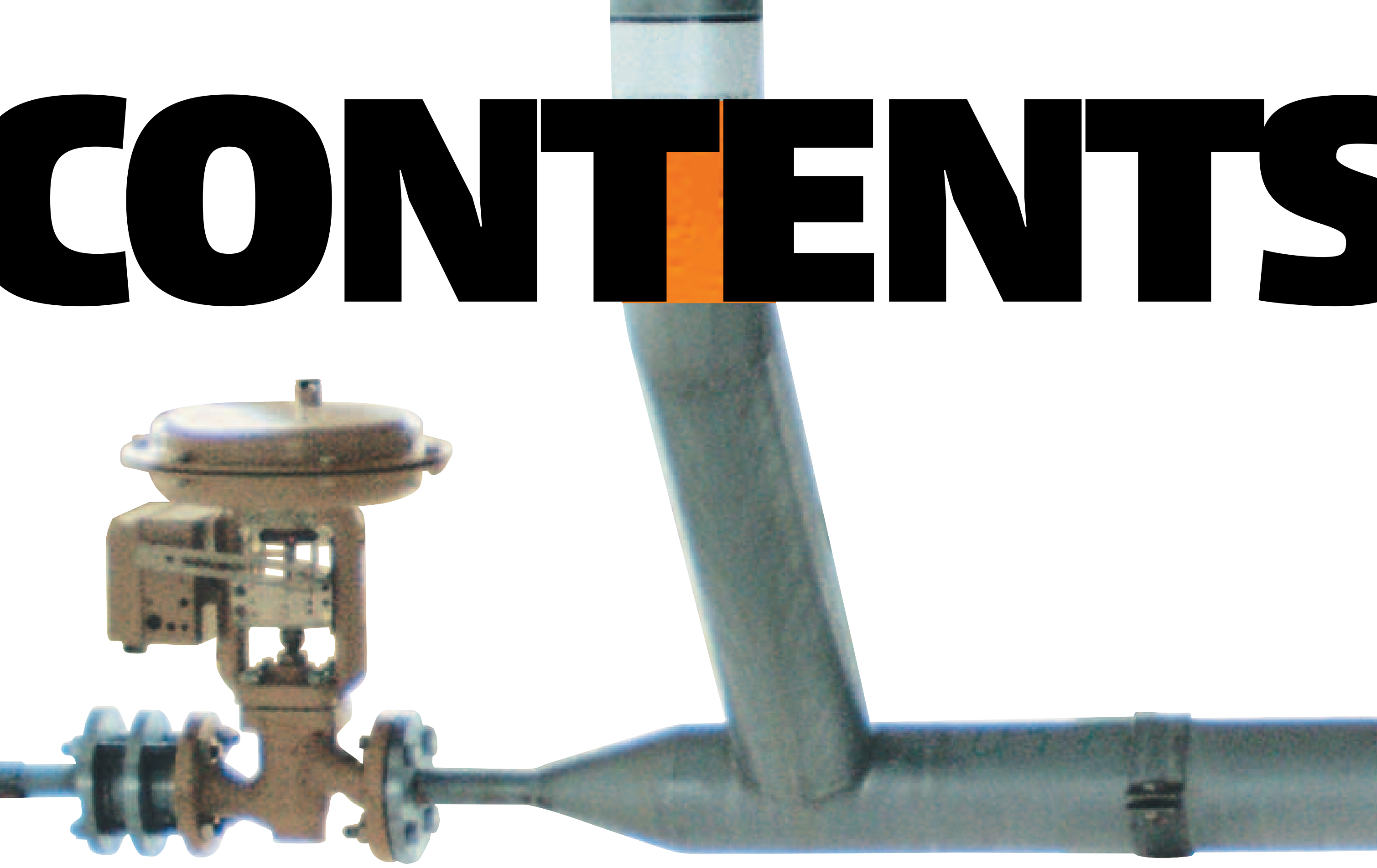
annual report

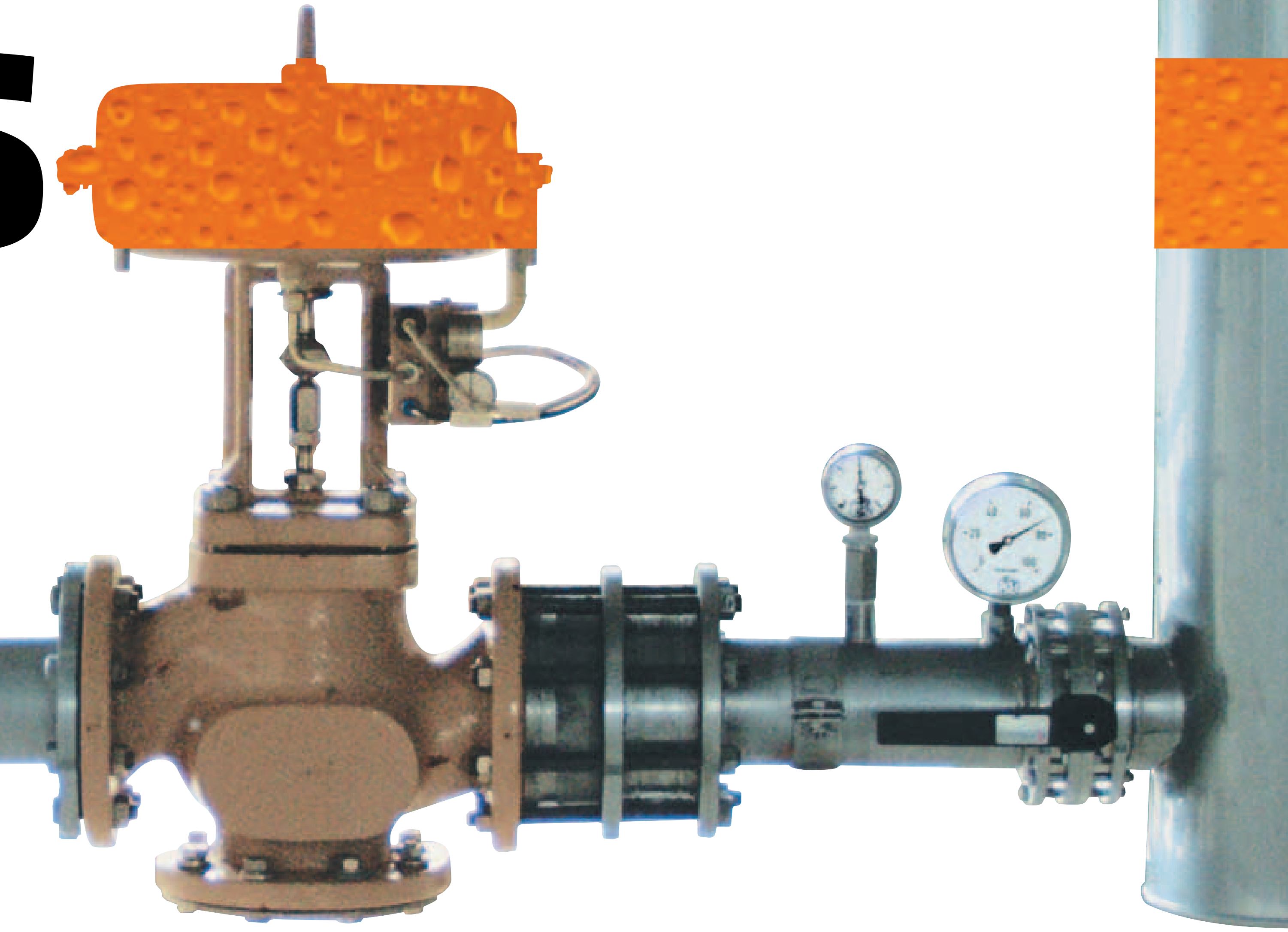
of SUN Interbrew for year 2002

look

CONTENTS



SUN Interbrew



COMPANY DESCRIPTION

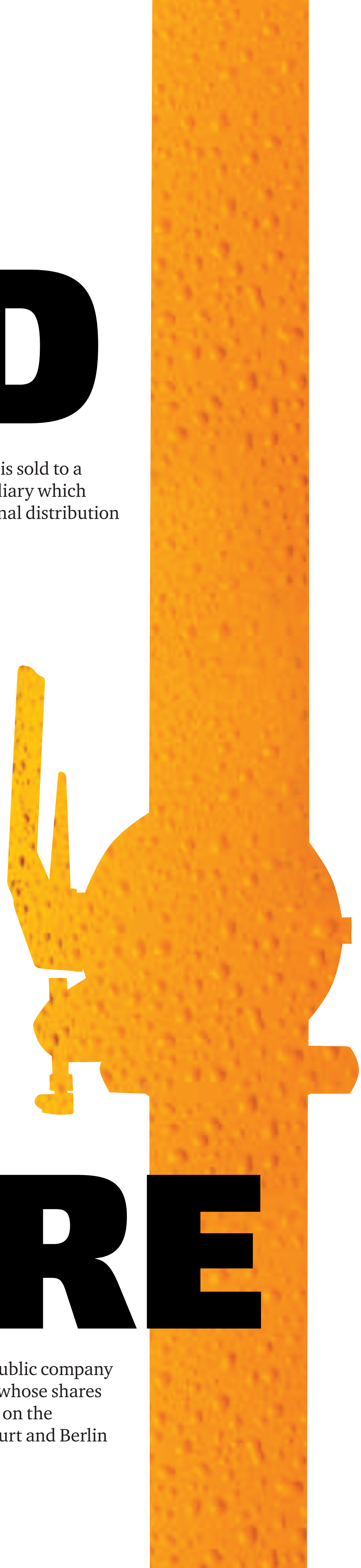
LEAD

SUN Interbrew Limited is the second largest brewer in Russia and the largest brewer in Ukraine. Our company is a strategic partnership between Interbrew, one of the largest brewers in the world, and the SUN Group, one of the leading brewers in Russia, which has operated in the region since 1992.

PRODUCE

In 2002, SUN Interbrew produced 13.7 million hectolitres of beer and soft drinks. Our main brands are Stella Artois®, Klinskoye®, Sibirskaya Korona®, Tolstiak® and Volzhanin® in Russia, and Stella Artois®, Chernigivske®, Rogan®, Taller® and Yantar® in Ukraine.

SUN Interbrew



SOLD

In both countries,
the beer we produce is sold to a wholly owned subsidiary which then organises national distribution in each country.

SHARE

SUN Interbrew is a public company registered in Jersey, whose shares are listed and traded on the Luxembourg, Frankfurt and Berlin exchanges.

KEY FIGURES

FIGURES

Financial Highlights SIL (including soft drinks)

	1999	2000	2001	2002
Total Volume, m Hl	5.1	10.1	13.0	13.6
Net Turnover per Hl, €/Hl	18.4	28.1	30.2	31.7
Gross Margin, % of Net Turnover	34%	34%	43%	42%
EBITDA, m €	13.8	61.4	89.9	74.9

Financial Highlights Russia (excluding soft drinks)

Total volume, m Hl by main brands for year 2000, 2001, 2002

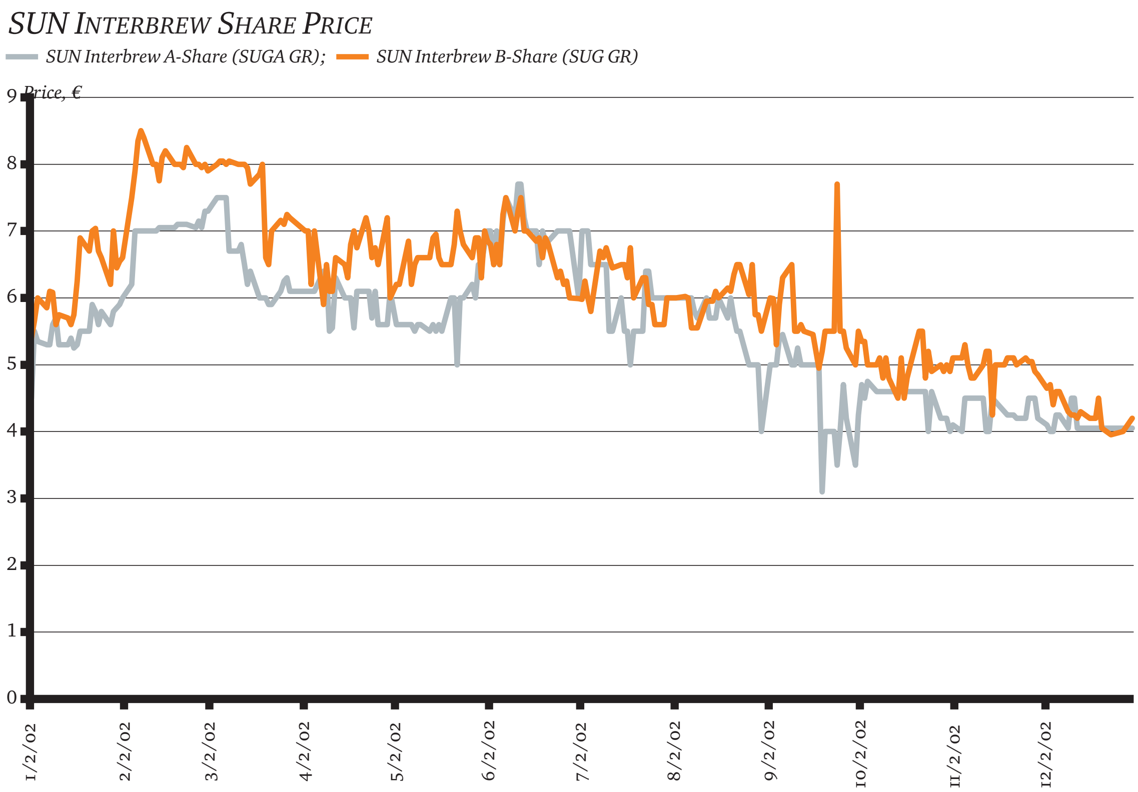
	2000	2001	2002
Brand			
Tolstiak	1.6	1.9	1.9
Klinskoye	1.9	2.5	2.6
Sibirskaya Korona	0.9	1.0	1.0
Market Share, %	14.7%	12.8%	12.1%
Net Turnover per Hl, €/Hl	29.4	35.6	38.1

Financial Highlights Ukraine (excluding soft drinks)

Total volume, m Hl by main brands for year 2000, 2001, 2002

	2000	2001	2002
Brand			
Chernigivske	0.7	1.2	1.8
Rogan	0.1	1.6	1.7
Market Share, %	19.3%	31.7%	32.2%
Net Turnover per Hl, €/Hl	23.3	26.2	27.1

GRAPHS



SUN Interbrew Share Price
SUN Interbrew A-Share (SUGA GR); SUN Interbrew B-Share (SUG GR)
Price, €
9
8
7
6
5
4
3
2
1
0
1/2/02
2/2/02
3/2/02
4/2/02
5/2/02
6/2/02
7/2/02
8/2/02
9/2/02
10/2/02
11/2/02
12/2/02

CHAIRMAN'S LETTER TO SHARE-HOLDERS

2002 AT A GLANCE

Looking back at 2002, we had a year of contrasts, with a difficult first half of the year in Russia followed by a promising turnaround through the second half, and a very good performance in Ukraine throughout the year.

Overall, we achieved some significant results, notably the consolidation of market leadership in Ukraine with our market share increasing from 31.7 to 32.2 per cent.

In Russia, we recovered market share in the second half of the year following the appointment of new management and major advances in packaging and distribution. This positive trend has continued into the first half of 2003.

In September 2002, Joe Strella was appointed Country Manager for Russia. Joe previously had a successful tenure as Country Manager for Ukraine, where he led the successful effort to establish the Ukrainian business as undisputed market leader. Subsequently, as from April 2003, Joe has been promoted to Chief Executive Officer of SUN Interbrew. In parallel, Andre Weckx has rejoined the Interbrew Group as Chief Technical Officer.

The management team in Russia was also strengthened by the appointment of some new key managers with significant experience in marketing and the supply chain.

OUR PERFORMANCE

Total beer volumes increased by 5.8 per cent to 12.5 million hectolitres for the year, with net turnover increasing 10.4 per cent to € 433 million [392 in 2001]. EBITDA declined 17 per cent to € 74.9 million for the year.

Our results were, among other things, strongly affected by the foreign currency impact from the depreciation of local currencies versus € which reduced profitability by € 27.1 million. In the fourth quarter we also decided, being prudent, to write off asset values and goodwill totaling € 6.7 million.

In Russia, we lost market share on key brands in the first half of 2002. In the second half of the year, we made significant progress in adjusting our marketing, pricing and distribution and are now well positioned to fully leverage the assets of the Russian brand portfolio.

In Ukraine, we achieved outstanding results and grew total beer sales volumes by 10.1 per cent (19.2 per cent in like for like terms, making the adjustment for the sale of the Krym brewery) to 4.4 million hectolitres. With extra capacity, we increased our market share further from our solid number one position.

In the effort to offer a full portfolio to the market, Russia introduced PET and can capacity and increased PET capacity in Ukraine. In addition to packaging capacity expansion, SUN Interbrew launched new varieties of the Klinskoye®, Sibirskaya Korona®, Tolstiak® brands in Russia and the Chernigivske®, Taller®, Rogan® brands in Ukraine. Locally brewed Stella Artois® grew significantly in both Russia and Ukraine in 2002.

AIRMAN

Company Outlook

The outlook for our businesses in both Russia and Ukraine is encouraging, with both businesses now growing market share. Both markets are seeing the proportion of sales in PET and cans growing strongly and we have made significant investments in these segments.

In Russia, all the signs indicate that the business turned the corner in 2002 in market share growth and confidence within the business is improving rapidly.

In Ukraine, we are on track for continued growth, and further consolidation of our market leadership should take place.

SUN Interbrew's target is to achieve market share growth in both of our countries along with a substantially improved financial performance in 2003 and beyond.

General Outlook

The year 2002 saw further economic growth in Russia with GDP growth at 4.2 per cent, industrial production growth at 3.7 per cent and real income growth. Russia enters 2003 with a strong macroeconomic stability: continued moderate economic growth, gradually declining inflation, constantly increasing consumer purchasing power. The improvement of Russian economy in the last four years positions Russia as a stable, less volatile emerging market, with favourable economic conditions, despite 2003 being an election year.

In Ukraine, real GDP and industrial production grew at 4.1 per cent and 7 per cent, respectively, in 2002, Economic growth is expected to remain strong in the coming years, however, such economic growth will to some extent depend on the government's success in carrying out its administrative and tax reform programme, thus creating incentives for capital investment.

SUN Interbrew is confident about the continued business prospects for our company in Russia and Ukraine, and we look forward to converting such prospects into the creation of value for our company and its shareholders.

Nand Khemka
Chairman


BFV11.00.21

CEO REVIEW

SUN Interbrew in 2002

Whilst 2002 was a challenging and somewhat disappointing year for SUN Interbrew, we can look back at a number of significant achievements, particularly in the second half. We consolidated market leadership in Ukraine with our share increasing from 31.7 per cent to 32.2 per cent, adjusting for the sale of the Krym brewery, and enjoyed excellent growth in our main brands. In Russia, we achieved a recovery of our market share during the second half of 2002 from 11.8 per cent to 12.5 per cent, a trend that has continued into the first and second quarters of 2003. This recovery was driven mainly by the successful launch of two PET lines in May and two can lines in June-July, which significantly strengthened our market position in these fast-growing segments in Russia.

To strengthen our overall productivity and distribution, we made important appointments of supply chain managers in Russia. We have also strengthened our marketing team in Ukraine.

Overall, SUN Interbrew's volumes increased by 5 per cent to 13.7 million hectolitres in 2002.

Innovations

In 2002, SUN Interbrew invested substantially in innovation and set up a solid basis for growth for the coming years. We launched a Klinskoye® Extra variety available as of October in bottles and cans. In December we launched Tolstiak® in a one liter PET bottle, as well as the new Klinskoye® Redkoye variety in 0.5 litre bottles and cans. In Ukraine we introduced a one-litre PET bottle for Chernigivske® Bile which was launched in September. PET continues to be a major area of development at SUN Interbrew, with the introduction of a radically new bottle for Klinskoye® in February 2003—PIVOPACK®.

Reduction in Cost Base

We achieved substantial fixed cost reductions during the year, and particularly in the last quarter in Russia, ensuring a lower fixed cost base going into 2003.

Selling, marketing and distribution costs in the final quarter were € 29.7 million and marketing and commercial costs totaled € 17.9 million. The average distribution cost per hectolitre was € 4.1, a decrease of 6.8 per cent compared to the fourth quarter of 2001.

Total sales and marketing costs for the year were € 69 million, which represents 16 per cent of net turnover.

General and administration costs were consistently reduced throughout the year, with costs for the fourth quarter at € 2.8 million being lower than for the same quarter in 2001. The total general and administration costs for 2002 were € 31.3 million, a 5.4 per cent increase over 2001. If the one-time costs of restructuring incurred in the first quarter are removed, the G&A costs would have been below 2001.

CEO

Cross Brewing

In Russia, we further developed cross brewing of the national brands Tolstiak®, Klinskoye® and Sibirskaya Korona®. In 2002, all our national brands were cross-brewed at several of our breweries, thereby increasing flexibility in production and reducing transportation costs.
The implementation of cross brewing has reduced the average cost of distribution per hectolitre in Russia by € 1 or 20 per cent from € 4.98 per Hl in January 2002 to € 3.98 per Hl in December 2002.
In Ukraine, cross brewing enabled us to significantly increase our output and minimize out of stock situations.

Malting Initiatives

2002 saw the first, very promising results of the RusMalt initiative introduced in 2000/2001. We are now producing high quality malt in 6 malteries throughout Russia. This high quality malt covers 70 per cent of our requirements in Russia.

Joseph W. Strella
Chief Executive Officer

Russia

Total sales volumes in Russia increased by 2.5 per cent to 8.2 million hectolitres in 2002 versus 8 million hectolitres in 2001.
Sales per hectolitre were affected by the strength of € as can be seen as follows:

Beer Sales per Hl, €

	Q1	Q2	Q3	Q4
2001	31.5	34.8	37.4	37.7
2002	**37.9**	**40.0**	**37.5**	**36.7**

For the year as a whole, the average market share fell from 12.8 per cent in 2001 to 12.1 per cent in 2002.
Following the investment in PET and cans, however, market share in the second half of 2002 grew to 12.5 per cent, from 11.8 per cent in the first half. The first half results in 2003 indicate a continuation of this trend.
The key drivers of the second half growth were PET and cans, particularly PET growth in our Eastern Region.
Tolstiak® and our regional brands were sold in PET as capacity became available.
Sales of Klinskoye® in 2002 were impacted by the lack of TV advertising in the key summer months. A new campaign started before this year's summer season.
Sibirskaya Korona® lost some share in its home market during its repositioning from a regional to a national brand. This is now being recovered, with further upgrades to the brand planned for 2003.
In November, we appointed Mikhail Maximenko as Vice President of Supply Chain to strengthen the distribution team and focus on efficiency over this extensive market.
Our marketing team has also been reinforced with the appointment of Alok Kumar as Vice President of Marketing to drive effective, consumer focused, brand campaigns.

Innovation Highlights

› Launch of Petr Veliky in St Petersburg

Petr Veliky is a premium lager brand brewed with highest quality water and pure malt. The specifications of the new beer brand, such as 12 per cent gravity, 5 per cent alcohol content, non-returnable euro bottle packaging, meet the perceptions of St. Petersburg citizens of the ideal taste and design and is exclusively sold in St. Petersburg.

› Development of PIVOPACK®

Through 2002, we have been working on a revolutionary new PET packaging that would ensure longer shelf life and would be suitable for our premium beers. We conducted a series of trials and tests which proved that beer in PIVOPACK®, due to its unique features, protects the freshness, quality and superior taste of premium beers. The Russian State Institute of Beer Industry, the leading Russian organization that controls beer quality standards, did an independent evaluation. The result of comparative tasting by the Institute's specialists confirmed that beer in PIVOPACK® is of the same quality as beer in a glass bottle.
PIVOPACK® was officially launched in February 2003. It is based on a breakthrough, cost-optimised, single layer barrier enhanced resin technology. Its excellent barrier properties offer an outstanding protection against oxygen and light, whilst keeping the carbonation inside the bottle.
By March 2003, all our premium beers are bottled and sold in PIVOPACK®.

Development of a specially designed proprietary bottle

In 2002, we started to develop a specific and recognizable bottle designfor our premium brands. As a result, in March-April 2003, Sibirskaya Korona® and Klinskoye® Premium were launched in a new proprietary bottle in order to improve the quality perception of these premium brands.
We are continuing to drive innovation in 2003 with the launch of Staropramen®, a new Sibirskaya Korona® wheat beer and Klinskoye® Samurai dry beer in Russia.

Sales and Distribution

Over the past two years, a major focus of our strategy for Russia has been the restructuring of our sales force and distribution systems. The new sales force is now fully installed, which will put us in a strong position to maximize beer sales in the future.
Our distribution system has been reorganized to optimize flexibility and effectiveness.
We distribute through the six main distributors in the country who give us maximum market reach.

Personnel Optimization Programme

In December 2002, we announced the implementation of a corporate restructuring and personnel optimization programme. This programme has became possible due to efficiency improvements resulting from the capital investment programme of more than € 300 million over the last three years in brewery renovations, and operational and quality control systems.

Ukraine

Sales volumes of beer in Ukraine increased from 0.7 million hectolitres in the fourth quarter of 2001 to 1.0 million hectolitres in the fourth quarter of 2002, an increase of 27.8 per cent, well ahead of the market growth in the quarter (15.9 per cent). Net turnover per Hl in Ukraine was affected by the strength of the € versus the Hryvna.

This growth was achieved through several successful initiatives.

- The aggressive growth of Chernigivske® was driven by concerted actions including the increase of PET capacity, the introduction of the Chernigivske® sub-brand Bile, which was a major pillar to the growth in the fourth quarter of 2002, and a number of successful TV commercials and promotions

Beer Sales per Hl, €

	Q1	Q2	Q3	Q4
2001	23.1	25.8	26.3	29.4
2002	**29.3**	**27.5**	**26.0**	**26.8**

We grew our market share in the full year from an already very solid number one position, with an exceptional 33.7 per cent in the second half of the year.

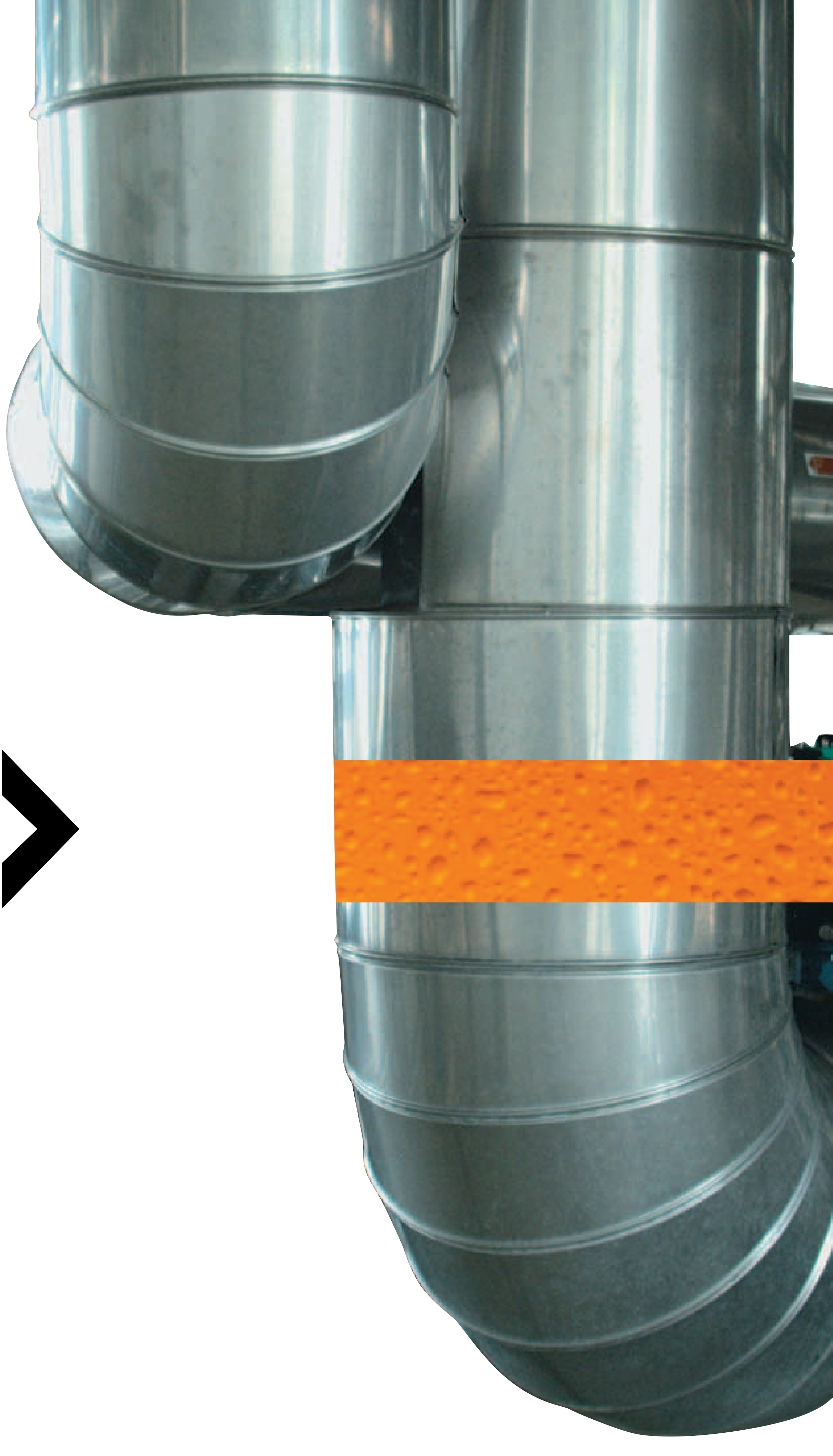
Total beer sales volumes for the year were 4.4 m Hl which is an absolute growth of 10.1 per cent, but if the adjustment is made for corporate changes (the sale of the Krym brewery), volumes increased by 19.2 per cent.

Highlights include the growth of the Chernigivske® brand by 54 per cent ; the introduction of wheat beer under the Chernigivske® brand; Taller® growth of 33 per cent partially due to the introduction of Taller® Ice; and excellent growth of Stella Artois® which is brewed locally in the Desna brewery.

- The extension of our Taller® brand by our new variant Taller® Ice

The successful re-launch of the Getman brand in the premium segment Stella Artois position in the super-premium segment was strengthened by sponsoring activities and a promotion, as well as the improved portfolio now including Stella Artois® non-alcoholic.

FINANCIAL REVIEW



SUN Interbrew

SUN Interbrew achieved total net turnover of € 433 million for 2002, an increase of 10.4 per cent compared to 2001. Earnings before interest and tax, depreciation and amortization (EBITDA) amounted to € 74.9 million, representing a decrease of 17 per cent versus € 90.2 million in the previous year. The operational gross margin showed a slight increase of 1.3 per cent to 43.4 per cent. Total beer volumes were up 5.8 per cent to 12.5 million hectolitres, versus 11.8 million hectolitres in 2001. Excluding currency effects, we achieved significant organic growth in 2002 versus 2001. We increased EBITDA by 13.0 per cent, with EBIT up 14.3 per cent, and our net income increased by 40.6 per cent.

Exceptional Items

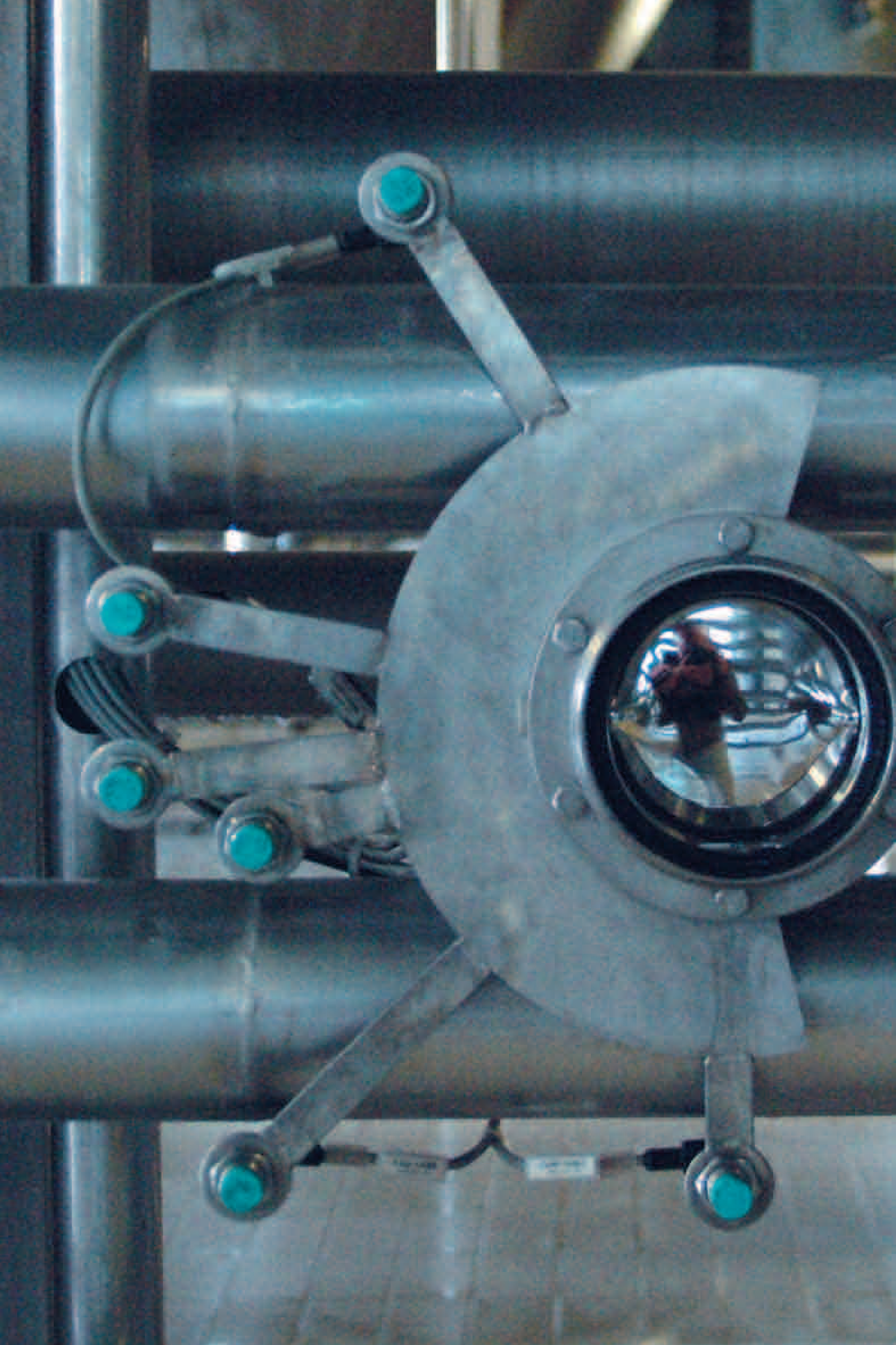
Following a review of overall market projections and the future cash flow generated by certain fixed assets we decided, being prudent, to write off the goodwill generated on the acquisition of the Bavaria Brewery in St. Petersburg. In addition, following substantial investment in modern bottling lines over the last three years, plus the market growth of PET and can packaging formats, certain older bottling lines have been written off. Furthermore, certain other assets whose future cash generation was in doubt have been written off. The total of these write-offs was € 6.7 million.

Evolution of the headline numbers in 2002:

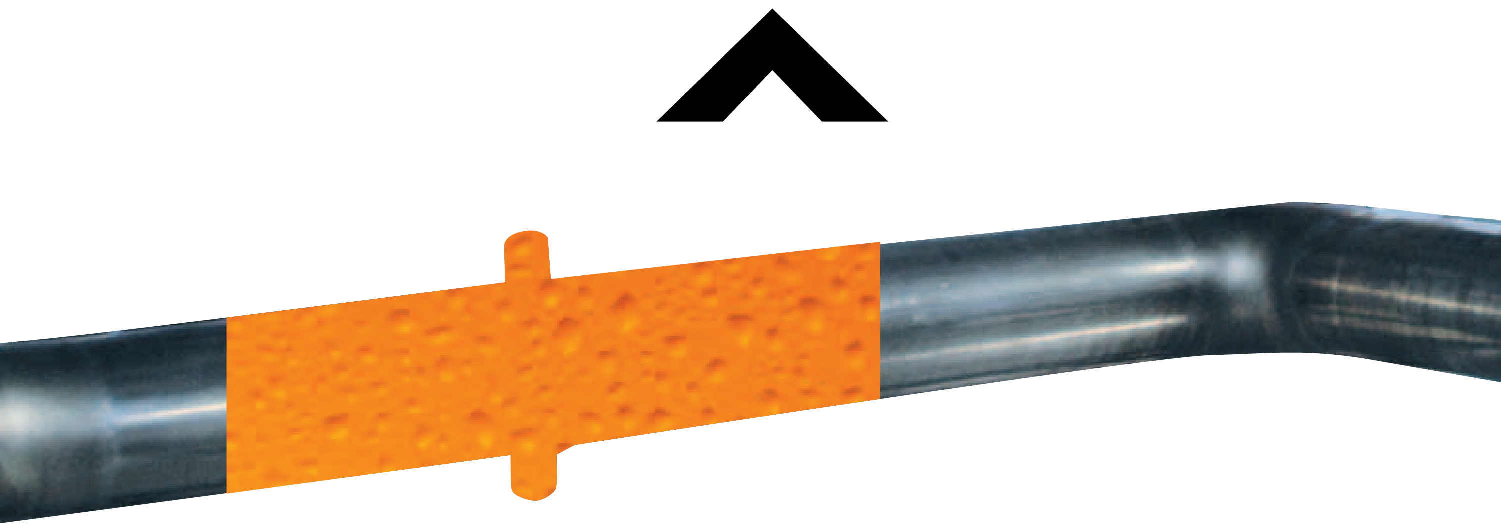
	2001	Corporate changes *(disposal of Krym)*	Organic Growth	Write-off	Forex Impact	**2002**
EBITDA	90.2		11.7		(27.1)	**74.9**
EBIT	47.5	(1.4)	6.8	(3.8)	(27.1)	**21.9**
Net Income	**22.4**	**(1.4)**	**9.1**	**(6.7)**	**(27.1)**	**(3.6)**

The headline results for 2002 were adversely affected by the foreign currency impact from the depreciation of local currencies versus the Euro, which reduced profitability by € 27.1 million.

Gross margins, excluding write-offs, increased despite the negative foreign currency impact. EBITDA margins were impacted by the investment in commercial and marketing activities, which were maintained at planned levels despite the disappointing sales volume performance. Improvements in working capital have resulted in a substantial improvement in net cash generated by operating activities. In 2002, this amounted to € 52.7 million versus € 7.6 million in 2001.



CORPORATE GOVERNANCE



RUN

The Company follows the Interbrew Code of ethical Conduct and Company's internal regulations with clearly defined roles and responsibilities for the Board of Directors and executives of the company.

The Board of Directors decides on the company's strategy and is the ultimate decision making-body, except for the powers reserved to the shareholders' meeting by law, or by the charter. Major decisions that are taken by the Board are appointments of the Chief Executive and members of the executive management, acquisitions, budget, etc.

The Board of Directors is assisted by two Committees, with a strong representation of independent directors.

- The Compensation Committee consists of 3 members including independent directors to the Company.
- Audit Committee consists of 3 members including independent directors to the Company.

Company strategy is coordinated by a small Executive Committee consisting of one representative from each of major shareholders. Currently it is Shiv Khemka of SUN Group of Companies and Stefan Descheemaeker of Interbrew*.

Appointment of new independent directors – Mr Khamzat Khazbulatov, President of McDonalds, Russia, was elected to the Board of Directors.
Mr Khazbulatov has an inside view of business development in Russia he has gained when established the first fast food restaurant in Moscow and later developed the McDonalds infrastructure in the country. He has a unique background of building and managing a Western company on the FSU territory and has good positioning in both international and domestic business communities. As an independent SUN Interbrew director, he will bring to the Board his expertise and first-hand knowledge of running a consumer goods business in Russia.

* –This reflects the changes that were announced on 28th March 2003.

CORPORATE SOCIAL RESPONSIBILITY

Corporate standards

Within the Interbrew Code of Conduct, SUN Interbrew is committed to conducting all of its business activities in a socially responsible manner. This involves ensuring the protection of our employees, stakeholders, customers and the environment.

Occupational health and safety and environmental and social considerations are among the highest priorities for SUN Interbrew and are integrated into all workplace activities and business decisions.

SUN Interbrew is a long-term business partner in Russia and Ukraine where we employ around 9000 people in total.

Socially responsible marketing

SUN Interbrew acts in accordance with Interbrew's Code of Marketing and Communications Standards which ensures that our beer marketing is directed only at those above the legal drinking age and is carried out with sufficient regard so as not to encourage excessive or irresponsible consumption.

The code is mandatory for all our operations throughout the country and applies to advertising, sponsorship, outdoor events, promotions, etc.

Where we operate, we work closely with the local authorities to achieve support for our requirements (energy, water, gas) and security for our investment as well as give our support to the life of the local communities.

Social partnership initiatives—"We will live here!"

We strive for participation in the life of cities and regions where our breweries are located. In 2002 we launched the long-term social initiative "We will live here!", which aims to help citizens make life in their hometowns more pleasant and comfortable.

The initiative integrates our employees with the local communities through voluntary work of cleaning the public areas like parks, industrial areas and streets around the cities; a "Best Yard 2002" competition in autumn; and the opening of ice skating rinks during the Christmas week. The program has enjoyed the full support of the local authorities and has developed into a genuine movement where local people participate in the life of their home cities.

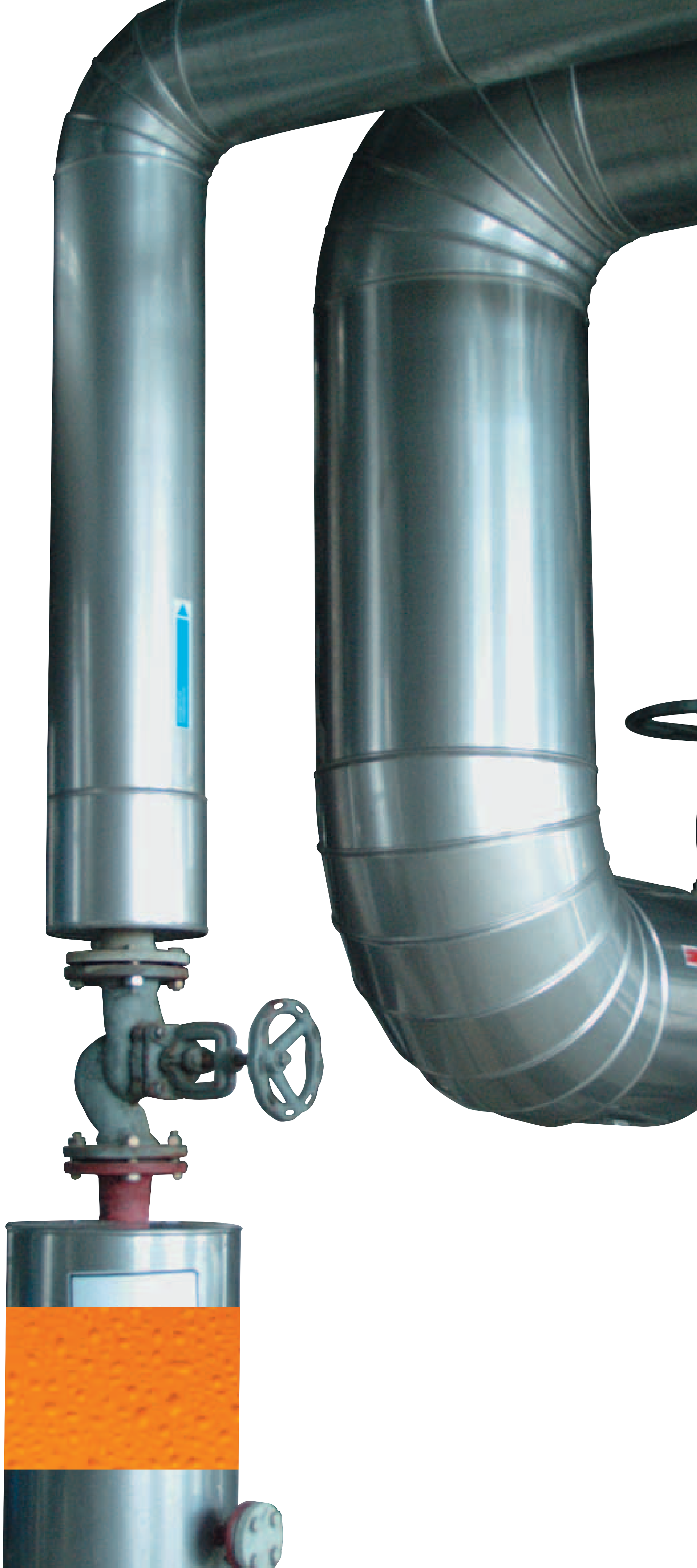
"We will live here!" continues in 2003, with spring, summer and autumn initiatives already lined up.

SUPPORT

Charity and Sponsorship

SUN Interbrew actively promotes arts and culture. SUN Interbrew provided financial support to the museum of the great Russian composer Chaikovsky in Klin and organized an exhibition in the Perm Opera and Ballet Theatre devoted to his life and music. Other sponsorship projects include supporting various sports teams and donating money and significant equipment to a few medical institutions, like mammography and tomography equipment as well as an X-Ray room for a medical center in the Moscow region.

We also provided funds to the Plyossky State Nature Reserve (Nature Park) in the Ivanovo Region.



MANAGEMENT

Chief Executive Officer

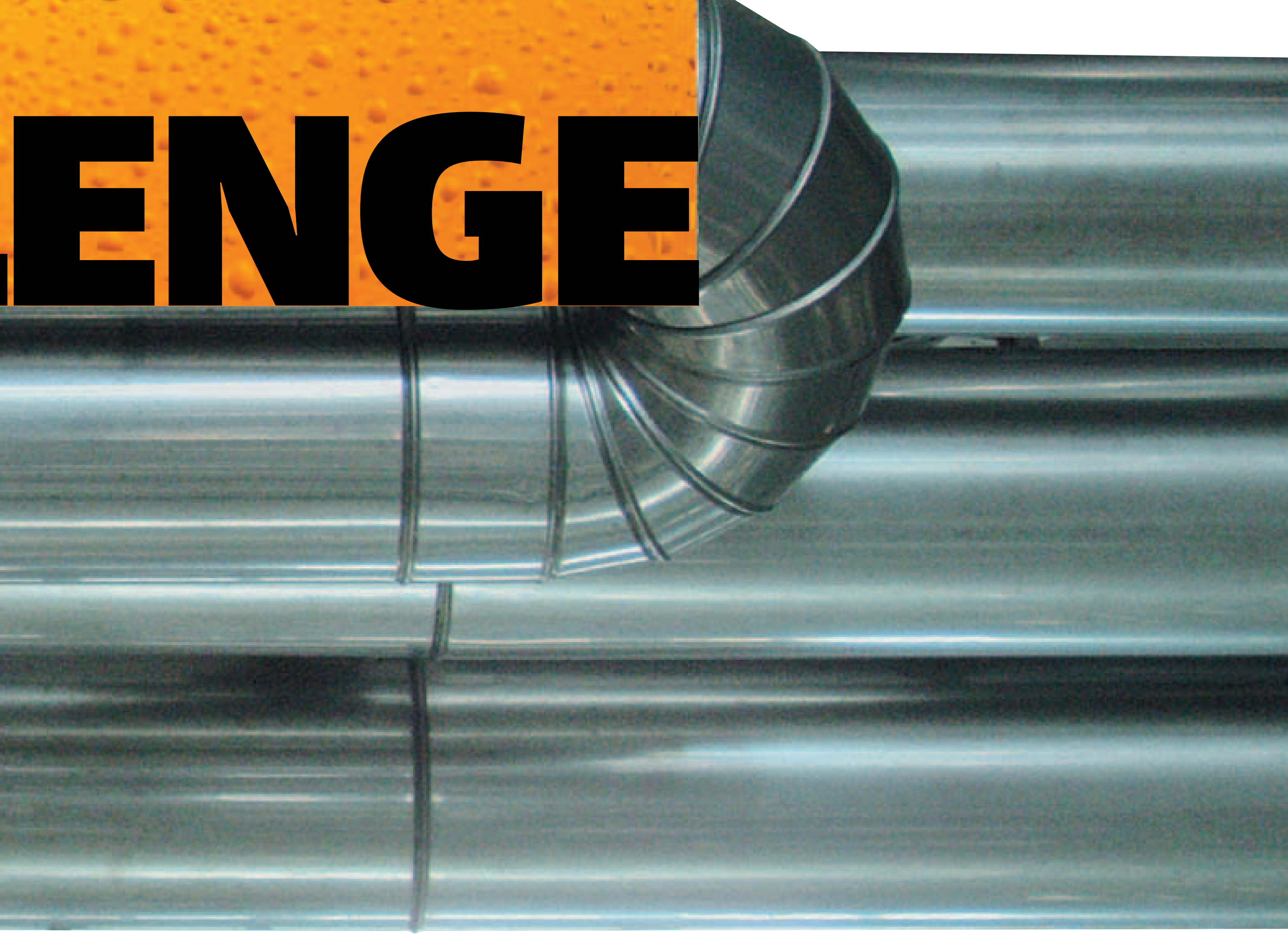
Joseph W. Strella *

Board of Directors

Nand Khemka
Chairman

Khamzat Khazbulatov
Stéfan Descheemaeker
Shiv Khemka
Uday Khemka
Christopher Lloyd
Luc Missorten
Fred Packard
Georges Soenen
Andre Weckx

SUN Interbrew



Management Committee for Russia**:

Joseph W. Strella
General Manager

Alan Hibbert
Chief Financial Officer SIL

Alok Kumar
VP Marketing

Torsten Huebner
Ruslan Ilyasov
Irina Kibina
Ian Ross
Mikhail Maximenko
Oleg Moubarakshin
Andreas Seemüller
Henk van Gelderen
Eugene Zabawa

Management Committee for Ukraine:

Ludmila Nakonechnaya
General Manager

Oksana Komarnitskaya
Daniel Gary
Valeriy Bazhov
Julia Pilipenko
Dirck Smits van Oyen
Vadim Virchenko
Anatoliy Pustovarov
Valeriya Voronetskaya
Volodymyr Shkred

*–This reflects the changes that were announced on 28th March 2003.
**–As of 31st December 2002

FINANCIAL STATEMENTS

11 Gogolevsky Boulevard, Moscow 119019, Russia
Tel. +7 (095) 937 4477, Fax +7 (095) 937 4400/99
www.kpmg.ru

Independent Auditor's Report

To the Board of Directors and Shareholders
of SUN Interbrew Limited and subsidiaries

We have audited the accompanying consolidated balance sheets of SUN Interbrew Limited and subsidiaries (the "Company") as of December 31, 2002 and 2001 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the SUN Interbrew Limited and subsidiaries as of December 31, 2002 and December 31, 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG Limited.

KPMG Limited Moscow,
Russian Federation
27 March 2003

SUN Interbrew Limited and Subsidiaries

Consolidated Statements of Operations

For the Years Ended December 31, 2002 and 2001

(€ in thousands, except per share amounts)

	2002	2001
Net Sales	432 971	392 246
Cost of goods sold	(251 940)	(223 132)
Gross Margin	**181 031**	**169 114**
Selling, marketing and distribution expenses	(126 659)	(84 222)
General and administrative expenses	(31 328)	(29 711)
Operating Income	**23 044**	**55 181**
Other Income (Expense)		
Interest income	112	1 381
Interest expense	(8 645)	(4 168)
Foreign exchange loss	(9 522)	(6 270)
Gain from disposal of equity investment	-	1 443
Other – net	(3 486)	(5 371)
Net other expense	**(21 541)**	**(12 985)**
Income before income taxes and minority interest	1 503	42 196
Income taxes	(3 136)	(17 733)
(Loss) Income before minority interest	**(1 633)**	**24 463**
Minority interest	(1 983)	(2 030)
Net (Loss) Income	**(3 616)**	**22 433**
Basic (Loss) Earnings per Share	(0.03)	0.21
Diluted (Loss) Earnings per Share	(0.03)	0.21

SUN Interbrew Limited and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2002 and 2001

(€ in thousands)

	2002	2001
ASSETS		
Current Assets		
Cash and cash equivalents	7 828	9 477
Accounts receivable, net	20 162	25 650
Inventories	66 707	73 565
Deferred tax assets	6 585	1 578
Other current assets	40 071	36 242
Total Current Assets	**141 353**	**146 512**
Plant and equipment, net	401 217	354 658
Intangible assets, net	3 578	5 802
Goodwill	26 334	26 649
Long-term deferred tax assets	9 316	5 483
Other long-term assets, net	5 945	13 095
Total Assets	**587 743**	**552 199**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	35 688	26 980
Taxes payable	6 313	2 728
Deferred tax liabilities	2 329	1 075
Accrued expenses	3 772	8 211
Short-term obligations	154 289	91 959
Total Current Liabilities	**202 391**	**130 953**
Long-term deferred tax liabilities	8 086	8 084
Other long-term liabilities	467	104
Total Liabilities	**210 944**	**139 141**
Minority interests in equity of subsidiaries	33 289	51 124
Shareholders' Equity		
Class A Shares, one pence par; authorized 125,278,614 shares; issued 81,094,119 shares	1 304	1 304
Class B Shares, one pence par; authorized 30,000,000 shares; issued 27,796,220 shares	387	387
Additional paid-in capital	319 308	319 308
Retained earnings	37 319	40 935
Accumulated other comprehensive loss	(14 808)	-
Total Shareholders' Equity	**343 510**	**361 934**
Total Liabilities and Shareholders' Equity	**587 743**	**552 199**

SUN Interbrew Limited and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2002 and 2001

(€ in thousands)

	2002	2001
Operating Activities		
Net (Loss) Income	(3 616)	22 433
Adjustments to reconcile net (loss)/ income to net cash provided by operations:		
Depreciation	51 245	40 061
Minority interest	1 983	2 030
Deferred taxes	(5 182)	(670)
Allowance for doubtful accounts	(1 501)	1 217
Other non-cash items	436	5 339
Changes in working capital:		
Accounts receivable	4 901	(16 293)
Inventories	7 017	(11 373)
Other current assets	2 678	(10 023)
Taxes payable	(699)	(18 630)
Accounts payable	(946)	(7 356)
Accrued expenses	(3 643)	818
Net cash provided by operating activities	**52 673**	7 553
Investing Activities		
Purchase of intangible assets and plant and equipment (net of proceeds from disposal)	(115 202)	(103 389)
Acquisitions of additional shares in subsidiaries	(5 128)	(4 734)
Disposal of equity investment	-	13 769
Net cash used in investing activities	**(120 330)**	**(94 354)**
Financing Activities		
Proceeds from loans taken – related parties	-	7 149
Proceeds from loans	66 008	44 464
Net cash provided by financing activities	**66 008**	**51 613**
Decrease in cash and cash equivalents	(1 649)	(35 188)
Cash and cash equivalents, beginning of year	9 477	44 665
Cash and cash equivalents, end of year	**7 828**	**9 477**
Cash paid during the year for:		
Interest	8 114	1 355
Income taxes	9 954	25 916

SUN Interbrew Limited and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2001 and 2002

(€ in thousands)

	Share Capital Class "A" Shares	Share Capital Class "B" Shares	Additional Paid-in Capital	Retained Earnings	Other comprehensive loss	Total
Balances at January 1, 2001	1 304	387	319 308	18 502	-	339 501
Net income	-	-	-	22 433	-	22 433
Balances at December 31, 2001	**1 304**	**387**	**319 308**	**40 935**	**-**	**361 934**
Net Loss	-		-	(3 616)	-	(3 616)
Unrealized loss from foreign currency translation	-	-	-	-	(14 808)	(14 808)
Balances at December 31, 2002	**1 304**	**387**	**319 308**	**37 319**	**(14 808)**	**343 510**

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2002 and 2001

1. Description of Business

SUN Interbrew Limited (the "Company") is incorporated in Jersey, Channel Islands, and has through holding companies incorporated in Jersey, the Netherlands and on Cyprus a controlling interest in 11 breweries and 2 distribution companies ("referred to collectively as the Group"). The Group manufactures, markets and distributes beer, malt and soft drinks primarily in the Russian Federation ("Russia") and Ukraine.

The Company's voting shares (Class "B") are 34% owned and controlled by S.U.N. Trade (International) Limited (together with its affiliates, "STI") and 34% owned and controlled by Interbrew S.A. (together with its affiliates, "Interbrew"). The remainder of the voting shares is widely circulated.

The Company's non-voting shares (Class "A") are owned and controlled by Interbrew, with an interest of 77% and STI, with an interest of 12% as of December 31, 2002. The remainder of the non-voting shares is widely circulated.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America ("US GAAP").

The majority-owned subsidiaries incorporated under the laws of the Russian Federation and Ukraine (the "Russian subsidiaries" and "Ukrainian subsidiaries") maintain accounting records and prepare their financial statements in Russian roubles and Ukrainian hryvnas in accordance with the requirements of Russian and Ukrainian accounting and tax legislation. The accompanying financial statements differ from the financial statements prepared for statutory purposes in Russia and Ukraine in that they reflect certain adjustments not recorded in the accounting books of the Russian or Ukrainian subsidiaries, which are appropriate to present the financial position, results of operations and cash flows in accordance with US GAAP.

Principles of Consolidation

The consolidated financial statements include the accounts of majority-owned subsidiaries (except as described below). All significant intercompany transactions have been eliminated.

The Group records its ownership in affiliated companies where the Group believes it does not have significant influence at cost. The Group has recorded its majority interest in Yekaterinburg Brewing Company Limited ("YBC") at cost less impairment loss due to its conclusion that it does not control the assets, nor has the ability to exercise authority and influence over YBC.

During year 2002, the Group increased its stake in five breweries by acquiring shares from the minority shareholders. The most significant acquisitions are: Desna Brewery by 16.26%, Rosar Brewery by 13.87% and Povolzhie Brewery by 13.16%.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The recoverability of the

Group's assets, as well as the future operation of the Group, may be significantly affected by the current and future economic environment. The consolidated financial statements do not include any adjustments should the Group be unable to continue as a going concern.

Foreign Currency Translation

The Group follows a translation policy in accordance with Statement on Financial Accounting Standards No. 52, "Foreign Currency Translation" ("SFAS 52").

Under this standard, the Russian entities of the Group are operating in a hyperinflation economy, and should use a stabile currency as the functional currency. All financial statements of the Russian subsidiaries are translated into euro using the re-measurement method. Monetary assets and liabilities are translated into the reporting currency at the rate as of the balance sheet date. Non-monetary balance sheet amounts are translated at the rate prevailing on the date of the transaction. Revenue and expenses are translated at the monthly average rate for the month in which such transactions occurred.

The economy of Ukraine is no longer considered hyperinflationary, and the Group has applied the Ukrainian hryvna as the functional currency for its Ukrainian entities starting from January 1, 2002. The euro balance sheet items as of January 1, 2002 are translated to hryvna using the exchange rate at the balance sheet date to arrive the opening balances in hryvna. Financial statements of the Ukrainian subsidiaries are translated into euro using the current rate method. Assets and liabilities are translated into the reporting currency at the rate as of the balance sheet date. Revenue and expenses are translated at the monthly average rate for the month in which such transactions occurred. Shareholders' equity is translated using historical rate. Translation gains and losses are reported in other comprehensive loss and accumulated and reported as a separate component in Shareholders' equity.

Exchange rates of local Russia and Ukraine currencies (Rouble "RUR" and Hryvna "UAH" respectively) to euro have changed from 26.49 RUR and 4.67 UAH for € 1 respectively at December 31, 2001 to 33.11 RUR and 5.53 UAH for € 1 respectively at December 31, 2002. The 2002 average exchange rate was € 1=RUR 29.65 and € 1=UAH 5.03.

The Russian rouble and Ukrainian hryvna are not fully convertible currencies outside of the territory of the Russia and Ukraine. Accordingly, the translation of amounts recorded in these currencies into euro should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into euro at the exchange rate shown or at any other exchange rates.

Cash and Cash Equivalents

The Group's cash at December 31, 2002 and 2001 consists of cash in banks and cash in transit.

Receivables

Receivables are stated at cost less allowance for doubtful accounts.

Inventories

Inventories are recorded at the lower of cost or market value, with costs determined on a first-in, first-out (FIFO) basis and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. Cost of manufactured inventories and work in progress includes an appropriate share of overheads based on normal operating capacity.

Plant and Equipment

Plant and Equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes major expenditures for improvements and replacements, which extend useful lives or increase capacity and interest costs associated with significant capital additions. Depreciation on production assets is recorded within cost of goods sold. Normal maintenance and repairs are expensed. Depreciation is computed under the straight-line method utilising estimated useful lives as follows:

Buildings	10 to 20 years
Machinery and equipment	8 to 15 years
Transportation and office equipment	3 to 10 years
Returnable packaging	5 to 10 years

Intangible Assets

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortization and are amortized on a straight-line basis over their useful lives from 3 to 4 years.

Goodwill

Prior to the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill, which represents the excess of purchase price over the fair value of net assets acquired, was amortized on a straight-line basis over the expected periods to be benefited, generally from 13 to 20 years and assessed for recoverability by determining whether the amortization of the goodwill balance over its remaining life could be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment was measured based on projected discounted future operating cash flows using a discount rate reflecting the Group's average cost of funds.

After the adoption of SFAS 142 goodwill is not amortized, but is instead tested for impairment at least annually.

Other Long-Term Assets

Investments in non-marketable securities where the Group does not exercise control or significant influence over the investee are carried at cost less allowance for any permanent diminution in value. These investments are classified as available-for-sale securities.

Impairment

Long-lived assets, such as property, plant and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Goodwill and intangible assets not subject to amortization are tested annually for impairment. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value.

A decline in the fair value of any available-for-sale security cost that is deemed to be other than temporary results in a reduction of the currying amount to fair value. The impairment is charged to the consolidated income statement and a new cost basis for the security is established.

Short-Term Obligations

Short-term obligations consist primarily of short-term loans and overdraft facilities from banks.

Revenue Recognition
Sales are recognized when products are shipped to customers.

Income Taxes
Deferred income taxes are accounted for under the liability method and reflect the tax effect of all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the accompanying consolidated financial statements. A valuation allowance is provided when management believes that it is more likely than not the deferred tax assets will not be realized.

Advertising
Advertising costs are charged to expense as incurred and amounted to € 33.3m and € 29.0m for the years ended December 31, 2002 and 2001, respectively.

Stock-Based Compensation
The Group has adopted the provisions of Statement of Financial Accounting Standards Number 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 encourages, but does not require companies to record at fair value compensation for stock-based employee compensation plans. The Group has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion Number 25, "Accounting for Stock Issued to Employees", and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. In accordance with the provisions of SFAS 123, the effect of these options as it relates to the proforma disclosures of compensation was not significant.

Basic and Diluted Earnings Per Share
Basic earnings per share is based on the weighted average number of ordinary (common) shares outstanding during the period. Diluted earnings per share is based on the weighted average number of ordinary (common) shares and ordinary (common) share equivalents (stock options and convertible shares) outstanding during the period. The effects of share equivalents are not included in the calculation of diluted earnings per share where their effects would be antidilutive.

Concentration of Credit Risk and Fair Value of Financial Instruments
Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable.

The Group places the majority of its excess cash in recognized financial institutions outside of the Russia and Ukraine and fully registered branches of international banks within Russia and Ukraine. The Group also limits the amount of credit exposure to any one institution. The Group has not experienced losses on such accounts.

The Group's customer base includes primarily beer and soft drink distributors throughout the European part of the Russia and Ukraine. The Group does not generally require collateral for its accounts receivable with its larger distributors and maintains an allowance for doubtful accounts. Such losses, in the aggregate, have not exceeded management's estimates.

The carrying amount of financial instruments, including cash and cash equivalents and short-term obligations, approximates the fair value due to the short-term maturities of these instruments.

Concentration of Business Risk

The Group's principal operating activities are within Russia and Ukraine. Laws and regulations affecting businesses operating in these countries are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

Recently Adopted Accounting Standards

Effective January 1, 2002, the Group adopted SFAS No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill existing as of the adoption date is no longer subject to periodic amortization, but annual impairment test. The Company had unamortized goodwill of € 26.6m at January 1, 2002 related to its consolidated subsidiaries. The impact of goodwill amortization expense on net income in year 2001 was € 1.7m.

Effective January 1, 2002 the Group adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," and has assessed the impact from adoption of the standard as insignificant.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation" ("SFAS 148"). The Group has adopted SFAS 148 as of December 15, 2002. The impact from adoption of the standard was insignificant.

Recently Issued Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). The Group is required to adopt SFAS 143 on January 1, 2003 and is currently assessing the impact from the adoption of the standard as insignificant.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("SFAS 145"). The Group is required to adopt SFAS 145 effective January 1, 2003 and is currently evaluating the impact.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". The provisions of this statement are to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Group is currently evaluating the impact.

3. Net Sales

Net sales for the years ended December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Beer	428,260	383,180
Soft drinks	3,619	6,559
Malt	1,092	2,507
	432,971	**392,246**

4. Accounts Receivable

Accounts receivable as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Accounts receivable	26,011	31,631
Less: allowance for doubtful accounts	5,849	5,981
Accounts receivable, net	**20,162**	**25,650**

The activity in the allowance for doubtful accounts is as follows:

	2002	2001
Allowance for doubtful accounts - beginning of the year	5,981	4,681
Additions charged to other operating expense	332	2,100
Write downs charged against the allowance	(464)	(800)
Allowance for doubtful accounts - end of year	**5,849**	**5,981**

5. Inventories

Inventories as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Raw materials	29,994	36,518
Malt (own produced)	7,849	11,480
Work-in-process	7,416	7,133
Finished goods	4,471	4,235
Other (spare parts and point of sales materials)	16,977	14,199
	66,707	**73,565**

6. Other Current Assets

Other current assets as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Advances to suppliers	8,482	7,137
Prepaid taxes	25,800	21,142
Deposits and other prepayments	5,789	7,963
	40,071	**36,242**

7. Plant and Equipment

Plant and equipment as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Buildings	76,483	84,416
Machinery and equipment	292,762	234,915
Transportation and office equipment	25,861	22,245
Packaging materials	32,937	31,766
Construction-in-progress	94,943	66,761
	522,986	**440,103**
Less: accumulated depreciation	121,769	85,445
Plant and equipment, net	**401,217**	**354,658**

Accumulated depreciation includes impairment loss of € 1.7m of two bottling lines and other assets in Russian breweries, whose future cash flows do not cover the assets value. The impairment loss is calculated as their carrying value less expected sales proceeds. The impairment loss is included in cost of goods sold.

8. Intangible Assets

Intangible Assets as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Intangible Assets	5,167	6,842
Less: accumulated depreciation	1,589	1,040
Intangible Assets, net	**3,578**	**5,802**

9. Goodwill

The changes in the carrying amount of goodwill as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Balance as of January 1, 2002 and 2001	26,649	26,261
Goodwill acquired during the year	1,829	2,065
Amortization	-	(1,677)
Impairment loss	(2,144)	-
Balance as of December 31, 2002 and 2001	**26,334**	**26,649**

Group has completed the required transitional goodwill impairment analysis for SFAS No. 142 adoption purposes and has recognized an impairment loss for the Bavaria Brewery as the future discounted cash flows do not support the carrying value of the related goodwill.

10. Other Long-Term assets

Other long-term assets as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Long term receivables	2,172	3,363
Equity securities available-for-sale	6,867	9,229
Other long-term assets	203	503
Less: impairment	(3,297)	-
Other long-term assets, net	**5,945**	**13,095**

The Group has recorded an impairment loss of € 3.3m related to its available-for-sale investments as the fair value of the investments has declined below cost.

11. Related Party Transactions

The Group has entered into various services agreements with Interbrew and STI. The services to be provided under the general services agreement include management support, general technical assistance, financial operations, publicity, marketing and various other services, which both STI and Interbrew will provide to the Group. Under the general services agreement, a fee equal to 0.875 per cent of net sales revenue, is payable by the Group to each of STI and Interbrew per annum. Additionally, the Group obtains specific services from Interbrew and STI as needed. Such services are purchased at a market rate. During 2002 and 2001, the Group had expenditures of € 13.8m and € 15.0m, respectively under these agreements.

In 2000, the Group entered into an agreement with Interbrew to obtain short-term financing of up to € 50.0m. At December 31, 2001 and 2002, the Group had drawn down € 40.6m (refer note 12). The interest rate on the loan from Interbrew was 5.2% as at December 31, 2002 (EUROIBOR plus 2%). During 2002 and 2001 interest expenses under this agreement amounted € 2.3m and € 2.7m, respectively.

12. Short-Term Obligations

Short-term obligations as of December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Short-term loans payable	108,674	48,292
Related party loans	40,641	40,641
Related party payables	2,004	495
Other short-term obligations	2,970	2,531
	154,289	**91,959**

As at December 31, 2002, the Group has credit line agreements totaling € 150m with various banks. As at December 31, 2002 an amount of € 109m has been drawn at average interest rates of 4.6% on euro denominated loans, and 15.5% on rouble denominated loans and 19.1% on UAH denominated loans. All short-term loans have variable interest rates.

13. Loans Payable and Other Long-Term Liabilities

Loans payable and Other long-term liabilities as at December 31, 2002 and 2001 consisted of the following: *(000's)*

	2002	2001
Loans payable	-	7
Benefit plans liability (see note 15)	467	97
	467	**104**

The benefit plans liability relates to pension benefit plans provided by certain breweries to employees having served a Group brewery for more than five years, which is further explained in Note 15.

14. Income Taxes

Income taxes are provided based on taxable income and the varying tax rates as required by Russia, Ukrainian, Dutch, Jersey and Cyprus tax legislations. Certain costs and expenses, including some types of employees' compensation, benefits, and interest, which are included as expenses in the consolidated statements of operations, are not deductible in determining the taxable income. The Company and certain of its subsidiaries, which are registered in Jersey, the Channel Islands, have been granted "Exempt Company" status and are exempt from Jersey income taxes. The statutory income tax rate applicable to the Russian subsidiaries for the year 2001 was 35% and 24% for the year 2002. The statutory income tax rate applicable to the Ukrainian subsidiaries remained the same and amounted to 30%. A reconciliation between income tax based on the application of the Jersey tax rate to income before taxes as set forth in the Consolidated Statements of Operations is as follows: *(000's)*

	2002	2001
Tax expense at Jersey tax rate (0%)	-	-
Effect of different tax rates in different jurisdictions:		
Effects of Russian operations	(320)	14,475
Effects of Ukraine operations	2,960	3,140
Effects of other international operations	(3,019)	(5,134)
	(379)	**12,481**
Effect of change in tax rates in Russia	-	(295)
Effect of tax losses not capitalised	-	635
Tax concessions for capital investments in Russian operations	(5,711)	(14,082)
Change in valuation allowance	(541)	426
Non taxable and non deductible expenses	9,767	18,569
Income tax expense	**3,136**	**17,733**

	2002	2001
Current tax expense	6,638	18,403
Deferred tax expense	(3,502)	(670)
Total Income tax expense	**3,136**	**17,733**

The Company did not offset deferred tax liabilities and assets attributable to different tax-paying components of the Group. As of December 31, 2002 and 2001 temporary differences that give rise to deferred tax liabilities and assets were comprised of the following: *(000's)*

	2002	2001
Deferred tax assets:		
Long term assets	9,316	5,876
Accounts receivable	903	930
Other current assets	840	3
Tax loss carry forwards	4,459	-
Accrued expenses	935	1,345
Total gross deferred tax assets	**16,453**	**8,154**
Deferred tax liabilities:		
Long term assets	(8,086)	(8,084)
Inventories	(1,061)	(573)
Advances received	(1,268)	(502)
Total gross deferred tax liabilities	**(10,415)**	**(9,159)**
Net deferred tax liability	6,038	(1,005)
Valuation allowances	(552)	(1,093)
Deferred tax asset/(liability) net of allowance	**5,486**	**(2,098)**

A valuation allowance was provided because of the uncertainty as to the recoverability of deferred tax assets in the Ukrainian breweries and Bavaria Brewery in 2001 and for deferred tax assets in the Cyprus and Dutch holding companies and Bavaria Brewery in 2002. In accordance with Russian legislation, tax losses can be carried forward for 10 years. Realisation of the net deferred tax assets is dependent on future reversals of existing taxable temporary differences and adequate future taxable income, exclusive of reversing temporary differences. Although realisation is not assured, management believes that it is more likely than not that the net deferred tax assets will be realised. The amount of the net deferred tax assets considered realisable, however, could be reduced in the near term if actual future taxable income is lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable temporary differences.

15. Post Retirement Benefits

Russian and Ukrainian entities are required by federal laws to contribute an amount to state pension funds for certain of their employees. The Group's contributions are approximately 28% and 32% of the employees'

salaries for Russia and Ukraine, respectively. The contributions are accounted for on an accrual basis, and totalled € 11.9m and € 9.1m for 2002 and 2001, respectively.
Certain breweries provide their own benefit plans covering employees who have served for a Group brewery for more than five years. A life-long retirement benefit and lump sum payment at the moment of retirement are being paid to retired employees. The amount of payments depends on employee's total length of service for the brewery. The liability related to benefit plans is recognized as a long-term liability (see note 13). The amounts of liability as of December 31, 2002 and December 31, 2001 are € 0.5m and € 0.1m respectively.
As of December 31, 2002 the Group has outstanding termination benefit obligations due to the Group personnel optimisation program announced in December 2002. According to the provisions of EITF 94-3, the Company has recognized this obligation in the period of management's approval of the termination plan. The amount of termination benefit obligation as of December 31, 2002 is € 0.2m.

16. Shareholders' Equity

Other comprehensive loss for the year ended December 31, 2002 and 2001 consisted of the following:
(000's)

	Cumulative translation adjustment	Total Accumulated other comprehensive loss
Balance at January 1, 2001	-	-
Current period change	-	-
Balance at December 31, 2001	-	-
Current period change	(14,808)	(14,808)
Balance at December 31, 2002	**(14,808)**	**(14,808)**

17. Commitments and Contingencies

Taxation

A claim against the Group for property tax concession of € 2.2m has been made which management is defending in court and expects to win. A total of € 4.5m of income taxes receivable is recorded in the financial statements, which has been challenged by the tax authorities. Management is confident that it will vigorously defend the challenge.

Capital commitments

At December 31, 2002 and 2001 the Group had outstanding contractual commitments totaling approximately € 27.6m and € 27.2m respectively, to purchase capital equipment. In addition, the Group had commitments to purchase raw materials of € 47.0m at December 31, 2002 and € 48.9m at December 31, 2001.

Guarantees

As of December 31, 2002, the Company had issued guarantees with security in the Russian and Ukrainian breweries aggregating to € 149m in respect of bank loans taken by the Russian and Ukrainian subsidiaries (2001: € 65m). It is remote that the Company would be required to make payments under these guarantees. No amount has been accrued for the Company's obligation under its guaranty arrangements.

18. Earnings Per Share

The reconciliation of basic earnings (loss) per share and diluted earnings (loss) per share for the year ended December 31, 2002 and 2001 follows:

2002

	Loss (Numerator)	Shares (Denominator)	Per share-amount
Basic EPS			
Income (loss) available to ordinary (common) shareholders	(3,616)	108,912,839	(0.03)
Diluted EPS			
Income (loss) available to ordinary (common) shareholders and assumed conversions	(3,616)	108,912,839	(0.03)

As at December 31, 2002 the Company had 183,334 potentially dilutive shares, which were not included due to their anti-dilutive effect on EPS.

2001

	Income (Numerator)	Shares (Denominator)	Per share-amount
Basic EPS			
Income available to ordinary (common) shareholders	22,433	108,735,470	0.21
Diluted EPS			
Income available to ordinary (common) shareholders and assumed conversions	22,433	108,735,470	0.21

As at December 31, 2001 the Company had 116,667 potentially dilutive shares, which were not included due to their anti-dilutive effect on EPS.

19. Segment Information

There are two operating segments in the Group that are organized around geographic areas, Russia and Ukraine. These operating segments have similar economic characteristics and were aggregated into a single operating segment.

2002

	Revenues	Long-lived assets (excluding negative goodwill)
Russia	311,018	318,580
Ukraine	121,953	112,549
Total	432,971	431,129

2001

	Revenues	Long-lived assets (excluding negative goodwill)
Russia	283,148	275,590
Ukraine	109,098	111,519
Total	392,246	387,109

20. Quarterly Financial Information (Unaudited)

The Group's financial results by quarter were as follows:

2002 *(000's)*

	1st quarter	2nd quarter	3rd quarter	4th quarter
Net sales	84,061	128,100	135,466	85,344
Operating income (loss)	(1,669)	14,493	20,018	(9,798)
Net income (loss)	(7,771)	3,537	11,148	(10,530)
Basic earnings (loss) per share	(0.07)	0.03	0.10	(0.10)
Diluted earnings (loss) per share	(0.07)	0.03	0.10	(0.10)

2001 *(000's)*

	1st quarter	2nd quarter	3rd quarter	4th quarter
Net sales	60,823	115,374	138,079	77,970
Operating income (loss)	4,701	17,022	33,385	73
Net income (loss)	(688)	8,568	12,127	2,426
Basic earnings (loss) per share	(0.01)	0.08	0.11	0.02
Diluted earnings (loss) per share	(0.01)	0.08	0.11	0.02

Note:*Quarterly earnings (loss) per share are independently computed using weighted-average shares outstanding for the quarter. As a result, the sum of the quarterly earnings per share will not necessarily equal the annual earnings per share.*

COMPANY ADDRESS

Russia

SUN Interbrew Moscow Headquarters, Vorontsovsky Park, 6
Moscow, Russia
Tel. (095) 960-23-60
Fax (095) 960-23-62
mail@suninterbrew.ru

Ukraine

SUN Interbrew Kiev Office, Bozhenko street, 87
03150 Kiev, Ukraine
Tel. (044) 201-40-00
Fax (044) 490-73-23

design:designdepot

SUN Interbrew

we

come to lead

Russia

pivo

All Slavic languages have in one form or another the word “beer” (for instance, in Russian “pivo”, in Ukrainian “pyvo”, in Czech “pivo” etc.). Originally this word denoted virtually any beverage that was drinkable. It was the Slavs who handed over the technique of using malt in brewing to the rest of Europe. In Russia brewing was traditionally concentrated in monasteries and convents, which is confirmed in the birch bark documents belonging to those times and found during archeological expeditions to the site of the ancient Novgorod - the so-called “overcooks” (in Russian “perevary”). These are malty drinks made from honey and beer which are remarkable for their heaviness. The amount of “perevary” being appreciated can be proven by the fact that honey and perevary were tributes in Ancient Russia and part of the servage peasants had to pay for being permitted to cultivate the land. Beer was also mentioned in decrees made by Tsars. For instance, the Great Prince Ivan III forbade anyone to brew beer and consume malt, limiting this right to the treasury. Later on, this decree was cancelled and beer, together with another bread wine (vodka), has been served in taverns ever since.


НОВАЯ
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ПИВО-МЕДОВАРЕННАГО
ЗАВОДА
НОВАЯ

Portugues

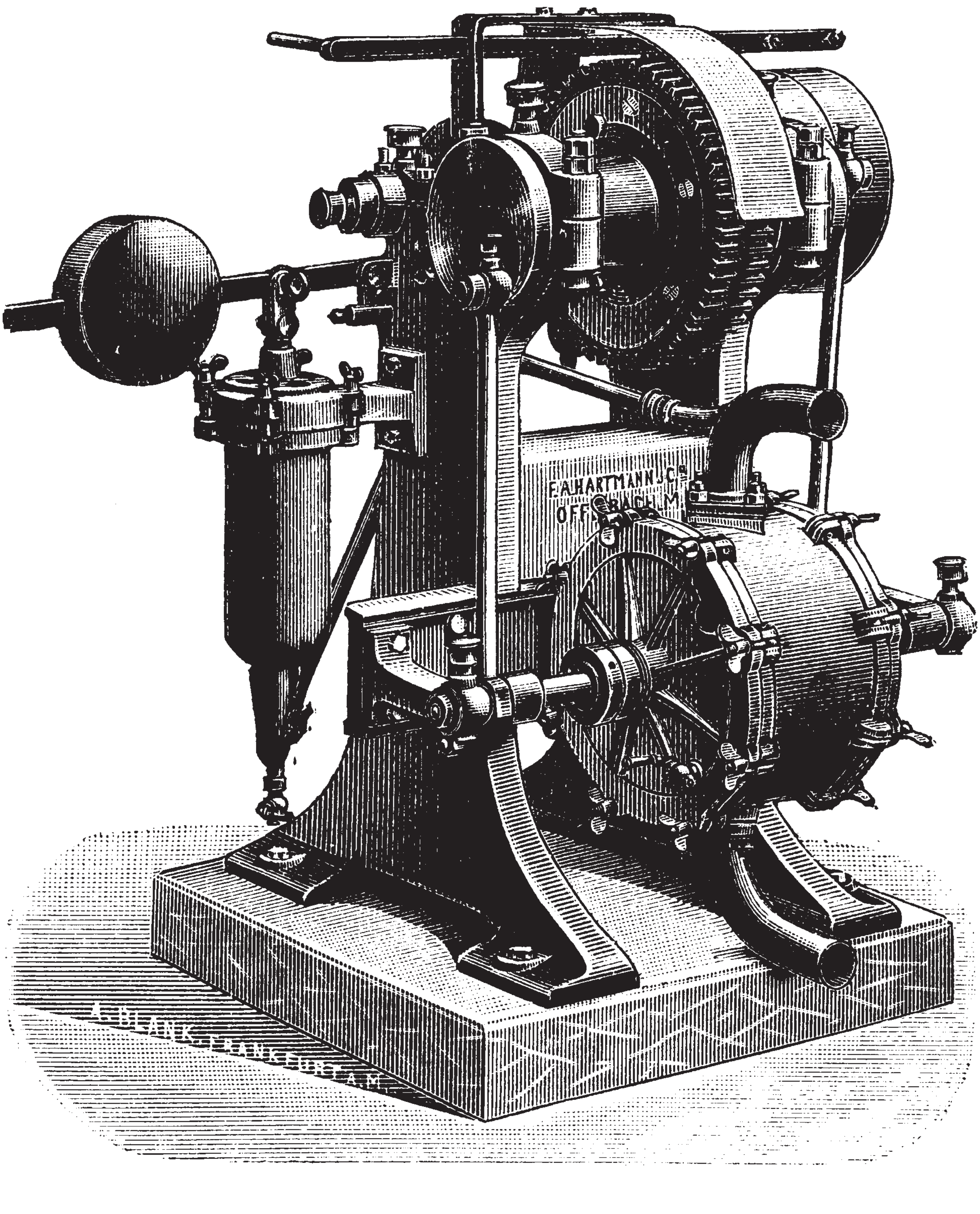
cerveja

In Portugal as well as in any other country where the winemaking industry is a pre-dominant one, brewing is not widespread. However, in the well-known alehouse in Lisbon Cervejaria da Trinidade even people who come here from Bavaria can make themselves at home. This place, built on the remains of a monastery, destroyed in 1755 by an earthquake, is very popular with faithful beer connoisseurs. In Portugal, beer is usally drunk accompanied by sea food hors d'œuvre.

”The Fox and Anchor", “The King’s Head and Eight Bells”, “The Bunch of Grapes”, “The Holy Bush”, “The Hare and Dogs”, “The White Bear” - all these poetic names are very typical of English pubs. In England there are about 70,000 such places and they form the center of English social life. An English pub is not only a place where people congregate to drink beer. It is the life style, the constant circle of acquaintances and good friends, a place where people talk… When you visit a pub for the first time, you are in for a big surprise: can a beverage that has so little foam and that contains so little alcohol and that people consume warm be called “beer”?! English beer, however, has a very long history. The British Ale is very close to a drink that people used to consume in Europe 2-3 centuries ago – long before bottom fermentation (lager) had been discovered.

England

beer


F.A.HARTMANN U.Cie
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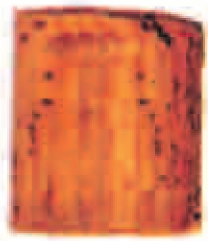
Spain is traditionally deemed to be a winemaking country. It is hard to even think that beer is paid any attention. In fact, in Spain beer only came to be treated seriously at the beginning of this century, when markets in Spain started to sell products from famous German brewers. Nowadays, beer in Spain has become so popular that it is gradually ousting the traditional wine. Winemakers are very worried and economists and analysts unanimously talk of a "shift of drinking traditions" in Spain.

The reason why Spanish people would rather drink beer than wine can easily be ex-plained: beer is significantly cheaper. Let us compare the following: one half-litre bottle of "San Miguel" beer or "Cruzcampo" costs approximately 0,72 euro whilst a bottle of a respectable wine will cost you at least three times this. No one expects wine to be completely ousted by beer, but the competition is certainly hotting up …

cerveza

Spain

Italy

birra

According to statistics, Italians drink the least beer (27 litres per capita annually). This is rather low for a country where beer is regarded as the best beverage to suit the Italian traditional meal, the pizza.

The tradition to drink beer had spread throughout the Italian territory long before the Aryans came to settle the land. The first to try the delight of consuming beer were Ligurians who were residents of the North-West part of the present Italy and the South-East part of Gallia. Customarily, beer is served very cold to make it very refreshing on a hot day. Moreover lager beers are most preferred by the Italians.

bière

France

Alsace and the North are the two main centers for beer in France. It is also a place to find interesting compromises: for instance, in Flanders unique beer “Bière de garde” is produced. This is a solid beverage, of an amber colour, brewed with top fermentation. The beer matures for months and is usually bottled in champagne bottles.

Seasonal beer is just another example of how the French brewing tradition is different. “Speaking” names for these beers point to the season when the beer is ready to be consumed. The “older” in this category is Christmas beer. It is brewed in September from malting barley of the first yield and by the end of the year the first “good beer” is ready.

Great holidays dedicated to beer are famous images of Germany. Thousands of people sit shoulder to shoulder at long tables and hold large beer mugs and swing to the music ardently played by folk bands. Anyone calling themselves beer lovers have to experience this event at least once in their lifetimes …
It is common knowledge that more that one third of all the brewers in the world work in Germany. There are more beer drinkers here than anywhere else in the world. Germans would rather choose a beer made in their own village or town to a beer produced by a global brewer.

Germany

fty

Egypt

A humble peasant from Ancient Egypt one day found that water had seeped into the jug where he usually kept his grain… Soon the feeling of despair due to the seem-ingly irretrievable loss changed to that of joy about a new discovery: the liquid that he found at the bottom of the jug had very special properties… That was the way an ancient Egyptian came to be the first brewer. Later, together with grain, the main ingredients of beer became malt and sour dough. Various herbs, leaves, spices and honey came to be used as flavouring agents.

was

before

this

is beer history

in short stories all over the world