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Interim statements
for the period:
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01.07.2007-30.06.2008

Auditor: Ernst & Young Baltic AS

Address:
Tornimäe 5
Tallinn 10145

Telephone: +372 6 161 900
Fax: +372 6 161 901
E-mail: grupp@kalev.ee
<http://www.kalev.ee>

Unaudited 9-month interim financial statements

- Group's net turnover: 892.2 million kroons, increase in revenue: 24%
- Share of export increased to 32% of sale of goods
- Profitability increase in dairy and flour confectionery segment
- Renewed product portfolio and quick growth in media and publishing segment
- Launch of TV channel Kalev Sport

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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), 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.

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 Management Board members are elected 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. Under the Articles of Association of AS Kalev, members of the Management Board of AS Kalev are appointed for a term of three years. 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 Chapter 19 of the Securities Market Act.

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.

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

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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.

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, 13,835,334 shares (100% of the share capital) of AS Kalev Chocolate Factory, 991 shares (99.1% of the share capital) of AS Kalev Jõhvi Tootmine, 720,000 shares (100% of the share capital) of AS Vilma and a share (86.42% of the share capital) of OÜ Maiasmokk. The transferred AS Kalev Paide Tootmine also holds a stake in AS Valmetek Invest. With the transaction, AS Kalev would waive two branches of its main activity □ the confectionery industry and dairy industry (hereinafter referred to as "discontinued operations"), focusing thereafter on the development of AS Kalev's other main activities □ real estate development and investment, media industry and printing industry, as well as, in case of suitable investment opportunities, in other fields of activity. 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. **Information on material subsequent events regarding the transaction has been provided in Note 12.**

AS Kalev has a significant interest in the following companies:

Name of subsidiary	Location	As of 31.03.2008	As of 31.03.2007
AS Kalev Paide Tootmine*	Estonia	100%	100%
AS Valmetek Invest*	Estonia	66.7%	31.0%
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%
EOD 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%

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

* Discontinued operations of AS Kalev Group

1.2. Financial results

Important factors contributing to the results of AS Kalev Group for the first 9 months of the financial year 2007/2008:

1) a near 24% 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 4.8%);

2) a 23% increase in consolidated gross profit, compared to the comparative period (with the gross profit from discontinued operations increasing by 42%, and the gross profit from continued operations showing a decrease);

3) increase in the share of export in total turnover - export made up 32% of the sale of goods. This means that the share of exported goods and services in total sales has somewhat increased, compared to the same period last year;

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

5) the Group's real estate sales have somewhat decreased, compared to the comparative period. This decrease has lot to do with various macro-economic factors (incl. the end of the real estate boom, shifting of the market balance, price dynamics, credit market). The segment's high profitability has somewhat decreased, but remains the most profitable among the Group's fields of activity, similarly to the previous financial year;

6) the biggest growth in discontinued operations (a 16% growth from the same period last year) could be seen in the flour confectionery product sales, while profitability is the highest among dairy product sales (with the previous negative result from the segment turned to positive). The total sales of confectionery products increased by nearly 7%, year on year.

The consolidated net sales of AS Kalev for the first nine months of the financial year 2007/2008 amounted to 892.2 million kroons (57 million euros), showing a 23.6% growth, compared to the same period last financial year. Still the dynamics are different for different fields of activity: while the turnover from AS Kalev's discontinued operations increased by 4.8%, that of continued operations showed some decrease; media and event marketing sales, however, increased by several times. 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. In the first 9 months of the financial year 2007/2008, AS Kalev posted a consolidated net loss of 19.6 million kroons (1.25 million euros); in the comparative period, the company posted a net profit of 25.2 million kroons (1.6 million euros).

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In the first 9 months of the financial year 2007/2008, AS Kalev Group had an average of 900 employees (incl. 715 employees in the discontinued operations); in the comparative period last financial year, the group had an average of 779 employees (incl. 677 employees in the discontinued operations).

The net sales and net profit of AS Kalev Group companies for the first 9 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 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
	9 months	9 months	9 months	9 months
AS Kalev**	350	144 392	-54 122	-38 894
AS Kalev Chocolate Factory	404 875	334 434	14 103	24 207
AS Kalev Paide Tootmine*	253 687	232 533	27 697	6 568
AS Kalev REC*	73 306	329 874	45 905	36 808
AS Kalev Jõhvi Tootmine	33 551	28 081	-2 655	-3 268
OÜ Maiasmokk	5 839	5 474	109	-307
AS Vilma	25 840	21 106	-308	-65
OÜ Sugarstar	4 347	2 454	-1 253	-750
AS Inreko Press***	0	2 103	-295	-35
OÜ Olliwood***	0	2 664	-404	-1 007
OÜ Eksklusiiiv	3 299	0	-1 425	0
AS Kalev Meedia*	13 056	0	-37 347	0
AS Uniprint*	116 941	0	1 480	0
OÜ Agristock	25 062	0	-11 582	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	
	2006/2007	2005/2006	2006/2007	2005/2006
	9 months	9 months	9 months	9 months
AS Kalev**	22	9 228	-3 459	-2 486
AS Kalev Chocolate Factory	25 876	21 374	901	1 547

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AS Kalev Paide Tootmine*	16 214	14 862	1 770	420
AS Kalev REC*	4 685	21 083	2 934	2 352
AS Kalev Jõhvi Tootmine	2 144	1 795	-170	-209
OÜ Maiasmokk	373	350	7	-20
AS Vilma	1 651	1 349	-20	-4
OÜ Sugarstar	278	157	-80	-48
AS Inreko Press***	0	134	-19	-2
OÜ Olliwood***	211	170	-26	-64
OÜ Eksklusiiiv	834	0	-91	0
AS Kalev Meedia*	834	0	-2 387	0
AS Uniprint*	7 474	0	95	0
OÜ Agristock	1 602	0	-740	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. While current assets increased, the Group's quick ratio showed some decrease (see table below). Due to the increase in borrowings, financial gearing has increased financial expenses. As regards other expense items, the biggest growth (37% compared to last period) can be seen in the Group's marketing expenses. The record-breaking growth in these expenses was foreseen and planned as a natural part of business expansion into a new field of activity. Comparison of the cost dynamics reveals that the increase in administrative and general expenses (21%) has remained quite modest for the first 9 months, despite the quick growth in personnel expenses, an inflationary economic environment as well as additional information and consulting expenses related to expansion into the field of media.

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

	AS Kalev Group	
	01.07.2007- 31.03.2008	01.07.2006 - 31.03.2007
Current ratio	0.75	0.79
Financial gearing	0.90	0.71
Asset turnover ratio	0.59	0.66
Net profit margin (%)	-2.2%	3.5%
Return on assets, ROA (%)	-1.3%	2.3%

* 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%

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

1.3. Product market and sales

The total confectionery and dairy product sales volume of AS Kalev for the financial year 2007/2008 was 18,448 tons. Thus, compared to the same period last financial year, the sales volume increased by 11%. 89% of the confectionery products were sold in Estonia, and 11% exported. Dairy products showed the opposite trend, with 70% of the goods exported and 30% sold at the home market.

1.3.1. Confectionery products

According to the retail trade survey conducted by AC Nielsen (as of February/March 2008), AS Kalev Group's chocolate and sugar confectionery market share was 33% as regards turnover and 39% as regards volume (36% and 31% in the same period last year, respectively). Kalev Group's market share in the local biscuit market was 9% (remaining on par with last year) as regards turnover, ranking the company second among producers in the segment, with the market share as regards volume amounting to 12.5%.

In the third quarter of the financial year 2007/2008, Kalev Group launched a total of 16 new chocolate and sugar confectionery products. The sales volume of new products made up 2.9% of total sales for the period. In the chocolate and sugar confectionery product segment, the company expanded the "Kalev Marmelade" series, adding the blackcurrant-flavoured and plum-flavoured jelly candies in 175 g packaging to the series. The "Kalev Toffee" series also saw two new additions in the period: the "Kalev Toffee Cocoa" toffee with biscuit pieces (150 g) and the „Kalev Toffe Mix“ (475 g). 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). The "Tallinna vanalinn" assortment of praline candies (175 g) was added to the gift box product group.

In the biscuit product group, the company renewed the visual and packaging of all confectionery biscuits in the third quarter. 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.

In the pastry and flour confectionery group, the company 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 chocolate cheese-cake (730 g) was added to the tart portfolio, with almond cheese-cake (400 g) and hazelnut-cheesecake (350 g) added to the "Linda" cake portfolio.

The total volume of sale of sugar and chocolate confectionery products for the first nine months of the financial year 2007/2008 amounted to 4,950 tons. This constitutes a 6.5% increase from the total sales of confectionery products in the comparative period. The confectionery product turnover dynamics was still different for different product groups: chocolate tablets (21%) and boxed chocolates (13%) showed a quicker growth than other products, with candy sales increasing by 4%. As regards volume, chocolate tablet sales showed the biggest growth, increasing by 20% compared to the same period last year. Boxed chocolate sales increased by 14%, with candy sales dropped by 3%.

The total sales volume of flour confectionery products (incl. pastry products, biscuits and flour mixes) amounted to 2,400 tons in the first 9 months of the financial year 2007/2008. Similarly to sugar and chocolate confectionery segments, different sales dynamics can be distinguished among the product groups of the flour confectionery segment: sales of flour mixes increased by one-fifth, compared to the comparative period, with biscuit sales showing a somewhat smaller increase. The sale of pastry products dropped, and conditioned a decrease in the total flour confectionery product volume.

In the first 9 months of the financial year 2007/2008, a majority (89%) of the confectionery product output (i.e. sugar, chocolate and flour confectionery products) was sold at the domestic market, with export amounting to 11% of the turnover. Export sales of confectionery products increased by 35%, compared to the comparative period, while the growth in volume amounted to 15%. Export to Latvia made up 29% of the total export of confectionery products, with export to Lithuania increasing by more than ten times to 27% (2.4% in the comparative period), and *Travel Trade* sales amounting to 23%. Export to Russia made up 10% and other countries 11%. A total of 14 million kroons worth of goods were sold through the Kalev Group's retail trade stores in the given period.

1.3.2. Dairy products

Different dairy products were produced from the crude milk stocked by AS Kalev Paide Tootmine in the first 9 months of the financial year. Due to the market conditions and production-economic reasons, the company focused on the production of condensed skimmed milk, milk and cream production (these made up nearly 80% of the output). 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. At the same time, sales activities were continued. Condensed skimmed milk sales made up nearly 42% of the total sales volume of AS Kalev Paide Tootmine in the period. The share of cream was one-fifth, condensed milk one-eighth and skimmed milk powder one-tenth of the total sales volume for Kalev Group. Production volume increased by nearly 27% and sales by 28% compared to the previous period, amounting to a total of 10,577 and 11,098 tons for the nine months of the financial year, respectively.

Nearly 70% (78% in the comparative period) of the total output of AS Kalev Paide Tootmine was exported to the European Union (mainly Germany). Due to the market situation, nearly 30% of the milk output was sold in Estonia. The increase in the price of stocked milk has had a significant influence on the results for the first 9 months of the financial year, as well as on the whole dairy market. According to Statistics Estonia, crude milk price in January-March 2008 was 36% higher than in the same period last year. The same indicator for 9 months was nearly 26%. As at the preparation of these financial statements, raw material price hikes in Estonia had stopped, while the price of dairy products on the global market have dropped nearly one-third, compared to the price levels registered in August/September 2007. For instance, the price of skimmed milk powder on Europe's most important market – Germany – in April 2008 was on par with the price in November 2006.

AS Kalev Paide Tootmine added fatty powders, skimmed milk and milk concentrate to its list of products in the reporting period.

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 good 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: the company 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 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.

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. As of the moment of the preparation of this report, the purchase price had been paid in full. 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 continues the construction of the 6,500 m² apartment building in Sofia. The building is scheduled to be completed in the Summer of 2008. The company will apply for the permit of use for the building by the end of 2008 at the latest.

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 first three months of 2008: Just 12,000, Ärielu 4,500, Sporditäht 4,500, Basket 4,500, Jalka 5,500, Avenüü 6,000, Avenüü Professional 1,200, Muumi 8,000, Muumi Mõistatuste- ja Värviraamat 5,000, Praktiline Arvutikasutaja 4,500. At the same time, reader numbers are remarkably bigger for these publications - according to the Estonian Media Survey conducted by TNS Emor in the first quarter of 2008, Just had 42,000, Sporditäht 13,000, Avenüü 15,000, Muumi 19,000, Ärielu 5,000, and Basket 10,000 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 16,710 unique visitors per week, 60,980 per month and a total of 158,571 in the first three months. Since its launch, the portal has had 412,568 visits.

The new sports-orientated news and entertainment channel Kalev Sport 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 1 January 2008 and 31 March 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 338,000 people have watched the Kalev Sport channel in the first three months of 2008.

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 March 2008, 88 people were employed in Kalev Group's media segment (incl. 58 in AS Kalev Meedia and 30 in OÜ Spordikanal).

1.3.5. Printing

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.

Medium-size investments have been made in the printing industry in order to enhance production efficiency and offer full services to customers by simultaneously reducing the share of outsourced services. AS Unipress has successfully implemented the automatic packaging device Stacker CS70, which allows more efficient use of labour (the investment amounted to approximately 4 million kroons). AS Uniprint invested 3.4 million kroons in the new UV-gloss machine Steinmann Colibri Junior. The machine was put into operation in February, and allows Uniprint and Unipress to save time on the preparation of UV-gloss after-treated publications. With the new machine, the entire publication production process and quality is fully controlled by the company.

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 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 printing services. 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 Kalev Sport. 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. 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.

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 segment too is a part of the operations which are to be discontinued by AS Kalev. 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.

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 first 9 months of the financial year 2007/2008 of AS Kalev set out on pages 15-42, 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, 2 June 2008



Oliver Kruuda
General Manager

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

INCOME STATEMENT

in thousands of kroons

Note	Consolidated			Consolidated			
	2008 9 months continued operations	2008 9 months discontinued operations	2008 9 months Total	2007 9 months continued operations	2007 9 months discontinued operations	2007 9 months Total	
3	Revenue	249 034	643 127	892 161	97 095	624 467	721 562
	Cost of sales of goods and services	-220 094	-484 819	-704 913	- 55 878	- 513 094	-568 972
	Gross profit	28 940	158 308	187 248	41 217	111 373	152 590
	Marketing expenses	-37 058	-75 980	-113 038	- 22 863	- 59 403	-82 266
	Administrative and general expenses	-58 154	-29 302	-87 456	- 48 826	- 23 259	-72 085
	Other income and expenses	35 797	569	36 366	44 456	5 265	49 721
	Operating profit	-30 475	53 595	23 120	13 984	33 976	47 960
	Other financial income and expenses	-27 682	-14 650	-42 332	- 16 057	- 6 697	-22 754
	Profit before income tax	-58 157	38 945	-19 212	-2 073	27 279	25 206
	Income tax	-430	0	-430	0	0	0
	Profit before minority interest	-58 587	38 945	-19 642	-2 073	27 279	25 206
	Minority interest	0	24	24		29	29
	Profit for the period	-58 587	38 969	-19 618	-2 073	27 308	25 235
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons			-0,83			1,07

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of euros							
Note		2008	Consolidated 2008	2008	2007	Consolidated 2007	2007
		9 months continued operations	9 months discontinued operations	9 months Total	9 months continued operations	9 months discontinued operations	9 months Total
3	Revenue	14 282	41 103	55 385	6 206	39 911	46 116
	Cost of sales of goods and services	-14 067	-30 986	-45 052	-3 571	-32 793	-36 364
	Gross profit	216	10 118	10 333	2 634	7 118	9 752
	Marketing expenses	-2 368	-4 856	-7 224	-1 461	-3 797	-5 258
	Administrative and general expenses	-3 717	-1 873	-5 589	-3 121	-1 487	-4 607
	Other income and expenses	2 288	36	2 324	2 841	336	3 178
	Operating profit	-3 582	3 425	-156	894	2 171	3 065
	Other financial income and expenses	-1 769	-936	-2 706	-1 026	-428	-1 454
	Profit before income tax	-5 351	2 489	-2 862	-132	1 743	1 611
	Income tax	-27	0	-27	0	0	0
	Profit before minority interest	-5 378	2 489	-2 889	-132	1 743	1 611
	Minority interest	0	2	2	0	2	2
	Profit for the period	-5 378	2 491	-2 888	-132	1 745	1 613
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			-0,12			0,07

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of kroons

Note	Consolidated			Consolidated		
	2008 3 rd quarter continued operations	2008 3 rd quarter discontinued operations	2008 3 rd quarter Total	2007 3 rd quarter continued operations	2007 3 rd quarter discontinued operations	2007 3 rd quarter Total
3 Revenue	142 394	132 109	274 503	48 171	215 634	263 805
Cost of sales of goods and services	-107 347	-112 086	-219 433	- 29 001	-190 525	-219 526
Gross profit	35 047	20 023	55 070	19 170	25 109	44 279
Marketing expenses	-19 207	-25 149	-44 356	-15 416	-13 360	-28 776
Administrative and general expenses	-23 147	-7 315	-30 462	-18 904	-4 694	-23 598
Other income and expenses	36 419	598	37 017	27 337	4 796	32 133
Operating profit	29 112	-11 843	17 269	12 187	11 851	24 038
Other financial income and expenses	-9 791	-4 742	-14 533	-5 334	-3 973	-9 307
Profit before income tax	19 321	-16 585	2 736	6 853	7 878	14 731
Income tax	-148	0	-148	0	0	0
Profit before minority interest	19 173	-16 585	2 588	6 853	7 878	14 731
Minority interest	0	11	11		7	7
Profit for the period	19 173	-16 574	2 599	6 853	7 885	14 738
Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			0,11			0,62

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of euros		Consolidated			Consolidated		
Note		2008	2008	2008	2007	2007	2007
		3 rd quarter continued operations	3 rd quarter discontinued operations	3 rd quarter Total	3 rd quarter continued operations	3 rd quarter discontinued operations	3 rd quarter Total
3	Revenue	9 101	8 443	17 544	3 079	13 782	16 860
	Cost of sales of goods and services	-6 861	-7 164	-14 024	-1 854	-12 177	-14 030
	Gross profit	2 240	1 280	3 520	1 225	1 605	2 830
	Marketing expenses	-1 228	-1 607	-2 835	-985	-854	-1 839
	Administrative and general expenses	-1 479	-468	-1 947	-1 208	-300	-1 508
	Other income and expenses	2 328	38	2 366	1 747	307	2 054
	Operating profit	1 861	-757	1 104	779	757	1 536
	Other financial income and expenses	-626	-303	-929	-341	-254	-595
	Profit before income tax	1 235	-1 060	175	438	503	941
	Income tax	-9	0	-9	0	0	0
	Profit before minority interest	1 225	-1 060	165	438	503	941
	Minority interest	0	1	1	0	0	0
	Profit for the period	1 225	-1 059	166	438	504	942
	Net profit per share held by the owners of the parent company (basic and diluted; in kroons)			0,01			0,04

BALANCE SHEET

in thousands of kroons and euros

Note	Consolidated (in EEK)			
	31.03.2008 continued operations	31.03.2008 discontinued operations	31.03.2008 Total	30.06.2007
ASSETS				
Current assets				
	7 257	580	7 837	17 337
	115 491	33 476	148 967	148 050
	1 618	381	1 999	2 653
	417 269	51 593	468 862	218 617
	541 635	86 030	627 665	386 657
Non-current assets				
	3 643	0	3 643	3 733
6	308 455	23 406	331 861	214 601
7	103 223	577 292	680 515	644 876
8	68 601	0	68 601	62 635
	483 922	600 698	1 084 620	925 846
	1 025 557	686 728	1 712 285	1 312 503
LIABILITIES AND OWNER'S EQUITY				
Liabilities				
9	361 945	41 983	403 928	348 317
9	102 844	138	102 982	1 461
	111 438	219 499	330 937	284 439
	576 227	261 620	837 847	634 218
Non-current liabilities				
9	308 250	212 381	520 631	304 837
	308 250	212 381	520 631	304 837
	884 477	474 001	1 358 478	939 054
Owner's equity				
	236 325		236 325	236 325
	5 543		5 543	4 020
	111 108		111 108	111 108
	801		801	21 941
	353 777		353 777	373 395
	0	30	30	54
	1 238 254	474 031	1 712 285	1 312 503
<i>difference in equity investments</i>	-212 697	212 697	0	0

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

Note		Consolidated (in EUR)			30.06.2007
		31.03.2008 continued operations	31.03.2008 discontinued operations	31.03.2008 Total	
	ASSETS				
	Current assets				
	Cash	464	37	501	1 108
	Receivables	7 381	2 140	9 521	9 462
	Prepayments	103	24	128	170
	Inventories	26 668	3 297	29 966	13 972
	Total current assets	34 617	5 498	40 115	24 712
	Non-current assets				
	Long-term investments and receivables	233	0	233	239
6	Investment property	19 714	1 496	21 210	13 716
7	Property, plant and equipment	6 597	36 896	43 493	41 215
8	Intangible assets	4 384	0	4 384	4 003
	Total non-current assets	30 928	38 392	69 320	59 172
	TOTAL ASSETS	65 545	43 890	109 435	83 884
	LIABILITIES AND OWNER'S EQUITY				
	Liabilities				
	Current liabilities				
9	Short-term borrowings	23 133	2 683	25 816	22 262
9	Prepayments from customers	6 573	9	6 582	93
	Payables to suppliers and other payables	7 122	14 029	21 151	18 179
	Total current liabilities	36 828	16 721	53 548	40 534
	Non-current liabilities				
9	Long-term borrowings	19 701	13 574	33 274	19 483
	Total non-current liabilities	19 701	13 574	33 274	19 483
	Total liabilities	56 528	30 294	86 823	60 017
	Owner's equity				
	Share capital	15 104	0	15 104	15 104
	Mandatory reserve	354	0	354	257
	Revaluation reserve	7 101	0	7 101	7 101
	Retained earnings	51	0	51	1 402
	Total owner's equity	22 610	0	22 610	23 864
	Minority interest	0	2	2	3
	TOTAL LIABILITIES, MINORITY INTEREST AND OWNER'S	79 139	30 296	109 435	83 884

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

EQUITY

<i>difference in equity investments</i>	13 594	-13 594	0	0
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CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
Operating activities				
Operating profit	23 120	47 960	1 478	3 065
Adjustment of operating profit	- 8 541	- 24 645	- 546	- 1 575
Change in assets related to operating activities	- 234 930	18 286	- 15 015	1 169
Change in liabilities related to operating activities	147 437	- 75 145	9 423	- 4 803
Total cash flow from operating activities	- 72 914	- 33 544	- 4 660	- 2 144
Investing activities				
Purchase of subsidiaries	- 10 250	- 43 404	- 655	- 2 774
Proceeds from disposals of non-current assets	8 566	18 772	547	1 200
Acquisition of non-current assets	- 138 581	- 49 732	- 8 857	- 3 178
Loans granted	- 31 547	- 21 323	- 2 016	- 1 363
Repayment of loans granted	33 099	11 653	2 115	745
Interest received	2 379	1 610	152	103
Total cash flow from investing activities	- 136 334	- 82 424	- 8 713	- 5 268
Financing activities				
Repayment of loans and bonds	- 120 689	- 227 855	- 7 713	- 14 563
Loans received and bonds issued	388 469	469 299	24 828	29 994
Repayment of finance lease principal	- 30 183	- 86 358	- 1 929	- 5 519
Change in overdraft and other financial instruments	5 750	- 25 399	367	- 1 623
Interest paid	- 43 599	- 18 311	- 2 786	- 1 170
Total cash flow from financing activities	199 748	111 376	12 766	7 118
Total cash flow	- 9 500	- 4 592	- 607	- 293
Cash and cash equivalents at the beginning of the period	17 337	10 080	1 108	644
Change in cash and cash equivalents	- 9 500	- 4 592	- 607	- 293
Cash and cash equivalents at the end of the period	7 837	5 488	501	351

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

Retained earnings	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
Profit for the reporting period	0	0	0	25 235	25 235
31.03.2007	236 325	4 020	116 315	12 010	368 670
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	-19 618	-19 618
31.03.2008	236 325	5 543	111 108	801	353 777

in thousands of euros

Retained earnings	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2006	15 104	257	7 434	-845	21 949
Profit for the reporting period	0	0	0	1 613	1 613
31.03.2007	15 104	257	7 434	768	23 562
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	-1 254	-1 254
31.03.2008	15 104	354	7 101	51	22 610

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 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 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 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

Note 3 Segment information

Consolidated in thousands of kroons	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Print industry	Event marketing	Total
	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	106 691	21 232	23 455	57 372	6 259	58 289	1 205	274 503
- other income	270	60	963	36 869	106	112	0	38 380
Total segment revenue	106 961	21 292	24 418	94 241	6 365	58 401	1 205	312 883
Profit/loss from segment	6 750	2 363	-6 670	50 461	-17 528	5 643	-766	40 253
Joint expenses								-22 988
Operating profit								17 268
Net financial items								-14 532
Profit before income tax								2 736
Income tax	0	0	0	0	0	-148	0	-148
Profit before minority interest								2 588
Minority interest	0	8	0	0	0	0	0	11
Net profit for the financial year								2 599

* discontinued operations

Consolidated in thousands of euros	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Print industry	Event marketing	Total
	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers								
- revenue	6 819	1 357	1 499	3 667	400	3 725	77	17 544
- other income	17	4	62	2 356	7	7	0	2 453
Total segment revenue	6 836	1 361	1 561	6 023	407	3 733	77	19 997
Profit/loss from segment	431	151	-426	3 225	-1 120	361	-49	2 573
Joint expenses								-1 469
Operating profit								1 104
Net financial items								-929
Profit before income tax								175
Income tax	0	0	0	0	0	-9	0	-9
Profit before minority interest								165
Minority interest	0	1	0	0	0	0	0	1

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

Net profit for the financial
year

166

*discontinued operations

Consolidated in thousands of kroons	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Event marketing	Total
	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter
	2007	2007	2007	2007	2007	2007	2007
Extra-group customers							
- revenue	126 891	21 005	67 737	43 497	3 898	777	263 805
- other income	803	0	8 495	28 676	0	0	37 974
Total segment revenue	127 694	21 005	76 232	72 173	3 898	777	301 779
Profit/loss from segment	20 295	733	6 977	34 661	-1 416	-373	60 876
Joint expenses							-36 839
Operating profit							24 037
Net financial items							-9 307
Profit before income tax							14 730
Income tax	0	0	0	0	0	0	0
Profit before minority interest							14 731
Minority interest	0	7	0	0	0	0	7
Net profit for the financial year							14 738
*discontinued operations							

Consolidated in thousands of euros	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Event marketing	Total
	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter	3 rd quarter
	2007	2007	2007	2007	2007	2007	2007
Extra-group customers							
- revenue	8 110	1 342	4 329	2 780	249	50	16 860
- other income	51	0	543	1 833	0	0	2 427
Total segment revenue	8 161	1 342	4 872	4 613	249	50	19 287
Profit/loss from segment	1 297	47	446	2 215	-90	-24	3 891
Joint expenses							-2 354
Operating profit							1 536
Net financial items							-595
Profit before income tax							941
Income tax	0	0	0	0	0	0	0

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

Profit before minority interest								941
Minority interest	0	0	0	0	0	0	0	0
Net profit for the financial year								941
* discontinued operations								
Consolidated	Confectionery products (except for flour confectionery)	Flour confectionery products	Dairy products	Real estate	Media	Print industry	Event marketing	Total
in thousands of kroons	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008
Extra-group customers								
- revenue	340 678	77 725	243 993	99 941	16 445	108 452	4 927	892 161
- other income	674	123	1 367	36 869	132	288	0	39 453
Total segment revenue	341 352	77 848	245 360	136 810	16 577	108 740	4 927	931 614
Profit/loss from segment	26 605	12 475	29 907	50 575	-39 238	8 482	-1 252	87 554
Joint expenses								-64 434
Operating profit								23 120
Net financial items								-42 332
Profit before income tax								-19 212
Income tax	0	0	0	0	0	-430	0	-430
Profit before minority interest								-19 642
Minority interest	0	24	0	0	0	0	0	24
Net profit for the financial year								-19 618
*discontinued operations								

Consolidated	Confectionery products (except for flour confectionery)	Flour confectionery products	Dairy products	Real estate	Media	Print industry	Event marketing	Total
in thousands of euros	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008	9 months 2008
Extra-group customers								
- revenue	21 773	4 968	15 594	6 387	1 051	6 931	315	57 019
- other income	43	8	87	2 356	8	18	0	2 522
Total segment revenue	21 816	4 975	15 681	8 744	1 059	6 950	315	59 541
Profit/loss from segment	1 700	797	1 911	3 232	-2 508	542	-80	5 596
Joint expenses								-4 118
Operating profit								1 478

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

Net financial items								-2 706
Profit before income tax								-1 228
Income tax	0	0	0	0	0	-27	0	-27
Profit before minority interest								-1 255
Minority interest	0	2	0	0	0	0	0	2
Net profit for the financial year								-1 254

* discontinued operations

Consolidated in thousands of kroons	Confectionery products (except for flour confectionery)	Flour confectionery products	Dairy products	Real estate	Media	Event marketing	Total 9 months
	9 months	9 months	9 months	9 months	9 months	9 months	9 months
	2007	2007	2007	2007	2007	2007	2007
Extra-group customers							
- revenue	324 857	67 077	232 533	89 874	4 767	2 454	721 562
- other income	1 102	36	8 500	48 679	0	0	58 317
Total segment revenue	325 959	67 113	241 033	138 553	4 767	2 454	779 879
Profit/loss from segment	50 699	10 115	6 586	53 058	-1 043	-745	118 670

Joint expenses								-70 710
Operating profit								47 960

Net financial items								-22 754
Profit before income tax								25 206
Income tax	0	0	0	0	0	0	0	0
Profit before minority interest								25 206
Minority interest	0	29	0	0	0	0	0	29
Net profit for the financial year								25 235

*discontinued operations

Consolidated in thousands of euros	Confectionery products (except for flour confectionery)	Flour confectionery products	Dairy products	Real estate	Media	Event marketing	Total 9 months
	9 months	9 months	9 months	9 months	9 months	9 months	9 months
	2007	2007	2007	2007	2007	2007	2007
Extra-group customers							
- revenue	20 762	4 287	14 862	5 744	305	157	46 116
- other income	70	2	543	3 111	0	0	3 727
Total segment revenue	20 833	4 289	15 405	8 855	305	157	49 843
Profit/loss from segment	3 240	646	421	3 391	-67	-48	7 584

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Joint expenses								-4 519
Operating profit								3 065
Net financial items								-1 454
Profit before income tax								1 611
Income tax	0	0	0	0	0	0	0	0
Profit before minority interest								1 611
Minority interest	0	1	0	0	0	0	0	2
Net profit for the financial year								1 613

*discontinued operations

Net sales by markets

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2007- 31.03.2008	01.07.2006- 31.03.2007	01.07.2007- 31.03.2008	01.07.2006- 31.03.2007
Estonia	607 662	498 007	498 007	31 828
Latvia and Lithuania	30 469	16 964	16 964	1 084
Scandinavia	27 586	4 559	4 559	291
Other EU members	200 221	188 830	188 830	12 068
Other countries	26 223	13 202	13 202	844
TOTAL	892 161	721 562	721 562	46 116

	Consolidated (in EEK)		Consolidated (in EUR)	
	1.01.2008 31.03.2008	01.01.2007- 31.03.2007	1.01.2008 31.03.2008	01.01.2007- 31.03.2007
Estonia	236 607	199 526	199 526	12 752
Latvia and Lithuania	10 627	3 677	3 677	235
Scandinavia	9 869	2 717	2 717	174
Other EU members	9 927	54 878	54 878	3 507
Other countries	7 473	3 007	3 007	192
TOTAL	274 503	263 805	263 805	16 860

Note 4 Personnel expenses

Total personnel expenses for the first nine months of the financial year 2007/2008 amounted to 129.8 million kroons (i.e. 8.3 million euros), with the group employing an average of 900. Personnel expenses on discontinued operations amounted to 87 million kroons (5.6 million euros), with a total of

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715 people employed. In the comparative period, personnel expenses totalled 81.9 million kroons (5.2 million kroons) and the group employed an average of 779 people (incl. personnel expenses on discontinued operations: 69.7 million kroons or 4.4 million euros, and number of employees: 677).

In the period from 1 July 2007 to 31 March 2008, the group laid off 44 employees, with a total of 909 thousand kroons (58 thousand euros) paid in severance compensation. In the comparative period last financial year, 16 employees were laid off (all from discontinued operations), with termination compensation amounting to a total of 709 thousand kroons (45 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)	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Net profit/loss	-19 618	25 235	-1 254	1 613
Weighed average number of shares (in thousands of units)	23 633	23 633	23 633	23 633
Earnings per share	-0,83	1,07	-0,05	0,07

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	84 827	2 613	87 440
Change in fair value	29 820	0	29 820
Net book value 31.03.2008	328 523	3 338	331 861

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2007	13 669	46	13 716
Additions	5 421	167	5 588
Change in fair value	1 906	0	1 906
Net book value 31.03.2008	20 996	213	21 210

in thousands of kroons

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Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	89 944		89 944
Additions	16 548	0	16 548
Change in fair value	48 676	0	48 676
Disposals	-9 028	0	-9 028
Net book value 31.03.2007	146 140	0	146 140

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	5 748	0	5 748
Additions	1 058	0	1 058
Change in fair value	3 111	0	3 111
Disposals	-577	0	-577
Net book value 31.03.2007	9 340	0	9 340

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	466	18 180	2 391	52 250	73 287
Disposals and write-off	0	-4 848	-2 232	-1 485	0	-8 565
Depreciation charge	0	-8 753	-17 352	-2 978	0	-29 083
Reclassification	0	11 952	16 501	19 429	-47 882	0
Net book value 31.03.2008	11 508	338 661	215 747	29 071	85 528	680 515
Acquisition cost 31.03.08	11 508	357 732	352 887	37 283	85 528	844 938
Accumulated depreciation 31.03.08	0	-19 071	-137 140	-8 212	0	-164 423
incl. discontinued operations						
Net book value 31.03.2008	7 759	308 798	186 686	8 372	65 677	577 292
Acquisition cost 31.03.08	7 759	325 799	254 934	12 406	65 677	666 575
Accumulated depreciation 31.03.08	0	-17 001	-68 248	-4 034	0	-89 283

in thousands of euros

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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 30.06.2007	735	21 720	12 824	749	5 187	41 215
Additions	0	30	1 162	153	3 339	4 684
Disposals and write-off	0	-310	-143	-95	0	-547
Depreciation charge	0	-559	-1 109	-190	0	-1 859
Reclassification	0	764	1 055	1 242	-3 060	0
Net book value 31.03.2008	735	21 644	13 789	1 858	5 466	43 493
Acquisition cost 31.03.08	735	22 863	22 554	2 383	5 466	54 001
Accumulated depreciation 31.03.08	0	-1 219	-8 765	-525	0	-10 509
incl. discontinued operations						
Net book value 31.03.2008	496	19 736	11 931	535	4 198	36 896
Acquisition cost 31.03.08	496	20 822	16 293	793	4 198	42 602
Accumulated depreciation 31.03.08	0	-1 087	-4 362	-258	0	-5 706

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	0	0	0	411	0	411
Additions	121	15 067	11 571	1 798	11 121	39 678
Disposals	-544	0	-472	-158	-5 108	-6 282
Depreciation charge	0	-8 633	-4 919	-1 994	0	-15 546
Net book value 31.03.2007	12 688	354 796	90 495	8 062	98 060	564 101
Acquisition cost 31.03.07	12 688	360 274	168 928	13 275	98 295	653 460
Accumulated depreciation 31.03.07	0	-5 478	-78 433	-5 213	-235	-89 359

in thousands of kroons

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition costs 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	0	0	0	26	0	26
Additions	8	963	740	115	711	2 536

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Disposals	-35	0	-30	-10	-326	-401
Depreciation charge	0	-552	-314	-127	0	-994
Net book value 31.03.2007	811	22 676	5 784	515	6 267	36 053
Acquisition cost 31.03.07	811	23 026	10 796	848	6 282	41 764
Accumulated depreciation 31.03.07	0	-350	-5 013	-333	-15	-5 711

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
Additions	2 023	0	2 023
Amortisation charge	-148	0	-148
Net book value 31.03.2008	2 051	66 550	68 601
Acquisition cost 31.03.08	2 633	66 550	69 183
Accumulated amortisation 31.03.08	-582	0	-582

in thousands of kroons

	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 from mergers	0	261	261
Additions	129	0	129
Amortisation charge	-9	0	-9
Net book value 31.03.2008	131	4 253	4 384
Acquisition cost 31.03.08	168	4 253	4 422
Accumulated amortisation 31.03.08	-37	0	-37

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	-7	0	-7
Additions from mergers	0	16 841	16 841
Net book value 31.03.2007	3	21 391	21 394
Acquisition cost 31.03.07	359	4 550	4 909

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Accumulated amortisation 31.03.07	-356	0	-356
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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	0	0	0
Additions from mergers	0	1 076	1 076
Net book value 31.03.2007	0	1 367	1 367
Acquisition cost 31.03.07	23	291	314
Accumulated amortisation 31.03.07	-23	0	-23

Note 9 Borrowings

in thousands of kroons and euros

	Consolidated (in EEK)			Consolidated (in EUR)		
	31.03.2008 Total	31.03.2008 incl. discontinued operations	30.06.2007	31.03.2008	31.03.2008 incl. continued operations	30.06.2007
Overdraft	22 711	21 442	16 961	1 451	1 370	1 084
Bonds	178 984	0	167 558	11 439	0	10 709
Bank loans	142 137	18 956	139 391	9 084	1 212	8 909
Other short-term loans	43 371	0	0	2 772	0	0
Finance lease liabilities <i>incl. print industry finance lease liabilities</i>	16 725	1 585	24 407	1 069	101	1 560
	14 914	0	18 314	953	0	1 170
Total short-term borrowings	403 928	41 983	366 631	25 816	2 683	23 432
Long-term bonds	60 198	0	0	3 847	0	0
Long-term bank loans	380 669	182 164	230 629	24 329	11 642	14 740
Long-term finance lease liabilities <i>incl. print industry finance lease liabilities</i>	79 764	30 217	74 208	5 098	1 931	4 743
	53 107	0	53 165	3 394	0	3 398
Total long-term borrowings	520 631	212 381	304 837	33 274	13 574	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 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 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. 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 20.12.2007, 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.

9.5. Prepayments

Under the supplementary agreement to the contract of purchase and sale of shares concluded between AS Kalev and Alta Capital Partners S.C.A on 20 September 2007, the buyer made, on 29 February 2008 and 11 March 2008, advance payments in the total amount of 93,879,600 kroons (6,000,000 euros) for the shares.

Note 10 Share capital

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

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	Consolidated (in EEK)		Consolidated (in EUR)	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Number of common shares (in thousands of units)	23 633	23 633	23 633	23 633
Nominal value	10EEK	10EEK	0,64EUR	0,64EUR

10.1. 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: 07.12.2007. on 7 December 2007, the sales transactions of those shareholders of AS Kalev who have 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.

10.2. 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 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.

10.3. 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

will pay a total of 4,710,000 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.

10.4. Increase in the share capital of OÜ BCA Center

On 27 November 2007, AS Kalev Real Estate Company (sole shareholder) resolved to increase 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 11 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- 31.03.2008	01.07.2006- 31.03.2007	01.07.2007- 31.03.2008	01.07.2006- 31.03.2007
Goods and services purchased				
Balance at the beginning of the period	4 562	7 028	292	449
Services	16 389	15 943	1 047	1 019
Goods	45 389	9 193	2 901	588
Balance at the end of the period	8 686	4 202	555	269
Goods and services sold				
Balance at the beginning of the period	665	1 820	43	116
Services	4 348	1 022	278	65
Goods	48 323	100 091	3 088	6 397
Balance at the end of the period	2 630	28 566	168	1 826

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 12,000 thousand kroons (767 thousand kroons), and supported non-profit associations related to the Management Board in the total amount

of 500 thousand kroons (32 thousand euros) (865 thousand kroons (55 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 12 Off-balance-sheet transactions and events after the balance sheet

12.1. Termination of the contract of purchase and sale of shares

Alta Capital Partners S.C.A, who concluded 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 on 20 September 2007, failed to pay the purchase price payable for the shares by the agreed term (30 May 2008). The seller will not thus transfer to the buyer the shares of the companies which form the object of the contract of purchase and sale.

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 93,879,600 kroons (6,000,000 euros). On 31 March 2008, the seller and the buyer signed the memorandum on the completion of the transaction. With the memorandum, the parties established the final purchase price of the subsidiaries of AS Kalev at 660,273,005 kroons (42,199,136 euros), payable by the buyer to the seller on 30 May 2008 at the latest.

According to the buyer, however, unfavourable occurrences on the share and credit markets did not allow the buyer to pay the purchase price, despite the fact that the parties postponed the transaction completion date in good faith on the buyer's request. Since the buyer failed to fully pay the purchase price by the transaction completion date, AS Kalev considers the contract of the purchase and sale to be terminated.

Under the parties' initial agreement, the buyer will pay 140,819,400 million kroons (9,000,000 euros) to AS Kalev in compensation for the damage and costs arising from the delay and termination of the transaction. The parties shall offset the above amount against the 93,879,600-kroons (6,000,000-euro)

advance payment made by the buyer, with the remaining 46,939,800 kroons (3,000,000 euros) to be paid by the buyer by the end of 2008 at the latest.

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.

12.2. Transfer of shares of subsidiaries by AS Kalev

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, 13,835,334 shares (100% of the share capital) of AS Kalev Chocolate Factory, 991 shares (99.1% of the share capital) of AS Kalev Jõhvi Tootmine, 720,000 shares (100% of the share capital) of AS Vilma and a share (81.26% of the share capital) of OÜ Maiasmokk. The transferred AS Kalev Paide Tootmine also holds a majority stake in AS Valmetek Invest.

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. Members of the Supervisory Board and Management Board of AS Kalev have no interest in the transaction.

The shares will be sold for 880,000,000 Estonian kroons, less the financial liabilities of the companies to be transferred, and the transaction costs as of the transaction completion date. 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.

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 9 MONTHS OF THE FINANCIAL YEAR 2007/2008

12.3. AS Kalev's preliminary balance sheet as of 2 June 2008

Preliminary BALANCE SHEET
in thousands of kroons and euros

	Consolidated	
	2.06.2008	2.06.2008
	EEK	EUR
Assets		
Current assets		
Cash	14 878	951
Receivables	185 827	11 877
Prepayments	2 002	128
Inventories	468 777	29 960
Total current assets	671 484	42 916
Non-current assets		
Long-term investments and receivables	3 643	233
Investment property	331 861	21 210
Property, plant and equipment	677 515	43 301
Intangible assets	68 566	4 382
Total non-current assets	1 081 585	69 126
TOTAL ASSETS	1 753 069	112 042
LIABILITIES AND OWNER'S EQUITY		
Liabilities		
Borrowings	397 616	25 412
Prepayments	24 826	1 587
Accounts payable and other payables	343 190	21 934
Total current liabilities	765 632	48 933
Non-current liabilities		
Borrowings	520 631	33 274
Total non-current liabilities	520 631	33 274
Total liabilities	1 286 263	82 207
Owner's equity		
Share capital	236 325	15 104
Mandatory reserve	5 543	354
Revaluation reserve	111 108	7 101
Retained earnings	113 800	7 273
Total owner's equity	466 776	29 832
Minority interest	30	2
TOTAL LIABILITIES; MINORITY INTEREST AND OWNER'S EQUITY	1 753 069	112 042