



Kalev Ltd.
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9 MONTHS INTERIM REPORT

Beginning of the period: 1 July 2002
End of the period: 31 March 2003

Beginning of the financial year: 1 July
End of the financial year 30 June

Main field of activity: manufacture, wholesale and retail,
export and import of all types of confectionery products
(including semi-finished products)

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1. COMMENTS ON FINANCIAL RESULTS

The consolidated net sales of Kalev Ltd in the first 9 months of the financial year totalled 265.9 million kroons (nearly 17 million euros), which exceeds the net sales of the same period last financial year* by 27.3 million kroons or 11.5% (in 2001/2002 – 238,6 million kroons or 15.2 million euros).

The consolidated net profit of the company in the first 9 months amounted to 17.9 million kroons (1.1 million euros), which constitutes a decrease of nearly 7 million kroons (or nearly 27%), compared to the same period last financial year. Decrease in net profit was conditioned by the employment of additional sales staff in August as well as the sudden increase of raw material costs. Increase of raw material costs resulted from the price increase of an important raw material – cocoa beans – at the world market. In the first 9 months of the financial year, the costs of Kalev Ltd on cocoa beans increased by approximately 13 million kroons, compared to the same period last financial year.

The sales of Kalev Ltd on the home market were rejuvenated by active marketing activities, employment of additional sales staff, as well as growth in the number of customers in connection with the application of the direct distribution system.

In the given period, the company launched several new products to the market (including the *Valik* handmade chocolates in metal boxes, which are mainly targeted to the tourist segment, and the *Vana Tallinn* gift box). In October, Kalev Ltd launched the 2002 Christmas collection, which converged traditional Christmas products (different chocolates and boxed chocolate), the “*Päkapikutajad*” collection targeted to children, and new products launched in Christmas (e.g. *Žürii* candies). In co-operation with the Estonian Puppet Theatre, the children’s Christmas play “*Päkapikutajad*” was performed in December on the premises of Kalev Ltd. Nearly 23,000 people came to see the show. According to the research conducted by AS Emor, seven out of ten Estonians bought a Christmas product of Kalev Ltd at Christmas 2002 or at the turn of the year. Chocolates of different sizes proved to be the most popular product.

In the beginning of 2003, Kalev Ltd introduced three new candies: *Banaani*, *Moonike* and *Marja*. In February, the company launched a selection of Valentine’s Day products, which included, among other products, the *Flirt* boxed chocolate, which was very well received by the customers. The sales of Valentine’s Day products of Kalev Ltd increased by 84% in 2003, compared to the Valentine’s Day sales in 2002.

According to the Retail Sales Inventory Survey conducted by the market research company AC Nielsen, Kalev Ltd’s share in the Estonian retail trade was 54.5% as at the end of January 2003. This constitutes an increase of 6.2%, compared to last financial year, Kalev’s share in the chocolate confectionery group increased by 2.8% to 58.4%.

Sales of confectionery products of Kalev Ltd totalled 5,471 tons in the first 9 months of the financial year, and increase by approximately 5%, compared to the same period last financial year. Home market constituted 80% of the total sales; 20% of the sales were exported. In the given period, Latvia and the Ukraine remained the main export countries of the company. In addition to the above countries, Kalev Ltd also exported its products to Russia, Scandinavian countries and the United States.

* From 1 July 2001 to 31 March 2002

Chocolate confectionery products (chocolate candies, chocolate bars and boxed chocolate) constituted 68% of the total sales of confectionery products of Kalev Ltd in the first 9 months of the financial year.

In the given period, the company actively continued the construction of the new plant building in Põrguvälja, Rae Parish, Harjumaa. The warehouse for finished goods was completed in the new plant building of Kalev Ltd in February 2003. The company plans to move its operations to the new location between May and July and put the new plant into operation sometime between July and September 2003.

The company's marketing expenses increased by 13 million kroons (nearly 40%), compared to the same period last financial year. This was caused, first and foremost, by the increase in the number of employees of the Sales Department.

In 2001, the management of the company deemed it necessary to increase, during the year, the provisions for write-off of inventories as well as provisions for doubtful debts in the total amount of 16.8 million kroons (11.8 million kroons in the 1st half-year and 5 million kroons in the second half-year). General administrative expenses increased by the establishment of the above reserves. In the end of the financial year (in December 2001), the management decided to account for the reserves as operating expenses in the income statement. Therefore, the general administrative expenses in 2001/2002 and 2002/2003 cannot be compared.

The consolidated gross profitability of Kalev Ltd in the first 9 months of the financial year was 32.2%, which constitutes a decrease of 4.7%, compared to the same period last financial year. The main reason for the decrease of gross profitability was the 43% price increase of an important raw material (cocoa beans), compared to the same period last financial year.

In the first 9 months of the financial year, the average number of employees of Kalev Ltd amounted to 592, which constitutes an increase of nearly 10%, compared to the same period last financial year. In October 2002, employer's obligations arising from employment contracts concluded with the employees of AS Paide Piimakombinaat were transferred to Kalev Ltd. At the same time, the number of Kalev Ltd's employees was also influenced by the increase in the staff of the Sales Department by 49 employees.

2. INTERIM FINANCIAL STATEMENTS

Management representation

The Manager of Kalev Ltd confirms that the Interim Report of Kalev Ltd, set out on pages 4-14, gives a true and fair view of the results of the company's operations in the 9 months in accordance with the going concern principle. This Interim Report has not been audited or otherwise reviewed by auditors.

Tallinn, 23 May 2003

Oliver Kruuda
Manager

BALANCE SHEET (consolidated, unaudited)

In kroons

ASSETS	Note	31.03.2003	30.06.2002
CURRENT ASSETS		EEK	EEK
CASH AND BANK ACCOUNTS		1 138 053	3 476 327
CUSTOMER RECEIVABLES		39 630 988	32 244 225
OTHER RECEIVABLES		91 666 709	9 692 416
PREPAID EXPENSES		11 917 363	3 333 224
INVENTORIES		57 695 522	48 968 656
TOTAL CURRENT ASSETS		202 048 634	97 714 848

NON-CURRENT ASSETS

OTHER LONG-TERM RECEIVABLES		887 180	887 180
LONG-TERM FINANCIAL INVESTMENTS		0	2 764 416
TANGIBLE ASSETS	1	225 000 168	166 533 651
REAL ESTATE INVESTMENTS	2	18 063 950	69 266 253
INTANGIBLE ASSETS		242 357	290 378
TOTAL NON-CURRENT ASSETS		244 193 654	239 741 878

TOTAL ASSETS		446 242 289	337 456 726
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LIABILITIES AND EQUITY**LIABILITIES**

LIABILITIES	3	3 059 520	33 891 332
CUSTOMER PREPAYMENTS		93 347	53 274
PAYABLES TO SUPPLIERS		72 211 471	35 565 238
TAX LIABILITIES		14 441 582	3 997 352
OTHER LIABILITIES		11 030 542	33 826 371
TOTAL CURRENT LIABILITIES		100 836 463	107 333 567

LONG-TERM LIABILITIES	3	98 132 951	21 000 000
OTHER LONG-TERM PAYABLES	3	25 805 783	5 120 672
TOTAL LONG-TERM LIABILITIES		123 938 734	26 120 672

EQUITY

SHARE CAPITAL		78 775 000	78 775 000
REVALUATION RESERVE		112 812 302	112 812 302
RETAINED EARNINGS			-18 341 560
LEGAL RESERVE		1 537 837	
PROFIT FOR THE YEAR-ENDED		10 392 119	
PROFIT FOR THE FINANCIAL YEAR		17 949 834	30 756 745
TOTAL EQUITY	4	221 467 092	204 002 487

TOTAL LIABILITIES AND EQUITY		446 242 289	337 456 726
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BALANCE SHEET (consolidated, unaudited)**In euros**

ASSETS	Note	31.03.2003	30.06.2002
CURRENT ASSETS		EUR	EUR
CASH AND BANK ACCOUNTS		72 735	222 177
CUSTOMER RECEIVABLES		2 532 875	2 060 776
OTHER RECEIVABLES		5 858 556	619 457
PREPAID EXPENSES		761 656	213 031
INVENTORIES		3 687 406	3 129 660
TOTAL CURRENT ASSETS		12 913 228	6 245 101

NON-CURRENT ASSETS

OTHER LONG-TERM RECEIVABLES		56 701	56 701
LONG-TERM FINANCIAL INVESTMENTS		0	176 678
TANGIBLE ASSETS	1	14 380 095	10 643 413
REAL ESTATE INVESTMENTS	2	1 154 494	4 426 909
INTANGIBLE ASSETS		15 489	18 558
TOTAL NON-CURRENT ASSETS		15 606 779	15 322 259

TOTAL ASSETS		28 520 007	21 567 361
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LIABILITIES AND EQUITY**LIABILITIES**

PAYABLES	3	195 538	2 166 045
CUSTOMER PREPAYMENTS		5 966	3 405
PAYABLES TO SUPPLIERS		4 615 142	2 273 027
TAX LIABILITIES		922 983	255 477
OTHER LIABILITIES		704 978	2 161 894
TOTAL CURRENT LIABILITIES		6 444 608	6 859 848

LONG-TERM LIABILITIES	3	6 271 823	1 342 141
OTHER LONG-TERM PAYABLES	3	1 649 286	327 270
TOTAL LONG-TERM LIABILITIES		7 921 109	1 669 411

EQUITY

SHARE CAPITAL		5 034 627	5 034 627
REVALUATION RESERVE		7 210 002	7 210 002
RETAINED EARNINGS		0	-1 172 236
LEGAL RESERVE		98 285	
PROFIT FOR THE YEAR-ENDED		664 176	
PROFIT FOR THE FINANCIAL YEAR		1 147 201	1 965 709
TOTAL EQUITY	4	14 154 291	13 038 102

TOTAL LIABILITIES AND EQUITY		28 520 007	21 567 361
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INCOME STATEMENT (consolidated, unaudited)**In kroons**

	Note	01.07.2002- 31.03.2003 EEK	01.07.2001- 31.03.2002 EEK
NET SALES	5	265 907 721	238 566 086
COST OF GOODS SOLD		180 403 200	150 709 071
GROSS PROFIT		85 504 522	87 857 015
MARKETING EXPENSES		44 978 076	32 024 734
ADMINISTRATION EXPENSES		24 708 830	14 889 109
OTHER INCOME		22 070 888	606 380
OTHER EXPENSES		12 326 698	12 851 088
OPERATING PROFIT		25 561 805	28 698 466
FINANCIAL INCOME		576 992	112 286
FINANCIAL EXPENSES		8 188 963	4 067 314
NET PROFIT		17 949 835	24 743 437
EARNINGS PER SHARE	7	2.28	3.14

INCOME STATEMENT (consolidated, unaudited)**In euros**

	Note	01.07.2002- 31.03.2003 EUR	01.07.2001- 31.03.2002 EUR
NET SALES	5	16 994 557	15 247 113
COST OF GOODS SOLD		11 529 836	9 632 041
GROSS PROFIT		5 464 721	5 615 072
MARKETING EXPENSES		2 874 616	2 046 748
ADMINISTRATION EXPENSES		1 579 178	951 585
OTHER INCOME		1 410 583	38 755
OTHER EXPENSES		787 818	821 332
OPERATING PROFIT		1 633 693	1 834 162
FINANCIAL INCOME		36 876	7 176
FINANCIAL EXPENSES		523 369	259 948
NET PROFIT		1 147 201	1 581 390
EARNINGS PER SHARE	7	0.15	0.20

CONSOLIDATED CASH FLOW STATEMENT (unaudited)**In kroons**

	01.07.02- 31.03.2003 EEK	01.07.01- 31.03.2002 EEK
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING PROFIT	25 561 805	27 084 061
DEPRECIATION OF TANGIBLE ASSETS	4 316 675	7 689 498
AMORTISATION OF INTANGIBLE ASSETS	48 022	42 111
PROFIT/LOSS FROM SALES OF FIXED ASSETS		1 668 511
CHANGE IN RECEIVABLES	-108 101 195	-5 831 437
CHANGE IN INVENTORIES	-8 726 866	1 408 825
CHANGE IN LIABILITIES	48 017 614	-54 205
PAID INTERESTS	-5 756 707	-3 309 020
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	-44 640 651	28 698 344

CASH FLOWS FROM INVESTING ACTIVITIES

PURCHASE OF SHARES OF SUBSIDIARIES		
SALES OF FIXED ASSETS (SALES PRICE)	138 537 048	534 695
PURCHASE OF FIXED ASSETS	-64 133 673	-26 514 256
PURCHASE OF INTANGIBLE ASSETS		-350 655
CHANGE IN GRANTED LOANS	10 156 000	
INTEREST RECEIPTS	35 775	107 583
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	84 595 150	-26 222 633

CASH FLOWS FROM FINANCING ACTIVITIES

LOAN REPAYMENTS	-11 900 000	-9 000 000
OVERDRAFT	-2 050 656	3 103 912
CHANGE IN SHORT-TERM LOANS	2 714 160	
CHANGE IN LONG-TERM LIABILITIES	18 522 646	
LEASE PAYMENTS	-5 851 709	-77 252
BONDS PAID FOR	-19 621 987	
DIVIDEND PAYMENT	-23 632 500	
OTHER FINANCING INCOME/EXPENSES	-673 571	-476 732
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-42 493 617	-6 450 072

CHANGE IN CASH AND CASH EQUIVALENTS	-2 539 118	-3 974 361
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CASH AND CASH EQUIVALENTS IN THE BEGINNING OF THE YEAR	3 476 327	6 393 967
CHANGE	-2 539 118	-3 974 361
FOREIGN EXCHANGE DIFFERENCE	200 843	-341 817
CASH AND CASH EQUIVALENTS IN THE END OF THE YEAR	1 138 053	2 077 789

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

In euros

	01.07.02- 31.03.2003 EUR	01.07.01- 31.03.2002 EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING PROFIT	1 633 693	1 730 983
DEPRECIATION OF TANGIBLE ASSETS	275 885	491 447
AMORTISATION OF INTANGIBLE ASSETS	3 069	106 637
PROFIT/LOSS FROM SALES OF FIXED ASSETS	0	-372 696
CHANGE IN RECEIVABLES	-6 908 908	90 040
CHANGE IN INVENTORIES	-557 747	-3 464
CHANGE IN LIABILITIES	3 068 877	-211 484
PAID INTERESTS	-367 920	-211 484
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	-2 853 050	1 619 978

CASH FLOWS FROM INVESTING ACTIVITIES

PURCHASE OF SHARES OF SUBSIDIARIES	0	0
SALES OF FIXED ASSETS (SALES PRICE)	8 854 108	34 173
PURCHASE OF FIXED ASSETS	-4 098 878	-1 694 565
PURCHASE OF INTANGIBLE ASSETS	0	-22 411
CHANGE IN GRANTED LOANS	649 085	0
INTEREST RECEIPTS	2 286	6 876
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	5 406 602	-1 675 927

CASH FLOWS FROM FINANCING ACTIVITIES

LOAN REPAYMENTS	-760 547	-575 203
OVERDRAFT	-131 060	198 376
CHANGE IN SHORT-TERM LOANS	173 466	0
CHANGE IN LONG-TERM LIABILITIES	1 183 810	
LEASE PAYMENTS	-373 991	-4 937
MANDATORY RESERVE	-1 254 070	
DIVIDEND PAYMENT	-1 510 388	
OTHER FINANCING INCOME/EXPENSES	-43 049	-30 469
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-2 715 830	-412 234

CHANGE IN CASH AND CASH EQUIVALENTS	-162 279	-468 183
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CASH AND CASH EQUIVALENTS IN THE BEGINNING OF THE YEAR	222 177	408 648
CHANGE	-162 279	-254 007
FOREIGN EXCHANGE DIFFERENCE	12 836	-21 846
CASH AND CASH EQUIVALENTS IN THE END OF THE YEAR	72 735	132 795

CHANGE IN OWNER'S EQUITY (in kroons)

EEK	Note	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVE	PROFIT FOR THE FINANCIAL YEAR	PROFIT FOR THE YEAR	RETAINED EARNINGS	TOTAL
AS KALEV								
1 JULY 2001		78 775 000	0	45 315 964	13 081 665	20 288 765	-48 264 242	109 197 152
FORMATION OF CAPITAL RESERVES		0	1 045 874		0	-1 045 874	0	0
TRANSFERS TO ACCUMULATED LOSS		0	-1 045 874		-29 953 146	10 710 255	20 288 765	0
DEPRECIATION OF REVALUATED FIXED ASSETS		0	0	-2 761 954	0		2 761 954	0
EFFECT OF IAS 40				-340 208			340 208	
NET PROFIT		0	0	0	23 128 888		0	23 128 888
31 March 2002		78 775 000	0	42 213 802	6 257 407	29 953 146	-24 873 315	132 326 040

1 JULY 2002		78 775 000	0	112 812 302	0	30 756 745	-18 341 560	204 002 487
FORMATION OF CAPITAL RESERVES								
TRANSFERS TO ACCUMULATED LOSS								
DEPRECIATION OF REVALUED FIXED ASSETS								

CONSOLIDATED

1 JULY 2002		78 775 000	0	112 812 302	0	30 756 745	-18 341 560	204 002 488
ACCUMULATED LOSS						-485 230		-485 230
TRANSFERS TO ACCUMULATED LOSS						-18 341 560	18 341 560	0
FORMATION OF CAPITAL RESERVES			1 537 837			-1 537 837		0
NET PROFIT					17 949 834			17 949 834
31 March 2003	4	78 775 000	1 537 837	112 812 302	17 949 834	10 392 119	0	221 467 092

CHANGE IN OWNER'S EQUITY (in euros)

EUR	Note	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION RESERVE	PROFIT FOR THE FINANCIAL YEAR	PROFIT FOR THE YEAR	RETAINED EARNINGS	TOTAL
AS KALEV								
1 JULY 2001		5 034 627	0	2 896 211	836 069	1 296 685	-3 084 639	6 978 952
FORMATION OF CAPITAL RESERVES		0	66 843	0	0	-66 843	0	0
TRANSFERS TO ACCUMULATED LOSS		0	-66 843	0	-1 914 350	684 508	1 296 685	0
DEPRECIATION OF REVALUED FIXED ASSETS		0	0	-176 521	0	0	176 521	0
EFFECT OF IAS 40		0	0	-21 743	0	0	21 743	0
NET PROFIT		0	0	0	1 478 202	0	0	1 478 202
31 March 2002		5 034 627	0	2 697 947	399 920	1 914 350	-1 589 691	8 457 154
DEPRECIATION OF REVALUED FIXED ASSETS								

CONSOLIDATED

1 JULY 2002		5 034 627	0	7 210 002	0	1 965 709	-1 172 236	13 038 102
ACCUMULATED LOSS						-31 012		-31 012
TRANSFERS TO ACCUMULATED LOSS			0			-1 172 236	1 172 236	0
FORMATION OF CAPITAL RESERVES			98 285			-98 285		0
NET PROFIT					1 147 201	0		1 147 201
31 March 2003	4	5 034 627	98 285	7 210 002	1 147 201	664 176	0	14 154 291

Accounting principles

The consolidated interim report of AS Kalev (group) has been prepared in accordance with the Accounting Act of the Republic of Estonia, the “*Guidelines on Preparing and Submitting Interim Reports*” of the Accounting Board of the Republic of Estonia, as well as the requirements of international accounting standards on abbreviated interim reports (IAS 34). The same accounting principles applied upon preparing the Annual Report for the year ended on 30 June 2002 are applied in interim reports.

This interim report has been presented in both Estonian kroons and euros (based on the exchange rate of EUR 1 = EEK 15.64664).

Income statement formats

The balance sheet and income statement of Kalev Ltd and the group have been prepared in accordance with the formats provided in the Accounting Act of the Republic of Estonia. In order to improve the general overview, some entries have been converged. Detailed information on the entries has been laid down in the notes to the financial statements.

In the group’s consolidated reports, the financial statements of the parent company and its subsidiaries have been consolidated line-by-line by distinguishing between minority interest in the equity of the subsidiaries and the operating results, and eliminating the effect of the transactions between the group companies.

Background information on the company and consolidation principles

Kalev Ltd is an Estonian company, which deals with the wholesale and retail of all types of confectionery products, including the production of semi-finished goods.

The company has been registered and operates in Tallinn. The head office of the company is located in Tallinn, Pärnu mnt 139.

The shares of the company have been listed in the secondary list of the Tallinn Stock Exchange.

Subsidiaries are companies, where Kalev Ltd’s interest in the company exceeds 50%, or which Kalev Ltd has substantial control.

As at 31 December 2002, Kalev Ltd has an interest in two subsidiaries:

1. Kalev Merchant Services Ltd is a US-based subsidiary, which is fully owned by Kalev Ltd, and deals with the introduction and sales of Kalev Ltd’s production in the United States.
2. Kalev Ltd’s interest in AS Kalev Real Estate Company (hereinafter AS Kalev REC) is 59.3%. As at 31 December 2002, AS Kalev REC had a total of 40,900 shares with a nominal value of 1,000 kroons (64 euros).

AS Skanska EMV and Kalev Ltd have concluded a shareholder’s agreement, which obliges AS Skanska EMV to sell, and Kalev Ltd to purchase all shares held by AS Skanska EMV. Therefore, the minority interest has been accounted for under long-term liabilities in the consolidated balance sheet.

Upon acquiring the subsidiary, goodwill shall be accounted for, as at the date of acquisition, as the difference between the acquisition cost and the interest in net assets. Goodwill shall be depreciated in five years. Assets, liabilities, income and expenditure of subsidiaries shall be consolidated to the group reports from the moment of the acquisition of the subsidiary.

Investments in subsidiaries have been accounted for based on the equity method in the balance sheet and income statement of the parent company.

Notes to consolidated financial statements

Note 1. Fixed assets

	EEK	EUR
Net book value 30.06.2002	166 533 651	10 643 413
Acquisition	152 525 108	9 748 106
Sales	-96 234 826	-6 150 511
Liquidation	-122 090	-7 803
Non-monetary contribution	6 615 000	422 774
Calculated depreciation	-4 316 675	-275 885
Net book value 31.03.03	225 000 168	16 976 615

Note 2. Real estate transactions

	Land	Buildings	TOTAL
In 2002 in EEK			
Value 01.07.2002	18 793 750	50 472 503	69 266 253
Non-monetary contribution	-6 615 000		-6 615 000
Sales		-44 587 303	-44 587 303
Value 31.03.2003	12 178 750	5 885 200	18 063 950

In 2002 in EUR

Value 01.07.2002	1 201 136	3 225 773	4 426 909
Non-monetary contribution	-422 774		-422 774
Sales		-2 849 641	-2 849 641
Value 31.03.2003	778 362	376 132	1 154 494

In the given period, Kalev Ltd sold the following legal shares of the Pärnu mnt 139 immovable:

Legal share of immovable	Net book value of building	Land acquisition cost	Sales price
2284/52410	11 107 608	832 929	12 000 000
7093/52410	34 674 445	2 586 675	43 000 000
18070/52410	78 363 342	6 589 768	87 000 000

Note 3. Debt obligations and long-term liabilities

	31.03.2003 EEK	31.03.2003 EUR
Short-term liabilities	3 059 520	195 538
Long-term liabilities	123 938 734	7 921 109
TOTAL	126 998 254	8 116 647

Change in liabilities

	Consolidated EEK	Consolidated EUR
Balance 30.06.2002	60 012 004	3 835 456
Change in lease liabilities	26 673	1 705
Loan repayments	-27 000 000	-1 725 610
Other short-term loans	-22 807 827	-1 457 682
Overdraft	-2 050 656	-131 060
Other long-term loans	78 138 010	4 993 916
Long-term lease liabilities	40 680 051	2 599 922
Balance 31.03.2003	126 998 254	8 116 647

Note 4. Owner's equity

	31.03.2003 EEK	31.03.2003 EUR
Number of ordinary shares	7 877 500	7 877 500
Nominal value	10	0.64

Pursuant to the Articles of Association, the maximum share capital is 31,510,000 shares with a nominal value of EEK 10 (EUR 0.64).

Note 5. Accounting for segments

The Management of Kalev Ltd considers the segments of operations to be the priority in the company's activities. Over 95% of the group assets and liabilities, purchase of fixed assets and cash flows, are related to segments of confectionery products and real estate activities (purchase and sales of real estate as well as lease activities). Therefore, detailed information on other fields of activities, which are immaterial to the financial statements, shall not be disclosed.

Sales by fields of activities

	Consolidated 01.07.-31.03.2003	
	EEK	EUR
Confectionery products	249 251 174	15 930 013
Services	0	0
Lease income from real estate investments	6 510 545	416 099
Other sales	10 146 003	648 446
TOTAL	265 907 721	16 994 557

Other sales include the sales of services of the Paide production unit.

Confectionery
Confectionery

Sales by markets (consolidated) 01.07.-31.03.2003

	EEK	EUR
Estonia	234 000 917	14 955 346
Russia, CIS countries	5 351 978	342 053
The Ukraine	6 354 666	406 136
Baltic states	15 815 800	1 010 811
Other countries	4 384 360	280 211
TOTAL	265 907 721	16 994 557

Note 6. Compensation to employees

In the first 9 months of the financial year 2003, redundancy payments or dismissal compensations were paid to 14 employees in the total amount of 773,963 kroons (EUR 46,909).

Note 7. Earnings per share

	01.07.-31.03.2003	
	EEK	EUR
Net profit	17 949 835	1 147 201
Weighted average number of shares during the period	7 877 500	7 877 500
Earnings per share (EPS)	2.28	0.15

The company has no contingently issuable ordinary shares. Therefore, diluted EPS equals to EPS.

Note 8. Transactions with related parties

	Purchase 01.07.- 31.03.2003	Sales 01.07.- 31.12.2002	Balance of receivables 31.03.2003
	EEK	EEK	EEK
Tallinna Piimatööstuse AS (raw materials, goods)	5 300 219	4 349 036	1 267 218
Kohuke AS (semi-finished products)	1 817	38 411	- 1 817
Kalev Real Estate Comp AS (lease, utility services)	296 610	6 335 183	7 895 827
Kalev Merchant Services Ltd. (goods)	528 581	527 704	777 351
Cassel Grupp AS (lease of buildings)	351 880	-	- 236 010

	Purchase 01.07.- 31.12.2002	Sales 01.07.- 31.12.2002	Balance of receivables 31.03.2003
	EUR	EUR	EUR
Tallinna Piimatööstuse AS (raw materials, goods)	338 745	277 953	80 990
Kohuke AS (semi-finished products)	116	2 455	- 116
Kalev Real Estate Comp AS (lease, utility services)	18 957	404 891	504 634
Kalev Merchant Services Ltd. (goods)	33 782	33 726	49 682
Cassel Grupp AS (lease of buildings)	22 489	-	- 15 084