



SAKU ÕLLETEHASE AS

INTERIM FINANCIAL STATEMENTS
12 MONTHS AND 4th QUARTER 2007

Principal activities	Production, wholesale, and import and export of low alcohol beverages, table water and soft drinks
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.

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1. Interim financial statements

BALANCE SHEET	As at 31 December	As at 31 December
(In thousands)	EEK	EUR

	2007	Restated 2006	2007	Restated 2006
ASSETS				
Cash and cash equivalents (note 2)	15,746	118,876	1,006	7,597
Trade receivables (note 3)	88,951	71,944	5,685	4,598
Other receivables and prepayments (note 4)	33,120	7,883	2,117	504
Inventories (note 5)	57,257	58,771	3,659	3,756
TOTAL CURRENT ASSETS	195,074	257,474	12,467	16,455
Non-current assets				
Long-term financial investments (note 6)	6,100	7,740	390	495
Property, plant and equipment (note 7)	280,552	277,788	17,931	17,754
Intangible assets (note 8)	491	990	31	63
TOTAL NON-CURRENT ASSETS	287,143	286,518	18,352	18,312
TOTAL ASSETS	482,217	543,992	30,819	34,767
LIABILITIES AND EQUITY				
Current liabilities				
Lease liabilities (note 9)	110	131	7	8
Trade payables	23,666	27,472	1,513	1,756
Other payables (note 10)	83,954	58,197	5,365	3,720
Packaging repurchase provision (note 11)	43,359	27,850	2,771	1,780
TOTAL CURRENT LIABILITIES	151,089	113,650	9,656	7,264
Non-current liabilities				
Finance lease liabilities (note 9)	239	376	16	24
TOTAL LIABILITIES	151,328	114,026	9,672	7,288
Equity (note 12)				
Share capital	80,000	80,000	5,113	5,113
Statutory capital reserve	8,000	8,000	511	511
Retained earnings	141,966	227,099	9,073	14,514
Profit for the period	100,923	114,867	6,450	7,341
TOTAL EQUITY	330,889	429,966	21,147	27,479
TOTAL LIABILITIES AND EQUITY	482,217	543,992	30,819	34,767

INCOME STATEMENT				
(In thousands)	EEK		EUR	
	2007	Restated 2006	2007	Restated 2006
Sales revenue and other income				
Sales revenue (note 14)	911,685	770,133	58,267	49,220
Other income	8,390	1,511	536	97
Total sales revenue and other income	920,075	771,644	58,803	49,317
Expenses				
Changes in work in progress and finished goods inventories	-4,985	-1,973	-319	-126
Cost of materials, consumables and services used (note 15)	360,471	307,321	23,038	19,642
Other operating expenses (note 15)	252,404	182,063	16,132	11,636
Labour costs (note 15)	96,149	85,354	6,145	5,455
Depreciation and amortisation charges (notes 7, 8)	56,415	58,590	3,606	3,745
Other expenses (note 15)	2,263	3,904	144	249
Total expenses	762,717	635,259	48,746	40,601
OPERATING PROFIT	157,358	136,385	10,057	8,716
Financial income (note 16)	1,619	2,631	103	168
Financial expenses (note 16)	1,644	253	105	16
PROFIT BEFORE TAX	157,333	138,763	10,055	8,868
Income tax expense (note 18)	56,410	23,896	3,605	1,527
PROFIT FOR THE PERIOD	100,923	114,867	6,450	7,341
Basic earnings per share (note 17)	0.013	0.014	0.0008	0.0009
Diluted earnings per share (note 17)	0.013	0.014	0.0008	0.0009

INCOME STATEMENT, Q4

(In thousands)	EEK		EUR	
	2007	2006	2007	2006
Sales revenue and other income				
Sales revenue (note 14)	190,884	175,065	12,199	11,188
Other income	6,475	976	414	63
Total sales revenue and other income	197,359	176,041	12,613	11,251
Expenses				
Changes in work in progress and finished goods inventories	-888	1,751	-57	112
Cost of materials, consumables and services used (note 15)	72,305	71,133	4,620	4,547
Other operating expenses (note 15)	77,018	48,177	4,923	3,079
Labour costs (note 15)	23,595	22,841	1,508	1,459
Depreciation and amortisation charges (notes 7, 8)	14,944	14,716	956	941
Other expenses (note 15)	728	1,033	46	65
Total expenses	187,702	159,651	11,996	10,203
Q4 OPERATING PROFIT	9,657	16,390	617	1,048
Net financial items (note 16)	-92	835	-6	53
Q4 NET PROFIT	9,565	17,225	611	1,101
Basic earnings per share (note 17)	0.0012	0.002	0.00008	0.00014
Diluted earnings per share (note 17)	0.0012	0.002	0.00008	0.00014

CASH FLOW STATEMENT				
(In thousands)	EEK		EUR	
	2007	Restated 2006	2007	Restated 2006
Cash flows from operating activities				
Operating profit	157,358	136,385	10,057	8,716
Adjustments for				
depreciation and amortisation charges (notes 7, 8)	56,415	58,590	3,606	3,745
Gain/loss on the disposal of property, plant and equipment	-7,968	2,459	-509	158
Non-cash expenses (note 20)	1,705	1,775	109	113
Change in inventories	1,514	-15,712	97	-1,005
Change in receivables	-42,244	-16,941	-2,700	-1,084
Change in current liabilities	37,460	31,886	2,393	2,039
Interest paid	-1,401	-250	-89	-16
Corporate income tax paid (note 18)	-56,410	-23,896	-3,605	-1,527
Net cash from operating activities	146,429	174,296	9,359	11,139
Cash flows from investing activities				
Acquisition of property, plant and equipment and intangible assets	-88,343	-52,361	-5,646	-3,346
Proceeds from sale of property, plant and equipment	37,624	3,454	2,404	221
Interest received	1,315	2,257	84	144
Net cash used in investing activities	-49,404	-46,650	-3,158	-2,981
Cash flows from financing activities				
Dividends paid (note 12)	-200,000	-80,000	-12,782	-5,113
Payment of finance lease principal (note 9)	-158	-174	-10	-11
Proceeds from loans received	104,931	0	6,706	0
Repayment of loans	-104,931	0	-6,706	0
Net cash used in financing activities	-200,158	-80,174	-12,792	-5,124
Decrease / increase in cash and cash equivalents	-103,133	47,472	-6,591	3,034
Effect of exchange rate fluctuations	-3	-3	0	0
Net decrease / increase in cash and cash equivalents	-103,130	47,469	-6,591	3,034
Cash and cash equivalents at beginning of period	118,876	71,407	7,597	4,563
Cash and cash equivalents at end of period	15,746	118,876	1,006	7,597
Net decrease / increase	-103,130	47,469	-6,591	3,034

STATEMENT OF CHANGES IN EQUITY

EEK (In thousands)	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	0	395,099
Dividend distribution	0	0	0	-80,000	0	-80,000
Transfer of other reserves	0	0	-44,070	44,070	0	0
Profit for the period	0	0	0	0	114,867	114,867
31 December 2006	80,000	8,000	0	227,099	114,867	429,966
1 January 2007	80,000	8,000	0	341,966	0	429,966
Dividend distribution	0	0	0	-200,000	0	-200,000
Profit for the period	0	0	0	0	100,923	100,923
31 December 2007	80,000	8,000	0	141,966	100,923	330,889

EUR (In thousands)	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	0	25,251
Dividend distribution	0	0	0	-5,113	0	-5,113
Transfer of other reserves	0	0	-2,817	2,817	0	0
Profit for the period	0	0	0	0	7,341	7,341
31 December 2006	5,113	511	0	14,514	7,341	27,479
1 January 2007	5,113	511	0	21,855	0	27,479
Dividend distribution	0	0	0	-12,782	0	-12,782
Profit for the period	0	0	0	0	6,450	6,450
31 December 2007	5,113	511	0	9,073	6,450	21,147

Notes to the interim financial statements

Note 1. Significant accounting policies

The interim financial statements for the twelve months and fourth 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 the year ended 31 December 2006.

Change in accounting policy

During the reporting period, management changed the accounting for handling fees payable in connection with the recovery of glass bottles. If previously the handling fee provision was recorded in respect of two months' sales, now the provision is recorded for all bottles for which a deposit liability has been recognised.

The company has to pay the provider of the recovery service a handling fee of 0.3 sents per bottle (on average). At 31 December 2007, the company had recorded a handling fee provision of 5.7 million kroons (0.36 million euros). The handling fee provision is recognised in the composition of the packaging deposit provision. At 31 December 2006 the corresponding liability amounted to 4.7 million kroons (0.3 million euros).

Comparative information in the income statement and balance sheet for the prior year has been adjusted accordingly.

Entry (in Thousand EUR)	2006 corrected	Correction	2006 before correction
Goods, raw material, material, services	307 321	3 437	303 884

Entry (in thousands EUR)	2006 corrected	correction	2006 before correction
Goods, raw material, material, services	19 642	220	19 422

Correction of opening balance sheet:

Entry (in thousands EUR)	December 31 2006 corrected	Correction	December 31. 2006 before correction
Other Payables	58 197	-1 266	59 463
Package repurchase provision	27 850	4 703	23 147
Net profit of the reporting year	114 867	-3 437	118 304

Entry (in Thousand EUR)	December 31 2006 corrected	Correction	December 31. 2006 before correction
Other Payables	3 720	-81	3 801
Package repurchase provision	1 780	301	1 479
Net profit of the reporting year	7 341	-220	7 561

Note 2. Cash and cash equivalents

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Cash on hand	7	8	1	1
Current accounts	15,739	118,868	1,005	7,596
Total	15,746	118,876	1,006	7,597

In 2007, the company used an overdraft facility provided by Hansapank from 19 April 2007 to 19 October 2007. The largest used amount was 104,931 thousand kroons (6,706 thousand euros).

Note 3. Trade receivables

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Due from customers	88,951	71,944	5,685	4,598

In 2007 irrecoverable claims in the amount of 95 thousand EEK (6 thousand EUR) were written off, in 2006 correspondingly 87 thousand EEK (5,6 thousand EUR).

The ratio of irrecoverable receivables written off in 2007 to sales revenue is 0.01% (2006: 0,01%). Expenses related to the write-off of receivables are recognised in Other operating expenses in the income statement.

Financial risk management is presented in Note 21.

Note 4. Other receivables and prepayments

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Other receivables				
Receivables from group companies (note 13)	21,508	4,498	1,375	288
Miscellaneous receivables	504	550	32	35
AS Rocca al Mare Suurhall bonds (note 6)	1,400	1,400	89	89
Total other receivables	23,412	6,448	1,496	412

Prepayments				
Prepaid expenses	9,708	1,435	621	92
Total other receivables and prepayments	33,120	7,883	2,117	504

Note 5. Inventories

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Raw and other materials	33,048	38,799	2,112	2,480
Work in progress	8,458	6,808	541	435
Finished goods	14,040	10,705	897	684
Goods purchased for resale	1,396	2,329	89	149
Prepayments to suppliers	315	130	20	8
Total	57,257	58,771	3,659	3,756

Write-off and write-down of inventories

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Raw and other materials	1,296	1,430	83	91
Finished goods	1,484	1,191	95	76
Total	2,780	3,523	178	225

The write-off of inventories is recognised in the income statement in the *Cost of 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 assets

(In thousands)	AS Rocca al Mare Suurhall B shares	AS Rocca al Mare Suurhall bonds	Total
	EEK(EUR)	EEK(EUR)	EEK(EUR)
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	0	1,400(90)	1,400(90)
Including non-current portion	2,580(166)	6,800(435)	9,380(601)
Ownership interest in 2005	0.006	-	-
Redemption / change in value in 2006	-240(-15)	-1,400(-90)	-1,640(-105)
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)
Ownership interest in 2006	0.006	-	-
Redemption / change in value in 2007	-240(-15)	-1,400(-90)	-1,640(-105)
Number of instruments at 31 December 2007	22	54	
Carrying amount at 31 December 2007	2,100(136)	5,400(344)	7,500(480)
Including current portion	0	1,400(90)	1,400(90)
Including non-current portion	2,100(136)	4,000(254)	6,100(390)
Ownership interest in 2007	0.006	-	-

The company has 22 B shares in and 54 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 the company a number of significant sales and advertising rights.

The shares were acquired with a premium of 149,900 kroons (9,606 euros) 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. The shares in AS Rocca al Mare Suurhall are linked to a cooperation agreement and do not have an active aftermarket. Therefore, they are amortised at the rate of 240 thousand kroons (15 thousand euros) per year to reflect the estimated 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 100 thousand kroons (6,401 euros). The bonds were issued for a designated 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 (305 thousand kroons (19 thousand euros)) has been recognised in the income statement in *Financial income*.

EEK (In thousands)	AS Rocca al Mare Suurhall bonds			
	Effective interest rate, %	Redemption		
		Up to 1 year	Between 1 and 5 years	Total
31 December 2006	5.00	1,400	5,400	6,800
31 December 2007	5.00	1,400	4,000	5,400

EUR (In thousands)	AS Rocca al Mare Suurhall bonds			
	Effective interest rate, %	Redemption		
		Up to 1 year	Between 1 and 5 years	Total
31 December 2006	5.00	90	345	435
31 December 2007	5.00	90	254	344

Note 7. Property, plant and equipment

(In thousands 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 assets under construction	Total
Cost at 31 December 2005	3,186	135,151	328,298	63,422	27,791	35,600	10,765	0	1,407	605,620
Accumulated depreciation at 31 December 2005		43,964	206,509	52,906	5,534	1,908	5,974	0		316,795
Carrying amount at 31 December 2005	3,186	91,187	121,789	10,516	22,257	33,692	4,791	0	1,407	288,825

Additions	1,862	11,099	6,449	22,188	2,531	2,388	681	4,879	52,077	
Transfers	1,407							-1,407		
Disposals		-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	
Cost at 31 December 2006	3,186	138,420	332,214	68,257	46,467	33,891	13,153	681	4,879	641,148
Accumulated depreciation at 31 December 2006		50,498	226,552	56,835	11,606	8,914	8,775	180		363,360
Carrying amount at 31 December 2006	3,186	87,922	105,662	11,422	34,861	24,977	4,378	501	4,879	277,788
Additions	4,463	31,822	18,277	28,385	1,935	725		2,713	88,320	
Transfers	3,715	1,164						-4,879		
Disposals		-10,978	-16,214	-29,213	-16,698				-73,103	
Depreciation for the period	7,037	24,886	6,183	9,325	5,839	2,459	164		55,893	
Cost at 31 December 2007	3,186	146,598	354,222	70,320	45,639	19,128	13,878	681	2,713	656,365
Accumulated depreciation at 31 December 2007		57,535	240,460	46,814	12,194	7,232	11,234	344		375,813
Carrying amount at 31 December 2007	3,186	89,063	113,762	23,506	33,445	11,896	2,644	337	2,713	280,552

EUR (In thousands)	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 assets under construction	Total
Cost at 31 December 2005	204	8,636	20,982	4,054	1,776	2,275	688	0	90	38,705
Accumulated depreciation at 31 December 2005	0	2,810	13,199	3,381	353	122	382	0	0	20,247
Carrying amount at 31 December 2005	204	5,826	7,783	673	1,423	2,153	306	0	90	18,458
Additions	0	119	708	412	1,418	162	153	44	312	3,328
Transfers	0	90	0	0	0	0	0	0	-90	0
Disposals	0	0	-459	-103	-224	-271	0	0	0	-1,057
Depreciation for the period	0	418	1,731	359	467	549	179	12	0	3,715
Cost at 31 December 2006	204	8,845	21,231	4,363	2,970	2,166	841	44	312	40,976
Accumulated depreciation at 31 December 2006	0	3,227	14,478	3,632	742	570	561	12	0	23,222
Carrying amount at 31 December 2006	204	5,618	6,753	731	2,228	1,596	280	32	312	17,754
Additions	0	285	2,034	1,168	1,814	124	46	0	173	5,644
Transfers	0	237	75	0	0	0	0	0	-312	0
Disposals	0	0	-702	-1,036	-1,867	-1,067	0	0	0	-4,672
Depreciation for the period	0	450	1,591	395	596	373	157	11	0	3,573
Cost at 31 December 2007	204	9,367	22,638	4,495	2,917	1,223	887	44	173	41,948
Accumulated depreciation at 31 December 2007	0	3,677	15,367	2,992	779	462	718	22	0	24,017
Carrying amount at 31 December 2007	204	5,690	7,271	1,503	2,138	761	169	22	173	17,931

In 2007, the company transferred from property, plant and equipment glass bottles with an old design which were replaced with bottles with a new design. The carrying amount of the transferred bottles was 2,319 thousand kroons (148 thousand euros).

In addition, wooden pallets with a carrying amount of 2,710 thousand kroons (173 thousand euros) were transferred from property, plant and equipment to current assets in connection with their useful lives.

Assets leased out comprise bar furniture, which has been leased under the terms of operating lease to support HoReCa (hotels, restaurants and catering) sales. At 31 December 2007, the carrying amount of the furniture was 2,644 thousand kroons (169 thousand euros). At 31 December 2006, the corresponding figure was 4,378 thousand kroons (280 thousand euros). 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 2007, the carrying amount of such equipment equalled 24,330 thousand kroons (1,555 thousand euros). At 31 December 2006, the corresponding figure was 10,354 thousand kroons (662 thousand euros).

At 31 December 2007, the carrying amount of reusable packaging subject to a deposit that was in the possession of customers was 20,778 thousand kroons (1,328 thousand euros). At 31 December 2006, the figure was 16,851 thousand kroons (1,077 thousand euros). At 31 December 2007, the carrying amount of reusable packaging not subject to a deposit that was in the possession of customers equalled 5,302 thousand kroons (339 thousand euros). At 31 December 2006, the figure was 2,052 thousand kroons (131 thousand euros).

Note 8. Intangible assets

(In thousands)	EEK	EUR
Cost at 31 December 2005	2,541	163
Accumulated amortisation at 31 December 2005	1,366	88
Carrying amount at 31 December 2005	1,175	76
Additions	284	18
Amortisation charge for the period	469	30
Cost at 31 December 2006	2,825	181
Accumulated amortisation at 31 December 2006	1,835	118
Carrying amount at 31 December 2006	990	63
Additions	23	1
Amortisation charge for the period	522	33
Cost at 31 December 2007	2,848	182
Accumulated amortisation at 31 December 2007	2,357	151
Carrying amount at 31 December 2007	491	31

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. The furniture is presented in the *Assets leased out* column of note 7.

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Lease income on <i>Assets leased out</i>	48	76	3	5
Lease income receivable in less than 1 year	41	76	3	5
Lease income receivable between 1 and 5 years	10	10	1	1

During the period was amounted revenues by rented assets 48 000 EEK (3 000 EUR) and in 2006 76 000 EEK (5 000 EUR).

The company as a lessee

Finance leases

The company uses production equipment under finance lease. The cost, accumulated depreciation and carrying amount of the 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 leases 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 LEASES (In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Principal payments of the period	158	174	10	11
Interest payments of the period	25	10	2	1
Minimum amount of principal payable	349	507	23	32
In less than 1 year	110	131	7	8
Between 1 and 3 years	239	376	16	24
Interest payable	26	47	2	3
In less than 1 year	15	21	1	1
Between 1 and 3 years	11	26	1	1

In 2007, depreciation on leased assets amounted to 164 thousand kroons (10 thousand euros). In 2006, the corresponding figure was 180 thousand kroons (12 thousand euros). Depreciation on leased assets is recognised in *Depreciation and amortisation charges* in the income statement.

Operating leases

Operating leases

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Lease payments of the period	10,517	5,778	672	369
Including:				
Rent of vehicles	5,923	4,529	379	289

Rent of production equipment	301	227	19	15
Rent of warehouse	4,293	1,022	271	65
Minimum rentals payable	5,992	4,503	383	288
In less than 1 year	2,611	2,213	167	141
Between 1 and 5 years	3,381	4,033	216	147

In the reporting period, the company made rental payments for 75 leased vehicles and in 2006 for 74 vehicles. The base currency for all vehicle leases is the Estonian kroon and the one for equipment leases is the euro. The contracts do not impose restrictions on the company's dividend or financing policies and the assets have not been subleased.

Note 10. Other payables

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Alcohol excise duty	19,505	17,818	1,247	1,139
Value added tax	13,622	9,886	871	632
Social tax	2,617	159	167	10
Income tax on fringe benefits, non-business and entertainment expenses	130	210	8	13
Personal income tax	1,428	0	91	0
Unemployment insurance premiums	65	0	4	0
Funded pension premiums	103	0	7	0
Payables to employees	6,277	5,969	401	381
Payables to group companies (note 13)	30,275	7,932	1,935	507
Other accrued expenses	9,932	16,223	634	1,038
Total	83,954	58,197	5,365	3,720

Note 11. Packaging repurchase provision

(In thousands)	EEK		EUR	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Provision to recover reusable packaging subject to a deposit	26,354	23,607	1,684	1,509
Provision to recover one-way packaging subject to a deposit	4,314	2,911	276	186
Provision to repurchase reusable packaging not subject to a deposit	12,691	1,332	811	85
Total	43,359	27,850	2,771	1,780

The provision to repurchase packaging has been recognised for expenses arising on the repurchase of packaging circulating in the market at period-end. The provision is recorded in an amount equal to the deposit or the repurchase value of the packaging. The provision to recover reusable packaging subject to a deposit includes the handling fees payable for the recovery of reusable glass bottles which at 31 December 2007 amounted to 5,721,000 kroons (366,000 euros), at 31.12.2006 correspondingly 4,703,000 kroons (301,000 euros). The provision to repurchase packaging is a short-term provision 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 provision is adjusted accordingly.

Note 12. Equity

The share capital of Saku Õlletehase AS amounts to 80 million kroons (5,113 thousand euros) and is made up of 8 million ordinary shares with a par value of 10 kroons (0.64 euros) each. The shares have been fully paid for. According to the Articles of Association the minimum and maximum authorised share capital amount to 8 million shares, i.e. 80 million kroons (5,113 thousand euros) and 32 million shares, i.e. 320 million kroons (20.45 million

euros) 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 200 million kroons (12.8 million euros), i.e. 25 kroons (1.6 euros) per share. The dividends were paid out on 20 April 2007.

The statutory capital reserve of 8 million kroons (511 thousand euros) has been created in accordance with the requirements of the Commercial Code. The capital reserve is created 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. Related party transactions

Related party transactions include transactions with the direct parent BBH and companies belonging to the same groups as the parent's shareholders Carlsberg Breweries A/S and Scottish & Newcastle plc. 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		EUR	
	2007	2006	2007	2006
The parent company BBH	9,323	9,323	596	596
Companies belonging to the same group as the parent	46,696	39,971	2,984	2,555
Shareholders of the parent	55,963	1,905	3,576	122
Companies belonging to the same groups as shareholders of the parent	14,739	33,308	942	2,128
Total	126,721	84,507	8,098	5,401

Sales by Saku Õlletehase AS

(In thousands)	EEK		EUR	
	2007	2006	2007	2006
Companies belonging to the same group as the parent	55,191	78,087	3,527	4,991
Shareholders of the parent	0	495	0	32
Companies belonging to the same groups as shareholders of the parent	17,566	13,595	1,123	869
Total	72,757	92,177	4,650	5,892

Receivables from related parties

(In thousands)	EEK				EUR			
	31 December 2007		31 December 2006		31 December 2007		31 December 2006	
The parent company BBH								
Companies belonging to the same group as the parent	18,732		1,509		1,197		97	
Companies belonging to the same groups as shareholders of the parent	2,776		2,989		177		191	
Total	21,508		4,498		1,374		288	

Liabilities to related parties

(In thousands)	EEK		EUR	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
The parent company BBH		472		30
Companies belonging to the same group as the parent	19,357	993	1,237	65
Shareholders of the parent	4,709	174	301	11
Companies belonging to the same groups as shareholders of the parent	6,209	6,293	397	401
Total	30,275	7,932	1,935	507

In 2007, the remuneration of the management and members of the supervisory board totalled 6,488 thousand kroons (415 thousand euros). The corresponding figure for 2006 was 6,972 thousand kroons (446 thousand euros). At 31 December 2007, the contingent severance benefits payable to members of the top management, including taxes, totalled 2,287 thousand kroons (146 thousand euros). At 31 December 2006, the corresponding figure was 2,835 thousand kroons (181 thousand euros).

Note 14. Sales revenue

Sales income across areas of activity (in thousands)	Code	EEK		EUR	
		31.12.2007	31.12.2006	31.12.2007	31.12.2006
Beer production	1105	621 078	571 126	39 694	36 502
Cider production	1103	40 461	51 693	2 586	3 304
Strong alcohol rectification and blending	1101	63 449	66 489	4 055	4 249
Non-alcohol beverage production; production of mineral and other water types	1107	750	2 391	48	153
Whole sale of beverages	4634	179 247	74 002	11 457	4 729
Waste		1 343	1 428	86	91
Services		449	559	28	36
Other goods		4 908	2 445	313	156
Total		911 685	770 133	58 267	49 220
ACROSS MARKETS					
(in thousands)					
Estonia		829 301	675 697	53 002	43 185
Lithuania, Latvia, Finland, Island, Ireland, Denmark, USA		82 384	94 436	5 265	6 035
Total		911 685	770 133	58 267	49 220

Note 15. Expenses

(In thousands)	EEK		EUR	
	2007	2006	2007	2006
Raw materials	97,947	96,079	6,260	6,141
Ancillary materials	133,159	138,485	8,511	8,851
Imported beverages	83,419	24,105	5,331	1,541
Other	45,946	48,652	2,936	3,109
Total cost of materials, consumables and services used	360,471	307,321	20,038	19,642

Advertising expenses	91,006	65,033	5,816	4,156
Transport and vehicle expenses	61,332	52,145	3,920	3,333
Waste management expenses	6,597	6,852	422	438
Repair of buildings and equipment	7,948	9,574	508	612
Purchase of other services	58,753	39,044	3,755	2,495
Other expenses	26,768	9,415	1,711	602
Total other operating expenses	252,404	182,063	16,132	11,636
Wages and salaries	71,838	63,918	4,591	4,085
Social security charges	24,106	21,256	1,541	1,359
Unemployment insurance premiums	205	180	13	11
Total labour costs	96,149	85,354	6,145	5,455
Sponsoring, entertainment expenses and expenses not related to the core activity	2,129	2,099	136	134
Interest and interest on arrears paid	66	1,674	4	107
Foreign exchange losses	68	131	84	8
Total other expenses	2,263	3,904	144	249

Note 16. Financial income and expenses

(In thousands)	EEK		EUR	
	2007	2006	2007	2006
Interest income	1,619	2,631	103	168
Total financial income	1,619	2,631	103	168
Interest expense	1,401	10	90	1
Foreign exchange losses	3	3		
Financial expenses on investments	240	240	15	15
Total financial expenses	1,644	253	105	16
Net financial items	-25	2,378	-2	152

Note 17. Earnings per share

	EEK		EUR	
	2007	2006	2007	2006
Net profit	100,923,000	114,867,000	6,450,000	7,341,000
Number of shares outstanding	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	12.62	14.36	0.81	0.92
Diluted earnings per share	12.62	14.36	0.81	0.92

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

Note 18. Income tax expense

(In thousands)	EEK		EUR	
	2007	2006	2007	2006
Dividends paid	200,000	80,000	12,782	5,113
Income tax rate applied	28.2%	29.9%	28.2%	29.9%
Income tax expense	56,410	23,896	3,605	1,527

In accordance with the effective Income Tax Act, in 2007 the income tax rate for dividends was 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

Income tax liability

At 31 December 2007, the company's undistributed profits amounted to 242,889 thousand kroons (15,523 thousand euros). The income tax liability that would arise if all of the undistributed profits were distributed as dividends amounts to 42,154 thousand kroons (2,694 thousand euros). Thus, the amount that could be distributed as the net dividend is 200,735 thousand kroons (12,829 thousand euros). The maximum contingent income tax liability has been calculated under the assumption that the net dividend and the dividend tax reported in the income statement for 2008 cannot exceed the distributable profits as of 31 December 2007.

Alcohol excise liability

The alcohol excise duty liability to the Customs Board is secured with a bank guarantee as required by law. The guarantee amounts to 3,600 thousand kroons (230 thousand euros) and is valid from 8 October 2007 to 7 October 2008.

Guarantee to OÜ Eesti Pandipakend

In accordance with an agreement concluded on 14 December 2005, Saku Õlletehase AS guarantees the settlement of liabilities arising from a loan agreement between OÜ Eesti Pandipakend (a packaging recovery organisation) and Nordea Bank Finland PLC to the extent of 50% and up to 10.9 million kroons (0.7 million euros). 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 the company is offset against the company's liability to AS Rocca al Mare Suurhall. The liability is related to advertising services rendered under a cooperation agreement. In 2007, the offset amount equalled 1,705 thousand kroons (109 thousand euros). The corresponding figure for 2006 was 1,775 thousand kroons (113 thousand euros).

Note 21. Financial risk management

Financial risks

Exposure to credit risk, interest rate risk and 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 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 company's activities 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 insignificant, related risks are minimal and have not been hedged.

Currency risk

Nearly all purchase and sales transactions are performed in Estonian kroons, euros 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.

2. Review of performance and operating results

The company's fourth quarter revenue rose to 197.3 million kroons (12.6 million euros), a 12% improvement year-over-year. Operating profit amounted to 9.7 million kroons (617 000 Euros) against 16.4 million kroons (1.1 million euros) in the fourth quarter of 2006. Fourth quarter net profit equalled 9.6 million kroons (611 000 euros). The main growth drivers were sales of Saku's other beverages and maintenance of the value-based market share in the beer market, notwithstanding the decline of the market. The decrease in operating profit is not related to the company's operating results but stems from the revaluation of packaging performed for financial accounting purposes according to reasonable knowledge based on a new Packaging Act which entered into force in autumn 2005.

The company is the clear leader in beer market in litres and value. According to the market research company ACNielsen, in 2007 the Estonian beer market broke down as follows (in terms of litres): Saku Õlletehase AS, the leader, 46.3% (2006: 47.3%), AleCoq 34.2% (2006: 33.0%), Viru Õlu 4.4% (2006: 6.2%) and private label 10.1% (2006: 6.2%)

The company's core market is the domestic beer market. According to the Estonian Breweries' Association, in 2007 the total volume of the Estonian beer market was 128 million litres. With a 1.4% decline, the market volume remained similar to 2006. Compared with prior years, the beer market seems to be stabilising in the context of continuing growth in the sales of other alcoholic beverages.

Although the beer market sustained growth in the first half of 2007, the second half-year brought significant monthly declines which left the annual market volume at the level of the prior year. The decline of the market may be attributed to the general cooling of the economic environment, including a decrease in the proportion of tourists which has been the driver of Estonian alcohol sales since 2004 when Estonia joined the EU. In addition, the market was adversely affected by chaotic regional sales restrictions which caused the strongest setback in the sales of premium brands.

In the period, total sales of the company was amounted as 18,5 m litres, last year same period reached total sales to 20,9 m litres. Due to changes in business environment in the second half of the year, quality brands sales underperformed in beer and cider sector, but it was compensated by good christmas sales on December supported by marketing activities and sales activities focused on premium brands. Seoses keskkonnamuutustega said kvaliteetmargid õlle- ja siidrisektoris tagasilöögi oktoobris ja novembris, mille suures osas kompenseeris edukas jõulumüük, mida toetasid tegevused nii pakendikujunduste (eripakendid kvaliteetmarkidele) kui ka eripakkumised. In the period continued good sales of Saku table water brands.

In the fourth quarter, the company invested in new-generation multi-pack equipment which allows wrapping both cans and bottles.

Fourth quarter export sales remained strong. The main export markets were the other Baltic countries, Finland and, to a lesser extent, the USA, Canada and Ireland.

3. Statement of management's responsibility

The management board acknowledges its responsibility for the preparation of the interim financial statements of Saku Õlletehase AS for 12 months and the fourth quarter of 2007 and confirms that to the best of its knowledge, information and belief:

- The policies applied on the preparation of the annual financial statements comply with International Financial Reporting Standards as adopted by the European Union.
- The annual 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.
- Saku Õlletehase AS is a going concern.

25 February 2008



Ireneusz Piotr Smaga
Chairman of Management Board



Inga Kuusik
Member of the Management Board