

TELESET NETWORKS PUBLIC COMPANY LIMITED

("the Company")

**Registered in Cyprus with registration number 178378 under the
Companies' Law (Cap 113)**

LETTER FROM THE CHAIRMAN OF THE COMPANY TO THE SHAREHOLDERS

4th March 2008

Dear Shareholder,

PROPOSALS TO CONVERT THE COMPANY'S SHARE CAPITAL FROM CYPRUS POUNDS TO EUROS; TO RAISE £5 MILLION (US\$10 MILLION) VIA THE ISSUE OF 20 MILLION NEW SHARES; AND TO DISAPPLY THE PRE-EMPTION RIGHTS FOR THE ISSUE AND ALLOTMENT FOR CASH OF UP TO A FURTHER 30 MILLION SHARES AT A LATER STAGE AND AT A PRICE HIGHER THAN 25 PENCE

In accordance with its stated strategy, Teleset Networks is developing successfully through a combination of organic growth and strategic acquisitions of complementary telecom operators.

At a meeting held on 5th February 2008, the Board of Directors of Teleset Networks reviewed the progress achieved so far in implementing its stated strategy and the Company's future funding requirements.

During the first half of 2007, we successfully completed the integration of TNPKO, our first acquisition which strengthened the Company's position in Kazan. In November 2007, we made our first strategic move outside Kazan with the US\$10.8 million acquisition of OOO Svyazinvest, a private fixed-line telecom operator in Naberezhnye Chelny, the second largest city in Tatarstan.

The Company is looking at the prospects of acquiring other companies with a subscriber base in the region of 30-40 thousand lines. The Company recognises that in order to be able to fully capitalise on acquisition opportunities in the Russian market, funds have to be in place before starting negotiations for an acquisition. These funds together with other funds the company has available will be used to finance possible acquisitions

In view of the growth opportunities identified, the Board of Directors decided to seek approval from shareholders to raise new equity as soon as possible and to provide flexibility to raise further capital, as required, in the future.

Following indications of support from shareholders, the Board of Directors has decided to seek to raise £5 million (US\$10 million) via an offer of 20 million new shares, at 25 pence each, to shareholders on a pro-rata basis

The Board of Directors also proposes that the pre-emption rights of shareholders be disapplied for the issue and allotment for cash of up to 30 million new shares.

At the same time, following the entry of Cyprus into the Eurozone, it is now necessary to convert the Company's share capital from Cyprus Pounds into Euros.

These proposals will be considered at an Extraordinary General Meeting to be held on 26th March 2008.

EGM AND PROPOSED RESOLUTIONS

Enclosed is the notification for the Extraordinary General Meeting that will take place on the 26th March 2008 at 12:00 p.m. at the Company's Registered Office in Lemesou 89, 2121 Aglantzia Nicosia, Cyprus.

The resolutions in respect of the share offer and disapplication as mentioned in the previous section that you are requested to approve are the following:

Resolution 2: The authorisation of the Board of Directors to issue 20,000,000 new shares to be offered to the existing shareholders of the company.

Resolution 3: The authorisation of the Board of Directors to offer any shares of the issue of 20,000,000 not taken by any the existing shareholders to other shareholders of the company that they may be willing to take up over and above their entitlement.

Resolution 4: The disapplication of the shareholders rights of pre-emption for the issue of 30,000,000 new shares.

Resolution 5: The authorisation of the Board to issue the said 30,000,000 ordinary shares.

Resolution 6: The authorisation of the Board to offer for cash the said 30,000,000 ordinary shares at a later stage at a price higher than 25 pence, and at the terms that Board of Directors will think fit.

Resolution 7: A decision by the shareholders to increase the Company's authorised share capital by 40,000,000 shares in order to accommodate the proposed issues.

Resolution 1: As required by the Law of Cyprus following the entrance of Cyprus into the Eurozone and the adoption of the Euro as the official currency of the Country. The actions as described in the said resolutions have no effect on the shareholders' equity as a whole.

ACTION TO BE TAKEN

A Proxy Form for use by Shareholders in connection with the EGM is enclosed. Whether or not you propose to attend the EGM in person, you are requested to complete, sign and return it in accordance with the instructions printed thereon so as to arrive as soon as possible, but in any event, not less than 48 hours before the time of the meeting.

Completion and return of the Proxy Form does not preclude you from attending the meeting and voting in person, if you so wish.

RECOMMENDATION

The Directors consider that the Placing and the Resolutions are in the best interests of the Company and its Shareholders as a whole and therefore they unanimously recommend that Shareholders vote in favour of the proposed Resolutions.

Yours faithfully,

Philippos Vatiliotis
Non-executive Chairman