

SAKU BREWERY GROUP
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THE FIRST SIX MONTHS OF 2002

The group comprises Saku Brewery Ltd, the parent, and its wholly owned subsidiary Saku Keldri OÜ. Only the parent conducts active business operations.

The parent company's financial statements do not contain significant additional information. Therefore, only the consolidated accounts are issued.

The core activities of Saku Brewery Ltd:
production, sale, import and export of low-alcohol beverages, mineral water and soft drinks.

Beginning of financial year: 1 January
End of financial year: 31 December
Beginning of reporting period: 1 January
End of reporting period: 30 June

Auditors of the group: Andres Root,
Andris Jegers
KPMG Estonia

Status of the interim
financial statements: unaudited

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During the reporting period the operation of Saku Brewery Ltd was managed by a seven-member management board headed by Cardo Rimmel, the CEO.

SAKU BREWERY LTD
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THE FIRST SIX MONTHS OF 2002

Contents

Interim financial statements	3
Consolidated balance sheet	3
Consolidated income statement	4
Consolidated income statement for Q2	5
Consolidated cash flow statement	6
Consolidated statement of changes in equity	7
Notes to the interim financial statements	8
Note 1. Accounting policies	8
Note 2. Trade receivables	9
Note 3. Other receivables and prepayments	9
Note 4. Inventories	9
Note 5. Long-term financial investments	10
Note 6. Long-term receivables	10
Note 7. Tangible and intangible assets	10
Note 8. Debt obligations	13
Note 9. Tax liabilities	13
Note 10. Net sales	14
Note 11. Transactions with related parties	14
Note 12. Other revenue	15
Note 13. Expenses	15
Note 14. Financial income and expenses	16
Note 15. Earnings per share	16
Note 16. Statement of management responsibility	17
Note 17. Review of operations and results	17

Financial statements

CONSOLIDATED BALANCE SHEET

(In thousands)

	EEK			EUR		
	30.6.2002	30.6.2001 Adjusted**	31.12.2001 Adjusted*	30.6.2002	30.6.2001 Adjusted*	31.12.2001 Adjusted*
ASSETS						
Cash and bank	2,611	2,252	20,199	167	144	1,291
Shares and other securities		3,907	3,907		250	250
Trade receivables (Note 2)	52,634	50,585	29,157	3,364	3,233	1,863
Other receivables and prepayments (Note 3)	6,374	1,249	2,100	407	80	134
Inventories (Note 4)	85,712	86,216	77,441	5,478	5,510	4,949
TOTAL CURRENT ASSETS	147,331	144,209	132,804	9,416	9,217	8,487
Non-current assets						
Long-term financial investments (Note 5)	16,367	14,400	17,300	1,046	921	1,106
Long-term receivables (Note 6)	142	283	186	9	18	12
Intangible assets (Note 7)	601	345	747	38	22	48
Tangible assets (Notes 7, 8)	271,505	253,134	249,142	17,352	16,178	15,923
TOTAL NON-CURRENT ASSETS	288,615	268,162	267,375	18,445	17,139	17,089
TOTAL ASSETS	435,946	412,371	400,179	27,861	26,356	25,576
LIABILITIES AND EQUITY						
Current liabilities						
Debt obligations (Note 8)	31,962	24,777	1,714	2,042	1,583	110
Trade payables	32,451	26,519	22,314	2,074	1,695	1,426
Payables to the parent	845	818		54	52	
Tax liabilities (Note 9)	24,427	23,939	12,123	1,561	1,530	775
Payables to employees	3,410	3,093	3,329	218	198	213
Other accrued expenses	1,497	3,005	379	95	192	24
TOTAL CURRENT LIABILITIES	94,592	82,151	39,859	6,044	5,250	2,548
Non-current liabilities						
Non-convertible debt (Note 8)	2,726	3,649	3,412	174	233	218
Equity						
Share capital	80,000	80,000	80,000	5,113	5,113	5,113
Capital reserve	8,000	8,000	8,000	511	511	511
Other reserves	44,070	44,070	44,070	2,817	2,817	2,817
Accumulated profits	180,441	169,786	169,786	11,532	10,851	10,851
Profit for the period	26,117	24,715	55,052	1,670	1,581	3,518
TOTAL EQUITY	338,628	326,571	356,908	21,643	20,873	22,810
TOTAL LIABILITIES AND EQUITY	435,946	412,371	400,179	27,861	26,356	25,576

** - Adjusted for the change in the accounting for kegs.

* - Adjusted for the change in the valuation of finished goods and accounting for kegs.

CONSOLIDATED INCOME STATEMENT

(In thousands)

	EEK			EUR		
	January- June 2002	January - June 2001 Adjusted**	2001 Adjusted*	January- June 2002	January- June 2001 Adjusted**	2001 Adjusted*
Revenue						
Net sales (Note 10)	372,380	346,910	745,937	23,799	22,172	47,674
Change in work in progress and finished goods inventories	3,171	5,162	555	203	330	35
Other revenue (Note 12)	463	311	660	30	20	42
Total revenue	376,014	352,383	747,152	24,032	22,522	47,751
Expenses (Note 13)						
Materials, consumables and supplies	236,170	222,077	477,494	15,094	14,193	30,517
Other operating expenses	60,732	56,845	115,920	3,882	3,633	7,409
Personnel expenses	26,309	23,530	48,097	1,681	1,504	3,074
Depreciation	21,314	21,333	42,831	1,362	1,363	2,738
Other expenses	4,612	3,103	6,761	295	198	432
Total expenses	349,137	326,888	691,103	22,314	20,891	44,170
OPERATING PROFIT	26,877	25,495	56,049	1,718	1,631	3,581
Financial income (Note 14)	105	110	433	7	7	28
Financial expenses (Note 14)	865	890	1,430	55	57	91
PROFIT BEFORE TAXES	26,117	24,715	55,052	1,670	1,581	3,518
Income tax expense						
PROFIT FOR THE PERIOD	26,117	24,715	55,052	1,670	1,581	3,518
Basic earnings per share (Note 15)	3.26	3.09	6.88	0.21	0.20	0.44
Diluted earnings per share (Note 15)	3.26	3.09	6.88	0.21	0.20	0.44

** - Adjusted for the change in the accounting for kegs.

* - Adjusted for the change in the valuation of finished goods and accounting for kegs.

**CONSOLIDATED INCOME STATEMENT
FOR Q2**

(In thousands)

	EEK		EUR	
	Q2	Q2	Q2	Q2
	2002	2001 Adjusted**	2002	2001 Adjusted**
Revenue				
Net sales	236,232	219,782	15,098	14,047
Change in work in progress and finished goods inventories	2,029	2,713	130	174
Other revenue	123	135	8	9
Total revenue	238,384	222,630	15,236	14,230
Expenses				
Materials, consumables and supplies	147,132	137,692	9,404	8,800
Other operating expenses	36,718	34,093	2,347	2,179
Personnel expenses	14,178	12,200	906	780
Depreciation	10,800	10,829	690	692
Other expenses	3,409	1,816	218	116
Total expenses	212,237	196,630	13,565	12,567
OPERATING PROFIT	26,147	26,000	1,671	1,663
Financial income	7	35	1	2
Financial expenses	709	661	45	42
PROFIT BEFORE TAXES	25,445	25,374	1,627	1,623
Income tax expense				
PROFIT FOR Q2	25,445	25,374	1,627	1,623
Basic earnings per share	3.18	3.17	0.20	0.20
Diluted earnings per share	3.18	3.17	0.20	0.20

** - Adjusted for the change in the accounting for kegs.

* - Adjusted for the change in the valuation of finished goods and accounting for kegs.

CONSOLIDATED CASH FLOW STATEMENT

(In thousands)

	EEK			EUR		
	January- June 2002	January- June 2001 Adjusted**	2001 Adjusted*	January- June 2002	January- June 2001 Adjusted**	2001 Adjusted*
Profit before taxes	26,117	24,715	55,052	1,670	1,581	3,518
Income tax expense						
Depreciation	21,314	21,333	42,831	1,362	1,363	2,738
Non-current asset sales and write-off	-63	-88	-186	-4	-6	-12
Total	47,368	45,960	97,697	3,028	2,938	6,244
Change in short-term financial investment	3,907	25	25	250	1	1
Change in inventories	-8,271	-1,305	7,469	-529	-83	478
Change in receivables	-27,751	-18,111	2,466	-1,774	-1,158	158
Change in current liabilities	54,901	48,341	5,707	3,509	3,090	365
Total	22,786	28,950	15,667	1,456	1,850	1,002
Net cash from operating activities	70,154	74,910	113,364	4,484	4,788	7,246
Investing activities						
Acquisition of non-current assets	-43,641	-34,921	-51,985	-2,789	-2,232	-3,323
Sales of non-current assets at sales price	175	105	493	11	7	32
Acquisition of shares		-1,350	-1350		-86	-86
Change in long-term receivables	44	226	323	3	14	20
Acquisition of bonds	933	-2,500	-5400	59	-160	-345
Collection of loans given						
Net cash used in investing activities	-42,489	-38,440	-57,919	-2,716	-2,457	-3,702
Financing activities						
Distribution of dividends	-40,000	-40,000	-40,000	-2,557	-2,557	-2,557
Income tax paid on dividends	-4,397	-4,576	-4,576	-281	-292	-292
Settlement of finance lease liabilities	-1,150	-1,158	-2,548	-73	-74	-163
Incl. Finance charges	294	329	691	19	21	44
Net cash used in financing activities	-45,253	-45,405	-46,433	-2,892	-2,902	-2,968
Net decrease/increase in cash	-17,588	-8,935	9,012	-1,124	-571	576
Cash at beginning of period	20,199	11,187	11,187	1,291	715	715
Cash at end of period	2,611	2,252	20,199	167	144	1,291
Net decrease/increase in cash	-17,588	-8,935	9,012	-1,124	-571	576

** - Adjusted for the change in the accounting for kegs.

* - Adjusted for the change in the valuation of finished goods and accounting for kegs.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands)

	EEK			EUR		
	January- June 2002	January- June 2001 Adjusted**	2001 Adjusted*	January - June 2002	January- June 2001 Adjusted**	2001 Adjusted*
Share capital	80,000	80,000	80,000	5,113	5,113	5,113
Capital reserve	8,000	8,000	8,000	511	511	511
Other reserves	44,070	44,070	44,070	2,817	2,817	2,817
Accumulated profits at beginning of period	224,838	214,362	214,362	14,370	13,700	13,700
Dividend distribution	-40,000	-40,000	-40,000	-2,557	-2,557	-2,557
Dividend tax	-4,397	-4,576	-4,576	-281	-292	-292
Accumulated profits at end of period	180,441	169,786	169,786	11,532	10,851	10,851
Profit for the period	26,117	24,715	55,052	1,670	1,581	3,518
Total equity	338,628	326,571	356,908	21,643	20,873	22,810

** - Adjusted for the change in the accounting for kegs.

* - Adjusted for the change in the valuation of finished goods and accounting for kegs.

Notes to the interim financial statements

Note 1. Accounting policies

The interim financial statements for the first six months of 2002 have been prepared, in all material respects, in accordance with the accounting policies and measurement bases applied at the preparation of the annual financial statements for 2001.

Change in accounting policies

Based on the Accounting Act, which states that assets whose useful lives extend beyond one year are to be treated as non-current assets, and the useful life of kegs, which is 10 years, from 1 January 2002 the kegs owned by the parent are recognised as non-current assets. The kegs have been recognised as non-current assets based on their labelling as of 31 March 2002. The kegs were acquired before 2000. Therefore, their recognition as non-current assets increased depreciation expense and affected accumulated profits. Regrouping of items reduced inventories and receivables relating to kegs deposited with customers and increased tangible assets by the net book value of the kegs, and payables relating to kegs deposited with customers. The change in accounting policies reduced the profit for 2000 by EEK 512,000 (EUR 33,000), the profit for 2001 by EEK 557,000 (EUR 36,000) and the profit for the first six months of 2001 by EEK 281,000 (EUR 18,000).

The adjustments made because of the change in accounting policies affect the accounts of the group to the same extent as the accounts of the parent.

(In thousands)	Adjustment of the balance sheet			
	EEK		EUR	
	30.6.2001	31.12.2001	30.6.2001	31.12.2001
Trade receivables	-1,687	-1,029	-107	-66
Inventories	-2,668	-3,326	-171	-213
Tangible assets	3,760	3,484	240	223
ASSETS	-595	-871	-38	-56
Trade payables	1,259	1,259	80	80
Profit for the period	-281	-557	-18	-36
Accumulated profits	-1,573	-1,573	-100	-100
LIABILITIES AND EQUITY	-595	-871	-38	-56

The balance sheet as of 30 June 2001 was also adjusted on account of a change in the valuation of finished goods, which was introduced at the end of 2001. The adjustment reduced the balance of inventories and the profit for the period by EEK 207,000 (EUR 13,000).

Note 2. Trade receivables

(In thousands)	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Due from customers	52,795	50,936	3,375	3,256
Allowance for doubtful items	-636	-354	-41	-23
Write-off of irrecoverable items	499	21	31	1
Collection of formerly expensed items	-24	-18	-1	-1
Total	52,634	50,585	3,364	3,233

The ratio of irrecoverable receivables expensed within the first six months to net sales amounts to 0.17 percent. The largest items relate to amounts due from Baltic Food Eesti AS and Dagab Baltic Eesti AS.

Note 3. Other receivables and prepayments

(In thousands)	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Prepaid taxes	2,680	133	171	9
Other short-term receivables	2,450	812	157	52
Other prepaid expenses	1,244	304	79	19
Total	6,374	1,249	407	80

Note 4. Inventories

Only the parent company has inventories.

(In thousands)	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Materials	26,788	28,212	1,712	1,803
Work in progress	8,373	9,183	535	587
Finished goods	8,779	9,398	561	601
Merchandise purchased for resale	38,767	35,588	2,478	2,274
Prepayments to suppliers	3,005	3,835	192	245
Total	85,712	86,216	5,478	5,510

Note 5. Long-term financial investments

Only the parent company has long-term financial investments.

(In thousands)	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Shares in AS Rocca al Mare Suurhall	3,300	3,300	211	211
Bonds issued by AS Rocca al Mare Suurhall	13,067	11,100	835	710
Total	16,367	14,400	1,046	921

Note 6. Long-term receivables

Long-term receivables of EEK 142,000 (EUR 9,000) comprise the parent's receivables from two companies for sale of assets under an instalment plan.

Note 7. Tangible and intangible assets

Only the parent company has non-current assets.

The structure and movements in non-current assets are outlined in the following tables.

Structure of tangible assets

(In thousands)	EEK		EUR	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Net book value of tangible assets	225,961	209,678	14,442	13,400
Leased assets	4,081	4,890	261	313
Prepayments for tangible assets	196	635	12	41
Investments in progress	41,267	37,931	2,637	2,424
Total	271,505	253,134	17,352	16,178

Prepayments for tangible assets include a claim of EEK 196,000 (EUR 13,000) relating to the land of the liquidated AS Saku Linnas. The claim is under consideration.

Movements in non-current assets in the first six months of 2002
(In EEK, thousands)

Asset group	31.12.2001		2002			30.6.2002		
	Acquisition cost	Depreciation	Recognised at acquisition cost	Acquisition cost of items sold, written down and written off	Depreciation for the period	Acquisition cost	Depreciation	Net book value
Tangible assets								
Buildings and constructions	117,857	23,864			2,309	117,857	26,173	91,684
Plant and equipment	211,017	121,630	10,661		13,181	221,678	134,811	86,867
Motor vehicles	9,177	4,830	831	267	773	9,741	5,447	4,294
IT equipment	3,171	2,035	795	100	450	3,866	2,387	1,479
Other equipment	61,178	27,276	4,349		3,242	65,527	30,518	35,009
Kegs	5,614	2,130	444		297	6,058	2,427	3,631
Land	2,997					2,997		2,997
Total	411,011	181,765	17,080	367	20,252	427,724	201,763	225,961
Intangible assets	877	130			146	877	276	601

Movements in non-current assets in the first six months of 2002
(In EUR, thousands)

Asset group	31.12.2001		2002			30.6.2002		
	Acquisition cost	Depreciation	Recognised at acquisition cost	Acquisition cost of items sold, written down and written off	Depreciation for the period	Acquisition cost	Depreciation	Net book value
Tangible assets								
Buildings and constructions	7,532	1,525			148	7,532	1,673	5,859
Plant and equipment	13,486	7,774	681		842	14,167	8,616	5,551
Motor vehicles	587	309	53	17	49	623	348	275
IT equipment	203	130	51	6	29	248	153	95
Other equipment	3,910	1,743	278		207	4,188	1,950	2,238
Kegs	359	136	28		19	387	155	232
Land	192					192		192
Total	26,269	11,617	1,091	23	1,294	27,337	12,895	14,442
Intangible assets	56	8			10	56	18	38

Note 8. Debt obligations

Only the parent company has finance and operating lease agreements.

The period's operating lease payments totalled EEK 1,150,000 (EUR 73,000). The payments were made under 14 agreements and were recognised as expenses on own motor vehicles.

In addition, the company uses motor vehicles under 42 finance lease agreements. Finance lease liabilities and payments break down as follows:

(In thousands)	EEK		EUR	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Acquisition cost	7,207	7,418	461	474
Accumulated depreciation	3,126	2,528	200	161
Finance lease liability	4,269	5,021	273	321
incl. payable within a year	1,543	1,372	99	88
payable within over a year	2,726	3,649	174	233

Due to termination of agreements in the first six months of 2002, the acquisition cost and accumulated depreciation of leased vehicles have decreased by EEK 622,000 (EUR 40,000). Six months' depreciation amounts to EEK 916,000 (EUR 58,000). The reporting period's finance lease payments totalled EEK 1,150,000 (EUR 73,000), including interest payments of EEK 294,000 (EUR 19,000). The interest rates range from 7.0 - 13.1 percent.

Note 9. Tax liabilities

Only the parent company has tax liabilities.

(In thousands)	EEK		EUR	
	Group	Group	Group	Group
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Alcohol excise tax	14,864	15,433	950	986
Value-added tax	7,071	6,693	452	428
Social tax	1,216	1,091	78	70
Personal income tax	830	722	53	46
Income tax on fringe benefits, non-business and entertainment expenses	390		24	
Unemployment insurance charges	56		4	
Total	24,427	23,939	1,561	1,530

Note 10. Net sales

(In thousands) Products and services	EEK		EUR	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Saku beers	180,506	169,580	11,536	10,838
Imported beers	4,226	2,365	270	151
Saku mineral water	939	996	60	64
Imported mineral water	9,453	10,753	604	687
Other Saku alcoholic beverages	4,600	5,044	294	322
Imported soft drinks	10,655	7,943	681	508
Other imported alcoholic beverages		237		15
Bottles, crates, pallets	157,954	147,350	10,095	9,417
By-products	520	573	33	37
Services	2,660	978	170	63
Other goods	867	1,091	56	70
Total	372,380	346,910	23,799	22,172

Markets	Group		Group	
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Estonia	351,719	328,379	22,479	20,988
Exports (Lithuania, Latvia, Finland, the USA, Japan)	20,661	18,531	1,320	1,184
Total	372,380	346,910	23,799	22,172

Note 11. Transactions with related parties

Purchases by Saku Brewery Ltd from:

(In thousands)

	EEK		EUR	
	First 6 months of 2002	First 6 months of 2001	First 6 months of 2002	First 6 months of 2001
A/O Aldaris	10,339	9,513	661	608
AB Svyturys-Utenos Alus	2,782		178	
Baltic Beverages Holding AB	1,690	1,800	108	115
Baltic Beverages Eesti AS	3			
Total	14,814	11,313	947	723

Sales by Saku Brewery Ltd to:

(In thousands)

	EEK		EUR	
	First 6 months of 2002	First 6 months of 2001	First 6 months of 2002	First 6 months of 2001
A/O Aldaris	648	949	41	61
AB Svyturys-Utenos Alus	11,827	10,063	756	643
Baltic Beverages Eesti AS	53	52	4	3
Total	12,528	11,064	801	707

Related parties include companies of Baltic Beverages Holding AB group (BBH).

Transactions with related parties are effected at the group's transfer prices. The sales of Saku Brewery Ltd comprise sales of finished goods and bottles and letting of premises. Purchases comprise purchase of goods, bottles and management and consulting services.

Note 12. Other revenue

(In thousands)

	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Gains on sale of non-current assets	63	88	4	6
Income of receivables	15	1	1	
Collection of interest on arrears	4	17		1
Collection of insurance indemnification	301	94	20	6
Exchange gain	80	111	5	7
Total	463	311	30	20

Note 13. Expenses

(In thousands)

	EEK		EUR	
	Group 30.6.2002	Group 30.6.2001	Group 30.6.2002	Group 30.6.2001
Materials	27,729	25,138	1,772	1,607
Ancillary materials	27,101	26,049	1,732	1,665
Bottles, crates, pallets	157,246	147,883	10,050	9,451
Imported beverages	12,672	11,529	810	736
Other	11,422	11,478	730	734
Total materials, consumables and supplies	236,170	222,077	15,094	14,193
Advertising	21,619	20,182	1,382	1,290
Transportation and vehicle expenses	17,597	15,932	1,125	1,018
Waste disposal	3,448	3,114	220	199
Renovation of buildings and equipment	4,435	4,122	283	263

Other services	8,526	7,654	545	489
Other expenses	5,107	5,841	327	374
Total other operating expenses	60,732	56,845	3,882	3,633
Wages and salaries	19,598	17,511	1,253	1,119
Social tax	6,620	6,019	422	385
Unemployment insurance charges	91		6	
Total personnel expenses	26,309	23,530	1,681	1,504
Sponsoring, gifts, entertainment expenses, expenses not related to primary business	4,384	2,800	280	179
Interest on arrears paid	74	28	5	2
Exchange loss	154	275	10	17
Total other expenses	4,612	3,103	295	198

Note 14. Financial income and expenses

(In thousands)

	EEK		EUR	
	Group	Group	Group	Group
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Interest income	105	100	7	6
Exchange gain		10		1
Total financial income	105	110	7	7
Interest expense	861	865	55	55
Exchange loss	4			
Financial expenses relating to shares in the subsidiary		25		2
Total financial expenses	865	890	55	57

Note 15. Earnings per share

(In thousands)

	EEK		EUR	
	Group	Group	Group	Group
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
Net profit	26,117	24,715	1,670	1,581
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	3.26	3.09	0.21	0.20
Diluted earnings per share	3.26	3.09	0.21	0.20

Note 16. Statement of management responsibility

The management board acknowledges its responsibility for the preparation, integrity and fair presentation of the financial statements of Saku Brewery Ltd for the first six months of 2002 as set out on pages 1 to 18 of this report, and confirms that to the best of its knowledge, information and belief:

- the accounting policies applied at the preparation of the interim financial statements comply with generally accepted accounting principles;
- the interim financial statements give a true and fair view of the financial position of Saku Brewery Ltd and the results of its operations;
- all significant events that occurred between the balance sheet date and the date on which the interim financial statements were authorised for issue (19 August 2002) have been properly recognised and disclosed;
- Saku Brewery Ltd is a going concern.

Note 17. Review of operations and results

Saku Brewery finished the first six months of 2002 with an operating profit of EEK 26.9 million (EUR 1.7 million), an improvement on the EEK 25.5 million (EUR 1.6 million) attained a year ago.

Net sales reached EEK 372.4 million (EUR 23.8 million), a 7 percent increase on the corresponding period of 2001. Sales of imported and self-produced beers and soft drinks improved and sales of can-products continue to grow.

Saku Brewery is the biggest beer producer in Estonia, total beer sales from January to June reached 23,7 m litres, a 4% increase on the corresponding period 2001. Besides beer products Saku Brewery sells sider, mineral water and soft drinks. Since III quarter also gin long drink is available. Saku Brewery total sales reached 26,9 m litres, a 4% increase on the corresponding period of 2001.

The priority of Saku Brewery is beer products and to hold stable leading position in Estonian beer market.

Saku Brewery is the leader of the Estonian beer market. According to Estonian beer producers, in January-June 2002 Saku Brewery controlled in cumulative terms 46 percent of the local beer market. In July, our position improved by a further half of a percentage point to 46.5 percent. Tartu Brewery retained the 38 percent attained in June and Viru Brewery lost half a percentage point, dropping to 4 percent. Pärnu Brewery and Viru-Nigula Brewery upheld their 3.5 percent and 2 percent respectively. In July imports accounted for 6 percent of the Estonian beer market.

Sales improved first and foremost on account of an increase in the sales of the two main brands Saku Original and Rock. The renewal of Saku Original, which was launched in April, increased the sales of its bottled version within a couple of months

(April, May) 17 percent compared last year same period and contributed Saku Brewery's share in premium beer segment until 70 percent. Gradually the packaging of the whole blue Saku line will be renewed in line with the revitalisation of the core brand.

The sales of the Rock line grew during first six months by 20% percent compared last year same period, largely on account of sales campaigns.

The launch of the international beer brand Carlsberg in 0.5-litre returnable bottles by Saku Brewery was highly successful. To date the new product has seized 20 percent of the imported beer market. Goal is to get second position to Carlsberg in Estonian imported beer market during a year.

Sales of canned products grew above all thanks to the upgrading of the canning line, implementation of a new can and the launch of new sixpacks, which are supplied with handles, at the beginning of the high season.

The results were further improved by the launch of KISS in 0.5-litre cans, which increased the cider's market share in June by 5 percentage points to 22 percent.

In the first six months of 2002 Saku Brewery continued to produce canned products under contracts and to supply Latvian and Lithuanian breweries with cider.

The group's expenses totalled EEK 349.1 million (EUR 22.3 million), an increase of 7 percent. The growth results, above all, from changes in the prices of materials, power and services. Personnel expenses increased on account of an adjustment of wages and salaries, which was conducted at the beginning of 2002 to ensure competitiveness.

On 30 June 2002, total assets stood at EEK 435.9 million (EUR 27,900), a 9 percent increase on the end of 2001.

The period's financial ratios break down as follows:

	2002	2001
	first 6	first 6
	months	months
Operating profit to net sales	7.2 %	7.3 %
Net profit to net sales	7.0 %	7.1 %
Average debtors' days	20	21
Average creditors' days	14	12
Inventory turnover ratio	4.6	4.0
Current ratio	2.1	2.5
Quick ratio	0.8	0.9
Debt ratio	20.2 %	18.1 %
Return on assets	6.2 %	6.2 %
Return on equity	7.5 %	7.3 %
Non-current asset turnover ratio	1.3	1.3
Total assets turnover ratio	0.9	0.9

The period's largest investments were directed at upgrading the production facilities and developing the organisation. The objective of production-related investment was

to sustain top quality in combination with high operating efficiency. The period's accomplishments include upgrading of the filling lines, and implementation of fully electronic equipment for packaging the multipacks and additional lab equipment. Altogether, investments amounted to EEK 43.6 million (EUR 2.8 million).