

BITE FINANCE INTERNATIONAL B.V.
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2010

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To: Bité Finance International B.V.

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2010 of Bité Finance International B.V., Amstelveen, which comprises the condensed statement of financial position as at 30 June 2010, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and the selected explanatory notes for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 22 July 2010

PricewaterhouseCoopers Accountants N.V.



drs. N.J. van der Wal RA

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Condensed consolidated statement of comprehensive income**

		Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Note					
5	REVENUES	43,287	83,881	47,289	92,343
5	OTHER INCOME	512	958	517	1,263
	Interconnect costs	(10,768)	(21,216)	(13,698)	(26,092)
	External advertising and marketing costs	(1,595)	(2,969)	(3,031)	(6,224)
	Subsidies	(2,483)	(4,715)	(2,387)	(5,271)
7	Depreciation and amortization costs	(12,980)	(24,687)	(12,581)	(25,796)
	Employee compensation and benefit expenses	(4,099)	(7,813)	(4,392)	(8,870)
	Roaming costs	(2,154)	(3,813)	(2,735)	(5,214)
	Dealer commissions costs	(2,024)	(4,401)	(2,647)	(5,123)
	Other expenses	(9,663)	(19,345)	(11,006)	(22,096)
	OPERATING LOSS	(1,967)	(4,120)	(4,671)	(11,080)
6	Finance income	3	12	33,553	64,753
6	Finance costs	(2,857)	(7,382)	(5,686)	(12,466)
6	Fair value gains/ (losses) on derivative financial instrument	(1,413)	674	1,029	(1,155)
	Total finance costs and income	(4,267)	(6,696)	28,896	51,132
	Share of profit/ (loss) of associate	25	76	85	(165)
	PROFIT/(LOSS) BEFORE TAX	(6,209)	(10,740)	24,310	39,887
	Income tax	(57)	(125)	258	658
	NET PROFIT/ (LOSS)	(6,266)	(10,865)	24,568	40,545
	- basic and diluted earnings/(losses) per share	(34.81)	(60.36)	136.49	225.25

The accompanying notes on pages 9 to 19 form an integral part of this condensed consolidated interim financial information.

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Condensed consolidated statement of financial position**

Note	As of 30 June 2010	As of 31 December 2009
	ASSETS	
	NON-CURRENT ASSETS	
7	Intangible assets:	
	Goodwill	142,398
	Software	9,390
	License costs	36,670
	Other intangible assets	54,947
	Software under development	107
	Total intangible assets	243,512
7	Property, plant and equipment:	
	Land and buildings	10,943
	Network equipment	97,380
	Other property, plant and equipment	4,334
	Property, plant and equipment in progress	1,589
	Total property, plant and equipment	114,246
	Investment in associate	1,008
11	Long-term loan receivables from related parties	
	1,000	500
	Other non-current assets	1,035
	Total non-current assets	360,301
	CURRENT ASSETS	
	Inventory	1,800
	Trade accounts receivable	25,704
11	Receivables from related parties	
	1,113	1,172
	Income tax prepayment	460
	Other current assets	1,266
	Cash and cash equivalents	7,560
	Total current assets	37,962
	Total assets	398,263

The accompanying notes on pages 9 to 19 form an integral part of this condensed consolidated interim financial information.

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Condensed consolidated statement of financial position**

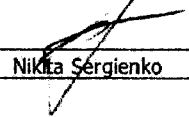
Note	As of 30 June 2010	As of 31 December 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
	18	18
	222,835	222,835
	(94,441)	(81,276)
	128,412	141,577
NON-CURRENT LIABILITIES		
	136	185
9	192,394	191,960
9	26,295	30,000
	620	636
	4,141	4,098
	223,586	226,879
CURRENT LIABILITIES		
	95	93
8	1,413	2,087
	12,873	17,073
11	3,250	2,500
	1,018	1,226
	99	18
	766	686
	5,964	6,124
	25,478	29,807
	249,064	256,686
	377,476	398,263

The accompanying notes on pages 9 to 19 form an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was approved by the Directors of Bite Finance International B. V. on 22 July 2010 and signed on their behalf by:



 Tradman Netherlands B.V.



 Nikita Sergienko

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Condensed consolidated statement of changes in equity**

Note	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings (deficit)</u>	<u>Total</u>
Balance as of 31 December 2008	18	186,581	(110,824)	75,775
Net profit for 6 months ended 30 June 2009	-	-	40,545	40,545
Total comprehensive income for 6 months ended 30 June 2009	-	-	40,545	40,545
<i>Transactions with owners</i>				
Contribution to share premium	-	36,254	-	36,254
Balance as of 30 June 2009	<u>18</u>	<u>222,835</u>	<u>(70,279)</u>	<u>152,574</u>
Balance as of 31 December 2009	18	222,835	(81,276)	141,577
Net loss for 6 months ended 30 June 2010	-	-	(10,865)	(10,865)
Total comprehensive income for 6 months ended 30 June 2010	-	-	(10,865)	(10,865)
<i>Transactions with owners</i>				
10 Interim dividend pay-out	-	-	(2,300)	(2,300)
Balance as of 30 June 2010	<u>18</u>	<u>222,835</u>	<u>(94,441)</u>	<u>128,412</u>

The accompanying notes on pages 9 to 19 form an integral part of this condensed consolidated interim financial information.

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Condensed consolidated statement of cash flows**

Note

	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Cash flows from (to) operating activities:				
Net profit/(loss) before tax	(6,209)	(10,740)	24,310	39,887
Adjustments to reconcile net profit/loss to the net cash from operating activities:				
7 Depreciation and amortization	12,980	24,687	12,581	25,796
Loss on disposal of property, plant and equipment	9	9	8	20
Change in allowances and other provisions	249	507	493	768
6 Gain arising on extinguishment of bonds	-	-	(33,542)	(64,729)
6 Fair value gains/(losses) on derivative financial instruments	1,413	(674)	(1,029)	1,155
Share of loss/(profit) from associate	(25)	(76)	(85)	165
6 Other finance costs - net	2,854	7,370	5,674	12,441
Changes in working capital (excluding effects of acquisition and exchange differences on consolidation):				
(Increase)/decrease in trade receivables	(988)	340	(3,010)	(1,741)
(Increase)/decrease in trading inventory	540	(551)	879	777
Increase/(decrease) in other assets, provisions, accounts payable and other liabilities	(1,686)	(3,864)	997	(2,996)
Change in outstanding balances with related parties	313	808	745	1,836
Interest paid	(2,535)	(5,043)	(4,224)	(10,727)
Income tax paid	-	(57)	-	(390)
Net cash flows from operating activities	<u>6,915</u>	<u>12,716</u>	<u>3,797</u>	<u>2,262</u>
Cash flows from (to) investing activities:				
Acquisition of intangible assets and property, plant and equipment for cash	(3,374)	(5,774)	(4,947)	(7,733)
Proceeds from sale of intangible assets and property, plant and equipment	1	3	43	51
Loans granted to related parties	(360)	(500)	-	-
Cash inflow from interest	7	8	11	24
Cash outflow from derivative	-	(2,090)	(1,403)	(1,533)
Dividend received	177	177	-	-
Net cash flows from/(to) investing activities	<u>(3,549)</u>	<u>(8,176)</u>	<u>(6,296)</u>	<u>(9,191)</u>
Cash flows from (to) financing activities:				
Repayments of financial lease	(25)	(50)	(26)	(51)
Borrowings from/(repayments to) banks	(2,995)	(2,995)	-	10,000
Interim dividend paid to the company's shareholders	(2,300)	(2,300)	-	-
Net cash flows (to)/from financing activities	<u>(5,320)</u>	<u>(5,345)</u>	<u>(26)</u>	<u>9,949</u>
Net increase/(decrease) in cash and cash equivalents	(1,954)	(805)	(2,525)	3,020
Cash and cash equivalents at the beginning of the period	8,709	7,560	9,446	3,901
Cash and cash equivalents at the end of the period	6,755	6,755	6,921	6,921

The accompanying notes on pages 9 to 19 form an integral part of this condensed consolidated interim financial information.

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

(All amounts in thousand EUR unless otherwise stated)

Notes to condensed consolidated interim financial information

1. General information

Bite Finance International Group (the Group) consists of Bitė Finance International B. V. (the Company) and its 100% owned subsidiaries Bite Finance International II B.V., EECF Bella FinCo SIA, Bitė Lietuva UAB and TeleTower UAB. Bitė Lietuva UAB owns 100% of Bite Latvija SIA and 38.1% Spainetos Prekybos Sistema Group shares. Bite Latvija SIA owns of 100% of TeleTower SIA shares.

The Company was incorporated on August 21, 2006 in Leiden, the Netherlands as a private company with limited liability. The registered office address of the Company is Locatellikade 1, 1076AZ, Amsterdam, the Netherlands. The correspondence address of the Company is P.O. BOX 7827, 1008 AA Amsterdam, the Netherlands. The Company's registration number with the Trade Register of the Chamber of Commerce in Amsterdam is 28110155. Main activities of the Company are holding and finance activities.

Bite Finance International Group's immediate parent entity is Bitė Holdings International B.V. and ultimate controlling parties are Emerging Europe Convergence Fund II L.P. (the Fund) and Bite Co-investment LP and Bite Co-investment II LP, each a Guernsey limited partnership whose ultimate general partner is EMP Europe (CI) Limited. The main activities of the Fund are making investments and owning, managing as well as supervising such investments. Mid Europa Partners LLP, a leading private equity firm that manages and advises funds that invest in businesses with significant exposure to Central & Eastern Europe has been appointed as the investment manager.

The operating companies of Bite Finance International Group (Bitė Lietuva UAB and Bite Latvija SIA) offer mobile services, including voice, data applications, connectivity and content, under the Bite brand, to both post-paid residential and business customers as well as to pre-paid subscribers using the brands Labas and BiFri in Lithuania and Latvia, respectively. Operating companies also offer access to their Internet content services (Website browsing, access to online news, download of games, video clips and mobile TV) through their WAP portal Bitė Plus. To date Bitė Lietuva UAB remains the only mobile network operator in Lithuania and Bite Latvija SIA remains one of two mobile network operators in Latvia, who's network is open for use to service providers.

TeleTowers (TeleTower UAB and TeleTower SIA) are responsible for ownership, management and development of towers and masts, which are mainly leased to operating Bite Finance International Group companies. The radio transmission and related equipment remains with the operating companies and other tenants in the market.

A limited liability company EECF Bella FinCo SIA manages the treasury operations of Bite Finance International Group.

Management believes it is taking all the necessary measures to support the sustainability and growth of Bite Finance International Group's business in the current circumstances. The Senior Revolving Credit Agreement was amended and restated in the first quarter of 2010. Amendment includes changes to Consolidated Leverage Ratio and Interest Coverage Ratio. Under this amendment, management has more flexibility to deal with general market conditions and any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets.

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

(All amounts in thousand EUR unless otherwise stated)

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Financial Reporting Standards as adopted by EU applicable to interim financial reporting (IAS 34 "Interim financial reporting"). This interim condensed financial information should be read in conjunction with the annual consolidated financial statements of Bite Finance International Group for the year ended 31 December 2009.

The policies set out below have been consistently applied to all the periods presented.

This condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of derivative instruments at fair value through profit and loss. Financial information is based on going concern, consistency and accruals assumptions.

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. A separate estimated average annual effective income tax rate is determined for each taxing jurisdiction and applied individually to the interim period pre-tax income of each jurisdiction.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual consolidated financial statements of Bite Finance International Group for the year ended 31 December 2009.

Standards, amendment and interpretations effective in 2010:

The following standards, amendments and interpretations to published standards are effective in 2010 but they are not relevant to Bite Finance International Group's operations:

- IFRS 1 'First-time Adoption of International Financial Reporting Standards' (following an amendment in December 2008, effective for the first IFRS financial statements for a period beginning on or after 1 July 2009; restructured IFRS 1 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The revised IFRS 1 retains the substance of its previous version but within a changed structure in order to make it easier for the reader to understand and to better accommodate future changes. The revision does not have any impact on Bite Finance International Group's financial statements.
- IFRS 3 'Business Combinations' (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revision does not have any impact on Bite Finance International Group's financial statements.
- IAS 27 'Consolidated and Separate Financial Statements' (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The revision does not have any impact on Bite Finance International Group's financial statements.
- Improvements to International Financial Reporting Standards, issued in April 2009 (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 as adopted by in March 2010 EU are effective for annual periods beginning on or after 1 January 2010. Improvements do not affect Bite Finance International Group consolidated financial statements.
- Eligible Hedged Items - Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment does not have any impact on Bite Finance International Group's financial statements.
- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2 'Share-based Payment' as adopted by EU in March 2010 is effective for annual periods beginning on or after 1 January 2010. The amendments do not affect Bite Finance International Group's financial statements.
- Embedded Derivatives - Amendments to IFRIC 9 and IAS 39 (effective for annual periods ending on or after 30 June

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Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

(All amounts in thousand EUR unless otherwise stated)

2009; amendments to IFRIC 19 and IAS 39 as adopted by the EU are effective for annual periods beginning after 31 December 2009, with early adoption permitted). The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. These amendments do not have an impact on Bite Finance International Group's financial statements

- IFRIC 12, Service Concession Arrangements (IFRIC 12 as adopted by the EU is effective for annual periods beginning on or after 30 March 2009, early adoption permitted). The interpretation contains guidance on applying the existing standards by service providers in public-to-private service concession arrangements. Application of IFRIC does not have any impact on Bite Finance International Group's financial statements.
- IFRIC 15 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after 1 January 2009; IFRIC 15 as adopted by the EU is effective for annual periods beginning after 31 December 2009, with early adoption permitted). The interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, and provides guidance for determining whether agreements for the construction of real estate are within the scope of IAS 11 or IAS 18. It also provides criteria for determining when entities should recognise revenue on such transactions. Application of IFRIC does not have any impact on Bite Finance International Group's financial statements.
- IFRIC 16 'Hedges of a Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008; IFRIC 16 as adopted by the EU is effective for annual periods beginning after 30 June 2009, with early adoption permitted). Application of IFRIC does not have any impact on Bite Finance International Group's financial statements.
- IFRIC 17 'Distribution of Non-Cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009; IFRIC 17 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. Application of IFRIC does not have any impact on Bite Finance International Group's financial statements.
- IFRIC 18 'Transfers of Assets from Customers' (effective prospectively to transfers of assets from customers received on or after 1 July 2009, earlier application permitted; IFRIC 18 as adopted by the EU is effective for annual periods beginning after 31 October 2009, with early adoption permitted). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. Application of IFRIC does not have any impact on Bite Finance International Group's financial statements.

The following standards and amendments to existing standards that are not yet effective, endorsed by EU and have not been early adopted by Bite Finance International Group:

- Classification of Rights Issues - Amendment to IAS 32 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. This amendment does not have an impact on Bite Finance International Group's financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect Bite Finance International Group's financial statements.

Use of estimates in the preparation of financial statements

The preparation of consolidated interim financial information in accordance with IAS 34 requires the use of certain critical accounting estimates. Actual results could differ from those estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, except for those described in the annual consolidated financial statements for the year ended 31 December 2009.

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Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

(All amounts in thousand EUR unless otherwise stated)

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

Reclassifications

Where necessary, comparative figures have been adjusted to correspond to the presentation of the current year.

4. Financial risk management

On March 26, 2010 Bite Finance International Group has signed the amendment to the Senior Revolving Credit Facility Agreement. The amendments are:

- Consolidated Leverage Ratio ratchets down in steps from 7.75:1 for the period ending March 31, 2010 to 4.8:1 for the period ending March 31, 2013.
- Interest Coverage Ratio ratchets up in steps from 1.5:1 for the period ending March 31, 2010 to 2.5:1 for the period ending March 31, 2013.
- Minimum Latvian EBITDA must not be less (which, for the avoidance of doubt, shall mean more negative where the required minimum Latvian EBITDA is a negative number) than the amount set forth in the column in the table below opposite such date.

<i>Date</i>	<i>Minimum Latvian EBITDA</i>
December 31, 2010	EUR (9,000,000)
December 31, 2011	EUR (4,000,000)
December 31, 2012	EUR 1,000,000

- Introducing a new financial covenant - Maximum Consolidated Capital Expenditure. Bite Finance International Group shall not, and shall not permit its Subsidiaries to, make or incur Consolidated Capital Expenditures in any calendar year in an aggregate amount in excess of the amount set forth in the column in the table below opposite such calendar year.

<i>Calendar year ending</i>	<i>Maximum Consolidated Capital Expenditure</i>
December 31, 2010	EUR 20,500,000
December 31, 2011	EUR 23,500,000
December 31, 2012	EUR 23,500,000

5. Revenues and segment information

Management in conjunction with the Supervisory Council has determined the operating segments of Bite Finance International Group. The Supervisory Council considers business from geographical and product perspective. Geographically, management considers the performance of Operating Companies (including teletowers business): Lithuania (this reportable segment includes Bitė Lietuva UAB and TeleTower UAB) and Latvia (this reportable segment includes Bite Latvija SIA and TeleTower SIA).

The Supervisory Council assesses the performance of the operating segments based on a measure of EBITDA (earnings before interest, tax, depreciation and amortization expenses). The amounts provided to the Supervisory Council with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the physical location of the asset.

Financial information of EECF Bella FinCo SIA, Bite Finance International B.V. and Bite Finance International II B.V. is not included within the reportable segments, as they are not included and analyzed separately in the reports provided to Supervisory Council. The results of these operations are included in the „other segments“ column.

Starting in 2010, information on management fee and intercompany guarantee income is disclosed separately from total segment revenue and other income as well as management fee expenses and subscriber acquisition costs (including dealer commissions and subsidies) together with operating expenses since year 2010 as it is analyzed by the Supervisory Council. Year 2009 segment information has been adjusted accordingly.

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Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)***Information on reportable segments for the three months ended 30 June 2010 and as of 30 June 2010:**

	Lithuania	Latvija	Total reportable segments	Other segments	Elimination of IC transactions	Consolidation adjustments	Total
Total segment revenue and other income	36,705	9,620	46,325	2,491	(4,946)	(177)	43,693
Direct segment costs	(14,330)	(5,217)	(19,547)	(2,925)	4,806	392	(17,274)
Gross Margin	22,375	4,403	26,778	(434)	(140)	215	26,419
Operating expenses, MF and SAC*	(10,861)	(4,880)	(15,741)	(267)	602	-	(15,406)
MF and other Intercompany income*	604	-	604	3,291	(3,895)	-	-
EBITDA	12,118	(477)	11,641	2,590	(3,433)	215	11,013
Total assets	391,857	46,045	437,902	720,409	(247,923)	(532,912)	377,476

Information on reportable segments for the six months ended 30 June 2010 and as of 30 June 2010:

	Lithuania	Latvija	Total reportable segments	Other segments	Elimination of IC transactions	Consolidation adjustments	Total
Total segment revenue and other income	70,934	18,554	89,488	4,972	(9,625)	(177)	84,658
Direct segment costs	(27,316)	(10,332)	(37,648)	(5,815)	9,329	763	(33,371)
Gross Margin	43,618	8,222	51,840	(843)	(296)	586	51,287
Operating expenses, MF and SAC*	(21,618)	(9,776)	(31,394)	(534)	1,208	-	(30,720)
MF and other Intercompany income*	1,194	-	1,194	6,546	(7,740)	-	-
EBITDA	23,194	(1,554)	21,640	5,169	(6,828)	586	20,567
Total assets	391,857	46,045	437,902	720,409	(247,923)	(532,912)	377,476

Information on reportable segments for the three months ended 30 June 2009 and as of 30 June 2009:

	Lithuania	Latvija	Total reportable segments	Other segments	Elimination of IC transactions	Consolidation adjustments	Total
Total segment revenue and other income	41,884	7,522	49,406	5,543	(7,223)	-	47,726
Direct segment costs	(18,135)	(4,407)	(22,542)	(5,786)	7,196	382	(20,750)
Gross Margin	23,749	3,115	26,864	(243)	(27)	382	26,976
Operating expenses, MF and SAC*	(13,068)	(6,039)	(19,107)	(451)	492	-	(19,066)
MF and other Intercompany income*	897	-	897	6,129	(7,026)	-	-
EBITDA	11,578	(2,924)	8,654	5,435	(6,561)	382	7,910
Total assets	419,701	53,854	473,555	824,363	(347,760)	(532,629)	417,529

BITE FINANCE INTERNATIONAL B.V.

Condensed consolidated interim financial information for 3 months and 6 months ended 30 June 2010

*(All amounts in thousand EUR unless otherwise stated)*Information on reportable segments for the **six months ended 30 June 2009** and **as of 30 June 2009**:

	Lithuania	Latvija	Total reportable segments	Other segments	Elimination of IC transactions	Consolidation adjustments	Total
Total segment revenue and other income	83,088	14,428	97,516	12,136	(16,226)	-	93,426
Direct segment costs	(35,398)	(8,254)	(43,652)	(12,572)	15,439	739	(40,046)
Gross Margin	47,690	6,174	53,864	(436)	(787)	739	53,380
Operating expenses, MF and SAC*	(26,884)	(12,341)	(39,225)	(672)	1,233	-	(38,664)
MF and other Intercompany income*	1,355	-	1,355	13,183	(14,538)	-	-
EBITDA	22,161	(6,167)	15,994	12,075	(14,092)	739	14,716
Total assets	419,701	53,854	473,555	824,363	(347,760)	(532,629)	417,529

Reportable segments revenue is reconciled to total revenue as follows:

	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Reportable segments revenue and other income	46,325	89,488	49,406	97,516
Reclassification of activation fee from revenue to costs	106	181	80	180
Other segments revenue and income	2,491	4,972	5,543	12,136
Consolidation adjustments/Intragroup eliminations	(5,123)	(9,802)	(7,223)	(16,226)
Total revenue and other income per statement of comprehensive income	43,799	84,839	47,806	93,606

Reconciliation of segments EBITDA to profit before taxes:

	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
EBITDA	11,013	20,567	7,910	14,716
Depreciation and amortization costs	(12,980)	(24,687)	(12,581)	(25,796)
Finance income	3	12	33,553	64,753
Finance costs	(2,857)	(7,382)	(5,686)	(12,466)
Fair value gains/ (losses) on derivative financial instrument	(1,413)	674	1,029	(1,155)
Share of profit (loss) of associate	25	76	85	(165)
Result before tax per statement of comprehensive income	(6,209)	(10,740)	24,310	39,887

* MF - management fee

* SAC – subscriber acquisition costs

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*(All amounts in thousand EUR unless otherwise stated)***6. Finance costs and income**

	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Finance costs:				
Interest expenses:				
Bank borrowings	(344)	(705)	(374)	(720)
Bonds' interest	(2,332)	(4,656)	(3,744)	(9,685)
Other	(1)	(2)	(3)	(7)
Assets Retirement Obligation unwinding of the present value discount	(14)	(26)	(22)	(44)
Net loss from foreign exchange transactions	(68)	(144)	(15)	(64)
Realised loss from financial instrument	-	(1,695)	(1,468)	(1,829)
Other finance costs	(98)	(154)	(60)	(117)
Total finance costs	<u>(2,857)</u>	<u>(7,382)</u>	<u>(5,686)</u>	<u>(12,466)</u>
Finance income:				
Gain arising on extinguishment of bonds	-	-	33,542	64,729
Other finance income	3	12	11	24
Total finance income	<u>3</u>	<u>12</u>	<u>33,553</u>	<u>64,753</u>
Fair value gains/ (losses) on derivative financial instrument	(1,413)	674	1,029	(1,155)
Total finance costs and income	<u>(4,267)</u>	<u>(6,696)</u>	<u>28,896</u>	<u>51,132</u>

On April 4, 2007 Bite Finance International Group entered into an interest rate cap from June 15, 2007 to March 15, 2010, effectively capping the EURIBOR for the two note issuance at 4.3% per annum. On March 18, 2008 the financial instrument was amended by limiting bank's risk (establishing interest rate floor) of EURIBOR decrease below 3.5% per annum for the two note issuance. Effective date of interest rate floor was 16 June 2008, termination date - March 15, 2010. Agreements have expired in first quarter 2010.

On April 8, 2010 Bite Finance International Group entered into an interest rate swap from December 15, 2010 to December 17, 2012, fixing the 3 months EURIBOR for EUR 156,000,000 at 2.008% per annum.

On 19th of March 2009 Bite Finance International (Cayman) Ltd., the indirect subsidiary of the ultimate controlling party of the Company, has purchased from bond holders EUR 103,930 thousand Senior Subordinated Notes.

On 25th of March and on 16th of June 2009 Bite Finance International (Cayman) Ltd. and Bite Finance International B.V. have entered into Release agreements pursuant to those Bite Finance International (Cayman) Ltd. has released Senior Subordinated Notes with a nominal value of EUR 103,930 thousand and accrued interest (EUR 116 thousand) on 50,000 thousand in behalf of Bite Finance International B.V. These bonds were carried at amortised cost in the financial statements of the Group and their carrying amount was equal to EUR 101,200 thousand as at release date.

The value of transaction that equaled the fair value of the released Senior Subordinated Notes (EUR 36,471 thousand) less direct costs incurred upon buyback and debt release transaction (EUR 217 thousand) was recognised directly in equity as an informal share capital contribution and the difference between the fair value and amortised cost of released notes and released accrued interest in amount of EUR 64,729 thousand was accounted for as finance income in the 1st and 2nd quarters of 2009.

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7. Capital expenditures

Six months ended 30 June 2010	<u>Tangible and intangible assets</u>
Opening net book amount 31 December 2009	357,758
Additions	4,387
Disposals and write-offs	(12)
Depreciation and amortization	<u>(24,687)</u>
Closing net book amount 30 June 2010	<u>337,446</u>

Six months ended 30 June 2009	<u>Tangible and intangible assets</u>
Opening net book amount 31 December 2008	391,840
Additions	8,799
Disposals and write-offs	(72)
Depreciation and amortization	<u>(25,796)</u>
Closing net book amount 30 June 2009	<u>374,771</u>

8. Derivative financial instruments

On April 4, 2007 Bite Finance International Group entered into an interest rate cap from June 15, 2007 to March 15, 2010, effectively capping the EURIBOR for the two note issuance at 4.3% per annum. On March 18, 2008 the financial instrument was amended by limiting bank's risk (establishing interest rate floor) of EURIBOR decrease below 3.5% per annum for the two note issuance. Effective date of interest rate floor was 16 June 2008, termination date - March 15, 2010. Agreements have expired in first quarter 2010. As of 31 December 2009, the fair value of derivative instrument was EUR 2,087 thousand.

On April 8, 2010 Bite Finance International Group entered into an interest rate swap from December 15, 2010 to December 17, 2012, fixing the 3 months EURIBOR for EUR 156,000,000 at 2.008% per annum.

As of 30 June 2010, the fair value of derivative financial instrument was EUR 1,413 thousand.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value through profit and loss. Changes in the fair value of these derivatives that do not qualify for hedge accounting are recognized immediately in the income statement net as results of financial activities.

9. Borrowings

	<u>As of</u> <u>30 June 2010</u>	<u>As of</u> <u>31 December 2009</u>
Revolving cash facility	26,295	30,000
Bonds	<u>192,394</u>	<u>191,960</u>
	<u>218,689</u>	<u>221,960</u>

The Group has repaid EUR 3 million of borrowings under the Senior Revolving Credit facility during the second quarter of 2010. As of 30 June 2010 the principal amount drawn under the Senior Revolving Credit facility was EUR 27,005 thousand for a term of 3 years maturing on 30 June 2013. As of 30 June 2010 amortized balance outstanding under the Senior Revolving Credit facility was EUR 26,295 thousand.

10. Dividends per share

The Management Board of Bite Finance International B.V. decided to distribute an interim dividend in the amount of EUR 2,300,000. On 18th of June 2010 Bite Finance International B.V. has paid interim dividend to Bite Holdings International B.V. in the amount of EUR 2,300 thousand (EUR 12.77 per share).

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11. Transactions with related parties

Bite Finance International Group ultimate controlling parties are Emerging Europe Convergence Fund II L.P. (the Fund) and Bite Co-investment LP and Bite Co-investment II LP, each a Guernsey limited partnership whose ultimate general partner is EMP Europe (CI) Limited. Mid Europa Partners LLP, a leading private equity firm that manages and advises funds that invest in businesses with significant exposure to Central & Eastern Europe has been appointed as the investment manager.

On 19th of March 2009 Bite Finance International (Cayman) Ltd., the indirect subsidiary of the ultimate controlling party of the Company, has purchased from bond holders Senior Subordinated Notes with a nominal value of EUR 103,930 thousand.

On 25th of March and on 16th of June 2009 Bite Finance International (Cayman) Ltd., and Bite Finance International B.V. have entered into Release agreements pursuant to which Bite Finance International (Cayman) Ltd. has released Senior Subordinated Notes with a nominal value of EUR 103,930 thousand and accrued interest on it in behalf of Bite Finance International B.V. For more details on transaction please refer to Note 6 of this condensed consolidated interim financial information.

On 17th of June 2010 Bite Finance International (Cayman) Ltd., the indirect subsidiary of the ultimate controlling party of the Company, has purchased from bond holders Senior Secured Floating Rate Notes with a principal value of EUR 3 million.

On 22nd of December 2009 Bite Finance International B.V. has granted loan to Bite Holdings International B.V. of EUR 500,000. Interest on unpaid principal amount of the loan per annum equals to 3 months EURIBOR + 2.5% and final repayment date is 22 December 2014.

On 17th of March 2010 Bite Finance International B.V. has granted loan to Bite Holdings International B.V. of EUR 140,000. Interest on unpaid principal amount of the loan per annum equals to 3 months EURIBOR + 2.5% and final repayment date is 17 March 2014.

On 28th of May 2010 Bite Finance International B.V. has granted loan to Bite Holdings International B.V. of EUR 360,000. Interest on unpaid principal amount of the loan per annum equals to 3 months EURIBOR + 2.5% and final repayment date is 28 May 2014.

The Group sells handsets, prepaid cards, and accessories and provides telecommunication services to Spainetos Prekybos Sistema Group (Associate). Expenses incurred in relation to Spainetos Prekybos Sistema Group constitute dealer commissions for new connections and airtime as well as expenses related to advertising and purchase of accessories.

The following material transactions were carried out with related parties:

	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Sales of goods to Associate	463	1,351	602	1,534
Sales of Services to Associate	35	68	51	68
Total sales	498	1,419	653	1,602
Purchase of goods from Associate	5	21	10	12
Purchase of services from Associate	373	1,422	1,015	2,388
Purchase of services from managers appointed by the ultimate controlling party	-	-	375	750
Total purchases	378	1,443	1,400	3,150

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	Three months to 30 June 2010	Six months to 30 June 2010	Three months to 30 June 2009	Six months to 30 June 2009
Interest expenses on bonds to Bite Finance International (Cayman) Ltd.	-	-	827	1,157
Contribution to share capital by Bite Finance International (Cayman) Ltd.	-	-	18,925	36,471
Extinguishment of bonds by Bite Finance International (Cayman) Ltd.	-	-	33,542	64,729
Total	-	-	53,294	102,357

The receivables from related parties as of 30 June 2010 and 31 December 2009:

	As of 30 June 2010	As of 31 December 2009
Long term loans to Affiliated Companies	1,000	500
Total non-current assets	1,000	500
	As of 30 June 2010	As of 31 December 2009
Receivables from Affiliated Companies	21	17
Receivables from Associates	1,092	1,155
Total current assets	1,113	1,172

The payables to related parties as of June 2010 and 31 December 2009:

	As of 30 June 2010	As of 31 December 2009
Bonds owned by Bite Finance International (Cayman) Ltd	2,994	-
Total non-current liabilities	2,994	-
	As of 30 June 2010	As of 31 December 2009
Payables to managers appointed by the ultimate controlling party	3,250	2,500
Bonds interest payable to Bite Finance International (Cayman) Ltd	6	-
Total current liabilities	3,256	2,500

In light of liquidity and capital resources position, Bite Finance International Group or its Affiliates may, from time to time, purchase its outstanding debt securities for cash or exchange them for other classes of securities in open market purchases and/or privately negotiated transactions. The amounts of debt securities purchased or exchanged in any such transactions, individually or in the aggregate, may be material.

12. Key management personnel compensation

The Management Board and Supervisory Council of the Bite Lietuva UAB, Directors of Bite Finance International B.V. and Management of TeleTowers are considered to be the key management of the Group. There were 7 (seven) members of the Management Board, 4 (four) members of the Supervisory Council, 4 (four) Statutory Directors and 1 (one) member of Management of TeleTowers as of 30 June 2010 (8 (eight) members of the Management Board, 4 (four) members of the Supervisory Council and 4 (four) Statutory Directors as of 30 June 2009).

Remuneration (salaries, bonuses and other compensations) to respective management personnel in respect of their work performed to the Group amounts to EUR 1,041 thousand for the three months ended 30 June 2010 (including EUR 227 thousand of social security contributions) and to EUR 1,314 thousand for the six months ended 30 June 2010 (including

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EUR 277 thousand of social security contributions) (EUR 561 thousand for the three months ended 30 June 2009 (including EUR 113 thousand of social security contributions) and to EUR 1,396 thousand for the six months ended 30 June 2009 (including EUR 292 thousand of social security contributions)).

13. Investment in subsidiaries and business combination

As of 30 June 2010 Bite Finance International B.V. had 6 (six) subsidiaries:

Name	Date of registration	Percentage of ownership	Directly/ indirectly owned	Jurisdiction of organization
EECF Bella FinCo SIA	6 February 2007	100%	Directly	Republic of Latvia
Bitè Lietuva UAB	4 May 1995	100%	Directly	Republic of Lithuania
Bite Latvija SIA	5 May 2005	100%	Indirectly through Bitè Lietuva UAB	Republic of Latvia
Bite Finance International II B.V.	23 July 2009	100%	Directly	The Netherlands
TeleTower UAB	2 November 2009	100%	Directly	Republic of Lithuania
TeleTower SIA	6 November 2009	100%	Indirectly through Bite Latvija SIA	Republic of Latvia

14. Seasonality of business

The Group's business is not highly seasonal. In general, the summer months and December represent strong trading months. Summer months are strong trading months as people tend to spend more time on the move, and therefore usage of mobile technology increases. Roaming in particular increases strongly in the summer months due to the increase in travelling, however due to decrease in roaming prices endorsed by EU regulations since 1 July 2009, the overall roaming costs has decreased compared to previous periods. Similar for December, traffic volume normally increases during the festive period.

15. Events after balance sheet date

There have been no significant post balance sheet events.