



**SAKU ÕLLETEHASE AS**  
**INTERIM FINANCIAL STATEMENTS**  
**QUARTER 4, 2006**

Principal activities	production, whole- and retail sale, and import and export of alcoholic and non-alcoholic beverages
Beginning of financial year	1 January 2006
End of financial year	31 December 2006
Auditor	Andris Jegers KPMG Baltics AS
Status of financial statements	unaudited
Commercial Register number	10030278
Address	Saku alevik, Saku vald, Harjumaa 75501
Telephone	650 8400
Fax	650 8401
E-mail	saku@pruul.ee
Website	www.saku.ee

Saku Õlletehase AS is managed by a two-member management board. The Chairman of the Management Board is Ireneusz Piotr Smaga.

**SAKU ÕLLETEHASE AS**  
**INTERIM FINANCIAL STATEMENTS**  
**QUARTER 4, 2006**

**Contents**

1. Interim financial statements	3
Balance sheet	3
Income statement	4
Income statement, Q4	5
Cash flow statement	6
Statement of changes in equity	7
Notes to the interim financial statements	8
Note 1. Significant accounting policies	8
Note 2. Cash and cash equivalents	8
Note 3. Trade receivables	8
Note 4. Other receivables and prepayments	8
Note 5. Inventories	8
Note 6. Financial instruments	9
Note 7. Property, plant and equipment	11
Note 8. Intangible assets	13
Note 9. Leases	13
Note 10. Other payables	14
Note 11. Packaging repurchase obligation	15
Note 12. Equity	15
Note 13. Revenue	16
Note 14. Related party transactions	16
Note 15. Expenses	17
Note 16. Net financing items	18
Note 17. Earnings per share	18
Note 18. Income tax expense	18
Note 19. Contingent liabilities	18
Note 20. Non-cash transactions	18
2. Review of performance and operating results	19
3. Statement of management responsibility	20

## 1. Interim financial statements

<b>BALANCE SHEET</b>				
(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005 Restated	31 Dec 2006	31 Dec 2005 Restated
<b>ASSETS</b>				
Cash and cash equivalents (note 2)	118,876	71,407	7,597	4,563
Trade receivables (Note 3)	71,944	57,918	4,598	3,701
Other receivables and prepayments (Note 4)	7,883	4,968	504	317
Inventories (Note 5)	58,771	43,059	3,756	2,751
<b>TOTAL CURRENT ASSETS</b>	<b>257,474</b>	<b>177,352</b>	<b>16,455</b>	<b>11,332</b>
<b>Non-current assets</b>				
Long-term financial investments (Note 6)	7,740	9,380	495	602
Property, plant and equipment (Note 7)	277,788	288,825	17,754	18,458
Intangible assets (Note 8)	990	1,175	63	76
<b>TOTAL NON-CURRENT ASSETS</b>	<b>286,518</b>	<b>299,380</b>	<b>18,312</b>	<b>19,136</b>
<b>TOTAL ASSETS</b>	<b>543,992</b>	<b>476,732</b>	<b>34,767</b>	<b>30,468</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Lease liabilities (Note 9)	131		8	
Trade payables	27,472	15,976	1,756	1,021
Other payables (Note 10)	59,463	41,728	3,801	2,666
Packaging repurchase obligation (Note 11)	23,147	23,929	1,479	1,530
<b>TOTAL CURRENT LIABILITIES</b>	<b>110,213</b>	<b>81,633</b>	<b>7,044</b>	<b>5,217</b>
<b>Non-current liabilities</b>				
Lease liabilities (Note 9)	376		24	
<b>Equity (Note 12)</b>				
Share capital	80,000	80,000	5,113	5,113
Statutory capital reserve	8,000	8,000	511	511
Other reserves		44,070		2,817
Retained earnings	227,099	188,070	14,514	12,020
Profit for the period	118,304	74,959	7,561	4,790
<b>TOTAL EQUITY</b>	<b>433,403</b>	<b>395,099</b>	<b>27,699</b>	<b>25,251</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>543,992</b>	<b>476,732</b>	<b>34,767</b>	<b>30,468</b>

<b>INCOME STATEMENT</b>				
(In thousands)	EEK		€	
	2006	2005	2006	2005
		Restated		Restated
<b>Revenue</b>				
Sales revenue (Note 13)	770,133	644,836	49,220	41,212
Other revenue	1,511	149	97	10
<b>Total revenue</b>	<b>771,644</b>	<b>644,985</b>	<b>49,317</b>	<b>41,222</b>
<b>Expenses</b>				
Changes in work in progress and finished goods inventories	-1,973	3,129	-126	200
Cost of materials, consumables and services used (Note 15)	303,884	272,934	19,422	17,444
Other operating expenses (Note 15)	182,063	153,073	11,636	9,783
Labour costs (Note 15)	85,354	72,474	5,455	4,632
Depreciation and amortisation charges (Notes 7, 8)	58,590	48,225	3,745	3,082
Other expenses (Note 15)	3,904	3,119	249	200
<b>Total expenses</b>	<b>631,822</b>	<b>552,954</b>	<b>40,381</b>	<b>35,341</b>
<b>OPERATING PROFIT</b>	<b>139,822</b>	<b>92,031</b>	<b>8,936</b>	<b>5,881</b>
Net financing items (Note 16)	2,378	612	152	39
<b>PROFIT BEFORE TAX</b>	<b>142,200</b>	<b>92,643</b>	<b>9,088</b>	<b>5,920</b>
Income tax expense (Note 18)	23,896	17,684	1,527	1,130
<b>PROFIT FOR THE PERIOD</b>	<b>118,304</b>	<b>74,959</b>	<b>7,561</b>	<b>4,790</b>
Basic earnings per share (Note 17)	14.79	9.36	0.95	0.60
Diluted earnings per share (Note 17)	14.79	9.36	0.95	0.60

**INCOME STATEMENT, Q4**

(In thousands)	EEK		€	
	2006	2005	2006	2005
Revenue				
Sales revenue (Note 13)	175,065	146,372	11,188	9,354
Other revenue	976	12	63	1
<b>Total revenue</b>	<b>176,041</b>	<b>146,384</b>	<b>11,251</b>	<b>9,355</b>
Expenses				
Changes in work in progress and finished goods inventories	1,751	4,694	112	300
Cost of materials, consumables and services used (Note 15)	67,696	57,126	4,327	3,651
Other operating expenses (Note 15)	48,177	39,610	3,079	2,531
Labour costs (Note 15)	22,841	18,710	1,459	1,196
Depreciation and amortisation charges (Notes 7, 8)	14,716	13,812	941	883
Other expenses (Note 15)	1,033	1,339	65	86
<b>Total expenses</b>	<b>156,214</b>	<b>135,291</b>	<b>9,983</b>	<b>8,647</b>
OPERATING PROFIT, Q4	19,827	11,093	1,268	708
Net financing items (Note 16)	835	311	53	20
<b>PROFIT BEFORE TAX, Q4</b>	<b>20,662</b>	<b>11,404</b>	<b>1,321</b>	<b>728</b>
Basic earnings per share (Note 17)	2.58	1.43	0.17	0.09
Diluted earnings per share (Note 17)	2.58	1.43	0.17	0.09

<b>CASH FLOW STATEMENT</b>				
(In thousands)	EEK		€	
	2006	2005	2006	2005
		Restated		Restated
<b>Cash flows from operating activities</b>				
Operating profit	139,822	92,031	8,936	5,881
Adjustments for				
Depreciation and amortisation charges (Notes 7, 8)	58,590	48,225	3,745	3,082
Result of non-current asset sales and write-off	2,459	24	158	1
Transformation of a long-term receivable into a short-term one		9		
Non-cash expenses (Note 20)	1,775	1,844	113	118
Change in inventories	-15,712	66,615	-1,005	4,258
Change in receivables	-16,941	-12,801	-1,084	-818
Change in current liabilities	28,449	10,773	1,819	689
Transfer of packaging from inventories to property, plant and equipment		-57,396		-3,668
Interest paid	-250	-233	-16	-15
Corporate income tax paid	-23,896	-17,684	-1,527	-1,130
<b>Net cash from operating activities</b>	<b>174,296</b>	<b>131,407</b>	<b>11,139</b>	<b>8,398</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment and intangibles	-52,361	-40,970	-3,346	-2,619
Proceeds from sale of property, plant and equipment	3,454	8	221	1
Interest received	2,257	685	144	44
<b>Net cash used in investing activities</b>	<b>-46,650</b>	<b>-40,277</b>	<b>-2,981</b>	<b>-2,574</b>
<b>Cash flows from financing activities</b>				
Dividends paid (Note 12)	-80,000	-56,000	-5,113	-3,579
Payment of finance lease principal (Note 9)	-174	-140	-11	-9
Proceeds from loans received		62,586		4,000
Repayment of loans received		-62,586		-4,000
<b>Net cash used in financing activities</b>	<b>-80,174</b>	<b>-56,140</b>	<b>-5,124</b>	<b>-3,588</b>
<b>Increase in cash and cash equivalents</b>	<b>47,472</b>	<b>34,990</b>	<b>3,034</b>	<b>2,236</b>
Effect of exchange rate fluctuations	-3	-44		-3
<b>Net increase in cash and cash equivalents</b>	<b>47,469</b>	<b>34,946</b>	<b>3,034</b>	<b>2,233</b>
Cash and cash equivalents at beginning of period	71,407	36,461	4,563	2,330
Cash and cash equivalents at end of period	118,876	71,407	7,597	4,563
<b>Net increase in cash and cash equivalents</b>	<b>47,469</b>	<b>34,946</b>	<b>3,034</b>	<b>2,233</b>

## 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
Dividend distribution				-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
1 January 2006	80,000	8,000	44,070	263,029		395,099
Dividend distribution				-80,000		-80,000
Transfer of other reserves			-44,070	44,070		0
Profit for the period					118,304	118,304
31 December 2006	80,000	8,000	0	227,099	118,304	433,403

  

(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
Dividend distribution				-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
1 January 2006	5,113	511	2,817	16,810		25,251
Dividend distribution				-5,113		-5,113
Transfer of other reserves			-2,817	2,817		0
Profit for the period					7,561	7,561
31 December 2006	5,113	511	0	14,514	7,561	27,699

## Notes to the interim financial statements

### Note 1. Significant accounting policies

The interim financial statements for the fourth 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.

### Note 2. Cash and cash equivalents

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Cash on hand	8	18	1	1
Current accounts	118,868	71,389	7,596	4,562
<b>Total</b>	<b>118,876</b>	<b>71,407</b>	<b>7,597</b>	<b>4,563</b>

### Note 3. Trade receivables

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Due from customers	71,880	58,278	4,593	3,724
Items written off	87	-361	6	
Recovery of items previously written off	-23	1	-1	-23
<b>Total</b>	<b>71,944</b>	<b>57,918</b>	<b>4,598</b>	<b>3,701</b>

The ratio of irrecoverable receivables written off in 2006 to sales revenue is 0.01%. Expenses related to the write-off of receivables are recognised in *Other operating expenses*.

### Note 4. Other receivables and prepayments

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Receivables from group companies (Note 14)	4,498	1,765	288	113
Miscellaneous receivables	550	116	35	8
Prepaid expenses	1,435	1,687	92	107
Bonds issued by AS Rocca al Mare Suurhall (Note 6)	1,400	1,400	89	89
<b>Total</b>	<b>7,883</b>	<b>4,968</b>	<b>504</b>	<b>317</b>

### Note 5. Inventories

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Raw and other materials	38,799	21,014	2,480	1,343
Work in progress	6,808	7,440	435	476
Finished goods	10,705	8,100	684	517
Goods purchased for resale	2,329	6,412	149	409
Prepayments to suppliers	130	93	8	6
<b>Total</b>	<b>58,771</b>	<b>43,059</b>	<b>3,756</b>	<b>2,751</b>



### Write-off and write-down of inventories

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Raw and other materials	1,430	1,827	91	117
Finished goods	1,191	899	76	57
<b>Total</b>	<b>3,523</b>	<b>9,896</b>	<b>225</b>	<b>632</b>

The write-down of inventories is recognised in the income statement in *Materials, consumables and services used*. Inventories are written down and off when they are damaged, become unusable or their "use by" date expires.

### Note 6. 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 Dec 2004	22	96		
Carrying amount at 31 Dec 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 2004	-240 (-15)	-1,400 (-90)	-9 (-1)	-1,649 (-105)
Ownership interest in 2004	0.006			
Number of instruments at 31 Dec 2005	22	82		
Carrying amount at 31 Dec 2005	2,580 (166)	8,200 (525)		10,780 (691)
Including current portion		1,400 (90)		1,400 (90)
Including non-current portion	2,580 (166)	6,800 (435)		9,380 (601)
Redemption / change in value in 2005	-240 (-15)	-1,400 (-90)		-1,649 (-105)
Ownership interest in 2005	0.006			
Number of instruments at 31 Dec 2006	22	68		
Carrying amount at 31 Dec 2006	2,340 (151)	6,800 (435)		9,140 (586)
Including current portion		1,400 (91)		1,400 (91)
Including non-current portion	2,340 (151)	5,400 (344)		7,740 (495)
Redemption / change in value in 2006	-240 (-15)	-1,400 (-90)		-1,649 (-105)
Ownership interest in 2006	0.009			

Saku Õlletehase AS has 22 B shares in and 68 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 (€9,606) 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 in *Financial expenses*.

The par value of a bond issued by AS Rocca al Mare Suurhall is EEK 100,000 (€6,401). The bonds were issued for a fixed 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 375,000 (€24,000)) has been recognised in *Financial income*.

(In thousands of EEK)	Bonds issued by AS Rocca al Mare Suurhall				
	Effective interest rate	Redemption			Total
		Up to 1 year	Between 1 and 5 years	Over 5 years	
31 Dec 2005	5.00	1,400	5,600	1,200	8,200
31 Dec 2006	5.00	1,400	5,400		6,800

(In thousands of €)	Bonds issued by AS Rocca al Mare Suurhall				
	Effective interest rate	Redemption			Total
		Up to 1 year	Between 1 and 5 years	Over 5 years	
31 Dec 2005	5.00	90	358	77	525
31 Dec 2006	5.00	90	345		435

### 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 an effective 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 a high 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 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) is used for the purchase of motor vehicles. As a rule, the base currency of lease contracts is the Estonian kroon or euro and interest rates are fixed for the whole lease term. Since the share of external financing 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 7. Property, plant and equipment

(In thousands of EEK)	Land	Buildings and constructions	Plant and equipment	IT equipment and fixtures and fittings	Returnable packaging subject to a deposit	Returnable packaging not subject to a deposit	Assets leased out (Note 9)	Finance lease (Note 9)	Prepayments and investments in progress	Total
<b>Cost at 31 Dec 2004</b>	<b>3,186</b>	<b>135,307</b>	<b>297,670</b>	<b>67,614</b>	<b>6,058</b>		<b>7,271</b>	<b>1,226</b>	<b>2,890</b>	<b>521,222</b>
Accumulated depreciation at 31 Dec 2004		37,634	181,457	54,448	3,936		3,334	1,118		281,927
<b>Carrying amount at 31 Dec 2004</b>	<b>3,186</b>	<b>97,673</b>	<b>116,213</b>	<b>13,166</b>	<b>2,122</b>		<b>3,937</b>	<b>108</b>	<b>2,890</b>	<b>239,295</b>
Addition			29,940	5,142			3,494		1,407	39,983
Reclassification			2,890		21,796	35,600			-2,890	57,396
Disposal		-156	-2,202	-9,334	-63			-1,226		-12,981
Depreciation for the period		6,457	27,254	7,789	1,661	1,908	2,640	108		49,817
<b>Cost at 31 Dec 2005</b>	<b>3,186</b>	<b>135,151</b>	<b>328,298</b>	<b>63,422</b>	<b>27,791</b>	<b>35,600</b>	<b>10,765</b>	<b>0</b>	<b>1,407</b>	<b>605,620</b>
Accumulated depreciation at 31 Dec 2005		43,964	206,509	52,906	5,534	1,908	5,974	0		316,795
<b>Carrying amount at 31 Dec 2005</b>	<b>3,186</b>	<b>91,187</b>	<b>121,789</b>	<b>10,516</b>	<b>22,257</b>	<b>33,692</b>	<b>4,791</b>	<b>0</b>	<b>1,407</b>	<b>288,825</b>
Addition		1,862	11,099	6,449	22,188	2,531	2,388	681	4,879	52,077
Reclassification		1,407							-1,407	
Disposal			-7,183	-1,614	-3,512	-4,240				-16,549
Depreciation for the period		6,534	27,084	5,620	7,314	8,588	2,801	180		58,121
<b>Cost at 31 Dec 2006</b>	<b>3,186</b>	<b>138,420</b>	<b>332,214</b>	<b>68,257</b>	<b>46,467</b>	<b>33,891</b>	<b>13,153</b>	<b>681</b>	<b>4,879</b>	<b>641,148</b>
Accumulated depreciation at 31 Dec 2006		50,498	226,552	56,835	11,606	8,914	8,775	180		363,360
<b>Carrying amount at 31 Dec 2006</b>	<b>3,186</b>	<b>87,922</b>	<b>105,662</b>	<b>11,422</b>	<b>34,861</b>	<b>24,977</b>	<b>4,378</b>	<b>501</b>	<b>4,879</b>	<b>277,788</b>

(In thousands of €)	Land	Buildings and constructions	Plant and equipment	IT equipment and fixtures and fittings	Returnable packaging subject to a deposit	Returnable packaging not subject to a deposit	Assets leased out (Note 9)	Finance lease (Note 9)	Prepayments and investments in progress	Total
<b>Cost at 31 Dec 2004</b>	<b>204</b>	<b>8,646</b>	<b>19,025</b>	<b>4,321</b>	<b>387</b>		<b>465</b>	<b>79</b>	<b>185</b>	<b>33,312</b>
Accumulated depreciation at 31 Dec 2004		2,405	11,599	3,479	251		213	72		18,019
<b>Carrying amount at 31 Dec 2004</b>	<b>204</b>	<b>6,241</b>	<b>7,426</b>	<b>842</b>	<b>136</b>		<b>252</b>	<b>7</b>	<b>185</b>	<b>15,293</b>
Addition			1,913	329			223		90	2,555
Reclassification			185		1,393	2,275			-185	3,668
Disposal		-10	-141	-596	-4			-79		-830
Depreciation for the period		413	1,741	498	106	122	169	7		3,056
<b>Cost at 31 Dec 2005</b>	<b>204</b>	<b>8,636</b>	<b>20,982</b>	<b>4,054</b>	<b>1,776</b>	<b>2,275</b>	<b>688</b>		<b>90</b>	<b>38,705</b>
Accumulated depreciation at 31 Dec 2005		2,810	13,199	3,381	353	122	382			20,247
<b>Carrying amount at 31 Dec 2005</b>	<b>204</b>	<b>5,826</b>	<b>7,783</b>	<b>673</b>	<b>1,423</b>	<b>2,153</b>	<b>306</b>		<b>90</b>	<b>18,458</b>
Addition		119	708	412	1,418	162	153	44	312	3,328
Reclassification		90							-90	
Disposal			-459	-103	-224	-271				-1,057
Depreciation for the period		418	1,731	359	467	549	179	12		3,715
<b>Cost at 31 Dec 2006</b>	<b>204</b>	<b>8,845</b>	<b>21,231</b>	<b>4,363</b>	<b>2,970</b>	<b>2,166</b>	<b>841</b>	<b>44</b>	<b>312</b>	<b>40,976</b>
Accumulated depreciation at 31 Dec 2006		3,227	14,478	3,632	742	570	561	12		23,222
<b>Carrying amount at 31 Dec 2006</b>	<b>204</b>	<b>5,618</b>	<b>6,753</b>	<b>731</b>	<b>2,228</b>	<b>1,596</b>	<b>280</b>	<b>32</b>	<b>312</b>	<b>17,754</b>

The requirement for the implementation of packaging deposits, which was provided in the Packaging Act adopted in 2004, took effect on 1 October 2005. Since that date, reusable 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 31 December 2006, the carrying amount of reusable bottles subject to a deposit was EEK 33,711,000 (€2,155,000). At 31 December 2005, the corresponding figure was EEK 20,735,000 (€1,325,000).

Assets leased out comprise bar furniture, which has been leased under the terms of operating lease to support HoReCa sales (sales to hotels, restaurants and catering service providers). At 31 December 2006, the carrying amount of the furniture was EEK 4,378,000 (€280,000). At the end of 2005, the corresponding figure was EEK 4,791,000 (€306,000). Information on operating lease income is presented in note 9. 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 December 2006, the carrying amount of such equipment was EEK 10,354,000 (€662,000). At 31 December 2005, the corresponding figure was EEK 13,928,000 (€890,000). At 31 December 2006, the carrying amount of reusable packaging subject to a deposit that was in the possession of customers was EEK 16,851,000 (€1,077,000). At 31 December 2005, the corresponding figure was EEK 10,610,000 (€678,000). At 31 December 2006, the carrying amount of reusable packaging not subject to a deposit that was in the possession of customers was EEK 2,052,000 (€131,000).

In 2006, due to the launch of new products and more active use of crates, a write-down recognised for crates (EEK 3,033,000 (€194,000)) in prior periods was reversed and *Other revenue* was increased accordingly.

#### Note 8. Intangible assets

(In thousands)	EEK	€
<b>Cost at 31 Dec 2004</b>	<b>2,113</b>	<b>135</b>
Accumulated amortisation at 31 Dec 2004	1,517	97
<b>Carrying amount at 31 Dec 2004</b>	<b>596</b>	<b>38</b>
Addition	987	64
Disposal	-559	-36
Amortisation for the period	408	26
<b>Cost at 31 Dec 2005</b>	<b>2,541</b>	<b>163</b>
Accumulated amortisation at 31 Dec 2005	1,366	88
<b>Carrying amount at 31 Dec 2005</b>	<b>1,175</b>	<b>76</b>
Addition	284	18
Amortisation for the period	469	30
<b>Cost at 31 Dec 2006</b>	<b>2,825</b>	<b>181</b>
Accumulated amortisation at 31 Dec 2006	1,835	118
<b>Carrying amount at 31 Dec 2006</b>	<b>990</b>	<b>63</b>

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 9. Finance and 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 7.

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Lease income on <i>Assets leased out</i>	76	93	5	6
Lease income receivable within 1 year	76	61	5	4
Lease income receivable between 1 and 5 years	10	56	1	4

##### The company as a lessee

##### Finance lease

The company holds production equipment under finance lease. The cost, accumulated depreciation and carrying amount of such equipment are presented in the *Finance lease* column of note 7.

The base currency of the leases is euro. Interest rates range from 4.0-4.75% and are fixed for the terms of the lease contracts. The contracts do not impose restrictions on the company's dividend or financing policies. At the end of the lease term, title to the leased assets will transfer to the company. Assets held under finance lease have not been subleased.

<b>FINANCE LEASE</b> (In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Principal payments made during the period	174	140	11	9
Interest payments made during the period	10	13	1	1
Minimum amount of principal payments due	507		32	
within 1 year	131		8	
between 1 and 4 years	376		24	
Interest payments due	47		3	
within 1 year	21		1	
between 1 and 4 years	26		1	

In 2006, the depreciation of leased assets amounted to EEK 180,000 (€12,000) which has been recognised in the income statement in *Depreciation and amortization charges*. In 2005 the corresponding figure was EEK 108,000 (€7,000).

### Operating lease

During the reporting period, expenses from operating lease payments for motor vehicles (under 74 contracts) amounted to EEK 4,529,000 (€289,000) and the ones for production plant and equipment amounted to EEK 227,000 (€15,000). Payments made for additional warehouse space totalled EEK 1,022,000 (€65,000). In 2005, the corresponding figure was EEK 1,350,000 (€22,000).

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Lease payments made during the period	5,778	3,398	369	217
Including contingent lease payments for plant and equipment		108		7
Minimum lease liabilities	4,503	7,221	288	462
Including payable within 1 year	2,213	3,188	141	204
Including payable between 1 and 5 years	2,290	4,033	147	258

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

### Note 10. Other payables

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Alcohol excise duty	17,818	16,699	1,139	1,067
Value-added tax	9,886	9,606	632	614
Social tax	159	2,044	10	131
Income tax on fringe benefits, non-business and entertainment expenses	210	252	13	16
Personal income tax		1,232		79
Unemployment insurance premiums		80		5
Funded pension premiums		71		4
Payables to employees	5,969	3,508	381	224
Payables to group companies (Note 14)	7,932	2,708	507	173
Other accrued expenses	17,489	5,528	1,119	353
<b>Total</b>	<b>59,463</b>	<b>41,728</b>	<b>3,801</b>	<b>2,666</b>

## Note 11. Packaging repurchase obligation

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Obligation to recover returnable packaging subject to a deposit	18,904	13,524	1,208	865
Obligation to recover one-way packaging subject to a deposit	2,911	2,441	186	156
Obligation to repurchase returnable packaging not subject to a deposit	1,332	7,964	85	509
<b>Total</b>	<b>23,147</b>	<b>23,929</b>	<b>1,479</b>	<b>1,530</b>

The obligation to repurchase packaging has been established to cover the expenses that could arise on the repurchase of packaging circulating in the market at 31 December 2006; the obligation has been established 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 effect of the implementing provision of the Packaging Act which provided for the application of deposits.

The obligation to repurchase 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 decreases and the obligation is adjusted accordingly.

## Note 12. 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 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 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 (€0.64) per share. The dividends were 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 one twentieth of its net profit until the reserve amounts to one tenth of the share capital. The capital reserve may be used to cover losses and to increase share capital but it cannot be distributed to shareholders.

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

### Note 13. Revenue

SALES OF PRODUCTS AND SERVICES (In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Beer	603,483	507,812	38,569	32,455
Other alcoholic beverages	118,747	85,727	7,589	5,479
Table water	39,973	26,257	2,555	1,678
Soft drinks	3,498	20,070	224	1,283
By-products	1,428	1,511	91	96
Services	559	828	36	53
Other goods	2,445	2,631	156	168
<b>Total</b>	<b>770,133</b>	<b>644,836</b>	<b>49,220</b>	<b>41,212</b>
SALES BY MARKETS (In thousands)				
Estonia	675,697	574,639	43,185	36,726
Lithuania, Latvia, Finland, Iceland, Ireland, Denmark, Sweden, USA	94,436	70,197	6,035	4,486
<b>Total</b>	<b>770,133</b>	<b>644,836</b>	<b>49,220</b>	<b>41,212</b>

### Note 14. 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 packaging. Purchases include purchases of goods, 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		€	
	2006	2005	2006	2005
The parent company BBH	9,323	6,543	9,323	418
Companies belonging to the same group as the parent	39,971	32,071	39,971	2,050
Shareholders of the parent	1,905	2,283	1,905	146
Companies belonging to the same groups as shareholders of the parent	33,308	15,257	33,308	975
<b>Total</b>	<b>84,507</b>	<b>56,154</b>	<b>84,507</b>	<b>3,589</b>

#### Sales by Saku Õlletehase AS

(In thousands)	EEK		€	
	2006	2005	2006	2005
Companies belonging to the same group as the parent	78,087	50,163	4,991	3,206
Shareholders of the parent	495	182	32	12
Companies belonging to the same groups as shareholders of the parent	13,595	10,652	869	681
<b>Total</b>	<b>92,177</b>	<b>60,997</b>	<b>5,892</b>	<b>3,899</b>



## Receivables from related parties

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
The parent company BBH		459		29
Companies belonging to the same group as the parent	1,509		97	
Companies belonging to the same groups as shareholders of the parent	2,989	1,306	191	84
<b>Total</b>	<b>4,498</b>	<b>1,765</b>	<b>288</b>	<b>113</b>

## Liabilities to related parties

(In thousands)	EEK		€	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
The parent company BBH	472	472	30	30
Companies belonging to the same group as the parent	993	1,159	65	74
Shareholders of the parent	174	295	11	19
Companies belonging to the same groups as shareholders of the parent	6,293	782	401	50
<b>Total</b>	<b>7,932</b>	<b>2,708</b>	<b>507</b>	<b>173</b>

Payments made to the management and supervisory board members in 2006 totalled EEK 6,972,000 (€446,000). The corresponding figure for 2005 was EEK 3,099,000 (€198,000). At 31 December 2006, the total contingent severance liability to members of the top management, including taxes, amounted to EEK 2,835,000 (€181,000). At the end of 2005, the corresponding figure was EEK 3,669,000 (€234,000).

## Note 15. Expenses

(In thousands)	EEK		€	
	2006	2005	2006	2005
Raw materials	96,079	76,668	6,141	4,900
Ancillary materials	138,485	119,187	8,851	7,618
Imported beverages	24,105	29,421	1,541	1,880
Other	45,215	47,658	2,889	3,046
<b>Total cost of materials, consumables and services used</b>	<b>303,884</b>	<b>272,934</b>	<b>19,422</b>	<b>17,444</b>
Advertising expenses	65,033	57,439	4,156	3,671
Transport and vehicle expenses	52,145	45,840	3,333	2,930
Waste management (sewerage) expenses	6,852	5,691	438	364
Repair of buildings and equipment	9,574	3,851	612	246
Purchase of other services	39,044	29,043	2,495	1,856
Other expenses	9,415	11,209	602	716
<b>Total other operating expenses</b>	<b>182,063</b>	<b>153,073</b>	<b>11,636</b>	<b>9,783</b>
Wages and salaries	63,918	54,182	4,085	3,463
Social security charges	21,256	18,058	1,359	1,154
Unemployment insurance premiums	180	234	11	15
<b>Total labour costs</b>	<b>85,354</b>	<b>72,474</b>	<b>5,455</b>	<b>4,632</b>
Losses on the sale and write-off of property, plant and equipment		30		2
Sponsoring, entertainment expenses and expenses not related to the core activity	2,099	2,304	134	148
Interest and interest on arrears paid	1,674	48	107	3
Purchase and sale of packaging		581		37
Foreign exchange losses	131	156	8	10
<b>Total other expenses</b>	<b>3,904</b>	<b>3,119</b>	<b>249</b>	<b>200</b>

## Note 16. Net financing items

(In thousands)	EEK		€	
	2006	2005	2006	2005
Interest income	2,631	1,129	168	72
<b>Total financial income</b>	<b>2,631</b>	<b>1,129</b>	<b>168</b>	<b>72</b>
Interest expense	10	233	1	15
Foreign exchange losses	3	44		3
Financial expenses related to shares	240	240	15	15
<b>Total financial expenses</b>	<b>253</b>	<b>517</b>	<b>16</b>	<b>33</b>
<b>Net financing items</b>	<b>2,378</b>	<b>612</b>	<b>152</b>	<b>39</b>

## Note 17. Earnings per share

(In thousands)	EEK		€	
	2006	2005	2006	2005
Net profit	118,304	74,959	7,581	4,790
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000
<b>Basic earnings per share</b>	<b>14.79</b>	<b>9.36</b>	<b>0.95</b>	<b>0.60</b>
<b>Diluted earnings per share</b>	<b>14.79</b>	<b>9.36</b>	<b>0.95</b>	<b>0.60</b>

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. Income tax expense

(In thousands)	EEK		€	
	2006	2005	2006	2005
Dividends paid	80,000	56,000	5,113	3,579
Income tax rate applied	29.9%	31.6%	29.9%	31.6%
<b>Income tax expense</b>	<b>23,896</b>	<b>17,684</b>	<b>1,527</b>	<b>1,130</b>

In accordance with the effective Income Tax Act, in 2005 the income tax rate for dividends was 24/76 (31.6%). In 2006 the tax rate was 23/77 (29.9%).

## Note 19. 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 3,300,000 (€211,000) and is valid from 21 November 2006 to 21 November 2007.

In accordance with an 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). The guarantee is effective until 30 January 2009.

## Note 20. Non-cash transactions

The income receivable on AS Rocca al Mare Suurhall bonds belonging to Saku Õlletehase AS is offset against the liability of Saku Õlletehase AS to AS Rocca al Mare Suurhall. The liability is related to advertising services rendered under a cooperation agreement. In 2006 the offset amount was EEK 1,775,000 (€113,000). In 2005 the corresponding figure was EEK 1,844,000 (€118,000).

## **2. Review of performance and operating results**

In the fourth quarter of 2006 Saku Õllehase AS sold over 21 million litres of beverages, a 14% improvement on the corresponding period in 2005, and launched two new products: *KISS Sweet Spice* cider and *ZIP Black Bat* long drink.

Volume sales grew by 20% and operating profit for the fourth quarter amounted to approx. EEK 20 million (€1.2 million), a notable 80% increase on the same period in 2005. Fourth quarter revenues totalled EEK 176 million (€11.2 million), 21% up on a year ago.

Expenses for the period amounted to EEK 156 million (€10 million), 15% up on the fourth quarter of 2005. The rise resulted primarily from an increase in output and sales, which expanded both transport and production costs, and a pay-rise implemented in the second quarter, which boosted labour costs.

The period's earnings per share were EEK 2.58 (€0.17), a solid 80% growth on a year ago.

### **3. Statement of management responsibility**

The management board acknowledges its responsibility for the interim financial statements of Saku Õlletehase AS for quarter 4, 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 .

13 February 2007