



3 MONTHS INTERIM REPORT

**Started on July 1, 2005
Ended on September 30, 2005**

Translation of the Estonian original

PUBLIC LIMITED COMPANY KALEV

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1. COMMENTS ON FINANCIAL RESULTS

Characteristic indicators for the first three months of the financial year 2005/2006, compared to the same period in the financial year 2004/2005:

in thousands of kroons and euros

	%	EEK	EUR
Increase in revenue	31	53 261	3 404
Increase in revenue from domestic market	18	21 484	1 373
Increase in operating profit	26	1 298	83
Increase in revenue from dairy products	31	36 056	2 305
Increase in revenue from confectionery products	14	10 968	701
Increase in revenue from pastry products	24	3 910	250
Increase in export of confectionery products (to Eastern Europe)	53	1 360	87

Kalev Group pursues three principal fields of activity: chocolate, sugar and confectionery product manufacturing and sale, dairy product manufacturing and sale, and real estate development and administration. The company manufactures its products at five production plants located in Põrguvälja (in the vicinity of Tallinn), Paide, Viljandi, Jõhvi and Kiviõli. AS Kalev also owns a pan-Estonian retail chain, consisting of 13 candy stores and cafes. The newest candy store was opened in the historic market building in Rakvere at the beginning of November.

Kalev Group's parent company is AS Kalev. In addition to the parent company, the Group incorporates six subsidiaries. As of 30 September 2005, AS Kalev had a significant interest in the following companies:

Name of subsidiary	Location	As of 30.09.2005	As of 30.09.2004
AS Kalev Paide Tootmine	Estonia	100%	100%
AS Kalev Jõhvi Tootmine	Estonia	99.1%	99.1%
AS Vilma	Estonia	60.67%	60.67%
AS Kalev Real Estate Company (AS Kalev REC)	Estonia	100%	59.3%
OÜ Maiasmokk	Estonia	81.26%	81.26%
AS Kalev Merchant Services	USA	100%	100%

In the first quarter of the financial year 2005/2006, Kalev Group employed an average of 783 people. The shares of AS Kalev have been listed on the Tallinn Stock Exchange since 1996.

1.1. Economic activities and financial results

Consolidated net sales and net profit in the first quarter of the financial year 2005/2006 (by group companies; in thousands of kroons):

	Net sales		Net profit	
	2005/2006	2004/2005	2005/2006	2004/2005
	1 st quarter	1 st quarter	1 st quarter	1 st quarter
AS Kalev	87 159	79 371	-1 708	-7 532
AS Kalev Paide Tootmine	119 841	93 967	- 4 571	2 089
AS Kalev REC	14 986	13 806	7 908	7 491
AS Kalev Jõhvi Tootmine	8 385	10 712	-56	-2 518
OÜ Maiasmokk	1 787	1 558	-103	68
AS Vilma	10 083	10 095	1 047	832

The consolidated net sales of AS Kalev for the first three months of the financial year 2005/2006 amounted to 228 169 thousand kroons (14 583 thousand euros) – a 30.5% increase, compared to the same period last year (2004/2005: 174 908 thousand kroons – i.e. 11 178 thousand euros). The 31% increase in revenue from dairy products was the main contributor to the increase in AS Kalev's consolidated net sales. At the same time, revenue from confectionery products increased by 14%.

In the first quarter of the financial year 2005/2006, the company earned 623 thousand kroons (40 thousand euros) in consolidated net profit. In the first three months of the last financial year, the company earned 52 thousand kroons (4 thousand euros) in net profit. The financial indicators of a majority of the group companies improved in the given period. Among other things, AS Kalev succeeded in decreasing its loss (see the above table). This was conditioned, on the one hand, by enhanced production efficiency and product portfolio optimization, and, on the other hand, by increase in the export of confectionery products to Russia (53%) and in the sale of confectionery products on the home market (4%). AS Kalev Paide Tootmine showed the biggest decrease in net profit in the first three months of the financial year, compared to the same period last year (see the above table). The loss suffered by the above company was conditioned by unprofitable (i.e. high-priced) raw milk supply agreements that were concluded with milk producers and will expire on 31 December 2005. These agreements were concluded at the end of the last calendar year amid expectations of a price increase on the European market. Unfortunately, the price of dairy products failed to rise to the forecast level.

The 18.1% increase in the company's marketing expenses in the first three months of the financial year 2005/2006 was, above all, conditioned by the expanded product assortment and tightening competition on the end-consumer market.

The 4 597-thousand-kroon increase in other operating items in the given period were mostly conditioned by the revaluation of real estate to its fair value, as well as reduction of provisions to AS Kalev Paide Tootmine at the end of the financial year 2004/2005. The provision was established in order to cover the potential loss which is liable to arise due to the unfavourable market situation and raw milk buying-in contracts until December 2005. In the first quarter of the financial year, the provision was reduced proportionally with the period by increasing "Other operating items".

Administrative expenses decreased by 16.6% in the given period, compared to the same period last year. This was, above all, conditioned by changes in the group structure.

In the financial year 2004/2005, Kalev Group employed an average of 783 people. The group companies employed an average of 826 people in the same period last year.

The most important financial ratios of Kalev Group:

	Group	
	01.07.2005-30.09.2005	01.07.2004-30.09.2004
Current ratio	0.66	0.88
Debt ratio	0.29	0.25
Asset turnover ratio	0.71	0.61
Net profit margin (%)	0.5%	0.2%
Return on assets (%)	0.1%	0.1%

The ratios are calculated based on the following methods:

Current ratio: current assets / current liabilities

Debt ratio: total liabilities / balance sheet total

Asset turnover ratio: revenue / average total assets

Net profit margin: net profit / revenue * 100%

Return on assets: net profit / average total assets * 100%

1.2. Product market and sales

1.2.1. Confectionery products

AS Kalev retains its position as the leader of the Estonian chocolate and sugar confectionery market. According to the retail survey conducted by AC Nielsen Eesti, AS Kalev's market share was 43% in August-September 2005, as regards chocolate confectionery and sugar confectionery products. In the biscuit sector, the company's market share was 14% in the same period.

Product development is still considered a priority by AS Kalev. The company aims at developing and launching new and innovative products by considering the needs of the consumers on the home and foreign markets. In the given period, the company focused its marketing and sales activities on the launch of the Christmas collection, which contains 70 product items, and preparation of the accompanying sales campaign.

As a result of active product development, the following new products in the standard assortment were launched on the market in the given period. The newest addition to the *Draakon* chews family is the apple-flavoured *Draakon*; in addition the company started selling strawberry, blueberry and apple-flavoured *Draakon* chews in 16.5-gram mini-packs. The gift box *Collection* series was improved with an assortment of handcrafted candies – the 220-gram *Classic Collection*. The company also introduced a new series of pralines by launching the first product in the series: marzipan praline. These products are to be marketed as bulk goods as well as in 150-gram mini-packs.

In the given period, the company also refreshed its candy packages. Five classic candies – the marmalade candies *Lily* and *Tiina*, pralines *Kalev* and *Oravake* and wafer candies *Tallinn* – will, from now on, be more distinctive and bear a more recognisable product trademark. Other candies received new matching packages. The popular AS Vilma flour mix package was also updated in the given period.

1.2.2. Dairy products

The volume of raw milk stocked by AS Kalev Paide Tootmine increased by 61% in the first quarter of the financial year 2005/2006, compared to the same period last year. Raw milk was mostly used for producing whole milk and skimmed milk powder, cream and butter. The output was marketed mainly in EU countries.

The price of dairy products increased on the global market in 2005. The European Commission lowered the export subsidies in response to the price increase on the global market – for instance, the export subsidies for butter, skimmed milk and whole milk powder in the 1st quarter of the financial year were, respectively, 30%, 60% and 26% lower, compared to the same period last year. Export subsidies were lowered together with intervention prices (last on 1 July 2005). As the export subsidies dropped, prices on the EU market dropped as well. For instance, the wholesale price for German whole milk has dropped by 5% and butter by 9%. The price of skimmed milk powder is almost on par (1% drop) with that in the same period last year.

Increase in the price of heat energy (as a result of the increase in the price of shale oil) has also incurred additional costs upon dairy product processing. As a result of the high buying-in prices for raw milk in Estonia, and a drop in the market price of dairy products, the profitability of the dairy industry has decreased. The results are evident in the financial indicators of AS Kalev Paide Tootmine.

1.2.3. Product sales

Kalev Group's total confectionery and dairy product sales amounted to 8 200 thousand tons in the first three months of the financial year 2005/2006, having grown by 25% times, compared to the same period last financial year. 60% was sold on the home market; 40% was exported.

Kalev Group sold a total of over 1 400 tons of confectionery products (incl. chocolate and sugar confectionery products) in the given period – an increase of 3%, compared to last year. The home market constituted 81% of the total sales of confectionery products; 19% of the sales were exported. In the given period, the Baltic States remained the group's main export targets. In addition to the above countries, the company also exported its products to the Scandinavian countries, Russia and the United States. Export of confectionery products to Ukraine was reopened on a smaller scale.

Kalev Group's baked goods (incl. pastry products and biscuits) sales amounted to 2 800 tons in the first three months of the financial year 2005/2006, having grown by 22%, compared to the same period last financial year. These products were mostly sold at home.

Kalev Group sold over 3 900 tons of dairy products (incl. skimmed milk and milk powder, high-temperature pasteurised milk and butter) in the given period – nearly a 36% increase, compared to the same period in the financial year 2004/2005. Over a half (i.e. 77%) of the sales volume was exported to various EU countries.

1.3. Real estate activities

AS Kalev Real Estate Company (AS Kalev REC), Kalev Ltd's subsidiary involved in real estate administration and management, continued its operations on the public real estate market (both residential and commercial premises) in the first three months of the financial year 2005/2006. Major projects included construction of the new office building in Tallinn (the so-called "Tere building"), and new apartment buildings in Tartu (the so-called "Mesikäpa buildings").

INTERIM FINANCIAL STATEMENTS

DECLARATION OF THE MANAGEMENT BOARD

The Chairman of AS Kalev takes responsibility for the correctness of the preparation of the interim financial statements of the first three months of the financial year 2005/2006 of AS Kalev set out on pages 8-19, and confirms that, to the best of his knowledge:

- the accounting principles used in preparing the interim financial statements are in compliance with the International Financial Reporting Standards (IFRS);
- 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.

This interim report has not been audited or otherwise reviewed by auditors.

Põrguvälja, November 30, 2005

A handwritten signature in black ink, appearing to read 'Kruuda', with a large, stylized flourish above the name.

Oliver Kruuda
Chairman

INCOME STATEMENT

in thousands of kroons and euros

Notes	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2005- 30.09.2005	01.07.2004- 30.09.2004	01.07.2005- 30.09.2005	01.07.2004- 30.09.2004
3 Net sales	228 169	174 908	14 583	11 178
Cost of sales	-189 510	- 133 268	-12 112	-8 517
Gross profit	38 659	41 640	2 471	2 661
Marketing expenses	-21 866	-18 516	-1 397	-1 183
Administrative expenses	-15 279	-18 311	-977	-1 170
Other operating expenses	3 518	-1 079	225	-69
Operating profit	5 032	3 734	322	239
Other financial income and expenses	-3 974	-3 365	-254	-215
Net profit (loss) for the financial year	1 058	369	68	24
incl. the share of the owners of the parent company	623	52	40	4
incl. the share of minority shareholders	435	317	28	20
Net profit per share held by the owners of the parent company (basic and diluted; in kroons and euros)	0,03	0,01	0,00	0,00

BALANCE SHEET

in thousands of kroons and euros

Notes	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2005	30.06.2005	30.09.2005	30.06.2005
ASSETS				
Current assets				
Cash and cash equivalents	2 179	5 708	139	365
Receivables	119 393	114 860	7 631	7 341
Prepayments	1 435	1 367	92	87
Inventories	123 216	106 541	7 875	6 809
Total current assets	246 223	228 476	15 737	14 602
Non-current assets				
Investments into subsidiaries	0	0	0	0
Long-term receivables	5 136	5 116	328	327
6 Investment property	217 515	200 578	13 902	12 819
7 Property, plant and equipment	345 951	347 316	22 110	22 198
8 Intangible assets	60	79	4	5
Total non-current assets	568 662	553 089	36 344	35 349
TOTAL ASSETS	814 885	781 565	52 081	49 951
LIABILITIES AND OWNER'S EQUITY				
Current liabilities				
9 Borrowings	109 572	119 416	7 003	7 632
Prepayments received from customers	2 575	3 925	165	251
Accounts payable and other payables	257 525	233 426	16 458	14 918
10 Provisions	2 500	5 000	160	320
Total current liabilities	372 172	361 767	23 786	23 121
Total non-current liabilities				
9 Borrowings	204 800	183 035	13 089	11 698
Total non-current liabilities	204 800	183 035	13 089	11 698
Total liabilities	576 972	544 802	36 875	34 819
Minority interest				
	9 133	8 606	584	550
Owner's equity				
11 Share capital	236 325	236 325	15 104	15 104
Mandatory reserve	4 020	4 020	257	257
Revaluation reserve	8 669	8 669	554	554
Retained earnings	-20 234	-20 857	-1 293	-1 333
Total owner's equity	228 780	228 157	14 622	14 582
TOTAL LIABILITIES AND OWNER'S EQUITY	814 885	781 565	52 081	49 951

CASH FLOW STATEMENT

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Cash flow from operating activities				
Operating profit	5 032	3 734	321	239
Adjustments of operating profit	-5 889	3 804	-376	243
Change in assets related to operating activities	-23 767	55 158	-1 519	3 526
Change in liabilities related to operating activities	18 590	3 214	1 188	205
Total cash flow from operating activities	-6 034	65 910	-386	4 213
Cash flow from investing activities				
Investments into subsidiaries	0	-7 496	0	-479
Proceeds from sale of non-current assets	897	7 342	57	469
Purchase of non-current assets	-15 673	-12 739	-1 002	-814
Loans granted	200	0	13	0
Interest received	-1 065	0	-68	0
Total cash flow from investing activities	-15 641	-12 893	-1 000	-824
Cash flow from financing activities				
Loan repayments	-4 523	0	-289	0
Loans received	12 168	-23 551	778	-1 505
Repayment of finance lease principal	-2 833	-5 157	-181	-330
Change in overdraft and other financial instruments	15 625	-15 543	998	-993
Interest paid	-2 291	-5 376	-146	-344
Total cash flow from financing activities	18 146	-49 627	1 160	-3 172
Total cash flow	- 3 529	3 390	-226	217
Cash and cash equivalents at the beginning of the period	5 708	2 780	365	178
Change in cash and cash equivalents	-3 529	3 390	-226	217
Effect of exchange rate changes	0	-13	0	-1
Cash and cash equivalents at the end of the period	2 179	6 157	139	394

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	Statutory legal reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2004	78 775	3 161	17 159	158 700	257 795
Goodwill	0	0	0	9 942	9 942
Profit for the period	0	0	0	52	52
30.09.2004	78 775	3 161	17 159	168 694	267 789
30.06.2005	236 325	8 669	4 020	-20 857	228 157
Profit for the period	0	0	0	623	623
30.09.2005	236 325	8 669	4 020	-20 234	228 780

in thousands of euros

Consolidated	Share capital	Statutory legal reserve	Revaluation reserve	Retained earnings	Total owner's equity
30.06.2004	5 035	202	1 097	10 142	16 476
Goodwill	0	0	0	635	635
Profit for the period	0	0	0	4	4
30.09.2004	5 035	202	1 097	10 781	17 115
30.06.2005	15 104	554	257	-1 333	14 582
Profit for the period	0	0	0	40	40
30.09.2005	15 104	554	257	-1 293	14 622

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 pursues the manufacturing and sale of various foodstuffs, and real estate development.

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) 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 period that commenced 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 upon re-calculation of the financial indicators since the exchange rate between the Estonian kroon and the euro has been fixed (1 EUR = 15.6466 EEK).

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 principles 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 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 upon 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.

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. Consolidation principles

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.

Note 3 Segment information

In accounting for segments, the confectionery, flour confectionery and dairy products as well as real estate activities are clearly distinguishable as segments.

Net sales by fields of activity

in thousands of kroons and euros

	Consolidated (in EEK) 30.09.2005	Consolidated (in EEK) 30.09.2004	Consolidated (in EUR) 30.09.2005	Consolidated (in EUR) 30.09.2004
Confectionery products	79 739	68 771	5 096	4 395
Pastry products	16 404	12 494	1 048	799
Biscuit products	3 439	4 348	220	278
Dairy products	115 459	79 403	7 379	5 075
Rental income on investment property	9 744	2 188	623	140
Other sales	3 384	7 704	217	492
TOTAL	228 169	174 908	14 583	11 179

Net sales by markets

in thousands of kroons and euros

	Consolidated (in EEK)	Consolidated (in EEK)	Consolidated (in EUR)	Consolidated (in EUR)
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Estonia	116 934	95 450	7 474	6 100
Other Baltic states	5 213	4 591	333	293
Scandinavia	4 980	8 736	318	559
Other EU member states	98 524	64 622	6 297	4130
Other countries	2 518	1 509	161	97
TOTAL	228 169	174 908	14 583	11 179

Note 4 Personnel expenses

The Group laid off a total of 25 employees between 1 July 2005 and 30 September 2005, with redundancy compensations amounting to a total of 165 thousand kroons (11 thousand euros). In the comparative period, 6 employees were laid off, with redundancy compensations totalling 728 thousand kroons (47 thousand euros).

Note 5 Earnings per share

in thousands of kroons and euros

	Consolidated (in EEK)	Consolidated (in EEK)	Consolidated (in EUR)	Consolidated (in EUR)
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
Net profit / loss	632	52	40	4
Weighted average number of shares in the period (thousands of units)	23 633	7 878	23 633	7 878
Earnings per share (EPS)	0,03	0,01	0	0

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 30.06.2005	165 768	34 810	200 578
Acquisitions	11 950	0	11 950
Prepayments for investments	29 662	-29 662	0
Change in the fair value	1 949	0	1 949
Reclassification from non-current assets	3 038	0	3 038
Net book value 30.09.2005	212 367	5 148	217 515

in thousands of euros

Consolidated	Investments	Prepayments for investments	Total
Net book value 30.06.2005	10 594	2 225	12 819
Acquisitions	764	0	764
Prepayments for investments	1 896	-1896	0
Change in the fair value	125	0	125
Reclassification from non-current assets	194	0	194
Net book value 30.09.2005	13 573	329	13 902

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 30.06.2005	11 486	263 196	147 784	18 493	8 216	449 175
Accumulated depreciation 30.06.2005	0	-18 754	-71 521	-11 349	-235	-101 859
Residual value 30.06.2005	11 486	244 442	76 263	7 144	7 981	347 316
Acquisitions	0	2 567	3 322	873	1 187	7 949
Disposals	0	0	-706	0	0	-706
Reclassification	0	0	-2 439	29	1 717	- 693
Reclassification into investment property (Note 6)	0	-3 038	0	0	0	-3 038
Depreciation	0	-1 969	-3 626	-543	0	-6 138
Residual value 30.09.2005	11 486	242 128	72 201	9 251	10 885	345 951
Acquisition cost 30.09.2005	11 486	262 459	147 464	19 395	11 120	451 924
Accumulated depreciation 30.09.2005	0	-20 331	-75 263	-10 144	-235	-105 973

in thousands of euros

Consolidated	Land	Buildings and facilities	Machinery and equipment	Other non-current assets	Construction-in-progress	TOTAL
Acquisition cost 30.06.2005	737	16 821	9 445	1 182	525	28 708
Accumulated depreciation 30.06.2005	0	- 1 198	-4 571	-725	-15	-6510
Residual value 30.06.2005	737	15 623	4 874	457	510	22 198
Acquisitions	0	164	212	56	76	508
Disposals	0	0	-45	0	0	-45
Reclassification	0	0	0	0	0	
Reclassification into investment property (Note 6)	0	-194	0	0	0	-194
Depreciation	0	- 1 26	-232	-35	0	-392
Residual value 30.09.2005	734	15 475	4 614	591	696	22 110
Acquisition cost 30.09.2005	734	16 774	9 425	1 240	711	28 883
Accumulated depreciation 30.09.2005	0	-1 299	-4 810	-648	-15	-6 773

Note 8 Intangible assets

in thousands of kroons and euros

	Consolidated (in EEK)	Consolidated (in EUR)
	Other intangible assets	Other intangible assets
Acquisition cost 30.06.2005	359	23
Accumulated depreciation 30.06.2005	-280	-18
Residual value 30.06.2005	79	5
Depreciation	-19	-1
Residual value 30.09.2005	60	4
Acquisition cost 30.09.2005	359	23
Accumulated depreciation 30.09.2005	-299	-19

Note 9 Borrowings

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2005	30.06.2005	30.09.2005	30.06.2005
Overdraft	35 192	41 277	2 249	2 638
Bonds	31 004	31 004	1 982	1 982
Bank loans	17 767	28 921	1 136	1 848
Stock financing, factoring	15 000	7 479	958	478
Finance lease liabilities	10 609	10 735	678	686
Total current liabilities	109 572	119 416	7 003	7 632
Long-term bank loans	110 333	88 887	7 052	5 681
Long-term finance lease liabilities	94 467	94 148	6 037	6 017
Total non-current liabilities	204 800	183 035	13 089	11 698

Note 10 Provisions

A 5 000-thousand-kroon (320-thousand-euro) provision was established for the Group subsidiary AS Kalev Paide Tootmine at the end of the financial year 2004/2005 in order to cover the potential loss which is liable to arise from an unfavourable dairy product market situation and crude milk buying-in contracts until December 2005. In the first quarter of the financial year, the provision was reduced proportionally with the period by 2,500 thousand kroons (160 thousand euros) by increasing "Other revenue and expenses".

Note 11 Share capital

in kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	30.09.2005	30.06.2005	30.09.2005	30.06.2005
Number of common shares (in thousands of units)	23 633	23 633	23 633	23 633
Nominal value	10	10	0,64	0,64

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

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

in thousands of kroons and euros

	Consolidated (in EEK)		Consolidated (in EUR)	
	01.07.2005- 30.09.2005	01.07.2004- 30.09.2004	01.07.2005- 30.09.2005	01.07.2004- 30.09.2004
Goods and services purchased				
Balance at the beginning of the period	26 974	1 662	1 724	106
Services	5 862	11 590	375	741
Goods	42 372	21 284	2 708	1 360
Balance at the end of the period	31 036	2 528	1 984	162
Goods and services sold				
Balance at the beginning of the period	3 168	23 917	202	1 529
Services	94	291	6	19
Goods	29 955	52 277	1 914	3 341
Balance at the end of the period	2 092	26 046	134	1 665

Most of the purchase and sales transactions were concluded with Tallinna Piimatööstuse AS. AS Kalev purchased crude milk and sold dairy products.

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

The Group has supported non-profit associations related to the Chairman in the amount of 232 thousand kroons (15 thousand euros) – cf. 414 thousand kroons (26 thousand euros) in the comparative period – and provided a surety to the liabilities to AS Hansa Liising Eesti in the amount of 2,899 thousand kroons (185 thousand euros).

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