

SAKU ÕLLETEHASE AS
INTERIM FINANCIAL STATEMENTS
9 MONTHS OF 2005

Core activities	production, wholesale, import and export of low-alcohol beverages, mineral water and soft drinks
Beginning of financial year	1 January 2005
End of financial year	31 December 2005
Auditor	Andris Jegers KPMG Estonia
Status of the interim financial statements	unaudited
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The activities of Saku Õlletehase AS are managed by a two-member management board. The chairman of the management board is Jaak Uus.

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1. Financial statements

BALANCE SHEET

(In thousands)

	EEK			€		
	30.9.2005	30.9.2004	31.12.2004	30.9.2005	30.9.2004	31.12.2004
ASSETS						
Cash and bank	35,789	21,018	36,461	2,287	1,343	2,330
Trade receivables (Note 2)	59,034	36,506	43,319	3,773	2,333	2,768
Other receivables and prepayments (Note 3)	5,923	9,213	6,766	379	588	432
Inventories (Note 4)	117,027	130,168	109,674	7,479	8,319	7,009
TOTAL CURRENT ASSETS	217,773	196,905	196,220	13,918	12,583	12,539
Non-current assets						
Long-term financial investments (Note 5)	10,120	11,778	11,029	648	753	707
Property, plant and equipment (Note 6)	239,852	246,611	239,295	15,328	15,762	15,293
Intangible assets (Note 7)	410	342	596	27	22	38
TOTAL NON-CURRENT ASSETS	250,382	258,731	250,920	16,003	16,537	16,038
TOTAL ASSETS	468,155	455,636	447,140	29,921	29,120	28,577
LIABILITIES AND EQUITY						
Current liabilities						
Debt obligations (Note 8)	95	420	140	6	27	9
Trade payables	19,837	11,602	16,266	1,268	742	1,039
Other payables (Note 13)	2,094	9,272	471	134	593	30
Tax liabilities (Note 9)	27,114	21,036	23,314	1,733	1,344	1,490
Payables to employees	3,392	2,999	3,095	217	192	198
Other accrued expenses	7,359	7,672	3,078	470	491	196
Short-term provisions (Note 10)	24,569	32,055	24,636	1,570	2,047	1,575
TOTAL CURRENT LIABILITIES	84,460	85,056	71,000	5,398	5,436	4,537
Equity (Note 11)						
Share capital	80,000	80,000	80,000	5,113	5,113	5,113
Statutory capital reserve	8,000	8,000	8,000	511	511	511
Other reserves	44,070	44,070	44,070	2,817	2,817	2,817
Accumulated profits	188,070	194,032	194,032	12,020	12,400	12,401
Net profit for the period	63,555	44,478	50,038	4,062	2,843	3,198
TOTAL EQUITY	383,695	370,580	376,140	24,523	23,684	24,040
TOTAL LIABILITIES AND EQUITY	468,155	455,636	447,140	29,921	29,120	28,577

INCOME STATEMENT

(In thousands)

	EEK			€		
	January- September 2005	January- September 2004	2004	January- September 2005	January- September 2004	2004
Revenue						
Sales revenue (Note 12)	498,464	416,027	530,865	31,858	26,589	33,928
Other revenue (Note 14)	137	554	705	9	35	46
Total revenue	498,601	416,581	531,570	31,867	26,624	33,974
Expenses						
Changes in work in progress and finished goods inventories	-1,565	-7,581	-6,105	-100	-484	-390
Materials, consumables and supplies used (Note 15)	215,808	188,962	241,305	13,793	12,077	15,422
Other operating expenses (Note 15)	113,463	96,596	125,292	7,252	6,173	8,008
Personnel expenses (Note 15)	53,764	44,237	58,081	3,436	2,827	3,712
Depreciation and amortization expense (Notes 6, 7)	34,413	32,749	45,025	2,199	2,093	2,878
Other expenses (Note 15)	1,780	2,953	3,915	114	189	250
Total expenses	417,663	357,916	467,513	26,694	22,875	29,880
PROFIT FROM OPERATIONS	80,938	58,665	64,057	5,173	3,749	4,094
Financial income and expenses (Note 16)	301	-133	35	19	-8	2
PROFIT FOR THE PERIOD BEFORE TAX	81,239	58,532	64,092	5,192	3,741	4,096
Income tax expense	17,684	14,054	14,054	1,130	898	898
NET PROFIT FOR THE PERIOD	63,555	44,478	50,038	4,062	2,843	3,198
Basic earnings per share (Note 17)	7.94	5.56	6.25	0.51	0.36	0.40
Diluted earnings per share (Note 17)	7.94	5.56	6.25	0.51	0.36	0.40

INCOME STATEMENT, Q3

(In thousands)

	EEK		€	
	Q3 2005	Q3 2004	Q3 2005	Q3 2004
Revenue				
Sales revenue	194,356	160,954	12,422	10,287
Other revenue	19	410	1	26
Total revenue	194,375	161,364	12,423	10,313
Expenses				
Changes in work in progress and finished goods inventories	3,540	3,289	226	210
Materials, consumables and supplies used	78,035	70,148	4,988	4,484
Other operating expenses	39,546	32,347	2,528	2,067
Personnel expenses	17,592	14,765	1,124	943
Depreciation and amortization expense	10,913	10,818	697	692
Other expenses	610	1,494	39	96
Total expenses	150,236	132,861	9,602	8,492
PROFIT FROM OPERATIONS FOR Q3	44,139	28,503	2,821	1,821
Financial income and expenses	108	-87	7	-5
NET PROFIT FOR Q3	44,247	28,416	2,828	1,816
Basic earnings per share	5.53	3.55	0.35	0.23
Diluted earnings per share	5.53	3.55	0.35	0.23

CASH FLOW STATEMENT, INDIRECT METHOD

(In thousands)

	EEK			€		
	January- September 2005	January- September 2004	2004	January- September 2005	January- September 2004	2004
Operating activities						
Profit from operations	80,938	58,665	64,057	5,172	3,749	4,094
Adjustments for						
Depreciation and amortization (Notes 6, 7)	34,413	32,749	45,025	2,199	2,093	2,878
Result of non-current asset sales and write-off	-8	-329	-391	-1	-21	-25
Transformation of a long-term receivable into a short-term one	9	27	36	1	2	2
Non-cash expenses (Note 19)	900	900	1,914	58	56	123
Change in inventories	-7,353	-16,516	3,978	-470	-1,055	255
Change in receivables	-14,872	-5,129	-9,495	-952	-328	-607
Change in current liabilities	13,505	8,709	2,756	864	556	175
Interest paid	-412	-509	-531	-25	-33	-34
Corporate income tax paid	-17,684	-14,054	-14,054	-1,130	-898	-898
Net cash from operating activities	89,436	64,513	93,295	5,716	4,121	5,963
Investing activities						
Acquisition of non-current assets (Notes 6, 7)	-34,784	-33,517	-38,901	-2,223	-2,142	-2,487
Sales of non-current assets	8	406	453	1	26	29
Interest received	757	442	361	48	29	24
Net cash used in investing activities	-34,019	-32,669	-38,087	-2,174	-2,087	-2,434
Financing activities						
Dividends paid (Note 11)	-56,000	-40,000	-40,000	-3,579	-2,556	-2,557
Payment of finance lease principal (Note 8)	-140	-606	-701	-9	-39	-45
Loans received	62,586	61,016	61,016	4,000	3,900	3,900
Repayment of loans	-62,491	-53,193	-61,016	-3,994	-3,400	-3,900
Net cash used in financing activities	-56,045	-32,783	-40,701	-3,582	-2,095	-2,602
Net cash flows	-628	-939	14,507	-40	-61	927
Effect of exchange rate fluctuations	-44	-66	-69	-3	-4	-5
Increase/decrease in cash and cash equivalents	-672	-1,005	14,438	-43	-65	922
Cash and cash equivalents at beginning of period	36,461	22,023	22,023	2,330	1,408	1,408
Cash and cash equivalents at end of period	35,789	21,018	36,461	2,287	1,343	2,330
Increase/decrease in cash and cash equivalents	-672	-1,005	14,438	-43	-65	922

STATEMENT OF CHANGES IN EQUITY

(In thousands of EEK)	Share capital	Statutory capital reserve	Other reserves	Accumulated profits	Net profit for the period	Total equity
1 January 2004	80,000	8,000	44,070	234,032		366,102
Dividend distribution				-40,000		-40,000
Net profit for the period					44,478	44,478
30 September 2004	80,000	8,000	44,070	194,032	44,478	370,580
1 January 2005	80,000	8,000	44,070	244,070		376,140
Dividend distribution				-56,000		-56,000
Net profit for the period					63,555	63,555
30 September 2005	80,000	8,000	44,070	188,070	63,555	383,695

(In thousands of €)	Share capital	Statutory capital reserve	Other reserves	Accumulated profits	Net profit for the period	Total equity
1 January 2004	5,113	511	2,817	14,956		23,397
Dividend distribution				-2,556		-2,556
Net profit for the period					2,843	2,843
30 September 2004	5,113	511	2,817	12,400	2,843	23,684
1 January 2005	5,113	511	2,817	15,599		24,040
Dividend distribution				-3,579		-3,579
Net profit for the period					4,062	4,062
30 September 2005	5,113	511	2,817	12,020	4,062	24,523

Notes to the interim financial statements

Note 1. Accounting policies

The interim financial statements for the first nine months of 2005 have been prepared in accordance with the same accounting policies that were applied on the preparation of the annual financial statements for 2004. The company's interim financial statements are prepared in accordance with the 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), and they comply with IAS 34.

Note 2. Trade receivables

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Due from customers	59,121	36,625	3,778	2,341
Allowance for doubtful receivables	-240	-200	-15	-13
Write-off of irrecoverable items	155	92	10	6
Recovery of items previously written off	-2	-11		-1
Total	59,034	36,506	3,773	2,333

The ratio of irrecoverable receivables written off in the first nine months of 2005 to sales revenue is 0.031%. The expenditure related to write-off of receivables is recognized in *Other operating expenses*.

Note 3. Other receivables and prepayments

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Receivables from other group companies (Note 13)	2,255	1,539	144	98
Miscellaneous short-term receivables	447	3,190	29	204
Prepaid VAT	60	254	4	16
Prepaid expenses	1,761	2,830	113	181
AS Rocca al Mare Suurhall bonds (Note 5)	1,400	1,400	89	89
Total	5,923	9,213	379	588

Note 4. Inventories

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Materials	30,037	32,079	1,920	2,050
Work in progress	8,018	8,146	512	521
Finished goods	12,216	11,999	781	767
Merchandise purchased for resale	44,277	48,549	2,830	3,103
Prepayments to suppliers	429	273	27	17
Returnable containers in the possession of customers	22,050	29,122	1,409	1,861
Total	117,027	130,168	7,479	8,319

Inventories written down and off in the first nine months of 2005 totalled EEK 1,833,000 (€117,000), breaking down as follows:

- materials – EEK 624,000 (€40,000);
- finished goods – EEK 508,000 (€32,000);
- merchandise purchased for resale (containers) – EEK 701,000 (€45,000).

At 30 September 2005, inventories of EEK 30,083,000 (€1,923,000) were stated at net realizable value.

Returnable containers in the possession of customers includes the estimated cost of returnable glass bottles, plastic crates and trays that are circulating in the market and which Saku Õlletehase AS has to repurchase due to the nature of its business. Until 30 April 2005 the cost of returnable glass bottles was estimated on the basis of their expected turnover ratio. Since 1 May 2005, when a new wording of the Packaging Act entered into force and established packaging deposits, their cost is determined based on the quantity of unreturned glass bottles which are subject to a deposit. The related repurchase obligation has been disclosed in Note 10.

Note 5. Financial instruments

SHORT- AND LONG-TERM FINANCIAL INVESTMENTS

(In thousands)

	Number of instruments 30.9.2005	Balance EEK (€) 31.12.2004	Redemption / change in value EEK (€) 2005	Balance EEK (€) 30.9.2005	Interest (%)
AS Rocca al Mare Suurhall	22 registered B shares	2,820 (181)		2,820 (181)	0.006
AS Rocca al Mare Suurhall	87 registered bonds of one type	9,600 (614)	-900 (-58)	8,700 (556)	
Long-term receivables		9 (1)	-9 (-1)		
Total		12,429 (796)	-909 (-59)	11,520 (737)	
Incl. current portion		1,400 (89)		1,400 (89)	
Incl. non-current portion		11,029 (707)		10,120 (648)	

The company has 22 B shares and 87 bonds issued by AS Rocca al Mare Suurhall. The shares and the bonds are part of a 10-year cooperation agreement expiring in October 2011, according to which a recreational complex bears the name Saku Suurhall and grants the company extensive sales and advertising rights.

The shares were acquired with a premium of EEK 149,900 (€9,580) per share and grant the company the right to use and transfer one box in the complex, subject to agreed terms and conditions. The shares do not entitle the holder to a dividend. They are linked to the cooperation agreement and do not have an active aftermarket. Therefore, the shares are amortized at the rate of EEK 240,000 (€15,000) per year, which should reflect the decrease in the carrying amount of the benefits provided by the cooperation agreement that occurs over time. The amortization expense is recognized under *Financial expenses*.

The par value of a bond issued by AS Rocca al Mare Suurhall is EEK 100,000 (€6,000). The bonds were issued for a designated purpose and bear an annual interest of 5% of the outstanding balance. The bonds are to be redeemed over the term of the cooperation agreement. Interest income on the bonds is recognized under *Financial income*.

INCOME-EARNING FINANCIAL ASSETS

(In thousands of EEK)

	30.9.2005					30.9.2004				
	Effective interest rate	Maturing within				Effective interest rate	Maturing within			
		up to 1 year	1 – 5 years	over 5 years	Total		up to 1 year	1 – 5 years	over 5 years	Total
Financial assets										
AS Rocca al Mare Suurhall bonds	5.00	1,400	5,600	1,700	8,700	5.00	1,400	5,600	3,100	10,100

(In thousands of €)

	30.9.2005					30.9.2004				
	Effective interest rate	Maturing within				Effective interest rate	Maturing within			
		up to 1 year	1 – 5 years	over 5 years	Total		up to 1 year	1 – 5 years	over 5 years	Total
Financial assets										
AS Rocca al Mare Suurhall bonds	5.00	89	358	109	556	5.00	89	358	198	645

Financial risks

Exposure to credit risk, interest rate risk and foreign currency risk arises in the normal course of the company's business.

Credit risk

The company has a credit policy in place and exposure to credit risks is monitored on an ongoing basis. Credit evaluations are performed systematically and all customers are assigned credit limits and settlement terms.

Short-term financial investments are made in liquid local and foreign money market instruments that have an investment rating. Long-term financial investments are made when it is required for the development of the core activity, based on the conditions prevailing in the case.

At the balance sheet date, the most significant concentration of credit risk was related to the shares and bonds issued by AS Rocca al Mare Suurhall. To reduce the credit risk, all agreements related to the investments include a clause, which states that if ownership of the complex changes, the agreement will transfer to the new owner under the same terms and conditions.

Interest rate risk

As a rule, the company's activity is financed with equity instruments. Owing to the seasonal nature of the business, from time to time short-term external financial instruments such as bank overdrafts, short-term loans, etc are used. Interest rates may be fixed or floating. Since 2003 the Baltic companies of the BBH Group have been actively cooperating in managing their short-term liquidity.

External financing (finance lease) is used for the purchase of motor vehicles. As a rule, the base currency of the lease agreements is the Estonian kroon or euro and interest rates are fixed for the entire lease term.

Since the share of external financing in the overall capital structure is minimal, the risks are minimal and have not been hedged.

Foreign currency risk

Nearly all purchase and sales transactions are performed in Estonian kroons, euro or currencies pegged to the latter. Therefore, foreign currency risks are not significant.

Fair values

The fair values of financial instruments do not differ significantly from their carrying amounts.

Note 6. Property, plant and equipment

Movements in property, plant and equipment in the first 9 months of 2005

(In thousands of EEK)	Land	Buildings and constructions	Plant and equipment	Motor vehicles	IT equipment	Other equipment and fixtures	Kegs	Assets leased out (Note 8)	Assets held under finance lease (Note 8)	Prepayments and investments in progress	Total
Cost											
Opening balance	3,186	135,307	291,513	6,157	4,326	63,288	6,058	7,271	1,226	2,890	521,222
Addition			5,982	428	424	4,551		3,244		20,036	34,665
Reclassification			2,625							-2,625	
Sales			-333								-333
Write-off and termination of lease									-1,226		-1,226
Closing balance	3,186	135,307	299,787	6,585	4,750	67,839	6,058	10,515	0	20,301	554,328
Depreciation											
Opening balance		37,634	176,520	4,937	3,678	50,770	3,936	3,334	1,118		281,927
Depreciation of 2005		4,843	20,184	538	426	5,595	451	1,963	108		34,108
Sales			-333								-333
Write-off and termination of lease									-1,226		-1,226
Closing balance		42,477	196,371	5,475	4,104	56,365	4,387	5,297	0		314,476
Carrying amount											
Opening balance	3,186	97,673	114,993	1,220	648	12,518	2,122	3,937	108	2,890	239,295
Closing balance	3,186	92,830	103,416	1,110	646	11,474	1,671	5,218	0	20,301	239,852

(In thousands of €)	Land	Buildings and constructions	Plant and equipment	Motor vehicles	IT equipment	Other equipment and fixtures	Kegs	Assets leased out (Note 8)	Assets held under finance lease (Note 8)	Prepayments and investments in progress	Total
Cost											
Opening balance	204	8,646	18,632	393	276	4,045	387	465	79	185	33,312
Addition			382	27	27	291		207		1,281	2,215
Reclassification			168							-168	
Sales			-21								-21
Write-off and termination of lease									-79		-79
Closing balance	204	8,646	19,161	420	303	4,336	387	672	0	1,298	35,427
Depreciation											
Opening balance		2,405	11,282	317	235	3,244	251	213	72		18,019
Depreciation of 2005		310	1,290	34	27	358	29	125	7		2,180
Sales			-21								-21
Write-off and termination of lease									-79		-79
Closing balance		2,715	12,551	351	262	3,602	280	338	0		20,099
Carrying amount											
Opening balance	204	6,241	7,350	76	41	801	136	252	7	185	15,293
Closing balance	204	5,931	6,610	69	41	734	107	334	0	1,298	15,328

Leased out assets includes bar furniture which has been transferred to customers under the terms of operating lease to support HoReCa sales. At 30 September 2005, the carrying amount of the furniture was EEK 5,218,000 (€334,000). Related operating lease income has been presented in Note 8. In addition, the company has placed at the disposal of customers other sales support assets which customers have accepted into storage with liability. At the end of the period, the carrying amount of the assets was EEK 15,282,000 (€977,000). At 30 September 2005, the carrying amount of kegs in the possession of customers was EEK 816,000 (€52,000). The kegs are part of the company's property, plant and equipment.

Note 7. Intangible assets

Movements in intangible assets in the first 9 months of 2005

(In thousands)

	EEK 30.9.2005	€ 30.9.2005
Cost		
Opening balance	2,113	135
Addition	119	8
Closing balance	2,232	143
Amortization		
Opening balance	1,517	97
Amortization charge for 2005	305	19
Closing balance	1,822	116
Carrying amount		
Opening balance	596	38
Closing balance	410	27

Intangible assets consist of computer software which has long-term significance for the business and has been adjusted to the company's needs. Amortization expense is recognized in the income statement together with depreciation expense.

Note 8. Finance and operating lease

The company as a lessor

Operating lease

To support HoReCa sales, Saku Õlletehase AS has leased out bar furniture, which has been recognized in Note 6 in the column *Assets leased out*. The period's operating lease income of EEK 70,000 (€4,000) has been recognized in *Sales revenue*. The lease income of subsequent periods breaks down as follows:

- receivable within 1 year – EEK 70,000 (€4,000);
- receivable between 1 and 4 years – EEK 91,000 (€6,000).

The company as a lessee

Finance lease

The company used to hold motor vehicles under finance lease. The cost, accumulated depreciation and carrying amount of the vehicles have been disclosed in Note 6 in the column *Assets held under finance lease*. The finance lease contracts expired in August 2005.

FINANCE LEASE OF MOTOR VEHICLES

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Principal payments made during the period	140	606	9	39
Interest payments made during the period	13	109	1	7
Minimum amount of lease payments		420		27
Incl. falling due within 1 year		420		27
falling due between 1 and 4 years				
... Incl. principal payments		385		25
falling due within 1 year		385		25
falling due between 1 and 4 years				

The depreciation charge for the first nine months of 2005 amounted to EEK 108,000 (€7,000) and has been recognized in the income statement under *Depreciation and amortization expense*.

Operating lease

During the reporting period, the company made and expensed operating lease payments of EEK 2,194,000 (€140,000) for motor vehicles and operating lease payments of EEK 285,000 (€18,000) for production plant and equipment. The company has 65 agreements on the operating lease of vehicles and 3 on the operating lease of plant and equipment. Lease payments for additional warehouse space totalled EEK 1,207,000 (€77,000).

OPERATING LEASE

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Lease payments made during the period	3,686	3,464	235	221
Incl. contingent lease payments for plant and equipment	108	345	7	22
Minimum amount of lease payments	5,355	3,554	342	227
Incl. payable within 1 year	2,599	1,709	166	109
payable between 1 and 5 years	2,756	1,845	176	118

The base currency of all operating lease agreements is euro. The agreements do not impose restrictions on the company's dividend or financing policies. Leased assets have not been sublet.

Note 9. Tax liabilities

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Alcohol excise duty	16,421	13,494	1,050	862
Value-added tax	8,238	5,526	526	353
Personal income tax	819	666	52	43
Social tax	1,404	1,055	90	67
Income tax on fringe benefits, and non-business and entertainment expenses	132	217	8	14
Unemployment insurance premiums	57	42	4	3
Funded pension contributions	43	36	3	2
Total	27,114	21,036	1,733	1,344

Note 10. Short-term provisions

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Obligation to repurchase reusable containers				
- glass bottles, plastic crates and trays	18,957	29,122	1,212	1,861
- kegs	2,864	2,597	183	165
- plastic bottles	1,990		127	
- metal cans	758		48	
Consumer campaign prizes		336		21
Total	24,569	32,055	1,570	2,047

The provision for the obligation to repurchase reusable containers has been established to cover expenses that could arise on the repurchase of returnable containers circulating in the market as at 30 September 2005. The obligation results from the Packaging Act and the nature of the company's business. The obligation to repurchase packaging subject to a deposit is determined as the difference between the deposits of packaging sold and unreturned packaging. The provision for the obligation to repurchase other returnable packaging and the corresponding inventory account are adjusted at each balance sheet date using quantities found on the basis of estimated turnover ratios and repurchase prices. The provision for the obligation to repurchase kegs is adjusted on the release and collection of each keg on the basis of its deposit charge.

The obligation to repurchase returnable containers is a short-term obligation because the estimated circulation period of a container does not exceed one year.

Note 11. Equity

The share capital of Saku Õlletehase AS amounts to EEK 80 million (€5.113 million) and is made up of 8 million registered shares with a par value of EEK 10 (€0.64) each. The shares have been fully paid for. In compliance with the Articles of Association, the minimum and maximum share capital amount to EEK 80 million (€5.113 million) and EEK 320 million (€20.45 million) respectively. The minimum number of shares is 8

million and the maximum one 32 million. The number of shares issued did not change during the reporting period. The holders of shares are entitled to receive dividends and have one vote per share at meetings of the company. On 7 April 2005 the general meeting of shareholders approved the proposal of the management board to declare for 2004 a net dividend of EEK 56 million (€3.6 million). The dividend was paid out on 16 May 2005.

The statutory capital reserve of EEK 8 million (€511,000) has been established in accordance with the requirements of the Commercial Code. The capital reserve is established with annual net profit transfers. Every year, companies have to transfer to their capital reserve at least 1/20 of their net profit until the reserve amounts to 1/10 of the share capital. Capital reserve may be used to cover losses and to increase share capital. It may not be used to make distributions to shareholders.

Other reserves of EEK 44,070,000 (€2,817,000) result from the translation of foreign currency bank accounts and receivables performed in 1992 using the Eesti Pank exchange rates as of 1 January 1992. Management has not determined the use of other reserves.

Note 12. Sales revenue

SALES OF PRODUCTS AND SERVICES

(In thousands)

	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Beer	388,943	333,579	24,858	21,320
Other alcoholic beverages	68,555	42,876	4,382	2,740
Mineral water	20,858	18,627	1,333	1,190
Soft drinks	16,329	17,717	1,044	1,132
By-products	1,111	885	71	57
Services	643	920	41	59
Other goods	2,025	1,423	129	91
Total	498,464	416,027	31,858	26,589

SALES BY MARKETS

(In thousands)

	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Estonia	443,382	367,155	28,337	23,465
Lithuania, Latvia, Finland, Ukraine, Denmark	55,082	48,872	3,521	3,124
Total	498,464	416,027	31,858	26,589

Note 13. Transactions with related parties

Related party transactions include transactions with the direct parent Baltic Beverage Holding AS (BBH) and companies belonging to Carlsberg Breweries A/S and Scottish

& Newcastle plc groups (the shareholders of BBH). Sales revenue comprises income from the sales of finished goods and filling services, and the letting of premises. Purchases include purchases of merchandise, containers, and management and consulting services. Purchase and sales transactions with related parties are performed at BBH Group's transfer prices.

Purchases by Saku Õlletehase AS

(In thousands)	EEK		€	
	January-September 2005	January-September 2004	January-September 2005	January-September 2004
Parent Baltic Beverages Holding AB	4,675	2,645	299	169
Companies belonging to the same group as the parent	30,089	31,299	1,923	2,000
Corporate shareholders of the parent	720	1,027	46	66
Companies belonging to the same group as corporate shareholders of the parent	9,739	3,079	622	197
Total	45,223	38,050	2,890	2,432

Sales by Saku Õlletehase AS

(In thousands)	EEK		€	
	January-September 2005	January-September 2004	January-September 2005	January-September 2004
Parent Baltic Beverages Holding AB		69		4
Companies belonging to the same group as the parent	39,946	30,686	2,553	1,962
Corporate shareholders of the parent	182	463	12	29
Companies belonging to the same group as corporate shareholders of the parent	7,836	10,761	501	688
Total	47,964	41,979	3,066	2,683

Saku Õlletehase AS' receivables from related parties

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Parent Baltic Beverages Holding AB		10		1
Companies belonging to the same group as the parent	1,314	466	84	29
Corporate shareholders of the parent		243		16
Companies belonging to the same group as corporate shareholders of the parent	941	820	60	52
Total	2,255	1,539	144	98

Saku Õlletehase AS' payables to related parties

(In thousands)	EEK		€	
	30.9.2005	30.9.2004	30.9.2005	30.9.2004
Parent Baltic Beverages Holding AB	1,094	563	70	36
Companies belonging to the same group as the parent	917	8,084	59	517
Corporate shareholders of the parent	78		5	
Companies belonging to the same group as corporate shareholders of the parent	5	625		40
Total	2,094	9,272	134	593

Royalties payable to Carlsberg Breweries A/S, which at 30 September 2005 amounted to EEK 431,000 (€28,000), have been reported under *Accrued expenses*.

Payments made during the period to members of the management and the supervisory board (before taxes) totalled EEK 4,177,000 (€267,000).

Note 14. Other revenue

(In thousands)	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Gains on sale of non-current assets	8	406	1	26
Income from receivables	54	15	3	1
Interest on arrears received	8	24	1	1
Insurance indemnification received	32	42	2	3
Foreign exchange gains	35	16	2	1
Other		51		3
Total	137	554	9	35

Note 15. Expenses

(In thousands)	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Materials	61,567	56,233	3,935	3,594
Ancillary materials	93,009	76,976	5,944	4,920
Imported beverages	24,722	30,724	1,580	1,963
Other	36,510	25,029	2,334	1,600
Total materials, consumables and supplies	215,808	188,962	13,793	12,077
Advertising	43,633	36,223	2,789	2,315
Transportation and vehicle expenses	34,330	29,323	2,194	1,874
Waste disposal	4,426	4,237	283	271
Renovation of buildings and equipment repair	2,939	3,752	188	240
Purchase of other services	19,115	14,124	1,222	902
Other expenses	9,020	8,937	576	571
Total other operating expenses	113,463	96,596	7,252	6,173
Wages and salaries	40,196	33,025	2,569	2,111
Social tax	13,393	11,062	856	707
Unemployment insurance premiums	175	150	11	9
Total personnel expenses	53,764	44,237	3,436	2,827

(In thousands)	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Losses on sale and write-off of non-current assets		128		8
Sponsoring, entertainment expenses and expenses not related to the core activity	1,198	2,090	77	134
Interest on arrears paid	21	9	2	1
Purchase and sale of returnable containers	430	563	27	36
Foreign exchange losses	131	163	8	10
Total other expenses	1,780	2,953	114	189

Note 16. Financial income and expenses

(In thousands)	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Interest income	757	622	48	40
Total financial income	757	622	48	40
Interest expense	232	509	15	33
Foreign exchange losses	44	66	3	4
Financial expenses from shares	180	180	11	11
Total financial expenses	456	755	29	48
Total financial income and expenses	301	-133	19	-8

Note 17. Earnings per share

	EEK		€	
	January- September 2005	January- September 2004	January- September 2005	January- September 2004
Net profit for the period (in thousands)	63,555	44,478	4,062	2,843
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	7.94	5.56	0.51	0.36
Diluted earnings per share	7.94	5.56	0.51	0.36

Basic earnings per share are found by dividing net profit for the period by the period's weighted average number of shares issued. The company's diluted earnings per share equal its basic earnings per share.

Note 18. Contingent liabilities

The alcohol excise duty liability to the Customs Board is secured with a bank guarantee as required by the law. The guarantee amounts to EEK 2,600,000 (€166,000) and is valid from 15 November 2004 to 14 February 2006.

Under an agreement made on 4 February 2005, Saku Õlletehase AS guarantees the financing of OÜ Eesti Pandipakend to the extent of EEK 20 million (€1.3 million). The financing of OÜ Eesti Pandipakend will be arranged in cooperation with AS Coca-Cola HBC Eesti and AS A. Le Coq Tartu Õlletehas to an extent required for launching OÜ Eesti Pandipakend in accordance with the latter's approved business plan and the contracts that will be made, altogether in an amount of up to EEK 60 million (€3.8 million).

OÜ Eesti Pandipakend is a packaging recovery organization established by producers and traders on the basis of the Packing Act. Its responsibility is to arrange in Estonia the collection and reuse of packaging which has been assigned a deposit. Under the Packaging Act, this encompasses PET, glass, and metal can packaging of water, soft drinks, beer and low-alcohol beverages.

Note 19. Non-cash transactions

A significant non-cash transaction was the offsetting of the income receivable on AS Rocca al Mare Suurhall bonds belonging to Saku Õlletehase AS against the latter's liabilities to AS Rocca al Mare Suurhall. The liabilities result from advertising services rendered under a cooperation agreement. In the first nine months of 2005 the offset figure amounted to EEK 1,241,000 (€79,000).

2. Review of operations and performance

In the first nine months of 2005, Saku Õlletehase AS sold 63.0 million litres of beverages, 10.4 million litres or 19.7% up on the same period in 2004. Revenues totalled EEK 498.6 million (€31.9 million), an EEK 82.0 million (€5.2 million) or 19.7% improvement on a year ago. The main growth drivers were beer and other alcoholic beverages.

According to the Estonian Breweries Association, in the first nine months of 2005 the Estonian beer market grew by roughly 14.7%. The accumulated market share of Saku Õlletehase AS was 44.9% (a year ago: 41.5%), allowing the company to retain its leading position in the local beer market. The upswing in market share was triggered by a successful launch of novel high-quality AM packaging in February 2005 and a new upper economy beer line *Blond*.

Growth also continued in the cider and gin long drink markets which expanded by 13.0% and 40.7% on a year ago respectively. Saku Õlletehase AS increased its sales in the local cider and long drink markets by 7.5% and 63.4% respectively, its share in the cider market shrinking a little (from 33.4% in 2004 to 31.9% in 2005) and its share in the long drink market improving slightly (26.3% in 2005 against 22.5% in 2004).

Expenses for the first nine months totalled EEK 417.7 million (€26.7 million), EEK 59.7 million (€3.8 million) or 16.7% up on the same period in 2004. The largest growth occurred in the cost of materials, consumables and supplies, largely on account of expanded sales and production volumes. Compared to a year ago, the volume of

beverages sold in one-way packaging (cans and PET) has grown by 45% to 73% of sales (60% a year ago), triggering an increase in related materials costs. Rising operating volumes and proactive marketing have magnified personnel, transport and advertising expenses.

The growth in operating volumes and market share has had a definite positive impact on operating results. With the growth rate of revenues surpassing that of expenses, Saku Õlletehase AS ended the first nine months of 2005 with an operating profit of EEK 80.9 million (€5.2 million), an EEK 22.3 million (€1.4 million) improvement on a year ago, and a net profit of EEK 63.6 million (€4.1 million) (EEK 44.5 million (€2.8 million) a year ago).

FINANCIAL RATIOS	January- September 2005	January- September 2004
Operating margin (operating profit / total revenue)	16.2%	14.1%
Net margin (net profit / total revenue)	12.7%	10.7%
Return on assets (net profit / total average assets)	13.9%	10.0%
Return on equity (net profit / average equity)	16.7%	12.1%
Non-current asset turnover ratio (total revenue / average non-current assets)	2.0	1.6
Total assets turnover ratio (total revenue / average total assets)	1.1	0.9

3. Statement of management responsibility

The management board acknowledges its responsibility for the preparation, integrity and fair presentation of the financial statements of Saku Õlletehase AS for the first nine months of 2005 as set out on pages 1 to 22 of this report, and confirms that to the best of its knowledge, information and belief:

- the policies applied on the preparation of the financial statements comply with International Financial Reporting Standards;
- the financial statements give a true and fair view of the financial position of Saku Õlletehase AS and the results of its operations and its cash flows;
- all significant events that occurred before the date on which the financial statements were authorized for issue have been properly recognized and disclosed; and
- Saku Õlletehase AS is a going concern.



Jaak Uus
Chairman of Management Board



Tarmo Lehtmets
Member of Management Board