Interim report

1 April 2009 - 30 June 2009

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Significant events during 2009/10 financial year first three months

Eesti Energia rebrands subsidiaries under one name

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

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

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

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

Eesti Energia will establish a new oil shale energy complex

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

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

In the domain of electricity generation, an important decision was made to announce the procurement for up to two new oil shale-fuelled CFB units in 2009. The planned total capacity of these units would be up to 800 MW. In the event of a successful procurement, construction of the first unit could be commenced in a year and it would be completed in 2015. The cost of the electricity units will become apparent once the results of the procurement are evident at the end of 2010 and the final investment decision is made.

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

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

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

Eesti Energia began the sales of Green Energy

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

Over three hundred clients have joined Green Energy in the last four months, with annual consumption at 17 GWh.

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

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

Eesti Energia starts to offer energy marker to clients

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

Modern crushed stone complex opened at Estonia mine

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

Electricity bills payable in banks and in Estonian Post offices

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

Production of electricity in Balti power plant is suspended for three summer months

Balti power plant will not produce electricity from 15 of May until 29 of July as electricity demand is lower in the summer and as it helps to save fixed costs. Halting the production helps Eesti Energia to save about 0.6 million euros in variable and fixed costs.

Halting one unit of Narva Power Plants energy blocks will substantially lower demand for oil shale. That is why also Aidu quarry will be closed for the same time.

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

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

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

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

Eesti Energia will start using new network management software

New network management software was taken into use by Eesti Energia Jaotusvõrk (Distribution Network) from the beginning of 1st of June. New software is used for management of electricity networks – Jaotusvõrk will be using the software to monitor and assess technical condition of the electricity network and to plan maintenance. Software also helps in ordering and accepting works and on managing the rights of personnel.

Eesti Energia and TTÜ (Tallinn University of Technology) concluded a contract to provide professors on power engineering

On the 13th of May Sandor Liive (Chairman of Eesti Energia), Peep Sürje (rector of TTÜ) and Pau Taklaja (Post-graduate of TTÜ) signed a scholarship agreement. The aim of the agreement is to guarantee academic continuity of teaching power engineering in TTÜ. According to the agreement, post-graduate Paul Taklaja will start working as a lector in the Power Engineering Department in Tallinn University of Technology after finishing studies.

Elering (Transmission Network) will be separated from Eesti Energia

Minister of Economic Affairs and Communications Juhan Parts set up a committee on the 26^{th} of June, which will prepare the separation of the transmission network from Eesti Energia. The network will go to 100% direct state control. The committee will present to the Ministry the method and time schedule for the separation of the transmission network by 31 August this year at the latest. After that date the committee will continue the provision of advice to the Minister of Economic Affairs and Communications for the implementation of the separation. Bringing the transmission network to under state control will guarantee independence of the network and will be one requirement towards achieving an open electricity market in Estonia.

Key figures and Ratios

		1.4.2009-30.6.2009	1.4.2008-30.6.2008	Change	
Total electricity sales, of which	GWh	1,972	2,027	-55	-2.7%
domestic electricity sales	GWh	1,490	1,618	-128	-7.9%
electricity exports	GWh	482	409	74	18.0%
Sales of heat	GWh	161	276	-115	-41.8%
Sales of oil shale (outside the Group)	th t	384	447	-64	-14.2%
Sales of shale oil (outside the Group)	th t	41	47	-6	-12.3%
Total domestic power grid losses, including	%	6.9%	6.5%	0,4pp	6.2%
distribution grid losses	%	3.8%	3.4%	0,4pp	11.8%
Average number of employees		7,973	8,487	-514	-6.1%
Total revenues and other income, including	MEUR	146.0	139.6	6.4	4.6%
sales revenue	MEUR	139.4	136.8	2.6	1.9%
EBITDA	MEUR	56.9	40.5	16.4	40.6%
EBIT	MEUR	28.8	14.6	14.2	97.9%
Net profit	MEUR	21.5	12.0	9.6	80.1%
Net Fixed Assets	MEUR	1,477.6	1,381.4	96.1	7.0%
Equity	MEUR	1,142.7	994.2	148.5	14.9%
Net Debt	MEUR	198.8	174.2	24.6	14.1%
Investments	MEUR	48.1	56.7	-8.7	-15.3%
FFO	MEUR	56.2	40.7	15.5	38.1%
Leverage[3]	%	24.2%	25.1%		-0.9%
ROIC[2]	%	9.0%	5.7%		3,3pp
EBITDA interest cover	times	14.1	9.8		4.3
FFO[2]/ Net Debt[1]	%	104.7%	83.7%		21,0pp
FFO/ Interest Expenses	times	12.7	8.6		4.1
FFO/ investments	%	116.9%	71.7%		45,2pp
EBITDA margin	%	39.0%	29.0%		10,0pp
EBIT margin	%	19.7%	10.4%		9,3pp

[1] Balance sheet figures are end of period

[2] rolling 12 months

[3] Borrowings / (Borrowings + Equity)

FFO - Funds from operations excluding changes in the working capital

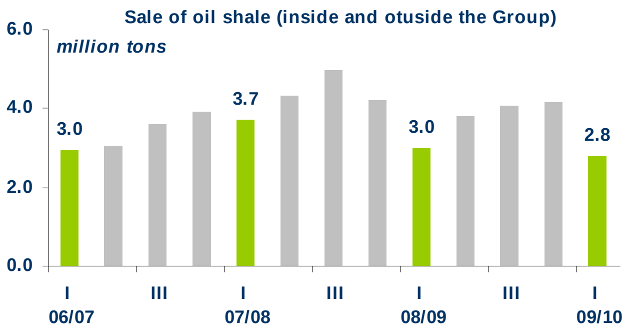
Economic Performance and Business Segments

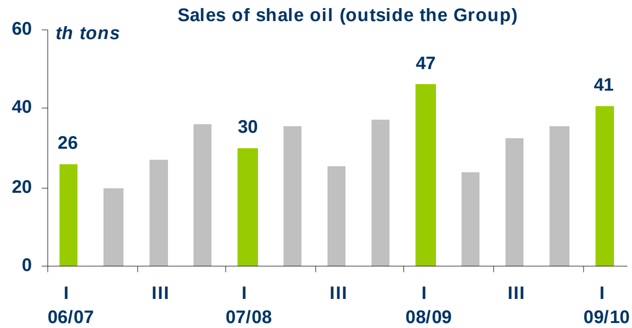
Minerals, Oil, Biofuels

Financial data. The financial results of the segment were affected on the one hand by an increase in the sales revenue of oil shale (+3.6% comparing to corresponding period last year) and decrease in the sales revenue of shale oil (-13.7%), other goods (-39.5%) and other services (-27.2%). There were also decreases in the largest expense, payroll expenses, and in expenses related to transportation and tools by 25.9% and 31.3% respectively.

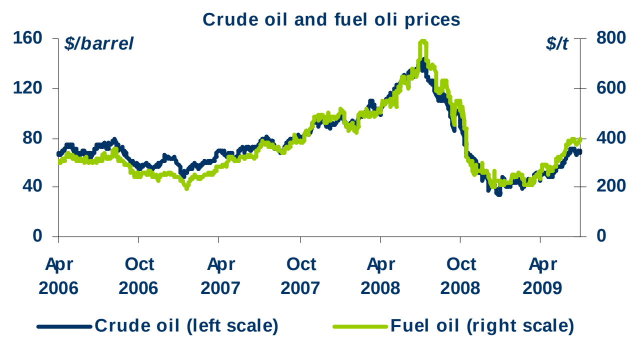
	3 months		Change	
(million euros)	09/10	08/09	*(million euros)*	%
Sales revenue	43.2	47.1	-3.9	-8.3%
Operating profit	4.0	4.1	-0.1	-3.1%
FFO	8.2	3.3	4.9	151.0%
Investments	3.2	6.5	-3.3	-51.0%
EVA (12 months)	-0.6	9.2	-9.8	-106.3%
Number of employees	4,234	4,438	-204	-4.6%

Segment's sales revenue from **oil shale** was 26.9 million euros in the first quarter, growing by 3.6% (1.0 million euros) comparing to same period last financial year. Sales growth of oil shale in volume, sold inside and outside the Group, has been negative from the beginning of financial year 2008/09 due to smaller production by Narva Elektrijaamad. This trend continued in the first quarter of the current financial year as sales volumes decreased by 6.5% (0.2 million tons) compared to last year first quarter to 2.8 million tons. Sales revenue was positively affected by the new selling price for oil shale from 1 October 2008 10.6 euros per ton, agreed with the Competition Board. That is 11.8% higher than the previous price from the beginning of 1 April 2008.





Segment's sales revenue from sales of **shale oil** decreased by 13.7% (1.7 million euros) compared to the same period last year. Sales outside the Group in volume were 5.7 thousand tons smaller (-12.3%) and amounted to 40.8 thousand tons. The sales price was 2.9% lower than in the first quarter last year. Lower price stemmed from lower fuel oil world prices, which follow the price of crude oil. Future transactions, concluded to minimise the risks of changes in the prices, had a positive effect on the price.



Although export revenue from energy appliances grew by 46.3%, sales revenue of **other goods and products** decreased due to lower export revenue of other goods (-182.5%) and sales revenue of other products (-131.8%). Total sales revenue amounted 3.8 million euros in the first quarter.

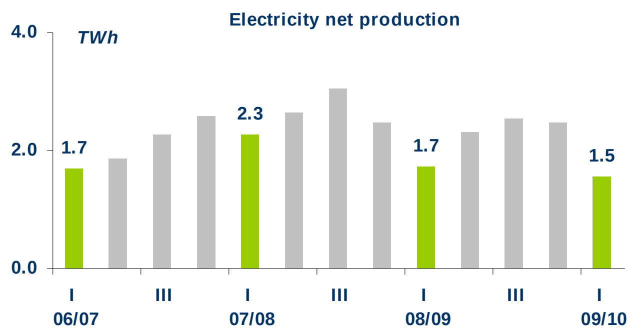
Segments investments were 3.2 million euros in the first quarter, decreasing by 50.6% (3.3 million euros) comparing to last year first three months. EE Kaevandused investments were 1.7 million euros, with a large part invested into reconstruction of equipment in Narva quarry. EE Õlitööstuse investments, 1.5 million euros, were mainly related to the procurement of the new Enefit-technology.

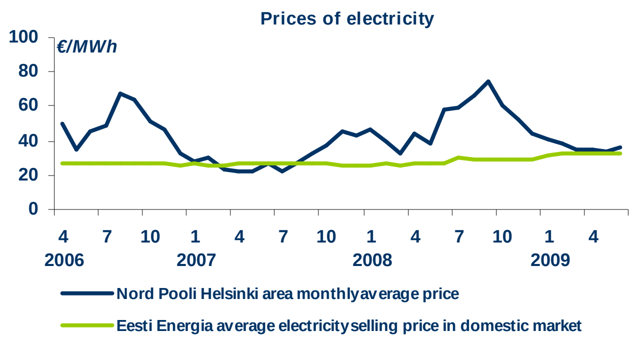
Electricity and Heat Generation

Financial data. Segment's sales revenue growth in the first quarter was mainly based on the 19% growth of the sales revenue of electricity. Smaller sales volumes to the Nordic power market Nord Pool due to lower prices were compensated by sales to Latvia. A decrease in the sales revenue of heat (-29.5%) was due to smaller sales volumes (-41.8%) as there is a new heat supplier in the Tallinn district heating market (Väo Elektrijaam). Main changes in the expenses in the first three months were increase in the electricity purchased and environmental charges, 33.1% and 33.0% respectively. At the same time decreased technological fuel expenses (-7.7%) due to the reduced working time of Iru Elektrijaam, and equipment repair and maintenance expenses (-14.6%) and payroll expenses (-2.0%) helped in saving fixed costs.

	3 months		Change	
(million euros)	09/10	08/09	*(million euros)*	%
Sales revenue	84.4	75.7	8.7	11.5%
Operating profit	14.2	3.5	10.7	303.6%
FFO	22.5	11.3	11.2	98.9%
Investments	23.0	7.7	15.3	197.5%
EVA (12 months)	14.8	-34.1	48.9	-143.3%
Number of employees	1,722	1,910	-188	-9.9%

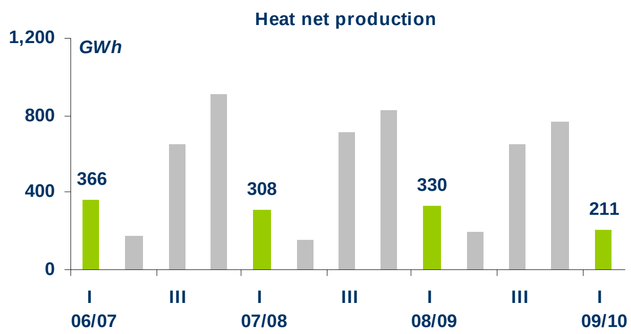
Segments **net electricity production** in the first quarter was 1,548 GWh, decreasing by 174 GWh (-10.1%) compared to first quarter of the previous financial year. Smaller production volumes in the Narva Elektrijaamad (-151 GWh), influenced by suspending the production in Balti power plant for the period 15 May– 29 July, was the main reason for smaller net production. As in the summer electricity consumption is usually smaller then suspending the production of the plant enables to save on variable and fixed costs. Iru Elektrijaam also didn't produce any electricity in the first quarter, decreasing net electricity production by 32 GWh. At the same time Aulepa Wind Park started to produce electricity in the first quarter, 10 GWh, increasing substantially the Group's electricity production from renewable sources.





Segments **electricity export** was 433 GWh in the first quarter, which is 52 GWh (13.8%) more than in the first quarter of the previous financial year. Low price level in the Nordic power market Nord Pool have decreased sales volumes to Finland, which have been compensated by bigger sales volumes to Latvia (+101 GWh). Average selling price increased by 8.0% compared to last years first quarter.

Heat sales outside the Group were 161 GWh in the first quarter, decreasing by 115 GWh (-41.8%) compared to first quarter of the previous financial year. A decrease in Iru Elektrijaam's sales volume by 104 GWh is the main reason for the decrease. A colder temperature by 0.4 degrees compared to previous financial year's first quarter had a positive impact on the sales. Despite an 18% increase in the selling price of heat, Group's sales revenue from heat decreased in the first quarter by 31.3% compared to same period last year du to smaller volume.



The segment's investments were 23.0 million euros in the first quarter, an increase of 198.5% (15.3 million euros) from the first quarter last financial year. Aulepa Tuulepark investments were 9.9 million euros (+7.8 million euros) and investments in Narva Elektrijaamad were 9.6 million euros (+5.2 million euros), comprising mainly the investments in desulphurisation equipment.

Retail business

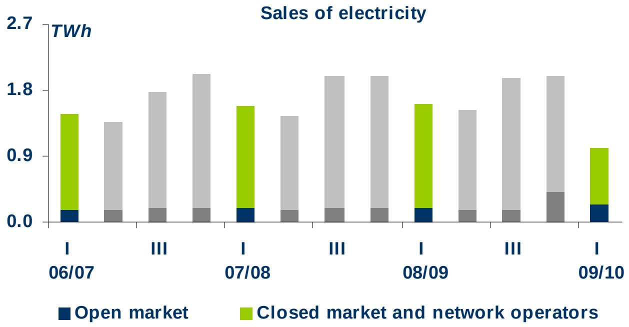
Financial data. Segment's sales revenue growth was driven mainly by the growth in the electricity and network services sales revenue, 21.3% and 5.3% respectively. Fixed costs were in decline, driven by decrease in the equipment repair and maintenance expenses (-58.1%), mainly in EE Jaotusvõrk. Decline was also achieved in expenses related to transportation and tools (-40.2%) and payroll expenses (-11.3%).

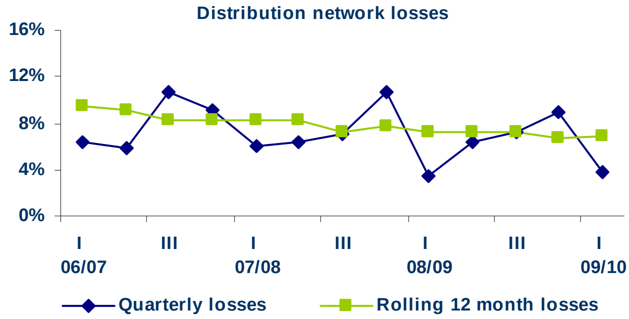
	3 months		Change	
(million euros)	09/10	08/09	*(million euros)*	%
Sales revenue	99.1	89.5	9.7	10.8%
Operating profit	11.7	8.2	3.5	43.0%
FFO	14.7	11.4	3.3	28.5%
Investments	16.5	26.2	-9.7	-37.1%
EVA (12 months)	-8.1	-0.4	-7.7	2000.0%
Number of employees	1,658	1,824	-166	-9.1%

Domestic sales of electricity outside the Group were 1,490 GWh in the first quarter, decreasing by 128 GWh (-7.9%) compared to last year's first three months. Sales to business customers reached 929 GWh (-137 GWh, -12.8%), residential customers 393 GWh (+18 GWh, +4.8%) and network operators 168 GWh (-10 GWh, -5.4%). The economic slowdown has influenced sales to business customers. Sales to residential customers were impacted by lower outside temperature and preannouncements of meter readings due to rise in the VAT rate from July 1st 2009 influencing sales to residential customers. Sales to network operators were impacted by the departure of one network operator to other balance area.

Jaotusvõrgu (Distribution Network) **net sales revenue of network services** were 38.5 million euros, increase of 2.2 million euros (+6.0%) compared to same period last year. A change in network tariffs had an effect on the sales revenue – network tariffs effective from March 1st 2009 were about 7% higher than on March 1st 2008.

Sales to open market retail customers in Latvia was 88 GWh in the first quarter, growing by more than 85 GWh compared to same period last year.





Compared to last year's first quarter, **losses** in the distribution network increased by 0.4 percentage points (11.8%) to 3.8%. Although losses in volume increased only by 4.7% (+2 GWh), then the volume of electricity entering the distribution network decreased by 5.6% (-86 GWh), which magnified the increase of the loss percentage.

Segments **telecommunication services** sales revenue was 3.1 million euros in the first three months of the financial year, growing by 19.7% (0.5 million euros) mainly due to increases in the sales revenue of mobile Internet-service KÕU. At the end of June KÕU had almost 24 000 active customers, that is 32.1% (more than 5 800 customers) more than in the end of June last year.

The segment's **investments** were 16.5 million euros in the first quarter, growing by 37.1% (9.7 million euros) compared to first quarter last financial year. Distribution network investments were 16.0 million euros, aimed mainly at subscription to the network and increasing the operating reliability and quality of the networks.

Transmission

Financial data. Segments sales revenue was affected by the decreasing volumes of electricity transmitted through the Estonian electricity network. Although fixed costs decreased in the first quarter (-18.3%) compared to same period last year due to equipment repair and maintenance expenses decreasing (-37.9%), a rise in the electricity purchase expenses (+11.3%) had negative effects on the operating profit.

In the first three months 2,335 GWh of electrical energy passed through **the transmission network**, decrease of 77 GWh compared to the same period last year. Volume of electrical energy transmitted to the domestic market and volume of transit decreased, while at the same time export volumes increased.

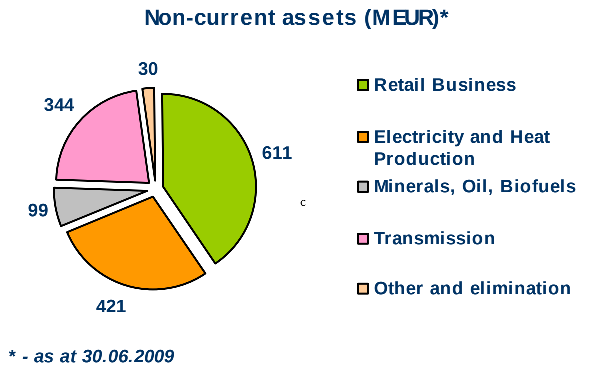
	3 months		Change	
(million euros)	**09/10**	**08/09**	***(million euros)***	**%**
Sales revenue	12.9	13.7	-0.8	-5.6%
Operating profit	-0.4	0.3	-0.7	-275.0%
FFO	2.4	8.2	-5.8	-70.5%
Investments	5.0	16.0	-11.1	-68.9%
EVA (12 months)	-0.2	-2.6	2.4	-92.5%
Number of employees	128	128	0	0.0%

The segment's **investments** were 5.0 million euros, decreasing by 69.0% (11.1 million euros) compared to last year's first three months. Investments were mainly focused on power transformers and reconstruction of electrical lines.

Asset Portfolio and Investments

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

Eesti Energia is a vertically integrated energy company whose portfolio of assets covers businesses involved in the energy supply chain, from the mining of fuel to the sale of electricity. As of 30.06.2009 the value of the group's assets stood at 1.80 billion euros.



The Estonian electricity market is gradually opening up for competition – until 31st of December 2008 the market was opened to clients, whose electrical consumption exceeded 40 GWh from one connection point. From the 1st of January 2009 the market was opened to clients whose electrical consumption exceeds 2 GWh from one connection point and from the beginning of year 2013 the market is fully opened. Therefore at the moment the risks related to the assets of production of energy and the mining of oil shale are limited, but growing as the electricity market will open by the year 2013 at the latest. Eesti Energia sells electricity to the Nordic electricity market Nord Pool and to the open market in Latvia as well. Therefore, oil shale mining and electricity generation are already partially opened to market risks. The electricity price in the closed domestic market is fixed, on average at 32.6 €/MWh in the first quarter of financial year 2009/10. Nord Pool Helsinki area average daily prices fluctuated between 23.4 and 41.3 €/MWh over the last three months, averaging 34.7 €/MWh.

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

Power networks constitute a substantial part of the Group's portfolio of assets. Energy networks are a natural monopoly, and revenues from transmission and distribution operations are regulated. Balance sheet value of transmission network assets stands at 350 million euros and return on invested capital over the last 12 months is 7.6%. Balance sheet value of distribution network assets stands at 616 million euros and return on invested capital over the last 12 months is 6.6%.

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

Investments boost the Group's development

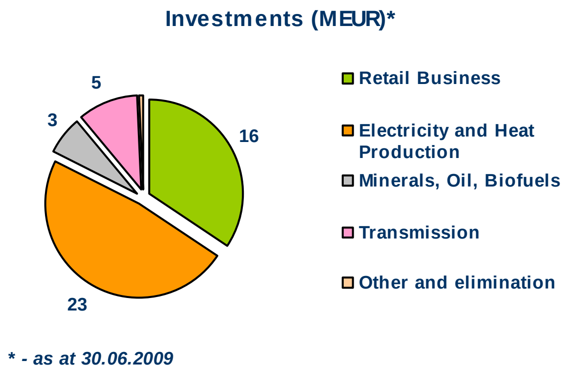
Investment strategy of Eesti Energia is based on the criteria of economic efficiency, environmentally sustainable development, and security of supply. Investments are planned to ensure the fulfilment of strategic objectives. In terms of energy production this means diversification of the production portfolio so that it is in compliance with stricter environmental requirements while maintaining competitiveness in the regional electricity market, including through development of co-generation and renewable energy. The largest investment in the near future is the building of at least one new energy unit in Narva Elektrijaamad by the year 2015 at the latest. New energy blocks enable Eesti Energia to maintain the current capacities after the year 2016, when stricter environmental requirements become effective, and guarantee the security of energy supply. In the mean time Aulepa Wind Park construction work has ended and production of electricity has commenced. Additionally we are exploring possibilities to build a wind park in Balti Elektrijaama's closed ash field as well as off-shore wind park opportunities.

The transmission network and the distribution network have undergone remarkable development since 1998, when Eesti Energia was established. In the first year of operations, network energy **domestic losses** of electric energy were 20.5%. Since then domestic losses have decreased down to 9.7% by the end of the first quarter of current financial year. 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 into 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. For achieving that, preparations for construction of Estlink 2 have started. This project has been pointed out by the European Commission as one of the project that could be partially financed by the Commission – in January 2009 the Commission proposed to assign about 96 million euros to the construction of Estlink 2, which was later ratified by the European Parliament. The Estonian Governments decision not to allow for open market clients to buy electricity at closed market regulated prices from April 2010 has also helped to carry the project forward.

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

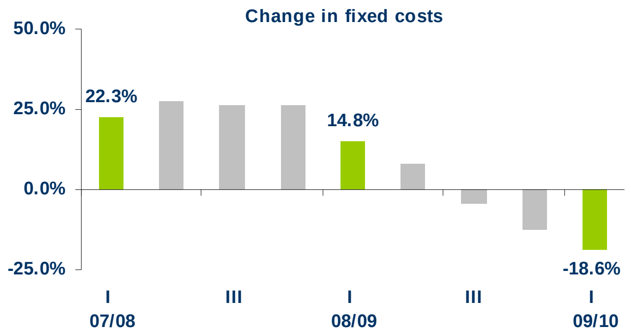
One of the principle techniques of strategic management in Eesti Energia is the balanced scorecard. The balanced scorecard takes financial criteria into account, as well as aspects relating to clients, staff, and the business processes. The investments should, in addition to meeting financial criteria,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



In past six financial years, Eesti Energia Group has invested 1.0 billion euros, i.e. on average 0.2 billion euros a year. In the first three months of the current financial year, Eesti Energia invested 48.1 million euros. The main areas of investments were the networks, where 21.0 million euros were invested. Considerable amounts were invested in the electricity and heat production segment – 9.9 million euros in the Aulepa Wind Park and 9.6 million euros in the Narva Elektrijaamad, in connection with the installation of desulphurisation equipment.

Profitability, Financing and Cash Flows

Growth in sales revenue and decrease in expenses has increased the Group's profitability



The Group's total revenue and other income was 146.0 million euros in the first quarter (growing 6.4 million euros, +4.6% compared to last year same period), operating profit was 28.8 million euros (+14.2 million euros, +97.9%) and net profit was 21.5 million euros (+9.6 million euros, 80.1%).

Total revenue and other income was mainly influenced by growth in the sales revenue related to electricity: sales revenue of domestic sales of electricity grew 12.6%, sales revenue from electricity export grew 23.9% and sales revenue from network services grew +3.2%. At the same time substantial savings in fixed costs were achieved – growth rate of fixed costs has decreased from 14.8% in the first quarter of financial year 2008/09 to -18.6% in the current financial year. The biggest decrease has been in the expenses related to transportation and tools (-30.0%) compared to the previous financial year's first quarter. Declines were registered also in equipment repair and maintenance expenses (-27.8%) and payroll expenses (-11.8%).

Eesti Energia's rolling 12 months revenues were 683.6 million euros (+86.1 million euros, +14.4%), operating profit 116.3 million euros (+49.0 million euros, +72.8%) and net profit 96.5 million euros (+36.2 million euros, +60.1%).

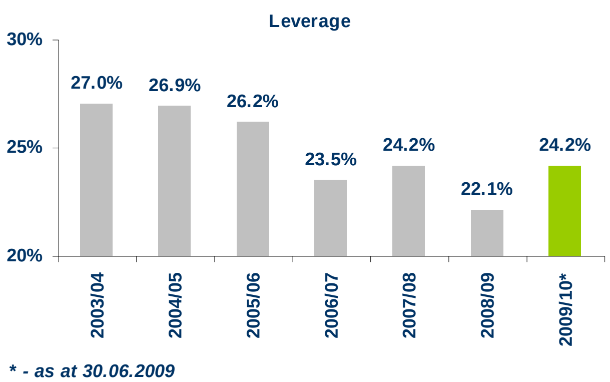
Strict cost management has helped to keep the increase of rolling 12 months expenses slower than increase of revenue. Growth of domestic electricity sales revenue (+15.7%) and electricity exports sales revenue (+36.3%) has boosted growth rate of total revenue and other income. Savings in fixed costs has helped to bring down the growth rate of expenses to about 7%, which is the level of year 2007. Substantial decreases were achieved in equipment repair and maintenance expenses (-26.8%, -16.6 million euros), expenses related to transportation and tools (-10.0%, 3.6 million euros) and research and consultation expenses (-49.5%, -6.4 million euros). At the same time CO_2 emission costs had increased by 22.8 million euros (+374.4%) due to smaller allocation of quotas to the Group enterprises for the period 2008-12.

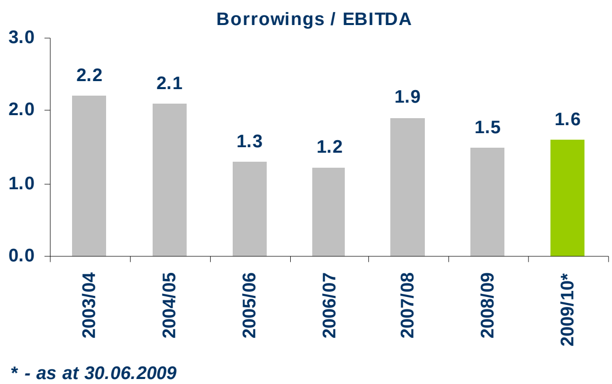
Group's 12 months EVA was -3.2 million euros at the end of June 2009, growing by remarkable 34.5 million euros compared to 12 months at the end of June 2008.

Eesti Energia balance sheet is strong

Despite large-scale investments, Eesti Energia has retained a conservative balance sheet structure. Disbursement of a loan from the Nordic Investment Bank in the amount of 40 million euros increased the proportion of borrowings in the balance sheet at the end of June, but debt / (debt + equity) ratio declined compared to the end of June 2008 from 25.1% to 24.2%.

Borrowings/EBITDA ratio has decreased in the year from 1.9 to 1.6 as EBITDA has increased.





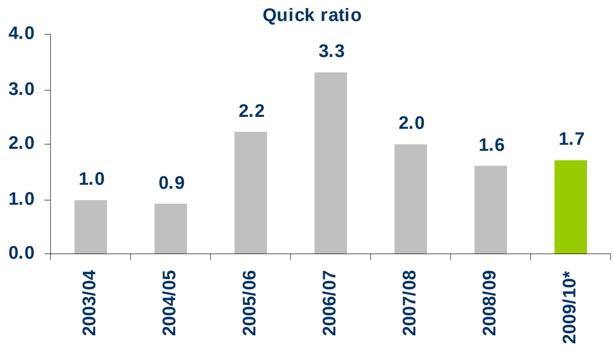
In the medium term we are expecting an increase in leverage, as investments grow in order to achieve our strategic objectives. Working capital increased during the three months by 3.6 million euros as the short-term liabilities decreased more than current assets. At the end of June the Group's net debt was 198.8 million euros (+24.6 million euros, +14.1% compared to year ago). Net debt change was due to an increase in borrowings.

As of 30.06.2009, the weighted average interest rate of Eesti Energia's debt was 4.10%, which is 0.49 percentage points smaller than a year ago due to a decrease in the six months Euribor. The principle currency for Eesti Energia's debt is the euro. Eesti Energia has been given credit ratings of A1 with negative outlook by Moody's and A- with negative outlook by Standard & Poor's.

Among Eesti Energia's long-term debt, the largest part is a Eurobond of 300 million euros with a fixed interest rate of 4.5% and maturity in 2020. The debt portfolio also contains loans from the Nordic Investment Bank (NIB) totalling 63.1 million euros, and a loan from the European Investment Bank with a loan balance of 13.6 million euros. 84% of the current debt portfolio is with a fixed interest rate and a 16% floating interest rate (taking into account only the drawn volumes of the debt facilities). Amount of undrawn debt is 150 million euros.

Group liquidity risk is low

As of 30.06.2009 the Eesti Energia group held cash and other liquid investments worth 165.3 million euros. Liquidity risk is small for the company in the medium term, which is also reflected by the strong credit ratings. The Group quick ratio was 1.7 at the end of the first quarter.



** - as at 30.06.2009*

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

Although in the recessionary environment the amount of the doubtful receivables could be expected to grow and the average settlement time for invoices could be expected to increase, then loss form doubtful receivable has not grown considerably – it was 0.5 million euros in the first three months of financial year 2008/09 and 0.7 million euros in the first quarter of financial year 2009/10. The proportion of doubtful receivables from total trade receivables has also not changed substantially – it was 13.4% as at June 30 2008 and 12.4% at June 30 2009. The average settlement cycle length for invoices increased by 2 days within the past 12 months compared to the end of first quarter of 2008/09 fiscal year, standing at 36 days. At the same time we closely monitor client's payment behaviour and we have dedicated unit in the Retail segment that is specialized in overdue accounts – they process, manage and develop the overdue accounts processes.

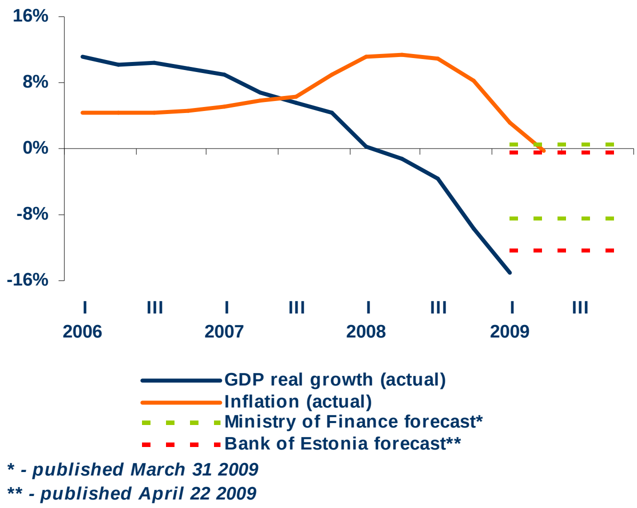
Eesti Energia will pay dividends 20.7 million euros

Eesti Energia will pay 20.7 million euros in dividends from the profit of financial year 2008/2009.

Short-term Outlook

Economic fall steepens

Growth of gross domestic product in the first quarter of 2009 in Estonia was –15.1% according to Statistics Estonia. The fall has steepened compared to fourth quarter of 2008. Decrease in the economic value added has been mainly due to smaller volumes in the manufacturing industry based on decreases in the domestic demand and exports.



The unemployment rate has rapidly increased in the last quarters – from 4.2% in the first quarter of 2008 to 11.4% in the first quarter of 2009. Changes in the consumer price index has shown signs of additional slowdown and was –0.9% in July 2009 (-0.3% in the second quarter of 2009). The main factors behind deceleration of inflation are smaller domestic demand and smaller external price pressures as world market prices of crude oil and food are lower. The growth rate of the average wage decelerated to –1.5% in the first quarter of 2009.

Ministry of Finance forecasts, published in March 31 2009, for GDP real growth are –8.5% in 2009 and –2.5% in 2010. Slowdown is attributable to slowdown of private consumption and investments growth rate. The forecast for inflation is 0.4% in 2009, for average wage growth –4.4% and for unemployment rate 15.6%.

The Bank of Estonia forecasts, published in April 22 2009, for GDP real growth are –12.3% in 2009 and 0.2% in 2010. The forecast for harmonized consumer price index change in 2009 is 0.5%, for average wage growth –5.2% and for unemployment 12.8%.

Domestic consumption of electricity is decreasing in the economic slowdown

Rolling 12 month domestic electricity sales were 6,949 GWh at the end of June, that is 1.2% smaller than in the end of June 2008. The average temperature was 0.9 degrees lower in the last twelve months than in the corresponding period in 2008 June and the rolling 12 month adjusted domestic sales were 2.1% smaller than the rolling 12 months by the end of June 2008.

We forecast that domestic sales will be 6,238 GWh (-11.9%) by the end of the current financial year. The forecast predicts that the temperature next year will not exceed the historical average temperature and that the increase in the sale of electric energy is forecasted on the basis of the Ministry of Finance GDP growth forecast.

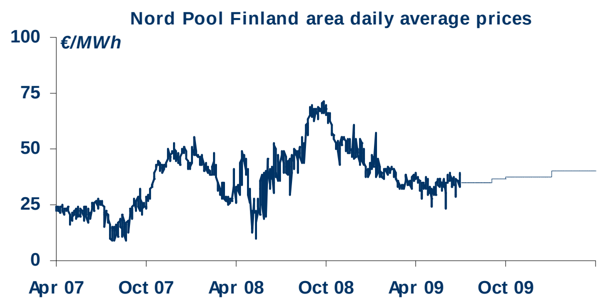
We forecast sales of thermal energy in the current financial year of 1,394 GWh, which is 17.5% (-296 GWh) less than in the previous financial year. The decrease in the sales amount comes from the smaller forecast for Iru Power Plant as the competition in the Tallinn district heating market has increased.

Power network losses

Domestic losses were 9.7% in the course of the past 12 months, which is 0.1 percentage points smaller than in the end of June 2008. In the financial year 2008/09 we forecast domestic losses to be around that level.

Nord Pool electricity price and emission allowances

The Nord Pool Finland area daily electricity prices were 23.4 – 41.3 €/MWh in the first quarter of the current financial year. Trades for the year 2009 fourth quarter were concluded on 21 July 2009 at the price of 39 €/MWh.



2009 and 2010 CO_2 contract prices grew from 13 €/t in April 2009 to 16-17 €/t in May, but then fell to 13-14 €/t in the end of the quarter as energy prices decreased.

Price of crude oil rising

The world price of Brent crude oil grew to 68 $/barrel in the end of June 2009, which is almost 50% more than in the beginning of April 2009. According to future contracts the price should continue to be at that level – 2009 December deliveries were contracted at the level of 70 $/barrel.

Fuel oil prices have been moving in connection with crude oil prices. The average price grew from 250 $/t in April 2009 to 385 $/t in June 2009. Similarly to crude oil prices the future contracts point to stabilization– 2009 December deliveries were contracted at the level 395 $/t.

From the beginning of summer 2007 we have been using light heating oil futures to hedge the risk to the price of shale oil. By the end of June 2009 we had fixed an advantageous price for ourselves for about 50 thousand tons of the year's expected shale oil production until the end of year 2012.

Group’s revenue and expenses will decrease

The Group’s 2009/10 financial year total revenue and other income will be affected by the slowdown of electricity consumption in Estonia due to the economic fall. We expect smaller sales revenue from electricity export as the price and volume will be lower, smaller volumes of heat sales as Iru Elektrijaam sales will fall and bigger amounts of fuel oil sold. In forecast we have assumed that outside temperature will be at the level of historical average, electricity export price is forecasted on the basis of Nord Pool futures, domestic electricity price will be over reviewed twice a year and previously concluded future contracts. Also expenses will be smaller – lower production volumes decrease technological fuel and CO_2 expenses and savings in fixed costs come mainly from decreases in payroll expenses and expenses related to transportation and tools. Overall we expect the operating profit to be on the same level as previous financial year.

Overview of Segments

Minerals, Oil, Biofuels – Eesti Energia Kaevandused AS (Eesti Energia Mining), Eesti Energia Õlitööstus AS (Eesti Energia Oil Industry), Eesti Energia Tehnoloogiatööstus AS (Eesti Energia Technology Industry) and Oil Shale Energy of Jordan.

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

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

Eesti Energia Kaevandused AS (Eesti Energia Mining)

Oil shale is extracted in Ida-Virumaa in the stretch of the Estonian oil shale deposit from Kiviõli in the west to the Narva River in the east, and from Jõhvi in the north to Väike-Pungerja in the south. The layer of oil shale is located at a depth of between 10 and 70 meters. Quarrying is used in the Aidu and Narva open quarries to extract oil shale, and underground mining in the Estonia and Viru mines. Oil shale extraction directly or indirectly employs 3,145 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.

Eesti Energia Õlitööstus AS (Eesti Energia Oil Industry)

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

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

Shale oil is mostly used as fuel in both large and small boilers. The Oil Industry’s production amounted to 151,000 tons of shale oil in the last 12 months. The Oil Plant employs 173 people.

Eesti Energia Tehnoloogiatööstus AS (Eesti Energia Technology Industry)

Eesti Energia Tehnoloogiatööstus deals with equipment and metal structures mainly for the energy sector, including manufacturing, installation and maintenance. The company’s products are exported all over the world. The bigger clients include Alstom, Andritz, Foster Wheeler, Kvaerner Power, ABB, Roxon and many others. The company employs 850 people.

Oil Shale Energy of Jordan

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

Electricity and Heat Generation – Eesti Energia Narva Elektrijaamad AS (Narva Power Plants), Eesti Energia AS Taastuvenergia ettevõte (Renewable Energy Business Unit), Eesti Energia AS Iru Elektrijaam (Iru Power Plant), AS Kohtla-Järve Soojus (Kohtla-Järve District Heating Network), AS Narva Soojusvõrk (Narva District Heating Network), OÜ Aulepa Tuulepargid (Aulepa Wind Farm), Eesti Energia AS Energiakaubandus, Solidus OY

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

The Eesti Energia group currently has an installed capacity of 2,641 MW for the production of electrical energy: Narva Power Plants 2,380 MW, Iru CHP Plant 190 MW, Aulepa Wind Park 36 GWh, Ahtme CHP Plant 30 MW and 1,516 MW of installed capacity for the production of thermal energy: Iru CHP Plant 764 MW (incl. CHP part 400 MW), Narva Power Plants 484 MW (incl. peak and reserve boiler house 240 MW), Ahtme CHP plant 268 MW. About 1,700 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 8,871 GWh of electrical energy and 1,829 GWh of thermal energy.

Eesti Energia Narva Elektrijaamad AS (Eesti Energia Narva Power Plants)

EE Narva Elektrijaamad AS is one of the leading producers and sellers of electricity in Estonia and the Baltic region and a competitive company in line with environmental requirements. AS Narva Elektrijaamad supplies Estonian consumers with electricity and furnishes the city of Narva with heat as well as exporting electricity to the other two Baltic countries and to Finland. The company is also engaged sales of fly ash. The company employs 1,450 people.

AS Narva Soojusvõrk (Narva District Heating Network)

Narva Soojusvõrk buys, distributes and sells thermal energy and also maintains repairs and builds thermal networks mainly in the city of Narva. 66% of the company is owned by Narva Power Plants and 34% by city of Narva. The company employs 32 people.

Eesti Energia AS Iru Elektrijaam (Eesti Energia Iru Power Plant)

Iru Power Plant is a plant for the combined generation of electricity and heat. It has been in operation since 1978. Iru Power Plant is the largest heat producer and third largest electricity producer in Estonia. The station supplies Tallinn's Lasnamäe and about 50% of the Kesklinn districts with heat and 100% of the town of Maardu. Electricity produced in combined generation mode is sold to the electricity system via Elering (Transmission Network). The company employs 55 people.

AS Kohtla-Järve Soojus (Kohtla-Järve District Heating Network)

Kohtla-Järve Soojus supplies the towns of Jõhvi and Ahtme with heat and sells electricity to Eesti Energia. The company owns the oil-shale-based Ahtme combined power plant launched in 1951 and the heating networks in the Ahtme-Jõhvi district. 59.2% of the company is owned by Eesti Energia and 40.8% by OÜ VKG Energia. The company employs 111 people.

Eesti Energia AS Taastuvenergia ettevõte (Eesti Energia Renewable Energy Business Unit)

The Renewable Energy Business Unit has been operating in the Eesti Energia Group since 2002 and its goal is to establish and operate power plants to produce renewable sources of energy. The business unit employs 6 people.

OÜ Aulepa Tuulepargid (Aulepa Wind Farm),

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

Eesti Energia AS Energiakaubandus (Eesti Energia Energy Trading)

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, provide power balancing and open supplier services in Estonia and arrange electrical energy buy and sell transactions outside of Estonia. The business unit employs 14 people.

Solidus OY

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

Electricity Transmission –OÜ Elering (Transmission Grid), Nordic Energy Link AS

The business domain of electricity transmission serves to ensure the sustainability of the Estonian electricity supply, which includes guaranteeing the conditions of the functioning of the electricity market; guaranteeing the transmission capacity of the power network and the quality of electric energy; and guaranteeing the operations quality of the power system.

The strategic aims of the segment are creation of a regional electrical market, construction of a second Finnish-Estonian undersea cable and operational reliability of the electrical system.

OÜ Elering (Transmission Grid)

The Transmission Grid is an undertaking engaged in the transmission of energy which unites Estonia's largest power plants, distribution grids and major consumers into a comprehensive energy system. The primary activities of the Transmission Grid are transmission of electricity at voltages of 6-330 kV from producers to distribution grids and large industrial consumers, developing and operating the Estonia-wide 110-330 kV power grid, ensuring, in cooperation with the electrical systems of neighbour countries, the operation of Estonia's electrical system, being responsible for ensuring the Estonian energy balance and determining the balance for balance providers. The company employs 129 people.

Nordic Energy Link AS

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

Retail Business – Eesti Energia Jaotusvõrk OÜ (Distribution Network), Energiamüük (Energy Sales), Eesti Energia Võrguehitus AS, Eesti Energia Elektritööd AS, SIA Enefit, UAB Enefit, Eesti Energia AS Teenindus

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

The strategic aims of the segment are preparations for opening of the electricity market, product enhancements, expanding the client base and renovation of the Estonian power grid.

Eesti Energia Jaotusvõrk OÜ (Eesti Energia Distribution Network)

The function of the Distribution Network is to distribute electricity to end consumers through the 35 KW and under low and medium-voltage power grid as well as manage these grids. The distribution network provides service to 459,000 residential customers and 22,500 business customers, and is thus one of the Estonian companies with the most customers. The company employs 805 people.

Enefit SIA

Enefit SIA is Eesti Energia's subsidiary in Latvia. The company's main areas of activity are the sale of electric energy to end consumers in Latvia as well as the provision of services to corporate customers interested in hedging risks related to changes in electricity prices. The company employs 5 people.

Enefit UAB

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

Eesti Energia Võrguehitus AS (Eesti Energia Network Building)

Eesti Energia Network Building is a joint venture based on uniting Electrical Services and Elpec. The company will offer services that are bound to electrical network before connection point, id est designing, building and maintenance of electrical network. Company employs 370 people.

Eesti Energia Elektritööd AS (Eesti Energia Electrical Works)

Eesti Energia Electrical Works offers market-base electrical services that stay inside network of the client's connection point, for example repairing faults of households and companies indoors, scheduled repair and maintenance services. Company employs 87 people.

Eesti Energia AS Teenindus (Customer Service)

Eesti Energia AS Teenindus is engaged in maintaining and developing customer relations, servicing clients and offering them different services and products. Eesti Energia has over 493,000 customers, including about 25,500 business customers. Company employs 314 people.

Eesti Energia AS Energiamüük (Energy Sales)

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

Televõrgu AS (Telecommunication Network)

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

Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
in thousand EUR

ASSETS	30 June 2009	30 June 2008	31 March 2009	*Note*
Non-current assets				
Property, plant and equipment	1,477,557	1,381,429	1,459,292	*4*
Intangible assets	12,814	8,595	11,138	
Investments in associates	11,412	10,820	11,412	
Derivative financial instruments	2,044	8	7,862	*5*
Long-term receivables	354	15	338	
Total non-current assets	**1,504,181**	**1,400,868**	**1,490,042**	
Current assets				
Inventories	31,305	33,164	29,313	
Greenhouse gas allowances	-	-	25,780	
Trade and other receivables	93,275	110,042	114,599	
Derivative financial instruments	6,712	89	18,166	*5*
Financial assets at fair value through profit or loss	2,243	3,459	2,014	*6*
Deposits with maturities greater than three months at banks	96,428	126,968	25,100	
Cash and cash equivalents	68,901	32,142	97,181	
Total current assets	**298,864**	**305,864**	**312,153**	
Total assets	**1,803,045**	**1,706,732**	**1,802,195**	
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	471,817	467,909	471,817	*7*
Unregistered share capital	-	3,907	-	
Share premium	259,833	259,833	259,833	
Statutory reserve capital	47,182	46,490	47,182	
Hedge reserve	6,184	-108,150	24,549	
Unrealised exchange rate differences	5	10	-13	
Retained earnings	354,725	321,079	353,581	
Total equity and reserves attributable to equity holder of the Parent Company	**1,139,745**	**991,078**	**1,156,948**	
Minority interest	**2,921**	**3,131**	**3,232**	
Total equity	**1,142,666**	**994,209**	**1,160,180**	
LIABILITIES				
Non-current liabilities				
Borrowings	353,197	325,614	321,654	*9*
Trade payables	86	2,679	86	
Derivate financial instruments	2,110	82,783	740	*5*
Deferred income	127,156	115,749	125,184	
Provisions	20,557	26,855	20,186	
Total non-current liabilities	**503,105**	**553,681**	**467,848**	
Current liabilities				
Borrowings	10,949	7,726	7,687	*9*
Trade and other payables	133,500	115,790	125,616	
Derivative financial instruments	45	26,864	1	*5*
Deferred income	215	245	215	
Provisions	12,564	8,216	40,647	
Total current liabilities	**157,273**	**158,841**	**174,166**	
Total liabilities	**660,379**	**712,522**	**642,014**	
Total liabilities and equity	**1,803,045**	**1,706,732**	**1,802,195**	

Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
CONSOLIDATED INCOME STATEMENT

in thousand EUR	3 months		12 months		*Note*
	1 April - 30 June 2009	1 April - 30 June 2008	1 July - 30 June 2008/2009	1 July - 30 June 2007/2008	
Revenue	139,415	136,814	670,241	589,330	*2*
Other operating income	6,536	2,045	11,671	5,359	
Government grants	21	700	1,658	2,807	
Change in inventories of finished goods and work-in-progress	947	4,795	41	6,687	
Raw materials and consumables used	-46,166	-53,497	-260,057	-221,237	
Other operating expenses	-14,781	-16,491	-60,040	-79,593	
Payroll expenses	-29,027	-33,859	-130,092	-125,748	
Depreciation, amortisation and impairment	-28,137	-25,951	-117,128	-110,291	
OPERATING PROFIT	**28,808**	**14,558**	**116,294**	**67,316**	***2***
Financial income and expenses					
Financial income	1,669	2,248	11,845	10,188	
Financial expenses	-3,488	-4,791	-17,278	-18,821	
Total financial income and expenses	**-1,819**	**-2,544**	**-5,433**	**-8,633**	
Gain/loss from associates using equity method	-	-	1,742	1,452	
PROFIT BEFORE TAX	**26,988**	**12,014**	**112,602**	**60,135**	
CORPORATE INCOME TAX EXPENSE	**-5,448**	**-55**	**-16,097**	**134**	
NET PROFIT FOR THE FINANCIAL YEAR	**21,541**	**11,959**	**96,506**	**60,270**	
including Equity holders of the Parent Company	**21,852**	**12,180**	**96,716**	**60,279**	
Minority interest	**-311**	**-221**	**-210**	**-9**	
Basic earnings per share (euros)	*0.30*	*0.16*	*1.31*	*0.82*	*8*
Diluted earnings per share (euros)	*0.30*	*0.16*	*1.31*	*0.82*	*8*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousand EUR	3 months		12 months	
	1 April - 30 June 2009	1 April - 30 June 2008	1 July - 30 June 2008/2009	1 July - 30 June 2007/2008
NET PROFIT FOR THE FINANCIAL YEAR	**21,541**	**11,959**	**96,506**	**60,270**
Other comprehensive income				
Revaluation of risk hedge instruments	-18,365	-73,196	114,334	-112,259
Currency translation differences attributable to foreign subsidiaries	18	-0	-5	11
Other comprehensive income for the financial year	**-18,347**	**-73,197**	**114,329**	**-112,248**
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**3,193**	**-61,238**	**210,835**	**-51,978**
including Equity holders of the Parent Company	**3,505**	**-61,016**	**211,045**	**-51,969**
Minority interest	**-311**	**-221**	**-210**	**-9**

Consolidated Statement of Cash Flow

CONSOLIDATED STATEMENT OF CASH FLOWS
in thousand EUR

	3 months		12 months	
	1 April - 30 June 2009	1 April - 30 June 2008	1 July - 30 June 2008/2009	1 July - 30 June 2007/2008
Cash flows from operating activities				
Adjusted net profit	54,884	38,990	225,315	169,301
Changes in working capital	377	-33,758	7,383	-33,625
Interest and loan fees paid	-772	-1,038	-15,663	-16,080
Interest received	2,125	2,754	9,353	10,453
Corporate income tax paid	-8	-	-10,760	-17,921
Net cash generated from operating activities	**56,605**	**6,948**	**215,627**	**112,128**
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets	-52,990	-57,222	-220,808	-187,171
Acquisition of subsidiaries	-	-	-	-1,835
Proceeds from connection and other fees	3,797	7,783	18,622	27,751
Net change in deposits with maturities greater than 3 months	-71,328	11,222	30,540	115,685
Proceeds from sale of property, plant and equipment	82	578	1,939	1,811
Dividens received from long-term financial investments	1,149	-	1,149	1,229
Proceeds from sale of a business unit	-	-	-	32
Loans to employees	-2	-	-2	-
Purchase of financial investments	-5,193	-4,083	-19,972	-28,782
Proceeds from sale of financial investments	4,985	7,413	21,282	29,412
Net cash used in investing activities	**-119,500**	**-34,309**	**-167,249**	**-41,868**
Cash flows from financing activities				
Received long-term bank loans	40,000	-	40,000	-
Change in overdraft	-0	-183	-0	0
Dividends paid	-	-	-41,670	-63,912
Repayments of bank loans	-5,385	-3,162	-9,909	-6,325
Repayments of other borrowings	-	-	-	-345
Repayments of finance lease liabilities	-	-13	-39	-52
Net cash used in financing activities	**34,615**	**-3,358**	**-11,618**	**-70,633**
Net cash flows	**-28,280**	**-30,720**	**36,759**	**-373**
Cash and cash equivalents at the beginning of the period	97,181	62,861	32,142	32,515
Cash and cash equivalents at the end of the period	68,901	32,142	68,901	32,142
Net increase/(-)decrease in cash and cash equivalents	**-28,280**	**-30,720**	**36,759**	**-373**

Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
in thousand EUR

	Attributable to equity holder of the Company							Minority interest	Total equity
	Share capital (note 7)	Unregistered share capital	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
Equity as at 31 March 2008	**467,909**	**3,907**	**259,833**	**46,490**	**-34,944**	**308,899**	**1,052,094**	**3,353**	**1,055,447**
Change in equity from 1 April 2008 to 30 June 2008									
Comprehensive income for the financial year	-	-	-	-	-73,197	12,180	-61,016	-221	-61,238
Equity as at 30 June 2008	**467,909**	**3,907**	**259,833**	**46,490**	**-108,140**	**321,079**	**991,078**	**3,131**	**994,209**
Equity as at 31 March 2009	**471,817**	**-**	**259,833**	**47,182**	**24,536**	**353,581**	**1,156,948**	**3,232**	**1,160,180**
Change in equity from 1 April 2009 to 30 June 2009									
Comprehensive income for the financial year	-	-	-	-	-18,347	21,852	3,505	-311	3,193
Announced dividends	-	-	-	-	-	-20,707	-20,707	-	-20,707
Equity as at 30 June 2009	**471,817**	**-**	**259,833**	**47,182**	**6,189**	**354,725**	**1,139,745**	**2,921**	**1,142,666**

Notes to the Consolidated Financial Statements

1. Accounting and Reporting policies

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

Accounting policies and presentation of financial statements applied to this interim report were identical to those used in financial statements for the financial year that ended 31 March 2009, excluding changes from IAS 23 "Borrowing Costs" and IAS 1 "Presentation of Financial Statements" in the recognition of borrowing costs and presentation of main financial statements.

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

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

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

According to the Management Board Interim Report prepared for the period 1 April 2009-30 June 2009 presents a true and fair view of the financial position, the cash flows and the results of operations of Eesti Energia AS and its subsidiaries (Group).

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

2. Segment Reporting

For segment reporting purposes, the division into business segments is based on the company's internal management structure, which is the basis for the reporting system, performance assessment and the allocation of resources by the chief operating decision maker, the parent company’s management board.

The internal management structure of the Group is divided into four business segments based on the different types of products offered and the clients:

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

In addition Corporate Functions are considered a separate business segment.

The Retail Business covers the sale of electrical energy, distribution services, telecommunication services, electrical installation work and other services to end consumers. Electrical energy is sold in Estonia, Latvia and Lithuania. Electricity and heat generation covers the generation of electricity and heat in various power and heat-and-power stations, and energy trading in the wholesale market, both inside and outside Estonia. Minerals, Oil, Biofuels cover the mining and processing of oil shale, the production of liquid fuels and the production and sale of power equipment. Electricity transmission covers the supply of transmission services through the transmission grid and the Estlink undersea cable.

Operating income and expenses are allocated to different segments based on internal invoicing prepared by business units. The prices for inter-segmental transfers are based on the prices approved by the Estonian Competition Authority or are agreed based on market prices. Under the Electricity Market Act of Estonia, the following indicators need to be approved by the Estonian Competition Authority

- the price limit for oil shale sold to Narva Elektrijaamad for the production of heat and electricity
- the price limit for electricity sold from Narva Elektrijaamad to the closed market

- the weighted average price limit for electricity sold to meet sales obligations
- network fees.
- rate of subsidy paid for electricity produced from a renewable energy source or in an efficient co-generation regime.

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

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

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

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

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

Electricity transmission - OÜ Elering;

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

The revenue, expenses, unrealised profits, receivables and liabilities arising as a result of transactions between business units and companies of the same segment have been eliminated.

The business segments have not been aggregated for segment reporting purposes.

Segment information for reportable segments for the period 1 April 2009 - 30 June 2009
in thousand EUR

	Retail Business	Electricity and Heat Generation	Minerals, Oil, Biofuels	Electricity trans-mission	Corporate Functions	Elimi-nations	Total Group
Total revenue	99,138	84,385	43,179	12,883	3,181	-103,350	139,415
Inter-segment revenue	-3,803	-62,647	-24,606	-9,257	-3,037	103,350	-
Revenue from external customers	95,335	21,738	18,572	3,626	144	-	139,415
Operating profit / loss	11,708	14,186	3,946	-466	6,057	-6,622	28,808

Segment information for reportable segments for the period 1 April 2008 - 30 June 2008
in thousand EUR

	Retail Business	Electricity and Heat Generation	Minerals, Oil, Biofuels	Electricity trans-mission	Corporate Functions	Elimi-nations	Total Group
Total revenue	89,467	75,678	47,099	13,663	2,230	-91,323	136,814
Inter-segment revenue	-5,134	-51,191	-23,377	-9,522	-2,098	91,323	-
Revenue from external customers	84,332	24,487	23,722	4,140	133	-	136,814
Operating profit / loss	8,190	3,489	4,119	278	4,539	-6,058	14,558

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

	3 months 1 April - 30 June 2009	2008
Segment operating profits for reportable segments	35,430	20,616
Eliminations:		
Interest charged by Corporate Functions*	-6,979	-6,027
Profits/losses from intra-segment sales of property, plant and equipment	-6	-370
Other eliminations	362	339
Total operating profit per consolidated income statement	**28,808**	**14,558**

** recognised as other operating income of Corporate Functions segment*

3. Seasonality of Operating Profit

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

4. Property, Plant and Equipment

Property, Plant and Equipment
in thousand EUR

	Land	Buildings	Const-ruction	Plant and equipment	Other	Total
Property, plant and equipment as at 31 March 2009						
Cost	17,485	166,025	974,897	1,260,473	5,012	2,423,891
Accumulated depreciation	-	-82,756	-403,719	-576,676	-3,967	-1,067,119
Net book amount	17,485	83,269	571,177	683,796	1,045	1,356,773
Construction in progress	-	404	30,104	57,462	-	87,971
Prepayments	127	4	1,980	12,437	-	14,548
Total property, plant and pquipment as at 31 March 2009	**17,612**	**83,677**	**603,262**	**753,695**	**1,045**	**1,459,292**
Movements 1 April -30 June 2009						
Purchases of property, plant and equipment	8	500	21,857	23,904	3	46,272
Depreciation charge	-	-1,214	-8,881	-17,804	-107	-28,006
Net book amount of non-current assets disposed	-1	-	-	-	-	-1
Movements 1 April - 30 June 2009	**8**	**-714**	**12,976**	**6,100**	**-105**	**18,265**
Property, plant and equipment as at 30 June 2009						
Cost	17,491	165,749	993,544	1,312,437	5,004	2,494,224
Accumulated depreciation	-	-83,597	-411,286	-592,419	-4,063	-1,091,366
Net book amount	17,491	82,151	582,257	720,019	940	1,402,859
Construction in progress	-	812	31,528	32,722	-	65,062
Prepayments	128	-	2,453	7,055	-	9,636
Total property, plant and equipment as at 30 June 30 2009	**17,619**	**82,964**	**616,238**	**759,796**	**940**	**1,477,557**

5. Derivative Financial Instruments

Derivative Financial Instruments

in thousand EUR	30 June 2009		30 June 2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward contracts for buying and selling electricity	5,708	-	8	9,570
Option contracts for buying and selling greenhouse gas emissions allowances	94	-	-	-
Swap contracts for selling shale oil	2,955	2,155	-	100,077
Forward contract to sell a currency	-	-	89	-
Total derivative financial instruments	**8,756**	**2,155**	**98**	**109,647**
including non-current portion:				
Forward contracts for buying and selling electricity	1,010	-	8	6,057
Swap contracts for selling shale oil	1,034	2,110	-	76,726
Total non-current portion	2,044	2,110	8	82,783
Total current portion	**6,712**	**45**	**89**	**26,864**

Forward and option contracts for buying and selling electricity

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

Changes in forward contracts for buying and selling electricity

in thousand EUR	1 April - 30 June 2009	2008
Fair value at the beginnig of the period	**9,152**	**567**
Change in fair value, including	-590	-9,711
change in fair value recognised in income statement	271	11
change in fair value recognised in hedge reserve	-861	-9,722
Settled in cash (collected)	-2,854	-418
Fair value at the end of the period	**5,708**	**-9,562**

Option contracts for buying and selling greenhouse gas emissions allowances

The option contracts for buying and selling greenhouse gas emission allowances are concluded together with electricity option contracts and their goal is to earn income from the change in prices. The fair value changes of these transactions are recognised as gains or losses in the income statement. The basis for determining the fair value of transactions is the quotes on SEB Futures. The prices are denominated in Euros.

Changes in option contracts for buying and selling greenhouse gas emissions allowances in thousand EUR	1 April - 30 June 2009	 2008
Fair value at the beginnig of the period	**444**	**-**
Change in fair value, including	-185	-
change in fair value recognised in income statement	-185	-
Settled in cash (collected)	-165	-
Fair value at the end of the period	**94**	**-**

Swap contracts for selling shale oil

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

Changes in swap contracts for selling shale oil in thousand EUR	1 April - 30 June 2009	 2008
Fair value at the beginnig of the period	**15,690**	**-36,058**
Change in fair value	-12,637	-66,617
change in fair value recognised in income statement	39	-
change in fair value recognised in hedge reserve	-12,676	-66,617
Settled in cash (collected/paid)	-2,253	2,598
Fair value at the end of the period	**800**	**-100,077**

Forward contract for foreign currency sale

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

Changes in forward contract for the sale of foreign currencies in thousand EUR	1 April - 30 June 2009	 2008
Fair value at the beginnig of the period	**-**	**89**
Settled in cash (collected)	-	-
Fair value at the end of the period	**-**	**89**

6. Short-term Financial Investments

Short-term financial investments
in thousand EUR

	30 June 2009	30 June 2008
Financial assets at fair value through profit or loss	2,243	1,885
Held-to- maturity financial assets	-	1,574
Total short-term financial investments	**2,243**	**3,459**

7. Reduction of the Share Capital

Entry for decreasing Eesti Energia AS share capital was made in the commercial register on the 4th of June 2009. Share capital was reduced by 170 700 euros to 471 645 725 euros by abolishing 267 420 share with nominal value of 6.40 Euros. Eesti Energia will make non-monetary disbursement by delivering building on Telliskivi street in Tallinn with nominal value of 170 700 euros. According to code of commerce disbursements can be made no sooner than three months after the decreased of share capital. For that reason the decrease of share capital is not included in this interim report.

8. Earnings per Share

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

	3 months		12 months	
	1 April - 30 June 2009	1 April - 30 June 2008	1 July - 30 June 2008/2009	1 July - 30 June 2007/2008
Profit attributable to the equity holders of the company (th. EUR)	21,852	12,180	96,716	60,279
Weighted average number of shares (th.)	4,718	4,718	4,718	4,690
Basic earnings per share (EUR)	0.30	0.16	1.31	0.82
Diluted earnings per share (EUR)	0.30	0.16	1.31	0.82

9. Nominal Value and Amortised Cost of Borrowings

Nominal Value and Amortised Cost of Borrowings
in thousand EUR

	30 June 2009		30 June 2008	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Current portion of long-term bank loans	10,949	10,949	7,687	7,687
Finance lease liabilities	-	-	39	39
Total short-term borrowings	**10,949**	**10,949**	**7,726**	**7,726**
Long- term borrowings				
Bank loans	64,603	64,513	37,774	37,659
Bonds issued	300,000	288,684	300,000	287,956
Total long- term borrowings	**364,603**	**353,197**	**337,774**	**325,614**
Total borrowings	**375,552**	**364,146**	**345,500**	**333,340**