AS PREMIA FOODS

Consolidated Unaudited Interim Report
for 2nd quarter and 6 months of 2012

Business name:	**AS PREMIA FOODS**
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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 2012 – 30 June 2012
Auditor:	AS PricewaterhouseCoopers

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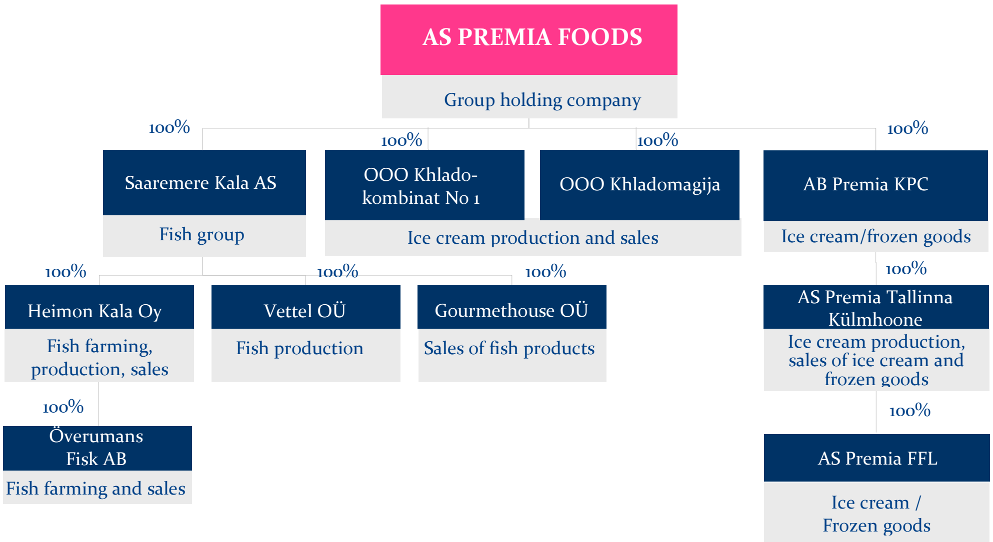
ACTIVITIES REPORT BY THE MANAGEMENT BOARD

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, the chilled fish products and the frozen goods markets.

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

Structure of the Premia Foods group of companies:



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

MISSION

We wish that the wide assortment of our products would bring joy to people and that people could rely on the quality of our products. We want Premia to be a benchmark of care, innovation and quality.

VISION

Premia Foods is the leading player engaged in the production and sales of frozen and chilled food products in the Baltics, Scandinavia and North-West region of Russia.

STRATEGY AND OBJECTIVES

According to our strategy Premia Foods is aiming:

- To be among two leading brands in all our business segments;
- To hold yearly EBITDA margin at the level of at least 7%;
- To distribute up to 30% of the yearly net profit as dividends.

For the year 2012 Premia has set the following goals:

- 6% turnover growth, i.e. the turnover of 93.5 million euro;
- The EBITDA from operations will increase by 10.6% amounting to 6.3 million euro;
- Profit before taxes will be 1.6 million euro.

As at the end of the first half year of 2012, the company is moving towards the achievement of the set goals. There is, as at the end of the half year, a certain backlog in the turnover amounting to 1 million euro, however, the main reasons thereof have been the unfavorable weather conditions affecting the ice cream business segment in all the target markets and the decrease in market prices affecting the fish business segment. At the same time, the company has, during the accounting period, exceeded the forecasted average gross margin by one percentage point, as a result of which while summarising the results of the first half year the gross profit is only by 0.5 million euro less than planned. The gross margin in all the business segments of Premia has improved or remained at the same level as during a comparable period last year. As at the end of the first half year, the EBITDA from operations and EBITDA margin remain also within the planned limits.

STRENGTHS

- Objective-driven organizational development;
- Leading brands in each business segment;
- Broad geographical range and diversified product portfolio ensure sustainable development;
- Solid financial status of the company.

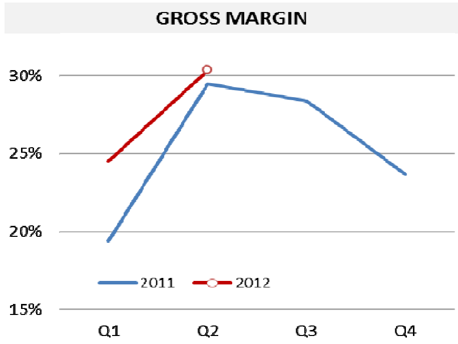
RISKS

- Rapid price growth of raw material and high volatility of prices;
- Significant increase of the proportion of private label products in all the target markets and the business segments;
- In the ice cream business segment – tightening competitive situation related to the introduction of the products of Unilever in the Baltic markets;
- In the fish business segment risks related to livestock.

SUMMARY OF FINANCIAL RESULTS

The unaudited financial results of AS Premia Foods, 2nd quarter and 6 months, 2012

The main characteristics of the 2nd quarter of 2012 and 6 months of Premia Foods were increased profitability, growth of the sales of frozen goods in 4 consecutive quarters, increase of market shares on all the Baltic ice cream markets, poor weather influencing the sales of ice cream and decreasing prices in the fish business segment.



The main figures of the reporting period are the following:

- ❖ The unaudited consolidated turnover of the 2nd quarter was 26.1 million euro, which is by 1.5 million euro, i.e. 5.4%, less than the result of the previous year.
- ❖ The unaudited consolidated turnover of 6 months was 43.2 million euro, the result of the comparable period of 2011 was better by 1 million euro, i.e. 2.4%.
- ❖ While summarising the 2nd quarter and 6 months, the gross margin of the company improved respectively by 0.9 and 2.4 percentage points.
- ❖ The gross profit of the 2nd quarter amounted to 7.9 million euro and, in the summary of 6 months, the company earned a gross profit of 12.1 million euro, which is by 0.7 million euro, i.e. 6.6%, more than during the same period in 2011. The greatest input to the growth of gross profit was given by the frozen goods business segment and the fish business segment.
- ❖ In the summary of 6 months, the EBITDA from operations is by 0.2 million euro less than the respective result during the same period in 2011. Nevertheless, the company's EBITDA of 6 months of 2012 has improved by 0.4 million euro compared to the result of 2011.
- ❖ In the summary of 6 months of 2012, the loss of the company has decreased by 0.5 million euro – in 2011, the company earned a net loss of 0.9 million euro, in 2012 the loss was only 0.4 million euro.
- ❖ As at the end of the 2nd quarter, the company has increased the market share in all the ice cream markets of the Baltics, remaining the market leader in Estonia, at the second position in Latvia and at the second-third position in Lithuania.

The group's key ratios of the 2nd quarter and 6 months of 2012 have been indicated in the following table.

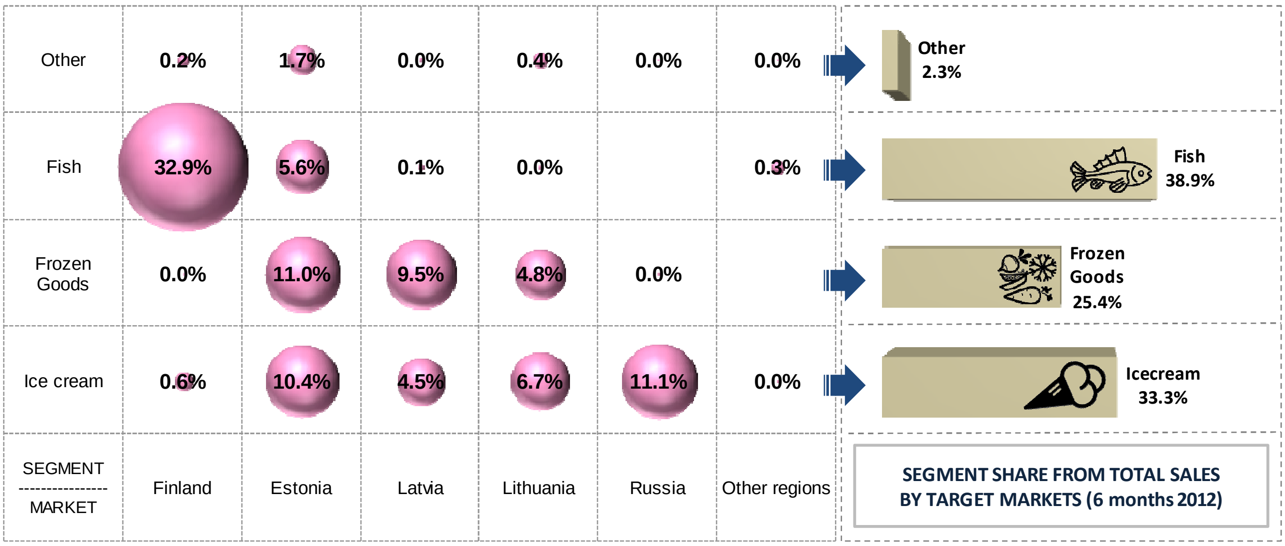
KEY RATIOS

Profit & Loss, EUR mln	*formula*	Q1	Q2	**6m 2012**	Q1	Q2	6m 2011
Sales		17.1	26.1	**43.2**	16.7	27.6	44.2
Gross profit		4.2	7.9	**12.1**	3.2	8.1	11.4
EBITDA from operations	before one-offs and fair value adjustment	0.0	2.7	**2.8**	-0.5	3.4	3.0
EBITDA		-0.6	1.9	**1.3**	-1.3	2.2	0.9
EBIT		-1.4	1.1	**-0.4**	-2.3	1.2	-1.1
Net profit		-1.2	0.8	**-0.4**	-2.0	1.1	-0.9
Gross margin	Gross profit / Net sales	24.5%	30.4%	**28.1%**	19.4%	29.5%	25.7%
EBITDA margin	EBITDA from operations / Net sales	0.1%	10.5%	**6.4%**	-2.7%	12.4%	6.7%
EBIT margin	EBIT / Net sales	-8.3%	4.0%	**-0.9%**	-13.8%	4.4%	-2.5%
Net margin	Net earnings / Net sales	-6.9%	2.9%	**-1.0%**	-11.9%	4.0%	-2.0%
Operating expense ratio	Operating expenses / Net sales	29.7%	24.0%	**26.2%**	29.6%	23.4%	25.7%

Balance Sheet, EUR mln	*formula*	31.12.11	31.03.12	**30.06.12**	31.12.10	31.03.11	30.06.11
Net debt	Short and Long term Loans and Borrowings - Cash	11.3	12.2	**12.0**	11.2	14.5	13.0
Equity		40.5	39.3	**39.8**	41.4	39.4	40.1
Working capital	Current Assets - Current Liabilities	12.8	12.0	**12.4**	12.8	12.1	12.9
Assets		64.1	64.2	**68.5**	68.9	68.9	70.6
Liquidity ratio	Current Assets / Current Liabilities	2.19	1.91	**1.70**	1.87	1.75	1.73
Equity ratio	Equity / Total Assets	63%	61%	**58%**	60%	57%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	22%	24%	**23%**	21%	27%	24%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	1.98	1.98	**2.19**	2.54	4.01	2.35
ROE	Net Earnings / Average Equity	-1%	1%	**0%**	4%	1%	2%
ROA	Net Earnings / Average Assets	-1%	0%	**0%**	2%	1%	1%

BUSINESS SEGMENT ANALYSIS

The main impact of the 2nd quarter on the division of segments emerges from the growth of the proportion of the ice cream business segment, however, the product portfolio of the company remains well balanced by segments as well as by target markets.

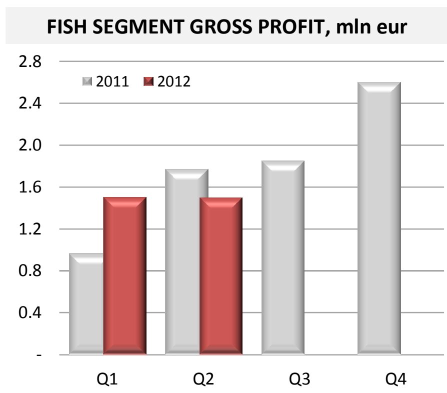


The main figures by the business segments of Premia Foods for 2nd quarter and 6 months have been shown in the table below.

SEGMENT ANALYSIS

EUR million	Q1	Q2	6m 2012	Q1	Q2	6m 2011
Sales						
Ice cream	3.7	10.7	14.4	4.0	12.2	16.3
Frozen goods	5.3	5.6	11.0	4.9	5.0	10.0
Fish and fish products	7.7	9.2	16.8	7.4	9.8	17.2
Other	0.4	0.6	1.0	0.3	0.5	0.8
Total	**17.1**	**26.1**	**43.2**	**16.7**	**27.6**	**44.2**
Gross profit						
Ice cream	1.3	5.0	6.2	1.0	5.3	6.3
Frozen goods	1.2	1.3	2.5	1.1	0.9	2.1
Fish and fish products	1.5	1.5	3.0	1.0	1.8	2.7
Gross margin						
Ice cream	35%	46%	43%	26%	43%	39%
Frozen goods	24%	23%	23%	23%	19%	21%
Fish and fish products	20%	16%	18%	13%	18%	16%
EBITDA from operations						
Ice cream	-0.4	1.8	1.5	-0.3	2.7	2.4
Frozen goods	-0.3	0.2	-0.1	-0.3	0.1	-0.1
Fish and fish products	0.7	0.8	1.5	0.2	0.9	1.1
EBITDA						
Ice cream	-0.4	1.8	1.5	-0.4	2.0	1.5
Frozen goods	-0.3	0.2	-0.1	-0.3	0.1	-0.1
Fish and fish products	0.1	-0.1	0.1	-0.5	0.4	-0.1
EBIT						
Ice cream	-0.6	1.5	0.9	-0.8	1.5	0.7
Frozen goods	-0.5	0.1	-0.4	-0.5	0.1	-0.4
Fish and fish products	-0.1	-0.3	-0.4	-0.8	0.1	-0.7

Fish and fish products business segment



In the summary of 6 months of 2012, the turnover and profitability of the fish and fish products business segment was mostly influenced by the decrease of the price of raw fish. In comparison with the same period of 2011, the average price per ton of fish and fish products sold by Premia has decreased by 11%, while the average market price of raw fish and raw fillet has decreased by approximately 27%. In the Finnish market, which is Premia's main target market in respect of the sales of fish products, there is a merciless price battle with all the competitors regarding the raw fish and raw fillet, at the same the pressure from private label products is also increasing. As a result of the competitive situation, Premia has focused on the products with a higher additional value, several new products have been launched; the Iso-Grilli line, which gained great popularity already two years ago, was also renewed. In the Estonian fish products market, which during the first half year generated 5.6% of the total turnover of Premia, the turnover as well as the profitability have remained stable.

In the summary of 6 months, the turnover of the fish business segment has decreased by 2%, i.e. by 415 thousand euro, if compared to the same period last year. If measured in tons, the sales of the fish and fish products of Premia increased by 14% in comparison with the results of the 2nd quarter of 2011 and if summarising the half year, by 10%.

Despite the minor backlog in turnover, the company was able to improve the profit ratios of the fish business segment during the accounting period.

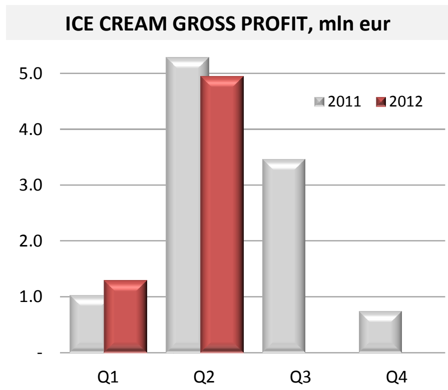
While summarising the half year, the gross margin has improved by 2 percentage points, amounting to 18% during the accounting period. The improvement of the gross margin resulted also in the improvement of the gross profit during the accounting period. Namely, in the summary of 6 months, the gross profit of the fish business segment increased by 10%, i.e. by 0.3 million euro, amounting to 3 million euro. In the summary of 6 months, the EBITDA from operations of the fish business segment improved by 0.4 million euro, amounting to 1.5 million euro.

In May, 2012, the Swedish Agriculture Board established that in the fish farms of Överumans Fisk AB (the subsidiary of Premia) there is higher than usual mortality of fish fry. Suspecting that the reason for such higher mortality is an unknown pathogen, the board decided that the best remedy is partial extermination of the fry. Överumans Fisk complied with the respective decision of the board in a due and timely manner. The compliance with the decision resulted in the 2nd quarter in one-off expenses in the amount of 225 thousand euro. The proportion of the exterminated fry was approximately 3% of monetary value and approximately 1% of the total volume of the biological assets of Premia. The extermination decision has no impact on everyday production and sales operations of fish and fish products. Since by today there is no clarity, which pathogen causes such higher mortality and how it spreads, Överumans Fisk considers its options for disputing the decision and claiming compensation of damages.

Despite the one-off expenses, the operating profit of the fish business segment improved by 0.3 million euro compared to the first half year of 2011.

Ice cream business segment

The cold spring of 2012 and the cool June had an adverse impact on the ice cream market as a whole and on the consumption of ice cream in all the target markets of Premia and the turnover result of 6 months is by 11.4%, i.e. 1.9 million euro, less than the result in 2011.
The company managed to reach the result comparable to the result of the first half year of 2011 only in the Estonian market, where the turnover of the ice cream business segment was only by 1% less than the result of 6 months of 2011; whereas in May 2012, the company exceeded the turnover result of May 2011 in Estonia by 35%, setting the monthly turnover record of all times in the ice cream business segment of Premia.



Despite the backlog in turnover, Premia managed to improve the profitability of the ice cream business segment, if compared to the first half year of 2011.

The gross margin, having increased to 43%, resulted in (as a half year result) a backlog of mere 0.1 million euro, if compared to the gross profit of the first half year of 2011. Comparing to the same period last year, during the 2nd quarter, the gross margin increased the most in Premia's Russian business unit Khladokombinat No 1, i.e. inceased by 5.5 percentage points.

In the summary of the first half year of 2012, the EBITDA of the ice cream business segment reached the same level as during the comparable period in 2011. In comparison with the previous year, the operating profit of the ice cream business segment improved significantly, i.e. by 0.2 million euro, amounting to 0.9 million euro in the summary of the half year of 2012.

According to the information received from the market research company AC Nielsen, the market shares of Premia have increased in the 2nd quarter of 2012, compared to the first quarter, in all its ice cream target markets in the Baltics as follows:

In Estonia- increase of value share by 4%, value market share in total 43%;

In Latvia- increase of value share by 2%, value market share in total 15%;

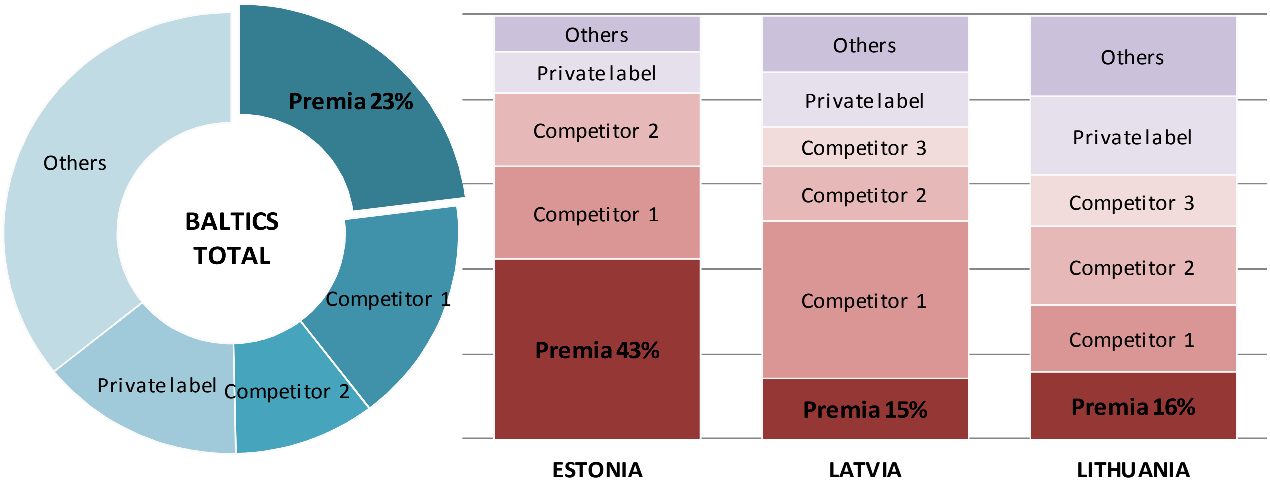
In Lithuania- increase of value share by 3%, value market share in total 16%.

During the 2nd quarter, Premia has also increased volume market share in all the Baltic states: in Estonia +5%, in Latvia +2%, in Lithuania +3%. At the same time, due to the cool weather, the market volumes in the forenamed states have decreased by 5%, 4% and 8%, respectively.
In Estonia, the undisputable market leader is Premia's brand "Eriti Rammus", which has approximately 17% value share. The plum-flavored ice cream sold under the brand "Eriti Rammus" launched this spring has achieved the second position with its 3.3% value share being the runner up to the vanilla-flavored, Estonian most popular single SKU "Eriti Rammus" holding 5% value share.

In Lithuania, the most popular ice cream brand in the country is Premia Klasika, which has been recognised with the respective award, having value share of 12% there. In Latvia, the same brand holds value share of 6% and sixth place within the ice cream market in Latvia.

During the 2nd quarter, all the Baltic markets could be characterised by an aggressive marketing activity by all major market participants driven by the desire to seize the market and/or to protect its market share. The consumer certainly gained from it the most, as the variety of products and information about products increased; in the Baltics, private label products suffered the most.

The below charts indicate the division of market shares in the Baltic ice cream markets in the 2nd quarter of 2012.

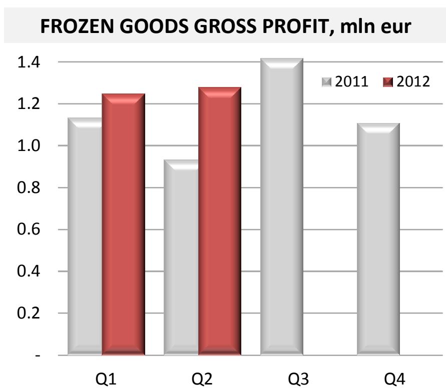


Source: AC Nielsen, evaluation of management

In Premia's Russian business unit Khladokombinat No 1, several new products and brands were launched during the 2nd quarter. Due to the specifics of this market's retail chains' practices, the new products reached counters only at the end of May and at the beginning of June, however, the new products were well-received despite the foregoing. Altogether 7 new products were launched, two brand renewals were introduced and 3 new brands were launched. The brand Aisforija, launched among others, was introduced in the city of St. Petersburg by an extensive advertising campaign. Competition in the ice cream market of St. Petersburg is also becoming more intense; the local producers covering the whole state as well as the international producers work hard on attracting the local consumer, who is distinguished for consuming twice as much ice cream as in Russia on average and who as generally prefers local ice cream, to consume their products; local producers, however, wish to maintain their domination. This results in a hard battle over the market, accompanied by large producers' long-term investments into massive advertising budgets.

Frozen goods business segment

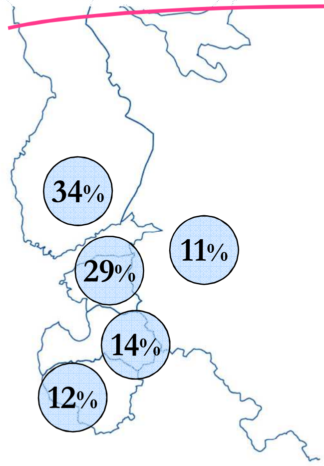
The sales of frozen goods are continuously increasing. In the summary of 6 months, the increase in turnover by 1 million euro, i.e. 10%, has been achieved as a result of steady work in all the target markets of Premia. During the period at hand, Latvia has increased the turnover the most, Lithuania and Estonia follow. It is evident that the sales of frozen goods are beginning to recover from the low sales during the financial crisis, high-quality vegetable mixtures are once again becoming popular, and HoReCa sector is also indicating the signs of growth.



Comparing to the 2nd quarter and half year results of last year, the gross margin as well as the gross profit have improved in this business segment – in the summary of 6 months, the frozen goods business segment earned a gross profit higher by 22%, i.e. 0.4 million euro, whereas the gross margin increased by 2 percentage points. In the summary of the first half year of 2012, the EBITDA and the operating profit of the frozen goods business segment remained at the same level as the results of the comparable periods of 2011.

BUSINESS SEGMENT ANALYSIS BY MARKETS

Sales share in target markets, 6 months 2012



In the summary of 6 months, the best turnover results were achieved by the Latvian market, where the growth is 4%, i.e. 0.2 million euro. The other Baltic states have also improved their turnover results in 6 months – Estonia by 1.7% and Lithuania by 1.9%. The results of the Finnish and Russian markets remained below the results of the 6 months of 2011.

While in the Finnish market, the decrease in the market prices as described above was main factor influencing the turnover results, then in Russia, hard work on the restructured product portfolio continues. Due to the local praises of retail chains, the new products were launched only at the end of May. From the assortment of Khladokombinat No 1, a large proportion of less popular products and products resulting inefficient production have been removed, which, in turn, is having an adverse (yet planned and foreseeable) influence on turnover; however, on the other hand, a positive impact on the profitability of the local business unit. As in the market of St. Petersburg, Premia is engaged only in the production and sales of ice cream, the cold spring and cool June had their role to play, as they influenced strongly the impulsiveness of local consumers to buy ice cream.

GEOGRAPHICAL MARKETS

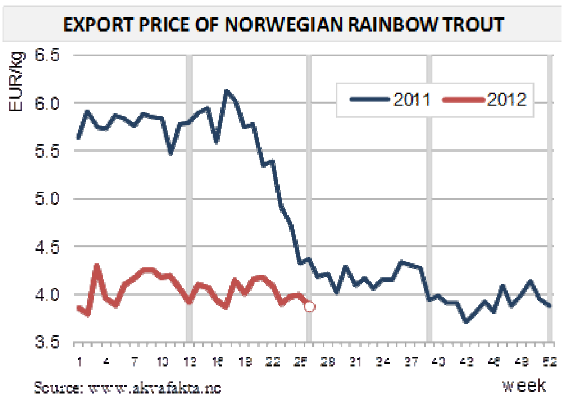
Sales (EUR million)	Q1	Q2	6mo 2012	Q1	Q2	6mo 2011
Finland	6.7	7.9	**14.6**	6.3	8.5	14.9
Estonia	4.9	7.5	**12.4**	4.7	7.5	12.2
Latvia	2.4	3.7	**6.1**	2.3	3.6	5.9
Lithuania	1.6	3.6	**5.2**	1.4	3.6	5.1
Russia	1.5	3.3	**4.8**	1.9	4.3	6.2
Other	0.0	0.2	**0.2**	0.0	0.1	0.1
export share	71%	71%	71%	72%	73%	72%

COST ANALYSIS

During the 2nd quarter of 2012 and in the half year as a whole, the company has kept the cost base under control and there are just minor changes are in cost categories with seasonal nature (for example marketing and logistics costs). The increase in marketing costs is mainly occurred due to aggressive marketing activities in the Baltics' and St. Petersburg's ice cream markets, where the goal has been maintaining or increasing the market share and which has had the expected results. Due to the seasonality and the rise in input prices, the transportation and logistics costs have, mainly in the Baltics, increased to some extent. Compared to the first half year of 2011, the employment costs have decreased mainly due to the decrease of the number of employees and the company has, during the accounting period, managed to decrease the cost of the goods sold.

	6m 2012 EUR mln	6m 2011 EUR mln	change EUR mln	6m 2012 as % of sales	6m 2011 as % of sales	change as % of sales
Sales	**43.2**	**44.2**	**- 1.0**	**100.0%**	**100.0%**	
Cost of goods sold	**- 31.1**	**- 32.9**	**- 1.8**	**71.9%**	**74.3%**	**- 2.4%**
incl one-off exp	- 0.2	- 0.4	- 0.2	0.4%	0.9%	- 0.5%
materials in production & cost of goods purchased for resale	- 26.0	- 26.8	- 0.8	60.2%	60.5%	- 0.4%
labour costs	- 2.4	- 2.9	- 0.5	5.6%	6.5%	- 0.9%
depreciation	- 0.7	- 0.9	- 0.2	1.6%	2.1%	- 0.5%
other cost of goods sold	- 2.0	- 2.3	- 0.3	4.6%	5.2%	- 0.6%
Operating expenses	**- 11.3**	**- 11.4**	**- 0.0**	**26.2%**	**25.7%**	**+ 0.5%**
incl one-off exp	- 0.0	- 0.3	- 0.3	0.0%	0.8%	- 0.7%
labour costs	- 3.3	- 3.7	- 0.4	7.6%	8.4%	- 0.8%
transport & logistics services	- 1.9	- 1.8	+ 0.1	4.5%	4.1%	+ 0.4%
depreciation	- 1.0	- 1.1	- 0.1	2.3%	2.4%	- 0.1%
marketing	- 1.3	- 1.1	+ 0.2	3.0%	2.4%	+ 0.6%
other operating expenses	- 3.8	- 3.7	+ 0.1	8.8%	8.4%	+ 0.4%
Other income/expenses	**0.1**	**0.2**	**+ 0.0**	**-0.3%**	**-0.4%**	**+ 0.1%**
incl one-off exp		- 0.1	- 0.1		0.2%	- 0.2%

EBITDA from operations i.e. operating profit before market price driven revaluation of livestock, one-off income and expenses, and amortisation expenses was 2.8 million euro. In the first half year of 2011, the one-off expenses in the amount of 0.8 million euro occurred in connection with the relocation of the ice cream production unit in Russia. In the first half year of 2012, the one-off expenses in the amount of 0.2 million euro occurred in connection with the compulsory extermination of fry in the Swedish fish farms.



As at 30 June 2012, 78% of Premia's livestock is rainbow trout and 15% whitefish 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 4% during the 2nd quarter of 2012. Despite the decrease in prices by 20% during the same period in 2011, the comparative prices at the end of the 2nd quarter of 2012 are 14% lower than the level of the previous year. The loss of the 2nd quarter due to the revaluation of livestock was by 152 thousand euro higher than the loss during the comparable period of the previous year. In addition to the non-monetary impact of the revaluation resulting from the extermination resolution of fry in the amount of 55 thousand euro, the difference in comparison with the previous period occurred due the weather conditions driven increased weight loss of hibernation period in Sweden amounting to 155 thousand euro.

In the first half year of 2012, the loss arising from the revaluation of assets was -1.3 million euro (during the 1st quarter of 2011 the corresponding figure was -1.2 million euro).

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.

FINANCIAL POSITION

The financial position of the company is continuously solid and the financial risk low.

The cash flow from operations of the 6 months was 0.8 million euro (1.7 million euro in the 1st half-year of 2011). Net debt as at 30 June 2012 was 12.0 million euro, which is 8%, i.e. 1.0 million euro, less than as at 30 June 2011. The balance sheet date of the 2nd quarter falling on the weekend had an adverse impact on the cash flow from operations and on the net debt, as the collection of factored receivables in the amount of 349 thousand euro, which usually takes place at the end of the month, shifted into the next period.

LIQUIDITY AND SOLVENCY RATIOS

Ratio	*formula*	31.12.10	31.03.11	**30.06.12**	31.12.10	31.03.11	30.06.11
Liquidity ratio	Current Assets / Current Liabilities	2.19	1.91	**1.70**	1.87	1.75	1.73
Equity ratio	Equity / Total Assets	63%	61%	**58%**	60%	57%	57%
Gearing ratio	Net Debt / (Equity + Net Debt)	22%	24%	**23%**	21%	27%	24%
Net debt-to-EBITDA	Net Debt / EBITDA from operations	1.98	1.98	**2.19**	2.54	4.01	2.35

Financial leverage, i.e. the proportion of net debt in the total capitalisation was 23% (as at 30 June 2011 the respective ratio was 24%). The level of short and long term liabilities as at the balance sheet date was 13.7 million euro (30 June 2011 the respective figure was 15.1 million euro). The level of liabilities has decreased by 9%, i.e. by 1.4 million euro per year. As the decrease has taken place mainly at the expense of scheduled repayments of long-term loans, the proportion of short-term liabilities in the loan portfolio has increased to 37% (33%). After the balance sheet date, i.e. on 18 July 2012, the company entered into refinancing agreements, on the basis of which the interest rate of the refinanced loans decreases by 10 basis points, the yearly loan repayment burden decreases by nearly 400 thousand euro and the credit limit available to the company increases.

Net debt to EBITDA was as at 30 June 2012 2.19 (2.35).

The liquidity ratio demonstrating short-term solvency was as at 30 June 2012 1.70 (1.73) and the proportion of equity in the balance sheet total was 58% (57%). The company had working capital in the amount of 12.4 million euro (12.9 million euro).

BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods was as at 30 June 2012 68.5 million euro, having decreased by 2.1 million euro, i.e. 3%, per year.

The company's current assets amounted to 30.1 million euro and the balance of cash and bank accounts was 1.7 million euro. As at 30 June 2012, the company had undrawn overdraft facility limit in the amount of 1.3 million euro.

Accounts receivable and prepayments amounted to 10.7 million euro, 91% of the accounts receivables and prepayments were trade receivables. Compared to the previous year, the accounts receivable and prepayments decreased by 3%, whereas the turnover of the same period decreased by 2%.

Comparing to 30 June 2011, inventories and livestock combined have increased by 2%, i.e. 0.3 million euro. The increased sales volumes of the fish business segment have resulted in a temporary change in the structure of inventories and livestock. As at the balance sheet date, 19% of the current assets was livestock (biological assets) and 40% other inventories. If compared with the situation on 30 June 2011, the livestock inventories decreased in monetary value by 1.1 million euro, i.e. 16%, at the same time the biomass of livestock decreased by 14%, i.e. 204 tons. During the first half of the current year, 165 tons more fish has been slaughtered for the purposes of own production, if compared to the same period of the previous year. The inventories of products for sale, goods purchased for sale and raw material decreased by 14%, i.e. 1.4 million euro, if compared to the same period of the previous year. In addition to the increase of sales volumes of the fish business segment by 237 tons, the increase in inventories has also resulted from increased inventories of raw fish and fish food.

Accounts payable and prepayments have, if compared to 30 June 2011, increased by 4%, i.e. by 0.5 million euro. Liabilities have decreased altogether by 6%, i.e. 1.8 million euro up to 28.7 million euro. The main reason for the decrease of liabilities is the decrease of interest-bearing long-term borrowings by 1.4 million euro.

The equity of Premia Foods was as at 30 June 2012 39.8 million euro.

INVESTMENTS

During the 1st half-year of 2012, the expenditures into Premia Foods' tangible and intangible assets were 1,312 thousand euro (2011 6 months: 777 thousand euro).

PERSONNEL

By the end of the accounting period, the number of employees of Premia Foods had decreased by 80 people when compared to the same period last year. During the accounting period, the average number of employees decreased the most in Russia (-161 people), followed by Sweden (-5 people). The average number of employees has increased in the Baltic states, during the accounting period the average number of employees in these countries was 21 people higher, if compared to the same period previous year.

PERSONNEL ANALYSIS

	Q1	Q2	6m 2012	Q1	Q2	6m 2011
No of employees, at the end of period	739	829	**829**	941	909	909
excl Russia	609	692	**692**	607	669	669
Russia	130	137	**137**	334	240	240
Average number of employees	712	800	**756**	863	940	902
Finland	38	41	**40**	37	39	38
Estonia	324	390	**357**	310	379	345
Latvia	115	118	**117**	104	114	109
Lithuania	92	96	**94**	90	96	93
Russia	128	137	**133**	297	291	294
Sweden	15	18	**17**	25	21	23
Payroll expenses (th EUR)	2,535	3,173	**5,708**	2,953	3,637	6,590
Monthly average payroll exp per employee (th EUR)	1.19	1.32	**1.26**	1.14	1.29	1.22

In the summary of 6 months of 2012, the payroll expenses in total have decreased by 0.8 million euro. The monthly average payroll expense per employee has increased by 40 euro during the accounting period.

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 April 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

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 June 2012.

TRADING HISTORY

Price (EUR)	Q1	Q2	**6m 2012**	Q1	Q2	6m 2011
Open	0.671	0.662	**0.671**	0.952	0.900	0.952
High	0.700	0.735	**0.735**	0.998	0.905	0.998
Low	0.621	0.640	**0.621**	0.831	0.760	0.760
Last	0.660	0.688	**0.688**	0.905	0.818	0.818
Traded volume, thousand	178	449	**627**	1,739	706	2,444
Turnover, million	0.12	0.31	**0.43**	1.64	0.58	2.22
Market capitalization, million	25.53	26.61	**26.61**	35.01	31.64	31.64

MARKET RATIOS

Ratios	*formula*	**30.06.12**
EV/Sales	(Market Cap + Net Debt) / Sales	**0.4**
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	**7.0**
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	**8.5**
Price-to-Earnings	Market Cap / Net Earnings	**neg**
Price-to-Book	Market Cap / Equity	**0.7**

Market Cap, Net Debt and Equity as of 30.06.2012
Sales, EBITDA and Net Earnings for the trailing 12 months period

Shareholders structure

Major shareholders of AS Premia Foods at 30 June 2012:

1. ING Luxembourg S.A. 62.71%
2. LHV Pensionifond L 4.24%
3. OÜ Rododendron 3.36%
4. Firebird Republics Fund Ltd. 3.09%
5. Ambient Sound Investments OÜ 2.94%
6. Firebird Avrora Fund. Ltd. 1.68%
7. LHV Pensionifond XL... 1.41%
8. OÜ Footsteps Management 1.27%
9. Compensa Life Vienna Insurance Group SE 1.09%
10. 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 seven 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), Jaakko Karo (elected on 17 August 2009) and Arko Kadajane (elected on 29 May 2012).

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.

As at 30 June 2012, the members of management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	30.06.2012 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	41 823	0.11%
Member of the Supervisory Board – Lauri Kustaa Äimä	125 000	0.32%
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 – Arko Kadajane	8 928	0.02%
Member of the Supervisory Board – Harvey Sawikin	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
Total number of shares owned by supervisory and Management Board	**2 612 128**	**6.75%**

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 Külmhoone 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 Külmhoone 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 Külmhoone 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 Külmhoone 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-pression, 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 Külmhoone 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 Külmhoone, Saaremere Kala AS, Vettel OÜ, and AS Premia FFL. He is a member of the Supervisory Board of AS Toode and MTÜ Eesti Maleliit and a member of the Management Board of AS EPhaG 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 Avrora 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.

Arko Kadajane (born 1981) graduated from the Estonian Business School, specializing in international business management and he is a member of the Supervisory Board of the company since May 2012. Currently he is the portfolio manager of Ambient Sound Investments OÜ, a member of the Supervisory Board of AS Saho and a member of the Management Board of OÜ Juniper and of OÜ Portfellihaldur.

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 under investor relations subsection.

INTERIM ACCOUNTING REPORT

Consolidated statement of financial position

EUR '000	30/06/2012	31/12/2011	30/06/2011	Note
Cash and cash equivalents	1,654	712	2,090	
Receivables and prepayments	10,478	7,150	11,068	
Inventories	11,875	9,174	10,435	
Biological assets	5,768	8,179	6,870	
Non-current assets held for sale	9	9	10	
Total current assets	**30,054**	**25,224**	**30,473**	
Deferred income tax assets	436	435	587	
Long-term financial investments	89	89	89	(Note 2)
Investment property	2,084	2,084	2,084	(Note 3)
Property, plant and equipment	13,155	13,271	14,066	(Note 3)
Intangible assets	22,707	23,015	23.295	(Note 4)
Total non-current assets	**38,471**	**38,894**	**40,121**	
TOTAL ASSETS	**68,525**	**64,118**	**70,594**	
Borrowings	5,044	2,793	5,048	(Note 5,6)
Factoring	402	236	855	
Payables and prepayments	12,191	8,465	11,705	
Total current liabilities	**17,637**	**11,494**	**17,608**	
Borrowings	8,618	9,170	10,024	(Note 5,6)
Deferred income tax liabilities	903	1,278	1,259	
Government grants	1,571	1,668	1,623	(Note 7)
Total non-current liabilities	**11,092**	**12,116**	**12,906**	
Total liabilities	**28,729**	**23,610**	**30,514**	
Share capital	23,210	23,210	23,210	(Note 8)
Share premium	16,026	16,026	16,026	
Treasury shares	0	- 30	- 30	(Note 8)
Statutory capital reserve	6	0	0	(Note 8)
Other reserves	31	21	10	(Note 8)
Currency translation differences	463	391	309	
Retained earnings	60	890	555	
Equity attributable to equity holders of the parent	**39,796**	**40,508**	**40,080**	
Total equity	**39,796**	**40,508**	**40,080**	
TOTAL LIABILITIES AND EQUITY	**68,525**	**64,118**	**70,594**	

Consolidated statement of comprehensive income

EUR '000	Q2 2012	Q2 2011	6m 2012	6m 2011	Note
Revenue	26,085	27,582	43,197	44,244	(Note 9)
Cost of goods sold	-18,162	-19,446	-31,076	-32,877	
Gross profit	**7,923**	**8,136**	**12,121**	**11,367**	
Operating expenses	**-6,263**	**-6,448**	**-11,339**	**-11,387**	
Sales and marketing expenses	-5,013	-5,156	-8,866	-8,948	
General and administrative expenses	-1,250	-1,292	-2,473	-2,439	
Other income and expenses, net	65	54	119	163	
Revaluation of biological assets	-672	-520	-1,272	-1,228	
Operating profit / loss	**1,053**	**1,222**	**-371**	**-1,085**	(Note 9)
Finance income	-137	-19	22	9	
Finance costs	-200	-237	-345	-381	
Profit / Loss before income tax	**716**	**966**	**- 693**	**- 1,457**	
Corporate income tax	37	125	273	568	
Net profit / loss for the period	**754**	**1,091**	**- 420**	**- 889**	
Other comprehensive income / expense					
Currency translation differences	76	- 59	72	- 26	
Other comprehensive income / expense	**76**	**- 59**	**72**	**- 26**	
Total comprehensive income / expense	**829**	**1,032**	**- 348**	**- 915**	
Net profit / loss for the period:					
Attributable to equity holders of the parent	754	1,091	- 420	- 889	(Note 8)
Net profit / loss for the period	**754**	**1,091**	**- 420**	**- 889**	
Comprehensive income / expense for the period:					
Attributable to equity holders of the parent	829	1,032	- 348	- 915	
Total comprehensive income / expense	**829**	**1,032**	**- 348**	**- 915**	
Earnings per share					
Basic earnings per share (EUR)	0.02	0.03	- 0.01	-0.02	(Note 8)
Diluted earnings per share (EUR)	0.02	0.03	- 0.01	-0.02	(Note 8)

Consolidated cash flow statement

EUR '000	6m 2012	6m 2011	Note
Net loss	-420	-889	
Adjustments:			
Depreciation and amortisation	1,673	1,985	(Note 3, 4)
Gain/loss on disposal of non-current assets	-5	84	
Other non-monetary changes	80	305	
Changes in receivables and prepayments	-3,608	-1,305	
Changes in inventories	-2,701	-1,885	
Changes in biological assets	2,411	1,491	
Changes in payables and prepayments	3,370	1,876	
Government grants for operating expenses	9	4	
Corporate income tax paid	-27	-15	(Note 7)
Net cash used in operating activities	**782**	**1,651**	
Proceeds from sale of property, plant and equipment and intangible assets	120	60	(Note 3, 4)
Acquisition of property, plant and equipment and intangible assets	-688	-629	(Note 3, 4)
Government grants for acquisition of assets	72	110	(Note 7)
Acquisition of associate	-1	0	
Repayments of loans granted	4	5	
Interest received	0	1	
Net cash used in investing activities	**-493**	**-453**	
Acquisition of non-controlling interest in subsidiaries	0	-38	
Change in overdraft facility	2,268	2,784	
Repayments of borrowings	-881	-1,157	
Borrowings	0	1,610	
Change in factoring liability	166	-1,907	
Payments of finance lease principal	-298	-450	
Sale of treasury shares	13	0	
Dividends paid	-387	-387	
Interest paid	-255	-254	
Net cash generated from financing activities	**626**	**201**	
NET CASH FLOWS:	**916**	**1,399**	
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of the period	712	722	
Net change in cash and cash equivalents	916	1,399	
Effect of exchange rate changes	26	-31	
Cash and cash equivalents at end of the period	**1,654**	**2,090**	

Consolidated statement of changes in equity

EUR '000	Equity attributable to equity holders of the company								Total Equity
	Share capital	Share premium	Treasury shares	Statutory capital reserve	Other reserves	Currency translation differences	Retained earnings	Total	
Balance at 31.12.10	**24,723**	**14,513**	**-30**	**0**	**0**	**335**	**1,831**	**41,372**	**41,372**
Share option programme	0	0	0	0	10	0	0	**10**	**10**
Reduction of nominal value of the share	- 1,513	1,513	0	0	0	0	0	**0**	**0**
Dividends	0	0	0	0	0	0	- 387	**- 387**	**- 387**
Comprehensive expense	0	0	0	0	0	-26	- 889	**- 915**	**- 915**
Balance at 30.06.11	**23,210**	**16,026**	**-30**	**0**	**10**	**309**	**555**	**40,080**	**40,080**
Balance at 31.12.11	**23,210**	**16,026**	**-30**	**21**	**21**	**391**	**890**	**40,508**	**40,508**
Share option programme	0	0	0	0	10	0	0	**10**	**10**
Increase of statutory reserve	0	0	0	6	0	0	-6	**0**	**0**
Sale of treasury shares	0	0	30	0	0	0	-17	**13**	**13**
Dividends	0	0	0	0	0	0	- 387	**- 387**	**- 387**
Comprehensive expense	0	0	0	0	0	72	- 420	**- 348**	**- 348**
Balance at 30.06.12	**23,210**	**16,026**	**0**	**6**	**31**	**463**	**60**	**39,796**	**39,796**

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 June 2012 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 Külmhoone in Estonia, Heimon Kala OY in Finland, Överumans Fisk Ab in Sweden, 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 2011 is available at the Parent Company's location at Betooni 4, Tallinn and on the Parent Company's website 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 31.12.2011 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 2011, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 14 August 2012.

In the opinion of the management, this interim report for 2nd quarter and 6 months 2012 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 2011 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.

Consolidated Cash Flow Statement

In the previous interim reports, the consolidated cash flow statements have been started from revenue. Management believes that starting the cash flow statement from net profit more precisely reflects the requirement of IAS 7.18, and is also consistent with current practices of preparers of IFRS financial statements and therefore the presentation of cash flow statement has been altered as from this interim report.

Note 2. Long-term Financial Investments

EUR '000	Investment in associate	Other long-term investments	Total
Balance at 31.12.2011	**17**	**72**	**89**
Balance at 30.06.2012	**17**	**72**	**89**

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 1,218 euro interest revenue and 375 euro dividends from long-term financial investment 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
Residual value as of 31.12.2011	**2,084**	**5,116**	**7,611**	**379**	**165**	**15,355**
Unrealised currency effect	0	14	35	1	1	52
Acquired during the period	0	76	881	41	268	1,265
Re-classification	0	15	102	0	-117	0
Depreciation	0	-196	-1,063	-59	0	-1,318
Assets sold and written off	0	0	-115	0	0	-115
Balance at 30.06.2012	**2,084**	**5,025**	**7,451**	**362**	**317**	**15,239**

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
Balance as of 31.12.2011	**19,942**	**345**	**1,748**	**594**	**269**	**116**	**23,015**
Unrealised currency effect	0	0	0	0	0	0	0
Acquired during the period	0	0	6	2	12	27	47
Re-classification	0	0	0	2	0	-2	0
Depreciation	0	-230	-52	-17	-55	0	-354
Balance at 30.06.2012	**19,942**	**115**	**1,702**	**581**	**226**	**141**	**22,707**

Note 5. Financial Lease

EUR '000	Machinery, equipment	Means of transport	Other fixed assets	Total
Fixed assets acquired under finance lease				
Acquisition cost as of 30.06.12	**535**	**1,750**	**1**	**2,286**
Accumulated depreciation as of 30.06.12	-198	-577	-1	-776
Residual value as of 30.06.12	**337**	**1,173**	**0**	**1,510**
Acquisition cost as of 31.12.11	**660**	**2,845**	**1**	**3,506**
Accumulated depreciation as of 31.12.11	-278	-1,668	0	-1,946
Residual value as of 31.12.11	**382**	**1,177**	**1**	**1,560**
Payable under finance lease as of 30.06.12	**257**	**889**	**0**	**1,146**
incl. payable within 1 year	119	250	0	369
incl. payable within 1-5 years	138	639	0	777
Principal payments of the period	115	183	0	298
Interest expenses of the period	4	13	0	17
Average interest rate per annum	2.0%	3.5%	0.0%	3.1%

Note 6. Debt Obligations

EUR '000	30/06/2012	31/12/2011
Finance lease liabilities	369	394
Overdraft	2,904	636
Investment loans	1,771	1,763
Short Term Debt Obligations	**5,044**	**2,793**
Finance lease liabilities	777	440
Investment loans	7,841	8,730
Long Term Debt Obligations	**8,618**	**9,170**
incl. payable within 1-5 years	8,618	9,170

Loan residuals as of 30 June 2012 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 30.06.2012	less than 1 year	1-5 years	Collateral
Overdraft								
AS Premia Foods [1]	UniCredit	4 200 tuh EUR	6m EURIBOR + 1.4%	31.08.12	2,904	2,904	0	pledges on subsidiaries shares, mortgage 10.6 mln EUR, commercial pledge 2.7 mln EUR
Investment loans								
AS Premia Tallinna Külmhoone	Danske Bank	4 500 tuh EUR	6m EURIBOR + 0.75%	25.10.14	2,676	432	2,244	Mortgage 5.1 mln EUR, pledge on subsidiary shares
AS Premia Foods	UniCredit	8 675 tuh EUR	6m EURIBOR + 2.0%	19.08.15	6,403	1,239	5,164	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	533	100	433	Mortgage 1.4 mln EUR
				Total	**12,516**	**4,675**	**7,841**	

[1] overdraft limit in amount of 3 460 th EUR matures at 15.08.12

Effective interest rates are very close to nominal interest rates. Additionally to the collateral granted for the securing of loans, the company has issued a bank guarantee in the amount of 585 thousand euro to the lessor of Betooni 4 for covering the lease payments and established a mortgage in favour of the Finnish Customs Board for securing the 30-days payment term in the amount of 84 thousand euro.

After the balance sheet date, the company has executed loan agreements with AS SEB Pank in order to refinance the overdraft facility and the investment loans executed with the Estonian branch of AS UniCredit Bank (please see Note 12).

Note 7. Government Grants

EUR '000	6m 2012	6m 2011
Deferred income from government grants at the beginning of period	**1,668**	**1,679**
Government grants received during the period	5	114
Change in value due to the exchange rates	7	2
Recognition as income during the period	-109	-172
Deferred income from government grants at the end of period	**1,571**	**1,623**
incl. income within 1 year	208	336
incl. income within 2-16 years	1,363	1,287

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 272 thousand euro. As at 30 June 2012, the residual value of fixed assets guaranteed by EU subsidies was 88 thousand euro.

In the 1st half-year of 2012, Enterprise Estonia SA (EAS) has financed the project of development and certification of ISO 22000 of AS Premia Tallinna Külmhoone by 5 thousand euro.

Note 8. Equity

As at 30 June 2012, the company had 38,682,860 shares (30 June 2011: 38,682,860) and 0 own shares (30 June 2011: 19,163).

On 6 June 2012, Premia executed sales transactions of treasury shares (own shares). The transactions were executed as market transactions on the NASDAQ OMX Tallinn Stock Exchange, in the course of which 19,163 shares were transferred and the value date of which was, depending on the specific transaction, either 11 June 2012 or 12 June 2012. All shares were transferred at market price and the average price per share was 0.683 euro.

The Annual General Meeting held at 29 May 2012 decided to pay dividends on the account of retained earnings in the amount of 387 thousand euro, i.e. 0.01 euro per share and to transfer 5% of the net profit of AS Premia Foods for the period, i.e. 6,500 euro, into statutory capital reserve. The list of shareholders entitled to receive dividends was fixed as of 12 June 2012 at 23.59 and the dividends were paid out on 15 June 2012.

In 2011 the company has initiated a stock option plan for key employees. In accordance with IFRS 2 the offset entry of the contingent cost of stock option plan has been recognized under the line "Other reserve" in the statement of financial position.

Decreasing share capital

The Annual General Meeting held at 29 May 2012 resolved the decreasing of the share capital of AS Premia Foods as follows:

- the share capital shall be decreased by decreasing the nominal value of a share by 0.1 euro (10 cents), as a result of which the new nominal value of a share shall be 0.5 euro (50 cents);
- the share capital shall be decreased in total by 3,868,286 euro, as a result of which the new amount of share capital shall be 19,341,430 euro;
- the reason for decreasing the share capital is the adjustment of the capital structure of AS Premia Foods. The decrease of share capital of AS Premia Foods enables to balance the financial leverage of AS Premia Foods and to bring equity returns and ratios of AS Premia Foods to more adequate level.

The list of shareholders participating in the share capital decrease will be determined as of 29 August 2012 at 23.59.

The share capital is decreased by making payments to the shareholders and the amount of payment is 0.1 euro (10 cents) per share.

Due to the decrease of share capital as described above, the Articles of Association of the company were amended in order to reflect the decreased nominal value of the share. The new version of the Articles of Association will be registered in the Commercial Register upon a respective application to be submitted by the Management Board of the company on or about 29 August 2012. The registration of the new version of the Articles of Association will be applied together with applying the registration of the decrease of share capital (the latter application may be submitted only after 3 months as from the General Meeting of shareholders resolving the decrease of share capital). The new version of the Articles of Association of the company is available on the web-page of AS Premia Foods (www.premiafoods.eu).

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.

	Q2 2012	Q2 2011	6m 2012	6m 2011
Net profit (-loss) for the period EUR '000	754	1,091	-420	-889
Avg no of shares (thousand)	38,671	38,664	38,671	38,664
Earnings per share (€)	0.02	0.03	-0.01	-0.02
Diluted earnings per share (€)	0.02	0.03	-0.01	-0.02

Note 9. Segment Reporting

The Group's segments are determined based on the reports monitored and analysed by the Management Board of the Parent Company. The Management Board of the Parent Company monitors financial performance by business areas and geographic areas. Reports by business areas include information of more significant importance for the management of the Group for monitoring financial performance and allocating resources. Therefore, this division is used to define business segments.

The Group's business segments are the following business areas:

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 products;

Other segments – other activities include the provision of logistics services, sale of other services, goods and materials. Other areas of activity are insignificant for the Group and none of them makes up a separate business segment.

A relatively high integration level exists between reporting segments of ice cream and frozen goods products. That integration involves joint marketing, sales and marketing services.

The Management Board of the Parent Company assesses the results of business segments on the basis of external revenue and operating profit figures. The management also monitors secondary measures – EBITDA (profit before financial, tax expenses and depreciation, amortisation and impairment of non-current assets) and EBITDA from operations (EBITDA before fair value adjustments on biological assets and one-off expenses). These financial indicators are presented in the tables below.

Income and expenses of business segments include income and expenses directly generated by the segment. The integrated expenses (marketing and sales expenses, general and administrative expenses and other operating income and expenses) are allocated between the segments of ice cream and frozen goods according to the percentages of unconsolidated revenues of the respective segments. The expenses of the Parent Company (general management expenses of the Group) and amortisation of intangible non-current assets are not allocated to segments.

Secondary segment: Revenue of AS Premia Foods by geographical segments:

EUR '000	Q1 2012	Q1 2011	6m 2012	6m 2011
Finland	7,859	8,539	14,571	14,871
Estonia	7,482	7,504	12,391	12,184
Latvia	3,695	3,581	6,095	5,868
Lithuania	3,573	3,620	5,178	5,060
Russia	3,325	4,277	4,805	6,188
Other	151	61	157	72
Total	**26,085**	**27,582**	**43,197**	**44,244**

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

Primary segment

Q2 2012, EUR '000	Fish	Ice cream	Frozen Food	Other	Elim.	Total
External revenue	9,161	10,710	5,644	571	0	26,085
Inter-segment revenue	0	0	1	6	-7	0
Total gross revenue	**9,161**	**10,710**	**5,645**	**577**	**-7**	**26,085**
Segment EBITDA from operations	789	1,840	158	29	0	2,816
Unallocated EBITDA from operations						-72
Total EBITDA from operations						**2,744**
Segment EBITDA	-68	1,840	158	29	0	1,959
Unallocated EBITDA						-72
Total EBITDA						**1,887**
Segment operating profit	-299	1,506	52	25	0	1,283
Unallocated operating profit						-230
Total operating profit						**1,053**

Q2 2011, EUR '000	Fish	Ice cream	Frozen Food	Other	Elim.	Total
External revenue	9,792	12,235	5,044	510	0	27,582
Inter-segment revenue	0	0	0	6	-6	0
Total gross revenue	**9,792**	**12,235**	**5,044**	**516**	**-6**	**27,582**
Segment EBITDA from operations	897	2,665	140	108	0	3,810
Unallocated EBITDA from operations						-390
Total EBITDA from operations						**3,420**
Segment EBITDA	377	1,959	140	108	0	2,584
Unallocated EBITDA						-390
Total EBITDA						**2,194**
Segment operating profit	84	1,513	53	101	0	1,751
Unallocated operating profit						-529
Total operating profit						**1,222**

6m 2012, EUR '000	Fish	Ice cream	Frozen Food	Other	Elim.	Total
External revenue	16,823	14,406	10,956	1,013	0	43,197
Inter-segment revenue	0	0	2	11	-13	0
Total gross revenue	**16,823**	**14,406**	**10,958**	**1,024**	**-13**	**43,197**
Segment EBITDA from operations	1,513	1,490	-114	49	0	2,938
Unallocated EBITDA from operations						-180
Total EBITDA from operations						**2,759**
Segment EBITDA	56	1,490	-114	49	0	1,481
Unallocated EBITDA						-180
Total EBITDA						**1,302**
Segment operating profit	-405	911	-415	35	0	125
Unallocated operating profit						-496
Total operating profit						**-371**

6m 2011, EUR '000	Fish	Ice cream	Frozen Food	Other	Elim.	Total
External revenue	17,225	16,259	9,952	807	0	44,244
Inter-segment revenue	0	0	1	11	-12	0
Total gross revenue	**17,225**	**16,259**	**9,953**	**818**	**-12**	**44,244**
Segment EBITDA from operations	1,141	2,376	-115	174	0	3,576
Unallocated EBITDA from operations						-611
Total EBITDA from operations						**2,965**
Segment EBITDA	-87	1,539	-115	174	0	1,511
Unallocated EBITDA						-611
Total EBITDA						**900**
Segment operating profit	-669	725	-412	159	0	-197
Unallocated operating profit						-888
Total operating profit						**-1,085**

Note 10. Subsidiaries

Company	Country	Share		Field of operation	Owner
		30/06/2012	31/12/2011		
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 Külmhoone	Estonia	100%	100%	Ice cream production, sale of ice cream and frozen food	AB Premia KPC
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
SIA F.F.L.S.	Latvia	x	100%	Holding	AS Premia Tallinna Külmhoone
AS Premia FFL	Latvia	100%	100%	Sale of ice cream and frozen food	AS Premia Tallinna Külmhoone, 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

On 29 March 2012 the merger of the subsidiaries SIA F.F.L.S and AS Premia FFL was finalised. Pursuant to the merger agreement, AS Premia FFL is the acquiring company and SIA F.F.L.S. will be merged with AS Premia FFL. With the merger, all assets of SIA F.F.L.S. will completely transferred to AS Premia FFL and SIA F.F.L.S. will be considered as

liquidated after the completion of the merger. SIA F.F.L.S. was a holding company with no independent economic operations. The goal of the merger was to make the structure of Premia Group clearer, more logical and transparent.

Note 11. Related Party Transactions

The company considers parties to be related when one party has control over the other party or has significant influence over the business decision of the other party.

Related parties include:

- shareholders with significant influence (the largest shareholder of Premia Foods is the international investment fund Amber Trust II S.C.A);
- members of the Supervisory Board and members of all Management Board of group entities;
- close family members of the persons mentioned above and the companies related to them.

As at the balance sheet date, the balances of the Group's receivables from related parties and payables to related parties were as follows:

Company	**Debtor**	**Comments**	Receivable as of 30.06.12 EUR '000	Receivable as of 31.12.11 EUR '000
Heimon Kala Oy	Companies related to the members of management and supervisory board	Other receivable	-	2
	Total		**0**	**2**

Company	**Debtor**	**Comments**	Payable as of 30.06.12 EUR '000	Payable as of 31.12.11 EUR '000
Premia Foods AS	Companies related to the members of management and supervisory board	Accounts payable	8	8
Premia Foods AS		Other payable	-	1
Vettel OÜ		Accounts payable	-	1
	Total		**8**	**10**

Receivables from related parties have not been written down.

Management estimates that all related party transactions have been concluded at market prices and at market conditions

Party EUR '000	**Type of transaction**	6m 2012 Purchase	6m 2012 Sale	6m 2011 Purchase	6m 2011 Sale
Companies related to the members of management and supervisory board	services	52	1	75	2
	fixed assets	2	-	-	-
	Total	**54**	**1**	**75**	**2**

Management estimates that all related party transactions have been concluded at market prices and at market conditions

Remuneration (incl taxes) of the members of the Management and Supervisory Boards of AS Premia Foods and its subsidiaries and other key managers:

	6mo 2012 EUR '000	**6mo 2011** EUR '000
Short-term benefits	507	584
Total	**507**	**584**

The members of the Management and Supervisory Boards do not get any pension-related rights from the company. The members of the Management Board are entitled to termination benefits. The maximum expense related to payment of termination benefits totals EUR 104 thousand.

Note 12. Events after the balance sheet date

Refinancing of loans

On 18 July 2012, AS Premia Foods (hereinafter Premia) and AS SEB Pank (hereinafter SEB) executed several credit and collateral agreements. Under these agreements, the loan portfolio of the Estonian branch of AS UniCredit Bank acting as the borrower will be refinanced within August and September and the credit limit of Premia will be increased. The maximum amount of credit granted under the executed agreements is up to 16,410 thousand euro.

As a result of the refinancing, the interest rate of the investment loan and overdraft facility will decrease by 10 basis points.

The yearly interest rate of the 4,900 thousand euro overdraft facility is 1-month EURIBOR+1.3% and the final repayment term is 18 July 2013. In the form of the investment loan, a long-term credit-limit in the maximum amount of 10,900 thousand euro is made available to Premia, with the yearly interest rate of 6-month EURIBOR+1.9% and the final repayment date of 18 July 2017. The principal repayments of the loan take place in equal shares on the basis of the 7-year schedule. For Premia, the refinanced repayment schedule results in positive cash flow in the approximate amount of 400 thousand per year arising from the decreased repayment burden. The amount of 3,900 thousand euro of the investment loan will be available from 1 December 2012, whereas at the same time the credit limit of the overdraft facility will decrease by 1,500 thousand euro.

In addition to the above, SEB granted Premia a guarantee limit in the amount of 610,000 euro under which Premia will be from 1 March 2013 entitled to request the issue of guarantee letters by SEB with the maximum term of 12 months.

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 2ND QUARTER AND 6 MONTHS OF 2012

The Management Board confirm the correctness and completeness of the consolidated interim report for the 2nd quarter and 6 months of 2012 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 30 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;
- AS Premia Foods and its subsidiaries are going concerns.

Chairman of Management Board	Kuldar Leis	digitally signed	14 August 2012
Member of Management Board	Silver Kaur	digitally signed	14 August 2012
Member of Management Board	Katre Kõvask	digitally signed	14 August 2012