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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 publishing and printing activities. The company has long-term experience in the chocolate, sugar and flour confectionery product segment as well as the dairy product segment. Foodstuff production is carried out in five production plants located in Põrguvälja (in Rae Municipality), Paide, Viljandi, Jõhvi and Kiviõli. Kalev's sales activities are pursued through a pan-Estonian retail chain which consists of 15 candy stores and cafes. AS Kalev has also been involved in real estate development and administration for a longer period of time. AS Kalev has also branched out into publishing and printing.

A restructuring process was launched in AS Kalev Group last financial year. A significant portion of the results will already be seen before the end of the current financial year.

In May 2006, AS Kalev Chocolate Factory was established for the purpose of manufacturing and marketing chocolate and sugar confectionery products. In September this financial year, AS Kalev Chocolate Factory also started manufacturing the bakery and flour confectionery products of subsidiaries AS Vilma and AS Kalev Jõhvi Tootmine.

A new subsidiary was incorporated under the AS Kalev Group structure in the first quarter of the financial year 2006/2007. AS Kalev Real Estate Company (AS Kalev REC) acquired BCA Center, a private limited company which has a share capital of 40 000 kroons and is fully owned by AS Kalev REC. Through OÜ BCA Center, AS Kalev REC participated in the Private Partnership for Tallinn Schools Project competitions. Winning of these competitions, OÜ BCA Center concluded a contract on the right of superficies on registered immovables which accommodate five schools. OÜ BCA Center obliged to reconstruct the real estate objects (a total area of nearly 27 700 m²) and lease them out to Tallinn City for a term of thirty years. The average rent was established at 155 kr/m², which includes maintenance and periodical major repairs of the school buildings and the surrounding areas (administration, maintenance of technical systems, interior and exterior cleaning) during the term of the contract. The investment obligation is secured by AS Kalev REC and must be fulfilled in the second half of 2008 at the latest.

As the most renowned Estonian company and a major advertiser, AS Kalev has a direct relationship with the media market. This is also the reason for expansion of the investment portfolio towards the press market. As a socially active company, AS Kalev acknowledges its co-responsibility in the shaping of the public opinion, even though the company has no intentions of intervening in the contents of the acquired publications. The company aims at creating additional value for various publications. In the publishing and printing segment, AS Kalev is expecting a long-term and stable profit from the relatively quickly growing media market.

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In the second quarter of the financial year, several new subsidiaries and associated companies were incorporated into Kalev Group. AS Kalev acquired a 19.4% stake in AS PR Põhjarannik. AS Kalev won the right to purchase the company at the auction held on 21 November 2006 where AS Kalev was declared the best bidder. AS PR Põhjarannik's main activities include publication, printing services and organisation of information dissemination. Among other things, AS PR Põhjarannik issues the daily "Põhjarannik" in both Estonian and Russian, with the paper issue covering a majority of North-eastern Estonia.

On 28 November, AS Kalev concluded a contract under which the company acquired 100% of the shares of AS Inreko Press. The main fields of activity of AS Inreko Press include publishing, and organisation of public events and press events. The public limited company publishes journals and books (including, for instance, "Sporiditäht" and "Ärielu").

On 19 December 2006, AS Kalev concluded a contract under which the company acquired all shares of OÜ Olliwood. Under the contract, the ownership was transferred to AS Kalev on the moment of the notarisation of the contract of sale. OÜ Olliwood's main activities include publishing – including, for instance, "Just" and "Basket", and the children's publication "Muumi" – and organisation of public and press events.

The third quarter of the financial year saw the incorporation of a few more subsidiaries and associated companies into AS Kalev Group. On 20 February, AS Kalev concluded a contract on the purchase and sale of an 80% stake in AS Uniprint. AS Uniprint is involved with the provision of printing services – various advertising and small publications, official documents and quality journals. AS Kalev had previously concluded a contract under which the company acquired 20% of the shares in the above public limited company. With the transaction, AS Kalev thus effectively became the full owner of AS Uniprint. Under the contract, AS Kalev had to pay a total of nearly 54.8 million kroons for 80% of the shares, with 4 million kroons of the purchase price paid by AS Kalev on the day of conclusion of the contract of sale. In April, AS Kalev paid 24.1 million kroons of the transaction price, with nearly 26.7 million kroons to be paid by 5 April 2009 at the latest. If the company pays for the shares before the term indicated in the contract of sale, the purchase price will be reduced by deducting an annual 6% of the purchase price for the period of advance payment of the purchase price by AS Kalev. The right of ownership over the shares will be transferred to AS Kalev on the day of payment of the last instalment. Until transfer of the right of ownership over the shares, the sellers shall encumber the AS Uniprint shares which form the object of the contract of sale for the benefit of AS Kalev. With the contract concluded on 3 January 2007, AS Kalev also acquired, in March, 50% of the shares of AS Uniprint's subsidiary AS Unipress.

On 12 March 2007, AS Kalev concluded a contract under which the company acquired all shares of AS Eksklusiiv. Under the contract, the ownership over 100% of the shares was transferred to AS Kalev on 14 March 2007. AS Eksklusiiv's main field of activity is publication of „Avenüü“ and „Avenüü Professional“ journals.

The above acquisitions do not constitute related party transactions in the meaning of the stock exchange rules.

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Kalev Group's parent company is AS Kalev. In addition, the group incorporates fourteen subsidiaries. AS Kalev has a significant interest in the following companies:

Name of subsidiary	Location	As of 31.03.2007	As of 31.03.2006
AS Kalev Paide Tootmine	Estonia	100%	100%
AS Valmetek Invest	Estonia	31%	31%
AS Kalev Jõhvi Tootmine	Estonia	99.10%	99.10%
AS Vilma	Estonia	100%	100%
AS Kalev Real Estate Company (AS Kalev REC)	Estonia	100%	100%
EOOD Stude REC	Bulgaria	100%	0%
OÜ BCA Center	Estonia	100%	0%
OÜ Maiasmokk	Estonia	81.26%	81.26%
AS Kalev Chocolate Factory	Estonia	100%	0%
AS Kalev Merchant Services Ltd	USA	100%	100%
OÜ Sugarstar	Estonia	100%	0%
AS Inreko Press	Estonia	100%	0%
OÜ Olliwood	Estonia	100%	0%
AS Eksklusiiv	Estonia	100%	0%

1.2. Financial results

In the first 9 months of the financial year 2006/2007, AS Kalev Group had an average of 779 employees (786 employees in the comparative period last financial year).

The net sales and net profit of AS Kalev Group companies for the first 9 months of the financial year 2006/2007 have been brought out in the below tables (in thousands of kroons and euros), separately for each company. Data has been presented for 10 companies, because the balance sheet volume of AS Kalev Merchant Services Ltd only makes up less than 0.5% of the parent company's turnover. The data on associated companies and AS Eksklusiiv has not been included, since AS Kalev only acquired the latter in March 2007. The data on AS Kalev Paide Tootmine and AS Kalev Real Estate Company also includes the corresponding financial results of their subsidiaries.

* consolidated

EEK	Net sales		Net profit	
	2006/2007 9 months	2005/2006 9 months	2006/2007 9 months	2005/2006 9 months
AS Kalev	144 392	319 797	-38 894	-5 851
AS Kalev Chocolate Factory	334 434	0	24 207	0
AS Kalev Paide Tootmine*	232 533	335 889	6 568	-14 229
AS Kalev REC*	329 874	68 984	36 808	67 418
AS Kalev Jõhvi Tootmine	28 081	25 929	-3 268	-1 267
OÜ Maiasmokk	5 474	5 055	-307	-770

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AS Vilma	21 106	29 966	-65	806
OÜ Sugarstar	2 454	0	-750	0
AS Inreko Press	2 103	0	-35	0
OÜ Olliwood	2 664	0	-1 007	0

* consolidated

EUR	Net sales		Net profit	
	2006/2007 9 months	2005/2006 9 months	2006/2007 9 months	2005/2006 9 months
AS Kalev	9 228	20 439	-2 486	-374
AS Kalev Chocolate Factory	21 374	0	1 547	0
AS Kalev Paide Tootmine*	14 862	21 467	420	-909
AS Kalev REC*	21 083	4 409	2 352	4 309
AS Kalev Jõhvi Tootmine	1 795	1 657	-209	-81
OÜ Maiasmökk	350	323	-20	-49
AS Vilma	1 349	1 915	-4	52
OÜ Sugarstar	157	0	-48	0
AS Inreko Press	134	0	-2	0
OÜ Olliwood	170	0	-64	0

The economic activities of AS Kalev and the profitability of the financial indicators of the group in the given period have been significantly affected by the group restructuring process and product portfolio reorganisation launched at the end of last financial year. In the first 9 months of the financial year 2006/2007, consolidated net sales amounted to 721.6 million kroons (46.1 million euros). The net sales have increased by nearly 1%, compared to the same period last financial year, with the Group's total net sales being affected by a drop in the milk product sales volume and turnover increase in the real estate segment. The consolidated net profit of AS Kalev for the first 9 months of the financial year amounted to 25.2 million kroons (1.6 million euros). The net profit for the comparative period amounted to nearly 41 million kroons (2.6 million euros). The higher profitability indicators, compared to last financial year, were conditioned by the projects realised by AS Kalev REC.

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

- 1) The 15% annual increase in confectionery product turnover, with the segment profitability increasing more than the sales;
- 2) A near 28% decrease in milk product segment turnover; the negative results for the comparative period have quickly shrunk, with the milk product segment brought out of the red in the reporting period;
- 3) The flour confectionery segment results for the financial year exceed the results for the comparative period by nearly two times.

AS Kalev has increased gearing in the financing of its activities and development. The company has issued short-term bonds. The group's financial expenses have been increased by the refinancing of loans, redemption of bonds as well as

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new mortgages taken in the first three quarters of the financial year. The purposes mainly involve financing activities in the field of real estate administration and development.

Most important financial ratios in Kalev Group*

	AS Kalev Group	
	01.07.2006- 31.03.2007	1.07.2005 31.03.2006
Current ratio	0.79	0.67
Financial gearing	0.71	0.68
Asset turnover ratio	0.66	0.90
Net profit margin (%)	3.5%	5.8%
Return on assets, ROA (%)	2.3%	5.2%

* 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 9 months of the financial year 2006/2007 AS Kalev sold a total of 16 600 tons of confectionery and dairy products. Total sales decreased by 19% compared to the same period last financial year. 56% of the total sales were sold at the home market, and 44% exported.

1.3.1. Confectionery products

The total sales of the sugar and chocolate confectionery products of Kalev Group increased by 11% in the first 9 months of the financial year 2006/2007, compared to the same period last year (incl. +16% in the 3rd quarter), amounting to nearly 290 million kroons (118.5 million euros). The total sales volume in the segment amounted to 4 702 tons in the first 9 months of the financial year 2006/2007, remaining on par with the total volume of sugar and chocolate confectionery products sold in the same period last year. At the same time, the dynamics of the sale of confectionery products was different for different product groups: a significant growth could be seen in the sales of chocolate tablets (17%) and boxed chocolate candies (11%); the sale of candies increased by 8%, compared to the first 9 months of the last financial year. The sale of chocolate tablets showed the biggest growth in volume (15%), compared to the same period last financial year. The profitability of the sugar and chocolate confectionery products, however, increased even faster than sales, growing by 20% from the same period last year. These results were achieved through

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production efficiency enhancement, product portfolio optimising, price corrections and successful launch of new products.

According to the retail trade survey conducted by AC Nielsen Eesti (March 2007), Kalev Group is still the leader of the Estonian chocolate and sugar confectionery market - the company's market share was 35.7% as regards turnover, and 41.4% as regards sales volume. The same survey also ranked Kalev third on the biscuit market, with a 9.1% market share as regards sales volume. On the Estonian bread market, Kalev has a 3% market share as regards turnover.

In the 3rd quarter of the financial year, the company launched two new chocolate tablets - Kalev tiramisu-flavoured milk chocolate with biscuit pieces (100g) and Kalev white chocolate with biscuit and strawberry pieces (100g). The company also launched new boxed chocolate candies – Kadriorg assortment of praline candies (435 g) and Kalev Souffle assortment of chocolate candies with whipped filling (235g). New candies included Kalev cherry-flavoured jelly candy (and the same as a 20g uncoated candy). In the given period, the company also launched a total of 11 specially designed Valentine's Day and Easter products.

The sale of Kalev Group flour confectionery products (incl. bakery products, biscuits and flour mixes) increased by a little over 2% in the first 9 months of the financial year 2006/2007 (by nearly 16% in the 3rd quarter). As regards volume, the total sales of the same segment amounted to 2 986 tons in the first 9 months of the financial year 2006/2007. The sale of flour confectionery products decreased by nearly 8% 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: e.g. the sale of flour mixes increased by 25% compared to the first 9 months of last financial year, and the sale of bakery products by 7% while biscuit sales decreased by 10%. In the bakery product segment, a new cake portfolio (a total of 11 products) was launched under Kalev trademark and 5 new strudels under Linda trademark in the 3rd quarter. In addition, 11 new products were launched under Linda and Kalevipoege trademark in the bread segment.

Of the total sale of confectionery products (incl. sugar, chocolate and flour confectionery products) in the financial year 2006/2007, domestic sales made up the majority (91%), with nearly 9% of the products being exported to foreign markets. Russia made up 34% of the total export of confectionery products in the financial year, the so-called Travel Trade segment nearly 21%, and other countries 15%. The export of confectionery products increased by 11.5% compared to the first 9 months of the last financial year.

Through its retail network of 15 stores, the company sold 16.4 million kroons worth of goods (incl. sugar, chocolate and flour confectionery products, bakery products and other purchased products) to final consumer in the first 9 months of the year.

1.3.2. Dairy products

The total sale of AS Kalev's dairy products in the first 9 months of the financial year amounted to 8 700 tons. This constitutes a near 28% decrease compared to the same period last year. Export made up 78% of the sales of dairy products, with most of the output exported to EU member states. Germany was the biggest export destination, buying 57% of the total sales.

in the first 9 months of the financial year 2006/2007, crude milk stocked by AS Kalev Paide Tootmine was used for producing various dairy products – mainly skimmed milk and milk powder, high-temperature pasteurized milk and cream – in the total volume of 8 320 tons, of which whole milk and skimmed milk powder and cream made up the majority (85.5%). New products launched by the company included cream powder.

In the reporting period, the internal EU prices for whole milk and skimmed milk powder were more favourable compared to the base period. The wholesale price for skimmed milk powder increased by 14.4% in Germany (the nine-month average for 2005/2006: 1.994 EUR/t; the nine-month average for 2006/2007: 2.281 EUR/t) and the price for milk powder by 5.8% (the nine-month average for 2005/2006: 2.405 EUR/t; the nine-month average for 2006/2007: 2.545 EUR/t).

AS Kalev's subsidiary AS Kalev Paide Tootmine concluded, for the first half-year 2007, crude milk buying-in contracts under which the company will supply nearly 160 tons of crude milk a day. The negotiated price formation was based on a co-operation model which considers a long-term partnership between the parties and which was satisfactory for both dairy producers and processors. Under the agreement, the price of crude milk will be formed on the basis of the European average prices for milk powder, skimmed milk powder and butter.

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. In the real estate segment, the most important current project has 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. Kalev REC also continued further development of ongoing real estate projects. The company completed a 19-apartment building on Marat street in Tallinn, and a 25-apartment building on Hommiku street in Pärnu, of which the company has already sold 13 and 15 apartments, respectively. Kalev REC also sold a registered immovable in Kadriorg, Tallinn. Under the detailed plan, an apartment building with a total area of 1800 m² may be built on the site. Kalev REC's Bulgarian-based subsidiary EOOD Stude REC launched construction of an apartment building in Sofia. The building is scheduled to be completed in the spring of 2008.

In addition to focusing on development of residential and commercial space, Kalev REC is increasingly paying attention to the public real estate market segment, actively participating in the private partnership project tenders.

1.3.4. Media

During the financial year, AS Kalev has expanded its investment portfolio into the relatively quickly-growing publishing and printing segment. On the media market, the company is expecting a long-term stable profit. For this purpose, AS Kalev conducted, during the 3rd quarter of the financial year, an in-depth analysis of the management and activities of the acquired publishing companies as well as the overall situation in the market segment. The conclusions drawn by the company were used for specifying AS Kalev's objectives in the media segment, and the development directions for the acquired products. Several preparatory activities have been launched for organisational and product development purposes. Consolidation of different publishing companies allows to create synergy in the future, and to optimise activities and resources.

According to an Emor survey, the reader numbers and circulation of the publications acquired by AS Kalev has remained the same.

1.4. Future activities

The home market is the main market for AS Kalev's sugar and chocolate confectionery products. It is therefore important for the company to maintain its current market share. The company continues to pursue its goal of increasing the profitability of the sales of its confectionery and dairy products through assortment optimisation and production efficiency enhancement.

The profitability of the production activities are closely tied with various exogenous factors: the lack of skilled labour on the local market, and the general wage increase have a direct effect on the company's expenses, with the local economy and economic-political factors on foreign markets having an effect on the demand. Further to the development in the supply of production factors, the investment plan includes projects designed for reducing the labour required for the processes. Product development will play an important role. In the chocolate confectionery segment, the company will focus on developing chocolate tablets, chocolate candy and boxed chocolate candy. In the sugar confectionery segment, the focus will lie on chewing candy and toffee. Product development will include both extension of the best before dates and creation of new flavours.

The company's goal in the bread segment of the bakery and flour confectionery sector is to obtain a 12% domestic market share in the medium-long perspective. The share of bakery products is expected to increase in the flour confectionery segment, with continual focus to be paid to the biscuit and flour mix segment.

As regards the dairy product segment, AS Kalev will focus on product positioning in order to ensure sustainability of the introduced changes. In order to achieve our goals, we will bring our product portfolio into line with the Group strategy in accordance with the market situation. Raw material price and energy consumption remain the two key factors contributing to the cost price in the production of dairy products. Conclusion of a long-term raw material contract therefore proves very important for planning future activities. In addition to the benefits received from long-term raw material contracts concluded with suppliers, we can also enhance efficiency of the production processes in AS Kalev Paide Tootmine, thus ensuring an increase in productivity.

Real estate activities are pursued through AS Kalev REC and its direct subsidiaries. Real estate sector – one of the most quickly-growing branches of economy in the present economic cycle – remains an important part of AS Kalev Group's diverse value creation process. In addition to focusing on residential and commercial space development, the Group's real estate development pursuits concentrate around the public real estate market, incl. participation in the so-called private partnership projects.

Entry into and expansion of activities in the printing service and media sector have the aim of diversifying the investment portfolio of AS Kalev. Financial investments in the sector involve both the print industry and companies operating in the press industry. In the media segment, AS Kalev will continue its activities aimed at organisational and product development.

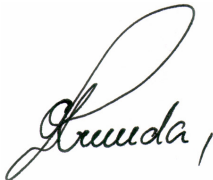
2. INTERIM FINANCIAL STATEMENTS

MANAGEMENT REPRESENTATION TO THE INTERIM FINANCIAL STATEMENTS

The Management Board of AS Kalev takes responsibility for the correctness of the preparation of the interim financial statements of the first nine months of the financial year 2006/2007 of AS Kalev set out on pages 12--31, 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, 15 May 2007



Oliver Kruuda
General Manager

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INCOME STATEMENT

in thousands of kroons and euros

Note	Consolidated EEK		Consolidated EUR		
	9 months	9 months	9 months	9 months	
	2007	2006	2007	2006	
3	Revenue	721 562	714 548	46 116	45 668
	Cost of sales of goods and services	-568 972	-596 161	-36 364	-38 102
	Gross profit	152 590	118 387	9 752	7 566
	Marketing expenses	-82 266	-73 699	-5 258	-4 710
	Administrative and general expenses	-72 085	-49 222	-4 607	-3 146
	Other income and expenses	49 721	56 581	3 178	3 616
	Operating profit	47 960	52 047	3 065	3 326
	Other financial income and expenses	-22 754	-10 363	-1 454	-662
	Profit/loss before minority interest	25 206	41 684	1 611	2 664
	Share of minority shareholders	29	-415	2	-27
	Net profit/loss for the financial year	25 235	41 269	1 613	2 638
	Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)	1.07	1.75	0.07	0.11

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Note	Consolidated EEK		Consolidated EUR		
	3 rd q	3 rd q	3 rd q	3 rd q	
	2007	2006	2007	2006	
3	Revenue	263 805	174 760	16 860	11 169
	Cost of sales of goods and services	-219 526	-153 205	-14 030	-9 792
	Gross profit	44 279	21 555	2 830	1 378
	Marketing expenses	-28 776	-24 731	-1 839	-1 581
	Administrative and general expenses	-23 598	-17 741	-1 508	-1 134
	Other income and expenses	32 133	38 264	2 054	2 446
	Operating profit	24 038	17 347	1 536	1 109
	Other financial income and expenses	-9 307	-4 065	-595	-260
	Profit/loss before minority interest	14 731	13 282	941	849
	Share of minority shareholders	7	12	0	1
	Net profit/loss for the financial year	14 738	13 294	941	850
	Net earnings per share held by the owners of the parent company (basic and diluted; in kroons and euros)	0.62	0.56	0.04	0.04

UNAUDITED INTERIM FINANCIAL STATEMENTS
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BALANCE SHEET

in thousands of kroons and euros

Note	Consolidated EEK		Consolidated EUR	
	31.03.2007	31.06.2006	31.03.2007	31.06.2006
ASSETS				
Current assets				
	5 488	10 080	351	644
	162 276	134 930	10 371	8 624
	1 136	1 715	73	110
	206 458	240 334	13 195	15 360
	375 358	387 059	23 990	24 738
Non-current assets				
	6 900	7 230	441	462
	31 547	0	2 016	0
6	146 550	89 944	9 366	5 748
7	564 101	545 840	36 053	34 886
8	21 395	4 560	1 367	291
	770 493	647 574	49 243	41 388
	1 145 851	1 034 633	73 233	66 125
LIABILITIES AND OWNER'S EQUITY				
Current liabilities				
9	225 874	240 464	14 436	15 368
	8 296	27 821	530	1 778
	238 877	286 717	15 267	18 325
10	0	3 200	0	205
	473 047	558 202	30 233	35 676
Non-current liabilities				
9	304 075	132 908	19 434	8 494
	304 075	132 908	19 434	8 494
	777 122	691 110	49 667	44 170
	59	88	4	6
Owners' equity				
11	236 325	236 325	15 104	15 104
	4 020	4 020	257	257
	116 315	116 315	7 434	7 434
	12 010	-13 225	768	-845
	368 670	343 435	23 562	21 949
	1 145 851	1 034 633	73 233	66 125

UNAUDITED INTERIM FINANCIAL STATEMENTS
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CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	2007 9 months	2006 9 months	2007 9 months	2006 9 months
Operating activities				
Operating profit	47 960	52 047	3 065	3 326
Adjustment of operating profit	-24 645	-15 000	-1 575	-959
Change in assets related to operating activities	18 286	5 675	1 169	363
Change in liabilities related to operating activities	-75 145	-19 054	-4 803	-1 218
Total cash flow from operating activities	-33 544	23 668	-2 144	1 513
Investing activities				
Investments into subsidiaries	-43 404	-8 888	-2 774	-568
Proceeds from disposals of non-current assets	18 772	32 514	1 200	2 078
Acquisition of non-current assets	-49 732	-26 007	-3 178	-1 662
Loans granted	-21 323	1 120	-1 363	72
Repayment of loans granted	11 653	-4 668	745	-298
Interest received	1 610	-1 112	103	-71
Total cash flow from investing activities	-82 424	-7 041	-5 268	-450
Financing activities				
Loan and bond repayments	-227 855	-60 206	-14 563	-3 848
Loans received, bonds issued	469 299	75 223	29 994	4 808
Repayment of finance lease principal	-86 358	-9 133	-5 519	-584
Change in overdraft and other financial instruments	-25 399	-9 665	-1 623	-618
Interest paid	-18 311	-12 517	-1 170	-800
Total cash flow from financing activities	111 376	-16 298	7 118	-1 042
Total cash flow	-4 592	329	-293	21
Cash and cash equivalents at the beginning of the period	10 080	5 708	644	365
Change in cash and cash equivalents	-4 592	329	-293	21
Cash and cash equivalents at the end of the period	5 488	6 037	351	386

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

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STATEMENT OF CHANGES IN EQUITY

in thousands of kroons

Consolidated	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2005	236 325	4 020	8 669	-20 857	228 157
Profit for the period	0	0	0	41 269	41 269
31.03.2006	236 325	4 020	8 669	20 412	269 426
30.06.2006	236 325	4 020	116 315	-13 225	343 435
Profit for the period	0	0	0	25 235	25 235
31.03.2007	236 325	4 020	116 315	12 010	368 670

in thousands of euros

Consolidated	Share capital	Mandatory reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2005	15 104	257	554	-1 333	14 582
Profit for the period	0	0	0	2 638	2 638
31.03.2006	15 104	257	554	1 305	17 219
30.06.2006	15 104	257	7 434	-845	21 949
Profit for the period	0	0	0	1 613	1 613
31.03.2007	15 104	257	7 434	768	23 562

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 accounting principles used in the preparation of these financial statements differ from those used last year, which arise from the "stable platform" IAS 27 (accounting for equity participation) standards and the implementation of which is mandatory for the group during reporting periods commencing on 1 January 2005 or later.

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

C. Basis of consolidation

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

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

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

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

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

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Note 3 Segment information

in thousands of kroons	Confectionery products		Flour confectionery products		Dairy products		Real estate		Event marketing		Media		Total	
	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Extra-group customers:														
Revenue	126 891	92 294	21 005	17 449	67 737	83 426	43 497	-18 409	777	0	3 898	0	263 805	174 760
Other income	803	4 985	0	1 126	8 495	8 504	28 676	30 002	0	0	0	0	37 974	44 617
Revenue from other segments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue from segment	127 694	97 279	21 005	18 575	76 232	91 930	72 173	11 593	777	0	3 898	0	301 779	219 377
Gross profit from segment	20 295	-16 008	733	-400	6 977	-6 819	34 661	20 180	-373	0	-1 416	0	60 877	-3 047
Joint expenses													36 839	20 394
Operating profit/loss													24 038	17 347
Financial income and expenses													9 307	4 065
Profit before minority interest													14 731	13 282
Minority interest	0	0	7	12	0	0	0	0	0	0	0	0	7	12
Net profit/loss for the financial year													14 738	13 294

in thousands of euros	Confectionery products		Flour confectionery products		Dairy products		Real estate		Event marketing		Media		Total	
	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q	3 rd q
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Extra-group customers:														
Revenue	8 110	5 899	1 342	1 115	4 329	5 332	2 780	-1 177	50	0	249	0	16 860	11 169
Other income	51	319	0	72	543	544	1 833	1 917	0	0	0	0	2 427	2 852
Revenue from other segments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue from segment	8 161	6 217	1 342	1 187	4 872	5 875	4 613	741	50	0	249	0	19 287	14 021
Gross profit from segment	1 297	-1 023	47	-26	446	-436	2 215	1 290	-24	0	-90	0	3 891	-195
Joint expenses													2 354	1 303
Operating profit/loss													1 536	1 109
Financial income and expenses													595	260
Profit before minority interest													941	849
Minority interest	0	0	0	1	0	0	0	0	0	0	0	0	0	1
Net profit/loss for the financial year													941	850

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in thousands of kroons	Confectionery products		Flour confectionery products		Dairy products		Real estate		Event marketing		Media		Total	
	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Extra-group customers														
Revenue	324 857	276 816	67 077	63 769	232 533	320 848	89 874	53 115	2 454	0	4 767	0	721 562	714 548
Other income	1 102	6 160	36	1 202	8 500	10 921	48 679	43 476	0	0	0	0	58 317	61 759
Revenue from other segments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue from segment	325 959	282 976	67 113	64 971	241 033	331 769	138 553	96 591	2 454	0	4 767	0	779 879	776 307
Gross profit from segment	50 699	4 448	10 115	4 706	6 586	-23 867	53 058	67 380	-745	0	-1 043	0	118 670	52 667
Joint expenses													70 710	620
Operating profit/loss													47 960	52 047
Financial income and expenses													22 754	10 363
Profit before minority interest													25 206	41 684
Minority interest	0	0	29	415	0	0	0	0	0	0	0	0	29	415
Net profit/loss for the financial year													25 235	41 269

in thousands of euros	Confectionery products		Flour confectionery products		Dairy products		Real estate		Event marketing		Media		Total	
	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m	9 m
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Extra-group customers														
Revenue	20 762	17 692	4 287	4 076	14 862	20 506	5 744	3 395	157	0	305	0	46 116	45 668
Other income	70	394	2	77	543	698	3 111	2 779	0	0	0	0	3 727	3 947
Revenue from other segments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue from segment	20 833	18 085	4 289	4 152	15 405	21 204	8 855	6 173	157	0	305	0	49 843	49 615
Gross profit from segment	3 240	284	646	301	421	-1 525	3 391	4 306	-48	0	-67	0	7 584	3 366
Joint expenses													4 519	40
Operating profit/loss													12 104	3 406
Financial income and expenses													1 454	662
Profit before minority interest													13 558	4 068
Minority interest	0	0	2	27	0	0	0	0	0	0	0	0	2	27
Net profit/loss for the financial year													1 613	2 638

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Net sales by markets

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	01.07.2006- 31.03.2007	01.07.2005- 31.03.2006	01.07.2006- 31.03.2007	01.07.2005- 31.03.2006
Estonia	498 007	416 479	31 828	26 618
Latvia and Lithuania	16 964	18 177	1 084	1 162
Scandinavia	4 559	9 217	291	589
Other EU countries	188 830	253 122	12 068	16 177
Other	13 202	17 553	844	1 122
TOTAL	721 562	714 548	46 116	45 668

	Consolidated EEK		Consolidated EUR	
	1.01.2007- 31.03.2007	1.01.2006 31.03.2006	1.01.2007- 31.03.2007	1.01.2006 31.03.2006
Estonia	199 526	107 976	12 752	6 901
Latvia and Lithuania	3 677	4 465	235	285
Scandinavia	2 717	515	174	33
Other EU countries	54 878	60 084	3 507	3 840
Other	3 007	1 720	192	110
TOTAL	263 805	174 760	16 860	11 169

Note 4 Personnel expenses

Total personnel expenses amounted to 81.9 million kroons (5.2 million euros) in AS Kalev in the first 9 months of the financial year 2006/2007 (with the group employing an average of 779 people); personnel expenses for the comparative period last year amounted to 72 million kroons (4.6 million euros) (with an average of 786 people being employed in the group companies).

In the period between 1 July 2006 and 31 March 2007, AS Kalev laid off 16 employees, with termination compensation amounting to a total of 709 thousand kroons (45 thousand euros). In the comparative period last year, a total of 51 employees were laid off, with termination compensation amounting to 825 thousand kroons (53 thousand euros).

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Note 5 Consolidated earnings per share

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	31.03.2007	30.06.2006	31.03.2007	30.06.2006
Number of common shares (in thousands of kroons)	23 633	23 633	23 633	23 633
Nominal value	10	10	0.64	0.64

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

Note 6 Investment property

in thousands of kroons

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	89 944	0	89 944
Acquisitions	16 958	0	16 958
Sales	-9 028		-9 028
Change in the fair value	48 676	0	48 676
Net book value 31.03.2007	146 550	0	146 550

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2006	5 748	0	5 748
Acquisitions	1 084	0	1 084
Net book value 31.03.2007	9 366	0	9 366
Net book value 30.06.2005	165 768	34 810	200 578
Acquisitions	25 110	1 502	26 612
Reclassification from non-current assets		0	0
Prepayments for investments	29 662	-29 662	0
Change in the fair value	30 000	0	30 000
Disposals	-53 172	0	-53 172
Net book value 31.03.2006	197 368	6 650	204 018

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in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2005	10 595	2 225	12 819
Acquisitions	1 605	96	1 701
Reclassification from non-current assets	0	0	0
Prepayments for investments	1 896	-1 896	0
Change in the fair value	1 917	0	1 917
Disposals	-3 398	0	-3 398
Net book value 31.03.2006	12 614	425	13 039

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 30.06.06	13 111	348 362	166 570	18 133	92 282	638 458
Accumulated depreciation 30.06.06	0	0	-82 255	-10 128	-235	-92 618
Net book value 30.06.06	13 111	348 362	84 315	8 005	92 047	545 840
Acquisition by way of mergers	0	0	0	411	0	411
Acquisitions	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 31.03.2007	12 688	360 274	168 928	13 275	98 295	653 460
Accumulated depreciation 31.03.2007	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 30.06.06	838	22 264	5 389	512	5 883	34 886
Acquisitions	8	963	740	115	711	2 536
Disposals	-35	0	-30	-10	-326	-401
Depreciation charge	0	-552	-314	-127	0	-994

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Net book value 31.03.2007	811	22 676	5 784	515	6 267	36 053
Acquisition cost 31.03.2007	811	23 026	10 796	848	6 282	41 764
Accumulated depreciation 31.03.2007	0	-350	-5 013	-333	-15	-5 711
Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.05	11 486	263 196	147 784	18 493	8 216	449 175
Accumulated depreciation 30.06.05	0	-18 754	-71 521	-11 349	-235	-101 859
Net book value 30.06.05	11 486	244 442	76 263	7 144	7 981	347 316
Acquisitions	0	7 220	6 471	4 263	8 348	26 302
Disposals	0	0	-2 078	-167	10	-2 235
Reclassification	0	-2 986	4 516	48	-5 074	-3 496
Depreciation charge	0	-5 960	-11 053	-1 916	0	-18 929
Net book value 31.03.2006	11 486	242 716	76 401	9 522	11 245	351 370
Acquisition cost 31.03.2006	11 486	267 430	156 693	22 637	11 480	469 726
Accumulated depreciation 31.03.2006	0	-24 714	-80 292	-13 115	-235	-118 356

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.05	734	16 821	9 445	1 182	525	28 708
Accumulated depreciation 30.06.05	0	-1 199	-4 571	-725	-15	-6 510
Net book value 30.06.05	734	15 623	4 874	457	510	22 198
Acquisitions	0	461	414	272	534	1 681
Disposals	0	0	-133	-11	1	-143
Reclassification into investment property (Note 6)	0	-191	289	3	-324	-223
Depreciation charge	0	-381	-706	-122	0	-1 210
Net book value 31.03.2006	734	15 512	4 883	609	719	22 457
Acquisition cost 31.03.2006	734	17 092	10 015	1 447	734	30 021
Accumulated depreciation 31.03.2006	0	-1 580	-5 132	-838	-15	-7 564

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Note 8 Intangible assets

in thousands of kroons

	Other intangible assets	Goodwill	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 business mergers	0	16 841	16 841
Net book value 31.03.2007	3	21 391	21 394
Acquisition cost 31.03.2007	359	4550	4 909
Accumulated amortisation 31.03.07	-356	0	-356

in thousands of euros

	Other intangible assets	Goodwill	Total
Acquisition cost 30.06.06	23	291	314
Accumulated amortisation 30.06.06	-22	0	-22
Net book value 30.06.2006	1	291	291
Amortisation charge	0	0	0
Additions from business mergers	0	1 076	1 076
Net book value 31.03.2007	0	1 367	1 367
Acquisition cost 31.03.2007	23	291	314
Accumulated amortisation 31.03.07	-23	0	-23

Consolidated (in thousands of kroons and euros)

	Consolidated EEK Other intangible assets	Consolidated EUR Other intangible assets
Acquisition cost 30.06.05	359	23
Accumulated amortisation 30.06.05	-280	-18
Net book value 30.06.2005	79	5
Amortisation charge	-54	-1
Net book value 31.03.2006	25	4
Acquisition cost 31.03.2006	359	23
Accumulated amortisation 31.03.06	-318	-19

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Note 9 Borrowings

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	31.03.2007	30.06.2006	31.03.2007	30.06.2006
Overdraft	20 653	37 459	1 320	2 394
Bonds	129 010	23 804	8 245	1 521
Bank loans	66 858	24 292	4 273	1 553
Other short-term loans	8 290	8 567	530	548
Finance lease liabilities	1 063	3 459	68	221
Total current liabilities	225 874	97 581	14 436	6 237
Long-term bank loans	289 086	84 755	18 476	5 417
Long-term finance lease liabilities	14 989	110 420	958	7 057
Total non-current liabilities	304 075	195 175	19 434	12 474

Refinancing

On 9 November 2006, AS Kalev's subsidiaries AS Kalev Chocolate Factory (hereinafter KCF) and AS Kalev Real Estate Company (hereinafter REC) signed contracts under which KCF acquired from REC, at a cost of 240 million kroons, the Põrguvälja plant building which was previously owned by AS Hansa Liising Eesti. To finance the purchase transaction, KCF concluded a loan agreement, under which AS DnB Nord Banka Estonia branch gave KCF a 200-million-kroon loan. A 240-million-kroon mortgage has been established on the registered immovable located at Põrguvälja tee 6 for the benefit of DnB NORD Banka as collateral to the loan agreement. With the transaction, AS Kalev Group refinanced existing loan and lease liabilities to creditors. The main purpose of the loan was to fully refinance the financial liabilities arising from construction of the AS Kalev production building at Põrguvälja tee 6 in Rae municipality, while at the same time erasing the 60-million-kroon pledge with which Estonia's most renowned trademark "KALEV" had been pledged.

KCF repays the loan in instalments since December 2006. The repayment due date of the loan is 15 November 2016. The bank calculates the amount of instalments on the basis of a 12-year annuity repayment schedule. On the loan repayment due date, KCF will repay the loan balance together with the interest, as a lump sum. The interest rate for the particular loan consists of the benchmark (6-month EURIBOR) and a margin, which amounted to 1.40% at the moment of the conclusion of the loan agreement. Under the loan agreement, the margin may only be lowered in accordance with the rise in the KCF loan coverage ratio.

With the transaction, the structure of the financial liabilities of AS Kalev has significantly changed - nearly 85 million kroons worth of current liabilities were recognised as long-term liabilities.

Short-term transfer of the shares of AS Kalev

On 7 March 2007, GKG Investeeringute AS, a company related to the General Manager of AS Kalev, concluded contracts with Tere AS and Linderin Grupp OÜ, under which the company acquired 19.99% of the shares of AS

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Kalev. In order to conduct a short-term financing transaction, GKG Investeeringute AS transferred the shares on 8 March 2007, assuming, with the same transaction, the buyback obligation. The shares will be bought back on 28 February 2008 at the latest. Until the shares are bought back, the shares will be held on the customer account of Citibank International Plc (Luxembourg branch)/UBS Luxembourg S.A, encumbered with a pledge.

Under the parties' agreement, the owner of the customer account will not intervene in the management of AS Kalev as a shareholder. The shareholder's rights at the General Meeting of AS Kalev will be exercised by GKG Investeeringute AS.

Bond issue

With the bonus issue on 20 December 2006, AS Kalev Real Estate Company issued bonds with a term of 1 year. The total volume of the issue amounted to 70.19 million kroons. The nominal value of the bond was 10,000 kroons, and the annual coupon rate 6%. The bonds can be redeemed by the issuer or sold by the investor on each coupon date. Fulfilment of the liabilities arising from the bonds is guaranteed by AS Kalev. The issue was organised by SEB Eesti Ühispank.

On 28 February 2007, AS Kalev issued, by placing, commercial papers in the total volume of 63.52 million kroons, and a term of 1 year. The nominal value of the bond was 10,000 kroons, with the annual yield, offered at the underbidding, amounting to 6.5%. The commercial papers can be redeemed by the issuer or sold by the investor every three months. The issued commercial papers have been guaranteed with the shares of the issuer's subsidiary AS Kalev REC. The issue was organised by SEB Eesti Ühispank.

Note 10 Provisions

At the end of the financial year 2005/2006, the group subsidiary AS Kalev Paide Tootmine established a provision in the amount of 3,200 thousand kroons (205 thousand euros) in order to cover the potential loss arising from the unfavourable market situation for dairy products, and the crude milk buying-in contracts until December 2006. As of 31 December 2006, the provision was fully written off the balance sheet.

Note 11 Share capital

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

	Consolidated EEK		Consolidated EUR	
	31.03.2007	30.06.2006	31.03.2007	30.06.2006
Number of common shares (in thousands of units)	23 633	23 633	23 633	23 633
Nominal value	10	10	0.64	0.64

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Note 12 Related party transactions

Transactions with companies related to the Management Board of AS Kalev:

in thousands of kroons and euros

	Consolidated EEK		Consolidated EUR	
	01.07.2006- 31.03.2007	01.07.2005- 31.03.2006	01.07.2006- 31.03.2007	01.07.2005- 31.03.2006
Goods and services purchased				
Balance at the beginning of the period	7 028	26 974	449	1 724
Services	15 943	19 758	1 019	1 263
Goods	91 993	104 102	5 879	6 653
Balance at the end of the period	4 202	12 872	269	823
Goods and services sold				
Balance at the beginning of the period	1 820	3 168	116	202
Services	1 022	193	65	12
Goods	100 091	97 734	6 397	6 246
Balance at the end of the period	28 566	13 816	1 826	883

Most of the related party transactions include purchase and sale transactions with AS Tere (purchase of crude milk and sale of dairy products).

Services have mostly been outsourced from AS Solidum under the Group equipment maintenance contract concluded with the company.

The Group supported non-profit associations related to the Management Board in the amount of 865 thousand kroons (55 thousand euros) in the period (511 thousand kroons, i.e. 32 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 nine months (276 thousand kroons, i.e. 18 thousand euros, in the comparative period).

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

Note 13 Off-balance-sheet transactions and events after the balance sheet

13.1. Additional bond issue

On 18 April 2007, AS Kalev issued, by placing, commercial papers with a term of 316 days and a redemption date of 28 February 2008 in the total amount of 39.78 million kroons. This constituted an increase in the volume of the commercial paper issue conducted on 28 February 2007. The nominal value of the commercial papers is 10,000 kroons. The annual yield is 10.0%. The commercial papers can be redeemed by the issuer or sold by the investor every three months.

The issued commercial papers have been guaranteed with the shares of the issuer's subsidiary AS Kalev REC.

13.2. Subsidiary increased its stake in AS Valmetek Invest

On 11 April 2007, AS Kalev's subsidiary AS Kalev Paide Tootmine acquired 22 065 shares of Valmetek Invest AS - i.e. 34.4% of the total number of the company's shares. AS Kalev Paide Tootmine now holds a 65.6% stake in Valmetek Invest AS since nearly one third of the shares of the above company was already acquired by AS Kalev Paide Tootmine in February 2006.

AS Kalev Paide Tootmine will pay a total of 27.96 million kroons for the acquired shares. 5 million kroons of the purchase price was paid before conclusion of the contract of sale of shares, with 4.57 million kroons to be paid by the buyer by 1 June 2007. The remainder of the purchase price must be paid in quarterly instalments from 1 September 2007 to 1 September 2008. An annual 10% interest will be charged from AS Kalev Paide Tootmine on the unpaid part of the purchase price. The buyer has the right to prematurely pay the purchase price or a part of the purchase price.

13.3. Pending court case over surplus stock of sugar

On 29 March 2007, the Northern Regional Tax Centre of the Estonian Tax and Customs Board (hereinafter Northern RTC) passed a resolution establishing AS Kalev's surplus sugar stock at 15.6 thousand tons. With the resolution, the Northern RTC imposed on AS Kalev a 135.6-million-kroon surplus stock charge.

A similar resolution passed on 17.06.2005 was annulled by the Northern RTC last November, with the basis for the resolution on establishment of surplus stock declared unlawful. The Tallinn Administrative Court terminated the proceedings with its corresponding resolution, ordering the Northern RTC to pay AS Kalev's procedure expenses.

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AS Kalev believes that the company correctly declared its sugar stock in accordance with the provisions of the Surplus Stock Charges Act (SSCA), and that, as of 01.05.2004, the company was not the owner or possessor of 15.6 thousand tons of sugar stock assessed as surplus stock by the Northern RTC.

With its ruling of 30 April 2007, the Tallinn Administrative Court accepted the claim filed by AS Kalev against the 29 March 2007 notice of assessment/tax notice issued by the Northern RTC. With its ruling, the administrative court also suspended execution of the notice of assessment/tax notice issued by the Northern RTC to AS Kalev on surplus stock and establishment of the surplus stock charge. The administrative court ruled that suspension of the execution of the tax notice of the Northern RTC under preliminary legal protection is justified as the claim for the surplus stock charge is voidable, and there are no grounds for considering as nil the likelihood of AS Kalev's claim being upheld.