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Interim statements
for the period:
01.07.2007-31.12.2007

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01.07.2007-30.06.2008

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Unaudited 6-month interim financial statements

- The Group's net sales: 617.7 million kroons; increase in turnover: 35%
- Increase in the share of export to 40% of the Group's commodities
- Increase in revenue from dairy products: 34% and revenue from confectionery products: 19%
- Expansion of the product portfolio in the 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. AS Kalev has also pursued real estate development and management projects 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. 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.

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 April 2009. A significant change was introduced in the group structure in the first quarter of the financial year 2007/2008. Namely, AS Kalev acquired a share with a nominal value of 40,000 kroons in the private limited company Soltari Invest under the contract concluded on 17 August 2007. The above acquisition does not constitute related party transactions in the meaning of the stock exchange rules. With the transaction, AS Kalev became the sole shareholder of the private limited company which was renamed into AgriStock OÜ. The subsidiary's strategic activities include production, development of the processing, storage and reloading of grain products.

In connection with the disposal of the food production companies and abandonment of the particular field of activity (see Note 12), AgriStock OÜ transferred the set of assets related to the particular field of activity in the second quarter of the financial year.

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 for cost price increase, and bring the know-how under a single production unit. The first stage of this process will involve changes in biscuit production in the Kiviõli production plant of AS Kalev Jõhvi Tootmine. In the second stage, pastry production will be fully transferred to the Jõhvi plant, partly by exploiting the labour resources made available with the first stage.

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At the same time, the group's flour confectionery production will be transferred to the AS Vilma production plant in Viljandi.

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 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 - 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.

AS Kalev has a significant interest in the following companies:

Name of subsidiary	Location	As of 31.12.2007	As of 31.12.2006
AS Kalev Paide Tootmine*	Estonia	100%	100%
AS Valmetek Invest*	Estonia	65.6%	65.6%
AS Kalev Jõhvi Tootmine*	Estonia	99.1%	99.1%
AS Vilma*	Estonia	100%	100%
AS Kalev Real Estate Company (AS Kalev REC)	Estonia	100%	100%
EOOD Stude REC	Bulgaria	100%	100%
OÜ BCA Center	Estonia	100%	100%
OÜ BCA Kinnisvara	Estonia	100%	100%
OÜ Maiasmokk*	Estonia	86.4%	81.3%
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%

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AS Uniprint	Estonia	40%	40%
AS Unipress	Estonia	40%	40%
OÜ AgriStock	Estonia	100%	0%

* Discontinued operations

1.2. Financial results

Important factors contributing to the results of AS Kalev Group for the first 6 months of the financial year 2007/2008:

- 1) nearly a 35% increase in net turnover of goods and services, compared to the comparative period;
- 2) a 22% increase in consolidated gross profit, compared to the comparative period (with the gross profit from discontinued operations increasing by 60% while continued operations still posted a gross loss);
- 3) increase in the share of export in total turnover - export made up nearly 40% of the total sales of goods; the share of goods and services sold in Estonia has decreased by five percentage points compared to the same period last year, amounting to 60% of the total turnover;
- 4) as regards the continued operations, the revenue from media and event marketing has showed significant growth, although these segments still post a loss. Conditioned largely by macroeconomic factors, the high profitability of the group's real estate segment in the last period has shown significant decrease;
- 5) as regards discontinued operations, the biggest growth can be seen in the sale of dairy products (34%, compared to the same period last year), with the previous negative result turned to positive. The sale of confectionery products has increased by nearly 10% during the year, although the segment's profitability has significantly decreased.

The consolidated net sales of AS Kalev for the first 6 months of the financial year 2007/2008 amounted to 617.7 million kroons (39.5 million euros), showing a 35% growth compared to the same period last financial year. The continued operations of AS Kalev showed a much quicker development than that of the group, with revenue increasing by more than 2.1 times. In comparison, the annual growth in discontinued operations was 25%. The biggest contributors to the total group turnover, compared to last period, included a significant decrease in the real estate segment and an increase in the sale of confectionery and dairy products as well as the new areas pursued – printing and media. In the first 6 months of the financial year 2007/2008, AS Kalev posted a consolidated net loss of 22.2 million kroons (1.4 million euros); in the comparative period, the company posted a net profit of 10.5 million kroons (0.67 million euros).

In the first 6 months of the financial year 2007/2008, AS Kalev Group had an average of 893 employees (incl. 721 employees in the discontinued operations); in the comparative period last financial year, the group had an average of 789 employees (incl. 760 employees in the discontinued operations).

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The net sales and net profit of AS Kalev Group companies for the first 6 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 6 months	2006/2007 6 months	2007/2008 6 months	2006/2007 6 months
AS Kalev**	319	144 392	-35 803	-21 951
AS Kalev Chocolate Factory	294 933	221 351	22 441	21 291
AS Kalev Paide Tootmine*	226 857	164 934	35 279	-400
AS Kalev REC*	18 520	286 377	-11 357	11 279
AS Kalev Jõhvi Tootmine	22 659	18 285	-1 442	-2 450
OÜ Maiasmokk	4 125	4 156	246	178
AS Vilma	16 916	13 107	63	252
OÜ Sugarstar	4 302	1 667	-498	-372
AS Inreko Press***	0	869	-234	373
OÜ Olliwood***	0	0	-174	0
OÜ Eksklusiiv	1 868	0	-499	
AS Kalev Meedia*	8 260	0	-20 797	0
AS Uniprint*	58 581	0	313	0
OÜ Agristock	25 062	0	-9 771	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.

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EUR	Net sales		Net profit	
	2006/2007 6 months	2005/2006 6 months	2006/2007 6 months	2005/2006 6 months
AS Kalev**	20	9 228	-2 288	-1 403
AS Kalev Chocolate Factory	18 850	0	1 434	0
AS Kalev Paide Tootmine*	14 499	10 541	2 255	-26
AS Kalev REC*	1 184	18 303	-726	721
AS Kalev Jõhvi Tootmine	1 448	1 169	-92	-157
OÜ Maiasmokk	264	266	16	11
AS Vilma	1 081	838	4	16
OÜ Sugarstar	275	107	-32	-24
AS Inreko Press***	0	56	-15	24
OÜ Olliwood***	119	0	-11	0
OÜ Eksklusiiiv	528	0	-32	0
AS Kalev Meedia*	528	0	-1 329	0
AS Uniprint*	3 744	0	20	0
OÜ Agristock	0	0	-624	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 first 6 months of the financial year, AS Kalev increased financial gearing in the financing of the group's further development, incl. conducting a bonus issue. The Group's current liabilities showed a bigger increase than that in turnover, conditioning a drop in the liquidity ratio (see table below). In turn, the growth in financial gearing has increased financial expenses. As regards other expense items, the biggest growth (28% compared to last period) can be seen in the group's marketing expenses. The record-breaking growth in these expenses was foreseen as a natural part of business expansion into a new field of activity. At the same time, the growth in the Group's administrative and general expenses (17.5%) has been rather modest in the first half of the financial year, compared to other expense items, regardless of the quick growth in personnel expenses, the inflationary economic environment and incurrence of additional information and consulting expenses in connection with business expansion into a new field of activity (media).

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

	AS Kalev Group	
	01.07.2007- 31.12.2007	1.07.2006 31.12.2006
Current ratio	0.65	0.73

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Financial gearing	0.81	0.66
Asset turnover ratio	0.44	0.70
Net profit margin (%)	-3.6%	5.6%
Return on assets, ROA (%)	-1.6%	3.7%

* 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

In the first 6 months of the financial year 2007/2008 AS Kalev sold a total of 14,870 tons of confectionery and dairy products. Total sales increased by 27.2% compared to the same period last financial year. 89% of the total sales of confectionery market were sold in Estonia, and 11% exported. Dairy products showed the opposite trend, with - 90% of the goods exported and 10% sold at the home market.

1.3.1. Confectionery products

According to the retail trade survey conducted by AC Nielsen (4th quarter of 2007), AS Kalev Group's chocolate and sugar confectionery market share was 37% as regards turnover, and 43% as regards sales volume, having increased by 0.6 and 1.3 percentage points during the year, respectively. Kalev's share of the Estonian biscuit market has increased to 11.3% as regards turnover. This ranks Kalev the second biggest producer in the segment with respect to the market volume.

In the second quarter of 2007/2008, the company's marketing and sales activities focused on the launch of a Christmas collection which consisted of 40 different items, all with a thematic design. As has become tradition, the Christmas portfolio consisted of product series designed for both adults and children, combining a selection of candies, boxed chocolate, chocolate tablets and gingerbread cookies. In addition to the Christmas portfolio, the company launched nine other products in the period. In the chocolate and sugar confectionery product segment, the company added 300g and 100g milk chocolates to the *Kalev Special* chocolate series launched in the previous quarter. In the gift box product group, Kalev launched new *Kannel* (350g) boxed chocolate candies, and renewed the design and package of *Šokolaadinööbid* (125 g). Pastry and flour products saw four new additions in the *Linda* strudel series - the ham-lecho strudel (400g), cream cheese bun (600g), cranberry bun (600g) and toffee bun (600g). A 300g plum cake was added to the *Linda* shortcake selection.

As regards volume, the total sale of AS Kalev's sugar and chocolate confectionery products amounted to 3,570 tons in the period. This constitutes a 7% increase in the sale of sugar and chocolate confectionery products, compared to the same period last financial year. At the same time, the dynamics of the sale of confectionery products was different for different product groups: a quicker-than-average growth could be seen in the sales of chocolate tablets (31%) and boxed chocolate candies (13%); the sale of candies increased by 7%, compared to the first 6 months of the last financial year. Chocolate tablets showed the biggest sales growth, with a 25% sales increase, compared to the same period last financial year. Boxed chocolate candy sales increased by 10% whereas candy sales decreased by 3%. Through its 15 retail stores, AS Kalev sold a total of 10.3 million kroons worth of goods (incl. sugar, chocolate and flour confectionery products and pastry products). Total Christmas sales amounted to 550 tons, with candies contributing 45%, chocolate tablets 29%, gingerbread cookies 18% and boxed chocolate candy 8%.

The total volume of the Group's flour confectionery products (incl. pastry products, biscuits and flour mixes) amounted to 1,690 tons in the first 6 months of the financial year 2007/2008. The sale of flour confectionery products decreased by nearly 20% compared to the same period last financial year. Similarly to sugar and chocolate confectionery segments, different sales dynamics can be distinguished among the product groups of the flour confectionery segment: for instance, sales of flour mixes increased by 40% compared to the first 6 months of the last financial year (growth in volume: 22%) and sale of biscuits by 30% (growth in volume: 20%), whereas sale of pastry products decreased by 17%.

As regards turnover, a majority (89%) of the total sales of confectionery products (i.e. sugar, chocolate and flour confectionery products) was sold at the home market in the first 6 months of the financial year 2007/2008. At the same time, product sales in different foreign markets have increased compared to last year, making up 11% of the total turnover. Confectionery product export showed an especially quick, 29% increase compared to the first 6 months of the last financial year, with Latvia contributing 28%, Lithuania 26%, the so-called *Travel Trade* segment nearly 25%, Russia 12% and other countries 9%.

1.3.2. Dairy products

Different dairy products were produced from the crude milk stocked by AS Kalev Paide Tootmine in the first half of the financial year. Due to the market conditions and economic justification, the main focus of the period lay in the production of condensed skimmed milk and cream, which made up three-quarters of the total output. Skimmed milk powder sales made up nearly 10% of the total volume. To a lesser extent, skimmed milk powder was used for producing high-temperature pasteurized milk. The company also produced a smaller volume of whole milk powder and other dairy products. As regards volume, production grew by 65%, compared to the same period last year.

Nearly 90% (80% in the comparative period) of the total output of AS Kalev Paide Tootmine was exported to the European Union (mainly Germany). A little more than 10% was sold at the home market. Compared to the same period last year, the total sales of dairy products have increased by nearly 56%, amounting to 9,610 tons. The increase in the price of stocked milk has had a significant influence on the results for the first six months of the financial year, as well as on the whole dairy market. According to the Statistical Office, the price of crude milk increased by approximately 20% compared to the comparative period. Although the raw material prices in Estonia have increased by 20%, the price of dairy products at the global market has dropped, compared to the price level of August/September. For instance, in Germany, the price of milk powder had dropped, by the end of 2007, to the level of the beginning of the year.

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 has consequently made investments, the amount of which exceeds the respective indicator for the last period. The cream production line has been improved with automatic sample-takers in order to get a good sample of the raw material. The company has 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.

In 2007, four new concentrate products were launched, including milk and skimmed milk concentrates with different dry matter and fat content. The most important development project was development of the option of valuation of skimmed milk and milk as an alternative for the drying technology in the production of concentrates, as well as the creation of the loading option for the concentrate. Under favourable price conditions, these efforts will allow to cut energy expenses on drying and increase production volumes.

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 continues the construction of the 6,500m² apartment building in Sofia. The building is scheduled to be completed in the summer of 2008. The permit of use is scheduled to be issued by the end of 2008.

1.3.4. Media

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 as well as the children's magazine Muumi. According to the Estonian Media Survey by TNS Emor in the 4th quarter of 2007, Just had 47,000, Sporditäht 18,000, Avenüü 23,000, Muumi 15,000, Ärielu 11,000 and Basket 5,000 readers.

The sports magazine Sporditäht 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. The company has also completed several bigger projects. In October, a new concept was developed for the financial magazine Ärielu. A new web-based news portal www.kalev.ee was completed. Major changes were introduced to the contents and format of the gossip magazine Just at the end of 2007. The preparation for the launch of the new television channel by AS Kalev Meedia's subsidiary OÜ Eesti Spordikanal was also completed. The new sports-orientated news and entertainment channel KalevSport was launched by AS Kalev Meedia's subsidiary OÜ Eesti Spordikanal on November 12. According to the TV Audience Meter Survey conducted by TNS EMOR between November 12 - December 31 (target group: Estonian population over the age of 4), the Daily Reach of Kalev Sport was 35,000, the Daily Reach % was 2.7 and the Daily Share was 0.3%.

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, Tallinn.

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 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, 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. The company will also develop the web-based news portal www.kalev.ee and the television channel KalevSport. A photo studio is being set up in order to enhance the speed and quality of photo material production in the Group. In addition, the company is weighing the option of expanding into the media market.

In the printing segment, the company aims to take better advantages of the options provided by print houses 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. 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 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 global 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 of the first 6 months of the financial year 2007/2008 of AS Kalev set out on pages 14-41, 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, 20 February 2008



Oliver Kruuda
General Manager

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INCOME STATEMENT

in thousands of kroons

Note	Consolidated			Consolidated		
	2008	2008	2008	2007	2007	2007
	2 nd quarter	2 nd quarter	2 nd quarter	2 nd quarter	2 nd quarter	2 nd quarter
	continued	discontinued	Total	continued	discontinued	Total
	operations	operations		operations	operations	
3 Revenue	53 844	251 985	305 829	47 205	219 577	266 782
Cost of sales of goods and services	-62 426	-192 946	-255 372	-26 245	-166 157	-192 402
Gross profit	-8 582	59 039	50 457	20 960	53 420	74 380
Marketing expenses	-7 809	-28 247	-36 056	-5 800	-23 523	-29 323
Administrative and general expenses	-17 278	-14 021	-31 299	-22 492	-8 634	-31 126
Other income and expenses	-200	-362	-562	17 473	190	17 663
Operating profit	-33 869	16 409	-17 460	10 141	21 453	31 594
Other financial income and expenses	-10 090	-5 376	-15 466	-5 257	-2 196	-7 453
Profit before income tax	-43 959	11 033	-32 926	4 884	19 257	24 141
Income tax	-143	0	-143	0	0	0
Profit before minority interest	-44 102	11 033	-33 069	4 884	19 257	24 141
Minority interest	0	8	8	0	13	13
Net profit for the financial year	-44 102	11 041	-33 061	4 884	19 270	24 154
Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)			-1.40			1.02

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in thousands of euros							
Note	Consolidated			Consolidated			
	2008 2 nd quarter continued operations	2008 2 nd quarter discontinued operations	2008 2 nd quarter Total	2007 2 nd quarter continued operations	2007 2 nd quarter discontinued operations	2007 2 nd quarter Total	
3	Revenue	3 441	16 105	19 546	3 017	14 034	17 050
	Cost of sales of goods and services	-3 990	-12 331	-16 321	-1 677	-10 619	-12 297
	Gross profit	-548	3 773	3 225	1 340	3 414	4 754
	Marketing expenses	-499	-1 805	-2 304	-371	-1 503	-1 874
	Administrative and general expenses	-1 104	-896	-2 000	-1 438	-552	-1 989
	Other income and expenses	-13	-23	-36	1 117	12	1 129
	Operating profit	-2 165	1 049	-1 116	648	1 371	2 019
	Other financial income and expenses	-645	-344	-988	-336	-140	-476
	Profit before income tax	-2 809	705	-2 104	312	1 231	1 543
	Income tax	-9	0	-9	0	0	0
	Profit before minority interest	-2 819	705	-2 113	312	1 231	1 543
	Minority interest	0	1	1	0	1	1
	Net profit for the financial year	-2 819	706	-2 113	312	1 232	1 544
	Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)			-0.09			0.07

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 6 MONTHS OF THE FINANCIAL YEAR 2007/2008

in thousands of kroons

Note	Consolidated			Consolidated		
	2008 1 st half- year continued operations	2008 1 st half-year discontinued operations	2008 1 st half- year Total	2007 1 st half- year continued operations	2007 1 st half-year discontinued operations	2007 1 st half- year Total
3 Revenue	106 640	511 018	617 658	48 924	408 833	457 757
Cost of sales of goods and services	-112 747	-372 733	-485 480	-26 877	-322 569	-349 446
Gross profit	-6 107	138 285	132 178	22 047	86 264	108 311
Marketing expenses	-17 851	-50 831	-68 682	-7 447	-46 043	-53 490
Administrative and general expenses	-35 007	-21 987	-56 994	-29 922	-18 565	-48 487
Other income and expenses	-622	-29	-651	17 119	469	17 588
Operating profit	-59 587	65 438	5 851	1 797	22 125	23 922
Other financial income and expenses	-17 891	-9 908	-27 799	-10 723	-2 724	-13 447
Profit before income tax	-77 478	55 530	-21 948	-8 926	19 401	10 475
Income tax	-282	0	-282	0	0	0
Profit before minority interest	-77 760	55 530	-22 230	-8 926	19 401	10 475
Minority interest	0	13	13	0	22	22
Net profit for the financial year	-77 760	55 543	-22 217	-8 926	19 423	10 497
Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)			-0.94			0.44

UNAUDITED INTERIM FINANCIAL STATEMENTS
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in thousands of euros		Consolidated			Consolidated		
Note		2008	2008	2008	2007	2007	2007
		1 st half-	1 st half-year	1 st half-year	1 st half-	1 st half-year	1 st half-
		year	discontinued	Total	year	discontinued	year
		continued	operations		continued	operations	Total
		operations			operations		
3	Revenue	6 816	32 660	39 476	3 127	26 129	29 256
	Cost of sales of goods and services	-7 206	-23 822	-31 028	-1 718	-20 616	-22 334
	Gross profit	-390	8 838	8 448	1 409	5 513	6 922
	Marketing expenses	-1 141	-3 249	-4 390	-476	-2 943	-3 419
	Administrative and general expenses	-2 237	-1 405	-3 643	-1 912	-1 187	-3 099
	Other income and expenses	-40	-2	-42	1 094	30	1 124
	Operating profit	-3 808	4 182	374	115	1 414	1 529
	Other financial income and expenses	-1 143	-633	-1 777	-685	-174	-859
	Profit before income tax	-4 952	3 549	-1 403	-570	1 240	669
	Income tax	-18	0	-18	0	0	0
	Profit before minority interest	-4 970	3 549	-1 421	-570	1 240	669
	Minority interest	0	1	1	0	1	1
	Net profit for the financial year	-4 970	3 550	-1 420	-570	1 241	671
	Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)			-0,06			0,03

BALANCE SHEET

Note	Consolidated EEK				
	31.12.2007 continued operations	31.12.2007 discontinued operations	31.12.2007 Total	30.06.2007	
ASSETS					
Current assets					
	Cash	7 997	5 119	13 116	17 337
	Receivables	52 428	95 506	147 934	148 050
	Prepayments	3 432	630	4 062	2 653
	Inventories	246 019	69 607	315 626	218 617
	Total current assets	309 876	170 862	480 738	386 657
Non-current assets					
	Long-term investments and receivables	3 779	0	3 779	3 733
6	Investment property	237 679	0	237 679	214 601
7	Property, plant and equipment	173 174	526 083	699 257	644 876
8	Intangible assets	67 882	0	67 882	62 635
	Total non-current assets	482 514	526 083	1 008 597	925 846
	TOTAL ASSETS	792 390	696 945	1 489 335	1 312 503
LIABILITIES AND OWNER'S EQUITY					
Liabilities					
9	Borrowings	303 014	60 512	363 526	348 317
	Prepayments received from customers	14 561	41	14 602	1 461
	Accounts payable and other payables	182 284	174 979	357 263	284 439
	Total current liabilities	499 859	235 532	735 391	634 218
Non-current liabilities					
9	Borrowings	193 913	208 838	402 751	304 837
	Total non-current liabilities	193 913	208 838	402 751	304 837
	TOTAL LIABILITIES	693 772	444 370	1 138 142	939 054
Owners' equity					
	Share capital	236 325		236 325	236 325
	Mandatory reserve	5 543		5 543	4 020
	Revaluation reserve	111 108		111 108	111 108
	Retained earnings	-1 824		-1 824	21 941
	Total owner's equity	351 152		351 152	373 395
	Minority interest	0	41	41	54
	TOTAL LIABILITIES, MINORITY INTEREST AND OWNER'S EQUITY	1 044 924	444 411	1 489 335	1 312 503
	<i>difference between investments in equity</i>	-252 534	252 534	0	0

UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST 6 MONTHS OF THE FINANCIAL YEAR 2007/2008

		Consolidated EUR			
Note	ASSETS	31.12.2007 continued operations	31.12.2007 discontinued operations	31.12.2007 Total	30.06.2007
	Current assets				
	Cash	511	327	838	1 108
	Receivables	3 351	6 104	9 455	9 462
	Prepayments	219	40	260	170
	Inventories	15 723	4 449	20 172	13 972
	Total current assets	19 805	10 920	30 725	24 712
	Non-current assets				
	Long-term investments and receivables	242	0	242	239
6	Investment property	15 190	0	15 190	13 716
7	Property, plant and equipment	11 068	33 623	44 691	41 215
8	Intangible assets	4 338	0	4 338	4 003
	Total non-current assets	30 838	33 623	64 461	59 172
	TOTAL ASSETS	50 643	44 543	95 186	83 884
	LIABILITIES AND OWNER'S EQUITY				
	Liabilities				
	Current liabilities				
9	Borrowings	19 366	3 867	23 234	22 262
	Prepayments received from customers	931	3	933	93
	Accounts payable and other payables	11 650	11 183	22 833	18 179
	Total current liabilities	31 947	15 053	47 000	40 534
	Non-current liabilities				
9	Borrowings	12 393	13 347	25 740	19 483
	Total non-current liabilities	12 393	13 347	25 740	19 483
	TOTAL LIABILITIES	44 340	28 400	72 741	60 017
	Owners' 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	-117	0	-117	1 402
	Total owner's equity	22 443	0	22 443	23 864
	Minority interest	0	3	3	3
	TOTAL LIABILITIES, MINORITY INTEREST AND OWNER'S EQUITY	66 783	28 403	95 186	83 884
	<i>difference between investments in equity</i>	<i>16 140</i>	<i>-16 140</i>	<i>0</i>	<i>0</i>

CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	2008	2007	2008	2007
	1 st half-year	1 st half-year	1 st half-year	1 st half-year
Operating activities				
Operating profit - continued operations	-59 587	1 797	-3 808	115
Operating profit - discontinued operations	65 438	22 125	4 182	1 414
Adjustment of operating profit	15 467	-10 325	989	-660
Change in assets related to operating activities	-100 756	-3 185	-6 439	-204
Change in liabilities related to operating activities	87 789	-67 678	5 611	-4 325
Total cash flow from operating activities	8 351	-57 266	534	-3 660
Investing activities				
Investments into subsidiaries	-10 250	-12 377	-655	-791
Proceeds from disposals of non-current assets	1 581	7 522	101	481
Acquisition of non-current assets	-89 802	-47 787	-5 739	-3 054
Loans granted	-15 500	-16 282	-991	-1 041
Repayment of loans granted	33 099	0	2 115	0
Interest received	3 435	1 407	220	90
Total cash flow from investing activities	-77 437	-67 517	-4 949	-4 315
Financing activities				
Loan and bond repayments	-65 233	-129 768	-4 169	-8 294
Loans received, bonds issued	184 590	387 593	11 797	24 772
Repayment of finance lease principal	-12 701	-87 179	-812	-5 572
Change in overdraft	-16 961	-26 137	-1 084	-1 670
Interest paid	-24 830	-11 778	-1 587	-753
Total cash flow from financing activities	64 865	132 731	4 146	8 483
Total cash flow	-4 221	7 948	-270	508
Cash and cash equivalents at the beginning of the period	17 337	10 080	1 108	644
Change in cash and cash equivalents	-4 221	7 948	-270	508
Cash and cash equivalents at the end of the period	13 116	18 028	838	1 152

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

STATEMENT OF CHANGES IN EQUITY

in thousands of kroons

Consolidated	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2006	236 325	4 020	116 315	-13 225	343 435
Profit for the period	0	0	0	10 497	10 497
31.12.2006	236 325	4 020	116 315	-2 728	353 932
30.06.2007	236 325	4 020	111 108	21 942	373 395
Retained earnings	0	1 523	0	-1 523	0
Profit for the period	0	0	0	-22 243	-22 243
31.12.2007	236 325	5 543	111 108	-1 824	351 152

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
Profit for the period	0	0	0	671	671
31.12.2006	15 104	257	7 434	-174	22 620
30.06.2007	15 104	257	7 101	1 402	23 864
Retained earnings	0	97	0	-97	0
Profit for the period	0	0	0	-1 422	-1 422
31.12.2007	15 104	354	7 101	-117	22 443

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 re-calculation of the financial indicators since the exchange rate between the Estonian kroon and the euro has been fixed (1 euro = 15.6466 kroons).

B. Changes in accounting principles and comparative data

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

The financial indicators of the subsidiary Kalev Merchant Services Ltd have not been consolidated in this interim report, since the balance sheet volume of the subsidiary only makes up less than 0.5% of the parent company's turnover. The comparative data have not been adjusted, since the financial indicators of the subsidiary have no significant influence on those of the Group.

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

C. Basis of consolidation

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

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

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

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

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

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Note 3 Segment information

Consolidated in thousands of kroons	Flour		Dairy products	Real estate	Media	Print industry	Event marketing	Total
	Confectionery products	confectionery products						
	2 nd q 2008	2 nd q 2008						
Extra-group customers:								
- revenue	140 430	32 314	79 241	31 325	5 626	14 227	2 666	305 829
- other income	-429	42	400	0	24	79	0	116
Total revenue from segment	140 001	32 356	79 641	31 325	5 650	14 306	2 666	305 945
Profit from segment	12 653	10 073	-3 134	1 996	-17 380	1 800	-315	5 693
Joint expenses								-23 156
Operating profit								-17 460
Financial income and expenses								-15 466
Profit before income tax								-32 926
Income tax	0	0	0	0	0	-143	0	-143
Profit before minority interest								-33 069
Minority interest	0	8	0	0	0	0	0	8
Net profit for the financial year								-33 061
* discontinued operations								

Consolidated in thousands of kroons	Flour		Dairy products	Real estate	Media	Event marketing	Total
	Confectionery products	confectionery products					
	2 nd q 2007	2 nd q 2007					
Extra-group customers:							
- revenue	117 440	27 206	74 932	44 658	869	1 677	266 782
- other income	96	36	61	20 003	0	0	20 196
Total revenue from segment	117 536	27 242	74 993	64 661	869	1 677	286 978
Profit from segment	25 698	5 686	2 009	17 360	373	-372	50 753
Joint expenses							-19 159
Operating profit							31 594
Financial income and expenses							-7 453
Profit before income tax							24 141
Income tax	0	0	0	0	0	0	0
Profit before minority interest							24 141

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Minority interest	0	13	0	0	0	0	13
Net profit for the financial year							24 154

* discontinued operations

Consolidated in thousands of euros	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Print industry	Event marketing	Total
	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q
	2008	2008	2008	2008	2008	2008	2008	2008
Extra-group customers:								
- revenue	8 975	2 065	5 064	2 002	360	909	170	19 546
- other income	-27	3	26	0	2	5	0	7
Total revenue from segment	8 948	2 068	5 090	2 002	361	914	170	19 553
Profit from segment	809	644	-200	128	-1 111	115	-20	364
Joint expenses								-1 480
Operating profit								-1 116
Financial income and expenses								-988
Profit before income tax								-2 104
Income tax	0	0	0	0	0	-9	0	-9
Profit before minority interest								-2 113
Minority interest	0	1	0	0	0	0	0	1
Net profit for the financial year								-2 113

* discontinued operations

Consolidated in thousands of euros	Confectionery products	Flour confectionery products	Dairy products	Real estate	Media	Event marketing	Total
	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q	2 nd q
	2007	2007	2007	2007	2007	2007	2007
Extra-group customers:							
- revenue	7 506	1 739	4 789	2 854	56	107	17 050
- other income	6	2	4	1 278	0	0	1 291
Total revenue from segment	7 512	1 741	4 793	4 133	56	107	18 341
Profit from segment	1 642	363	128	1 110	24	-24	3 244
Joint expenses							-1 224
Operating profit							2 019
Financial income and expenses							-476
Profit before income tax							1 543

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Income tax	0	0	0	0	0	0	0	0
Profit before minority interest								1 543
Minority interest	0	1	0	0	0	0	0	1
Net profit for the financial year								1 544

* discontinued operations

Consolidated in thousands of kroons	Flour		Dairy products	Real estate	Media	Print industry	Event marketing	Total
	Confectionery products	confectionery products						
	1 st half-year 2008	1 st half-year 2008						
Extra-group customers:								
- revenue	233 987	56 493	220 538	42 569	10 186	50 163	3 722	617 658
- other income	404	63	404	0	26	176		1 073
Total revenue from segment	234 391	56 556	220 942	42 569	10 212	50 339	3 722	618 731
Profit from segment	19 855	10 112	36 577	114	-21 710	2 839	-486	47 301
Joint expenses								-41 450
Operating profit								5 851
Financial income and expenses								-27 799
Profit before income tax								-21 948
Income tax	0	0	0	0	0	-282	0	-282
Profit before minority interest								-22 230
Minority interest	0	13	0	0	0	0	0	13
Net profit for the financial year								-22 217

* discontinued operations

Consolidated in thousands of kroons	Flour		Dairy products	Real estate	Media	Event marketing	Total
	Confectionery products	confectionery products					
	1 st half-year 2007	1 st half-year 2007					
Extra-group customers:							
- revenue	197 966	46 072	164 795	46 377	869	1 678	457 757
- other income	299	36	143	20 003	0	0	20 481
Total revenue from segment	198 265	46 108	164 938	66 380	869	1 678	478 238
Profit from segment	30 404	9 382	-391	18 397	373	-372	57 793
Joint expenses							-33 871
Operating profit							23 922

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Financial income and expenses								-13 447
Profit before income tax								10 475
Income tax	0	0	0	0	0	0	0	0
Profit before minority interest								10 475
Minority interest	0	22	0	0	0	0	0	22
Net profit for the financial year								10 497

* discontinued operations

Consolidated in thousands of euros	Flour		Dairy products	Real estate	Media	Print industry	Event marketing	Total
	Confectionery products	confectionery products						
	1 st half-year 2008	1 st half-year 2008	1 st half- year 2008	1 st half- year 2008	1 st half- year 2008	1 st half- year 2008	1 st half- year 2008	1 st half- year 2008
Extra-group customers:								
- revenue	14 954	3 611	14 095	2 721	651	3 206	238	39 476
- other income	3	0	3	0	0	1	0	7
Total revenue from segment	14 980	3 615	14 121	2 721	653	3 217	238	39 544

Profit from segment	1 269	646	2 338	7	-1 388	181	-31	3 023
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Joint expenses								-2 649
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Operating profit								374
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Financial income and expenses								-1 777
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Profit before income tax								-1 403
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Income tax	0	0	0	0	0	-18	0	-18
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Profit before minority interest								-1 421
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Minority interest	0	1	0	0	0	0	0	1
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Net profit for the financial year								-1 420
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* discontinued operations

Consolidated in thousands of euros	Flour		Dairy products	Real estate	Media	Event marketing	Total
	Confectionery products	confectionery products					
	1 st half-year 2007	1 st half-year 2007	1 st half- year 2007	1 st half- year 2007	1 st half- year 2007	1 st half- year 2007	1 st half- year 2007
Extra-group customers:							
- revenue	12 652	2 945	10 532	2 964	56	107	29 256
- other income	19	2	9	1 278	0	0	1 309
Total revenue from segment	12 671	2 947	10 541	4 242	56	107	30 565
Profit from segment	1 943	600	-25	1 176	24	-24	3 694

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Joint expenses							-2 165
Operating profit							1 529
Financial income and expenses							-859
Profit before income tax							669
Income tax	0	0	0	0	0	0	0
Profit before minority interest							669
Minority interest	0	1	0	0	0	0	1
Net profit for the financial year							671

* discontinued operations

Net sales by markets

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	01.10.2007-	01.10.2006-	01.10.2007-	01.10.2006-
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Estonia	224 924	193 723	14 375	12 381
Latvia and Lithuania	11 145	4 539	712	290
Scandinavia	5 945	953	380	61
Other EU countries	53 982	61 313	3 450	3 919
Other	9 833	6 254	628	400
TOTAL	305 829	266 782	19 546	17 050

	Consolidated EEK		Consolidated EUR	
	01.07.2007-	01.07.2006-	01.07.2007-	01.07.2006-
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Estonia	371 055	298 481	23 715	19 076
Latvia and Lithuania	19 842	13 287	1 268	849
Scandinavia	17 717	1 842	1 132	118
Other EU countries	190 294	133 952	12 162	8 561
Other	18 750	10 195	1 198	652
TOTAL	617 658	457 757	39 476	29 256

Note 4 Personnel expenses

Total personnel expenses amounted to 82.5 million kroons in AS Kalev in the first 6 months of the financial year 2007/2008 (with the group employing an average of 893 people); incl. 58 million kroons in the discontinued operations (721 people). Personnel expenses for the comparative period last financial

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year amounted to 54.3 million kroons, with an average of 789 people being employed in the group companies (incl. 49.7 million kroons in discontinued operations, with 760 people being employed).

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 (all from discontinued operations), 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 EEK		Consolidated EUR	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net profit/loss	-22 217	10 497	-1 420	671
Weighted average number of shares in the period (in thousands of units)	23 633	23 633	23 633	23 633
Earnings per share	-0.94	0.44	-0.06	0.03

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
Acquisitions	5 363	17 715	23 078
Reclassification from non-current assets			
Net book value 31.12.2007	219 239	18 440	237 679

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2007	13 669	46	13 716
Acquisitions	343	1 132	1 475
Reclassification from non-current assets			
Net book value 31.12.2007	14 012	1 179	15 190

in thousands of kroons

Consolidated	Investments	Prepayments for investments	Total
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Net book value 30.06.2006	89 944		89 944
Acquisitions	16 548	0	16 548
Change in the fair value	20 000	0	20 000
	-7 064	0	-7 064
Net book value 31.12.2006	119 428	0	119 428

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	5 748	0	5 748
Acquisitions	1 058	0	1 058
Change in the fair value	1 278	0	1 278
	-451	0	-451
Net book value 31.12.2006	7 633	0	7 633

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
	11					
Acquisition cost 30.06.07	508	350 163	324 572	19 849	81 160	787 252
Accumulated depreciation 30.06.07	0	-10 319	-123 922	-8 135		-142
	11					376
Net book value 30.06.2007	508	339 844	200 650	11 714	81 160	644 876
Acquisitions	0	776	27 278	12 945	33 490	74 489
Disposals	0	0	-1 373	-210	0	-1 583
Depreciation charge	0	-4 648	-11 397	-2 480	0	-18 525
	11					
Net book value 31.12.2007	508	335 972	215 158	21 969	114 650	699 257
	11					
Acquisition cost 31.12.07	508	350 939	348 682	30 266	114 650	856 045
Accumulated depreciation 31.12.07	0	-14 967	-133 524	-8 297	0	-156 788
incl. discontinued operations						
Net book value 31.12.2007	7 760	312 322	122 869	7 615	75 517	526 083
Acquisition cost 31.12.07	7 760	326 230	208 860	12 268	75 517	630 635
Accumulated depreciation 31.12.07	0	-13 908	-85 991	-4 653	0	-104 552

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current	Construction -in-	TOTAL
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				assets	progress	
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
Acquisitions	0	50	1 743	827	2 140	4 761
Disposals	0	0	-88	-13	0	-101
Depreciation charge	0	-297	-728	-159	0	-1 184
Net book value 31.12.2007	735	21 473	13 751	1 404	7 327	44 691
Acquisition cost 31.12.07	735	22 429	22 285	1 934	7 327	54 711
Accumulated depreciation 31.12.07	0	-957	-8 534	-530	0	-10 021
incl. discontinued operations						
Net book value 31.12.2007	496	19 961	7 853	487	4 826	33 623
Acquisition cost 31.12.07	496	20 850	13 349	784	4 826	40 305
Accumulated depreciation 31.12.07	0	-889	-5 496	-297	0	-6 682

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
Acquisition by way of mergers	0	0	0	26	0	26
Acquisitions	498	11 512	10 862	1 734	6 633	31 239
Disposals	0	0	-472	-13	-8	-493
Depreciation charge	0	-5 507	-3 134	-1 289	0	-9 930
Net book value 31.12.2006	13 609	354 367	91 571	8 463	98 672	566 682
Acquisition cost 31.12.06	13 609	359 845	170 004	13 676	98 907	656 041
Accumulated depreciation 31.12.06	0	-5 478	-78 433	-5 213	-235	-89 359

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction -in-progress	TOTAL
Acquisition cost 30.06.06	838	22 264	10 646	1 159	5 898	40 805
Accumulated depreciation 30.06.06	0	0	-5 257	-647	-15	-5 919
Net book value 30.06.05	838	22 264	5 389	512	5 883	34 886
Acquisition by way of mergers	0	0	0	2	0	2
Acquisitions	32	736	694	111	424	1 997
Disposals	0	0	-30	-1	-1	-32
Depreciation charge	0	-352	-200	-82	0	-635
Net book value 31.12.2006	870	22 648	5 852	541	6 306	36 218

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Acquisition cost 31.12.06	870	22 998	10 865	874	6 321	41 929
Accumulated depreciation 31.12.06	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
Acquisition by way of mergers	0	4 091	4 091
Acquisitions	1 192	0	1 192
Amortisation charge	-36	0	-36
Net book value 31.12.2007	1 332	66 550	67 882
Acquisition cost 31.12.07	1 751	66 550	68 301
Accumulated amortisation 31.12.07	-419	0	-419

in thousands of euros

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
Acquisition cost 30.06.07	36	3 992	4 028
Accumulated amortisation 30.06.07	-24	0	-24
Net book value 30.06.2007	11	3 992	4 003
Acquisition by way of mergers	0	261	261
Acquisitions	76	0	76
Amortisation charge	-2	0	-2
Net book value 31.12.2007	85	4 253	4 338
Acquisition cost 31.12.07	112	4 253	4 365
Accumulated amortisation 31.12.07	-27	0	-27

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
Net book value 31.12.2006	4	4 550	4 554
Acquisition cost 31.12.06	359	4 550	4 909
Accumulated amortisation 31.12.06	-355	0	-355

in thousands of euros

	Consolidated Other intangible assets	Consolidated Goodwill	Consolidated Total
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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
Net book value 31.12.2006	0	291	291
Acquisition cost 31.12.06	23	291	314
Accumulated amortisation 31.12.06	-23	0	-23

Note 9 Borrowings

in thousands of kroons and euros

	Consolidated EEK			Consolidated EUR		
	31.12.2007 Total	31.12.2007 incl. discontinued	30.06.2007	31.12.2007	31.12.2007 incl. discontinued	31.12.2007
Overdraft	0	0	16 961	0	0	1 084
Bonds	171 967	0	167 558	10 991	0	10 709
Bank loans	161 165	55 918	139 391	10 300	3 574	8 909
Other short-term loans	12 000	0	0	767	0	0
Finance lease liabilities	18 394	4 594	24 407	1 176	294	1 560
Total current liabilities	363 526	60 512	348 317	23 234	3 867	22 262
Long-term bonds	60 198	0	0	3 847	0	0
Long-term bank loans	251 605	182 164	230 629	16 080	11 642	14 740
Long-term finance lease liabilities	90 948	26 674	74 208	5 813	1 705	4 743
Total non-current liabilities	402 751	208 838	304 837	25 740	13 347	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. Bond issues

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.

Note 10 Share capital

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

	Consolidated EEK		Consolidated EUR	
	31.12.2007	30.06.2007	31.12.2007	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 with the investment fund East Capital Baltikumfonden and Vipes Invest OÜ (the agreement on acting in concert in taking over the shares of AS Kalev and implementing a common policy through voting in AS Kalev), AS Rubla, together with other persons acting in concert with AS Rubla (GKG Investeeringute AS, Mailtec OÜ, Linderin Grupp OÜ) acquired a dominant influence over AS Kalev in the meaning of § 167 of the Securities Market Act. Considering that AS Rubla, together with other persons acting in concert with AS Rubla, had acquired a dominant influence over AS Kalev as of 23 September 2007, AS Rubla submitted the mandatory takeover bid for all shares of AS Kalev (with AS Rubla being the transferee and AS Kalev the target issuer). As of that moment, the shares of AS Kalev controlled by AS Rubla, together with other persons acting in concert with AS Rubla (GKG Investeeringute AS, Mailtec OÜ, Linderin Grupp OÜ, East Capital Baltikumfonden, Vipes Invest OÜ), made up nearly 59% of the share capital of AS Kalev.

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

Value date: on 7 December 2007, the sales transactions of those shareholders of AS Kalev who 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 paid a total of 4,710,000 kroons for the share, incl. a share premium of 4,680,000 kroons. With the increase of the share capital, AS Kalev owns 86.42% of the 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. 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 for the share with a nominal value of 20,000 kroons (incl. 3,980,000 kroons of share premium). 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 the companies related to the Management Board of AS Kalev in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	01.07.2007- 31.12.2007	01.07.2006- 31.12.2006	01.07.2007- 31.12.2007	01.07.2006- 31.12.2006
Goods and services purchased				
Balance at the beginning of the period	4 562	7 028	292	449
Services	16 282	11 364	1 041	726
Goods	46 062	65 115	2 944	4 162
Balance at the end of the period	8 951	10 935	572	699
Goods and services sold				
Balance at the beginning of the period	665	1 820	43	116
Services	4	767	0	49
Goods	48 323	66 138	3 088	4 227
Balance at the end of the period	1 111	232	71	15

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 has received short-term loans from companies related to the Management Board in the amount of 12,000 thousand kroons (767 thousand euros) and an interest rate of 8%, as well as sponsored non-profit associations related to the Management Board in the amount of 200 thousand kroons (13 thousand euros), in the comparative period: 311 thousand kroons (20 thousand euros).

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. 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 (86.42% 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. 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.

12.2. AS Kalev Meedia's new publication

With the transaction which took effect on 6 February 2008, AS Kalev Meedia acquired the IT magazine "Praktiline Arvutikasutaja". Ando Urbas will continue as the magazine's chief editor. AS Kalev Meedia considers "Praktiline Arvutikasutaja" to have great potential - the magazine can be marketed to an even wider target group.

12.3. Change in the ownership and management of OÜ Maiasmokk

In January 2008, AS Kalev transferred its share in the subsidiary OÜ Maiasmokk to its other subsidiary AS Kalev Chocolate Factory. This conditioned a change in the subsidiary's management. Kati Kusmin, who also serves as member of the Management Board of AS Kalev Chocolate Factory, was appointed the managing director of OÜ Maiasmokk on 4 February 2008. 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.

12.4. AS Kalev Real Estate Company's real estate transaction

In January 2008, AS Kalev Real Estate Company concluded a real right contract, acquiring 10 apartment ownerships in the Old Town of Tallinn (for a total price of 77 million kroons). The buyer paid 15.4 million kroons of the purchase price prior to the conclusion of the contract, and the remaining purchase price upon submission 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 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.