



***Consolidated
Interim Report of
AS Eesti Telekom
I Quarter 2009***
(Translation of the Estonian original)

24 April 2009

This version of interim report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of interim report takes precedence over this translation.

AS EESTI TELEKOM CONSOLIDATED I QUARTER 2009 INTERIM REPORT
(Translation of the Estonian original)

<i>Beginning of the financial year</i>	1 January 2009
<i>End of the reporting period</i>	31 March 2009
<i>Name of the company</i>	AS Eesti Telekom
<i>Registration number</i>	10234957
<i>Address</i>	Valge 16, 19095 Tallinn Estonia
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<i>Facsimile</i>	+ 372 631 12 24
<i>E-mail</i>	mailbox@telekom.ee
<i>Web-page</i>	www.telekom.ee
<i>Field of activity</i>	Activities of holding company
<i>Auditor</i>	AS PricewaterhouseCoopers

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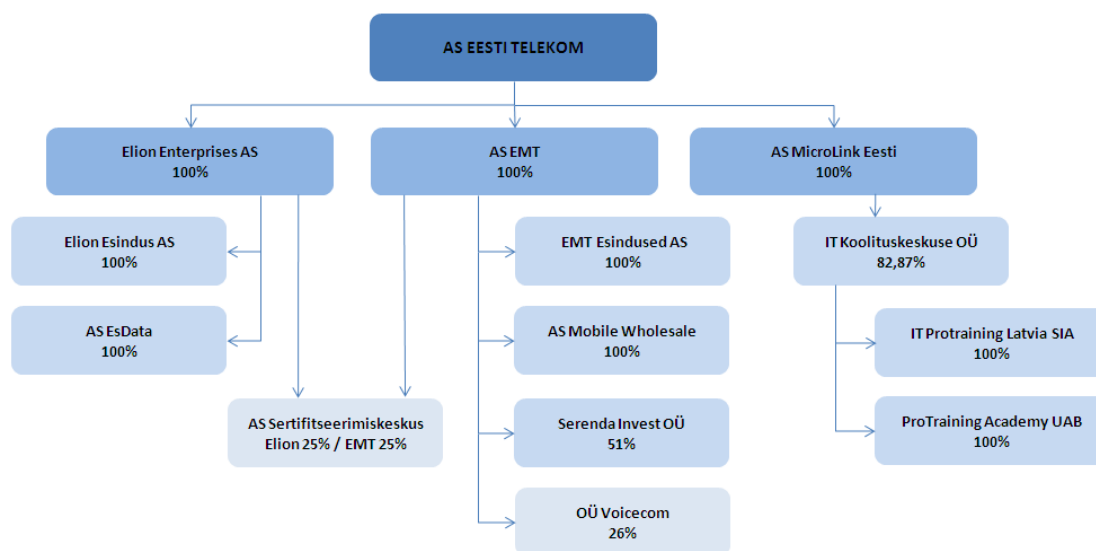
MANAGEMENT REPORT

GENERAL INFORMATION

The principal activity of Eesti Telekom Group, the parent company of which is AS Eesti Telekom (registration number 10234957; address: Valge 16, 19095 Tallinn), is the provision of telecommunications services.

Since 1999, the shares of AS Eesti Telekom have been listed on the Tallinn and London securities markets (OMX: ETLAT / LSE: EETD).

The structure of the Eesti Telekom Group as of 31.03.2009:



Changes in the Eesti Telekom Group structure

AS Eesti Telekom Council has given the Board approval to initiate mergers and enter into relevant agreements with the goal to simplify Eesti Telekom Group structure, by merging AS EMT with its 100% subsidiaries EMT Esindused AS and AS Mobile Wholesale, and Elion Ettevõtte AS with its 100% subsidiary Elion Esindus AS. The aim is to achieve greater efficiency in business processes. The mergers are planned to be concluded by August 2009 at the latest. The planned merger will not cause any changes in financial reporting as the results of EMT Group and Elion Group are already consolidated.

As of 11 February 2009, BiTA Service Management has merged with IT Koolituskeskuse OÜ.

Ownership structure of AS Eesti Telekom

During the first quarter of 2009, there were no significant changes in the structure of the AS Eesti Telekom shareholders. The Eesti Telekom majority shareholder TeliaSonera AB (through Baltic Tele AB) continues to own 60.12% of the company's shares.

As of the end of the first quarter, the ratio of freely traded shares converted to GDRs was 12.71%. Of these, 12.81% were converted into GDRs traded on the London Stock Exchange.

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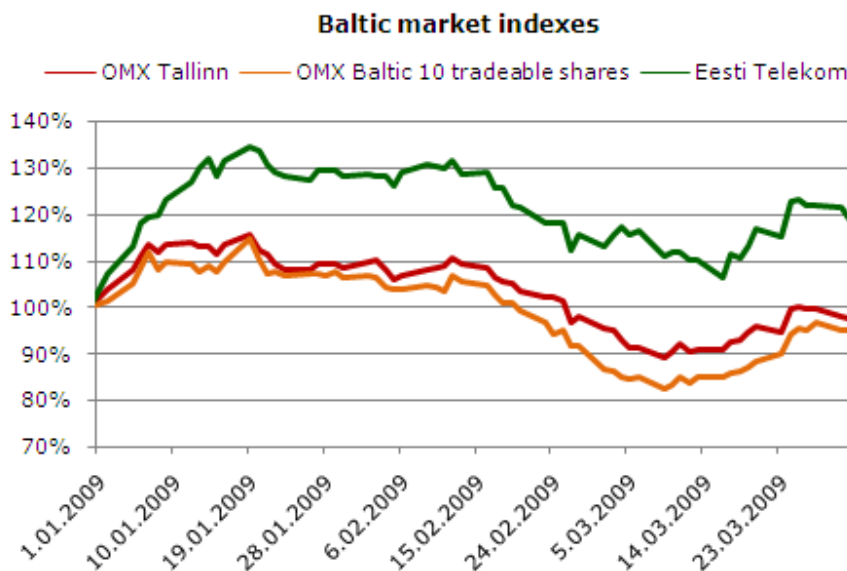
As of 31 March 2009, the 10 largest shareholders in AS Eesti Telekom were:

	31 March 2009		Changes since 31 December 2008
	No of shares	Participation	
Baltic Tele AB	82,936,299	60.12%	0
Ministry of Finance	33,346,464	24.17%	0
Development Fund	4,138,636	3.00%	0
SEB clients	2,818,746	2.04%	(45,988)
Deutsche Bank (GDR accounts)	2,246,838	1.63%	(17,382)
ING Luxembourg S.A.	2,055,783	1.49%	0
Clearstream Banking Luxembourg S.A. clients	578,301	0.42%	(6,675)
UniCredit Bank Austria AG	472,148	0.34%	(24,238)
Mellon Treaty Omnibus	363,473	0.26%	(28,679)
State Street Bank and Trust Omnibus Account	335,945	0.24%	0

AS Eesti Telekom shares

In the first quarter of 2009, the price of AS Eesti Telekom shares increased by 18.97%. The share price at the beginning of the quarter was 64.15 EEK and 72.60 EEK at the end of the quarter. The highest and lowest share prices during the reporting period were 82.14 EEK and 64.15 EEK respectively. The turnover for the reporting period was 212 million EEK.

The price of AS Eesti Telekom shares in the first quarter of 2009 has moved on higher levels than the indexes of OMX Tallinn and OMX Tallinn 10 tradeable shares.



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BUSINESS ACTIVITIES

Management commentary: The Group's sales revenues in the first quarter were primarily impacted by regulations (European Union regulations applied on the mobile sector) and the economic downturn (reduction of sales of goods and changes in consumer behavior). At the same time, there is a continuing growth of mobile postpaid, mobile and fixed broadband and TV customers. Thanks to efficiency programs that were previously implemented it was possible to compensate the loss of revenues by a proportional decrease of expenses and to maintain the EBITDA margin.

Significant financial indicators**Eesti Telekom Group**

	Q1 2009	Q1 2008	Change, %
Total revenues, million EEK	1,336	1,484	(10.0)
EBITDA, million EEK	517	576	(10.3)
Margin, %	38.7	38.8	
EBIT, million EEK	360	436	(17.6)
Margin, %	26.9	29.4	
EBT, million EEK	376	452	(16.8)
Profit for the period, million EEK	376	452	(16.8)
Basic earnings per share, EEK	2.72	3.27	(16.7)
Comprehensive income for the period, million EEK	376	452	(16.8)
CAPEX, million EEK	123	119	3.2
Net gearing, %	(25.9)	(29.5)	
ROA, %	7.4	8.7	
ROE, %	8.4	10.0	

Mobile communications segment

	Q1 2009	Q1 2008	Change, %
Total revenues, million EEK	740	874	(15.4)
EBITDA, million EEK	274	329	(16.8)
Margin, %	37.0	37.6	
EBIT, million EEK	206	266	(22.6)
Margin, %	27.9	30.4	
EBT, million EEK	216	273	(20.6)
Profit for the period, million EEK	216	273	(20.6)
Comprehensive income for the period, million EEK	216	273	(20.6)
CAPEX, million EEK	75	57	30.8
ROA, %	9.3	12.1	
ROE, %	11.6	15.6	

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Broadband services segment

	Q1 2009	Q1 2008	Change, %
Total revenues, million EEK	727	764	(4.8)
EBITDA, million EEK	248	247	1.0
Margin, %	34.1	32.3	
EBIT, million EEK	171	176	(2.7)
Margin, %	23.6	23.1	
EBT, million EEK	171	177	(3.6)
Profit for the period, million EEK	171	177	(3.6)
Comprehensive income for the period, million EEK	171	177	(3.6)
CAPEX, million EEK	45	56	(20.5)
ROA, %	6.3	6.3	
ROE, %	8.0	8.3	

IT services segment

	Q1 2009	Q1 2008	Change, %
Total revenues, million EEK	62	79	(22.1)
EBITDA, million EEK	(3)	4	N/A
Margin, %	(5.3)	4.9	
EBIT, million EEK	(16)	(2)	N/A
Margin, %	(25.3)	(2.9)	
EBT, million EEK	(16)	(3)	N/A
Profit for the period, million EEK	(16)	(3)	N/A
Comprehensive income for the period, million EEK	(16)	(3)	N/A
CAPEX, million EEK	3	5	(42.9)
ROA, %	(8.9)	(1.7)	
ROE, %	(14.0)	(3.3)	

Sales revenues, operating costs, and profit

The Group's sales revenues reached 1,336 million EEK in the first quarter of 2009 (1st quarter 2008: 1,484 million EEK), and were primarily impacted by regulations that the European Union applies to the mobile sector and by the economic downturn.

Mobile communications segment The consolidated turnover for the first quarter of 2009 reached 740 million EEK, decreasing by 15% compared to the first quarter of 2008 (1st quarter 2008: 874 million EEK). The reason for the decrease in total revenues was a reduction in revenues from call services caused by a drop in retail and interconnection prices, which was partially compensated by the growth of volumes for mobile data communications and subcontracting services. Compared to a year ago, a decrease was also experienced in revenues received from retailing and wholesaling during the first quarter, which was caused by changes in consumer behavior. In addition, call minutes initiated by the customers, as well as the number of call minutes entering the EMT network decreased by 2% compared to the first quarter of 2008, which resulted from the customers' wish to limit consumption.

As of the end of the first quarter of 2009, the EMT customer base was larger by 14 thousand compared to the previous year, reaching 766 thousand active SIM cards (31 March 2008: 751 thousand cards). Compared to the previous year, the number of contractual customers increased by 15 thousand, thereby reaching 488 thousand by the end of the first quarter of 2009 and the number of active users of pre-paid cards remained unchanged at 278 thousand. EMT assesses its market share of active SIM cards to be 47%. The estimated penetration of active cards in Estonia is 120%.

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In March EMT introduced an additional feature for the SurfPort mobile portal, which enables modern mobile phones to access the majority of common websites from the Internet. To date, only WAP sites that were especially created for mobile phones could be accessed on phone screens. The new feature significantly expands the choice of information available to mobile users, without the need for a computer or new phone.

Pursuant to the resolution of the Communications Board, the interconnection fee for AS EMT, Elisa Eesti AS and Tele2 Eesti AS was fixed at 1.66 EEK for the period 1 July 2007 to 30 June 2008. For the period 1 July 2008 to 30 June 2009, the Competition Board that is the legal successor to the Communications Board established a fee of 1.37 EEK per minute for the termination of voice calls in the mobile phone networks of AS EMT, Elisa Eesti AS and Tele2 Eesti AS.

Based on a decision dated 26 March 2009, the Competition Board announced new market analysis results, based on which ProGroup Holding OÜ was declared an undertaking with significant market power in the market for the termination of voice calls in its mobile phone network, in addition to AS EMT, Elisa Eesti AS and Tele2 Eesti AS. According to the resolution, within the framework of the price control obligation, the given companies will be obligated to apply benchmark-based interconnection fees that correspond to the average in the European countries until 30 June 2012, which makes 1.36 EEK per minute the maximum tariff to be applicable as of 1 July 2009. The maximum rate for interconnection fees to be established for the periods 1 July 2010 to 30 June 2011 and 1 July 2011 to 30 June 2012 will be announced by the Competition Board at least 2 months before the beginning of the corresponding period, but pursuant to the decision, the decrease or increase in the interconnection fees to be applied shall not be more than 10%.

The sales revenues for the **broadband services segment** reached 727 million EEK in the first quarter (1st quarter 2008: 764 million EEK). Compared to the same period in 2008, the greatest increase in revenues resulted from the sale of international interconnection services and triple-play solutions, which increased by 27% and 16% respectively. The increase in revenues from international interconnection services resulted primarily from increased minute volumes. At the same time, the revenues for call services earned from end consumers decreased by 16% due to a decrease in minute volumes. Based on a significant increase in the relative importance of the volume and revenues of triple-play solutions, the revenues from monthly fees for call connections and Internet connections decreased in the last quarter by 10% and 14% respectively. However, the revenues earned from the sale of triple-play solutions considerably exceeded the given decrease. The revenues from the broadband services segment decreased by 5% compared to the same period last year. The decrease in revenues was primarily related to a reduction in the sales volumes of telecommunications and IT goods.

In the first quarter, the total number of Elion customers with permanent Internet connections increased during a year by 9,000 connections, reaching 176.5 thousand by the end of March (31 March 2008: 167.5 thousand). The company assesses that Elion's market share based on the permanent connections of private customers has not changed and continues to be 54%.

In March, Elion started to standardize the product portfolio provided by triple-play solutions to Elion's private customers, by introducing two updated Kodulahendus products and gradually transferring existing Kodulahendus customers to the new products. Both products are triple-packages that differ based on the downloading speeds of the Internet connections and the number of television channels. The new Kodulahendus products include supplementary free television viewing locations and free WiFi use in the Elion WiFi network throughout Estonia.

At the end of the March, Elion also launched a Start package with a 255-EEK monthly fee that fulfills basic triple package needs and thereby entered the discount service market with the new product. The Start package was introduced within the framework of the "Join us!" project designed to introduce people to the Internet, which was initiated in March by the Behold the World! Foundation and Eesti Telekom.

The number of Elion triple-package users increased during a year by 23,500, reaching 82.1 thousand as of 31 March (31 March 2008: 58.6 thousand). By the end of the first quarter, Elion had 86.9 thousand IP and cable television customers (31 March 2008: 63.2 thousand). Elion assesses that the company's market share in the

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cable coverage market increased by 6% during the year, reaching 28% by the end of the first quarter (31 March 2008: 22%).

In March, Elion started the sale of used IT equipment on the <http://leiunurk.elion.ee> website, which fulfills two goals for the company – preserves the environment by recycling high-quality equipment and enables computers to be purchased in a complicated economic situation.

By the end of first quarter, the number of Elion's active call interfaces totaled 461 thousand (31 March 2008: 473 thousand interfaces). The reduction in number of call interfaces resulted from an expected reduction in the number of telephone connections in the private segment and a reduction in the number of pay phones throughout Estonia.

Elion assesses its market share for call minutes initiated in the fixed network to be 80% (31 March 2008: 81%). The market share for local call minutes is 82% (31 March 2008: 83%), 68% for international call minutes (31 March 2008: 66%) and 70% for call minutes made to mobile phones (31 March 2008: 71%). The increase of the international call market share is explained by a change in accounting methods. The company assesses that the given market share has remained at the same level for the last few years.

At the end of the March, Elion notified the other operators of price changes that will come into force on 1 May 2009 for interconnection services and access services. This is related to requirements based on domain-specific regulations that obligate Elion to review its prices at least once a year and are based on the expenditure statements for the previous period. The price changes according to service are primarily related to the reduction or increase of volumes. For instance, the monthly fee for copper pairs and the telephone network interconnection fees increased on average by 20% and 12% respectively. At the same time, the broadband access fees decreased by 9-20% depending on speed.

The 2009 first quarter results for the **IT services segment** include the consolidated data from the companies of the IT Koolituskeskuse OÜ Group that was acquired in October 2008.

In the first quarter of 2009, the sales revenues for the IT services segment reached 62 million EEK (1st quarter 2008: 79 million EEK). Compared to the same period in the previous year, the consolidated sales revenues decreased by 22%, whereas the sales revenues for IT goods decreased by 53% and the sales revenues for permanent services decreased by 6%, and the sales revenues for project-based services increased by 30%. The sales revenues for services provided within the Eesti Telekom Group decreased by 27% compared to the first quarter of the previous year, while the sales revenues for services provided to customers outside the Group increased by 13%.

The reduction of the national budget by 8 billion EEK in 2009 had a significant impact on the Estonian IT sector. A number of procurements have been postponed or the results of completed procurements cancelled.

The sales turnover for infrastructure solutions in the first quarter was significantly smaller than in the same period last year (15 million EEK vs. 33 million EEK). The reason is the general decline in the IT market. Currently, the same recessionary trend is being experienced by all IT companies that deal with merchandise sales.

In the project business, important projects in the first quarter included the introduction of document management at Estonian Post and the continued development of various information systems at Piletilevi, the Unemployment Insurance Fund and Ragn-Sells.

In the field of permanent services, AS MicroLink Eesti won the procurement for the maintenance of computer workstations organized by the Tallinn City Office in the first quarter. In addition, during the first quarter, MicroLink Eesti started to provide server hosting services to the East-Tallinn Central Hospital, the Harku Rural Municipality Government and Estonian Railways.

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The operating costs of the Eesti Telekom Group decreased by 10% in the first quarter of 2009 compared to the same period of 2008, reaching 825 million EEK (1st quarter 2008: 913 million EEK).

The operating costs in the **mobile communications segment** decreased by 14% compared to the first quarter of 2008 to 468 million EEK (1st quarter 2008: 547 million EEK). The greatest decrease was in the operating costs related to retailing and wholesaling, which corresponds to the drop in merchandise sales turnovers. A decrease was also experienced by interconnection costs based on a drop in interconnection prices. The efficiency programs also had an impact on the decrease of the operating costs that were related to a reduction in the number of workers, as well as marketing, IT and network costs.

The operating costs in the **broadband services segment** decreased during the last quarter by 7% compared to the same period in 2008, reaching 482 million EEK (1st quarter 2008: 520 million EEK). The principal part of the decrease in operating costs resulted from a decrease in direct sales costs related to a decline in retail volumes. A significant impact on the decrease in operating costs also resulted from the efficiency projects initiated last year, which are related to a reduction in maintenance costs for network resources, IT and transport costs and also to a reduction in the number of workers in the group.

The operating costs in the **IT services segment** decreased in the first quarter by 14% compared to the same period last year, reaching 65 million EEK (1st quarter 2008: 76 million EEK). The operating costs for the quarter were affected by increased costs accompanying the consolidation of the IT Koolituskeskus, as an independent company, whereby the operating costs of AS MicroLink Eesti increased by 3%.

The Eesti Telekom Group EBITDA decreased in the first quarter of 2009 by 10% compared to the same period in the previous year, reaching 517 million EEK (1st quarter 2008: 576 million EEK). The EBITDA in the mobile communications services segment decreased by 17% in the first quarter compared to the same period last year. Since the decrease in the operating costs were almost proportional to the reduction in turnover, the EBITDA margin for the mobile communications services segment has decreased by less than one percent. In the first quarter, the EBITDA for the broadband services segment increased by 1% compared to the same period in the previous year, reaching 248 million EEK (1st quarter 2008: 247 million EEK). The EBITDA for the IT services segment in the first quarter of 2009 was -3 million EEK (1st quarter 2008: profit of 4 million EEK). The Group's EBITDA margin in the first quarter of 2009 was 39%, which remained at the same level as the margin for the same period in the previous year.

The Group's depreciation costs reached 157 million EEK in the first quarter of 2009, by increasing 12% compared to the same period in 2008 (1st quarter 2008: 140 million EEK). The greatest increase in depreciation costs resulted from the IT services segment where depreciation costs reached 12 million EEK in the first quarter of 2009 (1st quarter 2008: 6 million EEK). This was caused by a discount of 6.4 million EEK in February of this year on the goodwill recognized on the balance sheet after the acquisition of IT Koolituskeskuse OÜ.

In the first quarter, the **Eesti Telekom Group** earned **EBIT** of 360 million EEK, which was a decrease of 18% compared to the same period in the previous year (1st quarter 2008: 436 million EEK).

The profit for the Eesti Telekom Group in the first quarter of 2009 was 376 million EEK (1st quarter 2008: 452 million EEK). The basic earnings per share were 2.72 EEK (1st quarter 2008: 3.27 EEK). The Group's comprehensive income in first quarter of 2009 was 376 million EEK (1st quarter 2008: 452 million EEK).

Statement of financial position and cash flows

As of 31 March 2009, the Eesti Telekom Group balance sheet totaled 5,207 million EEK (31 December 2008: 4,999 million EEK). Compared to the beginning of the year, the non-current assets have decreased by 20 million EEK, the balance of which reached 2,905 million EEK by the end of the quarter. During first three months of the year, the Group's current assets have increased by 227 million EEK, reaching 2,302 million EEK by the end of March (31 December 2008: 2,075 million EEK). Cash and cash equivalents, as well as short-term financial investments have increased by 358 million EEK, reaching 1,221 million EEK by the end of the period.

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As of 31 March 2009, the Eesti Telekom Group equity was 4,671 million EEK, which is 376 million EEK more than at the end of 2008 (31 December 2008: 4,295 million EEK). The increase in equity resulted from a first-quarter profit. As of the end of March, non-current liabilities totaled 32 million EEK (31 December 2008: 33 million EEK) and current liabilities totaled 503 million EEK (31 December 2008: 671 million EEK). The net debt of the Eesti Telekom Group at the end of the first quarter was -1,212 million EEK and the net gearing ratio was -25.9% (31 December 2008: -853 million EEK and -20%).

The Eesti Telekom Group cash flow from operating activities during the first three months of 2009 was 453 million EEK (3 months of 2008: 447 million EEK). The Group's cash flow from investment activities was 406 million EEK (3 months of 2008: 550 million EEK). The cash flow into the acquisition of tangible and intangible fixed assets during the first three months was 123 million EEK (3 months of 2008: 119 million EEK). In the first quarter of 2009, the mobile communications segment invested 75 million EEK (1st quarter 2008: 57 million EEK). In mobile communications, in addition to the constant development of the GSM network, a developmental priority was the implementation of technologies to support high-speed mobile data communications. The majority of data communications usage by EMT customers occurs in the 3G network, which enables the use of high-quality and rapid Internet connections at speeds approaching those of ADSL at conveniently manageable prices. Since EMT is the only operator in Estonia that provides EDGE data communications throughout its GSM coverage area, then investments in new base stations is primarily directed at expanding external and internal 3G coverage in cities and town. At the same time, the constant improvement of the GSM network continued. Investments into the broadband services segment totaled 45 million EEK (1st quarter 2008: 56 million EEK). The principal part of the capital volumes were related to the development of network resources, changes in the product portfolio and the improvement of and expansion of the availability of the triple-service packages. In the first quarter of 2009, the IT services segment invested 3 million EEK into fixed assets (1st quarter 2008: 5 million EEK).

During three months, the Eesti Telekom Group cash flow used in financing activities was 1 million EEK, similarly to the first quarter of 2008.

Shareholders' general meeting

The regular general meeting of AS Eesti Telekom shareholders will take place on 20 May 2009 at 12 pm in Tallinn at Valge 16. Starting on 27 April 2009, the 2008 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 2008, 1,449 million EEK was distributed as dividends among the shareholders, or 10.50 EEK per share.

Definitions

EBITDA margin = EBITDA / Net sales x 100%

EBIT margin = EBIT / Net sales x 100%

Net debt = Interest bearing liabilities - cash and cash equivalents - short term investments

Net gearing = Net debt / Owner's equity x 100%

ROA = Profit for the period / Average total assets x 100%

ROE = Profit before tax / Average equity x 100%

Basic earnings per share = Profit for the period / Average number of shares

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CONSOLIDATED QUARTERLY DATA

In million of Estonian kroons (EEK)

	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09
Net sales	1,484	1,567	1,566	1,573	1,336
OPEX	(913)	(960)	(941)	(1,050)	(825)
Other revenues/expenses, net	5	7	3	8	5
EBITDA	576	613	628	531	517
Depreciation and amortisation	(140)	(145)	(147)	(144)	(157)
EBIT	436	468	481	387	360
Income / expenses from associates	(2)	(1)	-	-	(1)
Other net financing items	17	20	4	13	17
EBT	452	487	485	400	376
Income tax on dividends	-	(386)	-	-	-
Profit for the period	452	101	485	400	376
Minority interest	1	-	1	1	-
EBITDA margin, %	38.83%	39.13%	40.12%	33.75%	38.66%
EBIT margin, %	29.37%	29.87%	30.74%	24.61%	26.91%
Net margin, %	30.45%	6.48%	30.98%	25.42%	28.12%
Total assets	5,342	4,515	4,500	4,999	5,207
- Non-current assets	2,726	2,756	2,768	2,925	2,905
- Current assets	2,616	1,759	1,732	2,075	2,302
- Cash and cash equivalents and short-term investments	1,411	489	511	863	1,221
Equity and liabilities	5,342	4,515	4,500	4,999	5,207
- Equity	4,766	3,412	3,897	4,295	4,671
- Provisions	31	28	31	29	26
- Non-current liabilities	1	2	2	8	8
- Interest-bearing borrowings	1	-	-	6	6
- Current liabilities	543	1,074	571	667	502
- Interest-bearing borrowings	3	2	2	4	3

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	I Quarter 2009	I Quarter 2008	2008
Net sales	2.1, 2.3	1,336,492	1,484,181	6,189,597
Cost of production	2.1	(761,334)	(830,495)	(3,532,648)
Gross profit	2.1	575,158	653,686	2,656,949
Sales, administrative, and research & development expenses	2.1	(220,537)	(221,982)	(907,058)
Other operating revenues	2.1	7,552	6,285	31,317
Other operating expenses	2.1	(2,570)	(1,554)	(8,498)
Operating profit	2.1	359,603	436,435	1,772,710
Finance income		17,395	17,751	55,185
Finance costs		(349)	(584)	(871)
Finance income, net	2.1	17,046	17,167	54,314
Net income / (expenses) from associated companies	2.1	(824)	(1,680)	(2,847)
Profit before tax	2.1	375,825	451,922	1,824,177
Income tax on dividends	2.1	-	-	(385,912)
Profit for the period	2.1	375,825	451,922	1,438,265
Other comprehensive income				
Exchange differences on translating foreign subsidiaries	2.1	(12)	-	17
Other comprehensive income for the period	2.1	(12)	-	17
Total comprehensive income	2.1	375,813	451,922	1,438,282
Profit attributable to:				
Equity holders of the parent	2.1	375,404	450,651	1,434,835
Minority interest	2.1	421	1,271	3,430
		375,825	451,922	1,438,265
Comprehensive income attributable to:				
Equity holders of the parent	2.1	375,394	450,651	1,434,849
Minority interest	2.1	419	1,271	3,433
		375,813	451,922	1,438,282
Earnings per share for profit attributable to the equity holders of the parent during the reporting period (expressed in EEK)	7 (e)			
Basic earnings per share		2.72	3.27	10.40
Diluted earnings per share		2.72	3.27	10.40
EBITDA	2.1	516,740	576,352	2,348,360
Depreciation, amortization and write-downs	2.1, 3	(157,137)	(139,917)	(575,650)

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(Translation of the Estonian original)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2009	31 December 2008	31 March 2008
ASSETS				
Non-current assets				
Property, plant and equipment	3	2,569,050	2,590,170	2,392,029
Intangible fixed assets	3	214,560	228,312	206,191
Investments in associates	2.2, 5	9,748	10,575	11,742
Other financial fixed assets		111,774	95,680	116,072
Total non-current assets	2.2	2,905,132	2,924,737	2,726,034
Current assets				
Assets classified as held-for-sale		-	-	3,258
Inventories	6	172,821	169,943	184,799
Trade and other receivables		908,335	1,041,685	1,016,762
Short-term investments		-	500,000	17,222
Cash and cash equivalents		1,220,644	363,099	1,393,882
Total current assets	2.2	2,301,800	2,074,727	2,615,923
TOTAL ASSETS	2.2	5,206,932	4,999,464	5,341,957
EQUITY AND LIABILITIES				
Equity				
Capital and reserves attributable to equity holders of the parent				
	7			
Share capital		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		4	14	-
Net profit for the period		2,789,247	2,413,843	2,880,012
Total capital and reserves attributable to equity holders of the parent		4,662,769	4,287,375	4,753,530
Minority interest	2.2, 7	8,454	8,035	12,751
Total equity		4,671,223	4,295,410	4,766,281
Non-current liabilities				
Interest bearing loans and borrowings	8	5,872	5,872	749
Retirement benefit obligations	9	1,902	2,158	3,004
Provisions	10	22,571	22,571	20,937
Non-interest bearing liabilities		1,988	1,989	-
Total non-current liabilities	2.2	32,333	32,590	24,690
Current liabilities				
Trade and other payables		499,139	663,396	540,929
Interest bearing loans and borrowings	8	2,749	4,061	2,560
Retirement benefit obligations	9	1,032	1,032	4,856
Provisions	10	456	2,975	2,641
Total current liabilities	2.2	503,376	671,464	550,986
Total liabilities		535,709	704,054	575,676
TOTAL EQUITY AND LIABILITIES	2.2	5,206,932	4,999,464	5,341,957

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CONSOLIDATED CASH FLOW STATEMENT

	Notes	I Quarter 2009	I Quarter 2008
Operating activities			
Net profit for the period		375,825	451,922
Adjustments for:			
Depreciation, amortisation and impairment of fixed and intangible assets	2.1, 3	157,137	139,917
(Profit) / loss from sales and discards of fixed assets		(2,880)	(2,964)
Net (income) / expenses from associated companies		824	1,680
Provisions		(2,519)	(1,830)
Financial items		(25,275)	(25,536)
Miscellaneous non-cash items		(308)	64
Cash flow before change in working capital		502,804	563,253
Change in current receivables		104,567	4,664
Change in inventories		(2,878)	(4,104)
Change in current liabilities		(163,489)	(131,516)
Change in working capital		(61,800)	(130,956)
Cash flow after changes in working capital		441,004	432,297
Interest received		12,215	16,459
Interest paid		(170)	(1,463)
Cash flow from operating activities	2.2	453,049	447,293
Investing activities			
Intangible and tangible fixed assets acquired	2.2, 3	(122,580)	(118,806)
Intangible and tangible fixed assets divested		3,219	3,232
Net change in interest-receivables short maturities		499,998	676,818
Net cash changes of other long-term receivables		24,929	(10,996)
Cash flow from investing activities	2.2	405,566	550,248
Cash flow before financing activities		858,615	997,541
Financing activities			
Repayment of finance lease liabilities	8	(1,205)	(590)
Cash flow used in financing activities	2.2	(1,205)	(590)
Cash flow for the year	2.2	857,410	996,951
Cash and cash equivalents at beginning of year			
	2.2	363,099	396,778
Cash flow for the year	2.2	857,410	996,951
Effect of foreign exchange rate changes	2.2	135	153
Cash and cash equivalents at end of period	2.2	1,220,644	1,393,882

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STATEMENT OF CHANGES IN OWNERS' EQUITY

	Attributable to equity holders of the Company						Minority interest	Total equity
	Issued capital	Share premium	Statutory legal reserve	Translation reserve	Retained earnings	Total		
31 December 2007	1,379,545	356,018	137,955	-	2,429,361	4,302,879	11,480	4,314,359
Comprehensive income for the period	-	-	-	-	450,651	450,651	1,271	451,922
31 March 2008	1,379,545	356,018	137,955	-	2,880,012	4,753,530	12,751	4,766,281
31 December 2008	1,379,545	356,018	137,955	14	2,413,843	4,287,375	8,035	4,295,410
Comprehensive income for the period	-	-	-	(10)	375,404	375,394	419	375,813
31 March 2009	1,379,545	356,018	137,955	4	2,789,247	4,662,769	8,454	4,671,223

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

AS Eesti Telekom (registration number: 10234957; address: Valge 16, 19095 Tallinn, Estonia) is a holding company registered and operating in the Republic of Estonia, with subsidiaries providing services in the field of telecommunications. Starting from 1999, the shares of AS Eesti Telekom are listed on the Tallinn and London Stock Exchanges (OMX: ETLAT / LSE: EETD).

AS Eesti Telekom and its subsidiaries comprise the Eesti Telekom Group (hereinafter also the Group). AS Eesti Telekom is a parent company of Eesti Telekom Group.

The immediate parent company of AS Eesti Telekom is Baltic Tele AB, which is the holding company. Company post address is Box 7754, SE-103 96 Stockholm, Sweden. Baltic Tele AB is a 100%-owned subsidiary of TeliaSonera AB and is the ultimate controlling party of AS Eesti Telekom. The largest shareholder of TeliaSonera AB is Swedish State with 37.3%. TeliaSonera AB is situated at Sturegatan 1, SE-106 63 Stockholm, Sweden.

The I Quarter 2009 consolidated interim financial statements for the AS Eesti Telekom include the financial results for the following companies:

- parent company: AS Eesti Telekom;
- subsidiaries: AS EMT, Elion Enterprises AS, MicroLink Eesti AS, EMT Esindused AS, AS Mobile Wholesale, Serenda Invest OÜ, AS Elion Esindus, AS EsData, IT Koolituskeskuse OÜ, ProTraining Academy UAB, SIA IT Protraining Latvia and BiTa Service Management OÜ (see also note 4);
- associates: AS Sertifitseerimiskeskus ja OÜ Voicecom (see also note 5).

The consolidated interim financial statements for the I Quarter period ending 31 March 2009 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 the consolidated financial statements for 2008.

Changes in the presentation of information in 2009

In connection with changes in IAS I "Presentation of Financial Statements", which will come into force as of 1 January 2009, the Group's first quarter 2009 interim report was replaced of the consolidated income statement by a consolidated statement of comprehensive income. The comprehensive income statement also includes all non-owner changes previously recognized in equity. In connection with the compilation of the consolidated comprehensive income statement, the presentation of the report on changes in equity also changed. The report on changes in equity does not recognize statement of comprehensive income elements as separate changes. Pursuant to IAS I, the term "balance sheet" used previously is replaced by the term "statement of financial position". The presentation of basic reports and the new terms do not affect the recognition of transactions and balances or the accounting principles.

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.

These consolidated financial statements are not audited and only include consolidated statements of the Group.

This consolidated statement is signed by the management board for public disclosure on 23 April 2009.

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2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The report provides information about the Group's segments, and this information is organised by both business segments (the primary format for segment reporting) and geographic segments (the secondary format for segment reporting).

A business segment is a distinguishable component of the Group that is engaged in providing a group of related services or products and that is subject to risks and returns that are different from those of other business segments.

Geographic segment is a part of the Group that provides services in a specific economic environment whereof risks and profitability differ from its other parts that act in other different economic environments.

Three segments, mobile telecommunications, broadband and managed IT services are distinguished in the consolidated financial statements.

Mobile telecommunications – this segment operates mobile networks and systems, and deals with the provision, marketing and selling of services and goods related thereto. The entities in this business segment are AS EMT, EMT Esindused AS, AS Mobile Wholesale and Serenda Invest 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, marketing and sales of other related services and goods. The entities in this business segment are Elion Enterprises AS, AS Elion Esindus, AS EsData and up to 31 May 2008 Viru Net OÜ. From 1 June 2008 Viru Net OÜ merged with Elion Enterprises AS.

Managed IT-services – this segment operates IT services: system integration and infrastructure solutions; software development; ERP and business solutions; IT training; 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, marketing and sales of related services and goods. The entities in this business segment are AS MicroLink Eesti and from 1 November 2008 the Group's new members: IT Koolituskeskus OÜ, IT Protraining Latvia SIA, ProTraining Academy UAB and up to 11 February 2009 BiTA Service Management OÜ. From 11 February 2009 BiTA Service Management OÜ merged with AS MicroLink Eesti.

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

Unallocated revenue and expenses are related to the use or disposal of unallocated assets and liabilities and also include the administrative costs of the Group's parent company.

Unallocated assets and liabilities are assets and liabilities, the allocation of which into segments is not possible or justified due to the structure of the Group's business activities (e.g. corporate income tax, interest receivables or liabilities, dividend receivables or liabilities). Unallocated assets and liabilities also include assets and liabilities of the Group's parent company.

Inter-company transactions were conducted on an arms-length basis.

The majority of the Eesti Telekom Group assets are located in Estonia, with an insignificant part in Latvia and Lithuania.

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2.1 Primary reporting format – business segments

	Mobile telecommunications		Broadband services		Managed IT services		Unallocated / Eliminations		Consolidated	
	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008
External net sales	634,870	736,639	654,848	691,842	46,774	55,700	-	-	1,336,492	1,484,181
Inter-segment net sales	104,817	137,584	72,154	71,968	14,909	23,434	(191,880)	(232,986)	-	-
Total net sales	739,687	874,223	727,002	763,810	61,683	79,134	(191,880)	(232,986)	1,336,492	1,484,181
External cost of production	(394,858)	(464,465)	(346,229)	(332,154)	(21,196)	(34,814)	949	938	(761,334)	(830,495)
Inter-segment cost of production	(67,855)	(67,330)	(108,945)	(145,167)	(4,121)	(5,271)	180,921	217,768	-	-
Gross profit	276,974	342,428	271,828	286,489	36,366	39,049	(10,010)	(14,280)	575,158	653,686
External sales, administrative and research & development	(68,854)	(72,664)	(94,783)	(100,225)	(51,069)	(40,097)	(5,831)	(8,996)	(220,537)	(221,982)
Inter-segment sales, administrative and research & development	(3,760)	(5,250)	(8,609)	(12,892)	(1,237)	(1,529)	13,606	19,671	-	-
External other operating revenues	4,162	2,990	2,924	2,980	466	315	-	-	7,552	6,285
Inter-segment other operating revenues	-	-	-	-	1	1	(1)	(1)	-	-
External other operating expenses	(2,440)	(1,342)	-	(186)	(129)	(4)	(1)	(22)	(2,570)	(1,554)
Operating profit/(loss)	206,082	266,162	171,360	176,166	(15,602)	(2,265)	(2,237)	(3,628)	359,603	436,435
Financial revenues and expenses, net	10,650	7,423	114	1,927	(54)	(323)	6,336	8,140	17,046	17,167
Income/(expenses) from associated, net	(316)	(884)	(508)	(796)	-	-	-	-	(824)	(1,680)
Profit/(loss) after financial items	216,416	272,701	170,966	177,297	(15,656)	(2,588)	4,099	4,512	375,825	451,922
Income tax on dividends	-	-	-	-	-	-	-	-	-	-
Profit/(loss) for the period	216,416	272,701	170,966	177,297	(15,656)	(2,588)	4,099	4,512	375,825	451,922
Other comprehensive income										
Exchange differences on translating foreign subsidiaries	-	-	-	-	(12)	-	-	-	(12)	-
Other comprehensive income for the period	-	-	-	-	(12)	-	-	-	(12)	-
Total comprehensive income	216,416	272,701	170,966	177,297	(15,668)	(2,588)	4,099	4,512	375,813	451,922

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2.1 Primary reporting format – business segments (continued)

	Mobile telecommunications		Broadband services		Managed IT services		Unallocated / Eliminations		Consolidated	
	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008	I Q 2009	I Q 2008
Profit attributable to:										
Equity shareholders of the parent	215,483	271,430	170,966	177,297	(15,144)	(2,588)	4,099	4,512	375,404	450,651
Minority interest	933	1,271	-	-	(512)	-	-	-	421	1,271
	216,416	272,701	170,966	177,297	(15,656)	(2,588)	4,099	4,512	375,825	451,922
Comprehensive income attributable to:										
Equity shareholders of the parent	215,483	271,430	170,966	177,297	(15,154)	(2,588)	4,099	4,512	375,394	450,651
Minority interest	933	1,271	-	-	(514)	-	-	-	419	1,271
	216,416	272,701	170,966	177,297	(15,668)	(2,588)	4,099	4,512	375,813	451,922
EBITDA	273,858	329,041	248,033	246,659	(3,288)	3,902	(1,863)	(3,250)	516,740	576,352
Depreciation, amortization and write-downs	(67,776)	(62,879)	(76,673)	(70,493)	(5,895)	(6,167)	(374)	(378)	(150,718)	(139,917)
Impairment charge	-	-	-	-	(6,419)	-	-	-	(6,419)	-

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2.2 Other information by business segments

	Mobile telecommunications		Broadband services		Managed IT-services		Eliminations		Consolidated	
	31 March, I Q 2009	31 March, I Q 2008	31 March, I Q 2009	31 March, I Q 2008	31 March, I Q 2009	31 March, I Q 2008	31 March, I Q 2009	31 March, I Q 2008	31 March, I Q 2009	31 March, I Q 2008
Non-current assets (except investments in subsidiaries & associates)	1,043,073	987,064	1,736,920	1,620,710	109,614	100,546	5,777	5,972	2,895,384	2,714,292
Investments in subsidiaries and associates	5,830	6,567	3,918	5,175	-	-	-	-	9,748	11,742
Current assets	1,351,637	1,364,147	966,281	1,267,584	43,775	48,014	(59,893)	(63,822)	2,301,800	2,615,923
Total assets	2,400,540	2,357,778	2,707,119	2,893,469	153,389	148,560	(54,116)	(57,850)	5,206,932	5,341,957
Equity attributable to equity shareholders of the parent	1,959,560	1,874,256	2,222,058	2,229,026	103,585	78,119	377,566	572,129	4,662,769	4,753,530
Minority interest	8,303	12,751	-	-	151	-	-	-	8,454	12,751
Non-current liabilities	23,942	23,955	7,539	156	852	579	-	-	32,333	24,690
Current liabilities	408,735	446,816	477,522	664,287	48,801	69,862	(431,682)	(629,979)	503,376	550,986
Total shareholders' equity and liabilities	2,400,540	2,357,778	2,707,119	2,893,469	153,389	148,560	(54,116)	(57,850)	5,206,932	5,341,957
Net cash from/ (used in) operating activities	259,080	319,502	199,588	133,510	8,346	209	(13,965)	(5,928)	453,049	447,293
Net cash from/ (used in) investing activities	(70,131)	(57,207)	(21,214)	(63,889)	(3,084)	(5,474)	499,995	676,818	405,566	550,248
Net cash from/ (used in) financing activities	17,971	(3,236)	(105,170)	16,363	(7,135)	3,406	93,129	(17,123)	(1,205)	(590)
Exchange rate differences in cash and cash equivalents	-	-	79	153	7	-	49	-	135	153
Net increase/ (decrease) in cash and cash equivalents	206,920	259,059	73,283	86,137	(1,866)	(1,859)	579,208	653,767	857,545	997,104
CAPEX	74,769	57,152	44,687	56,180	3,124	5,474	-	-	122,580	118,806

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2.3 Secondary reporting format - geographic segments (external net sales)

The Group's activities mainly take place in one geographical segment, in Estonia. The majority of the Group's customers are from Estonia. An insignificant part of the customers are located in Latvia and Lithuania. The revenues outside of Estonia are primarily related to "roaming" revenues.

	Mobile telecommunications		Broadband services		Managed IT-services		Consolidated									
	I Quarter 2009	I Quarter 2008	I Quarter 2009	I Quarter 2008	I Quarter 2009	I Quarter 2008	I Quarter 2009	I Quarter 2008								
Customers in Estonia	612,976	96.6%	714,589	97.0%	573,124	87.5%	629,545	91.0%	45,901	98.1%	55,362	99.4%	1,232,001	92.2%	1,399,496	94.3%
Customers outside Estonia	21,894	3.4%	22,050	3.0%	81,724	12.5%	62,297	9.0%	873	1.9%	338	0.6%	104,491	7.8%	84,685	5.7%
Total revenue	634,870	100%	736,639	100%	654,848	100%	691,842	100%	46,774	100%	55,700	100%	1,336,492	100%	1,484,181	100%

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3. Tangible and intangible assets

	Notes	Tangible assets	Intangible assets
<i>At 31 December 2007</i>			
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	2.2	118,229	577
Reclassification to assets classified as held-for-sale		(1,526)	-
Disposals		(267)	(1)
Depreciation charge	2.1	(129,521)	(10,396)
Closing net book amount		2,392,029	206,191
<i>At 31 March 2008</i>			
Cost		9,465,239	423,402
Accumulated depreciation		(7,073,210)	(217,211)
Net book value		2,392,029	206,191
<i>At 31 December 2008</i>			
Cost		9,702,137	453,456
Accumulated depreciation		(7,111,967)	(225,144)
Net book value		2,590,170	228,312
Changes in the first quarter 2009			
Opening net book amount		2,590,170	228,312
Additions	2.2	121,135	1,445
Reclassification		(3,571)	3,571
Disposals		(300)	(1)
Depreciation charge	2.1	(138,385)	(12,333)
Impairment charge	2.1	-	(6,419)
Effect of movements in exchange rate		1	(15)
Closing net book amount		2,569,050	214,560
<i>At 31 March 2009</i>			
Cost		9,794,546	449,352
Accumulated depreciation		(7,225,496)	(234,792)
Net book value		2,569,050	214,560

Impairment tests for goodwill

The carrying amount of goodwill was tested as of 31 March 2009. The recoverable amount of a Cash Generating Unit (CGU) is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Management determined the budgeted gross margin based on past performance and its expectations for market development.

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The discount rates used reflect specific risks relating to the relevant CGUs.

The key assumptions used for goodwill impairment tests are as follows:

	Mobile telecommunications CGU's	Managed IT services CGU's
WACC ¹⁾	14.0%	14.0%
Growth rate ²⁾	2.5%	2.5%
Discount rate ³⁾	14.0%	14.0%
Net book amount of goodwill relating to CGU's	38,848	61,948

- 1) Weighted average cost of capital.
- 2) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
- 3) Discount rate applied to the cash flow projections.

As a result of testing the goodwill that was allocated to Managed IT services' CGU's an impairment loss in amount of 6,419 thousand EEK was identified.

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4. Investments in subsidiaries

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2009	31 Dec. 2008		
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
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
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
IT Koolituskeskuse OÜ	Estonia	82,87%	82,87%	Information and communication technology and IT project control training services provider	AS MicroLink Eesti
ProTraining Academy UAB	Lithuania	100%	100%	IT training services	IT Koolituskeskuse OÜ
SIA IT Protraining Latvia	Latvia	100%	100%	IT training services	IT Koolituskeskuse OÜ
BiTA Service management OÜ ¹⁾	Estonia	-	100%	IT Service Management (methodology of ITIL) consultations and training services	IT Koolituskeskuse OÜ

1) From the 11 of February 2009 BiTA Service Management OÜ merged with AS MicroLink Eesti.

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5. Investments in associates

	Country of incorporation	Ownership interest		Principal activity	Owner
		31 March 2009	31 December 2008		
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 2009, impairment for the inventories was in the total amount of 717 thousand EEK (in the first quarter 2008: 2,285 thousand EEK) based on the estimated decline of the net realisation value below their acquisition cost.

7. Equity**a) Issued capital**

	31 March 2009	31 December 2008
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) Share premium

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

c) Reserves

Reserve includes statutory 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.

d) Re-acquiring of shares

The Annual General Meeting of Shareholders, on 22 May 2008, authorized AS Eesti Telekom to acquire within five years from the adoption of this resolution, i.e. until 22 May 2013, 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

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each occasion separately by a resolution of AS Eesti Telekom's Supervisory Council. As of 31 March 2009, no shares have been re-acquired by AS Eesti Telekom.

e) Earnings per share

	I Quarter 2009	I Quarter 2008
III Quarter		
Net profit attributable to equity holders of the Company (EEK)	375,404,000	450,651,000
The average number of ordinary shares	137,954,528	137,954,528
Earnings per share (EEK)	2.72	3.27

f) 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 2009	2008	I Quarter 2008
Ordinary share highest price	82.14	125.02	125.02
Ordinary share lowest price	64.15	59.61	108.74
Ordinary share average price	76.02	103.32	116.35

8. Borrowings

	31 March 2009	31 December 2008
Current	2,749	4,061
Non-current	5,872	5,872
	8,621	9,933

The movements in the borrowings

Opening balance 31 December 2008	9,933
Repayments of borrowings	(1,205)
Other movements	(107)
Closing balance 31 March 2009	8,621

9. Retirement benefit obligations

	31 March 2009	31 December 2008
Current portion of retirement benefit obligations	1,032	1,032
Non-current portion of retirement benefit obligations	1,902	2,158
Total retirement benefit obligations	2,934	3,190

The movements in the borrowings

At 31 December 2008	3,190
Benefits paid in the reporting period	(256)
At 31 March 2009	2,934

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10. Provisions

	Site restoration expense provision	Termination benefits provision	Guarantee provision	Total
Current portion of provisions	-	308	148	456
Non-current portion of provisions	22,040	-	531	22,571
Total provisions	22,040	308	679	23,027
<i>Changes in provisions</i>				
At 31 December 2008	22,040	2,827	679	25,546
Recognition and change in provisions, net in the reporting period	-	526	-	526
Used provisions during the reporting period	-	(3,045)	-	(3,045)
At 31 March 2009	22,040	308	679	23,027

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	

b) Key managements' and Supervisory Councils' remuneration

The remunerations of key management and Supervisory Council during the first quarter 2009 and 2008 were as follows:

	I Quarter 2009	I Quarter 2008
Salaries and other short-term employee benefits	15,730	17,097
Other	74	37
	15,804	17,134

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c) Trading transactions

No impairment has been made in the first quarter of 2009 and 2008 for the receivables from related parties.

During the first quarter 2009 and 2008, group companies entered into the following transactions with related parties:

	I Quarter, 31 March 2009	I Quarter, 31 March 2008
<i>Telecommunication services provided</i>		
Associated companies	898	863
TeliaSonera AB	30,434	31,549
State Government (State Chancellery and ministries)	4,724	5,609
Companies where Supervisory Council members of the Group have significant influence	369	150
	36,425	38,171
<i>Other sales</i>		
Associated companies	-	42
State Government (State Chancellery and ministries)	579	727
Companies where Supervisory Council members of the Group have significant influence	-	30
	579	799
<i>Telecommunication services purchased</i>		
Associated companies	257	92
TeliaSonera AB	25,817	35,075
	26,074	35,167
<i>Other services purchased</i>		
Associated companies	12	13
State Government (State Chancellery and ministries)	1,430	7,766
Companies where Supervisory Council members of the Group have significant influence	116	189
	1,558	7,968
<i>Amount owed by related parties</i>		
Associated companies	336	372
TeliaSonera AB	17,701	20,411
State Government (State Chancellery and ministries)	7,890	2,461
Companies where Supervisory Council members of the Group have significant influence	72	39
	25,999	23,283
<i>Amount owed to related parties</i>		
Associated companies	40	5
TeliaSonera AB	11,163	22,994
State Government (State Chancellery and ministries)	4	24
Companies where Supervisory Council members of the Group have significant influence	-	34
Key management and Supervisory Council	7,824	7,317
	19,031	30,374

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12. Contingencies

	31 March 2009	31 December 2008
Key management termination benefits	25,721	25,452

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 and AS Elion Enterprises are 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. Events after the reporting period

AS Eesti Telekom Council has given the Board approval to initiate mergers and enter into relevant agreements with the goal to simplify Eesti Telekom Group structure, by merging AS EMT with its 100% subsidiaries EMT Esindused AS and AS Mobile Wholesale, and Elion Ettevõtte AS with its 100% subsidiary Elion Esindus AS. The aim is to achieve greater efficiency in business processes.

The mergers are planned to be concluded by August 2009 at the latest.

AS EMT and Elion Ettevõtte AS are wholly owned subsidiaries of AS Eesti Telekom. The planned merger will not cause any changes in information disclosed to stock exchange as the results of EMT Group and Elion Group are already consolidated.

14. 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
Lars Gunnar Klasson	-	Member of the Supervisory Council
Jörgen Latte	-	Member of the Supervisory Council
Björn Lindegren	-	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 CONSOLIDATED FINANCIAL STATEMENTS

The Management Board confirms the correctness and completeness of the consolidated financial statements of AS Eesti Telekom and its subsidiaries (together Eesti Telekom Group) for the first quarter 2009 as set out on pages 13 to 31.

The Management Board confirms that:

- 1 the accounting principles used in preparing the consolidated financial statements are in accordance with the International Financial Reporting Standards as adopted by the European Union;
- 2 the consolidated financial statements present a true and fair view 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>
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, 23 April 2009