Interim Report

January 1 2012 – March 31 2012

Eesti Energia's first quarter revenues for 2012 amounted to 236 million euros and operating profit to 56 million euros. Compared to last year the profitability growth has been remarkable due to the sale of our telecommunications subsidiary to Tele2. The sale was well timed and the decision allows us to focus on our core services and continue investing in energy related future projects.

First quarter profitability grew by 28% year–on-year including a 49% growth in the sale of liquid fuels supported by increased volume and sales price, which comes as an addition to the sale of our telecommunications subsidiary.

Correction of network service tariffs in August 2011 increased the revenues of Distribution Network to 63 million euros (+20%) supporting considerable investments to the modernization of network grid in order to improve the network reliability and increase customer satisfaction. Network losses continue to remain on low levels of 5.9% based on the 12-month average.

The decline in the profits from electricity sales in the first quarter was impacted by lower production volume arising from relatively low electricity market prices. At the same time, we have increased the electricity sales in the Baltic electricity market. Our Latvian and Lithuanian client base is expanding—in Latvia and Lithuania our unregulated market shares were 14% and 6%, respectively.

When summarizing the financial year 2011 we promised to focus on raising additional debt financing. Today, we can proudly say that we have successfully priced a 300 million euro bond issue due in 2018. The Eurobonds were listed on the London Stock Exchange in April. We are especially delighted to say that Eesti Energia is perceived internationally as a reliable company with high credit rating and a clear vision. This is evidenced by considerable interest for our bonds, which also recognizes our progress as well future developments.

Investments in the first quarter amounted to 129 million euros, up 35% year-on-year. We are continuing implementing our investment plan while some of our investments such as Enefit280 oil plant are reaching the commissioning phase. The 39-MW capacity Narva windpark, one of the windparks diversifying our generation portfolio will begin to operate in the second quarter. In addition, we are also building 22.5-MW capacity windpark in Paldiski. In 2013 we continue with investments to Iru waste to energy power unit, the modernization of mines and improvements of network grid reliability.

Chairman of the Management Board, CEO
Sandor Liive

Key Figures and Ratios

		Q1		
		1. January - 31. March		Change
		2012	2011	
Total electricity sales, of which	GWh	2 515	3 097	-18.8%
Regulated price	GWh	1 721	1 725	-0.2%
Non-regulated price	GWh	795	1 372	-42.1%
Heat sales	GWh	408	635	-35.8%
Oil shale sales (outside the Group)	thou t	470	592	-20.6%
Shale oil sales (outside the Group)	thou t	50	40	24.9%
Network sales	GWh	1 879	1 874	0.3%
Distribution grid losses	%	7.9	7.7	0.2pp
Average number of employees	in.	7 678	7 591	1.1%
Revenues, of which	mln eur	235.8	237.0	-0.5%
sales	mln eur	220.6	233.5	-5.5%
EBITDA	mln eur	82.4	66.6	23.7%
Operating profit	mln eur	56.5	44.1	28.1%
Net Profit	mln eur	56.1	42.4	32.5%
Fixed assets	mln eur	1874.8	1400.7	33.8%
Equity	mln eur	1283.4	1159.3	10.7%
Net debt	mln eur	458.8	95.2	382.1%
Investments	mln eur	128.8	95.4	35.0%
FFO	mln eur	69.0	64.1	7.7%
Debt/EBITDA[1]	times	1.68	1.65	+0.03p
Net debt/EBITDA[1]	times	1.63	0.42	+1.21p
Leverage	%	26.3%	7.6%	+18.7pp
ROIC[1]	%	13.4%	13.3%	+0.1pp
EBITDA/interest cover	times	16.0	16.5	-0.5p
FFO/intress expenses	times	13.4	15.8	-2.4p
FFO/investments	times	0.5	0.7	-0.2p
EBITDA margin	%	37.3%	28.5%	+8.8pp
Operating profit margin	%	25.6%	18.9%	+6.7pp

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

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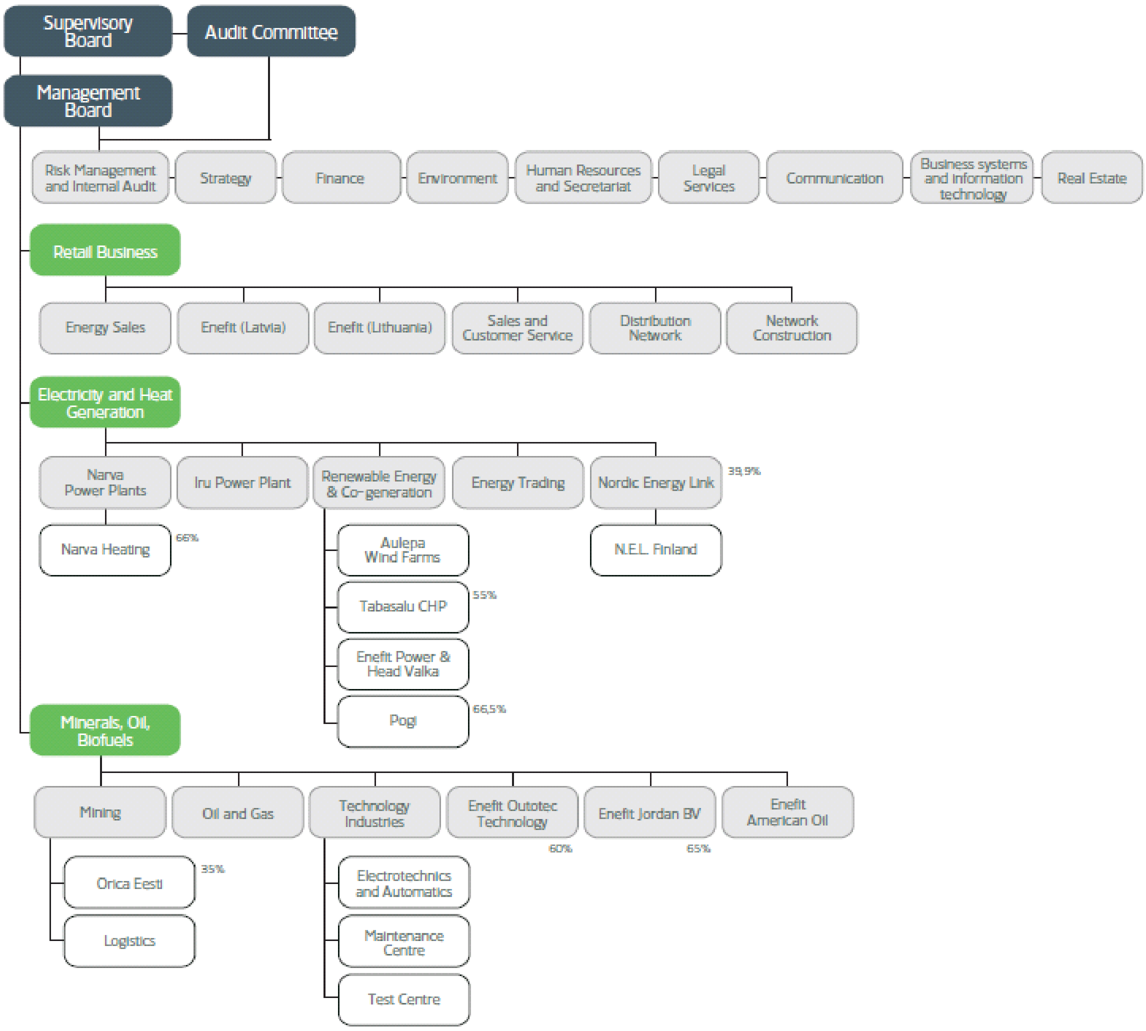
Eesti Energia in Brief

Eesti Energia is an international energy company operating in the Baltic and in Nordic countries' energy markets. Our integrated business operations make Eesti Energia a professional and reliable partner in all energy related services. 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 offer our unique and environmentally friendly oil shale processing solutions to customers globally.

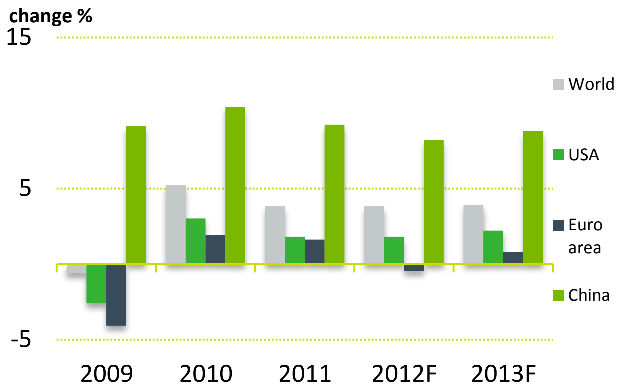
Eesti Energia operates openly and responsibly with a clear emphasis on complying with environmental and safety regulations. As one of the largest companies and employers in Estonia, actions of Eesti Energia have an impact on energy related research, Group's employees, clients and partners as well as the society as a whole. Eesti Energia considers the effects of Group's operations in regard to the stakeholders in the community while developing energy research and contributing to the developments in society.



Operating environment

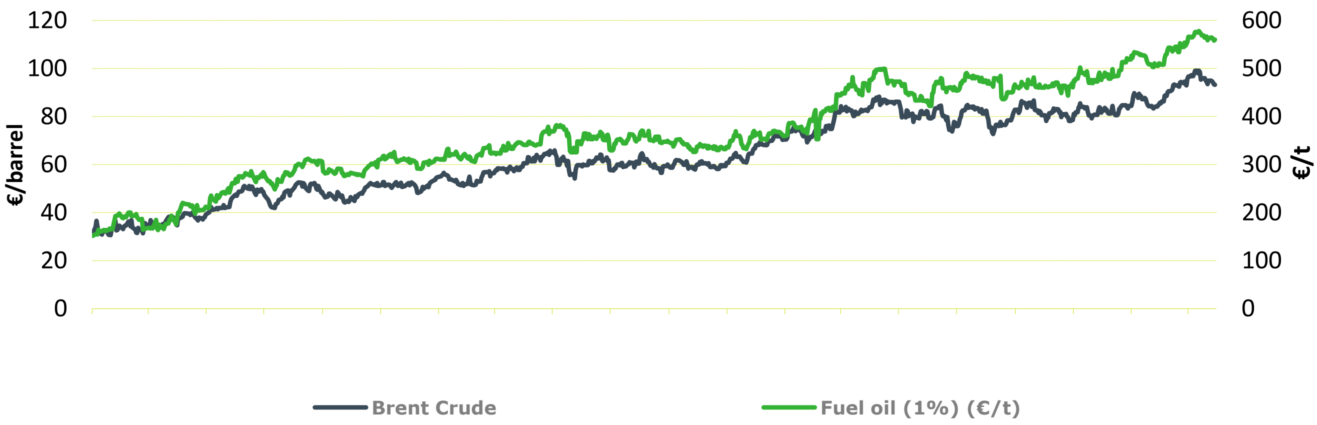
Global environment

The slowdown in the global recovery continues in 2012. This was primarily caused by tensions in the Euro zone and the economic uncertainty in the rest of the world. The IMF downgraded its global GDP growth forecast for 2012 from 4.0% to 3.3%. This was influence by the weak economic performance of advanced economies and the expected slowdown in the economy of the Euro zone. The new forecast assumes a 1.2% (-0.7 percentage points) GDP growth in developed countries and a 5.4% (-0.7 percentage points) growth in developing ones.



Liquid fuels market

The global liquid fuels market experienced price growth in the first quarter of 2012. Brent crude oil price started the quarter at a level of 84,3 €/barrel (109.2 $/barrel) and reached a level of 93.1 €/barrel (124.3 $/barrel) by the end of the quarter.
Noticeable rise in the price started in February; this was due to the Greek austerity policy, the unstable situation in Iran and Syria and the data that confirmed larger than forecasted new jobs in the United States. The average price of Brent crude oil in the first quarter of 2012 was 91.0 €/bbl (119.4 $/barrel) which is 18.3% (13.3%) higher when compared to the first quarter of 2011.



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

The average price for fuel oil (1%) in the 1st quarter was 540.3 €/t (708.6 $/t), 30.2% (24.5%) higher than 2011 first quarter.

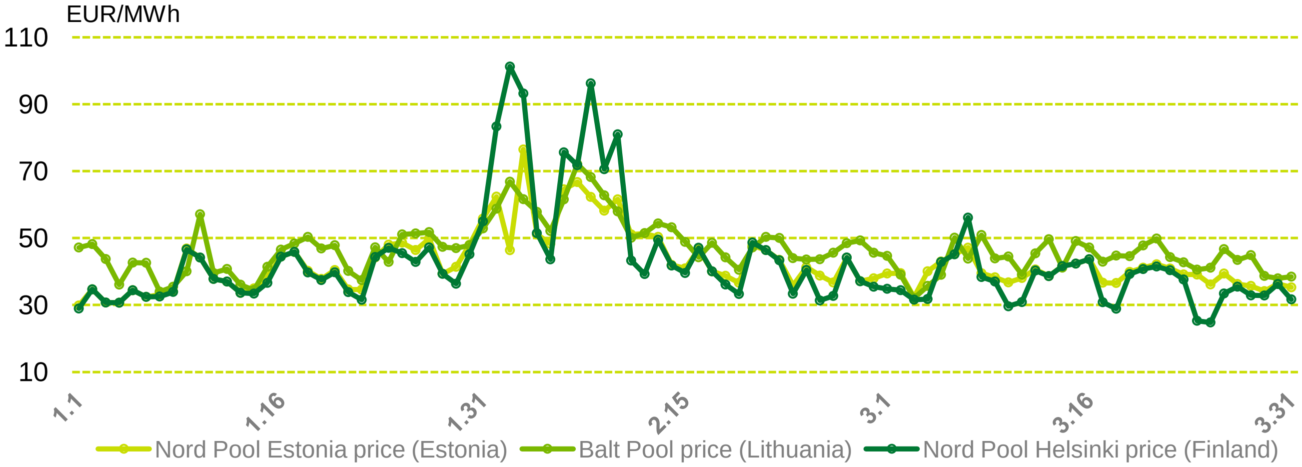
Emissions trading

In Q1 the average price for CO_2 emission futures for December 2012 delivery was 7.9 €/t and the price fluctuated in the range of 6.6-9.5 €/t. The closing price at the end of the first quarter was 7.1 €/t. During the first quarter the futures price stayed at a relatively low level and the price continued to decrease over the course of the quarter. Main reasons behind this decline are twofold. First is the worsening macroeconomic outlook for Europe, which will reduce demand for power and secondly an oversupply of allowances prevails on the market. The price is dependent on whether the European Union can agree on the reduction on the supply of emission quotas.
In Q1 2012 the price of CO_2 emission futures for December 2013 delivery was fluctuating between 7.2 -10.3 €/t and the closing price at the end of the quarter was 7.6 €/t. (-4.6%, -0.4€/t compared to the last quarter of 2011).

Electricity wholesale market

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 29.9-76.5 €/MWh and the average price for the first quarter was 42.4 €/MWh (-8.3% compared to first quarter of 2011). The initial increase in the price of electricity during the first quarter was due to the lower than anticipated temperatures in January. The climbing temperatures in February and March pushed electricity prices down. Warmer weather reduced the consumption and the earlier melting of snow favoured an increase in hydro energy generation. The hourly prices in the Estonian and Finnish price areas were equal 67.8% of the time in first quarter of 2012.

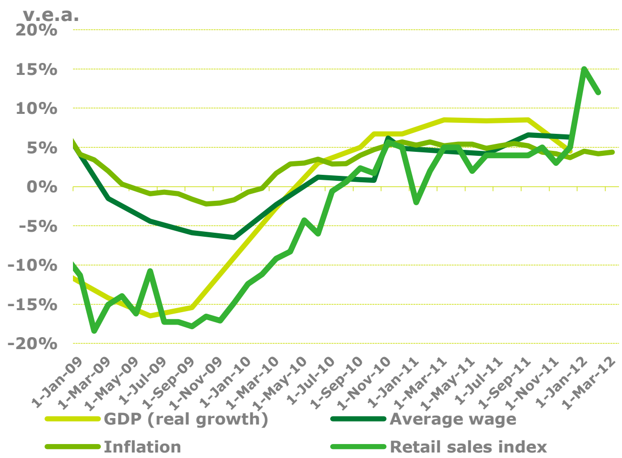


Nord Pool's Finnish price area saw an average price of 42.5 €/MWh (-34.4%) in the first quarter and the average daily price fluctuated in the range of 24.8-101.3 €/MWh. The average NordPool system price in the first quarter was 38.3 €/MWh (-42.2% compared to the first quarter of 2011). The price decreased due to the warmer temperatures and the subsequent melting of snow in Northern countries. If the temperatures persist above the historical average then the expected peak of melting snow will arrive five weeks earlier than expected.

The average price on the Lithuanian electricity exchange BaltPool was 46.7 €/MWh (+1.8%) in the first quarter and the average daily price fluctuated in the range of 32.1-72.1 €/MWh. Agreement on Power Exchange Operation in the Republic of Lithuania between Litgrid and Nord Pool Spot has also been signed. The launch of the Lithuanian bidding area is intended for 18 June 2012.

Estonian operating environment

The Estonian Ministry of Finance forecasted 1.7% economic growth for the Estonian economy in 2012 which is 2.2 percentage points higher than the IMF's forecast for the Euro area. The increase of exports averaged 15.5% in January and February compared to first quarter in 2011. This increase supported economic growth in the first quarter. On the Estonian labour market, unemployment has dropped to 7.6%, which is 2.6 percentage points lower than first quarter of the previous year.



Macro economic indicators
Source: Statistics Estonia

According to Statistics Estonia, the average inflation rate for the first quarter was 4.4%, and that is in accordance with the Ministry of Finance's 2012 spring forecast. The biggest contributor to the increase was housing cost that rose by 10.8%.[1]

[1] Statistics Estonia

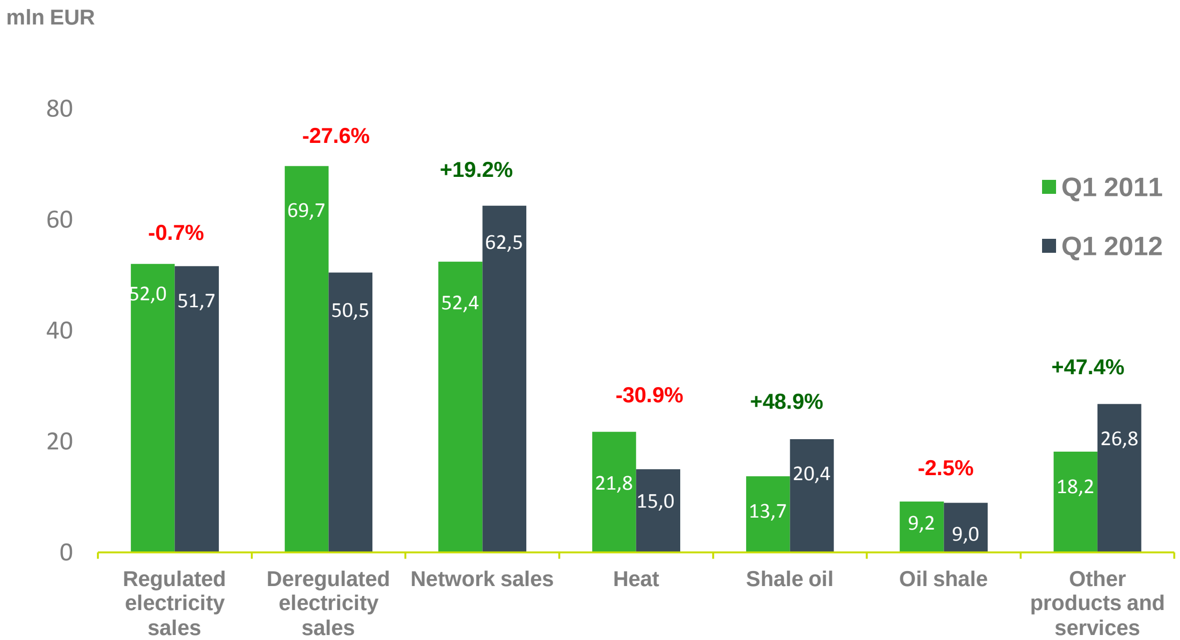
Financial results

Eesti Energia's first quarter revenues for 2012 were 235.8 million euros (-0.5% compared to the first quarter of 2011, -1.1 million), the operating profit reached 56.5 million euros (+28.1%, +12.4 million) and net income 56.1 million euros (+32.5%, +13.7 million euros). The results were positively affected by non-recurrent revenue from a sale of telecommunications subsidiary, the increased profitability of Distribution Network and an increase of liquid fuel sales revenue. The results were negatively affected by a decrease in electricity and heat sales volumes along with increased depreciation.

Revenues

The group's revenues in the first quarter of 2012 were 235.8 million euros, a small decrease of 0.5% year on year. The decrease of electricity sales revenue was offset by increased revenues from shale oil and network services sales.

Electricity sales on the unregulated market, which made up 49.5% of all electricity sales in the first quarter (57.3% same time last year) have decreased. Main reason for the decline is the relatively low level of power prices in Nordpool as well as the restriction on SO2 emissions starting from January 2012. As a whole, 45.2% of revenues in the first quarter came from unregulated markets and 54.8% from regulated ones.



The **retail** division revenues (from January 2012 the results of the division exclude the operations of Distribution Network, which is reported as a separate business segment) increased in the first quarter to 102.8 million euros (+14.1%, +12.7 million compared to last year). Sales of electricity in the first quarter amounted to 80.2 million euros (-0.1%, -0.1 million euros) of which electricity sales in the regulated market had an increase to 54.6 million euros (+3.4%, +1.8 million euros) and sales in the unregulated markets declined to 25.6 million euros (-7.0%, -1.9 million). The decrease in revenue for the unregulated markets was influenced by higher competition in the market. Power sales volumes increased on the regulated market to 1755 GWh (+0.3%, +5 GWh) and on unregulated markets decreased to 579 GWh (-3.3%, -20 GWh).

Eesti Energia's first quarter average market share on the Estonian unregulated electricity market was approximately 72 %. In Latvia we had 502 clients (+387 clients) as of the end of the quarter and the average market share for the quarter was 14%. On the Lithuanian market we had 200 clients (+88 clients) as of the end of the quarter and the average market share was around 6%.In the first quarter of 2012 our Baltic unregulated market share was 21%.

Retail business revenues from other services decreased to 7.1 million (-10.1%, -0.8million euros) and revenues relating to the sale of telecommunications subsidiary amounted to 13.6 million euros.

	Q1		Change	
GWh	2012	2011	GWh	%
Electricity sales at regulated prices , of which	1 755	1 750	5	0.3
Sales outside of the group	1 581	1 580	1	0.0
Electricity sales at unregulated prices, of which	579	599	-20	-3.3
Estonian open market	333	337	-4	-1.2
Sales outside of the group	276	279	-3	-1.2
Latvian open market	155	87	67	76.9
Lithuanian open market[2]	91	174	-83	-47.6
Total electricity sales	2 334	2 349	-15	-0.6

Distribution Network revenues amounted to 65.1 million euros (+17.5%, +9.7 million euros). The revenue increase is attributable to network service fee changes that took effect in August 2011 and those are now in accordance with the expected expenses and profitability of the Distribution Network.

Network services sales increased to 63.4 million euros (+19.5%, +10.3 million). Total distribution of the grid was 1947 GWh for the first quarter. Distribution volumes on low voltage networks amounted to 1325 GWh in the first quarter, a decrease of 0.1% (-1.6 GWh) compared to the first quarter of last year. At the same time distribution volumes on medium voltage networks were 622 GWh, an increase of 2.0 % (+12.4 GWh). The average network fee for the first quarter was 32.7 €/MWh (+18.8%). A new network service fee was put into effect starting from January 1st 2012 due to the Elering price increase.

Distribution losses[3] were 167 GWh in the first quarter, an increase of 4 GWh compared to 2011. First quarter average network losses were 7.9% (+0.1 percentage points compared to 2011). The twelve month average distribution loss remains low at 5.9%.

The average temperature according to the Estonian Meteorological and Hydrological Institute was -4.4 degrees Celsius in the first quarter of 2012 which is 0.5 degrees warmer than the same period last year, but 1.0 degrees colder than historical average[4]. Warmer temperatures in February and March of +1.0 and +1.3 degrees respectively, elevated the quarterly average temperature. Temperature affects electricity consumption and through that electricity and network sales.

	Q1		Change	
GWh	2012	2011	GWh	%
Sales of distribution services	1 947	1 936	11	0.6
Sales outside of the group	1 878	1 874	5	0.3

Our **electricity and heat generation** division generated revenues of 122 million euros (-23.4%, -37.2 million) in the first quarter. Electricity sales were 103.7 million euros (-21.4%, -28.3 million) and heat sales 15.6 million (-30.4%, -6.8 million). The results shown here have been presented after netting off the purchases and sales to electricity exchanges in the same hour.

2 Lithuanian open market sales show a decrease due to a netting off Baltpool electricity market purchases and sales through the electricity exchange. If the previous methodology was practiced then the decrease in sales would have been -2.7% (169.6 GWh in 2012 1st quarter and 174.4 GWh in 2011 1st quarter).

3 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.

4 Estonian Hydrological and Meteorological Institute 1992-2010 period average

GWh	Q1 2012	Q1 2011	Change GWh	Change %
Electricity sales at regulated prices , of which	1 924	1 841	83	4.5
Sales outside of the group	140	144	-5	-3.2
Electricity sales at unregulated prices	743	1 440	-697	-48.4
Sales outside of the group	413	1 204	-791	-65.7
Total electricity sales	2 667	3 281	-614	-18.7

We received 9.1 million euros (+182.2%, +5.9 million) of renewable energy subsidies in the first quarter of 2012. The increase in subsidies was primarily due to an increased energy generation from biomass. The biomass delivery system was more effective thanks optimization of the fuel management process. This process led to an increase in biomass usage to 46% in Baltic Electricity Plant block number 11. In total, renewable energy generation in the first quarter of 2012 amounted to 169.7 GWh compared with the subsidized production of 60.1 GWH in 2011 first quarter.

GWh	Q1 2012	Q1 2011	Change GWh	Change %
Heat sales	444	675	-231	-34.3
Of which external sales	408	635	-227	-35.8

Heat sales were 15.6 million euros (-30.4%, -6.8 million) in the first quarter. The decrease in heat sales was due to the disposal of controlling stake in our Kohtla-Järve Soojus subsidiary in March 2011 (-81 GWh, -2.1 million) and the connection of the Tallinn Centre city-Lasnamäe and Mustamäe-Haabersti networks, which reduced demand for Iru thermal power plant production by 41.5% (-193 GWh, -5,8 million). The decrease was offset by an increase in heat sales in Paide (22.3 GWh) and by the combined heat and power plant in Painküla (+2.6 GWh). In Latvia we sold 7.2 GWh of heat in the first quarter with revenues of 0.2 million euros.

The average sales price for external heat sales was 36.8 €/MWh (+7.5%, +2.6 €/MWh) in the first quarter.

Our **fuels** division's revenues in the first quarter were 77 million euros (-6.4%, -6.8 million), including oil shale sales of 41.7 million euros (-22.0%, -11.7 million), sales of liquid fuels of 22.1 million euros (+54.0%, +7.8 million), sales of construction and maintenance services 3.6 million euros (+66.0%, +1.4 million) and sales of power and industrial equipment 2.3 million euros (-67.9%, -4.9 million). The rise of brent crude oil prices on the market improved the price for liquid fuels and increased sales, which in turn offset the decreased revenue of oil shale sales and Technology Industry sales volume.

Thousands of tons	Q1 2012	Q1 2011	Change th t	Change %
Intra-Group sales of oil shale (electricity generation)	3 215	4 181	-966	-23.1
Intra-Group sales of oil shale (oil production)	520	505	15	3.0
Oil shale external sales	470	592	-122	-20.6
Total oil shale sales	4 205	5 277	-1072	-20.3

The oil shale demand was lower than last year primarily due to the decrease of electricity generation, total production was 4.7 million tons (-3.6%, -0.2 million euros). The decrease of Intra-Group oil shale sales for power generation also reduced external sales because there was less of oil shale concentrate.

Thousands of tons	Q1 2012	Q1 2011	Change th t	Change %
Fuel oil sales	53,5	41,8	11,7	27.9
Of which external sales	50,3	40,3	10,0	24.9

External fuel oil sales amounted to 50.3 thousand tons (+24.9, 10.0 thousand tons). The increase in sales is attributable to an increase in production volume and sale of stock reserves.

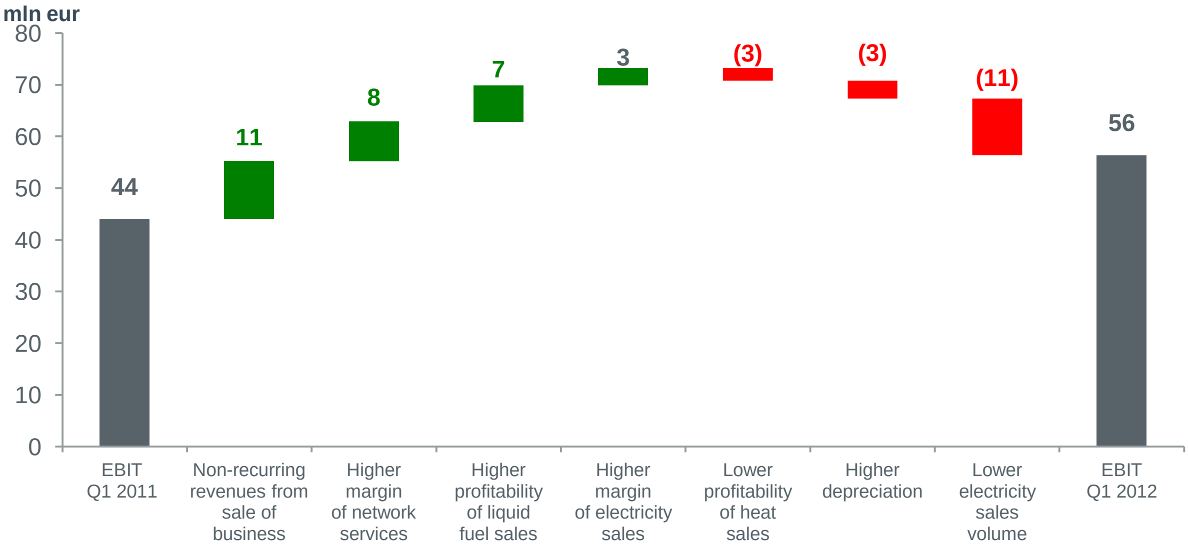
The sales price of shale oil is tied to that of heavy fuel oil and has increased alongside the latter. In the first quarter the average price of heavy fuel oil was 540.3 €/t which is 30.2% higher than the same period last year. The average sales price of shale oil in the first quarter was 406.0 €/t (499.6 €/t, if the impact of hedging transactions is excluded).

Our Technology Industry division had revenues of 7.1 million euros in the first quarter (-31.3%, -3.2 million). The decrease was due to a decrease in the work load from the new Enefit280 plant and from Narva Power Plants.

Operating profit

The group's operating profit in the first quarter reached 56.5 million euros (+28.1% compared to the same period last year, +12.4 million). EBITDA was 82.4 million euros (+23.7%, +15.8 million).

Profitability was positively affected by the sale of telecommunications subsidiary, which provided non-recurrent revenue (11 million euros, first quarter 2011 had 2.6 million euros from the sale of majority stake in Kohtla-Järve Soojus subsidiary), the increased sales margin of distribution service (+7.6 million euros) and the increased profitability of liquid fuels (+7.0 million euros). Profitability was reduced by a decrease of volume in electricity sales (-10.9 million euros), the decrease of volume in heat sales (-2.5 million euros) due to the sale of Kohtla Järve Soojus in March of 2011 and by increased depreciation (-3.4 million euros).



The **retail** division had an operating profit of 14.5 million euros (+19.6 million) in the first quarter.

Retail division's profitability was affected by sale of a telecommunications subsidiary (+13.6 million) and by the increased sales margin of electricity sales (+7.1 million). The sale of the subsidiary decreased profitability by 0.3 million euros and consisted of a decrease in EBITDA (-0.9 million) and a decrease in depreciation (+0.6 million). Telecommunications subsidiary profits are not reported in Eesti Energia or retail division statements as of March 2012. Electricity sales margin grew due to a change in a purchasing arrangement for unregulated market clients. Prior to 2012, electricity was purchased using intra Group forward contracts for electricity prices and as of 2012—electricity is now purchased from Nordpool Estonia at the spot price. Nordpool spot price remained relatively low in the first quarter of 2012, which in turn improved the electricity sales margin.

Distribution Network's profitability increased to 8.7 million euros (+108.6%, +4.5 million) in the first quarter. Profitability was positively affected by an increase in the sales margin for distribution service (+7.6 million). Profitability was lowered by an increase in maintenance and repair cost (-0.9 million), a decrease in new network connections (-0.8 million), an increase in fixed cost (-0.8 million) and by the increase in depreciation (-0.6 million).

The **electricity and heat generation** division had an operating profit of 19.2 million euros (-38.6%, -12.1 million) in the first quarter. Profitability was negatively affected by a decrease in electricity sales due to a low market price for electricity (-9.6 million euros). Profitability was also decreased by lower profits from heat sales (-2.5 million), the depreciation increase of new desulphurization equipment (-2.1 million) and by the decrease of electricity sales margin (-1.2 million). Profitability was positively impacted by the reduction of repair and maintenance cost (+4.5 million).

The **fuels** division had an operating profit of 14.8 million (-1.9%, -0.3 million euros) in the first quarter. The EBIT increased due to a higher liquid fuels volume (+3.6 million) alongside an increased liquid fuels price (+3.0 million). Profitability was negatively impacted the decreased profitability of the mining subsidiary (-5.6 million).

Our mining subsidiary's EBIT was 2.8 million euros (-66.8%, -5.6 million) in the first quarter of 2012. Profitability was primarily impacted by a higher sales margin of oil-shale (+2.7 million), a decrease in oil shale sales volume (-4.9 million) and from increased fixed costs (-3.4 million).

Economic Value Added (EVA)

In the first quarter of 2012 the group's EVA amounted to 14.5 million euros (+12.0%, +1.6 million). In the first quarter, the group's weighted average cost of capital was 10%, which is 0.6 percentage points higher than in 2011.

	Q1		Change	
mln eur	2012	2011	mln eur	%
Group's economic value added, incl	14.5	12.9	1.6	12.0
Retail business (without distribution network)	13.3	-6.3	19.6	311.1
Distribution network	-2.1	-6.0	3.9	64.7
Electricity and heat generation	1.4	16.7	-15.3	-91.4
Fuels	3.7	9.7	-6.0	-61.8

The retail business's increase in EVA was primarily supported by an increase in profitability of electricity sales and by the sale of a telecommunications subsidiary. The Distribution Network improved their performance and had an increase in network service sales margins, but EVA was still negative. The generation division's EVA decreased due to the decrease of electricity sales volume and price as well as the decrease in profitability of heat sales. The fuels division EVA decreased compared to 2011 first quarter due to a decrease in profitability for the mining division and because of the growth in fixed cost.

Investments

The group's investments in the first quarter of 2012 were 128.8 million euros (+35.0%, +33.4 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 power plant, installation of desulphurization equipment, the construction of the Iru waste to energy power unit, and the modernization of mines.

	Q1		Change	
mln eur	2012	2011	mln eur	%
Group's investments, including	128.8	95.4	33.4	35.0%
Retail business	0.0	0.2	-0.2	-102.4%
Distribution Network	15.4	11.2	4.2	37.5%
Electricity and heat generation	81.0	28.2	52.8	187.6%
Fuels	26.7	52.7	-26.0	-49.4%
Others	5.6	3.1	2.5	79.7%

In the **Distribution Network** we invested 15.4 million euros to build new connection points and to improve grid reliability in the first quarter. In the **generation** division we invested 62.9 million euros into the construction of a new power plant, 6.9 million in desulphurization equipment at our Narva Power Plants and 5.0 million euros to build the Iru waste to energy power unit. In our **fuels** division we invested 7.9 million euros in the construction of a new Enefit 280 shale oil plant and 10 million into a fuel supply infrastructure in the first quarter. Oil shale mining equipment, facility construction and reconstruction investments amounted to 6.2 million euros.

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 54.7 million euros in distribution network upgrades of the total three-year investment schedule of 300 million euros.

- The construction of the new 300 MW circulating fluidized bed (CFB) electricity generation unit began in June 2011—the work continued in first quarter of 2012. Underground plumbing and cable routes were installed along with preparations for the main cooling pipe installation. In February, Alstom signed the contract with the general building contractor. The excavation for the turbine structure groove began along with the building of foundations and with the excavation of the boiler building slot. The total cost is estimated to be 638 million euros and as of the end of March, 133.1 million had already been invested.

- Installation of desulphurization units in Narva Power Plants: the project began in the spring of 2009 with an objective to supply 4 energy blocks with desulphurization units. Blocks 3, 5 and 6 now have desulphurization (DeSOx) units in use. Lime (CaO) dosage system design work began in this quarter. Alstom provided a technical project proposal to the local municipality and it was approved along with a building permit for the lime dosage system. The total cost of lime dosage systems for all for energy blocks is planned for 8 million of which we had invested 2.5 million at quarter end. The total cost for the DeSOx project for 4 energy blocks is estimated at 117 million euros and at quarter end we had invested 99 million euros.

- Narva wind park- wind park construction was finished in December 2011. Preparations for transmission networktests are underway. By the end of first quarter of 2012 we have invested 55.5 million euros into the project and the total cost is estimated to be 59.4 million euros. The wind park is expected start producing in the second quarter of 2012.

- Paldiski wind park-at quarter end we had finished foundation work for wind generators. A network connection contract with Elering has been signed and substation energizing has begun. As of now 8.2 million euros have been invested into the project out of a total estimated 32 million. The park construction is expected to be completed by June 2012. The forecasted production for the 22.5 MW wind generators is estimated at 66 GWh.

- Construction of the Enefit 280 shale oil plant in Auvere- by the end of March we had invested 167.6 million euros. Excavation of cooling water canals was finished along with energizing of the electricity connection with Elering. Buildings and facilities are nearly complete and the establishment of access routes at a final stage. Plumbing, electricity and automation installment is nearing completion in the buildings as well as the condensation area. Pretests on the machinery have started. The total cost of the project is estimated at 211.5 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. At the end of the first quarter, the main components for the system were installed, conveyer construction continued along with the installment of automation cables and power feeds. At first quarter end we invested 15.7 million euros and the total cost of the project is budgeted at 25 million.

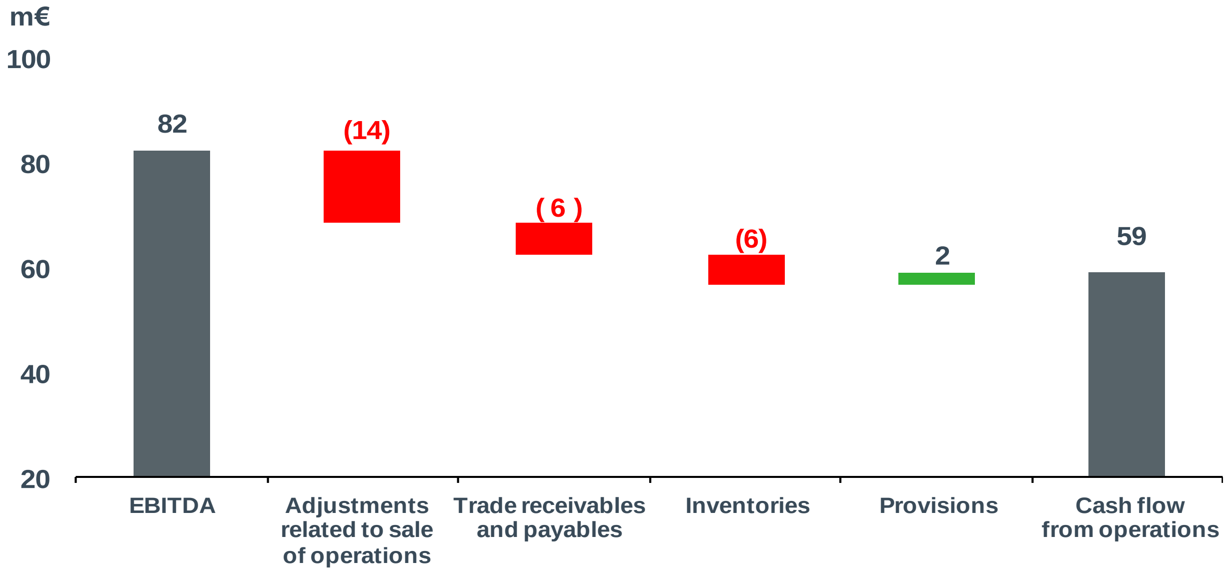
- USA oil project development- we have currently invested 31.8 million euros into this project of which 29.6 million was the acquisition of oil shale reserves. The predevelopment stage of the project is set to last till 2016 during which time we plan to invest a further 38.5 million euros. At this stage, geological and market research has begun, along with the blueprint drafting of the mine. The gathering of meteorological and air quality data has also begun.

- Jordanian oil and electricity project development-in the first quarter we began additional exterior geological surveying at the Attarat oil shale deposits at the western and northern areas. The deposits in the eastern area were surveyed in 2011 and geological work is nearing completion with some final stage control drillings and analysis being done to finalize the geological 3D model. Additional tests were conducted on Enefit test retort in Frankfurt toward the oil predevelopment stage. The electricity project continued negotiations with NEPCO (National Electric Power Company) to soon announce power plant construction procurement. Currently we have invested 5.1 million euros and the predevelopment stage oil development is set to last until 2016 during and with electricity development until 2013. The total cost of predevelopment is 30 million euros.

- Iru waste to energy power unit construction- the production of primary equipment continued along with component construction of the equipment. The erection of the boiler, combustion furnace and cleaning equipment has commenced. Most of the general construction is finished. At the end of the first quarter we had invested 40.2 million euros. The total size of the investment is set to be 104.6 million euros.

Cash flows

In the first quarter of 2012 Eesti Energia's cash flows from operating activities reached 59.0 million euros. Starting from the group's EBITDA (82.4 million euros), operating cash flows were mainly affected by adjustments regarding the sale of a telecommunications subsidiary (-13.6 million euros), increased trade receivables (-7.1 million euros) and increased inventories (-5.8 million euros).



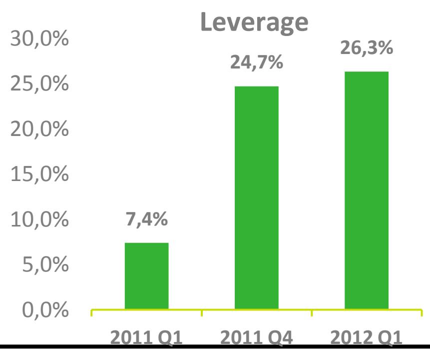
Cash flow from operating activities decreased compared to the same period last year by 43.7% (-45.9 million euros). Compared to first quarter of 2011, operating cash flow was negatively affected by an increase of trade receivables (-20.7 million euros) along with a decrease of CO_2 emission prepayments (-13.4 million). The latter occurred due to decreased power generation and lower CO_2 prices.

Net cash flows in the first quarter were -29.1 million euros (-49.2 million compared to first quarter 2011). In addition to operating activities, net cash flow was also affected by larger capital expenditures which totaled 145.4 million euros (+73.5 million euros) and by the drawn credit facility in the amount of 25.0 million euros.

Financing and liquidity

Eesti Energia's extensive investment plan increases the importance of liquidity and the involvement of debt capital at optimal conditions.

As of the end of March 2012, Eesti Energia had 27.2 million euros worth of liquid assets (including deposits with maturities over 3 months and various financial assets). At quarter end, we had used 25 million euros of the September 2011's 500 million euros credit facilities and subsequently have 475 million euros worth of undrawn credit facilities. Additionally, Eesti Energia had 95 million euros worth of long term



investment loans from European Investment Bank, which were agreed upon in December 2011. In addition to liquid assets, the group therefore has undrawn credit facilities of 570 million euros at quarter end.

Eesti Energia's long term debt is made up of 300 million Euros worth of Eurobonds, bearing a 4.5% fixed interest rate and maturity date in 2020. We also have 145.6 million Euros worth of loans outstanding from the European Investment Bank. Eesti Energia's long term debt had 98% fixed interest rates and a 2% floating interest rate. As of the end of the first quarter in 2012, the weighted average interest rate of Eesti Energia's debt obligations stood at 4.04%, a decrease of 0.01 percentage points compared to last year end and 0.14 percentage points compared to first quarter 2011. In addition to long term debt at quarter end, the group has taken 25 million euros worth of short term liquidity loans. The base currency of the debt is the Euro.

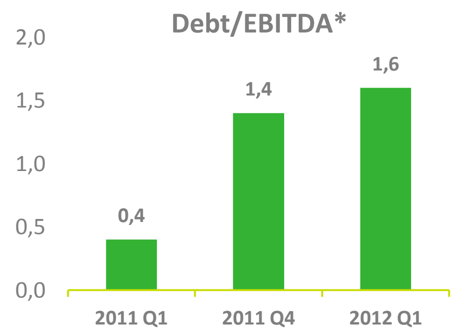
As of 31st of March 2012, the group's Net Debt is 458.0 million euros (363.1 million euros more compared to the 31st of March in 2011 and 53.4 million euros compared to the 31st of December in 2011). Our Net Debt/EBITDA (rolling 12 months) ratio in the first quarter of this year was 1.6. The Net Debt/EBITDA ratio is following a rising trend due to the group's extensive investment plans, which increases the expected net debt.

Eesti Energia has taken an obligation in loan agreements not to exceed certain financial ratios. As of the first quarter 2012 the group has had its financial key ratios in accordance with the financial limits.

In order to finance the long term investments we issued 300 million euros worth of bonds at the beginning of April 2012. The bonds carried a coupon rate of 4.25% with the maturity date on October 2nd 2018.

The Notes have been priced at +248 basis points over the interpolated EUR midswap rate to yield 4.405%.

The bond issue settled on April 2nd and as such the bond transaction is not included in the group's first quarter report. The transaction attracted a high quality and strong order book that exceeded €650 million with 96 investors participating. The geographic allocation of the Notes was the following - Scandinavia and Estonia 39%, Switzerland 20%, Austria 12%, France 11%, UK 10%, Rest of Europe 8%. In terms of investor type, the allocation was the following – Fund Managers 41%, Insurance Companies 36%, Banks & Private Banks 15% and Pension Funds 8%.



*-rolling 12 months

Eesti Energia credit ratings at the end of first quarter were BBB+ for Standard & Poors' and Baa1 for Moody's, both rating agencies assigned stable outlooks.

Outlook

In 2012 the Eesti Energia Group will continue with its major investment program, under which we expect to invest 570 million euros in 2012. The largest investment is planned for the new 300-MW power plant in Auvere, in which we plan to invest 219 million euros in 2012. We plan to invest about 52 million euros in finishing the construction of the Enefit-280 oil plant and 98 million into Distribution Network.

The new Enefit280 oil plant will be commissioned and ready for production in 2012. Two wind parks are being built in Narva and Paldiski, and they will increase Eesti Energia's annual renewable energy generating capacity by a total of 121 GWh. Both will impact revenue and profitability.

Eesti Energia's revenues and profitability are directly affected by electricity prices in the Nord Pool Spot power exchange, prices for CO2 emissions allowances, and the price for fuel oil with 1% sulfur content in the NWE ARA price area.

Eesti Energia uses various hedging instruments in the electricity market to cover the risks of our generation portfolio, and in 2012 these will include electricity sales on the regulated retail market in Estonia, unregulated retail and wholesale electricity sales in the Baltic region, and future transactions with financial instruments derived from the electricity price on Nord Pool Spot and the price of CO2 emissions allowances. We mostly use financial instruments with a fixed price agreed with counterparties for hedging the price risks of shale oil production. We also use options for financial transactions.

The Group's results for 2012 will be affected not only by the factors already mentioned, but also by sulfur emission limits which will apply to and reduce our electricity generation capacity. The success of the commissioning of our new Enefit280 oil plant will also have an impact on our results. At present we foresee that the Group's revenues in 2012 will show slight growth compared to 2011 because of sale of the telecommunications subsidiary (+13.6 million profit in first quarter of 2012), high oil prices, expected increase in shale oil production and a higher average tariff for electricity distribution. Electricity sales revenues are likely to be reduced by lower than average sales prices and lower generation volumes. The expected slight growth of the Group's EBITDA is mainly due to the completion of generating assets, profitable oil sales and the increased profitability of the distribution network. Increased depreciation is expected to have an impact on the Group's operating profit.

	2012 1. Aprill-31.December closed position quantities	2012 1. Aprill-31.December closed position average price
Electricity generation	6.8 TWh	35.9 €/MWh
CO_2 emissions	9.9 mln tons	3.97 €/t
Shale oil production	99.2 thousand tons	439.4 €/t

	2011	2012
Revenues	858 million euros	Slight growth
EBITDA	265 million euros	Slight growth
Operating profit	168 million euros	Stable

Consolidated statement of comprehensive income

in million EUR

	3 months 1 January - 31 March 2012	3 months 1 January - 31 March 2011	12 months 1 April - 31 March 2011/12	12 months 1 April - 31 March 2010/11	*Note*
CONTINUING OPERATIONS					
Revenue	220,6	233,5	819,0	799,3	*2*
Other operating income	15,2	3,5	36,9	2,5	
Government grants	-	-	0,4	0,3	
Change in inventories of finished goods and work-in-progress	6,1	-1,1	11,1	-6,6	
Raw materials and consumables used	-105,5	-120,1	-375,1	-374,2	
Payroll expenses	-36,0	-32,3	-139,2	-130,6	
Depreciation, amortisation and impairment	-25,9	-22,5	-100,6	-91,3	
Other operating expenses	-18,0	-16,9	-72,1	-66,7	
OPERATING PROFIT	**56,5**	**44,1**	**180,4**	**132,7**	*2*
Financial income	0,4	1,0	3,5	6,4	
Financial expenses	-0,8	-2,7	-5,3	-12,1	
Net financial income (-expense)	**-0,4**	**-1,7**	**-1,8**	**-5,7**	
Gain from associates using equity method	-	-	-0,9	1,5	
PROFIT BEFORE TAX	**56,1**	**42,4**	**177,7**	**128,5**	
CORPORATE INCOME TAX EXPENSE	**-**	**-**	**-14,7**	**-28,7**	
PROFIT FROM CONTINUING OPERATIONS	**56,1**	**42,4**	**163,0**	**99,8**	
PROFIT FOR THE YEAR	**56,1**	**42,4**	**163,0**	**99,8**	
ATTRIBUTABLE TO:					
Equity holders of the Parent Company	**56,1**	**42,2**	**163,2**	**100,3**	
Non-controlling interest	**-**	**0,2**	**-0,2**	**-0,5**	
Basic earnings per share (euros)	*0,12*	*0,09*	*0,35*	*0,21*	*7*
Diluted earnings per share (euros)	*0,12*	*0,09*	*0,35*	*0,21*	*7*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR

	3 months 1 January - 31 March 2012	3 months 1 January - 31 March 2011	12 months 1 April - 31 March 2011/12	12 months 1 April - 31 March 2010/11
PROFIT FOR THE YEAR	**56,1**	**42,4**	**163,0**	**99,8**
Other comprehensive income				
Revaluation of risk hedge instruments	-8,3	11,4	14,5	-21,4
Currency translation differences attributable to foreign subsidiaries	-1,0	-0,1	2,6	-0,1
Other comprehensive income for the year	-9,3	11,3	17,1	-21,5
COMPREHENSIVE INCOME FOR THE YEAR	**46,8**	**53,7**	**180,1**	**78,3**
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**46,8**	**53,5**	**180,3**	**78,8**
Non-controlling interest	**-**	**0,2**	**-0,2**	**-0,5**

Consolidated statement of financial position

in million EUR

ASSETS	31 March 2012	31 March 2011	31 December 2011	*Note*
Non-current assets				
Property, plant and equipment	1 760,3	1 361,8	1 658,6	*4*
Intangible assets	55,9	26,3	56,1	
Investments in associates	23,3	11,8	23,3	
Derivative financial instruments	12,4	0,6	13,6	*5*
Long-term receivables	22,9	0,2	17,9	
Total non-current assets	**1 874,8**	**1 400,7**	**1 769,5**	
Current assets				
Inventories	43,8	30,1	37,9	
Greenhouse gas allowances	28,6	45,2	28,0	
Trade and other receivables	128,4	131,3	125,2	
Derivative financial instruments	6,2	0,1	8,1	*5*
Available-for-sale financial assets	5,1	10,1	10,2	
Financial assets at fair value through profit or loss	4,1	5,9	4,9	
Deposits with maturities greater than three months at banks	-	198,0	-	
Cash and cash equivalents	11,8	75,3	40,9	
Total current assets	**228,0**	**496,0**	**255,2**	
Assets of disposal group classified as held-for-sale	**-**	**-**	**11,8**	
Total assets	**2 102,8**	**1 896,7**	**2 036,5**	
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	471,6	471,6	471,6	*6*
Share premium	259,8	259,8	259,8	
Statutory reserve capital	47,2	47,2	47,2	
Hedge reserve	-8,7	-23,2	-0,4	
Unrealised exchange rate differences	2,5	-0,1	3,5	
Retained earnings	509,6	402,5	453,5	
Total equity and reserves attributable to equity holder of the Parent Company	**1 282,0**	**1 157,8**	**1 235,2**	
Non-controlling interest	**1,4**	**1,6**	**1,4**	
Total equity	**1 283,4**	**1 159,4**	**1 236,6**	
LIABILITIES				
Non-current liabilities				
Borrowings	434,3	331,4	434,7	*8*
Other payables	2,3	1,4	0,4	
Derivate financial instruments	5,1	7,1	1,9	*5*
Deferred income	129,0	118,8	126,4	
Provisions	31,4	28,5	31,1	
Total non-current liabilities	**602,1**	**487,2**	**594,5**	
Current liabilities				
Borrowings	26,4	26,8	1,5	*8*
Trade and other payables	159,1	138,5	176,1	
Derivative financial instruments	14,3	18,5	9,2	*5*
Deferred income	1,2	0,5	0,2	
Provisions	16,3	65,8	14,4	
Total current liabilities	**217,3**	**250,1**	**201,4**	
Liabilities of disposal group classified as held-for-sale	**-**	**-**	**4,0**	
Total liabilities	**819,4**	**737,3**	**799,9**	
Total liabilities and equity	**2 102,8**	**1 896,7**	**2 036,5**	

Consolidated statement of cash flows

in million EUR

	3 months		12 months		Note
	1 January - 31 March		1 April - 31 March		
	2012	2011	2011/12	2010/11	
Cash flows from operating activities					
Cash generated from operations	59,3	102,0	145,3	247,4	
Interest and loan fees paid	-0,4	-0,1	-17,5	-15,4	
Interest received	0,1	3,1	2,7	7,1	
Corporate income tax paid	-	-	-14,6	-28,8	
Net cash generated from operating activities	**59,0**	**105,0**	**115,9**	**210,3**	
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	-145,4	-71,9	-491,0	-238,6	
Proceeds from connection and other fees	3,7	2,2	14,1	10,0	
Proceeds from sale of property, plant and equipment	0,8	0,9	2,7	2,3	
Proceeds from grants of property, plant and equipment	0,8	-	0,8	-	
Net change in deposits with maturities greater than 3 months	-	-16,6	198,0	182,9	
Net change in cash restricted from being used	-1,8	23,0	21,3	-19,0	
Purchase of short-term financial investments	-5,7	-5,7	-47,9	-36,7	
Loans granted	-2,6	-0,1	-6,7	-0,1	
Loan repayments received	2,9	5,3	3,0	5,3	
Dividens received from long-term financial investments	-	-	1,3	-	
Acquisiton of subsidiaries, net of cash acquired	-	-28,8	-2,7	-28,8	
Proceeds from disposal of subsidiary	22,1	4,1	24,3	4,1	*11*
Proceeds from sale and redemption of short-term financial investments	11,6	3,0	55,1	21,9	
Net cash used in investing activities	**-113,6**	**-84,6**	**-227,7**	**-96,7**	
Cash flows from financing activities					
Received long-term bank loans	26,2	0,1	164,3	2,0	
Repayments of bank loans	-0,7	-0,9	-59,0	-3,8	
Proceeds from non-controlling interest	-	0,6	0,1	0,6	
Dividends paid	-	-	-56,1	-109,2	
Net cash used in financing activities	**25,5**	**-0,2**	**49,3**	**-110,4**	
Net cash flows	**-29,1**	**20,2**	**-62,5**	**3,2**	
Cash and cash equivalents at the beginning of the period	40,9	55,1	75,3	72,1	
Cash and cash equivalents of subsidiaries classified as associates	-	-	*1,0*	-	
Cash and cash equivalents classified as held for sale	-	*-0,3*	-	-	
Cash and cash equivalents at the end of the period	11,8	75,3	11,8	75,3	
Net increase/(-)decrease in cash and cash equivalents	**-29,1**	**20,2**	**-62,5**	**3,2**	

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 2010	**471,6**	**259,8**	**47,2**	**-34,6**	**360,3**	**1 104,3**	**2,8**	**1 107,1**
Comprehensive income for the year	-	-	-	-	42,2	42,2	0,2	42,4
Comprehensive income for the year	-	-	-	11,3	-	11,3	-	11,3
Total comprehensive income	**-**	**-**	**-**	**11,3**	**42,2**	**53,5**	**0,2**	**53,7**
Change in non-controlling interest due to the disposal of a subsidiary	-	-	-	-	-	-	-2,0	-2,0
Proceeds from non-controlling interest	-	-	-	-	-	-	0,6	0,6
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-1,4**	**-1,4**
Equity as at 31 March 2011	**471,6**	**259,8**	**47,2**	**-23,3**	**402,5**	**1 157,8**	**1,6**	**1 159,4**
Equity as at 31 December 2011	**471,6**	**259,8**	**47,2**	**3,1**	**453,5**	**1 235,2**	**1,4**	**1 236,6**
Profit for the year	-	-	-	-	56,1	56,1	-	56,1
Comprehensive income for the year	-	-	-	-9,3	-	-9,3	-	-9,3
Total comprehensive income	**-**	**-**	**-**	**-9,3**	**56,1**	**46,8**	**-**	**46,8**
Equity as at 31 March 2012	**471,6**	**259,8**	**47,2**	**-6,2**	**509,6**	**1 282,0**	**1,4**	**1 283,4**

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 2011.

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 2012 did not have any impact to the Group's accounting policies and financial statements.

According to the Management Board the Interim Report prepared for the period 1 January 2012 - 31 March 2012 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.
In the segment reporting the relevant financial measures are presented that are regularly provided to the parent company's management board and evaluated by the parent company's management board.
The internal management structure of the Group is divided into four 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 Võrguehitus AS);
- Distribution (consisting of company Eesti Energia Jaotusvõrk OÜ);
- Electricity and Heat Generation (consisting of companies and business units Eesti Energia Narva Elektrijaamad AS, Taastuv-energia, Iru Elektrijaam, Väikekoostootmine, Energiakaubandus, Solidus Oy, AS Narva Soojusvõrk, Eesti Energia Aulepa Tuuleelektrijaam OÜ, Eesti Energia Tabasalu Koostootmisjaam OÜ, SIA Enefit Power & Heat Valka, OÜ Pogi);
- 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, electrical installation work and other services to end consumers. Electrical energy is sold in Estonia, Latvia and Lithuania.
Distribution involves regulated business in providing distribution services and other related services.
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.

For the benefits of the users of the financial statements additional information has been disclosed on regulated business of Mining in Minerals, Oil and Biofuels segment, although it is not treated as operating segment in the management structure.

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.

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. Group is recognised as associate.

On 17 February 2012 the transaction of the sale of the 100% shareholding in Televõrgu AS was completed (Note 11). Until its disposal, Televõrgu AS was part of the Retail Business segment.

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 reporting, cont.

Segment information for reportable segments for the period 1 January 2012 - 31 March 2012
in million EUR

	Retail Business	Distribution	Electricity and Heat Generation	Minerals, Oil, Biofuels Total	*of which Mining*	Corporate Functions	Elimi-nations	Total
Total revenue	88,8	*65,1*	121,6	76,1	*51,7*	6,3	-137,3	220,6
Inter-segment revenue	-13,5	*-1,4*	-69,7	-40,3	*-42,4*	-6,2	131,1	-
Revenue from external customers	75,3	*63,7*	51,9	35,8	*9,3*	0,1	-6,2	220,6
Operating profit	14,5	*8,7*	19,2	14,8	*2,8*	-0,5	-0,2	56,5

Segment information for reportable segments for the period 1 January 2011 - 31 March 2011
in million EUR

	Retail Business	Distribution	Electricity and Heat Generation	Minerals, Oil, Biofuels Total	*of which Mining*	Corporate Functions	Elimi-nations	Total
Total revenue	89,6	*55,4*	156,5	82,0	*61,9*	4,2	-154,2	233,5
Inter-segment revenue	-13,6	*-1,0*	-67,0	-51,3	*-52,4*	-4,0	136,9	-
Revenue from external customers	76,0	*54,4*	89,5	30,7	*9,5*	0,2	-17,3	233,5
Operating profit	-5,1	*4,2*	31,3	15,1	*8,4*	-0,8	-0,6	44,1

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

	3 months 1 January - 31 March 2012	2011
Segment operating profits for reportable segments	57,2	45,5
Operating profit of Corporate Functions	-0,5	-0,8
Eliminations:		
Change in price difference of inventories	0,1	-0,5
Other eliminations	-0,3	-0,1
Total operating profit per consolidated income statement	**56,5**	**44,1**

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 2011						
Cost	42,2	150,6	756,8	1 289,2	4,9	2 243,7
Accumulated depreciation	-	-87,8	-311,6	-627,9	-4,3	-1 031,6
Net book amount	42,2	62,8	445,2	661,3	0,6	1 212,1
Construction in progress	-	1,3	33,3	355,7	-	390,3
Prepayments	-	-	-	56,2	-	56,2
Total property, plant and pquipment as at 31 December 2011	**42,2**	**64,1**	**478,5**	**1 073,2**	**0,6**	**1 658,6**
Movements 1 January - 31 March 2012						
Purchases of property, plant and equipment	-	1,0	8,6	117,6	0,2	127,4
Depreciation charge	-	-1,1	-5,7	-18,5	-0,1	-25,4
Net book amount of non-current assets disposed	-	-	-	-0,3	-	-0,3
Movements 1 January - 31 March 2012	**-**	**-0,1**	**2,9**	**98,8**	**0,1**	**101,7**
Property, plant and equipment as at 31 March 2012						
Cost	42,2	150,3	764,6	1 333,3	5,1	2 295,5
Accumulated depreciation	-	-88,6	-316,1	-640,6	-4,4	-1 049,7
Net book amount	42,2	61,7	448,5	692,7	0,7	1 245,8
Construction in progress	-	2,3	32,9	430,1	-	465,3
Prepayments	-	-	-	49,2	-	49,2
Total property, plant and equipment as at 31 March 2012	**42,2**	**64,0**	**481,4**	**1 172,0**	**0,7**	**1 760,3**

5 Derivative financial instruments

in million EUR	31 March 2012		31 March 2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward contracts for buying and selling electricity as cash flow hedges	8,9	-	-	9,1
Forward and option contracts for buying and selling electricity as trading derivatives	1,3	-	-	1,7
Option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	8,4	-	0,7	-
Swap and futures contracts for selling shale oil as cash flow hedges	-	19,6	-	14,8
Swap and futures contracts for selling shale oil as trading derivatives	-	-0,2	-	-
Total derivative financial instruments	**18,6**	**19,4**	**0,7**	**25,6**
including non-current portion:				
Forward contracts for buying and selling electricity as cash flow hedges	2,7	-	-	0,4
Forward and option contracts for buying and selling electricity as trading derivatives	1,3	-	-	-
Option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	8,4	-	0,6	-
Swap and futures contracts for selling shale oil as cash flow hedges	-	5,1	-	6,7
Total non-current portion	**12,4**	**5,1**	**0,6**	**7,1**
Total current portion	**6,2**	**14,3**	**0,1**	**18,5**

6 Share capital

As at 31 March 2012, Eesti Energia AS had 471 645 750 registered shares (31 March 2011: 471 645 750 registered shares). The nominal value of each share is 1 euro.

7 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.

	3 months		12 months	
	1 January - 31 March		1 April - 31 March	
	2012	2011	2011/12	2010/11
Profit attributable to the equity holders of the company (million EUR)	56,1	42,2	163,2	100,3
Weighted average number of shares (million)	471,6	471,6	471,6	471,6
Basic earnings per share (EUR)	0,12	0,09	0,35	0,21
Diluted earnings per share (EUR)	0,12	0,09	0,35	0,21

8 Nominal value and amortized cost of borrowings

in million EUR

	31 March 2012		31 March 2011	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Current portion of long-term bank loans	26,4	26,4	26,8	26,8
Total short-term borrowings	**26,4**	**26,4**	**26,8**	**26,8**
Long- term borrowings				
Bank loans	144,2	143,4	41,6	41,4
Bonds issued	300,0	290,9	300,0	290,0
Total long- term borrowings	**444,2**	**434,3**	**341,6**	**331,4**
Total borrowings	**470,6**	**460,7**	**368,4**	**358,2**

9 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.

10 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.

	1 January - 31 March	
	2012	**2011**
Transactions with associates		
Purchase of goods and services	6,7	7,1
Proceeds from sale of goods and services	0,6	0,5
Financial income	0,3	-

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.

11 Disposal of subsidiary

On 17 February 2012 the transaction of the sale of the 100% shareholding in Televõrgu AS was completed. Until its disposal, Televõrgu AS was part of the Retail Business segment.

Net assets of the subsidiary disposed in million EUR	**17 February 2012**
Cash and cash equivalents	0,3
Trade and other receivables	2,0
Inventories	0,1
Property, plant and equipment	10,1
Intangible assets	0,1
Trade and other payables	-3,9
Total net assets of th subsidiary disposed	8,7
Sales price	22,3
Gain on sale	13,6
Cash in flows in transaction	
Proceeds from sale	22,4
Cash and cash equivalents of subsidiary in bank accounts	-0,3
Total cash inflows in transaction	22,1

12 Events after the reporting period

On 2 April 2012 the Group issued bonds in the amount of EUR 300 million with the coupon rate of 4.25% and maturity date in 2018.