Interim Report

1 January 2013 – 31 March 2013

Contents

Summary of first quarter results

Dear reader

The first quarter 2013 brought several new beginnings for us. Full opening of the Estonian electricity market at the start of the year did away with regulated electricity prices. Looking back to the quarter, we feel proud over the fact that our market share exceeds 70% of total electricity sales in Estonia also when there is choice in the market. We have rapidly increased our market share in Latvian and Lithuanian markets. We are still the largest electricity generation company in the Baltic countries and keep the 31% market share in electricity sales.

From 2013, all European utilities must acquire CO_2 allowances for electricity generation from the market in accordance with European Commission requirements. This means that Estonia will no longer provide us with free emission allowances that are required for producing electricity. It should be noted that the price of the emission allowances has not been high in recent times. However, it still forms a cost item for producing every MWh and that has an impact on the competitiveness of our power plants.

First quarter was successful for power generation and our plants were operating at high capacity. We produced a record quantity of electricity since 1991. We sold 37% more electricity than a year before, with growth originating mainly from the wholesale market sales. In the first quarter, our revenue was 23% higher than a year before, mainly attributable to higher electricity sales volume. At the same time, EBITDA decreased in the first quarter, mainly due to lower one-off income as a result of selling our telecommunications business Televõrgu AS a year ago.

We are particularly proud of our achievements in reducing air emissions. Thanks to the installation of desulphurization equipment on four units in Narva power stations we have achieved remarkable success in reducing sulphur emissions close to three times. We are now reaching the point where we will also start to install equipment for reducing nitrogen emissions.

In the first quarter we also started the commissioning of the first waste-to-energy incinerator unit in the Baltics. The unit located next to Iru Power Plant generates both heat and electricity from municipal waste.

Hot commissioning in the new generation Enefit280 oil plant is still underway. Step by step we are moving towards doubling our oil production. Commissioning timetable has been affected by mechanical problems in the support systems of the oil plant. However, the first oil has been received and we still believe the decision to construct twice as large oil plant using Enefit technology is justified and that our plant will start oil production as expected

Sandor Liive

CEO and Chairman of the Management Board of Eesti Energia
Sandor Liive

Key figures and ratios

		Q1 2013	Q1 2012	Change
Total electricity sales, of which	GWh	3,454	2,514	+37.4%
Non-regulated price	GWh	3,454	793	+335.5%
Regulated price	GWh	0	1,721	-100.0%
Distribution service sales	GWh	1,869	1,878	-0.5%
Shale oil sales	GWh	51	50	+0.6%
Oil shale sales	th t	302	470	-35.8%
Heat sales	th t	456	408	+11.7%
Distribution grid losses	%	5.9	7.9	-1.9pp
Average number of employees	No.	7,525	7,678	-2.0%

Revenues	million €	289.1	235.8	+22.6%
EBITDA	million €	73.1	82.4	-11.2%
Operating profit	million €	44.2	56.5	-21.7%
Net Profit	million €	24.7	56.1	-55.9%

Fixed assets	million €	2,156.3	1,874.8	+15.0%
Equity	million €	1,351.8	1,283.4	+5.3%
Net debt	million €	570.4	439.7	+29.7%
Investments	million €	74.1	128.8	-42.4%
Cash flow from operating activities	million €	68.4	59.0	+15.9%
FFO	million €	66.0	69.0	-4.5%

Net debt/EBITDA*	times	2.1	1.6	+0.6p
Leverage	%	29.7	25.5	+4.2pp
ROIC	%	8.7	13.4	-4.7pp
FFO/interest cover	times	7.9	13.4	-5.5p
FFO*/net debt	times	0.38	0.47	-0.1p
EBITDA/interest cover	times	8.8	16.0	-7.2p
EBITDA margin	%	26.3	37.3	-11.1pp
Operating profit margin	%	15.9	25.6	-9.7pp

* Rolling 12 months

Operating environment

In Q1 2013, energy prices were affected not only by seasonal factors, but also by expectations of faster recovery of the global economy, increased geopolitical risks and market regulations in the EU concerning CO_2 emission allowances.

In its April 2013 outlook[1], the IMF downgraded its global economic growth forecast by 0.2 percentage points from its January outlook, and reduced the economic growth forecast for the euro area by 0.2 percentage points. The more negative outlook by the IMF is based on the view that the recovery of global economy was increasingly uneven, reflected mainly in differences between growth projections of US and euro zone economies. Despite taking successful steps towards the banking union, the euro area still needs to strengthen its banks, but without increasing public sector debt.

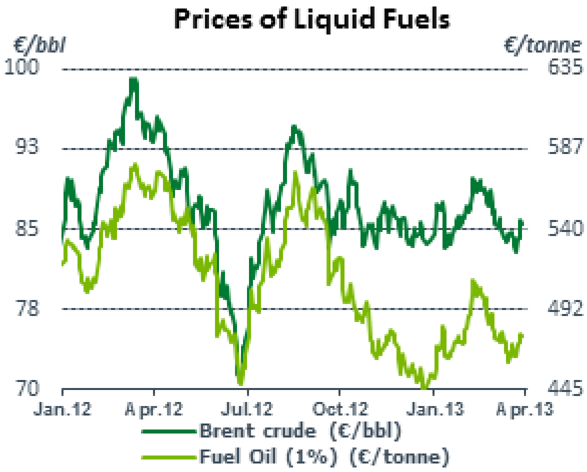
IMF estimates that the global economy expanded 3.2% in 2012 and forecasts global economic growth to be 3.3% in 2013. The IMF expects euro area countries to grow 0.3% in 2013 (after contracting by an estimated 0.6% in 2012). Estonian economy will expand 3.0% in 2013 (3.2% in 2012), according to the IMF forecast.

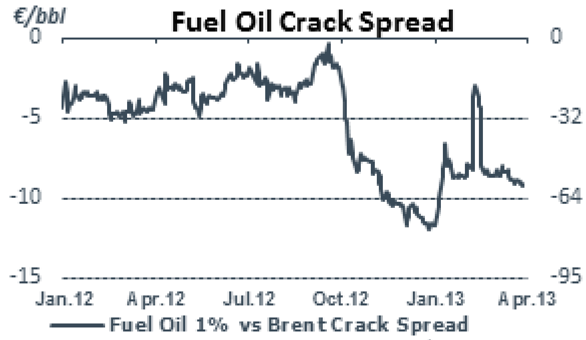
In Q1 2013, the main economic problem in the euro zone was still the debt crisis. The outlook of the euro area weakened due to general elections in Italy at the end of February which could pose a risk to the country's austerity measures and affect easing of the debt crisis in the whole euro area. Despite the economic recovery of some member countries, indicators coming from the largest euro area economies – Germany and France – were negative in Q1 2013. Volume indices of industrial production shrank in both countries during all months of the quarter in an annual comparison. The weakening of the euro area core economies could affect aiding smaller member states if need arises.

The US economy showed signs of improvement in Q1 2013, with the unemployment dropping both in February and March to 7.6% at the end of the quarter. To stimulate the economic recovery, the US Federal Reserve promised at the end of Q1 2013 to continue implementing current monetary policy measures by regular purchases of government bonds and mortgage backed securities from the market.

Liquid Fuels Prices

	Min[2]	Max	Average price	Change compared to Q1 2012
Brent crude (€/bbl)	82.9	89.9	86.1	(5.6%)
Fuel oil (1% sulfur content) (€/tonne)	456.5	509.2	478.2	(11.6%)
Fuel oil 1% crack spread (€/bbl)	(11.1)	(3.0)	(8.1)	96.0%





source: Thomson Reuters

Brent crude oil price was on average 5.6% lower in comparison with Q1 2012 (-8.3 €/bbl), with the price edging lower from 86.4 €/bbl to 85.5 €/bbl during Q1 2013. In comparison with Q1 2012, the first quarter 2013 was characterised by the change in the trend in the middle of the quarter.

In January and in the first half of February 2013, oil prices rose due to expectations of faster recovery of the world economy and, hence, growth in fuel consumption. In the first

[1] Macroeconomic data are based on IMF estimates. Source: IMF April WEO Update (Hopes, Realities, Risks).

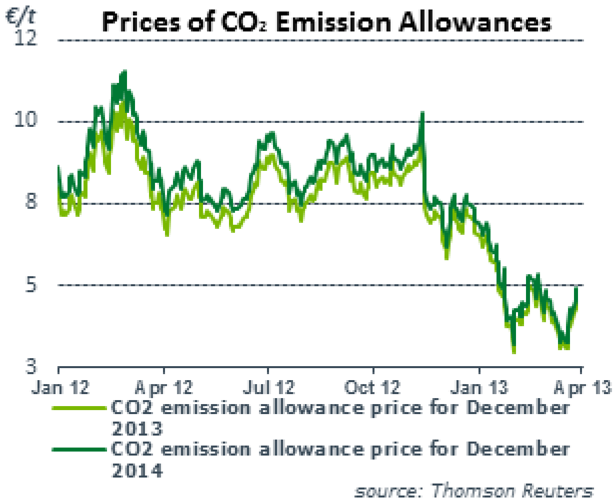
2 Minimum and maximum daily closing prices in Q1 2013. In case of electricity, minimum and maximum daily average prices are shown.

half of the quarter, prices were also pushed up by the increase in the geopolitical risk due to the hostage crisis in the Algerian gas complex and the Israeli air attack in Syria. In the second half of February, oil prices dropped due to worse than expected economic indicators. Negative outlook on Europe's fuel consumption in the near future increased because of political instability in forming a government in Italy.

Fuel oil (1% sulfur content) price decreased by 11.6% (84.1 €/tonne) in comparison with Q1 2012, while during Q1 2013 fuel oil price increased from 456.5 €/tonne to 476.0 €/tonne. Crack spread (describing the price difference between crude oil and fuel oil extracted from it) traded lower in Q1 2013 compared to the same quarter last year. In the first half of Q1 2013, the price of fuel oil rose due to growing demand for fuel oil in North America as a result of amendments made in August 2012 on regulating the sulfur content limit for bunker fuel. In Q1 2013, the price of fuel oil was also supported by the seasonal demand from Asia due to the consumption of fuel oil by local public utilities. In the second half of the quarter, demand for fuel oil in Europe remained rather weak, but the price level was still supported by stable demand from Asia.

Emission Allowances Prices

	Min (€/tonne)	Max (€/tonne)	Average price (€/tonne)	Change compared to Q1 2012
CO_2 December 2013	3.4	6.7	4.8	(44.1%)
CO_2 December 2014	3.6	7.0	5.0	(45.6%)

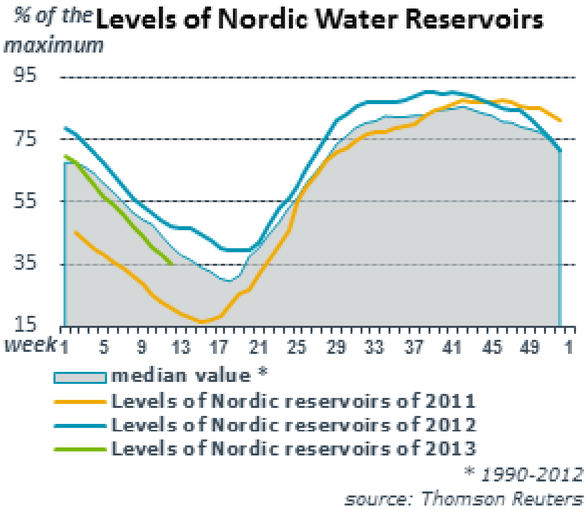


The price for December 2013 CO_2 emission allowance futures traded 44.1% lower in comparison with Q1 2012 (-5.1 €/tonne). The price of the December 2013 emission allowance dropped during the first quarter 2013 from 6.6 €/tonne to 4.8 €/tonne. Prices of emission allowances were more volatile than in the first quarter 2012.

In Q1 2013, emission allowance prices were still influenced by the excess supply of allowances prevailing on the market resulting from global economic slowdown. The proposals that the European Commission presented in 2012 on reducing the supply of emission allowances did not convince the markets and the prices dropped to new historic low during the quarter. In comparison with the same period from last year, the price decline of emission allowances continued due to the slow pace of member states in taking a stance on the proposals made by the European Commission on limiting emissions trading. In the middle of the quarter, prices of emission allowances rose by positive expectations that Germany supports the plan submitted by the European Commission. In April 2013, the European Parliament rejected the plan to regulate volumes of emission allowances which indicates that the supply of allowances is unlikely to fall in the near future and prices are unlikely to grow.

Electricity Prices

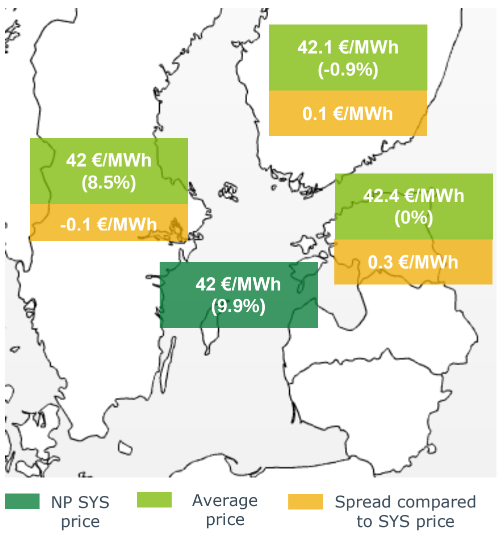
	Min (€/MWh)	Max (€/MWh)	Average price (€/MWh)	Change compared to Q1 2012
SYS	31.7	56.4	42.0	9.9%
Eesti	31.5	57.2	42.4	0.0%
Soome	30.4	57.4	42.1	(0.9%)
ELE	25.2	57.7	43.6	-



In Q1 2013, average electricity prices in Estonia and Finland remained at similar level as in the same period last year. The Nord Pool system price in the first quarter 2013 was 10% higher (+6.5 €/MWh) than in Q1 2012. In Q1 2013, electricity prices in Nordic countries and Estonia fell in January and February. In March, electricity prices increased due to cold weather in the area.

In addition to warm temperatures in the first half of the quarter, the electricity prices in Nordic and Baltic countries were in Q1 2013 generally influenced by the price of CO2 emission allowance that had fallen extraordinarily low, hence increasing the competitiveness of electricity producers that use fossil fuels. Nordic electricity generation in January 2013 was higher than in the same period a year ago. This was mainly attributable to growth in the generation of nuclear, heat and wind energy. Reduction in the electricity production in February in Nordic countries was due to low levels of water in the region. In Q1 2013, water levels that influence the electricity prices in the Nordic countries fell below the historic median value.

The bottleneck effect between Sweden and Finland resulting from insufficient transmission capacity decreased in comparison with Q1 2012. The average price spread between Sweden and Finland was -0.1 €/MWh (-3.8 €/MWh in Q1 2012) and the average price spread between Estonia and Finland was 0.3 €/MWh (-0.1 €/MWh in Q1 2012).

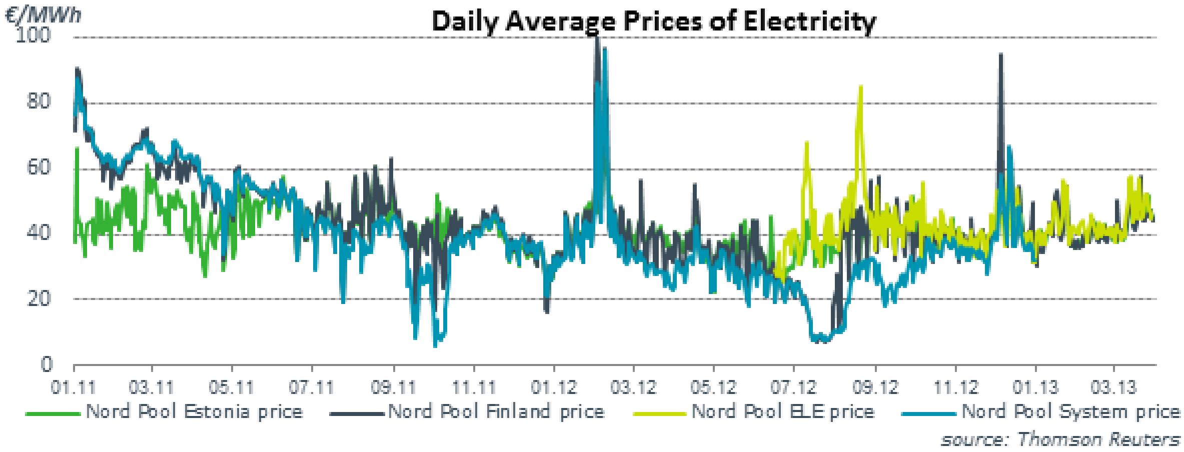


source: Thomson Reuters

In June 2012, the ELE price area was established on the Estonian-Latvian border in connection with transmission capacity limitations on the border. In Q1 2013, the average price spread between Estonia and ELE area was -1.3 €/MWh, which means that there is still a bottleneck on the Estonian-Latvian border due to limitations in transmission capacity.

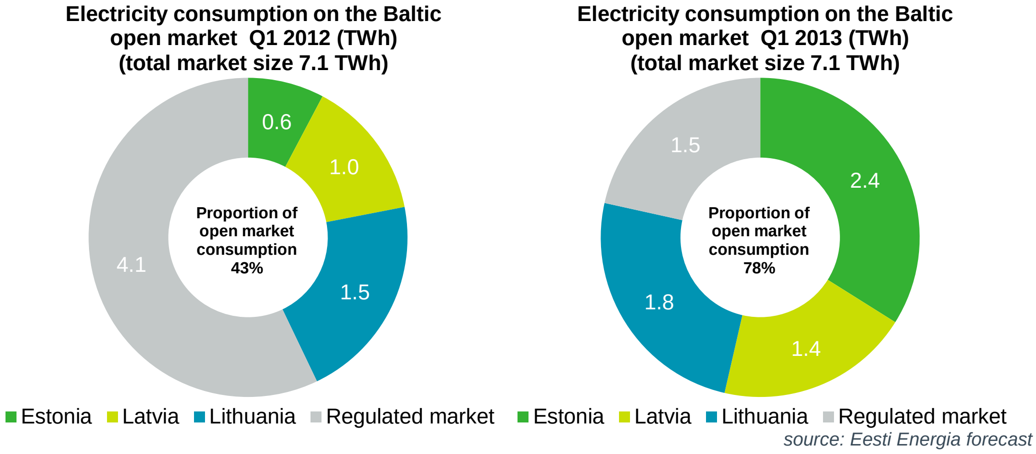
In Q1 2013, Eesti Energia clean dark spread (power price excluding oil shale and CO_2 costs) in the Estonian exchange price for electricity rose to 27.5 €/MWh (+2.8 €/MWh, +12% in comparison with Q1 2012). As compared with Q1 2012, CO2 and oil shale costs dropped by 16% due to the lower price of the CO_2 emission allowance.

The Estonian electricity retail market was fully opened on 1 January 2013 and regulated electricity prices were replaced by free market prices. In Estonia, small electricity consumers started to sign free market electricity contracts already in September 2012.



In Q1 2013, Latvian and Lithuanian electricity markets were partially open. It is estimated that the Latvian market was open to the extent of 70% of the volume of electricity consumption. The Latvian Nord Pool Spot price area is expected to be opened in 2013. The opening of the Latvian electricity market that was initially planned to take place on 1 September was postponed by the decision of the Ministry of Economic Affairs in March.

Starting from 2013, all business customers in Lithuania have been buying electricity on the open market. Household consumers have no obligation to buy electricity on the open market. In Q1 2013, the Lithuanian market was open to the extent of 66% of the volume of electricity consumption.

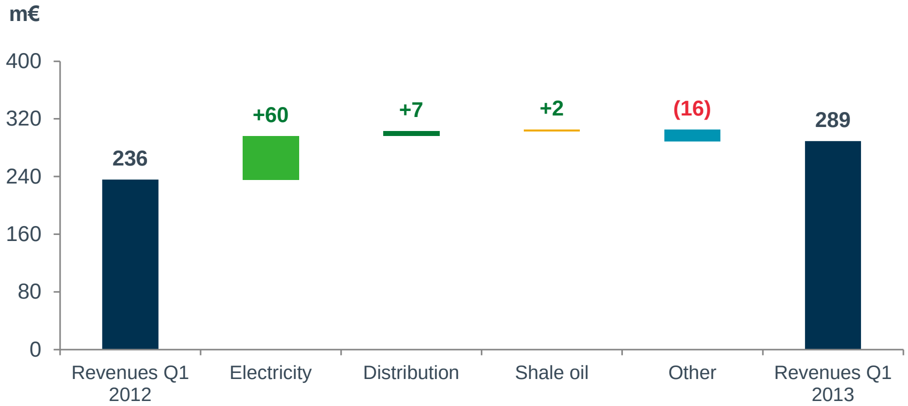


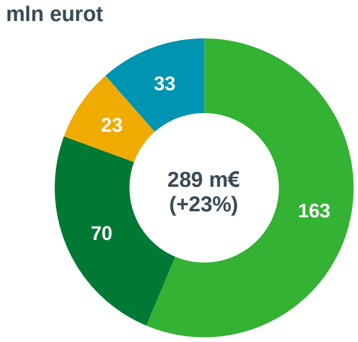
Financial results

Eesti Energia's first quarter 2013 revenue was 289.1 million euros (+22.6% compared to the first quarter of 2012, +53.3 million). EBITDA amounted to 73.1 million euros (-11.2%, - 9.3 million), operating profit was 44.2 million euros (-21.7%, -12.2 million) and net profit was 24.7 million euros (-55.9%, -31.4 million).

Group revenues and EBITDA

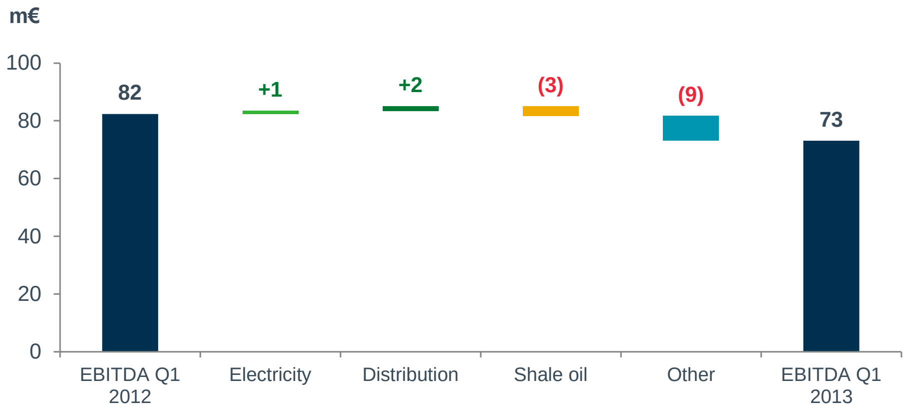
The Group's revenue in the first quarter 2013 was 289.1 million euros, an increase of 22.6% from the same period in 2012 (+53.3 million euros). Revenue increased for all the main products of the Group, in particular due to higher electricity sales (+59%, +60.4 million euros). Revenue decreased on account of other income (-16.1 million euros), mainly attributable to the absence of one-off income such as the sale of telecommunications company Televõrgu AS in the first quarter 2012 (-13.6 million euros).

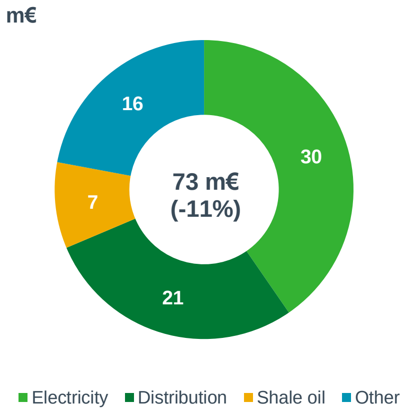




In the first quarter 2013, the Group's EBITDA totalled 73.1 million euros (-11.2%, -9.3 million).

The Group's EBITDA was positively influenced by the growth in electricity sales (+3.6%, +1.0 million euros) and growth in higher sales of the distribution service (+9.0%, +1.7 million euros). The Group's EBITDA decreased due to lower oil sales (-33.3%, -3.4 million euros). EBITDA from other activities decreased mainly due to the exit from the telecommunications business in the first quarter 2012 (-15.4 million euros).

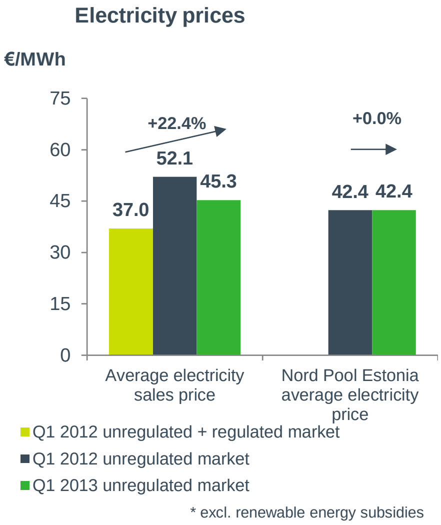


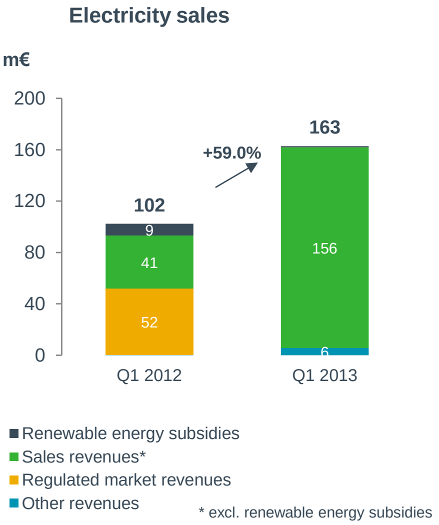


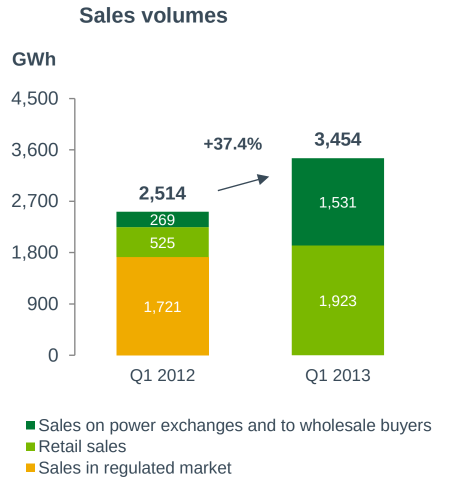
Electricity

Revenue for electricity sales totalled 157.3 million euros (+54.0%, +55.1 million euros). In the first quarter 2013, Eesti Energia's sales to clients and electricity exchanges amounted to 3,454 GWh of electricity (+37.4%, + 940 GWh). This includes retail sales of electricity in the volume of 1 923 GWh (-14.4%, -322 GWh), whereas electricity wholesale volume increased more than fivefold.

Average price of electricity was 45.3 €/MWh, which is 8.3 €/MWh or 22.4% higher compared to the Group´s average sales price in Q1 2012 (in comparison with unregulated electricity price in the first quarter 2012 the change was –6.8 €/MWh or -13.1%). The lower average unregulated price of electricity is a result of lower sale volumes in the first quarter 2012 and due the sales to power exchanges during the periods when electricity prices were higher.







Electricity sales were influenced by the full opening of the Estonian electricity market at the start of 2013. Due to the market opening, all existing contracts for purchase of electricity at regulated prices became invalid and all clients who had been purchasing electricity in the regulated market could choose a new electricity seller or continue purchasing a universal electricity service. As expected, since Eesti Energia had until then been operating as a monopoly, the number of clients and market share decreased after the market opened. At the end of the first quarter 2013, Eesti Energia had 340 thousand electricity clients[3] in Estonia (-158 thousand clients in comparison with the first quarter 2012). In addition to contractual clients, as at the end of the first quarter 2013, Eesti Energia provides universal electricity service to 130 thousand customers of distribution network operator Elektrilevi. After the opening of the market, Eesti Energia remains the electricity seller with the largest market share in Estonia. By electricity consumption of clients, the market share of Eesti Energia in Estonia is 71[4]%.

While the aim in Estonia was to retain the market share, new clients were actively sought in Latvia and Lithuania where Eesti Energia operates under the trademark of Enefit. By the end of the first quarter 2013, Eesti Energia had 1,469 open market clients in Latvia (+965 clients from the end of the first quarter 2012) and in Lithuania it had 802 clients (+601 clients).

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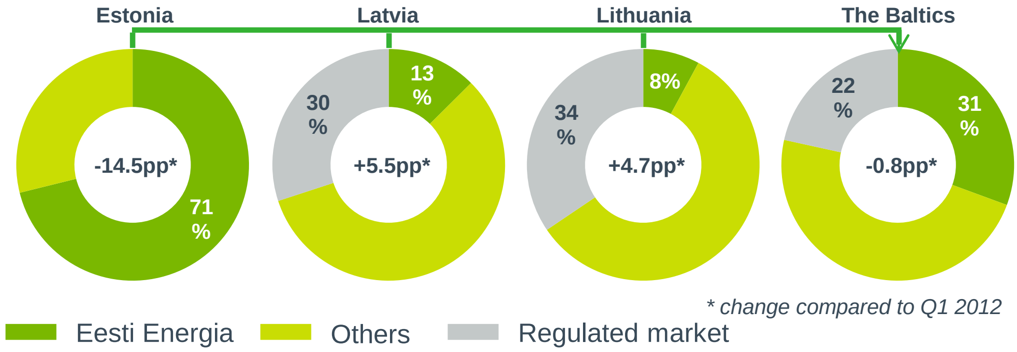
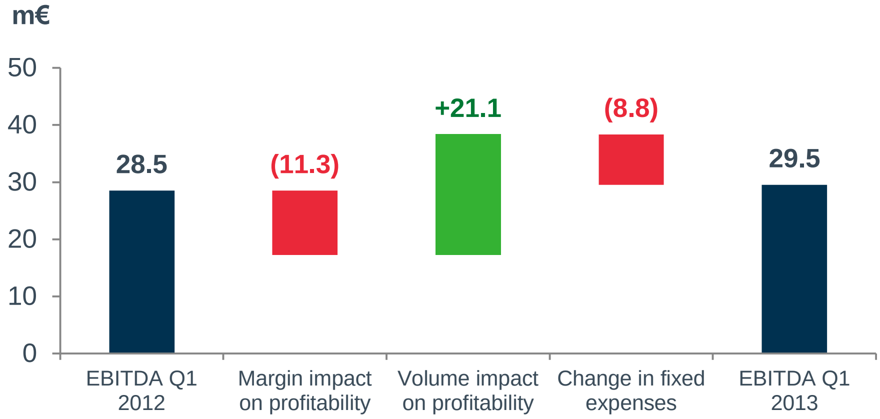
[3] 340 thousand electricity clients have 418 thousand electricity contracts, covering more than 59% of all connection points in Estonia (By the end of 2012 Eesti Energia had more than 408 thousand open market electricity contracts, covering more than 58% of all connection points in Estonia)

[4] Market share of Eesti Energia on the data of transmission system operator Elering by volume of electricity (includes electricity for universal electricity service and for network losses)



In the first quarter 2013, we generated a total of 3,074 GWh of electricity[5] (+26.2%, +639 GWh) of which electricity generated from renewable sources accounted for 49 GWh (-72%, -126 GWh). Generation of electricity from renewable sources decreased mainly as the Group stopped using biomass in Narva power plants. According to the draft amendments to the Electricity Market Act, Narva Power Stations will not receive renewable energy subsidies for burning biofuel in the coming years. Renewable energy subsidies received by Eesti Energia totalled 0.9 million euros (-90.4%, -8.3 million euros). Of energy generated from renewable sources, wind parks generated 43 GWh (+72.1%, +18 GWh). Growth in the generation of electricity produced from wind is attributable to new wind parks in Narva and Paldiski that were launched in the summer 2012.

In the first quarter 2013, **EBITDA from electricity sales** totalled 29.5 million euros (+3.6%; +1.0 million euros). EBITDA was positively influenced by higher electricity sales volume (+21.1 million euros). However, Group EBITDA was negatively impacted by lower margin (-11.3 million euros) and an increase in fixed costs (-8.8 million euros).



Distribution

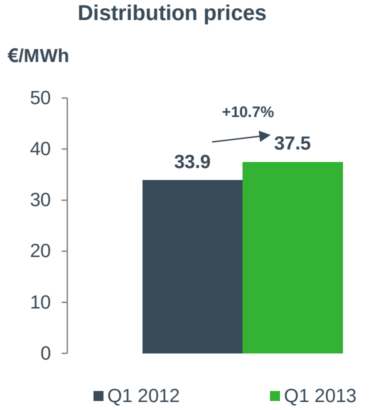
Distribution services revenue amounted to 70.2 million euros (+10.2%; +6.5 million euros). In the first quarter 2013, distribution services sales volume was 1,869 GWh (-0.5%; -10 GWh) and remained broadly at last year's level. Sales of distribution service increased because of reduced network losses and colder-than-average air temperature. At the same time, those impacts are offset by reduced consumption of more price-sensitive clients due to the increase in the price of electricity.

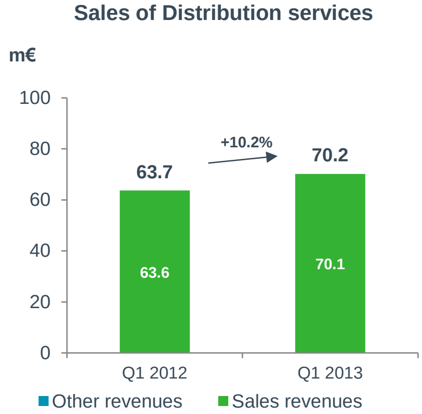
In the first quarter 2013, average price of distribution service was 37.5 €/MWh (+10.8%, +3.6 €/MWh). The increase in the distribution service tariff is attributable to regular price correction (regular price correction from 1st of August 2012 and adjustment of non-controllable input prices from 1st of January 2013). In January 2013 the distribution service tariff was adjusted because of the growth in the price of transmission system operator Elering (influenced average price in the first quarter by 1.6 €/MWh). In addition, from the start of 2013, distribution network purchases electricity for network losses from Nord Pool Spot power exchange instead of the previously regulated tariff (impact on average sales price in the first quarter 0.9 €/MWh).

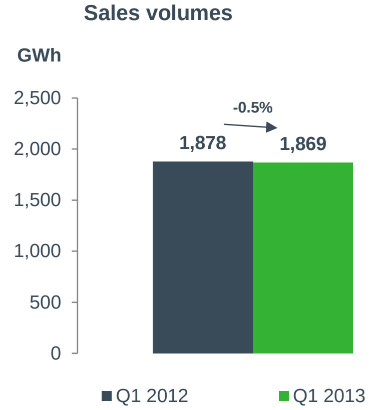
In the first quarter 2013, distribution network losses amounted to 122 GWh or 5.9%, having decreased by 45 GWh (-2 percentage points) from the same period of 2012. In comparison with the previous year, distribution network reliability has improved. The average duration of client interruptions in comparison with the first quarter 2012 decreased by 11 minutes. The average duration of unplanned interruptions was 17 minutes (30 minutes in

[5] Net own production of electricity

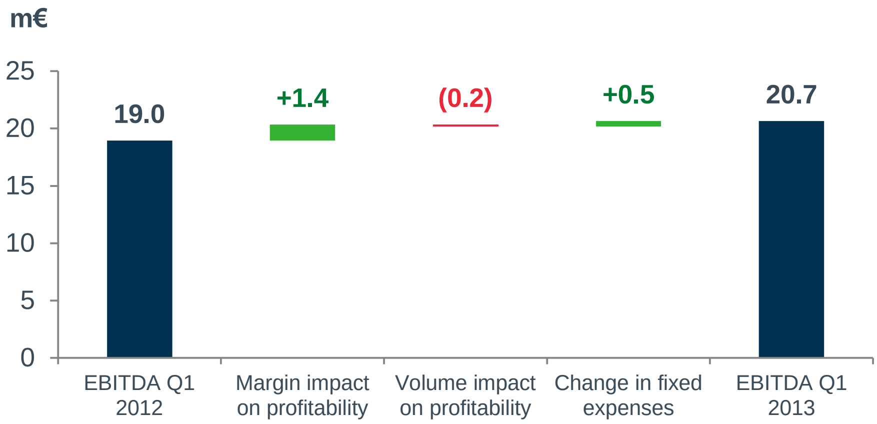
the first quarter 2012) and average duration of planned interruptions was 18 (17 minutes in the first quarter 2012).







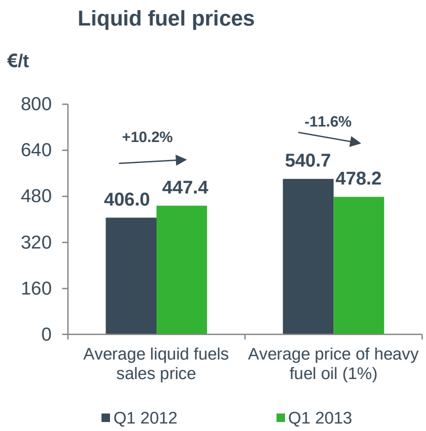
In the first quarter 2013, **EBITDA from sales of distribution service** totalled 20.7 million euros (+9.0%; +1.7 million euros). Distribution service EBITDA was positively influenced by the growth in margin (+1.4 million euros) and lower fixed costs (+0.5 million euros). The impact of the decrease in distribution service volumes on EBITDA was -0.2 million euros.

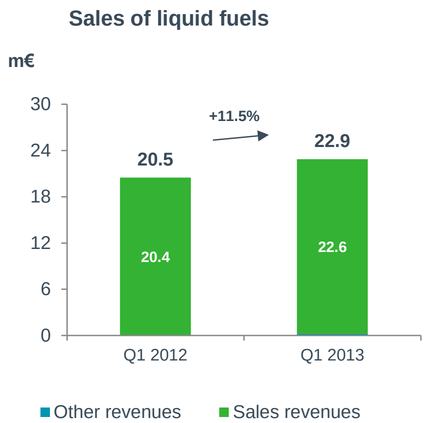


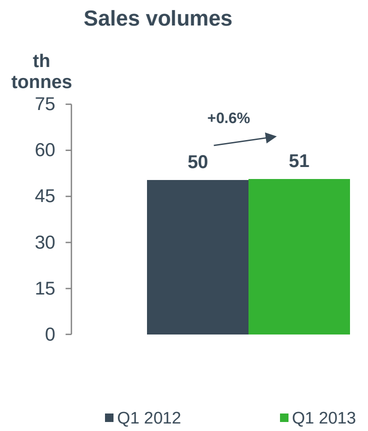
Liquid fuels

The **revenue** from the **sales of shale oil** totalled 22.8 million euros (+11.5%, EUR +2.3 million). In the first quarter 2013, Eesti Energia sold 50.6 thousand tons of liquid fuels (+0.6%, +0.3 thousand tons).

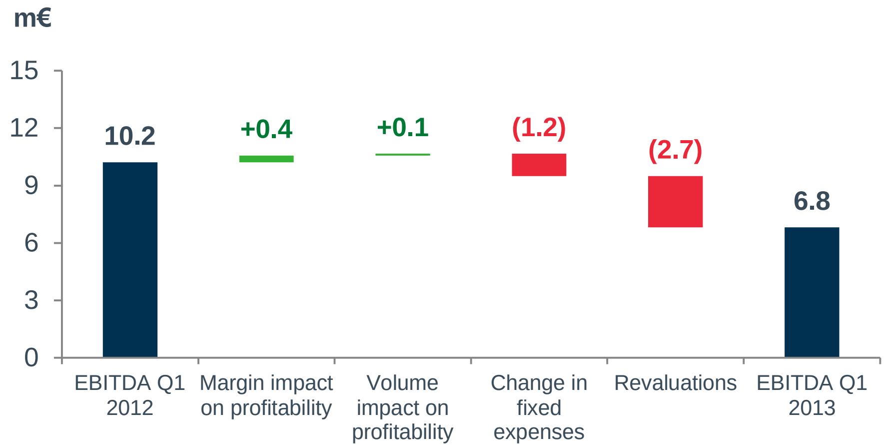
In the first quarter 2013, the average sales price of shale oil was 447.4 €/tonne (+10.2%, +41.4 €/tonne). The average price increased compared to 2012, despite the global market price of heavy fuel oil, a benchmark product, falling year-on-year (average price was 478.2 €/tonne which is 11.6% lower than a year earlier). The Group's sales price of liquid fuels is attributable to successful price hedging that helped to protect sales against fall in world market prices. In the first quarter of 2013, the impact of risk hedging on the sale of liquid fuels was -0.3 million euros (+4.4 million euros compared to last year, -94%) or -5.6 €/tonne. Without considering the impact of price hedges, the sales price of liquid fuels was 453.0 €/tonne (-9.3%, -46.7 €/tonne).







In the first quarter 2013, **EBITDA from sale of liquid fuels** totalled 6.8 million euros (-33.3%; -3.4 million euros). Losses due to revaluation of derivative transactions, (that are recognised as expenses), were higher than last year (impact on EBITDA –2.7 million euros). EBITDA was also impacted by the increased fixed costs (-1.2 million euros). The result was positively influenced by growth in the sales volume and margin (+0.5 million euros).

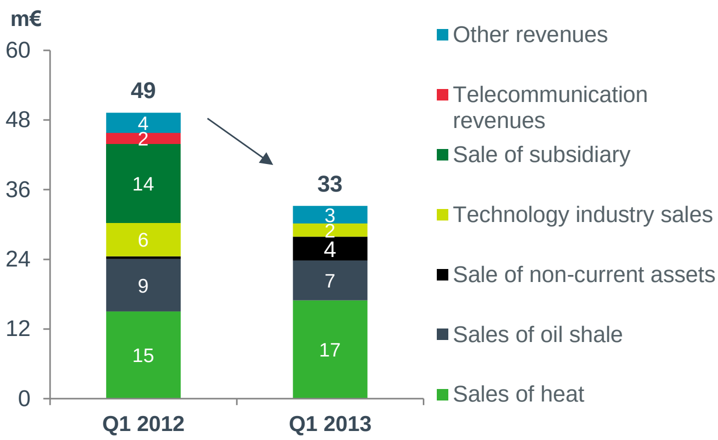


Other revenue

In the first quarter 2013, the revenue of Eesti Energia from sale of other products totalled 33.2 million euros (-32.6%, -16.1 million euros), decreasing mainly due to the exit from the telecommunications business in the first quarter of 2012 (-15.5 million euros).

Revenues from sale of electrical equipment and construction and repair services decreased by 3.5 million euros, which is attributable mainly to the completion of the new oil plant. Sales of oil shale fell mainly as a result of lower sales volume (-36%) by 2.2 million euros and sales of heat increased due to higher sales volume (+12%) by 1.9 million euros. Other income increased due to sale of non-current assets in the amount of 3.6 million euros.

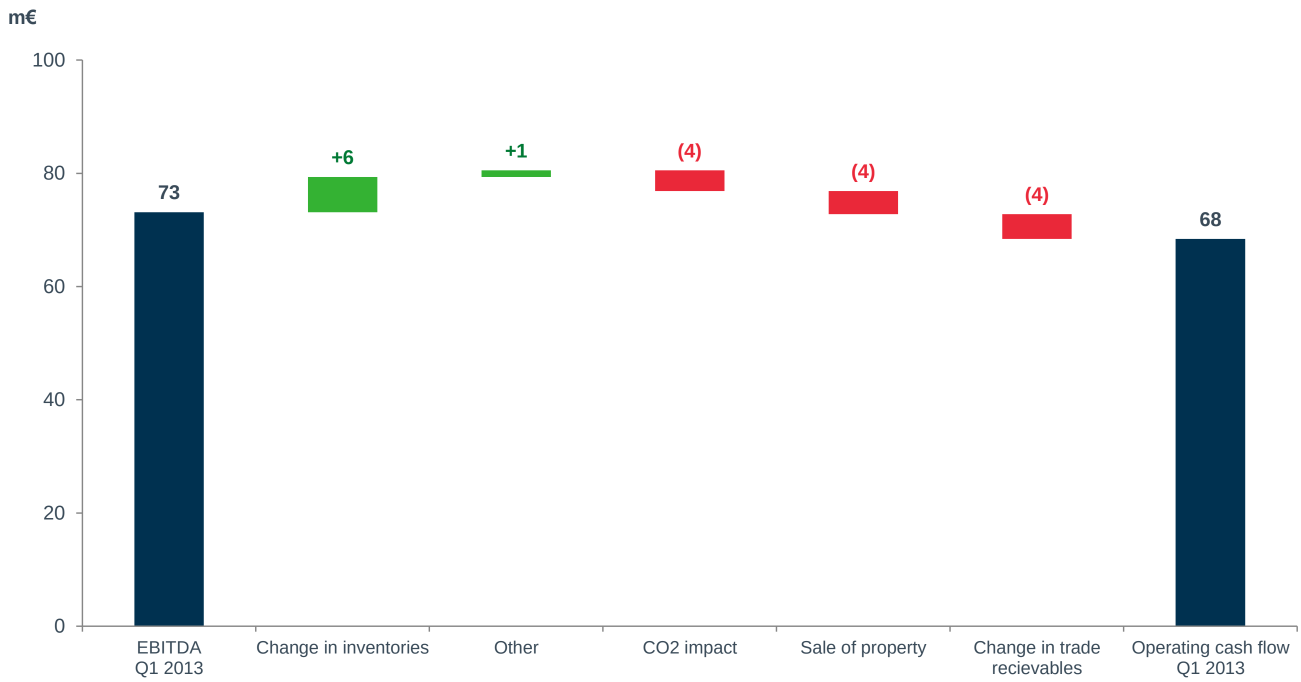
In the first quarter 2013, EBITDA of other products was 16.1 million euros (-34.7%, -8.6 million euros), affected by sale of Televõrgu AS in the first quarter 2012.



Cash flows

In the first quarter of 2013, Eesti Energia's cash flows from operating activities amounted to 68.4 million euros. In comparison with the same period a year before, cash flows from operating activities increased by 15.9% year-on-year or by 9.4 million euros.

Cash flows from operating activities in Q1 2013 increased on the year before, as the EUR 13.6 million profit earned from the sale of telecommunications company Televõrgu AS influenced the operating profit in the first quarter of 2012 (but did not impact cash flows from operating activities last year). In addition, in Q1 2013 cash flows were positively influenced by the larger use of inventories (EUR +12.1 million). Cash flows from operating activities were affected especially by lower EBITDA (EUR -9.3 million) and higher impact from CO_2 provisions and prepayments (EUR -6.1 million).



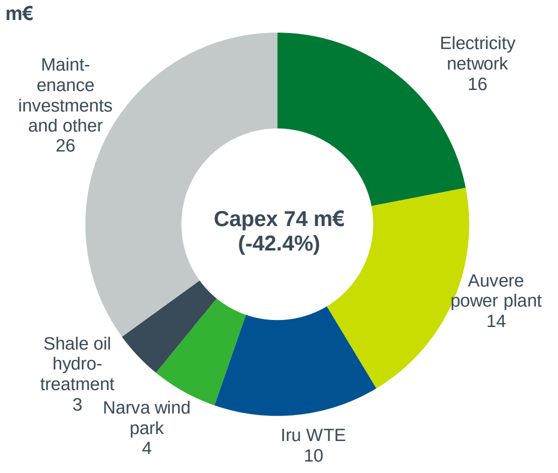
In comparison with the Group's EBITDA (73.1 million euros), cash flows from operating activities increased by higher use of oil shale inventory (+6.2 million euros) and decreased by the impact of CO_2 provisions and prepayments (-3.6 million euros). Trade receivables increased in the first quarter of 2013 by 4.4 million euros.

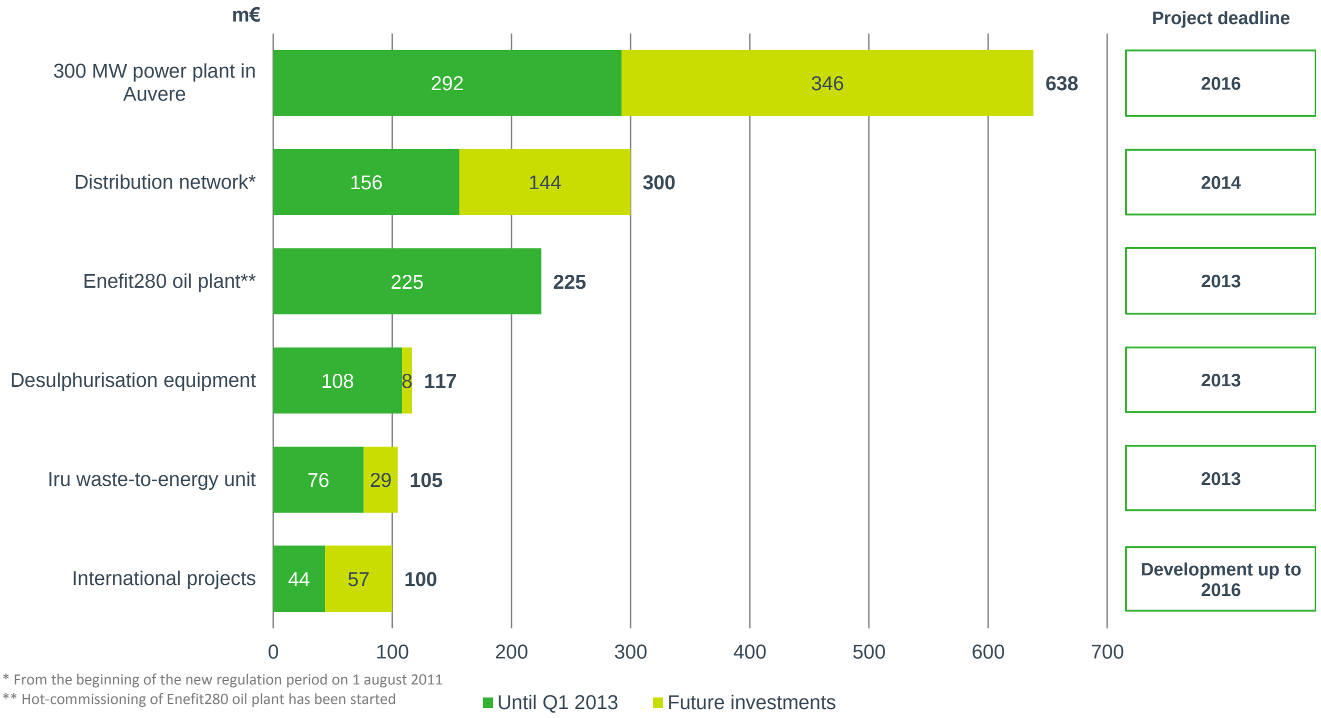
The Group's cash flows from investments in the first quarter 2013 included an acquisition of non-current assets totalled 86 million euros, but negative cash flow from investments was reduced by the decrease in the cash restricted from being used and sale of non-current assets.

Investments

In the first quarter 2013, the Group invested 74.1 million euros, which was by 54.6 million euros or 42.4% less than a year earlier. The level of capital expenditure fell mainly due to smaller investments in the new power plant made in the first quarter. Hot commissioning procedures are also ongoing in the new Enefit280 oil plant.

The investment plan of Eesti Energia for 2013 includes the final hot commissioning of the new Enefit280 oil plant, completion of Iru waste-to-energy unit, installation of desulphurisation equipment and lime injection systems in Narva power plants, completion of the oil shale infrastructure development in Auvere and Jordanian pre-development project for electricity generation. Of larger investment projects, the construction of a new 300 MW power plant and pre-development of foreign projects will continue in the coming years.





* From the beginning of the new regulation period on 1 august 2011
** Hot-commissioning of Enefit280 oil plant has been started

Construction of a 300 MW circulating fluidized bed (CFB) power plant

In summer 2011, Eesti Energia started the construction of a new power plant running on the modern circulating fluidized bed (CFB) technology in Auvere. The new power plant, which should be completed in 2015, allows alongside oil shale to burn biofuels for up to 50% of its fuel intake and helps to bring the waste of the plant to the level of a modern gas plant. The maximum annual net generation of the new power plant is 2,192 GWh. For financing the construction of Auvere power plant, the European Commission allocated for Eesti Energia a total of 18 million tonnes of greenhouse gas emission allowances free of charge for 2013-2020.

Improving the quality of the network service

For improving the quality of the network service, we invested 16 million euros in the first quarter 2013. During the quarter, 82 substations and 233 kilometres of underground and overhead cables were renovated and built. From the beginning of the new regulation period (1 August 2011 – 1 August 2014), we have invested a total of 156 million euros in the electricity network. The total budget for the investment plan of the regulation period is 300 million euros.

Construction of the new Enefit280 Oil Plant in Auvere

The Group started the construction of the oil plant, with the annual production capacity of approximately 257,000 tonnes of shale oil, in the summer 2009. At maximum capacity, the plant burns nearly 2.3 million tonnes of oil shale per annum. The construction of the oil plant was completed by the end of 2012 and the focus is now on the commissioning of the plant. With the completion of the new Enefit280 oil plant, we will increase our total shale oil production capacity to nearly 500,000 tonnes per annum. The plant is expected to generate its first production in 2013.

Installation of desulphurisation equipment at Narva Power Plants

For reducing sulphur emissions, we installed desulphurisation equipment on four of the generating units of the Eesti power plant. After the installation, the net capacity of those units is 674 MW and the annual production capacity is 4.9 TWh. With the project launched in spring 2009, we took an obligation to reduce sulphur emissions at Narva power plants 2.5 times, while maintaining the production capacity at the current level. Under the same project, we also commenced the installation of lime dosing systems in order to achieve the required cleaning level of exhaust gases, irrespective of the quality of burnt oil shale. The lime systems were completed in the first quarter 2013 and handover and maintenance tests were conducted. By now, all lime injection systems are taken into daily use.

Construction of Iru waste-to-energy unit

The development of the waste-to-energy unit at the Iru power plant is on schedule. In the first quarter 2013 the new energy unit was commissioned and fine-tuning and testing commenced. The first incineration of waste took place at the end of January, and was immediately followed by selling heat to the district heating network; electricity generation started at the beginning of April. The unit's heat generation capacity is 50 MW and electricity generation capacity is 17 MW. The maximum annual generation of the unit is 330 GWh of heat and 136 GWh of power. The unit will use up to 220,000 tonnes of municipal waste as fuel source per annum. The quantity of waste necessary for the entire first year and largely also for the coming years of operations is covered by contracts. The waste-to-energy unit, which will run on the most modern combustion technology, is able to turn nearly 82% of energy contained in waste into electricity and heat.

Preliminary development of international projects

Eesti Energia owns 65% of the Jordanian electricity and oil project. Project partners are Malaysian YTL Power International Berhad with a holding of 30% and Jordanian partner Near East Investment with a holding of 5%.

Results of procurement for construction of a power plant (announced in 2012) are expected to be clarified during the second quarter of 2013 (deadline for submitting the documents were 15 April 2013). During Q1 2013 final meetings with interested parties took place for clarifying the technical, commercial and legal questions. Furthermore, five offers were received as part of the mining contract procurement (deadline was 4 March 2013). At present the results of both tenders are being specified and analysed. The winners of both procurements are likely to be identified by the second half of year 2013. On 31 December 2012 environmental impact assessment was submitted to the Jordan Ministry of Environment. In the first quarter of 2013 we were supplementing our assessment based on comments and feedback received. At the moment our assessment is submitted for further review and approval. The planned capacity of the Jordanian first oil shale power plant is 460 MW and its completion is planned to take place in 2017.

The preliminary development of the Jordanian oil project is expected to last until 2016. During the preliminary development phase, Eesti Energia will develop a part of the Attarat Um Ghudran mine. The area under research is estimated to contain 3.5 billion tonnes[6] of oil shale of which 0.9 billion tonnes represents measured resource for developing electricity project. In first quarter 2013 a further market survey was conducted to assess the route to market for the potential products. Further technical studies were carried out to adapt Enefit technology more suitable for Jordanian oil shale.

[6] Measured 0,9 billion tonnes (Resource represents a part of in place Resource, after it has been modified by desired cut-off grade, technical, economical and already defined modifying factors) and inferred 2,6 billion tonnes (Resource is defined as amount of total in place oil shale, that has high possibility for commercial interest. This definition is applied for resources before the pre-technical analyses, to which possible modifying factors have not been applied)

In March 2011, Eesti Energia acquired the oil shale resource in Uintah County, Utah (USA), which is estimated at 6.6 billion tonnes[7]. In Utah, we continue to operate under the name of Enefit American Oil.

We plan to use our oil shale resources in Utah as a base for the liquid fuels' industry with a capacity of 50,000 barrels of oil shale per day. In 2013 we started the Environmental Impact Statement (EIS) process with the BLM. Although the first phase of our project is being developed on Enefit's private property, utilities (water, power, natural gas) and an oil pipeline must cross federal land, which requires an EIS analysis and coordination with several authorities. In addition, engineering and cost studies to provide the needed amount of water to the project have been completed by Stantec and engineering and costs associated with the mine plan for the Enefit South property have been completed by Norwest.

Financing

Eesti Energia's credit ratings are at the investment grade level that allows the Group to access debt capital markets if needed. As at 31 March 2013, Eesti Energia's credit rating was BBB+ with a stable outlook from Standard & Poor's and Baa1 with a negative rating outlook from Moody's.

Eesti Energia's extensive capital expenditure program drives the need for raising additional capital as well as the creation of a sufficient liquidity buffer.

As at 31 March, the Group's balance of liquid assets was 162 million euros (including deposits with maturities of more than three months and liquid financial assets).

As at the end of the first quarter 2013, Eesti Energia's total borrowings in nominal value amounted to 744.2 million euros (as at the end of 2012: 744.9 million euros). The borrowings amounted to 732.7 million euros (+0.0%, +0 million euros), using amortised costs method. The significant borrowings of the Group included:

- Eurobonds listed on the London Stock Exchange in the nominal value of 600 million euros.
- Loans received from the European Investment Bank accounted for 144.2 million euros of borrowings in nominal value.

The Group's undrawn loans amounted to 395 million euros at the end of the first quarter 2013:

- In December 2011, we signed a loan agreement for 95 million euros with the European Investment Bank with the deadline for drawing in December 2013.
- Liquidity loan contracts signed with regional banks totalled 300 million euros (as at the end of 2012: 400 million euros) that had not been drawn by the end of the first quarter. In the first quarter, the volume of liquidity facilities was reduced by 100 million euros because the Group's liquidity buffer is more than sufficient.

As at 31 March, the weighted average interest rate of the Group's borrowings was 4.12%, which was unchanged from the end of 2012. The weighted average rate of borrowings with fixed interest rates was 4.16% and that for borrowings with floating interest rates was 0.78% (including the base rate). Borrowings with fixed interest rate made up 99% of the total Group's debt as at the end of the first quarter. All borrowings are denominated in euros.

As at 31 March 2013, the equity of Eesti Energia totalled 1,351 million euros. 100% of the shares of Eesti Energia are owned by the Republic of Estonia.

As at 31 March, the Group's net debt[8] stood at 570 million euros, having fallen by 10 million euros during the quarter. As at 31 March, the ratio of EBITDA to net debt was 2.1 and was unchanged from the end of 2012. The financial leverage reached 29.7% at the end of the first quarter, a rise of 4,2 percentage compared to the previous year. According to its loan agreements, Eesti Energia is bound to conform to certain financial covenants. As at the end of the first quarter, the Group complied with these financial covenants.

[7] Measured 3,7 billion tonnes, indicated 2,5 billion tonnes, inferred 0,4 billion tonnes (Resource is defined as amount of total in place oil shale, that has high possibility for commercial interest. This definition is applied for resources before the pre-technical analyses, to which possible modifying factors have not been applied)

[8] Net debt – debt obligations using amortised cost method less cash and cash equivalents (includes deposits with maturity of more than 3 months)

Outlook for 2013

The year 2013 is a landmark year for Eesti Energia Group in many respects – a new, third phase of the EU emissions trading system started, the Estonian electricity market became fully open to the end consumers and the investments projects to be completed will boost our production and sales capacity.

Group revenues and EBITDA for 2013 are expected to increase compared to FY2012. While expected oil production from Enefit280 has been reduced due to delays, Group generation volume is expected to improve compared to earlier expectations.

Eesti Energia has sold forward 5.6 TWh of power for the remaining 3 quarters of 2013 at the average price of 44.2 €/MWh. Group has also hedged 102 thousand tonnes of shale oil production for the remaining period at the average price of 456 € / ton. Group´s CO_2 emissions exposure for the whole 2013 has been hedged via forward purchases for 11.6 million tonnes at the average price of 8.6 € / ton.

In 2013 Group´s total capital expenditure is expected to reach 427 million euros, while the committed investments for 2014 and 2015 respectively amount to 335 million euros and 208 million euros. Shareholder has approved 73.5 million euros of dividends to be paid by Eesti Energia for 2012.

Consolidated statement of comprehensive income

in million EUR

	3 months 1 January - 31 March 2013	3 months 1 January - 31 March 2012	12 months 1 April - 31 March 2012/13	12 months 1 April - 31 March 2011/12	*Note*
Revenue	278,6	220,6	880,0	819,0	2
Other operating income	10,5	15,2	41,2	36,9	
Government grants	-	-	0,5	0,4	
Change in inventories of finished goods and work-in-progress	-8,8	6,1	-5,0	11,1	
Raw materials and consumables used	-142,3	-105,5	-417,1	-375,1	
Payroll expenses	-35,0	-36,0	-150,6	-139,2	
Depreciation and amortisation	-28,9	-25,9	-118,0	-99,1	
Impairment	-	-	-63,3	-1,5	
Other operating expenses	-29,9	-18,0	-79,9	-72,1	
OPERATING PROFIT	**44,2**	**56,5**	**87,8**	**180,4**	2
Financial income	0,7	0,4	3,5	3,5	
Financial expenses	-0,9	-0,8	-8,5	-5,3	
Net financial income (-expense)	**-0,2**	**-0,4**	**-5,0**	**-1,8**	
Gain from associates using equity method	-	-	-0,2	-0,9	
PROFIT BEFORE TAX	**44,0**	**56,1**	**82,6**	**177,7**	
CORPORATE INCOME TAX EXPENSE	**-19,3**	**-**	**-37,1**	**-14,7**	
PROFIT FOR THE YEAR	**24,7**	**56,1**	**45,5**	**163,0**	
ATTRIBUTABLE TO:					
Equity holders of the Parent Company	**24,4**	**56,1**	**45,6**	**163,2**	
Non-controlling interest	**0,3**	**-**	**-0,1**	**-0,2**	
Basic earnings per share (euros)	*0,04*	*0,12*	*0,07*	*0,35*	*7*
Diluted earnings per share (euros)	*0,04*	*0,12*	*0,07*	*0,35*	*7*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR

	3 months 1 January - 31 March 2013	3 months 1 January - 31 March 2012	12 months 1 April - 31 March 2012/13	12 months 1 April - 31 March 2011/12
PROFIT FOR THE YEAR	**24,7**	**56,1**	**45,5**	**163,0**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Revaluation of risk hedge instruments	-9,6	-8,3	10,6	14,5
Currency translation differences attributable to foreign subsidiaries	1,1	-1,0	1,0	2,6
Other comprehensive income for the year	-8,5	-9,3	11,6	17,1
COMPREHENSIVE INCOME FOR THE YEAR	**16,2**	**46,8**	**57,1**	**180,1**
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**15,9**	**46,8**	**57,2**	**180,3**
Non-controlling interest	**0,3**	**-**	**-0,1**	**-0,2**

Consolidated statement of financial position

in million EUR

ASSETS	31 March 2013	31 March 2012	31 December 2012	Note
Non-current assets				
Property, plant and equipment	2 021,5	1 760,3	1 988,4	4
Intangible assets	63,7	55,9	58,7	
Investments in associates	21,3	23,3	21,3	
Derivative financial instruments	3,2	12,4	7,5	5
Long-term receivables	46,6	22,9	26,0	
Total non-current assets	**2 156,3**	**1 874,8**	**2 101,9**	
Current assets				
Inventories	42,1	43,8	48,3	
Greenhouse gas allowances	11,6	28,6	11,6	
Trade and other receivables	186,1	128,4	174,6	
Derivative financial instruments	10,5	6,2	9,2	5
Available-for-sale financial assets	-	5,1	-	
Financial assets at fair value through profit or loss	0,6	4,1	1,7	
Deposits with maturities greater than three months at bank	33,0	-	90,0	
Cash and cash equivalents	128,7	11,8	60,1	
Total current assets	**412,6**	**228,0**	**395,5**	
Total assets	**2 568,9**	**2 102,8**	**2 497,4**	
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	621,6	471,6	621,6	6
Share premium	259,8	259,8	259,8	
Statutory reserve capital	51,0	47,2	47,2	
Hedge reserve	1,9	-8,7	11,5	
Unrealised exchange rate differences	3,5	2,5	2,4	
Retained earnings	412,7	509,6	465,6	
Total equity and reserves attributable to equity holder of t	**1 350,5**	**1 282,0**	**1 408,1**	
Non-controlling interest	**1,3**	**1,4**	**1,0**	
Total equity	**1 351,8**	**1 283,4**	**1 409,1**	
LIABILITIES				
Non-current liabilities				
Borrowings	731,3	434,3	731,4	8
Other payables	2,8	2,3	2,4	
Derivate financial instruments	1,8	5,1	0,3	5
Deferred income	138,8	129,0	136,6	
Provisions	24,3	31,4	23,9	
Total non-current liabilities	**899,0**	**602,1**	**894,6**	
Current liabilities				
Borrowings	1,4	26,4	1,4	8
Trade and other payables	258,7	159,1	174,9	
Derivative financial instruments	5,8	14,3	2,1	5
Deferred income	2,2	1,2	2,4	
Provisions	50,0	16,3	12,9	
Total current liabilities	**318,1**	**217,3**	**193,7**	
Total liabilities	**1 217,1**	**819,4**	**1 088,3**	
Total liabilities and equity	**2 568,9**	**2 102,8**	**2 497,4**	

Consolidated statement of cash flows

in million EUR

	3 months		12 months		Lisa
	1 January - 31 March		1 April - 31 March		
	2013	2012	2012/13	2011/12	
Cash flows from operating activities					
Cash generated from operations	68,5	59,3	236,6	145,3	*9*
Interest and loan fees paid	-0,3	-0,4	-26,1	-17,5	
Interest received	0,3	0,1	1,3	2,7	
Corporate income tax paid	-0,1	-	-17,2	-14,6	
Net cash generated from operating activities	**68,4**	**59,0**	**194,6**	**115,9**	
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	-86,5	-145,4	-440,5	-491,0	
Proceeds from connection and other fees	3,3	3,7	14,6	14,1	
Proceeds from sale of property, plant and equipment	12,5	0,8	16,7	2,7	
Proceeds from grants of property, plant and equipment	-	0,8	1,5	0,8	
Net change in deposits with maturities greater than 3 months	57,0	-	-33,0	198,0	
Net change in cash restricted from being used	14,6	-1,8	-	21,3	
Purchase of short-term financial investments	-4,6	-5,7	-24,4	-47,9	
Loans granted	-1,6	-2,6	-4,2	-6,7	*11*
Loan repayments received	-	2,9	-	3,0	
Dividens received from long-term financial investments	-	-	1,4	1,3	
Acquisiton of subsidiaries, net of cash acquired	-	-	-	-2,7	
Proceeds from disposal of subsidiary	-	22,1	-	24,3	*12*
Proceeds from sale and redemption of short-term financial investment	5,8	11,6	33,1	55,1	
Net cash used in investing activities	**0,5**	**-113,6**	**-434,8**	**-227,7**	
Cash flows from financing activities					
Received long-term bank loans	0,4	26,2	1,7	164,3	
Proceeds from bonds issued	-	-	297,0	-	
Repayments of bank loans	-0,7	-0,7	-26,4	-59,0	
Proceeds from non-controlling interest	-	-	-	0,1	
Contribution to the share capital	-	-	150,0	-	
Dividends paid	-	-	-65,2	-56,1	
Net cash used in financing activities	**-0,3**	**25,5**	**357,1**	**49,3**	
Net cash flows	**68,6**	**-29,1**	**116,9**	**-62,5**	
Cash and cash equivalents at the beginning of the period	60,1	40,9	11,8	75,3	
Cash and cash equivalents of subsidiaries classified as associates	*-*	*-*	*-*	*1,0*	
Cash and cash equivalents at the end of the period	128,7	11,8	128,7	11,8	
Net increase/(-)decrease in cash and cash equivalents	**68,6**	**-29,1**	**116,9**	**-62,5**	

Consolidated statement of changes in equity

in million EUR

	Attributable to equity holder of the Company						Non-controlling interest	Total equity
	Share capital (Note 6)	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
Equity as at 31 December 2011	**471,6**	**259,8**	**47,2**	**3,1**	**453,5**	**1 235,2**	**1,4**	**1 236,6**
Comprehensive income for the year	-	-	-	-	56,1	56,1	-	56,1
Comprehensive income for the year	-	-	-	-9,3	-	-9,3	-	-9,3
Total comprehensive income	**-**	**-**	**-**	**-9,3**	**56,1**	**46,8**	**-**	**46,8**
Equity as at 31 March 2012	**471,6**	**259,8**	**47,2**	**-6,2**	**509,6**	**1 282,0**	**1,4**	**1 283,4**
Equity as at 31 December 2012	**621,6**	**259,8**	**47,2**	**13,9**	**465,6**	**1 408,1**	**1,0**	**1 409,1**
Profit for the year	-	-	-	-	24,4	24,4	0,3	24,7
Comprehensive income for the year	-	-	-	-8,5	-	-8,5	-	-8,5
Total comprehensive income	**-**	**-**	**-**	**-8,5**	**24,4**	**15,9**	**0,3**	**16,2**
Dividends declared	-	-	-	-	-73,5	-73,5	-	-73,5
Transfer of retained earning to statutory reserve capital	-	-	3,8	-	-3,8	-	-	-
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**3,8**	**-**	**-77,3**	**-73,5**	**-**	**-73,5**
Equity as at 31 March 2013	**621,6**	**259,8**	**51,0**	**5,4**	**412,7**	**1 350,5**	**1,3**	**1 351,8**

Notes to the financial statements

1 Accounting policies

This consolidated interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union. These consolidated interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting".

Accounting policies and presentation of financial statements applied to this interim report were identical to those used in financial statements for the financial year that ended on 31 December 2012, except segment reporting and presentation of comprehensive income. Presentation of comprehensive income has been changed according to amendment of International Financial Reporting Standards IAS 1- Presentation of Items of Other Comprehensive Income, that became mandatory for the Group from 1 January 2013. The amendment does not have any impact on measurement of transactions and balances. Changes of presentation of segment reporting are described in Note 2.

Other new International Financial Reporting Standards adopted, amendments to and International Financial Reporting Interpretations Committee interpretations that became mandatory for the Group from 1 January 2013 did not have any impact to the Group's accounting policies and financial statements.

According to the Management Board the Interim Report prepared for the period 1 January 2013 - 31 March 2013 presents a true and fair view of the financial position, the cash flows and the results of operations of Eesti Energia AS and its subsidiaries (Group).

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

2 Segment reporting

For segment reporting purposes, the Group uses from 1 January 2013 product-based reporting instead of internal management structure reporting. The Group has built up a methodology, which is the basis for the calculation of Group's main products revenues, expenses and operating profits and dividing assets on the balance sheet among main products, including detail selected assets' and liabilities' groups, which are relevant or have significant impact of understanding the Group's financial statements.

For segment reporting purposes, the division into operating segments is based on the Group's main products groups, which is the basis for the reporting system and performance assessment by the chief operating decision maker – the parent company's management board. In the segment reporting the relevant financial measures are presented that are regularly provided to the parent company's management board and evaluated by the parent company's management board.

On the basis of Group's main product groups 13 operating segments are distinguished, which are summarized into four segments:
1. Electricity
2. Network Services
3. Liquid Fuels
4. Other (remainig products - heat, oil-shale, construction of electrical power network, power engineering equipment and -services, services of Televõrk, old metal, ash of oil-shale, other products and goods, other services, other operating income and -expenses)

Product Electricity involves entire Group's production and sale activities of electricity produced from renewable and non-renewable sources and production and sale activites of electricity purchased for resale.
Product Liquid Fuels involves production and sale of liquid fuels in Estonia and in foreign countries and development of technology of liquid fuels in Estonia and in foreign countries.
Network Services covers offering electrical power network and related services on regulated market.
Segment "Other" covers all the other Group's operating activities, which are not recognized in segments above.

Revenues from operating activities are divided by direct method between products and only non-group expenses are taken into account. All revenues and other operating incomes, which are related to specific product sale activity, are recognized as product revenues.

Operating expenses are divided between segments based on how much expenses have been made for production of one or another product on the Group's view. Not only the expenses of the company that has produced the final product are taken into consideration, but all the expenses of all the companies in the Group which have been involved in the process of given product production.

Under the Electricity Market Act of Estonia, the prices of network services need to be approved by the Estonian Competition Authority. The Estonian Competition Authority has an established methodology for approving the prices. When granting approval for these prices, the Estonian Competition Authority considers the costs which allow companies to fulfill the legal obligations and conditions attached to their activity licences and ensure justified profitability on invested capital. The Estonian Competition Authority considers the annual average residual value of non-current assets plus 5% of non-group sales revenue as invested capital. The rate for justified profitability is the Company's weighted average cost of capital (WACC).

Segment information for reportable segments for the period 1 January 2013 - 31 March 2013
in million EUR

	Electricity	**Network Services**	**Liquid Fuels**	**Other**	**Total**
Total revenue	157,3	70,1	22,6	28,6	278,6
Revenue from external customers	157,3	70,1	22,6	28,6	278,6
Operating profit	15,4	9,4	5,3	14,1	44,2

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

	Electricity	**Network Services**	**Liquid Fuels**	**Other**	**Total**
Total revenue	102,1	63,6	20,4	34,4	220,6
Revenue from external customers	102,1	63,6	20,4	34,4	220,6
Operating profit	16,1	9,1	9,0	22,2	56,5

3 Seasonality of operating profit

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

4 Property, plant and equipment

in million EUR

	Land	Buildings	Const-ruction	Plant and equipment	Other	Total
·operty, plant and equipment as at 31 December 2012						
Cost	42,7	157,1	815,3	1 455,6	5,5	2 476,2
Accumulated depreciation	-	-95,9	-321,5	-726,7	-4,5	-1 148,6
Net book amount	42,7	61,2	493,8	728,9	1,0	1 327,6
Construction in progress	-	0,9	36,9	581,4	-	619,2
Prepayments	-	-	-	41,6	-	41,6
Total property, plant and pquipment as at 31 December 2012	**42,7**	**62,1**	**530,7**	**1 351,9**	**1,0**	**1 988,4**
ovements 1 January - 31 March 2013						
Purchases of property, plant and equipment	0,1	0,1	5,8	62,9	0,2	69,1
Depreciation charge (Note 9)	-	-1,3	-6,0	-20,3	-0,1	-27,6
Net book amount of non-current assets disposed	-0,5	-7,8	-0,1	-	-	-8,4
Movements 1 January - 31 March 2013	**-0,4**	**-9,1**	**-0,2**	**42,7**	**0,1**	**33,1**
·operty, plant and equipment as at 31 March 2013						
Cost	42,3	147,5	822,0	1 500,2	5,6	2 517,6
Accumulated depreciation	-	-95,0	-325,5	-742,6	-4,5	-1 167,6
Net book amount	42,3	52,5	496,5	757,6	1,1	1 350,0
Construction in progress	-	0,5	34,0	595,6	-	630,1
Prepayments	-	-	-	41,4	-	41,4
Total property, plant and equipment as at 31 March 2013	**42,3**	**53,0**	**530,5**	**1 394,6**	**1,1**	**2 021,5**

5 Derivative financial instruments

in million EUR	31 March 2013		31 March 2012	
	Assets	Liabilities	Assets	Liabilities
Forward contracts for buying and selling electricity as cash flow hedges	5,9	-	8,9	-
Option contracts for buying and selling electricity as trading derivatives	-	0,1	1,3	-
Forward and option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	7,8	0,2	8,4	-
Swap and futures contracts for selling shale oil as cash flow hedges	-	7,3	-	19,6
Swap and futures contracts for selling shale oil as trading derivatives	-	-	-	-0,2
Total derivative financial instruments	**13,7**	**7,6**	**18,6**	**19,4**
including non-current portion:				
Forward contracts for buying and selling electricity as cash flow hedges	3,2	-	2,7	-
Option contracts for buying and selling electricity as trading derivatives	-	-	1,3	-
Forward and option contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	-	-	8,4	-
Swap and futures contracts for selling shale oil as cash flow hedges	-	1,8	-	5,1
Total non-current portion	**3,2**	**1,8**	**12,4**	**5,1**
Total current portion	**10,5**	**5,8**	**6,2**	**14,3**

6 Share capital

As at 31 March 2013, Eesti Energia AS had 621 645 750 registered shares (31 March 2012: 471 645 750 registered shares). The nominal value of each share is 1 euro.

7 Earnings per share and

Basic earnings per share are calculated by dividing profit attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding. As there are no potential ordinary shares, diluted earnings per share equal to basic earnings per share all the periods.

	3 months		12 months	
	1 January - 31 March		1 April - 31 March	
	2013	2012	2012/13	2011/12
Profit attributable to the equity holders of the	24,4	56,1	45,6	163,2
Weighted average number of shares (millior	621,6	471,6	608,5	471,6
Basic earnings per share (EUR)	0,04	0,12	0,07	0,35
Diluted earnings per share (EUR)	0,04	0,12	0,07	0,35

8 Nominal value and amortised cost of borrowings

in million EUR

	31 March 2013		31 March 2012	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Current portion of long-term bank loans	1,4	1,4	26,4	26,4
Total short-term borrowings	**1,4**	**1,4**	**26,4**	**26,4**
Long- term borrowings				
Bank loans	142,8	142,6	144,2	143,4
Bonds issued	600,0	588,7	300,0	290,9
Total long- term borrowings	**742,8**	**731,3**	**444,2**	**434,3**
Total borrowings	**744,2**	**732,7**	**470,6**	**460,7**

From 28 February 2013 the Group decided to decrease undrawn loan facilities of EUR 100.0 million.
As at 31 March 2013 the Group had undrawn loan facilities of EUR 395.0 million (31 March 2012: EUR 570.0 million), of which EUR 300 million can be taken into use until 22 August 2014 and has a floating interest rate.
The decision regarding the undrawn loan facilities of EUR 95 million must be made by 7 December 2013. The decision whether to fix the interest or not will be made when the loan is taken into use.

9 Cash from operating activities

in million EUR

	3 months		12 months	
	1 January - 31 March		1 April - 31 March	
	2013	2012	2012/13	2011/12
Profit before income tax	44,0	56,1	82,6	177,7
Adjustments				
Depreciation and impairment of property, plant and equipment (Note 5)	27,6	25,4	176,0	96,7
Amortisation of intangible assets	1,3	0,5	5,3	3,9
Deferred income from connection and other service fees	-1,3	-1,1	-4,9	-3,8
Gain on disposal of property, plant and equipment	-4,1	-0,5	-6,7	-1,7
Gain on disposal of subsidiaries (Note 12)	-	-13,6	-0,1	-13,4
Amortisation of government grant received to purchase non-current asse	-	-	-	-0,1
Profit/loss from associates using equity method	-	-	0,2	0,9
Other gains from investments	-	-	-0,1	-16,2
Unpaid/unsettled gain/loss on derivatives	-1,4	2,9	3,7	-9,5
Foreign exchange loss (gain) from lending and borrowing from foreign cu	-0,4	-	-0,4	-
Interest expense on borrowings	1,0	-	7,2	3,5
Interest and other financial income	-0,7	-0,4	-3,4	-2,8
Adjusted net profit before tax	**66,0**	**69,3**	**259,5**	**235,2**
Net change in current assets relating to operating activities	-	-	-	-
Change in receivables related to operating activities	-4,4	-7,1	-9,1	-15,2
Change in inventories	6,2	-5,8	1,7	-13,5
Net change in other current assets relating to operating activities	-39,8	-0,4	-49,8	-1,2
Total net change in current assets relating to operating activities	**-38,0**	**-13,3**	**-57,2**	**-29,9**
Net change in current liabilities relating to operating activities	-	-	-	-
Change in provisions	37,5	2,3	26,6	-46,6
Change in trade payables	-2,6	1,0	-2,4	2,9
Net change in liabilities relating to other operating activities	5,6	-	10,1	-16,3
Total net change in liabilities relating to operating activities	40,5	3,3	34,3	-60,0
Cash generated from operations	**68,5**	**59,3**	**236,6**	**145,3**

10 Contingent liabilities

The loan agreements concluded by the Group set certain covenants on the Group’s consolidated financial indicators. The covenants have been adhered to.

11 Related party transactions

in million EUR

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

	1 January - 31 March	
	2013	2012
Transactions with associates		
Purchase of goods and services	6,1	6,7
Proceeds from sale of goods and services	1,2	0,6
Financial income	0,6	0,3
Loans granted	1,6	2,6

No impairment loss from receivables was recognised in the reporting period and in the comparable period.

Upon premature termination of the service contract with a member of the Management Board, the service contracts stipulate the payment of 3 months' remuneration as termination benefits.

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

12 Disposal of subsidiary

On 17 February 2012 the transaction of the sale of the 100% shareholding in Televõrgu AS was completed.

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

Eesti Energia in brief

Eesti Energia is an international energy company operating in the Baltic and in Nordic countries' energy markets. Eesti Energia is the largest Estonian energy company, which is engaged in oil shale mining, energy and heat generation, shale oil production as well as offering other electricity-related products and services to customers.

In foreign markets we operate under the Enefit brand. We sell energy to Latvian and Lithuanian customers as well as offer our unique and environmentally friendly oil shale processing solutions to customers globally.

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