

RESULTS FOR THE SIX MONTHS OF 2011

TEO LT, AB GROUP

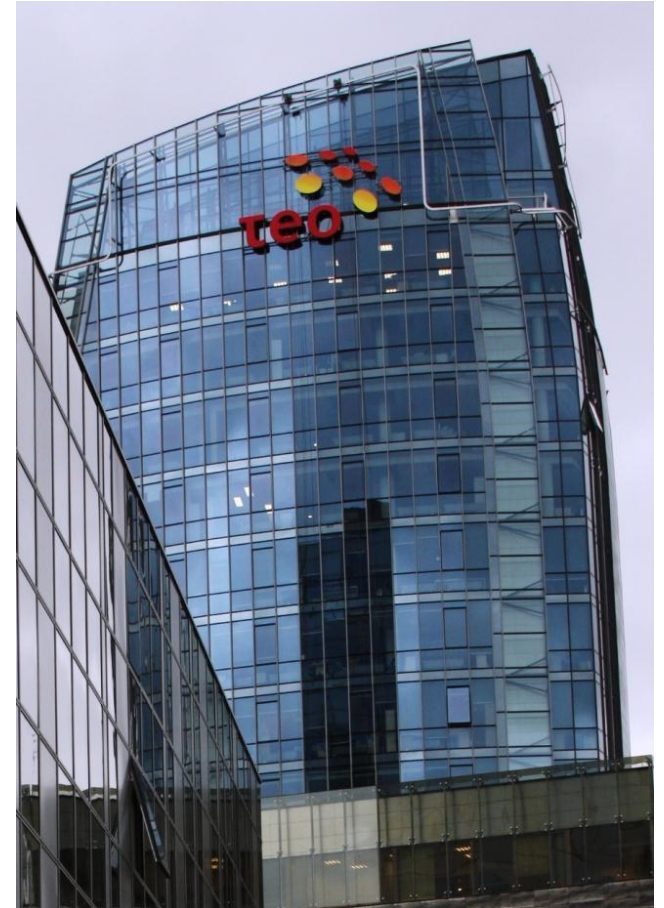
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HIGHLIGHTS OF Q2 2011

- TeliaSonera AB took over a controlling interest in TEO from Amber Teleholding A/S
- UAB Hostex took over a 100% stake in UAB Interdata from UAB Baltic Data Center
- Shareholders elected a new Board of six members
- Malin Frenning elected a new Chairwoman of the Board
- Elected new members of the Audit and Remuneration Committees
- LTL 140 million of dividends for the year 2010 paid out
- Reduced obligatory reserve of the Company
- The speed of FTTH Internet increased up to 300 Mbps
- TEO was awarded as a Socially Responsible Enterprise, The Best Employer and The Most Environment Friendly Enterprise during National Responsible Business Awards 2010



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TEO GROUP

TEO LT, AB
(voice, internet, data communication, television and network services; Internet portal *Zebra*)

100%

UAB Lintel (information, telemarketing and remote customer care services)

100%

UAB Baltic Data Center (data center and information system management services)

100%

UAB Hostex
(web hosting services)

100%

UAB Interdata
(web hosting services)

100%

UAB Hosting
(web hosting services)

100%

VšĮ Ryšių Istorijos Muziejus
(Communications History Museum)

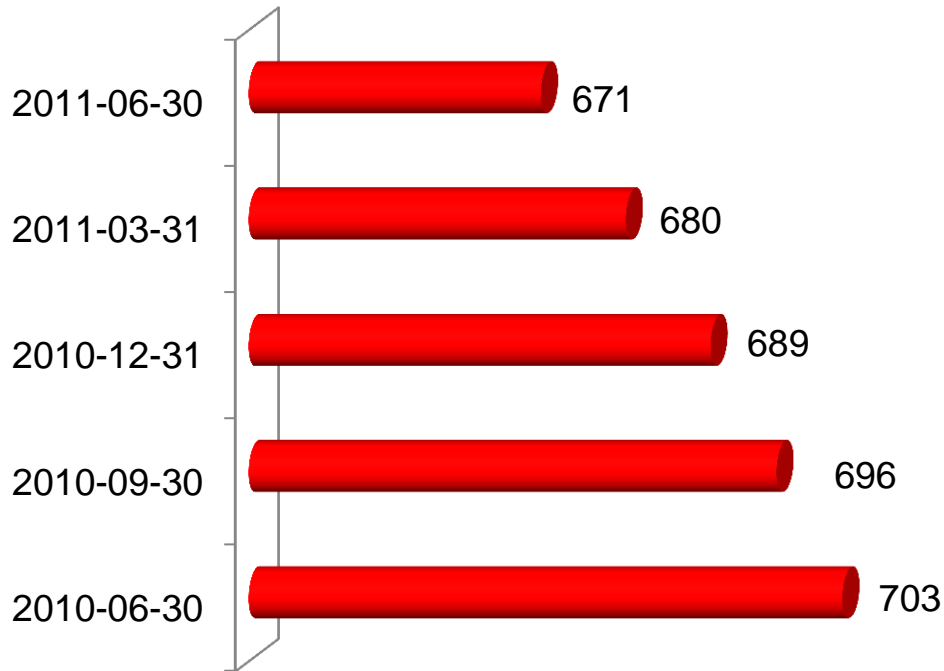
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VOICE TELEPHONY SERVICES

Number of telephone lines (thou.)

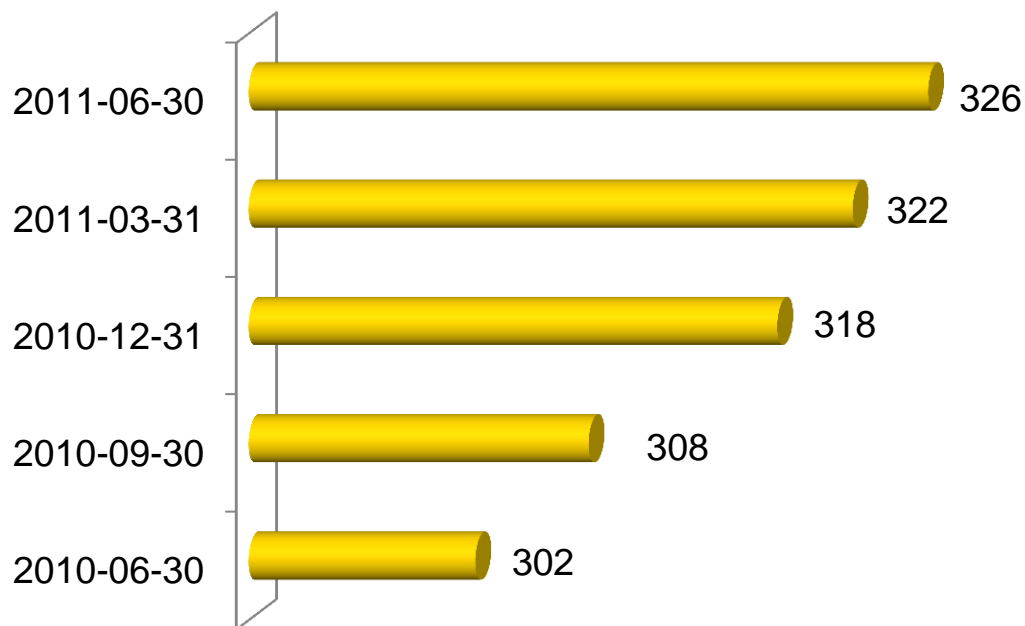


- During January-June 2011, the total number of main telephone lines in service decreased by 17.6 thousand, while over the last twelve months – by 31.6 thousand lines.
- Total traffic volume generated by residential and business customers decreased by 5.6 and 11.4 per cent, respectively
- In March 2011, TEO has offered major business enterprises and organisations its cloud computing-based voice telephony service – Virtual IP PBX

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INTERNET SERVICES

Number of broadband connections
(excl. WiFi) (thou.)



- During January-June 2011, the total number of broadband Internet access users increased by 8.8 thousand, while over the last twelve months – by 23.3 thousand
- 119 thousand of fiber optical (FTTB, FTTH) connections
- 32 thousand WiFi connection users
- 3,640 WiFi hot-spots network – the largest in the country
- Almost 50% of Lithuania's direct international Internet traffic goes through TEO connections

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FASTER INTERNET PLANS FOR RESIDENTIAL CUSTOMERS

| Internet plan | Monthly fee (incl. VAT) | Internet speed (Mbps) | |
|---------------|-------------------------|--------------------------------|---------------------|
| | | Fiber optic (FTTH/FTTB) access | Copper (DSL) access |
| 'Premium' | LTL 79.90 | up to 300 | up to 12 |
| 'Optimal' | LTL 49.90 | up to 100 | up to 8 |
| 'Basic' | LTL 36.90 | up to 40 | up to 4 |
| '24 hours' | LTL 9.90 | up to 10 | up to 1 |

- In May 2011, TEO increased the speed of Internet access over fiber optic (FTTH/FTTB) up to 300 Mbps, and Internet speed in Lithuania and abroad became the same

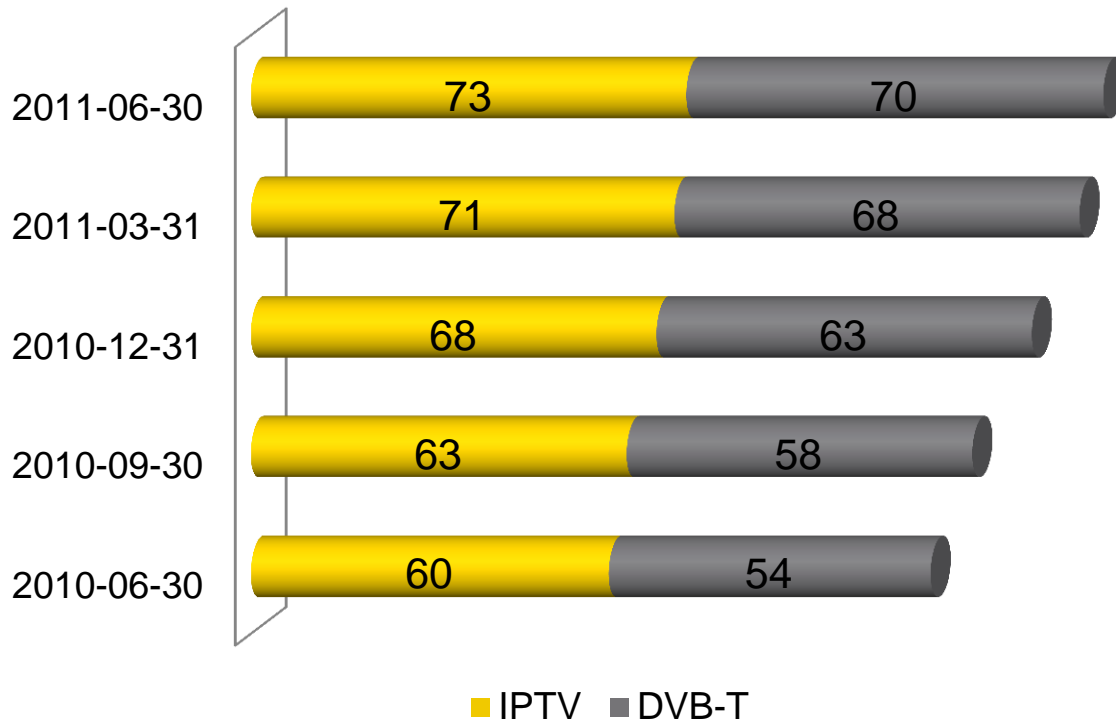
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TELEVISION SERVICES

Number of TV services users (thou.)



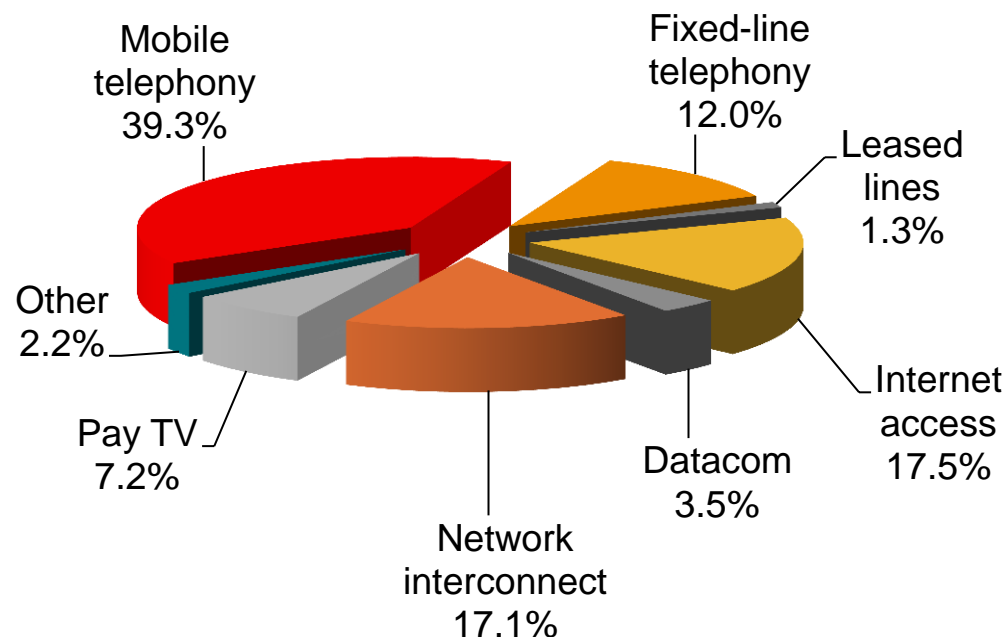
- During January-June 2011 the total number of television service users increased by 11.3 thousand up to 142.5 thousand
- IPTV novelty – Facebook, Flickr and RSS feeds from news portals on TV screen
- On 29 October 2012 Lithuania shall switch from analogue to digital TV broadcasting

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TELECOMMUNICATION MARKET IN LITHUANIA (Q1 2011)

- Total revenue: LTL 587 million
(2010 Q1: LTL 628 million)
- Change: (6.6)%
- Penetration per 100 residents:
 - fixed voice: 22.5
 - mobile voice: 150.7
 - Internet: 28.0
 - fixed broadband: 21.6
 - digital Pay-TV: 21.3
- Capital investments: LTL 56 million
(2010 Q1: LTL 43 million)

Revenue breakdown by segments



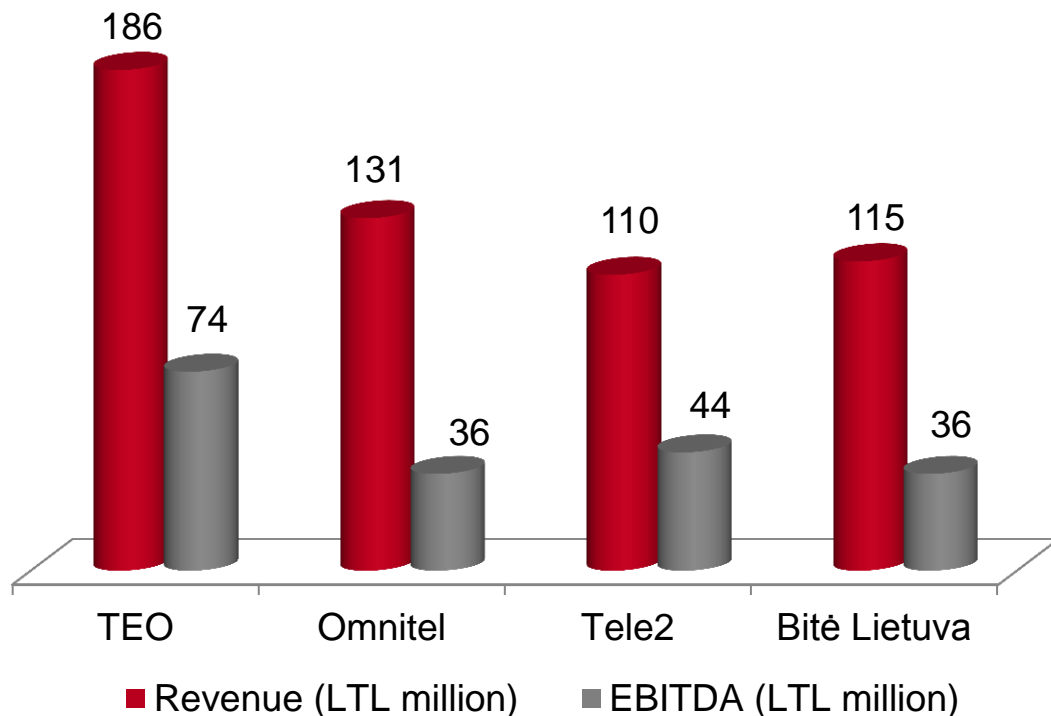
Source: Report of Communications Regulatory Authority

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MAJOR PLAYERS ON LITHUANIAN TELECOMMUNICATIONS MARKET (Q1 2011)



- TEO is the largest operator in Lithuania in terms of revenue
 - Omnitel, Tele2 and Bitė Lietuva are mobile operators
 - Change in revenue (y-o-y):
 - TEO (3.2)%
 - Omnitel (5.1)%
 - Tele2 (0.6)%
 - Bitė Lietuva (4.4)%
- Omnitel and TEO belongs to TeliaSonera Group

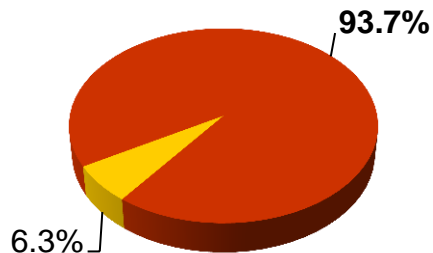
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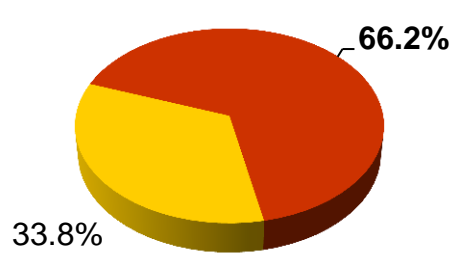
TEO MARKET SHARE IN TERMS OF REVENUE (Q1 2011)

Fixed telephony



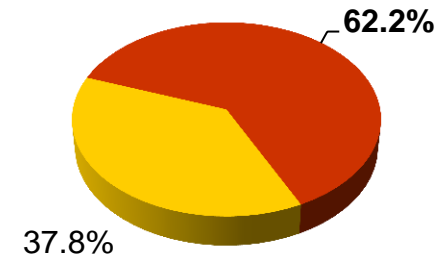
TEO Others

Data communication



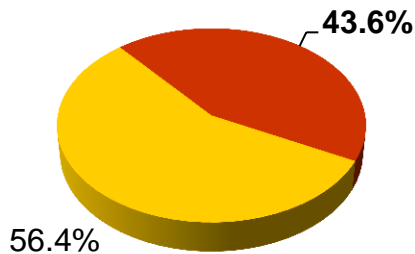
TEO Others

Leased lines



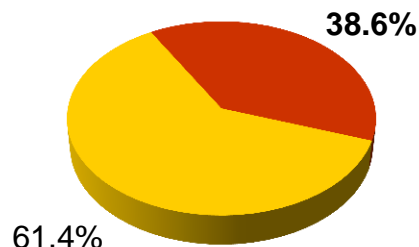
TEO Others

Digital TV



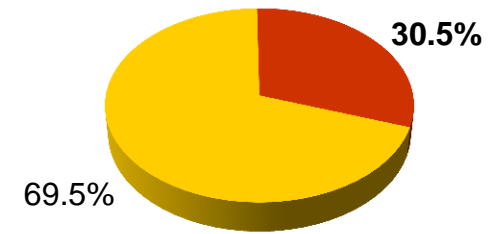
TEO Others

Internet access



TEO Others

Networks interconnection



TEO Others

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TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

| Market | Market revenue for Q1 2011 (LTL million) | Change from Q1 2010 (%) | Number of players | TEO share in Q1 2011 (%) |
|-----------------------------------|--|-------------------------|-------------------|--------------------------|
| Fixed voice | 70 | (11.3) | 51 | 93.7 |
| Leased lines | 8 | (17.3) | 12 | 62.2 |
| Internet access | 103 | 2.6 | 108 | 38.6 |
| Data communication | 21 | (2.0) | 15 | 66.2 |
| Network interconnection | 100 | (22.2) | >5 | 30.5 |
| Pay-TV | 42 | 7.9 | 45 | n/d |
| TV and radio program transmission | 8 | 8.8 | 2 | n/d |
| Mobile voice | 231 | (3.4) | 3+4 | - |

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q1 2011)

- 51 companies are providing fixed voice services:
 - 39 provide national and international calls
 - 5 – only international calls
 - 7 – only wholesales (transit) services
- 35 companies are using IP network, 18 of them CATV and data communication networks
- Number of alternative operators' subscribers: 67.7 thousand or 9.1% of total subscribers' number
- TEO market share (Q1 2011) in terms of:
 - total number of customers: 90.9%
 - total traffic: 95.5%
 - revenue from local calls: 98.9%
 - revenue from domestic long distance calls: 88.2%
 - revenue from international calls: 72.6%

Source: Report of Communications Regulatory Authority



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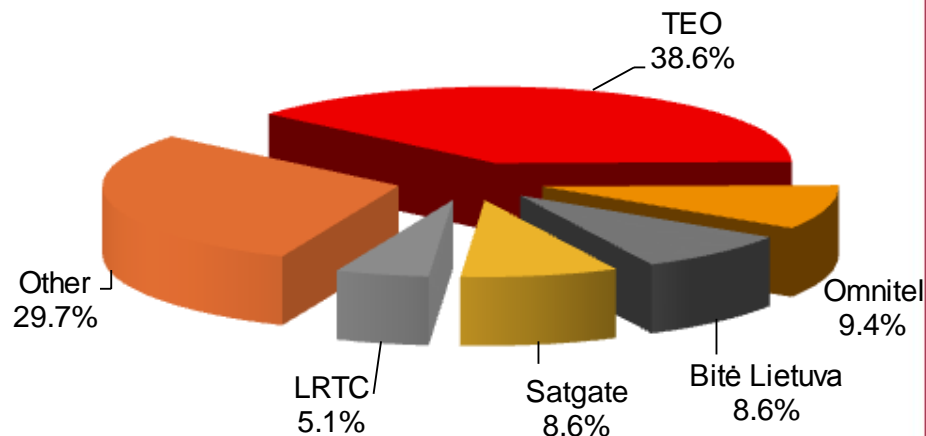


INTERNET ACCESS MARKET IN LITHUANIA (Q1 2011)

| Access type | Number of users ('000) | Change from Q1 2010 (%) |
|--------------------|------------------------|-------------------------|
| Fiber optics | 323 | 21.0 |
| DSL | 209 | (6.1) |
| Via mobile network | 205 | 24.0 |
| Wireless | 92 | 26.3 |
| Via CATV networks | 48 | (7.6) |
| Via LAN | 25 | (6.4) |
| Dial-up | 1 | (47.0) |
| Via leased-lines | 1 | (22.0) |
| Total: | 904 | 11.7 |

Source: Report of Communications Regulatory Authority

Q1 2011 revenue by service providers



- TEO has 51.2% of the broadband Internet using fixed connection market in terms of revenue

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PAY TV MARKET IN LITHUANIA (Q1 2011)

| Access type | Number of operators | Number of users ('000) | Change to Q1 2010 (%) | Revenue Q1 2011 (mLTL) | Change to Q1 2010 (%) |
|-----------------------|---------------------|------------------------|-----------------------|------------------------|-----------------------|
| Analogue CATV | 45 | 355 | (4.2) | 18 | (4.1) |
| Digital: | | | | | |
| Digital CATV | 18 | 48 | 64.0 | 2 | 49.8 |
| Digital MVDS | 3 | 20 | (6.7) | 1 | (8.3) |
| IP TV | 7 | 73 | 21.7 | 6 | 26.8 |
| DVB-T | 2 | 68 | 34.5 | 5 | 34.0 |
| Digital satellite | 1 | 77 | 1.2 | 10 | 7.1 |
| Total digital: | 27 | 286 | 20.6 | 24 | 18.9 |
| Total: | | 641 | 5.5 | 42 | 7.9 |

- TEO has 48.3% of all digital TV users and 21.6% of all pay TV users.

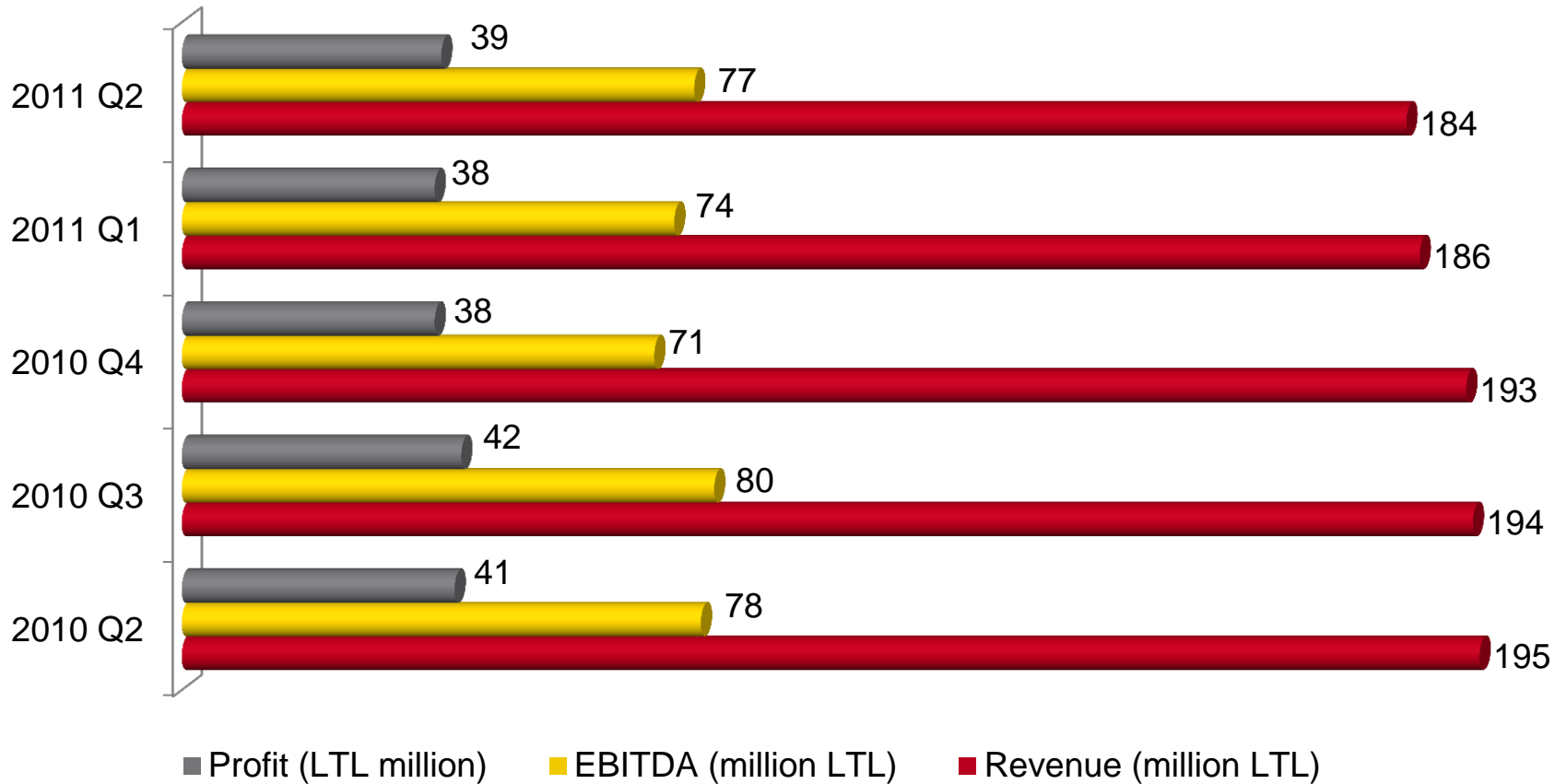
Source: Report of Communications Regulatory Authority

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REVENUE, EBITDA & NET PROFIT



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MAJOR FINANCIAL INDICATORS

| (thousand LTL) | Q2 2011 | Q2 2010 | Change (%) | H1 2011 | H1 2010 | Change (%) |
|-------------------------------|---------|---------|------------|---------|---------|------------|
| Revenue | 184,026 | 195,003 | (5.6) | 369,809 | 386,997 | (4.4) |
| Operating expenses | 107,335 | 116,971 | (8.2) | 219,437 | 228,051 | (3.8) |
| EBITDA | 77,086 | 78,177 | (1.4) | 150,982 | 159,584 | (5.4) |
| EBITDA margin | 41.9% | 40.1% | | 40.8% | 41.2% | |
| Depreciation and amortization | 33,444 | 32,511 | 2.9 | 65,873 | 65,398 | 0.7 |
| Operating profit | 43,643 | 45,666 | (4.4) | 85,109 | 94,186 | (9.6) |
| Operating profit margin | 23.7% | 23.4% | | 23.0% | 24.3% | |
| Net profit | 38,919 | 40,504 | (3.9) | 76,649 | 83,553 | (8.3) |
| Profit margin | 21.1% | 20.8% | | 20.7% | 21.6% | |
| Earnings per share (LTL) | 0.050 | 0.052 | | 0,099 | 0.108 | |

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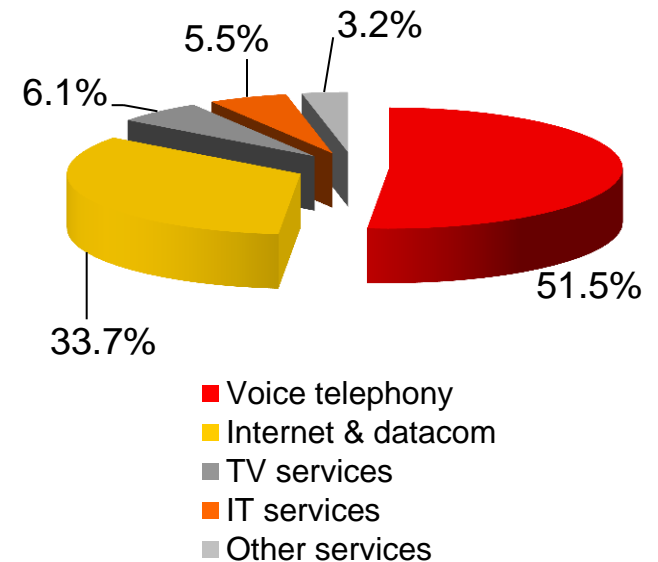
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REVENUE

| (thousand LTL) | H1 2011 | H1 2010 | Change (%) |
|---|----------------|----------------|--------------|
| Voice telephony services | 190,528 | 212,140 | (10.2) |
| Internet & data communications services | 124,717 | 129,373 | (3.6) |
| TV services | 22,405 | 17,775 | 26.0 |
| IT services | 20,249 | 15,774 | 28.4 |
| Other services | 11,910 | 11,935 | (0.2) |
| Total: | 369,809 | 386,997 | (4.4) |

Breakdown of revenue for H1 2011

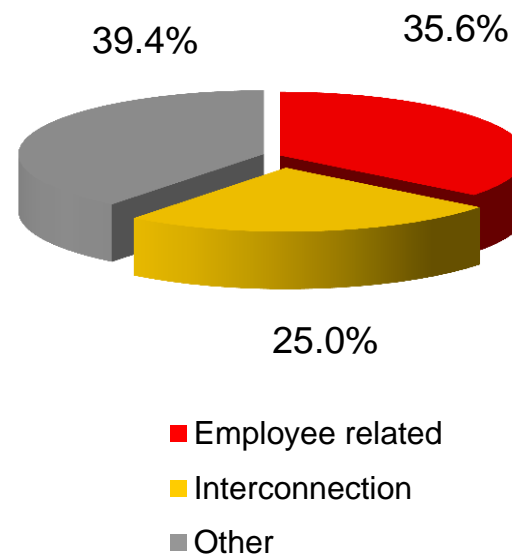


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OPERATING EXPENSES

| (thousand LTL) | H1 2011 | H1 2010 | Change (%) |
|------------------|----------------|----------------|--------------|
| Employee related | 78,148 | 77,407 | 1.0 |
| Interconnection | 54,740 | 58,557 | (6.5) |
| Other | 86,549 | 92,087 | (6.0) |
| Total: | 219,437 | 228,051 | (3.8) |

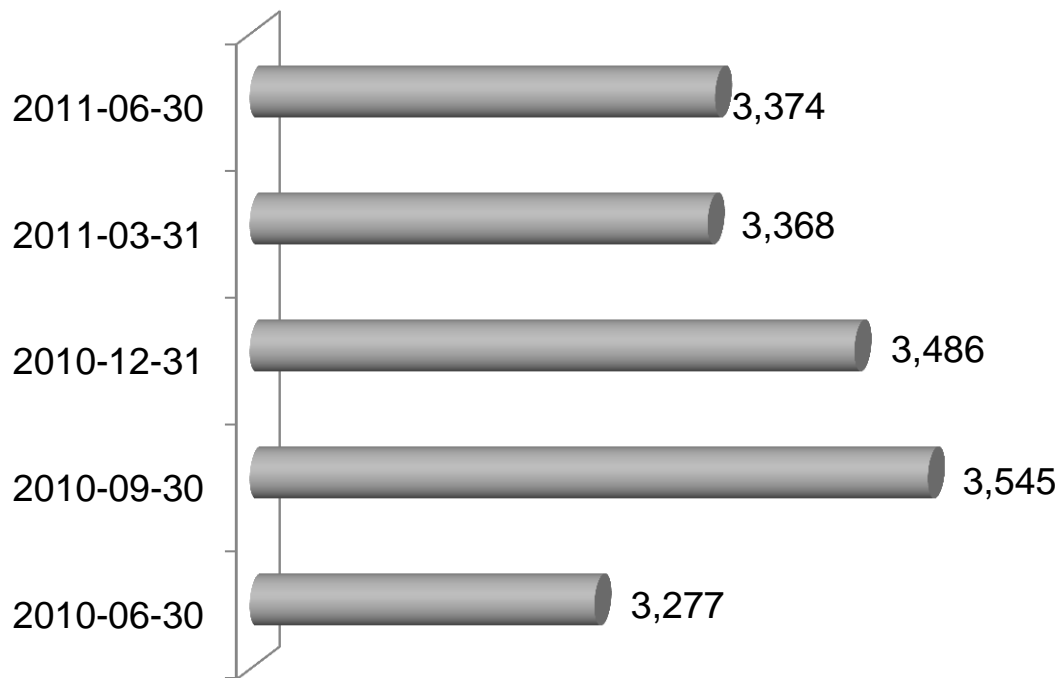
Breakdown of expenses
for H1 2011



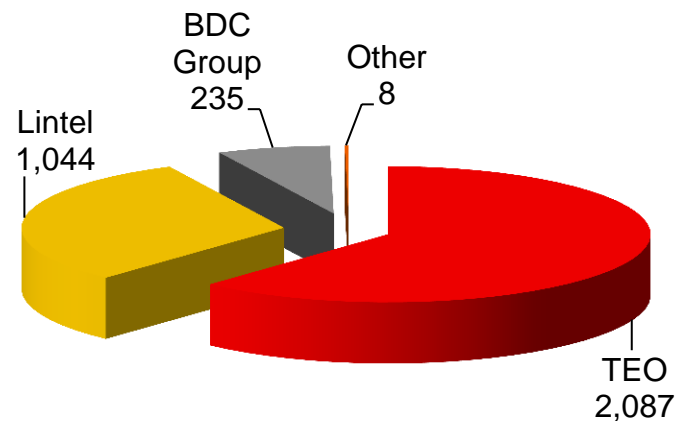
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EMPLOYEES

Number of TEO Group employees



Breakdown of TEO Group employees (30-06-2011)



- During January-June 2011 number of employees went down by 112 (mainly in Lintel)

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BALANCE SHEET

| (thousand LTL) | 2011-06-30 | 2010-12-31 | Change (%) |
|--|------------|------------|------------|
| Total assets | 1,061,569 | 1,178,567 | (9.9) |
| Cash, held-to-maturity investments, loans to banks | 155,154 | 259,710 | (40.3) |
| Equity | 963,260 | 1,026,438 | (6.2) |
| Borrowings | 4,818 | 5,422 | (11.1) |
| Net debt | (150,336) | (254,288) | |
| Gearing ratio | (15.6)% | (24.8)% | |
| ROAA | 15.3% | 16.1% | |
| ROE | 15.7% | 16.4% | |

- Following the decision of AGM the Company reduced its obligatory reserve by LTL 3,817 thousand and reallocated this amount to the Company's retained earnings

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CASH FLOW

| (thousand LTL) | H1 2011 | H1 2010 |
|---------------------------------------|-----------|-----------|
| Net cash from operating activities | 143,003 | 144,188 |
| Net cash used in investing activities | (117,117) | (3,351) |
| Net cash used in financing activities | (140,431) | (163,661) |
| Increase in cash and cash equivalents | (114,545) | (22,824) |

- Capital investments during H1 2011 amounted to LTL 63 million (LTL 51 million in 2010)
- LTL 58 million went to expansion of the core network and fiber-optic access network
- LTL 4 million was invested into IT systems and LTL 1 million into renovation of premises
- In June 2011 TEO opened a new customer care centre
- In May the Company paid out LTL 140 million of dividends of for the year 2010 (i.e. 0.18 litas per share)

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SHAREHOLDERS OF TEO

| | Part of share capital and votes | |
|---------------------------------|---------------------------------|------------|
| | 2011-06-30 | 2010-12-31 |
| Amber Teleholding A/S (Denmark) | -- | 62.94% |
| TeliaSonera AB (publ) (Sweden) | 68.08% | 5.14% |
| East Capital (Sweden) | 6.87% | 6.80% |
| State of Lithuania | 0.05% | 0.44% |
| Other shareholders | 25.00% | 24.68% |

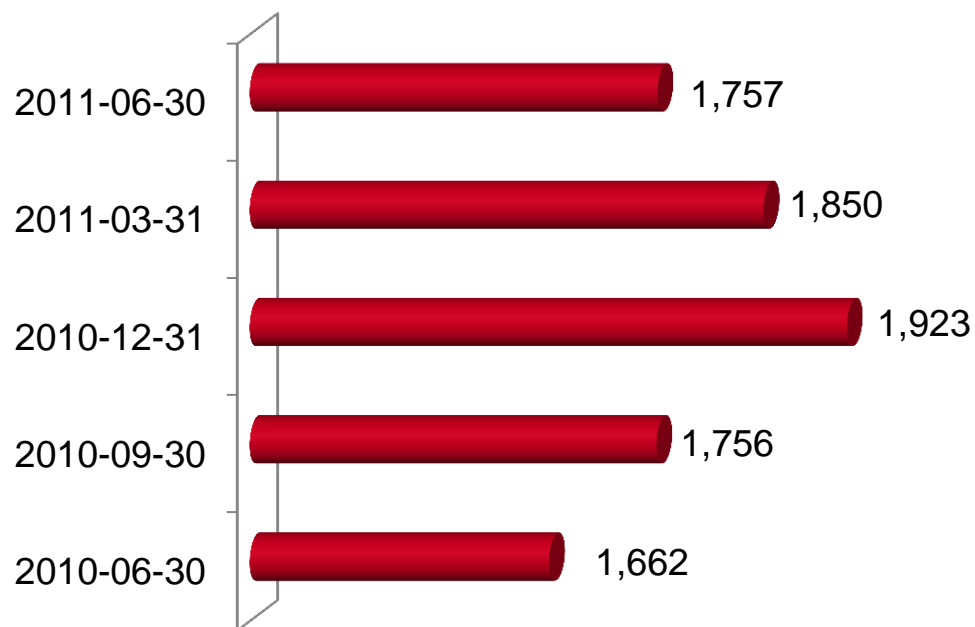
- In June 2011, TeliaSonera AB (publ) took over from its subsidiary Amber Teleholding A/S a controlling interest in TEO and now directly holds a 68.08% stake in the Company
- Republic of Lithuania, represented by State Property Fund, reduced its holding in TEO from 3,075,315 (31-Dec-2010) to 2,047 (30-Jun-2011) shares
- As of 30 June 2011, Republic of Lithuania, represented by State Tax Inspectorate, held 362,630 shares
- In total, the Republic of Lithuania has 364,677 shares of the Company

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TEO SHARES

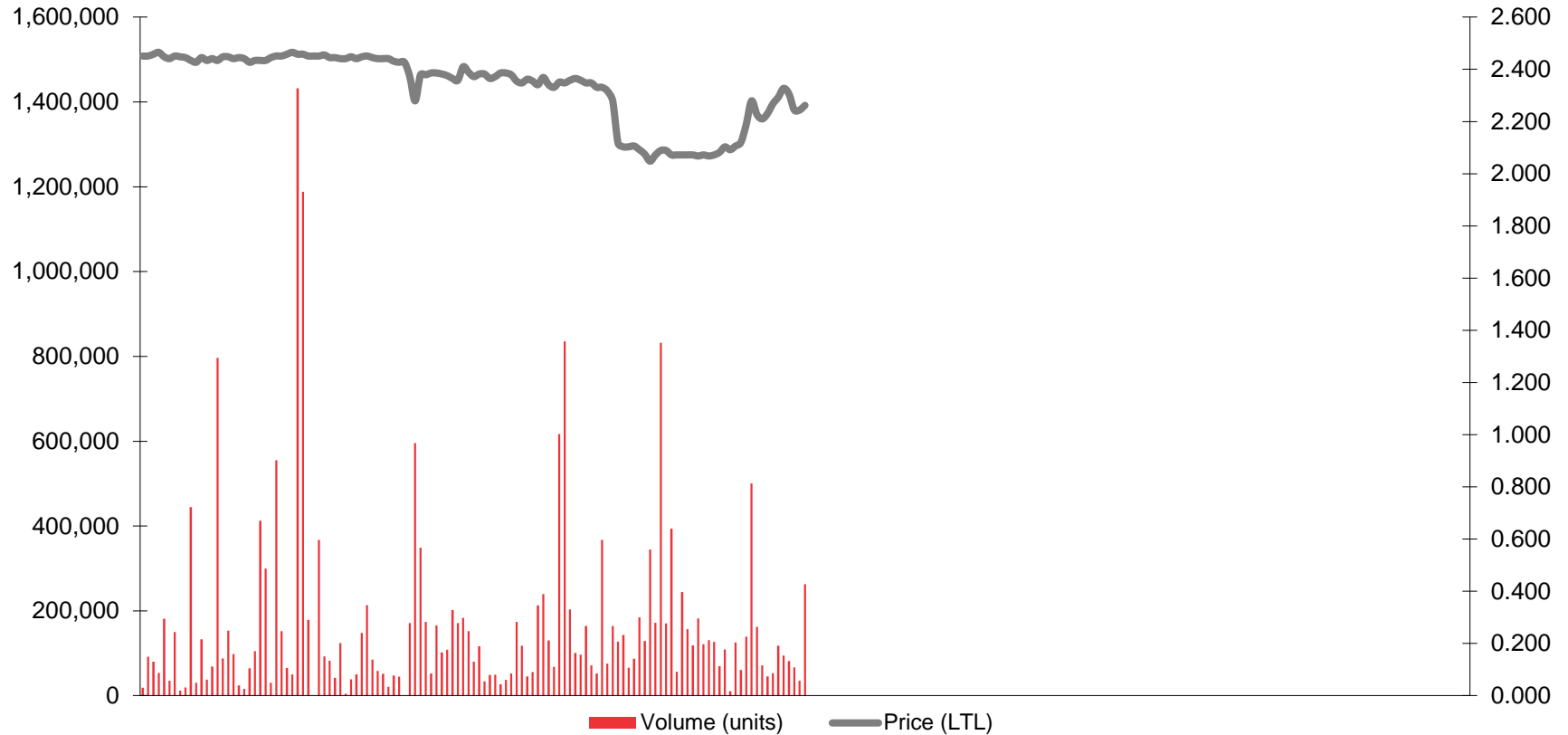
- Shares are listed on NASDAQ OMX Vilnius stock exchange (ticker: TEO1L)
- In January 2011, TEO shares were included into the trading lists of a few German stock exchange (ticker: ZWS)
- Share price on NASDAQ OMX Vilnius:
 - 01-01-2011: LTL 2.472
 - high: LTL 2.472
 - low: LTL 2.027
 - 30-06-2011: LTL 2.262
- Turnover on NASDAQ OMX Vilnius stock exchange during H1 2011: 21 million shares or LTL 48.8 million

Market Capitalisation (LTL million)



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TRADING IN TEO SHARES ON NASDAQ OMX VILNIUS STOCK EXCHANGE IN 2011

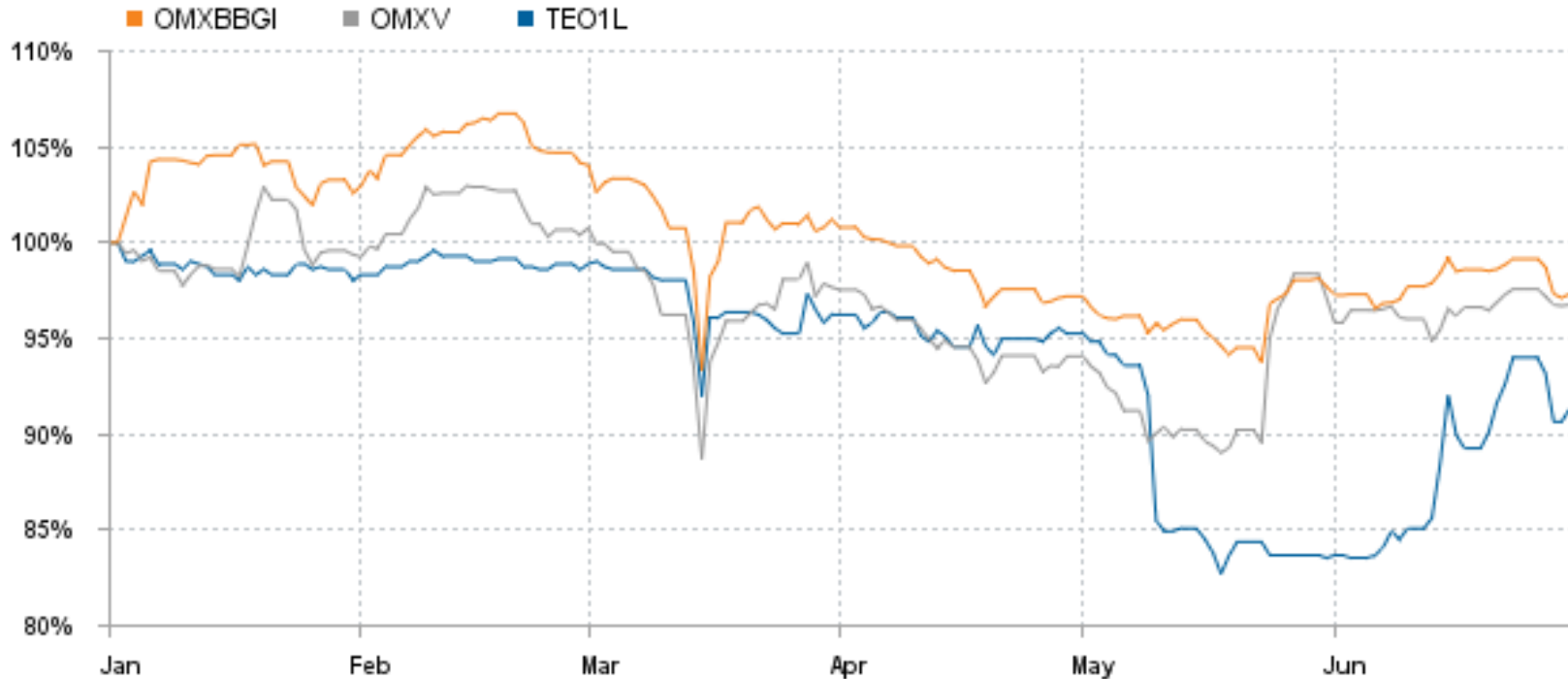


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TEO SHARE AND NASDAQ OMX VILNIUS STOCK EXCHANGE INDEXES COMPARISON



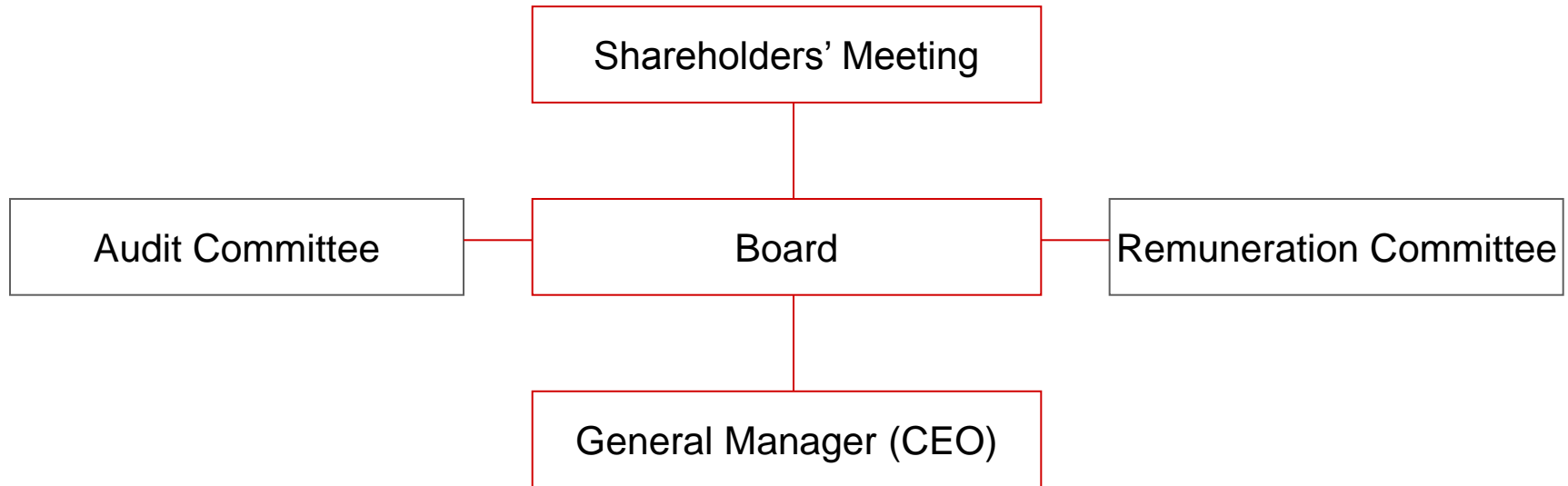
Source: NASDAQ OMX Vilnius

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TEO CORPORATE GOVERNANCE



- The Annual General Meeting of Shareholders was held on 28 April 2011
- The AGM decided to reduce the number of the Board members from 7 to 6
- A new Board for the 2 years term was elected
- The Company's independent auditor, UAB PricewaterhouseCoopers, for the 2 years term was elected in 2010

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NEWLY ELECTED TEO BOARD



Malin Frenning,
Representative of
TeliaSonera AB



Lars Klasson,
Representative of
TeliaSonera AB



Joakim Sundström,
Representative of
TeliaSonera AB



Tiia Tuovinen,
Representative of
TeliaSonera AB



Inga Skisaker,
Independent member
of the Board



Jonas Pilkauskas,
Independent member
of the Board

- Members of the Board have no direct interest in the share capital of TEO

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TEO MANAGEMENT



Arūnas Šikšta
(born in 1968),
General
Manager
(CEO)



**Darius
Gudačiauskas**
(born in 1975),
Chief Sales
Officer and
Deputy General
Manager



**Nerijus
Ivanauskas**
(born in 1970),
Chief Marketing
Officer and
Deputy General
Manager



**Darius
Didžgalvis**
(born in 1969)
Chief Technology
Officer and
Deputy General
Manager



Giedrius Vegys
(born in 1959)
Chief Financial
Officer

- Top managers of the Company do not own any shares of the Company

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