Eesti Energia

Interim Report

1.4.2004 – 31.3.2005

Contents

Overview

Key financial figures	1.4.2004-31.3.2005	1.4.2003-31.3.2004	1.4.2002-31.3.2003
Revenues, € th.	397 369	379 257	369 215
incl. domestic sales of electricity	284 310	270 923	257 943
EBITDA, € th.	149 178	132 727	132 001
EBIT, € th.	61 560	49 633	53 340
Net Profit, € th.	43 069	32 958	41 312
Net Fixed Assets, € th.	1 199 976	1 128 977	1 015 001
Equity, € th.	840 307	795 446	761 944
Net Debt, € th.	268 674	249 580	180 369
CAPEX, € th.	159 891	198 480	238 111
FFO, € th.	127 697	114 108	124 969
Debt/(Debt+Equity)[1]	26,9%	27,0%	26,6%
ROIC	5,5%	4,7%	5,7%
EBITDA interest cover	8,1	7,5	9,1
FFO/Net Debt[1]	47,5%	45,7%	69,3%
FFO/Interest Expense	7,0	6,4	8,6
FFO/Capex	79,9%	57,5%	52,5%
EBITDA margin	37,5%	35,0%	35,8%
EBIT margin	15,5%	13,1%	14,4%

1 - balance sheet figures are end of period

Eesti Energia's three most notable events in the FY 2004/05 were the start of regular operations of the new CFB boiler; implementation of new power and network tariffs and the finishing on preparatory procedures of the Estonian – Finnish sub-sea cable Estlink. Positive financial results were based on high domestic demand for electrical energy and optimization of operating costs. The company achieved profitable growth.

New network and power tariffs are effective as of 1st of March 2005, allowing the Transmission Network to earn a **6.9%** and the Distribution Network a **7.4%** return on regulatory asset base. Concurrently, the regulator confirmed the networks combined **€280m** investment plan for FY2004/05 – FY2007/08.

The third most notable event was the end of preparatory work for the Nordic Energy Link project. Total cost of the project is expected to be at **€110m**. The launch of the project as a commercial enterprise relied on the exemption of European Commission; the exemption was granted on the 27th of April 2005. On the 29th of April 2005, AS Nordic Energy Link signed an EPC contract with the Swiss – Swedish engineering company ABB.

Growth of electricity sales and focus on costs increased 12 month EBIT by 24.0%

Revenues increased to **€397.4m**, which was **4.8%** higher compared to the previous financial year. Revenues grew at the same pace with electricity sales, which recorded a **5.3%** growth; domestic electricity sales were up **4.9%** (**€13.4m**).

Operating performance Operating costs before depreciation and amortization increased by **0.7%**, which allowed Eesti Energia to reach an EBITDA growth of **12.4%**. Depreciation costs rose by **5.4%** (**€4.5m**). Despite the high growth of depreciation costs, 12 month operating profit grew **24.0%** (**€11.9m**).

Economic environment Estonian Institute's in Economic Research (EKI) poll in March 2005 on the state of economy in Estonia demonstrated, that macroanalysts and business executives perceive overall economic environment to be favorable (**7.9** points/9). The result also exceeds the historic average by one third.

Source: Statistical Office of Estonia

Experiencing a small decline, the real GDP growth in Estonia in the fourth quarter of calendar year 2004 was **5.9%**, while 12 month rolling growth was at **6.2%**. According to the Ministry of Finance, growth was based on strong domestic demand, which in turn relied on low interest rates, favorable loan conditions and increase in disposable income. Strong growth of domestic economy was further facilitated by moderate inflation rate and stable labor market. Estonia's real GDP growth well exceeds the EURO 25 growth rate.

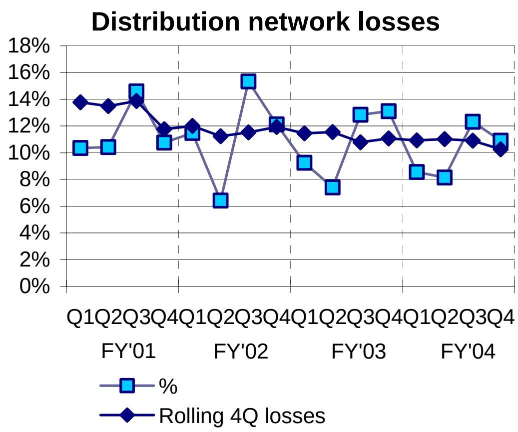
During the reporting period, two of the most significant events in the **Baltic energy market** were the closure of the first **1 300 MW** reactor of Ignalina Nuclear Power Plant as well as the signing of the EPC contract for the Estonian – Finnish sub-sea cable Nordic Energy Link. Eesti Energia is one of the leading partners in the Nordic Energy Link – the HVDC power cable connecting the Baltics with the Nordic power market. Project partners include Eesti Energia, Latvenergo (Latvija), Lietuvos Energija (Lithuania), PVO (Finland) and Helsinkin Energia (Finland). Project benefits Eesti Energia in several ways: first by creating an opportunity to start trading in the Nordic energy market; secondly increasing the reliability of power system in the Baltic countries and finally by offering system services (load balancing, emergency reserve, "black – start", etc.).

Emissions trading One of the most consequential principles influencing European energy sector is EU environmental policy, which is based on the motivation to reduce pollution. One of the implications of the policy is the carbon dioxide (CO_2) emission quota scheme. Government of the Republic of Estonia has through National Allocation Plan assigned Eesti Energia **46.7 million** tonnes of CO_2 emission allowances for the period of 2005 – 2007.

Financial strength Standard & Poor's and Moody's, two world's leading rating agencies, have assigned Eesti Energia the highest credit rating among the Eastern and Central European energy companies (**A-** and **A3**). Our goal is to continue to be a reliable partner to our clients, suppliers and financial institutions. We are committed to maintain a credit rating in the present category.

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

CAPEX reduced by **€38.6m** in 12 months, the reduction of CAPEX originates from power production segment (**€67.8m)**. Rolling four quarter investments into power networks have increased by **€35.0m**. Increased profitability and decreased investments have driven the rolling 12 month FFO/investment multiple from **57.5%** to **79.9%**.

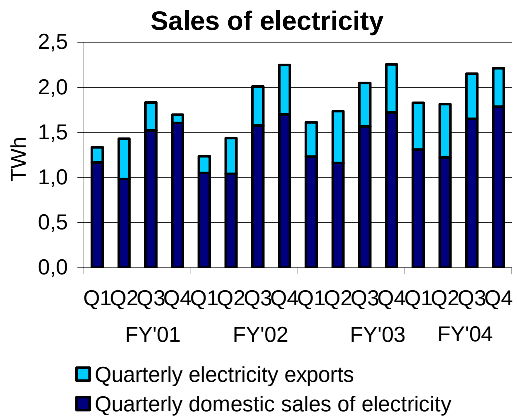


Network losses The historic trend of power losses is decreasing. In the fourth quarter of the FY 2004/05, the distribution network losses went from **13.1%** in the FY 2003/04 Q4 to **10.9%**. As expected, 12 month distribution network losses decreased to a record low **10.2%**.

Profitability Operating results were most influenced by the growth of domestic sales of electricity and focus on the optimization of operating costs. As a result, growth of revenues (**4.8%**) topped the growth of operating costs (**1.9%**) by **2.9%**, while inflation was at **4%**. Invested capital increased by **5.4%**, at the same time EBIT was up **24.0%**, which produced a ROIC growth of **5.5%**, compared to **4.7%** a year before.

Operating results

Revenues € th.	2004/05	2003/04
Oil Shale Company	111 653	116 755
Power and Heat	263 891	263 089
Transmission	61 846	57 604
Distribution	138 032	132 850
Supply	325 193	320 301
Support Services	45 706	40 010
Eliminations	-548 952	-551 351
Consolidated Revenues	**397 370**	**379 257**



Core electricity business was the main driver of solid operating result. Total sales of electricity rose by **308 GWh** (**+4.0%**) to **7 983 GWh**.

Domestic electricity sales increased to **€284.3m**, an increase of **4.9%** (**€13.4m)** on the FY 2003/04. In quantitative terms, domestic electricity sales increased by **4.3%**, or **245 GWh**.

Electricity exports Group's revenues from the exports of electric power reached **€33.7m**, a **8.0%** or **€2.5m** increase on the previous financial year. In quantitative terms, exports increased by **63 GWh**, or **3.2%**. Exports to Latvia grew by **132 GWh**, while exports to Russia decreased by **69 GWh**.

Heat sales amounted to **€30.4m** in the financial year 2004/05. In quantitative terms, sales decreased by **191 GWh** (**8.8%**) and in monetary terms by **€3.7m** (**10.8%**). In Narva PP (Narva PP) heat sales decreased by **6 GWh** (**1.0%**), in Iru Power Plant (Iru PP) by **63 GWh** (**5.0%**) and in AS Kohtla-Järve Soojus (Kohtla-Järve PP) by **122 GWh** (**38.2%**). Decrease of Kohtla – Järve Soojus heat sales is largely explained by the sale of Järve assets in July 2004.

Oil Shale Outside the group sale of oil shale decreased to **€13.2m** (**8.9%**), the decrease of revenues was due to the decrease in sales volumes (**-10.1%**). Consolidated sales of oil shale account for less than 20% of Oil Shale Company's oil shale production.

Shale Oil In monetary terms, the sale of shale oil increased by **42.7%** (**€3.8m**) Oil sales for the FY 2004/05 reached **113 th. tonnes** (**+38.6%**).

Other goods and products Sale of other goods and products totaled **€8.9m**, a decrease of **9.2%** on the previous financial year. This was due to a reduction of domestic outside group sales of energy equipment of AS Energoremont to **€0.1m**.

Services Sale of services amounted to **€9.8m**, an increase of **55.1%** on the previous financial year. The largest increase was experienced in the sales of telecommunication services (**+70.3%**) and repair and building services (**+31.1%**).

Expenses During the FY months, operating expenses totaled **€335.8m**, an increase of **€6.2m** (**1.9%**) on the same period in the previous financial year. Notably, the growth of operating expenses was significantly lower than the growth of revenues, which grew by **4.8%**.

EBIT € th.	2004/05	2003/04
Oil Shale Company	8 004	10 372
Power and Heat	40 687	35 927
Transmission	5 407	3 375
Distribution	12 642	11 762
Supply	-6 175	-12 530
Support Services	738	618
Eliminations	258	110
Consolidated EBIT	**61 560**	**49 633**

Four factors can be identified to be most pertinent to the success of Groups business processes development and execution of investment strategy. First, substantial investments have increased the Group's depreciation costs; secondly the commissioning of new CFB boilers has increased the efficiency in power production by optimizing fuel costs as well as pollution fees. Third, distribution network losses have decreased by **0.9%** (or **50 GWh**) due to the aforementioned investments as well as development of internal processes. Finally, the company cut the personnel expenses by **2.2%** compared to the level of previous financial year.

Comparing previously outlined factors with the growth of production, wages (wages have in Estonia grown more than **7%** in past year), inflationary pressure (**4%**, based on GDP deflator) as well as relatively low growth of operating costs, it is evident, that company's chosen direction in developing its business processes and investment strategy is profitable. We maintain commitment to focus on constantly improving the efficiency and effectiveness of operations and to diligently follow the set medium term investment strategy, while being flexible to changes in the regulatory and market environment.

In summary, in spite of inflationary pressures and investment-related increase in depreciation costs EBIT grew by **24.0%** (**€11.9m**).

Oil Shale production segment experienced a **€2.4m** (**22.8%**) decrease in EBIT, while power and heat segment EBIT increased by **€4.8m**. This was a combination of increased production, decreased planned maintenance and fuel efficiencies gained from the successful deployment of the new CFB boiler.

Networks Transmission network operating profit increased by **€2.0m**, while the distribution network EBIT increased by **€0.9m**. Strong result was closely related to increase in electricity volumes, declining network losses and new network tariffs.

Net profit € th.	2004/05	2003/04
Consolidated EBIT	**61 560**	**49 633**
Consolidated interest on debt	-18 362	-17 734
Consolidated interest on provisions	-1 603	-1 179
Cons. net other fin. income	-1 473	-2 238
Consolidated Net Profit	**43 069**	**32 958**

Favorable conditions have enabled us to keep rolling four quarter interest expenses at **€18m** level. In 12 months, average debt has increased by **7.7%**. When looking at the bottom line, net profit increased to **€43.1m** (**+€10.1m**).

Investments

Investments In the fourth quarter Eesti Energia's capital expenditures reached **€37.4m,** while four quarter investments were at **€159.9m**. Medium term strategic investment programme proceeds as planned, main projects emerge from the Transmission Networks Narva – Tallinn investment plan.

In FY 2004/05 unit no. 8 produced **1.14 TWh** of electrical energy, the second new unit produced **0.37 TWh** of electrical energy. The largest project was Balti 330 kV substation (**€11.1m**). Distribution Network invested **€24.7m** to connecting new customers to the grid; this constituted **42%** of Distribution Network's investments.

Investments € th.	2004/05	2003/04
Oil Shale Company	16 096	21 556
Power and Heat	41 413	109 205
Transmission	40 363	15 559
Distribution	56 026	45 823
Other and eliminations	5 993	6 338
Total Investments	**159 891**	**198 480**

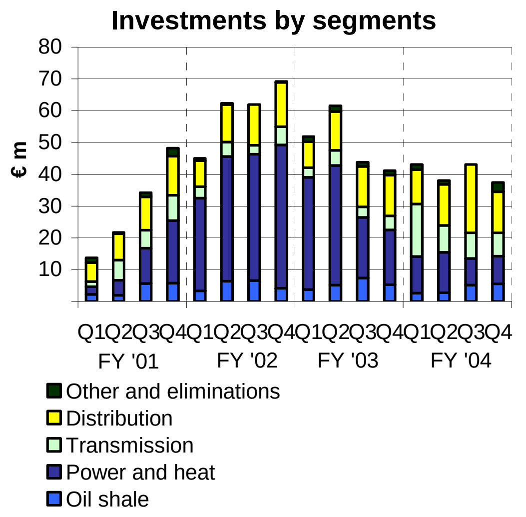
Generation In the fourth quarter, investments in power and heat production amounted **€8.6**, of which repowering of Narva PP was (**€2.5m**). During the fourth quarter, construction of peak and reserve boiler house at Balti site of Narva

Power Plants was the single largest investment project (**€5.2m**).

Transmission In the fourth quarter of financial year 2004/05, a total of **€7.4m** was invested in the National Grid.

Transmission networks most important ongoing investment projects during the reporting period were construction of Rakvere 330 kV substation (**€1.2m**), followed by construction of Veskimetsa switchgear (**€1.0m**) and reconstruction of Balti 330/220/110 kV substation (**€0.9m**).

Distribution In the fourth quarter of FY 2004/05, a total of **€12.9m** was invested into the Distribution Network. During the FY, connecting new customers to the grid surpassed the previous record year 2002 by **49%**. The high activity is explained by the vigorous real – estate development, which in turn relies on low interest and favorable economic environment.



Major investment projects in the FY 2004/05 Q4 in the Distribution Network were building of new customer connections (**€24.7m**); renovation of the 0.4-20 kV networks and the Voltage Quality Programme (**€10.7m**), reconstruction of 35-330 kV substations (**€6.7m**); and switching voltage from 3x220 V to 3x400 V (**€1.5m**).

Debt

Loans and bonds as of 31.3.2005 € m	Used	Un-used	Maturity
NIB	12		2 009
NIB	15		2 012
Syndicate loan	50		2 006
KWf		90	2 017
NIB	20	40	2 017
EIB	15	65	2 019
Eurobond	200		2 009
Total long term	312	195	
Short- term	0		
Total loans and bonds	**312**	**195**	

All loans are denominated in euros. The weighted average interest rate was **EURibor + 0.58%** as of 31st of March 2005, decreasing 7 bps compared with previous quarter. Due to renegotiations of loan agreements further decrease in margin is expected in the next quarter.

Eurobond issue has fixed interest rate at **6%**. The floating interest rates of the syndicate loan in the amount of **€50 000 000** (until the end of the loan period) and of the Nordic Investment Bank loan in the amount of **€15 000 000** (until 2006) are fixed by means of interest rate swap, having the weighted average interest rate of **5.8%**. The interest rate of the first tranche of NIB **€60 000 000** facility is also fixed. This makes **91%** of the debt portfolio fixed.

In the coming quarter EE is planning to issue CPs in the Finnish CP market in order to finance its short-term working capital needs.

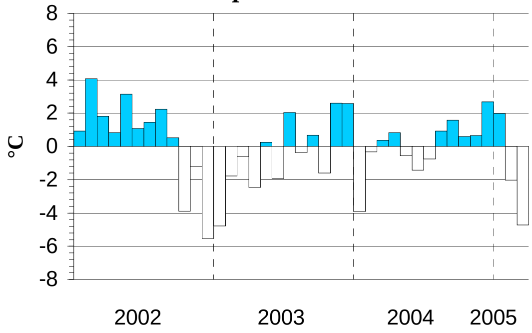
On May 29, arranging loan financing for AS Nordic Energy Link, EE's **39.9%** subsidiary, who will build and operate sub-sea electricity cable between Estonia and Finland, came to financial close. AS Nordic Energy Link signed loan agreements with NIB (**€ 53 000 000**) and SEB Eesti Ühispank (**€ 31 000 000**). Loans are backed with several pro-rata guarantees from shareholders of AS Nordic Energy Link.

Short-term outlook

Eesti Energia's solid financial results were based on strong electricity sales as well as on focus on cost control.

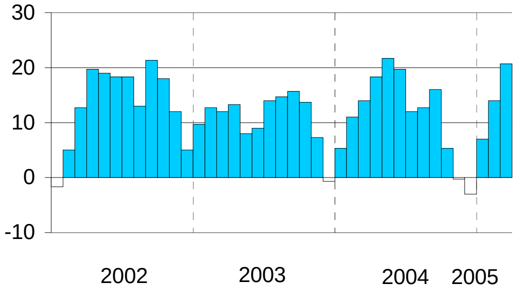
Average temperature in FY 2004/05 was **+0.12ºC** against the previous financial year. Despite that, electricity sales showed a healthy growth. Data demonstrates, that in last nine months the temperature neutral electricity growth is in the area of **3%**, which also represents the historic long – term growth rate of electricity demand.

Difference from monthly average temperature



Estonian Institute of Economic Research poll indicated, that optimistic sentiment about economic prospects for the next 6 months dominates, increasing by **0.3** points against the previous quarter. The relatively low confidence of the industrial enterprises in the end of previous year has substituted with positive expectations in the beginning of 2005. Real GDP growth in Estonia during last four quarters exceeded **6%**. In 2005, real GDP growth is predicted to stay in the range of **5.5% – 6%**. With present state and structure, Estonia's economy is well capable to foster the growth of domestic demand for electricity.

Industrial enterprises confidence (monthly)



Source: Estonian Institute of Economic Research

The rolling four-quarter losses trend in the distribution network decreased to a record low **10.2%**. In the medium term, power network losses are decreasing and expected to benefit from ongoing investment programme. For the FY 2005/06 we aim the losses to be below **10%**.

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

In the previous years, strong growth of the economy has provided a sound basis for the growth of domestic demand of electricity. Growing electricity sales, combined with focus on cost reduction and meticulous execution of investment strategy have despite inflationary pressures enabled company's returns to increase. In 2005/06 these efforts will be accompanied with the effect of new electricity tariffs. Thus, in the current FY we expect to see further positive development in earnings and returns.

Definitions

Financial

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

Other

EPC –	Engineering, procurement and construction
TSO –	Transmission system operator

Notes

Financial tables

Accounting policies

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended March 31st, 2004. According to IAS 36 (revised in 2004), IAS 38 (revised in 2004) and IFRS 3 goodwill is not a subject of amortization – goodwill will be tested for changes in value and revalued, if necessary. The aforementioned accounting principles are applied for the purpose of preparation of financial statements from 1.4.2004.

The statements should be read in conjunction with the 2003/04 annual financial statements, except the accounting of goodwill.

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

Consolidated income statement, € th.

	3 months		**12 months**		***Note***
	1.1.2005 - 31.3.2005	**1.1.2004 - 31.3.2004**	**1.4.2004- 31.3.2005**	**1.4.2003- 31.3.2004**	
Revenue					
Sales	118 616	112 581	394 728	377 113	
Other revenue	784	466	2 512	2 024	
Government grant	9	88	130	120	
Expenses					
Changes in work in progress and finished goods	-1 841	-2 712	-1 105	3 020	
Materials, consumables and supplies	-35 436	-34 014	-121 385	-120 485	
Other operating expenses	-9 994	-10 701	-36 704	-38 571	
Personnel expenses	-22 664	-24 572	-87 883	-89 789	
Depreciation and impairment	-23 594	-24 811	-87 618	-83 094	
Other expenses	-342	-293	-1 114	-705	
EBIT	**25 538**	**16 033**	**61 560**	**49 633**	
Interest expense on borrowings	-4 536	-4 534	-18 362	-17 734	
Other net financial income	-36	386	-129	1 059	
Net financial revenues	**-4 572**	**-4 148**	**-18 491**	**-16 675**	
Profit for the period	**20 966**	**11 884**	**43 069**	**32 958**	
Attributable to:					
Equity holders of the company	20 187	11 827	42 793	33 433	
Minority interests	779	57	275	-475	
Earnings per share for profit attributable to the equity holders of the company during the period					
Basic (€/)	0,28	0,16	0,59	0,46	***5***
Diluted (€)	0,28	0,16	0,59	0,46	***5***

Consolidated balance sheet, € th.

	31.3.2005	31.3.2004	Note
Assets			
Current assets			
Cash and cash equivalents	40 301	45 110	
Available-for-sale financial assets	0	354	
Trade receivables	49 867	46 046	
Other receivables	40	85	
Accrued income	2 194	1 742	
Prepayments	1 704	916	
Inventories	18 327	16 592	
Total current assets	**112 434**	**110 845**	
Non- current assets			
Investments in associates	2 701	2 756	
Property, plant and equipment	1 199 979	1 128 979	*3*
Intangible assets	2 494	2 494	
Total non- current assets	**1 205 175**	**1 134 230**	
Total assets	**1 317 609**	**1 245 075**	
Liabilities			
Current liabilities			
Borrowings	2 374	1 192	*4*
Trade and other payables	89 718	85 886	
Derivative financial instruments	2 672	4 468	
Provisions	6 016	5 884	*6*
Deferred income	618	45	
Total current liabilities	**101 396**	**97 475**	
Non- current liabilities			
Borrowings	306 602	293 498	*4*
Provisions	18 593	20 186	*6*
Deferred income	50 709	38 468	
Total non- current liabilities	**375 903**	**352 152**	
Total liabilities	**477 299**	**449 627**	
Shareholder's equity			
Share capital	464 900	464 900	
Share premium	259 833	259 833	
Statutory reserve	41 692	40 020	
Hedging reserve	-2 137	-3 930	
Retained earnings	31 762	0	
Net profit for the period	42 793	33 433	
Total capital and reserves attributable to the Company's equity shareholders	**838 842**	**794 256**	
Minority interest	**1 468**	**1 192**	
Total shareholders' equity	**840 310**	**795 448**	
Total liabilities and equity	**1 317 609**	**1 245 075**	

Consolidated cash flow statement, € th.

	3 months		12 months	
	1.1.2005 - 31.3.2005	**1.1.2004 - 31.3.2004**	**1.4.2004- 31.3.2005**	**1.4.2003- 31.3.2004**
Cash flows from operating activities				
Adjusted net profit	48 229	39 200	145 135	129 611
Changes in working capital	2 699	9 055	-2 429	3 434
Paid interest and loan fees	-251	-77	-17 951	-16 910
Received interest	98	178	514	1 407
Net cash from operating activities	**50 776**	**48 356**	**125 268**	**117 542**
Cash flows from investing activities				
Purchase of tangible fixed assets	-31 069	-42 725	-161 166	-200 329
Proceeds from connection fees	3 564	2 654	13 786	10 316
Proceeds from sale of tangible fixed assets	105	1 082	663	2 199
Disposal of business unit	0	0	1 945	0
Dividends received from associates	0	1 139	1 009	1 139
Paid for long- term financial investments	0	0	-128	0
Proceeds from sale of financial investments	0	0	5	6
Net cash used in investing activities	**-27 400**	**-37 850**	**-143 885**	**-186 669**
Cash flows from financing activities				
Received long- term bank loans	0	0	15 000	20 000
Repayment of long- term bank loans	0	-1 055	-1 182	-1 055
Finance lease principal payments	-3	-3	-11	-12
Net cash from financing activities	**-3**	**-1 057**	**13 808**	**18 933**
Net increase/decrease in cash and cash equivalents	**23 373**	**9 449**	**-4 809**	**-50 193**
Cash and cash equivalents at the beginning of the period	16 928	35 661	45 110	95 303
Cash and cash equivalents at the end of the period	40 301	45 110	40 301	45 110
Cash in cash and cash equivalents	**23 373**	**9 449**	**-4 809**	**-50 193**

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

	Capital and reserves attributable to the Company's equity holders						
	Share capital	**Share premium**	**Statutory reserve**	**Hedging reserve**	**Retained earnings**	**Minority interest**	**Total**
Balance at 31.3.2003	**464 900**	**259 833**	**23 489**	**-4 474**	**16 532**	**1 668**	**761 946**
Transfer to statutory reserve	0	0	16 532	0	-16 532	0	0
Revaluation of cash flow hedges	0	0	0	544	0	0	544
Net profit for the period	0	0	0	0	33 433	-475	32 958
Balance at 31.3.2004	**464 900**	**259 833**	**40 020**	**-3 930**	**33 433**	**1 192**	**795 448**
Transfer to statutory reserve	0	0	1 672	0	-1 672	0	0
Revaluation of cash- flow hedges	0	0	0	1 793	0	0	1 793
Net profit for the period	0	0	0	0	42 793	275	43 069
Balance at 31.3.2005	**464 900**	**259 833**	**41 692**	**-2 137**	**74 555**	**1 468**	**840 310**

Notes to the financial statements

1 Segment reporting

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

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

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

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

1.4.2004-31.3.2005 € th.	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	111 653	263 891	61 846	138 032	325 193	45 706	-548 952	397 370
EBIT	8 004	40 687	5 407	12 642	-6 175	738	258	61 560

1.4.2003-31.3.2004 € th.	Oil shale mining	Production of electricity and heat	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	116 755	263 089	57 604	132 850	320 301	40 010	-551 351	379 257
EBIT	10 372	35 927	3 375	11 762	-12 530	618	110	49 633

2 Seasonality of operating profit

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

3 Tangible assets, € th.

	Land	Buildings	Constructions	Plant and equipment	Other	Total
Balance at 31.3.2004						
Cost	4 303	115 875	719 574	676 379	2 518	1 518 649
Accumulated depreciation	-1	-64 909	-277 116	-320 233	-1 453	-663 712
Opening net book value	4 301	50 967	442 457	356 146	1 065	854 937
Construction and renovation in progress	0	3 100	13 883	256 087	0	273 071
Prepayments	266	8	171	526	0	971
Total balance at 31.3.2004	**4 568**	**54 075**	**456 512**	**612 760**	**1 065**	**1 128 979**
Movements for the period 1.4.2004-31.3.2005						
Additions	341	20 172	46 473	92 481	424	159 891
Depreciation	-3	-4 371	-29 514	-53 142	-589	-87 618
Disposals	-9	-346	-1 127	-474	-1	-1 956
Reclassification	0	10 469	-1	-10 558	329	239
Recognition of dismantling provision	0	34	0	411	0	445
Total movements for the period 1.4.2004-31.3.2005	**329**	**25 958**	**15 831**	**28 718**	**164**	**71 000**
Balance at 31.3.2005						
Cost	4 642	127 323	756 913	854 424	3 429	1 746 730
Accumulated depreciation	-4	-66 098	-301 755	-362 939	-2 199	-732 995
Closing net book value	4 638	61 225	455 158	491 485	1 229	1 013 735
Construction and renovation in progress	0	18 808	17 176	147 471	0	183 456
Prepayments	259	0	9	2 521	0	2 789
Total balance at 31.3.2005	**4 896**	**80 033**	**472 343**	**641 477**	**1 229**	**1 199 979**

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

4 Nominal and amortized value of borrowings, € th.

	31.3.2005		31.3.2004	
	Nominal value	Amortized cost	Nominal value	Amortized cost
Short- term borrowings				
Current portion of long- term bank loans	2 364	2 364	1 182	1 182
Finance lease liabilities	10	10	11	11
Total short- term borrowings	**2 374**	**2 374**	**1 192**	**1 192**
Long- term borrowings				
Bank loans	109 455	108 421	96 818	95 666
Bonds issued	200 000	198 179	200 000	197 821
Finance lease liabilities	2	2	12	12
Total long- term borrowings	**309 456**	**306 602**	**296 830**	**293 498**
Total borrowings	**311 830**	**308 975**	**298 022**	**294 690**

5 Earnings per share

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

	3 months		12 months	
	1.1.2005 - 31.3.2005	1.1.2004 - 31.3.2004	1.4.2004- 31.3.2005	1.4.2003- 31.3.2004
Profit attributable to the equity holders of the company (€ th.)	20 187	11 827	42 793	33 433
Weighted average number of shares (th.)	4 649	4 649	4 649	4 649
Basic earnings per share (€)	0,28	0,16	0,59	0,46
Diluted earnings per share (€)	0,28	0,16	0,59	0,46

6 Provisions, € th.

	Balance at 31.3.2004	Recognition and changes in provisions	Interest charge	Utilization	Transferred with the business unit	Balance at 31.3.2005 Short term	Long term
Environmental and mining termination provision	21 285	-1 091	1 308	-1 592	-101	4 915	14 895
Provision for post-employment benefits	2 219	277	116	-687	0	792	1 133
Provision for injury compensations	2 566	20	178	-319	-15	308	2 120
Provision for dismantling costs	0	445	0	0	0	0	445
Total provisions	**26 070**	**-350**	**1 603**	**-2 598**	**-116**	**6 016**	**18 593**

	Balance at 31.3.2003	Recognition and changes in provisions	Interest charge	Utilization	Transferred with the business unit	Balance at 31.3.2004 Short term	Long term
Environmental and mining termination	22 066	-412	1 064	-1 433	0	4 859	16 426
Post-employment benefits	1 920	647	103	-451	0	696	1 523
Injury compensations	0	2 583	11	-29	0	328	2 237
Provision for retraining allowances	53	0	0	-53	0	0	0
Total provisions	**24 039**	**2 818**	**1 179**	**-1 967**	**0**	**5 884**	**20 186**