Full Year and Fourth Quarter 2010 Report

Q4 2010 Highlights

- **Strong customer intake and EBITDA contribution in market area Russia**
  In Q4 2010, t2 Russia added 755,000 (1,149,000) customers in an increasingly competitive market. EBITDA amounted to SEK 899 (695) million.
- **Significant mobile revenue growth in market area Nordic**
  Mobile revenue in Sweden grew by 12 percent, as customer demand for smartphones and data services increased during the quarter.
- **Enhanced net intake in Kazakhstan, driving better customer trends in market area Central Europe & Eurasia**
  During the quarter, t2 in Kazakhstan added 114,000 new customers, a sequential improvement of the total customer stock by 52 percent.
- **Continued success in the business segment for market area Western Europe**
  During the quarter, t2 Netherlands successfully integrated BBned into its operation, further strengthening its position in the business segment.
- **The Board of Directors proposes a dividend for 2010 amounting to SEK 27**
  The Board of t2 AB decided to recommend an increase in the ordinary dividend of 56 percent to SEK 6.00 (3.85) per share in respect of the financial year 2010. The Board also decided to recommend an extraordinary dividend of SEK 21.00 (2.00).

Net sales Q4 2010
excl. one-off items
10,115
SEK million

EBITDA Q4 2010
2,488
SEK million

	Q4			FY		
SEK million	2010	2009	%	2010	2009	%
Net Sales	10,109	9,953	2	40,164	39,436	2
Net Sales excluding one-off items	10,115	9,954	2	39,591	39,420	0
EBITDA	2,488	2,263	10	10,284	9,394	9
EBIT	1,356	1,311	3	7,088	5,736	24
EBIT excluding one-off items	1,513	1,375	10	6,704	5,747	17
Net Profit	1,099	920	19	6,481	4,755	36
Earnings per share, after dilution (SEK)	2.47	2.07	19	14.63	10.70	37

The figures presented in this report refer to Q4 2010 and continued operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2009.

TELE2

Offering the Best Deal is our business

In 2010, we were successful by all our measures. Group revenue increased by 2 percent to SEK 40.2 billion, while EBITDA margin expanded to 26 (24) percent. Adjusted for currency movement revenue increased by 6 percent. t2 Russia exceeded 18 million customers and our new regions started to reach protability; t2 's value conscious customers began to benet from the availability of more affordable smart phone handsets; we improved our handset portfolio in Sweden for the new mass market; we acquired BBned, strengthening our position and commitment as a serious long-term player to the Netherlands; lastly, t2 Croatia attained EBITDA break-even. Another signicant milestone passed during 2010 was the 30 million customer mark and our customer base increased by 16 percent in 2010. We are proud of these results; however we are never satised at t2 . That is why we look forward to making 2011 even more successful.

Nordic
In the Nordic region, the continued uptake of smartphones boosted our mobile data revenues and equipment sales. In Q4 2010, seven out of ten postpaid customers in Sweden bought a smart phone, the majority opting for a data subscription too. This development is expected to continue; we can see a greater selection of attractively priced handsets to address the prepaid market with smartphones.

During the quarter, we launched 4G services in the five major cities in Sweden. Roll-out progresses according to plan and we expect to cover more than 100 cities by year end 2011. However, we will not stop there as we will have 99 percent population coverage in 2012. We believe that 4G can provide a substitute for fixed broadband and that t2 will be the enabler for consumers to cut the cord.

Through the integration of Spring Mobil, t2 Sweden has strengthened its capabilities in the business segment. Our ambition is to grow our market share in 2011.

t2 Norway had a strong quarter and clawed back its price leadership position from the competition. We must never jeopardize our main focus on price; therefore, the regained number one spot will be defended.

Russia
The customer net intake in the quarter was good, taking the total customer base to 18.4 million. This surely represented a great year, as t2 welcomed 4 million new members in Russia. We have been able to combine a swift expansion in our 37 regions with a record high full year EBITDA contribution to the group, to the extent that Russia became our most important market area in 2010.

However, competition is increasing in the market, which means that we must stay innovative to ensure that we stand out from the crowd when it comes to our offerings. We are confident that the Best Deal will take us pass the 20 million customer mark in 2011.

Preparing ourselves for a more data centric future, be it either through data licenses or technology neutral regulation, we will continue to look for opportunities to expand our existing footprint. Our performance shows us that it makes sense to aim for greater operational leverage. In 2011, new 2G licenses will be awarded, a process in which t2 will take an active part.

Central Europe & Eurasia
The economies of the Baltic region continued to recover during the quarter, resulting in a more stable operational development for t2 despite a tough competitive environment. We have seen customer activity increase further during the quarter, which indisputably is a positive sign. However, spending on telecom services is still to grow.

Our goal is to reach cash-flow break even in our Croatian operations during 2011, we push ahead by further enhancing our network quality and capabilities, and by developing our product portfolio with even more attractive offerings.

During the quarter, we focused on improving our distribution network in Kazakhstan, which brought about a positive step change for customer net intake. The roll-out of the 2G and 3G enabled network is developing according to our business plan and we look forward to introducing the t2 brand to all mobile users in the country soon.

Western Europe
In Q4 2010, t2 closed the acquisition of the Dutch operator BBned. As a result t2 has increased its revenue and market share in the business segments. The demand for t2's triple play offering, including TV, continued and exceeded demand for dual-play offerings. Consequently, the ARPU of the broadband base continued to improve, which enhanced the financial contributions of revenue and EBITDA compared with the previous year and quarter.

t2 Austria remained focused on growth within the business segment by providing a superior customer experience at low price. We believe that a more concentrated product portfolio will make us more competitive and as a result lead to improved performance in our Austrian operations over time.

t2 is performing well. The key success factor that drives our company steadily forward is our unique corporate culture born of the people that live and maintain it. t2 has always been and will keep being a fast-moving challenger. It is vital for our future achievements that we keep this mindset.

Going forward our strategy is simple – t2 always offers the best deal.

Mats Granryd
President and CEO, t2 AB

Financial Overview

t2's nancial performance is driven by its relentless focus on developing mobile services on its own infrastructure, complemented in certain countries by fixed broadband services and business-to-business offerings. Mobile sales, which grew compared with the same period last year, and a greater focus on mobile services on own infrastructure have further improved t2's EBITDA margin. The company will concentrate on maximizing the return from fixed-line operations as their customer base continues to decline.

Net customer intake amounted to 803,000 (887,000) in Q4 2010 including the acquisition of BBned. The customer intake in mobile services amounted to 859,000 (1,045,000), of which 9,000 (25,000) were mobile internet users. This result was mainly driven by a solid performance in t2 Russia, t2 Sweden and t2 in Kazakhstan. During the period, t2 Russia's customer base grew by 755,000 (1,149,000) customers, of which 446,000 (944,000) were derived from new regions. Fixed broadband customer intake amounted to 10,000 (–10,000) customers in Q4 2010, primarily attributable to t2's operation in Sweden. As expected, the number of fixed telephony customers fell in Q4 2010. On December 31, 2010 the total customer base amounted to 30,883,000 (26,579,000) thanks to a prolonged success in mobile services.

Net sales including one-off items[1] amounted to SEK 10,109 (9,953) million in Q4 2010.The revenue development was mainly a result of sustained success in mobile services, offset to some extent by negative sales development in fixed telephony. Exchange rate differences impacted net sales by SEK –785 million in the quarter compared to the same period last year.

EBITDA in Q4 2010 amounted to SEK 2,488 (2,263) million, equivalent to an EBITDA margin of 25 (23) percent. The EBITDA development was positively affected by better-than-expected operational progress in t2's Russian and Croatian mobile operations, coupled with improved result in fixed broadband services. Exchange rate differences impacted EBITDA by SEK –201 million in the quarter compared to the same period last year.

EBIT in Q4 2010 amounted to SEK 1,513 (1,375) million excluding one-off items of SEK –157 (–64) million[2]. Including one-off items, EBIT amounted to SEK 1,356 (1,311) million.

Profit before tax Q4 2010 amounted to SEK 1,201 (1,187) million.

Net profit in Q4 2010 amounted to SEK 1,099 (920) million in the quarter. Reported tax for Q4 2010 amounted to SEK –102 (–267) million, including valuation of deferred tax assets and other one-off items during the quarter of SEK 175 million[3]. Tax payment affecting cash flow amounted to SEK –160 (–205) million.

Cash flow after Capex in Q4 2010 amounted to SEK 614 (1,653) million.

CAPEX in Q4 2010 amounted to SEK 1,320 (1,017) million.

Net debt amounted to SEK 1,691 (2,171) million on December 31, 2010, or 0.16 times full-year 2010 EBITDA. Including guarantees to joint ventures, the net debt to full-year 2010 EBITDA amounted to 0.33 times. t2's available liquidity amounted to SEK 12,814 (12,410) million. On December 31, 2010 the 3-year syndicated loan facility was drawn in SEK. The facility allows a ratio of net liabilities (including external guarantees)/EBITDA for the Group of up to 3.0. The facility is also conditioned by an interest expense coverage ratio to be fullled. In December 2010, t2 has agreed with the lenders to prolong the maturity of the facility from February 2012 to February 2013.

FINANCIAL GUIDANCE

t2's objective is to maintain a healthy balance between growth regions and more mature markets and to be established in Europe and Eurasia. The company will secure licenses through strong local connections within the business and political communities in all its markets. t2's core markets are characterized by:

- An established Best Deal position.
- The capability to reach a top 2 position, in terms of customer market share, in an individual country or region.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin.
- All operations in the group should return at least 20 percent return on capital employed (ROCE).

t2 GroUp forward Looking statement

The following assumptions should be taken into account when estimating 2011 results for the Group:

- t2 forecasts a corporate tax rate in the range of 26–27 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,000 million.
- t2 forecasts a CAPEX level that will not exceed SEK 5,500 million, excluding license payments.

t2 Sweden forward Looking statement

The following assumptions should be taken into account when estimating results for the Swedish mobile operations in 2011:

- t2 expects mobile revenue to grow with high single digits.
- t2 expects a similar EBITDA contribution in 2011 as in 2010 due to instalments and start up costs related to joint venture Net4Mobility.

t2 Norway forward Looking statement

The following assumptions should be taken into account when estimating results for the Norwegian mobile operations in 2011:

- t2 expects an EBITDA contribution of SEK –100 million due to lower interconnect tariffs and start up costs related to joint venture Mobile Norway.

t2 RUssia forward Looking statement

t2 has GSM licenses in 37 regions in Russia covering approximately 61 million inhabitants. The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2011:

- Subscriber base should reach 20–21 (earlier 19–20) million by YE 2011.
- ARPU should remain stable in local currency.
- t2 Russia's total EBITDA margin should evolve in the range of 36–39 (earlier 34–37) percent.
- Capex in Russia should be approximately SEK 2,000 million by YE 2011.

1) See Note 1
2) See section EBIT on page 20
3) See Note 4

t2 in Kazakhstan forward Looking statement
The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan in 2011:

- EBITDA contribution in 2011 should be approximately SEK –500 million.
- Capex in Kazakhstan should be in the range of SEK 1,200–1,400 million by YE 2011.
- t2's operations in Kazakhstan should be able to reach break-even within 2 years from the commercial launch, which is planned to take place in 1H 2011.

t2 Croatia forward Looking statement
The following assumptions should be taken into account when estimating the Croatian mobile operations in 2011:

- t2 Croatia will reach free cash-flow break-even by 2H 2011.

Shareholder remuneration
t2 will seek to pay a progressive ordinary dividend of 50 percent or more of net income excluding one-off items. Extraordinary dividends and the authority to purchase t2's own shares will be sought when the anticipated total return to shareholders is deemed to be greater than the achievable returns from the deployment of the capital within the group's operating segments or the acquisition of assets within t2's economic requirements.

In respect of the nancial year 2010, the Board of t2 AB has decided to recommend to the Annual General Meeting (AGM) in May 2011, a total dividend payment of SEK 27.00 (5.85) per ordinary A or B share, to be comprised of an ordinary dividend of SEK 6.00 (3.85) and an extraordinary dividend of SEK 21.00 (2.00).

Balance sheet
t2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The company's longer term financial leverage should be in line with the industry and the markets in which it operates and reflect the status of its operations, future strategic opportunities and contingent liabilities.

SEK million	Q4 2010	Q4 2009	FY 2010	FY 2009
Mobile[1]				
Net customer intake (thousands)	859	1,045	4,443	3,139
Net sales	6,953	6,390	26,985	24,619
EBITDA	1,816	1,663	7,532	6,605
EBIT	1,246	1,193	5,451	4,887
CAPEX	971	628	2,223	3,119
Fixed broadband[1]				
Net customer intake (thousands)	10	–10	32	–11
Net sales	1,596	1,623	6,120	6,745
EBITDA	303	263	1,131	1,046
EBIT	37	–22	99	–380
CAPEX	185	197	722	667
Fixed telephony[1]				
Net customer intake (thousands)	–141	–148	–543	–801
Net sales	1,090	1,406	4,741	5,986
EBITDA	303	360	1,400	1,590
EBIT	252	293	1,196	1,332
CAPEX	24	27	94	82
Total				
Net customer intake (thousands)	728	887	3,932	2,327
Net sales[2]	10,109	9,953	40,164	39,436
EBITDA	2,488	2,263	10,284	9,394
EBIT[3]	1,356	1,311	7,088	5,736
CAPEX	1,320	1,017	3,651	4,439
EBT	1,201	1,187	6,735	5,236
Net profit	1,099	920	6,481	4,755
Cash flow from operating activities	1,777	2,701	9,610	9,118
Cash flow after CAPEX	614	1,653	6,007	4,778

1) Less one-off items (see sections Net sales and EBIT on pages 16 and 20)
2) Including one-off items (see Note 1)
3) Total EBIT includes result from sale of operations, impairment and other one-off items stated under the segment reporting section of EBIT (page 20)

SIGNIFICANT EVENTS IN THE QUARTER

- t2 Netherlands completed the acquisition of BBned
- t2 Sweden launched 4G services
- t2 Estonia was awarded a 4G license
- t2 Germany exited joint venture Plusnet and paid SEK 271 million for early termination
- t2 Lithuania divested its cable operations for approximately SEK 40 million
- Cecilia Lundin was appointed new director of Human Resources at t2 AB

Significant subsequent events

- Administrative Court of Appeal approved t2's claim for a deduction of capital loss of SEK 13.3 billion, which was associated with the liquidation of SEC SA in 2001

Overview by region

NORDIC

The Nordic market area delivers strong cash-ow to the t2 Group and is the test bed for new services.

Sweden

Mobile In Q4 2010, t2 Sweden delivered a record high revenue growth with net sales increasing by 12 percent to SEK 2,241 (2,002) million. t2 Sweden had a strong growth in the mobile postpaid segment and added 65,000 (51,000) mobile voice and mobile internet customers in the fourth quarter. The revenue growth was driven by a solid intake in the postpaid segment, to which smartphones greatly contributed, combined with increased usage of data as well as Minutes of Use. t2 Sweden achieved a total mobile net intake of 20,000 (20,000) customers due to seasonally high churn in the prepaid base.

The smartphone trend that could be observed in the Swedish market in previous quarters persisted. In Q4 2010, inexpensive smartphones were introduced to the market and became more available to t2's customers in both the postpaid and prepaid segments.

t2 Sweden added 20,000 (15,000) mobile internet customers in the postpaid segment during the quarter. In total, t2 Sweden added 3,000 (13,000) mobile internet customers due to seasonally high churn in the prepaid base. As a result, t2 Sweden achieved a mobile internet customer base of 361,000 (274,000). Moreover, improved price plans and increased usage contributed to growing mobile internet ARPU to 128 (117) SEK.

t2 Sweden had an EBITDA margin of 30 (33) percent in the quarter. As a result, t2 Sweden achieved an EBITDA margin of 33 (34) percent for 2010. The decrease is mainly due to higher expansion costs when acquiring postpaid customers with smartphones and customer operation costs meant to increase quality in all touch points. The EBITDA-margin includes costs associated with the SUNAB and Net4Mobility joint venture. Total costs for SUNAB and Net4Mobility amounted to SEK –134 (–105) million in Q4 2010. The mobile operations in Sweden reported a MoU of 245 (235) and a blended ARPU of SEK 183 (181).

In Q4 2010, MoU increased to 295 (283) in the postpaid segment and ARPU was stable at SEK 234 (232). In the prepaid voice segment, t2 Sweden defended its market-leading position and delivered an EBITDA margin of 52 (51) percent.

In the fourth quarter t2 Sweden commercially launched 4G offers to the consumer and business customers, while the roll-out continued at a rapid pace all over the country. Faster mobile connections allow the customers to do everything they are used to via the fixed ADSL connection but over the mobile 4G network. Furthermore, t2 Sweden kept pushing sales activities for the latest product Home telephony via the mobile network. This product enables the customer to keep the home phone but over the mobile network, a simple and cost effective solution for all parties.

In the business segment the continued focus on integrated services led to the acquisition of a number of customers for whom the product Communication as a Service was especially important. The customer segmentation within the business segment generated an increased net sales and ARPU development during the quarter and the customer base continued to grow as the domestic economy strengthened.

Fixed Broadband In Q4 2010, t2 Sweden experienced strong ADSL, VoIP, LAN and Citylink sales, which resulted in an increased customer intake of 18,000 (1,000).

Fixed Telephony Despite a continued decrease in demand for xed telephony services, t2 Sweden increased its EBITDA margin to 23 (20) percent during the fourth quarter.

Norway

t2 Norway FY 2010 net sales decreased by –8 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –6 percent. Net sales in Q4 2010 decreased by –6 percent compared to the same period last year. Adjusted for currency movement net sales increased by 1 percent.

Mobile t2 Norway delivered revenue of SEK 647 (667) million. The revenue development originated from a good customer intake within the mobile segment, as t2 Norway added 10,000 (3,000) customers despite strong competition in the marketplace. However, exchange rate and termination rates impacted the overall revenue negatively compared to the same period last year. When measured in local currency, revenue showed a growth by 5 percent. t2 Norway reached an EBITDA contribution of SEK 28 (46) million in Q4 2010. During the quarter, Mobile Norway, t2 Norway's joint venture with Network Norway, invoiced t2 Norway SEK –15 million for costs related to the roll-out of the third Norwegian network.

The EBIT result, SEK 12 (18) million, was negatively impacted by t2 Norway's share of the result from Mobile Norway in Q4 2010 of SEK –9 (–24) million.

t2 Norway kept delivering on the Best Deal focusing on strengthening its price position and increasing quality perception. The fierce competition within the post-paid segment persisted during the quarter. The business segment continued to progress positively during the quarter.

Fixed Telephony Fixed telephony showed a satisfying development of revenue and profitability, but a stronger SEK towards NOK had some negative repercussion in the fourth quarter. Fixed telephony had an EBITDA contribution of SEK 14 (20) million in Q4 2010. This was achieved through intensified efforts to bring costs down and keep improving the quality of the overall customer stock.

RUSSIA

The Russian operation is t2's most signicant growth engine. The company has GSM licenses in 37 regions covering approximately 61 million inhabitants.

t2 Russia FY 2010 net sales increased by 35 percent compared to the same period last year. Adjusted for currency movement net sales increased by 36 percent. Net sales in Q4 2010 increased by 24 percent compared to the same period last year. Adjusted for currency movement net sales increased by 32 percent.

Mobile t2 Russia's strategy is to have a balanced approach to rolling out new regions while maintaining a stable profitability in the more mature regions. The overall market's response in the quarter has been in line with the business plan. The total customer base grew by 755,000 (1,149,000), of which the new regions represented 446,000 (944,000) customers. Over the last 12 months, t2 Russia's customer base has grown by almost 4.0 million new users, proving that there is a solid demand for the company's services despite lower customer activity in the market and the introduction of 3G services by the competition.

The total customer base amounted to 18,438,000 (14,451,000) at the end of Q4 2010. The turnover of the total customer base was stable during the quarter despite increased competition. t2 Russia will maintain its effort to be best in class in customer retention and continue to work with commission structure to the retail channels to further enhance the quality of the customer intake.

Despite an impact from customer base growth in new regions with lower initial service usage, MoU for the total operations increased by 5 percent compared to Q4 2009, amounting to 238 (227). ARPU amounted to SEK 49 (51) or RUB 219 (216), in spite of a strong customer intake in new regions. The general pricing environment remained highly competitive throughout the t2 Russia footprint.

t2 Russia continued to deliver good nancial performance. The EBITDA margin development was robust, driven by stable operational trends in the more mature regions and early scale benefits in the new regions. EBITDA in the mature regions amounted to SEK 939 (889) million, equivalent to a margin of 44 (45) percent. EBITDA in the new regions amounted to SEK –40 (–194) million. Capex in the quarter amounted to SEK 632 (441) million. The investment level is expected to increase in 2011.

t2 Russia will keep looking for possibilities to carefully expand its operations through new licenses as well as by complementary acquisitions.

CENTRAL EUROPE AND EURASIA

t2's Baltic operations will remain focused on generating a strong cash ow contribution as the economy in the region stabilizes. t2 's Croatian operation is a strong challenger as it offers the Best Deal in both mobile telephony and mobile internet. t2's Kazakhstan operation is the latest growth opportunity for the market area.

Estonia

t2 Estonia FY 2010 net sales decreased by –13 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –3 percent. Net sales in Q4 2010 decreased by –8 percent compared to the same period last year. Adjusted for currency movement net sales increased by 3 percent.

Mobile In the fourth quarter, the Estonian economy continued to recover. However, the situation remained challenging. Customer confidence being still relatively weak, the telecoms spending did not grow compared to last year.

In spite of this challenging context, t2 Estonia managed to maintain a solid price position and stable market share, while improving quality perception on the market. t2's revenues in local currency increased by 3 percent compared to Q4 2009, mainly driven by hardware sales and evolving mobile internet business.

t2 continued to roll out its HSPA-enabled 3G network in rural areas and by the end of 2010 t2's 3G network reached more than 1 million people in Estonia, covering 60 percent of the territory. The expansion of the 3G network will enable t2 to offer the best priced mobile internet services for larger customer segments. Mobile internet has been the fastest growing segment throughout the year.

At the end of the quarter, t2 was awarded a 4G (2.6 MHz) license.

Lithuania

t2 Lithuania FY 2010 net sales decreased by –22 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –13 percent. Net sales in Q4 2010 decreased by –20 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –10 percent.

Mobile The Lithuanian economy further stabilized during Q4 2010 and GDP is projected to slowly grow in 2011.

During the fourth quarter, t2 Lithuania continued to expand its market share both in the postpaid consumer and business segments and added 43,000 (6,000) new customers. Total customer intake amounted to 1,000 (–60,000) due to seasonally high churn in the prepaid segment. Mobile internet sales also increased steadily in the fourth quarter. Tough price competition persisted into Q4 2010, affecting the ARPU level negatively. Reduced capital expenditures improved the cash flow contribution during the quarter.

t2 Lithuania will keep focusing on growing its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations. Furthermore, t2 will capitalize on the broadband sales growth momentum in 2011.

In Q4 2010 t2 Lithuania announced that it sold its Lithuania cable operation for approximately SEK 40 million.

Latvia

t2 Latvia FY 2010 net sales decreased by –22 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –13 percent. Net sales in Q4 2010 decreased by –18 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –8 percent.

Mobile Throughout Q4 2010, customer activity in Latvia continued to increase, indicating that the economic climate has stabilized. Higher customer activity on the Latvian market resulted int2's best quarter concerning mobile handset sales and web sales volumes. Likewise, sales of mobile internet services proved to be good during the quarter.

Nevertheless, Q4 2010 was still marked by strong price pressure and intense competition across all customer segments.

During Q4 2010, t2 Latvia continued to focus on customer satisfaction, price leadership and service quality to meet customer needs, thereby introducing new web self-care channels. On the network side, t2 Latvia worked steadily on strengthening infrastructure in terms of coverage, capacity, performance and development of 3G capabilities. New feederless base station technologies were introduced during the quarter, which will contribute to decreasing costs.

t2 Latvia will keep maintaining its price leadership position and concentrate its efforts on increasing market share in the postpaid and business customer segments, while defending its position in prepaid. By doing so, t2 aims to hold its best deal position on the market.

Croatia

t2 Croatia FY 2010 net sales increased by 4 percent compared to the same period last year. Adjusted for currency movement net sales increased by 15 percent. Net sales in Q4 2010 decreased by –3 percent compared to the same period last year. Adjusted for currency movement net sales increased by 10 percent.

Mobile The improved EBITDA contribution was driven by a continued momentum in growing domestic revenue market share within the Croatian market. With the launch of its 21Mbps network, t2 Croatia is poised to be one of the leading mobile data service providers in the country, thereby increasing quality perception and overall customer satisfaction. Gross margins have improved with the continued rollout of own network infrastructure, reducing t2 Croatia's dependency on National roaming.

The customer base has now reached 738,000 (598,000) customers. Despite seasonal increase in prepaid churn resulting from its Q3 2010 visiting customers, t2 Croatia had a very successful Christmas marketing campaign which was the key driver in maintaining a positive net customer growth performance in Q4 2010.

Kazakhstan

Mobile t2 in Kazakhstan continued to prepare for the launch of the t2 brand planned for 1H of 2011. In that respect, the main activities consisted in swapping out the old equipment and in rolling out the new 2G and 3G enabled network. t2 in Kazakhstan also worked intensively on establishing good relationships with the regional distributors and on widening its distributor network throughout the country to support massive growth after the launch.

114 000 new customers were added to t2 in Kazakhstan's customer base during the quarter, as a result of intensified efforts in the field of distribution, marketing and sales activities.

The company has managed to negotiate interconnect rate cuts with the two largest competitors. The support from the Ministry of communications and Antimonopoly committee was very helpful in this process. t2 in Kazakhstan will continue to negotiate even lower Mobile Termination Rates in 2011 and 2012.

WESTERN EUROPE

t2's operations in Western Europe lead the Group in business to business services and consumer fixed broadband.

Netherlands

On October 5, 2010, t2 closed the acquisition of the Dutch operator BBned for SEK 462 million. BBned primarily provides broadband telecommunication services in the consumer, business and wholesale segments. As a result of the acquisition, t2 was able to increase its revenue and market share, adding 64,000 consumer and 11,000 business broadband customers to its base. During Q4 2010, BBned conducted a reorganization, which impacted the EBITDA negatively due to a provision for severance payments.

t2 Netherlands FY 2010 net sales decreased by –12 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –2 percent. Net sales in Q4 2010 decreased by –1 percent compared to the same period last year. Adjusted for currency movement net sales increased by 11 percent.

Mobile During Q4 2010, t2 Netherlands continued to focus on post-paid offerings. Although the total mobile base declined, the focus on postpaid subscriptions enabled t2 Netherlands to improve its overall margin levels for the full year and in the fourth quarter in particular.

Fixed Broadband The demand for t2's triple play offering, including TV, persisted and proved to outweigh the demand for dual-play offerings. As a result, the ARPU of the broadband base kept improving, which enhanced the financial contribution in terms of revenue and EBITDA compared to the previous year and quarter. Despite the competitive pressure from cable operators and the fact that the regulation of OPTA to enable competitors to resell analogue cable service was overthrown by the relevant court, the broadband base remained stable.

t2 Netherlands continued to successfully prolong existing customer contracts and to acquire new customers. Furthermore, the company completed the delivery of some large fixed data networks for newly acquired customers. However, the business segment should be considered as a highly competitive market, in which prices are currently under pressure.

Fixed Telephony The fixed telephony market kept declining in favour of bundled broadband offerings. t2 Netherlands continued its efforts to up- and cross-sell its own bundled offerings to its fixed telephony customer base.

Germany

t2 Germany FY 2010 net sales decreased by –30 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –23 percent. Net sales in Q4 2010 decreased by –28 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –19 percent.

Fixed Broadband net growth remained on a low level, continuing to show signs of market saturation. The incumbents and cable operators applied promotional pricing activities, whereas t2 Germany continued focusing on profitability rather than market share and customer retention rather than customer acquisition. With its retention strategy, the company once more succeeded in stabilizing the customer base during the quarter.

Towards the end of Q4 2010, t2 sold its shares in Plusnet and got an early termination of the Joint Venture. t2 will continue to sell its broadband services based on a wholesale agreement which gives t2 more exibility as well as more favourable commercial conditions. As a result of the transaction, the broadband operation will have a positive EBITDA contribution in 2011.

Fixed Telephony t2 Germany remained the largest CPS (Carrier-Pre-Selection) provider in the market with a market share of over 40 percent. By sticking to its customer retention strategy, the customer base developed significantly above plan with continuously decreasing churn rates. The EBITDA margin for fixed line in Q4 2010 was at 42 (34) percent. The company`s cross-selling activities developed positively. Whilst the CPS market moved relatively slowly, t2 Germany successfully launched a new call by call prefix to better address the remaining narrowband market.

Austria

Austria continued to report a healthy financial performance in the last quarter of 2010. Likewise, the full year profitability showed an improvement of the EBITDA margin, which increased from 17 percent in 2009 to 21 percent in 2010. For the top line development, t2 Austria kept emphasizing its focus on growth within the business segment by providing the business community with a superior customer experience at low price.

t2 Austria FY 2010 net sales decreased by –20 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –11 percent. Net sales in Q4 2010 decreased by –22 percent compared to the same period last year. Adjusted for currency movement net sales decreased by –12 percent.

Fixed Broadband During Q4 2010, t2 Austria was able to gain market shares in the business segment from competition over all product lines. More particularly, data network services showed healthy revenue development. In addition, the customer satisfaction in t2 Austria's business segment improved in the quarter. Quite importantly, t2 Austria scored higher than the customer satisfaction scores of its main competitors. In the residential segment, t2 Austria focused on retaining its customer base by emphasising a value based segmentation through retention campaigns and by following a churn prediction model.

Fixed Telephony In the business segment, the voice revenue was still in decline during the quarter, mainly due to less usage and lower prices. Despite market pressure from the incumbent, the business customer churn was lower than predicted. Additionally, the share of residential and SME customers on contracts increased significantly through cross- and up selling of new voice packages within the CPS customer base.

OTHER ITEMS

Risks and uncertainty factors

t2's operations are affected by a number of external factors. The risk factors considered to be most signicant to t2 's future development are operating risks such as the availability of frequencies and other telecom licenses, operations in Russia and Kazakhstan, network sharing with other parties, integration of new business models, changes in regulatory legislation, legal proceedings, economic climate and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in t2's annual report for 2009 (see Directors' report and Note 2 of the report for a detailed description of t2's risk exposure and risk management), no additional significant risks are estimated to have developed.

COMPANY DISCLOSURE

t2 AB (pUbL) AnnUaL GeneraL Meeting 2011

The 2011 Annual General Meeting will be held on May 16, 2011 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@t2.com or to the Company Secretary, t2 AB (publ), P.O. Box 62, SE-164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting for the proposal to be included in the notice to the meeting. Further details on how and when to register will be published in advance of the Annual General Meeting.

Nomination committee for the 2011 Annual General Meeting

A Nomination Committee of major shareholders in t2 AB (publ) has been formed in accordance with the resolution of the 2010 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik, Ramsay Brufer on behalf of Alecta, Peder Hasslev on behalf of AMF Pension and Åsa Nisell on behalf of Swedbank Robur Fonder. Information about the work of the Nomination Committee can be found on t2's corporate website at www.t2.com.

Shareholders wishing to propose candidates for election to the Board of Directors of t2 AB (publ) should submit their proposal in writing to agm@t2.com or to the Company Secretary, t2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

Other

The annual report 2010 is expected to be released on the 1 April, 2011 and available on www.t2.com.

t2 will release the nancial and operating results for the period ending March 31, 2011 on April 19, 2011.

Stockholm, February 8, 2011

t2 AB

Mike Parton *Chairman*	Lars Berg
Mia Brunell Livfors	Jere Calmes
John Hepburn	Erik Mitteregger
John Shakeshaft	Cristina Stenbeck
Mats Granryd *President and CEO*	

REVIEW REPORT

Introduction

We have reviewed the interim report for t2 AB (publ) for the period January 1–December 31, 2010. The Board of Directors and the President are responsible for the preparation and presentation of this full year report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this full year report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. 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 full year report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, February 8, 2011
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Result Meeting

t2 will host a conference call, with an interactive presentation, for the global nancial com – munity at,10.00 am CET (09.00 am UK time/04.00 am NY time) on Tuesday, February 8, 2011. The conference call will be held in English and also available as audiocast on t2's website, www.t2.com.

Dial-in information

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

Dial-in numbers

Sweden: +46 (0)8 505 598 53
UK: +44 (0) 203 043 24 36
US: +1 866 458 40 87

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Tel + 46 (0)8 5620 0060
www.t2.com

VISIT OUR WEBSITE: www.t2.com

APPENDICES

t2 IS ONE OF EUROPE 'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL. We have 31 million customers in 11 countries. t2 offers mobile services, xed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. t2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2010, we had net sales of SEK 40.2 billion and reported an operating profit (EBITDA) of SEK 10.3 billion.

Income statement

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2009 Q4
CONTINUING OPERATIONS					
Net sales	1, 14	40,164	39,436	10,109	9,953
Operating expenses		–33,055	–33,720	–8,599	–8,622
Result from shares in associated companies and joint ventures	3, 8	–74	–98	–149	–38
Other operating income	14	207	460	44	113
Other operating expenses		–154	–342	–49	–95
Operating profit, EBIT		**7,088**	**5,736**	**1,356**	**1,311**
Interest income/costs	1, 2	–497	–358	–190	–9
Exchange rate differences, external		104	3	71	–61
Exchange rate differences, intragroup		178	–80	12	–30
Other financial items		–138	–65	–48	–24
Profit after financial items, EBT		**6,735**	**5,236**	**1,201**	**1,187**
Tax on profit	1, 4	–254	–481	–102	–267
NET PROFIT FROM CONTINUING OPERATIONS		**6,481**	**4,755**	**1,099**	**920**
DISCONTINUED OPERATIONS					
Net profit from discontinued operations	8	447	–46	404	184
NET PROFIT		**6,928**	**4,709**	**1,503**	**1,104**
ATTRIBUTABLE TO					
Equity holders of the parent company		6,926	4,673	1,504	1,096
Minority interest		2	36	–1	8
NET PROFIT		**6,928**	**4,709**	**1,503**	**1,104**
Earnings per share (SEK)	7	15.70	10.61	3.40	2.49
Earnings per share, after dilution (SEK)	7	15.64	10.59	3.38	2.48
FROM CONTINUING OPERATIONS					
Earnings per share (SEK)	7	14.69	10.72	2.49	2.08
Earnings per share, after dilution (SEK)	7	14.63	10.70	2.47	2.07

Comprehensive income

SEK million	2010 Full year	2009 Full year	2010 Q4	2009 Q4
Net profit	**6,928**	**4,709**	**1,503**	**1,104**
OTHER COMPREHENSIVE INCOME				
Exchange rate differences	–2,780	–1,370	–203	396
Exchange rate differences, tax effect	–1,504	–565	–229	184
Reversed cumulative exchange rate differences from divested companies	–50	–138	–7	–127
Withholding tax	–12	–19	–3	–19
Cash flow hedges	46	–6	25	–4
Cash flow hedges, tax effect	–12	–	–6	1
Other comprehensive income for the period, net of tax	**–4,312**	**–2,098**	**–423**	**431**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,616**	**2,611**	**1,080**	**1,535**
ATTRIBUTABLE TO				
Equity holders of the parent company	2,614	2,579	1,081	1,526
Minority interest	2	32	–1	9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,616**	**2,611**	**1,080**	**1,535**

Change in shareholders' equity

		Dec 31, 2010			Dec 31, 2009		
		Attributable to			Attributable to		
SEK million	Note	equity holders of the parent company	minority interests	Total share-holders' equity	equity holders of the parent company	minority interests	Total share-holders' equity
Shareholders' equity, January 1		28,402	63	28,465	28,151	50	28,201
Effect of restatement	11	358	–	358	204	–	204
Adjusted shareholders' equity, January 1		28,760	63	28,823	28,355	50	28,405
Costs for stock options	7	54	–	54	25	–	25
New share issues	7	74	–	74	4	–	4
Sale of own shares	7	256	–	256	–	–	–
Repurchase of own shares	7	–	–	–	–1	–	–1
Dividends	7	–2,580	–	–2,580	–2,202	–4	–2,206
Purchase of minority	8	–306	–62	–368	–	–15	–15
Comprehensive income for the period		2,614	2	2,616	2,579	32	2,611
SHAREHOLDERS' EQUITY, END OF PERIOD		**28,872**	**3**	**28,875**	**28,760**	**63**	**28,823**

Balance sheet

SEK million	Note	Dec 31, 2010	Dec 31, 2009
ASSETS			
FIXED ASSETS			
Goodwill	8	10,010	10,179
Other intangible assets		3,191	2,234
Intangible assets		**13,201**	**12,413**
Tangible assets		15,130	15,344
Financial assets	3, 8	1,141	596
Deferred tax assets	4	3,200	4,502
FIXED ASSETS		**32,672**	**32,855**
CURRENT ASSETS			
Materials and supplies		273	201
Current receivables		6,478	6,255
Short-term investments		112	114
Cash and cash equivalents		834	1,312
CURRENT ASSETS		**7,697**	**7,882**
ASSETS		**40,369**	**40,737**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent company		28,872	28,760
Minority interests		3	63
SHAREHOLDERS' EQUITY		**28,875**	**28,823**
LONG-TERM LIABILITIES			
Interest-bearing liabilities		1,692	3,188
Non-interest-bearing liabilities		851	731
LONG-TERM LIABILITIES		**2,543**	**3,919**
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		1,256	443
Non-interest-bearing liabilities		7,695	7,552
SHORT-TERM LIABILITIES		**8,951**	**7,995**
EQUITY AND LIABILITIES		**40,369**	**40,737**

Cash flow statement*

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
OPERATING ACTIVITIES									
Cash flow from operations, less paid taxes	1	10,450	9,079	2,311	2,733	3,065	2,341	2,560	2,499
Taxes paid	4	–740	–883	–160	–152	–195	–233	–205	–98
Changes in working capital	1	–100	922	–374	39	52	183	346	186
CASH FLOW FROM OPERATING ACTIVITIES		**9,610**	**9,118**	**1,777**	**2,620**	**2,922**	**2,291**	**2,701**	**2,587**
INVESTING ACTIVITIES									
Capital expenditure in intangible and tangible assets, CAPEX		–3,603	–4,340	–1,163	–923	–909	–608	–1,048	–1,065
Cash flow after CAPEX		***6,007***	***4,778***	***614***	***1,697***	***2,013***	***1,683***	***1,653***	***1,522***
Acquisition of shares and participations	8	–1,510	–845	–469	–95	–136	–810	–167	–302
Sale of shares and participations	8	53	848	146	–1	–83	–9	511	94
Changes of long-term receivables and short-term investments		–200	3,383	–200	15	–15	–	–16	103
Cash flow from investing activities		**–5,260**	**–954**	**–1,686**	**–1,004**	**–1,143**	**–1,427**	**–720**	**–1,170**
CASH FLOW AFTER INVESTING ACTIVITIES		**4,350**	**8,164**	**91**	**1,616**	**1,779**	**864**	**1,981**	**1,417**
FINANCING ACTIVITIES									
Change of loans, net		–2,806	–5,872	–1,095	–1,290	746	–1,167	–1,332	–1,564
Dividends	7	–2,580	–2,202	–	–	–2,580	–	–	–
New share issues	7	74	4	–	19	53	2	3	1
Sale of own shares	7	256	–	141	115	–	–	–	–
Repurchase of own shares	7	–	–1	–	–	–	–	–	–1
Shareholders contribution from minority	8	241	–	100	51	90	–	–	–
Dividend to minority		–	–4	–	–	–	–	–	–3
Cash flow from financing activities		**–4,815**	**–8,075**	**–854**	**–1,105**	**–1,691**	**–1,165**	**–1,329**	**–1,567**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**–465**	**89**	**–763**	**511**	**88**	**–301**	**652**	**–150**
Cash and cash equivalents at beginning of period		1,312	1,250	1,513	1,072	993	1,312	683	1,021
Exchange rate differences in cash		–13	–27	84	–70	–9	–18	–23	–188
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**834**	**1,312**	**834**	**1,513**	**1,072**	**993**	**1,312**	**683**

* including discontinued operations (Note 8)

Number of customers

		Number of customers		Net intake							
by thousands	Note	2010 Dec 31	2009 Dec 31	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden											
Mobile	9	3,607	3,363	212	205	20	103	74	15	20	107
Fixed broadband		486	444	42	11	18	15	–3	12	1	7
Fixed telephony		651	746	–95	–71	–21	–20	–13	–41	–17	–17
		4,744	**4,553**	**159**	**145**	**17**	**98**	**58**	**–14**	**4**	**97**
Norway											
Mobile	9	497	466	31	8	10	10	7	4	3	7
Fixed broadband		–	–	–	–7	–	–	–	–	–	–
Fixed telephony		103	120	–17	–13	–5	–4	–4	–4	–	–4
		600	**586**	**14**	**–12**	**5**	**6**	**3**	**–**	**3**	**3**
Russia											
Mobile	9	18,438	14,451	3,987	2,947	755	1,170	1,113	949	1,149	1,100
		18,438	**14,451**	**3,987**	**2,947**	**755**	**1,170**	**1,113**	**949**	**1,149**	**1,100**
Estonia											
Mobile	9	468	447	21	–23	–4	7	7	11	–12	3
Fixed telephony		11	13	–2	–3	–	–1	–1	–	–1	–1
		479	**460**	**19**	**–26**	**–4**	**6**	**6**	**11**	**–13**	**2**
Lithuania											
Mobile	9	1,685	1,608	77	–65	1	40	34	2	–60	22
Fixed broadband		44	44	–	3	–	–	–	–	1	1
Fixed telephony		2	3	–1	–1	–	–1	–	–	–	–1
		1,731	**1,655**	**76**	**–63**	**1**	**39**	**34**	**2**	**–59**	**22**
Latvia											
Mobile	9	1,027	1,058	–31	–36	–25	8	5	–19	–19	5
Fixed telephony		–	1	–1	–1	–	–	–1	–	–	–1
		1,027	**1,059**	**–32**	**–37**	**–25**	**8**	**4**	**–19**	**–19**	**4**
Croatia											
Mobile	9	738	598	140	122	1	81	32	26	–18	70
		738	**598**	**140**	**122**	**1**	**81**	**32**	**26**	**–18**	**70**
Kazakhstan											
Mobile		332	–	67	–	114	1	–48	–	–	–
		332	**–**	**67**	**–**	**114**	**1**	**–48**	**–**	**–**	**–**
Netherlands											
Mobile	9	338	399	–61	–19	–13	–16	–16	–16	–18	–8
Fixed broadband		510	418	17	50	–3	4	3	13	8	15
Fixed telephony		233	307	–74	–82	–17	–19	–20	–18	–17	–20
		1,081	**1,124**	**–118**	**–51**	**–33**	**–31**	**–33**	**–21**	**–27**	**–13**
Germany											
Fixed broadband		116	139	–23	–38	–5	–4	–6	–8	–6	–8
Fixed telephony		1,182	1,468	–286	–562	–83	–60	–50	–93	–90	–170
		1,298	**1,607**	**–309**	**–600**	**–88**	**–64**	**–56**	**–101**	**–96**	**–178**
Austria											
Fixed broadband		130	134	–4	–30	–	–	4	–8	–14	–5
Fixed telephony		285	352	–67	–68	–15	–17	–21	–14	–23	–14
		415	**486**	**–71**	**–98**	**–15**	**–17**	**–17**	**–22**	**–37**	**–19**
TOTAL											
Mobile	9	**27,130**	**22,390**	**4,443**	**3,139**	**859**	**1,404**	**1,208**	**972**	**1,045**	**1,306**
Fixed broadband		**1,286**	**1,179**	**32**	**–11**	**10**	**15**	**–2**	**9**	**–10**	**10**
Fixed telephony		**2,467**	**3,010**	**–543**	**–801**	**–141**	**–122**	**–110**	**–170**	**–148**	**–228**
		30,883	**26,579**	**3,932**	**2,327**	**728**	**1,297**	**1,096**	**811**	**887**	**1,088**
Acquired companies	8			372	–	75	32	–	265	–	–
Divested companies				–	–84	–	–	–	–	–	–84
Changed method of calculation	9			–	318	–	–	–	–	–	–249
TOTAL		**30,883**	**26,579**	**4,304**	**2,561**	**803**	**1,329**	**1,096**	**1,076**	**887**	**755**

Net sales

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden									
Mobile	10, 11	8,701	8,008	2,311	2,297	2,137	1,956	2,040	2,043
Fixed broadband	13	1,531	1,471	392	379	379	381	377	361
Fixed telephony		1,773	1,909	423	437	453	460	476	471
Other operations		140	264	36	25	37	42	52	49
		12,145	**11,652**	**3,162**	**3,138**	**3,006**	**2,839**	**2,945**	**2,924**
Norway									
Mobile		2,618	2,616	647	640	672	659	667	659
Fixed broadband		8	194	2	2	2	2	3	2
Fixed telephony		413	482	94	98	105	116	120	117
		3,039	**3,292**	**743**	**740**	**779**	**777**	**790**	**778**
Russia									
Mobile		10,296	7,600	2,685	2,720	2,654	2,237	2,155	1,918
		10,296	**7,600**	**2,685**	**2,720**	**2,654**	**2,237**	**2,155**	**1,918**
Estonia									
Mobile	1	872	998	217	212	230	213	236	247
Fixed telephony		8	11	2	2	2	2	2	3
Other operations		51	56	12	15	13	11	13	15
		931	**1,065**	**231**	**229**	**245**	**226**	**251**	**265**
Lithuania									
Mobile		1,306	1,674	322	336	329	319	404	413
Fixed broadband		24	27	6	5	7	6	7	6
Fixed telephony		1	3	–	1	–	–	–	1
		1,331	**1,704**	**328**	**342**	**336**	**325**	**411**	**420**
Latvia									
Mobile		1,270	1,636	303	313	317	337	369	399
		1,270	**1,636**	**303**	**313**	**317**	**337**	**369**	**399**
Croatia									
Mobile		1,346	1,296	335	383	331	297	346	342
		1,346	**1,296**	**335**	**383**	**331**	**297**	**346**	**342**
Kazakhstan									
Mobile		119	–	37	38	44	–	–	–
		119	**–**	**37**	**38**	**44**	**–**	**–**	**–**
Netherlands									
Mobile		859	1,014	210	206	218	225	232	245
Fixed broadband		3,340	3,529	911	788	795	846	879	869
Fixed telephony		1,064	1,429	239	248	271	306	327	338
Other operations	12	595	675	216	123	125	131	151	155
		5,858	**6,647**	**1,576**	**1,365**	**1,409**	**1,508**	**1,589**	**1,607**
Germany									
Fixed broadband		313	436	71	75	79	88	98	103
Fixed telephony		1,132	1,670	255	261	285	331	367	389
Other operations	12	70	72	20	22	15	13	16	16
		1,515	**2,178**	**346**	**358**	**379**	**432**	**481**	**508**
Austria									
Fixed broadband		930	1,123	219	226	235	250	269	271
Fixed telephony		373	522	83	88	97	105	121	122
Other operations	12	277	322	66	67	73	71	77	83
		1,580	**1,967**	**368**	**381**	**405**	**426**	**467**	**476**
Other									
Other operations	12–14	931	1,295	192	202	245	292	338	306
		931	**1,295**	**192**	**202**	**245**	**292**	**338**	**306**
TOTAL									
Mobile		**27,387**	**24,842**	**7,067**	**7,145**	**6,932**	**6,243**	**6,449**	**6,266**
Fixed broadband		**6,146**	**6,780**	**1,601**	**1,475**	**1,497**	**1,573**	**1,633**	**1,612**
Fixed telephony		**4,764**	**6,026**	**1,096**	**1,135**	**1,213**	**1,320**	**1,413**	**1,441**
Other operations		**2,064**	**2,684**	**542**	**454**	**508**	**560**	**647**	**624**
		40,361	40,332	10,306	10,209	10,150	9,696	10,142	9,943
Internal sales, elimination	10–14	–770	–912	–191	–211	–199	–169	–188	–205
		39,591	**39,420**	**10,115**	**9,998**	**9,951**	**9,527**	**9,954**	**9,738**
One-off items	1	573	16	–6	–9	588	–	–1	76
TOTAL		**40,164**	**39,436**	**10,109**	**9,989**	**10,539**	**9,527**	**9,953**	**9,814**

Internal sales

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden									
Mobile	10, 11	227	131	70	78	42	37	38	34
Fixed broadband	13	14	17	2	2	3	7	6	4
Fixed telephony		–	7	–	–	–	–	–	1
Other operations		23	120	1	–	7	15	12	21
		264	**275**	**73**	**80**	**52**	**59**	**56**	**60**
Norway									
Fixed telephony		23	32	6	6	5	6	7	7
		23	**32**	**6**	**6**	**5**	**6**	**7**	**7**
Russia									
Mobile		154	60	39	42	55	18	16	25
		154	**60**	**39**	**42**	**55**	**18**	**16**	**25**
Estonia									
Other operations		51	56	12	15	13	11	13	15
		51	**56**	**12**	**15**	**13**	**11**	**13**	**15**
Lithuania									
Mobile		12	15	3	3	3	3	4	3
Fixed telephony		–	1	–	–	–	–	–	–
		12	**16**	**3**	**3**	**3**	**3**	**4**	**3**
Latvia									
Mobile		9	17	2	2	3	2	1	8
		9	**17**	**2**	**2**	**3**	**2**	**1**	**8**
Netherlands									
Fixed broadband		12	18	3	2	4	3	4	5
Other operations	12	8	4	3	2	2	1	2	–
		20	**22**	**6**	**4**	**6**	**4**	**6**	**5**
Other									
Other operations	12–14	237	434	50	59	62	66	85	82
		237	**434**	**50**	**59**	**62**	**66**	**85**	**82**
TOTAL									
Mobile	10	**402**	**223**	**114**	**125**	**103**	**60**	**59**	**70**
Fixed broadband		**26**	**35**	**5**	**4**	**7**	**10**	**10**	**9**
Fixed telephony		**23**	**40**	**6**	**6**	**5**	**6**	**7**	**8**
Other operations		**319**	**614**	**66**	**76**	**84**	**93**	**112**	**118**
TOTAL		**770**	**912**	**191**	**211**	**199**	**169**	**188**	**205**

EBITDA

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden									
Mobile	10, 11	2,803	2,661	669	748	722	664	652	681
Fixed broadband	10, 13	24	77	–2	16	–1	11	11	35
Fixed telephony	10	416	387	98	106	105	107	93	107
Other operations		29	59	16	2	3	8	7	6
		3,272	**3,184**	**781**	**872**	**829**	**790**	**763**	**829**
Norway									
Mobile		122	180	28	4	51	39	46	58
Fixed broadband		10	2	–	3	6	1	2	1
Fixed telephony		64	64	14	15	17	18	20	17
		196	**246**	**42**	**22**	**74**	**58**	**68**	**76**
Russia									
Mobile		3,573	2,473	899	1,011	944	719	695	596
		3,573	**2,473**	**899**	**1,011**	**944**	**719**	**695**	**596**
Estonia									
Mobile	1	218	290	50	52	60	56	63	74
Other operations		1	2	1	–	1	–1	1	–1
		219	**292**	**51**	**52**	**61**	**55**	**64**	**73**
Lithuania									
Mobile		450	591	96	124	118	112	125	143
Fixed broadband		5	6	1	1	2	1	2	1
Fixed telephony		–	1	–	–	–	–	1	–1
		455	**598**	**97**	**125**	**120**	**113**	**128**	**143**
Latvia									
Mobile		398	527	88	99	102	109	108	132
		398	**527**	**88**	**99**	**102**	**109**	**108**	**132**
Croatia									
Mobile		–21	–244	3	14	3	–41	–53	–43
		–21	**–244**	**3**	**14**	**3**	**–41**	**–53**	**–43**
Kazakhstan									
Mobile		–173	–	–74	–54	–45	–	–	–
		–173	**–**	**–74**	**–54**	**–45**	**–**	**–**	**–**
Netherlands									
Mobile		162	127	57	36	38	31	27	36
Fixed broadband	2	1,037	926	260	233	283	261	227	249
Fixed telephony	2	307	344	48	81	89	89	84	82
Other operations	12	229	215	68	50	58	53	52	54
		1,735	**1,612**	**433**	**400**	**468**	**434**	**390**	**421**
Germany									
Fixed broadband		–89	–134	–	–28	–29	–32	–23	–20
Fixed telephony		449	627	107	121	103	118	126	158
Other operations	12	–3	3	–2	–1	–	–	2	–
		357	**496**	**105**	**92**	**74**	**86**	**105**	**138**
Austria									
Fixed broadband		144	169	44	39	25	36	44	52
Fixed telephony		164	167	36	49	39	40	36	42
Other operations	12	20	8	3	6	2	9	2	1
		328	**344**	**83**	**94**	**66**	**85**	**82**	**95**
Other									
Other operations	2, 12, 13	–55	–134	–20	24	–9	–50	–87	–19
		–55	**–134**	**–20**	**24**	**–9**	**–50**	**–87**	**–19**
TOTAL									
Mobile		**7,532**	**6,605**	**1,816**	**2,034**	**1,993**	**1,689**	**1,663**	**1,677**
Fixed broadband		**1,131**	**1,046**	**303**	**264**	**286**	**278**	**263**	**318**
Fixed telephony		**1,400**	**1,590**	**303**	**372**	**353**	**372**	**360**	**405**
Other operations		**221**	**153**	**66**	**81**	**55**	**19**	**–23**	**41**
TOTAL		**10,284**	**9,394**	**2,488**	**2,751**	**2,687**	**2,358**	**2,263**	**2,441**

EBIT

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden									
Mobile	10	2,137	2,075	461	581	581	514	476	520
Fixed broadband	10, 13	–293	–275	–79	–61	–82	–71	–71	–49
Fixed telephony	10	376	332	86	97	95	98	79	92
Other operations		–19	2	7	–11	–10	–5	–5	–6
		2,201	**2,134**	**475**	**606**	**584**	**536**	**479**	**557**
Norway									
Mobile		87	90	12	–	42	33	18	36
Fixed broadband		10	–16	–	3	6	1	2	2
Fixed telephony		60	53	13	13	17	17	17	15
		157	**127**	**25**	**16**	**65**	**51**	**37**	**53**
Russia									
Mobile		2,770	1,822	688	822	720	540	529	419
		2,770	**1,822**	**688**	**822**	**720**	**540**	**529**	**419**
Estonia									
Mobile	1	151	217	32	37	43	39	44	55
Other operations		1	2	1	–	1	–1	–	–
		152	**219**	**33**	**37**	**44**	**38**	**44**	**55**
Lithuania									
Mobile		357	491	74	99	96	88	100	118
Fixed broadband		1	1	–	–	1	–	–	–
Fixed telephony		–	1	–	–	–	–	1	–1
		358	**493**	**74**	**99**	**97**	**88**	**101**	**117**
Latvia									
Mobile		313	427	67	79	79	88	82	107
		313	**427**	**67**	**79**	**79**	**88**	**82**	**107**
Croatia									
Mobile		–134	–353	–25	–13	–26	–70	–81	–71
		–134	**–353**	**–25**	**–13**	**–26**	**–70**	**–81**	**–71**
Kazakhstan									
Mobile		–376	–	–114	–134	–128	–	–	–
		–376	**–**	**–114**	**–134**	**–128**	**–**	**–**	**–**
Netherlands									
Mobile		146	118	51	32	35	28	25	34
Fixed broadband	2	436	36	101	95	135	105	66	13
Fixed telephony	2	237	264	29	65	70	73	66	63
Other operations	12	159	163	30	39	49	41	39	42
		978	**581**	**211**	**231**	**289**	**247**	**196**	**152**
Germany									
Fixed broadband		–101	–173	–4	–31	–32	–34	–35	–29
Fixed telephony		404	574	97	112	91	104	108	146
Other operations	12	–3	3	–2	–1	–	–	2	–
		300	**404**	**91**	**80**	**59**	**70**	**75**	**117**
Austria									
Fixed broadband		46	47	19	15	1	11	16	23
Fixed telephony		119	108	27	38	27	27	22	28
Other operations	12	–10	–28	–4	–2	–5	1	–6	–9
		155	**127**	**42**	**51**	**23**	**39**	**32**	**42**
Other									
Other operations	2, 12, 13	–170	–234	–54	1	–39	–78	–119	–31
		–170	**–234**	**–54**	**1**	**–39**	**–78**	**–119**	**–31**
TOTAL									
Mobile		**5,451**	**4,887**	**1,246**	**1,503**	**1,442**	**1,260**	**1,193**	**1,218**
Fixed broadband		**99**	**–380**	**37**	**21**	**29**	**12**	**–22**	**–40**
Fixed telephony		**1,196**	**1,332**	**252**	**325**	**300**	**319**	**293**	**343**
Other operations		**–42**	**–92**	**–22**	**26**	**–4**	**–42**	**–89**	**–4**
		6,704	**5,747**	**1,513**	**1,875**	**1,767**	**1,549**	**1,375**	**1,517**
One-off items		384	–11	–157	17	527	–3	–64	116
TOTAL		**7,088**	**5,736**	**1,356**	**1,892**	**2,294**	**1,546**	**1,311**	**1,633**

EBIT, cont.

SEK million	Note	Specification of items between EBITDA and EBIT 2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
EBITDA		**10,284**	**9,394**	**2,488**	**2,751**	**2,687**	**2,358**	**2,263**	**2,441**
Impairment of goodwill		–	–5	–	–	–	–	–5	–
Sale of operations		–2	7	–	–2	–	–	–29	40
Acquisition costs	8	–16	–29	–	–3	–10	–3	–29	–
Sale of shares in joint ventures	8	–247	–	–247	–	–	–	–	–
Other one-off items in result from shares in joint ventures	3	127	–	96	31	–	–	–	–
Other one-off items	1, 2	522	16	–6	–9	537	–	–1	76
Total one-off items		**384**	**–11**	**–157**	**17**	**527**	**–3**	**–64**	**116**
Depreciation/amortization and other impairment		–3,626	–3,549	–977	–885	–941	–823	–850	–898
Result from shares in associated companies and joint ventures		46	–98	2	9	21	14	–38	–26
EBIT		**7,088**	**5,736**	**1,356**	**1,892**	**2,294**	**1,546**	**1,311**	**1,633**

CAPEX

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
Sweden									
Mobile		158	252	20	38	28	72	66	60
Fixed broadband	13	210	165	76	54	49	31	46	32
Fixed telephony		14	9	1	2	3	8	4	2
Other operations		15	20	6	–	3	6	4	2
		397	**446**	**103**	**94**	**83**	**117**	**120**	**96**
Norway									
Mobile		14	6	2	4	6	2	4	1
Fixed broadband		–	2	–	–	–	–	–1	1
Fixed telephony		2	2	1	–	1	–	1	–
		16	**10**	**3**	**4**	**7**	**2**	**4**	**2**
Russia									
Mobile		1,495	2,232	632	429	332	102	441	707
		1,495	**2,232**	**632**	**429**	**332**	**102**	**441**	**707**
Estonia									
Mobile		59	110	15	12	19	13	22	19
		59	**110**	**15**	**12**	**19**	**13**	**22**	**19**
Lithuania									
Mobile		110	165	32	22	35	21	20	47
Fixed broadband		2	4	1	–	–	1	2	1
		112	**169**	**33**	**22**	**35**	**22**	**22**	**48**
Latvia									
Mobile		94	154	35	24	16	19	26	21
		94	**154**	**35**	**24**	**16**	**19**	**26**	**21**
Croatia									
Mobile		115	194	64	21	14	16	47	35
		115	**194**	**64**	**21**	**14**	**16**	**47**	**35**
Kazakhstan									
Mobile		169	–	168	–	1	–	–	–
		169	**–**	**168**	**–**	**1**	**–**	**–**	**–**
Netherlands									
Mobile		9	6	3	2	2	2	2	1
Fixed broadband		472	448	94	155	109	114	129	96
Fixed telephony		55	46	14	17	12	12	14	9
Other operations		42	33	10	12	12	8	9	7
		578	**533**	**121**	**186**	**135**	**136**	**154**	**113**
Germany									
Fixed broadband		4	2	2	1	1	–	1	1
Fixed telephony		3	1	1	1	1	–	–	–
		7	**3**	**3**	**2**	**2**	**–**	**1**	**1**
Austria									
Fixed broadband		34	46	12	5	9	8	20	10
Fixed telephony		20	24	7	3	5	5	8	5
Other operations		11	13	4	1	3	3	5	3
		65	**83**	**23**	**9**	**17**	**16**	**33**	**18**
Other									
Other operations	13	544	505	120	153	132	139	147	109
		544	**505**	**120**	**153**	**132**	**139**	**147**	**109**
TOTAL									
Mobile		**2,223**	**3,119**	**971**	**552**	**453**	**247**	**628**	**891**
Fixed broadband		**722**	**667**	**185**	**215**	**168**	**154**	**197**	**141**
Fixed telephony		**94**	**82**	**24**	**23**	**22**	**25**	**27**	**16**
Other operations		**612**	**571**	**140**	**166**	**150**	**156**	**165**	**121**
TOTAL		**3,651**	**4,439**	**1,320**	**956**	**793**	**582**	**1,017**	**1,169**

CAPEX, cont.

	Additional cash flow information							
SEK million	2010 Full year	2009 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3
CAPEX according to cash flow statement	**3,603**	**4,340**	**1,163**	**923**	**909**	**608**	**1,048**	**1,065**
This year unpaid CAPEX and paid CAPEX from previous year	12	–8	168	11	–142	–25	–38	76
Sales price in cash flow statement	36	107	–11	22	26	–1	7	28
CAPEX according to balance sheet	**3,651**	**4,439**	**1,320**	**956**	**793**	**582**	**1,017**	**1,169**

Key ratios

SEK million	2010	2009	2008	2007	2006
CONTINUING OPERATIONS					
Net sales	40,164	39,436	38,330	39,082	38,596
Number of customers (by thousands)	30,883	26,579	24,018	22,768	23,618
EBITDA	10,284	9,394	8,227	6,721	6,179
EBIT	7,088	5,736	2,906	1,740	970
EBT	6,735	5,236	1,893	1,009	405
Net profit/loss	6,481	4,755	1,758	–78	–186
KEY RATIOS					
EBITDA margin, %	26.0	23.8	21.4	17.1	16.0
EBIT margin, %	17.6	14.5	7.6	4.5	2.5
VALUE PER SHARE (SEK)					
Earnings	14.69	10.72	3.91	0.05	–0.14
Earnings after dilution	14.63	10.70	3.91	0.05	–0.14
TOTAL (INCLUDING DISCONTINUED OPERATIONS)					
Shareholders' equity	28,875	28,823	28,405	27,010	29,172
Shareholders' equity after dilution	28,894	28,823	28,415	27,054	29,186
Total assets	40,369	40,737	47,337	48,809	66,213
Cash flow from operating activities	9,610	9,118	7,896	4,350	3,847
Cash flow after CAPEX	6,007	4,778	3,288	–819	–1,673
Available liquidity	12,814	12,410	17,248	25,901	5,963
Net debt	1,691	2,171	4,952	5,198	15,311
Investments in intangible and tangible assets, CAPEX	3,651	4,439	4,623	5,198	5,365
Investments in shares, short-term investments etc	1,742	–3,357	–2,255	–11,444	1,616
KEY RATIOS					
Equity/assets ratio, %	72	71	60	55	44
Debt/equity ratio, multiple	0.06	0.08	0.17	0.19	0.52
Return on shareholders' equity, %	24.0	16.4	8.9	–5.6	–11.2
Return on shareholders' equity after dilution, %	24.0	16.4	8.9	–5.6	–11.2
Return on capital employed, %	23.6	17.6	12.9	2.0	–5.4
Average interest rate, %	10.0	6.9	6.2	5.2	4.2
VALUE PER SHARE (SEK)					
Earnings	15.70	10.61	5.53	–3.50	–8.03
Earnings after dilution	15.64	10.59	5.53	–3.50	–8.03
Shareholders' equity	65.44	65.31	63.93	60.67	64.96
Shareholders' equity after dilution	65.23	65.18	63.90	60.70	64.95
Cash flow from operating activities	21.78	20.71	17.80	9.78	8.66
Dividend, ordinary	6.00[1]	3.85	3.50	3.15	1.83
Extraordinary dividend	21.00[1]	2.00	1.50	4.70	–
Market price at closing day	139.60	110.20	69.00	129.50	100.00

1) Proposed dividend

Parent company

INCOME STATEMENT

SEK million	2010 Full year	2009 Full year
Net sales	48	32
Administrative expenses	–120	–79
Operating profit/loss, EBIT	**–72**	**–47**
Dividend from group company	13,000	–
Exchange rate difference on financial items	48	153
Net interest expenses and other financial items	–392	–205
Profit/loss after financial items, EBT	**12,584**	**–99**
Tax on profit/loss	99	–185
NET PROFIT/LOSS	**12,683**	**–284**

BALANCE SHEET

SEK million	Note	Dec 31, 2010	Dec 31, 2009
ASSETS			
FIXED ASSETS			
Financial assets		23,414	30,985
FIXED ASSETS		**23,414**	**30,985**
CURRENT ASSETS			
Current receivables		14,601	15
Cash and cash equivalents		3	4
CURRENT ASSETS		**14,604**	**19**
ASSETS		**38,018**	**31,004**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	7	17,533	17,459
Unrestricted equity	7	19,978	8,420
SHAREHOLDERS' EQUITY		**37,511**	**25,879**
LONG-TERM LIABILITIES			
Interest-bearing liabilities		426	4,984
LONG-TERM LIABILITIES		**426**	**4,984**
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		39	85
Non-interest-bearing liabilities		42	56
SHORT-TERM LIABILITIES		**81**	**141**
EQUITY AND LIABILITIES		**38,018**	**31,004**

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

For the Group, the interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements (December 2010).

From Q4 2010, with prospective effect, revenues from customer agreements including the delivery of mobile phones or other equipment without the debit of any specific enhanced subscription fees are allocated to the individual components in the agreement. Before, they were recognized when the total service was provided (for additional information please refers to the 2009 Annual Report). The changed principle means that revenues that can be allocated to the equipment are recognized at the delivery of the equipment to the customer and revenues from other subscription charges are recognized in the period covered by the charge. Prior periods have not been restated since it is impracticable to determine the effect on these.

During Q4 2010, with retroactive effect, Datametrix Integration has been transferred to segment Sweden. In addition adjustment has been made retroactively in segment Other from net sales to other operating income. For additional information please refer to Note 13 and Note 14 respectively.

From Q3 2010, with retroactive effect, the international carrier business is reported in the segment Other. For additional information please refer to Note 12.

In segment Sweden from January 1, 2010 sales with enhanced subscriptions fees are regarded as instalment payments and the accounting of revenues has been adjusted accordingly. Previous periods have been recalculated. For additional information please refer to Note 11.

From Q1 2010, with retroactive effect, the internal sale between mobile and fixed broadband/telephony is reported in segment Sweden. For additional information please refer to Note 10.

Revised IFRS 3 and IAS 27 concerning business acquisition

In the revised IFRS 3, all acquisition related costs (transaction costs) are to be recognized as expenses in the period in which they arise, and shall no longer be capitalized as a part of the acquisition value for the acquired business. Also the definition of a business combination has been clarified.

The revised IFRS 3 also allows the use of the so called full goodwill method. This means that the minority interest and goodwill are reported at fair value at the time of acquisition.

According to the revised IFRS 3 a conditional purchase price shall be reported, both initially as well as in the following periods, at fair value with any subsequent revaluation to be reported in the income statement. Previously a provision for conditional purchase price was initially reported at a value that corresponded to the company's best estimate of the likely outcome. Subsequent changes in the provision, except for the discount effect, were reported against goodwill.

The revised IFRS 3 standard effects acquisitions of a controlling interest in a company where t2 already holds an equity interest. The revised accounting standard requires t2 to adjust the carrying value of the previously held equity interest to fair value at acquisition. Any gain or loss shall be recorded in the income statement. The revised IFRS 3 standard is applied prospectively.

The revised IAS 27 clarifies that changes in a parent company's share in the subsidiary, where the parent company retains the control, shall be reported as a transaction within equity. This means that these types of changes shall not result in recognition of profit or loss in the income statement. Nor shall the transaction cause any changes of the subsidiary's net assets (including goodwill). The previous standard gave no guidance on how changes in the parent company's participating interest should be accounted for. The revised standard is applied prospectively and will result in changes compared to the previous principles.

Choice of accounting principle for put options

When choosing and applying its accounting principles, t2 has chosen the following principle for reporting of put options in connection with business combinations, where put options give the minority owner a right to sell its shares or part of its shares to t2 in a company in which t2 is the majority stockholder. The chosen method means that initially, at the business combination, a minority interest is recognized. This minority interest is then immediately reclassified as a financial liability. The financial liability is recognized at its fair value at each reporting date, with the changes reported within financial items in profit or loss.

An alternative method, not chosen by t2, would be to report both a minority interest and a financial liability with opposite booking of the liability initially directly to shareholders' equity and the following changes in the liability's fair value reported in profit and loss. Another additional alternative is to on a current basis report a minority interest which is reclassified as a financial liability at each reporting period. The difference between the reclassified minority interest and the fair value of the financial liability is reported as a change of the minority interest within equity.

Other new and amended IFRS standards and IFRIC interpretations

The other new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2010, have had no material effect on the consolidated financial statements.

t2 has, in all other respects, presented its interim report in accordance with the accounting principles and calculation methods used in the 2009 Annual Report. Definitions are found in the 2009 Annual Report.

NOTE 1 NET SALES

In Q3 2010, net sales in Estonia have been decreased by SEK 18 million related to the settlement of a court dispute regarding excessive mobile termination fees during the years 2006–2007.

In Q2 2010, net sales and cash flow in Germany has been increased by SEK 588 million due to a reached settlement with Deutsche Telekom regarding several legal disputes dated back to 2003 (e.g. regarding verbal ordering procedures). The positive effect has been reported as a one-off item. Income tax regarding this settlement has affected the income statement negatively in Q2 2010 with SEK 73 million.

In Q4 2009 t2 made a settlement with TeliaSonera related to interconnect disputes, and the solved dispute affected the cash flow positively by SEK 340 million and the interest income by SEK 60 million, but did not affect EBIT. In addition an interest cost has affected Q2 2010 negatively by SEK 43 million.

In Q3 2009, net sales in segment Other were increased by SEK 76 million related to a settlement with another operator. The positive effect was reported as a one-off item.

In Q2 2009, net sales in Sweden were decreased by SEK 59 million related to the revaluation of reserves. The negative effect was reported as a one-off item.

NOTE 2 OPERATING AND FINANCIAL EXPENSES

In Q4 2010 the USD 220 million bond issued on the US market has been repaid, which resulted in a termination fee of SEK 116 million reported as interest expense.

In Q2 2010 Sweden has been negatively affected by SEK 51 million, due to the ruling from the Administrative Court of Appeal in June 2010 regarding price on whole and split copper cable. The negative effect has been reported as a one-off item.

Due to telecom regulatory changes Netherlands has in Q2 2010 been positively affected by SEK 79 million mainly in the fixed broadband and fixed telephony business.

In Q1 2010 segment Other has been negatively affected with SEK 22 million associated with termination payment, including pension costs and social security cost, to former President and CEO Harri Koponen.

NOTE 3 RESULT FROM SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Note	2010 Full year	2009 Full year	2010 Q4	2009 Q4
Valuation of loss carry forward in Svenska UMTS-nät		96	–	96	–
Valuation of previously held shares in Spring Mobil in connection to acquisition of remaining shares	8	31	–	–	–
Sale of shares in Plusnet	8	–247	–	–247	–
Other		46	–98	2	–38
Total		**–74**	**–98**	**–149**	**–38**

NOTE 4 TAXES

In Q4 2010 net taxes were positively affected by SEK 175 million as a result of a valuation of deferred tax assets in Germany.

In Q3 2010 net taxes were positively affected by SEK 1,049 (1,071) million as a result of a valuation of deferred tax assets related to holding companies in Luxembourg of SEK 895 (1,071) million and for Netherlands of SEK 154 million.

In Q3 2009 t2 Sweden received a negative tax ruling, mainly regarding a deduction for contribution to its subsidiary t2 Norway for the write off of an MVNO-agreement. The declined deductions affected the tax cost negatively by SEK 209 million in Q3 2009, but had no cash flow effects.

In Q1 2009 SEK 186 million as well as SEK 10 million were expensed regarding the S.E.C. dispute and other tax disputes respectively. Total tax and interest paid in Q1 2009, related to tax disputes, amounted to SEK 395 million out of which SEK 163 million was already provisioned for in 2005. The tax dispute is presented in Note 15 of the 2009 Annual Report.

NOTE 5 CONTINGENT LIABILITIES

SEK million	2010 Dec 31	2009 Dec 31
Tax dispute, S.E.C. SA liquidation	–	4,354
Other disputes	258	–
Guarantee related to joint ventures		
–Svenska UMTS-nät, Sweden	1,260	1,745
–Mobile Norway, Norway	199	80
Total contingent liabilities	**1,717**	**6,179**

At January 21, 2011 the Administrative Court of Appeal has approved t2's claim for a deduction of a capital loss of SEK 13.3 billion (tax effect of SEK 4,354 million including interest), which was associated with the liquidation of SEC SA in 2001. The decision by the Administrative Court of Appeal will not lead to reduced tax payments since the capital loss has been deducted against earlier years' profits.

t2 is the defendant in an arbitration regarding a dispute relating to a Share Option Agreement and related issues where the claimant has put forward claims of USD 38 (SEK 258) million. We estimate that the arbitration award will be announced during the second half of 2011. Based on current information, our assessment is that it is more likely than not that we will win.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 31 and Note 32 in the Annual Report for 2009.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

Apart from transactions with Transcom and joint ventures no other significant related party transactions have been carried out during 2010. Related parties are presented in Note 39 of the 2009 Annual Report.

NOTE 7 SHARES AND CONVERTIBLES

	Dec 31, 2010	Dec 31, 2009
Number of outstanding shares, basic	443,262,339	440,381,339
Number of shares in own custody	3,701,000	5,798,000
Number of shares, weighted average	441,229,755	440,355,339
Number of shares after dilution	445,111,903	441,506,048
Number of shares after dilution, weighted average	442,920,782	441,272,717

DIVIDEND

t2's Board of Directors intends to propose an increase of the ordinary dividend with 56 percent to SEK 6.00 per share in respect of the financial year 2010 to the Annual General Meeting in 2011 and an extraordinary dividend of SEK 21.00 per share.

t2 has, in Q2 2010, paid to the shareholders a dividend for 2009 of SEK 5.85 per share, of which the ordinary dividend amounts to SEK 3.85 per share and the extraordinary dividend amounts to SEK 2.00 per share. This corresponds to a total of SEK 2,580 million, of which ordinary dividend SEK 1,698 million and extraordinary dividend SEK 882 million.

NEW SHARE ISSUE, CANCELLATION AND REPURCHASE OF SHARES

As a result of 1,153,000 and 944,000 stock options in the incentive program 2007–2010/2012 being exercised during Q3–Q4 2010 respectively, t2 has sold shares in own custody of 1,153,000 and 944,000 resulting in an increase of shareholders' equity of SEK 141 and 115 million respectively.

As a result of 20,000, 557,000 and 207,000 stock options in the incentive program 2006–2009/2011 being exercised during Q1–Q3 2010 respectively, t2 has issued new shares resulting in an increase of shareholders' equity of SEK 2, 53 and 19 million respectively.

CONT. NOTE 7

RECLASSIFICATION

In Q1 and Q3 2010, 4,140,326 and 1,520 class A shares have been reclassied into class B shares in t2 .

In order to ensure delivery of shares under the incentive program 2007-2010/2012 t2 has, in Q2 2010, reclassied 2,529,000 Class C shares to Class B shares.

INCENTIVE PROGRAM 2010

The Annual General Meeting on May 17, 2010, approved an incentive programme for allocation to senior executives and other key employees in the t2 Group.

The incentive program (the Plan) includes a total of 142 senior executives and other key employees within the t2 Group. The participants in the Plan are required to own shares in t2. These shares could either be shares already held or shares purchased on the market in connection with notification to participate in the Plan. Thereafter the participants were granted, free of charge, retention rights and performance rights on the terms stipulated below.

For each share under the Plan, the participants will be granted retention rights and performance rights by the company. Subject to fulfilment of certain retention and performance based conditions during the period April 1, 2010 - March 31, 2013 (the measure period), the participant maintaining the employment within the t2 Group at the date of the release of the interim report January - March 2013 and subject to the participant maintaining the invested shares, each right entitles the employee to receive one Class B share in the company. Dividends paid on the underlying share will increase the number of retention and performance shares being allotted in order to treat the shareholders and the participants equally. The participant's maximum profit per right in the Plan is limited to SEK 529, five times the average closing share price of the t2 Class B shares during February 2010 (SEK 105.90).

The rights are divided into Series A rights retention shares, Series B rights performance shares and Series C rights performance shares. The shares to be received by the employee depend on the fulfilment of certain defined retention and performance based conditions during the Measure Period as follows:

Series A rights — t2's total shareholder return (TSR) on the t2 shares, with a minimum hurdle exceeding 0 percent during the Measure Period.

Series B rights — Average normalized return of capital employed (ROCE), with a minimum hurdle of 15 percent during the Measure Period and a stretch target of 18 percent.

Series C rights — TSR compared with a peer group including Elisa, KPN, Millicom, Mobistar, MTS – Mobile Telesystems, Telenor, TeliaSonera, Turkcell and Vodafone during the Measure Period with TSR being better than the average TSR for the peer group as a minimum hurdle and TSR being 10 percentage points better than the average TSR for the peer group as a stretch target.

The determined levels of the retention and performance based conditions are minimum hurdle and stretch target with a linear interpolation applied between those levels. The minimum hurdle constitutes the minimum level which must be exceeded in order to enable exercise of the rights. If the minimum hurdle is not reached all respective rights to retention and performance shares in that series lapse. If a stretch target is met all retention rights and performance rights remain exercisable in that series. If the minimum hurdle is reached the number of rights exercisable will be 20 percent for the Series B and C rights and 100 percent for the A rights.

To ensure the delivery of Class B shares under the Plan, the Annual General Meeting decided that maximum 1,180,000 Class C shares held by the company after reclassification into Class B shares may be transferred to the participants under the Plan.

The Plan comprises a total number of 196,280 shares and the following number of rights for the different Groups: a) 8,000 shares and 7 rights (1 Series A, 3 Series B and 3 Series C) per invested share for the CEO, b) 32,000 shares and 6 rights (1 Series A, 2.5 Series B and 2.5 Series C) per invested share for other senior executives and other key employees (8 persons) and c) 156,280 shares and 4 rights (1 Series A, 1.5 Series B and 1.5 Series C) per invested share for other participants (133 persons).

Number of share rights	2010 Jun 9–Dec 31
Allocated June 9, 2010	873,120
Forfeited	–4,000
Total outstanding share rights	**869,120**

Total costs before tax for outstanding rights in the incentive program are expensed as they arise over a three-year period, and these costs are expected to amount to SEK 61 million.

The estimated average fair value of the granted rights was SEK 78.60 on the grant date, June 9, 2010. The calculation of the fair values was carried out by external analysts. The following variables were used:

	Serie A	Serie B	Serie C
Expected annual turnover of personnel	7,0%	7,0%	7,0%
Expected value reduction parameter fulfilment	–	50%	–
Weighted average share price	115.49	115.49	115.49
Expected life	2.87 years	2.87 years	2.87 years
Expected value reduction parameter market condition	70%	–	35%

INCENTIVE PROGRAM 2009

Number of share rights	2010 Jan 1–Dec 31	Cumulative from start
Allocated June 1, 2009		656,160
Outstanding as of January 1, 2010	648,160	
Allocated Q2 2010, compensation for dividend	20,184	20,184
Forfeited	–122,972	–130,972
Total outstanding share rights	**545,372**	**545,372**

The Plan comprised a total number of 140,040 shares and the following number of rights for the different Groups: a) 8,000 shares and 7 rights per invested share for the CEO, b) 36,000 shares and 6 rights per invested share for other senior executives and other key employees (9 persons) and c) 96,040 shares and 4 rights per invested share for other participants (62 persons).

INCENTIVE PROGRAM 2008

Number of share rights	2010 Jan 1–Dec 31	Cumulative from start
Allocated May 30, 2008		384,400
Allocated October 24, 2008		56,000
Allocated December 19, 2008		186,872
Allocated Q2 2009, compensation for dividend		25,165
		652,437
Outstanding as of January 1, 2010	492,549	
Allocated Q2 2010, compensation for dividend	14,372	14,372
Forfeited	–114,469	–274,357
Total outstanding share rights	**392,452**	**392,452**

INCENTIVE PROGRAM 2007

Number of options	2010 Jan 1–Dec 31	Cumulative from start
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2010	2,550,000	
Forfeited	–21,000	–1,023,000
Exercised	–2,097,000	–2,097,000
Total outstanding stock options	**432,000**	**432,000**

The exercise of the stock options is conditional upon the fulfilment of certain performance conditions, measured from July 1, 2007 until June 30, 2010. The Board has established that the outcome of these decided performance conditions are in accordance with below.

Performance conditions	Minimum (50%)	Target (100%)	Outcome	Outcome of incentive program
Average normalised Return on Capital Employed (ROCE)	7%	14.5%	15.5%	100%
Total Shareholder Return compared to a peer group (TSR)	> 0%	≥ 5%	38.9%	100%

The exercise price has been adjusted from SEK 124 at December 31, 2009 to SEK 122 due to a compensation for the extraordinary dividend paid during 2010.

Weighted average share price at date of exercise for stock options has during 2010 amounted to SEK 139.21.

INCENTIVE PROGRAM 2006

	Stock options		Warrants	
Number of options	2010 Jan 1–Dec 31	Cumulative from start	2010 Jan 1–Dec 31	Cumulative from start
Allocated March 7, 2006		1,504,000		752,000
Outstanding as of January 1, 2010	904,000		–	
Forfeited	–	–570,000	–	–752,000
Exercised	–784,000	–814,000	–	–
Total outstanding	**120,000**	**120,000**	**–**	**–**

Weighted average share price at date of exercise for stock options has during 2010 amounted to SEK 121.69 (105.39).

A total bonus of SEK 5 million has been paid in connection with exercise during 2009-2010, as a compensation for the extraordinary dividend of SEK 6.20 and 8.20 paid 2008–2010.

NOTE 8 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of shares and participations affecting cash flow are the following.

SEK million	2010 Jan 1 –Dec 31
Acquisitions	
BBned, Netherlands	–471
Spring Mobil, Sweden	–67
Kazakhstan	–534
Rostov, Russia	–274
Other acquisitions	–25
	–1,371
Capital contribution to joint venture companies	–139
	–139
Total acquisitions	**–1,510**
Divestments	
Plusnet, Germany	–271
Settlements of previous years' discontinued operations	323
Settlements of previous years' other divestments	1
Total divestments	**53**
TOTAL CASH FLOW EFFECT	**–1,457**

ACQUISITIONS

BBned, Netherlands

On October 5, 2010 t2 acquired 100 percent of the Dutch operator BBned for SEK 462 million. The acquisition has affected t2's net sales in the segment Netherlands year-to-date by SEK 197 million, EBITDA by SEK 12 million and net profit by SEK –48 million.

BBned is a provider of fixed telephony and broadband services in the Netherlands, active in retail, business and wholesale segment. BBned operates on the business market with its brand BBeyond and on the consumer market with its brands Alice and InterNLnet.

Goodwill in connection with the acquisition is related to t2's expectation that BBned will strengthen t2's position and improve t2's distribution in the Dutch market. t2 will benet from the synergies that exist between t2 and BBned given the similarity between BBned's and t2's operations. t2's expectation is that the transaction will contribute positively to the company's growth opportunities.

Total acquisition costs of SEK 7 million have been reported in the income statement.

Spring Mobil, Sweden

On July 23, 2010 t2 acquired the remaining 50 percent of the shares in the Swedish company Spring Mobil for SEK 81 million. The acquisition has affected t2's net sales in the segment Sweden year-to-date by SEK 84 million, EBITDA by SEK 6 million and net profit by SEK 13 million including a positive effect of SEK 31 million described below.

As a result of t2 receiving controlling interest, by the acquisition, Spring Mobil is no longer reported according to the equity method but instead according to the purchase method. As described in the Accounting principles, a revised accounting standard requires t2 to adjust the previously held shares of 50 percent to fair value, as a result of the acquisition of additional shares, and report the difference in the income statement (result from shares in associated companies and joint ventures). Accordingly a positive effect has been reported in Q3 2010 of SEK 31 million. Fair value of the previously 50 percent owned shares has been based on the purchase price of the additional acquired shares.

Spring Mobil operates on the Swedish business market with so-called One Phone solutions. Goodwill in connection with the acquisition is related to t2's expectation that Spring Mobil complements t2's existing product portfolio and will improve t2's position in the corporate market. As a wholly owned subsidiary, t2 can fully benet from the synergies that exist between t2 and Spring Mobil and the transaction will contribute positively to the company's growth opportunities.

Total acquisition costs of SEK 3 million have been reported in the income statement.

Kazakhstan

On March 17, 2010 t2 acquired 51 percent of mobile operator NEO in Kazakhstan for SEK 545 million. t2 has in addition committed to a capital injection of SEK 360 million, of which SEK 251 million has been paid by t2, and additional SEK 241 million by the minority owner. The acquisition has affected t2's net sales in the segment Kazakhstan year-to-date by SEK 119 million, EBITDA by SEK –173 million and net profit by SEK –538 million.

NEO operates a 900 MHz GSM license in Kazakhstan with a population of approximately 16.2 millions. t2 owns 51 percent of the shares with a call option to buy the remaining 49 percent from December 14, 2014. The other shareholder Asianet Holding B.V. has a put option to sell its shares to t2 from December 14, 2011. The exercise price of both options is the fair market value of the shares at the date of exercise.

Goodwill in connection with the acquisition was recognized in accordance with the so called full-goodwill method and is related to

CONT. NOTE 8

t2's expectations of strengthening this operation using its solid experience as a leading mobile challenger. The acquisition will provide the potential of synergies given the proximity and similarity of the Kazakhstan asset to other t2 operations as well as from the replication of t2's successful operational model, including the successful brand and product strategies used in the Russian market.

Total acquisition costs of SEK 35 million have been reported in the income statement, whereof SEK 29 million was reported in Q4 2009.

Rostov, Russia

In January 2010, t2 acquired the remaining 12.5 percent of the shares in the subsidiary t2 Rostov in Russia for SEK 366 million, of which SEK 92 million will be paid in Q1 2013. This was the last minority stake in t2 Russia and as a result of this acquisition t2 now owns 100 percent of its Russian operation. As described in the Accounting principles, a revised accounting standard requires t2 to record the effect of a change in the parent company's shares in a subsidiary, when the parent company retains control, within equity. The Rostov acquisition has resulted in a decrease in equity of SEK 306 million.

Other acquisitions

Other acquisitions of SEK 25 million relates to final payment in August 2010 of previous year acquisition of shares in t2 Izhevsk.

Net assets at the time of acquisition

Fair value of assets, liabilities and contingent liabilities included in the acquired operations are stated below.

SEK million	BBned	Spring Mobil	Kazakhstan	Total
Customer agreements	150	45	373	568
Licenses	–	10	594	604
Software	–	9	26	35
Trademarks	5	17	–	22
Tangible assets	278	119	401	798
Financial assets	–	1	48	49
Material and supplies	2	–	7	9
Current receivables	146	73	64	283
Cash and cash equivalents	6	14	11	31
Long-term liabilities	–74	–107	–999	–1,180
Short-term liabilities	–175	–101	–371	–647
Minority interest	–	–	–527	–527
Acquired net assets	**338**	**80**	**–373**	**45**
Goodwill	50	12	918	980
Fair value of equity interest at acquisition	–	–46	–	–46
Purchase price shares	**388**	**46**	**545**	**979**
Payment for debt in acquired companies	74	35	–	109
	462	**81**	**545**	**1,088**
Exchange rate differences	15	–	–	15
Less: cash in acqired companies	–6	–14	–11	–31
NET EFFECT ON GROUP CASH ASSETS	**471**	**67**	**534**	**1,072**

The information above and the pro forma below are to be viewed as preliminary.

The put option in Kazakhstan is measured to its fair value and the minority interest within equity has been reclassified to an interest bearing financial liability. Fair value of the 49 percent minority interest, SEK 527 million, has been determined based on the purchase price of t2's 51 percent interest in Kazakhstan, SEK 545 million. More details about the accounting policy applied can be found in the section Accounting principles and definitions.

In the balance sheet for Kazakhstan there is an interest-free loan from the former owner. At the time of the acquisition the nominal value of the liability was SEK 561 million and the fair value was SEK 265 million.

At the time of the acquisition BBned, Spring Mobil and Kazakhstan had tax losses carried forward. In the purchase price allocation, deferred tax asset relating to the tax loss carried forward has been reported to the extent they offset the deferred tax liability.

DIVESTMENTS

Plusnet, Germany

On December 23, 2010 t2 sold its 32.5 percent ownership in the joint venture Plusnet in Germany and at the same time made an early termination of the joint venture agreement. t2 Germany has paid in net SEK 271 million and report a capital loss of SEK 247 million.

t2 Germany currently develops its network independent service portfolio for the residential market and has yearly paid an operational expenditure of approximately SEK 160 million and a capital expenditure of approximately SEK 20 million to the joint venture. By exiting the joint venture agreement t2 will save a total of approximately SEK 600 million, offsetting the cost for terminating the agreement early. As a result of the completion of the transaction t2 Germany will enter into a new vendor agreement based on commercial terms with QSC for xDSL and telephony services.

Other divestments

Other cash flow changes include settlements of purchase prices in the amount of SEK 1 million, for divestments that have not been classified as discontinued operations.

Divestment after closing day

On December 15, 2010 t2 sold its cable TV operation in Lithuania for SEK 42 million. The sale was approved by the regulatory authorities on February 3, 2011 and is expected to be closed in mid February with a capital gain of SEK 4 million. The sold operation is immaterial and has consequently not been reported as assets held for sale at December 31, 2010.

PRO FORMA

The table below shows how the acquired and divested companies and operations at December 31, 2010 should have affected t2's net sales and result if they had been acquired or divested before January 1, 2010.

	Full Year 2010					
	t2	Acquired and divested operations				t2 Group
SEK million	Group[1]	Kazakhstan	Spring Mobil	BBned	Plusnet	pro forma
Net sales	40,164	46	135	594	–	40,939
EBITDA	10,284	–36	24	101	140	10,513
Net profit/loss	6,481	–122	–14	–23	387	6,709

[1] Continued operation

DISCONTINUED OPERATIONS

Discontinued operations include settlements of sales costs and price adjustments for discontinued operations sold during previous years, of which SEK 417 (178) million refers to a positive outcome from a dispute in the divested operation in Switzerland with a positive effect on both income statement and cash flow. In addition 2009 includes the, during 2009, divested mobile operation in France.

	Discontinued operation							
SEK million	2010 Full year	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3
Income statement								
Net sales	–	–	–	–	–	1,092	177	278
Profit/loss before tax	453	410	29	–5	19	–17	196	–461
Taxes	–6	–6	–	–	–	–29	–12	–17
Net profit/loss	**447**	**404**	**29**	**–5**	**19**	**–46**	**184**	**–478**
Cash flow statement								
Operating activities	–	–	–	–	–	198	52	–9
Investing activities	323	418	–9	–79	–7	814	534	2
Net change in cash and cash equivalents	**323**	**418**	**–9**	**–79**	**–7**	**1,012**	**586**	**–7**

NOTE 9 NUMBER OF CUSTOMERS

As a way of standardizing reporting both internally and externally, t2 decided in 2009 to change its principles for calculating the number of active customers in its mobile prepaid base. As of June 30, 2009, t2 considers a customer inactive if the customer has not used its mobile service in 3 months, instead of as earlier 3 to 13 months. Previous periods were not adjusted retroactively. In Q3 2009, additional adjustments were done to the customer base in Russia and Lithuania to reach conformity with the new principle.

In Q2 and Q3 2009, the one-time effect was a net increase of 567,000 and a net decrease of -249,000 respectively in the reported customer base. The large positive effect that the changed principle had on the Russian customer base was mainly related to the fact that the 3 months period was previously calculated from the time of the payment and not (as the new definition) from the last outgoing call. The table below presents how the customer base was affected by the changed definition in each country.

	Number of customers at June 30, 2009			Q3 2009
Thousands	Before	Changed definition	After	Additional change[1]
Sweden	3,436	–200	3,236	–
Norway	458	–2	456	–
Russia	11,120	1,261	12,381	–179
Estonia	488	–32	456	–
Lithuania	1,897	–181	1,716	–70
Latvia	1,084	–12	1,072	–
Croatia	773	–227	546	–
Netherlands	465	–40	425	–
Number of customers	**19,721**	**567**	**20,288**	**–249**

[1] Additional change due to the new principle decided in Q2 2009

NOTE 10 SALES BETWEEN MOBILE AND FIXED WITHIN SEGMENT SWEDEN

Previously, in the segment specification for Sweden, effects from mobile traffic terminated in the fixed access network and traffic in the fixed access network terminated in the mobile access network were not reported since they were related to traffic within the same company. From Q1 2010, with retroactive effect, the internal sale between mobile and xed broadband/telephony has been reported for t2 Sweden. Segment Sweden has been adjusted with the following amounts.

INTERNAL SALES

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4
Mobile	77	17	15	23	22	109	23
Internal sales	**77**	**17**	**15**	**23**	**22**	**109**	**23**

EBITDA AND EBIT

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4
Mobile	77	17	15	23	22	109	23
Fixed broadband	–31	–7	–6	–9	–9	–40	–10
Fixed telephony	–46	–10	–9	–14	–13	–69	–13
EBITDA and EBIT	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTE 11 NEW REVENUE RECOGNITION PRINCIPLE

Multiple deliveries

With prospective effect, revenues from customer agreements including the delivery of mobile phones or other equipment, without the debit of any specific enhanced subscription fees, are allocated to the individual components in the agreement. Before, the revenue was recognized when the total service was provided the customer. The changed principle means that revenues that can be allocated to the equipment are recognized at the delivery of the equipment to the customer and revenues from other subscription charges are recognized in the period covered by the charge. Prior periods have not been restated since it is impracticable to determine the effect on these. The change has had a positive effect on net sales in Q4 2010 of SEK 87 million.

Enhanced fees

In Sweden the sale of phones and computers via so called enhanced subscription fee has increased. Enhanced fees are an offering for the customer to pay explicitly for the equipment during a period of 12 to 24 months. This change in customer offering has led to a revaluation of how much cash flow can be allocated to equipment such as mobile phones etc.

In segment Sweden from January 1, 2010 sales with enhanced subscription fees are regarded as instalment payments and the accounting of the revenues reflect that. Hence both the cost and the revenue from the equipment are accounted for at the time it is supplied to the customer. Previously the cost was taken up front and the revenue was recognized when the total services were provided. Previous periods have been recalculated and the effects on the financial statements are presented below.

INCOME STATEMENT

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2007 Full year	2006 Full year
Net sales, mobile	209	75	66	37	31	58	43	152	66
Tax	–55	–20	–17	–10	–8	–15	–11	–40	–17
Net profit/loss	**154**	**55**	**49**	**27**	**23**	**43**	**32**	**112**	**49**

BALANCE SHEET

SEK million	2009 Dec 31	2009 Sep 30	2009 Jun 30	2009 Mar 31	2008 Dec 31	2007 Dec 31	2006 Dec 31
Assets							
Accrued income	485	410	344	307	276	218	66
Deferred tax assets	–127	–107	–90	–80	–72	–57	–17
Assets	**358**	**303**	**254**	**227**	**204**	**161**	**49**
Shareholders' equity	358	303	254	227	204	161	49
Equity and liabilities	**358**	**303**	**254**	**227**	**204**	**161**	**49**

CASH FLOW STATEMENT

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2007 Full year	2006 Full year
Cash flow from operations, less paid taxes	209	75	66	37	31	58	43	152	66
Change in working capital	–209	–75	–66	–37	–31	–58	–43	–152	–66
Cash flow from operating activities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTE 12 INTERNATIONAL CARRIER IS MOVED TO SEGMENT OTHER

From Q3 2010, the international carrier business is reported in segment Other as a result of the business having been moved into the central group functions. Previously this operation was reported in the respective country except for Sweden where it was reported in segment Other together with the other group central functions.

Previous periods have been recalculated retroactively and the effects on Other operations in the financial statements are presented below.

NET SALES

SEK million	2010 H1	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Netherlands	–30	–15	–15	–71	–16	–19	–19	–17
Germany	–149	–65	–84	–364	–95	–88	–89	–92
Austria	–127	–53	–74	–348	–108	–90	–65	–85
Other	253	105	148	578	177	148	112	141
Elimination of internal sales	53	28	25	205	42	49	61	53
t2 Group	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

INTERNAL SALES

SEK million	2010 H1	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Netherlands	–10	–5	–5	–28	–7	–6	–8	–7
Germany	–32	–18	–14	–135	–26	–32	–40	–37
Austria	–11	–5	–6	–42	–9	–11	–13	–9
t2 Group	**–53**	**–28**	**–25**	**–205**	**–42**	**–49**	**–61**	**–53**

EBITDA AND EBIT

SEK million	2010 H1	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Netherlands	3	2	1	3	–	1	–	2
Germany	–1	3	–4	–20	–4	–6	–4	–6
Austria	–5	–2	–3	–27	–3	–7	–9	–8
Other	3	–3	6	44	7	12	13	12
t2 Group	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTE 13 DATAMETRIX INTEGRATION IS MOVED TO SEGMENT SWEDEN

From Q4 2010, the business for IP-based switchboard solutions to major companies is reported in segment Sweden as a result of part of the business having been moved into the Swedish fixed broadband operation. Previously this part of the operation was reported in segment Other.

Previous periods have been recalculated retroactively and the effects on segment Sweden (fixed broadband) in the financial statements are presented below. Segment Other (Other operations) has been affected with opposite sign.

SEK million	2010 Jan 1– Sep 30	2010 Q3	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Sweden, fixed broadband									
Net sales	60	16	22	22	71	22	15	19	15
Internal sales	12	2	3	7	17	6	4	3	4
EBITDA	–18	–7	–7	–4	–9	–1	–3	–1	–4
EBIT	–19	–7	–7	–5	–10	–1	–4	–1	–4
CAPEX	4	1	1	2	6	6	–	–	–

NOTE 14 INTERNAL SALE FROM CENTRAL FUNCTIONS

During Q4 2010, reallocation has been done in segment Other between net sales and other operating revenues concerning central functions. Previous periods have been recalculated retroactively and the effects in segment Other in the financial statements are presented below.

SEK million	2010 Jan 1– Sep 30	2010 Q3	2010 Q2	2010 Q1	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Net sales, total	–263	–91	–95	–77	–314	–75	–93	–41	–105
Elimination of internal sale	230	82	79	69	276	64	78	66	68
Net sales, external	–33	–9	–16	–8	–38	–11	–15	25	–37
Other operating revenues	33	9	16	8	38	11	15	–25	37
EBITDA	–	–	–	–	–	–	–	–	–