EESTI ENERGIA

Eesti Energia

Interim Report

1. April 2007 – 30. September 2007

Significant Events During the half year

Eesti Energia launches an internet service covering the whole of Estonia

On June 18, 2007 Eesti Energia launched the mobile internet service KÕU, which covers the whole country. Televõrgu AS offers the network service based on a broadband communications network in the 450 MHz frequency band. So far 95 base stations have been installed all across Estonia and more continue to be built in relation to the growth in the use of the service. The network access of the service is based on CDMA technology and the internet speed is from 256 kbps to 2 Mbps, depending on the proximity of the mast and the number of users. By the middle of October 10,000 KÕU contracts had already been concluded.

Estlink has been in operation for nine months, considerable growth in exports

The beginning of October marked nine months from the moment when electricity started to flow between the Baltic and Nordic countries via Estlink. In total slightly over 1,259 GWh of electrical energy has been transmitted to the Nordic countries and approximately 19 GWh has been transmitted to the Baltic countries during that time. Between the start-up of Estlink in the beginning of January and the end of September, Eesti Energia exported to Finland a total of 1,057 GWh of electrical energy.

The Estlink undersea cable has proved its worth during the first nine months and has made a significant contribution to the economic results of Eesti Energia in its first months of operation. Estlink has made energy trading in the Baltic countries substantially more active than it used to be, and in many sales contracts the price is now pegged to the price of Nord Pool, the exchange for energy trading in the Nordic countries.

Eesti Energia begins offering an electronic connection service

From September all Eesti Energia residential customers have been able to use the e-service to file electronically their applications for new network access and for increases in main circuit breakers. All customers can also digitally sign the electricity contract and connection contract. The new services are mostly targeted at those present and future Eesti Energia customers who prefer to use electronic channels.

Baltic countries invite Poland to join the nuclear power station construction project

In a meeting in Riga on June 11th the prime ministers of the Baltic States decided to give an official invitation to Poland to join the construction project of a nuclear power station planned in Lithuania. The Lithuanian parliament adopted an act on the construction of the nuclear power station permitting the construction of a new nuclear power station to replace the one in Ignalina that will be closed down. According to the act the Lithuanian share of the nuclear power station project is to be 34 per cent and the remainder will be divided between other countries.

Eesti Energia files an application with the Energy Market Inspectorate for an amendment to the weighted average reference price

By the beginning of September all five Eesti Energia group companies (Eesti Põlevkivi, Narva Elektrijaamad, Põhivõrk, Jaotusvõrk and Teenindus) operating on the regulated market presented to the Energy Market Inspectorate their forecasts for the reasoned costs on which the price change is based.

The Inspectorate has up to 90 days to analyse the sales and cost forecasts of the companies of the Eesti Energia group. After coordination with the Inspectorate, Eesti Energia will calculate the end-user price packages and announce them to all customers via mass media channels and the customer newspaper at least three months before the new prices become valid.

The current price has remained at the same level since 2002, but in the meantime the costs of producing energy have have increased considerably. The overall economic environment has changed, fuel prices have gone up, repair and maintenance costs have increased, and there have been considerable changes in the labour market. Since the summer of 2002 the average 12-month consumer price index has increased by an average of 3.5% per year, and by 18.8% over five years.

Eesti Energia searches for new energy solutions

The Future Energy Initiative, founded by Eesti Energia, launched a project competition on April 2 for the creation and development of new energy solutions in the Baltic Sea area. The programme focuses on financing projects for energy-related product and technology development, and research and development.

Altogether 21 applications from universities, research and development institutions, and companies were submitted, three of which received support from Eesti Energia.

The bio-gas project drawn up by the Institute of Agricultural and Environmental Sciences of the Estonian University of Life Sciences received recognition for a project which plans to study 25 of the most promising local raw materials in terms of their fermentation speed, methane yield and fertiliser qualities. Eesti Energia will fund the project with 121 thousand euros.

Eesti Energia will subsidise the project proposed by the Institute of Thermal Engineering of Tallinn University of Technology on the prospects for combining coal and oil shale as a fuel with 32 thousand euros.

On the topic of energy saving the jury decided to put 128 thousand euros towards the Institute of Technology of Tallinn University of Technology’s energy efficiency lab project for increasing the energy efficiency of future buildings.

The Baltic countries aim to join the Union for the Coordination of Transmission of Electricity (UCTE)

The electricity transmission network operators of Estonia, Latvia and Lithuania plan to join the Western European Union for the Coordination of Transmission of Electricity (UCTE). The prime ministers of the Baltic countries concluded an agreement in Riga in

June inviting the European Commission and the Secretariat of the UCTE to support the entry of the Baltic countries into the UCTE, and also the Polish government's intention to join the process.

The main network operators of the applicant countries have to conduct a study into joining the UCTE by the end of 2007.

Stage II of the rebuilding of the Tallinn old town power network begins

From September until the end of October the underground electricity cable network was relaid in Tallinn old town, in the area around Nunne and Pikk jalg streets. This is stage II of the rebuilding of the old town power network, covering the part of the lower town from Pikk street to Tornide square. Last year a new cable network was built on Toompea. The total cost of building stage II was about 1.6 million euros.

The rebuilding of the old town power network will continue in the coming years. The rebuilding of the power network in the area of Viru and Harju streets is planned for 2009 and of the area of the old town near Mere pst. for 2010. The renovation of the entire power network of the old town will last for another four years and the total cost of the project will exceed 6.4 million euros.

Eesti Energia wins the title “Flagship of Financial Reporting” for the second year in a row

At the competition "Finantsaruandluse Lipulaev" ("Flagship of Financial Reporting") the Eesti Energia group’s 2006/07 report was voted the best Estonian annual report. The objective of the competition is to recognise companies and organisations whose annual accounts and reports are informative and reader-friendly and conform to IFRS standards.

Eesti Energia conducted an extensive risk audit

This summer Eesti Energia conducted an extensive risk audit, as a result of which the risk areas of the group were mapped and an insurance programme was drawn up to cover them. The international insurance expert Marsh has been a long-term Eesti Energia consultant on risk management and in the spring of this year, following a competition, Marsh was again selected as Eesti Energia's official insurance broker for three years.

Financial Highlights

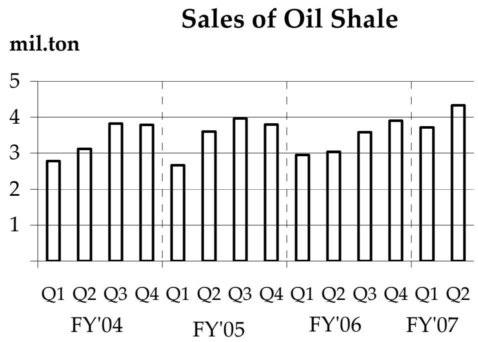
	1.4.2007-30.9.2007	1.4.2006-30.9.2006	Change	
Revenues, € th.	254,741	273,695	-18,953	-6.9%
incl. domestic sales of electricity, € th.	155,360	146,566	8,793	6.0%
EBITDA, € th.	81,498	147,438	-65,941	-44.7%
EBIT, € th.	29,579	97,621	-68,041	-69.7%
Net Profit, € th.	8,249	81,303	-73,054	-89.9%
Net Fixed Assets, € th.[1]	1,306,327	1,269,195	37,131	2.9%
Equity, € th.[1]	1,054,172	1,021,337	32,834	3.2%
Net Debt, € th.[1]	128,393	150,904	-22,511	-14.9%
CAPEX, € th.	72,067	67,847	4,220	6.2%
FFO, € th.	64,233	133,661	-69,427	-51.9%
Debt[1]/(Debt+Equity)[1]	24.3%	25.2%	-0.8%	
ROIC[2]	10.3%	20.4%	-10.1%	
EBITDA interest cover[2]	13.5	12.3	1.2	
FFO[2]/Net Debt[1]	148.7%	209.4%	-60.7%	
FFO[2]/Interest Expense[2]	10.5	10.9	-0.4	
FFO[2]/Capex[2]	132.7%	229.6%	-96.9%	
EBITDA margin[2]	39.7%	55.1%	-15.4%	
EBIT margin[2]	21.4%	38.6%	-17.2%	

1 - balance sheet figures are end of period

2 - rolling 12 months

FFO - funds from operations excluding changes in working capital

Economic Performance of the Business Segments



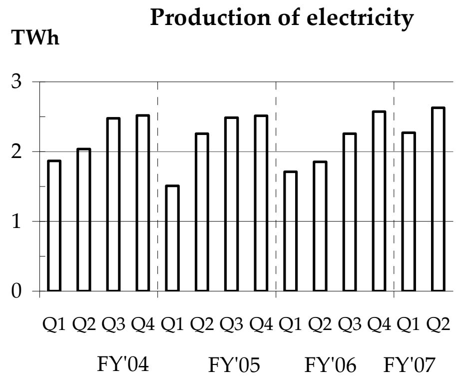
Rapid revenues growth in oil shale segment

Revenues in the oil shale segment amounted to 74.1 million euros in the first six months, of which sales of oil shale accounted for 70.1 million euros. Sales volume was 8,053 thousand tonnes, increase in revenues and volume were 40.0 % and 34.5% year-on-year respectively.

Operating profit in the oil shale production segment rose by 4.7 million euros from the previous financial year. Operating profit grew due to higher oil shale demand, which was caused by higher consumption in Narva Power Plants. 4% growth in the average selling price of oil shale had another positive effect on operating profit.

Last 12 month EVA was 9.7 mln euros for the oil shale segment, an increase of 11.9 mln euros compared to the same period a year ago. Six month FFO amounted to 5.0 million euros, and investments to 12.4 million euros.

Eesti Energia continues oil shale based electricity production also in years ahead. It is also planned to expand shale oil production and investigations of oil shale wider usage will be carried on.



Performance of electrical and thermal energy production influenced by energy generation growth and increased production costs

Sales figures for electrical energy were 4,902 GWh and 132.0 million euros by the end of the second quarter, which is 1,337 GWh (37.5%) more than last year. Sales of electrical energy increased by 35.8 million euros or 37.2%. The main growth in production volume came from Narva Power Plants, while there was marginal shrinkage in production at Iru power plant and 18% increase in production at Kohtla-Järve power plant.

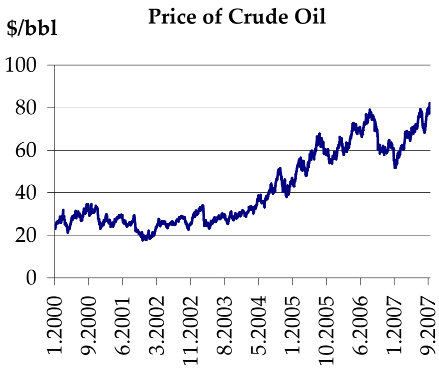
Sales figures for thermal energy were 370 GWh and 7.5 million euros in the first six months, which is 69 GWh (-15.8%) less than last year. Revenue from thermal energy production decreased 1 million euros. i.e. 11.4%. Sales increased at Narva Power Plants by 5.8%, at Kohtla-Järve by 13.0% and decreased at Iru Power Plant by 29.3%. Rising gas prices increased Iru thermal energy price, which resulted in shutting down the boilers in June and July and usage of Tallinna Küte AS own boiler houses.

Operating profit of the segment fell to 2.6 million euros in the first six months. Excluding the sale of emission allowances 12 month EVA amounted to –18.9 million euros. Six month FFO amounted to 10.9 million euros. Investments (7.6 million euros) were financed from operating cash flows. The sale of emission allowances, which influenced earlier periods results, has no influence to this period results.

The economic performance of production was mostly influenced by sales growth, an increase in environmental taxes, labour market trends and markedly increased gas and oil shale prices.

Clean environment is ever more highly valued, resulting in stricter requirements. The investment strategy of energy production takes into account the environmental norms of both today and tomorrow. We are investing 3.9 million euros to install low nitrogen oxides burners at Iru Power Plant and will continue investments into a new cleaner ash removal system at Eesti Power Plant (27.8 million euros).

Oil production – lower fuel prices reduced revenues

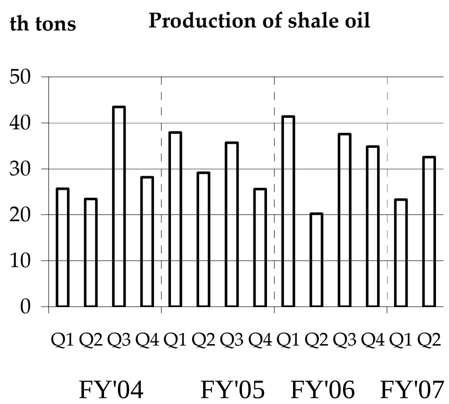


In the first two quarters of the 2007/08 financial year 66 thousand tonnes of shale oil (+20 thousand tonnes) was sold outside the group. Revenues amounted to 13.2 million euros (+0.7 million euros, +5.4%). Operating profit for the first two quarters was 4.2 million euros, which is less than 7.9 million euros earned a year before. A drop in operating profit was caused by lower fuel prices compared to the same period a year ago.

12 month EVA of the oil production segment has declined to 8.2 million euros, or -11.2 million euros. Six month FFO was 4.7 million euros.

The sharp decline of crude oil price that started in autumn 2006 ended at the beginning of this year. Since then the price has turned back into rising trend. On the assumption of continuous oil price rise the shale oil price should also rise, which can support an increase in revenues.

Transmission of electrical energy – due to an increase in export transmission volumes grew

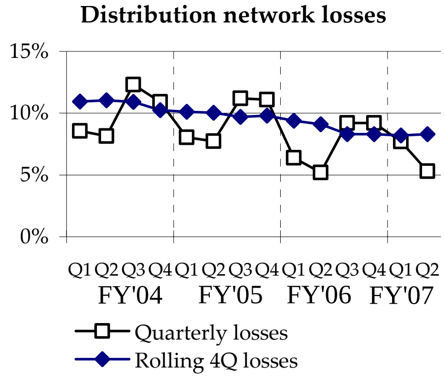


The segment brought in 34.7 million euros (+0.9 million euros) from sales of transmission services. 5,171 GWh of electrical energy were passed through the transmission network, which represents a 28.1% increase on the previous year due to increased energy export, foremost to Finland.

Increase in export and decrease in costs raised six months operating profit of the energy transmission segment to 10.3 million euros, which is 1.3 million euros more year-on-year. Three month FFO was 15.9 million euros (+1.1 million euros).

Although invested capital rose by 13.1 million euros, EVA for the 12 months reached 0.4 million euros, which is 2.9 million euros up on last year.

In the first two quarters of the 2007/08 financial year 7.6 million euros were invested in transmission segment. Major projects in these first six months of 2007/08 were the expansion and renovation of Ülejõe substation and laying 110 kV underground cables in Emajõe substation in Tartu (2.7 million euros), the renovation of the Kiisa 330/220/110 kV switchyards (1.2 million euros), the expansion of the Rummu 110 kV substation (0.5 million euros) and the reconstruction of the Virtsu 110kV switchyard (0.4 million euros).



Distribution of electrical energy

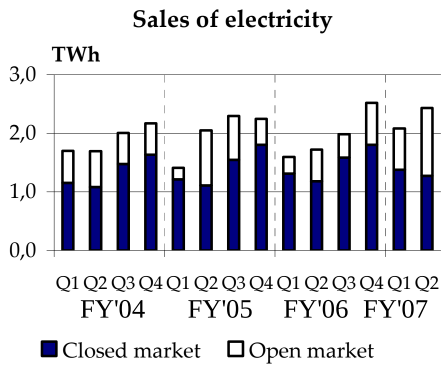
Losses in the distribution network are one of the most significant indicators of the efficiency of distribution network and the long-term trend of losses is clearly downward. By the end of the first half of the 2007/08 financial year, 12-month losses fell to 8.3% (-0.8%).

Sales of network services in the distribution network segment grew to 74.9 million euros (+4.3%). The operating profit increased by 1.3 million euros to 7.6 million euros, and ROIC of the distribution segment reached 6.3%, but this was not sufficient to achieve positive EVA for the 12-month period (-4.5 million euros).

Half-yearly FFO increased from 12.2 million euros to 13.3 million euros.

35.3 million euros were invested in the distribution network in the first half of 2007/08. The single largest investment programme of the distribution network over recent years has been in subscriptions to the network. 18.2 million euros were allocated to this programme in the first half of 2007/08. Due to better optimisation of subscription projects it was possible bring down expenses per new subscription.

Apart from subscriptions, distribution network invests heavily with the aim of increasing the operating reliability and quality (10.4 million euros).



Sales and customer service –– increased costs were offset by strong growth of electricity sales

Group sales of electrical energy in the first half of 2007/08 came to 4,516 GWh (+36.2%), and sales income was 199.3 million euros, which is 41.6 million euros more than the previous year (26.3%). Sales in closed market were 2,647 GWh (+6.2%) and sales in open market were 1,869 GWh (+127.2%). Energy consumption increase (+155 GWh) in closed market is mainly due to Estonian economic growth. Sales growth in open market is for the most part due to increased exports and in particular by export to Finland, which commenced in January 2007. Electric power export to Latvia increased by 557 GWh (189.9%) compared with same period last year.

Operating profit of sales and customer service segment decreased by 2.4 million euros to 0.4 million-euro level. EVA has declined marginally by 0.2 million euros to 7.0 million euros.

On the 4th of January 2007 Eesti Energia started commercial activities on Nordic energy market via Estlink. During the first half of the financial year we exported to Finland 656 GWh of electric energy and since the commissioning of Estlink in the beginning of January 2007 until the end of September 2007 Eesti Energia has exported to Finland 1,057 GWh of electric power.

Eesti Energia's long-term objective is to sell electricity to 2 million customers and we are working intensively to successfully compete in the open energy market in the future. We are reinforcing close ties with customers, and improving the efficiency of internal and external client-related procedures.

Supporting businesses

Segment's revenues reached to 97.8 million euros (+232.5%), operating profit increased from 6.1 million euros to 58.0 million euros (+853.4%). This substantial increase in segment's operating profit was due to dividends received from subsidiaries. Extra-group sales revenue amounted to 15.6 million euros (+61.0%), intra-group sales revenue came to 21.1 million euros (+20.0%) and 61.1 million euros of revenue was due to other intra-group revenues, mainly dividends from subsidiaries.

Televõrgu AS half-year sales revenues reached 5.6 million euros, an annual increase of 73.6%. Operating profit increased by 50.3% and reached 1.2 million euros. On the 18th of June Televõrgu AS launched wireless Internet access service KÕU. This broadband service is based on CDMA technology and covers the whole of Estonia.

Energoremont AS economic results (incl. Mäetehnika AS sales revenues, consolidated from 1st April 2007) showed solid increase. In the course of the first half of the year sales reached 16.4 million euros, increasing 100.9% compared with previous year. Growth was for the most part due to increased energy equipment sales and an increase in intra-group sales of services as a result of merger. Six months' operating profit increased 136.1% to 1.4 million euros.

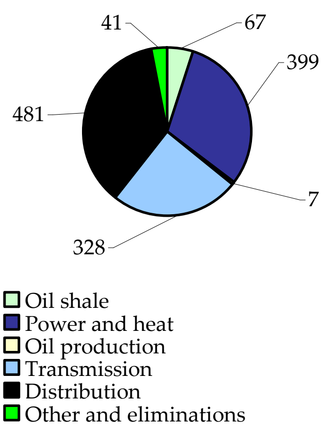
Elpec AS first half-year sales were 1.7 million euros (+28.6%) and operating profit reached to 0.3 million euros (-4.3%).

Elektriteenused AS first half-year sales were 9.3 million euros (+37.6%) and operating loss was 0.5 million euros.

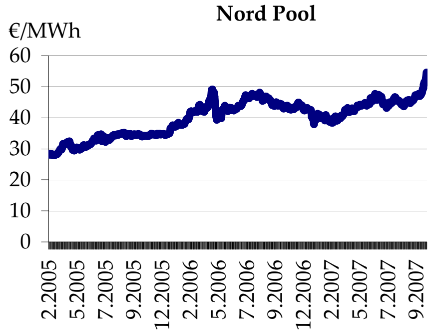
Kinnisvara business unit first quarter sales were 2.5 million euros (+4.7%) and operating profit reached to 0.7 million euros (-72.4%).

Asset Portfolio and Investments

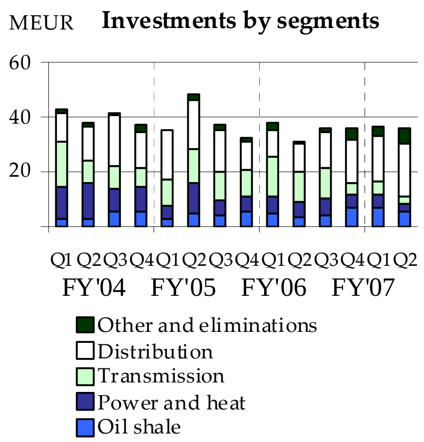
Non-current assets (MEUR)



2008 electricity forward price in Nord Pool



Investments by segments



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

Eesti Energia is a producer of energy whose portfolio of assets covers companies involved in the energy supply chain, from the mining of fuel to the sale of electricity. In the last two years the shale oil production segment has become increasingly important in the company's portfolio of assets. As at 30.09.2007 the value of the assets of the group stood at 1.6 billion euros.

The Estonian electricity market is currently 90% closed, but it will be opened step by step by 2013. Therefore, the risk for assets related to the production of energy and the mining of oil shale is limited. Due to above average temperatures and almost nonexistent emission allowance prices in past quarter, the base load price of electricity on the Nordic electricity markets were lower than usual, between 10-32 €/MWh, while the average price in this quarter was 20.2 €/MWh that is about three times less than last year. The price of electricity on the closed domestic market is 26 €/MWh.

12 month rolling operating profit from shale oil production reached to 9.5 million euros which is 6.5 million euros less than year ago. The price of shale oil is closely integrated with the price of oil on the global market. Oil price has decreased from highest levels in the middle of 2006 (70-80 $/bbl) back to level 50 $/bbl in January 2007 and started again to climb after that. In first quarter of fiscal year 2007/08 oil price held relatively stable close to 70$/bbl level. In July oil price started to climb again and exceeded 80$/bbl by the end of September.

Final major part of the assets portfolio is power networks. Energy networks are a natural monopoly, and revenues from transmission and distribution operations are regulated. The assets of the transmission network are valued at 335 million euros; return on invested capital over the last 12 months is 7.1%; the assets of the distribution network are valued at 497 million euros and return on invested capital over the last 12 months is 6.3%.

Investments boost Groups development

The investment strategy of Eesti Energia is based on the criteria of economic efficiency, environmentally aware development, and security of supply. Investments are planned to ensure the fulfilment of strategic objectives. In terms of energy production this means diversification of the production portfolio: the development of co-generation and renewable energy. In cooperation with partners we are investigating options for investment in the construction of a nuclear power plant. Currently the evaluation of strategic impact and environmental impact of Narva Power Plants new energy complex is carried out. Programs are available to public from Eesti Energia, Narva Power Plants and Vaivara parish web sites and on paper form Eesti Energia's head office info desk.

The transmission network and the distribution network have undergone remarkable development since 1998, when Eesti Energia was established; network energy losses for 12 months were 20.5%. Since then losses have shrunk down to 10.5% by the end of the first six months of 2007/08. 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.

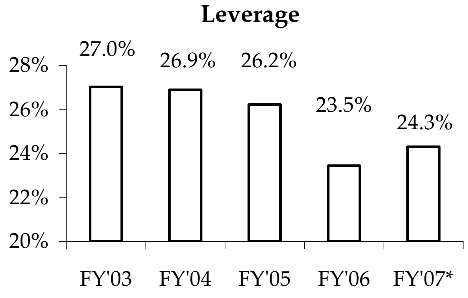
In the beginning of 2007 Eesti Energia put in commission the 350 MW Estlink undersea cable. The undersea cable connects Estonia and the whole Baltic electricity market to the Nordic electricity market Nord Pool. In the longer term, the objective of transmission networks in Europe, including the Baltic region, is to increase security of supply through the establishment of interconnections, and the development of the electricity market.

Eesti Energia has unique know-how in the field of large-scale oil shale mining and the production from it of energy and shale oil. In the context of relatively high oil prices, technological advances and political tensions in the Middle East, adding value to oil shale through shale oil production is becoming an increasingly important activity, alongside electricity and heat production. One of Eesti Energia's strategic targets is to increase the volume of oil production from 130,000 tonnes today to 400,000 tonnes by following four years. In this field Eesti Energia started cooperation with Jordan, where the fourth biggest deposits of oil shale in the world can be found.

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 assist towards meeting the goals set forth in the balanced scorecard.

In 2002/03-2006/07 Eesti Energia group invested 889 million euros, i.e. on average 178 million euros a year. In the first six months of the 2007/08 financial year, Eesti Energia invested 72.1 million euros. In energy production the most significant investments were investments to the ash removal system and procurement of new wagon dumpers in Narva Power Plants. The most important investment targets in the first six months in the transmission network were renovations at Kiisa 330/220/110 kV switchyard, reconstruction works at Virtsu 110 kV switchyard and placement of fiber optic shield wire. The most important investment targets in the distribution network were continually the renovation of low voltage networks, the voltage quality programme, and the construction of supply points. In first six months Eesti Põlevkivi invested total 12.4 million euros, investments were made for the most part to the machinery (12.2 million euros).

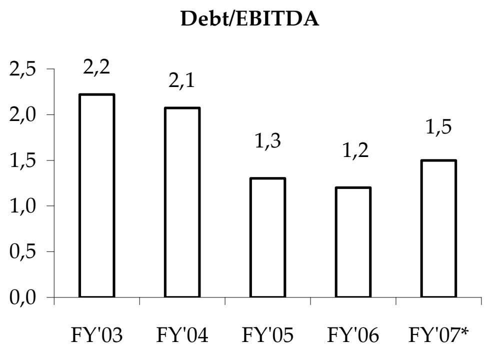
Profitability, financing and cash flows



* As of 30.09.2007

Sharp decline in sales of emission allowances has reduced Eesti Energia profitability

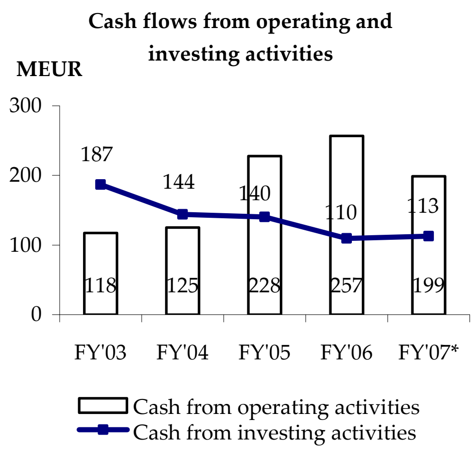
Eesti Energia's rolling 12 month revenues were 566 million euros (-51 million euros, -8.3%). Operating profit for the same period declined to 121 million euros (-117 million euros, -49.2%) and net profit to 95 million euros (-109 million euros, -53.2%). Operating profit has decreased mainly due to sharp decline in sales of emission allowances and increased environmental charges and labour expenditures. Group's EVA[1], excluding the sale of emission allowances, was -11 million euros, decreasing by 7 million euros.



* As of 30.09.2007 rolling 12 months

Eesti Energia balance sheet is strong

Despite large-scale investments, Eesti Energia retained a conservative balance sheet structure during the 6 months of the financial year 2007/08. The proportion of debt on the balance sheet has decreased during last 12 months and the debt/(debt+ equity) ratio fell from 25.2% to 24.3%, on the back of an increase in demand, high oil prices and the extraordinary sale of allowances in last two quarters of the previous financial year. The loan/EBITDA ratio increased during 12 months from 1.2 to 1.5. In the medium term we are expecting an increase in the debt burden, as investments grow in order to achieve our strategic objectives. Working capital decreased in the first 6 months by 74.3 million euros. At the end of September 2007 net debt amounted to 128.4 million euros (a change over 12 months of –22.5 million euros, -14.9%.



* 12 months rolling 30.09.2007

As at 30.09.2007, the weighted average interest rate of Eesti Energia's debt was 4.5%. The principle currency for Eesti Energia's debt is the euro. Eesti Energia has been given credit ratings of A1 with stable 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 37 million euros, and a loan from the European Investment Bank with a loan balance of 15 million euros. 91% of current dept portfolio is with fixed interest rate.

[1] Eesti Energia WACC equals 8.7%.

Group liquidity risk is low

As at 30.09.2007 the Eesti Energia group had financial reserves worth 211 million euros. Unused loan facilities totalled 102 million euros. Liquidity risk is minimal for the company in the medium term, which is also reflected from strong credit ratings. Group quick ratio was 2.5 at the end of the second quarter.

Credit risk is the risk that the clients of the group and its trading partners do not fulfil their obligations. The maximum sum open to credit risk is the book value of outstanding invoices to clients once the depreciation of the claims has been discounted

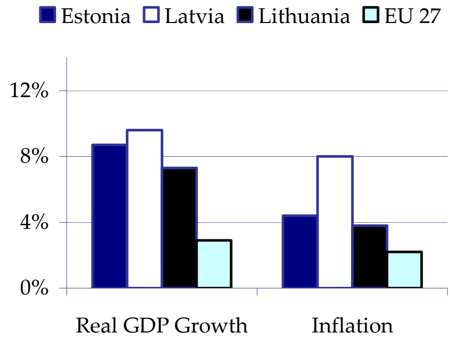
The average settlement date for invoices decreased by 5 days within the past 12 months compared to the end of the 2006/07 fiscal year, standing at 33 days. As at 30.09.2007 the group had reserves worth 21 million euros.

Eesti Energia paid dividends worth 63.9 million euros

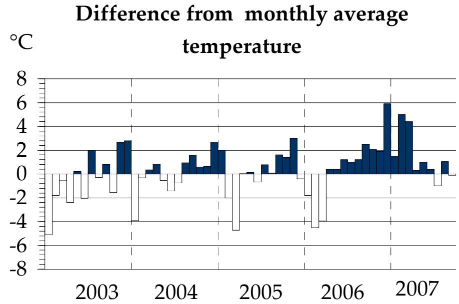
Following the good economic results of 2006/07, the annual general meeting of the company decided to pay 63.9 million euros as dividends to shareholders. Dividends were paid out in September 2007.

Short – term Outlook

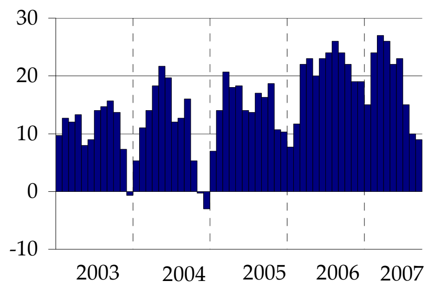
Macroeconomic Indicators



Difference from monthly average temperature



Industrial enterprises confidence (monthly)



Source: Estonian Institute of Economic Research

Economic growth slowdowns, but remains stable

According to estimates of the Estonian Institute of Economic Research (EKI) the overall economic climate moderately deteriorated in the third quarter of 2007. Overall economic performance, confidence and optimism about future outlooks declined. At the same time wages and prices continued sharp rise, which refers to strong domestic demand.

Estonian Central Bank's forecast for 2007 economic growth is 7.3% and 4.3% for the next year. Growth is expected to decline mainly due to lower investment activity in real estate sector. In the longer term it is foreseen that the economic growth will be around 5 to 8 % per year. Prices are expected to rise even faster: consumer price index is expected to grow 6.3% in 2007 and 7.4% in 2008. Price growth is caused by strong domestic demand, changes in some tax policy measures and also faster price growth in euro zone. In the longer term it is foreseen that the consumer price index growth will decline to 4% per year. Wage growth is expected to decline, but it is still faster than growth in productivity. Real wage forecast is 15.1% for 2007 and 8.8% for 2008. The reason for high wage growth is caused by tight labour market, which should however weaken in the coming quarters.

On the basis of these short-term forecasts economic growth in Estonia is strong enough to support an increase in the consumption of electrical energy.

Consumption of electricity is growing

Domestic electricity sales growth in the first six months was 171 GWh compared to last financial year. Larger share of consumption growth comes from enterprises customers - their consumption increased by 141 GWh (7.4%). Households' consumption increased by 29 GWh (4.8%). Therefore overall consumption growth is influenced heavily by enterprises consumption that depends on the overall economic climate and economic growth.

Lower average temperature was also one of the factors pushing consumption growth upwards. 2007/2008 six months average temperature was 0.8°C lower than last year's temperature. It brought along about 50 GWh increase in consumption.

Distribution network losses are falling

Distribution network losses fell in the past 12 months to the level of 8.3%, which is 0.8% lower than year before. In the coming years decreases in the network losses will be achieved through targeted investments.

Instability in the Middle East and speculations on oil reserves increased crude oil price

The sharp decline of crude oil price that started in autumn last year ended at the beginning of this year at around 50$/bbl price level. Since then the price has turned back into rising trend.

Oil prices have increased due to weakening dollar. At the end of September EUR/USD rate had risen to 1.4. Anxiousness is further increased by below average stocks of oil and speculative trading.

Tensions in the Middle East are also one of the significant reasons pushing the oil prices upward. United States and Iran relationships are getting tenser as latter refuses to forgo nuclear program. Prices are also rising due to fear of Turkish-Kurdish conflict.

Based of future transaction prices on the crude oil market we predict that the oil price will remain above and around 80 $/bbl in short-term period.

The price of shale oil is directly influenced by oil and oil determined heating oil world market prices.

We forecast a decline in profitability

In the current 2007/08 financial year a significant fall in profit is to be expected, as the positive effect of the sale of emission allowances, which significantly impacted the economic results of the previous periods, is not forecast for the current period; on the contrary, according to initial calculations 19 million euros worth of CO_2 emission allowances will have to be bought from the market.

The increased pollution charge tariffs, developments on the labour market, an increase in the price of gas, and an increase in costs due to inflation also negatively affect profitability. The negative effect is balanced by an increase in the sales of domestic electric energy and an increase in exports, the optimization of the company expenditures, and well-calculated investments. We estimate that fiscal year 2007/08 earnings before interest and taxes will be around 79 million and net profit close to 53 million euros.

Overview of segments

Mining of oil shale – Eesti Põlevkivi (Estonian Oil Shale)

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 metres. 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 3,400 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 14.4 million tons.

Production of electrical energy and thermal energy – Narva Elektrijaamad (Narva Power Plants), Narva Soojusvõrk (Narva District Heating Network); Iru Elektrijaam (Iru Power Plant); AS Kohtla-Järve Soojus (Kohtla-Järve District Heating Network); Taastuvenergia (Renewable Energy Business Unit)

The Eesti Energia group currently has available 2,603 MW of capacity for the production of electrical energy and 1,516 MW of capacity for the production of thermal energy. About 1,900 people are involved in the production of electrical or thermal energy within the group. Over the last 12 months, production in the electrical and thermal energy segment amounted to 9,734 GWh of electrical energy, and 2,026 GWh of thermal energy.

Production of oil – Narva Õlitehas AS (the Oil Plant Business Unit of Narva Power Plants), Oil Shale Energy of Jordan

As the production of oil is increasingly important in the performance of Eesti Energia, as of the 2005/06 financial year the production of oil has been itemised as a separate business segment in the context of financial accounting. Based on this business segment a separate company was formed on April 19th, 2007. This enables to separate more clearly financing of investments for the production of electrical energy and for the production of the shale oil.

The advantages of shale oil over heavy fuel oils are lower setting point, lower content of sulphur and mechanical impurities, its low content of heavy metals, and the absence of vanadium. It is mostly used as fuel in both large and small boilers. The production of the Oil Plant amounted to 128,000 tons of shale oil in the last 12 months.

Transmission of electrical energy – Põhivõrk OÜ (National Grid), Nordic Energy Link AS

The transmission segment shows the performance of the Eesti Energia group's national grid of 110kV minimum voltage, which has interconnections of over 110kV to the networks of other countries, and other equipment required for the operation, maintenance and development of the whole system. Eesti Energia has 5,212 km of lines for the transmission of electrical energy, which connect 144 transformer substations. The company also acts as the transmission system operator of the whole of Estonia.

Distribution of electrical energy – OÜ Jaotusvõrk (Distribution Network)

The distribution segment is concerned with the management of up to 35 kV medium-voltage and low-voltage networks, and the distribution of energy to end consumers. It manages over 19,300 substations and near 59,000 km of power lines, and has about 620,000 supply points for customers.

Supply and customer service – Eesti Energia AS Teenindus; Energiakaubandus; Solidus OY; E.Energy SIA; Lumen Balticum UAB

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

The mission of the Teenindus, Solidus OY, E. Energy SIA and Lumen Balticum UAB is to save the customers effort when dealing with electricity supply issues. We continue to work hard to provide simple, convenient and fast service, and this year we have made another step towards meeting our customers' expectations.

Eesti Energia has over 489,700 clients and thereof over 24,800 business clients. At nearly 59,000, there are actually twice as many business client consumption points as business clients.

Support services – Energoremont AS (Equipment Maintenance and Supply), AS Elektriteenused (Electrical Services), AS Elpec, Televõrgu AS (Telecommunications Network), other support services and management of the group

The segment of support services covers those activities of the Eesti Energia group not included in the previous segments. This involves business units, which add value to the vertically integrated chain, including the construction and design of electricity networks, the manufacture of energy machinery, and the provision of telecommunications services.

Financial Statements

Balance Sheet
th. EUR

	30.9.2007	30.9.2006	31.3.2007	*Note*
ASSETS				
Current assets				
Cash and cash equivalents	23,070	193,006	33,337	
Deposits with maturities greater than 3 months at banks	187,689	-	235,255	
Short term financial investments	3,683	3,664	3,078	*4*
Derivative financial instruments	1,387	530	8,199	*5*
Trade receivables and other receivables	59,448	47,531	61,402	
Inventories	20,650	24,264	23,594	
Total current assets	**295,928**	**268,996**	**364,864**	
Non- current assets				
Long-term receivables	14	-	15	
Derivative financial instruments	235	-	-	*5*
Investments in associates	10,597	10,833	10,597	
Property, plant and equipment	1,306,327	1,269,195	1,286,973	*6*
Intangible assets	5,087	3,294	4,599	
Total non- current assets	**1,322,260**	**1,283,322**	**1,302,184**	
Total assets	**1,618,188**	**1,552,318**	**1,667,048**	
LIABILITIES				
Current liabilities				
Borrowings	7,059	5,466	6,376	*7*
Trade and other payables	99,152	84,844	94,648	
Derivative financial instruments	1,400	-	-	*5*
Provisions	1,545	3,341	2,739	
Deferred income	716	618	799	
Total current liabilities	**109,872**	**94,269**	**104,562**	
Non-current liabilities				
Borrowings	332,093	338,444	335,607	*7*
Trade payables	853	269	776	
Derivative financial instruments	1,432	-	-	*5*
Provisions	21,736	19,356	20,991	
Deferred income	98,029	78,642	88,925	
Total non- current liabilities	**454,144**	**436,712**	**446,299**	
Total liabilities	**564,016**	**530,981**	**550,861**	
Equity				
Shareholders' Equity				
Share capital	464,900	464,900	464,900	
Unregistered share capital	3,010	-	-	*8*
Share premium	259,833	259,833	259,833	
Statutory reserve	46,490	46,490	46,490	
Hedging reserve	-1,278	530	8,087	
Unrealised exchange difference	2	-	-1	
Retained earnings	278,482	248,004	333,579	
Total capital and reserves	**1,051,438**	**1,019,757**	**1,112,888**	
Minority interest	**2,734**	**1,580**	**3,299**	
Total shareholders' equity	**1,054,172**	**1,021,337**	**1,116,187**	
Total liabilities and equity	**1,618,188**	**1,552,318**	**1,667,048**	

Income Statement

th. EUR	**3 months**		**6 months**		**12 months**		*Note*
	1.7.2007- 30.9.2007	**1.7.2006- 30.9.2006**	**1.4.2007- 30.9.2007**	**1.4.2006- 30.9.2006**	**1.10.2006- 30.9.2007**	**1.10.2005- 30.9.2006**	
Sales	130,980	100,458	252,908	204,063	530,395	468,031	
Gain on disposal of emission rights	-	41,785	-	66,424	29,955	142,388	
Other income	442	455	1,165	3,020	3,363	5,500	
Government grant	656	188	667	188	1,914	573	
Changes in work in progress and finished goods	-3,003	2,271	-5,254	4,108	-6,225	2,391	
Materials, consumables and supplies	-41,512	-29,005	-81,612	-61,144	-167,655	-137,598	
Other operating expenses	-15,663	*-11,457*	-30,150	-22,932	-59,862	-46,886	
Personnel expenses	-26,379	-23,073	-54,942	-45,686	-105,080	-92,751	
Depreciation and impairment	-26,359	-24,978	-51,918	-49,817	-103,704	-101,562	
Other expenses	-347	-381	-1,285	-602	-2,076	-2,065	
EBIT	**18,816**	**56,263**	**29,579**	**97,621**	**121,024**	**238,021**	
Financial income and expenses							
Financial income	2,864	1,519	5,630	2,656	9,744	4,101	
Financial expenses	-4,649	-5,151	-9,235	-9,773	-18,419	-29,634	
Net financial income	**-1,785**	**-3,633**	**-3,604**	**-7,117**	**-8,675**	**-25,533**	
Share results of associates	-	-	-	-	801	1,091	
Loss of investments in associates	-	-	-10	-	148	-471	
Profit before taxes	**17,031**	**52,630**	**25,966**	**90,504**	**113,298**	**213,107**	
Income tax	**244**	**-5,359**	**-17,716**	**-9,200**	**-17,920**	**-9,200**	
Profit for the period	**17,275**	**47,271**	**8,249**	**81,304**	**95,377**	**203,907**	
Attributable to:							
Equity holders of the Parent Company	**17,682**	**47,611**	**8,815**	**81,793**	**94,389**	**203,327**	
Minority interests	**-407**	**-340**	**-566**	**-489**	**988**	**580**	
Earnings per share for profit attributable to the equity holders of the company during the period							
Basic (€)	*0.24*	*0.65*	*0.12*	*1.12*	*1.30*	*2.80*	*9*
Diluted (€)	*0.24*	*0.65*	*0.12*	*1.12*	*1.30*	*2.80*	*9*

Cash Flow Statement
th. EUR

	3 months		6 months		12 months		*Note*
	1.7.2007-30.9.2007	1.7.2006-30.9.2006	1.4.2007-30.9.2007	1.4.2006-30.9.2006	1.10.2006-30.9.2007	1.10.2005-30.9.2006	
Cash flows from operating activities							
Adjusted net profit	42,892	79,671	77,978	142,721	216,497	332,467	
Changes in working capital	-3,088	-7,563	4,563	-7,181	8,054	-8,836	
Paid interest and loan fees	-177	-165	-1,237	-1,983	-15,930	-10,420	
Received interest	4,175	1,215	5,413	2,109	8,254	3,141	
Paid income tax	-17,921	-9,186	-17,921	-9,186	-17,935	-9,186	
Net cash from operating activities	**25,882**	**63,972**	**68,796**	**126,480**	**198,940**	**307,167**	
Cash flows from investing activities							
Purchase of tangible fixed assets	-32,536	-31,315	-71,476	-69,222	-139,793	-140,678	
Targetet financing of tangible assets	-	-	-	-	23	-	
Purchase of subsidiary	-	-296	-	-296	-166	-296	
Proceeds from connection fees	5,559	5,529	11,862	11,386	24,279	21,420	
Net change in deposits with maturities greater than 3 months	55,277	-	47,879	-	-176,726	-	
Proceeds from sale of tangible fixed assets	148	138	308	3,400	1,727	4,111	
Dividens received from long-term financial investments	-	-	-	-	1,038	1,132	
Outgo from sale of subsidiary	-	-	-3	-	-3	-	*10*
Received loans from coworkers	-	-	-	-	0	0	
Paid for long-term financial investments	-5,111	-4,036	-9,629	-10,465	-18,855	-15,303	
Received from sale of financial investments	5,261	4,805	9,096	8,449	18,977	12,944	
Net cash used in investing activities	**28,598**	**-25,174**	**-11,963**	**-56,748**	**-289,498**	**-116,669**	
Cash flows from financing activities							
Commercial papers redeemed	-	-	-	-	-	-25,000	
Paid dividends	-63,912	-31,956	-63,912	-31,956	-63,912	-31,956	
Bonds issue	-	-	-	-	-	183,337	
Repurchased bonds	-	-	-	-	-	-103,091	
Repayment of long- term bank loans	-	-	-3,162	-2,253	-5,416	-53,435	
Repayment of other loans	-	-300	-	-300	-	-300	
Finance lease principal payments	-13	-12	-25	-26	-51	-47	
Net cash from financing activities	**-63,924**	**-32,268**	**-67,099**	**-34,535**	**-69,378**	**-30,493**	
Net increase/decrease in cash and cash equivalents	**-9,444**	**6,530**	**-10,267**	**35,197**	**-159,936**	**160,004**	
Cash and cash equivalents at the beginning of the period	32,515	176,476	33,337	147,809	183,006	23,002	
Cash and cash equivalents at the end of the period	23,070	183,006	23,070	183,006	23,070	183,006	
Change in cash and cash equivalents	**-9,444**	**6,530**	**-10,267**	**35,197**	**-159,936**	**160,004**	

Consolidated statement of changes in shareholders' equity
th. EUR

	Capital and reserves attributable to the equity holders of the Parent Company									
	Share capital	Un-registered Share capital	Share Premium	Statutory reserve	Hedging reserve	Other reserves	Retained earnings	Total	Minority interest	Total
Equity as at March, 31 2006	**464,900**	**-**	**259,833**	**43,822**	**-82**	**-**	**200,836**	**969,307**	**2,070**	**971,377**
Change in hedging reserve	-	-	-	-	613	-	-	613	-	613
Net income directly										-
recognized in equity	-	-	-	-	*613*	-	-	*613*	-	*613*
Net profit for the period	-	-	-	-	-	-	81,793	81,793	-489	81,303
Total income and expenses										
recognised	-	-	-	-	*613*	-	*81,793*	*82,406*	*-489*	*81,916*
Transfer of retained earnings										-
to reserve capital	-	-	-	2,668	-	-	-2,668	-	-	-
Dividends	-	-	-	-	-	-	-31,956	-31,956	-	-31,956
Equity as at September 9, 2006	**464,900**	**-**	**259,833**	**46,490**	**530**	**-**	**248,004**	**1,019,757**	**1,580**	**1,021,337**
Equity as at March 31, 2007	**464,900**	**-**	**259,833**	**46,490**	**8,087**	**-1**	**333,579**	**1,112,888**	**3,299**	**1,116,187**
Change in hedging reserve	-	-	-	-	-9,365	-	-	-9,365	-	-9,365
Value reappraisal of currency										
exchanges of subsidiaries	-	-	-	-	-	3	-	3	-	3
Net income directly										-
recognozed in equity	-	-	-	-	*-9,365*	*3*	-	*-9,362*	-	*-9,362*
Net profit for the period	-	-	-	-	-	-	8,815	8,815	-566	8,249
Total recognised income										
and expenses	-	-	-	-	*-9,365*	*3*	*8,815*	*-547*	*-566*	*-1,113*
Increasing the share capital										-
(Order No. 368 of the Government										-
of the Republic from 2 Aug. 2007)	-	3,010	-	-	-	-	-	3,010	-	3,010
Dividends	-	-	-	-	-	-	-63,912	-63,912	-	-63,912
Equity as at September 30, 2007	**464,900**	**3,010**	**259,833**	**46,490**	**-1,278**	**2**	**278,482**	**1,051,438**	**2,734**	**1,054,172**

Notes to the 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 applied to this interim report were identical to those in financial year 2006/2007 annual report.

Since April 1st 2007 the new amended International Financial Reporting Standards have been mandatory for the Group, the amended standards and International Financial Reporting Standards Committee interpretations having been published in the financial report for the year 2006/07. The new standards and the amended published standards and interpretations did not involve any changes in the Group's accounting principles, but require a disclosure of additional information in financial statements.

According to the Management Board Interim Report prepared for the period 1.4.2007-30.09.2007 presents a 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 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

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. Under the Electricity Market Act the Energy Market Inspectorate must approve:

- the maximum price of oil shale sold to the Narva Power Plants for the production of electricity and thermal energy;
- price limits for the electricity sold by Narva Power Plants to the closed market;
- the weighted average price limit for electricity sold to meet sales requirements;
- network fees.

The Energy Market Inspectorate has established a price calculation methodology for approving prices. In approving all the above mentioned prices the Energy Market Inspectorate takes into account the costs, in order to enable the companies to fulfil the legislative requirements and obligations arising from activity licenses, while guaranteeing a reasonable return on invested capital. Generally the Inspectorate counts as invested capital the average residual value of the fixed assets of a company per year, to which 5% of sales revenue is then added. The reasonable rate of return is the company's weighted average cost capital (WACC).

For the purposes of compiling the financial statements the main activities of the Group are taken as the production and sales of electricity and thermal energy, oil shale, shale oil and oil shale ash, and other related activities. All other activities (including investing and financing activities) have been counted as ancillary activities, the results being presented under other revenues and expenses or under financial revenue and expenses.

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, AS Narva Soojusvõrk
- Renewable energy;
- Shale oil production – Oil shale plant of Narva Elektrijaamad, Oil Shale Energy of Jordan;
- Transmission of electricity – OÜ Põhivõrk;
- Distribution of electricity – OÜ Jaotusvõrk;
- Sales and customer service - Teenindus, SIA "E. Energy", Solidus Oy, UAB "Lumen Balticum";
- Support services - Energoremont, AS Elektriteenused, AS Elpec, Televõrgu AS, OÜ Elektrikontrollikeskus (until 1.5.2007), other Support services and Administration.

6 months 1.4.2007-30.9.2007
th. EUR

	Oil shale mining	Production of electricity and heat	Production of shale oil	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	74,101	143,858	15,223	34,715	75,306	138,625	97,786	-324,874	254,741
EBIT	4,875	2,647	4,234	10,290	7,603	399	58,016	-58,485	29,579

6 months 1.4.2006-30.9.2006
th. EUR

	Oil shale mining	Production of electricity and heat	Production of shale oil	Transmission of electricity	Distribution of electricity	Sales and customer service	Support services	Intra-group eliminations	Total group
Revenue	53,975	174,505	14,804	33,853	71,934	101,692	29,412	-206,480	273,695
EBIT	160	64,975	7,945	9,022	6,288	2,808	6,085	337	97,621

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 Short-term financial investments

thousands of euros

	30.9.2007	30.9.2006
Financial assets which changes in fair value are reflected in income statement	881	872
Investments that are kept up to redemption	2,802	2,793
Total short term financial investments	**3,683**	**3,664**

5 Derivative instruments

At 30.09.2007 following types of derivatives were recognised in the financial statements: electricity sales and CO_2 emission allowance forward and future contracts and shale oil sale forward and future contracts.

thousands of euros	30.9.2007		30.9.2006	
	Assets	Liabilities	Assets	Liabilities
Forward contracts of electricity sale	1,256	13	530	-
Forward contracts of CO2 emission allowances	366	-	-	-
Forward contracts of shale oil sale and purchase	-	2,819	-	-
Total derivatives	**1,623**	**2,832**	**530**	**-**

Electricity sale forward contracts

The purpose of forward contracts of electricity sales is to mitigate the risk of electricity price fluctuation or earn income on electricity price fluctuations in the Nordic energy exchange Nord Pool.

All forward contracts are concluded for the sale of a specified amount of electrical energy each trading hour, and their prices are denominated in Euros. Trades that aim to hedge the risk of changes in the electricity price are marked in cash flow as risk-hedging instruments, using as the underlying instrument trades in electrical energy in the Nordic energy exchange Nord Pool which are forecast as highly probable. The effective part of the change in the fair value of trades carried out in order to hedge risk is reflected in the capital reserve and is counted in the income statement as a profit or loss at the moment the trade is made, or when it becomes clear that the trade will probably not be made. Changes in the fair value of trades made to profit from fluctuations in the electricity price are reflected in the income statement as profit or loss. The quotations in Nord Pool are taken as the basis for setting the fair value of trades.

Changes in electricity sale forward contracts	**1.4.2007-**	**1.4.2006-**
thousands of euros	**30.9.2007**	**30.9.2006**
Fair value at the beginnig of the period	**8,087**	**-**
Change in fair value	297	530
Settled in cash	-7,141	-
Fair value at the end of the period	**1,243**	**530**

Forward and future contracts for sales of CO_2 allowances

Forward and future contracts for sales of CO_2 allowances are concluded in order to hedge the risk of a change in the price of CO_2 allowances that are needed to cover the production of electrical energy for export. The trading volume for forward and future contracts for sales of CO_2 allowances is calculated on the basis of the trading volume of forward contracts for sales of electrical energy. Trades are marked in cash flow as risk-hedging instruments, using as the underlying instrument trades in CO_2 allowances, which are forecast as highly probable. The quotations in Nord Pool are taken as the basis for setting the fair value of trades. Trade prices are marked in Euros.

Changes in CO2 emission allowances contracts thousands of euros	**1.4.2007-** **30.9.2007**	**1.4.2006-** **30.9.2006**
Fair value at the beginnig of the period	**-**	**-**
Change in fair value	420	-
Settled in cash	-53	-
Fair value at the end of the period	**366**	**-**

Forward and future contracts for sales of shale oil

Forward and future contracts for sales of shale oil are concluded in order to hedge the risk of a change in the price of shale oil. Trades are concluded for the sale of a specified amount of shale oil in a future period and are marked in cash flow as risk-hedging instruments, using as the underlying instrument trades in shale oil which are forecast as highly probable. The quotations in Platt´s European Marketscan and Nymex are taken as the basis for setting the fair value of trades. Trade prices are marked in US dollars.

Changes in shale oil sale and purchase forward contracts thousand of euros	**1.4.2007-** **30.9.2007**	**1.4.2006-** **30.9.2006**
Fair value at the beginnig of the period	**111**	**-**
Change in fair value	-3,384	-
Settled in cash	454	-
Fair value at the end of the period	**-2,819**	**-**

6 Property, Plant and Equipment

th. EUR

	Land	Buildings	Const-ructions	Plant and equipment	Other	Total
Property, plant and pquipment as at March 31, 2007						
Cost	5,072	155,655	855,029	1,101,806	4,067	2,121,629
Accumulated depreciation	-	-74,176	-351,540	-466,192	-3,270	-895,177
Net book amount	5,072	81,480	503,489	635,614	797	1,226,452
Construction in progress	-	604	28,505	28,617	-	57,726
Prepayments	273	-	245	2,277	-	2,794
Total property, plant and pquipment as at March 31, 2007	**5,345**	**82,084**	**532,239**	**666,508**	**797**	**1,286,973**
Movements April 1, 2007-September 30, 2007						
Purchases of property, plant and equipment	75	1,988	28,133	37,886	257	68,339
Non-monetary payment into share capital (note 8)	3,010	-	-	-	-	3,010
Depreciation charge	-	-2,513	-14,599	-34,327	-248	-51,688
Net book amount of non-current assets disposed	-1	-26	-	-33	-	-59
Decrease due to sale of subsidiary (note 10)	-	-	-	-247	-	-247
Movements April 1, 2007-September 30, 2007	**3,083**	**-551**	**13,534**	**3,278**	**9**	**19,354**
Property, plant and equipment as at September 30, 2007						
Cost	8,140	156,341	879,283	1,133,499	4,308	2,181,571
Accumulated depreciation	-	-76,669	-365,960	-497,426	-3,502	-943,556
Net book amount	8,140	79,671	513,323	636,073	806	1,238,015
Construction in progress	-	1,839	32,208	31,911	-	65,958
Prepayments	288	22	241	1,802	-	2,354
Total property, plant and equipment as at September 30, 2007	**8,428**	**81,533**	**545,772**	**669,787**	**806**	**1,306,327**

7 Nominal and amortized value of borrowings

th. EUR

	30.9.2007		30.9.2006	
	Nominal value	**Amortised cost**	**Nominal value**	**Amortised cost**
Short- term borrowings				
Current portion of long-term bank loans	7,006	7,006	5,416	5,416
Finance lease liabilities	53	53	50	50
Total short-term borrowings	**7,059**	**7,059**	**5,466**	**5,466**
Long- term borrowings				
Bank loans	44,780	44,639	51,786	51,605
Bonds issued	300,000	287,431	300,000	286,761
Finance lease liabilities	24	24	78	78
Total long- term borrowings	**344,804**	**332,093**	**351,863**	**338,444**
Total borrowings	**351,863**	**339,153**	**357,330**	**343,910**

8 Increasing the share capital

Under order No. 368 of the Government of the Republic of August 2, 2007, the Minister for Economic Affairs and Communications was authorised to increase the share capital of Eesti Energia AS by 47 089 697 Estonian kroons through the issuance of 470 896 new shares with a nominal value of 100 kroons against the non-monetary investment of 1090 registered properties. The General Meeting approved the increase in share capital on September 19, 2007.

As at 30.9.2007 no entry regarding the increase in the share capital had been filed in the commercial register.

9 Earnings per share

Basic earnings per share is 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	
	1.7.2007-30.9.2007	**1.7.2006-30.9.2006**	**1.4.2007-30.9.2007**	**1.4.2006-30.9.2006**	**1.10.2006-30.9.2007**	**1.10.2005-30.9.2006**
Profit attributable to the equity holders of the company (€ th.)	17,682	47,611	8,815	81,793	94,389	203,327
Weighted average number of shares (th.)	73,055	72,741	72,898	72,741	72,820	72,741
Basic earnings per share (€)	0.24	0.65	0.12	1.12	1.30	2.80
Diluted earnings per share (€)	0.24	0.65	0.12	1.12	1.30	2.80

10 Sale of subsidiary OÜ Elektrikontrollikeskus

In May 16th 2007 the contract for the sale of OÜ Tehnokontrollikeskus was signed. The shares were paid for in cash. The board of directors finds that the sale of OÜ Elektrikontrollikeskus does not represent a closed area of activity, because the operating activities of OÜ Elektrikontrollikeskus did not form a separate significant activity for the Group.

Data of the sales transaction
th. EUR

Assets and Liabilities of OÜ Elektrikontrollikeskus	
Cash and cash equivalents	83
Trade receivables and other receivables	41
Inventories	0
Property, plant and equipment	247
Trade and other payables	-59
Deferred income	-232
Net assets	**80**
Sales price	80
Loss from sales	-0
Cashflows from sale of associate	
Proceeds from sale	80
Associates cash and cash equivalents	-83
Total cashflow from sale of subsidiary	**-3**

11 Effects of changes in accounting standards on financial statements

With the reclassification of shares in money market funds the changes in the fair value are recognised through the cash flow statement as financial assets and the following changes have been made in the balance sheet and cash flow statement retroactively:

th. EUR

Balance Sheet	**30.9.2006 changed**	**30.9.2006 before**	**difference**
1) Cash and cash equivalents	193,006	193,878	-872
2) Financial assets with changes through income statements (note 4)	872	-	872

Cash Flow Statement	**1.4.2006-30.9.2006 changed**	**1.4.2006-30.9.2006 before**	**difference**
1) Received interests	2,109	2,126	-17
2) Paid for short-term financial assets	-10,465	-4,301	-6,163
3) Proceeds from sale of short-term financial assets	8,449	1,542	6,907
4) Changes in working capital	-7,181	2,819	-10,000
5) Total change in cash and cash equivalents	35,197	44,470	-9,273

Cash Flow Statement	**1.7.2006- 30.9.2006 changed**	**1.7.2006- 30.9.2006 before**	**difference**
1) Received interests	1,215	1,223	-8
2) Paid for short-term financial assets	-4,036	-1,540	-2,496
3) Proceeds from sale of short-term financial assets	4,805	1,542	3,264
4) Changes in working capital	-7,563	2,437	-10,000
5) Total change in cash and cash equivalents	6,530	15,771	-9,240

Cash Flow Statement	**1.10.2005- 30.9.2006 changed**	**1.10.2005- 30.9.2006 before**	**difference**
1) Received interests	3,141	3,177	-36
2) Paid for short-term financial assets	-15,303	-4,301	-11,002
3) Proceeds from sale of short-term financial assets	12,944	1,542	11,403
4) Changes in working capital	-8,836	1,164	-10,000
5) Total change in cash and cash equivalents	160,004	169,640	-9,636