

**SAKU BREWERY LTD
INTERIM FINANCIAL STATEMENTS
FIRST NINE MONTHS OF 2003**

**The core activities of Saku Brewery Ltd:
production, wholesale and retail distribution,
and import and export of low-alcohol beverages,
mineral water and soft drinks**

**Beginning of financial year: 1 January
End of financial year: 31 December**

**Auditors: Andres Root, Andris Jegers
KPMG Estonia**

Status of the statements: unaudited

**SAKU BREWERY LTD:
Commercial Register number 10030278
Saku alevik, Saku vald, Harjumaa 75501
Telephone: 650 8400
Fax: 650 8401
Email: saku@pruul.ee
Internet homepage: www.saku.ee**

The activities of Saku Brewery Ltd are managed by a four-member management board. The CEO is Cardo Remmel.

SAKU BREWERY LTD
INTERIM FINANCIAL STATEMENTS
FIRST NINE MONTHS OF 2003

Contents

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

1. Financial statements

BALANCE SHEET

(In thousands)	EEK			EUR		
	30.9.2003	30.9.2002	31.12.2002	30.9.2003	30.9.2002	31.12.2002
ASSETS						
Cash and bank	21,036	1,692	3,296	1,344	109	211
Trade receivables (Note 2)	32,642	28,696	29,051	2,086	1,834	1,857
Other receivables and prepayments (Note 3)	13,026	6,613	2,645	833	422	169
Inventories (Note 4)	98,562	91,955	90,917	6,299	5,877	5,811
TOTAL CURRENT ASSETS	165,266	128,956	125,909	10,562	8,242	8,048
Non-current assets						
Long-term financial investments (Note 5)	15,999	16,117	16,000	1,023	1,030	1,023
Long-term receivables (Note 6)	54	120	98	4	8	6
Tangible assets (Notes 7, 8)	234,861	266,531	260,597	15,010	17,034	16,655
Intangible assets (Note 7)	863	760	1,147	55	49	73
TOTAL NON-CURRENT ASSETS	251,777	283,528	277,842	16,092	18,121	17,757
TOTAL ASSETS	417,043	412,484	403,751	26,654	26,363	25,805
LIABILITIES AND EQUITY						
Current liabilities						
Debt obligations (Note 8)	1,057	9,140	7,154	68	584	457
Trade payables	19,046	23,574	22,150	1,217	1,507	1,417
Payables to the parent and group companies (Note 11)	918		282	59		18
Tax liabilities (Note 9)	14,874	14,936	12,376	951	955	791
Payables to employees	3,761	4,331	4,607	240	277	294
Other accrued expenses	9,975	1,382	3,463	638	88	222
Provisions	2,190		676	140		43
TOTAL CURRENT LIABILITIES	51,821	53,363	50,708	3,313	3,411	3,242
Non-current liabilities						
Non-convertible debt (Note 8)	631	2,125	1,711	40	136	109
TOTAL NON-CURRENT LIABILITIES	631	2,125	1,711	40	136	109
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	179,262	180,441	180,441	11,456	11,532	11,532
Profit for the period	53,259	44,485	38,821	3,404	2,843	2,481
TOTAL EQUITY	364,591	356,996	351,332	23,301	22,816	22,454
TOTAL LIABILITIES AND EQUITY	417,043	412,484	403,751	26,654	26,363	25,805

INCOME STATEMENT

(In thousands)

	EEK			EUR		
	January- September 2003	January- September 2002	2002	January- September 2003	January- September 2002	2002
Revenue						
Net sales (Note 10)	597,016	611,827	768,445	38,156	39,103	49,113
Change in work in progress and finished goods inventories	6,748	2,628	-964	432	168	-62
Other revenue (Note 12)	396	1,970	2,416	25	126	154
Total revenue	604,160	616,425	769,897	38,613	39,397	49,205
Expenses (Note 13)						
Materials, consumables and supplies	375,020	392,159	493,747	23,968	25,064	31,556
Other operating expenses	91,268	100,872	132,724	5,833	6,447	8,483
Personnel expenses	38,105	40,951	53,872	2,435	2,617	3,443
Depreciation	34,330	32,245	43,410	2,194	2,061	2,774
Other expenses	3,439	4,516	5,932	220	289	379
Total expenses	542,162	570,743	729,685	34,650	36,478	46,635
OPERATING PROFIT	61,998	45,682	40,212	3,963	2,919	2,570
Financial income (Note 14)	192	121	125	12	8	8
Financial expenses (Note 14)	1,249	1,318	1,516	80	84	97
PROFIT FOR THE PERIOD BEFORE TAXES	60,941	44,485	38,821	3,895	2,843	2,481
Income tax expense	7,682			491		
NET PROFIT FOR THE PERIOD	53,259	44,485	38,821	3,404	2,843	2,481
Basic earnings per share (Note 15)	6.66	5.56	4.85	0.43	0.36	0.31
Diluted earnings per share (Note 15)	6.66	5.56	4.85	0.43	0.36	0.31

INCOME STATEMENT (QUARTERLY)

(In thousands)

	EEK		EUR	
	Quarter 3 2003	Quarter 3 2002	Quarter 3 2003	Quarter 3 2002
Revenue				
Net sales	243,065	239,447	15,534	15,304
Change in work in progress and finished goods inventories	477	-543	31	-35
Other revenue	74	1,511	5	96
Total revenue	243,616	240,415	15,570	15,365
Expenses				
Materials, consumables and supplies	148,555	155,989	9,494	9,970
Other operating expenses	31,527	39,042	2,015	2,495
Personnel expenses	12,803	14,642	818	936
Depreciation	11,280	10,931	721	699
Other expenses	2,412	1,006	154	64
Total expenses	206,577	221,610	13,202	14,164
OPERATING PROFIT	37,039	18,805	2,368	1,201
Financial income (Note 14)	141	16	9	1
Financial expenses (Note 14)	369	453	24	29
PROFIT FOR THE THIRD QUARTER BEFORE TAXES	36,811	18,368	2,353	1,173
Income tax expense				
NET PROFIT FOR THE THIRD QUARTER	36,811	18,368	2,353	1,173
Basic earnings per share	4.60	2.30	0.29	0.15
Diluted earnings per share	4.60	2.30	0.29	0.15

CASH FLOW STATEMENT

(In thousands)

	EEK			EUR		
	January- September 2003	January- September 2002	2002	January- September 2003	January- September 2002	2002
Profit before taxes	60,941	44,485	38,821	3,895	2,843	2,481
Income tax expense	-7,682			-491		
Depreciation	34,330	32,245	43,410	2,194	2,061	2,774
Result of non-current asset sales and write-off	1,489	-1,513	-1,560	95	-97	-99
Total	89,078	75,217	80,671	5,693	4,807	5,156
Change in the value of short-term financial investments	1	3,907	3,907		250	250
Change in inventories	-7,645	-15,191	-14,153	-488	-970	-904
Change in receivables	-13,972	-4,142	-529	-893	-265	-34
Change in current liabilities	1,389	14,492	11,916	89	926	762
Redemption of bonds (Note 5)		1,283	1,400		82	89
Total	-20,227	349	2,541	-1,292	23	163
Net cash from operating activities	68,851	75,566	83,212	4,401	4,830	5,319
Investing activities						
Acquisition of non-current assets	-10,383	-50,464	-56,297	-664	-3,225	-3,598
Sales of non-current assets at sales price	123	1,955	2,024	9	125	129
Change in long-term receivables	44	66	88	2	4	6
Net cash used in investing activities	-10,216	-48,443	-54,185	-653	-3,096	-3,463
Financing activities						
Distribution of dividends	-40,000	-40,000	-40,000	-2,557	-2,557	-2,557
Income tax paid on dividends		-4,397	-4,397		-281	-281
Settlement of finance lease liabilities	-1,135	-1,625	-2,031	-73	-103	-130
Settlement of finance lease interest	240	411	517	15	26	33
Net cash used in financing activities	-40,895	-45,611	-45,911	-2,615	-2,915	-2,935
Net increase/decrease in cash	17,740	-18,488	-16,884	1,133	-1,181	-1,079
Cash at beginning of period	3,296	20,180	20,180	211	1,290	1,290
Cash at end of period	21,036	1,692	3,296	1,344	109	211
Net increase/decrease in cash	17,740	-18,488	-16,884	1,133	-1,181	-1,079

STATEMENT OF CHANGES IN EQUITY

(In thousands)

	EEK			EUR		
	January- September 2003	January- September 2002	2002	January- September 2003	January- September 2002	2002
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	219,262	224,838	224,838	14,013	14,370	14,370
Dividend distribution	-40,000	-40,000	-40,000	-2,557	-2,557	-2,557
Dividend tax		-4,397	-4,397		-281	-281
Accumulated profits						
at end of period	179,262	180,441	180,441	11,456	11,532	11,532
Net profit for the period	53,259	44,485	38,821	3,404	2,843	2,481
Total equity	364,591	356,996	351,332	23,301	22,816	22,454

Notes to the financial statements**Note 1. Accounting policies**

The interim financial statements for the first nine months of 2003 have been prepared in accordance with the same accounting policies that were applied in the preparation of the annual financial statements for 2002.

Note 2. Trade receivables

(In thousands)	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Due from customers	33,547	28,884	2,144	1,846
Allowance for doubtful receivables	-1,342	-686	-86	-44
Write-off of irrecoverable items	466	534	30	34
Collection of formerly expensed items	-29	-36	-2	-2
Total	32,642	28,696	2,086	1,834

Note 3. Other receivables and prepayments

(In thousands)	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Receivable from group companies	6,592	210	421	13
Other short-term receivables	2,490	2,477	159	158
Prepaid VAT	1,419	1,359	91	87
Other prepaid expenses	2,525	2,567	162	164
Total	13,026	6,613	833	422

Note 4. Inventories

(In thousands)	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Materials	28,219	30,792	1,803	1,968
Work in progress	7,579	8,612	484	550
Finished goods	12,186	7,997	779	511
Merchandise purchased for resale	49,865	42,928	3,187	2,744
Prepayments to suppliers	713	1,626	46	104
Total	98,562	91,955	6,299	5,877

Note 5. Long-term financial investments

(In thousands)	Number of shares and bonds 31.12.2002	Acquisition cost	Redemption/ change in value	Acquisition cost	Interest (%)
		EEK (EUR) 31.12.2002	EEK (EUR) 2003	EEK (EUR) 30.9.2003	
Saku Keldri OÜ	1 share	100 (6)	-1 (0)	99 (6)	100
AS Rocca al Mare Suurhall	22 registered B shares	3,300 (211)		3,300 (211)	0.01
AS Rocca al Mare Suurhall	126 registered bonds of one type	12,600 (806)		12,600 (806)	
Total		16,000 (1,023)	-1 (0)	15,999 (1,023)	

On 30 September 2003 the equity and share capital of the subsidiary Saku Keldri OÜ amounted to EEK 99,000 (EUR 6,000) and EEK 100,000 (EUR 6,000) respectively. As it has been decided that Saku Keldri OÜ should be liquidated in 2003 and its balance sheet volume is 0.02% of that of Saku Brewery Ltd, i.e. below the statutory consolidation requirement, the accounts of Saku Keldri OÜ have not been consolidated with those of Saku Brewery Ltd.

Saku Brewery Ltd has 22 B shares in and 126 bonds issued by AS Rocca al Mare Suurhall. The par value of a share is EEK 100 (EUR 6) and the par value of a bond is EEK 100,000 (EUR 6,000). The shares were acquired with a premium of EEK 149,900 (EUR 9,580) per share. The bonds were acquired and are carried at par value.

The shares grant the company the right to use and transfer one box in the complex, subject to agreed terms and conditions. The shares do not entitle the holder to a dividend.

The bonds were issued for a special purpose and are non-interest bearing. They are to be redeemed within ten years, beginning from one year of the implementation of the recreational complex. The bonds will be redeemed at par value, at the rate of one tenth of the aggregate per year. The decrease in the acquisition cost of the bonds, which will occur over time, is compensated for by a ten-year co-operation agreement. According to the agreement, the complex will bear the name Saku Suurhall and will grant Saku Brewery extensive sales and advertising rights. To hedge the credit risk of the bonds, all agreements relating to the investment include a clause, which states that if ownership of the complex changes, the agreement will transfer to the new owner under the same terms and conditions.

Note 6. Long-term receivables

Long-term receivables of EEK 54,000 (EUR 4,000) comprise receivables from one company for sale of assets under an instalment plan.

Note 7. Tangible and intangible assets

TANGIBLE ASSETS

(In thousands)

	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Carrying amount of tangible assets	228,207	219,528	14,585	14,030
Leased assets	1,508	3,336	96	213
Prepayments for tangible assets	417	1,085	27	69
Investments in progress	4,729	42,582	302	2,722
Total	234,861	266,531	15,010	17,034

Tangible assets include bar furniture, which has been let under the terms of operating lease to support HoReCa sales. The acquisition cost of the furniture amounts to EEK 3,506,000 (EUR 224,000), and carrying amount as of 30 September 2003 stood at EEK 2,171,000 (EUR 139,000). Operating lease income for the first nine months of 2003 amounted to EEK 41,000 (EUR 3,000).

On 30 September 2003, kegs of EEK 2,261,000 (EUR 145,000) were deposited with customers.

Movements in non-current assets in the first nine months of 2003 (EEK, thousands)

Asset group	31.12.2002		2003			30.9.2003		
	Acquisition cost	Depreciation	Recognised at acquisition cost	Acquisition cost of items sold, written down and written off	Depreciation of the period	Acquisition cost	Depreciation	Carrying amount
Tangible assets								
Buildings and constructions	117,337	27,476	13,211	2,529	3,605	128,019	30,138	97,881
Plant and equipment	251,073	138,307	2,245		17,134	253,318	155,441	97,877
Motor vehicles	9,375	5,949		433	1,319	8,942	6,859	2,083
IT equipment	3,685	2,105	330	46	729	3,969	2,788	1,181
Other equipment	66,329	37,348	3,940	99	9,746	70,170	47,050	23,120
Kegs	6,058	2,725			454	6,058	3,179	2,879
Land	2,990		196			3,186		3,186
Total	456,847	213,910	19,922	3,107	32,987	473,662	245,455	228,207
Intangible assets	1,622	475	137		421	1,759	896	863

Movements in non-current assets in the first nine months of 2003 (EUR, thousands)

Asset group	31.12.2002		2003			30.9.2003		
	Acquisition cost	Depreciation	Recognised at acquisition cost	Acquisition cost of items sold, written down and written off	Depreciation of the period	Acquisition cost	Depreciation	Carrying amount
Tangible assets								
Buildings and constructions	7,499	1,756	844	162	230	8,181	1,925	6,256
Plant and equipment	16,045	8,838	143		1,095	16,188	9,933	6,255
Motor vehicles	600	381		28	84	572	439	133
IT equipment	236	135	21	3	47	254	179	75
Other equipment	4,239	2,387	252	6	623	4,485	3,008	1,477
Kegs	387	174			29	387	203	184
Land	192		13			205		205
Total	29,198	13,671	1,273	199	2,108	30,272	15,687	14,585
Intangible assets	103	30	9		27	112	57	55

Note 8. Debt obligations

During the reporting period, operating lease payments for motor vehicles and production equipment totalled EEK 1,592,000 (EUR 102,000) and EEK 612,000 (EUR 39,000) respectively. We have 31 operating lease agreements on motor vehicles and 2 on production equipment.

In addition, motor vehicles are used under 26 finance lease agreements. Finance lease liabilities and payments break down as follows:

FINANCE LEASE OF MOTOR VEHICLES

(In thousands)

	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Acquisition cost	4,748	6,222	303	397
Accumulated depreciation	3,240	2,886	207	184
Finance lease liability	1,688	3,537	108	226
Incl. payable within a year	1,057	1,412	68	90
Incl. payable within more than a year	631	2,125	40	136

Due to termination of agreements in the first nine months of 2003, the acquisition cost and accumulated depreciation of leased vehicles have decreased by EEK 1,138,000 (EUR 73,000) and EEK 730,000 (EUR 47,000) respectively. Depreciation for the period amounted to EEK 922,000 (EUR 59,000). Finance lease payments totalled EEK 1,135,000 (EUR 73,000), including interest payments of EEK 240,000 (EUR 15,000). Interest rates range from 7.0 - 10.5%.

Note 9. Tax liabilities

(In thousands)

	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Alcohol excise duty	11,370	10,865	727	694
Value-added tax	1,505	1,656	96	106
Social tax	978	912	63	58
Personal income tax	640	597	41	38
Income tax on fringe benefits, non-business and entertainment expenses	319	850	20	55
Unemployment insurance premiums	35	48	2	3
Funded pension premiums	27	8	2	1
Total	14,874	14,936	951	955

Note 10. Net sales

SALES OF PRODUCTS AND SERVICES

(In thousands)

	EEK		EUR	
	January- September	January- September	January- September	January- September
	2003	2002	2003	2002
Saku beers	299,269	293,431	19,127	18,754
Imported beers	9,555	8,236	611	526
Saku mineral water	1,266	1,460	81	93
Imported mineral water	17,862	16,112	1,141	1,030
Other Saku alcoholic beverages	25,088	10,328	1,603	660
Imported soft drinks	13,859	15,368	886	982
Bottles, crates, pallets	226,993	261,293	14,507	16,700
By-products	790	798	50	51
Services	994	3,364	64	215
Other goods	1,340	1,437	86	92
Total	597,016	611,827	38,156	39,103

SALES BY MARKETS

(In thousands)

	EEK		EUR	
	January- September	January- September	January- September	January- September
	2003	2002	2003	2002
Estonia	557,074	580,186	35,603	37,081
Exports (Lithuania, Latvia, Ukraine, Finland, the USA, and Japan)	39,942	31,641	2,553	2,022
Total	597,016	611,827	38,156	39,103

Note 11. Transactions with related parties

During the period, Saku Brewery Ltd purchased goods and services from:

(In thousands)

	EEK		EUR	
	January- September	January- September	January- September	January- September
	2003	2002	2003	2002
A/O Aldaris	10,846	13,438	693	859
AB Svyturys -Utenos Alus	2,055	5,688	131	364
Baltic Beverages Holding AB	3,955	4,197	253	268
Baltic Beverages Eesti AS	23	3	1	
Total	16,879	23,326	1,078	1,491

During the period, Saku Brewery Ltd sold goods and services to:

(In thousands)	EEK		EUR	
	January-September 2003	January-September 2002	January-September 2003	January-September 2002
A/O Aldaris	1,631	1,018	104	65
AB Svyturys-Utenos Alus	15,646	20,790	1,000	1,329
OA0 PBK Slavutich	14,715		940	
Baltic Beverages Eesti AS	80	77	5	5
Total	32,072	21,885	2,049	1,399

Receivables from related parties:

(In thousands)	EEK	EUR
	30.9.2003	30.9.2003
A/O Aldaris	491	31
AB Svyturys-Utenos Alus	1,175	75
OA0 PBK Slavutich	4,913	314
Baltic Beverages Eesti AS	13	1
Total	6,592	421

Payables to related parties:

(In thousands)	EEK	EUR
	30.9.2003	30.9.2003
A/O Aldaris	114	8
AB Svyturys-Utenos Alus	522	33
Baltic Beverages Holding AB	282	18
Total	918	59

Related parties include companies of Baltic Beverages Holding AB (BBH) group. Transactions with related parties are conducted at the group's transfer prices. Saku Brewery's sales comprise sales of finished goods and bottles and letting of premises. Purchases include purchases of goods, bottles, and management and consulting services. Payables to AB Svyturys-Utenos Alus include interest payable on a short-term loan taken under a BBH intra-group financing agreement. The interest liability amounts to EEK 8,000 (EUR 1,000).

Note 12. Other revenue

(In thousands)	EEK		EUR	
	January-September 2003	January-September 2002	January-September 2003	January-September 2002
Gains on sale of non-current assets	51	1,513	3	97
Income on receivables	15	28	1	2
Interest and interest on arrears received	6	6		
Insurance indemnification	197	302	13	19
Foreign exchange gain	75	121	5	8
Other	52		3	
Total	396	1,970	25	126

Note 13. Expenses

(In thousands)	EEK		EUR	
	January-September 2003	January-September 2002	January-September 2003	January-September 2002
Materials	46,416	45,097	2,967	2,882
Ancillary materials	59,458	46,631	3,800	2,980
Bottles, crates and pallets	227,411	261,935	14,534	16,741
Imported beverages	19,484	20,489	1,245	1,310
Other	22,251	18,007	1,422	1,151
Total materials, consumables and supplies	375,020	392,159	23,968	25,064
Advertising	35,162	39,239	2,247	2,507
Transportation and vehicle expenses	26,583	28,276	1,699	1,807
Waste disposal	4,704	5,346	301	342
Renovation of buildings and equipment repair	2,763	6,258	176	400
Other services	13,830	11,857	884	758
Other expenses	8,226	9,896	526	633
Total other operating expenses	91,268	100,872	5,833	6,447
Wages and salaries	28,343	30,510	1,811	1,950
Social tax	9,636	10,299	616	658
Unemployment insurance premiums	126	142	8	9
Total personnel expenses	38,105	40,951	2,435	2,617
Losses on non-current asset sale and write-off	1,592		102	
Sponsoring, entertainment expenses and expenses not related to the core production	1,614	4,133	103	264
Interest and interest on arrears paid	14	82	1	5
Foreign exchange loss	219	301	14	20
Total other expenses	3,439	4,516	220	289

Note 14. Financial income and expenses

(In thousands)

	EEK		EUR	
	January- September 2003	January- September 2002	January- September 2003	January- September 2002
Interest income	192	121	12	8
Total financial income	192	121	12	8
Interest expense	1,000	1,314	64	84
Foreign exchange loss	68	4	4	
Change in the value of financial investments	181		12	
Total financial expenses	1,249	1,318	80	84

Note 15. Earnings per share

	EEK		EUR	
	30.9.2003	30.9.2002	30.9.2003	30.9.2002
Net profit (in thousands)	53,259	44,485	3,404	2,843
Number of shares	8,000,000	8,000,000	8,000,000	8,000,000
Basic earnings per share	6.66	5.56	0.43	0.36
Diluted earnings per share	6.66	5.56	0.43	0.36

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 2003 as set out on pages 1 to 16 of this report, and confirms that to the best of its knowledge, information and belief:

- the accounting policies applied at the preparation of the financial statements comply with generally accepted accounting principles;
- the 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

Operating profit for the first nine months of 2003 amounted to EEK 62.0m (EUR 0.4m), an increase of EEK 16.3m (EUR 1.0m) on the EEK 45.7m (EUR 2.9m) attained a year ago and net profit amounted to EEK 53.3m (EUR 3.4m), an increase of EEK 8.8m (EUR 0.6m) on the EEK 44.5m (EUR 2.8m) earned in the first nine months of 2002.

According to Estonian Breweries Association, in the nine months the total volume of the beer market was 74,7 m litres, 3% down on the same period of 2002. The main reason was

a cold weather in the first half of the summer. According to Estonian Breweries Association Saku Brewery as the market leader had 42,7% on the local beer market. In the period increased imported beers and Viru Brewery, because of the general increase of the economy segment on the total market.

In quantitative terms, Saku Brewery Ltd sold 44,8 m litres of beverages, remained on the same level compared to the same period 2002. The company exported 13% from total sales. Beer sales amounted to 37,4 m litres, 5% decrease compared on the same period of the last year, what was caused by the shrink of the beer market.

During the period the company has expanded on the other beverages markets. Cider sales of Saku Brewery grew 78% compared to the last year., thanks to new canned products; total cider market growth was 33%. Saku Brewery's gin long drink sales increased 3,5 times compared to the last year same period. Saku Brewery entered into the market of near beer (kvas) and got 11% market share in the period August-September by AC Nielsen.

Saku Brewery Ltd ended the first nine months of 2003 with net sales of EEK 597.0m (EUR 38.2m), a decrease of EEK 14.8m (EUR 0.9m), i.e. 2.4%, on the same period last year. The decline resulted, above all, from a decrease in the sales of bottles in circulation, which dropped by EEK 34.3m (EUR 2.2m) owing to the shrinkage of the beer market and an increase in the share of one-way packaging (cans and PET packaging). Beverage sales, on the other hand, grew by a strong EEK 22.0m (EUR 1.4m), i.e. 6.4%, mostly on account of an increase in the sales of other self-produced alcoholic beverages and beers.

Expenses for the period amounted to EEK 28.6m (EUR 1.8m), a 5% decrease on the corresponding figure for 2002. Whereas the share of bottles in circulation decreased by EEK 34.5m (EUR 2.2m), the costs of ancillary materials grew by EEK 12.8m (EUR 0.8m) largely due to the shrinkage of the beer market and the increase in the use of one-way packaging. Other operating expenses, personnel expenses, depreciation and other expenses proved EEK 11.4m (EUR 0.7m) smaller than a year ago.

Cash flows for the period were EEK 36.2m (EUR 2.3m) larger than a year ago, primarily because of less extensive investment.

FINANCIAL RATIOS	January- September 2003	January- September 2002
Operating margin (operating profit / total revenue)	10.3%	7.4%
Net margin (net profit / total revenue)	8.8%	7.2%
Return on assets (net profit / average total assets)	13.0%	11.0%
Return on equity (net profit / average equity)	14.9%	12.5%
Non-current asset turnover ratio (total revenue / average non-current assets)	2.3	2.2
Total assets turnover ratio (total revenue / average total assets)	1.5	1.5