



SAKU ÕLLETEHASE AS

INTERIM FINANCIAL STATEMENTS Q4, 2005

| | |
|--------------------------------|--|
| Principal 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 Baltics AS |
| Status of financial statements | unaudited |
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Saku Õlletehase AS is managed by a two-member management board. The chairman of the management board is Jaak Uus.

SAKU ÕLLETEHASE AS
INTERIM FINANCIAL STATEMENTS
Q4, 2005

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1. Financial statements

BALANCE SHEET

(In thousands)

| | EEK | | € | |
|--|----------------|----------------|---------------|---------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| ASSETS | | | | |
| Cash and cash equivalents | 71,407 | 36,461 | 4,563 | 2,330 |
| Trade receivables (Note 2) | 57,918 | 43,319 | 3,701 | 2,768 |
| Other receivables and prepayments (Note 3) | 4,968 | 6,766 | 317 | 432 |
| Inventories (Note 4) | 76,751 | 109,674 | 4,904 | 7,009 |
| TOTAL CURRENT ASSETS | 211,044 | 196,220 | 13,485 | 12,539 |
| Non-current assets | | | | |
| Long-term financial investments (Note 5) | 9,380 | 11,029 | 602 | 707 |
| Property, plant and equipment (Note 6) | 255,133 | 239,295 | 16,305 | 15,293 |
| Intangible assets (Note 7) | 1,175 | 596 | 76 | 38 |
| TOTAL NON-CURRENT ASSETS | 265,688 | 250,920 | 16,983 | 16,038 |
| TOTAL ASSETS | 476,732 | 447,140 | 30,468 | 28,577 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Debt obligations (Note 8) | | 140 | | 9 |
| Trade payables | 15,976 | 16,266 | 1,021 | 1,039 |
| Other payables (Note 9) | 41,728 | 29,958 | 2,666 | 1,914 |
| Provisions (Note 10) | 23,929 | 24,636 | 1,530 | 1,575 |
| TOTAL CURRENT LIABILITIES | 81,633 | 71,000 | 5,217 | 4,537 |
| Equity (Note 11) | | | | |
| Share capital | 80,000 | 80,000 | 5,113 | 5,113 |
| Statutory capital reserve | 8,000 | 8,000 | 511 | 511 |
| Other reserves | 44,070 | 44,070 | 2,817 | 2,817 |
| Retained earnings | 188,070 | 194,032 | 12,020 | 12,401 |
| Profit for the period | 74,959 | 50,038 | 4,790 | 3,198 |
| TOTAL EQUITY | 395,099 | 376,140 | 25,251 | 24,040 |
| TOTAL LIABILITIES AND EQUITY | 476,732 | 447,140 | 30,468 | 28,577 |

INCOME STATEMENT

(In thousands)

| | EEK | | € | |
|---|----------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Revenue | | | | |
| Sales revenue (Note 12) | 644,836 | 530,865 | 41,212 | 33,928 |
| Other revenue | 149 | 705 | 10 | 46 |
| Total revenue | 644,985 | 531,570 | 41,222 | 33,974 |
| Expenses | | | | |
| Change in work in progress and finished goods inventories | 3,129 | -6,105 | 200 | -390 |
| Materials, consumables and services (Note 14) | 274,842 | 241,305 | 17,566 | 15,422 |
| Other operating expenses (Note 14) | 153,073 | 125,292 | 9,783 | 8,008 |
| Personnel expenses (Note 14) | 72,474 | 58,081 | 4,632 | 3,712 |
| Depreciation and amortisation charges (Notes 6, 7) | 46,317 | 45,025 | 2,960 | 2,878 |
| Other expenses (Note 14) | 3,119 | 3,915 | 200 | 250 |
| Total expenses | 552,954 | 467,513 | 35,341 | 29,880 |
| OPERATING PROFIT | 92,031 | 64,057 | 5,881 | 4,094 |
| Financial income and expenses (Note 15) | 612 | 35 | 39 | 2 |
| PROFIT BEFORE TAX | 92,643 | 64,092 | 5,920 | 4,096 |
| Income tax expense (Note 17) | 17,684 | 14,054 | 1,130 | 898 |
| PROFIT FOR THE PERIOD | 74,959 | 50,038 | 4,790 | 3,198 |
| Basic earnings per share (Note 16) | 9.36 | 6.25 | 0.60 | 0.40 |
| Diluted earnings per share (Note 16) | 9.36 | 6.25 | 0.60 | 0.40 |

INCOME STATEMENT, Q4

(In thousands)

| | EEK | | € | |
|---|----------------|----------------|--------------|--------------|
| | Q4 2005 | Q4 2004 | Q4 2005 | Q4 2004 |
| Revenue | | | | |
| Sales revenue | 146,372 | 114,838 | 9,354 | 7,339 |
| Other revenue | 12 | 151 | 1 | 11 |
| Total revenue | 146,384 | 114,989 | 9,355 | 7,350 |
| Expenses | | | | |
| Change in work in progress and finished goods inventories | 4,694 | 1,476 | 300 | 94 |
| Materials, consumables and services | 59,034 | 52,343 | 3,773 | 3,345 |
| Other operating expenses | 39,610 | 28,696 | 2,531 | 1,835 |
| Personnel expenses | 18,710 | 13,844 | 1,196 | 885 |
| Depreciation and amortisation charges | 11,904 | 12,276 | 761 | 785 |
| Other expenses | 1,339 | 962 | 86 | 61 |
| Total expenses | 135,291 | 109,597 | 8,647 | 7,005 |
| OPERATING PROFIT | 11,093 | 5,392 | 708 | 345 |
| Financial income and expenses | 311 | 168 | 20 | 10 |
| PROFIT BEFORE TAX | 11,404 | 5,560 | 728 | 355 |
| Basic earnings per share | 1.43 | 0.70 | 0.09 | 0.04 |
| Diluted earnings per share | 1.43 | 0.70 | 0.09 | 0.04 |

CASH FLOW STATEMENT

(In thousands)

| | EEK | | € | |
|--|----------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Cash flows from operating activities | | | | |
| Operating profit | 92,031 | 64,057 | 5,881 | 4,094 |
| Adjustments for | | | | |
| Depreciation and amortisation charges (Notes 6, 7) | 46,317 | 45,025 | 2,960 | 2,878 |
| Result of non-current asset sales and write-off | 24 | -391 | 1 | -25 |
| Transformation of a long-term receivable into a short-term one | 9 | 36 | | 2 |
| Non-cash expenses (Note 19) | 1,844 | 1,914 | 118 | 123 |
| Change in inventories | 32,923 | 3,978 | 2,105 | 255 |
| Change in receivables | -12,801 | -9,495 | -818 | -607 |
| Change in current liabilities | 10,773 | 2,756 | 689 | 175 |
| Transfer of reusable glass bottles from inventories to property, plant and equipment | -21,796 | | -1,393 | |
| Interest paid | -233 | -531 | -15 | -34 |
| Corporate income tax paid (Note 17) | -17,684 | -14,054 | -1,130 | -898 |
| Net cash from operating activities | 131,407 | 93,295 | 8,398 | 5,963 |
| Cash flows from investing activities | | | | |
| Acquisition of non-current assets (Notes 6,7) | -40,970 | -38,901 | -2,619 | -2,487 |
| Sales of non-current assets | 8 | 453 | 1 | 29 |
| Interest received | 685 | 361 | 44 | 24 |
| Net cash used in investing activities | -40,277 | -38,087 | -2,574 | -2,434 |
| Cash flows from financing activities | | | | |
| Dividends paid (Note 11) | -56,000 | -40,000 | -3,579 | -2,557 |
| Payment of finance lease principal (Note 8) | -140 | -701 | -9 | -45 |
| Receipt of bank overdraft | 62,586 | 61,016 | 4,000 | 3,900 |
| Repayment of bank overdraft | -62,586 | -61,016 | -4,000 | -3,900 |
| Net cash used in financing activities | -56,140 | -40,701 | -3,588 | -2,602 |
| Increase in cash and cash equivalents | 34,990 | 14,507 | 2,236 | 927 |
| Effect of exchange rate fluctuations | -44 | -69 | -3 | -5 |
| Net increase in cash and cash equivalents | 34,946 | 14,438 | 2,233 | 922 |
| Cash and cash equivalents at beginning of period | 36,461 | 22,023 | 2,330 | 1,408 |
| Cash and cash equivalents at end of period | 71,407 | 36,461 | 4,563 | 2,330 |
| Net increase in cash and cash equivalents | 34,946 | 14,438 | 2,233 | 922 |

STATEMENT OF CHANGES IN EQUITY

| (In thousands of EEK) | Share capital | Statutory capital reserve | Other reserves | Retained earnings | Profit for the period | Total equity |
|-----------------------|---------------|---------------------------|----------------|-------------------|-----------------------|--------------|
| 1 January 2004 | 80,000 | 8,000 | 44,070 | 234,032 | | 366,102 |
| Dividends paid | | | | -40,000 | | -40,000 |
| Profit for the period | | | | | 50,038 | 50,038 |
| 31 December 2004 | 80,000 | 8,000 | 44,070 | 194,032 | 50,038 | 376,140 |
| 1 January 2005 | 80,000 | 8,000 | 44,070 | 244,070 | | 376,140 |
| Dividends paid | | | | -56,000 | | -56,000 |
| Profit for the period | | | | | 74,959 | 74,959 |
| 31 December 2005 | 80,000 | 8,000 | 44,070 | 188,070 | 74,959 | 395,099 |

| (In thousands of €) | Share capital | Statutory capital reserve | Other reserves | Retained earnings | Profit for the period | Total equity |
|-----------------------|---------------|---------------------------|----------------|-------------------|-----------------------|--------------|
| 1 January 2004 | 5,113 | 511 | 2,817 | 14,957 | | 23,398 |
| Dividends paid | | | | -2,556 | | -2,556 |
| Profit for the period | | | | | 3,198 | 3,198 |
| 31 December 2004 | 5,113 | 511 | 2,817 | 12,401 | 3,198 | 24,040 |
| 1 January 2005 | 5,113 | 511 | 2,817 | 15,599 | | 24,040 |
| Dividends paid | | | | -3,579 | | -3,579 |
| Profit for the period | | | | | 4,790 | 4,790 |
| 31 December 2005 | 5,113 | 511 | 2,817 | 12,020 | 4,790 | 25,251 |

Notes to the financial statements

Note 1. Significant accounting policies

Statement of compliance

The interim financial statements for the fourth quarter 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 interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The standards have been consistently applied.

Note 2. Trade receivables

| (In thousands) | EEK | | € | |
|--|---------------|---------------|--------------|--------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Due from customers | 58,278 | 43,479 | 3,724 | 2,778 |
| Write-off of irrecoverable receivables | -361 | -177 | -23 | -11 |
| Recovery of items previously written off | 1 | 17 | | 1 |
| Total | 57,918 | 43,319 | 3,701 | 2,768 |

The ratio of irrecoverable receivables written off in 2005 to sales revenue is 0.055 percent. Expenses related to the write-off of receivables are recognised as other operating expenses.

Note 3. Other receivables and prepayments

| (In thousands) | EEK | | € | |
|--|--------------|--------------|------------|------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Receivables from group companies (Note 13) | 1,765 | 2,108 | 113 | 135 |
| Miscellaneous receivables | 116 | 1,658 | 8 | 106 |
| Prepaid VAT | | 199 | | 13 |
| Prepaid expenses | 1,687 | 1,401 | 107 | 89 |
| Bonds issued by AS Rocca al Mare Suurhall (Note 5) | 1,400 | 1,400 | 89 | 89 |
| Total | 4,968 | 6,766 | 317 | 432 |

Note 4. Inventories

| (In thousands) | EEK | | € | |
|---|---------------|----------------|--------------|--------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Materials | 21,014 | 22,789 | 1,343 | 1,456 |
| Work in progress | 7,440 | 7,341 | 476 | 469 |
| Finished goods | 8,100 | 11,328 | 517 | 724 |
| Merchandise purchased for resale | 31,574 | 45,929 | 2,017 | 2,935 |
| Prepayments to suppliers | 93 | 169 | 6 | 11 |
| Returnable packaging not subject to a deposit | 8,530 | 22,118 | 545 | 1,414 |
| Total | 76,751 | 109,674 | 4,904 | 7,009 |

Write-off and write-down of inventories

| (In thousands) | EEK | | € | |
|---|--------------|--------------|------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Materials | 1,827 | 1,054 | 117 | 67 |
| Finished goods | 899 | 1,334 | 57 | 85 |
| Returnable packaging not subject to a deposit | 7,170 | 1,653 | 458 | 106 |
| Total | 9,896 | 4,041 | 632 | 258 |

The carrying amount of returnable packaging not subject to a deposit is written down to net realisable value on the basis of its maturity structure.

As at 31 December 2005, inventories stated at net realisable value totalled EEK 27,016,000 (€1,726,000). At the end of 2004, the corresponding figure was EEK 7,252,000 (€464,000).

Note 5. Financial instruments

| (In thousands) | AS Rocca al Mare Suurhall B shares | AS Rocca al Mare Suurhall bonds | Long-term receivable | Total |
|--------------------------------------|---------------------------------------|------------------------------------|-------------------------|---------------|
| | EEK (€) | EEK (€) | EEK (€) | EEK (€) |
| Number of instruments at 31.12.2003 | 22 | 110 | | |
| Balance at 31.12.2003 | 3,060 (196) | 11,000 (703) | 45 (3) | 14,105 (902) |
| Incl. current portion | | 1,400 (89) | | 1,400 (89) |
| Incl. non-current portion | 3,060 (196) | 9,600 (614) | 45 (3) | 12,705 (813) |
| Redemption / change in value in 2004 | -240 (-15) | -1,400 (-89) | -36 (-2) | -1676 (-106) |
| Ownership in 2004 | 0.006 | | | |
| Number of instruments at 31.12.2004 | 22 | 96 | | |
| Balance at 31.12.2004 | 2,820 (181) | 9,600 (614) | 9 (1) | 12,429 (796) |
| Incl. current portion | | 1,400 (89) | | 1,400 (89) |
| Incl. non-current portion | 2,820 (181) | 8,200 (525) | 9 (1) | 11,029 (707) |
| Redemption / change in value in 2005 | -240 (-15) | -1,400 (-89) | -9 (-1) | -1,649 (-105) |
| Ownership in 2005 | 0.006 | | | |
| Number of instruments at 31.12.2005 | 22 | 82 | | |
| Balance at 31.12.2005 | 2,580 (166) | 8,200 (525) | | 10,780 (691) |
| Incl. current portion | | 1,400 (89)) | | 1,400 (89) |
| Incl. non-current portion | 2,580 (166) | 6,800 (436) | | 9,380 (602) |

Saku Õlletehase AS has 22 B shares in and 82 bonds issued by AS Rocca al Mare Suurhall. The shares and the bonds are part of a 10-year co-operation agreement (expiring in October 2011) according to which the recreational complex bears the name Saku Suurhall and grants Saku Õlletehase AS a number of 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 dispose of 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 a cooperation agreement and do not have an active aftermarket. Therefore, they are amortised at the rate of EEK 240,000 per year (€15,000) to reflect the decrease in the carrying amount of the benefits provided by the cooperation agreement that occurs over time. Amortisation expenses are recognised as 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 fixed purpose and bear interest at 5 percent of the outstanding balance per year. The bonds are to be redeemed over the term of the cooperation agreement. The period's interest income on the bonds (EEK 444,000 (€28,000)) has been recognised as financial income.

INCOME-EARNING FINANCIAL ASSETS

(In thousands of EEK)

| | 31.12.2005 | | | | | 31.12.2004 | | | | |
|---|-------------------------|-----------------|-----------------------|--------------|-------|-------------------------|-----------------|-----------------------|--------------|-------|
| | Effective interest rate | Maturing within | | | | Effective interest rate | Maturing within | | | |
| | | Up to one year | Between 1 and 5 years | Over 5 years | Total | | Up to one year | Between 1 and 5 years | Over 5 years | Total |
| Financial assets AS Rocca al Mare Suurhall bonds | 5.00 | 1,400 | 5,600 | 1,200 | 8,200 | 5.00 | 1,400 | 5,600 | 2,600 | 9,600 |

(In thousands of €)

| | 31.12.2005 | | | | | 31.12.2004 | | | | |
|---|-------------------------|-----------------|-----------------------|--------------|-------|-------------------------|-----------------|-----------------------|--------------|-------|
| | Effective interest rate | Maturing within | | | | Effective interest rate | Maturing within | | | |
| | | Up to one year | Between 1 and 5 years | Over 5 years | Total | | Up to one year | Between 1 and 5 years | Over 5 years | Total |
| Financial assets AS Rocca al Mare Suurhall bonds | 5.0 | 89 | 358 | 78 | 525 | 5.0 | 89 | 358 | 167 | 614 |

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 the 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, considering conditions prevailing in the case.

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

Interest rate risk

As a rule, the activities of Saku Õlletehase AS are financed with equity instruments. Owing to the seasonal nature of the business, however, 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 actively cooperated 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 lease agreements is the Estonian kroon or euro and interest rates are fixed for the whole lease term. Since the share of external finance in the total capital structure is minimal, related 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 the currency risk is 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 thousands of EEK) | Land | Buildings and constructions | Plant and equipment | IT equipment | Returnable packaging subject to a deposit | Assets leased out (Note 8) | Finance lease (Note 8) | Prepayments and investments in progress | Total |
|-------------------------------------|--------------|-----------------------------|---------------------|---------------|---|----------------------------|------------------------|---|----------------|
| Cost 31.12.2003 | 3,186 | 128,258 | 262,548 | 66,132 | 6,058 | 4,065 | 4,269 | 22,316 | 496,632 |
| Accumulated depreciation 31.12.2003 | | 31,851 | 164,513 | 46,556 | 3,331 | 1,628 | 3,110 | | 250,989 |
| Carrying amount 31.12.2003 | 3,186 | 96,407 | 98,035 | 19,576 | 2,727 | 2,437 | 1,159 | 22,316 | 245,843 |
| Addition | | 2,251 | 25,270 | 4,930 | | 3,206 | | 2,890 | 38,547 |
| Reclassification | | 4,824 | 17,492 | | | | | -22,316 | 0 |
| Sales | | -26 | -1,935 | -44 | | | | | -2,005 |
| Write-off, termination of lease | | | -5,705 | -3,404 | | | -3,043 | | -12,152 |
| Depreciation of 2004 | | 5,793 | 24,455 | 11,334 | 605 | 1,706 | 655 | | 44,548 |
| Cost 31.12.2004 | 3,186 | 135,307 | 297,670 | 67,614 | 6,058 | 7,271 | 1,226 | 2,890 | 521,222 |
| Accumulated depreciation 31.12.2004 | | 37,634 | 181,457 | 54,448 | 3,936 | 3,334 | 1,118 | | 281,927 |
| Carrying amount 31.12.2004 | 3,186 | 97,673 | 116,213 | 13,166 | 2,122 | 3,937 | 108 | 2,890 | 239,295 |
| Addition | | | 29,940 | 5,142 | | 3,494 | | 1,407 | 39,983 |
| Reclassification | | | 2,890 | | 21,796 | | | -2,890 | 21,796 |
| Sales | | | -333 | -23 | | | | | -356 |
| Write-off, termination of lease | | -156 | -1,869 | -9,311 | -63 | | -1,226 | | -12,625 |
| Depreciation of 2005 | | 6,457 | 27,254 | 7,789 | 1,661 | 2,640 | 108 | | 45,909 |
| Cost 31.12.2005 | 3,186 | 135,151 | 328,298 | 63,422 | 27,791 | 10,765 | | 1,407 | 570,020 |
| Accumulated depreciation 31.12.2005 | | 43,964 | 206,509 | 52,906 | 5,534 | 5,974 | | | 314,887 |
| Carrying amount 31.12.2005 | 3,186 | 91,187 | 121,789 | 10,516 | 22,257 | 4,791 | | 1,407 | 255,133 |

| (In thousands of €) | Land | Buildings and constructions | Plant and equipment | IT equipment | Returnable packaging subject to a deposit | Assets leased out (Note 8) | Finance lease (Note 8) | Prepayments and investments in progress | Total |
|-------------------------------------|------------|-----------------------------|---------------------|--------------|---|----------------------------|------------------------|---|---------------|
| Cost 31.12.2003 | 204 | 8,196 | 16,781 | 4,227 | 387 | 260 | 273 | 1,426 | 31,754 |
| Accumulated depreciation 31.12.2003 | | 2,036 | 10,516 | 2,975 | 212 | 104 | 199 | | 16,042 |
| Carrying amount 31.12.2003 | 204 | 6,160 | 6,265 | 1,252 | 175 | 156 | 74 | 1,426 | 15,712 |
| Addition | | 144 | 1,615 | 315 | | 205 | | 185 | 2,464 |
| Reclassification | | 308 | 1,118 | | | | | -1,426 | 0 |
| Sales | | -2 | -124 | -3 | | | | | -129 |
| Write-off, termination of lease | | | -365 | -218 | | | -194 | | -777 |
| Depreciation of 2004 | | 370 | 1,563 | 724 | 39 | 109 | 42 | | 2,847 |
| Cost 31.12.2004 | 204 | 8,646 | 19,025 | 4,321 | 387 | 465 | 79 | 185 | 33,312 |
| Accumulated depreciation 31.12.2004 | | 2,405 | 11,599 | 3,479 | 251 | 213 | 72 | | 18,019 |
| Carrying amount 31.12.2004 | 204 | 6,241 | 7,426 | 842 | 136 | 252 | 7 | 185 | 15,293 |
| Addition | | | 1,913 | 329 | | 223 | | 90 | 2,555 |
| Reclassification | | | 185 | | 1,393 | | | -185 | 1,393 |
| Sales | | | -21 | -1 | | | | | -22 |
| Write-off, termination of lease | | -10 | -120 | -595 | -4 | | -79 | | -808 |
| Depreciation of 2005 | | 413 | 1,741 | 498 | 106 | 169 | 7 | | 2,934 |
| Cost 31.12.2005 | 204 | 8,636 | 20,982 | 4,054 | 1,776 | 688 | | 90 | 36,430 |
| Accumulated depreciation 31.12.2005 | | 2,810 | 13,199 | 3,381 | 353 | 382 | | | 20,125 |
| Carrying amount 31.12.2005 | 204 | 5,826 | 7,783 | 673 | 1,423 | 306 | | 90 | 16,305 |

The requirement for the implementation of packaging deposits which was provided in the Packaging Act adopted in 2004 entered into force on 1 October 2005. At that date, returnable glass bottles subject to a deposit (both those in stock and those in the possession of customers) were recognised as items of property, plant and equipment at cost (EEK 21,796,000 (€1,393,000)).

Assets leased out comprise bar furniture, which has been leased under the terms of operating lease to support HoReCa sales. At 31 December 2005, the carrying amount of the furniture was EEK 4,791,000 (€306,000). At the end of 2004, the corresponding figure was EEK 3,937,000 (€252,000). Information on operating lease income has been presented in Note 8. In determining the value in use of the assets, future cash flows have been identified on the basis of estimated lease income and the profit earned on the products sold to the lessee.

In addition, customers have accepted into storage with liability sales support equipment belonging to the company. As at 31 December 2005, the carrying amount of such equipment was EEK 13,928,000 (€890,000). As at 31 December 2004, the corresponding figure was EEK 16,626,000 (€1,062,000). As at 31 December 2005, the

carrying amount of returnable packaging subject to a deposit that was in the possession of customers was EEK 10,610,000 (€678,000). As at 31 December 2004, the corresponding figure was EEK 14,380,000 (€19,000).

Note 7. Intangible assets

Movements in intangible assets

(In thousands)

| | EEK | € |
|-------------------------------------|--------------|------------|
| Cost 31.12.2003 | 1,759 | 112 |
| Accumulated amortisation 31.12.2003 | 1,040 | 66 |
| Carrying amount 31.12.2003 | 719 | 46 |
| Addition | 354 | 23 |
| Amortisation of 2004 | 477 | 31 |
| Cost 31.12.2004 | 2,113 | 135 |
| Accumulated amortisation 31.12.2004 | 1,517 | 97 |
| Carrying amount 31.12.2004 | 596 | 38 |
| Addition | 987 | 64 |
| Write-off | -559 | -36 |
| Amortisation of 2005 | 408 | 26 |
| Cost 31.12.2005 | 2,541 | 163 |
| Accumulated amortisation 31.12.2005 | 1,366 | 87 |
| Carrying amount 31.12.2005 | 1,175 | 76 |

Intangible assets comprise computer software that has long-term significance for business and has been specially adjusted to the company's needs. Amortisation expense is recognised 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 leases out bar furniture. Further information on this can be found in the "Assets leased out" column of Note 6. The period's operating lease income on assets leased out amounted to EEK 93,000 (€6,000). In 2004 the corresponding figure was EEK 82,000 (€5,000). Operating lease income is recognised as sales revenue. The lease income of subsequent periods breaks down as follows:

receivable within up to 1 year – EEK 61,000 (€4,000);

receivable between 1 and 4 years – EEK 56,000 (€4,000).

The company as a lessee

Finance lease

The company's finance lease agreements expired in August 2005. The cost, accumulated depreciation and carrying amount of motor vehicles acquired with finance lease have been presented in the "Finance lease" column of Note 6.

FINANCE LEASE OF MOTOR VEHICLES

(In thousands)

| | EEK | | € | |
|-----------------------------------|------------|------------|------------|------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Principal paid during the period | 140 | 701 | 9 | 45 |
| Interest paid during the period | 13 | 121 | 1 | 8 |
| Minimum amount of lease payments | | 140 | | 9 |
| falling due within 1 year | | 140 | | 9 |
| falling due between 1 and 4 years | | | | |
| ... incl. principal | | 127 | | 8 |
| falling due within 1 year | | 127 | | 8 |
| falling due between 1 and 4 years | | | | |

The depreciation charge for 2005 amounted to EEK 108,000 (€7,000) and was recognised in the income statement in depreciation and amortisation expense.

Operating lease

During the financial year, the company had 65 operating lease agreements on motor vehicles and 3 on production plant and equipment. Operating lease payments for motor vehicles amounted to EEK 3,077,000 (€197,000) and those for production plant and equipment to EEK 321,000 (€21,000). Payments made for additional warehouse space totalled EEK 1,350,000 (€86,000).

OPERATING LEASE

(In thousands)

| | EEK | | € | |
|---|------------|------------|------------|------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Lease payments made during the period | 3,398 | 4,423 | 217 | 283 |
| Incl. contingent lease payments for plant and equipment | 108 | 468 | 7 | 30 |
| Minimum amount of outstanding lease payments | 7,221 | 4,524 | 462 | 289 |
| Incl. payable within up to 1 year | 3,188 | 2,380 | 204 | 152 |
| payable between 1 and 5 years | 4,033 | 2,144 | 258 | 137 |

The base currency of all agreements on the lease of motor vehicles is the Estonian kroon and the one for agreements on the lease of production plant and equipment is euro. The agreements do not impose restrictions on the company's dividend or financing policies and leased assets have not been sublet.

Note 9. Other payables

| (In thousands) | EEK | | € | |
|--|---------------|---------------|--------------|--------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Alcohol excise duty | 16,699 | 15,644 | 1,067 | 1,000 |
| Value-added tax | 9,606 | 7,493 | 614 | 479 |
| Social tax | 2,044 | 72 | 131 | 4 |
| Income tax on fringe benefits, non-business and entertainment expenses | 252 | 105 | 16 | 7 |
| Personal income tax | 1,232 | | 79 | |
| Unemployment insurance premiums | 80 | | 5 | |
| Funded pension contributions | 71 | | 4 | |
| Payables to employees | 3,508 | 3,095 | 224 | 198 |
| Payables to group companies (Note 13) | 2,708 | 471 | 173 | 30 |
| Other accrued expenses | 5,528 | 3,078 | 353 | 196 |
| Total | 41,728 | 29,958 | 2,666 | 1,914 |

Note 10. Provisions

| (In thousands) | EEK | | € | |
|--|---------------|---------------|--------------|--------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Obligation to recover returnable packaging subject to a deposit | 13,524 | 2,518 | 865 | 161 |
| Obligation to recover one-way packaging subject to a deposit | 2,441 | | 156 | |
| Obligation to repurchase returnable packaging not subject to a deposit | 7,964 | 22,118 | 509 | 1414 |
| Total | 23,929 | 24,636 | 1,530 | 1,575 |

Provisions for the obligation to repurchase packaging have been established to cover the expenses that could arise on the repurchase of packaging circulating in the market as at 31 December 2005 in an amount equal to the deposit or repurchase value of the packaging. The obligation results from the Packaging Act and the nature of the company's business. Glass and plastic bottles and metal cans were established deposits in 2005 in connection with the entry into force of the implementing provision of the Packaging Act which required implementation of deposits.

The provision for the obligation to repurchase packaging subject to a deposit has been calculated as a difference between the deposits of packaging released and the deposits of packaging not recovered from the market. The provision for returnable packaging not subject to a deposit is adjusted at each balance sheet date using quantities found on the basis of the estimated turnover rate and the repurchase price of the packaging. The obligation to repurchase returnable packaging is a short-term obligation because the estimated return period of packaging does not exceed one year. If it appears during a reporting period that the return rate of packaging is less than 100 percent, the liability becomes smaller and the provision is adjusted accordingly.

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 ordinary 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 8 million shares, i.e. EEK 80 million (€5.113 million) and 32 million shares, i.e. EEK 320 million (€20.45 million) respectively. The number of shares issued did not change during the reporting period. Shareholders are entitled to receive dividends and have one vote per share at meetings of the company. On 7 April 2005 the general meeting approved the proposal of the management board to declare for 2004 a net dividend of EEK 56 million (€3.6 million), i.e. EEK 7 (€0.44) per share. 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, the company has to transfer to capital reserve at least 1/20 of its 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 but it cannot 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 defined the use of other reserves.

Note 12. Sales revenue

SALES OF PRODUCTS AND SERVICES

| (In thousands) | EEK | | € | |
|---------------------------|----------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Beer | 507,812 | 427,417 | 32,455 | 27,318 |
| Other alcoholic beverages | 85,727 | 54,504 | 5,479 | 3,483 |
| Mineral water | 26,257 | 23,007 | 1,678 | 1,470 |
| Soft drinks | 20,070 | 21,615 | 1,283 | 1,381 |
| By-products | 1,511 | 1,234 | 96 | 79 |
| Services | 828 | 1,270 | 53 | 81 |
| Other goods | 2,631 | 1,818 | 168 | 116 |
| Total | 644,836 | 530,865 | 41,212 | 33,928 |

SALES BY MARKETS

| (In thousands) | EEK | | € | |
|--|----------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Estonia | 574,639 | 469,262 | 36,726 | 29,991 |
| Lithuania, Latvia, Finland, Ukraine, Denmark | 70,197 | 61,603 | 4,486 | 3,937 |
| Total | 644,836 | 530,865 | 41,212 | 33,928 |

Note 13. Related party transactions

Related party transactions include transactions with the direct parent Baltic Beverage Holding AS (BBH), companies belonging to BBH group, Carlsberg A/S and Scottish & Newcastle plc and companies belonging to Carlsberg A/S and Scottish & Newcastle plc groups (Carlsberg A/S and Scottish & Newcastle plc are shareholders of Baltic Beverage Holding AS). Sales comprise the sales of finished goods and filling services, and the letting of premises. Purchases include purchases of merchandise, packaging, and management and consulting services. Purchase and sales transactions with related parties have been performed using the transfer prices of BBH Group.

Purchases by Saku Õlletehase AS

| (In thousands) | EEK | | € | |
|--|---------------|---------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| The parent company Baltic Beverages Holding AB | 6,543 | 3,494 | 418 | 223 |
| Companies belonging to the same group as the parent | 32,071 | 38,340 | 2,050 | 2,450 |
| Shareholders of the parent | 2,283 | 1,174 | 146 | 75 |
| Companies belonging to the same groups as shareholders of the parent | 15,257 | 3,742 | 975 | 239 |
| Total | 56,154 | 46,750 | 3,589 | 2,987 |

Sales by Saku Õlletehase AS

(In thousands)

| | EEK | | € | |
|--|---------------|---------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| The parent company Baltic Beverages Holding AB | | 77 | | 5 |
| Companies belonging to the same group as the parent | 50,163 | 39,786 | 3,206 | 2,543 |
| Shareholders of the parent | 182 | 636 | 12 | 41 |
| Companies belonging to the same groups as shareholders of the parent | 10,652 | 11,857 | 681 | 758 |
| Total | 60,997 | 52,356 | 3,899 | 3,347 |

Receivables from related parties

(In thousands)

| | EEK | | € | |
|--|--------------|--------------|------------|------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Companies belonging to the same group as the parent | 459 | 1,380 | 29 | 88 |
| Shareholders of the parent | | 61 | | 4 |
| Companies belonging to the same groups as shareholders of the parent | 1,306 | 667 | 84 | 43 |
| Total | 1,765 | 2,108 | 113 | 135 |

Liabilities to related parties

(In thousands)

| | EEK | | € | |
|--|--------------|------------|------------|------------|
| | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| The parent company Baltic Beverages Holding AB | 472 | | 30 | |
| Companies belonging to the same group as the parent | 1,159 | 450 | 74 | 29 |
| Shareholders of the parent | 295 | 21 | 19 | 1 |
| Companies belonging to the same groups as shareholders of the parent | 782 | | 50 | |
| Total | 2,708 | 471 | 173 | 30 |

In the balance sheet, royalty liabilities to Carlsberg Breweries A/S which at 31 December 2005 amounted to EEK 89,000 (€6,000) (31 December 2004: EEK 522,000 (€33,000)) have been recognised as accrued expenses.

In 2005, payments made to management and supervisory board members totalled EEK 3,099,000 (€198,000). In 2004 the corresponding figure was EEK 5,462,000 (€349,000). The total contingent severance liability to members of the top management, including taxes, amounts to EEK 3,669,000 (€234,000). In 2004, the figure was EEK 1,440,000 (€100,000).

Note 14. Expenses

| (In thousands) | EEK | | € | |
|--|----------------|----------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 |
| Raw materials | 76,668 | 72,871 | 4,900 | 4,657 |
| Ancillary materials | 119,187 | 99,843 | 7,618 | 6,381 |
| Imported beverages | 29,421 | 34,613 | 1,880 | 2,212 |
| Other | 49,566 | 33,978 | 3,168 | 2,172 |
| Total materials, consumables and services used | 274,842 | 241,305 | 17,566 | 15,422 |
| Advertising expenses | 57,439 | 44,451 | 3,671 | 2,841 |
| Transportation and vehicle expenses | 45,840 | 38,898 | 2,930 | 2,486 |
| Sewerage expenses | 5,691 | 5,521 | 364 | 353 |
| Renovation of buildings and equipment repair | 3,851 | 4,616 | 246 | 295 |
| Purchase of other services | 29,043 | 23,699 | 1,856 | 1,515 |
| Other expenses | 11,209 | 8,107 | 716 | 518 |
| Total other operating expenses | 153,073 | 125,292 | 9,783 | 8,008 |
| Wages and salaries | 54,182 | 43,365 | 3,463 | 2,772 |
| Social security charges | 18,058 | 14,521 | 1,154 | 928 |
| Unemployment insurance premiums | 234 | 195 | 15 | 12 |
| Total personnel expenses | 72,474 | 58,081 | 4,632 | 3,712 |
| Losses from non-current asset sales and write-off | 30 | 144 | 2 | 9 |
| Sponsoring, entertainment expenses and expenses not related to the core production | 2,304 | 2,634 | 148 | 168 |
| Interest on arrears paid | 48 | 14 | 3 | 1 |
| Purchase and sale of packaging | 581 | 916 | 37 | 59 |
| Foreign exchange loss | 156 | 207 | 10 | 13 |
| Total other expenses | 3,119 | 3,915 | 200 | 250 |

Note 15. Financial income and expenses

| (In thousands) | EEK | | € | |
|--------------------------------------|--------------|------------|-----------|-----------|
| | 2005 | 2004 | 2005 | 2004 |
| Interest income | 1,129 | 875 | 72 | 56 |
| Total financial income | 1,129 | 875 | 72 | 56 |
| Interest expense | 233 | 531 | 15 | 34 |
| Foreign exchange loss | 44 | 69 | 3 | 5 |
| Financial expenses related to shares | 240 | 240 | 15 | 15 |
| Total financial expenses | 517 | 840 | 33 | 54 |
| Financial income and expenses | 612 | 35 | 39 | 2 |

Note 16. Earnings per share

| (In thousands) | EEK | | € | |
|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net profit | 74,959 | 50,038 | 4,790 | 3,198 |
| Number of shares | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 |
| Basic earnings per share | 9.36 | 6.25 | 0.60 | 0.40 |
| Diluted earnings per share | 9.36 | 6.25 | 0.60 | 0.40 |

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 17. Income tax expense

| (In thousands) | EEK | | € | |
|---------------------------|---------------|---------------|--------------|------------|
| | 2005 | 2004 | 2005 | 2004 |
| Dividends paid | 56,000 | 40,000 | 3,579 | 2,556 |
| Income tax rate applied | 31.6% | 35.1% | 31.6% | 35.1% |
| Income tax expense | 17,684 | 14,054 | 1,130 | 898 |

In accordance with the present Income Tax Act, in 2004 the income tax rate for dividends was 26/74 (35.1 percent) of the amount distributed as the net dividend. In 2005 the rate was 24/76 (31.6 percent).

Note 18. Contingent liabilities

The alcohol excise duty liability to the Customs Board has been secured with a bank guarantee as required by law. The guarantee amounts to EEK 3,130,000 (€200,000) and is valid from 11 November 2005 to 13 February 2007.

Note 19. Non-cash transactions

The income receivable on AS Rocca al Mare Suurhall bonds belonging to Saku Õlletehase AS is offset against Saku Brewery's liability to AS Rocca al Mare Suurhall. The liability is related to advertising services rendered under a cooperation agreement. In 2005 the offset amount was EEK 1,844,000 (€118,000). In 2004 the corresponding figure was EEK 1,914,000 (€123,000).

2. Review of operations and performance

In fourth quarter, the company doubled its operating profit EEK 11,100,000 (€700,000), compared to the last year same period EEK 5,800,000 (€363,000).

The quarter ended in a net profit of EEK 11,400,000 (€700,000), a year before the same period ended in EEK 5,600,000 (€400,000).

Total sales revenue of fourth quarter grew by EEK 146,300,000 (€9,300,000), i.e. 27,5%.

Compared to 2004 quarter fourth, in year 2005 expences increased EEK 25,700,00 (€8,600,000), totalled EEK 135,300,00 (€ 8,600,000). Expences growth was reflected by materials, consumables and transportation.

In the period continued product development projects and a new domestic exclusive premium beer Saku Kuld was launched, which became a leading force of sales in off season period. The product sales was triple compared to forecaste and totalled up to 57,7% market share on the premium beer segment. By accumulated results January to February Saku Õlletehas was continuesly market leader by having 44,8% share from total beer market.

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 fourth quarter of 2005 and confirms that to the best of its knowledge, information and belief:

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

17 February 2006



Jaak Uus
Chairman of Management Board



Janno Veskimäe
Member of Management Board