



AS Kalev

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3 MONTHS INTERIM REPORT

Beginning of the period 1.07.2003

End of the period 30.09.2003

Core activities: Production, wholesale,
retail, export and import of confectionery
products incl. half finished products
Development, management, leasing,
purchase and sale of real estate

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1. COMMENTS ON FINANCIAL RESULTS

The consolidated net sales of Kalev Ltd in the first quarter of the financial year 2003/2004 totalled 70.3 million kroons (4.5 million euros). Compared to the same period last year, the net sales remained approximately on the same level (the 1st quarter of 2002/2003 – 69.7 million kroons or 4.45 million euros).

The consolidated net loss of the company in the first quarter amounted to 15.9 million kroons (1.01 million euros). The net profit of the company amounted to 4.7 million kroons (302,000 euros) in the same period last year. Decrease in net profit was conditioned by the following factors.

In connection with the relocation of the company to a new plant building, Kalev Ltd stopped, on 30 April 2003, production in the chocolate department in Pärnu Rd in Tallinn. In May, the company launched the disassembly of the production equipment, and moved to the new plant building in the period between May and middle of June. In September 2003 (after receiving from the Veterinary and Food Board a fixed-term certificate for manufacturing food products in the following categories: cocoa and cocoa products, chocolate products and marzipan), Kalev Ltd re-launched most of its daily production in the new plant building.

During the time when production was suspended, the company sold previously manufactured chocolate confectionery products as well as sugar confectionery products manufactured in the caramel plant in Pärnu Rd in Tallinn. However, previously manufactured goods and additional products outsourced from Kaliningrad Oblast failed to fully cover the needs during the period the production was suspended. Therefore, sales of confectionery products decreased by 10.7 million kroons (0.68 million euros), compared to the same period last year.

Expenses related to the relocation and assembly of production equipment as well as launch of production had their effect on the formation of net loss. The general administrative expenses of the 1st quarter of the financial year 2003/2004 included single costs in the total amount of 15.2 million kroons (0.97 million euros), including:

- Launch of production (i.e. testing, technological residues, utilisation of goods of inferior quality): 5.9 million kroons (0.38 million euros);
- Installation of production equipment: 5.8 million kroons (0.37 million euros).

Sales of confectionery products of Kalev Ltd totalled nearly 1,600 tons in the first quarter of the financial year 2003/2004 – a decrease of approximately 20.5%, compared to the same period last year. Decrease in total sales was the result of goods deficit in certain product groups, which was conditioned by the 4-month suspension of production activities.

Home market constituted 70% of the total sales; 30% 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. The 6.5% increase in the share of export in total sales of confectionery products was conditioned by the specifics of the export product portfolio – majority of export products are manufactured in the caramel department of Kalev Ltd in Tallinn, and production in this department was not suspended upon relocation to the new plant building.

In the 1st quarter of 2003/2004, the marketing activities of Kalev Ltd were a little less active as regards the launch of new products and organisation of consumer campaigns. The only new product launched by the company was *Mõnus Maius* (mixture of toffee and corn flakes), which is manufactured by Kalev Ltd's subsidiary AS Kalev Paide Tootmine. The main focus of Kalev Ltd in the given period lies in making preparations for and successfully organising the sales of the Christmas season. Results of these activities will be reflected in the 2nd quarter reports of Kalev Ltd (positive results estimated).

2. FINANCIAL STATEMENTS

Management representation

The Chairman of the Management Board of Kalev Ltd confirms that the Interim Report of Kalev Ltd, set out on pages 4-18, gives a true and fair view of the results of the company's operations in the 3 months in accordance with the going concern principle. This Interim Report has not been audited or otherwise reviewed by auditors.

Tallinn, 30 November 2003

Oliver Kruuda
Chairman of the Management Board

BALANCE SHEET (in kroons)

ASSETS	Note	30.09.03	30.09.02	30.06.03
		Consolidated	Consolidated	Consolidated
CURRENT ASSETS	No	EEK	EEK	EEK
CASH AND BANK	1	56 194 104	5 312 105	8 591 080
CUSTOMER RECEIVABLES	2	94 183 944	40 299 127	90 024 044
PREPAID EXPENSES		2 757 500	3 362 500	5 308 235
INVENTORIES		37 050 060	43 121 516	40 726 937
TOTAL CURRENT ASSETS		190 185 608	92 095 248	144 650 296

NON-CURRENT ASSETS

MISCELLANEOUS LONG-TERM RECEIVABLES		330 180	887 180	330 180
TANGIBLE ASSETS	3	284 881 300	241 561 746	255 038 885
REAL ESTATE INVESTMENTS	4	65 829 095	62 651 253	75 573 095
INTANGIBLE ASSETS		217 715	279 373	217 715
TOTAL NON-CURRENT ASSETS		351 258 290	305 379 553	331 159 875

TOTAL ASSETS		541 443 898	397 474 801	475 810 171
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LIABILITIES AND OWNER' EQUITY**LIABILITIES**

CURRENT LIABILITIES	5	31 481 460	46 701 004	27 346 235
PREPAYMENTS FROM CUSTOMERS		17 051 772	47 619	497 042
SUPPLIER PAYABLES		74 484 354	43 081 248	76 162 122
TAXES PAYABLE		2 870 465	4 238 551	4 537 792
OTHER PAYABLES		9 439 879	6 929 574	10 275 440
TOTAL CURRENT LIABILITIES		135 327 930	100 997 995	118 818 631

NON-CURRENT LIABILITIES	5	181 385 875	71 531 343	114 781 525
				1 600 000
TOTAL NON-CURRENT LIABILITIES		181 385 875	71 531 343	116 381 525

MINORITY INTEREST			16 625 942	
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OWNER'S EQUITY

SHARE CAPITAL		78 775 000	78 775 000	78 775 000
REVALUATION RESERVE		17 159 388	112 812 302	17 159 388
STATUTORY LEGAL RESERVE		1 537 837		1 537 837
RETAINED EARNINGS		143 137 790	11 978 865	110 675 117
NET PROFIT FOR THE FINANCIAL YEAR		-15 879 922	4 753 353	32 462 673
TOTAL OWNER'S EQUITY		224 730 093	208 319 520	240 610 015

TOTAL LIABILITIES		541 443 898	397 474 801	475 810 171
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BALANCE SHEET (in euros)

ASSETS	Note	30.09.03 Consolidated EUR	30.09.02 Consolidated EUR	30.06.03 Consolidated EUR
CURRENT ASSETS	No			
CASH AND BANK	1	3 591 449	339 505	549 069
CUSTOMER RECEIVABLES	2	6 019 436	2 575 617	5 753 570
PREPAID EXPENSES		176 236	214 902	339 257
INVENTORIES		2 367 924	2 755 960	2 602 919
TOTAL CURRENT ASSETS		12 155 045	5 885 944	9 244 815

NON-CURRENT ASSETS

MISCELLANEOUS LONG-TERM RECEIVABLES		21 102	56 701	21 102
TANGIBLE ASSETS	3	18 207 187	15 438 570	16 299 914
REAL ESTATE INVESTMENTS	4	4 207 235	4 004 135	4 829 989
INTANGIBLE ASSETS		13 914	17 855	13 914
TOTAL NON-CURRENT ASSETS		22 449 439	19 517 261	21 164 919

TOTAL ASSETS		34 604 484	25 403 205	30 409 734
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LIABILITIES AND OWNER' EQUITY**LIABILITIES**

CURRENT LIABILITIES	5	2 012 027	2 984 731	1 747 738
PREPAYMENTS FROM CUSTOMERS		1 089 804	3 043	31 767
SUPPLIER PAYABLES		4 760 406	2 753 387	4 867 634
TAXES PAYABLE		183 456	270 892	290 017
OTHER PAYABLES		603 317	442 879	656 719
TOTAL CURRENT LIABILITIES		8 649 009	6 454 932	7 593 875

NON-CURRENT LIABILITIES	5	11 592 641	4 571 674	7 335 858
				102 258
TOTAL NON-CURRENT LIABILITIES		11 592 641	4 571 674	7 438 116

MINORITY INTEREST			1 062 589	
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OWNER'S EQUITY

SHARE CAPITAL		5 034 627	5 034 627	5 034 627
REVALUATION RESERVE		1 096 682	7 210 002	1 096 682
STATUTORY LEGAL RESERVE		98 285		98 285
RETAINED EARNINGS		9 148 149	765 587	7 073 411
NET PROFIT FOR THE FINANCIAL YEAR		-1 014 909	303 794	2 074 738
TOTAL OWNER'S EQUITY		14 362 834	13 314 010	15 377 743

TOTAL LIABILITIES		34 604 484	25 403 205	30 409 734
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INCOME STATEMENT (in kroons)

	Note No	01.07.-30.09.2003 Consolidated EEK	01.07.-30.09.2002 Consolidated EEK
NET SALES	7	70 319 933	69 674 969
COST OF GOODS SOLD		49 483 080	48 561 898
GROSS PROFIT		20 836 853	21 113 071
MARKETING EXPENSES		10 831 890	10 494 072
ADMINISTRATIVE AND GENERAL EXPENSES		24 101 438	6 691 652
OTHER OPERATING INCOME		1 128 826	3 294 179
OTHER OPERATING EXPENSES		1 074 764	1 191 149
OPERATING PROFIT		-14 042 413	6 030 377
FINANCIAL INCOME		274 905	136 645
FINANCIAL EXPENSES		2 112 414	1 440 136
PROFIT BEFORE INCOME TAX		-15 879 922	4 726 886
MINORITY INTEREST			-26 467
NET PROFIT		-15 879 922	4 753 353
EARNINGS PER SHARE	9	-2.02	0.60

INCOME STATEMENT (in euros)

	Note	01.07.-30.09.2003 Consolidated EUR	01.07.-30.09.2002 Consolidated EUR
	No		
NET SALES	7	4 494 251	4 453 031
COST OF GOODS SOLD		3 162 537	3 103 663
GROSS PROFIT		1 331 714	1 349 368
MARKETING EXPENSES		692 282	670 692
ADMINISTRATIVE AND GENERAL EXPENSES		1 540 359	427 673
OTHER OPERATING INCOME		72 145	210 536
OTHER OPERATING EXPENSES		68 690	76 128
OPERATING PROFIT		-897471	385 410
FINANCIAL INCOME		17 570	8 733
FINANCIAL EXPENSES		135 008	92 041
PROFIT BEFORE INCOME TAX		-1 014 909	302 102
MINORITY INTEREST		0	-1 692
NET PROFIT		-1 014 909	303 794
EARNINGS PER SHARE	9	0.13	0.04

CASH FLOW STATEMENT
(in kroons)

	Note	01.07.-30.09.2003 Consolidated	01.07.-30.09.2002 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	No	EEK	EEK
OPERATING PROFIT		-14 042 413	6 030 377
DEPRECIATION OF TANGIBLE ASSETS	3	3 461 250	2 331 378
DEPRECIATION OF INTANGIBLE ASSETS	4	18 166	18 166
PROFIT (LOSS) FROM SALES OF NON-CURRENT ASSETS		-1 089 878	
CHANGE IN RECEIVABLES		-1 609 178	-641 762
CHANGE IN INVENTORIES		3 676 877	5 847 140
CHANGE IN LIABILITIES		7 132 743	5 077 100
INTEREST PAID		-2 051 984	-1 102 680
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		-4 504 417	17 559 719

CASH FLOWS FROM INVESTING ACTIVITIES

PURCHASE OF SHARES OF SUBSIDIARIES		-400 000	
SALES OF NON-CURRENT ASSETS AT SALES PRICE		9 758 011	
PURCHASE OF NON-CURRENT ASSETS	3	-12 766 530	-1 920 319
CHANGE IN LOANS GRANTED			2 250 000
INTEREST RECEIVED			15 036
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		-3 408 519	344 717

CASH FLOWS FROM FINANCING ACTIVITIES

LOAN REPAYMENTS			-3 000 000
LOANS RECEIVED		69 464 654	
OVERDRAFT USED		4 902 808	7 543 868
CHANGE IN SHORT-TERM LOANS		-3 200 000	8 003 487
CHANGE IN LONG-TERM PAYABLES		-1 600 000	
LEASE PAYMENTS		-14 274 326	-4 737 683
DIVIDENDS PAID			-23 632 500
OTHER FINANCING INCOME/EXPENSES			-265 128
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		55 292 408	-16 087 956

CHANGE IN CASH AND CASH EQUIVALENTS		47 379 472	1 816 481
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8 591 080	3 476 327
CHANGE IN CASH AND CASH EQUIVALENTS		47 379 472	1 816 481
CHANGE IN CURRENCY EXCHANGE RATE		223 552	19 297
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1	56 194 104	5 312 105

CASH FLOW STATEMENT
(in euros)

	Note	01.07.-30.09.2003	01.07.-30.09.2002
		Consolidated	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES	No	EUR	EUR
OPERATING PROFIT		-897 471	385 410
DEPRECIATION OF TANGIBLE ASSETS	3	221 214	149 002
DEPRECIATION OF INTANGIBLE ASSETS	4	1 161	1 161
PROFIT (LOSS) FROM SALES OF NON-CURRENT ASSETS		-69 656	0
CHANGE IN RECEIVABLES		-102 845	-41 016
CHANGE IN INVENTORIES		234 995	373 699
CHANGE IN LIABILITIES		455 864	324 485
INTEREST PAID		-131 145	-70 474
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		-287 884	1 122 268

CASH FLOWS FROM INVESTING ACTIVITIES

PURCHASE OF SHARES OF SUBSIDIARIES		-25 565	0
SALES OF NON-CURRENT ASSETS AT SALES PRICE		623 649	0
PURCHASE OF NON-CURRENT ASSETS	3	-815 928	-122 730
CHANGE IN LOANS GRANTED		0	0
INTEREST RECEIVED		0	143 801
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		0	961
		-217 844	22 031

CASH FLOWS FROM FINANCING ACTIVITIES

LOAN REPAYMENTS			-191 734
LOANS RECEIVED		4 439 589	
OVERDRAFT USED		313 299	482 140
CHANGE IN SHORT-TERM LOANS		-204 517	511 515
CHANGE IN LONG-TERM PAYABLES		-102 258	
LEASE PAYMENTS		-912 293	-302 792
DIVIDENDS PAID			-1 510 388
OTHER FINANCING INCOME/EXPENSES			-16 945
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		3 533 820	-1 028 205

CHANGE IN CASH AND CASH EQUIVALENTS		3 028 092	116 094
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		549 069	222 177
CHANGE IN CASH AND CASH EQUIVALENTS		3 028 092	116 094
CHANGE IN CURRENCY EXCHANGE RATE		14 288	1 233
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1	3 591 449	339 505

STATEMEN OF CHANGES IN EQUITY
(in kroons)

	Note No	SHARE CAPITAL	RESERVE CAPITAL	REVALUATION RESERVE	PROFIT FOR FINANCIAL YEAR	RETAINED EARNINGS	TOTAL
CONSOLIDATED							
1 July 2002		78 775 000	0	112 812 302	0	12 415 185	204 002 487
RETAINED EARNINGS						-436 321	-436 321
NET PROFIT					4 753 353		4 753 353
30 September 2002		78 775 000		112 812 302	4 753 353	11 978 864	208 319 519
CONSOLIDATED							
1 July 2003		78 775 000	1 537 837	17 159 388		143 137 790	240 610 015
		0				0	0
NET PROFIT		0	0	0	-15 879 922	0	-15 879 922
30 SEPTEMBER 2003		78 775 000	1 537 837	17 159 388	-15 879 922	143 137 790	224 730 093

STATEMEN OF CHANGES IN EQUITY
(in euros)

	Note No	SHARE CAPITAL	RESERVE CAPITAL	REVALUATION RESERVE	PROFIT FOR FINANCIAL YEAR	RETAINED EARNINGS	TOTAL
CONSOLIDATED							
1 July 2002		5 034 627	0	7 210 002	0	793 473	13 038 102
RETAINED EARNINGS						-27 886	-27 886
NET PROFIT					303 794		303 794
30 September 2002		5 034 627	0	7 210 002	303 794	765 587	13 314 010
CONSOLIDATED							
1 July 2003		5 034 627	98 285	1 096 682	0	9 148 149	15 377 743
NET PROFIT					-1 014 909		-1 014 909
30 SEPTEMBER 2003		5 034 627	98 285	1 096 682	-1 014 909	9 148 149	14 362 834

99.8 million kroons (6.4 million euros) – amounts related to previously revaluated non-current assets and non-current assets sold during the financial year (including non-current assets, which were previously re-classified as real estate investments, and sold thereafter) as well as revaluated depreciation of non-current assets – have been re-classified from the revaluation reserve to retained earnings.

ACCOUNTING METHODS AND PRINCIPLES

The following accounting principles have been followed upon the preparation of this interim report:

Accounting principles

The consolidated interim report of the Group has been prepared in accordance with the IFRS (*International Financial Reporting Standards*). The interim financial statements have been prepared in accordance with the generally accepted accounting principles, which require evaluation of the process of accounting for various assets, liabilities, income and expenditure.

The Estonian kroon is the currency used by the Group upon accounting. For reader convenience, the report has also been prepared in euros.

No differences will occur in the currency exchange rates upon recalculation of financial indicators from Estonian kroons to euros, since the exchange rate of the Estonian kroon and the euro has been fixed (EUR 1 = EEK 15.64664).

According to the management of the company, Kalev Ltd's consolidated interim report for the 1st quarter of the financial year 2003/2004 gives a true and fair view of the economic activities of the Group in accordance with the principle of going concern. This interim report has not been audited or otherwise inspected by auditors.

Income statement formats

The balance sheet and income statement of 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.

Background information on the company and consolidation principles

The main activities of the group are the wholesale and retail, export and import of all types of confectionery products (including the production of semi-finished goods) as well as real estate development, management and lease.

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

Subsidiaries (except for subsidiaries that have been purchased for resale, and are accounted for in fair value) – i.e. companies, where the Group's interest exceeds over 50% of voting shares or which activities or financial policies can be controlled by the Group through other means – have been fully consolidated.

Subsidiaries are consolidated from the day of their acquisition until the day they are sold, or until the Group waives control over the particular subsidiary. All intra-group receivables and payables, as well as profit and loss arising from transactions between the Group companies (unless this can be covered) have been eliminated from the consolidated financial statements.

As at 30 September 2003, Kalev Ltd has an interest in four 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 30 September 2003, AS Kalev REC had a total of 40,900 shares with a nominal value of 1,000 kroons (64 euros).
3. AS Kalev Paide Tootmine is a company, which is fully owned by Kalev Ltd, and which manufactures confectionery products with milk as raw material. The company has the makings for starting manufacturing flour confectionery products and mulled wine.
4. Kalev Ltd's interest in Kõnekäsitluse OÜ is 56.2%. The company was purchased on a temporary basis (it was purchased for resale).

Pursuant to the shareholders' agreement concluded between AS Skanska EMV and Kalev Ltd, AS Skanska EMV has the right to sell, and Kalev Ltd to purchase all shares of AS Kalev REC held by AS Skanska EMV. The above subsidiary has been consolidated in the consolidated balance sheet in accordance with the agreement – i.e. as if Kalev Ltd held 100% of the shares thereof, whereas the obligation to purchase the shares has been accounted for as a liability (together with the interest calculated on accrual basis).

AS Kalev Paide Tootmine launched its activities as an independent business unit in 1 August 2003.

Comparative data

In the interim report, the financial indicators of the Group have been compared with the same period last financial year. During the past year, two subsidiaries have been consolidated to the Group. The indicators cannot thus be reliably compared.

NOTES TO THE INTERIM REPORT

1. Cash and bank

As at September 30, the group has deposited financial resources in two deposit accounts:

1. The balance of Kalev Ltd's deposit account totals 1,564,664 kroons (100,000 euros). This amount has been set up as security to the letter of guarantee submitted to the sugar supplier.
2. In connection with the conclusion of the Keila-Joa rehabilitation complex sales and real right contract, AS Kalev REC deposited 50,258,116 kroons (3,212,071 euros) in the notary's deposit account.

2. Customer receivables

The balance sheet line "Customer receivables" includes a receivable from OÜ Raldon in the amount of 43,500,000 kroons (2,780,150 euros), which was generated by the sales of a legal share (18070/52410) of the Pärnu Rd 139 immovable, and which was paid on 8 October 2003.

3. Tangible assets

GROUP	EEK					
	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction in progress	Total
Non-current assets 01.07.2003	29 679 200	74 377 878	64 983 608	9 268 908	131 361 311	309 670 905
Acquisition cost		11 510 208	36 122 641	6 764 247	234 833	54 631 929
Accumulated depreciation						
Net book value 01.07.03	29 679 200	62 867 670	28 860 967	2 504 661	131 126 478	255 038 976
Transactions of the period						
Acquisition	0	0	4 978 919	1 321 735	26 988 909	33 289 563
Depreciation charge	0	-551 968	-2 474 714	-420 557	0	-3 447 239
Sale	0	0	0	0	0	
*Total transactions		551 968	2 504 205	901 178	26 988 909	29 842 324
Acquisition cost 30.09.03	29 679 200	74 377 878	69 948 516	10 590 643	158 350 220	342 946 457
Depreciation charge		12 062 176	38 583 344	7 184 804	234 833	58 065 157
Net book value 30.09.03	29 679 200	62 315 702	31 365 172	3 405 839	158 115 387	284 881 300

GROUP	EUR					
	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction in progress	Total
Non-current assets 01.07.2003	1 896 842	4 753 601	4 153 199	592 390	8 395 496	19 791 527
Acquisition cost		735 634	2 308 652	432 313	15 009	3 491 608
Accumulated depreciation						
Net book value 01.07.03	1 896 842	4 017 966	1 844 547	160 077	8 380 488	16 299 920

Transactions of the period						
Purchase	0	0	318 210	84 474	1 724 901	2 127 585
Depreciation charge	0	-35 277	-158 163	-26 878	0	-220 318
Sale	0	0	0	0	0	0
*Total transactions		35 277	160 047	51 596	1 724 901	1 907 267
Acquisition cost 30.09.03	1 896 842	4 753 601	4 470 514	676 864	10 120 398	21 918 217
Depreciation charge		770 912	2 465 919	459 191	15 009	3 711 030
Net book value 30.09.03	1 896 842	3 982 689	2 004 595	217 672	10 105 389	18 207 187

4. Real estate investments

	GROUP		
	Land	Buildings	TOTAL
01.07.2003 in EEK			
Value 01.07.2003	49 102 750	26 470 345	75 573 095
Sale	-5 244 000	-4 500 000	-9 744 000
Value 30.09.2003	43 858 750	21 970 345	65 829 095
01.07.2003 in EUR			
Value 01.07.2003	3 138 230	1 691 759	4 829 989
Sale	-335 152	-287 602	-622 754
Value 30.09.2003	2 803 078	1 404 157	4 207 235

5. Debt obligations and long-term liabilities

	GROUP		GROUP	
	30.09.2003	30.09.2002	30.09.2003	30.09.2002
	EEK	EEK	EUR	EUR
Short-term liabilities	31 481 460	46 701 004	2 012 027	2 984 731
Long-term liabilities	181 385 877	71 531 343	11 592 641	4 571 674
TOTAL	212 867 337	118 232 347	13 604 668	7 556 405

Change in liabilities:	01.07-30.09.03	01.07-30.09.03
	EEK	EUR
Balance 30.06.2003	143 733 760	9 186 238
Change in lease liabilities	-4 477 403	- 286 157
Other short-term loans	6 602 749	313 299
Overdraft	4 902 080	313 299

Long-term lease liabilities	57 667 450	3 685 612
Other long-term liabilities	4 438 701	283 684
Balance 30.09.2003	212 867 337	13 604 668

Increase in the Group's debt obligations is mostly conditioned by the construction of a new production complex in Põrguvälja (95.1 million kroons – i.e. 6.1 million euros), the real estate and equipment lease liabilities of AS Kalev Paide Tootmine in the amount of 23.9 million kroons (1.5 million euros) and the loan obligation of AS Kalev REC for the purchase of Keila-Joa rehabilitation complex in the amount of 30 million kroons (1.9 million euros).

6. Owner's equity

	GROUP		GROUP	
	30.09.2003	30.09.2003	30.09.2002	30.09.2002
	EEK	EUR	EEK	EUR
Number of common shares	7 877 500	7 877 500	7 877 500	7 877 500
Nominal value	10	0.64	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).

7. Accounting for segments

Activities of business segments are laid down in the primary segment accounting format, whereas fields of activities, which function as independent units generating unique products/services, are considered independent business segments. Confectionery products and real estate transactions are the main business segments.

The Group's material activities are performed in Estonia. For the purposes of the International Financial Reporting Standards, the Group's activities can therefore be treated as a single geographical segment. Thus, no different geographical segments have been accounted for.

Sales by fields of activities				
	GROUP		GROUP	
	01.07-30.09.03	01.07-30.09.02	01.07-30.09.03	01.07-30.09.02
	EEK	EEK	EUR	EUR
Confectionery products	56 100 838	66 761 132	3 585 488	4 266 803
Lease income from real estate investments	10 649 493	1 283 910	680 625	82 057
Other sales	3 569 602	1 629 927	228 139	104 171
TOTAL	70 319 933	69 674 969	4 494 251	4 453 031

Sales by markets				
	GROUP		GROUP	

	01.07-30.09.03	01.07-30.09.02	01.07-30.09.03	01.07-30.09.02
	EEK	EEK	EUR	EUR
Estonia	59 162 546	59 417 775	3 781 166	3 797 478
Eastern Europe	5 953 233	3 881 890	380 480	248 097
Baltic countries	3 456 242	4 949 187	220 894	316 310
Scandinavia	1 351 867	1 252 115	86 400	80 025
Other countries	396 045	174 002	25 312	11 121
TOTAL	70 319 933	69 674 969	4 494 251	4 453 031

8. Compensation to employees

In the given period, no redundancy payments or dismissal compensations were paid to the employees.

9. Earnings per share

	GROUP		GROUP	
	01.07-30.09.03	01.07-30.09.02	01.07-30.09.03	01.07-30.09.02
	EEK	EEK	EUR	EUR
Net profit	-15 879 922	4 753 353	-1 014 909	303 794
Weighed average number of shares during the period	7 877 500	7 877 500	503 463	503 463
Earnings per share (EPS)	-2.02	0.60	-0.13	0.04

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

10. Transactions with related parties (in kroons)

Purchased goods and services	Services	Goods	Balance of receivables 01.07.03-30.09.03	Balance of receivables 01.07.02-30.09.02
From Tööstuse Teenindamise AS	7 318 194	0	7 318 194	0
From Tallinna Piimatööstuse AS	0	574 843	574 843	454297
Other purchases	696 200	70 871	767 071	0
Payables at the beginning of the period	1 816 327	335 652	2 151 979	28 830
Payables at the end of the period	4 598 697	149 156	4 747 853	767 749
Sold goods and services	134 036	868 127	1 002 163	95 151
Receivables at the beginning of the period	151 968	0	151 968	122 014
Receivables at the end of the period	241 047	46 628	287 675	524 361

Other transactions with related parties (OÜ Cassel Grupp)				
Purchased goods and services				115 870
Payables at the beginning of the period				2 988
Payables at the end of the period				0
Receivables at the beginning of the period				6 920
Receivables at the end of the period				0

Transactions with related parties (in EUR)

Purchased goods and services	Services	Goods	Balance of receivables 01.07.03-30.09.03	Balance of receivables 01.07.02-30.09.02
From Tööstuse Teenindamise AS	467 717	0	467 717	0
From Tallinna Piimatööstuse AS	0	36 739	36 739	29 035
Other purchases	44 495	4 529	49 025	0
Payables at the beginning of the period	116 084	21 452	137 536	1 843
Payables at the end of the period	293 910	9 533	303 442	49 068
Sold goods and services	8 566	55 483	64 050	6 081
Receivables at the beginning of the period	9 713	0	9 713	122 014
Receivables at the end of the period	15 406	2 980	18 386	33 513
Other transactions with related parties (OÜ Cassel Grupp)				
Purchased goods and services				7 405
Payables at the beginning of the period				191
Payables at the end of the period				0
Receivables at the beginning of the period				442
Receivables at the end of the period				0

From 30 June 2003, OÜ Cassel Grupp is no longer considered a related party, since the interest of the company in the share capital of the parent company has been reduced.

Tööstuse Teenindamise AS, with whom the company has concluded the production equipment maintenance agreement, is considered a related party from the financial year 2003/2004 onwards.

Kalev Ltd has supported non-profit associations related to the Director of Kalev Ltd in the amount of 328,000 kroons (20,963 euros).

According to the Management of the company, prices used for the transactions with the above related parties do not materially differ from market prices.