

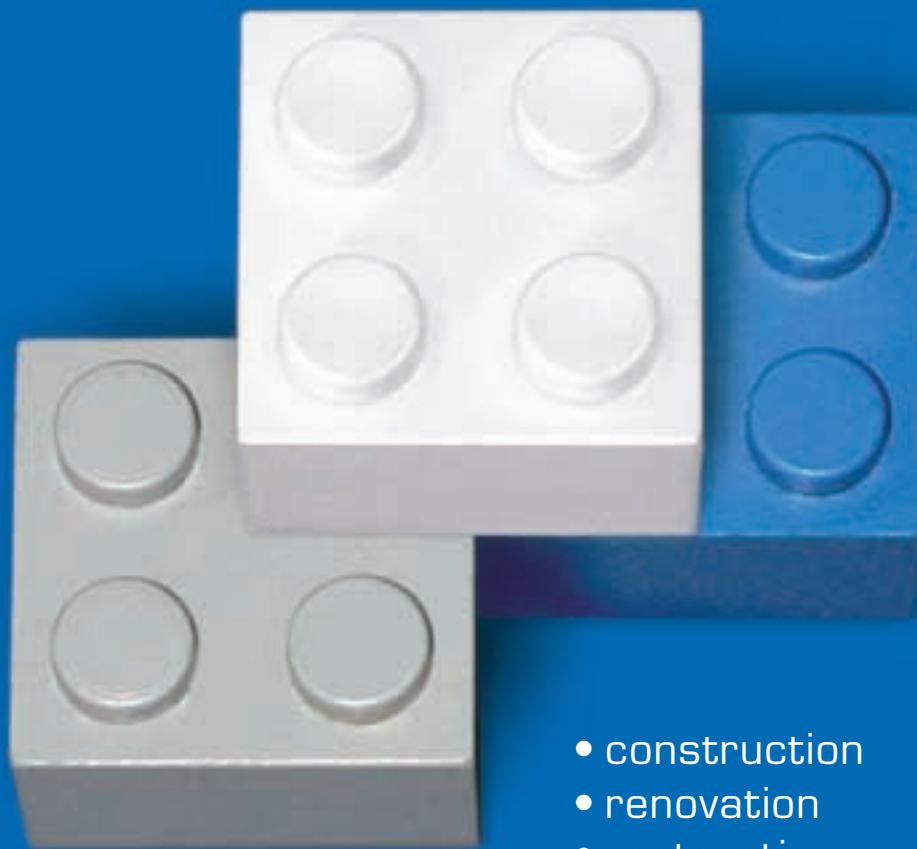
ENTREPRENEURSHIP AWARD 2006
ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006



TOP ESTONIAN
ENTERPRISES 2006



united skills



- construction
- renovation
- restoration
- construction and maintenance of roads and railways

Eesti Ehitus
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EESTI EHITUS

AS Eesti Ehitus Akadeemia tee 15b, 12618 Tallinn, Estonia

Tel: +372 640 0450 **Fax:** +372 631 2229

E-mail: eestiehitus@eestiehitus.ee

www.eestiehitus.ee

“Estonian economy is doing well,” both the headlines of the newspapers and several companies declare. Few countries in the world can declare that their economic growth can be expressed in two-digit numbers. Estonia is continuously on top places in the ranking tables of the competitiveness of the countries.

The whole consists of small parts and therefore we have been interested in how each company is doing already for several years. We organize the Entrepreneurship Award contest and prepare the ranking table of competitiveness of the Estonian companies to value the best and set as an example for the others. The results of this year, including not only numbers, but also interviews and overviews of the best, have been provided in this publication. We hope that you find interesting reading and positive surprises of the development of different companies herein.

As organizers, we are most grateful to all participants of the contests – to the ones who dared to compare themselves with others, measure with the competitors and thereby set higher objectives.



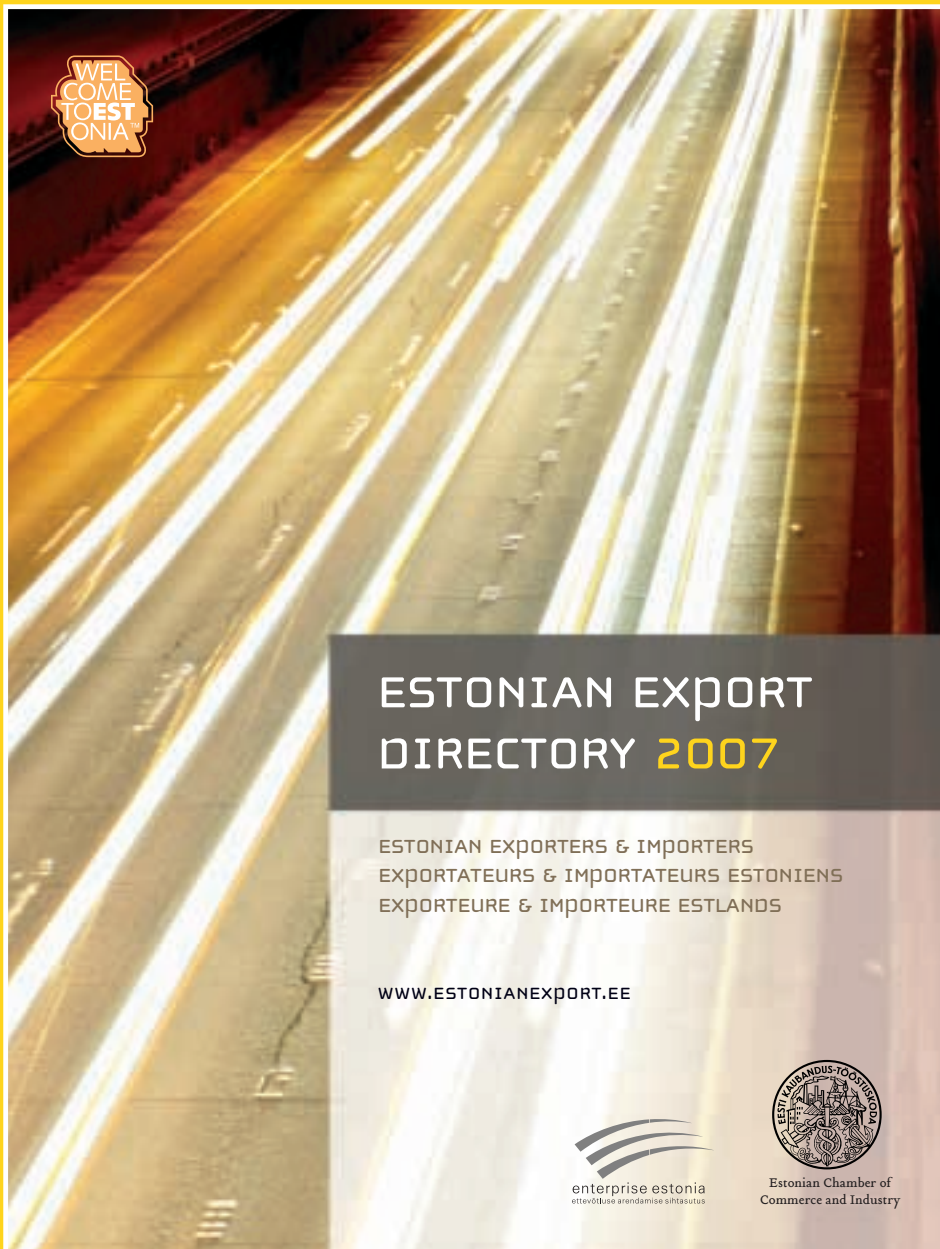
VILJAR JAAMU
Chairman of the Board
Enterprise Estonia



TOOMAS LUMAN
President
Estonian Chamber of
Commerce and Industry



ENN VESKIMÄGI
President
The Estonian Employers'
Confederation Council



ESTONIAN EXPORT DIRECTORY 2007

In December 2006 Estonian Chamber of Commerce and Industry publishes the Estonian Export Directory - a practical business catalogue on Estonian exporters. This catalogue presents more than 1100 Estonian exporters, eager to supply the global markets. In addition to alphabetical and areas of activity register, this publication traditionally includes also general information about Estonian economy, statistics and useful addresses in English, German and French. The aim of the catalogue is to facilitate establishing foreign trade relations for Estonian companies in Europe as well as all over the world. The strongest feature of the Estonian Export Directory is its channels of distribution - chambers of commerce, export-import agencies, Estonian foreign Offices of Enterprise of Estonia and other relevant organisations in total in 80 countries.

Ask the catalogue:

Estonian Chamber of Commerce and Industry

Phone: +372 646 0244 • Fax: +372 646 0245 • E-mail: koda@koda.ee • www.koda.ee

The catalogue in internet [www. estonianexport.ee](http://www.estonianexport.ee)

ENTREPRENEURSHIP IS THE GROWTH ENGINE OF ECONOMY



EDGAR SAVISAAR

Minister of Economic Affairs and Communications
of the Republic of Estonia

Recently we celebrated the passing of 15 years from the restoration of independence in Estonia, but the private entrepreneurship started to prosper here already a couple of years earlier. Since not many years have passed, but the entrepreneurship has developed more than successfully. The latter is proven by the increasing growth in number of the companies, good economic indicators and the strengthening competition position. Seven years ago the number of acting companies per thousand citizens in Estonia remained within 20, now this indicator has increased almost twice. In other words, Estonia has currently more than 40,000 operating companies, in addition more than 50,000 sole proprietors. This is an outstanding growth which designates the development of entrepreneurship.

The quality of Estonian companies has increased simultaneously with their quantity. Their productivity and the created added-value have increased. As a result the competitiveness and economic indicators of the companies have improved. In 2004 about 75 percent of Estonian companies earned profit.

Entrepreneurship is the growth engine of economy. The development and growth of entrepreneurship involve a significant role of national entrepreneurship policy, the integral parts of which are, inter alia, national entrepreneurship supporting programmes and development activities. It should be noted that during the years 2002-2005 the state has financed more than 5800 miscellaneous projects through different programmes and grants. The companies have received over 400 million kroons of non-returnable aid and they have been supported with three billion kroons in total.

Our objective of the coming years is to move towards the knowledge-based economy. For that purpose it is foremost important that our companies would become more productive and could be successful in global and increasing competition. For that it should be guaranteed that the companies had access to information and new knowledge, innovations established during research and development activities and which is most important: to the educated and capable labour. The successful internationalisation of the companies has a critical importance – the efficient use of the opportunities discovered at the new markets. The improvement

of investment opportunities to the new technologies guarantees the rise in productivity and sustainability of the companies. The national entrepreneurship policy and different entrepreneurship organisations have a significant role in the latter.

The organisation of the competitions to recognise successful companies is praiseworthy. The contest Entrepreneurship Award carried out in cooperation with Enterprise Estonia, Estonian Chamber of Commerce and Industry and Estonian Employers' Confederation is a bright example how the promotion of entrepreneurship can be contributed to.

It is significant that the society would continuously favour enterprising people and would perceive the role of entrepreneurship as the advancer of the national economic development and enhancer of welfare. Then the development of Estonian entrepreneurship is sustainable and the share of enterprising people increases even more.

*I wish success
to all entrepreneurs.*

FINANCIAL YEAR 2005 – *the best of the former*

The financial year 2005 was very much similar to the previous one, but was even more successful. A large majority of enterprises were satisfied with the year. Living standard improved in more families than ever before. The Estonian economy has been growing steadily for 11 years now (the average growth rate – 6.4%), whereas the growth has increased during the last two years. The accelerator was the accession to the European Union which broadened the realisation possibilities of Estonian products and services.

The external environment was also similar to that of the previous year (2004), but somewhat less favourable, especially in the first half of the year. The real growth of global economy was, according to preliminary estimations, roughly 4% (5% in 2004), and the European Union, having a greater influence on us, developed at a 2% growth rate. The slow development of EU did not hinder Estonia's economic success as Estonia's share in the common market is small (0.1% according to GDP) and Estonia's main trade partners (Finland, Sweden, Latvia) developed remarkably faster than the average. The most influential of the negative effects of the external environment was the price growth of oil products which increased inflation (by 0.6%-points according to estimations).

The most general indicator of Estonian economy – gross domestic product – rose by 9.8% in 2005 (in fixed prices) and made 164.9 billion kroons (141.5 billion kroons in 2004, 16%-growth in nominal prices). The greatest contributors to the growth of GDP were the processing industry, financial intermediation, retailing and wholesale trade, transport and communications. Private consumption increased by 8.1% and investments into fixed assets by 14.9% (all in fixed prices). The estimated 29.1% of the created added value was invested. These are the indicators which are characteristic only



LEEV KUUM

Estonian Institute of Economic Research

of successful countries. The fast economic growth favoured the enhancement of employment as an important social-economic indicator. Unemployment, which for years exceeded 10%, fell in the II quarter of 2005 to 8.1% and in the II half of the year to the record rate of 7.0% (the average rate of the year 7.9%). Thereby the registered unemployed persons totalled 22.3 thousand or 2.8% of the labour force (as at 1 January 2006). The average number of the employed surpassed after six years again the limit of 610 thousand (in the II half of the year), being higher by 14 thousand in the IV quarter than in the previous year. The employment rate grew especially in the construction, real estate, leasing and business servicing sector and in hotels and restaurants. Thereat, the lack of labour force increased remarkably, especially regarding the skilled workers in construction and industry. The enhanced employment (the smaller unemployment rate) significantly raised the assuredness and contentment of citizens.

Life became more expensive in 2005 by 4.1%, which is 0.5%-points faster than the average of the last five years (3.0% in

2004). The price growth, higher than expected, can partly be explained by the fast development of the economy, but the price growth of oil products was also influential. Food products became more expensive by 3.7% (the average of the year), non-food products (including fuel) by 4.3% and services by 4.2%. As the price growth largely comprised demand, we can not disregard the fast growth of salaries and active loan-taking, which increased the amount of money in circulation. The cost of living (inflation) in the senior member states of the European Union grew by about 2%. The rather fast price growth was a significant problem for many families whose income did not increase or increased little.

The growth in average gross salary should be evaluated as positive (considering the low living standard of Estonia) which reached approximately 11%. The average salary made 8,073 kroons against 7,287 kroons of 2004. The fields of activities with the higher average salary were financial intermediation (15,108 kroons), real estate, lease and business sector (9,670 kroons) and public management (9,368 kroons, all on the basis of the data of III quarter). The somewhat faster than expected growth can be explained with the successful business activities and even more with the changes made at the labour market (increase of labour demand). Inflation "ate" 4.1% of the growth in salary, but more than 7% increase of the real salary is also worth mentioning. The growth in salary makes the production more expensive, but this involves no similar growth in labour productivity – in 2005 the relevant proportion was fixed: the rise in labour productivity (in the accounting of GDP) was about 7%.

The fast economic growth of Estonia would not have been possible without abrupt increase in export, in other words – unsuccessful sales of goods by the companies at

the international markets. The relative importance of export in the production of processing industry increased at the year end (November) up to 58.6%. According to the data of the Estonian Statistical Office the export of goods made record 97 billion kroons in 2005, being 30% higher than in the last year. The export of goods has increased more than one and half times with the last two (EU) years. The percentage of the countries of the European Union in export made approximately 80% in 2005. The visa-free travel increased the number of tourists and business travellers, also the development of transit cargos continued, thus the export of services also increased: in 2005 this made 39 billion kroons or 40% as to the export of goods. The export of goods and services made total of about 85% as to GDP which is one of the highest indicators of EU.

The negative side of trade in goods is the fact that Estonian export is greatly based on imported raw material and semi-products, therefore the added value of export is smaller than required. Also, this causes the fast growth in import. In previous year the goods for record 128 billion kroons were imported to Estonia. In 2005 the trade deficit was 31 billion kroons or 19% as to GDP which is clearly too much by an international criterion. The deficit of current account was considerably smaller (11% as to GDP) on the account of the positive balance of sales of services, but also alarming.

The loan interests compared to 2004 fell even more, increasing the demand at the loan market. The loan portfolio of the Estonian commercial banks expanded up to 125 billion kroons by the year-end (92.5 billion kroons a year ago, the growth 35%), the share of citizens of which made 48 billion kroons (indicated for comparison that the annual salary fund makes about 58 billion kroons). In the opinion of the Bank of Estonia the lending boomed excessively and caused risk for the economic stability (sustainability). Regardless of the dashing construction activities (of the construction boom in some opinions) the construction (especially residential construction) lagged behind the demand. The latter resulted in notable pressure of demand to

the real estate prices, favouring the occurrence of speculative profit at the real estate market (the prices of real estate increased about 28%). At the same time the "cheap money" accelerated economic development and increased competitiveness of the companies. The annual average interest rate of short-term loans was 5% which is 0.7% lower of the level of 2004.

The following data describes the activities of business entities in main sectors: industrial production (volume index) increased 9.1%, the retail sale of goods (volume index) increased 8% and the volume of construction works (construction works carried out on one's own in fixed prices) increased 21%.

The year 2005 is described by the surplus of state budget of 2.4 billion kroons and the positive balance of payments of 4.9 billion kroons.

For the objectivity of the overview it needs to be emphasized that the above describes the development speed of the Estonian economy, without opening its level of development. Unfortunately the picture is considerably poorer as to the level. The GDP indicates most generally the development level of economy (also the living standards) on the basis of the purchasing power parity per one person: the relevant Estonian indicator in 2004 was 51% of the EU average. By the current difference of development speeds we approach the EU average by 4...5% a year. Therefore the preservation of the current development speed would be essential still at least in the middle-term period.

The Estonian economic success in 2005 is confirmed by several international ratings, most of which improved compared to the year 2004:

- **International competitiveness rating** (*Institute for Management Development, Lausanne*)
26th place within 60 countries. The rating characterizes Estonian business environment, export capacity, openness, development of infrastructure. The rating has improved by 2 places compared

to the year before.

- **Global competitiveness rating** (*World Economic Forum, Geneva*)
20th place in comparison of 104 countries. The rating characterizes the capability of the state to guarantee the sustainable economic growth in the middle-term period. The latter is based on the information describing the state's development phase depending on whether the development is carried out on the basis of the resources, technology or innovation. Estonia had the same place also in the ranking list of 2004.
- **International human development index (UN)**
38th place in the ranking list of 177 countries. The index considers the educational level of citizens, lifetime, economic development level etc. Compared to 2004 the fall is by 2 places.
- **International index of freedom of economy** (*The Heritage Foundation*)
6th place in the comparison of 156 countries. The place has fallen by 2 within a year. The valuation is based on trade policy, public intervention, financial policy, share of black market in the economy etc.
- **International corruption index** (*Transparency International*)
27th place in the ranking list of 159 countries. The corruption is the smallest in the country being at the first place. The Estonian position was worse by 4 places a year ago.
- **International rating describing the capability of fulfilment of long-term international obligations** (*Standard&Poor*)
A rating. The bases are structural reforms carried out in the country, volume of direct investments, fiscal and financial policy. The rating A means that the country is fully reliable.
- **International information technology index** (*World Economic Forum*)
25th place in comparison of 104 countries. The basis is the use of IT in promoting the economy of the country.
- **International rating of business-friendly country**
16th place. Describes the business environment of the country from the viewpoint of simplicity of business activities.

ENTREPRENEURSHIP AWARD 2006

The aim of the contest Entrepreneurship Award organised by Enterprise Estonia is above all the acknowledgement of the Republic of Estonia of our successful companies with the wish to set a good example also for the others. On the other side the purpose is to increase the activity of entrepreneurship.

The contest Entrepreneurship Award is organised in the similar form already for 6 years. Over the years some things have changed, but the essence of the contest has remained the same. Both the award categories and assessment criteria of the contest have slightly varied. This year there are two bigger changes in categories of the contest – first one is the change of the contents and name of Exporter's category. Until now we only estimated how good the companies had been in their exporting activity, now the important criteria is how well a company has expanded its business model internationally. The new name for category is Internationalizer.

Second change of this year's contest is implementation of a new special prize in category of Developer of the Year which aims at giving recognition and highlight to start-up-companies. As the activity and awareness of the entrepreneurs have increased and the economic results of the companies improved, more and more companies have qualified for the contest each year.

The nominees were chosen by the supervisory boards of Enterprise Estonia which incorporate the Estonian known entrepreneurs and relevant experts from the ministries and professional associations. The winner of the grand prize was chosen out of the winners of the subcategories by the competent jury which incorporated both ministers, rectors of universities and also respected entrepreneurs.

This year the most participation questionnaires were received in the category of Regional Developer which indicates that it is possible for entrepreneurs to do successful business also outside Tallinn and many of those companies located in regions take active part in promoting and improving life of local people. A lot of participation questionnaires were also received in the category of Foreign Investor which is an indication of sustainability and long-term dependability of Estonia's economy.

One of the Estonian national priorities is to strengthen knowledge-based economy. This idea lied mainly in the category of Innovator, but also in all other categories – Internationalizer, Foreign Investor, Regional Developer and Tourism Innovator – the matters related to innovation were significant criteria.

All participants in the contest are respectable companies, not only the nominees or winners. These companies are the examples for the others in their field by creating an opinion in the whole environment of entrepreneurship.

The patron of the contest Entrepreneurship Award 2006, bearing the highest Estonian national recognition for the entrepreneurs, is Arnold Rüütel, the President of the Republic of Estonia. The event culminates with the ceremonial award gala taking place on 12 September, in Estonia Concert Hall, where the winners are announced and the best companies are awarded.

One of the outputs of the contest is this publication you are reading at the moment which reflects the essence and results of Entrepreneurship Award 2006. The English version of the publication will appear in print in the middle of October.

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

Participants

As many as 561 Estonian companies participated in the production of the Estonian Companies' Competitiveness Ranking 2006 and 513 of them qualified for the final draw. The main reason for not qualifying was the negative net gain in 2005.

The participants could choose between 12 fields of activity in order to benchmark themselves against their competitors. Almost one quarter of the companies in the Competitiveness Ranking have industrial and energy (135) background. The least number of companies came from communications (9) and therefore they were combined together with the transport and logistics industry.

Winners

More than half of the last year's winners were able to maintain their position and remain highly competitive. For the third year in a row three companies are still in their rank: Hansapank, Merko Ehitus and BLRT Grupp. In addition to the winner's title in its category Hansapank has now also won the title of the Most Competitive Enterprise.

The companies who have won titles in the Competitiveness Charts of the Enterprises have the average history of 12 years, unless we consider A. Le Coq Tartu Õlletehas (A. Le Coq Tartu Beer Factory) that was established in 1826. The youngest winner is Mazeikiu Nafta Trading House OÜ (established three years ago), which won the title of the Most Competitive Wholesale Enterprise. If we look at the equity capital of the best companies in the Competitiveness Charts, then almost half of the companies are based on Estonian private capital and the other half on foreign capital.

We are very proud that the winners are the members of the Estonian Chamber of Commerce and Industry.

The charts, methodology and any information regarding the competition is available at: www.koda.ee/edetabel

ENTREPRENEURSHIP AWARD 2006

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PHOTO: VERTEX

ENTREPRENEURSHIP AWARD 2006 INNOVATOR 2006

VERTEX ESTONIA AS

15

Year of foundation: 2001

Chairman of the Board: Aleksander Rulkov

Field of activity: production and technology of industrial steel constructions and equipment

INTERNATIONALIZER 2006

REGIO AS

18

Year of foundation: 1990

Chairman of the Board: Teet Jagomägi

Field of activity: cartography, production of geo-information, creating of information systems

FOREIGN INVESTOR 2006

ENICS EESTI AS

22

Year of foundation: 2004

Chairman of the Board: Kalle Kuusik

Field of activity: planning, manufacturing, development and sale of electronic equipment

REGIONAL DEVELOPER 2006

PÕLTSAMAA FELIX AS

26

Year of foundation: 1993

Chairman of the Board: Anti Orav

Field of activity: production and marketing of food products

TOURISM INNOVATOR 2006

OTEPÄÄ SEIKLUSPARK OÜ

30

Year of foundation: 2005

Chairman of the Board: Indrek Taukar

Field of activity: planning of adventure parks, construction development and operation; organising of trips, sport contests, trainings and advertising events, lease and sale of hiking and sports equipment

DEVELOPER OF THE YEAR 2006

HAKA PLAST OÜ

33

Year of foundation: 2003

Chairman of the Board: Kaul Augasmägi

Field of activity: production of polyethylene pipes

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

CONTENTS

- The Most Competitive Retail Enterprise 2006
TALLINNA KAUBAMAJA AS 50
Year of foundation: 1994 • Chairman of the Board: Raul Puusepp
Field of activity: retail trade
- The Most Competitive Wholesale Enterprise 2006
MAZEIKIU NAFTA TRADING HOUSE OÜ 53
Year of foundation: 2003 • Chairman of the Board: Tõnu Ääro
Field of activity: fuel wholesale
- The Most Competitive Industrial
and Energy Enterprise 2006
BLRT GRUPP AS 56
Year of foundation: 1996 • Chairman of the Board: Fjodor Berman
Field of activity: ship building and repair
- The Most Competitive Food Industry Enterprise 2006
A. LE COQ TARTU ÕLLETEHAS 60
Year of foundation: 1826 • Chairman of the Board: Tarmo Noop
Field of activity: production of beer, soft drinks,
light alcoholic drinks and water
- The Most Competitive Communication,
Transportation and Logistics Enterprise 2006
EESTI TELEKOM AS 62
Year of foundation: 1991 • Chairman of the Board: Jaan Männik
Field of activity: investing to other companies operating in
the field of telecommunication and their management and
administration
- The Most Competitive Construction Enterprise 2006
MERKO EHITUS AS 65
Year of foundation: 1990 • Chairman of the Board: Tõnu Toomik
Field of activity: construction
- The Most Competitive Forestry and
Agriculture Enterprise 2006
STATE FOREST MANAGEMENT CENTRE (RMK) 67
Year of foundation: 1999 • Chairman of the Board: Ülo Viilup
Field of activity: forestry
- The Most Competitive Hotel and Restaurant Enterprise
2006
DOMINA MANAGEMENT AS 70
Year of foundation: 1998 • Chairman of the Board: Guy Simmons
Field of activity: hotel management and operating
- The Most Competitive Business Service and
Real Estate Enterprise 2006
FALCK EESTI AS 72
Year of foundation: 1991 • Chairman of the Board: Peeter Tohver
Field of activity: provision of security services, sale and install-
ation of security equipment, cash transport and processing,
organisation of parking, organization of sale of tickets of public
transport
- The Most Competitive Service Company 2006
KUUSAKOSKI AS 74
Year of foundation: 1992 • Chairman of the Board: Ilmar Jõgi
Field of activity: waste treatment, purchase
and sale of scrap metal



THE MOST COMPETITIVE ENTERPRISE 2006

THE MOST COMPETITIVE FINANCIAL BROKERAGE ENTERPRISE 2006

- HANSAPANK AS (group)** 48
Year of foundation: 1991
Chairman of the Board: Erkki Raasuke
Field of activity: financial brokerage, banking



Kunda Nordic Tsement Corp.

Jaama Str. 2, 44106 Kunda, Estonia

Phone: +372 322 900, Fax: +372 322 1546, www.knc.ee

Representation in Tallinn: Peterburi Rd. 75, 11415 Tallinn, Estonia

Phone: +372 620 9650, Fax: +372 620 9651

Port of Kunda: Uus Sadama Rd. 2, 44109 Kunda, Estonia

Phone: +372 322 9955, Fax: +372 322 1463



THE METHODOLOGY OF ENTREPRENEURSHIP AWARD 2006

The objective of the competition Entrepreneurship Award 2006 is the recognition of successful companies by the country and business organisations, the setting of them as an example for others (best practice) and the increase of business awareness in the society.

As a result of the competition six awards are given: Internationalizer 2006, Foreign Investor 2006, Regional Developer 2006, Tourism Innovator 2006, Innovator 2006 and the main prize Entrepreneurship Award 2006. Own assessment criteria have been worked out for each award category, but some of the latter are common in appointing all awards – the establishing and application of innovative solutions and the increase of the number of workplaces are essential for all categories.

The valuation criteria and methods have been prepared by EE specialists in cooperation with the economists, opinions of Andres Sutt (Bank of Estonia), Erik Terk (ETUI) and Jaak Leimann (TTU) have been taken into account.

The bases of analysis and valuation of the companies participating voluntarily at the contest are the questionnaires worked out by the criteria sent to the companies for filling-in.

The valuation of companies is carried out in two stages. First, the list of the companies qualified on the basis of the methods worked out for each category (certain share has been given for each criterion), ten of the best of which are sent for valuation to the advisory committees of EE. The advisory committees specify five nominees of each category and also the winner among them, considering both the valuation criteria and important trends as to the viewpoint of the Estonian economic development. The jury selects the winner of the main award from among the winners of different categories.

Besides choosing the winner of the main award the jury also discussed the possibilities how to involve bigger and more competitive companies in the contest, who as the winner of the competition would be a good example for other companies. The latter objective is thus not in contradiction with the procedure of organising the current competition, where the Estonian most successful company, but the winner of Entrepreneurship Award 2006 is specified, i.e. the best company is chosen equally from among the large and well-known as well as from among the smaller and less-known companies.



PEEP SÜRJE

Rector of the Tallinn University of Technology,
Chairman of the Jury



ERKI URVA

Member of the advisory council of Enterprise Estonia's Estonian Tourist Board



URMAS PAET

Minister of Foreign Affairs



JAAK AAVIKSOO

Rector of the University of Tartu



ANDRES LIPSTOK

President of the Bank of Estonia



OLEG HARLAMOV

Counsellor to the Minister of Economic Affairs and Communications,
Member of the Supervisory Board of Enterprise Estonia



JAAN ÕUNAPUU

Minister of Regional Affairs



RAINER NÕLVAK

Member of the Board of CeleCure AS

MEMBERS
OF THE
JURY

NOMINEES FOR THE ENTREPRENEURSHIP AWARD 2006

Enterprise	Founded	Main field of activity	Private capital Estonia (%) 2005	Private capital foreign (%) 2005	Sales 2005 (EEK)	Exports 2005 (EEK)	Number of employees 2005
ENICS EESTI AS*	2004	manufacturing of electronic equipment	0	100	325 639 579	322 383 183	361
REGIO AS	1990	cartography, production of geo-information, creating of information systems	100	0	44 639 000	18 895 758	51
PÕLTSAMAA FELIX AS	1993	production and marketing of food products	0	100	151 542 000	30 308 400	140
OTEPÄÄ SEIKLUSPARK OÜ	2005	planning of adventure parks, construction development and operation; organising of trips, sport contests, trainings and advertising events, lease and sale of hiking and sports equipment	100	0	335 116	67 023	4
VERTEX ESTONIA AS	1996	planning, production and assembly of engineering industrial production	49	51	68 611 000	61 612 678	168

* The first financial year 23.07.2004 – 31.12.2005



PHOTO: DANIEL KOPPEL

ALEKSANDER RULKOV
manager of Vertex Estonia, shows the sectors of reflector, each of which should be adjusted just in the place set.



PHOTO: VERTEX

The Estonian company Vertex manufactured the antenna reflector for the radio telescope with 35-meter dimension for Australia upon the order of ESA

ENTREPRENEURSHIP AWARD 2006 INNOVATOR 2006

VERTEX ESTONIA AS

Estonia - the country of birth of enormous antennas

Vertex Estonia AS, the producer of satellite communication antennas and industrial equipment won the competition Entrepreneurship Award 2006 of Enterprise Estonia and also the award of the Innovator within the frames of it: the production of Vertex requires major local intellectual contribution, they create most of the technical solutions as the development work carried out on their own.

The people passing the net fence surrounding the territory of Vertex from the other side with their cars daily. Would not guess that they could see the equipment, which in some distant place of the world starts examining the far space of forward the television signal to the satellites, from the distance of a couple of meters. The company located in Mustamäe deals with planning, production and installation of antennas of rural stations of satellite communication and mainly of steel constructions and industrial equipment for the paper and cellulose industry.

The construction of antennas in Vertex Estonia started ten years ago, when Rein Luik, the foreign Estonian having worked in NASA, who suggested starting manufacturing the parabolas entered. "The score is now 50/50 when comparing our two fields of activities", **Aleksander Rulkov**, the chairman of the management board of Vertex Eesti, said. But already in the next year the antennas should make more than half of the production of the company, he added. The antennas produced in Vertex are very popular for two reasons among numerous international telecommunication companies. First, most of the company with 72,000 employees belongs to the US stock company General Dynamics which has a

subsidiary also in Germany. Such a status facilitates the communication with foreign clients and opens the doors of many projects for Vertex. Secondly, the production of Vertex is of extreme quality. The antennas to be produced can be operated very precisely. Only single Italian and Polish companies can offer the antennas at the same level. "In summer four antennas were completed which will be installed in America. The client was a major telecommunication company called Direct-TV", Rulkov told about their production. "In September we send several antennas to Germany. There the antennas start supporting the telecommunication services." The planning and production of such antenna takes three-four weeks on an average. The company has produced total of over hundred antennas which have been installed in 30 countries. The antennas of Vertex work daily in tens of world countries for known companies such as NTV, Boeing, Lockheed Martin, Alcatel, Telesat Canada and many others.

Among other things, Estonians have also contributed to major scientific projects: the company's largest produced radio telescope with the dimension of 35-metres with antenna reflector was installed in Australia. The latter was ordered by the European Space Agency (ESA) to manage the route of the satellite "Mars Express" to Mars.

The University of Boston ordered the planning of the radiotelescope to be installed to the South Pole from Vertex. The latter is a complicated construction, the moving parts of which should constantly be in warmth regardless of the very cold climate. The basement can not be digged into the earth in the Southern Pole and everything should be fastened on ice so that the position of the

antenna could be adjusted, if needed, when the ice crust moves. The participation in such projects gives Vertex a hope to also participate in such European communication technology large-scale and essential projects with the share of ESA as ALMA and Galileo. According to Rulkov even a modest participation of the Estonian company is a very positive sign both at the economic and social level to indicate the competitiveness of our country.

In the situation where many Estonian companies find it hard to get suitable labour, Rulkov calls the status of Vertex satisfactory. "When the man is good, he is well-paid," he says. "The people who possess knowledge and know-how are well-kept. Our economic situation is thus different in this sense compared to Germany or France, as they have unemployment. We have no unemployment, we have lack of labour". The manager of Vertex believes than in this situation the country should start doing something: for example look for the solutions with the entrepreneurs how to motivate people to stay in Estonia.

KRISTJAN OTSMAN

VERTEX ESTONIA AS 2005

Private capital (Estonia)	49%
Private capital (foreign)	51%
Sales	68 611 574
Net profit	5 370 559
Export sales	61 591 586
Employees	168

INNOVATOR 2006 NOMINEES

Enterprise	Main field of activity	Sales 2005	Net profit 2005 (mln EEK)	Labour costs 2005 (mln EEK)	Investments in (mln EEK)	Equity 2005 fixed assets 2005 (mln EEK)	Average number of employees 2005
Vertex Estonia AS	planning, manufacturing and installation of satellite connection antennas and metal constructions	68,61	5,40	24,15	3,38	15,45	168
Mobi Solutions OÜ	provision of new applications of mobile communication and m-services	8,49	0,78	1,28		1,72	15
Elion Ettevõtte AS	telecommunication and infotechnology	2 577,62	385,95	375,46	367,91	1 886,6	1 671
Artec Group OÜ	design of electronics and automation systems	13,49	1,03	0,64	1,71	10,19	3

The objective of the competition is to praise the entrepreneurs having achieved remarkable economic success with the help of outstanding innovations and thus motivate the Estonian entrepreneurs to start, support and carry out innovative activities in their companies. The prerequisite of competition is innovation(s) introduced to the market in 2005 or applied in the company which include considerable development both for the company and the whole market. At least a part of the innovation submitted to the competition should be worked out by the company itself. The valuation is also based on the competitive advantage incurred at the market by the product/service/process of the company participating at the competition; added value created/to be created; competitiveness; time lead before the competitive products; number of engaged target markets; market volume engaged/to be engaged at the target markets and the possible growth in market share.

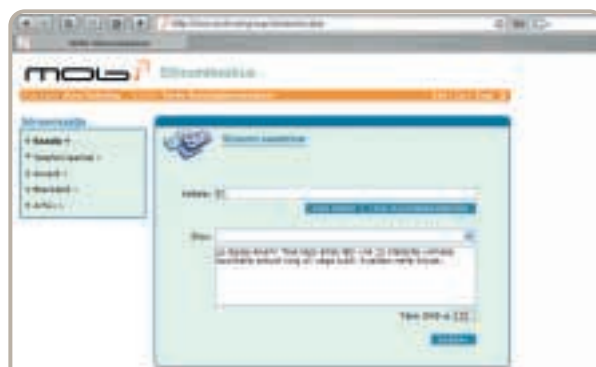
Class teacher reaching everywhere

Mobi Solutions, operating in Tartu, is already well-known creator of mobile applications. The services of the company are used by many Estonian companies for carrying out the SMS-consumer games, for offering SMS-payments and reception of the messages of clients.

At the beginning of this year Mobi started new service of M-head of class. The objective of the given project is to make the communication between a parent and the teacher easier and more active. The easily used system enables to send short messages by computer to all parents of the children in the class at one time as well as to each parent separately. The parent could be notified for example through SMS of the pending events (class excursions,

meetings of the parents) or the progress of the child.

Compared to other means of communication SMS is more effective and comfortable:



The teacher can send the message immediately with the help of the service of m-class teacher of Mobi Solutions to all parents of the children going to his class.

PHOTO: MOBILEE

sending of the same message at one time to all parents saves considerably the time of the teacher, differently from the internet connection the pocket phones are possessed almost by all parents, also most of the parents do not read e-mails immediately, but SMS reaches mother or father at once.

According to **Rain Rannu**, the marketing manager of Mobi Solutions, twenty schools in Tartu have currently joined the programme of M-class teacher and also other schools both in Estonia and abroad have expressed interest in it. "The feedback of both teachers and parents at schools participating in the project has been extremely positive," Rannu says, adding, that the children consider the service rather useful than disturbing.

Century of digital television

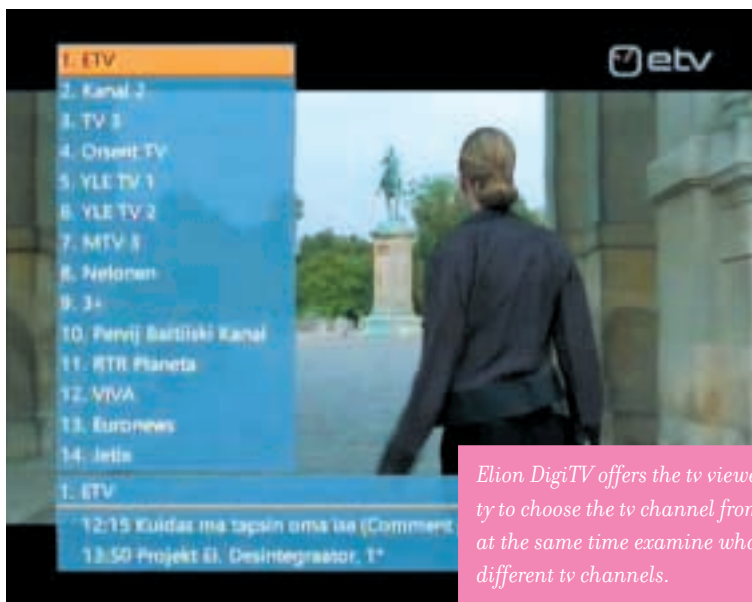
Several services have been mixed up in the telecommunication and information technology business and it is hard to set clear borders between them. Elion has up to now been more focused on internet and communication services, but since spring of the current year the local telecom giant also provides telepicture to the clients. "The unique thing is that Elion, the small telecommunication company in the world scale, could realise the

IP-based DigiTV offer independently," Ain Parmas, the manager of media relations of Elion admits. "Up to now the integration of equipment and technologies of different producers needed for forwarding the digital television and working out of intermediate assets have been appropriate only for the large-scale international companies such as Siemens, Alcatel, Ericsson, Hewlett-Packard and IBM."

The solution is also special due to the fact that the phone and internet communication and the transmission of telepicture are carried out through common communication network and thus no separate network needs to be built for each service. The picture and sound of the digital television are considerably better than the analogue television experienced up to now. The picture of DigiTV reaches the viewer with as good quality as emerging from the telestudio.

Also, the new service provides many such possibilities, of which only one can dream about. The client can watch the TV program from the screen, change the language of the subtitles of the channels and since autumn save the programs in real time and subscribe the required films through TV.

Currently DigiTV can be watched in major cities of Estonia, by the year-end the area of the spread of digitelevision expands to all cities and a hundred of major settlements. Thus the citizens of several country sites can for the first time get the possibility to watch numerous tv channels which were upto now visible only to the clients of the cable tv networks in the cities.



Elion DigiTV offers the tv viewers the possibility to choose the tv channel from the screen and at the same time examine what is in the air of different tv channels.

New level of encryption

This does not happen often that technology invented in Estonia will be produced in the wide world, this especially in the field of microchips. But just the latter has been achieved by OÜ Artec Group which created the design of the total microchip from the beginning to the end as the first Estonian company.

The official name of the micro-chip worked out and designed in Estonia is the IPsec record security accelerator. To simplify, the persons working in Artec Group created the

microchip which deals with the encryption of data communication. Such product is meant for using in different communication equipment, e.g. in network cards. Also, this is a suitable solution for the systems requiring high security. Thus the product can be used, among others, by the police, medical institutions, military organisations.

The created microchip is unique for the fact that the product has been created with the functions of records needed for managing this work. The solution of the security accelerator worked out in Artec Group

opens up the possibility for data encryption also in the systems of minor resources and low performance.

Currently the security accelerator has been licensed for the Indian electronics company Moschip Semiconductor, the role of which is marketing of the new product for the producers of hardware. "This is an intellectual ownership that we worked out. They have licensed this IP. Thus this is their product based on the technology enabled by us," Gustav Poola, the manager of Artec Group explains.

INTERNATIONALIZER 2006
AS REGIO*Conquering the Eastern Hemisphere of the World**Regio is probably the world's largest supplier of location platforms and applications*

When asking Teet Jagomägi, the manager of Regio, why the large-scale companies trust them, he just answers: "The representative of one large-scale company told me about it by giving a friendly pat on the shoulder - you are one lucky bastard". This is just the case.

Some seed of truth could be found in our plan to be one of the few companies in the market which combine the work of cartographers and software engineers and which has been somewhat successful. We name this plan snobly also the strategy. Teet

Jagomägi has been the sole shareholder of the company established by his father already 20 years ago just from the beginning. "Many complicated periods have been encountered within such a long period," Jagomägi said. "I hope that some day I can subsist on the lecturing about the complicated times of Regio..."

To which extent has Regio stayed with the preparation of the papermaps – its first activity besides developing the software?

We prepare only such software which processes geographical data. This data is mostly pointed to the human eye as the

map. Thus 95% of our volume of activities is related to maps.

True, the paper maps sold in Estonian petrol stations make about 3% of the activities of Regio. But the minority of this share does not mean that we pay no attention to it – the innovation of business model of own products of this summer increased the sales outstandingly and we enjoy it fully. This encouraged us to carry out similar trick in our other fields of activities.

Regio sells software to mobile operators with which they can offer the service of determining the location to the clients, in



PHOTO: PÄRNU KONVERENTSID

TEET JAGOMÄGI
Manager of Regio AS

which countries are people wandering around with the mobile phone with Regio solutions in the pocket?

All mobile operators have not yet entered the market with our products and up to now we cannot mention the names. About the countries: Estonia, Slovakia, Romania, Saudi Arabia, United Arab Emirates, India, Morocco, Mexico, Portugal, Ukraine. If other fields of activities are added, our clients are situated in 117 countries.

How is the cooperation with Ericsson advancing?

We are completely lucky men that we have a possibility to work together with Ericsson. To complain about it would be ungodly.

Did you have something in the last year which comprised real joy and feeling of success?

We became the largest supplier of location platforms and applications for Ericsson. As Ericsson has been the largest company in the world in its sector, it could be probable that we are the largest in our market niche in the world. Now we should hold on to it as hard as possible.

Last year you seriously planned to go to the market of the Near East. To what extent has this been a success by today?

The Near East is not our focus. We consider the world's Eastern Hemisphere as our "home market" – the only pleasant exception in it is Mexico. At this market there are no preferences, no client can be snubbed. But there is still a plan that when we have

entered one country with any product, then in some time we try to add products from our following fields of activities. Thus the logistics software usually follows the mobile phones, but although yes, contrary has happened.

Where did Regio invest most in the last year?

We invested about 10 million kroons into the development of software products and slightly over two million to the training of our people.

You manufacture both the papermaps and offer software and data of maps needed for using the maps in internet in different countries. The mobile operators being your clients have tens of times more clients than citizens in Estonia. Thus how far can you develop? Is there a limit somewhere?

The limit of my imagination is currently by the company with about 150 people. The will to grow considerably larger than that seems to mean the moving out of Estonia. We do not have such plan yet.

What could Regio do in this case in about ten years?

We are in the field of activity very closely related to technology and here it is very complicated to see farther than 2 years. Therefore I can only talk about my wish on these 10 years. I wish that by that time Regio is full of pleasant work, no matter in which sector.

KAILEEN MÄGI

FACTS ABOUT THE HISTORY OF REGIO

AS Regio was established in 1990 as the spin-off company of the University of Tartu. The then mission of the company was the restoration of the Estonian map culture. The preparation of the first map was started already in the year 1998. The export was started already in 1999. The mobile software is being made from the year 2000, when Ericsson and EMT brought the necessary technology to Estonia. In 2003 the company got the first foreign client – the Slovakian largest mobile operator Orange Slovensko to whom the mobile software was supplied. Currently the partners of Regio are the strongest large-scale companies such as Ericsson, Oracle and Mapinfo.

Regio is the only company in the field of positioning services of mobiles which offers the medium software for the mobile operators, services needed for the end users and maps as full solution. The mobile operators have set usage records with the services of the company in several countries. In this field the company plans to become the European largest company under the name of Reach-U.

AS REGIO 2005

Private capital (Estonia)	100%
Private capital (foreign)	-
Sales	44 638 536
Net profit	1 962 957
Export sales	18 748 185
Equity	9 315 634
Employees	51



Regio office in Tartu.

INTERNATIONALIZER 2006 NOMINEES

Enterprise	Main field of activity	Net profit of the parent company located in Estonia	Export sales of the parent company located in Estonia	Sales turnover of the subsidiaries located abroad	Labour costs 2005 (mln EEK)	Operating expenses incurred for the personnel development	Average number of employees 2005	Number of new products/services	Number of products/services
Baltika AS	creating, production and retail trade of clothes collections	72,66	77,61	379,21	137,65	0,38	1678	-99 mln	
Eksamo AS	design, production and repairs of industrial equipment and appliances; manufacturing of metal constructions and details	1,08	7,83	0	7,92	0,07	45	1	4
Regio AS	cartography, production of geo-information, creating of information systems	1,96	18,9	-		1,56	51	10	39
Irest Ehitus-juhtimise AS	project management and general contracting; general construction and finishing works; lease of machinery	4,10	5,79	254,79	7,39	0,05	71	0	0
Ordi AS	production and sale of computers, import of computer components and additional equipment	4,39	14,03	5,16	16,34	0,17	95	16	58

The objective of the award category is to acknowledge the company the growth of which in 2005 at the foreign markets is the fastest, the product nomenclature is most completed at the new markets with the products/services to be realised and the added value created in Estonia by which is the highest. All companies which have been established in I quarter of 2004 at the latest and more than 50% of which belong to Estonian residents, can apply for the award in this category.

The companies are evaluated on the basis of the following criteria: training expenses per one employee, the growth of sales outside Estonia, increase of added value, the number of new products launched in 2005 and the growth of profit of the parent company located in Estonia.

ANDRUS VIIRG

Director, Foreign Investments and Trade Promotion, Enterprise Estonia

This year we looked for the most capable internationalizer for the first time. In already 11-year history of award the best exporter, exporter of small and medium size and export developer, meaning the ones who have entered the foreign market successfully with their products, have been up to now acknowledged.

Today the Estonian economy has developed so far that profitability is not increased by not only producing for the foreign market, but also by expanding beyond the border. By internationalization we mean the wider content than exporting, this also includes, besides sale of goods and services at other markets, entering there by creating the subsidiary or branch office. The most competitive company of the last year - Hansabank and the successful labour mediation portal - CV-Online are only some examples which have so expanded to the foreign markets.



Baltika AS was established in 1928, but in 1990 the form of entrepreneurship changed, therefore the year of foundation is 1990. AS Baltika has 11 subsidiaries and 1 associated company. Baltika Grupp operates the retail networks of Monton, Mosaic and Baltman in six countries – Estonia, Latvia, Lithuania, Poland, Ukraine and Russia. As at the end of 2005 the company had 86 stores with the total area of 12,736 m². Baltika uses vertically integrated business model which connects

the creating, production and retail trade of clothes collections and enables to offer new fashionable clothes every week. The trademarks belonging to Baltika group are marketed by the mediation of own retail chains and wholesale, of which Baltman, Everman and Herold (overcoats) meant for men and CHR and Mascara (overcoats) for women.

- The number of employees of the group as at 31 December 2005 was 1,678 persons, incl. 896 in production, 630 in retail trade

and 152 in the management company. 483 persons worked outside Estonia.

- The sales income has increased within the last years, incl. 11% in 2005. The sales level is very high. The company has yielded profit from the year 2004.
- The sales of the subsidiaries of Baltika located abroad increased by 20% in 2005 compared to the year 2004;
- The net profit of the parent company increased even up to 4.3 times.

Eksamo AS (with the former name Eksamo Automaatika AS up to February 2006) was established in 1995. The main field of activity is construction, manufacturing and repairs of industrial equipment and means and manufacturing of metal constructions and details. The company was established on the basis of the automation and mechanization department (AMD) of AS Norma. AMD was established already on 15 May 1961 which means already 42 years of experience by today in the sector of indust-

rial automatics. Eksamo AS was the subsidiary of the publicly traded company AS Norma up to the end of 2003 when 100% of the shares of the company were sold to private investors.

- 38% of the sales income in 2005 was export, incl. to Great Britain (16%), USA (15%) and Sweden (7%). The company employs 50 persons according to the latest data.
- The sales income of the company

decreased in 2003 and 2004, but has considerably increased in 2005.

- The expenses made for the development of the personnel of Eksamo increased 7 times in 2005 compared to 2004;
- The export of the parent company increased 5.5 times in 2005;
- The net profit for the financial year increased from the minus of 2004 to the considerable plus in 2005 (1.1 mln EEK);
- The company introduced a new product to the market in 2005.

Ordi AS was established in January 1992. The main fields of activities are the production and sale of computers, import of computer components and accessories, maintenance of computer equipment and other computer services. In 2005 Ordi AS produced and sold 26,166 desktop and laptop computers and had 23% market share regarding the sale of computers in Estonia.

The sales to Latvia and Lithuania made 4.6% of the sales revenue in the last year of activity. In March 2005 Ordi acquired the key share in the Lithuanian computer company Aideta UAB. Aideta UAB and also Ordi SIA in Latvia are the subsidiaries of AS Ordi on the basis of the contracts concluded at the beginning of 2006.

- The number of employees according to the recent data was 97.

- The sales income such as the balance volume has increased from year to year.
- The export sales of the parent company located in Estonia increased 4 times in 2005 compared to the year 2004.
- The sales of the Lithuanian subsidiary where the share was acquired in 2005 were 5.2 million kroons;
- In 2005 16 new products and/or services were introduced.

Irest Ehitus-juhtimise AS

was established in January 1998. The main fields of activity are project management and general contracting; general contracting works; finishing works; also the lease of machinery. Irest Ehitusjuhtimise AS has a

subsidiary in Russia, St. Petersburg: IrestSroi OOO.

The average number of employees was 71 in 2005, 46 of them in Estonia.

The sales income increased by 34.6% in 2005. The consolidated sales income reached 304.2 million kroons in 2005.

- The training expenses per employee

increased 50% in 2005 compared to the year 2004;

- The export sales of the parent company increased 6 times;
- The sales of the subsidiary located abroad increased 11 times;
- The net profit for the parent company increased 1.9 times.

FOREIGN INVESTOR 2006
ENICS EESTI AS*Enics Took Electronics of Elva to the World Market**The labour search has become a real challenge*

PHOTO: VAINU ROZENTAL

KALLE KUUSIK

Chairman of the Board, Enics Eesti AS

500 employees, three quarters of them women. 100 new workplaces a year. Two and half times growth of sales. This is the largest employer of South Estonia – electronics company Enics Eesti AS. The sales of the plant in the last year were 322 million kroons, 600 million is already prognosed for this year. Approximately 80 million has been invested to production. Although the company is located in Elva, but is employing people from Tartu, surrounding villages and some from Valga.

The year 2005 had the fastest growth upon the statement of **Kalle Kuusik**, the manager of the company, the basis of which was the takeover of the production to the group from other plants located in Western Europe. How long can the company run with such speed? “The continuation of trend depends on the Estonian competition position compared to the high labour expenses of Western Europe and low labour expenses of Asian countries. The transfer of production from Western Europe continues for years, the question is whether these vol-

umes are transferred to Estonia, other Central and Eastern European countries or rather to Asia. The advantage of Estonia before the Asian companies is the closeness to the markets located in the Nordic countries and Western Europe. This enables shorter and more flexible delivery terms,” Kalle Kuusik says.

In addition to growth in sales, last year was important, as the major project of taking the production over from Hungary was completed, which increased significantly

the production volumes. At the end of 2005 the third expansion of the plant, which was completed in spring this year was started and as a result both the effectiveness and volumes of production increased. The area of the plant increased up to 8,000 square metres, which enabled the better organisation of the location plan of the production. The main objective of the expansion was the creating of preconditions for the arrival of new clients. In the opinion of the manager the actual impacts should be seen in the next years.

The manager of the company notes that the preconditions for continuous growth exist in the new production complex. The new expansion also improved the daily conditions of the workers. Half of the employees of the company have less than one year work experience, which means that they still learn and adjust. This has foremost impact on the effectiveness, but the experienced employees are not freely moving around in Estonia.

In 2005 the number of employees in the company increased by 111 persons, 114 new workplaces were created in the first half of this year. The need for the persons still exists and Kalle Kuusik hopes that by the end of the year the plant has already 600 persons. This is really the hope, considering how difficult it is to find qualified labour. Hiring engineer-technical personnel is especially complicated. The situation is in every way positive for the potential employee, as the salaries grow fast. Kalle Kuusik believes that so or otherwise the increase in salaries at any moment in the future has a negative impact on the general competitiveness and the companies are forced to take at least part of the production out of Estonia. In the future Elva plant can employ even 800 persons, more than that is probably unreasonable, Kuusik believes.

How to manage an electronics company?

Before Kalle Kuusik started to manage Enics Eesti the company was operated by a 60-year-old Finnish lady Anja Rouhiainen who retired at the end of the last year. Three plants of Enics are located in Finland. Is

there anything special in the electronics company which makes its management special? Nothing really special – the advantage of the group is one way or other major, the market of production of industrial electronics increases really fast. “There is nothing else but directly grab the market form someone,” Kuusik said.

The company’s success depends on the people working there and the operation of the in-company cooperation. The production of electronics is not quite common production. The client relationships are usually very long-term – here not one or another partner is searched for. The cooperation with the existing clients, understanding of their needs and ability to develop together is extremely important. As the competition is really very intense, also the quality and effectiveness of the production and supply insurance and quality are important. The major clients of Enics Eesti carrying out contract work are group of electrical equipment ABB, producer of dental chairs and equipment Planmeca, water pump producer Grundfos, lift producer KONE, the producer of industrial instruments Honeywell, producers of telecommunication equipment Teleste and Cisco Scientific Atlanta.

Kalle Kuusik has been both the school-teacher and the restaurant manager. This all before the year 1995. The last ten years before coming to Enics, he worked at the only considerable electronics producer Elcoteq as the production engineer and manager of different units and finally he carried out sales work with the large-scale clients. In his opinion Enics and Elcoteq have similar development and experience which he received from Elcoteq, created the strong base for the thorough knowledge of the electronics industry.

Kalle knows quite exactly how to go on with the company. The plan is simple – to grow continuously. “For that purpose no new production buildings need to be built, the further growth should be achieved through the increase in effectiveness, as in the contrary case we soon lose our competitiveness. Effectiveness can be increased in several ways – by optimizing, automatising the pro-

duction processes, IT solutions, quality control equipment.”

And adds slightly sadly: “How far can we develop in Estonia, is a complicated question. The main risk is the availability of human resources, which sets a limit on the establishing of new production units.” Probably there are not enough people in Elva and around Elva, from among whom Enics can choose labour. Kalle Kuusik himself travels twice a week to work to Elva from Aegviidu, but already in the next year the workplace takes him closer – to Otepää. How probable is the fact that the future employee of an electronics shop makes the decisions in residence change, no one knows. This is not quite impossible in the conditions of increase in salaries.

The group of Enics of Swiss origin owns 8 plants over the world. The sales of the group was 225 million euros in 2005. The sales estimate for 2006 is 260 million. Enics holds the 8th place in the world industrial electronics market. The company has total of 1,900 employees. The group has the plan to expand further to America. Enics entered the electronics industry more than two years ago, when the major owner of the company, the Finnish investment company Ahlström Capital purchased the industrial electronics production from Elcoteq and established the company Enics AG in Switzerland. Some time later Enics merged with the Finnish electronics company Ahltronix, to which the plant in Elva and two plants in Finland belonged.

KAILEEN MÄGI

ENICS EESTI AS 2005	
Private capital (Estonia)	-
Private capital (foreign)	100%
Sales	325 639 579
Equity	322 522 500
Employees	361

FOREIGN INVESTOR 2006 NOMINEES

Enterprise	Main field of activity	Total amount of investments (mln EEK)	Sales 2005 (mln EEK)	Net profit 2005 (mln EEK)	Export share in sales revenue 2005 (%)	Change in fixed assets 2005/2006 (mln EEK)	Average number of employees 2005
Enics Eesti AS	provision of service of production of electronics	40,00	325,64	-20,00	99,00	24,70	361
Polimoon AS	production of plastic details for the car industry, production of plastic tare for the food industry	82,13	130,37	13,60	91,40	17,10	120
Ruukki Products AS	planning, production, processing, marketing of steel construction materials and the related products and necessary raw material	83,00	1116,42	22,60	65,00	37,00	198
Ragn-Sells AS	waste management services	208,00	203,13	15,70	8,00	3,70	227
TK-Team AS	production of representation facilities, incl writing boards, information boards, sheet boards, TV-consoles, multimedia barrows	9,90	33,44	1,50	98,00	0,34	25

The award is awarded to the company operating in Estonia which has been specifically outstanding with the volume of direct foreign investments made to Estonia and the contribution to Estonian economic life through involvement of new technologies and creation of the workplaces with high qualification. The impact of the companies with foreign share (at least 50% of the share capital is the foreign share) on the Estonian economy on the basis of bringing in the investments, development of export and creating of the jobs.

Polimoon AS

Polimoon AS was established in 1984 with the name Rõngu Tehas AS. The main activity is the production of plastic details for the car industry (72% of the sales income) and the production of plastic tare (boxes, pallets) for the food industry. About 90% of the production is exported, mainly to Sweden, Finland, Poland etc. The average number of employees was 120.

- The amount of the total investment made within the time operated in Estonia is 82.1 million kroons and in 2005 the fixed assets increased by 17.1 million kroons;
- 50% of the investments have been made to real estate, 46% to equipment and 4% to infrastructure;
- Polimoon AS employs 198 persons, 49% of them have secondary education, 37% with vocational secondary education and vocational education and 14% with higher education;
- The share of export of the sales income is 91%;
- In 2005 the sale of new products made 2.1% of the total sales.



Ruukki Products AS

Ruukki Products AS was established in 1992. The former business names of the company were Rannila Profiil AS up to February 2005 and Ruukki Construction AS up to May 2005.

Ruukki supplies metal components, systems and composite solutions for the construction and engineering industry. The company provides wide choice standard and pre-processed metal products and services. More than half of the sales income is sales outside Estonia, mainly to Ukraine, Latvia and Lithuania. In 2005 a new production building was completed for production of

outer wall panels of thermal H-girders which enabled to increase the production volume of panels to double. The key markets are Finland and the Nordic Countries.

The sales income has increased in the recent years. In 2005 the merger of Ruukki Metals Eesti AS was carried out with Ruukki Products AS which had a positive impact on the growth in sales income.

- The value of the fixed assets of the company is 83 million kroons. In 2005 the fixed assets increased by 37 million kroons;

- 40% of the investments have been made to real estate, 40% to equipment, 10% to intellectual property and 10% to the training of employees;
- 198 persons have been employed in the company, 50% of them have vocational secondary and vocational education, 20% with secondary education, 20% with higher education and 10% with basic education;
- The share of export of the sales income is 65%;
- New products were not introduced to the market in 2005.

Ragn-Sells AS

Ragn-Sells AS was established in 1994. Ragn-Sells AS is specialized in providing waste management services in the whole territory of the Republic of Estonia. The main activities are waste collection, processing and final landfilling. The inert, non-hazardous and hazardous waste are the types of waste processed. The company has offices in Tallinn, Kiviõli, Haapsalu, Pärnu, Tartu, Võru and Valga. The waste sorting stations are located in Tallinn, Jõhvi and Tartu. The landfills are operated in Rakvere, Räpo and

Pullapää. A waste plant is operated in Rapla. About 8% of the sales income of 2005 was made by export, mainly to Lithuania (5%). In 2004 the average number of employees was 208, currently the company employs 258 persons.

The fixed capital was increased up to 13,890,000 kroons in April 2002. 100% of the shares of the company are owned by Ragn-Sells AB (Sweden).

- The amount of total investments made during the operations in Estonia is 208

million kroons. In 2005 the fixed assets increased by 3.7 million kroons;

- 86% of the investments have been made to equipment, 10% to real estate, 2% to the intellectual property and 2% to the training of employees;
- The company has 227 employees, 33% of them have secondary education, 30% vocational secondary education and vocational education, 17% higher education and 8% basic education.
- The share of export of the sales income is 8%.

TK-Team AS

TK-Team AS was established in 1998. The main activity is the production of representation devices. The main production of the company includes writing boards, notice boards, paperboards, TV-consoles, multimedia barrows and other representation devices. About 90% of the sales income in 2005 was export, mainly to Finland (76%), but also to Latvia, Lithuania, Sweden, Great Britain, Russia. According to the latest data the company

employs 25 persons, 20 of them in production.

The fixed capital has stayed at the same level during the recent years. The 100%-owner of the company is Taulukeskus TK Team OY AB (Finland).

- The amount of total investments made during the operations in Estonia is 9.9 million kroons. In 2005 the fixed assets increased by 0.3 million kroons;

- 100% of the investment has been made to equipment;
- The company employs 25 persons, 64% of them have secondary education, 16% vocational secondary and vocational education, 12% higher education and 4% basic education;
- The share of export in sales turnover is 98%;
- In 2005 the sales of new products made 10% of the total sales.

REGIONAL DEVELOPER 2006

PÖLTSAMAA FELIX AS

Major Producer Values Local People

*Belonging to Orkla group
has increased the efficiency
of the company*



FOTO: RAUNO VOLMAR

ANTI ORAV
Manager of Pölsamaa Felix

Many remember the taste of Pölsamaa marmalade. What they also recall are the stories about cosmonauts who, while floating somewhere weightless, eat the same marmalade, made in Pölsamaa, straight from the tube. Anti Orav, the Manager of Pölsamaa Felix, recalls the same thing. "When I think back on my first association with the name Pölsamaa, then it would be the same Pölsamaa marmalade that could be eaten on a slice of whitebread or put between cookie cake," Orav, who has been working in Pölsamaa for the last 11 years, recalls.

Five years ago the tube marmalade was re-introduced on the market, but it did not receive a remarkably warm welcome. Maybe

this product still belongs to the nostalgic past. Anti Orav says that this niche is presently filled by Mars and Snickers.

At different times Pölsamaa has manufactured an incredibly wide range of different goods. It includes spirit, potato flakes, coffee and starch. Fruit- and vegetable preservatives and berry wines have been manufactured for almost 80 years. Tubes of food mixtures necessary for cosmonauts were produced during 1967-1970 and later the factories of Moscow started producing them according to the recipes of Pölsamaa. It all gives an historical feel to the company and challenges to combine the traditional and the new.

Pölsamaa Felix is the greatest taxpayer of the town and employs 120 people. And this

is by far not all. Each summer up to 100 people are employed for the cucumber season. "Summer is a busy period in our production. During summer we employ about 150 people in the 30-kilometre radius from Pölsamaa in addition to our main staff," the Manager says.

Preservatives, juices, wines, ketchup, mayonnaise and mustard – all this and more is produced in Pölsamaa nowadays. "During the last 12 months we have brought 2 new kinds of mayonnaise, new salad dressings, 3 new wines, 3 new readymade food products and many more items to the market. Still in this year juice gets a new packing, which is easier to open," Anti Orav reveals. The factory buys raw products from Estonia as much as is possible in terms of volumes and

quality. Orav brings Põltsamaa's apple juice as an example which is a local product from start to finish – it has been pressed from only Estonian-grown apples.

All output is sold not only on the domestic market. For instance, a few years ago Põltsamaa decided to conquer the Finnish mayonnaise market. It managed to capture almost 20 per cent of the market. The weight of export grows constantly – last year it was 30%. In addition to Finland, Põltsamaa's products are exported also to Sweden and the Baltic States.

For a long time already Põltsamaa Felix is not merely a producer – the company has decided that this is not enough. As most of the employees are locals, the company wishes to give them something in return. "From the beginning, since 1993, we have substantialized the company's part in developing local life. We are compelled to that by our biggest employer status, as our employees live in this area. We have yearly helped along in enriching Põltsamaa's cultural summer by organising the wine day and Põltsamaa Fest concerts. Starting from last year Põltsamaa's new sports hall bears the name of Felixhall on the basis of the 5-year contract. We currently also support

culture and other active benefactors with larger and smaller sums of money," Orav says. Orav regards the aforementioned new name for the sports hall as the greatest success of last year.

The company is constantly growing and thus it is impossible to highlight one specific product, the market share of which has become more larger than that of others. In brief – the company did well as the turnover reached 152 million kroons and profit was 3.5 million. The reason of the company's success partly lies in belonging to the Orkla Foods group. Orkla is the biggest Nordic producer of trademark food products who, differently from big global players (such as Unilever), approaches markets multilocally. "It means that the group consists of strong local producers. Such an organisation has proved to be extremely effective as the food is local to a considerable extent," Orav states. As history has shown, Estonians are very loyal to local products. The Manager thinks that belonging to the Orkla group has granted access primarily to information and all markets in Central and Eastern Europe. As the group is a strategic investor, it has given Põltsamaa Felix the opportunity to endeavour to long-term objectives.

The company certainly needs long-term objectives as many different product groups are dealt with, which means having several competitors. Thus, competing on the food products' market can not be taken with ease. Thus Põltsamaa's objective is to achieve the leading position in all product categories. "Our success lies in acting towards set long-term objectives and activeness," Anti Orav concludes.

KAILEEN MÄGI

PÕLTSAMAA FELIX AS 2005

Private capital (Estonia)	-
Private capital (foreign)	100%
Sales	151 542 000
Net profit	3 343 800
Export sales	30 711 344
Equity	89 401 690
Employees	140

PHOTO: KERSTI PALGI



REGIONAL DEVELOPER 2006 NOMINEES

Enterprise	Main field of activity	Sales 2005 (tuh EEK)	Net profit 2005 (tuh EEK)	Equity 2005 (tuh EEK)	Average number of employees 2005	Investments to the training of employees	Investments to the local infrastructure	Investments to the local social-infra- structure
Nuia PMT AS	manufacturing and marketing of hydrocylinders and metal constructions	52 619	5 304	19 163	72	152 905	428 122	-
Põltsamaa Felix AS	production and sales of food products	151 542	3 343	89 402	140	600 000	15 000 000	50 000
Repo Vabrikud AS	production of particle boards	592 887	42 673	174 583	591	143 825	1 385 868	10 000
VKG Oil AS	thermal production of oil shale	739 368	142 264	281 364	388	860 822	650 000	62 216
Värskä Sanatoorium AS	rehabilitation, provision of general medical services, provision of recreational and cultural services	18 042	4 099	14 878	75	81 386	435 032	-

The purpose of the contest is to credit and set as an example economically successful entrepreneurs who constantly value their employees and the environment in which they operate, participate actively in developing their area and through their actions create growth possibilities also for other companies of the area.

All entrepreneurs operating outside Tallinn can participate in the contest. Enterprises are evaluated on the basis of the following criteria: the financial situation of the enterprise – financial and economic indicators, but also history and reputation; the employees and working environment of the enterprise – wage level in comparison with the average in the area, the growth of the wage fund in comparison with the previous year, new and preserved workplaces, investments in training employees, enhancing the work environment and employees' health, bonuses for the employees; investments into the local infrastructure and environmental protection and co-operation with other companies in the area; the social activity and awareness of the company, e.g. if and how much the company is engaged in sponsorship, whether and how many less competitive people the company has employed, the management's participation in the local community, whether the company provides practice opportunities for the students of vocational schools and college students and other local factors.

VKG Oil AS

VKG Oil AS is the subsidiary of VKG AS, Kohtla-Järve's biggest and most successful, Estonian largest chemical industry enterprise. In its activities Viru Keemia Grupp constantly pays increasingly more attention to environmental questions – in its new, already third environmental activity plan much attention is also turned towards closing-down old half-coke hills in addition to decreasing the environmental effects of oil production. VKG Oil invests into local infrastructure and participates actively in enhancing local life by investing into the social infrastructure (football club Alko, Jõhvi sports school, Kunda swimming pool, MTÜ Maria ja lapsed) and, in addition to monetary contribution, has participated in

several local activities: organising the chemists' day, holding a party for senior citizens in the cultural centre, buying furniture to the senior citizens' association, gifts and tables for the mercyhome of disabled children, etc. VKG Oil pays notably higher wages than the average in the area, has created 13 places for trainees, therewith has also paid wages for the best trainees.

Field of activity: thermal production of oil shale, during which oil shale oil, phenol water and gas with low caloric energy are produced. The basic products are different fuel oils which are characterised by their low viscosity and below -25°C pourability temperature, oil coke and pitch, total oil shale phenols, antiseptic wood preservative oils and oil shale bitumen. Fuel oils and

coke are mostly sold to foreign markets, oil shale bitumen to the local market.

Export formed 46% of sales revenue in 2005. VKG OIL AS includes the oil shale reprocessing facility, chemical factory, cableway installation and the laboratory.

- The economic and financial situation of the company is excellent.
- Labour costs in 2004: 41,999,084 Estonian kroons; in 2005: 45,452,041 kroons (monthly per employee 10,521 kroons).
- Investments into the training of employees: 860,822 kroons
- Investments into the work environment: 21,472,471 kroons
- Investments into updating technology: 85,783,474 kroons

Nuia PMT AS

Nuia PMT AS was founded on 15 May, 1991, on the basis of domestic private capital. The company is located in the town of Karksi-Nuia in Viljandi County. The company has made big investments in order to develop the local infrastructure, the training of its employees and enhancing work conditions. The company has employed 5 unemployed persons and created 10 places for trainees, several bonuses are offered to employees. The Management Board mem-

bers of Nuia PMT are very active – as the members of local government, its commissions and as members of the division's council. The company also pays notably higher wages to its employees than the average in the area.

- Field of activity: manufacturing of hydro-cylinders and metal constructions. Export to Finland and Latvia formed 5.8% of the sales revenue in 2005.
- The economic situation of the company is

excellent, the financial situation is good.

- Labour costs in 2004: 10,205,767 Estonian kroons; in 2005: 14,140,266 kroons (monthly per employee 16,834 kroons).
- Investments into the training of employees: 152,905 kroons
- Investments into the work environment: 2,817,380 kroons
- Investments into updating technology: 9,522,773 kroons

Väraska Sanatoorium AS

Väraska Sanatoorium AS, one of the three major employers in Pölvamaa, constantly engaged in improving its goods and services and local life. The company has made major investments into the local infrastructure and is actively engaged in sponsorship (SA Maarja Küla, handball club "Serviti", OK Kobras). The company is employing 2 disabled persons and has cre-

ated 2 positions for trainees. Field of activity: sanatory treatment, rehabilitation, general medicine and providing medical services, providing recreational and cultural services, accommodation services, catering, tour organising, extracting curative sea mud and rehabilitation services for the disabled persons.

The economic and financial situation of the company is good.

- Labour costs in 2004: 4,257,307 Estonian kroons; in 2005: 6,355,387 kroons (monthly per employee 8,024 kroons).
- Investments into the training of employees: 81,386 kroons
- Investments into the work environment: 243,860 kroons
- Investments into updating technology: 11,556,311 kroons

Repo Vabrikud

Repo Vabrikud, located in Püssi, is the biggest producer of melamine covered particle boards in the Baltic States and Northern Europe. The sole owner of Repo Vabrikud is the Swiss investment company Sorbes AG. In addition to the fact that Repo Vabrikud is the biggest employer in Püssi, the company also invests much into the developing of local infrastructure and social infrastructure (a skatepark for the young in Püssi; renovating the shooting gallery of Kiviõli I High School). The company is also active in sponsorship, among others Püssi city government, Püssi culture centre, Lüganuse High School, Kiviõli I High School and sport society Kalev of Kohtla-Järve have been supported. New small

enterprises of the area are supported by means of know-how and the opportunity to use the infrastructure of Repo Vabrikud. The Management of the company actively participates in the work of Estonian professional associations (Estonian Chamber of Commerce and Industry, Estonian Employers' Confederation, Estonian Woodworking Federation, Estonian Forest Industries Association). Medium-level managers participate in organising local ventures. For example: sports event Püssi Seeriajooks. The company has several bonuses for its employees and also pays notably higher wages than the average in the area.

- Field of activity: manufacturing wooden boards: particle boards and laminated

boards for the furniture industry and fibreboards for the packing industry. A major part of the products are exported, main markets being Scandinavia, Central and Eastern European countries.

- The economic situation of the company is excellent, the financial situation is good.
- Labour costs in 2004: 59,732,958 Estonian kroons; in 2005: 70,082,130 kroons (monthly per employee 10,052 kroons).
- Investments into the training of employees: 143,825 kroons
- Investments into the work environment: 613,709 kroons
- Investments into updating technology: 26,463,628 kroons

TOURISM INNOVATOR 2006 OTEPÄÄ SEIKLUSPARK OÜ

Thrills Between Sky and Earth

The park, designed by a Frenchman, offers an unforgettable experience

A nearly 70-year-old man is hanging a few dozen metres from the ground and putting himself to test. He came here from London. To venture in flat Estonia. But instead, he discovered Otepää adventure park. At the high season of tourism one could offer a certain winner – trout in some artificial pond, row a boat, swim peacefully in a 17-degree water... **Indrek Taukar**, the Manager of Otepää Seikluspark and his friends were not satisfied with the choice. Thus it was decided, despite the flat landscape and verticalness of Estonia, to transfer the forest and hill country into something interesting and attractive.

The adventure park is brandnew – it was completed in June 2005 with the aim to offer something different on the Estonian tourism scene. The adventure trail features several attractions – the most complicated are the side swings which are hanging beside one another in air, and one has to move from one platform to another by these; wooden swaying swings; it is slightly more complicated to walk along the hanging so-called horseshoes, by which one can move from one platform to another. The manager promises to think of something new and exciting for each season. This year visitors can try long zip slides in Otepää, which have become extremely popular. At the same time the existing attractions are enhanced.

In summer about 120 people visit the park during one day. On the average, one visitor passes through the trail in two hours. During winter the park is open only by previous bookings – if the temperature falls below -10, then it is not possible to feel free on the trail.



PHOTO: OTEPÄÄ SEIKLUSPARK

The idea of the adventure park originates from France, where there are about 300 similar parks. The French designer of the park, Pierre Get Perre, happened to participate in the cross-country skiing World Cup as the technical delegate of FIS. Otepää's hill country gave him very good inspiration. Indrek Taukar says that he himself does not go through the trail daily. But certainly once a week – then it is possible to see with own eye where the trail could be improved or what to add. Once a week is a bit rarely, he adds. Hanging trains balance and physical form extremely well, and it ought to be done more frequently. The company employs altogether 7 people, some of them are the owners.

The greatest success of last year was creating a good team, Taukar thinks. As the high season of the adventure park tends to be summer, then it is possible to concentrate on the main work during winter and if something does require fast reaction, the helpful team is always there.

Taukar admits that it is hard to enter the market without previous advertising, even though information about the adventure park spreads fast among people. It is very hard to keep those experiences just to oneself, and so stories about the Otepää adventures spread. At the same time the company has tried to find different advertising possibilities. So, last year, one television show for the young recorded its shows in Otepää. Help was mutual and efficient.

Does the shy and timid Estonian dare to swing between the sky and earth? It turns out that visitors have needed unbelievably little assistance. Only twice-thrice a day during the summer period. The trail is developed in

a way that a person gets used to it and develops together with the trail and, to their own surprise, does not even notice how high they have climbed. For many, going through the trail is a victory over oneself, which boosts self-esteem a lot when the finish line is crossed. And this experience is worth the whole world!

Also this year the enterprise did well. Weather was excellent for tourism and

adventurers were plenty. Next year's plans include a trail for the toddlers – below one metre men. And certainly also something new and exciting. The Manager adds that he is a bit superstitious and would not like to introduce all innovations, just in case.

What could Otepää Seikluspark look like in, let's say, 10 years, I start to think. There is unimaginably much as if vacant space between the sky and the earth, which could

be filled with thrills. Indrek Taukar thinks that the park will never be finished. It will develop on and try to find all possibilities there are for an even more adventurous spending of free time.

KAILEEN MÄGI

OTEPÄÄ SEIKLUSPARK OÜ 2005

Private capital (Estonia)	100%
Private capital (foreign)	-
Sales	335 116
Net profit	-13 356
Export sales	67 023
Equity	26 644
Employees	4

PHOTO: OTEPÄÄ SEIKLUSPARK



TOURISM INNOVATOR 2006 NOMINEES

Enterprise	Main field of activity	Sales 2005	Net profit 2005	Labour costs 2005	Equity 2005	Turnover per employee 2005	Average number of employees
SSC Ferries OÜ	operation of international ferryboatline between Saaremaa and Ventspils	5 475 102	-4 304 565	1 667 435	-4 264 565	210 580	26
Otepää Seikluspark OÜ	planning of adventure parks, construction development and operation; organising of trips, sport contests, trainings and advertising events, lease and sale of hiking and sports equipment	335 116	-13 356	70 315	26 644	83 779	4
Ammende Villa Catering OÜ	accommodation, catering and organising of recreational events	12 230 740	-26 454	3 942 819	772 794	407 691	30

The title of the Tourism Innovator is awarded to an innovative tourism product or service, offered by a capable entrepreneur who is co-operative and destined to assure the well-being of the client. In evaluating the nominees, a special emphasis is put on developing the services in 2005, which also reflects in the successful economic results of the enterprise. The positive influence on the tourism in the region or in Estonia as a whole is an additional quality.

Enterprises evaluated on the basis of the following criteria: the turnover from incoming and/or domestic tourism; the innovativeness of the tourism product, including new products/services, innovations in marketing activities and the influence of the product on lengthening the season; co-operation with other enterprises in the region either at providing or marketing the service or buying in products/services; ensuring the clients' satisfaction.

Ammende Villa Catering OÜ

Ammende Villa Catering OÜ has previously been awarded in the Tourism Innovator category (in 2001). It is a constantly developed accommodation, catering and leisure premises with its very distinct style. Ammende Villa has also received international credit and thus helped along in introducing Estonia abroad as a tourism destination (e.g. Ammende Villa is included in the Johansens Recommended - The World's Finest Recommended Hotels Guide, the restaurant of Ammende Villa was also noted in the tourist magazine Conde Nast Traveller among the 60 best new restaurants worldwide).

The company employed on the average 30 people in 2005. The base capital has remained on the same level in the past few years. The fixed capital level is high in comparison with the balance sheet total.

Some of the different product packets introduced in 2005:

Girls Night Out – an original packet for two, or why not more, girlfriends. The product includes according to its price – possible to choose from 5 levels – different beauty services, surprise gifts, video movies, new magazines, special menus, nightclub visit, etc.

The uniqueness of the product lies in a very specific target group, thoroughly compiled offer and the element of surprise.

Golf packet – a 2-day packet for golf lovers in co-operation with Valgeranna Golf, accentuated with a festive dinner and a picnic on the following day.

Agathe Christie Murder Mystery – a special night for the fans of criminal events. Target group – one specific company.

"100 years of Love in Ammende Villa" – a packet for the lovers of romantic music together with accommodation and dinner.

Products for different target groups where

the needs of the target group have been specifically analysed and taken into account in compiling the product:

- In 2005 a 3-year co-operation project began together with Padaste and Schlosse hotels with the packet "3 Hidden Pearls of Estonia". The product is targeted primarily to foreign clients in England, Germany and Russia.
- An audit of the online sales partners was executed and the sale channels to foreign countries were specified.
- New contracts were concluded with online sellers and vendors both in Estonia and abroad.
- The creation of Ammende Uudiskiri to the frequenters which provides the clients with constantly updated information regarding events, concerts and exhibitions.
- Creating a new conception for the layout of printed materials according to the markets.
- Adjusting marketing principles according to the target groups.

SSC Ferries OÜ

SSC Ferries OÜ was founded in March 2005 by Saaremaa Laevakompanii AS with the aim to open an international ferry line between Saaremaa and Ventspils. The line was opened in May, 2005. The main activities of the company include organising the operation of international ferryboat lines and developing, mediating and selling tourism packets and other associated services. The company employs 26 persons. Fixed assets are on the minimum level.

Mõntu – Ventspils ferryboat line was opened on 17 May, 2005. At the beginning and end of the season four departures per one direction and during high season six departures per one direction took place during a week. The season lasted until

25 September. 15,149 passengers were served, of whom 90% were tourists, 39% of the served passengers were Estonians, and others were foreign customers. It was a so-called testing season for determining the perspectives of the boatline. The successful start proved that such a connection between Latvia and Saaremaa is necessary and long-term, and the company has decided to continue in the following years. In Latvia, the boatline was awarded the title of the best new tourism product of the year and in Saaremaa a group of economic specialists it on selecting the best economic event of the year the title "Economic event of the year".

As the opening and operating of a boatline includes large-scale costs, the company is planning to put a greater emphasis on

organising tours for earning back the investment. SSCF positions itself as a tour operator. Introducing tour packets on the market is a natural flow of things for SSCF, because:

- offering packets and operating the ferryboat line are activities supporting each other – a boat trip (later also a mini cruise) separately is less attractive than offering a complex service to tourists;
- the sale of ferry tickets forms a large customer base, which could be used for selling other tourism services – in the first season many passengers asked for information about tourism possibilities in Saaremaa and wanted to order different services (the same trend was evident in questionnaire answers).

DEVELOPER OF THE YEAR 2006 HAKA PLAST OÜ

Definite Aim to Grow Faster than the Construction Market

A person does not usually think in detail about daily things. We do not need to reverberate on where the pipes have been manufactured by which water flows daily to and from our sinks. But from now on, when you do happen to think about it, we have the answer for you. Lääne-Virumaa, Kadrina, HAKA Plast OÜ. The company is producing polyethylene pipes for three years already and the production volumes have grown yearly. The managers of HAKA Plast OÜ are glad to note that by now, the company is known both in and outside of Estonia and people in the field know what the company is all about. The customer database and related production volumes increased also during the previous year. The manager of the company, **Kaul Augasmägi**, regards this as the greatest success.

At the same time he admits that this has not always been the case – at first, much effort was put on finding the clients and proving oneself. Now it has paid off and the clients find them, not vice versa. The company presently employs 12 people and all production lines comply with contemporary requirements on technology. Nearly 10 million kroons have been invested into production.

The factory has three production lines and the around-the-clock production takes place on five, during high season six days a week.

Why was the company founded?

“Knowing both the Baltic and local market and having previous experience, we decided to start this production with business partners,” Augasmägi reveals. HAKA Plast OÜ is



KAUL AUGASMÄGI

Chairman of the Board, Haka Plast OÜ

based equally on the Finnish and Estonian capital. Co-operation with the Finnish has been efficient and no problems have occurred. All necessary decisions have been made fast. The manager is also one owner of the company.

Augasmägi has been active in the field of pipes for more than 10 years. A separate chapter about Kadrina could even be written on the production of pipes. In addition to the fact that Kadrina is the home of the quickly developing HAKA Plast OÜ, the first production line of burst pipes was opened in 1995 by the company Aumek. Kadrina

was also the birthplace of Pipelife Eesti AS, which has now moved to Jüri, in the proximity of Tallinn.

HAKA Plast OÜ produces, in addition to the famous polyethylene (PE) pipes, also PE gas pipes, PE ground heating pipes, PE casing pipes for bore wells and PE cable protection pipes. And these pipes are dug not only into Estonian soil. Karl Augasmägi states that half, sometimes even more, of the production is exported. “Our partners in Latvia and Lithuania are major wholesalers. Our partners in Finland are the direct users of our products, also some resellers.”

There is more to a production company than just production lines

HAKA Plast OÜ regards its competitive advantage to be the immediate reaction to the client's wishes and flexibility in their fulfilment. Thus, apart from production, greater attention is also turned to mediation services. The latter does not only consist of the procurement and marketing of the product, but also advice regarding provided products and projects, compiling price offers and, if necessary, also supply. The product range includes downstream sewerage, rain water and culvert pipes and their pipe-connectors and wells. If the client desires, also all materials are collected.

To the question, what is presently the major goal of HAKA Plast OÜ, Augasmägi replies with certainty: “To grow even a bit faster than the construction market,” and adds, “We constantly need to think about development and act accordingly.”

KAILEEN MÄGI

DEVELOPER OF THE YEAR 2006 NOMINEES

Enterprise	Main field of activity	Sales 2004	Sales 2005	Change in turnover in % 2005/2004	Net profit 2004	Net profit 2005	Change in net profit in % 2005/2004	Labour costs 2005	Average number of employees 2005
Karso Ehitus OÜ	construction and repair works	4 295 063	7 462 829	74	314 865	592 552	88	311 509	3
Seikluspuhkus OÜ	kayak trips, adventure events, raft, bog and snowshoe trips, skating adventures, ice and rock climbing	943 302	1 642 432	74	47 227	76 125	61	259 587	4+2
Geos TEK OÜ	production of facade and finishing stones and sideway plates	1 957 865	2 552 053	30	282 872	509 707	80	318 866	9
Haka Plast OÜ	production of polyethylene plastic pipes and other plastic products and parts	11 048 000	17 212 000	56	-257 000	323 000	226	1 280 899	9
Ilus Aed OÜ	landscaping, refurbishing and maintenance works	1 276 804	2 459 827	93	-176 708	405 452	329	481 621	6

Companies founded in 2003 participated in the contest, which received start-up grant from EE or Tallinn City Enterprise Board. A diagnostic audit was performed, by which the present situation and future perspectives of the participating companies were mapped. The audits specified the most successful nominees.

Enterprises are evaluated on the basis of the following criteria:

- Economic results, incl. fulfilling the financial prognosis made at the start-up, the existence and realistic nature of future prognosis, growth of the turnover, added value and the weight of foreign markets;
- Market, incl. the systematicity of marketing both on domestic and foreign markets, knowing of competitors, risks stemming from the number and nature of clients;
- Product development, incl. the activeness of the entrepreneur in searching for and rooting innovative solutions, participating in quality programs, gathering customer feedback;
- Personnel, incl. the possibility for additional workplaces, valuing employees and developing the organization;
- Investments, incl. the feasibility of investments, investing capability and consistency.

ALLAR KORJAS

Director of Business Start-up's Division and Business Development Division,
Enterprise Estonia

The category „Developer of the Year“ is introduced for the first time at the Entrepreneurship Award 2006. The purpose for adding the new category was to acknowledge the new and well-developed companies. Determining the winner helps to present the most successful small new enterprise on the market, for whom there were no suitable categories at the Entrepreneurship Award before. The Newcomer of the Year is a sustainable, fast-growing and effective enterprise, who is also actively engaged in product development.

Newcomers participating in the contest get an objective professional feedback concerning their activities and co-operation with more successful and innovative companies and entrepreneurship organizations improves.

For choosing the winner, diagnostic audits were performed by the consultants from EE and Tallinn City Enterprise Board in participating companies during which the company was visited and its manager interviewed. The audit gave the opportunity to evaluate the present status and future perspectives of the companies. The methodology for the diagnostic audit was specially developed for the Newcomer of the Year award, bearing in mind the profile of the participating companies.



Karso Ehitus OÜ

Karso Ehitus OÜ was founded in 2002 and its main activity is construction and repair works. The priorities are sanitary engineering works, renovating staircases, repairing facades and roofs for apartment associations. It is planned to provide subcontracting for larger construction companies. So far, the company has been a suc-

cessful subcontractor to FKSM. Favourable loan conditions and low interest rate have initiated a great demand in the field of operation of the company. In 2006 the cooperation between Karso Ehitus and the former project manager of FKSM went so well, that a new joint venture was founded. Karso Ehitus, led by its manager Sergei Gladkov, continues to service apartment

associations and the new enterprise is engaged in housing projects from buying the plot to turn-key finish. In 2005 the first private housing projects, in the total amount of approximately 3.5 million, were started still under the label of Karso Ehitus. New projects are financed by bank loan.

Seikluspuhkus OÜ

Seikluspuhkus OÜ was founded in 2002 and its main activity is providing tourism services. The company has actively looked for possibilities to develop their services and finding new markets. Several start-up grants have been skilfully used (Start-up

grant; Training programme; Marketing and Product Development Programme for Travel Trade). The personnel of the company has constantly been engaged in raising its competence. In addition, another enterprise has been founded, the purpose of which is to put gained knowledge into prac-

tice by organising trainings. The company has secured the consistency of investments (roughly 250,000 EEK per year) and the variety of services, which has minimized the effect of seasonality for the company – a significant competitive advantage in the field.

Geos TEK OÜ

Geos TEK OÜ (the former Geos Ehitusgrupp OÜ) was founded in 2002 and the main activity of the company is production and sale of concrete products. The company is located in Ida-Virumaa and produces facade and finishing stones and sideway plates (www.geos.ee). The main emphasis is put on the attractiveness of the products, which allows selling them at a slightly higher price when compared with competitors.

The company has managed to excel its preliminary prognosis both in terms of turnover and profit and secure a stable growth. The company has ambitious yet realistic growth prognosis, the growth of added value exceeding the growth of turnover and a real export potential. The performance of the entrepreneur on the target market is rational, the actual needs of customers, current price level and production costs are taken into account. The client

risks have been dispersed among more than 10 major customers. The company has created 9 workplaces and the plan is to increase the number of employees by 5-6 in the upcoming years. The entrepreneur has invested during recent years altogether 1.5 million kroons in extending production. Thanks to developing sales, the goal is to further increase the production volume, which enables to start exporting the products.

Ilus Aed OÜ

Ilus Aed OÜ was founded in 2002 and the main activity of the company is landscaping and refurbishing. The company, located in Kehra, offers its customers services for founding and maintaining gardens and parks. The company applied for a start-up grant for buying a resistograph (device for assessing

the condition of trees), which is constantly being used.

The turnover increase is forecasted to continue and the estimated net turnover for 2007 is 5 million kroons, which would enable the company to participate in public procurements. A licence for working on historical objects is being applied for from

the National Heritage Board. The possibility to offer training in landscaping is seen as a way of product development. Starting production is also thought of as current vendors can not satisfy the company's need for decorative stones. The number of employees is constantly increasing and this trend will probably continue.

THE HISTORY OF THE ENTREPRENEURSHIP AWARD

CONTEST OF FOREIGN INVESTOR

1995

Main prize: **AS EESTI TELEFON**

1996

Main prize: **AS ELCOTEQ TALLINN**

Foreign Investor

Who Has Introduced Estonia:

Tolaram Grupp

Export Developer:

AS Kunda Nordic Tsement

Jobs Creator: AS Loksa Laevaremonditehas

Launcher Of Modern Environmentally

Friendly Technology: Ragn-Sells AS

1997

Main prize: **TOLARAM GRUPP**

Export Developer:

Kreenholmi Valduse AS

Jobs Creator: AS Järvakandi Klaas

Products Quality Developer:

AS Elcoteq Tallinn

Largest Investment:

AS Eesti Merelaevandus

1998

Main prize: **AS HANSAPANK**

Export Developer: Tolaram Grupp

Jobs Creator: AS Britannic Eesti AS

Products Quality Developer:

AS Elcoteq Tallinn

Largest Foreign Investment:

AS Hansa-pank

1999

Main prize:

AS KUNDA NORDIC TSEMENT

Export Developer: OÜ HTM Sport Eesti

Jobs Creator: Lindegaard Eesti AS

Largest Investment: AS Eesti Telekom

Innovator: OÜ JOT Eesti

EXPORT FORUM

1997

Main prize: **AS NORMA**

Small and Medium-Sized Exporter:

AS Viljandi Aken ja Uks

Exporter With Rapid Development:

AS Balteco

Jobs Creator: AS Elcoteq Tallinn

User Of Domestic Raw Materials:

AS Viisnurk

1998

Main prize: **KREENHOLMI VALDUSE AS**

Small and Medium-Sized Exporter:

AS Rõngu Tehas

Exporter With Rapid Development:

AS Tarkon

Jobs Creator: AS Toom Tekstiil

User Of Domestic Raw Materials:

AS Repo Vabrikud

1999

Main prize: **AS VIISNURK AS**

Small and Medium-Sized Exporter:

AS Hansa Candle

Exporter With Rapid Development:

AS Wendre

Jobs Creator: AS Repo Vabrikud

ENTREPRENEURSHIP AWARD

2000

Main prize: **AS VIISNURK**

Small and Medium-Sized Company:

AS Mikskaar

Exporter: AS Silmet

Foreign Investor: OÜ JOT Eesti

Technology Developer: OÜ JOT Eesti

Tourism Innovator: Reval Hotelligrupi AS

Area Developer: AS Viisnurk

2001

Main prize: **AS SILMET**

Small and Medium-Sized Company:

AS Viljandi Liimpuit

Exporter: AS Silmet

Foreign Investor:

“Horizon” Tselluloosi ja Paberi AS

Technology Developer: AS Silmet

Tourism Innovator:

Ammende Villa Catering OÜ

Area Developer: AS Silmet

2003*

Main prize: **BLRT GRUPP AS**

Small and Medium-Sized Company:

Viking Window AS

Exporter: BLRT Grupp AS

Foreign Investor: Velsicol Eesti AS

Technology Developer:

OÜ Curonia Research

Tourism Innovator: AS Tallink Grupp

Area Developer: Velsicol Eesti AS

2004

Main prize: **AS VILJANDI METALL**

Large Exporter: OÜ Krimelte

Small and Medium-Sized Exporter:

Mountain Lighthouse OÜ

Foreign Investor: AS Imavere Saeveski

Technology Developer: Aqris Software AS

Tourism Innovator (large company):

AS Estonian Air

Tourism Innovator (small company):

OÜ Pintmann Grupp

Area Developer: AS Viljandi Metall

2005

Main prize: **REGIO AS**

Exporter: Polimoon AS

Foreign Investor: Elcoteq Tallinn AS

Tourism Innovator: Estravel AS

Area Developer: Pühajärve Puhkekodu AS

Innovator: Regio AS

* Since 2003, the contest has been named after the year when the prize is announced, not after the one from which the operating results are evaluated.



Photo recollection from Entrepreneurship Award 2001. From left: Jüri Kork, Managing Director of Puhajärve Puhkekeskus (The Nominee of Tourism Innovator 2001 and the Nominee of Entrepreneurship Award 2001); Mehis Pily, Development Director of Silmet Grupp; Tüit Vähi, the winner of Entrepreneurship Award 2001, Chairman of the Board and Managing Director of Silmet; Aleksander Gurjanov, Director of Production of Silmet.



Photo recollection from Entrepreneurship Award 2005. Edgar Savisaar, the Minister of Economic Affairs and Communications presenting the Tourism Innovator 2005 Award to Anne Samlik, the Managing Director of Estravel.

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

The opportunities (means) of the state in raising the competitive strength of enterprises

In the contemporary free world a high level of competitive strength is one of the most important characteristics and aims of the state. Most of the world's countries make increasing efforts for creating favourable conditions for the development of entrepreneurship on their territory. They comprehend that enterprises by themselves (without the help of the state) cannot break through in the global competition. States are ready to lower the taxes, form several subsidizing funds, take on risks of starting enterprises, develop the infrastructure, and so forth in the name of international economic success.

The advantage of competitive countries lies in the fact that their entrepreneurs are able to sell more goods and services on international markets and receive more foreign direct investments. Therewith they secure a faster growth of wealth and well-being in their country.

Many countries, including Estonia, use low tax burden or lower taxes in order to improve their international position of competitive strength. It is known from history that the first countries to use this possibility were the USA and Great Britain. Now, the new Member States of the EU have turned low taxes into an important tool of the competitive struggle. It has, together with cheap workforce, secured an active inflow of foreign direct investments into these countries.

But there are also many examples where countries have achieved a high competitive strength with high taxes and labour costs (Denmark, Sweden, Finland). It shows that countries possess different possibilities for achieving success in international competi-



LEEV KUUM

Estonian Institute of Economic Research

tion. It is beyond doubt that together with the raise in wages and prices, the "cheap country" advantages of Estonia shall diminish in time. What should substitute price advantages in order to prevent the country's competitive strength from diminishing in the future? Lausanne's International Institute for Management Development (IMD) introduces in its publication *World Competitiveness Yearbook 2005* several opportunities which have brought success to countries:

Easy to make business. A formula according to which countries make purposeful efforts in order to make it easy for the investors to start business, acquire land, and fulfil several notarial formalities in the country. An effort is made to simplify the tax system (little exemptions), communication with the tax and customs board, law enforcement authorities, local governments, etc. Developing this module has created competitive advantages for example to Denmark and the Netherlands.

Developed technological infrastructure and communication. In the contemporary globalizing world many major enterprises are located simultaneously in several countries (subsidiaries) and communicate with a large number of suppliers, purchasers, mediators, etc. For them it is extremely important how communication systems have developed in different countries and what is the cost of information. Several countries have exploited this circumstance and largely invested into the technological infrastructure. It results in the greater inflow of foreign capital and the faster economic development of the country.

Developed logistic infrastructure. The spreading practice of enterprises to transfer production to countries where it is cheaper notably increases the volume of cargo between countries. The importance of developed logistics rises sharply. Countries which are able to offer an effectively operating logistic infrastructure may get an income from it (enterprises spend up to 10% of the cost of the production on logistics).

A strong financial system (banking sector). In relation to the general development of economy (especially in Asian countries) a situation has emerged in some areas (countries) where the offered financial services are outdated in relation to the needs of production. Other countries have exploited this and developed a strong international system of financial services. The experience of these countries shows that a stronger, more developed banking sector may in itself represent a competitive advantage for a country.

Diversifying competence. The analysis of economic cycles shows that some countries

experience greater difficulties during economic crisis than other countries. There are countries that even gain from (develop more quickly on) years which are unfavourable for the world economy. Experience shows that these countries usually have a so-called wide profile, a diverse competence. Some countries have exploited this knowledge and turned their wider competence and flexible production structure into their competitive advantage.

Science-based economy. Several countries have been among the most competitive ones for a long time. The analysis shows that the reasons behind their competitive ability are science, innovation, technology, education and activeness. These countries manufacture products based on science and develop new technologies. Selling innovation has given them the competitive advantage. The best examples of such countries are the USA, Finland, and others.

In principle all aforementioned possibilities could apply to Estonia. We would certainly have a great prospect as a highly developed logistics country (e.g. Chinese goods to Europe through Estonia), a competent IT country, a country of developed financial services between Europe and Russia, etc. It should be noted that the survey conducted among experts and financial analysts by the Estonian Institute of Economic Research in September 2005 gave the greatest support to the "flexible country" (diversifying competence) model.

When we develop the aforementioned further we should note that equally important as preferring one model to another is the knowledge that success models change in the open and rapidly changing contemporary world. An advantage may not be an advantage in a few years. Only these countries can be successful

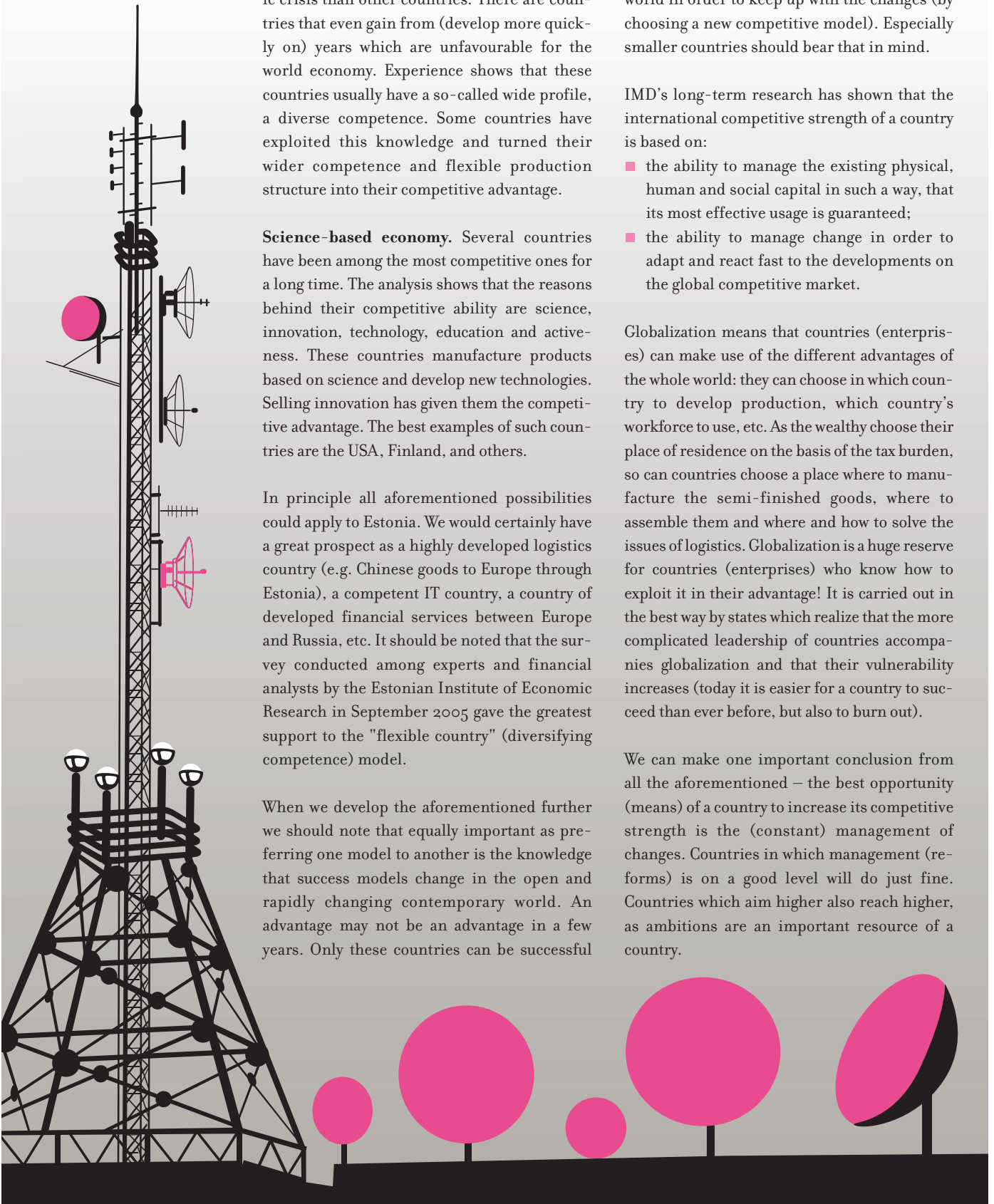
which constantly monitor the changes in the world in order to keep up with the changes (by choosing a new competitive model). Especially smaller countries should bear that in mind.

IMD's long-term research has shown that the international competitive strength of a country is based on:

- the ability to manage the existing physical, human and social capital in such a way, that its most effective usage is guaranteed;
- the ability to manage change in order to adapt and react fast to the developments on the global competitive market.

Globalization means that countries (enterprises) can make use of the different advantages of the whole world: they can choose in which country to develop production, which country's workforce to use, etc. As the wealthy choose their place of residence on the basis of the tax burden, so can countries choose a place where to manufacture the semi-finished goods, where to assemble them and where and how to solve the issues of logistics. Globalization is a huge reserve for countries (enterprises) who know how to exploit it in their advantage! It is carried out in the best way by states which realize that the more complicated leadership of countries accompanies globalization and that their vulnerability increases (today it is easier for a country to succeed than ever before, but also to burn out).

We can make one important conclusion from all the aforementioned – the best opportunity (means) of a country to increase its competitive strength is the (constant) management of changes. Countries in which management (reforms) is on a good level will do just fine. Countries which aim higher also reach higher, as ambitions are an important resource of a country.



Rule No.38:

**Man knows the taste
of success**



ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

PLACE	2005 PLACE	2004 PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
				TH EEEK	PLACE	%	PLACE	TH EEEK	PLACE	%	PLACE	%	PLACE	TH EEEK	PLACE	TH EEEK	PLACE	TH EEEK	PLACE	
1	1	1	HANSAPANK AS (group)	8 209 000	1	25	246	3 784 000	1	24	298	25	331	23 774	45	1 225	238	352 000	7	100,0
2			MAZEIKIU NAFTA TRADING HOUSE OÜ	4 058 116	3	71	64	25 824	74	-38	456	80	69	69 327	2	405 812	1	3 075	207	84,5
3			EESTI TELEKOM AS (group)	4 972 661	2	-3	468	998 460	2	-8	406	25	333	16 965	143	2 032	146	524 786	1	68,0
4	9	13	MERKO EHITUS AS	3 232 392	4	4	429	438 637	4	49	233	48	165	27 963	22	4 572	55	232 215	12	53,5
5	11	8	BLRT GRUPP AS	2 812 356	6	12	364	254 435	7	-19	424	14	419	11 814	276	789	334	468 249	3	53,1
6	12	14	ELION ETTEVÕTTED AS	2 588 000	8	-3	467	385 000	5	11	323	20	367	18 679	115	1 547	184	370 000	6	52,1
7	25	200	TALLINNA KAUBAMAJA AS	2 877 784	5	42	127	91 776	28	-7	401	12	438	11 088	304	1 512	189	421 000	5	51,7
8	4		KODUMAJAGRUPPI AS (group)	106 621	151	38	144	21 500	82	107	147	31	284	92 249	1	26 655	10	22 974	64	51,5
9			GENERAL DATACOMM INTERNATIONAL OÜ	544 543	46	-35	509	193 724	9	-23	434	36	238	12 030	271	272 272	2	5 870	157	51,2
10	41		E.L.L. KINNISVARA AS	153 448	111	21	271	100 511	26	52	226	22	353	41 121	5	4 384	62	435 592	4	50,5
11	7	16	SEB EESTI ÜHISPANK AS	2 539 500	9	24	253	923 500	3	24	299	22	355	25 402	40	1 750	167	5 200	167	49,5
12	15	9	BALTIC PULP AND PAPER OÜ	364 148	63	16	329	15 852	100	88	172	9908	1	15 011	186	121 383	4	693	321	49,0
13		10	EESTI RAUDTEE AS	1 757 135	11	4	428	61 846	41	215	349	1	509	13 263	241	714	356	476 928	2	48,7
14			MERGO HOLDING OÜ	104 747	154	78	55	57 624	43	112	142	77	79	49 284	3	34 916	7	46 678	38	46,4
15	31	53	EESTI EHITUS AS	1 674 454	13	5	416	93 975	27	19	307	51	153	21 072	76	2 319	131	285 410	8	45,8
16	586	58	SAARTE INVESTEERING OÜ	79 288	193	2 005	2	25 681	75	10 235	2	75	85	4 085	505	19 822	14	34 709	46	45,8
17			DZIDRA OÜ	22 782	340	303	6	2 245	305	6 335	4	147	18	9 982	339	2 071	144		497	45,0
18	30	17	EESTI PÕLEVIKIVI AS	1 840 608	10	6	412	141 842	17	8	332	9	458	12 676	252	443	436	275 700	9	44,3
19			JM KAPITAL OÜ	7 105	461	784	5	1 093	383	1 295	17	144	19	5 872	470	237	496	728	317	44,0
20			ELISA MOBIILSIDETEENUSED AS	1 392 946	17	18	306	299 447	6	48	234	52	150	22 798	58	4 523	57	122 094	18	43,7
21			RENTREST OÜ	32 358	301	3 750	1	586	426	1 526	15	94	50	759	513	16 179	16	598	333	43,8
22			KPMG BALTICS AS	99 791	159	100	37	4 485	213	1 842	13	9	460	27 229	27	703	361	1 498	267	43,6
23	282	72	PERI AS	56 796	232	115	25	14 619	108	125	130	31	285	44 949	4	2 840	111	32 819	49	43,6
24			ALLENPLAST OÜ	17 538	375	196	12	2 726	285	685	37	119	29	11 266	297	1 096	270	88	440	43,3
25			EFORE AS	156 235	109	1 889	3	12 298	123	38	352	651	6	9 648	354	1 838	162	11 998	103	43,3
26	411		BALTI EHITUSMASIN - BALTEM AS	209 711	91	104	34	9 431	145	828	28	46	175	21 551	71	8 388	28	551	336	43,3
27			ALEXELA TERMINAL AS	255 209	79	114	26	40 078	60	43	243	21	358	12 988	246	4 908	51	246 512	10	43,2
28	579	430	BALTI KARUSNAHK AS	48 291	248	144	16	14 569	109	966	22	51	154	14 396	199	644	372	2 437	224	43,1
29	20	22	SILBERAUTO AS	2 750 554	7	17	317	89 063	29	16	314	29	296	21 768	69	5 557	44	44 564	40	42,9
30			MARK OIL OÜ	1 264 139	19	22	265	6 121	182	-41	460	16	407	11 132	300	126 414	3		488	42,9
31	18	15	KEMIRA GROWHOW AS	702 222	35	40	136	27 639	73	8	331	42	196	40 451	6	41 307	6	37	463	42,7
32	2	3	KOLOMNA ENERGY SERVICE OÜ	649 841	38	-18	498	14 386	110	36	267	71	94	31 475	11	92 834	5	37	462	42,4
33	21	64	EE GRUPP AS	1 685 606	12	10	376	101 232	25	45	240	37	235	22 916	57	2 239	135	123 476	17	42,2
34	363	20	SKINEST PROJEKT AS	764 112	29	179	13	86 135	30	26	293	37	230	10 245	326	19 593	15	26 395	58	42,1
35			DELJUAN AS	46 121	256	196	11	938	400	690	36	48	167	5 257	487	839	323	7 023	140	41,9
36			PALAMAR GRUPP OÜ	10 295	424	254	8	1 728	337	553	40	148	17	6 245	459	1 029	287	130	417	41,8
37			HANSABUSS AS	50 119	244	1 383	4	3 467	255	562	39	47	169	5 717	473	280	488	21 775	66	41,6
38	216		ARCO VARA AS	475 938	51	36	156	116 443	21	9	327	25	330	16 057	163	1 700	171	243 163	11	41,5
39			ECOMETAL AS	106 282	152	81	53	17 742	91	941	23	54	141	15 516	176	2 126	138	1 279	282	41,1
40	56	63	TALLINNA VESI AS	592 000	42	8	395	174 400	11	1	346	17	398	17 174	138	1 726	169	223 000	13	40,8
41	412	117	MAPRI PROJEKT OÜ	84 170	179	107	31	6 210	180	491	45	105	41	21 534	72	1 169	251	1 493	268	40,7
42			DELAVAL AS	120 286	141	89	43	9 632	142	283	75	88	61	30 803	12	3 007	104	992	299	40,5
43			VIVAREC AS	52 998	238	19	302	4 512	211	693	35	125	27	29 852	16	2 944	108	286	386	40,4
44			ASPERAAMUS OÜ	40 733	273	272	7	544	428	291	72	65	106	8 476	386	8 147	30		490	40,4
45			FALCK EESTI AS	859 162	26	10	377	115 475	22	4	340	825	5	9 097	373	217	499	26 156	59	40,2
46	317		EESTI PÄEVALEHE AS	130 719	133	20	279	4 014	238	2 204	9	67	104	22 963	54	756	341	2 514	222	40,2
47			KURESSAARE EHITUS AS	130 038	135	48	105	9 336	147	899	24	75	86	16 513	150	2 364	127	1 053	292	40,1
48			ASWEGA AS	97 224	162	29	197	242 889	8	791	29	90	59	12 561	255	797	329	4 105	187	40,0
49			MORGANFELD OÜ	13 646	394	103	36	1 046	386	1 917	11	70	96	7 385	422	414	446	1 543	263	40,0
50			GEOMARK AS	6 767	465	66	70	495	437	2 652	6	74	88	14 119	212	338	471	524	338	39,8
51			RIIGIMETSA MAJANDAMISE KESKUS	1 107 019	23	13	352	135 900	18	43	242	15	417	16 174	159	937	299	132 880	15	39,7
52	197		ABB AS	992 508	25	32	180	69 669	36	281	77	39	210	18 305	119	1 525	186	48 840	33	39,5
53	233		LEMEKS MT AS	747 914	31	32	177	62 384	40	82	181	41	199	14 000	218	2 078	143	153 447	14	39,4
54			DELTA STON OÜ	4 187	481	37	150	452	446	288	74	1129	3	3 951	507	837	324	75	444	39,4
55		51	EESTI GAAS AS	1 232 355	20	9	385	51 503	47	-48	469	3	497	20 046	97	3 937	79	131 457	16	39,3
56			PÕLVA PEEKON OÜ	48 911	247	178	14	13 441	117	270	78	99	47	5 534	479	4 076	72	16 483	84	39,3
57		533	IREST EHITUSJUHITMISE AS	304 344	69	248	9	6 484	173	14	355	117	32	8 674	383	4 287	66	1 029	294	39,3
58	113	108	RAKVERE LIHAKOMBINAAT AS	1 481 522	15	17	321	127 348	19	31	284	19	378	10 538	316	1 217	239	119 900	19	39,3
59	360	84	HENKEL MAKROFLEX AS	751 600	30	60	79	83 500	31	93	164	60	117	21 961	67	8 842	23	13 600	95	39,2
60			AR AGENTUURI AS	17 814	373	80	54	1 829	329	395	58	118	31	23 195	50	2 545	121	14	481	39,2
61	103	274	VIRU ÕLITÖÖSTUS AS	739 368	32	47	112	142 264	16	107	149	67	103	9 762	349	1 906	153	114 642	20	39,2

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

PLACE	2005 PLACE	2004 PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
				TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
62	141	40	ESTONIAN AIR AS	1 151 678	22	21	269	65 889	38	123	131	30	293	27 607	24	3 047	103	4 732	174	39,1
63	439		EVERDEAL EESTI AS	50 886	243	43	124	3 840	241	1 890	12	103	42	12 493	257	2 993	105	495	495	39,1
64			G.S.G. METAL AS	1 539 359	14	38	142	47 377	53	177	107	64	107	7 172	424	26 091	11	7 124	139	38,9
65	26		KUUSAKOSKI AS	1 178 467	21	17	324	73 542	34	-40	459	20	371	23 968	43	4 791	52	61 320	27	38,8
66			TAMREX OHUTUSE OÜ	43 044	268	35	161	763	415	697	32	130	24	19 165	112	1 196	242	893	309	38,8
67	500	594	SUJA EHITUS OÜ	20 814	352	48	106	2 100	311	9 030	3	62	113	12 143	267	595	389	1 700	256	38,7
68			FAMAR-DESI AS	1 419 083	16	20	282	75 046	32	42	246	34	257	12 316	262	2 274	134	92 094	21	38,6
69			FILTER AS (group)	167 042	107	47	109	24 573	76	491	46	78	75	20 767	83	1 777	166	4 650	176	38,5
70			FELITON OÜ	20 800	353	108	30	2 300	304	360	63	164	14	13 889	222	1 387	214	22	475	38,5
71	92		AMSERV GRUPI AS (group)	1 264 346	18	29	198	40 362	59	118	138	44	188	19 831	100	4 771	53	13 882	93	38,4
72			BARONS HOLDINGS OÜ (former EGICO EESTI)	17 514	376	5	425	14 758	106	38	350	1411	2	14 366	200	515	415	517	339	38,4
73	119	59	LINNAEHITUS AS	365 419	62	21	270	36 728	64	62	206	79	72	32 118	10	5 622	43	22 879	65	38,2
74	580	245	TERG OÜ	41 501	271	43	121	934	401	2 098	10	11	448	11 261	298	798	328	1 405	274	38,0
75			THE EURO-BALTIC SOFTWARE ALLIANCE AS	4 920	475	113	27	254	469	370	61	16	410	16 444	152	703	362	99	433	38,1
76	176		RUDUS EESTI AS	370 723	60	43	123	45 572	56	84	176	29	297	28 641	19	4 261	67	13 009	100	37,9
77			VISKARI AS	76 877	196	125	21	1 309	365	373	363	18	390	22 966	53	3 203	98	6 319	150	37,9
78	247	149	DENEESTI OÜ	32 251	302	139	18	2 606	289	35	270	79	74	17 470	133	5 375	48		492	37,9
79	314	115	MERKO TARTU AS	240 328	85	105	33	16 131	99	105	155	76	83	16 381	156	10 449	20	464	350	37,8
80			REGINETT OÜ	10 138	426	47	111	487	440	2 468	8	118	30	5 202	489	1 690	172	501	344	37,7
81	159	130	ELKE GRUPI AS	1 074 200	24	32	179	49 100	51	142	119	39	214	15 032	185	3 454	90	34 100	47	37,7
82			KULBERT AS	70 840	204	75	60	7 006	166	225	90	103	43	19 276	109	6 440	40	7 221	138	37,6
83	231	67	V-TEMPSI OÜ	21 372	350	33	170	6 339	178	262	79	70	97	30 330	15	1 943	152	1 513	266	37,6
84	62	94	RAMIRENT AS	147 592	117	49	100	33 154	69	210	94	41	198	19 680	103	1 306	225	57 876	29	37,6
85			NEOMEL OÜ	21 718	348	30	190	233	473	1 213	19	52	148	10 238	328	905	306	150	411	37,5
86			SAKU ÕLLETEHASE AS	644 800	39	22	266	74 900	33	50	231	20	365	23 942	44	2 559	119	40 900	42	37,4
87			REVALA AS	68 487	208	59	82	1 966	319	465	52	48	166	15 809	169	8 561	26	74	445	37,4
88		159	INBIO OÜ	9 521	436	170	15	530	431	102	157	33	265	10 011	336	732	350	791	134	37,4
89			MARTEM AS	9 396	438	56	87	1 282	368	427	55	18	394	22 116	64	1 044	284	139	415	37,4
90	419	253	REGIO AS	44 639	263	88	45	1 963	320	54	220	24	348	27 046	28	875	314	2 215	232	37,3
91	16		KAVIAL OÜ	17 469	377	24	255	4 566	208	37	260	901	4	7 619	419	1 248	234	100	431	37,3
92			DOMUS GROUP OÜ	7 169	459	96	38	899	403	525	42	71	93	7 888	409	1 558	182	94	435	37,2
93			HC BETOON AS	138 595	127	29	202	13 628	115	138	123	90	58	27 427	25	8 662	24	10 776	110	37,2
94			DELFI AS (group)	60 606	220	76	58	10 342	136	6	354	115	36	26 488	33	705	359	3 980	191	37,2
95	254		INNECTO OÜ	3 630	486	30	191	174	481	1 620	14	99	48	7 009	435	908	305	8	486	37,2
96	122		CRAMO ESTONIA AS	185 434	98	34	162	55 520	44	36	265	37	226	22 795	59	1 612	178	75 014	24	37,2
97	133	100	MAXIT ESTONIA AS	482 611	50	25	247	114 091	23	25	296	26	328	20 206	94	3 134	101	57 771	30	37,1
98	47	178	A. LE COQ TARTU ÕLLETEHAS AS	809 013	28	21	274	113 331	24	29	288	31	283	16 999	142	2 661	115	48 793	34	37,0
99			VASTSE-KUUSTE LIHATÖÖSTUS AS	92 719	166	32	175	3 752	246	896	25	21	361	7 133	429	859	318	3 058	208	37,0
100	305		ETP GRUPP AS	76 305	198	82	51	10 486	131	183	103	60	119	20 681	86	694	363	705	319	37,0
101			ABC GRUPI AS	834 130	27	26	230	19 483	88	222	91	27	323	10 396	321	1 636	176	72 246	26	37,0
102		248	PALMSE MEHAANIKAKODA OÜ	89 157	169	72	63	7 423	164	105	154	66	105	23 194	51	3 715	83	4 304	179	37,0
103	347	145	ENSTO ENSEK AS	342 842	64	125	22	21 037	85	18	308	24	342	12 751	251	1 399	211	9 167	124	36,9
104	79	77	LENNULIKLUSTEENINDUSE AS	192 469	96	7	408	68 605	37	4	341	28	306	37 065	7	1 734	168	5 066	169	36,9
105			LINSALU OÜ	271 107	75	7	405	1 370	357	-37	455	457	9	15 800	170	27 111	9	371	369	36,9
106			KAARLI HAMBAPOLIKLIINIK OÜ	36 361	289	38	146	248	470	488	47	39	219	20 229	93	379	465	326	379	36,9
107			K-PROJEKT AS	41 165	272	34	166	4 939	199	-6	397	27	318	33 710	8	840	322	29 009	50	36,8
108	257	210	TARTU MAJA BETOONTOOTED AS	273 546	74	65	73	46 070	54	104	156	53	145	18 235	122	1 315	222	24 839	62	36,8
109			ART LINK PRODUCTION AS	106 026	153	14	346	3 026	274	1 463	16	13	427	9 876	346	774	336	1 813	248	36,8
110	59		NITROFERT AS	738 479	33	18	311	164 533	15	163	113	30	294	10 971	307	1 532	185	48 609	36	36,8
111			ERAKLIINIK DENTES AS	17 569	374	26	239	1 121	382	1 140	20	36	239	7 930	408	217	500	1 121	288	36,7
112			NORES PLASTIC OÜ	80 056	191	89	44	4 634	204	54	218	82	67	16 331	157	16 011	17	445	356	36,8
113	452	277	NORDIC SPORT EESTI AS	11 123	415	28	208	357	455	387	59	10	453	25 413	39	2 781	113		496	36,7
114	382	227	BESTNET AS	120 067	142	17	319	4 353	220	694	34	38	224	13 558	232	924	302	7 767	133	36,7
115	89		CELANDER EHITUS OÜ (group)	250 333	82	66	71	16 443	97	203	97	91	54	16 221	158	3 793	82	3 712	196	36,7
116	144		KEHRA PUUTÖÖSTUS OÜ	11 018	417	4	431	868	406	1 098	21	129	25	8 426	388	459	428	976	303	36,7
117	101		MICROLINK AS	547 823	45	-2	459	174 092	12	-45	466	48	163	25 767	37	1 098	268	28 614	51	36,6
118			TELCO AS	16 052	380	72	62	3 272	262	301	70	88	62	16 454	151	845	321	1 285	281	36,6
119	143	142	KUNDA NORDIC TSEMENT AS	656 657	37	18	307	168 924	14	36	266	20	368	13 988	219	1 871	157	58 625	28	36,5
120			EESTI KREDIIDIPANK AS	171 628	104	45	116	49 176	50	214	92	38	222	21 194	75	1 040	285	6 954	143	36,5



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Ivar Pae
Sampo Pank AS
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ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

PLACE	2005 PLACE	2006 PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
				TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
121			SEB ÜHISLIISINGU AS	421 148	54	6	413	191 006	10	-3	392	31	286	25 919	35	4 211	68	3 514	201	36,5
122			ARTIG KV OÜ	78 200	194	104	35	38 000	62	111	144	75	87	5 472	483	26 067	12		489	36,5
123			PIPELIFE EESTI AS	250 679	81	74	61	12 017	125	5	353	14	423	21 914	68	4 398	61	11 904	104	36,4
124	172		BALTRONIC OÜ	98 789	160	78	56	5 362	190	40	251	58	127	22 062	65	3 814	81	943	306	36,4
125			MGT-BAAS OÜ	1 376	502	207	10	280	464	18	374	76	82	1 767	510	125	512	374	368	36,4
126	473		A-B- KOMMERTS OÜ	10 956	418	25	242	195	478	3 266	5	21	359	6 583	449	2 435	126	10	484	36,4
127	191	121	ELKE AUTO AS	490 921	49	28	216	28 521	72	100	159	44	187	22 382	61	6 818	37	3 371	202	36,3
128			VAGA TEHNICA EESTI OÜ	45 211	261	51	96	1 403	356	102	158	31	280	27 030	30	4 110	71	600	332	36,4
129	457		V.V. TRAVEL AGENCY OÜ	4 181	482	28	214	98	493	850	26	35	250	6 648	447	2 787	112	148	412	36,3
130		47	ERMES HOLDING OÜ	60 821	219	19	299	275	466	42	376	74	89	25 550	38	30 411	8	327	378	36,3
131	557	434	TELEEKSPERT AS	24 447	331	7	410	410	450	789	30	9	459	14 041	217	978	291	325	380	36,3
132		320	UHTNA TALUTEHNIKA AS	58 361	226	139	19	2 431	298	26	294	33	262	10 666	313	1 716	170	10 266	112	36,2
133	22		PROEKSPERT AS	37 316	286	41	134	10 243	137	70	197	88	64	28 102	20	762	340	548	337	36,2
134		268	TALTER AS	491 851	48	-6	478	12 550	122	450	54	12	441	17 565	131	1 789	165	19 196	69	36,1
135			JÄRVE BIOPUHASTUS OÜ	9 198	443	49	98	451	447	-17	421	13	426	20 627	89	1 022	288	84 082	23	36,0
136	262	36	GRUNDFOS PUMPS EESTI OÜ	35 220	290	55	92	1 007	390	-21	427	27	321	28 898	18	4 402	60	110	424	36,0
137			KAESER KOMPRESSORIT OY EESTI FILIAAL	24 726	329	56	89	1 657	340	200	98	50	157	20 665	87	3 532	88	37	464	36,0
138	573	599	ANGAAR AS	919	511	13	353	7	512	1 266	18	1	508	8 098	402	459	429	369	370	36,0
139	221		VIRAITO OÜ	10 051	429	113	28	1 650	341	236	87	33	266	8 207	393	591	390	7 616	136	35,8
140	44		RAPALA EESTI AS	99 964	158	71	65	50 411	49	357	65	131	23	5 556	478	392	459	6 496	148	35,9
141	318		BALTICA AS (group)	680 906	36	17	318	72 664	35	335	67	42	197	6 948	439	412	447	36 200	43	35,8
142	211	50	TATOLI AS	178 764	100	60	81	10 419	132	56	216	39	213	19 515	107	8 513	27	1 977	241	35,7
143		562	ANOVELA KINNISVARA OÜ	13 137	399	106	32	7 524	162	154	115	55	134	10 030	335	4 379	63	1 429	272	35,7
144	294		MIKROVAI OÜ	34 579	292	32	178	4 115	233	182	104	26	327	24 746	41	1 330	218	5 362	164	35,6
145			EKSAMO AUTOMAATIKA AS	20 059	355	109	29	1 077	385	31	366	92	53	14 497	195	446	435	1 604	261	35,6
146	570		CALISTO STUUDIO OÜ	7 205	458	0	454	244	472	2 521	7	77	78	6 021	465	327	475	500	346	35,6
147			KAEFER ISOLATSIOONITEHNIKA OÜ	19 705	358	58	86	1 179	377	100	160	36	241	23 496	47	704	360	35	467	35,6
148	380	303	VIKING WINDOW AS	153 326	112	61	77	18 883	89	86	174	39	215	12 355	261	929	301	57 476	31	35,5
149			KRAPESK AS	29 939	311	67	68	4 297	225	364	62	37	231	11 575	283	730	352	2 732	215	35,5
150	307		INFOTARK AS	247 656	83	17	325	18 179	90	282	76	27	322	20 903	79	2 553	120	498	347	35,6
151			SIGARI MAJA OÜ	17 962	372	130	20	2 947	276	72	193	63	111	8 683	380	945	297	455	353	35,6
152			PETROMAKS SPEDIITORI AS	181 320	99	78	57	1 185	376	-62	483	6	479	21 584	70	6 476	39	182	405	35,6
153	284	116	SAINT-GOBAIN SEKURIT EESTI AS	299 211	70	21	277	123 818	20	177	106	58	125	15 894	165	1 550	183	8 796	125	35,5
154	229		TALLINNA BÖRS AS	50 044	245	21	272	17 661	92	60	209	39	218	29 549	17	1 472	200	1 994	239	35,5
155	228		PKL AS	107 425	150	-4	472	51 507	46	60	211	28	314	27 985	21	1 472	201	36 072	44	35,5
156	90	177	OLYMPIC CASINO EESTI AS	420 100	55	17	322	170 500	13	30	286	49	160	14 521	194	1 040	286	35 500	45	35,4
157			VÄNDRA MP OÜ	84 990	177	83	49	7 978	157	83	179	39	216	15 095	184	1 328	219	10 909	109	35,4
158	146	291	WALLENIUM GRUPP OÜ	51 342	242	82	52	4 422	218	7	334	44	184	19 570	105	2 334	130	670	323	35,5
159	198	168	INDUSTEK AS	79 852	192	20	288	6 263	179	90	169	40	203	27 909	23	4 203	69	231	397	35,4
160			EESTI LOOTS AS	152 585	114	-2	462	47 652	52	-10	412	37	228	30 336	14	908	304	25 484	61	35,4
161	194	92	KRIMELTE OÜ	574 604	43	47	107	59 297	42	35	273	39	212	13 642	225	5 272	49	6 662	146	35,4
162			BALTI INVESTEERINGUTE GRUPP AS	124 829	138	64	75	63 330	39	92	165	55	135	15 679	174	1 469	202	2 227	230	35,4
163	75		AUTORI AS	268 899	76	44	120	9 324	148	76	187	73	90	19 253	110	4 482	58	679	322	35,4
164			FAGEL OÜ	43 233	267	76	59	649	422	-9	410	61	116	20 532	91	1 965	150	292	384	35,3
165	429	135	TRETIMBER OÜ	45 833	258	30	187	4 144	231	401	57	49	162	11 496	288	7 237	35	14 775	88	35,3
166	203	136	SCHENKER AS	552 897	44	13	359	34 236	66	-26	438	15	414	20 054	96	3 089	102	42 638	41	35,2
167		96	LOKMAN AS	126 871	137	20	283	9 653	141	10	326	27	319	26 442	34	5 516	45	17 400	79	35,2
168	248	98	TEEDE TEHNOKESKUS AS	40 603	274	39	141	1 349	361	231	88	7	469	20 737	84	572	397	5 884	156	35,2
169			INSENERIBÜROO KPME OÜ	14 375	390	83	47	1 336	363	14	362	79	73	18 395	118	685	366	621	331	35,3
170		464	THULEMA AS	86 361	173	24	251	4 348	221	488	48	23	350	14 272	206	720	354	467	349	35,3
171	139		BALTCOACH OÜ	26 374	325	90	41	4 326	224	90	168	82	68	13 075	245	377	466	1 343	277	35,2
172	476	316	CHR.JENSEN EESTI AS	9 172	445	23	257	1 768	334	251	84	36	237	22 957	55	655	370	14	480	35,2
173		611	LAKUUN AS	27 495	321	8	400	1 838	327	419	56	459	8	4 044	506	916	303		502	35,2
174	212	103	ADDINOL MINERALÖL MARKETING OÜ	108 774	148	6	414	4 623	205	7	336	19	384	32 226	9	4 351	65	999	297	35,1
175	63		EESTI METALL OÜ	54 356	235	64	74	10 201	138	167	111	79	71	13 558	231	3 624	84	930	307	35,1
176	358	209	LASBET AS	133 396	132	49	99	32 687	70	139	122	47	170	16 903	145	749	345	3 995	190	35,0
177		410	KLEMET AS	31 440	304	14	347	1 415	354	695	33	17	400	8 632	384	1 123	261	3 867	194	35,0
178			BERRY FARMING OÜ	3 375	489	-30	506	9 616	143	10 504	1	179	13	4 553	499	1 125	259	60	450	35,0
179		407	MOVEK GRUPP OÜ	19 620	359	28	206	1 870	325	484	49	28	305	11 875	274	1 635	177	5 860	158	35,0



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POLAND: Ul. Szpitalna 1/31, Warszawa Tel +482 28263731 fax +482 28263449 michal@allando.com
GERMANY Allando Trailways GmbH Billstr. 217, Hamburg Tel +49 40600886822 fax +49 40600886828

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

PLACE	2005 PLACE	2004 PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
				TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
180		311	TALLINNA ARIPANGA AS	68 800	206	14	345	23 700	79	347	66	10	456	19 091	113	1 251	233	1 900	243	35,0
181	145	102	FERDMASTER OÜ	143 508	122	56	88	4 719	201	198	99	84	66	12 861	250	2 315	132	984	301	35,0
182			PUUKESKUS AS	142 942	124	33	169	3 037	273	37	261	40	205	21 998	66	9 529	22	894	308	34,9
183	180	271	ZEBRA INFOSÜSTEEMID AS	46 926	252	59	83	1 302	366	70	195	76	81	18 188	123	3 610	85	420	361	35,0
184			SAKU METALL AS	233 042	87	32	181	15 314	103	132	125	39	211	18 921	114	955	296	10 400	111	34,9
185	81	401	BERMET MANAGEMENT AS	108 736	149	82	50	2 503	294	39	256	33	260	13 614	227	4 027	76	9 680	118	34,9
186	555	11	RONI REM AS	19 766	357	1	450	1 831	328	842	27	25	334	5 683	475	190	503	2 945	212	34,9
187			ET TOREL OÜ	11 791	409	17	315	1 449	351	623	38	100	45	7 672	416	407	451	330	377	34,9
188	166	202	VÄO PAAS OÜ	82 455	184	28	204	9 746	140	48	235	48	164	23 260	49	1 398	212	14 926	86	34,9
189			GREIF OÜ	63 254	215	28	209	9 364	146	505	43	26	326	10 051	333	614	381	5 026	171	34,8
190	77		3 STEP IT OÜ	138 080	129	29	201	3 275	260	185	101	91	56	15 521	175	8 630	25	304	382	34,8
191			COMBIFRAGT EESTI OÜ	45 605	259	37	148	2 136	308	26	292	51	155	23 554	46	4 561	56	57	452	34,8
192	48	257	TALOT AS	225 975	88	11	371	34 450	65	38	258	57	129	18 399	117	1 196	243	48 620	35	34,7
193	235		SCHETELIG EV AS	84 875	178	29	203	6 405	175	0	385	24	347	26 531	32	3 144	100	659	324	34,7
194	36		WEBMEDIA AS	54 532	234	51	95	9 052	149	-22	429	90	57	20 778	82	574	396	2 597	219	34,6
195			SONA SYSTEM OÜ	1 048	507	90	42	380	452	188	100	198	12	2 853	509	1 048	283	2 226	231	34,6
196		530	FLINT KAUBANDUS OÜ	39 866	277	94	39	7 566	160	131	126	51	156	7 938	407	4 430	59	779	315	34,7
197			KENTEK EESTI OÜ	11 476	413	19	303	452	445	-28	441	11	450	30 458	13	2 869	109	151	410	34,5
198			EURONURK LOGISTIK OÜ	40 109	276	30	192	99	491	499	44	124	28	5 229	488	3 342	94	25	473	34,5
199	215		SALVA KINDLUSTUSE AS	313 080	68	23	259	23 983	78	-20	425	29	298	22 934	56	2 676	114	1 215	285	34,4
200	293	416	SAVI AS	98 247	161	33	173	22 981	80	121	132	40	204	17 350	137	1 056	280	13 349	97	34,4
201		203	JAPAUTO AS	253 526	80	27	226	14 338	112	90	170	35	248	18 244	120	4 024	77	4 628	177	34,4
202	234	38	KODUMAJATEHASE AS	376 769	58	18	310	50 696	48	9	328	59	123	17 374	135	1 118	263	17 982	75	34,3
203	351	153	BALTIKLAAS AS	173 601	102	36	154	21 251	84	56	217	37	234	16 430	154	1 867	158	18 200	73	34,2
204			WELLSPA OÜ	43 902	266	31	186	10 569	130	242	86	116	34	12 862	249	1 514	188	1 766	252	34,3
205			IV PLUSS AS	81 650	185	47	110	2 590	290	-29	443	12	437	22 289	62	2 634	117	449	355	34,2
206	232	189	VALOOR AS	87 840	171	30	196	4 343	222	58	213	46	174	20 808	81	4 623	54	118	420	34,3
207			SMR TEED AS	41 751	269	47	108	3 318	257	172	110	49	161	14 295	204	1 440	208	2 590	220	34,2
208		504	VALMAP GRUPP AS	41 603	270	84	46	1 911	321	107	151	16	404	11 007	306	555	403	1 879	244	34,2
209			TÜV NORD BALTIK OÜ	9 331	440	36	155	1 633	343	211	93	70	99	15 159	183	991	419	702	320	34,1
210			VELDEMANI OÜ	7 222	457	2	443	4 218	226	321	68	73	91	18 089	125	802	327	58	451	34,1
211			NAROVA AS	6 356	468	-7	480	719	418	733	31	5	490	8 680	382	155	510	18	478	34,2
212	399	131	PAEKIVITOODETE TEHASE OÜ	86 621	172	37	149	15 203	104	143	118	42	191	13 251	242	693	364	23 283	63	34,1
213	148	29	MARU EHIUS AS	261 014	78	17	316	14 361	111	3	343	35	246	19 908	98	7 458	33	5 678	162	34,0
214	150	99	TOODE AS	194 700	95	40	138	16 900	96	32	279	60	118	14 094	213	3 416	91	17 000	81	34,0
215			LEKU METALL AS	8 057	452	20	280	175	480	483	50	7	471	10 891	310	448	433	456	352	34,0
216			PAG AS	23 141	337	92	40	532	430	76	188	45	178	8 102	401	3 306	95	47	460	34,0
217	162	369	RIIGIRESSURSSIDE KESKUS OÜ	45 470	260	17	326	17 495	94	52	223	20	364	10 253	325	7 578	32	85 720	22	33,9
218			ATLAS HOLDING OÜ	148 642	116	8	396	7 979	156	-52	474	31	287	19 291	108	24 774	13	2 936	213	33,9
219	312	214	FRIENDS TEXTILE OÜ	27 389	322	28	205	6 048	184	53	222	51	151	20 687	85	2 107	141	1 723	255	33,9
220			LINDORFF EESTI AS	14 120	392	40	135	3 869	239	63	205	43	189	19 241	111	743	347	635	327	33,9
221	285		LOKSA LAEVATEHASE AS	279 015	72	3	438	24 303	77	76	189	12	443	12 932	247	391	460	73 602	25	33,9
222	127	124	ASPI AS	597 483	40	4	433	20 178	87	-25	436	20	372	17 582	130	1 403	209	27 671	54	33,9
223	361		TARKON AS	370 348	61	29	200	13 319	118	182	105	26	329	8 957	374	728	353	27 092	57	33,9
224			PALKTARE OÜ	37 200	287	49	101	2 500	295	47	237	31	282	16 905	144	1 063	278	8 400	127	33,9
225			TÜRI BEL-EST OÜ	57 016	230	33	171	5 506	188	80	184	108	38	15 163	182	5 183	50	621	330	33,9
226			ASSABALT AS	57 606	228	11	372	4 093	235	16	312	22	352	25 777	36	3 200	99	206	402	33,8
227	97	60	HARJU ELEKTER AS	513 936	47	13	351	43 908	57	-24	435	8	462	19 853	99	1 247	235	36	466	33,9
228	37		POLIMOON AS	130 368	134	30	195	13 606	116	142	120	60	122	11 549	285	1 086	271	27 408	56	33,8
229			BOSSA TEENINDUSE AS	33 917	294	42	126	2 072	314	65	202	33	267	18 024	126	1 170	250	1 993	240	33,8
230	375		KEMIFLORA AS	86 226	174	27	224	5 131	196	59	212	21	362	20 478	92	2 536	123	1 530	265	33,8
231			HEA TAVA OÜ	3 004	493	18	308	45	505	408	382	11	447	27 032	29	501	416	27	470	33,8
232	155		AKTAPRINT AS	39 025	278	25	244	2 179	307	-16	419	54	144	21 233	74	1 183	246	14 682	89	33,7
233			KAVERE AGRO OÜ	15 657	382	122	23	888	404	-64	487	16	405	5 928	468	580	394	14 327	91	33,7
234		321	NUIA PMT AS	52 619	240	38	145	5 304	191	60	210	32	270	16 834	146	752	343	13 031	99	33,7
235	424		TAASTAVA KIRURGIA KLIINIK AS	28 639	316	61	76	2 127	309	111	143	24	346	13 263	240	382	464	1 333	278	33,7
236			DOMINA MANAGEMENT AS	64 833	213	24	252	13 189	119	26	351	159	15	17 847	128	1 441	207	286	387	33,7
237			VSV BALTIC CONNECTION OÜ	13 452	396	59	84	1 906	323	20	361	132	22	13 444	237	1 495	194	95	434	33,7
238			VET EHIUS GRUPP OÜ	26 100	326	140	17	68	500	-85	506	6	485	4 629	498	1 305	226	198	403	33,7
239			ENEMIX OÜ	7 094	463	116	24	504	434	34	372	20	374	6 396	454	394	456	108	428	33,7
240	576	605	KIVIRAND OÜ	9 341	439	5	422	950	397	536	41	70	98	8 129	399	425	442	62	449	33,7

ESTONIAN COMPANIES' COMPETITIVENESS RANKING 2006

PLACE	2005 PLACE	2004 PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
				TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
241	60	465	REPO VABRIKUD AS	592 887	41	20	291	42 674	58	35	271	28	312	9 849	347	1 000	290	28 278	53	33,6
242			VELSICOL EESTI AS	475 656	52	7	411	14 852	105	39	252	16	412	15 189	180	3 280	97	25 711	60	33,6
243	267		VÄRVIKESKUSTE GRUPP OÜ	101 595	156	20	289	5 283	193	144	117	44	186	16 436	153	2 363	128	4 747	173	33,6
244			KUMMER & PARTNER EESTI OÜ	12 885	402	11	373	1 004	391	-28	442	17	397	26 871	31	2 577	118	3 629	197	33,6
245			ARGO TTP OÜ	6 244	470	56	91	1 172	378	291	73	49	159	6 970	438	624	378	119	419	33,6
246			MEP TRANS AS	27 374	323	4	430	584	427	294	371	63	108	24 039	42	6 843	36		491	33,6
247	425		ESTIKO-PLASTAR AS	207 179	93	16	331	10 599	129	86	175	28	313	12 561	256	1 184	245	46 000	39	33,5
248	85		LAMIFLEX EESTI OÜ	49 287	246	27	229	2 338	302	260	80	116	35	9 889	344	1 232	236	1 330	279	33,5
249	273		SINDI LANKA AS	40 194	275	15	337	1 132	380	450	53	23	349	9 745	351	293	485	1 116	289	33,6
250	306	170	ESTREFRANSSERVICE AS	100 492	157	22	261	4 191	227	13	317	24	339	19 625	104	8 374	29	154	409	33,6
251	245		AJ TOOTED AS	19 212	363	46	113	3 696	250	76	190	55	136	14 049	215	3 842	80	141	413	33,5
252	218		SUNOREK AS	112 940	145	25	248	9 016	150	75	191	111	37	14 592	193	706	358	7 890	132	33,5
253	289		GASPRE OÜ	37 699	284	32	174	5 283	194	33	277	68	101	17 463	134	1 571	181	5 356	165	33,5
254	320		KOMPRESSORIKESKUS OÜ	30 192	308	28	210	2 088	312	13	318	35	251	21 003	78	1 887	154	254	392	33,5
255	266		ESTRAVEL AS	85 542	175	16	334	20 767	86	28	289	50	158	20 540	90	570	398	2 355	227	33,4
256			MERCANTILE GROUP AS	190 888	97	21	275	7 989	155	40	248	31	281	18 166	124	2 009	148	2 172	234	33,3
257	250	129	CATWEES OÜ	142 397	125	14	344	1 083	384	-80	503	8	464	17 544	132	2 967	106	55 226	32	33,2
258	335	317	FORTUM TARTU AS	146,077	119	8	390	21,330	83	31	285	13	432	17,173	139	1,849	159	33,013	48	33,3
259		458	VÄRSKA SANATOORIUM AS	18,042	371	61	78	4,099	234	173	109	32	277	7,062	434	241	495	12,235	102	33,2
260		312	HANSA CANDLE AS	152,772	113	66	69	10,153	139	15	316	28	310	9,420	362	1,402	210	9,259	122	33,2
261			BCS ITERA AS	11,806	408	17	323	202	477	-75	495	106	40	23,262	48	787	335	212	398	33,3
262	497		BAUHAND EESTI AS	13,178	397	36	159	376	453	115	140	5	488	16,052	164	2,636	116	56	453	33,2
263		283	ENERGOREMONT AS	234,080	86	11	369	6,946	168	259	82	13	433	11,749	279	415	445	8,353	128	33,2
264			LPP RETAIL ESTONIA OÜ	61,122	218	53	94	3,159	266	120	135	63	109	8,734	378	657	369	8,100	131	33,2
265			HANSAB AS	85,118	176	7	407	11,915	126	-10	413	38	223	23,038	52	2,027	147	650	325	33,2
266	275	155	SKS VÖRU OÜ	65,384	212	13	358	4,499	212	39	254	45	180	19,829	101	4,359	64	510	342	33,2
267			PPS EESTI OÜ	4,856	476	26	236	1,322	364	37	262	94	49	17,805	129	540	409	324	381	33,2
268		596	KAROL AS	4,311	479	28	211	960	395	177	108	54	142	14,230	207	392	458	73	446	33,2
269			BALTI FONOLUKK OÜ	6,892	464	38	143	73	497	112	141	55	138	14,129	211	861	316	53	454	33,2
270	438		BALTIC WORKBOATS AS	31,181	305	43	122	3,703	249	-1	386	34	255	16,065	161	1,155	255	6,966	142	33,1
271			TRC HULGIKAUBANDUSE AS	80,492	189	-21	501	1,679	339	40	249	420	10	11,371	292	5,749	42	2,500	223	33,2
272			K-PRINT OÜ	11,605	412	31	185	274	467	10	325	13	430	20,159	95	683	367	1,601	262	33,1
273			EUMAR SANTEHNIKA OÜ	19,265	362	31	184	2,809	279	259	81	39	217	10,135	330	550	404	1,246	284	33,1
274	39	278	TELORA-E AS	19,182	364	-12	491	2,519	293	-9	409	58	126	27,336	26	767	338	364	371	33,1
275	384	355	NAPAL AS	83,869	181	44	119	3,133	268	-9	411	36	242	15,333	178	3,355	93	255	391	33,1
276	279	334	DIO OIL EST AS	337,356	66	45	115	969	394	11	324	3	498	9,887	345	6,365	41	6,512	147	33,0
277			KUSTUTAJA OÜ	3,696	485	4	432	524	432	166	112	106	39	16,058	162	1,848	160	50	457	33,0
278			SWIPE EESTI OÜ	2,222	498	33	172	460	443	92	167	89	60	13,539	233	1,111	264		499	33,0
279			UUS EHITUS RC AS	56,200	233	28	215	1,800	332	-46	467	6	478	20,833	80	937	298	2,000	238	32,9
280	164		INDOOR GROUP AS	275,676	73	13	354	21,946	81	17	310	40	207	15,185	181	5,514	46	511	341	32,9
281			FERROLINE GRUPP OÜ	92,175	167	60	80	2,856	278	40	250	60	121	8,103	400	4,008	78	209	399	32,9
282		516	NBI EKSPEDITSIOONI AS	22,988	339	7	404	842	408	359	64	13	435	11,724	280	589	392	100	432	32,9
283			TALENT PLASTICS EESTI AS	24,000	335	4	427	2,000	316	0	360	499	7	6,250	458	600	385		507	32,9
284	297	301	EESTI POST AS	720,886	34	9	380	39,036	61	34	274	13	434	8,682	381	181	507	16,314	85	32,8
285	353		CYBERNETICA AS	53,335	236	28	213	1,147	379	-35	453	5	489	20,628	88	613	382	1,647	258	32,8
286	173	395	EKSEKO AS	287,879	71	8	397	55,303	45	-4	394	27	316	10,054	332	1,845	161	46,757	37	32,7
287	460	263	ANCR A BALTIC OÜ	28,082	318	27	221	4,468	215	36	268	35	252	16,670	149	2,340	129	13	482	32,8
288	415		TEHO AS	62,141	217	30	194	6,449	174	88	173	28	315	12,151	266	971	292	13,920	92	32,7
289			ALLANDO TRAILWAYS AS	267,356	77	27	225	3,304	258	51	229	32	276	12,302	263	1,661	174	5,251	166	32,7
290			ORDI AS	377,335	57	24	256	4,387	219	-22	430	13	429	14,332	202	4,057	74	1,028	295	32,7
291			AARDEMAA OÜ	81,318	187	26	237	262	468	159	377	328	11	6,503	452	830	325	835	311	32,7
292			ESTEL ELEKTRO AS	37,951	281	34	165	2,242	306	83	178	86	65	11,812	277	641	374	515	340	32,7
293	426		MAVES AS	10,025	430	34	164	714	419	11	322	21	360	17,356	136	418	444	281	388	32,7
294			OPTI PERSONALIARENDUS OÜ	2,730	497	21	268	1,289	367	44	241	91	55	15,892	166	1,365	216	26	472	32,7
295			ZIRANT OÜ	978	509	54	93	50	503	-75	494	16	402	16,719	148	489	420	17	479	32,7
296			ARHDISAIN OÜ	28,203	317	49	102	2,531	292	42	247	76	80	9,972	340	3,525	89		494	32,7
297			LINDSTRÖM OÜ	112,116	146	8	398	45,763	55	8	333	24	345	16,382	155	1,808	163	13,083	98	32,6
298	255	215	VEST-WOOD EESTI AS	403,729	56	22	267	37,764	63	78	185	44	183	7,983	405	5,709	395	9,225	123	32,6
299	202		KAURITS OÜ	59,251	223	16	333	8,165	154	116	139	63	110	13,640	226	1,317	221	3,525	200	32,6
300	518		ANTS & HEIMO OÜ	8,812	448	83	48	186	479	45	239	30	290	5,525	480	1,101	267	980	302	32,6

THE MOST COMPETITIVE ENTERPRISE 2006

THE MOST COMPETITIVE FINANCIAL BROKERAGE ENTERPRISE 2006

HANSAPANK AS

Old Strategy Leads to New Successes

*It is hard to predict
the stop of the growth
of banking sector*



FOTO: TOOMAS TUUL

PRIIT PÕLDOJA
Managing Director of Hansapank Eesti AS

Imeet the manager of Hansapank Eesti **Priit Põldoja** on the day Hansapank has decided to join the property insurance market. 300 contracts were concluded with clients with the first day. The plan is to achieve a 30% market share with 3-5 years. Whereas the trend a year ago was rather that Hansapank would not participate in property insurance. How is it possible, I wonder. Yet the bank somehow manages to find a market share from a place where there is no market share to be found at first glance. It is interesting to manage such a continuously developing company, Põldoja says. "It is hard to imagine a more interesting work in Estonia. The banking sector is growing continuously and it all comes down to you, actually," he adds.

Abrupt increases of the last years

Last year was again a very good year for the Hansapank Group. The share of Estonia in the total results of the group was 56 percent which actually means that only Estonia

increased as much as the rest of Hansapank in Latvia, Lithuania and Sweden. Priit Põldoja says that such a big growth was surprising and that was clearly higher than expected. Hansapank managed to earn 241.8 million euro or approximately 3.78 billion kroons of net profit in 2005 – that is 26% more in comparison with 2004. The profit was earned on account of loans as well as service fees. The year 2005 was also a very good year with regard to trading revenue – some time before Hansapank left the stock exchange, the share also increased considerably. The East European stock markets and funds were also successful. In addition to the previously mentioned, life insurance and pension funds increased quickly as well. All that also continues in the present year and it is difficult to predict when the fast growth starts to slow down. The economic environment is good at the moment, wages increased as much as 15% in the last quarter, an opinion is spread in Hansapank that the sustainable economic growth should stay between 6% -8%. "The loan

portfolio is already increasing 50% during the last two years, it cannot last like that long. A 20% growth is already regarded as a very decent growth in any business field," Põldoja says with a smile.

The secret of success has not changed

Priit Põldoja has been working in Hansapank since 1998 and he confirms that there has been one clear trend in the bank since the beginning – how to reach super good results. The first managers have left a long time ago, yet a common culture has been maintained. The formula is simple – the goal has always been to be the best. If you do not set that goal, then it is clear that you will not become the best. „A lot also depends on to what extent people have been given free hands in decision making. In Hansapank the managers have always given the department managers the opportunity to build up their own business, so to say. Be a man and start to work on it – that has been the case since the beginning of times. And with experience you understand where the real

opportunities are," Põldoja says. At the same time, Hansapank has always focused on results and giving free hands does not mean at all that investments and decisions are not revised, Põldoja adds. "It is important for me as a manager that I can define the direction. Only now we have started to make plans for three years, before plans were made for one year only".

When Põldoja started to work in retail banking in 2004, his goal was to divide the company into meaningful parts, give every manager of a sector a responsibility, build a framework around it which would help the whole bank to be successful. At the same time, the manager must have the possibility to measure the success and achieve discipline. Põldoja mentions the word discipline many times and that precisely in connection with the present manager of Hansapank Erkki Raasuke. The previous manager of the bank Indrek Neivelt left the position in April last year. When Neivelt was more known as a visionary and a person who shows the direction, then the former financial manager of the bank Raasuke is a man who considers numbers systematically and with a common sense, Põldoja says. And that is working very well.

"The business of financial services is very exciting; once banking was written off in the sense that people thought it is boring. The reality is quite the contrary, this sector

offers many opportunities. We have over one hundred products and 18 business areas – whereas any of them could be a separate successful company. Põldoja adds: "We can grow in several niche areas – financing of old cars, small leases. We have just started in property insurance."

Together with filling the potential the number of employees of Hansapank is also increasing continuously. The loan volume is increasing 50%, the growth of investment funds is already 60% and the annual growth of deposits is approximately 30%, then as a result of this the number of employees is usually increasing 15%. And that is not a small growth. More consultants are hired, the number of offices reaches 100 by the end of this year as well. The existing bank rooms are completely changed because it has been understood that there has to be no distance between bank employees and customers, a friendly and familiar communication is needed. Therefore the high desks are eliminated from offices in the foreseeable future. All that calls for investments and the expenditure side of 2006 has considerably increased, yet that has been a deliberate choice. According to Priit Põldoja, now is the only right time for investments. When else than not at a time when the economy is increasing over 10% and the business growth is over twenty percent in a year.

Hansapank in the Baltic States

The banking market in Latvia and Lithuania is similar to the Estonian one, yet Estonia is clearly the leader and therefore the choice of products is also wider here. Hansapank started small in Latvia and has bought up banks over the years and now they have attained a high-quality customer base – 70 offices and approximately 600,000 customers. The situation in Lithuania is somewhat different – there the Lithuanian Savings Bank was purchased which was privatised too late and therefore the customer base is older and not so wealthy. The Lithuanians also like to keep money at home more. Hansapank has approximately 100 offices in Estonia.

KAILEEN MÄGI

HANSAPANK AS (group) 2005

Sales (mIn EEK)	8 209
Change in sales	25%
Net profit (mIn EEK)	3 784
Change in net profit	24%
Number of employees	6 702
Investments (mIn EEK)	352
Return on equity	25%

FINANCIAL BROKERAGE ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	HANSAPANK AS (group)	8 209 000	1	25	7	3 784 000	1	24	9	25	9	23 774	4	1 225	9	352 000	1	100,0
2	3 STEP IT OÜ	138 080	6	29	5	3 275	11	185	3	91	1	15 521	10	8 630	1	304	10	71,1
3	BALTI INVESTEERINGUTE GRUPP AS	124 829	7	64	1	63 330	4	92	4	55	3	15 679	9	1 469	7	2 227	5	47,7
4	EESTI KREDIIDIPANK AS	171 628	5	45	2	49 176	5	214	2	38	6	21 194	6	1 040	10	6 954	2	46,7
5	SEB EESTI ÜHISPANK AS	2 539 500	2	24	8	923 500	2	24	10	22	10	25 402	3	1 750	5	5 200	3	39,0
6	TALLINNA BÖRS AS	50 044	10	21	10	17 661	8	60	7	39	5	29 549	1	1 472	6	1 994	6	34,1
7	LINDORFF EESTI AS	14 120	11	40	3	3 869	10	63	6	43	4	19 241	7	743	11	635	9	31,1
8	TALLINNA ÄRIPANGA AS	68 800	9	14	12	23 700	7	347	1	10	12	19 091	8	1 251	8	1 900	7	29,8
9	SEB ÜHISLIISINGU AS	421 148	3	6	13	191 006	3	-3	11	31	7	25 919	2	4 211	2	3 514	4	27,6
10	SALVA KINDLUSTUSE AS	313 080	4	23	9	23 983	6	-20	13	29	8	22 934	5	2 676	3	1 215	8	24,2
11	KINDLUSTUSEST KINDLUSTUSMAAKLER OÜ	9 212	12	27	6	1 368	12	-7	12	70	2	13 330	11	384	12	62	12	20,7
12	PÖLVAMAA HOIU-LAENUÜHISTU	1 053	13	36	4	69	13	64	5	7	13	10 271	12	263	13		13	6,6
13	SEESAM ELUKINDLUSTUSE AS	91 737	8	15	11	15 514	9	34	8	19	11	7 004	13	1 872	4	256	11	0,0

THE MOST COMPETITIVE RETAIL ENTERPRISE 2006 TALLINNA KAUBAMAJA AS

The Department Store is not Ready Yet

Opening of AS Tartu Kaubamaja and Selvers has brought an abrupt increase



PHOTO: KRISTO NURMIS

RAUL PUUSEPP

Chairman of the Board, Tallinna Kaubamaja AS

We must not look far for the reason why the chairman of AS Tallinna Kaubamaja **Raul Puusepp** is smiling modestly yet determinedly. I met him on a day in August, the day the company announced its record profit. For the first time in the history of AS Tallinna Kaubamaja, the profit of the first half year exceeded 100 million kroons. To be more exact, the group earned 101 million kroons of profit – that is three times more than last year. The department stores managed to earn 26 millions and the Selver chain belonging to the group 45 million kroons. At the same time, the turnover of the group was almost 2 billion kroons.

Revolution of the Selvers

It might seem unbelievable at first that people have started to buy twice as much from the stores of AS Tallinna Kaubamaja Group with one year. Yet that is exactly the case. And there are no very complicated reasons for that. A record opening of Selver super- and hypermarkets, in total 9, took place last

year. When in the beginning of 2005 there were 11 Selver stores in Estonia, then the number of stores was 20 by the end of the year. The manager of Kaubamaja Raul Puusepp goes as far as calling it a revolution of Selvers. No retailing chain has managed to develop that fast. When the expansion of the last years took mainly place in Tallinn, then in 2005 it was decided to expand vigorously precisely in South Estonia. Nine of the new Selver stores were opened exactly in that area. The goal of the group for the next two years is to open another ten stores.

Solid development of the department stores

Raul Puusepp regards the opening of AS Tartu Kaubamaja as the second major success of the last year. In connection with that, the volume of sales space in Tartu increased three times. When it might have seemed at the beginning that the idea is too pompous and the size of sales space is too big, then now there are no free square centimetres in

AS Tartu Kaubamaja which could be rented. When the new building was constructed, it was preceded from the very beginning from the fact that it will not be economised on account of development and construction – the solution and materials have to be the best. At the same time, decisions were made to cut the expenses on the other hand.

Reorganisations inside the group took place with the goal to change the company activities more effective and to economise on expenses. AS Tallinna Kaubamaja started to engage in the management of AS Tartu Kaubamaja which was opened in October.

Much time was dedicated to the discussion and decision with regard to the expansion of product range of the new, three times bigger AS Tartu Kaubamaja. The manager of the department store names high-quality women's cosmetics with a higher price scale as an example. There was doubt whether it was too much. Yet the reality shows that the customers in Tartu buy surprisingly much

precisely from that product range. The contrast is obvious in comparison with the former AS Tartu Kaubamaja which was opened in 1996. Puusepp started his career in the department store in Tartu and he recalls that the old building was very cramped – they looked by square metres for a place which would make it possible to increase the sales space if only a little bit.

Over 2200 people work at AS Tallinna Kaubamaja. Whereas approximately twenty people work there who have been working there since the beginning of times or since 1960.

Raul Puusepp has been managing AS Tallinna Kaubamaja Group since 2002, yet his eyes are glowing and he answers the question whether he would do the work for a long time with a conviction: such work could be done for a very long time – there are enough challenges. And adds in a while that the department store is not ready yet. "There is enough room for development. And the main thing is that the team has enough ideas, will as well as resources to put new goals into practice."

The shares of the group have been listed in Tallinn Stock Exchange and the company has approximately one thousand shareholders. NG Investments is the biggest of them, holding 67 percent of the shares.

Background of Estonian retail business

2005 was the year of merge and expansion of the Estonian retail business. At the beginning of the year, ICA Baltic and Kesko Food established a joint company Rimi Baltic AB in order to operate on the food products market of the Baltic states as a result of which the trademark Citymarket disappeared and was replaced with the trademark Rimi Hypermarket. The low-priced Säästumarket store chain also belongs to this group.

In spring the merge between Tirsi Group and the subsidiary of AS Tallinna Kaubamaja A-Selver also took place as a result of which Selver gained the long-term management right of retailing chain Tirsi Group.

KAILEEN MÄGI



PHOTO: INGMAR MUUSIKUS

TALLINNA KAUBAMAJA AS 2005

Sales (mln EEK)	2 877,8
Change in sales	42%
Net profit (mln EEK)	91,8
Change in net profit	-7%
Number of employees	1 903
Investments (mln EEK)	421
Return on equity	12%

RETAIL ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	TALLINNA KAUBAMAJA AS	2 877 784	1	42	14	91 776	1	-7	46	11	50	11 088	28	1 512	32	421 000	1	100,0
2	BALTI EHITUSMASIN - BALTEM AS	209 711	16	104	4	9 431	14	828	3	46	19	21 551	5	8 388	4	551	32	62,3
3	AMSERV GRUPI AS (group)	1 264 346	2	29	24	40 362	4	118	18	44	22	19 831	9	4 771	9	13 882	5	52,3
4	VIVAREC AS	52 998	35	19	41	4 512	22	693	5	125	3	29 852	1	2 944	18	286	44	52,3
5	ELKE GRUPI AS	1 074 200	3	32	22	49 100	3	142	14	39	26	15 032	18	3 454	16	34 100	4	49,1
6	ATLAS HOLDING OÜ	148 642	19	8	53	7 979	17	-52	54	31	34	19 291	11	24 774	1	2 936	19	48,5
7	ELKE AUTO AS	490 921	6	28	26	28 521	6	100	23	44	21	22 382	3	6 818	5	3 371	18	44,4
8	BALTIKA AS (group)	680 906	5	17	42	72 664	2	335	8	42	23	6 948	51	412	55	36 200	3	43,2
9	TAMREX OHUTUSE OÜ	43 044	36	35	19	763	42	697	4	130	2	19 165	13	1 196	38	893	26	43,2
10	TATOLI AS	178 764	17	60	7	10 419	13	56	35	39	25	19 515	10	8 513	3	1 977	22	39,1
11	REGINETT OÜ	10 138	46	47	10	487	46	2 468	1	118	4	5 202	55	1 690	29	501	34	36,7
12	AARDEMAA OÜ	81 318	28	26	31	262	50	159	45	328	1	6 503	53	830	50	835	27	36,5
13	AUTORI AS	268 899	11	44	13	9 324	15	76	26	73	9	19 253	12	4 482	11	679	30	35,8
14	ABC GRUPI AS	834 130	4	26	29	19 483	8	222	10	27	37	10 396	31	1 636	30	72 246	2	35,5
15	DOMUS GROUP OÜ	7 169	50	96	5	899	41	525	6	71	10	7 888	45	1 558	31	94	47	33,8
16	INFOTARK AS	247 656	13	17	43	18 179	9	282	9	27	36	20 903	6	2 553	21	498	35	32,8
17	INBIO OÜ	9 521	48	170	1	530	44	102	22	33	31	10 011	33	732	51	791	28	32,7
18	NORDIC SPORT EESTI AS	11 123	43	28	25	357	48	387	7	10	51	25 413	2	2 781	19		52	31,5
19	UHTNA TALUTEHNIKA AS	58 361	33	139	2	2 431	34	26	39	33	30	10 666	30	1 716	28	10 266	7	30,4
20	RGR METALL OÜ	246 401	14	12	49	32 409	5	-45	53	25	38	10 112	32	9 856	2	7 339	10	30,4
21	JAPAUTO AS	253 526	12	27	28	14 338	10	90	25	35	28	18 244	14	4 024	14	4 628	15	30,3
22	FLINT KAUBANDUS OÜ	39 866	37	94	6	7 566	18	131	16	51	16	7 938	44	4 430	12	779	29	29,6
23	SIGARI MAJA OÜ	17 962	40	130	3	2 947	30	72	29	63	12	8 683	41	945	46	455	37	29,3
24	VALOOR AS	87 840	24	30	23	4 343	24	58	34	46	18	20 808	7	4 623	10	118	46	29,2
25	INDOOR GROUP AS	275 676	10	13	47	21 946	7	17	42	40	24	15 185	17	5 514	7	511	33	28,8
26	SUNOREK AS	112 940	21	25	35	9 016	16	75	28	111	5	14 592	20	706	52	7 890	9	27,0
27	AJ TOOTED AS	19 212	39	46	11	3 696	27	76	27	55	14	14 049	23	3 842	15	141	45	25,4
28	IV PLUS AS	81 650	27	47	9	2 590	33	-29	50	12	49	22 289	4	2 634	20	449	39	24,9
29	KUSTUTAJA OÜ	3 696	53	4	55	524	45	166	12	106	6	16 058	16	1 848	27	50	50	24,2
30	KEMIFLORA AS	86 226	25	27	27	5 131	21	59	33	21	41	20 478	8	2 536	22	1 530	24	23,9
31	VÄRVIKESKUSTE GRUPP OÜ	101 595	23	20	40	5 283	20	144	13	44	20	16 436	15	2 363	25	4 747	13	23,7
32	SWIPE EESTI OÜ	2 222	55	33	21	460	47	92	24	89	8	13 539	25	1 111	41		53	22,1
33	DIO OIL EST AS	337 356	9	45	12	969	40	11	43	3	55	9 887	35	6 365	6	6 512	11	22,0
34	ANGAAR AS	919	56	13	46	7	56	1 266	2	1	56	8 098	43	459	54	369	42	21,8
35	ORDI AS	377 335	8	24	37	4 387	23	-22	48	13	48	14 332	21	4 057	13	1 028	25	20,9
36	LPP RETAIL ESTONIA OÜ	61 122	31	53	8	3 159	29	120	17	63	11	8 734	40	657	53	8 100	8	20,5
37	BALTI FONOLUKK OÜ	6 892	51	38	17	73	55	112	19	55	15	14 129	22	861	49	53	49	20,2
38	RADEMAR AS	158 417	18	9	51	12 126	11	69	30	37	27	13 939	24	1 453	34	4 270	16	19,3
39	BORTER TRADE OÜ	3 727	52	39	16	85	54	205	11	94	7	5 348	54	932	47		55	18,8
40	HAT-AUTO AS	58 989	32	22	38	1 981	35	31	38	27	35	14 803	19	2 949	17	2 180	21	18,2
41	TEVO KAUP AS	83 220	26	26	32	3 790	25	-8	47	34	29	11 490	27	2 448	24	5 131	12	16,2
42	DECORA AS	213 061	15	26	30	6 181	19	39	37	20	42	9 489	37	2 477	23	1 666	23	16,1
43	ÜHENDUS HUMANA ESTONIA O	57 388	34	35	18	3 713	26	107	21	57	13	7 463	47	393	56	462	36	15,5
44	MOKTER AS	147 046	20	15	45	1 012	39	-26	49	4	54	10 952	29	5 446	8	355	43	14,5
45	FASHION GARDEN AS	14 782	41	34	20	1 337	37	107	20	22	40	9 113	39	1 056	45	453	38	13,1
46	ISOGREEN AS	10 174	45	20	39	605	43	21	41	24	39	13 185	26	1 130	40	383	41	12,9
47	NITTIS OÜ	78 155	30	40	15	11 740	12	-34	52	32	33	5 082	56	1 166	39	625	31	12,4
48	SAAREMAA TARBIJATE ÜHISTU TUÜ	435 485	7	7	54	3 179	28	62	32	6	53	8 163	42	1 057	44	11 471	6	12,1
49	RAKTOOM AS	80 297	29	12	50	2 742	31	134	15	18	45	7 806	46	1 255	37	2 662	20	10,7
50	PT MIKRO AS	110 773	22	16	44	2 652	32	-33	51	15	46	9 941	34	1 477	33	4 232	17	10,1
51	KRK MÕIGU OÜ	13 073	42	25	34	280	49	18	44	19	43	9 733	36	1 307	36	8	51	10,0
52	VARSTA TARVIKUTE OÜ	10 352	44	8	52	1 356	36	25	40	47	17	7 172	48	2 070	26	396	40	9,9
53	ESPAK PÄRNU AS	33 067	38	26	33	1 222	38	66	31	14	47	6 988	50	1 067	43	4 732	14	9,2
54	LÄÄNE AGROVARU OÜ	3 540	54	12	48	211	51	43	36	32	32	9 166	38	885	48	6	56	9,2
55	UNOLIK OÜ	9 628	47	24	36	205	52	-76	55	19	44	7 166	49	1 070	42		54	6,0
56	PERFETTO STUDIO OÜ	9 159	49	-10	56	90	53	-81	56	7	52	6 647	52	1 308	35	88	48	0,0

THE MOST COMPETITIVE WHOLESAL ENTERPRISE 2006

MAZEIKIU NAFTA TRADING HOUSE OÜ

Stable Volumes Ensure Success



TÕNU ÄÄRO
Chairman of the Board, MNTH

PHOTO: RAUL MEE

Only 10 people work at Mazeikiu Nafta Trading House (MNTH). Last year the small team was able to increase the turnover 60%, whereas the profit increased six times. The manager of the company **Tõnu Ääro** regards the stable growth of volumes as the biggest achievement of last year. According to him, the biggest challenge was the future development and expansion of activities of the company. It will all come true in the foreseeable future, but Ääro thinks it is too soon to talk about it yet.

What has changed since MNTH joined the market?

80 percent of the petrol sold on the Estonian market came from the Lithuanian Mazeikiu Oil Refinery anyway. And that is so also today. The difference now is that so far the Estonian fuel wholesalers bought petrol and diesel fuel directly from the factory, then now the factory is marketing its production through MNTH here. Mazeikiu Nafta Trading House established in Lithuania is a fuel wholesale company which belongs to 100% to Mazeikiu Nafta. The

wholesale companies operating in Latvia, Estonia and Poland are the subsidiaries of it. Mazeikiu Nafta itself includes a refinery, oil pipeline system and Butinge oil terminal.

Mazeikiu Nafta and Russia

Actually I am making the interview with the manager of the company on the day when the name Mazeikiu Nafta is mentioned in the news almost every day. And what is happening with the parent company also influences the local subsidiary. The policy between Lithuania and Poland has taken economic dimensions, regardless of that the work in Estonia continues as usual. Namely the Russian Transneft which has stopped supplies to the Lithuanian Mazeikiu Oil Refinery has just announced that the repairs of oil pipe could take a whole year. That would cause serious problems to the main oil producers of the Baltic states. All that is connected to the subsidiary located in Estonia to full extent. Mazeikiu Nafta has announced that they have been prepared for the worst and they will survive it in case the pipe would be

repaired by September. Until then the company can supply itself with oil through the Butinge oil port as well. Already in August approximately 100,000 tons of Primorski oil was brought from there. The transportation of oil with tankers is more expensive than the oil which is flowing through pipes. That will probably decrease the results of the group. It will presumably not influence the fuel prices in Estonia much because when we would increase the price, oil products would be brought to the market from alternative sources such as from the Neste factory in Finland or from other Scandinavian countries. "Mazeikiu still has an alternative raw source and that is also purchased from there with tankers today. For how long the pipes are going to stay dry and what are the reasons for it, I cannot comment on at the moment. It will certainly influence the company to a certain extent, but not very much."

A strong team is behind the success

Tõnu Ääro praises highly his strong and good team, without the team it would be very difficult to achieve good results. Also the struc-

ture of the company itself enables to work intensively and focus on good results. Though the competition of the Estonian oil products market is heavy and that is certainly a driving force, yet the manager of the company adds that many competitors are also good cooperation partners of theirs. The company cooperates with Trading Houses of Latvia, Lithuania and Poland on the level of experiences and information.

MNTH is a company in Estonia with a relatively short history, the real work began only at the end of 2003. Tõnu Ääro has been working at the company since the beginning and according to him, a good distribution system has been created by today, with the help of which the continuous growth has also been achieved. "The satisfaction of customers and their wish to cooperate with us are most important and that has improved year by

year," he adds. The company is relied on also on the level of the Estonian state. Mazeikiu Nafta Trading House holds the strategic fuel supplies of the state with regard to aviation kerosene. Approximately 1900 tons of fuel are at warehouses right now. Tõnu Ääro sees the reliability also in the fact that the representatives of Oil Association have been chosen to the board of the Oil Stockpiling Agency – that helps to fulfil duties of the company set by the state effectively.

Half-year results of 2006

The group earned 133 million USD of net profit with the first six months of this year. The plan is to earn 204 millions by the end of this year. 4.5 million tons of oil products were sold with the first half year. The number was 4.1 million tons in 2005. 7% of this volume came to Estonia, 6% to Latvia and 5% to

Poland. Besides Lithuania, the USA was the biggest buyer of oil products of Mazeikiu, 20% of the production was imported there.

KAILEEN MÄGI

MAZEIKIU NAFTA TRADING HOUSE OÜ 2005

Sales (mln EEK)	4 058,1
Change in sales	71%
Net profit (mln EEK)	25,8
Change in net profit	-38%
Number of employees	10
Investments (mln EEK)	3
Return on equity	80%

Construction management Construction supervision Construction consultations



The Art Museum of Estonia



TELORA-E AS

Tulika 19

Tallinn 10613

Tel +372 650 5160

Fax +372 650 5161

kalev@telora.ee

www.telora.ee

WHOLESALE ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	MAZEIKIU NAFTA TRADING HOUSE OÜ	4 058 116	1	71	8	25 824	6	-38	55	80	14	69 327	1	405 812	1	3 075	9	100,0
2	SILBERAUTO AS	2 750 554	2	17	35	89 063	2	16	35	29	38	21 768	16	5 557	18	44 564	3	58,7
3	FAMAR-DESI AS	1 419 083	3	20	28	75 046	4	42	20	34	33	12 316	40	2 274	43	92 094	1	58,0
4	GENERAL DATACOMM INTERNATIONAL OÜ	544 543	8	-35	61	193 724	1	-23	49	36	29	12 030	41	272 272	2	5 870	8	56,4
5	SKINEST PROJEKT AS	764 112	5	179	2	86 135	3	26	32	37	28	10 245	48	19 593	9	26 395	4	52,7
6	BALTIC PULP AND PAPER OÜ	364 148	9	16	36	15 852	7	88	15	9908	1	15 011	33	121 383	4	693	21	49,2
7	PALAMAR GRUPP OÜ	10 295	56	254	1	1 728	38	553	5	148	6	6 245	58	1 029	58	130	43	39,0
8	KEMIRA GROWHOW AS	702 222	6	40	14	27 639	5	8	38	42	25	40 451	2	41 307	6	37	52	35,3
9	DELAVAL AS	120 286	16	89	3	9 632	10	283	8	88	12	30 803	5	3 007	35	992	18	33,6
10	EVAERDEAL EESTI AS	50 886	34	43	13	3 840	26	1 890	2	103	9	12 493	39	2 993	36		61	31,1
11	KAVIAL OÜ	17 469	51	24	24	4 566	22	37	27	901	2	7 619	55	1 248	56	100	47	30,8
12	KOLOMNA ENERGY SERVICE OÜ	649 841	7	-18	54	14 386	8	36	29	71	17	31 475	4	92 834	5	37	51	27,9
13	KULBERT AS	70 840	25	75	7	7 006	13	225	9	103	10	19 276	22	6 440	16	7 221	7	27,8
14	CATWEES OÜ	142 397	13	14	37	1 083	45	-80	60	8	57	17 544	25	2 967	37	55 226	2	26,0
15	MARK OIL OÜ	1 264 139	4	22	26	6 121	17	-41	56	16	49	11 132	45	126 414	3		58	25,8
16	ART LINK PRODUCTION AS	106 026	19	14	38	3 026	30	1 463	3	13	52	9 876	50	774	59	1 813	13	25,4
17	REVALA AS	68 487	26	59	9	1 966	36	465	6	48	22	15 809	29	8 561	13	74	48	25,0
18	A-B- KOMMERTS OÜ	10 956	55	25	23	195	59	3 266	4	21	45	6 583	57	2 435	40	10	57	23,8
19	LINSALU OÜ	271 107	10	7	45	1 370	43	-37	54	457	3	15 800	30	27 111	8	371	31	23,1
20	LOKMAN AS	126 871	14	20	29	9 653	9	10	37	27	39	26 442	11	5 516	19	17 400	5	22,9
21	NORES PLASTIC OÜ	80 056	23	89	4	4 634	20	54	17	82	13	16 331	27	16 011	10	445	28	22,7
22	BERRY FARMING OÜ	3 375	61	-30	59	9 616	11	10 504	1	179	5	4 553	61	1 125	57	60	49	22,4
23	VAGA TEHNIKA EESTI OÜ	45 211	36	51	11	1 403	42	102	13	31	35	27 030	9	4 110	25	600	24	21,4
24	BERMET MANAGEMENT AS	108 736	18	82	5	2 503	34	39	26	33	34	13 614	35	4 027	28	9 680	6	21,1
25	GRUNDFOS PUMPS EESTI OÜ	35 220	38	55	10	1 007	47	-21	48	27	40	28 898	7	4 402	21	110	45	20,0
26	FAGEL OÜ	43 233	37	76	6	649	51	-9	47	61	18	20 532	19	1 965	48	292	33	19,5
27	INDUSTEK AS	79 852	24	20	30	6 263	16	90	14	40	26	27 909	8	4 203	24	231	38	19,4
28	ERMES HOLDING OÜ	60 821	29	19	32	2 675	58	42	42	74	16	25 550	13	30 411	7	327	32	18,2
29	ADDINOL MINERALÖL MARKETING OÜ	108 774	17	6,0	46	4 623	21	7	40	19	47	32 226	3	4 351	23	999	17	17,8
30	PÜUKESKUS AS	142 942	12	33,0	16	3 037	29	37	28	40	27	21 998	15	9 529	12	894	19	17,7
31	SCHETELIG EV AS	84 875	21	29,0	18	6 405	15	0	44	24	43	26 531	10	3 144	34	659	22	17,7
32	TÜRI BEL-EST OÜ	57 016	32	33,0	17	5 506	19	80	16	108	8	15 163	32	5 183	20	621	23	16,7
33	TRC HULGIKAUBANDUSE AS	80 492	22	-21,0	55	1 679	39	40	23	420	4	11 371	43	5 749	17	2 500	11	16,7
34	FRIENDS TEXTILE OÜ	27 389	45	28,0	19	6 048	18	53	18	51	21	20 687	18	2 107	45	1 723	14	16,7
35	KEN TEK EESTI OÜ	11 476	54	19,0	33	452	54	-28	50	11	55	30 458	6	2 869	38	151	41	15,9
36	MERCANTILE GROUP AS	190 888	11	21,0	27	7 989	12	40	22	31	36	18 166	24	2 009	47	2 172	12	15,6
37	ASSABALT AS	57 606	31	11,0	41	4 093	25	16	33	22	44	25 777	12	3 200	33	206	40	15,1
38	KOMPRESSORIKESKUS OÜ	30 192	42	28,0	20	2 088	35	13	36	35	31	21 003	17	1 887	50	254	35	14,5
39	SKS VÖRU OÜ	65 384	27	13,0	40	4 499	23	39	24	45	23	19 829	20	4 359	22	510	26	14,1
40	BAUHAND EESTI AS	13 178	52	36,0	15	376	55	115	12	5	60	16 052	28	2 636	39	56	50	14,0
41	ARHDISAIN OÜ	28 203	43	49,0	12	2 531	33	42	21	76	15	9 972	49	3 525	31		60	13,7
42	ANCRA BALTIC OÜ	28 082	44	27,0	21	4 468	24	36	30	35	32	16 670	26	2 340	41	13	55	13,4
43	SYSTEMAIR AS	64 636	28	10,0	42	3 825	27	16	34	18	48	19 551	21	3 591	29	101	46	12,2
44	EXCELLENT GRUPP AS	24 426	47	26,0	22	6 518	14	49	19	36	30	10 648	46	4 071	26	796	20	11,6
45	HORECA SERVICE OÜ	46 753	35	22,0	25	1 560	40	7	39	57	20	13 584	36	2 125	44	441	29	11,3
46	NI MOTORS OÜ	57 982	30	4,0	48	938	49	127	11	99	11	8 371	54	14 495	11	33	53	11,1
47	BALTI KELLA AS	7 152	58	2,0	49	488	53	-33	52	25	41	22 139	14	3 576	30		59	10,8
48	ARKOGREN AS	34 637	39	8,0	44	2 972	31	39	25	24	42	15 791	31	1 506	54	140	42	10,5
49	ÄRIEKSPERDI AS	56 862	33	5,0	47	3 735	28	6	41	20	46	14 064	34	1 961	49	290	34	9,1
50	EESTI TEKSTIL AS	23 365	48	8,0	43	994	48	127	10	13	51	8 687	53	497	61	26	54	8,4
51	KILEKESKUS OÜ	5 961	59	18,0	34	299	57	29	31	30	37	9 585	51	1 490	55	241	37	8,4
52	ASPOKEM EESTI AS	96 442	20	-8,0	52	1 129	44	-76	59	11	54	18 243	23	8 037	14	120	44	8,1
53	TRISTON OÜ	25 815	46	0,0	51	2 562	32	-3	46	60	19	11 408	42	1 519	53	502	27	7,9
54	HAMMER SERVICE OÜ	3 817	60	13,0	39	349	56	-2	45	42	24	10 459	47	763	60	208	39	7,8
55	RIKKAGRUPP OÜ	1 787	62	-45,0	62	132	60	292	7	132	7	3 950	62	447	62	9	62	6,6
56	MASS AS	33 733	40	20,0	31	1 497	41	-49	58	11	56	5 329	59	6 747	15	2 722	10	6,2
57	SUN TIMBER OÜ	13 151	53	0,0	50	26	62	2 302	43	2	61	8 751	52	3 288	32	577	25	5,1
58	AGROVARU AS	33 278	41	-22,0	56	625	52	-34	53	8	58	13 567	37	1 585	52	1 089	16	4,6
59	TOPMED AS	121 508	15	-25,0	58	1 044	46	-93	61	6	59	13 521	38	4 050	27	12	56	3,7
60	UNIPLAST OÜ	10 104	57	-11,0	53	837	50	-33	51	13	53	7 162	56	1 684	51	423	30	2,8
61	TRAKO VALDUSE AS	22 771	50	-23,0	57	60	61	-97	62	1	62	11 332	44	2 277	42	251	36	1,9
62	SFINKS KN OÜ	23 008	49	-32,0	60	1 813	37	-49	57	14	50	5 078	60	2 092	46	1 449	15	0,0

THE MOST COMPETITIVE INDUSTRIAL AND ENERGY ENTERPRISE 2006 BLRT GRUPP AS

The Subsidiaries and Joint Enterprises Take BLRT to the World Map

Regardless of the tough labour shortage plans are carried out



PHOTO: TOOMAS TUUL

FJODOR BERMAN

Chairman of the Board, BLRT Grupp AS

One of the biggest industrial enterprises in Estonia BLRT Grupp has not been engaged in ship repairs only for a long time as could be concluded from the name of the company. Now BLRT Grupp has 65 subsidiaries and the geography of the export markets is expanding with every year. For example the fish feeding barges built in Estonia are sailing in South and North America as well as in Asia and Europe. The reason why it is so hard to catch the manager of the company Fjodor Bergman lies in great load of work, yet finally I managed to catch him. Fjodor Berman has been working in BLRT for more than 30 years. He

regards the privatisation and reorganisation of Klaipeda Shipyard as his life project. Right now the work in Lithuania is done in full speed. Last year the company repaired approximately 300 ships in total – 120 vessels in Klaipeda and 160 in Estonia. I asked him about the activities of last year as well as of the future.

What do you regard as the biggest success of the last year?

We built and readjusted the passenger ship "Polaris" of the Murmansk Shipping Trade. We also had three major conversion projects on the tankers of the company "Lukoil Arctic" – now they have the possi-

bility to load oil through the ship front part at open sea. The intensive accident repairs on the recreational ship "Casino Express" was performed last year as well.

Which has been the most complicated and time-consuming order for BLRT so far?

We manufactured and assembled the main equipment for Muuga coal terminal on the order of the German group ThyssenKrupp – the main contractor was BLRT Marketex. A powerful barge "Odense6" was built on the order of the Danish group Odense Lindø which is used for transportation of large metal constructions in shipbuilding by sea, that was a major job as well.

Many manufacturing enterprises complain about the lack of qualified labour force. How is the situation in shipbuilding?

The situation with skilled labour force is still complicated. There are not enough skilled workers such as ship casing welders, fitters, etc on the local labour market. The structures of the state are acting extremely bureaucratically with regard to the management of the East European labour force migration, the procedures are immensely time-consuming. As a summary it could be said that the state itself is doing a left-handed favour to the Estonian economic development, especially in comparison with other states of the European Union. The situation has deteriorated drastically with one year. Unfortunately the state has not taken measures in order to improve the situation and the temporary bringing of skilled workers into Estonia is becoming one of the major factors in inhibiting the economic development.

How the Ciserv BLRT Baltic is developing which was established a year ago? Have you managed to reach all the Baltic States or even further with this joint company engaging in ship equipment repairs?

The years 2005 and 2006 have been very busy and successful for the company – the name of the company as of this year is Wärtsilä BLRT Estonia. A strong training system – studies in Wärtsilä companies in Denmark, Sweden and Finland have been the basis for the successful development – for the ship owners the work of this company in Tallinn is one of the magnets in submitting of orders to BLRT. A subsidiary also in Klaipeda has been established since the present year – Wärtsilä BLRT Klaipeda.

How far is the cooperation with the Dutch company Damen Shipyard Bergum? You built a cargo vessel for them at first and then contracts were concluded for building several ships.

The cooperation ends in September this year – five ship casing with high level equipment have been built and handed over to the contracting entities in two and a half years. Our goal is to build ships with the principal "handing-over-the-keys". We

have acquired many experiences and skills for the successful competing in the European and Baltic Sea shipbuilding markets. An intense marketing work is going on right now for finding contracting entities for work and building series ships.

BLRT has already 65 subsidiaries in total. How such a structure of the company has justified itself?

The number of subsidiaries is growing all the time. The plan is to create a joint enterprise with one of the most famous company MacGregor, which is specialised on the production and repairs of hydraulic equipment, trapdoors and apparels of ships. The subsidiary ElmeMesserGaas is planning to strengthen its position in the Ukrainian market by buying a couple of gas plants there. The plan is to construct a Technical Service Centre to Vilnius which would be one of the biggest in the Baltic states. The biggest steel service centre of the Baltics was opened last year with the production capacity of 140,000 tons in a year.

Whom do you regard as your biggest competitors? These are certainly the Polish shipbuilding and repairs companies. Usually – where ships work, there the repair works are performed. Building of large ships is naturally concentrated to the Asian region. Smaller, up to 100 meters ships are successfully built also in Europe and that is our niche as well.

How has the present year been, especially when taking the increasing labour shortage into consideration?

The beginning of the year was very difficult with regard to the weather as well as to the labour force conditions. We hope to reach the planned yearly level with eight months. The biggest projects of this year are for example the conversion of EVA-316 or rebuilding and modification into a multi-functional ship. The activities of this year also include the construction of a modern compression station to Tallinn which makes it possible to supply all our consumers, subsidiaries as well as clients, with compressed air. We built a solid bulk terminal and a large offshore platform to Klaipeda. In addition there are other projects as well.

History of BLRT Grupp

Company was established in 1912 with the primary purpose to supply Russian Navy with ships and already by 1916 three destroyers had been launched. After World War II the company focused on repairs of military vessels, then, in the 70s and 80s, on repairs of fishing vessels. BLRT started to repair tankers, cargo vessels and cruise liners. At the moment we compete successfully with all shipyards across the Baltic region. In 1996 the company was privatised and the group now continues to expand at its own premises on the territory owned by the company in Tallinn on Kopli peninsula. In 2000 BLRT Grupp became the owner of the former Tallinn Sea Factory. In 2001 BLRT Grupp purchased the main holding of shares of a Lithuanian ship repairs company, Vakaru Laivu Remontas and then the company's reconstruction and reorganisation began. Today Vakaru Laivu Gamykla is a dynamically developing company, which consists of 20 subsidiaries. The structure of Vakaru Laivu Gamykla is similar to that of BLRT Grupp. The turnaround and development strategy is linked to the development of ship building and ship repairs of Estonia. We have invested more than 200 mln EEK in reconstruction.

KAILEEN MÄGI

BLRT GRUPP AS 2005

Sales (mln EEK)	2 812,3
Change in sales	12%
Net profit (mln EEK)	254,4
Change in net profit	-19%
Number of employees	3567
Investments (mln EEK)	468,2
Return on equity	14%

alio**tar**group

transport ja logistika



www.alistar.ee
info@alistar.ee
tel. +372 681 6658
faks +372 681 6656
Valdeku 107e, Tallinn 11216

THE MOST COMPETITIVE FOOD INDUSTRY ENTERPRISE 2006

A. LE COQ TARTU ÕLLETEHAS AS

Unbroken Growth of the Brewery

At least three new ideas every year

The manager of A. Le Coq Tartu Brewery **Tarmo Noop** answers the question how he evaluates the last year, the year 2005 rather calmly – nothing special happened. A market share was seized, the sale of canned beer increased 60 percent, and the growth of the sale of ciders was almost the same. The market share has been won over and the overall consumption has increased as well.

When we look back, we will see that Tarmo Noop is certainly right. It is really true – there is nothing special in the increase of sales numbers for A. Le Coq. A usual year with usual big growths. Since 1999 when the new A. Le Coq Tartu Brewery with the old name joined the market, decrease or standstill of neither the turnover nor the profit can be observed in any of the years.

The synergy of Õsel Foods

The year 2005 was according to the manager of the company the year when the effect of the take-over of Õsel Foods could be felt for the first time. The decision to seize Õsel was actually made in 2003. The contract of purchase and sale was concluded in September, three years ago. The owner company of Tartu Brewery Olvi paid 160 million kroons for Õsel Foods Juice Company. Then it was hoped that the joint existence would bring versatile profit to the joining parties as well as to consumers. By today the trademark Aura which belonged to Õsel Foods has experienced many substantive as well as formal innovations and consumers have excellently accepted the various juice products and the sales volumes are increasing with every year.

New products in 2005

In May the so-called near water or flavoured and sweetened water was placed on the market for the first time in Estonia. By looking at the water shelves in stores it could not be understood how it is possible at all to place something on the oversaturated market, yet A. Le Coq found an empty place between the shelves and now the competitors are also producing near water. At the same time, there is no reason to fear the competitors as the sales numbers are not growing on account of the competitors but on the account of the general increase in consumption instead.

A new conception was also created with regard to ciders and Fizz Coolers for younger and livelier consumers were placed on the market instead of usual, classical ciders; Fizz Coolers are produced on the



basis of wine and juice. A big growth of market share was received from there.

Consumers valued unbelievably highly the new, hygienically covered beer can. When the sales volume of canned beer had not increased by approximately 60 percent, one could not believe that the Estonian beer drinkers value purity so highly in addition to taste.

It was decided to replace Aura ACE with Aura Active trademark and that resulted in the increase of sales volume to 20-30 percent. Tarmo Noop says that consumers have started to buy especially various juices and juice drinks more and it seems that this niche offers many possibilities.

The manager of the company mentions several times that an extremely good sales work and marketing activity are behind good results. And that is not random, everything is properly planned beforehand. Every year at least three new ideas are developed in every product group, and there are nine of those, and at least one of these is certainly put into practice every year. So far it has been the case. Several producers have said that the Estonian consumer is constantly used to something new and is not satisfied with one and the same choice of beer sorts or lemonades

that is on the stores the year round. And that is the opinion of Tarmo Noop as well. What is the sales hit of one year could be completely forgotten already the next year. One has to be an innovator – new tastes are not enough, it has to be interestingly presented as well. Juice does not always have to be in a one litre carton or lemonade only in a bottle. This idea has been hit and that can be seen by looking at the drink choice of A. Le Coq.

What happens next? The manager of the company has an immediate simple answer. The company has to move on, there is no way around it. And one has to move on better than before.

KAILEEN MÄGI

A. LE COQ TARTU ÕLLETEHAS AS 2005

Sales (mln EEK)	809
Change in sales	21%
Net profit (mln EEK)	113,3
Change in net profit	29%
Number of employees	304
Investments (mln EEK)	48,8
Return on equity	31%

HISTORY OF TARTU BREWERY

A. Le Coq Brewery was founded by Albert Le Coq, a Belgian tradesman, in 1807. The predecessor of the company was actually established already in 1826. The so-called Russian imperial strong porter specially brewed for export became the best-known of the beers. During the Russian-Japanese War the A. Le Coq company made generous porter donations to the Russian military hospitals and as a reward was granted the right to supply the imperial court with its beer. There was an interruption of production in the factory during the World War I and the factory was robbed so much that only buildings remained behind. After the war the shareholders decided to continue production and that decision turned out to be the only right one. A year later the company made profit and the A. Le Coq Company earned several national prizes for the quality of the products.

FOOD INDUSTRY ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	A. LE COQ TARTU ÕLLETEHAS AS	809 013	2	21	7	113 331	2	29	9	31	3	16 999	2	2 661	1	48 793	2	100,0
2	RAKVERE LIHAKOMBINAAT AS	1 481 522	1	17	10	127 348	1	31	8	19	9	10 538	7	1 217	5	119 900	1	98,2
3	SAKU ÕLLETEHASE AS	644 800	3	22	6	74 900	3	50	7	20	8	23 942	1	2 559	2	40 900	3	93,9
4	KRAPESK AS	29 939	15	67	1	4 297	8	364	2	37	2	11 575	6	730	14	2 732	14	63,8
5	VASTSE-KUUSTE LIHATÖÖSTUS AS	92 719	10	32	3	3 752	9	896	1	21	7	7 133	14	859	12	3 058	12	53,2
6	MELECO AS	81 111	11	20	9	6 625	5	99	4	45	1	12 416	5	1 081	7	4 594	8	49,6
7	ALTIA EESTI AS (group)	137 805	8	3	14	16 979	4	-31	13	24	6	14 932	3	1 969	3	3 318	11	43,3
8	KAJAX FISHEXPORT AS	37 708	14	32	4	2 652	14	-6	10	25	5	6 573	16	1 300	4	1 029	15	32,4
9	NÕO LIHATÖÖSTUS AS	93 314	9	21	8	5 221	7	-8	11	12	11	14 178	4	1 048	8	3 817	10	31,8
10	OTEPÄÄ LIHATÖÖSTUS EDGAR OÜ	22 154	16	15	11	2 124	15	83	5	28	4	8 401	11	738	13	2 889	13	27,5
11	VALGA LIHATÖÖSTUS AS	315 424	4	9	12	6 359	6	183	3	6	14	10 010	8	901	10	9 374	5	27,4
12	M.V.WOOL AS	68 671	13	24	5	2 673	13	61	6	18	10	5 474	17	967	9	968	16	23,6
13	SPRATFIL AS	74 559	12	37	2	1 434	16	-50	16	12	12	8 456	10	433	15	5 054	7	21,9
14	PÕLTSAMAA FELIX AS	151 500	6	9	13	3 300	10	-52	17	4	16	8 333	12	1 082	6	18 600	4	17,5
15	WÕRO KOMMERTS AS	176 000	5	1	15	2 900	11	-48	15	6	15	7 113	15	889	11	5 900	6	10,2
16	PERE LEIB TOOTMINE AS (group)	143 239	7	-4	17	2 778	12	-45	14	8	13	9 304	9	320	17	3 900	9	6,1
17	VÕHU VEIN AS	9 180	17	-2	16	89	17	-12	12	1	17	8 130	13	399	16	635	17	0,0

THE MOST COMPETITIVE COMMUNICATION,
TRANSPORTATION AND LOGISTICS ENTERPRISE 2006
EESTI TELEKOM AS

Continuous Openness to New Solutions Brings Success
The acquisition of Microlink brought along a strong IT position



PHOTO: TOOMAS TUUL

HILLE VÕRK
Financial Director, Eesti Telekom AS

The financial director of AS Eesti Telekom Hille Võrk says that similar to the telecommunications world, interesting developments occur continuously also in the group. When in 2001 the fixed market was opened to competition, then anticipation could be felt "in the air" that the good days of Telekom are over. History has showed that that was not the case. „Many times it has seemed like the mobile market of Estonia is saturated, and yet the number of clients as well as the profit is increasing," Hille Võrk claims. "Lately there has been much talk about how free internet telephone takes

away the bread from traditional telecommunications companies. For some reason I think that a window will open somewhere instead of a door that closed this time." As Eesti Telekom is one of the biggest companies that has been listed on the Tallinn Stock Exchange and the only Estonian company listed on the London Stock Exchange. The traditional reason for participation in the stock exchange or raising additional capital has never been primary in case of AS Eesti Telekom. Being listed on the stock exchange and being under the attention of primarily the international investors and analysts means ever higher demands for the

group with regard to the competitiveness. AS Eesti Telekom as investment object is not only compared with other Estonian companies but primarily also with other European telecommunications companies.

2005 was a good year

AS Eesti Telekom is satisfied with the year 2005. The more significant events for the group were the acquisition of Microlink which significantly strengthened positions on the IT-services market and as a result of which one and clear leader was formed in the Estonian IT market. The victory is also the maintenance of market position on the

mobile communications services regardless of the fact that mobile phone numbers became transferable. Last year mobile data communication possibilities were also developed to a great extent – 3G network was opened for commercial usage and EDGE network was developed. The number of 3G services users has reached approximately 6000 people with less than a year. The subsidiary Elion launched Digital TV and strengthened its position in the field of provision of Internet connections.

The competition demands a continuous development. The managers of Eesti Telekom regard the diverse selection of services offered as the competition advantage of the group. Integration of services or complex solutions for customers have been the themes much discussed in the field of telecommunications for years. Provision of mobile and fixed-line telephone calls together has been important especially in case of businesses for years. In order to remain in competition on the Estonian market in 2005 in case of households, the so-called provision of Triple Play or telephone service together with Internet connections and television became important. A mobile phone service could be probably added to this triple offer already in the nearest future. As of today, the services portfolio of the Eesti Telekom Group include fixed-line as well as mobile phone calls, several different Internet connections and data communication solutions and television. It is an unusual step for a telecommunications company, yet the company has entered the IT-services market and has become so far the biggest provider of IT-services. IT-services are becoming more and more integrated with several telecommunications technologies. Hille Võrk thinks that the strong position in the field of telecommunications as well as in IT should guarantee the competitiveness of the Eesti Telekom Group also in the future.

Belonging to the TeliaSonera Group cannot remain unmentioned. The field of telecommunications is continuously a very fast developing field, numerous new technological solutions are added and new services are developed. For a small telecommunica-

tions company such as AS Eesti Telekom it would be very complicated, yet not impossible to make choices and keep up with all the important developments by only depending on one's own wisdom with regard to all these innovations. "Belonging to a larger group of companies has provided access to valuable information and experiences as well as the possibility for cooperation in the area of development," the financial director of the company is sure about that.

The challenge of transferrability of mobile phone numbers

Differently from Finland, the transferability of mobile phone numbers in Estonia has not influenced the market situation to an important extent. At the beginning there was fear that customers start to transfer to competitors in a mass, yet it did not happen. However, transferability of mobile phone numbers resulted in a quite heated price battle, then in 2005 the income earned from a customer decreased more than 10%. At the same time, lower tariffs as well as several other factors, such as new services, new telephone models and integrated provisions, have increased the use of services so that the income earned from a customer has started to increase again by the second quarter of the present year.

Only one virtual mobile telecommunication operator (MVNO) - Bravocom operating more extensively has joined the market. The mobile phone tariffs have decreased but there have been no important redistributions of market shares during the last year and a half. AS Eesti Telekom considers the results the transferability of mobile phone numbers as one of the most positive surprises of 2005 for our subsidiary AS EMT. In 2005 in general the balance of the clients left and added was effectively zero. The company regards the confirmation of rightness of the strategy chosen by AS EMT in this process or contribution to the quality of services primarily and not so much to low prices more important that maintaining client base.

New challenges of Telekom

"One of the challenges is certainly finding new sources for development. AS Eesti

Telekom is a company operating on the Estonian market and our market volume is, needless to say, small. In addition to that, for several years already it can be noticed in the field of telecommunications that the tariffs of services do not increase, like in most of our areas of life, but decrease instead and the decrease is not small at all. In order to be able to justify the expectations of our more than 3000 shareholders also in future, we must continuously look around for new development opportunities. We have already entered the IT and digital television market, developed into a considerable retailer of electronic equipment. The future will show which is our next step," Hille Võrk says.

AS Eesti Telekom considers keeping up with global telecommunications developments and making the right choices as the second challenge. The opening of 3G network could be recalled from the nearest past – the expectations were very high, fabulous sums were invested into licences, yet the reality has developed to be considerably more reserved than expected and some big makers have regretted their investments bitterly. AS EMT started relatively late and with a moderate speed with 3G and at the moment 3G is still a future project. The present hot key words in the field of telecommunications are WiMax and Internet telephone. Time will show whether they prove to be revolutionary developments also in reality.

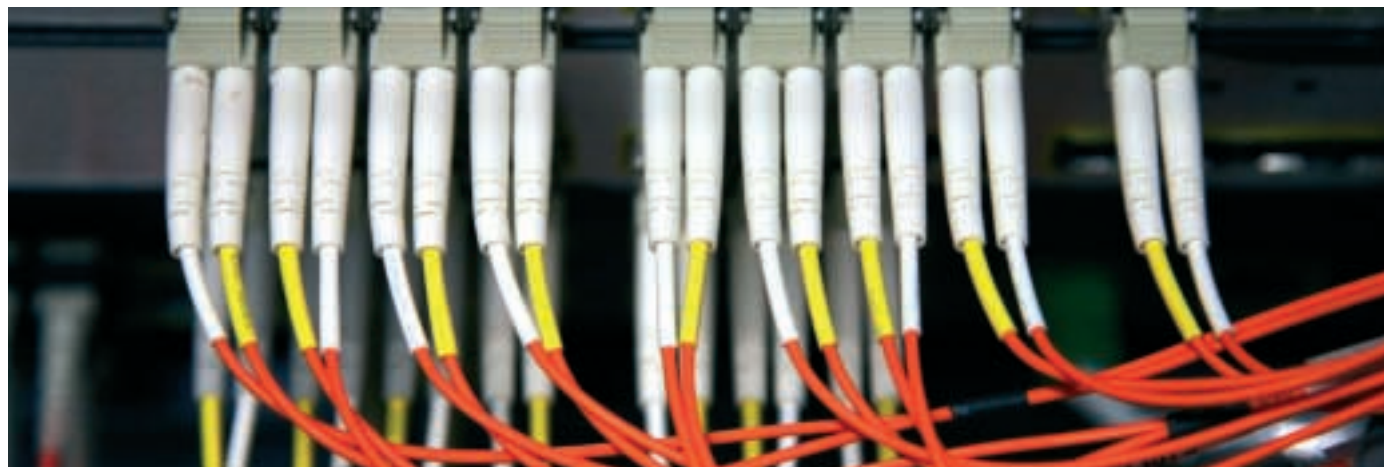
KAILEEN MÄGI

EEESTI TELEKOM AS 2005

Sales (mln EEK)	4 972,7
Change in sales	-3%
Net profit (mln EEK)	998,5
Change in net profit	-8%
Number of employees	2 447
Investments (mln EEK)	524,8
Return on equity	25%

COMMUNICATION, TRANSPORTATION AND LOGISTICS ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	EESTI TELEKOM AS (group)	4 972 661	1	-3	32	998 460	1	-8	29	25	23	16 965	17	2 032	16	524 786	1	100,0
2	ELION ETTEVÖTTED AS	2 588 000	2	-3	31	385 000	2	11	24	20	27	18 679	15	1 547	21	370 000	3	59,5
3	ASPERAAMUS OÜ	40 733	22	272	2	544	33	291	9	65	6	8 476	28	8 147	2		36	55,5
4	ELISA MOBIILSIDETEENUSED AS	1 392 946	4	18	21	299 447	3	48	16	52	11	22 798	9	4 523	8	122 094	5	54,3
5	LAKUUN AS	27 495	25	8	25	1 838	22	419	4	459	1	4 044	38	916	26		39	51,0
6	AR AGENTUURI AS	17 814	29	80	7	1 829	23	395	5	118	3	23 195	7	2 545	14	14	38	47,4
7	ALEXELA TERMINAL AS	255 209	9	114	4	40 078	9	43	18	21	26	12 988	21	4 908	6	246 512	4	45,3
8	HANSABUSS AS	50 119	20	1 383	1	3 467	18	562	2	47	13	5 717	34	280	37	21 775	9	42,4
9	EESTI RAUDTEE AS	1 757 135	3	4	28	61 846	6	215	26	1	39	13 263	20	714	28	476 928	2	42,1
10	ESTONIAN AIR AS	1 151 678	5	21	18	65 889	5	123	11	30	18	27 607	4	3 047	13	4 732	17	40,7
11	EURONURK LOGISTIK OÜ	40 109	23	30	13	99	38	499	3	124	2	5 229	36	3 342	11	25	34	36,6
12	ESTREFRANSSERVICE AS	100 492	16	22	17	4 191	15	13	23	24	24	19 625	14	8 374	1	154	28	36,2
13	MEP TRANS AS	27 374	26	4	29	584	32	294	27	63	7	24 039	5	6 843	4		37	35,7
14	BALTRONIC OÜ	98 789	17	78	8	5 362	14	40	20	58	9	22 062	10	3 814	10	943	21	35,5
15	PETROMAKS SPEDITORI AS	181 320	12	78	9	1 185	27	-62	37	6	37	21 584	11	6 476	5	182	27	35,0
16	THE EURO-BALTIC SOFTWARE ALLIANCE AS	4 920	37	113	5	254	36	370	6	16	31	16 444	18	703	29	99	31	33,2
17	LENNULIKLUSTEENINDUSE AS	192 469	11	7	27	68 605	4	4	25	28	19	37 065	1	1 734	17	5 066	16	33,1
18	COMBIFRAGT EESTI OÜ	45 605	21	37	11	2 136	21	26	22	51	12	23 554	6	4 561	7	57	32	33,1
19	KLEMET AS	31 440	24	14	22	1 415	26	695	1	17	30	8 632	27	1 123	24	3 867	18	29,7
20	PKL AS	107 425	15	-4	33	51 507	7	60	14	28	21	27 985	3	1 472	23	36 072	7	27,4
21	CHR.JENSEN EESTI AS	9 172	34	23	16	1 768	24	251	10	36	15	22 957	8	655	31	14	35	27,2
22	SCHENKER AS	552 897	7	13	23	34 236	11	-26	34	15	32	20 054	13	3 089	12	42 638	6	26,7
23	EESTI LOOTS AS	152 585	13	-2	30	47 652	8	-10	30	37	14	30 336	2	908	27	25 484	8	26,2
24	AMISCO AS	134 132	14	-43	38	3 555	17	-70	38	10	36	21 064	12	7 452	3	9 667	13	26,1
25	FERROLINE GRUPP OÜ	92 175	18	60	10	2 856	20	40	19	60	8	8 103	29	4 008	9	209	26	25,3
26	UVZ&AVR (AHTME VAGUNITEHAS) AS	207 275	10	-60	39	11 878	12	320	8	117	4	10 479	25	2 115	15	6 289	14	24,8
27	MGT-BAAS OÜ	1 376	38	207	3	280	35	18	28	76	5	1 767	39	125	39	374	23	24,3
28	NBI EKSPEDITSIIONI AS	22 988	28	7	26	842	28	359	7	13	35	11 724	23	589	32	100	30	19,7
29	ALLANDO TRAILWAYS AS	267 356	8	27	14	3 304	19	51	15	32	16	12 302	22	1 661	18	5 251	15	18,8
30	TRANSHERMES OÜ	10 540	32	31	12	616	31	81	13	28	20	11 112	24	1 506	22	999	19	16,8
31	NT LOGISTIKA AS	16 375	31	-5	34	4 153	16	82	12	26	22	17 900	16	585	33	18 239	10	16,4
32	ANTS & HEIMO OÜ	8 812	35	83	6	186	37	45	17	30	17	5 525	35	1 101	25	980	20	16,2
33	EESTI POST AS	720 886	6	9	24	39 036	10	34	21	13	34	8 682	26	181	38	16 314	12	13,7
34	MOBICOM AS	9 573	33	-7	35	777	29	-39	35	21	25	16 088	19	1 595	20	39	33	12,7
35	MOBI SOLUTIONS OÜ	8 494	36	19	20	776	30	-13	32	54	10	7 114	30	566	34	115	29	10,1
36	ALPTER GRUPP OÜ	62 296	19	19	19	5 699	13	-12	31	19	28	6 125	33	692	30	17 650	11	8,4
37	ELKARIN OÜ	16 985	30	25	15	401	34	-57	36	18	29	6 539	32	309	36	300	24	5,7
38	VIRU TRANS AS	24 607	27	-10	36	1 521	25	-16	33	15	33	4 515	37	1 640	19	262	25	5,4
39	INTRA NET SYSTEMS OÜ	1 028	39	-20	37	6	39	-78	39	3	38	6 696	31	343	35	564	22	0,0



THE MOST COMPETITIVE CONSTRUCTION ENTERPRISE 2006

MERKO EHITUS AS

Merko Ehitus is not Afraid of Expansion

The construction of residential buildings has become a clear priority



TÕNU TOOMIK

Chairman of the Board, Merko Ehitus AS

PHOTO: TOOMAS TUUL

It is difficult not to regard the situation on the Estonian building market as a construction boom. Increasing demand with regard to the construction of residential buildings as well as to the more complicated power industry construction for example has forced Merko Ehituse to make daring decisions. Active activities of the subsidiary of the company in the other Baltic states have certainly kept up competitiveness. Profit was the biggest last year precisely in Latvia and Lithuania. The long-time chairman of the board of Merko Ehitus **Tõnu Toomik** is certain that the company has to expand further so that its strengths are kept in focus. According to Toomik, the

construction of medium and high voltage objects is especially promising. Therefore working in a construction company is no longer just laying bricks. Catching up with the time has set completely new challenges.

The year 2005 was distinguished by the especially great growth of construction volumes. There was work for every construction companies starting from the bigger ones and ending with the smallest companies, almost all of which were subcontractors. Which was the biggest success of 2005 according to Merko Ehitus?

The more important projects of the previous year were certainly the Kumu and Muuga

Coal Terminals – the biggest and most demanding projects for us of all times, the prerequisite of these projects was the entry into service of several new technologies.

How to evaluate the construction market of the Baltic States where Merko Ehitus has increased turnover-profit the most last year?

The results of the Latvian and Lithuanian subsidiaries increased the most, their share in the sales results increased from 20% to 24% in 2005.

How complicated it is for a construction company to operate in Latvia and

Lithuania and to stay in competition at the same time?

In general, the construction art is identical in a region with similar culture and geography and we have used well our experiences, which we have gained in Estonia, in Latvia as well as in Lithuania. At the same time, it is always easier at home. When you operate abroad, you must always follow the local customs, habits and legislation with the help of local good specialists.

Do you have plans to expand your activities even more?

It is important to keep the focus on our strengths when expanding. A good example of the last year is Baltic Electricity Engineering OÜ launched for construction of medium and high voltage objects. The first facilities in Estonia are ready, but this is certainly the area which we regard as the most promising in all the three Baltic States.

Merko Ehitus has decided that the company must also act as the real estate developer. Why such a decision was made and has the operation in this field paid off?

The development in the field of construction of residential buildings especially has been one of our priorities. There are a number of reasons for it: as a rule, the possibility is there to create bigger added value through several synergy moments when the development process of a project is man-

aged from the beginning to the end, which is also expressed by bigger margins. At the same time it is possible to plan one's own in-group resources more flexibly.

Who are your biggest competitors in Estonia?

YIT, Skanska, Eesti Ehitus.

To what extent the fast developing construction market has influenced the profit of the company? How sharp has the change been? How you have dealt with the labour shortage – has it been a problem for the company?

The deficit of the labour force and construction material has accelerated the price increase on the one hand, on the other hand, it has extended the completion terms of projects. These two factors related to one another have created a situation where it is difficult to predict the exact construction value of bigger projects or projects which continue longer.

The problem of labour shortage is not unique in the construction sector, the solving of this problem would perhaps need a wider debate.

What are the next plans and investments of the company, the biggest construction projects this year?

We try to keep up with the increasing demands in the construction of residential

buildings, also in the field of offices and production spaces. There are major self-development projects in progress in Latvia and Lithuania, the biggest of new projects in Estonia is Viru prison.

Has the stock exchange listing brought something extra to the company?

Stock exchange listing has brought more publicity. Posteriorly it could be stated that joining the stock exchange was not necessary.

What makes a construction company a competitive company?

Firstly, employers, know-how of good specialists. Secondly, courage and ability to respond to the market trends in time.

KAILEEN MÄGI

MERKO EHITUS AS 2005

Sales (mIn EEK)	3 232,4
Change in sales	4%
Net profit (mIn EEK)	438,6
Change in net profit	49%
Number of employees	707
Investments (mIn EEK)	232,2
Return on equity	48%

CONSTRUCTION ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	MERKO EHITUS AS	3 232 392	1	4	60	438 637	1	49	33	48	28	27 963	3	4 572	4	232 215	2	100,0
2	EESTI EHITUS AS	1 674 454	3	5	59	93 975	3	19	40	51	26	21 072	10	2 319	14	285 410	1	58,7
3	EE GRUPP AS	1 685 606	2	10	56	101 232	2	45	35	37	38	22 916	8	2 239	16	123 476	3	47,3
4	MERKO TARTU AS	240 328	11	105	6	16 131	10	105	24	76	16	16 381	27	10 449	1	464	47	45,5
5	LINNAEHITUS AS	365 419	7	21	44	36 728	5	62	31	79	13	32 118	2	5 622	3	22 879	6	39,5
6	DELTA STON OÜ	4 187	68	37	31	452	61	288	11	1129	1	3 951	70	837	47	75	62	39,4
7	IREST EHITUSJUHTIMISE AS	304 344	8	248	1	6 484	19	14	47	117	5	8 674	58	4 287	5	1 029	40	36,0
8	KURESSAARE EHITUS AS	130 038	17	48	21	9 336	14	899	3	75	18	16 513	25	2 364	12	1 053	39	33,5
9	MAPRI PROJEKT OÜ	84 170	21	107	5	6 210	21	491	6	105	6	21 534	9	1 169	32	1 493	36	33,3
10	MARU EHITUS AS	261 014	9	17	49	14 361	12	3	45	35	41	19 908	13	7 458	2	5 678	19	30,0
11	VISKARI AS	76 877	23	125	3	1 309	52	373	50	18	54	22 966	7	3 203	10	6 319	15	29,8
12	CELANDER EHITUS OÜ (group)	250 333	10	66	15	16 443	9	203	13	91	9	16 221	28	3 793	6	3 712	25	29,2

THE MOST COMPETITIVE FORESTRY AND AGRICULTURE ENTERPRISE 2006 STATE FOREST MANAGEMENT CENTRE

*RMK Sees to it That There Would Be Enough Forest Also in Future
Natural forces of last year put the company to the test*



PHOTO: TOOMAS TUUL

ÜLO VIILUP

Chairman of the Board, RMK

Last year was for forests hard to bear. A very strong storm hit Scandinavia and the Baltic States in January. In addition to the fact that Estonians remember it because of a heavy flood, enormous breaking of trees took place in forests. 1.2 million cubic meters of standing crop fell down in total. Apart from that, the ground was unfrozen until the middle of February and that made forest extraction and shipment and logging very complicated. The Director General of RMK Ülo Viilup says that the storm broke down a quarter of the annual cut of the forest belonging to RMK. Regardless of that

RMK has been able to maintain its competitiveness.

The harsh intervention of natural forces into forest management called for quick actions and was a real challenge. In some forest districts in Viljandi and Pärnu county windthrow exceeded the annual cutting area of a forest district and it was pretty hard to come out of this situation.

Liquidation of damages called for quick actions. "The already agreed cutting areas had to be reviewed. Many clear cutting areas had to be replaced with sanitary clear cutting and thinning areas with sanitary cutting on

the areas damaged by the storm. Thanks to the understanding and good work of forest logging workers/cooperation partners (RMK does ca 15-20 % of the work with its own work force and the company orders the rest of the work from forest logging companies on the basis of a public contract) most of the damages were liquidated by spring, yet the work continued with a smaller scale until the end of the year in the parts of forests further away from roads," Viilup says.

As mainly conifer forests were damaged by the storm, then the assortment choice received from cutting changed significant-

ly, it is substantially more difficult to fulfil the delivery contracts with regard to hardwood assortments, while there was oversupply in case of softwood assortment. Although a solution has been found also to this problem in cooperation with contract partners.

Due to a relatively cool spring mass damages caused by bark beetles did not fortunately follow the damages caused by the storm. Ülo Viilup regards the more or less timely liquidation, wherefore secondary damages to forests were not caused, as the biggest achievement of 2005.

Estonian timber in competition at the world market

The Estonian timber market does not exist separately, instead it is closely related primarily to the Scandinavian but on a wider scale to the European timber market. The Estonian sales volumes of timber are small in that sense and do not form the price market, our market rather depends on the changes happening in the world. Ülo Viilup says that when timber prices were somewhat lower in Estonia a couple of years ago than for example in Scandinavia, then by now the prices have practically harmonised. The big damages caused by storms of 2005 in Sweden influenced the market of softwood used in paper production to a significant extent, therefore the prices decreased considerably.

According to Viilup, the competitiveness of RMK relies on the longer-term planning ahead of activities and well developed sales system of timber to a great extent. Timber is sold as bigger consignments on the basis of contracts concluded as a result of auctions as well as negotiations.

Those people who have little contact with forests have probably noticed the little forest houses, benches or campfire sites, where it is possible to have a pleasant rest. Beside all that RMK is primarily a forest management organisation. Approximately 97% of revenue is related to the sale of cutting rights of standing crop and timber or transportation of timber to consumers. Viilup tells that their other activities are related to forest in all cases – recreation management, hunting, forest plant produc-

tion ... Yet it is clear that only forest management and the profit coming from that determine the future development and competitiveness.

What is forest management?

By proportions Estonia is one of the countries rich in forests – almost half of Estonian land or 2.2 million hectares are covered with forest. Nearly half (actually 38%) of Estonian forests belong to the Estonian state. RMK preserves and manages these forests. Ülo Viilup likes to emphasise the word "preserves". When the understanding of forest management would only be cutting down forests with axe and saw, we would not reach far with this idea.

Forest management is rather precisely regulated by the Forest Act and the subordinate legislation of it. According to law, there are no significant differences in the management of private and state forests. "In order for the forest management to be sustainable, we must do very different works, but yes, usually cutting is mentioned the most as it is also the most eye-catching. Actually we start with the collection of cones, then seeds are received, from which the plants are cultivated in nurseries, planting follows, management of crops, cleaning in youth growths," Viilup says. The list could go on for pages and pages.

Decrease in labour force of the last few years hinders the performance of these activities. And the reason is rather simple – the salary paid in the construction of roads and residential buildings is considerably higher due to a greater demand in the construction business and the mosquitoes also bite less often than in forests.

The purpose of forest management is a long-term stable forest use. That means that when in other sector activities can be planned for two–three years ahead, then that is not the case with forests. It is necessary to know to a rather exact extent how much and which forest massifs there will be for example in 20 and 30 years. The volume of regeneration cutting, selection cutting and thinning allowed in a year in the state forest is determined by the Government of the Republic proceeding from the forest management

plans. Therefore the quantity of sufficient forest in future should be ensured in every way. The annual area of clear cutting in forests managed by RMK is ca 7000 ha or 0.85% of the total area of forests. It seems a small quantity by looking at the numbers only. Yet more is not useful for forests. The cut areas are regenerated and therefore a certain rotation takes place. It is the only way to ensure sustainable forest use.

Economic forecast of RMK

According to the forecast of the RMK development plan completed in 2004, business revenues of RMK will increase 144.6 million kroons during 2005–2008, 13.3% in total and business expenditures 173.6 million kroons, 25.3% in total and 6.3% in average in a year (from 686.3 million kroons in 2005 to 859.9 million kroons in 2008). The main part of expenditure increase comes from the growth of the volume of transportation and forwarding service of timber by 90.8 million kroons. Due to increase in volume and unit price of timber logging expenditure will increase by 53.3 million kroons. (30.7% of the increase in expenditure), due to increase in unit price of silvicultural works by 12.4 million kroons (7.1% of the increase in expenditure). The increase in depreciation due to increase in volume of investments is 17 million kroons. In January 2007, a new Forest Act takes effect which adjusts the calculation of revenue from forests – therefore the estimated numbers might slightly change in the nearest future.

KAILEEN MÄGI

STATE FOREST MANAGEMENT CENTRE (RMK) 2005

Sales (mln EEK)	1 107
Change in sales	13%
Net profit (mln EEK)	135,9
Change in net profit	43%
Number of employees	1182
Investments (mln EEK)	132,9
Return on equity	15%

RMK is The Only Governmental Profit-Making Institution in Estonia

RMK is a governmental profit-making institution, the one and only institution of such type in Estonia.

In 1998 the Riigikogu adopted the Forest Act which establishes the first governmental profit-making institution – State Forest Management Centre. This was established by the merger of the Forest Economics and Information Centre, forest districts managed by the Ministry of the Environment, Sagadi Training Centre, Rápina Forest School, Marana Tree Nursery and Kullenga Tree Nursery. The company in a new from started real work since 1999.

Governmental profit-making institution means that on the one hand, RMK has to earn income for the state by logging and selling wood material. On the other hand, RMK has tasks that do not bring direct economic income, but that are useful for all of us: maintaining the unique forest nature, nature friendly forest works, creation of free recreation possibilities.

The unique form of business has made future expansion very complicated, manager of RMK Ülo Viilup states. The area of state forest is not increasing as well. "According to the Forest Act, RMK is a profit-making institution, whereas the only one of

such type in Estonia, with the main field of state forest management. The area of forests to be managed is actually decreasing all the time with the formation of protected areas or approval of management plans of habitats to be protected. The volume of timber use will probably decrease as a result of this," the manager of the company tells. The solution can only lie in the development of new products and services, yet RMK can consider only those activities which are still related to forest and forest management. Therefore, there are enough challenges.

KAILEEN MÄGI



FORESTRY AND AGRICULTURE ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	RIIGIMETSA MAJANDAMISE KESKUS	1 107 019	1	13	9	135 909	1	43	8	15	13	16 174	1	937	6	132 880	1	100,0
2	BALTI KARUSNAHK AS	48 291	5	144	2	14 569	4	966	1	51	3	14 396	3	644	9	2 437	14	65,9
3	PÕLVA PEEKON OÜ	48 911	4	178	1	13 441	5	270	4	99	1	5 534	15	4 076	2	16 483	6	63,6
4	TRETIMBER OÜ	45 833	7	30	7	4 144	8	401	3	49	4	11 496	4	7 237	1	14 775	7	60,4
5	EKSEKO AS	287 879	2	8	11	55 303	2	-4	12	27	6	10 054	6	1 845	3	46 757	2	43,9
6	VIRAITO OÜ	10 051	15	113	4	1 650	13	236	5	33	5	8 207	10	591	10	7 616	11	30,2
7	VÄÄTSA AGRO OÜ	74 312	3	0	16	14 745	3	52	6	18	11	9 985	7	354	16	28 548	3	21,6
8	ORU TAIMEOHITÖÖSTUSE OÜ	5 901	17	-15	17	850	15	479	2	20	9	8 352	9	1 180	5		17	21,2
9	RAIKÜLA FARMER OÜ	46 566	6	4	15	10 409	6	37	9	26	7	9 895	8	548	12	19 039	4	20,7
10	RUIXI MÕIS AS	12 692	14	8	12	2 750	10	191	10	94	2	4 673	16	470	13	110	16	19,6
11	KAVERE AGRO OÜ	15 657	12	122	3	888	14	-64	17	16	12	5 928	13	580	11	14 327	8	17,7
12	FOLIE MP AS	21 895	10	-48	18	2 084	11	-75	18	6	17	14 895	2	1 368	4	16 984	5	17,5
13	ÕNNE PIIMAKARJATALU OÜ	24 758	9	8	10	5 490	7	-18	15	19	10	10 327	5	458	14	8 688	9	15,2
14	ORGITA PÕLD OÜ	13 123	13	37	5	3 574	9	-9	14	25	8	7 946	11	437	15	5 693	12	14,3
15	KEMEH OÜ	3 056	18	33	6	125	17	264	11	7	16	5 631	14	191	17	79	18	3,6
16	H-CENTRAL AS	18 742	11	14	8	104	18	-58	16	2	18	6 654	12	669	8	2 133	15	3,4
17	SIMUNA IVAX OÜ	27 059	8	5	13	1 754	12	-8	13	9	14	4 494	17	731	7	7 648	10	3,3
18	SAIDAFARM AS	7 095	16	5	14	466	16	47	7	7	15	4 130	18	169	18	2 961	13	0,0

THE MOST COMPETITIVE HOTEL AND RESTAURANT ENTERPRISE 2006

DOMINA MANAGEMENT AS

Domina is Breaking the Records in Tallinn

The aggressive capture of new markets has brought success to the group

Guy Simmons, manager of Domina Management AS remembers last year as the year when the market share of the Domina hotels in Tallinn increased substantially in comparison with competitors. The feedback from visitors was positive as well. Domina Management AS earned approximately 13 million kroons of profit (includes profits of subsidiaries by using the equity method). The hotels in Tallinn and the hotel in Riga opened in spring 2005 made the biggest contributions to the profit. This year is going to be even better – the average occupancy in Domina Inn City for example was approximately 90 and in Domina Inn Ilmarine 75 percent.

Competition in the Estonian hotel market, especially in Tallinn is very strong. And it will get even more stronger, Guy Simmons predicts. We must obviously believe him because the man has been working in the hotel business for the last 30 years already. He has gained his experience from Europe as well as Eastern Europe and he has worked by the Caribbean Sea and also in Asia. Some time ago he worked for one of the biggest trademarks in the world, for Intercontinental. "Having worked for years at the biggest trademarks in the world, your wish is to get a challenge at a fast developing hotel market and that is exactly what Domina gave me," Simmons says. He adds that it provided him with the opportunity to see faster changes as well, big hotel trademarks do not enable such changes. In addition to that, there is also a small risk and tendency that creativity and individual con-



GUY SIMMONS

Chairman of the Board,
Domina Hotel Management

tribution of employees are lowered and therefore it is hard to meet the needs of today's hotel visitors quickly.

"People in smaller hotels think more open and that supports innovations. There the visitor is indeed in the centre of attention and that creates the best results for the consumer as well as to the hotel operator," he adds.

"The whole situation turns into indescribably big challenges when all the hotels under construction at the moment in Estonia are finally opened. As for the bigger competitors, then I like to think that we are

all on a one big market and compete for the same visitors." The hotel market in the capital city is a mixture of slightly smaller hotels of the Old Town and bigger hotel of the city centre. Simmons does not want to say directly that everybody has equal possibilities. Yet in his opinion, the hotels located in the Old Town or in the immediate proximity of it have an advantage. That is exactly so in case of Domina – one hotel in the Old Town and one more in the distance.

Why in Estonia?

Domina Hotel Group was established in 2000 and it manages three international trademarks. As of today the group has 36 hotels in 13 countries, lastly it was expanded to Egypt where two new places of accommodation were opened. Now Domina has 5784 hotel rooms in total. Guy Simmons joined Domina last year and he has been in Estonia ever since. "I enjoy the Estonian business environment and still see big opportunities in future regardless of the fact that the market is constantly expanding and becoming more mature. It seems to me that those companies win the most which cooperate in order to improve the business environment. As the competition on the market is becoming heavier and heavier, we have to understand that our future deeply depends on how close we can make ourselves to the tourist business in order to find even better possibilities to advertise Estonia and Tallinn."

Domina with the Italian background chose Estonia because here are enough possibilities for business that makes coming here interesting. Lately the hotel market has

changed to a great extent and reaches a record with regard to the number of hotel rooms in the foreseeable two years. There has not been such a big increase before and that changes the market significantly and sets new challenges as well, Simmons says, whose duty in addition to the management of the Estonian market is also the organisation of work of other hotel in the Baltic States and Poland.

The manager of Domina regards the advantage of its hotels the fact that their employees are always ready to make changes exactly according to the changes in the market. "We must not wait long to put these changes into practice, with our management system we can make decisions within a very short period of time," he adds.

Domina is doing well also outside Estonia. Domina is conquering new markets with the mission of becoming the biggest in the world among medium-sized hotels. The expansion is in progress and a new hotel was opened in Latvia last year. The hotel group has never kept it a secret that their aim is to move to new markets with an aggressive

approach. At least six new locations in Europe and Eastern Europe have been chosen right now with the plan of constructing a hotel. The exact location is not public information yet.

How does a very good hotel look like?

In order to be a very good hotel one has to be able to listen to what the visitors are saying to you and understand what different people need during their stay in a hotel. The formula might seem simple as also all other business truths by beginning with being the best. Yet Guy Simmons adds: "Offering an honest, sincere hospitality is what makes the hotel a strong competitor in the eyes of others. You can build a new hotel in today's hotel world in order to simply stay on the market, the only difference is the people that are working there. Very good employees mean much more than lavish pillars in front of the hotel door. The record results of 2005 have been achieved due to effective management and excellent teamwork. It actually all comes down to people."

KAILEEN MÄGI



DOMINA MANAGEMENT AS 2005

Sales (mIn EEK)	64,8
Change in sales	24%
Net profit (mIn EEK)	13,2
Change in net profit	26%
Number of employees	45
Investments (mIn EEK)	0,3
Return on equity	159%

HOTEL AND RESTAURANT ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	DOMINA MANAGEMENT AS	64 833	4	24	7	13 189	2	26	12	159	2	17 847	1	1 441	1	286	17	100,0
2	BARONS HOLDINGS (former EGICO EESTI) OÜ	17 514	12	5	14	14 758	1	38	11	1411	1	14 366	2	515	5	517	15	83,7
3	ASTLANDA HOTELLI AS	168 758	1	2	15	12 760	3	-23	15	28	10	11 552	4	792	3	1 394	12	77,0
4	TOILA SANATOORIUM AS	47 560	5	38	3	7 437	6	121	3	16	13	7 804	11	384	12	14 799	2	62,8
5	STRAND AS	46 356	6	27	5	10 402	4	54	8	32	7	8 143	10	473	6	8 212	6	57,2
6	VÄRSKA SANATOORIUM AS (group)	18 042	11	61	1	4 099	11	173	2	32	8	7 062	13	241	17	12 235	4	57,0
7	PÜHAJÄRVE PUHKEKODU AS	38 810	7	22	8	6 965	7	70	6	16	12	10 431	5	436	8	6 799	7	51,7
8	TAASTUSRAVIKESKUS ESTONIA AS	76 784	2	19	9	8 391	5	-7	14	12	14	9 511	8	324	14	4 113	8	49,3
9	WAIDE OÜ	7 338	16	41	2	99	18	-62	16	1	20	5 015	19	319	15	27 448	1	45,7
10	SCANDIC HOTELS EESTI AS	66 718	3	1	16	4 537	10	66	7	6	17	12 196	3	457	7	1 200	14	43,0
11	ATLANT VII OÜ	30 046	8	25	6	4 541	9	23	10	52	6	7 657	12	537	4	2 386	10	40,1
12	CALISTO STUUDIO OÜ	7 205	17	0	19	244	17	2 521	1	77	4	6 021	16	327	13	500	16	39,5
13	ORU HOTELL OÜ	11 784	13	15	10	1 429	13	120	4	134	3	10 426	6	406	10	1 534	11	36,1
14	KOPRA TALU	2 778	19	34	4	303	16	36	9	7	15	4 257	20	794	2	3 882	9	33,1
15	GRAND HOTEL VIJANDI AS	9 997	14	13	11	3 468	12	47	13	68	5	5 913	17	185	18	13 489	3	29,1
16	HEAL AS	29 788	9	-5	20	5 982	8	84	5	31	9	6 762	15	183	19	9 831	5	28,6
17	DEMIANOV AS	24 055	10	10	12	344	15	-82	19	5	18	9 391	9	408	9	1 269	13	22,0
18	TAANILINNA HOTELL OÜ	8 910	15	9	13	456	14	-67	17	4	19	10 038	7	405	11		18	19,6
19	ALTMÕISA OÜ	1 771	20	1	17	18	20	-91	20	27	11	6 931	14	295	16	36	20	5,7
20	DORELL OÜ	3 353	18	1	18	53	19	-79	18	6	16	5 428	18	176	20	87	19	0,0

THE MOST COMPETITIVE BUSINESS SERVICE AND REAL ESTATE ENTERPRISE 2006

FALCK EESTI AS

Stable Growth Has Ensured Success

Increasing labour shortage sets new challenges

When I ask the manager of Falck Eesti AS **Peeter Tohver** to say what was special or surprising in the company last year he answers: "It is hard to say what happened last year, the manager of the company lives more in the future." That is with high probability the reason why a company providing security services is doing so well in the last years – they look ahead as much as possible.

2005 was absolutely ordinary for Falck. "We have had luck – we are a company with a very stable growth during the last 15 years and there have been no major ups and downs," says Tohver who himself has been managing the company for seven years already. The company has been stable also this year and it seems as it will also stay that way.

Yet the company develops all the time with regard to services. Wireless security systems became especially popular last year which Falck Home Security offers in its standard package. No need to pull wires and the sensors can easily be relocated, if necessary. A sad statistics is behind the Estonian apartment theft – in 21 different apartments are broken into in a day. Therefore, the number of customers should be constantly increasing and that tends to be the case. A house under security is rather rarely broken into – only approximately 2% of all housebreakings occur in living quarters under the so-called alarm.

Background of work force hiring

Regardless of the fact that technology is continuously improving and the company is able to provide new solutions to customers, human factor is never going to disappear



PEETER TOHVÉR
Chairman of the Board, Falck Eesti AS

from a service enterprise together with technology. An equipage assembled from individuals is still responding to an alarm. The manager of the company characterises the year 2005 as an especially hard year with regard to labour force. Labour shortage was very high and there are no significant improvements to be noticed also this year. "A company providing services has it hard in a situation like this – as all comes down to people by us," he explains. Hundreds if not thousands of people have been hired during the last years. Almost half of those people do not work at Falck any more. Personnel migration of last year was 40%. Many have found a job in a foreign country, many use the occupation of a security guard as means

to another job, and some people just "kill time" on the labour market. So Falck also trains all those people who potentially leave the company. The wage level is continuously increasing due to labour force problems – it is a major achievement being competitive in a situation like this.

In addition to labour force training, the company has many other possibilities for employee development. Peeter Tohver is proud that the Estonia-wide open Falck Youth Club which works with children has gained speed especially in the last year. The Falck Sports Club enables the employees to keep their body fit by offering various opportunities for practising sports with favourable conditions.

An internal university has been put into practice for employee development which means that trainings are organised three times a year in different fields (e.g. media, personnel, technology, management, marketing, advertisement, etc.). The employees are continuously informed about the changes in the company; intranet as well as a printed internal newspaper serve that purpose. „The company is so big that there is a very strong need for such an adequate movement of information," Peeter Tohver is certain of that.

Falck and the public sector

The companies of Falck group have been one of the first companies which started to cooperate with public and private sectors (Public Private Partnership) in Estonia. The cooperation with local governments began in 1998 in the field of rescue when bay-watching began in Piritu. Three years

later the state approves Falck as a worthy partner in the provision of ambulance service. Falck has provided ambulance service for the last 6 years. "Only now we can say that we have made both ends meet. The profitability of this business was nonexistent and rather in the loss in the first years," Tohver says. Falck administrates car parking in the paid parking zones of the biggest Estonian cities on the basis of authorisation received from local governments and also exercises supervision on these zones. Falck started with parking administration in Tallinn in 2001. In several cities the local authority has also delegated Falck with the task of tickets organisation and control in public transport. Although bystanders have sometimes complained that Falck receives too much income from the city for car parking services for example, the company is definitely convinced that such cooperation enables local governments and state struc-

tures to save the working time and resources of officials to a significant extent in order to be able to engage in strategic issues more effectively.

Falck is no longer a company with Estonian background only, now the roots reach much further than a couple of years ago. In the spring of 2004, the international group Group 4 Securicor became the major holder of 65% of company shares, its principal activity is the provision of security services. The total turnover of the group in 2005 was over 95 billion Estonian kroons, more than 400 000 people in more than 110 countries of the world work in its subsidiaries. That makes the company with the biggest number of employees the biggest provider of security services in the world. The share of Group 4 Securicor is listed on the London Stock Exchange with a secondary listing in Copenhagen. The holder of ASi Falck Eesti is AS Falck Baltics. The merchant Urmas Sõõru-

maa is the holder of 35 % of AS Falck Baltics through the group US Invest. Falck has over 35,000 permanent customers and an estimated 49 percent of the Estonian security market and 65.1 percent of the Estonian guard service market belong to the company.

KAILEEN MÄGI

FALCK EESTI AS 2005

Sales (mln EEK)	859,2
Change in sales	10%
Net profit (mln EEK)	115,5
Change in net profit	4%
Number of employees	3966
Investments (mln EEK)	26,2
Return on equity	825%

BUSINESS SERVICE AND REAL ESTATE ENTERPRISES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0..100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	FALCK EESTI AS	859 162	1	10	35	115 475	3	4	35	825	1	9 097	38	217	47	26 156	10	100,0
2	E.L.L. KINNISVARA AS	153 448	5	21	29	100 511	4	52	28	22	40	41 121	4	4 384	8	435 592	1	79,6
3	MERGO HOLDING OÜ	104 747	9	78	12	57 624	5	112	15	77	12	49 284	2	34 916	1	46 678	6	77,0
4	KODUMAJAGRUPU AS	106 621	8	38	22	21 500	11	107	17	31	33	92 249	1	26 655	2	22 974	11	73,1
5	SAARTE INVESTEERING OÜ	79 288	12	2 005	2	25 681	10	10 235	1	75	14	4 085	44	19 822	4	34 709	7	69,9
6	ARCO VARA AS	475 938	3	36	23	116 443	2	9	32	25	37	16 057	26	1 700	17	243 163	2	68,1
7	MICROLINK AS	547 823	2	-2	41	174 092	1	-45	45	48	22	25 767	10	1 098	24	28 614	9	62,7
8	RENTTEST OÜ	32 358	25	3 750	1	586	39	1 526	3	94	7	759	48	16 179	5	598	28	57,9
9	JM KAPITAL OÜ	7 105	37	784	3	1 093	35	1 295	4	144	3	5 872	41	237	46	728	25	49,0
10	ARTIG KV OÜ	78 200	13	104	7	38 000	8	111	16	75	15	5 472	42	26 067	3		43	47,0
11	KPMG BALTICS AS	99 791	10	100	8	4 485	21	1 842	2	9	46	27 229	6	703	35	1 498	22	44,6
12	PERI AS	56 796	16	115	5	14 619	13	125	14	31	34	44 949	3	2 840	12	32 819	8	41,4
13	DELJUAN AS	46 121	20	196	4	938	37	690	6	48	23	5 257	43	839	30	7 023	14	41,2
14	CRAMO ESTONIA AS	185 434	4	34	24	55 520	6	36	30	37	29	22 795	13	1 612	18	75 014	4	36,7
15	RAMIRENT AS	147 592	6	49	18	33 154	9	210	8	41	26	19 680	19	1 306	21	57 876	5	34,3
16	ETP GRUPP AS	76 305	14	82	11	10 486	16	183	11	60	18	20 681	16	694	36	705	26	26,8
17	ANOVELA KINNISVARA OÜ	13 137	31	106	6	7 524	19	154	12	55	19	10 030	36	4 379	9	1 429	23	24,3
18	SONA SYSTEM OÜ	1 048	47	90	9	380	41	188	10	198	2	2 853	45	1 048	25	2 226	18	23,6
19	RIIGIRESSURSSIDE KESKUS OÜ	45 470	21	17	33	17 495	12	52	27	20	41	10 253	35	7 578	7	85 720	3	23,2
20	RÉGIO AS	44 639	22	88	10	1 963	29	54	25	24	39	27 046	7	875	27	2 215	19	22,9
21	PROEKSPERT AS	37 316	23	41	21	10 243	17	70	22	88	9	28 102	5	762	33	548	29	22,9
22	KAESER KOMPRESSORIT OY EESTI FILIAAL	24 726	26	56	15	1 657	31	200	9	50	21	20 665	17	3 532	11	37	39	22,7
23	ZEBRA INFOSÜSTEEMID AS	46 926	19	59	13	1 302	32	70	21	76	13	18 188	20	3 610	10	420	30	21,4
24	LINDSTRÖM OÜ	112 116	7	8	37	45 763	7	8	33	24	38	16 382	25	1 808	16	13 083	13	20,7
25	WEBMEDIA AS	54 532	17	51	17	9 052	18	-22	41	90	8	20 778	15	574	40	2 597	17	19,7
26	VSV BALTIC CONNECTION OÜ	13 452	30	59	14	1 906	30	20	36	132	4	13 444	30	1 495	19	95	37	17,9
27	VELDEMANI OÜ	7 222	36	2	40	4 218	23	321	7	73	16	18 089	21	802	31	58	38	17,4
28	NAROVA AS	6 356	38	-7	44	719	38	733	5	5	48	8 680	39	155	48	18	42	17,2
29	HANSAB AS	85 118	11	7	38	11 915	15	-10	39	38	28	23 038	12	2 027	15	650	27	16,1

THE MOST COMPETITIVE SERVICE COMPANY 2006 KUUSAKOSKI AS

Dancing with the Metal Prices

Aggressive competitors forced the enterprise to act presto



PHOTO: KRISTO NURMIS

ILMAR JÕGI

Chairman of the Board, Kuusakoski AS

Conversation with Kuusakoski's Chairman of the Board, **Ilmar Jõgi**, is accompanied by a constant metal bangle. A major storage site and metal-working machine are right in front of the office. Cranes lift heavy metal pieces without stopping. Turnover accrues and the company stands steadily up to its competitors, which is most important. "The rule of recycling is that sufficient quantities must be handled for it to pay off. A smaller enterprise may also gather waste materials, but it needs to end up with larger quantities," Ilmar Jõgi says and exemplifies his statement. "We have a metal-working machine on the site – this investment decision was made by the former manager Toomas Keridon at the time when the enter-

prise was privatized. The machine breaks different material which results in the flow of different materials. And yet, this is the smallest existing machine which could be used for this work. It cost 50 million kroons in 1998. It is a good machine, but... It must process at least 60 tonnes of metal per year. Otherwise it would not pay off." Technically good conditions demand extremely large quantities and the manager of the enterprise has considered co-operation possibilities with some neighbouring countries. Estonia is just too small.

Jõgi, who has been connected with the recycling industry for years, witnesses the change of infrastructure. The gathered metal becomes more lighter by years, as the heavier

devices have already been recycled. There have been two waves in the change of infrastructure - at regaining independence the equipment purchased during the Soviet period was quickly replaced by second-hand foreign equipment. Now these are being replaced by brand-new leased machines, which will end up at the metal warehouse maybe in a couple of dozen years. The industry still has Eesti Energia which is demolishing a section at the Narva power station, and metal still comes from mines. Thus at present, most of the gathered metal comes from the population.

The price of metal is worth the risk

"What is presently happening to the prices of metal is outrageous," Jõgi admits. So

incredible price increases were hard to believe at first. When some years ago the price of iron changed about three times a year, then now it changes once a week. The coloured metals have a new price practically each day. It has initiated a situation where speculations involve the prices of metal, just like with stocks, future deals are made today and a profit, unbelievably high at times, is made. 10-20% price change is not extraordinary. "Some years ago we considered 5% to be a major increase. When the price of steel was 100 dollars per tonne a few years ago, then now the price at the gates of steel factories has reached 300 dollars. And it constantly changes by 30-50 dollars. And we? We dance at the rhythm of metal prices."

End is not to be foreseen as consumption is constantly increasing in the world today, and the prices of raw materials are also on the rise. Steel producers are at constant pressure and the smelters of coloured metals have already sold their production up to the end of the year. Stainless steel, brass, copper - if one factory would want to buy, then it would not very likely be possible.

Anxiety is partly also caused by the fact that the waters of Russia, who is a major supplier, freeze during winter and thus it is necessary to start gathering waste metal in advance. The global metal market has been this hectic for the last two years, and end can not be predicted. Also Kuusakoski's warehouse stocks 80,000 tonnes of goods, just in case. Gambling with prices puts the enterprise at a very difficult position. Goods must be purchased with the knowledge that the ship will depart only after two months, and prices may have changed considerably by then. It has notably decreased Kuusakoski's profit. Prices change weekly also for customers. There have been instances when a seller of metal has decided to wait a while for a price increase and only then to bring its tonnes to Kuusakoski. But volumes have remained on the same level - Paldiski's harbour expedites about 300,000 tonnes of metal per year, which mostly travels towards the South-Korean melting ovens. Globally speaking, this is undoubtedly a small amount, but if we take into consideration

that Kuusakoski's group is among the 20 largest metal recycling enterprises in the world, then we have a strong background.

Competition

We might presume that EMEX, founded by Robert Lepikson and now a part of Kuusakoski's group, should be so established on the Estonian market that it can rest on its laurels. But competition has activated remarkably during last years. In addition to Refonda, a subsidiary of Balti Laevaremonditehas, and a slightly smaller enterprise Eesti Metall, also businessman Viktor Levada has founded a scrap metal company. Ilmar Jõgi shares, that an extremely aggressive competitor is a Latvian one. Liepaja is the home for the only steel works in the Baltic States which has set up two subsidiaries Tolmets engaged in scrap metal proceeding. And indeed, the difference whether to bring metal to Latvia or to South-Korea by sea is enormous.

All aforementioned has forced Kuusakoski to invest more. The manager regards last year's important enlargement as the greatest achievement. The company adopted the German principle: at least one metal marshalling centre in a 50-kilometre radius. On Estonian scale it means 12 points. Now we can witness its good effect - the company could stand up to the competition, machinators were removed from the market and the global market prices were introduced. What is also important for the client is that the metal gathering centres are in vicinity. "Thanks to it our volume is the same, we would have certainly lost in turnover otherwise," Jõgi says.

Kuusakoski invests annually about 16 million kroons in the venture. This year the amount will probably be greater as the Paldiski terminal gets an extension.

I ask whether the enterprise has some countermove in reserve against competitors. Ilmar Jõgi replies that all the company has now, is the long-term plan: to force both oneself and the competitors to act according to the waste management legislation. "For instance, competitors invest remarkable sums into building new gather-

ing places - a clear sign of their decision to abide by law. Times, when the director of a metal purchasing company was a Russian lawyer with a golden chain around his neck and dealing only in cash, are beginning to pass."

Kuusakoski is clearly the market leader and opinion-former. "Everything that we do is soon copied by others," is Ilmar Jõgi astonished. For example, the company introduced a service that the client gets to use a scrap metal wheelbarrow for free for a few hours. First reaction was hesitant - it is still a free service. Today, wheelbarrows are booked for two weeks. Not much time passed, when the Latvian company Tolmets brought two wheelbarrows on their site. Kuusakoski also possesses hoisting machines which allow to drive directly to metal and lift it on a vehicle - the client no longer has to organise transport. Kuusakoski is probably the fastest company in paying their clients in Estonia - the transfer is usually made within 2 hours. Jõgi is convinced that "services are becoming more specific, the market has developed a lot and there is demand for such services."

But challenges are more - in Estonia, this part of the waste, emerging from metal-working mills as plastic, is still taken to the refuse disposal site. This could also be recycled in the future. This would indeed be a challenge.

KAILEEN MÄGI

KUUSAKOSKI AS 2005

Sales (mln EEK)	1178,5
Change in sales	17%
Net profit (mln EEK)	73,5
Change in net profit	-40%
Number of employees	246
Investments (mln EEK)	61,3
Return on equity	20%

SERVICE COMPANIES

PLACE	ENTERPRISE	SALES		CHANGE IN SALES		NET PROFIT		CHANGE IN NET PROFIT		RETURN ON EQUITY		LABOUR COSTS PER EMPLOYEE		EFFICIENCY PER EMPLOYEE		INVESTMENTS		% OF THE FIRST (0 .. 100)
		TH EEK	PLACE	%	PLACE	TH EEK	PLACE	%	PLACE	%	PLACE	TH EEK	PLACE	TH EEK	PLACE	TH EEK	PLACE	
1	KUUSAKOSKI AS	1 178 467	1	17	26	73 542	3	-40	34	20	29	23 968	2	4 791	2	61 320	2	100,0
2	TALLINNA VESI AS	592 000	2	8	30	174 400	1	1	24	17	33	17 174	10	1 726	4	223 000	1	98,6
3	DENEESTI OÜ	32 251	12	139	1	2 606	11	35	19	79	4	17 470	8	5 375	1		34	87,9
4	DELFI AS (group)	60 606	8	76	2	10 342	6	6	25	115	1	26 488	1	705	14	3 980	9	70,6
5	OLYMPIC CASINO EESTI AS	420 100	3	17	25	170 500	2	30	20	49	14	14 521	13	1 040	8	35 500	3	69,3
6	EESTI PÄEVALEHE AS	130 719	5	20	22	4 014	10	2 204	2	67	7	22 963	3	756	11	2 514	11	63,3
7	GEOMARK AS	6 767	24	66	3	495	29	2 652	1	74	5	14 119	15	338	31	524	19	59,3
8	V.V.TRAVEL AGENCY OÜ	4 181	32	28	14	98	35	850	4	35	21	6 648	32	2 787	3	148	27	45,6
9	KAARLI HAMBAPOLIKLIINI OÜ	36 361	10	38	10	248	32	488	5	39	18	20 229	6	379	30	326	24	44,0
10	OPTI PERSONALIARENDUS OÜ	2 730	34	21	20	1 289	18	44	17	91	3	15 892	11	1 365	5	26	33	43,3
11	PPS EESTI OÜ	4 856	28	26	17	1 322	17	37	18	94	2	17 805	7	540	21	324	25	42,9
12	TÜV NORD BALTIC OÜ	9 331	23	36	11	1 633	16	211	8	70	6	15 159	12	491	22	702	18	40,0
13	ESTRAVEL AS	85 542	6	16	27	20 767	4	28	21	50	12	20 540	5	570	18	2 355	12	38,4
14	ERAKLIINIK DENTES AS	17 569	15	26	18	1 121	21	1 140	3	36	19	7 930	29	217	34	1 121	16	35,4
15	ECOPRO AS	32 665	11	39	9	5 292	8	11	22	51	11	12 485	21	961	9	762	17	33,1
16	ARGO TTP OÜ	6 244	27	56	5	1 172	20	291	6	49	13	6 970	31	624	17	119	28	32,8
17	VÄRVALTRANS OÜ	18 524	14	41	8	2 493	12	50	16	61	8	11 365	24	545	20	467	20	32,5
18	KAROL AS	4 311	30	28	13	960	23	177	9	54	10	14 230	14	392	27	73	31	32,1
19	VÄÄTSA PRÜGILA AS	11 896	18	46	7	2 434	13	-11	31	40	17	12 924	20	744	12	9 815	6	31,1
20	RAGN-SELLS AS	203 125	4	19	24	15 661	5	-5	30	21	26	13 676	17	895	10	18 175	4	31,0
21	TAASTAVA KIRURGIA KLIINIK AS	28 639	13	61	4	2 127	14	111	12	24	25	13 263	19	382	29	1 333	14	30,7
22	CENTRALPHARMA COMMUNICATIONS OÜ	14 255	17	-3	33	437	31	155	28	35	20	22 767	4	713	13	109	30	28,5
23	MAVES AS	10 025	21	34	12	714	26	11	23	21	27	17 356	9	418	25	281	26	26,1
24	SAARMAS AS	36 958	9	48	6	7 975	7	106	13	32	22	8 548	27	251	33	6 122	8	26,0
25	SEMETRON AS	83 362	7	2	31	5 072	9	96	14	18	31	13 832	16	1 174	7	2 624	10	23,4
26	KRUZE DISAIN OÜ	4 215	31	27	16	502	28	126	11	55	9	6 108	33	468	23	388	21	22,9
27	JAJAA OÜ	6 419	25	21	21	747	25	141	10	31	23	11 095	25	642	15	1 199	15	22,9
28	VESKARU AS	9 521	22	20	23	951	24	21	27	45	15	9 645	26	289	32	109	29	19,7
29	PLEKK-LIISU LIIKLUSKOOLO OÜ	4 562	29	27	15	112	33	199	29	42	16	7 773	30	456	24	52	32	19,2
30	HAAPSALE VEEVÄRK AS	10 880	20	-3	32	1 893	15	257	7	12	35	13 521	18	389	28	8 217	7	18,5
31	VÕRU VESI AS	11 319	19	25	19	1 248	19	63	26	14	34	11 799	23	404	26	11 833	5	18,3
32	KEMOTEX BIO OÜ	6 273	26	13	28	1 013	22	74	15	20	30	11 822	22	570	19	350	22	17,5
33	STIGMAR OÜ	14 751	16	-6	34	490	30	-21	32	24	24	8 013	28	1 341	6	341	23	12,7
34	AUDRU GOLF OÜ	633	35	8	29	104	34	-75	35	20	28	4 784	35	633	16	20	35	6,1
35	EESTI ESIMENE ERAKOSMEETIKAKOOL	2 845	33	-14	35	672	27	-40	33	17	32	5 070	34	190	35	1 637	13	0,0

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STUDENT COMPANY VOLLI – *in 2006 first in Estonia, second in Europe*

When fifteen years ago the youngsters collected different chewing gum papers or stickers and sold them during schoolday breaks for a reasonable price or used them as trade-offs, then today there are more appealing ways for making business. For instance, the best Estonian student company manufactures ecofriendly wallets. Raw material is from used juice cartons, used technique is cutting, folding, glueing and...



Student company Volli: (from left to the right) Ennika-Anneli Vörk, Regina Soop and Sander Saar, achieved the second position on a European contest of student companies.

● ● ● and the profit of the school year was a decent 40,000 kroons from roughly 1,000 sold wallets or Volli's, as the company's website wittily introduces their products.

In addition! We can not leave unmentioned that Volli is not only the best Estonian student company, but also a student company that achieved the noteworthy second position on a European contest where it was, apart from the second place of the general contest, also awarded with the special prize by Hewlett Packard Invent for the most responsible enterprise. Gabriele Zedlmayer, the Head of Corporate Affairs in HP says that HP believes that a successful contemporary enterprise must achieve more than just a strong technical implementation. A successful enterprise must also set a

social and ecofriendly example and demonstrate its ability to use such an example in its business strategy. And the young Volli team managed this extremely well.

So. Student company Volli. Founded at the initiative of the students from Tallinn School No 21 by Junior Achievement Estonia. Members: Management Director Sander Saar, Financial Director Ennika-Anneli Vörk and Development Director Regina Soop, the consultant of the company is Hendrik Hindov and their product is Volli, or a wallet from recycled cartons.

Huge motivation, good product and bold presentation

When the usual stumbling block for the participants in the student company program is the invention of a competitive product, then things were different in

Volli's case. The product was born first, which was followed by finding possibilities how to operate as a student company, as Tallinn School No 21 did not have the economy and student company programme as an elective subject. "The first step was the hardest – compiling a team, going to the Junior Achievement Estonia's office and founding the company. All which came later was experiencing and learning. It would be pretty difficult to run a student company as an obligation. One must have a great wish for succeeding!", Sander Saar, Volli's Management Director comments.

And they did have a great wish! And great was also the end result – best in Estonia, boundlessly experiences and European second. "We learnt very much, it would be difficult to write it all down," Sander Saar thinks.

And it is true. Not many students have a similar experience from their high school days. In addition to the Estonian student company competition, the team had to pass four rounds at the European competition, including the stand presentation of the product, presenting the student company to the jury and the audience - nearly 350 people from 26 countries, and the cross-examining of the jury as the final round. And all this in English.

Even though much homework had been done regarding the product development and presentation strategies, it was impossible to take it easy at the European contest: "We had to give our maximum on all days, no chance of abeyance before the end of the competition. Otherwise there are no results. The European competition showed what we are capable of and how far we will reach. We excelled ourselves," Sander Saar is satisfied with the results.

The members of the student company Volli believe that thinking green is extremely important in the contemporary society and they hope to promote recycling and thinking green with their activities so that it becomes an inseparable part of our lifestyle. It has to be noted that the juice carton wallets have an utility model protection from the Estonian Patent Office and the young entrepreneurs plan to establish a real company after graduating from high school.

So, if you want to learn more about the product or wish to order your very own ecofriendly and successful Volli, visit the company's website at www.volli.ee which, by the way, sets an example with its thoroughness and updated information to many „real“ enterprises which can not provide relevant and updated information on their website. Maybe that is the reason why they have control their volli's.

Thanks to the successful consistent activities of Junior Achievement Estonia's (hereinafter JA) programme of student companies, engaged in the entrepreneurship education of students, Estonia has become a respected and serious competitor among the European student companies. Results speak for themselves: - II place in 2006, II place in 2004, III place in 2003, also a special award for the most responsible company in 2006 and the most innovative product award at the competition for higher education students held by the European Commission in 2004.

JA's diverse programmes targeted to different age groups have enabled Estonian students to receive the basic knowledge about entrepreneurship for over ten years. In addition to increasing the specific knowledge regarding entrepreneurship JA's programmes put a special emphasis on developing enterprisingness and learning through discovering. „We can not overlook the fact that the successful people of a successful country must be enterprising. Enterprisingness is a talent like every other and a talent needs developing, otherwise it will involute,“ JA's Director Epp Vodja comments.

Speaking of the success of the Estonian student companies we can not disregard the brilliant ideas and their good quality realization of the clever Estonian students. The student company programme is a brilliant example of the fact that the Estonian youth do not lack ideas nor energy, we just need to create possibilities for experimenting and trying. It is also pleasing to state that there are convinced supporters of entrepreneur-



ship education in the Estonian non-profit sector with such a long and positive experience as JA, following whose initiative much more attention is being turned to entrepreneurship education in Estonia.

Programmes carried out by JA directly also support one important purpose of the Estonian entrepreneurship policy developed by the Ministry of Economic Affairs and Communications – to raise the enterprisingness and enterprise-related knowledge of Estonians, and thus favour the formation of a positive entrepreneurship environment.

Demand for promoting enterprisingness and entrepreneurship education has increased both in Estonia and Europe during the last years and especially Junior Achievement Development Fund has promoted entrepreneurship education in general education schools. The Ministry of Economic Affairs and Communications has subsidised several JA's projects.

PIRKO KONSA

Head of the Enterprise Division,
Ministry of Economic Affairs
and Communications

HANSAPANK'S SPECIAL PRIZE TO THE INNOVATIVE MEDIUM-SIZE PRODUCER-EXPORTER 2006 FILTER AS

Filter Has Established Itself on Export Markets

Discovering the Byelorussian market pledges great success

The special prize awarded by Hansapank already for the fourth year was this time given to AS Filter which produces equipment for industrial enterprises, boiler plants and water purification stations.

The special prize was also this time awarded according to the criteria set last year. A medium-size producer-exporter, based at least partly on domestic capital, who is innovative regarding product or service development, manufacturing process, marketing or organization management and who is in a good position both at domestic and foreign markets. An important factor in making the decision was the size of average previous year wages in the company. According to estimates by Hansapank, AS Filter is an enterprise with excellent economic results – it is proved by the sales and export turnover and their growth. The volume of the company's export turnover was 118 million kroons last year, which formed 70% of the sales turnover. AS Filter also has the highest average wages per employee among this year's participants.

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The company's investments have risen by nearly million kroons with last year, now reaching 4.6 million kroons.

The company does well on export markets and has found an excellent market niche. What Hansapank regards innovative is the fact that, in addition to spreading into other Baltic States, the company has managed to enter the Byelorussian market, which was the home of several industrial enterprises during the Soviet Union. Many heating installations of these Byelorussian enterprises now need either reconstruction or complete replacement in order to act economically. Further expansion on that market is possible. This fact is an excellent example of AS Filter's ability to organize its sales and marketing activities on export markets. Differently from other Estonian enterprises operating in the same sector, Filter performs all activities related to its

products by itself - design, manufacturing, supply and after-service – all this is performed by the company's crew.

Filter has been on the market since 1992. The company has enlarged into a group with representations in Estonia, Latvia, Lithuania and Byelorussia. The company employs altogether 94 people. Filter is not operating only in the capital – in order to provide better service to its clients, sales and maintenance centres have been opened in Eastern, Southern and Western Estonia. The company offers pre-

mium appliances with the primary objective on making it possible for the clients to economize their resources. For the clients' content, Filter's service department offers warranty and post-sale maintenance for all equipment, including around-the-clock service.

In June this year Filter signed a contract with Mercantile Group AS, whereby Mercantile Group ceded all representation rights of KSB trademark pumps and valves to the company. KSB Group is the world's leading manufacturer of pumps and valves.

Hansapank's special prize has previously been awarded to Uniprint, Russian Estonian Rail Services and Krimelte.

KAILEEN MÄGI

ENTERPRISE ESTONIA

*Making Estonian entrepreneurship
among the best worldwide*

The vision of Enterprise Estonia is “Making Estonian business environment among the best worldwide“. We are convinced that no single remedy exists for achieving and preserving that ideal. Several obstacles may hinder the entrepreneur’s road to success and these can certainly not be removed with a mere financial input.

Therefore a diverse selection of means has been created with the help of our partners, including entrepreneurs, from which everyone engaged in business should find a suitable one.

As Estonian business is best promoted by vital companies which have a potential to grow, hire workforce and offer their products and services abroad, a special emphasis has been put on supporting the export capability.

Starting from 2005, similarly to the search system of the Estonian commercial register, it is possible to check out the data of entrepreneurs of 14 countries through the European commercial register. EE website also contains a database of foreign countries

where diverse exhaustive information of 26 countries has been compiled with the emphasis on trade and economy.

EE website also mediates the export database where a company can enter its data and the target groups of which are the Estonian foreign embassies, importers and foreign companies searching for an Estonian business partner. Specialized databases of contact data share information on the contact data, contact persons and field of operation of foreign companies; it is also possible to make and receive offers from foreign companies through the EE website.

In order to help growing companies financially it is also possible to apply for several grants which could also form a so-called chain as the business grows.

For instance, a viable starting enterprise receives the maximum start-up grant and purchases production equipment. In order to get assurance and knowledge the entrepreneur joins the mentorship programme where an experienced entrepreneur delves into its progress and setbacks during one year. Then the entrepreneur compiles a proper export programme for the company with the help of the export planning grant and reaches the international market with the help of the export plan implementing grant or by participating at a joint stand at a foreign trade show.

The previous is of course a simplified and a unilateral scheme, instead of a start-up grant the company could need a tourism product development grant or a grant for research and development projects. But the

Support for entrepreneurship via Enterprise Estonia in 2004–2006

Purpose of support	Financing from EU structural funds 2004–2006 (mln EEK)	Co-financing from state budget 2004–2006 (mln EEK)
Development of enterprises	164,6	54,9
Development of entrepreneurial infrastructure	151,4	50,5
Promotion of science, R&D and innovation activities	606,5	203,5
Tourism development	222,7	74,2
Human resources development	119,1	39,7
Regional development	668,9	14
Total	1933,2	435,8



Three editions of the magazine HEI (abbreviation of „Hea Eesti Idee“ – „Good Estonian Idea!“) introducing innovative thinking and innovation management as the basis for financial success have been published up to date in cooperation with the publishing house Eesti Ekspressi Kirjastus and it is also available at the EE website. At the end of the last year a manual “Ettevõtted tehnoloogiatihedas majanduses” (“Enterprises in a technology dense economy”) was published in the framework of the innovation awareness programme in cooperation with EBS Executive Training Centre.

chain still illustrates that grants are available in several ways and in different phases of entrepreneurship.

A company could always use good advice which is necessary not only for start-up or for compiling the export plan. There are several ways for getting advice.

Development centres in all counties, who are the partners of EE, provide free consultations starting from the compiling of the business plan to the details for formulating the documentation necessary for applying for grants.

For making it easier for the entrepreneur to orient among the selection of consultancy providers EE has a database of consultants where it is possible to search for advisers by their name or office, by the topic of the project, or by the field and location of the company.

The consultancy assistance makes it possible for the entrepreneur to receive business-related consultations from professionals on favourable conditions. The training support enables the entrepreneur to train both itself and its employees professionally and also increase general vocational and management knowledge.

In several cases the problem is not directly the product or insufficient knowledge but the business environment. Here the business infrastructure development grant is useful which helps to remove obstacles from the way of a good product and suffi-

cient amount of it. It helps the entrepreneur to build the necessary warehouse, fix the heating centre and acquire a water purification station.

Besides individual possibilities for support entrepreneurs can keep themselves up to date with the help of EE and thus make the right decisions. The portal www.aktiva.ee, edited by EE, provides the interested with daily business news and editorials, collected information regarding the Internet-based services offered to the business sector by the state and the calendar of events of importance to entrepreneurs. The portal also provides a wide selection of business-related materials, an overview of published business literature, a possibility to ask help from specialists online and converse with other entrepreneurs.

The EE newsletter, providing information about services added to EE, the starting and ending of periods for applying for grants, also has many subscribers.

Relevant support would not exist without keeping abreast with the times. Problems and needs change in time. If we can determine them as well as possible together with entrepreneurs, dreams will come true as well. Increasingly more entrepreneurs with good results are publicly acknowledged for their work at the entrepreneurship award and the management quality award contests. And Estonian entre is among the best worldwide.



In 2006 the tradeshows of the field of creative arts were added to the list of joint exhibition stands funded by state for the first time. Apart from the traditional tradeshows, EE supports participation on the musical tradeshow Midem, the home-style exhibition Maison & Object, the Berlinale film festival and on the Frankfurt book fair. On photograph: Marje Lohuaru, the Vice Rector of the Estonian Academy of Music and Theatre and Madis Kari, the Manager of the Foreign Agency of the Association of Estonian Professional Musicians at Midem, the most prominent and comprehensive musical tradeshow, on January 22nd – 26th in Cannes. One of the agreements concluded on the exhibition was that the British record company Toccata Classics records the works of the younger generation of Estonian classical music composers.



Raiivo Kraus, the managing director of AS Hansab as the best company on the last Estonian Quality Management Contest, comments: "The victory came in the third year of participation in the contest. For us, the contest gave an essential opportunity to compare the management quality of the company with other organisations. We also highly value the assessment of a neutral party to the conditions of the company, which usually points out three or four most important directions requiring prior development."



With the coordination of EE Tourism Development Centre Estonia participated at the largest tourism fair in the Nordic countries – Matka 2006 – for the fifteenth time on 19-22 January, 2006, in Helsinki. The international tourism fair celebrating its twentieth jubilee is one of the most highly esteemed special trade fairs in Scandinavia. Estonia was, as usual, the biggest foreign participant both in terms of the size of the exhibition and the number of participants. The distributed materials aimed at increasing off-season tourism and travelling alone. Another aim was to increase the number of Finnish travel agencies offering Estonian tourism products. On photograph: At the gala the main emphasis of Estonian food was on sprat sandwiches.

Enterprise Estonia

Liivalaia 13/15, 10118 Tallinn

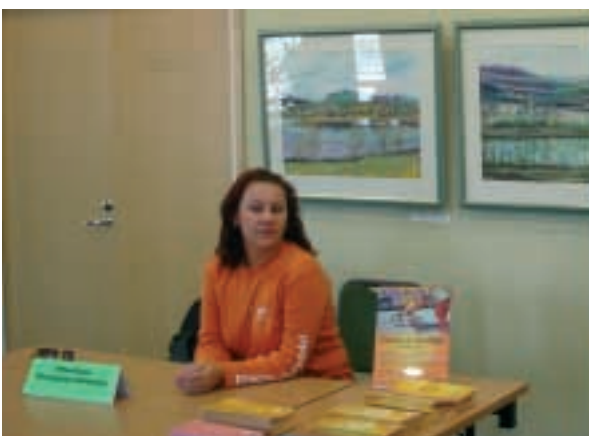
Phone: +372 627 9700

Phone: +372 627 9400 (Customer Service)

Fax: +372 627 9427

E-mail: eas@eas.ee

www.eas.ee



Entrepreneurship day in Tartu on 27 April, 2006. The event was part of the series of entrepreneurship days in Estonian counties where EE introduced in cooperation with Hansapank, Ühispank and KredEx the possibilities of becoming an entrepreneur to a wide audience ranging from workers to university students.

The employers approach the 90th jubilee stronger than ever



EESTI TÖÖANDJATE KESKLIIT

The Estonian Employers' Confederation is a non-profit organisation established by the voluntary joining of the employers operating in the Republic of Estonia and their associations which is a social partnership organization in Estonia representing the employers and entrepreneurship on the basis of the principles of the European social model.

The Employers' Confederation is based on the branch associations, but the direct contacts with major employers are also considered important

The basis of the Estonian Employers' Confederation is 23 sub-associations, but since 2004 also major companies have been started to accept in the membership (growth of about 200%), provided they belong to the association of their branch of economy. Compared to the financial year of 2003 the membership fee income has increased by a half. The companies belonging to the Employers' Confederation directly and through the branch associations (about 1500) are the employers for 150,000 employees. This makes 35% of the labour of the private sector.

The main task of the Confederation is to represent the members in the social dialogue, but also in other matters regarding the entrepreneurship. Our partners are the state machine and politicians as well as the trade unions. We hold negotiations with the trade unions and cooperate in many labour market fields, incl in decreasing the tax burden.

The Confederation has been successful in hindering the pressure on salary increase during the negotiations with the trade unions

When the trade unions required the growth of 34% in the minimum wage, the latter increased up to 3,000 kroons, i.e. 11% as a result of the negotiations. In 2006 the 13.6% - increase of the average salary is expected – thus we could guarantee that the growth of the minimum wage did not exceed the growth of the average salary.

The proposal for decreasing the unemployment insurance premium was made through the supervisory board of the Unemployment Insurance Fund at the end of 2005. As a result the government approved the decrease of the insurance payment of the employers from 0.5 percent up to 0.3% and the decrease of the unemployment insurance payment of the employees from 1% up to 0.6%. Thus the tax burden of the labour was decreased by 350 million kroons. The decision was favoured also by the trade unions in the supervisory board of the Unemployment Insurance Fund which indicates that the constructive dialogue between the employers and employees at the state level is possible.

As a proposal of the Employers' Confederation the minimum rate of the social tax of the sole proprietors and the persons insured by the state from 700 kroons up to 1400 kroons, as a result the budget of the Estonian Health Insurance Fund increased by 140 million kroons. The social insurance duties of the employers were not increased due to the latter regardless of the relevant initiatives of the government.

The key priority of the Employers' Confederation is the insuring of the existence of the qualified labour for the companies

The employers are in every way involved in the formation of the vocational and higher educational policy. Our wishes have been taken into account in the sector of vocational education and

the financing of the vocational schools have been materially increased. The higher education strategy was prepared on the basis of the proposal of the employers for the gradual transfer to the higher education with pay.

The confederation applies foremost for flexibility in the employment relationships

We participated in the working out of the draft of the Employees Representative Act which has received the approval of the government by now and reached the Riigikogu. Prior to approval of the draft in the government this was made more favourable for the employers regardless of the sharp criticism and protest actions of the trade unions.

We supported the Chancellor of Justice in conformity of the regulation of expanding the collective agreements with the Constitution that the Collective Agreements Act can infringe the freedom of entrepreneurship of the employers not being the parties of the collective agreement to be expanded disproportionately. We also submitted our proposals how the mechanism of expanding the collective agreements can be specified in the law.

The Collective Labour Dispute Resolution Act and the draft act of amending the collective agreement specify the regulation of the support streak which currently disproportionately infringes the freedom of entrepreneurship guaranteed in the Constitution. The legislative proceeding of the draft has unfortunately stopped.

The working out of the draft of the Public Procurement Act was participated in with which the directives of the EU public procurements are taken over and the procurement procedure will be simplified and made more transparent. The work with the draft continues in the Riigikogu.

The Confederation participates actively in the labour market projects

The Employers' Confederation is the initiator and organiser of several international labour market projects. Last year the project "Partnership in the company" supported by the European Commission was carried out within the frames of which the case study of the notification and consultation practices in the Estonian companies was carried out, the relevant research report was issued and the conference was organised. The results of the project have been an essential input in working out the draft of the Employees Representative Act and arising of the public discussion.

At the same time the project "Flexible study and work formats" supported by the European Social Fund in total amount of 6 million kroons was started. The project focuses mainly on the application of flexible work formats, involvement of the risk groups in the labour market and the spread of the best practices of the employers. In the course of the project several training events (incl the conference "Is work making us happy?" on 30 May 2006) were carried out and the organisation of the contest of the Employee and Family-friendly Company was participated in.

The Estonian Employers' Confederation manages the project of the apprentice in 2006 within the frames of the project "Educational system available for everyone and guaranteeing the labour flexibility, coping and lifelong learning", supported by the European Social Fund, the objective of which is the training of the supervisors of the apprentices of the companies co-operating with the vocational schools to guarantee the implementation of the model of apprentice and sustainability in Estonia.

In 2007 the Employers' Confederation celebrates its 90th anniversary

The Estonian Employers' Confederation has been established in spring of the year 1917 as the continuator of the activities of the community of the Estonian Manufacturers and carrier of the main objectives in Estonia. On 1 February of the next year we will celebrate together the 90th anniversary of the organisation of the employers.

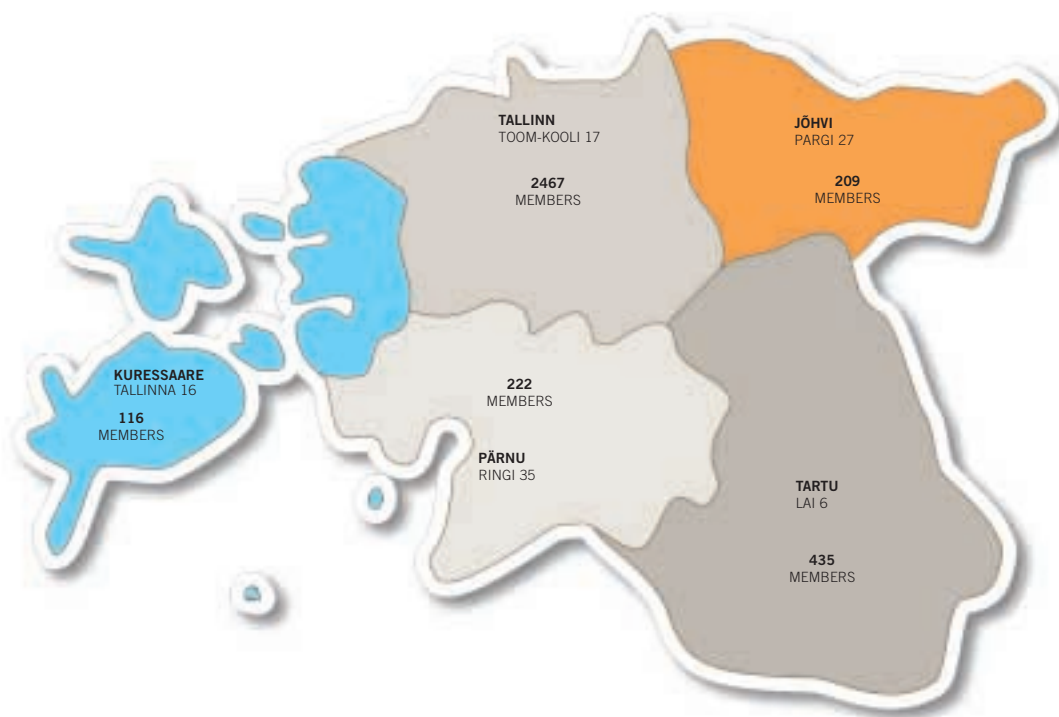
*We wish success to all companies and employers
having participated in the entrepreneurship contest also in the coming years!*

ESTONIAN CHAMBER OF COMMERCE AND INDUSTRY

Estonian Chamber of Commerce and Industry was established in 1925 to represent and protect the joint interests of Estonian traders, industrialists, bankers and ship owners. Through history, the Cham-



ber of Commerce has survived different periods, but always remained the most important business address for both entrepreneurs active in Estonia and foreign entrepreneurs interested in Estonia.



OFFICES OF THE CHAMBER OF COMMERCE IN ESTONIA

WHO ARE WE?

Estonian Chamber of Commerce and Industry is the oldest and largest Estonian representative organization of entrepreneurs. The Chamber of Commerce is a private non-profit association whose members are more than 3400 enterprises and organizations registered in Estonia. The Chamber of Commerce is an Estonian organization with active regional work and it respects and satisfies the needs of local members. The members of the Estonian Chamber of Commerce and Industry are more than 11% of enterprises operating in Estonia from all areas and they total 47% of the total net turnover and 45% of the total net profit of Estonian companies.

The yearly membership growth of the Chamber of Commerce shows that entrepreneurs value the services it provides.

OUR PURPOSES

- Promoting Estonian entrepreneurship and contributing to the establishing and preservation of an entrepreneur-friendly economic environment.
- The Chamber of Commerce protects the joint interests of its members through its activities.

OUR ACTIVITIES

- Activities related to economic policy – participation in developing and amending national policies and legislation influencing the developments of economic activities and education system. Helping enterprises at Estonia's integration to the EU economic environment.
- Providing services to its members, which mostly concentrate on the EU-related topics, legal counselling, swapping business contacts and foreign trade.

SERVICES

- EU and legal consultations
- Issuing foreign trade documents
- Finding co-operation partners
- Contact events
- Training
- Advertising services
- Information services
- Representation at Köln and Stockholm trade fairs



Stockholmsmässan



koelnmesse

WHO CAN BECOME A MEMBER?

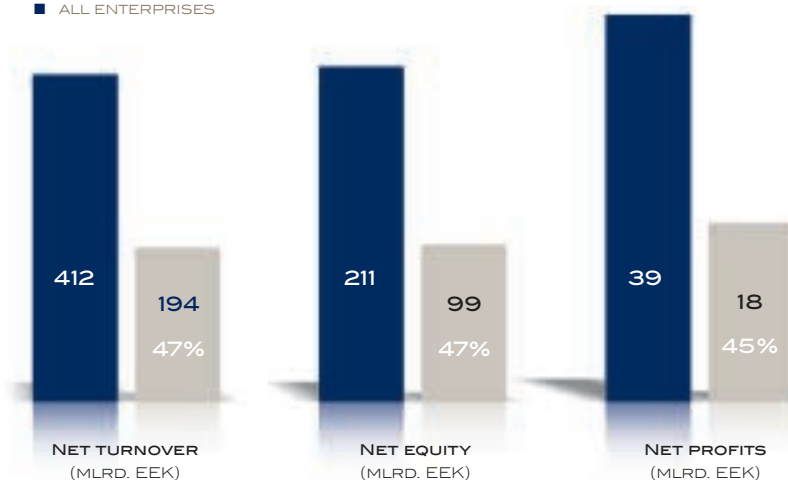
The Chamber of Commerce is an open organization and welcomes all entrepreneurs who find necessary to stand for the rights of entrepreneurs and want to have their say in making decisions about economic environment.

Chamber of Commerce membership gives several advantages, such as:

- A great variety of unique and useful information, primarily accessible to members (newsletter Kaubanduskoja Teataja circulation 6,000, e-newsletter, access to intranet)
- Three hours free consultation per year (legal, EU and foreign trade issues)
- Discounts on all services by the Chamber of Commerce (incl. advertising in the newsletter, e-newsletter and on the website, in the catalogue introducing Estonian exporters and on the CD-ROM Estonian Export Directory)
- Free co-operation and discount offers
- Extracts from the customer database about other members of the Chamber of Commerce.

ECCI MEMBERS IN ESTONIAN ECONOMY

- MEMBERS OF ECCI
- ALL ENTERPRISES


www.koda.ee

Estonian Chamber of
Commerce and Industry
Toom-Kooli 17, 10130 Tallinn
Phone: +372 646 0244
Fax: +372 646 0245
E-mail: koda@koda.ee



The winners of the Entrepreneurship Award 2006, Estonian Companies' Competitiveness Ranking 2006 and organisers of the competition ^



Arnold Rüütel, President of the Republic of Estonia, presenting the most Competitive Enterprise 2006 Award to Priit Põldoja, Board Member and Managing Director of Hansapank Estonia. <

Toomas Luman congratulating the winner of the Most Competitive Financial Brokerage Enterprise Award winner Priit Põldoja, Board Member and Managing Director of Hansapank Estonia. v





The winners of the Estonian Companies' Competitiveness Ranking 2006. ^



Main Prize winners with (from left side) Marika Priske, chancellor of the Ministry of Economic Affairs and Communications, Enn Veskimägi, President of The Estonian Employers' Confederation, Arnold Rüütel, President of the Republic of Estonia, Toomas Luman, President of the Estonian Chamber of Commerce and Industry and Viljar Jaamu, Chairman of the Board of Enterprise Estonia. ^



Toomas Luman, President of the Estonian Chamber of Commerce and Industry accented in his speech that maintaining the competitiveness is our mutual concern. ^



Edgar Savisaar, Minister of Economic Affairs and Communications presenting the Entrepreneurship Award 2006 to Aleksander Rulkov, Chairman of the Board of Vertex Estonia. <

Copywriters:

**Estonian Chamber of
Commerce and Industry**

Piret Salmistu • piret.salmistu@koda.ee

Kadi Õbenik • kadi.obenik@koda.ee

Kadri Liimal • kadri.liimal@koda.ee

Phone: 646 0244

Enterprise Estonia

Elo Mets • elo.mets@eas.ee

Estonian Institute of Economic Research

Marje Josing • marje@ki.ee

Mati Reiman • mati@ki.ee

Layout:

Disainikorp

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