



AS PREMIA FOODS

**Consolidated Unaudited Interim Report
for 1st quarter and 3 months of 2013**



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 2013 – 31 March 2013

Auditor: AS PricewaterhouseCoopers



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ACTIVITIES REPORT BY 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, Maahärä, Viking, Natali, Buenol, 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 Centre of Food and Fermentation Technology).



SUMMARY OF FINANCIAL RESULTS

Unaudited financial results of AS Premia Foods, 1st quarter 2013

The main financial results of the operations of Premia Foods during the reporting period are the following:

- ❖ The turnover increased by 1.2 million euro, i.e. 6.8%. The increase of turnover resulted from the fish business segment and the frozen goods business segment. The turnover of Premia in the Baltics increased by 0.7 million euro, i.e. 9%, during the 1st quarter of this year, if compared to the result of the previous year.
- ❖ The average gross margin decreased by 3.9 percentage points, remaining at the level of 20.6%. The decrease of the gross margin resulted from the increase of the prices of raw fish by 27% during the reporting period, as a result of which the gross margin of the fish business segment decreased from 20% of the previous year to 10%. At the same time, the gross margin of the ice cream business segment increased by 4 percentage points reaching 39% during the reporting period.
- ❖ The gross profit decreased by 0.4 million euro, i.e. 10.2%, the decrease came from the fish business segment. The ice cream business segment and the frozen goods business segment in the Baltics and in Russia earned 0.2 million euro, i.e. 9%, more gross profit during the reporting period, if compared to the result of the previous year.
- ❖ The proportion of operating costs in the turnover decreased by 2.6 percentage points, i.e. by 0.1 million euro, and the operating cost ratio decreased to 27.1%.
- ❖ The EBIT increased by 0.1 million euro, i.e. 7%. The growth came from the Baltics and Russia.
- ❖ The net profit was -1.2 million euro, remaining at the same level as one previous year.
- ❖ The cash flow from operations was positive, reaching 1.3 million euro. The improved management of working capital gave an improved result by 1.5 million euro.
- ❖ The net debt decreased by 0.7 million euro during the reporting period. During the 1st quarter of 2012, the net debt increased by 0.9 million euro.

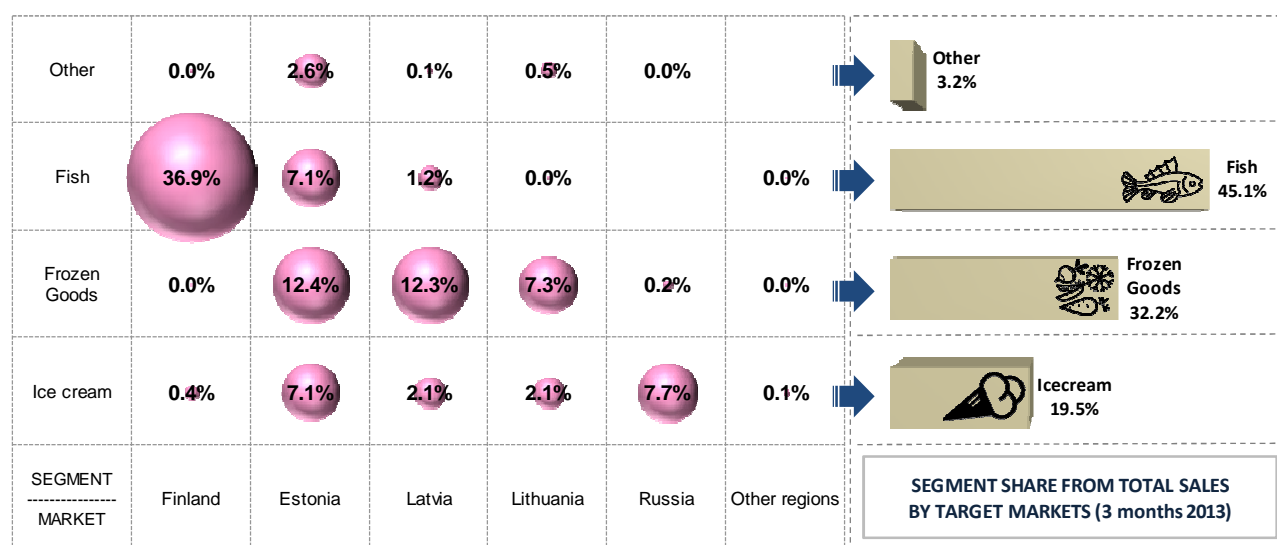
The company's key ratios of the 1st quarter of 2013 have been indicated in the following table.

| | | KEY RATIOS | |
|---------------------------|---|------------|---------|
| Profit & Loss, EUR mln | formula | Q1 2013 | Q1 2012 |
| Sales | | 18.3 | 17.1 |
| Gross profit | | 3.8 | 4.2 |
| EBITDA from operations | before one-offs and fair value adjustment | -0.4 | 0.0 |
| EBITDA | | -0.7 | -0.6 |
| EBIT | | -1.3 | -1.4 |
| Net profit | | -1.2 | -1.2 |
| Gross margin | Gross profit / Net sales | 20.6% | 24.5% |
| Operational EBITDA margin | EBITDA from operations/Net sales | -2.2% | 0.1% |
| EBIT margin | EBIT / Net sales | -7.3% | -8.3% |
| Net margin | Net earnings / Net sales | -6.5% | -6.9% |
| Operating expense ratio | Operating expenses / Net sales | 27.1% | 29.7% |



| Balance Sheet, EUR mln | formula | 31.03.13 | 31.03.12 |
|------------------------|---|----------|----------|
| Net debt | Short and Long term Loans and Borrowings - Cash | 13.2 | 12.2 |
| Equity | | 35.3 | 39.3 |
| Working capital | Current Assets - Current Liabilities | 10.4 | 12.0 |
| Assets | | 62.4 | 64.2 |
| Liquidity ratio | Current Assets / Current Liabilities | 1.73 | 1.91 |
| Equity ratio | Equity / Total Assets | 57% | 61% |
| Gearing ratio | Net Debt / (Equity + Net Debt) | 27% | 24% |
| Net debt-to-EBITDA | Net Debt / EBITDA from operations | 2.80 | 2.39 |
| ROE | Net Earnings / Average Equity | 0% | 1% |
| ROA | Net Earnings / Average Assets | 0% | 0% |

BUSINESS SEGMENT ANALYSIS



Characteristically to winter time, the contribution into the turnover of the fish business segment is in the dominant position of the total turnover of Premia Foods during the 1st quarter of the current year, followed by the frozen goods business segment, the ice cream business segment is in the third position.

The main figures by the business segments of Premia Foods for the 1st quarter are indicated in the table below.

| SEGMENT ANALYSIS | | | | | | |
|------------------------|-------------|-------------|---|-------------------------------|-------------|------------|
| EUR million | Q1 2013 | Q1 2012 | | EUR million | Q1 2013 | Q1 2012 |
| Sales | | | | EBITDA from operations | | |
| Ice cream | 3.6 | 3.7 | ▼ | Ice cream | -0.2 | -0.4 |
| Frozen goods | 5.9 | 5.3 | ▲ | Frozen goods | -0.3 | -0.3 |
| Fish and fish products | 8.2 | 7.7 | ▲ | Fish and fish products | 0.1 | 0.7 |
| Other | 0.6 | 0.4 | ▲ | Other | -0.1 | -0.1 |
| Total | 18.3 | 17.1 | ▲ | Total | -0.4 | 0.0 |
| Gross profit | | | | EBITDA | | |
| Ice cream | 1.4 | 1.3 | ▲ | Ice cream | -0.2 | -0.4 |
| Frozen goods | 1.4 | 1.2 | ▲ | Frozen goods | -0.3 | -0.3 |
| Fish and fish products | 0.8 | 1.5 | ▼ | Fish and fish products | -0.1 | 0.1 |
| Gross margin | | | | EBIT | | |
| Ice cream | 39% | 35% | ▲ | Ice cream | -0.4 | -0.6 |
| Frozen goods | 24% | 24% | ▲ | Frozen goods | -0.4 | -0.5 |
| Fish and fish products | 10% | 20% | ▼ | Fish and fish products | -0.3 | -0.1 |



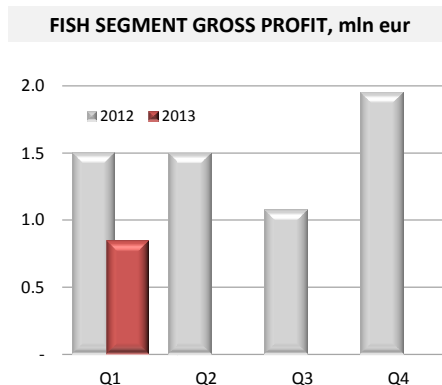
Fish and fish products business segment

The turnover of the fish and fish products business segment increased by 7.7%, i.e. by 0.5 million euro within a year, the increase came, in equal shares, from Finland, Estonia and Latvia. In tons, the sales volume increased by 10.5% during the 1st quarter of this year, if compared to the result of the previous year.

In the fish and fish products sector the prices of raw fish increased by 27% during the first quarter. Despite this Premia lost only 9 percentage points from the gross margin of the fish business segment. The gross margin of the fish business segment decreased to 10% during the reporting period and as a result thereof the gross profit of the segment decreased by 0.7 million euro, if compared to the results of previous year.

The increase of the prices of raw fish had an impact on the EBITDA from operations and the EBITDA in total. EBITDA from operations decreased by 0.6 million euro during the reporting period, if compared to the result of the previous year, the EBITDA of the business segment decreased by 0.2 million euro, reaching -0.1 million euro. The decrease of the gross profit and the EBITDA resulting from the sharp increase of the prices of raw fish was partially, i.e. in the amount of 0.4 million euro, compensated by the positive impact of revaluation of livestock. In conclusion, the operating profit of the fish business segment decreased during the reporting period by 0.2 million euro, reaching -0.3 million euro, if compared to the result of the previous year.

The main target market of the fish business segment is Finland. Due to the local market practice and peculiarities, significant changes in the prices of raw fish can be integrated in the prices for end-users within 4-6 months.



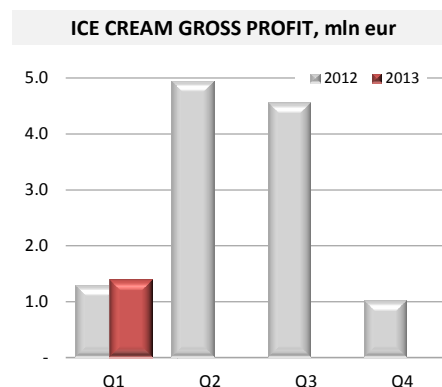
Ice cream business segment

The turnover of the ice cream business segment decreased during the reporting period by 0.1 million euro, i.e. 3.6%, if compared to the result of the previous year. In tons, the sales volume decreased during the reporting period by 13.1% if compared on an annual basis. As the Estonian market managed to increase the turnover by 5% during the 1st quarter, if compared to the 1st quarter of 2012, the sales turnovers in rest of the target markets remained below the results of the previous year. The reason thereof was cold weather, especially in March, and the costs cuts in population's food budgets resulting from the increase of utility costs.

At the same time, there was an increase in the gross margin and the gross profit of the ice cream business segment. The gross margin increased by 4 percentage points, reaching 39%, during the 1st quarter of 2013 on an annual basis, the gross profit increased by 0.1 million euro during that period.

The EBITDA from operations of the ice cream business segment increased during the 1st quarter of current year by 0.2 million euro, if compared to the result of the previous year, remaining at the level of -0.2 million euro. The operating profit of the ice cream business segment increased during the reporting period on an annual basis also by 0.2 million euro, remaining at the level of -0.4 million euro.

Premia continues as a market leader in the Baltics' and Estonian markets, in Latvia the company ranks second and in Lithuania the company ranks third.





The following chart illustrates the dynamics of the market shares in the Baltics during the last two years:

| | | | | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Others | Others | Others | Others | Others | Others | Others | Others |
| Private Label 18% | Private Label 17% | Private Label 16% | Private Label 16% | Private Label 16% | Private Label 14% | Private Label 15% | Private Label 16% |
| Competitor 3 | Competitor 3 | Competitor 3 | Competitor 3 | Competitor 3 | Competitor 3 | Competitor 3 | Competitor 3 |
| Competitor 2 | Competitor 2 | Competitor 2 | Competitor 2 | Competitor 2 | Competitor 2 | Competitor 2 | Competitor 2 |
| Competitor 1 | Competitor 1 | Competitor 1 | Competitor 1 | Competitor 1 | Competitor 1 | Competitor 1 | Competitor 1 |
| Premia 22% | Premia 22% | Premia 24% | Premia 23% | Premia 23% | Premia 22% | Premia 22% | Premia 22% |
| Q2'11 | Q3'11 | Q4'11 | Q1'12 | Q2'12 | Q3'12 | Q4'12 | Q1'13 |

Source: AC Nielsen, evaluation of management



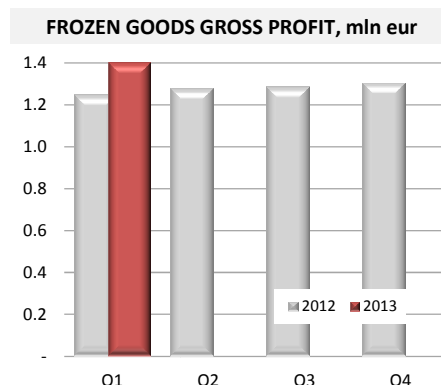
Frozen goods business segment

The frozen goods business segment continued to grow during the first quarter of 2013.

The turnover of the frozen goods business segment increased during the reporting period on an annual basis by 10.8%, i.e. 0.6 million euro, reaching 5.9 million euro. The growth came mainly from Latvia and Lithuania.

The gross profit of the frozen goods business segment also increased during the 1st quarter of 2013. The gross margin remained at the same level as during the 1st quarter of previous year, i.e. 24%; the gross profit; however, increased by 0.2 million euro, reaching 1.4 million euro. This means that the frozen goods business segment earned a gross profit equivalent to the ice cream business segment.

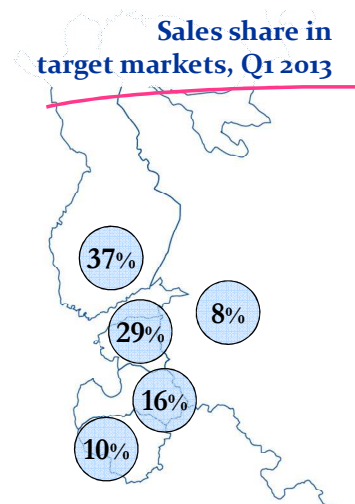
The EBITDA from operations and the EBITDA of the frozen goods business segment in total remained unchanged during the reporting period if compared to the 1st quarter of 2012; however, the operating profit of the segment increased during that period by 0.1 million euro, remaining at the level of -0.4 million euro.



BUSINESS SEGMENT ANALYSIS BY MARKETS

| Sales (EUR million) | GEOGRAPHICAL MARKETS | |
|---------------------|----------------------|---------|
| | Q1 2013 | Q1 2012 |
| Finland | 6.8 | 6.7 |
| Estonia | 5.3 | 4.9 |
| Latvia | 2.9 | 2.4 |
| Lithuania | 1.8 | 1.6 |
| Russia | 1.4 | 1.5 |
| export share | 71% | 71% |

Sales share in target markets, Q1 2013



The sales in all Premia Foods' target markets increased in local currencies during the first quarter of 2013, whereas by 0.7% in Russia. In euros, the turnover in Russia decreased by 2.4%. In monetary terms, the highest increase of the reporting period, i.e. by 0.5 million euro, came from Latvia, followed by Estonia's increase by 0.4 million euro and Lithuania's increase by 0.2 million euro.



The largest proportion of the turnover among the target markets came from the Finnish market with the proportion of the turnover of 37%, as a region the Baltics was the largest contributor to the turnover with the proportion of 55%.

COST ANALYSIS

Despite the increase of turnover by 6.8%, the company managed to cut operating costs by 2.5%, i.e. 0.1 million euro during the 1st quarter of 2013. The operating cost ratio decreased during the reporting period from 29.7% of the previous year to 27.1%. Labour and transportation costs increased during the reporting period altogether by 0.27 million euro, if compared to the same result of the previous year. The increase of labour costs during the reporting period was 0.13 million euro, if compared to the same result of the previous year, and reason of the increase was increased number of employees and a slight increase in salary costs resulting from the market situation. Transportation and logistics costs increased during the reporting period also by 0.14 million euro, if compared to the result of the previous year, the reason thereof was mainly the increase of fuel prices.

The cost of goods sold increased during the 1st quarter of 2013 by 1.6 million euro, if compared to the result of the previous year, which mainly resulted from the increased turnover and rapidly increased prices of raw fish.

| | Q1 2013 | Q1 2012 | change | Q1 2013 | Q1 2012 | change |
|--|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | EUR mln | EUR mln | EUR mln | as % of sales | as % of sales | as % of sales |
| Sales | 18.3 | 17.1 | + 1.2 | 100.0% | 100.0% | |
| <u>Cost of goods sold</u> | <u>- 14.5</u> | <u>- 12.9</u> | <u>+ 1.6</u> | <u>79.4%</u> | <u>75.5%</u> | <u>+ 3.9%</u> |
| incl one-off exp | - 0.0 | | + 0.0 | 0.0% | 0.0% | + 0.0% |
| materials in production & cost of goods purchased for resale | - 12.1 | - 10.7 | + 1.4 | 66.3% | 62.6% | + 3.6% |
| labour costs | - 1.1 | - 1.0 | + 0.1 | 6.2% | 5.8% | + 0.4% |
| depreciation | - 0.3 | - 0.3 | - 0.0 | 1.7% | 2.0% | - 0.3% |
| other cost of goods sold | - 1.0 | - 0.9 | + 0.1 | 5.2% | 5.1% | + 0.1% |
| <u>Operating expenses</u> | <u>- 5.0</u> | <u>- 5.1</u> | <u>- 0.1</u> | <u>27.1%</u> | <u>29.7%</u> | <u>- 2.6%</u> |
| incl one-off exp | - 0.0 | | + 0.0 | 0.0% | 0.0% | + 0.0% |
| labour costs | - 1.7 | - 1.5 | + 0.1 | 9.2% | 9.0% | + 0.1% |
| transport & logistics services | - 1.0 | - 0.8 | + 0.1 | 5.3% | 4.9% | + 0.4% |
| depreciation | - 0.3 | - 0.5 | - 0.2 | 1.9% | 2.9% | - 1.0% |
| marketing | - 0.4 | - 0.5 | - 0.1 | 2.0% | 2.7% | - 0.7% |
| other operating expenses | - 1.6 | - 1.7 | - 0.1 | 8.7% | 10.2% | - 1.5% |
| <u>Other income/expenses</u> | <u>0.1</u> | <u>0.1</u> | <u>- 0.0</u> | <u>-0.3%</u> | <u>-0.3%</u> | <u>+ 0.0%</u> |

The EBITDA from operations of the 1st quarter of 2013, i.e. the operating profit before market price driven revaluation of livestock, one-off income and expenses and amortisation expenses, was -0.4 million euro, which is by 0.4 million euro less than during 2012. During the 1st quarter of 2013, there were one-off expenses in the amount of 67 thousand euro occurred in connection with the events in the Swedish fish farm in 2012.

The EBIT increased by 0.1 million euro, i.e. by 7%. The increase was generated in the Baltics and in Russia. The decrease of the gross profit resulting from the increased prices of raw fish and of the EBITDA from operations was partially compensated by a better result of the revaluation of livestock.

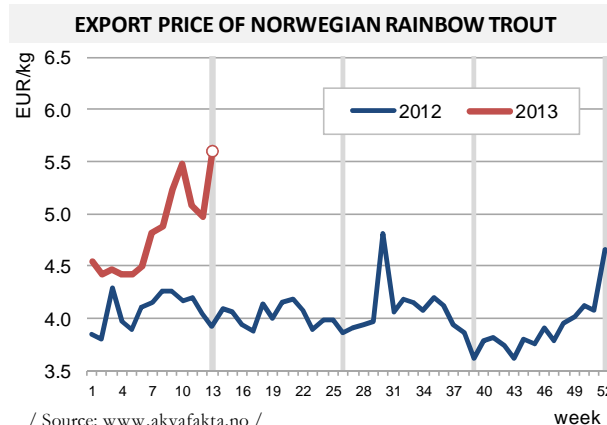
The company's net loss of the 1st quarter of 2013 was the same as during the reference period, i.e. 1.2 million euro.

As at 31.03.2013, 83% of Premia's livestock is rainbow trout and 14% whitefish breed in the fish farms in Finland and Sweden.



As characteristic to the 1st quarter, the revaluation of livestock has a negative impact on the result because during winter season there is no active feeding of the fish and therefore no increase of biomass. The loss arising from the revaluation of livestock during the reporting period was -0.2 million euro (the respective figure during the 1st quarter of 2012 was -0.6 million euro) which is by 0.4 million euro better than during the reference period. The result of the revaluation of livestock improved as a result of the increase of the market price of rainbow trout by 28%, at the same time, due to the strengthened Swedish currency, the increased cost price of farmed fish had a negative impact.

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 during the first 3 months of 2013 was 1.3 million euro, the result was -0.2 million euro one year earlier. The cash flow from operations improved by 1.5 million euro due to better management of working capital.

The dynamics of the net debt can also be pointed out in a positive light, it decreased by 0.7 million euro during the reporting period, whereas during the 1st quarter of 2012 the net debt increased by 0.9 million euro.

LIQUIDITY AND SOLVENCY RATIOS

| Ratio | formula | 31.03.13 | 31.03.12 |
|--------------------|--------------------------------------|----------|----------|
| Liquidity ratio | Current Assets / Current Liabilities | 1.73 | 1.91 |
| Equity ratio | Equity / Total Assets | 57% | 61% |
| Gearing ratio | Net Debt / (Equity + Net Debt) | 27% | 24% |
| Net debt-to-EBITDA | Net Debt/EBITDA from operations | 2.80 | 2.39 |

The level of net debt as at the balance sheet date was 13.2 million euro (on 31.03.12, the respective figure was 12.2 million euro). Financial leverage, i.e. the proportion of net debt in the total capitalisation was 27% (on 31.03.12, the respective ratio was 24%). In the 4th quarter of 2012, the company assumed an additional long term loan in the amount of 3.9 million euro with the purpose of making payments to shareholders in connection with the share capital decrease. The analysis of liquidity and solvency ratios should take into account the impact of the restructuring the external funds and the equity, which took place in the 4th quarter of 2012.

Net debt to EBITDA was 2.80 (31.03.12: 2.39) as at 31.03.13. In case of elimination of the aforesaid equity distributions, the respective comparable ratio would have been 1.97 as at 31.03.13. The liquidity ratio demonstrating short-term solvency was as at 31.03.13 1.73 (31.03.12: 1.91). The proportion of equity in the balance sheet total was 57% (31.03.12: 61%) and the company had working capital in the amount of 10.4 million euro (31.03.12: 12.0 million euro).

BALANCE SHEET ANALYSIS

The consolidated balance sheet total of Premia Foods was as at 31.03.13 62.4 million euro, having decreased by 1.8 million euro, i.e. 3%, per year.

The company's current assets amounted to 24.6 million euro and the balance of cash and bank accounts was 1.8 million euro. As at 31.03.13, the company had undrawn overdraft facility limit in the amount of 1.6 million euro.

Accounts receivable and prepayments amounted to 7.9 million euro and 90% of the accounts receivable and prepayments were trade receivables. Compared to the previous year, the accounts receivable and prepayments increased by 8%, i.e. 0.6 million euro. The increase of receivables has arisen from 7% increase in sales.

Comparing to 31.03.12, inventories and livestock combined have decreased by 13%, i.e. 2.3 million euro. The livestock inventories decreased in monetary value by 2.7 million euro, i.e. 28%. The decrease of livestock has occurred due to the decrease of the biomass of livestock by 43%, which, in turn, has occurred due to the increased amount of slaughtered fish during the 4th quarter of 2012 and 1st quarter of 2013. Altogether 461 tons, i.e. 56%, more biomass has been slaughtered



during the autumn and winter period in question. In connection with the increased turnover, the stocks of raw material and finished goods have increased by 4%, i.e. 0.4 million euro.

Accounts payable and prepayments have, if compared to 31.03.12, increased by 14%, i.e. by 1.2 million euro. The liabilities in total have increased by 13%, i.e. by 2.3 million euro, to 27.1 million euro. The main reason of increased liabilities was the long-term borrowings which have increased by 2.0 million euro for the capital restructuring purposes.

The equity of Premia Foods was as at 31.03.13 35.3 million euro.

INVESTMENTS

During the accounting period, i.e. during the 1st quarter of 2013, the expenditures into Premia Foods' tangible and intangible assets were 561 thousand euro (2013 3 months: 657 thousand euro).

PERSONNEL

The average number of employees during the 1st quarter of 2013 has increased by 4%, if compared to the same period last year, and additional labour was necessary in the Estonian ice cream and fish production. The average number of employees in Lithuania and Russia decreased during the reporting period. Due to the increased number of employees and market situation the payroll expenses increased by 10.7% in the summary of the 1st quarter of 2013, if compared on an annual basis.

| | PERSONNEL ANALYSIS | |
|---|--------------------|---------|
| | Q1 2013 | Q1 2012 |
| No of employees, at the end of period | 758 | 728 |
| Average number of employees | 734 | 705 |
| Finland | 39 | 38 |
| Estonia | 347 | 317 |
| Latvia | 119 | 115 |
| Lithuania | 86 | 92 |
| Russia | 127 | 128 |
| Sweden | 16 | 15 |
| Payroll expenses (th EUR) | 2,807 | 2,535 |
| Monthly average payroll exp per employee (th EUR) | 1.27 | 1.20 |

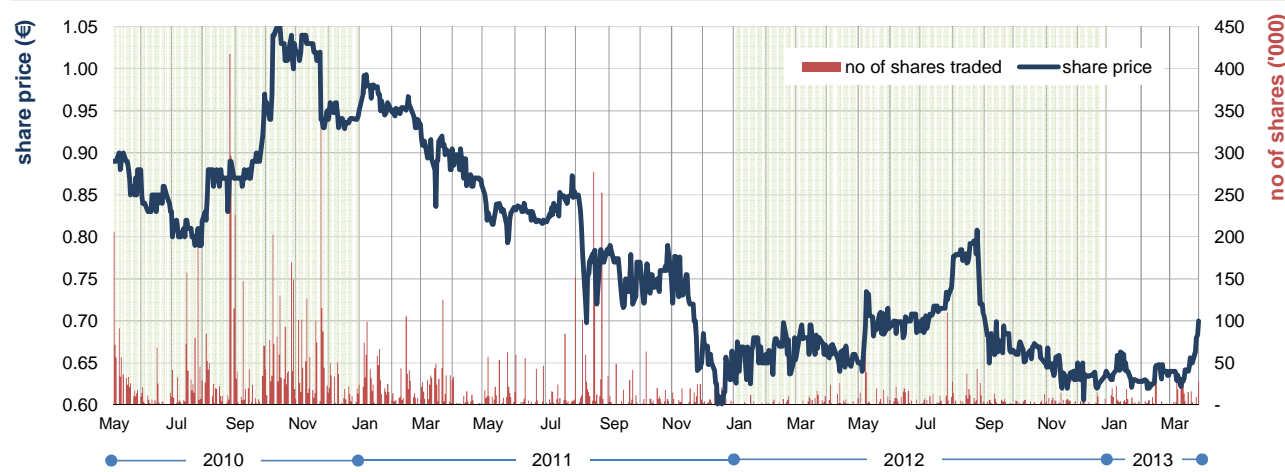


SHARES

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 0.50 euro (nominal value was 10 EEK until 13 April 2011 and 0.60 euro until 3 September 2012).

| | | | |
|-----------------|------------------|---------------|------------|
| ISIN | EE3100101031 | Issued shares | 38 682 860 |
| Symbol of share | PRF1T | Listed shares | 38 682 860 |
| Market | BALTIC MAIN LIST | Listing date | 05.05.2010 |
| Nominal value | 0.50 EUR | | |

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 31 March 2013.



In accordance with the resolution of the General Meeting of shareholders of AS Premia Foods, dated 29 May 2012, the share capital of the company was decreased by decreasing the nominal value of the share with making payments to the shareholders. As a result of the above, the nominal value of the share decreased from 60 cents to 50 cents as at 29 August 2012 at 23:59.



| TRADING HISTORY | | |
|-----------------|--|--|
|-----------------|--|--|

| <i>Price (EUR)</i> | Q1 2013 | Q1 2012 |
|--------------------------------|---------|---------|
| Open | 0.640 | 0.671 |
| High | 0.700 | 0.700 |
| Low | 0.620 | 0.621 |
| Last | 0.700 | 0.660 |
| Traded volume, thousand | 467 | 178 |
| Turnover, million | 0.30 | 0.12 |
| Market capitalization, million | 27.08 | 25.53 |

| MARKET RATIOS | |
|---------------|--|
|---------------|--|

| <i>Ratios</i> | 31.03.13 |
|---------------------------|----------|
| EV/Sales | 0.5 |
| EV/EBITDA from operations | 8.6 |
| EV/EBITDA | 12.6 |
| Price-to-Earnings | nm |
| Price-to-Book | 0.8 |

Market Cap, Net Debt and Equity as of 31.03.2013

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

Shareholders structure

Major shareholders of AS Premia Foods at 31 March 2013:

| | |
|---|--|
| 1. ING Luxembourg S.A. 62.71% | 6. Firebird Avrora Fund. Ltd. 1.68% |
| 2. LHV Pensionifond L 4.41% | 7. LHV Pensionifond XL..... 1.48% |
| 3. OÜ Rododendron 3.36% | 8. OÜ Footsteps Management 1.27% |
| 4. Firebird Republics Fund Ltd. 3.09% | 9. Compensa Life Vienna Insurance Group SE 1.09% |
| 5. Ambient Sound Investments OÜ 2.94% | 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.

At 7 March 2013, the Supervisory Board of AS Premia Foods adopted a decision to recall the current Chairman of the Management Board Kuldar Leis and appoint its current member of the Management Board, Katre Kõvask as the new



Chairman of the Management Board. The mandate of Kuldar Leis as a member of the Management Board will expire and the mandate of Katre Kõvask as a Chairman of the Management Board will start at 15.05.2013. The Company's Management Board will continue with three members: in addition to Katre Kõvask, the Management of Board of Premia comprises Sales Manager Silver Kaur and subject to the approval by the General Meeting of Shareholders, the Supervisory Board plans to appoint the current member of the Supervisory Board and de facto Finance Director Erik Haavamäe as a member of the Management Board. The current Chairman of the Management Board of the Company Kuldar Leis will continue as a member of the Supervisory Board of Premia subject to the approval by the General Meeting of Shareholders to be held at the end of May.

As at 31 March 2013, the members of management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

| Shareholder | 31/03/2013 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 Külmoone 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, OÜ Lottesõbrad and Solarhouse OÜ.

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 Külmoone 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 Külmoone 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 Külmoone 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 Külmoone 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 Külmuhoone, 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 | 31/03/2013 | 31/12/2012 | 31/03/2012 | Note |
|--|---------------|---------------|---------------|------------|
| Cash and cash equivalents | 1,776 | 1,357 | 755 | |
| Receivables and prepayments | 7,861 | 8,152 | 7,284 | |
| Inventories | 10,909 | 10,308 | 10,493 | |
| Biological assets | 4,078 | 5,631 | 6,776 | |
| Non-current assets held for sale | 0 | 0 | 9 | |
| Total current assets | 24,624 | 25,448 | 25,317 | |
| Deferred income tax assets | 548 | 473 | 527 | |
| Long-term financial investments | 129 | 131 | 89 | (Note 2) |
| Investment property | 2,084 | 2,084 | 2,084 | (Note 3) |
| Property, plant and equipment | 12,488 | 12,499 | 13,273 | (Note 3) |
| Intangible assets | 22,500 | 22,548 | 22,861 | (Note 4) |
| Total non-current assets | 37,748 | 37,735 | 38,834 | |
| TOTAL ASSETS | 62,372 | 63,183 | 64,151 | |
| Borrowings | 4,129 | 3,953 | 4,133 | (Note 5,6) |
| Factoring | 0 | 0 | 276 | |
| Payables and prepayments | 10,095 | 9,399 | 8,872 | |
| Total current liabilities | 14,224 | 13,352 | 13,281 | |
| Borrowings | 10,827 | 11,239 | 8,815 | (Note 5,6) |
| Deferred income tax liabilities | 593 | 659 | 1,101 | |
| Government grants | 1,438 | 1,479 | 1,619 | (Note 7) |
| Total non-current liabilities | 12,857 | 13,377 | 11,535 | |
| Total liabilities | 27,081 | 26,729 | 24,816 | |
| Share capital | 19,342 | 19,342 | 23,210 | (Note 8) |
| Share premium | 16,026 | 16,026 | 16,026 | |
| Treasury shares | 0 | 0 | - 30 | (Note 8) |
| Statutory capital reserve | 6 | 6 | 0 | (Note 8) |
| Other reserves | 46 | 42 | 26 | (Note 8) |
| Currency translation differences | 504 | 485 | 387 | |
| Retained earnings | -633 | 553 | - 284 | |
| Equity attributable to equity holders of the parent | 35,291 | 36,453 | 39,335 | |
| Total equity | 35,291 | 36,453 | 39,335 | |
| TOTAL LIABILITIES AND EQUITY | 62,372 | 63,183 | 64,151 | |


Consolidated statement of comprehensive income

| EUR '000 | Q1 2013 | Q1 2012 | Note |
|--|---------------|----------------|----------|
| Revenue | 18,277 | 17,112 | (Note 9) |
| Cost of goods sold | -14,507 | -12,914 | |
| Gross profit | 3,770 | 4,198 | |
| Operating expenses | -4,951 | -5,076 | |
| Sales and marketing expenses | -3,948 | -3,853 | |
| General and administrative expenses | -1,003 | -1,223 | |
| Other income and expenses, net | 58 | 54 | |
| Revaluation of biological assets | -203 | -600 | |
| Operating profit / loss | -1,326 | -1,424 | (Note 9) |
| Finance income | 101 | 159 | |
| Finance costs | -101 | -145 | |
| Loss before income tax | -1,327 | - 1,410 | |
| Corporate income tax | 141 | 236 | |
| Net profit / loss for the period | -1,186 | - 1,174 | |
| <i>Other comprehensive income / expense</i> | | | |
| Currency translation differences | 19 | - 4 | |
| Other comprehensive income / expense | 19 | - 4 | |
| Total comprehensive income / expense | -1,167 | - 1,178 | |
| Net profit / loss for the period: | | | |
| Attributable to equity holders of the parent | -1,186 | - 1,174 | (Note 8) |
| Net profit / loss for the period | -1,186 | - 1,174 | |
| Comprehensive income / expense for the period: | | | |
| Attributable to equity holders of the parent | -1,167 | - 1,178 | |
| Total comprehensive income / expense | -1,167 | - 1,178 | |
| <i>Earnings per share</i> | | | |
| Basic earnings per share (EUR) | - 0.03 | - 0.03 | (Note 8) |
| Diluted earnings per share (EUR) | - 0.03 | - 0.03 | (Note 8) |



Consolidated cash flow statement

| EUR '000 | Q1 2013 | Q1 2012 | Note |
|---|--------------|-------------|-------------|
| Net profit / loss | -1,186 | -1,174 | |
| <i>Adjustments:</i> | | | |
| Depreciation and amortisation | 662 | 838 | (Note 3, 4) |
| Gain/loss on disposal of non-current assets | -8 | -5 | |
| Other non-monetary changes | 36 | 9 | |
| Changes in receivables and prepayments | 216 | -232 | |
| Changes in inventories | -601 | -1,319 | |
| Changes in biological assets | 1,553 | 1,403 | |
| Changes in payables and prepayments | 681 | 243 | |
| Government grants for operating expenses | 0 | 9 | |
| Corporate income tax paid | -42 | 0 | (Note 7) |
| Net cash used in operating activities | 1,311 | -228 | |
| Proceeds from sale of property, plant and equipment and intangible assets | 15 | 38 | (Note 3, 4) |
| Acquisition of property, plant and equipment and intangible assets | -364 | -411 | (Note 3, 4) |
| Government grants for acquisition of assets | 0 | 72 | (Note 7) |
| Acquisition of associate | 0 | -1 | |
| Repayments of loans granted | 1 | 0 | |
| Net cash used in investing activities | -348 | -302 | |
| Change in overdraft facility | 162 | 1,321 | |
| Repayments of borrowings | -482 | -440 | |
| Change in factoring liability | 0 | 40 | |
| Payments of finance lease principal | -122 | -151 | |
| Interest paid | -85 | -136 | |
| Net cash generated from financing activities | -527 | 635 | |
| NET CASH FLOWS: | 436 | 105 | |
| Net change in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the period | 1,357 | 712 | |
| Net change in cash and cash equivalents | 436 | 105 | |
| Effect of exchange rate changes | -17 | -62 | |
| Cash and cash equivalents at end of the period | 1,776 | 755 | |



Consolidated statement of changes in equity

| EUR '000 | Equity attributable to equity holders of the company | | | | | | | Total | Total Equity |
|----------------------------|--|---------------|-----------------|---------------------------|----------------|----------------------------------|-------------------|---------------|---------------|
| | Share capital | Share premium | Treasury shares | Statutory capital reserve | Other reserves | Currency translation differences | Retained earnings | | |
| Balance at 31.12.11 | 23,210 | 16,026 | -30 | 0 | 21 | 391 | 890 | 40,508 | 40,508 |
| Share option programme | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 5 | 5 |
| Comprehensive income | 0 | 0 | 0 | 0 | 0 | - 4 | - 1,174 | - 1,178 | - 1,178 |
| Balance at 31.03.12 | 23,210 | 16,026 | -30 | 0 | 26 | 387 | - 284 | 39,335 | 39,335 |
| Balance at 31.12.12 | 19,342 | 16,026 | 0 | 6 | 42 | 485 | 553 | 36,453 | 36,453 |
| Share option programme | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 5 | 5 |
| Comprehensive income | 0 | 0 | 0 | 0 | 0 | 19 | -1,186 | -1,167 | -1,167 |
| Balance at 31.03.13 | 19,342 | 16,026 | 0 | 6 | 46 | 504 | -633 | 35,291 | 35,291 |



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 31 March 2013 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 Külkhoone 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 2012 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 31.12.2012 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 2012, 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 May 2013.

In the opinion of the management, this interim report for 1st quarter and 3 months 2013 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 2012 were used to prepare this condensed consolidated interim report.

Note 2. Long-term Financial Investments

| EUR '000 | Investment in associate | Other long-term investments | Total |
|------------------------------|-------------------------|-----------------------------|------------|
| Balance at 31.12.2012 | 51 | 80 | 131 |
| Repayments of loans granted | 0 | -1 | -1 |
| Balance at 31.03.2013 | 51 | 78 | 129 |

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 72 euro interest revenue 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 CCFPT (previously MTÜ CCFPT) 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 | Construction in progress, prepayments | Total |
|--|----------------------|--------------------|-------------------------|-----------------------|---------------------------------------|---------------|
| Residual value as of 31.12.2012 | 2,084 | 4,894 | 7,164 | 367 | 74 | 14,583 |
| Unrealised currency effect | 0 | 9 | 39 | 1 | 0 | 48 |
| Acquired during the period | 0 | 0 | 290 | 10 | 246 | 546 |
| Re-classification | 0 | 0 | 0 | 5 | -5 | 0 |
| Depreciation | 0 | -93 | -479 | -26 | 0 | -598 |
| Assets sold and written off | 0 | 0 | -8 | 0 | 0 | -8 |
| Balance at 31.03.2013 | 2,084 | 4,809 | 7,006 | 357 | 315 | 14,572 |

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

Note 4. Intangible Assets

| EUR '000 | Goodwill | Trademarks and patents | Immaterial rights | Software licenses | Pre-payments | Total |
|---------------------------------|---------------|------------------------|-------------------|-------------------|--------------|---------------|
| Balance as of 31.12.2012 | 19,942 | 1,649 | 563 | 187 | 207 | 22,548 |
| Unrealised currency effect | 0 | 0 | 0 | 0 | 0 | 1 |
| Acquired during the period | 0 | 0 | 0 | 15 | 0 | 15 |
| Re-classification | 0 | 0 | 0 | 38 | -38 | 0 |
| Depreciation | 0 | -26 | -7 | -31 | 0 | -64 |
| Balance at 31.03.2013 | 19,942 | 1,623 | 556 | 209 | 169 | 22,500 |

Note 5. Financial Lease

| EUR '000 | Machinery, equipment | Means of transport | Other fixed assets | Total |
|---|----------------------|--------------------|--------------------|--------------|
| <i>Fixed assets acquired under finance lease</i> | | | | |
| Acquisition cost as of 31.03.13 | 530 | 1,735 | 0 | 2,265 |
| Accumulated depreciation as of 31.03.13 | -217 | -559 | 0 | -776 |
| Residual value as of 31.03.13 | 313 | 1,176 | 0 | 1,489 |
| Acquisition cost as of 31.12.12 | 436 | 1,626 | 1 | 2,063 |
| Accumulated depreciation as of 31.12.12 | -198 | -509 | 0 | -707 |
| Residual value as of 31.12.12 | 238 | 1,117 | 1 | 1,356 |
| Payable under finance lease as of 31.03.13 | 201 | 1,032 | 0 | 1,233 |
| incl. payable within 1 year | 87 | 289 | 0 | 376 |
| incl. payable within 1-5 year | 114 | 721 | 0 | 835 |
| incl. payable after 5 years | 0 | 22 | 0 | 22 |
| Principal payments of the period | 38 | 84 | 0 | 122 |
| Interest expenses of the period | 2 | 6 | 0 | 8 |
| Average interest rate per annum | 4.4% | 2.8% | x | 3.1% |



Note 6. Debt Obligations

| EUR '000 | 31/03/2013 | 31/12/2012 |
|------------------------------------|---------------|---------------|
| Finance lease liabilities | 376 | 363 |
| Overdraft | 1,823 | 1,661 |
| Investment loans | 1,930 | 1,929 |
| Short Term Debt Obligations | 4,129 | 3,953 |
| Finance lease liabilities | 857 | 786 |
| Investment loans | 9,970 | 10,453 |
| Long Term Debt Obligations | 10,827 | 11,239 |
| incl. payable within 1-5 years | 10,805 | 11,232 |
| incl. payable after 5 years | 22 | 7 |

Loan residuals as of 31 March 2013 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 31.03.2013 | less than 1 year | 1-5 years | Collateral |
|-------------------------------|-------------|----------------|--------------------|---------------|--------------------------|------------------|--------------|--|
| Overdraft | | | | | | | | |
| AS Premia Foods | SEB | 3 400 tuh EUR | 1m EURIBOR + 1.3% | 18.07.13 | 1,823 | 1,823 | 0 | pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR |
| Investment loans | | | | | | | | |
| AS Premia Tallinna Kilmhoone | Danske Bank | 4 500 tuh EUR | 3m EURIBOR + 0.75% | 25.10.14 | 2,351 | 438 | 1,913 | Mortgage 5.1 mln EUR, pledge on subsidiary shares |
| AS Premia Foods | SEB | 10 900 tuh EUR | 3m EURIBOR + 1.9% | 18.07.17 | 9,549 | 1,492 | 8,057 | pledges on subsidiaries shares, mortgage 14.3 mln EUR, commercial pledge 3.6 mln EUR |
| Total | | | | | 13,723 | 3,753 | 9,970 | |

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 609 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.

The company has hedged the risk arising from variable interest rate of the long-term investment loan by executing two transactions of Interest Rate Swap with amortization and fixed the 3 months EURIBOR at the level of 0.7999% and 0.785% until 17.07.17. The mark-to-market value of these financial instruments as at the balance sheet date 31.03.13 was -64 thousand euro and the impact on the income statement as a finance cost was 1 thousand euro.

On 4 April 2013 the company prolonged the overdraft agreement until 1 April 2014 and increased the overdraft limit up to 4,900 thousand euro during the period of 04.04.13 to 01.12.13. Please see also Note 12.



Note 7. Government Grants

| EUR '000 | Q1 2013 | Q1 2012 |
|--|--------------|--------------|
| Deferred income from government grants at the beginning of period | 1,479 | 1,668 |
| Government grants received during the period | 0 | 5 |
| Change in value due to the exchange rates | 11 | 3 |
| Recognition as income during the period | -52 | -57 |
| Deferred income from government grants at the end of period | 1,438 | 1,619 |
| incl. income within 1 year | 208 | 208 |
| incl. income within 2-19 years | 1,230 | 1,411 |

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 286 thousand euro. As at 31 March 2013, the residual value of fixed assets guaranteed by EU subsidies was 73 thousand euro.

Note 8. Equity

As at 31 March 2013, the company had 38,682,860 shares (31 March 2012: 38,682,860) and 0 own shares (31 March 2012: 19,163).

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.

| | Q1 2013 | Q1 2012 |
|--|---------|---------|
| 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. | | |
| Net profit (-loss) for the period EUR '000 | -1,186 | -1,174 |
| Avg no of shares (thousand) | 38,683 | 38,664 |
| Earnings per share (€) | -0.03 | -0.03 |
| Diluted earnings per share (€) | -0.03 | -0.03 |

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:

| | | Secondary segment: Revenue by geographical segments: | | |
|----------------|---|---|---------------|---------------|
| | | EUR '000 | Q1 2013 | Q1 2012 |
| Fish | – fish farming, production and wholesale of fish and fish products; | | | |
| Ice cream | – production and wholesale of ice cream; | Finland | 6,821 | 6,712 |
| Frozen goods | – wholesale of frozen goods products; | Estonia | 5,321 | 4,909 |
| 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. | Latvia | 2,860 | 2,400 |
| | | Lithuania | 1,814 | 1,605 |
| | | Russia | 1,445 | 1,480 |
| | | Other | 16 | 6 |
| | | Total | 18,277 | 17,112 |

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.

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

| Q1 2013, EUR '000 | Fish | Ice cream | Frozen Food | Other | Elim. | Total |
|-------------------------------------|--------------|------------------|--------------------|--------------|--------------|---------------|
| External revenue | 8,248 | 3,562 | 5,883 | 584 | 0 | 18,277 |
| Inter-segment revenue | 0 | 0 | 3 | 5 | -8 | 0 |
| Total gross revenue | 8,248 | 3,562 | 5,886 | 589 | -8 | 18,277 |
| Segment EBITDA from operations | 186 | -199 | -258 | -34 | 0 | -305 |
| Unallocated EBITDA from operations | | | | | | -89 |
| Total EBITDA from operations | | | | | | -394 |
| Segment EBITDA | -84 | -199 | -258 | -34 | 0 | -575 |
| Unallocated EBITDA | | | | | | -89 |
| Total EBITDA | | | | | | -664 |
| Segment operating profit | -332 | -382 | -436 | -44 | 0 | -1,195 |
| Unallocated operating profit | | | | | | -131 |
| Total operating profit | | | | | | -1,326 |
| Q1 2012, EUR '000 | Fish | Ice cream | Frozen Food | Other | Elim. | Total |
| External revenue | 7,662 | 3,696 | 5,312 | 442 | 0 | 17,112 |
| Inter-segment revenue | 0 | 0 | 1 | 5 | -6 | 0 |
| Total gross revenue | 7,662 | 3,696 | 5,313 | 447 | -6 | 17,112 |
| Segment EBITDA from operations | 724 | -350 | -272 | 20 | 0 | 122 |
| Unallocated EBITDA from operations | | | | | | -108 |
| Total EBITDA from operations | | | | | | 14 |
| Segment EBITDA | 124 | -350 | -272 | 20 | 0 | -478 |
| Unallocated EBITDA | | | | | | -108 |
| Total EBITDA | | | | | | -586 |
| Segment operating profit | -106 | -595 | -467 | 10 | 0 | -1,158 |
| Unallocated operating profit | | | | | | -266 |
| Total operating profit | | | | | | -1,424 |



Note 10. Subsidiaries

| Company | Country | Share | | Field of operation | Owner |
|------------------------------|-----------|------------|------------|--|------------------------------|
| | | 31/03/2013 | 31/12/2012 | | |
| 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 Kõlmhoone | 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 |
| AS Premia FFL | Latvia | 100% | 100% | Sale of ice cream and frozen food | AS Premia Tallinna Kõlmhoone |
| 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 |

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 31.03.13 EUR '000 | Receivable as of 31.12.12 EUR '000 |
|-----------|--|------------------|--|--|
| Vettel OÜ | Companies related to the members of management and | Other receivable | 16 | 16 |
| | Total | | 16 | 16 |

| Company | Debtor | Comments | Payable as of 31.03.13 EUR '000 | Payable as of 31.12.12 EUR '000 |
|-----------------|--|------------------|------------------------------------|------------------------------------|
| Premia Foods AS | Companies related to the members of management and | Accounts payable | 8 | 8 |
| Heimon Kala Oy | management and | Accounts payable | - | 3 |
| Vettel OÜ | supervisory board | Accounts payable | 1 | 1 |
| | Total | | 9 | 12 |

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 | Q1 2013 Purchase | Q1 2013 Sale | Q1 2012 Purchase | Q1 2012 Sale |
|--|------------------------|---------------------|-----------------|---------------------|-----------------|
| Companies related to the members of management and supervisory board | services | 23 | 1 | 27 | 1 |
| | fixed assets | - | - | 2 | - |
| | Total | 23 | 1 | 29 | 1 |

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

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

| | Q1 2013 EUR '000 | Q1 2012 EUR '000 |
|---------------------|---------------------|---------------------|
| Short-term benefits | 238 | 226 |
| Total | 238 | 226 |

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

Overdraft limit change and prolonging the agreement

On 4 April 2013 the company prolonged the overdraft agreement executed with AS SEB until 1 April 2014 and increased the overdraft limit up to 4,900 thousand euro for the period of 04.04.2013 to 01.12.13.

Convening of the General Meeting

On 6 May 2013, the Management Board of Premia Foods convened an annual General Meeting to be held on 29 May 2013. The agenda of the annual General Meeting includes in addition to approving the annual report of 2012, deciding the distribution of profit and appointing an auditor for financial year of 2013 and determining auditor's remuneration, such items as extending the authorities of the members of the Supervisory Board, recalling one member of the Supervisory Board and appointing one new member of the Supervisory Board and approving the Articles of Association of Premia Foods in a new version.



MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 1ST QUARTER AND 3 MONTHS OF 2013

The Management Board confirms the correctness and completeness of the consolidated interim report for the 1st quarter and 3 months of 2013 of AS Premia Foods and its subsidiaries (together the Group) presented in the pages 4 – 26 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 May 2013 |
| Member of Management Board | Silver Kaur | digitally signed | 14 May 2013 |
| Member of Management Board | Katre Kõvask | digitally signed | 14 May 2013 |