

EestiTelekom

*Consolidated
Interim Report of
AS Eesti Telekom
I Quarter 2008*

23 April 2008

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT

<i>Beginning of the financial year</i>	1 January 2008
<i>End of the reporting period</i>	31 March 2008
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<i>Field of activity</i>	Activities of holding company
<i>Auditor</i>	AS PricewaterhouseCoopers

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MANAGEMENT REPORT

In the given economic situation, 2008 first quarter results for Eesti Telekom Group were gladdening for the strong increase in EBITDA and EBIT. Despite the significant reduction in interconnection fees between mobile operators at the end of 2007, the mobile communications services segment was able to maintain its sales revenues compared to the same period last year. Both mobile data revenues and number of users showed strong growth. The broadband services segment has seen continued growth in the number of permanent Internet connections and the users of triple packages. Several important tenders were won by the IT services segment.

Significant financial indicators**Eesti Telekom Group**

	Q1 2008	Q1 2007	Change, %
Total revenues, million EEK	1,484	1,497	-0.8
EBITDA, million EEK	576	542	6.3
Margin, %	38.8	36.2	
EBIT, million EEK	436	424	2.8
Margin, %	29.4	28.4	
EBT, million EEK	452	440	2.8
Net profit for the period, million EEK	452	440	2.8
EPS, EEK	3.27	3.18	2.9
CAPEX, million EEK	119	117	1.5
Net gearing, %	-29.5	-35.6	
ROA, %	31.2	29.6	
ROE, %	43.0	44.0	

Mobile communications segment

	Q1 2008	Q1 2007	Change, %
Total revenues, million EEK	874	863	1.3
EBITDA, million EEK	329	330	-0.2
Margin, %	37.6	38.2	
EBIT, million EEK	266	279	-4.5
Margin, %	30.4	32.3	
EBT, million EEK	273	286	-4.7
Net profit for the period, million EEK	273	286	-4.7
CAPEX, million EEK	57	48	17.9
ROA, %	44.5	47.7	
ROE, %	75.4	78.7	

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	Q1 2008	Q1 2007	Change, %
Total revenues, million EEK	764	697	9.5
EBITDA, million EEK	247	215	14.7
Margin, %	32.3	30.8	
EBIT, million EEK	176	155	13.9
Margin, %	23.1	22.2	
EBT, million EEK	177	153	15.7
Net profit for the period, million EEK	177	153	15.7
CAPEX, million EEK	56	64	-12.3
ROA, %	24.3	20.2	
ROE, %	39.1	31.4	

IT services segment

	Q1 2008	Q1 2007	Change, %
Total revenues, million EEK	79	108	-26.6
EBITDA, million EEK	4	2	100.9
Margin, %	4.9	1.8	
EBIT, million EEK	-2	-3	-19.5
Margin, %	-2.9	-2.6	
EBT, million EEK	-3	0	N/A
Net profit for the period, million EEK	-3	0	N/A
CAPEX, million EEK	5	5	19.8
ROA, %	2.5	5.6	
ROE, %	4.0	6.6	

Sales revenues, operating costs, and profit

The results of the Eesti Telekom Group for the first quarter of 2008 corresponded to the expectations of the management board. The sales revenues of the Group in the first quarter of 2008 reached 1,484 million EEK (1st quarter 2007: 1,497 million EEK), and is primarily affected by the reduction in interconnection fees (as of 5th of November 2007 the state regulator fixed the interconnection fee in mobile phone networks at 1.66 EEK instead of the former 2.50 EEK).

In the mobile communications services segment, the consolidated **turnover** reached 874 million EEK, increasing by 1% compared to the same period on 2007 (1st quarter 2007: 863 million EEK). The modest growth was caused by the reduction in interconnection revenues resulting from the decrease in interconnection prices, which was compensated on the principal activity side by the growth of the number call minutes for calls initiated from and completed in the network, the growth of mobile data communications and the growth of the volume of subcontracting services.

Compared to a year ago, the number of contractual clients had increased by 36 thousand, reaching 473 thousand by the first quarter of 2008, while, at the same time, the number of active users of pre-paid cards decreased by 47 thousand to 278 thousand users by the end of the first quarter. As opposed to the previous year, an aggressive client recruitment campaign did not take place in the first quarter of 2008 to find new card users. EMT assesses its market share of active SIM cards as 47%. The estimated penetration of active cards in Estonia is 118%.

The increase in revenues was most affected by the increase in the number of call minutes initiated by EMT clients, which, in the first quarter of 2008, increased by 3% compared to the same period in 2007.

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Pursuant to the resolution of the Communications Board dated 21 March 2006, the termination fee for voice calls in the mobile phone networks (interconnection fee) for AS EMT, Elisa Eesti AS and Tele2 Eesti AS for the period 1 July 2006 to 30 June 2007 was fixed at 2.05 EEK per minute, and pursuant to the resolutions of the Communications Board dated 20 June and 22 June 2007, was fixed at 1.66 EEK for the period 1 July 2007 to 30 June 2008. Since Elisa Eesti AS and Tele2 Eesti AS disputed the decisions in court, and in the course of provisional legal protection, the validity of the aforementioned administrative act was suspended, the interconnection fees of all three mobile operators remained at 2.50 EEK until 5 November 2007. On 5 November 2007, the ruling of the Tallinn Circuit Court came into force, whereby the provisional legal protection was cancelled and all three mobile operators were obligated to apply interconnection fees of 1.66 EEK. Litigation by Elisa Eesti AS and Tele2 with the Communications Board are continuing, and EMT is participating in the litigation as a third party.

With its resolution of 25 March 2008, the Competition Board, which is the legal successor to the Communications Board, established a fee of 1.37 EEK per minute for the termination of voice calls in mobile phone networks for the period 1 July 2008 - 30 June 2009, which is four cents lower than was stated in the resolution's earlier prognosis.

The revenues received from mobile Internet continued to show very rapid growth. In the first quarter of this year, EMT revenues from mobile data communications exceeded the revenues for the same period in 2007 by more than 60%. At the same time, the transmitted data volumes increased tenfold. In March 2008, the number of EMT mobile data communications users was 160 thousand, or 55 thousand more users than a year ago. The increase in the popularity of mobile data communications is caused, on the one hand, by the introduction of new data communications packages based on monthly fees in the summer of 2007, and on the other hand, by the dynamic expansion of the 3G coverage area, which allows the clients to use high-quality and high-speed data communications at conveniently controllable prices. The rapid development, especially in the private segment, has been accompanied by an EMT Internet startup package, which includes a free high-speed 3.5G modem for loyal customers signing up for the EMT Internet 399 package. This provides the client with an opportunity to use Estonia's 3G network with the largest coverage area and provides Internet connections with speeds approaching those of ADSL. Secondly, the number of mobile Internet users has been positively affected by the establishment of a price ceiling of 9 EEK per day for the use of EMT SurfPort. This has made using the Internet on their mobile phones affordable for many customers.

A regulation applies to AS EMT, as it does to other mobile operators in the European Community, which specifies that as of September 2007 the rate per minute for outgoing calls made within the borders of the European Community cannot exceed the maximum price established by the European Community. Therefore, the revenues received from roaming clients have decreased by 20%.

The revenues for the mobile communications services segment from retailing and wholesaling telecommunications merchandise increased in the first quarter of 2008 compared to the same period in 2007 thanks primarily to a wider range of available merchandise.

The sales revenues for the broadband services segment increased by 10% compared to the same period last year, reaching 764 million EEK (1st quarter 2007: 697 million EEK). The greatest increase was demonstrated by domestic interconnection services, which increased by 73% during the year. The growth was primarily based on the increases in call transit volumes from the networks of fixed network. Revenues from international call services increased by 27% compared to 2007, primarily as a result of an increase in the number of calls initiated from mobile networks.

Similarly to previous quarters, the trend in broadband services, whereby clients are replacing individual services with packages of integrated services, continued in the last quarter. Compared to last year, the broadband services segment revenues from connection fees for integrated services grew by 35%. The number of triple package users increased by 5,100, reaching 58.6 thousand as of 31 March (31 March 2007: 29.8 thousand). At the end of the first quarter, Elion had 63.2 thousand IP and cable TV clients (31 March 2007: 32.4 thousand). The popularity of the triple package has been significantly enhanced by the offering of

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supplemental services. Since the introduction of the remote video rental service last year, the selection of available films, TV series and programs has constantly expanded.

In the first quarter, the total number of Elion clients with permanent Internet connections increased by 4,400 connections, reaching 167.5 thousand by the end of March (31 March 2007: 148 thousand). The company assesses its market share based on clients with permanent connections to be 55%. In addition to the sale of integrated solutions, the growth of permanent connections is based on the WiMax base stations that were completed in Võru, Pärnu and Rapla Counties in February in the course of the Kõlatee 3 continuation project.

Based on the significant ratio of the increase in the volume and revenues from integrated solutions, the revenues from monthly fees for call connections and Internet connections fell by 10% and 14% respectively.

In the first quarter, the call revenues of the broadband services segment increased by 10% compared to the same period in 2007. As mentioned above, the growth resulted primarily from an increase in the volume of domestic call transit and international calls initiated from mobile networks. At the same time, the call revenues earned from end consumers in the last quarter continued to decrease. Compared to the same period in 2007, the revenues earned from domestic call services decreased by 10.5% due to a reduction in minute volumes.

Elion assesses its market share for call minutes initiated in the fixed network to be 81% (March 2007: 83%). The market share for local call minutes is 82.9 % (March 2007: 84%), 66.4 % for international call minutes (March 2007: 65%) and 71.2% for call minutes made to mobile phones (March 2007: 69%).

By the end of the first quarter, the number of Elion's active call interfaces reached 470 thousand (31 March 2007: 465 thousand interfaces). The increase in call interfaces is primarily based on the constant energetic activities directed at keeping existing clients and finding new ones. In March, Elion started providing Private Client VoIP call services, which are based on WiMax wireless Internet connections. In order to use VoIP call services, clients must acquire IP-telephones or IP-adapters to connect an ordinary phones.

As a result of the general cooling of the Estonian economy, the retail sales of broadband services segment telecommunications and IT merchandise decreased in the first quarter by 4% compared to last year.

Sales revenues for the IT services segment reached 79 million EEK in the first quarter of 2008 (1st quarter 2007: 108 million EEK). Whereas the sales revenues of the IT services segment increased by 17% and the sales revenues for IT merchandise was 52% less than for the same period last year. The latter is caused by the fact that in the 1st quarter of 2007, MicroLink Eesti ordered and installed the base infrastructure solution necessary for the Schengen information system, which comprised a noteworthy part of the hardware and software sales revenues for the given period.

The greatest impact on the sales results for infrastructure solutions in the first quarter of this year was caused by a significant reduction in announced public procurements compared to the first quarter of 2007, and the postponement of the order of workstation computers for the Ministry of Justice into the second half of the year.

The most important procurements won in the first quarter included servers for the Health Insurance Fund and the Ministry of Defense, the disk array for the e-health project, and the expansion of Eesti Energia's existing disk array.

In the IT services segment, the growth of sales revenues took place as anticipated based on the increase of ongoing services. The most important contracts concluded during the first quarter included the maintenance of Empower Eesti's central system and workstation computers, the hosting of the URRAM information system of the Ministry of Culture, and the hosting of the information system of the Estonian Private Forest Union.

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The most important keyword during the first quarter in project business was continuation of the work on the e-health project. The project will be completed in June of this year.

MicroLink Eesti also won two important document management procurements - Estonian Post and the Tallinn City Government - the results of which will be reflected in subsequent periods.

The operating costs of the Eesti Telekom Group decreased by 5% in the first quarter of 2008 compared to the same period in 2007, reaching 913 million EEK (1st quarter 2007: 957 million EEK).

The operating costs in the mobile communications services segment increased by 2% compared to the first quarter of 2007 reaching 547 million EEK (1st quarter 2007: 535 million EEK). The largest increases are in the operating costs related to retailing and wholesaling, which have increased in connection with the growth of trade sales turnovers.

The operating costs in the broadband services segment increased by 8% compared to the same period last year, reaching 520 million EEK (1st quarter 2007: 482 million EEK). More than half the increase in operating costs resulted from the growth of direct sales costs based on increased volumes of international call services and domestic interconnection services. The second principal growth factor that is related to operating costs was personnel costs, which increased by 13.1% compared to the previous year. At the same time, the direct sales costs related to domestic call services fell by 38% due to the reduction in call volumes.

The operating costs in the IT services segment decreased in the first quarter by 29%, reaching 76 million EEK (1st quarter 2007: 106 million EEK).

The Eesti Telekom Group EBITDA in the first quarter of 2008 reached 576 million EEK, which is 6% more than in the first quarter of 2007 (1st quarter 2007: 542 million EEK). EBITDA in the mobile communications services segment remained in the first quarter at the same level as at the same period in 2007. EBITDA in the broadband services segment increased by 15% and the corresponding indicator in the IT services segment increased approximately twice. The Group's EBITDA margin in the first quarter of 2007 was 39%, which is slightly higher than the corresponding period in 2007.

The Group's depreciation cost reached 140 million EEK in the first quarter of 2008, increasing by 19% compared to the same period in 2007 (1st quarter 2007: 118 million EEK).

In the first quarter, the **Eesti Telekom Group** earned an **EBIT** of 436 million EEK, which is 3% more than in the first quarter of 2007 (1st quarter 2007: 424 million EEK). The Group's **(net) financial revenues** increased by 14% in the first quarter and reached 17 million EEK (1st quarter 2007: 15 million EEK).

In the first quarter of 2008, the **Eesti Telekom Group net profit** was 452 million EEK (1st quarter 2007: 440 million EEK). The profit per share was 3.27 EEK (1st quarter 2007: 3.18 EEK).

Balance sheet and cash flows

As of 31 March 2008, the Eesti Telekom Group balance sheet totaled 5,342 million EEK (31 December 2007: 5,023 million EEK). Compared to the beginning of the year, fixed assets have decreased by 24 million EEK, thereby bringing the depreciated value at the end of the first quarter to 2,726 million EEK. In three months, the Group's current assets have increased by 343 million EEK, reaching 2,616 million EEK by the end of March (31 December 2007: 2,273 million EEK). The depreciated value of cash and cash equivalents as well

as short-term financial investments has increased by 320 million EEK, reaching 1,411 million EEK by the end of the period. The increase is caused by a strong positive cash flow from operations in the first quarter.

As of 31 March 2008, the Eesti Telekom Group equity was 4,766 million EEK, which is 452 million EEK more than at the end of 2007 (31 December 2007: 4,314 million EEK). The increase in equity is based on first

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quarter profit. The Group's long-term obligations of 25 million EEK remained at the same level as at the end of the year (31 December 2007: 25 million EEK). The short-term obligations decreased by 132 million EEK to 551 million EEK (31 December 2007: 683 million EEK). The decrease is caused by a reduction of indebtedness to suppliers in the mobile communications and broadband services segments. The net debt of the Eesti Telekom Group at the end of the first quarter was -1,408 million EEK and the net debt to equity ratio was -30% (31 December 2007: -1,087 million EEK and -25%).

The Eesti Telekom Group three-month cash flow from operations was 447 million EEK (3 months of 2007: 358 million EEK). The Group's cash flow from investments was 550 million EEK (3 months of 2007: 782 million EEK). The cash flow into tangible and intangible fixed assets in the first three months was 119 million EEK (3 months of 2007: 117 million EEK). This year, the mobile communications services segment has invested 57 million EEK in three months (3 months of 2007: 48 million EEK). In mobile communications, in addition to the constant development of the GSM network, a large development field was the implementation of technologies supporting high-speed data communications. In the first quarter, the project for implementing EDGE data communications in all GSM base stations was completed. Therefore, EDGE with speeds of up to 200 kbit per second can currently be used in all EMT GSM coverage areas. During the three months of 2008, the investments in the broadband services segment reached 56 million EEK (3 months of 2007: 64 million EEK). The principal part of the investments continued to be directed at improving the quality of services, developing network resources, and improving the availability of permanent Internet connections and DigiTV. At the beginning of March, Elion's international network node in Amsterdam was completed, which was created based on a need to increase the reliability of connections with London and Frankfurt. The establishment of the Amsterdam network node allows Elion to better distribute network traffic among various foreign connections and to provide clients with increasingly rapid access to various Internet networks. The new network node enables an Elion call communications network to be developed. Elion already had international network nodes in London, Frankfurt, Helsinki (two), Riga (two), Vilnius, St. Petersburg, and Moscow. In the first quarter of 2008, similarly to the same period of last year, the IT services segment invested 5 million EEK primarily for the expansion of the infrastructure necessary for the provision of services.

The Eesti Telekom Group cash flow from financing activities in the first three months was less than 1 million EEK, similarly to the first quarter of 2007.

Ownership structure of AS Eesti Telekom

In the first quarter of 2008, the majority shareholder, TeliaSonera AB (through its subsidiary Baltic Tele AB) increased its share in AS Eesti Telekom. TeliaSonera acquired an additional 1,197,400 AS Eesti Telekom shares, thereby increasing its participation to 60.12%.

The increase in the participation of TeliaSonera reduced the ratio of freely traded shares (shares that do not belong to TeliaSonera AB, the Estonian state, or the Development Fund). As of the end of the first quarter, the ratio of freely traded shares was 12.7% of the total number of shares. Of these, 19.81% were converted into GDRs trades on the London Stock Exchange.

As of 31 March 2008, the 10 largest shareholders in AS Eesti Telekom were:

	Number of securities	Participation
Baltic Tele AB	82,936,299	60.12%
Ministry of Finance / State Treasury	33,346,464	24.17%
Estonian Development Fund	4,138,636	3.00%
Deutsche Bank Trust Company (GDR accounts)	3,472,509	2.52%
ING Luxembourg S.A.	1,818,330	1.32%
Danske Bank clients	1,367,436	0.99%
Skandinaviska Enskilda Banken AB clients	1,311,850	0.95%
Bank Austria Creditanstalt AG clients	1,028,730	0.75%
Clearstream Banking Luxembourg clients	601,149	0.44%
Skandinaviska Enskilda Banken finnish clients	352,956	0.26%

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Shareholders' general meeting

The regular general meeting of AS Eesti Telekom shareholders will take place on 22 May 2008 at 12 pm in Tallinn at Valge 16. Starting on 28 April 2008, the 2007 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 Valge 16, 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 1,449 million EEK or 10.50EEK per share as dividends, based on the number of dividend-paying shares, or 137,954,528 shares.

In 2007, 1,311 million EEK was distributed as dividends among the shareholders, or 9.50 EEK per share.

Definitions

Net debt – Long- and short-term interest-bearing borrowings, less cash and cash equivalents and short-term investments

ROA – Net profit for the last four quarters divided by the average total assets for the same period

ROE – Pre-tax profit for last four quarters divided by the average equity for the same period

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In million of Estonian kroons (EEK)

	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08
Sales	1,497	1,582	1,612	1,570	1,484
OPEX	(957)	(994)	(992)	(1,004)	(913)
Other revenue/expenses, net	2	2	7	11	5
EBITDA	542	590	627	576	576
Depreciation and amortisation	(118)	(123)	(124)	(132)	(140)
EBIT	424	468	504	444	436
Income / expenses from associates	-	(2)	(1)	(1)	(2)
Other net financing items	15	14	6	12	17
Profit before tax	440	479	509	455	452
Income tax on dividends	-	(371)	-	-	-
Net profit for the period	440	108	509	455	452
Minority interest	2	1	2	2	1
EBITDA margin, %	36.22%	37.31%	38.91%	36.72%	38.83%
EBIT margin, %	28.36%	29.55%	31.24%	28.26%	29.37%
Net margin, %	29.38%	6.8%	31.55%	29.0%	30.4%
Total assets	5,175	4,392	4,508	5,023	5,342
- Non-current assets	2,390	2,453	2,536	2,750	2,726
- Current assets	2,785	1,939	1,972	2,273	2,616
- Cash and cash equivalents and short-term investments	1,627	785	780	1,091	1,411
Equity and liabilities	5,175	4,392	4,508	5,023	5,342
- Equity	4,553	3,351	3,860	4,314	4,766
- Provisions	34	31	31	33	31
- Non-current liabilities	8	7	2	1	1
- Interest-bearing borrowings	3	2	2	1	1
- Current liabilities	580	1 003	616	674	543
- Interest-bearing borrowings	3	2	2	3	3

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CONSOLIDATED INCOME STATEMENT

In thousand of Estonian kroons (EEK)

	Notes	I Quarter 2008	I Quarter 2007	2007
Net sales	2.1, 2.3	1,484,181	1,496,518	6,261,002
Cost of production	2.1	(830,495)	(851,181)	(3,542,791)
Gross profit		653,686	645,337	2,718,211
Sales, administrative, and research & development expenses	2.1	(221,982)	(222,964)	(900,011)
Other operating revenues	2.1	6,285	3,127	28,114
Other operating expenses	2.1	(1,554)	(1,056)	(6,336)
Operating profit		436,435	424,444	1,839,978
Finance income		17,751	15,653	48,626
Finance costs	2.1	(584)	(550)	(2,342)
Finance income, net		17,167	15,103	46,284
Net income / (expenses) from associated companies	2.1	(1,680)	203	(3,817)
Profit before tax		451,922	439,750	1,882,445
Income tax on dividends		-	-	(370,897)
Net profit for the period	2.1	451,922	439,750	1,511,548
Attributable to:				
Equity holders of the parent	2.1	450,651	438,069	1,505,098
Minority interest	2.1	1,271	1,681	6,450
		451,922	439,750	1,511,548
Earnings per share for profit attributable to the equity holders of the parent during the reporting period (expressed in EEK)	7 (d)			
Basic earnings per share		3.27	3.18	10.91
Diluted earnings per share		3.27	3.18	10.91
EBITDA	2.1	576,352	542,082	2,336,260
Depreciation, amortization and write-downs	2.1	(139,917)	(117,638)	(496,282)

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CONSOLIDATED BALANCE SHEET

In thousand of Estonian kroons (EEK)

	Notes	31 March 2008	31 December 2007	31 March 2007
ASSETS				
Non-current assets				
Property, plant and equipment	3	2,392,029	2,405,114	2,051,109
Intangible fixed assets	3	206,191	216,011	206,536
Investments in associates	2.2, 5	11,742	13,422	17,450
Other financial fixed assets		116,072	115,059	114,783
Total non-current assets	2.2	2,726,034	2,749,606	2,389,878
Current assets				
Assets classified as held-for-sale		3,258	1,732	1,076
Inventories	6	184,799	187,573	135,973
Trade and other receivables		1,016,762	992,939	1,020,814
Short-term investments		17,222	694,040	163,171
Cash and cash equivalents		1,393,882	396,778	1,464,010
Total current assets	2.2	2,615,923	2,273,062	2,785,044
TOTAL ASSETS	2.2	5,341,957	5,022,668	5,174,922
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent				
Share capital	7	1,379,545	1,379,545	1,379,545
Share premium		356,018	356,018	356,018
Statutory legal reserve		137,955	137,955	137,955
Retained earnings		2,429,361	924,263	2,234,831
Net profit for the period		450,651	1,505,098	438,069
Total capital and reserves attributable to equity holders of the parent	2.2	4,753,530	4,302,879	4,546,418
Minority interest	2.2	12,751	11,480	6,711
Total equity		4,766,281	4,314,359	4,553,129
Non-current liabilities				
Interest bearing loans and borrowings	8	749	1,343	2,568
Retirement benefit obligations	9	3,004	3,239	7,738
Provisions	10	20,937	20,673	20,047
Non-interest bearing liabilities		-	-	5,150
Total non-current liabilities	2.2	24,690	25,255	35,503
Current liabilities				
Trade and other payables		540,929	670,989	577,497
Interest bearing loans and borrowings	8	2,560	2,778	2,571
Retirement benefit obligations		4,856	4,814	865
Provisions	10	2,641	4,473	5,357
Total current liabilities	2.2	550,986	683,054	586,290
Total liabilities		575,676	708,309	621,793
TOTAL EQUITY AND LIABILITIES	2.2	5,341,957	5,022,668	5,174,922

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CONSOLIDATED CASH FLOW STATEMENT

In thousand of Estonian kroons (EEK)

	Notes	I Quarter 2008	I Quarter 2007
Operating activities			
Net profit for the period		451,922	439,750
Adjustments for:			
Depreciation, amortisation and impairment of fixed and intangible assets	3	139,917	117,638
(Profit) / loss from sales and discards of fixed assets		(2,964)	(8)
Net (income) / expenses from associated companies		1,680	(203)
Provisions		(1,830)	(1,926)
Financial items		(25,536)	(21,323)
Miscellaneous non-cash items		64	(317)
Cash flow before change in working capital		563,253	533,611
Change in current receivables		4,664	(122,869)
Change in inventories		(4,104)	6,679
Change in current liabilities		(131,516)	(74,508)
Change in working capital		(130,956)	(190,698)
Cash flow after changes in working capital		432,297	342,913
Interest received		16,459	15,798
Interest paid		(1,463)	(331)
Cash flow from operating activities	2.2	447,293	358,380
Investing activities			
Intangible and tangible fixed assets acquired	3	(118,806)	(117,063)
Intangible and tangible fixed assets divested		3,232	126
Net change in interest-receivables short maturities		676,818	901,622
Net cash changes of other long-term receivables		(10,996)	(2,984)
Cash flow from investing activities	2.2	550,248	781,701
Cash flow before financing activities		997,541	1,140,081
Financing activities			
Repayment of finance lease liabilities	8	(590)	(454)
Cash flow used in financing activities	2.2	(590)	(454)
Cash flow for the year	2.2	996,951	1,139,627
Cash and cash equivalents at beginning of year	2.2	396,778	324,405
Cash flow for the year	2.2	996,951	1,139,627
Effect of foreign exchange rate changes	2.2	153	(22)
Cash and cash equivalents at end of period	2.2	1,393,882	1,464,010

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT

STATEMENT OF CHANGES IN OWNERS' EQUITY

In thousand of Estonian kroons (EEK)

	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 2006	1,379,545	356,018	137,955	925,388	1,309,443	4,108,349	5,030	4,113,379
Net profit for the 2006 transferred to retained earnings	-	-	-	1,309,443	(1,1309,443)	-	-	-
Net profit for the period	-	-	-	-	438,069	438,069	1,681	439,750
31 March 2007	1,379,545	356,018	137,955	2,234,831	438,069	4,546,418	6,711	4,553,129
31 December 2007	1,379,545	356,018	137,955	924,263	1,505,098	4,302,879	11,480	4,314,359
Net profit for the 2007 transferred to retained earnings	-	-	-	1,505,098	(1,505,098)	-	-	-
Net profit for the period	-	-	-	-	450,651	450,651	1,271	451,922
31 March 2008	1,379,545	356,018	137,955	2,429,361	450,651	4,753,530	12,751	4,766,281

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT**NOTES TO 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 March 2008 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 2007.

The functional currency of AS Eesti Telekom is Estonian kroon (EEK). The financial statements are presented in thousand of Estonian kroons (EEK), 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.

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.

This consolidated statement is signed by the management board for public disclosure on 22 April 2008.

2. Segment information

Four major segments, mobile telecommunication, broadband, 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 and goods related thereto. The companies belonging to this business segment are AS EMT, EMT Esindused AS, AS Mobile Wholesale and Serenda Investment OÜ.

Broadband – this segment operates the national telecommunications network, with providing broadband and data communications services and related value-added-services as well as provision of production, marketing and sales related services and goods. 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 and goods. The company belonging to this business segment is AS MicroLink Eesti. Also AS MicroLink belonged up to 30 June 2007 to this business segment. From 1st of July 2007 AS MicroLink merged with Elion Enterprises AS.

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 2008 INTERIM REPORT

NOTES TO FINANCIAL STATEMENTS

2.1 Primary reporting format – business segments

In thousand of Estonian kroons (EEK)

	Mobile telecommunications		Broadband services		Managed IT-services		Other activities		Eliminations		Consolidated	
	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007
Net sales	736,639	769,384	691,842	644,786	55,700	82,348	-	-	-	-	1,484,181	1,496,518
Inter-segment net sales	137,584	93,582	71,968	52,652	23,434	25,527	4,552	-	(237,538)	(171,761)	-	-
Cost of production	(464,465)	(476,823)	(332,154)	(304,914)	(34,814)	(69,444)	-	-	938	-	(830,495)	(851,181)
Inter-segment cost of production	(67,330)	(49,647)	(145,167)	(109,800)	(5,271)	(4,206)	-	-	217,768	163,653	-	-
Gross profit	342,428	336,496	286,489	282,724	39,049	34,225	4,552	-	(18,832)	(8,108)	653,686	645,337
Sales, administrative and research & development	(72,664)	(57,411)	(100,225)	(123,261)	(40,097)	(36,366)	(7,687)	(4,617)	(1,309)	(1,309)	(221,982)	(222,964)
Inter-segment sales, administrative and research & development	(5,250)	(2,350)	(12,892)	(4,829)	(1,529)	(835)	(100)	(94)	19,771	8,108	-	-
Other operating revenues	2,990	2,907	2,980	48	315	172	-	-	-	-	6,285	3,127
Inter-segment other operating revenues	-	-	-	-	1	-	-	-	(1)	-	-	-
Other operating expenses	(1,342)	(983)	(186)	(62)	(4)	(9)	(22)	(2)	-	-	(1,554)	(1,056)
Operating profit / (loss)	266,162	278,659	176,166	154,620	(2,265)	(2,813)	(3,257)	(4,713)	(371)	(1,309)	436,435	424,444
Other finance income, net	7,423	7,354	1,927	(1,303)	(323)	3,063	8,140	5,989	-	-	17,167	15,103
Income / (expenses) from subsidiaries and associated	(884)	241	(796)	(38)	-	-	-	-	-	-	(1,680)	203
Net profit / (loss) for the period	272,701	286,254	177,297	153,279	(2,588)	250	4,883	1,276	(371)	(1,309)	451,922	439,750
Attributable to:												
Equity holders of the parent	271,430	284,573	177,297	153,279	(2,588)	250	4,883	1,276	(371)	(1,309)	450,651	438,069
Minority interest	1,271	1,681	-	-	-	-	-	-	-	-	1,271	1,681
	272,701	286,254	177,297	153,279	(2,588)	250	4,883	1,276	(371)	(1,309)	451,922	439,750
EBITDA	329,041	329,804	246,659	215,037	3,902	1,942	(3,250)	(4,701)	-	-	576,352	542,082
Depreciation, amortization and write-downs	(62,879)	(51,145)	(70,493)	(60,417)	(6,167)	(4,755)	(7)	(12)	(371)	(1,309)	(139,917)	(117,638)

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT

NOTES TO THE FINANCIAL STATEMENTS

2.2 Other information by business segments

In thousand of Estonian kroons (EEK)

	Mobile telecommunications		Broadband services		Managed IT-services		Other activities		Eliminations		Consolidated	
	31 March, IQ 2008	31 March, IQ 2007	31 March, IQ 2008	31 March, IQ 2007	31 March, IQ 2008	31 March, IQ 2007	31 March, IQ 2008	31 March, IQ 2007	31 March, IQ 2008	31 March, IQ 2007	31 March, IQ 2008	31 March, IQ 2007
Non-current assets (except investments in subsidiaries & associates)	987,064	879,523	1,620,710	1,385,006	50,540	41,489	156	242	55,822	66,168	2,714,292	2,372,428
Investments in subsidiaries and associates	6,568	9,459	5,175	467,437	-	-	1,428,383	1,317,383	(1,428,384)	(1,776,829)	11,742	17,450
Current assets	1,364,147	1,377,378	1,267,584	712,355	48,014	470,684	516,671	614,854	(580,493)	(390,227)	2,615,923	2,785,044
Total assets	2,357,779	2,266,360	2,893,469	2,564,798	98,554	512,173	1,945,210	1,932,479	(1,953,055)	(2,100,888)	5,341,957	5,174,922
Equity attributable to equity shareholders of the parent	1,874,257	1,843,714	2,229,026	2,092,746	28,113	401,303	1,932,890	1,919,316	(1,310,756)	(1,710,661)	4,753,530	4,546,418
Minority interest	12,751	6,711	-	-	-	-	-	-	-	-	12,751	6,711
Non-current liabilities	23,955	30,802	156	316	579	636	-	3,749	-	-	24,690	35,503
Current liabilities	446,816	385,133	664,287	471,736	69,862	110,234	12,320	9,414	(642,299)	(390,227)	550,986	586,290
Total shareholders' equity and liabilities	2,357,779	2,266,360	2,893,469	2,564,798	98,554	512,173	1,945,210	1,932,479	(1,953,055)	(2,100,888)	5,341,957	5,174,922
Net cash from/ (used in) operating activities	319,502	281,566	133,510	117,768	209	(35,103)	(5,928)	(5,851)	-	-	447,293	358,380
Net cash from/ (used in) investing activities	(57,207)	(48,456)	(63,889)	(67,211)	(5,474)	(4,254)	659,695	895,342	17,123	6,280	550,248	781,701
Net cash from/ (used in) financing activities	(3,236)	3,876	16,363	(37,412)	3,406	39,362	-	-	(17,123)	(6,280)	(590)	(454)
Exchange rate differences in cash and cash equivalents	-	-	153	(33)	-	-	-	11	-	-	153	(22)
Net increase/ (decrease) in cash and cash equivalents	259,059	236,986	86,137	13,112	(1,859)	5	653,767	889,502	-	-	997,104	1,139,605
CAPEX	57,152	48,469	56,180	64,025	5,474	4,569	-	-	-	-	118,806	117,063

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT

*NOTES TO THE FINANCIAL STATEMENTS***2.3 Secondary reporting format - geographic segments**

In thousand of Estonian kroons (EEK)

The Group operates in one geographical segment, Estonia, only. All Groups' customers are located in Estonia. Revenues from abroad are related to roaming revenues.

	Mobile telecommunications		Broadband services				Managed IT-services				Consolidated					
	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007	I Quarter 2008	I Quarter 2007				
Revenue from customers in Estonia	714,589	97.0%	742,447	96.5%	629,545	91.0%	585,341	90.8%	55,362	99.4%	80,670	98.0%	1,399,496	94.3%	1,408,458	94.1%
Revenue from customers outside Estonia	22,050	3.0%	26,937	3.5%	62,297	9.0%	59,445	9.2%	338	0.6%	1,678	2.0%	84,685	5.7%	88,060	5.9%
Total revenue	736,639	100%	769,384	100%	691,842	100%	644,786	100%	55,700	100%	82,348	100%	1,484,181	100%	1,496,518	100%

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

3. Tangible and intangible assets

In thousand of Estonian kroons (EEK)

	Tangible assets	Intangible assets
At 31 December 2006		
Cost	8,859,076	403,974
Accumulated depreciation	(6,814,481)	(189,928)
Net book value	2,044,595	214,046
Changes in the first Quarter 2007		
Opening net book amount	2,044,595	214,046
Additions	116,345	718
Reclassification	(1,346)	1,346
Reclassification to assets classified as held-for-sale	(305)	-
Disposals	(116)	-
Depreciation charge	(108,064)	(9,574)
Closing net book amount	2,051,109	206,536
At 31 March 2007		
Cost	8,917,432	406,038
Accumulated depreciation	(6,866,323)	(199,502)
Net book value	2,051,109	206,536
At 31 December 2007		
Cost	9,364,755	427,159
Accumulated depreciation	(6,959,641)	(211,148)
Net book value	2,405,114	216,011
Changes in the first Quarter 2008		
Opening net book amount	2,405,114	216,011
Additions	118,229	577
Reclassification to assets classified as held-for-sale	(1,526)	-
Disposals	(267)	(1)
Depreciation charge	(129,521)	(10,396)
Closing net book amount	2,392,029	206,191
At 31 March 2008		
Cost	9,465,239	423,402
Accumulated depreciation	(7,073,210)	(217,211)
Net book value	2,392,029	206,191

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

4. Investments in subsidiaries

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2008	31 December 2007		
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 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 Eesti Telekom
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

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

5. Investments in associates

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2008	31 December 2007		
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 2008, impairment for the inventories were in the total amount of 2,285 thousand EEK (in the first Quarter 2007, the value of the inventories was not decreased) based on the estimated decline of the net realisation value below their acquisition cost.

7. Equity

a) Issued capital

	31 March 2008	31 December 2007
Ordinary shares issued par value 10 EEK 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.

b) Re-acquiring of shares

The Annual General Meeting of Shareholders, on 22 May 2007, authorized AS Eesti Telekom to acquire within one year from the adoption of this resolution, i.e. until 22 May 2008, 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 2008, 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.
- Share premium – the positive difference between the issue price and nominal value of issued shares (issue premium).

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT**NOTES TO THE FINANCIAL STATEMENTS****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 2008	I Quarter 2007
Net profit attributable to equity holders of the Company (EEK)	450,651,000	438,069,000
The average number of ordinary shares	137,954,528	137,954,528
EPS (in EEK)	3.27	3.18

e) Share information

AS Eesti Telekom shares are quoted in the main list of the NASDAQ 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 NASDAQ OMX Tallinn Stock Exchange is following (EEK):

	I Quarter 2008	2007	I Quarter 2007
Ordinary share highest price	125.02	168.51	168.51
Ordinary share lowest price	108.74	102.80	121.26
Ordinary share average price	116.35	127.69	134.95

8. Borrowings

In thousand of Estonian kroons (EEK)

	31 March 2008	31 December 2007
Non-current	749	1,343
Current	2,560	2,778
	3,309	4,121

The movements in the borrowings can be analyzed as follows:

Opening balance 31 December 2007	4,121
Repayments of borrowings	(590)
Other movements	(222)
Closing balance 31 March 2008	3,309

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

9. Retirement benefit obligations

In thousand of Estonian kroons (EEK)

	31 March 2008	31 December 2007
Non-current portion of retirement benefit obligations	3,004	3,239
Current portion of retirement benefit obligations	4,856	4,814
Total retirement benefit obligations	7,860	8,053

31 December 2007	8,053
Benefits paid in the reporting period	(235)
Interest accrued	42
31 March 2008	7,860

10. Provisions

In thousand of Estonian kroons (EEK)

	Site restoration expense provision	Termination benefits provision	Compensation of the tolerance of technical infrastructure provision	Guarantee provision	Other provisions	Total
Non-current portion of provisions	20,358	-	-	579	-	20,937
Current portion of provisions	-	-	1,980	239	422	2,641
Total provisions	20,358	-	1,980	818	422	23,578
At 31 December 2007	20,094	1,957	1,980	808	307	25,146
Additional provisions in the reporting period	264	-	-	32	266	562
Used provisions during the reporting period	-	(1,957)	-	-	(151)	(2,108)
Decrease of provisions in the reporting period	-	-	-	(22)	-	(22)
At 31 March 2008	20,358	-	1,980	818	422	23,578

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 (State Chancellery and ministries)	Shareholder
5. Companies where Supervisory Council members of the Group have significant influence	

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT

NOTES TO THE FINANCIAL STATEMENTS

b) Key managements' and supervisory councils' remuneration

The remunerations of key management and supervisory council during the first Quarter 2008 and 2007 were as follows (in thousand of Estonian kroons (EEK)):

	I Quarter 2008	I Quarter 2007
Salaries and other short-term employee benefits	17,097	18,456
Other	37	106
	17,134	18,562

c) Trading transactions

No impairment has been made in the first Quarter of 2008 and 2007 for the receivables from related parties.

During the first Quarter 2008 and 2007, group companies entered into the following transactions with related parties (in thousand of Estonian kroons (EEK)):

	I Quarter, 31 March 2008	I Quarter, 31 March 2007
Telecommunication services provided		
Associated companies	863	2,623
TeliaSonera AB	31,549	29,795
State Government (State Chancellery and ministries)	5,609	5,154
Companies where Supervisory Council members of the Group have significant influence	146	113
	38,167	37,685
Other sales		
Associated companies	42	20
State Government (State Chancellery and ministries)	727	927
Companies where Supervisory Council members of the Group have significant influence	30	6
	799	953
Telecommunication services purchased		
Associated companies	92	74
TeliaSonera AB	35,075	45,673
	35,167	45,747
Other services purchased		
Associated companies	13	72
State Government (State Chancellery and ministries)	7,766	5,497
Companies where Supervisory Council members of the Group have significant influence	189	166
	7,968	5,735
Financial income		
State Government (State Chancellery and ministries)	4	5
Amount owed by related parties		
Associated companies	372	150
TeliaSonera AB	372	150
State Government (State Chancellery and ministries)	20,411	16,673
Companies where Supervisory Council members of the Group have significant influence	2,461	2,636
	39	24
	23,283	19,483
Amount owed to related parties		
Associated companies	5	109
TeliaSonera AB	22,994	21,718
State Government (State Chancellery and ministries)	24	917
Companies where Supervisory Council members of the Group have significant influence	34	19
Key management and supervisory council	7,317	14,304
	30,374	37,067

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2008 INTERIM REPORT
NOTES TO THE FINANCIAL STATEMENTS

12. Contingencies

In thousand of Estonian kroons (EEK)

	31 March 2008	31 December 2007
Key management termination benefits	24,105	19,660

Relations with the regulator

- Pursuant to the decision of the Communications Board dated 21 March 2006, the fee for voice call termination on mobile networks (interconnection fee) for AS EMT, Elisa Eesti AS and Tele2 Eesti AS for the period from 1 July 2006 to 30 June 2007 was fixed at 2.05 EEK per minute and, pursuant to the decisions of the Communications Board dated 20 June and 22 June 2007, was fixed at 1.66 EEK for the period from 1 July 2007 to 30 June 2008. Since Elisa Eesti AS and Tele2 Eesti AS disputed the decisions in court and the validity of the given legislative act was suspended in the course of initial legal protection, the interconnection fees remained at 2.50 EEK until 5 November 2007. On 5 November 2007, the ruling of the Tallinn Circuit Court came into force, whereby the initial legal protection was cancelled and all three mobile operators were obligated to apply interconnection fees of 1.66 EEK as of that date. The court disputes of Elisa Eesti AS and Tele2 with the Communications Board are continuing, and AS EMT is participating in the dispute as a third party.

With its resolution of 25 March 2008, the Competition Board, which is the legal successor to the Communications Board, established a fee of 1.37 EEK per minute for the termination of voice calls in mobile phone networks for the period 1 July 2008-30 June 2009.

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

Management Board:

Valdo Kalm	-	Chairman of the Management Board
Leho Tamm	-	Member of the Management Board
Valdur Laid	-	Member of the Management Board
Enn Saar	-	Member of the Management Board

Supervisory Council:

Mats Salomonsson	-	Chairman of the Supervisory Council
Anders Gylder	-	Member of the Supervisory Council
Lars Gunnar Klasson	-	Member of the Supervisory Council
Jörgen Latte	-	Member of the Supervisory Council
Tarmo Porgand	-	Member of the Supervisory Council
Jüri Raatma	-	Member of the Supervisory Council
Aare Tark	-	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 third quarter and the first Quarter 2008 as set out on pages 3 to 27.

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 the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements; and includes the description of major risks and doubts for the parent company and consolidate companies as a group
- 4 Group companies are continuing their operations as a going concern.

<i>Name</i>	<i>Position</i>	<i>Signature</i>
Valdo Kalm	<i>Chairman of the Board</i>	
Leho Tamm	<i>Member of the Board</i>	
Valdur Laid	<i>Member of the Board</i>	
Enn Saar	<i>Member of the Board</i>	

Tallinn, 22 April 2008