

# Annual Report 2003



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## GENERAL INFORMATION

### GENERAL INFORMATION

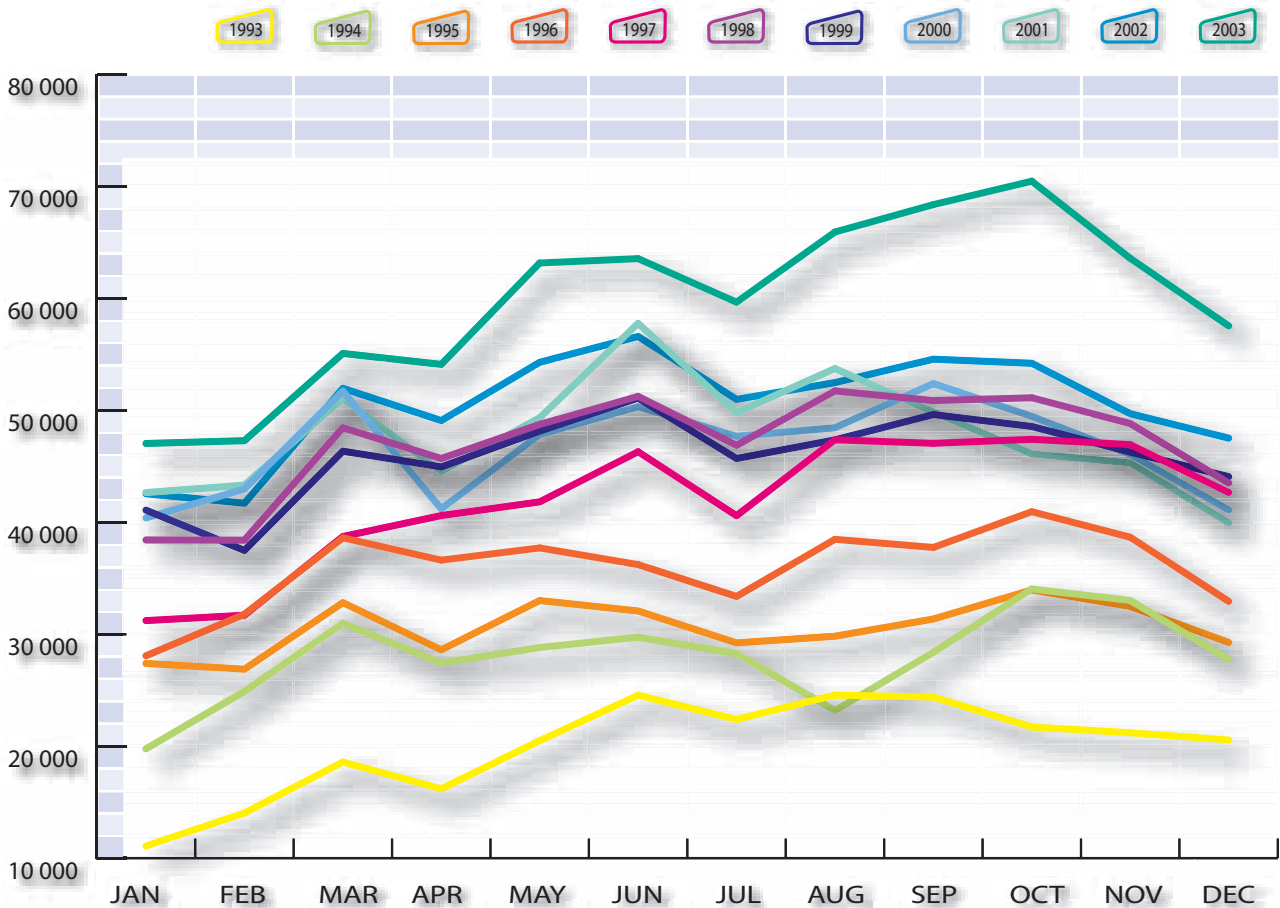
<b>Status:</b>	Airport open to international and domestic flights.	<b>SITA:</b>	TLLXT8X (apron control) TLLGH8X (ground handling)
<b>Codes:</b>	EETN (ICAO), TLL (IATA)	<b>AFTN of airport:</b>	EETN ZXZX
<b>Category:</b>	Aerodrome Reference Code 4E according Annex 14 ICAO CAT I (navigation) Category 7 (Rescue & Fire Fighting)	<b>AFTN of ATC:</b>	EETT ZDZX
<b>Address:</b>	Lennujaama 2, Tallinn 11101, Estonia	<b>Situated:</b>	4 kms/2.7 nm SE from Tallinn City Centre 20 kms/12.5 mls from Port of Tallinn (Uusadam) 1.5 kms/1 ml from nearest railway station (Ülemiste)
<b>Phones:</b>	(+372) 6 05 88 88 (information) (+372) 6 05 87 01 (administration) (+372) 6 25 82 93 (24 h NOTAM office) (+372) 6 60 40 28 (24 h meteo info)	<b>Operation hours:</b>	GMT 0400 - 2200, flights between 2200 - 0400 on request
<b>Fax:</b>	(+372) 6 05 83 33 (administration) (+372) 6 05 84 33 (apron control) (+372) 6 05 87 33 (handling) (+372) 6 60 40 37 (meteo) (+372) 6 25 82 05 (AIS)	<b>Curfew time:</b>	None

### GENERAL OVERVIEW

	1998	1999	2000	2001	2002	2003
<b>Passengers</b>	<b>564 512</b>	<b>551 996</b>	<b>559 800</b>	<b>573 758</b>	<b>606 348</b>	<b>716 204</b>
<b>International</b>	556 358	544 276	553 931	568 261	590 877	699 700
<b>Domestic</b>	7 588	6 471	5 727	5 232	14 820	16 159
<b>Direct transit</b>	566	1 249	142	265	651	345
<b>Total air cargo</b>	<b>5 992</b>	<b>5 325</b>	<b>4 689</b>	<b>4 543</b>	<b>4 292</b>	<b>5 076</b>
<b>Mail (tons)</b>	807	1 030	1 236	1 020	937	868
<b>Air freight (tons)</b>	5 185	4 295	3 453	3 524	3 355	4 209
<b>Aircraft movements</b>	<b>24 951</b>	<b>23 594</b>	<b>23 358</b>	<b>23 633</b>	<b>26 226</b>	<b>25 294</b>
<b>Commercial</b>	19 954	18 926	18 647	18 923	19 778	19 397
<b>Other movements</b>	4 997	4 668	4 711	4 710	6 448	5 897
<b>Operators</b>	230	237	241	253	316	277
<b>Scheduled operators</b>	11	10	8	10	10	11
<b>Destinations</b>	277	271	233	259	269	270
<b>Scheduled destinations</b>	17	18	15	16	14	19

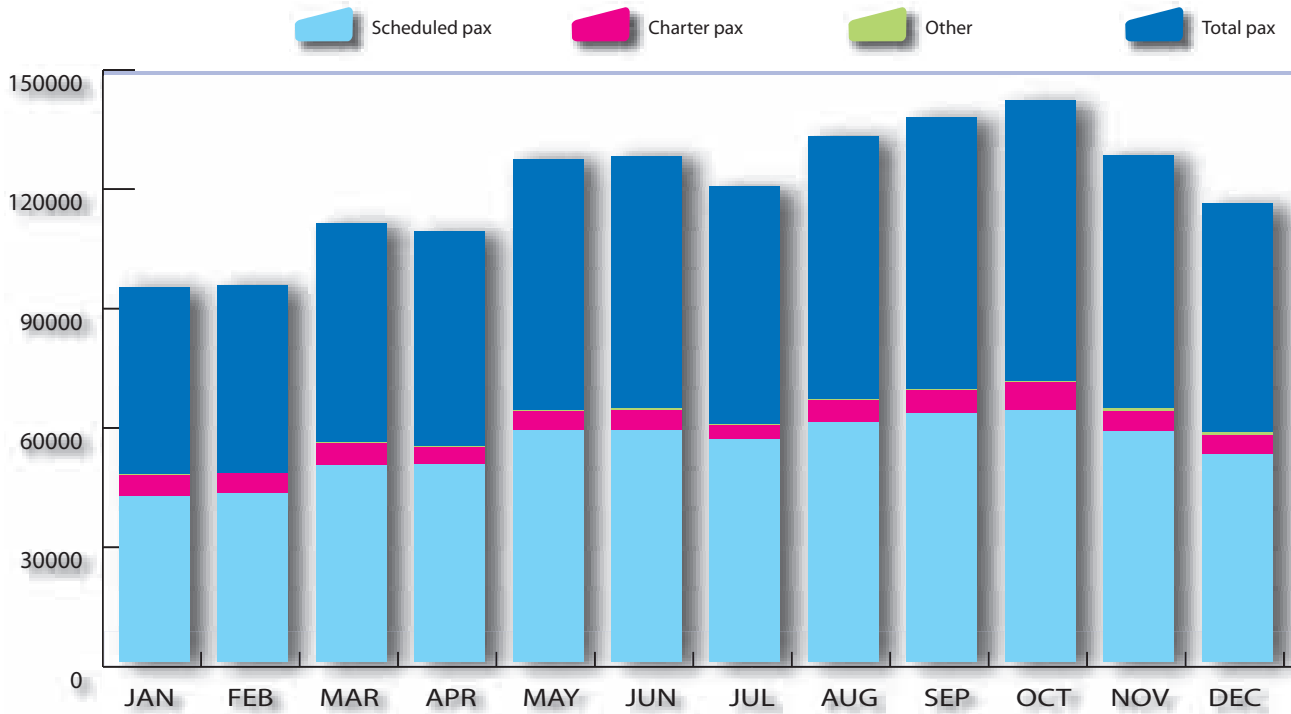
# PASSENGERS

## PASSENGERS 1993 - 2002



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1993	11 085	14 032	18 585	16 195	20 491	24 554	22 391	24 569	24 388	21 715	21 201	20 554	<b>239 760</b>
1994	19 769	24 896	30 973	27 429	28 821	29 734	28 268	23 187	28 386	34 048	33 019	27 752	<b>336 282</b>
1995	27 396	26 878	32 825	28 608	33 011	32 079	29 228	29 823	31 363	33 955	32 484	29 269	<b>366 919</b>
1996	28 079	31 787	38 613	36 620	37 713	36 223	33 377	38 480	37 756	40 952	38 668	32 944	<b>431 212</b>
1997	31 220	31 698	38 732	40 606	41 825	46 307	40 591	47 373	47 059	47 414	46 943	42 674	<b>502 442</b>
1998	38 424	38 408	48 454	45 700	48 745	51 252	46 881	51 740	50 872	51 128	48 825	43 517	<b>563 946</b>
1999	41 086	37 490	46 358	44 952	48 147	51 103	45 701	47 364	49 629	48 561	46 275	44 081	<b>550 747</b>
2000	40 393	42 975	51 726	41 216	47 848	50 324	47 686	48 452	52 398	49 462	46 078	41 100	<b>559 658</b>
2001	42 658	43 321	51 083	44 546	49 341	57 776	49 798	53 738	49 853	46 109	45 311	39 959	<b>573 493</b>
2002	42 555	41 703	51 977	49 090	54 295	56 601	50 983	52 483	54 575	54 208	49 704	47 523	<b>605 697</b>
2003	47 046	47 295	55 087	54 109	63 166	63 559	59 667	65 935	68 383	70 475	63 587	57 550	<b>715 859</b>
<b>% growth rate 2002/03</b>													
	10,6%	13,4%	6,0%	10,2%	16,3%	12,3%	17,0%	25,6%	25,3%	30,0%	27,9%	21,1%	18,2%

# PASSENGER STRUCTURE



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Scheduled pax	41 662	42 430	49 372	49 747	58 199	58 231	55 799	60 101	62 430	63 161	57 852	52 042	651 026
Charter pax	5 223	4 799	5 539	4 190	4 729	4 934	3 636	5 606	5 806	6 900	5 067	4 784	61 213
Other	161	66	176	172	238	394	232	228	147	414	668	724	3 620
<b>Total pax</b>	<b>47 046</b>	<b>47 295</b>	<b>55 087</b>	<b>54 109</b>	<b>63 166</b>	<b>63 559</b>	<b>59 667</b>	<b>65 935</b>	<b>68 383</b>	<b>70 475</b>	<b>63 587</b>	<b>57 550</b>	<b>715 859</b>



## MARKET SHARE

### TOP AIRLINES BY PASSENGERS

		1999	2000	2001	2002	2003
1	Estonian Air	56,3%	51,1%	50,8%	52,7%	57,3%
2	Aero Airlines	-	-	-	10,7%	17,2%
3	Finnair	19,8%	26,1%	27,6%	14,7%	5,1%
4	Scandinavian Airlines	13,5%	11,4%	9,3%	5,0%	3,8%
5	Czech Airlines	-	-	-	-	3,1%
6	LOT Polish Airlines	-	0,2%	2,0%	2,5%	2,2%
7	Lotus Air	-	-	0,6%	1,6%	1,7%
8	Air Baltic	1,3%	1,3%	1,2%	1,1%	1,7%
9	Lithuanian Airlines	1,6%	1,3%	1,2%	1,2%	1,1%
10	Avies	0,1%	0,2%	0,3%	1,2%	1,1%
	Other	7,4%	8,4%	7,0%	9,3%	5,7%

### TOP DESTINATIONS BY PASSENGERS

		1999	2000	2001	2002	2003
1	Helsinki	29,8%	28,2%	27,7%	25,5%	22,4%
2	Copenhagen	17,0%	17,8%	18,0%	15,6%	17,4%
3	Stockholm	18,9%	21,2%	20,6%	19,2%	13,1%
4	London	4,9%	4,9%	5,0%	6,3%	6,2%
5	Frankfurt	3,6%	4,3%	4,3%	4,6%	5,2%
6	Hamburg	2,5%	1,9%	1,7%	1,8%	4,0%
7	Moscow	3,3%	2,7%	2,7%	2,8%	3,8%
8	Vilnius	3,9%	3,5%	3,4%	3,3%	3,2%
9	Prague	-	-	-	-	3,1%
10	Paris	-	-	-	-	2,5%
	Other	16,1%	15,5%	16,6%	20,9%	19,1%

## PASSENGER TRAFFIC ON REGULAR ROUTES IN 1999-2003

Code	Airport	1999	2000	2001	2002	2003	% change 2002/03
HEL	<b>Helsinki</b>	162 479	155 547	157 439	150 774	158 517	5,1%
CPH	<b>Copenhagen</b>	93 345	99 704	103 104	116 296	124 317	6,9%
STO	<b>Stockholm</b>	104 228	118 387	118 102	94 096	93 958	-0,1%
LGW	<b>London</b>	26 452	27 323	28 696	37 773	44 287	17,2%
FRA	<b>Frankfurt</b>	19 476	24 028	24 786	27 843	37 357	34,2%
HAM	<b>Hamburg</b>	13 621	10 602	9 535	10 660	28 329	165,8%
MOW	<b>Moscow</b>	18 046	14 728	15 009	16 702	26 045	55,9%
PRG	<b>Prague</b>	0	0	0	0	22 478	N/A
VNO	<b>Vilnius</b>	21 073	19 537	19 318	19 624	22 261	13,4%
PAR	<b>Paris</b>	0	0	0	0	17 658	N/A
WAW	<b>Warsaw</b>	0	809	11 967	15 367	15 098	-1,8%
RIX	<b>Riga</b>	13 486	13 856	11 049	9 728	11 705	20,3%
IEV	<b>Kiev</b>	12 969	12 252	10 698	9 267	10 149	9,5%
OSL	<b>Oslo</b>	5 447	35	0	0	9 012	N/A
KDL	<b>Kärdla</b>	1 760	2 272	2 136	6 111	7 045	15,3%
BER	<b>Berlin</b>	0	0	0	0	6 768	N/A
URE	<b>Kuressaare</b>	1 614	1 371	842	6 148	6 707	9,1%
VIE	<b>Vienna</b>	10 725	18 077	14 984	22 822	6 525	-71,4%
AMS	<b>Amsterdam</b>	7 146	0	0	0	2 810	N/A
	<b>Other</b>	38 880	41 130	45 828	62 486	64 833	3,8%
	<b>Total</b>	<b>550 747</b>	<b>559 658</b>	<b>573 493</b>	<b>605 697</b>	<b>715 859</b>	<b>18,2%</b>



## PASSENGER MOVEMENTS 2003

### MONTHLY TOTALS - PASSENGER MOVEMENTS BY DESTINATIONS ON SCHEDULED FLIGHTS 2003

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Helsinki	13 268	13 436	15 730	13 980	14 162	12 784	10 819	10 612	12 954	14 813	13 741	12 218	158 517
Copenhagen	7 873	7 660	8 808	9 786	12 775	13 034	11 557	11 398	12 230	11 270	10 030	7 896	124 317
Stockholm	5 515	6 064	6 407	6 588	8 863	8 654	7 524	9 592	9 832	9 408	8 781	6 730	93 958
London	2 516	2 274	3 306	3 403	4 052	3 954	4 633	4 502	4 004	4 064	3 545	4 034	44 287
Frankfurt	2 949	2 672	3 221	2 144	2 796	3 362	3 729	3 748	3 321	3 140	3 206	3 069	37 357
Hamburg	1 178	1 853	2 115	2 167	2 334	2 952	3 777	3 517	2 716	2 391	1 647	1 682	28 329
Moscow	1 903	2 216	2 283	2 381	2 523	2 098	2 116	2 241	2 125	2 325	2 011	1 823	26 045
Prague	0	0	0	333	2 362	2 644	3 468	3 486	2 680	2 942	2 179	2 384	22 478
Vilnius	1 628	1 683	1 680	2 003	1 951	1 800	1 284	1 322	2 258	2 280	2 270	2 102	22 261
Paris	0	0	92	2 297	2 224	2 084	2 349	2 363	1 540	1 467	1 595	1 647	17 658
Warsaw	999	976	1 389	1 117	1 445	1 599	1 592	1 693	1 519	1 030	916	823	15 098
Riga	513	618	678	658	707	971	641	769	1 480	1 768	1 596	1 306	11 705
Kiev	649	568	653	647	720	840	792	1 126	1 024	1 021	1 050	1 059	10 149
Oslo	0	0	0	0	0	0	0	1 370	1 850	1 970	2 092	1 730	9 012
Kärdla	642	432	453	696	581	684	765	660	536	679	409	508	7 045
Berlin	0	0	0	0	0	0	0	978	1 786	1 524	1 163	1 317	6 768
Kuressaare	459	427	513	460	527	675	753	724	575	661	420	513	6 707
Vienna	1 570	1 551	2 044	1 087	177	96	0	0	0	0	0	0	6 525
Amsterdam	0	0	0	0	0	0	0	0	0	408	1 201	1 201	2 810
<b>Total</b>	<b>1 662</b>	<b>42 430</b>	<b>49 372</b>	<b>49 747</b>	<b>58 199</b>	<b>58 231</b>	<b>55 799</b>	<b>60 101</b>	<b>62 430</b>	<b>63 161</b>	<b>57 852</b>	<b>52 042</b>	<b>651 026</b>





## PASSENGER MOVEMENTS 2003

### MONTHLY TOTALS - PASSENGER MOVEMENTS BY DESTINATIONS ON NON-SCHEDULED FLIGHTS 2003

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sharm el Sheikh	1 434	1 409	1 712	1 303	184	0	0	408	1 098	1 975	2 838	2 668	<b>15 029</b>
Las Palmas	1 596	1 277	1 326	842	0	0	0	0	0	540	699	703	<b>6 983</b>
Malaga	0	1	0	531	1 832	893	0	0	876	921	4	30	<b>5 088</b>
Antalya	0	0	0	0	324	440	427	413	429	1 113	543	0	<b>3 689</b>
Salzburg	841	828	877	0	0	0	0	0	0	0	0	313	<b>2 859</b>
Rimini	0	0	0	0	0	570	737	848	493	0	0	0	<b>2 648</b>
Helsinki-Vantaa	329	59	26	55	249	132	64	148	45	344	229	112	<b>1 792</b>
Tenerife	0	0	0	0	0	0	0	0	0	337	614	687	<b>1 638</b>
Araxos	0	0	0	0	0	0	0	0	343	987	113	0	<b>1 443</b>
Athens	0	0	0	0	0	0	299	859	209	0	0	0	<b>1 367</b>
Tallinn	62	105	236	222	116	119	68	49	47	40	36	49	<b>1 149</b>
Moscow	9	456	16	9	145	75	18	33	34	25	31	102	<b>953</b>
Oslo	0	0	0	0	202	186	0	0	354	0	0	136	<b>878</b>
Palma de Mallorca	0	0	0	0	0	335	502	0	0	0	0	0	<b>837</b>
Nice	0	0	0	0	0	167	196	472	2	0	0	0	<b>837</b>
Cagliari	0	0	0	0	0	0	73	704	0	3	0	0	<b>780</b>
Kogalym	104	0	0	137	0	132	0	153	0	93	0	134	<b>753</b>
Perpignan	0	530	106	106	0	0	0	0	0	0	0	0	<b>742</b>
Riga	7	10	8	40	269	46	10	13	188	33	76	11	<b>711</b>
Grenoble	0	0	663	0	0	0	0	0	0	0	0	0	<b>663</b>
Dubai	655	0	0	0	0	0	0	0	0	0	0	0	<b>655</b>
Genova	0	0	0	0	384	0	0	0	167	0	0	0	<b>551</b>
Warsaw	0	0	4	528	0	0	8	0	0	0	0	0	<b>540</b>
Stockholm-Bromma	27	12	22	27	101	81	23	80	86	28	30	22	<b>539</b>
Sofia	0	0	143	137	0	60	0	0	170	0	0	0	<b>510</b>
St.Petersburg	9	21	10	9	50	59	23	35	51	32	37	61	<b>397</b>
Pristina	0	0	0	35	142	78	0	97	0	0	0	41	<b>393</b>
Vilnius	0	0	0	35	1	22	2	4	305	5	11	1	<b>386</b>
Basel	0	0	0	0	0	0	205	163	0	0	0	0	<b>368</b>
Ämari	0	0	4	36	64	65	54	28	87	16	0	6	<b>360</b>
Hannover	0	0	259	0	0	0	0	0	0	97	0	0	<b>356</b>
Edinburgh	0	0	0	0	0	0	187	151	0	0	0	0	<b>338</b>
Gerona-Costa Brava	0	0	0	20	106	0	0	0	190	0	0	0	<b>316</b>
Helsinki-Malmi	2	25	26	52	27	15	31	45	34	10	12	0	<b>279</b>
Kuussaare	1	9	37	7	2	23	18	71	53	15	23	5	<b>264</b>
Zagreb	0	0	0	0	0	212	0	42	0	0	0	0	<b>254</b>
Amsterdam	0	0	0	0	237	0	0	0	0	0	0	0	<b>237</b>
unspecified	7	28	12	8	4	143	11	7	0	4	12	0	<b>236</b>
Bournemouth	0	0	0	0	0	234	0	0	0	0	0	0	<b>234</b>
Pärnu	0	0	0	0	2	135	23	22	8	2	23	0	<b>215</b>
Dinard	0	0	0	0	0	107	106	0	0	0	0	0	<b>213</b>
Frankfurt	7	4	0	0	0	3	0	84	0	0	58	49	<b>205</b>
Eindhoven	0	0	0	0	0	198	0	0	0	0	0	0	<b>198</b>
Thessaloniki	0	0	0	0	0	0	0	192	0	0	0	0	<b>192</b>
Liverpool	0	0	0	0	0	0	189	0	0	0	0	0	<b>189</b>
Kavala	0	0	0	0	0	0	0	0	185	0	0	0	<b>185</b>
Tartu	2	7	4	2	17	110	12	2	22	3	2	0	<b>183</b>
Aalborg	0	0	0	0	0	0	132	46	0	0	0	0	<b>178</b>
Izmir	0	0	0	0	0	0	0	177	0	0	0	0	<b>177</b>
other non-scheduled	292	84	224	221	509	688	450	488	477	691	344	378	<b>4 846</b>
<b>total non-scheduled</b>	<b>5 384</b>	<b>4 865</b>	<b>5 715</b>	<b>4 362</b>	<b>4 967</b>	<b>5 328</b>	<b>3 868</b>	<b>5 834</b>	<b>5 953</b>	<b>7 314</b>	<b>5 735</b>	<b>5 508</b>	<b>64 833</b>

## PASSENGER PROFILE

### PASSENGER PROFILE

In 2003 Tallinn Airport Marketing Department organised the ninth annual passenger research at the airport. 2003 research was for the second time carried out in two parts: in May and in November. Altogether 3033 passengers were interviewed. The aim of the survey was to learn more about our passenger and route structures, the changes that have occurred compared to the previous surveys (seasonality) and the opinions about services at our airport.

As a result of the survey the following information about passengers of Tallinn Airport was found:

<b>Tariff (Fare)</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Business	17%	25%	27%	22%	10%
Economy	79%	73%	72%	77%	89%
Other	4%	2%	1%	1%	1%
<b>Purpose of journey</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Leisure	17%	15%	15%	16%	16%
Business	72%	73%	74%	69%	69%
VFR	7%	6%	6%	8%	10%
Transit/Transfer	2%	2%	N/A	N/A	N/A
Other	2%	4%	5%	7%	5%
<b>Average monthly income</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Up to 324 EUR	9%	7%	8%	8%	8%
325 – 544 EUR	12%	11%	10%	12%	10%
545 – 1084 EUR	20%	18%	20%	20%	21%
1085 – 2174 EUR	20%	21%	17%	18%	21%
2175 – 3249 EUR	16%	15%	14%	14%	17%
Over 3250 EUR	24%	28%	31%	28%	23%
<b>Sex</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Female	34%	31%	29%	30%	35%
Male	66%	69%	71%	70%	65%
<b>Who paid for the ticket?</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Passenger itself	26%	26%	24%	27%	30%
Family	2%	2%	1%	2%	3%
Company/Organisation	69%	70%	73%	68%	65%
Other	3%	2%	2%	3%	2%
<b>Travelling in group or alone</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Alone	58%	61%	51%	53%	60%
With family	10%	7%	7%	9%	9%
With friends	N/A	5%	7%	6%	5%
With colleagues	N/A	24%	30%	27%	23%
In group	32%	3%	5%	5%	3%
<b>Age group</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
15 – 24	9%	8%	7%	8%	8%
25 – 34	28%	29%	29%	28%	29%
35 – 44	28%	28%	30%	29%	31%
45 – 54	21%	22%	21%	21%	20%
55 – 64	11%	9%	10%	11%	9%
64 and older	3%	4%	3%	3%	3%

## PASSENGER PROFILE

<b>Where was the ticket booked/ bought</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
From airline office at airport	11%	9%	9%	8%	7%
From airline office downtown	8%	5%	4%	5%	4%
Via Internet	N/A	1%	2%	3%	9%
From travel agency	82%	85%	85%	84%	80%
<b>Passenger nationality profile</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Estonian	44,30%	42,80%	43,50%	40,50%	41,70%
Latvian	1,10%	1,50%	1,00%	0,70%	1,40%
Lithuanian	1,70%	2,60%	2,00%	1,30%	1,90%
<b>Total Baltic State Residents</b>	<b>47,10%</b>	<b>46,90%</b>	<b>46,50%</b>	<b>42,50%</b>	<b>45,00%</b>
Finnish	12,20%	8,90%	10,70%	6,30%	7,40%
Swedish	9,00%	10,70%	9,00%	10,60%	9,00%
Norwegian	1,80%	1,80%	2,70%	3,20%	3,80%
Danish	4,10%	4,10%	4,50%	4,30%	3,20%
<b>Total Scandinavian</b>	<b>27,10%</b>	<b>25,50%</b>	<b>26,90%</b>	<b>24,40%</b>	<b>23,50%</b>
German	3,70%	3,90%	4,20%	4,30%	5,20%
British	3,80%	3,90%	5,50%	6,70%	4,60%
Dutch	0,90%	0,90%	1,20%	1,40%	1,90%
Italian	1,10%	0,90%	0,80%	1,70%	1,50%
Russian	6,00%	7,10%	5,30%	6,10%	7,40%
French	0,70%	0,70%	1,10%	1,10%	1,20%
Belgian	0,40%	0,70%	0,70%	0,70%	0,50%
Rest of Europe	6,20%	5,30%	5,00%	6,50%	5,06%
<b>Total Europe</b>	<b>97,00%</b>	<b>95,80%</b>	<b>97,20%</b>	<b>95,50%</b>	<b>96,40%</b>
<b>Total North America</b>	<b>2,60%</b>	<b>2,50%</b>	<b>1,90%</b>	<b>2,70%</b>	<b>2,40%</b>
<b>Total Far East</b>	<b>0,30%</b>	<b>0,90%</b>	<b>0,50%</b>	<b>0,80%</b>	<b>0,70%</b>
<b>Other</b>	<b>0,10%</b>	<b>0,80%</b>	<b>0,40%</b>	<b>1,00%</b>	<b>0,50%</b>

The passenger survey also revealed the most popular destinations which due to non-existence of direct connections are reached by stop-over or transit flights. If all the passengers used direct connections, the following number of passengers would use the routes:

### Passenger expectations for new regular routes in 2000 - 2003 (annual pax volumes)

<b>City</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Brussels</b> (incl. all Belgium)	10 000	16 400	20 700	25 000
<b>Milano</b> (incl. all Italy)	10 300	10 300	20 700	24 100
<b>New York</b> (incl. all North America)	25 000	15 500	24 800	23 100
<b>Göteborg</b> (incl. South Sweden)	11 500	11 900	12 700	11 000
<b>Madrid</b> (incl. all Spain)	9 800	8 300	8 800	10 900
<b>Dublin</b> (incl. all Ireland)	4 500	5 600	5 400	9 400
<b>Vienna</b> (incl. all Austria)	8 500	9 500	11 200	8 700
<b>South-Germany</b> (incl. MUC, STR)	9 700	7 100	10 600	7 800
<b>Düsseldorf</b>	4 000	7 700	6 000	7 600
<b>Manchester</b>	4 500	4 100	5 600	5 200
<b>Zurich</b> (incl. all Switzerland)	7 300	5 700	9 600	4 700

## MARKET SHARE

### TOP AIRLINES BY MAIL AND FREIGHT

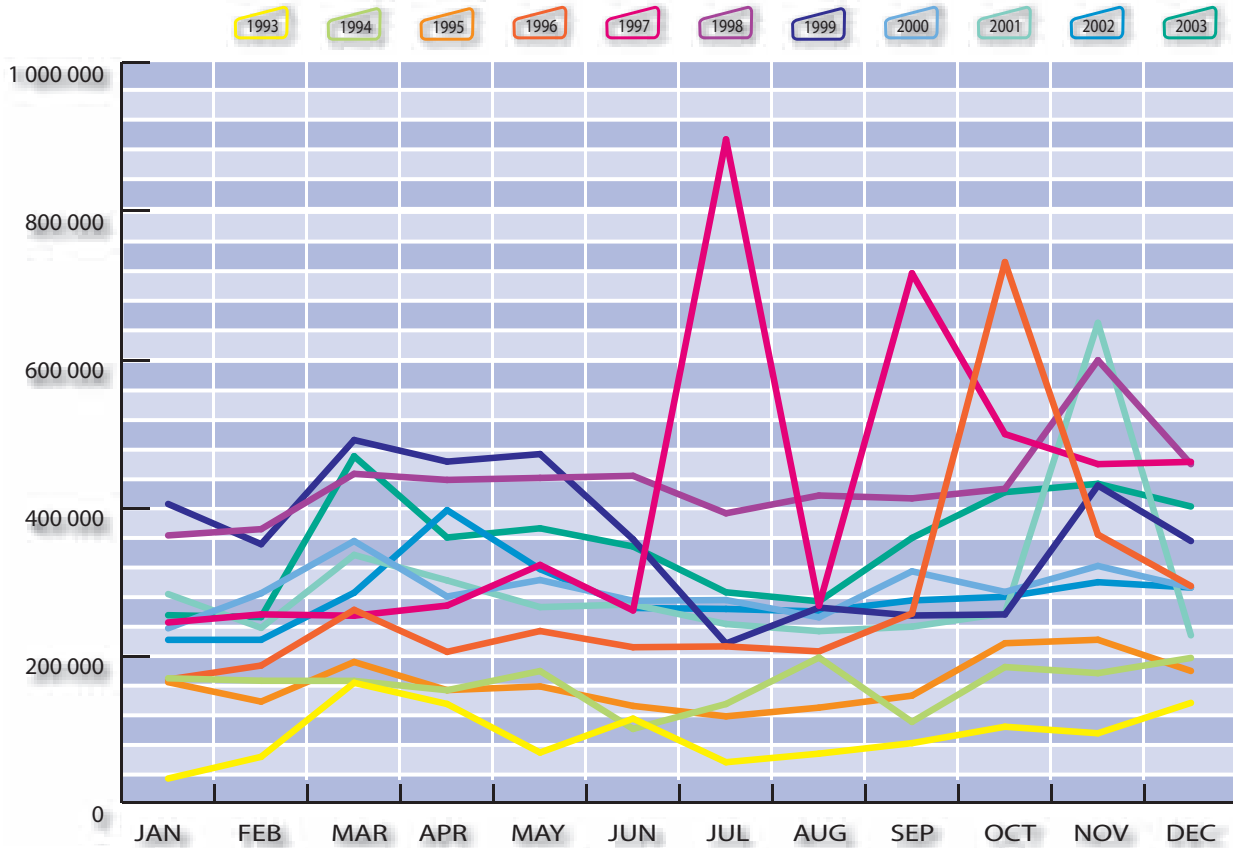
		1999	2000	2001	2002	2003
1	Estonian Air	33,2%	43,0%	38,5%	37,8%	35,0%
2	Aero Airlines	-	-	-	10,5%	13,5%
3	TNT	-	1,3%	7,1%	8,3%	12,1%
4	DHL	5,7%	6,5%	8,0%	8,8%	9,9%
5	UPS	2,8%	4,1%	5,1%	6,1%	5,9%
6	Finnair	15,2%	24,3%	24,6%	14,7%	5,0%
7	Air Kazakhstan	-	-	-	-	3,9%
8	Atran-Aviatrans	-	-	-	-	2,3%
9	Czech Airlines	-	-	-	-	2,2%
10	Volare	-	-	-	-	2,0%
	Other	43,1%	20,8%	16,7%	13,8%	8,2%

### TOP DESTINATIONS BY MAIL AND FREIGHT

		1999	2000	2001	2002	2003
1	Helsinki	27,9%	43,2%	44,9%	48,4%	46,6%
2	Copenhagen	17,2%	19,6%	17,6%	19,3%	18,8%
3	Frankfurt	0,9%	5,3%	6,2%	5,8%	5,3%
4	Moscow	3,1%	3,2%	3,7%	2,9%	4,1%
5	Uralsk	-	-	-	-	3,9%
6	Stockholm	6,4%	7,1%	4,3%	5,0%	3,4%
7	London	2,2%	5,1%	6,6%	5,0%	3,0%
8	Prague	-	0,2%	-	-	2,2%
9	Rimini	-	-	-	-	1,9%
10	Vilnius	3,4%	3,7%	3,2%	1,7%	1,7%
	Other	38,9%	12,6%	13,5%	11,9%	9,1%



## MONTHLY TOTALS: FREIGHT 1993 – 2003

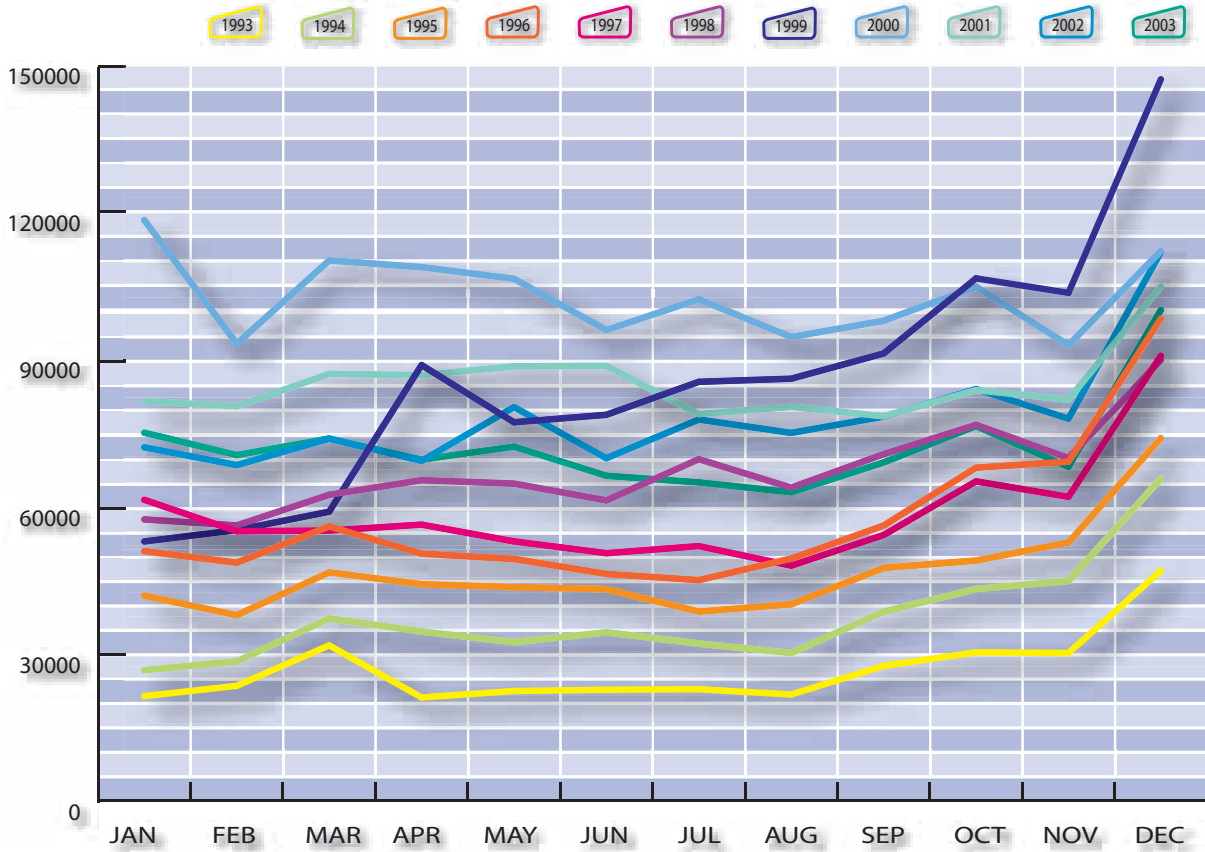


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1993	32 425	61 727	161 732	133 116	67 508	113 305	54 444	66 021	80 203	102 385	93 566	134 584	<b>1 101 016</b>
1994	167 837	164 483	164 337	151 740	177 574	99 451	133 090	195 854	108 947	183 024	174 780	195 325	<b>1 916 442</b>
1995	162 522	136 305	189 868	151 870	156 857	130 486	116 434	128 174	144 365	215 195	219 871	177 758	<b>1 929 705</b>
1996	166 182	185 053	260 249	203 525	231 677	209 781	210 902	204 166	255 357	730 069	361 970	292 444	<b>3 311 375</b>
1997	243 276	254 162	252 381	266 070	320 950	259 531	895 830	266 092	714 970	497 739	457 148	460 172	<b>4 888 321</b>
1998	360 859	369 317	444 030	435 836	438 541	441 339	390 728	414 774	410 877	423 829	597 556	457 179	<b>5 184 865</b>
1999	403 277	349 007	489 701	460 551	470 702	355 579	214 847	263 303	252 648	254 135	428 260	353 306	<b>4 295 316</b>
2000	235 393	282 707	353 229	278 275	300 566	272 583	273 527	250 197	312 295	284 511	319 574	290 473	<b>3 453 330</b>
2001	281 572	235 990	334 483	300 051	263 986	267 596	241 087	231 551	237 586	255 739	647 896	225 982	<b>3 523 519</b>
2002	219 758	219 807	283 415	394 987	315 273	262 843	261 503	258 117	273 016	277 932	297 639	290 455	<b>3 354 745</b>
2003	253 084	250 538	467 794	358 001	370 479	345 886	283 999	271 810	357 386	419 307	430 539	399 954	<b>4 208 777</b>

### % growth rate 2002/03

	15,2%	14,0%	65,1%	-9,4%	17,5%	31,6%	8,6%	5,3%	30,9%	50,9%	44,7%	37,7%	<b>25,5%</b>
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## MONTHLY TOTALS: MAIL 1993 - 2003



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1993	21 239	23 346	31 587	20 976	22 290	22 535	22 651	21 575	27 406	30 173	30 036	46 802	<b>320 616</b>
1994	26 533	28 318	37 085	34 417	32 244	34 256	31 955	30 040	38 458	43 091	44 719	65 575	<b>446 691</b>
1995	41 727	37 746	46 477	44 062	43 451	43 049	38 484	39 976	47 385	48 892	52 559	73 839	<b>557 647</b>
1996	50 815	48 453	55 851	50 281	49 212	46 156	44 896	49 286	56 015	67 822	69 048	98 200	<b>686 035</b>
1997	61 271	54 859	55 004	56 213	52 792	50 385	51 830	47 843	54 094	65 034	61 876	90 648	<b>701 849</b>
1998	57 279	56 048	62 296	65 275	64 573	61 153	69 554	63 752	70 577	76 564	69 793	89 784	<b>806 648</b>
1999	52 779	55 105	58 843	88 738	77 074	78 603	85 327	85 964	91 105	106 418	103 464	147 002	<b>1 030 422</b>
2000	118 288	93 106	110 066	108 708	106 333	95 876	102 161	94 462	97 776	104 722	92 805	111 951	<b>1 236 254</b>
2001	81 351	80 362	86 932	86 685	88 489	88 568	78 730	80 240	78 301	83 642	81 718	104 696	<b>1 019 714</b>
2002	71 977	68 347	73 733	69 194	80 178	69 761	77 645	74 913	78 232	83 850	77 816	111 764	<b>937 410</b>
2003	74 946	70 388	73 763	69 467	72 107	66 170	64 826	62 807	68 888	76 315	67 964	99 956	<b>867 597</b>

### % growth rate 2002/03

	4,1%	3,0%	0,0%	0,4%	-10,1%	-5,1%	-16,5%	-16,2%	-11,9%	-9,0%	-12,7%	-10,6%	<b>-7,4%</b>
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## MARKET SHARE

### TOP AIRLINES BY AIRCRAFT MOVEMENTS

	1999	2000	2001	2002	2003
1 Estonian Air	38,6%	30,9%	29,5%	26,4%	27,7%
2 Aero Airlines	-	-	-	7,1%	13,4%
3 Avies	4,3%	5,2%	6,6%	8,1%	9,1%
4 Air Livonia	0,9%	0,9%	0,3%	3,9%	4,6%
5 Estonian State Aviation Group	4,9%	4,7%	5,1%	4,3%	4,5%
6 Pakker Avio	1,3%	3,9%	5,4%	4,5%	4,2%
7 Finnair	12,6%	15,6%	18,6%	11,0%	3,9%
8 Scandinavian Airlines	6,3%	5,5%	5,0%	2,7%	2,7%
9 Air Baltic	2,0%	2,0%	2,1%	2,0%	2,5%
10 Airest	-	-	-	2,5%	2,5%
Other	29,1%	31,3%	27,4%	27,6%	24,9%

### TOP DESTINATIONS BY AIRCRAFT MOVEMENTS

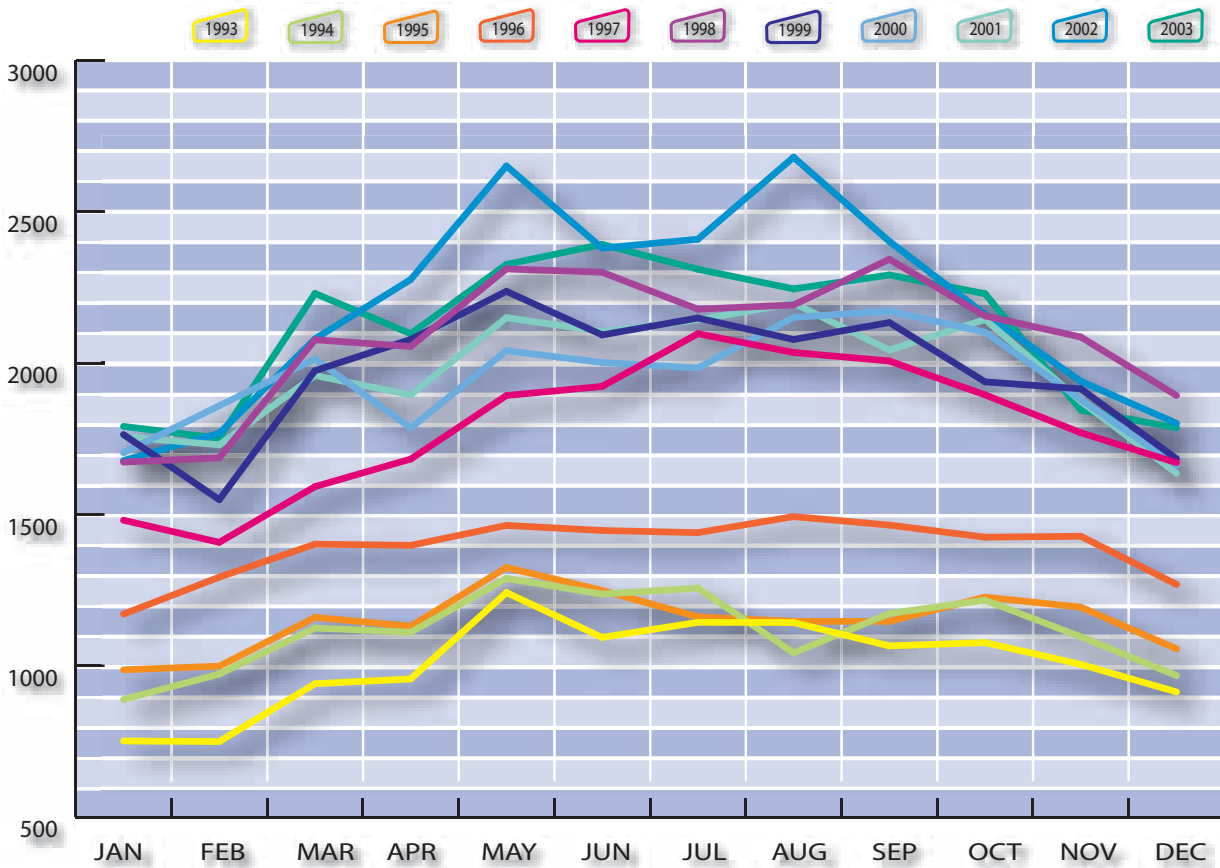
	1999	2000	2001	2002	2003
1 Helsinki	28,8%	28,4%	28,2%	26,3%	25,6%
2 Tallinn*	7,6%	8,0%	10,9%	15,2%	13,5%
3 Stockholm	10,8%	11,7%	12,7%	9,7%	9,3%
4 Copenhagen	7,9%	7,9%	7,8%	7,3%	7,7%
5 Kuressaare	1,3%	1,3%	1,1%	4,0%	4,4%
6 Kärdla	1,3%	1,8%	1,8%	4,0%	4,3%
7 Vilnius	5,4%	5,2%	4,7%	3,8%	3,9%
8 Riga	4,6%	4,6%	4,1%	3,2%	3,2%
9 Frankfurt	1,7%	1,8%	1,8%	1,7%	2,5%
10 Moscow	3,1%	3,2%	3,7%	2,9%	2,5%
Other	27,5%	26,1%	23,2%	21,9%	23,1%

\* - includes training, inspection and demonstration flights





## MONTHLY TOTALS: AIRCRAFT MOVEMENTS 1993 - 2003



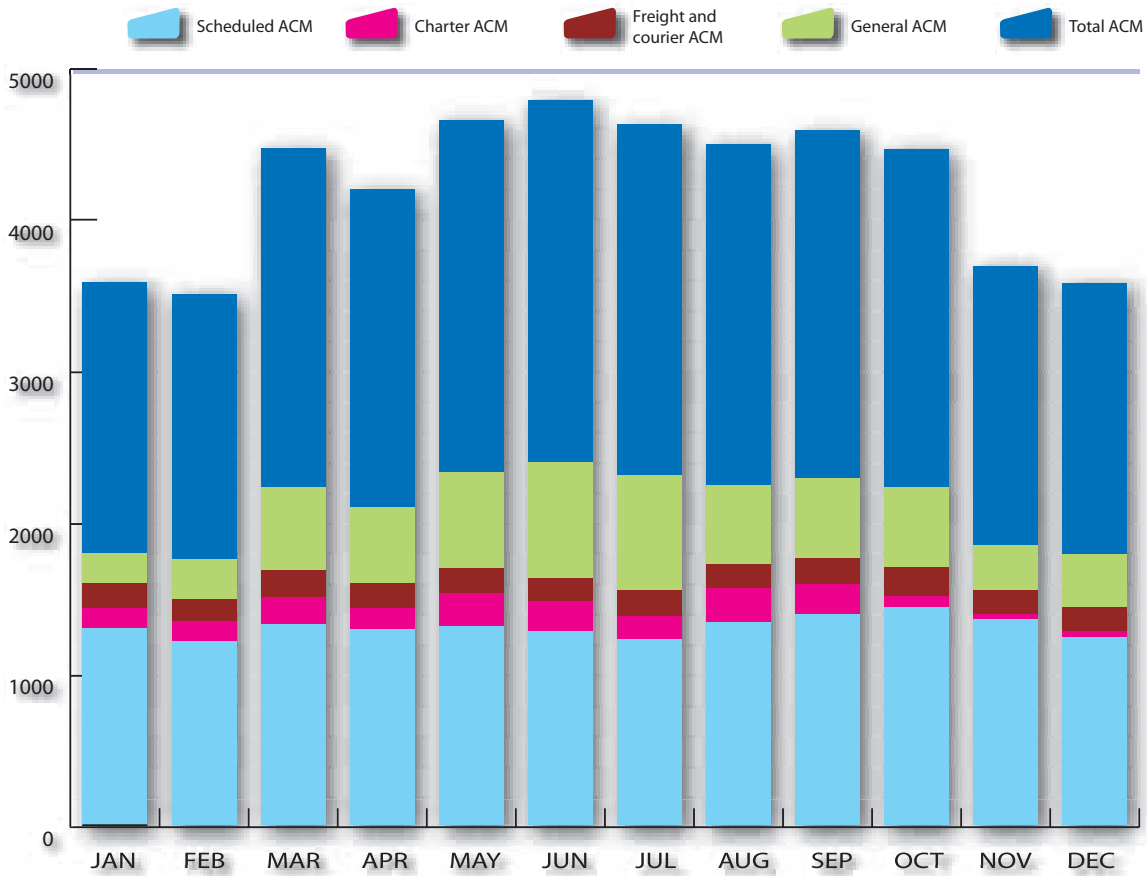
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1993	752	750	941	957	1 242	1 094	1 144	1 143	1 066	1 077	1 005	914	<b>12 085</b>
1994	889	973	1 125	1 111	1 289	1 237	1 257	1 043	1 173	1 217	1 096	968	<b>13 378</b>
1995	987	999	1 160	1 131	1 325	1 249	1 162	1 147	1 147	1 227	1 194	1 056	<b>13 784</b>
1996	1 171	1 293	1 402	1 398	1 464	1 447	1 440	1 493	1 465	1 425	1 428	1 269	<b>16 695</b>
1997	1 481	1 408	1 592	1 683	1 893	1 923	2 097	2 035	2 007	1 895	1 770	1 671	<b>21 455</b>
1998	1 673	1 687	2 077	2 055	2 311	2 300	2 178	2 192	2 343	2 156	2 086	1 893	<b>24 951</b>
1999	1 764	1 549	1 975	2 078	2 237	2 093	2 149	2 078	2 134	1 938	1 915	1 684	<b>23 594</b>
2000	1 704	1 859	2 014	1 786	2 041	2 002	1 984	2 151	2 172	2 102	1 880	1 663	<b>23 358</b>
2001	1 757	1 730	1 959	1 895	2 150	2 104	2 143	2 198	2 043	2 144	1 874	1 636	<b>23 633</b>
2002	1 678	1 768	2 080	2 276	2 651	2 380	2 409	2 680	2 402	2 161	1 940	1 801	<b>26 226</b>
2003	1 791	1 752	2 230	2 097	2 326	2 392	2 310	2 245	2 291	2 229	1 845	1 786	<b>25 294</b>

### % growth rate 2002/03

	6,7%	-0,9%	7,2%	-7,9%	-12,3%	0,5%	-4,1%	-16,2%	-4,6%	3,1%	-4,9%	-0,8%	<b>-3,6%</b>
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# MONTHLY TOTALS: AIRCRAFT MOVEMENTS BY FLIGHT TYPES

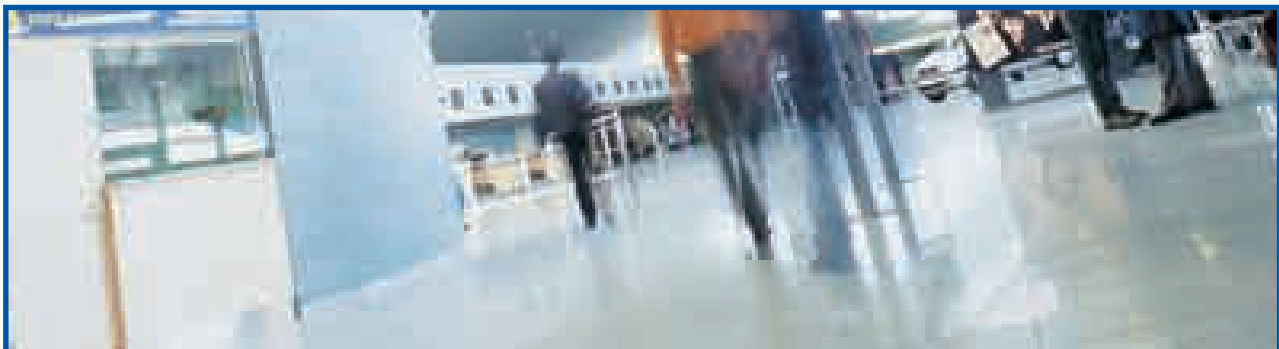


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Scheduled ACM	1 293	1 211	1 325	1 291	1 308	1 276	1 222	1 338	1 391	1 434	1 355	1 238	<b>15 682</b>
Charter ACM	138	134	178	143	222	203	157	226	200	77	35	39	<b>1 752</b>
Freight and courier ACM	162	146	176	162	165	149	169	154	169	187	161	163	<b>1 963</b>
General ACM	198	261	551	501	631	764	762	527	531	531	294	346	<b>5 897</b>
Total ACM	1 791	1 752	2 230	2 097	2 326	2 392	2 310	2 245	2 291	2 229	1 845	1 786	<b>25 294</b>

## AIRCRAFT MOVEMENTS 2003

### MONTHLY TOTALS - SCHEDULED PASSENGER AIRCRAFT MOVEMENTS 2003

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Helsinki</b>	346	332	364	316	353	339	286	358	362	376	381	344	<b>4 157</b>
<b>Stockholm</b>	199	198	209	201	176	159	164	166	164	170	160	118	<b>2 084</b>
<b>Copenhagen</b>	158	148	156	164	168	160	168	165	162	166	158	132	<b>1 905</b>
<b>Kärdla</b>	86	70	78	86	86	84	92	84	88	92	70	79	<b>995</b>
<b>Vilnius</b>	80	76	82	84	86	83	70	76	88	92	75	60	<b>952</b>
<b>Kuressaare</b>	80	62	72	72	74	88	90	90	80	84	59	88	<b>939</b>
<b>Riga</b>	30	30	48	52	48	44	32	42	78	84	78	60	<b>626</b>
<b>Frankfurt</b>	50	48	54	50	48	52	52	50	52	52	51	48	<b>607</b>
<b>London</b>	52	46	46	50	52	52	52	52	52	52	50	50	<b>606</b>
<b>Warsaw</b>	48	48	54	48	54	52	52	54	49	50	50	42	<b>601</b>
<b>Moscow</b>	52	48	50	50	50	34	34	34	34	36	34	33	<b>489</b>
<b>Hamburg</b>	24	24	22	26	26	33	40	40	34	28	24	24	<b>345</b>
<b>Prague</b>	0	0	0	6	31	43	44	44	44	44	42	42	<b>340</b>
<b>Kiev</b>	26	24	26	26	26	25	18	26	26	24	23	22	<b>292</b>
<b>Paris</b>	0	0	2	26	26	26	28	26	26	26	26	26	<b>238</b>
<b>Vienna</b>	62	56	62	34	4	2	0	0	0	0	0	0	<b>220</b>
<b>Oslo</b>	0	0	0	0	0	0	0	18	26	26	26	24	<b>120</b>
<b>Berlin</b>	0	0	0	0	0	0	0	12	26	26	26	24	<b>114</b>
<b>Amsterdam</b>	0	0	0	0	0	0	0	0	0	6	22	22	<b>50</b>
<b>Total</b>	<b>1 293</b>	<b>1 210</b>	<b>1 325</b>	<b>1 291</b>	<b>1 308</b>	<b>1 276</b>	<b>1 222</b>	<b>1 337</b>	<b>1 391</b>	<b>1 434</b>	<b>1 355</b>	<b>1 238</b>	<b>15 680</b>



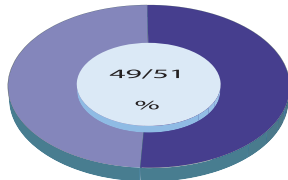
# AIRCRAFT MOVEMENTS 2003

## MONTHLY TOTALS - PASSENGER MOVEMENTS BY DESTINATIONS ON NON-SCHEDULED FLIGHTS 2003

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Tallinn*	132	180	432	354	407	360	442	250	343	257	118	145	3 420
Helsinki-Vantaa	201	180	201	179	200	181	203	176	192	224	181	197	2 315
Helsinki-Malmi	5	18	35	45	51	69	83	55	41	18	14	5	439
Tartu	10	6	17	19	18	41	29	45	19	18	10	22	254
Pärnu	4	2	2	16	21	61	49	33	29	22	2	4	245
Stockholm-Bromma	15	8	15	18	29	15	21	23	19	17	18	9	207
Kuressaare	4	6	13	6	12	39	21	32	18	23	6	4	184
St.Petersburg	9	16	9	7	16	21	13	23	13	18	12	20	177
Riga	6	11	6	15	25	48	15	15	10	7	8	5	171
Ämari	1	7	10	19	35	20	20	10	20	6	4	3	155
Moscow - Sheremetyevo	6	9	17	12	14	10	2	16	14	9	8	16	133
unspecified	4	4	5	9	12	10	28	22	28	7	2	0	131
Sharm el Sheikh	8	8	10	8	2	0	0	4	8	13	17	16	94
Kärdla	8	9	8	2	10	6	7	19	4	12	0	8	93
Turku	2	4	7	6	0	8	11	7	3	4	0	1	53
Tapa	0	0	0	4	16	14	3	3	3	0	0	0	43
Rimini	0	0	3	1	1	6	8	10	7	4	2	0	42
Las Palmas	10	8	7	5	0	0	0	0	0	3	4	4	41
Antalya	0	0	0	0	4	4	4	4	4	12	8	0	40
Vilnius	0	0	0	3	1	7	5	4	5	4	6	2	37
Rapla	0	0	0	2	2	1	0	8	18	4	0	0	35
Malaga	0	1	0	5	10	5	0	0	6	6	1	1	35
Salzburg	8	8	12	0	0	0	0	0	0	0	0	4	32
Tampere	2	0	0	3	4	12	0	3	3	1	3	0	31
Shannon	0	0	0	2	9	5	1	4	3	6	1	0	31
Visby	1	1	1	3	4	7	1	6	5	1	1	0	31
Billund	2	2	4	0	4	0	0	4	5	1	3	5	30
Copenhagen	4	5	6	0	1	2	2	2	0	3	5	0	30
Oslo	3	0	0	2	6	7	0	0	6	0	0	5	29
Moscow - Vnukovo	4	3	5	0	1	2	0	3	5	4	2	0	29
Munster	0	0	0	0	6	8	10	4	0	0	0	0	28
Pori	3	9	2	0	0	0	3	9	0	0	0	1	27
Yekaterinburg	4	0	0	4	0	2	0	4	0	1	2	10	27
Stockholm-Arlanda	3	0	1	0	1	9	1	1	0	2	2	0	20
Västerås	0	0	2	0	0	2	0	4	6	3	2	0	19
Kaunas	0	0	2	0	5	6	2	0	0	2	1	0	18
Moscow - Domodedovo	1	4	4	2	2	0	0	0	0	0	0	5	18
Frankfurt	2	2	0	0	1	3	0	4	0	0	2	3	17
Viljandi	0	0	2	1	7	2	0	5	0	0	0	0	17
Araxos	0	0	0	0	0	0	0	0	4	10	2	0	16
Cagliari	0	0	0	0	0	0	5	10	0	1	0	0	16
Nice	0	1	0	0	1	4	2	6	1	0	0	0	15
Athens	0	0	0	0	0	0	3	10	2	0	0	0	15
Vienna	0	0	0	0	1	0	2	3	2	0	2	5	15
Zürich	1	0	0	1	0	1	3	0	0	1	3	5	15
Nürnberg	0	0	0	0	0	2	1	2	3	3	2	1	14
Ridali	0	0	0	0	2	0	7	3	0	2	0	0	14
Skellefteå	1	1	3	1	1	1	1	1	1	1	0	1	13
Aktybinsk	2	2	3	1	1	1	0	0	0	0	0	3	13
Mariehamn	0	0	0	0	0	3	8	1	0	0	0	0	12
other non-scheduled	32	26	61	51	75	111	72	60	51	65	36	38	677
total non-scheduled	498	541	905	806	1 018	1 116	1 088	908	901	795	490	548	9 614

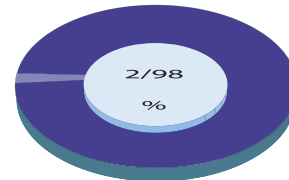
\* - includes training, inspection and demonstration flights

**Pax**



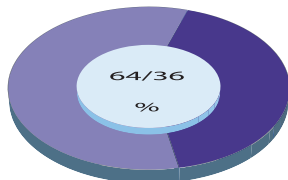
Arrival 352 546  
Departure 363 313

**Pax**



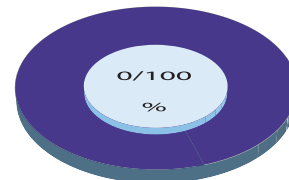
Domestic 16 159  
International 699 700

**Mail**



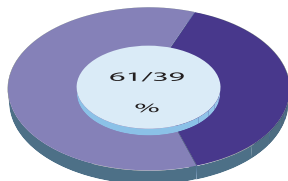
Arrival 556 181  
Departure 311 416

**Mail**



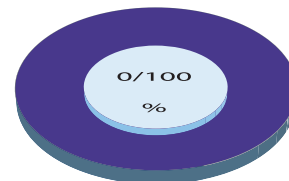
Domestic 0  
International 867 597

**Cargo**



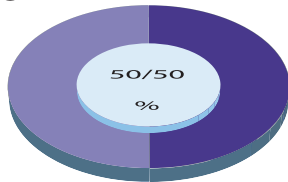
Arrival 2 555 452  
Departure 1 653 325

**Cargo**



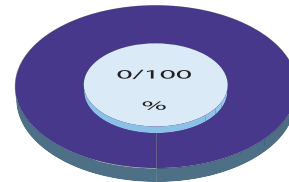
Domestic 5 133  
International 4 203 644

**Luggage**



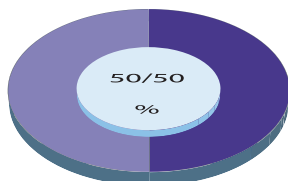
Arrival 3 755 374  
Departure 3 694 998

**Luggage**



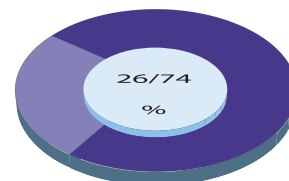
Domestic 42 405  
International 7 407 967

**ACM**



Arrival 12 638  
Departure 12 656

**ACM**



Domestic 6 535  
International 18 759



## HIGHLIGHTS OF 2003

### THE BUSIEST DAYS

24. October	3 150 passengers	12. June	120 aircraft movements
23. October	3 121 passengers	17. October	118 aircraft movements
19. November	3 113 passengers	12. November	114 aircraft movements
19. September	3 096 passengers	04. July	113 aircraft movements
06. June	2 954 passengers	29. May	112 aircraft movements

### TONNAGE LANDED

Annual	314 048 tons		
Average per day	845 234 kgs		
Average per aircraft	24 394 kgs		
The largest aircraft	266 000 kgs	The furthest destination	12 917 kms
The smallest aircraft	300 kgs	- Buenos Aires, Argentina	

## MAIN BALTIC AIRPORTS YEARLY STATISTICS 1999-2003

<b>PASSENGERS</b>	1999	2000	2001	2002	2003
Riga	562 383	574 356	622 647	633 322	711 753
Tallinn	550 747	559 658	573 493	605 697	715 859
Vilnius	480 708	521 529	584 171	634 991	719 850
<b>CARGO (metric tons)</b>	1999	2000	2001	2002	2003
Riga	4 408	4 658	5 209	6 580	13 534
Tallinn	5 326	4 690	4 543	4 292	5 076
Vilnius	4 962	5 599	4 947	5 082	5 206
<b>AIRCRAFT MOVEMENTS</b>	1999	2000	2001	2002	2003
Riga	19 387	18 070	18 910	18 676	19 504
Tallinn	23 594	23 358	23 633	26 226	25 294
Vilnius	18 203	17 277	18 362	17 124	18 336

## REPUBLIC OF ESTONIA

Estimated population 1st of January 2003	1 351 000
GDP change at constant prices 2002/2003	4,7%
Foreign arrivals 2003	4,07 million
Accommodated foreign visitors 2003	1,06 million
Registered unemployment - 2003	5,3%
Average monthly gross wages and salaries - 4th quarter 2003	7 127 EEK



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## ACTIVITY REPORT

Tallinn Airport Ltd operates and develops Tallinn Airport and provides services to companies doing business at the airport. Its sole shareholder is the Republic of Estonia who manages the investment through the Ministry of Economic Affairs and Communications. In 2003 Tallinn Airport Ltd earned sales revenue of EEK 208m, a 12% improvement on 2002, and served 716,000 passengers, an 18% increase on the prior financial year. Aviation revenues grew 15% and non-aviation revenues by 7%.

The conspicuous growth in passenger traffic resulted, above all, from significant changes in the airlines' tariff policies that rendered flights affordable for a wider segment of the population, the launch of five new destinations, employment of new and larger aircraft, and a variety of attractive special offers.

Over 50% of passengers passing through Tallinn Airport are carried by Estonian Air. Therefore, the growth in

passenger traffic can also be attributed to changes in the latter's fleet and ticket prices. Modifications in Estonian Air's strategy are directly related to developments in world aviation where the greatest success has been attained by budget airlines and operators imitating their pricing policies.

According to the statistics of the Tourism Development Centre of Enterprise Estonia, only 5% of foreign tourists arrive in Estonia by air. Considering this and the low tariffs, aviation should be well positioned for competition with other types of transport.

We expect Estonia's accession to the EU to improve its recognition as a tourist destination and to have a cogent positive impact on our air traffic.

Moreover, EU membership is going to open up the skies, allowing any EU airline to fly to Tallinn and enabling Estonian airlines to operate air services to any destination in the EU.



## AIR TRAFFIC INDICATORS

1. Passengers	715,859	605,697	18.2%
2. Cargo (tonnes)	5,076	4,292	18.3%
3. Flight movements	25,294	26,226	-3.6%
4. Destinations at year-end	18	14	12.5%
5. Airlines at year-end	10	9	11.1%
6. Regular flights per week	168	159	5.7%

Cargo carriage grew 18.3% (5,076 tonnes), mostly on account of growth in regular freight and mail carriage (courier services). TNT's implementation of a larger aircraft for operation between Tallinn and Helsinki also had a favourable impact on cargo volumes.

To better serve our customers, we are going to build a new cargo terminal, which should open in December 2004.

## New destinations and flight frequencies in 2003

### Tallinn – Paris (April 2003)

Carrier Estonian Air, 3 flights per week, aircraft B737-500 (113 seats)

### Tallinn – Prague (April 2003)

Carrier CSA Czech Airlines, 5 flights per week, aircraft B737-500 (104 seats)

### Tallinn – Oslo (August 2003)

Carrier Estonian Air, 3 flights per week, aircraft B737-500

### Tallinn – Berlin (August 2003)

Carrier Estonian Air, 3 flights per week, aircraft B737-500

### Tallinn – Amsterdam (October 2003)

Carrier Estonian Air, 3 flights per week, aircraft B737-500

In 2004 we expect the number of passengers to increase to 900,000, i.e. by 26%.

Flights will be launched to at least two new destinations, two new airlines will begin flying to Tallinn and a number of interesting charter flights will be arranged.

In addition, Estonian Air is going to purchase the fifth B737-500 and plans to maintain favourable rates.

## New destinations and flight frequencies in 2004

### Tallinn - Frankfurt

Lufthansa will begin regular flights between Tallinn and Frankfurt on 1st of April 2004. Flights will be operated daily with a 70-seat Canadair Regional Jet (CRJ700)

### Tallinn – Tampere

Söder Airlines is going to start flying between Tallinn and Tampere from 15 March 2004. Flights will be operated 8 times a week with a 50-seat Saab 2000.

### Tallinn – Munich

Estonian Air is going to start flying to Munich on 17 May. Flights will be operated 5 times a week with a 113-seat B737-500.

### Air Baltic Tallinn – Riga

At the beginning of March, Air Baltic added an additional flight to each workday increasing the total number of weekly flights to Riga to 15. Aircraft: 46-seat Fokker 50.

### CSA Czech Airlines Tallinn – Prague

In May CSA Czech Airlines will supplement its Prague-Tallinn schedule with 5 additional flights, which will increase the number of direct Tallinn-Prague flights to 10 per week. Aircraft: 104-seat Boeing 737-500.

### LOT Polish Airlines

At the end of March LOT will supplement its schedule with 1 flight per week, so that Tallinn-Warsaw flights will be operated daily. Aircraft: 50-seat Embraer 145.



## Plans by Estonian Air

In connection with the acquisition of the fifth B737-500, from May 2004 Estonian Air is going to increase the number of flights to London Gatwick, Hamburg, Copenhagen and Oslo.

## Regular charter flights

1. Tallinn-Sharm El Sheikh. A 180-seat A320 flies from Tallinn to Sharm El Sheikh once a week until the end of May 2004.
2. Tallinn-Malaga, after that Tallinn-Barcelona and Tallinn-Palma de Mallorca-Ibiza. Flights will be made from April to autumn 2004 once a week with a 189-seat B737-800.
3. Charter flights will also be made to Turkey, Rimini, Palermo, Tunis, and other destinations. The flights will take place in summer and autumn 2004.
4. Charter flights to ski resorts in the winter.

## Investments made in 2003

In 2002 we began renovating the runway (overlay and lighting). The work is done in stages and the last phase should be completed in 2006. In 2003 investments in runway rehabilitation totalled EEK 6.2m. The figure for 2004 is EEK 7m.

In 2003 we began building a new maintenance centre of EEK 38m, which should be completed in July 2004, and began renovating the old passenger terminal. The project costs EEK 18m and should be completed in June 2004. The renovated building is going to house our most important units – ground control and communications. The rest of the building will be used as office premises. For the development of the airport we purchased 18,000 sq m of land for EEK 3.7m near Väike-Sõjamäe. Investments in runway maintenance equipment totalled EEK 3.8m.

## Investments planned for 2004

In 2004 we are going to invest EEK 109m of own funds. Projects that will be completed include the new maintenance complex, an extension to the cargo terminal and renovation of the old passenger terminal. In cooperation with ISPA we are going to design a project for the rehabilitation of the traffic area of the airport and will prepare documents for arranging a tender to find a contractor for the construction work. The project foresees extension of the apron, completion of the taxi-

way and performance of various environmental works. Investments in the acquisition of airport maintenance and servicing equipment will amount to EEK 15m

## The quality system of Tallinn Airport Ltd

In 2002 Tallinn Airport obtained a certificate verifying that its quality management system complies with the requirements of ISO 9001:2000. The quality management system regulates passenger and on-ground aircraft service, as well as airport maintenance and operation (central dispatch, power supply, technical maintenance, and communications units).

In 2003 we identified our main environmental issues and began implementing an ISO 14001-compliant environment management system. Certification of the environment management system has been scheduled for September 2004

We intend to extend the areas regulated by the quality management system to:

- 2003** aviation safety and security
- 2004** fire and rescue department
- 2005** IT department
- 2006** property planning and development

## Personnel policy

In the past financial year we employed, on average, 278 people. Employee remuneration expenses totalled EEK 35,826,000. Payments made to the six-member supervisory board and members of the management board totalled EEK 480,000 and EEK 2,377,000 respectively.

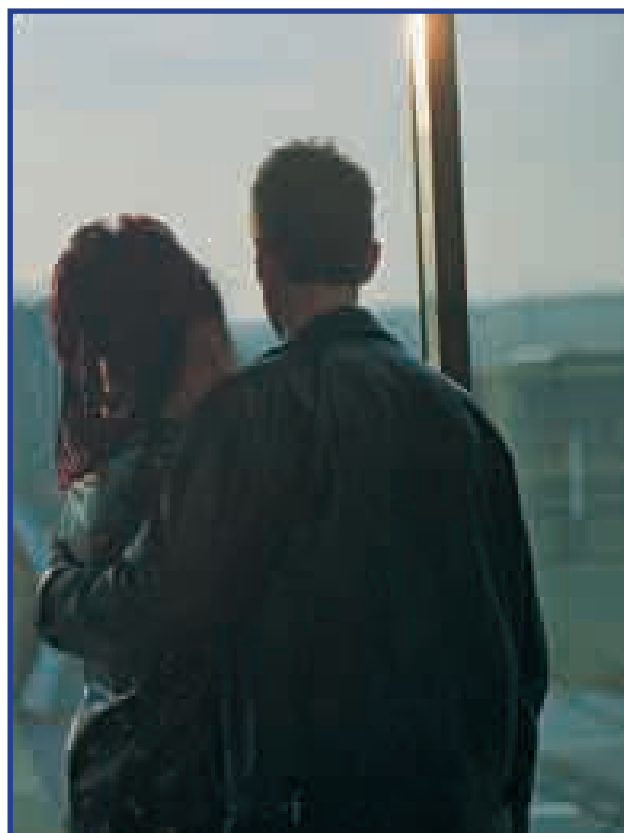
Members of the management board are entitled to severance compensation equal to their 6-9 months' remuneration.

In 2004 we plan to implement, for better management of the risks of Tallinn Airport, an occupational health and safety management system that complies with the requirements of OHSAS 18001. Certification of the system has been scheduled for the end of 2004.

## Statement of management responsibility


The management board acknowledges its responsibility for the preparation, integrity and fair presentation of the annual financial statements of Tallinn Airport Ltd for 2003 as set out on pages 7 to 36 of this report, and confirms

4. the accounting principles, reporting policies and measurement bases applied in the preparation of the annual financial statements comply with International Financial Reporting Standards;
5. the annual financial statements give a true and fair view of the financial position of Tallinn Airport Ltd and the results of its operations and its cash flows;
6. all significant events that have occurred until the date on which the financial statements were authorised for issue have been properly recognised and disclosed; and
7. Tallinn Airport Ltd is a going concern.



  
.....  
Chairman of Management Board / Rein Loik

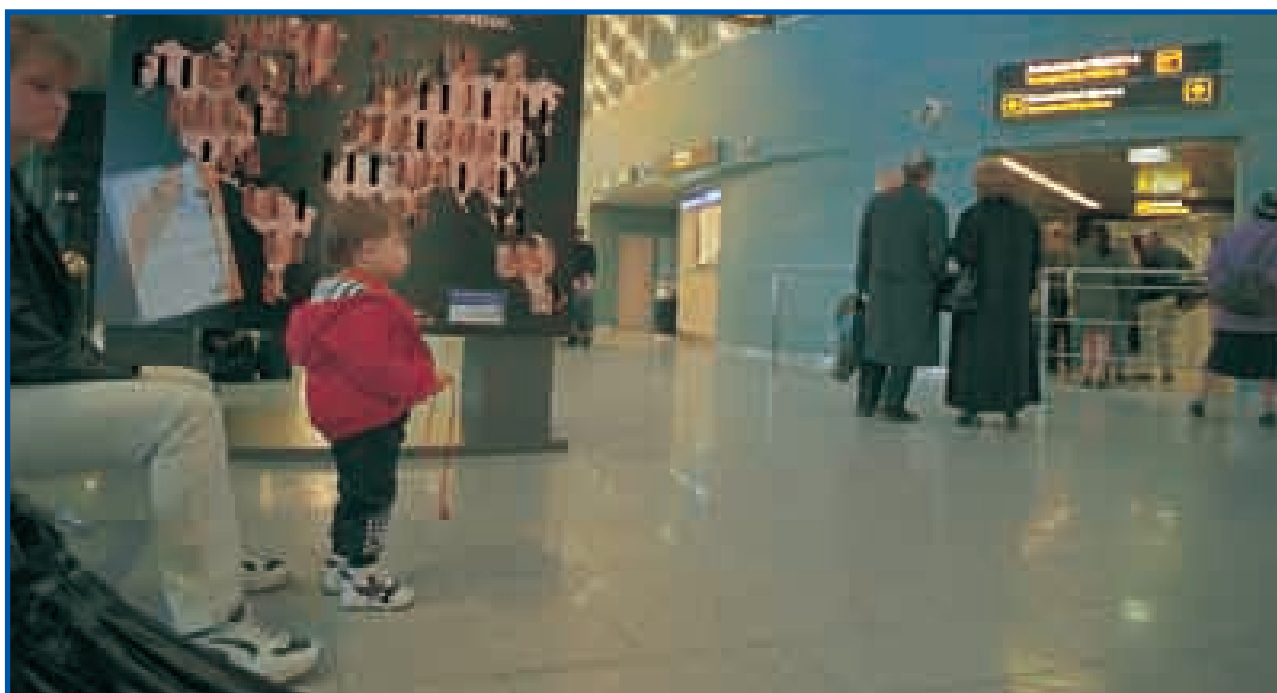
  
.....  
Member of Management Board / Aarne Orav

  
.....  
Member of Management Board / Tõnu Mardo

## BALANCE SHEET

### Assets

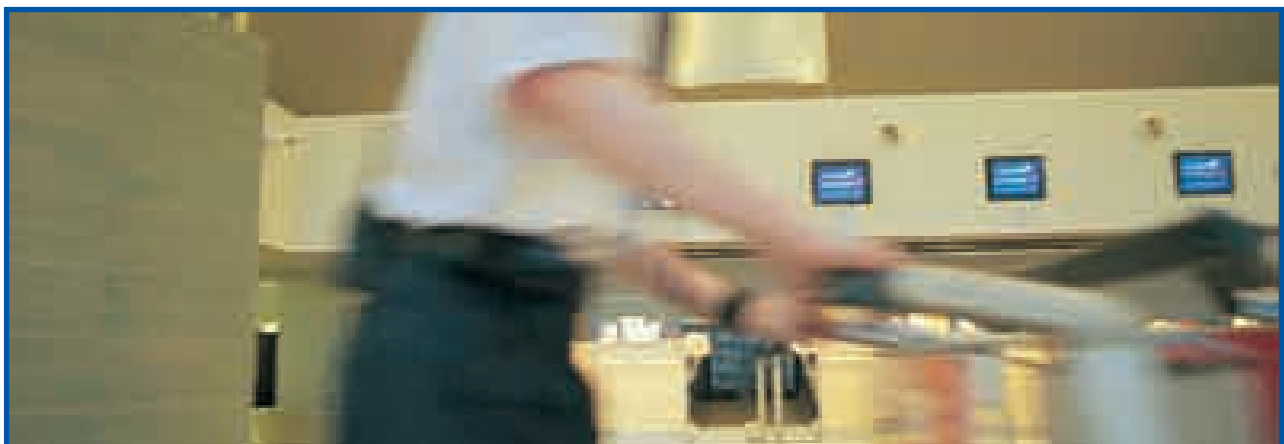
IN ESTONIAN KROONS	NOTE	31.12.2003	31.12.2002 Restated
<b>Current assets</b>			
Cash and cash equivalents	1	51,951,580	29,598,236
Trade receivables	2	14,834,525	13,939,833
Other receivables		26,808	67,439
Accrued income		10,577	13,814
Prepaid expenses	3	5,598,124	2,115,284
Inventories	4	151,589	142,130
<b>Total current assets</b>		<b>72,573,202</b>	<b>45,876,736</b>
<b>Non-current assets</b>			
Tangible assets	5	488,798,335	505,721,183
Intangible assets	6	-	212,467
<b>Total non-current assets</b>		<b>488,798,335</b>	<b>505,933,650</b>
<b>Investment properties</b>	7	-	2,636,471
<b>TOTAL ASSETS</b>		<b>561,371,537</b>	<b>554,446,857</b>



## BALANCE SHEET

### Liabilities and equity

IN ESTONIAN KROONS	NOTE	31.12.2003	31.12.2002 Restated
<b>Liabilities</b>			
<b>Current liabilities</b>			
Debt obligations	13,14	40,573,195	42,017,753
Customer advances		269,738	184,935
Trade payables	8	4,099,989	4,136,130
Tax liabilities	9	3,917,965	3,691,858
Accrued expenses	10	6,170,833	3,615,931
Government grant	11	-	1,360,390
Provisions	16	921,150	-
<b>Total current liabilities</b>		<b>55,952,870</b>	<b>55,006,997</b>
<b>Non-current liabilities</b>			
Long-term liabilities	14	282,555,377	323,128,573
Provisions	16	3,473,932	3,153,532
<b>Total non-current liabilities</b>		<b>286,029,309-</b>	<b>326,282,105</b>
<b>Total liabilities</b>		<b>341,982,179</b>	<b>381,289,102</b>
<b>Equity</b>			
Share capital		128,714,300	128,714,300
Mandatory capital reserve		22,855,471	11,192,266
Accumulated profits		21,587,984	8,040,956
Profit for the period		46,231,603	25,210,234
<b>Total equity</b>		<b>219,389,358</b>	<b>173,157,755</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>561,371,537</b>	<b>554,446,857</b>



## INCOME STATEMENT

### Income statement

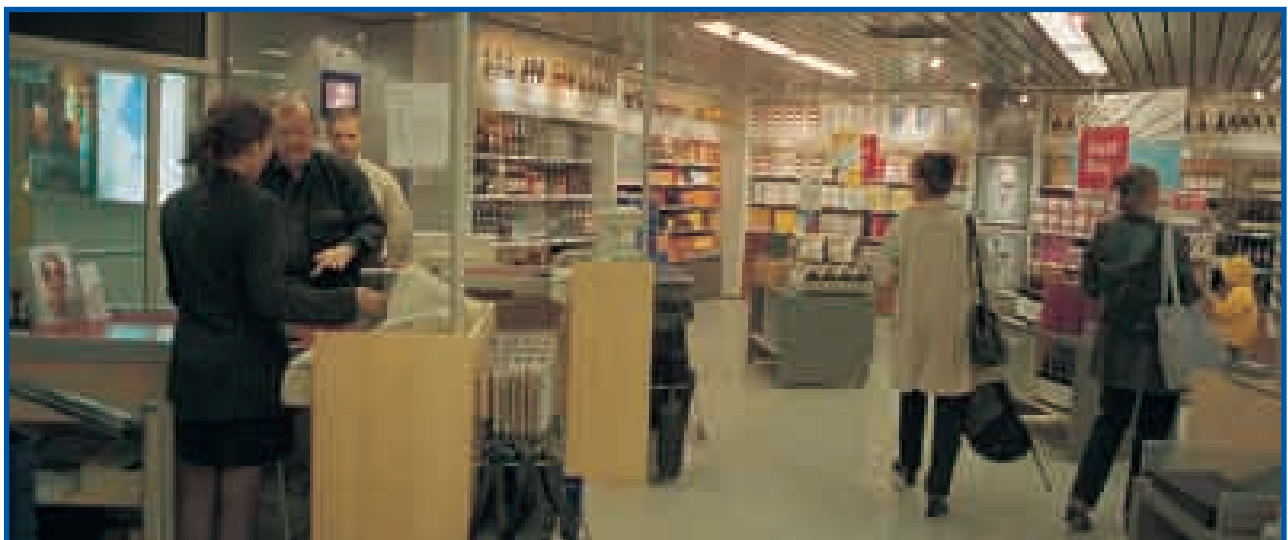
IN ESTONIAN KROONS	NOTE	1.1-31.12.2003	1.1-31.12.2002 Restated
<b>Revenue</b>			
Sales revenue	17	208,387,095	185,113,642
Other revenue	17	426,042	998,638
<b>Total revenue</b>		<b>208,813,137</b>	<b>186,112,280</b>
<b>Expenses</b>			
Materials, consumables and supplies	18	45,225,831	39,936,773
Other operating expenses	18	7,344,802	7,085,348
Personnel expenses	18	50,403,008	40,728,269
Depreciation	5,6,18	49,377,637	48,952,621
Other expenses	18	601,242	2,011,180
<b>Total expenses</b>		<b>152,952,520</b>	<b>138,714,191</b>
<b>Operating profit</b>		<b>55,860,617</b>	<b>47,398,089</b>
<b>Financial income and expenses</b>			
Interest income and expenses	19	-9,568,784	-19,035,366
Foreign exchange gains and losses	19	-60,229	-12,741
Other financial income and expenses	19	-	-3,139,748
<b>Total financial income and expenses</b>		<b>-9,629,014</b>	<b>-22,187,855</b>
<b>Net profit for the period</b>		<b>46,231,603</b>	<b>25,210,234</b>



## CASH FLOW STATEMENT

### Cash flow statement

IN ESTONIAN KROONS	NOTE	1.1-31.12.2003	1.1-31.12.2002
<b>Cash flows from operating activities</b>			
Received from customers		218,444,290	198,549,082
Paid to suppliers and employees		-112,497,707	-101,169,164
Proceeds from funds		1,456,732	532,273
Interest paid		-11,355,515	-21,125,199
<b>Net cash from operating activity</b>		<b>96,047,800</b>	<b>76,786,992</b>
<b>Cash flows from investing activities</b>			
Paid at acquisition of non-current assets		-32,476,702	-21,543,419
Received from sale of non-current assets		800,000	900,047
<b>Net cash used in investing activities</b>		<b>-31,676,702</b>	<b>-20,643,372</b>
<b>Cash flows from financing activities</b>			
Settlement of finance lease liabilities	13	-550,640	-3,897,473
Loans received		-	625,866
Settlement of loans received	14	-41,467,114	-43,641,701
Government grant	11	-	3,000,000
<b>Net cash used in financing activities</b>		<b>-42,017,754</b>	<b>-43,913,308</b>
Increase in cash and cash equivalents		22,353,344	12,230,312
Cash and cash equivalents at beginning of period		29,598,236	17,367,924
<b>Cash and cash equivalents at end of period</b>		<b>51,951,580</b>	<b>29,598,236</b>



## STATEMENT OF CHANGES IN EQUITY

### Statement of changes in equity

IN ESTONIAN KROONS	1.1-31.12.2003	1.1-31.12.2002
<b>Equity at beginning of period</b>	<b>173,157,756</b>	<b>147,947,522</b>
Share capital at beginning of period	128,714,300	128,714,300
<b>Share capital at end of period</b>	<b>128,714,300</b>	<b>128,714,300</b>
Mandatory capital reserve at beginning of period	11,192,266	1,208,225
Increase	11,663,205	9,984,041
<b>Mandatory capital reserve at end of period</b>	<b>22,855,471</b>	<b>11,192,266</b>
Accumulated profits at beginning of period	33,251,190	18,024,997
Transfer to capital reserve	-11,663,204	-9,984,041
Profit for the period	46,231,603	25,210,234
<b>Accumulated profits at end of period</b>	<b>67,819,587</b>	<b>33,251,190</b>
<b>Equity at end of period</b>	<b>219,389,358</b>	<b>173,157,756</b>

Share capital consists of 1,287,143 shares.

Per value of a share is EEK 100.

All shares belong to the Republic of Estonia who exercises its rights through the Ministry of Economic Affairs and Communications. At the general meeting, the shareholder is represented by the Minister of Economic Affairs and Communications.





### Statement of compliance

Tallinn Airport Ltd is a state-owned company, which was registered in the Republic of Estonia on 30 December 1997. On establishment, Tallinn Airport Ltd was transferred the assets of RE Eesti Lennujaamad (State Enterprise Estonian Airports).

The annual financial statements of Tallinn Airport Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

### Bases of preparation

The financial statements are presented in Estonian kroons (EEK). The exchange rate is 15.64664 Estonian kroons to a euro (EUR 1 = EEK 15.64664).

The financial statements have been prepared on an accrual basis (except for the cash flow statement) under the assumption that Tallinn Airport Ltd is a going concern. The same accounting policies and measurement bases have been consistently applied (except for changes in the recognition of financial assets that result from the adoption of IFRS).

### Change in accounting policies

When accounting policies are changed, comparable data on prior periods is restated accordingly. The runway and the land surrounding it are the most important assets in our core activity (provision of services to air transport). Therefore, land tax is treated as an expense that is directly related to the core activity. Since 2003 land tax is reported in the composition of materials, consumables and supplies. The figures for the prior financial year changed as follows: other expenses decreased and materials, consumables and supplies increased to the extent of EEK 861,320.

### Change in presentation

Since 1 January 2003 a building that used to be recognised as a tangible asset is recognised as an investment property. Comparable data on 2002 has been adjusted accordingly.

### Foreign currency

Transactions in foreign currencies are translated to Estonian kroons using the official Bank of Estonia exchange rates of the date of the transaction.

Long-term loan and other liabilities and receivables that are denominated in a foreign currency are restated using the Bank of Estonia closing exchange rates. Unrealised exchange gains and losses are reported in the income statement.

### Cash and cash equivalents

Cash and cash equivalents comprise:

1. cash in hand
2. balances on current accounts
3. short-term deposits and
4. shares and units in money market and interest funds that are readily convertible to known amounts of cash, that are subject to an insignificant risk of changes in market value and mature within less than a week.

During the financial year we invested in Hansa Rahaturufond and Hansa Intressifond. Hansa Rahaturufond pays interest on the shares. The purchase and sale price of the shares is equal to their par value. The shares in Hansa Intressifond are stated at fair value, which is equal to their market value.

### Receivables

Trade receivables are valued on an individual basis and carried in collectible amounts. In the balance sheet, trade receivables are reported in the net amount, i.e. in an amount less the allowance for doubtful items.

Doubtful receivables are recognised as an expense and



carried in the balance sheet until they prove irrecoverable. Doubtful items are considered irrecoverable if their collection is impossible or financially inexpedient. Irrecoverable items are accounted for off the balance sheet.

## Inventories

The cost of merchandise and materials is assigned using the weighted average cost formula. In the balance sheet, inventories are reported at the lower of cost and net realisable value.

## Tangible assets

Items are recognised as tangible assets if their cost exceeds EEK 20,000 and estimated useful life extends beyond one year.

## Cost

The cost of purchased tangible assets comprises their purchase price, transport and installation expenses, and other outlays that are directly related to their acquisition and implementation. If an item consists of components with materially different useful lives, the components are recognised as separate tangible assets. Loan interest is not added to the cost of tangible assets.

## Depreciation

Tangible assets are depreciated over their estimated useful lives using the straight-line method. Exceptions include land, which is not depreciated. Depreciation rates are reviewed when circumstances arise that can change the useful life of an asset or asset group. The effect of changes in estimates is recognised in the current and subsequent reporting periods.

### The following annual depreciation rates are applied:

Buildings and structures	3% – 20%
Plant and equipment	10% – 33%
Other equipment and fixtures	10% – 50%
Intangible assets	25%

## Improvement, repair and maintenance

Subsequent expenditure that improves economic benefits that can be expected from an asset is recognised as an improvement and added to the carrying amount of the asset. Expenditure that is aimed at maintaining an asset's level of performance is recognised as a repair and maintenance expense in the period in which it is incurred.

## Investment properties

Investment properties comprise a building held by Tallinn Airport Ltd to earn rentals. The investment is reported under the cost model. Improvement, repair and maintenance expenses are added to the cost of the property only if they improve the value of the investment beyond the initially recognised one.

## Intangible assets

Intangible assets are recognised at cost. Cost comprises the purchase price and directly acquisition related expenses. In the balance sheet intangible assets are carried at cost less accumulated amortisation. Intangible assets comprise acquired software. Intangible assets are amortised over their estimated useful lives using the straight-line method.

## Government grants

Assets acquired with a government grant are recognised in the net amount, i.e. at acquisition cost less the grant.

## Leases

A lease is treated as a finance lease if it transfers all the risks and rewards of ownership to the lessee. A lease is also treated as a finance lease if

- the leased asset is highly specialised
- the lease term is for the major part of the useful life of the asset and
- the present value at the inception of the lease of the minimum lease payments is almost equal to the fair value of the leased asset.

Other leases are treated as operating leases.

Assets acquired with finance lease are carried as assets and liabilities at amounts equal to the fair value of the leased property. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognised over the lease term.

Operating lease payments made are recognised as an expense on a straight-line basis over the lease term and operating lease payments received are recognised as income on a straight-line basis over the lease term.

Tallinn Airport Ltd lets premises to other companies. Rental charges depend on the consumer price index. Concession agreements that grant the concessionaire the right to operate on the premises of Tallinn Airport are treated as contingent lease agreements.

There are two types of concession fees:

- a fixed amount per year, which is adjusted to an increase in the number of passengers;
- a percentage of the sales revenue that the concessionaire earns while operating on the premises of Tallinn Airport.

## Taxation

### Corporate income tax

In accordance with the effective Estonian Income Tax Act, from 1 January 2000 income tax is not levied on profits earned but dividends distributed. The tax rate is 26/74 of the amount distributed as the net dividend. Because of the specific nature of the taxation concept, the term tax base of assets and liabilities does not have economic sub-stance and deferred income tax liabilities and assets cannot arise.

In accordance with Estonian Accounting Standards, which became effective from 1 January 2003, the income tax payable on dividends in subsequent periods is recognised as the corporate income tax expense of the period in which the dividend is declared.

The maximum income tax liability that could arise at the distribution of dividends is disclosed in Note 21.

## Other taxes

Tax	Tax rate
Social tax	33% of disbursements made and fringe benefits granted to employees
Unemployment insurance premium	0.5% of disbursements made to employees
Income tax on fringe benefits	26/74 of fringe benefits granted to employees
Land tax	0.5-2% of the taxation value of land per year
Income tax on non-business expenses	26/74 of expenses treated as non-business expenses

## Liabilities

In the balance sheet, liabilities are divided into current and non-current items. Liabilities that fall due in the next financial year are recognised as current liabilities. Other liabilities are recognised as non-current items.

## Interest-bearing loans

Interest-bearing loans are reported at the initially received amount less repayments. Interest expense is charged to the income statement on an accrual basis.

## Provisions

Provisions are established for liabilities and commitments whose realisation is probable and amount can be measured reliably. If it is probable that a provision should be settled within more than a year of the balance sheet date, the provision is reported at discounted present value.



## **Mandatory capital reserve**

In compliance with the Commercial Code, a capital reserve has to be established from annual net profit transfers and other transfers that are made according to the law or the Articles of Association until the reserve reaches the amount outlined in the Articles of Association (1/10 of share capital).

On the decision of the general meeting, the capital reserve may be used for covering losses if the latter cannot be covered with unrestricted equity and increasing share capital. The reserve cannot be distributed to shareholders.

## **Revenues and expenses**

The core activities of Tallinn Airport Ltd are provision of services to aircraft and passengers, lease of available premises, and provision and mediation of utilities services to the tenants.

Income from provision of services is recognised in accordance with the accrual accounting and matching principles in the month in which the service is provided. Income from interest on arrears is recognised on a cash basis to the extent of consideration received. Interest income and other accrued income are recognised when the right of demand has arisen.

Major expenditures on non-current assets (e.g. runway-renovation) are capitalised. Routine repair and maintenance costs are recognised as an expense when incurred.

Net gain or loss from the translation of foreign currency trade receivables and payables is recognised as other revenue or other expense as appropriate. Gains and losses on the exchange rate fluctuations of foreign currency receivables and payables related to financing and investing activities are recognised as financial income and financial expense respectively.

## **Segment reporting**

Business segments are clearly distinguishable areas of activity that function as independent revenue centres. Tallinn Airport Ltd operates in one geographical area. Therefore geographical segments are not distinguished.

## **Cash flow statement**

Cash flows are divided into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. In the cash flow statement, cash flows from operating activities, investing activities and financing activities are reported using the direct method.

## **Off-balance sheet receivables and payables**

Potential and contingent receivables and payables are accounted for off the balance sheet. The main off-balance sheet receivables include items that have been considered irrecoverable.

## **Subsequent events**

Significant transactions and events that occur between the balance sheet date and the date on which the financial statements are authorised for issue and have a material effect on the operation of the company are disclosed in the notes to the annual financial statements. Events that occur after the balance sheet date and affect the results of the reporting period are recognised in the balance sheet and income statement of the period.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Note 1. Cash and cash equivalents

	31.12.2003	31.12.2002
Cash in hand	20,824	24,942
Demand deposits	731,638	861,223
Shares in Hansa Rahaturufond	5,169,000	8,149,000
Shares in Hansa Intressifond	46,030,118	20,563,071
<b>Total cash and bank</b>	<b>51,951,580</b>	<b>29,598,236</b>

	1.1-31.12.2003		1.1-31.12.2002	
Hansa Rahaturufond	Number of shares	Acquisition cost	Number of shares	Acquisition cost
Beginning of period	8,149	8,149,000	10,567	10,567,000
Addition	159,837	159,837,000	147,210	147,210,000
Disposal	162,817	162,817,000	149,628	149,628,000
<b>End of period</b>	<b>5,169</b>	<b>5,169,000</b>	<b>8,149</b>	<b>8,149,000</b>
Earnings of the period		257,975		513,182
<b>Hansa Intressifond</b>				
Beginning of period	158,348	20,110,170	48,805	6,109,898
Addition	205,493	26,995,790	109,543	14,000,272
Disposal	20,640	2,718,494	-	-
<b>End of period</b>	<b>343,201</b>	<b>44,387,466</b>	<b>158,348</b>	<b>20,110,170</b>
<b>Market value at end of period</b>	<b>343,201</b>	<b>46,030,118</b>	<b>158,348</b>	<b>20,563,071</b>

## Note 2. Trade receivables

	31.12.2003	31.12.2002
Accounts receivable	14,878,568	14,625,063
Allowance for doubtful items	-44,043	-685,230
<b>Total trade receivables</b>	<b>14,834,525</b>	<b>13,939,833</b>

	1.1-31.12.2003	1.1-31.12.2002
Doubtful receivables at beginning of period	-685,230	-982,306
Considered doubtful	-75,164	-1,309,928
Considered irrecoverable	662,235	1,159,723
Collected doubtful items	54,116	447,281
<b>Doubtful receivables at end of period</b>	<b>-44,043</b>	<b>-685,230</b>

In 2003 we collected receivables of EEK 68,600 that had been considered irrecoverable. The amount was recognised as other revenue.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 3. Prepaid expenses

	31.12.2003	31.12.2002
<b>Prepaid taxes</b>		
Refundable VAT	2,626,392	1,657,052
Refundable VAT relating to non-current assets	979,134	256,210
<b>Total prepaid taxes</b>	<b>3,605,526</b>	<b>1,913,262</b>
<b>Other prepaid expenses</b>		
Lease related advances	23,550	23,550
Other	1,969,048	119,472
<b>Total other prepaid expenses</b>	<b>1,992,598</b>	<b>143,022</b>
<b>Total prepaid expenses</b>	<b>5,598,124</b>	<b>2,056,284</b>

### Note 4. Inventories

	31.12.2003	31.12.2002
VIP stocks	11,271	12,698
Business class stocks	24,638	28,443
Other	5,000	5,000
Prepayments to suppliers	110,680	95,989
<b>Total</b>	<b>151,589</b>	<b>142,130</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 5. Tangible assets

	Land	Buildings	Plant and equipment	Other	Total
<b>Acquisition cost</b>					
<b>31.12.2002</b>	<b>27,302,880</b>	<b>452,318,034</b>	<b>176,927,123</b>	<b>13,013,938</b>	<b>669,561,975</b>
Transferred to investment properties	-	-19,648,632	-	-	-19,648,632
Acquired	4,156,843	405,090	7,185,365	236,644	11,983,941
Renovated	-	6,186,485	-	-	6,186,485
Sold	-	-	-620,849	-	-620,849
Written off	-	-	-1,562,970	-239,163	-1,802,133
31.12.2003	31,459,723	439,260,977	181,928,668	13,011,419	665,660,786
<b>Depreciation</b>					
31.12.2002	-	-96,965,153	-63,772,553	-7,478,053	-168,215,759
Transferred to investment properties	-	17,012,161	-	-	-
Accrued depreciation	-	-23,227,964	-20,812,457	-2,488,277	-46,528,699
Accumulated depreciation of items sold	-	-	77,837	-	77,837
Accumulated depreciation of items written off	-	-	1,534,379	206,081	1,740,460
31.12.2003	-	-103,180,956	-82,972,794	-9,760,249	-195,914,000
<b>Construction in progress</b>					
31.12.2002	-	1,856,839	-	-	1,856,839
Improvements performed	-	11,662,541	-	-	11,662,541
31.12.2003	-	13,519,380	-	-	13,519,380
<b>Prepayments</b>					
31.12.2002	3,794,208	1,360,390	-	-	5,154,598
Change	-3,794,208	3,157,866	1,013,913	-	377,571
31.12.2003	-	4,518,256	1,013,913	-	5,532,169
<b>Total tangible assets at net carrying amount</b>					
31.12.2002	31,097,088	358,570,110	113,154,570	5,535,885	508,357,653
Transferred to investment properties	-	-2,636,471	-	-	-2,636,471
Total acquisitions	362,635	21,411,982	8,199,278	236,644	30,210,537
Accrued depreciation	-	-23,227,964	-20,812,457	-2,488,277	-46,528,699
Net carrying amount of items sold and written off	-	-	-571,604	-33,082	-604,686
<b>31.12.2003</b>	<b>31,459,723</b>	<b>354,117,656</b>	<b>99,969,787</b>	<b>3,251,169</b>	<b>488,798,335</b>

Assets acquired with finance lease in 2002 fall in the category of plant and equipment. Their acquisition cost amounts to EEK 111,600. In 2003 no assets were acquired with finance lease.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Note 6. Tangible assets

	<b>Intangible assets</b>
Cost at 31.12.2002	451,613
Accumulated amortisation at 31.12.2002	-239,145
Accrued amortisation	-212,468
<b>Net carrying amount at 31.12.2003</b>	<b>0</b>

## Note 7. Investment properties

Rentals earned	1,677,010
Management expenses	665,147
Cost at 31.12.2002	19,648,632
Accumulated depreciation at 31.12.2002	17,012,161
Net carrying amount at 31.12.2002	2,636,471
Depreciation expense	2,636,471
Cost at 31.12.2003	19,648,632
Accumulated depreciation at 31.12.2003	19,648,632
Net carrying amount at 31.12.2003	-





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 8. Trade payables

	31.12.2003	31.12.2002
Payable for non-current assets	1,322,599	1,788,761
Payable for goods and services	2,777,390	2,347,368
<b>Total trade payables</b>	<b>4,099,989</b>	<b>4,136,129</b>

### Note 9. Tax liabilities

	31.12.2003	31.12.2002
Corporate income tax	69,195	46,693
Income tax on wages and salaries	1,492,778	1,443,223
Social tax	2,205,231	2,086,705
Unemployment insurance premiums	92,565	86,911
Funded pension premiums	58,196	28,326
<b>Total tax liabilities</b>	<b>3,917,965</b>	<b>3,691,858</b>

### Note 10. Accrued expenses

	31.12.2003	31.12.2002
Payable to employees	5,297,216	2,371,755
Interest payable	844,228	1,211,314
Other accrued expenses	29,389	32,862
<b>Total accrued expenses</b>	<b>6,170,833</b>	<b>3,615,931</b>

### Note 11. Government grant

	31.12.2003	31.12.2002
Grant at beginning of period	1,360,390	-
Received during the period	-	3,000,000
Use during the period	1,360,390	-1,639,610
<b>Grant at end of period</b>	<b>-</b>	<b>1,360,390</b>

The grant was used to purchase security equipment.



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Note 12. Operating lease

### 1. Lease expenses

	31.12.2003	31.12.2002
<b>Lease payments to be made in subsequent periods</b>		
Payable in the next financial year	887,597	1,027,077
Payable within 2 to 5 years	1,202,728	2,265,298
<b>Total lease payments of subsequent periods</b>	<b>2,090,325</b>	<b>3,292,375</b>

### 2. Lease income

Tallinn Airport Ltd lets a car under the terms of operating lease.

	1.1-31.12.2003	1.1-31.12.2002
Acquisition cost of leased asset	130,587	130,587
Accumulated depreciation of leased asset	117,529	97,941
Operating lease income of the period	36,000	36,000
	<b>1.1-31.12.2003</b>	<b>1.1-31.12.2002</b>

### Rentals

Rental from lease of passenger terminal premises	10,361,498	10,070,548
Rental from lease of cargo terminal premises	4,622,958	4,386,741
Rental from lease of other premises	2,072,152	1,994,007
Other rentals	591,608	519,693
<b>Total rentals</b>	<b>17,648,216</b>	<b>16,970,989</b>

### Concession fees

Concession fees on duty-free trade	19,266,749	16,813,464
Other concession fees relating to passenger terminal	1,483,175	1,608,965
Concession fees on sale of fuel	2,008,268	1,761,769
Concession fees on handling	1,320,630	1,193,322
Other concession fees	224,360	227,060
<b>Total concession fees</b>	<b>24,303,182</b>	<b>21,604,580</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 13. Finance lease

	1.1.31.12.2003	1.1-31.12.2002
<b>Assets acquired with finance lease</b>		
Acquisition cost	1,495,600	1,495,600
Accumulated depreciation	650,700	420,360
<b>Net carrying amount</b>	<b>844,900</b>	<b>1,075,240</b>
<b>Lease liabilities</b>		
Current portion	19,126	550,640
Non-current portion (2-5 years.)	-	19,126
<b>Total lease liabilities</b>	<b>19,126</b>	<b>569,766</b>
Assets acquired during the period	-	111,600
Lease payments made during the period	550,640	3,897,472
Interest expense of the period	24,306	215,770

Assets acquired with finance lease have been recognised as tangible assets (plant and equipment). The average annual interest rate is 7.8%. The leases have been secured with leased assets.

Tallinn Airport Ltd may, subject to agreement with the lessor, purchase the leased assets before the end of the lease term. On purchasing the assets before term, Tallinn Airport Ltd will have to pay the lessor the net book value of the asset at the date of the purchase and a fixed charge for the premature termination of the agreement



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Note 14. Long-term loans

	Hansapank		Hansapank		EBRD		EBRD		EIB	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Date of contract	28.8.1997		8.4.1998		15.10.2002		19.4.1999		23.10.1997	
Loan currency	EUR		EUR		EUR		EUR		EUR	
Loan amount	1,342,141		639,115		7,500,000		7,572,233		10,000,000	
<b>IN ESTONIAN KROONS</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Loan balance at beginning of period	6,391,304	10,043,478	6,997,600	8,332,000	107,784,883	118,135,362	94,759,694	104,247,816	148,643,080	156,466,400
Received during the period	-	-	-	-	-	625,866	-	-	-	-
Repaid during the period	3,652,174	3,652,174	1,334,400	1,334,400	11,345,777	13,952,379	9,488,123	9,488,123	15,646,640	7,823,320
Loan balance at end of period	2,739,130	6,391,304	5,663,200	6,997,600	96,439,106	107,784,883	85,271,571	94,759,694	132,996,440	148,643,080
Current liability at end of period	2,739,130	3,652,174	1,334,400	1,334,400	11,345,777	11,345,777	9,488,123	9,488,123	15,646,640	15,646,640
Non-current liability at end of period	-	2,739,130	4,328,800	5,663,200	85,093,329	96,439,106	75,783,448	85,271,571	117,349,800	132,996,440
Interest expense of the period	253,856	567,657	318,200	516,184	3,593,852	8,504,220	3,311,023	4,578,764	3,487,071	5,430,558
Interest rate	6months' EURIBOR +2.5%	6months' EURIBOR +2.5%	6months' EURIBOR +2.5%	6months' EURIBOR +2.5%	Floating, average 3.4%	Floating, average 4.0%	Floating, average 3.6%	Floating, average 4.0%	Floating, average 2.4%	Floating, average 3.0%

At 31 December 2003 TBC was 1.99. The corresponding figure for 31 December 2002 was 1.41.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 15. Loan collateral and pledged assets

The loans received from Hansapank have been secured as follows:

1. a commercial pledge of the first ranking of EEK 15,029,000 established for the benefit of AS Hansapank;
2. a commercial pledge of the second ranking of EEK 12,600,000 established for the benefit of AS Hansapank.

In the case of other loans, the Republic of Estonia (the guarantor) guarantees complete and accurate settlement of all the monetary obligations of Tallinn Airport Ltd, including interest payments and other amounts payable to the banks under the loan agreements.

### Note 16. Provisions

The provision for commitments from operating activity of EEK 3,153,532 has been established on the basis of a former obligation to report 75% of rental income as state revenue. The present legislation does not set out such an obligation. Previously the shareholder has been interested in offsetting receivables from the company by increasing the share capital as permitted by § 346 of the Commercial Code.

The provision for severance compensation payable to members of the management board upon termination of contracts amounts to EEK 1,241,550 (EEK 320,400 has been recognised as a long-term provision and EEK 921,150 as a short-term one). The probable realisation date of the long-term provision is 2005.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 17. Revenue

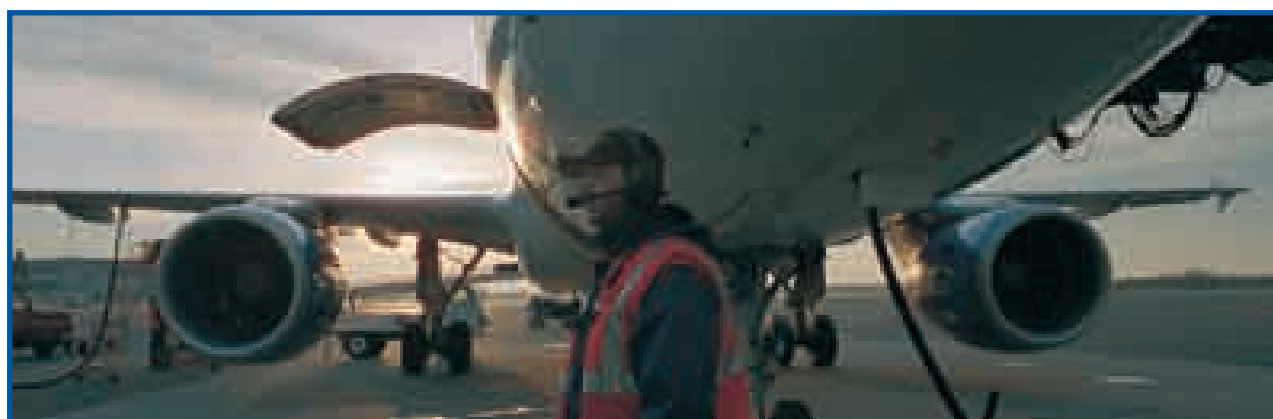
REVENUE	1.1-31.12.2003	1.1-31.12.2002
<b>Aviation fees</b>		
Landing fees	51,663,903	48,081,677
Passenger charges	81,785,199	67,830,430
Parking fees	1,597,256	1,096,123
<b>Total</b>	<b>135,046,358</b>	<b>117,008,230</b>
<b>On-ground services to aircraft and passengers</b>	<b>16 779 163</b>	<b>15 773 843</b>
<b>Revenues from other services</b>		
Rentals	17,684,216	17,006,989
Concession fees	24,303,182	21,659,438
Advertising services	4,051,739	3,660,353
Car park charges	967,051	982,367
Other provided services	5,473,831	5,279,371
Other intermediated services	4,081,555	3,735,252
<b>Total from other services</b>	<b>56,561,575</b>	<b>52,323,770</b>
<b>Other revenue</b>	<b>426,042</b>	<b>998,638</b>
<b>TOTAL REVENUE</b>	<b>208,813,137</b>	<b>186,104,480</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 18. Expenses

EXPENSES	1.1-31.12.2003	1.1-31.12.2002 Restated
<b>Materials, consumables and supplies</b>		
Safety, security and rescue services	12,402,276	10,197,623
Infrastructure	16,362,115	15,090,665
Transport and special equipment	8,418,897	8,128,586
IT and communications	3,360,466	2,831,463
Other materials, consumables and supplies	4,682,077	3,688,436
<b>Total materials, consumables and supplies</b>	<b>45,225,831</b>	<b>39,936,773</b>
<b>Other operating expenses</b>		
Administrative and sales expenses	4,650,622	4,687,402
Other	2,694,180	2,397,946
<b>Total other operating expenses</b>	<b>7,344,802</b>	<b>7,085,348</b>
<b>Personnel expenses</b>		
Basic wage and other remuneration	38,983,340	31,222,704
Social charges	11,419,668	9,505,565
<b>Total personnel expenses</b>	<b>50,403,008</b>	<b>40,728,269</b>
Depreciation	49,377,637	48,952,621
Other expenses	601,242	2,011,180
<b>TOTAL EXPENSES</b>	<b>152,952,520</b>	<b>138,714,191</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### Note 19. Financial income and expenses

	1.1-31.12.2003	1.1-31.12.2002
<b>Financial income</b>		
Interest income	1,419,645	973,499
Foreign exchange gain	44,905	135,360
Total financial income	1,464,550	1,108,859
<b>Financial expenses</b>		
Interest expense	-10,988,309	-20,008,865
Foreign exchange loss	-44,337	-148,101
Other financial expenses		-3,139,748
Revaluation of loans due to changes in exchange rates and effect of refinancing transactions	-	-2,976,036
Other financial expenses	-	-163,712
<b>Total financial expenses</b>	<b>-11,032,646</b>	<b>-23,296,714</b>

### Note 20. Segment report

The segment report distinguishes only business segments.

Tallinn Airport Ltd has the following business segments:

- Airport – the segment encompasses the core services: arrangement of aircraft take-offs, landings and parking, and all terminal services (leasing, trade, pre-flight security, border guarding, customs, etc).
- Handling – a structural unit of Tallinn Airport that deals with the provision of services to aircraft and passengers.
- Other non-aviation – the segment covers lease of other premises, sale of advertising space, parking in the open zone, and access.









## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### **Note 21. Contingent liabilities**

#### **Income tax**

At 31 December 2003, undistributed profits amounted to EEK 67,816,943. The income tax liability that would arise if all of the undistributed profits were distributed as dividends amounts to EEK 17,632,405. Thus, the maximum amount that could be distributed as the net dividend is EEK 50,184,538.

The maximum contingent income tax liability has been calculated under the assumption that the net dividend and the dividend tax reported in the income statement for 2004 cannot exceed the distributable profits as of 31 December 2003.

#### **Pending lawsuits**

The Competition Board is hearing criminal case no. 03921000002 concerning commitment of a criminal offence under § 402 (2) of the Penal Code – violation of obligations of undertakings with special or essential facilities. The Competition Board has declared Tallinn Airport a suspect in the case with a resolution dated 14 March 2003.

To date Tallinn Airport has not been declared the accused and no summary of charges has been presented.

Criminal proceedings are still in the stage of preliminary investigation and there is no practice regarding the application of § 402 of the Penal Code. Therefore, it is not possible to estimate the probability of an unfavourable judicial decision. If Tallinn Airport Ltd were found guilty of violating the obligations of an undertaking with essential facilities it could be assigned a pecuniary punishment of up to EEK 250 million under § 44 (8) of the Penal Code. According to the assessment of the law office representing Tallinn Airport Ltd, in the case of an unfavourable decision the company would probably be assigned the maximum pecuniary punishment, but the punishment would not exceed its annual profit.

### **Note 22. Transactions with related parties**

Parties are related if one controls the other or exerts significant influence on the other's business decisions. Related parties include the company's management and supervisory boards excluding persons who cannot exert significant influence on the company's business decisions. Related parties also include close family members of and companies related to the above.

Total payments to employees amounted to EEK 35,826,000.

The remuneration of the six-member supervisory board amounted to EEK 480,000.

The remuneration of the members of the management board totalled EEK 2,377,000.

Tallinn Airport Ltd has insured members of the management board and has placed company cars at their disposal.

There have been no other transactions with related parties.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Note 23. Management of financial risks

Exposure to liquidity risk, credit risk, interest rate risk and currency risk arises in the normal course of the company's business. Tallinn Airport Ltd avoids financial risks. In financial risk management objectives are the following (in the order of importance):

1. liquidity retention,
2. capital maintenance, and
3. generation of income

### Liquidity risk

In making short fixed-term investments the company must have sufficient liquidity for the timely meeting of non-recurring commitments that are substantially larger than the ordinary ones. Investments are made only in liquid securities issued by entities with high credit ratings. TBC may not be less than 1.25.

### Credit risk

The company has a credit policy in place and exposure to credit risks is monitored and hedged on an ongoing basis. Credit risk is the risk that a business partner will fail to discharge a contractual obligation and will cause the company to incur a financial loss. At the balance sheet date the company was not aware of any major risks relating to trade receivables (except for amounts that had been recognised as doubtful).

### Interest rate risk

The company's loan commitments have floating interest rates. During the past financial year average interest rates declined.

Interest rate risk is permitted on investment in money market funds.

### Currency risk

The currency risks of assets and liabilities have to be hedged. Assets and liabilities that are denominated in euro are treated as items neutral to currency risk. To avoid currency risks, the majority of settlements are performed in Estonian kroons and euro (the Estonian kroon is pegged to the euro at a fixed rate of EUR 1 = EEK 15,64664).





KPMG Estonia

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**Auditori järeldusüksus**

**AS Tallinn Lennuvähi aktsionäridele**

Olme auditeeritud AS Tallinn Lennuvähi (edaspidi "ettevõtte") 31. detsembril 2003 lõpetatud majandusaasta kohta koostatud raamatupidamise aastaaruannet, mis on esitatud lehekülgedel 7 kuni 30. Nõuetatud raamatupidamise aastaaruannale õiguse teost vattakse ette võtta juhul, kui ettevõtte juhatuse, mis koosneb kolmest liikmest, otsustab raamatupidamise aastaaruannet kehtetuks tunnistada.

Koostamise suhtes kasutati rahvusvahelise auditeerimistandarditega nõuetatud standardid sõltuvad, et saaks plaanida ja teostada viisi, mis võimaldaks piisava kindlustunde saavutada, et raamatupidamise aastaaruannet ei sisalda olulisi vigu ja ebakõlbi. Audit käigus olid väljastatud kontrollitud dokumentatsioonid, mille põhinevad raamatupidamise aastaaruannet esitaval ettevõttel. Meie suhtes võivad ka raamatupidamise aastaaruande koostamisel kasutatud arvutusprogrammid ja järelekontrollide raamatupidamislike liikumiste loomise suhtes ning arvutuslike raamatupidamise aastaaruande esitajate suhtes tekkida. Arvame, et meie suhtes ei ole piisava ulatuse arvutamiseks.

Olme arvukohal, et Tallinn Lennuvähi raamatupidamise aastaaruannet kajastab kindlalt rahvusvahelise finantsaruandluse standardidega võrreldes ettevõtte ja õiglasi ettevõtte finantsaruande arvuaga 31. detsember 2003 ning et ettevõtte arvutusperioodi majanduslikud ja rahvusvahelised.

Tallinn, 21. märts 2004

  
Sulev Laas  
Finantsauditeerija

  
Veiko Tervis  
Finantsauditeerija



217100 \*



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**Auditor's report**

To the shareholders of AS Tallinn Lennujaam:

*(Translation from the Estonian language)*

We have audited the accompanying financial statements of AS Tallinn Lennujaam (the "Company") as of 31 December 2003. These financial statements, as set out on pages 7 to 36, are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2003, and the results of its operations and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Tallinn, 29 March 2004

(signature)

Sulev Luiga  
Authorized Public Accountant

(signature)

Yelko Tuvik  
Authorized Public Accountant



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## SIGNATURES

The management board has prepared the activity report and the annual financial statements for 2003.

**Management board**

Rein Loik Chairman

Tõnu Mardo Member

Aarne Orav Member

Rein Loik 29.03 2004  
 Tõnu Mardo 29.03 2004  
 Aarne Orav 29.03 2004

The supervisory board has reviewed and approved the annual report prepared by the management board including the activity report and the annual financial statements as well as the attached auditor's report and profit allocation proposal.

**Supervisory board:**

Tõnu Ader Chairman

Toomas Annus Member

Ülle Mathiesen Member

Elmar Truu Member

Andres Jalak Member

Andres Taimla Member

Tõnu Ader 29.03 2004  
 Toomas Annus 29.03 2004  
 Ülle Mathiesen 29.03 2004  
 Elmar Truu 29.03 2004  
 Andres Jalak 29.03 2004  
 Andres Taimla 29.03 2004