

# AS TALLINNA VESI

## Unaudited Interim Condensed Financial Statements

*for the nine months period of financial year 2008 ended 30 September 2008*

Currency	Thousand kroons
Start of reporting period	1 January 2008
End of reporting period	30 September 2008
Address	Tallinn, Ädala 10
Chairman of the Management Board	Ian John Alexander Plenderleith
Commercial register number	10 257 326
Telephone	+372 62 62 202
Telefax	+372 62 62 300
E-mail	<a href="mailto:tvesi@tvesi.ee">tvesi@tvesi.ee</a>
Web page	<a href="http://www.tallinnavesi.ee">www.tallinnavesi.ee</a>
Field of activity	Production, treatment and distribution of water; storm and wastewater disposal and treatment

## CONTENTS

	Page
MANAGEMENT CONFIRMATION	1
CONDENSED BALANCE SHEETS	2
CONDENSED INCOME STATEMENTS	3
CONDENSED CASH FLOW STATEMENTS	4
CONDENSED STATEMENTS OF CHANGES IN EQUITY	5
NOTES TO THE UNAUDITED INTERIM ACCOUNTS	
NOTE 1. ACCOUNTING PRINCIPLES	6
NOTE 2. CASH AND CASH EQUIVALENTS	6
NOTE 3. TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS	7
NOTE 4. NET SALES	8
NOTE 5. PERSONNEL EXPENSES	8
NOTE 6. COSTS AND EXPENSES	9
NOTE 7. FINANCIAL INCOME AND EXPENSES	10
NOTE 8. DIVIDENDS	10
NOTE 9. EARNINGS AND DIVIDENDS PER SHARE	10
NOTE 10. RELATED PARTIES	11
NOTE 11. LIST OF SUPERVISORY BOARD MEMBERS	12

## AS TALLINNA VESI

### MANAGEMENT CONFIRMATION

---

The Management Board of AS Tallinna Vesi (hereinafter the company) has prepared the interim accounts in the form of condensed financial statements for the nine months period of financial year 2008 ended 30 September 2008. The interim accounts have not been reviewed by the auditors.

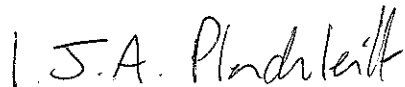
The condensed financial statements for the nine months period of financial year 2008 ended 30 September 2008 have been prepared following the accounting policies and the manner of presenting the information in line with the International Financial Reporting Standards as adopted by the EU. The condensed financial statements provide a true and fair view of the assets, liabilities, financial position and profit of the company.

The interim management report gives a true and fair view of the main events that occurred during the first nine months of the financial year and of their effect to the condensed financial statements. It includes the description of the main risks and unclear aspects that can, based on the sensible judgement of the Management Board, have an impact on the company during the remaining three months of the financial year.

The significant transactions with related parties are disclosed in the interim accounts.

All material subsequent events that occurred by the interim accounts preparation date of 13 October 2008 have been assessed as part of this review.

The company is carrying on its activities as a going concern.



**Ian John Alexander Plenderleith**  
Chairman of the Management Board  
Chief Executive Officer



**Siiri Lahe**  
Member of the Management Board  
Chief Financial Officer



**David Nigel Hetherington**  
Member of the Management Board  
Chief Operating Officer

13 October 2008

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**CONDENSED BALANCE SHEETS**

( thousand EEK)

ASSETS	Note	2008	30 September 2007	31 December 2007
<b>CURRENT ASSETS</b>				
Cash at bank and in hand	2	211 080	169 252	178 420
Customer receivables		113 193	81 618	185 223
Accrued income and prepaid expenses		5 533	5 581	5 179
Inventories		3 800	3 015	3 645
Assets for sale		1 104	1 680	1 120
<b>TOTAL CURRENT ASSETS</b>		<b>334 710</b>	<b>261 146</b>	<b>373 587</b>
<b>NON-CURRENT ASSETS</b>				
Tangible assets	3	2 004 682	1 919 273	1 992 978
Intangible assets	3	42 145	48 266	49 137
Unfinished assets - non connections	3	61 567	90 495	48 034
Unfinished pipelines - new connections	3	88 561	124 873	90 057
Prepayments for fixed assets	3	1 854	3 099	5 399
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 198 809</b>	<b>2 186 006</b>	<b>2 185 605</b>
<b>TOTAL ASSETS</b>		<b>2 533 519</b>	<b>2 447 152</b>	<b>2 559 192</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of long-term borrowings		82 942	0	41 486
Trade and other payables		101 796	65 478	86 966
Taxes payable		17 981	14 143	26 486
Short-term provisions		2 487	2 231	2 231
Deferred income		55 060	46 070	42 099
<b>TOTAL CURRENT LIABILITIES</b>		<b>260 266</b>	<b>127 922</b>	<b>199 268</b>
<b>NON-CURRENT LIABILITIES</b>				
Bank loans		1 084 694	1 166 758	1 125 491
Other payables		121	113	113
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1 084 815</b>	<b>1 166 871</b>	<b>1 125 604</b>
<b>TOTAL LIABILITIES</b>		<b>1 345 081</b>	<b>1 294 793</b>	<b>1 324 872</b>
<b>EQUITY CAPITAL</b>				
Share capital		200 001	200 001	200 001
Share premium		387 000	387 000	387 000
Statutory legal reserve		20 000	20 000	20 000
Accumulated profit		378 309	349 479	349 479
Net profit for the period		203 128	195 879	277 840
<b>TOTAL EQUITY CAPITAL</b>		<b>1 188 438</b>	<b>1 152 359</b>	<b>1 234 320</b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>		<b>2 533 519</b>	<b>2 447 152</b>	<b>2 559 192</b>

*I. J. A. Pindvill*

Chairman of the Management Board:

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**CONDENSED INCOME STATEMENTS**

( thousand EEK)

	Note	Quarter 3		9 months		Year ended 31
		2008	2007	2008	2007	December
		2008	2007	2008	2007	2007
Sales from main operating activities	4	173 975	157 128	537 206	482 623	648 335
Revenues from other operating activities	4	51 294	11 541	133 193	67 798	172 437
<b>Net sales</b>		<b>225 269</b>	<b>168 669</b>	<b>670 399</b>	<b>550 421</b>	<b>820 772</b>
Costs of goods sold (main operating activities)	5,6	-64 392	-55 202	-198 768	-157 207	-216 677
Costs of goods sold (other operating activities)	6	-45 729	-8 709	-119 440	-58 867	-158 187
<b>GROSS PROFIT</b>		<b>115 148</b>	<b>104 758</b>	<b>352 191</b>	<b>334 347</b>	<b>445 908</b>
Marketing expenses	5,6	-2 797	-3 182	-9 231	-9 709	-13 547
General administration expenses	5,6	-11 875	-12 061	-40 597	-41 571	-56 849
Other income/ expenses (-)	6	-1 039	-1 064	-1 012	908	1 850
<b>OPERATING PROFIT</b>		<b>99 437</b>	<b>88 451</b>	<b>301 351</b>	<b>283 975</b>	<b>377 362</b>
Financial income / expenses (-)	7	-10 219	-11 738	-32 030	-32 811	-44 237
<b>PROFIT BEFORE TAXES</b>		<b>89 218</b>	<b>76 713</b>	<b>269 321</b>	<b>251 164</b>	<b>333 125</b>
Income tax on dividends	8	0	0	-66 193	-55 285	-55 285
<b>NET PROFIT FOR THE PERIOD</b>		<b>89 218</b>	<b>76 713</b>	<b>203 128</b>	<b>195 879</b>	<b>277 840</b>
Attributable to:						
Equity holders of A-shares		89 208	76 703	203 118	195 869	277 830
B-share holder		10	10	10	10	10
<b>Earnings per share in kroons</b>	9	<b>4,46</b>	<b>3,84</b>	<b>10,16</b>	<b>9,79</b>	<b>13,89</b>

*I. J. A. Pundrik*

Chairman of the Management Board:

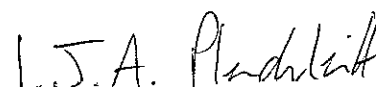
**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**CONDENSED CASH FLOW STATEMENTS**

( thousand EEK)

	9 months		Year ended 31 December
	2008	2007	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit	301 351	283 975	377 362
Adjustment for depreciation	66 571	59 284	79 241
Adjustment for income and expenses from constructions	-13 753	-8 931	-14 250
Other financial income and expenses	-262	-247	-1 585
Profit(-) / loss(+) from sale of fixed assets	-132	12	-2 422
Expensed fixed assets	0	0	476
Capitalization of operating expenses	-17 634	-14 406	-19 764
Movement in current assets involved in operating activities	15 826	-5 619	-32 062
Movement in liabilities involved in operating activities	-665	-17 999	-327
Interest paid	-28 275	-25 849	-52 986
<b>Total cash flow from operating activities</b>	<b>323 027</b>	<b>270 220</b>	<b>333 683</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of fixed assets (incl pipelines construction)	-190 141	-180 561	-265 951
Proceeds from pipelines financed by construction income	202 361	74 671	101 840
Proceeds from sale of and prepayments received for fixed assets	145	17	390
Proceeds from sale of assets and real estate investments	0	233	242
Interest received	12 471	7 027	10 571
<b>Total cash flow from investing activities</b>	<b>24 836</b>	<b>-98 613</b>	<b>-152 908</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments	0	-473	-473
Dividends paid	-249 010	-196 010	-196 010
Income tax on dividends	-66 193	-55 285	-55 285
<b>Total cash flow from financing activities</b>	<b>-315 203</b>	<b>-251 768</b>	<b>-251 768</b>
<b>Change in cash and bank accounts</b>	<b>32 660</b>	<b>-80 161</b>	<b>-70 993</b>
<b>CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>178 420</b>	<b>249 413</b>	<b>249 413</b>
<b>CASH AND EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>211 080</b>	<b>169 252</b>	<b>178 420</b>



Chairman of the Management Board:

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

( thousand EEK)

	Share capital	Share premium	Statutory legal reserve	Accumulated profit	Net profit	Total equity
<b>31 December 2006</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>297 443</b>	<b>248 046</b>	<b>1 152 490</b>
Transfer of financial year profit to the accumulated profit	0	0	0	248 046	-248 046	0
Dividends	0	0	0	-196 010	0	-196 010
Net profit of the financial year	0	0	0	0	277 840	277 840
<b>31 December 2007</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>349 479</b>	<b>277 840</b>	<b>1 234 320</b>
<b>31 December 2006</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>297 443</b>	<b>248 046</b>	<b>1 152 490</b>
Transfer of financial year profit to the accumulated profit	0	0	0	248 046	-248 046	0
Dividends	0	0	0	-196 010	0	-196 010
Net profit of the financial period	0	0	0	0	195 879	195 879
<b>30 September 2007</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>349 479</b>	<b>195 879</b>	<b>1 152 359</b>
<b>31 December 2007</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>349 479</b>	<b>277 840</b>	<b>1 234 320</b>
Transfer of financial year profit to the accumulated profit	0	0	0	277 840	-277 840	0
Dividends	0	0	0	-249 010	0	-249 010
Net profit of the financial period	0	0	0	0	203 128	203 128
<b>30 September 2008</b>	<b>200 001</b>	<b>387 000</b>	<b>20 000</b>	<b>378 309</b>	<b>203 128</b>	<b>1 188 438</b>

*I. J. A. Raudkivi*  
Chairman of the Management Board:

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**NOTES TO THE INTERIM ACCOUNTS**

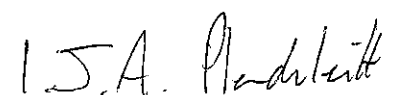
( thousand EEK)

**NOTE 1. ACCOUNTING PRINCIPLES**

The interim accounts have been prepared according to International Financial Reporting Standards as adopted by the EU, and give a true and fair view of the financial position, results of operations and cash flows of AS Tallinna Vesi. The same accounting policies are followed in the interim financial statements as in the most recent annual financial statements. The interim report is prepared in accordance with IAS 34 Interim Financial Reporting.

**NOTE 2. CASH AND CASH EQUIVALENTS**

	9 months		Year ended 31 December
	2008	2007	2007
Cash at bank and in hand	2 361	37 044	37 838
Short term deposits	208 719	132 208	140 582
	<b>211 080</b>	<b>169 252</b>	<b>178 420</b>



Chairman of the Management Board:

AS TALLINNA VESI  
Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

NOTES TO THE INTERIM ACCOUNTS

(thousand EEK)

NOTE 3. TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

Acquisition cost at	Tangible assets in use				Assets in progress			Intangible assets			Total tangible and intangible non-current assets
	Land and buildings	Facilities	Machinery and equipment	Other equipment	Unfinished assets - non connections	Unfinished pipelines - new connections	Prepayment for fixed assets	Development costs	Acquired licenses and other intangible assets		
<b>31.12.2006</b>	345 074	2 016 934	534 627	17 532	91 676	117 162	2 795	17 543	63 731	3 207 074	
Acquisition	0	0	0	0	148 257	135 085	2 611	0	0	285 953	
Sale of fixed assets	-1 506	0	-1 505	0	0	0	0	0	0	-3 011	
Write-off of fixed assets	-34	-1 319	-13 772	-482	0	0	0	-346	-623	-16 576	
Reclassification within balance sheet	0	0	0	0	-170	-2 029	-7	0	0	-2 206	
Reclassification to expenses	0	0	0	0	-460	0	0	0	0	-460	
Expensed pipelines	0	0	0	0	0	-158 187	0	0	0	-158 187	
Reclassification from assets in progress	20 654	119 355	47 058	658	-191 269	-1 974	0	1 809	3 709	0	
<b>31.12.2007</b>	364 188	2 134 970	566 408	17 708	48 034	90 057	5 399	19 006	66 817	3 312 587	
Acquisition	0	0	0	0	81 666	119 367	0	0	0	201 033	
Sale of fixed assets	0	0	-218	0	0	0	0	0	0	-218	
Write-off of fixed assets	-63	-318	-4 880	-17	0	0	0	0	-91	-5 369	
Reclassification within balance sheet	0	0	0	0	-317	-1 423	-77	0	0	-1 817	
Expensed pipelines	0	0	0	0	0	-119 440	0	0	0	-119 440	
Reclassification from assets in progress	3 927	49 478	16 167	770	-67 816	0	-3 468	0	942	0	
<b>30.09.2008</b>	368 052	2 184 130	577 477	18 461	61 567	88 561	1 854	19 006	67 668	3 386 776	
<b>Accumulated depreciation</b>											
<b>31.12.2006</b>	59 475	641 049	325 644	10 894	0	0	0	11 408	17 271	1 065 741	
Depreciation	3 952	33 642	31 569	1 102	0	0	0	1 918	7 058	79 241	
Depreciation of fixed assets sold and written-off (-)	-34	-1 318	-15 197	-482	0	0	0	-346	-623	-18 000	
<b>31.12.2007</b>	63 393	673 373	342 016	11 514	0	0	0	12 980	23 706	1 126 982	
Depreciation	3 176	28 441	26 094	926	0	0	0	1 569	6 365	66 571	
Depreciation of fixed assets sold and written-off (-)	-63	-318	-5 097	-17	0	0	0	0	-91	-5 586	
<b>30.09.2008</b>	66 506	701 496	363 013	12 423	0	0	0	14 549	29 980	1 187 967	
<b>Net book value</b>											
<b>31.12.2006</b>	285 599	1 375 885	208 983	6 638	91 676	117 162	2 795	6 135	46 460	2 141 333	
<b>31.12.2007</b>	300 795	1 461 597	224 392	6 194	48 034	90 057	5 399	6 026	43 111	2 185 605	
<b>30.09.2008</b>	301 546	1 482 634	214 464	6 038	61 567	88 561	1 854	4 457	37 688	2 198 809	

Fixed assets are written off if the condition of the asset does not enable further usage for production purposes.  
As of 30 September 2008 and 2007 there was no finance lease contract.

*I. S. A. Pindak*

Chairman of the Management Board:



**AS TALLINNA VESI**

 Unaudited Interim Condensed Financial Statements  
 for the nine months period of the financial year 2008

**NOTES TO THE INTERIM ACCOUNTS**

( thousand EEK)

NOTE 4. NET SALES	Quarter 3		9 months		Year ended 31
	2008	2007	2008	2007	December
<b>Revenues from main operating activities</b>					2007
Total water supply and waste water disposal service, incl:	159 373	144 578	494 420	447 814	599 612
<u>Domestic clients, incl:</u>	<u>83 805</u>	<u>77 453</u>	<u>259 801</u>	<u>238 348</u>	<u>318 963</u>
Water supply service	46 853	43 380	145 127	133 338	178 452
Waste water disposal service	36 952	34 073	114 674	105 010	140 511
<u>Corporate clients, incl:</u>	<u>65 002</u>	<u>59 924</u>	<u>204 814</u>	<u>189 062</u>	<u>252 658</u>
Water supply service	36 346	33 515	114 150	103 675	138 693
Waste water disposal service	28 656	26 409	90 664	85 387	113 965
<u>Outside service area clients, incl:</u>	<u>7 322</u>	<u>4 510</u>	<u>19 501</u>	<u>12 780</u>	<u>17 676</u>
Water supply service	608	391	1 614	1 125	1 541
Waste water disposal service	6 714	4 119	17 887	11 655	16 135
<u>Overpollution</u>	<u>3 244</u>	<u>2 691</u>	<u>10 304</u>	<u>7 624</u>	<u>10 315</u>
Stormwater treatment and disposal service	10 765	9 712	31 984	26 729	37 426
Fire hydrants service	590	541	1 775	1 641	2 361
Other works and services	3 247	2 297	9 027	6 439	8 936
<b>Total revenues from main operating activities</b>	<b>173 975</b>	<b>157 128</b>	<b>537 206</b>	<b>482 623</b>	<b>648 335</b>
<b>Revenues from other operating activities</b>					
Water, sewerage and storm water connections construction income	51 294	11 541	133 193	67 798	172 437
<b>TOTAL NET SALES</b>	<b>225 269</b>	<b>168 669</b>	<b>670 399</b>	<b>550 421</b>	<b>820 772</b>

100 % of AS Tallinna Vesi revenue was transacted within the Estonian Republic.  
 Code of Estonian Classification of Economic Activities (EMTAK) is 36001.

NOTE 5. PERSONNEL EXPENSES	Quarter 3		9 months		Year ended 31
	2008	2007	2008	2007	December
Salaries and wages	-14 036	-11 738	-48 231	-40 092	-57 666
Social security taxation	-4 675	-3 909	-16 065	-13 356	-19 203
<b>Staff costs total</b>	<b>-18 711</b>	<b>-15 647</b>	<b>-64 296</b>	<b>-53 448</b>	<b>-76 869</b>
<b>Number of employees at the end of reporting period</b>			<b>323</b>	<b>316</b>	<b>312</b>



Chairman of the Management Board:

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**NOTES TO THE INTERIM ACCOUNTS**

( thousand EEK)

**NOTE 6. COSTS OF GOODS SOLD, MARKETING AND GENERAL ADMINISTRATIONS EXPENSES**

Cost of goods sold (main operating activities)	Quarter 3		9 months		Year ended 31 December
	2008	2007	2008	2007	2007
Tax on special use of water	-2 647	-2 606	-8 071	-7 865	-10 493
Chemicals	-6 591	-5 498	-17 608	-15 811	-20 979
Electricity	-7 790	-6 500	-21 641	-19 868	-26 382
Pollution tax	-1 994	-1 678	-9 977	7 930	6 207
Staff costs	-13 677	-10 747	-46 166	-36 375	-51 611
Research and development	0	-10	-24	-69	-99
Depreciation and amortization	-20 284	-17 942	-60 885	-54 456	-72 806
Other costs of goods sold	-11 409	-10 221	-34 396	-30 693	-40 514
<b>Total cost of goods sold (main operating activities)</b>	<b>-64 392</b>	<b>-55 202</b>	<b>-198 768</b>	<b>-157 207</b>	<b>-216 677</b>
<b>Cost of goods sold (other operating activities)</b>					
Water, sewerage and storm water connections construction cost	-45 729	-8 709	-119 440	-58 867	-158 187
<b>Marketing Expenses</b>					
Staff costs	-1 058	-1 284	-3 994	-4 199	-6 107
Depreciation and amortization	-1 286	-896	-3 774	-2 646	-3 553
Other marketing expenses	-453	-1 002	-1 463	-2 864	-3 887
<b>Total cost of marketing expenses</b>	<b>-2 797</b>	<b>-3 182</b>	<b>-9 231</b>	<b>-9 709</b>	<b>-13 547</b>
<b>General Administration Expenses</b>					
Staff costs	-3 976	-3 616	-14 136	-12 874	-19 151
Depreciation and amortization	-608	-709	-1 912	-2 182	-2 882
Other general administration expenses	-7 291	-7 736	-24 549	-26 515	-34 816
<b>Total cost of general administration expenses</b>	<b>-11 875</b>	<b>-12 061</b>	<b>-40 597</b>	<b>-41 571</b>	<b>-56 849</b>

**Other income/expenses** - In both 2008 and 2007 other income/expenses includes, the profits recognised on the sale of fixed assets during the period, the movement of the bad debt provision during the year and provisions recognised and released throughout the financial period. It also includes income and costs generated from a consultancy project in the Republic of Tajikistan in 2007.

*I. J. A. Pundrik*

Chairman of the Management Board:

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**NOTES TO THE INTERIM ACCOUNTS**

( thousand EEK)

<b>NOTE 7. FINANCIAL INCOME AND EXPENSES</b>	<b>2008</b>	<b>9 months 2007</b>	<b>Year ended 31 December 2007</b>
Interest income	11 285	7 088	10 861
Interest expenses	-43 053	-39 653	-53 513
Other financial income / expenses (-)	-262	-246	-1 585
<b>Total financial income / expenses</b>	<b>-32 030</b>	<b>-32 811</b>	<b>-44 237</b>

<b>NOTE 8. DIVIDENDS</b>	<b>2008</b>	<b>9 months 2007</b>	<b>Year ended 31 December 2007</b>
Dividends declared during the period	249 010	196 010	196 010
Dividends paid during the period	249 010	196 010	196 010
Income tax on dividends declared	-66 193	-55 285	-55 285
<b>Income tax accounted</b>	<b>-66 193</b>	<b>-55 285</b>	<b>-55 285</b>

The income tax rates were 21/79 and 22/78 respectively in 2008 and 2007.

**NOTE 9. EARNINGS AND DIVIDENDS PER SHARE**

	<b>2008</b>	<b>9 months 2007</b>	<b>Year ended 31 December 2007</b>
Earnings per share from continuing operations:			
Earnings for the purposes of basic earnings per share (net profit for the period minus B-share preference rights)	203 118	195 869	277 830
Weighted average number of ordinary shares for the purposes of basic earnings per share	20 000 000	20 000 000	20 000 000
Earnings per share in kroons	10,16	9,79	13,89
Dividends per A-share in kroons	12,45	9,80	9,80
Dividends per B-share in kroons	10 000,00	10 000,00	10 000,00

Diluted earnings per share for the periods ended 30 September 2008 and 2007, and 31 December 2007 are equal to the earnings per share figures stated above.

**AS TALLINNA VESI**

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

**NOTES TO THE INTERIM ACCOUNTS**

( thousand EEK)

**NOTE 10. RELATED PARTIES**

Transactions with related parties are considered to be transactions with members of the Supervisory Board and Management Board, their relatives and the companies in which they hold majority interest, and significant transactions with the shareholders. Dividend payments are indicated in the Statement of Changes in Equity.

The transactions with related parties in 2008 and 2007 and respective balances as of 30.09.2008 and 30.09.2007 are recorded as follows:

	Government and related boards	The companies belonging to the Tallinn City same group with the United Utilities (Tallinn) B.V.
<b>2008 for 9 months</b>		
<b>Transactions recorded in Working Capital on the Balance Sheet of AS Tallinna Vesi</b>		
Customer receivables	25 344	0
Accounts payable - short-term trade and other payables	0	10 842
<b>Transactions recorded to other accounts on the Balance Sheet of AS Tallinna Vesi</b>		
Non-current assets incl unfinished assets and new connections	0	2 834
<b>Transactions recorded to the Income Statement of AS Tallinna Vesi</b>		
Net sales	166 177	0
General administration expenses	0	12 403
<b>2007 for 9 months</b>		
<b>Transactions recorded in Working Capital on the Balance Sheet of AS Tallinna Vesi</b>		
Customer receivables	1 804	0
Deferred income	1 528	0
Accounts payable - short-term trade and other payables	0	1 957
<b>Transactions recorded to other accounts on the Balance Sheet of AS Tallinna Vesi</b>		
Non-current assets incl unfinished assets and new connections	0	4 083
<b>Transactions recorded to the Income Statement of AS Tallinna Vesi</b>		
Net sales	71 108	0
General administration expenses	0	14 431
	<b>9 months</b>	<b>Year ended 31 December</b>
	<b>2008</b>	<b>2007</b>
<b>Management Board fees excluding social tax</b>	1 683	2 118
<b>Supervisory Board fees excluding social tax</b>	450	578

In addition to this the management board members have, as overseas secondees, received direct compensation from the companies belonging to the group of United Utilities (Tallinn) B.V.

**Company shares belonging to the Management Board members**

As at report generation date owned Siiri Lahe 700 AS Tallinna Vesi shares.

Roch Jean Guy Antoine Chéroux was Chairman of the Management Board until 30.09.2008 and as at report generation date he owned 1 000 AS Tallinna Vesi shares.

*L. J. A. Chéroux*  
Chairman of the Management Board:

## AS TALLINNA VESI

Unaudited Interim Condensed Financial Statements  
for the nine months period of the financial year 2008

### NOTES TO THE INTERIM ACCOUNTS

---

#### NOTE 11. LIST OF SUPERVISORY BOARD MEMBERS

Robert John Gallienne	Chairman of the Supervisory Board
Ian John Alexander Plenderleith	Member of the Supervisory Board
Henry Emanuel Russell	Member of the Supervisory Board
David Leonard Fuller	Member of the Supervisory Board
Elmar Sepp	Member of the Supervisory Board
Mart Mägi	Member of the Supervisory Board
Rein Ratas	Member of the Supervisory Board
Valdur Laid	Member of the Supervisory Board
Deniss Boroditš	Member of the Supervisory Board

  
Chairman of the Management Board: