

For immediate release, Tuesday, August 1, 2006

Stockholm – Tuesday, August 1, 2006 – Tele2 AB (“Tele2”) (Stockholmsbörsen: TEL2 A and TEL2 B), Europe’s leading alternative telecom operator, today announced its consolidated results for the second quarter 2006.



INTERIM REPORT JANUARY–JUNE 2006

In Q2 2006 Tele2 increased revenues by 12% to SEK 13.5 billion with mobile revenues rising 29%

- Mobile revenues in Q2 increased by 29% to SEK 4.6 billion
- Excellent performance in Russian mobile: customer intake, revenues and EBITDA all growing strongly
- Q2 2006 EBITDA amounted to MSEK 1,397 (1,689), including integration costs in Versatel of MSEK 57 and a capital gain of MSEK 52 from the sale of Tele2’s Czech operations
- Operating revenue for the first six months of 2006 increased by 14% to MSEK 26,935 (23,622)
- Net profit for the first six months of 2006 amounted to MSEK 476 (1,159)
- Earnings per share, after dilution, for the first six months of 2006 amounted to SEK 1.25 (2.61)
- Acquisition announced of E.ON Bredband in Southern Sweden

The figures shown in parenthesis correspond to the comparable periods in 2005



PRESIDENT'S MESSAGE. In Q2 2006, Tele2's period of transition continued. We maintained our focus on growth and the opportunities in mobile and broadband, where our operations are progressing well.

In Q2, we achieved revenue growth of 12%, reaching SEK 13.5 billion and an EBITDA of SEK 1.4 billion, which, on an annualised basis, broadly matches the guidance given at the time of our AGM. Our mobile businesses had an excellent quarter, particularly in Sweden and Russia. Swedish mobile had an EBITDA margin of 44%, the third quarter in a row at that level. Russia also contributed a very strong overall mobile performance this quarter with customer numbers up 136% to 4.6 million, revenues up 156% to MSEK 568, and an EBITDA margin of 13%, compared to -18% one year ago. We further consolidated our strong position in Russia in early July with the acquisition of four more mobile operations in North-West Russia. Our MVNO in France had a strong quarter, reporting a total of 300,000 customers at the end June, and the mobile launch in Croatia continues to go well.

We have made two significant broadband announcements. In June, we announced our intention to acquire E.ON Bredband in Southern Sweden, giving us a firm foothold from which to accelerate our broadband push in Sweden. In early July, we announced the creation of a broadband company "Plusnet" in Germany, together with QSC. Plusnet's purpose is to provide both parties with LLUB broadband access in Germany. We anticipate launching a LLUB offer in Germany towards the end of this year. Both these deals substantially improve our broadband position in the respective countries. We also had a soft launch of a triple play offer in France during the quarter.

We are experiencing a high demand for our broadband products but have been holding back in taking on new broadband customers during the quarter. This was partly due to a large backlog from Q1 2006, which we thought would disappear more rapidly, as well as the inability of the incumbents to process orders as fast as we would have liked. This caused a slow down in new broadband sales, in order to catch up, as well as an increase in churn. We anticipate this situation improving during the remainder of the year, due to improvements in our forecasting and in the incumbents provisioning process. Consequently, our broadband customer intake will accelerate from its current levels in the coming quarters.

Our fixed line businesses continued to experience a high level of churn. We lost 701,000 of our 16 million fixed line customers during the quarter, with a significant proportion of those coming from France where we are experiencing intense competition from the incumbent, as well as a highly competitive broadband market. However, it must be recognized that the traditional European fixed telephony market is now in structural decline.

We are always trying to improve our disclosure and transparency. This quarter we have taken another positive step by providing the split in our broadband base between direct access and broadband resale customers.

Looking to the remainder of this year, we will continue with the emphasis on mobile and broadband while at the same time seeking to reduce churn, minimize costs and improve efficiencies.



*Lars-Johan Jarnheimer
President and CEO, Tele2 AB*



TELE2 IN BRIEF. Tele2 is Europe's leading alternative telecom operator. Our mission is to offer cheap and simple telecoms. Tele2 always strives to offer the market's best prices. We have 31 million customers in 22 countries. Tele2 offers products and services in fixed and mobile telephony, broadband and cable TV. Ever since Jan Stenbeck founded Tele2 in 1993, the company has been a tough challenger to the former government monopolies. Tele2 has been listed on the Stockholm Stock Exchange since 1996. In 2005, we reported operating revenue of SEK 50 billion and EBITDA of SEK 6.6 billion.

Group financial overview, Q2 2006

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED JUNE 30, 2006

MSEK	Q2 2006	Q2 2005
Operating Revenue	13,482	12,043
– Mobile telephony	4,644	3,602
– Fixed telephony resale	6,498	7,538
– Broadband resale	664	389
– Direct access & LLUB	1,172	425
Customer intake, thousands	416	722
– Mobile telephony	986	666
– Fixed telephony resale	–701	5
– Broadband resale	74	39
– Direct access & LLUB	57	12
EBITDA	1,397	1,689
– Mobile telephony	953	1,033
– Fixed telephony resale	643	767
– Broadband resale	–303	–196
– Direct access & LLUB	–33	31
EBIT	420	1,100
EBT	314	967
Net profit	246	676
Operating cash flow	991	1,143

Significant events in the quarter

- On May 3, Tele2 announced that the company had agreed to sell its operations in the Czech Republic to Radiokommunikace a.s.
- On June 14, Tele2 announced that, in line with its long-term strategy for Russia, it had acquired the remaining minority stakes in Siberian Cellular Communications in the Russian region of Omsk, thereby increasing its holding from 70% to 100%.
- On June 30, Tele2 announced that it had acquired 75.1% of E.ON Bredband Sweden AB from E.ON. E.ON is well positioned in the broadband market in Southern Sweden with a number of significant public and business customers. Its network is capable of providing high speed broadband services and triple play services to more than 500,000 customers.

Financial overview

The heightened focus on broadband and mobile services continues to be reflected in the Group's financial performance. Mobile telephony and broadband sales continue to rise sharply compared with the previous year, while fixed telephony sales are declining. In an effort to align our reporting structure and segment classification with this trend, we now use separate reporting for broadband services where the customer is connected by direct access or LLUB (Local Loop Unbundling) and our broadband resale services. Revenues from direct access or LLUB customers are reported collectively, i.e. with all services included, while fixed telephony and broadband resale are reported separately in the indirect access segment. Carrier operations are reported in the other operations business area.

Mobile operations were outstanding. Operating revenue increased by 29% compared with Q2 2005. Customer intake amounted to 986,000 (666,000). EBITDA increased to MSEK 953, which was an improvement of MSEK 207 on the previous quarter's figure, despite further investments in France. EBITDA losses from operations in France and Croatia increased by MSEK 255 compared with Q2 2005, demonstrating that profitability in operations more than twelve months old is increasing. Comviq was responsible for most of the EBITDA improvement on the previous quarter, reporting an improvement of MSEK 104 and a stable EBITDA margin of 44%. The largest individual increase on the Q2 2005 figure came from Russia, which increased EBITDA by MSEK 109, in the face of very strong customer growth during the year, and reported an impressive increase of 156% in operating revenue. The number of customers in Russia has now reached 4.6 million, an increase of 136% on the previous year. Mobile ARPU for the group in Q2 2006 was SEK 119 (132).

Traditional fixed telephony revenues decreased by just over 8% compared with the previous quarter. This represents a lower sequential rate of decrease, compared with the previous quarter's rate of 9.4%. EBITDA fell by MSEK 225 to MSEK 643 compared with the previous quarter, giving an EBITDA margin of 10%. The number of customers fell by 701,000, with almost half of this number attributable to the Southern Europe market area.

Broadband resale revenues increased by over 3% compared with the previous quarter and the number of customers rose by 74,000 to 1,050,000. EBITDA fell by MSEK 6, compared to the previous quarter, to MSEK -303.

Direct access & LLUB revenues increased by just under 7% compared with the previous quarter and the number of customers rose by 57,000 to 630,000. EBITDA improved on the previous quarter by MSEK 31 to MSEK -33.

Operating revenue

Operating revenue amounted to MSEK 13,482 (12,043), an increase of 11.9% including, and 10.7% excluding, exchange differences.

Growth in **Baltic & Russia** increased for the fifth consecutive quarter, reaching 57% in the second quarter, with Russia again the prime driver. The increase without Russia was 28%.

Nordic grew by 2% compared with the previous year. Mobile telephony in Norway and Denmark continued to show strong growth, with a year on year increase of close to 50%. Operating revenue in Sweden fell by just under 2%.

Central Europe reported revenue growth of 1%, while **Southern Europe** increased revenues by 5% (including acquisitions). Southern Europe fixed telephony revenues fell by MSEK 169 compared with the previous quarter. This was partly offset by increases of MSEK 77 in mobile telephony and MSEK 60 in broadband. The full effect of the LLUB drive in France will not make itself felt until the end of the third quarter.

UK & Benelux increased revenues by 37% (including acquisitions). Fixed telephony revenues fell by MSEK 153 compared with the previous quarter, while broadband and mobile telephony rose by MSEK 34.

Customer intake

Net customer intake (not including disposals) amounted to 416,000, compared with 477,000 in the previous quarter and 722,000 in Q2 2005. Mobile intake was 986,000, compared with 666,000 in Q2 2005. Broadband resale customer numbers rose to 74,000 compared to the Q2 2005 figure of 39,000, and direct access & LLUB customers rose to 57,000, compared with 12,000. Fixed telephony customers fell by 701,000 compared with an increase of 5,000 in Q2 2005.

Tele2 experienced a high demand for its broadband products but held back in taking on new broadband customers during the quarter. This was partly due to a large backlog from Q1 2006, which Tele2 thought would disappear more rapidly, as well as the inability of the incumbents to process orders as fast as the company would have liked. This caused a slow down in new broadband sales, in order to catch up, as well as an increase in churn. Tele2 anticipates this situation improving during the remainder of the year, due to improvements in its forecasting and in the incumbents provisioning process. Consequently, the broadband customer intake will accelerate from its current levels in the coming quarters.

The Group's **gross customer intake** was somewhat lower than in Q1 2006. The reduction is attributable to indirect access, particularly fixed telephony, which had a greater reduction in gross customer intake than in net customer intake, but also to broadband resale which experienced a decline in customer intake. Gross customer intake increased within mobile telephony and direct access & LLUB. Customer churn was stable within mobile telephony and somewhat higher in direct access & LLUB.

ARPU

Group ARPU, excluding Other operations, amounted to SEK 140, compared with SEK 141 in Q2 2005 and SEK 139 in Q1 2006. Mobile ARPU was SEK 119 (132), fixed telephony resale ARPU SEK 133 (138), broadband resale ARPU SEK 212 (208) and direct access & LLUB ARPU was SEK 648 (470) in the quarter.

Earnings

Group EBITDA amounted to MSEK 1,397, compared with MSEK 1,375 the previous quarter and MSEK 1,689 in Q2 2005. The Group's earnings include restructuring costs of MSEK 57 attributable to Versatel and a gain of MSEK 52 from the sale of the operations in the Czech Republic.

Nordic reported EBITDA of MSEK 904, compared with MSEK 956 in Q2 2005. Swedish mobile telephony achieved an EBITDA margin of 44% (45%) and EBITDA of MSEK 786, compared with MSEK 797 in Q2 2005. The capacity payment to Svenska UMTS-nät amounted to MSEK 51. Swedish fixed telephony reported EBITDA of MSEK 74 compared with MSEK 104 in Q2 2005. With an increased part of fixed telephony customers on a fixed price plan, the margin varies depending on minute usage. In addition, Tele2 Sweden had temporarily somewhat higher sales and consulting costs in the quarter.

UK & Benelux reported EBITDA of MSEK 107, compared with MSEK 26 in Q2 2005. MSEK 56 of this MSEK 81 improvement is attributable to the impact of the previous year's earnings in the divested UK and Ireland operations. Earnings for the quarter were negatively affected by integration costs of MSEK 57 attributable to Versatel.

Central Europe reported EBITDA of MSEK 211, including a capital gain of MSEK 52 from the sale of Tele2's Czech operations, compared with MSEK 155 in Q2 2005.

Baltic & Russia reported EBITDA of MSEK 322, compared with MSEK 270 in Q2 2005. Russia's contribution to the improvement was MSEK 112, with an EBITDA margin of 13%, compared with minus 18% in Q2 2005. Market investments in Croatia, following the launch in October 2005, continued, with a negative earnings effect of MSEK 108 during the quarter.

Southern Europe reported a loss of MSEK 150, compared with a profit of MSEK 272 in Q2 2005. The continuing mobile investments in France had a negative impact of MSEK 186 on earnings, compared with a negative impact of MSEK 23 in Q2 2005.

EBIT was MSEK 420, compared with MSEK 1,100 in Q2 2005. In accordance with IFRS, a portion of the purchase consideration for acquired companies has been allocated to customer contracts. These are amortized over 4 years, increasing amortization by MSEK 154, with MSEK 123 of this figure attributable to the acquisitions of Versatel and Comunitel.

Profit before tax amounted to MSEK 314 (967).

Profit for the period amounted to MSEK 246 (676).

Cash flow and CAPEX

Cash flow stated as **EBITDA less CAPEX** amounted to MSEK 23 (828). Current investments (Capex) amounted to MSEK 1,374 (861).

Changes in working capital reported in the cash flow statement amounted to MSEK -170 (-218).

Financial comments on the coming quarters

The following points should be taken into consideration when estimating financial results for the coming quarters.

Tele2 plans to continue its investments in broadband and mobile and we expect this strategy to be reflected in the customer intake pattern. In other words, broadband and mobile customers will continue to increase, while numbers of fixed telephony customers will continue to fall.

Our previous estimate of a full-year EBITDA in the range SEK 5.5–6.0 billion and a full-year Capex of SEK 5.5–6.0 billion remains unchanged. However, developments in fixed telephony now appear less clear-cut, as the continuing high rate of customer loss indicates that the fixed telephony CPS business is in structural decline. Therefore, the increase in operating revenue on a full-year basis is likely to be lower than the 16% previously indicated. We now expect an increase of between 11% and 14%. We remain confident that profit levels will be significantly higher in 2007, assuming a normalized growth rate. Short and medium term earnings development will be much more dependent on the extent of Tele2's marketing investments in broadband and mobile telephony, rather than the performance of fixed telephony.

Our estimate of annual synergies of approximately MEUR 65 generated from the acquisitions of Versatel and Comunitel, after a two year integration period, remains.

Operational review by market area

- Swedish mobile operations produced a stable EBITDA margin of 44%
- Strong customer intake and revenue growth in mobile telephony in Norway and Denmark
- Successful quarter for Tele2's corporate division in Sweden with a number of large contracts

NORDIC

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	3,862	3,792	+2%
EBITDA, MSEK	904	956	-5%
EBIT, MSEK	660	715	-8%

The market area Nordic encompasses operations in Sweden, Norway and Denmark.

Monthly average revenue per user (ARPU) for the market area Nordic was SEK 208 (202) in Q2 2006.

The mobile operations in **Sweden** reported 3,494,000 (3,523,000) customers at June 30, 2006, with a net positive intake of postpaid customers and a negative intake of prepaid customers. ARPU for mobile telephony in Sweden, including both postpaid and prepaid customers, was SEK 166 (165) in Q2 2006, and mobile minutes of usage (MOU) were 137 (118).

Sweden reported a stable mobile EBITDA margin of 44% (45%) as the cost of sales remained at a low level. Q2 was a successful quarter for Tele2's corporate division with a number of new large contracts won for fixed and mobile telephony including Stockholm County Council, Stockholm City, Stena Line and Volvo.

In Sweden, Tele2 launched its first broadband services on its own network in June and strengthened its broadband position with the announced acquisition of 75.1% of E.ON Bredband in Southern Sweden on June 30. E.ON is well positioned in the broadband market in Southern Sweden with a number of significant public and business customers. Its network is capable of providing high speed broadband services and triple play services to more than 500,000 customers.

Revenue from mobile telephony in **Norway** and **Denmark** grew by close to 50% in Q2 2006, with continued strong customer intake.

- Strong customer intake and profitability improvement in Russia with an EBITDA margin of 13%
- Baltic region reached 3 million subscribers during the quarter
- Continued good growth in Croatian operations

BALTIC & RUSSIA

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	1,545	984	+57%
EBITDA, MSEK	322	270	+19%
EBIT, MSEK	190	170	+12%

The market area Baltic & Russia encompasses operations in Estonia, Latvia, Lithuania, Russia and Croatia.

ARPU for Baltic & Russia was SEK 68 (76) in Q2 2006.

The market area produced another quarter of strong growth, particularly in **Russia**, where operating revenue increased by 156% to MSEK 568 (222) with 715,000 new customers during the quarter. Russia's profitability improved significantly, with EBITDA increasing by MSEK 112 versus Q2 2005, to MSEK 73 (-39), corresponding to an EBITDA margin of 13% (-18%). ARPU for Russia was SEK 44 (42) in Q2 2006.

Tele2 reached 3 million customers in the Baltic countries, with **Estonia** reaching 500,000 customers and **Latvia** one million during the quarter.

- Maintained strong position as number one CPS operator in Germany
- Tele2 strengthens its broadband position in Germany with the joint venture with QSC in July
- Tele2 divested its operations in the Czech Republic

CENTRAL EUROPE

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	2,005	1,990	+1%
EBITDA, MSEK	211	155	+36%
EBIT, MSEK	107	30	+257%

The market area Central Europe encompasses operations in Germany, Austria, Poland and Hungary. The Czech Republic operations were divested during the quarter.

ARPU for Central Europe was SEK 103 (103), in Q2 2006.

Tele2 **Germany** in Q2, despite aggressive win back efforts by the incumbent and intense competition from DSL providers and mobile operators, maintained its strong position as the number one carrier pre-select (CPS) operator. In the broadband market, Tele2 has expanded its position but has been hindered by discriminatory wholesale pricing by the incumbent, which the regulatory authorities condemned at the end of May.

In early July, Tele2 and QSC signed an agreement to create a joint venture company, Plusnet, which will allow Tele2 to leverage off its existing fixed line customer base in Germany and offer broadband and telephony services at attractive prices. Tele2's investment of EUR 50 million is less than half of that which would have been required to build a similar network from scratch. This agreement will also enable Tele2 to make considerable OPEX savings of around EUR 10 million per year from 2007. Tele2 envisages launching its LLUB offer in Germany at the end of 2006. The creation of Plusnet also enables Tele2 to launch a LLUB offer approximately 12-18 months faster than would otherwise have been possible.

Tele2 sold its operations in the **Czech Republic** in the quarter, due to a poor regulatory environment, resulting in a capital gain of MSEK 52.

- More than 300,000 mobile customers in total in France
- Over 75% of planned broadband build-out in Italy completed, with services well received
- Wholesale line rental introduced in Portugal

SOUTHERN EUROPE

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	3,694	3,516	+5%
EBITDA, MSEK	-150	272	
EBIT, MSEK	-281	229	

The market area Southern Europe encompasses operations in France, Italy, Spain, Switzerland and Portugal.

ARPU for Southern Europe was SEK 144 (140), in Q2 2006.

Tele2's reached 300,000 mobile customers in **France** in the quarter, confirming its position as the leading French MVNO operator. In June, Tele2 launched its first triple play offering in France, initially targeting Tele2's existing customer base and it has received a good response.

In **Italy**, Tele2 has built out more than 75% of the planned broadband network and expects to complete the rollout of ADSL and LLUB by year-end.

Tele2 continues to build out its broadband network in **Spain** and plans to expand the network coverage to 60% of households and 70% of SME's, in the coming two quarters.

Tele2 continued its broadband build-out in **Portugal** and plans to launch broadband services during the autumn. In May, Tele2 started to resell the line rental in Portugal, allowing customers to receive one invoice for line subscription and traffic.

- Successful migration from CPS to dual and triple play products in Belgium and the Netherlands
- Increase in mobile revenues and number of customers in the Netherlands driven by migration from prepaid to postpaid

UK & BENELUX

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	2,218	1,621	+37%
EBITDA, MSEK	107	26	+312%
EBIT, MSEK	-246	-42	

The market area UK & Benelux encompasses operations in the Netherlands, Luxembourg, Liechtenstein, Belgium, C³ and Alpha Telecom.

ARPU for UK & Benelux was SEK 257 (192), for Q2 2006.

Tele2 has continued to migrate customers from CPS to dual and triple play products, and to attract new customers with the successful Tele2 All In and Tele2 Compleet products in **the Netherlands** and **Belgium**. In the Netherlands, dual play customers have also successfully converted to the triple play package. The build out of Tele2's broadband network in Belgium is progressing according to plan.

In the Netherlands, mobile telephony shows an increase in both revenue and number of customers, compared to Q2 2005. One driver is customer migration from prepaid to postpaid products.

In **Luxembourg**, Tele2's mobile operation grew revenues by double digits, driven by customer intake as well as higher ARPU levels.

SERVICES

	Q2 2006	Q2 2005	Change
Operating revenue, MSEK	158	140	+13%
EBITDA, MSEK	3	10	-70%
EBIT, MSEK	-10	-2	

The market area Services encompasses 3C, Datamatrix, Procure!Tright, Radio Components and UNI2 operations, where a number of these are operating in several countries.

Other items

CONFERENCE CALL DETAILS

A conference call to discuss the results will be held at 16.00 (CET) / 15.00 (UK time) / 10.00 am (New York time), on August 1, 2006. The dial-in number is: +44 (0)20 7365 1828 or US: +1 718 354 1158. Please dial in 10 minutes prior to the start of the conference call to allow time for registration. A recording of the conference call will be available for 10 days after the call on: +44 (0)20 7806 1970 or US: +1 718 354 1112 with access code 4328493#. The conference call will be web-cast on Tele2's website www.tele2.com, along with the presentation material.

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Acquisitions

On June 30, Tele2 announced that it had acquired 75.1% of E.ON Bredband Sverige AB from E.ON. The acquisition price amounted to MSEK 409 plus net debt of approximately MSEK 90. E.ON is well positioned in the broadband market in Southern Sweden with a number of significant public and business customers. Its network is capable of providing high speed broadband services and triple play services to more than 500,000 customers. Synergies are expected to reach some MSEK 25 per year, one year after the acquisition. Integration costs will be in the region of MSEK 35, spread over the next two years.

On February 23, 2006, Tele2 announced that it had increased its share holding in five of its Russian operations. The operations in Belgorod, Smolensk, Lipetsk and St Petersburg are, after these transactions, fully owned, and the holding in Omsk was 70%. The total purchase price was MSEK 52. On June 13, 2006, Tele2 acquired the remaining 30% minority stake in Siberian Cellular Communications in the Russian region of Omsk, for MSEK 266, of which MSEK 61 has a cash flow effect and the remaining part is a loan from the seller.

Please refer to Note 5 for additional information regarding acquisitions.

Divestments

On June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for MSEK 37. Tele2 Czech has affected Tele2's operating revenue in Q2 2006 by MSEK 46 (68) and EBITDA by MSEK 4 (-4) in addition to the capital gain recorded of MSEK 52.

Please refer to Note 5 for additional information regarding divestments.

Acquisitions after closing day

On July 18, 2006, Tele2 announced that it had acquired 100% of four Russian GSM operators in north-west of Russia for approximately MSEK 260 on a debt free basis.

Parent company

The parent company, Tele2 AB, reported at June 30, 2006 operating revenue of MSEK 20 (11), profit before tax of MSEK 365 (133) and cash and cash equivalents of MSEK 19 compared to MSEK 63 at December 31, 2005.

Tele2, in Q2 2006, paid a dividend of SEK 1.75 per share, corresponding to a total of MSEK 777.

During the quarter, 8,193,444 class A shares were reclassified into class B shares in accordance with the resolution passed at the Annual General Meeting on May 10, 2006. (See Note 4)

Events post June 30, 2006

On July 10, Tele2 announced that it had signed an agreement with QSC to create a joint-venture company "Plusnet", which has a substantial unbundled local loop (LLUB) broadband in Germany. Tele2 will invest EUR 50 million in the joint venture to finance its expansion. Plusnet is jointly controlled by both parties, with ownership split 32.5% for Tele2 and 67.5% for QSC.

Company disclosure

Tele2 will release the financial and operating result for the period ended September 30, 2006 on November 1, 2006.

Stockholm, August 1, 2006

Lars-Johan Jarnheimer
President and CEO, Tele2 AB

Report on review of interim financial information

We have reviewed the interim report for the period January 1 to June 30, 2006, for Tele2 AB (publ). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at June 30, 2006, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34.

Stockholm, August 1, 2006
Deloitte AB

Jan Bertsson
Authorized Public Accountant

Income statement

MSEK	Note	2006	2005	2005	2006	2005
		Jan 1 – Jun 30	Jan 1 – Jun 30	Full year	Q2	Q2
Operating revenue		26,935	23,622	49,943	13,482	12,043
Operating expenses		-26,120	-21,669	-46,524	-13,091	-10,942
Other operating revenues	3	81	46	231	70	24
Other operating expenses		-30	-14	-40	-18	-4
Result from shares in associated companies and joint ventures		-71	-57	-100	-23	-21
Operating profit, EBIT		795	1,928	3,510	420	1,100
Net interest expenses		-233	-66	-197	-111	-26
Other financial items		2	-136	-186	5	-107
Profit after financial items, EBT		564	1,726	3,127	314	967
Taxes		-88	-567	-786	-68	-291
NET PROFIT		476	1,159	2,341	246	676
ATTRIBUTABLE TO						
Equity holders of the parent company		555	1,159	2,347	292	676
Minority interest		-79	-	-6	-46	-
NET PROFIT		476	1,159	2,341	246	676
Earnings per share (SEK)		1.25	2.62	5.30	0.66	1.53
Earnings per share, after dilution (SEK)		1.25	2.61	5.29	0.66	1.52
Number of shares, basic	4	444,200,018	442,680,525	443,652,832		
Number of shares, weighted average	4	444,011,392	442,680,525	442,842,576		
Number of shares after dilution	4	444,404,883	443,238,146	443,980,845		
Number of shares after dilution, weighted average	4	444,267,261	443,238,146	443,391,246		

Balance sheet

MSEK	Jun 30, 2006	Dec 31, 2005
ASSETS		
FIXED ASSETS		
Intangible assets	30,310	31,079
Tangible assets	14,992	14,282
Financial assets	430	506
Deferred tax assets	5,369	5,281
Total fixed assets	51,101	51,148
CURRENT ASSETS		
Materials and supplies	523	516
Current receivables	12,875	12,640
Cash and cash equivalents	3,710	3,979
Total current assets	17,108	17,135
TOTAL ASSETS	68,209	68,283
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Attributable to equity holders of the parent company	33,827	34,965
Minority interests	293	403
Total shareholders' equity	34,120	35,368
LONG-TERM LIABILITIES		
Interest-bearing liabilities	10,596	9,549
Non-interest-bearing liabilities	1,659	1,873
Total long-term liabilities	12,255	11,422
SHORT-TERM LIABILITIES		
Interest-bearing liabilities	6,695	6,276
Non-interest-bearing liabilities	15,139	15,217
Total short-term liabilities	21,834	21,493
TOTAL EQUITY AND LIABILITIES	68,209	68,283

Cash Flow Statement

MSEK	Note	2006	2005	2005	2006	2006	2005	2005	2005	2005
		Jan 1– Jun 30	Jan 1– Jun 30	Full year	Q2	Q1	Q4	Q3	Q2	Q1
OPERATING ACTIVITIES										
Cash flow from operations		2,420	2,709	5,659	1,161	1,259	1,315	1,635	1,361	1,348
Change in working capital		-747	-99	-172	-170	-577	-362	289	-218	119
Cash flow from operating activities		1,673	2,610	5,487	991	682	953	1,924	1,143	1,467
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX		-2,678	-1,485	-3,640	-1,374	-1,304	-1,441	-714	-861	-624
Cash flow after CAPEX		-1,005	1,125	1,847	-383	-622	-488	1,210	282	843
Acquisition of shares and participations	5	-121	-116	-7,720	-65	-56	-5,295	-2,309	-14	-102
Sale of shares and participations	5	36	22	170	36	-	130	18	-	22
Change of long-term receivables		3	13	14	4	-1	-	1	-3	16
Cash flow after investing activities		-1,087	1,044	-5,689	-408	-679	-5,653	-1,080	265	779
FINANCING ACTIVITIES										
Financing activities		942	-957	7,395	217	725	6,803	1,549	-576	-381
Net change in cash and cash equivalents		-145	87	1,706	-191	46	1,150	469	-311	398
Cash and cash equivalents at beginning of period		3,979	2,148	2,148	3,990	3,979	2,825	2,404	2,594	2,148
Exchange rate differences in cash		-124	169	125	-89	-35	4	-48	121	48
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD*		3,710	2,404	3,979	3,710	3,990	3,979	2,825	2,404	2,594
<i>* of which restricted funds</i>		<i>1,433</i>	<i>418</i>	<i>892</i>	<i>1,433</i>	<i>1,021</i>	<i>892</i>	<i>421</i>	<i>418</i>	<i>387</i>

Change of shareholders' equity

MSEK	Note	Jun 30, 2006			Jun 30, 2005			Dec 31, 2005		
		Attributable to			Attributable to			Attributable to		
		equity holders of the parent company	minority interests	Total equity	equity holders of the parent company	minority interests	Total equity	equity holders of the parent company	minority interests	Total equity
Equity, January 1		34,965	403	35,368	32,898	2	32,900	32,898	2	32,900
Exchange rate difference		-958	-16	-974	1,779	1	1,780	1,836	-1	1,835
Profit for the period		555	-79	476	1,159	-	1,159	2,347	-6	2,341
New share issue	4	34	-	34	-	-	-	59	-	59
Issue of warrants	4	8	-	8	-	-	-	-	-	-
Dividend and redemption	4	-777	-	-777	-2,213	-	-2,213	-2,213	-	-2,213
Minority's share in acquired companies		-	-	-	-	-	-	-	408	408
Shareholders contribution from minority		-	-	-	38	-	38	38	-	38
Purchase of minority		-	-15	-15	-	-	-	-	-	-
EQUITY, END OF PERIOD		33,827	293	34,120	33,661	3	33,664	34,965	403	35,368

Number of customers

Thousands	Note	Number of customers			Net intake					
		2006 Jun 30	2005 Jun 30	Change	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
NORDIC										
Mobile telephony		4,157	3,958	5%	44	21	73	61	88	60
Indirect access		1,791	2,688	-33%	-70	-73	-79	-59	-63	-52
<i>of which fixed telephony resale</i>		1,638	2,597	-37%	-75	-80	-87	-70	-63	-76
<i>of which broadband resale</i>		153	91	68%	5	7	8	11	-	24
Direct access & LLUB		267	250	7%	8	5	3	1	8	-8
		6,215	6,896	-10%	-18	-47	-3	3	33	-
BALTIC & RUSSIA										
Mobile telephony		7,902	4,436	78%	847	795	1,063	759	509	309
Indirect access		50	79	-37%	-7	-13	-14	6	11	1
<i>of which fixed telephony resale</i>		50	79	-37%	-7	-13	-14	6	11	1
Direct access & LLUB		29	25	16%	-	1	3	-	1	1
		7,981	4,540	76%	840	783	1,052	765	521	311
CENTRAL EUROPE										
Mobile telephony		185	117	58%	5	14	34	15	5	14
Indirect access		5,625	6,322	-11%	-125	-115	95	173	204	341
<i>of which fixed telephony resale</i>		5,533	6,260	-12%	-141	-139	88	190	198	339
<i>of which broadband resale</i>		92	62	48%	16	24	7	-17	6	2
Direct access & LLUB		46	26	77%	-3	6	-10	28	3	5
		5,856	6,465	-9%	-123	-95	119	216	212	360
SOUTHERN EUROPE										
Mobile telephony		331	43	670%	105	71	71	41	3	-
Indirect access		7,752	8,645	-10%	-285	-162	-10	-207	8	168
<i>of which fixed telephony resale</i>		7,071	8,190	-14%	-339	-237	-66	-226	-22	146
<i>of which broadband resale</i>		681	455	50%	54	75	56	19	30	22
Direct access & LLUB		65	-	-	21	19	4	-	-	-
		8,148	8,688	-6%	-159	-72	65	-166	11	168
UK & BENELUX										
Mobile telephony		847	800	6%	-15	8	40	9	61	46
Indirect access		1,464	2,028	-28%	-140	-114	-131	-117	-116	-60
<i>of which fixed telephony resale</i>		1,340	2,025	-34%	-139	-116	-141	-137	-119	-60
<i>of which broadband resale</i>		124	3	4,033%	-1	2	10	20	3	-
Direct access & LLUB		223	-	-	31	14	14	-	-	-
		2,534	2,828	-10%	-124	-92	-77	-108	-55	-14
NET CUSTOMER INTAKE					416	477	1,156	710	722	825
Acquired companies					-	-	436	209	-	76
Divested companies					-411	-	-274	-	-	-
Changed method of calculation ⁶					-	-	-1,402	-	-	-
TOTAL NUMBER OF CUSTOMERS		30,734	29,417	4%	5	477	-84	919	722	901
BY BUSINESS AREA										
Mobile telephony		13,422	9,354	43%	986	909	1,281	885	666	429
<i>of which prepaid</i>		10,287	6,968	48%	785	764	1,032	738	559	337
Indirect access		16,682	19,762	-16%	-627	-477	-139	-204	44	398
<i>of which fixed telephony resale</i>		15,632	19,151	-18%	-701	-585	-220	-237	5	350
<i>of which broadband resale</i>		1,050	611	72%	74	108	81	33	39	48
Direct access & LLUB		630	301	109%	57	45	14	29	12	-2
Acquired companies					-	-	436	209	-	76
Divested companies					-411	-	-274	-	-	-
Changed method of calculation ⁶					-	-	-1,402	-	-	-
TOTAL NUMBER OF CUSTOMERS		30,734	29,417	4%	5	477	-84	919	722	901

Operating revenue

MSEK	Note	2006	2005	2006	2006	2005	2005	2005	2005
		Jan 1– Jun 30	Jan 1– Jun 30	Q2	Q1	Q4	Q3	Q2	Q1
NORDIC									
Mobile telephony		4,512	4,059	2,405	2,107	2,235	2,267	2,188	1,871
Indirect access		2,634	2,732	1,286	1,348	1,417	1,452	1,407	1,325
<i>of which fixed telephony resale</i>		2,343	2,504	1,139	1,204	1,280	1,314	1,285	1,219
<i>of which broadband resale</i>		291	228	147	144	137	138	122	106
Direct access & LLUB		492	511	249	243	254	240	262	249
Other operations		333	342	164	169	171	175	173	169
Non-recurring item	1	–	–	–	–	–	134	–	–
Adjustments for internal sales		-411	-449	-242	-169	-204	-262	-238	-211
		7,560	7,195	3,862	3,698	3,873	4,006	3,792	3,403
BALTIC & RUSSIA									
Mobile telephony		2,836	1,773	1,533	1,303	1,253	1,100	955	818
Indirect access		21	32	10	11	24	23	18	14
<i>of which fixed telephony resale</i>		21	32	10	11	24	23	18	14
Direct access & LLUB		8	14	4	4	7	6	7	7
Other operations		19	17	11	8	9	10	9	8
Adjustments for internal sales		-23	-8	-13	-10	-16	-10	-5	-3
		2,861	1,828	1,545	1,316	1,277	1,129	984	844
CENTRAL EUROPE									
Mobile telephony		89	80	40	49	58	46	42	38
Indirect access		3,470	3,312	1,633	1,837	1,853	1,744	1,677	1,635
<i>of which fixed telephony resale</i>		3,332	3,252	1,566	1,766	1,801	1,708	1,646	1,606
<i>of which broadband resale</i>		138	60	67	71	52	36	31	29
Direct access & LLUB		392	328	199	193	182	188	156	172
Other operations		533	529	249	284	308	309	241	288
Adjustments for internal sales		-257	-251	-116	-141	-156	-152	-126	-125
		4,227	3,998	2,005	2,222	2,245	2,135	1,990	2,008
SOUTHERN EUROPE									
Mobile telephony		325	15	201	124	68	22	8	7
Indirect access		6,515	6,990	3,184	3,331	3,530	3,280	3,471	3,519
<i>of which fixed telephony resale</i>		5,791	6,550	2,811	2,980	3,211	3,012	3,236	3,314
<i>of which broadband resale</i>		724	440	373	351	319	268	235	205
Direct access & LLUB		294	–	166	128	105	–	–	–
Other operations		674	380	328	346	322	222	196	184
Adjustments for internal sales		-356	-313	-185	-171	-191	-172	-159	-154
		7,452	7,072	3,694	3,758	3,834	3,352	3,516	3,556
UK & BENELUX									
Mobile telephony		920	765	465	455	480	451	409	356
Indirect access		2,247	2,640	1,047	1,200	1,573	1,305	1,349	1,291
<i>of which fixed telephony resale</i>		2,093	2,639	970	1,123	1,496	1,302	1,348	1,291
<i>of which broadband resale</i>		154	1	77	77	77	3	1	–
Direct access & LLUB		1,084	–	554	530	496	–	–	–
Other operations		790	159	396	394	267	34	31	128
Adjustments for internal sales		-508	-311	-244	-264	-285	-168	-168	-143
		4,533	3,253	2,218	2,315	2,531	1,622	1,621	1,632
SERVICES									
Indirect access		6	11	2	4	12	5	5	6
<i>of which fixed telephony resale</i>		6	11	2	4	12	5	5	6
Direct access & LLUB		–	1	–	–	1	2	–	1
Other operations		447	389	224	223	254	205	199	190
Adjustments for internal sales		-151	-125	-68	-83	-87	-75	-64	-61
		302	276	158	144	180	137	140	136
TOTAL OPERATING REVENUE		26,935	23,622	13,482	13,453	13,940	12,381	12,043	11,579
BY BUSINESS AREA									
Mobile telephony		8,682	6,692	4,644	4,038	4,094	3,886	3,602	3,090
Indirect access		14,893	15,717	7,162	7,731	8,409	7,809	7,927	7,790
<i>of which fixed telephony resale</i>		13,586	14,988	6,498	7,088	7,824	7,364	7,538	7,450
<i>of which broadband resale</i>		1,307	729	664	643	585	445	389	340
Direct access & LLUB		2,270	854	1,172	1,098	1,045	436	425	429
Other operations		2,796	1,816	1,372	1,424	1,331	955	849	967
Non-recurring item	1	–	–	–	–	–	134	–	–
Adjustments for internal sales		-1,706	-1,457	-868	-838	-939	-839	-760	-697
TOTAL OPERATING REVENUE		26,935	23,622	13,482	13,453	13,940	12,381	12,043	11,579

EBITDA

MSEK	Note	2006	2005	2006	2006	2005	2005	2005	2005
		Jan 1– Jun 30	Jan 1– Jan 30	Q2	Q1	Q4	Q3	Q2	Q1
NORDIC									
Mobile telephony		1,467	1,402	792	675	692	839	772	630
Indirect access		250	216	97	153	202	211	135	81
<i>of which fixed telephony resale</i>		295	273	115	180	222	228	164	109
<i>of which broadband resale</i>		-45	-57	-18	-27	-20	-17	-29	-28
Direct access & LLUB		29	32	6	23	-	43	33	-1
Other operations		27	32	9	18	32	31	16	16
Non-recurring item	1	-	-	-	-	-	134	-	-
		1,773	1,682	904	869	926	1,258	956	726
BALTIC & RUSSIA									
Mobile telephony		531	503	316	215	145	291	278	225
Indirect access		5	-10	5	-	-6	-7	-7	-3
<i>of which fixed telephony resale</i>		5	-10	5	-	-6	-7	-7	-3
Direct access & LLUB		1	2	-	1	6	2	-	2
Other operations		2	-1	1	1	-	-	-1	-
		539	494	322	217	145	286	270	224
CENTRAL EUROPE									
Mobile telephony		-25	-26	-11	-14	-45	-2	-10	-16
Indirect access		344	243	129	215	200	147	143	100
<i>of which fixed telephony resale</i>		476	242	204	272	223	142	142	100
<i>of which broadband resale</i>		-132	1	-75	-57	-23	5	1	-
Direct access & LLUB		-13	-4	3	-16	-9	7	-3	-1
Other operations		65	28	38	27	20	36	25	3
Non-recurring item	3	52	-	52	-	-	-	-	-
		423	241	211	212	166	188	155	86
SOUTHERN EUROPE									
Mobile telephony		-418	-41	-233	-185	-200	-110	-32	-9
Indirect access		252	644	110	142	239	292	297	347
<i>of which fixed telephony resale</i>		633	936	287	346	462	418	452	484
<i>of which broadband resale</i>		-381	-292	-177	-204	-223	-126	-155	-137
Direct access & LLUB		-79	-	-42	-37	16	-	-	-
Other operations		42	18	15	27	28	10	7	11
		-203	621	-150	-53	83	192	272	349
UK & BENELUX									
Mobile telephony		144	37	89	55	47	98	25	12
Indirect access		66	9	1	65	3	-9	5	4
<i>of which fixed telephony resale</i>		108	22	34	74	57	20	18	4
<i>of which broadband resale</i>		-42	-13	-33	-9	-54	-29	-13	-
Direct access & LLUB		-35	-	-	-35	60	-	-	-
Other operations		54	-1	17	37	24	-4	-4	3
Non-recurring items	2, 3	-	-	-	-	137	-161	-	-
		229	45	107	122	271	-76	26	19
SERVICES									
Indirect access		-6	-2	-2	-4	2	-	-2	-
<i>of which fixed telephony resale</i>		-6	-2	-2	-4	2	-	-2	-
Direct access & LLUB		-	1	-	-	-	-	1	-
Other operations		17	21	5	12	9	25	11	10
		11	20	3	8	11	25	10	10
TOTAL EBITDA		2,772	3,103	1,397	1,375	1,602	1,873	1,689	1,414
BY BUSINESS AREA									
Mobile telephony		1,699	1,875	953	746	639	1,116	1,033	842
Indirect access		911	1,100	340	571	640	634	571	529
<i>of which fixed telephony resale</i>		1,511	1,461	643	868	960	801	767	694
<i>of which broadband resale</i>		-600	-361	-303	-297	-320	-167	-196	-165
Direct access & LLUB		-97	31	-33	-64	73	52	31	-
Other operations		207	97	85	122	113	98	54	43
Non-recurring items	1, 2, 3	52	-	52	-	137	-27	-	-
TOTAL EBITDA		2,772	3,103	1,397	1,375	1,602	1,873	1,689	1,414
EBITDA MARGIN									
Nordic	1	23%	23%	23%	23%	24%	31%	25%	21%
Baltic & Russia		19%	27%	21%	16%	11%	25%	27%	27%
Central Europe	3	10%	6%	11%	10%	7%	9%	8%	4%
Southern Europe		-3%	9%	-4%	-1%	2%	6%	8%	10%
UK & Benelux	2, 3	5%	1%	5%	5%	11%	-5%	2%	1%
Services		4%	7%	2%	6%	6%	18%	7%	7%
TOTAL EBITDA MARGIN		10%	13%	10%	10%	11%	15%	14%	12%
Mobile telephony		20%	28%	21%	18%	16%	29%	29%	27%
Indirect access		6%	7%	5%	7%	8%	8%	7%	7%
<i>of which fixed telephony resale</i>		11%	10%	10%	12%	12%	11%	10%	9%
<i>of which broadband resale</i>		-46%	-50%	-46%	-46%	-55%	-38%	-50%	-49%
Direct access & LLUB		-4%	4%	-3%	-6%	7%	12%	7%	-
Other operations		7%	5%	6%	9%	8%	10%	6%	4%
TOTAL EBITDA MARGIN		10%	13%	10%	10%	11%	15%	14%	12%

EBIT

MSEK	Note	2006	2005	2006	2006	2005	2005	2005	2005
		Jan 1– Jun 30	Jan 1– Jun 30	Q2	Q1	Q4	Q3	Q2	Q1
NORDIC									
Mobile telephony		1,166	1,121	647	519	541	684	638	483
Indirect access		163	117	54	109	160	162	92	25
<i>of which fixed telephony resale</i>		216	182	77	139	182	183	125	57
<i>of which broadband resale</i>		-53	-65	-23	-30	-22	-21	-33	-32
Direct access & LLUB		-50	-64	-35	-15	-40	18	-18	-46
Other operations		-1	9	-6	5	22	20	3	6
Non-recurring item	1	-	-	-	-	-	134	-	-
		1,278	1,183	660	618	683	1,018	715	468
BALTIC & RUSSIA									
Mobile telephony		282	306	184	98	9	182	179	127
Indirect access		5	-11	5	-	-6	-7	-8	-3
<i>of which fixed telephony resale</i>		5	-11	5	-	-6	-7	-8	-3
Direct access & LLUB		-	1	-1	1	6	1	-	1
Other operations		2	-1	2	-	-	-	-1	-
		289	295	190	99	9	176	170	125
CENTRAL EUROPE									
Mobile telephony		-31	-32	-13	-18	-47	-3	-13	-19
Indirect access		253	122	85	168	129	101	76	46
<i>of which fixed telephony resale</i>		391	126	163	228	153	95	79	47
<i>of which broadband resale</i>		-138	-4	-78	-60	-24	6	-3	-1
Direct access & LLUB		-113	-99	-45	-68	-78	-52	-51	-48
Other operations		45	11	28	17	-1	29	18	-7
Non-recurring item	3	52	-	52	-	-	-	-	-
		206	2	107	99	3	75	30	-28
SOUTHERN EUROPE									
Mobile telephony		-420	-41	-234	-186	-201	-111	-32	-9
Indirect access		101	561	37	64	160	237	259	302
<i>of which fixed telephony resale</i>		490	854	216	274	385	362	415	439
<i>of which broadband resale</i>		-389	-293	-179	-210	-225	-125	-156	-137
Direct access & LLUB		-197	-5	-99	-98	-36	-17	-5	-
Other operations		42	18	15	27	27	10	7	11
		-474	533	-281	-193	-50	119	229	304
UK & BENELUX									
Mobile telephony		82	-26	58	24	14	59	-5	-21
Indirect access		-69	-53	-73	4	-72	-38	-33	-20
<i>of which fixed telephony resale</i>		13	-41	-6	19	2	-8	-21	-20
<i>of which broadband resale</i>		-82	-12	-67	-15	-74	-30	-12	-
Direct access & LLUB		-509	-	-223	-286	-134	-	-	-
Other operations		10	-2	-8	18	4	-5	-4	2
Non-recurring items	2, 3	-	-	-	-	-126	-161	-	-
		-486	-81	-246	-240	-314	-145	-42	-39
SERVICES									
Indirect access		-6	-2	-2	-4	1	-1	-1	-1
<i>of which fixed telephony resale</i>		-6	-2	-2	-4	1	-1	-1	-1
Other operations		-12	-2	-8	-4	-2	10	-1	-1
		-18	-4	-10	-8	-1	9	-2	-2
TOTAL EBIT		795	1,928	420	375	330	1,252	1,100	828
BY BUSINESS AREA									
Mobile telephony		1,079	1,328	642	437	316	811	767	561
Indirect access		447	734	106	341	372	454	385	349
<i>of which fixed telephony resale</i>		1,109	1,108	453	656	717	624	589	519
<i>of which broadband resale</i>		-662	-374	-347	-315	-345	-170	-204	-170
Direct access & LLUB		-869	-167	-403	-466	-282	-50	-74	-93
Other operations		86	33	23	63	50	64	22	11
Non-recurring items	1, 2, 3	52	-	52	-	-126	-27	-	-
TOTAL EBIT		795	1,928	420	375	330	1,252	1,100	828
EBIT MARGIN									
Nordic	1	17%	16%	17%	17%	18%	25%	19%	14%
Baltic & Russia		10%	16%	12%	8%	1%	16%	17%	15%
Central Europe	3	5%	0%	5%	4%	0%	4%	2%	-1%
Southern Europe		-6%	8%	-8%	-5%	-1%	4%	7%	9%
UK & Benelux	2, 3	-11%	-2%	-11%	-10%	-12%	-9%	-3%	-2%
Services		-6%	-1%	-6%	-6%	-1%	7%	-1%	-1%
TOTAL EBIT MARGIN		3%	8%	3%	3%	2%	10%	9%	7%
Mobile telephony		12%	20%	14%	11%	8%	21%	21%	18%
Indirect access		3%	5%	1%	4%	4%	6%	5%	4%
<i>of which fixed telephony resale</i>		8%	7%	7%	9%	9%	8%	8%	7%
<i>of which broadband resale</i>		-51%	-51%	-52%	-49%	-59%	-38%	-52%	-50%
Direct access & LLUB		-38%	-20%	-34%	-42%	-27%	-11%	-17%	-22%
Other operations		3%	2%	2%	4%	4%	7%	3%	1%
TOTAL EBIT MARGIN		3%	8%	3%	3%	2%	10%	9%	7%

Investments, CAPEX

	2006	2005	2006	2006	2005	2005	2005	2005
	Jan 1– Jun 30	Jan 1– Jun 30	Q2	Q1	Q4	Q3	Q2	Q1
MSEK								
MARKET AREAS								
Nordic	383	256	187	196	166	174	152	104
Baltic & Russia	1,299	716	687	612	435	388	291	425
Central Europe	129	95	104	25	125	52	57	38
Southern Europe	389	360	170	219	276	49	342	18
UK & Benelux	449	28	212	237	440	32	10	18
Services	29	30	14	15	-1	19	9	21
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX	2,678	1,485	1,374	1,304	1,441	714	861	624
BUSINESS AREAS								
Mobile telephony	1,519	883	802	717	452	472	383	500
Indirect access	318	176	162	156	191	142	93	83
<i>of which fixed telephony resale</i>	<i>232</i>	<i>172</i>	<i>107</i>	<i>125</i>	<i>164</i>	<i>137</i>	<i>90</i>	<i>82</i>
<i>of which broadband resale</i>	<i>86</i>	<i>4</i>	<i>55</i>	<i>31</i>	<i>27</i>	<i>5</i>	<i>3</i>	<i>1</i>
Direct access & LLUB	775	386	368	407	753	89	370	16
Other operations	66	40	42	24	45	11	15	25
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX	2,678	1,485	1,374	1,304	1,441	714	861	624

Russia

Thousands	Number of customers			Net intake					
	2006 Jun 30	2005 Jun 30	Change	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
Russia	4,627	1,959	136%	715	638	759	554	374	241

	2006	2005	2006	2006	2005	2005	2005	2005
	Jan 1– Jun 30	Jan 1– Jun 30	Q2	Q1	Q4	Q3	Q2	Q1
MSEK								
Operating revenue	1,016	390	568	448	379	289	222	168
EBITDA	95	-95	73	22	-46	-22	-39	-56
EBITDA margin	9%	-24%	13%	5%	-12%	-8%	-18%	-33%
EBIT	-21	-179	12	-33	-109	-71	-81	-98
EBIT margin	-2%	-46%	2%	-7%	-29%	-25%	-36%	-58%

Sweden*

Thousands	Note	Number of customers			Net intake					
		2006 Jun 30	2005 Jun 30	Change	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2	2005 Q1
TELE2 IN SWEDEN										
Mobile telephony		3,494	3,523	-1%	-13	-47	18	13	33	41
Indirect access		1,181	1,860	-37%	-34	-41	-35	-26	-22	-36
<i>of which fixed telephony resale</i>		1,138	1,831	-38%	-38	-44	-38	-30	-26	-41
<i>of which broadband resale</i>		43	29	48%	4	3	3	4	4	5
Direct access & LLUB		229	194	18%	4	2	-1	-1	-4	2
NET CUSTOMER INTAKE					-43	-86	-18	-14	7	7
Changed method of calculation	6				-	-	-512	-	-	-
TELE2 IN SWEDEN		4,904	5,577	-12%	-43	-86	-530	-14	7	7

MSEK	Note	2006	2005	2006	2006	2005	2005	2005	2005	
		Jan 1– Jun 30	Jan 1– Jun 30	Q2	Q1	Q4	Q3	Q2	Q1	
OPERATING REVENUE										
Mobile telephony	1	3,328	3,283	1,770	1,558	1,733	1,760	1,761	1,522	
Indirect access		1,409	1,376	694	715	741	779	723	653	
<i>of which fixed telephony resale</i>		1,346	1,334	662	684	716	755	701	633	
<i>of which broadband resale</i>		63	42	32	31	25	24	22	20	
Direct access & LLUB		387	414	193	194	200	200	211	203	
Other operations		333	342	164	169	171	175	173	169	
Non-recurring item	1	-	-	-	-	-	134	-	-	
TOTAL OPERATING REVENUE		5,457	5,415	2,821	2,636	2,845	3,048	2,868	2,547	
EBITDA										
Mobile telephony		1,468	1,429	786	682	755	850	797	632	
Indirect access		198	138	69	129	116	174	96	42	
<i>of which fixed telephony resale</i>		204	148	74	130	122	176	104	44	
<i>of which broadband resale</i>		-6	-10	-5	-1	-6	-2	-8	-2	
Direct access & LLUB		20	46	-2	22	-7	28	19	27	
Other operations		27	32	9	18	32	31	16	16	
Non-recurring item	1	-	-	-	-	-	134	-	-	
TOTAL EBITDA		1,713	1,645	862	851	896	1,217	928	717	
EBITDA MARGIN										
Mobile telephony		44%	44%	44%	44%	44%	48%	45%	42%	
Indirect access		14%	10%	10%	18%	16%	22%	13%	6%	
<i>of which fixed telephony resale</i>		15%	11%	11%	19%	17%	23%	15%	7%	
<i>of which broadband resale</i>		-10%	-24%	-16%	-3%	-24%	-8%	-36%	-10%	
Direct access & LLUB		5%	11%	-1%	11%	-4%	14%	9%	13%	
Other operations		8%	9%	5%	11%	19%	18%	9%	9%	
TOTAL EBITDA MARGIN		31%	30%	31%	32%	31%	40%	32%	28%	
EBIT										
Mobile telephony		1,172	1,159	643	529	619	719	668	491	
Indirect access		143	72	42	101	89	145	68	4	
<i>of which fixed telephony resale</i>		149	82	47	102	95	147	76	6	
<i>of which broadband resale</i>		-6	-10	-5	-1	-6	-2	-8	-2	
Direct access & LLUB		-54	-29	-41	-13	-43	-9	-20	-9	
Other operations		-	9	-5	5	22	20	3	6	
Non-recurring item	1	-	-	-	-	-	134	-	-	
TOTAL EBIT		1,261	1,211	639	622	687	1,009	719	492	
EBIT MARGIN										
Mobile telephony		35%	35%	36%	34%	36%	41%	38%	32%	
Indirect access		10%	5%	6%	14%	12%	19%	9%	1%	
<i>of which fixed telephony resale</i>		11%	6%	7%	15%	13%	19%	11%	1%	
<i>of which broadband resale</i>		-10%	-24%	-16%	-3%	-24%	-8%	-36%	-10%	
Direct access & LLUB		-14%	-7%	-21%	-7%	-22%	-5%	-9%	-4%	
Other operations		0%	3%	-3%	3%	13%	11%	2%	4%	
TOTAL EBIT MARGIN		23%	22%	23%	24%	24%	33%	25%	19%	

*Tele2 Sverige AB, Optimal Telecom AB, Tele2 Vision AB and result from shares in the joint venture Svenska UMTS-nät AB.

Key ratios

MSEK	2006	2005	2005	2004
	Jan 1–Jun 30	Jan 1–Jun 30		
Operating revenue	26,935	23,622	49,943	43,033
Number of customers, in thousands	30,734	29,417	30,252	27,794
EBITDA	2,772	3,103	6,578	6,629
EBIT	795	1,928	3,510	4,318
EBT	564	1,726	3,127	4,207
Net profit	476	1,159	2,341	3,428
Shareholders' equity	34,120	33,664	35,368	32,900
Shareholders' equity after dilution	34,136	33,698	35,401	32,965
Total assets	68,209	52,850	68,283	49,865
Cash flow from operating activities	1,673	2,610	5,487	5,876
Cash flow after CAPEX	-1,005	1,125	1,847	4,314
Available liquidity	8,249	3,885	8,941	5,113
Net borrowing	13,544	4,143	11,831	2,823
Investments in intangible and tangible assets, CAPEX	2,678	1,485	3,640	1,562
Investments in shares and long-term receivables	288	112	7,567	1,756
KEY RATIO				
Equity/assets ratio, %	50	64	52	66
Debt/equity ratio, multiple	0.40	0.12	0.33	0.09
EBITDA margin, %	10.3	13.1	13.2	15.4
EBIT margin, %	3.0	8.2	7.0	10.0
Return on shareholders' equity, %	1.6	3.5	6.9	10.8
Return on shareholders' equity after dilution, %	1.6	3.5	6.9	10.8
Return on capital employed, %	1.7	5.0	8.2	12.1
Average interest rate, %	3.7	3.5	3.7	4.4
PER SHARE DATA (SEK)				
Earnings	1.25	2.62	5.30	7.74
Earnings after dilution	1.25	2.61	5.29	7.73
Shareholders' equity	76.18	76.04	78.96	74.32
Shareholders' equity, after dilution	76.18	76.02	78.93	74.29
Cash flow from operating activities	3.77	5.90	12.39	13.27
Dividend	–	–	1.75	1.67
Redemption	–	–	–	3.33
Market value at closing day	72.75	73.50	85.25	87.00

NOTES

Accounting principles and definitions

The interim report has been prepared in accordance with IAS 34.

Tele2's interim report is prepared according to the same accounting principles and calculation methods as the 2005 Annual Report. Definitions are found in the 2005 Annual Report.

The heightened focus on broadband and mobile services continues to be reflected in the Group's financial performance. Mobile telephony and broadband sales continue to rise sharply compared with the previous year, while fixed telephony sales are declining. In an effort to align our reporting structure and segment classification with this trend, we now use separate reporting for broadband services where the customer is connected by direct access or LLUB (Local Loop Unbundling) and our broadband resale services. Revenues from direct access or LLUB customers are reported collectively, i.e. with all services included, while fixed telephony and broadband resale are reported separately in the indirect access segment. Carrier operations are reported in the other operations business area.

Note 1. Operating revenue

Tele2 Sweden has for a number of years had several disputes with TeliaSonera regarding interconnect rates. Tele2 has had claims against TeliaSonera and TeliaSonera has had claims against Tele2. Tele2's view on these claims has, accounting wise, been relatively prudent, and Tele2 has continuously made assessments regarding the most likely outcomes. The likelihood of an, accounting wise, positive outcome has further increased over the years. Based on this, Tele2 booked an amount equivalent to MSEK 134 in the operating revenue for Q3 2005, related to one of the disputes.

Operating revenue from Q4 2004 and onwards for Tele2 in Sweden includes MSEK 24 per quarter relating to mobile telephony according to the MVNO agreement with Telenor. The capacity swap in the agreement is viewed on group level as a barter transaction between Tele2 and Telenor, where revenues from the swap are settled against costs.

Note 2. Operating expenses

In Q4 2005, market area UK & Benelux reported a goodwill write down of MSEK 263 in Alpha Telecom. In Q3 2005, the results for market area UK & Benelux were affected by a reserve of MSEK -161 related to a VAT dispute in Tele2's card business. The dispute is attributable to the period between 2003 until Q1 2005, and the reserve corresponds to approximately 75% of the estimated maximum theoretical amount.

Note 3. Other operating revenues

In Q2 2006, market area Central Europe reported a capital gain from the divestment of Tele2's operations in the Czech Republic, corresponding to MSEK 52.

In Q4 2005, market area UK & Benelux reported a capital gain from the divestment of Tele2's operations in the UK and Ireland, corresponding to MSEK 137.

Note 4. Shares and convertibles

Tele2 has, in Q2 2006, paid a dividend of SEK 1.75 per share, corresponding to a total of MSEK 777.

As a result of 547,186 warrants being exercised during 2006 (of which 12,461 in Q2), Tele2 has issued new shares resulting in an increase of shareholders' equity of MSEK 34.

At June 14, 2006, 8,193,444 class A-shares were reclassified into class B-shares. The reclassification was made in accordance with the resolution passed at the Annual General Meeting on May 10, 2006. The number of class A-shares following the reclassification is 38,356,545 and the number of class B-shares is 405,843,473. The total number of outstanding shares remains unchanged at 444,200,018.

Incentive program 2002-2007

The Annual General Meeting in 2002 approved an incentive program for present and additional key personnel in the Group corresponding to a maximum of 3,312,700 B-shares converted after the split and the redemption procedure in 2005. These people are entitled to subscribe to class B-shares by means of warrants over a period of three to five years corresponding to a market value + 10 % for B-shares at the time of allotment, provided that they remain in the Group's employment. No premium is to be paid. All warrants have a redemption price corresponding to SEK 60.80/share.

Warrants corresponding to 2,630,378 shares were issued in 2002, with forfeited warrants during the period 2002 to June 30, 2006 totaling 353,250. During the period 2005 to June 30, 2006 warrants totaling to 1,519,493 (2005: 972,307) shares were exercised. As of June 30, 2006, Tele2 has outstanding warrants corresponding to 757,635 (2005: 1,304,821) shares. Included in the above, an allotment totaling to 482,618 shares was issued in 2002 to a wholly-owned group company to secure future cash flow for social expenses, of which 271,343 (2005: 162,187) was exercised during the period 2005 to June 30, 2006 and 211,275 (2005: 320,431) is outstanding as of June 30, 2006.

Incentive program 2006-2011

The Extraordinary General Meeting on February 21, 2006, decided to adopt an incentive program for a maximum of 32 senior executives and key employees in the Tele2 Group, resulting in a combined offering of a maximum of 1,059,000 warrants and a maximum of 2,118,000 stock options. As a result of the acquisition price for 752,000 issued warrants, shareholders' equity has increased by SEK 8 million in the first quarter of 2006. For each acquired warrant, the participant is entitled to two free of stock options, each entitling the holder to subscribe for one new class B-share.

At June 30, 2006, outstanding warrants and stock options related to the 2006/2011 incentive program corresponded to 2,256,000 class B-shares in Tele2 AB. Subscription for class B-shares through the warrants may take place during February 25 – May 25, 2009. The stock options run over approximately five years and can be exercised three years from allotment, at the earliest. The subscription price for the warrants and the exercise price for the stock options is SEK 94.80, corresponding to 110% of the average last trading price for Tele2's class B-share during the period from February 22 to March 7, 2006. The intention of the Board is to leave consideration of the annual allocation proposal, according to above, to the Annual General Meeting in 2007 and 2008. Total cost for outstanding warrants and stock options related to the incentive program amount to approximately SEK 21 million, which is expensed during approximately three years starting March 2006 on an ongoing basis.

Note 5. Business acquisitions and divestments

Acquisitions and divestments of share and participations affecting cash flow refer to the following:

MSEK	Jan 1 – Jun 30, 2006
Acquisition of minority in Russian operations	-113
Other cash flow changes in shares and participations	-8
Divestments	36
CASH FLOW EFFECT OF ACQUISITIONS AND DIVESTMENTS IN SHARES AND PARTICIPATIONS	-85

Acquisitions

On February 23, 2006, Tele2 announced that it had increased its share holding in five of its Russian operations. The operations in Belgorod, Smolensk, Lipetsk and St Petersburg are, after these transactions, fully owned, and the holding in Omsk was 70%. The total purchase price was MSEK 52. On June 13, 2006, Tele2 acquired the remaining 30% minority stakes in Siberian Cellular Communications, in the Russian region of Omsk, for MSEK 266, of which MSEK 61 has a cash flow effect and the remaining part is a loan from the seller.

Divestments

On June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for MSEK 37. Tele2 Czech has affected Tele2's operating revenue year-to-date by MSEK 121 (132) and net profit by MSEK -11 (-16), in addition to the capital gain recorded of MSEK 52.

On April 28, 2006, Tele2 divested all of its shares in Germinus XXI SA, a Spanish company which develops software and designs websites, for MSEK 4. Germinus has affected Tele2's operating revenue year-to-date by MSEK 15 (-) and net profit by MSEK -1 (-), in addition to the capital loss recorded of MSEK 3.

Since the divested operations in 2006, do not constitute a significant part of the Tele2's result and financial position, disclosure in the income statement has not been done according to IFRS 5 *Non-current assets held for sale and discontinued operations*.

Acquisitions after closing day

On June 30, 2006, Tele2 announced that it had signed an agreement to acquire 75.1% of E.ON Bredband Sverige AB, a leading broadband provider in southern Sweden, for MSEK 409 and is assuming a net debt of approximately MSEK 90. On July 14, 2006, the Swedish Competition Authority gave its approval for the acquisition and the deal is expected to close on August 1, 2006.

On July 18, 2006, Tele2 announced that it has acquired 100% of four Russian GSM operations in north-west Russia for approximately MSEK 260 on a debt free basis.

Analysis of the acquired assets and liabilities in the above mentioned acquisitions has not yet been finalized and consequently has not been presented.

Note 6. Number of customers

Until September 30, 2005 a fixed telephony customer also using Tele2's dial-up internet service, was reported as two customers. Given that a reported direct access & LLUB-customer can use up to three different services, Tele2 as of October 1, 2005 reports a fixed telephony customer using dial-up internet, as one customer. In Q4 2005, the one-time effect from this change was a decrease in the reported customer base of 1,402,000 customers, of which 616,000 were in Nordic, 1,000 in Baltic & Russia, 315,000 in Central Europe, 417,000 in Southern Europe and 53,000 in UK & Benelux.

Note 7. Swedish 3G company

Tele2 and TeliaSonera each own 50% of Svenska UMTS-nät AB ("3G company"), which has a 3G license in Sweden. Both companies have contributed capital in the 3G company. In addition to this, the build out has external financing, with a loan facility of SEK 5.3 billion, which is 50% guaranteed by each party. Tele2 and TeliaSonera are technically MVNO's with the 3G company and hence act as capacity purchasers. The size of the fee is mainly proportional to the total investment. An abbreviated version of the 3G company's balance sheet at June 30, 2006 is stated below and hence the level of investment at that time. At June 30, 2006 Tele2's guarantee amounted to MSEK 1,560 compared to MSEK 1,475 at December 31, 2005.

MSEK		MSEK	
Fixed assets	3,572	Equity	673
Other current assets	368	Long-term liabilities	3,122
Liquid funds	24	Short-term liabilities	169
ASSETS	3,964	EQUITY AND LIABILITIES	3,964