



## **AS PREMIA FOODS**

**Consolidated Unaudited Interim Report  
for 3<sup>rd</sup> quarter and 9 months of 2011**



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Main areas of activity:	Production of ice cream Wholesale of food products Production and sale of fish products Fish farming
Reporting period:	1 January 2011 – 30 September 2011
Auditor:	AS PricewaterhouseCoopers



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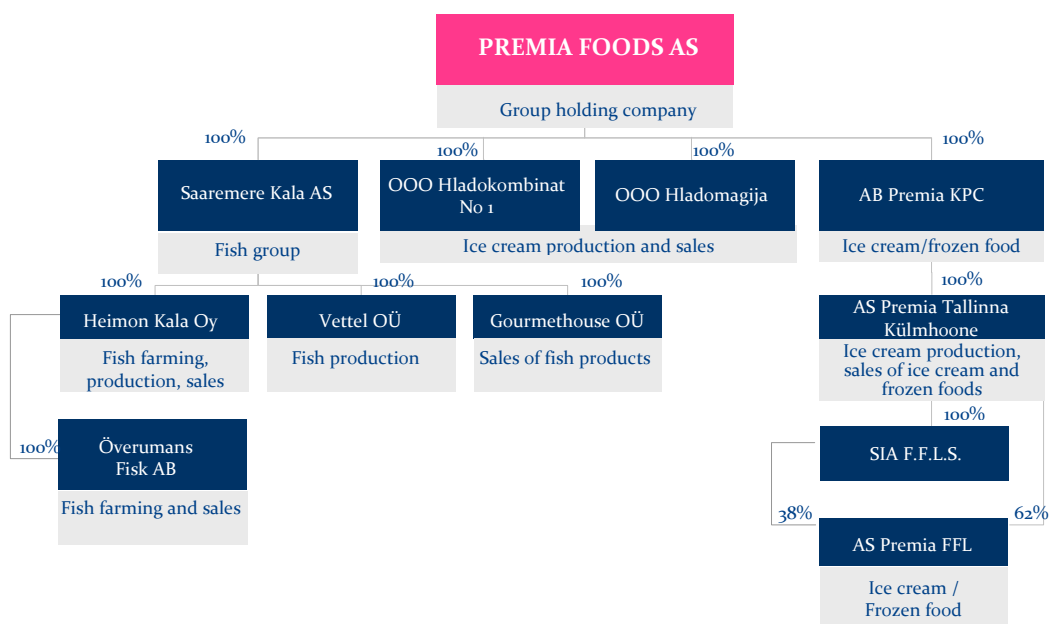
## ACTIVITIES REPORT BY THE MANAGEMENT BOARD

AS Premia Foods is a food production company, which operates in six markets and is listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The company has been developed into a leading player in all its target markets –today, the company operates in the Baltic States and Russia, but also in Finland and Sweden. The company is mostly known for its highly valued and appreciated brands in the ice cream market, chilled fish products and frozen goods markets.

The flagship brands of AS Premia Foods are Premia, Heimon Gourmet, Väike Tom, Eriti Rammus, Sakharny Rozhok, Etalon, Baltiiskoje, Klasika, Maahärä, Viking, Natali, Buenol, etc.

### Structure of the Premia Foods group of companies:



In addition Group has a 20% holding in AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).



## SUMMARY OF FINANCIAL RESULTS

### Unaudited financial results of AS Premia Foods, 3<sup>rd</sup> quarter and 9 months 2011

The consolidated turnover of the company of the first 9 months was 68.3 million euro, having increased by 8.8 million euro, i.e. 15% if compared to the previous year. The company's consolidated turnover of the 3<sup>rd</sup> quarter was 24.1 million euro, having increased by 0.8 million euro, i.e. 4% if compared to the previous year. The volume of export in the turnover was 72%.

The gross profit of the first 9 months was 18.2 million euro, having increased by 17%, i.e. 2.6 million euro if compared to the previous year. The gross profit of the first 9 months has increased in all the business segments, the best results, if compared to 2010, have been achieved in fish and fish products and frozen goods business segments.

During the first 9 months, if compared to 2010, there has been positive development also in the gross margin ratio and the average gross margin of the first 9 months is 26.6%, which is 0.4 percentage points higher than during the same period of 2010.

The EBITDA from operations of the first 9 months was 4.2 million euro. The same number for the previous year was 5.6 million euro. The EBITDA from operations of 9 months of 2011, excluding one-off expenses and income was 5.3 million euro; in 2010 the same number was 4.5 million euro. During the first 9 months 2011, the amount of one-off expense arisen in connection with the relocation of production and logistics operations in Russia was 1.1 million euro. In the numbers of the first 9 months of 2010, the profit includes the insurance compensation for the loss of profit and needed investments in the fish segment in the amount of 1.1 million euro, of which 0.8 million euro was paid out in the 3<sup>rd</sup> quarter.

During the first 9 months, the company earned 0.7 million euro of net profit.

The group's key ratios of the 3<sup>rd</sup> quarter and the first 9 months have been indicated in the following table.

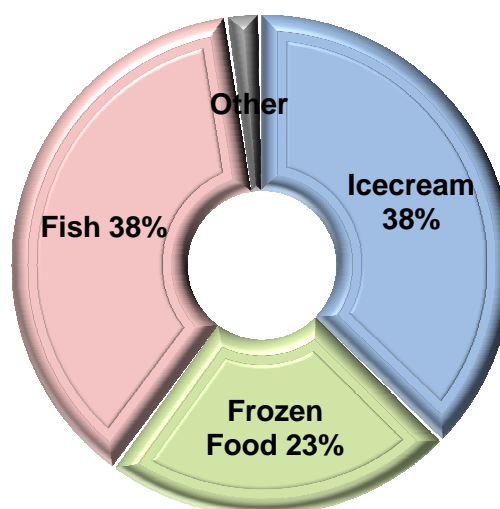
		KEY RATIOS							
<i>Profit &amp; Loss, EUR mln formula</i>		Q1	Q2	Q3	9m 2011	Q1	Q2	Q3	9m 2010
Sales		16,7	27,6	24,1	68,3	15,0	21,3	23,2	59,5
Gross profit		3,2	8,1	6,8	18,2	3,0	5,5	7,1	15,6
EBITDA from operations	before fair value adjustment	-0,6	2,7	2,0	4,2	0,4	1,8	3,5	5,6
EBITDA		-1,3	2,2	3,2	4,1	0,0	2,2	4,7	6,9
EBIT		-2,3	1,2	2,3	1,2	-0,9	1,3	3,6	3,9
Net profit		-2,0	1,1	1,6	0,7	-1,1	0,8	2,9	2,5
Gross margin	Gross profit / Net sales	19,4%	29,5%	28,4%	26,6%	20,0%	25,8%	30,5%	26,2%
EBITDA margin	EBITDA / Net sales	-7,8%	8,0%	13,3%	6,0%	0,0%	10,3%	20,4%	11,7%
EBIT margin	EBIT / Net sales	-13,8%	4,4%	9,5%	1,8%	-6,1%	5,9%	15,5%	6,6%
Net margin	Net earnings / Net sales	-11,9%	4,0%	6,6%	1,0%	-7,6%	3,6%	12,5%	4,2%
Operating expense ratio	Operating expenses / Net sales	29,6%	23,4%	24,4%	25,3%	25,1%	24,0%	23,8%	24,2%
<i>Balance Sheet, EUR mln formula</i>		31.12.10	31.03.11	30.06.11	30.09.11	31.12.09	31.03.10	30.06.10	30.09.10
Net debt		11,2	14,5	13,0	10,7	18,5	20,1	10,2	9,3
Equity		41,4	39,4	40,1	41,7	27,7	26,6	39,6	42,7
Working capital	Current Assets - Current Liabilities	12,8	12,1	12,9	15,0	3,3	2,7	8,5	14,0
Assets		68,9	68,9	70,6	66,2	62,8	62,4	74,6	70,8
Liquidity ratio	Current Assets / Current Liabilities	1,87	1,75	1,73	2,27	1,15	1,12	1,36	1,92
Equity ratio	Equity / Total Assets	60%	57%	57%	63%	44%	43%	53%	60%
Gearing ratio	Net Debt / (Equity + Net Debt)	21%	27%	24%	20%	40%	43%	21%	18%
Net debt-to-EBITDA	Net Debt / Trailing 12m EBITDA	1,58	2,50	2,24	2,53	2,98	3,15	1,65	1,58
ROE	12m Net Earnings / Average Equity	4%	1%	2%	-1%	3%	5%	3%	1%
ROA	12m Net Earnings / Average Assets	2%	1%	1%	-1%	1%	2%	2%	1%

## BUSINESS SEGMENT ANALYSIS

The dominating positions in the product portfolio of Premia Foods are assumed by the fish and ice cream business segments, both of them holding 38% in the portfolio, 23% of the total turnover is earned in the frozen goods business segment (see the chart on the right).

The main target market for the fish and fish products business segment is Finland, for the ice cream business segment the Baltic states and St. Petersburg region. Frozen goods are sold by Premia in Estonia, in Latvia and in Lithuania.

As at today, Premia Foods operates in five target markets and three business segments, whereas Premia is represented among the two leading brands in all its target markets and business segments as set forth in the business strategy of the company.



Breakdown of turnover by business segments,  
9 months 2011

The associations between business segments and geographical markets have been summarized in the following chart, where the volumes of segments in the total turnover per target markets have been indicated. From that chart it may be concluded that 32.4% of the total turnover of Premia Foods in the first 9 months of 2011 was generated from chilled fish and fish products sold in the Finnish market, 22.7% from frozen goods sold in the Baltics and 24.4% from ice cream sold in the Baltics.

### SEGMENT SHARE FROM TOTAL SALES (2011)

	Other	Fish	Frozen Food	Icecream		
Other	0,1%	1,3%	0,0%	0,4%	0,1%	0,0%
Fish	32,4%	5,1%	0,1%	0,1%		0,1%
Frozen Food		10,3%	8,4%	4,0%	0,0%	
Icecream	0,6%	11,8%	5,2%	7,4%	12,6%	
SEGMENT ----- MARKET	Finland	Estonia	Latvia	Lithuania	Russia	Other regions



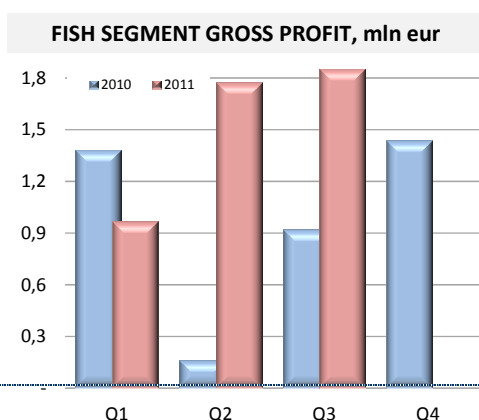
The main figures by business segments of Premia Foods of the 3<sup>rd</sup> quarter and 9 months:

					SEGMENT ANALYSIS			
EUR million	Q1	Q2	Q3 9m 2011		Q1	Q2	Q3 9m 2010	
<u>Sales</u>								
Ice cream	4,0	12,2	9,4	25,7	1,9	9,2	12,0	23,1
Frozen food	4,9	5,0	5,6	15,5	5,0	5,1	4,8	15,0
Fish and fish products	7,4	9,8	8,6	25,8	7,8	6,7	6,0	20,4
Other	0,3	0,5	0,5	1,3	0,3	0,2	0,4	0,9
<b>Total</b>	<b>16,7</b>	<b>27,6</b>	<b>24,1</b>	<b>68,3</b>	<b>15,0</b>	<b>21,3</b>	<b>23,2</b>	<b>59,5</b>
<u>Gross profit</u>								
Ice cream	1,0	5,3	3,5	9,8	0,8	3,8	5,0	9,5
Frozen food	1,1	0,9	1,4	3,5	1,1	1,1	1,1	3,3
Fish and fish products	1,0	1,8	1,9	4,6	1,4	0,2	0,9	2,5
<u>Gross margin</u>								
Ice cream	26%	43%	37%	38%	40%	41%	42%	41%
Frozen food	23%	19%	25%	22%	22%	22%	22%	22%
Fish and fish products	13%	18%	22%	18%	18%	2%	15%	12%
<u>EBITDA from operations</u> <u>(before fair value adjustment)</u>								
Fish and fish products	0,2	0,9	1,0	2,1	0,3	0,2	1,0	1,5
<u>EBITDA</u>								
Ice cream	-0,4	2,0	0,9	2,4	0,1	1,6	2,8	4,5
Frozen food	-0,3	0,1	0,2	0,1	-0,3	-0,1	0,0	-0,4
Fish and fish products	-0,5	0,4	2,1	2,0	0,0	0,6	2,3	2,9
<u>EBIT</u>								
Ice cream	-0,8	1,5	0,5	1,2	-0,1	1,2	2,2	3,3
Frozen food	-0,5	0,1	0,0	-0,4	-0,5	-0,2	-0,2	-1,0
Fish and fish products	-0,8	0,1	1,9	1,2	-0,3	0,3	2,0	2,1

### Fish and fish products business segment

The **growth in sales** of fish and fish products was 2.6 million euro in the 3<sup>rd</sup> quarter, having increased from 6.0 million euro in 2010 to 8.6 million euro. While summarising the first 9 months, fish and fish products business segment has indicated turnover growth of 5.4 million euro, i.e. 26%. This result indicates that the fish and fish products business segment is Premia's greatest contributor to the turnover growth and the success is the result of skilful assortment strategy and sales work above all in the Finnish market. The co-operation with the leading retail chains in Finland has been approved and due to successful product development the sales have grown also in the HoReCa-sector. Also the sales of chilled fish in Estonia and other Baltic states are going according to plan and this applies to both – the sales of chilled unpacked fish and the sales of packaged fish sold under Viking brand.

In the Finnish market, Premia is continuously within the two leading brands with its Heimon Gourmet brand. According to the management's estimation, the market share of Heimon Gourmet in the retail market is 25%.



The **gross profit and gross margin** of the fish business segment have improved materially if compared to the same period of previous year. The average gross margin of the first 9 months of 2011 was by 6 percentage points higher than a year before, increasing up to 18%. In the 3<sup>rd</sup> quarter the gross margin increased rapidly corresponding to 22%, while during the same period of previous year the gross margin was 15%.

If compared to the same period of previous year, the gross profit of fish business segment increased in the 3<sup>rd</sup> quarter by 1 million euro, which more than 2 times. While summarising the results of the first 9 months,

the gross profit of fish business segment has reached 4.6 euro, which 1.8 times more than during the same period in 2010.

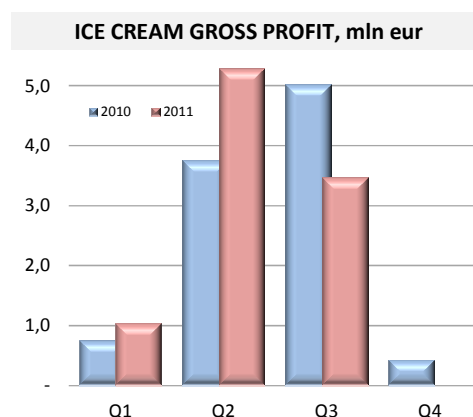
The **EBITDA from operations of the fish business segment** has increased during the first 9 months by 39%, i.e. 0.6 million euro, whereas the EBITDA of the first 9 months of 2010 included the insurance compensation for lost profit and needed investments, worth 1.1 million euro.

### Ice cream business segment

Usually the high season of ice cream sales is during the summer months, i.e. the 2<sup>nd</sup> and 3<sup>rd</sup> quarter and in order to evaluate the success of the ice cream business segment during the high season, the results of the 2<sup>nd</sup> and 3<sup>rd</sup> quarter in 2010 and in 2011 should be compared.

While in 2010 the summer was late and the majority of the ice cream consumption fell into the 3<sup>rd</sup> quarter, then in 2011 it was the other way around – the high season of ice cream fell into the 2<sup>nd</sup> quarter.

While summarising the 2<sup>nd</sup> and 3<sup>rd</sup> quarter, Premia has been successful. The **sales turnover of ice cream** has increased by 0.4 million euro and the gross profit has remained in the same level if compared to the comparable periods of 2010. The ice cream business segment can be considered successful also while summarising the first 9 months period and the turnover if compared to 2010 has increased by 2.5 million euro, i.e. 11%.

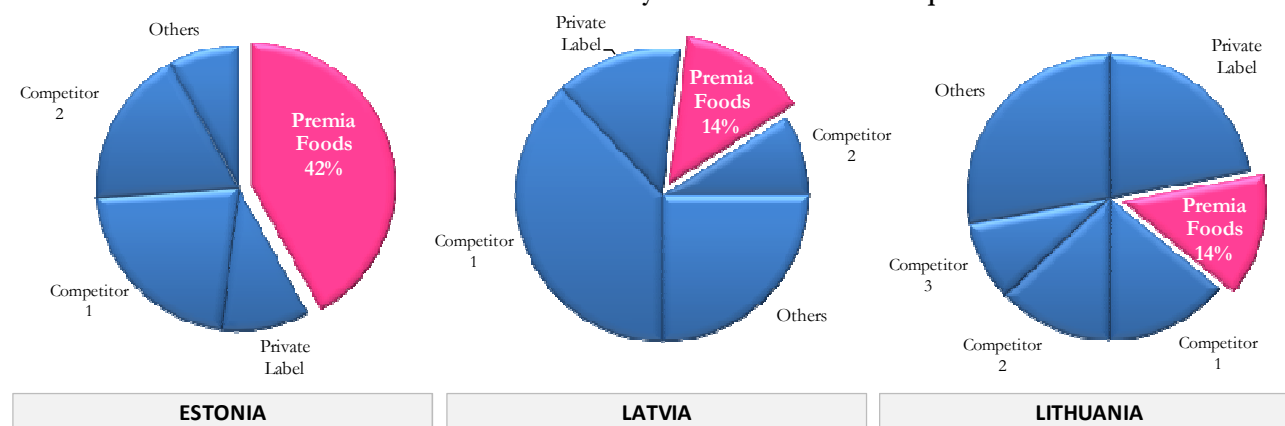


During the first 9 months the **gross profit** of the ice cream business segment has increased by 0.3 million euro reaching 9.8 million euro.

The gross profit of the 3<sup>rd</sup> quarter was influenced by the price pressure in the Lithuanian and St. Petersburg's markets but also by the unusually poor weather conditions. Due to the above, the gross margin of the 3<sup>rd</sup> quarter of 2010 has decreased by 5 percentage points; however, the gross margin of the first 9 months is mere 3 percentage points lower than the one achieved during the same period of previous year.

In the end of 3<sup>rd</sup> quarter, Premia continues as the leader in the Baltics' ice cream market, focusing mainly on profitability and brand building.

### Baltic ice cream market – monetary market share in the 3<sup>rd</sup> quarter 2011



Source: AC Nielsen, evaluation of management

In Estonia, the most popular ice creams of the summer of 2011 were the 15% cream ice creams sold under the brand *Eriti Rammus*, the monetary market share of which was 13% by the end of the 3<sup>rd</sup> quarter. The launch of the new ice cream *Vana Toomas* was also a great success, which achieved a strong 2.1% monetary market share by the end of the 3<sup>rd</sup> quarter. *Vana Toomas* was also the official ice cream of the Youth Dancing and Singing Festival taking place in the summer of 2011.

In Latvia and Lithuania Premia's brand *Klasika* continues to be a success, whereas in Latvia the co-operation project with the local leading chocolate factory "Laima" was successfully launched in the summer of 2011, in the course of which the 3 most popular sweets brands (*Laima*, *Vaverite* and *Serenade*) were introduced in the ice cream market. These are novelties in the ice cream market in the upper range of the price range, which have received warm welcome from the Latvian consumers. Those three new ice creams have reached a monetary market share of 2.5% in Latvia by the end of the 3<sup>rd</sup> quarter. In Lithuania, in the 3<sup>rd</sup> quarter there was a strong price pressure generated by the private label products of retail chains and cheaper products



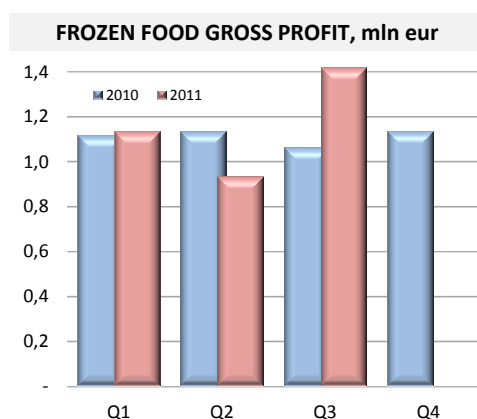


originating from Poland as the poor weather conditions resulted in a need to sell stock at the lower end of the price range, which does not happen in case of normal market behaviour. In the 3<sup>rd</sup> quarter Premia was focused on profitability in respect of both – products and sales channels. It is also evident from the market share chart that the volume of private label products is in the 3<sup>rd</sup> quarter the greatest if compared to the other Baltic states providing also an adequate indication on average market price. Due to the fact that Premia did not follow the trend of lowering the prices, the market share in Lithuania decreased if compared to the 2<sup>nd</sup> quarter; nevertheless profitability in this market has approved if compared to the 3<sup>rd</sup> quarter and 9 months of 2010.

In the St. Petersburg's market the reorganisation of product portfolio and excluding products with low profitability continued with the aim to welcome the new season with organised and balanced product portfolio. In addition to the foregoing, reorganisation activities were pursued also in respect of the sales channels, agreements with the main retail chains were reviewed and amended and the overall aim was to achieve optimal distribution level. Due to poor weather conditions, there was also remarkable price pressure in the St. Petersburg's market and this in turn had an impact on sales and profitability.

Overall, the ice cream business segment generated the greatest part of Premia's EBITDA amounting to 2.4 million euro. If compared to the result of the first 9 months of 2010, the EBITDA of the ice cream business segment has decreased as referred to above. The main reason for this trend lies in the price pressure occurred in the Lithuanian and St. Petersburg's markets, which in turn is the result of poor weather conditions.

### Frozen goods business segment



The frozen goods business segment indicated remarkable development in the 3<sup>rd</sup> quarter. The turnover of the business segment increased in the 3<sup>rd</sup> quarter by 16% if compared to previous year reaching the level of 5.6 million euro. The turnover generated from the frozen goods business segment increased in all target markets. In summary of the first 9 months, the turnover of this business segment has increased by 0.6 million euro reaching the level of 15.5 million euro and remarkable input to the growth in turnover has been provided by Latvian and Lithuanian markets.

In the 3<sup>rd</sup> quarter, the frozen goods business segment has resulted in **the best gross profit ever**, having grown from 1.1 million euro made in 2010 to 1.4 million euro. Whereas if compared to the 2<sup>nd</sup> quarter of 2011, the gross profit increased by significant 0.5 million euro. Throughout the year the main focus has been placed to the profitability of the frozen goods business segment and despite to the remarkable price pressure, the gross margin of this particular business segment was increased up to 25% and

during the first 9 months, the gross margin has been kept in the level of 22%.

Similarly to other business sectors, the main focus in the frozen goods business sector is put on Premia's own brands such as *Maabärre*, *Bueno!*, *Natali* and as to frozen fish products also *Viking*. The chosen strategy has been successful; additionally the sales activities have gone up also in the slowly recovering HoReCa-sector. The frozen goods business segment as a whole has a material role in evening out the seasonality of the ice cream business segment in the 1<sup>st</sup> and 4<sup>th</sup> quarter.

Also **EBITDA** has indicated positive trend as in the 3<sup>rd</sup> quarter it increased by 0.2 million euro and in the first 9 months, if compared to 2010, by 0.5 million euro. The result is remarkable as the last time this segment's EBITDA was positive was in year 2009.

### BUSINESS SEGMENT ANALYSIS BY MARKET'S

					GEOGRAPHICAL MARKETS			
Sales (EUR million)	Q1	Q2	Q3	9m 2011	Q1	Q2	Q3	9m 2010
Finland	6,3	8,5	7,7	22,6	7,0	6,6	4,7	18,2
Estonia	4,7	7,5	7,3	19,4	4,3	5,2	7,2	16,8
Latvia	2,3	3,6	3,5	9,4	2,3	2,9	3,4	8,6
Lithuania	1,4	3,6	3,1	8,1	1,3	3,1	3,5	8,0
Russia	1,9	4,3	2,5	8,7	0,0	3,5	4,3	7,7
Other	0,0	0,1	0,0	0,1	0,1	0,0	0,1	0,1

During the first 9 months the turnover numbers in all the target markets of Premia have increased, if compared to 2010.

**Finland** has indicated the best results, generating 3 million additional turnover in the 3<sup>rd</sup> quarter, which means increase by 64%. During the first 9 months, this market generated a turnover increased by 24%, i.e. 4.4 million euro. In the Finnish market Premia sells mainly chilled and frozen fish products and the growth in turnover in that market was generated from aggressive sales and assortment strategy.

**Estonia** has in all the quarters of 2011 exceeded the turnovers of 2010 significantly, including the result of the 3<sup>rd</sup> quarter of the previous year. While summarising the 9 months' period, the growth in turnover if compared to the same period of 2010 is 16% and the good result has been generated from all the business segments.

**Latvia** has similarly to Estonia exceeded the turnovers of 2010 in all the quarters and during the first 9 months the growth in turnover if compared to 2010 is 9%. The growth has been generated in the ice cream and frozen goods business segments.

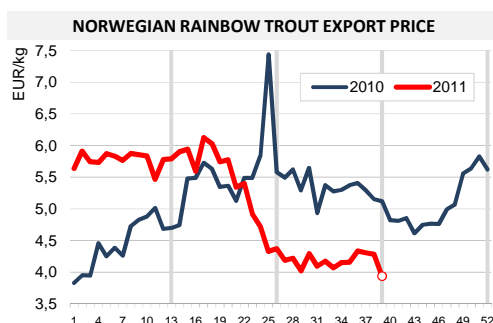
**Lithuania** has exceeded the result of the first 9 months of 2010 by 0.1 million euro, i.e. by 2%. In the Lithuanian market, Premia is engaged in the sales of ice cream, frozen goods but also chilled fish products. The main input to the growth has been generated in the frozen goods business segment, including the sales frozen fish products under *Viking* brand.

**Russia** has achieved 12% growth in turnover if compared to the first 9 months of 2010. Due to the fact that 90% of the Russian product portfolio is ice cream, the warm beginning of summer increased the sales in the 2<sup>nd</sup> quarter but in the 3<sup>rd</sup> quarter the weather as cooled down remarkably had an adverse effect on the turnover. During the first 9 months' period the proportion of the Russian market in the total turnover of Premia was 12.7%, which places the Russian market to the forth position in the line of Premia's target markets if compared by turnover.

## COST ANALYSIS

Operating costs decreased in the 3<sup>rd</sup> quarter if compared to the previous quarter by 9%, i.e. by 0.6 million euro. If compared to the previous year, operating costs have increased by 6%, i.e. by 0.3 million euro. The increase of costs occurred due to increased marketing costs in all target markets and in Finland due to temporarily increased costs of logistics services, which was the result of change of control in a co-operation partner – effect worth of 0.2 million euro. As from October, the price of logistics services in Finland has returned to normal level.

As recommended by auditors but also for ensuring correctness and comparability with previous periods, the **accounting of the insurance compensation** received as a result of the fire accident in Uusikaupunki production unit in May 2010 has been changed. Due to the above, while preparing this interim report the insurance compensation has been accrued per quarters, taking into account actual one-off expenses arisen during the period May – December 2010 and the assumed amount of loss of profit. The above change has no effect on the results of Premia Foods of 12 months 2010. The changes have effect only to the results of the fish segment, where the accounting EBITDA, revenue and net profit per quarters as from the 2<sup>nd</sup> quarter has been corrected. A table where the changes related to the insurance compensation have been described in more detail has been added to Note 1.



**Operational EBITDA**, i.e. revenue before the market price driven revaluation of biological assets and amortisation, was in the 3<sup>rd</sup> quarter 2.0 million euro. During the first 9 months the operational EBITDA was 4.2 million euro. The comparable numbers of the previous year were 3.5 million euro and 5.6 million euro. The difference in the first 9 months profitability arises from one-off expenses of relocation of the Russian production and logistics operations in the amount of 1.1 million euro. In the amount of profit of the first 9 months of 2010 there is the insurance compensation for the loss of profit in the amount of 1.1 million euro, of which 0.8 million euro in the 3<sup>rd</sup> quarter. This difference is evident from the statement of comprehensive income under the line of "Other comprehensive income/-loss".

81% of Premia's livestock at the end of the 3<sup>rd</sup> quarter is rainbow trout breed in the fish farms in Finland and Sweden.

As may be seen in the chart on the left, the comparative prices of rainbow trout have decreased by 23% during the first 9 months of this year, while during the same period of the previous year the price went up by 42%. During the first 9 months there has occurred a loss in the amount of 0.07 million euro due to the revaluation of livestock occurred due to the fluctuations in the price, whereas during the same period in 2010, there occurred profit in the amount of 1.3 million euro. The main difference occurred due to movement of reference prices in different directions in 2010 and 2011. In the 3<sup>rd</sup> quarter of 2011 the price has moved similarly as in the same period of the previous year but as at 30.09.11, the reference price remains at the lower level by 23% if compared to the previous year.



The profit/loss arising from revaluation of livestock has no impact on the cash flow of the company and is not related to everyday business activities. Compared to last year, the weight of Premia's livestock has at the balance sheet date increased by 6%, which means that it is increased by 114 tons, and in addition to rainbow trout, the proportion of whitefish (*Coregonus lavaretus*), a fish with a higher additional value, is continuously increased.

The EBITDA of the 3<sup>rd</sup> quarter after the revaluation of livestock was 3.2 million euro, the same number of the previous year was 4.7 million euro. The effect of the revaluation of livestock was 1.2 million euro being 0.1 million less than last year.

During the first 9 months interest costs dropped by 383 thousand euro. The financial expenses of the 3<sup>rd</sup> quarter include unrealised currency loss arising from the loans to the Russian subsidiaries in the amount of 311 thousand euro.

## FINANCIAL POSITION

**The financial position of the company is continuously solid and the financial risk low.** During the 3<sup>rd</sup> quarter investment loans were repaid in the amount of 0.4 million euro and as at 30 September the amount of withdrawn overdraft has decreased by 1.9 million euro.

The cash flow from operations of the first 9 months was 4.5 million euro (6.8 million euro last year). Compared to last year, accounts payable and prepayments decreased by 2.4 million euro. As at 30.09.10, accounts payable and prepayments included the prepayment of insurance compensation for the expenses and loss of profit for the 4<sup>th</sup> quarter in the amount of 1.1 million euro. The crediting period of receivables approved in the 3<sup>rd</sup> quarter by 4 days, if compared to last year.

Financial leverage, i.e. the proportion of net debt in the total capitalisation was 20% (in 30.09.10 the respective ratio was 18%) and the proportion of short-term liabilities in the loan portfolio was 33% (46%). The net debt EBITDA ratio was as at 30.09.11 2.53 (1.58).

The liquidity ratio demonstrating short-term solvency was as at 30.09.2011 2.27 (as at 30.09.10 1.92) and the proportion of equity from the balance sheet total was 63% (60%). The company had working capital in the amount of 15.0 million euro (14.0 million euro).

## BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods was as at 30.09.2011 66.2 million euro, having decreased by 2.8 million euro, i.e. 4% during 9 months.

The company's assets amounted to 26.8 million euro and the balance of bank accounts was 2.0 million euro. As at 30.09.11 the company has undrawn overdraft facility limit in the amount of 3.3 million euro.

Accounts receivable and prepayments amounted to 7.7 million euro, 82% of the accounts receivables and prepayments were trade receivables. Compared to the end of September last year, the accounts receivable and prepayments decreased by 9%, whereas the turnover of the same period increased by 15%.

As from this interim report there has been a supplementation to reporting and livestock previously accounted under stock has been indicated separately. 32% of current assets was livestock (biological assets) and 31% other inventory. Livestock has, compared to the end of September last year, decreased in monetary value by 0.3 million euro; however, the biomass of the live fish has increased by 6%, i.e. 114 tons. The stock of products, goods for sale and raw material have decreased compared to the same period of the previous year by 4%, i.e. 0.4 million euro.

Accounts payable and prepayments have compared to 30.09.2010 decreased by 21%, i.e. by 2.1 million euro. Liabilities have decreased altogether by 13%, i.e. 3.7 million euro up until 24.5 million euro. Thereof the proportion of long and short term loans is 12.7 million euro.

The equity of Premia Foods was as at 30.09.2011 41.7 million euro.

## INVESTMENTS

In the first 9 months, the expenditures into Premia Foods' tangible and intangible assets formed 1.3 million euro of which 40% or 0.5 million euro were made in the fish segment. The investments are eligible for aid from the European Union in the total amount of 49 thousand euro. 0.4 million euro of the total investments is financial lease.

## PERSONNEL

As at the end of September 2011 Premia employed 714 people, which is 18.5%, i.e. 162 people less than in 2010. The restructuring of the business operations in Russia resulted in decrease of the number in employees by 40%, in Finland, the number of employees is 41.6% less than the same period last year.

The total amount of remunerations paid in the 3<sup>rd</sup> quarter if compared to the same period in 2010 decreased by 11.6%, i.e. 0.4 million euro. The total amount of remunerations paid in the 3<sup>rd</sup> quarter included pay lay-off compensations paid to the



people who worked in the production unit in St. Petersburg in the amount of 129 thousand euro. Overall, the total amount of remunerations paid during the first 9 months were by 0.8 million euro higher than in 2010. Due to the acquisition of the Russian operations in May 2010, the total amount of remunerations has increased in comparison of 9 months. The amount of remunerations not consolidated last year (i.e. the period January – April) and the lay-off compensations paid in Russia this year were altogether 1.3 million euro.

					PERSONNEL ANALYSIS			
	Q1	Q2	Q3 9m 2011		Q1	Q2	Q3 9m 2010	
No of employees, at the end of period	941	909	714	<b>714</b>	615	993	876	876
exd Russia	607	669	565	<b>565</b>	615	646	628	628
Russia	334	240	149	<b>149</b>	0	347	248	248
Average number of employees	863	940	<b>785</b>	<b>863</b>	592	887	968	815
Finland	37	39	<b>36</b>	<b>37</b>	72	66	54	64
Estonia	310	379	<b>336</b>	<b>342</b>	295	362	348	335
Latvia	104	114	<b>118</b>	<b>112</b>	111	116	118	115
Lithuania	90	96	<b>94</b>	<b>93</b>	91	88	92	90
Russia	297	291	<b>175</b>	<b>254</b>	0	232	333	188
Sweden	25	21	<b>26</b>	<b>24</b>	23	23	23	23
Payroll expenses (th EUR)	2 953	3 637	<b>3 130</b>	<b>9 720</b>	2 255	3 111	3 543	8 908
Monthly average payroll exp per employee	1,14	1,29	<b>1,33</b>	<b>1,25</b>	1,27	1,17	1,22	1,21

The average number of employees in the 3<sup>rd</sup> quarter of 2011 was 785; in the 3<sup>rd</sup> quarter of 2010 the respective number was 968.

The average employment expense per person per month in the first 9 months of 2011 was 1.25 thousand euro, which is 3.1% more than in the same period last year.

## SHARES

Premia Foods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange as from 5 May 2010, the company has issued 38.7 million ordinary shares with the nominal value of 0.60 euro (nominal value was 10 EEK until 13.04.2011).

ISIN	EE3100101031
Symbol of share	PRF1T
Market	BALTIC MAIN LIST
Nominal value	0.60 EUR
Issued shares	38 682 860
Listed shares	38 682 860
Listing date	05.05.2010


**TRADING HISTORY**

<i>Price (EUR)</i>	Q1	Q2	Q3	9m 2011	Q1	Q2	Q3	9m 2010
Open	0,952	0,900	<b>0,814</b>	<b>0,952</b>	na	0,930	0,810	0,930
High	0,998	0,905	<b>0,875</b>	<b>0,998</b>	na	0,930	0,980	0,980
Low	0,831	0,760	<b>0,650</b>	<b>0,650</b>	na	0,810	0,780	0,780
Last	0,905	0,818	<b>0,770</b>	<b>0,770</b>	na	0,830	0,950	0,950
Traded volume, thousand	1 739	706	<b>1 613</b>	<b>4 057</b>	na	972	2 886	3 858
Turnover, million	1,64	0,58	<b>1,27</b>	<b>3,48</b>	na	0,85	2,48	3,33
Market capitalization, million	35,01	31,64	<b>29,79</b>	<b>29,79</b>	na	32,11	36,75	36,75

**MARKET RATIOS**

<i>Ratios</i>	<i>formula</i>	30.09.11
EV/Sales	(Market Cap + Net Debt) / Sales	<b>0,5</b>
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	<b>9,5</b>
P/E	Market Cap / Net Earnings	<b>neg</b>
P/B	Market Cap / Equity	<b>0,7</b>

Market Cap, Net Debt and Equity as of 30.09.2011

Sales, EBITDA and Net Earnings for the trailing 12 months period

The dynamics of the share price of Premia Foods (EUR) and the volume of transactions (no of shares traded) during the period from 5 May 2010 up to 30 September 2011.





## Shareholder structure

Major shareholders of Premia Foods AS at 30 September 2011:

ING Luxembourg S.A. <sup>1</sup>	58.89%
LHV Pensionifond L	3.96%
AS LHV Pank	3.82%
OÜ Rododendron	3.36%
Firebird Republics Fund Ltd.	3.09%
Ambient Sound Investments OÜ	2.94%
Firebird Aurora Fund, Ltd.	1.68%
OÜ Footsteps Management	1.27%
Compensa Life Vienna Insurance Group SE	0.99%
OÜ Freespirit	0.94%

## MANAGEMENT AND MANAGING BODIES

The highest managing body of a public limited company (in Estonian: *aktsiaselts*) is the general meeting of shareholders. According to law, the general meetings of shareholders are ordinary and extraordinary.

Pursuant to law, supervisory board of public limited company is a surveillance body that is responsible for planning the activities of the company, organizing management thereof and supervising the activities of management board. In accordance with the Articles of Association of AS Premia Foods, there are three to six members of the supervisory board elected by the general meeting of shareholders for the term of 5 years.

As at today, the supervisory board of AS Premia Foods comprises of Lauri Kustaa Äimä (as from incorporation), Indrek Kasela (as from incorporation), Erik Haavamäe (as from incorporation), Aavo Kokk (elected on 5 May 2009), Harvey Sawikin (elected on 5 May 2009) and Jaakko Karo (elected on 17 August 2009).

Management board is the representative body of public limited company being responsible for everyday management of the company. According to the Articles of Association of AS Premia Foods, the management board comprises of one to four members elected for the term of 3 years.

As at today, the everyday business activities of AS Premia Foods are carried out by the members of management board Kuldar Leis (as from incorporation), Katre Kõvask (elected on 9 June 2009) and Silver Kaur (elected on 9 June 2009). The meeting of supervisory board held on 9 June 2009 appointed Kuldar Leis as the chairman of management board.

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<sup>1</sup> ING Luxembourg S.A. acts as the owner of the nominee account for Amber Trust I S.C.A and for Amber Trust II S.C.A and therefore the ultimate and beneficial owners of the shares as referred to under this line are the above-mentioned Amber Trust funds.





As at 30.09.2011, the members of management and supervisory board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	30.09.2011 No of shares	%
Chairman of the management board – Kuldar Leis	1 302 166	3.37%
Member of the management board – Katre Kõvask	493 828	1.28%
Member of the management board – Silver Kaur	365 141	0.94%
Chairman of the supervisory board – Indrek Kasela	23 073	0.06%
Member of the supervisory board – Lauri Kustaa Äimä	100 000	0.26%
Member of the supervisory board – Vesa Jaakko Karo	90 000	0.23%
Member of the supervisory board – Erik Haavamäe	185 242	0.48%
Member of the supervisory board – Harvey Sawikin	no shares	
Member of the supervisory board – Aavo Kokk	no shares	
<b>Total number of shares owned by supervisory and management board</b>	<b>2 559 450</b>	<b>6.62%</b>

**Kuldar Leis** (born 1968) graduated from the University of Tartu in 1993, specializing in credit and finance. He also holds a diploma in dairy technology. Kuldar Leis has been the chairman of the management board of the company since its foundation and of AS Premia Tallinna Külkhoone since 2006. In addition, he serves as a member of the management board of AB “Premia KPC” and SIA “F.F.L.S”, and as a member of supervisory board of Saaremere Kala AS, Vettel OU, OOO Khladokombinat No 1, and AS “Premia FFL”. He is currently a member of supervisory board of AS Linda Nektar (a company specializing on producing fermented beverages for drink industry) and Food and Competence Center of Food and Fermentation Technology. He is also a member of supervisory board of Association of the Estonian Food Industry and member of the management board of Rododendron OU.

**Katre Kõvask** (born 1975) graduated from University of Tartu in 1998, having specialized in marketing and foreign trade and has been the marketing director and a member of the management board of AS Premia Tallinna Külkhoone since 2006 and of the company since June 2009. She is also a member of the supervisory board of AS “Premia FFL” and Saaremere Kala AS and the management board of OÜ Footsteps Management.

**Silver Kaur** (born 1973) graduated as a fisheries’ consultant from Estonian Maritime Academy in 1997 and has been the sales director and member of the management board of AS Premia Tallinna Külkhoone since 2006 and of the company since June 2009. He is also a member of the supervisory board of AS Premia FFL and Saaremere Kala AS and belongs to the management boards of RüsiGrupp OÜ and Freespirit OU.

**Indrek Kasela** (born 1971) holds LL.M (master of laws) degree from New York University (1996), BA degree in law from the University of Tartu (1994) and certificate in EU Law from the University of Uppsala and serves as a member of supervisory board of several group entities, such as AS Premia Tallinna Külkhoone and Vettel OÜ. He serves as supervisory board member of AS Toode, AS PKL, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, Ridge Capital AS and a management board member of OÜ X-expression, AS Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ and Managetrade OÜ, as well as board member of several companies domiciled in Baltics and Russian Federation.

**Lauri Kustaa Äimä** (born 1971) holds a master’s degree in Economics from the University of Helsinki has been a member of the Supervisory Board of the Company since its foundation and of AS Premia Tallinna Külkhoone since 2005. Lauri Kustaa Äimä is the managing director and founding shareholder of Kaima Capital Oy. He serves as a management or supervisory Board member of AS Tallink Group, Salva Kindlustuse AS, AS Baltika and AS PKL as well as the Lithuanian company UAB Litagra and BAN Insurance in Latvia in addition to several investment companies and funds domiciled in Finland, Estonia and Luxembourg.

**Erik Haavamäe** (born 1968) holds a cum laude diploma in economics from Tallinn Technical University and has been a member of the supervisory board of the company since its foundation. In addition, he serves as a member of board of directors of Heimon Kala OY and AB Premia KPC and a member of supervisory board of several group entities, such as AS Premia Tallinna Külkhoone, Saaremere Kala AS, Vettel OÜ, and AS Premia FFL. He is a member of the supervisory board of AS Toode and AS Kevelt and a member of the management board of AS EPhaG, MTÜ Eesti Maleliit and OÜ Kamakamaka. Currently he is also acting as the CFO of Premia Foods.

**Aavo Kokk** (born 1964) graduated from Tartu University in 1990, having specialized in journalism, and Stockholm University in 1992, having specialized in banking and finance and has been a member of the supervisory board of the company since May 2009. Mr Aavo Kokk is currently the manager and partner of the investment company Catella



Corporate Finance (Estonia) and the member of the supervisory board of AS Audentes and a member of the Management Board OÜ Synd&Katts.

**Harvey Sawikin** (born 1960) holds degrees from the Columbia University and Harvard Law School and has been a member of the supervisory board of the company since May 2009. Harvey Sawikin is currently a lead manager of Firebird Fund, Firebird New Russia Fund, Firebird Republics Fund and Firebird Avroora Fund. He is a member of the New York State Bar.

**Vesa Jaakko Karo** (born 1962) graduated from the Helsinki School of Economics in 1986 with M.Sc. (Econ) in finance and international marketing and received a licentiate (Econ) degree in 1996. He has been a member of the Supervisory Board of the Company since August 2009. Currently he is the partner of Cumulant Capital Fund Management, being the fund manager of Cumulant Capital Northern Europe Fund.

Additional information on and photos of the members of management and supervisory board may be obtained from the web-page of the company [www.premiafoods.eu](http://www.premiafoods.eu) under investor relations subsection.





## INTERIM ACCOUNTING REPORT

### Consolidated statement of financial position

EUR '000	30.09.2011	31.12.2010	30.09.2010	Note
<b>ASSETS</b>				
Cash and cash equivalents	1 960	722	2 890	
Receivables and prepayments	7 732	9 970	8 463	
Inventories	8 412	8 550	8 791	
Biological assets	8 686	8 361	8 991	
Fixed assets held for sale	10	10	9	
<b>Total current assets</b>	<b>26 800</b>	<b>27 613</b>	<b>29 144</b>	
Deferred income tax	456	499	366	
Long-term financial investments	90	93	101	2
Investments property	2 084	2 084	2 084	3
Tangible fixed assets	13 610	15 087	15 402	3
Intangible assets	23 128	23 568	23 722	4
<b>Total non-current assets</b>	<b>39 368</b>	<b>41 331</b>	<b>41 675</b>	
<b>TO TAL ASSETS</b>	<b>66 168</b>	<b>68 944</b>	<b>70 819</b>	
<b>EQUITY AND LIABILITIES</b>				
Loans and borrowings	3 100	2 444	2 243	5,6
Factoring payable	771	2 762	2 907	
Payables	7 910	9 559	9 992	
<b>Total current liabilities</b>	<b>11 781</b>	<b>14 765</b>	<b>15 142</b>	
Loans and borrowings	9 607	9 486	9 944	5,6
Deferred tax liabilities	1 513	1 642	1 445	
Target financing	1 556	1 679	1 637	7
<b>Total non-current liabilities</b>	<b>12 676</b>	<b>12 807</b>	<b>13 026</b>	
<b>TO TAL LIABILITIES</b>	<b>24 457</b>	<b>27 572</b>	<b>28 168</b>	
Share capital	23 210	24 723	24 723	8
Share premium	16 026	14 513	14 513	
Treasury shares	-30	-30	-29	
Other reserve	16	0	0	
Currency translation reserve	346	335	393	
Retained earnings	2 143	1 831	3 051	
<b>Equity attributable to parent</b>	<b>41 711</b>	<b>41 372</b>	<b>42 651</b>	
Non-controlling interest	0	0	0	
<b>TO TAL EQUITY</b>	<b>41 711</b>	<b>41 372</b>	<b>42 651</b>	
<b>TO TAL EQUITY AND LIABILITIES</b>	<b>66 168</b>	<b>68 944</b>	<b>70 819</b>	



## Consolidated statement of comprehensive income

EUR '000	Q3 2011	Q3 2010	9m 2011	9m 2010	Note
Sales	24 058	23 227	68 302	59 490	9
Cost of goods sold	-17 228	-16 148	-50 105	-43 917	
<b>Gross profit</b>	<b>6 830</b>	<b>7 079</b>	<b>18 197</b>	<b>15 573</b>	
<b>Operating expenses</b>	<b>-5 869</b>	<b>-5 527</b>	<b>-17 256</b>	<b>-14 386</b>	
Selling and distribution exp	-4 865	-4 852	-13 813	-11 877	
Administrative expenses	-1 004	-675	-3 443	-2 509	
Other income/expenses	161	779	324	1 427	
Fair value adjustment on biological assets	1 159	1 268	-69	1 333	
<b>Operating profit</b>	<b>2 281</b>	<b>3 600</b>	<b>1 196</b>	<b>3 948</b>	9
Financial income	-6	212	3	333	
Financial expenses	-532	-578	-913	-1 334	
<b>Profit (loss) before tax</b>	<b>1 743</b>	<b>3 234</b>	<b>286</b>	<b>2 947</b>	
Income tax	-155	-324	413	-423	
<b>Net profit (loss)</b>	<b>1 588</b>	<b>2 910</b>	<b>699</b>	<b>2 524</b>	
Other comprehensive income (-loss)					
Foreign currency translation differences	37	93	11	303	
Other comprehensive income	37	93	11	303	
<b>Total comprehensive income</b>	<b>1 625</b>	<b>3 003</b>	<b>710</b>	<b>2 827</b>	
Net profit (loss) for the period attributable to:					
- Owners of the Company	1 588	2 910	699	2 510	8
- Non-controlling interest	0	0	0	14	
<b>Total comprehensive income for the period</b>	<b>1 588</b>	<b>2 910</b>	<b>699</b>	<b>2 524</b>	
Total comprehensive income (loss) attributable to:					
- Owners of the Company	1 625	3 003	710	2 813	
- Non-controlling interest	0	0	0	14	
<b>Total comprehensive income for the period</b>	<b>1 625</b>	<b>3 003</b>	<b>710</b>	<b>2 827</b>	
Earnings per share (€)	0,04	0,08	0,02	0,10	8
Diluted earnings per share (€)	0,04	0,08	0,02	0,10	8



## Consolidated statement of cash flows

EUR '000	9m 2011	9m 2010	Note
<b>CASH FLOW FROM OPERATIONS</b>			
Operating profit (loss)	1 196	3 948	
Adjustments:			
Depreciation	2 899	2 970	3,4
Profit/loss from sale and write off of fixed assets	74	75	
Other non-cash items	-167	-1 273	
Change in receivables related to operating activities	2 018	2 144	
Change in inventories and fixed assets held for sale	-256	-2 049	
Change in liabilities and prepayments related to operating activities	-1 132	1 133	
Target financing of operating expenses	4	6	7
Corporate income tax paid	-137	-112	
<b>Total cash flow from operations</b>	<b>4 499</b>	<b>6 842</b>	
<b>CASH FLOW FROM INVESTMENTS</b>			
Sale of tangible and intangible fixed assets	142	74	3,4
Purchase of tangible and intangible fixed assets	-1 005	-1 189	3,4
Sale and purchase of other financial investments	-1	8	
Net cash flow from acquisition of subsidiaries	0	-2 988	
Acquisition of non-controlling interest in a subsidiary	-38	-478	
Acquisition of associated company	0	-13	
Loans granted	0	-3	
Repayments of loans granted	5	0	
Interests received	2	6	
Profit from long-term investments	0	1	
<b>Total cash flow from investments</b>	<b>-895</b>	<b>-4 582</b>	
<b>CASH FLOW FROM FINANCING</b>			
Change in overdraft	926	-2 288	
Repayments of loans	-1 563	-13 811	
Loans raised	1 608	7 482	
Change in factored receivables	-1 991	175	
Target financing received	129	169	
Capital lease repayments	-604	-728	
Issue of shares	0	12 210	
Makstud dividendid	-387	0	
Interests paid	-426	-3 661	
Other financial expenses	-60	-156	
<b>Total cash flow from financing</b>	<b>-2 368</b>	<b>-608</b>	
<b>Total cash flow</b>	<b>1 236</b>	<b>1 652</b>	
Cash and cash equivalents at beginning of year	722	1 254	
Change in cash and cash equivalents	1 236	1 652	
Gain/loss on conversion of foreign currencies	2	-16	
<b>Cash and cash equivalents at the end of the period</b>	<b>1 960</b>	<b>2 890</b>	



## Consolidated statement of changes in equity

EUR '000	Equity attributable to the owners of the Company						Non-controlling interest	TOTAL EQUITY	
	Share capital	Share premium	Own shares	Other reserve	Translation reserve	Retained earnings			
Balance as of 31.12.2009	1 546	25 481	-255	0	90	639	27 501	244	27 745
Bonus issue	13 910	-13 910	0	0	0	0	0	0	0
Issue of shares	9 267	2 942	0	0	0	0	12 210	0	12 210
Change in non-controlling interest	0	0	0	0	0	0	0	-258	-258
Sale of treasury shares	0	0	226	0	0	-98	128	0	128
Comprehensive income	0	0	0	0	303	2 510	2 813	14	2 827
Balance at 30.09.2010	24 723	14 513	-29	0	393	3 051	42 651	0	42 651
Balance at 31.12.2010	24 723	14 513	-30	0	335	1 831	41 372	0	41 372
Fair value of stock option program cost	0	0	0	16	0	0	16	0	16
Reduction of share capital	-1 513	1 513	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	-387	-387	0	-387
Comprehensive income	0	0	0	0	11	699	710	0	710
Balance at 30.09.2011	23 210	16 026	-30	16	346	2 143	41 711	0	41 711



## Notes to the Interim Report

### Note 1. Summary of material accounting policies

AS Premia Foods is a company registered in Estonia. The interim report as at 30.09.2011 contains AS Premia Foods (hereinafter the Parent Company) and its subsidiaries Saaremere Kala AS in Estonia, AB Premia KPC in Lithuania, OOO Khladokombinat No 1 and OOO Khladomagija in Russia and companies belonging into the group – OÜ Vettel, OÜ GourmetHouse and AS Premia Tallinna Külmoone in Estonia, Heimon Kala OY in Finland, Överumans Fisk Ab in Sweden, SIA F.F.L.S. and AS Premia FFL in Latvia (hereinafter also the Group). The Group has a holding in an affiliated entity Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology; CCFFT). AS Premia Foods is listed on the NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2010 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website [www.premiafoods.eu](http://www.premiafoods.eu).

### Confirmation of Compliance

The current unaudited consolidated interim report complies with the requirements of international accounting standards IAS 34 "Interim Financial Reporting" on condensed interim financial statements.

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2010 have been applied. The report does not hold all the information that must be presented in a complete annual report so it should be read together with the Parent Company's audited consolidated annual report for the financial year that ended on 31 December 2010, which is in compliance with international finance reporting standards (IFRS).

The management board approved the publication of this condensed unaudited consolidated interim report on 21 November 2011.

In the opinion of the management, this interim report for 3<sup>rd</sup> quarter and 9 months 2011 of AS Premia Foods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

### Basis of Preparation

The functional currency is euro. The consolidated interim report is presented in thousands of euro and all numerical indicators have been rounded to thousand, if not indicated otherwise. In the report, thousand euro is indicated as an abbreviation EUR '000.

### Use of Assessments

In preparing the interim report, the management board must form opinions, give assessments and make decisions that affect the application of accounting principles and the values of assets and liabilities, incomes and expenses. Actual results may differ from the assessments.

The same assessments of the management that were used to prepare the consolidated annual report for the financial year that ended on 31 December 2010 were used to prepare this condensed consolidated interim report.

### Changes in Presentation

Financial reports have been prepared on the basis of going concern and using comparison methods, changes in methodology and their influence are explained in corresponding notes. If the presentation of entries or the methodology of classification has been changed, then also corresponding indicators from previous period have been re-classified.

#### Accounting of livestock

According to standard IAS 1.54 (f), which sets forth the requirements for presentation of information, in the statement of financial position in the group of current assets a line of "Biological assets" has been separated from the line "Inventories" and it has been accounted as a separate entry in the statement of financial position.

#### Accounting of Insurance Compensation

In the 2<sup>nd</sup> quarter of 2010, the subsidiary of AS Premia Foods Heimon Kala Oy received an insurance compensation for a fire accident occurred in its fish production unit in the amount of 2,900 thousand euro. In the interim report of the 2<sup>nd</sup> quarter of 2010 this insurance compensation has been recorded as other income of the 2<sup>nd</sup> quarter in the total amount thereof. Upon auditors' recommendations in the interim report of the 4<sup>th</sup> quarter this amount previously accounted as income was set-off against one-time expenses related to this accident.



While preparing this interim report for ensuring comparability with previous periods the insurance compensation has been accrued per quarters, taking into account actual one-off expenses arisen during the period May – December 2010 and the assumed amount of unearned profit.

The above change has no effect on the results of Premia Foods of 12 months 2010. The changes have effect only to the results of the fish segment, where the EBITDA, revenue and net profit per quarters as from the 2<sup>nd</sup> quarter have been corrected. The following table illustrates the described changes.

Profit & Loss	Q2 2010	change	Q2 2010	Q3 2010	change	Q3 2010	Q4 2010	change	audit	Q4 2010
EUR '000	interimreport		adjusted	interimreport		adjusted	interimreport		change	adjusted
Sales	21 285		21 285	23 227		23 227	17 795		-7	17 788
Cost of goods sold	-16 076	292	-15 784	-16 423	275	-16 148	-14 117	-567	-7	-14 691
<b>Gross profit</b>	<b>5 209</b>	<b>292</b>	<b>5 501</b>	<b>6 804</b>	<b>275</b>	<b>7 079</b>	<b>3 678</b>	<b>-567</b>	<b>-14</b>	<b>3 097</b>
<b>Operating expenses</b>	<b>-5 109</b>	<b>7</b>	<b>-5 102</b>	<b>-5 538</b>	<b>11</b>	<b>-5 527</b>	<b>-4 715</b>	<b>-18</b>	<b>-14</b>	<b>-4 747</b>
Selling and distribution exp	-4 062	0	-4 062	-4 852		-4 852	-3 266	0	5	-3 262
Administrative expenses	-1 047	7	-1 040	-686	11	-675	-1 448	-18	-19	-1 485
Other income/expenses	2 959	-2 516	443	-45	825	780	-628	1 692	19	1 083
Fair value adjustment on biological assets	422		422	1 268		1 268	-311			-311
<b>Operating profit</b>	<b>3 481</b>	<b>-2 217</b>	<b>1 264</b>	<b>2 489</b>	<b>1 111</b>	<b>3 600</b>	<b>-1 975</b>	<b>1 106</b>	<b>-9</b>	<b>-878</b>
<b>Net profit (loss)</b>	<b>2 975</b>	<b>-2 217</b>	<b>758</b>	<b>1 799</b>	<b>1 111</b>	<b>2 910</b>	<b>-2 321</b>	<b>1 106</b>	<b>-6</b>	<b>-1 221</b>
<b>EBITDA</b>	<b>4 417</b>	<b>-2 217</b>	<b>2 200</b>	<b>3 626</b>	<b>1 111</b>	<b>4 736</b>	<b>-926</b>	<b>1 106</b>	<b>-26</b>	<b>154</b>

Balance Sheet	30.06.10	change	30.06.10	30.09.10	change	30.09.10
EUR '000	interimreport		adjusted	interimreport		adjusted
Payables	11 439	2 217	13 656	8 886	1 106	9 992
<b>Total current liabilities</b>	<b>21 498</b>	<b>2 217</b>	<b>23 715</b>	<b>14 036</b>	<b>1 106</b>	<b>15 142</b>
Retained earnings	2 358	-2 217	141	4 157	-1 106	3 051
<b>TOTAL EQUITY</b>	<b>41 865</b>	<b>-2 217</b>	<b>39 648</b>	<b>43 757</b>	<b>-1 106</b>	<b>42 651</b>

## Note 2. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
<b>Balance at 31.12.2010</b>	<b>13</b>	<b>80</b>	<b>93</b>
Acquired	0	1	1
Repayments of loans granted	0	-4	-4
<b>Balance at 30.09.2011</b>	<b>13</b>	<b>77</b>	<b>90</b>

Other long-term investments include the investments into shares and holdings, which are not listed on the stock exchange and a claim from loan granted to Selkämeren Jää Oy. Company has earned 375 euros dividend and 432 euros interest revenue during the accounting period.

AS Premia Foods has a 20% holding in an associated undertaking AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology (CCFFT)). AS CCFFT (previously MTÜ CCFFT) is the partner of AS Premia Foods in developing new technologies and products.



### Note 3. Property Investments and Tangible Fixed Assets

EUR '000	Property investments	Land and buildings	Machinery and equipment	Other tangible assets	Constuction in progress, prepayments	Total
<b>Residual value as of 31.12.2010</b>	<b>2 084</b>	<b>5 595</b>	<b>8 842</b>	<b>446</b>	<b>204</b>	<b>17 171</b>
Unrealised currency effect	0	-17	-94	-1	0	-111
Acquired during the period	0	47	883	60	180	1 170
Re-classification	0	0	220	-1	-219	0
Depreciation	0	-420	-1 841	-109	0	-2 369
Assets sold and written off	0	0	-166	-1	0	-167
<b>Balance at 30.09.2011</b>	<b>2 084</b>	<b>5 206</b>	<b>7 845</b>	<b>394</b>	<b>165</b>	<b>15 694</b>

Additional information about assets acquired under finance lease has been presented in Note 5.

### Note 4. Intangible Assets

EUR '000	Goodwill	Client contracts	Trade-marks and patents	Immaterial rights	Software licenses	Pre-payments	Total
<b>Balance as of 31.12.2010</b>	<b>19 942</b>	<b>818</b>	<b>1 852</b>	<b>627</b>	<b>251</b>	<b>78</b>	<b>23 568</b>
Unrealised currency effect	0	0	-1	0	0	-1	-2
Acquired during the period	0	0	0	0	30	61	91
Depreciation	0	-358	-79	-29	-64	0	-530
<b>Balance at 30.09.2011</b>	<b>19 942</b>	<b>460</b>	<b>1 773</b>	<b>598</b>	<b>217</b>	<b>138</b>	<b>23 128</b>

### Note 5. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Other fixed assets	Total
<i>Fixed assets acquired under finance lease</i>				
<b>Acquisition cost as of 30.09.11</b>	<b>635</b>	<b>2 732</b>	<b>1</b>	<b>3 368</b>
Accumulated depreciation as of 30.09.11	-248	-1 578	0	-1 826
<b>Residual value as of 30.09.11</b>	<b>387</b>	<b>1 154</b>	<b>1</b>	<b>1 542</b>
<b>Acquisition cost as of 31.12.10</b>	<b>763</b>	<b>3 037</b>	<b>216</b>	<b>4 016</b>
Accumulated depreciation as of 31.12.10	-359	-1 720	-139	-2 218
<b>Residual value as of 31.12.10</b>	<b>404</b>	<b>1 317</b>	<b>77</b>	<b>1 798</b>
<b>Payable under finance lease as of 30.09.11</b>	<b>105</b>	<b>743</b>	<b>0</b>	<b>848</b>
incl. payable within 1 year	89	322	0	411
incl. payable within 1-5 years	16	421	0	437
Principal payments of the period	156	379	69	604
Interest expenses of the period	3	16	1	20
Average interest rate	4,53%	3,60%	5,18%	

## Note 6. Debt Obligations

EUR '000	30.09.2011	31.12.2010
Finance lease liabilities	411	689
Overdraft	926	0
Investment loans	1 763	1 755
<b>Short Term Debt Obligations</b>	<b>3 100</b>	<b>2 444</b>
Finance lease liabilities	437	354
Investment loans	9 170	9 132
<b>Long Term Debt Obligations</b>	<b>9 607</b>	<b>9 486</b>
incl. payable within 1-5 years	9 607	9 486
incl. payable after 5 years	0	0

Loan residuals as of 30.09.2011 with additional information about the interest rates, payment terms and the collateral established for securing the loans:

Borrower	Creditor	Amount	Interest rate	Maturity date	Loan residual 30.09.2011	less than 1 year	1-5 years	Collateral
<b>Overdraft</b>								
AS Premia Foods	UniCredit	4 200 tuh EUR <sup>1</sup>	6m EURIBOR + 1.4%	31.08.12	926	926	0	pledges on subsidiaries shares, mortgage 10.6 mln EUR, commercial pledge 2.7 mln EUR
<b>Investment loans</b>								
AS Premia Tallinna Külmuhoone	Danske Bank	4 500 tuh EUR	6m EURIBOR + 0.75%	25.10.14	2 992	423	2 569	Mortgage 5.1 mln EUR, pledge on subsidiary shares
AS Premia Foods	UniCredit	8 675 tuh EUR	6m EURIBOR + 2.0%	19.08.15	7 332	1 239	6 093	pledges on subsidiaries shares, mortgage 10.6 mln EUR, commercial pledge 2.7 mln EUR
AS Premia FFL	UniCredit	700 tuh EUR	6m EURIBOR + 2.0%	19.08.15	609	101	508	Mortgage 1.4 mln EUR
<b>Total</b>					<b>11 859</b>	<b>2 689</b>	<b>9 170</b>	

overdraft limit decreases to 2 700 thousand euros starting from 02.12.11

Effective interest rates are very close to nominal interest rates.

## Note 7. Target Financing

EUR '000	9m 2011	9m 2010
<b>Deferred income from target financing at the beginning of period</b>	<b>1 679</b>	<b>1 667</b>
Target financing received during the period	124	169
Change in the exchange rates	-7	44
Transferred to income during the period	-240	-243
<b>Deferred income from target financing at the end of period</b>	<b>1 556</b>	<b>1 637</b>
incl. income within 1 year	336	295
incl. income within 1-17 years	1 220	1 342

The Swedish subsidiary Överumans Fisk Ab has received aid from the European Union, which have been collateralized with real estate mortgage in the amount of 232 thousand euro. As at 30 September 2011 the residual value of fixed assets guaranteed by EU subsidies is 100 thousand euro.

In 2011 Enterprise Estonia (EAS) financed to project of AS Premia Tallinna Külmuhoone for implementing an export marketing plan in the amount of 4 thousand euro.





## Note 8. Equity

As at 30 September 2011 the Company had 38 682 860 shares (30.09.2010: 38 682 860) and 19 163 own shares (30.09.2010: 19 163).

On 13 April 2011, the decrease of share capital and the conversion of share capital into euro were entered into the Commercial Register. Relevant resolutions were adopted by the Extraordinary General Meeting of shareholders of AS Premia Foods held on 22 February 2011. The new amount of the registered share capital of AS Premia Foods is 23 209 716 euro, which is divided into 38 682 860 ordinary shares with the nominal value of 0.60 euro.

Simultaneously the new version of the Articles of Association was registered in the Commercial Register. The Articles of Association of AS Premia Foods in the new wording are available at the web page of AS Premia Foods ([www.premiafoods.eu](http://www.premiafoods.eu)).

The Annual General Meeting on 31 May 2011 resolved to distribute dividends on the account of retained profits in the amount of 387 000 euro, i.e. 0.01 euro per share. The list of shareholders entitled to receive dividends was determined as of 15 June 2011 at 23.59 and the payment of dividends took place on 20 June 2011.

In 2011 the company has initiated a stock option plan for key employees. In the statement of financial position under the line "Other reserve" there has been accounted a counterparty of the calculated expenditure in accordance with the accounting principles of IFRS".

The earnings per share have been calculated based on net profit attributable to the shareholders of the parent company and the weighted average amount of ordinary shares.

	Q3 2011	Q3 2010	9m 2011	9m 2010
Net profit (-loss) for the period EUR '000	1 588	2 910	699	2 510
Avg no of shares (thousand)	38 664	38 664	38 664	24 950
Earnings per share (€)	0,04	0,08	0,02	0,10
Diluted earnings per share (€)	0,04	0,08	0,02	0,10

## Note 9. Segment Reporting

The group's business segments are determined by parent company's management board pursuant to reports monitored and analysed. Financial results are being monitored by geographical areas. The results of a business segment are being evaluated on the basis of external sales-revenues and operating profit indicators.

The following business segments are distinguished in the consolidated financial statements:

- "Fish" – fish farming, production and wholesale of fish and fish products;
- "Ice cream" – production and wholesale of ice cream;
- "Frozen goods" – wholesale of frozen goods.

Other operations include provision of logistic services, the sale of other services, goods and materials. Other operations are of marginal importance for the group and none of these constitutes a separate segment for the reporting purposes.

There is a relatively high level of integration between the Ice Cream and Frozen Food reportable segments. This integration includes shared marketing, selling and marketing services.

The group's secondary segment is the geographical segment distinguished by the locations of different geographical markets.

According to assessments of the management, the transactions between the group's business segments have been carried out at market prices and conditions.

### Secondary segment:

#### Revenue of AS Premia Foods by geographical segments:

EUR '000	Q3 2011	Q3 2010	9m 2011	9m 2010
Finland	7 725	4 696	22 596	18 238
Estonia	7 253	7 240	19 437	16 783
Latvia	3 493	3 430	9 362	8 630
Lithuania	3 063	3 521	8 123	7 965
Russia	2 511	4 268	8 699	7 740
Other	13	70	85	134
<b>Total</b>	<b>24 058</b>	<b>23 227</b>	<b>68 302</b>	<b>59 490</b>



## Primary segment

<b>Q3 2011, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	8 554	9 412	5 593	500	0	24 058
Inter-segment revenue	0	0	1	6	-7	0
<b>Total gross revenue</b>	<b>8 554</b>	<b>9 412</b>	<b>5 594</b>	<b>506</b>	<b>-7</b>	<b>24 058</b>
Segment operating profit	2 126	858	183	223	0	3 390
Unallocated EBITDA						-195
<b>Total EBITDA</b>						<b>3 195</b>
Segment operating profit	1 865	508	41	217	0	2 631
Unallocated operating profit						-350
<b>Total operating profit</b>						<b>2 281</b>
<b>Q3 2010, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	5 974	12 035	4 823	395	0	23 227
Inter-segment revenue	18	0	2	6	-26	0
<b>Total gross revenue</b>	<b>5 992</b>	<b>12 035</b>	<b>4 825</b>	<b>401</b>	<b>-26</b>	<b>23 227</b>
Segment operating profit	2 291	2 792	-27	174	0	5 230
Unallocated EBITDA						-494
<b>Total EBITDA</b>						<b>4 736</b>
Segment operating profit	2 021	2 246	-205	166	0	4 228
Unallocated operating profit						-628
<b>Total operating profit</b>						<b>3 600</b>
<b>9m 2011, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	25 779	25 671	15 545	1 307	0	68 302
Inter-segment revenue	0	0	2	17	-19	0
<b>Total gross revenue</b>	<b>25 779</b>	<b>25 671</b>	<b>15 547</b>	<b>1 324</b>	<b>-19</b>	<b>68 302</b>
Segment operating profit	2 039	2 397	68	397	0	4 901
Unallocated EBITDA						-806
<b>Total EBITDA</b>						<b>4 095</b>
Segment operating profit	1 196	1 233	-371	376	0	2 434
Unallocated operating profit						-1 238
<b>Total operating profit</b>						<b>1 196</b>
<b>9m 2010, EUR '000</b>	<b>Fish</b>	<b>Ice cream</b>	<b>Frozen Food</b>	<b>Other</b>	<b>Elim.</b>	<b>Total</b>
External revenue	20 444	23 133	14 970	943	0	59 490
Inter-segment revenue	183	0	8	16	-207	0
<b>Total gross revenue</b>	<b>20 627</b>	<b>23 133</b>	<b>14 978</b>	<b>959</b>	<b>-207</b>	<b>59 490</b>
Segment operating profit	2 854	4 452	-397	400	0	7 309
Unallocated EBITDA						-376
<b>Total EBITDA</b>						<b>6 933</b>
Segment operating profit	2 053	3 297	-976	383	0	4 757
Unallocated operating profit						-809
<b>Total operating profit</b>						<b>3 948</b>



## Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner
		30.09.2011	31.12.2010		
Saaremere Kala AS	Estonia	100%	100%	Holding	Premia Foods AS
Vettel OÜ	Estonia	100%	100%	Fish processing	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	Sale of fish and fish products	Saaremere Kala AS
AS Premia Tallinna Külkhoone	Estonia	100%	100%	Ice cream production, sale of ice cream and frozen food	AB Premia KPC
OÜ TCS Invest	Estonia	x	100%	Holding	AS Premia Tallinna Külkhoone
AB Premia KPC	Lithuania	100%	100%	Sale of ice cream and frozen food	Premia Foods AS
Heimon Kala Oy	Finland	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	Fishfarming and sale	Heimon Kala Oy
Skärgårdshavets Fisk Ab	Sweden	x	100%	Fishfarming and sale	Heimon Kala Oy
SIA F.F.L.S.	Latvia	100%	100%	Holding	AS Premia Tallinna Külkhoone
AS Premia FFL	Latvia	100%	100%	Sale of ice cream and frozen food	AS Premia Tallinna Külkhoone, SIA F.F.L.S.
OOO Khladokombinat No1	Russia	100%	100%	Ice cream production, sale of ice cream and frozen food	Premia Foods AS
OOO Khladomagija	Russia	100%	100%	IP Holding	Premia Foods AS

In order to simplify the existing structure of the group and make it more comprehensive AS Premia Foods as the acquiring company and OÜ TCS Invest as the company being merged executed on 10 February 2011 notarised merger agreement. On 6 May 2011, the merger of OÜ TCS Invest and AS Premia Foods was registered in the Commercial Register as a result of which OÜ TCS Invest was deleted from the Commercial Register. The balance sheet date of the merger is 1 January 2011, which means that as of the referred date, all transactions of OÜ TCS Invest are deemed to be executed in the name and on behalf of AS Premia Foods. OÜ TCS Invest was a holding company without independent economic activity. The only assets of OÜ TCS Invest comprised of the shareholding in the ultimate subsidiaries of Premia Foods in Russia (OOO Khladokombinat No. 1 and OOO Khladomagija). In the course of the merger, the above-named assets were transferred to AS Premia Foods. According to the merger agreement, the acquiring company compensated to the sole shareholder of the company being merged Premia Tallinna Külkhoone AS the sole share of the company being merged in cash in the amount of 66 thousand euro. The merger agreement was reviewed by Rimess OÜ.

On 4 February, AB „Premia KPC“, the sole shareholder of AS Premia Tallinna Külkhoone; AS Premia Foods, the sole shareholder of Saaremere Kala AS; Saaremere Kala AS, the sole shareholder of Vettel OÜ; and Saaremere Kala AS, the sole shareholder of GourmetHouse OÜ, adopted the resolutions on converting the share capitals of the referred companies into euro. Upon the conversion of the share capitals, all the share capitals have been rounded up or down to the closest possible amounts. In connection with the conversion of the share capitals into euro, all the Articles of Association of the referred companies have been amended.

The share capitals of the Estonian companies belonging to the group of companies of AS Premia Foods are as follows:

Company	Registered share capital	New par value of the share	Prior share capital	Prior par value of the share
Premia Tallinna Külkhoone AS	2 561 760 EUR	share without nominal value	40 082 840 EEK	10 EEK
Saaremere Kala AS	456 577 EUR	share without nominal value	7 143 880 EEK	10 EEK
OÜ Vettel	865 345 EUR	865 345 EUR	13 539 700 EEK	13 539 700 EEK
OÜ GourmetHouse	2 684 EUR	2 684 EUR	42 000 EEK	42 000 EEK

On 8 July 2011, the merger of fully-owned subsidiaries Överumans Fisk AB and Skärgårdshavets Fisk AB was finalised as a result of which all rights, obligations and assets of Skärgårdshavets Fisk AB were fully transferred to Överumans Fisk AB. Överumans Fisk AB, having assumed all operations of Skärgårdshavets Fisk AB, continues under the current business name - Överumans Fisk AB. The merger has had no effect on the ownership structure - Överumans Fisk AB is continuously fully-owned subsidiary of Heimon Kala Oy, which, in turn, is fully owned by Premia.



### Note 11. Related Party Transactions

A company considers parties to a transaction to be related, if one party has control over the other party or has an important influence on the other party's financial decisions.

Transactions with related parties are transactions with the group's highest management bodies, subsidiaries, shareholders, executive- and higher management and their close relatives and companies, where they have a majority holding.

Related parties are:

- shareholders with controlling interest (international investment fund Amber Trust II S.C.A has a controlling interest in AS Premia Foods)
- Executive- and higher management
- Relatives of the previously mentioned persons and companies related to them

At the end of the reporting period group's balances with related parties were the following:

Company	Debtor	Comments	Receivable as of 30.09.11 EUR '000	Receivable as of 31.12.10 EUR '000
Heimon Kala Oy	Amber Trust S.C.A.	Other receivable	73	110
Heimon Kala Oy	Companies related to the members of management and supervisory board	Other receivable	3	-
<b>Total</b>			<b>76</b>	<b>110</b>

Company	Debtor	Comments	Payable as of 30.09.11 EUR '000	Payable as of 31.12.10 EUR '000
Premia Foods AS		Loan	-	1 950
Vettel OÜ	Amber Trust S.C.A.	Interest payable	-	25
AB Premia KPC	Amber Trust II S.C.A.	Interest payable	-	37
		Other payable	-	1 200
Premia Foods AS	Companies related to the members of management and supervisory board	Accounts payable	8	11
Vettel OÜ		Accounts payable	1	1
<b>Total</b>			<b>9</b>	<b>3 224</b>

Receivables from related parties have not been written down.

During the reporting period sale and purchase transactions with related parties have been conducted in following volumes:

Party EUR '000	Type of transaction	9m 2011 Purchase	9m 2011 Sale	9m 2010 Purchase	9m 2010 Sale
Amber Trust II S.C.A.	interest	-	-	269	-
Companies related to the members of management and supervisory board	services	94	2	80	2
	fixed assets	2	3	-	-
<b>Total</b>		<b>96</b>	<b>5</b>	<b>349</b>	<b>2</b>



According to assessments of the management, all transactions with related parties have been carried out at market prices and conditions.

For 9 months of 2011, 771 thousand euro (social tax included) was reimbursed for the members of the supervisory board and of the management board of AS Premia Foods and its subsidiaries (for 9 months of 2010 the respective sums were 696 thousand euro).

## **Note 12. Contingent Liabilities and Assets**

### **EU grants**

Överumans Fisk AB has applied in the frames of the Fish breeding fund support programme for an investment support for the acquisition of sewerage water cleaning station, fish pumps and counters. As at 31.12.2010 all the investments have been made. As at the balance sheet date the investment support has been recognised as off balance sheet liability as the company received the information on approving the application and receiving the support on 19.04.2011, however, the investment analysis has not yet been conducted, The amount of the off balance sheet liability is approximately 157 thousand euro.

**MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 3<sup>RD</sup> QUARTER AND 9 MONTHS OF 2011**

The management board confirm the correctness and completeness of the consolidated interim report for the 3<sup>rd</sup> quarter and 9 months of 2011 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 28 hereof and confirms to the best of its knowledge that:

- The activities report of the consolidated interim report presents adequate and fair overview of the development and results of business activities of the Group and the financial position thereof and includes the description of the main risk factors and uncertainties;
- the accounting principles applied in the preparation of the consolidated interim report are in compliance with the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the European Union;
- the consolidated interim report provides a true and fair overview of the assets, liabilities and financial position of the group and of the results of its operations and its cash flows;
- Premia Foods AS and its subsidiaries are going concerns.

Chairman of management board	Kuldar Leis	digitally signed	21 November 2011
Member of management board	Silver Kaur	digitally signed	21 November 2011
Member of management board	Katre Kõvask	digitally signed	21 November 2011