

**SAKU BREWERY GROUP
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THE FIRST NINE 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 published.

The core activities of Saku Brewery Ltd:
production, distribution, 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 September

Auditors of the group:	Andres Root, Andris Jegers KPMG Estonia
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Status of the statements:	unaudited
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The activities of Saku Brewery Ltd are managed by a six-member management board. The CEO is Cardo Remmel.

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

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Interim financial statements

CONSOLIDATED BALANCE SHEET

(In thousands)

	EEK			EUR		
	30.9.2002	30.9.2001 Adjusted **	31.12.2001 Adjusted *	30.9.2002	30.9.2001 Adjusted **	31.12.2001 Adjusted *
ASSETS						
Cash and bank	1,782	25,684	20,199	114	1,642	1,291
Shares and other securities		3,907	3,907		250	250
Trade receivables (Note 2)	28,920	28,702	29,157	1,848	1,834	1,863
Other receivables and prepayments (Note 3)	6,403	1,195	2,100	409	76	134
Inventories (Note 4)	91,955	84,216	77,441	5,877	5,382	4,949
TOTAL CURRENT ASSETS	129,060	143,704	132,804	8,248	9,184	8,487
Non-current assets						
Long-term financial investments (Note 5)	16,017	15,600	17,300	1,024	997	1,106
Long-term receivables (Note 6)	120	224	186	8	14	12
Intangible assets (Note 7)	760	307	747	49	20	48
Tangible assets (Notes 7, 8)	266,531	249,338	249,142	17,034	15,936	15,923
TOTAL NON-CURRENT ASSETS	283,428	265,469	267,375	18,115	16,967	17,089
TOTAL ASSETS	412,488	409,173	400,179	26,363	26,151	25,576
LIABILITIES AND EQUITY						
Current liabilities						
Debt obligations (Note 8)	9,140	1,602	1,714	584	102	110
Trade payables	23,574	21,817	22,314	1,507	1,394	1,426
Payables to the parent		818			52	
Tax liabilities (Note 9)	14,936	14,573	12,123	955	932	775
Payables to employees	4,331	3,866	3,329	277	247	213
Other accrued expenses	1,386	4,500	379	88	288	24
TOTAL CURRENT LIABILITIES	53,367	47,176	39,859	3,411	3,015	2,548
Non-current liabilities						
Non-convertible debt (Note 8)	2,125	3,895	3,412	136	249	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	44,485	56,246	55,052	2,843	3,595	3,518
TOTAL EQUITY	356,996	358,102	356,908	22,816	22,887	22,810
TOTAL LIABILITIES AND EQUITY	412,488	409,173	400,179	26,363	26,151	25,576

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

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

CONSOLIDATED INCOME STATEMENT

(In thousands)

	EEK			EUR		
	January - September 2002	January - September 2001 Adjusted **	2001 Adjusted *	January - September 2002	January - September 2001 Adjusted **	2001 Adjusted *
Revenue						
Net sales (Note 10)	611,827	586,402	745,937	39,103	37,478	47,674
Change in work in progress and finished goods inventories	2,628	3,119	555	168	199	35
Other revenue (Note 12)	1,974	569	660	126	36	42
Total revenue	616,429	590,090	747,152	39,397	37,713	47,751
Expenses (Note 13)						
Materials, consumables and supplies	392,159	373,034	477,494	25,064	23,841	30,517
Other operating expenses	100,876	86,904	115,920	6,447	5,554	7,409
Personnel expenses	40,951	36,289	48,097	2,617	2,319	3,074
Depreciation	32,245	32,193	42,831	2,061	2,057	2,738
Other expenses	4,516	4,412	6,761	289	282	432
Total expenses	570,747	532,832	691,103	36,478	34,053	44,170
OPERATING PROFIT	45,682	57,258	56,049	2,919	3,660	3,581
Financial income (Note 14)	121	250	433	8	16	28
Financial expenses (Note 14)	1,318	1,262	1,430	84	81	91
PROFIT FOR THE PERIOD	44,485	56,246	55,052	2,843	3,595	3,518
Basic earnings per share (Note 15)	5.56	7.03	6.88	0.36	0.45	0.44
Diluted earnings per share (Note 15)	5.56	7.03	6.88	0.36	0.45	0.44

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

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

CONSOLIDATED INCOME STATEMENT FOR THIRD QUARTER

(In thousands)

	EEK		EUR	
	Q3 2002	Q3 2001 Adjusted *	Q3 2002	Q3 2001 Adjusted *
Revenue				
Net sales	239,447	239,492	15,304	15,306
Change in work in progress and finished goods inventories	-543	-2,043	-35	-131
Other revenue	1,511	258	96	16
Total revenue	240,415	237,707	15,365	15,191
Expenses				
Materials, consumables and supplies	155,989	150,957	9,970	9,648
Other operating expenses	39,042	30,059	2,495	1,921
Personnel expenses	14,642	12,759	936	815
Depreciation	10,931	10,860	699	694
Other expenses	1,006	1,309	64	84
Total expenses	221,610	205,944	14,164	13,162
OPERATING PROFIT	18,805	31,763	1,201	2,029
Financial income	16	140	1	9
Financial expenses	453	372	29	24
PROFIT FOR THIRD QUARTER	18,368	31,531	1,173	2,014
Basic earnings per share	2.30	3.94	0.15	0.25
Diluted earnings per share	2.30	3.94	0.15	0.25

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

CONSOLIDATED CASH FLOW STATEMENT

(In thousands)

	EEK			EUR		
	January - September 2002	January - September 2001 Adjusted **	2001 Adjusted *	January - September 2002	January - September 2001 Adjusted **	2001 Adjusted *
Profit before taxes	44,485	56,246	55,052	2,843	3,595	3,518
Income tax expense						
Depreciation	32,245	32,193	42,831	2,061	2,057	2,738
Non-current asset sales and write-off	-1,513	-209	-186	-97	-13	-12
Total	75,217	88,230	97,697	4,807	5,639	6,244
Change in short-term financial investment	3,907	25	25	250	1	1
Change in inventories	-14,514	695	7,469	-928	44	478
Change in receivables	-4,066	3,826	2,466	-260	245	158
Change in current liabilities	13,810	13,137	5,707	883	840	365
Total	-863	17,683	15,667	-55	1,130	1,002
Net cash from operating activities	74,354	105,913	113,364	4,752	6,769	7,246
Investing activities						
Acquisition of non-current assets	-50,464	-41,083	-51,985	-3,225	-2,626	-3,323
Sales of non-current assets at sales price	1,955	297	493	125	19	32
Acquisition of shares		-1,350	-1,350		-86	-86
Change in long-term receivables	66	285	323	4	18	20
Acquisition of bonds	1,283	-3,700	-5,400	82	-236	-345
Collection of loans given						
Net cash used in investing activities	-47,160	-45,551	-57,919	-3,014	-2,911	-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	-1,625	-1,811	-2,548	-103	-116	-163
Incl. Finance charges	411	522	691	26	34	44
Net cash used in financing activities	-45,611	-45,865	-46,433	-2,915	-2,931	-2,968
Net decrease/increase in cash	-18,417	14,497	9,012	-1,177	927	576
Cash at beginning of period	20,199	11,187	11,187	1,291	715	715
Cash at end of period	1,782	25,684	20,199	114	1,642	1,291
Net decrease/increase in cash	-18,417	14,497	9,012	-1,177	927	576

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands)

	EEK			EUR		
	January - September 2002	January - September 2001 Adjusted **	2001 Adjusted *	January - September 2002	January - September 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	44,485	56,246	55,052	2,843	3,595	3,518
Total equity	356,996	358,102	356,908	22,816	22,887	22,810

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

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

Notes to the consolidated financial statements

Note 1. Accounting policies

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

Change in accounting policies

In line with 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 were 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 deposits receivable and increased tangible assets (by the net book value of the kegs) and deposits payable. 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 nine months of 2001 by EEK 421,000 (EUR 27,000).

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.

ADJUSTMENT OF BALANCE SHEET ACCOUNTS

(In thousands)

	EEK		EUR	
	30.9.2001	31.12.2001	30.9.2001	31.12.2001
Trade receivables	-967	-1,029	-62	-66
Inventories	-3,387	-3,326	-216	-213
Tangible assets	3,619	3,484	231	223
ASSETS	-735	-871	-47	-56
Trade payables	1,259	1,259	80	80
Profit for the period	-421	-557	-27	-36
Accumulated profits	-1,573	-1,573	-100	-100
LIABILITIES AND EQUITY	-735	-871	-47	-56

The balance sheet as of 31 September 2001 has also been adjusted on account of a change in the valuation of finished goods inventories, which was introduced at the end of 2001. The adjustment reduced the balance of inventories and the profit for the period by EEK 186,000 (EUR 12,000).

Note 2. Trade receivables

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Due from customers	29,108	29,031	1,860	1,855
Allowance for doubtful receivables	-686	-354	-44	-23
Write-off of irrecoverable receivables	534	45	34	3
Collection of formerly expensed items	-36	-20	-2	-1
Total	28,920	28,702	1,848	1,834

The ratio of irrecoverable receivables expensed within the first nine months to net sales was 0.09 percent. The largest expensed items were due from Baltic Food Eesti AS and Dagab Baltic Eesti AS.

Note 3. Other receivables and prepayments

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Prepaid taxes	2,477		158	
Other short-term receivables	1,359	218	87	14
Other prepaid expenses	2,567	977	164	62
Total	6,403	1 195	409	76

Note 4. Inventories

Only the parent company has inventories.

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Materials	30,792	30,560	1,968	1,953
Work in progress	8,612	8,438	550	539
Finished goods	7,997	8,107	511	518
Merchandise purchased for resale	42,928	34,815	2,744	2,225
Prepayments to suppliers	1,626	2,296	104	147
Total	91,955	84,216	5,877	5,382

Note 5. Long-term financial investments

Only the parent company has long-term financial investments.

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Shares in AS Rocca al Mare Suurhall	3,300	3,300	211	211
Bonds issued by AS Rocca al Mare Suurhall	12,717	12,300	813	786
Total	16,017	15,600	1,024	997

Note 6. Long-term receivables

The balance of EEK 120,000 (EUR 8,000) is made up of 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	
	30.9.2002	30.9.2001	30.9.2002	30.9.2001
Net book value of tangible assets	219,528	230,721	14,030	14,746
Leased assets	3,336	5,323	213	340
Prepayments for tangible assets	1,085		69	
Investments in progress	42,582	13,294	2,722	850
Total	266,531	249,338	17,034	15,936

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

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

Asset group	At 31.12.2001		2002			At 30.9.2002		
	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		1,361	3,449	116,496	26,204	90,292
Plant and equipment	211,017	121,630	13,202	21	17,216	224,198	138,832	85,366
Motor vehicles	9,177	4,830	876	543	1,090	9,510	5,558	3,952
IT equipment	3,171	2,035	1,360	171	657	4,360	2,521	1,839
Other equipment	61,178	27,276	5,581		7,886	66,759	35,162	31,597
Kegs	5,614	2,130	444		443	6,058	2,573	3,485
Land	2,997					2,997		2,997
Total	411,011	181,765	21,463	2,096	30,741	430,378	210,850	219,528
Intangible assets	877	130	232		219	1,109	349	760

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

Asset group	At 31.12.2001		2002			At 30.9.2002		
	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		87	221	7,445	1,677	5,768
Plant and equipment	13,486	7,774	844	1	1,100	14,329	8,873	5,456
Motor vehicles	587	309	56	35	70	608	355	253
IT equipment	203	130	87	11	42	279	161	118
Other equipment	3,910	1,743	357		504	4,267	2,247	2,020
Kegs	359	136	28		28	387	164	223
Land	192					192		192
Total	26,269	11,617	1,372	134	1,965	27,507	13,477	14,030
Intangible assets	56	8	15		14	71	22	49

Note 8. Debt obligations

Only the parent company has finance and operating lease agreements.

The period's operating lease payments for motor vehicles and production equipment totalled EEK 1,190,000 (EUR 76,000) and EEK 269,000 (EUR 17,000) respectively. The parent has 22 operating lease agreements on motor vehicles and 2 on production equipment.

In addition, motor vehicles are used under 37 finance lease agreements. Finance lease liabilities and payments break down as follows:

(In thousands)	EEK		EUR	
	30.9.2002	30.9.2001	30.9.2002	30.9.2001
Acquisition cost	6,222	7,988	397	510
Accumulated depreciation	2,886	2,665	184	170
Finance lease liability	3,537	5,497	226	351
incl. payable within a year	1,412	1,602	90	102
incl. payable within more than a year	2,125	3,895	136	249

Due to termination of agreements in the first nine months of 2002, the acquisition cost and accumulated depreciation of leased vehicles have decreased by EEK 1,607,000 (EUR 103,000) and EEK 1,231,000 (EUR 79,000) respectively. Nine months' depreciation amounts to EEK 1,285,000 (EUR 82,000). The period's finance lease payments totalled EEK 1,625,000 (EUR 103,000), including interest payments of EEK 411,000 (EUR 26,000). Contractual interest rates range from 7.0 - 10.5 percent.

Note 9. Tax liabilities

Only the parent company has tax liabilities.

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Alcohol excise tax	10,865	9,594	694	613
Value-added tax	1,656	3,492	106	224
Social tax	912	858	58	55
Personal income tax	597	550	38	35
Income tax on fringe benefits, non-business and entertainment expenses	850	79	55	5
Unemployment insurance tax, funded pension premiums	56		4	
Total	14,936	14,573	955	932

Note 10. Net sales

PRODUCTS AND SERVICES

(In thousands)	EEK		EUR	
	30.9.2002	30.9.2001	30.9.2002	30.9.2001
Saku beers	293,431	284,758	18,754	18,199
Imported beers	8,236	3,652	526	234
Saku mineral water	1,460	1,570	93	100
Imported mineral water	16,112	17,899	1,030	1,144
Other Saku alcoholic beverages	10,328	8,785	660	562
Imported soft drinks	15,368	13,349	982	853
Other imported alcoholic beverages		237		15
Bottles, crates, pallets	261,293	251,710	16,700	16,087
By-products	798	828	51	53
Services	3,364	1,624	215	104
Other goods	1,437	1,990	92	127
Total	611,827	586,402	39,103	37,478

SALES BY MARKETS

(In thousands)	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Estonia	580,186	559,392	37,081	35,752
Exports (Lithuania, Latvia, Finland, the USA, Japan)	31,641	27,010	2,022	1,726
Total	611,827	586,402	39,103	37,478

Note 11. Transactions with related parties

Purchases by Saku Brewery Ltd from:

(In thousands)	EEK		EUR	
	First 9 months of 2002	First 9 months of 2001	First 9 months of 2002	First 9 months of 2001
A/O Aldaris	13,438	13,347	859	853
AB Svyturys-Utenos Alus	5,688		364	
Baltic Beverages Holding AB	4,197	2,713	268	173
Baltic Beverages Eesti AS	3			
Total	23,326	16,060	1,491	1,026

Sales by Saku Brewery Ltd to:

(In thousands)	EEK		EUR	
	First 9 months of 2002	First 9 months of 2001	First 9 months of 2002	First 9 months of 2001
A/O Aldaris	1,018	1,592	65	102
AB Svyturys-Utenos Alus	20,790	15,077	1,329	963
Baltic Beverages Eesti AS	77	76	5	5
Total	21,885	16,745	1,399	1,070

Related parties include companies of Baltic Beverages Holding AB group (BBH). Transactions with related parties were 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 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Gains on sale of non-current assets	1,513	209	97	13
Income on receivables	28	1	2	
Receipt of interest on arrears	10	23		1
Receipt of insurance indemnification	302	105	19	7
Exchange gain	121	231	8	15
Total	1,974	569	126	36

Note 13. Expenses

(In thousands)	EEK		EUR	
	Group	Group	Group	Group
	30.9.2002	30.9.2001	30.9.2002	30.9.2001
Materials	45,097	41,516	2,882	2,653
Ancillary materials	46,631	42,284	2,980	2,703
Bottles, crates, pallets	261,935	252,351	16,741	16,128
Imported beverages	20,489	18,419	1,310	1,177
Other	18,007	18,464	1,151	1,180
Total materials, consumables and supplies	392,159	373,034	25,064	23,841
Advertising	39,239	29,141	2,507	1,863
Transportation and vehicle expenses	28,276	26,887	1,807	1,718
Waste disposal	5,346	5,449	342	348
Renovation of buildings and equipment repair	6,258	5,475	400	350
Other services	11,861	11,474	758	733
Other expenses	9,896	8,478	633	542
Total other operating expenses	100,876	86,904	6,447	5,554
Wages and salaries	30,510	27,133	1,950	1,734
Social tax	10,299	9,156	658	585
Unemployment insurance tax	142		9	
Total personnel expenses	40,951	36,289	2,617	2,319
Sponsoring, entertainment expenses, expenses not related to core production	4,133	4,050	264	259
Interest on arrears paid	82	30	5	2
Exchange loss	301	332	20	21
Total other expenses	4,516	4,412	289	282

Note 14. Financial income and expenses

(In thousands)	EEK		EUR	
	Group	Group	Group	Group
	30.9.2002	30.9.2001	30.9.2002	30.9.2001
Interest income	121	240	8	15
Exchange gain		10		1
Total financial income	121	250	8	16
Interest expense	1,314	1,182	84	75
Exchange loss	4	55		4
Expenses relating to shares in the subsidiary		25		2
Total financial expenses	1,318	1,262	84	81

Note 15. Earnings per share

	EEK		EUR	
	Group 30.9.2002	Group 30.9.2001	Group 30.9.2002	Group 30.9.2001
Net profit (EEK, thousands)	44,485	56,246	2,843	3,595
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	5.56	7.03	0.36	0.45
Diluted earnings per share	5.56	7.03	0.36	0.45

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 nine 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 financial statements were authorised for issue have been properly recognised and disclosed;
- Saku Brewery Ltd is a going concern.

Note 17. Review of operations and results

Saku Brewery Ltd ended the first nine months of 2002 with net sales of EEK 611.8 million (EUR 39.1 million), an increase of 4.3 percent or EEK 586.4 million (EUR 37.5 million) on the corresponding period of 2001.

Sales increased in all product groups but the best results were attained with self-produced beers, whose sales grew 3 percent compared to the first nine months of 2001.

We sold 39.2 million litres of beer, retaining the position of the largest domestic beer producer. Sales of self-produced beers increased 2 percent on the first nine months of 2001 although in contrast to the third quarter of the previous year all Estonian breweries had the capacities required for high season.

By the end of September, total sales of beverages reached 44.8 million litres, a 3 percent improvement on the figure achieved a year ago. Exports to Finland, Lithuania, Latvia and also to the United States and Japan accounted for 9 percent of the overall result. The main export articles were Saku Originaal, Saku Porter, cider and mineral water.

In August we entered the domestic gin long drink market with a 0.5-litre canned product, which in terms of size is unique in the market.

Sales results complied with expectations and followed a rising trend in all product groups. Saku Brewery is the market leader. According to the Estonian Breweries

Association, in the first nine months of the year we held 48 percent of the Estonian beer market. In October, the share reached to 51 percent.

According to Brand Track 2002, a survey conducted by EMOR, Saku Originaal is the most favoured beer brand in Estonia.

The results of EMOR's survey, which was conducted in March, June and September 2002, indicate that the share of Estonian beer consumers who consider Saku Originaal their favourite beer brand has increased: 21 percent of the respondents named Saku Originaal as their favoured beer brand. The third place were claimed by Saku Brewery's second basic line brand Rock (9%).

Saku Brewery's net profit for the first nine months amounted to EEK 44.5 million (EUR 2.8 million); EEK 18.4 million (EUR 1.2 million) of this was earned in the third quarter. The corresponding figure for 2001 was EEK 56.2 million.

Net profit declined compared to the same period in 2001 due to long term investments in brand development and beer and mineral water packaging development. Marketing and production-related investments were directed at maintaining a strong leading position in the local beer market. A leading position in the local market ensures long term profitability, which is the company's overall objective.

The period's investments in non-current assets totalled EEK 50.5 million (EUR 3.2 million). The largest amounts were directed at ensuring and improving quality and efficiency. We launched improvements to bottling and canning lines, and implemented new multipack and lab equipment.

To attain a balance between growth and profitability, we are changing the budgeting process and the level of responsibility for budget management. The changes are supported by motivating the staff with a systematic application of value-driven assessment principles and results-driven management.

FINANCIAL RATIOS (GROUP)	January- September 2002	January- September 2001
Operating margin (operating profit / total revenue)	7.4%	9.7%
Net margin (net profit / total revenue)	7.2%	9.5%
Return on assets (net profit / average total assets)	10.9%	14.2%
Return on equity (net profit / average equity)	12.5%	15.9%
Non-current asset turnover ratio (total revenue / average non-current assets)	2.2	2.3
Total assets turnover ratio (total revenue / average total assets)	1.5	1.5

Saku Brewery Ltd