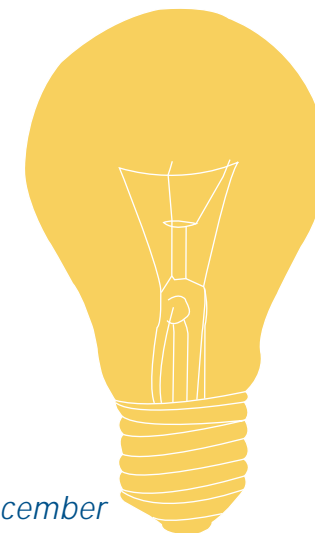
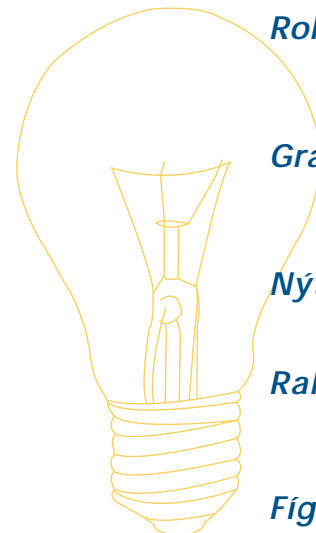
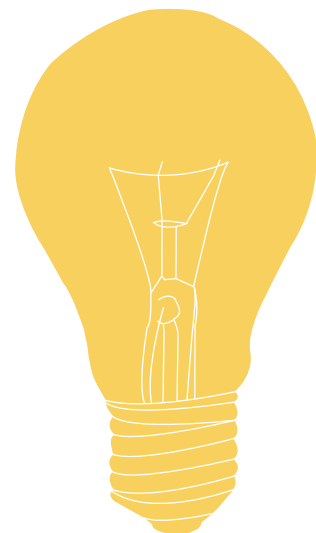
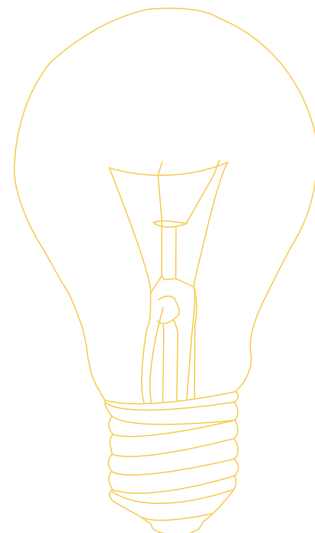
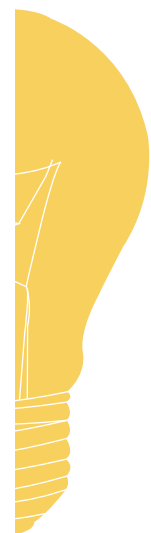


Ársfrágreiðing og Ásroknaskapur

2002

Annual Report and Financial Statement 2002





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Ognar- og skipanarviðurskipti/ Ownership and Organization

Elfelagið S.E.V. er eitt interkommunalt lutafelag, og eru allar kommunur í Føroyum limir í felagnum. Íognin hjá teimum einstøku limakommununum verður uppgjørd fyri hvørt roknskaparár, og verður í lutfalli til íbúgvartalið hjá kommununum sambært seinasta almenna manntal.

Umboðsnevndin

Hægsta vald í felagnum hevur umboðsnevndin, sum verður vald aftaná hvørt kommunuval.

Í umboðsnevndina velur hvør kommuna ein umboðslim fyri hvørt byrjað 1.000 íbúgvartal. Talið á umboðsnevndarlimum er 77 fyri skeiðið 2001 - 2004.

Umboðsnevndin hevur skipað seg við Hans Tausen Olsen, Runavík sum formanni og Absalon í Buð, Hvannasund sum næstformanni.

Stýrið

Til at hava yvirstjórn í felagsins viðurskiptum velur umboðsnevndin eitt 7 manna stýri. Ein stýrslimur verður valdur fyri hvørja sýslu, tó bert ein fyri Suðuroy. Harafturat verður ein valdur fyri Tórshavn. Stýrið skipar seg sjálvt. Fyri tíðina februar 2001 - februar 2004 hevur umboðsnevndin valt hesar stýrslimir:

Norðoya sýsla:	Kristian Fr. Olsen, Klaksvík
Eysturoyar sýsla:	Jóannes Thomsen, Fuglafjørður
Streymoyar sýsla:	Marjun S. Olsen, Vestmanna
Vága sýsla:	Poul Arni Jacobsen, Sørvágur
Sandoyar sýsla:	Tórus Johannesen, Sandur
Suðuroyar sýsla:	Día Poulsen, Vágur
Tórshavn:	Bjarti Mohr, Tórshavn

Stýrið skipaði seg við Poul Arni Jacobsen sum formanni og Kristian Fr. Olsen sum næstformanni.

Stjórn

Hina dagligu fyristøðu felagsins hevur stjórnin, sum er settur av umboðsnevndini. Stjóri felagsins er Klæmint Weihe.

Fíggarleiðsla

John P. Danielsen, skrivstovustjóri tekur sær av dagligu fíggarleiðsluni.

The light and power company SEV is owned by all Faroese municipalities. The ownership share of the individual municipalities is assessed at the end of each financial year, and the ownership share is proportional to the number of inhabitants of the municipality according to the latest public figures.

Board of Representatives

The Board of Representatives has the supreme authority of the company. The Board of Representatives is elected subsequent to a municipal election. The municipality elects one member to the Board of Representatives for each 1,000 inhabitants. The number of members of the Board of Representatives for the period 2001 to 2004 is 77. The Board of Representatives elected Hans Tausen Olsen, Runavík, chairman of the Board of Representatives, and Absalon í Bu, Hvannasund, vice chairman of the Board of Representatives.

Board of Directors

The Board of Directors is elected by the Board of Representatives with 7 members to have the superior management of the company. A director is elected for each district. However, one director is elected for Suðuroy. In addition one director is elected for Tórshavn. The Board of Directors constitutes itself. For the period February 2001 to February 2004 the Board of Representatives has elected the following directors:

Norðoya district:	Kristian Fr. Olsen, Klaksvík
Eysturoyar district:	Jóannes Thomsen, Fuglafjørður
Streymoyar district:	Marjun S. Olsen, Vestmanna
Vága district:	Poul Arni Jacobsen, Sørvágur
Sandoyar district:	Tórus Johannesen, Sandur
Suðuroyar district:	Día Poulsen, Vágur
Tórshavn district:	Bjarti Mohr, Tórshavn

The Board of Directors elected Poul Arni Jacobsen as chairman and Kristian Fr. Olsen as vice chairman.

Management

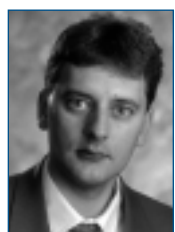
The managing director appointed by the Board of Representatives has the day-to-day management of the company. The company's managing director is Klæmint Weihe.

Financial Management

Administrative manager John P. Danielsen is handling the day-to-day financial management.



Hans Tausen Olsen, umboðsnevndarformaður



Poul Arni Jacobsen, formaður



Kristian Fr. Olsen, næstformaður



Bjarti Mohr



Jóannes Thomsen



Marjun S. Olsen



Tórus Johannesen



Día Poulsen



Klæmint Weihe, stjóri



John P. Danielsen, skrivstovustjóri

Limakommunur og nøvn umboðsmanna/ Municipalities and Names of Representatives

Kommuna: Municipality:

1. Biggjar
2. Eiðis
3. Elduvíkar
4. Fámjins
5. Fuglafjarðar
6. Fugloyar
7. Funnings
8. Gjár
9. Gøtu
10. Haldórsvík
11. Hest
12. Hósvíkar
13. Hovs
14. Húsa
15. Húsavíkar
16. Hvalbiar
17. Hvalvíkar
18. Hvannasunds
19. Kirkjubøar
20. Klaksvíkar

21. Kunoyar
22. Kvívíkar
23. Leirvíkar
24. Miðvágs
25. Mykinesar
26. Mikladals
27. Nes

28. Nólsoyar
29. Oyndarfjarðar
30. Porkeris
31. Runavíkar

Umboðsmenn: Representative:

- Gutte Guttessen,
Johan K. Joensen
Andrias Hammer
Niels Jákup T. Nielsen
Dánjal Vang
Jóannes Thomsen
Jóannes Christiansen
Jytta Juul
Gunnvá Róðá
Pauli Jarnskor
Mikkjal Samuelsen
Hans J. Niclasen
Jonhild Hermansen
Delmar Tausen
Bjørn Kalsø
Andru E. Olsen
Otto West
Trygvi K. Joensen
Absalon í Buð
Páll Patursson
Kristian F. Olsen
Árni Joensen,
Julius Poulsen
Jógvan Isaksen (e)
Kristoffur Olsen
John Damberg
Hjalmar Ingebrigtsen
Guðrið Lava Olsen
Joen Pauli Frederiksen
Oskar Joensen
Christian Andreasen
Súni í Hjóllum
Jan Danielsen
Leo Poulsen
Erika L. Petersen
Eli Frederiksen
Hans Tausen Olsen
Ragnar S. Olsen,
Regin Olsen,

Kommuna: Municipality:

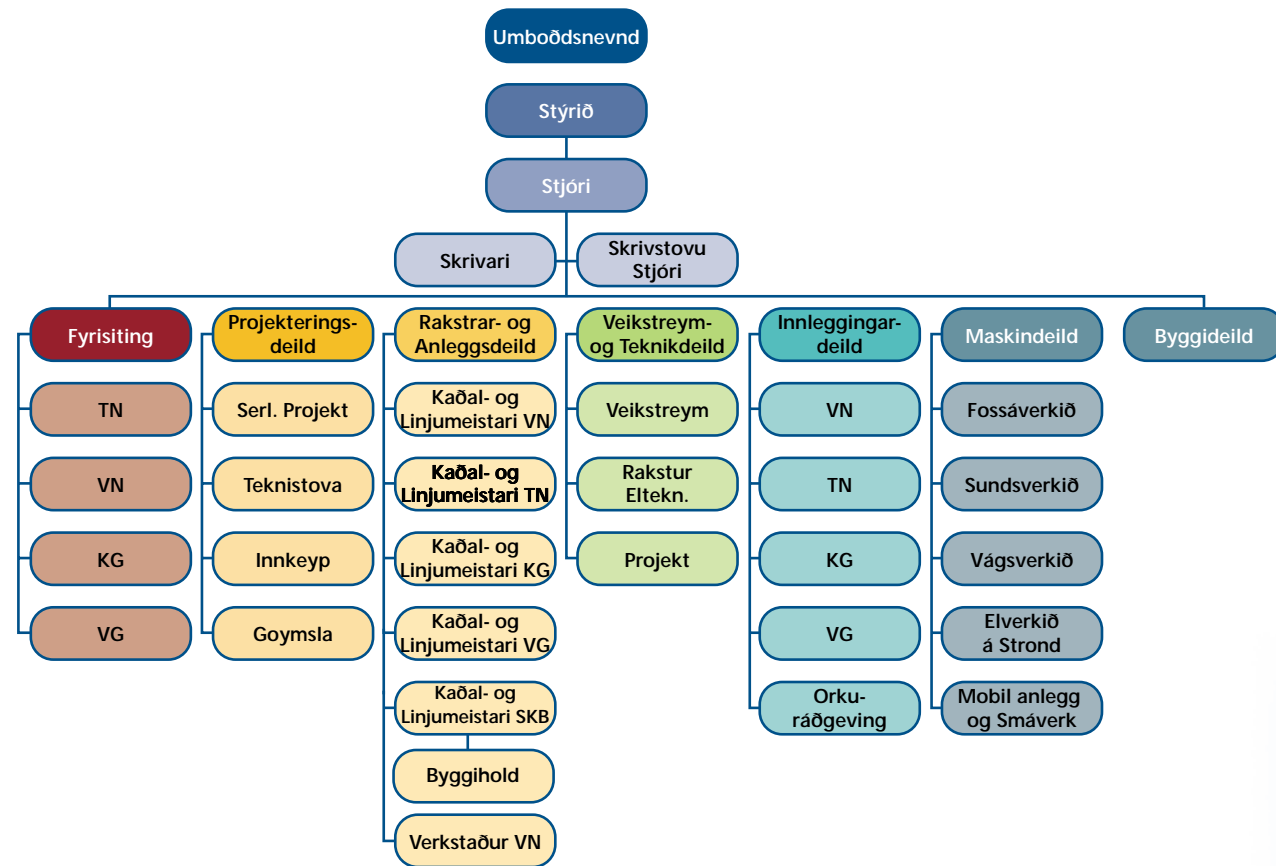
32. Saksunar
33. Sandavágs
34. Sands
35. Sjóar
36. Skála
37. Skálavíkar
38. Skopunar
39. Skúvoyar
40. Sumbiar
41. Sunda
42. Svínoyar
43. Sørvágs
44. Tórshavnar

45. Tvøroyrar
46. Vágs
47. Vestmanna
48. Viðareiðis

Umboðsmenn: Representative:

- Magnus P. Dahl-Olsen
Regin á Lofti
Tórus Johannesen
Artur Johansen,
Jónsvein Hansen
Arnstein Prestá
Linjohn Christiansen
Gerhard Lognberg
Óla Jákup Hentze
Poul Johannes Poulsen
Finnbjørn Egholm
Fróði Thomassen
Erik Davidsen
Heðin Mortensen
Høgni Mikkelsen
Beate L. Samuelsen
Lisbeth L. Petersen
Petur Weihe
Vagn Erik Michelsen
Bjarti Mohr
Hans Biskopstø
Eliesar Arge
Hjörleif Vang
Kári Slættanes
Leivur Hansen
Jógvan Arge
Hildur Eyðunsdóttir
Klæmint Olsen
Hans Jákup Simonsen
Hallstein Sigurðsson
Elin Lindenskov
Heri Mortensen
Sunni West
Brynjálvar Dahl
Páll Augustinussen
Marjun S. Olsen
Dánial Pauli Djurhuus
Jógvan Nybo

Starvsfólk og Bygnaður 2002/ Personnel and organizational structure 2002



6

Starvsfólk

Tilsamans 401 starvsfólk, stýris- og umboðsnevndarlímur, avlesarar o.o. fingu útgoldið í 2002 til-samans 44,8 mió. kr. í lönnum (A-inntökum).

Av hesum kunna 154 roknast at hava havt sitt høvuðsyrki hjá SEV, 116 fastlönt og 38 timalönt.

Talið á starvandi hjá SEV varð vaksandi til 1989, men fall síðani úr 197 í 1989 til 145 í 1998. Í 1999 var talið 146, í 2000:148, í 2001: 146 og í 2002: 154.

SEV hevur lönarsáttmálar við Maskinmeistarafelagið og Starvsmannafelagið.

Harafturat hevur SEV avtalur við arbeðara- og handverkarafeløg, har lönarbroytingarnar fylgja teirra sáttmálum við arbeðsgevarafelögin.

Hækkaðu lönarútreiðslurnar í 2002 stava fyri meginpartin frá sáttmálahækkingum, men ein partur stavar eisini frá meira av fólki og størri úrtíðarlönnum. Úrtíðarlönirnar eru serstakliga hækkaðar av ilögum, sum viðføra eyka arbeðsbyrðu til starvsfólk hjá SEV. Talan er serstakliga um uppseting av nýggjum motori á Sundsverkinum, vatnrørleiðing úr Svartadali í Strandadal og eykaarbeði í Botni.

Personnel

In total 401 employees, members of the Board of Directors and Board of Representatives, readers, etc., were paid in total DKK 44.8 million as salaries during the financial year.

From the total number 154 employees are considered to have their main employment with SEV, 116 are permanently employed and 38 are paid by the hour. The number of SEV's employees was increasing until 1989, but decreased subsequently from 197 in 1989 to 145 in 1998. In 1999 and 2000 the total number of employees increased to 146 and 148 respectively. In 2001 the number decreased to 146 and increased to 154 in 2002.

SEV has agreements with two Faroese labour organizations, Maskinmeistarafelagið and Starvsmannafelagið.

Furthermore, SEV has made agreements with the workers' union and the craftsmen's union, and consequently changes in salaries correspond to agreements made with the employers' association. An increase in payroll expenditure in 2002 primarily originates from increases provided for by collective agreements, but a part originates from an increase in the number of employees and increased overtime payment. Overtime payment has been increased by investments, which resulted in an additional workload for SEV's employees, especially from the erection of a new engine in the Sund power plant, the water pipeline from Svartidalur to Strandadalur and additional work in Botnur.

Ársfrágreiðing 2002/ Annual Report 2002

Felagskapurin SEV varð stovnaður hin 1. oktober 1946, við m.a. tí endamáli av veita elmeði til allar limakommunurnar. Hetta í einari solidariskari skipan, har gjaldið fyri hvønn einstakan var tað sama, uttan mun til hvar í landinum viðkomandi hevði bústað og uttan mun til útbyggingarkostnað.

Meginreglan og grundarlagið undir felagsskapinum er ein solidarisk skipan, har allir kundar av sama slag hava somu treytir og prísir, og at allar limakommunur hava møguleikan at mynda felagsskapin.

Tað er okkara ábyrgd at tryggja støðuga elveiting, ikki bert í dag, men eisini komandi árin. Hetta merkir, at avgerðirnar, sum vit taka í dag, koma at ávirka alla elveitingarútbyggingina framyvir.

Stóra vatnorkuútbyggingin í Eysturoynni er liðug og tikin í rakstur. Eisini er tann elsti motorurin á Sundi skiftur út við ein størri motor (8MW), sum er tikin í nýtslu.

Í 2002 hevur stórus dentur verið lagdur á at útbyggja termisku orkina, bæði tá ið tað snýr seg um at útskifta niðurslitnar motorar, og tá tað snýr seg um nýggjan mátt. Nýggjur motorur er uppsettur á Sundi, og eru tveir motorar bílagdir, annar til Sundsverið og hin til Vágsverkið. Hesir verða væntandi settir í rakstur á heysti 2003.

Tá ið hesar útbyggingar eru lidnar, er iløgutørvurin til termiskar útbyggingar næktaður nøkur ár fram.

Tað verður tí pláss fyri størri vatnorkuútbyggingum í framtíðini, og verður arbeitt við at fyrireika framhaldandi útbygging í Eysturoynni, samstundis sum smærri tillagðingar verða kannaðar aðrastaðir.

Spurningurin um luftdálking hevur verið nógv umrøddur. Ein kanning, sum varð almannakunngjørd nú um dagarnar, vísti at Føroyar er millum heimsins mest dálkandi í CO₂ útláti pr. íbúgva. SEV eigur uml. 14 % av útlátinum. Einkil er at ivast í, at spurningurin um luftdálking skal takast í størsta álvara, og er tað tí neyðugt at kanna eftir, í hvønn mun tað ber til at lækka útlátið, uttan at hetta ávirkar trygdina í elveitingarskipanini. Luftdálking er ávirkað av øllum virkseminum í samfelagnum, og eigur tí at vera viðgjørd í størri høpi, og er SEV ein natúrligur partur av hesum.

Elnýtslan í einum samfelag er ein spegilmynd av búskapargongdini annars. Í fleiri ár hava vit havt støðugan vøkstur í elnýtsluni, men nú eru tíðilig tekin um, at hesin vøkstur aftur er fallandi. Hetta gjørdi seg serliga galdandi í seinna hálfárið, soleiðis at samlaði vøksurin fyri árið varð 3.6 % í mun til upprunaligu metingina í figgjarætlanini, sum var 5%.

Inntøkurnar hækkaðu úr 213 mió. kr. í 2001 í 223 mió. kr. í 2002.

The light and power company SEV was founded on 1st October 1946 with the purpose of providing electricity to all municipalities who became members of the organisation. SEV's activities were based on solidarity among the members according to which payment for the individual should be identical, irrespective of municipality of residence and irrespective of investment costs.

The principal rule and the basis of the company is a solidarity system providing all customers of the same type identical conditions and prices, and providing the individual members with the possibility of exerting an influence on the company.

SEV is responsible for securing a constant supply of electricity – not only at present – but also in future years. Consequently, all decisions made by us today will affect the future development projects relating to supplying electricity.

In 2002 great importance was attached to extending the thermal energy both when replacing run-down engines and concerning alternative power.

New engines have been mounted on Sund Plant and two additional engines have been ordered, one for the Sund Plant and the other for the Vágur Plant. These engines are expected to be in operation in the autumn of 2003.

When these extensions have been finalized, the need for investments in thermal extensions will be covered for a number of years. Therefore, there will be capacity for major waterpower extensions in the future, and the preparations for a continued extension in Eysturoy are ongoing. At the same time minor adjustments are being investigated on other locations.

Air pollution has been a major issue in the Faroes lately. According to an investigation that was published recently, the Faroes have record-high and among the highest worldwide CO₂ emissions per capita. SEV's share of the emission is approx. 14%. Undoubtedly the issue of air pollution is to be taken seriously and therefore it will be necessary to investigate to what extent it will be possible to reduce emissions without affecting the security of the supply of electricity. The air pollution is affected by all activities in our society, and should therefore be seen in its proper perspective of which SEV is a natural part.

Altogether a society's consumption of electricity reflects the economic development. For several years the consumption of electricity has been steadily increasing, but the indications are unmistakable that the growth is falling. This applies to the 2nd half of 2002 in particular, thus the total increase in the annual consumption was 3.6% versus the original estimation in the budget of 5%.

El-revenues increased from DKK 213 million in 2001 to DKK 223 million in 2002.

The growth mainly derives from an increase in the consumption of electricity. In 2002 the consumption of electricity increased by

7

Væksturinn kemur fyri meginpartin av øktari elnýtslu. Elnýtslan vaks 3,6% í 2002, meðan avroknaða elsølan, sum ikki fylgir álmannaárinum neyvt, vaks 4,6%.

Oljuútreiðslurnar lækkaðu úr 51,1 mió. kr. í 2001 niður í 43,7 mió. kr. í 2002.

Innkeypsprisirnir hjá SEV fyri olju vóru áleið tað sama sum árið fyri. Men vatnorkuframlæiðslan vaks heili 26% úr 76 í 95,9 GWh. Samstundis fall termiska framlæiðslan úr 154,7 GWh niður í 143,2 GWh. Hetta fallið í termisku framlæiðsluni saman við lutfalsliga minni gassoljuframlæiddari elmegi gjørdi, at oljuútreiðslurnar gjørdust munandi lægri í 2002.

Aðrar rakstrar- og fyrisingarútreiðslur, rentur og avskrivningar gjørdust áleið soleiðis sum væntað, og vóru bert smærri frávik frá árinum frammundan. Rakstrarvirksemið var stórt sæð áleið tað sama sum árið fyri.

Eykarakstrarútreiðslur komu ikki fyri í 2002. Sum heild var árið nøktandi við einum rakstraravlopi upp á 23,1 mió. kr. móti 8,1 mió. kr. árið fyri.

Í 2002 hevur SEV luttkið í fleiri áhugaverdum kanningum saman við fleiri feløgum innan- og uttanlanda.

Her skal nevast m.a. kanning av alduorku í Føroyum. Verkætlanin, sum er fíggað av oljufelagnum Agip, verður gjørd m.a. saman við skotska felagnum Wavegen, ið hevur drúgvar royndir við alduorku. Fyribilsúrslit verður væntandi liðugt á vári 2003.

Eitt annað áhugavert orkumál er kannað saman við oljufelagnum BP. Av tí, at elnetið hjá SEV ikki tolir óavmarkaða nøgd av vindorku, er kanning gjørd av at pumpa vatn frá Heygadal upp á Mýrarnar við vindorku. Hetta hevur verið ein sera áhugaverd verkætlan, men kostnaðurin gjørdist tíverri ov høgur til at verkaætlanin kann fremjast.

Á vári 2002 samtykti umboðsnevndin at halda áfram við útbygging av vindorkuni, og vóru 15 mió. kr. avsettar í 2003 til uppsetan av trimum myllum í Neshaga.

Arbeiðið hesum viðvíkjandi er komið hartil, at útbjóðingartilfar er sent fyra framlæiðarum, trimum í Danmark og einum í Týsklandi.

Samstundis sum arbeið verður við vindmyllunum hjá SEV, eru samráðingar um eina royndarætlan saman við privatum veitara, ið hevur ætlanir um seta upp myllur í Vestmanna. Myllurnar hjá SEV og privata veitaranum er samanlagt uml. 4 MW, og koma vit sostatt at nýta tað pláss á netinum, sum kanningar higartil hava mælt til sum ráðiligt.

Í hvønn mun vindur og onnur óstøðug orka kann gerast enn størri partur av samlæiðsluni, verður kannað nærri.

Spurningur um íbinding í elnetið hjá SEV hevur verður umrøddur av Kappingarráðnum. Í fyrstu atlugu hevur

3.6%, whereas actual sales, which do not fully correspond to the calendar year, increased by 4.6%.

Oil expenses fell from DKK 51.1 million in 2001 to DKK 43.7 million in 2002.

SEV's purchase prices for oil were on the approx. same level as in 2001, but the waterpower production was increased by 26% from 76 to 95.9 GWh. At the same time the thermal production fell from 154.7 GWh to 143.2 GWh. This fall in the thermal production together with a comparative fall in the gas oil produced electricity resulted in oil expenses being significantly reduced in 2002.

Other operating and administration costs, interests and depreciation were more or less on budget with minor deviations versus 2001. The costs of operations were on the same level as in 2001.

Extraordinary operating costs were not recorded in 2002. Overall the year was satisfactory. The profit from ordinary operations amounted to DKK 23.1 million versus DKK 8.1 million in 2001.

In 2002 SEV took an active share in a number of interesting investigations in cooperation with several national and international companies.

The investigation into wave energy in the Faroes is worth mentioning. The investigation that was financed by the oil company, Agip, was made together with i.a. the Scottish company Wavegen. Wavegen is highly experienced in wave energy. The preliminary results are expected to be available in the spring of 2003.

Another interesting energy issue has been investigated in cooperation with the oil company BP. Since SEV's electricity net stands a limited amount of waterpower, an investigation has been made to pump water from Heygadalur to Mýrarnar by using wind energy. This was a highly interesting project, but costs related to the project were unfortunately too high for realising the project.

In the spring of 2002 the Board of Representatives decided to continue the extension of wind energy, and DKK 15 million were allocated in 2003 to the mounting of three windmills in Neshaga.

The work is in progress and material has been provided to four producers – three in Denmark and one in Germany.

At the same time negotiations are taking place in cooperation with a private supplier relating to a test project. The private supplier intends to mount windmills in Vestmanna.

SEV and the private supplier's windmills are approx. 4 MW in total, and consequently SEV will be using net space which investigations so far have recommended as advisable.

To what extent wind and other unstable energy may become an even greater part of the total production of electricity is being further investigated.

The question as to the access to SEV's power supply system has been discussed by the Faroese Competition Council. At first the Competition Council submitted a number of questions to SEV. The Competition Council then decided that SEV was covered by the

Kappingarráðið sett fram ymiskar spurningar til SEV. Avgerðin hjá Kappingarráðnum um, at SEV er fevnt av kappingarlógini, varð kært til kærunevndina fyri Kappingarráðið og eisini roynt í Føroya Rætti. Niðurstøðan varð, at SEV er fevnt av kappingarlógini, so her kann væntast framhaldandi trýst um atgongd til elkervið, og at tað kann fáa álvarsliga ávirkan á alla skipanina.

Við atliti at gongdini á umhvørvisøkinum, fylgir stýrið væl við í menningini av varandi orkukeldum. Hetta fyri at tryggja, at hesar orkukeldur vera ein natúrligur partur av samlæiðsluni orkuveitingini her á landi.

Ár 2003

Roknað verður við, at söluvæksturinn fer at halda fram í 2003, men í heldur minni mun enn í 2002.

Í tillagaðu fíggarætlanini fyri 2003 verður roknað við einum rakstraravlopi upp á uml. 19 mió. kr.

Hetta er tó treytað av, at sølan verður 2% hægri enn árið fyri og at m.a. oljuprisirnir halda sær á einum støði, sum ikki er stórvegis hægri enn meðalprisirnir fyri januar – apríl 2003.

competition legislation, but the decision was appealed to the Competition Council's appeal authority and also tried in a Faroese court. The conclusion was that SEV is covered by the competition legislation. Consequently, a constant pressure for access to the power supply system is expected, which may have a serious impact on the system in general.

Concerning the developments in the environmental area, the Board is carefully monitoring the progress of durable energy sources in order to secure that these energy sources will become a natural part of the overall energy supply in the Faroes.

Year 2003

The increase in sales is expected to continue in 2003, but on a smaller scale versus 2002. According to the adjusted 2003 budgets the result from ordinary operations will be a profit amounting to approx. DKK 19 million.

However, the result is depending on 2% rise in sales and oil prices being on a level equal to the average prices in January to April 2003.

Rakstur hjá S.E.V./ S.E.V. - operational results

Rakstur í mió. kr.	1996	1997	1998	1999	2000	2001	2002	Operations in mill. Dkk
Inntøkur	213,8	204,4	205,8	199,7	197	213,4	223	El-revenues
Oljuútreiðslur	22,7	23,7	23,3	25,5	43,2	51,1	43,7	Oil expenses
Aðrar rakstrarútreiðslur	61,0	58,4	52,7	53,5	72,7	61,8	62,9	Other operational costs
Fyrisit. útr. o.a. og missur, debitorar	13,2	12,9	13,8	14,7	15,1	15,2	17,0	Administration etc. loss, debtors
Rentur, netto	32,2	26,4	21,7	17,2	15,3	14,0	12,4	Interests
Útreiðslur íalt	129,4	121,4	111,5	110,9	146,3	142,1	136,0	Expenses Total
Avlop undan avskrivning	84,7	83,0	94,3	88,8	50,7	71,3	87,0	Surplus before depreciation
Avskrivningar	69,5	56,7	56,0	57,7	61,6	63,2	63,9	Depreciation
Avlop	15,2	26,3	38,3	31,1	-10,9	8,1	23,1	Surplus

Avroknað elsøla 2001 og 2002 í MWh (fyríbilsuppgerð)/ Actual Sales of Electricity in 2001 and 2002 in MWh (preliminary statement)

Kundabólkur	Tilsamans Total 2002	Tilsamans Total 2001	%-broyting Changes in % 2000-2001	Segment
1. Landbúnaður, aling, fiski- vinna og ráevnisvinna.	21.693	17.607	23,2	1. Farming, fish farming, fish industry and raw material industry
2. Gerð, framleiðsla og byggivirksemi.	53.200	53.545	-0,6	2. Production and building activities
3. Handils-, matstovu- og gistihúsvirksemi	18.092	17.574	2,9	3. Trade, restaurants and hotel activities
4. Flutningur, postur og fjarskipti.	18.387	14.805	24,2	4. Transport, mail and telecommunication
5. Figging, trygging og aðrar vinnutænastur.	3.170	3.069	3,3	5. Finance, insurance and other industries
6. Almennar og privatar tæ- nastur, kirkjur, samkomur v.m.	29.246	29.275	-0,1	6. Public and private services, churches, communities etc.
7. Gøtuljós.	5.458	5.225	4,5	7. Street lightning
8. Sethús, íbúðir, summerhús og neyst.	72.237	70.650	2,2	8. Family houses, flats, summer- houses and boathouses
Avroknað elsøla íalt	221.483	211.750	4,6	Actual sales of electricity
Eginnýtsla hjá SEV	6.007	5.960	0,8	SEV's own consumption
Avroknað elnýtsla íalt	227.489	217.710	4,5	Total actual sales of electricity
Elframleiðslan álmannaárið	239.645	231.223	3,6	Production of electricity calendar year

(Avroknað elsøla fylgir ikki neyvt álmannaárinum.)
(Actual sales of electricity do not fully correspond to the calendar year.)

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Íløgur hjá SEV/ Investments by SEV

Ílögur (mió. kr.)	1994	1995	1995	1997	1998	1999	2000	2001	2002	Investments (mill. Dkk)
Vatnorkuverk	-	2,7	2,7	30,7	35,1	43,3	13,7	8,6	8,6	Hydro power plants
Onnur elgerðarverk	0,4	0,4	0,4	0,1	0,1	1,1	5,8	30,4	18,1	Other power plants
Býtisvirkir	11,7	12,3	12,3	12,5	21,0	13,8	13,6	14,6	19,5	Conversion plants
Felagsognir	1,0	2,5	2,5	0,5	0,1	1,8	0,7	0,1	0,0	Company's assets
Jarðarognir	-	-	-	-	-	-	1,5	±4,8	0,0	Land property
Onnur rakstrargögn	1,5	1,6	1,6	2,1	1,8	2,6	1,5	2,4	1,7	Other operational assets
Tilsaman	14,6	19,5	19,5	45,9	58,1	62,6	36,8	51,3	47,9	Total

Elprísir 2002 (uttan MVG)/ Electricity Prices 2002 (VAT not included)

DKK	Ársnýtsla/Annual Consumption	Fast gjald um árið/Fixed Payment Annually	Prísur fyri hvønn kWh/Prices per kWh
	0 - 10.000 kWh/ár	480,00	1,11
	10.000 - 100.000 kWh/ár	1.280,00	1,03
	yvir 100.000 kWh	5.280,00	0,99
	Ídnaður, alivinna, landbúnaður v.m.		
	yvir 20.000 kWh/ár	8.480,00	0,67

Framleiðsluvirkir/ Production Plants

Sáttmáli varð gjørdur við Enmaco Motorer A/S í apríl 2002 um veitan og uppsetan av tveimum nýggjum motorum, ein til Sundsverkið og hin til Vágsverkið.

Nýggi motorurin til Sundsverkið verður av sama slag sum tann, ið uppsettur var í fjør. Hetta er ein Caterpillar/MaK 4-takt av slagnum 9CM43. Støddin er 8,1 MW svarandi til 11.020 HK. Nýggi motorurin kemur í staðin fyri ein av teimum elstu motorunum M2 frá 1974. Kostnaðurin fyri motorin við neyðugari maskin- / eltøkniligari hjálpiútgærd og bygningsbroytingum er mettur til 35 mió. kr.

Á Vágsverkinum eru tveir motorar. Í samband við nýggja motorin verður verkið víðkað eystureftir við uml. 12 metrum. Nýggi motorurin verður ein Caterpillar/MaK 4-takt av slagnum 9CM32. Støddin er 4,32 MW svarandi til 5.873 HK. Arbeiðið, við at víðka verksbygningin byrjaði í juni og skal verða liðugt í september 2003. Samlaða íløgna á Vágsverkinum er mettur til 32 mió. kr.

Nýggju motorarnir til Sunds- og Vágsverkið koma til landið í mai 2003, og verða teir báðir tiknir í nýtslu á heysti í 2003.

In April 2002 a contract was made with Enmaco Motorer A/S concerning supply and mounting of two new engines for the Sund power plant and Vágur power plant.

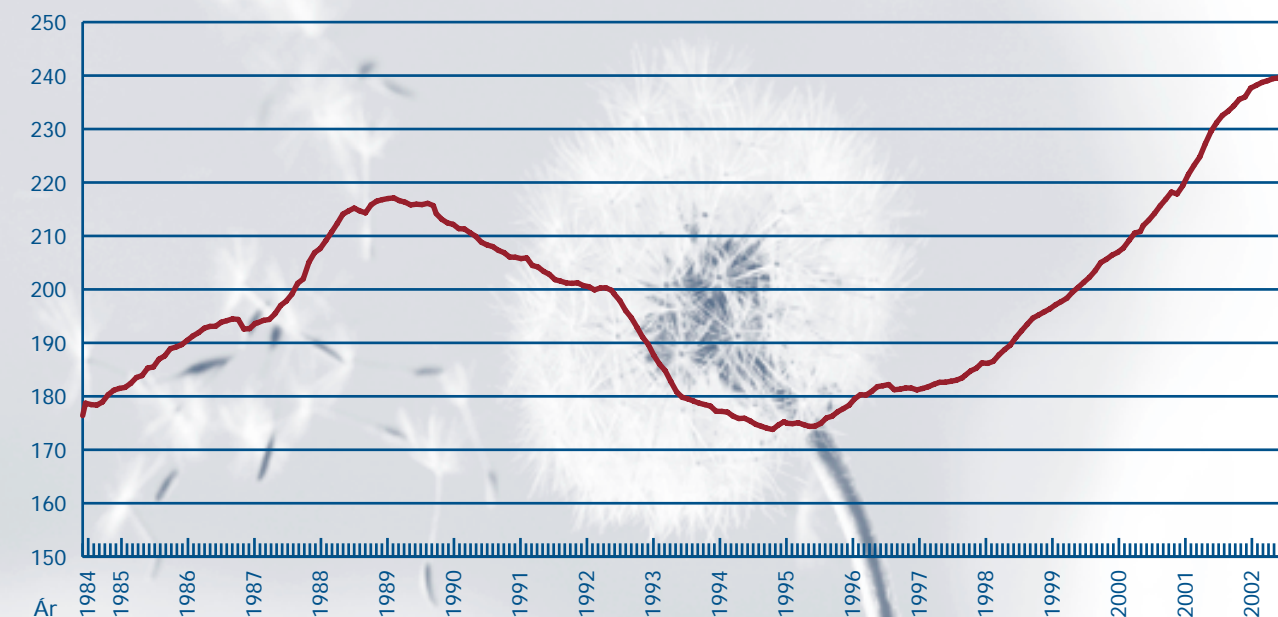
The new engine in the Sund power plant is similar to the engine that was installed last year. This new 9CM43 engine is a Caterpillar/MaK 4-stroke. The output is 8.1 MW corresponding to 11,020 HK. The engine is replacing one of the oldest M2 engines from 1974. The cost of the engine and the necessary machine and electronic equipment has been estimated at DKK 35 million.

Two engines are in the Vágur power plant. The power plant is being extended with approx. 12 meters to the east to provide space for the new engine. This new engine is a 9CM32 Caterpillar/MaK 4-stroke. The output is 4.32 MW corresponding to 5,873 HK. The extension of the power plant started in June and will be finalized in September 2003. The total investment in the Vágur power plant has been estimated at DKK 32 million.

The new engines for the Sund and Vágur power plants will be coming to the Faroes in May 2003, and will be in operation in the autumn of 2003.

Alt SEV loypandi 12-mánaðar elframleiðsla frá 1984 SEV's current 12 Months Production of Electricity since 1984

Miø. kWh/Mill. kWh



11

Maskinyvirlit pr. 31. december 2002/
Summary of engines at 31st December 2002

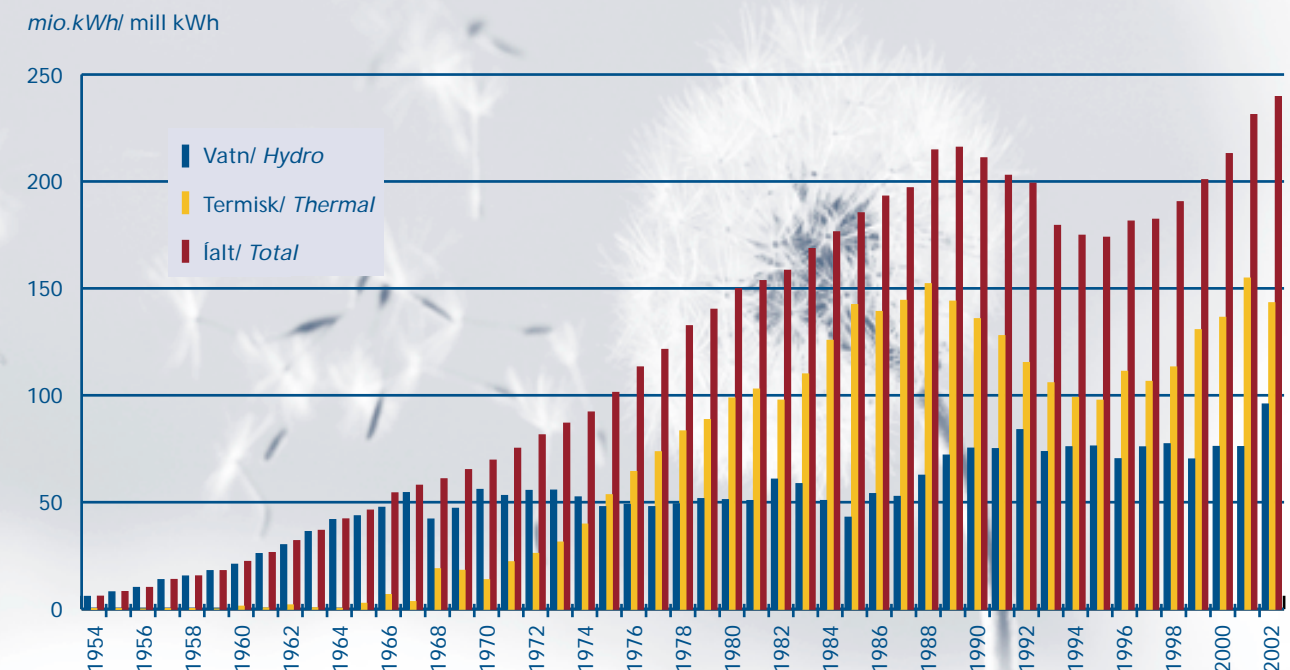
Stað <i>Location</i>	Maskina <i>Engine</i>	MW <i>MW</i>	Hk <i>Hk</i>	Maskintypa <i>Type of Engine</i>	Maskinframleiðari <i>Manufacturer</i>	Driv evni <i>Driven by</i>	Byrjunarár <i>Implementation</i>	Aldur <i>Age</i>	Koyritímar <i>Operati. hours</i>
Botnur	T1	1,000	1.360	Pelton vatnturbína	Voith	Vatn/Water	1965	37	141.203
Botnur	T2	2,000	2.719	Francis vatnturbína	Voith	Vatn/Water	1966	36	109.688
Eiðisverkið	T1	6,700	9.109	Francis vatnturbína	Voith	Vatn/Water	1987	15	44.944
Eiðisverkið	T2	6,700	9.109	Francis vatnturbína	Voith	Vatn/Water	1987	15	41.566
Neshagi	M1	0,150	204	Vindmylla/ Windmill (fixed pitch)	Nordtank	Vindur/ Wind	1993	9	64.689
Skopunar- verkið	M1 – M3	1,826	2.483	4-T	Mercedes og Deutz	Gassolja/ Gas oil			
Smáverk		1,700	2.311	4-T	Deutz, Mercedes, Perkins	Gassolja/ Gas oil			
Strönd	M1	0,500	680	4-T HFB7	Mirrleese Blackstone	Gassolja	1950	52	30.135
Strönd	M2	2,300	3.127	4-T KV 12 SS	Mirrleese Blackstone	Gassolja	1965	37	77.413
Strönd	M3	3,600	4.895	4-T 12 M 453 K	Krupp Mak	Gassolja	1982	20	40.198
Strönd	T1	1,400	1.903	Francis vatnturbína	Sulzer Hydro	Vatn/Water	1998	4	11.498
Sundsverkið	M1	8,100	11.013	4-T 9M43C	Caterpillar/MaK	Tungolja/ Heavy fuel	2001	1	4.314
Sundsverkið	M2	5,700	7.750	4-T KV16MAJOR	Mirrleese Blackstone	Tungolja	1974	28	86.405
Sundsverkið	M3	5,700	7.750	4-T KV16MAJOR	Mirrleese Blackstone	Tungolja	1978	24	66.164
Sundsverkið	M4	12,400	16.859	2-T 12 L55 GSCA	B&W Götaverken	Tungolja	1983	19	101.387
Sundsverkið	M5	12,400	16.859	2-T 12 L55 GSCA	B&W Götaverken	Tungolja	1988	14	74.737
Tvöroyri	M1	2,000	2.719	4-T	Nohab	Gassolja/ Gas oil	1973	29	81.483
Vágsverkið	M1	2,700	3.671	4-T 9 M 453	Krupp Mak	Tungolja Heavy fuel	1983	19	90.714
Vágsverkið	M2	2,700	3.671	4-T 9 M 453	Krupp Mak	Tungolja	1983	19	88.766
Vestmanna	Fossá 1	2,100	2.855	Pelton vatnturbína	Maier	Vatn/Water	1953	49	176.499
Vestmanna	Fossá 2	4,200	5.710	Francis vatnturbína	Voith	Vatn/Water	1956	46	267.759
Vestmanna	Hegjav.	4,900	6.662	Francis vatnturbína	Voith	Vatn/Water	1963	39	162.938
Vestmanna	Myruv.	2,400	3.263	Francis vatnturbína	Voith	Vatn/Water	1961	41	275.384

MW **Hk**
 Samlaður máttur/ Total capacity: 93,176 126.684

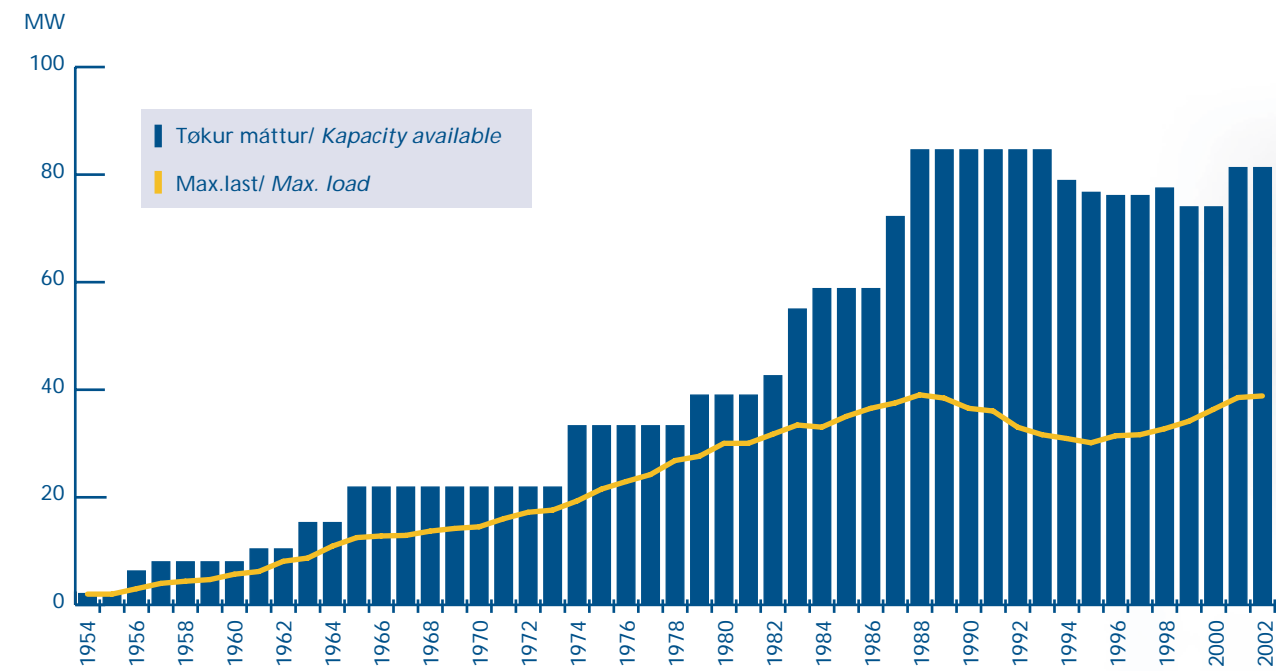
Elframleiðsla/ Production of Electricity

	El-framleiðslan frá 1/1-2002 - 31/12-2002 <i>Production of electricity 1/1-2002 - 31/12-2002</i>	El-framleiðslan frá 1/1-2001 - 31/12-2001 <i>Production of electricity 1/1-2001 - 31/12-2001</i>	Vækstur % <i>Increase %</i>	
MEGINØKIÐ/ MAIN AREA	Vindur/wind [Míó. kWh]	0,553	0,504	9,7
	Vatn/water [Míó. kWh]	92,309	72,824	26,8
	Termisk/thermic [Míó. kWh]	123,103	135,004	-8,8
	Samtal/total [Míó. kWh]	215,965	208,332	3,7
	% VATN [%]	42,7	35,0	
	MAX.LAST [MW]	38,8	38,5	0,8
SUÐUROY	Vatn/water [Míó. kWh]	3,556	3,133	13,5
	Termisk/thermic [Míó. kWh]	19,501	19,141	1,9
	Samtal/total [Míó. kWh]	23,075	22,274	3,5
	% Vatn/water [%]	15,4	14,1	
	Max.last/max. load [MW]	5,0	5,1	-2,0
ALT SEV/ TOTAL SEV	Vindur/wind [Míó. kWh]	0,553	0,504	9,7
	Vatn/water [Míó. kWh]	95,865	75,957	26,2
	Termisk/thermic [Míó. kWh]	143,222	154,766	-7,5
Smáverk íroknaði/ Small plants included	Samtal/total [Míó. kWh]	239,641	231,227	3,6
	% Vatn/water [%]	40,0	32,8	

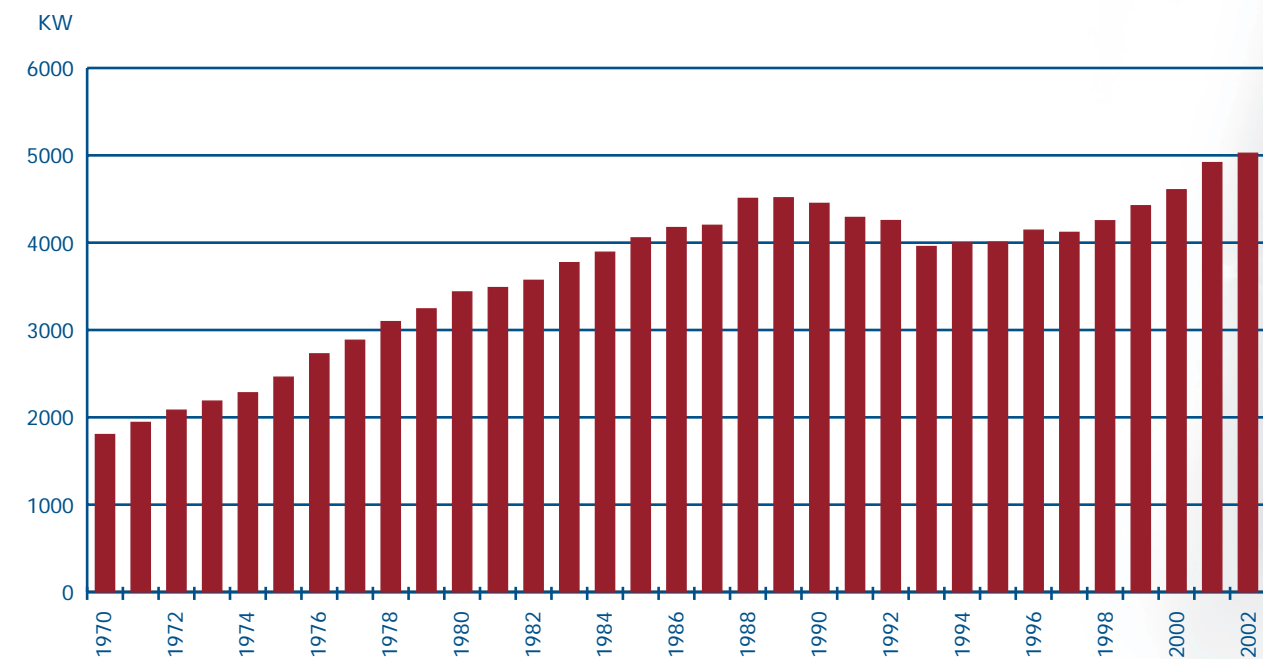
**Elframleiðsla - Alt SEV/
Total National Production of Electricity**



Meginøkið/
Main aerea



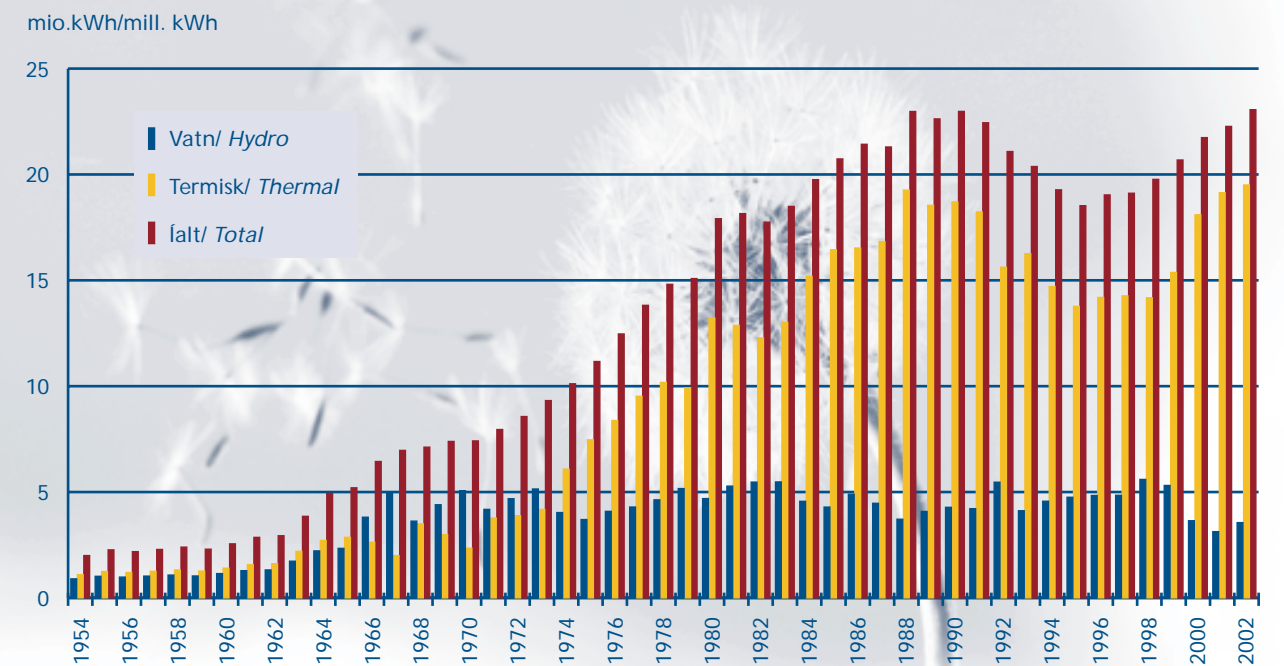
El-framleiðsla pr. íbúgva í Føroyum 1970 - 2002/
Production of Electricity per Capital in the Faroe Islands 1970 - 2002



Oljunýtslan í tonsum 1988 - 2002/
Total Consumption of Oil in Tonnes 1988 - 2002

Ár/ Year	Tungolja/ Heavy fuel Tons/ Tonnes	Gassolja/ Gas oil Tons/ Tonnes	Íalt/ Total Tons/ Tonnes
88	20861	11536	32397
89	24715	5753	30468
90	22261	6066	28327
91	23715	3495	27210
92	21902	2369	24271
93	21358	1076	22435
94	20470	1151	21621
95	19716	1295	21011
96	24172	855	25027
97	21562	1515	23077
98	23170	1873	25044
99	23689	1955	25644
00	27605	2043	29648
01	31195	3024	34219
02	30008	1564	31572

Elframleiðslan Suðuroy 1954 -2002/
Total Production of Electricity in Suðuroy 1954 - 2002



Veikstreymis- og Teknikkdeildin/ Low-voltage and Technical Department

Elverkið í Skopun

Ein nýggjur motorur bleiv settur í rakstur, og tveir av teimum smáum motorunum blivu fluttir av elverkinum til ávíkavíst elverkið í Nólsoy og nýggja elverkið úti í Svínoy

Tá ið avgerðin var tikin um keyp av einum nýggjum motori, bleiv eisini avgjørt at skifta allar stýristalvarnar út. Henda nýggja stýristalvan við innbygðum maksimalum, ið er framleidd í Føroyum, hevur eisini eina tøkniliga stýrisskipan, sokallað Power Management. Henda skipan ger millum annað, at verkið kann nærsum koyra ómannað, um tørvur er á tí. Skipanin er soleiðis háttáð, at hon mátar lastina og javnvigar motororkuna til lastina á netinum. Tá ið so lastin veksur, startar skipanin tann næsta motorin, og býtir síðani lastina javnt imillum motorarnar.

Harumframt er alarmskipan/ávaringarskipan innbygd soleiðis, at um ólag kemur á motorarnar, kann hetta boðast frá um telefonina.

10 kV annleggið er eisini útskift, og uppsett inni á verkinum. Í nýggja 10 kV anleggnum er máliútbúnaður, so til ber at máta ta samlaðu orkuna á allari Sandoynni. Tann miðvísa kaðallegging av háspenningini hevur viðført, at neyðugt var at seta ein sokallaðan slökkispola á 10 kV netið fyri at lúka treytirnar í Sterkstreymreglugerðini.

Sundsverkið

Tann nýggi MaK motorurin, ið settur varð í rakstur við árslok 2001, hevur hátøkniliga stýrisskipan. Hendan plc-skipan stýrir motorinum frá tí, hann verður settur í gongd, og til steðgað verður aftur. Henda tøkni verður eisini brúkt til mongdarmátningar av oljugoymslu- og dagtangunum. Skipanin er uppbygd soleiðis, at ein radar er settur á toppin á hvørjum tanga. Radarin er knýttur við ljósleiðarum til plc-skipanina fyri at verja ímót skammlopi og tilíki, tá ið toran gongur. Mongdirnar í tangunum verða vístar á tel-duskýggja í kontrollrúminum. Hesar plc-skipanir við sínámillum bussamskifti verða í næstum útbygðar til eisini at umfata pumpu- og ventilstyringar.

Power Plant in Skopun

A new engine started production and two small engines were moved from the power plant to the power plant in Nólsoy and a new power plant in Svínoy.

When the decision was made to purchase a new engine it was also decided to replace all control panels. A new control panel, which has been produced in the Faroes, containing an internal limit was installed. The new control panel has an electronic control system, a so-called Power Management. The new system implies i.a. that the plant can be operated virtually unmanned, if necessary. The system has been constructed thus the load is currently measured and keeps the power of the engine balanced to the load on the net. When the load increases, the system starts the other engine and divides the load equally between the engines.

Furthermore, an alarm system has been installed thus any disorder relating to the engines will be communicated by phone.

The 10 kV installation has also been replaced and mounted in the plant. The new 10 kV installation has a unit measuring the total power of all Sandoy. The high-voltage cabling has made it necessary to install a so-called extinguisher mechanism on the 10 kV net in order to meet the requirements of the high-voltage regulations.

Sund Power Plant

The new MaK engine, which was in operation at year-end 2001, has a high-tech control system. The plc-system is controlling the engine from start to termination. This technology is also being used for quantitative measuring of inventory of oil and tanks. A radar is mounted on the top of each tank. The radar is then attached to the plc-system with fiber optic cables to protect against for instance short circuit during thunderstorms. The quantities in the tanks are displayed on a pc screen in the control room. These plc-systems with internal communication are expected to be extended from now on to include pump and valve controls.

Býtisvirkir/ Conversion Plants

Rakstrarkostnaður

Í 2002 vóru ikki størri óvantaðar rakstrarútreiðslur av býtisvirkjunum.

Fyri at viðlíkahalda linju- og kaðalkervið eins og transformarastøðirnar hjá SEV, varð kostnaðurin sum mettt frammanundan góðar 18 mió. kr., harav var lønarparturin góðar 9 mió. kr.

60 kV

Í árinum 2002 vóru 6 av gomlu jarnmastrunum niðurtiknar, umgalvaniseraðar og settar upp aftur frá Hundsarabotni og norðureftir.

10 og 20 kV

Í árinum 2002 fingur linjurnar eins og undanfarið ár eftirlit eftir eini eftirlitsætlan. Hendan ætlan hevur við sær, at fólk gongur undir allari linjuføringini á hvørjum ári fyri at minka um feilmøguleikarnar.

Í 2002 var talið av feilum 48 móti 35 í 2001. Hetta er ein lítil vøkstur, sum stavar frá nógvum klaka-veðri í januar mánaði.

Í árinum eru fleiri km av linjum niðurtiknar, kaðalar eru istaðin lagdir niður í jørðina. Hetta er fyri tað mesta í støðum, har linjurnar standa ábart og skuldu endurnýggjast kortini vegna aldur.

Svínoyarsspennið, ið vit kalla tað og gongur av Sundabergi yvir á Svínoynna, varð útskift. Gamla spennið var 150 mm² jartráður og var illa farið av rusti, nýggi tráðurin er 153 mm² stál aluminium og skuldi haft eina longri livitið enn gamla spennið.

Transformarastøðir

Í 2002 vóru nakrar nýggjar støðir bygðar, annars varð rakstur (hald) gjørdur á verandi transformarastøðir eftir ætlanini.

Operating Costs

In 2002 no major unexpected operating costs relating to the conversion plants were recorded.

The upkeep and maintenance of SEV's line and cable net in addition to the transformer plants was estimated at approx. DKK 18 million. Salaries amounted to approx. DKK 9 million.

60kV

In 2002 6 old steel masts were dismantled, regalvanized and remounted from Hundsarabotnur and further north.

10 and 20 kV

In 2002 as in previous years all lines were inspected according to a control scheme. Accordingly all lines and cables are inspected every year in order to reduce risks for breakdowns.

In 2002 the number of breakdowns was 48 versus 35 in 2001. This is a small increase that derives from frost weather in January.

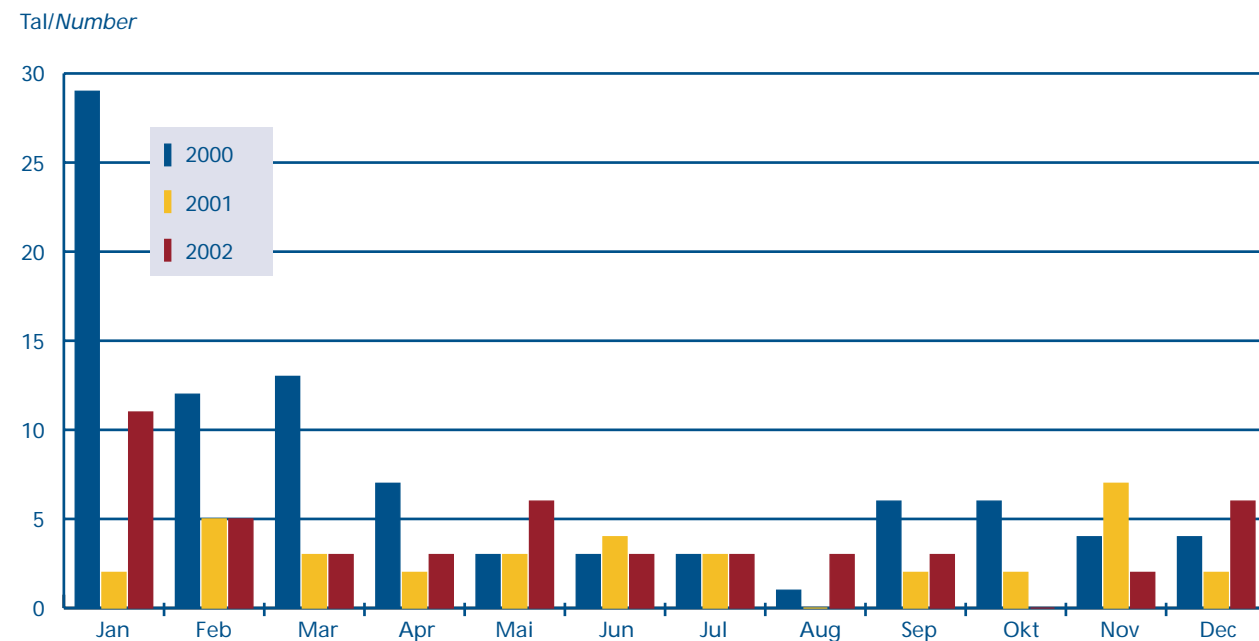
During the year several kilometres of lines have been dismantled and instead cables have been run into the ground. This has mostly been done in areas where the lines are exposed and are to be renewed due to age.

The Svínoyar line from Sundaberg to Svínoy was replaced. The old line was a 150 mm² iron wire, which was in a bad condition because of rust. The new line is a 153 mm² steel aluminium line and should have a longer life than the old one.

Transformer Substations

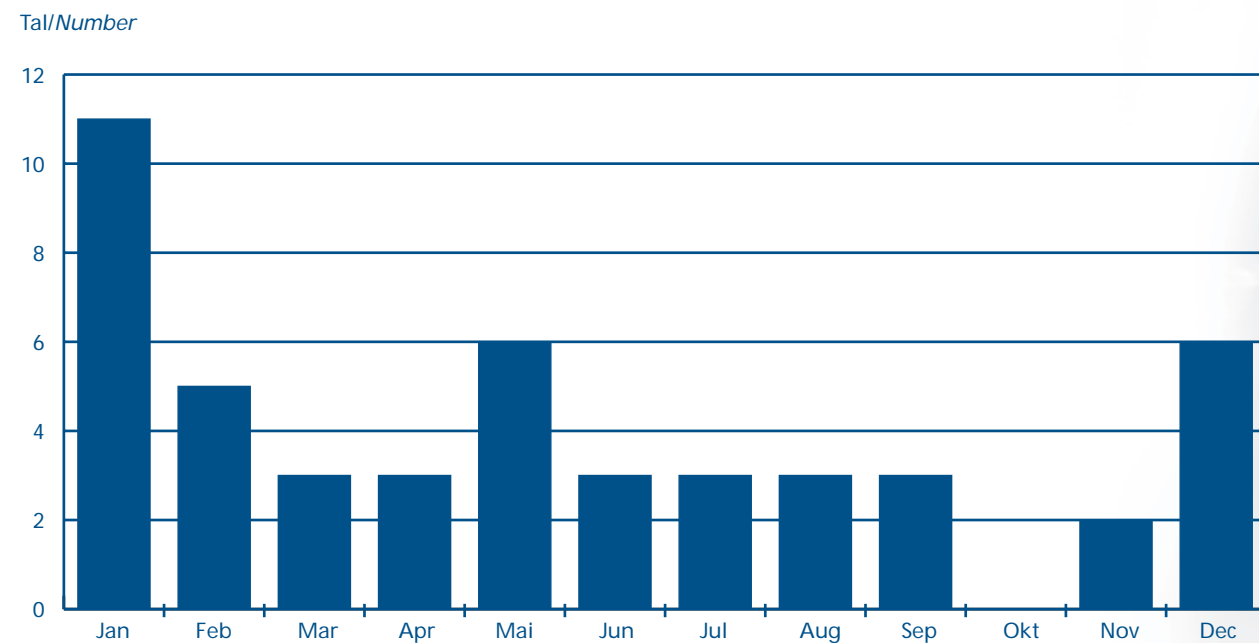
In 2002 a number of new transformer substations were built. In general the operation (maintenance) of the present transformer substations was made according to plan.

Feilir á háspenningskervinum 2000-2002/ High-voltage Breakdowns during 2000 - 2002



18

Feilir á háspenningskervinum 2002/ High-voltage Breakdowns during 2002



Samtal/Total Number: 48

Nýgerð/ Investments

Íløgurnar í nýggj bytisvirki vóru 19,5 mió. kr. Av hesi upphædd fóru 8,4 mió. kr. til gerð av transformarastøðum og 11,1 mió. kr. til há- og lágspenningskervið, málárar o.a.

25 transformarastøðir vórðu bygdar í árinum. 16 av hesum eru nýggjar, meðan hinar 9 komu istaðin fyri slíkar, sum trøngdu til at takast burtur. Sjev av hesum vórðu bygdar í samband við, at Vágatunnilin varð gjørdur, fimm inni í tunlinum og ein uttan fyri hvønn tunnilmunna.

Eisini er vert at nevna stóru transformarastøðina til nýggja innfrystingarvirkið í Kollafirði. Henda støðin varð sett til í januar 2002, men meginparturin av arbeiðinum varð gjørt í 2001. Støðin er sermerkt á tann hátt, at hon hevur ikki færri enn 10 transformarar. 7 av transformarunum eru 800 kVA stórir og geva 690 V til virkið, og 3 eru 1000 kVA stórir og geva 400 V.

Munandi meira av háspenningskaðali varð lagt í árinum í mun til undanfarin ár. Tilsamans lögdu vit 47 km, meðan vit í 2000 og 2001 lögdu um 30 km. Tveir háspenningskaðalar vórðu lagdir gjøgnum Vágatunnilin, annar til tær 5 transformarastøðirnar í tunlinum, hin til streymveiting av Vágoyggi.

Hinvegin so verða færri og færri kilometrar av lágspenningskaðali lagdir. Meðan vit í 2000 og 2001 lögdu ávikavist 40 og 35 km, so kom talið niður á 25 km í 2002. Hetta talið verður væntandi upp aftur minni komandi árin, nú so væl liður, til lágspenningskaðali er lögð í jørð.

Elinnleggingar

Við árslok 2002 vóru 22.544 elmátarar, ið verða avroknaðir við SEV, og er hetta ein vøkstur upp á 278 nýggjar elinnleggingar. Í 2002 vóru 865 elmálárar skiftir og 26 elinnleggingar vórðu niðurlagdar.

Umframt tær nýggju elinnleggingarnar hava sera nógvar útbyggingar av verandi elinnleggingum verið framdar seinastu árin. Tess vegna hava lögildu elinnleggjaravirkini í landinum havt nógv at gera, og samkiftistørvurin við SEV er øktur samsvarandi.

Investments in new conversion plants amounted to DKK 19.5 million. From this amount DKK 8.4 million were allocated to transformer substations and DKK 11.1 million were allocated to the high and low-voltage net, meters, etc.

25 transformer substations were built during the year. 16 transformer substations were new, whereas 9 were built as replacements for transformer substations that were to be dismantled. 7 transformer substations were built in relation to the construction of the tunnel from Streymoy to Vágar. 5 transformer substations were built in the tunnel and one transformer substation was built at both entries of the tunnel.

It is also worth mentioning that a large transformer substation was built in connection with the new cold storage in Kollafjørður. The transformer substation was connected in January 2002, but the major part of the work was done in 2001. The transformer substation is characterized by having 10 transformers. 7 transformers are 800 kVA and provide the cold storage with 690 V, and 3 transformers are 1000 kVA and provide 400 V.

Compared to previous years significantly more kilometres of high-voltage cables were run in 2002, in total 47 kilometres. In 2000 and 2001 approx. 30 kilometres were run. Two high-voltage cables were run through the Vágar tunnel. One high-voltage cable for 5 transformer substations in the tunnel and the other for providing electricity to Vágar.

On the other hand fewer and fewer kilometres of low-voltage cables are run. Whereas 40 and 35 kilometres of cables were run in 2000 and 2001 respectively, only 25 kilometres were run in 2002. This figure is expected to fall even more in future years, since the work of running low-voltage cables into the ground has come this far.

Electrical Installations

At year-end 2002 22,544 electrical installations were connected to SEV's net, which is an increase of 278 new electrical installations. In 2002 865 electricity-meters were replaced and 26 electrical installations were closed down.

In addition to the above-mentioned new electrical installations, a number of extensions of present electrical installations have been made in recent years. Consequently, Faroese electricians have been fully engaged and the need for communicating with SEV has increased correspondingly.

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Ársroknskapur 2002/ Financial Statement

Roknskaparátekning/ Managements Report

Roknskapurin verður lagdur fyri umboðsnevndina við tilmæli um góðkenning.
Úrslitið, kr. 23.110.604 verður flutt til næsta ár.

The annual accounts are presented to the general meeting with the recommendation of adoption.
The result -DKK. 23.110.604 is carried forward to next year.

Tórshavn, hin 13. mai - 2003

Stýrið/ Board of Directors:

Poul A. Jacobsen, form. Kristian Friðrik Olsen, næstform.
Bjarti Mohr Marjun S. Olsen Dia Poulsen Jóannes Thomsen Tórus Johannesen

Stjórn/ Management:

Klæmint Weihe

Figgjarleiðsla/Finance manage:
John P. Danielsen

Grannskoðanarátekning/ Auditor's Report

Vit hava grannskoðað ársroknskapin hjá SEV, greiddur av leiðsluni, fyri árið 2002.
We have audited the financial statement presented by SEV for the year 2002.

Um grannskoðanina/ Basis of opinion

Í samsvar við alment viðurkendar grannskoðanarreglur er grannskoðanin skipað og framd við tí endamáli at fáa eina grundaða sannføring um, at tað ikki eru týðandi feilir ella vanta týðandi upplýsingar í roknskapinum. Undir grannskoðanini hava vit, eftir meting um týðning og risiko, kannað grundarlag og prógv fyri upphæddum og øðrum upplýsingum í roknskapinum. Vit hava samstundis tikið stöðu til roknskaparháttin og roknskaparligu metingarnar, sum leiðslan hevur gjørt, eins og vit hava met, um upplýsingarnar í roknskapinum sum heild eru nøktandi.
Grannskoðanin hevur ikki givið orsök til fyrvirni.

We have planned and conducted our audit in accordance with generally accepted auditing standards to obtain reasonable assurance that the financial statements are free from material misstatements. Based on an evaluation of materiality and risk, we have tested the basis and documentation for the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting policies applied and the accounting estimates made by the management. In addition we have evaluated the overall adequacy of the presentation in the financial statements.

Our audit has not resulted in any qualification

Niðurstøða/ Opinion

Tað er okkara fatan, at ársroknskapurin er greiddur í samsvar við roknskaparkrøv í lóggávuni, og at hann gevur eina rætta mynd av felagsins ogn og skuld, figgjarligu stöðu og úrsliti.

In our opinion, the financial statements have been presented in accordance with the accounting provisions of legislation and give a true and fair view of the company's assets and liabilities, financial position and profit for the year.

Tórshavn, tann 13. mai 2003

RASMUSSEN & WEIHE P/F
Statsautoriserað grannskoðarafelag

Klaus Rasmussen
statsaut. revisor
State Authorized
Public Accountant

Árni Absalonsen
reg. revisor
Registered Accountant

Nýttur roknskaparháttur/ Accounting Principles Applied

Inntøkur

Inntøkurnar frá el-søluni eru periodiseraðar. Við ársenda verður ársnýtslan gjørd upp fyri allar brúkararnar.

Støðisfæ

Støðisfæ er tikið upp til kostpris og verður avskrivað liniert. Avskrivningartíðin er frá 3 upp í 20 ár.

Skuldarar

Skuldararnir eru virðismettir hvør sær, og sett er av móti tapi.

Goymsla

Goymslan av olju og tilfari verður virðismett til minsta virði av kostprisi og nýutveganarvirði.

Eginogn

Elfelagið SEV er eitt interkommunalt lutafelag, har allar kommunur í Føroyum eru limir. Eginognin hjá teimum einstøku kommunum verður við árslok gjørd upp í mun til íbúgvartalið.

Revenues

Revenues from sales of electricity are accrued. By year-end annual consumption is computed based on all consumers.

Tangible Fixed Assets

The assets are recorded at cost price. The assets are depreciated on a straight line basis over a period of 3 to 20 years.

Accounts Receivables

The company provides a reserve for potential losses based on an evaluation of the individual accounts receivable and a general reserve.

Stocks

Stocks of oil and stocks of goods are stated at the lower cost of market.

Equity

SEV is a company owned by the Faroese municipalities which produces and sells electricity. According to the Company's articles of association the equity is divided between municipalities in proportion to the number of the inhabitants of the municipality.

Rakstrarroknskapur/ Profit and Loss Account

	Nota	2002	1.000 kr. 2001
Inntøkur/ Sales of electricity	1	223.095.663	213.433
Oljuútreiðslur/ Purchase of oil	2	-43.731.478	-51.068
Aðrar rakstrarútreiðslur/ Other operating expences	3, 4	-62.877.363	-61.787
Fyrisitingarútreiðslur/ Administration expences	3, 5	-17.014.249	-15.242
Úrslit áðrenn rentur og avskrivning/ Profit before interest and depreciation		99.472.573	85.336
Rentuútreiðslur/ Interest payable	6	-12.417.962	-14.034
Úrslit áðrenn avskrivningar/ Profit before depreciation		87.054.611	71.302
Avskrivningar/ Depreciation	8	-63.944.007	-63.210
Ársúrslit/ Profit		23.110.604	8.092

Fíggjarstöða pr. 31. desember/ Balance sheet as of 31 st december

Aktiv/ Assets	Nota	2002	1.000 kr. 2001
Fastar ognir, el-verk v.m./ Tangible fixed assets	7	383.402.808	407.219
Íløgurbeiði í gerð/ Work in progress		17.264.458	9.453
Støðisogn íalt/ Fixed assets		400.667.266	416.672
Olja á goymslu/ Oil in stock		13.682.655	12.401
Tilfar á goymslu/ Materials in stock		8.298.221	8.586
Goyslur íalt/ Stocks		21.980.876	20.987
El-skuldarar/ Receivables from consumers	8	22.929.566	21.126
Skuldarar aðrir/ Other receivables		3.065.611	2.312
Tíðaravmarkingar/ Accrual		2.461.946	2.159
Skuldarar íalt/ Debtors		28.457.123	25.597
Lánsbrøv/ Bonds		5.852.031	6.230
Partapeningur/ Share capital		350.000	350
Virðisbrøv/ Bonds and shares		6.202.031	6.580
Tøkur peningur/ Cash		40.903.390	36.626
Ogn í umferð íalt/ Total current assets		97.543.420	89.790
Aktiv íalt/ Total assets		498.210.686	506.462

Fíggjarstöða pr. 31. desember/ Balance sheet as of 31 st december

Passiv/ Liabilities	Nota	2002	1.000 kr. 2001
Innskot/ Payment from municipalities	9	4.139.875	4.140
Kapítalkontó/ Capital account	10	245.914.670	222.804
Eginogn íalt/ Equity		250.054.545	226.944
Lán/ Loans	11	219.570.140	252.938
Langfreistað skuld/ Long-term liabilities		219.570.140	252.938
Renta ikki gjaldkomin/ Interest not due		62.946	118
El-ognarar/ Payable to consumers	12	10.670.723	13.721
Aðrir ognarar/ Other payables		17.852.332	12.741
Stuttfreistað skuld/ Debtors		28.586.001	26.580
Skuld íalt/ Total liabilities		248.156.141	279.518
Passiv íalt/ Total current assets		498.210.686	506.462
Eftirlønarskyldur/ Pension liabilities	13		
Veðsetingar/ Mortgaging	14		

Kapitalfrágreiðing/ Statement of cashflows

	2002	1.000 kr. 2001
Úrslit í roknaskapi/ Profit	23.111	8.092
Avskrivning vm. / Depreciation	63.944	63.210
Likviditetsbroyting frá rakstri/ Cash flow from operations	87.055	71.302
Broyting skuldarar/ Change in debtors	-2.861	-6.007
Broyting stuttfreistað skuld/ Change in creditors	2.007	5.818
Broyting goymsla olja / Change in oil in stock	-1.282	-2.284
Broyting goymsla tilfar/ Change in materials in stock	288	-48
	85.207	68.781
Íløga / Investment	-47.939	-51.354
Goldnir avdráttir/ Paid loans	-33.368	-32.685
Likviditetsbroyting/ Change in cash equivalent	3.900	-15.258
Kassa- og bankpeningur primo/ Bank and cash balances 1st. January	36.626	46.602
Lánsbrøv primo/ Bonds primo	6.230	11.512
Likviditetur ultimo/ Cash and cash equivalents as 31st. Dec.	46.756	42.856
Likviditetur ultimo: Cash and cash equivalents as 31st. Dec.:		
Kassa- og bankpeningur/ Bank and cash balances	40.904	36.626
Lánsbrøv/ Bonds	5.852	6.230
	46.756	42.856

Notur til ársroknaskapin/ Notes to the annual accounts

	2002	1.000 kr. 2001
1. inntøkur/ Revenues		
kWh-gjald o.a./ kWh payments etc.	203.220.424	194.791
Fast gjald/ Fixed payment	13.915.687	13.988
Íbinding/ Coupling	4.936.666	2.524
Ómaks- og áminningargjöld og onnur sölal/ Dunning charges	1.022.886	2.130
	223.095.663	213.433
2. Oljuútreiðslur/ Purchase of oil		
Sundsverkið/ Power station - Sundsverkið	35.605.995	40.262
Ei-verkið á Oyrunum/ Power station - Oyrunum	6.045.714	7.493
Ei-verkið á Strond/ Power station Strond	1.174.397	1.875
Ei-verkið í Trongisvági/ Power station Trongisvági	150.736	65
Ei-verkið í Skopun/ Power station Skopun	44.506	19
Smáverk/ Small power stations	710.130	1.354
	43.731.478	51.068
3. Lønir/ Salaries and wages		
Løn el-verk, í notu 4/Salaries & wages power stations inc. note 4	18.573.010	17.864
Løn bítisvirkir v.m., í notu 4/Salaries & wages distributing units inc. note 4	16.363.050	14.144
Løn fyrising, í notu 5/Salaries & wages administration inc. note 5	6.449.672	5.835
Løn umboðsnevnd/stýri, í notu 5/Fees to board of dir. inc. note 5	709.063	634
Løn tilgongd stöðisogn/ Salaries and wages fixed assets	4.063.682	3.824
Eftirløn, í notu 5/ Pension inc. note 5	1.042.778	1.237
	47.201.255	43.538

Notur til ársroknskapin/ Notes to the annual accounts

	2002	1.000 kr. 2001
4. Aðrar rakstrarútreiðslur/ Other operating expenses		
60 kV linjur/ 60 kV lines	610.986	534
20 kV linjur/ 20 kV lines	4.079.940	3.625
10 kV linjur/ 10 kV lines	2.954.198	4.088
Lágspenningarlinjur/ Low tension lines	8.341.787	9.988
Stikkleidningar/ Service lines	101.362	111
Vaktarskipanin/ Guard	268.020	230
Transformarastöðir/ Transformer substations	1.005.960	860
Koblingsstöðir/ Switch stations	171.100	508
Innleggingardeildin - málara/ Meters	3.244.294	2.505
Amboð vm./ Equipment etc.	704.587	845
Bilútreiðslur/ Automobiles and transport	887.492	1.156
Telefon til bytisverk og elverk v.m./ Telephones	354.751	406
Radiotelefon og fjarstýring/ Radiophone and remote control	862.457	788
Ei-verk, maskinur/ Power station, mat. for machinery	31.922.557	29.281
Ei-verk, bygningar/ Power station, mat. for buildings	1.483.117	1.201
Aðrir bygningar/ Other buildings	2.238.838	1.381
Teknistova/ Drawing office	1.828.669	2.019
Goymslukostnaður, verkstaður vm./ Stock expenses	764.435	470
Aðrir kostnaðir/ Other expenses	1.052.813	1.791
	62.877.363	61.787

Notur til ársroknskapin/ Notes to the annual accounts

	2002	1.000 kr. 2001
5. Fyrising/ Administration expenses		
Løn fyrising/ Salaries and wages	6.449.672	5.835
Løn umboðsnevnd/stýri/ Fees to board of directors/representatives	709.063	634
Lýsingar og telefon/ Stationary, telephone and postage	686.041	748
Konsulent, prent, porto, edv o.a./ Consultants etc.	2.074.006	1.583
Ferðaútreiðslur, umboðsnevndar- og stýrisfundir / Travelling expenses etc.	633.262	420
Frammanundankannigar og uttanshýsis ráðgeving/ Initial surveyes and consultants	1.634.909	1.322
Aðrar fyrisingarútr./ Other administration expenses	846.523	987
	13.033.476	11.529
Tryggingar/ Insurance	1.497.919	1.340
Tap av skuldarum/ Bad debts	500.499	286
Eftirløn/ Pensions	1.042.776	1.237
Arbeidsmarknaðargjöld/ Labour market contributions	939.577	849
	17.014.249	15.242
6. Rentur/ Interest payable		
Renta av fóstum lánum/ Interest of loans	13.274.568	15.780
Önnur renta/ Other interest	537.042	383
	13.811.610	16.163
Rentuinntækur/ Interest income	-1.393.648	-2.129
	12.417.962	14.034

Notur til ársroknskapin/ Notes to the annual accounts

7. Fastar ognir og avskrivningar/ Fixed assets and depreciations

	Saldo 1.1.02 Balance	Tilgongd 2002 Increase	Avskriv. 2002 Depreciation	Saldo 31.12.02 Balance
Framleiðsluvirkir/ Production units	280.868.052	15.048.551	41.314.988	254.601.615
Býtisvirkir/ Distributing units	99.961.768	22.195.830	18.005.071	104.152.527
Felagsognir/ Communal property	21.560.304	0	2.534.674	19.025.630
Jarðarognir/ Land property	2.669.717	0	0	2.669.717
Önnur rakstrargögn/ Other operating equipment	2.159.325	2.883.269	2.089.275	2.953.319
	407.219.166	40.127.650	63.944.007	383.402.808

2002 1.000 kr.
2001

8. El-skuldarar/ Receivables from customers

Gjaldkomið í roknskaparárinum/ Due in accounting year

Vanligir brúkarar/ Ordinary consumers	1.606.360	2.715
Max. brúkarar/ Maximum consumers	896.782	379
	2.503.088	3.094

Ikki gjaldkomið/ Not due

Vanligir brúkarar/ Ordinary consumers	15.011.047	13.355
Max. brúkarar/ Maximum consumers	6.695.431	5.877
	21.706.478	19.232

Sett av til tap av El-skuldarum/ Bad debts provision

-1.280.000 **-1.200**

El-skuldarar íalt/ Total receivables

22.929.566 **21.126**

9. Kapitalkonto/ Capital account

Saldo primo/ Balance January 1st.	222.804.066	214.712
+ Úrslit/ Profit of the year	23.110.604	8.092
+ Flutt frá byggigrunn/ Transferred from building fund	0	0
Saldo ultimo/ Balance Dec. 31st.	245.914.670	222.804

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Notur til ársroknskapin/ Notes to the annual accounts

11. Sundurgreining av eginogn/ Specification of equity

	Kommunu innskot Municipal investment kr.	Eginogn 31.12.2002 Share of equity DKK	Eginogn 31.12.2001 Share of equity 1000 DKK
Hvannasund	36.375	2.374.582	2.159
Klaksvík	486.750	25.129.688	23.049
Fugloy	17.500	235.886	232
Svínoy	18.250	382.659	295
Viðareiði	25.250	1.818.941	1.627
Kunoy	12.625	702.415	642
Mikladalur	15.250	414.110	377
Húsar	17.500	356.449	304
Eiði	78.625	3.810.864	3.477
Sunda	35.625	2.510.872	2.250
Funningur	25.883	414.110	410
Gjógv	29.367	277.821	285
Oyndarfjørður	28.500	948.785	792
Elduvík	18.625	477.013	507
Fuglafjørður	136.250	8.339.869	7.664
Leirvík	62.000	4.534.247	3.989
Gøta	84.500	5.399.161	4.843
Nes/Runavík	216.250	19.678.107	17.799
Sjógv	92.875	5.462.064	4.969
Skála	42.875	3.632.639	3.260
Haldarsvík	51.625	1.420.556	1.251
Saksun	6.250	178.225	155
Hvalvík	35.250	1.939.504	1.753
Hósvík	19.250	1.472.975	1.289
Kvívík	59.125	3.040.304	2.849
Vestmanna	125.250	6.484.235	5.993
Kirkjubøur	13.625	1.184.670	1.082
Hestur	10.875	235.886	217
Nólsoy	44.000	1.404.830	1.275
Sandavágur	81.250	3.789.897	3.337
Miðvágur	88.375	5.346.742	4.858
Sørvágur	97.000	5.042.712	4.549
Bøur	15.375	414.110	367
Mykines	15.125	110.080	106
Sandur	72.250	3.029.820	2.902
Skopun	71.000	2.599.984	2.318
Skálavík	30.750	943.543	922
Húsavík	25.125	733.867	681
Skúvoy	17.875	324.998	391
Hvalba	103.625	4.010.057	3.680
Tvøroyri	255.250	9.797.119	8.871
Famjin	23.125	581.851	546
Hov	22.875	697.173	594
Porkeri	51.000	1.955.230	1.835
Vágur	218.375	7.606.003	6.838
Sumba	81.375	2.269.744	2.091
Tórshavn/ Kollafjørður	1.024.000	96.540.148	87.265
	4.139.875	250.054.545	226.944

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Notur til ársrokskapin/ Notes to the annual accounts

11. Avdráttir, renta og restskuld av lánum/ *Investment, interest, loans*

				1.000 kr.	
	Upptikið lán Niðurgoldið	Avdráttir/ <i>Instalments</i>	Renta/ <i>Interest</i>	Saldo pr. 31/12-02/ <i>balance</i>	Saldo pr. 31/12-01/ <i>balance</i>
Lán/ <i>Loan</i>	-7.907	25.461	13.275	219.570	252.938

12. El-oggnarar kr. 10.670.723/ *Payables to consumers DKK 10.670.723*

Herav eru 8.487.993 kr. skuld til brúkarar, ið hava brúkt minni streym, enn teir hava goldið a conto fyri, og sum tí eiga pening tilgóðar hjá SEV.

DKK 8.487.993 million of the above amount is due to payables to consumers who have been using less electricity compared to the amount which has been paid on account.

13. Eftirlønarskyldur/ *Pension liabilities*

Felagið rindaði í 2002 eftirløn til sjei fólk, sum ikki longur eru í starvi hjá SEV og hevir harumframt eftirlønarskyldu móttvegis tveimum starvsfólkum, sum framvegis eru í starvi hjá felagnum. Hesar skyldur eru ikki avsettar í roknskapinum.

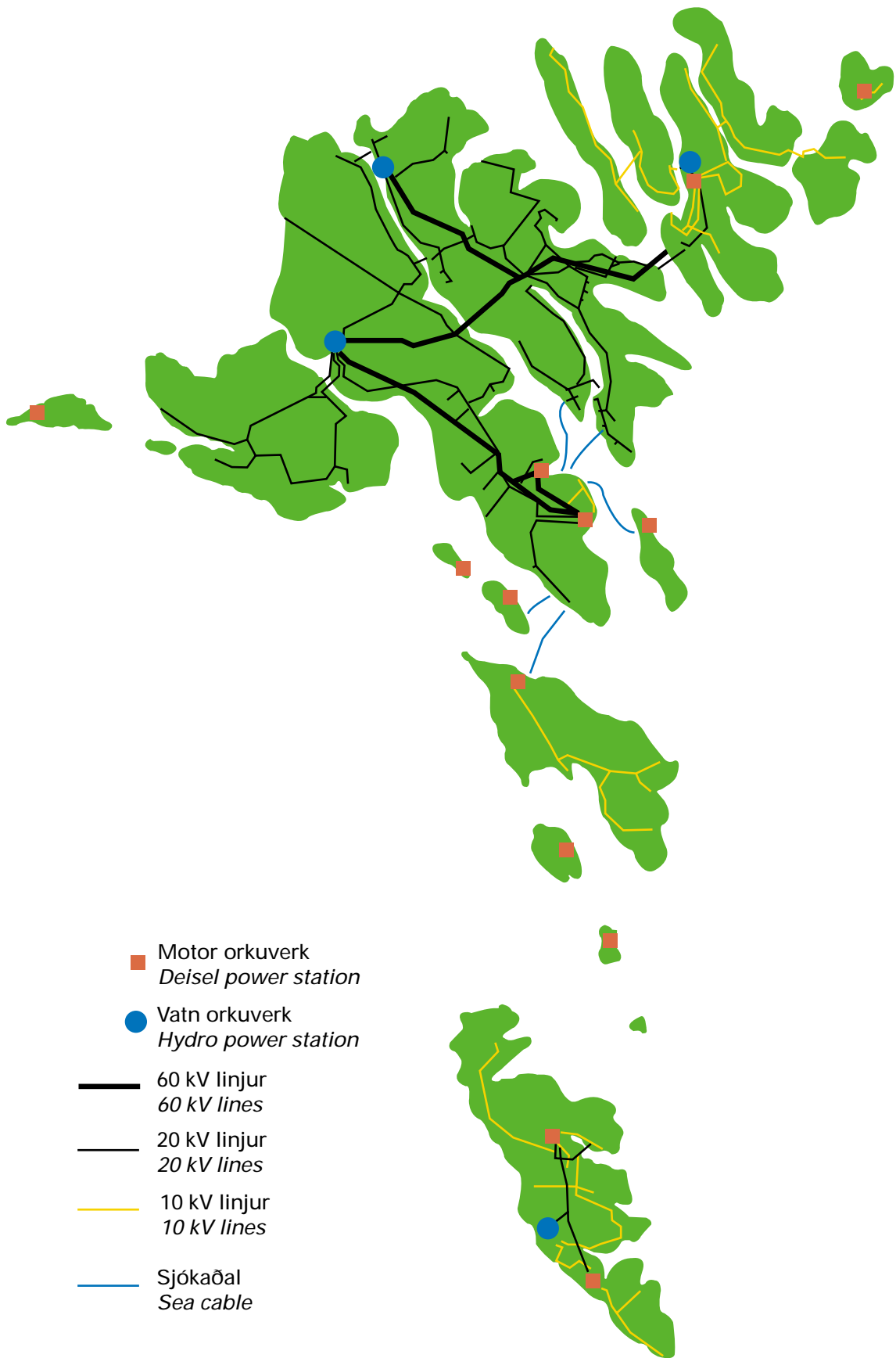
The company pays at the time beeing pensions to seven retired staff members. Furthermore SEV has pension liabilities towards two staff members still employed. Pension liabilities have not been set aside in the account.

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14. Veðsetingar/ *Mortgaging*

Sum trygd fyri ávisum lánum uppá ialt 42,2 mill. kr. er veðhald latið í parti av støðisogn felagsins. Tann veðsetta støðisognin hevir eitt roknskaparligt virði uppá 95 mill. kr. og er veðsett fyri ialt 103,9 mill. kr.

A part of real property has been mortgaged as security for loan at 42,2 mio. DKK. The mortgaged property has a book value at 95 mio. Dkk and has been mortgaged as security for an amount of 103,9 mio.DKK.



■ Motor orkuverk
Deisel power station

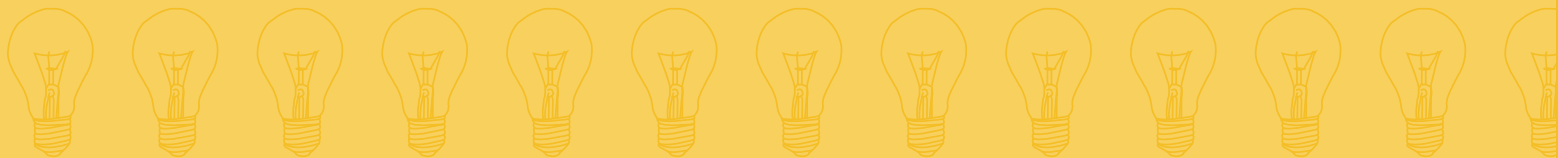
● Vatn orkuverk
Hydro power station

— 60 kV linjur
60 kV lines

— 20 kV linjur
20 kV lines

— 10 kV linjur
10 kV lines

— Sjókaðal
Sea cable



SEV

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SEV

Fitjar · Postmoga 94 · 350 - Vestmanna · Tlf. 34 68 00 · Fax 34 68 03

SEV

Postmoga 110 · 700 - Klaksvík · Tlf. 34 68 00 · Fax 34 68 05

SEV

Postmoga 3 · 900 - Vágur · Tlf. 34 68 00 · Fax 34 68 07