

RESULTS FOR THE SIX MONTHS OF 2008

TEO LT, AB GROUP

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HIGHLIGHTS OF H1 2008

- Revenue up by 8.3% (y-o-y)
- EBITDA up by 7.3% (y-o-y)
- Net profit up by 16% (y-o-y)
- In January Completed acquisition of DVB-T content provider
- In March launched DVB-T services
- Over the year number of broadband connections up by 30.6%
- Number of IPTV users increased by 2.5 times
- In May LTL 0.25 dividend per share for the year 2007 were paid to the shareholders



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TEO GROUP

TEO LT, AB

(voice, internet, wholesales, data communication, IT, digital TV services; Internet portal *Zebra*)

- In January 2008, TEO acquired UAB Nacionaline Skaitmenine Televizija
- In July, started process for reorganisation of UAB Nacionaline Skaitmenine Televizija into joint-stock company (AB)
- On 15 July, TEO shareholders approved preparation of conditions for Nacionaline Skaitmenine Televizija merger into TEO

100%

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

100%

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

100%

UAB Nacionalinė Skaitmeninė Televizija
(re-broadcasting of TV programs over DVB-T network)

100%

UAB Voicecom
(NMT-450 network)

100%

UAB Kompetencijos Ugdymo Centras
(training and consultancy)

100%

VšĮ TEO Sportas (women's basketball team TEO)

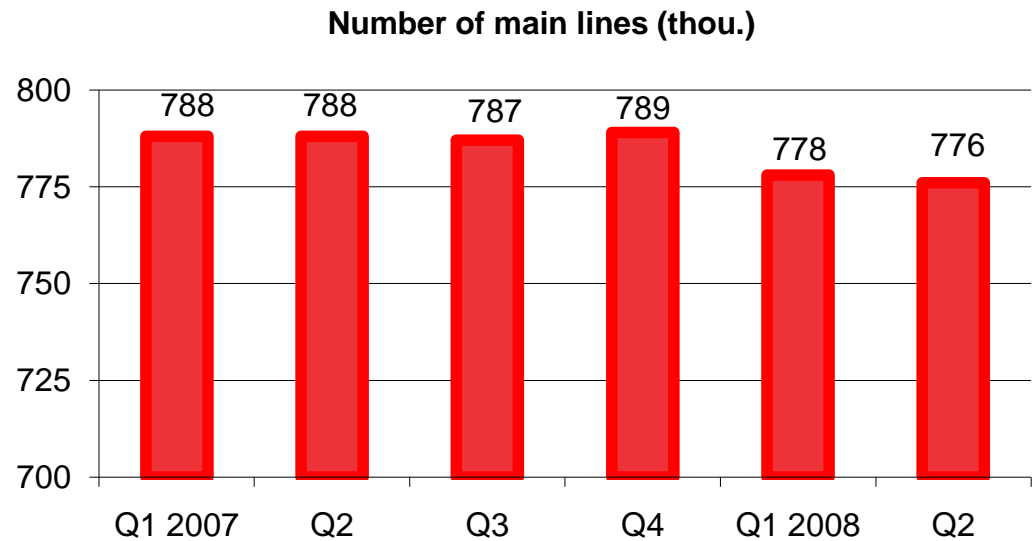
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VOICE TELEPHONY SERVICES

- In February 2008, TEO terminated provision of temporary disconnected telephone line with incoming calls service
- During January-June 2008, number of active lines increased by almost 29 thousand
- Net number of telephone lines during January-June 2008 decrease by 12.9 thousand
- In March 2008, payment plan *Universal* was upgraded by giving unlimited calls within TEO network
- Total traffic (y-o-y): -1.9%



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INTERNET SERVICES

	2008-06-30	2007-03-31	Change
Number of DSL retail connections	241,906	203,959	37,947
Number of WiFi connections	20,229	2,551	17,678
Number of FTTB and FTTH connections	13,219	3,824	9,395
Number of DSL wholesale connections	2,322	2,314	8
Total broadband connections:	277,676	212,648	65,028
Number of dial-up connections	3,733	6,917	(3,184)
Number of WiFi hot-spots	3,761	1,750	2,011

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DIGITAL TERRESTRIAL TELEVISION

- In March 2008, TEO Group launched digital terrestrial television (DVB-T) service *Digital GALA (Skaitmeninė GALA)*
- It offers 37 TV channels in Lithuanian, Russian, English and other languages
- Monthly fee – 29 Litas (for those who subscribe till 8 August first 12 months are for free)
- By the end of June there were 6,554 service users
- DVB-T transmitters networks already cover 95% of Lithuanian population
- TEO operates 2 networks of DVB-T transmitters
- By 2012 DVB-T should completely substitute analogue terrestrial transmission in Lithuania



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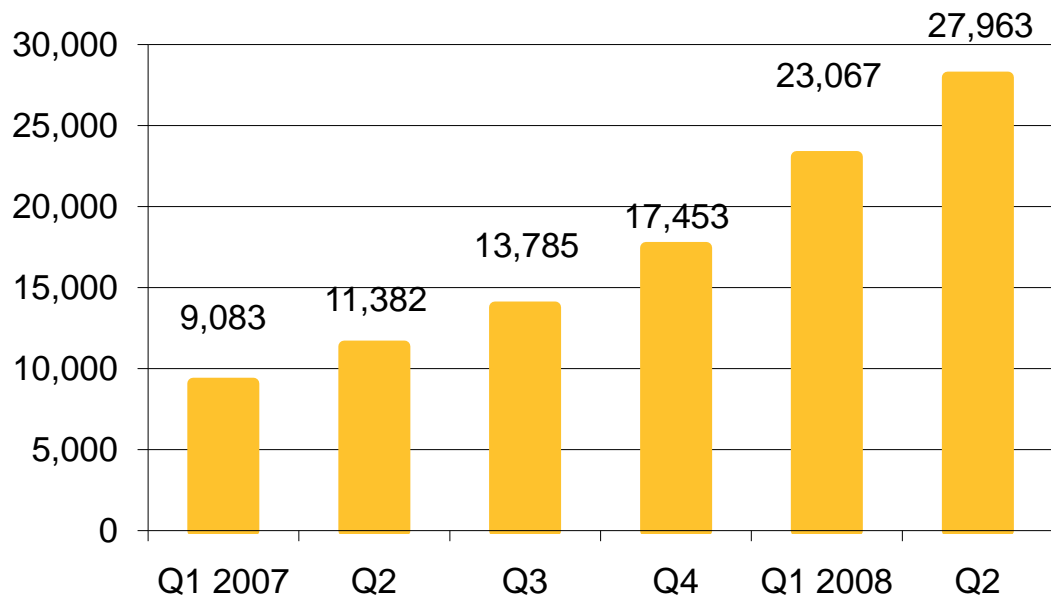
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INTERNET TELEVISION

Number of IPTV service users



- From March 2008, IPTV service is branded as *Interactive GALA (Interaktyvioji GALA)*



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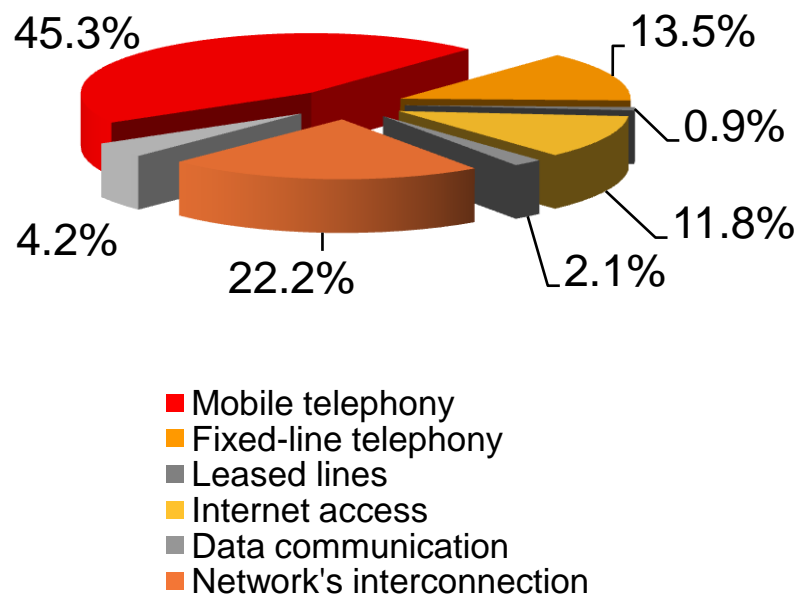
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TELECOMMUNICATION MARKET IN LITHUANIA (Q1 2008)

- Total revenue: LTL 790 million
(2007: LTL 798 million)
- Growth: (1,1) % (y-o-y)
- Penetration per 100 residents:
 - fixed voice: 23.5
 - mobile voice: 147.1
 - internet: 18.2
 - broadband: 15.8
- Capital investments: LTL 89 million

Revenue breakdown by segments



Source: Report of Communications Regulatory Authority

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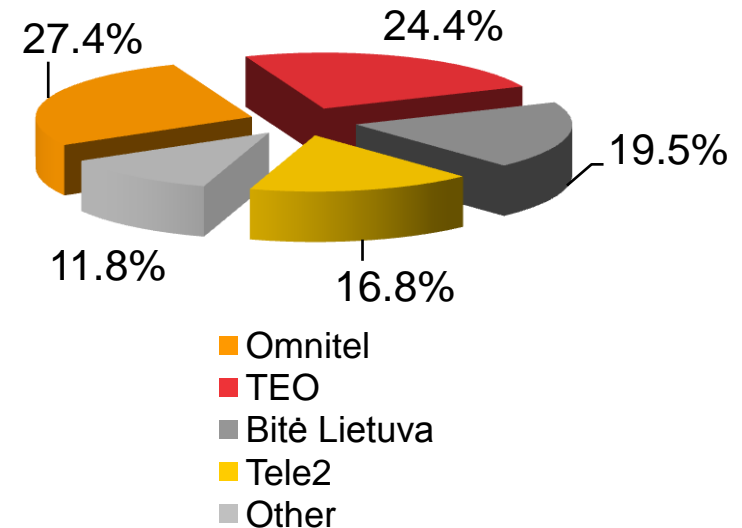
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MAJOR PLAYER ON TELECOMMUNICATION MARKET (Q1 2008)

- Only 4 operators in Lithuania have a market share higher than 2%
- Total revenue of other 156 companies amounted to 11%
- Omnitel and TEO belongs to TeliaSonera Group
- In total, Omnitel and TEO have 51.8% of the Lithuanian telecommunications market

Revenue breakdown by operators



Source: Report of Communications Regulatory Authority

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TEO COMPETES IN ALL AREAS EXCEPT MOBILE VOICE

Market	Market revenue for Q1 2008 (mLTL)	Market growth y-o-y (%)	Number of players	Share of TEO in Q1 2008 (%)
Fixed voice	102	-2.4	49	95,4
Leased lines	7	17.7	15	54.9
Internet access	89	27.8	113	41.6
Data communication	16	20.0	16	51.8
Network interconnection	168	11.0	4+	19.5
Mobile voice	342	4.6	8	--

- CATV market is fragmented: 50 players, Q1 2008 market revenue LTL 21 million, only 2 operators with market share above 10%.
- TV program transmission is dominated by one player. Market revenue LTL 7 million.

Source: Report of Communications Regulatory Authority

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FIXED VOICE TELEPHONY MARKET IN LITHUANIA (Q1 2008)

- Total revenue: LTL 102 million
(2007: LTL 105 million)
- 49 companies are providing fixed voice services: 29 provide national and international calls, 15 only international, 5 only wholesales (transit)
- 33 companies are using IP network, 15 of them CATV networks
- Total fixed voice traffic (y-o-y): (2.5)%
- TEO market share (Q4 2007) in terms of:
 - total number of customers: 94.6%
 - total traffic: 96.8%
 - revenue from local calls: 99.4%
 - revenue from domestic long distance calls: 92.9%
 - revenue from international calls: 68.3%

Source: Report of Communications Regulatory Authority



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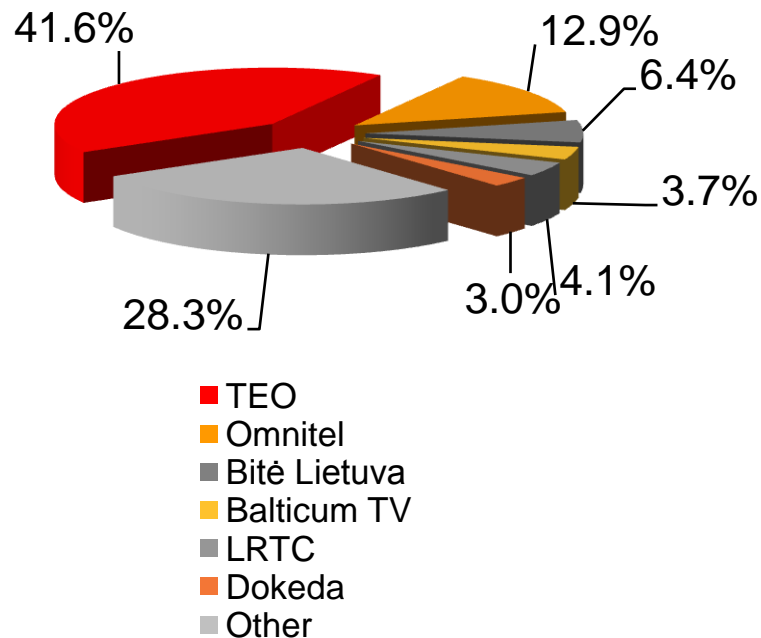
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INTERNET ACCESS MARKET IN LITHUANIA (Q1 2008)

- Total revenue: LTL 89 million
(2007: LTL 70 million)
- TEO share of broadband internet market
in terms of revenue: 47.7%
- 113 internet service providers
- 612 thousand internet users:
 - DSL: 239 thousand
 - fiber optics: 121 thousand
 - via CATV networks: 65 thousand
 - LAN: 50 thousand
 - via mobile network: 76 thousand
 - wireless access: 54 thousand
 - dial-up: 5 thousand
 - other: 2 thousand

Revenue by service providers



Source: Report of Communications Regulatory Authority

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MAJOR FINANCIAL INDICATORS

(thousand LTL)	H1 2008	H1 2007	Change
Revenue	410,110	378,786	8.3%
Operating expenses	230,296	211,826	8.7%
EBITDA	184,811	172,202	7.3%
EBITDA margin	45.1%	45.5%	
Depreciation and amortization	86,019	84,476	1.8%
Operating profit	98,792	87,726	12.6%
Operating profit margin	24.1%	23.2%	
Net profit	89,321	77,028	16.0%
Profit margin	21.8%	20.3%	
Earnings per share (LTL)	0.115	0.099	16.0%



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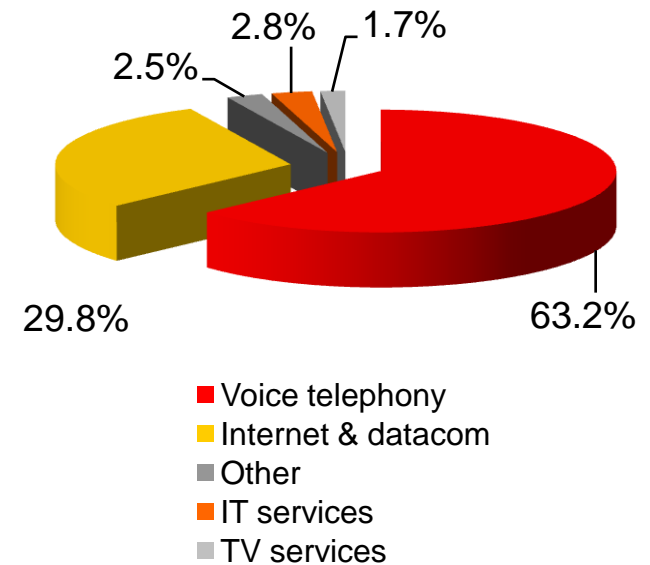
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REVENUE

(thousand LTL)	H1 2008	H1 2007	Change
Voice telephony services	259,330	262,249	(1.1)%
Internet & data communications services	122,416	100,044	22.4%
IT services	11,387	4,944	130.3%
TV services	6,910	2,474	179.3%
Other services	10,067	9,075	10.9%
Total:	410,110	378,786	8.3%

Breakdown of revenue for H1 2008

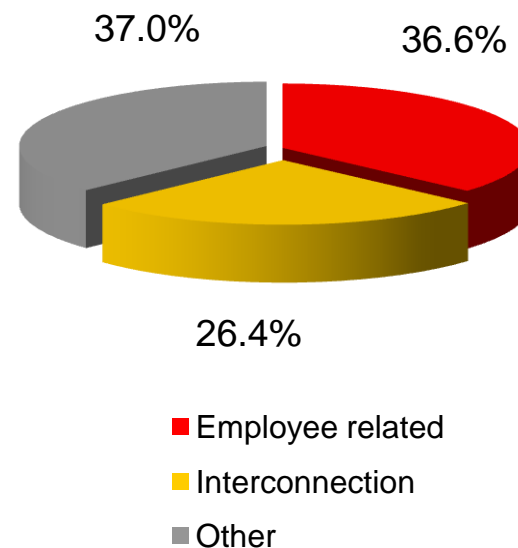


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OPERATING EXPENSES

(thousand LTL)	H1 2008	H1 2007	Change
Employee related	84,301	76,301	10.5%
Interconnection	60,768	56,919	6.8%
Other	85,227	78,606	8.4%
Total:	230,296	211,826	8.7%

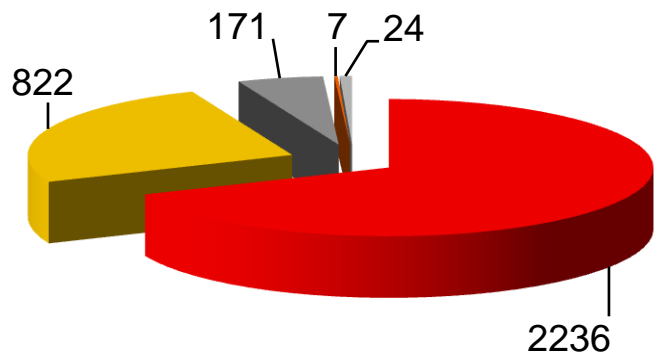
Breakdown of expenses
for H1 2008



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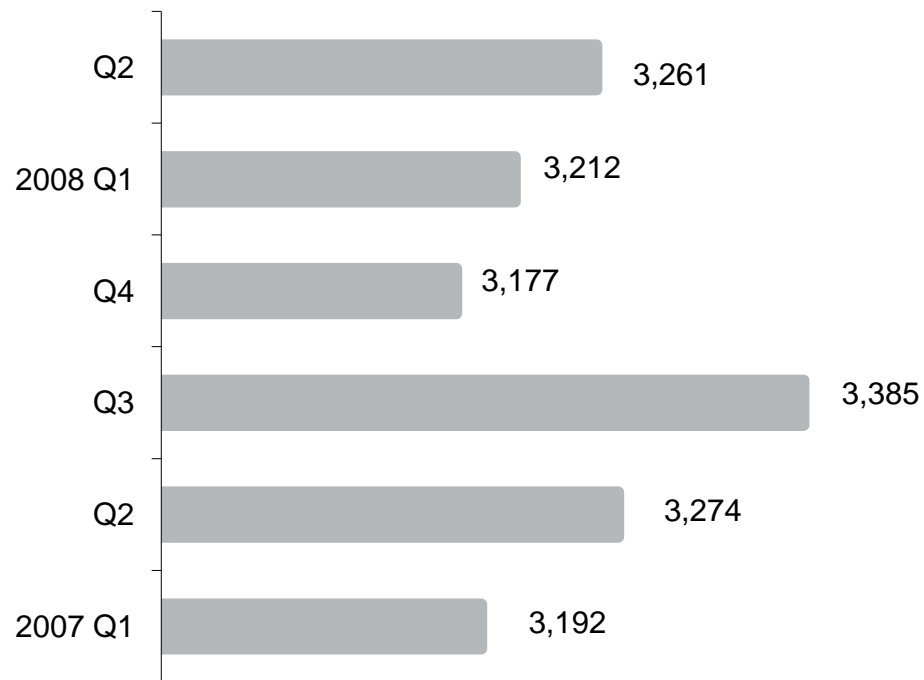
EMPLOYEES

Breakdown of TEO Group employees



- TEO LT, AB
- UAB Lintel
- UAB Baltic Data Center
- Vsi TEO Sportas
- UAB Kompetencijos Ugdymo Centras

Number of TEO Group employees (headcounts)



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BALANCE SHEET

(thousand LTL)	2008-06-30	2007-12-31	Change
Total assets	1,063,545	1,205,642	(11.8)%
Cash, trading and held-to-maturity investments	256,038	380,637	(32.7)%
Equity	965,696	1,070,579	(9.8)%
Borrowings (financial liabilities)	7,215	7,614	(5.2)%
Net debt	(248,823)	(373,023)	(33.2)%
Gearing ratio	(25.8)%	(34.8)%	
ROAA	16.8%	15.7%	
ROE	16.8%	15.3%	

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CASH FLOW

(thousand LTL)	H1 2008	H1 2007
Net cash from operating activities	168,398	138,459
Net cash used in investing activities	(37,699)	54,665
Net cash used in financing activities	(194,603)	(202,379)
Increase in cash and cash equivalents	(63,904)	(9,255)

- In January 2008, TEO acquired UAB Nacionalinė Skaitmeninė Televizija for LTL 16.4 million
- Capital investments for January-June 2008 amounted to LTL 55.8 million
- 78.5 per cent of investment went to network, 13.3 per cent for buildings' renovation, 7 per cent for IT systems
- On 29 April 2008 shareholders approved Board's proposal to pay LTL 194 million dividend for the year 2007
- In May 2008 dividends for the year 2007 were paid out

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SHAREHOLDERS OF TEO

	Part of share capital		Part of votes
	2008-06-30	2007-12-31	2008-03-31
Amber Teleholding A/S (Denmark)	60.00%	60.00%	62.94%
Treasury stocks	4.67%	4.67%	--
State of Lithuania	1.44%	1.57%	1.51%
Other shareholders	33.89%	33.76%	35.55%

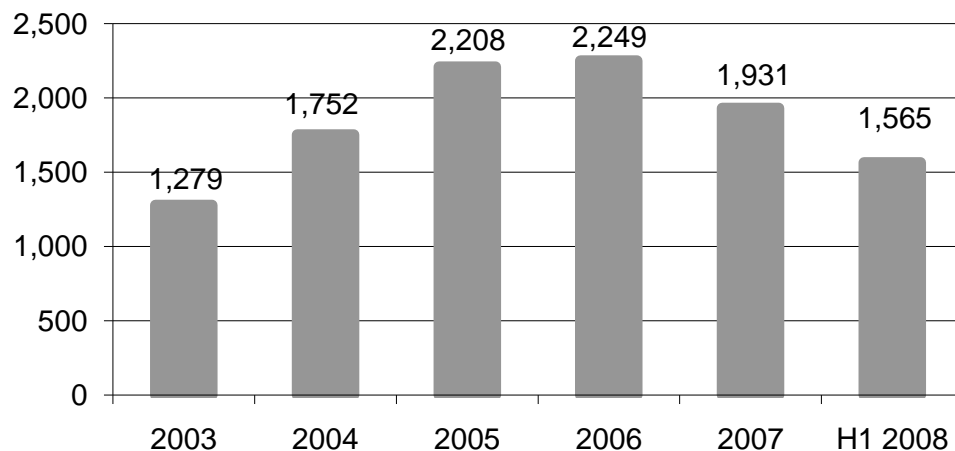
- Amber Teleholding A/S is a subsidiary of TeliaSonera AB, Sweden
- State of Lithuania, represented by State Property Fund, is giving TEO shares to the citizens of Lithuania as a compensation for realty redeemable by the State (realty seized during the Soviet times)
- Total number of shareholders: 14.9 thousand (15-07-2008)

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TEO MARKET CAPITALISATION

- Shares listed on Vilnius Stock Exchange (VSE ticker: TEO1L)
- 3.88% of shares are represented by GDRs (1 GDR = 10 shares)
- GDRs are listed on London Stock Exchange (LSE ticker: TEOL).
- Share price on VSE (in LTL)
 - start of 2008: 2.38
 - year low: 1.91
 - year high: 2.38
 - end of June 2008: 1.92
- Turnover on VSE during H1 2007: 64.9 million shares or LTL 137.6 million

Market Capitalisation at the end of period (LTL million)



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THANK YOU FOR YOUR
ATTENTION

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