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**Interim financial statements
for the period:
01.07.2007-30.06.2008**

Financial year:
01.07.2007-30.06.2008

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**Unaudited
12-month interim
financial statements**

- The Group's net turnover: 1335 million kroons, increase in revenue: 44%
- Increase in gross profit 19%, net profit 113 million kroons
- Remarkable growth in profitability in the dairy and confectionery segments
- Renewed product portfolio and quick growth in the media segment
- Launch of the Kalev Sport television channel

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1. COMMENTS ON ECONOMIC ACTIVITIES

1.1. General information and changes in organisational structure

AS Kalev pursues several fields of activity, including manufacturing and sale of foodstuffs, media, real-estate-related activities, publishing and printing activities. The company has long-term experience in the chocolate, sugar and flour confectionery product segment as well as the pastry and dairy product segment. AS Kalev has also pursued various real estate development and management projects for a longer period of time. Last financial year, AS Kalev expanded its activities into media, publishing, printing and the related areas. The company has shown powerful development in these areas in the financial year with respect to both the extent and content. Among other things, the company launched a new TV programme. Foodstuff production is divided into five production plants, located in Põrguvälja (in Rae Municipality, Harju County), Paide, Viljandi, Jõhvi and Kiviõli. Kalev's products are sold, among other channels, through the pan-Estonian retail chain which consists of 15 candy stores and cafes.

Kalev Group's parent company is AS Kalev. In addition, the group incorporates twenty subsidiaries. AS Uniprint is considered a subsidiary since, under the shareholders' agreement, AS Kalev has the obligation to purchase the company's shares at the latest in April 2009. A structural change was introduced in the first quarter of the financial year 2007/2008 □ under the contract concluded on 17 August 2007, AS Kalev acquired a stake in the private limited company Soltari Invest with a nominal value of 40,000 kroons. With the transaction, AS Kalev became the sole shareholder of the private limited company which was renamed into AgriStock OÜ. The subsidiary is involved with the development of the processing of, storage of and reloading of grain products. The above acquisition does not constitute a related party transaction in the meaning of the stock exchange rules.

AS Kalev has a significant interest in the following companies:

Name of subsidiary	Location	As of 30.06.2008	As of 30.06.2007
AS Kalev Paide Tootmine	Estonia	100%	100%
AS Valmetek Invest	Estonia	66.7%	65.6%
AS Kalev Jõhvi Tootmine*	Estonia	99.1%	99.1%
AS Vilma*	Estonia	100%	100%
AS Kalev Real Estate Company (AS Kalev REC)	Estonia	100%	100%
EOOD Stude REC	Bulgaria	100%	100%
OÜ BCA Center	Estonia	100%	100%
OÜ BCA Kinnisvara	Estonia	100%	100%
AS Kalev Chocolate Factory*	Estonia	100%	100%
OÜ Maiasmokk*	Estonia	86.4%	81.3%
AS Kalev Merchant Services Ltd	USA	100%	100%

OÜ Sugarstar	Estonia	100%	100%
AS Inreko Press	Estonia	100%	100%
OÜ Olliwood	Estonia	100%	100%
AS Eksklusiiiv	Estonia	100%	100%
AS Kalev Meedia	Estonia	100%	100%
OÜ Eesti Spordikanal	Estonia	100%	100%
AS Uniprint	Estonia	0%	40%

* Discontinued operations of AS Kalev Group

The members of the Management Board of AS Kalev are elected and removed pursuant to the procedure provided by the Commercial Code. Under the Commercial Code, the members of the Management Board are appointed and removed by the Supervisory Board of AS Kalev. A member of the Management Board shall be elected for a specified term of three years unless the Articles of Association prescribe another term. Extension of the term of office of a member of the Management Board shall not be decided earlier than one year before the planned date of expiry of the term of office, and not for a period longer than the maximum term of office prescribed by the law or the Articles of Association.

A member of the Management Board may be removed upon a resolution of the Supervisory Board of AS Kalev regardless of the reason. Rights and obligations arising from a contract concluded with the member of the Management Board shall terminate pursuant to the contract. A member of the Management Board may resign from the Management Board with good reason if he or she gives notice of his or her resignation to the Supervisory Board and, if this is impossible, submits a relevant application to the registrar of the commercial register. With good reason, a court may appoint a new member to replace a removed member of the Management Board on the petition of the Supervisory Board, a shareholder or other interested person. The authority of the court-appointed member of the Management Board shall continue until appointment of a new member of the Management Board by the Supervisory Board. The members of the Management Board of AS Kalev shall be appointed for a term of three years in accordance with the Articles of Association of AS Kalev. If the Management Board has more than two members, the Supervisory Board of AS Kalev shall elect the Chairman of the Management Board amongst the members of the Management Board.

Pursuant to the Commercial Code, a resolution on amendment of the Articles of Association shall be adopted if at least two-thirds of the votes who participate in the meeting are in favour. A resolution on amendment of the Articles of Association shall enter into force as of the making of a corresponding entry in the commercial register. The Articles of Association of AS Kalev have not prescribed a greater majority requirement. AS Kalev only has one type of shares.

AS Kalev may be represented in all legal acts by any member of the Management Board. Under the Articles of Association, if the Management Board of AS Kalev has three or more members, the public limited company may be represented in all legal acts by the Chairman of the Management Board alone, or other members of the Management Board together with the Chairman of the Management Board. Pursuant to the Commercial Code, joint representation shall apply with regard to third persons only if it is entered in the commercial register. The members of the Management Board of AS Kalev shall not have the right to issue or repurchase shares. No agreements have been concluded between AS Kalev and its Management Board members or employees, stipulating any monetary compensation in connection with the takeover set forth in section 19 of the Securities Market Act.

At the end of 2007, AS Kalev Chocolate Factory launched the transition to product group-based production, starting to manufacture pastry products and flour confectionery products in different production plants. The specialisation served the goal of enhancing logistical and production efficiency in order to ease the strong pressure on cost price increase, and bring the know-how under a single production unit. The first stage of this process involved changes in biscuit production in the Kiviõli production plant of AS Kalev Jõhvi Tootmine. In the second stage, pastry production will be fully transferred to the Jõhvi plant, partly by exploiting the labour resources made available with the first stage. At the same time, the group's flour confectionery production will be transferred to the AS Vilma production plant in Viljandi.

In February 2008, Kati Kusmin, who also serves as member of the management boards of AS Kalev's subsidiaries AS Kalev Chocolate Factory, AS Kalev Jõhvi Tootmine and AS Vilma, was appointed the new managing director of OÜ Maiasmokk. In January 2008, AS Kalev transferred its share in the subsidiary OÜ Maiasmokk to its other subsidiary AS Kalev Chocolate Factory. The transfer of the share of OÜ Maiasmokk and appointment of a new managing director has to do with the transfer of the food production companies of AS Kalev.

The work arrangement in AS Kalev Paide Tootmine has been changed: from April 2008, the company operates as a contractor on the domestic market. The supply and the sales departments of the company were shut down, and the company focused on its main activity - contracting.

A contract of purchase and sale of shares was concluded on 20 September 2007 between AS Kalev and Alta Capital Partners S.C.A on the transfer of the shares of AS Kalev Chocolate Factory, AS Kalev Jõhvi Tootmine, AS Vilma and OÜ Maiasmokk. Since Alta Capital Partners S.C.A failed to pay the purchase price for the shares by the established term (30 May 2008), the seller did not transfer the shares which formed the object of the contract of purchase and sales. AS Kalev considers the contract of purchase and sale as terminated. Additional information on the contract has been provided in Note 13.

1.2. Financial results

Important factors contributing to the results of AS Kalev Group for the financial year 2007/2008:

1) a near 26% increase in net turnover from goods and services, compared to the comparative period (with almost double the revenue generated by continued operations and the increase in discontinued operations amounting to 5.2%);

2) a 19% increase in consolidated gross profit, compared to the comparative period (incl. an annual 28.3% increase in gross profit from continued operations and 15.8% increase in gross profit from discontinued operation);

3) the share of the domestic market in the total sale of commodities has increased – Estonian sales made up nearly 78% of the total sale, with the share of export decreasing from 36% in the comparative period to 23%;

4) as regards continued operations, the revenue from media and event marketing has showed significant growth (doubled), although these segments still post a loss;

5) real estate sales have significantly increased in the group, since the group has completed several projects and the focus is shifting from housing and commercial premises to the public real estate market. Similarly to last year, the real estate segment is among the most profitable segments of the group;

6) the increase in the sale of discontinued operations (11.5%, compared to the comparative period) was supported, above all, by the sugar and confectionery market.

The consolidated net sales of AS Kalev for the financial year 2007/2008 amounted to 1 335 million kroons (85.3 million euros), showing a 44.2% growth, compared to the same period last financial year. This growth reflects Kalev group's pursuit of the objectives established in the previous period. The development dynamics differed by segments: as regards discontinued operations, both the segment turnover and profitability increased by nearly 11%. As regards continued operations of Kalev Group, both the real estate sales and media and event marketing sales showed a significant growth. The biggest contributors to the Group's total turnover for the reporting period included the increase in the sale of confectionery and dairy products, as well as printing and media, the new branches. The consolidated net profit of AS Kalev for the financial year 2007/2008 amounted to nearly 113 million kroons (7.23 million euros), compared to the 30.5 million kroons (1.95 million euros) in the comparative period.

In the financial year 2007/2008, AS Kalev Group had an average of 1184 employees (incl. 881 employees in the discontinued operations); in the comparative period last financial year, the group had an average of 879 employees (incl. 632 employees in the discontinued operations).

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

The net sales and net profit of AS Kalev Group companies for the financial year 2007/2008 have been brought out in the below tables (in thousands of kroons and euros), separately for each company. Comparative data has been brought out on 14 companies. The financial indicators of the subsidiary Kalev Merchant Services Ltd have not been consolidated, since the balance sheet volume of the subsidiary only makes up less than 0.5% of the parent company's turnover. Data on subsidiaries is not included, either. The data on AS Kalev Paide Tootmine, AS Kalev Real Estate Company, AS Kalev Meedia and AS Uniprint also include the corresponding financial results of their subsidiaries.

EEK	Net sales		Net profit	
	2007/2008	2006/2007	2007/2008	2006/2007
	12 months	12 months	12 months	12 months
AS Kalev**	433	144 479	75 894	-62 792
AS Kalev Chocolate Factory	527 083	452 182	6 890	23 614
AS Kalev Paide Tootmine*	262 337	315 726	20 073	29 407
AS Kalev REC*	405 107	87 518	67 418	79 373
AS Kalev Jõhvi Tootmine	45 025	40 575	-3 381	-3 877
OÜ Maiasmokk	7 866	7 121	258	-916
AS Vilma	32 937	29 503	189	-1 316
OÜ Sugarstar	5 934	3 613	-2 343	-1 065
AS Inreko Press***	0	3 853	-335	-288
OÜ Olliwood***	0	4 911	-668	-1 852
OÜ Eksklusiiiv	3 666	1 350	-1 702	-1 305
AS Kalev Meedia*	17 707	1 431	-58 016	558
AS Uniprint*	116 941	54 755	1 480	2 294
OÜ Agristock	25 062	0	-12 698	0

* consolidated

** calculated change in turnover, as a result of which production activities previously attributed to AS Kalev have been attributed to AS Kalev Chocolate Factory since 01.07.2006, and sale of goods since 01.09.2006.

*** the activities of subsidiaries involved in the media segment have been attributed to AS Kalev Meedia since 01.06.2007.

EUR	Net sales		Net profit	
	2007/2008	2006/2007	2007/2008	2006/2007
	12 months	12 months	12 months	12 months
AS Kalev**	28	9 234	4 851	-4 013
AS Kalev Chocolate Factory	33 687	28 900	440	1 509
AS Kalev Paide Tootmine*	16 766	20 179	1 283	1 879
AS Kalev REC*	25 891	5 593	4 309	5 073
AS Kalev Jõhvi Tootmine	2 878	2 593	-216	-248
OÜ Maiasmokk	503	455	16	-59
AS Vilma	2 105	1 886	12	-84
OÜ Sugarstar	379	231	-150	-68
AS Inreko Press***	0	246	-21	-18
OÜ Olliwood***	0	314	-43	-118
OÜ Eksklusiiiv	234	86	-109	-83

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

AS Kalev Meedia*	1 132	91	-3 708	36
AS Uniprint*	7 474	3 499	95	147
OÜ Agristock	1 602	0	-812	0

* consolidated

** calculated change in turnover, as a result of which production activities previously attributed to AS Kalev have been attributed to AS Kalev Chocolate Factory since 01.07.2006, and sale of goods since 01.09.2006.

*** the activities of subsidiaries involved in the media segment have been attributed to AS Kalev Meedia since 01.06.2007.

In the financial year, AS Kalev has increased financial gearing in the financing of the Group's further development, incl. conducting a bonus issue in order to refinance the main activity. Increase in current assets also conditioned a rise in the current ratio (see table below). Due to the increase in borrowings, financial gearing has increased financial expenses. Still, this growth is significantly smaller than the increase in the sale of commodities. As regards different expense items, the biggest growth (32% compared to last period) can be seen in the Group's general and administrative expenses. Such a record growth in expenses can be explained both by macroeconomic indicators and the group's strong development in different segments. Thus, the growth in expenses meets expectations and has to do with the expansion into the new area. The group's profitability has significantly improved, compared to the previous period.

The most important financial ratios of AS Kalev Group have been brought out in the below table:

	AS Kalev Group	
	01.07.2007- 30.06.2008	01.07.2006 - 30.06.2007
Current ratio	1.10	0.61
Financial gearing	0.83	0.80
Asset turnover ratio	0.87	0.79
Net profit margin (%)	8.5%	3.3%
Return on assets, ROA (%)	7.4%	2.6%

* The financial ratios have been calculated based on the following methods:

Current ratio = current assets / current liabilities

Financial gearing = total liabilities / average total assets

Asset turnover ratio = revenue / average total assets

Net profit margin = net profit / revenue * 100%

Return on assets (ROA) = net profit / average total assets * 100%

1.3. Product market and sales

The total sales of AS Kalev's confectionery and dairy products amounted to 21,988 tons in the financial year 2007/2008 (21,633 tons in the previous financial year). This constitutes a 1.6% growth, year-on-year. Still the dynamics are different for different fields of activity: In the confectionery segment, AS Kalev's sales decreased by 6.8% (the total output for the financial year amounted to 9,312 tons, compared to the 9,990 tons in the previous financial year). In the dairy product segment, total sales increased by 8.8% (a total of 12,676 tons, compared to the 11,643 tons in the last financial year).

1.3.1. Confectionery products

According to the retail trade survey conducted by AC Nielsen in April/May 2008, AS Kalev Chocolate Factory is the Estonian market leader in the chocolate and sugar confectionery segment: Kalev's market share is nearly 34%, as regards turnover, and 36% as regards volume (33% and 39% in the comparative period, respectively). In the domestic biscuit market, Kalev Group's market share was approximately 9% in the period (on par with last year), with the market share as regards volume exceeding 11%, ranking Kalev third among manufacturers in the segment. According to AC Nielsen, the total sales of AS Kalev rank the company second on the Baltic sweets market, with the market share amounting to 12% as regards turnover and 14% as regards volume.

As a result of active product development, the company launched a total of 86 new products in the financial year 2007/2008 (incl. 36 products in the sugar and chocolate confectionery segment and 50 products in the flour confectionery segment). The turnover of new products amounted to 10% of the total turnover in the period.

Three new flavours were launched in the Kalev brand chocolate series: dark chocolate with raspberry (100g), milk chocolate with whole hazelnuts (200g) and white chocolate with cranberry and coconut (100g). The Kalev brand 200-gram chocolate series saw two new additions □ dark chocolate with raspberry (previously marketed in 100g tablets) and milk chocolate with biscuit pieces and plum. The company also launched a new Kalev Special chocolate series □ white chocolate with Indian nuts (50g), milk chocolate with hazelnuts (50g) and milk chocolate in three different packages (50g, 100g, 300g).

Two new products □ coca flavoured chewing candy and fruit flavoured chewing candy □ were introduced in the Draakon chewing candy series. The Kalev Toffee series also saw two additions: the Kalev Toffee Cocoa toffee with biscuit pieces (150g) and Kalev Toffee Mix (475g). The company also launched a new caramel candy - the Kalev Caramel green apple flavoured hard boiled candy with vitamin C (in 150 g and 2 kg packaging). New candy in the Kalev Praline series included the tiramisu-flavoured praline candy, praline candy with almond, praline candy with strawberry, plum-flavoured

praline candy well as praline candy with coffee and caramelised nut. Blackcurrant and plum-flavoured candy (175g) was added to the Kalev Marmelade series. The boxed chocolate candy series saw new praline candy products – Tallinna Vanalinn (175g), Kannel (350g), Kalev Finest Pralin□s - selection of praline candy (350g) and the Kalev Finest Pralin□s tiramisu-flavoured praline candy (85g). In the giftbox series, the company launched new dragee products: the tiramisu flavoured cocoa coated almonds, cherry in milk chocolate and hazelnut in milk chocolate in Kalev Dragee 130-gram packages. Three of the most popular products in the Kalev Praline series □ the tiramisu flavoured candy, candy with almond and candy with Indian nut □ were also launched in 150-gram giftboxes and in a mixed 350-gram package.

As regards volume, Kalev Group's total sale of sugar and chocolate confectionery products amounted to 9,312 tons in the financial year 2007/2008. This constitutes a 6% decrease from the comparative period.

At the same time, the dynamics of the sale of confectionery products was different for different product groups: quicker-than-average growth could be seen in the sale of chocolate tablets (25%), dragee (21%) and boxed chocolate candies (15%); the sale of candy increased by 6% compared to the last financial year. The biggest growth (as regards volume), compared to the same period in the last financial year, could be seen in the sale of chocolate tablets (+22%). The same of boxed chocolate candy increased by 15%, while the sale of candy decreased by 5%. Christmas sales were a great contributor to the total sale of confectionery products: In the last few months of 2007, AS Kalev Chocolate Factory sold a total of over 250 tons of (i.e. nearly 440 thousand) Christmas packages of different size and contents. This constitutes a 23% (i.e. over 46 tons) growth, compared to the same period last financial year. Total Christmas sales amounted to 550 tons, with candy packages 45%, chocolate tablets 29%, gingerbread cookies 18% and boxed chocolate candy 8%. The Christmas selection included 37 products with different thematic designs.

In the pastry and flour confectionery group, the company launched a total of 19 different pastry products under "Linda", "Kalevipoe" and "Sakala" trademarks in the financial year 2007/2008. Kalev launched four new pastries under the "Linda" trademark: cherry pie (3x55 g), flaky cheese pastry (2x55 g), curd pie (3x60 g) and vanilla rolls (3x60 g). The classic "Linda" curd cake (250 g) was added to the coffee cake selection. The company also launched a new muffin. A new selection (a total of 14 products) of cakes was launched under the "Linda" trademark, with the group's tart portfolio seeing the addition of three new flavours□-the peach cheese-cake (850 g), cheese-cake (700g) and chocolate cheese-cake (730g). The popular "Vilma" flour mix series saw two new additions□-the thin crust pizza powder (400g) and the vanilla-flavoured cake powder (350g). In the biscuit segment, all biscuits have a new visual and packaging. The tiramisu-flavoured biscuits (180 g) were added to the product

portfolio, with "Nisukliiküpsis" biscuits with raspberry and pumpkin seeds added to the low calorie series with healthy additives.

The total volume of sale of flour confectionery products (incl. pastry products, biscuits and flour mixes) for the financial year 2007/2008 amounted to 2,956 tons. This constitutes a 23% decrease from the total sales of flour confectionery products in the comparative period. Similarly to sugar and chocolate confectionery segments, different sales dynamics can be distinguished among the product groups of the flour confectionery segment: for instance, the total volume of sale of flour mixes increased by nearly 17%, compared to the comparative period, and the sale of biscuits by 9%. The share of export is immaterial in the flour confectionery segment.

In the first half of the financial year 2007/2008, a majority (88%) of the confectionery product output (i.e. sugar, chocolate and flour confectionery products) was sold at the domestic market, with export amounting to 12% of the turnover (8% in the last financial year). Export sales of confectionery products increased by 80%, compared to last year. Export to Lithuania made up 33% of the total export of Kalev Group confectionery products (only 3% in the comparative period), with export to Latvia amounting to 26%, *Travel Trade* to 23%, Russia to 9% and Finland to 8%.

1.3.2. Dairy products

Different dairy products were produced from the crude milk stocked by AS Kalev Paide Tootmine in the financial year. Due to the market conditions and production-economic reasons, the company focused on the production of cream, skimmed milk and condensed skimmed milk (these made up nearly 77% of the output). AS Kalev Paide Tootmine added fatty powders, skimmed milk and milk concentrate to its list of products in the reporting period. Due to the unfavourable raw material and final price situation in Estonia and abroad, the company temporarily suspended production activities in AS Kalev Paide Tootmine in March 2008. At the same time, sales activities were continued. From April 2008, AS Kalev Paide Tootmine provides contracting services, incl. to AS Tere. These services mainly include manufacturing of products (mainly powder, fresh cream and drinking milk) which require no milk purchase by the company. Condensed skimmed milk sales made up nearly 37% of the total sales volume of AS Kalev Paide Tootmine in the period. The share of cream was 29% and skimmed milk powder 10% of the total sales volume. Production volume increased by nearly 10.7%, compared to the comparative period, amounting to a total of 12,676 tons. Nearly two-thirds (nearly four-fifths in the comparative period) of the total output of AS Kalev Paide Tootmine was exported to the European Union (mainly Germany).

The increase in the price of stocked milk has had a significant influence on the results for the financial year, as well as on the whole dairy market. According to Statistics Estonia, the average increase in production prices for agricultural products reached an annual 21% in the middle of the year, with the

corresponding price for milk rising by 22%. By the time of preparation of this report, the raw material price hikes in Estonia had ceased.

The main focus of product development in AS Kalev Paide Tootmine lies in the creation of additional options for valuation of the raw material. The company thus made bigger investments than in the comparative period – the cream production line was improved with automatic sample-takers in order to get a better sample of the raw material. The company also implemented methods of analysis for more accurate measurement of the fat content. For valuation of fat as a powder product, the cream powder production technology was improved: AS Kalev Paide Tootmine added a homogenisator to the production line, and renewed the powder transportation system to bring it into line with the requirements for transporting more glutinous powder. The most important development project focused on creating additional option for valuation of skimmed milk and milk in the production of concentrate (as an alternative to the drying technology), as well as creating loading options for the concentrate.

1.3.3. Real estate activities

AS Kalev pursues real estate management and development activities through its subsidiary AS Kalev Real Estate Company (hereinafter Kalev REC), and through its subsidiaries and associated companies. Since the Group has followed the principle of conservatism in creating its portfolio, any fluctuations in the market segment have no substantial effect on the economic results. In the real estate segment, the most important project had to do with the development activities of the subsidiary OÜ BCA Center in the reconstruction of five schools within the framework of the Private Partnership for Tallinn Schools Project (the scheduled term of completion of three schools was July 2008 and two schools December 2008). The earlier real estate projects of AS Kalev REC have been further developed - the company has sold all apartments in the 19-apartment building in Marat Street in Tallinn, as well as the 25-apartment building in Hommiku Street in Pärnu. By the time of preparation of this report, a detailed plan for the Ringi 56 real estate owned by AS Kalev REC's associate OÜ Ringi Haldus has been completed, permitting construction of a 4,600 m² apartment building. Design work on the building has already commenced. Detailed plans on Kalev REC's registered immovables at Tervise 5 and Pärnu mnt 139 (legal share) have been completed in the volume of the preliminary building design documentation.

In January 2008, Kalev REC concluded a real right contract on the acquisition of 10 apartment ownerships in the Tallinn Old Town (at Kinga 1). The transaction price amounted to 77 million kroons, of which the buyer paid 15.4 million kroons prior to the conclusion of the contract, and the remainder after the presentation of the real right contract to the land registry department. Kalev REC has

established a combined mortgage on the acquired apartment ownerships in the amount of 42 million kroons and 18.6 million kroons for the benefit of AS Hansapank.

AS Kalev REC's Bulgarian-based subsidiary EOOD Stude REC is just about to complete construction of the 6,500 m² apartment building in Sofia. The company will apply for the permit of use for the building by the end of 2008 at the latest. Broker companies have already been selected for the sale of the apartments from August 2008.

Although the company's real estate segment has, so far, focused on development of residential and commercial space, AS Kalev REC is paying increasing attention to the public real estate market. AS Kalev REC is also eager to participate in further private partnership projects.

1.3.4. Media

AS Kalev Meedia and its subsidiary OÜ Eesti Spordikanal are involved in three segments: print media, Internet, television. AS Kalev Meedia publishes the gossip magazine *Just*, financial magazine *Ärielu*, sports magazines *Sporditäht*, *Basket* and *Jalka*; fashion and lifestyle magazines *Avenüü* and *Avenüü Professional*, IT magazine *Praktiline Arvutikasutaja* as well as the children's magazines *Muumi* and *Muumi Mõistatuste ja Värviraamat*. These publications had the following average print runs in the financial year: *Just* 13,300, *Ärielu* 5,000, *Sporditäht* 6,200, *Basket* 4,600, *Jalka* 6,900, *Avenüü* 7,400, *Avenüü Professional* 1,400, *Muumi* 9,100, *Muumi Mõistatuste- ja Värviraamat* 5,000, *Praktiline Arvutikasutaja* 4,000. At the same time, actual reader numbers are remarkably bigger for these publications - according to the Estonian Media Survey conducted by TNS Emor in the second quarter of 2008, *Just* had 41,000, *Sporditäht* 12,000, *Avenüü* 15,000, *Muumi* 14,000, *Ärielu* 5,000, *Basket* 7,000 and *Praktiline Arvutikasutaja* 7,000 readers.

In the reporting period, the company renewed the sports magazine *Sporditäht*. With a new concept and under the supervision of a new editor-in-chief, the magazine is published as a weekly since September 2007. To launch the new product, the company organised an extensive advertising campaign. This was also the first bigger public campaign for AS Kalev Meedia. Major changes were introduced to the contents and format of the gossip magazine *Just* at the end of 2007. In February 2008, AS Kalev Meedia acquired the IT publication *Praktiline Arvutikasutaja*, with Ando Urbas remaining as the editor-in-chief. AS Kalev Meedia considers *Praktiline Arvutikasutaja* to have great potential - the magazine can be marketed to an even wider target group.

The company has also completed several bigger projects. In October 2007, a new concept was developed for the financial magazine *Ärielu*. A new web-based news portal www.kalev.ee was completed. In March 2008, the company introduced changes in the design and functionality of the

news portal with the aim of making the portal more attractive and the contents more user-friendly for the readers. According to the current statistics, the news portal had an average of 22,516 unique visitors per week, 74,477 per month.

The new sports-orientated news and entertainment channel KalevSport was launched by AS Kalev Meedia's subsidiary OÜ Eesti Spordikanal on 12 November 2007. According to the TV Audience Meter Survey conducted by TNS EMOR between 12 November 2007 and 30 June 2008 (target group: Estonian population over the age of 4), the *Daily Reach* of Kalev Sport was 40,000, the *Daily Reach* % was 3.1 and the *Daily Share* was 0.3%. A total of 446,000 people watched the Kalev Sport channel in the period.

To create a synergy between the different pursuits - print media, Internet, telemedia - and ensure the consequent increase in content quality, cost efficiency and competitiveness, the different editorials were brought to AS Kalev Meedia's new premises at Tornimäe 5 in the heart of Tallinn. The company also completed the photo studio in the reporting period. As of 30 June 2008, 119 people were employed in Kalev Group's media segment (incl 82 in AS Kalev Meedia and 37 in OÜ Spordikanal).

1.4. Future activities

As regards the continued operations of AS Kalev, the company still pursues real estate activities through AS Kalev REC and its direct subsidiaries. The dairy area is developed through AS Kalev Paide Tootmine. The growth in the real estate sector in Estonia has allowed Kalev Group to actively pursue real estate development and management. So far, the main attention has focused around residential and commercial space development. In the future, the company plans to develop its activities also in the public real estate sector, including partnership projects. AS Kalev is set to change its strategy in accordance with the dynamics of the sector, and the occurrences on the real estate market.

Major changes are revolving around AS Kalev's new fields of activity □ media and event marketing segments. The company is planning to further develop the group's magazines, enhance reader numbers and increase advertising revenue. Development activities will also involve the web-based news portal www.kalev.ee and the TV channel KalevSport. The completed photo studio will enhance the speed and quality of photo material production in the Group. In addition, the company is weighing the expansion options in the media market, incl. launch of new publications.

As regards the discontinued operations of AS Kalev, AS Kalev Chocolate Factory bases its pursuits on the goal of being the market leader in the sugar and chocolate confectionery segment. Profitability will be increased through optimising the assortment and enhancing production efficiency. In product development, the goal is to extend the terms of expiry as well as produce healthy products and create

new flavours. The chocolate confectionery segment focuses on the development of chocolate tablets, chocolate candies and boxed chocolates, while the sugar confectionery segment focuses on chewing candies and toffee. In the pastry and flour confectionery segment, the focus will lie on flour mix and biscuit production.

The dairy product segment is affected by global developments as well as positioning of the product portfolio in the segment. The milk processing segment is characterised simultaneously by the increase in demand for agricultural products, abandonment of the EU support schemes and formulation of the supply conditions for domestic raw material. AS Kalev Paide Tootmine is planning changes in both overall strategy and product portfolio. Technical work has already been launched on the new UHT cream production line. This will provide an alternative in the valuation of fat. It will also create options for enhancing export.

2. INTERIM FINANCIAL STATEMENTS

MANAGEMENT REPRESENTATION TO THE FINANCIAL STATEMENTS

The Management Board of AS Kalev takes responsibility for the correctness of the preparation of the interim financial statements for the 12 months of the financial year 2007/2008 of AS Kalev set out on pages 15-40, and confirms that, to the best of its knowledge:

- the accounting principles used in preparing the interim financial statements are in compliance with the International Financial Reporting Standards (IFRS), as passed by the European Union;
- the interim financial statements give a true and fair view of the financial position of AS Kalev and the results of its operations and cash flows;
- material circumstances which became evident before the date of preparation of the interim financial statements have been appropriately accounted for and presented in the interim financial statements;
- AS Kalev is able to continue as a going concern.

Tallinn, 31 August 2008



Oliver Kruuda
General Manager

INCOME STATEMENT

in thousands of kroons		Consolidated			Consolidated	
Note	2008	2008	2008	2007	2007	2007
	12 months continued operations	12 months discontinued operations	12 months Total	12 months continued operations	12 months discontinued operations	12 months Total
3 Revenue	827 179	508 121	1 335 300	606 348	319 356	925 704
Cost of sales of goods and services	-763 916	-343 485	-1 107 401	-552 251	-181 984	-734 235
Gross profit	63 263	164 636	227 899	54 097	137 372	191 469
Marketing expenses	-38 959	-101 283	-140 242	-40 003	-77 672	-117 675
Administrative and general expenses	-91 274	-24 298	-115 572	-56 824	-30 397	-87 221
Other income and expenses	187 964	377	188 341	82 672	-250	82 422
Operating profit	120 994	39 432	160 426	39 942	29 053	68 995
Other financial income and expenses	-30 493	-16 339	-46 832	-28 490	-9 798	-38 288
Profit before income tax	90 501	23 093	113 594	11 452	19 255	30 707
Income tax	-430	0	-430	-282	0	-282
Profit before minority interest	90 071	23 093	113 164	11 170	19 255	30 425
Minority interest	0	-5	-5		34	34
Profit for the period	90 071	23 088	113 159	11 170	19 289	30 459
Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			4.79			1.29

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of euros							
Note		Consolidated			Consolidated		
		2008	2008	2008	2007	2007	2007
		12 months continued operations	12 months discontinued operations	12 months Total	12 months continued operations	12 months discontinued operations	12 months Total
3	Revenue	52 866	32 475	85 341	38 753	20 411	59 163
	Cost of sales of goods and services	-48 823	-21 953	-70 776	-35 295	-11 631	-46 926
	Gross profit	4 043	10 522	14 565	3 457	8 780	12 237
	Marketing expenses	-2 490	-6 473	-8 963	-2 557	-4 964	-7 521
	Administrative and general expenses	-5 833	-1 553	-7 386	-3 632	-1 943	-5 574
	Other income and expenses	12 013	24	12 037	5 284	-16	5 268
	Operating profit	7 733	2 520	10 253	2 553	1 857	4 410
	Other financial income and expenses	-1 949	-1 044	-2 993	-1 821	-626	-2 447
	Profit before income tax	5 784	1 476	7 260	732	1 231	1 963
	Income tax	-27	0	-27	-18	0	-18
	Profit before minority interest	5 757	1 476	7 232	714	1 231	1 945
	Minority interest	0	0	0	0	2	2
	Profit for the period	5 757	1 476	7 232	714	1 233	1 947
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			0.31			0.08

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of kroons							
Note	Consolidated			Consolidated			
	2008 4 th quarter continued operations	2008 4 th quarter discontinued operations	2008 4 th quarter Total	2007 4 th quarter continued operations	2007 4 th quarter discontinued operations	2007 4 th quarter Total	
3	Revenue	306 568	162 138	468 706	142 471	61 671	204 142
	Cost of sales of goods and services	-285 293	-117 195	-402 488	-129 260	-36 003	-165 263
	Gross profit	21 275	44 943	66 218	13 212	25 668	38 880
	Marketing expenses	-707	-26 497	-27 204	-15 875	-19 534	-35 409
	Administrative and general expenses	-22 796	-5 320	-28 116	-5 412	-9 724	-15 136
	Other income and expenses	180 558	1 237	181 795	33 146	-445	32 701
	Operating profit	178 330	14 363	192 693	25 071	-4 035	21 036
	Other financial income and expenses	673	-5 173	-4 500	-12 607	-2 927	-15 534
	Profit before income tax	179 003	9 190	188 193	12 464	-6 962	5 502
	Income tax		0	0	-282	0	-282
	Profit before minority interest	179 003	9 190	188 193	12 182	-6 962	5 220
	Minority interest	0	-29	-29	0	5	5
	Profit for the period	179 003	9 161	188 164	12 182	-6 957	5 225
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			7.96			0.22

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of euros		Consolidated				Consolidated	
Note		2008	2008	2008	2007	2007	2007
		4 th quarter continued operations	4 th quarter discontinued operations	4 th quarter Total	4 th quarter continued operations	4 th quarter discontinued operations	4 th quarter Total
3	Revenue	19 593	10 363	29 956	9 106	3 941	13 047
	Cost of sales of goods and services	-18 234	-7 490	-25 724	-8 261	-2 301	-10 562
	Gross profit	1 360	2 872	4 232	844	1 640	2 485
	Marketing expenses	-45	-1 693	-1 739	-1 015	-1 248	-2 263
	Administrative and general expenses	-1 457	-340	-1 797	-346	-621	-967
	Other income and expenses	11 540	79	11 619	2 118	-28	2 090
	Operating profit	11 397	918	12 315	1 602	-258	1 344
	Other financial income and expenses	43	-331	-288	-806	-187	-993
	Profit before income tax	11 440	587	12 028	797	-445	352
	Income tax	0	0	0	-18	0	-18
	Profit before minority interest	11 440	587	12 028	779	-445	334
	Minority interest	0	-2	-2	0	0	0
	Profit for the period	11 440	585	12 026	779	-445	334
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			0.51			0.01

BALANCE SHEET

in thousands of kroons and euros

Note	Consolidated (in EEK)			30.06.2007	
	30.06.2008 continued operations	30.06.2008 discontinued operations	30.06.2008 Total		
ASSETS					
Current assets					
	Cash	101 063	2 432	103 495	17 337
	Receivables	464 585	13 157	477 742	148 050
	Prepayments	1 610	539	2 149	2 653
	Inventories	150 208	41 826	192 034	218 617
	Total current assets	717 466	57 954	775 420	386 657
Non-current assets					
	Long-term investments and receivables	35 199	0	35 199	3 733
6	Investment property	330 657	0	330 657	214 601
7	Property, plant and equipment	181 165	423 053	604 218	644 876
8	Intangible assets	20 761	0	20 761	62 635
	Total non-current assets	567 782	423 053	990 835	925 846
	TOTAL ASSETS	1 285 248	481 007	1 766 255	1 312 503
LIABILITIES AND OWNER'S EQUITY					
Liabilities					
9	Short-term borrowings	368 157	72 770	440 927	348 317
10	Prepayments	18 698	21	18 719	1 461
	Payables to suppliers and other payables	192 286	53 028	245 314	284 439
	Total current liabilities	579 141	125 819	704 960	634 218
Non-current liabilities					
9	Long-term borrowings	382 193	192 448	574 641	304 837
	Total non-current liabilities	382 193	192 448	574 641	304 837
	Total liabilities	961 334	318 267	1 279 601	939 054
Owner's equity					
	Share capital	236 325		236 325	236 325
	Mandatory reserve	5 543		5 543	4 020
	Revaluation reserve	111 108		111 108	111 108
	Retained earnings	133 578		133 578	21 941
	Total owner's equity	486 554		486 554	373 395
	Minority interest	0	100	100	54
	TOTAL LIABILITIES, MINORITY INTEREST AND OWNER'S EQUITY	1 447 888	318 367	1 766 255	1 312 503
	<i>difference in equity investments</i>	<i>-162 640</i>	<i>162 640</i>	<i>0</i>	<i>0</i>

		Consolidated (in EUR)			
		30.06.2008	30.06.2008	30.06.2008	30.06.2007
		continued	discontinued	Total	
Note	ASSETS	operations	operations		
	Current assets				
	Cash	6 459	155	6 615	1 108
	Receivables	29 692	841	30 533	9 462
	Prepayments	103	34	137	170
	Inventories	9 600	2 673	12 273	13 972
	Total current assets	45 854	3 704	49 558	24 712
	Non-current assets				
	Long-term investments and receivables	2 250	0	2 250	239
6	Investment property	21 133	0	21 133	13 716
7	Property, plant and equipment	11 579	27 038	38 617	41 215
8	Intangible assets	1 327	0	1 327	4 003
	Total non-current assets	36 288	27 038	63 326	59 172
	TOTAL ASSETS	82 142	30 742	112 884	83 884
	LIABILITIES AND OWNER'S EQUITY				
	Liabilities				
	Current liabilities				
9	Short-term borrowings	23 530	4 651	28 180	22 262
10	Prepayments from customers	1 195	1	1 196	93
	Payables to suppliers and other payables	12 289	3 389	15 678	18 179
	Total current liabilities	37 014	8 041	45 055	40 534
	Non-current liabilities				
9	Long-term borrowings	24 427	12 300	36 726	19 483
	Total non-current liabilities	24 427	12 300	36 726	19 483
	Total liabilities	61 440	20 341	81 781	60 017
	Owner's equity				
	Share capital	15 104		15 104	15 104
	Mandatory reserve	354		354	257
	Revaluation reserve	7 101		7 101	7 101
	Retained earnings	8 537		8 537	1 402
	Total owner's equity	31 096	0	31 096	23 864
	Minority interest	0	6	6	3
	TOTAL LIABILITIES, MINORITY INTEREST AND OWNER'S EQUITY	92 537	20 347	112 884	83 884
	<i>difference in equity investments</i>	-10 395	10 395	0	0

CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	2008	2007	2008	2007
	12 months	12 months	12 months	12 months
Operating activities				
Operating profit	160 426	68 996	10 253	4 410
Adjustment of operating profit	-24 747	-64 779	-1 582	-4 140
Change in assets related to operating activities	-286 332	35 671	-18 300	2 280
Change in liabilities related to operating activities	7 825	-94 941	500	-6 068
Total cash flow from operating activities	-142 828	-55 053	-9 128	-3 519
Investing activities				
Purchase of subsidiaries	-10 250	-34 541	-655	-2 208
Proceeds from disposals of non-current assets	22 804	31 619	1 457	2 021
Acquisition of non-current assets	-88 834	-67 908	-5 678	-4 340
Loans granted	-31 547	-5 803	-2 016	-371
Repayment of loans granted	47 266	7 726	3 021	494
Interest received	16 223	2 071	1 037	132
Total cash flow from investing activities	-44 338	-66 836	-2 834	-4 272
Financing activities				
Repayment of loans and bonds	-205 448	-182 522	-13 131	-11 665
Loans received and bonds issued	628 520	475 156	40 170	30 368
Repayment of finance lease principal	-93 969	-92 062	-6 006	-5 884
Change in overdraft and other financial instruments	3 966	-29 091	0	0
Interest paid	-59 745	-42 335	-3 818	-2 706
Total cash flow from financing activities	273 324	129 146	17 215	10 113
Total cash flow	86 158	7 257	5 253	2 323
Cash and cash equivalents at the beginning of the period	17 337	10 080	1 108	644
Change in cash and cash equivalents	86 158	7 257	5 506	464
Cash and cash equivalents at the end of the period	103 495	17 337	6 615	1 108

Cash and cash equivalents in the cash flow statement correspond to the cash and cash equivalents in the balance sheet.

STATEMENT OF CHANGES IN EQUITY

in thousands of kroons

Consolidated	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2006	236 325	4 020	116 315	-13 225	343 435
Adjustment of the revaluation reserve	0	0	-5 207	4 707	-500
Profit for the period	0	0	0	30 460	30 460
30.06.2007	236 325	4 020	111 108	21 942	373 395
30.06.2007	236 325	4 020	111 108	21 942	373 395
Retained earnings	0	1 523	0	-1 523	0
Profit for the period	0	0	0	113 159	113 159
30.06.2008	236 325	5 543	111 108	133 578	486 554

in thousands of euros

Consolidated	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2006	15 104	257	7 434	-845	21 949
Adjustment of the revaluation reserve	0	0	-333	301	-32
Profit for the period	0	0	0	1 947	1 947
30.06.2007	15 104	257	7 101	1 402	23 864
30.06.2007	15 104	257	7 101	1 402	23 864
Retained earnings	0	97	0	-97	0
Profit for the period	0	0	0	7 232	7 232
30.06.2008	15 104	354	7 101	8 537	31 096

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Note 1 Background information

AS Kalev is an Estonian company whose shares have been listed in the secondary list of the NASDAQ OMX Group Tallinn Stock Exchange. Kalev Group's main fields of activity include manufacturing of various foodstuffs as well as pursuit of real estate, publishing and printing activities.

Note 2 Accounting principles and basis of estimations

A. Basis of preparation

The consolidated interim financial statements of Kalev Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), which include the International Accounting Standards approved by the International Accounting Standards Board (IASB), as passed by the European Union, and their interpretations, as well as the International Accounting Standards approved by the International Accounting Standards Committee (IASC) and the interpretations of the Interpretation Committee, established for the financial periods commencing on 1 July 2004.

The Estonian kroon is the underlying currency of the consolidated financial statements. For comparison purposes and pursuant to the requirements of the Tallinn Stock Exchange Rules, the financial indicators of this report have also been denominated in euros, translated from the original indicators denominated in Estonian kroons. No currency exchange rate differences occur on re-calculation of the financial indicators since the exchange rate between the Estonian kroon and the euro has been fixed (1 euro = 15.6466 kroons).

B. Changes in accounting principles and comparative data

The financial statements are prepared based on the principle of consistency and comparability. This means that the same accounting policies and presentation formats are used by the group on an on-going basis in preparation of financial statements. Changes will be introduced to the accounting principles and presentation formats only if so conditioned by the new or amended IFRS, or if the new accounting principles and/or presentation formats give a more objective overview of the financial position and economic results of the group and the parent company, as well as their cash flows.

The financial indicators of the subsidiary Kalev Merchant Services Ltd have not been consolidated in this interim report, since the balance sheet volume of the subsidiary only makes up less than 0.5% of

the parent company's turnover. The comparative data have not been adjusted, since the financial indicators of the subsidiary have no significant influence on those of the Group.

Information on discontinued operations has been separately brought out in the financial statements in accordance with IFRS 5. A discontinued operation is a major line of business or geographical area of operations which has ceased to operate, and has either been disposed of or is classified as held-for-sale. The non-current assets or the disposal group are classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered as fulfilled only if it is very likely that the assets will be disposed within the next 12 months and the assets (disposal group) can be disposed in their present form.

C. Basis of consolidation

The consolidation group (for the purposes of these statements, also the Group) consists of the parent company and the subsidiary - i.e. a company where the parent company holds over 50% of voting shares or the activities or financial policies of which can be controlled by the parent through other means.

Subsidiaries are consolidated from the day of their acquisition until the day they are sold, or until control over the particular subsidiary is waived. The subsidiaries' financial statements which are used as basis for consolidation have been prepared on the same period with those of the parent company, and by using the same accounting principles.

All intra-group receivables and payables, as well as the unrealised profit and loss arising from transactions between the Group companies (except in case of loss arising from decrease in net asset value) have been eliminated from the consolidated financial statements.

Minority interest - the share of the subsidiary's profit, loss and net assets which do not belong to the Group, are recorded under a separate entry in the consolidated income statement and balance sheet.

Associated company is an entity where the parent has an interest of less than 50%, and whose voting shares are not controlled by the parent. Associated companies are not consolidated line by line, and their profit is calculated by using the equity method.

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

Note 3 Segment information

Consolidated in thousands of kroons	Confectionery products* (except for flour confectionery products)	Flour confectionery products*	Dairy products 12 months	Real estate 12 months	Media 12 months	Print industry 12 months	Event marketing 12 months	Total 12 months
	12 months	12 months	2008	2008	2008	2008	2008	2008
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	430 388	91 418	277 705	401 183	20 800	108 452	5 354	1 335 300
- other income	835	172	832	61 337	185	288	0	63 649
Total segment revenue	431 223	91 590	278 537	462 520	20 985	108 740	5 354	1 398 949
Profit/loss from segment	64 735	7 425	23 194	50 575	-56 063	8 482	-2 343	96 005
Other indivisible income								142 199
Joint expenses								-77 778
Operating profit								160 426
Net financial items								-46 832
Profit before income tax								113 594
Income tax	0	0	0	0	0	-430	0	-430
Profit before minority interest								113 164
Minority interest	0	24	0	0	0	0	0	-5
Net profit for the financial year								113 159

* discontinued operations

Consolidated in thousands of euros	Confectionery products* (except for flour confectionery products)	Flour confectionery products*	Dairy products 12 months	Real estate 12 months	Media 12 months	Print industry 12 months	Event marketing 12 months	Total 12 months
	12 months	12 months	2008	2008	2008	2008	2008	2008
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	27 507	5 843	17 749	25 640	1 329	6 931	342	85 341
- other income	53	11	53	3 920	12	18	0	4 068
Total segment revenue	27 560	5 854	17 802	29 560	1 341	6 950	342	89 409
Profit/loss from segment	4 137	475	1 482	3 232	-3 583	542	-150	6 136
Other indivisible income								9 088
Joint expenses								-4 971
Operating profit								10 253
Net financial items								-2 993
Profit before income tax								7 260
Income tax	0	0	0	0	0	-27	0	-27
Profit before minority interest								7 232
Minority interest	0	2	0	0	0	0	0	0

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

Net profit for the financial year								
* discontinued operations								
Consolidated	Confectionery products* (except for flour confectionery products)	Flour confectionery products*	Dairy products	Real estate	Media	Print industry	Event marketing	Total
in thousands of kroons	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007
Extra-group customers								
- revenue	386 065	96 292	299 560	78 589	10 207	52 542	2 449	925 704
- other income	3 671	68	8 328	93 974	9	682	0	106 732
Total segment revenue	389 736	96 360	307 888	172 563	10 216	53 224	2 449	1 032 436
Profit/loss from segment	29 694	-791	10 825	81 846	-3 819	3 879	-826	120 808
Joint expenses								-51 813
Operating profit								68 995
Net financial items								-38 288
Profit before income tax								30 707
Income tax	0	0	0	0	0	-430	0	-282
Profit before minority interest								30 425
Minority interest	0	24	0	0	0	0	0	34
Net profit for the financial year								30 459
* discontinued operations								
Consolidated	Confectionery products* (except for flour confectionery products)	Flour confectionery products*	Dairy products	Real estate	Media	Print industry	Event marketing	Total
in thousands of euros	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007	12 months 2007
Extra-group customers								
- revenue	24 674	6 154	19 145	5 023	652	3 358	157	59 163
- other income	235	4	532	6 006	1	44	0	6 821
Total segment revenue	24 909	6 159	19 678	11 029	653	3 402	157	65 985
Profit/loss from segment	1 898	-51	692	5 231	-244	248	-53	7 721
Joint expenses								-3 311
Operating profit								4 410
Net financial items								-2 447
Profit before income tax								1 963
Income tax	0	2	0	0	0	0	0	-18
Profit before minority interest								1 945

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

Minority interest	0	0	0	0	0	0	0	2
Net profit for the financial year								1 947

* discontinued operations

Net sales by markets

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2007- 30.06.2008	01.07.2006- 30.06.2007	01.07.2007- 30.06.2008	01.07.2006- 30.06.2007
Estonia	1 034 611	591 736	66 124	37 819
Latvia and Lithuania	42 665	21 074	2 727	1 347
Scandinavia	30 345	20 761	1 939	1 327
Other EU members	200 783	261 800	12 832	16 732
Other countries	26 896	30 333	1 719	1 939
TOTAL	1 335 300	925 704	85 341	59 163

	Consolidated (in EEK)		Consolidated (in EUR)	
	1.04.2008 30.06.2008	01.04.2007- 30.06.2007	1.04.2008 30.06.2008	01.04.2007- 30.06.2007
Estonia	452 514	93 729	28 921	5 990
Latvia and Lithuania	12 197	4 110	780	263
Scandinavia	2 759	16 202	176	1 035
Other EU members	563	72 970	36	4 664
Other countries	673	17 131	43	1 095
TOTAL	468 706	204 142	29 956	13 047

Note 4 Personnel expenses

Total personnel expenses for the financial year 2007/2008 amounted to 156.2 million kroons (i.e. 10 million euros), with the group employing an average of 1,184 people. Personnel expenses on discontinued operations amounted to 106 million kroons (6.8 million euros), with a total of 881 people employed. In the comparative period, personnel expenses totalled 123 million kroons (7.9 million euros) and the group employed an average of 879 people (incl. personnel expenses on discontinued operations: 86.5 million kroons or 5.5 million euros, and number of employees: 632).

In the period from 1 July 2007 to 30 June 2008, the group laid off 58 employees, with a total of 1,318 thousand kroons (84 thousand euros) paid in severance compensation. In the comparative period last financial year, 15 employees were laid off (all from discontinued operations), with termination compensation amounting to a total of 664 thousand kroons (42 thousand euros).

Note 5 Consolidated earnings per share

in thousands of kroons and euros

As the Group has no contingently issuable common shares, diluted EPS equals to basic EPS.

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Net profit/loss	113 159	30 459	7 232	1 947
Weighed average number of shares (in thousands of units)	23 633	23 633	23 633	23 633
Earnings per share	4,79	1,29	0,31	0,08

Note 6 Investment property

in thousands of kroons

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2007	213 876	725	214 601
Additions	79 655	2 679	82 334
Change in fair value	33 722	0	33 722
Disposals		0	
Net book value 30.06.2008	327 253	3 404	330 657

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2007	13 669	46	13 716
Additions	5 091	171	5 262
Change in fair value	2 155	0	2 155
Disposals	0	0	
Net book value 30.06.2008	20 915	218	21 133

in thousands of kroons

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	89 944		89 944
Additions	25 031	725	25 756
Reclassification from non-current assets	19 009	0	19 009
Reclassification into non-current assets	-2 456	0	-2 456
Change in fair value	90 486	0	90 486
Disposals	-8 138	0	-8 138

INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

Net book value 30.06.2007	213 876	725	214 601
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in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	5 748	0	5 748
Additions	1 600	46	1 646
Reclassification from non-current assets	1 215	0	1 215
Reclassification into non-current assets	-157	0	-157
Change in fair value	5 783	0	5 783
Disposals	-520	0	-520
Net book value 30.06.2007	13 669	46	13 716

Note 7 Property, plant and equipment

in thousands of kroons

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.07	11 508	350 163	324 572	19 849	81 160	787 252
Accumulated depreciation 30.06.07	0	-10 319	-123 922	-8 135		-142 376
Net book value 30.06.2007	11 508	339 844	200 650	11 714	81 160	644 876
Additions	0	5 858	19 259	20 547	35 968	81 632
Disposals and write-off	0	-4 553	-2 610	-308	-5 307	-12 778
Transferred out of the group	0	-33	-88 275	-338	0	-88 646
Depreciation charge	0	-4 685	-12 656	-3 525	0	-20 866
Reclassification	0	134	33 324	5 166	-38 624	0
Net book value 30.06.2008	11 508	336 565	149 692	33 256	73 197	604 218
Acquisition cost 30.06.08	11 508	347 325	227 693	45 134	73 197	704 857
Accumulated depreciation 30.06.08	0	-10 760	-78 001	-11 878	0	-100 639
incl. discontinued operations						
Net book value 30.06.2008	7 260	280 782	117 037	8 555	9 419	423 053
Acquisition cost 30.06.08	7 260	289 342	177 674	11 710	9 419	495 405
Accumulated depreciation 30.06.08	0	-8 560	-60 637	-3 155	0	-72 352

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
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INTERIM FINANCIAL STATEMENTS FOR 12 MONTHS OF THE FINANCIAL YEAR 2007/2008

Acquisition cost 30.06.07	735	22 379	20 744	1 269	5 187	50 315
Accumulated depreciation 30.06.07	0	-660	-7 920	-520	0	-9 099
Net book value 30.06.2007	735	21 720	12 824	749	5 187	41 215
Additions	0	374	1 231	1 313	2 299	5 217
Disposals and write-off	0	-291	-167	-20	-339	-817
Transferred out of the group	0	-2	-5 642	-22	0	-5 666
Depreciation charge	0	-299	-809	-225	0	-1 334
Reclassification	0	9	2 130	330	-2 469	0
Net book value 30.06.2008	735	21 510	9 567	2 125	4 678	38 617
Acquisition cost 30.06.087	735	22 198	14 552	2 885	4 678	45 049
Accumulated depreciation 30.06.08	0	-688	-4 985	-759	0	-6 432
Reclassification						
incl. discontinued operations						
Net book value 30.06.2008	464	17 945	7 480	547	602	27 038
Acquisition cost 30.06.08	464	18 492	11 355	748	602	31 662
Accumulated depreciation 30.06.08	0	-547	-3 875	-202	0	-4 624

in thousands of kroons

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.06	13 111	348 362	166 570	18 133	92 282	638 458
Accumulated depreciation 30.06.06	0	0	-82 255	-10 128	-235	-92 618
Net book value 30.06.2006	13 111	348 362	84 315	8 005	92 047	545 840
Additions from mergers	828	21	87 413	1 369	53	89 684
Additions	121	18 870	18 229	2 848	20 396	60 464
Disposals	-2 552	0	-575	-180	-7 047	-10 354
Reclassification	0	-16 399	21 544	2 590	-24 288	-16 553
Depreciation charge	0	-11 010	-10 276	-2 919	0	-24 205
Net book value 30.06.2007	11 508	339 844	200 650	11 713	81 161	644 876
Acquisition cost 30.06.07	11 508	350 163	324 572	19 848	81 161	787 252
Accumulated depreciation 30.06.07	0	-10 319	-123 922	-8 135		-142 376

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.06	838	22 264	10 646	1 159	5 898	40 805
Accumulated depreciation 30.06.06	0	0	-5 257	-647	-15	-5 919
Net book value 30.06.06	838	22 264	5 389	512	5 883	34 886
Additions from mergers	53	1	5 587	87	3	5 732

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Additions	8	1 206	1 165	182	1 304	3 864
Disposals	-163	0	-37	-12	-450	-662
Depreciation charge	0	-704	-657	-187	0	-1 547
Net book value 30.06.2007	735	21 720	12 824	749	5 187	41 215
Acquisition cost 30.06.07	735	22 379	20 744	1 269	5 187	50 315
Accumulated depreciation 30.06.07	0	-660	-7 920	-520	0	-9 099

Note 8 Intangible assets

in thousands of kroons

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
Acquisition cost 30.06.07	559	62 459	63 018
Accumulated amortisation 30.06.07	-383	0	-383
Net book value 30.06.2007	176	62 459	62 635
Additions	2 028	0	2 028
Write-off and write-down from business combinations	-400	-43 361	-43 761
Amortisation charge	-141	0	-141
Net book value 30.06.2008	1 663	19 098	20 761
Acquisition cost 30.06.08	1 927	19 098	21 025
Accumulated amortisation 30.06.08	-264	0	-264

in thousands of euros

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
Acquisition cost 30.06.07	36	3 992	4 028
Accumulated amortisation 30.06.07	-24	0	-24
Net book value 30.06.2007	11	3 992	4 003
Additions	130	0	130
Write-off and write-down from business combinations	-26	-2 771	-2 797
Amortisation charge	-9	0	-9
Net book value 31.03.2008	106	1 221	1 327
Acquisition cost 30.06.08	123	1 221	1 344
Accumulated amortisation 30.06.08	-17	0	-17

in thousands of kroons

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
Acquisition cost 30.06.06	359	4 550	4 909
Accumulated amortisation 30.06.06	-349	0	-349
Net book value 30.06.2006	10	4 550	4 560
Amortisation charge	-34	0	-34
Additions, incl. from mergers	21	57 909	57 930
Amortised goodwill	179	0	179
Net book value 30.06.2007	176	62 459	62 635
Acquisition cost 30.06.07	712	62 459	63 171
Accumulated amortisation 30.06.07	-383	0	-383

in thousands of euros

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
Acquisition cost 30.06.06	23	291	314
Accumulated amortisation 30.06.06	-22	0	-22
Net book value 30.06.2006	1	291	291

Amortisation charge	-2	0	-2
Additions, incl. from mergers	1	3 701	3 702
Additions from mergers	11	0	11
Net book value 30.06.2007	11	3 992	4 003
Acquisition cost 30.06.07	46	3 992	4 037
Accumulated amortisation 30.06.07	-24	0	-24

Note 9 Borrowings

in thousands of kroons and euros

	Consolidated (in EEK)			Consolidated (in EUR)		
	30.06.2008	30.06.2008 incl. discontinued operations	30.06.2007	30.06.2008	30.06.2008 incl. discontinued operations	30.06.2007
Overdraft	19 658	19 658	16 961	1 256	1 256	1 084
Bonds	184 571	0	167 558	11 796	0	10 709
Bank loans	143 019	44 635	139 391	9 141	2 853	8 909
Other short-term loans	84 732	0	0	5 415	0	0
Finance lease liabilities	8 947	8 477	24 407	572	542	1 560
Total short-term borrowings	440 927	72 770	348 317	28 180	4 651	22 262
Long-term bonds	60 626		0	3 875	0	0
Long-term bank loans	482 710	162 563	230 629	30 851	10 390	14 740
Long-term finance lease liabilities	31 305	29 885	74 208	2 001	1 910	4 743
Total long-term borrowings	574 641	192 448	304 837	36 726	12 300	19 483

9.1. Mortgage and loan agreement concluded by OÜ BCA Center

On 6 July 2007, AS Kalev Real Estate Company's subsidiary OÜ BCA Center concluded an agreement which establishes a combined mortgage for the benefit of AS Hansapank on the right of superficies held by the subsidiary. OÜ BCA Center holds the right of superficies over the registered immovables which are owned by the Tallinn City and which are located at Kopli 92, Õismäe tee 132, Kivimurru 9, Raudtee 73 and Pärnu mnt 71/73. The right of superficies was established on the registered immovables within the framework of the Private Partnership for Tallinn Schools Project.

The above combined mortgage serves as a collateral to AS Hansapank's claims against OÜ BCA Center, arising from the loan agreements concluded between OÜ BCA Center and AS Hansapank. With the loan agreement, the creditor provides OÜ BCA Center with a credit line of 23,227,000 euros. The loan will be issued in portions under the borrower's corresponding application. The credit line may be used until 31.12.2008. During this term, the borrower must pay a fee for the unused part of the credit line in the annual amount of 0.5%. The term of repayment of the used part of the loan is 30 September 2009. The loan interest rate has been tied with Euribor + 1.6%. The loan interest period is 1

month, and the borrower must pay interest on a monthly basis in accordance with the corresponding payment schedule.

Under the loan agreement, OÜ BCA Center shall have the right to cancel the unused part of the credit line, or a part of the unused credit, and to prematurely repay the loan or a part of the loan. The purpose of use of the loan is financing of the development period of the school building reconstruction work to be carried out by OÜ BCA Center within the framework of the Private Partnership for Tallinn Schools Project. Upon fulfilment of the reconstruction obligation, and collection of the rent from Tallinn City at the end of 2008, the company plans to refinance the development period loan with a long-term loan.

9.2. Loan agreement concluded by AS Kalev Paide Tootmine

On 27 July 2007, AS Kalev Paide Tootmine concluded a loan agreement with AS Hansapank, under which the creditor provided AS Kalev Paide Tootmine with a 2,556,465-euro credit line for financing of current assets. The loan could be taken into use until 26 August 2007, with the interest and loan principal to be repaid in monthly instalments. The loan interest rate has been tied with Euribor + 2.5%. The loan repayments were made in monthly annuity payments under the payment schedule until 30 April 2008. In May 2008, the term of repayment of the outstanding portion of the loan (10,000 thousand kroons or 639 thousand euros) was extended to 30 August 2008.

9.3. Loan agreement concluded by AS Kalev Real Estate Company

AS Kalev Real Estate Company (Kalev REC) acquired 10 apartment ownerships at Kinga 1 in Tallinn at the end of January 2008. The total purchase price of the apartment ownerships amounted to 77 million kroons. In order to partially finance the transaction, Kalev REC took a 3,226,738.70-euro (50.5-million-kroon) loan from AS Hansapank. 989,831 euros of the loan was due for repayment on 18 April 2008 (loan with an annual interest rate of 14.5%), and 2,236,907.70-euro loan due for repayment on 18 January 2010 (loan with an annual interest rate of 6-month Euribor + 2.0%).

Kalev REC established a combined mortgage on the acquired apartment ownerships in the amount of 42 million kroons and 18.6 million kroons for the benefit of AS Hansapank.

9.4. Bond issue

With the bonus issue on 18 September 2007, AS Kalev Real Estate Company issued, by way of a placement, bonds with a term of 2 years. The initial bond issue volume was 2.983 million euros, which

was later increased by 958 thousand euros (with the total issue volume thus exceeding 3.9 million euros). The nominal value of the bond is 1,000 euros and the annual coupon rate 12%, with coupon payments made on a quarterly basis. The bonds can be redeemed by the issuer or sold by the investor on each coupon date. AS Kalev guarantees fulfilment of the liabilities arising from the bonds. The bond issue was organised by SEB Eesti Ühispank.

On 20 December 2007, AS Kalev Real Estate Company issued, by way of a placement, bonds in the total volume of 4.5 million kroons. These bonds have a term of 6 months. The nominal value of the bonds is 1,000 euros, and the annual coupon rate is 12%, with coupon payment made on the value date. AS Kalev guarantees fulfilment of the liabilities arising from the bonds. The bond issue was organised by SEB Eesti Ühispank.

On 28 February 2008, AS Kalev issued, by way of a placement, bonds in the total volume of 6.88 million euros (107.7 million kroons). The bond redemption date is 28 August 2008. The bonds have a nominal value of 1,000 euros and an annual interest rate of 12%. The issued bonds have been guaranteed with the shares of the issuer's subsidiary AS Kalev REC. The issue was organised by AS SEB Pank. The funds received from the bond issue are used for redemption of previously issued bonds of AS Kalev.

On 20 June 2008, AS Kalev issued, by way of a placement, bonds with a term of 3 months (redemption date: 20 September 2008).

Bonds with a nominal value of 1,000 euros were purchased for a total of 4.8 million euros (75.9 million kroons). The bonds have an annual interest of 12%. The investors' interest is evident in the number of offers, which exceeded the volume of the issue nearly two times. The bond issue was organised, and the fulfilment of the respective obligations guaranteed by AS Kalev. The purpose of the bond issue was redemption of the AS Kalev Real Estate Company bonds issued in December 2007.

Note 10 Prepayments

Under the contract of purchase and sale, an advance payment has been made to AS Kalev REC for the Kalevite Kodu in Jõhvi in the amount of 16.7 million kroons (1.07 million euros).

Note 11 Share capital

	30.06.2008	30.06.2007	30.06.2008	30.06.2007
Number of common shares (in thousands of units)	23 633	23 633	23 633	23 633

Nominal value	10 EEK	10 EEK	0.64 EUR	0.64 EUR
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According to the Articles of Association, the company can increase its share capital to 31,510,000 shares.

11.1. Takeover bid for the shareholders of AS Kalev

As a result of the agreements concluded with the investment fund East Capital Baltikumfonden and Vipes Invest OÜ (the agreement on acting in concert in taking over the shares of AS Kalev and implementing a common policy through voting in AS Kalev), AS Rubla, together with other persons acting in concert with AS Rubla (GKG Investeeringute AS, Mailtec OÜ, Linderin Grupp OÜ) acquired a dominant influence over AS Kalev in the meaning of § 167 of the Securities Market Act. Considering that AS Rubla, together with other persons acting in concert with AS Rubla, had acquired a dominant influence over AS Kalev as of 23 September 2007, AS Rubla submitted the mandatory takeover bid for all shares of AS Kalev (with AS Rubla being the transferee and AS Kalev the target issuer). As of that moment, the shares of AS Kalev controlled by AS Rubla, together with other persons acting in concert with AS Rubla (GKG Investeeringute AS, Mailtec OÜ, Linderin Grupp OÜ, East Capital Baltikumfonden, Vipes Invest OÜ), made up nearly 59% of the share capital of AS Kalev.

Takeover bid price and its payment: the takeover bid price was 29 kroons per share, with transaction orders given to the securities account administrators so as to allow the administrators to register the transaction orders in the ECRS on 3 December 2007 at the latest.

Value date: on 7 December 2007, the sales transactions of those shareholders of AS Kalev who had accepted the offer were settled on the "transaction-against-payment" principle. AS Rubla paid the share price for the sold shares to each shareholder of AS Kalev who has accepted the offer on 7 December 2007 against transfer of the corresponding shares.

11.2. Subsidiary's share capital increase and name change

On 22 August 2007, AS Kalev resolved to increase the share capital of the new subsidiary Soltari Invest OÜ by 80,000 kroons, raising the subsidiary's share capital to 120,000 kroons. A monetary contribution was made for the share capital increase. In addition, AS Kalev will pay 1,620,000 kroons in share premium.

AS Kalev also decided to rename the private limited company AgriStock OÜ.

11.3. Increase in the share capital of OÜ Maiasmokk

In November 2007, the shareholders resolved to increase the share capital of OÜ Maiasmokk by 30,000 kroons. From 16 November 2007, the share capital of OÜ Maiasmokk amounts to 120,000 kroons, with the new share with a nominal value of 30,000 kroons added to the share held by AS Kalev. AS Kalev paid a total of 4,170,000 kroons for the share, with a share premium of 4,680,000 kroons. With the increase of the share capital, AS Kalev owns 86.42% of OÜ Maiasmokk's votes represented by shares.

11.4. Increase in the share capital of OÜ BCA Center

On 27 November 2007, AS Kalev Real Estate Company (sole shareholder) resolved to increasing the share capital of OÜ BCA Center by 20,000 kroons (as a result of the transaction, the share capital amounts to 60,000 kroons). The new share was added to the share held by AS Kalev Real Estate Company. AS Kalev Real Estate Company paid a total of 4,000,000 kroons (including 3,980,000 kroons of share premium) for the share with a nominal value of 20,000 kroons. With the same resolution, the beginning and end of the financial year of OÜ BCA Center was changed to bring it into line with those of the parent company (i.e. July 1-June 30).

Note 12 Transactions with companies related to the Management Board of AS Kalev

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2007- 30.06.2008	01.07.2006- 30.06.2007	01.07.2007- 30.06.2008	01.07.2006- 30.06.2007
Goods and services purchased				
Balance at the beginning of the period	4 562	7 028	292	449
Services	31 055	20 554	1 985	1 314
Goods	27 773	129 430	1 775	8 272
Balance at the end of the period	8 890	4 562	568	292
Goods and services sold				
Balance at the beginning of the period	665	1 820	43	116
Services	6 753	2 172	432	139
Goods	45 091	139 616	2 882	8 923
Balance at the end of the period	32	665	2	43

Most of the related party transactions include purchase and sale transactions with AS Tere (purchase of crude milk and sale of dairy products). Services have mostly been outsourced from AS Solidum under the Group equipment maintenance contract concluded with the company.

The Group received short-term loans with an annual interest rate of 8% and repaid these to companies related to the Management Board in the total amount of 14.3 million kroons (914 thousand euros). The Group has also granted loans to companies related to the Management Board in the total amount of 2.4 million kroons (153 thousand euros). The Group supported non-profit associations related to the Management Board in the amount of 2,150 thousand kroons (137 thousand euros) in the period (1,065 thousand kroons, i.e. 68 thousand euros, in the comparative period).

A total of 333 thousand kroons (21 thousand euros) was paid in remuneration to the Management Board in the twelve months (333 thousand kroons, i.e. 21 thousand euros, in the comparative period).

According to the management of the company, the prices used for related party transactions do not significantly differ from the market prices.

Note 13 Cancellation of the transaction with Alta Capital Partners S.C.A. SICAR

The contract of purchase and sale of the shares of AS Kalev's subsidiaries AS Kalev Chocolate Factory, AS Kalev Jõhvi Tootmine, AS Kalev Paide Tootmine, AS Valmetek Invest, AS Vilma and OÜ Maiasmokk, which was concluded on 20 September 2007, was cancelled on 30 June 2008, with AS Kalev withdrawing from the contract due to the buyer's (solidary liability of Alta Capital Partners S.C.A. SICAR and AS Alta Foods) failure to fulfil the contractual obligation to pay the agreed purchase price. The shares of AS Kalev Chocolate Factory, AS Kalev Jõhvi Tootmine, AS Kalev Paide Tootmine, AS Valmetek Invest, AS Vilma and OÜ Maiasmokk were not transferred to the buyer and are still held by AS Kalev.

After AS Kalev fulfilled all the established preconditions by 20 February 2008, the parties concluded a supplementary agreement, establishing 31 March 2008 as the date of completion of the transaction, with the buyer making an advance payment of 93.9 million kroons (6 million euros). On 31 March 2008, AS Kalev and the buyer concluded a memorandum on the completion of the transaction. With the memorandum on the completion of the transaction, the parties established the final purchase price of the subsidiaries of AS Kalev at 660,273,005 kroons (42,199,136 euros), which the buyer was obliged to pay the seller on 30 May 2008 at the latest. On the agreed date of 30 May 2008, the buyer failed to complete the transaction. On 9 June 2008, AS Kalev filed a claim against the buyer, demanding performance of the contractual obligations (payment of the purchase price, contractual penalty, interest and fines for delay) and granting the buyer an additional term of performance of the obligations (25 June 2008) in accordance with subsection 114 (1) of the Law of Obligations Act. 25. By 25 June 2008, the buyer failed to perform the contractual obligations. 30. On 30 June 2008, AS Kalev

withdrew from the contract of sale, claiming compensation for damage and partially offsetting the claim with the advance payment made by the buyer.

The changed situation will not materially affect the everyday business of AS Kalev's subsidiaries □ activities in the current fields will be continued, and the fields of activity will continue to be developed.

On 30 June 2008, AS Rubla withdrew from the contract of purchase and sale of the shares of AS Tere, which was concluded with Alta Capital Partners S.C.A. SICAR on 10 September 2007. AS Rubla has assigned its claims against Alta Capital Partners S.C.A. SICAR (incl. loss of profit, compensation for damage in the amount of 137.1 million kroons or 8.8 million euros) to AS Kalev.

Note 14 Off-balance-sheet transactions and events after the balance sheet

14.1. Acquisition of a stake in OÜ Põlva Piim Tootmine by AS Kalev Paide Tootmine

On 27 August 2008, AS Kalev's subsidiary AS Kalev Paide Tootmine signed a contract of purchase and sale of shares with OÜ AH Senior, OÜ Hatike, Faasani Kaubanduse OÜ and OÜ M.V.Food. The contract was concluded on the purchase of four shares of OÜ Põlva Piim Tootmine, with a total nominal value of 10,060,000 kroons (642,951 euros). The shares which form the object of the sales transaction make up 100% of the share capital of OÜ Põlva Piim Tootmine. The total purchase price amounts to 312,932,000 kroons (20,000,000 euros), less the interest-bearing liabilities of OÜ Põlva Piim Tootmine as of the date of completion of the transaction. The buyer will pay 8,000,000 kroons (511,293 euros) of the purchase price as advance payment upon conclusion of the contract of sale. The buyer will pay an annual interest of 8% on the difference between the final purchase price and the advance payment until full payment of the purchase price. The full purchase price shall be paid to the sellers on the date of completion of the ownership transfer transaction. The acquired shares have been encumbered for the benefit of AS SEB Bank in the amount of 197,000,000 kroons (12,590,595 euros), serving as collateral to OÜ Põlva Piim Tootmine's financial liabilities to the bank.

The main activity of OÜ Põlva Piim Tootmine is milk processing and marketing of dairy products. One-third of the company's turnover is generated from the Estonian market; two-third of the turnover is generated from export.

The transaction will be completed after fulfilment of the preconditions for completion of the transaction, including, among other things, the corresponding approval by the Estonian Competition

Board as well as approval of the acquisition transaction by the General Meeting of the Shareholders of AS Kalev.

The transaction is not a transaction with a related party in the meaning of the requirements established for issuers by the Tallinn Stock Exchange. Neither do the members of the supervisory boards and management boards of AS Kalev Paide Tootmine and AS Kalev have any other personal interest in the transaction.

14.2. Bond issue

On 28 august 2008, AS Kalev issued, by way of a placement, bonds with a nominal value of 1,000 euros and a term of 2 years (redemption date: 28 August 2010).

The issue is carried out in two stages. The first issue of 28 August 2008 will involve 116.5 million kroons (7.45 million euros) and the second issue of 20 September 2008 will involve 79.1 million kroons (5.06 million euros). The annual interest rate is 3-month Euribor + the margin which depends on the collateral. 51% of the shares of AS Kalev's subsidiary AS Kalev Real Estate Company have been established as collateral to the obligations arising from the bonds. The purpose of the bond issue was redemption of the previously issued bonds of AS Kalev and AS Kalev Real Estate Company.