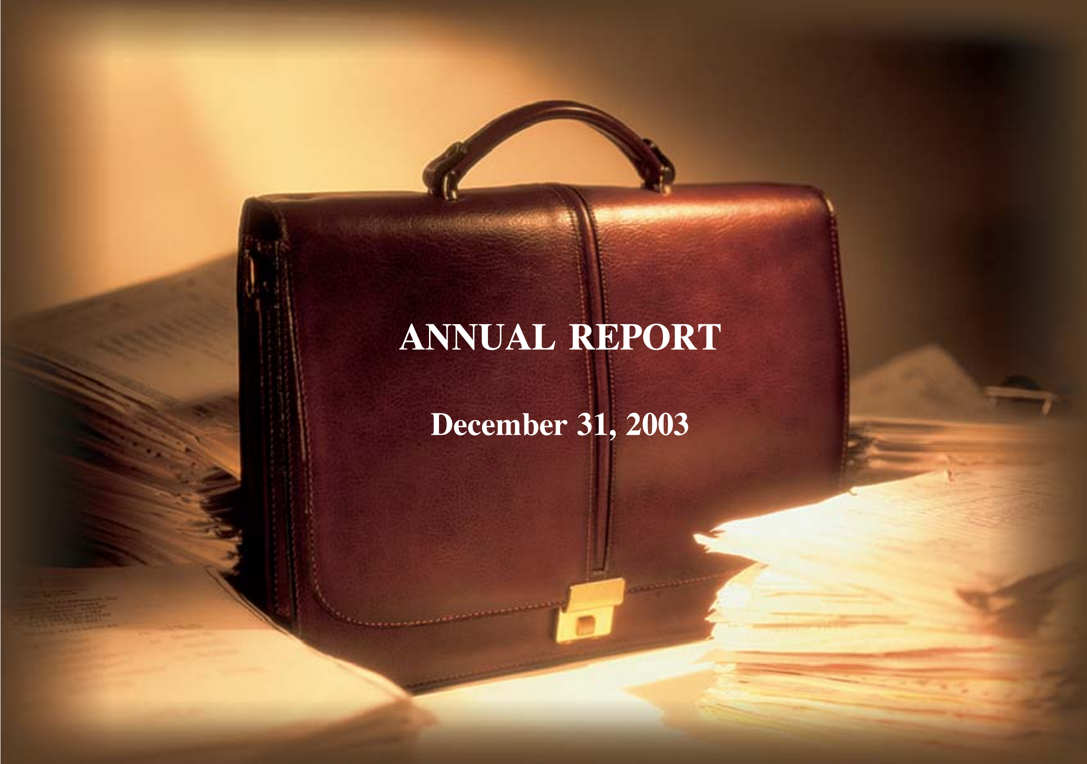
NSEL 30 INDEX FUND



ANNUAL REPORT

December 31, 2003

Numerous independent studies have shown that indexing provides greater returns than actively managed mutual funds over time with less risk and lower fees. More than half the active money managers underperform their benchmark indices. Since most active managers are not able to beat the market, then investors should try to match the market at the lowest cost.

Index mutual funds are designed to track the performance of a securities index or benchmark by investing substantially all of its assets in the securities contained in that index. *NSEL 30 Index Fund* attempts to replicate the performance of NSEL 30 Index. This is an index of 30 companies that have the highest free-float based market capitalization that are traded on the Lithuanian National Stock Exchange.

Lithuania is an emerging market and the early stages of emerging markets represent tremendous investment opportunities. However, like anywhere in the world, some investors do not have time or enough investment knowledge to follow markets, do research, and make buy and sell decisions. Such investors can simply choose to replicate the performance of the aggregate market by indexing. Indexing provides investors with the market average return for a low fee.

One of the most significant advantages of the index fund in a thinly traded emerging market is that it provides liquidity for investors.

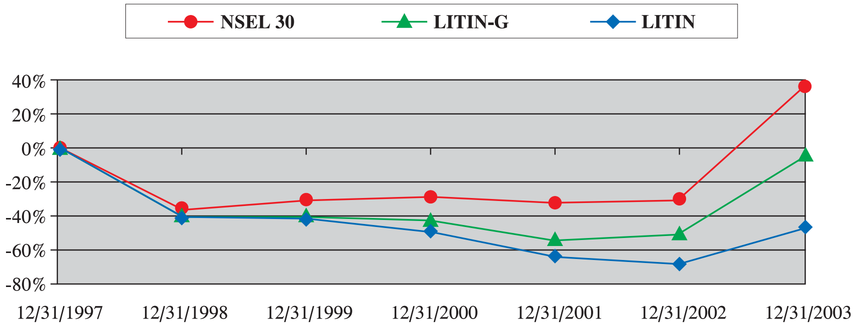
The main data about the Fund is provided in the following table:

	2001.12.31.	*2002.12.31.*	*2003.12.31.*	*2004.02.29.*	*2004.04.30.*
Net asset value, Lt.	1,266,316	1,316,997	11,171,022	15,316,342	22,432,321
Net asset value per share, Lt.	891.14	895.92	1,646.91	1,948.64	2,062.17
Number of investors, in units	15	18	170	206	288

Past performance does not guarantee future results.

NSEL 30 INDEX PERFORMANCE

NSEL 30 Index Fund follows the NSEL 30 Index which greatly outperforms the LITIN indices and is less volatile. LITIN indices are not adjusted for splits, distributions, breakups, spinoffs, exchanges and do not include dividends. Also, LITINs are often contradictory to each other.



	1997	1998	1999	2000	2001	2002	2003
NSEL 30*	+34.51%	-37.05%	+8.97%	+4.20%	-5.75%	+3.05%	+97.53%
LITIN G**	+40.33%	-41.56%	+0.01%	-3.85%	-18.30%	+6.61%	+98.22%
LITIN***	-9.65%	-40.75%	-2.20%	-12.55%	-29.77%	-12.80%	+69.96%

* NSEL 30 Index is a cap-weighted index of 30 largest free-float capitalization companies listed on the National Stock Exchange of Lithuania. Dividends paid by companies are included in the Index.

** LITIN G Index is a cap-weighted index of all companies listed on the National Stock Exchange of Lithuania. Dividends paid by companies are not included in the Index.

*** LITIN Index is a cap-weighted index of companies included in the so-called “Official List” of the National Stock Exchange of Lithuania. “Official List” companies are large established companies meeting very detailed reporting requirements. There are 8 companies in the “Official List” as of December 31, 2003. Dividends paid by companies are not included in the Index.

ANNUAL REPORT 2003

February 20, 2004

Dear Shareholder,

We are pleased to report a year of spectacular success for our fund. As we had correctly forecast, the stock market came off a historical low as the Lithuanian economy made a strong recovery. For the year, the net asset value per share of our fund rose 83.82%, closing at 1646.91 Litas. At the end of 2002, we had 18 shareholders and net assets of 1,316,997. At the end of 2003, we had 170 shareholders and assets of 11,171,022. As of the time of this report, our success continues as we have more than 15 million and 200 shareholders and our fund's net asset value per share is up another 16%.

At the beginning of 2004, we met enormous technical regulatory difficulties in conjunction with a complete change in all laws passed by the Parliament on July 4th of 2003, published August 19th, "Law on Collective Investment Undertakings". The objective of the "law" was to harmonize with the European Union laws. Unfortunately, many of these rules are not appropriate for young emerging markets. All licenses were required to be replaced by December 31, 2003 to management companies and to operating funds with new licenses meeting the requirement of the new law or those entities be terminated. There were 35 pages of new law and about 40 pages of rules. Going into the week before Christmas, we were still trying to get them explained and interpreted as there were disagreements on their meanings. As we are the first fund established in Lithuania and the only equity fund as of December 31, we were the guinea pig. Some of the implications of the law border on the absurd as they only harm our shareholders and increase costs. But for Lithuanian bureaucrats, if the law says you must drive to the end of the road, but you come to a bridge that has collapsed, you still must drive into the river. The intent of Parliament was to encourage investment and to protect shareholders, not to destroy the most successful and safest investment vehicle in the equity market and to create extra costs and damages to the shareholders.

While some of the staff of the Lithuanian Securities Commission were very helpful and understanding, others took the opposite approach to every detail and chose to ignore the strategic impact on the market and best interests of the investors.

We only found out about the suspension of both the fund and company licenses when the financial press called us. The Securities Commission had put it on their website, not bothering to tell us. Only after great difficulty and demanding a late night meeting with the Securities Commission did we get a draft of the reasons for the fund. The other reasons for the management company license took several additional days to get. These were circular technical reasons. I agreed to the Securities Commission chairman's request not to publish these or our replies. We now have a new license for the fund and a new license for the management company as those issues were resolved.

There needs to be a dramatic change in attitude. Instead of seeking to penalize and fine, the Securities Commission should realize that we are its customers and take a cooperative and partnership attitude. We are trying our best to meet a complete change in all the rules and protect our shareholders' interest. The Securities Commission is doing exactly the same, trying to apply the new laws to protect the shareholders.

I am a theoretical expert on index funds and have 30 years of researching, investing and teaching about stock markets. This is the Securities Commission's first experience and those who wrote the law have none; only good intentions. The devil is the details. In 2002, the Securities Commission told us they cannot change the law. But in its main objectives, the law now clearly states that they can "take up other measures necessary for the implementation of the law" and "to provide necessary measures". They can make adjustments, interpretations, and modifications to make the law work better to achieve the strategic goals which are too often forgotten in the technical details.

The biggest difficulty we have met is the attitude that if it is not in the law, you can't do it. That is backwards. If the law doesn't say you can't do it, then it must be legal; otherwise you kill all creativity. It is like working with a committee of blind men who are trying describe an elephant and set the rules for its behavior when none of them have ever seen an elephant. All regulators want to extend their authority where there is no law.

The Economy

For the year, GDP rose a remarkable 8.9%. Inflation was a non existent -1.2%. Credit ratings on the country and its financial institutions were substantially raised. The one year treasury rate continued to decline to 2.52%. Unemployment continued to drop to levels not seen for some time.

Political Review

Lithuanian politics seem to be in a constant turmoil. The latest scandal, charge, reply, grows old quickly. Fortunately, the economy rolls on, institutions are working, profits are to be made. There is financial stability. The stock market has completely ignored the shenanigans of politics. Lithuania clearly has a free press. It is just very hard to know whose story or opinion is correct. Often there seems to be all too much to do over minor missteps by officials. But then democracy is a messy process.

Lithuania is on the inevitable path to join the European Union May 1st of 2004, which is favored by a great majority of the people. There are some clear short term financial advantages offset by huge bureaucratic disadvantages – which have directly affected the shareholders of this fund already.

Stock Market Review

In 2003, our NSEL 30 Index was up 97.53%. The LITIN G (all stocks on the stock exchange cap weighted) was up 98.22%. The LITIN (all stocks on Official List) was up 69.96%. LITIN indices are not adjusted for splits, distributions, breakups, dividends, spinoffs, exchanges. The NSEL 30 Index is float adjusted (percentage of shares actually available to investors) and is a realistic target for a fully invested portfolio. The biggest winners in the stock market were *Invalda* (+650%) and *Grigiškės* (+277%). Both were held by the NSEL 30 Index Fund. The biggest losers in the Index and fund were *Anykščių vynas* (-20%) and *Klaipėdos transporto laivynas* (-10%). Biggest losers not in the Index were *Kauno Energija* (-52.80%) and *Alytaus tekstilė* (-20%).

Two of our stocks were involved in buyouts. *Sanitas* and *Klaipėdos transporto laivynas* were replaced by *Apranga* and *Lietuvos Elektrinė*.

Fund Performance and Expenses

While our fund's results were excellent, it trailed the theoretical benchmark (NSEL 30 Index) by a substantial margin (83.82% vs. 97.53%). This difference occurred mostly in the third quarter when assets increased 4 times as the market soared. New cash arriving to the fund could not be invested instantly due to the illiquidity of some of the stocks. We also keep a significant amount of cash in order to cover redemptions. If the market rises 100% and we hold a 5% cash balance, then would be up only 95%. We had some large new shareholders in the second quarter and we had to briefly raise our percentage cash target in case they chose to leave at the first sign of a market decline. As the fund gets bigger, the cash "anchor" on performance is less. Of course this works in a positive way when the market declines. As liquidity is one of the important objectives of the fund, (you can get your money when you want to) this is an expected difference.

Expenses on a relative basis, as an expense ratio of the fund, dropped sharply from 2.77%* to 0.96%* of year end assets. This is the direct benefit of the increasing size of the fund. This includes the management fee. Without the management fee, our expenses drop to the level of the better run American mutual funds who report expenses ratios without management fees. At this level of assets we are in excellent position and much lower than average expenses of most mutual funds. In 2003, our legal expenses nearly tripled due to all changes associated with the new laws. We kept the lawyers fully employed at all hours and holidays during the December/ January technical mess and that will be in 2004 costs.

Marketing costs were minimal and mostly due to providing information to investors. Other costs such as management fees, brokerage fees and custodian fees are directly proportional to the size of the fund.

2004 Performance

Under the new laws, our NSEL 30 Index must be approved. We helped to draft this law so we can have the right diversification as necessary for the Lithuanian stock market actual conditions. In the new law, the index fund is allowed to invest according to the index which is approved by the Securities Commission. We never expected to not have our index approved by now. (The Securities Commission hasn't approved any index by anyone.) As we didn't have our index approved, we had to meet a diversification rule that requires that the total weight of all stocks held greater than 5% cannot exceed 40%. We had 42.07%. We were forced to sell certain positions which reduced it to 36.78%. If we had been allowed to accept new investors who were waiting, we wouldn't have had to sell at all. We have since bought back those shares. Furthermore, during the time of suspension, we therefore had too much cash as we couldn't buy and of course during this time the stock market rose strongly, creating a new performance gap.

Our operating goals of the fund are:

1. to minimize expenses;
2. to minimize transaction costs;
3. to manage cash properly, to stay fully invested except for liquidity needs;
4. to minimize risk.

* Excludes brokerage commissions.

The action of the Lithuanian Securities Commission harmed the interests of investors by increasing costs and expenses unnecessary when it could have granted a temporary exemption. The diversification rule actually increases risk for the Lithuanian market, since it forces us to put more money into smaller and less liquid stocks which drives up prices instead of a proper cap weighted float structure. In this sense, the bigger more established companies are indeed safer. The rule does not consider the superior theoretical importance of an index fund and is not appropriate. It is a good rule for an ordinary portfolio, not a national index fund.

Unfortunately, at the time of writing this report, we still are in discussions over the first approval of an index. We hope in 6 months our index will be approved and we will not suffer from this rule anymore.

The worse item of all was the suspension of redemption by shareholders. This is a violation of property rights protected by the Lithuanian Constitution. It is a break of trust between the fund and the shareholders. I consequently immediately offered personally to purchase at the redemption price from anyone wishing to redeem shares. Since then, the Lithuanian Securities Commission wants to block all private purchases or sells since they can't regulate it. It is your property, you should be able to sell it to whoever you choose.

The Lithuanian Securities Commission has 5 main objectives. One of these is "to provide necessary measures that guarantee effective functioning of the securities market and the protection of investors." Preventing an investor from getting his money is a direct violation of one of their primary objectives.

A second main objective is "to put forth proposals concerning shaping of the national economic policy that fosters development of the securities market". That implicitly applies they should help the development of the market, not kill it or disrupt its trading. The Lithuanian Securities Commission actions created fear, anxiety, and uncertainty for our investors.

The Securities Commission is often saying that we must meet EU rules and practice and we can only give EU examples. This is wrong when the entire field of Modern Portfolio Theory has been founded and dominated by professors working at American universities. The first index fund and the first mutual fund were founded in the United States. There are 10,000 mutual funds now there. Furthermore, I know of not one major contribution to the understanding of risk and stock market theory made outside America. All Nobel prizes in my field have gone to American professors. Are we now to ask farmers how to build a rocketship?

Outlook

The economic boom can be seen everywhere in Lithuania. The era of consumption has arrived. Super stores like *Akropolis* are packed with people, traffic jams, and now no parking. A vast number of new products are now becoming available. And why shouldn't Lithuanians have access to all the best consumer goods of high quality. Extraordinary low interest rates and easy credit have fueled a construction boom. Who wants to live in a box when they can have a nice home or apartment? Why should we work in a shabby run down building with no hot water, no air conditioning when we can work in a new, clean and modern building? Yes! The entire country is transforming itself in only a year. Inflation is non existent. The fixed currency link has done an excellent job as it provides stability and confidence. The government has done a superb job not spending freely and being conservative to improve its credit rate and confidence of investors. As the economy improves so do tax revenues. Real estate, like the stock market, has doubled in value. There are signs of speculation in both. Stocks were ridiculously undervalued in 2002, maybe the cheapest in the world.

All is not perfect. Profits for some Lithuanian companies have been disappointing and not kept pace with sales. How can sales increase 40% and profits go down? How can a construction company have a 200% increase in revenues and still report a loss? Why is return on equity for Lithuanian companies a paltry 5%, half of that of the United States, $^{1}/_{3}$ of the ROE of companies in Thailand? Some of this is due to local accounting rules. Business expansion appears to be mostly expensed against current earnings. In Lithuania we see some fine companies reporting lower earnings as they increase operations (and immediate expenses) to meet sharply rising demand. Lithuania is adopting some of the accounting rules of the EU which are designed for big old countries like Germany and France that haven't had more than 2% growth in an entire generation and won't. Completely inflexible and wrong for an emerging market economy. The accounting problem is mostly temporary, but there are much bigger problems to overcome to continue to have a rising stock market and a successful economy.

One is psychological; left over from earlier times. Many companies want to minimize taxes. For a company with no publicly traded stock, there is no advantage to reporting good earnings, only more taxes. Since the stock market had suffered for years from a poor economy and lack of interest (last high was in 1997), many companies may have forgotten the link that their stock can go up a lot if they report good earnings. That is the payoff for the owner of the company, the shareholder. We observe similar phenomena of many companies having negative or zero net current assets. They are afraid to show surplus cash as maybe someone might want it. This is the old way of running a private business. You compensate owners and management in other ways. The reason why such attitudes may still exist is as follows.

The stock options do not exist for management in Lithuania. This is the major catalyst for success of a company in other countries. It is the major source of compensation for management and directors. In the United States of America, 57% of the directors are outside independent directors. Companies which give stock options to their outside directors greatly outperform those that do not.

The incentives for management and employees are almost non existent. What better incentive than to be an owner? It is the difference between owning your own house or living in one provided by the state. Which one are you willing to put new paint on your free time on the weekend? If management and employees could get stock options based on performance, everyone would win.

Bonuses for management and employees are severely limited by law. For example, article 59 concerning profit; item #6 states that payment of annual bonuses for the Board, incentives for other workers, and other allocations may not exceed $^{1}/_{5}$ of the net profit. It may not exceed the sum appropriated for the payment of dividends. Unbelievable rubbish and nonsense. If the owners (the shareholders own the company, not management) decide not to pay themselves a dividend and instead keep the profits in the company to expand and continue its success, then why can't it still pay bonuses to its best workers? Such a rule costs jobs as it prevents the deployment of capital. It depresses fair compensation and keeps wages down. Furthermore, when you have a company losing money, that is when you must give large incentives and bonuses for saving it. If someone comes up with a great cost savings, they should get a great bonus even if you are still losing money. Only in such a way can you save your company. And most importantly, there is no theoretical difference between retaining earnings or paying out dividends. The economic impact is the same with one exception. You have the problem of reinvesting the dividend into an equally good investment, extra work and paperwork and loss of time when time is money. (With the NSEL 30 Index Fund, your money is always working as we don't pay out dividends. If you need money, you can sell a few of your shares.) Only if dividends are taxed differently than retained earnings, is there an economic impact. If dividends are taxed, better to retain earnings and defer taxes to later so your money grows faster.

In Lithuania and in the EU we find a host of inflexible rules that defy common sense. We have no such rules in many other countries such as America. Creativity is not blocked. Three years ago I was shocked to learn that in Lithuania I cannot lend money to my companies except at a set rate determined by rule of the average federal rates. Only banks can lend money as they have a license. What is that! I come from a country where anyone can lend money (or anything else) to anyone for anything. You negotiate the rate based upon the risk. Only if you go into the business of making loans do you need a license. Capitalism was still in chains in Lithuania. Now there is a new law that is more flexible so things are improving. Think free. Be free to chose. No bureaucrat has thought of every new idea or product or service before it happened. We have the first mutual fund here in Lithuania which happens to be an index fund. Those who wrote the law never considered such a possibility. We are required by law to have 2 licensed brokers. There is absolutely no need to have a broker for an index fund; only a good administrator. Just more expense for the fund, which is your expense. You either have too little bureaucracy or too much. The sad thing is when you have too much, you can't seem to get rid of it. You will pay a steep price in freedom when you join the EU, the biggest bureaucracy of all.

The greatest concern to us as investors of the fund should be the lack of an investment banking industry. With the stock market up more than 100%, companies should be pounding on banker's doors to take them public, to raise capital in the stock market for their company to take advantage of new ideas, hire more people, at higher wages, build offices and factories. Similarly, the bankers should also be dreaming of big fees as they search out good private companies to take them public, and we as investors are dreaming of the chance to invest in such exciting new companies with progressive management and new ideas while management is thinking of how much more rich they will be from the value of their stock to compensate for all the long hard work when they had nothing but an idea, when they had to start their company by borrowing from all their friends. This is missing completely here. There are no new listings that are liquid. The privatizations from the state don't count as the shares end up in only a few insiders hands or one group and the tiny percentage available to the public is without control, or regard, or transparency. The new owners can do what they please. More and more publicly listed stocks are being bought out and they are not being replaced. We could end up being the NSEL 20 instead of the NSEL 30 if there would no longer be 30 stocks on the stock exchange.

It is not a perfect world and Lithuania is not yet perfect. Nevertheless, we can all quickly agree that there is remarkable difference in bank accounts between those who owned the NSEL 30 Index Fund and those who sat around collecting interest from treasuries. The outlook is that stocks will continue the next few years to substantially outperform other alternatives such as treasury securities. As the standard of living rises to that of Western European countries, investors in stocks will gain the most. Existing shareholders can expect to see increasing volatility, especially on the down side. The pleasant experience of seeing the fund shares go steadily up day after day cannot be sustained. It would not be unusual for some news to trigger a sharp sell off of 25% or more following such a remarkable rise. One should not be concerned at all and stay invested as this is normal. New investors should be prepared for buying in at what might be a temporary high and to see losses first. Again, this is the ordinary process of investing. The economy will continue its success this year. Profits will follow and so will the stock market. The odds are good that the stock market will be higher by the end of 2004 and within two years it will be substantially higher. I repeat my forecast that I gave publicly in June of 2002 that the stock market would certainly triple in 5 years as would the fund and there was a once in lifetime opportunity to buy at such depressed price levels. We are only half way there.

The NSEL 30 Index Fund's goals are to provide liquidity and diversification and be your core investment. It is possible to lose all your money in a single stock. This cannot happen with the NSEL 30 Index Fund unless the country of Lithuania ceases to exist. Then we would have bigger problems. NSEL 30 Index Fund provides everyone with an opportunity to benefit from the existing economic growth of Lithuania. We look forward to continuing our mutual success.

I thank our staff, our accountant, Vilniaus bankas, and our lawyers for the tremendous effort made to handle a ten fold increase in the size of the fund while undergoing massive changes in legal structure for both the fund and management company. It has been an extraordinary accomplishment under the most difficult conditions. They have demonstrated the highest level of dedication to do the best possible job for you. You can count on them to work hard to serve you and to minimize costs and risk. It is my money too.

A New Fund

This month we plan to finish registration of a new investment fund in Lithuania: *The ZPR US Small Cap Value Mutual Fund* (www.zprussmallcap.com). Since 1982 we have been professionally managing separate accounts investing in US small cap stocks. Since 1988, we have used the same methods of investing in the small cap value style with great success. Last year, net of all fees, our average small cap value account was up 57.47%. In the last 3 years, the average of all of our accounts in this style is up 168.47% when the S&P 500 (US large company index) lost money (-11.61%). This puts us at the top of all US investment managers in all styles.

Past performance is no guarantee of course of future success. No one should invest without reading a prospectus. Also for Lithuanian investors there is currency risk as the fund will be in US dollars and the dollar has been very weak recently. (Two years ago it was very strong.)

The chief advantages to Lithuanian investors will be an opportunity to increase their diversification and lower their overall risk by adding US stocks (and a different currency) to their investments. Most Lithuanian banks and brokerage firms do not have trading capability for US stocks so this will provide a missing service. Furthermore, it allows you invest in our crown jewel, what we do really well.

Our partners for our new fund are *Hansabankas* and *Vilniaus bankas*. *Hansabankas* will be the main distributor and *Vilniaus bankas* will be a sub-distributor. The fund will be managed by the same management company which manages the NSEL 30 Index Fund in the same way as our US accounts are managed.

This investment opportunity for Lithuanians is an excellent complement to local investing to reduce risk since the Lithuanian and US markets are not correlated.

Sincerely,
MAX ZAVANELLI
Chairman of the Supervisory Board

FINANCIAL STATEMENTS

The following financial statements of the Fund are prepared in accordance with the General Accounting Principles and audited by the auditors. Statements are in Lithuanian Litas (LTL).

The Fund started its activities in second half of 2000. The public distribution was started on April 9, 2001.

Balance Sheet

Assets	**12/31/2003**	**12/31/2002**
Long-term assets [@]		
Short-term assets:	11,588,432	1,322,593
Shareholders debt for shares they bought	645	
Prepaid expenses	382,821	
Value of investment portfolio	10,475,372	1,271,059
Cash at bank and in hand	729,594	51,534
Accrued income and deferred charges	885	254
Total Assets	**11,589,317**	**1,322,847**

Shareholders Equity and Liabilities		
Shareholders equity:	11,171,021	1,317,745 [ß]
Long-term liabilities		
Short-term liabilities:	406,793	3,775
Accounts payable	25,810	3,775
Other short-term liabilities	380,983	
Total liabilities:	406,793	3,775
Accrued expenses and other liabilities	11,503	1,327 [ß]
Total Shareholders Equity and Liabilities	**11,589,317**	**1,322,847**

Comments to Balance Sheet:

[@] Fund has no physical assets of its own. Management Company *Investicijų portfelių valdymas* manages the Fund.
[ß] In 2002 annual report the 12/31/2002 Shareholders Equity was evaluated 1,316,997 Litas and Accrued expenses and other liabilities were evaluated 2,075 Litas. The difference is the recording of prepaid expenses by Lithuanian accounting.

Statement of Changes in Net Assets Corrected version 1.0 September 2004

	For the Years Ended December 31,		
	2003	**2002**	**2001**
1. Value of shares issued	**8,830,725**	**66,495**	**354,691**
2. Value of shares redeemed	**(462,356)**	**(14,325)** [@]	
3. Investment income:			
3.1. Bank deposit interest	766	43	164
3.2. T-Bill interest			3,081
3.3. Dividends	46,726	18,392	18,997
Total investment income	**47,492**	**18,435**	**22,242**
4. Realized gain (loss)[1]	**92,809**	**(71,065)**	**(625)**
5. Gain (loss) from securities[2]	**1,451,814**	**87,960**	**(50,420)**
6. Operating expenses:			
6.1. Marketing	6,296		30,384
6.2. Organization cost			6,993
6.3. Legal fees and expenses	8,850	4,186	8,520
6.4. Audit	4,720	4,720	4,720
6.5. Investment management fee	52,181	13,046	8,746
6.6. Custodian fees and expenses	32,158	5,426	3,026
6.7. Other expenses	2,772	33	86
6.8. Prepaid expenses for marketing [ß]	748	9,133	
Total operating expenses	**107,725**	**36,544**	**62,475**
7. Operating expenses that did not reduce net assets during reporting year	**748**		
8. Other income	**1,000**		
9. Other expenses	**483**	**275**	
Net Assets			
Beginning of year	1,316,997	1,266,316	1,002,903
End of year	11,171,021	1,316,997	1,266,316
Net Assets per share			
Beginning of year	895.92	891.14	|N/A| [γ]
Start of public distribution (April 9, 2001)			955.68
End of year	1646.91	895.92	891.14

Notes:

[1] Including brokerage commissions for sold shares. The brokerage commissions were: in 2003 – 1,042 LTL, in 2002 – 1,551 LTL, in 2001 – 731 LTL.

[2] Including brokerage commissions for bought shares. The brokerage commissions were: in 2003 – 36,709 LTL, in 2002 – 2,053 LTL, in 2001 – 3,311 LTL.

[@] Shares were redeemed at a profit to the investors.

[ß] Paid by the founder before start of public distribution of the Fund shares.

[γ] Founder's capital. Net asset value per share at the beginning of year 2001 was 1,002.90 LTL before start-up expenses waiting for permission from SEC to start activities.

The reasons to invest in Lithuania:

- ***Low P/E's and low valuations to book value***;
- ***Very low inflation***;
- ***Growth in GDP*** (8.9% in 2003);
- ***Low currency risk*** (Lithuanian currency is linked to the Euro since 2002);
- ***Accounting standards are very high*** for companies listed on the National Stock Exchange;
- IMF forecasts Lithuania to have ***the highest growth of all EU members***. For emerging market growth, Lithuania is the Baltic Tiger.

The reasons to invest to *NSEL 30 Index Fund*:

- ***Diversification:*** Diversification is a popular way for investors to reduce risk by spreading assets across a wide selection of securities and industries. An investment in a fund that holds 30 securities of different companies and industries is likely to be less volatile than a less diversified equity portfolio composed of smaller number of securities.
- ***Blue Chip Index*****:** NSEL 30 is a Blue Chip Index composed of established companies (similar to Dow Jones 30).
- ***Efficiency:*** Low portfolio turnover will keep portfolio transaction costs down, putting a greater portion of your investment to work for you.
- ***Convenience*****:** Participation in the long-term growth potential of the 30 stocks with one convenient, low cost investment.
- ***Automatic Dividend Reinvestment:*** Dividends that are paid out by companies in the portfolio are automatically reinvested into the fund.
- ***Liquidity:*** Investors can sell (redeem) shares at any time.

The free full version of Prospectus containing more complete information about the Fund as well as full Annual and Semi-Annual reports can be obtained from the Fund's Management company ***Investiciju portfeliu valdymas*** at P. Luksio Str. 32, LT-08222 Vilnius, Lithuania, tel./fax.: (+370-5) 2747016, 2747017, 2747018, e-mail: office@ipv.lt, or the Fund's website at www.nsel30indexfund.com, or the Fund's shares distributor ***Vilniaus bankas*** at Gedimino Ave. 12, LT-01103 Vilnius, Lithuania, tel. (+370-5) 2682371, fax. (+370-5) 2682374, e-mail: fond@vb.lt; www.vb.lt. You are very welcome to send us any comments or questions you may have.