



## SAKU ÕLLETEHASE AS

### INTERIM FINANCIAL STATEMENTS QUARTER 1, 2007

Principal activities	production, whole- and retail sale, and import and export of alcoholic and non-alcoholic beverages
Beginning of financial year	1 January 2007
End of financial year	31 December 2007
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 Ireneusz Piotr Smaga.

**SAKU ÕLLETEHASE AS**  
**INTERIM FINANCIAL STATEMENTS**  
**QUARTER 1, 2007**

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## 1. Interim financial statements

### BALANCE SHEET

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
<b>ASSETS</b>						
Cash and cash equivalents (note 2)	130,520	95,395	118,876	8,342	6,096	7,597
Trade receivables (note 3)	82,116	54,971	71,944	5,248	3,513	4,598
Other receivables and prepayments (note 4)	12,008	5,171	7,883	767	330	504
Inventories (note 5)	50,642	48,514	58,771	3,237	3,101	3,756
<b>TOTAL CURRENT ASSETS</b>	<b>275,286</b>	<b>204,051</b>	<b>257,474</b>	<b>17,594</b>	<b>13,040</b>	<b>16,455</b>
<b>Non-current assets</b>						
Long-term financial investments (note 6)	7,440	9,080	7,740	474	581	495
Property, plant and equipment (note 7)	274,313	279,790	277,788	17,534	17,882	17,754
Intangible assets (note 8)	855	1,053	990	54	68	63
<b>TOTAL NON-CURRENT ASSETS</b>	<b>282,608</b>	<b>289,923</b>	<b>286,518</b>	<b>18,062</b>	<b>18,531</b>	<b>18,312</b>
<b>TOTAL ASSETS</b>	<b>557,894</b>	<b>493,974</b>	<b>543,992</b>	<b>35,656</b>	<b>31,571</b>	<b>34,767</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Lease liabilities (note 9)	134		131	9		8
Trade payables	20,752	25,094	27,472	1,328	1,605	1,756
Other payables (note 10)	309,351	145,750	59,463	19,770	9,315	3,801
Packaging repurchase obligation (note 11)	25,370	22,146	23,147	1,621	1,415	1,479
<b>TOTAL CURRENT LIABILITIES</b>	<b>355,607</b>	<b>192,990</b>	<b>110,213</b>	<b>22,728</b>	<b>12,335</b>	<b>7,044</b>
<b>Non-current liabilities</b>						
Lease liabilities (note 9)	335		376	21		24
<b>Equity (note 12)</b>						
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						
Retained earnings	145,403	227,099	227,099	9,293	14,514	14,514
Profit / loss for the period	-31,451	-14,115	118,304	-2,010	-902	7,561
<b>TOTAL EQUITY</b>	<b>201,952</b>	<b>300,984</b>	<b>433,403</b>	<b>12,907</b>	<b>19,236</b>	<b>27,699</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>557,894</b>	<b>493,974</b>	<b>543,992</b>	<b>35,656</b>	<b>31,571</b>	<b>34,767</b>

## INCOME STATEMENT

(In thousands)	EEK			€		
	January - March 2007	January - March 2006	2006	January - March 2007	January - March 2006	2006
Revenue						
Sales revenue (note 13)	181,150	125,038	770,133	11,578	7,991	49,220
Other income	70	78	1,511	5	5	97
<b>Total revenue</b>	<b>181,220</b>	<b>125,116</b>	<b>771,644</b>	<b>11,583</b>	<b>7,996</b>	<b>49,317</b>
Expenses						
Changes in work in progress and finished goods inventories	-2,121	-2,410	-1,973	-136	-154	-126
Cost of materials, consumables and services used (note 15)	77,653	53,292	303,884	4,963	3,406	19,422
Other operating expenses (note 15)	44,704	32,609	182,063	2,857	2,084	11,636
Labour costs (note 15)	21,135	17,434	85,354	1,351	1,115	5,455
Depreciation and amortisation charges (notes 7, 8)	14,708	14,330	58,590	940	915	3,745
Other expenses (note 15)	1,213	595	3,904	78	38	249
<b>Total expenses</b>	<b>157,292</b>	<b>115,850</b>	<b>631,822</b>	<b>10,053</b>	<b>7,404</b>	<b>40,381</b>
<b>OPERATING PROFIT</b>	<b>23,928</b>	<b>9,266</b>	<b>139,822</b>	<b>1,530</b>	<b>592</b>	<b>8,936</b>
Net financial items (note 16)	1,031	515	2,378	65	33	152
<b>PROFIT BEFORE TAX</b>	<b>24,959</b>	<b>9,781</b>	<b>142,200</b>	<b>1,595</b>	<b>625</b>	<b>9,088</b>
Income tax expense (note 18)	56,410	23,896	23,896	3,605	1,527	1,527
<b>PROFIT / LOSS FOR THE PERIOD</b>	<b>-31,451</b>	<b>-14,115</b>	<b>118,304</b>	<b>-2,010</b>	<b>-902</b>	<b>7,561</b>
Basic earnings per share (note 17)	0	0	14.79	0	0	0.95
Diluted earnings per share (note 17)	0	0	14.79	0	0	0.95

## CASH FLOW STATEMENT

(In thousands)	EEK			€		
	January - March 2007	January - March 2006	2006	January - March 2007	January - March 2006	2006
Cash flows from operating activities						
Operating profit	23,928	9,266	139,822	1,530	592	8,936
Adjustments for						
Depreciation and amortisation charges (notes 7, 8)	14,708	14,330	58,590	940	915	3,745
Result of disposal of property, plant and equipment	203		2,459	14		158
Non-cash expenses (note 20)	300	400	1,775	19	26	113
Change in inventories	8,129	-5,455	-15,712	519	-350	-1,005
Change in receivables	-14,297	2,744	-16,941	-913	175	-1,084
Change in current liabilities	245,391	111,357	28,449	15,683	7,118	1,819
Interest paid	-69	-60	-250	-5	-3	-16
Corporate income tax paid	-56,410	-23,896	-23,896	-3,605	-1,527	-1,527
<b>Net cash from operating activities</b>	<b>221,883</b>	<b>108,686</b>	<b>174,296</b>	<b>14,182</b>	<b>6,946</b>	<b>11,139</b>
Cash flows from investing activities						
Acquisition of property, plant and equipment and intangibles	-12,046	-5,173	-52,361	-771	-332	-3,346
Proceeds from sale of property, plant and equipment	745		3,454	48		221
Interest received	1,100	476	2,257	70	32	144
<b>Net cash used in investing activities</b>	<b>-10,201</b>	<b>-4,697</b>	<b>-46,650</b>	<b>-653</b>	<b>-300</b>	<b>-2,981</b>
Cash flows from financing activities						
Dividends paid (note 12)	-200,000	-80,000	-80,000	-12,782	-5,113	-5,113
Payment of finance lease principal (note 9)	-38		-174	-2		-11
<b>Net cash used in financing activities</b>	<b>-200,038</b>	<b>-80,000</b>	<b>-80,174</b>	<b>-12,784</b>	<b>-5,113</b>	<b>-5,124</b>
<b>Increase in cash and cash equivalents</b>	<b>11,644</b>	<b>23,989</b>	<b>47,472</b>	<b>745</b>	<b>1,533</b>	<b>3,034</b>
Effect of exchange rate fluctuations		-1	-3			
<b>Net increase in cash and cash equivalents</b>	<b>11,644</b>	<b>23,988</b>	<b>47,469</b>	<b>745</b>	<b>1,533</b>	<b>3,034</b>
Cash and cash equivalents at beginning of period	118,876	71,407	71,407	7,597	4,563	4,563
Cash and cash equivalents at end of period	130,520	95,395	118,876	8,342	6,096	7,597
<b>Net increase in cash and cash equivalents</b>	<b>11,644</b>	<b>23,988</b>	<b>47,469</b>	<b>745</b>	<b>1,533</b>	<b>3,034</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 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
Loss for the period					-14,115	-14,115
31 March 2006	80,000	8,000	0	227,099	-14,115	300,984
1 January 2007	80,000	8,000	0	345,403		433,403
Dividend distribution				-200,000		-200,000
Loss for the period					-31,451	-31,451
31 March 2007	80,000	8,000	0	145,403	-31,451	201,952

(In thousands of €)	Share capital	Statutory capital reserve	Other reserves	Retained earnings	Profit for the period	Total equity
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
Loss for the period					-902	-902
31 March 2006	5,113	511	0	14,514	-902	19,236
1 January 2007	5,113	511	0	22,075		27,699
Dividend distribution				-12,782		-12,782
Loss for the period					-2,010	-2,010
31 March 2007	5,113	511	0	9,293	-2,010	12,907

## Notes to the interim financial statements

### Note 1. Significant accounting policies

The interim financial statements for the first quarter of 2007 have been prepared in accordance with the same accounting policies that were applied on the preparation of the annual financial statements for 2006.

The annual 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. Cash and cash equivalents

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Cash on hand	11	14	8	1	1	1
Current accounts	130,509	95,381	118,868	8,341	6,095	7,596
<b>Total</b>	<b>130,520</b>	<b>95,395</b>	<b>118,876</b>	<b>8,342</b>	<b>6,096</b>	<b>7,597</b>

### Note 3. Trade receivables

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Due from customers	82,187	55,039	71,880	5,253	3,518	4,593
Allowance for doubtful receivables	-75	-75		-5	-5	
Items written off	4	17	87		1	6
Recovery of items written off in prior periods		-10	-23		-1	-1
<b>Total</b>	<b>82,116</b>	<b>54,971</b>	<b>71,944</b>	<b>5,248</b>	<b>3,513</b>	<b>4,598</b>

### Note 4. Other receivables and prepayments

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Receivables from group companies (note 14)	4,775	1,794	4,498	305	115	288
Miscellaneous receivables	1,205	381	550	77	24	35
Prepaid expenses	4,628	1,596	1435	296	102	92
AS Rocca al Mare Suurhall bonds (note 6)	1,400	1,400	1,400	89	89	89
<b>Total</b>	<b>12,008</b>	<b>5,171</b>	<b>7,883</b>	<b>767</b>	<b>330</b>	<b>504</b>

### Note 5. Inventories

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Raw and other materials	27,272	27,073	38,799	1,743	1,730	2,480
Work in progress	8,754	7,357	6,808	560	470	435
Finished goods	10,880	10,593	10,705	695	677	684
Goods purchased for resale	3,425	2,824	2,329	219	181	149
Prepayments to suppliers	311	667	130	20	43	8
<b>Total</b>	<b>50,642</b>	<b>48,514</b>	<b>58,771</b>	<b>3,237</b>	<b>3,101</b>	<b>3,756</b>

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

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Raw and other materials	3	327	1,430		21	91
Finished goods	241	57	1,191	16	4	76
<b>Total</b>	<b>244</b>	<b>384</b>	<b>3,523</b>	<b>16</b>	<b>25</b>	<b>225</b>

## Note 6. Financial instruments

	AS Rocca al Mare Suurhall B shares	AS Rocca al Mare Suurhall bonds	Total
(In thousands)	EEK(€)	EEK(€)	EEK(€)
Number of instruments at 31 December 2005	22	82	
Carrying amount at 31 December 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 March 2006	22	79	
Carrying amount at 31 March 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)
Number of instruments at 31 December 2006	22	68	
Carrying amount at 31 December 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 2007		-300 (-21)	-300 (-21)
Ownership interest in 2007	0.006		
Number of instruments at 31 March 2007	22	65	
Carrying amount at 31 March 2007	2,340 (151)	6,500 (414)	8,840 (565)
Including current portion		1,400 (91)	1,400 (91)
Including non-current portion	2,340 (151)	5,100 (323)	7,440 (474)

Saku Õlletehase AS has 22 B shares in and 65 bonds issued by AS Rocca al Mare Suurhall. The shares and the bonds are part of a 10-year cooperation agreement (expiring in October 2011) according to which the recreational complex bears the name Saku Suurhall and grants Saku Õlletehase AS a number of significant 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 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 fixed purpose and bear interest at the rate of 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 83,000 (€5,000)) has been recognised in *Financial income*.



(In thousands of EEK)	AS Rocca al Mare Suurhall bonds				
	Effective interest rate	Redemption			Total
		Up to 1 year	Between 1 and 5 years	Over 5 years	
31 December 2005	5.00	1,400	5,600	1,200	8,200
31 March 2006	5.00	1,400	5,600	900	7,900
31 December 2006	5.00	1,400	5,400		6,800
31 March 2007	5.00	1,400	5,100		6,500

(In thousands of €)	AS Rocca al Mare Suurhall bonds				
	Effective interest rate	Redemption			Total
		Up to 1 year	Between 1 and 5 years	Over 5 years	
31 December 2005	5.00	89	358	78	525
31 March 2006	5.00	89	358	57	504
31 December 2006	5.00	90	345		435
31 March 2007	5.00	89	325		414

### Financial risks

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

### Credit risk

Saku Õlletehase AS 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 AS Rocca al Mare Suurhall shares and bonds. 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.

External financing (finance lease) is used for the purchase of vehicles. As a rule, the base currency of lease contracts is the Estonian kroon or euro and interest rates are fixed for the entire lease term. Since the proportion of external financing in the capital structure is minimal, related risks are minimal and have not been hedged.

### 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

### Movements in property, plant and equipment in Q1, 2007

(In thousands of EEK)	Land	Buildings and structures	Plant and equipment	IT equipment and fixtures and fittings	Reusable packaging subject to a deposit	Reusable 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 December 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 December 2005		43,964	206,509	52,906	5,534	1,908	5,974	0		316,795
<b>Carrying amount at 31 December 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>
Acquisition			621	2,172	246		150		1,984	5,173
Depreciation for the period		1,613	7,007	1,519	1,250	2,147	672			14,208
<b>Cost at 31 March 2006</b>	<b>3,186</b>	<b>135,151</b>	<b>328,919</b>	<b>65,594</b>	<b>28,037</b>	<b>35,600</b>	<b>10,915</b>		<b>3,391</b>	<b>610,793</b>
Accumulated depreciation at 31 March 2006		45,577	213,516	54,425	6,784	4,055	6,646			331,003
<b>Carrying amount at 31 March 2006</b>	<b>3,186</b>	<b>89,574</b>	<b>115,403</b>	<b>11,169</b>	<b>21,253</b>	<b>31,545</b>	<b>4,269</b>		<b>3,391</b>	<b>279,790</b>
<b>Cost at 31 December 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 December 2006		50,498	226,552	56,835	11,606	8,914	8,775	180		363,360
<b>Carrying amount at 31 December 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>
Acquisition			1,213	1,054	4,422	702			4,655	12,046
Disposal					279	928				1,207
Depreciation for the period		1,714	6,481	1,298	2,316	2,070	653	41		14,573
<b>Cost at 31 March 2007</b>	<b>3,186</b>	<b>138,420</b>	<b>333,427</b>	<b>69,311</b>	<b>50,610</b>	<b>33,665</b>	<b>13,153</b>	<b>681</b>	<b>9,534</b>	<b>651,987</b>
Accumulated depreciation at 31 March 2007		52,212	233,033	58,133	13,876	10,771	9,428	221		377,674
<b>Carrying amount at 31 March 2007</b>	<b>3,186</b>	<b>86,208</b>	<b>100,394</b>	<b>11,178</b>	<b>36,734</b>	<b>22,894</b>	<b>3,725</b>	<b>460</b>	<b>9,534</b>	<b>274,313</b>

(In thousands of €)	Land	Buildings and structures	Plant and equipment	IT equipment and fixtures and fittings	Reusable packaging subject to a deposit	Reusable 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 December 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 December 2005		2,810	13,199	3,381	353	122	382			20,247
<b>Carrying amount at 31 December 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>
Acquisition			40	139	16		10		127	332
Depreciation for the period		103	448	97	80	137	43			908
<b>Cost at 31 March 2006</b>	<b>204</b>	<b>8,636</b>	<b>21,022</b>	<b>4,193</b>	<b>1,792</b>	<b>2,275</b>	<b>698</b>		<b>217</b>	<b>39,037</b>
Accumulated depreciation at 31 March 2006		2,913	13,647	3,478	433	259	425			21,155
<b>Carrying amount at 31 March 2006</b>	<b>204</b>	<b>5,723</b>	<b>7,375</b>	<b>715</b>	<b>1,359</b>	<b>2,016</b>	<b>273</b>		<b>217</b>	<b>17,882</b>
<b>Cost at 31 December 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 December 2006		3,227	14,478	3,632	742	570	561	12		23,222
<b>Carrying amount at 31 December 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>
Acquisition			78	67	283	45			298	771
Disposal					18	59				77
Depreciation for the period		110	414	83	148	132	42	3		932
<b>Cost at 31 March 2007</b>	<b>204</b>	<b>8,845</b>	<b>21,309</b>	<b>4,430</b>	<b>3,235</b>	<b>2,152</b>	<b>841</b>	<b>44</b>	<b>610</b>	<b>41,670</b>
Accumulated depreciation at 31 March 2007		3,337	14,892	3,715	887	688	603	14		24,136
<b>Carrying amount at 31 March 2007</b>	<b>204</b>	<b>5,508</b>	<b>6,417</b>	<b>715</b>	<b>2,348</b>	<b>1,464</b>	<b>238</b>	<b>30</b>	<b>610</b>	<b>17,534</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 March 2007, the carrying amount of reusable bottles subject to a deposit was EEK 35,723,000 (€2,283,000). At 31 March 2006, the corresponding figure was EEK 19,879,000 (€1,270,000).

Assets leased out comprise bar furniture, which has been leased under the terms of operating lease to support HoReCa sales (hotels, restaurants and catering). At 31 March 2007, the carrying amount of the furniture was EEK 3,725,000 (€238,000). At 31 March 2006, the corresponding figure was EEK 4,269,000 (€273,000). 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 March 2007, the carrying amount of such equipment was EEK 13,879,000 (€887,000). At 31 March 2006, the corresponding figure was EEK 10,021,000 (€640,000). At 31 March 2007, 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 March 2006, the corresponding figure was EEK 10,610,000 (€678,000). At 31 March 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).

## Note 8. Intangible assets

### Movements in intangible assets in Q1, 2007

(In thousands)	EEK	€
<b>Cost at 31 December 2005</b>	<b>2,541</b>	<b>163</b>
Accumulated amortisation at 31 December 2005	1,366	87
<b>Carrying amount at 31 December 2005</b>	<b>1,175</b>	<b>76</b>
Amortisation charge for the period	122	8
<b>Cost at 31 March 2006</b>	<b>2,541</b>	<b>163</b>
Accumulated amortisation at 31 March 2006	1,488	95
<b>Carrying amount at 31 March 2006</b>	<b>1,053</b>	<b>68</b>
<b>Cost at 31 December 2006</b>	<b>2,825</b>	<b>181</b>
Accumulated amortisation at 31 December 2006	1,835	118
<b>Carrying amount at 31 December 2006</b>	<b>990</b>	<b>63</b>
Amortisation charge for the period	135	9
<b>Cost at 31 March 2007</b>	<b>2,825</b>	<b>181</b>
Accumulated amortisation at 31 March 2007	1,970	127
<b>Carrying amount at 31 March 2007</b>	<b>855</b>	<b>54</b>

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

## Note 9. Finance and operating leases

### 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 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Lease income on <i>Assets leased out</i>	17	22	76	1	1	5
Lease income receivable in less than 1 year	56	61	76	4	4	5
Lease income receivable between 1 and 5 years	10	34	10	1	2	1

### 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.

FINANCE LEASE	EEK		€	
	31 March 2007	31 December 2006	31 March 2007	31 December 2006
(In thousands)				
Principal payments made during the period	38	174	2	11
Interest payments made during the period	9	10	1	1
Minimum amount of principal payable	469	507	30	32
In less than 1 year	134	131	9	8
Between 1 and 4 years	335	376	21	24
Interest payable	38	47	2	3
In less than 1 year	18	21	1	1
Between 1 and 4 years	20	26	1	2

In the first three months of 2007, the depreciation of leased assets amounted to EEK 41,000 (€3,000) which has been recognised in the income statement in *Depreciation and amortisation charges*.

### Operating lease

During the reporting period, operating lease payments for vehicles (under 69 contracts) amounted to EEK 1,200,000 (€77,000) and the ones for production plant and equipment to EEK 49,000 (€3,000). Payments made for additional warehouse space totalled EEK 1,059,000 (€68,000).

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Lease payments made during the period	2,308	5,778	1,014	148	369	65
Minimum lease liabilities	9,344	4,503	8,373	597	288	535
Including payable in less than 1 year	4,334	2,213	3,112	277	141	199
Including payable between 1 and 5 years	5,010	2,290	5,261	320	147	336

The base currency of all contracts on the lease of vehicles is the Estonian kroon or euro 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 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Income tax	56,410	23,896		3,605	1,527	
Alcohol excise duty	18,185	17,054	17,818	1,162	1,090	1,139
Value-added tax	10,364	7,918	9,886	662	506	632
Social tax	2,075	1,597	159	133	102	10
Income tax on fringe benefits, non-business and entertainment expenses	133	172	210	9	11	13

Personal income tax	1,134	822		72	53	
Unemployment insurance premiums	52	37		3	2	
Funded pension premiums	77	55		5	4	
Payables to employees	3,617	2,697	5,969	231	172	381
Payables to group companies (note 14)	156,996	62,495	7,932	10,034	3,994	507
Other accrued expenses	60,308	29,007	17,489	3,854	1,854	1,119
<b>Total</b>	<b>309,351</b>	<b>145,750</b>	<b>59,463</b>	<b>19,770</b>	<b>9,315</b>	<b>3,801</b>

### Note 11. Packaging repurchase obligation

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Obligation to recover reusable packaging subject to a deposit	19,666	14,124	18,904	1,257	903	1,208
Obligation to recover one-way packaging subject to a deposit	3,772	2,461	2,911	241	157	186
Obligation to repurchase reusable packaging not subject to a deposit	1,932	5,561	1,332	123	355	85
<b>Total</b>	<b>25,370</b>	<b>22,146</b>	<b>23,147</b>	<b>1,621</b>	<b>1,415</b>	<b>1,479</b>

Packaging repurchase obligations have been established to cover the expenses that would arise on the repurchase of packaging circulating in the market at 31 March 2007. The obligations are established in an amount equal to the deposit or repurchase value of the packaging.

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 the 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 2007 the general meeting approved the proposal of the management board to declare for 2006 a net dividend of EEK 200 million (€12.8 million), i.e., EEK 25 (€1.6) per share. The dividends were paid out on 20 April 2007.

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.

## Note 13. Sales revenue

SALES OF PRODUCTS AND SERVICES						
(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Beer	134,959	100,800	603,483	8,625	6,442	38,569
Other alcoholic beverages	30,085	14,824	118,747	1,923	948	7,589
Table water	11,148	5,245	39,973	713	335	2,555
Soft drinks	3,958	3,165	3,498	253	202	224
By-products	431	362	1,428	28	23	91
Services	128	178	559	8	11	36
Other goods	441	464	2,445	28	30	156
<b>Total</b>	<b>181,150</b>	<b>125,038</b>	<b>770,133</b>	<b>11,578</b>	<b>7,991</b>	<b>49,220</b>
<b>SALES BY MARKETS</b>						
(In thousands)						
Estonia	155,233	112,190	675,697	9,921	7,170	43,185
Lithuania, Latvia, Finland, Ukraine, Denmark, Sweden, USA	25,917	12,848	94,436	1,657	821	6,035
<b>Total</b>	<b>181,150</b>	<b>125,038</b>	<b>770,133</b>	<b>11,578</b>	<b>7,991</b>	<b>49,220</b>

## Note 14. Related party transactions

Related party transactions include transactions with the direct parent BBH, companies belonging to the same group as the parent, the parent company's shareholders Carlsberg A/S and Scottish & Newcastle plc, and companies belonging to Carlsberg A/S and Scottish & Newcastle plc groups. Sales comprise the sales of finished goods; packaging; ancillary and raw materials; and resale of goods. Purchases include purchases of goods; packaging; raw and ancillary materials; 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 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
The parent company BBH	2,331	2,331	9,323	149	149	596
Companies belonging to the same group as the parent	11,508	4,590	39,971	735	293	2,554
Shareholders of the parent	266	373	1,905	17	24	122
Companies belonging to the same groups as shareholders of the parent	8,236	6,058	33,308	527	387	2,129
<b>Total</b>	<b>22,341</b>	<b>13,352</b>	<b>84,507</b>	<b>1,428</b>	<b>853</b>	<b>5,401</b>

### Sales by Saku Õlletehase AS

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
The parent company BBH						
Companies belonging to the same group as the parent	20,949	7,630	78,087	1,339	488	4,991
Shareholders of the parent		169	495		11	32
Companies belonging to the same groups as shareholders of the parent	4,316	2,793	13,595	276	179	869
<b>Total</b>	<b>25,265</b>	<b>10,592</b>	<b>92,177</b>	<b>1,615</b>	<b>678</b>	<b>5,892</b>

## Receivables from related parties

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Companies belonging to the same group as the parent	2,174	445	1,509	139	29	97
Shareholders of the parent		172			11	
Companies belonging to the same groups as shareholders of the parent	2,601	1,177	2,989	166	75	191
<b>Total</b>	<b>4,775</b>	<b>1,794</b>	<b>4,498</b>	<b>305</b>	<b>115</b>	<b>288</b>

## Liabilities to related parties

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
The parent company BBH	151,268	61,256	472	9,668	3,915	30
Companies belonging to the same group as the parent	690	977	993	44	62	65
Shareholders of the parent	266	262	174	17	17	11
Companies belonging to the same groups as shareholders of the parent	4,772		6,293	305		401
<b>Total</b>	<b>156,996</b>	<b>62,495</b>	<b>7,932</b>	<b>10,034</b>	<b>3,994</b>	<b>507</b>

Short-term liabilities to Baltic Beverages Holding AB include dividends payable of EEK 150,020,000 (€9,588,000).

Payments made to the management and supervisory board members in the reporting period totalled EEK 1,748,000 (€112,000). The corresponding figure for the first three months of 2006 was EEK 1,579,000 (€101,000). At 31 March 2007, the total contingent termination benefits payable to members of the top management, including taxes, amounted to EEK 2,574,000 (€164,000). At 31 March 2006, the corresponding figure was EEK 2,548,000 (€163,000).

## Note 15. Expenses

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Raw materials	22,746	15,017	96,079	1,454	960	6,141
Ancillary materials	31,428	22,488	138,485	2,009	1,437	8,851
Imported beverages	13,596	3,427	24,105	869	219	1,541
Other	9,883	12,360	45,215	631	790	2,889
<b>Total cost of materials, consumables and services used</b>	<b>77,653</b>	<b>53,292</b>	<b>303,884</b>	<b>4,963</b>	<b>3,406</b>	<b>19,422</b>
Advertising expenses	16,341	11,223	65,033	1,044	717	4,156
Transport and vehicle expenses	12,314	9,205	52,145	787	589	3,333
Waste management	1,530	1,312	6,852	98	84	438
Repair of buildings and equipment	2,013	1,007	9,574	128	64	612



Purchase of other services	10,603	7,891	39,044	678	504	2,495
Other expenses	1,903	1,971	9,415	122	126	602
<b>Total other operating expenses</b>	<b>44,704</b>	<b>32,609</b>	<b>182,063</b>	<b>2,857</b>	<b>2,084</b>	<b>11,636</b>
Wages and salaries	15,720	13,035	63,918	1,005	834	4,085
Social security charges	5,369	4,363	21,256	343	279	1,359
Unemployment insurance premiums	46	36	180	3	2	11
<b>Total labour costs</b>	<b>21,135</b>	<b>17,434</b>	<b>85,354</b>	<b>1,351</b>	<b>1,115</b>	<b>5,455</b>
Sponsoring, entertainment expenses and expenses not related to the core activity	450	418	2,099	29	27	134
Interest and interest on arrears paid		22	1,674		1	107
Purchase and sale of packaging	731			47		
Foreign exchange losses	32	155	131	2	10	8
<b>Total other expenses</b>	<b>1,213</b>	<b>595</b>	<b>3,904</b>	<b>78</b>	<b>38</b>	<b>249</b>

## Note 16. Net financial items

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Interest income	1,100	576	2,631	70	37	168
<b>Total financial income</b>	<b>1,100</b>	<b>576</b>	<b>2,631</b>	<b>70</b>	<b>37</b>	<b>168</b>
Interest expense	9		10	1		1
Foreign exchange losses		1	3			
Financial expenses on shares	60	60	240	4	4	15
<b>Total financial expenses</b>	<b>69</b>	<b>61</b>	<b>253</b>	<b>5</b>	<b>4</b>	<b>16</b>
<b>Net financial items</b>	<b>1,031</b>	<b>515</b>	<b>2,378</b>	<b>65</b>	<b>33</b>	<b>152</b>

## Note 17. Earnings per share

(In thousands)	EEK			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Net profit	-31,451	-14,115	118,304	-2,010	-902	7,581
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
<b>Basic earnings per share</b>	<b>0</b>	<b>0</b>	<b>14.79</b>	<b>0</b>	<b>0</b>	<b>0.95</b>
<b>Diluted earnings per share</b>	<b>0</b>	<b>0</b>	<b>14.79</b>	<b>0</b>	<b>0</b>	<b>0.95</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			€		
	31 March 2007	31 March 2006	31 December 2006	31 March 2007	31 March 2006	31 December 2006
Dividends paid	200,000	80,000	80,000	12,782	5,113	5,113
Income tax rate applied	28.2%	29.9%	29.9%	28.2%	29.9%	29.9%
<b>Income tax expense</b>	<b>56,410</b>	<b>23,896</b>	<b>23,896</b>	<b>3,605</b>	<b>1,527</b>	<b>1,527</b>

In accordance with the effective Income Tax Act, in 2007 the income tax rate for dividends is 22/78 (28.2%). In 2006 the tax rate was 23/77 (29.9%) of the amount distributed as the net dividend.

## 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 concluded 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. The offset amount for the first three months of 2007 was EEK 383,000 (€24,000). The corresponding figure for the first quarter of 2006 was EEK 400,000 (€26,000).

## 2. Review of performance and operating results

In the first quarter of 2007 Saku Õlletehase AS sold 21 million litres of beverages, a notable 6 million litres or 33% up on the same period in 2006.

Revenue for the first quarter amounted to EEK 181 million (€12 million), EEK 56 million (€3.6 million) or 44% up on the first three months of 2006.

The largest, i.e., more than two-fold year-on-year growth was attained in the sales of table water which surged to EEK 11 million (€0.7 million). Year-on-year sales of other alcoholic beverages doubled to EEK 30 million (€2 million) and year-on-year beer sales grew by 34% to EEK 135 million (€8.6 million). Compared to the first quarter of 2006, domestic sales improved by 38% to EEK 155 million (€10 million) and exports expanded almost two-fold to EEK 26 million (€1.6 million). The main export markets were Finland, Sweden, Denmark, Latvia, Lithuania and Ukraine.

Expenses of the period totalled EEK 157 million (€10 million), EEK 41 million (€2.7 million) or 35% up on the first quarter of 2006. Variable costs increased on account of larger sales, growth in advertising expenses and an inflation-related rise in wages and salaries.

The period's profit before tax amounted to EEK 25 million (€1.5 million), an EEK 15 million (€0.9 million), i.e., 2.5-fold increase on quarter 1, 2006.

The general meeting which convened on 28 March 2007 approved the proposal of the management board to distribute for 2006 a net dividend of EEK 200 million (€12.8 million), i.e., EEK 25 (€1.6) per share. The dividends were paid out on 20 April 2007 and the distribution gave rise to income tax expense of EEK 56 million (€3.6 million). As a result, the first quarter of 2007 ended in a loss of EEK 31 million (€2 million).

At 31 March 2007 the equity of Saku Õlletehase AS amounted to EEK 202 million (€13 million), EEK 99 million (€6 million) less than a year ago.

### The market

According to the Estonian Breweries' Association, in the first three months of 2007 the Estonian beer market expanded by 5.4% to 26 million litres. Saku Õlletehase AS holds the leading position with a 47% market share. Similarly to the prior year, our main efforts are directed at developing the premium and mainstream segments. In the beer segment, the first quarter of 2007 was a period of major product innovations. We launched special beer *Saku Abbey* and beer drink *DLight Pomegranate* and new packaging for *Saku Kuld* and *Carlsberg*.

According to marketing research company ACNielsen, compared to the first quarter of 2006 the Estonian cider market grew by 13.4% to 0.8 million litres. The market share of Saku Õlletehase AS was 44.8%. In the first quarter of 2007 we supplemented our *KISS* line with rosé fruit wine flavoured *KISS Spritzer Rosé*.

The long drink market grew by 36% to approximately 3 million litres. Our share of the long drink market was 30%. We supplemented our classical cocktail line *SIN* with club drinks *SIN Mojito* and *SIN Cosmopolitan* which helped us gain the leading position in the premium long drink market with a 32.5% share.

In the first three months of 2007 the Estonian water market expanded by 24% to 12 million litres. The share of Saku Õlletehase AS was 13.4% while in the higher than average price segment our share was 50.6%. In March 2007 we launched *Vichy Ice Tea* which contains the extract of Ceylon tea and natural juices. *Vichy Ice Tea* is available in two flavours – classical lemon and peach.

**Organisational changes**

In the first quarter of 2007 the Chief Financial Officer changed. After the resignation of Janno Veskimäe on 19 February 2007 the position was taken over by Inga Kuusik.

### 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 2007 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.

30 May 2007



Ireneusz Piotr Smaga  
Chairman of the Management Board



Inga Kuusik  
Member of the Management Board