

AS TALLINNA VESI

Results of operations in the nine months to 30 September 2005

Key performance indicators

Amounts in million EUR

	9 months 2005	9 months 2004	Change
Sales	28.2	25.8	9.2%
Main operating activities	26.2	22.8	14.9%
Other operating activities	2.0	3.0	-34.3%
Gross profit	16.9	13.7	24.0%
Gross profit margin %	60.1%	52.9%	13.6%
Operating profit	13.4	12.4	7.3%
Operating profit margin %	47.4%	48.2%	-1.7%
Profit before taxes	10.7	9.8	8.9%
Profit before taxes margin	38.0%	38.1%	-0.3%
Net profit	8.5	8.2	3.6%
ROA %	5.6%	5.9%	-5.3%
Debt to total capital employed	57.2%	56.2%	1.8%

ROA – Net profit / Total Assets

Debt to Total capital employed – Total Liabilities / Total capital employed

CEO of Tallinna Vesi, Bob Gallienne: “The Company is pleased to announce quarter 3 results in line with expectations. Profit before tax for the quarter increased by 3.5 mln euros due to revenue growth and strong cost control. The company continues to outperform its contractual levels of service and has once again received official confirmation from the Supervisory Foundation that all 97 levels of service were fully met in 2004. To ensure compliance with the water quality standards, which will come into effect in 2007, we are continuing to make significant investments in fixed assets. Due to this we already are achieving a 97.08% compliance with the 2007 standards. In the third quarter of 2005 the company invested 3.6 mln euros in the purchase and construction of fixed assets, significantly higher than the depreciation charge of 1.2 mln euros.

Since we last reported the company has, on 14 October 2005, received the Eco-Management and Audit Scheme (EMAS) certification from the Ministry of Environment. The Company was chosen as a pilot project for this EU award in Estonia and is very proud to be the first Company in Estonia to receive the certification. Another clear demonstration of our commitment to the environment. In addition we implemented our new Customer Service and Billing system which will enable us to significantly improve the range of service options available to our customers.”

Income Statement

In the first nine months of 2005 sales from the Company’s main operating activities grew by 3.4 mln EUR, or 14.9% to 26.2 mln EUR. Sales from water and wastewater increased by 16.6%, which was in accordance with expectations and is largely attributable to the increase in water and sewerage tariffs from 1 January 2005 for the Company’s residential and commercial customers.

Sales volumes of water and wastewater supplied and treated in the residential and commercial sectors grew, year on year, by 0.3% and 0.5% respectively. Sales volumes of wastewater treatment services provided to surrounding municipalities outside of the services area reached almost 734,000 m³ in the first nine months of 2005, an increase of 5% on the corresponding period in 2004. Sales from stormwater treatment and disposal, fire hydrant and other work and services increased to 2.6 mln EUR, or by 1.7% compared to the same period in 2004.

Profits from other operating activities the first nine months of 2005, primarily connections income, were 0.2 mln EUR, a 0.1 mln EUR decrease from 2004 levels.

Cost of goods sold for the main operating activity was held down to 9.5 mln EUR in the first nine months of 2005, an increase of 0.01 mln EUR or 0.1% from the equivalent period in 2004. With inflation at 4.9% for the twelve month period to Sept 2005 this is a real decrease and, was achieved by cost savings resulting from improved procurements and processes in the operations activity.

The Company's gross profit for the first nine months of 2005 was 16.9 mln EUR, which represents an increase of 3.3 mln EUR, or 24.0%, compared to a gross profit of 13.65 mln EUR for the first nine months of 2004.

As a result of the above factors the Company achieved an improved gross profit margin of 60.1% for the first nine months of 2005 compared to 52.9% for the first nine months of 2004. This indicates the Company's ability to control operating costs and to convert the sales growth in main operating activities into improved profit margins.

General administration expenses increased by 1.5 mln EUR from 1.9 mln EUR in the first nine months of 2004 up to 3.4 mln EUR in first nine months of 2005. This was attributable to the one-off IPO costs, Tallinn Stock Exchange listing costs and lower capitalisation of operating expenses.

Other income, net, was 0.1 mln EUR for the first nine months of 2005, representing a decrease of 0.9 mln EUR compared to other income, net, from the corresponding period in 2004. In 2005, other income gained from land sales has been offset by IPO costs of 0.5 mln EUR, whereas in the first nine months of 2004, land sales and provisions released to the profit and loss account resulted in a positive revenue stream of 1 mln EUR.

IPO costs in total were 1.7 mln EUR, being made up of 1.3 mln EUR for professional services and 0.4 mln EUR for the cost of a staff bonus.

The Company's operating profit for the first nine months of 2005 was 13.4 mln EUR, which represented an increase of 0.9 mln EUR, or 7.3%, over the operating profit of 12.4 mln EUR for the first nine months of 2004.

Income taxes increased by 0.6 mln EUR, from 1.7 mln EUR in first nine months 2004 up to 2.3 mln EUR in first nine months of 2005 as a result of the improved dividend.

The Company's net profit for the first nine months of 2005, including the impact of one-off IPO costs, was 8.45 mln EUR, a increase of 0.3 mln EUR compared to the corresponding period in 2004.

Balance sheet

The Company's total assets were 152.1 mln EUR as at 30 Sept 2005, an increase of 13 mln EUR year-on-year. Current assets increased by 5.5 mln EUR, largely attributable to an increase in cash.

Tangible and intangible fixed assets and asset constructions in progress totalled 124.8 mln EUR at 30 Sept 2005, an increase of 4.1 mln EUR of the fixed asset base in the year, demonstrating the Company's investment in assets in order to continually improve services to customers.

Current liabilities increased by 6.6 mln EUR, reflecting an increase in deferred income (2.9 mln EUR prepayment for the sale of fixed assets and a 3 mln EUR increase in the current portion of long-term loans). Long-term liabilities increased by 2.2 mln EUR up to 70.6 mln EUR at the end of Sept 2005 mainly due to the final drawdown of the EBRD loan in the value of 7 mln EUR in April, which was partially offset by the first repayment of principle on the long-term loan in the amount of 2.8 mln EUR in May 2005.

Cash flow

In the first nine months of 2005, the Company's cash flow from operating activities was 11.6 mln EUR, a 0.8 mln EUR, or 7.9%, increase compared to the first nine months of 2004 reflecting the increased operating profit in the period.

Total cash inflow in the first nine months was 4.65 mln EUR compared to a cash inflow of 0.9 mln EUR in the first nine months of 2004. Cash and cash equivalents stood at 11.1 mln EUR as at 30 Sept 2005, an increase of 4.9 mln EUR from 30 Sept 2004.

Dividends and share performance

In first nine months of 2005, the Company paid out a dividend in a value of 7.2 mln EUR based on the operational results of 2004

Starting from 1 June 2005, AS Tallinna Vesi shares have been listed on the main list of the Tallinn Stock Exchange. AS Tallinna Vesi shareholders, with a holding over 5% as of 30 September 2005, were:

United Utilities (Tallinn) BV	35.3%
City of Tallinn	34.7%
Nordea Bank Finland Plc clients account trading	11.69%

At the end of the reporting period, 30 Sept 2005, the closing price of the AS Tallinna Vesi share was 14.35 EUR, which is a 55.1% premium on the initial public offering settlement price of 9.25 EUR.

Eteri Harring
Head of Treasury and Investor Relations
Ph. + 372 6262 225
eteri.harring@tvesi.ee

AS TALLINNA VESI

Nine months report for the quarter ended 30 September 2005

Currency	thousands euros
Start of reporting period	1 January 2005
End of reporting period	30 September 2005
Address	Tallinn, Ädala 10
Chairman of the Management Board	Robert John Gallienne
Commercial register number	10 257 326
Telephone	+372 62 62 202
Telefax	+372 62 62 300
E-mail	tvesi@tvesi.ee
Web page	www.tallinnavesi.ee
Field of activity	Production, treatment and distribution of water; storm and wastewater disposal and treatment

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AS TALLINNA VESI

MANAGEMENT CONFIRMATION

The Management Board of AS Tallinna Vesi has prepared the interim accounts for the nine months period ended 30 September 2005. The interim accounts are not reviewed by auditors.

The preparation of the interim accounts according to International Financial Reporting Standards involves estimates made by the Management Board of the Company's assets and liabilities as at 30 September 2005, and of income and expenses during the reporting period. These estimates are based on current information about AS Tallinna Vesi and consider all plans and risks as at 30 September 2005. The actual results of these business transactions recorded may differ from such estimates.

Any subsequent events that materially affect the valuation of assets and liabilities until the preparation of the interim accounts as at 17 October 2005 have been assessed as part of this review.

By order of the Management Board



Robert John Gallienne

Chairman of the Management Board

17 October 2005

AS TALLINNA VESI

CONDENSED BALANCE SHEET
AT 30 SEPTEMBER 2005 AND 2004 AND 31 DECEMBER 2004

(thousand EUR)

ASSETS	Note	30 September 2005	2004	31 December 2004
CURRENT ASSETS				
Cash at bank and in hand		11 110	6 246	6 455
Customer receivables		2 966	3 064	3 301
Other receivables		814	2	4
Accrued income and prepaid expenses		541	470	248
Inventories		199	326	209
Assets for sale		89	131	104
TOTAL CURRENT ASSETS		15 719	10 238	10 321
NON-CURRENT ASSETS				
Shares of associated companies		0	395	0
Long-term deposit		5 023	2 039	4 956
Other long-term investment assets		0	161	85
Tangible assets	2	115 944	113 036	113 756
Intangible assets	2	1 685	1 199	1 180
Construction in progress	2	7 208	6 468	6 560
Unfinished pipelines - new connections	2	6 301	5 318	5 092
Prepayments for fixed assets	2	233	249	233
TOTAL NON-CURRENT ASSETS		136 394	128 864	131 861
TOTAL ASSETS		152 113	139 102	142 182
LIABILITIES				
CURRENT LIABILITIES				
Current portion of long-term finance lease		93	117	114
Current portion of long-term bank loans		5 736	2 692	5 566
Trade and other payables, incl. dividends		4 945	4 413	3 560
Taxes payable		1 168	1 137	1 312
Short-term provisions		15	404	58
Deferred income		4 427	973	1 188
TOTAL CURRENT LIABILITIES		16 384	9 737	11 798
NON-CURRENT LIABILITIES				
Finance lease		44	136	108
Bank loans		70 533	68 266	66 416
Other payables		6	6	6
TOTAL NON-CURRENT LIABILITIES		70 583	68 408	66 531
TOTAL LIABILITIES		86 967	78 145	78 329
EQUITY CAPITAL				
Share capital		12 782	12 782	12 782
Share premium		24 734	24 734	24 734
Statutory legal reserve		1 278	5 969	5 969
Accumulated profit		17 901	9 314	9 314
Net profit for the period		8 450	8 158	11 054
TOTAL EQUITY CAPITAL		65 146	60 957	63 853
TOTAL LIABILITIES AND EQUITY CAPITAL		152 113	139 102	142 182

Chairman of the Management Board:

AS TALLINNA VESI

**CONDENSED INCOME STATEMENT
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004**

(thousand EUR)

	Note	9 months		Year ended 31 December
		2005	2004	2004
Sales from main operating activities	3	26 179	22 776	30 602
Revenues from other operating activities		1 990	3 029	4 456
Net sales	3	28 169	25 805	35 057
Cost of goods sold main operating activities	4	-9 466	-9 458	-12 607
Cost of goods sold other operating activities	4	-1 772	-2 694	-4 117
GROSS PROFIT		16 931	13 653	18 334
Marketing expenses	4	-313	-289	-392
General administration expenses	4	-3 378	-1 919	-2 604
Other income/ expenses (-)		112	1 000	954
OPERATING PROFIT		13 352	12 445	16 292
Financial income / expenses (-)		-2 641	-2 608	-3 559
PROFIT BEFORE TAXES		10 711	9 837	12 734
Income tax on dividends	5	-2 260	-1 679	-1 679
NET PROFIT FOR THE PERIOD		8 450	8 158	11 054
Attributable to:				
Equity holders of A-shares		8 450	8 157	11 054
B-share holder		0,6	0,6	0,6
Earnings per share in euros	6	0,42	0,41	0,55

Chairman of the Management Board:

AS TALLINNA VESI

CONDENSED CASH FLOW STATEMENT

FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

	9 months		Year ended
	2005	2004	31 December
			2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	13 352	12 445	16 292
Adjustment for depreciation	3 714	3 840	5 081
Adjustment for income and expenses from constructions	-218	-311	-339
Other finance income and expenses	-119	-113	-245
Profit from sale of fixed assets	-770	-175	-182
Expensed fixed assets	14	7	121
Capitalization of operating expenses	-1 064	-1 822	-2 491
Movement in current assets involved in operating activities	-902	-349	-3 130
Movement in liabilities involved in operating activities	-510	-930	-706
Interest paid	-1 880	-1 824	-3 676
Total cash flow from operating activities	11 617	10 770	10 726
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of shares of associated company	0	0	400
Acquisition of fixed assets (incl pipelines construction)	-8 253	-5 996	-8 545
Proceeds from pipelines financed by construction income	2 583	2 411	3 794
Repayments of loans to third parties	0	0	0
Proceeds from sale of and prepayments received for fixed assets	3 021	236	243
Proceeds from sale of real estate investments	748	144	144
Interest received	228	127	170
Total cash flow from investing activities	-1 672	-3 079	-3 794
CASH FLOWS FROM FINANCING ACTIVITIES			
Received long-term loans	7 003	1 000	2 000
Repayment of long-term loans	-2 790	-1 214	-1 214
Finance lease payments	-84	-136	-168
Dividends paid	-7 158	-4 793	-4 793
Income tax on dividends	-2 260	-1 679	-1 679
Total cash flow from financing activities	-5 290	-6 823	-5 855
Change in cash and bank accounts	4 655	868	1 077
CASH AND EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6 455	5 378	5 378
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	11 110	6 246	6 455

Chairman of the Management Board:

AS TALLINNA VESI

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

	Share capital	Share premium	Statutory legal reserve	Accumulated profit	Net profit	Total equity
31 December 2003	12 782	24 734	5 969	7 426	6 681	57 593
Transfer of financial year profit to the accumulated profit	0	0	0	6 681	-6 681	0
Dividend	0	0	0	-4 793	0	-4 793
Net profit of the financial year	0	0	0	0	11 054	11 054
31 December 2004	12 782	24 734	5 969	9 314	11 054	63 853
31 December 2003	12 782	24 734	5 969	7 426	6 681	57 593
Transfer of financial year profit to the accumulated profit	0	0	0	6 681	-6 681	0
Dividend	0	0	0	-4 793	0	-4 793
Net profit of the financial period	0	0	0	0	8 158	8 158
30 September 2004	12 782	24 734	5 969	9 314	8 158	60 957
31 December 2004	12 782	24 734	5 969	9 314	11 054	63 853
Transfer of financial year profit to the accumulated profit	0	0	0	11 054	-11 054	0
Transfer of Statutory legal reserve to the accumulated profit	0	0	-4 691	4 691	0	0
Dividend	0	0	0	-7 158	0	-7 158
Net profit of the financial period	0	0	0	0	8 450	8 450
30 September 2005	12 782	24 734	1 278	17 901	8 450	65 146

Chairman of the Management Board:

AS TALLINNA VESI

NOTES TO THE INTERIM ACCOUNTS

FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

NOTE 1. ACCOUNTING PRINCIPLES

The interim accounts have been prepared according to International Financial Reporting Standards, 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.

The interim report in euros is converted using the exchange rate 15.6466 EEK per EUR from the interim report prepared in kroons thousands for the same period.

The presentation of accelerated depreciation in the case of the write off of fixed assets with net book value higher than 0 has been changed. In 2004 the net book value was recorded in group other not related expenses in case of write offs, in 2005 the respective expense is recorded within operational costs or in any other proper cost group. The numbers of 2004 are respectively reclassified.

Chairman of the Management Board:

NOTES TO THE INTERIM ACCOUNTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

NOTE 2. TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS

Acquisition cost at	Tangible assets in usage			Assets in progress			Intangible assets			Total tangible and intangible non-current assets
	Land and buildings	Facilities	Machinery and equipment	Other equipment	Construction in progress	Unfinished pipelines - new connections	Prepayment for fixed assets	Development costs	Acquired licenses and software	
31.12.2003	19 416	119 111	30 178	953	4 013	5 955	547	535	1 625	182 334
Acquisition	0	0	0	0	6 663	3 459	0	0	0	10 122
Sale of fixed assets	-93	0	-141	0	0	0	0	0	0	-235
Write-off of fixed assets	-13	-184	-288	-26	0	0	0	0	0	-512
Reclassification within balance sheet	21	0	0	0	11	0	-5	0	0	27
Reclassification to expenses	0	0	0	0	-32	0	0	0	0	-32
Expensed pipelines	0	0	0	0	0	-4 117	0	0	0	-4 117
Reclassification from assets in progress	575	2 475	1 241	118	-4 096	-205	-309	78	124	0
31.12.2004	19 907	121 401	30 990	1 044	6 560	5 092	233	613	1 748	187 589
Acquisition	0	0	0	0	5 746	3 024	1 266	0	0	10 036
Sale of fixed assets	-5	-8	0	0	0	0	0	0	0	-14
Write-off of fixed assets	0	-168	-188	-6	0	0	0	0	-4	-366
Reclassification within balance sheet	0	15	0	0	0	0	0	0	0	15
Reclassification to expenses	0	0	0	0	-4	0	0	0	0	-4
Expensed pipelines	0	0	0	0	0	-1 772	0	0	0	-1 772
Reclassification from assets in progress	2 156	1 419	1 831	139	-5 094	-43	-1 266	237	620	0
30.09.2005	22 058	122 659	32 634	1 176	7 208	6 301	233	851	2 365	195 484
Accumulated depreciation										
31.12.2003	3 161	35 901	15 887	618	0	0	0	392	403	56 362
Depreciation	260	1 765	2 485	69	0	0	0	58	329	4 965
Depreciation of fixed assets sold and written-off (-)	-41	-166	-328	-25	0	0	0	0	0	-559
Reclassification	0	0	0	0	0	0	0	0	0	0
31.12.2004	3 380	37 500	18 044	662	0	0	0	450	732	60 768
Depreciation	184	1 397	1 688	65	0	0	0	112	241	3 686
Depreciation of fixed assets sold and written-off (-)	-5	-142	-185	-5	0	0	0	0	-4	-341
30.09.2005	3 559	38 755	19 547	721	0	0	0	562	969	64 113
Net book value										
31.12.2003	16 255	83 210	14 291	335	4 013	5 955	547	143	1 222	125 972
31.12.2004	16 526	83 901	12 946	382	6 560	5 092	233	163	1 016	126 821
30.09.2005	18 499	83 904	13 087	455	7 208	6 301	233	289	1 396	131 371

Fixed assets are written off if the condition of the asset does not enable further usage for production purposes.

Net balance sheet value of finance leases was 288 thousand euros in 2005 for 9 months and 2004 respectively.

Interest capitalised to fixed assets was 69 thousand euros in 2005 for 9 months and 2004 respectively.

AS TALLINNA VESI

NOTES TO THE INTERIM ACCOUNTS

FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

NOTE 3. NET SALES

	9 months		Year ended
	2005	2004	31 December 2004
Sales from main operating activities			
Water supply service	12 556	10 582	14 105
Waste water disposal service	11 004	9 620	13 070
Stormwater treatment and disposal service	2 232	2 144	2 859
Fire hydrants service	98	94	125
Other work and services	288	336	444
Total sales from main operating activities	26 179	22 776	30 602
Revenues from other operating activities			
Water, sewerage and storm water connections construction income	1 990	3 029	4 456
TOTAL NET SALES	28 169	25 805	35 057

100 % of AS Tallinna Vesi revenue was transacted within the Estonian Republic.

Chairman of the Management Board:

AS TALLINNA VESI

NOTES TO THE INTERIM ACCOUNTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

NOTE 4. COSTS AND EXPENSES

Cost of goods sold main operating activities	9 months		Year ended
	2005	2004	31 December 2004
Tax on special use of water	-429	-446	-593
Chemicals	-576	-462	-600
Electricity	-1 145	-1 203	-1 671
Pollution tax	-347	-401	-536
Staff costs	-2 081	-2 212	-2 853
Research & development	-6	-2	-5
Depreciation and amortization	-3 483	-3 619	-4 785
Other costs of goods sold	-1 399	-1 113	-1 564
Total cost of goods sold main operating activities	-9 466	-9 458	-12 607
Cost of goods sold other operating activities	9 months		Year ended
	2005	2004	December 2004
Water, sewerage and storm water connections construction cost	-1 772	-2 694	-4 117
Marketing Expenses	9 months		Year ended
	2005	2004	December 2004
Staff costs	-221	-199	-271
Depreciation and amortization	-6	-6	-7
Other marketing expenses	-86	-85	-114
Total cost of marketing expenses	-313	-289	-392
General Administration Expenses	9 months		Year ended
	2005	2004	December 2004
Staff costs	-726	-647	-1 011
IPO bonus	-388	0	0
Depreciation and amortization	-225	-216	-289
Other general administration expenses	-1 309	-1 056	-1 304
IPO services	-731	0	0
Total cost of general administration expenses	-3 378	-1 919	-2 604

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. Other expenses include 543 thousand euros IPO costs in 2005.

In total, the results for the nine months ended 30 September 2005 include IPO costs of 1 662 thousand euros, being made up of 1 274 thousand euros for services and 388 thousand euros for staff bonus costs as referred to above.

AS TALLINNA VESI

NOTES TO THE INTERIM ACCOUNTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

NOTE 5. DIVIDENDS	9 months		Year ended
	2005	2004	31 December 2004
Dividend declared during the period	7 158	4 793	4 793
Dividend paid during the period	7 158	4 793	4 793
Income tax on dividends declared	-2 260	-1 684	-1 684
The income tax paid on dividends received	0	5	5
The income tax accounted	-2 260	-1 679	-1 679

The income tax rates were 26/74 and 24/76 respectively in 2004 and 2005.

NOTE 6. EARNINGS AND DIVIDENDS PER SHARE

	9 months		Year ended
	2005	2004	31 December 2004
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)	8 450	8 157	11 054
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	0,42	0,41	0,55
Dividends per A-share in kroons	0,36	0,24	0,24
Dividends per B-share in kroons	639	639	639

NOTE 7. REDUCTION IN STATUTORY LEGAL RESERVE

The shareholders reduced the statutory legal reserve from 5 969 thousand kroons to 1 278 thousand euros on 3 February 2005. The share capital was reduced in 2002, but the statutory legal reserve, which must be equal to at least 10% of the share capital, was not revised at this time.

AS TALLINNA VESI

NOTES TO THE INTERIM ACCOUNTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004

(thousand EUR)

NOTE 8. RELATED PARTIES

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

The transactions with related parties in 2004 and 2005 and respective balances as of 30.09.2004 and 30.09.2005 are recorded as follows:

	Tallinn City Government and related boards	United Utilities (Tallinn) B.V. and United Utilities International*
2004 for 9 months		
Transactions recorded to AS Tallinna Vesi Working Capital of Balance Sheet		
Accrued income and prepaid expenses	0	153
Accounts payable - short-term trade and other payables	0	225
Transactions recorded to AS Tallinna Vesi Income Statement		
Net sales	4 160	0
General administration expenses	0	593
Transactions recorded to the other accounts of AS Tallinna Vesi Balance Sheet		
Tangible non-current assets incl unfinished constructions and new connections	0	662
2005 for 9 months		
Transactions recorded to AS Tallinna Vesi Working Capital of Balance Sheet		
Accrued income and prepaid expenses	0	150
Accounts payable - short-term trade and other payables, incl. dividends	0	126
Transactions recorded to AS Tallinna Vesi Income Statement		
Net sales	3 932	0
General administration expenses	0	809
Transactions recorded to the other accounts of AS Tallinna Vesi Balance Sheet		
Tangible non-current assets incl unfinished constructions and new connections	0	608

The agreed market prices were implemented in transactions with related parties.

*United Utilities (Tallinn) B.V. holds 35.3% of the Company. The ultimate controlling parties of United Utilities (Tallinn) B.V. are EBRD and United Utilities Plc. United Utilities International Ltd. is owned by United Utilities Plc.

	9 months		Year ended 31 December
	2005	2004	2004
The fees paid to management board members excluding social tax	102	104	132
The fees paid to supervisory board members excluding social tax	0,9	0,3	1,2

Chairman of the Management Board: