



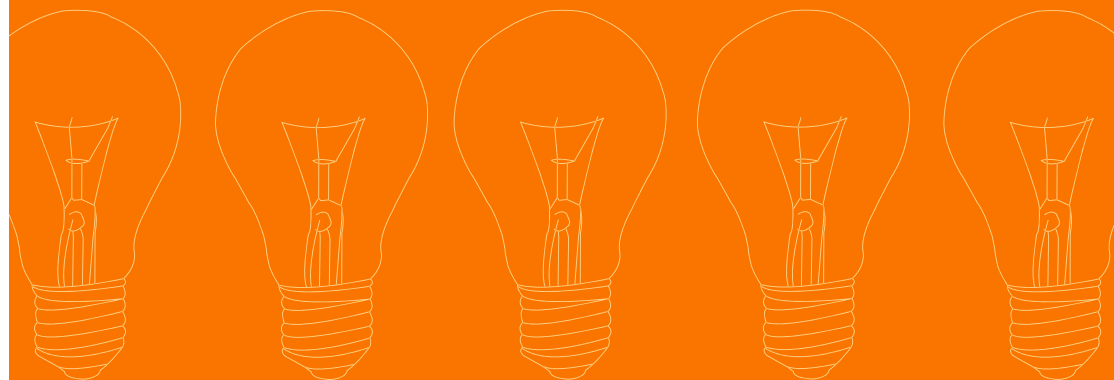
Ársfrágreiðing og Ársroknskapur 2003

Annual Report and Financial Statement 2003





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Ognar- og skipanarviðurskipti/ Ownership and Organization

Elifelagið S.E.V. er eitt interkommunalt lutafelag, og eru allar kommunur í Føroyum limir í felagnum. Lagnin hjá teimum einstøku limakommunum verður uppgjørd fyri hvørt roknskaparár, og verður í lutfalli til íbúgvaratalið hjá kommununum sambært seinasta almen-na manntal.

Umboðsnevndin

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

Í umboðsnevndina velur hvør kommuna ein umboðslim fyri hvørt byrjað 1.000 íbúgvaratali. Talið á umboðsnevndarlimum er 77 fyri skeiðið 01.01.2001 til 31.12.2004.

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 sjálv. Fyri tíðina februar 2001 – uml. februar 2005 hevur umboðsnevndin valt hesar stýrslimir:

Norðoya sýsla: Kristian Friðrik Olsen, Klaksvík
 Eysturoyar sýsla: Jóannes Thomsen, Fuglafjarður
 Stremoyar sýsla: Marjun S. Olsen, Vestmanna
 Vága sýsla: Poul Arni Jacobsen, Sørvágur
 Sandoyar sýsla: Tórus Johannesen, Sandur
 Suðuroyar sýsla: Dia Poulsen, Vágur
 Tórshavn: Bjarti Mohr, Tórshavn

Stýrið skipaði seg við Poul Arni Jacobsen sum formanni og Kristian Friðrik Olsen sum næst-formanni.

Stjórn

Hina dagligu fyrstøðu felagsins hevur stjórn, sum er settur av umboðsnevndini. Stjóri felagsins er Klæmint Weihe.

Fíggjarleiðsla

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

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 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 1st January 2001 to 31st December 2004 is 77. The Board of Representatives elected Hans Tausen Olsen, Runavík, chairman of the Board, and Absalon í Buð, Hvannasund, vice chairman of the Board.

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 2005 the Board of Representatives has elected the following directors:

Norðoya district: Kristian Friðrik Olsen, Klaksvík
 Eysturoyar district: Jóannes Thomsen, Fuglafjarður
 Stremoyar district: Marjun S. Olsen, Vestmanna
 Vága district: Poul Arni Jacobsen, Sørvágur
 Sandoyar district: Tórus Johannesen, Sandur
 Suðuroyar district: Dia Poulsen, Vágur
 Tórshavn district: Bjarti Mohr, Tórshavn

The Board of Directors elected Poul Arni Jacobsen as chairman and Kristian Friðrik 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.

Limakommunur og nøvn umboðsmanna Municipalities and Names of Representatives

Kommuna: Municipality

Umboðsmenn: Representative

Kommuna: Municipality

Umboðsmenn: Representative

1. Biggjar
2. Eiðis
3. Elduvíkar
4. Fámjins
5. Fuglafjarðar

Gutte Guttessen,
 Johan K. Joensen
 Andrias Hammer
 Niels Jákup T. Nielsen
 Dánjal Vang

32. Saksunar
33. Sandavágs
34. Sands
35. Sjóar

Magnus P. Dahl-Olsen
 Regin á Lofti
 Tórus Johannesen
 Artur Johansen
 Jónsvein Hansen
 Arnstein Prestá

6. Fugloyar
7. Funnings
8. Gjár
9. Gøtu
10. Haldórvík
11. Hest
12. Hósvíkar
13. Hovs
14. Húsa
15. Húsavíkar
16. Hvalbjar
17. Hvalvíkar
18. Hvannasunds
19. Kirkjubøar
20. Klaksvíkar

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
 Tryggi K. Joensen
 Absalon í Buð
 Tórður Patursson
 Kristian Friðrik Olsen
 Árni Joensen,
 Julius Poulsen
 Jógvan Isaksen (e)
 Kristoffur Olsen
 John Damberg
 Hjalmar Ingebrigtsen
 Guðrið Lava Olsen
 Joen Pauli Frederiksen
 Oskar Joensen
 Christian Andreasen
 Sóni í Hjøllum
 Jan Danielsen
 Leo Poulsen
 Erika L. Petersen
 Eli Frederiksen
 Hans Tausen Olsen
 Ragnar S. Olsen
 Regin Olsen

36. Skála
37. Skálavíkar
38. Skopunar
39. Skúvoyar
40. Sumbiar
41. Sunda
42. Svinoyar
43. Sørvágs
44. Tórshavnar

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
 Hjørleif Vang
 Kári Slættanes
 Leivur Hansen
 Jógvan Arge
 Hildur Eyðunsdóttir
 Klæmint Olsen
 Hans Jákup Simonsen
 Hallstein Sigurðsson
 Elin Lindenskov
 Heri Mortensen
 Suni West
 Brynjálvur Dahl
 Páll Augustinussen
 Marjun S. Olsen
 Dánial Pauli Djurhuus
 Jógvan Nybo

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

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

45. Tvøroyrar

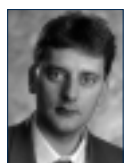
46. Vágs

47. Vestmanna

48. Viðareiðis



Hans Tausen Olsen,
umboðsnevndarformaður



Poul Arni Jacobsen,
formaður



Kristian Fr. Olsen,
næstformaður



Bjarti Mohr



Jóannes Thomsen



Marjun S. Olsen



Tórus Jóhannesen



Dia Poulsen

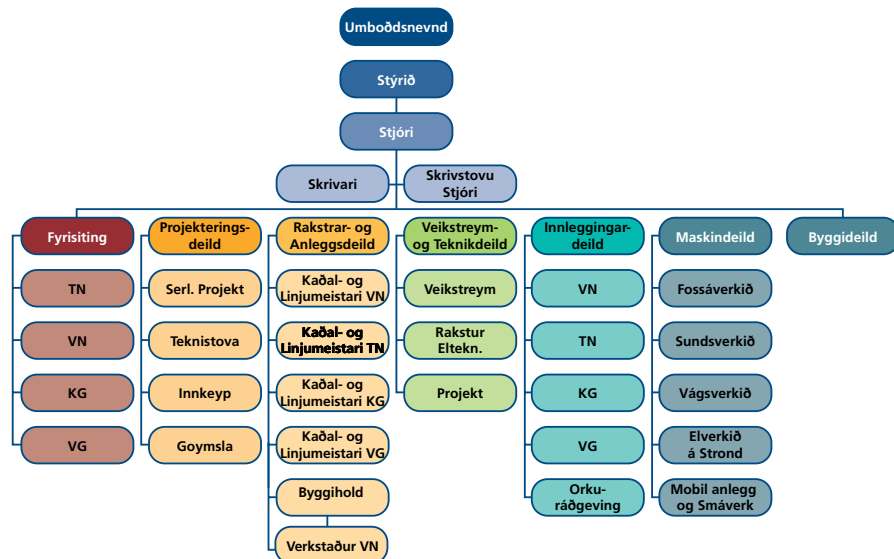


Klæmint Weihe,
stjóri



John P. Danielsen,
skrivstovustjóri

Starvsfólk og Bygnaður 2003/ Personnel and organizational structure 2003



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Starvsfólk

Tilsamans 405 starvsfólk, stýris- og umboðsnevndarlimir, avlesarar o. fingu útgjaldið í 2003 tilsamans 44,3 mió. kr. í lønum.

Av hesum kunna 146 roknast at hava havt sítt høvuðsyrki hjá SEV, 113 fastlønnt og 33 tímalønnt.

Talið á starvandi hjá SEV varð vaksandi til 1989, men fall síðani úr 197 í 1989 til 145 í 1998. Í 2003 var talið 146. SEV hevur lønarsáttmálar við Maskinmeistarafelagið og Starvsmannafelagið.

Harafturat hevur SEV avtalur við arbeiddara- og handverkarafeløg, har lønarbrotingarnar fylgja teirra sáttmálum við arbeiðsgevarafelagini.

Lønárútreiðslurnar vóru heldur lægri enn árið fyri. Lønárútreiðslurnar broytast frá ár til ár m.a. av virkseminum í árinum, rationaliseringum, vavi av útbjóðing av arbeiðum og lønarsáttmálum.

Færri fólk vóru í starvi. Hinvegin hækkaðu lønirnar orsakað av lønarsáttmálunum. Harafturat vóru goldnu úrtíðarlønirnar omanfyri eitt meðal ár m.a. orsakað av útbýggingum á Sunds- og Vágsverkinum, sum hava viðført eyka arbeiðsbyrðu til starvsfólkini.

Personnel

In total 405 employees, members of the Board of Directors and Board of Representatives, readers, etc. were paid in total DKK 44.3 million as salaries during the financial year.

From the total number of employees 146 employees are considered to have their main employment with SEV, 113 are permanently employed and 33 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 2003 the number of employees was 146.

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.

In 2003 SEV's payroll expenditure was lower versus 2002. The payroll expenditure changes year after year corresponding to the activities during the year, rationalization, the extent of tenders and salary agreements. The number of employees decreased. On the other hand salaries increased due to revised agreements. In addition overtime payments were above average, i.e. due to the extensions of the Sund and Vágur plant, which have implied extra workload for the employees.

Ársfrágreiðing 2003/ Annual Report 2003

Rakstrarárið 2003 hevur verið óvanligt á fleiri økjum, óvanligt tí vit hava fingist við mál, sum vit áður ikki hava fingist við. Her verður m.a. hugsað um, at umboðsnevndin á fundi 20. juni 2003 samtykti at seta pengar í eitt partafelag saman við útlenskum samstarvpartnara. Felagið hevur til endamáls at kanna og møguliga gagnnýta orkuna í havinum. Felagið hevur fingið navnið SEWAVE eftir nøvnunum hjá stovnarunum SEV og WAVEGEN. Hetta samstarv varð eitt úrslit av eini kanning, "Feasibility Studie" sum varð gjørd við førleikameningarpengum í sambandi við oljvinnuna. Eitt fyribils kanningarúrslit væntast at liggja fyri um ársskiftið 2004/2005.

Eitt annað mál, sum hevur vakt stóran áhuga, er vindmylluætlanin í Vestmanna. Stýrið tók avgerð um at gera ein samstarvsáttmála við privata fyrirtøku, sum fekk royndarløvi í 10 ár at framleiða vindorku inn á netið hjá SEV. Framleiðslan byrjaði í september, og sýnist ársfrámleiðslan at verða sum væntað, áleið 7,5 GWh. Hetta var fyrsta stigidi í eini heildarætlan á vinorkuøkinum.

Umframt at aldu- og vindorkan hevur havt okkara áhuga í árinum, sum farið er, hava vit eisini fylgt væl við í mennigini av vetnis- (hydrogen) og sórlorkutøkini.

Hóast allar hesar nevndu orkukeldur helst fara at fáa týðning fyri elframleiðsluna í framtíðini, serliga tá hugsað verður um dálkingina, er tað at fegnast um, at SEV framhaldandi hevur sett sær fyrri at byggja vatnorkuna út, soleiðis at støðug og ódýr orka verður tøk í longdini. Avgerð varð tikin um at halda áfram við vatnorkuútbýggingini í Eysturoy - (Eiði 2), og hava vit sókt avvarandi myndugleikar um neyðug loyvir.

Annars hevur ljóðað, at Føroya Landsstýri nú ynskir at gera lógarkarmar á orkuøkinum og tí eisini á elorkuøkinum, hetta seinasta í eini elveitingarlóg. Hetta er at fegnast um, tí tað annars verður trupult og til afturvendandi kjak um, hvør ið hevur ábyrgd av hvørjum. SEV hevur eftir áheitan frá Landsstýrinum í orkumálum skrivtliga boðað frá, at vit ynskja at samstarva um hesa tilgongd.

Búskapur

Árið hevur bæði tekniskt og búskaparliga eydnast betur enn vit høvdu væntað.

Tað, at fleiri og fleiri linjur verða útskiftar við kaðalar ger, at elveitingargóðskan gerst betur. Eisini útbýggingar á termisku elverkunum seinastu árinu gera, at raksturinn gerst meira støðugur og skipaður. Samanlagt merkja elkundar okkara hervið eina betri og støðugari elveiting.

Búskaparliga er úrslitið nógv betur enn upprunliga mett. Avlopið er 31,3 mió. kr. í mun til upprunligu metingina frá mai 2002 upp á 12,5 mió. kr. og endurskoðaðu (tillagaðu)

meting okkara frá juni 2003 upp á 18,9 mió. kr. The 2003 financial year has been exceptional in various respects, since we have been dealing with matters that have not been included in our activities previously. On 20th June 2003 the Board of Representatives decided to invest money in a limited company in cooperation with a foreign partner. The purpose of the company is to investigate and, if possible, utilize the power of the sea. The company was called SeWave after its founders SEV and WAVEGEN. This cooperation was a result of a Feasibility Study financed by an oil company. The preliminary result of these studies is expected at the turn of the year 2004/2005.

Another matter that has attached much public interest is the windmill project in Vestmanna. The Board of Directors decided to cooperate with a private company that was provided with a trial licence valid for 10 years to produce wind power to SEV's net. The production started in September and the production appears to be the expected 7.5 GWh annually. This was the first step in the overall solution in windpower extension.

In addition to the wave and wind power being of great interest during 2003, SEV has also followed the development of the hydrogen and the sun energy technology closely.

Despite the fact that the above-mentioned energy sources are likely to become important to the future production of electricity, especially with a view to pollution, we are pleased that SEV still has decided to extend the waterpower, thus a constant and inexpensive energy source will be available in the long run. The decision has been taken in order to continue the extension of waterpower in Eysturoy (Eiði 2) and we have applied the proper authorities for the relevant permissions.

However, according to reports the Faroese Government is considering making rules and regulations within the energy sector and therefore also within the area of electricity energy - the last-mentioned to be determined in a legislation covering the supply of electricity. We are looking forward to this legislation in order to avoid a constantly recurring discussion about the responsibility of this area. At the request of the Minister of Energy SEV has notified the authorities in writing that we wish to actively cooperate during this process.

Financial Position

Technically as well as financially the year was more successful than expected.

The fact that cables replace more and more lines implies an improvement in the quality of the supply of electricity. The extensions of the thermal power plants during the last couple of years have also had the effect that operations are more stable and organized resulting in an improved and

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Serliga eru tað inntøkurnar, sum eru munandi stórri og harafturat eru olju- og rentuútreiðslurnar munandi minni.

Inntøkurnar hækkaðu meira enn roknað varð við, fyrst og fremst orsakað av, at elnýtslan vaks meira, enn mett varð frammanundan.

Avroknaða elsølan vaks í nøgd við 4,5% frá 2001 til 2002 og við 2,7% frá 2002 til 2003.

Oljuútreiðslurnar vóru merktar av, at elframleiðslan á termisku elverkunum vaks úr 143,2 í 2002 í 160,3 mió. kWh í 2003, ein vøkstur upp á heili 12%. Stórur partur av vøkstrinum í termisku framleiðsluni skyldast, at vatnorkuframleiðslan fall úr 95,9 í 85,7 mió. kWh orsakað av, at árið 2003, royndist væl undir meðal, hvat avfalli viðvíkur.

Ár 2004

Roknað verður við, at sum búskaparviðurskiptini nú eru í Føroyum, fer vøksturinn í elnýtsluni at stöðga á eina tíð.

Við m.a. hesi foretreyt og við óbroyttum elsøluprísnum og einum oljuprís, sum heldur sær ikki ov nógv omanfyri meðalprísinn fyri apríl 2004, verður roknað við einum rakstraravlop upp á uml. 19 mió. kr. í 2004. Tá er eisini roknað við vatnorkuframleiðslu, sum eitt meðal avfallsár.

Í seinastuni hava verið stórar príshækkingar á olju samstundis, sum elnýtslan fall 2,1% í apríl 2004 samanborið við sama mánað í fjór.

Tí er ikki vist, at metingarnar um 2004 fara at halda, men sannlíkt er, at talan í øllum førum verður um eitt hampiligt rakstraravlop.

Financially the result appeared to be much better than originally estimated. The profit was DKK 31.3 million versus the originally estimated DKK 12.5 million in May 2002, and our revised and adjusted estimate from June 2003 of DKK 18.9 million.

Especially el-revenues have been significantly larger than expected, and oil and interest expenses have furthermore been significantly less than expected.

El-revenues increased more than expected primarily due to the consumption of electricity increasing more than originally estimated. Actual sales of electricity increased by 4.5% from 2001 to 2002 and by 2.7% from 2002 to 2003.

Oil expenses were influenced by the production of electricity in the thermal power plants increasing from 143.2 million kWh in 2002 to 160.3 million kWh in 2003 – an increase of 12%. The major part of the increase in the thermal production is a result of the waterpower production falling from 95.9 million kWh to 85.7 million kWh, since rainfall were well below average in 2003.

Year 2004

The increase in the consumption of electricity is expected to stagnate for a while due to the present financial situation in the Faroe Islands. Based on this assumption and based on unchanged prices of electricity and oil prices being on a level equal to the average price for April 2004, we expect an operating result of approx. DKK 19 million in 2004. It is furthermore assumed that waterpower production will be on a level with a year of average rainfall.

Recently prices of oil have increased significantly and consumption of electricity has at the same time decreased by 2.1% in April 2004 versus April 2003. Therefore, it is uncertain whether we will be able to comply with the estimations for 2004. However, it is most likely that the result of SEV's operations in 2004 will result in a satisfactory profit.

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

Rakstur í mió. kr.	1997	1998	1999	2000	2001	2002	2003	Operations in mill. Dkk
Inntøkur	204,4	205,8	199,7	197	213,4	223	231,9	El-revenues
Oljuútreiðslur	23,7	23,3	25,5	43,2	51,1	43,7	53,2	Oil expenses
Aðrar rakstrarútreiðslur	58,4	52,7	53,5	72,7	61,8	62,9	61,0	Other operational costs
Fyrisit.útr. o.a. og missur, debitorar	12,9	13,8	14,7	15,1	15,2	17,0	20,2	Administration etc. loss, debtors
Rentur, netto	26,4	21,7	17,2	15,3	14,0	12,4	11,5	Interests
Útreiðslur ialt	121,4	111,5	110,9	146,3	142,1	136,0	145,9	Expenses Total
Avlop undan avskrivning	83,0	94,3	88,8	50,7	71,3	87,0	86,0	Surplus before depreciation
Avskrivningar	56,7	56,0	57,7	61,6	63,2	63,9	54,7	Depreciation

Avroknað elsøla 2002 og 2003 í MWh (fyríbilsuppgerð)/ Actual Sales of Electricity in 2002 and 2003 in MWh (preliminary statement)

Kundabólkur	Tilsamans Total 2002	Total 2003	Tilsamans Changes in % 2002-2003	%-broyting	Segment
1. Landbúnaður, aling, fiskivinna og ráevnisvinna.	21.714	26068	20,1	1,0	1. Farming, fish farming, fish industry and raw material industry
2. Gerð, framleiðsla og byggivirksemi.	54.798	54.899	0,2	0,2	2. Production and building activities
3. Handils-, matstovu- og gistihúsvirksemi	18.282	18.279	0,0	0,0	3. Trade, restaurants and hotel activities
4. Flutningur, postur og fjarskipti.	18.059	17.704	-2,0	-1,1	4. Transport, mail and telecommunication
5. Fígging, trygging og aðrar vinnutænastur.	3.186	3.379	6,1	1,9	5. Finance, insurance and other industries
6. Almennar og privatar tænastur, kirkjur, samkomur v.m.	30.154	31.526	4,6	1,5	6. Public and private services, churches, communities etc.
7. Gøtuljós.	5.715	5.793	1,4	0,2	7. Street lightning
8. Sethús, íbúðir, summerhús og neyst.	72.350	72.838	0,7	0,1	8. Family houses, flats, summer-houses and boathouses
Avroknað elsøla ialt	224.258	230.485	2,8	1,2	Actual sales of electricity
Eginnýtsla hjá SEV	5.655	5.640	-0,3	-0,5	SEV's own consumption
Avroknað elnýtsla ialt	229.912	236.125	2,7	1,2	Total actual sales of electricity
Elframleiðslan álmannaáárið	240.284	248.967	3,6	1,5	Production of electricity calendar year

Viðm. (Avrokn. elsøla fylgir ikki neyvt álmannaáárinum.) Framleiðslan er frá 2003 íroknað keypta vindorku. Remarks (Actual sales of electricity do not fully correspond to the calendar year) From 2003 production of electricity includes wind power provided by a private company.

Íløgur hjá SEV/ Investments by SEV

Íløgur (mió. kr.)	1997	1998	1999	2000	2001	2002	2003	Investments (mill. Dkk)
Vatnorkuverk	30,7	35,1	43,3	13,7	8,6	8,6	0	Hydro power plants
Onnur elgerðarverk	0,1	0,1	1,1	5,8	30,4	18,1	52,0	Other power plants
Býtisvirkir	12,5	21,0	13,8	13,6	14,6	19,5	17,4	Conversion plants
Felagsognir	0,5	0,1	1,8	0,7	0,1	0,0	0,1	Company's assets
Jarðarognir	-	-	-	1,5	÷ 4,8	0,0	0	Land property
Onnur rakstrargøgn	2,1	1,8	2,6	1,5	2,4	1,7	2,4	Other operational assets
Tilsaman	45,9	58,1	62,6	36,8	51,3	47,9	71,9	Total

Elprísir 2003 (uttan MVG)/ Electricity Prices 2003 (VAT not included)

DKK	Fast gjald um árið/Fixed Payment Annually	Prísir fyri hvønn kWh/Prices per kWh
Ársnýtsla/Annual Consumption		
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

Nýgerð og útbýgging av termisku verkunum

Tað eru nú um leið 40 ár liðin, síðani allar kommunurnar gjørdust limir í SEV. Fyrsta størri útbýgging av termisku orkuni eftir hetta varð framd í 1965, tá ið triggir nýggir 2,2 MW motorar vórðu keyptir. Tveir teirra vórðu uppsettir á Havnaverkinum, og tann triði varð uppsettur norðuri á Strond.

Motorarnir á Havnaverkinum vórðu niðurtíknir í nitiárunum, meðan motorurin á Strond framvegis er í rakstri.

Í sjevtiárunum varð farið undir ta næstu stóru útbýggingina. Elverkið í Trongisvági varð viðkað í 1972, og ein 2,2 MW motorur varð uppsettur. Hesin er framvegis í rakstri. Í 1974 varð Sundsverkið bygt úr nýggjum fyrst við tveimum 5,7 MW motorum og seinni, í 1978, við einum 5,7 MW motori afturat.

Orkutørvurin í samfelagnum øktist alsamt, so longu í áttatiárunum varð neyðugt at fara undir ta triðu stóru útbýggingina av termisku verkunum.

Elverkið á Strond varð viðkað við einum tilbyggingi og einum 3,6 MW motori, og varð hetta liðugt í 1982.

Samstundis varð farið undir at byggja Vágsverkið úr nýggjum við tveimum 2,7 MW motorum, og varð tað tikið í nýtslu í 1983.

Sundsverkið varð viðkað í tveimum byggistigum. Fyrsta byggistig var tann stóri tilbyggingurin við einum 12,4 MW motori, og varð tað liðugt í 1983. Annað byggistig varð at viðka útgerðina við einum 12,4 MW motori afturat. Uppsetanin av hesum byrjaði í mai 1988, og var liðug í des. 1988.

Sostatt varð tøki mátturin øktur við 33,8 MW í áttatiárunum.

Burtursæð frá nøkrum lögum í termisku orkuna á smáverkunum seinast í áttatiárunum og fyrst í nitiárunum, kom steðgur í stóru termisku útbýggingina.

Orkutørvurin var við hesum næktaður, og hóast hann øktist sera nógv seinast í áttatiárunum, minkaði hann munandi aftur, tá ið samfelagskreppan tók seg upp fyrst í nitiárunum.

Men í 1996 kom vøkstur aftur í orkutørvin, og hevur hann verið støðugt vaksandi síðan. Tað gjørdist greitt, at neyðugt var at fara undir víðari útbýgging av termisku orkuni. Um aldómítið varð avgerð tikin um at økja um termisku orkuna á Sundsverkinum og at byggja nýtt elverk í Vági.

Á Sundi vórðu tveir 8,1 MW motorar við nýggjari hjálpiútgærð uppsettir. Hesir komu istaðin fyri teir elstu motorarnar frá 1974, sum vóru niðurtíknir. Eisini vórðu tveir nýggir skorsteinar á 31 m. uppsettir. Fyrrí motorurin varð tikin í nýtslu í februar 2002. Seinni motorurin verður tikin í nýtslu í januar 2004.

New Construction and Extension of Thermal Plants

Almost 40 years have passed since all Faroese municipalities became members of the light and power company SEV. The first major extensions of the thermal power were made in 1965, when three new 2.2 MW engines were purchased. Two engines were mounted at the plant in Tórshavn and a third engine was mounted at the plant in Strond. The engines at the plant in Tórshavn were dismantled in the 1990's, while the engine at the plant in Strond is still in operation.

In the 1970's the next major extension was started. The power plant in Trongisvágur was extended in 1972 and a 2.2 MW engine was mounted. This engine is still in operation.

In 1974 the power plant in Sund was built initially with two 5.7 MW engines and later on in 1978 extended with a 5.7 MW engine.

The demand for energy in the Faroese society increased constantly and already in the 1980's it was necessary to start a third major extension of the thermal power plants. The power plant at Strond was enlarged by extending the plant and mounting a 3.6 MW engine. The extension was completed in 1982.

At the same time the power plant in Vágur, which was put into operation in 1983, was built with two 2.7 MW engines.

The power plant in Sund was extended in two stages. The first stage was a large extension with a 12.4 MW engine that was completed in 1983. The second stage was to add to the original extension an additional 12.4 MW engine. The mounting of this engine started in May 1988 and was completed in December 1988. Consequently, the capacity available was increased by 33.8 MW in the 1980's.

Apart from minor investments in thermal power in our small production plants late in the 1980's and in the beginning of the 1990's, the thermal extension came to a halt.

The demand for energy was met and despite a major increase in the demand late in the 1980's, the demand for energy decreased again significantly, when the crisis in the Faroese society started in the beginning of the 1990's.

However, in 1996 the demand for energy increased again, and the increase has been constantly growing since then. It became apparent that it would be necessary to resume the extension of the thermal power. At the turn of the millennium it was decided to increase the thermal power at the power plant in Sund and to build a new power plant in Vágur.

At the power plant in Sund two 8.1 MW engines with new ancillary equipment were mounted. These engines replaced the two oldest engines from 1974, which were dismo-

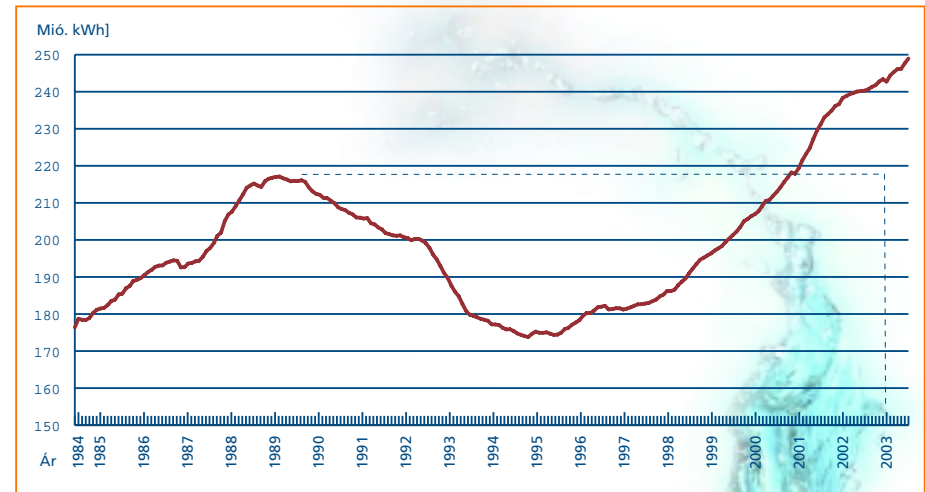
ounted. Furthermore, two new chimneys were erected. The first engine was put into service in February 2002. The second engine was put into service in January 2004.

In Vágur a new power plant was built east of the present power plant. The new plant was added to the present plant only separated by a wall. A 4.32 MW engine with new ancillary equipment was mounted. A new chimney of 35 metres was erected and a new tank installation was also made. The engine was put into service in May 2004.

Íløgan á Sundi varð 68 mió kr. og íløgan í Vági varð 37 mió kr. Við hesum skuldi tørvurin á termiskari orku verið næktaður nøkur ár fram.

The investment in Sund amounted to DKK 68 million and the investment in Vágur amounted to DKK 37 million. Consequently, the demand for thermal power should be met for some years ahead.

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



Maskinyvirlit pr. 31. december 2003/
Summary of engines at 31st December 2003

Stað	Maskina	MW	Hk	Maskintypa	Maskinframleiðari	Driv evni	Byrjunarár	Aldur	Köyritimar
Location	Engine	MW	Hk	Type of Engine	Manufacturer	Driven by	Implementation	Age	Operati. hours
Stað	Maskina	MW	Hk	Maskintypa	Maskinframleiðari	Driv evni	Ár	Aldur	Tímar
Botnur	T1	1,00	1.360	Pelton vatnturbína	Voith	Vatn	1965	38	145.763
Botnur	T2	2,00	2.719	Francis vatnturbína	Voith	Vatn	1966	37	113.124
Eiðisverkið	T1	6,70	9.109	Francis vatnturbína	Voith	Vatn	1987	16	52.564
Eiðisverkið	T2	6,70	9.109	Francis vatnturbína	Voith	Vatn	1987	16	46.509
Neshagi	M1	0,15	204	Vindmylla (fixed pitch)	Nordtank	Vindur	1993	10	70.160
Sköpunarverkið	M1 – M3	1,83	2.483	4-T	Mercedes og Deutz	Gassolja	1984		
Smáverk		1,70	2.311	4-T	Deutz, Mercedes, Perkins	Gassolja			
Strönd	M1	0,50	680	4-T HFB7	Mirrleese Blackstone	Gassolja	1950	53	30.135
Strönd	M2	2,30	3.127	4-T KV 12 SS	Mirrleese Blackstone	Gassolja	1965	38	77.847
Strönd	M3	3,60	4.895	4-T 12 M 453 K	Krupp Mak	Gassolja	1982	21	40.965
Strönd	T1	1,40	1.903	Francis vatnturbína	Sulzer Hydro	Vatn	1998	5	14.604
Sundsverkið	M1	8,10	11.013	4-T 9M43C	Caterpillar/MaK	Tungolja	2001	2	7.736
Sundsverkið	M2	8,10	11.013	4-T 9M43C	Caterpillar/MaK	Tungolja	2003	0	0
Sundsverkið	M3	5,70	7.750	4-T KV16MAJOR	Mirrleese Blackstone	Tungolja	1978	25	67.377
Sundsverkið	M4	12,40	16.859	2-T 12 L55 GSCA	B&W Götaverken	Tungolja	1983	20	108.297
Sundsverkið	M5	12,40	16.859	2-T 12 L55 GSCA	B&W Götaverken	Tungolja	1988	15	81.561
Tvöroyri	M1	2,00	2.719	4-T	Nohab	Gassolja	1973	30	81.500
Vágsverkið	M1	2,70	3.671	4-T 9 M 453	Krupp Mak	Tungolja	1983	20	97.078
Vágsverkið	M2	2,70	3.671	4-T 9 M 453	Krupp Mak	Tungolja	1983	20	94.146
Vágsverkið	M3	4,32	5.874	4-T 9M32C	Caterpillar/MaK	Tungolja	2003	0	0
Vestmanna	Fossá 1	2,10	2.855	Pelton vatnturbína	Maier	Vatn	1953	50	178.296
Vestmanna	Fossá 2	4,20	5.710	Francis vatnturbína	Voith	Vatn	1956	47	274.038
Vestmanna	Heygav. 1	4,90	6.662	Francis vatnturbína	Voith	Vatn	1963	40	166.815
Vestmanna	Mýrv. 1	2,40	3.263	Francis vatnturbína	Voith	Vatn	1961	42	283.010
		MW		Hk					
Samlaður máttur/Total capacity:		99,896		135.821					

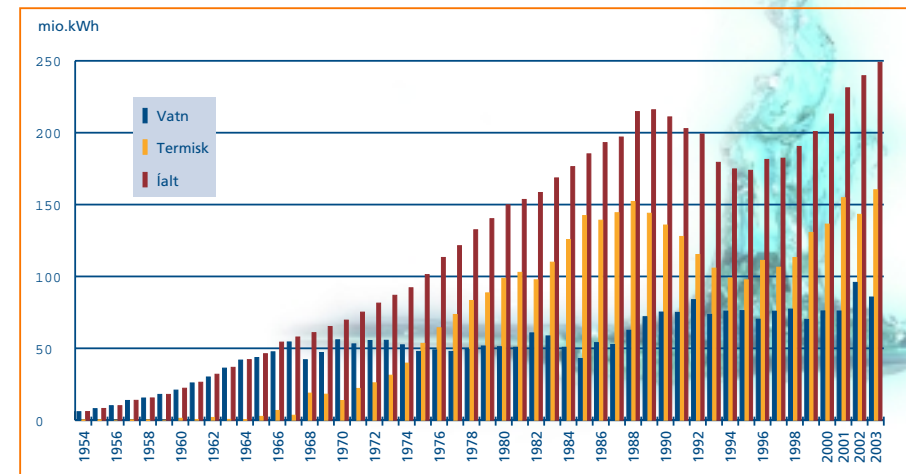
12

EIframleiðsla/ Production of Electricity

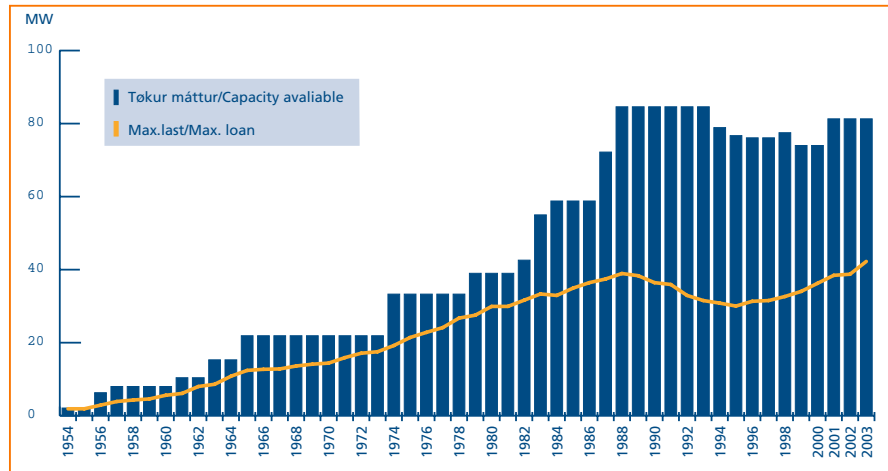
	EI-framleiðslan frá 1/1-2003 - 31/12-2003	EI-framleiðslan frá 1/1-2002 - 31/12-2002	Vækstur %
	Production of electricity 1/1-2003 - 31/12-2003	Production of electricity 1/1-2002 - 31/12-2002	Increase %
Vindur/wind [Mió. kWh]	494	553	-10,6
Vind import/wind import [Mió. kWh]	2.499	-	
Vatn/water [Mió. kWh]	81.484	92.308	-11,7
Termisk/thermic [Mió. kWh]	140.783	123.106	14,4
Samtal/total [Mió. kWh]	225.260	215.968	4,3
VATN [%]	36,2	42,7	
MAX.LAST [MW]	42,3	38,8	9,0
SUÐUROY			
Vatn/water [Mió. kWh]	4.203	4.192	0,3
Termisk/thermic [Mió. kWh]	18.886	19.506	-3,2
Samtal/total [Mió. kWh]	23.089	23.698	-2,6
Vatn/water [%]	18,2	17,7	
Max.last/max. load [MW]	4,8	5,0	4,0
ALT SEV/ TOTAL SEV			
Vindur/wind [Mió. kWh]	2.993	553	441,1
Vatn/water [Mió. kWh]	85.687	96.500	-11,2
+Termisk/thermic [Mió. kWh]	160.286	143.230	11,9
Elorkukeyp			
Samtal/total [Mió. kWh]	248.967	240.284	3,6
Vatn/water [%]	34,4	40,2	
Vindur%	1,2	0,2	

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EIframleiðsla - Alt SEV/ Total National Production of Electricity

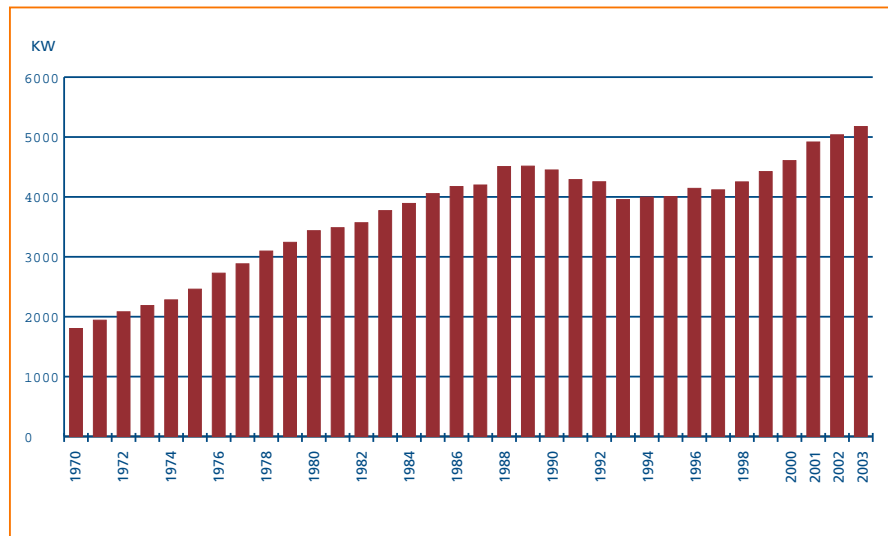


Meginokið/
Main aerea



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El-framleiðsla pr. íbúgva í Føroyum 1970 - 2003/
Production of Electricity per Capita in the Faroe Islands 1970 - 2003

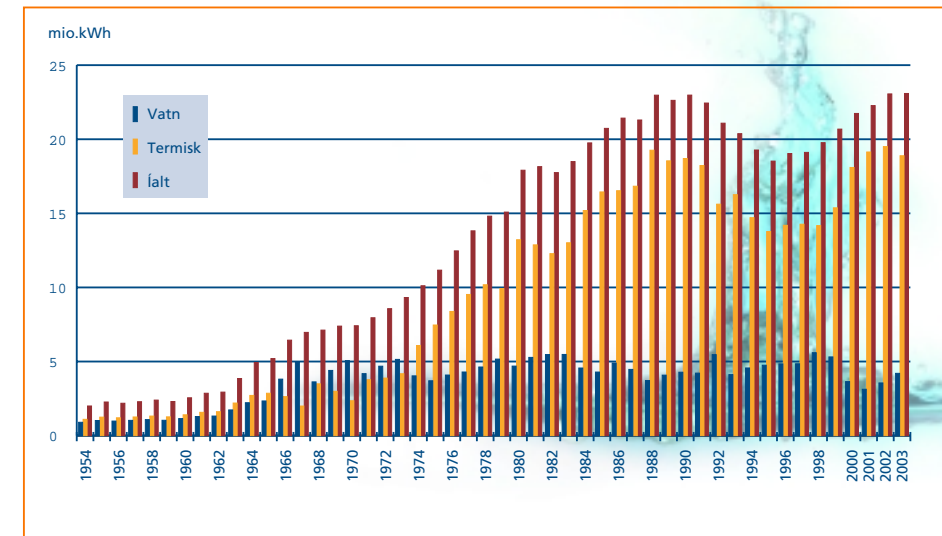


Oljunýtslan í tonsum 1988 - 2003/
Total Consumption of Oil in Tonnes 1988 - 2003

Ár/ Year	Tungolja/ Heavy fuel Tons/ Tonnes	Gassolja/ Gas oil Tons/ Tonnes	Íalt/ Total Tons/ Tonnes
88	20.861	11.536	32.397
89	24.715	5.753	30.468
90	22.261	6.066	28.327
91	23.715	3.495	27.210
92	21.902	2.369	24.271
93	21.358	1.076	22.435
94	20.470	1.151	21.621
95	19.716	1.295	21.011
96	24.172	855	25.027
97	21.562	1.515	23.077
98	23.170	1.873	25.044
99	23.689	1.955	25.644
2000	27.605	2.043	29.648
2001	31.195	3.024	34.219
2002	30.008	1.564	31.572
2003	32.817	1.782	34.599

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Elframleiðslan Suðuroy 1954 -2003/
Total Production of Electricity in Suðuroy 1954 - 2003



Býtisvirkir/ Conversion Plants

Rakstrarkostnaður:

Raksturinn av býtisvirkjum gekk, sum væntað. Ongar stórir óvantaðar rakstrarútreiðslur vóru.

Kostnaðurin at viðlíkahalda linju- og kaðalkervið varð, sum frammanundan ætlað, uml. 20 mió. kr. Harav var lønarparturin 10 mió. kr.

60kV

Á 60 kV linjuni millum Vestmanna og Skálabotn vóru allar heingketurnar útskiftar og 6 mastrar á linjuni millum Vestmanna og Tórshavn vóru niðurtiknar og umgalvaniseraðar. Eisini varð annað rakstrararbeiði gjørt. Nakað av linjutráði varð eisini útskift.

10 og 20 kV

Í árinum 2003 fingu linjurnar eins og undanfarin ár eftirlit eftir eini eftirlitsætlan. Hendan ætlan hevði við sær, at fólk gingu undir allar linjuføringini fyrri at vita, um sjónlig brek vóru. Hetta verður gjørt á hvørjum árið fyrri at minka um feilmøguleikarnar.

Í Suðuroynni varð 10 kV linjan úr Botni til Vágs endurnýggjað og broytt frá 10 til 20 kV. Hetta hevur við sær, at orkuflutningurin úr Botni nú hevur minni tap og er betur samanbundið við restini av 20 kV keravinum annars.

Í 2003 varð talið av ikkomnum háspenningsfeilum 40 móti 48 árið fyrri. Hetta er ein lítill minking, sum hevur við sær, at brúkarin hevur alt støðugari streymveiting.

Eisini í 2003 vóru fleiri km av linjum niðurtiknar og kaðalar lagdir í staðin. Hetta er galdandi bæði fyrri lág- og háspenning.

Transformarastøðir

Í 2003 vóru nakrar nýggjar transformarastøðir bygdar, har vøkstur í elnýtsluni gjørdur tað neyðugt, og í nøkrum varð elútbúnaðurin útskiftur vegna aldur og trygd. Samanlagt eru nú 340 transformarastøðir í landinum. Tað hevur seinastu árin verið gjørt eitt stórt miðvíst arbeiði í transformarastøðunum fyrri at betra um trygdina og feilmøguleikarnar.

Í Fuglafirði varð eitt gamalt jarntorn lækkað, hetta fyrri útsjóndina.

Operating Costs

In 2003 the operation of the conversion plants was according to our estimates and no major unexpected operating costs were recorded. The upkeep and maintenance of SEV's line and cable net was recorded at the originally estimated amount at approx. DKK 20 million. Salaries amounted to DKK 10 million.

60 kV

On the 60 kV line between Vestmanna and Skálabotn all hanging chains were replaced and 6 masts on the line between Vestmanna and Tórshavn were dismantled and galvanized. Some operational improvements were made and old lines were also replaced.

10 and 20 kV

In 2003 as in previous years all lines were inspected according to a control scheme. Accordingly all lines were inspected in order to find visible defects. This procedure is repeated every year to reduce risks for breakdown.

In Suðuroy the 10 kV line from Botnur to Vágur was replaced and changed from 10 kV to 20 kV. The consequence is that the transport of power from Botnur is more reliable and better connected with the rest of the 20 kV net.

In 2003 the number of breakdowns was 40 versus 48 in 2002. This reduction results in a continuously more stable supply of electricity to the consumer.

In 2003 as well as in 2002 several kilometres of low-voltage and high-voltage lines were dismantled and replaced by cables.

Transformer Substations

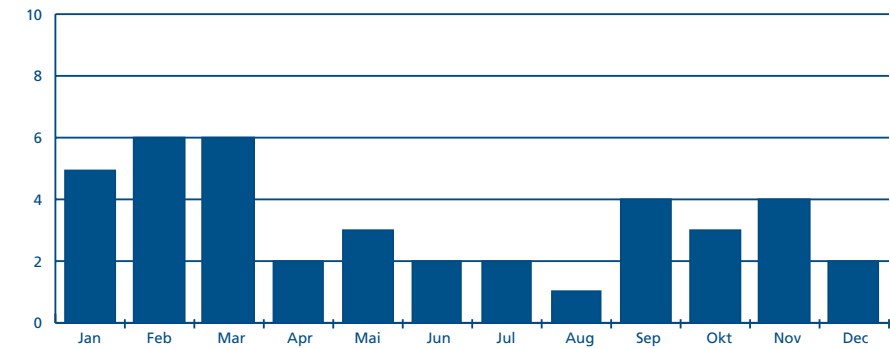
In 2003 a number of new transformer substations were built, where the increase in the consumption of electricity made it necessary. The electric equipment in some transformer substations was replaced due to age and safety. The total number of transformer substations in the Faroe Islands is now 340. During the last couple of years a determined work has been made in the transformer substations in order to improve the safety and reduce breakdowns.

An old iron tower in Fuglafjørður was lowered to change its appearance.



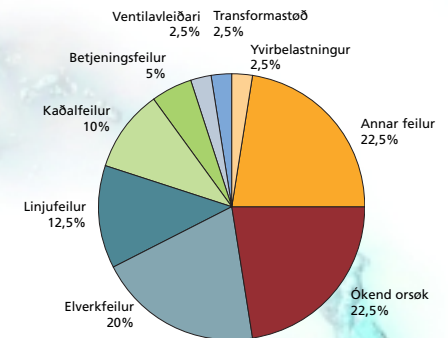
Feilir á háspenningskervinum 2003/ High-voltage Breakdowns during 2003

Tal/Number



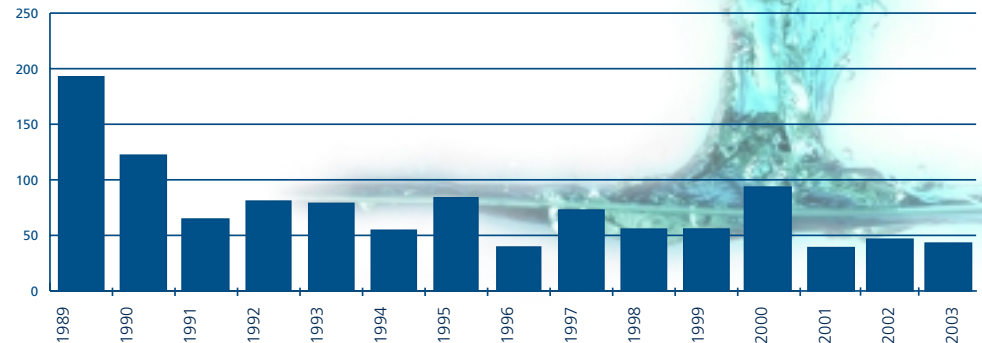
Samtal/Total Number: 40

Feilslog 2003/ Breakdowns during 2003



Feilir pr. ár/Yearly breakdowns

Tal/Number



Nýgerð/ Investments

Íggjurnar í nýggj bítisvirki vóru 17,4 mió. kr. Av hesi upphædd fóru 3,4 mió. kr. til gerð av transformarastøðum og 9,7 mió. kr. til há- og lágspenningskerivið, málara o.a. Harafturat eru koblingsstøðir útbyggar fyri 4,3 mió. kr.

24 transformarastøðir vórðu byggar í árinum. 16 av hesum vóru endurnýggjar.

Av kaðali varð lagt 16,5 km av háspenningskaðali og 36 km av lágspenningskaðali.

Elinnleggingar:

Við árslok 2003 vóru 22.883 elmátarar, ið verða avroknaðir við SEV, og er hetta ein vøkstur upp á 339 nýggjar elinnleggingar. Í 2003 vóru 504 elmátarar skiftir og 37 elinnleggingar vórðu niðurlagdar.

Til at hava eftirlit við elútgerðini, bæði í stórum og smáum elinnleggungum, eru nú sett tvey fólk, sum burturav skulu taka sær av hesum arbeiði.

Av og á kemur tíverri fyrri, at við staðfesta feilir í elsmáti-útgerðini úti hjá kundunum.

Felstu av hesum feilum viðføra tap fyri SEV, men í onkrum hendinga førur er tað kundin, sum hevur havt tapið.

672 stórar elinnleggingar brúka uml. helvtina av allari seldu elme-gini frá SEV. Tí hevur tað serstakliga týðning, at elsmátiútgerðin í hesum innleggungum altíð er í lagi.

Orkuráðgeving

Í frálæruhøli okkara á Landavegi 92 vóru umleið 750 næmingar úr 9. flokkum til elevnisdag.

Eisini vóru 3 bólkur frá Heilsuskúlanum á Tvøroyri og vitjaðu. Tey vórðu kunnaði um elnýtlu í húsarhaldinum, og um eltrygdina, serliga hvat ansast skuldi eftir inni hjá eldri fólkum. Aftan á vanligu limafundin hjá Økonomafelag Føroya komu limirnir út til SEV at fáa orkuráðgeving. Vit hava frálært umleið 75 næmingum úr 1. G í Høydølum í elframløslu og elnýtlu. Eisini hava smærri bólkur verið til orkuráðgeving, so samanlagt vóru 950 – 1000 fólk í frálæruhøli okkara í 2003.

Í november mánaða 2002 hevði Útvarp Føroya eina sendirøð undir heitinum: "Meira fyri minni". Vit vóru boðin við í ta einu sendingina. Í hesu sending bjóðaðu vit fólki at ringja til SEV, soleiðis at tey kundu fáa sendandi upplýsandi tilfar. Umleið 350 brævbjálvar vórðu sendir kring alt landið.

Áhugin ímillum fólk at biðja SEV um orkuráðgeving er vaksandi.



Investments in new conversion plants amounted to DKK 17.4 million. From this amount DKK 3.4 million were allocated to transformer substations, and DKK 9.7 million were allocated to the high and low-voltage net, meters, etc. In addition switch stations have been extended for an amount of DKK 4.3 million.

24 transformer substations were built in 2003 and 16 of these 24 stations were replaced by new transformer substations.

16.5 kilometres of high-voltage cables and 36 kilometres of low-voltage cables were run in 2003.

Electrical Installations

At year-end 2003 22,883 electrical installations were connected to SEV's net, which is an increase of 339 new electrical installations. In 2003 504 electricity-meters were replaced and 37 electrical installations were closed down.

Two persons have been employed specifically to supervise SEV's minor as well as major electrical installations.

It happens from time to time that we find defects in our customers' electrical installations. Most of these defects result in losses to SEV. However, once in a while a loss may be traced back to a customer. 672 major electrical installations are consuming approx. 50% of SEV's total production. Therefore, it is especially important that the electrical installations of these customers are running correctly.

Energy Counselling

In SEV's premises at Landavegur 92 approx. 750 pupils from the 9th form in Faroese public schools have joined us for project days concerning electricity. 3 groups from a public health school in Tvøroyri also visited SEV in 2003. These pupils were informed about the consumption of electricity in the household and about precautionary measures especially in the homes of our senior citizens. Subsequent to the ordinary annual meeting of the members of the Faroese catering officers, the members were invited to SEV to have energy counselling. Approx. 75 pupils from 1st grade in a Faroese high school were given lessons in the production and consumption of electricity. Afterwards the pupils were introduced to the production at the power plants at Eiði and Sund. Smaller groups, approx. 950 – 1,000 persons, have furthermore had energy counselling in SEV's premises in 2003.

In November 2002 a Faroese radio station produced a series of programmes called "More for less". SEV was invited to join one programme. During the programme we invited people to contact SEV in order for us to forward informative material. Approx. 350 envelopes were forwarded around the Faroese Islands. The interest among people to ask SEV for energy counselling seems to be growing.

Genta úr 9 flokki ger forleingjara/
A girl from 9th form making an extension device

Alduorka/Wave Power

Í sambandi við, at tey fyrstu loyvinu til at leita eftir kolvetni á føroyska landgruninum vórðu latin ávisum oljufeløgum, treytaði landsstýrið sær, at hesi lótu nakað av peningi til føroyska forleika-menning.

ENI, sum er eitt italienskt oljufelag, fekk eitt av hesum loyvum, og valdu teir í samráð við landsstýrið at nýta ein part av síni menningar-upphædd til kanning av alduorku her.

Fyri at fáa hetta í lag settu teir seg í samband við eitt skotskt felag nevnt Wavegen, sum hevur arbeiðt við alduorku í eini 15 ár, og hevur eina alduorkustøð á oynni Islay í Skotlandi.

Fólk frá hesum felagnum, SEV, Landsbyggifelagnum og Data Quality úr Føroyum, vórðu sett saman at kanna møguleikarnar fyri aldu-orku her, eftir sama leisti sum hevði verið nýttur á Islay.

Arbeisbólkurin kom við eini frágreiðing í mars 2003 við teirri niðurstøðu, at eitt alduorkuverk av sama slagi sum tað á Islay, kann byggjast her fyri einar 10 mió. kr. og geva uml. 0,8 GWt árliga.

Eisini varð komið inn á møguleikan at byggja aldurorkuverk inn í fjallið, í tunlum. Og mett varð, at ein støð við 10 turbinum kann gerast fyri einar 72 mió. kr. og framleiða 13 GWt árliga.

Hesin seinni møguleikin varð mettur so mikið áhugaverdur, at Wavegen og SEV stovnaðu eitt partafelag, nevnt SeWave at kanna hann nærmari. ENI hevur eisini bundið seg til at lata pening til hesa kanningina, eins og roynt verður at fáa aðrar við eisini. Annars eru luttakarnir í sjálvum kanningararbeiðinum teir somu, sum í fyrstu kanningini. Í løtuni fara fram modellroyndir í royndarhylinum hjá Wavegen í Inverness, og væntast úrslitið av hesum at verða tækt við árslok í ár.

Vónin er so, at úrslitini verða so mikið áhugaverd, at til ber at finna pening til eitt royndarverk av hesum slagnum.

When granting the first permissions to certain oil companies to explore for oil in the Faroese continental shelf, the Faroese government stipulated that these oil companies should provide an amount of money for competence development in the Faroese society.

The oil company, ENI, was granted permission to explore for oil, and in consultation with the Faroese Government ENI decided to use a part of the amount allocated to competence development to investigate wave power in the Faroese Islands.

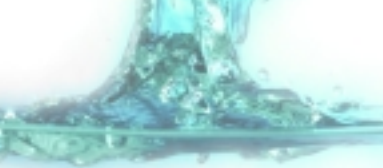
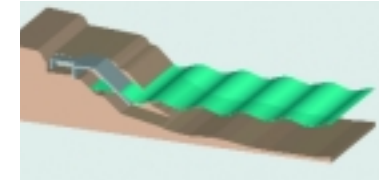
In order to initiate an investigation ENI contacted a Scottish company called Wavegen that had been working with wave power for approx. 15 years. Wavegen has a wave power plant on the island of Islay in Scotland.

Representatives from Wavegen, SEV, Landsbyggifelagið and Data Quality from the Faroese Islands, formed a forum to investigate the possibilities for using wave power in the Faroese Islands using the same template that has been used on Islay.

The group made a statement in March 2003 concluding that a wave power plant similar to the plant on Islay with an annual production of 0.8 GWt could be built for approx. DKK 10 million. The possibility of building a wave power plant in tunnels in a mountain was also discussed, and it was estimated that a plant containing 10 turbines with a capacity of 13 GWt annually would require an investment of approx. 72 million.

The last-mentioned possibility was assessed to be of such interest that Wavegen and SEV established a limited company called SeWave to investigate this possibility further. ENI has committed itself to provide money for this investigation in addition to trying to find other interested parties. The participants in the second investigation are identical with the participants in the first investigation. At the moment model experiments are made in Wavegen's testing facility in Inverness, and the results are expected at year-end 2004.

Hopefully, the results will be of such a character that it will be possible to find funds for a test plant of that kind.



Ársrokskapur 2003/ Financial Statement

Roknskaparátekning/ Managements Report

Roknskapurin verður lagdur fyri umboðsnevndina við tilmæli um góðkenning. Úrslitið, kr. 31.298,933 verður flutt til næsta ár.

The annual accounts are presented to the general meeting with the recommendation of adoption. The result -DKK. 31.298,933 is carried forward to next year.

Tórshavn, hin 27.april - 2004

Stýrið/ Board of Directors:

Poul A. Jacobsen, form. Kristian Fríðrik 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 ársrokskapin hjá SEV, greiddur av leiðsluni, fyri árið 2003. We have audited the financial statement presented by SEV for the year 2003.

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, kunnað grundarlag og prógv fyri upphæddum og øðrum upplýsingum í roknskapinum. Vit hava samstundis tikið støðu til roknskaparháttin og roknskaparligu metingarnar, sum leiðslan hevur gjørt, eins og vit hava mett, 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 ársrokskapurin er greiddur í samsvar við roknskaparkrøv í lóggávuni, og at hann gevur eina rætta mynd av felagsins ogn og skuld, fíggjarligu støðu 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, hin 27.april - 2004

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 kostprís 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 kostprísi og nýútveganarvirði.

Skyldugur lønir

Í mun til síðsta ár hevur felagið í ár avsett til skylduga feruløn. Broytingin er tikin við í samanlíkingartølunum fyri undanfarna ár.

Eginogn

Eifelagið 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.

Rakstrarroknskapur/ Profit and Loss Account

	Nota	2003	1.000 kr. 2002
Inntøkur/ Sales of electricity	1	231.916.005	223.096
Oljuútreiðslur/ Purchase of oil	2	-53.153.531	-43.732
Aðrar rakstrarútreiðslur/ Other operating expenses	3, 4	-61.048.808	-63.112
Fyrisingarútreiðslur/ Administration expenses	3, 5	-20.184.893	-17.014
Úrslit áðrenn rentur og avskrivning/ Profit before interest and depreciation		97.528.773	99.238
Rentuútreiðslur/ Interest payable	6	-11.500.922	-12.418
Úrslit áðrenn avskrivningar/ Profit before depreciation		86.027.851	86.820
Avskrivningar/ Depreciation	7	-54.728.918	-63.944
Ársúrslit/ Profit		31.298.933	22.876

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

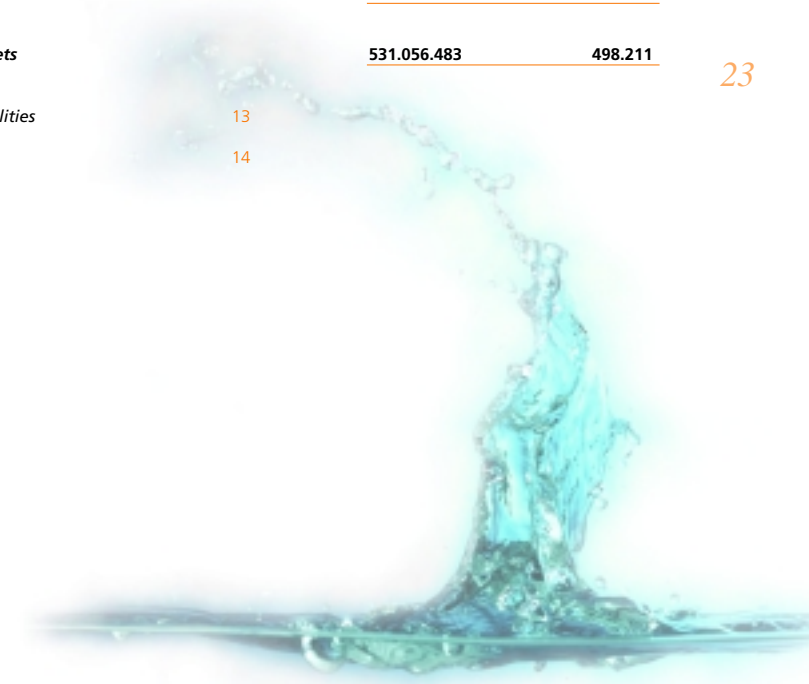
Aktiv/ Assets	Nota	2003	1.000 kr. 2002
Fastar ognir, el-verk v.m./ Tangible fixed assets	7	377.538.406	383.403
Íløgguarbeiði í gerð/ Work in progress		40.316.890	17.264
Støðisogn ialt/ Fixed assets		417.855.296	400.667
Olja á goymslu/ Oil in stock		10.251.109	13.683
Tílfar á goymslu/ Materials in stock		8.532.627	8.298
Goymslur ialt/ Stocks		18.783.736	21.981
El-skuldadar/ Receivables from consumers	8	23.095.783	22.930
Skuldadar aðrir/ Other receivables		5.710.302	3.066
Tíðaravmarkingar/ Accrual		2.695.325	2.462
Skuldadar ialt/ Debtors		31.501.410	28.458
Lánsbrøv/ Bonds		5.459.230	5.852
Partapeningur/ Share capital		600.000	350
Virðisbrøv/ Bonds and shares		6.059.230	6.202
Tøkur peningur/ Cash		56.856.811	40.903
Ogn í umferð ialt/ Total current assets		113.201.187	97.544
Aktiv ialt/ Total assets		531.056.483	498.211

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

Passiv/ Liabilities	Nota	2003	1.000 kr. 2002
Innskot/ Payment from municipalities		4.139.875	4.140
Kapitalkonto/ Capital account	9	275.367.143	244.069
Eginogn ialt/ Equity	10	279.507.018	248.209
Lán/ Loans	11	226.178.147	219.570
Langfreistað skul/ Long-term liabilities		226.178.147	219.570
Renta ikki gjaldkomin/ Interest not due		216.756	63
El-ogningar/ Payable to consumers	12	12.786.116	10.671
Skyldug fríðtiðarløn/ Holiday payroll liabilities		2.019.564	1.846
Aðrir ogningar/ Other payables		10.348.882	17.852
Stuttfreistað skul/ Debtors		25.371.318	30.432
Skuld ialt/ Total liabilities		251.549.465	250.002
Passiv ialt/ Total current assets		531.056.483	498.211
Eftirlønarskyldur/ Pension liabilities	13		
Veðsetingar/ Mortgaging	14		

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Kapitalfrágreiðing/ Statement of cashflows

	2003	1.000 kr. 2002
Ársúrslit/ Profit	31.299	22.876
Avskrivning vm. / Depreciation	54.729	63.944
Likviditetsbroyting frá rakstri/ Cash flow from operations	86.028	88.822
Broyting skuldarar/ Change in debtors	-3.043	-2.861
Broyting stuttfreistað skuld/ Change in creditors	-5.061	2.240
Broyting goymsla olja / Change in oil in stock	3.432	-1.282
Broyting goymsla tilfar/ Change in materials in stock	-235	288
	81.121	85.207
Ílögga og broyting í arbeiði í gerð / Investment	-72.169	-47.939
Goldnir avdráttir og lántøka/ Paid loans	6.608	-33.368
Likviditetsbroyting/ Change in cash equivalent	15.560	3.900
Kassa- og bankpeningur primo/ Bank and cash balances 1st. January	40.904	36.626
Lánsbrøv primo/ Bonds primo	5.852	6.230
Likviditetur ultimo/ Cash and cash equivalents as 31st. Dec.	62.316	46.756
Likviditetur ultimo: Cash and cash equivalents as 31st. Dec.:		
Kassa- og bankapeningur/ Bank and cash balances	56.857	40.904
Lánsbrøv/ Bonds	5.459	5.852
	62.316	46.756

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Notur til ársroknskapin/ Notes to the annual accounts

	2003	1.000 kr. 2002
1. inntøkur/ Revenues		
kWh-gjald o.a./ kWh payments etc.	212.154.014	203.220
Fast gjald/ Fixed payment	14.754.546	13.916
Íbinding/ Coupling	3.560.659	4.937
Ómaks- og áminningargjöld og onnur søla/ Dunning charges	1.446.786	1.023
	231.916.005	223.096
2. Oljuútreiðslur og keyp av streymi/ Purchase of oil and electricity power		
Sundsverkið/ Power station - Sundsverkið	41.198.443	35.606
El-verkið á Oyrunum/ Power station - Oyrunum	7.881.311	6.046
El-verkið á Strond/ Power station Strond	2.041.522	1.174
El-verkið í Trongisvág/ Power station Trongisvág	57.610	151
El-verkið í Skopun/ Power station Skopun	79.859	45
Smáverk/ Small power stations	895.897	710
Keyp av streymi/ Purchase of electricity power	998.889	0
	53.153.531	43.732
3. Lønir/ Salaries and wages		
Løn el-verk, í notu 4/ Salaries & wages power stations inc. note 4	17.982.011	18.037
Løn býtisvirkir v.m., í notu 4/ Salaries & wages distributing units inc. note 4	16.140.862	15.381
Løn fyrisiting, í notu 5/ Salaries & wages administration inc. note 5	5.970.739	6.196
Løn umboðsnevnd/stýri, í notu 5/ Fees to board of dir. inc. note 5	1.343.923	709
Løn tilgongd støðisogn/ Salaries and wages fixed assets	2.018.436	3.982
Løn til eftirlønt, í notu 5/ Pensions inc. note 5	1.083.983	1.043
Eftirlønargjald, í notu 4 og 5/ Pension contributions inc. note 4 and 5	2.437.785	2.088
	46.977.739	47.436

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Notur til ársrokskapin/ Notes to the annual accounts

	2003	1.000 kr. 2002
4. Aðrar rakstrarútreiðslur/ Other operating expences		
60 kV linjur/ 60 kV lines	1.858.987	611
20 kV linjur/ 20 kV lines	5.162.755	4.080
10 kV linjur/ 10 kV lines	1.850.737	2.954
Lágspenningarlinjur/ Low tension lines	9.288.241	8.342
Stikkleidningar/ Service lines	259.493	101
Vaktarskipanin/ Guard	323.258	268
Transformarastöðir/ Transformer substations	1.762.866	1.006
Koblingsstöðir/ Switch stations	278.337	171
Innleggingardeildin - málarar/ Meters	2.974.489	3.244
Amboð vm./ Equipment etc.	677.652	705
Bilútreiðslur/ Automobiles and transport	1.069.250	887
Telefon til bítisverk og elverk v.m./ Telephones	338.687	355
Veiksstreymisdeildin (radiotelefon, fjarstýring/ Radiophone and remote control	732.031	862
El-verk, maskinur/ Power station, mat. for machinery	26.833.628	32.158
El-verk, bygningar/ Power station, mat. for buildings	1.813.765	1.483
Aðrir bygningar/ Other buildings	1.918.152	2.239
Teknistova/ Drawing office	1.894.234	1.829
Goymslukostnaður, verkstaður vm./ Stock expenses	835.447	764
Aðrir kostnaðir/ Other expenses	1.176.799	1.053
	61.048.808	63.112

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Notur til ársrokskapin/ Notes to the annual accounts

	2003	1.000 kr. 2002
5. Fyrisingarútreiðslur/ Administration expenses		
Løn fyrisingar/ Salaries and wages	6.257.583	6.450
Løn umboðsnevnd/stýri/ Fees to board of directors/representatives	1.343.923	709
Lýsingar og telefon/ Stationary, telephone and postage	819.391	686
Konsulent, prent, porto, edv o.a./ Consultants etc.	2.162.896	2.074
Ferðaútreiðslur, umboðsnevndar- og stýrisfundir / Travelling expenses etc.	801.584	633
Frammanundankannigar og uttanshýsis ráðgeving/ Initial surveyes and consultants	1.418.224	1.635
Aðrar fyrisingarútr./ Other administration expences	1.269.281	847
	14.072.882	13.034
Tryggingar/ Insurance	1.407.409	1.498
Tap av skuldarum/ Bad debts	3.038.335	500
Eftirlønir/ Pensions	1.083.983	1.042
Arbeidsmarknaðargjöld/ Labour market contributions	582.284	940
	20.184.893	17.014
6. Rentur/ Interest payable		
Renta av fóstum lánum/ Interest of loans	10.728.461	13.275
Önnur renta/ Other interest	1.612.558	537
	12.341.019	13.812
Rentuinntøkur/ Interst income	-840.097	-1.394
	11.500.922	12.418

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Notur til ársrokskapin/ Notes to the annual accounts
7. Fastar ognir og avskrivningar/ Fixed assets and depreciations

	Saldo 1.1.03 Balance	Tilgongd 2003 Increase	Avskriv. 2003 Depreciation	Saldo 31.12.03 Balance
Framleiðsluvirkir/ Production units	254.601.615	32.578.709	34.730.549	252.449.775
Býtisvirkir/ Distributing units	104.152.527	13.753.843	15.448.969	102.457.401
Felagsognir/ Communal property	19.025.630	100.885	2.530.260	16.596.255
Jarðarognir/ Land property	2.669.717	0	0	2.669.717
Onnur rakstrargagn/ Other operating equipment	2.953.319	2.431.079	2.019.140	3.365.258
	383.402.808	48.864.516	57.728.918	377.538.406

2003 1.000 kr.
2002

8. El-skuldarar/ Receivables from customers
Gjaldkomið í roknskaparárinum/ Due in accounting year

Vanligir brúkarar/ Ordinary consumers	3.848.931	1.606
Max. brúkarar/ Maximum consumers	652.260	897
	4.501.191	2.503

Ikki gjaldkomið/ Not due

Vanligir brúkarar/ Ordinary consumers	14.817.394	15.011
Max. brúkarar/ Maximum consumers	6.277.198	6.696
	21.094.592	21.707

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

-2.500.000 **-1.280**

El-skuldarar ialt/ Total receivables

23.095.783 **22.930**

9. Kapitalkonto/ Capital account

Saldo primo/ Balance January 1st.	244.068.210	221.193
+ Ársúrslit/ Profit of the year	31.298.933	22.876
Saldo ultimo/ Balance Dec. 31st.	275.367.143	244.069

Notur til ársrokskapin/ Notes to the annual accounts
10. Sundurgreining av eiginogn/ Specification of equity

Kommuna Municipality	Kommunu innskot Municipal investment DKK	Eiginogn 31.12.2003 Share of equity DKK	Eiginogn 31.12.2002 Share of equity DKK
Hvannasund	36.375	2.591.356	2.357.048
Klaksvík	486.750	28.093.313	24.944.124
Fugloy	17.500	266.672	234.144
Svínoy	18.250	336.239	379.833
Viðareiði	25.250	1.982.648	1.805.509
Kunoy	12.625	782.624	697.228
Mikladalur	15.250	428.994	411.053
Húsar	17.500	359.427	353.817
Eiði	78.625	4.156.605	3.782.724
Sunda	35.625	2.834.839	2.492.331
Funningur	25.883	481.169	411.053
Gjógv	29.367	330.441	275.769
Oyndarfjørður	28.500	1.060.891	941.779
Elduvík	18.625	510.155	473.491
Fuglafjørður	136.250	9.217.575	8.278.286
Leirvík	62.000	5.118.943	4.500.765
Gøta	84.500	6.040.700	5.359.292
Nes/Runavík	216.250	22.330.880	19.532.800
Sjógv	92.875	6.046.497	5.421.731
Skála	42.875	4.121.821	3.605.815
Haldarsvík	51.625	1.524.668	1.410.066
Saksun	6.250	185.511	176.909
Hvalvík	35.250	2.266.712	1.925.183
Hósvík	19.250	1.652.207	1.462.098
Kvívík	59.125	3.443.547	3.017.854
Vestmanna	125.250	7.194.346	6.436.354
Kirkjubøur	13.625	1.315.968	1.175.922
Hestur	10.875	243.483	234.144
Nólsoy	44.000	1.518.871	1.394.457
Sandavágur	81.250	4.231.968	3.761.911
Miðvágur	88.375	6.145.050	5.307.260
Sørvágur	97.000	5.663.881	5.005.475
Bøur	15.375	515.952	411.053
Mykines	15.125	110.147	109.267
Sandur	72.250	3.420.358	3.007.448
Skopun	71.000	2.875.420	2.580.785
Skálavík	30.750	1.171.038	936.575
Húsavík	25.125	811.610	728.448
Skúvoy	17.875	394.211	322.598
Hvalba	103.625	4.463.857	3.980.445
Tvøroyri	255.250	10.719.054	9.724.774
Famjin	23.125	643.491	577.555
Hov	22.875	765.233	692.025
Porkeri	51.000	2.127.579	1.940.792
Vágur	218.375	8.307.412	7.549.838
Sumba	81.375	2.388.453	2.252.984
Tórshavn/Kollafjørður	1.024.000	108.315.202	95.827.271
	4.139.875	279.507.018	248.208.085

Notur til ársrokskapin/ Notes to the annual accounts

11. Avdráttir, renta og restskuld av lánum(1000 kr.)/ Investment, interest, loans (1.000 DKK)

	Upptikið lán/ Loan	Niðurgoldið og avdráttir/ Instalments	Renta/ Interest	Saldo pr. 31/12-03/ balance	Saldo pr. 31/12-02/ balance
Lán/ Loan	69.200	62.592	10.590	226.178	219.570

12. El-ognarar kr. 12.786.116/ Payables to consumers DKK 12.786.116

Herav eru 10.512.281 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 10.512.281 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

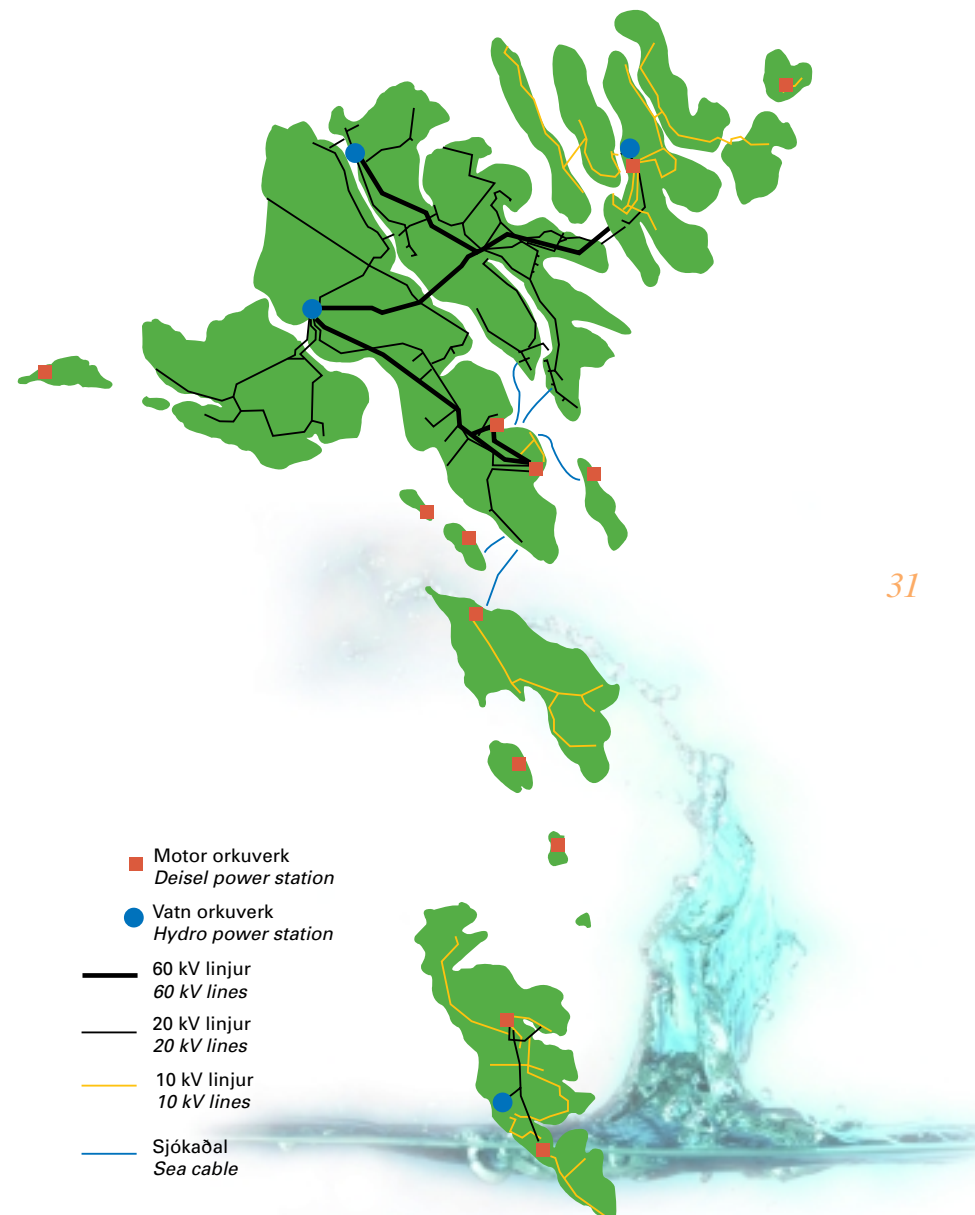
Felagið rindaði í 2003 eftirløn til sjev fólk, sum ikki longur eru í starvi hjá SEV og hevir harumframt eftirlønarskyldu móttvegis tveimum starvsfólkum, sum framvegis eru í starvi hjá felagnum. Hesar skyldur eru ikki avsettar í roknskapinum.

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.

14. Veðsetingar/ Mortgageing

Sum trygd fyri ávisum lánum uppá íalt 6,5 mió. kr. er veðhald latið í parti av støðisogn felagsins. Tann veðsetta støðisognin hevir eitt roknskaparligt virði uppá 73,9 mió. kr. og er veðsett fyri íalt 57.5 mió. kr.

A part of real property has been mortgaged as security for loan at 6,5 mio. DKK. The mortgaged property has a book value at 73,9 mio. Dkk and has been mortgaged as security for an amount of 57.5 mio.DKK.





SEV

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SEV

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SEV

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SEV

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