

Confidential

Interim Report

January - March 2011

Unaudited

Tele2 Russia Holding AB
corporate reg. no. 556469-7836

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Income statement

SEK million	2011	2010	2010
	Jan 1-Mar 31	Jan 1-Mar 31	Full year
CONTINUING OPERATIONS			
Net sales	2 598	2 219	10 142
Operating expenses	-1 871	-1 685	-7 383
Other operating income	3	13	24
Other operating expenses	-4	-11	-18
Operating profit, EBIT	726	536	2 765
Interest income/costs	-192	-133	-597
Exchange rate differences, external	7	-1	17
Exchange rate differences, Tele2 group	4	-14	20
Exchange rate differences, Tele2 Russia group	-5	-	-
Other financial items	3	-	115
Profit after financial items, EBT	543	388	2 320
Tax on profit	-103	-57	-424
NET PROFIT	440	331	1 896
ATTRIBUTABLE TO			
Equity holders of the parent company	440	328	1 893
Minority interest	-	3	3
NET PROFIT	440	331	1 896

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Comprehensive income

SEK million	2011	2010	2010
	Jan 1-Mar 31	Jan 1-Mar 31	Full year
Net profit	440	331	1 896
OTHER COMPREHENSIVE INCOME			
Exchange rate differences	-27	122	-356
Withholding tax	-	-	-12
Other comprehensive income for the period, net of tax	-27	122	-368
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	413	453	1 528
ATTRIBUTABLE TO			
Equity holders of the parent company	413	446	1 521
Minority interest	-	7	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	413	453	1 528

Change in shareholders' equity

SEK million	Mar 31, 2011			Mar 31, 2010			Dec 31, 2010		
	Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity
	equity holders of the parent company	minority interests		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Shareholders' equity, January 1	-5 739	-	-5 739	-6 960	59	-6 901	-6 960	59	-6 901
Costs for stock options	2	-	2	1	-	1	6	-	6
Shareholders contribution	6 000	-	6 000	-	-	-	-	-	-
Purchase of minority	-	-	-	-306	-66	-372	-306	-66	-372
Comprehensive income for the period	413	-	413	446	7	453	1 521	7	1 528
SHAREHOLDERS' EQUITY, END OF PERIOD	676	-	676	-6 819	-	-6 819	-5 739	-	-5 739

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Balance sheet

SEK million	Mar 31, 2011	Mar 31, 2010	Dec 31, 2010
ASSETS			
FIXED ASSETS			
Goodwill	836	928	842
Other intangible assets	790	755	782
Intangible assets	1 626	1 683	1 624
Tangible assets	5 973	5 912	5 986
Receivables, Tele2 group	1 618	481	1 330
Other financial assets	6	5	6
Deferred tax assets	681	606	650
FIXED ASSETS	9 904	8 687	9 596
CURRENT ASSETS			
Materials and supplies	42	40	44
Current receivables	747	674	652
Cash and cash equivalents	82	154	153
CURRENT ASSETS	871	868	849
ASSETS	10 775	9 555	10 445
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent company	676	-6 819	-5 739
SHAREHOLDERS' EQUITY	676	-6 819	-5 739
LONG-TERM LIABILITIES			
Interest-bearing liabilities, Tele2 group	7 461	13 848	13 627
Other interest-bearing liabilities	86	105	104
Non-interest-bearing liabilities, Tele2 group	-	123	-
Other non-interest-bearing liabilities	263	166	248
LONG-TERM LIABILITIES	7 810	14 242	13 979
SHORT-TERM LIABILITIES			
Interest-bearing liabilities, Tele2 group	687	623	679
Other interest-bearing liabilities	7	28	8
Non-interest-bearing liabilities	1 595	1 481	1 518
SHORT-TERM LIABILITIES	2 289	2 132	2 205
EQUITY AND LIABILITIES	10 775	9 555	10 445

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Cash flow statement

SEK million	2011 Jan 1-Mar 31	2010 Jan 1-Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
OPERATING ACTIVITIES									
Cash flow from operations, less paid taxes	754	587	2 977	754	725	833	832	587	526
Taxes paid	-136	-83	-420	-136	-112	-122	-103	-83	-95
Changes in working capital	66	231	370	66	-15	107	47	231	-35
CASH FLOW FROM OPERATING ACTIVITIES	684	735	2 927	684	598	818	776	735	396
INVESTING ACTIVITIES									
Capital expenditure in intangible and tangible assets, CAPEX	-318	-131	-1 556	-318	-621	-351	-453	-131	-474
Cash flow after CAPEX	366	604	1 371	366	-23	467	323	604	-78
Acquisition of shares and participations	-	-273	-307	-	5	-23	-16	-273	-4
Sale of shares and participations	-	-	-	-	-	-	-	-	-
Changes of long-term receivables and short-term investments	-	-	1	-	1	-	-	-	-
Cash flow from investing activities	-318	-404	-1 862	-318	-615	-374	-469	-404	-478
CASH FLOW AFTER INVESTING ACTIVITIES	366	331	1 065	366	-17	444	307	331	-82
FINANCING ACTIVITIES									
Change in net lending from Tele2 group	-125	-305	-152	-125	344	-226	35	-305	15
Change in net lending to Tele2 group	-298	1	-944	-298	-340	-233	-372	1	-123
Other change of loans	-11	-19	-17	-11	6	-7	3	-19	13
Cash flow from financing activities	-434	-323	-1 113	-434	10	-466	-334	-323	-95
NET CHANGE IN CASH AND CASH EQUIVALENTS	-68	8	-48	-68	-7	-22	-27	8	-177
Cash and cash equivalents at beginning of period	153	163	163	153	103	115	154	163	320
Exchange rate differences in cash	-3	-17	38	-3	57	10	-12	-17	20
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	82	154	153	82	153	103	115	154	163

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Number of customers

	Number of customers			Net intake								
	2011 Mar 31	2010 Mar 31		2011 Jan 1- Mar 31	2010 Jan 1- Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
by thousands												
Mobile	18 985	15 400		547	949	3 987	547	755	1 170	1 113	949	1 149
TOTAL	18 985	15 400		547	949	3 987	547	755	1 170	1 113	949	1 149

Net sales

	2011 Jan 1- Mar 31	2010 Jan 1- Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
SEK million									
Net sales	2 629	2 237	10 296	2 629	2 685	2 720	2 654	2 237	2 155
Internal sales, elimination	-31	-18	-154	-31	-39	-42	-55	-18	-16
	2 598	2 219	10 142	2 598	2 646	2 678	2 599	2 219	2 139

EBITDA

	2011 Jan 1- Mar 31	2010 Jan 1- Mar 31	2010 Full year	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
SEK million									
EBITDA	941	713	3 560	941	896	1 009	942	713	654
Depreciation/amortization and other impairment	-215	-177	-795	-215	-209	-186	-223	-177	-157
EBIT	726	536	2 765	726	687	823	719	536	497

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Key ratios

SEK million	2011	2010	2010	2009	2008
	Jan 1-Mar 31	Jan 1-Mar 31			
Number of customers (by thousands)	18 985	15 400	18 438	14 451	10 422
Net sales	2 598	2 219	10 142	7 540	6 809
Net sales growth	17%		35%	11%	
EBITDA	941	713	3 560	2 463	2 364
EBITDA change	32%		45%	4%	
EBIT	726	536	2 765	1 827	1 834
EBT	543	388	2 320	751	526
Net profit	440	331	1 896	531	328
Net profit change	33%		257%	62%	
EBITDA margin, %	36,2	32,1	35,1	32,7	34,7
EBIT margin, %	27,9	24,2	27,3	24,2	26,9
Shareholders' equity	676	-6 819	-5 739	-6 960	-7 234
Total assets	10 775	9 555	10 445	9 369	7 906
Cash flow from operating activities	684	735	2 927	1 499	1 378
Cash flow CAPEX	318	131	1 556	2 109	1 619
Cash flow after CAPEX	366	604	1 371	-610	-241
Net debt	6 540	13 969	12 934	13 809	13 127

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Parent company

INCOME STATEMENT

SEK million	2011	2010
	Jan 1-Mar 31	Jan 1-Mar 31
Result from shares in group companies	-	64
Net interest expenses and other financial items	-139	-53
Profit/loss after financial items, EBT	-139	11
Tax on profit/loss	36	14
NET PROFIT/LOSS	-103	25

BALANCE SHEET

SEK million	Mar 31, 2011	Dec 31, 2010
ASSETS		
FIXED ASSETS		
Shares in group companies	13 453	13 451
Receivables, Tele2 group	65	69
Deferred tax assets	367	331
Other financial assets	5	5
ASSETS	13 890	13 856
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Unrestricted equity	8 478	2 581
SHAREHOLDERS' EQUITY	8 478	2 581
LONG-TERM LIABILITIES		
Interest-bearing liabilities, Tele2 group	4 639	10 504
Other interest-bearing liabilities	86	92
LONG-TERM LIABILITIES	4 725	10 596
SHORT-TERM LIABILITIES		
Interest-bearing liabilities, Tele2 group	687	679
SHORT-TERM LIABILITIES	687	679
EQUITY AND LIABILITIES	13 890	13 856