Interim Report

July 1 2011 – September 30 2011

Eesti Energia's third quarter results were strong – revenues grew to 191 million euros and operating profit was 36 million euros. To summarize the first nine months, we have managed to make up for the decline in the first half of 2011 and expect to end the full year 2011 with an increase in revenues and an operating profit staying at last year's level.
In the third quarter we increased revenues from all our main product categories. The largest revenue increase originated from our open market electricity sales. Additional revenue increase came from distribution service sales that received a boost from new tariffs that came into effect in August. Our revenues from liquid fuel sales continue to grow.
The main growth in operating profit originated from electricity sales. Oil shale electricity's competitiveness has increased due to the reduction in CO2 price since the summer. As a result, generation profitability has begun to recover in the third quarter on the back of our successful electricity wholesale operations. The recovery was supported by increased prices in the open market and by a reduction of input costs for electricity generation.
The share of revenues from regulated markets have decreased for Eesti Energia progressively over the last quarters. In the third quarter, regulated market operating profits formed less than a third of the total operating profit, being further supported by the increase in distribution service tariffs. Before the new tariffs were introduced, distribution network's profitability fell short from what was expected and allowed by the Competition Authority.
The third quarter was a turning point for Eesti Energia's customer service. After implementation of the new billing and customer care system in the spring, we have been able to overcome teething problems and offer additional value added services to our customers. Clients are starting to prefer the internet based services that we also intend to offer—energy consumption profiles, e-services on mobile phones and electricity package suggestions are but a few additional services offered to increase customer satisfaction.
Additional focus over the upcoming quarters will be on the preparation for the full electricity market opening that will arrive in 2013. Based on our performance on open electricity markets in Estonia, Latvia and Lithuania I can say that we are well prepared for next steps in the market opening.

Eesti Energia is the largest company owned by the Estonian state and at the same time the largest investor in the country. Similarly to the first half of 2011, we carried out our investment plan at the level envisaged previously. Capital expenditure of the Group increased more than twofold to 122 million euros in the third quarter. Over the course of the first nine months of 2011 we have invested over 350 million euros to the electricity generation and distribution networks in Estonia.
Largest investment project in the third quarter was Narva wind farm, where we invested around 35 million euros. New connections and improvement in distribution network reliability were similarly in focus, as we invested 20 million euros to the grid in the third quarter. Another 20 million euros was directed to the oil production plant in Auvere, which uses our new Enefit technology.
Next year will serve as a significant landmark in our investment plan, as it marks the expected completion of Enefit oil plant, commissioning of desulphurization equipment in Narva power plants as well as the finishing of Narva and Paldiski wind parks that will increase renewable energy generation. Higher distribution tariff will enable to increase our investments into distribution network, which we expect will bring 20% reduction in interruption frequency by 2014. This is likely to offer the most visible benefits to Estonian electricity consumers.
In order to achieve the optimal financing of our investment plan we are actively seeking an engagement of long-term debt capital. To guarantee sufficient liquidity and increased financial flexibility of the group, we signed 3-year revolving credit lines with 5 banks (Swedbank, SEB, Nordea, Pohjola Bank and Danske Bank) for the total amount of 500 million euros.
Support of the Government of Estonia remains very important for Eesti Energia. In the third quarter it was mainly evident in the inclusion of additional equity injection to the draft state budget act for 2012. Another sign of the state support is visible in the free CO2 allocation plan presented to the European Commission, which includes 18 million tons of CO2 as support for the construction of new Narva power plant.

Key Figures and Ratios

		Q3 1. July - 30. September		Change	9 months 1. January- 30. September		Change
		2011	2010		2011	2010	
Total electricity sales, of which	GWh	2430	2447	-0.7%	7990	7691	3.9%
Regulated price	GWh	1080	1075	0.4%	4000	4490	-10.9%
Non-regulated price	GWh	1350	1371	-1.5%	3989	3201	24.6%
Heat sales	GWh	19	50	-61.6%	766	909	-15.7%
Oil shale sales (outside the Group)	tuh t	499	489	2.0%	1652	1360	21.5%
Shale oil sales (outside the Group)	tuh t	35	36	-2.6%	118	125	-5.8%
Network sales	GWh	1266	1279	-1.0%	4515	4554	-0.8%
Distribution grid losses	%	6.4%	5.2%	+1.2pp	6.3%	6.1%	+0.2pp
Average number of employees	in.	7743	7481	3.5%	7648	7401	3.3%
Revenues, of which	mln eur	190.5	165.5	15.1%	633.6	566.6	11.8%
sales	mln eur	187.9	163.9	14.6%	609.7	551.0	10.6%
EBITDA	mln eur	60.0	45.2	32.8%	187.3	190.7	-1.8%
Operating profit	mln eur	36.2	22.4	61.5%	117.7	120.6	-2.5%
Net Profit	mln eur	37.7	14.4	162.6%	101.3	115.9	-12.6%
Fixed assets	mln eur	1629.2	1280.9	27.2%	1629.2	1280.9	27.2%
Equity	mln eur	1181.2	1108.6	6.5%	1181.2	1108.6	6.5%
Net debt	mln eur	285.0	32.0	790.6%	285.0	32.0	790.6%
Investments	mln eur	122.0	48.1	153.8%	349.8	131.1	166.9%
FFO	mln eur	59.7	37.3	60.0%	151.4	172.0	-12.0%
Debt/EBITDA[1]	times	2.06	1.42	+0.64p	2.06	1.42	+0.64p
Net debt/EBITDA[1]	times	1.19	0.13	+1.07p	1.19	0.13	+1.07p
Leverage	%	29.4%	24.7%	+4.7pp	29.4%	24.7%	+4.7pp
ROIC	%	10.0%	7.7%	0.5pp	11.4%	13.8%	-3.4pp
EBITDA/interest cover	times	11.9	11.1	+0.8p	14.2	15.7	-1.5p
FFO/intress expenses	times	11.7	9.1	+2.6p	11.5	14.2	-2.7p
FFO/investments	times	0.5	0.8	+2.6p	0.4	1.3	-0.9p
EBITDA margin	%	31.9%	27.6%	+4.3pp	30.7%	34.6%	-3.9pp
Operating profit margin	%	19.3%	13.7%	+5.6pp	19.3%	21.9%	-2.6pp

[1] Rolling 12 months
[2] Debt/(debt + equity)
FFO- funds from operations excluding changes in working kapital
ROIC-Return on invested kapital
Net Debt- Debt (amortised) minus cash and cash equivalents
EBITDA- Earnings before interest, tax, depreciation and amortization
EBITDA margin- Earnings before interest, tax, depreciation and amortization divided sales

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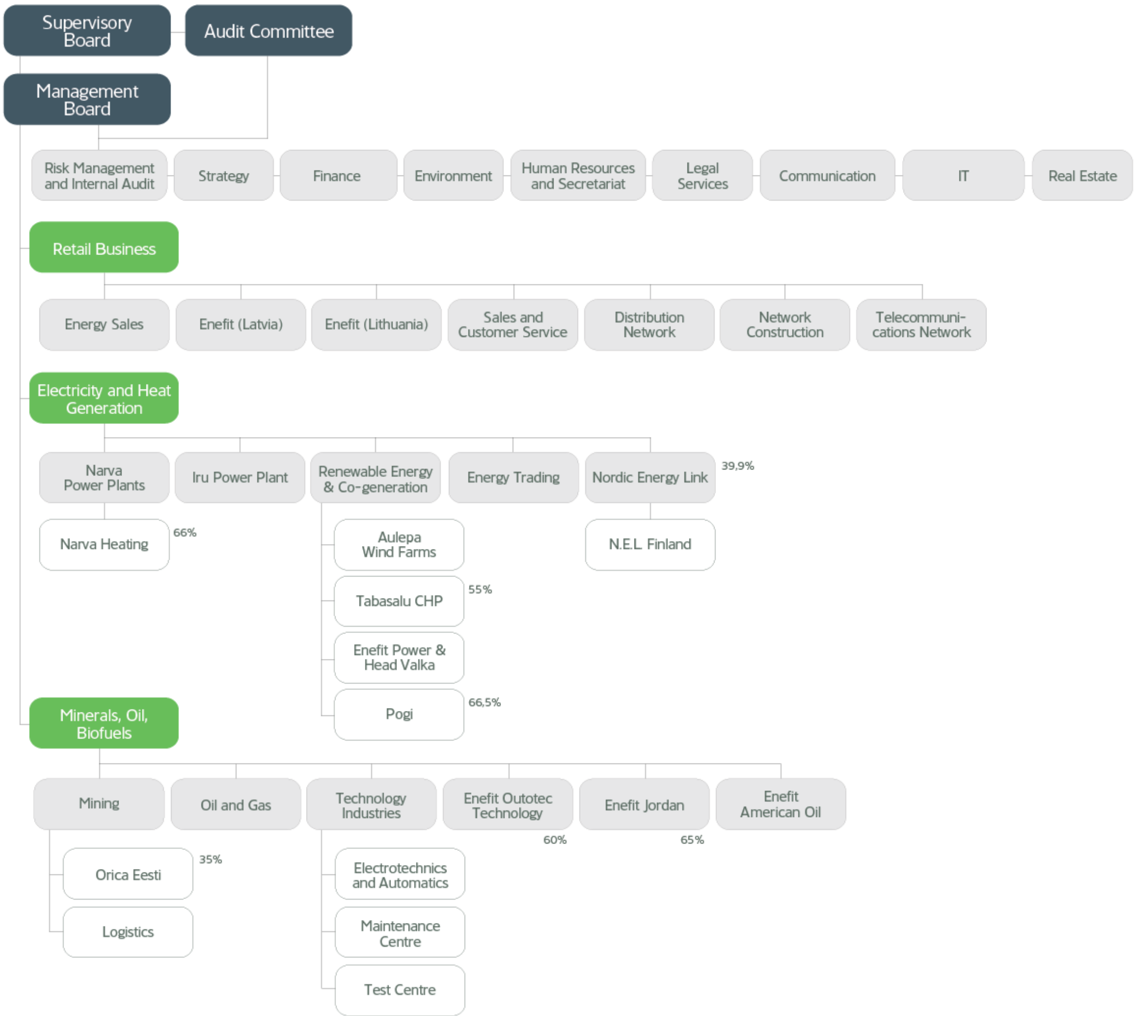
Eesti Energia in Brief

Eesti Energia is an international energy company operating in the Baltic energy markets. Our unique oil shale production technology, knowhow and skills are valued all over the world.

Our integrated business operations make Eesti Energia a professional and reliable partner in all energy related questions. Eesti Energia is the only Estonian energy company, which is engaged in oil shale mining, energy and heat generation, unique shale oil production as well as offering other electricity-related products and services to customers. In foreign markets we operate under the Enefit brand. We sell energy to Latvian and Lithuanian customers as well as introduce our unique and environmentally friendly oil shale processing solutions to customers globally.

Eesti Energia's credit ratings are a BBB+ (confirmed 31 August 2011) with a stable outlook from Standard & Poors and our Moody's rating is A3 (confirmed 14 July 2010), which is under evaluation since 29th of September 2011.



As one of the largest companies and employers in Estonia, Eesti Energia, shares responsibility for its the decisions and actions before its' employees, customers and partners as well as communitity, society and the environment. Using that responsibility as momentum for positiive change, we have supported the development of energy research, environmental conservation and developments within society with a broader aspiration to improve the quality of life for Estonians.

Developing entrepreneurial youth

In 2010 we launched the Entrum program in order to help train young people to be more entrepreneurial. Within the Entrum program people who have already achieved success use an active and engaging format to train young participants how to be entrepreneurial and active in their lives. In September 2011 Entrum was awarded the European Enterprise Award in Estonia for promoting the entrepreneurial spirit by the Ministry of Economic Affairs and Communications. Entrum was also awarded Swedish Business Award 2011 for best CSR initiative of the year. Starting from October 2011 Entrum program started concentrating on helping to increase the entrepreneurial skills and knowledge of around 500 young people in Southern Estonia (Jõgevamaa, Põlvamaa, Tartumaa, Valgamaa, Võrumaa regions).

Discussing key topics for energy sector

In order to ignite discussion in society on the subject of energy, we organize an Energy Forum every year dealing with forward thinking questions about the future of the energy sector. In September 2011 the Energy Forum „Where will the energy come tomorrow?" concentrated on the future of the energy market in Estonia and in Europe.

Developing healthy lifestyle and health trails

In August 2011 we supported a new cultural and sports event in Ida-Virumaa – the Narva Energy run (Narva Energiajooks). By supporting recreational sports, we can make Ida-Virumaa more prominent among cultural events in Estonia and help promote Ida-Virumaa's exciting history, culture and beautiful natural surroundings.

The popular Eesti Energia Nordic Walk and Jogging series ended its 9th season in September, with 2122 participants. Over the season the participants altogether ran and walked 133 520 kilometers in the scenic health trails, which is more than 3 circles around the globe. In September Eesti Energias' sports club started organizing monthly health days in order to increase the knowledge of a healthy and sporty lifestyle among our employees.

The well-being of the people of Estonia is important for us, which is why we are working with Swedbank and Merko on the Estonian Health Trails (Eesti Terviserajad) project; together we have built or repaired more than 70 health trails all over Estonia. In fall 2011 the employees of Eesti Energia together with local community members cleaned the Narva Pähklimäe health trail and built a training area.

Preserving the environment

We supported the Purtse river festival „How are you Purtse river?" in August 2011 in order to attract attention to the site and discuss the environmental issues of Purtse river with local community.

Together with Looduse Omnibuss (Nature's Omnibus) we have carried out weekly nature expeditions guided by experts, where over 4000 participants have learned to understand and appreciate our environment this year. There have been over 3800 participants on the weekly nature evenings where exciting nature issues are discussed by environmental experts. We are helping Nature's Omnibus to expand their activities, so that even more people can take part in the good energy of Estonian nature.

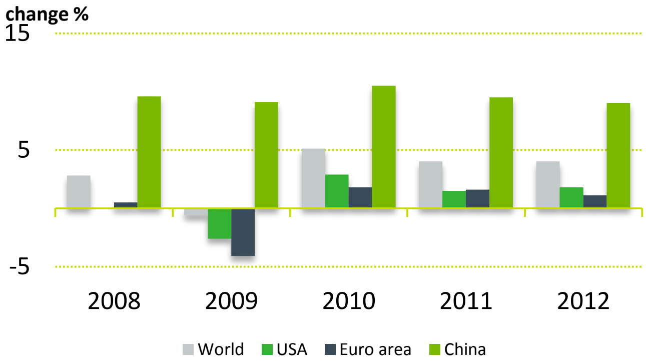
Operating environment

Global environment

The slowdown in the global recovery continues in the third quarter of 2011. This was caused primarily by a weak economic performance of advanced economies and particularly the US market shift to private demand. The IMF downgraded its global GDP growth forecast for 2011 from 4.3% to 4.0%. The new forecast assumes a 1.6% (-0.6 percentage points) GDP growth in developed countries and a 6.4% (-0.2 percentage points) growth in developing ones. [1]

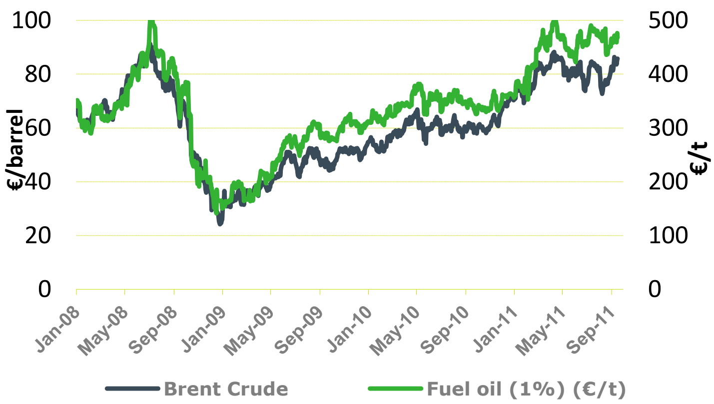
The economies of developing nations are still affected by the drop in consumer purchasing power which was mainly due to high inflation in those countries. IMF has not lowered their global inflation forecast for 2011 and has kept it at 4%.

The US economic growth experienced a slowdown due to the slow shift over from public to private demand and is still lagging behind the forecasted growth. The negative sentiment is further reinforced by a high budget deficit, which was among the primary reasons for a one-notch credit rating downgrade by Standard & Poor's to AA+. Another reason for the downgrade was the lack of political consensus regarding medium-term fiscal adjustments. IMF lowered their US GDP forecast to 1.5% from the initial June forecast of 2.5%.



Global GDP growth
Source:IMF ***IMF forecast**

In addition to the problems in the US, global economic growth for advanced economies is also hampered by EU-s debt crisis and the drop in business and consumer confidence[2]. No permanent solution was obtained by the EU from the July 21st decision to extend Greece a 109 billion € bailout financial loan packet, but focus was given to the new EFSF (European Financial Stability Facility). Once ratified it will increase EFSF financial capacity and assist them in their programs by providing additional financial assistance and support to euro area member states. The current financial crisis in Greece has impacted consumer confidence toward financial stability in other EU countries.



Fuel prices*
***End of day closing prices** **Source: Reuters**

The global liquid fuels market shows increased price volatility in the third quarter. The initial price increase was due to decreasing crude oil reserves in the US along with downward pressure from the global economy. There was additional external pressure toward the price due to OPEC not agreeing on June quotas and having to rely on member states to increase supply. The worry of a potential new economic downturn is still among concerns. The average price of Brent crude oil in the third quarter of 2011 was 81.1 €/bbl (118.1 $/bbl) which is 35.3% (50.6%) higher when compared to the third quarter of 2010. The average price of Brent in the first nine months of 2011 was 80.1 €/bbl (111.7 $/bbl), a growth of 32.9% (43.7%). The average price of fuel oil (1%)[3] was 468.0 €/t (664.1 $/t) in the third quarter of 2011, a growth of 34.4% (46.4%) year on year. The average price of heavy fuel oil in the first nine months of 2011 was 449.1 €/t (616.2 $/t), a growth of 30.4% (36.1%).

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[1] IMF, 2011 September WEO Update

[2] European Commission Quarterly report on the Euro Area

Emissions trading

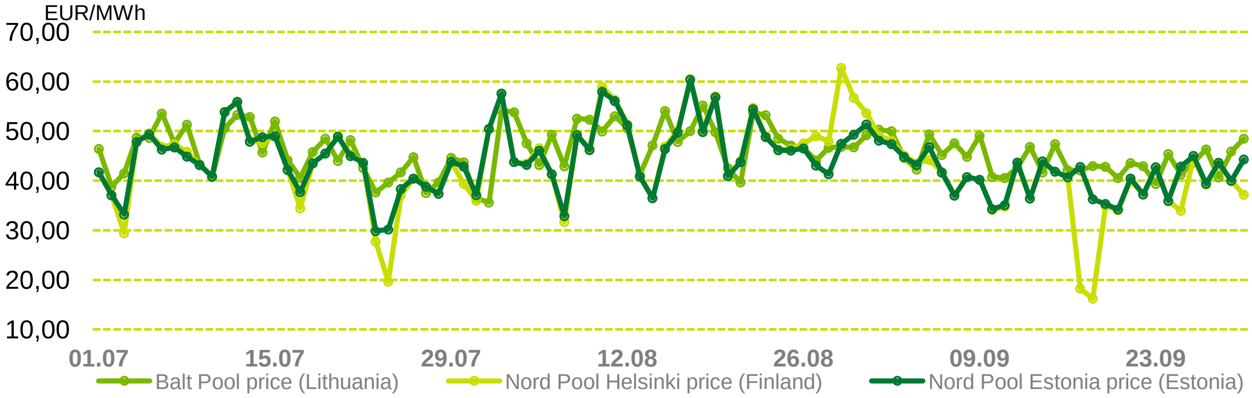
December 2011 CO_2 emissions futures traded at an average price of 12.3 €/t in the second quarter and the price fluctuated in the range of 10.5-13.6 €/t. The closing price at the end of the quarter was 10.7 €/t and the price continually decreased over the quarter. The reasons behind this decrease are twofold. First is the worsening macroeconomic outlook for Europe, which will reduce demand for power. Secondly, oversupply of allowances is evident in the market, caused by Greece auctioning off its new entrant reserve. Further uncertainty is added due to litigations started by member states disputing their national allocations for Phase II of EU ETS[4]. The average price of CO_2 emissions in the first nine months of 2011 was 14.6 €/t.

2012 December CO_2 prices fluctuated in the range of 11-18.3 €/t and the closing price at the end of the quarter was 11.2 €/t (-21.1%, -3.0 €/t compared to the second quarter of 2011). At the beginning of 2011, 2012 CO_2 prices stood at 14.6 €/t and detracted to 11.2 €/t (-23.5%, -3.4 €/t, end of third quarter).

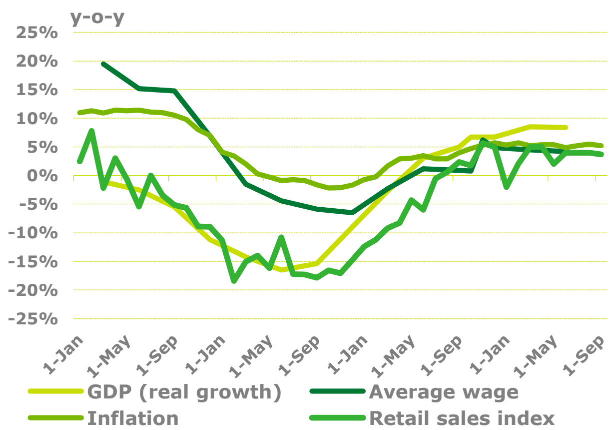
Regional operating environment

The regulated price of electricity in Estonia is set at 30.7 €/MWh which was approved by the competition authority on 1 June 2010.

The average daily price in the Nord Pool Estonia price area fluctuated in the range of 29.8-60.4 €/MWh and the average price for the third quarter was 43.8 €/MWh (-15.3% compared to last year). The beginning of the third quarter was characterized by increased price volatility. Estonian prices were on the rise in August due to increased demand from Latvia and Lithuania., The average price for the first nine months of 2011 was 45.0 €/MWh (+2.1% compared to last year).



Nord Pool's Finnish price area saw an average price of 43.4 €/MWh (-9.1% y-o-y) in the third quarter and the average daily price fluctuated in the range of 16.2-62.8 €/MWh. The average NordPool system price in the third quarter was 36 €/MWh (-31.2% from second quarter). The high hydropower reserves in the Nordic continue to lower the market price. Price was also affected by the maintenance of Finnish-Russian transmission cable and Sweden-Finland transmission cable. The average price for the first nine months of 2011 was 53.3 €/MWh (-0.03% y-o-y).The average price on the Lithuanian electricity exchange BaltPool was 45.9 €/MWh (-16.0% y-o-y) in the third quarter and the average daily price fluctuated in the range of 35.6-55.2 €/MWh. The average price for the nine months of 2011 was 46.2 €/MWh (+1.0% compared to last year).



Macro economic indicators
Source: Statistics Estonia

[3] This comprises oils that make up the distillation residue. It comprises all residual fuel oils, including those obtained by blending.

[4] European Union Emission Trading Scheme

Estonian operating environment

The Estonian Ministry of Finance according to their summer forecast is projectinga 7% GDP growth rate for the Estonian economy in 2011 which is 5.2 percentage points higher than what the IMF forecasts for the Euro area. First quarter GDP growth in Estonia was 9.4%[5] and second quarter 8.4%.[6] July and August showed export growth of 41.5% contributing to the third quarter growth.

On the Estonian labor market, unemployment has dropped to 7.4% which is 3.8 percentage points lower than the third quarter of last year. The average unemployment rate for the first nine months of 2011 was 8.8%, which is 4.2 percentage points lower than the first nine months of 2010.

According to Statistics Estonia, the average inflation rate for the third quarter and for the first nine months was 5.3% which is 0.4 percentage points higher than the Ministry of Finance's summer forecast but 0.2% lower than in the first quarter of this year. The biggest contributor to this was food which rose 10.3% but also housing costs which increased by 6.6%.[7]

Temperature

The average temperature according to the Estonian Meteorological and Hydrological Institute was 16.9 degrees Celsius in the third quarter of 2011 which is 0.5 degrees lower than the same period last year, but 1.4 degrees higher than historical average[8]. The biggest change came in July when the average temperature was 20.3 degrees, 1.5 degrees lower than last year. The average temperature for the first 9-months of 2011 was 7.6 degrees which is 0.8 degrees higher than the first 9-months of 2010 and 0.2 degrees higher than the historical average. Temperature affects electricity consumption and through that electricity and network sales.

5 Adjusted to new accounting principles by Statistics Estonia

6 Statistics Estonia

7 Statistics Estonia

8 Estonian Hydrological and Meteorological Institute 1992-2010 period average

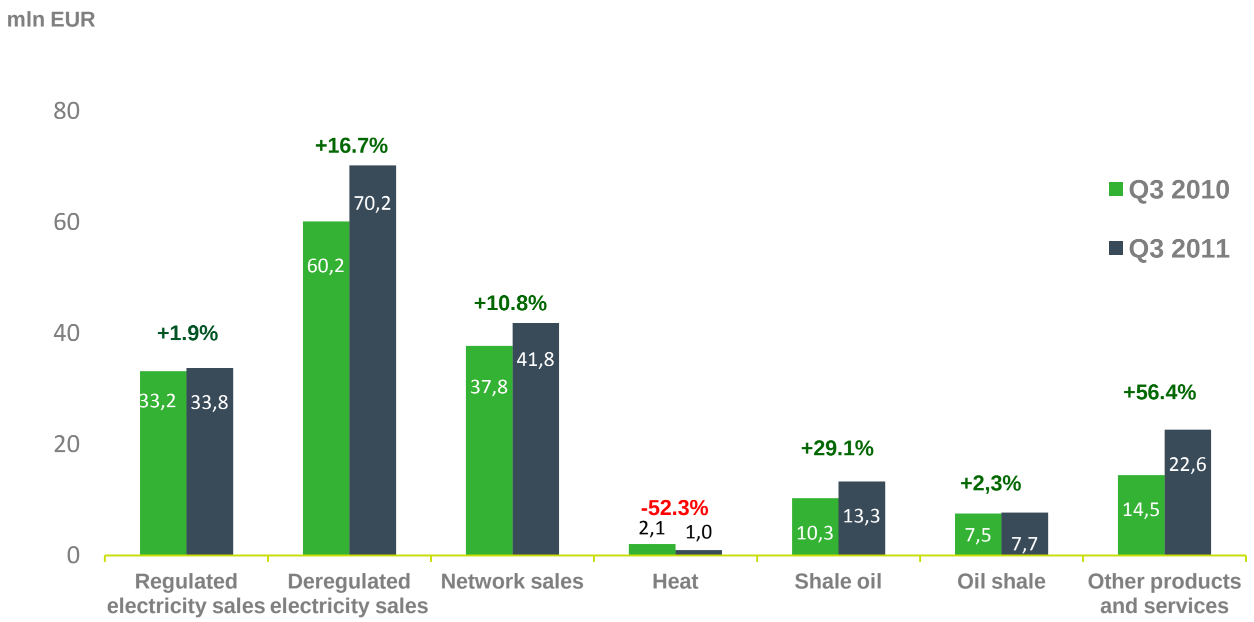
Financial results

Eesti Energia's third quarter revenues for 2011 were 190.5 million euros (+15.1% compared to the third quarter of 2010, +25 million), the operating profit reached 36.2 million euros (+61.5%, +13.8 million) and net income 37.7 million euros (+162.6%, +23.4 million euros). The results were positively affected by the increased profitability of power sales in Baltic deregulated market, by the increase profitability of Distribution Network and additional support to growth was received from an increase of liquid fuel sales revenue. Revenues for the first nine months totaled 633.6 million euros (+11.8%, 67 million euros), operating profit 117.6 million euros (-2.5%, -3.0 million euros) and net income 101.3 million euros (-12.6%, -14.6 million euros).

Revenues

The group's revenues in the third quarter of 2011 reached 190.5 million euros, a growth of 15.1% year on year. Revenue growth was balanced across most of the operating divisions of Eesti Energia.

Electricity sales on the deregulated market, which made up 67.5% of all electricity sales in the third quarter (64.5% same time last year) have increased due to higher prices. As a whole, 60% of revenues in the third quarter came from unregulated markets and 40% from regulated ones.



Revenues for the first nine months of 2011 grew to 633.6 million euros (+11.8%, +67 million). Electricity sales for the first nine months of 2011 totaled 205.3 million euros (+25.3%, +41.5 million) from deregulated markets and 122.6 million euros (-10.5%, -14.4 million) from regulated market. Network sales were 134.5 million euros (+5.7%, +7.2 million). Revenues of liquid fuels amounted to 42.9 million euros (+23.4 %, +8.1 million) in the first nine months of 2011.

The **retail** division revenues decreased in the third quarter to 106.6 million euros (-1.3%, -1.4 million compared to last year) and revenues for the first nine months of 2011 were 348.7 million euros (+1.5%, +5.3 million euros). Sales of electricity in the third quarter were 58.1 million euros (-6.6%, -4.1 million euros) of which electricity sales in the regulated market had a marginal increase to 32 million euros (+0.4%, +0 million euros) and sales in the unregulated markets declined to 26.1 million euros (-13.5%, -4.1 million). The decrease in the unregulated markets was influenced by higher competition within the market. Power sales volumes decreased on the regulated market to 979 GWh (-0.1%, -1 GWh) and on deregulated markets to 582 GWh (-12%, -80 GWh). Eesti

Energia's third quarter average market share on the Estonian deregulated electricity market was approximately 71 %. In Latvia we had 253 clients (+140 clients) as of the end of the quarter and the average market share for the quarter was 18%. On the Lithuanian market we had 118 clients (+103 clients) as of the end of the quarter and the average market share was around 8%.

GWh	Q3 2011	Q3 2010	Change GWh	Change %	9 months 2011	9 months 2010	Change %
Electricity sales at regulated prices , of which	979	980	-1	-0.1	3 652	4 203	-13.1
Sales outside of the group	976	978	-2	-0.2	3 640	4 132	-11.9
Electricity sales at unregulated prices, of which	582	661	-80	-12.0	1 752	1 423	23.1
Estonian open market	282	353	-71	-20.1	911	886	2.8
Sales outside of the group	253	315	-62	-19.8	803	641	25.3
Latvian open market	117	85	32	38.1	305	256	19.1
Lithuanian open market	182	223	-41	-18.3	536	281	90.9
Total electricity sales	1561	1642	-81	-4.9	5404	5626	-3.9

Network services sales increased to 42.5 million euros (+10.5%, +4 million). Distribution volumes on low voltage networks reached 856 GWh in the third quarter, a growth of 0.1% (+0.6 GWh) compared to the third quarter of last year. At the same time distribution volumes on medium voltage networks were 463 GWh, a decrease of 2.3% (-11 GWh). The new average network fee is 33.0 €/MWh and was put into effect on August 1st 2011.

Distribution losses[9] were 91 GWh in the third quarter, an increase of 17 GWh compared to 2010. Third quarter average network losses were 6.4% (+1.2% percentage points compared to 2010).

GWh	Q3 2011	Q3 2010	Change GWh	Change %	9 months 2011	9 months 2010	Change %
Distributed electricity	1320	1330	-10	-0.8	4701	4732	-0.7

Retail business revenues from ohter services decreased to 5.2 million (-21.8%, -1.4million euros).

Our **electricity and heat generation** division generated revenues of 109 million euros (+11.5%, +11.3 million) in the third quarter. Electricity sales were 104 million euros (+11.8%, +11 million) and heat sales 1.2 million (-48.8%, -1.1 million). The generation division's revenues for the first nine months of 2011 totaled 378.2 million euros (+5.5%, +19.8 million). The results shown here have been presented after netting off the purchases and sales to electricity exchanges in the same hour.

GWh	Q3 2011	Q3 2010	Change GWh	Change %	9 months 2011	9 months 2010	Change %
Electricity sales at regulated prices , of which	1 171	1 145	26	2.3	4 272	4 870	-12.3
Sales outside of the group	104	98	6	6.4	360	358	0.6
Electricity sales at unregulated prices	1 336	1 354	-18	-1.4	4 042	3 275	23.4
Total electricity sales	2 506	2 498	8	0.3	8 314	8 145	2.1

We received 4.5 million euros (+449.4%, +3.6 million) of renewable energy subsidies in the third quarter of 2011. Subsidies increased in comparison due to the July-September 2010 base period, because maintenance was done at the Baltic Electric Plant 11 block in 2010. Furthermore some of the increase is attributable to the Keila-Joa hydropower plant that also had repairs done in the third quarter of 2010. In total, renewable energy generation in Q3'11 amounted to 83 GWh compared with the subsidized production of 15.3 GWH in 2010 third quarter.

[9] The distribution loss percentage is obtained by dividing total losses by the amount of electricty entering the grid. The loss number is gotten by the difference between the amount of electricity consumed in the grid and the amount that entered it.

GWh	Q3 2011	Q3 2010	Change GWh	Change %	9 months 2011	9 months 2010	Change %
Heat sales	32	65	-33	-50.7	839	990	-15.2
Of which external sales	19	50	-30	-61.6	766	909	-15.7

Heat sales were 1 million euros (-52.4%, -1.1 million) in the third quarter. The decrease in heat sales was due to the cancellation of steam sales to a major client, Kreenholm (-5.9 GWh, -0.1 million) and the sale of our Kohtla-Järve Soojus subsidiary in March 2011 (-9.6 GWh, -0.3 million). Iru power plant activation was not needed thus not heat energy was produced (-16 GWH, -0.7 million).

In Latvia we sold 1.1 GWh of heat in the third quarter with revenues of 0.1 million euros. Eesti Energia acquired a majority stake in a Latvian heat utility which will build a new biofuel fired CHP in the town of Valka. Enefit Heat & Power Valka currently produces heat from two biofuel and fuel oil fired boiler houses.

The average sales price for external heat sales was 52.3 €/MWh (+24.2%, +10.2 €/MWh) in the third quarter. The average sales price for the first nine months of 2011 was 34.9 €/MWh (+9.5%, +3 €/MWh).

Our **fuels** division's revenues in the third quarter were 80.9 million euros (+23.6%, +15.5 million), including oil shale sales of 42.4 million euros (-3.2%, -1.4 million), sales of liquid fuels of 14.7 million euros (+21.6%, +2.6 million), sales of construction and maintenance services 11.4 million euros (+7.3x, +9.9 million) and sales of power and industrial equipment 5.6 million euros (+57.8%, +2.1 million). Revenues were impacted by the installment of a new electric filter, which decreased total production capacity and by increased sales of power and industrial equipment. The decrease of oil sale volume was compensated by a higher market price of liquid fuels.

Thousands of tons	Q3 2011	Q3 2010	Change th t	Change %	9 months 2011	9 months 2010	Change %
Intra-Group sales of oil shale (electricity generation)	3 343	3 438	-95	-2.8	10 619	10 347	2.6
Intra-Group sales of oil shale (oil production)	202	379	-177	-46.6	1 151	1 250	-8.0
Oil shale external sales	499	489	10	2.0	1 652	1 360	21.5
Total oil shale sales	4 044	4 306	-262	-6.1	13 422	12 958	3.6

The oil shale demand was lower than last year primarily due to the decrease of liquid fuel production in the third quarter.

Thousands of tons	Q3 2011	Q3 2010	Change th t	Change %	9 months 2011	9 months 2010	Change %
Fuel oil sales	39	42	-3.6	-8.5	125.8	138.3	-9.0
Of which external sales	35	36	-1.0	-2.6	118.0	125.3	-5.8

The sales price of shale oil is tied to that of heavy fuel oil and has grown along with it. In the third quarter the average price of heavy fuel oil was 468 €/t which is 34.4% higher than the same period last year. The average sales price of shale oil in the third quarter was 375.1 €/t (431.6 €/t, if the impact of hedging transactions is excluded).

Our Technology Industry division had revenues of 21.7 million euros in the third quarter (+130%, +12.3 million). The growth was driven by the increased orders due to Enefit 280 oil factory construction (+247%, +6.4 million) and by construction of fuel supply system at the Narva Power Plants (+4.6 million).

Operating profit

The group's operating profit in the third quarter reached 36.2 million euros (+61.5% compared to the same period last year, +13.8 million). EBITDA was 60 million euros (+32.8%, +14.8 million). The operating profit for the first nine months of 2011 was 117.7 million euros (-2.5%, -3 million) and EBITDA 187.3 million euros (-1.8%, -3.4 million).

The **retail** division had an operating profit of 10.3 million euros (-7.2%, -0.8 million) in the third quarter and 16.7 million (-52.8%, -18.7 million) for the nine months of the year.

Retail division's profits were affected by increases in fixed costs (-1.6 million euros), the decrease in electricity sales margins (-0.8 million euros) and by the Distribution networks profitability increase (+1.6 million euros).

Distribution network's profitability increased to 10 million euros (+19.1%, +1.6 million). Profitability was positively affected by an increase in the sales margin for distribution service (+3.5 million), and lower maintenance and repair cost (+0.2 million). Profitability was lowered by an extension of revenue recognition period for connection fees (-0.8 million) and higher depreciation (-12.2 million).

The **electricity and heat generation** division had an operating profit of 14 million euros (+569.3%, +11.9 million) in the third quarter and 46.9 million euros (-22.6%, -13.7 million) in the first nine months of the year.

Third quarter profitability was affected by an increase in electricity sales price (+8.2 million euros), decrease of input prices (+2.1 million), increased scrap metal sales (+1.3 million), an increase in renewable energy subsidies (+1.3 million) and a reduction in loss-making heat sales (+0.6 million). The profit was negatively affected by an increase in maintenance cost (-2.1 million).

The **fuels** division had an operating profit of 12.4 million (+26.2%, +2.6 million euros) in the third quarter and 54.9 million (+88.3%, +25.7 million) for the first nine months of the year.

The profit increased on the back of a higher liquid fuels sales margin (+3.9 million euros) and the increased profitability of the Technology Industry division (+1.2 million euros). On the other hand profits were reduced by the mining division profitability (-1.8 million) and the decrease in liquid fuel sales volume (-0.9 million euros).

Our mining division's profit decreased to 5.3 million euros (-25.2%, -1.8 million) in the third quarter. Profitability was increased by higher level of oil-shale mined (+1.8 million) and by the sales price increase (+0.2 million). Profitability was negatively affected by an increase in input prices, which boosted variable cost by 2.8 million and fixed costs together with depreciation expanded by 0.8 million.

Economic Value Added (EVA)

In the third quarter of 2011 the group's EVA increased by 2.3 million euros (+134.8%, +8.9 million). In the third quarter, the group's weighted average cost of capital was 9.4%, which is 0.3 percentage points lower than in 2010. Over the course of the first nine months of 2011, 20.8 million euros (-40.4%, -14.1 million) worth of EVA was generated.

	Q3		Change		9 months		Change
mln eur	2011	2010	mln eur	%	2011	2010	%
Group's economic value added, incl	122	48	74	153.6	350	131	166.8
Retail business	21	13	8	61.1	50	40	26.5
Electricity and heat generation	66	20	45	221.6	157	48	228.7
Fuels	31	12	19	161.9	131	36	265.1
Other	4	3	2	57	12	8	4

The increase in EVA in the fuels division came from increased sales margins of liquid fuels. The generation division's increase in profitability came primarily from increased electricity sales margins. The retail business's decrease in EVA was caused primarily by a decrease of sales margins for electricity sales.

Investments

The group's investments in the third quarter of 2011 were 122 million euros (+256.3%, +74.4 million). Investments were targeted at improving the reliability and quality of the distribution grid, the construction of a new shale oil plant based on our Enefit technology, the construction of a new circulating fluidized bed power plant, installation of desulphurization equipment and the modernization of mines.

mln eur	Q3 2011	Q3 2010	Change mln eur	Change %	9 months 2011	9 months 2010	Change %
Group's investments, including	122	48	74	153,6	350	131	166,8
Retail business	21	13	8	61,1	50	40	26,5
Electricity and heat generation	66	20	45	221,6	158	48	228,8
Fuels	31	12	19	161,9	131	36	265,1
Others	4	3	2	57	12	8	4

In the **retail** business we invested 20.2 million euros in building new connections and improving grid reliability during the third quarter. In the **generation** division we invested 35.3 million euros into the construction of Narva Wind Park, 8.3 million euros into the construction of a new power plant, and 6.9 million in desulphurization equipment at our Narva power plants. In our **fuels** division we invested 19.6 million euros in the construction of a new Enefit 280 shale oil plant, 2.3 million into a fuel supply infrastructure and 6.2 million euros into our mines.

Status of major investment projects:

- Distribution network investments schedule 2011-2014—starting from the beginning of the new regulations period (August 1st 2011) we have invested 15 mln euros in distribution network upgrades of the total investment of 300 million euros.
- The construction of the new 300 MW circulating fluidized bed (CFB) electricity generation units began in June 2011. In September an arrangement was made with Alstom involving a project modification that would allow the energy block to burn biofuel at a concentration of 50% instead of the initial 20%. The preliminary design of the energy block has been approved with the local municipality and we have received building permits for construction. Actual construction will commence this year during November or December. The total cost is estimated to be 638 million euros and as of the end of June, 38.4 million had already been invested.
- Narva wind park- We have completed works on the windmills and the substation. Preparations and tests are underway to assure transmission capability of the substation with the network and Elering. By the end of September we have invested 52.3 million euros into the project and the total cost is estimated to be 58.9 million euros.
- Paldiski wind park- we started construction on roads, cables and foundation. As of now 6.4 million euros have been invested into the project out of a total estimated 33 million. The park is set to be complete by June 2012.
- Construction of the Enefit 280 shale oil plant in Auvere- by the end of September we had invested 121 million euros. We have completed civil works on the retort building and are currently finishing up structural steel erection and cladding works. Installations of equipment, refractory and cabling are ongoing. Excavation and civil works of cooling water canals are continuing. First equipment has been erected at condensation area. Construction is proceeding according to schedule. The total cost of the project is estimated at 207 million euros and the commissioning of the plant will begin in spring 2012.
- Shale oil industry support infrastructure development in Auvere- investments into the fuel handling system ,which supports the existing shale oil plant, new and future Enefit-280's and CFB power units were made. As of the end of September we had invested 2.3 million euros and the total cost of the project is budgeted at 25 million. Foundations for the crushers and conveyer have been completed and the erection of structural steel will commence shortly.

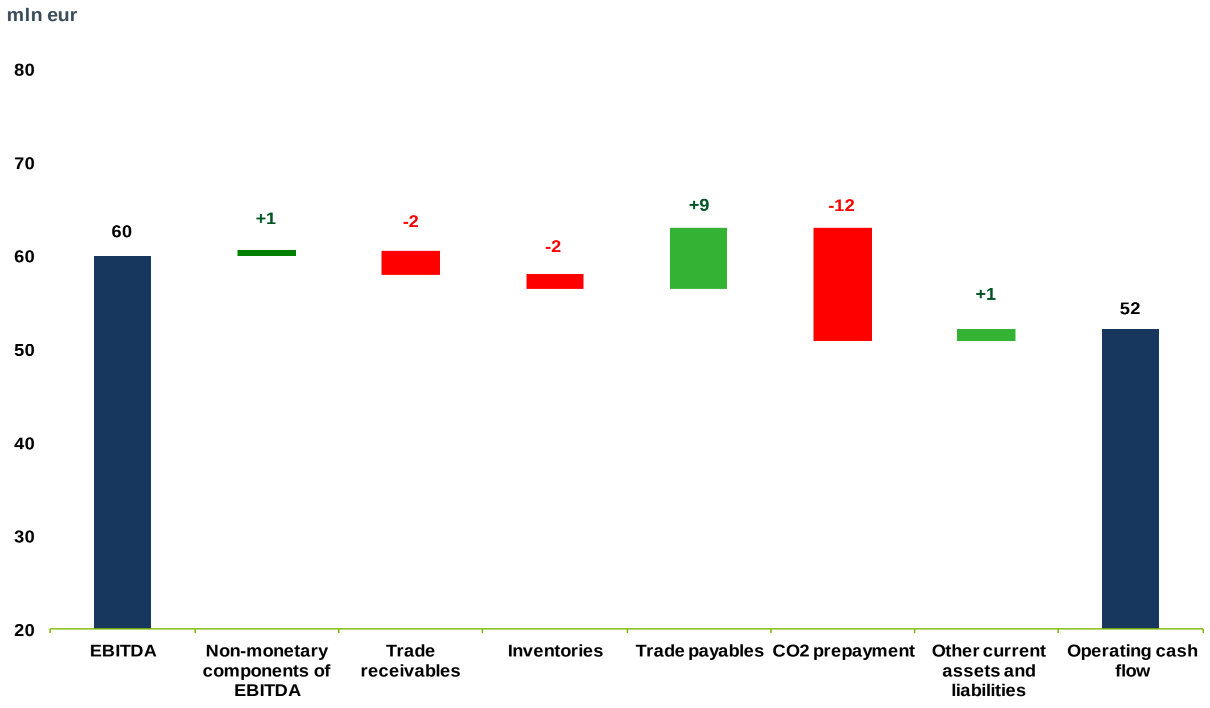
- USA oil project development- we have currently invested 32 million euros into this project of which 29 million was the acquisition of oil shale reserves. The predevelopment stage of the project is set to last till 2016 during which time we plan to invest a further 41 million euros

- Jordanian oil and electricity project development-in the third quarter we continued our research regarding the geological and hydrological exploration. In the current research phase, most exterior work has been completed and most of the data analysis is taking place in laboratories for interpretation. Within the oil shale oil project we received our NRA (Natural Resources Authority) development license regarding the project. We are continuing our negotiations with National Electric Power Company (NEPCO) for a long-term electricity sales contract. Currently we have invested 5 million euros and the predevelopment stage is set to last until 2016 during which time we plan to invest a further 23 million euros.

- Iru waste to energy power unit construction- by the end of September we have invested 27.6 million euros into this project. By the end of the quarter CNIM (the main contractor) had subcontracted most of the equipment and we started metal frame construction for the main equipment. The total size of the investment is set to be 104.6 million euros.

Cash flows

In the third quarter of 2011 Eesti Energia's cash flows from operating activities reached 52.1 million euros. Starting from the group's EBITDA (60 million euros), operating cash flows were mainly affected by a prepayment for CO2 emission allowances (-12 million) and by increased debt to suppliers (+ 9 million).



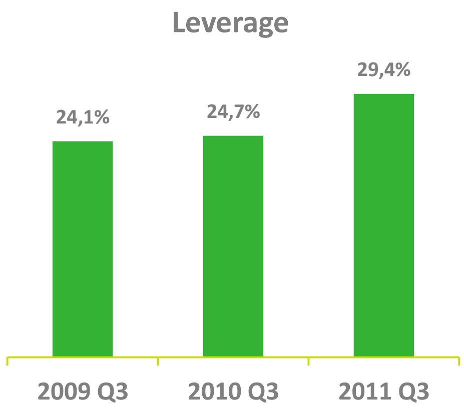
Cash flow from operating activities increased compared to the same period last year by 72.1% (+21.8 million euros). Operating cash flow was positively affected by higher EBITDA (+15 million euros) as well as the fact that in the third quarter of 2010 an income tax payment of 28.8 million euros was completed (tax payment was made in the second quarter in 2011). One negative impact on operating cash flows came from higher CO_2 emission prepayments of 12 mln euros in Q3'11. Operating cash flows for the first nine months were 183 million euros, a decrease of 8.6 million (-4.5%) compared to last year.

Net cash flows in the third quarter were 24.5 million euros (+176.8 million compared to last year) and net cash flows for the first nine months were 57.6 million euros (+6.2x, +48.3 million). In addition to operating activities, net cash flow was also affected by larger capital expenditures which totaled 122 million (+153.6 %) and by the investment loan drawn from the European Investment Bank in the amount of 136 million euros.

mln eur	Q3 2011	Q3 2010	Change mln eur	Change %	9 months 2011	9 months 2010	Change %
Cash flows from operating activities	**52,1**	**30,3**	**21,8**	**72,1**	**183,0**	**191,6**	**-4,5**
Cash flows from investments, including	**-163,0**	**-74,0**	**-89,0**	**-120,3**	**-204,8**	**-79,5**	**-157,6**
Purchase of property, plant and equipment	-110,4	-50,3	-60,1	-119,5	-299,7	-135,9	-120,5
Net change in deposits with maturities over 3 months	-51,0	-21,3	-29,7	-139,5	75,4	-291,0	125,9
Net change in restricted cash	1,9	-1,4	3,3	235,9	43,0	-7,7	658,9
Acquisition of new businesses					-30,2	0,0	-
Deposits from sale of business						166,0	-100,0
Change in overdraft given to discontinued operations						187,6	-100,0
Cash flows from financing, including	**135,3**	**-108,6**	**243,9**	**224,6**	**79,4**	**-102,8**	**177,2**
Dividend payments	0,0	-109,2	109,2	100,0	-56,1	-109,2	48,7
Long-term loans	136,0	1,3	134,7	105x	137,5	2,3	60x
Net cash flow	**24,5**	**-152,3**	**176,8**	**116,1**	**57,6**	**9,3**	**519,3**

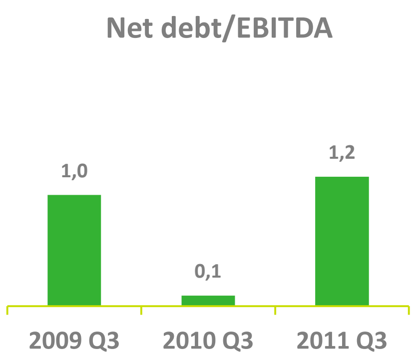
Financing and liquidity

Eesti Energia's extensive investment plan increases the importance of liquidity and the financing of capital expenditures. Financial flexibility is of great importance especially when capital markets are very volatile. In July 2011 we drew our European Investment Bank investment loan in the amount of 136 million euros with a maturity date of 2026. To improve further liquidity for Eesti Energia, in September 2011, we negotiated with regional banks (Swedbank, SEB, Nordea, Danske Bank, Pohjola Bank) for five bilateral arrangements of separate revolving credit facility in the amount of 500 million euros with a maturity of three years. We are also in the midst of negotiations with the European Investment Bank for an additional investment loan.



*-30.09.2011

As of the end of September 2011, Eesti Energia had 230.3 million euros worth of liquid assets (including deposits with maturities over 3 months and various financial assets). As of the end of September 2011, we had 500 million euros worth of undrawn credit facilities.



*-30.09.2011

Eesti Energia's balance sheet structure has varied due to a increase in liabilities that was a direct result of the withdrawal of European Investment bank investment loan in the third quarter. As of the end of September 2011, our ratio of debt to debt+equity was 29.4% (+4.8% percentage points compared to 30 September 2010).

Our Net Debt/EBITDA (rolling 12 months) ratio in the second quarter of this year has grown from 1.0 to 1.2 compared to the second quarter of 2011 due to an increase in long-term debt.

Our liquidity multiplier was 1.7 at the end of the third quarter. Working capital was 182.5 million euros (+70.6%, +75.5 million) compared to 30 June 2011. Net debt[10] stood at

10 Net Debt- Debt (amortised) minus cash and cash equivalents

285 million € (+26.6%, +60.0 million € compared to 30 June 2011) at the end of the quarter if deposits with maturities over 3 months are taken into account. Debt levels as of the end of September have increase compared to June of this year (-26%).

As of 30 September 2011, the weighted average interest rate of Eesti Energia's debt obligations stood at 4.0%, a decrease of 0.2 percentage points compared to last year. The base currency of the debt is the Euro.

The largest part of Eesti Energia's long term debt is made up of 300 million euros worth of Eurobonds, bearing a 4.5% fixed interest rate and maturing in 2020. We also have 56.4 million € worth of loans from the Nordic Investment Bank and 146.2 million € worth of loans from the European Investment Bank. 87% of the loan portfolio bears a fixed interest rate and 13% a floating one.

Consolidated income statement

in million EUR

	3 months		9 months		12 months		*Note*
	1 July - 30 September		**1 January - 30 September**		**1 October - 30 September**		
	2011	**2010**	**2011**	**2010**	**2010/11**	**2009/10**	
CONTINUING OPERATIONS							
Revenue	187,9	163,9	609,7	551,0	842,8	731,0	*2*
Other operating income	2,5	1,4	23,7	15,3	20,2	18,7	
Government grants	0,1	0,2	0,2	0,3	0,3	0,3	
Change in inventories of finished goods and work-in-progress	0,7	-1,8	3,3	-3,8	-2,2	3,6	
Raw materials and consumables used	-86,7	-75,4	-300,1	-235,6	-412,5	-314,8	
Payroll expenses	-29,9	-30,6	-94,1	-93,4	-131,2	-126,8	
Depreciation, amortisation and impairment	-23,8	-22,8	-69,6	-70,1	-92,9	-106,9	
Other operating expenses	-14,6	-12,5	-55,4	-43,1	-78,4	-57,5	
OPERATING PROFIT	**36,2**	**22,4**	**117,7**	**120,6**	**146,1**	**147,6**	*2*
Financial income	0,9	1,8	2,7	6,0	4,3	9,1	
Financial expenses	0,4	-3,2	-4,8	-10,0	-7,7	-13,5	
Net financial income (-expense)	**1,3**	**-1,4**	**-2,1**	**-4,0**	**-3,4**	**-4,4**	
Gain from associates using equity method	-	-	-	0,7	1,5	1,4	5
Other gain from associates	0,2	-	0,3	-	0,3	-	
PROFIT BEFORE TAX	**37,7**	**21,0**	**115,9**	**117,3**	**144,5**	**144,6**	
CORPORATE INCOME TAX EXPENSE	**-**	**-6,6**	**-14,6**	**-28,8**	**-14,6**	**-28,8**	
PROFIT FROM CONTINUING OPERATIONS	**37,7**	**14,4**	**101,3**	**88,5**	**129,9**	**115,8**	
PROFIT/LOSS FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**	**27,4**	**-**	**40,2**	*14*
PROFIT FOR THE YEAR	**37,7**	**14,4**	**101,3**	**115,9**	**129,9**	**156,0**	
ATTRIBUTABLE TO:							
Equity holders of the Parent Company	**37,9**	**15,0**	**101,4**	**116,1**	**129,7**	**155,8**	
Non-controlling interest	**-0,2**	**-0,6**	**-0,1**	**-0,2**	**0,2**	**0,2**	
Basic earnings per share (euros)	*0,08*	*0,03*	*0,21*	*0,25*	*0,27*	*0,33*	*8*
Diluted earnings per share (euros)	*0,08*	*0,03*	*0,21*	*0,25*	*0,27*	*0,33*	*8*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR	3 months		9 months		12 months	
	1 July - 30 September		**1 January - 30 September**		**1 October - 30 September**	
	2011	**2010**	**2011**	**2010**	**2010/11**	**2009/10**
PROFIT FOR THE YEAR	**37,7**	**14,4**	**101,3**	**115,9**	**129,9**	**156,0**
Other comprehensive income						
Revaluation of risk hedge instruments	5,9	2,8	30,8	-1,5	0,8	-11,3
Currency translation differences attributable to foreign subsidiaries	-0,3	-	-0,1	-	-0,1	-
Other comprehensive income for the year	5,6	2,8	30,7	-1,5	0,7	-11,3
COMPREHENSIVE INCOME FOR THE YEAR	**43,3**	**17,2**	**132,0**	**114,4**	**130,6**	**144,7**
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**43,5**	**17,8**	**132,2**	**114,6**	**130,4**	**144,5**
Non-controlling interest	**-0,2**	**-0,6**	**-0,2**	**-0,2**	**0,2**	**0,2**

Consolidated statement of financial position

in million EUR

ASSETS	30 September 2011	30 September 2010	31 December 2010	Note
Non-current assets				
Property, plant and equipment	1 539,4	1 245,5	1 293,6	4
Intangible assets	53,9	20,6	23,3	
Investments in associates	25,0	11,6	11,8	5
Derivative financial instruments	1,5	0,7	0,3	6
Long-term receivables	9,4	2,5	0,4	
Total non-current assets	**1 629,2**	**1 280,9**	**1 329,4**	
Current assets				
Inventories	36,3	35,0	29,1	
Greenhouse gas allowances	15,0	-	45,2	
Trade and other receivables	108,0	94,1	169,9	
Derivative financial instruments	4,5	0,5	0,4	6
Available-for-sale financial assets	10,1	-	10,0	
Financial assets at fair value through profit or loss	2,5	4,4	3,2	
Deposits with maturities greater than three months at bank:	106,0	296,1	181,4	
Cash and cash equivalents	111,7	45,5	54,8	
Total current assets	**394,1**	**475,6**	**494,0**	
Assets of disposal group classified as held-for-sale	**-**	**-**	**20,7**	
Total assets	**2 023,3**	**1 756,5**	**1 844,1**	
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	471,6	471,6	471,6	7
Share premium	259,8	259,8	259,8	
Statutory reserve capital	47,2	47,2	47,2	
Hedge reserve	-3,8	-4,6	-34,6	
Unrealised exchange rate differences	-0,1	-	-	
Retained earnings	405,7	332,1	360,3	
Total equity and reserves attributable to equity holder of t	**1 180,4**	**1 106,1**	**1 104,3**	
Non-controlling interest	**0,8**	**2,5**	**2,8**	
Total equity	**1 181,2**	**1 108,6**	**1 107,1**	
LIABILITIES				
Non-current liabilities				
Borrowings	465,5	359,2	331,9	9
Other payables	0,3	0,3	0,3	
Derivate financial instruments	2,4	3,1	4,9	6
Deferred income	123,6	117,3	118,6	
Provisions	38,7	28,9	28,6	10
Total non-current liabilities	**630,5**	**508,8**	**484,3**	
Current liabilities				
Borrowings	26,8	3,7	26,8	9
Trade and other payables	138,6	97,6	132,7	
Derivative financial instruments	7,4	3,4	31,8	6
Deferred income	0,5	0,3	0,5	
Provisions	38,3	34,1	49,9	10
Total current liabilities	**211,6**	**139,1**	**241,7**	
Liabilities of disposal group classified as held-for-sale	**-**	**-**	**11,0**	
Total liabilities	**842,1**	**647,9**	**737,0**	
Total liabilities and equity	**2 023,3**	**1 756,5**	**1 844,1**	

Consolidated statement of cash flows

in million EUR

	3 months		9 months		12 months		Lisa
	1 July - 30 September		1 January - 30 September		1 October - 30 September		
	2011	2010	2011	2010	2010/11	2009/10	
Cash flows from operating activities							
Cash flows from operating activities from continuing operations							
Cash generated from operations	52,3	58,2	194,6	215,0	213,3	269,4	
Interest and loan fees paid	-0,7	-0,1	-1,7	-1,1	-16,0	-15,6	
Interest received	0,5	1,0	4,7	3,1	6,8	6,6	
Corporate income tax paid	-	-28,8	-14,6	-28,8	-14,6	-43,6	
Net cash generated from operating activities from continuing opera	**52,1**	**30,3**	**183,0**	**188,2**	**189,5**	**216,8**	
Net cash generated from operating activities from discontinued ope	**-**	**-**	**-**	**3,4**	**-**	**-2,2**	
Net cash generated from operating activities	**52,1**	**30,3**	**183,0**	**191,6**	**189,5**	**214,6**	
Cash flows from investing activities							
Cash flows from investing activities from continuing operations							
Purchase of property, plant and equipment and intangible assets	-110,4	-50,3	-299,7	-135,9	-368,6	-204,4	
Proceeds from connection and other fees	3,6	1,9	8,4	6,3	11,5	9,1	
Proceeds from sale of property, plant and equipment	1,2	0,1	2,1	1,2	2,2	5,8	
Net change in deposits with maturities greater than 3 months	-51,0	-21,3	75,4	-291,0	190,1	-218,1	
Net change in cash restricted from being used	1,9	-1,4	43,0	-7,7	6,9	-2,3	
Purchase of short-term financial investments	-18,4	-5,8	-28,2	-17,2	-48,4	-21,9	
Loans granted	-	-	-2,5	-	-2,5	-	
Loan repayments received	0,1	-	5,3	-	5,3	-	
Dividens received from long-term financial investments	-	-	1,3	1,2	1,3	1,2	
Change in overdraft granted to discontinued operations	-	-	-	187,6	-	170,7	
Acquisiton of subsidiaries, net of cash acquired	-	-	-30,2	-	-30,2	-	
Proceeds from disposal of subsidiary	-	-	6,3	-	6,3	-	*5,13*
Proceeds from sale and redemption of short-term financial investmen	10,0	2,8	14,0	13,3	25,3	20,0	
Net cash used in investing activities from continuing operations	**-163,0**	**-74,0**	**-204,8**	**-242,2**	**-200,8**	**-239,9**	
Net cash used in investing activities from discontinued operations	**-**	**-**	**-**	**-3,3**	**-**	**-14,7**	
Dividends collected from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**	
Proceeds from sale of discontinued operations	**-**	**-**	**-**	**166,0**	**-**	**166,0**	*14*
Net cash used in investing activities	**-163,0**	**-74,0**	**-204,8**	**-79,5**	**-200,8**	**-88,6**	
Cash flows from financing activities							
Cash flows from financing activities from continuing operations							
Received long-term bank loans	136,0	1,3	137,5	2,3	137,7	3,3	
Repayments of bank loans	-0,7	-0,7	-2,6	-2,4	-3,7	-4,7	
Proceeds from non-controlling interest	-	-	0,6	-	0,6	-	
Dividends paid	-	-109,2	-56,1	-109,2	-56,1	-175,4	
Net cash used in financing activities from continuing operations	**135,3**	**-108,6**	**79,4**	**-109,3**	**78,5**	**-176,8**	
Net cash used in financing activities from discontinued operations	**-**	**-**	**-**	**6,5**	**-**	**23,5**	
Net cash used in financing activities	**135,3**	**-108,6**	**79,4**	**-102,8**	**78,5**	**-153,3**	
Net cash flows	**24,4**	**-152,3**	**57,6**	**9,3**	**67,2**	**-27,3**	
Cash and cash equivalents at the beginning of the period	87,3	197,8	54,8	36,2	45,5	72,8	
Cash and cash equivalents classified as held for sale	-	-	*0,3*	-	-	-	
Cash and cash equivalents of subsidiaries classified as associates	-	-	*-1,0*	-	*-1,0*	-	
Cash and cash equivalents at the end of the period	111,7	45,5	111,7	45,5	111,7	45,5	
Net increase/(-)decrease in cash and cash equivalents	**24,4**	**-152,3**	**57,6**	**9,3**	**67,2**	**-27,3**	

Consolidated statement of changes in equity

in million EUR

	Attributable to equity holder of the Company						Non-controlling interest	Total equity
	Share capital (Note 6)	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
Equity as at 31 December 2009	**471,6**	**259,8**	**47,2**	**-3,1**	**325,2**	**1 100,7**	**2,7**	**1 103,4**
Comprehensive income								
Comprehensive income for the year	-	-	-	-1,5	116,1	114,6	-0,2	114,4
Dividends paid	-	-	-	-	-109,2	-109,2	-	-109,2
Total transactions with owner	*-*	*-*	*-*	*-1,5*	*6,9*	*5,4*	*-0,2*	*5,2*
Equity as at 30 September 2010	**471,6**	**259,8**	**47,2**	**-4,6**	**332,1**	**1 106,1**	**2,5**	**1 108,6**
Equity as at 31 December 2010	**471,6**	**259,8**	**47,2**	**-34,6**	**360,3**	**1 104,3**	**2,8**	**1 107,1**
Comprehensive income								
Comprehensive income for the year	-	-	-	30,8	101,4	132,2	-0,2	132,0
Dividends paid	-	-	-	-	-56,1	-56,1	-	-56,1
Decrease in non-controlling interest due to the disposal and reclassification of the subsidiaries (Note 2)	-	-	-	-	-	-	-2,5	-2,5
Increase in non-controlling interest due to the acqusition of a subsidiary	-	-	-	-	-	-	0,1	0,1
Proceeds from non-controlling interest	-	-	-	-	-	-	0,6	0,6
Total transactions with owner	***-***	***-***	***-***	***30,8***	***45,3***	***76,1***	***-2,0***	***74,1***
Equity as at 30 September 2011	**471,6**	**259,8**	**47,2**	**-3,8**	**405,6**	**1 180,4**	**0,8**	**1 181,2**

Notes to the financial statements

1 Accounting policies

This consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union. These consolidated interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting".

Accounting policies and presentation of financial statements applied to this interim report were identical to those used in financial statements for the financial year that ended on 31 December 2010 (except as described below).
The new International Financial Reporting Standards adopted, amendments to and International Financial Reporting Interpretations Committee interpretations that became mandatory for the Group from 1 January 2011 have been published in the financial statements for the financial year ended on 31 December 2010. The new standards, amendments to and interpretations of existing standards did not have any impact to the Group's accounting policies and financial statements.

In this interim report the presentation of the net change in cash restricted of being used has been changed compared to earlier and as the result the net change in cash restricted from being used is recognised as cash flows from investing activities (previously it was recognised as cash flows from operating activities). The comparatives have also been re-stated.

According to the Management Board the Interim Report prepared for the period 1 January 2011 - 30 September 2011 presents a true and fair view of the financial position, the cash flows and the results of operations of Eesti Energia AS and its subsidiaries (Group).

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

2 Segment reporting

For segment reporting purposes, the division into operating segments is based on the Group's internal management structure, which is the basis for the reporting system, performance assessment and the allocation of resources by the chief operating decision maker, the parent company's management board.

The internal management structure of the Group is divided into three operating segments based on the different types of products offered and the clients:
- Retail Business (consisting of companies and business units Energiamüük, Enefit UAB, Enefit SIA, Müük ja Teenindus, Eesti Energia Jaotusvõrk OÜ, Eesti Energia Elektritööd AS, Eesti Energia Võrguehitus AS, Televõrgu AS);
- Electricity and Heat Generation (consisting of companies and business units Eesti Energia Narva Elektrijaamad AS, Taastuv-energia, Iru Elektrijaam, Energiakaubandus, Solidus Oy, AS Narva Soojusvõrk, Eesti Energia Aulepa Tuuleelektrijaam OÜ, Eesti Energia Tabasalu Koostootmisjaam OÜ, SIA Enefit Power & Heat Valka);
- Minerals, Oil, Biofuels (consisting of companies and business units Eesti Energia Kaevandused Group, Eesti Energia Õlitööstus AS, Eesti Energia Tehnoloogiatööstus Group, Enefit Outotec Technology OÜ, Enefit U.S., LLC, Enefit American Oil Group).

In addition Corporate Functions, that covers administration and other support services, are presented separately, although these do not form a separate business segment.

The Retail Business covers the sale of electrical energy, distribution services, telecommunication services, electrical installation work and other services to end consumers. Electrical energy is sold in Estonia, Latvia and Lithuania. Electricity and Heat Generation covers the generation of electricity and heat in various power and combined heat-and-power stations, and energy trading in the wholesale market, both inside and outside Estonia. Minerals, Oil, Biofuels covers the mining and processing of oil shale, the production of liquid fuels, and the production and sale of power equipment.

On 8 March 2011 the transaction of the sale of the shareholding in AS Kohtla-Järve Soojus was completed (Note 13). Until its disposal, AS Kohtla-Järve Soojus was part of the Electricity and Heat Generation segment.

On 28 April 2011 the transaction of the sale of 11% shareholding in Enefit Jordan B.V. was completed after which the Group does not have control over Enefit Jordan B.V. and its subsidiaries (Jordan Oil Shale Energy Company and Attarat Power Company) any more. As the result Enefit Jordan B.V. and its subsidiarieas are recognised as associates (Note 5).

In these financial statements, Electricity transmission has been presented as a discontinued operation as the full ownership of Elering OÜ, representing the transmission business, was sold by the Group to the Estonian Government in January 2010 (Note 14). For this reason Electricity transmission has been excluded from segment information.

Operating income and expenses are allocated to different segments based on internal invoicing prepared by business units. The prices for inter-segmental transfers are based on the prices approved by the Estonian Competition Authority or are agreed based on market prices.
Under the Electricity Market Act of Estonia, the following indicators need to be approved by the Estonian Competition Authority
- the price limit for oil shale sold to Narva Elektrijaamad for the production of heat and electricity
- the price limit for electricity sold from Narva Elektrijaamad to the closed market
- the weighted average price limit for electricity sold to meet sales obligations
- network fees.

The Estonian Competition Authority has an established methodology for calculating prices to be used when approving prices. When granting approval for these prices, the Estonian Competition Authority considers the costs which allow companies to fulfill the legal obligations and conditions attached to their activity licences and ensure justified profitability on invested capital. The Estonian Competition Authority considers the annual average residual value of non-current assets plus 5% of non-group sales revenue as invested capital. The rate for justified profitability is the Company's weighted average cost of capital (WACC).

The revenue, expenses, unrealised profits, receivables and liabilities arising as a result of transactions between business units and companies of the same segment have been eliminated.

The business segments have not been aggregated for segment reporting purposes.

Segment information for reportable segments for the period 1 January 2011 - 30 September 2011
in million EUR

	Retail Business Total	*of which Distribution*	Electricity and Heat Generation	Minerals, Oil, Biofuels Total	*of which Mining*	Corporate Functions	Elimi-nations	Total
Total revenue	346,8	*141,2*	373,9	237,9	*160,2*	14,2	-363,1	609,7
Inter-segment revenue	-9,6	*-3,0*	-157,9	-137,9	*-133,0*	-13,6	319,0	-
Revenue from external customers	337,2	*138,2*	216,0	100,0	*27,2*	0,6	-44,1	609,7
Operating profit	16,7	*20,6*	46,9	54,9	*15,3*	-1,4	0,6	117,7

Segment information for reportable segments for the period 1 January 2010 - 30 September 2010
in million EUR

	Retail Business Total	*of which Distribution*	Electricity and Heat Generation	Minerals, Oil, Biofuels Total	*of which Mining*	Corporate Functions	Elimi-nations	Total
Total revenue	341,7	*136,1*	346,1	194,6	*150,0*	11,1	-342,5	551,0
Inter-segment revenue	-18,9	*-2,9*	-159,5	-122,7	*-127,5*	-10,4	311,5	-
Revenue from external customers	322,8	*133,2*	186,6	71,9	*22,5*	0,7	-31,0	551,0
Operating profit	35,4	*29,0*	60,6	29,1	*16,9*	32,5	-37,0	120,6

Reportable segments' operating profits are reconciled to total consolidated operating profit as follows:
in million EUR

	9 months 1 January - 30 September 2011	2010
Segment operating profits for reportable segments	118,5	125,1
Operating profit of Corporate Functions	-1,4	32,5
Eliminations:		
Profits/losses from intra-segment sales of property, plant and equipment	-	-38,3
Change in price difference of inventories	1,0	-0,5
Other eliminations	-0,4	1,8
Total operating profit per consolidated income statement	**117,7**	**120,6**

3 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 and heat consumption and correspondingly to lower revenues and lower operating profit.

4 Property, plant and equipment

in million EUR

	Land	Buildings	Const-ruction	Plant and equipment	Other	Total
Property, plant and equipment as at 31 December 2010						
Cost	41,2	149,1	719,5	1 201,0	4,9	2 115,7
Accumulated depreciation	-	-84,8	-297,0	-600,4	-4,3	-986,5
Net book amount	41,2	64,3	422,5	600,6	0,6	1 129,2
Construction in progress	-	0,7	21,8	98,8	-	121,3
Prepayments	-	-	0,3	42,8	-	43,1
Total property, plant and pquipment as at 31 December 2010	**41,2**	**65,0**	**444,6**	**742,2**	**0,6**	**1 293,6**
Movements 1 January - 30 September 2011						
Purchases of property, plant and equipment	-	1,7	34,7	277,0	0,1	313,5
Acquisition of subsidiary (Note 15)	1,5	-	0,3	0,2	-	
Depreciation charge	-	-3,2	-16,5	-47,5	-0,2	-67,4
Net book amount of non-current assets disposed	-0,8	-0,2	-	-0,3	-	-1,3
Classified as property, plant and equipment of associates (Note 5	-	-	-0,2	-	-	-0,2
Classified as held-for-sale	-	-	2,3	-3,2	-	-0,9
Exchange differencies	0,1	-	-	-	-	0,1
Movements 1 January - 30 September 2011	**0,8**	**-1,7**	**20,6**	**226,2**	**-0,1**	**245,8**
Property, plant and equipment as at 30 September 2011						
Cost	42,0	149,1	743,0	1 238,2	5,0	2 177,3
Accumulated depreciation	-	-87,0	-310,9	-633,4	-4,5	-1 035,8
Net book amount	42,0	62,1	432,1	604,8	0,5	1 141,5
Construction in progress	-	1,2	33,1	269,8	-	304,1
Prepayments	-	-	-	93,8	-	93,8
Total property, plant and equipment as at 30 September 2011	**42,0**	**63,3**	**465,2**	**968,4**	**0,5**	**1 539,4**

5 Investments in associates

On 28 April 2011 the transaction of the sale of 11% shareholding in Enefit Jordan B.V. was completed after which the Group does not have control over Enefit Jordan B.V. and its subsidiaries (Jordan Oil Shale Energy Company and Attarat Power Company) any more. As the result Enefit Jordan B.V. and its subsidiarieas are recognised as associates.

Reclassified assets and liabilities in million EUR	**28 April 2011**
Cash and cash equivalents	1,0
Trade and other receivables	3,2
Property, plant and equipment (Note 4)	0,2
Intangible assets	2,7
Trade and other payables	-7,6
Non-controlling interest	-0,6
Unrealised exchange rate differences	0,2
Total reclassified assets and liabilities	-0,9
Fair value of the associates	13,2
Sales revenue	2,2
Gain on sale and reclassification	16,3

Change in investments in associates in million EUR	**9 months 1 January - 30 September 2011**	**2010**
Book value at the beginning of the period	**11,8**	**12,1**
Fair value of the subsidiaries classified as associates	13,2	**-**
Profit from associates using equity method	-	0,7
Dividends declared by the associate	-	-1,2
Book value at the end of the period	**25,0**	**11,6**

6 Derivative financial instruments

in million EUR	30 September 2011		30 September 2010	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward contracts for buying and selling electricity as cash flow hedges	4,0	-	-	1,0
Forward and option contracts for buying and selling electricity as trading derivatives	0,6	-	-	0,7
Option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	0,1	-	1,0	-
Swap and futures contracts for selling shale oil as cash flow hedges	1,3	9,8	0,2	4,9
Total derivative financial instruments	**6,0**	**9,8**	**1,2**	**6,5**
including non-current portion:				
Forward contracts for buying and selling electricity as cash flow hedges	0,1	-	-	-
Forward and option contracts for buying and selling electricity as trading derivatives	-	-	-	-
Option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	0,1	-	0,7	-
Swap and futures contracts for selling shale oil as cash flow hedges	1,3	2,4	-	3,1
Total non-current portion	**1,5**	**2,4**	**0,7**	**3,1**
Total current portion	**4,5**	**7,4**	**0,5**	**3,4**

7 Share capital

As at 30 September 2011, Eesti Energia AS had 471 645 750 registered shares (30 September 2010: 73 796 524 registered shares). The nominal value of each share is 1 euro. The nominal value of a share was changed in December 2010 when the share capital was converted into euros, until then the nominal value of each share was 100 kroons. The sole shareholder is the Republic of Estonia.

8 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding. As there are no potential ordinary shares, diluted earnings per share equal to basic earnings per share all the periods.

Due to the change in the nominal value of a share (Note 7), the number of the ordinary shares in earlier periods is adjusted for the proportionate change in the number of ordinary shares outstanding.

	3 months		9 months		12 months	
	1 July - 30 September		1 January - 30 September		1 October - 30 September	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Profit attributable to the equity holders of the	37,9	15,0	101,4	116,1	129,7	155,8
Weighted average number of shares (million	471,6	471,6	471,6	471,6	471,6	471,6
Basic earnings per share (EUR)	0,08	0,03	0,21	0,25	0,27	0,33
Diluted earnings per share (EUR)	0,08	0,03	0,21	0,25	0,27	0,33

9 Nominal value and amortized cost of borrowings

in million EUR

	30 September 2011		30 September 2010	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Current portion of long-term bank loans	26,8	26,8	3,7	3,7
Total short-term borrowings	**26,8**	**26,8**	**3,7**	**3,7**
Long- term borrowings				
Bank loans	175,9	175,0	69,8	69,6
Bonds issued	300,0	290,5	300,0	289,6
Total long- term borrowings	**475,9**	**465,5**	**369,8**	**359,2**
Total borrowings	**502,7**	**492,3**	**373,5**	**362,9**

10 Provisions

in million EUR

	Opening balance 31 December 2010	Recognition and change in provisions	Interest charge	Use	Closing balance 30 September 2011	
					Short-term provision	Long-term provision
Environmental protection provisions	15,0	8,9	0,9	-0,8	1,4	22,6
Provision for termination of mining operatic	9,9	-	0,4	-	-	10,3
Employee related provisions	3,9	-0,4	0,1	-0,3	0,2	3,1
Provision for dismantling cost of assets	2,6	-	0,1	-	-	2,7
Provision for greenhouse gas emissions	47,1	38,7	-	-49,1	36,7	-
Total provisions	**78,5**	**47,2**	**1,5**	**-50,2**	**38,3**	**38,7**

In the reporting period an additional environmental provision was set up for maintenance of ash fields in Narva power plants and the settlement periods of closing ash fields were adjusted in the total amount of EUR 8.7 million. In addition the provision for cleaning condaminated land surface in Iru power plant was increased by EUR 0.2 million.

11 Contingent liabilities

Collaterals, guarantees and court actions

The loan agreements concluded by the Group set certain covenants on the Group's consolidated financial indicators. The covenants have been adhered to.

On 29 January 2010 the arbitrage court of London delivered judgement over the commercial dispute between Foster Wheeler Energia Oy and Eesti Energia Narva Elektrijaamad AS. The arbitrage judgment determined the amount payable to Foster Wheeler Energia Oy, but did not resolve the interest calculation on the payable nor the reimbursement of legal expenses. The amount determined by the arbitrage judgement was paid in April 2010 along with interest accrued from 29 January 2010.

12 Related party transactions

in million EUR

The sole shareholder of Eesti Energia AS is the Republic of Estonia. In preparing the Group's financial statements, the related parties include associates, members of the management and supervisory boards of the parent company, and other companies over which these persons have significant influence.
Related parties also include entities under the control or significant influence of the state.

Continuing operations	**1 January - 30 September**	
	2011	**2010**
Transactions with associates		
Purchase of goods and services	20,6	17,8
Proceeds from sale of goods and services	2,5	2,4
Financial income	0,3	-
Loans granted	2,4	-

No impairment loss from receivables was recognised in the reporting period and in the comparable period.

Upon premature termination of the service contract with a member of the Management Board, the service contracts stipulate the payment of 3 months' remuneration as termination benefits.

In purchasing and selling electricity on the closed market, the prices set by the Estonian Competition Authority are used. All other transactions are concluded using agreed prices.

13 Disposal of subsidiary

On 8 March 2011 the transaction of the sale of the shareholding in AS Kohtla-Järve Soojus was completed.
Until its disposal, AS Kohtla-Järve Soojus was part of the Electricity and Heat Generation segment.

Net assets of the subsidiary disposed	**8 March**
in million EUR	**2011**
Cash and cash equivalents	1,0
Trade and other receivables	4,8
Inventories	0,2
Property, plant and equipment	16,0
Borrowings	-3,4
Trade and other payables	-7,7
Deferred income	-0,1
Provisions	-5,8
Total net assets of th subsidiary disposed	5,0
Non-controlling interest's share of the net assets	-2,0
Sales price	5,6
Gain on sale	2,6
Cash in flows in transaction	
Proceeds from sale	5,6
Cash and cash equivalents of subsidiary in bank accounts	-1,5
Total cash inflows in transaction	4,1

14 Discontinued operations

In August 2009 the Government of Estonia approved the plan to buy 100% of the shares of Elering OÜ from the Group. The transaction was completed on 27 January 2010. Until its disposal, Elering OÜ represented the electricity transmission segment of the Group and is presented in the comparative information as a discontinued operation.

Analysis of the results of discontinued operations in million EUR	**1 January - 27 January 2010**
Revenue	10,0
Expenses	-4,0
Profit before tax of discontinued operations	6,0
Profit from discontinued operations	**27,4**

Assets and liabilities of discontinued operations in million EUR	**27 January 2010**
Cash and cash equivalents	6,6
Trade and other receivables	20,3
Property, plant and equipment and intangible assets	351,5
Total assets of discontinued operations	**378,4**
Borrowings	-192,3
Trade and other payables	-21,9
Deferred income (Note 24)	-13,0
Total liabilities of discontinued operations	**-227,2**
Net assets	**151,2**
Sales price	172,6
Gain on sale	21,4
Cash inflows in transaction	
Proceeds from sale	172,6
Cash and cash equivalents of subsidiary	-6,6
Total cash inflows in transaction	**166,0**

15 Business combinations and acquisition of subsidiaries

(a) Business combinations

On 17 January 2011 the Group acquired 75% of the shares of Latvian company SIA "Valkas Bioenergo Kompanija" (new name SIA Enefit Power&Heat Valka) for the purchase price of EUR 0.8 million and increased the share capital, after which the Group owns 90% of the enterprise.The acquired company generates thermal energy in two boiler plants that operate on biofuel and fuel oil and has developed a new biofuel-fired co-generatio plant. The new co-generation plant will be completed in 2012.

(b) Other transactions

On 14 January 2011 the Group signed a contract for acquiring 100% of the shares of the Oil Shale Exploration Company (new name Enefit American Oil) in the USA for the purchase price of USD 42 million. The transaction was completed on 30 March 2011. The management estimates that the transaction was not a business combination as the assets were acquired that do not constitue a business.

16 Events after the reporting period

On 10 October 2011 the Group acquired 66,5% of the ownership in OÜ Pogi.