



*Consolidated
Interim Report of
AS Eesti Telekom
I Quarter 2007*

19 April 2007

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT

<i>Beginning of the financial year</i>	1 January 2007
<i>End of the reporting period</i>	31 March 2007
<i>Name of the company</i>	AS Eesti Telekom
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<i>Field of activity</i>	Primarily, the provision of tele-communications and IT services to private and business clients, as well as other telecommunications operators, in the Estonian domestic market. The operation of a mobile and fixed-line communications network.
<i>Auditor</i>	AS PricewaterhouseCoopers

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MOST SIGNIFICANT FINANCIAL INDICATORS
Eesti Telekom Group

	Q1 2007	Q1 2006	Change %
Total revenues, million EUR	95.6	84.8	12.8
EBITDA, million EUR	34.6	33.3	4.1
Margin, %	36.2	39.2	
EBIT, million EUR	27.1	22.4	21.0
Margin, %	28.4	26.4	
EBT, million EUR	28.1	23.1	21.7
Net profit for the period, million EUR	28.1	23.1	21.7
EPS, EUR	0.20	0.17	21.7
CAPEX, million EUR	7.5	8.3	-10.3
Net gearing, %	-35.4	-44.2	
ROA, %	29.6	24.3	
ROE, %	43.9	36.5	

Elion Group (fixed-line communications)

	Q1 2007	Q1 2006	Change %
Total revenues, million EUR	49.8	43.8	13.7
EBITDA, million EUR	13.9	13.9	-0.7
Margin, %	27.9	31.9	
EBIT, million EUR	9.7	8.1	18.1
Margin, %	19.3	18.6	
EBT, million EUR	9.7	8.4	16.3
Net profit for the period, million EUR	9.7	8.4	16.3
CAPEX, million EUR	4.4	4.4	-0.6
ROA, %	19.7	17.8	
ROE, %	31.1	27.5	

EMT Group (mobile communications)

	Q1 2007	Q1 2006	Change %
Total revenues, million EUR	55.2	48.2	14.5
EBITDA, million EUR	21.1	19.7	7.0
Margin, %	38.2	40.9	
EBIT, million EUR	17.8	14.7	21.4
Margin, %	32.3	30.5	
EBT, million EUR	18.3	14.9	23.1
Net profit for the period, million EUR	18.3	14.9	23.1
CAPEX, million EUR	3.1	3.9	-21.2
ROA, %	47.7	39.0	
ROE, %	78.7	62.7	

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CHAIRMAN'S STATEMENT

Sales revenues, operating costs, and profit

The first quarter of 2007 was successful for the Eesti Telekom Group—the numbers for turnover and profits both increased.

The **sales revenues** for the first quarter of 2007 exceeded the results for the same period in 2006 by 13% reaching 95.6 million EUR. The principal part of the supplemental sales revenues were generated in the field of mobile communications. The rapid growth of EMT Group sales revenues continued, and in the first quarter of 2007, exceeded the indicators for the same period in 2006 by 15%, reaching 84.8 million EUR.

The growth of **EMT Group** sales revenues came primarily from the group's primary activity. The sales revenues of the Group's parent company increased by 14% compared to the same period in 2006. During the year, the client base of AS EMT increased significantly. As of 31 March 2007, the operator has 763 thousand customers (measured by the number of active SIM cards), which is 88 thousand more than a year ago (31 March 2006: 675 thousand). At the same time, the beginning of the year has traditionally been a slow period for the growth of the customer base. Thus, in the first quarter of this year, AS EMT added 4 thousand customers (net growth).

The number of AS EMT contractual clients at the end of the first quarter was 437 thousand. In a year, the number of clients has increased by 22 thousand (31 March 2006: 415 thousand). The rate of growth of contractual clients had already remained stable for several quarters. In the first quarter of 2007, the operator added 4 thousand new contractual customers (net growth).

In a year, 66 thousand pre-paid call cards were added. At the end of the first quarter of 2007, the number of active pre-paid cards reached 326 thousand cards (31 March 260 thousand). The client base of pre-paid cards is strongly influenced by seasonal factors, as well as the level of marketing activity. The beginning of the year is a period of low activity for pre-paid cards; in addition, many of the cards acquired during the previous summer lose their validity. Thus, the net growth of pre-paid cards in the first quarter was zero, or the number of cards remained at the level achieved at the end of 2006.

AS EMT assesses its market share based on active SIM cards to be approximately 48%.

The customer base that has increased in a year has been raised through the use of various mobile communications services. The greatest positive influence on the growth of first quarter turnover was the increase in the number of call minutes. Compared to the same period in 2006, the number of call minutes initiated by EMT customers has increased by almost 25%. In addition to the increase in call volumes related to the addition of new customers, the number of average call minutes used per customer has also showed strong growth.

The number of call minutes terminated in the EMT network also demonstrated strong growth, although somewhat more slowly than the increase of initiated call minutes. Since the dispute between the Communications Board and Tele2 Eesti AS and Elisa Eesti AS regarding the declaration of the given operators as undertakings with significant market power in the market of terminating voice calls in their own mobile telephone networks continues, then the termination fees of all three mobile operators remained at the same level during the first quarter (0.16 EUR per minute), and in the EMT network, the increase in terminated minutes was accompanied by a similar rate of increase for interconnection revenues.

The fastest increase in AS EMT basic services continues to be demonstrated by message services and mobile Internet. The number of SMSs and MMSs sent during the first quarter of 2007 increased by almost 12% compared to the same period in 2006. However, the volume of mobile data communications has increased by more than 80% during the year. Mobile data communications is a very rapidly developing field. On the one hand, the expanding EDGE, 3G and 3.5G coverage areas are constantly improving the quality of the service. On the other hand, new communication services are continually being introduced. In the given situation, it is

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EMT's goal to primarily increase the number of mobile data communications users and to popularize various services. Therefore, several discount packages have been designed for mobile data communications and the increase in revenues earned from mobile data communications was markedly slower than the increase in data volumes.

Strong growth was also shown in the first quarter by revenues from monthly fees – the level of the first quarter of 2006 was exceeded by 21%, whereby the increase is not related so much to monthly fees from traditional call packages but increasingly to fees for specified additional services. As a new service in this field, AS EMT introduced a mobile version of Microsoft Windows Live Messenger (MSN) with a monthly fee in March. The service is based on a JAVA application that the customers can download to their phones from the EMT Surfport similarly to games or rings. Messenger enables text-based conversations and the use of emoticons. The Messenger service was designed in cooperation with companies in the TeliaSonera Group and Microsoft, and the project, which was managed from Estonia, will also be implemented in the companies of the entire TeliaSonera Group.

The only field of basic activity, for which the revenues were lower in the first quarter of this year than last year was roaming. In the first quarter of 2007, the roaming revenues were 11% lower than for the same period in 2006.

The EMT Group revenues for the retailing and wholesaling of telecommunications merchandise increased in the first quarter of 2007 compared to the same period in 2006 due to an expanded range of merchandise.

In the first quarter of 2007, strong growth was also demonstrated by the sales revenues of the companies of the **Elion Group** that are active in the field of fixed communications. The sales revenues of the first quarter of this year exceeded the results for the same period of 2006 by 14%, reaching 49.8 million EUR.

The greatest contribution to the increase of revenues from the field of fixed communications was provided by **MicroLink Eesti**, the Group's subsidiary that provides IT services, and the non-group revenues of which increased by 74%. The company that underwent restructuring at the beginning of 2006 has consolidated its market position in the provision of project-based solutions as well as mass solutions for business clients. Thus, an information system produced by MicroLink guaranteed the data processing related to the preparation and implementation of the recent parliamentary elections. MicroLink Eesti won the state procurement organized by the Tax and Customs Board for the purchase and introduction of an electronic document management system. A contract was signed with the Ministry of Social Affairs, based on which MicroLink Eesti will start to develop a national IT solution for digital pictures (the digital picture project will enable x-ray pictures and results of radiological analyses to be transmitted between hospitals). In the first quarter, in cooperation with ML Arvutid, the Arvuti Varukoopia package, which helps clients preserve and administer the most active and vulnerable data by preventing data losses in case of viruses, thefts, data deterioration or errors made by users, was developed as the first mass solution for business clients.

In the first quarter of 2007 the fastest growth in the field of fixed telecommunications services was demonstrated by revenues from connection fees, which increased by 11% compared to last year. The principal engine for the growth of connection fees was the provision of integrated solutions—double and triple packages. During the year, the revenues from monthly fees for integrated solutions have increased by 45%. Of the integrated services, the one with the fastest growing number of users continues to be the *Kodulahenduse* triple package, which provides the customers with quality, digital television reception in addition to telephone calls and Internet connection. By the end of the first quarter of 2007, the number of Elion DigiTV customers had increased to 32.4 thousand (31 December 2007: 28 thousand). In February 2007, Elion was the first in Estonia to start transmitting new-generation high-resolution television (HDTV). In the last quarter, the possibility of listening to Estonian-language radio stations was added to the basic package for DigiTV clients. This spring, a remote video rental service should arrive on the market. Shortly, customers should have the opportunity to watch DigiTV on two TV sets from one connection and to record TV shows.

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During the first quarter of 2007, the growth of permanent Internet connections continued to increase. As of 31 March 2007, Elion had 148 thousand permanent connection customers (31 December 2006: 142 thousand; 31 March 2006: 115 thousand). Since increasingly more clients prefer to secure Internet connections as part of integrated solutions, the revenues earned from Internet connections provided as separate services decreased..

The number of Elion call connection at the end of March 2007 was 465 thousand (31 December 2006: 463 thousand; 31 March 2006: 457 thousand). The same trend is occurring in call connections as in Internet connections, or increasingly connections are part of double or triple packages and the revenues earned from monthly fees of separate call connections are decreasing. In the case of call connections, in addition to integrated solutions, discount packages continue to be popular, and therefore, monthly fees are lower than usual.

The revenues earned from Elion Group call minutes decreased by 1% during the first quarter compared to the first quarter of 2006. There was an increase in revenues from interconnection fees, while the revenues earned from end consumers decreased by 9%.

Elion assesses its market share for call minutes initiated in the fixed network to be 83% (December 2006: 83%). The market share of local call minutes is 84% (December 2006: 85%), 65% of international call minutes (December 2006: 65%), 69% of call minutes made to mobile phones (December 2006: 70%), and 97% of internal calling minutes (December 2005: 96%).

Elion Group retail sales chain's revenues from sale of telecommunications and IT merchandise increased by 16% in the first quarter of 2007 compared to 2006.

In the first quarter of 2007, Eesti Telekom Group **operating costs** increased by 18% compared to the same period on 2006, reaching 61.1 million EUR.

The EMT Group operating costs increased by 19%, reaching 34.2 million EUR. The principal part of the supplemental operating costs is related to the Group's primary activity. Costs related to interconnection fees and roaming have increased by 20%. The given costs are caused primarily by greater volumes of inter-network traffic. Personnel costs have increased by 23%. The increase in personnel costs has been caused both by an increase in employees' salaries as well as an increase in the number of employees from 510 to 567 during the year. The operating costs of AS MWS, the wholesaler that supplies both the EMT and Elion Groups' retail sales chains has increased by 30%.

The Elion Group operating costs increased by 20% in the first quarter, reaching 35.9 million EUR. Over half the additional operating costs are related to MicroLink Eesti, the operating costs of which have almost doubled in comparison to the first quarter of 2006. The second factor in the growth of Elion Group operating costs was the increase in costs for sales-related merchandise. As in the case of the EMT Group, an increase in personnel costs also influenced the growth of Elion Group operating costs. The Elion Group personnel costs increased 19% during the year. The number of employees at the Group has increased from 1,692 people at the end of March 2006 to 1,799 people at the end of March this year.

The Eesti Telekom Group **EBITDA** was 34.6 million EUR in the first quarter of 2007, which is 4% more than the first quarter of 2006. The increase in EBITDA came from the mobile communications field. The EMT Group EBITDA grew by 7% compared to the first quarter of 2006 while the Elion Group EBITDA dropped by 1%. The EBITDA margin has decreased during the year, reaching 36% in the first quarter of this year (1st quarter 2006: 39%). The decrease in margin is caused by an increase in the percentage of lower margin activities in the Group's sales revenues. Thus the percentage of the IT segment in the consolidated sales turnover increased from 4% last year to 6% in the first quarter of this year.

The Group's **depreciation cost** reached 7.5 million EUR in the first quarter of 2007, which is 31% less than in the first quarter of 2006. The past quarter was the last quarter in which the changes in the useful life span of fixed assets applied in May of 2006 still exerted an influence. Based on the data specified during the course

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of compiling the 2006 annual report, the influence of the implementation the new useful life spans on the Group's depreciation costs was approximately 0.9 million EUR per month.

In the first quarter of 2007, the Eesti Telekom Group earned an **operating profit** of 27.1 million EUR, which is 21% more than in the first quarter of 2006. The Group's financial revenues (net) reached 1.0 million EUR (1st quarter 2006: 0.8 million EUR). The Eesti Telekom Group earned a net profit of 28.1 million EUR (1st quarter 2006: 23.1 million EUR) in the first quarter of 2007. The **EPS** reached 0.20 EUR (1st quarter 2006: 0.17 EUR).

Balance sheet and cash flows

As of 31 March 2007, the Eesti Telekom Group balance sheet was 330.7 million EUR (31 December 2006: 307.5 million EUR). The tangible fixed assets have decreased by 0.4 million EUR during the quarter reaching 152.7 million EUR (31 December 2006: 153,1 million EUR) by the end of March. Compared to the end of 2006, the current assets have increased by 23.5 million EUR. The remainder of cash, cash equivalents, and short-term financial investments has increased by 15.2 million EUR reaching 104.0 million EUR by the end of the period. The increase is caused by a strongly positive cash flow from operations in the first quarter. Trade receivables and other short-term receivables have increased by 8.7 million EUR. The growth resulted from the expansion of MicroLink Eesti activities and the more active provision of financial services by Elion Enterprises.

As of 31 March 2007, Eesti Telekom Group equity totaled 291.0 million EUR (31 December 2006: 262.9 million EUR). The increase in equity resulted from the first quarter profit. The Group's long-term liabilities remained at the same level as the end of the year, reaching 2.3 million EUR (31 December 2006: 2.4 million EUR). Short-term liabilities decreased by 4.7 million EUR, reaching 37.5 million EUR (31 December 2006: 42.2 million EUR). The reduction resulted from a decrease in Elion Group indebtedness to suppliers. As of 31 March 2007, the Group's net debt was -103.7 million EUR and the net gearing was -36% (31 December 2006: -88.4 million EUR and -34%).

The Eesti Telekom Group cash flow from operations in the first quarter of 2007 was 22.9 million EUR (1st quarter 2006: 31.1 million EUR). The reduction in cash flow from operations resulted primarily from an increase in short-term receivables.

In the first quarter, the Group's cash flow from investment activities reached 50.0 million EUR (1st quarter 2006: 31.2 million EUR). This year, as well as in the first quarter of 2006, the principal part of the cash flow from investment activities resulted from short-term financial investments. In the first quarter, cash flow for the acquisition of tangible and intangible fixed assets totaled 7.5 million EUR (1st quarter 2006: 8.2 million EUR). In the first quarter of this year, the EMT Group invested 3.1 million EUR (1st quarter 2006: 3.9 million EUR). The investments were primarily made in the network, foremost for the development of a network that enables quality data communications. Important investments were also made in the development of mobile applications. The Elion Group investments totaled 4.4 million EUR (1st quarter 2006: 4.4 million EUR). In the case of the Elion Group, the primary field of investment continues to be the expansion of the coverage area for permanent connections and digital TV reception, but also the creation of special solutions for business clients.

In the first quarter of 2007, cash flow into financing activities was less than 0,1 million EUR (1st quarter 2006: 0,09 million EUR).

Ownership structure of AS Eesti Telekom

In the first quarter of 2007, there were no significant changes in the ownership structure of AS Eesti Telekom. TeliaSonera AB (through Baltic Tele AB), the majority owner of Eesti Telekom, continues to own 54% of the company's shares.

The Estonian government continues to own 27% of AS Eesti Telekom shares. In February, the Government of the Republic decided to transfer 3% of its shares (4,138,636 shares) to the Estonian Development Fund.

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The goal of the Development Fund founded in November 2006 is to stimulate and support changes in the Estonian economy that should help to update the economy, guarantee the growth of exports, and create new jobs that require high qualifications. The Development Fund will be financed from earmarked investment capital, the main part of which will comprise AS Eesti Telekom shares. The Development Fund may use the resources received from dividends or from the sale of the shares for investment activities. As of 31 March 2007, the AS Eesti Telekom shares had not been transferred to the Development Fund.

As of 31 March 2007, 19.1% of the AS Eesti Telekom shares could be freely traded. As of the end of the first quarter, 42% of the freely traded shares had been converted to GDRs traded on the London Stock Exchange.

As of 31 March 2007, the 10 largest shareholders in AS Eesti Telekom were:

	Number of securities	Participation
Baltic Tele AB	74,110,079	53.7207%
Ministry of Finance / State Treasury	37,485,100	27.1721%
Deutsche Bank Trust Company (GDR accounts)	10,978,638	7.9582%
Skandinaviska Enskilda Banken AB clients	2,074,890	1.5040%
ING Luxembourg S.A.	1,526,330	1.1064%
Danske Bank clients	1,378,842	0.9995%
Bank Austria Creditanstalt AG clients	1,366,948	0.9909%
Morgan Stanley Co International Equity clients	1,018,400	0.7382%
The Northern Trust Company	470,000	0.3407%
ABN Amro Bank	430,550	0.3121%

Shareholders' general meeting

The regular general meeting of AS Eesti Telekom shareholders will take place on 22 May 2007 at 1 pm in Tallinn at the National Library. Starting on 23 April 2007, the 2006 annual report and draft resolutions for the general meeting will be available on the Internet at <http://www.telekom.ee> and at Eesti Telekom at Roosikrantsi 2, Tallinn on workdays from 10 am to 2 pm. Questions related to the general meeting can be submitted through the AS Eesti Telekom website, by telephone at 6 311 212, or by e-mail to mailbox@telekom.ee.

Dividends

The Management Board of AS Eesti Telekom will make a proposal at the shareholders' general meeting to distribute and pay out 83.8 million EUR or 0.61 EUR per share as dividends, based on the number of dividend-paying shares, or 137,954,528 shares.

In 2006, 79.4 million EUR was distributed as dividends among the shareholders, or 0.575 EUR per share.

Definitions

Net debt—Long- and short-term debt, less cash and cash equivalents and short-term investments

ROA – Return on Assets—Net profit for the rolling four quarters, expressed as percentage of average total assets

ROE – Return on Equity—Pre-tax profit for rolling four quarters, expressed as percentage of average equity

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CONSOLIDATED QUARTERLY DATA
In million of Estonian kroons (EUR)

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Sales	84.8	91.0	93.4	99.3	95.6
OPEX	(51.8)	(56.8)	(56.1)	(66.8)	(61.1)
Other revenue/expenses, net	0.2	2.9	0.1	(0.2)	0.1
EBITDA	33.3	37.1	37.5	32.4	34.6
Depreciation and amortisation	(10.8)	(8.5)	(7.8)	(7.9)	(7.5)
EBIT	22.4	28.6	29.7	24.5	27.1
Income / expenses from associates	-	0.1	-	(0.1)	-
Other net financing items	0.7	0.8	0.4	0.7	1.0
Profit before tax	23.1	29.5	30.2	25.0	28.1
Income tax on dividends	-	(23.9)	-	-	-
Net profit for the period	23.1	5.7	30.2	25.0	28.1
Minority interest	-	-	0.1	0.2	0.1
EBITDA margin, %	39.23%	40.80%	40.13%	32.57%	36.22%
EBIT margin, %	26.44%	31.45%	31.79%	24.62%	28.36%
Net margin, %	27.23%	6.23%	32.27%	25.21%	29.38%
Total assets	312.7	271.8	275.7	307.5	330.7
- Non-current assets	128.7	137.3	143.0	153.1	152.7
- Current assets	183.9	134.5	132.7	154.5	178.0
- Cash and cash equivalents and short-term investments	125.0	69.4	66.6	88.8	104.0
Equity and liabilities	312.7	271.8	275.7	307.5	330.7
- Equity	281.3	207.7	237.7	262.9	291.0
- Provisions	0.8	0.8	0.7	2.3	2.2
- Non-current liabilities	0.3	0.9	0.6	0.5	0.5
- Interest-bearing borrowings	0.2	0.3	0.2	0.2	0.2
- Current liabilities	30.2	62.3	36.6	41.8	37.1
- Interest-bearing borrowings	0.1	0.2	0.2	0.2	0.2

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CONSOLIDATED INCOME STATEMENT

In thousand of EUR

	Notes	I Quarter 2007	I Quarter 2006	2006
Net sales	2.1 , 2.3	95,645	84,810	368,626
Cost of production	2.1	(54,400)	(48,261)	(208,359)
Gross profit		41,245	36,549	160,267
Sales, administrative, and research & development expenses	2.1	(14,250)	(14,366)	(58,086)
Other operating revenues	2.1	200	372	3,387
Other operating expenses	2.1	(67)	(130)	(345)
Operating profit		27,128	22,425	105,223
Finance income		1,001	736	2,734
Finance costs	2.1	(35)	(57)	(125)
Finance income, net		966	679	2,609
Net income / (expenses) from associated companies	2.1	13	(6)	12
Profit before tax		28,107	23,098	107,844
Income tax on dividends		-	-	(23,863)
Net profit for the period	2.1	28,107	23,098	83,981
Attributable to:				
Equity holders of the parent	2.1	27,999	23,098	83,689
Minority interest	2.1	108	-	292
		28,107	23,098	83,981
Earnings per share for profit attributable to the equity holders of the parent during the reporting period (expressed in EUR)	7 (d)			
Basic earnings per share		0.20	0.17	0.61
Diluted earnings per share		0.20	0.17	0.61
EBITDA	2.1	34,646	33,275	140,268
Depreciation, amortization and write-downs	2.1	(7,518)	(10,850)	(35,045)

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CONSOLIDATED BALANCE SHEET

In thousand of EUR

	Notes	31 March 2007	31 December 2006	31 March 2006
ASSETS				
Non-current assets				
Property, plant and equipment	3	131,090	130,673	114,581
Intangible fixed assets	3	13,201	13,681	10,781
Investments in associates	2.2, 5	1,115	1,102	95
Other financial fixed assets		7,336	7,615	3,289
Total non-current assets	2.2	152,742	153,071	128,746
Current assets				
Inventories	6	8,690	9,120	5,698
Trade and other receivables		65,243	56,511	52,099
Short-term investments		10,429	68,057	35,142
Cash and cash equivalents		93,567	20,733	89,874
Total		177,929	154,421	182,813
Assets classified as held-for-sale		68	49	1,129
Total current assets	2.2	177,997	154,470	183,942
TOTAL ASSETS	2.2	330,739	307,541	312,688
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent				
	7			
Share capital		88,169	88,169	88,169
Share premium		22,753	22,753	22,753
Statutory legal reserve		8,817	8,817	8,817
Retained earnings		142,832	59,143	138,495
Net profit for the period		27,999	83,689	23,098
Total capital and reserves attributable to equity holders of the parent	2.2	290,570	262,571	281,332
Minority interest	2.2	429	321	-
Total equity		290,999	262,892	281,332
Non-current liabilities				
Interest bearing loans and borrowings	8	164	200	252
Retirement benefit obligations	9	495	506	430
Provisions	10	1,281	1,414	-
Non-interest bearing liabilities		330	329	66
Total non-current liabilities	2.2	2,270	2,449	748
Current liabilities				
Trade and other payables		36,907	41,631	30,084
Interest bearing loans and borrowings	8	165	175	116
Retirement benefit obligations		55	55	55
Provisions	10	343	339	353
Total current liabilities	2.2	37,470	42,200	30,608
Total liabilities		39,740	44,649	31,356
TOTAL EQUITY AND LIABILITIES	2.2	330,739	307,541	312,688

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
CONSOLIDATED CASH FLOW STATEMENT

In thousand of EUR

	Notes	I Quarter 2007	I Quarter 2006
Operating activities			
Net profit for the period		28,107	23,098
Adjustments for:			
Depreciation, amortisation and impairment of fixed and intangible assets	3	7,518	10,850
(Profit) / loss from sales and discards of fixed assets		(1)	(32)
Net (income) / expenses from associated companies		(13)	(6)
Provisions		(123)	(147)
Financial items		(374)	(1,367)
Miscellaneous non-cash items		(20)	145
Cash flow before change in working capital		35,094	32,541
Change in current receivables		(7,854)	4,685
Change in inventories		427	(144)
Change in current liabilities		(4,762)	(5,970)
Change in working capital		(12,189)	(1,429)
Cash flow from operating activities	2.2	22,905	31,112
Investing activities			
Intangible and tangible fixed assets acquired	3	(7,482)	(8,160)
Intangible and tangible fixed assets divested		8	9
Shares, participations and operations acquired		-	(3,779)
Net change in interest-receivables short maturities		57,623	44,301
Net cash changes of other long-term receivables		(190)	(1,207)
Cash flow from investing activities	2.2	49,959	31,164
Cash flow before financing activities		72,864	62,276
Financing activities			
Repayment of borrowings		-	(2)
Repayment of finance lease liabilities	8	(29)	(88)
Cash flow used in financing activities	2.2	(29)	(90)
Cash flow for the year	2.2	72,835	62,186
Cash and cash equivalents at beginning of year	2.2	20,733	27,507
Cash flow for the year	2.2	72,835	62,186
Effect of foreign exchange rate changes	2.2	(1)	181
Cash and cash equivalents at end of period	2.2	93,567	89,874

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousand of EUR

	Attributable to equity holders of the Company					Total	Minority interest	Total equity
	Issued capital	Share premium	Statutory legal reserve	Retained earnings	Net profit for the period			
31 December 2005	88,169	22,753	8,817	68,922	69,499	258,160	74	258,234
Net profit for the 2005 transferred to retained earnings	-	-	-	69,499	(69,499)	-	-	-
Minority interest arising on business combinations	-	-	-	74	-	74	(74)	-
Net profit for the period	-	-	-	-	23,098	23,098	-	23,098
31 March 2006	88,169	22,753	8,817	138,495	23,098	281,332	-	281,332
31 December 2006	88,169	22,753	8,817	59,143	83,689	262,571	321	262,892
Net profit for the 2006 transferred to retained earnings	-	-	-	83,689	(83,689)	-	-	-
Net profit for the period	-	-	-	-	27,999	27,999	108	28,107
31 March 2007	88,169	22,753	8,817	142,832	27,999	290,570	429	290,999

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies and measurement basis used in preparation of interim financial statements

The consolidated interim financial statements for the first quarter period ending 31 Marc 2007 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2006.

The functional currency of AS Eesti Telekom is Estonian kroon (EEK). The presentation currency is Euro (EUR). The financial statements are presented in thousand of EUR, unless indicated otherwise.

The financial statements are prepared on the historical cost basis except for certain financial instruments that are stated at their fair value.

This consolidated statement is signed by the management board for public disclosure on 18 April 2007.

Reclassification of balances

In the third quarter of 2006, revenues from financing purchases of IT and TV equipment were reclassified. In the income statement for the first quarter 2006, these revenues, in total 468 thousand EUR, are recognized under sales revenues and not under other financial revenues, as they were in the reports for previous, until the third quarter periods.

In the third quarter of 2006, three companies of the Eesti Telekom group reclassified their operating expenses. Costs of production increased, marketing, administrative and R&D expenses were reduced by the same amount. The impact of the reclassification on the first quarter expenses was 8,871 thousand EUR.

In the opinion of the Company's Management Board, the financial statements give a true and fair view of the financial position of the Company.

These financial statements are not audited.

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT NOTES TO THE FINANCIAL STATEMENTS

2. Segment information

Four major segments, mobile telecommunication, fixed line, managed IT-services and other activities, are distinguished in the consolidated financial statements.

Mobile telecommunications – this segment operates mobile networks and systems, and deals with the producing, marketing, and selling of services related thereto. The companies belonging to this business segment are AS EMT, AS EMT Esindused, AS Mobile Wholesale and Serenda Investment OÜ.

Fixed network telecommunications – this segment operates the national telecommunications network, with providing fixed telecommunication and data communications services and related value-added-services as well as provision of production, marketing and sales related services. The companies belonging to this business segment are Elion Enterprises AS, AS Elion Esindus, AS EsData and Viru Net OÜ.

Managed IT-services – this segment operates IT services: system integration and infrastructure solutions; software development; ERP and business solutions; data communications and networking; central systems and data centre solutions; systems management and maintenance; end-user PC services and support; full IT outsourcing, with providing IT services and related value-added-services as well as provision of production, marketing and sales related services. The companies belonging to this business segment are AS MicroLink and AS MicroLink Eesti.

Other activities – this segment covers the activities of the parent company AS Eesti Telekom.

Segment turnover represent inter-company income and expenses of the three above-mentioned segments. The inter-company turnovers between the companies belonging to the same segment are eliminated in this report.

All assets of AS Eesti Telekom Group are located in Estonia.

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS
2.1 Primary reporting format – business segments

In thousands of EUR

	Mobile telecommunications		Fixed network telecommunications		Managed IT-services		Other activities		Eliminations		Consolidated	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Net sales	49,173	43,615	41,209	38,176	5,263	3,019	-	-	-	-	95,645	84,810
Inter-segment net sales	5,981	4,574	3,365	2,772	1,631	308	-	-	(10,977)	(7,654)	-	-
Cost of production	(30,474)	(27,914)	(19,488)	(18,511)	(4,438)	(1,836)	-	-	-	-	(54,400)	(48,261)
Inter-segment cost of production	(3,173)	(2,358)	(7,017)	(4,681)	(269)	(266)	-	-	10,459	7,305	-	-
Gross profit	21,507	17,917	18,069	17,756	2,187	1,225	-	-	(518)	(349)	41,245	36,549
Sales, administrative and research & development	(3,669)	(3,175)	(7,878)	(9,066)	(2,324)	(1,658)	(295)	(383)	(84)	(84)	(14,250)	(14,366)
Inter-segment sales, administrative and research & development	(150)	(232)	(309)	(116)	(53)	(24)	(6)	(7)	518	379	-	-
Other operating revenues	186	264	3	57	11	51	-	-	-	-	200	372
Inter-segment other operating revenues	-	27	-	-	-	3	-	-	-	(30)	-	-
Other operating expenses	(63)	(128)	(3)	-	(1)	(2)	-	-	-	-	(67)	(130)
Operating profit / (loss)	17,811	14,673	9,882	8,631	(180)	(405)	(301)	(390)	(84)	(84)	27,128	22,425
Other finance items, net	470	244	(83)	31	196	141	383	263	-	-	966	679
Income / (expenses) from subsidiaries and associated companies, net	15	(58)	(2)	(36)	-	88	-	-	-	-	13	(6)
Net profit for the period	18,296	14,859	9,797	8,626	16	(176)	82	(127)	(84)	(84)	28,107	23,098
Attributable to:												
Equity holders of the parent	18,188	14,859	9,797	8,626	16	(176)	82	(127)	(84)	(84)	27,999	23,098
Minority interest	108	-	-	-	-	-	-	-	-	-	108	-
	18,296	14,859	9,797	8,626	16	(176)	82	(127)	(84)	(84)	28,107	23,098
EBITDA	21,080	19,707	13,742	14,243	124	(286)	(300)	(389)	-	-	34,646	33,275
Depreciation, amortization and write-downs	(3,269)	(5,034)	(3,860)	(5,612)	(304)	(119)	(1)	(1)	(84)	(84)	(7,518)	(10,850)

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT

NOTES TO THE FINANCIAL STATEMENTS

2.2 Other information by business segments

In thousands of EUR

	Mobile telecommunications		Fixed network telecommunications		Managed IT-services		Other activities		Eliminations		Consolidated	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Non-current assets (except investments in subsidiaries & associates)	56,212	50,629	88,518	70,958	2,652	1,872	15	18	4,230	5,174	151,627	128,651
Investments in subsidiaries and associates	605	72	29,874	29,400	-	-	84,196	84,196	(113,560)	(113,573)	1,115	95
Current assets	88,030	82,081	45,528	43,368	30,082	24,933	39,298	38,722	(24,941)	(5,162)	177,997	183,942
Total assets	144,847	132,782	163,920	143,726	32,734	26,805	123,509	122,936	(134,271)	(113,561)	330,739	312,688
Equity attributable to equity shareholders of the parent	117,835	114,099	133,751	128,918	25,648	23,889	122,667	122,413	(109,331)	(107,987)	290,570	281,332
Minority interest	429	-	-	-	-	-	-	-	-	-	429	-
Non-current liabilities	1,969	555	20	73	41	-	240	120	-	-	2,270	748
Current liabilities	24,614	18,128	30,149	14,735	7,045	2,916	602	403	(24,940)	(5,574)	37,470	30,608
Total shareholders' equity and liabilities	144,847	132,782	163,920	143,726	32,734	26,805	123,509	122,936	(134,271)	(113,561)	330,739	312,688
Net cash from/ (used in) operating activities	17,995	18,647	7,527	11,877	(2,243)	983	(374)	(371)	-	(24)	22,905	31,112
Net cash from/ (used in) investing activities	(3,097)	(3,750)	(4,296)	(7,425)	(272)	(1,929)	57,223	44,369	401	(101)	49,959	31,164
Net cash from/ (used in) financing activities	248	(691)	(2,391)	(66)	2,515	542	-	-	(401)	125	(29)	(90)
Exchange rate differences in cash and cash equivalents	-	210	(2)	(30)	-	-	1	1	-	-	(1)	181
Net increase/ (decrease) in cash and cash equivalents	15,146	14,416	838	4,356	-	(404)	56,850	43,999	-	-	72,834	62,367
CAPEX	3,098	3,926	4,092	4,075	292	335	-	-	-	-	7,482	8,336

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

2.3 Secondary reporting format - geographic segments

In thousands of EUR

The components of revenues by geographic segments are as follows:

	Mobile telecommunications		Fixed network telecommunications		Managed IT-services		Consolidated	
	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006	I Quarter 2007	I Quarter 2006
Revenue from customers in Estonia	47,451	41,723	37,410	33,906	5,156	2,912	90,017	78,541
Revenue from customers outside Estonia	1,722	1,892	3,799	4,270	107	107	5,628	6,269
	49,173	43,615	41,209	38,176	5,263	3,019	95,645	84,810

3. Tangible and intangible assets

In thousand of EUR

	Tangible assets	Intangible assets
<i>At 31 December 2005</i>		
Cost	547,185	21,298
Accumulated depreciation	(429,976)	(10,644)
Net book value	117,209	10,654
Changes in I Quarter 2006		
Opening net book amount	117,209	10,654
Additions	8,010	517
Reclassification	27	(27)
Reclassification to assets classified as held-for-sale	(256)	-
Disposals	(94)	172
Depreciation charge	(10,315)	(535)
Closing net book amount	114,581	10,781
<i>At 31 March 2006</i>		
Cost	547,117	21,774
Accumulated depreciation	(432,536)	(10,993)
Net book value	114,581	10,781
<i>At 31 December 2006</i>		
Cost	566,198	25,819
Accumulated depreciation	(435,525)	(12,138)
Net book value	130,673	13,681
Changes in I Quarter 2007		
Opening net book amount	130,673	13,681
Additions	7,436	46
Reclassification	(86)	86
Reclassification to assets classified as held-for-sale	(19)	-
Disposals	(8)	-
Depreciation charge	(6,906)	(612)
Closing net book amount	131,090	13,201
<i>At 31 March 2007</i>		
Cost	569,928	25,951
Accumulated depreciation	(438,838)	(12,750)
Net book value	131,090	13,201

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

4. Investments in subsidiaries

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2007	31 December 2006		
Elion Enterprises AS	Estonia	100%	100%	Network services for operators, data communication and Internet products, voice communication solutions and Internet content services for business and residential customers	AS Eesti Telekom
AS Elion Esindus	Estonia	100%	100%	Retail sales of telecommunication products and services	Elion Enterprises AS
AS EsData	Estonia	100%	100%	Operating and development of data communication, Internet and cable networks, and providing related services; sale, installation and maintenance of equipment related with this activities	Elion Enterprises AS
Viru Net OÜ	Estonia	100%	100%	Internet services	Elion Enterprises AS
AS MicroLink	Estonia	100%	100%	Holding Company	Elion Enterprises AS
AS MicroLink Eesti	Estonia	100%	100%	IT services: system integration and infrastructure solutions; software development; ERP and business solutions; data communications and networking; central systems and data centre solutions; systems management and maintenance; end-user PC services and support; full IT outsourcing.	AS MicroLink
AS EMT	Estonia	100%	100%	Construction and operating of mobile networks, providing mobile communication services	AS Eesti Telekom
EMT Esindused AS	Estonia	100%	100%	Retail sales of telecommunication products and services	AS EMT
AS Mobile Wholesale	Estonia	100%	100%	Wholesale of mobile phones	AS EMT
Serenda Investment OÜ	Estonia	51%	51%	Administration of communication portal based in Estonia internet	AS EMT

5. Investments in associates

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2007	31 December 2006		
AS Sertifitseerimiskeskus	Estonia	50%	50%	Providing certification and related services	Elion Enterprises AS – 25% AS EMT – 25%
OÜ Voicecom	Estonia	26%	26%	Designing and providing software for mobile related services	AS EMT

6. Inventories

In the first Quarter 2007, the value of the inventories was not decreased (the first quarter 2006: 24.4 thousand EUR).

7. Equity

a) Issued capital

	31 March 2007	31 December 2006
Ordinary shares issued par value 0.64 EUR per share, fully paid	137,954,528	137,954,528

The holders of ordinary shares are entitled to receive dividends as declared by the general meeting, and are entitled to one vote per share at general meetings of the shareholders of the parent company.

Non-monetary contribution has been made for 63,883,178 shares in the total value of 60,350 thousand EUR. Non-monetary contributions have been made in the first quarter of 1999, in connection with the reconstruction of the AS Eesti Telekom Group. During the reconstruction, the strategic investors in the company, TeliaSonera AB and Sonera OY (presently TeliaSonera AB), exchanged the AS Eesti Telefon (presently Elion Enterprises AS) and AS EMT shares in their possession for AS Eesti Telekom shares. After the reconstruction of the group, all Elion Enterprises AS and AS EMT shares belong to AS Eesti Telekom.

b) Re-acquiring of shares

The Annual General Meeting of Shareholders, on 18 May 2006, authorized AS Eesti Telekom to acquire within one year from the adoption of this resolution, i.e. until 18 May 2007, AS Eesti Telekom ordinary shares so that the total of nominal values of own shares held by AS Eesti Telekom would not exceed the limit set by statutory regulations, and that the price payable per share would not exceed the highest price paid for the ordinary shares of AS Eesti Telekom on the Tallinn Stock Exchange on the day of acquiring the shares. AS Eesti Telekom has to pay for the shares from the company's assets in excess of its share capital, capital reserves, and share premium. The amount of shares to be acquired each time shall be determined on each occasion separately by a resolution of AS Eesti Telekom's Supervisory Council. As of 31 March 2007, no shares have been re-acquired by AS Eesti Telekom.

c) Reserves

Reserves include:

- Obligatory legal reserve required by the Commercial Code. Subject to the approval of the general meeting, the reserve may be used for covering cumulated losses, if the latter cannot be covered with other unrestricted equity, and for increasing share capital.

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

- Share premium – the positive difference between the issue price and nominal value of issued shares (issue premium).

d) Earnings per share

Basic earning per share is calculated by dividing the profit of the year attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earning per share is calculated based on profit or loss attributable to the ordinary equity holders of the parent company, and the weighted average number of shares outstanding, adjusted for the effects of all dilutive potential ordinary shares. As the Group has not issued any potential ordinary shares, the diluted earnings per share equals to the basic earnings per share.

The following data has been used in the ascertainment of basic and diluted earnings per share:

	I Quarter 2007	I Quarter 2006
Net profit attributable to equity holders of the Company (EUR)	27,999,000	23,098,000
The average number of ordinary shares	137,954,528	137,954,528
EPS (EUR)	0.20	0.17

e) Share information

AS Eesti Telekom shares are quoted in the main list of the OMX Tallinn Stock Exchange and in the main list of GDR-s on the London Stock Exchange. Each GDR (Global Depositary Receipt) represents three ordinary shares.

The information about the price of an AS Eesti Telekom ordinary share on the OMX Tallinn Stock Exchange is following (EUR):

	I Quarter 2007	2006	I Quarter 2006
Ordinary share highest price	10.77	8.40	7.98
Ordinary share lowest price	7.75	6.95	7.57
Ordinary share average price	8.62	7.69	7.75

8. Borrowings

In thousand of EUR

	31 March 2007	31 December 2006
Non-current	164	200
Current	165	175
	329	375

The movements in the borrowings can be analyzed as follows:

Opening balance 31 December 2006	375
Repayments of borrowings	(27)
Other movements	(19)
Closing balance 31 March 2007	329

9. Retirement benefit obligations

In thousand of EUR

31 December 2006	561
Benefits paid in the reporting period	(14)
Interest accrued	3
31 March 2007	550
Current portion of retirement benefit obligations (-)	(55)
Non-current portion of retirement benefit obligations	495

10. Provisions

In thousand of EUR

	Site restoration expense provision	Termination benefits provision	Disputed penalties provision	Compensation of the tolerance of technical infrastructure provision	Guarantee provision	Total
At 31 December 2006	1,226	203	136	127	61	1,753
Additional provision in the reporting period	15	-	-	-	15	30
Used provisions during the reporting period	-	-	(104)	-	(2)	(106)
Decrease of provision in the reporting period	-	-	(32)	-	(21)	(53)
At 31 March 2007	1,241	203	-	127	53	1,624
Current portion of provision (-)	-	(203)	-	(127)	(13)	(343)
Non-current portion of provision	1,241	-	-	-	40	1 281

11. Related party transactions

Transactions with related parties are transactions with associates, shareholders, key management, members of the Supervisory Council, their relatives and the companies in which they hold majority interest.

a) Name and relationship of related party

Name	Relationship with AS Eesti Telekom Group
1. Key management, supervisory council and their relatives	
2. List of associates is shown in Note 5	
3. Enterprises of TeliaSonera AB Group	Parent company, shareholder
4. State Government	

b) Key managements' and supervisory councils' remuneration

The remunerations of key management and supervisory council during the first Quarter 2007 and 2006 were as follows (in thousand of EUR):

	I Quarter 2007	I Quarter 2006
Salaries and other short-term employee benefits	1,180	848
Other	7	5
	1,187	853

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2007 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

c) Trading transactions

No impairment has been made in the first Quarter of 2007 and 2006 for the receivables from related parties.

During the first Quarter 2007 and 2006, group companies entered into the following transactions with related parties (in thousand of EUR):

	I Quarter 2007	I Quarter 2006
<i>Telecommunication services provided</i>		
Associated companies	2,623	28
Shareholders	34,949	2,867
Companies where Supervisory Council members of the Group have significant influence	113	-
	37,685	2,895
<i>Other sales</i>		
Associated companies	20	1
Shareholders	927	81
Companies where Supervisory Council members of the Group have significant influence	6	-
	953	82
<i>Telecommunication services purchased</i>		
Associated companies	74	8
Shareholders	45,673	1,938
	45,747	1,946
<i>Other services purchased</i>		
Associated companies	72	1
Shareholders	5,497	75
Companies where Supervisory Council members of the Group have significant influence	166	-
	5,735	76
<i>Financial income</i>		
Associated companies	-	4
Shareholders	5	-
	5	4
<i>Amount owed by related parties</i>		
Associated companies	150	272
Shareholders	19,309	1,922
Companies where Supervisory Council members of the Group have significant influence	24	-
	19,483	2,194
<i>Amount owed to related parties</i>		
Associated companies	109	3
Shareholders	22,635	1,456
Companies where Supervisory Council members of the Group have significant influence	19	-
Key management and supervisory council	914	292
	23,677	1,751

12. Contingencies

In thousand of EUR

	31 March 2007	31 December 2006
Key management termination benefits	1,188	1,531

Court Actions

- **Making operator pre-selection possible**

On 22 April 2004, the National Communications Board issued a precept to Elion which obligated Elion Enterprises AS to guarantee the possibility of pre-selecting the use of the telephone services of other companies, incl. the transmission of accounting data for free, to the users of its telephone network analogue exchange.

On 20 May 2004, Elion Enterprises filed an action in the Tallinn Administrative Court to suspend the fulfilment of the order. On 17 April 2006, the court satisfied the company's complaint and annulled the order of the Communications Board. The court found that the obligation imposed by the order would require Elion Enterprises to make an approximately 12.8-million-EUR investment in connection with the exchange of analog exchanges for digital exchanges.

The Communications Board, in turn, filed an appeal on 15 May 2006, in which it asked for the nullification of the court judgment.

On 10 January 2007, the Tallinn District Court partially satisfied the appeal by the Communications Board, by changing the motive of the Tallinn Administrative Court. The Tallinn District Court considered the judgment of the Tallinn Administrative Court to be correct and justified.

It is important to note that today the legal situation has changed—the Electronic Communications Act that came into force on 1 January 2005 obligates undertakings with significant market power to enable pre-selection. Therefore, Elion must count on the corresponding investments in the future.

- **Dispute over the fees for Kodulahenduse and Kõneaja boonus**

On 8 May 2005, the Communications Board issued a precept to Elion Enterprises, according to which undertakings with significant market power do not have the right to include discounts in the fees for services. Also an execution proceeding was initiated in respect to Elion for the collection of the penalty payment.

On 22 August 2005, Elion filed a complaint with the Tallinn Administrative Court to have the execution proceeding of the Communications Board nullified and to have the illegality of the coercive measure ascertained. With a judgment on 12 December 2005, the Tallinn Administrative Court dismissed the complaint by Elion Enterprises. Elion Enterprises filed an appeal with the Tallinn District Court, which also dismissed it.

On 28 December 2006, the Elion filed an appeal in cassation with the District Court. The District Court has not made a judgment regarding accepting the appeal in cassation.

The court dispute has a practical meaning for Elion Enterprises – this is a question of pricing strategy.

Relations with the regulator

- **AS EMT was declared an undertaking with significant market power**

On 23 March 2006, the Estonian National Communications Board notified AS EMT of its decision to declare it an undertaking with significant power in the market of voice call termination on mobile networks. The Communications Board also declared the remaining two communications companies operating mobile communications networks—Elisa Mobiilsideteenus AS and Tele2 Eesti AS—as undertakings with significant power in the market of voice call termination on mobile networks. In addition, the Communications Board established a transparency obligation, non-discrimination obligation, accessibility obligation, and an obligation for price controls and cost accounting.

According to the decision, the companies that have been declared undertakings with significant market power were to perform these obligations starting on July 1, 2006.

On April 21, both Tele2 and Elisa filed a complaint in the Tallinn Administrative Court, in which they applied to have the aforementioned decision related to undertaking with significant market power partially (Tele2) or entirely (Elisa) annulled, along with a preliminary application for legal

protection. On May 8, the Tallinn Administrative Court suspended the validity of the decision in the part relevant to Elisa and the part relevant to the obligations established for Tele2.

Pursuant to EMT's application, the Communications Board also suspended the validity of the obligation for price controls and cost accounting for EMT, because the enforcement of the Communications Board decision only on the part of EMT would cause discriminatory treatment and the distortion of competition. In connection with the partial suspension of the Communications Board decision, the obligation to reduce termination fees to a maximum of 0.13 EUR by July 1 does not apply to any mobile operator.

The partial and temporary suspension of the Communications Board's declaration of EMT as undertaking with significant market power will continue while the validity of the Communications Board decision is suspended by the application of preliminary legal protection for Elisa and/or Tele2. AS of 18 April 2007, the Communications Board's declaration of all three operators as undertaking with significant market power continued to be suspended.

13. Members of the Management Board and the Supervisory Council of AS Eesti Telekom

Management Board:

Jaan Männik	-	Chairman of the Management Board
Valdo Kalm	-	Member of the Management Board
Hille Võrk	-	Member of the Management Board

Supervisory Council:

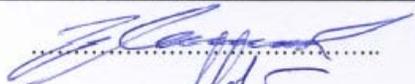
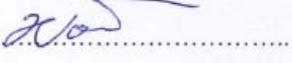
Terje Christoffersen	-	Chairman of the Supervisory Council
Andres Gylder	-	Member of the Supervisory Council
Jörgen Latte	-	Member of the Supervisory Council
Tarmo Porgand	-	Member of the Supervisory Council
Mats Salomonsson	-	Member of the Supervisory Council
Aare Tark	-	Member of the Supervisory Council
Heido Vitsur	-	Member of the Supervisory Council

MANAGEMENT BOARD'S CONFIRMATION OF THE FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of the consolidated financial statements of AS Eesti Telekom Group for the first quarter 2007 as set out on pages 3 to 28.

The Management Board confirms that:

- 1 the accounting principles used in preparing the financial statements are in compliance with the International Financial Reporting Standards as adopted by the European Union;
- 2 the financial statements present a true and fair of the financial position, the results of operations and the cash flows of the Group;
- 3 Group companies are continuing their operations as a going concern.

<i>Name</i>	<i>Position</i>	<i>Signature</i>
Jaan Männik	<i>Chairman of the Board</i>	
Valdo Kalm	<i>Member of the Board</i>	
Hille Võrk	<i>Member of the Board</i>	

Tallinn, 18 April 2007