EESTI ENERGIA

Eesti Energia

Interim Report

1.4.2005 – 30.6.2005

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Overview

Key financial figures	1.4.2005-30.6.2005	1.4.2004-30.6.2004	Change		1.4.2004-31.3.2005
Revenues, € th.	90 053	85 998	4 055	4,7%	397 420
incl. domestic sales of electricity	69 504	62 229	7 275	11,7%	284 310
EBITDA, € th.	31 697	28 474	3 224	11,3%	148 983
EBIT, € th.	8 389	7 453	936	12,6%	61 365
Net Profit, € th.	2 311	2 919	- 609	-20,8%	42 870
Net Fixed Assets, € th.[1]	1 211 757	1 151 216	60 541	5,3%	1 199 979
Equity, € th.[1]	842 654	799 366	43 288	5,4%	840 110
Net Debt, € th.[1]	281 020	267 480	13 540	5,1%	268 675
CAPEX, € th.	34 941	43 031	- 8 091	-18,8%	159 891
FFO, € th.	28 130	25 075	3 055	12,2%	127 697
Debt/(Debt+Equity)[1]	26,8%	26,9%	-0,2%		26,9%
ROIC[2]	5,6%	4,9%	0,7%		5,5%
EBITDA interest cover[2]	8,2	7,5	0,7		8,1
FFO[2]/Net Debt[1]	46,5%	43,0%	3,4%		47,5%
FFO/Interest Expense[2]	7,1	6,4	0,7		7,0
FFO/Capex[2]	86,0%	60,7%	25,3%		79,9%
EBITDA margin	35,2%	33,1%	2,1%		37,5%
EBIT margin	9,3%	8,7%	0,6%		15,4%

1 - balance sheet figures are end of period

2 - rolling 12 months

Eesti Energia's most significant events in the first quarter of FY 2005/06 were the signing of the EPC contract of Estonian – Finnish sub-sea cable Estlink between the AS Nordic Energy Link and Swedish – Swiss company ABB and the upgrade of both long- and short term credit ratings by Moody's by two notches.

On the 29th of April 2005, AS Nordic Energy Link signed an EPC contract with the Swiss – Swedish engineering company ABB. Nordic Energy Link – a 350 MW underwater electricity cable connecting Estonia and Finland – is according to the plans operational at the end of 2006. Total cost of the project is expected to be at **€110m**. The cable is operated as a commercial enterprise, based on the exemption given by the European Commission.

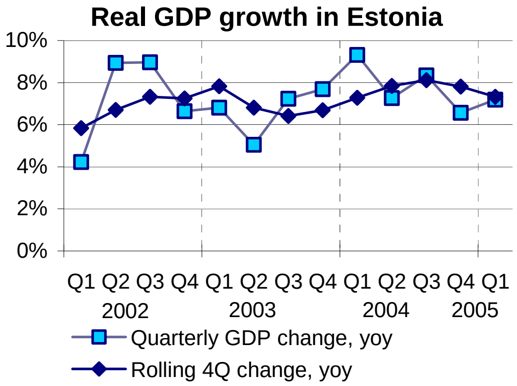
In June 2005, Moody's started applying a new rating methodology for government related issuers ("GRIs"), thus re evaluating ratings of all GRI's. Eesti Energia's long – term and senior unsecured rating for the €200m eurobond is A1 (previously A3), while short term rating is P-1 (P-3).

Growth of electricity sales, focus on costs and application of new network tariffs increased Q1 EBIT by 12.6%

Revenues increased to **€90.1m**, which was **4.7%** higher compared to the previous financial year. Revenue growth was based on strong domestic electricity sales, which grew **11.7%**.

Operating performance Operating costs before depreciation and amortization increased by **1.4%**, which allowed Eesti Energia to reach an EBITDA growth of **11.3%**. Depreciation costs rose by **10.9%** (**€2.3m**). Despite the high growth of depreciation costs, operating profit grew **12.6%** (**€0.9m**).

Economic environment Estonian Institute's in Economic Research (EKI) poll in June 2005 on the state of economy in Estonia demonstrated, that macroanalysts and business executives perceive overall economic environment to be favorable (**8.2** points of max 9). The result also exceeds the historic average by more than one third.



Source: Statistical Office of Estonia

In June 2005 Statistical Office of Estonia corrected the GDP calculation methodology. According to calculations based on the new methodology the real GDP growth in Estonia in the first quarter of calendar year 2005 was **7.2%**, while 12 month rolling growth was at **7.3%**. According to the Ministry of Finance, the growth was based on strong exports and domestic demand, which in turn relied on low interest rates and favorable loan conditions. In addition, Estonia's real GDP growth well exceeds the EURO 25 growth rate.

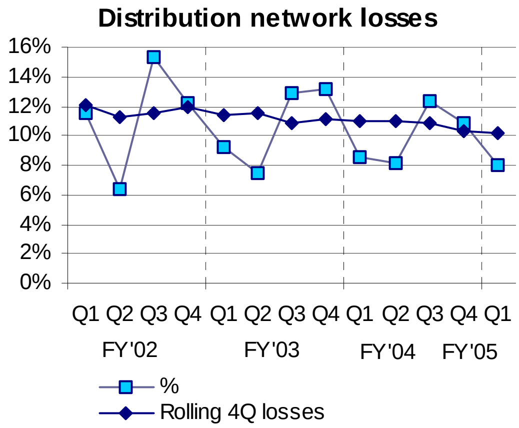
During the reporting period, the most significant event in the **Baltic energy market** was the signing of the EPC contract for the Estonian – Finnish sub-sea cable Nordic Energy Link in the end of April 2005. The project benefits Eesti Energia in several ways: first by creating an opportunity to start trading in the Nordic energy market; secondly increasing the reliability of power system in the Baltic countries and finally by offering system services (load balancing, emergency reserve, "black – start", etc.).

Emissions trading Carbon market evolved significantly during the first quarter of financial year. With the price increase of gas, carbon prices rose considerably in the first quarter. The trading volumes in the main carbon markets are still low, partly because of the fact, that the registries in most countries are not synchonized with the European central registry. Government of the Republic of Estonia has through National Allocation Plan assigned Eesti Energia **46.7 million** tonnes of CO_2 emission allowances for the period of 2005 – 2007. The amount is sufficient to cover the emissions emanating from projected electricity generation (both for domestic and export demand).

Financial strength In June 2005, Moody's raised Eesti Energia's credit rating by two notches to A1; Standard & Poor's has assigned Eesti Energia **A-** rating. The move by Moody's was a result of change in rating methodology. The solid progress in the execution of investment programme and continued positive developments in Estonia macroeconomic environment were also cited as credit strengths. Our goal is to continue to be a reliable partner to our clients, suppliers and financial institutions. We are committed to maintain a credit rating in the present category.

In spite of growing net debt, our interest and debt coverage ratios are in positive trend. Company's financial position is further strengthened by the new tariffs implemented in March 2005.

12 month rolling CAPEX reduced by **€37.8m** in 12 months, the reduction of CAPEX originates from power production segment (**-€50.5m)**. Rolling four quarter investments into power networks have increased by **€20.5m**. Increased profitability and decreased investments have driven the rolling 12 month FFO/investment multiple from **60.7%** to **86.0%**.

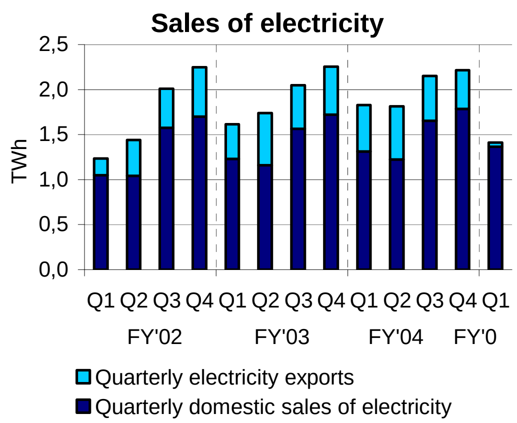


Network losses The historic trend of power losses is downwards. The distribution network losses went from **8.5%** in the FY 2004/05 Q1 to **8.0%** in the first quarter of the FY 2005/06. As a result, 12 month distribution network losses decreased to a record low **10.1%** (a decrease of **0.8** percentage points).

Profitability Operating results were most influenced by the growth of domestic sales of electricity and focus on the optimization of operating costs. As a result, growth of rolling 12 month revenues (**4.8%**) topped the growth of rolling 12 month operating costs (**1.8%**) by **3.0%**. Invested capital increased by **7.4%**, at the same time 12 month EBIT was up **22.8%**, which produced a ROIC of **5.6%**, compared to **4.9%** a year before.

Operating results

Revenues € th.	2005/06	2004/05
Oil Shale Company	22 032	22 661
Power and Heat	51 850	54 200
Transmission	15 571	14 058
Distribution	34 838	32 006
Supply	43 494	73 579
Support Services	11 920	9 285
Eliminations	-89 652	-119 792
Consolidated Revenues	**90 053**	**85 998**



Domestic electricity sales increased to **€69.5m**, an increase of **11.7%** (**€7.3m)** on the FY 2004/05 Q1. In quantitative terms, domestic electricity sales increased by **4.2%**, or **55 GWh**. Revenue growth above the sales growth was due to the increase of tariffs, which rose in March 2005.

Electricity exports Group's revenues from the exports of electric power decreased to a **€1.1m**. High water levels of Latvia's hydroplant as well as termination of power deal with Russia (in the light of emissions cap introduced by the European Union's Emissions Trading Scheme) caused the decrease of electricity exports. In quantitative terms, exports decreased by **471 GWh**, or **91.2%**. Exports to Latvia decreased by **294 GWh**, while exports to Russia decreased by **177 GWh**.

Heat sales amounted to **€30.4m** in the first three months of financial year 2005/06. In quantitative terms, sales decreased to **319 GWh** (**2%**), in monetary terms sales increased by **€0.1m** (**2%**). In Narva Power Plant heat sales decreased to **91 GWh** (**-8%**), in Iru Power Plant increased to **195 GWh** (**3%**) and in AS Kohtla-Järve Soojus decreased to **33 GWh** (**-9%**). Decrease of Kohtla – Järve Soojus heat sales is largely explained by the sale of Järve assets in July 2004.

Oil Shale Outside the group sale of oil shale increased to **€3.4m** (**2.7%**), while sales volumes decreased to 445 thousand tonnes (**-3.1%**).

Shale Oil In monetary terms, the sale of shale oil increased by **63.0%** to **€3.9m**. Oil sales reached **38 thousand tonnes** (**+47.5%**) in the FY 2005/06 Q1. The increase of both prices and volumes is closely connected to high oil prices in the world markets.

Other goods and products Sale of other goods and products totaled **€3.2m**, an increase of **100.3%** on the previous financial year. This was due to an increase of exports of energy equipment of AS Energoremont by **€1.1m**.

Services Sale of services amounted to **€2.4m**, an increase of **6.5%** on the previous financial year. The largest increase was experienced in the sales of telecommunication services (**+64.8%**) and repair and building services (**+33.0%**).

Expenses During the FY 2005/06 Q1, operating expenses totaled **€81.7m**, an increase of **€3.1m** (**4.0%**) on the same period in the previous financial year. The growth of operating expenses was significantly lower than the growth of revenues, which grew by **4.7%**.

EBIT € th.	2005/06	2004/05
Oil Shale Company	-462	348
Power and Heat	2 567	4 570
Transmission	2 865	743
Distribution	3 046	4 204
Supply	-442	-2 801
Support Services	552	63
Eliminations	264	327
Consolidated EBIT	**8 389**	**7 453**

Four factors most influencing the Group's EBIT in the first quarter were strong domestic sales of electricity (both quantity and revenue), significantly decreased exports, booming sales of oil shale oil and growth of depreciation costs. In spite of inflationary pressures in the first quarter of 2005/06 EBIT grew by **12.6%** (**€0.9m**).

Oil Shale production segment experienced a **€0.8m** (**2.8%**) decrease in EBIT, while power and heat segment EBIT decreased by **€2.0m**. The decrease in operating profit reflects the decreased volume of power production. This in turn was a result of lower export energy volumes related to decreased export to Latvia.

Networks Transmission network operating profit amounted to **€2.9m**, while the distribution network EBIT decreased to **€3.0m**. Both networks benefited from lower network losses. In the future we expect the financial position of power networks to further improve due to the network tariff increase in March 2005.

Net profit € th.	2005/06	2004/05
Consolidated EBIT	**8 389**	**7 453**
Consolidated interest on debt	-4 476	-4 518
Consolidated interest on provisions	-372	-403
Cons. net other fin. income	140	386
Income tax	-1 370	-0
Consolidated Net Profit	**2 311**	**2 919**

Favorable conditions have enabled us to keep rolling four quarter interest expenses at **€18m** level. In 12 months, average debt has increased by **4.4%**. Based on the company's good results in the financial year 2004/05, the management board of the company proposed a dividend in the amount of **€6.2m**.

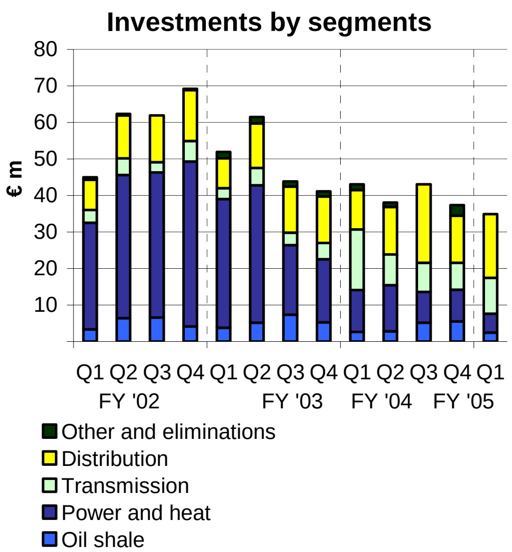
Investments

Investments In the first quarter Eesti Energia's capital expenditures reached **€34.9m,** while four quarter rolling investments were at **€151.8m**. Medium term strategic investment programme proceeds as planned, main projects emerge from the Transmission Network's Narva – Tallinn investment plan.

The most important ongoing investment projects include Balti 330 kV substation (**€1.3m**) and renovation of Tartu 110 kV switchyard (**€2.0m**).

Generation In the first quarter, investments in power and heat production amounted **€5.1**, of which closure works related to Balti PP sections I – III amounted to **€0.7m**. Kyoto policies have added to the complexity of the framework of power production segment's investment strategy. As it is clear, that environmental regulations are becoming stricter, our investment strategy focuses on achieving compliance with relevant regulations and standards at due time. The last significant project comes from Iru plant, where we started a project to install new low – NOx burners. Iru plant supplies 50% of capital's and 100% of Maardu's heat consumption.

Transmission In the first quarter of financial year 2005/06, a total of **€9.8m** was invested in the National Grid.



Transmission networks most important ongoing investment projects during the reporting period were reconstruction of Balti 330 kV substation (**€1.3m**) and construction of Kiisa - Balti 330 kV OHL (**€1.4m**), followed by renovation of Tartu 110 kV switchyard (**€2.0m**) and construction of Veskimetsa switchgear (**€1.0m**).

Distribution In the first quarter of FY 2005/06, a total of **€19.2m** was invested into the Distribution Network. Distribution Network main goal is to increasing the efficiency and reliability of power networks. Rigorous investment programme has yielded excellent results in terms of power network losses, which in last years have considerably decreased.

Debt

Loans and bonds as of 30.6.2005 € m	Used	Un-used	Maturity
NIB	11		2 009
NIB	15		2 012
Syndicate loan	50		2 006
KWf		90	2 017
NIB	20	40	2 017
EIB	15	65	2 019
Eurobond	200		2 009
Total long term	311	195	
Short- term	0		
Total loans and bonds	**311**	**195**	

All loans are denominated in euros. Interest rates of majority of loans were floating; the weighted average interest rate of floating- rate loans was 6 months **EURibor +0.53%** as of 30 June, 2005, decreasing 5 bps compared with previous quarter. The decrease was caused by renegotiations of loan agreements.

Eurobond issue has a fixed interest rate of **6%**.

The floating interest rates of the syndicate loan in the amount of **€50m** (until the end of the loan period in 2006) and of the Nordic Investment Bank loan in the amount of **€15m** (until 2006) are fixed by means of interest rate swap, having the weighted average interest rate of **5.8%**. The first tranche of NIB **€60m** term loan in the amount of **€20m** is also fixed.

92% of the loan portfolio is fixed and **8%** floating.

In the end of June Moody's raised Eesti Energia's long term credit rating by two notches to A1. S&P rating stands at A-. The rating change will reduce average margin of floating-rate loans by 1 bps by December 2005 (projection is based on disbursed loans and does not take into account further disbursements that could consequently also be with lower margin).

In the coming quarter (Q2 FY 2005/06) Eesti Energia issued CPs in the Finland in order to finance its short-term working capital needs.

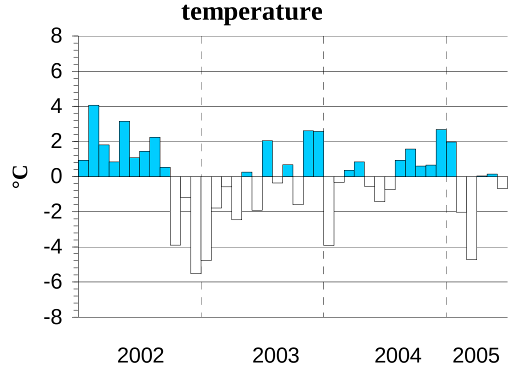
In the beginning of August Eesti Energia will pay out dividends to its 100% shareholder, Estonian Republic, in the amount of **€6.2m**.

Short-term outlook

In Estonia, temperature in the first three months of FY 2005/06 was on average **+0.7ºC** higher than in the first quarter of the previous financial year. Despite that, electricity sales showed a healthy growth. Data demonstrates, that in last twelve months the temperature neutral electricity growth is increased to the level of **3.5%**, which is slightly above the historic long – term growth rate of electricity demand.

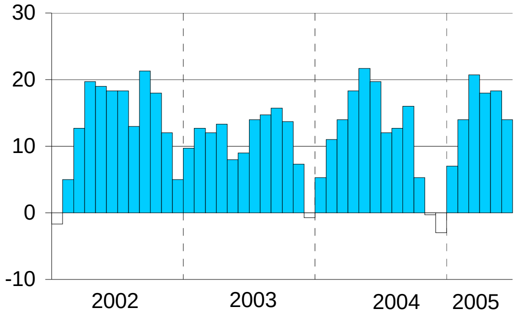
Dynamic domestic demand growth of electricity is especially positive, considering the tariff increase, which occurred in the March 2005. Historically, tariff increases have had strong negative effect, lasting up to 12 months from the event. However, as electricity costs become less relevant in terms of total household and business expenditures, both the length and the scope of the negative effect have considerably decreased.

Difference from monthly average temperature



Estonian Institute of Economic Research poll in June 2005 indicated, that optimistic sentiment about economic prospects for the next 6 months dominates, staying at previous quarters level. IMF's mission to Estonia concluded, that Estonia's real GDP growth is expected to stay at **7%**, while inflation stays at **3.5%**. With present state and structure, Estonia's economy is well capable to foster the growth of domestic demand for electricity.

Industrial enterprises confidence (monthly)



Source: Estonian Institute of Economic Research

The rolling four-quarter losses trend in the distribution network decreased to a record low **10.1%**. In the medium term, power network losses are decreasing. For the 12 months of FY 2005/06 we aim the losses to go below **10%**.

In line with the medium term investment programme, Eesti Energia continues to undertake large investments in the power networks and electricity production. Effective deployment of major investments combined with ongoing focus on value creation is expected to produce growth of EBITDA margin in the following quarters.

Increased oil prices in the world markets have boosted the heavy fuel oil price. This in turn has elevated the price of oil shale oil by more than 50%. The price increase is expected to contribute to the power and heat segment's results in the following quarters.

Previously, growth of economy has provided a sound basis for the growth of domestic demand of electricity. Sound fundamentals, combined with new tariffs and focus on cost reduction should form a strong basis to positive results in the following quarters. Thus, in the current FY we expect to see further positive developments in both earnings and returns.

Definitions

Financial

CAPEX –	Capital expenditures
CFB	Circulating fluidised bed
CP –	Commercial papers
EBIT –	Earnings before interest and taxes
EBITDA interest cover –	EBITDA divided by Interest on debt
EBITDA –	Earnings before interest, taxes, depreciation and amortization
EBIT margin –	EBIT divided by Total revenue
FFO –	Funds from operations; Operating cash flow less Changes in working capital
GRI –	Government related issuer
Interest –	Interest on debt
Invested capital –	Shareholders equity plus Debt
Net Debt –	Debt less cash and equivalents
Profit margin –	Net profit divided by Total revenue
ROIC –	Return on invested capital; EBIT divided by average Invested capital

Other

EPC –	Engineering, procurement and construction

Notes

Financial tables

Accounting policies

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended March 31st, 2005.

The statements should be read in conjunction with the 2004/05 annual financial statements.

The information contained in the Interim Financial Statements has not been audited.

Consolidated income statement, € th.

	3 months		12 months		*Note*
	1.4.2005 - 30.6.2005	**1.4.2004 - 30.6.2004**	**1.7.2004- 30.6.2005**	**1.7.2003- 30.6.2004**	
Revenue					
Sales	89 317	85 597	398 447	380 708	
Other revenue	732	375	2 869	2 094	
Government grant	5	27	159	147	
Expenses					
Changes in work in progress and finished goods	3 194	-320	2 394	-20	
Materials, consumables and supplies	-30 405	-27 542	-124 253	-119 541	
Other operating expenses	-9 403	-8 890	-37 447	-37 904	
Personnel expenses	-21 558	-20 569	-88 867	-89 979	
Depreciation and impairment	-23 308	-21 021	-89 906	-85 141	*3*
Other expenses	-184	-204	-1 094	-744	
EBIT	**8 389**	**7 453**	**62 300**	**49 620**	
Interest expense on borrowings	-4 476	-4 518	-18 320	-17 926	
Other net financial income	-233	-16	-350	949	
Net financial revenues	**-4 708**	**-4 534**	**-18 669**	**-16 977**	
Profit before taxes	**3 681**	**2 919**	**43 631**	**32 643**	
Income tax	-1 370	0	-1 370	0	*5*
Profit for the period	**2 311**	**2 919**	**42 261**	**32 643**	
Attributable to:					
Equity holders of the company	2 377	3 392	41 579	33 274	
Minority interests	-66	-472	682	-631	
Earnings per share for profit attributable to the equity holders of the company during the period					
Basic (€/)	0,03	0,05	0,57	0,46	*6*
Diluted (€)	0,03	0,05	0,57	0,46	*6*

Consolidated balance sheet, € th.

	30.6.2005	30.6.2004	31.3.2005	Note
Assets				
Current assets				
Cash and cash equivalents	26 926	27 347	40 301	
Trade receivables	35 305	35 724	49 891	
Other receivables	41	138	85	
Accrued income	2 495	2 208	2 194	
Prepayments	2 881	5 493	1 716	
Inventories	21 578	18 080	18 312	
Total current assets	**89 225**	**88 989**	**112 499**	
Non- current assets				
Investments in associates	11 346	2 756	2 701	***2***
Property, plant and equipment	1 211 757	1 151 216	1 199 979	***3***
Intangible assets	2 494	2 494	2 494	
Total non- current assets	**1 225 597**	**1 156 467**	**1 205 175**	
Total assets	**1 314 823**	**1 245 456**	**1 317 674**	
Liabilities				
Current liabilities				
Borrowings	53 442	2 372	2 374	***4***
Trade and other payables	80 569	81 957	89 982	
Derivative financial instruments	1 959	2 965	2 672	
Provisions	5 428	5 288	6 016	
Deferred income	618	27	618	
Total current liabilities	**142 016**	**92 609**	**101 661**	
Non- current liabilities				
Borrowings	254 504	292 455	306 602	***4***
Provisions	19 393	20 576	18 593	
Deferred income	56 256	40 431	50 709	
Total non- current liabilities	**330 152**	**353 461**	**375 903**	
Total liabilities	**472 169**	**446 070**	**477 564**	
Shareholder's equity				
Share capital	464 900	464 900	464 900	
Share premium	259 833	259 833	259 833	
Statutory reserve	41 692	40 020	41 692	
Hedging reserve	-1 904	-2 911	-2 137	
Retained earnings	74 356	33 433	31 762	
Net profit for the period	2 377	3 392	42 594	
Total capital and reserves attributable to the Company's equity shareholders	**841 253**	**798 666**	**838 643**	
Minority interest	**1 402**	**720**	**1 468**	
Total shareholders' equity	**842 654**	**799 386**	**840 110**	
Total liabilities and equity	**1 314 823**	**1 245 456**	**1 317 674**	

Consolidated cash flow statement, € th.

	3 months		12 months		
	1.4.2005 - 30.6.2005	**1.4.2004 - 30.6.2004**	**1.7.2004- 30.6.2005**	**1.7.2003- 30.6.2004**	
Cash flows from operating activities					
Adjusted net profit	30 690	27 678	147 947	131 508	
Changes in working capital	2 299	2 101	-2 065	-9 411	
Paid interest and loan fees	-2 729	-2 759	-17 921	-17 308	
Received interest	169	156	527	926	
Net cash from operating activities	**30 430**	**27 177**	**128 488**	**105 715**	
Cash flows from investing activities					
Purchase of tangible fixed assets	-40 473	-47 306	-154 300	-180 492	
Proceeds from connection fees	5 976	2 301	17 461	10 180	
Proceeds from sale of tangible fixed assets	521	61	1 123	2 192	
Disposal of business unit	0	0	1 945	0	
Dividends received from associates	0	0	1 009	1 139	
Paid for long- term financial investments	-8 644	0	-8 772	0	*2*
Proceeds from sale of financial investments	0	5	0	5	
Net cash used in investing activities	**-42 620**	**-44 938**	**-141 534**	**-166 975**	
Cash flows from financing activities					
Received long- term bank loans	0	0	15 000	20 000	
Repayment of long- term bank loans	-1 182	0	-2 364	-1 055	
Finance lease principal payments	-3	-3	-11	-10	
Net cash from financing activities	**-1 185**	**-3**	**12 626**	**18 936**	
Net increase/decrease in cash and cash equivalents	**-13 375**	**-17 764**	**-421**	**-42 324**	
Cash and cash equivalents at the beginning of the period	40 301	45 110	27 347	69 671	
Cash and cash equivalents at the end of the period	26 926	27 347	26 926	27 347	
Cash in cash and cash equivalents	**-13 375**	**-17 764**	**-421**	**-42 324**	

Consolidated statement of changes in shareholders' equity, € th.

	Capital and reserves attributable to the Company's equity holders						
	Share capital	Share premium	Statutory reserve	Hedging reserve	Retained earnings	Minority interest	Total
Balance at 31.3.2004	**464 900**	**259 833**	**40 020**	**-3 930**	**33 433**	**1 192**	**795 448**
Revaluation of cash flow hedges	0	0	0	1 019	0	0	1 019
Net profit for the period	0	0	0	0	3 392	-472	2 919
Balance at 30.6.2004	**464 900**	**259 833**	**40 020**	**-2 911**	**36 825**	**720**	**799 386**
Balance at 31.3.2005	**464 900**	**259 833**	**41 692**	**-2 137**	**74 356**	**1 468**	**840 110**
Revaluation of cash- flow hedges	0	0	0	233	0	0	233
Net profit for the period	0	0	0	0	2 377	-66	2 311
Balance at 30.6.2005	**464 900**	**259 833**	**41 692**	**-1 904**	**76 732**	**1 402**	**842 654**

Notes to the financial statements

1 Segment reporting

For segment reporting purposes, the group's business units and subsidiaries are divided into business segments based on the internal management reporting structure and statutory requirements stipulated in the Electricity Market Act of Estonia. The Electricity Market Act of Estonia requires separate accounting to be held for electricity production, transmission, distribution and sales. Operating revenues and expenses are allocated to different segments based on internal invoices. The pricing of inter-segment transfers is based on the prices approved by the Estonian Energy Market Inspectorate, or if not available, on the market prices. If no market prices exist, the management board of the Group affirms the internal prices.

No information on geographical segments is presented, as all significant activities of the Group take place in Estonia.

For segment reporting, the companies and units are divided into the following business segments:

Oil shale mining - Eesti Põlevkivi;
Production of electricity and heat - Narva Elektrijaamad, Iru Elektrijaam, AS Kohtla-Järve Soojus, Renewable energy;
Transmission of electricity – OÜ Põhivõrk;
Distribution of electricity – OÜ Jaotusvõrk;
Sales and customer service - Teenindus;
Support services - Energoremont, AS Elektriteenused, AS Elpec, Televõrgu AS, AS Elektrikontrollikeskus, Administration, Support services.

1.4.2005-30.6.2005 € th.	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	22 032	51 850	15 571	34 838	43 494	11 920	-89 652	90 053
EBIT	-462	2 567	2 865	3 046	-442	552	264	8 389

1.4.2004-30.6.2004 € th.	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	22 661	54 200	14 058	32 006	73 579	9 285	-119 792	85 998
EBIT	348	4 570	743	4 204	-2 801	63	327	7 453

2 Investments in associates

On the 29th of April, 2005 AS Eesti Energia's increased its associates AS Nordic Energy Link equity by 8 644 thousand euros. Other AS Nordic Energy Link shareholders contributed 13 213 thousand euros. After the event, Eesti Energia's share in the company is 39,9%.

3 Tangible assets, € th.

	Land	Buildings	Const-ructions	Plant and equipment	Other	Total
Balance at 31.3.2005						
Cost	4 642	127 323	756 913	854 424	3 429	1 746 730
Accumulated depreciation	-4	-66 098	-301 755	-362 939	-2 199	-732 995
Opening net book value	**4 638**	**61 225**	**455 158**	**491 485**	**1 229**	**1 013 735**
Construction and renovation in progress	0	18 808	17 176	147 471	0	183 456
Prepayments	259	0	9	2 521	0	2 789
Total balance at 31.3.2005	**4 896**	**80 033**	**472 343**	**641 477**	**1 229**	**1 199 979**
Movements for the period 1.4.2005-30.6.2005						
Additions	172	1 876	17 246	15 587	61	34 941
Depreciation	-1	-1 121	-7 128	-14 902	-156	-23 308
Disposals	-1	-139	-153	-6	0	-299
Reclassification	0	10 141	-102	-10 039	0	0
Recognition of dismantling provision	0	38	0	407	0	445
Total movements for the period 1.4.2005-30.6.2005	**169**	**10 795**	**9 862**	**-8 953**	**-95**	**11 778**
Balance at 30.6.2005						
Cost	4 813	137 862	764 398	970 077	3 483	1 880 633
Accumulated depreciation	-6	-67 135	-308 881	-376 776	-2 349	-755 147
Closing net book value	**4 807**	**70 727**	**455 517**	**593 301**	**1 134**	**1 125 487**
Construction and renovation in progress	0	20 101	26 687	36 226	0	83 014
Prepayments	259	0	1	2 997	0	3 257
Total balance at 30.6.2005	**5 066**	**90 828**	**482 206**	**632 524**	**1 134**	**1 211 757**

The cost of Narva Power Plant Unit no. 8 includes the present value of expected dismantling costs (calculated at 8% discount rate; expected life of power unit 30 years).

4 Nominal and amortized value of borrowings, € th.

	30.6.2005		30.6.2004	
	Nominal value	Amortized cost	Nominal value	Amortized cost
Short- term borrowings				
Current portion of long- term bank loans	53 435	53 435	2 364	2 364
Finance lease liabilities	7	7	8	8
Total short- term borrowings	**53 442**	**53 442**	**2 372**	**2 372**
Long- term borrowings				
Bank loans	57 201	56 233	95 636	94 538
Bonds issued	200 000	198 270	200 000	197 906
Finance lease liabilities	2	2	12	12
Total long- term borrowings	**257 203**	**254 504**	**295 648**	**292 455**
Total borrowings	**310 645**	**307 946**	**298 020**	**294 827**

5 Income tax

In June 2005, AS Eesti Energia's subsidiaries AS Eesti Põlevkivi and AS Elektrikontrollikeskus announced dividend, on which the income tax amounted 1 370 thousand euros. According to the Estonian Income Tax Law, if a resident company or a non-resident through its permanent establishment registered in Estonia has received dividends from a resident company and the recipient of the dividends owns, at the time of payment of the dividends, at least 20 per cent of the shares or votes of the payer of the dividends, the recipient of the dividends may deduct an amount which equals to 26/74 of the dividends received from the resident company from the income tax payable.

	Net dividend	Deductions	Income tax	Tax rate
AS Eesti Põlevkivi	6 391	2 148	1 339	21,0%
AS Elektrikontrollikeskus	96	0	30	31,6%
Total	**6 487**	**2 148**	**1 369**	**21,1%**

6 Earnings per share

Basic earnings per share = Profit attributable to the equity holders of the company / Weighted average number of shares
As there are no potential ordinary shares, stock options, warrants or convertible bonds, diluted earnings per share equal to earnings per share.

	3 months		12 months	
	1.4.2005 - 30.6.2005	**1.4.2004 - 30.6.2004**	**1.7.2004- 30.6.2005**	**1.7.2003- 30.6.2004**
Profit attributable to the equity holders of the company (€ th.)	2 377	3 392	41 579	33 274
Weighted average number of shares (th.)	4 649	4 649	4 649	4 649
Basic earnings per share (€)	0,03	0,05	0,57	0,46
Diluted earnings per share (€)	0,03	0,05	0,57	0,46

7 Seasonality of operating profit

Temperature is the most important factor influencing the domestic electricity and heat demand. Lower temperatures in winter induce higher energy consumption and thus higher revenues and operating profit, in summer higher temperatures lead to lower electricity consumption and correspondingly to lower revenues and lower operating profit.