



Interim statements for the period:
01.07.2007-30.09.2007

AS KALEV

Registry code: 10000952

Financial year:
01.07.2007-30.06.2008

Auditor: Ernst & Young Baltic AS

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Unaudited 3-month interim financial statements

- The Group's net sales: 311.8 million kroons; net profit: 10.8 million kroons
- For the first time, the share of export in total turnover (53%) was bigger than sales of commodities in Estonia
- Increase in revenue from dairy products: 57%; increase in turnover from confectionery products: 19%
- Expansion of the product portfolio into media and print industry

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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, real-estate-related activities, as well as media, publishing and printing activities. The company has long-term experience in the chocolate, sugar and flour confectionery product segment as well as the dairy product segment. Foodstuff production is carried out in five production plants located in Põrguvälja (in Rae Municipality), Paide, Viljandi, Jõhvi and Kiviõli. The products are, among other channels, sold through the company's pan-Estonian retail chain, consisting of 15 candy stores and cafeterias. AS Kalev has also been involved in real estate development and administration for a longer period of time. Last financial year, AS Kalev expanded its activities into media, publishing and printing, and developed these segments aggressively in the reporting period.

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, the Group has the obligation to purchase the company's shares at the latest in 2008. A significant change was introduced in the group structure in the first quarter of the financial year 2007/2008. AS Kalev acquired the private limited company Soltari Invest under the contract concluded on 17 August 2007. Having acquired the share with a nominal value of 40,000 kroons, AS Kalev effectively became the sole shareholder in the company which was renamed AgriStock OÜ. The main field of activity of the new subsidiary is production, storage and reloading of grain products. The above acquisition does not constitute a related party transaction in the meaning of the stock exchange rules.

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AS Kalev has a significant interest in the following companies:

Name of subsidiary	Location	As of 30.09.2007	As of 30.06.2007
AS Kalev Paide Tootmine	Estonia	100%	100%
AS Valmetek Invest	Estonia	65.6%	65.6%
AS Kalev Jõhvi Tootmine	Estonia	99.10%	99.10%
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%
OÜ Maiasmokk	Estonia	81.26%	81.26%
AS Kalev Chocolate Factory	Estonia	100%	100%
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 Eksklusiiv	Estonia	100%	100%
AS Kalev Meedia	Estonia	100%	100%
OÜ Eesti Spordikanal	Estonia	100%	100%
AS Uniprint	Estonia	40%	40%
AS Unipress	Estonia	40%	40%
OÜ AgriStock	Estonia	100%	0%

1.2. Financial results

The following factors had a significant effect on the consolidated financial results of AS Kalev Group in the first quarter of the financial year 2007/2008:

- 1) nearly a 63% increase in net turnover of goods and services, compared to the comparative period;
- 2) a 240% increase in consolidated gross profit, compared to the comparative period;
- 3) increase in the share of export in total turnover to the extent where more than a half (53%) of the total sales of commodities created by the group in the first three months were exported and less than a half (47%) were realised in Estonia;
- 4) revenue from dairy products increased by 57%, compared to the same period last year, with the earlier negative result from the segment reversed and the factor itself becoming the most important contributor to the group result for the first quarter;
- 5) sales of confectionery products increased by nearly an annual 19%, while the segment's profitability has decreased due to rapid increase in the price of raw materials used in the flour confectionery segment.

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In the first three months of the financial year 2007/2008, AS Kalev Group had an average of 884 employees (738 employees in the comparative period last financial year).

Consolidated net turnover for the reporting period amounted to 311.8 million kroons (19.9 million euros), increasing by 63.3% from the same period last financial year. The biggest contributors to the total group turnover, compared to last period, included the significant increase in the sale of dairy products, and the new areas pursued – printing and media. AS Kalev's consolidated net profit for the first quarter of the financial year 2007/2008 exceeded 10.8 million kroons (0.7 million euros); while in the comparative period the company posted a net loss of 13.7 million kroons (0.9 million euros).

The net sales and net profit of AS Kalev Group companies for the first three months of 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 associated companies has not been included in the tables. 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 3 months	2006/2007 3 months	2007/2008 3 months	2006/2007 3 months
AS Kalev	299	142 217	-19 258	-7 629
AS Kalev Paide Tootmine*	143 447	92 173	39 621	-2 485
AS Kalev REC*	11 761	6 411	-6 226	-824
AS Kalev Jõhvi Tootmine	10 195	7 480	-603	-1 014
OÜ Maiasmokk	2 103	2 344	186	235
AS Vilma	7 756	5 711	-50	490
AS Kalev Chocolate Factory	120 530	59 808	4 095	1 050
OÜ Sugarstar	1 636	203	-171	-178
AS Inreko Press	0	0	-228	0
OÜ Olliwood	0	0	-174	0
OÜ Eksklusiv	742	0	-295	0
AS Kalev Meedia*	3 958	0	-3 632	0
AS Uniprint*	38 367	0	-115	0
OÜ Agristock	48	0	-2 504	0

* consolidated

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EUR	Net sales		Net profit	
	2007/2008 3 months	2006/2007 3 months	2007/2008 3 months	2006/2007 3 months
AS Kalev	19	9 089	-1 231	-488
AS Kalev Paide Tootmine*	9 168	5 891	2 532	-159
AS Kalev REC*	752	410	-398	-53
AS Kalev Jõhvi Tootmine	652	478	-39	-65
OÜ Maiasmokk	134	150	12	15
AS Vilma	496	365	-3	31
AS Kalev Chocolate Factory	7 703	3 822	262	67
OÜ Sugarstar	105	13	-11	-11
AS Inreko Press	0	0	-15	0
OÜ Olliwood	0	0	-11	0
OÜ Eksklusiv	47	0	-19	0
AS Kalev Meedia*	253	0	-232	0
AS Uniprint*	2 452	0	-7	0
OÜ Agristock	3	0	-160	0

*consolidated

In the first three months of the financial year, AS Kalev increased financial gearing for the group's further development, incl. conducting a bonus issue. The Group's short-term liabilities increased the most, compared to the increase in turnover. The Group's current ratio thus decreased. Increase in financial gearing has also incurred bigger financial expenses. As regards other expense items, the biggest growth (48% compared to last period) can be seen in administrative and general expenses. This growth was conditioned both by the quick increase in personnel expenses (due to the inflationary labour market situation) and the information and consulting expenses incurred in connection with the expansion of activities (into media). The 35% increase in the Group's marketing expenses, compared to the same period last year, can be explained by the expansion of the company's activities.

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

	AS Kalev Group	
	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006
Current ratio	0.68	0.78
Financial gearing	0.76	0.72
Asset turnover ratio	0.23	0.18
Net profit margin (%)	3.5%	-7.2%
ROA (%)	0.8%	-1.3%

* 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

AS Kalev's total sales of confectionery and dairy products in the first quarter of the financial year 2007/2008 amounted to 7,883 tons. The sales thus increased in the different production areas of the product sales group by a third (32%) compared to the same period last financial year.

While 88% of the total sales of confectionery products were realised on the domestic market and 12% were exported, the situation with the dairy product segment was quite the opposite, with 10% sold on the domestic market and 90% exported to different foreign markets.

1.3.1. Dairy products

Different dairy products were produced from the crude milk stocked by AS Kalev Paide Tootmine in the first quarter of the financial year. For financial reasons, the company mainly focused on the production of concentrated skimmed milk and cream. The company also produced smaller volumes of skimmed milk powder, high temperature pasteurized milk, and whole milk powder. Nearly 90% of the milk output (80% in the comparative period) was marketed in EU countries, and about one-tenth in Estonia. Compared to the same period last year, the total sales of dairy products have increased by nearly 56%, amounting to 5,600 tons.

The increase in the price of stocked milk has a significant effect on the results for the first quarter of the financial year. The price of crude milk stocked by AS Kalev Paide Tootmine was 19% higher than in the comparative period. Although the raw material price has increased

by one-fifth, the prices of dairy products on the global market have increased even more. The market balances itself against the demand. This results in the increase in dairy product prices which, in turn, reflected positively in the results of AS Kalev Paide Tootmine for the first quarter. At the same time, we cannot forecast continued profitability for the next quarters, as the global prices are showing downward trends while raw material stocking prices have increased by more than 25%.

1.3.2. Confectionery products

According to the retail trade survey conducted by AC Nielsen (as of August/September 2007), AS Kalev Group is the firm leader of the Estonian chocolate and sugar confectionery product market. The company had a 37.7% market share as regards turnover, and a 42.6% market share as regards volume. On the Estonian biscuit market, Kalev's market share was 8.7% in the period, as regards turnover.

The total sales of AS Kalev Group's sugar and chocolate confectionery products in the first 3 months of the financial year 2007/2008 increased by 19% compared to the same period last year, amounting to 97 million kroons (6.2 million euros). The total sales volume for the first quarter of the financial year amounted to 1,460 tons, exceeding the total volume of sugar and chocolate confectionery products sold by the company in the same period last year by 4%. At the same time, the dynamics of the sale of confectionery products was different for different product groups: the sale of chocolate tablets increased by 41%, dragees by 28%, boxed chocolate by 18% and candies by 3%, compared to the same period last year.

As regards volume, the sale of chocolate tablets increased the most (by 34% compared to the same period last year), followed boxed chocolate which showed an increase of 17%. At the same time, the candy sales volume decreased by 9%. The turnover from the sugar and chocolate confectionery segment increased by 15% in the reporting period. Price corrections of the goods sold compensated the increase in production expenses. Enhanced production efficiency increased the total revenue from the segment.

The total sale of flour confectionery products, incl. pastry products, biscuits and flour mixes, increased by 23% in the first three months of the financial year 2007/2008. The total volume of the sale of flour confectionery products amounted to 824 tons. This constitutes a 13% increase compared to the same period last financial year. Similarly with the sugar and chocolate confectionery product segments,

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product groups with different sales dynamics could be seen in the flour confectionery product segment - total sales of flour mixes increased by 41% (with the volume increasing by 23%) and biscuits by 24% (volume: +14%), compared to the same period last financial year.

A majority (88%) of the total sales of AS Kalev's confectionery products (i.e. sugar, chocolate and flour confectionery products) were realised on the domestic market in the first three months of the financial year 2007/2008, with 12% exported to different foreign markets. The sale of confectionery products on foreign markets increased by 45% compared to the same period last financial year, with the so-called Travel Trade segment making up nearly 28% of the total export of confectionery products. Export to Latvia made up 27%, Lithuania 23% and other countries 22% of the total export of AS Kalev's confectionery products. Compared to the first three months of last financial year, export to Lithuania showed significant increase while export to Russia decreased materially (nearly 62%).

Through its 15 retail stores, AS Kalev sold a total of 4.1 million kroons worth of goods (incl. sugar, chocolate and flour confectionery products and pastry products).

In the first quarter of the financial year 2007/2008, the company launched 47 new products, with the total sales volume making up 4.5% of the total turnover from the segment. In the sugar and chocolate confectionery product segment, the company expanded the *Kalev Pralin* candy series by adding four new flavours (in 175-gram packages): the tiramisu-flavoured candy, candy with almond, candy with strawberry and candy with plum. The company also launched two new flavours in the Kalev brand chocolate series - Kalev dark chocolate with raspberry (100-gram tablet) and Kalev milk chocolate with whole hazelnuts (200-gram tablet). Kalev's 200-gram chocolate series saw a new addition - dark chocolate with cherry, which had previously become popular in 100-gram tablets. Kalev also launched a new series on the market - the *Kalev Special* chocolate series, which includes white chocolate with Indian nuts (50-gram tablet), milk chocolate with hazelnuts (50-gram tablet) and three different formats of Kalev Special milk chocolate. The *Draakoni* chewing candy family saw a new addition, especially popular with the children - the cola-flavoured candy.

New pastry products marketed by the company in the first quarter of the financial year included eleven new white and dark bread products launched under the *Linda* and *Kalevipoeg* trademarks, and seven products launched under the *Sakala* trademark. A new cake portfolio consisting of 12 products was launched under the *Linda* trademark. Kalev's tart portfolio was also expanded with two new flavours - *Virsi*ku-kohupiimatort (850 g) and *Toorjuustutort* (700 g). Two new additions were also introduced to the *Vilma* flour mix series, which has received a warm welcome from customers: *Vilma õhukene pitsapõhjalpulber* (400 g) and *Vilma vanillimaitseteline keeksipulber* (350g).

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. The most important current project in the real estate segment is that pursued by OÜ BCA Center. The development project has to do with the reconstruction of five schools in Tallinn within the framework of the Private Partnership for Tallinn Schools Project. 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. AS Kalev REC's Bulgarian-based subsidiary EOOD Stude REC launched construction of a 6,500 m² apartment building in the country's capital Sofia. The building is scheduled to be completed in the spring or early summer of 2008.

1.3.4. Media and publishing

AS Kalev Meedia publishes the gossip magazine *Just*, financial magazine *Ärielu*, sports magazines *Sportitüht*, *Basket* and *Jalka*; women's magazine *Avenüü* and *Avenüü Professional* as well as the children's magazine *Muumi*. According to the Estonian Media Survey conducted by TNS Emor in the third quarter of 2007, *Just* had 40,000 readers, *Sportitüht* 22,000 readers, *Avenüü* 20,000 readers, *Muumi* 16,000 readers, *Ärielu* 8,000 readers and *Basket* 60,000 readers.

The sports magazine *Sportitüht* was renewed in the reporting period. With a new concept and a new editor, the magazine is published, from September, as a weekly. To launch the new product, the company organised an extensive advertising campaign. This was also the first bigger public campaign for AS Kalev Meedia. Several new projects were completed in the reporting period: the financial magazine *Ärielu* received a new concept, and a new web-based news portal www.kalev.ee was launched. A current project pursued by the company is the change scheduled to be introduced in the gossip magazine *Just* in November. The preparations for the launch of the new sports-orientated news and entertainment channel KalevSport by AS Kalev Meedia's subsidiary OÜ Eesti Spordikanal have also been completed.

In the printing segment, the most important change in the reporting period was that in the distribution of market risks. With the aim of reducing customer credit risk in Russia and enhance profitability of the customer portfolio, AS Uniprint's subsidiary AS Unipress reduced the number of customers in Russia, as well as the volume of goods delivered on hire-purchase terms. This change had been

planned in advance and will not condition a decrease in the business volumes of AS Unipress. As a result of the reorganisation, deliveries to Russia have been replaced with sales to other customers.

1.4. Future activities

AS Kalev Chocolate Factory aims to remain the leader of the domestic market (as regards monetary turnover) in both the sugar and chocolate confectionery segment. The rapid increase in the price of major raw materials is, however, making it difficult to achieve a higher margin in the segment. Profitability of major products can, in the future, be enhanced through optimizing product assortment and enhancing production efficiency. In general product development, the company is pursuing extension of expiry dates as well as creation of healthy products and 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 sector, the company is continually pursuing its goal of achieving a material increase in the white and dark bread market share, thus taking third position among Estonian bakeries. The share of pastry products will increase in the flour confectionery segment, with continual focus to be paid to the biscuit and flour mix segment.

The dairy product segment is affected by global developments as well as positioning of AS Kalev's product portfolio in the segment. The milk processing segment is characterised simultaneously by the increase in global demand for agricultural products, abandonment of the EU support schemes and formulation of the supply conditions for domestic raw material. In order to achieve the established goals, the company plans to review its product portfolio in light of the market situation.

AS Kalev's real estate activities are pursued through AS Kalev REC and its direct subsidiaries. The quick growth in the real estate sector in Estonia has allowed AS 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. AS Kalev is set to change its strategy in accordance with the dynamics of the sector, and the latest signals of changes in the real estate market.

Major changes are revolving around AS Kalev's new fields of activity – media and printing services. The company is planning to further develop the group's magazines, enhance reader numbers and increase advertising revenue. The company will also develop the web-based news portal www.kalev.ee and the television channel KalevSport. Relocation of the editorial staff to Tornimäe 5, Tallinn is scheduled in November, when the office space of AS Kalev Meedia will be completed. The purpose of the relocation is to create synergy between the three segments - print media, internet and

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television - thus ensuring continued improvement in quality as well as increase in cost-efficiency and competitive ability. In the printing segment, the company aims to take better advantages of the options provided by printhouses specialised in quality publications in its advertising pursuits and production of various publications.

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 of the first three months of the financial year 2007/2008 of AS Kalev set out on pages 12-30, 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.

Põrguvälja, 21 November 2007



Oliver Kruuda
Managing Director

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INCOME STATEMENT

in thousands of kroons and euros

Note	Consolidated (in EEK)		Consolidated (in EUR)		
	3 months 2008	3 months 2007	3 months 2008	3 months 2007	
3	Revenue	311 832	190 975	19 930	12 206
	Cost of sales of goods and services	-230 108	-157 044	-14 707	-10 037
	GROSS PROFIT	81 724	33 931	5 223	2 169
	Marketing expenses	-32 626	-24 167	-2 085	-1 545
	Administrative and general expenses	-25 695	-17 361	-1 642	-1 110
	Other income and expenses	-89	-75	-6	-5
	OPERATING PROFIT	23 314	-7 672	1 490	-490
	Net financial items	-12 333	-5 994	-788	-383
	PROFIT BEFORE INCOME TAX	10 981	-13 666	702	-873
	Income tax	-149	0	-10	0
	NET PROFIT BEFORE MINORITY INTEREST	10 832	-13 666	692	-873
	Profit attributable to minority interest	5	9	0	1
	PROFIT ATTRIBUTABLE TO THE PARENT COMPANY	10 837	-13 657	693	-873
	EPS attributable to owners of the parent company (basic EPS and diluted EPS, in kroons)	0,05	-0,58	0,003	-0,004

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BALANCE SHEET

in thousands of kroons and euros

Note	Consolidated (in EEK)		Consolidated (in EUR)		
	30.09.2007	30.06.2007	30.09.2007	30.06.2007	
ASSETS					
Current assets					
	Cash	60 398	17 337	3 860	1 108
	Receivables	129 220	148 050	8 259	9 462
	Prepayments	25 548	2 653	1 633	170
	Inventories	248 442	218 617	15 878	13 972
	Total current assets	463 608	386 657	29 630	24 712
Non-current assets					
	Long-term investments and receivables	3 667	3 733	234	239
6	Investment property	225 830	214 601	14 433	13 716
7	Property, plant and equipment	670 686	644 876	42 865	41 215
8	Intangible assets	66 719	62 635	4 264	4 003
	Total non-current assets	966 902	925 846	61 796	59 172
	TOTAL ASSETS	1 430 510	1 312 503	91 426	83 884
LIABILITIES AND OWNER'S EQUITY					
Liabilities					
Current liabilities					
9	Borrowings	394 254	348 317	25 197	22 262
	Prepayments from customers	1 585	1 461	101	93
	Accounts payable and other payables	310 091	284 439	19 818	18 179
	Total current liabilities	705 930	634 218	45 117	40 534
Non-current liabilities					
9	Borrowings	340 300	304 837	21 749	19 483
	Total non-current liabilities	340 300	304 837	21 749	19 483
	Total liabilities	1 046 230	939 054	66 866	60 017
Owner's equity					
	Share capital	236 325	236 325	15 104	15 104
	Mandatory reserve	5 543	4 020	354	257
	Revaluation reserve	111 108	111 108	7 101	7 101
	Retained earnings	31 256	21 941	1 998	1 402
	Total owner's equity	384 232	373 395	24 557	23 864
	Minority interest	48	54	3	3
	TOTAL LIABILITIES AND OWNER'S EQUITY	1 430 510	1 312 503	91 426	83 884

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CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	2008 3 months	2007 3 months	2008 3 months	2007 3 months
Operating activities				
Operating profit	23 314	-7 672	1 490	-490
Adjustment of operating profit	6 218	5 246	397	335
Change in assets related to operating activities	-53 767	-26 440	-3 436	-1 690
Change in liabilities related to operating activities	27 891	3 985	1 783	255
Total cash flow from operating activities	3 656	-24 881	234	-1 590
Investing activities				
Purchase of subsidiaries	-5 540	-1 597	-354	-102
Proceeds from disposals of non-current assets	6 020	160	385	10
Purchase of non-current assets	-35 783	-25 829	-2 287	-1 651
Loans granted	-11 400	-14 401	-729	-920
Repayment of loans granted	27 584	2 420	1 763	155
Interest received	3 173	-556	203	-36
Total cash flow from investing activities	-15 946	-39 803	-1 019	-2 544
Financing activities				
Repayment of loans and bonds	-14 824	-44 209	-947	-2 825
Loans received and bonds issued	86 457	123 815	5 526	7 913
Repayment of finance lease principal	-8 614	-17 722	-551	-1 133
Change in overdraft	4 313	690	276	44
Interest paid	-11 981	-3 428	-766	-219
Total cash flow from financing	55 351	59 146	3 538	3 780
Total cash flow	43 061	-5 538	1 955	-354
Cash and cash equivalents at the beginning of the period	17 337	10 080	1 108	644
Change in cash and cash equivalents	43 061	-5 538	2 752	-354
Cash and cash equivalents at the end of the period	60 398	4 541	3 860	290

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

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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
Total profit and loss		0	0	0	-13 657	-13 657
	30.09.2006	236 325	4 020	116 315	-26 882	329 778
	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 reporting period		0	0	0	10 837	10 837
	30.09.2007	236 325	5 543	111 108	31 256	384 232

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
Total profit and loss		0	0	0	-873	-873
	30.09.2006	15 104	257	7 434	-1 718	21 077
	30.06.2007	15 104	257	7 101	1 402	23 864
Retained earnings		0	97	0	-97	0
Profit for the reporting period		0	0	0	693	693
	30.09.2007	15 104	354	7 101	1 998	24 557

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Background information

AS Kalev is an Estonian company whose shares have been listed in the secondary list of the 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 recalculation 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 ongoing 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 accounting principles used in the preparation of these financial statements differ from those used last year, which arise from the "stable platform" IAS 27 (accounting for equity participation) standards and the implementation of which is mandatory for the group during reporting periods commencing on 1 January 2005 or later.

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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.

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.

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Note 3 Segment information

Consolidated in thousands of kroons	Confectionery	Flour	Dairy	Real	Media	Printing	Event	Total
	products	confectionery	products	estate			marketing	
	3 months	3 months	3 months	3 months	3 months	3 months	3 months	
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	93 560	24 179	141 297	11 244	4 560	35 936	1 056	311 832
- other income	833	21	4	0	2	97	0	957
Total segment revenue	94 393	24 200	141 301	11 244	4 562	36 033	1 056	312 789
Profit/loss from segment	7 202	39	39 711	-1 882	-4 330	1 039	-171	41 608
Joint expenses								-18 294
Operating profit								23 314
Net financial items								-12 333
Profit before minority interest								10 981
Income tax	0	0	0	0	0	-149	0	-149
Profit before minority interest								10 832
Minority interest	0	5	0	0	0	0	0	5
Net profit for the financial year								10 837

Consolidated in thousands of euros	Confectionery	Flour	Dairy	Real	Media	Printing	Event	Total
	products	confectionery	products	estate			marketing	
	3 months	3 months	3 months	3 months	3 months	3 months	3 months	
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	5 980	1 545	9 031	719	291	2 297	67	19 930
- other income	53	1	0	0	0	6	0	61
Total segment revenue	6 033	1 547	9 031	719	292	2 303	67	19 991
Profit/loss from segment	460	2	2 538	-120	-277	66	-11	2 659
Joint expenses								-1 169
Operating profit								1 490
Net financial items								-788
Profit before minority interest								702
Income tax	0	0	0	0	0	-10	0	-10
Profit before minority interest								692
Minority interest	0	0	0	0	0	0	0	0
Net profit for the financial year								693

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Consolidated in thousands of kroons	Confectioner	Flour	Dairy	Real estate	Total
	products	confectionery	products		
	3 months	3 months	3 months	3 months	3 months
	2007	2007	2007	2007	2007
Extra-group customers					
- revenue	80 526	18 866	89 864	1 435	190 691
- other income	203	0	82	0	285
Total segment revenue	80 729	18 866	89 946	1 435	190 976
Profit/loss from segment	4 706	3 696	-2 400	1 037	7 039
Joint expenses					-14 711
Operating loss					-7 672
Net financial items					-5 994
Profit before minority interest					-13 666
Minority interest	0	9	0	0	9
Net profit for the financial year					-13 657

Consolidated in thousands of euros	Confectioner	Flour	Dairy	Real estate	Total
	products	confectionery	products		
	3 months	3 months	3 months	3 months	3 months
	2007	2007	2007	2007	2007
Extra-group customers					
- revenue	5 147	1 206	5 743	92	12 187
- other income	13	0	5	0	18
Total segment revenue	5 160	1 206	5 749	92	12 206
Profit/loss from segment	301	236	-153	66	450
Joint expenses					-940
Operating loss					-490
Net financial items					-383
Profit before minority interest					-873
Minority interest	0	1	0	0	1
Net profit for the financial year					-873

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Net sales by markets

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006
Estonia	146 134	104 758	9 340	6 695
Latvia and Lithuania	8 697	8 748	556	559
Scandinavia	11 772	889	752	57
Other EU members	136 312	72 639	8 712	4 642
Other countries	8 917	3 941	570	252
TOTAL	311 832	190 975	19 930	12 206

Note 4 Personnel expenses

No employees were laid off between 1 July 2007 and 30 September 2007. In the comparative period last financial year, 11 employees were laid off, with termination compensation amounting to a total of 383 thousand kroons (24 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)	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Net profit/loss	10 832	-13 666	692	-873
Weighed average number of shares (in thousands of units)	23 633	23 633	23 633	23 633
Earnings per share	0,46	-0,58	0,03	-0,037

Note 6 Investment property

in thousands of kroons

Consolidated	Prepayments for investments		
	Investments	Prepayments for investments	Total
Net book value 30.06.2007	213 876	725	214 601
Additions	1 779	9 450	11 229
Net book value 30.09.2007	215 655	10 175	225 830

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in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2007	13 669	46	13 716
Additions	114	604	718
Net book value 30.09.2007	13 783	650	14 433

in thousands of kroons

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	89 944		89 944
Additions	15 857	0	15 857
Net book value 30.09.2006	105 801	0	105 801

in thousands of euros

Consolidate	Investments	Prepayments for investments	Total
Net book value 30.06.2006	5 748	0	5 748
Additions	1 013	0	1 013
Net book value 30.09.2006	6 762	0	6 762

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	0	-142 376
Net book value 30.06.07	11 508	339 844	200 650	11 714	81 160	644 876
Additions		513	7 756	578	27 660	36 507
Disposals	0	0	-1 175	-136	0	-1 311
Reclassification	0	0	12 743	1 345	-14 088	0
Depreciation charge	0	-2 603	-5 836	-947		-9 386
Net book value 30.09.2007	11 508	337 754	214 138	12 554	94 732	670 686
Acquisition cost 30.09.2007	11 508	350 676	343 419	20 336	94 732	820 671

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Accumulated depreciation 30.09.2007	0	-12 922	-129 281	-7 782	0	-149 985
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in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non- current assets	Construction- in-progress	TOTAL
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 30.06.07	735	21 720	12 824	749	5 187	41 215
Additions	0	33	496	37	1 768	2 333
Disposals	0	0	-75	-9	0	-84
Reclassification	0	0	814	86	-900	0
Depreciation charge	0	-166	-373	-61	0	-600
Net book value 30.09.2007	735	21 586	13 686	802	6 054	42 865
Acquisition cost 30.09.2007	735	22 412	21 948	1 300	6 054	52 450
Accumulated depreciation 30.09.2007	0	-826	-8 263	-497	0	-9 586

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 30.06.06	13 111	348 362	84 315	8 005	92 047	545 840
Additions	0	6 168	772	607	2 425	9 972
Disposals	0	0	-169	0	0	-169
Depreciation charge	0	-2 463	-2 145	-632	0	-5 240
Net book value 30.09.2006	13 111	352 067	82 773	7 980	94 472	550 403
Acquisition cost 30.09.2006	13 111	354 530	161 883	11 883	94 707	636 114
Accumulated depreciation 30.09.2006	0	-2 463	-79 110	-3 903	-235	-85 711

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non- current assets	Construction- in-progress	TOTAL
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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	0	394	49	39	155	637
Disposals	0	0	-11	0	0	-11
Depreciation charge	0	-157	-137	-40	0	-335
Net book value 30.09.2006	838	22 501	5 290	510	6 038	35 177
Acquisition cost 30.09.2006	838	22 659	10 346	759	6 053	40 655
Accumulated depreciation 30.09.2006	0	-157	-5 056	-249	-15	-5 478

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 from mergers	0	4 091	4 091
Amortisation charge	-7	0	-7
Net book value 30.09.2007	169	66 550	66 719
Acquisition cost 30.09.2007	559	66 550	67 109
Accumulated amortisation 30.09.07	-390	0	-390

in thousands of euros

	Other intangible assets	Goodwill	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 from mergers	0	261	261
Amortisation charge	0	0	0
Net book value 30.09.2007	11	4 253	4 264
Acquisition cost 30.09.2007	36	4 253	4 289
Accumulated amortisation 30.09.07	-25	0	-25

Consolidated

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	-6	0	-6

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Net book value 30.09.2006	4	4 550	4 554
Acquisition cost 30.09.2006	359	4 550	4 909
Accumulated amortisation 30.09.06	-355	0	-355
in thousands of euros			
	Consolidated	Consolidated	Consolidated
	Other intangible assets	Goodwill	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	1	0	1
Net book value 30.09.2006	0	291	291
Acquisition cost 30.09.2006	23	291	314
Accumulated amortisation 30.09.06	-23	0	-23

Note 9 Borrowings

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2007	30.06.2007	30.09.2007	30.06.2007
Overdraft	21 274	16 961	1 360	1 084
Bonds	169 762	167 558	10 850	10 709
Bank loans	186 406	139 391	11 914	8 909
Finance lease liabilities	16 812	24 407	1 074	1 560
Total current liabilities	394 254	348 317	25 197	22 262
Long-term bonds	46 246	-	2 956	-
Long-term bank loans	208 858	230 629	13 348	14 740
Long-term finance lease liabilities	85 196	74 208	5 445	4 743
Total non-current liabilities	340 300	304 837	21 749	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 mortgage is established for 400,000,000 kroons.

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 annual loan interest rate is 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 borrower will repay 30,000 thousand kroons of the loan in monthly annuity payments in accordance with the payment schedule, and the loan balance as a lump sum on the repayment due date (30 April 2008) in accordance with the loan agreement.

9.3. Bond issue

With the bonus issue on 18 September 2007, AS Kalev Real Estate Company issued bonds with a term of 2 years. The 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.

Note 10 Share capital

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According to the Articles of Association, the company can increase its share capital to 31,510,000 shares.

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2007	30.06.2007	30.09.2007	30.06.2007
Number of common shares (in thousands of units)	23 633	23 633	23 633	23 633
Nominal value	10	10	0.64	0.64

10.1. Takeover bid for the shareholders of AS Kalev

As a result of the agreements concluded on 23 September 2007 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 have acquired a dominant influence over AS Kalev as of 23 September 2007 (under subsection 166 (1) of the Securities Market Act, a person who has gained dominant influence over the target issuer either directly or together with other persons acting in concert is required to make a takeover bid for all shares of the target issuer with a duration of at least for twenty-eight days within twenty days as of gaining dominant influence), AS Rubla hereby makes the obligatory takeover bid for all shares of AS Kalev. The transferee is AS Rubla (registry code: 10046724) and the target issuer AS Kalev (registry code: 10000952). The number of shares of AS Kalev controlled by AS Rubla and other persons acting in concert with AS Rubla (GKG Investeeringute AS, Mailtec OÜ, Linderin Grupp OÜ, East Capital Baltikumfonden, Vipes Invest OÜ) is 13,947,367, which makes up nearly 59% of the share capital of AS Kalev.

Takeover bid price and its payment: the takeover bid price is 29 kroons per share. The term of the takeover bid is 28 days after publication of the notice of offer. The transaction orders must be given to the securities account administrators so that the securities account administrators could register the transaction orders in Estonian CSD at 17:00 on 3 December 2007, i.e. on the last day of the offer.

Value date: On 7 December 2007, the sales transactions of those shareholders of AS Kalev who have accepted the offer will be settled on the "transaction-against-payment" principle. AS Rubla will pay 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.

10.2. Subsidiary's share capital increase and name change

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On 22 August 2007, AS Kalev resolved to increase the share capital of the new subsidiary Soltari Invest 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.

Note 11 Related party transactions

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- 30.09.2007	01.07.2006- 30.09.2006	01.07.2007- 30.09.2007	01.07.2006- 30.09.2006
Goods and services purchased				
Balance at the beginning of the period	4 562	7 028	292	449
Services	6 268	6 080	401	389
Goods	38 288	33 463	2 447	2 139
Balance at the end of the period	6 298	13 974	403	893
Goods and services sold				
Balance at the beginning of the period	665	1 820	43	116
Services	566	256	36	16
Goods	39 152	31 570	2 502	2 018
Balance at the end of the period	1 577	704	101	45

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 supported non-profit associations related to the Management Board in the amount of 200 thousand kroons (13 thousand euros) in the period (311 thousand kroons, i.e. 15 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 12 Off-balance-sheet transactions and events after the balance sheet

12.1. AS Kalev to transfer shares in AS Kalev Paide Tootmine, AS Kalev Jõhvi Tootmine, AS Kalev Chocolate Factory, AS Vilma and OÜ Maiasmokk

On 20 September 2007, AS Kalev signed a contract for purchase and sale of the shares with ALTA CAPITAL PARTNERS S.C.A SICAR on the transfer of 3,857,824 shares (100% of the share capital) of AS Kalev Paide Tootmine ("KPT"), 13,835,334 shares (100% of the share capital) of AS Kalev Chocolate Factory ("KCF"), 991 shares (99.1% of the share capital) of AS Kalev Jõhvi Tootmine ("KJT"), 720,000 shares (100% of the share capital) of AS Vilma ("Vilma") and a share (81.26% of the share capital) of OÜ Maiasmokk ("Maiasmokk"). The transferred AS Kalev Paide Tootmine also holds a 65.59% share in AS Valmetek Invest ("Valmetek").

AS Kalev will continue its activities under the same business name. Any trademarks in the food industry will be transferred to the buyer within the framework of the transaction. The right to the trademark KALEV will be kept by AS Kalev.

With the transaction, AS Kalev will give up two of its main areas of activity - flour and chocolate confectionery industry and dairy industry. In the future, AS Kalev will focus on the development of its remaining main activities - real estate development and investment property, media industry and printing industry, and on searching for new investment options.

The transaction is not a transaction with related party in the meaning of the requirements established for issuers by the Tallinn Stock Exchange. The Supervisory Board and Management Board of AS Kalev have no other interests regarding the transaction.

The shares will be sold for 880,000,000 EEK (eight hundred and eighty million Estonian kroons), less the financial liabilities of the transferred companies and the costs of the transaction (i.e. approximately 350 million kroons). The buyer will pay AS Kalev the purchase/sales price simultaneously with the transfer of the shares by AS Kalev on the transaction date. The preconditions for completing the transaction include, among other things, a corresponding approval by the Estonian Competition Board and, if necessary, the Latvian Competition Board, as well as approval of the transfer of the shares by the General Meeting of the Shareholders of AS Kalev.

According to the management bodies of AS Kalev, the company will post nearly 300 million kroons of extraordinary profit from the transaction, with nearly 530 million kroons generated in positive cash flow.