EESTI ENERGIA

Eesti Energia

Interim Report

01/04/2003 – 31/12/2003

Contents

Overview

Key figures	'03 3Q	'02 3Q	Change
Revenues, € th.	266 122	250 077	6.4%
incl. Domestic sales of electric energy	190 370	177 249	7.4%
EBITDA, € th.	91 883	84 236	9.1%
EBIT, € th.	33 600	27 531	22.0%
Net Profit, € th.	21 606	15 725	37.4%
Net Fixed Assets, € th.	1 113 611	964 338	15.5%
Equity, € th.	782 861	698 382	12.1%
Net Debt, € th.	259 948	176 358	47.4%
CAPEX, € th.	157 232	169 062	-7.0%
Net cash from operating activities, € th.	69 186	62 116	11.4%
Debt/(Debt+Equity)	27.8%	22.7%	5.2%
ROIC[1]	5.8%	5.2%	0.6%
EBITDA interest cover	7.0	8.2	-1.3
FFO/Net Debt[1]	56.0%	82.8%	-26.8%
FFO/Interest Expense	5.7	7.3	-1.6
FFO/Capex	47.9%	44.0%	3.9%
EBIT margin	12.6%	11.0%	1.6%
Profit margin	8.1%	6.3%	1.8%

Note: All balance sheet figures are end of period

1 - figures are based on 12 month rolling results

Eesti Energia demonstrated a solid performance in spite of relatively warm weather conditions in November and December. The second important message was the positive progress made in the reconstruction of two power units at Narva Power Plants. One of the units was successfully synchronized with the Estonia's electricity system in November 2003. Oil shale based CFB power units are unique in the world. When completed, they will allow EE to cut fuel costs as well as reduce the environmental impact of energy production.

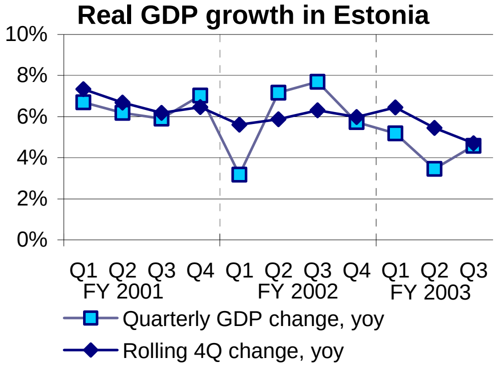
EBIT grew 22% to €34 million

Revenues increased to **€266.1m** in the 9 months of FY 2003/2004, which was **6.4%** higher compared to the same period in the previous financial year. The largest contributor to the increase was core electricity business, which revenues experienced an **8.4%** (**€16.5m**) growth. Sales of heat decreased by **€2.5m** (**11.0%**) to **€20.0m**.

Operating performance Combined electricity and heat sales in natural terms increased by **10.2%**, while total operating costs increased **4.5%.** Continuous focus on efficiency effectively allowed us to hold the growth of expenses below the growth of sales in both natural and monetary terms, consequently converting higher revenues to higher EBIT (from **€27.5m** to **€33.6m**).

Net profit Both operating margin and net margin have significantly improved due to strong sales and efficient operations. Net profit for the period was **€21.6m** as compared to **€15.7** in the same period of previous financial year.

Economic environment. Estonian Institute's in Economic Research (EKI) poll in December 2003 on the state of economy in Estonia revealed, that it is perceived to be rather positive. Third quarter GDP growth was encouraging, especially when taking into account the relatively high growth experienced at the same period of the previous financial year. Favorable trends were observed in manufacturing, wholesale and retail trade and construction. The economy was characterized by relatively high employment, low inflation and interest rates.



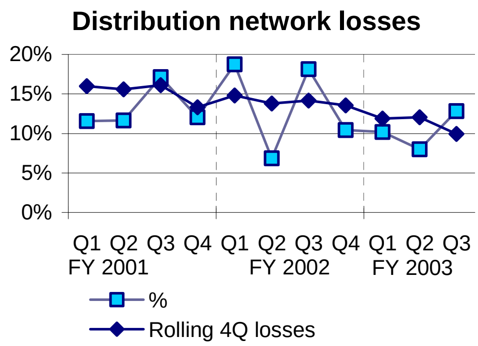
Source: Statistical Office of Estonia

Third quarter of calendar year 2003 the real GDP growth in Estonia was **4.6%**. Analysts expectations about the development of the economy somewhat declined compared to June and September. This was linked to high current account deficit, which was caused by extensive consumption accompanied by large inflows of foreign capital as well as slower than expected exports. It can be inferred, that during Eesti Energia's financial year rolling four-quarter real GDP growth will be lower than 12 months ago. On the other hand, the growth of economy is well above the euro area growth and is more than capable of inducing the fundamental demand for electricity in Estonia.

Financial strength World's leading rating agencies Standard & Poor's and Moody's have assigned Eesti Energia the highest credit rating among the Eastern and Central European energy companies (**A-** and **Baa1**). EE's €200m senior unsecured debt (sold: July 2002, maturity: July 2009) was designated **A-** level rating by S&P and **A3** by Moody's. Eesti Energia's goal is to continue to be a reliable partner to our clients, suppliers and financial institutions. Eesti Energia is committed to maintain a credit rating in the present category.

Interest coverage ratios have declined due to increased gearing (i.e. EBITDA interest cover from **8.2** to **7.0**), but are still very healthy. Financial strength is further stressed by strong cash flows – operating cash flows increased by **11.4% (€7.1m**). CAPEX declined by **7.0%** (**€11.8m),** which can be traced to excellent progress made in Narva repowering projects. Reduction in CAPEX with FFO up **1.3%** resulted in significant increase in FFO/CAPEX. Due to the completion of reconstruction of two 215MW units at Narva during next 9 months, we are expecting gradual strengthening of cash flow multiples.

Investment programme. More than 90% of the electrical energy produced in Estonia is based on oil shale. The existing power production equipment does not fully comply with the stringent environmental regulations set by the European Union. In order to meet the levels stipulated in the regulations, Eesti Energia has undertaken a reconstruction programme at the Narva Power Plants, which supplies more than 90% of energy demand in Estonia. The works have lasted more than two and a half years for now. The first 215 MW unit, that is being reconstructed, is scheduled to be completed in April 2004, while second 215 MW unit should be operational from the beginning of October 2004. In the third quarter, during the tests conducted by the contractor, the first 215MW unit operated 286 hours and produced a total of **24.5 GWh** of electrical energy.



Network losses Rolling four-quarter energy losses in power networks have steadily decreased. Third quarter power losses in the distribution network amounted to **12.8%**. We expect the positive trend to continue and proceed to carry out programs (CAPEX projects, co-operation with Supply business unit, etc.) designed to increase the efficiency of the distribution network.

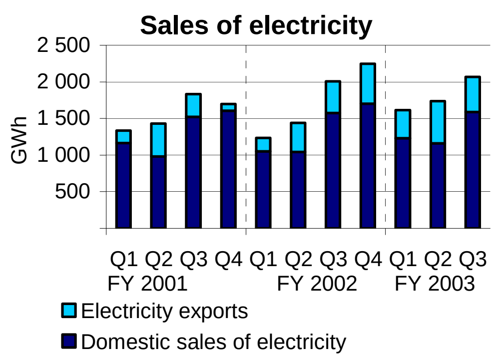
Profitability Growing sales, efficient production and low network losses increased our profit margin from **6.3%** to **8.1%**. Return on invested capital increased, based on 12 month rolling figures – ROIC was **5.8%** compared to **5.2%** in 12 months preceding 31/12/2002.

Business segments

Revenues € th.	'03 9 m	'02 9 m	FY 2002
Oil Shale Company	85 732	76 338	111 900
Power and Heat	181 698	177 761	262 262
Transmission	42 064	40 441	55 254
Distribution	96 694	91 694	127 175
Supply	225 240	222 979	324 236
Support Services	30 186	26 772	37 191
Eliminations	-395 493	-385 908	- 548 802
Consolidated Revenues	266 122	250 077	369 215

Core electricity business was the main driver of strong operating result. Total sales of electricity rose by 738 GWh (+15.8%) to 5 420 GWh. The revenues were supported by **8.4%** growth in sales of electricity (9 months 03/9 months 02).

Oil Shale Outside the group sale of oil shale increased to **€10.8** m (**0.9%**) on the 9 months of FY 2002/2003. The revenues from sale increased on account of increased sale quantities. Local oil industries were the main outside group consumers of oil shale.



Domestic electricity sales increased to **€190.4 m**, an increase of **7.4%** (**€13.1 m)** on the 9 months of FY 2002/2003. The negative impact of relatively warm weather conditions in November and December was offset by continued strong economic growth.

In quantitative terms, domestic electricity sales increased by **8.5%**, or **311 GWh**. Sales to business customers increased by **9.4%**, whereas sales to residential customers grew by **5.5%**.

Electricity exports Another factor compensating for negative impact of warm weather was dynamic electricity exports. The Group earned **€22.5m** from the export of electric power, a **17.7%** or **€ 3.4** m increase on the 9 months of the past financial year. In quantitative terms, exports increased by **427 GWh**, or **42,1%**. Exports to Latvia grew by **257 GWh** and to Russia by **170 GWh**.

Heat sales amounted to **€20.0m** in the first 9 months of the financial year 2003/2004. In quantitative terms, sales decreased by **122 GWh** (**9.0%**) and in monetary terms by **€2.5m** (**11.0%**) on the year before. Warm temperatures experienced in November and December reversed positive effect of colder temperatures in April and May. In Narva PP (Narva PP) heat sales decreased by **33 GWh** (**9.2%**), in Iru Power Plant (Iru PP) by **51 GWh** (**6.5%**) and in AS Kohtla-Järve Soojus (Kohtla-Järve PP) by **37 GWh** (**18.3%**).

Shale Oil In monetary terms, the sale of shale oil decreased by **1.9%** (**€0.1m**) on the year before, on account of storage of oil to start-up the renovated CFB Unit 8 in Narva PP. Oil output decreased **2 638 tonnes** (**4.0%**) compared to the same period of the previous financial year.

Other goods and products Sale of other goods and products totaled **€8.3m**, an increase of **27.9%** on the same period of the previous financial year. Exports of energy equipment manufactured by AS Energoremont advanced to **€4.0m** (an increase of **€2.5m**, or **175.5%**).

Services Sale of services amounted to **€4.7m**, an increase of **42.6%** on the 9 months of the previous financial year. The largest increase was experienced in the sales of repair and construction services (+**108.9%**) and telecommunication services (+**17.7%**).

Expenses In the 9 months, the expenses totalled **€232.5m**, an increase of **€10.0m** (**4.5%**) on the same period in the previous financial year.

Materials, consumables and supplies increased by **€4.2m** (**5.2%**), while net electricity production increased **13.3%**. Environmental charges increased by **19.6%**, which is due to the increased output and approximately **20%** higher pollution tariffs.

Personnel expenses increased by **€5.3m** (**8.8%**). More than half of the increase came from the Oil Shale Company, where personnel costs increased by **€3.2m** (**11.7%**), compared to the increase in mining volumes by **12.4%.**

Depreciation and value adjustments of fixed assets increased by a total of **2.8%** (**€1.6m**).

EBIT Combination of high sales growth and lower growth in expenses produced a notable increase in EBIT, which amounted to **€33.6m** (a **22%** increase on the same period of previous FY).

EBIT € th.	**'03 9 m**	**'02 9 m**	**FY 2002**
Oil Shale Company	10 461	8 795	16 642
Power and Heat	20 022	25 593	38 612
Transmission	3 748	3 645	6 038
Distribution	8 971	5 732	8 627
Supply	-10 540	-17 068	-16 943
Support Services	1 217	425	365
Eliminations	-278	409	0
Consolidated EBIT	33 600	27 531	53 340

Cost focus There were two key features driving the Group to record 9 month operating profit in the cost side – lower overhead costs and decrease in network losses. Other operating expenses decreased **€1.1m** (**4.3%**), losses in electricity networks decreased from **15.7%** to **13.0%**.

Oil Shale production segment experienced a **€1.6m** increase in EBIT. The growth is due to higher demand for electricity, which increased oil shale based power production in Narva PP and consequently drove up demand for oil shale.

Power and heat segment experienced a decline of **€5.6m**, of which more than half was attributable to higher planned maintenance costs.

Networks Transmission network and distribution network EBIT increased more than **€3.3m** to **€12.7m**. As noted earlier, the strong result was closely related to increase in electricity volumes and significantly lower network losses.

Net profit € m	**'03 9 m**	**'02 9 m**	**FY 2002**
Consolidated EBIT	33 600	27 531	53 340
Consolidated interest on debt	13 199	10 228	14 518
Consolidated interest on provisions	1 104	0	1 491
Cons. net other fin. income	1 777	2 661	2 491
Minority interest	-12 526	-7 567	-3 737
Consolidated Net Profit	21 606	15 725	37 576

Net financial expenses decreased by **€5.0m** (**65.5%**). Interest expenses on debt increased by **€3.0m** (**29.0%**) due to the higher D/E ratio compared to previous FY and interest on provisions (**€1.1m**). Interest income and other financial income decreased by **€0.9m**.

Net profit for the period reached **€21.6m**, which was significantly above **€15.7m** of the 9 months of FY 2002.

Investments

Investments In the 9 months Group's capital expenditures reached **€157.2m**. Medium term strategic investment programme proceeds as planned in power production as well in networks and oil shale production. Strategically paramount project – the renovation of two power production units at Narva PP – proceeded as scheduled.

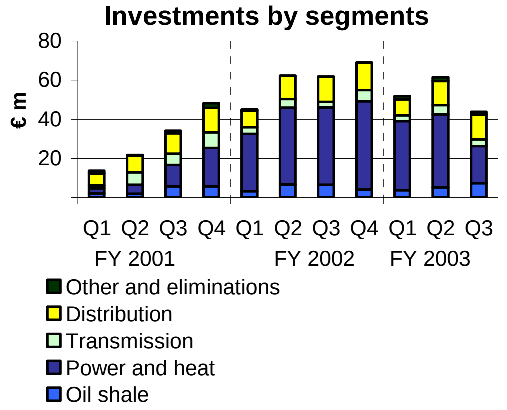
Generation Investments in power and heat production amounted **€89.4m**, of which repowering of Narva PP was (**€80.3m**), followed by reconstruction of industrial water purification equipment at Eesti Power Plant (**€0.3m**), upgrading the heat network at Narva (**€0.6m**) and the reconstruction of Eesti PP's clarified water canal No. 2 (**€0.5m**).

Investments € th.	**'03 9 m**	**'02 9 m**	**FY 2002**
Oil Shale Company	16 333	16 663	20 820
Power and Heat	89 480	103 911	148 723
Transmission	11 105	10 919	16 950
Distribution	33 055	32 836	42 098
Other and eliminations	7 260	4 733	5 228
Total Investments	157 232	169 062	238 111

Transmission In the first 9 months of 2003/04 financial year, a total of **€11.1m** was invested in the National Grid (**€3.3m** in the third quarter).

During the reporting period EE completed several important investment projects in the National Grid: in October Järve 110 kV switchgear, Võru 110 kV substation, Jüri 110 kV substation; in December Kehra 110 kV switchyard, Reinu 110 kV substation and Tõnismäe cable tunnels.

EE continued to make progress in the strategic Tallinn – Narva direction. Completion of Järve switchgear was a prerequisite to larger 330 kV projects – Järve was completed as planned. High voltage transmission network programs, such as Harku 330 kV substation and Harku – Kiisa 330 kV overhead line proceeded as scheduled. Aforementioned projects are expected to be operational at the second half of FY 2004/2005.



Distribution In the first 9 months of 2003/04 financial year, a total of **€33.0m** was invested into the Distribution Network. Major investment projects in the Distribution Network were the renovation of the 0.4-20 kV networks and the Voltage Quality Programme (**€8.4m**); switching voltage from 3x220 V to 3x400 V (**€1.5m**); reconstruction of 35-330 kV substations and 6-20 kV switchgear (**€3.8m**); new customer connections (**€11.4m**); planned replacement of direct metering systems (**€2.2m**) and power network development (**€2.6m**).

Debt

Loans and bonds as of 31/12/2003 € m	Used	Unused	Maturity
NIB	13		2 009
NIB	15		2 012
Syndicate loan	50		2 006
KfW		90	2 017
NIB	20	40	2 017
Eurobond	200		2 009
Total long- term	298	130	
Short- term	1.1		
Total loans and bonds[1]	299.1		

[1] The difference between Debt and Total loans and bonds is due to financing fees.

On November 6, 2003 Eesti Energia AS drew down €20m tranche from NIB €60m committed loan. Interest rate was fixed at **5.22**% until total repayment in 2017.

All loans are denominated in euros. Interest rates of previous loans were floating; the weighted average interest rate as of 31/12/2003 was 6 months **EURIBOR + 0.80%** – unchanged since the last quarter. The effective weighted average interest rate is expected to fall in the next quarter. Eurobond issue has fixed interest rate at **6%**.

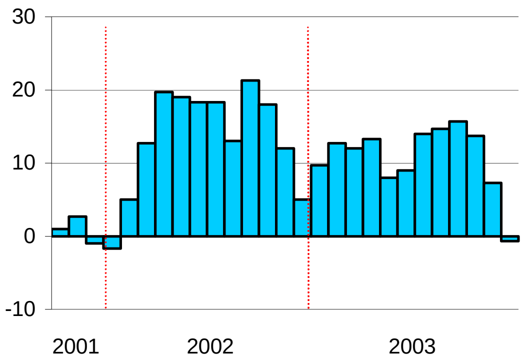
The floating interest rates of the syndicate loan in the amount of **€50m** (until the end of the loan period) and of the Nordic Investment Bank loan in the amount of **€15m** (until 2006) are fixed by means of interest rate swap, having the weighted average interest rate of **5.8%**. This makes **96%** of the debt portfolio fixed.

Eesti Energia AS committed undrawn credit lines stood at **€130m** as of 31/12/2003.

Short-term outlook

Eesti Energia's excellent results during first nine months were based on strong electricity sales. Domestic electricity sales were up **8.5%**, while electricity exports increased **42.1%**.

Industrial enterprises confidence (monthly)

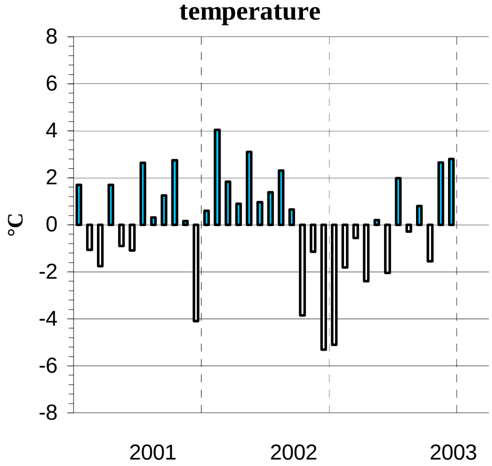


Source: Estonian Institute of Economic Research

Domestic demand for electricity is closely related to the overall state of Estonian economy. At the present, Estonia's economic growth is stable. Confidence indicator of industrial enterprises has experienced a seasonal downturn due to expectations of traditionally weaker results at the first quarter of the calendar year. According to macroanalysts, the growth of Estonia's economy in 2 004 should exceed the growth of economy at 2003.

In networks segment we managed through careful analysis and diligent investments to reduce losses. The running four-quarter losses trend is stable and moving in favorable direction. Due to technical factors, we can expect the absolute value of power losses to increase in the fourth quarter of the financial year. Nevertheless, at the end of the financial year, we expect the average 12-month losses in power networks to show a significant decrease compared with the previous financial year.

Difference from monthly average temperature



Average temperature in Estonia in the third quarter was 1.3°C warmer compared with the temperatures in the last 12 years. This caused a slowdown in the growth of domestic electricity sales. If the warm temperatures persist, the growth rate of sales of domestic electricity will further decrease. When considering electricity sales during the whole financial year we expect to see a robust growth, based on strong fundamentals and above average results in the first nine months.

Eesti Energia maintains, that if the temperatures are in the level of previous FY, there should be a reasonable growth in revenues and margins in the end of year results.

Definitions

Financial

EBITDA –	Earnings before interest, taxes, depreciation and amortization
EBIT –	Earnings before interest and taxes
Interest –	Interest on debt
Net Debt –	Debt less cash and equivalents
Invested capital –	Shareholders equity plus Debt
FFO –	Funds from operations; Operating cash flow less Changes in working capital
ROIC –	Return on invested capital; EBIT divided by average Invested capital
EBITDA interest cover –	EBITDA divided by Interest on debt
EBIT margin –	EBIT divided by Total revenue
Profit margin –	Net profit divided by Total revenue

Other

CFB –	Circulating Fluidised Bed

Notes

Financial tables

Accounting policies

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2003.

The statements should be read in conjunction with the 2002/03 annual financial statements.

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

Consolidated income statement, € th.

	3 months		9 months		12 months	
	1.10.2003-31.12.2003	**1.10.2002-31.12.2002**	**1.4.2003-31.12.2003**	**1.4.2002-31.12.2002**	**1.1.2003-31.12.2003**	**1.1.2002-31.12.2002**
Revenue						
Net sales	103 937	105 848	264 532	247 035	383 158	338 739
Other revenue	587	461	1 558	1 670	2 037	20 545
Government grant	20	327	32	1 373	65	2 646
Total revenue	**104 543**	**106 636**	**266 122**	**250 077**	**385 260**	**361 931**
Expenses						
Materials, consumables and supplies	29 988	29 248	80 738	77 778	115 883	112 677
Other operating expenses	9 192	9 465	27 870	27 389	43 340	47 739
Personnel expenses	22 956	21 684	65 218	59 942	85 753	78 692
Other expenses	26	284	412	732	635	972
EBITDA	**42 382**	**45 955**	**91 883**	**84 236**	**139 649**	**121 851**
Depreciation and impairment	19 901	20 030	58 284	56 705	80 240	75 790
Total expenses	**82 062**	**80 711**	**232 522**	**222 546**	**325 851**	**315 870**
EBIT	**22 481**	**25 925**	**33 600**	**27 531**	**59 409**	**46 061**
Interest expense on borrowings	-4 511	-4 396	-13 199	-10 228	-17 488	-11 699
Other net financial income	-239	850	673	2 661	502	2 260
Minority interest	412	3 674	-532	4 239	-1 035	2 564
Net profit/loss for the period	**17 319**	**18 705**	**21 606**	**15 725**	**43 457**	**34 058**

Consolidated balance sheet, € th.

	31.12.2003	31.12.2002	31.3.2003
Assets			
Current assets			
Cash and cash equivalents	35 661	99 250	95 303
Shares and other securities	354	354	354
Trade receivables	45 555	47 305	46 028
Other receivables	80	59	53
Accrued income	2 004	2 271	3 077
Prepaid expenses	2 871	8 138	7 854
Inventories	18 213	11 028	11 600
Total current assets	**104 738**	**168 405**	**164 269**
Non- current assets			
Long- term financial investments	2 699	3 137	2 968
Tangible assets	1 113 611	964 338	1 015 001
Intangible assets	2 553	53	2 727
Total non- current assets	**1 118 862**	**967 529**	**1 020 697**
Total assets	**1 223 601**	**1 135 933**	**1 184 966**
Liabilities			
Current liabilities			
Borrowings	2 239	1 061	1 067
Customer prepayments	250	1 280	500
Trade payables	50 376	32 146	50 390
Other payables	1 865	1 659	1 741
Taxes payable	13 647	11 271	12 273
Accrued expenses	14 282	15 180	18 867
Derivatives	3 551	4 114	4 878
Provisions	4 152	2 932	5 640
Prepaid income	172	0	0
Total current liabilities	**90 535**	**69 642**	**95 356**
Non- current liabilities			
Long- term borrowings	293 370	274 547	274 605
Long- term trade payables	0	10 564	5 223
Prepaid income	36 196	27 778	29 440
Long- term provisions	19 503	18 642	18 399
Total non- current liabilities	**349 069**	**331 531**	**327 666**
Total liabilities	**439 604**	**401 173**	**423 022**
Minority interest	**1 135**	**36 379**	**1 668**
Shareholder's equity			
Share capital	464 899	424 455	424 455
Non- registered share capital	0	0	40 443
Share premium	259 832	259 832	259 832
Statutory reserve	40 020	23 489	23 489
Hedging reserve	-3 495	-4 074	-4 474
Retained earnings	0	-21 044	-21 044
Net profit for the period	21 606	15 725	37 576
Total shareholder's equity	**782 861**	**698 382**	**760 276**
Total liabilities and equity	**1 223 601**	**1 135 933**	**1 184 966**

Consolidated cash flow statement, € th.

	9 months		12 months	
	1.4.2003-31.12.2003	**1.4.2002-31.12.2002**	**1.1.2003-31.12.2003**	**1.1.2002-31.12.2002**
Cash flows from operating activities				
Adjusted net profit	90 943	78 775	136 959	116 559
Changes in working capital	-6 153	-12 228	-331	-17 250
Paid interest and loan fees	-16 833	-6 326	-16 911	-7 151
Received interest	1 230	1 894	2 180	2 201
Net cash from operating activities	**69 186**	**62 116**	**121 897**	**94 359**
Cash flows from investing activities				
Purchase of tangible fixed assets	-157 604	-155 190	-216 520	-189 254
Proceeds from connection fees	7 661	7 055	9 574	8 328
Proceeds from sale of tangible fixed assets	1 118	1 233	1 478	1 071
Dividends received from associates	0	1 103	0	1 103
Return of long- term financial investments	0	3	1	18
Paid at acquisition of long- term financial investments	0	0	0	-68
Proceeds from sale of financial investments	6	0	6	0
Purchase of intangible assets	0	0	0	0
Net cash used in investing activities	**-148 818**	**-145 795**	**-205 460**	**-178 803**
Cash flows from financing activities				
Received long- term bank loans	20 000	0	20 000	0
Proceeds from issue of long- term bonds	0	197 260	0	197 260
Repayment of long- term bank loans	0	-45 000	0	-45 020
Finance lease principal payments	-10	-23	-25	-34
Proceeds from issue of short- term bonds	0	11 089	0	11 089
Redemption of short- term bonds	0	-11 089	0	-11 089
Dividends paid to minority shareholders	0	-511	0	-511
Net cash from financing activities	**19 990**	**151 726**	**19 975**	**151 695**
Net increase/decrease in cash and cash equivalents	**-59 642**	**68 047**	**-63 588**	**67 252**
Cash and cash equivalents at the beginning of the period	95 303	31 202	99 250	31 998
Cash and cash equivalents at the end of the period	35 661	99 250	35 661	99 250
Cash in cash and cash equivalents	**-59 642**	**68 047**	**-63 588**	**67 252**

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

	Share capital	Share premium	Statutory reserve	Hedging reserve	Retained earnings	Total
Balance at 31.03.2002	**424 455**	**259 832**	**0**	**0**	**2 445**	**686 732**
Transfer to statutory reserve	0	0	23 489	0	-23 489	0
Revaluation of cash flow hedges	0	0	0	-4 074	0	-4 074
Net profit for 2002/2003 as previously reported	0	0	0	0	15 725	15 725
Balance at 31.12.2002	**424 455**	**259 832**	**23 489**	**-4 074**	**-5 319**	**698 382**
Balance at 31.3.2003	**464 899**	**259 832**	**23 489**	**-4 474**	**16 532**	**760 276**
Transfer to statutory reserve	0	0	16 532	0	-16 532	0
Revaluation of cash- flow hedges	0	0	0	979	0	979
Net profit for the period	0	0	0	0	21 606	21 606
Balance at 31.12.2003	**464 899**	**259 832**	**40 020**	**-3 495**	**21 606**	**782 861**

Notes to the financial statements

1 Segment reporting

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

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

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

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

9 months 1.4.2003-31.12.2003 **€ th.**

	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	85 732	181 698	42 064	96 694	225 240	30 186	-395 493	266 122
EBIT	10 461	20 022	3 748	8 971	-10 540	1 217	-278	33 600

9 months 1.4.2002-31.12.2002 **€ th.**

	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	76 338	177 761	40 441	91 694	222 979	26 772	-385 908	250 077
EBIT	8 795	25 593	3 645	5 732	-17 068	425	409	27 531

2 Operating profit

In November 2003 Estonian Tax Board annuled the claim against Kohtla- Järve Soojus AS (compensation for delay of long- term social tax liability at discounted value of € 458 th.).

This amount has been deducted from the other business expenses in the income statement.

3 Tangible assets, € th.

	Land	Buildings	Const-ructions	Plant and equipment	Other	Total
Balance at 31.3.2003						
Acquisition cost	4 268	109 405	693 465	621 999	1 924	1 431 061
Accumulated depreciation	0	-61 727	-251 570	-279 391	-1 149	-593 838
Opening net book value	4 267	47 677	441 895	342 607	775	837 223
Construction and renovation in progress	0	332	11 174	165 035	0	176 541
Prepayments	261	21	18	936	0	1 237
Total balance at 31.3.2003	**4 529**	**48 030**	**453 088**	**508 579**	**775**	**1 015 001**
Movements for the period 1.4.2003-31.12.2003						
Acquisitions	49	6 139	24 803	125 887	356	157 232
Depreciation	-1	-2 644	-19 621	-35 588	-255	-58 109
Impairment charge						
Disposals	-15	-246	-15	-238	-1	-514
Reclassification	0	0	0	0	0	0
Total movements for the period 1.4.2003-31.12.2003	**33**	**3 249**	**5 167**	**90 061**	**100**	**98 610**
Balance at 31.12.2003						
Acquisition cost	4 297	114 295	714 932	662 428	2 246	1 498 199
Accumulated depreciation	-1	-63 980	-270 636	-311 378	-1 371	-647 366
Closing net book value	4 296	50 315	444 297	351 050	875	850 833
Construction and renovation in progress	0	965	13 781	246 542	0	261 288
Prepayments	266	0	176	1 048	0	1 490
Total balance at 31.12.2003	**4 562**	**51 280**	**458 254**	**598 640**	**875**	**1 113 611**

4 Debt, € th.

	31.12.2003	31.3.2003
Borrowings at adjusted acquisition cost		
Short- term borrowings		
Bank loans	1 055	1 055
Repayments of long- term bank loans	1 182	0
Finance lease liabilities	2	12
Total short- term borrowings	**2 239**	**1 067**
Long- term borrowings		
Debt securities	197 734	197 482
Bank loans	95 615	76 644
Finance lease liabilities	21	21
Long- term tax liabilities	0	458
Total long- term borrowings	**293 370**	**274 605**
Total borrowings	**295 609**	**275 672**

Movements in borrowings for the period 1.4.2003-31.12.2003	
Balance of adjusted acquisition cost at 31.3.2003	**275 672**
Movements during 1.4.2003-31.12.2003	
Long- term bank loans	20 000
Amortization of the difference of the nominal and acquisition cost	153
Amortization of difference of the nominal and acquisition cost of the bonds	253
Financial lease principal payments	-10
Annulled long- term tax liability (see note 2)	-458
Balance of adjusted acquisition cost 31.12.2003	**295 609**