Lintkom, a member of Lietuvos Telekomas' Group.

Lietuvos Telekomas' Group consists of the parent company, AB Lietuvos Telekomas, and its subsidiaries UAB Comliet (100 per cent), UAB Lietuvos Telekomo Verslo Sprendimai (100 per cent), UAB Lintel (100 per cent), UAB Baltijos Informaciniu Duomenu Valdymo Centras (60 per cent), UAB Voicecom (60 per cent), UAB Verslo Portalas (30 per cent) and UAB TietoEnator Consulting (26 per cent). Lietuvos Telekomas is the sole founder of its wholly-owned non-profit organisation Vsi Lietuvos Telekomo Sporto Klubas.

UAB Comliet and its subsidiaries UAB Sonex Komunikacijos (100 per cent), Comliet-Kaliningrad (95 per cent), Datu Tikli SIA (75 per cent) and Telegrupp AS (55 per cent) comprise a Comliet Group. UAB Lintel has a subsidiary UAB Lintkom (100 per cent), and UAB Baltijos Informaciniu Duomenu Valdymo Centras has a subsidiary Baltic Data Center SIA (100 per cent).

More information about AB Lietuvos Telekomas is available on the website: <http://www.telecom.lt>

**AB Lietuvos Telekomas' Group**  
**Profit (Loss) Statement**  
(in thousand of litas)

unaudited

	<b>2003</b>	<b>2002</b>
Revenue	812,405	968,212
Expenses	(428,102)	(464,602)
EBITDA	384,303	503,610
Depreciation, amortisation and assets revaluation charge	(395,942)	(381,668)
Gain on sales of investments	--	7,016
Operating profit	(11,639)	128,958
Financial income and expenses, net	(27,651)	(39,855)
Share of result before tax of associates	638	337
Profit before profit tax	(38,652)	89,440
Profit tax	4,032	(21,641)
Group's profit before the minority interest	(34,620)	67,799
Minority interest	(1,468)	(767)
<b>NET PROFIT</b>	<b>(36,088)</b>	<b>67,032</b>
Earning per share (in litas)	(0.05)	0.09



**AB Lietuvos Telekomas' Group**  
**Balance Sheet**  
(in thousand of litas)

unaudited

	<b>31 December 2003</b>	<b>31 December 2002</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,121,621	1,423,286
Intangible assets	144,440	202,113
Prepayments for non-current assets	87	142
Investments	1,242	879
Non-current receivables	59	68
Total	1,267,449	1,626,488
<b>Current assets</b>		
Inventories	11,792	4,111
Assets held for sale	9,726	10,192
Receivables, prepayments and accrued revenue	137,356	150,193
Short term investments	218	1,287
Cash and cash equivalents	117,438	83,759
Total	276,530	249,542
<b>TOTAL ASSETS</b>	<b>1,543,979</b>	<b>1,876,030</b>
<b>Shareholders' equity</b>	1,135,853	1,218,541
Minority interest	3,527	2,354
<b>Non-current liabilities</b>		
Borrowings	14,877	194,230
Deferred tax liability	77,858	113,844
Grants	11,832	14,492
Total	104,567	322,566
<b>Current liabilities</b>		
Borrowings	172,872	178,799
Trade, other payables and accrued liabilities	127,160	153,770
Total	300,032	332,569
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,543,979</b>	<b>1,876,030</b>

**AB Lietuvos Telekomas' Group**  
**Cash Flow Statement**  
(in thousand of litas)

unaudited

	<b>2003</b>	<b>2002</b>
<b>Operating activities:</b>		
Net profit for the period	(36,088)	67,032
Depreciation, amortisation and assets revaluation charge	395,942	381,668
Profit tax	(4,032)	21,641
Minority interest	1,468	767
Share of results before tax of associates	(638)	(337)
Provisions and write-offs of doubtful accounts receivable	2,035	14,016
Elimination of gain on sale of fixed assets	(3,548)	(1,860)
Elimination of gain on sale of investments	--	(7,016)
Financial activities, net	23,381	33,732
Provisions and write-offs of assets and other	2,155	765
Changes in working capital	11,817	4,653
Interest paid	(26,269)	(33,474)
Tax paid	(46,436)	(127)
<b>Net cash from operating activities</b>	<b>319,787</b>	<b>481,460</b>
<b>Investing activities:</b>		
Acquisition of fixed assets, net	(38,076)	(197,372)
Changes in prepayments for fixed assets	55	--
Investments, net	(691)	3,264
Interest received	1,366	567
Dividends from associated companies	162	--
<b>Net cash used in investing activities</b>	<b>(37,184)</b>	<b>(193,541)</b>
<b>Financing activities:</b>		
Proceeds from borrowings	--	98,742
Repayment of borrowings	(201,999)	(265,354)
Dividends paid	(46,609)	(85,450)
Dividends paid to minority shareholders	(316)	--
<b>Net cash used in financing activities</b>	<b>(248,924)</b>	<b>(252,062)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>33,679</b>	<b>35,857</b>
<b>Movement in cash and cash equivalents</b>		
<b>At start of the period</b>	<b>83,759</b>	<b>47,902</b>
Increase (decrease) during the period	33,679	35,857
<b>At the end of period</b>	<b>117,438</b>	<b>83,759</b>