



SAKU ÕLLETEHASE AS

INTERIM FINANCIAL STATEMENTS QUARTER I, 2006

Principal activities	production, whole- and retail sale, import and export of alcoholic and non-alcoholic beverages
Beginning of financial year	1 January 2006
End of financial year	31 December 2006
Auditors	Andris Jegers KPMG Baltics AS
Status of financial statements	unaudited
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Saku Õlletehase AS is managed by Member of Management Board Janno Veskimäe.

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1. Interim financial statements

BALANCE SHEET

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
ASSETS						
Cash and cash equivalents	95,395	33,651	71,407	6,096	2,150	4,563
Trade receivables (Note 2)	54,971	46,557	57,918	3,513	2,976	3,701
Other receivables and prepayments (Note 3)	5,171	8,136	4,968	330	520	317
Inventories (Note 4)	82,206	122,312	76,751	5,254	7,816	4,904
TOTAL CURRENT ASSETS	237,743	210,656	211,044	15,193	13,462	13,485
Non-current assets						
Long-term financial investments (Note 5)	9,080	10,720	9,380	581	687	602
Property, plant and equipment (Note 6)	248,245	238,371	255,133	15,866	15,234	16,305
Intangible assets (Note 7)	1,053	562	1,175	68	36	76
TOTAL NON-CURRENT ASSETS	258,378	249,653	265,688	16,515	15,957	16,983
TOTAL ASSETS	496,121	460,309	476,732	31,708	29,419	30,468
LIABILITIES AND EQUITY						
Current liabilities						
Lease liabilities (Note 8)		70			4	
Trade payables	25,094	19,100	15,976	1,605	1,221	1,021
Other payables (Note 9)	145,750	40,088	41,728	9,315	2,562	2,666
Provisions (Note 10)	22,146	20,543	23,929	1,415	1,313	1,530
TOTAL CURRENT LIABILITIES	192,990	79,801	81,633	12,335	5,100	5,217
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		2,817	2,817
Retained earnings	227,099	244,070	188,070	14,514	15,599	12,020
Profit for the period	-11,968	4,368	74,959	-765	279	4,790
TOTAL EQUITY	303,131	380,508	395,099	19,373	24,319	25,251
TOTAL LIABILITIES AND EQUITY	496 121	460 309	476 732	31 708	29 419	30 468

INCOME STATEMENT

(In thousands)	EEK			€		
	January- March 2006	January- March 2005	2005	January- March 2006	January- March 2005	2005
Revenue						
Sales revenue (Note 12)	125,038	109,500	644,836	7,991	6,998	41,212
Other revenue	78	19	149	5	1	10
Total revenue	125,116	109,519	644,985	7,996	6,999	41,222
Expenses						
Changes in work in progress and finished goods inventories	-2,410	-4,765	3,129	-154	-305	200
Cost of materials, consumables and services used (Note 14)	53,292	51,171	274,842	3,406	3,271	17,566
Other operating expenses (Note 14)	32,609	28,096	153,073	2,084	1,796	9,783
Personnel expenses (Note 14)	17,434	18,476	72,474	1,115	1,181	4,632
Depreciation and amortisation charges (Notes 6, 7)	12,183	11,910	46,317	778	761	2,960
Other expenses (Note 14)	595	507	3,119	38	32	200
Total expenses	113,703	105,395	552,954	7,267	6,736	35,341
OPERATING PROFIT	11,413	4,124	92,031	729	263	5,881
Net financing items (Note 15)	515	244	612	33	16	39
PROFIT BEFORE TAX	11,928	4,368	92,643	762	279	5,920
Income tax expense (Note 17)	23,896		17,684	1,527		1,130
PROFIT FOR THE PERIOD	-11,968	4,368	74,959	-765	279	4,790
Basic earnings per share (Note 16)	0	0.55	9.36	0	0.03	0.60
Diluted earnings per share (Note 16)	0	0.55	9.36	0	0.03	0.60

CASH FLOW STATEMENT

(In thousands)	EEK			€		
	January- March 2006	January- March 2005	2005	January- March 2006	January- March 2005	2005
Cash flows from operating activities						
Operating profit	11,413	4,124	92,031	729	263	5,881
Adjustments for						
Depreciation and amortisation charges (Notes 6, 7)	12,183	11,910	46,317	779	761	2,960
Result of non-current asset sales and write-off		-6	24		-1	1
Transformation of a long-term receivable into a short-term one		9	9		1	
Non-cash expenses (Note 19)	400	418	1,844	26	27	118
Change in inventories	-5,455	-12,638	32,923	-350	-807	2,105
Change in receivables	2,744	-4,608	-12,801	175	-296	-818
Change in current liabilities	111,357	8,871	10,773	7,118	568	689
Transfer of reusable glass bottles from inventories to property, plant and equipment			-21,796			-1,393
Interest paid	-60	-67	-233	-4	-4	-15
Corporate income tax paid	-23,896		-17,684	-1,527		-1,130
Net cash from operating activities	108,686	8,013	131,407	6,946	512	8,398
Cash flows from investing activities						
Acquisition of non-current assets	-5,173	-10,959	-40,970	-332	-701	-2,619
Sales of non-current assets		12	8		1	1
Interest received	476	193	685	32	12	44
Net cash used in investing activities	-4,697	-10,754	-40,277	-300	-688	-2,574
Cash flows from financing activities						
Dividends paid (Note 11)	-80,000		-56,000	-5,113		-3,579
Payment of finance lease principal		-69	-140		-4	-9
Receipt of bank overdraft (Note 13)			62,586			4,000
Repayment of bank overdraft (Note 13)			-62,586			-4,000
Net cash used in financing activities	-80,000	-69	-56,140	-5,113	-4	-3,588
Increase / decrease in cash and cash equivalents	23,989	-2,810	34,990	1,533	-180	2,236
Effect of exchange rate fluctuations	-1		-44			-3
Net increase / decrease in cash and cash equivalents	23,988	-2,810	34,946	1,533	-180	2,233
Cash and cash equivalents at beginning of period	71,407	36,461	36,461	4,563	2,330	2,330
Cash and cash equivalents at end of period	95,395	33,651	71,407	6,096	2,150	4,563
Net increase / decrease in cash and cash equivalents	23,988	-2,810	34,946	1,533	-180	2,233

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 2005	80,000	8,000	44,070	244,070		376,140
Profit for the period					4,368	4,368
31 March 2005	80,000	8,000	44,070	244,070	4,368	380,508
1 January 2006	80,000	8,000	44,070	263,029		395,099
Dividend distribution				-80,000		-80,000
Transfer to retained earnings			-44,070	44,070		0
Profit for the period					-11,968	-11,968
31 March 2006	80,000	8,000	0	227,099	-11,968	303,131

(In thousands of €)	Share capital	Statutory capital reserve	Other reserves	Retained earnings	Profit for the period	Total equity
1 January 2005	5,113	511	2,817	15,599		24,040
Profit for the period					279	279
31 March 2005	5,113	511	2,817	15,599	279	24,319
1 January 2006	5,113	511	2,817	16,810		25,251
Dividend distribution				-5,113		-5,113
Transfer to retained earnings			-2,817	2,817		0
Profit for the period					-765	-765
31 March 2006	5,113	511	0	14,514	-765	19,373

Notes to the interim financial statements

Note 1. Significant accounting policies

The interim financial statements for the first quarter of 2006 have been prepared in accordance with the same accounting policies that were applied on the preparation of the annual financial statements for 2005.

The financial statements of Saku Õlletehase AS 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			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Due from customers	55,039	46,621	58,278	3,518	2,980	3,724
Allowance for irrecoverable receivables	-75	-75		-5	-5	
Write-off of irrecoverable receivables	17	11	-361	1	1	-23
Recovery of items previously written off	-10		1	-1		
Total	54,971	46,557	57,918	3,513	2,976	3,701

The ratio of irrecoverable receivables written off in the first quarter of 2006 to sales revenue is 0.01%. Expenses incurred on the write-off of receivables are recognised in the income statement in *Other operating expenses*.

Note 3. Other receivables and prepayments

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Receivables from group companies (Note 13)	1,794	2,808	1,765	115	180	113
Miscellaneous receivables	381	786	116	24	50	8
Prepaid VAT		197			13	
Prepaid expenses	1,596	2,945	1,687	102	188	107
Bonds issued by AS Rocca al Mare Suurhall (Note 5)	1,400	1,400	1,400	89	89	89
Total	5,171	8,136	4,968	330	520	317

Note 4. Inventories

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Raw and other materials	27,073	28,099	21,014	1,730	1,795	1,343
Work in progress	7,357	8,251	7,440	470	527	476
Finished goods	10,593	15,183	8,100	677	971	517
Merchandise purchased for resale	31,159	51,594	31,574	1,992	3,297	2,017
Prepayments to suppliers	667	1,186	93	43	76	6
Returnable packaging not subject to a deposit	5,357	17,999	8,530	342	1,150	545
Total	82,206	122,312	76,751	5,254	7,816	4,904

Write-off and write-down of inventories

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Raw and other materials	327	207	1,827	21	13	117
Finished goods	57	423	899	4	27	57
Returnable packaging not subject to a deposit	2,280	236	7,170	146	15	458
Total	2,664	866	9,896	171	55	632

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 March 2006, inventories stated at net realisable value totalled EEK 27,325,000 (€1,746,000). At 31 March 2005, the corresponding figure was EEK 7,639,000 (€488,000).

Note 5. Financial instruments

(In thousands)	AS Rocca al Mare Suurhall B shares EEK(€)	AS Rocca al Mare Suurhall bonds EEK(€)	Long-term receivable EEK(€)	Total EEK(€)
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)
Including current portion		1,400 (89)		1,400 (89)
Including non-current portion	2,820 (181)	8,200 (525)	9(1)	11,029 (707)
Redemption / change in value in 2005		-300 (-19)	-9(-1)	-309 (-20)
Ownership interest in 2005	0.006			
Number of instruments at 31.3.2005	22	93		
Balance at 31.3.2005	2,820 (181)	9,300 (595)		12,120 (776)
Including current portion		1,400 (89)		1,400 (89)
Including non-current portion	2,820 (181)	7,900 (506)		10,720 (687)
Number of instruments at 31.12.2005	22	82		
Balance at 31.12.2005	2,580 (166)	8,200(525)		10,780 (691)
Including current portion		1,400 (89)		1,400 (89)
Including non-current portion	2,580 (166)	6,800(436)		9,380 (602)
Redemption / change in value in 2006		-300 (-21)		-300 (-21)
Ownership interest in 2006	0.006			
Number of instruments at 31.3.2006	22	79		
Balance at 31.3.2006	2,580(166)	7,900(504)		10,480 (670)
Including current portion		1,400 (89)		1,400 (89)
Including non-current portion	2,580(166)	6,500 (415)		9,080 (581)

Saku Õlletehase AS has 22 B shares in and 79 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 (€15,000) per year to reflect the decrease in the carrying amount of the benefits provided by the cooperation agreement that occurs over time. Amortisation expenses are recognised in the income statement in *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 interest at 5% 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 100,000 (€6,000)) has been recognised in the income statement in *Financial income*.

(In thousands of EEK)	Bonds issued by AS Rocca al Mare Suurhall				
	Effective interest rate	Redemption			Total
		Up to one year	Between 1 and 5 years	Over 5 years	
31.12.2004	5.00	1,400	5,600	2,600	9,600
31.3.2005	5.00	1,400	5,600	2,300	9,300
31.12.2005	5.00	1,400	5,600	1,200	8,200
31.3.2006	5.00	1,400	5,600	900	7,900

(In thousands of €)	Bonds issued by AS Rocca al Mare Suurhall				
	Effective interest rate	Redemption			Total
		Up to one year	Between 1 and 5 years	Over 5 years	
31.12.2004	5.00	89	358	167	614
31.3.2005	5.00	89	358	148	595
31.12.2005	5.00	89	358	78	525
31.3.2006	5.00	89	358	57	504

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 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 relating to the investment include a clause, which states that if ownership of the recreational complex changes, the 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) has been 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 Q1, 2006

(In thousands of EEK)	Land	Buildings and constructions	Plant and equipment	IT equipment and fixtures and fittings	Returnable packaging subject to a deposit	Assets leased out (Note 8)	Finance lease	Prepayments and investments in progress	Total
Cost at 31.12.2004	3,186	135,307	297,670	67,614	6,058	7,271	1,226	2,890	521,222
Accumulated depreciation at 31.12.2004		37,634	181,457	54,448	3,936	3,334	1,118		281,927
Carrying amount at 31.12.2004	3,186	97,673	116,213	13,166	2,122	3,937	108	2,890	239,295
Addition in 2005			193	1,563		1,600		7,532	10,888
Sales in 2005			-333	-7					-340
Depreciation for 2005		1,560	6,895	2,560	151	578	61		11,805
Cost at 31.3.2005	3,186	135,307	297,530	69,170	6,058	8,871	1,226	10,422	531,770
Accumulated depreciation at 31.3.2005		39,194	188,019	57,008	4,087	3,912	1,179		293,399
Carrying amount at 31.3.2005	3,186	96,113	109,511	12,162	1,971	4,959	47	10,422	238,371
Cost at 31.12.2005	3,186	135,151	328,298	63,422	27,791	10,765		1,407	570,020
Accumulated depreciation at 31.12.2005		43,964	206,509	52,906	5,534	5,974			314,887
Carrying amount at 31.12.2005	3,186	91,187	121,789	10,516	22,257	4,791		1,407	255,133
Addition in 2006			621	2,172	246	150		1,984	5,173
Depreciation for 2006		1,613	7,007	1,519	1,250	672			12,061
Cost at 31.3.2006	3,186	135,151	328,919	65,594	28,037	10,915		3,391	575,193
Accumulated depreciation at 31.3.2006		45,577	213,516	54,425	6,784	6,646			326,948
Carrying amount at 31.3.2006	3,186	89,574	115,403	11,169	21,253	4,269		3,391	248,245

(In thousands of €)	Land	Buildings and constructions	Plant and equipment	IT equipment and fixtures and fittings	Returnable packaging subject to a deposit	Assets leased out (Note 8)	Finance lease	Prepayments and investments in progress	Total
Cost at 31.12.2004	204	8,646	19,025	4,321	387	465	79	185	33,312
Accumulated depreciation at 31.12.2004		2,405	11,599	3,479	251	213	72		18,019
Carrying amount at 31.12.2004	204	6,241	7,426	842	136	252	7	185	15,293
Addition in 2005			12	100		102		481	695
Sales in 2005			-21						-21
Depreciation for 2005		100	440	164	9	37	4		754
Cost at 31.3.2005	204	6,241	19,016	4,421	387	567	79	666	33,986
Accumulated depreciation at 31.3.2005		2,505	12,018	3,643	260	250	76		18,752

Carrying amount at 31.3.2005	204	6,141	6,998	778	127	317	3	666	15,234
Cost at 31.12.2005	204	8,636	20,982	4,054	1,776	688		90	36,430
Accumulated depreciation at 31.12.2005		2,810	13,199	3,381	353	382			20,125
Carrying amount at 31.12.2005	204	5,826	7,783	673	1,423	306		90	16,305
Addition in 2006			40	139	16	10		127	332
Depreciation for 2006		103	448	97	80	43			771
Cost at 31.3.2006	204	8,636	21,022	4,193	1,792	698		217	36,762
Accumulated depreciation at 31.3.2006		2,913	13,647	3,478	433	425			20,896
Carrying amount at 31.3.2006	204	5,723	7,375	715	1,359	273		217	15,866

The provision requiring the implementation of the packaging deposits imposed by the Packaging Act adopted in 2004 entered into effect on 1 October 2005. Since that date, returnable glass bottles subject to a deposit (both those in stock and those in the possession of customers) have been recognised as items of property, plant and equipment at cost (EEK 22,042,000 (€1,409,000)).

Assets leased out comprise bar furniture, which is leased under the terms of operating lease to support HoReCa sales (sales to hotels, restaurants and cafes). At 31 March 2006, the carrying amount of the furniture was EEK 4,269,000 (€273,000). At 31 March 2005, the corresponding figure was EEK 4,959,000 (€317,000). Information on operating lease income is presented in Note 8. In determining the value in use of the assets, future cash flows are identified on the basis of estimated lease income and the profit earned on the products sold to the lessee.

In addition, customers have in their possession and are liable for sales support equipment belonging to the company. At 31 March 2006, the carrying amount of such equipment was EEK 10,021,000 (€640,000). At 31 March 2005, the corresponding figure was EEK 15,332,000 (€980,000). At 31 March 2006, the carrying amount of returnable packaging subject to a deposit that was in the possession of customers was EEK 10,946,000 (€700,000). At 31 March 2005, the corresponding figure was EEK 1,020,000 (€65,000).

Note 7. Intangible assets

Movements in intangible assets in Q1, 2006

(In thousands)	EEK	€
Cost at 31.12.2004	2,113	135
Accumulated amortisation at 31.12.2004	1,517	97
Carrying amount at 31.12.2004	596	38
Addition	71	5
Amortisation for 2005	105	7
Cost at 31.3.2005	2,184	140
Accumulated amortisation at 31.3.2005	1622	104
Carrying amount at 31.3.2005	562	36
Cost at 31.12.2005	2,541	163
Accumulated amortisation at 31.12.2005	1,366	87
Carrying amount at 31.12.2005	1,175	76
Amortisation for 2006	122	8
Cost at 31.3.2006	2,541	163
Accumulated amortisation at 31.3.2006	1,488	95
Carrying amount at 31.3.2006	1,053	68

Intangible assets comprise computer software that has long-term significance for the company's business and has been specially adjusted to its needs. Amortisation expense is recognised in the income statement together with depreciation expense.

Note 8. Operating lease

The company as a lessor

To support HoReCa sales, Saku Õlletehase AS leases out bar furniture. Further information on this is presented in the "Assets leased out" column of Note 6.

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Lease income on "assets leased out"	22	23	93	1	1	6
Lease income receivable within 1 year	61	65	61	4	4	4
Lease income receivable between 1 and 5 years	34	80	56	2	5	4

The company as a lessee

During the reporting period, the company had 71 operating lease agreements on motor vehicles and 3 on production plant and equipment. Operating lease payments for motor vehicles amounted to EEK 869,000 (€56,000) and those for production plant and equipment to EEK 64,000 (€4,000). Payments made for additional warehouse space totalled EEK 81,000 (€5,000).

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Lease payments made during the period	1,014	782	3,398	65	50	217
Including contingent lease payments for plant and equipment		36	108		2	7
Minimum lease liabilities	8,373	4161	7,221	535	266	462
Including payable within 1 year	3,112	1,976	3,188	199	126	204
Including payable between 1 and 5 years	5,261	2,185	4,033	336	140	258

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			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Income tax	23,896			1,527		
Alcohol excise duty	17,054	19,319	16,699	1,090	1,235	1,067
Value-added tax	7,918	7,136	9,606	506	456	614
Social tax	1,597	2,337	2,044	102	149	131
Income tax on fringe benefits, non-business and entertainment expenses	172	682	252	11	44	16
Personal income tax	822	929	1,232	53	59	79
Unemployment insurance premiums	37	63	80	2	4	5
Funded pension contributions	55	52	71	4	3	4
Payables to employees	2,697	2,396	3,508	172	153	224
Payables to group companies (Note 13)	62,495	1,266	2,708	3,994	81	173
Other accrued expenses	29,007	5,908	5,528	1,854	378	353
Total	145,750	40,088	41,728	9,315	2,562	2,666

Note 10. Provisions

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Obligation to recover returnable packaging subject to a deposit	14,124	2,544	13,524	903	163	865
Obligation to recover one-way packaging subject to a deposit	2,461		2,441	157		156
Obligation to repurchase returnable packaging not subject to a deposit	5,561	17,999	7,964	355	1,150	509
Total	22,146	20,543	23,929	1,415	1,313	1,530

The 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 at 31 March 2006 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 provided for the implementation of deposits.

The provision for the obligation to repurchase packaging subject to a deposit is 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%, 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 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 authorised share capital amount to 8 million shares, i.e. EEK 80 million (€5.113 million), and 31 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 28 March 2006 the general meeting approved the proposal of the management board to declare for 2005 a net dividend of EEK 80 million (€5.1 million), i.e. EEK 10 per share. The dividend will be paid out on 22 June 2006.

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 the 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.

The general meeting decided to transfer other reserves of EEK 44,070,000 (€2,817,000) to retained earnings.

Note 12. Revenue

SALES OF PRODUCTS AND SERVICES	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
(In thousands)						
Beer	100,800	88,064	507,812	6,442	5,628	32,455
Other alcoholic beverages	14,824	11,323	85,727	948	724	5,479
Mineral water	5,245	4,482	26,257	335	286	1,678
Soft drinks	3,165	4,452	20,070	202	284	1,283
By-products	362	405	1,511	23	26	96
Services	178	338	828	11	22	53
Other goods	464	436	2,631	30	28	168
Total	125,038	109,500	644,836	7,991	6,998	41,212
SALES BY MARKETS						
(In thousands)						
Estonia	112,190	96,075	574,639	7,170	6,140	36,726
Lithuania, Latvia, Finland, Ukraine, Denmark, Sweden, USA	12,848	13,425	70,197	821	858	4,486
Total	125,038	109,500	644,836	7,991	6,998	41,212

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 BBH). 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. Purchases and sales of finished goods are performed at the transfer prices of BBH Group.

Purchases by Saku Õlletehase AS

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
The parent company BBH	2,331	875	6,543	149	56	418
Companies belonging to the same group as the parent	4,590	6,437	32,071	293	411	2,050
Shareholders of the parent	373	196	2,283	24	13	146
Companies belonging to the same groups as shareholders of the parent	6,058		15,257	387		975
Total	13,352	7,508	56,154	853	480	3,589

Sales by Saku Õlletehase AS

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
The parent company BBH						
Companies belonging to the same group as the parent	7,630	8,310	50,163	488	531	3,206
Shareholders of the parent	169	182	182	11	12	12
Companies belonging to the same groups as shareholders of the parent	2,793	2,922	10,652	179	187	681
Total	10,592	11,414	60,997	678	730	3,899

Receivables from related parties

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
The parent company BBH			459			298
Companies belonging to the same group as the parent	445	1,455		29	93	
Shareholders of the parent	172	182		11	12	
Companies belonging to the same groups as shareholders of the parent	1,177	1,171	1,306	75	75	84
Total	1,794	2,808	1,765	115	180	113

Liabilities to related parties

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
The parent company BBH	61,256	283	472	3,915	18	30
Companies belonging to the same group as the parent	977	939	1,159	62	60	74
Shareholders of the parent	262	44	295	17	3	19
Companies belonging to the same groups as shareholders of the parent			782			50
Total	62,495	1,266	2,708	3,994	81	173

Short-term liabilities to BBH include dividends payable of EEK 60,008,000 (€3,835,000).

Payments made to management and supervisory board members in the first quarter of 2006 totalled EEK 1,579,000 (€101,000). The corresponding figure for the first quarter of 2005 was EEK 1,425,000 (€91,000). At 31 March 2006, the total contingent severance liability to members of the top management, including taxes, amounted to EEK 2,548,000 (€163,000). At 31 March 2005, the figure was EEK 1,961,000 (€125,000).

Note 14. Expenses

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Raw materials	15,017	15,826	76,668	960	1,011	4,900
Ancillary materials	22,488	22,635	119,187	1,437	1,447	7,618
Imported beverages	3,427	3,922	29,421	219	251	1,880
Other	12,360	8,788	49,566	790	562	3,168
Total cost of materials, consumables and services used	53,292	51,171	274,842	3,406	3,271	17,566
Advertising expenses	11,223	10,128	57,439	717	647	3,671
Transportation and vehicle expenses	9,205	8,551	45,840	589	547	2,930
Waste management (sewerage) costs	1,312	1,374	5,691	84	88	364
Renovation of buildings and equipment repair	1,007	898	3,851	64	57	246
Purchase of other services	7,891	5,507	29,043	504	352	1,856
Other expenses	1,971	1,638	11,209	126	105	716
Total other operating expenses	32,609	28,096	153,073	2,084	1,796	9,783
Wages and salaries	13,035	13,808	54,182	834	883	3,463
Social security charges	4,363	4,617	18,058	279	295	1,154
Unemployment insurance premiums	36	51	234	2	3	15
Total personnel expenses	17,434	18,476	72,474	1,115	1,181	4,632
Losses from non-current asset sales and write-off			30			2
Sponsoring, entertainment expenses and expenses not related to the core production	418	304	2,304	27	19	148
Interest on arrears paid	22	3	48	1		3
Purchase and sale of packaging		175	581		11	37
Foreign exchange losses	155	25	156	10	2	10
Total other expenses	595	507	3,119	38	32	200

Note 15. Net financing items

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Interest income	576	311	1,129	37	20	72
Total financial income	576	311	1,129	37	20	72
Interest expense		7	233			15
Foreign exchange losses	1		44			3
Financial expenses related to shares	60	60	240	4	4	15
Total financial expenses	61	67	517	4	4	33
Net financing items	515	244	612	33	16	39

Note 16. Earnings per share

(In thousands)	EEK			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Net profit	-11,968	4,368	74,959	-765	279	4,790
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	0	0.55	9.36	0	0.03	0.60
Diluted earnings per share	0	0.55	9.36	0	0.03	0.60

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			€		
	31.3.2006	31.3.2005	31.12.2005	31.3.2006	31.3.2005	31.12.2005
Dividends paid	80,000		56,000	5,113		3,579
Income tax rate applied	29.9%		31.6%	29.9%		31.6%
Income tax expense	23,896		17,684	1,527		1,130

In accordance with the effective Income Tax Act, in 2005 the income tax rate for dividends was 24/76 (i.e. 31.6%) of the amount distributed as the net dividend. In 2006 the tax rate is 23/77 (i.e. 29.9%).

Note 18. Contingent liabilities

The alcohol excise duty liability to the Customs Board is 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.

In accordance with the agreement made on 14 December 2005, Saku Õlletehase AS guarantees the financing of OÜ Eesti Pandipakend (a packaging recovery organisation) to the extent of EEK 10.9 million (€0.7 million).

Note 19. Non-cash transactions

The income receivable on AS Rocca al Mare Suurhall bonds is offset against Saku Õlletehase AS' liability to AS Rocca al Mare Suurhall. The liability is related to advertising services rendered under a cooperation agreement. In the first quarter of 2006, the offset amount was EEK 400,000 (€26,000). In the first quarter of 2005 the corresponding figure was EEK 418,000 (€27,000).

2. Review of operations and performance

Saku Õlletehase AS' beverage sales for the first quarter of 2006 totalled 15.48 million litres, 656,000 litres or 4.4% up on the corresponding period in 2005.

Revenue amounted to EEK 125.1 million (€7.9 million), an EEK 15.6 million (€997,000) or 14.2% improvement compared to a year ago. The growth resulted, above all, from larger beer sales and a rise in profitability.

Expenses for the quarter totalled EEK 113.7 million (€7.2 million), EEK 8.3 million (€531,000) or 7.9% up on the same period in 2005. Expenses have grown mainly on account of rising raw materials prices and changes in the product range which have resulted in additional expenses of EEK 2.1 million (€135,000). Transport expenses and the cost of other services purchased grew by EEK 654,000 (€41,000) and EEK 2.38 million (€154,000) respectively.

The period's profit before tax amounted to EEK 11.9 million (€762,000), EEK 7.6 million (€483,000) or 2.7 times up on the corresponding period in 2005. The company will pay income tax of EEK 23.8 million (€1.5 million) on the dividends which will be distributed to shareholders.

According to the Estonian Breweries' Association, in the first quarter of 2006 the Estonian beer market grew by 3% to 24.3 million litres. The market share of Saku Õlletehase AS grew by 1.7 percentage points to 45.6%, 7% up on a year ago, and the company retained its leading position.

In the category of beer, the market share of Saku Õlletehase AS increased primarily thanks to growth in the sales of quality beer, a development with a clearly positive impact on the Estonian beer culture and the quality of the Estonian beer market. Partly, the growth may be attributed to the continuing success of *Saku Kuld* which was launched in November 2005. To date, its sales surpass 1 million litres. The growth in market share was also facilitated by a successful campaign arranged for *Saku Rock*, changes in the packaging of *Saku Originaal* and the entire *Saku* line, and the differentiation of the products from others available in the market. Sales of the leading international beer brand *Carlsberg* have also been increasing steadily. By the end of the first quarter of 2006, *Carlsberg* had a 23% share and second position in the premium beers segment, right after *Saku Kuld* whose share was 39%.

Although during the quarter the Estonian cider market grew by 9%, the share of Saku Õlletehase AS' shrank by 3 percentage points. The decline resulted primarily from the company's lesser activity in this category. In the first quarter of 2006, Saku Õlletehase AS launched annona-flavoured *KISS Cariba*. The company is going to focus on developing the cider category in the second and third quarters of the financial year. According to plan, exciting new ciders and cider mixes will be launched during the period beginning from May.

The Estonian long drink market grew by 42%; the share of Saku Õlletehase AS remained the same as it was a year ago – 25%. In the first quarter Saku Õlletehase AS launched two new products: cranberry-flavoured *Magna* in the economy class and *Saku GIN Long Drink Tonic*. As with cider, ambitious plans relate to the summer when the product range will be diversified through the launch of new flavours and packaging.

According to the information of Saku Õlletehase AS, in the first quarter the table water market grew by 8%, the share of flavoured waters increasing to 36% of the total (the highest figure in the Baltic region). Even though at 10% the market share of Saku Õlletehase AS remained similar to the one attained a year ago, the

profitability of the portfolio improved on account of an increase in the share of the *Vichy* line.

In the first quarter of 2006, Saku Õlletehase AS made two major changes to its product portfolio, discontinuing the distribution of *Pepsi* products and production of soft drinks (clear lemonades and kvass). The distribution of *Pepsi* products was terminated due to low profitability. The production of soft drinks was discontinued because the company intends to focus more on the production of other alcoholic beverages (cider and long drink) and to expand its market share in those categories.

A significant organisational change was the resignation of the Chairman of the Management Board Jaak Uus. Until a new chairman takes over, the Acting Chairman of the Management Board is Member of the Management Board Janno Veskimäe.

In the first quarter of 2006, Saku Õlletehase AS upgraded its logistics system with a view to improving its efficiency and rendering it more customer-friendly, and changed the transport service provider. In connection with the overhaul of the logistics system, all interim warehouses were eliminated: all orders are assembled and prepared for delivery on site.

3. Statement of management responsibility

The management board acknowledges its responsibility for the interim financial statements of Saku Õlletehase AS for the first quarter of 2006 and confirms that to the best of its knowledge, information and belief:

- the policies applied in the preparation of the interim financial statements comply with International Financial Reporting Standards as adopted by the European Union;
- the interim 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

31 May 2006

A handwritten signature in black ink, appearing to be 'Janno Veskimäe', written in a cursive style.

Janno Veskimäe
Member of Management Board