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## AUDITOR'S REPORT

**To shareholders of AS Starman, AS Levi Kaabel, Tallinna Kaabelitelevisiooni AS and AS Telset Telecommunications Group, on the Merger Agreement between AS Starman, AS Levi Kaabel, AS Tallinna Kaabelitelevisioon and AS Telset Telecommunications Group**

1. We have audited the Merger Agreement made between AS Starman (hereinafter referred to as **Starman**), AS Levi Kaabel (hereinafter referred to as **Levi Kaabel**), Tallinna Kaabelitelevisiooni AS (hereinafter referred to as **TKTV**) and AS Telset Telecommunications Group (hereinafter referred to as **Telset**), hereinafter collectively referred to as **Parties**, which was signed on 31 May 2005 by Peeter Kern and Jüri Pekk, members of the Management Boards of the Parties.

### Merger Agreement

2. According to the Merger Agreement, Starman is the Acquiring Company. All the assets (rights and liabilities) of Levi Kaabel, TKTV and Telset will be transferred to Starman as from the moment of entry of the merger in the commercial register of the Registration Department of Tallinn City Court. Starman will be the legal successor of Levi Kaabel, TKTV and Telset.
3. According to the Merger Agreement, the share capital of the Acquiring Company will not be altered; the shares of Levi Kaabel, TKTV and Telset will not be exchanged and will cease to be valid as from the moment of entry of the merger in the commercial register of the Registration Department of Tallinn City Court.

### Basis of opinion

4. When developing our opinion, we considered the following information in addition to the Merger Agreement:
  - a. The audited consolidated Annual Accounts of Starman for the financial year that ended on 31 December 2004. Said Annual Accounts were audited by Ernst & Young Baltic AS;
  - b. The audited Annual Accounts of Levi Kaabel for the financial year that ended on 31 December 2004. Said Annual Accounts were audited by Ernst & Young Baltic AS;
  - c. The audited Annual Accounts of Telset for the financial year that ended on 31 December 2004. Said Annual Accounts were audited by Ernst & Young Baltic AS;
  - d. The audited Annual Accounts of TKTV for the financial year that ended on 31 December 2004. Said Annual Accounts were audited by Ernst & Young Baltic AS;
  - e. An extract from the share register of Levi Kaabel, according to which Starman owns 100% of the shares in Levi Kaabel at the date of entry into the Merger Agreement;
  - f. An extract from the share register of Telset, according to which Starman owns 100% of the shares in Telset at the date of entry into the Merger Agreement;
  - g. An extract from the share register of TKTV, according to which Starman owns 100% of the shares in TKTV at the date of entry into the Merger Agreement;
  - h. Balance Sheets and Income Statements of Telset, TKTV and Levi Kaabel as of 31 May 2005.

### Opinion

5. Our position is that as of the date of this opinion, owing to the information submitted to us in the manner described in section 4 above, the merger will not bring about any damage to the interests of the creditors of Levi Kaabel, TKTV or Telset.
6. Considering that the shares of Levi Kaabel, TKTV and Telset will not be exchanged, but will instead be deleted from the Estonian Central Register of Securities upon entry of the merger in the commercial register of the Registration Department of Tallinn City Court, we are not able to render an opinion on the exchange ratio of shares. Given that the shares of Levi Kaabel, TKTV and Telset will not be transferred, those shares will not grant any rights regarding Starman, incl. the right to participate in the distribution of profits in Starman.
7. This Auditor's Report has been prepared in accordance with the requirements set out in section 396 of the Commercial Code and must not be interpreted as an advice to the owners of the Parties for deciding upon the Merger Agreement.

6 July 2005

/signature/

Hanno Lindpere

Ernst & Young Baltic AS