

AB Lietuvos Telekomas

Report for the First Half of the Year 2004

(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

First half of the year 2004.

2. Main data about the Issuer

Name of the Issuer	AB Lietuvos Telekomas
Authorised capital	814,912,760 litas
Registered office	Savanorių ave. 28, 03501 Vilnius, Lithuania
Telephone number	+370 6 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 Register of Legal Persons	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:

Arūnas Šikšta, General Manager (CEO) of AB Lietuvos Telekomas, tel. +370 5 236 76 00, fax. +370 5 212 66 65.

Jan-Erik Elsėrius, Chief Financial Officer – Deputy General Manager 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 Acting General Manager Stefan Albertsson and Chief Financial Officer – Deputy General Manager Jan-Erik Elsėrius 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.

Acting General Manager of
AB Lietuvos Telekomas

Stefan Albertsson

.....

27 July 2004

Seal

Chief Financial Officer – Deputy General
Manager of AB Lietuvos Telekomas

Jan-Erik Elsėrius

.....

27 July 2004

The report is prepared in Vilnius, July 2004.

II. INFORMATION ABOUT THE ISSUER'S SHARE CAPITAL, ISSUED SECURITIES AND MEMBERS OF THE MANAGING BODIES

6. The Issuer's share capital

6.1. Share capital registered in the companies' register

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.

6.2. Information about projected increase of share capital by conversion or swap of issued debentures or derivatives into shares

7. Shareholders

The following shareholders hold more than 5 per cent of the Company's share capital as of 30 June 2004:

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, c/o TeliaSonera Danmark A/S, Ejby Industrivej 135, 2600 Glostrup, Denmark, register code 244.793 (a)	488,947,656	60.00	62.94	---
The State represented by the State Property Fund, Vilniaus st 16, LT- 01507 Vilnius, register code 1007315	64,613,794	7.93	8.32	---

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

As of 30 June 2004, the total number of AB Lietuvos Telekomas' shareholders was 9,514. The number of shareholders on the day of the last General Meeting of Shareholders, which was held on 23 April 2004, was 9,628.

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, 60 Street, New York, NY 10005, USA.

As of 30 June 2004, on the basis of 112,803,890 AB Lietuvos Telekomas' shares there were issued 11,280,389 Global Depository Receipts that amount to 13,84 per cent of the Company's share capital.

As of 30 June 2003, UAB Lintel, a subsidiary of AB Lietuvos Telekomas, which after reorganisation of UAB Lintkom by merger into UAB Lintel took over all the rights and liabilities of UAB Lintkom, 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. In the year 2000, UAB Lintkom acquired Lietuvos Telekomas' shares during the IPO. Following the Lithuanian Company Law AB Lietuvos Telekomas' shares held by UAB Lintel are considered as treasury stocks.

8. Securities, which do not certify the participation in the share capital, but which circulation is regulated by the Law on Securities Market

9. Secondary circulation of securities

The following securities of AB Lietuvos Telekomas are included into the Official List of the National Stock Exchange of Lithuania:

Type of shares	Number of shares	Nominal value (in Litas)	Total nominal value (in Litas)	Issue Code
Ordinary registered shares	814,912,760	1	814,912,760	12391

From 16 June 2000, no more than 28,549,990 Lietuvos Telekomas' Global Depository Receipts (1 GDR represents 10 ORS) are admitted to the Official List of the UK Listing Authority and could be quoted on the Stock Exchange Automated Quotations System ("SEAQ International") operated by the London Stock Exchange. Lietuvos Telekomas GDRs could be traded on the PORTAL market, a subsidiary of the Nasdaq Stock Market Inc.

Trading in AB Lietuvos Telekomas' ordinary registered shares on the Central Market of the National Stock Exchange of Lithuania:

Period	Price (in Litas)		Turnover (in Litas)	
	Highest	Lowest	Biggest	Smallest
01/01/2004 - 31/03/2004	2.29	1.58	1,017,707	43,301
01/04/2004 - 30/06/2004	2.35	1.80	611,295	14,271

Period	Last session		Total turnover	
	Price (in Litas)	Turnover (in Litas)	Number of shares	In Litas
01/01/2004 - 31/03/2004	2.27	266,475	10,201,383	19,133,165
01/04/2004 - 30/06/2004	1.84	38,977	4,086,098	8,376,018

Block trading in AB Lietuvos Telekomas' ordinary registered shares:

Period	Average price (in Litas)	Total turnover	
		Number of shares	In Litas
01/01/2004 - 31/03/2004	1.86	9,943,955	18,507,093
01/04/2004 - 30/06/2004	2.06	1,281,787	2,641,030

Trading in Lietuvos Telekomas' Global Depository Receipts on SEAQ International operated by the London Stock Exchange:

Period	Price (in US dollars)		Turnover (in GBP)	
	Highest	Lowest	Biggest	Smallest
01/01/2004 - 31/03/2004	8.125	5.255	231,773	0
01/04/2004 - 30/06/2004	8.175	6.525	176,894	0

Period	Last session		Total turnover	
	Price (in USD)	Turnover (in GBP)	Number of GDRs	In GBP
01/01/2004 - 31/03/2004	8.125	19,500	335,400	1,374,250
01/04/2004 - 30/06/2004	6.525	0	135,095	549,038

10. Agreements with intermediaries of public trading in securities

On 1 December 2000, AB Lietuvos Telekomas and AB Vilniaus Bankas, Gedimino ave. 12, 01103 Vilnius, Lithuania, made an agreement on accounting of the Company's securities and services related to the accounting of securities.

11. 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 June 2004)

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

Erik Hallberg - Chairman of the Board since 16 June 2004, member of the Board since 28 April 2003 (re-elected for the two-year term on 23 April 2004; nominated by Amber Teleholding A/S), Senior Vice President and Head of Market Area Baltic Countries, TeliaSonera AB Norway, Denmark and Baltic Countries. Chairman of the Supervisory Board of AS Eesti Telekom, Estonia, Member of Supervisory Board of Elion Enterprises AS, Estonia, and AS EMT, Estonia; chairman of the Board of Latvijas Mobilais Telefons SIA, Latvia; member of the Board of Lattelekom SIA, Latvia, Prevas AB, Sweden, and Confidence AB, Sweden. 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 23 April 2004; nominated by Amber Teleholding A/S), member of the Remuneration Committee of the Board, Head of Network and Technology, Market Area Norway, Denmark and Baltic

Countries, TeliaSonera AB Norway, Denmark and Baltic Countries. Member of the Board of NetCom AS, Norway, TeliaSonera Networks A/S, Denmark, Telia Mobile A/S, Denmark, and Telia Stofa A/S, Denmark. 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 (re-elected for the two-year term on 23 April 2004; nominated by Deutsche Bank Trust Company Americas), member of the Audit Committee of the Board, 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 the Supervisory Board of AB Drobe. Is not involved in the business of other Lithuanian companies and does not have interest in the share capital in other Lithuanian companies.

Kennet Rådne - a member of the Board since 26 April 2002 (re-elected for the two-year term on 23 April 2004; nominated by Amber Teleholding A/S), member of the Audit Committee of the Board, Senior Vice President and Head of Product Management and Development, TeliaSonera AB Sweden. Chairman of the Board of Lennandia advertising AB, Sweden, member of the Supervisory Board of AS Eesti Telekom, Estonia, and member of the Board of Lattelekom SIA, Latvia. 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 Šukys - a member of the Board since 26 April 2002 (re-elected for the two-year term on 23 April 2004; nominated by Amber Teleholding A/S), member of Remuneration Committee of the Board, General Manager of UAB Imparat. 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.

Timo Virtanen - a member of the Board since 5 July 2000 (re-elected for the two-year term on 23 April 2004; nominated by Amber Teleholding A/S), member of the Audit Committee of the Board, Senior Adviser, TeliaSonera Finland Oyj. Member of the Board of Lattelekom SIA, Latvia. 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.

Gintautas Žintelis - a member of the Board since 7 July 1998 (re-elected for the two-year term on 23 April 2004; nominated by Amber Teleholding A/S), member of the Remuneration Committee of the Board, from 1 July 2004 Adviser-Consultant to Lietuvos Telekomas' General Manager and the Board. 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. From 2002 till July 2004 held a position of Senior Expert on IT and Telecommunications issues in AB Lietuvos Telekomas. From 7 July 1998 till 23 April 2004 was a Chairman of the Board of AB Lietuvos Telekomas. 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.

General Manager (CEO)

From 2 January 2004 **Arūnas Šikšta** (born 1968) took the office of General Manager (CEO) of AB Lietuvos Telekomas. He has a degree in Management from Natural Science Faculty of Klaipėda University (1995). From 1992 to 1993 he worked as program coordinator at Lithuanian Open Society Fund. Between 1993 and 1996 he was employed by Lithuanian – Dutch joint venture Seceurtronics Technikom as Executive Director. In the period from 1996 to 1997 he held a position of Director of Marketing Department of Lithuanian Agricultural Bank, and from 1997 to 1999 he was Lithuanian Project Manager at International Relations and Network Department of AS Hansapank (Estonia). From May 1999 till June 2001 he was appointed to the position of Chairman of the Board of the bank AB Hansabankas. From June 2001 till 1 November 2003 he was Chairman of the Board of the bank AB Hansa-LTB and member of the Board of AS Hansapank (Estonia). As on 30 June 2004 he was member of the Board of UAB Comliet, UAB Lietuvos Telekomo Verslo Sprendimai and UAB Lintel. 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.

Chief Commercial Officer – Deputy General Manager

From 1 March 2004 **Stefan Albertsson** (born 1963) was appointed to the position of Chief Commercial Officer – Deputy General Manager of AB Lietuvos Telekomas. From 3 November he held a position of Chief Marketing and Sales Officer of the Company. He is a BSc in Business Administration and Economics and an MSc in Mechanical Engineering (1990). In the period from 1990 to 1996 he worked in various positions at Telia AB, Sweden. Between 1996 and 1999 lead various units at Netia Telekom (Poland) and from 1999 to 2001 was Change Management Director at Eircom, Ireland. In August 2001, he came back to Netia Telekom and till September 2003 held a position of Vice President Marketing. As on 30 June 2004 he was Chairman of the Board of UAB Lietuvos Telekomo Verslo Sprendimai, UAB Lintel and UAB Voicecom, member of the Board of VšĮ Lietuvos Telekomo Sporto Klubas. 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.

Chief Operating Officer – Deputy General Manager

From 1 March 2004 **Romualdas Degutis** (born 1961) holds an office of Chief Operating Officer - Deputy General Manager of AB Lietuvos Telekomas. From 1 July 2003 he held a position of Executive Director and Deputy General Manager of the Company. In 1984 he graduated from Kaunas University of Technology as Electric Communication Engineer. He employed in the Company since 1984. In 1993, he was appointed to the office of Klaipėda Branch Director of AB Lietuvos Telekomas. On 1 June 1999 he became Executive Vice President of AB Lietuvos Telekomas. As on 30 June 2004, he was Chairman of the Board of UAB Comliet and UAB Baltijos Informaciniu Duomenu Valdymo Centras, member of the Board of VšĮ Lietuvos Telekomo Sporto Klubas and UAB TietoEnator Consulting. As on 30 June 2004, 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 – Deputy General Manager

From 1 March 2004 **Jan-Erik Elsérius** (born 1943) holds an office of Chief Financial Officer – Deputy General Manager and also Head of Treasury and Investor Relations Unit 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, he 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, he was appointed as the Deputy Managing Director of the new company Securitas Larm AB. In 29 March 1999, he was appointed to the position of Chief Financial Officer and Director of Finance Department of AB Lietuvos Telekomas. As on 30 June 2004, he was member of the Board of UAB Comliet, UAB Lietuvos Telekomo Verslo Sprendimai, UAB Lintel, UAB Voicecom, UAB Baltijos Informaciniu Duomenu Valdymo Centras, VšĮ Lietuvos Telekomo Sporto Klubas, Datu Tikli SIA and Telegrupp AS. As on 30 June 2004, 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 Financial Reporting 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 2003 are audited by the auditors.

12. Balance Sheet (in thousand of Litas)

	30 June 2004	31 December 2003	30 June 2003
Non-current assets			
Property, plant and equipment	1,019,494	1,120,429	1,294,537
Intangible assets	108,445	142,806	173,321
Prepayments for non-current assets	83	87	198
Investments in associates	1,085	1,173	1,017
Other non-current assets	59	60	78
	1,129,166	1,264,555	1,469,151
Current assets			
Inventories	11,025	11,216	7,869
Assets held for sale	2,962	10,990	9,764
Receivables, prepaid expenses and accrued revenue	128,471	137,537	138,089
Trading investments	--	--	1,975
Cash and cash equivalents	64,635	117,629	127,186
	207,093	277,372	284,883
TOTAL ASSETS	1,336,259	1,541,927	1,754,034
Shareholders' equity			
Share capital	814,913	814,913	814,913
Treasury shares	(120,000)	(120,000)	(120,000)
Legal reserve	81,499	81,499	81,499
Translation differences	(13)	(6)	(45)
Retained earnings	326,033	359,455	396,714
	1,102,432	1,135,861	1,173,081
Minority interest	3,140	3,536	3,076
Non-current liabilities			
Borrowings	10,743	14,893	20,623
Deferred tax liabilities	69,034	78,422	93,066
Grants	10,681	11,832	13,160
	90,458	105,147	126,849
Current liabilities			
Borrowings	64,227	172,870	284,884
Trade, other payables and accrued liabilities	76,002	124,513	166,144
	140,229	297,383	451,028
TOTAL EQUITY AND LIABILITIES	1,336,259	1,541,927	1,754,034

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

	April - June 2004	April - June 2003	January - June 2004	January - June 2003
Revenues	179,817	203,958	364,703	407,914
Expenses	(93,109)	(108,090)	(192,495)	(210,338)
EBITDA	86,708	95,868	172,208	197,576
Depreciation and amortisation	(73,795)	(89,074)	(150,372)	(179,100)
Operating profit	12,913	6,794	21,836	18,476
Finance costs, net	(1,533)	(7,987)	(4,948)	(16,010)
Share of result before tax of associates	84	180	248	356
Profit before profit tax	11,464	(1,013)	17,136	2,822
Profit tax	(1,817)	749	(3,188)	(640)
Group profit before monetary interest	9,647	(264)	13,948	2,182
Minority interest	(432)	(605)	(761)	(1,018)
NET PROFIT	9,215	(869)	13,187	1,164
Earnings per share (Litas)	0.0119	(0.0011)	0.0170	0.0015

14. Explanatory letter

Lietuvos Telekomas' 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 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.

As on 30 June 2004, Lietuvos Telekomas' Group consisted of the parent company, AB Lietuvos Telekomas, (Savanorių ave. 28, LT-03501 Vilnius) and its daughter companies: UAB Comliet (Palangos str. 4, LT-01117 Vilnius), UAB Lietuvos Telekomo Verslo Sprendimai (J. Galvydžio str. 7/Žygio str. 97, LT-08222 Vilnius), UAB Lintel (J. Galvydžio str. 7/Žygio str. 97, LT-08222 Vilnius,) and VŠĮ Lietuvos Telekomo Sporto Klubas (Savanorių ave. 28, LT-03116 Vilnius). AB Lietuvos Telekomas also owned 60 per cent stake of UAB Baltijos Informacinių Duomenų Valdymo Centras (Žirmūnų str. 141, LT-09128 Vilnius), 60 per cent stake of UAB Voicecom (Eigulių str. 14, LT-03150 Vilnius), 30 per cent stake of company under liquidation UAB Verslo Portalas (J. Jasinskio str. 16a LT-01112 Vilnius) and 26 per cent stake of UAB TietoEnator Consulting (Žirmūnų str. 141, LT-09128 Vilnius) shares.

As on 30 June 2004, UAB Comliet owned 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 Comliet plans to sell shares of Datu Tikli SIA. In June 2004, UAB Sonex Komunikacijos acquired 5 per cent of shares of Comliet-Kaliningrad.

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

In December 2003, Lietuvos Telekomas transferred all its shares of its subsidiary UAB Lintkom (J. Galvydžio str. 7/Žygio str. 97, LT-08222 Vilnius) to UAB Lintel, another subsidiary of Lietuvos Telekomas. In March 2004, the process of reorganisation of UAB Lintel and UAB Lintkom by merger of UAB Lintkom into UAB Lintel was started and in May 2004 was ended. After reorganisation UAB Lintel continues its activities, while UAB Lintkom activities were terminated. Now UAB Lintel holds 4.67 per cent of Lietuvos Telekomas' shares (treasury stocks) that UAB Lintkom acquired during the Initial Public Offering (IPO) in 2000.

In February, shareholders of UAB Verslo Portalas (AB Lietuvos Telekomas has 30 per cent and UAB Verslo Žinios 70 per cent of the shares) decided to terminate activities of the company and liquidated it. UAB Verslo Portalas was operating business-to-business portal *verslas.com*.

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. On 1 April 2004, UAB Comliet transferred telecommunication services installation, fault elimination, order management and network maintenance functions to Lietuvos Telekomas. Due to that 844 employees of Comliet were transferred to Lietuvos Telekomas. In March, it was announced that UAB Comliet considers sell off of its construction business.

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. Since June 2004 UAB Lintel holds 4.67 per cent of AB Lietuvos Telekomas' shares (treasury stocks) that previously were held by UAB Lintkom.

UAB Lintkom holds 4.67 per cent of Lietuvos Telekomas' shares (treasury stocks) acquired during the Initial Public Offering (IPO) in 2000.

UAB Baltijos Informacinių Duomenų Valdymo Centras provides information systems support and comprehensive server management services as well as a wide range of IT customers support center services to Lietuvos Telekomas and other companies in Lithuania and the Baltic region. TietoEnator Oyj owns 40 per cent of shares of the company.

UAB Voicecom provides voice over IP (Internet Protocol) services to residential and business customers. Nexcom Telecommunication LLC (USA) owns 40 per cent of shares of the company.

UAB TietoEnator Consulting provides companies in the Baltic region with high-value-added IT-related consulting services. TietoEnator Oyj owns 74 per cent of shares of the company.

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

As on 30 June 2004, consolidated financial statements of Lietuvos Telekomas' Group combined financial statements of AB Lietuvos Telekomas and its daughter companies: UAB Comliet, UAB Lietuvos Telekomo Verslo Sprendimai, UAB Lintel, UAB Baltijos Informacinių Duomenų Valdymo Centras, UAB Voicecom and VšĮ 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, UAB Sonex Komunikacijos, Comliet-Kaliningrad, Datu Tikli SIA and Telegrupp AS. All statements are prepared on the basis of the same accounting principles.

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

	January - June 2004	January - June 2003	Change (%)
Revenue	364,703	407,914	-10.6
EBITDA	172,208	197,576	-12.8
EBITDA margin (%)	47.2	48.4	
Depreciation and amortisation	150,372	179,100	-16.0
Operating profit (EBIT)	21,836	18,476	18.2
Operating profit EBIT margin (%)	6.0	4.5	
Financial income and expenses, net	(4,948)	(16,010)	-69.1
Profit before profit tax	17,136	2,822	507.2
Net profit	13,187	1,164	1032.9
Net profit margin (%)	3.6	0.3	
Cash provided by operating activities	123,118	184,976	-30.5
Number of personnel at the end of period	3207	4064	-21.1
Earning per share (in litas)	0.0170	0.0015	
Average number of shares at the end of period (in thousand) (a)	776,818	776,818	
Number of fixed lines in service	823,504	859,179	
Penetration of lines per 100 residents (%) (b)	23.9	24.9	
Digitisation rate (%)	91.7	89.7	
Number of lines per full time employee, related to fixed telephony	322	261	

NOTES: (a) excluding treasury stocks held by UAB Lintel; (b) calculated on the basis of the following population: on 30 June 2003 - 3,456 thousand, on 30 June 2004 - 3,440 thousand.

EBITDA - earnings before interest, tax, depreciation and amortisation

EBIT - earning before interest and tax

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

	January - June 2004	January - June 2003
Operating activities		
Net profit for period	13,187	1,164
Profit tax	3,188	640
Minority interest	761	1,018
Share of result before tax of associates	(248)	(356)
Depreciation and amortisation and impairment charge	150,372	179,100
Provision and write off of doubtful accounts receivable	(1,384)	2,262
Profit on sale of property, plant and equipment	(3,193)	(2,387)
Change in restructuring provision	(952)	7,990
Interest income	(451)	(698)
Interest expenses	4,666	13,843
Other non-cash items	1,442	524
Changes in working capital:		
Inventories	321	(3,758)
Trade and other accounts receivable	11,638	13,268
Trade, other accounts payable and accrued liabilities	(19,189)	(6,004)
Trading investments	--	(688)
Cash generated from operations	160,158	205,918
Interest paid	(16,658)	(20,942)
Tax paid	(20,382)	--
Net cash from operating activities	123,118	184,976
Investing activities		
Purchase of property, plant and equipment and intangible assets	(22,606)	(29,990)
Proceeds from sales of property, plant and equipment	14,663	5,959
Change in prepayments for tangible fixed assets	4	(56)
Investments into subsidiaries, net of cash acquired	--	(741)
Dividends received from associates	298	162
Interest received	451	698
Net cash used in investing activities	(7,190)	(23,968)
Financing activities		
Proceeds from borrowings	99,000	--
Repayment of borrowings	(220,156)	(70,656)
Dividends paid to Group shareholders	(46,609)	(46,609)
Dividends paid to minority shareholders	(1,157)	(316)
Net cash used in financing activities	(168,922)	(117,581)
Increase (decrease) in cash and cash equivalents	(52,994)	43,427
Movement in cash and cash equivalents		
At start of the period	117,629	83,759
Increase (decrease) during the period	(52,994)	43,427
At end of the period	64,635	127,186

Revenue

The total consolidated Lietuvos Telekomas Group's revenue for the first half of the year 2004 was 365 million litas, a decrease by 10.6 per cent over the total revenue of 408 million litas in the first half of 2003. Revenue for the fixed-line telephony services and other services went down by 14 per cent and 8.1 per cent, respectively, while revenue from internet and data communication services increased by 6.7 per cent. Revenue for the fixed-line telephony services amounts to 76 per cent, revenue from internet and data communication services to 17.2 per cent and revenue from other services to 6.7 per cent of total Group's 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 Contact 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)

	Second Quarter of 2004	Second Quarter of 2003	Change (%)	First Half of 2004	First Half of 2003	Change (%)
Fixed-line Telephony Services	135,507	157,961	-14.2	277,322	322,346	-14.0
Internet and Data Communication Services	31,639	29,804	6.2	62,892	58,928	6.7
Other Services	12,671	16,193	-21.8	24,489	26,640	-8.1
Total	179,817	203,958	-11.8	364,703	407,914	-10.6

In the period of six months of 2004, Lietuvos Telekomas managed to stabilise its customers' base and encourage customers to use more services, although due to significantly (compared with the year 2003) reduced tariffs for telecommunication services and applied discounts revenue from fixed-line telephony services continued to decline. Revenue from subscription fees and traffic charges for the first half of 2004 compared with the same period of 2003 went down by 8 per cent and 23.8 per cent, respectively. Revenue from value added services increased by 12.6, while combined revenue from networks' interconnection and wholesales services remained at the same level.

During January - June 30.4 thousand new main lines were connected into the fixed-line telephony network of Lietuvos Telekomas but 35.2 thousand lines were disconnected and this resulted in a decline of the total number of main lines in services by 4.8 thousand. As on 30 June 2004, the number of main lines in service amounted to 823,504 while year ago it stood at 859,179.

As on 30 June 2004, the number of subscribers using one of payment plans reached 392 thousand (308 thousand a year ago). In February, the Company improved its most popular local calls' payment plan, *Vietinis*, and domestic long distance calls' payment plan, *Šalies*, by additionally giving 30 hours free of charge calls during off peak time and weekends for the same subscription fee as before.

In January, the Company launched a new long distance domestic call's payment plan, *Miestai*, for residential and business customers that provide long-distance calls during the peak time at more than half of regular price - 0.12 litas per minute instead of 0.26 litas per minute.

As a result of reduced tariffs combined with additional free of charge hours for payment plan subscribers, and in spite of decreased number of main lines in service, the local calls' traffic for the period of six months of 2004 compared with the same period a year ago increased by 12.1 per cent, long distance domestic call's traffic up by 17.7 per cent, fixed to mobile networks traffic surged by 34.3 per cent and international call's traffic went up by almost 9.1 per cent.

The main drivers of Lietuvos Telekomas' revenue from internet and data communication services growth (6.7 per cent, year-on-year) are internet broadband services (43.6 per cent growth) and data transmission services (14.8 per cent). During the year the total number of DSL Takas service users more than doubled and at the end of first half of 2004 was 31,825 (14,289 a year ago). The wholesales of ADSL services is picking up as well: by June 2004 the number of ADSL access connections sold to other internet services providers reached 2,249 (June 2003: 592).

Due to reduced tariffs for off-peak internet dial-up services and, in February, introduced internet payment plan, *Internetas*, whereby residents could use the internet for thirty hours per month by just paying 10 litas, the total number of internet dial-up access users increased to 40 thousand at the end of June 2004 from 33 thousand a year ago and internet dial-up call's traffic more than doubled. However, revenue from internet dial-up services declined by 32.6 per cent, year-on-year. On the other hand internet dial-up services serves the purpose to present internet possibilities to the new customers and encourage current ones to use more advanced internet access technologies.

Compared with the first half of 2003, revenue from other services decreased by 8.1 per cent mainly due to lower revenue stream from construction activities of Lietuvos Telekomas' subsidiary Comliet in the second quarter of 2004.

Expenses

In the first half of 2004, Lietuvos Telekomas reorganised its management structure and reduced number of employees mainly in Company's administration. During January-June 2004 the number of employees in Lietuvos Telekomas' Group decreased from 3,586 to 3,207 at the end of the second quarter. As on 30 June 2004, the number of main lines per one full-time employee in the core business was 322, while a year ago this figure stood at 261.

In spite of additional employee redundancy expenses of 9.2 million litas, employee related expenses in the six months' period of 2004 went down by 17.8 per cent over the same period a year ago. Interconnection expenses increased by 9 per cent due to increased traffic from Lietuvos Telekomas' network to the networks of other operators (including mobile operators). Other expenses went down by 10.4 per cent. Overall, total operating expenses in the first half of 2004 were down by 8.5 per cent over the first half of 2003.

Due to lower revenue level and additional employee redundancy expenses EBITDA for the first half of 2004 was 172 million litas, a decline by 12.8 per cent over EBITDA for the first half of 2003. Nevertheless, the EBITDA margin stood at 47.2 per cent (48.4 per cent a year ago).

Net Result

Depreciation and amortisation charges are continuing to go down as Lietuvos Telekomas' major investments were made in previous years. Depreciation and amortisation charges for the first half of 2004 compared with the same period last year decreased by 16 per cent, but still they amount to 41 per cent the total revenue.

Net financial activities costs, year-on-year, decreased by 69 per cent and will further go down as Lietuvos Telekomas repaid its major loans.

As a result, the profit before profit tax for the first half of 2004 was 17 million litas, an increase by six times over 2.8 million litas for the same period last year. The net profit of Lietuvos Telekomas' Group for January – June 2004 was 13 million litas while a year ago it amounted to just 1.2 million litas.

Balance Sheet and Cash Flow

On 30 June 2004, the total assets of Lietuvos Telekomas' Group amounted to 1,336 million litas, a decrease by 13.3 per cent over 1,542 million litas on 31 December 2003 due to depreciation and amortisation of the assets and decrease in cash used for repayment of the loans and payout of dividends. During the first six months of 2004 shareholders' equity decreased by 3 per cent due to payout of dividends in May and amounted to 1,102 million litas. The net debt decreased by 6.8 times from 70 million litas (31 December 2003) to 10 million litas (30 June 2004) due to redemption of 150 million litas Eurobond issue in March 2004 and repayment of other loans. The net debt to equity ratio was 0.9 per cent (6.2 per cent on 31 December 2003).

On 23 April 2004, during the Annual General Meeting shareholders of the Company decided to payout 0.06 litas dividend per share for the year 2003 (in total 46.6 million litas) and allocate 378 thousand litas for tantiems for the members of the Board.

During the six months of 2004 the net cash flow from operating activities was 123 million litas (185 million litas during the same period a year ago). The cash flow after investing activities was 116 million litas (161 million litas in 2003). An amount of 169 million litas was used in financing activities for repayment of loans and payout of dividends for the year 2003. Overall, during the first half of 2004 cash and cash equivalents of Lietuvos Telekomas' Group decreased by 53 million litas.

Investments

During January – June 2004 the total amount of investments made by Lietuvos Telekomas' Group amounted to 22 million litas (30 million litas in 2003).

On 30 June 2004, the digitalisation rate of Lietuvos Telekomas' network stood at 91.7 per cent (89.7 per cent a year ago) and the number of main lines per 100 inhabitants of Lithuania was 23.9 (24.9 a year ago). The total number of ISDN channels in service was 42 thousand, an increase by roughly 6 thousand over the same time a year ago. During the period from June 2003 till June 2004 the number of total ADSL access points (including wholesales) more than doubled from 14,881 to 34,074, and number of MPLS VPN (Multiprotocol Label Switching Virtual Private Network) access points grew from 546 to 848.

In June, Lietuvos Telekomas established a third internet network interconnection with international internet network. At present the total international internet access capacity of the Company is 930 Mbit/s.

In February, the shareholders of UAB Verslo Portalas (AB Lietuvos Telekomas has 30 per cent and UAB Verslo Žinios 70 per cent of the shares) decided to terminate activities of the company and liquidated it. UAB Verslo Portalas was operating business-to-business portal *verslas.com*.

In March 2004, the process of reorganisation of UAB Lintel and UAB Lintkom by merger of UAB Lintkom into UAB Lintel was started and in May 2004 was ended. After reorganisation UAB Lintel continues its activities, while UAB Lintkom activities were terminated. Now UAB Lintel holds 4.67 per cent of Lietuvos Telekomas' shares (treasury stocks) that UAB Lintkom acquired during the Initial Public Offering (IPO) in 2000.

On 1 April 2004, UAB Comliet transferred telecommunication services installation, fault elimination, order management and network maintenance functions to Lietuvos Telekomas. Due to that 844 employees of Comliet were transferred to Lietuvos Telekomas. In March, it was announced that UAB Comliet considers sell off of its construction business. In June, it was announced that UAB Comliet plans to sell shares of Latvian company Datu Tikli SIA. Also, in June 2004, UAB Sonex Komunikacijos, a wholly owned subsidiary of UAB Comliet, acquired 5 per cent of shares of Comliet-Kaliningrad, Russian Federation. UAB Comliet owns 95 per cent of Comliet-Kaliningrad.

Information about borrowings of AB Lietuvos Telekomas

Creditor	Currency	Book value as of 30 June 2004 (in thousand of Litas)
Nordea Bank Finland Plc, Lithuania Branch	LTL	37,500
AB Vilniaus Bankas	LTL	19,000
European Bank for Reconstruction and Development (a)	USD	17,734
Ericsson	EUR	175
		74,409

NOTE: (a) the loans are guaranteed by the Republic of Lithuania.

15. Information about the audit

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

16. Material events in the Issuer's activity.

On 6 February 2004, the Company announced preliminary unaudited results of AB Lietuvos Telekomas and its subsidiary companies for the year 2003 prepared according to International Accounting Standards. In 2003, the total revenue went down by 16.1 per cent to LTL 812 million against the revenue of LTL 968 million in the year 2002. 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 45.2 million was reflected in the profit (loss) statement of the Group for the year 2003. 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 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.

On 2 March 2004, the Board of UAB Comliet, a subsidiary of AB Lietuvos Telekomas, resolved to transfer a telecommunications services installation, fault elimination, order management and network maintenance functions to AB Lietuvos Telekomas as of 1 April 2004. Also the Board preliminary approved a possible sell-off of UAB Comliet's construction business.

On 16 March 2004, the Board of AB Lietuvos Telekomas decided to convoke the Annual General Meeting of AB Lietuvos Telekomas' Shareholders on 23 April 2004. The record day for Shareholders' Meeting is 16 April 2004. Company's Board approved audited financial statements of Lietuvos Telekomas' Group of the year 2003. According to International Accounting Standards consolidated Lietuvos Telekomas' revenue in the year 2003 was 812,277 thousand litas and net loss was 36,095 thousand litas. According to Lithuanian Accounting Principles AB Lietuvos Telekomas' revenue in the year 2003 was 753,011 thousand litas and net loss was 36,095 thousand litas. The Board proposes for the Annual General Meeting to allocate from the Company's distributable profit 46,609 thousand litas for the dividend payment for the year 2003. Thus dividend per share would amount for 0.06 litas. The Board proposes for the Annual General Meeting to change the By-laws of the Company. The Board of AB Lietuvos Telekomas proposes for the Annual General Meeting to elect UAB PricewaterhouseCoopers as a Company's auditors.

On 16 March 2004, the Company announced that the Annual General Meeting of AB Lietuvos Telekomas' (code 2121543, registered address: Savanorių ave. 28, Vilnius, Lithuania) Shareholders will be held at room 156 of Lietuvos Telekomas' headquarters, Savanorių ave. 28, Vilnius, Lithuania, at 3 p.m. on 23 April 2004. Registration will take place from 2 p.m. till 2.45 p.m. The meeting is convened by initiative of the Board and following the decision of the Board adopted on 16 March 2004. The record day of the General Meeting of Shareholders is 16 April 2004. Proposed Agenda: (1) Information of the Company's auditor; (2) Approval of the Company's activity report of the year 2003; (3) Approval of the annual financial statements; (4) Allocation of 2003 Company's profit; (5) Election of the Company's auditor; (6) Change of the By-laws of the Company; (7) Recall of the Company's Board members; (8) Election of the Company's Board members. Shareholders who at the end of the record day of the General Meeting of Shareholders, i.e. 16 April 2004, will be on the shareholders list of the Company have a right to participate and vote at the General Meeting of Shareholders personally or by proxy, or represented by the person with whom an agreement on the transfer of voting rights is concluded. All persons attending the General Meeting of Shareholders and having a voting right must bring with them a person's identification document. Shareholders' representative must present to the General Meeting an original proxy issued in the form and content established by the Law. From 13 April 2004 shareholders could get familiarised with the documents possessed by the Company related to the agenda of the Meeting, including draft resolutions, at the headquarters of AB Lietuvos Telekomas, Savanorių ave. 28, Vilnius, Lithuania.

On 22 March 2004, the Company announced that, on 18 February 2004, the Board of AB Lietuvos Telekomas decided to authorise Arūnas Šikšta, General Manager of AB Lietuvos Telekomas, to vote "For" during forthcoming General Meeting of UAB Verslo Portalas' Shareholders on subjects related to termination of UAB Verslo Portalas' activities and liquidation of the company. Following the decision of the General Meeting of UAB Verslo Portalas' Shareholders on 24 February 2004 to terminate activities of the Company and liquidate it, on 18 March 2004, Register of Legal Entities has registered UAB Verslo Portalas as company under liquidation. This announcement disclosed the content of the confidential announcement of the material event of 18 February 2004.

On 13 April 2004, the Board of UAB Comliet, a subsidiary of AB Lietuvos Telekomas, approved request of Eimantas Šatas, General Manager of UAB Comliet, for resignation from UAB Comliet's General Manager position as of 13 April 2004 and appointed Ramūnas Bendikas as the new General Manager of UAB Comliet as of 14 April 2004.

On 22 April 2004, the Board of AB Lietuvos Telekomas approved unaudited financial statements of Lietuvos Telekomas' Group for the first quarter of 2004 prepared according to International Financial Reporting Standards. Revenue for the first quarter of 2004 amounted to 185 million litas, a decrease by 9.4 per cent over the revenue of 204 million litas for the first quarter of 2003. Operating expenses, year-on-year, went down by 2.8 per cent from 102 million litas to 99 million litas. EBITDA for the three months' period was 86 million litas (102 million litas for the same period a year ago) and EBITDA margin amounted to 46.2 per cent (49.9 per cent in 2003). Profit before profit tax for the first quarter of 2004 was 6 million litas (4 million litas a year ago) and net profit amounted to 4 million litas (2 million litas in 2003). Net cash flow after investment activities for the three months' period amounted to 51 million litas (68 million litas for the same period a year ago). During the three months' period due to redemption of 150 million litas Eurobond issue cash and cash equivalents decreased by 50 million litas.

On 23 April 2004, the Company announced that Annual General Meeting of AB Lietuvos Telekomas, held on 23 April 2004, decided:

- To approve the Company's activity report of the year 2003, inspected by the Company's audit enterprise UAB PricewaterhouseCoopers.
- To approve audited Company's annual financial statements for the year 2003, prepared according to the Accounting Standards of the Republic of Lithuania and according to International Financial Reporting Standards.
- To allocate the Company's profit of the year 2003 in the following way: 46,609,051 litas for dividends (0.06 litas dividend per share) and 378,000 litas for tantiems for members of the Board.
- To elect UAB PricewaterhouseCoopers as the Company's audit enterprise for two years to make the audit of the 2004 and 2005 Company's financial statements and to make the inspection of the reports on the activity of the Company in 2004 and 2005.
- To approve the new edition of the Company's By-laws.
- To recall from the Board of the Company all members of the Board: Matti Hyyrynen; Andrius Šukys, Erik Hallberg, Morgan Ekberg, Kennet Radne, Timo Virtanen, Gintautas Žintelis.
- To elect to the Board of the Company for new term of the Board (for 2 years): Morgan Ekberg, Erik Hallberg, Matti Hyyrynen; Kennet Radne, Andrius Šukys, Timo Virtanen, Gintautas Žintelis.

On 20 May 2004, the Company informed its shareholders that dividends for the year 2003 are paid on 20 May 2004.

On 16 June 2004, the Board of AB Lietuvos Telekomas decided: (1) To elect Board member Erik Hallberg as a Chairman of the Board for the term of the Board (till 2006 04 23) and appoint him to be in the chair at the meetings of the Board during the term of this Board; (2) Following the refusal of tantiems for the year 2003 by one member of the Board, to divide total amount of

tantiems of 378,000 litas allocated to the Board members during the Annual General Meeting of Shareholders, which was held on 23 April 2004, into six equal portions, i.e. 63,000 litas per each member of the Board. De facto in the year 2003 seven Board members were acting in the Board;

(3) To approve proposal of UAB Comliet to sell all shares of Latvian company Datu Tikli SIA owned by UAB Comliet. In May 2002, UAB Comliet acquired 75 per cent of Datu Tikli SIA shares;

(4) To approve proposal of UAB Comliet to increase share capital of UAB Sonex Komunikacijos, a subsidiary of UAB Comliet.

On 30 June 2004, the Company announced that UAB Sonex Komunikacijos, a subsidiary of UAB Comliet, which is a subsidiary of AB Lietuvos Telekomas, acquired 5 per cent stake in Comliet-Kaliningrad (Russian Federation). 95 per cent stake in Comliet-Kaliningrad is owned by UAB Comliet.

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.

17. Litigation and arbitration

During the first half of the year 2004, there were no litigations, which could have or had a material impact on the financial results of AB Lietuvos Telekomas.