

Interim report

1 April 2009 - 30 September 2009



Key Figures and Ratios¹

		1/04/2009- 30.9.2009	1/04/2008- 30.9.2008	Change	
Total electricity sales, of which	GWh	4,106	4,392	-287	-6.5%
domestic electricity sales	GWh	2,991	3,321	-331	-10.0%
electricity exports	GWh	1,115	1,071	44	4.1%
Sales of heat (outside the Group)	GWh	217	436	-220	-50.3%
Sales of oil shale (outside the Group)	th t	792	818	-26	-3.2%
Sales of shale oil (outside the Group)	th t	71	70	1	1.4%
Distribution losses	%	5.4%	4.8%	0,6pp	12.5%
Average number of employees		7,906	8,448	-542	-6.4%
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Total revenues and other income, including	MEUR	290.5	293.9	-3.4	-1.2%
sales revenue	MEUR	279.5	285.4	-5.9	-2.1%
EBITDA	MEUR	92.8	72.2	20.6	28.6%
EBIT	MEUR	46.9	29.7	17.2	57.9%
Net profit ²	MEUR	16.6	11.8	4.8	40.4%
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Net Fixed Assets	MEUR	1,166.6	1,411.4	-244.8	-17.3%
Equity	MEUR	1,138.2	1,005.3	132.9	13.2%
Net Debt	MEUR	212.8	147.2	65.6	44.5%
Investments	MEUR	88.4	88.0	0.5	0.5%
FFO	MEUR	91.5	71.4	20.0	28.1%
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Leverage ¹	%	24.2%	24.9%		-0.7pp
ROIC	%	6.9%	5.2%		1.7pp
EBITDA interest cover	times	11.5	8.7		2.8pp
FFO/ Interest Expenses	times	11.3	7.6		3.7pp
FFO/ investments	%	103.4%	81.2%		22.2pp
EBITDA margin	%	32.0%	24.6%		7.4pp
EBIT margin	%	16.1%	10.1%		6.0pp

¹ Borrowings / (Borrowings + Equity)

² Covers continuing and discontinuing operations

FFO - Funds from operations excluding changes in the working capital

¹ Data covering only continuing segments.

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Eesti Energia in Brief

Eesti Energia is an international energy company offering energy solutions ranging from electricity, heat and fuel production to sales, customer service and consulting. The company operates in all three Baltic States, in Finland and in Jordan, using the company name Eesti Energia in Estonia, and, since May 2009, the brand name Enefit for international operations.

Our comprehensive approach to energy generation and customers' energy needs helps us create value and increase security in Estonia and the wider world.

- We are the only energy company in Estonia operating across the entire value chain, from the upstream operations of oil shale mining, electricity and heat generation and oil production, through to client service and sales.
- In the Baltic Sea region, we sell electricity to customers in all three Baltic States and in Finland.
- Our unique know-how and technology in oil shale processing is in high demand around the world, and is a key export in our business portfolio.

As preparation for the deregulation of the electricity market, in the 2008/09 financial year Eesti Energia made the transition to a management model based on business divisions. Dividing the company into divisions² lays a foundation for the Eesti Energia Group to create more added value and be more successful in the international market.



* Risk Management and Internal Audit, Strategy, Finance, Environment, Human Resources and Secretariat, Legal Services, Communication, IT, Real Estate

² Electricity Transmission segment is considered as discontinued operations due to assignment of OÜ Elering. Group's six month interim report reflects financial and natural data for continuing segments. Nordic Energy Link is comprised in Electricity and Heat Production segment.

Significant Events during 2009/10 Financial Year First Six Months

Eesti Energia rebrands subsidiaries under one name

From 8th of May Eesti Energia brought its subsidiaries, which had previously operated under different names and logos, under one name and visual identity. In the last few years, Eesti Energia has significantly transformed the range of its operations. The Estonian electrical company has now become an energy solutions partner with an integral value chain, operating both in Estonia and on international markets.

All of the companies in the group will begin using a single visual identity and the companies operating outside of Estonia will bear the trademark Enefit. As all of the companies will use the same visual identity as Eesti Energia, it will create strong associations between Eesti Energia's international and domestic activities.

Eesti Energia and the European Investment Bank signed a EUR 150 million loan agreement

On the 25th of May Eesti Energia and the European Investment Bank signed a loan agreement for 150 million euros with 15 year maturity and favourable financial conditions. Eesti Energia will use the loan capital to finance a three-year investment programme, aimed at modernizing and developing Estonian electricity networks. Financing investments in electricity networks would provide a substantial contribution to the common EU objective of Diversification and Security of Internal Supply and would further enhance Eesti Energia's role on the Baltic electricity market. In the financial year 2008/09 Eesti Energia invested 141 million euros into electricity networks, which was approximately 2/3 of the Group's total investments.

Elering will be separated from Eesti Energia

On September 3rd, Supervisory Board of Eesti Energia conditionally approved the resolution to sell the transmission system operator Elering OÜ to the Government of Estonia. The goal of the separation of Elering OÜ, Estonia's TSO, is to conform with European Union requirements that TSOs be independent from generation and sales activity as well to establish the conditions for the creation of an electricity market in Estonia. The company's sale will not damage the financial or investment capacity of neither Eesti Energia AS nor Elering OÜ. The transaction can be completed by the end of the year if necessary approvals will be received from the European Investment Bank and the Nordic Investment Bank.

Eesti Energia will establish a new oil shale energy complex

On May 21st Eesti Energia's Supervisory Board approved boards decision to build a new shale oil plant with more efficient technology, as well as to hold procurement for the construction of up to two new oil shale-fuelled electrical power units.

The new oil plant uses a more environmentally friendly, dependable and scaled-up Enefit technology, developed through Eesti Energia's cooperation with the international engineering company Outotec. It will be the most efficient commercially utilized oil shale fuels production technology and an advancement of the currently used solid heat carrier process. The construction of the plant will commence this year and the start-up of the oil plant will take place in 2011. In the coming years, Eesti Energia plans to develop a liquid fuels industry, producing oil up to twice the value of the current shale oil that could be used as motor fuel according to existing fuel norms. The cost of the new oil plant is approximately 190 million euros.

In the division of electricity generation, an important decision was made to announce the procurement for up to two new oil shale-fuelled CFB units in 2009. The planned total capacity of these units would be up to 600 MW. In the event of a successful procurement, construction of the first unit can commenced in a year and it would be completed in 2015. The cost of the electricity units will become apparent once the results of the procurement are evident at the end of 2010 and the final investment decision is made.

Eesti Energia and Outotec established joint venture

On June 10th Eesti Energia and the international technology development company Outotec signed a contract to establish a joint venture. The main aim of the joint venture is selling the new generation Enefit fuel oil production technology. Eesti Energia will have a 60% and Outotec a 40% stake according to shareholders agreement of the new joint venture. The company will licence the right of use of the technology to Eesti Energia Õlitööstus (Oil and Gas). The owner of the new shale oil plant will be Eesti Energia.

Eesti Energia and Outotec agreed contract of supply

On June 10th Eesti Energia and Outotec signed a contract for the construction of key parts of the new shale oil plant. Agreements include building of thermal unit, where the process of oil production takes place. Total cost of the contracts will be 110 million euros.

Three companies presented their application forms for participation in the tender to build a new Power Plant in Narva.

Three applications were submitted in the procurement proclaimed in July 2009 - one joint application form was presented by SNC Lavalin Polska Sp. z.o.o. and SNC-Lavalin Inc. (Canada), the second application form was presented by Alstom Estonia AS, Alstom Power Sp. z.o.o. (Poland) and Alstom Power Systems SA (France). The third application form was received from the Spanish company Iberdrola Ingenieria y Construcción. All application forms for participation in the tender will have been reviewed by the beginning of October. Qualified tenderers will receive tender documentation necessary to draw up the offers. The deadline set for tenders is April. Within the year it is planned to conclude a contract with the winning tenderer. The first power unit should be constructed by 2015.

Enefit's sales grow in the Latvian electricity market

In the first six months of financial year 2009/10, Eesti Energia's Latvian subsidiary Enefit SIA sold 181 GWh of electricity, 155 GWh more than in same period last year, accounting for approximately 6% of all electricity consumed in Latvia during this period. Enefit has continuously increased market share in Latvia since the electricity market opened up and wishes to continue this trend in the future.

Eesti Energia signed a sales contract in Lithuania

Representatives of Eesti Energia and Lietuvos Energija signed a contract on September 23rd, according to which Eesti Energia will supply Lithuania with electricity after the closure of Ignalina nuclear plant in 2010. The contract enables Eesti Energia to cover approximately ten per cent of Lithuanian consumption with export, which is about 1 TWh.

Nordic electricity exchange Nord Pool will expand to Estonia in 2010

Nordic electricity exchange Nord Pool Spot AS announced on the 30th of September that it will open new price area in Estonia in 2010. This decision will encourage completion of the second cable between Estonia and Finland, Estlink II, at the end of 2013. Estlink II under sea cable is also one of important infrastructure projects that European Commission chooses to finance with 100 million euros under the Baltic Electricity Market Integration Plan.

Eesti Energia opens Aulepa, the biggest wind farm in the Baltic's

The formal opening ceremony for the most powerful wind farm in the Baltic States was held on June 16th in Läänemaa, Estonia. Aulepa wind farm is Eesti Energia's biggest investment into the development of renewable energy. The completion of Aulepa wind farm supports Eesti Energia's generation strategy, one of its primary goals being, to make energy generation more environmentally friendly.

The brand-new wind farm is rated at 39 megawatts (MW). The wind farm has 13 turbines, each rated at 3 MW. The annual output of Aulepa wind farm will be about 100 gigawatt-hours (GWh), which is 1.3 per cent of the domestic end consumption of electricity in Estonia. That is approximately equivalent to the amount of power consumed per year by 35,000 Estonian households. The total cost of the project is close to 58 million euros and it was self-financed by Eesti Energia. The prime contractor was the Finnish wind turbine producer Winwind OY.

Eesti Energia started offering Green Energy

Eesti Energia started offering tariff based Green Energy on March 1st. Under the Green Energy brand Eesti Energia sells only renewable energy produced mainly by Eesti Energia or other producers outside the Group. Electricity is distributed to clients through the same network as other electricity. Green Energy sales volumes are precisely measured so it is guaranteed that every kilo-watt hour of Green Energy sold corresponds to the amount of renewable energy produced. This ensures that all customers, who buy Green Energy, consume only energy from renewable resources.

Over one thousand clients have joined Green Energy in the last four months, with annual consumption at 21 GWh.

Nava Elektriijaamad will start producing renewable energy

Narva Elektriijaamad (Narva Power Plants) will produce about 260-280 GWh, 4 per cent of total consumption in Estonia, renewable energy from wood chips in new energy unit starting this financial year. This will increase

Group's renewable energy generation and guarantee that Green Energy clients will get electricity that is produced only from renewable sources. Agreement with the State Forest Management Centre was achieved in supplying Narva Elektriijaamad with wood chips.

Eesti Energia Elekritööd AS (Electrical Works) offers electricity works in homes

Beginning May 11th, Eesti Energia offers their clients direct assistance with electrical works. Services range from installing sockets to creating electricity projects. Previously Eesti Energia operated only from the Eesti Energia electricity network to the clients' electrical board.

Eesti Energia starts to offer energy label to clients

Clients can order an energy label from Eesti Energia starting on 15th of June. An energy label is a document that characterizes buildings energy needs and contains a list of main measures that help to decrease buildings energy needs. An energy label is obligatory when selling or renting a building or apartment and on new buildings. Eesti Energia plans to offer consultations to business clients and energy audits on energy savings from the beginning of autumn.

Peak boiler house will be built in Ahtme

Kohtla-Järve Soojus (Kohtla-Järve Heating) signed an agreement on the July 22nd with Nordecon International AS and AS Napal, who made a joint offer, on building a peak and reserve boiler house in Ahtme. Construction work on the new boiler house will commence in autumn and boiler house will produce heat from January 2011. Total cost of the construction will be 8.6 million euros. The new boiler house will use gas and shale oil and has a total capacity of 100 MW, out of which 20 MW are covered with two new boilers built in Ahtme old heat plant in 2008.

Eesti Energia announced Iru municipal solid waste plant procurement winner

Eesti Energia declared the French company Constructions Industrielles De La Mediterranee (CNIM) the successful tenderer for the construction of Iru municipal solid waste plant. The CHP plant, which is scheduled to be completed in 2012, will have a capacity of burning up to 220,000 tons of mixed waste. In addition to domestic waste, the mass burn technology-based municipal solid waste plant to be constructed next to the existing Iru power plant will handle light industrial waste as well as clinical waste, which has been causing problems in Northern Estonia. As the waste constitutes locally generated fuel, the estimated price is more favourable and stable than the one for the current natural gas-based heat generation. The total cost of the project, specified in the public procurement, will be - as estimated - 95 million euros. Construction of the municipal solid waste plant is scheduled to begin at the end of 2009, with the new plant starting to generate electricity and thermal power at the beginning of 2012. The plant is designed to enhance the generation capacities of the existing Iru power plant.

Modern crushed stone complex opened at Estonia mine

On April 2nd, a modern crushed stone complex was opened at Estonia mine. Eesti Energia Kaevandused (Mining) new crushed stone complex is producing high-quality crushed stone suited for road construction and repair. Residues from oil shale mining will be used to produce the crushed stone, which will significantly improve the reuse of production residues. Establishment of the crushed stone complex began in late 2007 and the mine's enrichment plant was chosen as the location. Planned production capacity of the Estonia mine's crushed stone plant is nearly 1 million tons of commercial crushed stone per year.

Electricity bills payable in banks and in Estonian Post offices

From the beginning of July 1st clients can pay electricity bills through banks and in all Estonian Post offices. Since the July 1st Eesti Energia will not accept cash or card payments in their service offices, but rather focuses on advising clients. The number of payments made in service offices has decreased and only 7% of electrical bills were paid in service offices. In the future, the focus in service offices will be on client consultations, concluding contracts and offering new products such as KÕU Internet, Green Energy and electricity works. Reorganization of service office activities should help Eesti Energia to save about 0.6 million euros a year.

Generation of electricity in Balti power plant was suspended for three summer months

Balti power plant did not produce electricity from May 15th until July 29th as electricity demand is lower in the summer and as it helped to save fixed costs. Halting one unit of Narva Power Plants energy blocks lowered the demand for oil shale substantially. That is why Aidu quarry was also closed for the time.

Eesti Energia installed third under sea cable to Hiiumaa

In July 2009 Eesti Energia installed third under sea cable from Saaremaa to Hiiumaa, supplying the whole island with electricity. As the existing cables are more than twenty years old then new cable will provide more secured supply to Hiiumaa. Cost of the instalment was about 1.7 million euros.

Eesti Energia ended the closing of Balti Power Plant's second ash field

Balti power plant ash field was closed on the June 1st. Closing down the ash field was an extensive environmental project that cost about 7 million euros, of which 84% was financed through the European Union funds. On one part of the ash field dumping ground for industrial waste will be built in 2009. On the rest of the closed ash field Eesti Energia is planning to build a wind park with 17 windmills.

Eesti Energia's Management Board continues in office

At a meeting held on the September 3rd, Eesti Energia's Supervisory Board decided that the company's management board would continue in office with the same members, with Sandor Liive as Chairman. The following members will continue as part of Eesti Energia's Management Board: Margus Kaasik, Chief Financial Officer; Harri Mikk, Head of the Minerals, Oil, Biofuels Division; Raine Pajo, Head of the Electricity and Heat Generation Division and Margus Rink, Head of the Retail Division.

Eesti Energia won best contractor award from the world largest windmills producer

Representatives from Eesti Energia received the award for the best contractor of voltage control bus – Supplier of the Year 2009 - from Danish windmill producer Vestas in June. The winner was chosen from thousands of contractors. Collaboration between the world largest windmill producer and Eesti Energia subsidiary in Ida-Virumaa Tehnoloogiatööstus (Eesti Energia Technology Industries) started in the beginning of 2009. EE Tehnoloogiatööstus produces different appliances and accessories for voltage control bus.

The Business Environment

Macroeconomic environment

According to Statistics Estonia decrease in real growth rate of gross domestic product (GDP) deepened in the second quarter and reached -16.1% (comparing to same period last year). The slowdown in the growth of wages, tighter loan conditions and pessimistic future prospects have strongly discouraged consumer spending (-20.8%). Due to the drop in demand both in Estonia and abroad and the limited availability of credit, companies cut investments by -38.8%. The economic slowdown in Estonia's trading partners pulled exports down by 11.1%, while imports also dropped markedly, by 30.9%, due to the drop in domestic demand. GDP real growth in the first six months of 2009 was -15.6%.



Source: Statistics Estonia

The unemployment rate has rapidly increased in the last quarters – from 4.2% in the first quarter of 2008 to 13.5% in the second quarter of 2009. The rate of change in the consumer price index has shown signs of slowdown and was -1.6% in September 2009 (-1.1% in the third quarter of 2009). The main factors behind deceleration of inflation are smaller domestic demand and smaller external price pressures as world market prices of crude oil and food are lower. The growth rate of the average wage decelerated to -4.4% in the second quarter of 2009.

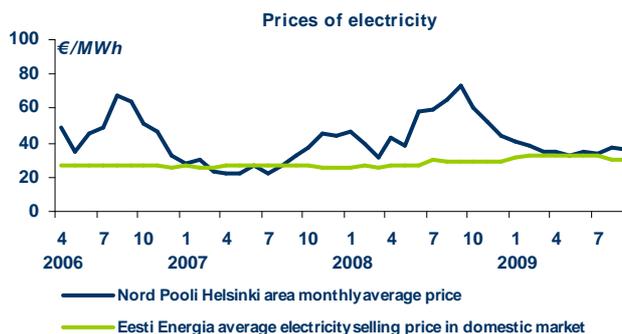
Temperature

Average outside temperature in the first six months of financial year 2009/10 was 12.7 degrees, 0.4 degrees lower than in the corresponding period last year according to Estonian Meteorology and Hydrology Institute data. If in the first quarter temperature was 0.4 degrees lower, than in the second quarter it was 1.2 degrees warmer. The biggest monthly difference was in September, when it was 3 degrees warmer than in 2008. As the temperature during the first six months of this year was broadly the same as during the same period of the last year, then the impact on the sales of electricity in first half of financial year was modest.

Prices of electricity

Estonia. Under Estonian legislation, the Competition Authority is responsible for approving the limit on the price of electricity sold by Narva Elektriijaamad (Narva Power Plants) to the regulated market segment and the limit of the weighted average price of the electricity sold under the Group's sales obligation. From 1 January 2009, indexing methods approved by the Competition Authority have been used in both cases.

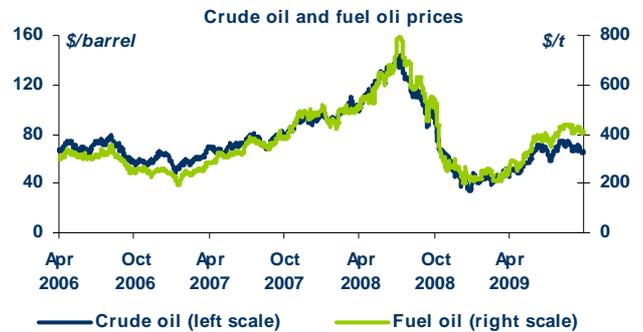
Domestic price of electricity changed once in the first six months of the financial year – price decreased 6.4% from the beginning of August. The selling price, which was set from 1st of March at the level 32.5 €/MWh, fell to 30.4 €/MWh. Change in price was caused by decrease in the costs of generation of electricity in Narva Elektriijaamad as new smaller environmental charges came into effect.



Nordic countries. Average price of electricity on Nordic exchange Nord Pool Finland area was 34.9 €/MWh in the first half of financial year, decreasing by 21.3€/MWh (-37.9%) in comparison to the same period last year. The daily average price has been quite stable this year, fluctuating in the range of 30-40 €/MWh. A year ago the price was more volatile, fluctuating between 8-87 €/MWh.

Price of crude and fuel oil

Brent crude oil daily average price was 63.7 \$/barrel (45.4 €/barrel) in the first six months of the financial year, that is 46.1% (41.0%) lower comparing to the same period last year. But the price has steadily grown from the beginning of financial year – from 50.2 \$/barrel in April to 67.7 \$/barrel in September (+34.8% comparing to the start of the financial year). Expectations of the recovery of world economic growth and higher crude oil stocks have affected price movements. Fuel oil price follows the trend of crude oil price, influencing the sale price of fuel oil produced by the Group. Daily average price of fuel oil in world market was 369\$/t (264 €/t) in the first half of the financial year, decreasing by 40.0% (34.2%) in comparison to same time last year.



CO₂ emission allowances

Average daily price of CO₂ 2009 emission allowances was 14.1 €/t and decreased by 11.9 €/t (45.8%) in comparison with first half of the previous financial year. The price movements were influenced by the fall in the volumes of energy generation.

Economic Performance and Business Segment's

Retail Business

Financial data. Decrease in electricity consumption in Estonia in the first half had negative effect on the segment's electricity and network services sales revenue. Higher selling price and bigger sales to retail customers in Latvia influenced revenue in a positive direction. Expenditures were on the first half in the same level as last year – increase in purchased electricity cost was offset by decrease in fixed costs, mainly in equipment repair and maintenance expenses. Although sales revenue fell in the 2nd quarter (-2.6%; in the 1st quarter +10.8%), then EBIT still grew (+50.8%; in the 1st quarter +42.9%).

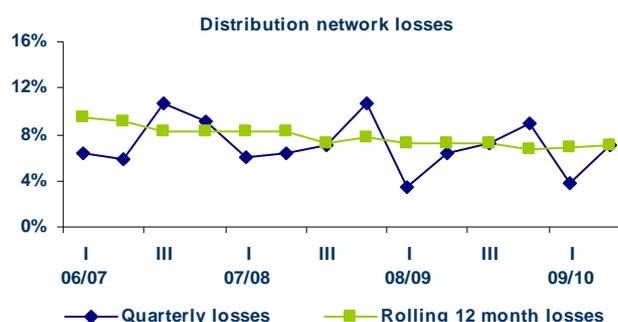
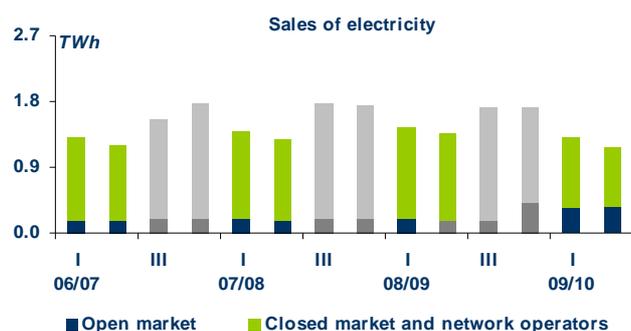
(million euros)	6 months		Change	
	09/10	08/09	(million euros)	%
Sales revenue	187.3	180.0	7.3	4.1%
Operating profit	22.8	15.5	7.2	46.5%
FFO	28.8	21.9	6.8	31.2%
Investments	33.4	54.9	-21.5	-39.1%
EVA (12 months)	-5.4	3.9	-9.3	-237.7%
Number of employees	1,645	1,805	-160	-8.9%

Domestic sales of electricity outside the Group was 2,991 GWh in the first half, decreasing by 331 GWh (-10.0%) compared to last year's first six months. Sales to business customers reached 1,783 GWh (-325 GWh, -15.4%), residential customers 698 GWh (+2 GWh, +0.3%) and network operators 509 GWh (-7 GWh, -1.4%). Sales to business customers has mainly been influenced by economic slowdown, departure of one client from business customers to network operators and smaller sales to Elering. Green Energy sales volume was 6.9 GWh in the first half.

In the 2nd quarter sales decrease deepened, from -7.7% in the 1st quarter to -12.3%. In business client segment sales growth has been -14.4% and -16.6% respectively, in residential customer segment 4.8% and -5.0% and in network operator's segment 1.6% and -4.5%. Sales to residential customers were impacted by preannouncement of meter readings due to rise in the VAT rate from July 1st 2009.

Jaotusvõrk (Distribution Network) **net sales revenue of network services** were 73.1 million euros, increase of 1.7 million euros (+2.3%) compared to same period last year. Sales revenue was influenced by 5.6% higher network tariffs on average.

Sales to eligible retail customers in Latvia was 181 GWh in the first half, growing by more than 155 GWh compared to same period last year.



Compared to last year's first half, **losses** in the distribution network increased by 0.6 percentage points (12.5%) to 5.4%. Although losses in volume increased only by 3.8% (+6 GWh), then the volume of electricity entering the distribution network decreased by 6.8% (-204 GWh), which magnified the increase of the loss percentage.

Segment's **telecommunication services** sales revenue was 6.2 million euros in the first six months of the financial year, growing by 14.2% (0.8 million euros) mainly due to increases in the sales revenue of mobile Internet-service KÕU. At the end of September KÕU had over 24 600 active customers, that is 21.8% (more than 4 400 customers) more than in the end of September last year.

The segment's **investments** were 33.4 million euros in the first half, decreasing by 39.2% (21.5 million euros) compared to first half last financial year. Jaotusvõrk network investments were 32.7 million euros, aimed mainly at subscription to the network and increasing the operating reliability and quality of the networks.

Electricity and Heat Generation

Financial data. Fall in domestic consumption and lower price level in the Nordic exchange Nord Pool Finland area due to the continuing recession had negative effect on the first half sales revenue of electricity (-0.2%). Tighter competition in Tallinn heat market provoked a decline in segment's sales revenue from heat (-38.5%). Smaller generation of electricity and heat resulted in a decrease in variable costs and economizing in fixed costs in the first half of the financial year comparing to same period last year. In 1st quarter changes in sales revenue (+11.5%) and EBIT (+306.6%) were positive. But in the 2nd quarter growth in both cases turned to negative, respectively -16.0% and -165.9%. Loss from revaluation of CO₂ emission allowances substantially influenced 2nd quarter EBIT.

(million euros)	6 months		Change	
	09/10	08/09	(million euros)	%
Sales revenue	168.1	175.3	-7.2	-4.1%
Operating profit	12.7	5.8	7.0	121.1%
FFO	29.0	21.7	7.3	33.5%
Investments	32.8	17.2	15.6	90.7%
EVA (12 months)	8.4	-35.7	44.1	-123.4%
Number of employees	1,699	1,898	-199	-10.5%

Segment's **net electricity generation** was 3,036 GWh in the first half, decreasing by 1,003 GWh (-24.8%) compared to first half of the previous financial year. Decrease in net electricity generation stems from growth of import in segment's electricity portfolio, increasing economic value added. Biggest decrease in generation was in Narva Elektriijaamad (Narva Power Plants) (-992 GWh). As in the summer electricity consumption is usually smaller, then Balti power plant was closed for the period 15 May– 29 July, enabling to save on variable and fixed costs. Iru Elektriijaam (Iru Power Plant) also didn't produce any electricity in the first half, decreasing net electricity generation by 32 GWh. From the beginning of financial year Aulepa wind farm has started to produce electricity and Narva Elektriijaamad have used wood chips in electricity generation, 23 GWh and 26 GWh respectively in the first half, increasing share of electricity produced from renewable sources. Segment's renewable electricity generation totalled 54 GWh in the first six months, increase of about ten times comparing to corresponding time last period.



Segment's **electricity export** was 1,109 GWh in the first half, which is 38 GWh (3.5%) more than in the first half of the previous financial year. Low price level in Nord Pool has decreased sales volumes to Finland (-476 GWh), which have been compensated by bigger sales volumes to Latvia (+492 GWh). Average selling price decreased by 11.2% compared to last years first half. In 2nd quarter export growth was negative (-2.1%) as export to Finland decreased more (-58.5%) than export to Latvia grew (+230,1%). In the 1st quarter export growth was positive (+13.7%).

Sales of heat outside the Group was 217 GWh in the first half, decreasing by 220 GWh (-50.3%) compared to first half of the previous financial year. A decrease in Iru Elektriijaam sales volume by 188 GWh is the main reason for the decrease. Warmer temperature by 0.4 degrees compared to previous financial year's first half had influenced sales volumes. Despite an 19.6% increase in the selling price of heat, Group's sales revenue from heat decreased in the first quarter by 40.6% compared to same period last year. In the 2nd quarter fall in the sales volume of heat deepened, decreasing 65.1% comparing to same period last year. In the 1st quarter change in sales volumes was -41.8

The segment's **investments** were 32.8 million euros in the first half, an increase of 90.7% (15.6 million euros) from the first half of last financial year. Narva Elektriijaamad investments were up to 18.0 million euros (+10.8 million euros), comprising mainly of investments in desulphurisation equipment (13.0 millions euros). Aulepa Wind Park investments were 9.9 million euros (+3.3 million euros) and investments in Kohtla-Järve

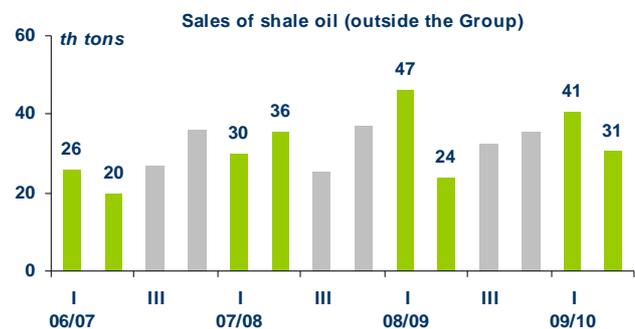
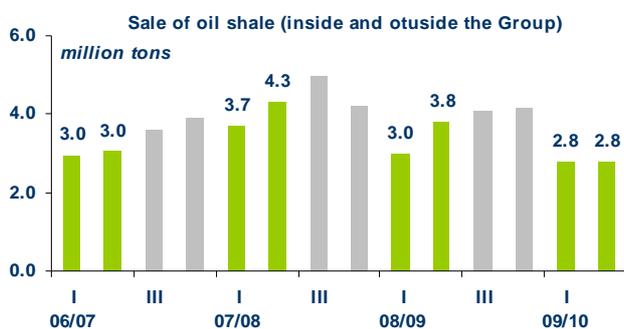
Soojus (Kohtla-Järve Heating) were 2.1 million euros, 1.0 million euros invested in the new peak and reserve boiler house.

Minerals, Oil, Biofuels

Financial data. Smaller intra-Group sales of oil shale and energy appliances decreased, and bigger sales of shale oil increased sales revenue of first half. Smaller production volumes led to decrease in variable costs, primarily environmental costs. Fixed costs, mainly payroll and transportation costs also fell as part of the economizing plan. Although decrease in sales revenue deepened in the 2nd quarter of the financial year (-8.3% in the 1st and -11.5% in the 2nd quarter), then bigger cost cutting in the 2nd quarter lead to increase in EBIT (changes of EBIT in the 1st quarter was -4.2% and in the 2nd quarter +151.7%).

(million euros)	6 months		Change	
	09/10	08/09	(million euros)	%
Sales revenue	87.6	97.2	-9.7	-9.9%
Operating profit	9.7	6.4	3.3	51.0%
FFO	17.9	14.0	3.9	27.9%
Investments	20.5	15.2	5.3	34.9%
EVA (12 months)	3.1	0.3	2.7	860.0%
Number of employees	4,196	4,427	-231	-5.2%

Segment's sales revenue from **oil shale** was 55.7 million euros in the first half, falling by 9.6% (5.9 million euros) comparing to same period last financial year. Sales growth of oil shale in volume, sold inside and outside the Group, has been negative from the beginning of financial year 2008/09 due to smaller generation by Narva Elektriijaamad. This trend continued in the first half of the current financial year as sales volumes decreased by 6.5% (0.2 million tons) in the 1st quarter, 26.5% (1.0 million tons) in the 2nd quarter and 17.7% (1.2 million tons) in the first six months comparing to corresponding period last year. Intra-Group sales decreased by 19.7% (1.2 million tons) and outside Group sales -3.2% in the first half. Total sales volume in the first half was 5.6 million tons and production 5.8 million tons (-13.9%, -0.9 million tons). Sales revenue was positively affected by the new selling price for oil shale from 1 October 2008.



Segment's sales revenue from sales of **shale oil** increased by 8.9% (1.6 million euros) compared to the same period last year. Sales totalled 71 thousand tons (+1.4%) and production 70 thousand tons (-4.5%). Sales revenue of 1st quarter was influenced by decrease in sales volume (-12.3%) as well as in sales price (-2.9%). In the 2nd quarter sales volume (+28.0%) and price (+26.2%) increased. Forward transactions had a positive effect on the price.

Segment's sales revenue from export of energy appliances and other goods decreased in the first half by 21.2% (-1.2 million euros) and from domestic by 77.3% (-2.9 million euros). Sales revenue from gravel decreased by 8.5%, but from retort gas increased 24.4%. Total sales revenue from other products and goods amounted 8.1 million euros (-33.3%) in the first half.

Segment's **investments** were 20.5 million euros in the first six months time, increasing by 34.7% (5.3 million euros) comparing to last year first half. EE Õlitööstus (Oil and Gas) investments were 13.7 million euros, of which 12.8 million euros was related to the procurement and first down payment of the new Enefit-technology. EE Kaevandused (Mining) investments were 6.1 million euros, with a large part (3.6 million euros) invested into reconstruction and buying of new equipment in Narva quarry. EE Tehnoloogiatööstus (Technology Industries) investments were 0.3 million euros in the first half.

Asset Portfolio and Investments

A Vertically Integrated Portfolio offers a Sound Set of Assets of Varied Risk Levels

Eesti Energia is a vertically integrated energy company whose portfolio of assets covers businesses involved in the energy supply chain, from the mining of fuel to the sales of electricity. As of 30.09.2009 the value of the group's assets stood at 1.6 billion euros.

The Estonian electricity market is gradually opening up for competition – until 31st of December 2008 the market was opened to clients, whose electrical consumption exceeded 40 GWh from one connection point. From the 1st of January 2009 the market was opened to clients whose electrical consumption exceeds 2 GWh from one connection point and from the beginning of year 2013 the market is fully opened. Therefore at the moment the risks

related to the assets of generation of energy and the mining of oil shale are limited, but growing as the electricity market will open by the year 2013 at the latest. Eesti Energia sells electricity to the Nordic electricity market Nord Pool and to the open market in Latvia as well. Therefore, oil shale mining and electricity generation are already partially opened to market risks.

One obstacle in the development to an open market is that open market clients can buy electricity from the regulated market at the regulated market price. For this reason the price of electrical energy in the regulated market determines the upper limit of electricity prices in the open market and interferes with the actual functioning of the open market. In June 2009 the Ministry of Economic Affairs and Communications sent to accord amendments to the electricity law and in October to be ratified in Parliament. If these amendments are ratified then from April 2010 open market clients will not be able to buy electricity at the regulated market regulated price. This will create the basis for the real opening of the market.

Power networks constitute a substantial part of the Group's portfolio of assets. Energy networks are a natural monopoly and revenues from distribution operations are regulated. Balance sheet value of distribution network assets stands at 626 million euros and return on invested capital over the last 12 months is 6.8%.

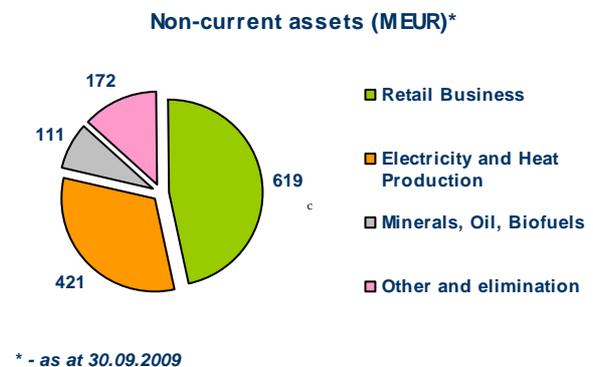
Oil production from oil shale is another important business in addition to the vertically integrated electricity business. The value of the oil production business is directly tied to volatile oil prices.

Investments boost the Group's development

Investment strategy of Eesti Energia is based on the criteria of economic efficiency, environmentally sustainable development, and security of supply. Investments are planned to ensure the fulfilment of strategic objectives. In terms of energy generation this means diversification of the generation portfolio so that it is in compliance with stricter environmental requirements while maintaining competitiveness in the regional electricity market, including through development of co-generation and renewable energy. The largest investment in the near future is the building of at least one new energy unit in Narva Elektriijaamad (Narva Power Plants) by the year 2015 at the latest. Procurement for building at least new one energy unit was announced in July 2009 with aim of signing a contract with the winner in autumn 2010 latest. New energy blocks enable Eesti Energia to maintain the current capacities after the year 2016, when stricter environmental requirements become effective, and guarantee the security of energy supply. In the mean time Aulepa Wind Park construction work has ended and production of electricity has commenced. Additionally we are exploring possibilities to build a wind park in Balti Elektriijaama's closed ash field, in Paldiski and off-shore wind parks. Eesti Energia has entered small co-generation field by acquiring from BLRT two co-generation units and has reached to an agreement with Strantum OÜ of building a co-generation unit in Tabasalu.

The distribution network has undergone remarkable development since 1998, when Eesti Energia was established. In 2003 **distribution losses** of electric energy were around 12%, since then domestic losses have decreased down to 7% by the end of September 2009. The targets of the investments in the energy networks are tightly related to the reduction of failures and losses, and to the elimination of problems with voltage fluctuation.

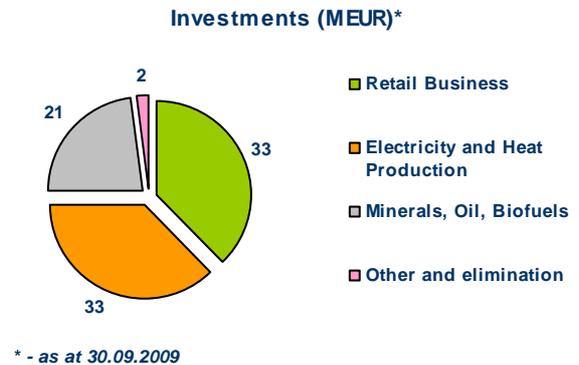
Eesti Energia has unique know-how in the field of large-scale oil shale mining and from it, the production of electricity and shale oil. To take a step further, Eesti Energia and international engineering company Outotec



concluded a deal in July 2009 to build a shale oil plant operating on a new more efficient technology. The new oil plant uses a more environmentally friendly, reliable and scaled-up Enefit technology, developed through Eesti Energia's cooperation with the international engineering company Outotec. In the coming years, Eesti Energia plans to develop a liquid fuels industry, producing oil up to twice the value of the current shale oil which could also be used as motor fuel according to existing fuel norms. We have also reached an agreement with the Jordanian government, where the world's fourth biggest oil shale deposit can be found, to build an oil shale based electric power plant in Jordan. There is also an ongoing project to produce shale oil from oil shale in Jordan.

One of the principle techniques of strategic management in Eesti Energia is the balanced scorecard. The balanced scorecard takes financial criteria into account, as well as aspects relating to clients, staff, and the business processes. The investments should, in addition to meeting financial criteria, also contribute towards meeting the goals set forth in the balanced scorecard.

In past six financial years, Eesti Energia Group has invested 1.0 billion euros, i.e. on average 0.2 billion euros a year. In the first six months of the current financial year, Eesti Energia invested 88.4 million euros. The main areas of investments were the networks, where 32.7 million euros were invested. Considerable amounts were invested in the electricity and heat generation segment – Narvad Elektri jaamad investments were 18.0 million euros, including 13.0 million euros in desulphurisation equipment and in the Aulepa Wind Park 9.9 million euros. 12.8 million euros were invested in the new Enefit technology.

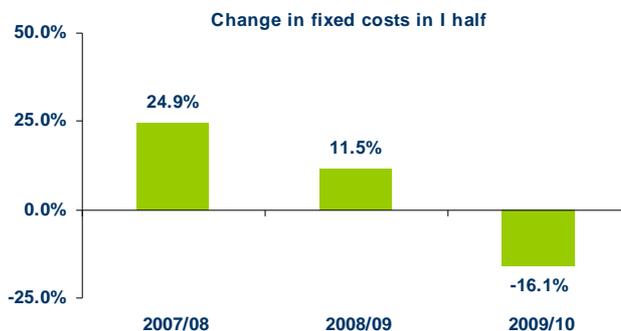


Profitability, Financing and Cash Flows³

Decrease in expenses has increased the Group's profitability

The Group's total revenue and other income was 290.5 million euros in the first half (decreasing by 3.4 million euros, -1.2% compared to last year same period), operating profit was 46.9 million euros (+17.2 million euros, +57.9%) and net profit (for continuing and discontinuing operations) was 16.6 million euros (+4.8 million euros, +40.3%).

Main factors that have influenced Group's activities are decrease in consumption in Estonia and Finland due to recession. Domestic electricity sales have been boosted by higher sales price, leading to 4.9% rise in the sales revenue of electricity. Sales revenue from export of electricity decreased by 6.7% and from network services increased by 2.2% due to higher average network tariff. Fall in sales revenue of heat (-40.6%) is related to tighter competition in Tallinn heat market. Oil shale outside Group sales volume have decreased (-3.2%), but the selling price was higher, resulting in increase of sales revenue (+7.4%). Higher sales revenue from shale oil (+7.5%) was due to bigger selling volume (+1.4%) and higher selling price (+6.0%). Expenses have decrease in the process of optimizing activities – fixed costs fell by 16.1% in the current financial year comparing to same period last year. The biggest decrease has been in the equipment repair and maintenance expenses (-28.3%) compared to the previous financial year's first half. Declines were registered also in equipment expenses related to transportation and tools (-24.0%) and payroll expenses (-8.5%).



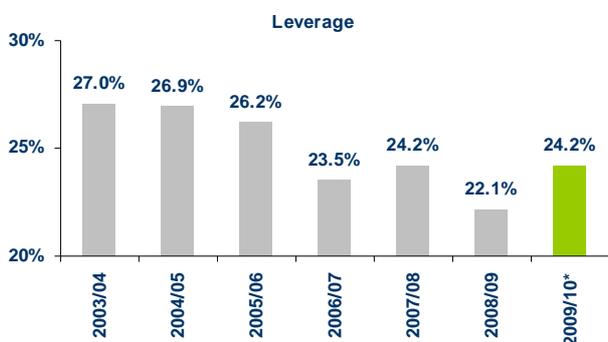
Eesti Energia's rolling 12 months revenues were 677.7 million euros (+52.3 million euros, +8.4%), operating profit 101.8 million euros (+48.4 million euros, +90.7%) and net profit 91.7 million euros (+48.8 million euros, +114.0%).

Group's 12 months EVA was -5.0 million euros at the end of September 2009, growing by remarkable 42.8 million euros compared to 12 months at the end of September 2008.

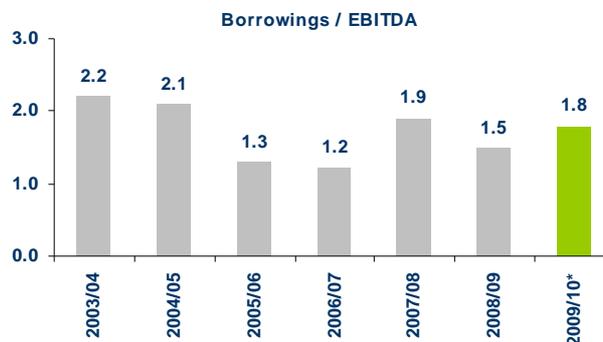
Eesti Energia balance sheet is strong

Despite large-scale investments, Eesti Energia has retained a conservative balance sheet structure. Disbursement of a loan from the Nordic Investment Bank in the amount of 40 million euros increased the proportion of borrowings in the balance sheet at the end of September, but debt / (debt + equity) ratio declined compared to the end of September 2008 from 24.9% to 24.2%.

Borrowings/EBITDA ratio has decreased in the year from 2.3 to 1.8 as EBITDA has increased.



* - as at 30.09.2009



* - as at 30.09.2009

In the medium term we are expecting an increase in leverage, as investments grow in order to achieve our strategic objectives. Working capital increased during the six months by 34.1 million euros as the short-term

³ Data in text covering continuing operations only, if not noted otherwise. Data for continuing operations presented in the graphics for financial year 2009/10; previous years include data for discontinuing operations.

liabilities decreased more than current assets. At the end of September the Group's net debt was 212.8 million euros (+65.6 million euros, +44.5% compared to year ago). Net debt change was due to an increase in borrowings.

As of 30.09.2009, the weighted average interest rate of Eesti Energia's debt was 4.09%, which is 0.5 percentage points smaller than a year ago due to a decrease in the six months Euribor. The principle currency for Eesti Energia's debt is the euro. Eesti Energia has been given credit ratings of A1 with negative outlook by Moody's and A- with negative outlook by Standard & Poor's.

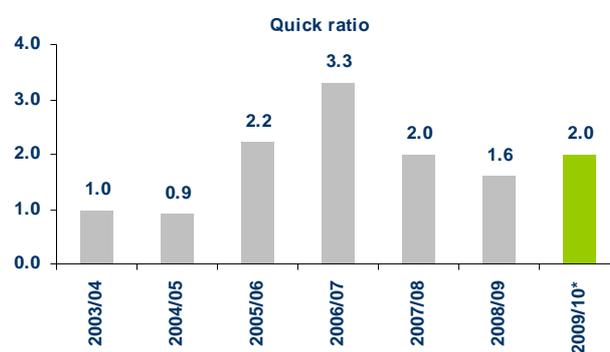
Among Eesti Energia's long-term debt, the largest part is a Eurobond of 300 million euros with a fixed interest rate of 4.5% and maturity in 2020. The debt portfolio also contains loans from the Nordic Investment Bank (NIB) totalling 61.9 million euros, and a loan from the European Investment Bank with a loan balance of 13.0 million euros. 84% of the current debt portfolio is with a fixed interest rate and a 16% floating interest rate (taking into account only the drawn volumes of the debt facilities). Amount of undrawn debt is 150 million euros.

Group liquidity risk is low

As of 30.09.2009 the Eesti Energia group held cash and other liquid investments worth 150.8 million euros. Liquidity risk is small for the company in the medium term, which is also reflected by the strong credit ratings. The Group quick ratio was 2.0 at the end of the September.

The credit risk is the risk that the group's clients and its trading partners do not fulfil their obligations. The maximum sum open to credit risk is the book value of outstanding customer receivables after the provisions for doubtful receivables.

Although in the recessionary environment the amount of the doubtful receivables could be expected to grow and the average settlement time for invoices could be expected to increase then for example the proportion of doubtful receivables from total trade receivables has not changed substantially – it was 12.8% as at September 30 2008 and 13.9% at September 30 2009. The average settlement cycle length for invoices increased by 2 days within the past 12 months compared to the end of second quarter of 2008/09 fiscal year, standing at 37 days. At the same time we closely monitor client's payment behaviour and we have dedicated unit in the Retail segment that is specialized in overdue accounts – they process, manage and develop the overdue accounts processes.



* - as at 30.09.2009

Eesti Energia will pay dividends in the amount of financial year 2008/09 net profit

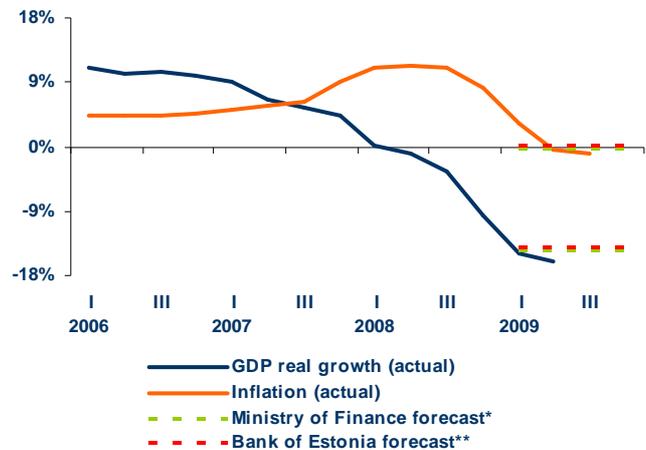
Supervisory Board of Eesti Energia has resolved to increase dividends paid to the owner in accordance with the proposal made by the Government of the Republic of Estonia. According to that Eesti Energia will pay dividends in the amount of net profit for the financial year 2008/09, id est 86.9 million euros. Previously envisaged amount was 20.7 million euros, which was paid to the owner in September 2009.

Short-term Outlook

Bottom reached?

Ministry of Finance forecasts, published on August 27 2009, for GDP real growth are -14.5% in 2009 and -2.0% in 2010. Slowdown is attributable to slowdown of private consumption and investments growth rate. The forecast for inflation is -0.1% in 2009, for average wage growth -5.7% and for unemployment rate 14.4%.

The Bank of Estonia forecasts, published on October 21 2009, for GDP real growth are -14.2% in 2009 and 1.4% in 2010. The forecast for harmonized consumer price index change in 2009 is 0.1%, for average wage growth -4.7% and for unemployment 14.5%.



* - published August 27 2009
** - published October 21 2009

Domestic consumption of electricity is decreasing in the recession

Rolling 12 month domestic electricity sales were 6,800 GWh at the end of September, that is 4.6% smaller than in the end of September 2008. The average temperature was 0.5 degrees lower in the last twelve months than in the corresponding period in 2008 September and the rolling 12 month adjusted domestic sales were 5.2% smaller than the rolling 12 months by the end of September 2008.

We forecast that domestic sales will be 6,665 GWh (-10.8%) by the end of the current financial year. The forecast predicts that the temperature next year will not exceed the historical average temperature, that the increase in the sales of electric energy is forecasted on the basis of the Ministry of Finance GDP growth forecast and that sales to Elering are outside Group from the beginning of current financial year.

We forecast sales of thermal energy in the current financial year of 1,358 GWh, which is 19.6% less than in the previous financial year. The decrease in the sales amount comes from the smaller forecast for Iru Power Plant as the competition in the Tallinn district heating market has increased.

Distribution network losses

Distribution losses were 7.0% in the course of the past 12 months, which is 0.2 percentage points smaller than in the end of September 2008. In the financial year 2009/10 we forecast distribution losses to be 6.9%.

Nord Pool electricity price, emission allowances and crude oil

During past months the trades with the year 2010 Nord Pool Finland area electricity contracts were done at the level of 35-36 €/MWh and trades with the Q1 2010 electricity contracts were done at the level of 37 €/MWh.

Year 2009 CO₂ contracts were traded at around 13 €/t at the end of September 2009. The price has grown to 14 €/t in the beginning of October.

Brent futures point to continuation of the rising trend for price of crude oil – 2009 December deliveries were contracted on the 23rd of October at the level of 80 \$/barrel (average price in September was 68 \$/barrel).

Fuel oil swaps also point to a continuous rise of the price of fuel oil – 2009 December deliveries were contracted on the 23rd of October at the level 465 \$/t (average price in September was 415 \$/t).

From the beginning of summer 2007 we have been using light heating oil swaps to hedge the shale oil price risk. By the end of September 2009 we had fixed the price for about 50 000 tons of the year's forecasted shale oil production until the end of year 2012.

Group's revenue and expenses will decrease

The Group's 2009/10 financial year total revenue and other income will be affected by the slower growth of electricity consumption in Estonia which is caused by the decline of economic activity. We expect smaller sales revenue from electricity export as the price and volume will be lower, smaller volumes of heat sales as Iru Elektriijaam sales are projected to decline. We project that the shale oil sales volume will stay at the level

achieved last year. In our projections we assume that ambient air temperature will stay at its historical average, electricity exports price will develop in line with the forecast derived from current Nord Pool futures prices and taking into account the prices of futures already sold by the Group, domestic electricity price will be over reviewed twice a year and previously concluded future contracts. Operational expenses are projected to decline accordingly – technological fuel and CO₂ emission allowances expenses will decline due to the lower generation volumes and decrease in fixed costs will come along with decline of labour and transportation expenses.

Overview of Segment's

Minerals, Oil, Biofuels – Eesti Energia Kaevandused AS (Mining), Eesti Energia Õlitööstus AS (Oil and Gas), Eesti Energia Tehnoloogiatööstus AS (Technology Industries), Oil Shale Energy of Jordan and Enefit Outotec Technology OÜ.

The aim of the segment is to maximize the value of oil shale starting from mining, and valuing oil shale through sustainable usage and selling of resources, production of fuel oils and gas and biofuels production.

The strategic aims of the segment are effective oil shale mining in Estonia, production of one million tons of liquid fuels per year in Estonia and opening of the oil shale energy complex in Jordan.

Eesti Energia Kaevandused AS (Mining)

Oil shale is extracted in Ida-Virumaa in the stretch of the Estonian oil shale deposit from Kiviõli in the west to the Narva River in the east, and from Jõhvi in the north to Väike-Pungerja in the south. The layer of oil shale is located at a depth of between 10 and 70 meters. Quarrying is used in the Aidu and Narva open quarries to extract oil shale, and underground mining in the Estonia and Viru mines. Oil shale extraction directly or indirectly employs 3,146 people within the structures of the Eesti Energia group and is the most labour intensive segment of the group. Oil shale production over the last 12 months was 14.1 million tons.

Eesti Energia Õlitööstus AS (Oil and Gas)

EE Õlitööstus AS is engaged in production of liquid fuel and high-calorific-value retort gas from oil shale. Narva Õlitööstus uses a unique and ultra-efficient solid heat carrier technology to produce liquefied fuels. In addition to the production units, Õlitööstus also has a certified laboratory, which organizes the taking of samples and conducts quality analysis of its output.

The principal raw material used is low-calorific-value oil shale in all sizes, but the technology allows rubber particles and organic oil and petroleum waste to be used as well in the production of liquid fuels.

Shale oil is mostly used as fuel in both large and small boilers. The Oil Industry's production amounted to 155,000 tons of shale oil in the last 12 months. The Oil Plant employs 178 people.

Eesti Energia Tehnoloogiatööstus AS (Technology Industries)

Eesti Energia Tehnoloogiatööstus deals with equipment and metal structures mainly for the energy sector, including manufacturing, installation and maintenance. The company's products are exported all over the world. The bigger clients include Alstom, Andritz, Foster Wheeler, Kvaerner Power, ABB, Roxon and many others. The company employs 793 people.

Enefit Outotec Technology OÜ

Enefit Outotec Technology OÜ is joint venture by Eesti Energia and Outotec OY. The main aim of the joint venture is selling the new generation Enefit fuel oil production technology.

Oil Shale Energy of Jordan

Oil Shale Energy of Jordan (OSEJ) is a subsidiary of Eesti Energia acquired in late 2006. It is engaged in researching the commercial opportunities in the field of oil shale, particularly oil and power production, in the Kingdom of Jordan. EE's partner in Jordan is the Near East Group, which holds 24% of OSEJ.

Electricity and Heat Generation – Eesti Energia Narva Elektriijaamad AS (Narva Power Plants), Eesti Energia AS Taastuvenergia ettevõte (Renewable Energy), Eesti Energia AS Iru Elektriijaam (Iru Power Plant), AS Kohtla-Järve Soojus (Kohtla-Järve Heating), AS Narva Soojusvõrk (Narva Heating), OÜ Aulepa Tuulepargid (Aulepa Wind Farms), Eesti Energia AS Energiakaubandus (Energy Trading), Solidus OY, Tabasalu Koostoomisjaam OÜ (Tabasalu CHP) and Nordic Energy Link AS

The aim of the segment is the generation of electrical energy and heat and energy trading in the wholesale market. The strategic aims of the segment are investments in new capacities for the security of supply, cutting CO2 emission in the generation of electricity and expanding the generation portfolio.

The Eesti Energia group currently has an installed capacity of 2,642 MW for the generation of electrical energy: Narva Power Plants 2,380 MW, Iru CHP Plant 190 MW, Aulepa Wind Park 39 GWh, Ahtme CHP Plant 30 MW and 1,517 MW of installed capacity for the generation of thermal energy: Iru CHP Plant 764 MW (incl. CHP part 400 MW), Narva Power Plants 484 MW (incl. peak and reserve boiler house 240 MW), Ahtme CHP plant 268 MW. 1,662 people are involved in the generation of electrical or thermal energy within the group. Over the last 12 months, generation in the electrical and thermal energy segment amounted to 8,043 GWh of electrical energy and 1,721 GWh of thermal energy.

Eesti Energia Narva Elektriijaamad AS (Narva Power Plants)

EE Narva Elektriijaamad AS is one of the leading producers and sellers of electricity in Estonia and the Baltic region and a competitive company in line with environmental requirements. AS Narva Elektriijaamad supplies Estonian consumers with electricity and furnishes the city of Narva with heat as well as exporting electricity to the other two Baltic countries and to Finland. The company is also engaged sales of fly ash. The company employs 1,431 people.

AS Narva Soojusvõrk (Narva Heating)

Narva Soojusvõrk buys, distributes and sells thermal energy and also maintains repairs and builds thermal networks mainly in the city of Narva. 66% of the company is owned by Narva Elektriijaamad and 34% by city of Narva. The company employs 31 people.

Eesti Energia AS Iru Elektriijaam (Iru Power Plant)

Iru Elektriijaam is a plant for the combined generation of electricity and heat. It has been in operation since 1978. Iru Power Plant is the largest heat producer and third largest electricity producer in Estonia. Iru Elektriijaam sells produced heat to Tallinna Küte AS, that supplies Tallinn Kesklinn, Lasnamägi and Maardu with heat. The company employs 54 people.

AS Kohtla-Järve Soojus (Kohtla-Järve Heating)

Kohtla-Järve Soojus supplies the towns of Jõhvi and Ahtme with heat and sells electricity to Eesti Energia. The company owns the oil-shale-based Ahtme combined power plant launched in 1951 and the heating networks in the Ahtme-Jõhvi district. 59.2% of the company is owned by Eesti Energia and 40.8% by OÜ VKG Energia. The company employs 110 people.

Eesti Energia AS Taastuenergia ettevõtte (Renewable Energy)

Taastuenergia Ettevõtte has been operating in the Eesti Energia Group since 2002 and its goal is to operate power plants to generate energy from renewable sources. The business unit employs 5 people.

OÜ Aulepa Tuulepargid (Aulepa Wind Farms)

OÜ Aulepa Tuulepargid was established to construction and management of the biggest wind farm with capacity 39 MW in the Baltic States - Aulepa wind farm - in Noarootsi, rural municipality in West county.

Eesti Energia AS Energiakaubandus (Energy Trading)

From 1st of April 2007 Energiakaubandus operates as a separate business unit. Its main tasks are to manage generation of electrical energy, Eesti Energia's portfolio of contracts to sell or buy electricity, provide power balancing and open supplier services in Estonia and arrange electrical energy buy and sell transactions outside of Estonia. The business unit employs 15 people.

Solidus OY

Solidus OY operates on the Nordic electricity markets as a member of Nordpool, managing electricity portfolios for its clients and offering consultation and expert services related to operating on the electricity market and managing risks. Solidus OY was founded in 2005 and from 2006 the company is 100% owned by Eesti Energia. The company employs 8 people.

Tabasalu Koostootmisjaam OÜ (Tabasalu CHP)

Tabasalu CHP is joint venture by Eesti Energia and OÜ Strantum of building and operating co-generation unit in Tabasalu. Eesti Energia owns 55% and Strantum 45% of the company.

Nordic Energy Link AS

Nordic Energy Link was established as a subsidiary of Eesti Energia AS with the main objective to construct and commission the Estlink cable. To administer the cable, the company AS Nordic Energy Link was founded, its shareholders being Eesti Energia (39.9%), Latvenergo (25%), Lietuvos Energija (25%) and Soome Finestlink (10.1%).

Retail Business – Eesti Energia Jaotusvõrk OÜ (Distribution Network), Energiamüük (Energy Sales), Eesti Energia Võrguehitus AS (Network Construction), Eesti Energia Elektritööd AS (Electrical Works), SIA Enefit, UAB Enefit, Eesti Energia AS Teenindus (Sales and Customer Service) and Televõrgu AS (Telecommunications Network)

The aim of the segment is to offer the following services to clients: electricity, heat, distribution network, telecommunication and services related to energy.

The strategic aims of the segment are product enhancements, expanding the client base and renovation of the Estonian power grid.

Eesti Energia Jaotusvõrk OÜ (Distribution Network)

The function of the Distribution Network is to distribute electricity to end consumers through the 35 KW and under low and medium-voltage power grid as well as manage these grids. The distribution network provides service to 459,000 residential customers and 22,500 business customers, and is thus one of the Estonian companies with the most customers. The company employs 792 people.

Enefit SIA

Enefit SIA is Eesti Energia's subsidiary in Latvia. The company's main areas of activity are the sales of electric energy to end consumers in Latvia as well as the provision of services to corporate customers interested in hedging risks related to changes in electricity prices. The company employs 6 people.

Enefit UAB

Enefit UAB is Eesti Energia's subsidiary in Lithuania. The company's main areas of activity are trade and consultancy in electricity, including the sales of electric energy to end consumers in Lithuania. The company employs 1 person.

Eesti Energia Võrguehitus AS (Network Construction)

Eesti Energia Network Building is a joint venture based on uniting Electrical Services and Elpec. The company will offer services that are bound to electrical network before connection point, id est designing, building and maintenance of electrical network. Company employs 369 people.

Eesti Energia Elekritööd AS (Electrical Works)

Eesti Energia Electrical Works offers market-base electrical services that stay inside network of the client's connection point, for example repairing faults of households and companies indoors, scheduled repair and maintenance services. Company employs 83 people.

Eesti Energia AS Teenindus (Sales and Customer Service)

Eesti Energia AS Teenindus is engaged in maintaining and developing customer relations, servicing clients and offering them different services and products. Eesti Energia has over 493,000 customers, including about 25,500 business customers. Company employs 298 people.

Eesti Energia AS Energiamüük (Energy Sales)

Eesti Energia AS Energiamüük is engaged in development and sales of electricity and related products. Company employs 12 people.

Televõrgu AS (Telecommunications Network)

Televõrgu AS provides a domestic and international data communications trunk network service to operator firms in the telecommunications sector. The company employs 57 people.

Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION in thousand EUR

	30 September		31 March	Note
	2009	2008	2009	
ASSETS				
Non-current assets				
Property, plant and equipment	1,166,582	1,411,409	1,459,292	4
Intangible assets	12,677	8,571	11,138	
Investments in associates	11,412	10,820	11,412	
Derivative financial instruments	1,676	25	7,862	5
Long-term receivables	131,185	843	338	
Total non-current assets	1,323,533	1,431,668	1,490,042	
Current assets				
Inventories	32,832	31,889	29,313	
Greenhouse gas allowances	-	-	25,780	
Trade and other receivables	115,786	79,629	114,599	
Derivative financial instruments	5,893	10	18,166	5
Financial assets at fair value through profit or loss	2,367	4,140	2,014	6
Deposits with maturities greater than three months at banks	78,041	69,100	25,100	
Cash and cash equivalents	72,794	117,494	97,181	
Total current assets	307,714	302,263	312,153	
Discontinuing operation	346,576	-	-	
Total assets	1,977,823	1,733,931	1,802,195	
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	471,646	471,817	471,817	7
Share premium	259,833	259,833	259,833	
Statutory reserve capital	47,182	47,182	47,182	
Hedge reserve	6,775	-55,226	24,549	
Unrealised exchange rate differences	-0	1	-13	
Retained earnings	350,430	279,200	353,581	
Total equity and reserves attributable to equity holder of the Parent Company	1,135,865	1,002,805	1,156,948	
Minority interest	2,301	2,505	3,232	
Total equity	1,138,166	1,005,311	1,160,180	
LIABILITIES				
Non-current liabilities				
Borrowings	352,672	325,119	321,654	9
Trade payables	86	485	86	
Derivate financial instruments	569	40,776	740	5
Deferred income	116,042	119,830	125,184	
Provisions	20,928	27,245	20,186	
Total non-current liabilities	490,296	513,455	467,848	
Current liabilities				
Borrowings	10,949	8,704	7,687	9
Trade and other payables	113,932	167,764	125,616	
Derivative financial instruments	70	15,376	1	5
Deferred income	215	270	215	
Provisions	10,479	23,052	40,647	
Total current liabilities	135,646	215,165	174,166	
Discontinuing operation	213,715	-	-	
Total liabilities	839,657	728,620	642,014	
Total liabilities and equity	1,977,823	1,733,931	1,802,195	

Consolidated Statement of Comprehensive Income

CONSOLIDATED INCOME STATEMENT in thousand EUR

	3 months		6 months		12 months		Note
	1 July - 30 September 2009	2008	1 April - 30 September 2009	2008	1 October - 30 September 2008/2009	2007/2008	
CONTINUING OPERATIONS							
Revenue	139,237	148,711	279,486	285,358	659,605	609,091	2
Other operating income	2,798	3,689	11,014	7,514	16,824	13,808	
Government grants	7	362	28	1,062	1,303	2,512	
Change in inventories of finished goods and work-in-progress	2,612	-2,005	3,559	2,790	4,658	7,684	
Raw materials and consumables used	-52,686	-69,328	-104,893	-128,626	-288,116	-282,706	
Other operating expenses	-24,064	-15,585	-38,708	-31,944	-68,116	-78,770	
Payroll expenses	-29,404	-30,838	-57,639	-63,945	-125,123	-127,638	
Depreciation, amortisation and impairment	-22,596	-21,460	-45,939	-42,511	-99,236	-90,593	
OPERATING PROFIT	15,905	13,546	46,907	29,698	101,799	53,388	
Financial income	1,580	2,337	3,250	4,585	6,609	9,662	
Financial expenses	-3,726	-4,658	-7,214	-9,448	-11,866	-18,830	
Total financial income and expenses	-2,146	-2,321	-3,964	-4,863	-5,257	-9,168	
Gain from associates using equity method	-	-	-	-	1,742	1,452	
PROFIT BEFORE TAX	13,759	11,225	42,943	24,835	98,283	45,673	
CORPORATE INCOME TAX EXPENSE	-9,224	-10,641	-14,672	-10,696	-14,680	-10,750	
PROFIT FROM CONTINUING OPERATIONS	4,535	584	28,270	14,139	83,603	34,922	
PROFIT/LOSS FROM DISCONTINUED OPERATIONS	-9,492	-728	-11,687	-2,324	8,089	7,929	
PROFIT FOR THE YEAR	-4,957	-144	16,583	11,816	91,692	42,851	
ATTRIBUTABLE TO:							
Equity holders of the Parent Company	-4,335	483	17,516	12,663	91,898	43,080	
Minority interest	-622	-626	-933	-848	-206	-228	
<i>Basic earnings per share (euros)</i>	<i>-0.06</i>	<i>0.01</i>	<i>0.24</i>	<i>0.17</i>	<i>1.24</i>	<i>0.59</i>	8
<i>Diluted earnings per share (euros)</i>	<i>-0.06</i>	<i>0.01</i>	<i>0.24</i>	<i>0.17</i>	<i>1.24</i>	<i>0.59</i>	8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME in thousand EUR

	3 months		6 months		12 months	
	1 July - 30 September 2009	2008	1 April - 30 September 2009	2008	1 October - 30 September 2008/2009	2007/2008
PROFIT FOR THE YEAR	-4,957	-144	16,583	11,816	91,692	42,851
Other comprehensive income						
Revaluation of risk hedge instruments	591	52,924	-17,774	-20,272	62,002	-53,948
Currency translation differences attributable to foreign subsidiaries	-5	-9	13	-9	-1	-1
Other comprehensive income for the year	586	52,915	-17,761	-20,281	62,000	-53,950
COMPREHENSIVE INCOME FOR THE YEAR	-4,371	52,772	-1,178	-8,466	153,692	-11,098
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	-3,749	53,398	-244	-7,618	153,898	-10,870
Minority interest	-622	-626	-933	-848	-206	-228

Consolidated Statement of Cash Flow

CONSOLIDATED STATEMENT OF CASH FLOWS in thousand EUR

	3 months		6 months		12 months	
	1 July - 30 September 2009	2008	1 April - 30 September 2009	2008	1 October - 30 September 2008/2009	2007/2008
Cash flows from operating activities						
Cash flows from operating activities from continuing operations						
Cash generated from operations	43,991	66,612	88,808	60,716	159,452	127,639
Interest and loan fees paid	-118	-207	-890	-1,245	-15,574	-16,111
Interest received	3,461	5,011	7,300	9,562	15,006	16,843
Corporate income tax paid	-59	-	-67	-	-10,819	-
Net cash generated from operating activities from continuing operations	47,275	71,416	95,151	69,033	148,065	128,371
Net cash generated from operating activities from discontinued operations	2,979	3,560	11,708	12,891	42,841	32,850
Net cash generated from operating activities	50,254	74,975	106,860	81,923	190,906	161,221
Cash flows from investing activities						
Cash flows from investing activities from continuing operations						
Purchase of property, plant and equipment and intangible assets	-39,140	-45,411	-87,098	-86,784	-188,062	-179,986
Proceeds from connection and other fees	3,231	5,323	6,361	12,570	13,804	25,827
Proceeds from sale of property, plant and equipment	542	1,627	610	2,272	2,130	3,330
Proceeds from sale of a business unit	-	-	-	-	-	32
Acquisition of subsidiaries, net of cash acquired	-	-	-	-	-	-1,835
Net change in deposits with maturities greater than 3 months	18,387	57,868	-52,941	69,090	-8,941	118,276
Purchase of short-term financial investments	-4,579	-3,836	-9,771	-7,919	-20,715	-27,506
Dividends received from long-term financial investments	30,683	-	31,833	-	31,833	1,229
Loans granted to employees	-	-	-2	-	-2	-
Loan repayments received from employees	1	-	1	-	1	-
Change in overdraft granted to discontinued operations	-35,592	-5,128	-31,215	-11,176	-12,067	5,751
Proceeds from sale and redemption of short-term financial investments	4,472	3,195	9,457	10,608	22,558	27,347
Net cash used in investing activities from continuing operations	-21,996	13,639	-132,767	-11,339	-159,462	-27,536
Net cash used in investing activities from discontinued operations	-7,888	-8,688	-12,239	-24,066	-24,225	-27,099
Net cash used in investing activities	-29,883	4,951	-145,006	-35,406	-183,687	-54,636
Cash flows from financing activities						
Cash flows from financing activities from continuing operations						
Received long-term bank loans	-	-	40,000	-	40,000	-
Repayments of bank loans	-681	-681	-6,066	-3,843	-9,909	-7,006
Repayments of other borrowings	-	-	-	-	-	-345
Repayments of finance lease liabilities	-	-13	-	-26	-26	-52
Change in overdraft	-	991	-0	808	-991	991
Proceeds from minority interests	2	-	2	-	2	-
Dividends paid	-20,707	-	-20,707	-	-62,378	-
Net cash used in financing activities from continuing operations	-21,386	297	13,229	-3,061	-33,302	-6,411
Net cash used in financing activities from discontinued operations	4,909	5,128	531	11,176	-18,616	-5,751
Net cash used in financing activities	-16,477	5,425	13,760	8,115	-51,918	-12,162
Net cash flows	3,893	85,352	-24,387	54,632	-44,699	94,423
Cash and cash equivalents at the beginning of the period	68,901	32,142	97,181	62,861	117,494	23,070
Cash and cash equivalents at the end of the period	72,794	117,494	72,794	117,494	72,794	117,494
Net increase/(-)decrease in cash and cash equivalents	3,893	85,352	-24,387	54,632	-44,699	94,423

Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in thousand EUR

	Attributable to equity holder of the Company						Total	Minority interest	Total equity
	Share capital (note 7)	Unregistered share capital	Share premium	Statutory legal reserve	Other reserves	Retained earnings			
Equity as at 31 March 2008	467,909	3,907	259,833	46,490	-34,944	308,899	1,052,094	3,353	1,055,447
Change in equity from 1 April 2008 to 30 September 2008									
Comprehensive income for the year	-	-	-	-	-20,281	12,663	-7,618	-848	-8,466
Increase of the share capital (according to Government order No. 97 from 27th February 2008)	3,907	-3,907	-	-	-	-	-	-	-
Transfer of retained earnings to reserve capital	-	-	-	692	-	-692	-	-	-
Dividends paid	-	-	-	-	-	-41,670	-41,670	-	-41,670
Equity as at 30 September 2008	471,817	-	259,833	47,182	-55,225	279,200	1,002,805	2,505	1,005,311
Equity as at 31 March 2009	471,817	-	259,833	47,182	24,536	353,581	1,156,948	3,232	1,160,180
Change in equity from 1 April 2009 to 30 September 2009									
Comprehensive income for the year	-	-	-	-	-17,761	17,516	-244	-933	-1,178
Reduction of the share capital (according to Government order No. 502 from 11th December 2008) (Note 7)	-171	-	-	-	-	40	-131	-	-131
Proceeds from minority interests	-	-	-	-	-	-	-	2	2
Dividends paid	-	-	-	-	-	-20,707	-20,707	-	-20,707
Equity as at 30 September 2009	471,646	-	259,833	47,182	6,775	350,430	1,135,865	2,301	1,138,166

Notes to the Consolidated Financial Statements

1. Accounting policies

This consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) 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 31 March 2009, excluding changes from IAS 23 "Borrowing Costs" and IAS 1 "Presentation of Financial Statements" in the recognition of borrowing costs and presentation of main financial statements.

IAS 23 "Borrowing Costs" (revised) became mandatory for the Group from 1 April 2009. The amended IAS 23 requires borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale to be immediately capitalised as part of the cost of the asset. The standard eliminates the option of immediately recognising such borrowing costs as expenses. The amended standard will be effective prospectively for asset-related borrowing costs to be incurred after 1 April 2009. Borrowing costs in the Group are capitalised as part of the assets acquisition cost starting 1 April 2009 according to IAS 23 requirements.

IAS 1 "Presentation of Financial Statements" (revised) became mandatory for the Group from 1 April 2009. The main amendment to IAS 1 is the replacement of the income statement with the statement of comprehensive income which also includes non-owner changes in equity, such as changes in the revaluation reserve of available-for-sale assets. Two statements are allowed to be presented as an alternative: a separate income statement and a statement of comprehensive income. The amended standard also requires the disclosure of the financial position (balance sheet) for the opening balances of the comparable period when comparative information has been adjusted due to reclassifications, changes in accounting policies or correction of errors. The amended standard will primarily have an effect on the presentation of financial statements but not the recognition of transactions and balances as well as accounting policies. According to IAS 1 amendments a separate income statement and a statement of comprehensive income is presented.

Remainder of the amendments do not have importance from the Group's business perspective and do not have an impact on the Group's financial statements.

According to the Management Board Interim Report prepared for the period 1 April 2009 - 30 September 2009 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 business segment's is based on the company'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 business segment's based on the different types of products offered and the clients:

- Retail Business
- Electricity and Heat Generation
- Minerals, Oil, Biofuels

In addition Corporate Functions are considered a separate business segment.

Electricity transmission that was presented as a separate operating segment, is reported as a discontinued operations from 1st of September 2009, as the Government has approved the plan to separate Elering OÜ from Eesti Energia Group.

The Retail Business covers the sales 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 heat-and-power stations, and energy trading in the wholesale market, both inside and outside Estonia. Minerals, Oil, Biofuels cover the mining and processing of oil shale, the production of liquid fuels and the production and sales of power equipment.

Operating income and expenses are allocated to different segment's 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 Elektriijaamad for the generation of Heat and Electricity
- the price limit for Electricity sold from Narva Elektriijaamad to the regulated market
- the weighted average PRICE limit for Electricity sold to meet sales obligations
- network fees.
- rate of subsidy paid for Electricity produced from a renewable energy source or in an efficient co-generation regime.

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 fulfil their legal obligations and conditions attached to 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).

For segment reporting purposes, companies and business units are divided into the following business segment's:

Retail Business - Energiamüük, UAB Enefit, SIA Enefit, Teenindus ja Müük, Eesti Energia Jaotusvõrk OÜ, Eesti Energia Elektritööd AS, Eesti Energia Võrguehitus AS, Televõrgu AS;

Electricity and Heat Generation - Eesti Energia Narva Elektriijaamad AS, Taastuvenergia, Eesti Energia AS Iru Elektriijaam, AS Kohtla-Järve Soojus, Energiakaubandus, Solidus Oy, AS Narva Soojusvõrk, Aulepa Tuulepargid OÜ

Minerals, Oil, Biofuels - companies in the Eesti Energia Kaevandused Group (Estonian Oil Shale Company), Eesti Energia Õlitööstus AS, companies in the Eesti Energia Tehnoloogiatööstus Group, Oil Shale Energy of Jordan

Corporate Functions - administration and other support services of the Group.

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 segment's have not been aggregated for segment reporting purposes.

Segment information for reportable segments for the period 1 April 2009 - 30 September 2009

in thousand EUR

	Retail Business	Electricity and Heat Generation	Minerals, Oil, Biofuels	Corporate Functions	Elimi- nations	Total Group
Total revenue	187,311	168,073	87,567	6,221	-169,687	279,486
Inter-segment revenue	-6,698	-107,017	-50,488	-5,485	169,687	-
Revenue from external customers and discontinued operations	180,614	61,056	37,079	737	-	279,486
Operating profit	22,763	12,709	9,652	99,416	-97,633	46,907

Segment information for reportable segments for the period 1 April 2008 - 30 September 2008

in thousand EUR

	Retail Business	Electricity and Heat Generation	Minerals, Oil, Biofuels	Corporate Functions	Elimi- nations	Total Group
Total revenue	179,971	175,309	97,229	4,460	-171,611	285,358
Inter-segment revenue	-9,456	-100,647	-57,823	-3,684	171,611	-
Revenue from external customers and discontinued operations	170,515	74,661	39,406	776	-	285,358
Operating profit	15,521	5,728	6,386	52,457	-50,394	29,698

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

in thousand EUR

	6 months	
	1 April - 30 September	2008
	2009	2008
Segment operating profits for reportable segments	144,540	80,092
Eliminations:		
Interest charged by Corporate Functions*	-10,697	-8,790
Dividends charged by Corporate Functions*		
Profits/losses from intra-segment sales of property, plant and equipment	-189	-306
Other eliminations	173	372
Total operating profit per consolidated income statement	46,907	29,698

* recognised as other operating income of Corporate Functions segment

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

Property, Plant and Equipment

in thousand EUR

	Land	Buildings	Const- ruction	Plant and equipment	Other	Total
Property, plant and equipment as at 31 March 2009						
Cost	17,485	166,025	974,897	1,260,473	5,012	2,423,891
Accumulated depreciation	-	-82,756	-403,719	-576,676	-3,967	-1,067,119
Net book amount	17,485	83,269	571,177	683,796	1,045	1,356,773
Construction in progress	-	404	30,104	57,462	-	87,971
Prepayments	127	4	1,980	12,437	-	14,548
Total property, plant and equipment as at 31 March 2009	17,612	83,677	603,262	753,695	1,045	1,459,292
Movements 1 April - 30 September 2009						
Purchases of property, plant and equipment	228	417	32,386	52,272	76	85,380
Depreciation charge	-	-2,155	-11,902	-31,407	-210	-45,673
Net book amount of non-current assets disposed	-5	-20	-	-191	-	-216
Transfer to disposal group at net book value	-3,232	-9,534	-181,108	-138,162	-33	-332,070
Assets transferred at net book value as a result of non-monetary disbursement	-13	-118	-	-	-	-131
Reclassified at net book amount	-	-349	349	-	-	-
Exchange differences	-	-	-	0	-	0
Movements 1 April - 30 September 2009	-3,021	-11,758	-160,275	-117,488	-167	-292,709
Property, plant and equipment as at 30 September 2009						
Cost	14,587	152,119	685,343	1,129,556	4,933	1,986,537
Accumulated depreciation	-	-80,858	-275,684	-534,025	-4,055	-894,622
Net book amount	14,587	71,261	409,659	595,530	878	1,091,916
Construction in progress	-	658	30,960	22,180	-	53,798
Prepayments	3	-	2,368	18,498	-	20,869
Total property, plant and equipment as at 30 September 2009	14,590	71,919	442,987	636,208	878	1,166,582

5. Derivative Financial Instruments

Derivative Financial Instruments

in thousand EUR

	30 September 2009		30 September 2008	
	Assets	Liabilities	Assets	Liabilities
Forward contracts for buying and selling electricity	3,923	70	36	3,374
Swap contracts for selling oil	3,646	569	-	52,777
Total derivative financial instruments	7,569	640	36	56,151
including non-current portion:				
Forward contracts for buying and selling electricity	206	-	25	-
Swap contracts for selling oil	1,469	569	-	40,776
Total non-current portion	1,676	569	25	40,776
Total current portion	5,893	70	10	15,376

Forward and option contracts for buying and selling electricity

The goal of the forward and option contracts for buying and selling electricity is to hedge changes in the price of electricity or earn income on changes in the price of electricity on the Nordic electricity exchange Nord Pool. All forward contracts have been entered into for the sale or buying of a fixed volume of electricity at each trading hour and their price is denominated in Euros. The transactions, the goal of which is to hedge the risk in the price of electricity, are designated as cash flow hedging instruments, where the underlying instrument being hedged is the estimated electricity transactions of high probability on the Nordic electricity exchange Nord Pool. The effective portion of the change in fair value of transactions concluded for hedging purposes is included in the appropriate reserve in equity and is accounted for either as a gain or loss at the time the sales transactions of electricity occur or when it is evident that sales transactions are unlikely to occur in a given period. Fair value changes of the transactions for the purpose of earning income from the change in prices of electricity are recognised as gains or losses in the income statement. The basis for determining the fair value of transactions is the quotes on Nord Pool.

Changes in forward and option contracts for buying and selling electricity

in thousand EUR

1 April - 30 September
2009 2008

Fair value at the beginning of the period	9,152	567
Change in fair value, including	721	-2,737
change in fair value recognised in income statement	201	11
change in fair value recognised in hedge reserve	520	-2,748
Settled in cash (+paid/-collected)	-6,020	-1,169
Fair value at the end of the period	3,852	-3,339

Future and option contracts for buying and selling greenhouse gas emissions allowances

The option contracts for buying and selling greenhouse gas emission allowances are concluded together with electricity option contracts and their goal is to earn income from the change in prices. The fair value changes of these transactions are recognised as gains or losses in the income statement. The fair value changes of future contracts of greenhouse gas emissions allowances are also recognised as gains and losses in the income statement if the purpose of these transactions is no longer the acquiring the greenhouse gas emission allowances. The basis for determining the fair value of transactions is the quotes on SEB Futures. The prices are denominated in Euros.

Changes in future and option contracts for buying and selling greenhouse gas emissions allowances in thousand EUR	1 April - 30 September	
	2009	2008
Fair value at the beginning of the period	445	-
Change in fair value, including	-13,464	-
change in fair value recognised in income statement	-13,464	-
Settled in cash (+paid/-collected)	13,019	-
Fair value at the end of the period	-	-

Swap and future contracts for buying and selling oil

The goal of the swap and future contracts for buying and selling oil is to hedge the risk of price changes for shale oil. The swap transactions have been concluded for the sales of a specified volume of oil in future periods and they are designated as cash flow hedging instruments, where the underlying instrument to be hedged is highly probable shale oil sales transactions. The fair value changes of future contracts are recognised as gains and losses in the income statement. The basis for determining the fair value of transactions is the quotes by Platt's European Marketscan, Nymex and SEB Futures. The prices of swap contracts are denominated in Euros. The prices of future contracts are denominated in US dollars.

Changes in swap and future contracts for buying and selling oil in thousand EUR	1 April - 30 September	
	2009	2008
Fair value at the beginning of the period	15,690	-36,058
Change in fair value, including	-9,722	-24,012
change in fair value recognised in income statement	39	-
change in fair value recognised in hedge reserve	-9,761	-24,012
Settled in cash (+paid/-collected)	-2,892	7,294
Fair value at the end of the period	3,076	-52,777

Forward contract for foreign currency sale

As at 30 June 2008 the foreign currency forward contract comprised the contract entered into on 10 January 2008 for the sale of EUR 10 000 thousand, at an exchange rate which is higher than the official exchange rate of the Bank of Estonia.

Changes in forward contract for the sale of foreign currencies in thousand EUR	1 April - 30 September	
	2009	2008
Fair value at the beginning of the period	-	89
Settled in cash (+paid/-collected)	-	-89
Fair value at the end of the period	-	-

Other future and option contracts

The goal of the other future and option contracts is to earn income on the price changes and the fair value changes are recognised as gains and losses in the income statements. The basis for determining the fair value of transactions is the quotes of SEB Futures. The prices of transactions are denominated in US dollars.

Changes in other future and option contracts in thousand EUR	1 April - 30 September	
	2009	2008
Fair value at the beginning of the period	-	-
Change in fair value	-4	-
change in fair value recognised in income statement	-4	-
Settled in cash (+paid/-collected)	4	-
Fair value at the end of the period	-	-

6. Short-term Financial Investments

Short-term financial investments
in thousand EUR

	30 September	
	2009	2008
Financial assets at fair value through profit or loss	2,367	2,543
Held-to-maturity financial assets	-	1,598
Total short-term financial investments	2,367	4,140

7. Decreasing the share capital

Entry for decreasing Eesti Energia AS share capital was made in the commercial register in June 2009. Share capital was decreased by EUR 171 thousand to 471 645 725 Euros by abolishing 267 420 share with nominal value of 6.40 Euros. In September 2009 a non-monetary disbursement was made by Eesti Energia by delivering building on Telliskivi street in Tallinn with nominal value of EUR 171 thousand.

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.

	3 months		6 months		12 months	
	1 July - 30 September		1 April - 30 September		1 October - 30 September	
	2009	2008	2009	2008	2008/2009	2007/2008
Profit attributable to the equity holders of the company (th. EUR)	-4,335	483	17,516	12,663	91,898	43,080
Weighted average number of shares (th.)	73,814	73,823	73,819	73,823	73,821	73,568
Basic earnings per share (EUR)	-0.06	0.01	0.24	0.17	1.24	0.59
Diluted earnings per share (EUR)	-0.06	0.01	0.24	0.17	1.24	0.59

9. Nominal Value and Amortised Cost of Borrowings

Nominal Value and Amortised Cost of Borrowings

in thousand EUR

	30 September 2009		30 September 2008	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Overdraft	-	-	991	991
Current portion of long-term bank loans	10,949	10,949	7,687	7,687
Finance lease liabilities	-	-	26	26
Total short-term borrowings	10,949	10,949	8,704	8,704
Long- term borrowings				
Bank loans	63,922	63,801	37,093	36,985
Bonds issued	300,000	288,871	300,000	288,134
Total long- term borrowings	363,922	352,672	337,093	325,119
Total borrowings	374,871	363,621	345,797	333,823

10. 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.

Foster Wheeler Energia Oy has launched a commercial dispute against Eesti Energia Narva Elektriijaamad AS in the arbitration court of London and submitted its initial claim of EUR 31 170 thousand for the payment of renovation costs. By the end of the reporting period, the outstanding balance due from Eesti Energia Narva Elektriijaamad AS amounted to EUR 22 006 thousand, subject to withholding until the start-up of the power blocks. Due to the delay in the renovation works and violation of contractual terms, Eesti Energia Narva Elektriijaamad AS has filed a counterclaim against Foster Wheeler Energia Oy for of EUR 44 514 thousand. Management believes the claim of Foster Wheeler Energia Oy is not founded in total amount. The dispute over responsibilities of the parties was delivered by arbitration court in October 2008. The court proceeding over the financial claims took place in September 2009, but at the date of preparation of these financial statements the final judgement of the arbitration is not known.

11. Related Party Transactions

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

	1 April - 30 September	
	2009/10	2008/09
Transactions with associates		
Purchase of goods and services	7,526	12,215
Purchase of equipment	514	-
Proceeds from sale of goods and services	3,184	5,891

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.

Transactions with the other related parties were concluded on the following conditions:

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